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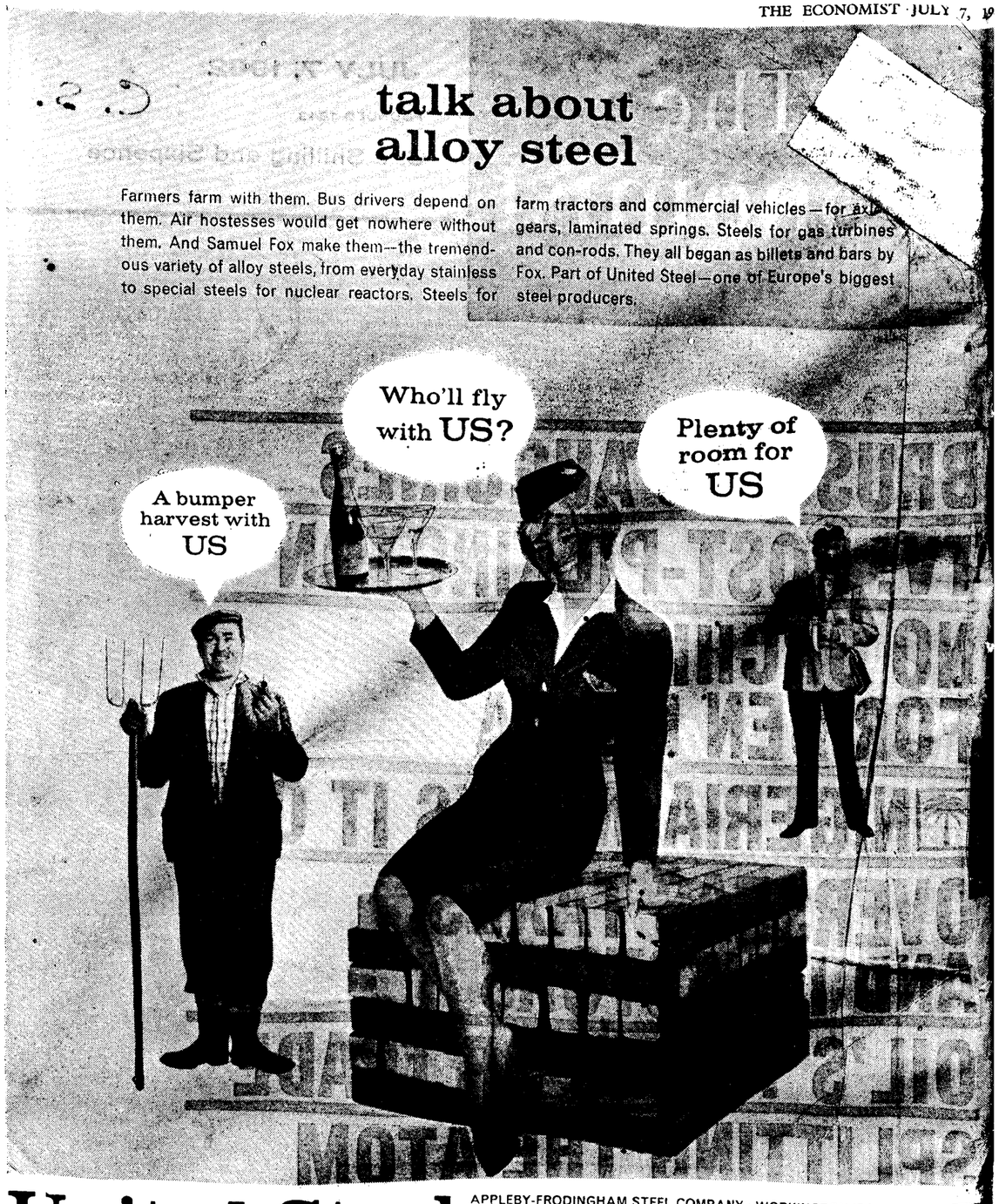

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SECOND CLASS POSTAGE FOR *THE ECONOMIST* PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England.

The Economist this Week July 7, 1962

INTERNATIONAL

OUTSIDERS

French acquiescence and Mr Kennedy's "declaration of interdependence" are more favourable omens for Britain's entry to the common market—in spite of the moods of Dr Adenauer and General de Gaulle (p. 13).

Others left in the cold by the common market are meeting in Cairo to seek a common attitude to trade and aid (p. 21).

The conflict between ben Bella (outside Algeria) and ben Khedda troubles **Algeria** by weakening the chances of a collective leadership so needed by Algerians (p. 16).

So far, the realist **ben Khedda** may have outwitted the revolutionary **ben Bella**—but the day is not yet won (p. 36).

French Algerians returning to France do not feel that they belong; if Algeria shows a minimum of stability, some may return (p. 37).

Nyasaland is, to all intents and purposes, already the independent state of Malawi (p. 19).

INSIDERS

Khrushchev's stand behind **China** suggests that the Chinese have at present little fear that the talks between Russia and the United States may succeed (p. 20).

The *Tour de France* has become a *tour de force* for the boys in advertising (p. 40).

Oil-producing countries want a new deal with the international companies—but would the consumer be prepared to pay? (p. 59).

INDEPENDENTS

Charges of administrative impropriety against **Herr Strauss** have provided the occasion for the Free Democrats to show their independence of their coalition partners, the Christian Democrats (p. 38).

New Zealand prepares to mature to meet changing markets (p. 39).

In need of aid, **Jamaica**—independent on August 6th—is careful to show that it has not been contaminated by Cuban concepts (p. 21).

Dictators are two a penny in Africa; some are nicer than others (p. 25).

DEPENDENTS

The American Executive Depends: One success, over his Bill to expand foreign trade, does not mean that President Kennedy's troubles with Congress are easing (p. 27).

Interdependence Days: Mr Kennedy has been talking of a grand Atlantic partnership—and acting to spur Mexican enthusiasm for his Latin-American programme (p. 28).

Sand in the Sugar: the new sugar Bill is a surprising, if only partial triumph for the Administration (p. 28).

Non-conformist: the Supreme Court has blazed more liberal new trails this year (p. 29).

To Pray or not to Pray: constitutional amendment to permit official prayers in the schools probably will not get far (p. 33).

NIGERIA WORKS IT OUT pages 41 to 46

Politically disturbed, Nigerians are doing their best to bring stability to their country by planning a bold economic advance.

HOME

SIDE STEP

The Government's reaction to Pilkington shows that it has still to throw off for good the embrace of illiberal restrictionism (p. 15).

UHF plus 625 plus colour equals expenses (p. 66).

The **protection of investors** is adequate say Jenkins, but it says nothing about the soliciting of deposits (p. 73).

The **Minister of Labour** has eaten humble pie in public—but this could lead to national indigestion (p. 21).

There will be no general wage claim in the **engineering** industry this year—but the employers may regret that the unions do not agree on the need to raise the lowest wages of all (p. 22).

Assistance: the real poor are to [illegible] but it may not be enough [illegible] a year ago (p. 20).

SORT OUT

The Atomic Energy Authority is torn between the interests of its commercial plants and research installations. So why not split the atom? (p. 61).

Taxation plays havoc with the yield comparisons on **foreign investments.** A guide sorts out the problem (p. 62).

The **Tory party** is not without its untried talents: Mr Macmillan may soon be giving some of them a run in harness (p. 22).

Last Sunday's **disturbances in Trafalgar Square** must make people wonder where liberty ends and licence begins. (p. 24).

Social changes may do more than the **trade unions'** own efforts to reshape their public image (p. 49).

SPEED UP

Hire purchase debt has levelled out, but there is still a danger that the authorities may be tempted to speed up a revival by relaxing its controls (p. 68).

Dr Beeching can look across St George's Channel at the **Irish railways** for some ideas on how to get his own system moving (p. 50).

Back to the pram: safety belts are going to be compulsory on new cars (p. 68).

Smaller car companies do better—especially abroad (p. 68).

SLOW DOWN

Britain and Europe can profitably learn from each other how to deal with a **declining industry** (p. 17).

Copper producers trim production to protect their brass (p. 72).

Detailed contents on page 13

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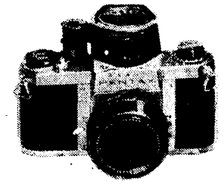

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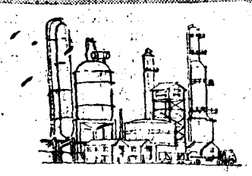

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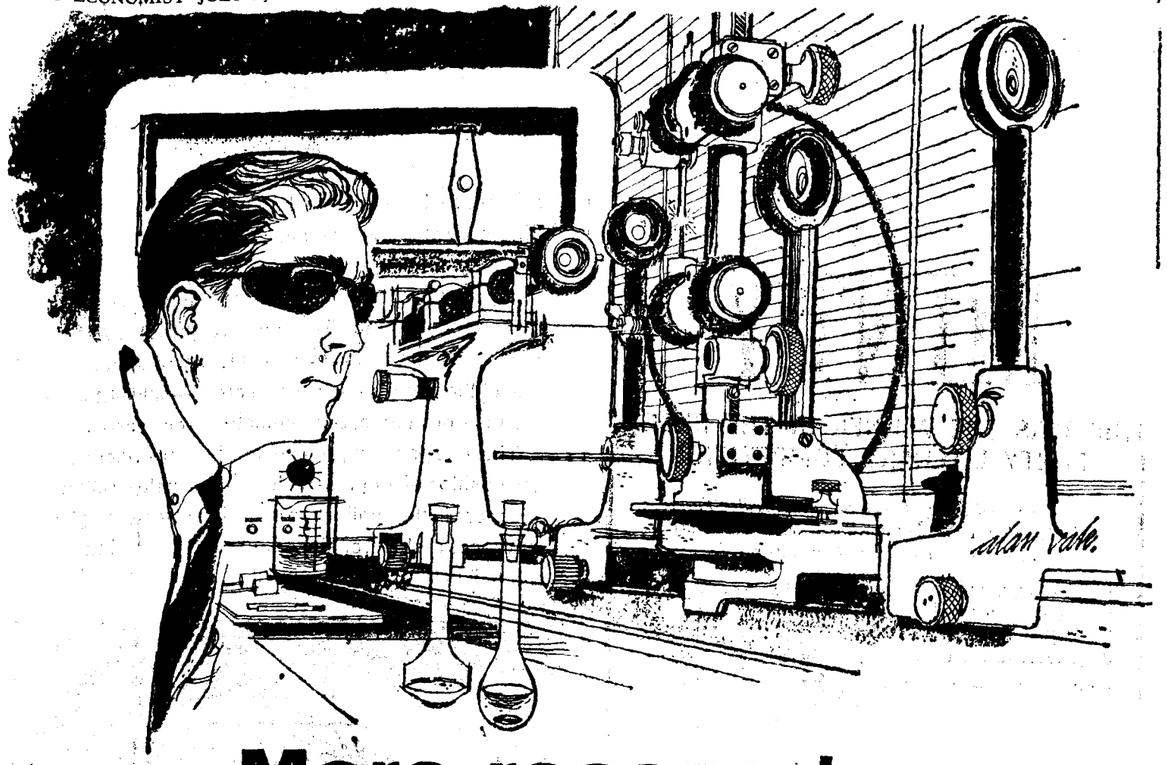

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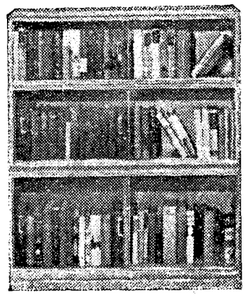
It was submitted by Enoch Soames, Medley Farm Lodge, Binsey Lane, Oxford, who receives a Minty bookcase worth £31.19.6 as illustrated.

"That Scobie had been using his Minty bookcase — and who but Scobie, after all, would have thought of the inexpensive and conveniently *sectional* structure of the thing—as a means of smuggling variable quantities of hashish for himself and Sephiroth's daughter . . . was a fact which only came to light much later . . .

"I'm starting unambitiously, old fruit," I recall him saying, as he removed his elaborate wig and offered me a narguileh . . . "These Mintics grow as my library grows . . ." He winked, and slid open the glass front (which had a certain cachet with us in the Lebanese Consulate), took out what appeared to be an extravagantly bound copy of the Zohar . . . (the pages were cut out in the middle, like a joke cigar box . . .)

What were we, after all, I reflected, savouring the fresh consignment and gazing into those enigmatic glass fronts, built up into a strangely archetypal, dolmen like edifice, like foundations of a zigzurat, glinting with baleful ambiguity in the dawn Alexandrian sunlight . . . what were we but Minty bookcases . . . each of us haphazardly constructed . . . the elegant glass front urbanely reflecting the titles of books in the opposing case . . . ?"

THE PRIZE



The judges were astonished at the number and the quality of the entries received. Mr. Soames scraped home by a very narrow margin. The runners-up were Mr. H. B. Walker, South Norwood, S.E.25 and Mr. H. Evans, Blackheath, S.E.3. People who *still* want a free Minty Bookcase are advised to

look out for the second MINTY literary competition in this magazine

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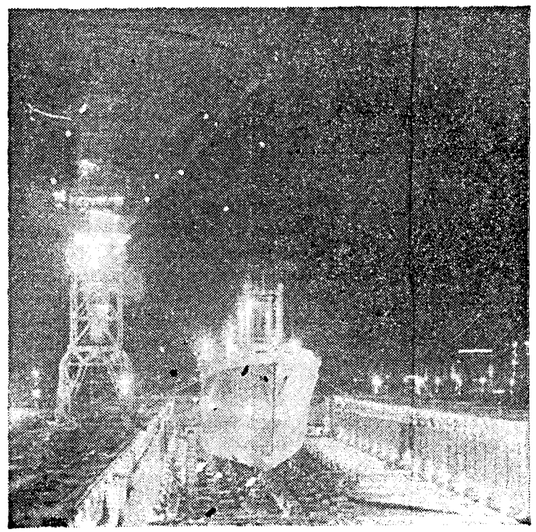

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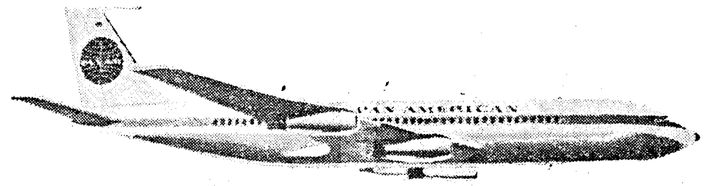

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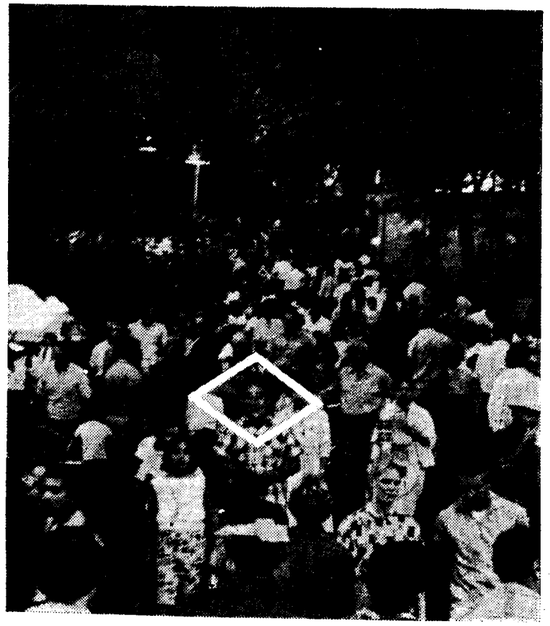

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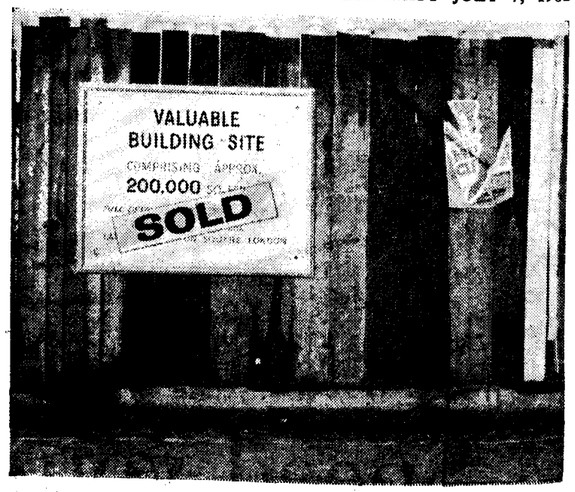

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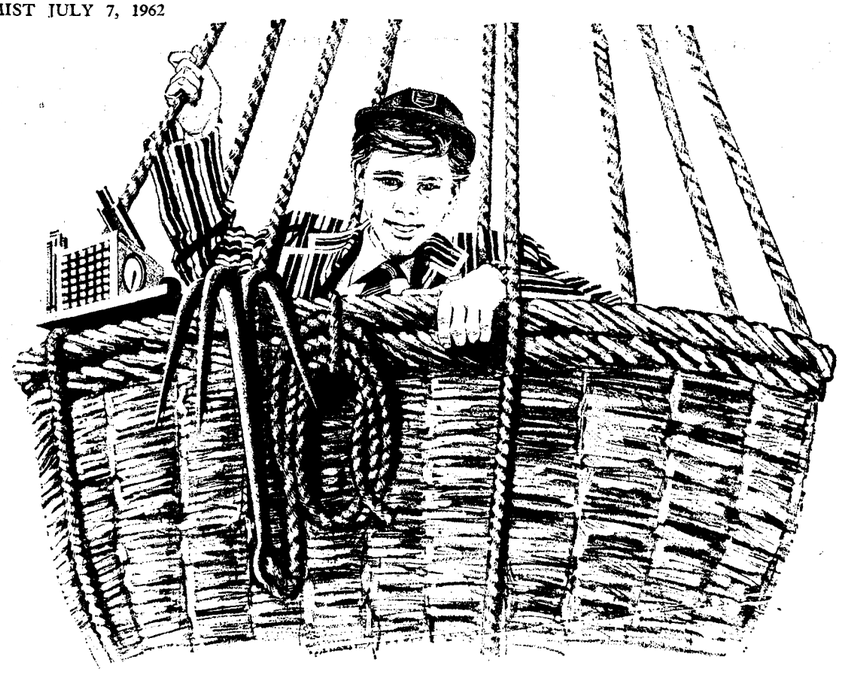

"There is no new thing under the sun, dad"

"Ecclesiastes, Son. And you've got the quotation right, too. Out of the mouth of very babes and sucklings . . ."
"Book of Psalms, Dad; and you've got your quotation right as well. Fifteen all"
"Son, where's all this cross-talk taking us?"
"Back a hundred years to 1862, Dad"
"A memorable year, Son, for, amongst other things, the birth of Debussy, the capture of Garibaldi, and the then highest recorded ascent in a balloon"
"And, Dad, for the earliest recorded advertising leaflet of the Patent Plumbago Crucible Company, forerunner of The Morgan Crucible Company. It claimed that they sold crucibles to Mints in Australia, India, France, Russia and elsewhere"
"Quite a performance for those days, Son"
"Yes, Dad; and, what's more, this leaflet was printed in English, French, German, Swedish and Spanish"
"And we're still talking today about the need for English exporters to use the customer's language, Son. Well, well"
"It doesn't end there, Dad. Even in 1862 Morgans converted all their weights and measurements into metric terms for the benefit of those foreign addicts of the decimal system"
"I suppose there's no danger of their getting smug, Son, is there?"
"Hard to say, Dad; but they've reason to be proud of their past achievements, I think"
"Then what of the future, Son?"
"Well, Dad, between 40% and 45% of The Morgan Crucible Group's sales are now outside the U.K., made up of nearly all the products manufactured in the U.K.—carbons, pots, Crusilite elements, refractories, resistors, colloidal dispersions—and of those products manufactured by its overseas subsidiaries; and they aim to keep it that way"
"And does each subsidiary do its own exporting, Son?"
"No, Dad. With two exceptions all the Group's exports are handled by Morganite Exports Limited, who operate through twelve overseas subsidiaries of The Morgan Crucible Company Limited, and over two hundred agents"
"So they cover the world, Son"
"Indeed they do, Dad. And the verdict of the world is conclusive"
"St. Augustine, Son"
"Correct, Dad. Wasn't it also he who prayed: Give me chastity and continency but do not give it yet?"
"Son, I hardly think . . ."
"Don't worry, Dad; I only wanted to say that there's no containing Morganite Exports Limited, and as for being chaste—well it's they who do the chasing"
"Son—you're incorrigible"

With apologies to Harold Wincott

The Morgan Crucible Group is always pleased to hear from inquisitive young (and not so young) people. You'll find it well worth while to write to our Group Staff and Training Manager.

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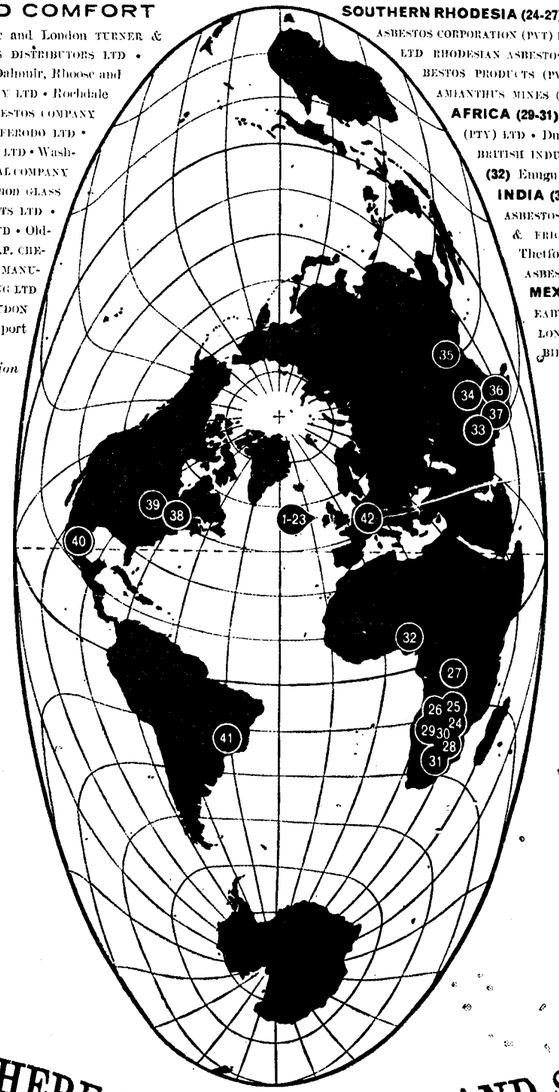
Map: Bartholomew's Atlantis Projection



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Brussels Auguries

TO the French government British membership of the common market now seems inevitable. This, for all the alarming reports that came out of the confusing ruck of last week's negotiations in Brussels, is the important fact that emerged. Meetings between General de Gaulle and visiting statesmen like Mr Macmillan might often be lost weekends, so discreet are they; in Brussels in the past ten days, the secret of the meeting on June 2nd at Champs has come out. Some time before or during Mr Macmillan's talk with President de Gaulle the French government recognised that British membership was bound to come sooner or later. The change may have been due to dislike of France's growing isolation within the community, or to the fact that President de Gaulle's respect for Britain has for the moment triumphed over the bitterness he brought back from London in 1944. Perhaps Mr Macmillan found the right words at the right time. Whatever the reason, the change is a great encouragement to Mr Heath as he enters the most difficult, and the decisive, phase of his negotiations.

This week's prolonged tête-à-tête between Dr Adenauer and President de Gaulle could have checked the process of evolution in Paris. Indeed, at the end of the talks, their joint statement on Thursday showed the intention of trying for a political union as quickly as possible, without waiting for Britain. But there are no signs that this amounts to anything like a combined Franco-German roadblock in Britain's way. In Bonn Herr Schröder, the foreign minister, has evidently been fortified in his vigorous support of British membership by Mr Rusk. From June 28th to 30th, on the eve of Dr Adenauer's visit to Paris, Herr Schröder attended the Brussels negotiations for the first time, with the plain intention of demonstrating that whatever the old might say in Paris he, and a weighty body of opinion in Bonn, were resolved to get Britain in. Some of the political auguries for British membership of the common market have never been better.

There is a very great difference, however, between recognising reluctantly that the British will join "one day," in General de Gaulle's phrase, and doing everything to help them join. M. Couve de Murville is certainly not behaving like a man in a hurry. The French government is prepared to disengage from a position when it becomes untenable, and indeed it has budged on a number of important matters, but it is not concerned to give Mr Macmillan a smooth ride home. During the coming vital weeks the pace could quicken. The Six are now devoting a deal of time to thrashing out points among themselves, and many of the tussles end up with a small but significant French concession. Yet the British government must inevitably be worrying about its timetable. Can the aim, an agreement in general by the end of July, be achieved? Patience and determination are now needed more than ever. If necessary, the negotiations will have to go on into August, with the clock "stopped," French-fashion, as it was early this year when the Six were debating their own agriculture. If, even then, loose ends remain untied, enough will at least have been done to give the Commonwealth prime ministers a broad picture of the likely terms when they gather in September.

If the government is to be allowed to negotiate patiently in this way, going as fast as conditions in Brussels (and all the interests involved) allow, but no faster, it is important for British opinion not to be too excitable. "Six Take Tough

Line" run the headlines whenever the ministers meet in Brussels, and the conclusion, however false, becomes inescapable that the negotiations have hardly got off the ground. If there were not disagreements, as there were when the ministers met on June 28th, there would be no need to negotiate. There will be more differences, more rows, and maybe a super-crisis at the end of July as the deadline approaches and the negotiations move into a last desperate spurt. None of this need mean that no progress is being made. A large part of the highly complex Commonwealth problem has in fact already been argued out and agreed on.

THE negotiators have now succeeded in whittling away a good many of the smaller issues around the hard core, which is trade in the products of temperate agriculture. Last weekend ministers reached agreement on seven out of 24 commodities where the British have asked for the common tariffs to be reduced to zero. Some of the tariffs are to be reduced, some removed, and in other cases there are to be tariff quotas for the British market. Agreement may not come on some other items, especially the big three, aluminium, lead and zinc, until a late stage in the negotiations. But it is clear already that there will not be much left in the way of raw material tariffs round the community once Britain joins.

After the agreement on imports of manufactures from the developed Commonwealth (an early minor minus in the balance sheet) which provoked the wrath of Mr Menzies and Mr Marshall when they were in London, a more positive outline agreement is in the making on the larger and politically significant imports of manufactures from India, Pakistan and Ceylon. Here the Six have in fact accepted the principle of "comparable outlets"—that the enlarged community must import as much as, indeed more, from these countries than Britain plus the common market do today. In textiles the working out of the agreement has gone a considerable way, though there are still differences. For other manufactures the task for the British in the next few weeks is to translate what one Indian called the "constructive disposition" of the Six towards undeveloped countries into harder provisions, for instance for the enlargement of quotas and the reduction of some tariffs: to bring the principle down to earth.

On a fourth issue, association for Commonwealth countries in Africa and the West Indies, the negotiations have been going still more smoothly. Last week the Six accepted that these countries were eligible for association on the same terms as the existing associates (free entry to the whole European market). The remaining differences are about politics. Who is to make the first move, the Six, the British, or the Africans? Are Ghana and Southern Rhodesia to be accepted? Will they indeed want to come in? What happens to African countries that choose to stay out? The differences are important; but at any rate the principle of association is accepted for the African Commonwealth, and the new model association the Six are negotiating with their existing African partners has taken British wishes into account.

Only on the fifth and much the most important and most difficult section of the Commonwealth puzzle, the agricultural trade of Australia, Canada and New Zealand, is there a great deal of the really hard down-to-earth work still to be done before agreement is sighted. There is more common ground than there was six months ago. It is agreed that there will have to be special transitional arrangements for Commonwealth farm exports and, very generally, that world-wide agreements might provide the best solution for them in the end. Last weekend the Six went a step further and accepted, again very generally, the British claim for some kind of "bridge" between these two phases, so that if world-wide agreements do not come off, the Commonwealth will not be let down with a crash at the end of the transition. What the Six suggested was that, if the world-wide discussions failed, there would be "consultations" between the community and those suppliers, "especially in the Commonwealth," interested in the search for world-wide plans. The formula looks at best like a frail rope ladder rather than a bridge across the precipice; certainly it does not meet the wishes of the Commonwealth countries; but it can be the start for something more secure.

To understand the remaining differences about Commonwealth agriculture it is important to understand what the community's common agricultural policy is, and what it is not. It is not what Mr Gaitskell said it was in his speech in the House of Commons on June 6th: an intrinsically protectionist set-up tending automatically to exclude imports from outside. What the community has agreed so far about agriculture—levies, target prices and so on—is no more than a method whose results will be determined by the policies actually chosen later on. If prices and levies are fixed low, the effects could be a great deal more liberal than present systems of protection. If they are fixed high, the system could indeed be a great deal more protectionist. The negotiators' problem is to guarantee that at some future date policy will in fact be liberal enough to ensure the continued import into Europe of Commonwealth products.

This problem—a problem not only of the wording of good intentions but also of practical machinery to guarantee them, as well as of mutual trust—will be at the heart of the debate in the next fateful weeks. Bit by bit differences have been narrowing. The Six are prepared to promise a "reasonable price policy," in order to maintain a substantial volume of "traditional trade." But the French minister of agriculture, M. Pisani, said again on June 29th that his government thought that the Commonwealth should be given "comparable revenues" from its exports through higher prices, not "comparable outlets" for quantities sold. The British do not want to pay more for their imports. They want a much more explicit guarantee on paper that whatever price policy is followed will give the Commonwealth access to the market.

The argument is heavy with conflicting interests. But it would certainly be wrong to conclude that the negotiations are yet stuck, or going badly, or even that the Six are proving unduly intransigent. The sea change in French attitudes and the progress of the talks so far are good auguries. If the palpitations of British opinion sometime fret the Prime Minister's nerves, Mr Heath's reports from Brussels should calm them. The most striking new factor of all was contributed on Wednesday (Independence Day) by President Kennedy with his plea for a "declaration of interdependence" between the United States and western Europe. The pace at which the American attitude is evolving may make one wonder who—the United States or Britain—will be first into Europe. British membership does, however, remain for the Americans the necessary first step.

Post-Pilkington

The Government has made clear that it has not swallowed the Pilkington committee's polemics whole; but it still has to turn the television knob fully on

THE Government's white paper (Cmnd 1770) on the Pilkington committee's report says it would be quite wrong to take "precipitate" decisions about the committee's main recommendations on the future of television in this country. It says so over and over again. This may be a nice way of telling the Pilkingtonians where they get off in making proposals that would effectively cramp any dynamic growth in this medium until 1976. But what is needed from the Government is a pretty precipitate decision to lift the wraps and allow the maximum expansion of television—which means attracting the maximum available capital—as rapidly as possible. The viable demand for such an expansion exists. It is beside the point to complain that the whole business of deciding who is to be allowed to satisfy that demand is "controversial" and bothersome. The controversy is not new, and it certainly did not begin with Pilkington. A whole range of proposals for financing an expansion—by various mixtures of licence fees, appropriately-taxed advertisement revenue, and pay-in-the-slot TV—has been proffered by other people beside the committee. If the Government does not have a fair inkling by now of which mixture it would like to choose, it will be a worse enemy of television than the Pilkingtonians themselves.

As things stand, the Government has mollified the public service enthusiasts by telling the BBC that it can start its second service, on ultra high frequency, by mid-1964 in the London region. The technical implications, including the uncertainties about UHF, are discussed on page 66. But, since the Government has not uttered a syllable on the size of the licence fee it is prepared to impose for this service, no one, including the BBC, can be at all confident about the scope of the new programmes to be offered. Should the outcome of this political hesitation be a second service able to broadcast for no more than three or four hours each evening, the mountain will have heaved for precious little. And, frankly, if the BBC is going to ask only for the £5 15s. licence fee of which it is talking, one does not believe that it will be able to put on good new programmes for much longer than that.

The kite is being flown unofficially that the BBC could be sustained by the existing licence fee of £4, plus a direct subvention from the Treasury. This subvention might come from the advertisement tax, or from the purchase tax levied on the sale of new sets for 625-line reception. But what this really means is that the BBC would be invited to become a Government pensioner—and to place its neck on the chopping block whenever a Chancellor decided to wield his axe on easier victims than the universities or the hospitals. The corporation should think twice before lending itself to that idea.

If the Government is not prepared to charge a reasonable licence fee, and thus give the BBC the chance to make something of the new channel (and to extend the broadcasting hours on the existing one), it is the more important that a dynamic expansion should be pressed forward in systems of television where capital is willing. It is thoroughly good news that the Government is by no means giving pay-TV the brush-off; and there should certainly be no more Pilkingtonian talk about a five-year penance before any new commercial development is permitted. It will be even better news if the Government can decide quickly on whatever adjustment it thinks necessary to stop new advertisement-financed programmes being too advertisement-department-dominated (thankfully, the Pilkington idea of a second Auntie, sitting there and airing respectable prejudices under threat of further restriction if it is not respectable enough, seems to be more than halfway out the window already); and if the green light can thereby be given to let two new complete channels get under way in 1964.

The point that ought to be looming large in the Government's mind is whether or not the BBC can really make the best use of its two channels when it has to rely solely on public subvention of any kind. (This shortage of cash is the reason given for the official thumbs-down on local broadcasting run by the BBC—although the logical conclusion for developing this side of sound broadcasting, namely allowing advertisement-financed broadcasting to start up in certain areas, is deliberately avoided.) In television itself one answer to the potential waste of band space through the BBC's lack of resources would also be to make the third channel a frankly mixed one by accepting advertising at certain periods of the day. But the BBC will have no truck with advertisements itself, and it would certainly resent being left with half a channel if commercial television were allowed to muscle in openly on the remainder as well as spreading itself elsewhere. The best compromise might be to make room, say after 10 p.m. and on Sunday afternoons, for an adult educational service (e.g., in teaching European languages) which could be jointly produced and financed by BBC and ITV—if necessary under the ægis of a special educational authority.

IF the Government is as serious as it says about adult education, it ought not to baulk at any method that would provide finance for it. Education is one sphere where an attempt could be made to introduce something of the healthy compromise that sustains the press, i.e. revenue both from circulation (licence fees) and advertising (such as advertisements for careers or "situations vacant"). It is fairly clear that it is in some such mixture of licence fees and advertisements, eventually on all wavebands, that the real future of television finance will lie. The new educational authority could certainly be relied on to try to expand its activities, not least in persuading the Government and the teachers to let it undertake a full service to help to educate schoolchildren when no one else is watching—during the mornings. Why on earth the Government shares the Pilkingtonian blind spot about giving more children (including recent school leavers and those in technical or county colleges) a chance to learn

something from television, above all when there is a crying shortage of teachers and accommodation, is beyond understanding.

What, above all, has got to be impressed upon the Government's, and the public, consciousness is that television is the expanding medium of entertainment and information that will finally engulf and replace the shakier sectors of the entertainment industry and of the press. The need to secure as many channels, and as much competition between channels, as possible should be increasingly apparent to everyone with liberal instincts not content to rely on the kind of news, or the kind of entertainment, that one or two masters with their eyes on the establishment think it safe or proper to serve up.

Because much of the press has castigated the Pilkington report in the past week the Pilkingtonians have been muttering that this is only the press which has holdings in the commercial television companies. This is a simple untruth. It would be much more to the point if those who genuinely want to see the development of television in all its potentiality were now to thank their stars that the press, for whatever reason, is not making a dead-set against this dangerous rival and trying to smother it in its cradle. No doubt a lot of people, including governments, find it hard to attune themselves to a new medium of opinion and popular influence, but illiberalism and restrictionism and censorship on the Pilkingtonian scale will not help the adjustment one whit. The Government must shed itself of these impulses in making up its mind with the least delay.

No Orchids for ben Bella

The first troubles of Algeria's passage into independence (recorded in a report from the spot on page 36) have come from another quarter than the expected one

ALGERIA'S recent history has shown portents of storm, and North African precedents made a storm seem likely. Tunisia's first year of self-rule was vexed by ben Yussef's revolt, Morocco's by the continuing warfare of an uncontrolled liberation army. How much greater was the power for disturbance of Algeria's massed battalions, so many straining at the leash on the Tunisian and Moroccan frontiers, and impatient of the stratagems of statesmanship that brought Algeria finally to peace. Even so, it was barely conceivable that the popular Mr ben Bella would be willing to use the army to plunge his long-suffering countrymen, at the moment of victory and rejoicing, into an internal conflict that could touch off a new civil war. And for ends no other than his own ends.

In Mr ben Bella's bid for power there has been no clear principle at stake. His army supporters, to be sure, breathe fire against the French, indeed against almost everything; which is not to be wondered at in soldiers far removed from more humdrum reality. But Mr ben Bella himself has never yet openly denounced the Evian agreements which (after all) secured him his freedom. Nor are there any plain signs yet that he is the chosen instrument of Nasserist, Arab League, Russian or anti-western forces, even supposing these forces could be properly lumped together.

Russia recognised Mr ben Khedda's provisional government in Tunis immediately after the Evian accords had been signed, and Mr Khrushchev sent congratulations the moment France handed over sovereignty on Tuesday, when Mr ben Khedda and his colleagues came triumphantly into Algiers. There were no courteous hesitations on account of Mr ben Bella. The Arab League has consistently supported the provisional government and confirmed that it approved its "loyal attitude to the Evian agreements" in a council resolution as recently as June 18th. So also has President Nasser, whose appeal for Algerian unity was so movingly expressed on Monday, the day after the referendum with its decisive vote for the Evian formula. No touch of egocentricity has marred his tactful efforts to reconcile Mr ben Bella with Mr ben Khedda; they may yet bear fruit.

The Egyptians would not be human if they did not see in a strong, well-ruled Algeria a potential rival for Arab and African leadership. But President Nasser is far too genuinely concerned for the Arab reputation as a whole to wish to see Algeria's great victory squandered in petty dissension. There is plenty of time for Algeria to develop the national character that may seem to its Arab League friends to serve Arab interests best.

The clash between ben Bella and ben Khedda cannot really be placed in an east-west or inter-Arab context. It springs from more local complexities within the Algerian nationalist movement itself. Both are of the same revolutionary vintage, and both broke away together from the old, original nationalist leader, Messali Hadj, when he started to indulge in a "personality cult." But Mr ben Khedda's revolutionary spirit has been disciplined in the hard school of carrying responsibility and having to come to terms, not merely with France but with the world as it is lived in. Mr ben Bella's, preserved for five years in prison, is pure and undefiled. This is both his charm and his weakness. He is much like a man who, having been bedridden, finds the use of his limbs and indulges in too violent exercise. From his prison cell he saw the revolution pass by him, and resented ben Khedda's prestige as the organiser-in-chief of the terrorist battle in Algiers, and his subsequent rise to the premiership of the provisional government. But it is only fair to remember that Mr ben Khedda took over from his forerunner, Mr Ferhat Abbas (who was considered too mild to head the government when the Evian talks were in session), only after strenuous efforts had been made to get France to release Mr ben Bella. Indeed it is a thousand pities that France was unwilling to do so, since only thus could Mr ben Bella have been brought into the main stream of Algerian political ideas.

That the conflict between Mr ben Bella and Mr ben Khedda does not follow rigorous left-right or east-west lines is suggested by the nature of its partisans. Mr Ferhat Abbas, who, if Mr ben Bella claims to be "father" of the revolution, must surely be its grandfather, has been announced by the army leaders favouring Mr ben Bella as a true ben Bella man. Judging from the tributes he paid to the Algerian nationalist army as opposed to the political front when he returned to Algeria last Sunday, there would seem to be no doubt about it. Yet he is the most western-minded of the country's nationalist leaders, a rather old fashioned liberal. His grudge against Mr ben Khedda cannot be much more than that he lost the premiership to him.

MUCH may depend in the future on the attitude of Mr Belkacem Krim. There is no single nationalist leader who has been so deeply committed in all the vicissitudes and vagaries of the Algerian revolution. Brother in arms with ben Bella, he was for long commander in the field. The army admires him as a fighter, although in more recent years, as defence and foreign minister, he turned statesman and diplomat. He conducted the Evian talks and did not flinch last month from associating himself, if lightly, with the talks in Algiers with the European Secret army that brought European resistance to a mercifully rapid end. No leader has shown more strongly the courage of his convictions and in the present conflict his convictions are likely to count. He commands the loyalty of his district, the influential and densely populated Kabylia, and stands with ben Khedda, in spite of a personal attachment to ben Bella, which might yet affect his judgment.

The people of the Kabylia go most naturally with Mr ben Khedda, because their strong Berber traditions (which even in village life call for rule by committee rather than by a headsman) are deeply opposed to the so-called "personality cult." It is really from this Berber tradition that the Algerians have developed their preference for collective leadership, and their fear of dictatorial pressures. Yet this conflict among personalities, and even about personality, has a sadly distorted side. Cult or no cult, personality is something valuable in politics and not to be lightly dismissed. Mr ben Bella's is unquestionably so magnetic that in a less touchy climate he might, without buttonholing even a single soldier, have charmed himself to the top.

In King Coal's Wake

Britain can learn from European experience in finding new jobs for its miners

IT is just five years since the pit-props collapsed under the coal industry of Europe. Artificially sustained after the war by the need to provide industry at almost any cost (but without dollars) with the fuel it needed, European coal was in 1957 suddenly exposed to competition both from other fuels and from cheap imported coal from America. The old mines in which men have for generations won coal in sweat and in shared danger suddenly became economically useless, as they had for long been humanly intolerable. Meanwhile highly productive new mines, with all the advantages of wide seams and elaborate machines, opened up in new coalfields.

Between 1957 and the end of 1961, the number of workers employed down coal-mines in the United Kingdom sank from 566,000 to 447,000; in France it fell from 142,000 to 120,000; in Germany from 341,000 to 280,000; in Belgium from 111,000 to 66,000. The process of shrinkage and reconcentration on new mines is by no means over yet. Britain produces almost as much coal as the rest of western Europe; it is hardly a joke these days when people concerned with the Coal and Steel Community of the six common market countries suggest that Britain's entry into membership would merely double their biggest problem. Some cynics even forecast that British membership would increase the pressures in Europe that tend to keep up fuel prices and delay the necessary process of readaptation. But surely countries so deeply involved in this inevitable economic process should be able to act together more constructively than any one of them could on its own.

The collapse of the old coal areas, and the rise of the new, is more than an economic process. The need to pay men enough to attract them down the new mines, in areas without a mining tradition, forces up mining wages to a level that gives the old pits even less chance of economic survival. But in Scotland, in Wales, in southern Belgium, on the Ruhr and in central France, whole communities built around coal and coal alone have seen their *raison d'être* disappear. And miners are quite exceptionally well placed to make their protests heard.

Whatever language they speak, miners are apt to resemble each other pretty closely. Everywhere they are now paid above the average for their back-breaking labour. Intense group loyalties, left-wing politics and sturdy trade unionism are common to mining communities. The concentration of the mining vote and the industrial strength of the mining unions enable miners to exert exceptional pressures on governments and on public opinion; but because their interests are so special, and often so closely concentrated in small geographical areas, the causes they argue are all too often in conflict with the general economic interest.

Even where the workers' organisations persuade their members to accept the need for pit closures, all they can do is to urge that alternative employment should be provided in the mining areas to replace the jobs lost. This, of course, cannot be done by the mining companies, nationalised or not. Their preoccupation, quite rightly, is to disentangle themselves from areas where they have been losing money. Inevitably, any salvage operation must be undertaken by governments or, in continental Europe, by the new international economic institutions.

Sometimes the salvage operation does not need to be large; there are areas where the transition to other employment can be made with no difficulty, save for the miners reluctant to leave their proud trade. When some mines closed down at Bochum on the Ruhr the Federal German Government and the Coal and Steel Community were all prepared to leap to the rescue by helping new industry to move in. But their kindly offers were spurned by local industrialists and by the

Land government—and, sure enough, there were enough jobs going locally to absorb every one of the redundant miners.

But this simple solution is by no means always possible. More often, the dying pits are in areas where there are no established industries outside mining to absorb the redundant workers, and where the draconian solution of leaving communities to wither away proves politically unacceptable. In Europe it is rare for such regions to prove their plight by producing high unemployment figures. But the loss of the one high-wage industry may leave the whole local economy flabby. The Borinage riots three years ago—in which the local shopkeepers, significantly, played a leading part—convinced the Belgian government that it simply could not leave the solution to the problems of this worn-out and inefficient coalfield to time and attrition. Other governments both in the United Kingdom and on the continent have decided that the slow death of whole communities is too high a price to pay. It is two years since the Coal and Steel Community revised the Paris Treaty to empower it to help the readaptation of miners and mining communities to new and more profitable uses. The 1960 Local Employment Act was only the latest in a series of (fairly half-hearted) attempts by successive British governments to deal with the consequences of collapse in a variety of long-established industries, among which coal is at present the most needy.

The right policy is to choose brutally the areas in which closing down pits and assisting large-scale migration and retraining of workers who have to move is the only solution (some mining areas in the Welsh valleys, for example, are bound to revert to the state of mountainous semi-desert in which they would have remained if no coal had been discovered there); and in which others a policy of bringing new industries to the workers has a chance of success. In Britain the first worry under this head must be Scotland—but the problems of the Scottish coalfields are complicated by the parlous condition of the Scottish economy as a whole. Scotland has already been allotted 60 per cent of the total financial assistance offered under the Local Employment Act—but the first report* of the new Scottish Development Department describes the short-term outlook as "unsatisfactory," and reflects local feeling by calling for further efforts to attract new industries.

IN attracting new industries the old coal areas have some pretty crushing disadvantages. Communities built exclusively around the pits whose spoil dominates their horizons, and whose workings undermine the very ground, are hardly attractive to go-ahead manufacturers. Coal-miners, although they have often shown their adaptability to new skills, have a tradition of resistance to employers, and nowadays an expectation of high wages, that are equally discouraging. Very often the mining industry leaves behind it a pattern of communications adapted only to the transport by rail of coal to a market that may not be at all that sought by a newly arrived factory. Nevertheless the economic argument for moving industry to the redundant workers, rather than waiting for them to move to jobs elsewhere, has one solid piece of support. The scarcest resources throughout western Europe (this is the European miner's advantage over his American brother) are labour and housing: both are plentiful around the pitheads.

* Industry and Employment in Scotland, 1961-62. HMSO. 6s.

How to do it? The worst and most piecemeal approach is exemplified by the British Local Employment Act, which draws tiny circles round pockets of unemployment and qualifies any development within them for grants and government loans. Thus, in County Durham, good industrial sites a mere ten miles by bus from decaying pit villages fail to qualify for development aid. If it is considered that a stricken region should stand a good chance of sound economic survival, it is not enough to compel a firm to move into Wales simply by refusing an industrial development certificate in Berkshire, nor to attract American firms to Fife simply by the offer of a cheap factory. Such temporary dickering can, in the short run and at a price, provide enough new jobs to occupy the workless miners. But it cannot provide the purposeful view of the future without which no community can keep its self-respect. Fortunately, for the longer term, British experience can contribute ideas of value. The new road bridge across the Forth into Fife will benefit the county more than any amount of subsidies for new industry there. The Ministry of Labour's removal grants for workers shifting to another part of the country are an example of the constructive encouragement of labour mobility. Above all, the new towns have shown their worth in attracting workers out of the old centres and in providing a suitable—and profitable—setting for modern industry.

In general, however, the British have more to learn from the Europeans than they have from us. Since 1953, the Coal and Steel Community has set aside $65 million, and spent $22 million (independently of the sums spent by national governments) to help workers to adjust to economic change. Thus 115,000 ex-miners have been helped to retrain, or to move to a new mining area where work is to be found. Displaced men are paid a high proportion of their full wages for a year, or even more, after their job has gone. Vocational training is largely paid for by the High Authority, which also helps workers with their travelling expenses to a new job if it is out of the normal area. The siting of new industries in stricken areas is primarily a responsibility of national governments; but the High Authority undertakes expert studies of the economic prospects for such developments, and its blessing is likely to ensure that a firm can raise loans for development easily enough. (In Belgium the High Authority has even helped with the installation of an aluminium plant to employ ex-miners, which cannot have been easy for a body paid for largely by steel producers).

In the first postwar decade coal was supported, and encouraged to expand, by a combination of artificial circumstances. But when the moment of truth arrives—as it has also arrived in Britain for the railways—the real cruelty for those whose livelihood is affected is to prolong the agony. It is then that the true value becomes apparent of an economic organisation not subject to the nostalgic pressures of one-industry communities. The High Authority of the ECSC can do nothing until it is asked to act by national governments. But then it can undertake studies to see what development (if any) has a chance of giving long-term viability to a region; it can consult with bodies such as the European Investment Bank on necessary infrastructure developments like modern roads; it can pay workers during the first, unavoidable period of idlenesss, and retrain them in useful skills. It has set aside the money to do all this. These are the examples that the contraction of the coal industry on the continent holds up to Britain. It hurts, but it looks like working.

State of Malawi

With the emergence of Nyasaland to *de facto* independence outside the Rhodesian federation, a new—and surprisingly moderate—Dr Banda is becoming the centre of central African politics

NGWAZI the great Kamuzu Dr Hastings K. Banda, leader of the people of Malawi, prefers his title that way: he has twice been offered "chief minister" by the British Government, and has twice refused. He knows better. "Ngwazi Kamuzu" sounds grandiose to European ears, but "chief minister"—an accepted Colonial Office stage before "prime minister"—does not, in Malawi eyes, sufficiently convey the degree of power Dr Banda's party actually wields in Nyasaland. According to the colonial rule-book, indigenous ministers working with a constitution like the one Nyasaland has at present should be hesitant learners; in fact, Dr Banda and his Malawi party lieutenants are reshaping their country's political structure, planning its economy, and even conducting a foreign policy.

This is remarkable for a backward colony which, on paper at least, is part of a powerful federation; it is even more remarkable for being brought about by men little more than two years out of detention and only eleven months on from the first proper elections they ever fought. Their success has been built on qualities not found in every African country: on (so far) a realistic approach to African problems, on an ability to organise both the people and the chiefs of their tight little country, and on (so far again) a moderation in practice that belies the stridency of their voices. Nothing lasts in Africa, but if the present state of Malawi lasts beyond its emergence into official independence (an event probably due next year), then the effect on central African politics could be profound.

The British minister responsible for central Africa, Mr Butler, seems to have recognised this by repeatedly acknowledging Dr Banda's right to demand secession; this week Mr Butler agreed with Dr Banda that a confesence should be held in November to discuss Nyasaland's next constitution. That constitution will have to go far towards acknowledging the independent republic of Malawi if it is to measure up to Nyasaland realities as they are today. Since August, Dr Banda points out, everything his government has asked its colonial governor for has been granted (more money, presumably, excepted); every bill offered has been passed. The first five of these bills have served to whittle away the powers of the district commissioners and the chiefs, the two supreme local authorities under the colonial administration. Local government, education, local courts, agriculture, all have been Malawied; there is more to come.

Next week a Malawi-designed three-year development plan will be presented in the budget speech at Zomba, the capital. It will be followed by a conference of economists from the United States, India, Europe and Africa—a conference designed to attract development capital to the country. (At the same time, of course, Mr Butler's four advisers will be examining the books and working out whether Nyasaland will be able to carry on at all without subventions from either the Rhodesian federal government, or the British Government.)

By thus taking over the ship before it is launched, Dr Banda is giving himself as good a chance as any of keeping his country together after independence; he will still, however, be faced with the problems of poverty, ignorance, and the impatience of youth that this week sent Mr Nyerere of Tanganyika back to stay with his old landlady in Edinburgh for a short rest. Optimism is out of place in Africa; but Dr Banda's neighbours must assume that the strength the Kamuzu's country displays today will not wither away too quickly.

The first country that this could worry is Portugal; on the map, Nyasaland is a dagger in the head of Portgual's "overseas province" of Mozambique. The war in Angola was first made possible by the existence of an African-governed territory—the Congo—across the Angolan border; this gave the rebels an outside base. As a man with a position to uphold among African nationalists, Dr Banda might be expected to make threatening noises about Mozambique. He is doing just the opposite. The reason is that Nyasaland (the future Malawi) has only one railway to the sea, and this passes through Mozambique to the port of Beira. By closing the railway the Portuguese could do Dr Banda more harm in the short run than he could do them by sending ill-equipped rebels across the border. So taking his courage, his reputation, and a British colony's foreign policy in his hands, he went on a "private" visit to Portugal on June 20th, there to discuss railways and rebels with Dr Franco Nogueira, Portugal's minister for foreign affairs, and Dr Adriano Moreira, minister for overseas territories.

This is quite a lot for even Dr Banda to get away with. He may feel that he will make up for it in his African compatriots' eyes before the year is out by giving some assistance to Mr Kaunda in Northern Rhodesia. The Northern Rhodesian elections are due in October and Mr Kaunda may just possibly win enough seats in the legislative assembly to set him (albeit with greater political obstacles ahead) on the same road that has carried Dr Banda so far. A Banda-Kaunda alliance at the end of this year could be formidable in central African politics.

MR TSHOMBE, of Katanga, is displeased with the prospect: he is contributing heavily towards the election expenses of Mr Kaunda's African opponent, Mr Nkumbula. With Mr Nkumbula in charge in Northern Rhodesia, Mr Tshombe's position in neighbouring Katanga might seem more secure than it does today; Mr Kaunda and Dr Banda, in contrast, would be implacably hostile, and Katanga's chances of continuing to exist as a separate entity would be that much lessened. Mr Nkumbula's party is unlikely to get very far. Mr Tshombe's renewed contact with Sir Roy Welensky in Salisbury this week cannot have enhanced Mr Nkumbula's reputation among most Africans.

Much the same alternatives face the *white* government in Southern Rhodesia. Dr Banda's method of consolidating his position before making his move could be Sir Edgar Whitehead's undoing if Southern Rhodesian nationalists caught on to it. It is this method that has taken Nyasaland out, in effect, of Sir Roy Welensky's federation of the two Rhodesias and

Nyasaland. (Dr Banda's ministers tear up correspondence from the federal government.)

Again, Dr Banda's is such a well-known and powerful voice among black politicians that his emergence to officially recognised headship of an independent state would make his an influence doubly to be respected by Mr Nyerere and the Tanganyikans and Ugandans. And, assuming a Kaunda victory in Northern Rhodesia in October, the distance between these men and South Africa will be reduced to the width of Southern Rhodesia and Mozambique. But for the time being, and because he is an untypically realistic African, Mozambique at least seems safe from the great Kamuzu, Ngwazi of Malawi.

NOTES OF THE WEEK

COMMUNIST BLOCK

United against Chiang

EVEN at the height of the Russian-Chinese controversy it was obvious that nothing was more likely to bring the two communist giants together than an outside threat. It is hardly surprising, therefore, that Mr Khrushchev, in a broadcast on July 2nd that was primarily devoted to an account of his recent Rumanian trip, gave warning that "an attack on the Chinese People's Republic will be met by a crushing rebuff . . . from the whole socialist camp." He can give such an assurance all the more readily because he cannot genuinely believe that the United States will allow General Chiang Kai-shek to attempt an invasion of the mainland.

Yet it is significant that Mr Khrushchev seized this opportunity to assure the Chinese of his solidarity with them against outsiders. It has been argued that his assurances of support were not as strong as those he made in letters to President Eisenhower in 1958. He did, however, go beyond the formal requirements of the Sino-Soviet treaty of 1950, which was directed against Japan and, by implication, the United States. Mr Khrushchev's warning thus confirms the impression that a truce has been reached in the dispute between Russia and China. It is difficult to decide just what shifts of policy or ideology, in Peking or Moscow, have paved the way for the truce, but the signs of it are unmistakable. Delegations are once again travelling between the two capitals, and the general atmosphere is noticeably more friendly than in the recent past.

But the causes of the conflict, which earlier this year looked like leading to an open breach, have not been eliminated. Neither side has accepted the ideological arguments of its opponent, or been converted to the opposition line of policy. However, it is only when Mr Khrushchev starts fraternising with the Americans that Sino-Soviet differences about political strategy come explosively to the surface. The current truce may thus be a sign that no rapid progress is expected in the talks between Moscow and Washington.

LAOS

Back to Work

NO sooner had the interrupted Laos conference resumed its work at Geneva on Monday than the Chinese and north Vietnamese delegates called on the United States to withdraw its troops from Siam. Mr Malcolm MacDonald, the British co-chairman of the conference, reasonably replied that there was enough work on hand in defining and guaranteeing the neutrality of Laos without taking on extraneous problems. In fact, President Kennedy announced on Sunday—the day before the conference resumed—that 1,000 of the marines who were sent to Siam in May because of renewed fighting in Laos would now be withdrawn. This was clearly a gesture of goodwill, reflecting the reduced tension that has made the resumption of the conference possible.

That there are still American troops in Siam, on the other hand, takes account of the fact that the conference has yet to complete its work. The main obstacle is not, indeed, the presence of American forces in Siam, but that of several thousand north Vietnamese military personnel of various kinds in Laos. The communist delegations at Geneva still refuse to admit that north Vietnamese troops are there, and know that they could easily be withdrawn if any serious inspection of the border were proposed.

Back to the green table : Laotian delegates at Geneva.

In other respects, however, the omens are not unfavourable. The Russians did not join the Chinese and north Vietnamese in demanding an American withdrawal from Siam. The Siamese, who had been sulking about a temple which the International Court of Justice had awarded to Cambodia, turned up at Geneva on Monday after saying they would not be there. Best of all, Laos is now represented by a single delegation instead of three rival ones and can ratify any decisions the conference may reach. And back in Vientiane, those recent enemies, General Phoumi and Prince Souphannouvong, now minister of finance and minister of economic planning in the new coalition government, are said to be getting along famously, as Laotians say they do *entre Laotiens*. If this lasts, it will be an agreeable surprise, however, for the two men have little in common except an uncommon energy.

NATIONAL ASSISTANCE

The Needy Just Catch Up

SINCE the budget it has become apparent, even to the Treasury, that there is a case for pumping more demand into the economy. One of the best ways of doing this would be to make a timely increase in social service payments for the really needy : this should not mean raising old age pensions indiscriminately, but it should mean making a sizeable increase in the real value of national assistance rates. On Tuesday, the Government duly announced that it is to spend an extra £20½ million a year on these. But are the rises as generous as the Minister of Pensions made out ?

National assistance scales were last increased in April, 1961, at the same time as pensions and other national insurance benefits. They provided a minimum income, exclusive of rent, of 90s. a week for a married couple and 53s. 6d. for a single householder. From September these rates will go up by 5s. 6d. and 4s. respectively. Mr Boyd-Carpenter said that the new proposals will:

> in the case of the single householder appreciably, and in the case of the married couple by a smaller margin, more than restore the values which the scale rates which came into operation in April 1961 then had.

In other words, he claimed that the needy were not just catching up with the rise in the cost of living, but were improving their living standards.

In fact, however, between April, 1961, and May, 1962, the retail price index went up by 6 per cent and food prices alone by 7.3 per cent. The percentage increases in the new assistance scales are 6.1 for a married couple and 7.5 for a single householder. Since food bulks larger in the expenditure of the needy than in other people's, especially since their rent is taken care of separately by the Assistance Board, the new scales seem only barely to keep up with the rise in their living costs. Admittedly, part of the recent rise in food prices has been seasonal and caused by the shortage of potatoes, so that by September the food index may be lower than it is now. Admittedly, the new increases will bring national assistance rates up to, and for a married couple beyond, the ordinary pension level, thus making more old age pensioners eligible for assistance as well as entitling the million or so pensioners who already draw assistance to help them with their rent eligible for a bigger allowance. Admittedly, Mr Boyd-Carpenter was able to claim that since 1948 national assistance rates will now have increased by 139 per cent, against a rise of only 70 per cent in the cost of living. But a good opportunity to push forward further the real standard of living of the neediest people in Britain seems to have been missed.

MR HARE

Not Before the Children

LAST weekend, in impromptu answer to a question at a Suffolk meeting about the relationship of the mother country to the Commonwealth, the Minister of Labour remarked that some Commonwealth countries were "behaving in some respects like children" over Britain's common market negotiations. Everybody knows that this is exactly what many other ministers are thinking, largely because it happens to be true. Every sensible person in the overseas Commonwealth (even including some politicians there) ought to prefer the sort of British minister who speaks his mind with blasphemous candour to the drip who overlays his utterances with polite hypocrisy. Everybody with any acquaintance with current British politics knows that Mr Hare, far from being an outspoken blasphemer, is one of the mildest public characters since W. S. Gilbert's curate at Assesmilk-cum-Worter. But on Tuesday poor Mr Hare was made to do public penance in Parliament for his statement, and to explain abjectly that he had not meant what he said.

There will be three probable results of this apology. First, Mr Hare is likely to be even more circumspect and soft-spoken in his public utterances in future—although the sort of Minister of Labour that Britain in fact needs nowadays is a man who will speak out militantly, contentiously, through a loud megaphone, about every inflationary wage tussle which comes along. Secondly, because everybody knows that Mr Hare was treated a bit unfairly on Tuesday, there may now be a heightened tendency for his cabinet colleagues to rally round and to feel personally protective towards him ; this may have a paradoxical effect in blocking any change that might otherwise have been made in his department—towards a more militant exponent of an effective incomes policy—in any autumn reshuffle of the Government. Thirdly, the tradition has been re-established that in the common market debate with the Commonwealth, British ministers must always speak in circuitous platitudes, never in plain words. Those outside the Government who forced this apology, and those inside the Government who decided that Mr Hare must crawl into Parliament and make it, have not served the country well.

NEUTRALS

Temperance on the Nile

ECONOMISTS and others from some 25 countries are collecting at Cairo for a ten-day meeting that starts on Monday. Most of the governments that attended the meeting of non-aligned countries at Belgrade last summer are again sending representatives, in some cases, but not all, their ministers for economic affairs. But the sponsors, of whom Jugoslavia and the United Arab Republic have been the most indefatigable, have tried to ensure that the delegates at this conference muffle their political drums and concentrate on the shared economic problems of development, trade and aid. Secondly, the sponsors have tried to extend the membership of the Cairo conference to include as many as possible of those countries that are linked neither to the European Economic Community nor to its communist equivalent, the Council for Mutual Economic Aid.

So far as the second aim goes, the sponsors have had moderate success in Latin America, and not much anywhere else. Brazil and Bolivia, who went to Belgrade as observers, are now, with Mexico, participating fully ; Chile and Venezuela may send observers. Pakistan is a welcome newcomer. A number of others, including Tanganyika and Malaya, have been havering up to the last minute. Austria, Switzerland and Sweden turned down their invitations ; Nigeria first accepted, then changed its mind. Some countries may have shied off because they suspect that the sober stated aims of the conference could be turned upside down by anti-imperialist passion from some such quarter as the Cuban delegation. With the United States Congress becoming increasingly tetchy over the whole question of foreign aid, this is no time, the hesitant may have argued, to score a black mark in Washington.

But if the conference sticks to the exercise it has set itself, the results could be illuminating. The agenda roams broadly over both the international and the domestic aspects of development ; it gives the delegates a good chance of exchanging notes on the way that they are dealing with their problems—or being foxed by them. The intention is to set up a permanent expert committee, whose pooled experience might provide a useful step forward in the direction of self-help. The question of the impact of customs unions (by which is meant the European common market) on outsiders is tucked into the agenda between an attempt to work out schemes for controlling commodity prices and a discussion of the sources and conditions of international aid. This arrangement suggests that the three subjects, all of intense interest to underdeveloped countries, may, with luck, be treated with equal seriousness.

JAMAICA

Sugar, Mr Speaker

A MONTH before Jamaica's independence on August 6th, Sir Alexander Bustamante, prime minister since April, has spent this week in London at the head of a money-raising delegation. As if to make up for the years of dither and procrastination that attended the withering away of the West Indies federation, Jamaica has wasted no time in thrusting out into the lonely space of independence. Trinidad follows three weeks later on August 31st. The safe orbit of these small Caribbean states in a world cross-grained with all forms of political rocketry is by no means automatic.

Sir Alexander and his ministers are asking the British government for help of two kinds. He wants immediate loans or grants to cover the cost of the count-down (including the establishment of a miniature defence force), and, more ambitiously, he wants long-term help with his ten-year plan, which has as its target a 7 per cent annual rate of economic growth. Confusingly, Sir Alexander's Jamaica Labour Party is to the right politically of Mr Norman Manley's People's National party ; the prime minister himself has a useful line in demagoguery, but it would need a long stretch of imagination to call him left-wing. Both parties recognise the need for planning: Mr Manley campaigned as "The Man with the Plan" ; the Labour party retorted, successfully, that it was "The Party with the Programme." But plans and programmes both could become fantastical unless Britain and the United States decide to give them some basic substance.

One method of raising money might be

effective if it were not repugnant to Jamaica's sophisticated leaders. At present nearly one in five of the working population is unemployed, and the population, with emigration to Britain restricted, is expected to rise at the rate of 3 per cent a year at least. The government, sensibly, is trying to increase tourism, but the rich at play are no sight for the hungry. The bulk of Jamaica's income comes from sugar, cultivated by foreigners. But the new ministers wince at the thought of pressing money out of the United States by emphasising the analogies with Cuba, only 70 miles away. Instead, they insist that Cuba from Jamaica is as remote as Timbuktu; there is no contact between the two islands, and communism has never won friends in Jamaica. This is an honest approach; it could also, one day, turn out to be a sanguine one.

WAGES

The Engineering Settlement

THE rise of 3 per cent in wage rates in the engineering industry conceded this week would have come earlier if the unions had not muffed their tactics, and earlier yet but for the pay pause; the employers and the Government can therefore look back on their operation as a limited success. This is not because, even in this industry, where the workers themselves turned down a call to strike, wage rises have been kept down to near the official guiding light. In engineering, a national wage increase is merely piled inflationarily on top of other increases already secured at the plant level; average earnings in engineering for a 42 hour week have already risen by 12s. 2d. for fitters and 5s. 7d. for labourers since last June, in a period when nationally negotiated wage rates have not changed at all. But the great gain is that for next year it looks as if there may at last be no general and national wage demand in the industry. The Confederation of Shipbuilding and Engineering Unions has decided, instead, to concentrate on the wages of the lower-paid workers.

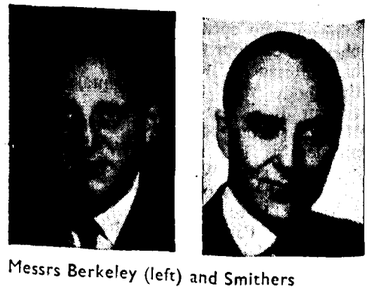
The employers are more than willing to discuss this. They have for long felt embarrassed at the extremely low level of minimum wages, raised by this settlement to £10 1s. 2d. for skilled men, £8 9s. 10d. for labourers and £6 18s. 6d. for women: these rates are always quoted to make a quite absurdly good propaganda case for those asking for more all round. Few newspaper readers take note when the employers point out that 99½ per cent of skilled and 91 per cent of unskilled workers in fact get more than these minima. But because of the insistence of the craftsmen on keeping their differentials over the less-skilled men (differentials whose full weight is in fact felt more in merit bonuses, piece-rates and other kinds of payment, rather than in the basic time-rate) it has never hitherto been possible to concentrate an increase where it is most needed, at the bottom of the scale. Although the executive of the confederation agreed, on the initiative of the Transport and General Workers, to press this year for an increase in the minimum rates, some craft unions will certainly do their best to see that any increases at the bottom of the scale are reflected all the way up the scales: and some left-wing craft union leaders disagreed strongly with the decision of the majority of the union negotiators to accept a mere 3 per cent this time. The mineworkers, too, decided this week to ask for a reorganisation of their wages structure: despite their internal disagreements, reform, not revolution, may be the unions' aim this year.

JUNIOR MINISTERS

Young Hopefuls

JUNIOR ministers are not the brightest stars in the political firmament. But, as leaders of the future, they in a real sense carry the Tory party's destiny, and Mr Macmillan will have to remember this when making any new appointments this summer and autumn. He is starting from a position where, if the Treasury and Board of Trade are excluded, there appear to be only a handful of present junior ministers who could hold high office with distinction. In the appointments of the past five years there have been some oversights which would have surprised most political tipsters in the mid-1950s. Mr Peter Smithers, for example, who has been in the House since 1950, a good European and a staunch Commonwealth man (he was PPS to Lord Boyd when he was Colonial Secretary), has unaccountably never been given office. Another wasted talent is that of Mr Nigel Fisher; and Mr Macmillan could do worse this year than find a place for Mr Gerald Nabarro whose eccentricities have grown with his frustrations, but whose abilities have not yet been visibly eroded.

In general, however, if he is to give his government the appearance of youth and vigour, the Prime Minister will have to



Messrs Berkeley (left) and Smithers

The Economist

JULY 5, 1862

THE GAME LAWS

On Thursday, in the House of Lords, Lord Berners moved the second reading of his Second Game Law Amendment Bill, the dimensions of which seem to be in the inverse ratio of the magnitude of the consequences it involves. . . . Let us say at once that we entirely sympathise with the noble lords in the concern they express regarding the enormous increase of poaching assaults and murderous affrays. But it is because we look with alarm and aversion upon the almost guerilla warfare which is already carried on between the country population and the hated caste of keepers, that we earnestly deprecate a measure which would embitter the strife, and more than any other circumstance expose the rural policy to every influence detrimental to its character. The warmest advocates of the game laws admit that every attempt to increase their stringency has ended in utter failure. Both by principle, by prejudice, and by tradition, the rural population are opposed to the game laws. On principle, they believe that there is a natural distinction between wild animals and domestic creatures. They cannot understand that partridges were made for the rich, and not for the poor. They hold it iniquitous that the hare is allowed to eat their cabbages, and that they are forbidden to take the hare. They see in every field the damage done to the food they covet by overgrown preserves. . . . Moreover, village tradition connects the game laws with the most odious vexation and tyranny which the English people ever endured at the hands of their conquerors. Under these circumstances, even if the people had not what they think abstract principle on their side and if we had no experience, it would be the height of impolicy to aggravate a feeling so deeply seated in the breasts of all but the upper ten thousand. . . . We are not insensible to the advantages derived from field sports by the higher classes, nor do we advocate the right of trespass. But if it were only a question of reducing the game laws within the limits of a Trespass Act, as we think they should be, if not entirely abolished, we should raise no objection. And as for our young sportsmen, they have the heaths of Scotland and Ireland, and the wilds of Norway, Sweden, Canada, and the East to roam over and satisfy their propensities with less butchery and more romance. Be this as it may, it is perfectly clear that the privileges of the minority, however innocent, and even, in themselves, commendable, cannot upon any principle of sound policy, be maintained against the daily increasing crimes which they confessedly foster throughout the whole extent of the country, and which the remedy proposed would only envenom by a complication of artificial evils.

Man on the right lines

pleases by finding fault. A high wind is blowing in the Highlands. Two wires on the overhead transmission line begin to dance . . . and touch. There is a flash and a burn. This transient fault can be overcome—but it cannot be repaired until it has been looked for over the line's entire length. In rugged, mountainous country, and often in cruel weather conditions, the linesman must be out making laborious tests for mile after mile—and often week after week.

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start drawing now on the parliamentary intakes of 1955 and 1959. An outstanding member of the 1955 intake is the Prime Minister's own son, Mr Maurice Macmillan who, were it not for the burden of his parentage, would have been in office some time ago. Mr Peter Kirk, who entered the House at the same time and has been one of the pioneers of the European Movement, would also be a good bet for promotion if only he could learn to tolerate fools—which means a sizeable portion of his own party—even a little gladly. Mr Richard Hornby, chairman of the party's education committee (he was once a master at Eton) and Lord Balniel, who distinguished himself by his liberal speeches on the Immigration Bill, are popular favourites for advancement.

Among the 1959 intake, Mr Humphry Berkeley has made a reputation for enlightenment and outspokenness, but has not thereby made himself the idol of the party whips. More acceptable to them might be Mr David James, who combines intellectual ability with military distinction. Among the abler Europeans are Mr Julian Critchley, who has clashed with the Government over defence, and Mr David Price (who would certainly bore the Prime Minister, but junior office should be a specific against this peril). Mr Charles Longbottom, who has earned golden opinions as PPS to Mr Macleod, may well be rewarded for his exertions. The promotion of Mr Christopher Chataway would do a deal to brighten the Tory image, and that of Mr Charles Curran would infuriate the Opposition. If Mr Macmillan needs to look for some suitable women to embellish his front bench, Scotland should rise to the occasion; Lady Tweedsmuir, who has been in the Commons since 1946, would be an embellishment anywhere, and Miss Betty Anderson, the member for East Renfrewshire, is also of officer material. The Prime Minister's skill as a cabinet maker is beyond question. It will be interesting to see if he is an adept at humbler joinery.

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DEMONSTRATIONS

Heil!

THE National Socialist Party, whose members enthusiastically celebrate Hitler's birthday by dressing up in jackboots and armbands, booked Trafalgar Square for a rally last Sunday: the keynote was "Free Britain from Jewish control." Some of those who heard the paranoiac outpourings of the leaders of this tiny group—itself a breakaway from the British National Party, which was formed from an alliance of the National Labour Party and the White Defence League—indulged in the understandable reaction of throwing things, punching people, and generally replying to violent incitement with violence; quite a few, for whom there should be much less sympathy, had gone along expressly to do so. Nineteen disturbers were arrested and several were subsequently fined. Mr Jordan and Mr Tindall, the main orators on behalf of the nazis, got off free (although Mr Butler has said that legal action may yet be taken), and are delighted about the large publicity given to their nasty emotions.

The police did their best. When the uproar got particularly violent, they stopped the meeting until quiet was restored; but it was never restored for long. (Arguably, they could have arrested the speakers for insulting behaviour, but policemen are very rightly shy of doing things like that off their own bat.) In fact it is probable that, once given the chance of shooting off their mouths in public, the organisers of the meeting were looking forward to the chance of provoking a punch-up. It is natural to question whether the Ministry of Works should give up Trafalgar Square to people like this, while refusing it to the Committee of 100: the nuclear disarmers had, of course, wanted to break the law, but not to enjoy provoking others to break it.

It seems certain that the authorities or the police had powers to stop the holding of this meeting, before or after it had begun, under the Public Order Act of 1936 (directed against disorders caused during the fascist rallies of Sir Oswald Mosley). But in our sort of democracy it is right to err, every time, even sometimes quixotically, on the side of permissiveness. British fascists of various persuasions have shown that they can be violent—by knocking down an African diplomat in the belief that he was the late Patrice Lumumba, or by chucking a smoke bomb into the headquarters of the Movement for Colonial Freedom. It is surely desirable that such people should be allowed, from time to time, to come into the open to be identified: only when the disorder they are deliberately provoking causes genuine inconvenience to outside people need they be pushed out of sight, like other public nuisances. Mr Jordan has now been suspended from the Coventry school where he teaches; the decision on his future employment should not depend on his opinions but on the interests of the children taught by so controversial a personality.

EAST-WEST LINKS

Beyond Co-existence

"EVIDENCE of ideological apathy accumulates on both sides of the Iron Curtain." Mr Christopher Mayhew, MP, is happy to see it pile up. In a new pamphlet,* expanding arguments which he had set out in a broadcast last year, he calls for active co-operation between communist and non-communist governments, in place of a "sterile rivalry" based on the false assumptions of outdated ideology. The two immediate objectives of what he terms "Co-existence Plus" are "an ideological truce" and completely free contacts between peoples. The broader prospect is one of adjustment to the fact, already plainly seen by growing numbers of observers, that no one creed is going to sweep the world in the age of ideology, any more than one did in the age of religious crusades.

Such blasphemous ideas have already drawn the fire of the outraged faithful on both sides, the Soviet reaction being spearheaded by Mr Victor Mayevsky of *Pravda* with a couple of fine ranting exercises in question-dodging, which Mr Mayhew has helpfully printed as appendices to his pamphlet. There are certainly still a good few people in non-communist countries who view the world, as tenaciously as orthodox communists do (but the other way round), as the scene of a predestined fight to the death between the darkness and the light. Fortunately they do not, like their opposite numbers, hold the main levers of power.

Mr Mayhew quotes with approval President Kennedy's claim, in his State of the Union message last January, that "our basic goal" is

> a peaceful world community of free and independent states—free to choose their own future and their own system. . . We offer a world of choice—they (the communists) offer a world of coercion.

He gives persuasive chapter and verse for the argument that the "two camps" dogma is a ludicrous distortion of the reality of a world that already shows a rich variety of social (and political) systems; some of which variety is to be found even within the "socialist camp." But it is here, perhaps, that a fault may be found with his reasoning. He calls for "a clear, firm statement by the non-communist world of their own conception of co-existence." Can any clear statement of that kind possibly be agreed upon by the many elements that make up the richly varied "world of choice?"

* Co-existence Plus. By Christopher Mayhew. The Bodley Head. 57 pages. 4s. 6d.

CHURCH OF ENGLAND

Nine Rivers to Cross

THE summer session of the Church Assembly has had a heavy load of church legislation to consider. Of the nine measures, that on the Prayer Book is by far the most important. The Book of Common Prayer is part of the law of England and departure from it must be authorised by lawful authority. In practice the law is too strict and there are many departures from legal usage in parish churches. The new measure would allow the Convocations, with the agreement of the House of Laity, to authorise forms of service for an experimental period, with a possible extension for another seven years thereafter. A two-thirds majority must be obtained in all Houses. The Convocations would also be given power to authorise services for a preliminary trial period of up to two years in selected churches under the direction of the bishop. The concurrence of parochial church councils would be necessary if a service authorised by either of these provinces were to be used in any parish, and in the case of burial or marriage, the consent of the persons concerned or their families would also be required. There seems little doubt that the Church Assembly will pass this modest measure; and, because of its safeguards, there should be no danger of another 1928 when Parliament comes to consider it.

The Church Assembly is also revising other matters relating to ritual and ceremonial. The obscure ornaments rubric in the prayer book would be clarified by a measure setting out the vestments which a priest may wear; it seeks to empower him "at his discretion" to wear a cope on any appropriate occasion. No mention is made of whether bishops are authorised to wear mitres (to which they seem to have no legal entitlement), but this appears now to have been established by usage. It is worth recalling, however, that when Archbishop Lang was installed at York, he refrained from wearing a mitre in case it should provoke hostile demonstrations, and surreptitiously began wearing one later. Another measure would enable the Convocations and the Ordinary to authorise additional Holy Days to those listed in the prayer book, and permit the use of either leavened or unleavened bread at the communion service. It would also extend the right of using Latin for Church services, now confined to the ancient universities, the Convocations, and the colleges of Westminster, Winchester and Eton.

The Church Assembly is also laying its reforming hands on the second sacred institution of Anglicanism, the cathedrals. A commission is to be set up to revise the constitutions and statutes of all cathedrals. Every cathedral is to have a dean or provost and two canons based on the cathedral, engaged in "cathedral duties," a term which is to be liberally interpreted. These officials will now be paid by the Church Commissioners. The reform will not introduce another era of Barchester, but it should release substantial cathedral funds for local purposes.

EAST AFRICA

Black Ethos

IT is impossible, according to Mr Julius Nyerere, to devise a constitution that would be foolproof against a tyrant; certainly, as an African, he knows what he is talking about. The real safeguard, the Tanganyikan leader said in Dar-es-Salaam on June 28th, lies in the "ethic of the nation"—in other words, in the attitude of mind that most citizens bear towards dictatorship. This is true of Britain, where Parliament is supreme and the prime minister who controls it could in theory do as he chose—except, it must be supposed, for the national ethic. In Africa, where, unlike Britain, most constitutions are written and rigid, the built-in safeguards have not been proof against the national willingness to succumb to dictatorship in the interests of unity and promised economic advance.

For these reasons dictatorships may be expected to emerge in the east African territories of Kenya, Uganda, and Tanganyika. Mr Nyerere himself is likely to be president, and wholly in charge, in Tanganyika when the new constitution comes into force in December; if this is inevitable, it may also be not too bad while a pleasant man like Mr Nyerere is in fact the boss. But in Kenya and Uganda the divisions within run so deep that successful dictators may have to be of the nasty kind. The British Colonial Secretary, Mr Maudling, has just left for Kenya to see how far the tribal, personal, and trade union bickering has taken the country since he sent the Kenyan politicians home from an unsuccessful constitutional conference in Lancaster House at Easter.

The Ugandans have also been sent home by Mr Maudling—with a ready-made constitution for independence on October 9th and a ready-made quarrel for fighting out on October 10th. The arguing will be about two counties in Buganda, claimed by the neighbouring tribal kingdom of Bunyoro. Mr Maudling has laid down that these counties shall remain Buganda's, but be administered by the central government (in which Baganda politicians feature strongly); within two years there must be a referendum to decide, once and for all, the fate of the counties. Bunyoro has, somewhat bitterly, rejected this solution: it fears that the central government, dependent as it is on Buganda's support, will succumb too easily to the ethic that is tempting them down in Kenya and Tanganyika. It is not impossible.

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JAPAN

No Orpington

UNLIKE some other conservative governments, Japan's Liberal-Democratic party seems to be able to constrict the economy without making the voters squeak. The restrictive measures imposed last September, to deal with the major balance-of-payments crisis into which Japan had drifted earlier in the year, have now taken effect—rather later than the government had hoped, but nevertheless effectively. The foreign trade balance appears to have been restored to a rough equilibrium, at least in the letters-of-credit figures (which have objections to them as a yardstick; but so does every other measure of the balance of payments). The other side of the coin, however, is that Japan's gross national product, after its soaring flights of the last three years, may now fall or mark time; if so, Japan will not be able to achieve, between 1961 and 1962 as a whole, the "mere" 5.4 per cent increase for which the government had budgeted. One consequence is that the annual round of wage claims this spring brought smaller increases than usual for many workers.

Yet, despite these difficulties, the elections to the upper house of the Japanese parliament on July 1st gave the governing Liberal-Democrats five more seats than they had before. This success, in an unusually high poll, was achieved at the expense of the more moderate of the two socialist parties, which lost five seats and now has fewer places in the upper house than a rarher odd Buddhist group called the Society for the Creation of Values—just what values, no one is sure. The other loser as a result of the election is a member of the Liberal-Democratic government itself: Mr Fujiyama, the director of the economic planning agency. Mr Fujiyama, who has ambitions for the premiership, has been saying for some months that the government ought to have put the brake on the economy harder and sooner, and had doubtless hoped that last Sunday's election would give a helping hand to his campaign. It did not give him this boost, and thus reduced his hopes of taking over the prime ministership from Mr Ikeda.

The twin spires of Vienna's Votivkirche, seen from the Rathaus. Photo by Philip Lustig.

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AMERICAN SURVEY

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Cross of Congress

WASHINGTON, DC

THE passage of President Kennedy's trade expansion Bill by an overwhelming margin in the House of Representatives last week not only prevented this year's congressional session from becoming an utter disaster for the Administration, but also served as a needed stimulus for flagging morale at the White House. Furthermore, the trade Bill, which gives Mr Kennedy more sweeping power to reduce tariffs than any other President has ever had, is his most substantial accomplishment in Congress so far. But those Administration officials who are hailing the House passage of the Bill as the break-through that will mean smoother sailing for the rest of the Kennedy legislative programme are going much too far. Rather, the trade Bill may well be the only bright spot for Mr Kennedy in a singularly depressing congressional session.

The wonder of last week's proceedings in the House was, in fact, not that the trade Bill was approved but that there was so much doubt about this beforehand. No other of Mr Kennedy's legislative proposals boasts such unanimity of support from national leaders of both parties and from business, organised labour and major newspapers. Months ago the President bought off Congressmen from the textile-producing states, the most powerful congressional voting block with protectionist tendencies, by promising new quotas on textile imports.

Yet, just two days before the House debate began, the Democratic leaders there were in a state of panic. They feared that a wave of anti-Kennedy sentiment, evidenced by the House a week earlier when it killed his farm Bill, would spill over into the trade debate and result in the passage of a substitute measure; this, in effect, would have prevented trade negotiations with the European common market for at least a year. The Democratic leaders were so apprehensive that they considered—but later rejected—courting Republican votes (and risking the loss of important trade union support) by modifying a section of the Bill which provides cash payments to workers who lose their jobs because of the competition of imports. As it was, the defeat of the substitute Bill by an 82-vote margin was made possible in no small part by the representatives of big business, who argued for Mr Kennedy's Bill with the Republicans and by the decision of the Republican leaders in the House not to make a party issue out of the trade question—the first time for many years that they have been so helpful.

As for the other Kennedy Bills, which have no such broad and bipartisan base of support, the outlook is bleak indeed as Congress aims for an adjournment early in September. This week or next the Senate may approve the plan for providing health care for the aged through the social security system, but this Bill is dead in the House. Continuing efforts by the Administration to secure tax revision and tighter government controls over farm production face apparently insurmountable odds. Those Kennedy proposals which depart most from conservative orthodoxy, such as stand-by powers for the President to reduce taxes temporarily or federal standards for state unemployment benefits, have been rejected out of hand by Congress without a hearing.

This demolition of Mr Kennedy's programme, along with the stock market decline and growing prophecies of a recession on the horizon, have bolstered Republican optimism over the congressional elections in November—and even over the possibility of ousting Mr Kennedy from the White House in 1964. On the other hand, some Democrats believe that Mr Kennedy's setbacks in Congress give him the opportunity to go to the public this autumn and demand the election of more Democrats to help him. Some peculiarly involuted political thinkers among the Democrats maintain that it would have been a political asset for the Democrats if the Republicans had killed the trade Bill in the House last week, thus exposing the total irresponsibility of the Republican party.

Such Washington speculation, however, seems far removed from reality. In the past, the success with which a President has pushed his programme through Congress has had little influence over the outcome of presidential elections, much less over that of congressional elections in years when the Presidency is not at stake. As in any off-year elections, the coming balloting will be influenced primarily by the state of the economy and of world peace on election day, as well as by local factors in the more than 460 separate congressional contests. If present conditions continue into November, the Democratic margins of 3 to 2 in the House and 2 to 1 in the Senate are not likely to change markedly, although probably the Republicans will pick up a number of state Governorships.

MR KENNEDY'S current troubles with Congress by no manner of means signal his political downfall; but why should a President who is consistently popular with the public, according to the Gallup poll, receive such shabby treatment at the hands of a Congress controlled by his own party? Mr Kennedy offered an obvious and essentially correct explanation at last week's press conference when he suggested that the Democratic majorities are illusory because they contain many conservative Southerners ideologically in sympathy with the Republicans. But, in fact, the President has been remarkably successful this year in winning support from southern Democrats and it has been non-southern Democratic defectors in the House and particularly in the Senate that have been causing much of the trouble.

These defectors simply believe that the safest political course for themselves is to oppose many of Mr Kennedy's Bills. Since there is no effective party discipline under the American system, a President enjoys complete legislative success only in times of national emergency or when his Bills have demonstrable political appeal. Mr Kennedy's proposals of 1962 contain no such appeal. Normally loyal Democratic senators fear reprisals from the voters on election day if they support the President's major tax proposal, which the House has already adopted; this would authorise the withholding of present taxes on dividends and interest payments. The President's uncongenial but eminently sensible plan to try to reduce the immense surpluses of wheat and maize by controlling production appeals neither to the farmer nor the city dweller. His health plan does have some popular support, but this is mainly in northern metropolitan areas where the trade union movement

is strong, areas over-represented in the electoral college that picks Presidents but under-represented in Congress.

The Administration has sought to counteract the basic lack of public enthusiasm for the Kennedy programme by what probably ranks as the most persistent campaign of persuasion and pressure ever experienced by individual Congressmen. Efforts are made to secure a single congressional vote by reasoned arguments, by promises of political favours, by threats that federal spending in the Congressman's district will be reduced. But many members complain that there is an illicit, shades-down aura about these tactics which is eroding congressional goodwill toward the Kennedy Administration. One introspective Senator whose vote for one proposal was secured by some economic favours for his state now admits that he feels a twinge of conscience every time a White House agent enters his office, and he is apt to oppose the Administration occasionally just to convince himself of his own integrity.

Consequently, a good many pro-Administration Democrats in Congress would prefer Mr Kennedy to subdue his campaign of private persuasion on Capitol Hill and instead build a fire under Congress by taking his case to the public. The President's aides retort that any such efforts might completely alienate Congress, might diminish the President's popularity and probably would not do much good anyway. It is true that Mr Kennedy's recent unusual public appeal for his health plan did little more than strengthen the opposition to it. But this cannot be considered a fair test. The circus-like atmosphere of a Sunday afternoon rally in New York's Madison Square Garden is scarcely the proper setting for a reasoned exposition of a complicated issue, and Mr Kennedy's impromptu, rambling remarks were reminiscent of his campaign oratory at its worst.

At any rate, the Administration will keep plugging throughout the oppressive Washington summer, going through the annual chore of coaxing foreign aid money out of Congress and generally trying to make the best of a bad session. There remains a hope that at least some of the provisions of the farm Bill, passed by the Senate before it was rejected in the House, can be salvaged. The Treasury keeps exploring every possible avenue leading to passage of the tax Bill, although there is a growing belief that nothing short of an amendment for general tax reduction will save it. Unless there is a significant change in the composition of Congress, things may be a little better in 1963. The income tax reduction planned for next year's tax Bill should please Congress. There is reason to believe that opposition to the health plan cannot remain much longer in its present supercharged state. Nevertheless, Mr Kennedy will not be blessed by any blanket endorsement of his proposals and most probably will continue to find dealing with Congress the most unrewarding of all the President's difficult tasks.

Interdependence Days

IT was a striking idea for President Kennedy to dedicate Independence Day to the newer concept of interdependence among free nations and to hold out to Europe, once it is truly united, the promise of a concrete Atlantic partnership. Speaking in Independence Hall, where the famous declaration was signed 186 years ago, he stirred his hearers by a vision of to what could be accomplished by a union of free men in the fight against world-wide poverty and against the threat of war and coercion. Interdependence is not limited, however, to the Atlantic. Only three days earlier Mr Kennedy had returned from a visit to Mexico, America's still suspicious and withdrawn southern neighbour. Mr Kennedy was only the second American President to visit Mexico City and the vast crowds—as well as the absence of any anti-American demonstrations—may have testified to natural curiosity and the efficiency of the police as well as to warmth of feeling. But the welcome was still remarkable in a country where ancient resentments have been reawakened by the vexed question of Cuba. Mexico voted against the expulsion of Cuba from the Organisation of American States and is one of the five Latin-American countries which continue to recognise Sr Castro's government. But enthusiasm for him in Mexico has been waning since December, when he openly announced himself as a life-long Marxist.

Cuba was certainly discussed by the two Presidents, but wisely Mr Kennedy came with no expectations of altering Mexico's stand. From his speeches it is plain that his real aim was to associate Mexico much more closely with the lagging Alliance for Progress, the 10-year plan for raising standards of living and of social justice throughout Latin America. Mexican enthusiasm and co-operation, if it can be awakened, would be particularly helpful, not only because it is the second-most populous country below the Rio Grande, but also because, Mr Kennedy said, the aims of Mexico's fifty-year-old "continuing revolution" are so similar to those of the Alliance. In the breaking-up of large estates to provide small holdings for the landless Mexico has had long, if not very successful, experience. As a pledge of American interest in Mexico's agricultural programme an agreement was signed for a 40-year loan of $20 million for rural credit on exceedingly easy terms. If it wishes, the country might become a show-case of the Alliance.

Mr and Mrs Kennedy, young, gay, complimentary and Roman Catholic, did much to alter the stiff and superior image of Americans which many Mexicans have. The visit also gave a little more substance to the old concept of the good neighbour. The two Presidents discussed the importance of stabilising the prices of Mexico's exports and Mexico's grievance about discrimination against its cotton, coffee, metals and sugar in the American market. Such problems are not overcome overnight, but the United States promised to try to remove, simpler frictions along the border. One is the saltiness of the water which Mexico receives from the Colorado River for irrigation purposes; this is due to American use of the water first and has ruined many acres of good cotton and wheat land in the Mexicali Valley across from Arizona. The other concerns the Chamizal—a bit of land transferred from Mexico to the United States by the wanderings of the Rio Grande. Although it was awarded to Mexico as long ago as 1910 the United States has never honoured the findings of the Canadian arbitration commission.

Sand in the Sugar

WHILE President Kennedy was busy smoothing the way of the Alliance for Progress in Mexico City, a Latin-American storm was blowing up in Washington over sugar, an export of vital importance to many countries in the western hemisphere. Ironically this was due partly to the fact that the compromise between the Senate and House, which was hammered out unexpectedly over the weekend, was closer to the Senate Bill and to the Administration's views than anyone had hoped. Usually the House, under the adroit generalship of Mr Cooley, the chairman of its Agriculture Committee, has the last word on sugar but this year the Senate rebelled, sickened by the clouds of lobbyists for sugar-producing countries which have descended on Washington. Its arm was strengthened by the probability that Mr Kennedy would veto any measure which followed the lines of the House version.

The new Bill, which makes a start toward the freer sugar market and the abolition of premium prices for foreign producers which the Administration favours, is not, however, popular with the Latin American suppliers; they much preferred the cosy old system. The Dominican Republic, where General Trujillo's democratic successors are struggling to establish themselves and face an election next month, threatened to cut itself off from the Alliance for Progress when it found it was to lose the windfall—at premium prices—which it had inherited from the Cuban quota. The Administration is now backing an attempt to provide somewhat higher quotas not only for the Dominican Republic but also for Peru and Argentina; the instrument, appropriately, is a Bill dealing with honey-bees. The Administration is also proposing more foreign aid to help the Dominicans to diversify their economy, but the Latins found their sugar money sweeter.

There was no real dispute between the Senate and the House over reserving a larger share (60 per cent) of America's sugar market for its own producers. The real quarrel was over the system of quotas and premium prices for foreign suppliers and in particular over what should be done with Cuba's 3.2 million ton quota under the law which expired on Saturday; its present government is not allowed to send any sugar to the United States. The Administration wanted to retain a theoretical 2.6 million ton quota for Cuba, to be used to reward a democratic government if one appears; the House allotted only 1.5 million tons to Cuba and distributed this temporarily among eleven other countries thus, as Senator Fulbright remarked acidly, giving them a vested interest in keeping Sr Castro in power. The final compromise puts the Cuban quota at only 1.6 million tons, but this is to be thrown open to all competitors at the world price, which is 2 or 3 cents below that in the United States. Apart from the Philippines, countries allotted quotas—there will now be 23 of them—will have to give up their premium gradually over the next ten years. The whole battle over foreign sugar will be reopened at the end of 1964. But it is likely to be fought under more enlightened conditions now that the extent of lobbying for quotas—and the cordial relations of Mr Cooley with Dominican sugar interests—have been put on record.

Non-conforming Court

EVEN without the explosive finale of the decision on school prayers, the term just ended by the Supreme Court amply earned the right to be called historic. Especially within the past few months the Court laid down far-reaching rulings, some of them in areas where it had heretofore trodden very gingerly. The decision on reapportionment, for example, allowing federal courts to consider cases challenging the composition of the State Legislatures, seems certain to have even more revolutionary effects on the country than the decision on prayer. Already more than two dozen states have undertaken the long-postponed chore of redrawing the lines of legislative districts in order to break the hold of rural areas and to give fairer representation to the cities and new populous suburbs. An even more controversial ruling by the Court has been overshadowed because the decision on prayer was announced the same day: the opinion that the Post Office was wrong to refuse to handle certain magazines alleged to appeal to male homosexuals.

This was the latest of increasingly strict interpretations of the First Amendment's guarantees of freedom of the press; the Court seems to be moving toward a narrow definition of obscenity which is bound to arouse the ire of parents, teachers, and religious groups throughout the country. The recent decision—that the magazines were not patently obscene—allowed one Congressman to sneer that the sum of the Court's work that day was "obscenity, yes; prayer, no." Earlier in this year's session, congressional disfavour was also incurred when nine convictions for contempt of Congress were reversed. The Court found that the indictments did not specify the subject under inquiry at the time that the witnesses refused to answer the questions of a congressional investigating committee. In other far-reaching decisions, it was decided that California's statute making addiction to narcotics a crime was unconstitutional, and that under certain conditions trade unions could break no-strike clauses in their contracts.

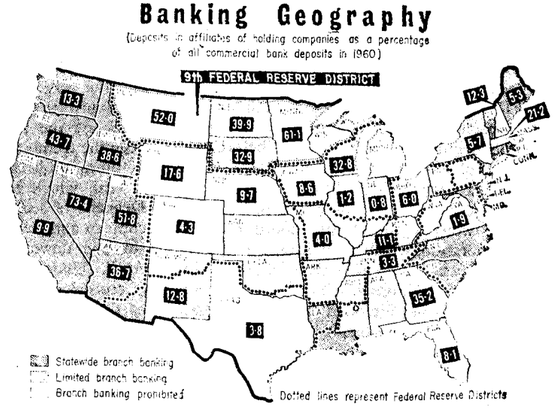
It is perhaps not a coincidence that, at a time when America is accused of moving toward ever greater conformity, the Supreme Court should tend toward stronger assertions of the rights of the individual against organized society, particularly Congress and state governments. The liberal swing of the past few months was undoubtedly aided by the loss in the spring of two of the more conservative justices: Justice Whittaker, who retired, and Justice Frankfurter, who became ill. What complexion the next session will have is still unknown; the new Justice, Mr Byron White, has not yet revealed his judicial temper, and it is not certain whether Justice Frankfurter or Justice Black, who has just completed 25 years with the Court, will return. But the next term, with many cases already postponed from this one, is almost certain to be the most overworked in history.

Families of Banks

FROM A CORRESPONDENT IN MINNEAPOLIS

THE Ninth Federal Reserve District, which stretches more than 1,500 miles from the iron ranges of the Great Lakes west to the mountains in Montana, is the stronghold both of the independent banking tradition and of the group banking (or holding company) movement. The small "unit" bank, locally owned and serving its local community, was a part of the original small-town pattern of settlement. But the small banks, like the small churches and schools and farms and the small towns themselves, were pressed inexorably toward larger, stronger combinations by the instability of agriculture and income on the Great Plains.

Examples of chain banking had appeared in North Dakota before the turn of the century. Now the four registered bank holding companies which have their headquarters in the Twin



Cities of Minneapolis and St Paul—the region's economic capital—dominate commercial banking in their area to an even greater degree than do the larger groups in upper New York State or in the states west of the Rocky Mountains. Moreover, in the Ninth District, where the groups were formed by the association of independent banks, the group banking movement is "purer," with fewer banking offices in the form of branches and more in the form of independently-organised affiliated banks. Two of the

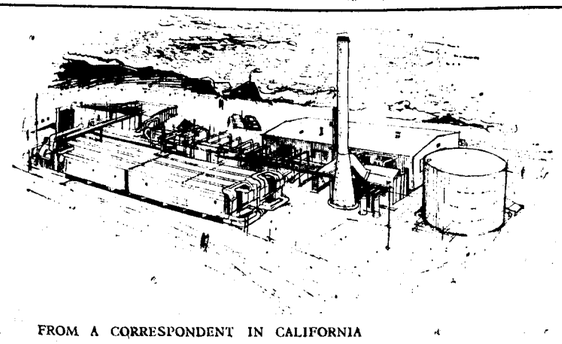
four Twin Cities groups are predominant: Northwest Bancorporation, the third largest holding company in the country ($1.9 billion in deposits, with 77 banks in 87 communities in seven states) and First Bank Stock Corporation ($1.7 billion in deposits, with 87 banks serving 74 communities in five states). With the far smaller Bank Shares, Inc., and the Otto Bremer Company, they account for some 60 per cent of all commercial deposits in Minnesota, 52 per cent in Montana, 33 per cent in South Dakota and 38 per cent in North Dakota. In the country as a whole, holding companies accounted in 1961 for about 8 per cent of all commercial deposits and operated in 31 states, including 14 of the 18 in which branch banking is forbidden or severely restricted.

All the factors which contributed to the rush to form holding companies in the nineteen-twenties worked with particular force in this area: the desire to keep the region's financial institutions under local control, the agricultural distress pressing on the country banks, the receptive securities market in 1929 and, from the local banker's point of view, the opportunity to exchange the shares of his own small institution for the more marketable ones of the new corporation. By 1931 both of the big groups had succeeded in acquiring a substantial number of important banks, but it was a strain to keep them all open throughout the nationwide banking crisis which followed. It was not until 1945 that Northwest and First Bank Stock began expanding again, particularly into the iron-mining regions, the fast-growing suburbs of the Twin Cities and the other cities that are attracting the bulk of the new population and industrial development.

> A bank group, as a Northwest official defined it in 1929, was "a system whereby a number of corporately independent financial institutions, retaining their own identity, capital, personnel and management, are co-ordinated, through majority stock ownership, by a supervising holding company operated by the banking interests of the territory which it serves."

Bank groups in the Ninth District provide more than most holding companies do in the way of supervision and services to their affiliates: audits, retirement and profit-sharing programmes, assistance with construction and central purchasing and advice on insurance, income taxes, loan and investment policies and bank operations. Last year, First Bank Stock retained a major national agency for the first time to advertise the "First Family of Banks." Most important, perhaps, has been the development of a group-

Drink from the Pacific



FROM A CORRESPONDENT IN CALIFORNIA

IT may be of some interest to the two British firms, Richardsons Westgarth Ltd., and G. & J. Weir, Ltd., which bid against two American firms and each other for the contract for the salt water conversion plant at Point Loma on the outskirts of San Diego, that this has developed a number of "bugs" since it began preliminary operations at the end of last year. The plant went into production at the capacity rate of 1 million gallons a day at the beginning of April. But before the end of the month its operations were halted temporarily.

The contract for the $1.6 million plant was won by the Westinghouse Electric Corporation, which built it on a promontory next to San Diego harbour in southern California. The reference to "bugs" is not intended to be derogatory. The Point Loma facility is a pilot plant, at which, it is hoped, solutions will be found for the problems which are bound to arise. The nature of these problems, and the steps taken to solve them, will be of general interest to the young and fast developing industry concerned with the conversion of salt water to fresh.

At Point Loma desalting is accomplished by high-efficiency multi-stage flash distillation. Sea water at about 65 degrees Fahrenheit flows by gravity through an intake extending out into the Pacific and is pumped into an evaporator which consists of horizontal vessels each about 124 feet long. Here the heated brine "flashes," or vaporises, into steam which falls back into cool condenser tubes. This flashing operation is repeated through 36 successive stages and by the end the water is said to be virtually free of impurities.

Among the problems encountered has been the teeming marine life in the ocean; at times this has blocked the screening system, which has had to be modified. Deposits of scale have also caused some concern and were the principal reason for shutting down the plant at the end of April. Under constant review is the effect of corrosion upon the structural materials of the plant, though this is a long-term rather than a short-term study. Various modifications have been made, and still are being made, in the pattern of flow.

The Point Loma plant, whose cost was shared by the federal government and California, is one of three at present in operation under the programme authorised by Congress in 1958. The two others are at Freeport, Texas (also with a capacity of 1 million gallons a day of fresh water), and Webster, South Dakota (250,000 gallons a day). Recently the contract was let for a fourth plant at Roswell, New Mexico (1 million gallons), and ground probably will be broken this month for the fifth, at Wrightsville Beach, North Carolina. When these are finished a salt water conversion plant will be in operation in each area of the country where conceivably a commercial facility might become economic eventually.

Each uses a different process. The flash distillation unit at Point Loma is basically the same as the system used on modern ocean passenger liners to produce drinking water when at sea. However, on a ship reliability of performance is uppermost in importance. With a land-based plant and one looking towards the eventual use of sea water to supplement the supplies of a community, the price has also to be weighed. Re-engineering of the seaborne flash distillation process to fit it for lower-cost operation on land is said to have contributed to the problems which have arisen at Point Loma.

Even with penny-pinching, fresh water from the Pacific is expensive. When the facility is operating regularly around the clock it probably will not yield drinking water for less than $1.25 for 1,000 gallons. The city of San Diego, as its contribution, has contracted to buy this water for 20 cents a thousand gallons—compared with a price of 15 cents for water from the Colorado River—and the federal government will subsidise the difference.

At present converted sea water from Point Loma could supply only about 1.5 per cent of the 70-80 million gallons used by the city every day. But if the "bugs" can be removed from the process, the sea may become an important source of drinking water for the fast-growing urban area extending from Los Angeles to San Diego. Even the water to be brought from the north of California under the Feather River project may not suffice to keep the taps running if this expansion continues.

Chemical New York

CHEMICAL BANK NEW YORK TRUST COMPANY

Condensed Statement of Condition

At the close of business June 30, 1962

ASSETS		LIABILITIES		
Cash and Due from Banks	$ 937,865,291	Capital Stock ($12. par)	$101,719,080	
U. S. Government Obligations	643,902,165	Surplus	248,280,920	
State, Municipal and Public Securities	578,603,308	Undivided Profits	88,575,667	$ 438,575,667
Other Bonds and Investments	22,926,224	Reserve for Contingencies		12,114,464
Loans	2,465,312,002	Reserves for Taxes, Expenses, etc.		29,941,991
Banking Premises and Equipment	64,128,569	Dividend Payable July 1, 1962		5,933,613
Customers' Liability on Acceptances	157,466,476	Acceptances Outstanding (Net)		161,319,213
Accrued Interest and Accounts Receivable	22,692,626	Bills Payable		89,000,000
Other Assets	11,116,036	Other Liabilities		14,087,118
	$4,904,012,697	Deposits		4,153,040,631
				$4,904,012,697

Securities carried at $370,372,944 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

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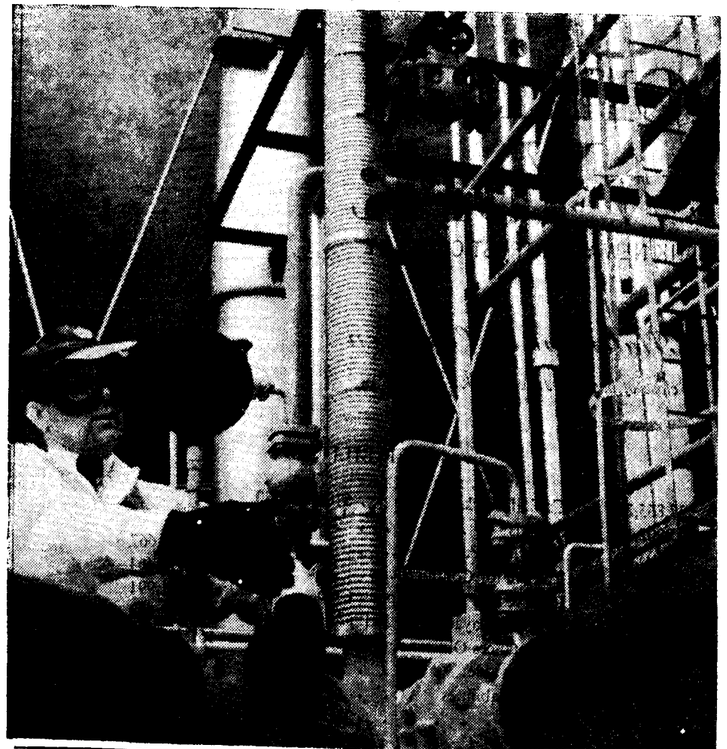

The world of Anglia television

Factories light, bright, and pleasant to work in. Pay packets large, weekly, and welcomed with a smile. More people working. Earning high, spending high. On their homes and on their families.

Industry is booming in the world of Anglia. So are the people. The 430,000 householders here have more money to spend than ever before. Anglia Television's one and a half million viewers are in the market now for all the products you can sell them.

Time on Anglia is time well spent.

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King George IV
OLD SCOTCH WHISKY

"Yes, I'm glad you like it. Nothing to touch a fine old Scotch whisky. That's King George IV you're drinking. Really know the art of blending, don't they? Worth telling your friends about."

EXTRA SPECIAL. Guaranteed to contain the finest Highland Malt and other Scotch Whiskies matured in seasoned wood. *Bottles 41/6d., Half bottles 21/9d., Quarter bottles 11/2d., Miniatures 4/3d.*

wide programme for the selection and training of staff.

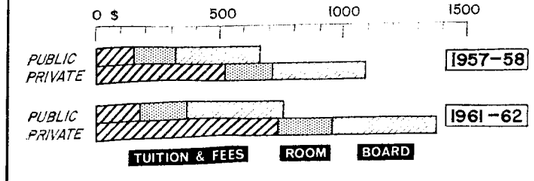
In the thirty years of controversy over the growth of the holding company system in this region the independent bankers (whose national association has its headquarters in Sauk Centre, Minnesota) have brushed away all arguments about the autonomy of affiliated banks; they regard the groups simply as a device to circumvent the legal barriers against branch banking. They cite the statistics on the concentration of deposits and deprecate the implications for the control of credit and for the pattern of economic development. The companies, on the other hand, argue that they provide important services, and that there is a need for substantial accumulations of capital in a region with small banks and a history of agricultural instability. They suggest, too, that what the independent banker (who is frequently in something of a monopoly position within his own community) really dislikes is not so much the size of the whole group as the competition its local affiliate is likely to give him, particularly in the field of retail banking.

The restrictive legislation which Congress enacted in 1956 was particularly significant for these groups, with their many small banks spread over several states. It barred them from making acquisitions across state lines, and the groups can now expand only within Minnesota or in states where local laws permit their affiliates to establish branches (currently only in South Dakota). Moreover, the Federal Reserve Board, somewhat to the surprise of the holding companies, has required them to divest themselves of some non-banking subsidiaries and has recently rejected certain applications from both Northwest and First Bank Stock to acquire additional banks in Minnesota. In voting last year to deny Northwest's application to acquire a bank in western Minnesota, the Board took the position that it must consider not only the size of Northwest but also the extent of holding company banking generally in the trading area affected. This decision was upheld last month by the Federal Court of Appeals. In addition, both groups have recently been denied the right to acquire new affiliates in suburbs of the Twin Cities. Their existing banks account for some 80 per cent of the commercial deposits in the metropolitan area (which now contains nearly half of the population of the state) and members of the board concluded that it would be desirable to have someone else supply the required banking service. The records of these holding companies, like those elsewhere, have also been subpoenaed by the anti-trust division of the Department of Justice and at present are being considered by the federal grand jury.

Recent studies have concluded that, if independent bankers really want to ease the pressure for unrestricted branch banking, they might be wise to leave room for some limited use of the holding company device—possibly for their own members. But they remain unconvinced. In Minnesota they are trying to restrict group banking on a statewide basis and are fighting even the limited branch-banking proposal put forward at the last legislative session by the state's only mutual savings bank, which is now confined to a single office in downtown Minneapolis. Officials of the groups, for their part, hope that eventually Congress will reassert the interest of the federal government in banking policy and will open the way for affiliates of holding companies to engage in branch banking at least within local trading areas.

COLLEGE CHARGES

As a result of the increase in academic salaries and in other costs students are having to pay more to attend college; the average charge for tuition has gone up by 10 per cent in the last two years in publicly-financed institutions and by 19 per cent in private ones; in the previous two-year period the respective increases were 8 per cent and 17 per cent. On a percentage basis there have been roughly similar rises in charges for rooms, but the cost of food has gone up much less. The chart shows what male students pay; the average rate for a woman's room is slightly higher in both types of college, but the public institutions charge her less for her meals than they do her brothers, while the private ones charge her a good deal more. At publicly-financed colleges students from other states pay substantially more than the chart shows for tuition—an average of $432 this year instead of the $185 paid by local residents.



To Pray or Not to Pray

CONGRESS, more unanimously angry even than America's religious leaders over the Supreme Court's ruling against prayers in tax-supported schools, is in a mood to launch amendments to the Constitution. The Senate has already begun hearings on various proposals, which began to flood in as soon as congressional epithets against the Court had died away. Although there has been an appeal for change in the Constitution from the Governors' Conference of the heads of 50 states (Governor Rockefeller of New York abstaining), it is not likely that an amendment linking church and state would survive the tortuous route required for its adoption: approval of two-thirds of both Houses of Congress, plus that of three-fourths of the State Legislatures. In the House of Representatives a stock of such resolutions faces an initial hurdle in Representative Celler of New York, the chairman of the House Judiciary Committee and the lone Congressman to give outspoken praise to the Supreme Court's action. They will get no priority in his committee, for he sees them as "an entering wedge to destroy one of the most important tenets of our democratic faith."

A more vulnerable target of congressional wrath is apt to be the Kennedy Administration's Bill for federal aid to colleges. It is now in the hands of a House-Senate committee which is trying to find a compromise between the different versions that each has passed. The Bill has already been bogged down by the troublesome question of whether to give grants, as well as loans, to church-related colleges. Washington observers see the Bill's chances of passage as dim—even though President Kennedy tried to give faltering legislators a push by declaring that he saw nothing unconstitutional in giving federal aid to church-controlled colleges since attendance at college, unlike that at secondary school, was voluntary.

The decision has produced some swift results and some defiances. The school authorities of the District of Columbia have sought legal advice on whether to suspend immediately both the required daily Bible readings and recitation of the Lord's Prayer. The New York State Department of Education, whose committee-written prayer started the row, were disappointed in the decision, but have promised to accept it as law. Yet some local New York school boards said they would defy the ruling; so have the Governor of New Jersey and the superintendent of schools in Atlanta, Georgia. But most of the country's school administrators, especially those in the 22 other states where daily school prayers are required by law, are thankful that the long summer holidays will postpone the "to pray or not to pray" crisis until the autumn.

THE CONFUSION OF WORDS IN THE WORLD OF MAN-MADE FIBRES

THE NUMBER ONE PROBLEM THAT CAME TO LIGHT AT THE SECOND WORLD CONGRESS OF MAN-MADE FIBRES IN LONDON

The world of man-made fibres is a wonderful world of invention.

But, a leading question at the Congress: Is it, perhaps, too inventive?

Too inventive in the manner, and profusion, in which it talks about itself?

First, there is laboratory talk: acrylics; acetates; triacetates; polynosics; and whatnot. Most manufacturers don't understand it. Most merchants don't understand it. And most consumers don't understand it. Most people, after all, are not chemical engineers.

Then there is number talk about blends: 70/30; 65/35; 55/45; 50/50. It may add up numerically. But, to consumers, how does it add up in the way of performance?

And label talk. Fibre and fabric names try hard to sound alike, yet be different. How can consumers tell one from another?

And, finally, there is advertising talk. A scan through our notes made at the Congress turned up this highly relevant quote:

"... naturally, the consumer will often be confused by the bewildering medley of fibres with varying properties and qualities which clever, and sometimes even uncritical, advertisements offer him. ..."

One thing came clear in the Congress: there is a confusion of words in the world of man-made fibres. People went away from the Albert Hall carrying resolutions to the effect that something in the name of clarity needs to be done.

How can the problem of confusion be solved?

It would seem that the answer would have to come from a thorough and intelligent programme of:

(1) standard setting;
(2) testing;
(3) policing; and
(4) promotion.

Such a programme would call for a deep technical knowledge of textiles, an ability to achieve standards, and an ability to make those standards clear to millions of people.

There are precedents.

Once upon a time, there were many, many different ways to say shrinkage control. And one man's word seemed as good as another's. But to-day, one word—"Sanforized"—has emerged as a clearly understood and wanted standard all over the world.

And another label—"Sanforized-Plus"—is becoming the standard to-day in the field of wash-and-wear.

It is interesting to note that both these standards have *not* competed in any sense with the brand names of fibres, finishes, fabrics, or garments. The "Sanforized" name is simply an added factor in making performance claims clear and convincing to consumers.

We of the Sanforized Company have every sympathy with the views that were expressed at the Congress.

Every sympathy, because we have, for many years, been concerned with the setting of standards and the simplification of textile and garment labelling.

We will be glad to sit down with interested parties and talk about these problems.

We offer you our experience, inventiveness, and textile know-how in exploring technical standards and then in presenting those standards—in the simplest possible terms—to both the trade and the consumer. May we hear from you?

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THE WORLD OVERSEAS

Algeria's October Days

FROM A SPECIAL CORRESPONDENT IN ALGIERS

PRESIDENT DE GAULLE has solved his Algerian problem; but the new Algerian republic begins its life in the grip of a major political crisis. The deputy prime minister (Mr ben Bella) and a former minister of state (Mr Khider) did not enter Algeria in the official aircraft from Tunis with the prime minister, Mr ben Khedda, and the other members of the provisional government. Some members of the crowd were waving pictures of ben Bella and shouting his name. But this made little difference to the thunderous reception Mr ben Khedda received from hundreds of thousands of Algerians, for a majority of whom it had been a day's march to be there to cheer the cortege as it made its way from the airport to the prefecture in the centre of the city.

Mr ben Khedda's government has now assumed the governmental control, and the provisional executive, in whom sovereignty is vested until a constituent assembly has met, will apparently do as it is told. The men of the new government, largely because of the ovation they received, believe they have the whole-hearted backing of the Algerian people. But the crisis is not over, though the gulf between ben Khedda and ben Bella may once more be papered over for months or even years.

It is fashionable in Algiers to compare ben Bella with Trotsky, and to say that he missed his chance by not marching on Algiers with the Algerian Liberation Army, 15,000 trained and armed men, then stationed in Tunisia, on Monday—after the referendum and before the arrival of the new government. But the ALN, in any case, was unable to cross the electrified barrier, which was guarded by the French army until a few hours before ben Khedda and his colleagues from Tunis reached Maison Blanche airport. Certainly Mr ben Khedda ("like Stalin after Lenin's death") has control of the party machine, but there the analogy must end.

The prime minister, ben Khedda, will direct the new republic on the lines envisaged in the Evian agreement, in close co-operation with France. He is anxious to negotiate a trade agreement with Paris as soon as possible. Until the moment of independence Algeria, as part of France, was within the common external tariff barrier of the European Economic Community; he hopes it will remain so. Mr ben Khedda looks to France also to continue aid at a rate equivalent to some £300 million annually in order to enable the government to continue the Constantine Plan and the development of Saharan natural gas and petroleum. Mr ben Khedda wants the Europeans to stay because the new republic will need their technical skills.

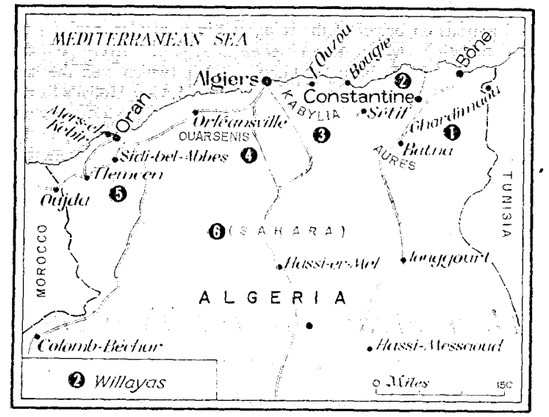
July 1st: Algerian vote for independence

Mr ben Bella, by contrast, is still smarting from the years he spent in a French prison, and he disapproves of many of the decisions taken by the government in its exile in Tunis during his enforced absence. Reluctantly he endorsed the Evian agreement, after having turned down several earlier drafts, when he was told that the draft then submitted was final and that no further chance would remain to reach an agreement with France. One of the members of the Algerian delegation told a member of the French delegation then, "Either he will kill us, or we shall be forced to kill him." Mr ben Bella sees the new republic orientated towards Cairo, Islam and the Arab League; he is ready to receive aid, without strings, from the Soviet Union or Communist China.

Plainly the Moslem middle classes and the 300,000 Algerian workers in France are whole-heartedly behind Mr ben Khedda. Desperately tired of the years of struggle, they want nothing more than a period of political stability in order that they may achieve some economic prosperity. That is all that can be stated with certitude. It is generally assumed that a majority of the nationalist party apparatus and activists inside Algeria supports Mr ben Khedda. But it is also a fact that at the last meeting of the revolutionary council, which took place in Tripoli in early June, Mr ben Khedda did not dare to put any of the issues raised to the vote, because he had reason to fear that his supporters were in the minority. Certainly the Army of National Liberation, with the exception of some units inside Algeria, supports ben Bella.

Much depends on how ben Khedda and the cabinet handle the situation. They have the reins of government in their hands, but they agreed before they left Tunis that a meeting of the revolutionary council should be called in October. Ben Bella's supporters have requested an early meeting of the council, the supreme body of the revolution. Meanwhile, the provisional executive at Rocher Noir is drafting a new electoral law to enable a constituent assembly to be elected as soon as possible; this, in turn, will elect a government. It is a government elected by this procedure that France and its allies have agreed to recognise. Mr ben Khedda and his supporters will surely be able to choose their own candidates. As it has already been agreed that there will be no opposition between any former supporters of the National Liberation Front, Mr ben Khedda should obtain a majority, no matter how the electoral law is finally drafted.

Once in existence, this officially elected assembly must surely take precedence over the revolutionary council, the latter becoming in effect the party conference. For these reasons Mr ben Khedda appears to have outwitted his opponents. Because of his success, and perhaps because of an apprehension that another coup in Algeria would produce a new Congolese situation in North Africa,



President Nasser has urged Mr ben Bella, a personal friend, to seek a compromise at least for the moment. But ben Bella is a born revolutionary, unlikely to accept defeat. He has charm and magnetism and the ability to arouse crowds to enthusiasm. His name is still far better known to the Moslem masses than that of ben Khedda. Should a compromise fail, ben Bella will be able to use the anti-imperialist line which still appeals strongly to the Arabs by saying that he signed the Evian agreement in prison, almost under duress, and that with 110,000 French troops on the sacred soil of Algeria "real" independence has not been achieved. He will no doubt also suggest that the poverty of the countryside is due to the greed of the French "imperialists." If he were to succeed in rousing the masses, the middle classes would be likely to transfer their allegiance to the successful man in order to avoid civil war or further troubles.

While the capital is still enjoying a succession of days of hysterical celebration, there is hard work going on in the countryside in an effort to harvest the barley, already slightly overdue, and the corn. Many of the European and Moslem landowners who left the country during the crisis have already returned and are harvesting on their own land. In the case of abandoned farms, the crops are being harvested by official National Liberation Army and National Liberation Front groups who claim that they will share out the food and give a share to the landowners if and when they return. There are, however, some free-lance harvesters, in certain parts of the country, where anyone with a bill-hook and a gun is amassing as much food as possible for private use while the going is good. What strikes one in the city of Algiers is that with so many armed men about, many of them utterly unofficial, law and order are being as fully maintained as they are.

The Other Algerians

FROM OUR CORRESPONDENT IN SOUTH-WEST FRANCE

FOR Port-Vendres, the French Mediterranean port on the Spanish frontier, this is the storm before the lull. Within a few weeks, the townsfolk say, the Algerian traffic—military as well as civil—which has been their source of livelihood for so long will begin to shrink rapidly. They are not depressed: tourism, and the growing popularity of the area as a haven for retired people, will take care of the future. For the present the bright little harbour still resounds often with the *Marseillaise* as ship after ship arrives, packed tight with Europeans from Algeria. Sometimes they meet outgoing parties of Moslem troops and civilians who are being repatriated to Algeria. Slogans and catcalls are exchanged. Twice there have been riotous physical clashes—provoked, the authorities say, by the exultant Moslems. The European Algerians shrug. "You see what it would have been like if we had stayed."

Last November an official spokesman gave the National Assembly the French government's estimate that 25,000 European families might leave Algeria annually during the next four years. Since April they have been leaving at a rate of 25,000 families a month. By the end of June more than 310,000 persons—nearly a third of the European population of Algeria—had arrived in France, and at least 50,000 were ready to follow as soon as ships and aircraft could take them. Several thousand have arrived at Spanish ports, chiefly Alicante and Cartagena, in recent weeks.

At Port-Vendres and Marseilles, and on the airports of the Midi, the refugees are given a cash grant of £60 to £100 a family and a free railway ticket to wherever they wish to go. Those who have no particular destination in mind are sent to reception centres at Toulouse, Montpellier and other big towns. Most of these refugees regard the Loire as being unpleasantly near the Arctic circle, and despite the government's offer of higher subsistence allowances to those who are willing to settle in areas of central and northern France where they might be more easily absorbed, the majority are stubbornly opting for the Midi.

The refugees intend to go on being stubborn. They are in no mood to be bought off with charity. They are determined to insist on what they consider to be their rights—and they have one big organisation (the *Association nationale des Français d'Afrique du Nord*, founded in 1956) and two smaller ones, all under right-wing leadership, to fight for them. "Every French government since 1954 has lied to us," they say, "and de Gaulle, after using us in order to climb to power, stabbed us in the back. If he had had the decency to warn us, three years ago, what he was preparing, we could have made our own arrangements, and fewer lives would have been lost. The metropolitan French have approved his double-dealing; now let them pay the bill." Spokesmen for the small business men, artisans and farmers among the refugees say: "The authorities talk of advancing low-interest loans to enable us to start again from zero in France. But this is impertinence. The government has sacrificed us, coldly and deliberately, in what it conceives to be the national interest. It must now make amends by paying cash compensation for the property we have lost in Algeria."

The big landowners and business men acquired footholds in France long ago, soon after the Moslem revolt broke out. Of the present male refugees, 4 per cent were farmers, 12 per cent

France's Homecomers

Of the 320,000 Frenchmen who used to live in Morocco, 145,000 have returned to France. Of the 220,000 who used to live in Tunisia, 140,000 have returned. 11,000 (out of 35,000) have returned from Indochina, 7,000 (out of 9,000) from Egypt, and 1,800 (out of 4,500) from Guinea during the last six years.

artisans and 13 per cent small traders and members of the liberal professions; over 50 per cent were employees. Their assimilation into metropolitan France might in the short run seem onerous (estimated cost: £6,000 to £10,000 per family) but it would give the French economy the kind of boost that west Germany received from its intake of east German refugees.

Not all the refugees will wish to remain in France. In many families, the husband or the eldest son has stayed behind to see how things work out. Many have asked friendly Moslems to keep an eye on homes and business premises. If the next two months of transition are calm, and if enough of the French schools in Algeria reopen in the autumn, thousands of families will return. The harsh sunlight, the vast perspectives, the glorious coastline, the anisette, the colours and odours of Moslem markets—"*tout ça nous manque*". Algeria's Europeans feared the Moslems, and their fear—cultivated by the official French propaganda machine and the right-wing press—drove them to ugly extremes; but personal hatred between the two communities remained less than one would have expected. Moslem tact and statesmanship could speedily exorcise fear and convince the refugees of the attractions of an Algeria which is no longer the plaything of French politics.

The road to France

The average Frenchman has been exposed to so much conflicting propaganda from the same governmental and semi-governmental sources that he no longer knows whether to consider the refugees heroic compatriots or potential fifth-columnists. The French army —which has shared something of their anguish—is doing all it can to help the refugees. The Red Cross, the Salvation Army and other relief organisations are usually within call. Thousands of private individuals have shown great kindness. But effective aid is sometimes held up by administrative unpreparedness and the lack of sympathy of petty officials. Exorbitant prices and rents are being asked for slum property. A columnist in the *Dépêche du Midi* complains that "the public has, on the whole, turned a deaf ear to all appeals on behalf of the refugees—in particular, appeals for accommodation. *Le bilan est absolument négatif.*" Every political faction in the Midi, from the Gaullist UNR (which won the last election on a "French Algeria" platform) to M. Guy Mollet's SFIO (Socialist party), is worried about the impact of the refugees on the political geography of the region. The director of one fairly typical secondary school (an SFIO stronghold) visited by your correspondent has already—with the approval of most of his staff—so arranged next term's intake as to ensure that he will have no room for refugee children. "We don't want any troublemakers in the school," he says; "besides, these people don't have the same mentality as us".

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Herr Strauss in the Twilight

FROM OUR BONN CORRESPONDENT

THE timbers of Dr Adenauer's coalition are creaking so perceptibly that he is expected to start attending to the seams this weekend, straight back from France. Tentative arrangements have already been made for him to meet Herr Mende, the leader of the Free Democrats, on Tuesday. In the meantime the squally weather continues. When the Bundestag dispersed on June 29th for a three months' vacation, one Christian Democrat cabinet minister, Herr Würmeling, could think of nothing more comradely to say of the Free Democrats than that they were a lot of "Bolshevik serfs"—a parting shot which stung the serfs' press service into retorting that Herr Würmeling had the mentality of a Spanish inquisitor.

The day before, on June 28th, the Free Democrats, in ephemeral league with the opposition, had supported, and carried, the rejection of the report of the parliamentary committee set up to investigate charges against Herr Strauss, the minister of defence. The charges —levelled unrelentingly week after week by the news magazine, *Der Spiegel*—concerned Herr Strauss's part, and possible financial interest, in an abortive scheme of 1960 for building some 5,000 family homes (with rents guaranteed for at least five years) for American servicemen stationed in Bavaria. Composed of three Christian Democrats, three Social Democrats, and one Free Democrat, the committee had listened to an unappetising tale of business intrigue so tangled that the three Social Democrats wanted to hear additional evidence in the hope of unravelling it more neatly. But the Christian Democrat chairman, Herr Hoogen, had been in a hurry; the allegations against Herr Strauss were injuring the party as a whole, and might even prejudice its chances in the elections this weekend for a new Land parliament in North Rhine-Westphalia. Herr Hoogen thought fit to close the inquiry on June 20th. A lenient report was hurriedly produced, clearing the minister altogether of improper conduct while noting a few characteristic but venial indiscretions. It was signed by the four coalition members of the committee. The three unsatisfied Social Democrats withheld their signatures.

When the Bundestag was asked to approve the report on June 28th, the Social Democrats declined on the ground that they considered Herr Hoogen had not been a sufficiently impartial chairman, and that he should have allowed the committee to hear further evidence. The Free Democrats, disowning the views of their representative on the inquiry, explained that while they were convinced that Herr Strauss had not intended to enrich himself personally through the scheme projected by some of his Bavarian acquaintances, they did not consider that he had yet emerged—nor parliament with him—wholly "out of the twilight". Consequently they were of the opinion that the report should not be accepted in its present form, and that the committee should continue its investigations, this time more thoroughly.

Their misgivings may have been genuine, but they were not the only considerations that impelled them that day defiantly through the "Aye" door with the opposition in support of the reference back of the report. They wished simultaneously to demonstrate their displeasure with their stronger coalition partners, and their capacity to make trouble. The Christian Democrats' new managing chairman, Herr Dufhues, had recently made a series of uncomplimentary remarks about the Free Democrats. And Herr Starke, who as finance minister is the Free Democrats' most conspicuous representative in the cabinet, has been humiliated by government pay concessions—which, since they will have to be met largely from state revenue, have flouted the party's pledge to reduce public spending. [The settlement of the mineworkers' wages claim is discussed on page 65.] The Free Democrats, too, had an eye on Sunday's election in North Rhine-Westphalia. This, they reckoned, was one way of showing that they were by no means as submissive to the Christian Democrats as they were reputed to be.

The result of the subsequent vote—rejecting the report by 226 votes to 224, with four abstentions—was all the more mortifying to the Christian Democrats in that one of their deputies voted in error with the opposition. Herr Richarts, who had driven hell for leather across the Eifel from Trier in response to an urgent party whip, had developed such impetus and sense of purpose by the time he reached the Bundeshaus that before anybody could stop him he shot straight through the "Aye" door, thus voting against the government. It was too much. In their exasperation the Christian Democrats instantly protested that the rejection of the report would give "neutralists of all shades an opportunity to prosecute their campaign against the government's foreign and defence policies through systematic personal defamation of the minister of defence." This outburst gave Herr Strauss the cue to observe that the campaign against him was directed from east Berlin on promptings from still farther eastward, as had been the campaigns against Generals Speidel, Heusinger, Förtsch and other Bundeswehr personages inherited from the Wehrmacht.

Certainly there is some truth in this, but Herr Strauss has also enemies nearer home, and for quite other reasons. Although he has toyed occasionally with the idea of resigning, Herr Strauss, it seems, has no serious intention of doing so. He is as robust in the rough and tumble of politics as he is ambitious; and he has strong domestic and foreign backing in his conviction that he is the best man for the job of developing, virtually from scratch, the German armed forces that are being more or less integrated with those of the Atlantic alliance. It is a blow more to his pride than to his position that he is now still left "in the twilight."

IT was more than a year ago, on May 29, 1961, that *Der Spiegel* launched a new offensive against Herr Strauss by trying to incriminate him in the shady manœuvrings of the legally non-existent *Finanzbau-aktiengesellschaft* (Fibag). Enough mud stuck to justify the Social Democrats asking a question in the Bundestag seventeen days later. The answer was not wholly satisfactory. But although *Der Spiegel* continued to press its charges, the long parliamentary summer holiday, and the distractions of the general election and of the long-drawn-out coalition negotiations, prevented the Bundestag until this spring from giving due attention to the matter. The committee which it then appointed to investigate the charges reported last month that it had discovered little more than petty fraud among some bizarre Bavarian adventurers, along with some regrettable ingenuousness and impetuosity at the overworked ministry of defence. The broad outline of the tale is this. Being anxious at the time to provide housing for the American servicemen as quickly and effortlessly as possible, Herr Strauss—a Bavarian and proud of it—seems to have been relieved when an old boyhood acquaintance, the Passau publisher, Herr Hans Kapfinger, recommended a likely deliverer of the goods. He was Lothar Schloss, another Bavarian. But the minister and his staff did not find time to establish that Herr Schloss was not the qualified architect he claimed to be (he had spent only one term at a building school), or that his *Finanzbau-aktiengesellschaft*, which proposed to raise the money, some 280 million marks, on the American and German capital markets, had no legal status. On June 1, 1960, the minister of defence signed a letter addressed "to whom it may concern" recommending Herr Schloss's scheme, and on July 20th another addressed to Mr Gates, the United States secretary of defence. In the event no harm was done, because the "rental guarantee housing project" was suddenly cancelled as a result of President Eisenhower's demand for economies.

Herr Strauss's unstilled critics hold that they are not satisfied that urgency and minor negligence, rather than Bavarian nepotism or gross neglect, caused the minister to accept Herr Schloss so unquestioningly, and that he should be much more severely reprimanded for his own and his advisers' slackness. Some of this criticism is undoubtedly honest. Yet much of it comes from political enemies who would like to see Herr Strauss driven from public life. They like neither his manner, his achievements, nor his ambitions—which include the chancellorship. But it seems most unlikely that further inquiry into the Fibag affair will do him the harm they wish it would. It has not yet been decided whether the committee will resume its hearings before the Bundestag reassembles on October 9th; Herr Hoogen has asked the six other members to confer with him in mid-July. Herr Strauss has announced that he intends to continue to devote himself this summer to the technical, financial and personal problems arising from the part allotted to the Bundeswehr in Nato planning for 1963 to 1966. He has learned, perhaps, to walk more warily. Asked by a Social Democrat member of the Fibag committee whether he did not sometimes have misgivings about people, Herr Strauss replied, "I've had them about everybody for some time now."

New Zealand Begins to Adjust

FROM OUR CORRESPONDENT

ALTHOUGH he referred bluntly to the doubts, misgivings and uncertainties created for New Zealand by Britain's application to enter the common market, the minister of finance, Mr H. R. Lake, has not allowed these uncertainties to deter him from a modest budgetary experiment designed to promote New Zealand's commercial and trade expansion. In his budget speech on June 28th he announced the lifting of capital issues control, the establishment with government backing of an industrial finance corporation, an increase in the Post Office savings bank interest rate and other inducements to small savers. Other measures that were announced included a rebate of 50 per cent on the land tax; the removal of several small irritating controls such as taxation clearance for New Zealanders wanting to travel abroad; and special tax inducements to assist exporters and reduced income and social security taxes. The tax concessions were estimated at a total of £14 million. With the exception of a small increase in war veterans' pensions and a cut in death duties—both of which have been widely applauded—Mr Lake avoided anything that can be described as political sops.

In a budget that is balanced by the proposed borrowing of £72 million (the same amount as last year) and in an economy that is tentatively dipping a toe in the chilly waters of deflation, these measures require courage. In the event, Mr Lake appears to have moderately pleased the business community and the farmers and avoided rebuffing the mild expectations of wage-earners. These had been a little unnecessarily whetted by the government's preliminary publicity about pending tax cuts; but more than enough

had been said about financial and trade problems to indicate to all but the most optimistic that they should not be too sanguine. The latest wage award, announced on Wednesday, rubs this home.

The removal of the capital issues controls, the establishment of a short-term money market and the raising of the Post Office interest rate by one-half per cent for deposits over £1,000, all indicate the government's somewhat belated recognition of the pressures upon the interest rate and its admission that the rate must rise. In particular, the raising of the Post Office rate suggests that the government realises something must be done to check the alarming drop of more than £16 million in small savings last year. Small savers are now to be permitted, as an added incentive, to open up to five "special purpose" accounts, each with a limit of £500. This in effect increases by £2,500 the amount on which the Post Office's top interest rate of three per cent for money at call can be paid. The abolition of capital issues controls follows a statement by the New Zealand monetary and economic council that these controls are hampering both business efficiency and the most effective allocation of New Zealand's economic resources.

New Zealand's urgent need for new markets to compensate for the losses it has to expect when Britain begins to taper off Commonwealth preferences is recognised by special tax concessions to exporters. These will mean that exporters will have to bear only five shillings in every pound of their expenditure upon overseas trade promotion under such headings as advertising, market research, overseas trade missions and the provision of samples. In general, Mr Lake was able to report that the level of bank advances has been reduced by £20 million during the year and that there has been a modest improvement in the country's overseas balances. His estimates, however, showed that expenditure is expected to increase by £11.5 million, including an increase of £6.3 million for defence.

Most of the relaxations and concessions announced cannot be regarded as anything more than a beginning in reshaping the New Zealand economy to the new pattern it must adopt under the influence of the European common market. But they are at least a beginning. They recognise the need for more flexibility in the New Zealand money market, the "urgent" need to increase the rate of investment and of economic growth, the need to stimulate savings and, to a lesser degree than many New Zealanders would like, the need to relax tax burdens in areas where they are most hampering to production and enterprise.

Common Market on Wheels

FROM OUR PARIS CORRESPONDENT

THE aperitif could not keep up with the pasta, but in a final spurt the espresso machine left the refrigerator standing. After studying the signs on the riders' jerseys, an innocent commentator might be forgiven for describing in these terms the major sporting event that is now riveting the attention of Frenchmen and their neighbours. The French cycling race, the Tour de France, arouses at least as much interest as test matches and cup finals in England. This year's edition is now in progress. The 150 cyclists and the mammoth advertising caravan left Nancy on June 24th. Having crossed Belgium, Brittany and the Bordeaux region, they are this weekend in the heart of the Pyrenees. On July 15th, with the Alps and 2,600 miles behind them, the caravan and the surviving riders will end their marathon in Paris. During these three weeks, only the most startling political event can hope to compete with the race for radio and press coverage.

If the riders now sport somebody's trade mark and not the colours of their country, if a Frenchman, a Dutchman and a German can be found in the same team, this should not be taken as a symptom of supranationalist trends within the common market. It is simply that the Tour has changed its character. Hitherto, the individual cyclists and the teams were supposed to compete for their country or region (there were French regional teams as well as national teams from France and other countries). But the commercial sponsors who pay the cyclists throughout the year for their publicity value did not want to lose the advertising opportunities provided by the star turn of the cycling season, and the organisers had to yield. This year, the fifteen teams, of ten riders each, are not wearing the colours of France, Italy or Belgium, but those of their sponsors: three wine firms, two brewers, two manufacturers each of electrical equipment, petrol and Italian pasta, and one each of coffee-making machines, television sets and chicory.

Only one team is sponsored exclusively by cycle manufacturers; this is not surprising, since in this motorised age the market for the anachronistic muscle-propelled bicycle is not what it was. But cycling contests still capture the imagination. The team competition, the solitary effort against the clock, and the agonising climb in the mountains can, when properly publicised, captivate millions—and advertisers like captive audiences. Secondly, the Tour is an institution. It attracts thousands of spectators along the roads and the villages through which it passes and provides an excuse for festivities in the towns chosen for the nightly halts. (In fact, the towns have to pay the organisers for this privilege.) The caravan brings its camp followers. There are pop singers, dancing competitions and all the fun of the fair.

Advertising is never forgotten. The winner of each stage drinks his Perrier water, the successful team gains points in the Martini challenge and so on. These prizes are worth money. There is also a daily reward for the wearer of the yellow jersey (the provisional leader of the race) or of the green jersey (leader on points), for the pluckiest and the unluckiest rider. But the best plums are the contracts for subsequent appearances on the race tracks

of western Europe. The champions, their minds on these higher things, often leave their earnings in the collective kitty for distribution among their assistants.

For the host of riders, pedalling each day at some 25 miles an hour, has its patricians and its plebeians. Each team has its leader and one or two potential substitutes. The other members are there to defend the master's chances and help him in distress. Called *domestiques* by the French (and *gregari* by the Italians) they are the workmen of the Tour who quickly fade into obscurity. The stars, on the other hand, are famous and their celebrity is judiciously exploited for the benefit of their sponsors. The names of Coppi, the Italian, and Bobet, the Breton, are still a legend on the continent. But new names, and new rivalries, must be produced to keep up popular interest. Van Looy, the unlucky king of Flanders, and Anquetil, the prince charming of Normandy, are better known than the prime ministers of their countries. Rudi Altig, the first German since the war to wear the "yellow jersey," is as familiar to Frenchmen as Dr Adenauer; and Tom Simpson is among the most famous of Englishmen.

NIGERIA WORKS IT OUT

Often described as Britain's great black hope in Africa, Nigeria is going forward with the most ambitious economic development plan the continent has yet seen. Yet, just as the plan is beginning, political trouble in the Western region has led to the suspension of parliamentary rule in the region and has raised questions about the federation's future political balance

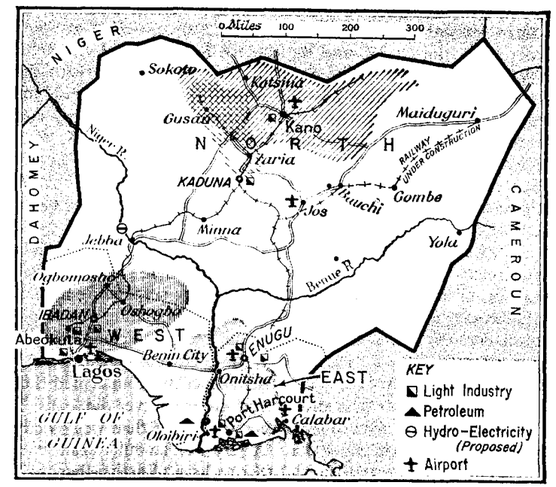
Black Baby

Nigeria is in many ways the epitome of West Africa. Its wide frontiers cut across all the broad horizontal bands of climate and vegetation—coastal mangrove swamp, deep rain forest, open savannah, the dry rim of the great desert. Its colonial inheritance left it at the end of the second world war with the familiar pattern of a dependent economy.

Nigeria is also typical in the degree to which in the postwar decades it has begun to move away from this basic colonial pattern. For West Africa, the fifties were a time of boom. And Nigeria had even greater elbow room for growth than most of its neighbours. Reserves were built up by setting up marketing boards which bought crops at prices below the inflated world levels. In 1956, these reserves reached their peak at £256 million. Thereafter they could be spent to sustain expansion despite a steady decline in primary prices. Between 1953 and 1960, the economy as a whole grew by about 4 per cent a year, and gross investment, as a proportion of national income, rose from 7 per cent in 1950 to nearly 15 per cent in 1960.

This prosperity undoubtedly smoothed the way to the achievement of independence in October, 1960. When, more than ten years earlier, pressures to end colonial control began to gather force, it was by no means clear that the transition would be peacefully and gracefully made. Quite apart from the fears and uncertainties of a dozen minorities—Nupe and Tiv, Ijaw and Efik—the two largest southern tribes—or nations—the 5 million Yoruba living mainly in the West, and the 5 million Ibo centred in the East (1952 census) feared the numerical superiority and Moslem zeal of the North. The Northerners in turn distrusted the more developed peoples of the south who were already beginning to move north as clerks and teachers.

In a series of constitutional conferences, a form of federation evolved which allots only specific functions to the centre—foreign affairs, defence and police, foreign trade, currency and banking, electricity and major roads, ports and inland waterways. All export duties and a share of import duties are handed on to the regions. Decentralization was reinforced by the tendency of a single political party to become dominant in each state. The Northern People's Congress, the party dominated by the traditional leaders of the North, set out to be a regional party. Both the Action Group, rooted in the Yoruba west, and the National Council of Nigerian Citizens, centred on the Ibos, have sought to become nation-wide parties, but failed. In the federal elections of 1960, the NPC emerged as the largest party, but had no overall majority. The federal Government was therefore formed by an incongruous coalition between the conservative NPC and the more radical NCNC. The Action Group went into opposition.



Not-so-Stupid Federation

At this point, Nigeria's development diverges sharply from the African pattern. However rational the federal solution may seem to Africa's driving problems—unviable territories, fragmented markets, tribal intermingling, the underlying political dream of pan-Africanism—the fact remains that most federations on the African continent are either unstable or have broken up. Yet Nigeria survives. How has this come about?

Some of the answers lie in past history. Nigeria was long being prepared, however slow the process might have seemed to Nigerian nationalists, for self-government and independence. In neighbouring French territories, the official aim was assimilation; and by the time France offered independence, politics were polarized between Paris and the local capitals—Abidjan, Bamako, Ouagadougou. Intermediate federal institutions, after their half-life in the shadows, faded away. In Nigeria, on the contrary, federal institutions were at work throughout the postwar decades, with national feeling expressing itself through them. Again, no one Nigerian province is overwhelmingly richer or better endowed than its neighbours;

none has wondered whether, if allowed to "go it alone," it would be spared the cost of subsidising poorer neighbours. There is also a certain balance of economic interest between north and south.

Yet the final answer lies, as it must, in the temper of Nigerian politics. No federal system can survive if its leading statesmen push regional issues to the point of no return. So far, Nigeria has not lacked cautious political skill. The good fortune could not be very clearly foreseen. The Sardauna of Sokoto, towering above his fellows in the autocratic tradition of the North; Dr Azikiwe leading the NCNC with pan-African fervour, Chief Awolowo veering within two years from an uncompromising "pro-western" policy to an espousal of "positive non-alignment"—these are not men of whom, *a priori*, moderation can be postulated.

Yet, after independence, they started off by observing the federal decencies, and each found lieutenants who proved statesmen in their own right. With Dr Azikiwe's translation to the Governor-Generalship, the NCNC and the Eastern Region found a forceful leader in Dr Okpara. The Sardauna sent to Lagos perhaps the wisest moderate of them all—Sir Abubakar Tafawa Balewa, the Federal Prime Minister. And Chief Awolowo, becoming leader of the federal opposition, left Chief Akintola to handle the Western Region.

But at the beginning of this year the storms began to gather. A split between Chief Awolowo and Chief Akintola led, first, to Chief Akintola's dismissal from the premiership and then, on May 25th, to a brief chair-throwing scuffle in the western house of assembly between supporters of the two chiefs' factions. The federal government was all too quick to show its strength by suspending normal parliamentary government in the region and appointing a supreme "administrator," Senator Majekodunmi, virtual dictator of the region until Christmas. Fortunately, the good senator is a Yoruba like the men he rules. A Nigerian newspaper has commented that he wields more power than any colonial governor ever did.

The federal government may have gone further than was strictly necessary to keep law and order. A series of lawsuits against its actions await judgments that may take so long to arrive that their purpose will have been lost. The assault on the Action group—which remains the opposition in the federal parliament—began last year with a plan to carve a new "mid-west" region out of the Action Group-governed Western Region. Its culmination today can be seen in Chief Awolowo's confinement to a remote island two hours from the mainland by boat (and without a telephone), and in Chief Akintola's restriction to a village only forty miles from Ibadan. (Of the two, Chief Akintola is in the lesser degree of disfavour; he has now started his own "United Peoples Party.")

This may not augur well for Nigerian democracy; what of Nigerian unity? The federal government has shown that it is strong enough to impose its will in the advanced West—stronger, perhaps, than many Nigerians realised. But will it now go too far and, perhaps, provoke the Yorubas into an unconstitutional and possibly violent reaction? Or will the federal coalition, for want of an enemy, split—dividing Nigeria disastrously between north (Muslim, backward, heavily populated) and south (Christian and pagan, comparatively advanced, with a smaller population)? It seems more likely that the country will hold together than that it will not. But while these questions are being answered, federal government "moderation" in matters not directly affecting the Action Group is, in a sense, going to be on trial before young Nigerians. Therein lies the possibility of another political division—between the establishment that rules today and between the potential young radicals of tomorrow.

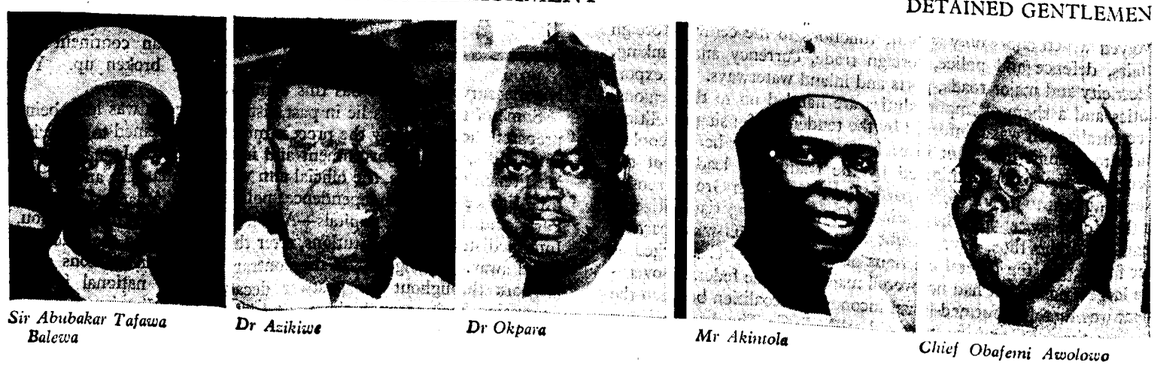
If "moderation" does not produce results in rapid economic growth, faster industrialisation, and more apparent freedom of action in African affairs, there will be pressure for policies that do. These elements of uncertainty must, however, be set against a more reassuring background—the day-by-day education of politicians, officials and people in the realities of a functioning federation. And nowhere is the weaving together of interests so pervasive as in the elaboration of the federation's first systematic long term plan for economic development.

Colonialist Schemes

Planning of a kind has been going on in Nigeria since 1946, when the colonial government prepared a consolidated programme of its expected public expenditures over the next decade. The projects covered in the main social welfare and public works and were to amount to about £56 million, half of it financed by grants from Britain's Colonial Development and Welfare Fund.

A World Bank team's report, published in 1955, emphasised two shortcomings, both typical of developing economies throughout Africa. Basic public services were inadequate to sustain a more rapid rate of growth, and trained manpower would prove even more so. Nigeria was educating each year no more than 800 graduates, 12,000 secondary students and a few hundred technicians. The Bank mission recommended that over the next five years, some £126 million should be spent on education and infrastructure. Nigeria bettered this figure. The economy was, in fact, in continuous momentum for over a decade. Public expenditure increased from £69 million in 1955/56 to £163 million in 1961/62; private investment grew at a sustained rate of 8 per cent a year. Most

LEADERS OF THE NIGERIAN ESTABLISHMENT — DETAINED GENTLEMEN



Sir Abubakar Tafawa Balewa — *Dr Azikiwe* — *Dr Okpara* — *Mr Akintola* — *Chief Obafemi Awolowo*

significantly, the value of the old subsistence life in the villages was reduced to a fifth of the economy as a whole.

Since 1962, the manpower shortage has undergone a further more detailed examination by a Commission under the chairmanship of Sir Eric Ashby and in a subsequent government White Paper the Commission recommended increasing the flow of graduates to 2,000 a year, of secondary school leavers to 30,000 and of technicians to 2,000 by 1970. The cost of such a programme in terms of capital would be of the order of £56 million and the recurrent costs of education would rise from £22 million (in 1961-62) to £59 million by 1970. Even so, Nigeria with its vast population would still be behind Ghana in the training of educated people and the White Paper suggested rather higher targets.

Independence Scheme

The new plan is based for the first time on more than a tabulation of desirable projects. An analysis of the economy and its major trends has been attempted. The goals of the plan are expressed not so much in terms of a "shopping list"—though specific plans are naturally included—as in a dynamic concept of an economy in the process of growth.

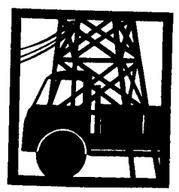
Broadly speaking, the plan aims at a continued expansion of the economy by four per cent a year. Consumption should increase by three per cent, or by one per cent per capita allowing for a two per cent rise in population. The government would take a rather larger share of the economy's resources by 1966 but gross investment would not fall below the 13-15 per cent of gross national product achieved in recent years. The planning authorities have made certain assumptions about prices—they envisage a 20 per cent fall in export prices, stable import and investment prices, and a one per cent annual increase in the domestic price level. On these calculations, the gross national product would rise—in constant prices—to £1.5 billion by 1967 and the investment needed to sustain such an expansion would, according to the estimates, amount to approximately £1,200 million over the six years—£675 million in the public sector, the rest private.

This estimate of around £675 million for public investment is not only a measure of the planners' ambition; it is the most they think can safely be spent. In no year, so far, has public investment risen above £75 million. The proposed figure is two thirds as big again. Yet the government's total claims on the economy's resources will be pushed up further by the steady increase in recurrent expenditure, particularly on education. In the past, budgetary surpluses have covered a large part of the investment programme. Recurrent expenditure will eat these away unless taxation is steadily increased, but there comes a point at which too much taxation stifles private investment and the willingness to work. Yet Nigeria intends to rely heavily on private enterprise. The economy needs a whole range of highly profitable ventures to release resources quickly for further investment. These lie mainly in the private sector—in industry and perhaps in agriculture. They could be squeezed out if too large a share of current resources is sucked back into relatively low-yield government investment.

To tackle this problem, the planning authorities have put as much emphasis as possible on public investment with a high rate of return—electricity, feeder roads, ports. The figure of £675 million remains on the high side, however, and unless some underspending slows down the rate of investment—as it probably will—the scale of the programme could put the economy under some strain.

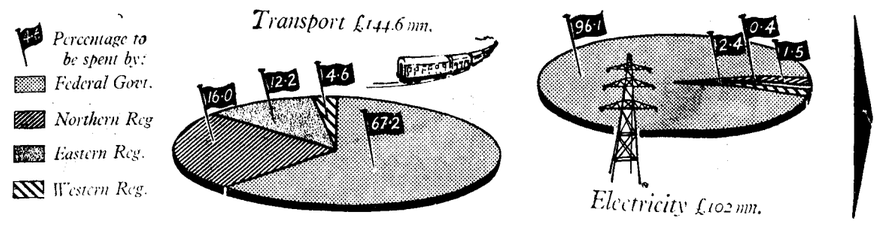
Even so, the strain will be less than it might have been if Nigeria had not accepted some of the disciplines of planning. Preliminary estimates of the various schemes and projects prepared by the federal government and by the three regions for inclusion in their four plans amounted to just over £670 million in the public sector, over a planning period of five years. Here was a double challenge—to the validity and influence of Nigeria's new planning mechanism and, even more vital, to the good will prevailing between the federal partners, all of whom had to reduce their ambitions. For all the country's built-in political troubles, in their economic planning the ministers concerned have shown a shrewd grasp of reality and a heartening capacity to work out a joint approach. The plan in its final form has been made—in part by squeezing, in part by stretching out—to fit into a framework which does not depart too much from the planners' view of the possible, yet does not disappoint too sharply the politicians' hopes and promises. The two chief modifications are the extension to cover six years and the careful rearrangement of priorities towards directly developmental projects and public enterprise with a high return. In the broad breakdown, developmental spending receives 72 per cent of the resources. Social overheads—education, health, social welfare—account for 21 per cent. The remaining 7 per cent represents costs of administration. The regional plans follow much the same pattern, with the chief emphasis on productive investment. Only in the North, where education is a laggard, do social overheads reach nearly 40 per cent of a planned expenditure of £97.7 million. The total for the Western Region is £90.3 million and for the Eastern Region £76 million.

Power and Transport



What are the chances of turning these broad expectations into concrete achievement? On the basis of past performance, important sections of the plan should not present any very great difficulty. The federal government tends to dominate the public services simply because power, communications and a large part of the transport system are federal responsibilities. Here the record of past efficiency is encouraging. The Nigerian Ports

NIGERIA HOPES to spend £676.5 million over the next 6 years, like this . . .



Authority has a unique record of combining successful operation with the rapid training and promotion of Nigerian staff. It expects to finance its extensions very largely out of profits. The Electricity Corporation of Nigeria—which generates and distributes all public power—has kept pace with rising demand, although its rates are rather high. It expects to finance its own £29 million expansion plan, including the transmission lines of a national grid linked to the proposed Niger Dam generators.

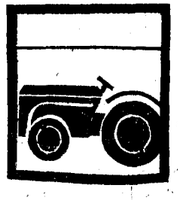
This vast Niger scheme, for which £68 million is set aside in the federal plan, will ultimately provide over a million kilowatts from three dams on the Niger and Kaduna Rivers. According to preliminary estimates, the hydro-electric system can pay for itself, plough profits into further expansion, and reduce future electricity rates. The Nigerian Railway Corporation, on the other hand, began to show a loss in 1959. The chief reason is the usual one—heavy competition from road transport, which has become a lively feature of local private enterprise. And the dilemma is the same. Should road charges—which do not now cover the government's spending on roads—be increased at the risk of discouraging a growing economic sector? Should traffic be diverted by fiscal means back to the under-used railways? The Nigerian plan looks for a positive answer. Its chief emphasis lies in increasing the operating efficiency of the railways. But higher road charges are also to be considered. The likelihood is, therefore, that the profitability of the railways can be restored and since the ports are already heavy earners, the prospects for transport seem reasonably good. Mercifully the Nigerian government does not appear to equate national prestige with the operation of an immensely expensive international jet airline.

Education

The most vital of all public services—education—depends in the main upon regional decisions. The federal government pays for education in Lagos, provides certain funds for the universities and is now extending its grants ambitiously to primary and secondary education in the regions. Just over £5 million has been set aside for such grants. Nevertheless, the main structure of Nigerian education is determined at Ibadan, Enugu and Kaduna and it is there that the main dilemmas have to be faced. They are the fundamental dilemmas of developing Africa. In education almost everything is still to be done—primary and secondary education, technical training, teacher training, the universities. The immediate capital cost is high, the return long delayed. Meanwhile, every capital expansion adds to irreducible recurrent costs in salaries and maintenance. In the Eastern region education already accounts for about 45 per cent of the annual budget. Nor is the issue simply a general one of high costs and low returns. Governments have to evolve priorities in education which support the wider pattern of development.

This is not easy, especially since citizens and experts, voters and planners tend inherently to disagree. Experts stress the need to keep primary and more advanced training in step with each other. Fathers and mothers want primary schools for their children as the only door opening on the opportunities of the modern world. Both the Western and Eastern regions—self-governing since 1957—have provided for free and very nearly universal primary education. But for village children the primary school tends to produce rapid disenchantment with the rigour and monotony of rural life. The school leavers, barely literate, technically untrained, stream off to towns still unprepared to absorb them. By 1967 there may be 500,000 unemployed school leavers in the Eastern region; 700,000 in the West. The Northern region is limiting its current primary school programme to 50 per cent of the potential school-goers. This lessens the immediate impact of the problem but does not eliminate the need—also faced by East and West—to speed up secondary and technical education and prevent the uncontrolled drift of untrained children to the cities. As the scale of capital and recurrent costs has sunk into the minds of ministers, they have retreated from the idea, expressed in a White Paper published last year, of out-doing the goals of the Ashby Report. And in every region, the awareness has grown that any real hope of growth depends intimately upon success in the most productive sectors, agriculture and industry.

Agriculture



All four governments recognise the primacy of agriculture. Three-quarters of the people depend upon it: it provides over half the gross national product and 78 per cent of the exports. If the percentage of capital to be spent on it—13 per cent of the total—seems low, this is in part because the programmes in transport and power assist agriculture directly, in part because Nigerian farming is not ready for massive investment and needs instead well distributed capital combined with a great deal of human effort. The chief gains are to be made through higher productivity. Whether it is a question of the cattle, cotton and groundnuts of the north; the cocoa and citrus, rubber and palm trees of the south; or millet and yams, the fundamental need is better stock and seed and better methods. These are only beginning to appear; matchet and hoe are still all but universal implements. Tribal systems of land tenure and divided holdings hold back both enterprising and individual farmers and non-tribal co-operative ventures.

The governments concentrate on two chief lines of advance. They are trying to develop adequate extension services, so that the farmer may get to know what opportunities agricultural science generally and Nigeria's own excellent research institutes have already worked out for him. If the minimum coverage is taken as one agricultural adviser for each 300 to 500 farming families, then an adequate service can be said to exist only in the Western Region with its agricultural graduates at the top and one field adviser to every 670 farming families at the bottom. In the North the ratio is one to 2,000; in the East, one to 5,000. The plans envisage rapid expansion, but a large and expensive leeway has to be made up—and in an area in which a worldwide shortage of experts is becoming apparent.

The other line of attack is to attempt larger and hence more productive types of operation. A few commercial plantations—for sugar in the north, for rubber in the east—have been licensed. New land, which is still quite freely available in most parts of Nigeria, is being cleared for farm settlements. School leavers, after a year's intensive training, will receive plots of some 20 acres, on which they can farm for themselves but within a broad management plan for the whole settlement. The scheme is particularly designed to arrest the drift of young people to the towns. Serious thought is being given to various combinations of the two approaches—for instance, encouraging firms to establish "nucleus plantations" round which peasant owners would settle, learning new methods and profiting by the plantations' common services. There is a hope that such examples of higher output and income will encourage villagers themselves to reorganise their holdings on co-operative lines. All this is in its infancy. There are thirteen settlements in the west so far. Six are under consideration in the east. No "nucleus plantations" have yet been attempted. There is virtually no structure of agricultural co-operative credit. And all such schemes are expensive. But all west Africa would gain from a demonstration that communal traditions and individual initiative can be fruitfully combined.

Industry

As in most developing economies the industrial sector is minute compared with agriculture, but it is growing two and three times as fast. Nigerian industry is well into the process of import substitution—the "beer, boots and bricks" stage. Indeed, it may soon be self-sufficient in beer. The transformation of local materials has begun very successfully with the cotton mills at Kaduna, using Northern cotton. A refinery is to process local petroleum and a number of foreign concerns are interested in using local iron ore, coal and limestone to set up a steel industry. Given the large internal market, varied local materials, an intelligent labour force and governments determined on economic development, it is not too ambitious to expect that industrial investment will continue to rise at a rate of about eight per cent a year. Domestic savings and local managerial talent are, however, scarce.

There are Nigerian businessmen but they tend to be drawn to enterprises in which the returns are high and quick—retail trade, transport, house-building. This does not inhibit industrial growth at this stage, for foreign entrepreneurs are ready to come in. In 1960 they invested £20 million of fresh capital. The Nigerian governments encourage them with income tax reliefs, import duty rebates and protective tariffs. Over the next two years, the estimate of foreign investment amounts to £176 million (of which a large part will be in oil). This is on the large side but it does not seem, in economic terms, an impossible target.

But it does create some real political apprehensions. Can any African government, in the turbulent and uncertain state of African politics today, comfortably look forward to a time when the bulk of its industry will be in foreign hands? Can the cry of "neo-colonialism" be stilled, especially when both southern parties are sensitive to the issue? In strict realism, no African government should spend precious domestic capital on enterprises for which others will provide the funds. But the risk of a violent political reaction remains if none of the funds and hence none of the control is Nigerian. Yet when the Nigerian authorities suggest public participation in new enterprises and even (as in the case of the proposed oil refinery) majority holdings, foreign companies draw back and look over their shoulders for the expropriator's axe. Nigerian industry as a whole is still so small that the issue may not become acute for a few years yet. But it hovers over the scene already.

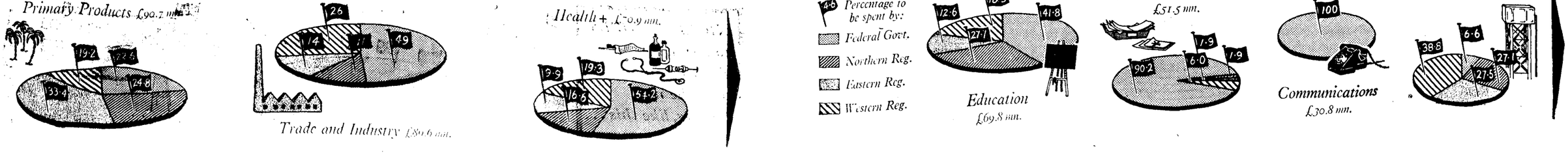
Will it Succeed?

So much will affect the plan—the weather, markets, availability of expert talent, political leadership, Africa's continental pressures and politics—that it is almost invidious to pick out any as of overriding importance. It can, perhaps, be argued that success will depend directly upon three conditions. The first is the government's ability to mobilise sufficient domestic resources. The second is its capacity to secure sufficient foreign exchange. The third factor—the most vital and least predictable of all—is the degree of political stability and coherence a great federation, under all the strains of growth, can maintain in the heart of a turbulent continent.

Private investment raises the problem that Nigeria must find £200 million from abroad; if it succeeds, domestic savings need not even be maintained at their present level of £70 million a year to achieve the hoped-for target of £535 million.

Public investment has been proposed at a level of about £112 million a year. The planning authorities believe that with tough control over recurrent expenditures and equally firm willingness to reduce certain forms of consumption, nearly half the sum can be raised internally.

But some producer prices must come down and some internal taxes must go up. The outlook is not unpromising, for the governments are showing real political courage. All the marketing boards



have reduced the prices they formerly paid to farmers. The Western region board did so twice in 1961. The Northern and Eastern governments have imposed produce taxes. The Eastern government has increased school fees by 50 per cent. Official salaries for ministers and civil servants are being reduced.

There remains about £340 million of public investment to be raised from external sources. Nigeria's planners consider £100 to £150 million as the utmost that could be borrowed at commercial rates. However, the readiness of the United States to provide £89 million in grants for the six years of the plan suggests that the necessary flow of non-commercial grants and soft loans may be not too difficult to secure.

These possibilities are in turn helpful in meeting Nigeria's second problem—the provision of foreign exchange. Since 1955, the balance of payments has shown a consistent deficit. In 1960 it rose to £72 million. Nor is there much immediate prospect of reversing this trend. Exports are increasing, but imports grow more rapidly. The terms of trade do not look promising. The tonnage of most agricultural exports seems likely to increase (in rubber, it should double) yet the planners have prudently foreseen a fall of at least 20 per cent in export prices. Even increased sales of petroleum are not expected to fill the gap, and no sharp increase in earnings from foreign trade is foreseen. Meanwhile, reserves are not much above the safety limit. Current foreign exchange earnings do not even cover current needs. The entire foreign exchange component of the plan must be secured from foreign aid and investment and, in addition, some extra assistance will be needed for the balance of payments. The total need—for public and private investment and for balance of payment support—may be of the order of £550 million. Provided the private inflow of capital continues, however, well over half this sum is already assured. Thus, in purely economic terms, the problem clearly is not unmanageable, especially since the Nigerian government is determined to avoid if it can the inhibiting effect of foreign exchange control. The issue turns on whether Britain and other Western governments follow America's lead in taking a generous view of the assistance they can and should extend. It may be hoped that Britain's offer of £10 million toward the plan is simply a first instalment.

Yet this dependence on foreign aid—indispensable at Nigeria's present stage of development—is a reminder of how much the country depends upon decisions taken elsewhere. In two crucial areas, there are uncertain days ahead. The first concerns Africa's relations with Europe; the second the evolution of the political struggle in the southern parts of Africa.

Nigeria and Europe

Nigeria is vitally concerned with the continent's future relations with Britain and the countries of the Common Market. In the last five years, Nigeria's trade with the sterling area has declined sharply: its exports from 71 per cent to 50 per cent of all exports, its imports from 58 per cent to 49 per cent. The largest part of the switch has been caused by a jump in exports to the European Common Market—from 17 per cent to 32 per cent, and by some growth in imports—from 17 per cent to 21 per cent. If, however, Britain were to join the Common Market without being able to negotiate a special relationship for its former colonies in Africa, Nigeria would suffer more than a loss of its small preferences in the British market. It would face a measure of discrimination throughout Britain and western Europe in favour of its French-speaking African neighbours, most of which are strictly competitive. Nigeria may not suffer much in the short run. But over a decade, an enforced exclusion from the Common Market could seriously damage its economic prospects. The issue is still in doubt primarily because Britain's entry is not yet decided. But even thereafter, it is not clear whether Nigeria, for *political* reasons, would find it easy to seek association on lines similar to the close and preferential arrangements made for ex-French and ex-Belgian Africa. Their links are felt by many Nigerians to be too close and so portend a relationship in which European economic interests could remain paramount.

. . . and Africa

A division between Nigeria and its ex-French neighbours might have more than economic repercussions. It might weaken the political cohesion of the "Monrovia" grouping of African states whose leaders, on the whole, represent a moderate and gradualist approach to Africa's problems. These attitudes are, inevitably, under attack. Every time a crisis erupts in the troubled lands to the south—in Congo, in Angola—the mood of a tougher pan-African solidarity gathers strength, particularly among the young. It is fanned by the less patient utterances of leaders in Africa's other grouping—the Casablanca group of Ghana, Guinea, Mali, Morocco and Egypt. Taken together, distrust of association with Europe and anger at the crises of colonialism and discrimination further south could tragically drive the two groups further apart.

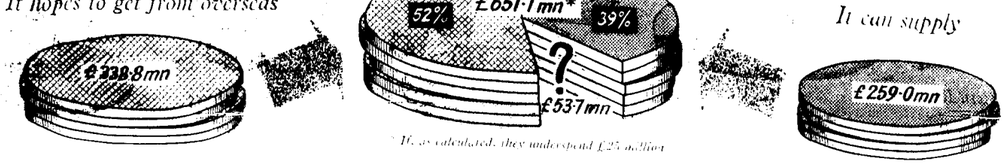
Happily, the division within the Monrovia group over the issue of association with Europe is not inevitable. In the longer run, an alternative to close vertical association between Africa and Europe could be worked out which would compensate the ex-French territories for their loss of preference and privilege by extending wider Western aid. This might encourage the African territories to form their own economic union parallel to, and in friendly co-operation with, the movement towards unity in western Europe. Such a *dénouement* would give Nigeria and its French neighbours the opportunity to make the Monrovia grouping a genuine nucleus of stability and growth.

This possibility is not ruled out. The negotiations are still fluid. Meanwhile, there can be no doubt that a strong Nigeria, rapidly modernizing itself, would be a force of incalculable strength in African politics. In its present mood it would also be an influence for sanity and stability.

NIGERIA NEEDS

Where is the money coming from?

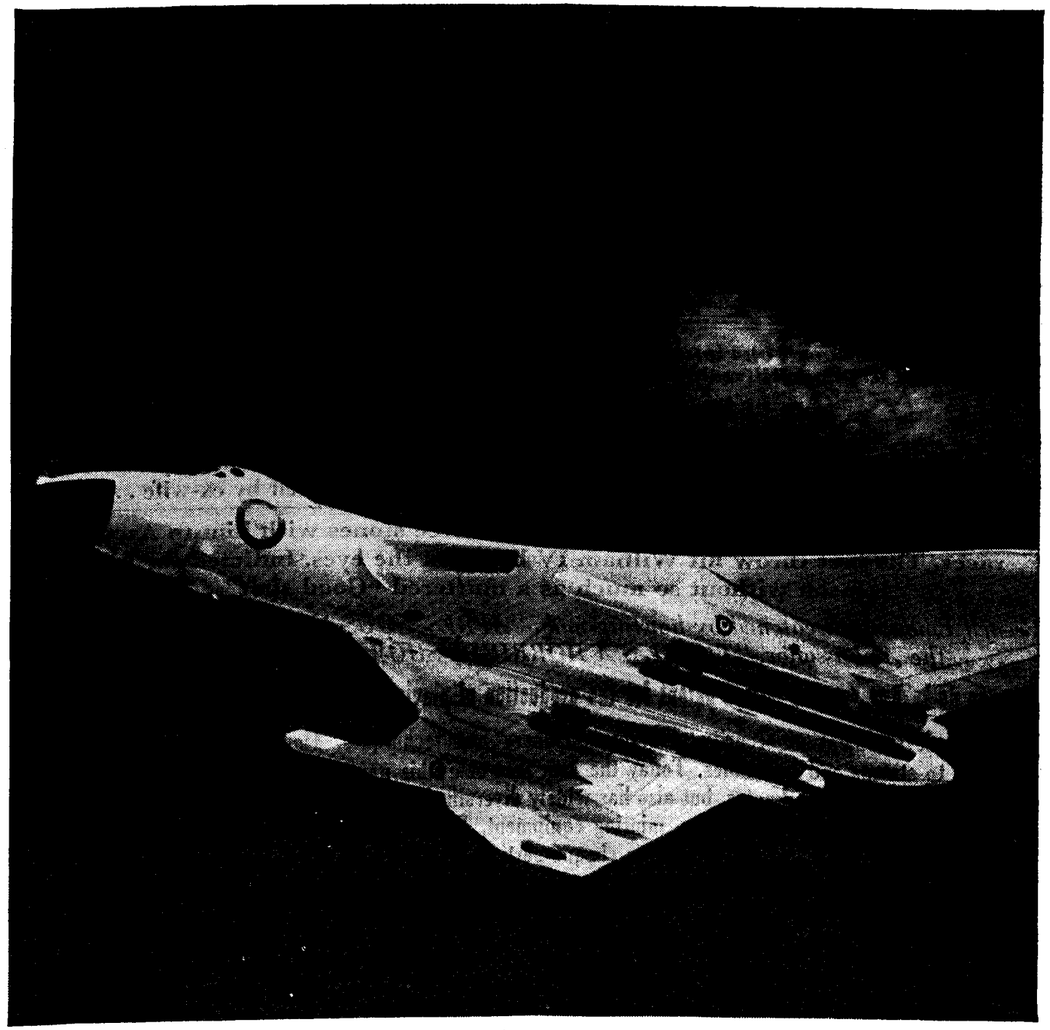
It hopes to get from overseas



It can supply

If, as calculated, they underspend £25 million

THE LAUNCHING PAD THAT FLIES!



This is the Avro Vulcan bomber—mainstay of Britain's nuclear deterrent force today and for many years to come. The Vulcan—a product of the Hawker Siddeley Group—is scheduled to carry both the Blue Steel air-to-ground nuclear missiles, and the new Skybolt which can be launched by a Vulcan as much as a thousand miles away from its target. It is the adaptability of the Vulcan that is its most remarkable characteristic. Only an exceptionally advanced aircraft like the Vulcan can effectively carry the weapons of tomorrow. Equipped with missiles like Blue Steel and Skybolt, the Vulcan combines the flexibility of a manned aircraft with the immense striking power of ballistic missiles. In this way, it adds a new dimension to the British nuclear deterrent and maintains its role as a vital guardian of the Free World.

HAWKER SIDDELEY GROUP

18 St. James's Square, London, S.W.1

(a)

What happened IN 1832?

VIRTUE · LIBERTY · INDEPENDENCE

Wellington booed by riotous populace. His Grace entertaining in regard to the Reform Bill a different opinion from the rabble of London . . .

REFORM BILL PASSED, REGARDLESS . . .

A Carlisle farmer put his wife up for auction. Demanded 50/-: eventually settled for 20/- and a Newfoundland dog. Crowd cheered wildly, led by ex-wife . . .

Aggrieved wooden-legged ex-sailor took three stones with him to Ascot races. The first threw hit William IV between the eyes. Indicted for high treason without so much as a muttered "Good shot" . . .

French Embassy threatened by howling mob. "APRES NOUS LE DELUGE" murmured the Ambassador. "THERE'S A HORRIBLE SHOWER AFTER US" . . .

Thomas de la Rue granted letters patent for the production of playing cards by the typographical process . . .

With the development of security printing machinery and techniques, Thomas de la Rue turned his attention to stamps and banknotes. Today the firm that bears his name is not only the world's largest commercial printer of banknotes, but also has widely diversified interests in the field of security: printing presses, banknote counting machines, minting equipment, Security Express armoured vans, specialised company printing work, magnetic inks for cheque sorting . . .

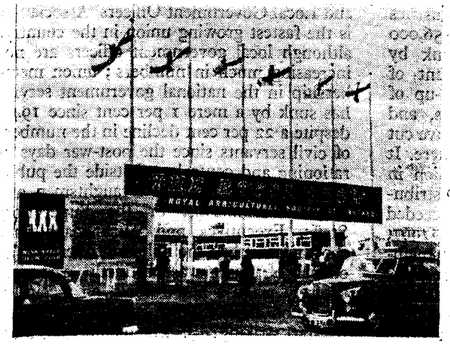
THOMAS DE LA RUE INTERNATIONAL (A MEMBER OF THE DE LA RUE GROUP)

HOME REPORT

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

Home for the Royal

FROM A CORRESPONDENT IN NEWCASTLE



If farmers alone visited the Royal Show practically every single one in England and Wales would have to attend for it to break even this year. Nine days before the show opened on the Town-moor, Newcastle, on Tuesday, a storm swept the site and left chaos behind it. As a result staging costs have been inflated well above the usual rate of around £1,000 an acre. But in the glow of pride the organisers can reasonably feel at the mere achievement of salvaging the show, the critical questions trade contributors in particular have been asking should not be forgotten.

It costs a firm about £3,000 to put up any sort of decent stand at the show, and it could easily be a great deal more. Shell is reported to have spent well over £12,000 this time on an elaborate steel and glass structure that suffered cruelly in the winds. For that kind of expenditure a great deal of space could be bought in the farming press, and more than one exhibitor has begun to voice doubts as to whether the money could not be spent to more telling effect there. The exhibitors' main criticisms are over what the media world calls wastage—this year the large numbers of urban Geordies who have merely come to stand and stare rather than to buy. The Royal Agricultural Society of England which organises the show is in a quandary. If it is to break even it has to go all out to attract visitors from outside the industry. That means putting on some entertainment rather than the instruction which it is thought farmers prefer.

But more town visitors will displace the trade. And if only one or two big exhibitors decide to withdraw—say, Fords or International Harvester—a large number of smaller fry will thankfully follow suit. The alternative is to go all out for the farmers. At present, in more enlightened agricultural circles, the Royal has the reputation of being something of a Royal Academy of the farming world. The livestock classes in particular are a horrible anachronism. Judged strictly on beauty contest lines the winners may or may not be of commercial value, but the points on which the awards are made certainly are not. The pig lines, for example, full of Tamworths and Berkshires and Long White Lopears, are fascinating only to connoisseurs of the curious.

But something more than museum exhibits is needed to bring a pig farmer from, say, Cornwall to Newcastle. This view is held forcibly by Mr Frank Sykes, one of the progressives in the RASE hierarchy who have succeeded in getting practical demonstrations made an integral part of the show. A beginning has been made with them this year, with plots showing different methods of improving hill pasture, and pens of progeny-tested breeding stock, together with some of their progeny alive and dead to illustrate the main point about quality meat production.

The need for far more demonstrations has been one of the reasons why the Royal has decided to experiment in the next five years with a permanent site—which the Royal Highland and the Great Yorkshire shows already possess. The society has taken a seven-year lease on 550 acres of Lord Leigh's land at Stoneleigh Abbey Park, Warwickshire, and a permanent show ground is being developed, though the decision on whether to take a longer lease will not be taken until two shows have been staged. The savings from a permanent site will certainly be substantial. With a travelling show new roads, plumbing, electricity, telephones and so on have to be laid down each year. Buildings have to be dismantled, moved and re-erected, and that means they cannot be anything like as stormproof as permanent ones. Now the society will be able to spend more on demonstrations and a full 58 acres is being devoted to them next year. At the back of the organisers' minds is the hope that many firms will think it worth while to take permanent sites themselves.

Probably in year or two the competitive livestock classes as they are known today will cease, and show fanciers will have to make do with pigeons, flowers, honey and home-made rhubarb wine. (Indeed, it is these peripheral exhibits that crowds cluster thickly round.) Instead, the breed societies will stage exhibits of the best proven animals that they have, and the proper recognition of genetics will have advanced one step further forward.

More important is the opportunity a permanent site offers for developing an all-the-year-round centre for British agriculture. Though the Royal will remain something of a circus as well as a trade fair and must be the main focus for the society's efforts, there is no reason why demonstrations should not be held at other times of the year. This year not one single trade stand has been taken by an overseas firm, although such a situation is unlikely to last once the present tariffs on machinery imports from Europe start to come down. At the same time there will be new opportunities for selling British cattle and machinery to Europe, and the Stoneleigh site could well become the shop window for this.

Unions' New Frontiers

FROM OUR SPECIAL CORRESPONDENT

Trade unions in Britain have done so much to change the environment in which their members work that they are apt to be looking the other way when the environment changes without them. A new pamphlet* by Mr Keith Hindell of Political and Economic Planning traces some of the social and industrial changes that have come over Britain in the years since the war, and makes some shrewd guesses at the effects these may have on the unions.

As the old industries with strong union structures decline—coal, railways, cotton—the balance of employment swings over to new activities, in distribution, food and drink, clerking, chemicals and man-made fibres. Few of these growing trades have a strong union tradition: few of them seem, at first sight, fruitful ground for the growth of union membership. And the pamphlet points out that, to maintain their present position with 43 per cent of all employees in unions (9¾ million out of 22 million workers), the unions will have to have 10¼ million members by 1968.

For the unions, the most disturbing point made by Mr Hindell concerns the group of trades: food, drink, tobacco, distribution,

*Trade Union Membership. PEP. 5s.

clothing. Employment in these industries went up between 1948 and 1958 by 556,000 people—but union membership sank by 23,000. The increasing employment of women, often part-time, the setting-up of clothing factories in country towns, and numerous other sociological factors have cut the ground from under the unions here. It is noteworthy that the brightest union in these fields, the Union of Shop, Distributive and Allied Workers, actually succeeded in recruiting 90,000 new members in 1961, but still sustained a net loss of 4,000 members. (A similar situation may apply in parts of the building industry, where men work for comparatively short periods on one job.)

Unions in this kind of situation often keep their subscription low, so as not to price themselves too high for their potential members, and their recruitment costs may then absorb much of this money, leaving practically none for providing new benefits. Now that the Trades Union Congress is pleading for dues and benefits to be brought into line between unions, its next contribution might be to establish a fund out of which some prosperous unions (and some are certainly prosperous) could help their less fortunate fellows.

Fortunately, the prosperous unions include a good many of the newer and more go-ahead organisations catering for white-collar workers. The picture is especially bright in the public service. The National and Local Government Officers' Association is the fastest growing union in the country, although local government officers are not increasing much in numbers; union membership in the national government service has sunk by a mere 1 per cent since 1948, despite a 22 per cent decline in the numbers of civil servants since the post-war days of rationing and controls. Outside the public service, unions like the Draughtsmen and Allied Technicians, or the Supervisory Staffs, Executives and Technicians have shown more than their share of increase (an official of Asset was distinctly perturbed recently when a new recruit, on receipt of his union card, at once asked: "When do we start striking?"). The members of these unions do, however, work in contact with members of manual unions. More remarkable is the rise of the National Union of Bank Employees from 28,000 in 1948 to 53,000 now, in the face of overtly anti-NUBE action by most of their employers.

THE most serious failure among white-collar workers is in private industry. Here Mr Hindell points out the disadvantages of the present set-up, whereby the Clerical and Administrative Workers (38,000 to 64,000 members since 1948) and the clerical sections of the General and Municipal Workers and of the Transport and General Workers split the union effort. A single clerical union for private industry, he suggests, could draw a membership of 100,000 from existing unions—and it could both recruit more efficiently, and present a more favourable image, among white-collar employees. It would also make necessary a change in the present composition of the 35-man general council of the TUC, on which the white-collar workers as such now have only one seat (occupied, to the fury of many people, by Sir Tom O'Brien of the Kine Employees).

For the TUC, however, the biggest change is still to come. Since Mr Hindell's booklet was written it has become tolerably likely that the members of Nalgo will vote for affiliation to the TUC—which would more than ever reinforce the case for increasing white-collar representation on the general council; and Nalgo could eventually be joined by the National Union of Teachers.

The addition of these two large and overwhelmingly middle class organisations, neither of which is affiliated to the Labour party, could do more to change the image of the TUC than a million wise words from Mr Woodcock; it would raise to gale force the wind that, this year, has blown Miss Anne Godwin of the CAWU to the chairmanship. Mr Jack Cooper of the General and Municipal Workers has said that if Nalgo joined the TUC it would "be like fitting the *Queen Elizabeth* with stabilisers."

Ireland's Dr Beeching

FROM OUR SPECIAL CORRESPONDENT

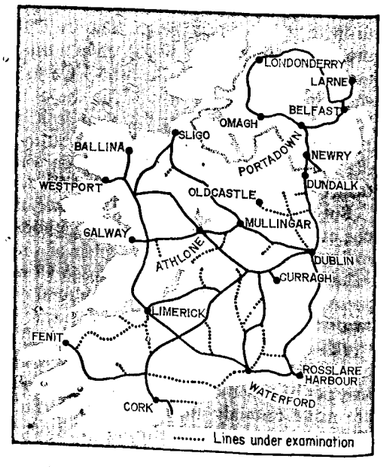
FOR long a cultural mentor of Britain, Ireland is now, it seems, beginning to teach her economic mother to suck eggs. Well before the reorganisation of the British Transport Commission, the government of the Republic set about reconstructing its own nationalised transport concern. *Coras Iompair Eireann* was in 1959 given new commercial freedom and endowed with a board headed by some of the country's bright new, economic realists. Transport subsidies, mainly sunk without trace in maintaining a British-style rail network of over 2,000 route miles for a widely-scattered rural population, had been running at around £2 million a year: the new board was guaranteed an annual subsidy of £1,175,000 for five years, after which decisions would be taken on the closure of those lines that really could not pay their way. The official report on which the reconstruction of CIE was based had forecast an eventual 850 miles of track for the whole country.

In its first year of operation the board reduced the railway deficit to £700,000, and the next year to £246,000: a mere 396 route-miles of irretrievable track have been closed in the past three years. Modern diesel units and more efficient operation had given the railways a fair chance of survival. But this year wage increases for railwaymen, and a couple of costly unofficial strikes, have raised the CIE deficit to £1.6 million. The latest wage increase and improvements in railwaymen's conditions could add over £2¼ million to costs. So last week the chairman of CIE, Dr C. S. Andrews, announced the imminent closure of 489 miles of branch lines.

The usual complaints have come from those likely to be affected, but they lack conviction. Dr Andrews had a good concrete argument in hand with the case of the old West Clare Line, closed before his term of office. This white elephant (famous for the excellent song whose chorus is: "Are ye right now, Michael, are ye right? Do ye think that we'll be there before the night?") used to lose £23,000 a year. Now more freight and passengers are carried in this remote rural area by bus and truck for a mere deficit of £4,000. In the country the railways can be heavily used, but only two or three times in a year for the sugar-beet harvest or the cattle-fair; the logic of using the money for improving roads and buying lorries is irresistible.

WHAT is more, there were sound reasons for granting the railwaymen the wage increases that are now to put some lines out of business. Industry in Ireland is rapidly increasing its demand for labour, especially for people like the skilled engineers from the railway workshops. A country in competition with the British labour market could not afford to let its wage rates be dragged back to subsidise an industry with no future. (In Northern Ireland, where the demand for labour is barely rising at all—and where many of the summer visitors come from Lancashire and Scotland, and expect to travel from port to holiday resort comfortably by train—the problems of the forthcoming rail closures will be far harder than those Dr Andrews is facing.)

The wholly admirable thing about the CIE operation is that it gives to the country



a clear demonstration of the effects of wage increases, and allows the public, as voters and as consumers, to make an open choice between reaction—in the sense of the retention of a service for which there is no further use—and progress, in the sense of a reallocation of resources, including labour, into new and expanding industries.

Just this week the Irish are facing up to a typical piece of reaction—and the threat of a national strike on CIE's buses next week—over the corporation's attempts to abolish the sinecure job of conductor on long-distance motor coaches. The official union leaders are trying to help CIE do this, having won safeguards for the men likely to be affected: but they have been repudiated in a ballot of their members.

In the long term this Luddite reflex seems doomed to failure. In the speech in which he announced the rail closures, Dr Andrews did not omit to mention that, by the time his five-year term of office is up, the Republic's system of wage-planning should be in full operation. Dr Beeching is known to be watching with interest his fellow-surgeon across St George's Channel.

Fair Enough?

FROM OUR SPECIAL CORRESPONDENT

ANTIQUE dealers were afraid that the antics of Wall Street and the London stock market might cloud their annual trading fair at Grosvenor House. In the event, most of them were pleasantly surprised: "Not so good as last year" was how many described business, "but not far behind. And anyway last year was astonishingly good". When the fair closed last week, 25,441 people had visited it over its fourteen days, much the same as in recent years. As in the past, some exceptional antiques were sold within a few hours of the fair's opening, but some were still there a fortnight later. Very top-priced things did not go quite as well as last year: above the £2,000 mark in furniture, it was less easy to find buyers.

Americans and Canadians were conspicuously absent this year, but the continental buyers, notably Italians and Greeks, were there, as well as Australians. However, the middle-aged English are now the fair's mainstay. They pray that their purchases will prove a good investment, but they are not collectors who want to hoard their things away: they want pretty things, to be used and admired. There was less Georgian mahogany furniture on show; the more fashionable taste is for something a little more ornate, such as French or lacquer furniture. In silverware, which did well, the demand is for articles like coffee-pots which can actually be used.

The trade's chief trouble is still to find good pieces, some of which are now being brought back from the United States. There is no sign of any crack in the prices of antiques and few dealers are complaining about business so far this year, even if it is down a little in volume on last year. But traders are most anxious about the future, trying to weigh their fortunes against those of the Stock Exchange. Few think that the capital gains tax is going to keep money away from them, but a Stock Exchange depressed for any length of time obviously could. It might increase the desirability of investing in goods rather than stocks: but where would the money come from?

LETTERS

TV with Auntie

SIR—It is not for me to comment on the opinion expressed in your leading article on the Pilkington committee's report. But I think your readers would wish to know that, according to our researches, your facts about the relative audiences for Panorama and This Week are incorrect.

In claiming that "ITV's public affairs programmes are now seen by an appreciably higher proportion of the viewing public than the BBC's" you state that This Week is being twice as well as Panorama.

BBC audience research figures for the last complete month available (May 1962) show that the programmes were seen by the following audiences:

Panorama		This Week	
7th May	8¼m.	10th May	5¾m.
14th May	7¼m.	17th May	5¼m.
21st May	7¼m.	24th May	5½m.
28th May	7¾m.	31st May	5¼m.

—Yours faithfully, GEORGE CAMPEY
Head of Publicity,
British Broadcasting Corporation
London, W1

[We are happy to print the BBC's estimate of its audience figures. However, the figures produced by Television Audience Measurement for the four weeks May 7th to June 3rd showed that This Week was watched, on average, by 47 per cent of homes able to view both channels and Panorama by 22 per cent. Probably 3 million sets can still receive BBC only.]

★

SIR—I found your article on the Pilkington report to quite irresponsible. Is not the real question for the government to decide not whether "the broadcasting audience is discriminating enough to be allowed to make a choice of its own on the quality of what it sees", but rather whether or not some safeguard for a basic minimum standard of quality in broadcasting shall be legislated for to prevent men enriching themselves at the cultural expense of the nation?

How "adult" does one have to be to withstand the handiwork of the depth psychologists and motivation research specialists commonly employed by advertising agencies?—Yours faithfully,
London, W10 G. J. B. WILLIAMS

★

SIR—I do not wish to argue about the Pilkington report, but I must express my dismay that *The Economist* should say that one minority should have no part in debating it, and that if any of its members dared to do so "they should be hit squarely on the head". Has violence on the screen really so affected the champions of liberty and the rights of minorities?—Yours faithfully,
Winsford, Cheshire W. N. LEAK

Canada's Warning

SIR—You are of course right in saying that it is now six weeks since there was any drain on the United States' supply of gold, but these six weeks have seen a very substantial build-up in the foreign investments held by the Federal Reserve, which increased by some $426 million last week and by over $150 million the week before. Surely the figures are related: instead of the US deficit being expressed in the gold reserve figures, creditors are content to build up their credit with the Fed.

In your article on Canada, you exhort foreign bankers to be co-operative (which they seem to be!) but surely these bankers have a duty to their own countries too. They cannot be happy to see their reserves being gradually transformed into another currency which may or may not be devalued. The dangers implicit in a gold exchange standard, where the supply of gold is very strictly limited, have already been strongly argued by M. Jacques Rueff in a series of articles which appeared some time ago in France and were reprinted in *The Times*.

You are right in pointing out that the principal danger now comes from too little demand, not too much. Surely the close

attention to wage costs which you also propose will very probably only contract demand still further. What seems necessary is a general expansion in demand, in company profits and therefore in the general liquidity position of the whole western world, i.e., paying *less* attention to costs and giving the world a good dose of inflation. For this governmental co-operation will be necessary (the bankers cannot do this on their own), either to raise the price of gold substantially, or to adopt some sort of Triffin type plan to abolish the use of that metal as a reserve base altogether.

There is the unpleasant possibility of a good, old-fashioned slump ahead of us unless something is done. As no government will admit the existence of the problem, however, it is unlikely that the problem will be solved—until it is far too late. The present rally on Wall Street seems very likely to lead the US government to assume that everything is all right again, until the rally comes to a stop as it is sure to if no action is taken.

Business confidence (and profits) needs to be restored, but the refusal of the US administration to admit that anything is seriously wrong will only serve to weaken confidence. Propaganda has a damaging effect when it is obviously untrue.—Yours faithfully,
T. H. STEWART
Cambridge.

Science Teachers

SIR—To paraphrase your own editorial comment, when will *The Economist* learn that it cannot hope successfully to address the educational world if it persists in serving up its own prejudices in place of facts?

Commenting on the report on the Supply of Science Teachers, published not by the National Union of Teachers but by a Joint Committee consisting of the Association of Scientific Workers, the Association of Teachers in Technical Institutions, the Association of University Teachers, the National Union of Teachers and the Science Masters' Association, you say: "Why spoil a perfectly good case by announcing in such a pleased manner that there is not the slightest chance of getting the science teachers we need?" There is nothing in the report which can justify this comment; on the contrary the object in publishing it is to draw public attention to the seriousness of the shortage of science teachers and to urge certain measures which would help remedy the situation.

It is true that at the press conference on the report a journalist said there was no room in the schools to accommodate the extra science teachers if they were to be found now, to which Sir Ronald Gould replied that this was no problem because there was no likelihood of the required science teachers being found in the near future and any extra accommodation needed could be provided by the time the teachers were found. To report this as the NUT "announcing in such a pleased manner that there is not slightest chance of getting the required science teachers" is rather like the old story of the Archbishop and nightclubs in New York.—Yours faithfully,
FRED JARVIS
National Union of Teachers
London, WC1

Vaulting Ambition?

SIR—On June 2nd when writing of the office of chairman of the Conservative party organisation you said: "no previous holder has ever gone on to really high office."

Neville Chamberlain was party chairman in 1930-31. He was Prime Minister in 1937-40. It would be interesting to know what you considered to be the *ne plus ultra* of political ambition.—Yours faithfully,
London, SW7 M. CHAPMAN-WALKER

Ashes or Dust?

SIR—Did you really have to ruin an otherwise fair, though critical, review of my paper on the Economics of Burial and Cremation by the blatant misrepresentation of reporting me as suggesting that bodies should be centrally amassed, cremated together, and the ashes then parcelled out to relatives by weight and volume? I said nothing of the kind.

Emotional responses make cremation difficult enough to put over without added burdens of bowdlerised reporting. I said that if after most cremations ashes are simply scattered in crematoria gardens, then there is little to justify the separate cremation of each body if larger cremations are more efficient.

The return of ashes to relatives (jokes about egg-timers apart) is to my mind inconsistent with the philosophy of cremation and I argued strongly against it. On the other hand, I learn that at one crematorium ashes are separately buried under the turf, each deposit being carefully plotted on a chart, so that relatives can visit the "grave." You like the personal touch?
—Yours faithfully,
Manchester H. R. PAGE

Teacher Shortage

SIR—You mention the importance of persuading as many as possible of married women teachers between the ages of 40 and 45 to return to teaching.

Could not the net be spread wider to include married women graduates (such as myself) who, before having their first children, held responsible posts in industry, the civil service, or in social work, and who, for some reason, are unable or unwilling to return to full-time work, but for whom school hours are suitable?

The day colleges designed for older entrants to the teaching profession do not seem to me to meet the need of such women. What is required are short intensive courses in modern practical teaching techniques, including supervised teaching practice, critical discussion of the latest textbooks in the subject or subjects in which the entrant's degree was taken, and some supervision of home study. These courses could be held in every education division in which the need for additional teachers was felt, and need not be expensive in manpower or resources. They would last for one or two terms, at most.

I am aware that any such scheme would only provide a very small contribution to the solution of a very large and complex problem, but it might help precisely in areas where the need is greatest.—Yours faithfully,
E. HOLLOWAY
Hitchin, Herts.

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BOOKS

How Russia Has Grown

The Growth of Industrial Production in the Soviet Union

By G. Warren Nutter.

Princeton University Press. 733 pages. $15.00.

THIS fat volume is the result of some years' intensive work under the auspices of the National Bureau of Economic Research. The text proper runs to 292 pages, the rest of the book consisting of technical notes, output series and other "raw materials" used in the computations, and also an extensive bibliography. The great merit of this lies in the fact that the critically inclined scholar can check the calculations, and has at his disposal a mass of statistics that have been painstakingly gathered in numerous Soviet publications. To take a small example: on page 451 one may find output figures for sausages, fish, soap, salt and raw sugar for most years from 1913 to 1959, and one may be confident that any omissions are due to non-publication and certainly not to any lack of ingenuity or diligence on the part of the researchers. The volume also includes numerous comparable figures and indices for the United States.

Mr Nutter and his collaborators have used the figures with skill and care, and the resulting indices faithfully reflect the data they had at their disposal. They cover in detail the period 1913-55, with an occasional look at the Tsarist period and also the years 1955-58. They show a growth rate far lower than the official one; this is hardly surprising. It is also lower than that calculated by some other Western scholars (for instance, Seton and Hodgman), though others tend to confirm Mr Nutter's findings (see the recent index devised by Kaplan and Moorsteen). The work must be taken seriously, and it is plainly a scholarly and honest piece of research. Yet there are a series of doubts in the reviewer's mind. These relate to three main points: the product coverage of the index, the meaningfulness of the comparisons with the United States, and, lastly, the conclusions drawn from the trends in the chosen period.

The problem of product coverage is essentially one of deciding whether the material used is representative. Russia's published data suffer from gaps (for instance, nothing on ships, aircraft, electronics, some chemicals) and also from lack of precision (metallurgical equipment in tons, or clothing in millions of roubles). There are the usual problems, too, of allowing for changes in product design, which so complicate computations, particularly in the engineering industry. This reviewer is of the opinion that in almost every case the items left out of Mr Nutter's index (left out for lack of usable data), are items that grow fast. To take a few examples: cloth is there, but clothing is not; paper is in, books are out; flour is included, bread is omitted. Yet in each of these instances it is known that the more highly fabricated item grew much the most rapidly. The machinery index is heavily "weighed down" with railroad equipment, production of which was already well developed in 1913. Then Mr Nutter's handling of quality changes appears to be unreasonably selective. A Soviet reviewer pointed out that while he corrects downwards in the case of textiles, he fails to make any upward correction for higher quality steel; this seems a well-founded point, which may well also apply to a wide range of machinery. Lastly, Mr Nutter's index as a whole seems at odds with his own calculation of Soviet energy consumption. This, he calculates, rose roughly eightfold in the period 1913-55, during which industrial production increased only sixfold, whereas in the United States in the same period energy consumption slightly more than doubled and industrial production rose 4.7 times. Although there is no particular reason to expect a closely similar relationship between energy and industrial ouput, so great a difference seems incredible, the more so as the Russians have devoted so high a proportion of their energy production to manufacturing industry. One should add that energy is here measured in thermal units, and that in value terms the figures show a much larger rise in Soviet output.

Whereas many of Mr Nutter's comparisons with the United States are of great value, the same cannot be said (at least in this reviewer's opinion) about his use of the "lag" concept. He seeks to show that, in the period 1913-55, the USSR actually fell further behind; in 1913 Russia lagged twenty-nine years behind America; in 1955, thirty-five years. This conclusion is reached by a procedure arithmetically correct but of questionable usefulness. Thus in 1955 the output of cement in Russia was equal to American output in 1922 ("lag of 32 years"), but in 1960 Soviet output reached the American production of 1953, so the lag is reduced by twenty-five years in five years.

This leads to the third and last point of criticism. Mr Nutter evidently believes that the period 1913-55 is suitable for analysing long-term trends and for comparing growth rates with the United States. The period includes, for Russia, a disastrous civil war, recovery, another disastrous war and another recovery. Mr Nutter suggests that disasters stimulate growth, and that they need not necessarily distort the trend line. This may be so over a very long time-scale, but surely such an approach leads to wrong conclusions when so large a proportion of the years covered are abnormal. One of the abnormalities is demographic: perhaps the destruction of factories in the second world war stimulated their rapid replacement, but the millions of men lost in the prime of life are irreplaceable.

On balance, therefore, this study appears to understate Soviet achievement, but it remains a most valuable work: conscientious, precise, a storehouse of information. It is also a useful corrective to the exaggerations of official Soviet claims.

Gaitskellite Nato

The Politics of Western Defence

By F. W. Mulley.

Thames and Hudson. 293 pages. 30s.

MR MULLEY is a quiet bird as politicians go, and a rare one: he really does believe in close military integration within Nato as a solution to the political problems of the alliance. His analysis of Nato's tasks, and of western resources, is highly factual and very well done. He recommends that all western nuclear weapons committed to the European theatre should be assigned to Nato itself, under a supreme commander who would be on a par with General Norstad and subject to similar political control. If it has always seemed improbable that President de Gaulle was building a striking force with an eye to handing it over to Nato in the end, there could still be a possibility that a tripartite (American, British, French) strategic directorate for the Nato theatre will not be totally unacceptable to the deterrers concerned in the long run. If so, the Mulley proposal may not turn out to be quite as theoretical as it first looks.

His ideas on tactical nuclear weapons are certainly worth pursuing. He would like a separate Nato commander-in-chief for these weapons, controlling a separate atomic artillery force which would normally be held behind the conventional units in forward positions and would be multi-national in organisation and personnel. (The parallel here is with General Norstad's existing fire-brigade units.) The essential point is to remove nuclear weapons from national forces and thus, by implication, from the sphere of purely national policies as well. This cuts pretty near the bone as far as the present composition and tactical training of Britain's Rhine army are concerned, at least as a force that could be employed in a forward defensive position.

Mr Mulley is plainly uneasy at the British—and the general Nato—failure to provide sufficient conventional troops. As a Labour party spokesman he is unwilling to embrace selective service for Britain with any enthus-

iasm. But he points out that Britain is, in fact, the only Nato country that has accepted a specific military commitment to General Norstad's command, however uncertain the actual fulfilment of the British pledge under the 1954 agreements has been in the Sandys and Watkinson years. He believes that this type of specific commitment should be publically extended to all Nato countries:

> Certainly it would be easier in Britain to get public support for a strong British contribution to the shield forces if there were outward and physical evidence of equal concern and binding undertakings on the part of other member countries as to their contributions.

The shriller advocates of selective, or national, service in Britain have a good deal to learn in political persuasiveness from Mr Mulley.

Economic Landscape

Britain Yesterday and Today: *An Outline Economic History from the Middle of the Eighteenth Century.*

By W. M. Stern.

Longmans. 304 pages. 21s.

THE author of an outline—as Dr Stern engagingly confesses—has to be a fairly brazen liar; he must above all things abridge and simplify. Dr Stern has reduced the need for mendacity by an initial act of heroic simplification. He treats the last two centuries of English economic history not period by period but topic by topic; trade, industry, agriculture, and the rest are each in turn followed through their whole career. The price the reader pays is a loss of a sense of the movement of the whole economy through time; he meets the fall in the birth-rate before he is introduced to the industrial revolution, and the development of air transport before the repeal of the corn laws. He misses too many of the interconnections between the various sectors of the economy within a given period; for this method of exposition insensibly creates the impression that developments in, say, trade or banking are to be explained mainly by previous events in the same sector rather than by contemporaneous events in the rest of the economy. Dr Stern throws some grappling ropes from one chapter to another, but he is forced by his method of presentation to trace antecedents rather than to relate problems to the setting of their period.

On the other hand, the concentration on topics yields some real advantages. There are certain subjects where the roots in the past are more interesting than the lateral links in the present, and these are better suited to Dr Stern's methods. Population is one, and possibly the structure of industry another. And even when this is not the case, concentration on topics rather than periods has enabled the author to pack an impressive amount of information and judgment into a small space. The information is up to date and reliable, the judgment shrewd and independent, and the exposition extremely lucid and economical. The reader who knows nothing of the subject will not find it easy to take his bearings, but anyone, whether professional student or layman, who is already familiar with the main landmarks, will find this book an intelligent and convincing guide to the economic landscape of the last two centuries.

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Outstanding Battle

The Fall of Crete

By Alan Clark.

Anthony Blond. 206 pages. 25s.

MR ALAN CLARK has written a first class account of the 1941 battle for Crete, succinct, vivid and clear. Not everyone who experienced the battle at first hand will agree with the way he apportions blame for the loss of the island, but they will certainly respect his ability not only to recreate the battle, but also to single out the key decisions—and the key deciders.

He takes up a healthily belligerent attitude about the issues involved. Indeed one senses that Mr Clark writes, like his fellow historian, Mr Corelli Barnett, with the exasperation of a man who would almost certainly have conducted himself with distinction in battle had he had the chance, but who now finds himself confined to studying the mistakes made by his forebears.

Mr Clark contends that Anthony Eden, even more than Churchill, was responsible for pushing ahead with the disastrous proposal to go into Greece. He shows how Churchill alone saw the struggle in Crete in its true light, not as a rearguard action but as a justifiable head-on collision with "the very spear-point of the German lance." He tells the tragic story of muddle and half-heartedness in equipping and reinforcing the island. And he argues that once the battle was joined its outcome was determined above all by sluggish and inept leadership by commanders in the Maleme area, and in particular by the commanders of the New Zealand Division and its Fifth Brigade. Mr Clark's case is that the Germans, by a monumental blunder in underestimating the number of Allied troops on the island, gave us an unexpected chance of victory that was thrown away.

This case he sustains with some effect against the commanders directly responsible for the defence of Maleme, but much less effectively against General Freyberg, who was in overall command of the island. Mr Clark does not make sufficient allowance for the fact, which dominated all decisions made in the battle for Crete, that they were almost always based on grossly inadequate information. So completely and so constantly did the enemy aircraft interrupt communications that information was almost always out of date by the time it reached headquarters. The orders issued in return were even more out of date by the time they reached the front. Indeed the main criticism of Mr Clark's book is that he has not examined closely enough the effects of the enemy control of the air on the minds of the garrison. He is right in pointing out that actual casualties from the air were remarkably few. But the noise and strain of the bombing and straffing, the paralysis it clamped on all movement in daylight, above all the sense of omnipotence conveyed by these aircraft as they roamed and hunted at will overhead, had an indirect effect out of all proportion to the number of men they killed or wounded. To fight in these conditions was difficult; to think and plan in them was nightmarishly difficult. These points need to be made. But in other respects (except for the dearth of maps) this is an excellent account of an extraordinary battle.

Comparative Colonialism

Political Advancement in the South Pacific

By Francis West.

Oxford University Press. 201 pages. 35s.

BOOKS on dependent territories of colonial powers past, present or (in the case of the United States) unacknowledged by themselves as such tend to fall into two categories. One comprises the condensations of the accumulated knowledge of those who as administrators, missionaries or otherwise have given years of their lives to those territories; in the other are the treatises of scholars and students who decide to investigate, often with the aid of a research grant, some aspect of a given dependency for the purpose of a thesis or book, spend such time as they can spare in collecting their material and then go home to write it up. To say this is not to imply that the latter type of work is inferior in quality to the former. But it is the product of different experience, of a different approach and of a different motive. The former type of book can be, if it is a good one, a work in the round; the latter is a piece of specialisation.

Dr West's work of 180 pages of text is a useful, practical example of the second type: a straightforward piece of investigation free from the irritating air of superiority that sometimes mars these academic studies. It originated in the author's need to collect material for a course of lectures on comparative colonial policy and the result is precisely what he set out to produce: a comparison of the colonial practice of Great Britain, France and the United States as exemplified in one each of their Pacific dependencies. It is the author's purpose to ascertain and explain the differences; it is no part of his purpose to inquire whether one system is better or worse than another. The territories investigated are the British Crown Colony of Fiji, French Polynesia and American Samoa. Fiji's indigenous race is Melanesian, but the Melanesians of Fiji share with the Polynesians of the two others a similar pre-European background of respect for aristocratic rank and obedience to chiefly authority.

In Fiji the author finds an administrative situation unique in Pacific Island groups, for here we have a plural society in which the indigenous Fijian people owns most of the land but has come to be outnumbered by the descendants of arrivals in the second half of the nineteenth century from the Indian sub-continent; these people had come to work in the canefields, preferred Fiji to their homeland, stayed and multiplied. To prevent Fijian society from disintegrating in the face of these circumstances it was deemed necessary to set up a separate administration for Fijians only; and it is this little *imperium in imperio* within the general framework of the colonial government of Fiji that is here the author's primary concern.

The groups composing what is now called French Polynesia present a simpler picture; the indigenous inhabitants are racially homogeneous and the French colonial system is assimilative, making no legal distinction between French citizens of Oceanic origin and those of France. Less satisfactory is the section on American Samoa, in which the author, after recognising that "American Samoa cannot be treated separately from Western Samoa," where five-sixths of the Samoan people live, then proceeds to do so. A short last chapter lucidly and usefully summarises his findings.

Paperback Selection

MARSHALL'S "PRINCIPLES" (8th edition), Keynes's "GENERAL THEORY," and Jean Robinson's "EXERCISES IN ECONOMIC ANALYSIS," are among the last additions to Macmillan's Papermacs. A particular welcome should also be given to the appearance as a paperback of Bagehot's "THE ENGLISH CONSTITUTION."

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

Arts and Archaeology:

STRAVINSKY IN CONVERSATION WITH ROBERT CROFT. By I. Stravinsky. 301 pages. 7s. 6d. (Pelican). *Penguin.*

THE BIBLICAL ARCHAEOLOGIST READER. Edited by G. E. Wright and D. N. Freedman. 358 pages. 10s. (Anchor.) *W. H. Allen.*

THE INSTRUMENTS OF MUSIC. By Robert Donington. 218 pages. 12s. 6d. (University). *Methuen.*

THE ESSENCE OF JEWISH ART. By Ernest Namenyi. 103 pages. 7s. 6d. *Yoseloff.*

Biography:

THE AUTOBIOGRAPHY OF JOHN STUART MILL. 240 pages. 7s. 6d. (Dolphin). *W. H. Allen.*

TRAVELLER'S PRELUDE. By Freya Stark. 332 pages. 6s. AUBREY'S BRIEF LIVES. Edited by O. Lawson Dick. 400 pages. 12s. 6d. (Peregrine). *Penguin.*

Economics:

MAN, MONEY AND GOODS. By J. S. Gambs. 351 pages. $1.95. 14s. *Columbia University Press.*

THE GENERAL THEORY OF EMPLOYMENT, INTEREST AND MONEY. By J. M. Keynes. 415 pages. 8s. 6d. (Papermac).
EXERCISES IN ECONOMIC ANALYSIS. By J. Robinson. 262 pages. 6s. (Papermac).
PRINCIPLES OF ECONOMICS. 8th edition. By A. Marshall. 763 pages. 18s. (Papermac). *Macmillan.*

DEVELOPMENT OF THE EMERGING COUNTRIES. By R. E. Asher *et al.* 250 pages. 20s. *Faber* for Brookings Institution.

History:

THE PEOPLE AND THE CONSTITUTION. 2nd edition. By C. S. Emden. 348 pages. 7s. 6d. *Oxford University Press.*

CROMWELL'S ARMY. By C. H. Firth. 448 pages. 14s. (University).
HISTORY OF ENGLAND. By E. L. Woodward. 205 pages. 7s. 6d. (University). *Methuen.*

CHAUCER'S WORLD. Compiled by E. Rickert. 471 pages. 21s. $2.95. *Columbia University Press.*

THE FRAMING OF THE CONSTITUTION OF THE UNITED STATES. By M. Farrand. 290 pages. 12s. 6d. *Yale University Press.*

SAINTS AND SCHOLARS. By D. Knowles. 219 pages. 9s. 6d. *Cambridge University Press.*

Literature and Literary Criticism:

OXFORD LECTURES ON POETRY. By A. C. Bradley. 403 pages. 11s. 6d. (Papermac). *Macmillan.*

DRAMA AND SOCIETY IN THE AGE OF JONSON. By L. C. Knights. 286 pages. 8s. 6d. (Peregrine).
OLD CALABRIA. By N. Douglas. 356 pages. 12s. 6d. (Peregrine). *Penguin.*

OVID SURVEYED. (An abridgement of Ovid Recalled). By L. P. Wilkinson. 248 pages. 13s. 6d. *Cambridge University Press.*

SHAKESPEARE'S TRAGIC HEROES. By L. B. Campbell. 308 pages. 14s. (University). *Methuen.*

MODERN FRENCH THEATRE FROM GIRAUDOUX TO BECKETT. By J. Guicharnaud in collaboration with J. Beckelman. 313 pages. 11s. 6d.
THE VISION OF TRAGEDY. By R. B. Sewall. 187 pages. 10s. 6d. *Yale University Press.*

SOPHOCLES: THREE TRAGEDIES, ANTIGONE, OEDIPUS THE KING, ELECTRA. Translated into English verse by H. D. F. Kitto. 167 pages. 6s.
ORPHEUS, OEDIPUS REX, THE INFERNAL MACHINE. By Jean Cocteau. 153 pages. 7s. 6d. *Oxford University Press.*

THROUGH THE LOOKING-GLASS *and* THE HUNTING OF THE SNARK. By Lewis Carroll. 192 pages. 7s. 6d. (Dolphin).
OLIVER TWIST. By Charles Dickens. 474 pages. 10s. (Dolphin).
SELECTED POEMS AND LETTERS OF EMILY DICKINSON. Edited by R. N. Linscott. 352 pages. 10s. (Anchor). *W. H. Allen.*

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SALAMMBO. By G. Flaubert. Translated by R. Goodyear and P. J. Wright. 251 pages. 3s. 6d.
THE ANATOMY OF LOVE. By R. Burton. 287 pages. 5s. (All Four Square Classics). *New English Library.*

Philosophy:

AN INTRODUCTION TO METAPHYSICS. By Martin Heidegger. 193 pages. 7s. 6d. (Anchor). *W. H. Allen.*

LUDWIG WITTGENSTEIN: A Memoir. By Norman Malcolm, with a biographical sketch by G. H. von Wright. 100 pages. 5s. *Oxford University Press.*

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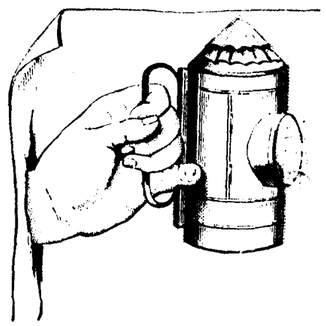
AN INTRODUCTION TO WORLD POLITICS. 4th edition. By W. Friedman. 398 pages. 16s. (Papermac). *Macmillan.*

INDIAN POLITICAL THOUGHT. By D. M. Brown. 254 pages. 12s. 6d. *California University Press.* London: *Cambridge University Press.*

THE ECONOMIST JULY 7, 1962



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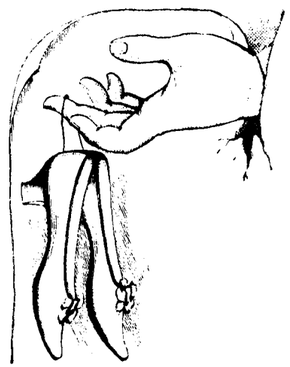

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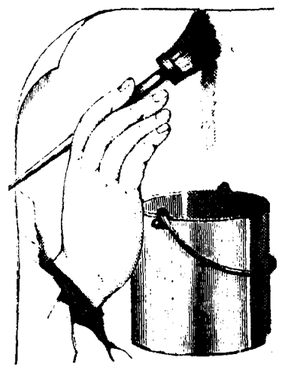

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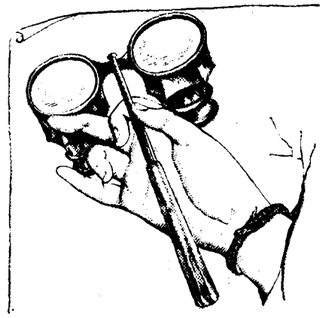

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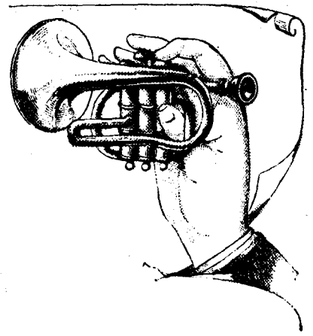

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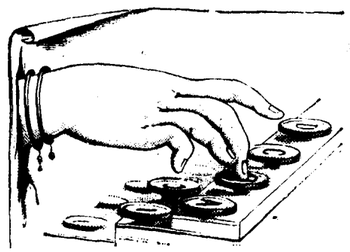

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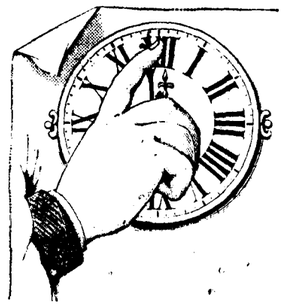

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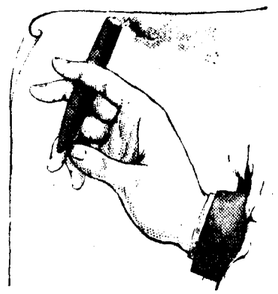

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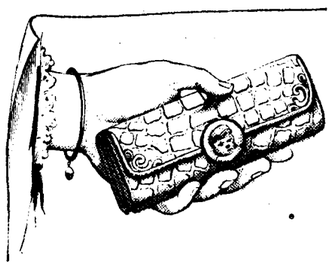

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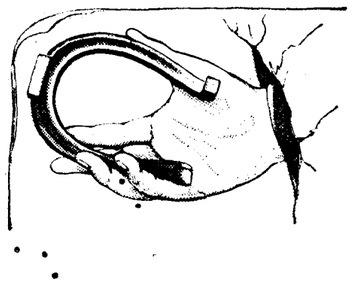

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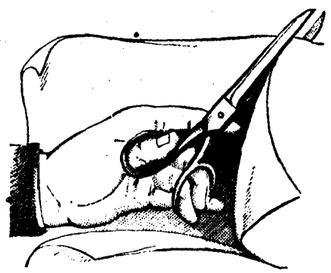

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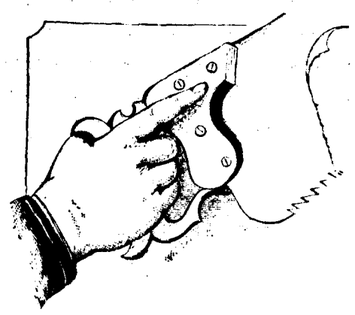

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THE BUSINESS WORLD

Oil's Terms of Trade

EUROPEAN negotiators in Brussels who are at present trying to persuade the British of the virtues of world commodity agreements on producers' terms might well take a quick look at the principles for one such agreement suggested this week by one group of raw material producers—the Organisation of Petroleum Exporting Countries. For ultimately, the European consumer will have to consider these terms.

Resolutions adopted at the end of the fourth conference of Opec, which took place at its headquarters in Geneva during April and June, were published simultaneously this week in the capitals of all its member countries—Iran, Iraq, Kuwait, Qatar and Saudi Arabia in the Middle East, Indonesia and Libya in other parts of the Eastern Hemisphere, and Venezuela in the Western Hemisphere. Between them, these countries account for close on 90 per cent of the crude oil exported across the world. What they say they have in mind is a significant increase in the posted price of crude oil in the Middle East, and a yet more significant increase in the revenue that Middle East governments draw from the oil companies that produce and move the oil from their territories.

Their demands, for the moment, are upon the oil companies. This is as true of the pressure for an increase in posted price as of the rest, since at present the posted price of Middle East is simply a benchmark for setting the level of government revenues, and not a price actually paid by independent buyers in any market. But these oil companies, described by Opec in one of these resolutions as being "of the nature of a public utility," would argue at present that on their international operations, right across the board, they are earning no more than a public utility return. There is little chance that they could accede to Opec's demands, if they were prepared to, without pushing up oil prices to the final consumer—if they could. So Opec's resolutions, eventually, are addressed to the European consumer nations—which, it is relevant to note, are at present considering an energy policy accepting basic future dependence upon imported oil.

Opec's demands are threefold. First, they are recommending member countries to enter into negotiations forthwith "to ensure that oil produced in member countries shall be paid for on the basis of posted prices not lower than those which applied prior to August, 1960." It was this price cut in August-September, 1960, effectively of some 4½ per cent, that brought Opec into being. The main Middle East producing countries, whose government revenues depend upon a proportion of profits shown at posted prices, refused to recognise the cut and formed Opec to protect their common economic interests; they were joined by Venezuela, where prices were not cut at that time. The Middle East governments concerned have since individually reiterated their refusal to accept the subsequent level of posted prices as a basis for the assessment of tax liability. But the recommendation from the Geneva conference is the first united move to restore the original price level (or datum for tax).

The second demand takes a little more explaining. It is that royalty payments on oil should be fixed at a uniform rate "which members consider equitable," and should not be treated as a credit against income tax liability. This touches upon the ground rules of the concessions under which international oil companies now produce and move oil in the Middle East. Payments to the host governments include a royalty—at present, generally of 12½ per cent of the posted price—and a tax element. The tax is set at 50 per cent of the posted price less allowable costs; so it takes half of notional "profits," but when the company is in fact getting less than the posted price for its crude the tax amounts to well over 50 per cent of actual profits. The royalty due can be credited against the income tax; in effect, therefore, the tax paid "makes up" payments to the government, in total, to 50 per cent of the notional profit.

Now if royalty ceased to be credited against tax, the government would get it in addition to the 50 per cent tax due. The royalty would presumably be "expensed," or treated as a cost before settling the taxable income for Middle East purposes; the tax liability would be lower but it would all be actually payable, with nothing to credit against it. So the total payment to the governments would still show a significant increase particularly if the rate of royalty were put up.

TAX complications do not quite end there. In the United States and in Britain, income taxes paid to the governments of oil countries can be credited, or set off fully, against a company's domestic tax liability. Royalties are not normally creditable in this fashion; most Western tax jurisdictions treat them as expenses, and credit only the amount of tax paid to "make up" the revenues to 50 per cent of profits reckoned at posted prices. An increase in the tax due in the Middle East, if royalties ceased to be deductible for tax assessments, would thus in principle create a corresponding additional tax credit in the Western home country. In that case, therefore, part of the additional tax paid by an international company in the Middle East might be offset by the ability to reduce further any tax payable at home. But in practice, whether such an effective offset can occur, and its size, will depend upon the tax situation of any given inter-

national company; moreover, certain of the major companies operate under Continental tax jurisdictions where income earned abroad is not taxed so that questions of tax credit do not arise. In the case of American companies this is complicated by the "depletion allowance," which they are allowed against American tax on all production anywhere. Ironically, perhaps, Opec has put forward this second demand upon the companies as a form of "depletion charge." It argues that since petroleum is a wasting asset, "in conformity with the principle recognised and the practice observed generally in the world," its developers should compensate the countries from which it is drawn "for the intrinsic value of such petroleum, altogether apart from their obligations falling under the heading of income tax."

The third specific demand of Opec is a minor one. It recommends that countries should get rid of the small discounts for "cost of sales" which are at present allowable as costs in most of the Middle East countries before computing taxable income. These discounts are usually about one per cent of the posted price. To end them would fractionally increase the government's revenues; but not as much as putting the posted prices back to pre-August, 1960, levels, and not nearly as much as changing the basis of dealing with royalties.

DR PEREZ ALFONZO, the petroleum minister of Venezuela, is said to have stated in Caracas this week that the result of the change in Middle East formulas would bring Middle East government participation into line with the share in Venezuela. Certainly this would be its effect on the government's "take." If one were to assume that a proper market price for Middle East oil—i.e. what a company could realise in sales to independent buyers—might be about 20 cents a barrel lower than the ruling posted prices, then the governments' take today, as 50 per cent of posted prices, would amount to more than 55 per cent of such a market price. The effect of these resolutions, if conceded in full, might be to make that 55-60 per cent into about 65-70 per cent of the "realisation" price in an independent deal. The Venezuelan tax and royalty formula already brings the government's take to some 65-70 per cent of the prices actually paid. There remain differences between the actual operating costs of Venezuelan and Middle East oil. But certainly the effect of these resolutions would be to bring the effective price of Middle East crude—which is bought mainly by European consumers—nearer to that of Venezuelan crude moved across the Atlantic.

In the preamble to its recommendation about pushing prices back up, Opec states the basic case of these "host" governments:

> ... Oil production in all member countries is the most prominent source of revenue for financing the implementation of projects of economic development and social progress, and ... a fall in crude oil prices reduces the level of oil revenues, thereby bringing about a setback in the realisation of the above objectives and seriously dislocating the economy of the member countries.

This is a real case; indeed, an inevitable complaint of every government of a "monoculture" economy dependent on only one resource for most of its income, with the development, marketing and pricing of that resource controlled by the foreign company that brought the capital to develop it. And Opec has another argument about the terms of trade between raw material producers and their industrialised consumers. This relationship underlies its idea of "a rational price structure" for oil, which Opec's organisation is to study; it specifically talks of "linking crude oil prices to an index of prices of goods which the member countries need to import."

The member countries recommended to enter into negotiations about prices—Iran and Saudi Arabia are apparently to carry the ball for all the Middle East members of Opec—will naturally approach the oil companies in the first place, though the resolutions talk of negotiating also with "any other authority or body deemed appropriate." The issues of revising the treatment of royalties, and of cost of sales discounts, lie right inside the details of the different concession agreements. In its resolutions, Opec has put more importance or urgency into the question of pushing prices up again; it talks of consultation about further measures if negotiation should not achieve this object, and wants a report on progress, in any case, by its next meeting in Riyadh, Saudi Arabia, in November. Yet its spokesmen have admitted that its members attach more importance to the royalties issue—which would mean more to it in terms of revenue.

In fact, the three claims cannot be separated. The argument over posted price is less about an actual price than about a device, linked with the concessions, for determining the level of government revenues. It is really as fundamental a part of the concession pattern as the other two issues, big and small, are. The Opec governments cannot really imagine that they will be able to negotiate on these issues without a fundamental re-negotiation of the whole make-up of the existing concessions. Some such break-through to a new relationship has been discussed often enough, in all conscience, among the governments, among the companies, and even between the two in recent years; what Opec is now trying to force is nothing less.

The question remains open whether the major international companies with which these countries would be negotiating would still have, at present, sufficient market power to force up the effective levels of product prices if they sought to pass on extra Middle East costs to the final consumer. Their weight in European markets remains massive; and their determination to retain market positions, in recent years, has had much to do with the bitterness of competition in oil product prices. That might leave the price initiative with them. Nevertheless, the strength of big independent companies now committed to markets such as Europe is growing, and there are also many consumers with no inhibitions at all about getting Russian oil cheaper whenever they can.

This Opec move, again, cannot but strengthen the arguments of the advocates of protection for European fuels, who are by no means silenced yet; and those of France, seeking privileged access to the common market for what it is still, perhaps hopefully, prepared to call secure Algerian oil. Some of Europe's more liberal energy planners, even, might not be averse from some increase in the price of fuel oil, over the next few years; but that will not attract them in the least bit to the idea of more expensive crude. Nor is the concern of the Brussels negotiators for the plight of poorer underdeveloped countries in a world where the terms of trade continue to move against such countries likely to make them too sympathetic when it comes to the richest underdeveloped countries in the world.

Splitting the Atom

THE Six and Mr Heath have reached the point on their agenda where Britain's entry into Euratom has come up for discussion. This is virtually the last opportunity for asking whether Britain is going into Europe with the right kind of atomic energy organisation. On the evidence of the Atomic Energy Authority's eighth annual report published on Thursday, it is not. This does not imply criticism of the AEA, which is carrying out a difficult commission honestly and well. It merely recognises that friction between the authority's scientific ego and its commercial ego is tearing the organisation apart.

THE Atomic Energy Authority was created in the days when membership of the nuclear club was a coveted honour and Britain had only just qualified to join. Its function was primarily to make nuclear weapons and the material for them; after that, it might think of nuclear power. To take these military tasks from a government department and entrust them to a special kind of public corporation was daring in the mid-1950s. Today, all is changed. The cart has somehow got in front of a horse which is showing evidence of a strong death wish. Like elderly ladies unravelling and re-knitting wool, the bomb designers of Aldermaston spend much of their time making-over old bombs into new, and the huge production plants erected to feed them with nuclear explosive have become a source of embarassment rather than pride.

This change is reflected in the authority's public image. Ask any layman what the AEA's chief function is and he is likely to think of research, and to add that it is a job that the authority does supremely well. And he would be two-thirds right. The AEA is spending and will continue to spend for at least another five years an annual £50 million on research, four-fifths of it on new systems for nuclear power. This covers a huge field, but still represents only two-thirds of the authority's civil work and probably less than half of its total activity.

The rest of the authority's time and energies are consumed in production; the production of weapons, the production of nuclear materials, the manufacture of fuel elements, the refining, smelting and sintering of ores, the purifying and disposal of radioactive wastes, the buying and stocking of raw materials, the selling of nuclear fuels. These are important functions. In Europe, they could prove vital, for no comparable production facilities exist except in the United States. One would never think so, reading the authority's report.

The whole direction of the authority is turning more and more to research. Its pre-occupation with nuclear power is increasing rather than diminishing, and the production departments are taking a back seat. This is understandable. The authority must still work, and work fast, to fill gaps in existing knowledge about the behaviour of the relatively simple nuclear power stations now being commissioned; there are more of these than is generally realised. Then, it must look to power stations for the future; it has become only too obvious that the authority and the Central Electricity Generating Board no longer see eye to eye on this. There is broad agreement on the desirability of linking up today's nuclear network of uranium-fired, Calder Hall type stations with a complementary chain of plutonium-fired stations (probably of the "fast breeder" type) that will use plutonium produced by the former as a by-product of electricity generation. Otherwise this by-product will go to waste. It is not suitable for bombs. But this is looking a long way ahead, to the second half of the seventies. As a stop-gap for the late 1960s, the AEA has offered the generating board what amounts to a hotted-up version of the present-day stations; the pilot plant is due to start up at Windscale any day.

The generating board has so far refused this offer. It has not even tried to conceal its mingled dislike and fear for the new "advanced gas-cooled" system which has had a run of alarming technical troubles. All these are now said by the authority to have been solved. Nevertheless, the AEA could still have a white elephant on its hands—a prospect that makes it understandably touchy and resentful of criticisms of this system and explains the extravagantly glowing language used to describe its properties and possibilities in the annual report. Nor does the authority miss any opportunity for sharp cracks about the Canadian heavy water system for atomic power that the generating board is currently favouring as an alternative to the unlucky AGR. There are many reasons why it would be an advantage to look at reactors that are based on heavy water as well as on graphite, and the authority knows this as well as the generating board. But the heavy water experiment that it proposes to start some time next year is a far cry from the simple power station that the generating board is demanding. It is, indeed, a complex system that may take almost as long to develop as the fast breeder itself, and to rely on it would leave the generating board as badly placed as ever for nuclear power in the late 1960s.

This clash of wills involves serious issues for the authority, the generating board and the country as a whole, and it is a mercy that when the experts are differing so violently, there is more than one voice with authority to speak for atomic energy. Against such a background, with big decisions on hand involving the choice and the timing of multi-million pound reactor experiments, it is not surprising that the authority treats its production work as a chore to be carried out with the minimum of fuss and bother. This is an understandable attitude but it is a wrong one.

THE cut-back in the civilian nuclear power programme and the military weapon programme has had two results. Having brought sufficient tonnage of uranium ore for a civil power programme twice the present size and a weapon programme many times the current size, the authority has sufficient stocks in hand and on order to last it for ten to twelve years (assuming that the 12,000-ton Canadian contract is ultimately signed). The second consequence of the cut-back is that the authority finds its production facilities underemployed.

These take various forms. There are the eight reactors at Chapel Cross and Calder Hall, producing some hundreds of

kilograms of plutonium a year for weapons, much of it now going into stock. There is the diffusion plant at Capenhurst producing enriched uranium, the only one of its kind in Western Europe, one of the only four known diffusion plants in the West. This is being partially closed and 500 of its staff dismissed. There are also fabricating plants, ore smelting and treatment plants, assembly lines for reactor fuel, chemical plants for spent fuel—all running below capacity and representing something like half of the authority's £560 million assets. The authority mentions quite spectacular improvements in process efficiency, 30 per cent here, 40 per cent there. But of what avail is this when the overheads of this fantastic complex are spread over a pitifully small output?

The blindingly obvious solution would be to sell the output of this idle capacity across the five continents. It represents a most valuable asset in terms of skill, investment and experience needed by every country with any pretensions to an atomic power policy, or even an atomic research programme, and which such countries must establish for themselves at untold pain and cost unless someone else will undertake the work on commission. But the authority cannot expect to get the business unless it has a commercial pricing policy.

What should the rudiments of such a policy be? First, a cold look at raw material stocks. These consist of thousands of pounds of uranium ore bought at treble the current market price—$12 a pound against $4 or less—and an increasing stockpile of plutonium to which the commercial nuclear power stations will begin to add at the rate of four tons a year by the late 1960s. The AEA cannot hope to re-coup its outlay on uranium; the sensible course would be to write down these stocks to their current market value. Then foreign buyers might be more tempted than they are today to buy their fuel from the authority. Once they are sufficiently put off by the AEA's current prices to set up their own manufacturing facilities, the market is lost for good. This the authority should avoid at all costs. But has anyone inside the AEA bothered to do the necessary sums? Salesmen are ordered to squeeze the customer until it hurts, and on those rare occasions when they win a sizeable foreign order by cutting prices to a realistic £14,500 a ton for manufactured natural uranium against the £17,500 to £20,000 currently quoted, they are rapped for squandering the tax-payer's money—as if he can hope to get it all back.

The same myopia influences the authority's attitude to its surplus plutonium. Were the AEA to take the long-term view, it would fix a selling price for plutonium at a level low enough to encourage the research needed to produce a tonnage demand for this "ornery" nuclear material some years hence when the AEA will have tonnage quantities to sell. The authority seems to be doing the opposite. It is reported to be asking monopoly prices of $80 a gram, ten times higher than observers consider "reasonable" and so alienating potential customers like the French who are not prepared to be exploited.

All this stems from the best of all possible motives, a desire to protect the interests of the tax-payer. It could have the opposite result. A once-and-for-all book loss on stocks looks bad at the time but is less serious than the chronic underemployment, year in, year out, of valuable plants and skilled men. The authority wants foreign custom, but hesitates to take the draconian steps necessary to get it; neither the Treasury nor the Comptroller and Auditor General have shown much sympathy. The running of commercial plants and the running of research installations are as oil and water, and the same men cannot be expected to be at home in both mediums. One way out of the difficulty would be the formation of a separate atomic trading company with separate, commercial trading accounts. Why not?

Overseas Taxes and Investors

BY A SPECIAL CORRESPONDENT

Six countries of the European Community, together with the United Kingdom and the United States, cover the bulk of the world's private investment. In any one of these countries an investor can use dividend yields published there as a reasonable yardstick of comparison between individual securities. But when it comes to international comparisons many different factors get in the way, the most important being the effect of taxation in the country where the dividend is paid before the investor comes to pay graduated personal tax on it in his country of residence. The problem is to find some way of expressing dividend yields on foreign securities which is affected by no other factor than the investor's liability for tax in his own country of residence.

This may sound easy; but to carry the calculation through the investor needs to understand how proportional withholding taxes in the country of origin combine with personal taxes in the country of residence and the effect of any double tax relief. In particular, the investor must be aware how far the terms of any double tax treaty have reduced the standard rate of withholding tax and how far the tax withheld will be accepted as a payment on account of personal tax in his own country.

Both the United Kingdom and the United States are tax credit countries, as taxes deducted at source from foreign dividends are regarded as a payment on account of domestic personal taxes. Where the British investor's average rate of tax is lower than the withholding tax, he can calculate the appropriate yield by grossing up the net dividend received by applying his own average rate of tax. Double tax agreements concluded by Britain with Holland and the United States reduce the withholding tax on Dutch dividends to nil (instead of the normal 15 per cent) and on American dividends to 15 per cent (instead of the normal 30 per cent), provided that the British resident who receives them is subject to British tax. The full rate of 25 per cent is deducted from German dividends but, under the Anglo-German tax treaty, the British resident can reclaim 10 per cent.

When the British investor's average rate of tax is higher than the foreign withholding rate, he will not usually have to adjust the published gross yields on foreign securities, as double tax relief, granted unilaterally under the Income Tax Act or allowed reciprocally by treaty, effectively offsets the tax withheld at source against the British tax liability. But there are important exceptions to this rule. First, dividend yields on French and Belgian shares are usually shown in the financial press net of withholding taxes. The full rate in Belgium, excluding a special surcharge, is 30 per cent and in France it is 24 per cent. These rates, however, may not apply in full to the dividends paid and it is often impracticable for the companies to state precisely what rate is payable at the time they declare their dividends. In these cases, all that the British investor can do is to note how much was withheld in tax on past dividends and use this for grossing-up purposes.

Secondly, double tax treaties with the United States and Germany enable British residents to credit underlying corporate taxes as well as withholding taxes on dividends against their liability for British income tax and surtax. For them the appropriate dividend yield is the lower of either the net dividend grossed up by the investor's average rate of British tax or the gross dividend grossed up by the rate of tax suffered on the profits of the paying company. As the corporate rate of tax in the United States is 52 per cent, this particular method of crediting tax can greatly enhance the merits of American securities for British residents with a high average rate of tax. The combined rate of company tax and withholding tax attributable to past American dividends is readily available in the half-yearly supplements of the *Stock Exchange Weekly Official Intelligence*. Equivalent information on German dividends is not so easy to obtain; this is particularly unfortunate as the tax payable by German companies can vary between nil and 51 per cent according to the proportion of the profit that is distributed.

As the United States also uses the tax credit method to resolve the problems of double taxation, the procedure followed by American residents in calculating comparative yields on foreign securities is the same as that used in this country. The appropriate yield is determined by grossing up the net dividend by the lower of either the investor's own average rate of American tax or the rate of tax withheld at source. In the case of British dividends, however, the rate to be taken into account is not the standard rate of income tax (equal to 38¾ per cent of the gross dividend) but the "net UK rate" paid by the company. Only in the case of Holland has a double tax treaty reduced the withholding tax; the rate on Dutch dividends received by American residents is nil, instead of the normal 15 per cent.

Taxes withheld at source represent the same inescapable tax burden to investors with a low income on the Continent as they do in Britain and United States. But as the granting of tax credits on the British and American pattern is exceptional in Europe, withholding taxes often reduce the true yields for investors at all levels of income. In France, for example, full relief by tax credit is only available on dividends from Germany and Luxemburg; for Belgian dividends the credit is restricted to 12 per cent, for British dividends to 24 per cent and for American dividends to 25 per cent. To a French resident, therefore, the appropriate yield on Belgian, British and American securities can be

TAX ON DIVIDENDS FOR INDIVIDUAL SHAREHOLDERS

(Per cent of gross dividend)

Paid to Residents in:		DIVIDENDS FROM: France	Luxemburg	Belgium*	Holland	Italy* (f)	Germany*	Britain (d)	United States
France	Minimum	6	15	30	6	6	15	38¾	30
	Maximum	73	73 (a)	79 (a)	73	73	73 (a)	78¾ (a)	75 (a)
	Withholding tax	..	15	30	..	...	15	38¾	30
Luxemburg	Minimum	24	...	30	15	...	15	38¾	30
	Maximum	63½ (a)	59	66	65	59	59 (a)	74¾	66
	Withholding tax	24	..	30	15	...	15	38¾	30
Belgium	Minimum	24 (a)	25	30	25	12	34	38¾ (a)	38½
	Maximum	41½ (a)	42	46	42	32	49	52¾ (a)	52½
	Withholding tax	24	15	...	15	..	25	38¾	30
Holland	Minimum	...	15	30	...	...	15	38¾	15
	Maximum	70½	75	79½	70½	70½	75	81¾	75
	Withholding tax	...	15	30	..	...	15	38¾	15
Italy	Minimum	24	15	30	15	...	25	38¾	15
	Maximum	73½	70¼	75½	70¼	65	73¾	78½	67½ (a)
	Withholding tax	24	15	30	15	..	25	38¾	15
Germany	Minimum	15	15	30	15	...	..	38¾ (b)	30
	Maximum	53 (a)	53 (a)	53 (a)	53 (a)	53	53	38¾ (b)	30 (b)
	Withholding tax	15	15	30	15	...	...	38¾	30
Britain	Minimum	24	15	30	...	...	15	... (e)	15
	Maximum	88¾ (a)	88¾ (a)	88¾ (a)	88¾	88¾	88¾ (c)	88¾ (c)	88¾ (c)
	Withholding tax	24	15	30	..	..	15	..	15
United States	Minimum	24	15	30	...	...	25	38¾	...
	Maximum	91 (a)	91 (a)	91 (a)	91	91	91 (a)	91 (a)	91
	Withholding tax	24	15	30	..	..	25	38¾	...

All figures are percentages of original gross dividends. The "maximum" and "minimum" entries seek to establish the upper and lower limits of tax on the dividends in the recipient's hands. The "withholding tax" entry shows how much of the total tax borne by a non-resident shareholder has been paid in the country of origin. * Certain surcharges imposed for special or temporary purposes have been ignored. (a) After allowing for certain relief for witholding tax by tax credit. (b) Dividends are exempt from German taxes. (c) After allowing for relief for direct taxes but relief will also be granted for any tax on underlying profit; maximum tax could be reduced to 77 per cent. (d) The tax of 38¾ per cent is subject to claim for proportional allowances (e.g., marriage allowance) in the case of residents of France, Belgium, Holland and Germany. (e) Minimum tax is the difference between 38¾ per cent and the net UK rate. (f) No withholding tax, but in theory the progressive surtax should be assessed later—not exceeding 15 per cent for US residents.

determined by grossing up the net dividend by the lower of either the investor's own average rate of French tax or the maximum permitted rate of credit. A French shareholder in a British company is entitled to claim proportional reliefs and allowances in Britain and so reduce the rate of tax withheld in this country. He, in fact, is granted the same facility as is available under Section 227 of the 1952 Income Tax Act to all non-resident British subjects. Whether French shareholders make full use of this concession is doubtful. Tax treaties concluded by France with Holland and Germany reduce the rates applicable to Dutch and German dividends received by French residents to nil and 15 per cent respectively, instead of the normal 15 per cent and 25 per cent.

Germany allows tax withheld at source on dividends from France, Luxemburg and Belgium to be credited against the German investor's domestic tax liability. The appropriate yield on these securities can therefore be calculated by grossing up the net dividend by the lower of either the tax withheld at source or the investor's own average rate of tax. On French dividends, moreover, a tax treaty reduces the withholding rate from the normal rate of 24 per cent to 15 per cent. Double tax treaties concluded with Britain and the United States exempt a German resident from German tax on British and American dividends, though such dividends are included in the German individual's total income in determining his capacity to pay tax on his other chargeable income. The appropriate yield on British and American securities can be calculated by the German resident by grossing up the net dividend by his own average rate of tax; this can produce a higher return than the gross yield published in Britain or the United States.

Within the Benelux countries, Luxemburg has signed few double tax agreements, with the result that the net amount of dividends received from Belgium, Holland, Britain and United States is fully taxable in Luxemburg and the yields on these shares must therefore be calculated on the dividends net of the tax withheld in the country of origin. Relief by tax credit of up to 15 per cent is available to residents in Luxemburg on French and German dividends and in these instances the appropriate yield is determined by grossing up the net dividend by the lower of either the investor's average rate of tax or 15 per cent. Similarly, Dutch shareholders do not enjoy double taxation relief on foreign dividends, the net amount of the dividends being fully chargeable to Dutch tax. This severity is however tempered by treaties signed with France, Germany, the United States and Britain. The tax withheld on French dividends paid to Dutch residents is nil, instead of the normal 24 per cent, and on American dividends 15 per cent, instead of the normal 30 per cent; 10 per cent of the German withholding tax of 25 per cent can be reclaimed; and Dutch investors can claim proportional allowances and reliefs on the tax charged at source on British dividends.

In Belgium the tax system is likely to be changed in the near future, but at the moment it offers unusual advantages to Belgian investors in some foreign securities. Excluding the special surcharge, the Belgian tax on domestic dividends is 30 per cent; but the rate usually imposed on foreign dividends is 12 per cent, though the net dividends received are included in the total income of a Belgian resident in assessing surtax. Moreover, French and British dividends received by the Belgian resident are not subject to any internal tax and he can, like his counterpart in France, Germany and Holland, claim proportional reliefs and allowances so as to reduce the tax withheld in Britain. Hence, where the foreign withholding tax and the Belgian internal tax together amount to less than 30 per cent, foreign securities may be more attractive to Belgian residents than domestic securities; this is usually true in the case of dividends from France, Luxemburg, Holland and Italy but not of dividends from Germany, Britain and the United States where the total tax payable amounts to more than 30 per cent. In practice, therefore, Belgian investors compare all dividend yields at their net amounts after charging both foreign and internal taxes (other than surtax).

Up to now, no tax has been withheld on Italian dividends, though in theory recipients can be subject to a progressive Italian surtax. No form of double tax relief is available to the Italian investor if he receives his income on foreign securities in Italy and he has to calculate yields on dividends from Britain and the six countries of the European community net of taxes deducted at source at their full rate. On dividends from the United States a reduction in the withholding rate from 30 to 15 per cent has been negotiated and, in addition, the Italian investor can credit up to 8 per cent against his personal liability to Italian tax. But if the dividends on foreign securities are received and disposed of outside Italy, the Italian investor escapes any liability for Italian tax, which is imposed on foreign income only to the extent that the income is enjoyed in Italy. For an Italian investor who reinvests or spends his foreign dividends abroad, the appropriate yield can therefore be fairly calculated by grossing up the net dividend by the marginal rate of Italian surtax that has been avoided.

The complications imposed by tax on such a seemingly simple matter as a comparative study of yields are immense, and obviously the choice between securities in one country rather than another will be considerably influenced by the comparison the investor makes between his own liability for tax in his country of residence and the tax withheld at source. Generalised conclusions that for tax purposes securities are more attractive in country X than in country Y can therefore be dangerous. But the material summarised in the accompanying table should help the individual investor to decide what course he should pursue in view of his own tax liabilities.

AVERAGE RATE OF UK TAX

WHEN the average UK tax rate of a resident of the United Kingdom is lower than the foreign tax rate available for relief (including indirect tax where appropriate) the limit of tax credit relief on foreign dividends is determined in a somewhat arbitrary manner. The amount of income tax (and surtax) is tentatively calculated on the individual's total income including foreign dividends at their amount before any foreign tax is withheld from or charged directly upon such dividends. The computation of tax follows normal lines, except that no relief for life assurance is taken into account. The rate resulting from dividing the tax so calculated by the total income is the effective UK rate for the purpose of relief and this rate is used to gross up the net amount of foreign dividends (that is after deducting foreign tax withheld from or charged directly upon such dividends). This process decides finally the assessable amount of foreign dividends and at the same time the actual amount of the foreign tax credit (which is the amount added to the net dividends in the grossing-up process).

BUSINESS NOTES

COAL COSTS

No Strike on the Ruhr

A correspondent in Dusseldorf writes:

THERE will be no strike on the Ruhr. As was expected, the negotiations which took place between Heinrich Gutermuth's miners union, the *IG Bergbau*, and the employers' federation, the *Unternehmensverband Ruhrbergbau*, with the active participation of the Federal Minister of Labour, Herr Theo Blank, resulted in an agreement that granted most of the union's demands. No one cared for a coal strike just in the week before the elections for the Diet of West Germany's biggest province, North Rhine Westphalia. So all coal employees and workers are to get a pay increase of about 8 per cent, including 2 DM extra for every night shift. And though there was a small majority against this agreement in the miners' direct vote last week, the agreement is regarded as accepted: in German law a vote of 25 per cent for any wage agreement concluded by the union is regarded as sufficient.

Outwardly, therefore, everything seems well again on the Ruhr: the blue skies over the Ruhr cities, of which Herr Willy Brandt made an election slogan last year, seem to have been re-established, at least metaphorically. However, none of the problems of the Ruhr mining industry has really been solved. The employers had insisted in the course of the debates that they were unable to bear the burden of any wage increase out of their own pockets, and the Federal government accepted this point by agreeing to take about 5 per cent out of the 8 per cent increase, i.e., about DM200 million a year, on the budget. Only the distribution of this new burden between the Federal budget and the land budget of North Rhine Westphalia seems to be unsettled.

From the economic point of view, however, the rest of the wage increase, which will not be borne by the budget, is more important. The employers want to shift it straight on to the consumer, and have announced a price increase for Ruhr coal of 2-2½ per cent. This pretension is economic nonsense. Already the official "list price" for coal is more or less theoretical. In practice, much of the coal is sold at discounts: on the average, Ruhr coal brings only 87 per cent of the official prices. The competition of cheaper oil, skilfully directed by the big mineral oil firms from Hamburg, is making steady progress, in spite of half-hearted attempts by the government to protect coal as a "national source of energy" and in spite of the special tax imposed on oil.

Is this state intervention for coal and against oil now to be strengthened? Is oil, the second big source of energy, also to become more expensive, contrary to the government's policy of checking inflation? How long will the tax payer go on subsidising a coal industry which has increasing difficulty in competing? And how long can the economy reasonably uphold the traditional, but more and more economically unrealistic, claim of the German miner to be at the top—or at least near the top—of the wage scale?

THE ECONOMY

Growth and the Treasury

SOME soggy verbiage—and thinking—characterises the Treasury's latest Bulletin for Industry, in which it makes a somewhat crabwise approach to the question of growth in the British economy. Other countries have grown faster, it notes; there are some excuses for this; still,

> ". . . even if special circumstances favoured other countries in the past there is general agreement that the present position, including the high rate of industrial investment in recent years, could now permit the achievement of a faster rate if the appropriate policies could be devised and carried through."

That being so, an august nod towards NED: but "such a complex undertaking as the acceleration of growth cannot be accomplished solely either by changes in government economic measures or by changes in industrial attitudes."

Considering its own policies—export promotion, the approach to an incomes policy, the maintenance of "an appropriate level of demand", and the control and financing of public expenditure—the Treasury is conscious that the fulfilment of the conditions it sets "may in practice sometimes seem negative, but only if they are viewed narrowly and in isolation from the processes of growth which they are in fact designed to foster."

Is there a hint in this bulletin that NED should confine itself to the supply side, and keep off the Treasury's pitch of adjusting demand? The demarcation between medium-run planning and the short-run balancing of the economy has always seemed liable to come into question between these two economic authorities, and certainly the Treasury cannot surrender any of its short term responsibilities. But its own approach to faster growth in the economy—which after all its master created NED to foster—seems rather unforthcoming. And in its repetition of the view that slack in the economy means growth in exports it has a somewhat cavalier way with the evidence. In 1959 there was some slack, and exports rose fast: so that proves the two go together. In 1952 and 1958 there was slack and exports didn't rise? No matter. Those years don't count because of "depressed world trading conditions." Adduce no evidence of said depressed conditions: the simplest way to deal with awkward facts is to rule them out of order.

GOLD AND EXCHANGES

Swap or Not?

THE sterling area's gold and convertible currency reserves fell by £33 million in June to £1,226 million. Once again, however, there were special factors to allow for—an outflow of £36 million resulting from Britain's share in the international assistance for Canada, and various loan repayments totalling £3 million—which transform the physical outflow to a true increase of £6 million. This is a fairly satisfactory movement; the seasonal pattern of trade now weighs against sterling, the reduction in short-term interest rates has made London less attractive to foreign funds, and the break in equity prices may have checked the inflow of foreign portfolio capital. Allowing for special factors, mainly IMF repayments by the United Kingdom and Australia, the true rise in the reserves since the turn of the year has been £249 million compared with a physical inflow of £41 million.

The growing informal co-operation between central bankers is making it increasingly difficult to interpret movements in reserves. Britain's June figure, in the aftermath of the Canadian operation, is no exception. Britain's share in that operation amounted to $200 million—$100 million in the IMF drawing and a further $100 million as a credit. The mystery involves the second $100 million. Was it a one-way credit or a currency swap? At the time Mr Diefenbaker described it as "comparable" with the Federal Reserve's "reciprocal currency arrangement." The IMF called it a "credit." It is of more than academic interest to know which it was. The currency swap is an important way of increasing the base of international liquidity. The Americans have so far arranged five of these swaps amounting in all to $450 million, one of which was for $50 million with the Bank of England. A swap that did not directly

involve the United States would be a significant step forward.

It looks, however, as though the British operation is no more than a straight credit. The Bank of Canada's latest statement indicates that the credit has been used. Had it been a swap, London's reserves would have gained, not lost, £36 million. Had it been a swap and, if at the same time, the IMF sterling had been converted, the reserves would have been unchanged. A one-way credit and a conversion of the IMF money would have meant a fall of £72 million in the reserves. The fall of £36 million can only mean that it was a straight credit and that the IMF money has not yet been converted.

Controlling Gold

THE exchange markets have been quiet this week but the London gold market has once again burst into activity. The price per ounce rose to \$35.11¾ at the fixing on Wednesday and finally closed at \$35.12. Turnover has been growing steadily this week, with the demand channelled through Switzerland where the anonymity of bank accounts is a great advantage in gold dealings. Official sources have been containing the price by meeting all demands at the fixing, and with the American gold stock unchanged, it seems certain that the European pool is being drawn upon. This gold pool is believed to amount to \$250 million. This is not a particularly large sum and could disappear very quickly if private demand really got under way. It is not known how much of the pool has already been used, but if considerable inroads have been made on it the Federal Reserve Bank may soon be called upon once more to supply the London market across the gold bridge.

Sterling eased slightly this week and closed on Thursday at 2.80¾ to the US dollar. The dollar itself is still at its support point in Amsterdam, Paris, and Zurich, and very near the floor in Brussels and Frankfurt. European central banks are taking in large amounts of dollars, but are not converting them into gold. The Canadian dollar fell below its parity on Monday but recovered to close at 92.62 cents to the US dollar on Thursday.

The slide in the Argentine peso has been temporarily arrested. The rate had fallen to 379 to the pound at the end of last week, compared to 232 in April when the central bank withdrew its support, and on Monday the central bank closed the exchanges. They re-opened on Tuesday, with the promulgation of further controls; importers must now make 100 per cent prior deposits, exchange earnings must be changed within five days of shipment, and anything received over 110 pesos to the US dollar must be paid to the treasury. On the strength of these measures the sterling rate recovered to 143 pesos.

IN THE MARKETS

Wall Street's Rally

A correspondent cables:

BROKERS on Wall Street departed for the Independence Day holiday on Wednesday in relatively good spirits, for equity prices had advanced in five successive trading sessions. This is the best showing that the market has made since the decline began in March and on Tuesday the Dow Jones industrial average had risen to nearly 580, just over 50 points, or nearly 10 per cent, above last month's low. Although there is considerable doubt whether the climb will continue, the market's performance in the last few days is regarded as welcome as well as surprising. Many brokers attribute the turn round in prices to renewed hopes that the administration will recommend tax reductions this year. Political pressures urging a tax cut are growing and as investors believe that it would stimulate the economy they have been buyers of such issues as steel and automobile equities for the first time since the decline began.

Quite apart from purchases based on such considerations, the mutual funds were heavy buyers in the last days of June, partly because they wanted to make a better showing in their half-yearly accounts. There is no sign as yet that the mutual funds have suffered from net redemptions and reports to date indicate that they are still gaining customers even though their shares have fallen sharply. Some private investors who had earlier sold such popular issues as IBM and Polaroid short began to cover when prices started to rise and this has speeded the advance. On the grounds that there may be some more bear covering to come and that the pension funds usually have fresh money to invest at the beginning of a new quarter prices could go a little higher. But a reversal in the market cannot be ruled out if hopes for tax reductions are dashed or if economic activity shows any further signs of faltering.

Investors are still nervous. Some who failed to sell earlier may now unload while those who bought in the first stage of the decline, when the Dow Jones average dropped from 700 to 600, may wish to lighten their portfolios—and their losses. The market believes that the test will come if the Dow Jones average hits the 600 mark; any advance beyond this point, it is argued, will require an actual cut in taxes and a continued flow of good earnings reports. On both counts, doubts remain. Many companies, particularly in the steel and machinery industries, may be unable to maintain their dividends unless business expands. Hence some investment analysts insist that buying will be limited to issues such as utilities, where earnings are assured, and to consumer good stocks.

London's Echo

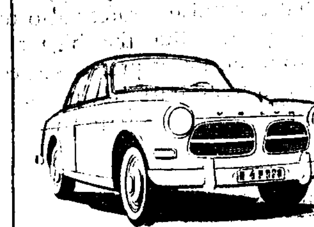
THE doubts about the underlying strength of Wall Street's rally were echoed in the London market this week. Before the weekend equity prices in London, following Wall Street, had moved up sharply and largely account for the rise of 8.5 points to 318.8 in *The Economist* indicator in the week to Wednesday's close. Then caution again got the upper hand and after the weekend business fell to a very low level indeed. Fewer than 10,000 bargains were marked on Wednesday, for example, and the real weakness or strength of the market has not been properly tested. At first the continuation of the climb on Wall Street failed to inspire the London market, where on Monday and Tuesday prices drifted lower. Then, catching up as it were on Wall Street, the market recovered just a little of its confidence on Wednesday when the cyclical steel issues made the biggest advance.

Wall Street's earlier fall has shaken confidence throughout the stock markets of the world and London's hesitancy and its unwillingness to build any great hopes on the base of a few days' rally is understandable. Hence, though the yield gap between equities and gilt-edged stocks is now small, investors have continued to be attracted to fixed interest securities. The gold and dollar figures contributed to the continued firmness of the gilt-edged market but most of the buying is still concentrated upon the short-mediums on hopes of a still lower Bank rate or a further release of special deposits. These hopes have been reflected in the buying of high coupon corporation stocks with the currently popular life of about ten years before redemption. The £10 million issue of a 6¼ per cent stock, 1972, at £96½ by the Port of London Authority falls into this category and though at first it was thought that the issue might only just go, the continued strength of the fixed interest market led to oversubscription, perhaps by four or five times, and a premium of ¼ when dealings began on Thursday.

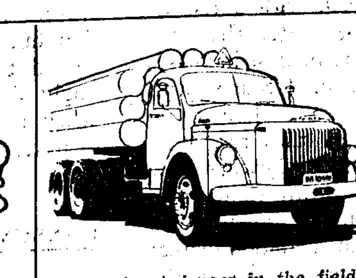
TELEVISION STANDARDS

Softly, Softly!

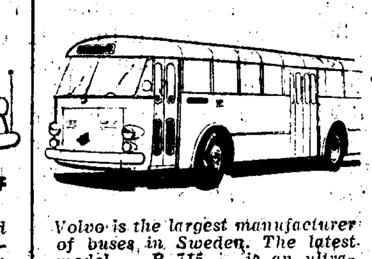
TREADING throughout with considerably more caution than the Pilkington Committee, the Government has approached the question of television standards in the spirit of a man stalking a difficult and timorous quarry. The White Paper published on Wednesday accepts in principle the need for changing from 405 to 625 lines, with the inevitable corollary that any new programmes must be transmitted in the ultra high, rather than the very high frequency region of the radio spectrum. But the Government is in no crashing hurry to put this principle into practice before more is known about ultra high frequency television. The BBC's own chief engineer has not been specially glowing over the prospects, speaking of "far more likelihood of patchy reception . . . more care has to be taken in locating the receiving aerial if 'ghosts' are to be avoided . . . more money must be spent on



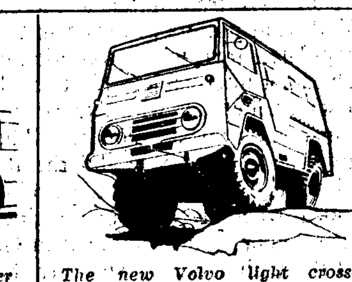
During 1961 Volvo advanced from 10th to 4th place among imported car makes in the United States.



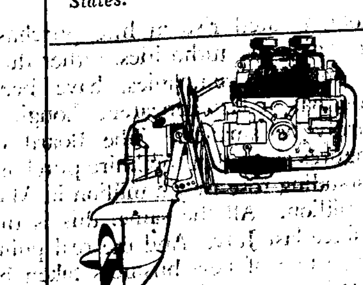
Volvo is a pioneer in the field of Turbo-compressor Diesel engines for trucks. A new Turbo truck model was added to the Volvo range during 1961.



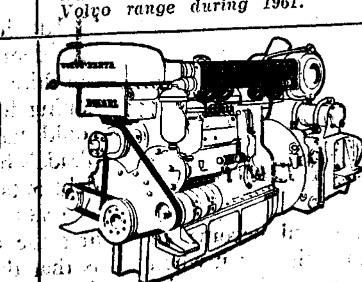
Volvo is the largest manufacturer of buses in Sweden. The latest model — B 715 — is an ultra-modern chassis with a supercharged Diesel engine.



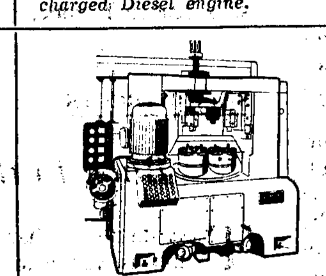
The new Volvo light cross-country vehicle has been designed for both military and civilian purposes.



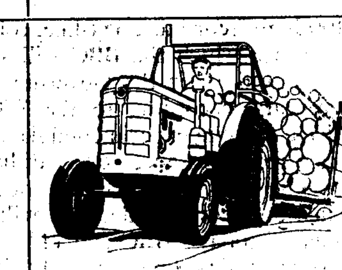
The Aquamatic is a Volvo Penta product and the first inboard-outboard engine to be marketed successfully.



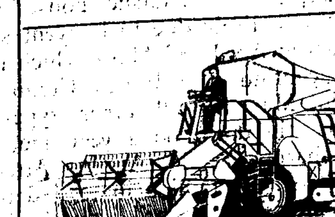
Volvo Penta tops sales of marine and stationary engines in Sweden and is the leading supplier of marine petrol engines to the United States.



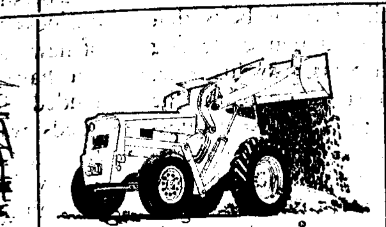
Köpings Mek. Verkstads AB manufactures machine tools. Besides high-speed lathes and milling-machines, special machines are also made.



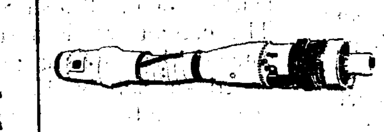
Bolinder-Munktell in Eskilstuna, another Volvo company, is a large manufacturer of agricultural and industrial tractors and medium-heavy earth moving machinery.



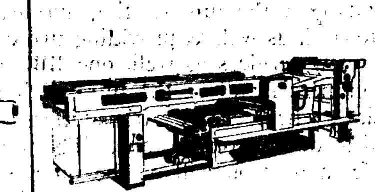
Bolinder-Munktell produces four basic types of combine harvester, of which about 50% are exported.



Bolinder-Munktell also manufactures loaders. The LM 218 belongs to the medium-heavy class with a large loading and pulling capacity.



Svenska Flygmotor AB (The Swedish Aero-Engine Company) in Trollhättan builds all the jet engines for the Swedish Air Force which is the third largest in Western Europe.



Grafiska Maskin AB manufactures printing presses of which 80% are exported.

THE VOLVO GROUP

The Volvo Group of Companies — the second largest industrial concern in Scandinavia — reached new record figures in 1961. The annual turnover increased by £8,155,000 to £115,700,000. Export figures reached £44,100,000 compared with £38,000,000 in 1960. 42% of the total production of the Group in Sweden was exported. ■ In Gothenburg the first stage in the construction of the new car factory was completed. When this plant is ready it will have a floor area of 1,722,000 sq. ft. (160,000 sq. metres). In December an electronic data processing installation (7070 and 1401) was taken into use by Volvo, the parent company of the Group. New models of the Volvo 121/122 and 544 were introduced, new features including the B 18 engine in two versions with a five-bearing crankshaft and outputs of 75 and 90 b.h.p. New truck models, the L 475 and the L 465 were introduced. Production was started on a new four-wheel drive light cross-country vehicle. ■ At the Volvo Skövdeverken plant a new engine factory was taken into use. ■ At Bolinder-Munktell in Eskilstuna, a new tractor factory was opened in April. Bolinder-Munktell introduced a new Diesel tractor with an independent Terra-Trol hydraulic system and a new multi-purpose loader. ■ Svenska Flygmotor AB in Trollhättan, which builds all the jet engines for the Swedish Air Force opened a new laboratory towards the end of the year for machining technique research. The Grafiska Maskin Aktiebolaget, which has hitherto specialized in the production of letterpress printing machines, expanded its programme to include offset rotary presses and a new cutting and creasing machine. During the year GMA also took two workshops into use. ■ The intensive expansion during 1961 further reinforced the position of the Volvo Group of Companies.

VOLVO

AB VOLVO · AB VOLVO, SKÖVDEVERKEN · AB VOLVO PENTA · KÖPINGS MEKANISKA VERKSTADS AB · AB BOLINDER-MUNKTELL · SVENSKA FLYGMOTOR AB · GRAFISKA MASKIN AB

the receiving aerial itself . . . three times as many main UHF transmitters as there are present VHF transmitters . . . even so there may be populated areas where reception will be difficult if not impossible. . . " The BBC is due to start field trials with experimental UHF transmitters next month. These should give the Government and the BBC some indication of the size of the problem and an idea whether, as some engineers maintain, the poor results obtained in Germany and the United States with ultra high frequency television were simply due to rushing onto the air with inadequate research.

The ultra high frequency, 625-line, colour television service which the BBC will start in London in 1964 with the Government's blessing appears, according to the White Paper, to have a strong experimental flavour, a technical reconnaissance over difficult territory. The way it goes should decide largely when and how the decision will be taken to change today's BBC and ITV programmes over to 625 lines as well. The Pilkington Committee recommend an elaborate system of duplicating services on both systems, until all the old 405 line sets had worn out. This would be a staggering undertaking if the broadcasting authorities need to do it as well as providing two completely new services as well, one BBC and one commercial, all in the ultra high frequencies where three transmitters are needed to do the work of one. The touchstone from now on will be the number of people who want a third choice badly enough to buy, first, the more expensive receiver and aerial required for UHF reception and, secondly, a set with UHF reception and colour, costing perhaps three times more than its black-and-white equivalent. Nobody will be watching this more carefully than the ITA's advertisers.

MOTORS

New Models Help

BETTER days for the smaller car manufacturers who have had new models to bolster the effect of brighter markets are shown by reports from Vauxhall and Standard-Triumph International. Vauxhall made 81,000 cars in the first half of this year, compared with 40,779 in the same period of 1961—a result of the change to the new Victor, of which 100,000 have now been built. Exports rose 64 per cent, in much the same proportion as those of the industry as a whole, from 25,000 to 41,000, of which 32,000 were Victors; Europe has proved a particularly good market, with sales 3½ times those of twelve months ago. Production of commercial vehicles, however, fell from 54,000 in 1961 to 40,000 this year; van sales fell only on the home market, but exports of trucks fell as well. Vauxhall's total output of 121,437 represents rather less than 80 per cent of capacity—it has been deliberately limited by the size of the labour force.

Standard-Triumph has shared in the recovery in exports; indeed, with a rise of 80 per cent it has done better than the industry as a whole. The biggest increases are reported from the United States, with shipments four times those in January to June, 1961—though retail sales rose only 40 per cent, the difference showing how stocks were being run down—and from the free trade area, with shipments also quadrupled. Exports to the common market rose 50 per cent. The introduction of the TR4 accounts for most of the improvement in the United States, while the Herald 1200 sells best in Europe.

SAFETY BELTS

Back to the Pram

TRAVELLING in harness will become an adult as well as an infantile norm when the Ministry of Transport carries out its stated intention of making safety belts a compulsory fitting on new cars. The date on which the move will be made depends, no doubt, on the availability of belts that have passed the new dynamic testing machine of the British Standards Institute. The present test is a static one, and the value of the results it gives has been questioned—notably by *Which?*. If the government intends to compel people to buy belts, it must assure them that they are getting something that is really worth possessing. But if the belt is strong and properly mounted, so that it does hold the driver and passengers in their seats, it can make a dramatic reduction to deaths and serious injuries. Mr Hay, Parliamentary Secretary to the Ministry of Transport, quoted a Road Research Laboratory study as suggesting that these might be halved. Such investigations must always be largely hypothetical, whether or not there is much experience of accidents to cars with safety belts; but some studies in Sweden, where safety belts are generally used, suggest that the reduction in injuries in practice may be as much as 70 per cent.

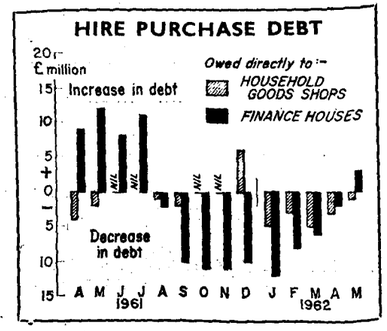
Safety belts have already become established; 1,158,000 of the types approved by the BSI have been sold, suggesting that about 550,000 cars are now fitted with them—say one in eleven. All the big manufacturers now offer an "approved" belt as an extra, and usually provide anchorage points for them as a standard fitting. This inducement does not seem to make much difference to the number of belts fitted; the British Motor Corporation sold only 100,000 belts in the eleven months after it began supplying them, so that only one in nine of its newer cars will have been fitted with belts. Price is the chief obstacle to the more general use of belts: with fitting a pair will cost around £12. And if they are to be fitted to new cars, some solution to the purchase tax problem will be needed: they are now tax-free if fitted after the car is made, but bear tax—like other accessories—if fitted to the car on the production line. Buyers might feel excusably aggrieved if they find that compulsory safety also means forced tax-paying. But the bigger sales ought also to mean lower prices—especially when manufacturers start buying on their own account.

CONSUMER CREDIT

Under Way Again?

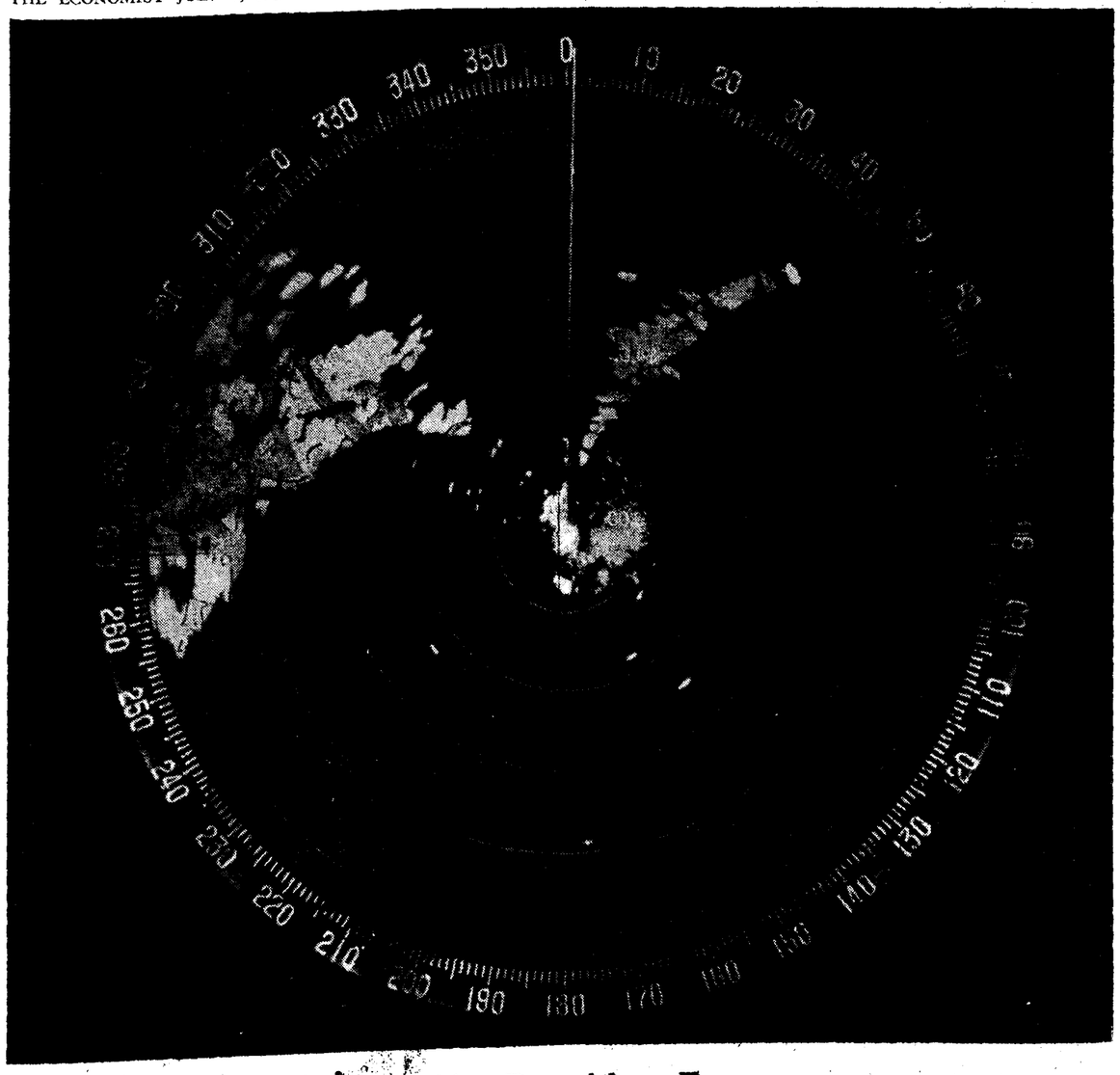
THE long-awaited rise in hire purchase debt, which the authorities, rather than the hire purchase companies, have been hoping for, has at last appeared, though it could hardly be smaller. The Board of Trade's figures show that total hire purchase debt outstanding rose by £2 million in May to £885 million. All the same, this is the first rise since last July. And the real point is that the value of new business taken by the finance houses in May was 26 per cent higher than in April, while that of the household goods shops rose by 8 per cent.

The sharp rise in the finance houses' new business was entirely due to buoyant sales of new cars in April and May—which may not have continued in June. Credit extended in May for all other types of goods was still down on a year ago, but not so sharply as in April. After a steady fall of £85 million in total debt in the nine months to April, it now looks as though hire purchase debt may be levelling out. As yet there is no evidence



that a sustained rise is likely. Indeed the June figure may show a further marginal fall. The numbers of contracts for new cars recorded by Hire Purchase Information in June were 19,063 compared with May's record 23,451 and a figure for June, 1961, of 19,882. Contracts for used cars fell by nearly 6,000 to 70,583. There may, however, have been higher sales of durable goods by the household goods shops after the relaxation in terms in June.

Although hire purchase business is tending to pick up, this is balanced by the bunching of maturing contracts—the two-year ones entered into after restrictions were reimposed in April, 1960, and longer period contracts entered into before that date. Many of these longer term contracts are



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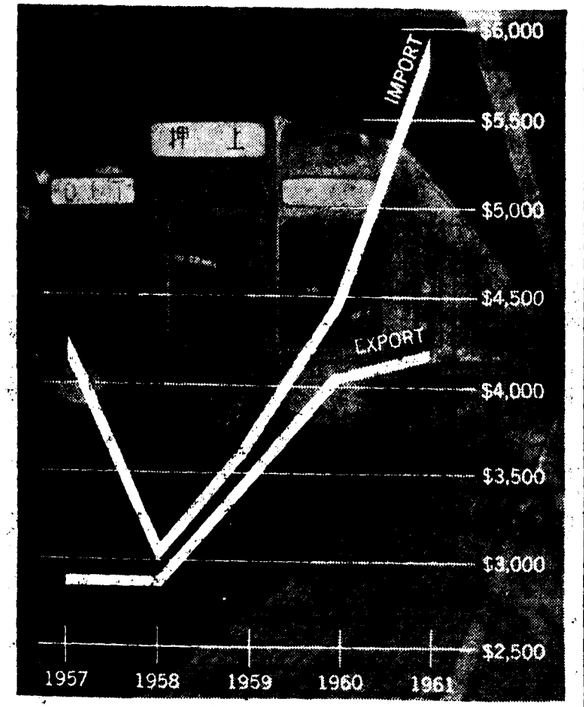

Japan's imports-exports (in millions of U.S.$)

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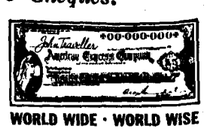


WORLD WIDE · WORLD WISE

AMERICAN EXPRESS

not being renewed. They were often hastily accepted in the bustling days of 1958 and 1959; hire purchase terms are now more stringent and companies are more discerning over the customers they take. Finance houses are worried that if total hire purchase debt fails to show a substantial rise in the near future the authorities may be tempted to follow the easier terms for durable goods with a relaxation in the existing restrictions on vehicle sales. Such a move, it is felt, would put the industry back where it was in 1958; it is still not disciplined enough to avoid the pitfalls of the wrong sort of competition.

The check in the downward slide in hire purchase debt has been accompanied by a slight rise in retail sales. The Board of Trade's index, using a new method of calculating the seasonal adjustment, is just over one per cent higher in May than in March and April. It is significant that the increase was concentrated in the durable goods sector; sales by food shops fell and those of clothing and footwear shops, still afflicted by the bad weather in May, remained at the April level.

DAILY MIRROR-SUNDAY PICTORIAL

Full Blooded Merger

A MERGER between Daily Mirror Newspapers (which now includes the Odhams group) and its associated organisation, Sunday Pictorial Newspapers, has been the buzz of the City for years. Now the merchant bankers, S. G. Warburg and J. Henry Schroder Wagg have been called in "to examine ways and means of affecting a merger of the interests of the two companies and to make recommendations." This will be no easy task, because complicated cross-shareholdings of the two companies have to be sorted out. The Daily Mirror group owns 26 per cent of the equity of the Sunday Pictorial group and the latter owns 10 per cent of the Daily Mirror equity; they have joint shareholdings in A. E. Reed amounting to about 45 per cent of the equity and controlling about 60 per cent of the votes; and both have interests in Associated Television. The merchant banks are not expected to have any plan ready before October.

The announcement refers, perhaps significantly, to a merger of interests rather than to a direct merger of the companies. Presumably some form of holding company could be created. But, whatever form the merger takes, it could create the opportunity for a logical group structure, which would distinguish, for example, between national newspapers, provincial and overseas newspapers, magazines, trade papers, commercial television and paper interests. Some such formalised division of a Daily Mirror-Sunday Pictorial group would be needed.

DEVELOPMENT BANKS

Lending Hard

IN the year that ended last week the World Bank has made a break-through in its lending operations. Loans by the bank itself look like totalling about $900 million and the loans of its two affiliated institutions, the International Finance Corporation and the International Development Association, have certainly taken the total well over the billion mark. In earlier years the bank never seemed able to get its operations above $650-$700 million a year.

At the same time the bank managed to close its year on a highlight by approving two loans to Mexico totalling $160.5 million—$130 million for a countrywide expansion of electric power facilities and $30.5 million for an extension of the toll transport system. This $130 million loan is the biggest single loan ever made by the bank, apart from the special reconstruction loans to France and Holland made in 1947. The only other loan anywhere near this figure was one of $100 million made to Australia as long ago as 1950. Mexico now ranks fourth in the World Bank's list of borrowers, with outstanding loans that now total $387 million. Ahead of it are India with loans of $817 million, Japan with $482 million, and Australia with $418 million. Mexico is one of the few really underdeveloped countries that has—nowadays—the confidence of private investors. A fortnight ago the International Finance Corporation, in its first ever underwriting operation, was joined by Kuhn, Loeb of New York and by Handelsfinanz of Zurich in underwriting a share issue totalling more than $4 million of a Mexican steel company.

Too Much Money

A DEVELOPMENT bank with too much money and too little work is an odd spectacle. Over four years ago the Treaty of Rome gave the common market its own investment bank to help finance development in the community's less developed areas. Unfortunately a demand has not materialised. Last week the European Investment Bank announced a loan equivalent to $16.2 million to the French railways for electrification and modernisation in Brittany; this is still only its twenty-third loan since operations began in 1958.

The bank's authorised capital is equivalent to $1,000 million, of which $250 million has been issued. This has proved more than enough for the bank's needs, but the bank has also made four bond issues, two in the Netherlands, one in Italy, and one in Switzerland, equivalent to a further $45 million. The bank's income in 1961 was a handsome $11.7 million of which some $10 million went to reserves. The result is that the bank has nearly as much cash in its coffers as it has made loans. Loan commitments to date are equivalent to $176.4 million; cash on December 31, 1961, was $143.8 million, gold assets were a further $8.5 million, and investments, over half of which were treasury bills, amounted to another $50.9 million.

At December 31st the bank had undertaken loan commitments equivalent to $160.2 million of which $66.2 million was approved in 1961 compared with $41.3 million in 1960. Some 54 per cent of the loans went to Italy compared with 24 per cent to France, and 17 per cent to Germany. Of the $57 million that has so far been lent to industry, $45 million has been shared by iron and steel, and chemicals.

CUNARD

Releasing Property Values

LAST week at the annual general meeting of Cunard, the chairman, Sir John Brocklebank, gave a strong hint that the company would link itself with a property development group. Three days later, Mr Jack Cotton, the chairman of City Centre in which Mr Charles Clore is the other major partner, revealed that negotiations were proceeding with Cunard for a joint company to exploit the values locked up in Cunard's land-based properties, both at home and overseas. The attempt to rehabilitate the fortunes of the Cunard group is thus being taken another step forward.

Property should be a profitable area of exploitation for Cunard, for some of its holdings in London and Liverpool, New York, Canada, Australia and New Zealand must offer an opportunity for redevelopment that would free space for letting or sale without hampering Cunard's commercial use of them. Help from experts is needed to realise their full potential—to assess, for example, whether there is an opportunity for profitable development in London and New York rather than in Liverpool, where there appears to be a surplus of office accommodation. Cunard's land properties have a book value of only £4½ million but Sir John Brocklebank has suggested £10 million as a conservative current value. Their development will obviously take time; but the stock market was sufficiently pleased with the announcement of the negotiations to mark the shares up a few pence to 17s. 10½d.

SUPERSONIC AIRCRAFT

"M. Caravelle" Goes

THE repercussions of the resignation of M. George Hereil reach far beyond France and the French aircraft industry. Until last weekend, M. Hereil was the president and the driving force behind Sud Aviation, the biggest aircraft company on the Continent, probably the world's most successful builder of helicopters, builder of the Caravelle airliner and potential builder

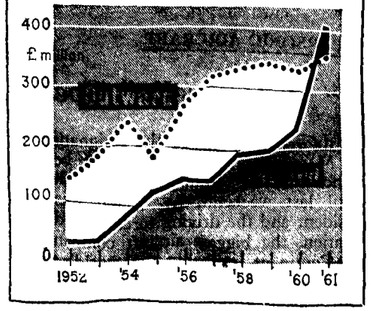
of the supersonic super-Caravelle. This was started, almost in despair, as a way to find work when orders for the Caravelle began to dry up. If Sud should not build this supersonic replacement, the company would have to bow out of the airline market, which M. Hereil hoped to avoid at all costs. He tried, unsuccessfully, to force the French government into supporting the super-Caravelle by presenting it with a fait accompli; but the government, which had met these tactics before, refused to be rushed.

Suddenly Mr Thorneycroft arrived on the scene, in the unusual guise of a ministering angel; within a matter of weeks the super-Caravelle had turned into an Anglo-French project and acquired something approaching diplomatic immunity. Why then did M. Hereil resign just when his plans seemed to bear fruit? Will the French government lose its enthusiasm for supersonic flight when he is no longer there to keep ministers up to scratch? And what will be Mr Thorneycroft's position at home, where the British Aircraft Corporation is working on a design study for a long-range version of the aircraft, if the French drop their side of the agreement?

There are rumours that M. Hereil felt in past weeks that he was losing control of the project to Sir George Edwards at BAC; he was also at something of a crisis in his career. A man who had always doubled presidency of Sud with jobs in private industry, M. Hereil found himself becoming forced to choose between Sud, and his outside interests in companies expanding too fast to be treated any longer as part-time jobs. Increasingly irritated by the course of negotiations with BAC, and apparently upset to discover that he had been demoted from chairman of the joint project to become one of a team who would serve in rotation, M. Hereil decided that he had had enough of nationalised industry and resigned. His replacement by General Puget is interpreted in France as a complete break with his policy and all that it stood for. This could include the super-Caravelle.

PRIVATE INVESTMENT

In 1961, helped by the £130 million Ford payment and a rise in portfolio investment, the inflow of private capital into the United Kingdom exceeded the outflow by £50 million compared to an average net outflow of £130 million in the previous nine years. Both the inflow and the outflow of private capital have been rising steadily. In the years 1952 to 1954 outward private investment averaged £189 million a year and inward £48 million. By 1959 to 1961, outward investment averaged £346 million and inward £280 million. These figures are still influenced by a number of controls. Inward direct investment is not controlled and the repatriation of capital and profits is free; but inward portfolio investment by residents of the non-sterling area may be realised only in the form of security sterling. Outward direct investment is subject to restrictions which were made more severe last July. New outward portfolio investment by UK residents in the non-sterling area is not permitted.



MAN-MADE FIBRES

Record May

DESPITE the poor level of demand for textiles generally, production of man-made fibres in May set a new record. Output reached 55 million lb, compared with the previous best of 54½ million lb in March, 1960. That year was the high water mark for the industry in this country; the following year brought a reaction which is best remembered for the cut in Courtaulds' interim dividend and the importance that cut assumed in the bid by ICI for the group. The early part of 1961 was therefore a lean period for man-made fibres, though production picked up towards the end of the year. Production in the first five months of this year is only 21 million lb higher than in the corresponding period of 1961, but practically all of that increase is accounted for by greater exports in those months (though because of the time-lag, export figures are not strictly comparable).

Deliveries of filament yarns in this country for industrial purposes (chiefly tyres) are sharply down, though they have picked up in recent months to about their former level. A fall of about the same order has occurred in deliveries of filament yarn to weavers, and prospects for a recovery in this sector do not appear too promising. Staple fibre absorbed by the wool industry increased in the first quarter of this year, but cotton spinners took considerably less. Staple fibre has been helped by the sharp recovery in demand for carpets: sales in May were 16 per cent higher in value than a year earlier. In the three months March to May manufacturers' sales of carpets were 7 per cent higher.

Sales of filament yarn to hosiery manufacturers and for warp knitting expanded further, though in volume these are relatively smaller outlets for man-made fibres. Sales by the hosiery and knitwear industry which has been the strongest of the textile industries have also been slipping recently. Following the decline from peak levels earlier this year, manufacturers' sales in May were only 1 per cent greater than a year ago, and higher selling prices accounted for the whole of the rise. But a useful factor in demand for man-made fibres which natural fibres lack is the introduction of new types such as Courtaulds' newly named Vincel polynosic fibre and the as yet unchristened BHS, which can normally be relied on to stimulate greater demand. According to the International Rayon and Synthetic Fibres Committee, output of man-made fibres in western Europe, the United States and Japan reached a record level of 738,000 metric tons in the first quarter of 1962, compared with 639,000 tons in the corresponding period of 1961. The committee tentatively forecast a new record for production this year.

COPPER

Second Round

THE big African copper producers have made a further cut of 5 per cent in production or sales from the beginning of July. A cutback to 90 per cent of capacity was made in the last quarter of 1960. Some of the mines on the Copperbelt have therefore been held in for 21 months, only to be rewarded now by a further tightening of the reins. One of the large groups, Rhodesian Anglo American, put on its blinkers when over-capacity reappeared in 1960 and patiently stocked up with excess copper against the time that full production would again be needed. As the Rhoanglo group has retained the option to cut production or check sales, it can be assumed that the stockpiling policy has been pursued through to the end of June. The companies within the group, which mostly have a financial year running to that date, will therefore presumably reveal a corresponding addition to their stocks in their full accounts.

According to market lore, the best way to get rid of a surplus that is depressing prices is to leave the metal underground, and its truth was confirmed by the listlessness of copper even in the face of the Copperbelt strike in May, which failed to lift the sagging forward price up to the level of the supported spot price. The producers' stocks were regarded as being available to cover any gap in supplies. The Rhoanglo group is now to limit sales or output by 55,000 tons a year below the group's capacity of 365,000 tons. The Rhodesian Selection Trust cutbacks will hold 39,000 tons off the market, but a significant part of these reductions will be made up by expansion of capacity. In 1961, Northern Rhodesian output was maintained despite the 10 per cent cutback which operated throughout the year.

Bearish elements in the market were not overawed by the cutback announcements, though the discount on forward supplies narrowed to about £3 a ton. However, producers are continuing to hold spot copper firmly at £234 a ton. They have not been communicative about their market strategy. It seemed once that the market price in London was pegged towards the end of January partly to correct technical factors, which were depressing the market, and partly to

Continued on page 74

JENKINS REPORT

THE PROTECTION OF INVESTORS

On the sale of securities the Jenkins committee finds that the protection of investors as afforded by law and as reinforced by stock exchange regulations and the conduct of the issuing houses is adequate, though it suggests some tightening up of the regulations and envisages a new deal for unit trusts. It does not, however, touch on the soliciting of deposits from the public as the Government has a bill in preparation. This is regrettable; some public discussion of the problems and of the opportunities for abuse would have been useful before a bill is laid before Parliament. The committee hopes that the Prevention of Fraud (Investments) Act can be consolidated with the Companies Act in such a way as to separate its provisions governing unit trusts from those relating to security dealing. It further suggests that the Board of Trade should become more closely associated with other bodies in keeping the law and practice for the protection of investors under constant review.

Prospectuses:

Current safeguards, as embodied in the law and stock exchange regulations, are broadly adequate but the committee suggests that many of the regulations imposed by the stock exchange on the information to be contained in prospectuses should be codified in law. In addition, in any prospectus, companies should be required to publish turnover figures for the five preceding years, with a narrowly drawn exemption for such companies as banks and discount houses where turnover is meaningless. This reinforces the committee's suggestions about the publication of turnover (with the option of escape) in annual accounts.

The compass of the law should be broadened so that where a document offers securities for a consideration other than cash (for instance, shares) it should comply with the regulations governing normal prospectuses, though where shares are offered in a take-over bid the committee thinks that compliance with the Board of Trade's take-over provisions would be sufficient safeguard. Debenture prospectuses should contain information on such matters as interest, redemption terms and the security offered.

Dealing in Securities:

Stock exchanges: Lord Ritchie's suggestion that there should be a national stock exchange is given fresh impetus by the committee's recommendation that the number of provincial exchanges should be reduced by amalgamations and that all stock exchanges should establish guarantee funds.

Licensed and exempted dealers: The committee seeks greater control over "fringe" activities in security dealings by stricter definition of persons and companies that can deal in securities and by empowering the Board of Trade to keep a more continuous watch on them. It suggests that the sought-after status of "exempted dealer," in which category the leading banks, merchant bankers, discount houses, finance and issuing houses fall, should be retained and extended to those who the Board of Trade believes could fulfil the conditions of exemption within two years, to give new entrants an opportunity. But the committee suggests that the status of "licensed dealer"—there are now 35 of them, mainly small issuing houses—should be rigorously confined, as originally envisaged, as far as possible to those who deal in securities directly with members of the public.

Unit Trusts:

The committee tackles unit trust problems in the spirit that they have grown responsible and need no longer be tethered so tightly to the Board of Trade "nannie." *The Economist* in evidence to the committee and on other occasions, has argued for greater freedom for the unit trusts and greater flexibility in the control of their operations, and it warmly welcomes a report that establishes adequate provisions to safeguard the interests of unitholders but does not pinion the managers in a strait-jacket.

Up to now the registration of unit trusts and regulations governing their conduct have been at the complete discretion of the Board of Trade, acting within the framework of the Prevention of Fraud (Investments) Act. It has the right to refuse registration; it can and does concern itself with the detailed arrangements of the trusts; and since 1950 it has laid down what the maximum management charges should be, though this was not envisaged in the original act. The committee would like to see this system replaced by a legal code, which would allow some flexibility in statutory regulations but would, for example, require the Board of Trade to register any unit trust that complied with the law. The committee's proposals are towards greater freedom for the trusts within the framework of regulations established by law (and not at the discretion of the Board of Trade). The most important are:—

Trustees: The committee explicitly recognises the advantages of the trust form for British mutual funds, where independent trustees make sure that the managers keep within the trust deed, and it rejects the idea that the American model of open-ended investment companies, where no trustees are required, should be imported to this country. Trustees, however, should be confined to British-registered corporate bodies with a paid-up capital and net assets of not less than £1 million.

Prices: The Board of Trade should continue to have the power to govern the calculation of bid and offer prices and yields. The repurchase of units below the calculated bid price (as is still legally possible) should be prohibited. Managers should be prohibited from making profits for themselves on the underlying securities—a recommendation that tolls the death knell of the appropriation fund. The committee openly recognises, as *The Economist* has, that the managers should be allowed to continue to act as principals in jobbing in the units, but that any profits made in this way should be publicly disclosed.

Charges: The maximum management charge should continue to be published in the trust deed, but it should be fixed by the managers and not at the behest of the Board of Trade. Those who have wished to see the unit trust movement grow have long pressed for such a freedom in management charges. As the committee recognises, competition will prevent charges from sailing up into the sky and the suggested ban on door-to-door canvassing for sales (which has done some harm to American mutual funds) should be sufficient to prevent excesses.

Advertisements: These should continue to be vetted by the trustees. The committee sees no danger in "block offers" so long as new subscribers are not offered terms that would prejudice existing holders, and so long as the advertisement makes it clear that after the period of the block offer units will continue to be available at the then current offer price.

Information: The committee rightly attaches great importance to the provision of adequate and up-to-date information about the trust to potential unitholders and it suggests that applications from new investors should only be accepted on application forms issued with a detailed prospectus. This document should contain: the names of the trustees, managers and auditors; details of the maximum charges; details of the investments, at a date no less recent than the last half-yearly accounts; certain specific details about the investment policy of the trust; particulars of distributions made to investors in the three preceding years; and the address where the trust deed can be inspected.

Continued from page 72

tide copper over a period of slack demand, which might have been expected to be temporary, though it proved more persistent than anticipated.

But if supply and demand can be balanced effectively by flexibility in output, is there any need for a rigid price floor? Fluctuations in prices can help to absorb surpluses by encouraging others to hold larger stocks. It begins to look as though producers want an arbitrary price floor of £234 a ton and are prepared to consider whatever temporary cuts are necessary to achieve that level and though the 5 per cent cut looks a rather tentative move in the present circumstances, copper producers have shown a high degree of co-operation. A hint has been dropped that American producers, who effectively allowed their output restrictions to lapse last year, are considering their reimposition. Noranda, the Canadian producer which has stayed on level pegging with the Copperbelt companies since 1960, also followed the extra 5 per cent cut this week. The latest round of cutbacks on the Copperbelt coincided with the failure of strikes to materialise at American copper plants when wage contracts expired at the end of June, but minor disputes are affecting production and more labour trouble seems to be brewing on the Copperbelt.

PLASTIC PIPES

Setting a New Standard

Two British Standards for polyvinyl-chloride piping were introduced last week, having been considered for eight years. Pipe manufacturers hope that they will lead to a swift increase in the market, which at present takes 4,000 tons a year. The delay was caused partly by the near impossibility of getting the manufacturers to agree on the tests to be included in the standards. But, perhaps more important, only within the last two years have suitable techniques and raw materials been available. For instance, water mains once laid are expected to perform undisturbed for fifty years at least; it is difficult to guarantee this performance from present experience, as pvc pipes have only been in use in Britain for eight years.

The standards lay down the quality requirements for unplasticised pvc pipe for cold water supply and industrial uses. Pressure pipes are expected to make up 50 per cent of the market, mostly for water mains, domestic water supplies and low pressure gas. Another 25 to 30 per cent will be made up of drain pipes, rainwater pipes and small sewers. Manufacturers are optimistic about the growth of this market and estimate that it will be 13,000 tons a year in 1965 and 30,000 tons in 1968. They have an encouraging precedent: consumption in Germany has jumped from 6,000 tons a year in 1960, when their standard was introduced, to a current rate of 18,000 tons a year.

FIRES

More of Them

Fire brigades were called out to deal with 160,000 fires last year against 134,000 the year before, doing £40 million of damage. It takes a considerable time to analyse the causes of all these, but if experience of 1960 is any guide, rather less than half of them will have occurred in buildings and a fifth of these may have been due to electrical equipment of one kind or another. This trend towards more electrical fires has been worrying the Department of Scientific and Industrial Research's Fire Research Station for some years. Industry argues, correctly, that the fires occur because owners abuse the equipment—knocking over heaters, leaving on electric blankets and spilling fat on electric hotplates. To this the Fire Research Station comments in its latest annual report, "Any improvement in the fire situation will only be brought about when the design is such as to make allowance for misuse." The difference, as some members of the staff have put it, is between being foolproof and damn foolproof.

A total of 329 fires caused by electric blankets in one year, with five people dead, nine injured and 54 buildings damaged has at last led to the question of "protective devices of a higher quality than at present attained" being "considered by the British Standards Institution." And about time too. It is sometimes much more difficult to introduce small changes than big. Having nagged local authorities for years about the laxity of their fire regulations, the Research Station now says that some of them have been unnecessarily strict in their treatment of curtain-walled buildings. Tests on the station's favourite toy, a four-storey tower that can be set on fire to simulate various buildings, show that these are less of a fire risk than some local authorities suppose. But tall flats "which may be inaccessible to fire brigade ladders" are another matter altogether. Knowing the statistical regularity with which kitchens catch fire, the Fire Research Station suggests that architects and owners of tall blocks might like to ponder the implications.

SHORTER NOTES

Mr Morarji Desai, India's finance minister, spent Wednesday in talks with the Prime Minister, the Chancellor of the Exchequer and other Ministers, on Common Market prospects and aid for India. He described his talks with Mr Lloyd as "cordial" and has proceeded to the European capitals in a hopeful mood that refuses to contemplate the possibility that no more money will be forthcoming. After the delays and indecision of the Aid India Club, now due to meet in Washington at the end of this month, and a $220 million foreign exchange deficit for the second year of the third plan, India has applied to the IMF for a standby credit of $100 million. Its IMF drawings to date amount to $250 million.

★

Subject to final confirmation in a fortnight's time, the Council of the London Stock Exchange has passed a rule that will enable broking firms to establish branch offices overseas. The proposal has been under consideration for some months and clearly only a handful of the bigger firms will take advantage of the new freedom. Those that wish to do so will have to obtain the prior consent of the Council and the branch offices will have to be wholly under the control of the London firm and will have to comply with the rules of the stock exchange (including those restricting advertising).

★

The government has made the clause in the Finance Bill concerned with the disclosure of information by agents of their principals' security dealings to the Inland Revenue for the purposes of assessing the speculative gains tax a little more precise. Commenting on this clause, the Attorney-General, Sir Reginald Manningham-Buller, explained that inquiries would not be made unless the Inland Revenue were satisfied that the investor is or may be chargeable to tax. The procedure will be, first, to ascertain whether in fact the agent acts for the named investor and then, if necessary, to ask for details of the assets bought and sold and for what prices and for the dates of the transactions. An amendment designed to relieve solicitors from the necessity of providing such information was defeated.

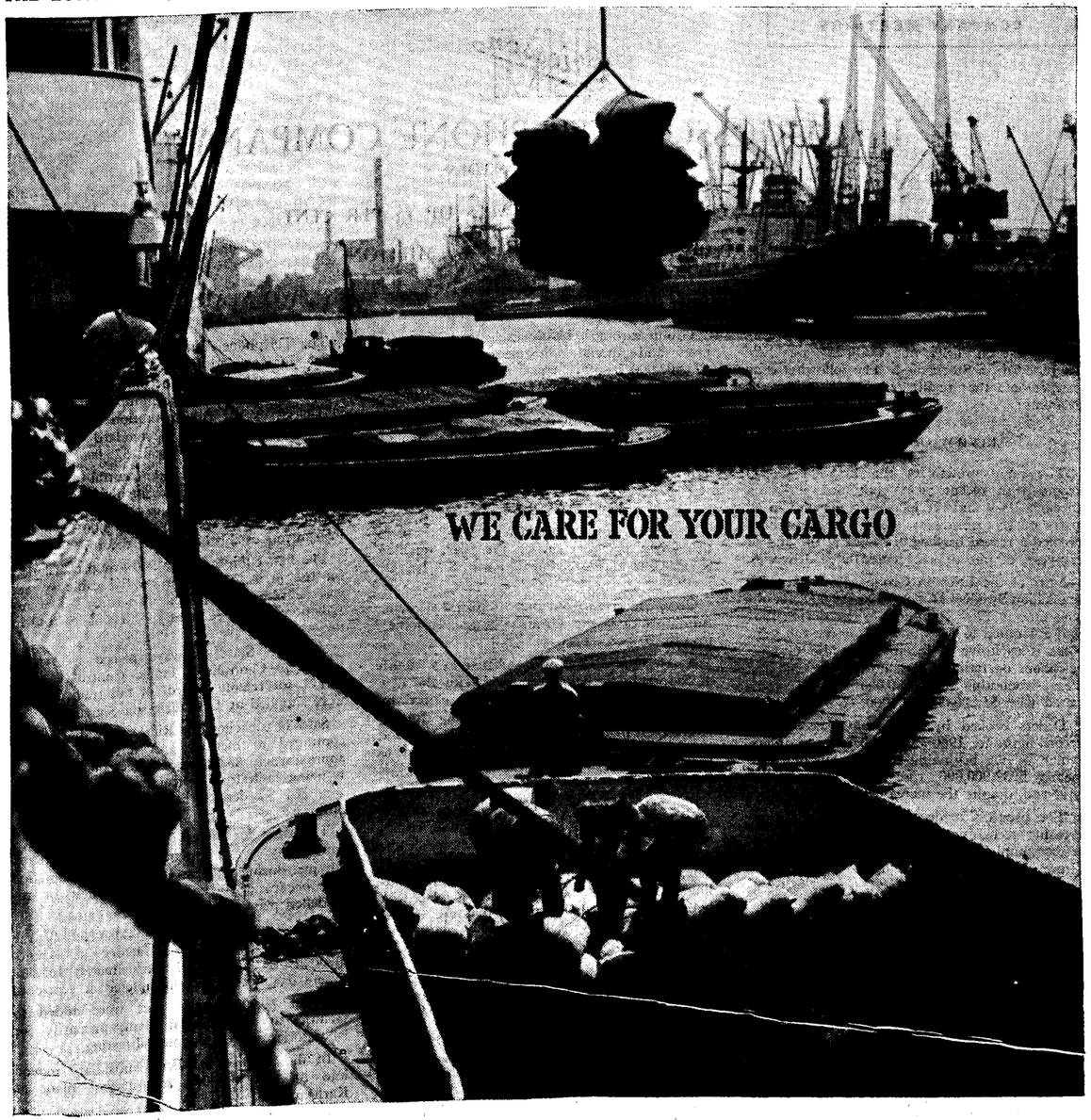
★

The consolidated trading profits of the Associated British Picture Corporation rose in the year to March 31, 1962, from £5,717,000 to £5,872,000 though net profits are slightly lower at £2,245,000, against £2,285,000. The ordinary dividend is effectively unchanged at 30 per cent.

COMPANY AFFAIRS
Comments on pages 100 and 101 on:
Beecham, Hadfields, Whitehead Iron, British Plaster Board, De La Rue, Lancashire Cotton, Courage, Barclay and Simonds

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 102 and 103

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 104



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COMPANY MEETINGS

L M ERICSSON TELEPHONE COMPANY

STOCKHOLM—SWEDEN

ANOTHER RECORD YEAR, SALES UP 13 PER CENT

BACKLOG OF ORDERS $267 MILLION

SALES DOUBLED IN ASIA, AFRICA AND AUSTRALIA IN TWO YEARS

The eighty-sixth annual General Meeting of L M Ericsson Telephone Company was held on June 7th in Stockholm. The following is an extract of the report circulated with the accounts:

REVIEW OF THE YEAR

The rapid growth of the Ericsson Group recorded in recent years continued unabated through 1961, and the increasing demand in all parts of the world for the Group's products created a record backlog of orders at the end of the year, despite unprecedented large deliveries.

Sales of the Ericsson Group, which exceeded one billion Swedish kronor ($196,840,000) for the first time in 1960, continued to rise during 1961 and amounted to $222,147,000 for the full year. This is exclusive of income from the Group's telephone operating companies in Argentina and Peru, amounting to $7,800,000 in 1961, compared with $5,800,000 in 1960.

Orders booked by the Group exceeded the record figure for 1960 and the backlog of orders, which at the beginning of 1961 amounted to nearly $232,000,000, rose to $266,925,000 at year-end, despite the increase in invoicing.

The progress made in sales reflects the increasing recognition of the modern, advanced telecommunications techniques offered by the Group today.

Geographical distribution of Group sales is shown in the following table:

	1961 Sales	%	1960 Sales	%	Backlog December 31, 1961
Sweden	$ 77,234,000	34·8	$ 71,180,000	36·2	$ 90,367,000
Europe (Excluding Sweden)	68,143,000	30·7	58,433,000	29·7	92,417,000
USA and Canada	36,886,000	16·6	34,540,000	17·0	17,776,000
Latin America	25,338,000	11·4	22,069,000	11·2	32,418,000
Africa, Asia and Australia	14,546,000	6·5	11,618,000	5·9	33,947,000
Total	$222,147,000	100·0	$196,840,000	100·0	$266,925,000

Successful cultivation of the markets in Asia, Africa and Australia in recent years is reflected in increasing orders booked from these areas of the world, where sales have more than doubled in the past two years.

As indicated in the following table, the Group's manufacturing and sales programme is concentrated on products in the telecommunications and cable fields.

	1961 Sales	%	1960 Sales	%
Telephone exchanges, switchboards and instruments	$ 96,576,000	43·5	$ 84,758,000	43·0
Other telecommunications equipment	31,451,000	14·2	23,559,000	12·0
Cable, wire and network equipment	46,557,000	20·9	42,411,000	21·5
Other products manufactured by the Group*	38,568,000	17·4	37,350,000	19·0
Miscellaneous	8,995,000	4·0	8,762,000	4·5
Total	$222,147,000	100·0	$196,840,000	100·0

* Includes components, electronic equipment and development projects for military use.

Group earnings, before exchange differences, taxes and special adjustments, increased to $25,502,000 in 1961, equal to 11.5 per cent of sales, compared with $21,472,000, or 10.9 per cent of sales in the preceding year. Net income of $8,700,000 in 1961, compared with $7,668,000 in 1960, was affected materially by special adjustments totalling $8,415,000 compared with $2,127,000 in 1960.

SWEDEN

Group sales in Sweden increased slightly more than eight per cent during the year, totalling $77,234,000 in 1961 compared with $71,180,000 in 1960.

Orders received from the Swedish Telephone Administration, the Group's largest customer, rose by 20 per cent.

A new automatic central exchange in a suburb of Stockholm is being equipped with the new "code switch" crossbar system developed by the Parent Company and to which further reference is made in the section on research and development. The exchange is designed to handle 4,000 lines initially; ultimate capacity is 30,000 lines.

The Long Distance Division is producing components for transistorised amplifying equipment for use with a new type of coaxial cable which is of a smaller diameter than that used to date. This line equipment, which permits handling of 300 simultaneous circuits, is placed in hermetically sealed containers that are buried underground.

Sieverts Kabelverk, the Group's cable manufacturing subsidiary, has received an order for the world's largest series capacitor bank with a capacity of 300 MVAr for use on one of the 140 kV lines of the Swedish State Power Board. The Board has also ordered a 145 kV submarine cable to be laid in the Öresund, between Sweden and Denmark.

The Telephone Administration has placed an order for an additional 175,000 one-piece Ericofons, which are becoming increasingly popular everywhere. The number of Ericofons purchased by the Administration since the instrument was approved as standard equipment in Sweden in 1958 now totals 325,000.

Equipment for automatic central exchanges and subscriber switchboards involving a total of 63,000 lines was delivered to the Administration during the year. Delivery of 180,000 telephone instruments established a new record.

The first equipment for 900-group translation for use in a 2700-circuit coaxial cable system was delivered and placed in service. The installation is believed to be the first of its kind in the world.

Sweden's State Railways placed in service two large Centralised Traffic Control systems (CTC) for remote control of rail traffic. Both were supplied by L M Ericsson Signal AB.

Sales of capacitors by Rifa, a subsidiary, have continued to increase. A new factory with approximately 85,000 square feet of floor space is being built for this company at Kalmar, in southern Sweden, on a site acquired for the purpose.

The need for increased production facilities, particularly by the Parent Company, was partially met during the year through the completion and occupancy of a number of new or remodelled plants.

The second phase of the expansion of the Parent Company's cable factory at Älvsjö, involving the addition of approximately 165,000 square feet, was largely completed at year-end.

About 80,000 square feet were added to facilities at the Mölndal plant, primarily for laboratories and environmental testing.

In the autumn the Ermi subsidiary moved into its new 110,000 square foot plant at Karlskrona.

Sieverts Kabelverk completed a new building to house, among other departments, development laboratories and testing facilities.

Among the larger building projects now under way and due to be completed during the current year are the new expansion of the headquarters office at Midsommarkransen (110,000 sq ft) and construction of factories at Visby and Ronneby, each with nearly 110,000 square feet. These factories will produce telecommunications equipment for the Parent Company. Until the buildings are completed, manufacturing is taking place in rented facilities.

A rented plant in Norrköping, with about 85,000 square feet, is being equipped and should be ready for occupancy towards the end of the year.

EUROPE (EXCLUDING SWEDEN)

The Group's sales in the European market outside Sweden amounted to $68,143,000 compared with $58,433,000 a year earlier. Of this total, approximately 90 per cent was recorded in Italy, France, Holland, Denmark and Finland. In the first three countries, sales are based primarily on domestic production in Group-owned factories. The Group has factories also in Denmark and Finland but sales in these countries largely comprise products manufactured in Sweden.

In Italy, construction of the FATME factory is progressing according to schedule and the building has now been roofed in. Automatic exchanges for 44,000 lines of the Group's OS-system were placed in operation in Italy during the year and more than half a million lines of this system have been installed to date in this country. Sales of crossbar equipment also continued on a high level and the number of exchanges completed more than doubled during the year. The new code switch crossbar system was introduced in Italy through orders for "detached" exchanges serving 7,000 lines.

The Group's French subsidiary, Société des Téléphones Ericsson, which celebrated its fiftieth anniversary in 1961, has received a number of substantial orders from the French telephone administration. Sales to the private market have also been good. The company is currently building a new plant at Dieppe to handle increased production of telephone instruments.

In Denmark, which is the Group's largest market for automatic crossbar exchanges, automation of telephone facilities is progressing. With an unprecedented new installation of nearly 43,000 lines in 1961, the number of automatic central exchange lines now in service totals 262,000. An order for a 12,000-line code switch exchange for Copenhagen has been received.

Automatic central exchanges placed in service in Finland in 1961 had a capacity more than 30

THE ERICSSON GROUP

CONSOLIDATED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31 1961	1960
CURRENT LIABILITIES		
Bank loans	$ 8,298,000	$ 5,810,000
Accounts payable—trade	16,834,000	13,717,000
Advances from customers	31,481,000	27,160,000
Accrued income and other taxes	10,143,000	10,975,000
Accounts payable to unconsolidated subsidiary companies	1,488,000	694,000
Other current liabilities	23,445,000	20,176,000
	91,689,000	78,532,000
DEFERRED REVENUE	2,534,000	2,440,000
LONG-TERM DEBT		
Mortgage bonds	3,498,000	3,910,000
Debentures	17,598,000	18,057,000
Other long-term liabilities	7,525,000	8,304,000
	28,621,000	30,271,000
NON-CURRENT LIABILITIES TO PENSION FOUNDATIONS	18,608,000	17,564,000
SPECIAL RESERVES		
Special reserves for accounts receivable	20,420,000	16,462,000
Special inventory reserves	31,492,000	29,100,000
Reserves for future investments	8,567,000	6,633,000
	60,479,000	52,195,000
MINORITY INTEREST	10,177,000	9,539,000
STOCKHOLDERS' EQUITY		
Capital stock	42,069,000	42,069,000
Reserves not available for distribution	26,094,000	23,741,000
Unappropriated earnings	35,597,000	33,250,000
	103,760,000	99,060,000

	1961	1960
Contingent liabilities	$3,109,000	$3,228,000
Total liabilities and stockholders' equity	$315,868,000	$289,601,000

ASSETS

	December 31 1961	1960
CURRENT ASSETS		
Cash	$ 47,073,000	$ 58,093,000
Swedish Government Bonds and Treasury Bills	4,835,000	3,869,000
Notes and accounts receivable—trade	64,496,000	54,752,000
Inventories	100,287,000	80,591,000
Other current assets	7,090,000	5,733,000
	223,781,000	203,038,000
LONG-TERM RECEIVABLES		
Cash on time deposit	3,941,000	4,630,000
Notes and accounts receivable—trade	13,159,000	13,699,000
Other	12,170,000	13,576,000
	29,270,000	31,905,000
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES		
Unconsolidated subsidiary companies		
Investments	3,889,000	4,124,000
Advances	1,244,000	1,139,000
Associated companies		
Investments	650,000	741,000
Accounts receivable	976,000	940,000
	6,759,000	6,944,000
PROPERTY, PLANT AND EQUIPMENT		
Cost	94,700,000	81,976,000
Revaluation	9,671,000	9,671,000
	104,371,000	91,647,000
Less—Accumulated depreciation	48,313,000	43,933,000
	56,058,000	47,714,000

	1961	1960
Assets pledged to secure indebtedness	$39,037,000	$38,303,000
Total assets	$315,868,000	$289,601,000

The United States dollar amounts shown in the above statement represent translations from Swedish kronor at the official parity at December 31, 1961, of S. Kr. 5·17 to $1·00.

CONSOLIDATED INCOME STATEMENT

	1961	1960
Net sales	$ 222,147,000	$196,840,000
Dividends, interest and other revenue		
From unconsolidated subsidiary companies	152,000	168,000
From associated companies	490,000	407,000
From others	4,900,000	5,055,000
	227,689,000	202,470,000
Cost of products and services sold	144,023,000	129,970,000
Selling, administrative, research and development expenses	49,158,000	43,079,000
Depreciation	6,001,000	5,268,000
Interest	3,005,000	2,681,000
	25,502,000	21,472,000
Exchange gains (losses) resulting from translation of foreign subsidiary accounts	2,125,000	(1,151,000)
Income before items at right	27,627,000	20,321,000

	1961	1960
Special adjustments		
Transfers to or (from) reserves for accounts receivable (net)	3,958,000	(1,303,000)
Transfers to or (from) special inventory reserves	2,392,000	(1,415,000)
Transfers to reserves for future investments	1,934,000	4,814,000
Write-downs of investments	131,000	31,000
	8,415,000	2,127,000
Income before taxes	19,212,000	18,194,000
Taxes on income	10,018,000	9,579,000
	9,194,000	8,615,000
Minority interest	494,000	947,000
Net income	$8,700,000	$7,668,000

per cent greater than corresponding installations a year earlier. Large orders have been received for long distance and rural exchanges, among other equipment.

The Group was successful in holding its share of the market in other European countries.

The Ericsson Group has for many years had its own production facilities in several countries both within and outside the EEC. The Group's experience in multi-national operations facilitates relatively rapid adjustments of production and distribution to meet conditions in the European market.

AFRICA, ASIA AND AUSTRALIA

Cultivation of the African market resulted in a tripling of business in 1961, compared with 1960.

Automation of the Tunisian telephone system continued and new orders for central exchanges to handle 12,400 lines were booked.

In Egypt the first crossbar exchange, in the Abbassia section of Cairo, has been completed. This installation is part of the large contract for nearly 150,000 lines received in 1960 from the national telephone administration.

Liberia can now be included among the growing number of Group customers for automatic central exchanges in Africa. The contract recently signed with this country also covers substantial network installations.

Ethiopa has placed an order for its first automatic crossbar exchange.

The Group's French subsidiary has increased its sales to a number of the newly-established African states.

Sales of telephone instruments and cable in the Asian markets were high. Among them were large orders from Iraq which has thus become an important market for the Group.

In Thailand an earlier order for automatic central exchanges has been followed by repeat orders. As a result, installations comprising a total of 17,000 lines are now in progress.

In Taiwan work was completed on the centralised traffic control CTC system installed by L M Ericssons Signal AB on the railway line linking Changhua and Tainan.

In Australia the large-scale programme of deliveries to the telephone administration is progressing according to plan. During the year, the Group's manufacturing subsidiary, L M Ericsson-Trimax Pty Ltd, purchased a site near Melbourne for construction of a new plant. Initially the factory will have approximately 55,000 square feet for production of telephone equipment.

Total sales in Africa, Asia and Australia increased to $14,546,000 in 1961, compared with $11,618,000 in 1960.

LATIN AMERICA

The Group's major markets in Latin America are Argentina, Brazil, Colombia, Mexico and Venezuela. These countries, combined, accounted for more than 80 per cent of 1961 sales totalling $25,338,000 in this area, compared with $22,069,000 a year earlier.

Sales of cable, manufactured in the Group's factory outside Buenos Aires, are an important factor in Ericsson's activities in Argentina. The capacity of the Group's telephone operating companies is being expanded, partly through installation of 21,000 new central exchange lines and partly through construction of carrier frequency systems for main trunk circuits.

Large orders in Brazil include automatic central exchanges for Recife and an additional 10,000-line exchange for the capital city of Brasilia. Nearly 150,000 lines of Ericsson-system automatic exchange lines have been installed to date in Brazil. The Long Distance Division of the Parent Company has received an order for carrier frequency equipment to be used in the interior of the country.

The gradual changeover from assembly to local manufacture of exchange equipment is progressing on schedule in the Brazilian plant at São Jose dos Campos.

Business in Brazil has been affected adversely by the economic crisis through which the country is passing. Certain governmental measures, which discriminate against foreign investments, cloud the outlook for profitable activity in the near future.

Colombia has to date been a major market for the Group's OS-system—currently there are more than 220,000 lines in service—but the crossbar system has now also gained a foothold. The first crossbar system was inaugurated in Bogotá during the past year.

Installation of the long distance network in Colombia has been completed and a major portion of the network has been placed in service.

The Group's main customer in Mexico, Teléfonos de México, placed orders at about the same rate as in previous years. The first local and toll exchanges of the crossbar type were opened in 1961 and equipment delivered by the Long Distance Division included transistorised carrier frequency terminals for broad-band radio links.

The instability that has characterised the Venezuelan economy in recent years continued to retard expansion of that country's telecommunications. Orders booked last year were therefore relatively modest. During the year, however, the telephone administration developed plans for long-range expansion of the nation's telecommunications, as a result of which increased business can be anticipated.

In Ecuador, work was begun during the year on expansion of the automatic central exchange in Guayaquil and two connected rural exchanges. This installation is notable since it represents the first step toward automation of the national telephone system in the Guayaquil area.

USA AND CANADA

Group sales in the United States and Canada increased to $36,886,000 in 1961, compared with $33,540,000 in 1960. North Electric Company, the Group's manufacturing subsidiary in Galion, Ohio, accounted for $35.9 million of the sales recorded last year, compared with $32.5 million a year earlier. North Electric's sales include those of Power Equipment Company, also of Galion, which was merged into North Electric at the beginning of 1961.

During the early part of 1962, North Electric began deliveries of solid state switching centres to the U.S. military authorities under a contract for the largest electronic switching system in the world.

Since becoming affiliated with the Group in 1951, North Electric, one of the pioneer telephone manufacturers in the United States, has more than quadrupled sales volume and it now a much stronger company financially. The company's operations cover a wide range of telecommunications systems, supervisory control systems, power control equipment, and other

products. The company's Science Centre has access to the extensive research and development facilities of the Parent Company.

Additional orders have been received from Canada for rural exchanges of the crossbar type. Although these orders are relatively modest, they are of special interest owing to the potentialities of this new market.

RESEARCH AND DEVELOPMENT

During the year additional facilities were added to a number of the Group's research and development departments. The Parent Company, among other projects in this field, established a new laboratory for analysis of materials and techniques used in printed circuitry and a special laboratory for the study of problems related to surface treatment and corrosion.

In the field of telephone traffic, progress was made in developing theories and methods for quantitative analysis of telephone systems. This research project is being undertaken jointly with the Swedish Telephone Administration and other telephone administrations. Operations analysis is also being applied to the evaluation of telephone systems as a whole.

After many years of development work by the Parent Company, a wholly new switching concept—the code switch—was introduced in 1961. The code switch offers a number of distinctive features. Among others, it requires less space and less operating power and makes it possible to divide central exchanges into smaller units, with consequent favourable effects on network costs. The market for the code switch is not limited to automatic central exchanges since its advantages can be utilised effectively in private telephone systems and in subscriber switchboards.

The Long Distance Division has developed equipment for sending television programmes over fixed connections in the local network by use of specially balanced cables as well as by means of coaxial cables.

Work on a new voice frequency repeater using transistors as the amplifying element was completed during the year. The new design features a marked reduction in space requirements, with 60 complete two-wire/four-wire repeaters mounted on a single-sided bay.

Development work continues on a new carrier frequency system for power lines featuring extensive use of transistors. The system permits significantly greater freedom in selection of transmission frequencies.

The design of the electronic switching system being delivered by North Electric is based on research conducted at the laboratories of the Parent Company.

A new two-piece telephone instrument has been designed in co-operation with the Swedish Telephone Administration. Both the case and the speaking unit of the new instrument are made of a thermoplastic material that permits production in a greater number of colours. The new instrument has improved transmission qualities, an adjustable ringing device and simplified construction.

New subscriber exchanges have been designed, utilising both the crossbar switch system and the new code switch system.

Sieverts Kabelverk has developed a new technique for sheathing cables through high-frequency welding of aluminium.

Svenska Elektronrör, the Group's electronic

valve manufacturing subsidiary, has designed and begun production of new types of microwave valves for use in radar systems.

PERSONNEL

Expanded business resulting from the heavy inflow of orders in recent years has required expansion of the work force, particularly within the Parent Company.

	Number of employees Dec. 31 1961	Dec. 31, 1960
Parent Company	13,300	11,000
Subsidiaries in Sweden	5,700	5,400
Total employed in Sweden	19,000	16,400
Foreign subsidiaries	17,600	15,900
Total	36,600	32,300

The Group's training programme was reorganised during the year to meet the growing demand for on-the-job training.

A total of 1,142 Swedish students enrolled in the various courses arranged by the company during the past year. At the same time some hundred foreign students from customer organisations and Group affiliates in some 30 countries underwent training in the manufacture and maintenance of Group products.

The annual maintenance conference arranged by the Parent Company in Stockholm last May, attended by staff from 13 countries, concentrated on problems involving maintenance of exchanges and networks, as well as transmission equipment.

EXCHANGE LISTINGS

Since the introduction of the Parent Company's shares on the stock exchanges in London, Paris, Amsterdam, and Frankfurt-am-Main during the last two years the number of shareholders has grown considerably. Interest in the Company's shares has also been evidenced by American investors which further accentuates the international character of the Ericsson Group.

FINANCIAL STATEMENT

CAPITAL EXPENDITURES

During the year the Group invested $15,400,000 in property, plant and equipment. This compares with capital expenditures of $11,700,000 in 1960.

Projects now under way or authorised will require continuing high capital expenditures in the next few years.

CASH POSITION

Increased expenditures for inventories and trade receivables as well as for investments in property, plant and equipment, caused by expanding activities, affected the cash position at the end of the year. Despite these demands, liquidity remained satisfactory.

In order to gain certain tax benefits, the Parent Company left on deposit with the Bank of Sweden that portion of the 1960 payment to the special investment reserve account that was repayable to the Company on December 30, 1961. For the same reason, the full amount of the new allocation to the Reserve for future investments, or $1,934,000, which is subject to approval by the 1962 Annual Meeting, was paid to the bank during 1961. At the end of the current year the Company is due to recover 54 per cent, equal to $3,134,000, of the combined 1960 and 1961 deposits of $5,803,000 to the account.

SUBSIDIARY COMPANIES

To organise its operations in Australia more efficiently, the Group early in 1961 acquired from Australian interests shares in Trimax Transformers Pty. Ltd. with a par value of £32,000. The total capital stock of the company amounted to £80,000. Subsequently, a majority of the stock was acquired in connection with a new stock issue and, at the same time, the name of the company was changed to L M Ericsson-Trimax Pty. Ltd.

In Spain, a subsidiary, Eleme Comercial S. A., was established with a capital stock of 1.0 million Pesetas.

North Electric, Company, USA, acquired the remaining minority stock outstanding in Power Equipment Company, which was later merged into North Electric.

Reorganisation of operations in Argentina eliminated the need for the holding company Corporación Sudamericana de Teléfonos y Telégrafos S. A., which was liquidated at year-end.

Through cash payments or conversion of intercompany receivables, the capital stocks of the following subsidiaries were increased:

L M Ericsson A/S, Denmark, from 3.0 to 8.0 million Danish Crowns.

Dansk Signal Industri A/S, Denmark, from 600,000 to 2.0 million Danish Crowns.

Swedish Ericsson Company, Ltd., England, from £2 to £125,000.

L M Ericsson Telephone Company Pty. Ltd., Australia, from £15,000 to £170,000.

Cía Ericsson S. A., Peru, from 1.0 to 2.0 million Soles.

L M Ericsson, Ltd., Canada, from $100,000 to $200,000.

North Electric Company, USA, issued 18,810 new shares of common stock with a par value of $10 per share. The issue was purchased by minority interests at a price of $25 per share. In addition, the Group sold a small portion of its equity in the company. As a result, Group holdings of North Electric capital stock decreased from 86 to 82 per cent.

The capital stock of Cia Sudamericana de Teléfonos L M Ericsson S. A., Argentina, was increased from 35.0 million to 50.0 million Pesos and that of Cía Ericsson S. A., Uruguay, from 750,000 to 1,250,000 Pesos, in both instances by means of stock dividends.

EARNINGS

Group sales, dividends, interest and other revenue amounted to $227,689,000 in 1961, compared with $202,470,000 in 1960, resulting in an income, before exchange differences, special adjustments and taxes, of $25,502,000 ($21,472,000 in 1960).

As a consequence of the introduction of the national supplementary pension plan in Sweden and of the 1960 agreement covering additional pension benefits for office employees, a surplus developed in existing pension foundations of the Group's Swedish companies. The foundations have therefore been credited only with interest on notes receivable from these companies. To cover pension liabilities to the new foundations for "pensions without insurance" (PRI), established in 1960, the necessary funds have been transferred from the older foundations. Total pension costs of the Group in Sweden, including interest payable to the foundations, amounted to $3,515,000 in 1961 ($4,040,000 in 1960).

Special adjustments totalled $8,415,000 in 1961, ($2,127,000 in 1960). After deductions for taxes and minority interests, consolidated net income for the year amounted to $8,700,000 ($7,668,000 in 1960).

In accordance with proposals of the Boards of Directors of the respective companies, $2,760,000 of the Group's net income will be allocated to reserves not available for distribution.

Part of the consolidated unappropriated earnings of the Group is accumulated in foreign subsidiaries. Transfer to Sweden of these earnings is in some cases subject to taxation and limited by exchange regulations.

Total revenues of the Parent Company amounted to $87,021,000 in 1961 ($72,821,000 in 1960).

Income of the Parent Company, before special adjustments and taxes, was $16,428,000, which was applied in part to depreciation of inventories during the year. The comparable income figure in 1960 was $13,765,000. Subject to the approval of stockholders at the Annual Meeting, $1,934,000 ($3,868,000 in 1960), has been allocated to the Reserve for future investments. Net income of the Parent Company, after deductions for taxes amounting to $5,802,000 ($4,681,000 in 1960), was $6,580,000 in 1961 ($5,832,000 in 1960).

DISPOSITION OF UNAPPROPRIATED EARNINGS

The sum of $18,817,000, consisting of the net income of $6,580,000 for the year and unappropriated earnings of $12,237,000 from previous years (including the General Reserve and the Contingencies Reserve, is available for disposition by the stockholders at the Annual Meeting.

The Board of Directors and the President propose that the above amount be distributed as follows:

To the Special Legal Reserve	$ 1,953,000
To Stockholders—Sw. kronor 4.00 per share against Coupon No. 35	4,808,000
Unappropriated earnings retained in the business	12,056,000
	$18,817,000

The report and accounts were adopted.

BOARD OF DIRECTORS

Marcus Wallenberg, *Chairman*, Ernfrid Browaldh, *Vice-Chairman*, Erik Boheman, *Vice-Chairman*, Erik Anderberg, Wilhelm Söderman, Ragnar Woxén, Sven Ture Åberg, *Managing Director*.

DEPUTY MEMBERS

Nils Sterner, Lars-Erik Thunholm, Marc Wallenberg Jr., Stig Ödmark.

AUDITORS

Nils Olsson, Swedish Certified Public Accountant, John C. Dickinson, Chartered Accountant, Price Waterhouse and Co., Nils Ericsson.

LONDON PAYING AGENTS

Warburg and Co.

The Annual Report is available at the offices of the Swedish Ericsson Company, Limited, 329, High Holborn, London, W.C.1.

THE STANDARD BANK LIMITED

CENTENARY YEAR

SIR EDMUND HALL-PATCH ON ESSENTIALS FOR PROGRESS

The Annual General Meeting of The Standard Bank Limited will be held on July 25th, at 10, Clements Lane, London, E.C.4.

The following is the statement by the Chairman, Sir Edmund Hall-Patch, GCMG, which has been circulated with the Report and Accounts:

The year 1962 will be a memorable year for the Bank. For reasons which I shall describe later it marks, in more ways than one, the beginning of a new stage of development. Because of this I shall confine myself, this year, to matters more of a general than of a territorial nature.

1962—A MILESTONE

1962 is first and foremost a special year because, on October 15th next, this Bank will celebrate the Centenary of its foundation.

The year 1962, however, already marks a new stage in the life of the Bank. As a result of the changes which were put into effect on April 1st last, the Bank's name was shortened, and our business in South and South West Africa transferred to a wholly owned subsidiary company.

These changes are the logical outcome of the economic development of the areas served by the Bank, and of the expansion of the Bank itself, since 1945. The post-war upsurge of commercial and industrial activity in East, Central and South Africa, although perhaps temporarily obscured by events of a more political nature, is nevertheless a very real fact. The bank, in turn has enlarged its organisation considerably in order to deal with a greater volume of business, as the following table illustrates:—

	31st March 1945	1962
Paid-up Capital and published Reserves	£6 million	£22 million
Total Assets	£197 million	£408 million
Number of branches and agencies	394	902
Number of staff ...	5,544	11,507

Against this background your Board have given constant thought to the shape of the Bank's structure in the light of changing circumstances. We have now over two hundred branches and agencies in Africa outside the Republic and South West Africa, and these are responsible for a considerable part of our activities. So far as this section of our business is concerned, the abbreviated name "Standard Bank," by which the Bank has for so long been familiarly known, is more appropriate. It is equally appropriate that the Bank's former name should be retained in the case of our business in the Republic. It was clear some years ago that the Bank's organisation in that country should move gradually towards complete local control which would be the ultimate objective. In 1953 a South African Board was appointed. In the ensuing years, as it gained greater experience, this Board has enjoyed an increasing measure of local autonomy. By the beginning of 1962 it was clear that the objective, which the Bank's policy had set out to achieve in 1953, was within reach.

It was gratifying to have received such overwhelming support when the proposals to change the name of the Bank, and to form a subsidiary to carry on our business in South and South West Africa under the Bank's old name, were put forward by your Directors at the Extraordinary General Meeting held on the 21st March. Apart from certain matters of administrative detail, the operation has now been completed. I am sure you will wish to join me in thanking all those whose efforts have enabled these changes to be made so promptly and so successfully.

The fact that these changes have taken place in the year of the Bank's Centenary is fortuitous, but nevertheless a happy coincidence. As the Bank moves into the second century of its life, a history of the first hundred years culminating in these developments is being prepared and will, it is hoped, be published early in 1963.

BALANCE SHEET

As a result of the transfer at 31st March, 1962, of the business of the Bank carried on in the Republic of South Africa and in South West Africa to a wholly-owned subsidiary company the form in which the accounts have been presented this year has been changed so that the relevant information provided now comprises:—

(a) A consolidated balance sheet setting out the combined assets and liabilities of the Bank at 31st March, 1962, and its wholly-owned subsidiary companies, the Standard Bank of South Africa Limited and the Standard Bank Finance and Development Corporation Limited.

(b) A balance sheet of the Bank at 31st March, 1962, setting out the assets and liabilities of the Bank, including its investment in its wholly-owned subsidiary companies.

In previous years the accounts of the Standard Bank Finance and Development Corporation Limited have been presented separately but in view of the other changes in presentation necessary your Board of Directors considered it opportune to include this company in the consolidated accounts. For ease of comparison the figures for the year ended 31st March, 1961, are presented in the same form.

It will be seen from the consolidated balance sheet that, although business conditions in Africa have not been altogether favourable, the Bank's position as a whole has been well maintained. Needless to say, this is largely due to the continuing efforts and devotion to duty of the staff, for whom local stresses and strains have by no means diminished. I am sure, therefore, that shareholders will wish to join me in expressing once more our sincere thanks to the staff for all their work during the past year.

To deal now with various items in the consolidated balance sheet. A rather less favourable trading situation in Africa and a continuing outflow of capital from some areas are reflected in a fall of some £3 million in the Bank's Liabilities in respect of Current, Deposit and Other Accounts. As regards Current Assets, the total of Cash in Hand, at Call and Short Notice, Treasury Bills and Trade and other Bills is some £13 million higher than last year. Advances, on the other hand, are about £6 million lower. The total of Investments has remained almost unchanged at a little under £50 million, a figure which is below cost and below market values on the 31st March, 1962.

PROFIT AND LOSS

A consolidated profit and loss account sets out the combined profits of the Bank and its wholly-owned subsidiary company, Standard Bank Finance and Development Corporation Limited, for the year ended 31st March, 1962, and shows how these profits have been dealt with in the accounts of the Parent Company.

The balance of profit to be dealt with in the account of The Standard Bank Limited is £1,300,180 compared with £1,338,862 last year: Profits are lower by some £39,000 since the rather less favourable trading conditions encountered in Africa were not completely offset by higher earnings in London. The balance brought forward from the previous year is £596,115 and the total to be dealt with is, therefore, £1,896,295. Your Directors propose the allocation of £150,000 to the Reserve Fund, which will then be increased to £11,000,000 and equal the amount of issued capital. After allocating a further £50,000 to write down bank premises, a final dividend of 10 per cent is again recommended, making a total distribution for the year of 15 per cent. To mark the occasion of the Bank's Centenary, your Directors have also considered it appropriate to recommend this year the payment of a special Centenary Bonus of 2½ per cent. This will leave £517,233 to be carried forward to the next account.

LOOKING INTO THE FUTURE

As it completes its one hundredth year of business, the Bank is able to look back on a history of steady growth. At this point in time, further economic advance in East and Central Africa is hampered by political uncertainties and unrest. The situation is made more difficult by the division of responsibilities between the Local Administrations and Whitehall. In South Africa there are now signs of recovery from recent economic setbacks, and foreign exchange reserves have risen strongly. Indeed at the end of May these reserves were higher than for over a decade. Nevetheless, up to the present, the Authorities there have felt it necessary to retain control over imports and the outward movement of Capital with only minor relaxations.

"In a technically shrinking world there is little room for absolute political or economic independence." These are the words of S. H. Frankel, a distinguished Oxford professor with great knowledge of Africa. They are apposite at the present juncture, and not only in an African context. If political unrest and economic crises are to be avoided in the present rapidly changing world, it would seem wise for statesmen and businessmen alike to recognise the inevitability of inter-dependence, and to seek its advantages. This course may well produce

speedier and better solutions to the pressing problems which beset us than attempts to cling to concepts of sovereignty and self-sufficiency now increasingly difficult to reconcile with the facts of modern life.

A prime need of East, Central and South Africa is a sufficient inflow of private capital. Neither present levels of internal savings, nor such efforts as national or international organisations are able to make, can provide a substitute. Development of natural resources and of secondary industry, rising levels of employment and of material welfare, orderly social progress—all depend upon the attraction of sufficient private capital from overseas. Such capital assistance will be forthcoming provided internal policies take sufficient account of certain conditions. These are: that the maintenance of law and order remains beyond doubt: that investments from overseas can be operated with due regard to efficiency: that a reasonable profit can be earned and remitted: and that the investment can be repatriated in need. In addition, until comparable indigenous skills are available and can keep pace with constantly improving methods and techniques, the skills of technicians from other countries will continue to be required locally. These thoughts are not new, but they have yet to be fully appreciated by many of those now actively concerned with the political future of large parts of Africa where we conduct our business.

Investment is but one aspect of the dependence of the less-developed countries on those generally more advanced. Another is trade. In the case of the Rhodesias and Nyasaland, for example, about three-quarters and, in the case of East Africa, about one-half, of exports go to Western Europe. The United Kingdom is now in the course of negotiating entry into the European Economic Community (the Common Market). At the same time, deliberations are proceeding amongst Common Market Members in order to decide whether to renew the preferential arrangements for their Associated Overseas Territories which expire at the end of this year. The United Kingdom, if it joins the Common Market, will presumably seek the same privileges in regard to certain products for its "Associated Territories" in Africa as will be enjoyed under any new arrangements by the Associated Territories of the original members. For the Federation, the risks involved are lessened insofar as about three-quarters of its exports to Europe are minerals strongly in demand. In the case of East Africa, however, existing Commonwealth Preferences granted by the United Kingdom are in some cases important. Coffee, tea and vegetable oils are the principal products affected by the E.E.C.s existing arrangements for its Overseas Territories. It is to be expected that efforts will be made to place East Africa on an equal footing with them, should the United Kingdom join the Common Market. Neither the Rhodesias, nor Nyasaland nor those East African territories for which the Government of the United Kingdom still have responsibility, are themselves in a strong bargaining position. In any negotiations with the Common Market the United Kingdom is their only advocate.

But what of South Africa, now regrettably no longer a member of the Commonwealth, should Britain join the Common Market? Gold provides roughly one-third of South Africa's export revenue and, in other respects, South Africa's position, fortunately, is relatively strong. As with the Federation, an important section of her exports comprises base minerals, which are likely to find a growing market in an integrated Western Europe. However, South Africa has a considerable potential for miscellaneous agricultural and industrial products, which constitute a rising proportion of her exports. Wider outlets for these products may have to be found as the British market, for which South Africa has catered in particular, may no longer be so accessible. On the other hand, South Africa has provided one of the most important markets for British exports and, so long as this remains the case, the United Kingdom will almost certainly wish to maintain a large reciprocal trade with South Africa.

Should the United Kingdom join the Common Market, Associate Membership for South Africa does not seem to be a practical possibility. It follows, therefore, that existing South African trade arrangements not only with the United Kingdom but also with other Commonwealth Territories, could be affected. For example, South African manufacturing industry finds an important outlet in Rhodesia.

It is encouraging that efforts are now being made by the South African Government to probe in detail the likely shape of the Republic's future trade with Europe and the Territories now, or in the future, associated with it. There is need for sound guidance on the best means which the Republic can employ in order to protect her important trade links with Europe and the Commonwealth. Although, in many respects, the economy of South Africa has great inherent strength, it is likely to have to rely to an increasing extent on export earnings to finance foreign exchange expenditure. It augurs well, therefore, that the problems for South Africa which may arise, should the United Kingdom join the Common Market, are now being faced with realism.

In relation to East, Central and South Africa, one particular section of the Treaty establishing the European Economic Community should be borne in mind. This section states that the activities of the E.E.C. shall include associating overseas countries and territories with the Community with a view to increasing trade and to pursuing jointly their efforts towards economic and social development. Such a statement of purpose may well be thought to embrace not only territories now associated with the Common Market and, if the United Kingdom joins, with the Commonwealth, but other countries, too. It is also to be hoped that, in any deliberations now taking place in Brussels, thought is being given to the time when it will be necessary to ensure that the markets of Western Europe, and not only of the United Kingdom, are made accessible both to the primary products and, as they are developed, to industrial exports of the less advanced countries of Africa. Otherwise, the process of industrialisation of these areas will be held back and with it the improvement of living standards.

We should not forget that, much as Europe has now to offer Africa, there is much, too, that Africa can provide, of which Europe and the rest of the industrialised world may find itself increasingly in need.

CONCLUSION

It seems clear that, in this year 1962, two main factors are dominant—the present political readjustments of Africa, the shape of which will only emerge with time, and the changing trade and financial patterns of the countries of Western Europe. There is need, on the one hand, for closer understanding of the problems involved by all those concerned with Africa, and, on the other, for a capacity for adaptation to changing circumstances, which will affect governments, businesses and people alike.

By the changes already made in its structure, the Standard Bank has shown that it recognises these facts. During the first century of its activities the Bank has faced and overcome many difficulties arising from unpredictable changes in the social, political and economic climate of the territories in which it conducts its business. The second century of its history opens with some dark clouds on the African horizon. Nevertheless your Directors are confident that the Bank will continue to make a fruitful contribution to the orderly economic evolution of East, Central and South Africa upon which its own fortunes so much depend.

* * *

It is with regret that I have to report that Mr J. N. Hogg, who joined the Board in 1946 and was elected Deputy Chairman in 1953, resigned at the end of September last year. We miss his wise counsel and the long experience he had of the Bank's affairs.

We have been fortunate in obtaining the services of Sir Cyril Hawker who joined the Board in March of this year on relinquishing his directorship with the Bank of England. His wide knowledge and long experience of international finance is already proving most valuable. Sir Cyril is at present Deputy Chairman. Owing to ill health I am obliged to give up the Chairmanship and arrangements have therefore been made for him to replace me in the Chair in the near future. I am sure that under his capable guidance the Bank will solve with success any difficulties which may lie ahead in these uncertain times.

The mandate of Mr Robert Annan expires this year and he does not propose to seek re-election. Mr Annan, who is President of Consolidated Gold Fields of South Africa Limited and a Director of the British South Africa Company, joined the Board in 1956. He has been a most helpful colleague, and his departure leaves a gap which it will be hard to fill.

I am pleased to report that Sir Keith Courtney Acutt has joined the Board. He is Deputy Chairman of Anglo-American Corporation, a Director of the British South Africa Company and of many other companies with interests in the various territories in which our Bank conducts its business. He was Deputy Chairman of our Rhodesian Board before joining the Board of the Central Bank in the Federation of Rhodesia and Nyasaland when it was formed in 1956. With his wide knowledge of Africa he will be able to make an invaluable contribution to our deliberations. Sir Keith was knighted in the New Year's Honours List and I do not doubt that you will wish to take this opportunity of congratulating him on this honour. In accordance with the provisions of the Articles of Association, Sir Cyril Hawker and Sir Keith Acutt retire at the Annual General Meeting and you will be asked to re-elect them to office.

Changes have taken place during the year in the constitutions of our local Boards. I mentioned in my Statement in 1960 that Mr Ralph Gibson, after 50 years of service in the Bank, had decided to take life a little more easily and in February this year he resigned from the South African Board. I would like to pay a special tribute to the lifelong service which Mr Gibson has rendered to the Bank. After working in South and East Africa, and later in New York, he served for 25 years in London, first as a member of the Management and then on the London Board. In 1953, when the local Board was inaugurated, he agreed to take up residence in South Africa and since then he has successfully guided the development of that Board first as Chairman and latterly as Deputy

Chairman. No one who has served in the Bank ever had greater detailed knowledge than Mr Gibson of its affairs in Africa, in London and in New York, and his experience has been invaluable. We all wish him many years of health and happiness in his retirement. Others who have retired are Mr J. T. Jurgens and Mr J. N. Mackenzie from the South African Board and Mr T. Graeme Duncan from the Cape Board. All these gentlemen have served with distinction on the local Boards since their inception in 1953. I also have to report with regret that Sir Robert Hudson, Chairman of the Rhodesian Board, and Sir Ferdinand Cavendish-Bentinck, a member of our East African Board, have decided to retire from these Boards. We are fortunate, however, in that Mr R. M. Taylor accepted the Chairmanship of the Rhodesian Board. Mr Taylor was a member of the Monckton Commission and before that was Permanent Secretary to the Treasury of the Federation of Rhodesia and Nyasaland. Mr H. W. Jeffreys, our General Manager in the Federation before his appointment in 1958 as Minister representing the Federation in Washington, returned to Rhodesia last year and, I am pleased to report, accepted an invitation to join our Rhodesian Board. The knowledge and special experience of these two gentlemen will be of the greatest value to us. Sir Robert Hudson, Sir Ferdinand Cavendish-Bentinck and Mr Graeme Duncan have all indicated their willingness to serve in a consultative capacity. In this way we shall continue to have the benefit of their advice.

We also welcome warmly the new appointments to the Board of the Subsidiary Company, The Standard Bank of South Africa, Limited of Dr A. J. Norval and Mr. A. M. Rosholt.

BANQUE NATIONALE POUR LE COMMERCE ET L'INDUSTRIE

Registered Office :
2/16 Boulevard des Italiens—Paris

1350 BRANCHES, AGENCIES AND OFFICES IN FRANCE, OVERSEAS TERRITORIES IN THE FRANC ZONE AND ABROAD

The accounts for the trading year 1961 approved by the Banks Control Commission at its session on June 14, 1962, bring forward, after deduction of the general expenses, redemptions, provision for risks and other charges, a net profit of NF. 5.445,699,90 against 5.197,690.48 for the preceding year.

The distribution allocated to shareholders has been fixed at NF. 1,125 gross, an identical amount to that of last year. This amount will be paid on July 1st next, under deduction of taxes, for an amount of NF. 0,99 nett.

HIGHLANDS & LOWLANDS PARA RUBBER CO. LTD.

RECORD PROFIT

In the Statement presented at the Annual General Meeting held on July 3rd in London the Chairman **Mr T. B. Barlow** said:

We have had another record year and I want to thank all our employees for the contribution they have made to a profit of £1,506,500.

After making appropriate allowances including £536,800 for taxation and £300,000 for replanting reserve and the interim dividend of 3d. less tax per 2s. stock unit paid last November, we are able to recommend a final dividend of 7d. less tax per 2s. stock unit, which requires £424,000 and to carry forward £192,700—an increase of £40,000. The final dividend will be paid on July 17, 1962.

In March 1962 £159,600 compensation was received for 670 acres required for the new Kuala Lumpur airport. Last month we bought Ichamaram oil palm estate of 695 acres for £170,000. This has brought our total area of oil palms up to 14,134 acres. The acreage under rubber is 46,952 acres.

ESTATES

The average yield of rubber per acre was 843 lbs. and the profit per mature acre £26. The estates continue to improve and now six of them have an average yield of over 1,000 lbs. of rubber per acre tapped. The yield of palm oil and kernels was 1.17 tons per acre and the profit £35 per mature acre.

We are diversified to the extent that we have 23 per cent of our acreage in oil palms, which over recent years have been more profitable per acre than rubber. At present we are operating five palm oil factories, but in due course we expect to build a new one and reduce their number.

Our estimated crops for 1962 are 29,611,000 lbs. of rubber and 11,150 tons of palm oil and kernels. Crops harvested during the first six months of 1962 are in line with these estimates. The yield per acre from our oil palms is steadily improving and we are gradually replacing old rubber with oil palms on land which is suitable for them.

OUTLOOK FOR RUBBER

The advance of synthetic rubber is of benefit to us because at last it has stopped the wild variations in price that did natural rubber such harm. 1961 was an all time record in that the price of rubber only varied 20 per cent. Previous variations were at least 50 per cent. Much of the new synthetic will compete with existing synthetic rather than natural. During 1961 the market expected lower prices for natural and therefore stocks were low and demand was maintained. The world requires about 4,000,000 tons of rubber and the demand increases annually. It would be reasonable to expect that there is room for both natural and synthetic.

Natural rubber is a wonderful commodity and now that synthetic is exerting a steadying effect on price perhaps the chief disadvantage of natural is overcome. The current outlook suggests that supply and demand are evenly balanced.

MALAYSIA

Any reference to events in Malaya in 1961 would be incomplete without the mention of the word "Malaysia," which can be defined as the proposal to institute a form of federation for Malaya and Singapore together with the Borneo territories of Sarawak, Brunei and North Borneo. One would hope that the association of these five territories would bring swifter economic and social progress to them all, for they have much in common in culture and racial origins. There are similar customs and similar problems and all share the same currency. Let us hope that 1962 will complete what began in 1961 and that a strong, prosperous and contented Greater Malaysia will emerge.

The report and accounts were adopted.

PORTALS LIMITED

Extracts from the Report and Accounts for 1961 and from **Sir Francis Portal's** Statement to the Stockholders.
Meeting June 29, 1962.

	1961	1960
	£	£
Issued Capital	2,756,262	2,756,262
Group Reserves	2,457,028	2,048,276
Group Trading Surplus	1,419,805	1,280,210
Group Profit, after Tax	681,488	645,747
Dividends	20%	20%

GROUP TRADING

On the Bank Note papermaking side our mills have been fully extended with the demand from all parts of the world. It is satisfactory to have achieved this in spite of keen competition; and the figures show a modest improvement.

Our subsidiary the Laverstoke Investment Trust group, consisting of water treatment and engineering companies, also maintained an upward trend both in turnover and in profit during 1961.

PROSPECTS FOR CURRENT YEAR

This year has brought a further increase in the demand for our Bank Note paper from many countries and unless any unforeseen difficulties arise the prospects for 1962 should be satisfactory. The Laverstoke Investment Trust group also looks forward to a year of further expansion and progress.

This year is the 250th anniversary of the foundation of Portals which took place in the year 1712, at Bere Mill, which still stands on the company's property.

Scrip issue of two 5s. Ordinary Shares for each 25s. in nominal value of Ordinary Stock held was approved at the meeting.

By Appointment to Her Majesty Queen Elizabeth II Wine Merchants John Harvey & Sons Ltd. Bristol

HARVEYS of Bristol Limited

RECORD GROWTH CONTINUES

From the annual statement of the Chairman Mr G. E. McWatters

The sales of the group have increased from £3,968,792 to £9,302,939 while net profit before tax rose from £707,326 to £922,111. Of the total group sales, approximately one and three quarter million pounds represents sales in companies acquired during the year.

	1962	1961	1960	1959	1958
SALES AND PROFITS					
Sales	9,302,939	5,968,799	4,779,943	4,279,357	4,225,586
Net Profit before Tax	922,111	707,326	581,143	502,939	450,891
Taxation	484,521	392,991	293,513	245,456	231,873
Net Profit after Tax	437,590	314,335	287,630	257,483	219,018
RESERVES					
Amount transferred to Reserve	125,000	130,150	175,000	164,809	135,000
Total reserves and unappropriated profits	3,012,628	1,087,002	979,657	793,919	607,188
ORDINARY DIVIDENDS	190,478	148,974	92,497	69,982	44,774

NEW GROUP STRUCTURE TO MEET EXPANDING OPPORTUNITIES HERE AND OVERSEAS

The group now consists of the holding company and five main trading companies:
John Harvey & Sons Limited carries on the trading operations of the firm of that name selling wines and spirits, and providing group services.
Harveys of Bristol (Overseas) Limited co-ordinates the activities of companies established abroad.
William Perry Wine Merchants Limited embraces all the licensed outlets in the group, including Sidgwick & Cowell Ltd, A. J. Smith & Co Ltd, Connolly & Olivieri Ltd, Matthew & Son Ltd and Byron Gulliver & Son Ltd.
Cater, Stoffell & Fortt Limited is the group's grocery, catering and restaurant division.
Stewart and Son of Dundee Limited forms the spirits division of the group, where 'Cream of the Barley' Scotch Whisky is the leading brand.

SUPPLIES: INCREASED AND SAFEGUARDED

The dominant theme of our activities for the year under review was continued expansion to assure our sources of supply. In Spain, *Zoilo Ruiz Mateos S.A.*, responsible for the supply of our sherries, has continued to build up stocks to meet our ever growing needs. These stocks now stand at 60,000 butts.
The Portuguese assets of *Martinez Gassiot and Company Limited* and *Cockburn Smithes & Cia Limitada* were merged in *John Harvey & Sons (Portugal) Limited;* we acquired Stewart and Son of Dundee Limited, whisky blenders and rum bottlers, and early in 1962 we became closely associated with *A. Delor & Cie of Bordeaux.*

SUBSTANTIAL ADVANCES IN HOME SALES

The Bristol range of sherries continued to make substantial advances. I am sure that our extensive advertising has contributed to this—our summer campaign for Bristol Dry resulted in sales of a third more Bristol Dry in the year under review.

EXPORTS: PRE-EMINENCE IN NORTH AMERICA, OPPORTUNITIES IN EUROPE

We plan to maintain our pre-eminent position in the United States and Canada. Our distribution arrangements in Europe are being rapidly improved, and I see this market as one of considerable potential.

CURRENT PLANS TO MEET GROWING COMPETITION

To increase our storage and bottling capacities for the years ahead, it was decided, early in 1961, to double existing facilities at Whitchurch by October this year, and also to build a new wing to our offices at Whitchurch. Although we anticipate a further increase in sales at home and abroad in the current year, there are indications that trade is becoming more competitive. Despite this, however, I have every reason to believe that the return on your investment in Harveys of Bristol will be at least equal to that of the past.

Copies of the Report and Accounts may be obtained from the Secretary, Harveys of Bristol Limited, 12 Denmark Street, Bristol 1.

ALBERT E. REED & COMPANY, LIMITED

Annual Statement by the Chairman The Rt. Hon. Lord Cornwallis of Linton, K.B.E., M.C.

"We have become a Group of wide interests"

In his circulated statement to shareholders the Chairman, Lord Cornwallis, said:

The year ended 31st March, 1962, has been a year of great activity for the Reed Group. You will recall that last year the Group put into effect its policy of a world-wide spread of operations and continued the programme of diversification at home.

During this year these activities have been developed and expanded and the Group is now firmly established in the Commonwealth, the European Common Market and the European Free Trade Area, in addition, of course, to the United Kingdom. The value of sales, excluding inter-company sales, has been substantially increased, rising from £71.4 million for the year to 31st March, 1961 to £95.0 million for the year to 31st March, 1962.

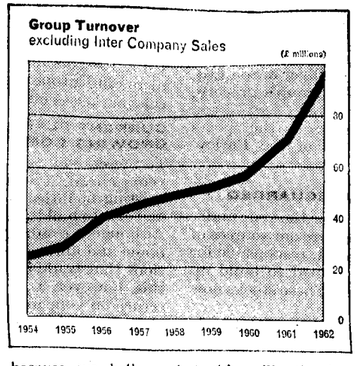
This year we are showing the amount of Group inter-company sales in relation to our figures of turnover, as we feel this is useful additional information for our shareholders.

During the year to 31st March, 1961 no profits were included for The Imperial Paper Mills, Limited, only four months for the Anglo-Canadian Group, and six months for Reed Paper Products (Holdings) Limited. These were the profits from the date of acquisition to 31st December, 1960. This year in all the above cases profits for a full year are included.

The profits arising in the United Kingdom are, however, lower than for the previous year. This is due to the fact that profit margins in the United Kingdom paper making operations have been substantially reduced. This is a situation which was fully anticipated, and you will recall that I referred as long as eighteen months ago in my comments accompanying the statement of trading results for the half year ended 30th September, 1960 to the probability of falling margins. They have progressively declined under the influence of the accelerated tariff reductions under the E.F.T.A. Agreement.

Although we have made strong representations to the Government in pressing upon them the severity of the impact of accelerated tariff reductions on the paper industry, we have so far obtained no satisfactory response. They appear either not to understand the seriousness of the situation, or, if they do, are not prepared to do anything about it. On the Continent the paper industries of various countries are regarded as of very considerable importance by their respective Governments, and I cannot help feeling that the non-recognition by our own Government of the necessity to maintain a healthy and progressive home paper trade shows a considerable lack of appreciation of the importance of this great industry.

We welcome the possibility of Britain entering the European Economic Community; firstly, because we feel that Britain should continue to be an important influence in Europe as a whole, and secondly—and perhaps more selfishly—



because we believe that this will stimulate economic growth of the country and alleviate to some extent the difficult competitive situation which the formation of the E.F.T.A. of the Outer Seven has produced. We are not afraid in the long run of pitting our ability against anything we may have to meet, and although as an industry we do not feel that entering into the Common Market will solve all our problems, at least it presents us with a challenge which does not have in it the extreme elements of unfairness which we see in the present situation. I feel it is reasonable to ask:

(i) that a harmonised tariff be adopted by this country and the "Six" against all countries which do not become *full* members—a principle already agreed by Her Majesty's Government. This does not exclude the possibility of negotiating favourable terms of association with the enlarged Common Market for the E.F.T.A. neutrals;

(ii) that in order to facilitate the negotiation of suitable terms of association for the E.F.T.A. neutrals, the present E.F.T.A. tariff reduction of 40 per cent should not be taken any further for the time being;

(iii) that Commonwealth countries, especially Canada, should receive at least as favourable treatment as our present E.F.T.A. partners;

(iv) that the principle of duty-free imports of raw material from whatever source is upheld.

UNITED KINGDOM OPERATIONS

At home, our paper and board making activity is being conducted with increased efficiency and new products are being developed to meet the new opportunities which arise. As an example, we have developed a special type of Newsprint to suit the Web Offset printing machines which are being introduced by newspapers in this country. The extremely high standard of colour printing achieved on Reed Web Offset Newsprint has aroused great interest, not only here, but also in the rest of the world.

It has been our policy to encourage stability in both the pulp and the paper markets in the belief that exaggerated price movements are ultimately not to the benefit of either the consumer or the producer. However, it will become increasingly difficult to refrain from exerting the maximum of pressure on the raw material prices if our foreign competitors continue to offer paper on this market at prices that are so much under the average ruling prices. I repeat that this is a course we should be very loath to adopt because all past experience shows that a period of depressed raw material prices is always followed by one when those prices are grossly inflated and in the end it is the customer who suffers.

It is our consistent aim to improve the Group's manufacturing activities in this country and to try to maintain them at the highest efficiency.

Sometimes this involves radical reorganisation, and as an example, we have in our Packaging Division recently decided upon a drastic rationalisation of the Reed Corrugated Cases Limited production activity. As a first step, we have closed the Brentford factory, which,

Breakdown of £1 Sales	
Raw Materials, Fuel and Power	9s 8d
Wages, Salaries and Pensions	4s 10d
Depreciation	10d
Other Costs	3s 0d
Taxation	9d
Dividends	8d
Retained in Business	3d
	£1 0s 0d

although well situated in some respects, nevertheless was in a high cost area where additional labour was difficult to recruit. The production from this factory has been catered for by expanding our activities at Thatcham, and the transfer has been smoothly achieved with the least possible disturbance to our employees, many of whom have been moved to Thatcham, and in any instance of hardship adequate compensation has been granted. The transfer has also been achieved with no interruption of service or supply to our customers.

Our entry into the plastics packaging field was entirely logical, having regard to our very great commitment in packaging, and enables us to offer an ever-increasing range of product and service to customers.

ACTIVITY OVERSEAS

Our acquisition of the Anglo-Canadian Group in Canada has been a great strengthening factor and the co-operation between our Canadian friends and the British companies is increasing month by month. We have every reason to believe that we have secured an adequate and important base for additional development on the American continent, and the exchange of ideas and the development of inter-continental trading have already proved of considerable financial advantage.

Our operations in Australia required initially some reorganisation and are now developing and expanding in a highly satisfactory manner.

Our partnership in Italy with La Centrale Finanziaria Generale S.p.A. giving as it does an important interest in carton manufacture at Turin, and eventually, with the establishment of our new mill at Cassino, a backing of raw material supply of board, represents a very important stake in the undoubted industrial growth of Italy.

At Sande, in Norway, the pulp mill is already in operation and this year the paper mill will be completed and will be in a position to supply the fluting paper for corrugated case operations.

The building of the second newsprint machine at Tasman Pulp and Paper Company Limited in New Zealand, in which your Company has a substantial interest, is progressing favourably, and it is hoped that this machine will come into operation at the end of this year.

These are the instances which I can report to you specifically, but it is our intention to maintain growth and to develop in all countries where suitable opportunities may arise.

RESEARCH AND DEVELOPMENT

We are convinced that a large group such as is represented by your Company, cannot fulfil itself and play the important part it should in the industry in this country and the world unless considerable emphasis is given to research and development. We are continuing our emphasis on this sphere of activity, thus enabling us to ensure growth within ourselves and to take advantage of the best current ideas which are developing all over the world.

GROUP TRADING RESULTS

Although, as I have already pointed out, the current year's results are not entirely comparable with those of last year, we consider that having regard to all the difficulties that have had to be encountered in this period, the profit of

Group Trading Results	Years to 31st March 1962 £'000	1961 £'000
Sales	95,000	71,400
Profits, before depreciation and taxation	11,790	9,103
Depreciation	4,026	2,513
Taxation	3,635	2,800
Minority Interests	195	103
Profits attributable to Shareholders	3,934	3,687
Dividends (Net)	2,870	1,981
Profits Retained	1,064	1,706

Salient Facts about the Group at 31st March, 1962	
Capital Employed	£102 million
Employees	22,100
Output	1,650,000 tons

£11,790,358, subject to depreciation of £4,025,828 and taxation of £3,635,199, is more satisfactory than might have been expected.

This has been a period—and it is not yet over—when the paper and board industry has been experiencing difficulties as acute as any which we can remember, arising from world trading conditions, a situation of acute over-supply, and Government action in relation to tariffs, none of which, as a Group, we feel we had any ability to control. Nevertheless, opportunities are offered in these times, and in order to take advantage of them, additional capital will be required. We have, therefore, since the 31st March, 1962, made arrangements for a further issue of Debenture Stock, and this, together with other arrangements which we may make from time to time, will put your Company in a position to accept the opportunities which occur and enable it to take full advantage of the changes which will arrive in this country as conditions gradually alter themselves for the better.

FUTURE PROSPECTS

In retrospect I feel we can say that our policy of expansion and diversification of our operation has been well considered and is well based. It is true that the full benefit of some of our developments has been off-set by some factors which have been outside our control and to which I have referred previously. Nevertheless, we have become a Group of wide interests, both from the technological and the geographical point of view, and year by year we are becoming more secure and more competent to deal with all the vicissitudes that can occur in this world-wide industry. We are one of the world's largest paper makers. We are the largest paper packaging operation in this country and are increasingly extending our activities in this field to other countries. We are increasing our resources in management and technological talent year by year, and our relationships with our large numbers of employees are sound and producing increasing mutual confidence.

I believe, therefore, that your Group can look forward with confidence to a steady and effective growth. The more difficult the times, the more we rely on the loyalty and skill of each and every one of the executive, staff and employees in our large group of companies. It is therefore with a feeling of real gratitude that I tender to them all especial appreciation of their service during the past year.

Analysis of Group Turnover excluding Inter Company Sales	
Converted Packaging Products	35%
Newsprint	24%
Wrapping Papers	15%
Printing Papers	13%
Pulp	5%
Miscellaneous	8%

(If you would like a full copy of the Annual Report and Accounts please write to The Secretary of Albert E. Reed and Co., Ltd., 105 Piccadilly, London, W.1.)

Reed PAPER GROUP

REED PAPER GROUP

a world-wide partnership
producing pulp, paper, packaging and plastics

REDIFFUSION LIMITED

RESULTS SHOW FURTHER IMPROVEMENT

GROWTH OF EXPORT AND OVERSEAS ACTIVITIES

MR JOHN SPENCER WILLS' REVIEW

The thirty-fourth Annual General Meeting of Rediffusion Limited will be held on July 25, 1962, at the Connaught Rooms, Great Queen Street, London, W.C.

The following is an extract from the Review by **Mr John Spencer Wills,** Chairman and Managing Director, as circulated with the Report and Accounts for the year ended March 31, 1962.

(It will be noted that Mr Wills' Review was prepared before the Report of the Pilkington Committee was published.)

I said last year that we should be satisfied if this year's results equalled those of last year. I am, therefore, content that we have done a little better. The Group's trading profit and investment income, totalling £7,684,000, exceeded the previous year's record by £526,000, but they were earned upon a larger capital and owe something to a higher dividend from Associated-Rediffusion Limited. Most branches of our business, both at home and abroad, contributed to the improvement in trading profit. It was particularly noteworthy that, in a very difficult year for the television trade, the number of television sets on hire from our companies showed a most satisfactory increase.

The balance of the year's profit, after tax, available to the parent company for distribution is £195,000 higher at £1,506,000. We are able to recommend a final Ordinary dividend which is the equivalent, on the capital as increased by the recent two-for-one capitalisation issue, of the rate paid for the previous year. Although the rate is effectively the same, however, the amount distributed this year will be £171,890 more than last year, because the additional capital created by the rights issue of December, 1960, ranks for this year's interim and final but did not rank for either dividend last year. The balance of undistributed net profit carried forward is £1,023,581, which is £101,830 more than we carried forward last year.

It has been a year of intense effort by our executive team, which has been enlarged and strengthened over the last eighteen months. New enterprises have been started at home and abroad and planning work is well in hand for new developments which are bound to come.

EXPORT AND OVERSEAS ACTIVITIES

The maintenance and expansion of export trade are now of very great importance to us. In the year under review, the Rediffusion Group derived more than one third of its net trading profits from exports and overseas activities. During the year our revenue from overseas was £7,358,000, and of this £3,333,000 came from the physical export of varied electronic equipment manufactured by our companies in the United Kingdom.

Our undertakings in the Far East have had a good year. Although our Hong Kong company's wired sound service has lost further subscribers, its wired television service—unique in the world—has done extremely well, with a 40 per cent increase over the year in the number of its subscribers.

The Government of Hong Kong is giving consideration to the possibility of making television available over the air as well as over the wire. We doubt whether Hong Kong could support two independent television services, and have suggested that if a new station is to be established, the present and the new services should be amalgamated, to secure economic operation and the maintenance of quality.

In Singapore and Malaya our companies have shown good results. The Malaya company's undertakings, which are at Penang and Kuala Lumpur, have made progress, and we are considering the possibility of establishing a new service in Ipoh, the third largest town in Malaya. In Singapore our local company achieved, in December last, the record number of 50,000 subscribers, but a cessation of work at the instigation of the employees' trade union in May last has had a damaging effect.

Ceylon Rediffusion Service, although it has still not recovered from the strike of 1958 and has brought us no profit, nevertheless pays its way without subsidy from this country and has made such progress this year that I feel we are justified in maintaining its popular service. The local Board and management are to be congratulated upon increasing the number of subscribers by more than 25 per cent since I last reported.

We can report satisfactory results from our undertaking in Orlando, near Johannesburg. Our commercial radio broadcasting station in Liberia made significant progress. In Nigeria our Rediffusion wired service has shown a worth-while profit. The number of its subscribers has increased to nearly 80,000. In the latter part of last year the Government of the Western Region of Nigeria, with whom we were equal partners in the foundation of Western Nigeria RadioVision Service Limited in 1959, proposed that they should take over full ownership and control of the company. A series of meetings in Ibadan ended with the sale of our interest to the Government at a satisfactory price, of which one half has been paid and the balance is to be paid by instalments over three years. I cannot conceal our disappointment that this partnership should not have lasted longer, but I must pay tribute to our Nigerian partners for their honourable conduct of the inevitably difficult negotiations which resulted from their decision.

The profit from our operations in the Caribbean as a whole was not as good as in the previous year. There was a falling off in the advertising revenue of our broadcasting station in Jamaica, but we hope to show a considerable improvement this year. Both in Jamaica and in Trinidad our wired networks lost some subscribers in the face of competition from broadcasts over the air, but in Barbados our wired network continues to grow steadily. Our broadcasting station in Trinidad and our two stations in British Guiana each had a successful year. The complete impartiality of the news and information broadcast by our stations in British Guiana during the disturbances in February of this year won praise, and was undoubtedly a reason why our company's installations escaped damage at the hands of one or other of the rioting political factions.

In Trinidad we are building a television station in partnership with the Government of Trinidad and Tobago, Scottish Television Limited and the Columbia Broadcasting System of America; it should be on the air by the end of 1962. The Jamaica Government has invited applications for the establishment of television in the Island, and we have submitted an application which is now under consideration. In our Caribbean companies the policy of training local people for executive appointments, a policy which is followed in all our overseas undertakings, has worked extremely well.

Bermuda Broadcasting Company Limited, in which we are large minority shareholders, and its subsidiary, continue to give satisfactory operational and financial reports on their sound radio and television broadcasting activities.

The negotiations, which I mentioned last year, for the provision of a television service in Malta were concluded in September, 1961. A new company—The Malta Television Service Limited—has been set up and will start television transmissions, over the air, on the 625-line standard, in the early autumn. Our Malta company's wired sound service has lost some subscribers owing to the movement of British service families away from Malta, but the number of Maltese subscribers remains fairly steady.

Our wired television and sound service in Montreal had another difficult year. I said last year that we were considering plans to convert the network to provide a more comprehensive service: those plans have now been put into operation and I am hopeful that I shall be able to give you better news of Montreal next year.

TELEVISION BROADCASTING OVERSEAS

All over the world countries which have just achieved independent statehood are turning their thoughts to the extension of broadcasting, and particularly to the introduction of television. Within the lifetime of many of us, we may expect to see a tremendous increase in the standard of living of the countries we now call "underdeveloped." The leaders of these new countries are acutely conscious of this, and it is not surprising that they would like to accelerate the process by the spread of television. We are pleased to put our resources at the disposal of a Government in the establishment and operation of any type of broadcasting service, commercial or non-commercial. For television, however, a commercial service will almost inevitably be decided upon, as a matter of deliberate Government policy. Broadcasting will often be the only available medium of advertising, and, unless trade can be stimulated by advertising, a Government's efforts to improve the industry and prosperity of its people will be much less effective. A far higher quality of programmes will be attainable with a commercial television service than most small countries could afford from their own resources—and it is so vitally important that the programmes should be good.

Education will be one of the principal aims of a television service in any developing country, and will not be limited to the special broadcasts which will be needed for schoolchildren and students. The programmes as a whole must be entertaining, and within the intellectual grasp of unsophisticated people, if there is to be a receptive audience by whom the educational benefits of television can be assimilated. The Rediffusion Group has at its disposal a wealth of material and experience in the provision of educational television programmes which is probably unrivalled by any other organisation. Associated-Rediffusion, in which we have an important interest, and which we were instrumental in forming, has been responsible for giving a remarkable stimulus to the use of television for education in the widest sense. Even in that company's early, difficult days it broke entirely new ground by introducing television broadcasts for schools, before the BBC or any other broadcasting organisation in Britain had operated such a public service. Those broadcasts have received universal acclaim and have been shown in many countries throughout the world. Although designed for children, some of them have been highly popular with adults in this country when repeated as part of the evening entertainment programme. Associated-Rediffusion has been very successful, too, with its programmes on current affairs. Its admirable programme "This Week" has recently been among the "top ten" T.A.M. ratings for two weeks in succession, the first time that a current affairs series has been viewed by more than five million homes for two consecutive weeks. The great "Intertel" co-operation, of which Associated-Rediffusion was one of the founders, has ended its first experimental year with great success and is to continue. By its means specially made programmes on subjects of topical importance have been shown internationally in Britain, the United States, Canada and Australia, to an audience of quite exceptional size for programmes of a documentary character.

Thus in its television operations Rediffusion can draw upon a fund of highly successful experience in education by television. The educational needs of overseas countries need special study, and we therefore welcome the formation of The Centre for Educational Television Overseas, which has been set up with the support of the Nuffield and Gulbenkian Foundations, the British Government, British industry and the B.B.C. Your company is making contributions totalling £15,000 to this Centre.

Competition to secure overseas television contracts is now surprisingly intense, considering the heavy capital outlay and the long period which must elapse before revenue equals expenditure. Your company is as eager as any to assist overseas governments, but it will not undertake any broadcasting or television operation unless it is enabled both to maintain its standards and to earn an adequate return for its services after a reasonable initial period. However, we shall not hesitate to undertake commissions which we judge to be in the long-term interests of the Company and of the Government and people of the country we are supporting. We shall welcome local investment, where this is possible, in any overseas company we take part in forming. Such companies will be run, as are all the Rediffusion companies overseas, by independent boards of directors representative of informed local opinion, who will do their utmost to train local people to undertake the highest managerial and executive posts.

MANUFACTURING COMPANIES

The Group's principal manufacturing subsidiary, Redifon Limited, has maintained its consistently high export performance. Its communication and navigational equipment is now to be found in some 80 countries. It is the world's largest supplier of civil aircraft flight simulators, and during the year has delivered flight simulators for civil and military use to the United States, Italy, Switzerland, Israel and Canada; orders are in hand from the Royal Navy, the British Overseas Airways Corporation, and from Western Germany. A full flight simulator for an aircraft such as a Boeing 707 costs approximately £250,000, and by its use an airline with a fleet of seven or more aircraft of the type can make sufficient saving to pay for the simulator in three to four years. Moreover, by using the device, training can be carried out without any hazard whatever and emergency drills which it would be impossible, or too dangerous, to carry out in the actual aircraft, can be simulated without danger.

Successful demonstrations have been given by Redifon of the world's first full-colour visual landing and take-off simulator, for use in conjunction with existing or new flight simulators.

New models of Redifon radar trainers were delivered during the year to Australia, Denmark, Holland, Norway, Portugal, Sweden and West Germany.

Discussions with the Philips Group have led to a friendly agreement for the formation of a jointly-owned company, in which the industrial radio-frequency heating activities of Redifon and Philips will be merged. This company, which is called "Intertherm," will be one of the strongest manufacturing organisations in this specialised field.

Rediweld Limited and Glass Fibre Developments Limited, which are manufacturing companies in the field of plastics, have had a satisfactory year.

Our television set factories, whilst they did not produce receivers in the record quantities of two years ago, more than maintained their share of national production. Of their output 7 per cent was exported, compared with the 4 per cent exported production of the British television industry as a whole.

REDIFFUSION SOUND AND VISION

At home, our Rediffusion wired sound and television networks have grown and maintained their pre-eminent position. The number of subscribers to the wired vision service in the British Isles is now 330,000 compared with about 275,000 a year ago. We are making progress with the new network in Leicester, our most ambitious new undertaking in recent years.

We welcome the fact that receivers specially designed for our wired systems are now made and marketed by four manufacturers, apart from ourselves. Our policy continues to be that we will connect to our wired television system any receiver which is technically satisfactory, without discrimination.

Our aerial television set rental service is available in many areas where wired services are not provided, and has also developed satisfactorily during the year.

As I mentioned last year, we expect that the developments which are to come in television broadcasting will increase the usefulness and popularity of our wired services. They will, however, undoubtedly involve us in very considerable expenditure.

625 LINES AND COLOUR

To receive any new television programmes which may be broadcast on the UHF bands or on the 625-line standard, Rediffusion wired vision subscribers will have to incur some outlay, but not such heavy expense as will face aerial viewers. The advantages of wired reception will be willingly made available to local dealers, for the benefit of their customers, as well as to those who buy or rent their sets from us. I am pleased to say that co-operation between local dealers and Rediffusion companies continues to grow, to the mutual benefit of both businesses.

Our networks will be able to transmit television in colour. If colour becomes widely popular, Rediffusion will be able to transmit it over its wires by an "out of band" method, whereby the colour signals will be sent on separate channels from the black and white picture signal. Where the demand justifies this, it will result in considerable cheapening of the cost of colour television reception.

PAY-TV—CHOICEVIEW LIMITED

Our associated company Choiceview Limited, which is jointly and equally owned by The Rank Organisation and Rediffusion, staged for the members of the Pilkington Committee in October last, a most convincing live demonstration of its system of Pay-TV. Choiceview has asked the Pilkington Committee to recommend that the Government should permit the introduction of Pay-TV on an experimental scale, and considers that the first experiment in Pay-TV should be made over a wired network. As no one will pay for the service if he does not want it, and as such an experiment would not take up one of the precious television wavebands in the ether, it is difficult to see how the request could reasonably be refused.

THE PILKINGTON COMMITTEE

As this Review goes to press, we are waiting for the Report of the Pilkington Committee on Broadcasting, and the expected White Paper which will give the Government's view upon it. I therefore hope to comment at the meeting upon the Committee's recommendations, and to give some idea of how they will affect our future plans.

The future of our investment in Associated-Rediffusion is in the hands of the Pilkington Committee and the Government, but I am on record as Chairman of Associated-Rediffusion in stating my conviction that the Independent Television Authority will be given a new lease of life and that the existing programme contractors will continue to provide television programmes. It is unthinkable that it should be otherwise.

Until the Pilkington Committee has reported and the Government has made known its intentions we cannot tell what the future pattern of our development in this country will be. It may well be that forthcoming changes will give a great impetus to our business, but it is certain that they will also intensify the competition we face and that they will involve considerable capital expenditure. We shall continue our efforts to develop our activities overseas, where, also, we face strong competition not only from the United Kingdom but from America and other countries. I cannot, therefore, make any promise of greater reward for our efforts over the short term. I can only say that I shall be disappointed if the results of the current year are less satisfactory than those of the year just past, and that twelve thousand employees of the Rediffusion Group at home and abroad are ready and eager to improve upon those results if they can be given the chance.

GODFREY PHILLIPS, LIMITED

SIXTH CONSECUTIVE YEAR OF IMPROVED RESULTS

INCREASED VOLUME OF SALES AND PROFITS BY OVERSEAS COMPANIES

MR P. A. GODFREY PHILLIPS ON HOME TRADE REORGANISATION

The Fifty-third Annual General Meeting of Godfrey Phillips, Limited, was held on June 29th at the registered office of the company, 112, Commercial Street, London, E1.

Mr P. A. Godfrey Phillips, the chairman, presided.

The secretary, Mr A. H. Grindell, read the notice convening the meeting, and Mr H. C. Medlam, FCA, read the report of the auditors.

The Chairman said:

Gentlemen, you have heard read the Notice convening the Meeting and the Auditors' Report. As the Accounts and Directors' Report have been in your hands for some time with your permission we shall take them as read. (Agreed.)

The Year 1961 showed a further improvement in results for the sixth consecutive year and your Board feels justified once more in recommending an increase in the rate of the Final Dividend to make a total distribution for the year of 20 per cent.

If you will turn to the Accounts before you, you will see that the Group Profit for the Year, before charging Taxation, was increased to £861,145 compared with £811,809 for 1960. This increase is derived from higher Trading Profits and reduced Interest Charges, offset to some extent by a lower and more normal figure for Exceptional Profit, lower Dividends from Trade Investments and heavier Depreciation Charges. After providing £458,202 for Taxation and crediting Provisions No Longer Required, there results a Profit of £492,857. From this must be deducted £73,612 for the interests of Outside Shareholders in Subsidiary Companies, leaving a Profit attributable to the Members of Godfrey Phillips Limited of £419,245 as compared with £351,254 in the previous year.

The balance on Profit and Loss Account brought forward from 1960 is reduced by the sum of £150,267 in respect of Companies liquidated during the Year to which I shall refer later; after setting aside £50,000 for Pensions and making transfers to General Reserve and deducting Dividends paid, accrued and proposed, there remains to be carried forward to 1962 the sum of £1,735,592—a decrease of £30,501.

CONSOLIDATED BALANCE SHEET

In considering the Consolidated Balance Sheet and the Balance Sheet of the Parent Company, there will be found changes in the value of Goodwill and in the levels of Capital and Revenue Reserves; these reflect Goodwill and other adjustments arising from the outright sale of our Abdulla Home Trade Rights as already announced and the general reorganisation of our Home Trade during the Year. As part of these measures and as foreshadowed at this time last year, your Board decided to put Cohen Weenen & Co. Limited into Voluntary Liquidation and to pay off its substantial Participating Preference Capital out of the improving cash resources of the Group. This has been done and the consequential adjustments to Goodwill which arise therefrom are reflected in the Accounts before you. In particular, the liquidation of this Company gives rise to the deduction from the balance of Profit and Loss Account brought forward from 1960 referred to above, and to the creation of a new Capital Reserve in respect of the revaluation of Goodwill in certain Subsidiary Companies, previously Subsidiaries of Cohen Weenen & Co. Limited.

In the Consolidated Balance Sheet these and other adjustments arising from the reorganisation reduce the value of Goodwill by £446,217. The increase in Trade Investments is due to the inclusion of our Paperback interests under this heading following the sale of 51 per cent of these to The New American Library of World Literature Inc. and this transaction also gave rise to a Profit which has been transferred to Capital Reserve.

PENSIONS

The decision announced last year to set up a Contributory Pension Scheme for the benefit of employees of the Parent Company and our other UK Subsidiaries, made necessary the provision of a sum to meet a considerable liability in respect of past service. In consequence there appears a new item under the heading of Quoted Investments which represents the funding in Dated British Government and Corporation Stocks of this amount which, as it becomes payable over the years, will be charged against the Amount Set Aside for Pensions, leaving to be met out of Current Profits only that part of the Annual Premium payable for present and future service. During the Year under review, considerable sums have been charged against the Amount Set Aside for Pensions in respect of pensions and leaving gratuities for personnel rendered surplus as a result of our Home Trade reorganisation; in the opinion of your Board the balance remaining, augmented from time to time by further moderate provisions, is adequate to meet our foreseeable requirements.

A marked reduction in the level of Current Assets was to be expected in view of your Group's virtual withdrawal from the Home Trade, and this has been helped by a significant reduction in Trading Stocks throughout the rest of the Group. The excess of Current Assets over Current Liabilities remains at a satisfactory level but is reduced as compared with the previous year, due in the main to the repayment of the Cohen Weenen Preference Capital and the investment in Government and Corporation Stocks.

There has been no change in the Share Capital but Capital Reserves have increased as outlined above by some £212,000. Revenue Reserves & Surplus are reduced by approximately £358,000 by reason of Goodwill and other adjustments and total Shareholders Funds now stand at a figure of £6,990,384, a reduction of £145,980.

The interests of Outside Shareholders in Subsidiary Companies are substantially reduced as a result of the repayment of the Participating Preference Share Capital of Cohen Weenen & Co. Limited, and this will have a beneficial effect on Group earnings in future years, through the elimination of the high fixed interest cost and the element of participation.

PARENT COMPANY'S BALANCE SHEET

Turning now to the Balance Sheet of the Parent Company, the main changes in the figures, as compared with the previous year, follow closely those in the Consolidated Balance Sheet which I have reviewed. The movements in the figures relating to investment in Subsidiary Companies in the main derive from the liquidation of Cohen Weenen & Co. Limited and the acquisition of its Subsidiary Companies by the Parent Company. Trade Investments are higher by reason of the adjustment of our Paperback holdings, and Current Assets reflect the reduction in Working Capital previously required by our Home Trade Cigarette and Tobacco activities. Whereas Current Liabilities are decreased by some £662,000, the excess of these over Current Assets has grown during the year, but this is of no special significance in the circumstances in which the Parent Company is acting increasingly as Banker to the Group. In general during the year, there has been a substantial reduction in bank borrowing, and, although the incidence of the Tobacco Duty on our operations has recently been aggravated by yet a further increase, our short and medium term borrowing arrangements are, in the view of your Board, adequate. Indeed, during the present year we have been able to reduce our Bank borrowing still further and yet make substantial purchases of the outstanding 4½ per cent Unsecured Loan Stock for cancellation. This Stock is obtainable under present economic circumstances at a substantial discount and these interim purchases should lessen the strain on Group resources when it is ultimately due for redemption at the end of 1966.

THE YEAR'S TRADING

I will now turn to a review of our trading during the year. Our Export Trade has met with the usual difficulties of increasing tariffs and quota restrictions, and its volume was slightly down on the previous year. The rising cost of production in the UK has inevitably entailed an increase in the invoice and consequently in retail prices which has made even more marked the difference between the British manufacturers' prices and those of locally manufactured goods. As the Commercial Street factory is mainly dependent on healthy Export Sales to maintain an economic level of production, our efforts to expand and develop our trade in the many overseas markets in which we are represented will have to be still further intensified.

Our Cigar importing Subsidiaries have both enjoyed another year of successful trading, and the reputation of the brands for which they have the trading rights stands as high as ever. We are learning to live with the difficulties of obtaining adequate supplies from Cuba and Jamaica and provided there are no unforeseen obstacles, these Companies should have another good year in 1962.

Our Printing and Publishing interests have met with even stronger competition than hitherto, and, in the case of our Printing Subsidiaries, in what was probably a slightly contracted market. They have stood up well to these conditions but have not shown such good results as during 1960. I am glad to say that there appears to be an improving trend in the Printing Trade, and, if this continues, we can look for better results this year from these activities.

Our Greeting Card interests ran into management difficulties during the course of the year, and their increasing turnover was not matched by an increased profit. Furthermore, they are expanding and developing new techniques, which, whilst contributing to a sure foundation for the future, are not productive of an immediate profit. Steps have been taken, and are being taken, to improve the management and administration generally, and a greater contribution can, I believe, now be anticipated.

Competition in the Paperback book trade has become more intense than ever, and the battle for good selling titles so keen as to make profits hard to earn. The Agreement into which we entered with The New American Library of World Literature Inc., should in the future help us considerably to acquire a wider range of best sellers, but in the meanwhile we have suffered some set-back. The literary quality of our Series is generally highly regarded throughout the trade, and I am glad to say that, without sacrificing the quality, we have in recent months been able to acquire for future publication books of greater popular appeal than those which we have more recently been publishing. Nevertheless, the way ahead is hard, and will require all the resources and ingenuity of our associates and ourselves for the establishment of a sound and profitable business, and this will not be quickly achieved.

OVERSEAS COMPANIES

I now turn to our overseas Companies, and I am pleased to be able to say that all of these have during the Year increased their volume of Sales and their Profits.

In India, as I forecast last year, a substantial improvement in sales enabled us more than to compensate for the slightly reduced margins of profit consequent upon the 1961 Budget and our Staff there are to be congratulated on the further record result which they have achieved. The enthusiasm and industry with which they approach their tasks is beyond praise and will, I am afraid, be needed all the more this year in view of the serious reduction in the margin of profit now available from our leading brands consequent upon the 1962 Indian Budget. In this market our main brand is Cavanders Navy Cut which retails at 30 nP for ten. The increased taxation represents a further cost of between 1 nP and 2 nP for ten, and normally one would pass this on to the consumer and an increased cost of some five per cent would appear not to be unreasonable. However, in India the bulk of cigarettes are bought by the ultimate purchaser not in packets of ten, but a cigarette at a time and as there is no coin smaller than one naya paisa, it would mean the payment of 4 nP a cigarette instead of a 3 nP—an increase of 33⅓ per cent. In these circumstances we have no alternative but to retain the price of 30 nP and redouble our efforts to increase our sales. I am glad to be able to say that since the Budget the steady increase in our sales has been considerably accelerated and this should go some way, but some way only, to recoup our loss of profit.

In Australia, the steady advances of 1959 and 1960 have been maintained and both the sale of our leading brand Viscount, and our profits have improved. I am glad to say that this trend continues and in the current year we may reasonably hope for a return more commensurate with the efforts that have gone into the development of this most important market. This expansion of trade has thrown heavy burdens on the management and the results which they are showing are largely due to the excellent teamwork which I found so evident there during my visit last November.

In New Zealand, our leading brand D. R. Filters has continued to make progress and during my recent visit there I saw, and was most favourably impressed with, the site at Elsdon which has been acquired for a new factory. For some considerable while now our New Zealand Staff have been working under very unfavourable conditions in a rather outmoded factory which can offer little attraction to employees in a highly competitive labour market. Plans for the new factory are now ready and it is anticipated that a really modern unit will be completed early in 1964. It is hoped that we shall be permitted to modernise our manufacturing processes but import restrictions are severe, and official approval of our proposals is not always easily or rapidly obtained. There is some tendency for the old established company to be placed at a disadvantage through difficulties in the replacement of old machinery with up-to-date equipment, whereas new competitors are perhaps not so handicapped.

At the end of the Year, on my way back from visiting our New Zealand, Australian and Indian factories, I spent a few days in Karachi where I was able to appreciate at first hand the esteem in which is held our newly Associated Company there, the Premier Tobacco Company. I saw the early stages of the building of the new Factory in which our Cavanders cigarettes are to be manufactured and despite the almost inevitable delays which must occur in a country short of raw materials, it is still hoped to get underway before the end of this year. I was able to confirm how well the name Cavanders is remembered and what a high reputation it still enjoys and I feel confident that this will be reflected in its sales.

TRIBUTE TO MANAGEMENT AND STAFF

The results before you would not have been possible but for the keenness and enthusiasm of all our employees, staff and management here at home and in all our overseas factories. I think it will be generally accepted that successful trading in all spheres is becoming more and more difficult and in the next few years success will not be possible without the continued loyalty and endeavours of all our employees which I am confident will be forthcoming. Once again I must thank my immediate colleagues, for their support and efforts in the direction and management of our affairs.

TRENDS IN CURRENT YEAR

In conclusion, I will turn for a moment to the year 1962. The Tobacco Trade is at present under a cloud, for the Report of the Royal College of Physicians published in March and the subsequent Debate in the House of Lords, although they brought forth no new facts and no new evidence did, with the publicity accorded by the B.B.C., make a considerable impact with an immediate effect on sales, which was not exclusively confined to this country. In the United Kingdom the Tobacco Industry has shown all along a marked sense of responsibility in this whole controversy and has never indulged in competitive health claims. Indeed until fresh facts are established concerning the aetiology of Lung Cancer no such claims can possibly be justified. Our only direct interest in the Home Cigarette and Tobacco Trade is through Pritchard & Burton, but we also have for many years manufactured cigarettes for other companies either exclusively or in order to fill gaps in their own production capacity. The most valuable of these has since March not been renewed and this will adversely affect the earning capacity of the Commercial Street factory where our export brands are also manufactured. In India we cannot anticipate as good profits as in 1961 owing to the extra burden of Excise which we are forced to carry. On the other side we look for better profits from Australia and to a slightly better contribution from our non-tobacco Subsidiaries. All-in-all we cannot forecast for this year as good a profit as in 1961 but it is hoped that it will prove adequate to maintain the present rate of Dividend and that our foundations will be strengthened for improved results in 1963.

I now propose that the Report of the Directors and the Balance Sheet be received, approved and adopted; and that the payment of Dividends on all classes of Preference Shares and the proposed Dividend on the Ordinary Stock and Shares and the allocations as shown in the Profit and Loss Account be approved and confirmed.

I will ask Mr D. V. Littlejohn to second the Resolution.

Mr D. V. Littlejohn, TD, FCA, a managing director, seconded the resolution and it was carried.

The retiring directors, Mr D. S. Barron, CIE, and Mr A. M. Borthwick, MC, TD, were re-elected and the proceedings terminated with a vote of thanks to the chairman, directors and staff.

FITZROY FINANCE

The fourteenth annual general meeting of Fitzroy Finance, Ltd., was held on June 29th in London.

Mr H. D. Michaels, Chairman and Managing Director, presided and the following is an extract from his circulated Statement:

It gives me great pleasure to report that the net profit for the year ended March 31, 1962, is more than double the figure for the previous year. The Accounts show that this amounted to £94,617 as compared with £46,404. This profit is after making full provision for the costs of the increases in capital, brought about by the Scrip and Rights Issues which took place during the year.

Your Board recommend a final dividend of 8 per cent less tax, on the capital as increased by the Scrip and Rights Issues of last year, making a total of 12 per cent for the year. These dividends will absorb £30,524 gross, less tax, leaving £12,538 to be carried forward as compared with £6,391 brought forward from the previous year.

CONTINUED PROGRESS

The Company continues to make good progress. It will be seen from the Balance Sheet that the reserve for Unearned Finance Charges shows an increase of over 60 per cent.

With new business currently running at record levels, it is already clear that the profit for the year to March 31, 1963, will again show a marked advance. Accordingly, it is our intention to maintain the present dividend on the total capital as increased by the recent Scrip Issue of 1 for 3 made in May.

The report and accounts were adopted.

WHESSOE LIMITED

(Designers and Builders of Capital Plant for the Oil, Atomic Power, Gas and Chemical Industries)

EXPORTS AND OVERSEAS CONTRACTS CONTINUE TO INCREASE

BOARD'S CONFIDENCE IN LONG-TERM FUTURE

MR JOHN H. LORD REVIEWS ACTIVITIES

The Forty-second Annual General Meeting of Whessoe Limited will be held on Tuesday, July 24, 1962, at 40, Broadway, London, S.W.1.

The following is the Review of the Chairman, **Mr John H. Lord, CA, FIRI,** which has been circulated with the report and acounts for the year ended March 31, 1962.

THE BOARD OF DIRECTORS

In the Report of the Directors the changes in your Board during the year are formally set out but I would especially like to refer to Mr E. R. Cartwright, who does not seek re-election after serving on your Board for 17 years. He has been a most assiduous and valued counsellor and we shall miss his shrewd advice and experience. In his place we have been fortunate in that Mr E. Le Q. Herbert has accepted our invitation to join the Board. His wide experience as a chemical engineer and director of companies will be of great value to us. At the last Extraordinary General Meeting I paid tribute to our ex-Managing Director, Mr A. G. Grant, who unfortunately had to retire due to ill-health after 31 years' service. Following the appointment of Mr M. J. Noone and Mr S. R. Chetwynd Archer as chief executives of the Company and Joint General Managers, Mr Archer has recently joined Mr Noone on your Board. You are accordingly asked to re-elect Mr Herbert and Mr Archer as Directors of the Company.

GENERAL AND FINANCIAL

In last year's Review the excess capacity of capital plant manufacturers was emphasised and a warning given that profits would decline. This has become a familiar feature of many industries, particularly the heavy engineering, and our profits for the past year are lower. The pattern of excess capacity, intense competition and low margins has persisted and I would expect this pattern to continue for some time yet. Whessoe has however been successful in maintaining the volume of throughput and in maintaining a high order book. I believe that for your Company a change is beginning to take place and that a more normal pattern of throughput and profits is emerging. It seems desirable and probable that some rationalisation of facilities in our industry should take place and your Board fully intends to seize any opportunity to increase the Company's profitable activities by any appropriate means which are in the interests of Stockholders.

I am particularly glad to report that the amount of work we export and the contracts we carry out overseas continue to increase. In the past year our overseas proportion, directly and indirectly, was over 33½ per cent of our total work completed and we hope still further to increase this proportion.

Already our progressive diversification and extension in more profitable outlets have resulted in a larger proportion of our work being concerned with long-term contracts at home and overseas. These long-term contracts increasingly involve three major features: they may spread over several years, they may be fixed price quotations and final claims and adjustments may occur long after fabrication, erection, site-clearing and so on have been completed. Until conditions materially alter and in order to ensure that the financial accounts should continue to provide a true and fair view for the year, the profits or losses earned in each year on long-term contracts will in future be brought into account. Our recently reorganised and mechanised costing system is important in this respect as costs can be more speedily and accurately ascertained than previously. Also, in order to provide for the contingencies inherent in the final claims and adjustments of long-term contracts as mentioned above, it has been thought advisable to transfer £400,000 from the profits of prior years appropriated to General Reserve to a Provision for Contingencies to be included in Current Liabilities and Provisions.

Your Directors have again recommended a final dividend of 22½ per cent, making 27½ per cent total dividend for the year. In our statement accompanying the declaration of the interim dividend we warned Stockholders of the probable decline in profits which has in fact eventuated but your Directors feel that the total distribution should be maintained having regard to the conservative policy pursued in the past in the distribution of profits earned and to their confidence in the future of the Company.

You will have received the Notice calling an Extraordinary General Meeting following the Annual General Meeting and Notice of the Resolutions to be proposed with an explanatory circular from the Secretary, which sets out the reasons for the proposals. The issue of Ordinary Shares as indicated does not affect the dividend recommended to be paid on Ordinary Shares for the year under review but the new shares will rank fully for dividends in future. Your Directors, being in agreement with the statements later in this Review under the heading of Prospects, do not anticipate that the amount of dividend which may be recommended for distribution in respect of next year will exceed the amount distributed in respect of this year.

THE ACCOUNTS

Consolidated Accounts have this year been prepared for the first time. These are submitted in the form of a Consolidated Profit and Loss Account, Consolidated Balance Sheet and the Balance Sheet of the Parent Company, Whessoe Limited.

The Consolidated Profit for the year, after all deductions except taxation, amounts to £403,000 compared with £626,000 last year. The total depreciation charge this year was £260,000 as against £224,000, reflecting the recent capital expenditure on buildings and equipment. The taxation charge for the year is lower at £215,000 compared with £295,000 and as a result the Group Net Profit for the year is £188,000 compared with £331,000 for the previous year. The lower profits are mainly due to the lower margins earned for the reasons stated earlier in this Review and on contracts taken some time ago and subsequently affected by cost increases. On certain contracts there were relatively substantial losses and, as I mention later, there were initial losses in certain subsidiaries only now coming into actual productive work. As against these losses there have been taken into account credits of £365,000 on long-term contracts extending beyond this year. The value of total production for the year was 25 per cent higher than last year, which represents a record level for your Company. Gross Work-in-Progress at March 31, 1962, of £8,291,000 was approximately the same as a year ago.

In the Consolidated Balance Sheet the Issued Ordinary Share Capital has slightly increased and the item Share Premium Account reappears. Both these are explained in the Notes on the Accounts and arise out of the acquisition of the entire Share Capital of Express Tools Limited. The Revenue Reserve reflects the transfer to Provision for Contingencies mentioned earlier in the Review and the unappropriated profits of this year. The cash position of the Company has materially changed since the previous year due to the financing of our new subsidiary companies overseas, the completion of the major capital expenditure at Darlington and the additional working capital now required especially in connection with our contract work. As a result there was a Bank Overdraft of £923,000 as at March 31, 1962. This has since been slightly reduced and your Board consider that the resources available to your Company should be adequate for the immediate foreseeable future. Finally it may be noted that due mainly to the inclusion in Current Liabilities and Provisions of the Provision for Contingencies of £400,000 the Net Assets have declined by some £357,000 to £3,654,000 but the Gross Assets of your Group have increased to £5,861,000.

ORGANISATION AND PERSONNEL

The reorganisation to which reference was made last year has now been substantially completed and I would like to pay tribute to the employees of the Company at all levels for the way in which they have adapted themselves to new conditions and for their continuing enterprise and loyalty. We employ approximately 2,000 people in the Group and their efforts have resulted in further enhancement of the Company's prestige and in our ability to obtain and execute satisfactory orders.

The recruitment of skilled engineers, design and estimating staff continues to present problems. Training is in consequence a most important aspect of our organisation, and our apprenticeship scheme, our examination awards and our promotion incentives are constantly under review, not only to give opportunity to employees for acquiring further skills but to provide advancement in initiative and management status. This is especially important to us because of our increasing activities overseas and the need for highly trained efficient technical representatives.

THE YEAR'S WORK

THE PARENT COMPANY: I am glad to report that the new Heavy Welding Shop—one of the finest in Europe—has been in full operation for most of the financial year under review. The new facilities provided by this shop enable the Company to shop fabricate Pressure Vessels of three times the previous maximum weight and in the rest of the works to increase other output, in particular that of Heat Exchangers and Shand & Jurs products. As you will have read in the Press we were fortunate and honoured to have the Rt Hon Frederick Erroll, MP, President of the Board of Trade, perform the official opening ceremony of these new extensions.

A high output has been maintained both in the works and in the field. It is gratifying that in accordance with the Company's policy of reducing its dependence on conventional Storage Tanks, the majority of completions in the year under review has consisted of shop and site built Pressure Vessels, Heat Exchangers, complete Chemical Plants and work of the Light Products Division.

A considerable amount of work is on hand for the storage of liquefied refrigerated gas in insulated tanks, an example being the recent order for four such tanks to a total value approaching £1,000,000 for the North Thames Gas Board. Work on the Reactor Pressure Vessel at Latina in Italy is in the final stages and at Dungeness we are well up to scheduled programme. We continue to be heavily engaged in the work available in the new Nuclear Power Stations in this country and have just received instructions for the supply and erection of the Reactor Vessels for the Oldbury Station. Two complete Chemical Plants, one in Australia and the other for the South Eastern Gas Board, have been finished and work is in progress on a £900,000 Crude Oil Conditioning Plant in Assam. Other comprehensive schemes for major Chemical Plants are also currently in progress; one, the first of its kind, involves refrigeration storage and vaporisation of butane. Output of Heat Exchangers and sales of Light Products, notably Shand & Jurs Fittings, continues at a high level. The Company has also been engaged upon a large number of major Tankage schemes at home and overseas.

It has been possible during the current year to exploit the Company's expanding fund of technical knowledge by concluding a number of agreements to licence our "know-how" to companies in areas where it is more practicable and economical for such companies rather than ourselves to obtain orders. Our close and amicable arrangements of very long standing with The Chicago Bridge & Iron Company and the Shand & Jurs Company continue to our mutual advantage, not only in technical development but in obtaining and executing orders.

As part of our planned extensions, substantial additional facilities have been provided for Research and Development, which are now coming into operation. These include investigations into the commercial feasibility and production of non-conventional materials for which we have recently obtained satisfactory premises at Crook, County Durham. I would like here to acknowledge the help and co-operation we received from the Crook and Willington Development Board.

SUBSIDIARY COMPANIES

WHESSOE S.A.—CALAIS: A new works has recently been completed for this Company for the production initially of Light Products. This is now in operation, output is being rapidly expanded and the prospects appear to be very satisfactory for our products in France and adjacent Continental countries.

WHESSOE ENGINEERING LIMITED—NIGERIA: During the year this Company has been recruiting staff, obtaining premises and installing equipment, etc. Permanent shop facilities are currently being erected and should come into operation this Autumn. We are already receiving encouraging enquiries.

WHESSOE ENGINEERING SERVICES LIMITED—LONDON: This Company, which provides design, consulting and contracting services, is emerging from the difficult period following initial setting up. The nature of the work involved requires considerable overhead expenses and time, but valuable technical and prestige results are obtained.

EXPRESS TOOLS LIMITED—CHESSINGTON, SURREY: The acquisition of this Company during the year was satisfactorily carried out with the full co-operation of the vendors. It continues operations with a satisfactory profit and in excellent accord as a member of the Whessoe Group. It is confidently anticipated that this subsidiary will be able to expand and show an increasing return on our investment.

THE ORDER BOOK

It is particularly gratifying to be able to report that the intake of both long and short term orders has continued at near record levels. Although we regard the margins obtainable on orders as too low, there are some signs of improvement. The present state of our order book reflects our success in broadening the Company's spread of customers and consequent ability to obtain a better average profit. The orders include supplying and/or erecting Tankage, shop and site built Pressure Vessels, Nuclear Vessels, Heat Exchangers, Gas Plants and complete Chemical Plants. Our Light Products Division orders include the supply of diverse types of valves, metering and measuring devices, telepulse and electronic controls for the Oil, Chemical, Gas and Other Industries.

Apart from the Home market we supply to Africa, America, the Near and Far East, Australia, the West Indies and the Continent of Europe, and our energetic sales force is actively pursuing possibilities in the countries behind the "Iron Curtain."

PROSPECTS

As I have indicated earlier in this Review, there are still short-term hazards to be overcome and again in the coming year results will be affected by the completion of orders with sub-normal margins. Your Board is however confident of the long-term future of the Company. Whessoe has progressively adapted itself with reorganisation in personnel, equipment, technological advances and salesmanship to the changes in the engineering and capital equipment markets. The Company's performance under the difficult market conditions of the last two or three years makes me assured of its ability to meet whatever competition lies ahead, including that which is already evident whether or not the United Kingdom joins the European Common Market.

GRAND CENTRAL INVESTMENT HOLDINGS

The third annual general meeting of Grand Central Investment Holdings Limited was held on June 29th in London, **Mr C. A. Meakin,** chairman, presiding.

The following are extracts from his circulated statement for the year ended December 31, 1961:

The profit for the year in round figures amounted to £252,000 before taxation. The corresponding figure for the previous year is £402,000 and the appreciable falling-off reflects the shortage of crop, with correspondingly increased costs.

Taxation on the profits for the year under review, computed on the data presently available, amounts to £124,000 net against £242,000 on the profit for the previous year. The level of taxation in Ceylon generally remains the same.

FACTORS AFFECTING PROFITS

Turning to the Company, as a whole, its results may be said to depend on four obvious factors: Taxation, Crop, Costs and Selling Price. To the first of these, I have already referred and there is no doubt, in my mind, that the present penal structure presents as efficient a form of strangulation of enterprise and growth as can be devised. Over the last five years, admittedly aided by Government, we have spent over half a million pounds sterling (gross) on replanting and new planting in rubber. This work, as I have stated, is now to cease, a retrogressive step actively encouraged by taxation. I only hope that circumstances will permit of an early resumption. Last year we replanted 16 per cent of the remaining old rubber, this year we are undertaking 16 per cent, after which there will remain 20 per cent of the total acreage assuming that all the old rubber is replantable, which is debatable.

RUBBER CROP.—It has been a poor year for crop throughout the island, and this Company was no exception: we only harvested the equivalent of 866 lbs. per acre from our clonal areas, due to an excessive number of non-tapping days.

RUBBER COSTS.—In the circumstances, were higher than normal but they compare favourably with other estates in such a year as we have experienced.

The last of the four factors, governing results, is the SELLING PRICE. This showed a reduction of 1.71d. over the previous year which is in line with market conditions and, since the last accounts, a sliding scale of export duty has been introduced which, to my mind, is a definite improvement. There have been optimistic forecasts of world consumption in some quarters against which we have to place the increasing use of synthetics and the menace of the U.S. stockpile. On the present market, however, and given ordinary climatic conditions, we can hope to produce a reasonable surplus in our trading account, before taxation.

TEA.—The results from the tea areas remain satisfactory. Crops continue to increase, although there was a slight decline in the selling price, in conformity with market conditions. Costs were held at the same figure as for the previous season.

The report and accounts were adopted.

THE BRITISH PLASTER BOARD (HOLDINGS) LTD.

A VERY SATISFACTORY YEAR

STATEMENT BY SIR GRAHAM HAYMAN

The following is the statement of the Chairman, **Sir Graham Hayman,** which has been circulated with the report and accounts for the year ended March 31, 1962:

I have to report certain changes in the Directorate.

Mr J. C. Duffus, having attained the age of 70 years, retires from the Board at the forthcoming Annual General Meeting. Mr Duffus became a Director in 1954 at the time of our acquisition of C. Davidson & Sons Limited, and he continued as Chairman of that Company and its subsidiaries. His experience and knowledge have been of much value to us and I am glad to record our sincere thanks to him for his services.

It was a matter of great regret to us all that Mr Douglas L. Walker died in February last. He joined the Board in May 1959, having then just completed a long and distinguished career as General Secretary of the Federation of British Industries. In the short time he served with us, we came to value highly his shrewd judgment and wide experience.

I am glad to report that your Directors have unanimously agreed that Mr R. S. Jukes, the Managing Director, be also appointed Deputy Chairman with effect from June 21, 1962.

FINANCIAL RESULTS FOR THE YEAR

The Accounts for the year to March 31, 1962, show that the Group's profits before taxation amount to £3,217,446, which compares closely with £3,210,381 for the previous year. This is considered very satisfactory taking into account the fact that during the period under review costs of transport, fuel and labour have all increased and domestic building, particularly in the United Kingdom, has been curtailed through restrictions in credit imposed by the Government.

After providing for taxation on the results for the year of £1,763,956 (which includes Profits Tax at 15 per cent compared with 12½ per cent for the previous year), and after taking account of outside shareholders' interests and adjustments relating to prior years, an amount of £1,500,601 remains available for appropriation by the Group. The sum of £500,000 has been added to General Reserve in the Holding Company and the Subsidiary Companies have retained £199,235 as Reserves and unappropriated profit.

A review of the basis used to arrive at the amount of depreciation charged in the Accounts has just been made which shows that the Group has been providing depreciation in past years on a more generous basis than has been necessary. Arrangements will be made to provide depreciation in future years on a lower but still conservative basis.

When the Board recommended that last year's distribution to Ordinary Shareholders should be maintained at 11¼ per cent for the year, there was uncertainty as to the effect on profits of certain factors to which I then referred. While there have been various additional charges, they have been offset to a greater extent than anticipated by higher turnovers so that, as shown above, the results for the year compared favourably with those of last year. In view of this position, and the modification in depreciation expected to be charged in future years, the Board recommend a final dividend at the rate of 8½ per cent which, with the interim dividend paid in January of 4 per cent, makes a total for the year of 12½ per cent.

The note in reference to Fixed Assets on the Consolidated Balance Sheet shows that during the year £1,841,000 has been spent on additions to land, buildings and plant at home and overseas. The increase in trade investments, which are also included under Fixed Assets, of £578,000 represents in the main the Group's interest in Australian Gypsum Industries Limited. Just over 10 per cent of that Company's shares were acquired during the year and are held by a newly formed, wholly owned subsidiary, British Plaster Board (Australia) Pty. Limited.

As foreshadowed in my last Statement, the Group's main bank accounts were overdrawn at the year end to a greater extent than in previous years. The amount shown is, however, considerably below the limits of the temporary facilities arranged with our bankers which should prove adequate for our short-term needs.

As you will note from the Directors' Report, an extensive re-organisation of the United Kingdom gypsum companies has been carried out. This was done to facilitate administration and to reduce overhead and production costs, with the result that we now have two main Companies in that section of the Group—British Plaster & Boards Limited and Gyproc Limited. While these two Companies retain their separate selling organisations, they have between them taken over all the plants and trading activities of the United Kingdom gypsum producing companies. We are satisfied that the Group and its customers will benefit from this re-arrangement.

There are two Resolutions attached to the Notice calling the Annual General Meeting which are to be proposed as Special Business. If adopted by the Members, these Resolutions, which are recommended by the Board, will change the Company's Ordinary Stock into Ordinary Shares of 10s. each and will make certain amendments to the Articles of Association so as to bring the borrowing powers of the Board into line with the limits now being approved by the Stock Exchange and to simplify dealings in the Company's shares by the elimination of transfer and other fees. These proposals are dealt with more fully in an explanatory letter accompanying the Notice of the Meeting.

TRADING ACTIVITIES IN THE UNITED KINGDOM AND THE REPUBLIC OF IRELAND

The production of gypsum and anhydrite rock from our mines and quarries in the United Kingdom and the Republic of Ireland showed an increase on the previous year and now exceeds 2¼ million tons per year. This higher rate of output reflects the increasing use of mechanisation in our operations.

The construction of the new mine at Brightling, Sussex, to which I referred last year, is proceeding according to plan and it is expected that full operations will start early in 1963. This particular project, together with other plans we have under consideration, are designed to ensure the availability for many years to come of a supply of rock of suitable quality at the high level of output required.

Sales of plasters and plasterboard in both the United Kingdom and the Republic of Ireland also showed increases in quantity over the previous year, this position having been achieved in spite of a downward trend in the amount of new building construction. Margins have, however, been narrowed through increased costs of labour, fuel and transport, while selling prices of our main products have remained unchanged throughout the year. In this connection, it will be of interest to mention that our present prices of plasterboard are lower than those ruling under Governmental Price Control at the end of 1951, while prices of hardwall plasters are lower than they were in 1957.

In common with producers of other building materials whose prices have been kept relatively stable through increasing efficiencies during a time of rising costs, we deplore the continuing rise in the cost of building generally and in the price of houses in particular, brought about by causes beyond our control. Greater attention should, we think, be focused upon the causes of this state of affairs and to taking appropriate remedial measures. In this context, we very much welcome the recent report by Sir Harold Emmerson in his 'Survey of Problems before the Construction Industries,' in which, for example, he draws attention to the need to give the building industry confidence that there will be a steady increase in the demand for their services over a reasonably long period of time. Undoubtedly, he is also right when he insists that the short term measures of recent years for regulating the economy of the country have had a frustrating effect on the building industry.

In the bituminous building products industry, competition remains very keen but better trading conditions have operated, and D. Anderson & Son Limited have improved their position. However, as in the case of the Group's main products, the trading results of this subsidiary will be influenced particularly by the extent to which the contracting side of the building industry can be fully employed.

The Davidson Group of Companies, which makes paper, paper-board and allied products, have not had an easy year, and in the case of the departments dealing in wrapping papers and packaging products, the recent credit restrictions have affected business with many of their customers in the retail and wholesale trades. Costs have continued to rise and selling prices generally have been under pressure, a position aggravated by two further reductions in the import duties on paper which occurred in July 1961 and March 1962. In spite of these factors, improvements in operating efficiency and the installation of new plant have enabled this section of our Group to maintain its contribution to the Group's total profits and the future outlook is regarded as satisfactory.

Our engineering companies have been handicapped by the credit restrictions operating, but in the circumstances have had a good year. We are adding to the range of our products in this field which will enable us to make further progress.

OVERSEAS

Our Canadian companies, although making a reasonably satisfactory contribution to Group earnings, did less well than anticipated.

While there was an improvement in house building activity in Canada during 1961, and our companies secured an increasing proportion of the available business, profit margins have been narrowed by rising costs and reductions in selling prices to meet competition.

We are nevertheless confident that the long term prospects in Canada are satisfactory, and as a measure of our confidence, we are installing a new plaster mill and plasterboard plant at Clarkson, Ontario, as an initial step to enable your Company to share in the expanding markets of Eastern Canada. This new unit should be in production before next Spring.

In Australia, there has been a recession in the building industry but as increased finance is now being made available for house building, it is expected that this should result in an increase in demand for the products of our associate company, Australian Gypsum Industries Limited.

Our Australian wood wool subsidiary company, Woodtex (S.A.) Limited, has shown improved results and efforts are being continued to broaden its sales outlets.

The fall in the rate of building activity in the Republic of South Africa had an adverse effect on the sales of our associate company, Gypsum Industries Limited, in the latter part of 1961. Since then, Building Societies have been lending money more freely for house construction and good orders have been booked for the sale of Manganese, so that prospects for the current year to June 30, 1962, remain satisfactory.

In April last, accompanied by Captain Waterhouse, the Chairman of our Rhodesian subsidiary, Allied Rhodesian Manufacturers (Private) Limited, I had the pleasure of attending the official opening by Sir Edgar Whitehead, the Prime Minister of Southern Rhodesia, of the new newsprint plant at Umtali. All those concerned with this new venture are to be congratulated on getting the plant ready on schedule in spite of many frustrations. I am glad to report that this plant is already producing excellent quality newsprint paper, and we feel that it will make a useful contribution to the Group's profits in the future.

Our other plant at Umtali, manufacturing paper and paperboard, is planned for further extensions and we should thus be able to take immediate advantage of any improvements in trading in Rhodesia.

In France, building activity remained at a high level and with a need to provide houses for Europeans returning from Algeria, this position should continue for some years. On this account, our associate company producing plasterboard has had another satisfactory year, but there has been a tendency towards overproduction in the plaster industry which has had an adverse effect on our two subsidiary companies in the East of France.

Our Belgian associate company is still hampered by the low level of selling prices for plaster and plasterboard, but the growth of sales continues and it is expected that trading results will show improvement in the current year.

In accordance with our policy of increasing, where possible, our investments in companies producing building materials in Europe, we have agreed to take up our share of the additional capital to be raised by our Swedish associate company, Svenska Aktiebolaget Gyproc. The additional funds are required for the erection of a new plasterboard plant in Eastern Sweden, which is scheduled to come into production in 1963. The Company's existing plant at Varberg continues to do well.

FUTURE PROSPECTS

In common with most industrial concerns, we await with interest the declarations of Government policy on the long-term economic growth for industry in the United Kingdom. In the uncertainty of present conditions, it is extremely difficult to forecast with any degree of accuracy the prospects of those sections of our Group producing building materials. However, if no further restrictions are placed on credit, we are confident that the volume of our trade in the United Kingdom will remain at a high level. Generally speaking, with the increasing contribution being made by our Research establishments, the continuing modernisation of our plants and the extension of our activities both at home and overseas, the prospects for the future progress of our Group are favourable.

PERSONNEL

It is with pleasure that I place on record the sincere thanks of the Board to the executives and other employees in all our companies, whose hard work and loyal service continue to contribute to the success of the Group. June 21, 1962.

BRITISH SUGAR CORPORATION

A SEASON OF STEADY GROWTH

The twenty-sixth annual general meeting of the British Sugar Corporation, Ltd., will be held on July 24th, in London.

The following is an extract from the circulated statement of the Chairman, **Sir Edmund Bacon, Bt, OBE, TD, JP**:

The 1961 season may be looked upon as one where steady growth rather than spectacular progress has been the pattern. Nevertheless, the production of the second highest crop yield is one of which our growers may well be satisfied. This success, following immediately in the wake of the record-breaking crop of 1960, was obtained under very different weather conditions—indeed, with the exception of a comparatively short period before Christmas, the harvesting season was almost ideal. The final tonnage of beet delivered was 5,936,479 tons.

The output in terms of white sugar was 760,388 tons. The production of dried pulp in all forms from beets delivered amounted to 460,739 tons and of molasses 265,252 tons.

For the first time the National Spring Demonstration sponsored by the Sugar Beet Research and Education Committee and organised by ourselves in co-operation with the National Agricultural Advisory Service, was extended to two days. Perfect weather conditions prevailed and there was an attendance of approximately 10,000 people.

RECORD BEET CROPS

The beet crops of the past two years were easily the highest in the Corporation's history. This is in no small measure due to the agricultural advances of the past few years which I outlined in my Report to you in 1960. The steady increase in agricultural productivity presents a problem to our factories and to match the greater yields of beet we have to continue to increase our slicing capacity. The Corporation's capital expenditure programme continues at a high level, not only to deal with larger throughput and improved techniques but also to replace plant which has been in use for many years. The main items which contributed to increased capacity were new power plants at Cupar, York and Bury St. Edmunds; new evaporators and extraction plant at King's Lynn, a new pulp drier at York, and new continuous centrifuges at Bury St. Edmunds.

We have already progressed a long way with the scheme to expand and modernise our packeting plants by the installation of the latest high-speed machinery giving first-class packets with a big reduction in labour.

The prospect for 1962 is for an average crop and certainly not an exceptional one, due to the slow emergence caused by the cold spring and soil conditions.

I would like to review briefly the technical progress which has been made since we embarked on our post-war programmes of capital development in 1949. In the 1961/62 campaign our capacity was nearly 52,000 tons per day. Since 1949 it has increased by 36 per cent, but the increasing yield of beet gives us no ground for complacency and increase in capacity must remain the prime object of our technical advancement.

In selecting plant for increased capacity we have always had regard to its labour requirement. This policy, in conjunction with the rapid development of automatic controls, has now enabled us to reduce the labour usage per ton of beet processed to just one-half of that needed in 1948. This is a big step towards our ultimate objective, which is the elimination of our need for casual labour for the campaign period.

A considerable part of the expenditure over this period has been on plant for extracting sugar from the beet. In 1948 our overall extraction in terms of white sugar and molasses was 93 per cent of the sugar in the beet. Last year it reached 96.75 per cent. Based on the 1961-62 campaign, the improvement in extraction since 1948 is equivalent to an additional 34,000 tons of sugar per annum.

The lower water requirement of modern extraction and filtration plant, together with new boilers, improved evaporation plant, and the increased use of heat-exchangers, have enabled us to reduce our process coal usage from 6.48 per cent in 1948 to 4.95 per cent this last year. At certain factories, depending on geographical location, oil is now becoming a more economical fuel than coal. When new boiler plant has to be installed we are having regard to this factor.

We have done much to improve our efficiency since 1949, but there is still a big field for worthwhile investment and although our efficiency compares favourably with the beet sugar industry of the European Economic Community, it is essential, especially in view of the possibility of British entry into the Common Market, to maintain and, where possible, to increase our technical standards.

THE CENTRAL MINING & INVESTMENT CORPORATION LIMITED

SIR ARCHIBALD FORBES' STATEMENT

The fifty-seventh annual general meeting of The Central Mining & Investment Corporation Limited was held on July 2nd at the Great Eastern Hotel, Liverpool Street, London, E.C. **Sir Archibald F. Forbes, GBE** (the chairman) presiding.

The following is the chairman's statement:

RESULTS

The profit on the year's operations, before providing for taxation, amounted to £2,722,000 which was £274,000 greater than for the year ended March 31, 1961. This was due to increased income from investments and to a rise in trading profit which included for the first time the results of one of our new industrial subsidiaries. There was, as forecast, some falling off in profits from share dealing.

Taxation was relatively higher than last year partly because of the increase in the rate of profits tax and partly because last year's charge was reduced by a credit of £85,000 in respect of previous over-provisions. After allowing for taxation and the interest of minorities the net profit available for members of the Corporation is £1,408,000. This (ignoring the tax credit in 1960-1961) represents an increase of £75,000 over the previous year.

The directors consider that the improvement in earnings and the general position of the Corporation warrant an increase in the distribution to shareholders. They accordingly recommepd a final dividend of 2s. per share which with the interim of 9d. already paid would give a total distribution of 2s. 9d. per share (less income tax) as against 2s. 6d. for the previous year. These dividends (net after tax) would absorb £716,000 leaving £693,000 retained in the business. In addition £147,000 was carried directly to reserves.

INVESTMENTS

The Directors' Report contains a survey of the principal interests of the Corporation including a table summarising in broad terms the nature and geographical location of the net assets and the proportionate income derived therefrom. For this purpose the assets have been valued at March 31, 1962 (i) in the case of quoted securities at middle market prices on the relevant Stock Exchange; (ii) in the case of unquoted holdings at such value as the directors consider appropriate, and (iii) in the case of operating subsidiaries at the book value of their tangible assets. Liabilities have been deducted under the appropriate headings.

On this basis the total net assets amounted to £27.1 million. This was the same figure as brought out at the previous balancing date because, in general terms, the effect of accruing resources and appreciation in the market price of some holdings was offset by a further fall in the market price of a number of our African investments. This latter circumstance accounts for the proportion of our net assets in the Republic of South Africa having fallen from 50 per cent to 47 per cent despite some net additional investment in that country.

On the income side the table (which does not include profits from share dealing) shows some changes in the proportionate sources of revenue. The most notable of these are the drop from 49 per cent to 43 per cent in the income from gold mining in South Africa and an increase from 3½ per cent to 10 per cent in the income from industrial holdings outside Africa.

There was no single new investment of particular note during the year although there was the normal follow up associated with our mining interests and in addition a number of minor investments in the non-mining field. We had under consideration various mining and industrial projects but nothing of a major character came to maturity in the period.

Towards the end of the financial year our interest in Heatrae Ltd. was increased to an extent which made this a subsidiary company and since the close of the year we have made an offer to acquire the whole of the remaining shares for a cash consideration. This is in pursuance of our policy of extending our industrial and commercial interests in the United Kingdom and elsewhere.

SOUTH AFRICA

During 1961 the gold mining industry continued to prosper.

On the whole the country's economy has so far withstood to a considerable degree the effect of the circumstances which led to the flight of capital in 1960 and the early part of 1961 and continue to act as a deterrent to further investment from external sources.

The imposition of exchange and import controls has brought about a rapid strengthening of the financial reserves and a favourable balance of payments. On the other hand, however, there was a falling off in private investment and a consequent slowing down in expansion chiefly reflected in constructional and secondary industry generally.

South Africa is faced with the familiar dilemma of how to promote growth while at the same time containing inflation—and this is made more difficult in her case because of the need to raise the living standards of the African, an objective which can only be satisfactorily attained with the assistance of the inflow of foreign capital. I believe, however, that recently there has been a considerable revival of internal confidence and the problem remaining is to recreate this abroad.

The exchange control regulations have placed no ban on the remittance of income. On the capital side the effect is to place an embargo for the time being on the withdrawal of capital and realisations of capital have accordingly to be reinvested in the Republic.

In the case of "residents" in South Africa there is no control over the nature of such reinvestment. In the case of "non-residents" this is broadly limited—without special permission—to immediately realisable deposits or securities quoted on the Johannesburg Stock Exchange.

With the ready co-operation of the South African authorities—which I am glad to acknowledge—we arranged to be treated as "resident" in respect of funds and securities physically held in South Africa and otherwise as non-resident. This we considered essential in enabling us to discharge our functions in South Africa.

The fact remains that these restrictions have seriously disturbed the freedom of the "Kaffir" market which in the past played such an important part in financing gold mining and other developments in South Africa. I do not see this function returning until complete freedom for arbitrage dealings is restored. I am sure that the South African Government is fully alive to these considerations and recent pronouncements show that they intend to mitigate and if possible ultimately abolish the restrictions as soon as they consider this to be justified by the state of the economy.

CENTRAL MINING/RAND MINES GROUP INTERESTS

In 1961 the gold mining companies of the group produced about 4 million ounces of gold or some 18 per cent of the total for the South African industry. Working profits on gold amounted to £14 million (a rise of £1 million) and on uranium to £3.7 million (a fall of £1 million). Dividends declared were £7.1 million, against £7.2 million for the previous year.

There was no material change in the earnings of Rand Mines, the colliery companies or the Northern Lime Company. There was some falling off in the profits of the cement companies and a marked improvement in the results of the Hume Pipe Company.

NON-GROUP INTERESTS

In the case of our major holdings in companies with overseas mining connections dividends received during the year were in general maintained at the same level. The exceptions were an increased distribution from Selection Trust and a smaller payment from Consolidated Zinc Corporation whose earnings suffered a set-back largely because of the weakness of lead and zinc prices. Consolidated Zinc is proposing to merge with Rio Tinto through the formation of a holding company and if this is carried through our interest, while it would be proportionately reduced, would then cover a wider field through the joint activities of the two concerns. Western Decalta Petroleum increased its net revenue but, as formerly, applies this in further prospecting and development.

We have substantial interests in the Rhodesian copper mining industry and we cannot but be disturbed by the uncertainty produced by the constitutional problems affecting the Federation which are as yet unresolved. It is earnestly to be hoped that a solution will soon be found of a nature which will again encourage the economic development of the various territories on the basis of both internal and external confidence in their future stability.

In the case of our major interests in the United Kingdom the three principal subsidiaries, Wall Trust, Elastic Rail Spike Company and Heatrae each produced satisfactory results.

OUTLOOK

So far as the current year is concerned it is difficult having regard to the character and wide geographical range of our interests—some of which are peculiarly subject to political factors—to make a reliable forecast. Subject to this I should not expect any marked change in our overall revenue from investments. I think it possible that there may be some diminution in profits from share dealing but on the other hand I should look for some modest expansion in profits from our industrial subsidiaries.

ADDITIONAL REMARKS

Addressing the meeting, the Chairman said: There have been considerable fluctuations in Stock Exchange prices since the end of our financial year on March 31, 1962. Broadly speaking the effect on our quoted holdings has been an appreciation in the prices of South African securities of about £1.4 million offset to some extent by a fall in the prices of North American and United Kingdom securities of about £650,000. If, therefore, the valuation of our net assets at March 31st had been based on current market prices the total net assets would have been some £750,000 higher or about £28 million in all.

The report and accounts were adopted.

NYASALAND RAILWAYS LIMITED

The thirty-first annual general meeting of Nyasaland Railways Limited will be held on July 25th in London.

The following is an extract from the circulated statement of the chairman and managing director, **Mr W. M. Codrington, CMG, MC**:

During 1961 the gross operating receipts of the Company were £1,346,752, an increase of £175,113, or 14.9 per cent compared with last year. Expenditure also increased by £168,794 or 15.9 per cent to £1,230,052, leaving a net operating surplus of £116,700, compared with £110,381 in 1960, an increase of 5.72 per cent. Adding interest received and after deducting interest paid and making various provisions, the final balance carried forward is £44,341 compared with £50,206 last year.

The Directors regret that they have not felt justified in recommending the payment of a dividend in respect of the year 1961.

It will be remembered that in my review last year I sounded a note of warning about the liability of the Company to maintain the rate of dividend it had been paying on its Ordinary Shares and pointed out the extent to which this was dependent on the amount of arrears of interest received on its holding of the Debentures of its subsidiary, the Central Africa Railway Company Limited. The receipts from this source, as you will see, declined from £175,000 to £114,000. The reason for this appreciable decline was a sharp increase in the rate of Mocambique taxation levied by the Portuguese Authorities on the subsidiary's operations in Mocambique. Furthermore, this higher rate of tax had a retrospective effect on the earnings of 1960. Consequently the 1961 earnings of the subsidiary have had to carry the burden of increased Mocambique taxation, not only for that year, but also the additional amount payable in respect of 1960. As a result, the subsidiary's overseas taxation, brought to charge in 1961 mounted to £158,000 compared with £65,000 in 1960. Moreover, we shall receive no final dividend from the Central Africa Railway for 1961.

For some years I have been emphasising the need for new Capital to increase our stud of locomotives and to effect a general improvement in the facilities for handling traffic over our lines. Unfortunately the cloud of political uncertainty which hovers over Africa in general, and over Nyasaland in particular, rendered any major operation in the capital market quite impossible. The Board, therefore, felt it necessary to place an order for five diesel locomotives on deferred payment terms in order to cope with the growing traffic demands. Our Associated Railway, the Trans-Zambesia Railway, has also placed an order for three diesel locomotives.

The locomotives are the latest Sulzer—A.E.I. diesel electric type with a tractive effort considerably in excess of that of our heaviest steam locomotives.

The whole economic future of Nyasaland, and the prosperity of its inhabitants, depend not only on increased production, but on the ability of the railway to provide efficient transport. We have shown our faith in the country's future and in the ability of those who govern it by forgoing our ordinary dividend and pledging to the hilt our probable cash resources in order to provide some—but only some—of the equipment the railway needs. We trust that those responsible will support us in our efforts and justify our faith in the country's future.

In an agricultural country like Nyasaland it is notoriously difficult to make forecasts. The present indications are that there will be very little maize and very little available for export, with a consequent decrease in the ability of the producers to pay for imports. It is too early to forecast the production of other crops, but it seems unlikely that our results for 1962 will show any material improvement on those of last year.

ROADS RECONSTRUCTION LIMITED

RECORD RESULTS

The twenty-eighth annual general meeting of Roads Reconstruction Limited will be held on July 27th in London.

The following is an extract from the circulated statement of the chairman, **Mr J. S. Roberts:**

The results are a record in the history of the Company. The net profit after tax is £219,243, compared with £162,044. This is due to an increased volume of sales and higher operating efficiency. An increase of 3 per cent in the Final Dividend for the year is recommended, making a total of 14½ per cent on the Ordinary Share Capital, as compared with 11½ per cent for the previous year.

Much new equipment has been purchased during the year and the modernisation of the older quarrying units is progressing satisfactorily. The quality of our manufacture remains high, but is under constant review to improve further the standard of our products.

Roads Reconstruction (Contracting) Limited: The contracting side of our business has made excellent progress in consolidating its position as a subsidiary Company. It is the intention that your Company shall continue to extend its activities in the field of road surfacing and Civil Engineering, making even further use of the materials available from the Parent Company as opportunities arise.

It is too early in the year to forecast the level of sales with any accuracy, but the first two months, April and May, show similar figures to last year. As far as I can foretell, we should be able to hold own own during the Summer months. The Winter season is always a difficult period in our industry. Frost and snow hold up the laying of our products. Unless we have an exceptionally severe Winter I look forward with confidence to satisfactory results for the current year.

LONDON SUMATRA PLANTATIONS

MR F. W. HARPER'S REVIEW

The second annual general meeting of London Sumatra Plantations Limited will be held on July 30th at the Baltic Exchange, St Mary Axe, London, E.C.3.

The following is an extract from the statement by **Mr F. W. Harper,** the chairman, circulated with the report and accounts for the 9 months ended December 31, 1961.

The offers which were made last year with a view to the extension of the Group met with an overwhelmingly favourable response and the results for the period already reflect advantages obtained from the widening of our activities.

LAND TENURE

The Indonesian Basic Agrarian Law of September 24, 1960, provided that new estate titles would not be granted beyond the expiry dates of the original concessions and would in any case be restricted to a maximum period of twenty years. Subsequently it was learned that the Indonesian Government required the surrender of about one-third of the former concession areas in Sumatra for re-allocation to national plantation companies and that new titles to the remainder would not be granted for the full period authorised by the Law.

After negotiations which extended over a period of some six months the Minister of Agrarian Affairs decided to grant us a 15-year title expiring September 24, 1975 on a planted area of 70,779 acres of rubber and oilpalms in Sumatra.

Although the reduction in the scale of our operations is regrettable, it can be counted an advantage that the Group's remaining estates will consist of viable economic units with a uniform period of tenure. Including 16,735 acres in Java and Celebes, our total planted area in Indonesia becomes 87,514 acres.

ESTATE OPERATIONS

The period under review saw the end of the rebellion which over the past few years had caused loss of production and material damage on some of our outlying properties in Sumatra and Celebes. At 19,356 tons, the total rubber crop of the Group's Indonesian estates was slightly greater in 1961 than in 1960, despite a reduction in area. Palm oil and kernel production, totalling 7,856 tons in 1961, shows a steady upward trend following the extension and rejuvenation of oilpalm areas over the past decade.

During the past five years the companies now comprising the London Sumatra Group have planted approximately 17,000 acres of first-class pedigree rubber, of which unfortunately only about two-thirds will now be retained, and 2,000 acres of oilpalms.

The executive staff on the estates, five-sixths of whom are Indonesian nationals, worked as an efficient and resourceful team in its task of supervising the production during the year by some 20,000 workers of export commodities to a value of about £5 million—no small contribution to Indonesia's eight-year plan.

Turning to the Federation of Malaya, 1,100 tons of rubber were harvested on the 3,500-acre estate of the Kulai Company, which is now a

wholly-owned subsidiary. Virtually the whole estate consists of pedigree rubber and this fact is reflected in good yields and correspondingly low costs of production. The planting of suitable reserve land is being completed this year and from 1963 onwards we shall be systematically replacing the older pedigree rubber with modern strains which promise still better yields.

ACCOUNTS

I told you last year that the acquisition of a Malayan estate and additional trade investments would supplement the amount available for dividend in any year during which remittances from Indonesia might be delayed. That is in fact the pattern of the accounts now presented, remittances from Indonesia having made only a minor contribution to the sterling results for the nine-month period. I am sorry to have to report that profit remittances have not been resumed up to the time of writing.

The Board are recommending the payment of a dividend of 16 per cent less income tax, which is the same rate as last year. Although the accounts cover a period of only nine months, the proposed dividend should not be taken to indicate a proportionately higher rate for any subsequent twelve-month period.

Our trade investments in plantation companies as at December 31, 1961, were equivalent to a planted area of over 4,300 acres, mainly consisting of rubber and oilpalms in Malaya. We are building up our portfolio as suitable opportunities occur and with an eye to the future have recently agreed to participate in a promising oil-palm development project in North Borneo, to be financed over a period of 4 or 5 years.

The reduction in our planted area in Indonesia has been a severe disappointment, but we do not intend to allow this to divert us from our progressive policies. Our objective will be first to make up in yield and productive efficiency what we have lost in area and thereafter to resume our forward progress.

THE ARTIZANS' & GENERAL PROPERTIES

GENERAL PICTURE OF SOLID PROGRESS

The ninety-fifth annual general meeting of The Artizans' & General Properties Company Limited was held on July 2nd in London, **Brigadier Sir Richard A.-G.-Calthorpe, Bt, CBE, LLD, DL, JP** (the chairman), presiding.

The following is an extract from his circulated statement:

The Group's net profit for the year, after providing for taxation, is £315,302, as compared with £303,512, for 1960. Income and Profits Tax at the rates current for 1961, absorb 53 per cent of profits. The Directors propose that the final dividend should be maintained at 7 per cent, making a total of 12½ per cent for the year.

RENTAL INCOME

The Company's portfolio of property investments continues to make good progress and growth, and revenues continue to increase.

I told you last year that while we could look for some further measure of increase from the rents of properties which are still within the provisions of the Rent Acts, the main expansion of the Group's rental income must rest upon modernisation and the completion of new developments.

Two important office developments, Melton House, Watford, and Ashley House, Wood Green, were completed towards the end of 1961 and let to British Railways, Midland Region, and the Postmaster-General, respectively. The first full year's income from these developments will be received in 1962.

Good progress is being made with the construction of a further office block at 146 Hagley Road, Edgbaston, Birmingham; this building is due to be completed in 1962 and has been let to the Birmingham Regional Hospital Board.

Late in 1960 the Company acquired a 99 year lease of a substantial and very important site in Hagley Road, Edgbaston, Birmingham. After a Planning Appeal we have secured Outline Consent for a development comprising a covered shopping precinct with a department store and some 30 shops, an office block of some 100,000 sq. ft. and parking for 500 cars.

TRADING

You will have noted that the profits from property sales and developments for sale undertaken in London and Birmingham have again risen and amounted to £187,000, as compared with £143,000 for the previous year.

We received a Civic Trust Commendation for our first group of flats at Fairlawn, Westbourne Road, Edgbaston.

Developments in hand by Vista Flats Ltd. and Vista Developments Ltd. in Edgbaston will provide some two hundred houses and flats for sale in 1962 and 1963.

MODERNISATION

This is a very important aspect of our operations, affecting many older properties owned or held on long lease by the Company in Central London. The Board has decided that all such properties should be modernised to standards required by present day society. This requires a considerable capital outlay, but the Board considers that this is in the best interests of the Shareholders and certainly of the many tenants concerned. Our achievements have been the subject of much favourable comment and we are ready to make our specifications available to others who may be interested.

THE UNITED STATES AND CANADA

The Terminal Tower Building in Cleveland, Ohio, continues to be virtually fully let.

The interest on the 6 per cent Convertible Debentures in the two Canadian Companies, Artagen Properties Investments and Pan-coast Properties Developments, has been received in London and is included in the Group's Revenue for 1961.

GENERALLY

1961 was a year of high interest rates and credit restrictions but in spite of this it is still hardly possible to purchase ready made property investments of good class to show a yield in excess of borrowing rates. Opportunities for investments have therefore to be created.

The general picture is one of solid progress with redevelopment and expansion of the Company's property investment interests and of increased activity by the Company's property trading subsidiaries.

Although profits from trading are proving a valuable source of revenue during this period of expansion they must inevitably fluctuate according to the opportunities that we may be able to create. We shall keep Shareholders informed as to earnings resulting from trading as opposed to investment.

From 1962 onwards we should increasingly benefit from the results of our recent efforts and investments.

The report was adopted.

HUPFIELD BROTHERS

MR A HUPFIELD'S STATEMENT

The twenty-fifth annual general meeting of Hupfield Brothers, Limited, was held on July 2nd, **Mr A. Hupfield,** chairman and managing director, presiding.

The following are extracts from his circulated statement:

The report and accounts for the year ended December 31, 1961, give a picture of increased turnover and reduced profits, and I am quite sure that the generality of this pattern means that National and International trading conditions are thus reflected. It has been a more difficult trading year with credit restrictions, tighter trading conditions and increased competition all playing a part to reduce profit margins. It has also become clearly apparent that Industry generally will be much happier when it is aware whether the U.K. is to join the Common Market or not. To plan business and export strategy, it is important for a final decision to be made in this matter at the earliest possible moment.

In addition to the tighter trading conditions, certain non-recurring expenses have been incurred by your company and taking these into account I believe the trading results, which show some 12½ per cent increase in turnover, are satisfactory.

Trading conditions in the present year are more difficult to forecast since it would appear that the now large Plastics Industry is virtually "taking a breath" after its non-stop expansion over the past 10 years or so. Orders are coming in at a satisfactory rate and at the immediate moment it would appear that, if industry generally remains buoyant, we may well have reached the beginning of the next surge forward of the Plastics Industry.

Your Directors are therefore confident in recommending, for your approval, a Final Dividend of 15 per cent, thus maintaining a total dividend of 20 per cent for the year.

Addressing shareholders at the Annual General Meeting, Mr Hupfield gave details of a new 6-8 oz. capacity screw pre-plasticising machine with many novel features. At a highly competitive price it will particularly challenge continental competitors who would appear to have been gaining some ground with a somewhat similar type of machine in this country.

The new machine is an addition to the Hupfield range and the Chairman said that he believed that it would quickly become a firm rung on the Company's ladder of expansion.

HAZELL SUN LIMITED

MR T. R. WALKER ON RECOVERY AND PROSPECTS

The SEVENTY - EIGHTH ANNUAL MEETING OF HAZELL SUN LIMITED will be held on July 26th at 44, Great Queen Street, London, W.C.2. The following is an extract from the statement by **Mr T. R. Walker,** the Chairman, which has been circulated with the accounts to March 31, 1962:

"The profits for the year, though showing a reduction compared with the previous exceptional year, are better than anticipated.

Apart from the abnormal conditions experienced at Watford, our greatest problem has been to contain the ever-increasing burden of costs. Increases in selling prices were inevitable but we did not recover the whole of the higher costs.

The Unions have now faced the British Federation of Master Printers with a series of new demands despite the 5s. per week cost of living bonus paid since last January and a further 5s. starting at the beginning of July. Even if the new demands were only partially met a situation could be created whereby much of the printed matter now produced in this country might be priced out of existence or placed with continental printers.

Surely it is time all associated with the printing trade realised that we have reached the point when further increases in wages, shorter hours and longer holidays must be matched by greater productivity and the more efficient use of the industry's manpower. It is to be hoped both sides will take a realistic view of the situation and think again before it is too late.

The profit on trading is £877,302 against £1,182,388 last year and £756,899 for 1959/60.

Despite the reduction in the demand on the photogravure side of the business the total sales of the Group were slightly higher.

After providing for taxation and minority interests, the balance remaining for members of Hazell Sun Ltd. is £346,914 (£440,098 last year and £327,943 in 1959/60). Of this sum £149,561 (£202,611 last year) is transferred to reserve.

The Preference Dividend absorbs £36,817. The Directors recommend a final dividend of 8 per cent, making a total of 12 per cent (less tax) on the Ordinary and Employees' shares.

OPERATING COMPANIES

Our letterpress plants and bookbinding section were kept reasonably well occupied and sales were up but unfortunately higher costs resulted in narrower profit margins.

The reduced demand in the periodical field forced the closing of the Rembrandt factory at Watford. Staff reductions were kept to a minimum in consultation with the Unions concerned.

In our offset division Taylowes enjoyed record turnover with greater costs. At Slough much progress has been made. Our web-fed presses have been fairly well occupied, mostly on a two-shift basis.

Chromoworks and its subsidiary companies are being concentrated in a new building at Nottingham.

No company can operate successfully without the co-operation of the staff and the Directors wish to express their appreciation to everyone. That they have had to reduce staff during the year is a matter of sincere regret.

THE OUTLOOK

The Directors have no reason to be dissatisfied so far with this year's trading. The improved trend of the fourth quarter of last year has continued and our order books are reasonably well filled.

The Directors propose to enter into agreements with two of the Group's most important customers. Taken together, these two agreements combine the advantages of securing continuity for a longer period of present contracts for important periodicals and of providing the prospect of additional work in the future. They secure our existing base and broaden our interests. I have no doubt that they will be of great value to us.

Providing we can continue to keep our costs under control and in the absence of any unforseen difficulties, the results this year should be satisfactory."

ALLAN KENNEDY

MR T. A. KENNEDY'S STATEMENT

The annual general meeting of Allan Kennedy & Co., Limited, was held on July 3rd at Stockton-on-Tees.

The following are extracts from **Mr T. A. Kennedy's** circulated statement:

The accounts for the year ended March 31, 1962, are very good considering the fact that the structural steel industry is not doing particularly well at present.

During the year under review, business gradually increased as the year progressed. Unfortunately this has not continued and we are finding it difficult to maintain a reasonable output.

Longer term prospects are more encouraging as we already have a good basis to our order book for 1963.

Profit margins continue to be narrow due to the keener competition being experienced and this seems to be a trend which is going to remain generally in business.

At the present time there is no difficulty in obtaining steel and our stocks are down to our more normal level.

Taxation again takes most of our profit. It is only four years ago that we obtained some relief by the change in method of calculating profits tax; since that time, however, increases in the percentage charged have more or less nullified the benefit we obtained.

Your Directors have recommended a final dividend of 10 per cent, less tax, which makes a total of 13 per cent, less tax, for the year against 10 per cent last year.

The final development of the rectangular mesh flooring referred to in my last statement revealed some manufacturing problems; these now appear to be solved. Tests are being carried out at the research laboratories and on completion of these we shall be able to formulate the information which potential customers require.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:
The Company Meetings Department,
The Economist,
22 Ryder Street, S.W.1.

HIELD BROTHERS LIMITED

DEVELOPMENT PROGRAMME SHOWS SATISFACTORY PROGRESS

The fortieth annual general meeting of Hield Brothers Limited was held on June 29th at Briggella Mills, Bradford.

The following is the statement by **Mr David H. Hield** (Chairman) which had been circulated with the Report and Accounts for the year ended March 31, 1962:

The Accounts now presented show a reduction in profit compared to last year although the volume of orders booked and of goods delivered has been slightly higher. The principal reasons are, on the one hand, intense competition for all available business and, on the other, a continuous rise in costs. These pressures are likely to continue.

MODERNISATION AND EXPANSION

In order to improve our efficiency we are carrying through a plan for redeploying several departments and we are installing the most modern machinery available. In the year 1961-62 the building programme at Briggella Mills initiated in 1960 has been completed and several departments moved into their new quarters about the end of 1961. We are well satisfied with the new facilities we have provided which will be most helpful to us in the future.

Included in the development programme at Briggella Mills was the provision of a large extension to the weaving shed and the installation of high-speed automatic looms. The first batch of these were started up in January and February 1962 and are now giving valuable service. Further looms, which will complete this part of the programme, cannot be delivered by the makers before December 1962.

Meantime, as announced last year, we have put in hand a programme of development at Greystone Mill which will, when completed, double the capacity of this unit. The work is making good progress and we hope to complete erecting the new spinning machinery during the coming summer.

We believe that this new equipment, when in full production, will reduce our costs and enable us to face competition with confidence.

ACCOUNTS

We have decided to recommend a dividend of 16⅔ per cent on the Ordinary Stock. After providing for the dividend there will remain a sum of £27,613 to add to Revenue Reserves bringing them to a total figure of £693,942. In the last three years profits retained in the business for development have totalled £281,623 as compared with net dividends distributed in the period totalling £257,709.

We still have large commitments for future capital expenditure but we do not anticipate difficulty in providing for our needs. In order to preserve a liquid financial position, we have thought it prudent to spread the payment for part of this new equipment over a period of years. Hence the appearance in our Balance Sheet for the first time of the item "Hire Purchase Finance."

Despite the competition which prevails for all available business the order book shows a figure only slightly less than a year ago.

CANADIAN OPERATIONS

Our Canadian Company has been very busy throughout the past year. Its production and

sales show a large increase on previous years and it has operated at a small profit. During the year however the Canadian dollar has fallen in terms of sterling from a rate of $2.76\frac{3}{4}$ to $2.95 which represents a loss on exchange and conversion of £26,800 to be provided in the Group Accounts and reduces the sum to be added to our Reserves this year. During the last 13 years we have made a practice of adding to our Reserves profits on exchange and conversion which have aggregated £162,179, after deducting losses but subject to taxation. In the current year we may have to allow for a further loss arising from the devaluation of the dollar carried out by the Canadian government in May 1962.

It is with very great regret that we have recently accepted the resignation of Mr S. E. Ryley. He has been in the employment of the Company for 39 years and for the last 18 years has given invaluable service as a Director. His resignation has been due to ill health and it is the earnest hope of all his former colleagues that he may now enjoy a long and happy period of retirement.

Mr J. T. Barraclough, BA, FCA, FCWA, the Chief Accountant of the Company, has been appointed Secretary.

It is a pleasure to record once more the grateful thanks of the Board to all members of the staff for the excellent service they have rendered to the Company in the past year.

The report and accounts were adopted and the dividend, as recommended, was approved.

The retiring Director, Mr D. H. Hield, was re-elected and the remuneration of the Auditors, Messrs Whinney, Smith & Whinney, having been fixed, the proceedings terminated.

HENDERSON'S TRANSVAAL ESTATES

The fiftieth annual general meeting of Henderson's Transvaal Estates, Limited will be held on July 12th in London.

The following is an extract from the circulated statement of the chairman and managing director, **Mr A. H. Ball**:

With a view to achieving a wider spread of our active coal interests, we welcomed the opportunity, which occurred in March of this year, of discussing with the Board of The Natal Navigation Collieries and Estate Co., Ltd., the possibility of merging our Tweefontein United and Witbank Consolidated companies with the Natal Navigation and Transvaal Navigation companies. The basis initially proposed was that shareholders in Tweefontein United should receive 44 Natal Navigation shares for every 100 shares held, and that shareholders in Witbank Consolidated should receive 28 shares for every 100 held. In the course of discussions it became apparent that an association on a broader basis might well be feasible and further negotiations are consequently now in hand.

Your Board has for some time past been anxious to extend the Group's interests into the anthracite field. This, of course, has now been achieved by the acquisition of over 18 per cent of the capital of Natal Ammonium Collieries, an anthracite producer operating near Vryheid which is some 300 miles from Durban.

Our Group profit for the year, after taxation and depreciation, at £125,000 showed a decrease of some £14,000 when compared with the previous year; this reduction is due almost entirely to the fact that sales of surface and mineral rights were restricted to approximately 30 morgen.

THE 'SANITAS' TRUST

RECORD PROFITS, INCREASED DIVIDEND, BONUS ISSUE

The thirty-sixth Annual General Meeting will be held on July 24th, in London. The following are extracts from the circulated statement by the Chairman, **Mr Charles Sweeny**:

TRADING RESULTS, DIVIDEND, BONUS ISSUE

Group Trading Profit for the year under review amounts to £691,891, compared with £507,558 for the previous year. The total Ordinary Dividend now recommended for the year of 45 per cent compares with the equivalent of 40.9 per cent paid in respect of the previous year. Having given consideration to the increased sales to date and the favourable prospects for the current year, your Directors also recommend a bonus issue of one Ordinary Share for every five Ordinary Shares held.

GROUP SALES

The year under review has not been a particularly easy one for our business as a whole, although overall sales of your Company's products maintained the record level established in the last financial year, despite some disappointments arising from seasonal factors in the home market.

Export sales were again satisfactory, although your Board had hoped for an even better showing. However, owing to unexpected Government intervention in certain areas, the growth of overseas sales was not what we anticipated. I am pleased to report that import restrictions on sales to Ghana, which affected sales for the last five months of the past year, have now been lifted.

We have, therefore, in the past year had various unforeseen conditions to contend with, but we are meeting these difficulties and overcoming them. On the whole, the export situation for your Company is promising, with the proviso that our business can be affected by the actions of local Governments, which are beyond our control.

NEW ACQUISITIONS

The past year has seen a substantial overall expansion of the activities of the Group by the acquisition of four new operating Companies, Spa Brushes Limited, Rimmel Limited, Tuxan Holdings Limited and Superma Limited. The products of these Companies are being successfully introduced to overseas markets.

FUTURE PROSPECTS

What matters to your Board and to shareholders are the Company's future prospects and the steps which we are taking to improve and extend sales and profits. Our objectives are threefold:

1. To extend sales at home and abroad and reduce our costs of operation. New sales methods and presentation, imaginative use of advertising media and the opening up of new sales outlets should improve our overall profitability.

2. Our new Subsidiaries will become an integral part of the Group by combining facilities as far as possible. New products are being planned and overall sales are being co-ordinated. These planned objectives are well in hand and results are already accruing which give confidence for the future.

3. It is your Board's intention to continue to employ the substantial cash resources at its disposal in the acquisition of suitable new businesses or products, where opportunities arise. We are investigating numerous situations and are hopeful that in the new financial year we shall add to our Group new Companies which offer possibilities of growth and expansion.

Finally, the Company has acquired the world rights (except North America, Western Germany, Austria, Switzerland and Holland) of the "Aquafilter," which has proved to be the most effective cigarette filter yet devised. "Aquafilter" is a water activated disposable cigarette holder, which largely eliminates the tars and nicotine in cigarette smoke. The filter is being manufactured at the Plastics Division of Spa Brushes and the present production of approximately 2,000,000 units per week will be further increased in the coming months. We, as a Board, believe your Group will continue to expand its share of the market in its related fields and view the future of your Company with considerable confidence.

SIMMS MOTOR & ELECTRONICS CORPORATION

MR G. E. LIARDET'S STATEMENT

At the Annual General Meeting of Simms Motor & Electronics Corporation Limited held on June 29, 1962, at Hendon Hall Hotel, London, NW4, **Mr G. E. Liardet**, the Chairman, in the course of his circulated speech said:

I am pleased to announce that Mr R. G. Sutton has been appointed a Director.

It is with a sense of keen disappointment that I now tell you our results have been adversely affected by a number of factors, relating mainly to our largest subsidiary, Simms Motor Units Limited.

In modern large-volume production, fixed costs are high and a turn down in output can soon lead to under-recovery of overheads. Demand started to rise from March of this year but eroded profit margins do not warrant the hope of a complete reversal of the situation in 1962.

In 1961 we transferred our electrical equipment manufacture from Finchley to new Works at Ponders End. This proved a costly operation and the dislocation of production, training of new labour etc. considerably exceeded our budget forecast.

Arising from the factors I have mentioned, the Group profit before tax for the year 1961 is £642,650.

Capital expenditure on fixed assets of £700,000 created tax allowances in excess of depreciation and as a result the net profit after tax is £428,150 compared with £702,647 in 1960.

Your Directors recommend a final dividend of $12\frac{1}{2}$ per cent making $17\frac{1}{2}$ per cent for the year. The surplus carried forward is £1,253,790 compared with £1,142,581 in 1960.

It is believed that our results for 1962 will show an improvement, but the estimated results for the first four months do not indicate that this improvement will be spectacular or rapid.

ROTHSCHILD INVESTMENT TRUST

SATISFACTORY FIRST YEAR

READY RESPONSE TO ISSUE

MR D. R. COLVILLE'S STATEMENT

The twenty-second annual general meeting of Rothschild Investment Trust, Ltd., was held on July 2nd at New Court, St. Swithin's Lane, London, E.C., **Mr D. R. Colville**, chairman, presiding.

A representative of the Secretaries, Messrs. N. M. Rothschild & Sons, read the notice convening the meeting and the auditors' report.

The following is the chairman's statement circulated with the report and accounts for the year ended March 31, 1962:

The financial statement covering the first year in which an investment trust not only becomes a public company but also increases its capital, demands some explanation before it becomes intelligible to shareholders.

Your Company, which had previously been wholly owned by N. M. Rothschild & Sons, increased its capital on July 19, 1961, from £1,000,000 to £3,000,000, and, at the same time, 1,000,000 Ordinary Shares and £750,000 $6\frac{1}{2}$ per cent Debenture Stock were offered for subscription, making the issued share capital £2,000,000. Mr Michael Crichton, OBE, who is the Chairman of The Foreign and Colonial Investment Trust Co. Ltd., and a Director of many other companies, and Mr Michael Verey, TD, a Director of J. Henry Schroder Wagg & Co., Limited, and other companies, both accepted an invitation to join the Board, and we may consider ourselves fortunate to have been joined by these two gentlemen whose wide knowledge of investment matters has lent great strength to our deliberations.

As forecast at the time of the public issue, two subsidiaries have been formed, R.I.T. Holdings Ltd., an investment trust, and R.I.T. Finance Ltd., a finance company, both with issued capitals of £100.

The time at which the new Ordinary Shares and Debenture Stock were placed coincided with a serious financial crisis in this country, and it was gratifying to your Directors that notwithstanding the difficult days of last July and the necessity for "The Little Budget" such a ready response was received.

DIVIDEND DECISION

Your Directors have sought to invest the money entrusted to them in sound companies with a reasonable geographical spread and giving at the same time a fair yield and some prospect of future growth. The break-up value of the ordinary shares was 24s. on March 31, 1962, and, in accordance with the terms of the prospectus, we have decided to distribute approximately 80 per cent of the profit by way of dividend on the ordinary shares.

It will be obvious to shareholders that the new money which was subscribed has only been in our hands for part of the year under review and in fact the average amount of money employed during the year has been £1,955,257, and it is on this average that the dividend now recommended has been earned.

In this connection the service of the $6\frac{1}{2}$ per cent Debenture Stock makes a heavy demand on the income available, and it will be appreciated, I hope, that the gearing which is such an attractive feature of all investment trusts cannot in the circumstances be expected to become advantageous for the first year or two. After writing down certain holdings, writing off the whole of the preliminary expenses and the appropriate proportion of the discount arising from the issue of the Company's Debenture Stock, a net surplus of £10,708 has arisen on capital account during the year. The Trust is invested on a yield basis which in the opinion of the Board is as high a rate as can be obtained after due allowance is made for growth as well as income.

SECOND CONTINUATION LIMITED

Since the end of the financial year your Directors have subscribed £200,000 in the capital of a corporate partner of N. M. Rothschild & Sons called Second Continuation Limited. Your Directors are satisfied that, taking a long view, this should prove a first class investment, but it should be borne in mind that the holding represents only about 6 per cent of the assets of your Company and a one-fifth participation in only one of the partners of that bank. Viewed in this light it is apparent that, although this investment gives to shareholders in Rothschild Investment Trust Limited the first opportunity that has been made available for investment in the banking firm of N. M. Rothschild & Sons, the interest is comparatively modest.

Taking all in all, your Directors are not dissatisfied with the results for the first year, but I must ask shareholders to view with caution any prospects of rapid or spectacular increase in the break-up value of their shares or in the income likely to be received by the Trust.

The report and accounts were adopted and the other formal business was duly transacted.

APPOINTMENTS

MALTA COLLEGE OF ARTS, SCIENCE AND TECHNOLOGY

Applications are invited for a LECTURER IN COMMERCE to develop Studies and teach a selection from ECONOMICS and GEOGRAPHY OF TRADE, ACCOUNTANCY, INDUSTRIAL MANAGEMENT.

Qualifications: Good degree. Some years' teaching experience in a major institution of Further Education plus industrial experience desirable.

The selected candidate will be required to take up duties as soon as may be possible, and may be required to teach some of the subjects enumerated at all levels.

Salary: The salary offered is that of BURNHAM SCALE FOR LECTURERS PLUS 30 PER CENT. Appointments are on contract terms for a period of three years.

Free passages to Malta will be provided for the successful candidate, his wife and children not exceeding five passages in all on first appointment, and free passages back to the U.K. on satisfactory completion of engagement. Children to be under 18 years, unmarried and dependent on the Appointee. Free quarters are not provided, but furnished flats at a reasonable rent are available.

Leave: Three and a half days for each completed month of service which can be aggregated at the end of contract plus Twenty-eight days leave per year to be taken normally during the Long Vacation.

APPLICATIONS (SIX COPIES), giving age, qualifications, experience and names of three referees, should be sent to THE COUNCIL FOR TECHNICAL EDUCATION AND TRAINING FOR OVERSEAS COUNTRIES, 12, Lincoln's Inn Fields, London, W.C.2, by July 20, 1962.

UNIVERSITY OF BRISTOL

DEPARTMENT OF EXTRA-MURAL STUDIES

Applications are invited for the post of STAFF TUTOR for secondment to Urchfont Manor Residential College in Wiltshire from as early a date as possible. Initial salary within the scale £1,150 x £50 x £1,500 x £75—£1,575, according to qualifications and experience.

Applicants should hold a good Honours Degree in Economics or Social Studies. Experience of adult education or research is not essential, but will be taken into account. The programme of the College includes many industrial courses, which offer interesting experience and contacts. The appointment is for an initial period of three years, subject to review and extension at the end of that period.

Applications (three copies, with names of referees) should be sent to the undersigned, from whom further particulars may be obtained, not later than Saturday, July 21, 1962.

H. C. BUTTERFIELD,
Registrar and Secretary.

CAMBRIDGE UNIVERSITY

Applications are invited for the position of Assistant in Research in the Department of Estate Management. Applicants should be qualified to undertake research in economic, legal, or social problems related to the use, tenure, or development of land. Salary scale £750-£1,000.—Further information may be obtained from the Secretary of the Board of Estate Management, 18a, Silver Street, Cambridge. Closing date for applications July 31, 1962.

UNIVERSITY OF KEELE

Applications are invited from graduates for the post of Secretary or Assistant Secretary to the Appointments Committee at an initial salary in the range £1,150 x £50—£1,500 x £75—£1,950 per annum, depending on qualifications and experience. F.S.S.U. and children's allowances. Industrial commercial or similar experience highly desirable.—Applications should reach the Registrar, The University, Keele, Staffs., from whom further particulars and application forms may be obtained, not later than July 14, 1962.

UNIVERSITY OF MALAYA

NON-FACULTY DEPARTMENT OF AGRICULTURE

Applications are invited for (a) one post of LECTURER/ASSISTANT LECTURER IN AGRICULTURAL ECONOMICS AND FARM MANAGEMENT and (b) one post of LECTURER/ASSISTANT LECTURER IN PLANT BREEDING AND GENETICS.

Candidates for post (a) should have a good Honours degree in Agricultural Economics, with specialist qualifications and post-graduate experience in Farm and Estate Management.

Candidates for post (b) should have a good Honours degree in Botany or in Agricultural Science with research and teaching experience in the above field.

For both posts, previous experience in tropical agriculture is desirable, but will not be regarded as essential in the case of candidates who are otherwise well qualified for appointment.

Salary Scale: The amounts mentioned below refer to Malayan dollars (per mensem) and their approximate sterling equivalents (per annum) are shown in brackets.

Lecturers M$820 x 35—1,030/1,100 x 40—1,300 (£1,148 x 49—1,442/1,540 x 56—1,820)

Assistant Lecturer M$715 x 35—785 (£1,001 x 49—1,099)

In addition, a variable allowance is at present paid at 35 per cent. of basic salary, subject to certain maxima, together with expatriation allowance if applicable, at specified rates. An allowance is made towards travelling expenses and housing assistance is available.

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

The closing date for the receipt of applications in Malaya and London is *July 31, 1962*.

THE ROYAL COLLEGE OF SCIENCE AND TECHNOLOGY, GLASGOW

FACULTY OF INDUSTRIAL AND SOCIAL STUDIES
CHAIR OF INDUSTRIAL ECONOMICS
CHAIR OF ECONOMIC AND INDUSTRIAL HISTORY

Consequent upon the recent Government announcement concerning the development of the College to full University status, arrangements are now being made to offer Degree Courses in a new Faculty of Industrial and Social Studies as from October, 1963. The first two professorial appointments arising are to the Chair of Industrial Economics and the Chair of Economic and Industrial History, for which applications are now invited. The successful applicants will be expected to take up duty not later than January 1, 1963, and preferably earlier by agreement.

Further particulars may be obtained from the Secretary, George Street, Glasgow, C.1, with whom applications (10 copies) should be lodged not later than August 18, 1962.

HASTINGS EDUCATION COMMITTEE

HASTINGS COLLEGE OF FURTHER EDUCATION

Required for September, Assistant Lecturer (Grade A) to teach mainly COMMERCE and ARITHMETIC, also ECONOMICS to G.C.E. Advanced Level from September, 1963.

Salary £570-£1,170 with Allowances in accordance with Burnham Report, 1961.

Application forms and full details from the Principal of the College, Archery Road, St. Leonards-on-Sea, Sussex.

Completed forms to be returned to the College, with not more than three testimonials, within 14 days from the date of the advertisement.

Canvassing will disqualify.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER IN PUBLIC ACCOUNTING in the Faculty of Economic and Social Studies. Candidates should have a University degree and membership of the Association of Chartered Municipal Treasurers, or equivalent experience in Public Institutions: e.g. Hospitals, Nationalised Industries or Local Government. Salary on a scale £1,150 to £1,950 per annum; initial salary according to qualifications and experience. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than July 14, 1962, to the Registrar, The University, Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF YORK

LECTURESHIPS IN POLITICS

Applications are invited for two Lectureships in Politics to date from October, 1963. Salary on Lecturers' scale according to experience and qualifications. A successful applicant if exceptionally well qualified may be appointed as Senior Lecturer. Applicants should, preferably, have a special interest in modern political theory, social institutions, or political behaviour.

Applications (three copies) naming three referees by July 23 to the Registrar, University of York, The King's Manor, York, from whom further details may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER or ASSISTANT LECTURER IN ECONOMIC STATISTICS. Preference will be given to candidates with special interests in mathematical programming and/or statistical decision theory. Duties to commence on October 1, 1962, or as soon as possible thereafter. The salary scales are as follows:—Lecturer, £1,150 to £1,950 per annum; Assistant Lecturer, £900 to £1,050 per annum. Membership of the F.S.S.U. and Children's Allowance Scheme. Applications must be sent not later than July 16, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

For other appointments see page 106

THE DURHAM COLLEGES IN THE UNIVERSITY OF DURHAM

POSTGRADUATE STUDENTSHIP

Applications are invited for a Postgraduate Studentship, tenable for three years, with effect from October, 1962. The field to be covered will be either Anthropology, Geography, Politics or Economics, with reference to the Middle East, and the successful candidate must hold a good Honours degree in an appropriate subject. The Studentship is intended to train the candidate for an academic career in accordance with the recommendations of the Hayter Committee. The successful candidate will therefore be required to learn an appropriate Middle Eastern language and will spend approximately one year in the area with which he is concerned. A special additional grant will be made to finance this period abroad.

The financial arrangements will be in line with those of the Ministry of Education State Studentships in Arts subjects—i.e., payment of approved fees and a maintenance grant of £340-£450 a year. Family allowances may also be payable to candidates over 25 years of age.

Applications (three copies) should be sent not later than July 23, 1962, to the Registrar and Secretary, 38 North Bailey, Durham. Full details of education and qualifications and the names of three referees should be given.

COMPANY AFFAIRS

The rally in equity prices in the London market was well sustained until the weekend, but prices fell slightly afterwards and only on Wednesday did they begin to rise again. Over the week to Wednesday's close "The Economist" *indicator gained 8.5 points to 318.8. Gilt-edged issues and corporation stocks remained firm, on hopes of a further cut in bank rate or in special deposits, and the new Port of London Authority issue was well received. Among equities, insurance and property shares were in demand before the weekend, but afterwards demand fell away and the level of business in the market was very low, though on Wednesday steel shares made a good advance. Commercial television shares were unaffected by the latest government proposals.*

Beecham Feels the Pinch

THE preliminary results of the Beecham Group in May showed that its margins were under strong pressure, and since then its ordinary shares in the general decline in equity prices have fallen by 9s. 3d. to 37s. 10½d., to yield 4 per cent. In his statement with the full accounts the chairman, Mr H. G. Lazell, explains why trading profits fell by 5 per cent when sales rose by 4 per cent. The pressure on margins, as expected, has been particularly marked at home, where sales rose by 5 per cent (against 13 per cent in the previous year) but profits fell by 8 per cent. Home sales, at £39 million, account for two-thirds of the total of £58.6 million. The squeeze on domestic profits reflects the tightening of economic conditions: hitherto the Beecham Group has managed to offset rising costs by higher sales but in 1961-62 it was not able to push up sales quickly enough and the directors did not feel that they could raise prices to a level which would completely restore profit margins. Mr Lazell draws attention to the steep rise in the cost of television advertising.

Overseas profits have also proved disappointing, the rise of 2 per cent in sales being made at fractionally lower margins. This increase compares badly with the rise of 25 per cent in sales achieved in the previous year. Two major influences held the overseas results back: one was a loss of £400,000 following currency devaluations in South America and Canada, and the other was the failure of operations in the United States to live up to expectations. Marketing costs in the United States proved so unexpectedly high that the "substantial profit" that the directors anticipated failed to materialise; although Beecham added to its share of the market in hairdressing and shampoo products it did so at the expense of its profit margins and it appears that the group made a loss in the North American market.

On current prospects Mr Lazell is understandably guarded. More than half of the group's home sales are affected by the purchase tax imposed on soft drinks and confectionery. Although the full effect of the tax is as yet difficult to predict because many retailers had built up stocks before the budget, clearly Beecham will feel the pinch. Trading results in the United States should be better and Mr Lazell expects the growth of sales of "Brylcreem" and "Silvikrin" to offset the high cost of advertising and to result in profits in the current year. In the near future the balance sheet should show some growth in cash resources as the group has now completed a three-year period of high capital expenditure and commitments for the next three years should be well covered by cash flow. Mr Lazell backs Sir Harry Jephcott, the chairman of Glaxo, in his plea for a revision of patent law to encourage research in pharmaceuticals; though Beecham's sales in this field are expected to grow in the next few years this year's result will not depend on the success of this venture so much as on the trend of sales in Beecham's food and drink products and on its efforts to keep costs down.

Years to March 31	1958	1959	1960	1961	1962
	£ mil.	£ mil.	£ mil.	£ mil.	£ mil.
Sales	34·2	40·4	50·0	56·3	58·6
Trading profit	6·1	6·7	7·8	8·4	7·9
Gross profit	5·9	6·4	7·4	7·9	7·5
Net equity earnings	2·4	3·1	3·7	4·0	3·9
Retained cash flow	2·1	2·6	3·1	3·3	3·4
Net fixed assets	7·7	11·3	13·0	14·9	16·9
Intangible assets	11·3	16·0	17·9	18·0	18·0
Net current assets	7·4	8·5	7·0	6·6	5·9
Net liquid assets	3·6	3·9	2·5	1·5Dr.	0·7
Net equity assets	16·2	20·8	22·7	24·7	26·7
Ord. earnings (per cent)	41·0	48·7	54·8	59·9	58·3
Ord. dividend (per cent)	20	24	27	30	30
Gross profit/sales	17·2	15·8	14·8	14·0	12·8
Gross profit/net equity assets	36·5	30·8	32·5	32·0	28·0
Net earnings/net equity assets	15·8	14·9	16·3	16·2	14·6

Price (5s. shares): 37s. 10½d. Earnings yield: 7·8%.
Dividend yield: 4%, equal to 25 years' earnings.

Courage, Barclay and Simonds

COURAGE, BARCLAY AND SIMONDS is a regional rather than national brewer but the acquisition of Bristol Brewery Georges last year gave it outlets in the West Country; its trade now covers practically the whole of Southern England and it is also a junior partner in the Harp Lager venture. As the group's profit figure for 1960-61 of £4,428,000 excluded the results of Bristol Brewery Georges and Saccone and Speed no straightforward comparison can be made with the results for the year to March 31st last when gross profits of £6,361,000 (before higher interest payments) were earned. If, however, the £1,370,000 earned by BBG and Saccone in 1960-61 is added back, it appears that the group pushed up its profits by about 10 per cent. Those who questioned the price that Courage paid for BBG cannot but be impressed by these figures, which include about six months' trade at a higher rate of duty. The acquisition of BBG, however, was followed by a convertible debenture issue in August and an extension of bank overdraft facilities and the new financial burden is reflected in the increase in bank and debenture interest from £401,000 to £879,000. Net profits at £2,612,000 cover the maintained ordinary dividend of 14 per cent, paid on a bigger capital, just over twice, and there has thus been only a tiny dilution in earnings.

The directors have announced that the £1 ordinary shares will be split into 10s. units and there will be a one for two scrip issue. This might be accepted as an encouraging omen; but, on the other hand, full conversion of the debenture would raise the ordinary capital by about a sixth and this puts a limit on future increases in the dividend. The 6¾ per cent convertible second debenture, 1976-81, was issued in August at 99, which set the conversion price on the first option date in September, 1963, at 61s. 3d. With the ordinary shares standing at 74s. 6d. the option must look attractive to the original subscribers to the debenture, which now stands at 125 (imputing at the first conversion date a value of 77s. 3d. to the ordinary shares). The true measure of Courage's success will not be evident until the full benefits of rationalisation are realised but so far the signs are encouraging and the market's hopes are reflected in the debenture price and the yield of 3.8 per cent on the ordinary shares.

Steel Interims

THE steel interim dividend season closed as it began with the anouncement of disappointing trading results. The dividend policies followed by the two companies concerned, however, were sharply contrasted. **Whitehead Iron and Steel,** like many of the other steel makers, has cut its interim payment. The reduction from 6¼ to 4 per cent follows a fall of 46 per cent in gross profits from £597,000 to £321,000 in the six months to March 31st, which marked the fifth consecutive fall in half-yearly profits. As the tax charge was proportionately lighter net profits fell by just under 40 per cent from £269,000 to £162,000. This suggests that earnings were running at a rate of about 21 per cent in the six months to March 31st, compared with a rate of 31 per cent in the year to September 30, 1961. Clearly, the group's substantial holdings of liquid assets and the directors' opinion that "present trading conditions are a little more satisfactory and it is anticipated that the results for the second half of the year will show an improvement" were not considered sufficient of a support for a maintained interim. Its reduction, indeed, came as no real surprise to the stock market and the £1 ordinary shares now stand at 33s. 3d.

While Whitehead is mainly engaged in steel rolling, **Hadfields** is concerned largely with specialist steels and steel products such as mining equipment and gas turbine blades. The directors say that, in common with many other steelmakers, their trade this year has been disappointing and add that "apart from investment income, the company has only made a marginal profit on production this year" and the immediate future is not promising. The implication must be that trading profits for the year as a whole will be very small, but investment income is expected to rise from £98,000 to £230,000 in the current year and to amount to £300,000 in a full year. Following the rescue operation and the injection of new capital into Hadfields, the directors have decided to equalise dividends and failing any worsening of the trading results expect to pay at least 6 per cent for the year to end-September, 1962, and again in the following year. The interim dividend this year is thus 3 per cent and the total of 6 per cent compares with 4 per cent paid in 1960-61. The directors say that a 6 per cent payment in the current year will probably involve drawing on the unappropriated profits reserve, which amounts to over £1,000,000. The directors claim that the existence of this reserve, the volume of investment income and the group's substantial holdings of liquid assets, justify the new dividend policy. No doubt those who have invested new capital in Hadfields want to see an immediate return on their money. But part at least of the dividend may be coming out of reserves and thus out of the capital assets of the group. Investment income will, moreover, remain high only until expenditure on new plant and equipment falls due and the holdings of liquid assets will be reduced once such capital expenditures are made. And, as the directors admit, there will be a time-lag before the reorganisation and re-equipment schemes produce good results. How sound will this dividend policy, which in effect anticipates future benefits, look if the reorganisation and re-equipment schemes fail to come up to the directors' expectations? The stock market, where the shares at 14s. yield 8.6 per cent, is cautious.

De La Rue

THE tone of the full report from De La Rue is confidently optimistic and adds to the attraction of the rights issue announced with the preliminary figures last month. The group's gross profits rose by 13¾ per cent from £2,287,000 to £2,599,000 in the year to March 31st. By far the biggest increase in profit came from the Thomas De La Rue International subsidiary which includes the interests in security and banknote printing and in engineering and whose gross profits more than doubled from £588,000 to £1,233,000. The profits of the domestic boiler manufacturer, Thomas Potterton, fell by £14,000 to £338,000 and those of Formica International fell from £1,507,000 to £1,298,000. The chairman, Mr B. C. Westall, says that both Formica and Potterton produced more but earned lower profits for the second year in succession. Formica, in particular, seems to have experienced unexpectedly high losses in the new German factory.

The accounts reveal the group's need for new money, for capital expenditure of £1,250,000 and further investments of over £500,000 in Spain and Belgium ran well ahead of the cash flow of £1,126,000 and the group's overdraft rose to £2 million. The new issue, one-for-one at 10s. per share makes the rights worth 23s. 3d. and will raise just over £2¾ million, which the directors believe to be "sufficient for the time being to enable the expansion of the group to be continued." It is launched at a time when the prospect is reasonably encouraging. Mr Westall says that the order book of the group is "very substantially higher than it was a year ago" and on the basis of the first few weeks of the current year he expects the results to show a "reasonable improvement" over last year. Orders in the printing side of the business are higher than they were at the same time last year; the order book of Potterton is also bigger and without referring specifically to orders or profits, Mr Westall says that the directors expect Formica "to resume its advance" in this country. At 57s. 6d. the 10s. ordinary shares yield 4 per cent ex rights on a dividend of 13¾ per cent, covered twice by earnings.

British Plaster Board

OVER the last five years the growth in the gross profits of British Plaster Board has kept pace with the growth in capital employed, and the gross rate of return has remained practically constant at 20-21 per cent. This is not an exciting record, but at least a stable rate of return on capital funds is better than the decline in returns reported by many industries. The rate dipped slightly in the year to March 31st, to about 19½ per cent, for though the year began well, gross profits for the whole year were only £7,000 higher at £3,217,000. In view of what he describes as a "downward trend in the amount of new building construction" in this country and the rise in the cost of labour, fuel and transport, the chairman, Sir Graham Hayman, clearly considers the results to be satisfactory. Provided that no further restrictions are placed on credit, he is confident that the volume of BPB's trade in Britain will remain at a high level and he describes the prospects for the future progress of the group overseas, where in some markets there is clear evidence of pressure on margins as favourable.

Sir Graham, indeed, directly attributes the increase in the ordinary dividend from 11¼ to 12½ per cent to the fact that higher costs were offset to a greater extent than had been anticipated by bigger sales and to the decision to charge depreciation in the future at a lower, though "still conservative," rate than in the past. The stock market does not rank BPB among the growth stocks of the building industry, but the stability reflected in the yield of 5.2 per cent, covered twice, offered by the 10s. shares at 24s. 9d, should not be overlooked.

Lancashire Cotton

THE gloom overhanging Lancashire darkened three weeks ago when Fine Spinners and Doublers announced that its net trading profits had fallen by more than 50 per cent; but even after this sombre prelude the interim report of Lancashire Cotton came as a shock. Profits in the half year to April 30th before depreciation or tax, but after debenture interest, amounted to no more than £741,000—barely one third of the comparable figure of £2,122,000 for the first half of 1960-61 and less than one-fifth of the total of £3,775,000 for the whole of 1960-61.

The effect on margins of falling yarn sales, which have left the mills working well below capacity and have pushed up unit costs, and the pressure on selling prices have obviously more than outweighed any benefits Lancashire Cotton has gained from its policy of diversification outside the cotton industry. Short of a miracle in the current half year the directors can have been faced with little alternative but to cut the interim dividend. In the event the reduction from 7½ to 5 per cent is perhaps paradoxically the most heartening part of the interim statement; for though the dividend is probably short-earned on the half year's profits the fact that it has not been further suggests that the directors hope for some improvement in trade by the end of the financial year.

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The Economist Indicator (1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
May 30	332·1	5·42		
June 6	321·0	5·59		
,, 13	315·2	5·68		
,, 20	315·2	5·64		
,, 27	310·3	5·64		
July 4	318·8	5·40		

Financial Times Indices

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
June 28	266·9	5·86	6·15	12,602
,, 29	268·5	5·83	6·16	13,396
July 2	266·5	5·87	6·16	13,504
,, 3	266·1	5·88	6·16	11,027
,, 4	267·9	5·84	6·13	9,704

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935=100.

STOCK PRICES AND YIELDS

LONDON : NEW YORK : FRANCE
GERMANY : HOLLAND : CANADA
AUSTRALIA : JAPAN

BRITISH FUNDS AND GUARANTEED STOCKS

Prices, 1962 High	Low	British Funds and Guaranteed Stocks	Price, June 27, 1962	Price, July 4, 1962	Net Red. Yield, July 4, 1962§ £ s. d.	Gross Red. Yield, July 4, 1962 £ s. d.
100 15/16	100 9/32	Treasury 5½% ... 1962	100 19/32	100.10.2	1 0 9	3 19 5
98 25/32	96 3/16	Exchequer 3% ... 1962–63	98 23/32	98 25/32	3 1 8	4 6 8l
100 15/32	98½	Conversion 4¾% ... 1963	100 15/32	100 13/32	2 7 1	4 6 0
96 13/16	93¾	Exchequer 2½% ... 1963–64	96 21/32	96 13/16	3 4 7	4 5 10l
99 15/16	97 1/16	Conversion 4½% ... 1964	99 29/32	99 15/16	2 12 10	4 10 5
94 23/32	90 11/32	Savings Bonds 3% ... 1955–65	94⅜	94 23/32	3 9 10	4 17 0l
100 29/32	98 3/32	Exchequer 5½% ... 1966	100 17/32	100 17/32	3 0 5	5 6 7
88¼	85	Savings Bonds 2½% ... 1964–67	88	88¼	4 4 1	5 5 9l
98 5/16	98	Exchequer 5% ... 1967	98 1/16	98 5/16	3 8 9	5 8 3
87 7/16	83 5/16	Funding 3% ... 1966–68	86 3/16*	86 7/16*	4 7 7	5 12 6l
88½	84⅞	Conversion 3½% ... 1969	88⅛	88½	4 5 6	5 16 7
85 11/16	82⅝	Funding 3% ... 1959–69	85 7/16	85⅝	4 7 8	5 14 1l
97	92¼	Victory 4% ... 1920–76	96¼	96¼	3 2 10	4 16 7‡
82 11/16	78 13/16	Savings Bonds 3% ... 1960–70	82 1/16	82 9/16	4 10 2	5 17 8l
93 7/16	90 9/16	Conversion 5% ... 1971	92 1/16*	92¼*	4 1 9	6 2 2
101⅜	97¼	Conversion 6% ... 1972	101	101⅜	3 13 8	6 2 8
93 13/16	91⅛	Conversion 5¼% ... 1974	92⅛	92 9/16	4 0 6	6 3 6
89⅞	87¾	Funding 4% ... 1960–90	88 5/16	88½	3 13 3	5 7 4l
73	70 7/16	Savings Bonds 3% ... 1965–75	72½	73	4 13 10	6 3 3l
71⅞	69⅝	Treasury 3½% ... 1977–80	70 13/16	71¼	4 10 2	6 3 11l
71 11/16	68 5/16	Treasury 3½% ... 1979–81	71 3/16	71 9/16	4 9 7	6 4 6l
93 7/16	90 3/16	Funding 5½% ... 1982–84	91 1/16*	91 5/16*	3 19 4	6 4 6l
85⅞	82⅜	Treasury 5% ... 1986–89	84 3/16	84½	4 0 11	6 5 7l
57¾	54	Redemption 3% ... 1986–96	57⅜	57⅝	4 4 3	5 19 6l
62⅜	56 15/16	Funding 3½% ... 1999–2004	60⅜*	60 13/16*	4 2 2	6 1 9l
90¾	84⅛	Treasury 5½% ... 2008–12	90⅜	90⅝	3 16 10	6 4 6l
63⅞	58¼	Consols 4% ... after Feb. 1957	62¼*	62 11/16*	3 17 11	6 7 1
56⅞	52 1/16	War Loan 3½% ... after 1952	55½	55 15/16	3 16 11	6 5 11f
56⅛	52 5/16	Conv. 3½% ... after Apr. 1961	55¾	56⅛	3 17 2	6 6 10f
48¼	44⅞	Treasury 3% ... after Apr. 1966	47¾	48¼	3 16 11	6 6 4f
41⅛	38⅛	Consols 2½%	40⅜*	40¾	3 15 2	6 2 9f
40¾	38 1/16	Treasury 2½% ... after Apr. 1975	40⅜	40¾	3 15 11	6 4 9f
93⅞	89 15/16	British Electric 4½% ... 1967–69	93⅜	92*	4 0 4	5 16 3l
76 7/16	74⅜	British Electric 3% ... 1968–73	76	76⅜	4 14 6	6 2 8l
70¾	69	British Electric 3% ... 1974–77	70	70 11/16	4 13 5	6 3 1l
80 13/16	79 1/16	British Electric 4¼% ... 1974–79	79 15/16	80⅜	4 5 8	6 4 8l
72 9/16	70⅜	British Electric 3½% ... 1976–79	71 9/16	72	4 10 3	6 4 0l
85½	82¾	British Gas 4% ... 1969–72	85 5/16	84*	4 8 1	6 1 11l
83⅜	80 9/16	British Gas 3½% ... 1969–71	83 1/16	83⅜	4 9 3	6 0 11l
57⅞	53 13/16	British Gas 3% ... 1990–95	57	57⅛	4 6 2	6 1 3l
76 7/16	74⅜	British Transport 3% ... 1968–73	76	76⅜	4 14 6	6 2 8l
79⅛	77¼	British Transport 4% ... 1972–77	78 1/16	78¼	4 8 4	6 4 7l
60½	56½	British Transport 3% ... 1978–88	58⅞*	59⅛	4 10 7	6 3 8l

DOMINION AND CORPORATION STOCKS

Prices, 1962 High	Low	Dominion and Corporation Stocks	Price, June 27, 1962	Price, July 4, 1962	Red. Yield, July 4, 1962 £ s. d.
82½	79½	Australia 3¼% ... 1965–69	82½	81½*	6 8 0l
98¾	96	Australia 6% ... 1974–76	97¼	97⅜	6 7 0l
60	52	Ceylon 4% ... 1973–75	52	52	10 17 0l
96¾	94¼	New Zealand 6% ... 1976–80	96½	96½	6 10 0l
75¼	62½	Rhodesia and Nyasaland 6% ... 1978–81	65*	66½*	9 18 0l
87¾	82	South Africa 3½% ... 1965–67	87¾	88	6 10 0l
58¼	48	Southern Rhodesia 4½% ... 1987–92	50	52	9 7 0l
81⅞	77¾	Agricultural Mortgage 5% ... 1959–89	79¾	79⅞	6 9 0l
89⅜	86	Birmingham 4¼% ... 1967–70	87¼	87¾	6 2 0l
92	88⅝	Bristol 5% ... 1971–73	89	89¼	6 6 0l
90½	88	Corporation of London 5¼% ... 1976–79	88½	88⅝	6 7 0l
46¾	43	L.C.C. 3% ... after 1920	45⅞	46⅛	6 9 0f
86⅛	84	L.C.C. 5% ... 1980–83	86	86⅛	6 5 0l
89¼	87	Middlesex 5¼% ... 1980	89	89⅛	6 8 0l

ORDINARY STOCKS

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		Ordinary Stocks	Price, June 27, 1962	Price, July 4, 1962	Yield, July 4, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ a	6½ b	Barclays ... £1	83/6	83/3	3·12	...
111/-	86/9	8 a	8 b	District ... £1	88/6	87/-	3·68	...
70/6	53/3	4·3 a	5·1 b	Lloyds ... £1	55/6	55/9	3·37	...
25/6	20/-	7 b	7 a	Martins ... 5/-	21/-	21/3	5·53	...
101/-	80/-	7⅛ a	7½ b	Midland ... £1	83/3	87/-	3·45**	...
100/9	73/3	7 a	7 b	Nat. Provincial ... £1	77/3¶	77/-¶	3·64	...
104/-	76/9	6⅔ b	6⅔ a	Westminster 'B' ... £1	79/3*	77/9*	3·42	...
48/3	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	40/6	41/3	5·82	...
40/9	36/-	3⅓ a	5 b	Bk. Lond. & S. Amer. £1	36/-	36/6	4·57	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal ... $10	£18 1/16	£19	3·56	...
35	27¼	8 c	9 c	Bank of New S. Wales £20	32	32½	4·43g	...
39/-	32/6	5 b	5 a	Barclays D.C.O. ... £1	32/6	33/3	6·02	...
58/6	53/3	7½ a	7½ b	Chartered ... £1	53/6	53/3	5·63	...
£19¾	£16	5/- a	10/- b	Hongk'g. & Shang. $25	£16¼	£16¾	4·48	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. 10/-	50/-	50/6	3·27	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada ... $10	£22 9/16	£23	3·58	...
45/3	37/6	5 a	10 b	Standard Bank ... £1	40/6	41/6	7·23	...
54/4½	37/3	7½ a	15 b	Hambros ... 5/-	37/9	38/9	2·90	...
99/9	73/6	2½ a	5 b	Schroders ... £1	73/6	79/6	1·89	...
60/3	53/-	6¼ a	6¼ b	Union Discount ... £1	57/9	57/6	4·35	...
14/1½	10/-	18 c	Nil c	Bowmaker ... 5/-	10/-	11/-	...	...
14/3	10/3	5 a	5 b	Lombard Banking ... 5/-	10/9	11/7½	4·30	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit ... 5/-	11/3	11/9	3·19	...
44/1½	31/-	22½ b	4 a	United Domins. Tst. ... 5/-	31/6	31/9	4·17	¾
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. ... 5/-	14/9	14/10½	3·70**	2
14/3	12/10½	...	...	Charrington United ... 5/-	13/6	14/-	4·29	1¾
44/-	34/9	8½ b	6 a	Distillers ... 10/-	37/-	38/6	3·77	2
51/6	44/6	14 b	8 a	Guinness ... 10/-	45/-	45/6	4·84	1¾
51/-	39/-	5 a	16 b	Harveys ... 5/-	39/6	39/-	2·69	2½
15/7½	12/-	...	8 b	Ind. Coope, T.A. ... 5/-	12/6	12/10½	4·66	1½
29/-	21/3	12 b	6 a	Watney Mann ... 5/-	22/9	24/6	3·67	2
42/4½	31/9	9 a	21 b	Whitbread 'A' ... 5/-	34/3*	35/7½*	4·21	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½ b	Associated Portland. £1	51/6	52/3	3·64	2¼
27/4½	21/6	4 a	8½ b	British Plaster Bd. ... 10/-	21/9*	23/3*	5·38	2
18/10½	14/10½	6 a	10 b	Richard Costain ... 5/-	15/6	15/3	5·25	2¾
13/7½	10/6	10 a	12½ b	Crittall Mfg. ... 5/-	11/4½	11/10½	7·11**	2
14/1½	9/10½	6 a	16½ b	International Paints ... 4/-	10/7½	11/-	8·18	1½
69/6	48/9	25 c	25 c	Rugby Portland ... 5/-	50/-	53/6	2·34	3¼
24/-	19/1½	11⅔ b	5 a	Wall Paper Defd. ... 5/-	19/3	19/7½	4·25	2¼
				CHEMICAL				
25/7½	20/9	6 a	14 b	Albright & Wilson ... 5/-	22/-	22/-	4·55	2
19/3	13/11¼	4 a	7½ b	Borax Defd. ... 5/-	14/10½	14/11¼	3·85	2½
43/3	76/9	11 c	4 a	Fisons ... £1	27/-	27/6	...	...
58/-	47/6	6¼ a	7½ b	I.C.I. ... £1	50/6	52/4½	5·25	1
18/6	12/3	5 a	5 b	Monsanto ... 5/-	13/-	13/-	3·85	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug ... 5/-	26/-	26/9	2·24	2¼
33/9	20/7½	5 b	2 a	Montague Burton ... 10/-	21/-	23/-	2·99	2¼
59/6	42/9	13⅓ b	5⅚ a	Debenhams ... 10/-	45/3	46/6	4·13	1½
65/-	51/1½	25 b	12½ a	G.U.S. 'A' ... 5/-	55/9	57/6	3·26	2
40/3	28/9	13⅓ a	16⅔ b	House of Fraser ... 5/-	30/3	30/6	4·92	1¼
16/6	13/-	5 a	7½ b	Lewis's Invest. Tst. ... 4/-	13/-	13/3	3·77	2
100/6	79/9	15 a	32½ b	Marks & Spencer 'A' 5/-	84/6	84/3	1·82	1½
52/6	41/-	10 a	20 b	United Drapery ... 5/-	42/9	43/3	3·47	1¾
53/-	44/1½	25 b	10⅚ a	Woolworth ... 5/-	46/-	46/7½	3·84	1¼
				OIL				
38/-	30/6	‡2·78a	†7 1/12 b	British Petroleum ... £1	34/-	35/7½	9·03	2
36/6	30/6	†2½ a	†7 11/12 b	Burmah Oil ... £1	35/3	36/9	9·28	1¼
£14½	£12 5/16	11¼ a	15 b	Royal Dutch ... 20 fl.	£12 9/16	£13½	3·85	2½
32/7½	27/-	†10 a	†15 b	Shell Transport ... 5/-	29/9	32/-	6·38	2½
32/9	20/6	...	...	Ultramar ... 10/-	23/6	24/-	... d	...
		%	%	**ELECTRICAL & RADIO**				
32/6	23/-	5 a	5 b	A.E.I. ... £1	23/9	25/3	7·92	1
12/6	9/-	...	15 c	Brit. Electronic Inds. 5/-	9/10½	11/1½	6·74	¼
66/3	51/9	4 a	9½ b	B.I.C.C. ... £1	52/6	54/9	4·93	2
14/8¼	12/7½	7½ b	5 a	Crompton Parkinson 5/-	13/-	13/9	4·55	2½
89/6	63/-	23⅓ c	7½ a	Decca ... 10/-	67/-	70/6	3·31	1¾
45/6	33/9	12½ b	5 a	E.M.I. ... 10/-	34/9	35/4½	4·95	2
54/6	39/-	5 a	9 b	Elliott-Automation ... 5/-	40/9	43/4½	1·61	2
27/9	20/9	3 a	5 b	English Electric ... £1	21/6	22/-	7·17	1½
34/-	26/-	7 b	3 a	General Electric ... £1	27/9	28/6	7·02	¾
59/3	34/6	4⅜ a	8⅛ b	C. A. Parsons ... £1	34/6	36/6	6·85	2
47/9	38/9	3¼ a	6½ b	A. Reyrolle ... £1	39/6	39/6	4·94	2½
82/-	58/-	25 c	25 c	Thorn Electrical ... 5/-	64/6	67/-	2·05**	3
				ENGINEERING				
32/4½	20/3	9 c	9 c	Babcock & Wilcox ... £1	29/3	30/3	5·95	1½
38/3	27/3	7 b	3·2 a	John Brown ... £1	34/7½	31/7½	6·45	2¾
6/-	4/3	3 a	7 b	Cammell Laird ... 5/-	4/8¼	5/-	10·00	1
26/10½	21/10½	10 a	20 b	Internat. Combust. ... 5/-	21/10½	22/10½	6·56	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	3/7½	3/7½	...	...
38/4½	26/-	2½ a	9½ b	Swan Hunter ... £1	27/3	28/-	8·57	1¾
14/9	10/6	5 a	10 b	John Thompson ... 5/-	13/7½	14/-	5·36	...
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge ... 10/-	26/1½	26/6	5·39	2¾
73/7½	55/6	†2½ a	†6 b	Alfred Herbert ... £1	56/-	55/6	5·00	2
47/6	33/9	5 a	10 b	Allied Ironfounders ... £1	34/9*	36/6*	8·22	1¾
99/9	67/9	5 a	10 b	Averys ... £1	71/3	75/3	3·99	2
20/3	13/-	7⅔ b	4 a	B.S.A. ... 10/-	13/-	13/3	8·81	2¼
11/6	8/6	8½ b	4½ a	George Cohen ... 5/-	8/9	9/4½	6·93	1¾
33/-	21/6	17½ b	10 a	Davy-Ashmore ... 5/-	23/3	23/3	5·91	2¼
81/10½	64/1½	5 a	11 b	Guest Keen ... £1	67/1½	69/4½	4·61	2¼
21/-	14/3	4 a	12 b	Head Wrightson ... 5/-	15/3	16/-	5·00	2½
85/6	67/-	5 a	7 b	Metal Box ... £1	68/6*	71/6*	3·36	2¼
18/-	13/4½	10 b	4 a	Ransome & Marles ... 5/-	13/4½	14/4½	4·87	3
48/-	38/9	3 a	7 b	Renold Chains ... £1	39/9	38/9	5·16	2
64/10½	43/1½	7 b	7 a	Tube Investments ... £1	46/1½	48/9	5·74	3
31/1½	23/6	2½ a	7½ b	Vickers ... £1	24/7½	27/3	7·34	1
71/6	54/-	10 b	3¾ a	Ward (Thos. W.) ... £1	55/-	59/-	4·66	3
20/6	12/3	5 a	16 b	Woodall-Duckham ... 5/-	12/6	14/-	7·50	1¾
				FOOD & TOBACCO				
25/6	19/9	10 c	10 c	Allied Suppliers ... 10/-	22/6	23/3	4·30	2½
12/4½	8/4½	12½ b	10 a	Assoc. British Foods ... 1/-	9/9	9/9	2·31	2
61/3	42/-	8 b	4 a	Bovril ... £1	42/3	42/-	5·71	1½
12/9	10/11¼	†3·9b	†1·7a	Brooke Bond 'B' ... 5/-	11/3	10/11¼	4·18	3½
15/10½	11/10½	10 b	2½ a	International Tea ... 5/-	12/3	12/6	5·00	1½
82/6	65/3	5 a	10⅚ b	J. Lyons 'A' ... £1	65/9*	66/3*	4·78	1½
38/3	29/9	9 b	5 a	Ranks Hovis ... 10/-	30/9	32/9	4·27	...
13/7½	10/10½	7½ b	2½ a	Spillers ... 5/-	11/6	11/9	4·26	2¼
50/9	43/3	12 c	3 a	Tate & Lyle ... £1	44/7½	46/3	5·19	2¼
18/-	14/9	9 b	5 a	Unigate ... 5/-	15/3	15/3	4·59	2
63/9	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. ... 10/-	54/-	53/9	6·84	3
41/3	28/3	5 a	15 b	Gallaher ... 10/-	28/6	28/6	7·02	2
63/9	47/6	7½ a	14 b	Imperial Tobacco ... £1	51/-	50/6	8·91	1¾
				INSURANCE				
8 15/16	5¾	†22·7a	†25 b	Britannic ... 5/-	6⅛	5 15/16	3·28	...
68/-	50/-	20 a	25 b	Commercial Union ... 5/-	54/3	53/6	4·21	...
35 15/16	21½	†41·17c	†62·74c	Equity & Law Life ... 8/6	25½*	23½*	1·85	...
109/3	69/-	10 a	20 b	General Accident ... 5/-	76/-	76/-	1·97	...
60/6	43/-	...	...	Guardian ... 5/-	46/6	45/3	2·95**	...
48¾	32½	80 a	110 b	Legal & General ... 5/-	37	36	1·32	...
180/-	138/9	8½ a	12½ b	Northern & Empl. ... £1	151/3	146/3	2·87	...
13 11/16	10⅝	†20 a	†70 b	Pearl ... 5/-	11¼	11 1/16	3·32	...
29¾	22½	†208⅓ c	†208⅓ c	Prudential 'A' ... 4/-	23¼	24	2·84	...
47/10½	37/6	...	...	Royal ... 5/-	39/3	39/-	3·85**	...
127/9	97/-	7½ a	11¼ b	Royal Exchange ... £1	99/-	98/-	3·83	...
				MOTORS & AIRCRAFT				
18/3	13/-	12½ b	7½ a	British Motor ... 5/-	13/4½	13/8¼	7·31	¾
85/3	60/-	20	20 c	Jaguar Cars 'A' ... 5/-	61/6	67/-	1·49	8
41/6	25/6	5 a	3 b	Rolls-Royce ... £1	26/-	26/3	6·10	...
6/8½	4/11¼	12 c	4 c	Rootes Motors 'A' ... 4/-	5/1½	5/2¼	3·08	...
78/6	60/11¼	11 b	5 a	A.C.V. ... £1	72/10½	72/6	...	2
94/6	73/1½	20 c	5 a	Leyland Motors ... £1	75/1½	74/6	5·37	...
17/7½	13/10½	8 a	5½ b	Bristol Aeroplane ... 10/-	17/0¾	17/-	7·94	2
24/8¼	19/3	5 a	6 b	Hawker Siddeley ... £1	23/3	23/3¾	9·44	1¼
36/9	25/9	†5½ b	†4 a	Dowty Group ... 10/-	25/9	26/3	5·91	2¼
39/-	27/3	5 a	15⅚ b	Dunlop Rubber ... 10/-	28/-	29/4½	5·38	1¾
77/-	63/6	11¼ b	2½ a	Joseph Lucas ... £1	64/1½	64/7½	4·26	2¼
22/-	14/4½	5 c	9 a	Pressed Steel ... 5/-	14/9	14/6	1·72	...
39/-	31/3	12½ c	5 a	Triplex Holdings ... 10/-	31/3	31/9	3·94	2¼
				MINES				
172/6	136/3	40 a	50 b	Anglo-American ... 10/-	160/-	163/9	5·50	1¾
70/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	66/6	67/6	7·40	2½
107/6	81/10½	15 a	20 b	General Mining ... £1	105/-	106/3	6·59	2
65/9	46/6	†26 a	†74 b	Union Corporation ... 2/6	58/6	63/3	6·45	2½
20/9	16/9	40 b	40 a	Daggafontein ... 5/-	19/3*	18/9*	2·13	1¼
121/3	81/10½	100 b	70 a	Free State Geduld ... 5/-	111/10½*	111/10½	7·60	1½
66/9	50/6	110 c	60 a	President Brand ... 5/-	63/6	63/-	9·84	1½
96/3	72/6	31 a	31 b	W. Driefontein ... 10/-	88/9*	90/-*	6·11	1¾
161/3	117/6	210 c	105 a	Western Holdings ... 5/-	154/4½	151/10½	6·91	1¼
19/6	15/3	6 b	5 a	Winkelhaak ... 10/-	18/-	18/6	5·95	3
56/9	42/6	13⅓ a	36⅔ b	Chartered ... 15/-	43/9	44/3	16·94	1½
56/6	47/-	60 b	20 a	Rhod. Anglo-Amer. 10/-	51/6	51/9	15·46h	1¾
37/4½	24/-	...	6 a	Rhod. Selection Tst. ... £1	24/6	24/6	14·69**h	...
21/9	15/-	32½ c	Nil a	Tanganyika Cons. ... 10/-	15/-	15/-	...	1¼
57/-	45/-	3¾ a	11¼ b	Consolidated Zinc ... £1	45/3	47/-	6·38	1½
170/-	135/-	100 a	180 b	De Beers Defd. Reg. 5/-	156/3	160/-	8·75	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ... n.p.v.	$99	$103½	2·75	...
18/9	13/1½	7½ a	30 b	London Tin ... 4/-	14/7½	14/10½	10·08	1¼
43/9	32/6	27½ c	30 c	Rio Tinto ... 10/-	32/6	33/9	8·89	2
35/-	22/3	52½ c	65 c	Tronoh ... 5/-	25/6	25/3	12·87	1
				PAPER & NEWSPAPERS				
12/10½	10/6	5 a	10 b	Daily Mirror ... 5/-	10/7½	11/3	6·67	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A' £1	72/6	73/9	3·53	2
24/9	13/9	10 a	14 b	Thomson Org'n. ... 5/-	13/9	16/-	7·50	1½
47/3	32/-	5 a	8¾ b	Bowater Paper ... £1	32/9	34/9	7·91	1
45/-	35/-	5 a	11 b	Albert E. Reed ... £1	38/6	41/-	7·80	1½
43/9	33/6	4 a	8½ b	Spicers ... £1	34/6	35/6	7·04	1½
55/-	44/-	4 a	10 b	Wiggins Teape ... £1	47/-	49/6	5·66	1¾
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	19/9	20/-	7·50	2¾
33/3	21/-	40 b	20 a	Assoc. Television 'A' 5/-	22/9	23/-	13·04	1¾
52/1½	37/9	16 a	14 b	Beecham Group ... 5/-	39/-	37/9	3·97	1¾
39/4½	30/9	6⅔ b	3⅓ a	British Match ... £1	32/3	35/-	5·71	2
16/3	12/3	6⅔ b	4 a	British Oxygen ... 5/-	12/6*	12/3*	4·35	1¾
9/10½	7/7½	3 a	7 b	British Ropes ... 5/-	7/9	7/10½	6·35	1½
62/3	50/3	7½ a	15 b	De La Rue ... 10/-	53/-	57/-	3·95	2
42/-	27/1½	5⅝ a	9⅜ b	Gestetner 'A' ... 5/-	29/-‖	33/-‖	2·27	3¾
55/9	41/6	15 c	7½ a	Glaxo ... 10/-	43/-	44/6	3·37	3¼
49/-	42/6	3 a	12 b	Harrisons & Cr. Defd. £1	42/6	42/6	7·06	2½
41/3	30/-	5 a	20 b	Hoover 'A' ... 5/-	31/3	31/-	4·03	1¾
23/3	16/-	5 a	12½ b	Ilford ... 5/-	17/-	18/9	4·67	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. ... £1	92/3	91/9	2·45	2½
49/3	40/6	12½ c	12½ c	National Canning ... £1	42/-	41/-	6·10	1
41/3	35/1½	10 b	6 a	Powell Duffryn ... 10/-	35/4½	37/6	4·27	2¼
40/6	32/3	17½ b	5 a	Radio Rentals ... 5/-	32/9	33/6	3·36	2¾
37/-	24/6	15 b	7½ a	Rank Organisation ... 5/-	25/-	27/3	4·59**	...
38/-	25/6	7½ a	16½ b	Schweppes ... 5/-	26/1½	27/3	4·40	1½
35/3	28/10½	25 c	25 c	Sears 'A' ... 5/-	29/4½	31/1½	4·02	2
29/10½	22/6	8½ a	11½ b	Thomas Tilling ... 4/-	23/1½	24/3	3·30	2
64/-	44/-	8 b	4 a	Turner & Newall ... 5/-	47/-	45/10½	5·23	2
47/3	32/6	9·47a	15·32b	Unilever ... £1	33/3	38/3	3·24	3
11⅝	7½	8 a	13 b	Unilever N.V. ... 12 fl.	7¾	9	3·57	3
18/9	13/6	5 a	10 b	United Glass ... 5/-	14/-	14/-	5·36	...
33/3	23/-	†4⅙ a	†10⅚ b	United Molasses ... 10/-	25/1½	25/9	9·51	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/-	25/-	25/3	7·92	1
18/3	15/7½	6 c	Nil c	Cunard ... £1	17/6	17/10½	...	...
19/1½	16/9	7 c	7 c	France Fenwick ... £1	18/9	19/1½	7·32	1½
31/6	21/-	10 c	10 c	Furness Withy ... £1	23/-	23/6	8·51	1
9/7½	5/4½	...	...	London & Overseas ... 5/-	6/-	5/4½	...	...
31/-	17/6	3 a	3 b	P & O Defd. ... £1	17/9	18/6	6·49	...
12/1½	8/4½	2½ c	2½ c	Reardon Smith ... 10/-	9/3	9/3	2·70	...
12/9	7/6	5 c	Nil c	Royal Mail ... £1	8/4½	10/3	...	...
				STEEL				
48/4½	28/9	16 c	5 a	Colvilles ... £1	30/9*	30/4½*	...	2½
27/3	17/4½	10 c	2½ a	Dorman Long ... £1	18/6	17/9	...	2¼
34/-	22/-	7½ b	3½ a	Lancashire Steel ... £1	23/1½	23/7½	9·31	3
21/4½	11/3	10 c	Nil a	South Durham ... £1	11/9	11/6	...	1¼
31/3	22/6	10 c	3¾ a	Steel Co. of Wales ... £1	24/9*	25/6*	7·84	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds ... £1	28/3	30/4½	9·88	2
51/10½	41/6	9 b	6 a	John Summers ... £1	42/7½	43/4½	6·92	2
42/4½	25/9	12·3c	4 a	United Steel ... £1	27/3*	30/4½*	...	1½
41/-	30/9	8¾ b	4 a	Whitehead ... £1	33/6	33/3	...	2
				TEXTILES				
32/-	25/7½	5 a	7½ b	English Sewing Cotton £1	27/1½	27/7½	9·05	1
26/4½	18/9	5 a	7½ b	Fine Spinners ... £1	19/3*	19/-*	13·16	1
50/9	35/4½	17½ b	5 a	Lancashire Cotton ... £1	36/4½	34/6	...	1¼
46/1½	37/10½	3¾ a	8¾ b	Courtaulds ... £1	42/4½	42/6	5·88	...
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ... 4/-	5/4½	5/4½	9·92	1¾
81/6	74/6	13 b	8 a	West Riding Worsted £1	77/6	77/3	5·44	2½
30/9	22/9	2½ a	7½ b	Woolcombers ... £1	23/-	22/9	8·79	1¼
20/10½	14/1½	6 c	6 c	Bradford Dyers ... £1	15/4½	15/4½	7·80	1
13/3	9/10½	13¾ b	7½ a	Calico Printers ... 5/-	9/10½	10/-	10·00**	3¼
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B. ... £1	40/1½	39/7½	6·31	1¾
10/9	8/9	3 a	10 b	Jute Industries ... 10/-	8/10½	8/10½	14·65	2¼
27/1½	21/4½	10 c	10 c	Tootal ... £1	21/7½	21/7½	9·25	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	20/9	12½ a	25 b	Alliance Trust ... 5/-	21/9	21/-	8·93	1¼
61/6	44/7½	37½ b	12½ a	B.E.T. 'A' Defd. ... 5/-	45/10½*	44/7½	5·60	1½
17/9	13/3	10 c	10 c	Cable & Wireless ... 5/-	14/-	14/9	3·39	1½
71/9	54/3	31⅔ c	10 a	City Centre Props. ... 5/-	58/3	60/6	2·09**	...
89/-	69/9	3½ a	8½ b	City Lond. Real Prop. £1	72/9	74/3	3·23	1
95/-	65/-	7·04a	9·04b	Hudson's Bay ... £1	67/6	70/-	4·59	2½
38/6	22/6	4 b	2 a	Land Securities ... 10/-	26/6¶	24/6¶	2·45	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	31/3*	33/-*	4·04	1
				TEA & RUBBER				
46/6	38/-	†2½ a	†12½ b	Cons. Tea & Lands ... £1	38/9	39/-	12·56	2
35/6	30/9	†11 b	†3 a	Jokai (Assam) ... £1	35/-	35/-	13·06	2½
9/6	7/6	...	7½ c	Nuwara Eliya ... £1	8/3	8/6	17·64	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/-	5/3¾	15·69	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic ... 2/-	4/6	4/9	16·84	2
76/9	62/1½	10 a	35 b	United Sua Betong ... £1	62/7½	66/3	13·58	1½

NEW YORK PRICES AND INDICES

Stock	June 27 $	July 3 $	Stock	June 27 $	July 3 $	Stock	June 27 $	July 3 $
Atch. Topeka	22	23⅜	Boeing	38¾	41⅞	Int. Harvester	44⅝	47¼
Can. Pacific	21⅞	21¾	Celanese	31	32⅝	Inter. Nickel	55	56¼
Pennsylvania	10⅜	11⅝	Chrysler	40⅜	43⅜	Inter. Paper	25¼	26¼
Union Pacific	28½	30¼	Col. Palmolive	36½	38¾	Kennecott	68⅛	70¾
Amer. Electric	54[illegible]	60	Crown Zeller.	42	45⅛	Monsanto	36¼	38
Am. Tel. & Tel.	101⅞	107⅝	Distillers Seag.	36⅞	38⅛	Nat. Distillers	23⅜	24⅜
Cons. Edison	68¼	71[illegible]	Douglas	17¾	19¾	Pan-American	16⅜	17⅛
Int. Tel. & Tel.	34	3[illegible]	Dow Chemical	41	44⅝	Procter Gamble	58⅜	65
South'n. Nat. Gas	39⅞	42¾	Du Pont	166	180	Radio Corpn.	39¾	44½
United Corpn.	6⅞	7	East. Kodak	86½	92¼	Sears Roebuck	60	65½
Western Union	25¼	26⅞	Ford Motor	72⅜	79½	Shell Oil	30½	31½
Alcoa	47	55¾	Gen. Electric	56⅜	62⅞	Socony-Mobil	46⅛	49⅝
Aluminium	18[illegible]	19⅜	General Foods	60⅛	68½	Stand. Oil Ind.	44	45¼
Amer. Can	40[illegible]	43¾	General Motors	46¼	49¼	Stand. Oil N.J.	48⅞	50
Am. Smelting	[illegible]	53½	Goodyear	30	32⅝	Union Carbide	85	92⅞
Am. Viscose	44[illegible]	48	Gulf Oil	34¾	36¾	U.S. Steel	41¾	46⅛
Anaconda	38⅜	41⅜	Heinz	41	44½	West. Electric	25½	27¾
Beth. Steel	32	34¾	Int. Bus. Mach.	333	351½	Woolworth	64¼	68½

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
June 6	61·26	3·51	29·08	5·54	55·80	3·63	90·17	3·87
" 13	58·09	3·71	28·00	5·76	53·80	3·77	90·49	3·84
" 20	57·41	3·75	27·83	5·80	52·56	3·86	89·85	3·90
" 27	55·10	3·91	26·81	6·02	50·62	4·04	89·43	3·94
July 4	59·10	3·64	28·45	5·67	54·89	3·73	89·12	3·97

425 Industrials:—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

FRANCE	June 27 Frcs.	July 4 Frcs.	GERMANY	June 27 %	July 4 %	HOLLAND	June 27 %	July 4 %
Air Liquide	1,112	1,220	A.E.G.	374	409	A.K.U.	330⅝	363⅞
Banque de Paris	512	512	Bad'che. Anilin	371	409	Bijenkorf	805	853
Citroen	172	181·5	Bayer	414	444	Heinekens	430	475
C. F. Petrole	307	310·5	Commerzbank	386	415	Interunie (Fl.50)	Fl.165	Fl.175
Cie. G. d'Elect.	1,090	1,190	Deutsche Bank	453	468	K. N. Hoogoven	548	631
Machines Bull	488	518	Hoechst Farb.	373½	413½	Kon. Zout-Ket.	721	821
Pechiney	238	244·3	Kundenkredit	376	395	Philips (Fl.25)	—	Fl.168·2
Printemps	484	502	Lowenbrau	920	950	Robeco (Fl.50)	Fl.190	Fl.201
Rhone-Poulenc	415	440·5	Mannesmann	227	241	Rotterdam Bk.	340	344¼
S.I.M.	374·5	354	Siemens	502	562	Thomassen & D.	615	680
Saint-Gobain	355·5	375	Thyssen-Huette	182	193	Valeurop	Fl. 68·6	Fl. 70·8
Usinor	194	205	Volkswagen	501	530	Zwanenberg	753½	900
Index (Dec. 30, 1960=100)	93·1	96·5	Index Herstatt Index (Dec. 31, 1959=100)	85·64	91·66	Index (1953=100)	303·4	329·5

CANADA	June 27 $	July 4 $	AUSTRALIA	June 27 £A	July 4 £A	JAPAN	June 27 Yen	July 4 Yen
Abitibi Pr. & P.	42⅝	45½	Ampol Pet.	11/8	12/4	Ajinomoto	511	519
Aluminium	20¼	21	Ass. Pulp & P.	29/-	30/3	Fuji Iron	48	47
Bell Tel.	48½	51	Aust. Con. Inds.	65/-	69/-	Hitachi	84	85
Can. Brewer's	9¼	9⅝	Aust. Oil & Gas	55/6	57/6	Honda Motor	305	314
Can. Imp. Bank	55¾	55¾	Brit. Tobacco	24/-	25/6	Kirin Brewery	481*	486
Can. Pac. Rly.	23⅝	23¾	Broken Hill Pty.	57/6	58/3	Mitsub. Chem.	68	7[illegible]
Hiram Walker	47½	49¼	G. J. Coles	12/4	13/1	Mitsub. Elect.	78	7[illegible]
Imperial Oil	40⅜	40½	Felt & Textiles	7/7	7/9	Mitsub. Heavy	81	82
Noranda Mines	29	29¼	I.C.A. A.N.Z.	40/3	40/3	Nippon Elect.	406	39[illegible]
Shawinigan Wtr	20	22	Myer Emporium	30/-	30/3	Sony	699	70[illegible]
Steel of Canada	16⅞	17	Ready Mix Con.	16/9	17/4	Toyo Rayon	166	181
Trans.Can.Pipe	18⅞	20	Woolworth	15/4	16/1	Yawata Iron	52	53
Toronto Ind. Index (1933=100)	520·35	537·02	Sydney Indust. Index (1937/39=100)	284·70	294·23	Dow Jones Average	1429·61	1474·0

THE ACTUARIES' INVESTMENT INDEX

(December 31, 1957=100)

Group	Price Index June 27, 1961	Price Index June 26, 1962	Average Yield per cent June 27, 1961	Average Yield per cent June 26, 1962
FINANCIAL:—				
Banks	268·5	257·5	3·37	3·57
Investment trusts	244·2	222·9	3·38	3·83
INDUSTRIALS:—				
Electrical engineering	151·3	125·1	5·22	6·02
Engineering	175·7	133·2	4·49	5·93
Steel	221·4	128·2	6·36	8·75
Breweries	266·5	289·2	4·11	4·31
Chain stores	246·7	199·1	2·69	3·46
Cotton and rayon textiles	182·6	148·3	7·44	9·71
Wool textiles	198·8	163·3	5·80	7·19
Chemicals	214·9	143·1	4·01	5·72
Oil	127·8	119·5	6·69	7·55
Shipping	99·0	63·7	5·54	4·80
All classes combined	192·1	159·4	5·07	6·05
Total—*Capital goods*	173·3	132·8	5·22	6·63
Total—*Consumption Goods*	252·2	217·8	4·52	5·44

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. Thorn Electrical, 27½%. Calico Printers, 20%. Midland Bank, 15%. Charrington United, 12%. Rank Organisation, 25%. City Centre Props., 25⅓%. Rhodesian Selection Trust, 18%. Crittall Mfg., 16⅞%. Royal Insurance, 30%.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended June 30, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £16,385,000 compared with a deficit of £12,475,000 in the previous week and a deficit of £38,603,000 in the corresponding period of last year. There was a net expenditure "below-line" of £45,310,000 leaving a total cumulative deficit to date of £280,008,000 compared with £267,894,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to June 30, 1961	April 1, 1962, to June 30, 1962	6 days ended June 30, 1961	Week ended June 30, 1962
Ordinary Revenue					
Income Tax	2,790,000	376,823	384,371	41,848	48,142
Surtax	188,000	29,200	31,700	1,300	1,300
Death Duties	264,500	73,300	67,400	5,200	4,500
Stamps	95,000	28,300	26,600	2,300	2,200
Profits tax, EPT and EPL	374,000	61,200	65,400	3,200	4,400
Other Inland Rev. Duties	....	...	...	...	...
Total Inland Rev.	3,711,500	568,823	575,471	53,848	60,542
Customs	1,653,000	398,067	406,465	25,206	33,794
Excise	1,077,000	221,245	236,989	20,345	27,290
Total Customs and Excise	2,730,000	619,312	643,450	45,751	61,084
Motor Duties	150,000	15,853	25,757	....	....
Broadcast Lic's.	41,000	6,800	7,300	...	...
Miscellaneous	165,000	106,175	50,033	534	8,717
Total	**6,797,500**	**1,316,963**	**1,302,011**	**100,133**	**130,343**
Ordinary Expenditure					
Debt Interest	600,000	195,100	181,944	2,754	5,930
Payments to N. Ireland Exch.	100,000	20,876	21,180	3,997	3,763
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	1,188	1,355	55	204
Supply Services	5,611,650	1,222,076	1,304,877	131,620	136,581
Total	**6,323,650**	**1,439,240**	**1,509,356**	**138,426**	**146,478**
Sinking Funds	41,000	6,490	6,985	310	250
"Above-line" Surplus or Deficit	**128,767**	**214,330**	**38,603**	**16,385**	
"Below-line" Net Expenditure*	139,127	65,678	70,348	45,310	
Total Surplus or Deficit	**267,894**	**280,008**	**108,951**	**61,695**	
Net receipts from:					
Tax Reserve Certificates	44,842	48,668	5,076	9,671	
Savings Certificates	−5,500	1,100	−900	1,500	
Defence Bonds	17,400	3,909	1,048	254	
Premium Savings Bonds	12,150	9,400	1,100	600	
Total		**68,892**	**83,077**	**6,324**	**12,025**

* Net repayments of £5 million to the Civil Contingencies Fund in 1962–63 compared with net issues of £4 million in 1961–62.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1961 June 30	5,199·6		283·3	...	5,483·0
1962 Mar. 31	3,000·0	2,330·6	260·7	...	5,591·3
April 7	2,980·0	2,400·5	243·0	2·3	5,625·8
,, 14	2,970·0	2,433·5	254·1	5·0	5,662·7
,, 21	2,960·0	2,448·7	226·0	3·3	5,638·0
,, 28	2,940·0	2,542·3	223·0	...	5,705·3
May 5	2,920·0	2,512·6	243·6	...	5,676·2
,, 12	2,940·0	2,236·5	248·2	0·5	5,425·2
,, 19	2,940·0	2,221·9	283·8	0·3	5,445·9
,, 26	2,950·0	2,258·8	229·3	...	5,438·1
June 2	2,960·0	2,299·9	210·7	1·5	5,492·1
,, 9	2,970·0	2,307·8	233·6	...	5,511·5
,, 16	2,980·0	2,314·5	287·2	0·8	5,582·5
,, 23	2,990·0	1,926·1	250·9	2·8	5,179·8
,, 30	2,990·0	2,013·4	284·2	2·3	5,269·8

THE MONEY MARKET

THE Treasury bill rate rose by 1s. 5.19d. to £3 18s. 5.03d. per cent at last Friday's bill tender when the syndicate of discount houses lowered its agreed bid by 4d. to £99 0s. 4d. Although the market has lowered its bid, and therefore raised its rate, two weeks running it has nonetheless increased its bill allotment on both occasions. The reason for this success has been the sharp reduction in outside applications. In two weeks, total applications have fallen by £58 million to £365 million—from the year's high point to the year's low point.

The half year made credit first very tight and then very easy. On Friday, after the market had lowered its bid, three or four houses were actually forced to borrow a moderate amount from the Bank of England at Bank rate. On Saturday credit was extremely tight, and a very large amount of assistance from the authorities was still not enough to prevent one or two houses calling on the Bank for a small amount. On Monday credit was so easy that they sold a very large number of bills to absorb the surplus credit.

In New York last week, the three-month bill rate rose to 2.930 per cent, its highest level since June, 1960, from 2.792 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	Discount rates: Bank bills:	
Deposit rates (7 days' notice):		60 days	4 1/16–4 1/8
Banks	2½	3 months	4 1/16–4 1/8
Discount houses	2 1/2–2 3/4	4 months	4 1/16–4 1/8
Local Authorities	4½	6 months	4 1/16–4 3/16
Call money: Clearing banks' minimum	2⅞	Fine trade bills: 3 months	5½–6
Day-to-day	2⅞–3⅞	4 months	5½–6
		6 months	5¾–6½

NEW YORK

	%		%
Official Discount rate (from 3½%, 11/8/60)	3	Treasury bills: June 15	2·792
		July 2	2·930

BANK OF ENGLAND RETURNS

(£ million)	July 5, 1961	June 27, 1962	July 4, 1962
Issue Department:			
Notes in circulation	2,337·9	2,317·2	2,325·3
Notes in banking dept.	37·4	58·0	50·0
Govt. debt and securities*	2,373·5	2,374·0	2,373·9
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·8	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	12·2	15·6	11·3
Special deposits	153·7	157·3	157·3
Bankers	270·6	241·9	231·1
Others	77·6	71·2	71·0
Total	514·1	485·9	470·7
Securities:			
Government	368·2	380·7	354·0
Discounts and advances	107·7	45·6	65·5
Other	18·2	18·7	18·5
Total	494·1	445·0	437·9
Banking department reserve	38·2	59·0	50·9
"Proportion"	7·4	12·1	10·8

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on March 7th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Average Rate of Allotment	Allotted at Max. Rate
	91 day		s. d.	%
1961 June 30	250·0	400·8	90 8·94	46
1962 Mar. 30	230·0	392·2	88 1·16	57
April 6	230·0	398·7	87 4·82	46
,, 13	230·0	407·9	86 8·54	41
,, 19	230·0†	386·6	85 4·31	46
,, 27	220·0	388·3	81 0·54	26
May 4	220·0	406·0	81 9·72	16
,, 11	230·0	412·8	79 8·71	57
,, 18	230·0	383·6	77 1·04	61
,, 25	230·0	398·4	76 3·81	47
June 1	240·0	417·3	75 7·98	43
,, 8	240·0	421·0	75 0·28	47
,, 15	240·0	423·5	74 4·01	40
,, 22	230·0	370·2	76 11·84	42
,, 29	230·0	345·3	78 5·03	45

* On June 29th tenders for 91 day bills at £99 0s. 4d. secured 45 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills.
† Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits July 4	Market Rates: Spot June 28	June 29	June 30	July 2	July 3	July 4
United States $	2·78–2·82*	2·80 3/4–7/8	2·80 13/16–13/16	2·80 13/16–15/16	2·80 13/16–15/16	2·80 3/4–7/8	2·80 11/16–13/16
Canadian $		3·03 1/4–5/16	3·03 11/16–13/16	3·03 11/16–13/16	3·03 13/16–15/16	2·03 7/16–9/16	3·03 9/16–5/8
French Fr.	13·622–14·027	13·75 7/8–76 1/8	13·75 7/8–76 1/8	13·75 7/8–76 1/8	13·76–76 1/4	13·75 5/8–7/8	13·75 5/8–7/8
Swiss Fr.	11·94–12·54	12·11 3/8–7/8	12·11 3/8–7/8	12·11 3/8–7/8	12·11 7/8–12 1/8	12·11 3/8–7/8	12·11 3/8–7/8
Belgian Fr.	137·96–142·05	139·67 1/2–72 1/2	139·67 1/2–72 1/2	139·67 1/2–72 1/2	139·67 1/2–70	139·65–70	139·65–70
Dutch Gld.	9·98 3/32–10 28 1/32	10·08 3/4–09 1/8	10·08 7/8–09 1/8	10·08 5/8–7/8	10·09–09 1/4	10·08 3/4–09	10·08 5/8–7/8
W. Ger. D-Mk.	11·037–11·365	11·20 7/8–21 1/8	11·20 5/8–21	11·20 5/8–7/8	11·20 5/8–7/8	11·20 1/4–1/2	11·19 7/8–20 1/8
Portug. Esc.		80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1742 1/2–3	1742 1/2–43	1742 1/2–43	1742 1/4–3/4	1742 1/4–3/4	1742 1/2–3/4
Swedish Kr.	14·27 1/2–14·70	14·44–44 1/4	14·44 1/8–3/8	14·44 1/8–3/8	14·44 1/8–1/2	14·44 1/8–3/8	14·44 1/8–3/8
Danish Kr.	19·06 1/2–19·62	19·34 7/8–35 1/8	19·35 1/8–3/8	19·35 1/8–3/8	19·35 1/4–1/2	19·35 1/4–1/2	19·36 1/4–3/4
Norwegian Kr.	19·71–20·30 1/2	20·04 1/4–1/2	20·04 1/4–1/2	20·04 1/2–3/4	20·04 1/8–3/8	20·04 1/8–3/8	20·04 1/8–3/8
	* Official Limits			**One Month Forward Rates**			
United States $		1/4–1c. pm	1/4–1c. pm	1/4–1c. pm	1/4–1c. pm	1/4–1c. pm	1/4–1c. pm
Canadian $		1/8–3/8c. dis	1/8–3/8c. dis	1/8–3/8c. dis	1/8–3/8c. dis	1/8–3/8c. dis	1/8–3/8c. dis
French Fr.		1/2c. pm–par	1/2c. pm–par	1/2c. pm–par	3/8c. pm–par	3/8c. pm–par	1/2c. pm–par
Swiss Fr.		1 1/2–1c. pm	1 3/4–1 1/4c. pm	1 3/4–1 1/4c. pm	1 3/4–1 1/4c. pm	1 3/4–1 1/2c. pm	1 3/4–1 1/2c. pm
Belgian Fr.		25–15c. pm	22–12c. pm	22 1/2–12 1/2c. pm	22 1/2–12 1/2c. pm	20–10c. pm	20–10c. pm
Dutch Gld.		1 1/8–7/8c. pm	1 1/8–7/8c. pm	1 1/8–7/8c. pm	1 1/4–1c. pm	1 1/4–1c. pm	1 3/8–1 1/8c. pm
W. German D-Mk.		1 1/4–3/4pf. pm	1 1/4–3/4pf. pm	1 1/4–3/4pf. pm	1 1/4–3/4pf. pm	1 1/4–3/4pf. pm	1 3/8–7/8pf. pm
				Three Months Forward Rates			
United States $		5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm
Canadian $		3/8–7/8c. dis	1/2–3/4c. dis	1/2–3/4c. dis	3/8–7/8c. dis	5/8–7/8c. dis	3/8–7/8c. dis
Swiss Fr.		4–3 1/2c. pm	4 1/8–3 7/8c. pm	4 1/8–3 7/8c. pm	4 1/8–3 7/8c. pm	4 3/4–4 1/4c. pm	4 3/4–4 1/4c. pm
W. German D-Mk.		3 3/8–2 7/8pf. pm	3 3/8–2 7/8pf. pm	3 3/8–2 7/8pf. pm	3 3/8–2 7/8pf. pm	3 1/4–2 3/4pf. pm	3 3/8–2 7/8pf. pm
				Gold Price at Fixing			
Price (s. d. per fine oz.)		249/11 1/2	250/0	...	250/0 1/2	250/0 3/4	250/1 1/4
($,, ,,)		35·10	35·11	...	35·11	35·11	35·12

Manpower and Output

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

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

BRITISH

Prices and Wages	June 23rd	External Trade	June 30th
Manpower and Output	This week	Industrial Profits	April 21st

OVERSEAS

Western Europe	June 16th	United States	May 12th

	Unit	Mid-year or averages 1959	1960	1961	1961 April	May	June	1962 Feb.	March	April	May	June
		June figures										
TOTAL MANPOWER												
Working population: Total	'000s	24,145	24,436	24,650	24,600	24 620	24,650	24,750	24,698	24,723	24,786	...
Men	,,	16,137	16,239	16,325	16,323	16 326	16,325	16,410	16 378	16 370	16,391	...
Women	,,	8,008	8,197	8,325	8,277	8,294	8,325	8,340	8,320	8,353	8,395	...
Armed Forces	,,	565	518	474	479	478	474	449	446	443	444	...
Civil employment:	*	23 197	23,628	23,925	23,821	23,871	23,925	23,889	23,844	23,877	23,957	...
Total	,,	8,477	8,811	8,928	8,516	8,924	8,928	8,934	8,895	8,897	8,904	...
Manufacturing industries	,,											
Employees: in engineering (2)	,,	3,545	3,741	3,799	3 806	3,801	3,799	3,839	3,824	3,823	...	...
in consumer goods industries (3)	,,	3,101	3,153	3,170	3,173	3,163	3,179	3,171	3,155	3,160	...	...
		Monthly averages										
UNEMPLOYMENT												
By duration: All durations—total	,,	475·2	360·4	340·7	340·1	299·3	265·9	453·8	441·8	438·8	423·7	397·3
Temporary	,,	30·7	14·5	28·6	18·2	17·0	11·1	40·4	30·6	32·2	26·2	25·0
Wholly unemployed (3)—total	,,	432·8	337·2	304·8	312·4	280·4	254·8	407·9	408·1	402·9	388·6	368·6
Seasonally adjusted	,,	...	...	...	299·0	285·4	292·9	353·9	371·7	387·2	394·8	407·5
Over 8 weeks	,,	243·4	187·6	157·1	171·8	158·2	140·1	204·5	211·4	215·5	210·5	...
By regions (4): Great Britain	%	2·2	1·6	1·6	1·5	1·3	1·2	2·0	2·0	2·0	1·9	1·8
London and South Eastern	,,	1·3	0·9	1·0	1·0	0·9	0·8	1·3	1·2	1·2	1·2	1·1
Eastern and Southern	,,	1·5	1·2	1·1	1·2	0·9	0·8	1·5	1·5	1·5	1·3	1·1
South Western	,,	2·2	1·7	1·4	1·4	1·2	1·1	1·9	1·8	1·8	1·6	1·4
Midland	,,	1·5	1·0	1·4	1·3	0·9	0·8	1·6	1·5	1·6	1·5	1·6
North Midland	,,	1·5	1·1	1·0	1·0	0·8	0·8	1·4	1·3	1·3	1·3	1·2
East and West Ridings	,,	1·9	1·2	1·0	1·0	0·9	0·8	1·5	1·5	1·5	1·5	1·4
North Western	,,	2·8	1·9	1·6	1·7	1·5	1·4	2·4	2·4	2·4	2·4	2·3
Northern	,,	3·3	2·8	2·5	2·4	2·3	2·0	3·6	3·5	3·4	3·5	3·2
Scotland	,,	4·4	3·6	3·1	3·2	3·0	2·8	4·0	3·7	3·7	3·5	3·3
Wales	,,	3·8	2·7	2·6	2·5	2·2	2·1	3·2	3·2	3·0	2·9	2·6
VACANCIES												
Unfilled vacancies: Total	'000s	224	314	320	337	354	383	213	218	239	245	252
Seasonally adjusted.	,,	...	...	...	332	346	354	253	239	229	235	219
STOPPAGES OF WORK												
Working days lost: Total M	'000s	439	252	254	339	275	269	1,934	2,017	242	193	...
in engineering (2) (15) industries M	,,	80[14]	121	122	182	109	193	1,801	1,780	167	90	...
INDUSTRIAL PRODUCTION												
Index: All industries	1958=100	105	112	114	115	114	118	117	120	113	...	...
seasonally adjusted	,,	...	...	...	*115*	*114*	*115*	*113*	*114*	*114*	...	...
,, ,,	,,	97	94	93	93	93	97	101	100	93	...	...
Mining and quarrying	,,	106	111	118	...	120[13]	...	...	...	...	...	...
Construction	,,	103	110	116	110	105	100	143	144	133	...	...
Gas, electricity and water	,,	106	115	115	117	115	121	117	121	114	...	...
Manufacturing, total	,,	...	...	...	*116*	*115*	*117*	*113*	*114*	*114*	...	...
seasonally adjusted	,,	105	114	121	120	116	133	122	135	121	...	...
Engineering and electrical goods	,,	94	85	86	87	86	84	87	90	90	...	...
Shipbuilding	,,	109	118	109	115	118	118	118	120	118	...	...
Vehicles	,,	111	122	124	125	125	129	133	132	...	...	...
Chemical trades	,,	107	113	111	115	108	111	116	116	105	...	...
Textiles, leather and clothing	,,											
		M/W averages										
Basic material production:	W	3,963	3,725	3,663	3,679	3,630	3,792	4,086	4,109	3,713	4,077	3,733
Coal (7) (8)	W	242	303	284	308	300	297	269	277	266	272	...
Pig iron	W	388	467	425	472	466	447	415	413	410	430	...
Steel, ingots and castings	M	202·3	225·1	221·8	218·8	224·5	221·7	208·3	231·4	...	...	...
Sulphuric acid	W	12·87	14·25	13·70	14·34	14·04	14·74	12·75	13·38	12·50	...	...
Newsprint	M	8,764	9,904	10,631	9,835	9,697	8,817	12,600	13,968	11,281	...	...
Electricity (7) (11)	W	mn. kwh	53·5	55·7	55·7	54·9	51·1	47·8	69·7	72·2	60·3	56·4
Gas (12)	W	mn. therms										
Textile production:	W	mn. lb.	14·58	14·44	13·21	14·33	14·34	12·08	12·88	12·87	11·21	...
Cotton yarn, single	M		19·34	20·40	20·52	19·20	21·14	22·38	19·05	20·24	17·60	...
Worsted yarn (6)	M	,,	42·89	49·33	47·47	42·18	46·30	49·33	46·30	50·18	46·60	...
Rayon and synthetic fibres	W	mn. yds.	25·7	24·9	23·8	25·7	25·3	25·7	22·8	22·3	20·3	...
Cotton cloth, woven	M	mn. sq. yds.	30·4	30·6	29·3	24·6	29·3	32·8	26·5	27·7	22·6	...
Wool fabrics, woven (6)	M											
Engineering production:	W	'000s	22·88	26·01	19·31	19·35	22·58	23·19	25·63	26·18	23·63	27·67
Passenger cars and chassis	M	,,	7·13	8·81	8·85	9·41	9·70	9·61	8·71	8·74	7·52	8·35
Commercial vehicles and chassis	M	'000 gr. tons	115	108	115	114	161	162	86	114	...	...
Merchant ships (1)	M	'000 BHP	468	577	587	599	618	645	660	749	...	...
Internal combustion engines (6)	M	£'000	6,564	7,911	9,643	8,670	8,958	10,078	10,348	11,906	...	...
Metal-working machine tools (6)	M	'000s	238·6	178·4	104·7	72·9	90·4	97·2	98·8	...	...	...
Television sets	M											
Permanent houses completed (10): Total	M	'000s	20·78	22·44	22·40	21·12	22·78	24·38	19·90	23·38	20·95	24·22
For local housing authorities	M	,,	8·29	8·60	7·74	7·14	7·72	8·39	8·01	10·14	6·97	8·96

(1) Vessels of 100 gross tons and over completed. (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink, and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Excluding school-leavers. (6) Deliveries. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for first quarter. (10) England and Wales. (11) Generation for public supply. (12) Total available at gas works. (13) Average for second quarter. (14) On 1948 Standard Industrial Classification; later figures on 1958 classification. (15) Also including metal manufacture.

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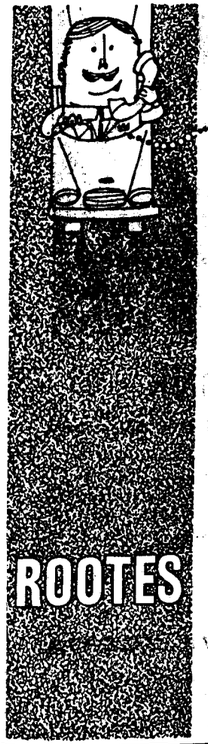

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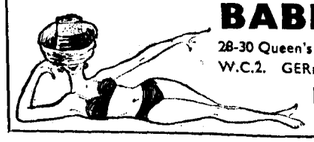

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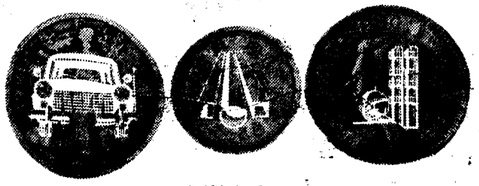

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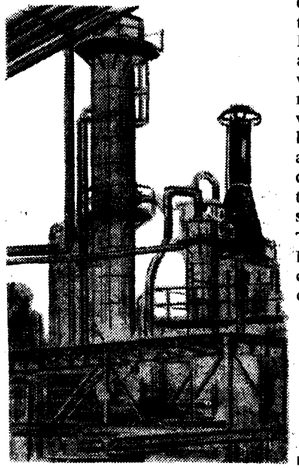

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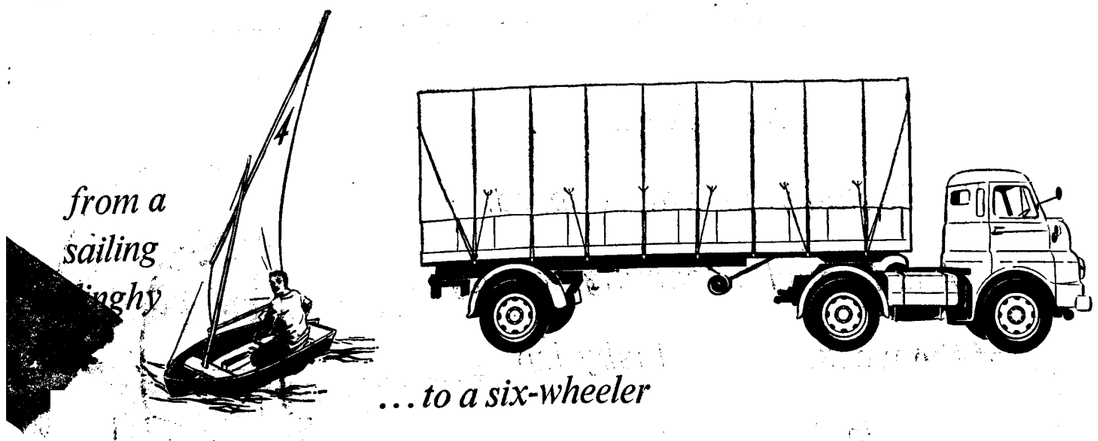

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The Economist this Week July 14, 1962

INTERNATIONAL

INTERDEPENDENCE

With the crowning of Franco-German reconciliation and President Kennedy's doctrine of interdependence, the forces impelling western unity are swinging into swift, and perhaps colliding, stampede. Nimble movement is required from Washington and London if western Europe is to group itself into the kind of union that could, and should, develop eventually into an Atlantic partnership (p. 123).

• President Kennedy's grander design for **world integration** is for a more remote future (p. 147).

• Against a background of pageantry—and a politely indifferent French public—General de Gaulle and Dr Adenauer have been pressing on with their plans for **western Europe's political union** (p. 160).

Dr Adenauer may have missed the affability of Paris when he returned to a chilly climate on the Rhine (p. 132).

Unity between the western allies makes a poor showing when the question is **Berlin** (p. 134).

The **"rainbow" explosion** in the Pacific is only part of a triple bill on America's nuclear stage (p. 151).

INDEPENDENCE

Fire smoulders under **independent Algeria** as the rival leaders set up their separate strong points (p. 131).

In scrupulous effort to avert an explosion the **French**—and the **Egyptians**—are playing it cool: Paris not backing its favourite, **Mr ben Khedda** (p. 159); Cairo not backing its favourite, **Mr ben Bella** (p. 131).

The **Moroccans**, playing punctilious host to both factions, are urgently concerned with their own claims to **Saharan territory** (p. 131).

Mr Maudling has dealt briskly with some of the problems obstructing **Kenya's transformation** from colony to nation (p. 159).

Laotian neutrality has been recognised at Geneva but no formula has been found for merging its less-than-neutral armies (p. 135).

Malaysia's emergence from dream to reality is close (p. 165).

DEPENDENCE

Appeal to intelligent economic self-interest is the most effective argument for loosening the tight fists of advanced, and relatively wealthy, nations for **developing the poorer nations** (p. 129).

Persia depends on foreign aid, and foreign aid depends on Persia's self-help (p. 161).

Czechoslovakia's president is running risks (p. 137).

General Franco has designated the successor whom the army would have chosen even if he had not (p. 132).

PENCE

American businessmen got one **tax cut** this week and may get another during the summer—and maybe a third if the economic situation deteriorates further (p. 148).

How can **American teachers** improve their bargaining position without being unprofessional? (p. 151).

More good than evil may come out of the **Saskatchewan doctors' strike** (p. 162).

HOME

SIGNS AND PORTENTS

The Government is in mountainous labour, heavy with (among other things) "further measures" to implement its incomes policy: the result need not be the traditional mouse if some unorthodox suggestions are followed (p. 125).

At Westminster, Tory morale is low: but the party's leaders think there is light ahead (p. 130).

Gilt-edged stocks are enjoying a return to favour; but twice-shy investors are less enthusiastic about long-term prospects than they might be (p. 169).

The London County Council is commendably worried about **London's homeless**: but it has not yet recognised the obvious way of helping them (p. 134).

Newport, in Monmouthshire, is looking forward without joy to the day when the **Severn Bridge** makes it the focus of westward transport (p. 145).

HAPPY AUGURIES

Any new signs of revolt on the left of the parliamentary **Labour Party** need not be taken seriously—at least until after a general election (p. 130): two researchers have produced interesting documentation of the swing to Gaitskellism (p. 145).

Railwaymen and mineworkers, at the annual conferences of their unions, struck a new note of sobriety and sense (p. 132).

The success of the **City of London Festival**—latest of a long line of artistic jamborees—may do much to set a fashion in patronage (p. 144).

"Nation shall speak peace unto nation. . . .": Telstar explained (p. 175).

ILL OMENS

A falling rate of **air accidents** for distance travelled is small consolation for the carnage among passengers: much remains undone which could be done to prevent accidents (p. 170).

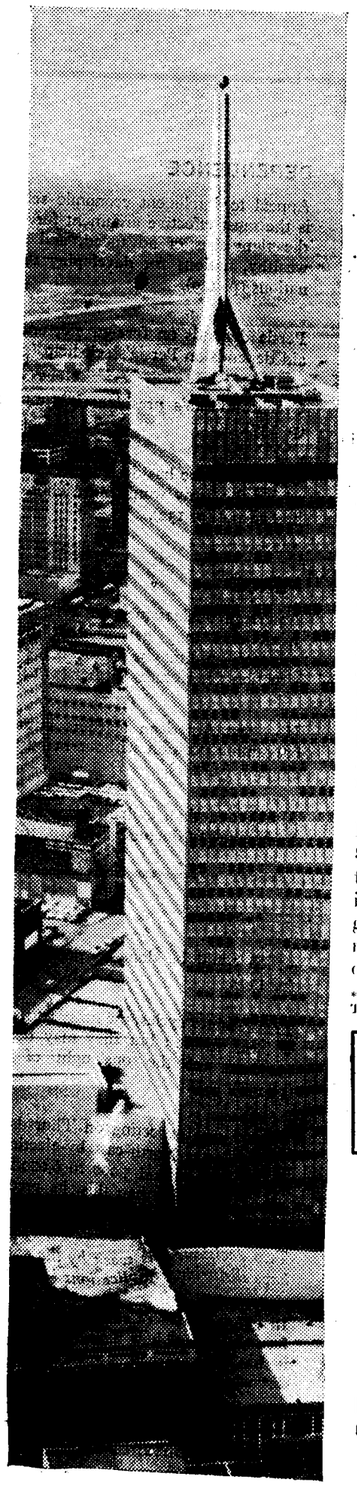
British motor cycles, the noisy sort, are facing a bleak future; but they may be the only survivors of the onslaught of affluence (p. 172).

Labour was expecting on Thursday to win the Leicester North-east **by-election** with a majority of around 5,000 to 6,000: if it has not done better than this, its recovery will still look pretty shaky (p. 132).

Two decisions this week by the appeal court have disturbing implications (p. 134).

Ill winds: British's research into germ warfare has proved how devastating it could be: it has also turned up important medical discoveries (p. 127).

Detailed contents on page 123



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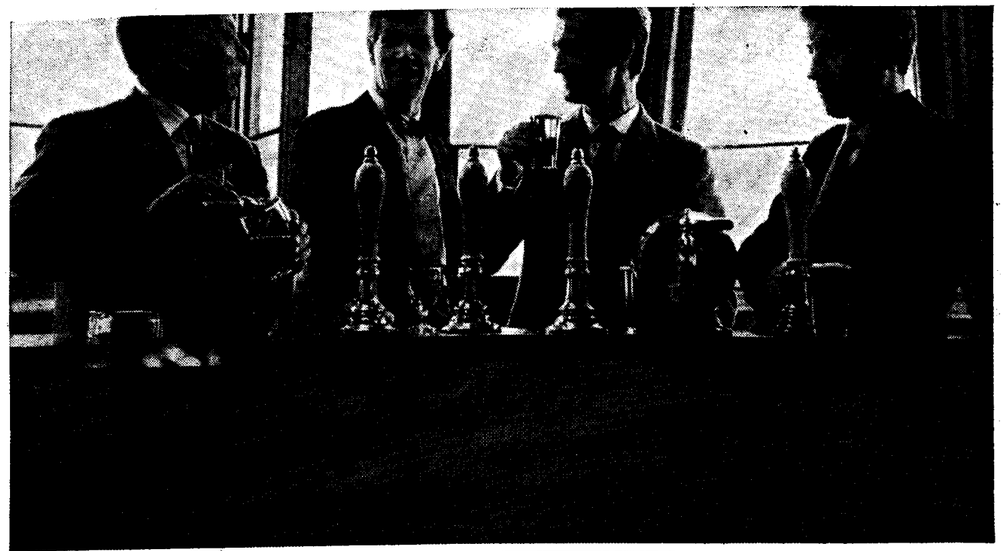

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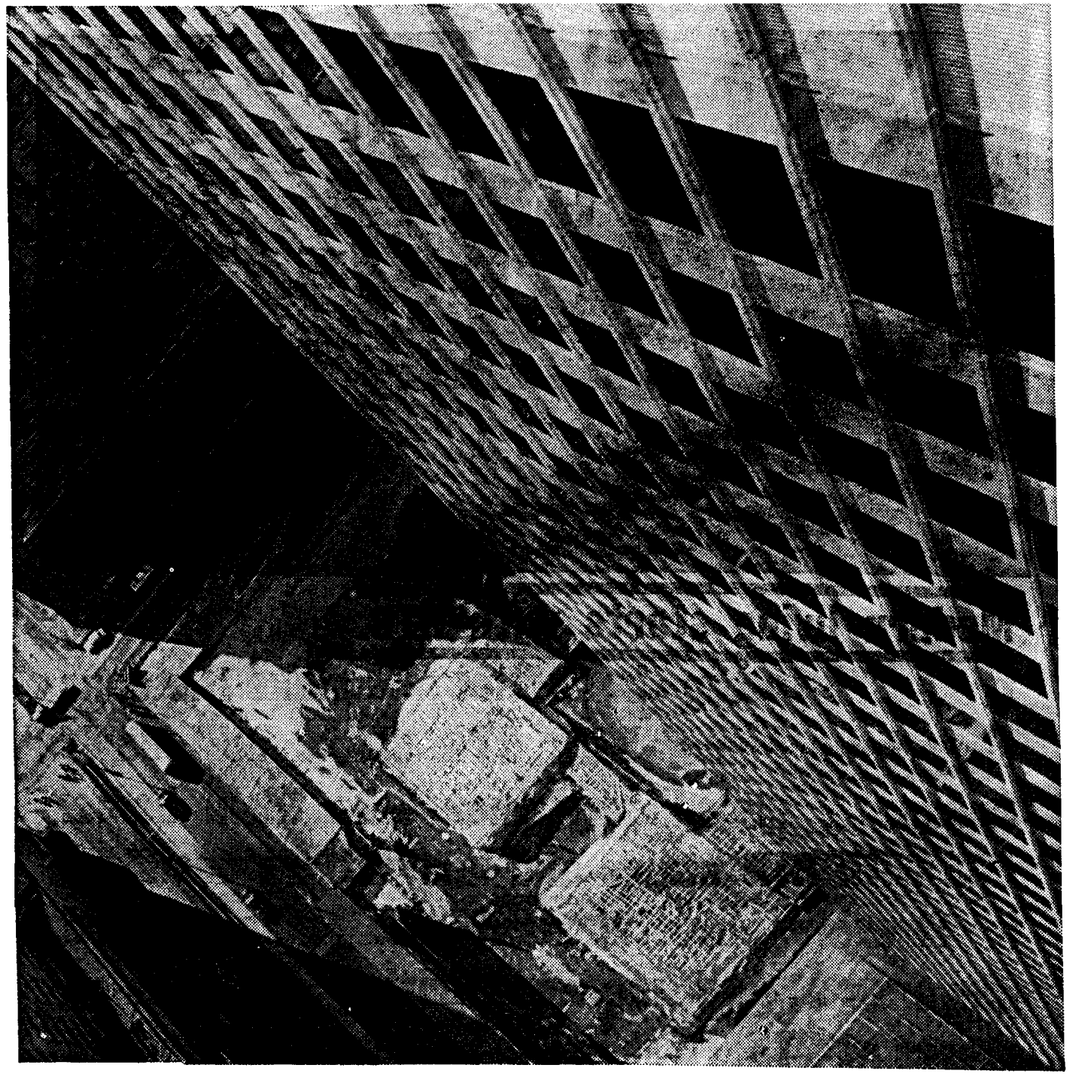

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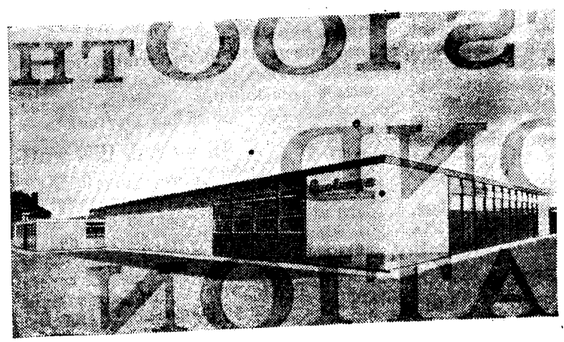

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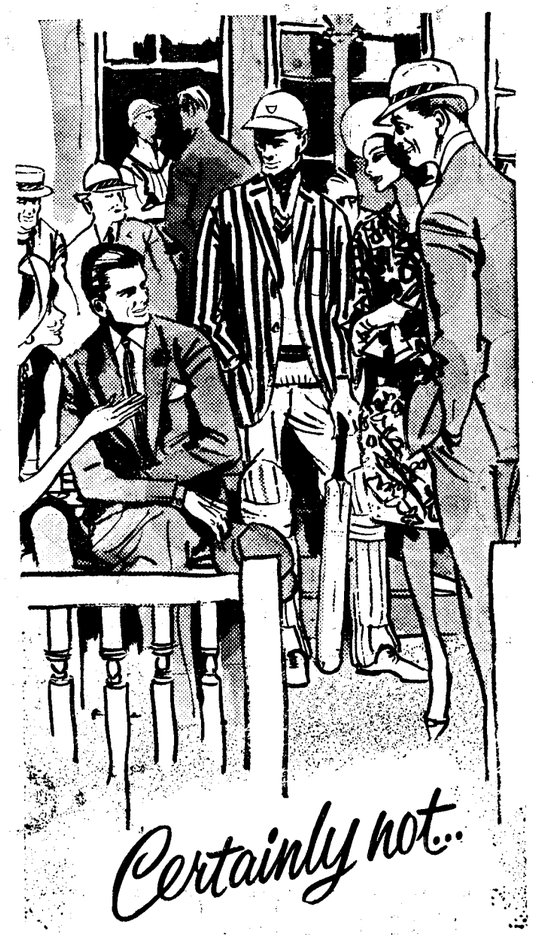

Certainly not..

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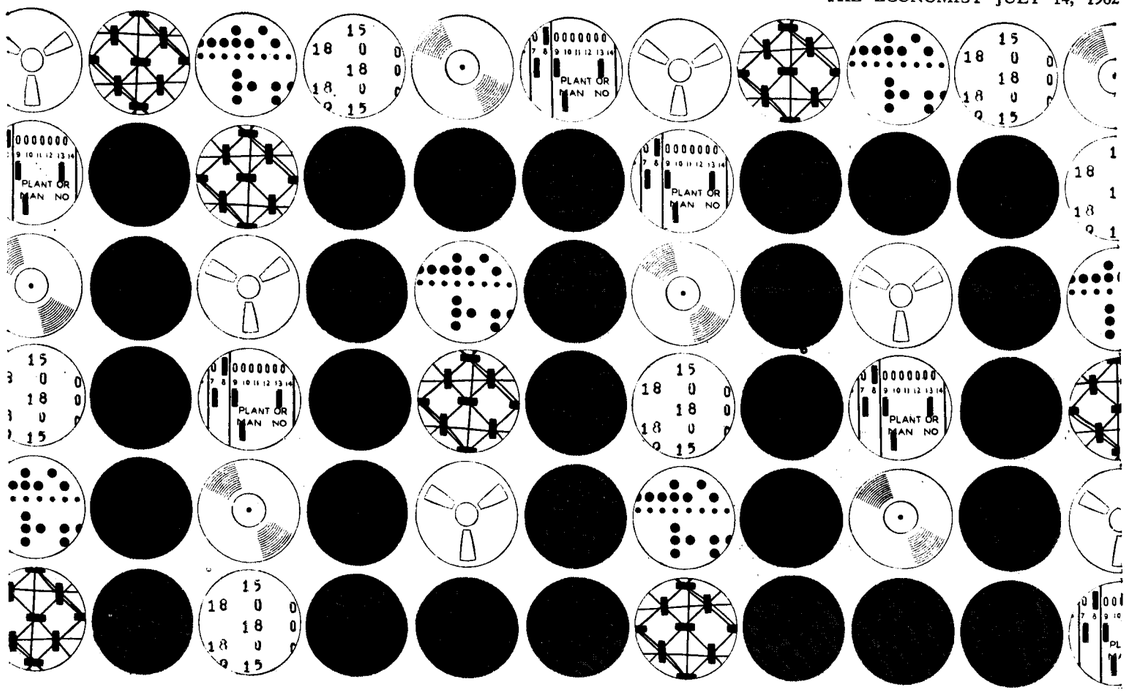

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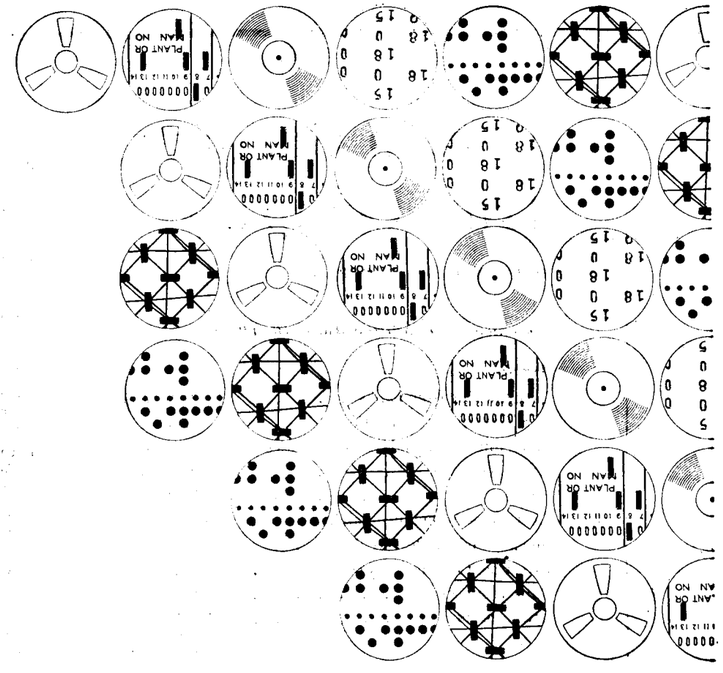

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OF NEW YORK

Statement of Condition June 30, 1962

Assets

Cash and due from banks	$1,009,070,830
U. S. Government obligations	1,172,188,477
State, municipal, and public securities	368,160,868
Other securities	9,754,513
Loans	2,142,788,273
Customers' acceptance liability	128,664,371
Stock of Federal Reserve Bank	12,750,000
Investment in subsidiary companies	6,720,496
Bank premises	24,101,716
Other assets	107,732,922
	$4,981,932,466

Liabilities

Deposits		$3,921,718,732
Funds borrowed		201,157,614
Reserve for expenses and taxes		41,496,624
Liability on acceptances		131,513,049
Dividend payable July 13, 1962		7,540,000
Other liabilities		98,197,140
Capital — 7,540,000 shares — $25 par	$188,500,000	
Surplus	236,500,000	
Undivided profits	155,309,007	
Total capital funds		580,309,007
		$4,981,932,466

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The Economist

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Europe or Atlantis?

TWO resounding gestures, Mr Kennedy's Independence Day speech at Philadelphia and the pageantry of national reconciliation offered by General de Gaulle to Dr Adenauer for six days in France, last week reminded the Atlantic world of the dizzy speed at which its affairs are now evolving. Some shrewd Europeans concluded at once that Mr Kennedy's announcement of the American goal of an Atlantic partnership was addressed to the two elderly rulers of France and Germany, as a reminder that any project for a new Europe was a direct American concern.

More probably, in fact, Mr Kennedy was first and foremost concerned to bring home to the American nation what his spokesmen had been trying to tell them for some time: that American actions now have to be seen within the framework of a Grand Design for Atlantic unity (a unity intended, as he emphasised, to be capable later of world-wide extension). His speech is discussed in its American setting on page 147. As the best day for it, the Fourth of July must have chosen itself. Still, it remains true that Dr Adenauer's business with General de Gaulle in Paris was doubly relevant to what the American President said in Philadelphia. The reconciliation of their two nations is a necessary condition of Atlantic unity; it also, in the way it is being managed just at present, offers a possible obstruction to it.

Dr Adenauer's week in France ended in a series of spectacles full of symbolism: the joint parade of German and French troops at Mourmelon in the Champagne (the historic theatre of German-French wars), and the High Mass in the cathedral of Rheims. It would be wrong either to overrate the psychological depth, or to underrate the political effectiveness, of this demonstrative act of reconciliation. The French public's reaction to it all was well-mannered and not unfriendly; but, by and large, it seems to have shown the visiting Chancellor much the same degree of polite disinterest as it accords to its own government. The warm embrace was for the leaders—who, however, are both gravely determined that it shall not be left there.

Welcome and respect are due from the other western nations, including the British, to these acts of friendship between Germans and Frenchmen. Their friendship is, after all, a necessary starting-point for any project of western unity—whether Community Europe, or the Gaullist Europe of the Fatherlands, or Mr Kennedy's Grand Design. At the same time the British may, indeed must, pore over the De Gaulle-Adenauer statement of July 5th (when their political talks ended) and sound the echoes to find out what form the Franco-German friendship is going to take, and what place it allots to Britain.

Britain's European policy has been based for the past two years on the proposition that British political relations with continental western Europe can best—perhaps only—be put on a satisfactory basis if Britain enters the common market. The proposition remains valid; but there is a complicating factor, which has lately grown alarmingly in importance. Perhaps not entirely by chance, the swing of British policy coincided, within a few weeks in the summer of 1960, with General de Gaulle's proposal to the other common market members that they should form a political union separate, and on different lines, from the institutions of the existing European communities.

The two efforts—Britain's, to get into the common market; France's, to organise the political union of the Six—went on for a time side by side, until

on April 10th Mr Edward Heath took the occasion of a ministerial meeting of Western European Union to say that the time had come when the British Government should be brought into the political talks. The next meeting of the Six on political union, a week later, ran into deadlock, the Belgians and Dutch refusing to go ahead while the question of Britain remained unsettled. After three months of standstill, Dr Adenauer and General de Gaulle have now agreed to pursue the project actively again—as it seems, in some haste, without bringing the British in, and without waiting for the outcome of the Brussels negotiations.

If this means what it seems to mean, it puts the British Government in a double difficulty. Britain's overriding motive for going into Europe is political. But if, on crossing the threshold of the common market, Britain finds in the room beyond a prefabricated inner sanctum of political union and has to start groping for the key to that, then the political prize will have been neatly whisked from its grasp. What is more, the timetable that General de Gaulle and Dr Adenauer are believed to have in mind could add to the difficulties of entry into the common market itself. The Government is still hoping to reach, by August, an outline of terms which it can present to the Commonwealth Prime Ministers in September and to Parliament in October. The fact that the fag-end of this year and much of 1963 would then be taken up by the donkey-work of drafting, legislating, and ratifications is not really relevant: unless there is a hitch, this coming October will be the month of decision. But General de Gaulle and Dr Adenauer are believed to have agreed to press for a meeting of heads of government of the Six, to pursue the project of a Union of European States, in the latter half of September. To be ostentatiously by-passed by its proposed partners just at that moment, and on so important and so relevant a matter, is not going to help the Government to get Parliament to approve the common market terms.

NOBODY suggests that Dr Adenauer, who is stated in Paris to have pressed General de Gaulle for this spurt in the political talks, has any obstructive purpose in mind. His anxiety, no doubt, is to crown the edifice of Franco-German reconciliation before he himself leaves the scene. Quite possibly it is made doubly urgent by his well-known disbelief in the competence or steadfastness of any German politician who might come after him. General de Gaulle, whose tactical mastery it is impossible not to admire, may have allowed Dr Adenauer to provide the motive force for the operation of keeping the key to Europe in French hands, where the British put it years ago.

It is true that Dr Adenauer, as his grip on his own country's affairs weakens, is becoming a shaky pillar for any policy that does not command majority support in Bonn—as a project deliberately to leave the British out of a political union they were willing to join would not. But, though Dr Adenauer's ministers and party captains may (and do) grumble, the Bundestag has gone on holiday until October; it is not clear who in Bonn, between now and then, can stop Dr Adenauer having his own way if he is bent on it. Not surprisingly, the British Government has been busy telling Paris and Bonn, in more vigorous language than Mr Heath used on April 10th, that if there are to be talks on political union, Britain wants to be brought in, and to be seen to be brought in.

Thus a packed and lively summer and autumn are promised in European politics; and it is hardly to be supposed that the United States will hold back from taking a hand. Unlike its predecessor, the Kennedy Administration is one that feels the need to evolve and display a philosophical framework for its actions. In the framework displayed at Philadelphia on Independence Day, the idea of "interdependence" is used to link two apparently opposed requirements—the need to learn to work with the post-colonial world of multiplying independent centres of national power, and the need to base the western system securely on a community of the North Atlantic peoples with their common European origins.

INTERESTING as the philosophy is, the shove that has impelled it so quickly into the open has obviously come from concrete national interest. As the western European revival has gathered speed, the possibilities of a revived western Europe acting as an independent political force have become more imminent and, to Washington, more alarming. The Trade Expansion Bill is a useful but not, by itself, a sufficient instrument to cope with the new European pretensions that are coming into view. Washington has had the experience this spring of finding its freedom to discuss Berlin with the Russians narrowly circumscribed by Dr Adenauer and General de Gaulle, acting together. It has not succeeded in getting a concerted western aid policy, without which a satisfactory relationship with the underdeveloped countries (discussed in an article on page 129) can hardly begin.

Neither precept nor example has produced from the Europeans the accessions of conventional military strength to Nato which were announced as an urgent need last year. Instead, French and British cling to their independent (and, in American eyes, useless) nuclear forces; the Germans press for a Nato or European nuclear force controlled separately from the American strategic system; French pressure for the Union of European States is accompanied by talk of a common "European" defence policy which, obviously enough, is not intended to be necessarily the same as the common Nato defence policy. None of these separatist strivings releases the Americans in any degree from the fearful burden of their commitment to come to the rescue of western Europe in any mess it may get itself into with the Russians. Thus, looking ahead, they are forced to the recognition (not so very different from that which Britain faced two or three years ago) that they must either get closer to Europe, or lose the power to influence its affairs. Probably the prospect of western Europe taking a separate course in nuclear defence has done more than any other factor to bring these apprehensions into focus at this moment.

Rheims: Church and State

An American design to correct this drift towards a position in which western Europe, the weaker, could act freely while America, the stronger, remained tied to its tail must depend in some part on Britain. Britain is still the European country which the Americans can best understand and where they can best make themselves understood; and a Britain that is no longer imperial no longer presents the old embarrassments as an associate. The mere thought of America having to "choose" between Britain and Europe is as painful as it is absurd. As first priority, therefore, Washington wants Britain in the European Economic Community. But the reasons for this are political, and include the hope that Britain may influence, and take part in, whatever political projection the community may eventually form. A political union deliberately formed without Britain, at a time when Britain was willing to go in, would be a rebuff to Mr Kennedy as much as to Mr Macmillan.

In Paris, if not in Bonn, Britain is still regarded as the particular friend of America, a member of that long-resented entity known to General de Gaulle as *les Anglo-Saxons*, whose encroachments on France's domain he has resisted for so long. A warm American pressure for a closer Atlantic partnership is bound to set up some European resistance among people who will see such a partnership as an American threat to Europe's independence. Doubtless some people in Paris, and some elsewhere on the Continent, at present see Britain as an American trojan horse. In a sense it is, and quite rightly; it is a pity a trojan horse cannot be more nimble sometimes. Western Europe and North America are going to share the same future, good or bad; if the European union is one on which an Atlantic partnership can be based, the future will be that much the brighter. Some counter-manœuvre and evasive action have to be expected; but it will come from a minority, almost certainly quite small, among the western Europeans; and it will probably fail if the British play their cards properly this summer and autumn.

Debagging the Cat

The Prime Minister has said that the Government needs to find "further measures" through which to implement its incomes policy. Here are some suggestions.

WE are now, once again, paddling up towards a change of emphasis in British economic policy. So far, two things have held the Government back this year from re-expanding demand. One has been its short-term assumption that if it continued to maintain "some slack in the domestic economy" it would be in a good posture to enable Britain to run a large balance of payments surplus in 1962. But it is just beginning to be realised that a large further improvement in Britain's balance of payments this year would mean that there would have to be a large further deterioration in other countries' balances of payments; and that these other countries would then respond by holding back their own already sluggish internal demand. It is not very clear why Britain's prospects will be made so very much sounder if the whole free world thus takes another step towards a quite unnecessary slump. Under cover of the usual press conferences called to say that there has been no change in view since Mr Lloyd's last budget, there really is some sign of official retreat from that budget's main assumption: the assumption that the orthodox thing for Britain and the other deficit countries of 1961 to do in 1962 was to continue to concentrate mainly on fighting against last year's balance of payments crisis at the same time as a fight is being waged against this year's balance of payments crisis by the countries that have necessarily fallen into deficit as soon as this country emerged from it.

The second thing that has held the British Government back from re-expansion, however, has been its fear that if production rises, wages may rise by still more, so that costs per unit of output will go up. There is, as a matter of fact, room for sober statistical argument whether trade union and arbitrational pressure on costs per unit of output is relatively worse when output is expanding or when it is stagnating. But that argument is temporarily beside the point. The blunt facts are that creeping cost inflation in Britain has got to be stopped in any event, and that the Treasury (which believes that the pressure is worst when demand for labour is high) will not allow re-expansion to proceed very far if it is not stopped. And here, too, there are signs that the Government is edging towards some new thinking. In a speech at Luton Hoo three weeks ago, the Prime Minister made specific reference to the need to find "further measures" to prevent incomes from rising faster than production. Mr Macmillan added that the Government intended to

> find methods—and I believe we shall succeed—which will improve and fortify the complicated mechanism of the modern state in this respect.

Since then several other ministers have drawn attention to the importance of these remarks, and Mr Macleod has intimated to Conservative backbenchers that the Government has some sort of "cat in the bag" for the future of incomes policy which he cannot yet reveal.

NOBODY knows what sort of an animal pussy is going to be. But now is the time to proffer suggestions, to try various possible pussies out on the dog. It will be worth being regarded as more than a little unorthodox if one can make any contribution whatsoever to suggesting how, this time, a new period of re-expansion might be followed boldly through, instead of being stopped short by cost inflation as it was in 1960. A little thought suggests that there are four approaches to "fortifying the complicated mechanism of the modern state" for the implementation of an incomes policy which are worth considering.

I.—The Compensatory Tax Approach

If the official guiding light for expected increases in production in any period is 3 per cent and the index of weekly

earnings rises by 4 per cent, this means (at present levels of national income) that the average worker would be getting an "excessive" rise of about 3s. a week which is not expected to be covered by rising productivity but is expected to be an addition to industrial costs. In those circumstances, there is one way in which the Government could see that the effect of this "excessive" rise on both incomes and costs was exactly cancelled out. It could say that, as soon as the earnings index rose by more than 1 per cent beyond the "guiding light" figure, it would add 3s. a week to each employee's national insurance contribution and take 3s. a week off each employer's contribution to the weekly stamp.

The administrative difficulties in the way of this system, queer and unorthodox though it might seem, would be less than everybody will say they would be. (Of course, the system would have to be supplemented by *ex-post* corrections in the subsequent budgets: putting profits taxes up if any underestimate in the guiding light had allowed profits to swell to an unreasonably larger proportion of national income at wages' expense, and putting profits taxes down and employers' national insurance contributions back up again if the latter were deemed to have become too low and it was desired to return the weapon to store.) The reason why any real variant of such a scheme is unlikely to be put into effect is that the Government will not dare to do it; at least it will not dare to take power to put employers' contributions down—although if it is searching desperately for new weapons, it might now conceivably dare to take power to put employees' contributions up. If so, the latter would merely become a special tax imposed on workers' earnings at times of excessive wage inflation; as such it could have certain psychological advantages (and some social disadvantages) compared with some other taxes, but it would amount merely to another weapon for use against overdemand. This is not the place where another new weapon is now needed; what is needed is a weapon for use in a time of wage-push inflation which could siphon off excess incomes with one hand but simultaneously push down costs with the other, thus leaving total demand unchanged.

II.—The Bludgeon Against the Boss Approach

On a different tack from the above: some people think that the way to stop excessive wage rises is to wave a bludgeon at individual employers' organisations who look like granting them. The most tempting way might seem to be to make it clear that those who grant these rises will not be allowed to pass on the cost to consumers in higher prices: to say that if an individual industry gives a wage rise above the guiding light, the Government will immediately clamp down price control on that industry's products, so that the firms in that industry will have to bear the whole strain of any excessive wage rise in their own profits (and thus perhaps to risk going bankrupt). Unfortunately this policy would not work; it would involve the Government in making impossibly detailed calculations about what the right level for prices in every industry is.

But certainly the bludgeon of publicity should be used in future much more brutally and with a much more militant sense of timing. In both respects the Government failed badly in the past year. The Government should have said publicly before the docks settlement (instead of privately after it) that it would regard any increase of more than 3 per cent granted by the employers as a grossly anti-social act. The same should have been said quite specifically and publicly before the electricity settlement, not merely muttered after it. Moreover the man to make this sort of public statement, just before each wage dispute reaches its crunch, should be the Minister of Labour; this would be an immensely important change of departmental ethos.

III.—The Scratch-Their-Backs Approach

Some people profess to believe that if the Government strokes the ears of certain politically conscious trade union leaders—for example by being beastly to the rich and imposing a compulsory dividend freeze—then those leaders will cooperate in not pushing wage claims beyond the point justified by rises in productivity. This belief is nonsense. And there would be a certain danger even in implementing certain parts of the Conservatives' so-called "industrial charter" as a *quid pro quo* for a new incomes policy; although a worker who loses his job certainly deserves much larger severance payments than he may sometimes get now, it would not necessarily be wise to lay the burden of compulsorily heavier severance payments upon the individual employer. (This could give an incentive to employers in declining industries to hang on to labour when it would be better for the economy that they should release it.)

It would be much better if the money for higher severance pay came directly from the Exchequer. In the case of industries which are due to decline, like the railways and the coal mines, the Exchequer should be generous to the point of being quixotic in granting special funds for resettlement grants; it would also be a good thing if ordinary unemployment pay and some other national insurance benefits were raised. Fortunately, there should at present be scope for this. It would be a reasonable economic, as well as political, decision to allow a sizeable part of the extra demand that ought to be pumped into Britain in the next twelve months to take the form of higher national assistance and other popular social welfare payments, if at the same time the Government moved to making its incomes policy effective. This effective incomes policy should include:

IV.—The Interference with Arbitrators Approach

Throughout this year the trade unions have loudly protested that the Government has been "interfering with arbitration"; in point of fact it has not interfered with arbitration nearly enough. The corps of emollient men who have made a part-time occupation of acting as members or "independent" chairmen of arbitration tribunals, wages councils, courts of inquiry and the like all reached their present eminence under the fatally different economic atmosphere of the 1950s; they have in recent years done great damage to the country. That damage and that atmosphere have got to be stopped. The urgent need is to introduce somewhere in the arbitrational mechanism a court, like the restrictive practices court, which should be given an economically justiciable issue to decide: the best and simplest issue would be whether any award is needed in order to attract sufficient labour to the trade or profession or job concerned. Such a court need not even be told to pay attention to the officially illuminated "guiding light": except that it would know that if everybody else was getting an award near to the guiding light, the trades that were offered increases below that guiding figure would be likely to attract less labour in future. Its job would be to decide whether this would be economically a good or a bad thing.

Ideally, all arbitration should be carried out on these lines. But initially it might be best to set up this court as a sort of generally available court of appeal. Sometimes the appeals made to this court could come from particular unions which thought that they had been uneconomically treated by arbitration courts lower down. More often, in the present climate, appeals would come from the Government which had been recommended to pay particular groups of public servants more than it thought was justifiable in the state of demand for their services, or employers in wages council industries who had been ordered to pay compulsory wage rises which they regarded as exorbitant, or even employers who did not wish to implement recommendations emerging from voluntary arbitration bodies or courts of inquiry, and who wanted to achieve a public justification for not doing so. Necessarily, those who carried their case to this court of appeal would often have to stand up to strikes. But a mechanism that would bring about fewer inflationary arbitrational settlements, even at the expense of causing more strikes, is the sort of mechanism that Britain needs.

With this court of appeal in being, arbitrators would be more careful to justify their awards by reference to the state of labour supply in the industry with which they were dealing; when they made out no justification for an increase on these grounds, their recommendations would simply and constantly be declared to be against the public interest by a judicial body.

Insensibly, those who continually offended in this way would come to feel uncomfortable, and would find themselves being dropped from the official stud list for arbitrators. This suggestion will be loudly attacked by those who will say that it would break up the traditional machinery for peaceful and inflationary settlement of disputes which has been built up in Britain over the postwar years. That is precisely what it is meant to do. It is in some such directions as these, eventually, that any country which wants to secure economic expansion without cost inflation—but with a free trade union movement—will have to go.

The Germs of Porton Down

In a week in which scientific headlines have been dominated by Rainbow Bombs and Telstar, some of the best scientific news has sprung from a strange source: the medical advances that are arising from Britain's study of germ warfare

THE shape of these islands and the direction of the prevailing winds provide ingredients for a special kind of nightmare: one in which an enemy submarine surfaces off the coast at night and releases an aerosol spray carrying germs or gas across the country that kills, sickens, debilitates, or temporarily knocks out the population. In their waking moments, scientists see Britain as specially vulnerable to this kind of attack. About 40 of them spend their working hours at what the War Office delicately calls its Microbiology Research Establishment at Porton Down, measuring the risk and how to fight it. As the same germs kill indiscriminately in war and in peace, their work has an important bearing on public health and has, ironically, done more to relieve suffering than other and less revolting aspects of military research. It is a case of flowers blooming on a specially vile midden.

Germ war or no germ war, Porton Down has a formidable scientific reputation as the best equipped laboratory in Britain for work on bugs. But it remains first and foremost a military centre interested primarily in those micro-organisms that are a real military threat—i.e. those that could live long enough in the open air to find a victim. These are mercifully few. Many of the most dangerous are unstable and difficult to prepare even in the laboratory; they could never be distributed on a mass scale. Others could not survive the British climate. The polio virus, for example, can live for a long time in the open in a dry country, but dies quickly in a moist one like Britain; the influenza virus behaves in the opposite way. A good deal more work is needed to analyse the reaction of different germs to different climates, but of all the bugs screened at Porton Down in the past twenty years, only a handful—headed by traditional epidemics like plague, anthrax, smallpox and undulant fever—have passed all tests as obvious military dangers. Some would add botulism, a form of food poisoning, to this short list, as a tough, quick and deadly killer; but the services discount it for two reasons. First, they believe that modern food hygiene reduces the opportunities for infection, at least among the army. Secondly, the organism is too easily detected for an enemy to have much success with the time-honoured trick of using botulinus toxin to poison the water.

A good deal of research has gone to discovering whether germs could be mass-produced to order by the pound. It is one thing, and not always an easy one, to coax them to grow in a test tube. It is quite another to farm them on the scale on which industry grows yeasts and penicillin (where moulds feed and grow in fermenting tanks of broth as high as a house). Porton Down's scientists have by now acquired a witch's cookbook of recipes for each bug's favourite brew and have built up as a by-product a thriving trade growing micro-organisms of all kinds—but mainly harmless ones—to order for other scientists. The latest refinement, which

Bug Boffins at Work

could have far-reaching repercussions in industry, is to develop a continuous production process in place of the traditional batch production. This is being used at the moment to grow one of the newer and most exciting antibiotics. Its implications are, quite simply, that it may make obsolete a great deal of industry's vast fermentation plant, particularly in the drug and yeast producing countries; it looks as if in future the same output could be achieved in a much smaller plant for a fraction of the cost.

While the first task of Porton Down is to advise the Government whether germ warfare is technically possible—and it has proved this beyond reasonable doubt—its second task is to find whether (a) the services and (b) the population can be protected against it. There is only one way to do this: by finding antidotes to diseases that have baffled medicine for years. It is a bitter comment on the scale of human values that results have been obtained at Porton Down in the name of military defence that could not have been obtained in the name of common humanity. A technique has been developed for immunisation against anthrax that remains effective for several years. So has a rather less successful immunisation against plague; it is effective for only about six months and it would be difficult to keep an army's inoculation record as smartly up to date as that. Porton Down's scientists are also well on the way to finding protection against the germs that cause undulant fever in man and contagious abortion in cows. The cows have been first to benefit; vaccines are now being produced on a scale sufficient to wipe the distressing and expensive disease out of this country's dairy herds. Man's turn for immunisation should come when scientists have got the better of a rather more virulent American strain to which cows appear immune.

THIS is good as far as it goes, but it does not go far enough. Vaccination against smallpox has been available for generations, but smallpox still ranks high as a danger in germ warfare because so few people make use of it. Scientists watched with consternation the upset and disruption caused by this year's tiny smallpox outbreak, and ruminated on what the results of a large-scale germ warfare attack might have been. Their solution has been to look for a method of treating smallpox once it has been diagnosed, and one serum developed at Porton Down has been tried out with quite startling success in the laboratory; fourteen out of fifteen very sick rabbits injected with it recovered. But this has not been tried out yet on man and if the fact that it apparently requires serum from a rabbit to cure another rabbit means that only serum from man, and from a convalescent smallpox victim at that, can be used to treat another smallpox victim, then supplies are likely to be very small indeed.

As a corollary to this work on vaccines, Porton Down has developed apparatus for mass vaccination at the rate of 1,000 an hour with a tank of serum, a foot pedal and a head through which serum is forced under the skin by compressed air (in place of the usual needle). The risk of cross infection where the head touches the skin, or gets contaminated by serum back-scattering from it, probably limits the peacetime use of such equipment to public emergencies like the Agadir earthquake. But in defence against germ warfare this new method of vaccination would play a key part.

JUST how serious is the military threat? Some people say that in these horrific days any enemy could always find easier ways of prostrating troops and the civil population, for example by fall-out. But for an enemy who wanted to occupy a country after defeating it, both chemical and germ war would have the advantage of not wreaking apocalyptic physical damage, as well as of not requiring expensive megaton weapons. As between chemicals and germs, the nerve gases that the War Office is studying in its chemical defence centre seem to have the edge over the germs, since the gases are absorbed through the skin while the germs can affect the body only via the nose and mouth. Germs, moreover, could be spread only by night, since even the sunlight over cloudy Britain is sufficient to decimate them by day. And for less horrific wars—even for brushfire operations—some people harbour the hope that "safe" and "humane" gases might be developed to stupefy a population harmlessly and temporarily while the troops move in.

As military weapons, however, both the germs and the gases suffer from one overwhelming disadvantage. They have never been tested, and by their nature it is difficult to see how any but the very "safest" ever can be tested, outside the laboratory. There are plenty of data about the effect of nuclear weapons, including that of Hiroshima and Nagasaki. There are no data on the newer gases or germs other than what scientists can tell military commanders about the concentrations that have killed or infected rats and mice in the laboratory. Of the effect on men in the open they know nothing beyond what can be guessed from the results of accidents, again inside laboratories, to scientists in American germ warfare centres. No military commander, so it is argued, would base his strategy on information as scanty as this, and germs and gas are both strategic weapons. The main deterrent therefore seems likely to remain a nuclear, not a chemical or biological, one. Yet these remain real and horrible weapons. The majority of countries have signed an undertaking not to be the first to use them in anger; this stops some way short of undertaking that they would never be used under any conceivable circumstance. And the greater the success that establishments like Porton Down meet in their search for antidotes to germ warfare, the more is the emphasis likely to shift from germs to gases and other chemical weapons.

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Development's Brave Banners

The argument for helping Asia, Africa and Latin America to break out of poverty needs to be put on a basis of hard fact

CHARLES DICKENS'S question, to one who swore he was ready to shed his blood for his fellow men, was: Would you shed legs of mutton for them? Word and deed are never farther apart than when large numbers of people are collectively called upon to make sacrifices to help other large numbers of people for whom they feel no specific responsibility. So it is not surprising that there is always scope for the cynic in the field of economic aid for under-developed countries.

Unanimously, last December, the world's governments pledged themselves, in a United Nations Assembly resolution, to "intensify their efforts" in this field, and solemnly designated the nineteen-sixties as the "UN Development Decade." On July 3rd the Economic and Social Council met in Geneva to address itself to the task, starting from detailed proposals enthusiastically presented by the acting secretary-general, U Thant, who has just been in London. But another visitor to London last week was India's finance minister, Mr Morarji Desai, who is anxiously scouring Europe, bowl in hand, for the help that is now urgently needed to rescue his country's third five-year development plan; and the prospects of him filling his bowl seem slender.

Does Mr Desai's plight represent bleak reality, then, while all the brave banners of the "Development Decade" are no more than flags in a cold wind?

The fact has to be faced that the most effective motivation for providing aid has hitherto been the providers' desire to attach the recipients to themselves, or to detach them from rival powers. Some of this motive power has been lost as the providers—western and communist powers alike—found the receiving countries increasingly insistent on asserting their independence; increasingly taking it for granted that aid would keep flowing their way, regardless; and inclined to press for the channelling of aid through multi-national institutions that would not be able to apply pressure on them as direct providers can.

Can a substitute motive power be found, strong enough to push a total aid effort larger than all those made in the past by rival providers seeking attachments? Humanity being what it is, one must doubt whether its sense of world-wide community is as yet a powerful enough force for this purpose. The weakest point in the UN report that is now being debated at Geneva is its scant concern with incentives for providers. It is not enough to say, as it does, that "the basic problem" is to translate into action "the express desire of the advanced countries to help the developing countries." There is a Dickens-wide gulf between the fervent expressions of that desire that echo from both western and communist capitals, and their reactions when the problem comes down to actual legs of mutton—or even to the thin gruel that would meet the needs of an austere vegetarian like Mr Desai.

Yet a strong vein of realism runs through the secretary-general's report and proposals. U Thant himself has pointed out that the proposals "do not represent any great innovation," but call rather for the pressing forward of activities already in hand. Facts are faced. The brief reference to the much-debated UN capital development fund says tersely that "the necessary resources for this fund are still not in sight." Not only is the usefulness of private foreign capital in developing countries stressed; due attention is paid to the fears that discourage investors, as well as to the receiving countries' reluctance to see more foreign control of parts of their economies. Nor are fears of "disruptive competition" from low-income countries ignored, though the advanced countries are told that they are surely advanced enough to be able to resolve such difficulties without simply shutting out the low-income countries' goods and thus making it impossible for them to earn their way in the world.

Development as a whole, not just the aid element, is the UN theme; and the developing countries get some plain speaking as well as hopes of succour. Perhaps an Asian secretary-general has a tactical advantage here. His report, for instance, declares it "essential" for these countries to stop the flight of half-educated youngsters to the towns, largely by remodelling rural education to develop their skill in farming and make it a more attractive life's work. And, in a recent speech on the Development Decade at Copenhagen, U Thant tore into the too common idea that industrialisation is always in itself beneficial, and that

> ten enterprises, all running below capacity and working at a loss, are in some magic way contributing to development. The wrong factory in the wrong place for the wrong product is the besetting danger of every period of growth.

ARE the proposed goals unrealistic? The report argues that the annual growth rate of the under-developed countries' national incomes, now averaging about 3½ per cent, could be raised to 5 per cent in a few years and to more than 6 per cent by the end of the decade—thus getting well ahead of the population increase, and bringing nearer the take-off into self-sustaining growth—given three basic conditions: effective planning, improved export earnings, and adequate foreign aid.

The target set for the volume of net capital flow is the scarcely unreasonable one of 1 per cent of the wealthier countries' combined national incomes. Some of the richer countries have already hit this target. If all did so, and if their incomes went on rising at the average annual rate of 4 to 5 per cent, the net flow to poorer countries would more than double by 1970. This increase in the flow, the report notes, would actually be less than the growth rate in recent years.

As the disparity between rich and poor countries is now so great, a flow representing 1 per cent of the former group's incomes adds about 10 per cent to the incomes of the latter (and could double their net capital formation). Effectively used, this alone could do half of the whole development job. And the developing countries' remaining needs of foreign exchange resources for development could be fully met if their terms of trade could be improved by ten per cent, and if their share in total world trade could be raised from the present 26 to 28 per cent—improvements that would mean restoring their position only to what it was in the middle nineteen-fifties. The

report does not try to imply that this is an easy task; but, by setting it thus in perspective, it should dispose of the charge that these proposals are wildly impracticable.

Perhaps the UN report actually overplays the magnitude of the task. A good part of it might be made more or less painless, if an increase in world liquidity could somehow be partly channelled in the first place through a certain quantum of new liquid funds put at the disposal of the underdeveloped countries (by special drawing rights on the International Monetary Fund, or some similar institution, which might be the Organisation for Economic Co-operation and Development through the European Monetary Agreement). The present system of voting funds for economic development originated (with the Marshall Plan) during a period of overfull employment in America; and this has given people the idea that it is the actual aid that puts a strain on advanced countries. In the present, non-inflationary, world economic atmosphere, the advanced countries could find the stimulus of such new liquidity, with the consequent surpluses in their balances of payments, no strain but rather an advantage—up to a point.

What of the will? As far as British participation in the new effort is concerned, it would be foolish not to recognise the unfavourable factors. In many people's eyes, and notably the Foreign Secretary's, the "harassing" of Britain in the UN cannot predispose opinion in favour of making even very modest sacrifices to help the harassers. There are some who visibly relish the fact that the United Nations itself is in financial difficulties. The sense of common humanity has to contend with humanity's rugged founding father, the old Adam.

Alongside the moral appeal, however, there is that of intelligent self-interest. The only alternative to the development effort is resignation to sharing the shrinking world with 2,000 million people condemned, for the most part, to hopeless poverty. There is, most literally, no future in that: least of all for a trading nation. The case needs to be put in the terms that the American Assistant Secretary of State, Mr Harlan Cleveland, used when addressing a presumably hard-headed audience of insurance men in New York three weeks ago:

> Our own goals for economic growth and stability are interdependent with the goals of the Decade... All boats rise on the incoming tide. The expansion of the world market that will accompany the Decade of Development promises not only more jobs, more production and more sales but better jobs, better products, and an important hedge against the bearers and criers of havoc in our own economy.

There is something there to which even the old Adam may respond.

NOTES OF THE WEEK

PARLIAMENT

Tory Unease

BAGGED cats or no bagged cats, these are dog days for the Conservative party. At Westminster, members are waiting for news of the common market, for the Government's reconstruction, for the next phase of the incomes policy, for the final decision on Pilkington. This is frustrating for everyone, from the Prime Minister downwards. Morale at Westminster is at a low ebb—lower now than in the constituencies, where there is some sign that the local stalwarts are preparing to fight back.

Everything still turns on the timetable for the common market, and anxiety is growing that the hard news will not be available, as had been hoped, by the end of this month. There is increasing confidence inside the Cabinet that the negotiations will succeed, but whether they will succeed in time is another matter. The Government is seriously worried about the reports of the public opinion polls that the country has been turning against (or at least away from) the common market in recent weeks; and as long as the Brussels negotiations are still being fought out it is difficult for ministers to make effusive pro-European speeches to try to turn back the tide. If no news comes from Brussels in July then Parliament, which will probably disperse on August 2, will have to be recalled. There is no doubt that, as soon as the terms for entry into Europe are known, Mr Gaitskell will demand the fullest possible discussion by the Commons, and this is not something which the Government can deny.

Meanwhile, existing positions have to be held, and enough constructive new measures announced to prevent despondent spirits from flagging further. The Prime Minister is to make a major speech on economic policy in the House before the recess, but if the Treasury has any say in the matter this is likely to be an anti-climax. He is expected to make a more detailed policy statement at the party conference in October. Normally the leader's speech there is almost devoid of content, as everything has been said, or hinted at, by ministers speaking in the preceding debates. This year it is intended to leave some plums in the pie for the Prime Minister to pull out for himself.

The Tory leadership was gloomily preparing on Thursday for bad news from the North East Leicester by-election, but it believed that this would mark the end of the party's worst period of public disfavour. By the autumn, when North Dorset looms, it trusts that recovery will have set in. These are brave thoughts, but they have not yet fully communicated themselves to all Tory MPs for marginal or near marginal seats—which nowadays means any seat with a majority of much less than 10,000. They are obsessed with the thought that at the next election their seats may be lost; and presumably the industrial charter will not provide increased severance pay for them.

Labour Unity

THE motion on the Commons order paper favouring further nationalisation, tabled by a group of Labour MPs, has now attracted more than sixty signatures, and has caused some speculation about another split in the party. In fact it is the last shot in an old battle, not the first of a new one. There is no doubt that, for the pre-election period at any rate, Labour policy is to be framed in Mr Gaitskell's image, with Clause Four in decline. The weakness of the rebels is shown by their agreement to delete a demand for the nationalisation of the chemical industry, which would have constituted a direct challenge to Mr Gaitskell's statement at West Middlesbrough that the Labour party had no plans for nationalising ICI. The motion now calls generally for "a policy which will provide for an extension of public ownership so that parliamentary control is established over the means of production, distribution and exchange." Those signing the motion are mostly the usual left-wingers, plus those with personal grievances against Mr Gaitskell. Much has been made of the adherence of Mr Bill Blyton, but this has little significance. Mr Blyton has always been firm in his opposition to unilateralism but equally he has been a fervent upholder of Clause Four. He is also rabidly anti-European. These views cost him any chance of election to the shadow cabinet at the beginning of the session and he came very low down in the poll.

In general the Labour party appear to be in its healthiest internal state for years. Transport House is at last being revitalised with Mr George Brown firmly in control. His organisational ability is beyond question, and his trade union background is a valuable source of strength to Mr Gaitskell. So, paradoxically, is his elephantine tactlessness towards some of his colleagues; for Mr Brown at present forms a useful lightning conductor, attracting away some of the hostility and vituperation that would otherwise be concentrated entirely on the party leader.

The chances of any further split in the party before the next election seem remote. Even those who would prefer to lose it rather than win it on Gaitskellite terms have no desire to earn the obloquy for Labour's fourth electoral defeat. There is no change in the party position on the common market, and if the terms are anything short of outrageous it seems likely that the majority will support entry with varying degrees of enthusiasm. On Wednesday the party met in conclave to consider the Pilkington report, on which the party is very definitely divided. But such differences of opinion as were expressed were not on the old left-right axis, and do not therefore present a serious threat to party unity.

NORTH AFRICA

Algeria Waits

MR BEN BELLA'S talks in Rabat with emissaries from Mr ben Khedda ended obscurely on Tuesday; there seems to be little doubt that no agreement was reached. Had there been any, Mr ben Bella would surely have gone on from Rabat to join the provisional government in Algiers. Instead, he went to his native town, Marnia, and thence to Tlemcen, where he received a thunderous welcome, likely to be repeated in Oran. The army commanders in the area are his supporters; there seems no doubt that he will use western Algeria as a territorial stronghold from which to pursue his dispute with the ben Khedda government. His two demands for a settlement—the reinstatement of the three senior officers of the Liberation Army whom Mr ben Khedda had accused of plotting dictatorship and dismissed; and the immediate convening of the revolutionary council—have evidently not been granted.

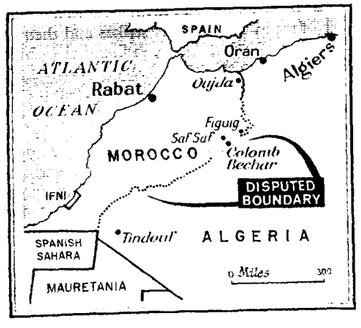
But as the army moves in and his position strengthens, it may become increasingly difficult to refuse to refer to the council, which is virtually a temporary parliament, and wherein Mr ben Bella's supporters are in a majority. Mr ben Khedda can still command Kabylia, parts of the Constantine region, and Algiers itself; elsewhere, power seems to be slipping from his hands.

In his speech to the crowds at Tlemcen Mr ben Bella insisted that he supported the Evian agreements and had no wish to set up a military dictatorship. But he pointed to the army as the instrument through which Algeria should realise "its democratic aims." His position vis-à-vis the army is thus a rather confused one, though its sentiment for him is not. The big well-armed battalions who for years were immobilised outside Algeria, on the Tunisian and Moroccan frontiers, and denied to a large extent the free expression of fighting, have had to save up their energies for something—and for something bolder than Mr ben Khedda seems to offer. They see this as their hour, and Mr ben Bella as their man.

Watch on the Sahara

WHILE the two Algerian factions, ben Kheddaist and ben Bellaist, were trying to thrash out their differences in the capital of hospitable Morocco this week, the Moroccans went carefully with their frontier dispute with Algeria. This was a matter of courtesy, and of putting first things first. If and when the Algerian contestants can come to terms with each other, Morocco will waste no time in seeking to come to terms with them about its Saharan interests. With France's transfer of sovereignty to Algeria, the Sahara was handed over to the Algerians. It was, however, assumed that Algeria would eventually combine with the other desert-bordering powers to sort out their various claims.

Morocco's claims, at their tallest, extend to nearly the whole of the western Sahara, running southward roughly from Figuig. Its more immediate interests, signified last week by a mounting press campaign and by a military sortie across the frontier, concern Tindouf in the west, an important iron ore region, and, in the east, a coalmining district in the neighbourhood of Colomb Béchar. The Moroccan troops that occupied Saf Saf and other oases close to Colomb Béchar have reportedly withdrawn and been replaced by Moroccan civilian officials, though whether these officials officiate is far from clear. Some confusion arises from the fact that the Moroccan-Algerian frontier is strictly demarcated only for some 140 kilometres south of the Mediterranean.



That Morocco should have made such militant claims, at a moment when in Algeria Mr ben Khedda's government is under so much strain, might seem to suggest that Morocco favours Mr ben Bella. But there is no other evidence of this. In Rabat the Moroccans were punctilious in turning out ben Bella supporters who had seized the buildings of the Algerian provisional government's mission, and reinstating Mr ben Khedda's people. Their principal interest in Algeria's future government is that its rate of socialist evolution should not be so rapid as to upset Morocco's conservative government, and that Algeria's relationship with France should be in tune with their own. Thanks to the lowering of tension since the war in Algeria ended, Morocco has at last been able to negotiate with France the agreements for technical and financial aid which were envisaged when Morocco first became independent but which, through mutual touchiness, could not be realised. The technical assistance agreement signed with France on July 7th exceeds in scale anything that France has hitherto offered Morocco, except in the cultural sphere. It is expected to be followed soon by a proportionately generous financial and commercial agreement, which Morocco badly needs. Thus Morocco is contemplating a period of closer understanding with France for which it is bound to hope there will be parallels in the rest of the Maghreb.

Fireman Nasser

PRESIDENT NASSER'S part in the Algerian drama should be edifying for those to whom the Egyptian leader's outside activities still spell glory-making for himself and mischief-making for others. His dismay at the crumbling of the Liberation Front was undisguised; his response was urgent and constructive. His plea for unity came from a heart that may beat more warmly for Mr ben Bella than for Mr ben Khedda but which did not allow personal affection to invalidate his message. On July 2nd, he sent Mr Ali Sabri, his minister for presidential affairs, on a whirlwind 20-hour mission flying back and forth between the quarrelling Algerians. Mecca radio, which immediately accused the president of exacerbating the dispute, was playing an out-of-date record which, even in the past sometimes rang false.

Mr Hassanayn Haykal, the editor o *Al Ahram*, also went on the flying peac mission. On July 6th, he made a seriou

attempt in his newspaper to analyse the historical and psychological causes of the friction. Where Mr Haykal was examining the background of the Algerian leaders themselves, his analysis was perceptive if over-simplified. But he was not averse to looking for a scapegoat, and he found one in President Bourguiba. He accused the Tunisian president of counselling over-moderation and even of advising the Algerian provisional government to dissolve the whole of the Liberation Army as well as sacking the three commanders. The Tunisians have swiftly denied this charge, but the breath of an old inter-Arab dispute has flickered into life. President Nasser has shown himself anxious to do what he can to shield the new Algeria from its own smouldering dangers; at the same time, he cannot, it seems, resist a dart of flames at an old adversary.

BY-ELECTIONS

Bogey for Leicester

SIR LYNN UNGOED-THOMAS'S old constituency of Leicester North-East was polling on Thursday, in the last parliamentary by-election until (presumably) next November. The result will have been announced before this issue of *The Economist* is in readers' hands. In the last twelve years this seat has provided something of an epitome of political trends in the plush Midlands. When Sir Lynn came here as Labour's Solicitor General in 1951, he inherited a Labour majority of over 10,000; this fell steadily to a marginal 1,431 in 1959, when Sir Lynn got 51.9 per cent of the poll against a Tory Miss Spokes's 48.1 per cent. More recently—and to a greater degree than most other Midland towns—Leicester has shown a very sharp desertion from Tory to Liberal at local council elections. In reflection of this, National Opinion Polls Ltd. was predicting in the *Daily Mail* this week that the Liberal candidate on Thursday would pick up about half of the 1959 Tory votes plus an additional 7½ per cent of the electorate from Labour. That would give the Liberal about 31 per cent of the total vote, against the victorious Labour candidate's 44 per cent and the bottom place Tory's less than 25 per cent.

As any such result would humiliate the Tories and give Labour a majority of something around or over 5,000, Labour would no doubt claim it as a great victory. But it would mean that Labour has still done little to roll back the ground it has lost in the prosperous parts of England since it was last in power. The last time a Liberal appeared in Leicester North-East—in the general election of 1950, when Labour won the narrowest of overall parliamentary majorities (a majority of only 7)—the percentages were: Labour 56½ per cent (with an extra ½ per cent for a Communist), Conservative 33½ per cent and Liberal 9½ per cent. The sort of result forecast by National Opinion Polls would therefore actually suggest that since 1950 Labour would have lost more ground to the Liberals in Leicester than the Tories have done. The Labour recovery will still look awfully shaky if it really cannot do better than this.

TRADE UNIONS

A New Seriousness

THE annual round of trade union conferences reached its climax last week with both the railwaymen and the mineworkers putting their heads together. Both of these important unions came out of their huddle with their heads screwed firmly into place. The only conceivable embarrassment for the Labour movement was the railwaymen's vote against joining the common market, but embarrassment on this score is not likely to be large.

Both conferences were much less militant than usual over questions of pay (which was not surprising after the engineering and shipbuilding settlements). Sensibly enough in view of the position of their industries, the railwaymen concentrated on rightly demanding better redundancy arrangements for workers who lose their jobs owing to rail closures; while the miners were comforted to hear Lord Robens announce that grants for miners who are required to move their homes out of areas where pits have been closed would receive more generous treatment from now on.

So the great industrial unions have followed their fellows into a newly serious mood. Ever since Mr George Woodcock became general secretary of the Trades Union Congress, observers have been optimistically hoping that he, with his team of competent lieutenants, would sooner or later produce the ideas that are needed to drag the TUC along into the mid-1960s. There has been some sense of disappointment that he has moved so slowly up to now, but it can no longer be said that the atmosphere in the individual unions makes constructive leadership from him impossibly difficult. If the will to reform really does exist at Congress House, the next few months will reveal its shape.

SPAIN

Madrid Shuffle

THE eruption of Spanish discontents, first in the Asturias strikes and then in last month's clash between General Franco and the Spanish "Europeans" who visited the Munich congress of the European movement, was almost bound to leave some mark on General Franco's government. A reshuffle in the cabinet, unchanged since 1957, was known to be in the wind; it was announced on Tuesday. Seven out of 17 ministers have been replaced; and unexpectedly, General Franco has indicated his immediate successor.

The shuffle follows the by now classic Franco method of matching a gesture to the forces of order and to the *status quo* with another to the liberal elements that are asserting themselves so forcefully in Spain. The appointment of General Muñoz Grandes, chief of the general staff, as deputy premier and successor to the Caudillo is a formal recognition that the army will be the arbiter of Spanish politics when General Franco goes. The other ministerial changes seem to favour the liberal side. Sr Fraga Iribarne, the new minister of information, reputedly a European, is thought likely to allow the press a shade more latitude than his hidebound predecessor did. Under the new minister for industry, Sr Lopez Bravo, the state industrial complex can probably expect a somewhat less privileged status, and private enterprise a more effective freedom to invest than it has had.

The designation of an heir inevitably looks the biggest of these changes, yet it no more than recognises a fact. The army has the power to arbitrate when General Franco leaves the scene; he has empowered it to do so in legal form. General Muñoz Grandes has long been the obvious man on whom this duty would fall. Among Spanish generals he counts as a middle-of-the-road man, a balancer, like his master, between the different forces in the state.

Much therefore still depends on the skill and vigour with which the liberal forces operate within the framework of the possible. Here Spain's anxiety to get into the common market remains an important lever. In an interview with M. Wigny, M. Hirsch, and Mr John Hynd, MP, three prominent members of the European movement, General Franco explained on July 6th that Spain's application to the common market was made in "full recognition and acceptance" of its "supranational and democratic" principles. But the bad impression left by the sentence of exile on the Munich Europeans will only be removed by lifting it.

GERMANY

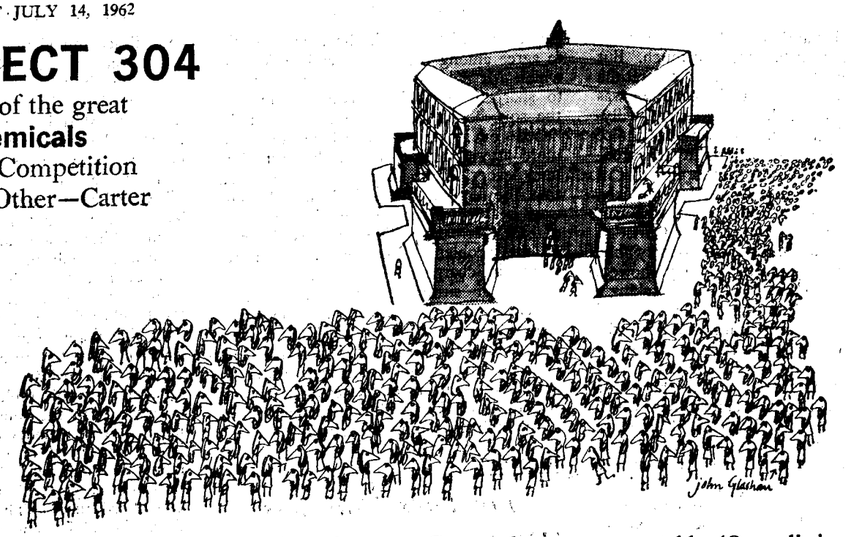
Pomp and Circumstance

THERE was a contrast between the pomp of Dr Adenauer's visit to France, which ended last Sunday, and the political unrest which confronted him on his return to Bonn. On Friday, July 6th, Herr Mende, the leader of the Free Democrats, declared that the atmosphere of distrust and strife in the Bonn coalition had become "unbearable." On Sunday the Christian Democrats suffered an electoral setback when they lost their absolute majority in the Land of North-Rhine Westphalia. The fact that the Free Democrats also lost a seat to the Social Democrats, who have gained at the expense of both the other parties, cannot have greatly comforted Dr Adenauer's party. As one member put it last week in London: "The future of the Conservatives in Britain is obscured by the need to be ambiguous about the common market; ours is obscured by the vacuum of leadership in Bonn."

Since the west German elections last October, Dr Adenauer has evidently lost a

PROJECT 304

The story of the great
Shell Chemicals
Sculpture Competition
by A. N. Other—Carter

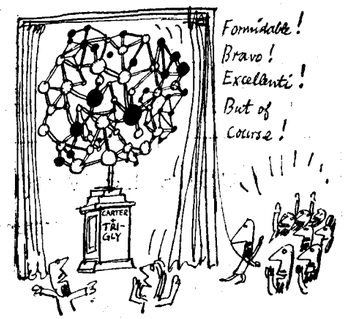


Chapter Twelve:
Carter's Double Prize

Announcement Day was a great occasion, and I am bound to say a bit poignant for me; not only because this meant perhaps the end of those gay Chelsea parties with witty sculptors, a return to the old routine of writing pamphlets about careers in expandable polystyrene (for moulding and insulation work), or Epikote epoxide resins, or seed dressing and horticultural sprays. There was, also, Isobel.

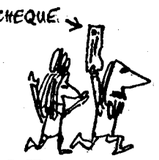
As I looked down from the windows of the 57th floor of the Resins Building, where so many months ago Mr. Carter, one of our directors, had outlined his scheme for the sculpture competition for *The Spirit of Shell Chemicals* I saw a gay scene. Mr. Carter had declared a holiday, and except for essential maintenance staff at Stanlow, Cheshire (solvents, intermediates, detergents, resins, sulphuric acid etc.), Carrington near Manchester (polyglycols, plastics, toluene) and Shell Haven, Essex (agricultural, and detergent alkylates) *everyone* was there, chatting on the flower-decked lawns round the Exhibition Marquee where the winning sculpture awaited unveiling. I could make out Carter from Ketones, Carter from Polyolefins . . .

A familiar voice murmured at my ear. 'I think we'd better forget Paris, A.N.' She was right. That was another time, when we were both young sculpture students. Now I was happily settled at Shell Chemicals, with a house and three lovely children at Sidcup. And Isobel . . . 'so you see,' she was saying, 'Waldo is a scientist of genius *and* a brilliant sculptor, and we . . .'



Waldo! So that was how she spoke of Carter from Triethylene Glycol!

Sure enough, when punctually at 3 Mr. Carter unveiled the winning exhibit it was *Waldo's* molecular model of that substance, a dynamic swirl of the carbon and hydrogen clusters at the heart of our world. 'Our distinguished judges,' said Mr. Carter, 'Cosmo Fanlight, TV panelist and articist, Benson Benson the famous non-sculptor and author of *Negative Form*, and Professor Hugo O'Bapchild, the famous Irishman, are unanimously agreed that no sectional representation of our many activities could so clearly express the real *us* as does this abstract yet supremely practical and beautiful form, one of the basic structures underlying our aids to a hundred industries from paint-making to engineering, dry-cleaning to fruit-farming. So I now call upon Waldo———er, *Mister* Carter (laughter) and his charming fiancée, Miss Isobel *(prolonged cheers)* to accept this cheque . . .'



THE END

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great deal of his authority. It is not that the Chancellor himself has changed much. But his commitment to leave office before the next election, made when the coalition was formed, means that Bonn politics are, willy-nilly, increasingly concerned with the choice of a successor. The uncertainty has convinced even his closest supporters that if the deed is to be done it is best done quickly. The problem is to find a man who can both win general acceptance in the Christian Democratic Union and run the country ably.

As their party congress in May showed, the Social Democrats, too, are now taking a practical interest in the succession and angling for a "large coalition" with the CDU. Six months ago resistance from the Christian Democrats' side seemed to put that idea out of court. Today there is a strong current of opinion among them which sees a coalition with the Social Democrats as a means of introducing a reformed electoral system (on the same lines as the British) which would cut back the Free Democrats and lead in time to a two-party system. A start has been made in North-Rhine Westphalia, where the Christian Democrats, after losing their majority, have started to discuss the next coalition with the Social Democrats, not with the Free Democrats, their former partners. The change may have no more than local significance; this Land had a "large coalition" until Dr Adenauer broke it up in 1954. But it must be making Herr Mende uneasy.

BERLIN

Ripe I Cry

THE time is not ripe, said Sir Tufton Beamish and Sir Harmar Nicholls in the House of Commons on July 5th. The time is ripe, insisted Mr Khrushchev the evening before, at a reception in the Kremlin for the visiting Austrian chancellor. This long-range disagreement was about the urgency of the need to reach a negotiated settlement of the Berlin dispute—even if the settlement costs some concessions. Since it is Mr Khrushchev who can test the ripeness of the fruit in question, by shaking the bough, and since his hand seems to be moving in that direction just now, it is a pity that the western allies are still stuck in glum contemplation of their internal differences on the subject instead of looking for ways to narrow their joint differences with Mr Khrushchev. The Russian leader said on July 4th that an agreement ought to be reached "in the very near future," thus reintroducing, though in a conveniently vague way, the notion of a deadline which he dropped last October. He returned to the question on Tuesday in his speech to the World Peace Congress in Moscow, suggesting a substitute for the western garrisons (troops from two small Nato countries, plus Poland and Czechoslovakia) which had already been rejected by the Americans in private discussions.

And there the matter rests. Or does it? The history of this 44-month-old crisis shows a depressing alternation between periods in which the allies have been unable to agree among themselves, and periods in which Mr Khrushchev has obliged them to sharpen up their thinking by putting the squeeze on Berlin. In a speech published on June 20th, which deserved more attention than it got, the east German leader, Herr Ulbricht, acknowledged that the United States had moved some way nearer to recognising the existence of east Germany. This remains the nub of the problem. Yet Dr Adenauer remains in charge in Bonn, and has succeeded in sitting on the most recent American initiative in this direction—the suggestion of an international body to control access to Berlin on which the east German government would have a seat. Is further thought on the western side now to wait until Mr Khrushchev once more plucks at the lifelines leading to Berlin?

HOUSING

London's Homeless

THE London County Council deserves credit for publishing the report on homelessness which it commissioned from a team of sociologists. Neither the report nor the council's commentary upon it thump the expected political tub of blaming homelessness on the Rent Act. The basic problem is recognised quite simply: between 1951 and 1961 the resident population of the county of London fell (despite inward migration) by 150,000, while the working population rose by 200,000. Add to this the council's necessary slum-clearance programme, the rising earnings and expectations of most Londoners—and there are bound to be an increasing number of people who want or need to live in London who cannot find any accommodation there. Inevitably, those who are most squeezed are the lower income families with lots of children, who have to search for a new home in London for any reason.

It is for lower-income families with children that council houses and council flats should be mainly provided. They are, in fact, virtually the only ones for whom council accommodation should be provided at a subsidised rent. Naturally, neither the report nor the LCC is disposed to recognise this; but both the council's comments and the report skirt hopefully round this main point. The report wants the Housing Department, rather than the Welfare Department, to take over some of the responsibility for housing the homeless and particularly for seeing that homeless families with young children are not broken up. The council goes only part of the way with this plea, because it says that its housing department cannot break faith with non-homeless families already on the council's waiting list. The report wants the council to buy up, and use for priority cases, a large volume of private housing which is scheduled to be replaced over the next twenty years; the council says that it has not got enough money to do this. The idea is not canvassed of getting some of the money by charging fully economic rents to those of the council's present tenants who can afford them. There is an intelligent discussion of housing densities in London, and the council thoroughly agrees that more should be done to persuade elderly occupiers of houses that are too big for them to move and make room for whole families; once again, however, the price mechanism should be used to do this.

THE LAW

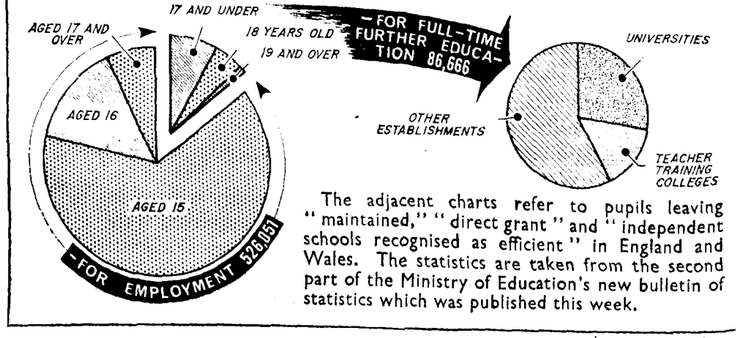
Appeals Dismissed

THE Court of Criminal Appeal has made two decisions this week of some importance. The first, which has some disturbing implications, concerns Alfred George Hinds who has maintained for some years that he was wrongfully convicted in 1953—owing, among other things, to the alleged wrongful admission of evidence. The court refused an application from Hinds to appeal. This is very odd since the Act of 1907 which set up the Court of Criminal Appeal allowed an appeal, as of right, where a point of law is involved. Where the point is of fact, or of mixed law and fact, permission is required. Clearly if the point of law is merely frivolous the Court of Criminal Appeal has a right to dismiss the application at once, but one had not thought that it had any statutory jurisdiction to decide at the application stage that a *prima facie* point of law is not a point of law at all.

The second case concerns the admissibility of tape recordings as evidence. The appellants had been convicted of burglary and larceny at Andover Borough Quarter Sessions, and an important piece of evidence against them was a conversation carried on in their cells. This had been overheard by a police officer who on one occasion used a microphone and on another a tape recorder to overhear what was said. The appellants argued that the planting of a microphone in or near a cell evaded the spirit of the judges' rules, since it was equivalent to an interrogation without any caution. The court did not accept this point, but went on record as saying that it did not wish to be thought to be giving approval to a police practice of planting microphones in cells. The court decided that the tape recording was admissible, by equating it with writing in a witness's notebook which is admissible under certain circumstances. These are that a witness is only using the notes to refresh his memory, and that these notes were made by himself, or were notes made by another person which the witness had contemporaneously seen read and adopted.

Great care should obviously be taken when admitting tape recordings as evidence because of the danger of falsification. While there is no reason why such evidence should always be barred, it does seem to require some additional precaution such as the use of a locked cassette. It should also be noted that the court's decision is of fairly narrow application. It has no bearing on whether evidentiary material obtained by a tape recording without confirmation from a human being listening to the same sounds is admissible or not. The courts have not pronounced on this question.

Pupils Leaving School 1960-61:—



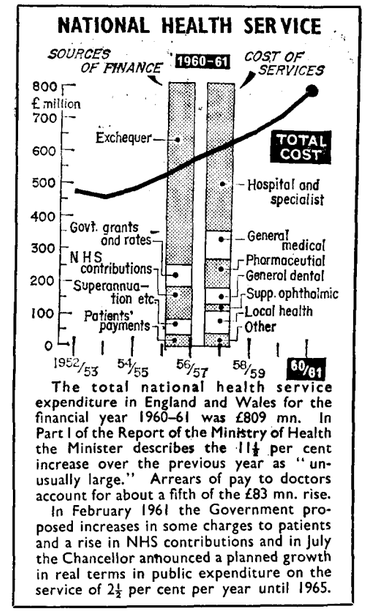
The adjacent charts refer to pupils leaving "maintained," "direct grant" and "independent schools recognised as efficient" in England and Wales. The statistics are taken from the second part of the Ministry of Education's new bulletin of statistics which was published this week.

LAOS

Towards a Pact

NO great obstacle now seems to stand in the way of agreement at the Geneva conference on Laos. There is to be a declaration on Laotian neutrality by thirteen participating countries, supplemented by a protocol defining the functions of the three-nation control commission which is to see that foreign military influence is eliminated from Laos. In addition, the fourteenth member of the conference, Laos itself, has drawn up its own declaration of neutrality. This week's work has been to try to find a way of withdrawing the "protection" offered to Laos, on paper at least, by Seato (the South-East Asia Treaty Organisation). The problem is how to do this without too great a loss of face on the western side, and it looks like being overcome.

Looking beyond the conference to the realities on the spot, the picture is distinctly less encouraging. There are still three separate armies in Laos—right-wing, neutralist and communist—and no acceptable formula for merging them seems likely to emerge from Geneva. Moreover, it will be a clever and united control commission that makes certain the north Vietnamese troops and advisers now in Laos are in fact withdrawn within 75 days, as the draft agreement stipulates. Until lately, the communist delegations at the conference simply refused to admit that the north Vietnamese were there; now they go so far as to concede that there might be a few north Vietnamese "advisers." The Americans say there are 10,000 of them, of whom 5,000 are in regular battle formations; the more conservative British put the figure at 8,000. They are unfortunately harder to tell apart from the local population than the larger and pinker Americans (who are also to be withdrawn); and they will find it easier to slip back across the border even if they do get out. It will be too soon, then, to rejoice when 14 hands put pen to paper at Geneva.



The total national health service expenditure in England and Wales for the financial year 1960–61 was £809 mn. In Part I of the Report of the Ministry of Health the Minister describes the 11½ per cent increase over the previous year as "unusually large." Arrears of pay to doctors account for about a fifth of the £83 mn. rise.

In February 1961 the Government proposed increases in some charges to patients and a rise in NHS contributions and in July the Chancellor announced a planned growth in real terms in public expenditure on the service of 2½ per cent per year until 1965.

The Economist

JULY 12, 1862

POLICY FOR CHINA

Once fairly landed in Indian politics we had no choice but to go on, and so it will be, we fear, in China. Certainly a bolder beginning of such a policy we have seldom heard of. The customs revenue, the military and the naval system of China, are already distinctly sheltered beneath the English wing; and though it may be said that the English officers are only permitted to take employment under, and be paid by the Chinese, we know well what that ultimately means. These Anglo-Chinese volunteers,—naval, military, and civil,—are of course in constant connection with our own services, and have the greatest influence with them. If wronged, or if they think they are wronged, or if they think that they see an opening for a sagacious English policy, they will apply for aid to our regular services, and the chance is greatly in favour of their receiving it. China is a long way off. English officials there have a habit,— partly inevitable, partly the result of this infinitely expansive national energy of ours,—of doing what seems to them good, and then applying for the English sanction, which they usually receive with very little hesitation: and so we shall find ourselves rapidly committed to the virtual government of a large territory at some sixteen points on the Chinese coast, with a powerful Counsellor-general at Pekin to concentrate the English influence. . . . We confess we think England exceedingly ill-prepared for such a policy, and quite unaware of the giant strides we are now making, with Prince Kung's aid, in carrying it out. We have not the resources for it either political or financial. India is more than we can manage. Yet, without the very *strongest* repressing force exerted from home, this is our fate. There is a terrible attraction between English political energy and Eastern imbecility. . . . Wherever there is contact, there will be a demand on our political energy. Wherever there is a demand on our political energy, the temptation to supply it will be exceedingly grave. Trading ports we must have,—but the fewer, so long as they are adequate outlets and inlets for trade, the better. If we begin pouring statesmen and soldiers into the Chinese services, we cannot long choose in the matter. We shall Anglicise those services, so that at last we shall be compelled to assume publicly the responsibility of actions which are really the necessary fruits of our policy.

TURKEY

Soldiers in the Wings

MR INÖNÜ'S new coalition government duly won its vote of confidence in the National Assembly on July 7th by 259 votes to 134, with four abstentions. But more than fifty deputies chose to stay away; and the proceedings on that day, as well as once during the preceding confidence

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debate, were marred by a resort to fisticuffs by some of the deputies. Turkey's politicians do not seem to be making much progress in the business of mastering their political passions (which used to get so out of hand in Mr Menderes's day) and getting on with governing the country. The new government has given them an opportunity for quiet reflection by recessing Parliament until September 3rd. Unfortunately, the deputies have dispersed without making any progress in putting urgent economic and social measures on the statute book.

The question many are asking in Turkey is how much longer the civilians will be able to go on delaying over the tasks they are meant to be doing before the army gets too impatient. There are disquieting signs of impatience now. Two of the fourteen officers expelled from the revolutionary junta in November, 1960, and afterwards posted to embassies abroad, have been on leave in Turkey. Their temporary return is an experiment which the government may now regret; it has been given a lot of publicity in the Turkish press, and the two officers did not exactly behave as if they, or the rest of their group, had given up their interest in politics.

Still more disturbing has been the behaviour, and subsequent arrest on Monday, of the retired colonel, Talat Aydemir, former commandant of the Ankara War College, who is believed to have led the attempted coup against Mr Inönü's government in February. In recent weeks Colonel Aydemir has issued a number of statements complaining about the parliamentary regime and its failure to get on with social and economic reforms. He has alleged that last February's coup was called off only because at the last minute the generals changed their minds and decided to support Mr Inönü. At a press conference last Sunday he delivered a vindictive personal attack on the prime minister. Colonel Aydemir seems to have said enough to get himself gaoled, under the existing penal code, for up to two years. His forthcoming trial will not soothe the susceptibilities of the army. But how far his views and his manner of propagating them are really approved by his fellow officers is, at the moment, anybody's guess.

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No. 3 Social Integration and Housing

What has been the effect of the recent wave of immigration on housing conditions in this country? Do immigrants become integrated into the communities where they settle? These are some of the questions answered in the third booklet in this series. The first two were: 1. Basic Statistics; 2. The Immigrant Communities.

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CZECHOSLOVAKIA

Mr Novotny's Troubles

RUMOURS that a major upheaval in Prague was imminent, or had even taken place, were reported in the British press early this week. Mr Antonin Novotny, Czechoslovakia's stalinist president and party boss was said to be on the skids; and his political rival, Mr Rudolf Barak, who in February was sent to prison for 15 years, allegedly for embezzling state funds, was said to be about to be released or at least retried. No confirmation of these rumours can so far be obtained from either Czech or western sources in Prague; Mr Fierlinger, president of the Czechoslovak parliament, flatly denied them—for what that is worth—when he arrived in London on a visit on Monday. On Wednesday it was announced in Prague that Mr Novotny had presided over a meeting of the central committee, at which a reshuffle of the State Planning Commission had been decided.

Mr Novotny is in trouble, all the same. The treatment meted out to Mr Barak, a much more moderate and popular man, has apparently aroused a good deal of discontent. Mr Novotny's reluctance to carry out more than a very basic minimum of destalinisation also irks some of his associates. In May, Mr Ilyichev, Moscow's ideological trouble-shooter, visited Prague. Soon afterwards it was announced that the twelfth congress of the Czechoslovak Communist party, scheduled for October, had been postponed until December. The reason given was that work on the basic programme to be laid before the congress had not been completed; presumably the party leaders wanted more time to argue about what it should say.

The country's economic difficulties, especially in agriculture, are openly discussed (see *The Economist* of May 12th, page 546). Party leaders insist that the food shortages in the towns are temporary; but they do not hide what Mr Bacilek recently described as their "great concern." On July 5th the Czech parliament was told that last year, for the first time since 1953, the gross production plan was not fulfilled in the "decisive branches" of the economy, and this, together with the failure to complete a large number of investment projects, was causing "considerable difficulties." The shortcomings responsible for last year's failures are not being put right in the current year, and are undermining next year's prospects.

With such a sea of troubles opposing him Mr Novotny's prospects are not good. Which way Russian influence will be exerted is doubtful. Mr Khrushchev would probably like to see the last of Mr Novotny: but he may feel that with Czechoslovakia's mounting economic difficulties it might be wiser just now to paper over the cracks in the top leadership. All the same, a revolt inside Hradcany castle cannot be ruled out.

LETTERS

Post-Pilkington

SIR—You say it is arrogant for the Pilkington Committee to say that a vast audience may not "derive a greater sum of enjoyment than will several small audiences." But if the calculus of pleasure does not work in this way, Pay-TV does very little for minorities. Unless the minorities derive most pleasure from their specialised programmes, and express this pleasure in cash terms, it will be most profitable for Pay-TV to seek a relatively vast audience paying for each programme at low rates. (Does *The Economist* produce a larger profit than the *Daily Mirror*?)

If one production attracts twice as large an audience as another of equal cost, the smaller audience would have to pay more than twice as much to make it worth while to show their choice, because there are overhead costs which remain the same for both time periods. The existence of fixed charges, not in the least related to intensity of pleasure, helps explain why the Pilkington Committee feared that Pay-TV would be unlikely to take very much interest in minorities.

As a point of fact, the committee was proposing an increase, not from £4, but from £3 to £6 in the amount of revenue going to the BBC from each television-and-wireless licence. The present £4 includes £1 of excise duty, and the committee appears to recommend that this should lapse.—Yours faithfully, TREVOR LLOYD
Northwood, Middlesex

*

SIR—If the readers of your footnote to my letter last week would like to know the BBC's estimate of the number of people who watch Panorama and This Week in homes able to choose—that is excluding those who cannot (or will not) receive ITV—the figures are as follows:

Panorama.	This week.
7th May 7¾m.	10th May 5¾m.
14th May 7m.	17th May 5¾m.
21st May 7m.	24th May 5½m.
28th May 7¼m.	31st May 5½m.

You said in your footnote that there were probably 3 million sets which can still receive BBC only. This would amount to about 9 million people. Our estimate i

that there are fewer than 2 million *people* who cannot get ITV on their television sets. —Yours faithfully, GEORGE CAMPEY

London, W1. Head of Publicity, BBC

School Prayers

SIR—Contrary to the note in your issue of June 30th, the decision of the Supreme Court in the school-prayer case could be reversed by other than constitutional amendment. As evidenced by several dozen examples, the court could reverse itself, i.e., overrule its decision, at such time as another case on the point comes before it. Perhaps the closest analogous situation came in 1943 when the court held, overruling a decision reached in 1940, that compulsory flag salutes in public schools transgressed the rights of members of the Jehovah's Witnesses sect to free exercise of religion. While the court can reverse itself, whether it would do so is quite another matter.—Yours faithfully,

Washington, DC. ARTHUR S. MILLER

Arab Poker

SIR—Your statement that the recent economic agreement between Iraq and Syria makes a start towards establishing the free flow of capital and labour seems to overlook that these beginnings already had been made, though did not materialise, earlier.

In 1958 the principle of the free movement of labour between the Arab countries was proclaimed under the first (1954) Arab League economic convention. The second convention provided for the encouragement of capital transfers for investment in constructive projects. By 1958 all Arab League members except Libya and Yemen had signed these conventions.—Yours faithfully,

New York J. O. RONALL

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BOOKS

Players Please

Anatomy of Britain
By Anthony Sampson.
Hodder and Stoughton. 676 pages. 35s.

THIS is again an age of gossip-writers. So were the birth-years of the British press two hundred and fifty years ago; the early newsletters pinpointed policies and opinions upon the persons who held them. Since the latest world war a conspicuous feature of the British press has been the big sales of papers bought by the majority of Britons. But the chief feature in recent years has been the quantitative growth of the quality and minority press, especially on Sundays; and perhaps the best invention in this success story has been the higher gossip-writing, begun by *The Observer*, giving liveliness to institutions, groups, firms and enterprises, and so by anecdotage making a personal comment upon their significance. The prime inventor of this much-imitated journalistic trick was Mr Anthony Sampson, author of this book. The question raised by the book is whether this skilful device, apt as it is for Sunday columns, fits a product of nearly seven hundred pages. Do the hors-d'oeuvres of Sunday morning make a satisfying main meal? Or, to change the metaphor, is the author not caught on the wrong foot between the pointed snapshot which has been his weekly business and the long-shot balanced view which a book of this weight required?

Mr Sampson has a thesis running through his thorough-going report. It is that British society, politics and business are commanded too much by amateurs and too little by professionals: too many gentlemen (new and old) and too few players. His own book is a case in point: as a journalist Mr Sampson is a proved professional; in politics and economics he is, confessedly, a British gentleman.

He says so himself: he writes not "as an historian, or as a student of constitutions, but simply as an enquiring journalist," and so his round-up of the people who count at the London headquarters of British life, and who account for what he calls the "slowness" of Britain, should be read and judged. His exemplar—and who better?—is *The Economist's* own Walter Bagehot. Bagehot, like him, commented a century ago on the pain of a new idea to an Englishman and weighed the worth of men and institutions by their capacity for "variation" in changing times. But Mr Sampson does not begin (and would not claim) to have Bagehot's practical and intuitive grasp—his "feel"—of the ways in which politics and business are really carried on. On his journey among the managers of Britain Mr Sampson was an innocent at home, painstakingly setting down what he found, "rather as a foreign correspondent reporting territories."

Nobody looks for new discoveries or expert insight in a guide book. No doubt Mr Sampson himself learned a lot on the way about aristocrats and courtiers, politicians and lawyers, churchmen, schoolmasters and civil servants, stockbrokers, bankers and financiers, company chairmen and directors, accountants, scientists, technicians and trade unionists and the rest; and he strings his simple tales together on one critical thread: why in Britain nowadays are the propensity for innovation and the capacity for decision, upon which its future depends, apparently so muffled? He comes up with the familiar answer that he expected when he started: it is a fault of recruitment in old grooves, of caste in many kinds, and of lopsided education. With the passing of Britain's imperial and insular confidence,

> the old fabric of the British governing class, while keeping its social and political hold, has failed to accommodate or analyse the vast forces of science, education or social change which (whether they like it or not) are changing the face of the country.

It is "a malaise among the few thousand managers of our society who have failed to absorb new challenges and new ideas."

Perhaps Mr Sampson is too innocent. Perhaps he too easily identifies the natural diversity of a free and old society in transition with merely foggy confusion; the blur of focus, one feels, is often in the observer's eye. He hardly seems to realise that the "sense of overriding purpose," whose lack he laments, might best be got by having a Hitler or a Stalin—or a Buchman—to run things. It is a fact not a fault that a free country is "a loose federation of institutions, each threatening, not to coalesce, but to conflict or break away"; Harold Laski, for instance, might have told him years ago that, in a free-sifting society, opinion, thought, fashion and policy itself must inevitably be the plural resultant of the rubbing-together of all the groups to which "the people" naturally belong, even within the parliamentary-balloting, party-channelled and cabinet-ruled system we call British democracy.

Even so, Mr Sampson's worried questions are apt enough: the danger now, as the twentieth century runs its course, of a dogged, indecisive and backward-looking British decadence; the spectacle of Lord Heyworth "perpetually in a fog"; the "sentimental softness for inefficiency" that Mr Paul Chambers has upbraided; the "lack of dynamic and stimulus" that Mr Sampson bewails. Mr Sampson's book does not prove any of this; it just illustrates it. Whatever deeper tides there may yet be, his method cannot plumb; if there are new growing points in British thought and work, they are not here; nor, in the nature of the inquiry is there any assessment of the policies at the top that might aid or hinder growth. But the book, with its honest verdict of honest doubt, ought to be read, or tasted, quickly—before new actors take the place of those with whom Mr Sampson has topically peopled his thoughtful and apprehensive peepshow.

How Like an Angel?

The Ordeal of Consciousness in Henry James.
By Dorothea Krook.
Cambridge University Press. 435 pages. 45s.

"THE genius of the angelic novelist, Henry James. . . ." These words come not from the volume under review but from Dr Krook's previous book, "Three Traditions of Moral Thought". Admirers of James who certainly would not cavil at "genius" might yet raise an eyebrow at "angelic". This super-subtle chronicler of a very rarified fraction of the social scene, this intensely intelligent master of the art of fiction—by what extension of fancy can he be credited with the attributes of an angel?

A partial answer is provided in "The Ordeal of Consciousness", though not the fullest of which its author is capable; for she explains that this is a collection of elucidatory studies of some of James's most significant works, and not quite the book that she originally planned. That was to have illustrated her contention that the moral insight of Henry James is of a kind that gives his humanism a religious quality; and we may look forward to a thorough exposition of this view in another volume. But in the present one, we are often reminded of the point made in "Three Traditions": that James "affirmed as authoritatively as Lawrence, only less obtrusively and less stridently, the redeeming power of human love." Not specifically sexual love, in James; though the element of passion is undoubtedly there in Milly Theale's redemptive love for Morton Densher ("The Wings of the Dove") and in Maggie Verver's love for her husband that brings about his moral reclamation ("The Golden Bowl").

It is a measure of Dr Krook's catholicity of sympathy that she, an impassioned adherent of Lawrence, should care even more deeply for Henry James, at first sight his antithesis. What commends them both to her, of course, is their intense moral seriousness, their searching diagnoses of the sickness of society and their grasp of the complexities of the interrelations of human beings. But James, more than Lawrence, as she amply shows, recognised the existence of an order of goodness superior to the current values of this world (though not of supernatural origin), and saw how submission to that vision entails admitting as the regulative principle of life a love that extends beyond passion to compassion, a love that expresses itself in selflessness, forbearance and forgiveness. The trouble about human love as a force of redemption is that it always is, by its very nature, fallible and imperfect. "No man," as the psalmist says, "may deliver his brother, nor make agreement unto God for him, for it cost more to redeem their souls. . . ." "The Turn of the Screw" is, in Dr Krook's reading of it, a Faustian fable, in which the governess is the good angel, truly striving for the salvation, through love, of the corrupted and haunted children; yet because her love is tainted by possessiveness, she becomes the agent of Miles's death.

It may be thought that Dr Krook at times presses her religious interpretations of James's situations a little too hard; but it is fascinating to see what riches his later writings yield when they are subjected to the serious literary analysis befitting work of tragic dimensions. In her introductory chapter, Dr Krook suggests that the characters in James's mature novels are "high personages" of a Shakespearean kind, deliberately set above the turmoil of common life, superior in intelligence and in powers of articulation, possessing an inordinate capacity for "being and seeing"—creatures of tragic stature whose sufferings, though far from typical, are yet representative. Her defence of James's tireless preoccupation with moneyed people is less convincing. Though money is undoubtedly the ultimate source of power in a capitalist society, plutocrats cannot effectively be equated with rulers unless their wealth is seen to affect the lives of society at large. James's millionaires and heiresses do not wield power; they give no impression of counting for anything, outside the salons in which they expensively exist. But though not all her arguments carry conviction, Dr Krook puts up a brilliant case for James's deliberate restriction of his field of social observation; and by constant and sensitive examination of what he actually wrote she exhibits the depth of his moral insight and the incessant play of his ironic and compassionate intelligence.

Rolesmanship

The Nature of International Society
By C. A. W. Manning.
George Bell for London School of Economics. 231 pages. 30s.

PROFESSOR MANNING, who has lectured at the London School of Economics on the structure of international society for more than thirty years, has returned in the year of his retirement to examine the fundamentals of this curiously controversial subject.

Many have argued that international relations, as nothing but an amalgam of international history, politics, economics and

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other subjects, are unworthy of separate study. Academic empire-builders have to be allowed their prejudices. But, just as psychology deals with the individual, and sociology with society, international relations deal with the behaviour of states in the world. Professor Manning points out that it is irrelevant whether or not an international society exists in "fact," for so long as it exists in "effect"—in that states act as if it did exist—there is a subject for study. His book is refreshing, stimulating and subtle. It is written in an individual, even poetic, style, which may frustrate those whom it does not fascinate; but it is a work that deserves to be read and pondered.

This is not another book of fragments about international organisations, treaties and national movements and we are spared yet another analysis of international relations in terms of "power" or "economic forces." It is not that Professor Manning denies such forces but that he wishes to focus attention on men, and on men as the components of states that are "deemed" to exist in international society. Most of all he is concerned to distinguish between real and notional entities and to understand their respective roles in human affairs:

> . . . just as it is in the name of that notional being, the state, that government is domestically conducted, so in the name of those notional beings the members of international society . . . do the processes of diplomacy keep proceeding on their artificial way.

Looking at the theories and dogmas in the light of which these entities conduct their relationships he points out that in this society "membership is understood not as sovereign statehood merely but as sovereign statehood subject to international law". In an excellent chapter on "moral niceties" he makes good use of his concept of "rolesmanship" arguing that "for the purpose of its fulfilment the role may be more significant than the one who fills it." Perhaps it is not that those who rise to be statesmen are unpleasant characters, but, rather, the choices that face statesmen are unpleasant ones.

At a time when there is so much easy talk of the need to return power from governments to people in order to preserve peace, it is useful to be reminded that states do form, if in a rudimentary way, "a global social order", which serves as an insulation from the human quarrel. "It is between man and man that quarrels occur, it is between states that peace is maintained".

Thus Professor Manning states his prejudice in favour of the existing international system as a lesser but preferable evil. His book provides some valuable insight into the world that the nations are forced to share. It does not pay as much attention as his argument would suggest ought to be paid to the possible role of the new "revolutionists" in international society. These are the countries that are not interested in keeping the system going; they are numerous and mostly new, and have not yet calculated that if the present system is brought down, what follows may be worse.

About Africa

African Profiles
By Ronald Segal. 352 pages. 6s.

A Short History of Africa
By Roland Oliver and J. D. Fage. 280 pages. 5s.

Portugal in Africa
By James Duffy. 240 pages. 4s. 6d.

The Arab Role in Africa
By Jacques Baulin. 144 pages. 3s. 6d.
Penguin.

POSTWAR African politics and the emergence of a long list of independent states have inspired a spate of books directed at the general reader. Many have been written in haste to catch a deadline and bear all the marks of ephemeral journalism. It can be argued that the events of the past two years in the Congo provide some significant lessons on the transfer of power in the twilight era of colonialism, but they still await a fair and lucid analysis. Passions have been aroused among participants and observers, and the reporting has suffered in consequence.

The new series launched by Penguin Books under the general editorship of Mr Ronald Segal is therefore timely, but of these first four volumes only two have permanent value. They alone would justify the enterprise. "A Short History of Africa," despite its commonplace title, gives a perceptive and very readable account of African history from palæolithic times down to the present day. There is only one unsatisfactory section: the last two chapters, dealing with developments since the Boer War, are too brief and compressed to be anything more than a guide post to other books. Professor Duffy's "Portugal in Africa," based on his longer standard work published three years ago, is an admirable summary of a colonial experiment inspired by a sense of glory which atrophied over the years and led finally to a regime of indefensible exploitation. Of all Europeans the Portuguese have been longest in Africa, and have done least for the land and the people they ruled. The book deals mainly with Angola and Mozambique; the remaining small territories are not important except as props to a specious argument—that they all form part of metropolitan Portugal. That was said not long ago about Algeria, too. Professor Duffy comes down firmly on the side of African emancipation, but he is not naive or starry-eyed. "There can be no easy answer," he writes, "to the problems of Portuguese Africa. Independence may not itself be the answer, but there will be no satisfactory answer without it."

Mr Segal's "African Profiles" is a useful reference guide to personalities and parties in Africa. He is mainly concerned with nationalist movements and their impact on events, but his inter-linking sections depend too heavily on press-cutting files, and his use of them is too selective to satisfy the reader who knows Africa well. His account of the United Nations intervention in Katanga, for example, is notable for its omissions and will surprise any detached observer who was there at the time. Too often he is looking at contemporary Africa through the eyes of others; and his failure to reflect the thinking of the moderate whites in Africa (who are more numerous than is sometimes supposed) merely serves to minimise the hardships and difficulties that lie ahead. There is not much to say about M. Baulin's book. We do not get the right answers because he has not asked the right questions. It is highly doubtful if the Arabs will have any sway in Africa until they first achieve unity among themselves.

Management Audit

The Appraisal of Management
By Jackson Martindell.
Harper: New York. London: *Hamish Hamilton.* 222 pages. 38s.

IS a company well managed? Many investors would like to know the answer. In the United States they can turn to the American Institute of Management, a non-profit research foundation, which has developed a method of assessing management. It has applied its form of management audit to a large number of, mainly American, companies, and produced a list of ones that are excellently managed. In this book, Mr Martindell, chairman of the board of the American Institute of Management, describes how this management audit works. Investors, he suggests, can use it to select investments by the evaluation of managements.

The theory of the management audit, developed by the American Institute of Management, is based on the assumptions that the process of evaluation must be comparative and historical, and that weakness in a single division of management reflects failures of management as a whole. The management audit is divided into ten categories: economic function, corporate structure, health of earnings, service to stockowners, research and development, directorate analysis, fiscal policies, production efficiency, sales vigour and executive evaluation. Numbers are assigned to each category as a guide to the relative values of different management functions; for instance, out of a total of 10,000 points, executive evaluation is given 2,200, and economic function, fiscal policies, production efficiency and sales vigour score from 1,000 to 1,300 each. All the rest are rated at under 1,000. The institute collects the information under these headings by a lengthy questionnaire, extensive interviews with management, information and opinions from external sources and a study of the past, present and future activities of the company. What Mr Martindell has to say about the analysis of each of these ten facets of management is always sensible.

Investors who want to read company annual reports more intelligently will find the chapter on "The Meaning of Health of Earnings" particularly helpful. In it he points out some of the ways in which the report may be misleading. The actual income earned, for instance, may differ considerably from that reported to the shareholders. Mr Martindell explains how to arrive at a more correct figure. Again, the amount reported to be spent on research may be much greater than the reality. Many companies have, he says, gained an undeserved reputation for progressiveness through the simple device of crediting to research expenditure sums that were previously correctly included under engineering or production costs. Prospective investors in a company should find out how well fiscal policies have been handled. The best test is whether the company has maintained as favourable a return on new moneys as it did before their employment.

Some investors may be sufficiently energetic to analyse their prospective investments in the detailed manner suggested in this book. A few may even be sufficiently bold to follow Mr Martindell's suggestion and visit the company to cross-question the management—although in this country, at least, their reception may often be less than enthusiastic. All investors should, according to the author, insist that their brokers give them these facts. But how many members of the London Stock Exchange would regard this as a reasonable request?

The Chartmakers

Marine Cartography in Britain
By A. H. W. Robinson.
Leicester University Press. 222 pages. 5 guineas.

HITHERTO there has been no satisfactory history of one of this country's most beneficial services to mankind—the Admiralty chart. After following far behind the standard set by the Majorcan cartographers of the sixteenth century, the Dutch in the seventeenth and the French in the eighteenth, the British took the lead only after the establishment of the Hydrographic Department of the Admiralty in 1795, four years after that of the Ordnance Survey. Even then it was not the first official cartographer, Alexander Dalrymple (Cook's rival), but his successor, Captain Hurd, who formed an independent surveying branch of the Navy and made the fruits of its labours accessible to the seamen of all nations.

Nor could the task of charting the seas of the world be undertaken until the survey of the British seas was completed in 1855. This is the subject of Dr Robinson's handsome and scholarly volume, the production of which is a credit to a comparatively new university press. As a history of the marine cartography of the British seas from the magnificent manuscripts executed for Henry VIII to Sir Francis Beaufort's more utilitarian services to navigation in the mid-Victorian epoch, it will not soon be superseded. But those interested in the subject should be warned that the book is concerned with coastal surveys, some fifty of which are reproduced, and with 'platemakers' and their publishers in this country only, not with the charting of the oceans of the world, nor with the artistic aspect that has attracted so many to the study of old land maps. The splendid cartouches and gorgeous colouring of the old sea atlases play a small part in this book compared with the development of the science of hydrography, the careers of early cartographers, many of whom are exceedingly obscure, and the task of surveying coastal waters. It is to be hoped that the author will now turn his attention to the great ocean surveys done by men whose names are still commemorated in those of modern survey vessels—Cook, Vidal, Owen and the like. If it is true that the new ship has not yet been named, that of Dr Robinson's hero, Murdoch Mackenzie, would do well enough.

Economists in Rome

Guest Lectures in Economics
Edited by E. Henderson and L. Spaventa.
Guiffre, Milan. 294 pages. L.2500.

THIS volume makes it clear that the recent procession of eminent economists to Rome has had more to do with Professor Papi that with Il Papa. The economists lectured at the former's seminar and now have their words immortalised in print, the British contingent consisting of Balogh, Caine, Dow and Robbins (twice). Since the lectures have nothing in common but the English language, a review that is not to be a mere catalogue would have to pick out particular items at the cost of unfairness to the other authors.

Reviewing, however, consists largely of making invidious distinctions, so let it be said that the lecture on East German economics by Professor Stolper is an exciting one. After constructing gross national product figures for East Germany, he and a colleague went on to estimate an input-output table and it is this statistical *tour de force* with which his lecture deals. By 1950, West German GNP per head had just passed the 1936 level, while in the East it was 20-25 per cent lower. The gap had not been narrowed by 1956, the year for which the input-output table was estimated.

Since East German prices are largely meaningless, all quantities are valued in West German prices. These can be taken to represent world prices and hence used to examine the gains from trade. Professor Stolper thus finds that in 1956 one million DM of exports required much less capital and labour than did the production of import substitutes of equal value. Since then, planning has improved the allocation of resources by shifting the emphasis in production towards labour intensive products.

The range of subjects covered in the other lectures is enormous, from Lord Robbins's generalisations about modern economics to Professor Gerschenkron's discovery that productivity in Bulgarian manufacturing rose not at all between 1907 and 1937. It is difficult to decide which is the more remarkable, the discovery itself or the fact that people know such things.

OTHER BOOKS

MODERN INDIA. By Percival Griffiths. 3rd Edition. *Benn.* 292 pages. 30s.

This is the third edition of what has deservedly become a standard descriptive work for the non-specialist student of Indian affairs. The sudden impact of a fresh foreign exchange crisis very recently provides a typical example of the impossibility of keeping absolutely up-to-date with the ever changing Indian scene. But Sir Percival is way ahead of most people in knowledge and understanding of India's problems, which are documented with his usual lucidity and thoroughness in this latest edition of his now well-known book.

MARKETING DICTIONARY. By Stanley Strand. *Philosophical Library Inc.* 810 pages. $10.

Even though the British tend to borrow their marketing terms from the United States, this dictionary of commercial jargon contains so much that is exclusive to America that its practical use to outsiders is limited. Those with a specialist interest in US commerce will have more reason to refer to it, but will be irritated by the amount of space devoted to vague general terms such as "Good Taste in Advertising." Definitions range from a few words to several pages.

INDEX OF ECONOMIC JOURNALS, VOL. III, 1940-1949. 522 pages. VOL. IV, 1950-1954. 490 pages. Published by *Richard Irwin,* Illinois, for the American Economic Association. $25 for set of volumes I-V.

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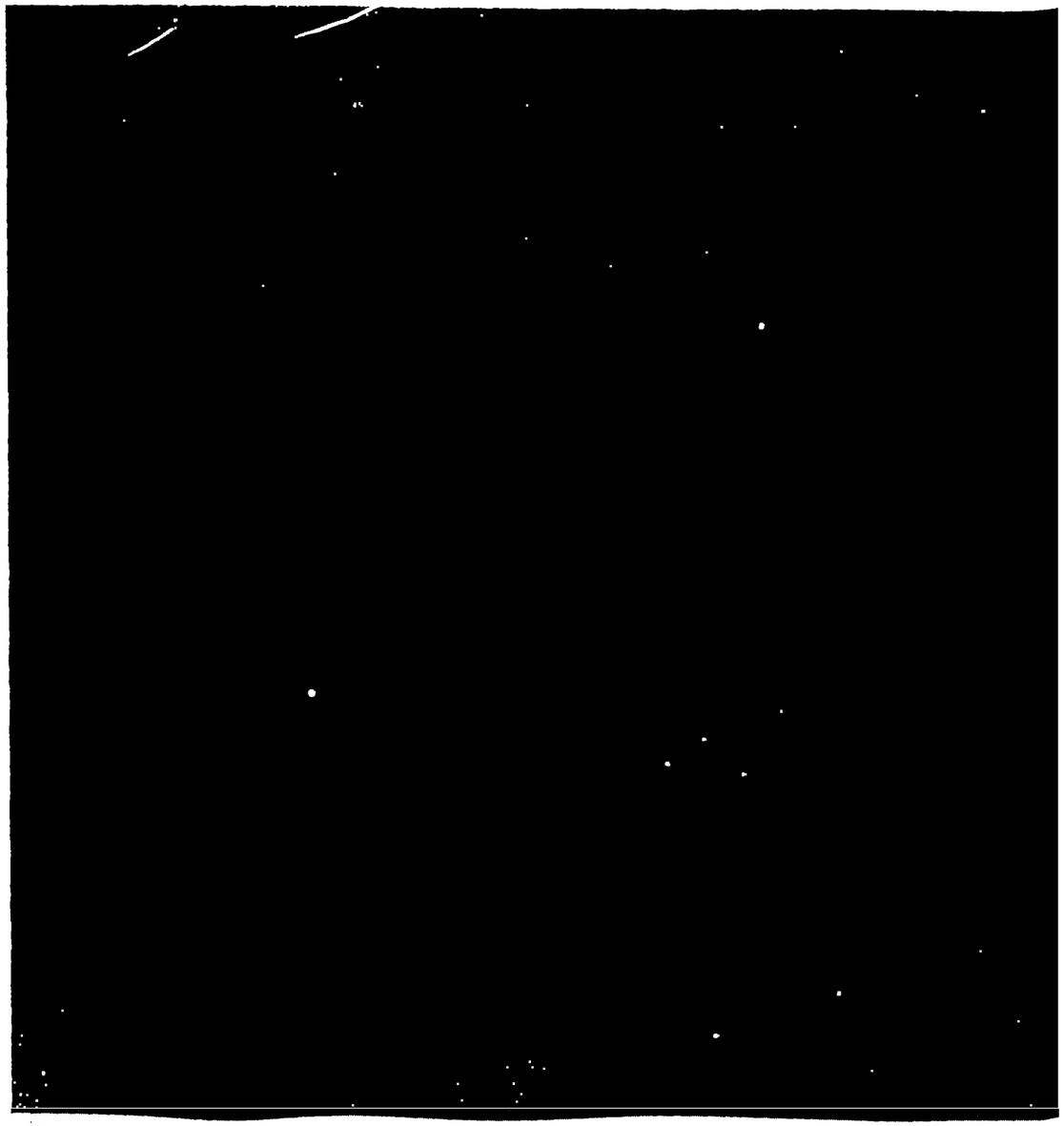

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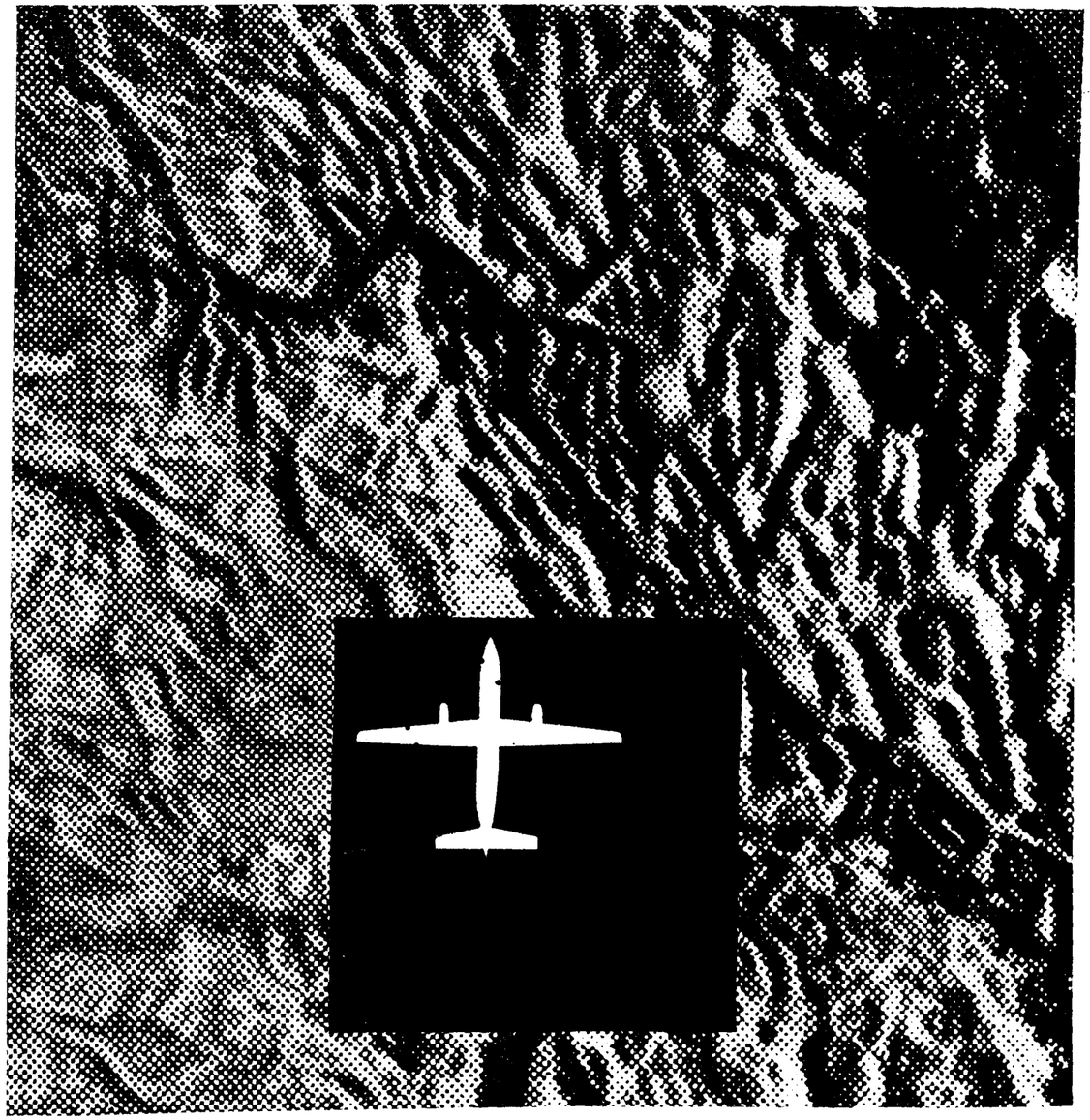

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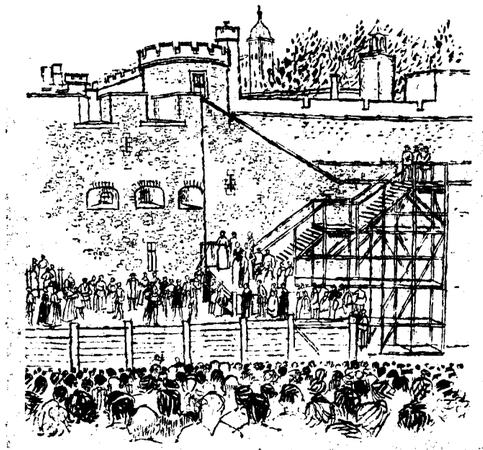
HOME REPORT

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



Not So Square Mile

SWARMING by day, deserted by night, the City of London is not generally a citadel of community life. Only Wren's surviving churches and Mr Bernard Miles's dashing Mermaid Theatre provide a measure of cultural leaven in a district more devoted to dough. But for this week and next week the City, by putting on its very own festival, is showing that financiers, too, can rise to higher things. Much of the entertainment consists of solid gilt-edged entertainment—the *Yeomen of the Guard* at the Tower, Handel's *Fireworks Music*, with fireworks, on the Thames—but there are also some new issues in the form of seven musical works specially commissioned for the festival. True to its best traditions, the City is not having too much to do with speculative modernity. The nearest approach to daring in the official programme was the choice of Mr Tommy Steele to sing a much appreciated cockney ballad before the Queen.

On the less formal side of events somewhat greater risks are being taken, including the organisation of an open-air jazz dance in Lime Street. The organisers' first worry was about thunderclouds: when they failed to appear the result was in fact a fair-sized melee in which some 50 people were hurt and 3 arrested. The reason for this unpleasantness was that fifteen or twenty thousand people turned up, instead of the expected thousand or two: the moral is not that young jazz-fans are incurable hooligans, but that they are very numerous, need plenty of space, and are apt to complain when (supposedly in the interests of peace) Mr Humphrey Lyttelton's band is replaced by bagpipers.

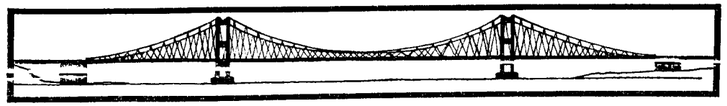
Other non-highbrow festival events are less risky, it would appear. For the athletic, there is a yacht-race on the Thames; for the more sedate, City merchants are arranging tastings of their wines; and for traditionalists, an ox is to be roasted in the open (over coke, since the anti-smoke regulations ruled out any more romantic fuel). Everyone must welcome this outbreak of pomp, patronage, and festive spirit in the capital's capital.

Festivals, in fact, are rapidly becoming a part of British life. London itself has recently been the setting of the Festival of Labour, whose centre-piece was a procession of floats, decorated by trade unions and applauded by Mr Gaitskell, in Battersea fun-fair. The older, smaller, festivals, of which the best known is perhaps that at Aldeburgh associated with Mr Benjamin Britten and Mr E. M. Forster, have often been the work of small groups with local connections. The new wave of festivals, commanding financial support both from local authorities and from local firms and individuals, have generally been either in honour of a particular event—such as the Coventry festival this year in honour of the new cathedral—or frankly designed to boost the tourist trade, as at Edinburgh, York, Bath and even Pitlochry. What is new about the City festival is that it is largely intended to appeal to local people—local workers if not local residents.

THIS appeal to local people—and a similar desire to give them, for a short period in the year, a supply of culture for which a year-round audience is unobtainable—inspires another ambitious newcomer in the festival world. The Trades Union Congress of 1960 adopted a resolution—number 42—expressing the will of the unions to be nice to art. Mr Arnold Wesker has laid aside his work as a playwright for a while to organise Centre 42, a body whose aim is to provide festivals of culture to trades councils and Labour parties—and presumably Labour-dominated local authorities—that are prepared to foot some of the bill and to provide some of the audience. This year organisations in six towns are using the services of Centre 42.

Laying on a worthwhile festival is an expensive business. Despite the large tourist income brought in by their festival, not a few burgesses of Edinburgh resent the £70,000 subsidy given by the corporation to their festival last year (to which must be added some £66,500 in private and business donations, £15,000 from the Arts Council, and sums from the general fund). Of course neither Mr Wesker's organisation nor the City Corporation would wish their local celebrations to aim at the international class along with Edinburgh. But it will be interesting to see how their finances fare. So far Centre 42 has raised an encouraging amount of cash both from trade unions and from personal gifts. In London over £20,000 raised from subscribers and a grant of £7,500 from the City Corporation is helping to finance the City Arts Trust that is organising the festival. At this early stage it appears almost impossible to find a spare seat at any performance on the City's programme; if this impression is reflected in the final results London may be fortunate enough to have another festival in the future.

The success, which now seems assured, of the festival could in the long run benefit not only London. The list of supporting firms, and of influential City figures (and their ladies) on the various ruling committees should—if anything can—set a fashion for generous support of the arts; and the lavish support given to the festival by Associated-Rediffusion cannot simply be dismissed as an anti-Pilkington gambit. The amount of support for the arts already given by private individuals and by firms in Britain is often sorely underestimated: but if such giving—at festival-time—becomes even more clearly a matter for public applause it will be the greatest possible boon at once for artists and for the art-loving public.



Newport by the Bridge

FROM A CORRESPONDENT IN BRISTOL

NEWPORT, Monmouthshire, the southern gateway to Wales, is not exactly living for the day when the new Severn Bridge is opened, possibly in 1966. Newport will then be the focus of motorway systems from London and the Midlands, and it could be at the centre of a new trading area, opened up by the bridge, comprising South Wales and the West Country.

The bridge, being built 18 miles from the town, will cut 50 miles off the old route through Gloucester between South Wales and the West of England. But Newport itself (population 105,000) feels pretty snug with what it has already got, and some locals say that all the Severn bridge will bring is traffic congestion. There are demands that two important local road schemes should be carried out before the bridge opens. One of these, a seven-mile, £3 million northern by-pass, is perhaps symbolic: it will hasten traffic past Newport and on to West Wales. The other scheme, which is now to go ahead, is a new £1½ million river bridge to help relieve traffic pressure within the town.

Newport's reaction to an opportunity that other towns seeking new employment would envy, is not quite as negative as it looks. In the past it suffered for its reliance on a few heavy industries, but it has now achieved a healthy diversity by encouraging lighter industries, including aluminium, chemicals and clothing. There is, in fact, very little land left on which manufacturers could exploit new opportunities.

The place that can is the new Spencer steelworks at Llanwern, which started limited iron production last month, and will need nearly 6,000 workers for its first stage of development. Newport cannot provide these, and labour recruiting schemes are being launched on the Bristol side of the water. The Severn railway tunnel provides the only access for these workers at present, but the bridge should enable the Spencer works to employ men from a much wider area in the West Country.

Newport docks, however, stand at a crossroads. From exporting 6½ million tons of coal in 1923, the port has dropped to handling a total of only 2½ million tons of exports and imports combined. Although the South Wales ports, controlled by the British Transport Commission, together handled half a million tons more cargo up to mid-May this year than in the corresponding period last year, Newport's contribution dropped from 945,000 tons to 881,000.

Newport's iron ore trade, however, has increased over the years, particularly through expansion at the Richard Thomas and Baldwin steelworks at Ebbw Vale. With existing facilities the docks could cater for the 3 million tons of iron ore imports a year which the Spencer works need for their first phase of production. But eventually the works will need 10 million tons a year. The empty side of Newport's South docks, once used for coal exports, could take iron ore imports of 10 million tons a year, and it could handle three or four sizeable ships at a time. Major operations on the already large lock would, however, be needed to cope with the big ore ships.

A second possibility for the port would be a loose association between Newport and the successful Bristol ports, handling 7½ million tons of cargo a year. As an article in *The Economist* last April pointed out, such an arrangement would avoid the duplication at Avonmouth of facilities that already exist at Newport. It would not be significantly more expensive for West Country manufacturers to send goods through Newport, once the Severn bridge is built.

If neither of these possibilities materialises, the prospects for Newport docks are bleak. The ultra-conservatism of ship owners has defeated the sales campaign of the British Transport Commission, who tried to retain the trade that was diverted to the docks during the war. Even the motorways, which should make delivery to Newport much quicker than to London docks, will not induce manufacturers to use Newport if the shipping lines running from the port do not visit their markets.

The Right Ward Trend

AN extremely interesting article in the latest issue of the *Political Quarterly* throws the clearest light yet on one of the most dramatic developments in Labour politics since the 1950s: namely, the clear swing to the right that has taken place—and had taken place even by the time of the Scarborough conference in 1960—among active workers in the constituency Labour parties.

Mr Keith Hindell and Mr Philip Williams have tracked down all but 20,000 of the votes cast by trade union leaders in the Scarborough vote on defence in 1960 (which Mr Gaitskell lost by 3,339,000 conference votes to 3,042,000) and in the Blackpool vote in 1961 (which Mr Gaitskell won by 4,526,000 to 1,756,000); their deductions about the constituency party votes on each occasion are shown in the table below. It confirms that more than the whole of the switch between Scarborough and Blackpool came about because three large unions swung from unilateralism back to multilateralism between 1960 and 1961. But it also confirms that even at Scarborough Mr Gaitskell had a two-to-one majority of the constituency parties (521,000 votes to 260,000) on his side; at that conference, however, up to 289,000 constituency votes abstained or were absent. In 1961, about half of the previous genuine abstainers came off the fence, a majority actually on the unilateralists' side. But Mr Gaitskell still seems to have had 548,000 constituency votes for him and only 320,000 against.

This solid support for Gaitskellism in the committee rooms (which is confirmed by the way in which Gaitskellite candidates are nowadays regularly chosen to fight by-elections) puts Mr Gaitskell in a much more favourable position in the constituencies than Mr Attlee ever was. In the 1954 vote on German rearmament Mr Attlee is believed to have had 900,000 constituency votes against him, only 280,000 for him, with 125,000 abstainers or absentees. The rightward trend has been obscured because three-quarters of the constituency parties' votes in conference-time elections for the national executive still regularly go against Gaitskellite candidates, thus putting people like Mr Mikardo in. The reason, say Messrs. Hindell and Williams, is that multilateralist parties traditionally vote for a mixed slate of candidates at these elections (particularly for candidates who are members of the executive already), while unilateralist parties are a bit more likely to concentrate all their votes on their own kind. But last year at Blackpool, there was some sign of change: the total vote for pro-Gaitskellite candidates in these executive elections rose by 30 per cent, while the vote for anti-Gaitskellites and "compromisers" fell. Unfortunately, the pro-leadership vote was obscured by being diffused over a larger list of candidates. The remaining unilateralist local parties are largely to be found in Tory seats; local parties in Labour seats are nowadays much more likely to be Gaitskellite.

LABOUR CONFERENCE VOTES ON UNILATERALISM
(Thousands)

	Pro-Gaitskell			Anti-Gaitskell		
	1960 Scarborough	1961 Blackpool	Change	1960 Scarborough	1961 Blackpool	Change
Known Unions and Co-ops....	2,511	3,969	+1,458	3,069	1,427	−1,642
Unknown (estimate)	10	9	− 1	10	9	− 1
Constituency Parties	521	548	+ 27	260	320	+ 60
Total	3,042	4,526	+1,484	3,339	1,756	−1,583

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AMERICAN SURVEY

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Mr Kennedy's Commonwealth

WASHINGTON, DC

LAST week President Kennedy spoke in Philadelphia with customary eloquence of the hard core of his grand design. This is a politically integrated Europe able to bear its share of the weight of an Atlantic bridge. But foreign ministers and commonwealth prime ministers will do well to remember that, though the concept exists as yet only in broadest outline, there is much more to it than a core. What the President and his advisers seem to have in mind, in the end, is nothing less than a world commonwealth.

The United States is seeking what is called a new bone structure for the free world. This week the *New York Times* delivered a warning that "a super-state with an over-sized bureaucracy has no lures for a democratic world." It has been pointed out in Washington that the changes which would be involved in Britain's entry into the European common market and in the forging of Mr Kennedy's new transatlantic partnership go deep into the history of each country concerned and that the United States, if it is to be a partner, has to learn to be both sensitive and knowledgeable about other people's hopes and fears. This is essentially a plea for the sort of partnership which rests on intimate understanding more than formal ties and which stands at the opposite pole from the crude conveyor-belt relations between the Soviet Union and its satellites.

American thinking seems increasingly concerned with a world which will no longer be conditioned by the political reflexes of a de Gaulle and an Adenauer—or of a Franco and a Salazar. It is believed that, with luck and good management, such a world could consist, on the right side of the Iron Curtain, of a series of interdependent modern states, busily planning in harmony to achieve or sustain high levels of economic activity. Such states would be able to compete successfully with a stale Marxism that is increasingly out of tune with modern notions of political and economic behaviour and is visibly failing to satisfy human aspirations, all the way from the Berlin Wall to the gates of Peking.

Despite *Pravda's* fulminations over Mr Kennedy's speech, Mr Khrushchev need not prepare himself for a duel to the death, even though his system is being challenged. For President Kennedy's full programme is not intended for implementation by this generation but by the next. At present, it is argued, the United States and the Soviet Union have some basic interests in common: for instance, neither can really afford to fight a nuclear war nor to go on preparing for one. The next milestone may not be the still far-off Atlantic community but some easing of East-West tensions and perhaps even a summit meeting which, it has long been hinted in Washington, might be attainable if progress were made towards a treaty to ban atomic tests.

The theory of an evolving world community does not stop at the Iron Curtain. Washington holds that history is on the move on the other side also. A time will come when even East Germans will be as relatively free as Poles are now. The immediate purpose of having a strong, united Europe is to provide effective competition for a still fast-growing though old-fashioned Russia. But Poland and Jugoslavia ought to find the doors from the West open and not closed for trade and aid, while General de Gaulle's vision of a Europe that will stretch one day all the way from the Atlantic to the Urals must not be dismissed as altogether fanciful.

The grand design has places for neutrals as well as for Poles and even Russians. The Treaty of Rome may resemble the articles of association of the original thirteen American states, but every precaution is being taken to try to prevent the natural American interest in this resemblance being misinterpreted by other non-Europeans; to them support for a strong Europe may look like support for the last stronghold of white colonialism. The importance of the Afro-Asians in the United Nations has not been forgotten in Washington, nor have Latin American and Japanese friends, and a softer note has been sounded recently regarding Europe's own neutrals. It is hinted that they can, after all, co-operate politically with their neighbours, without injury to their neutrality yet without diluting, in any significant way, the political commitments of the Treaty of Rome or of the North Atlantic Treaty Organisation.

Apart from communism, and some outmoded public figures in Europe, the chief obstacles along the path of progress are held to be angry young men in the under-developed countries of the world and angry older men in the Congress of the United States. The Marxist spectres of poverty and revolution still stalk Asia and Africa, while most of Latin America is a haystack awaiting a Castro match. The peasants feel that they have nothing to lose but their landlords, against whom communism would be a good lever to use. In Latin America especially, the problems are aggravated by rapidly growing populations, a growth which the United States abets by helping to improve health but not to curb fertility, and by a grave shortage of trained or even literate persons.

COMPROMISE is still possible this week on Congress's drastic attempt to tighten restrictions on trade and to cut foreign aid to communist nations, including Poland and Jugoslavia, as well as to countries that either discriminate against American businesses or nationalise them without adequate compensation, like Brazil and Ceylon. But even a satisfactory response to the President's appeals will hardly ease the unlucky impression created by these attempted amendments to his foreign aid programme. Mr George Kennan, the Ambassador to Jugoslavia, said that these came as bolts from the blue and indicated a "terrifying" lack of understanding between Congress and the Administration.

The painful jolt which the Administration received is being blamed by it on confusion in the recently created Agency for International Development, which is well short of its first birthday but has already lost its Deputy Administrator and may lose its Administrator, Mr Fowler Hamilton, as well. He sought to recruit experienced business men instead of civil servants or figures from the academic world as regional directors and field officials and many business men responded with the same sort of zeal that has attended recruiting for the Peace Corps. But somehow "Operation Tycoon" failed to achieve a similar success or esteem.

The Administration is highly conscious of India's vast importance as well as of its good offices in Vietnam and the Congo. But legislators are even more annoyed than usual by Mr Krishna Menon's scoldings and moralisings and also by what is regarded

as Mr Nehru's high-handed rather than high-minded petulance. Congress finds it difficult to appreciate how much time as well as money is involved in preparing under-developed countries for an economic "take-off"—probably because originally and rashly there were promises of early results. Also, however much Mr Rostow of the Department of State may say that planning and the public sector are here to stay and that the old controversy between socialism *versus* capitalism is just fading away, few Congressmen see things in this way. Some of them are also incensed by what is called the "commingling" of American and communist aid, in countries like Cambodia and Yemen, where American materials have been discovered in a Russian-built hospital and a wireless studio supplied by the United States has been found linked with a wireless station built by the Chinese; in Yemen the Americans have built roads connected with a Chinese-built harbour. A congressional committee has inferred that American taxpayers are financing the cause of communism, which it is "a basic purpose" of foreign aid to combat, and that the United States is thereby contributing dollars towards its own downfall.

The sophisticated propositions of the new frontiersmen have thus had little or no effect on the thinking of members of Congress to whom the most effective argument for foreign aid continues to be that Mr Khrushchev would be happy if it were stopped. The curbs which Congress continually threatens to put on the Administration, which it is of course constitutionally entitled to apply, also raise some disturbing doubts about just how the United States itself could or would fit into Mr Kennedy's grand design.

On the other hand, Congress has permitted the Administration to make loans to under-developed countries at very low rates of interest and what chafes Mr Kennedy is that, simultaneously, the Germans and Italians are charging 6 per cent for similar loans. Some Americans also contend that, while Britain's signature is, of course, her bond, it is sometimes the devil of a job to get her to sign anything. Perhaps, on the whole, it is wise of President Kennedy to look mainly to the next generation to achieve the more perfect union, which will succeed somehow in spreading the benefits of industrial civilisation without a proliferation of the weapons of a new age and which will remain strong at the centre and able to defend the weakest and farthest-flung frontier.

Waiting for Tax Cuts

WHEN the Senate Finance Committee agreed to work on the tax Bill for a week before dealing with the trade Bill, this looked like no more than a token recognition of the importance which the Administration attaches to its tax proposals before the committee shelved them. For no one expected it to agree on a tax measure within the week and the tariff legislation will occupy it for most, if not all, of the rest of the session. But now it looks as if a tax Bill may be reported out after all; if it is, it will not allow taxes on dividends to be withheld at source, a provision on which the Treasury was counting to enable it to make up some of the revenue lost through the credits to be granted under the Bill for business investment. This second provision, which seems acceptable to the committee, is part of the Administration's plan for encouraging industry to expand and modernise its facilities and thus for stimulating the country's lagging economic growth and its competitive position in world markets.

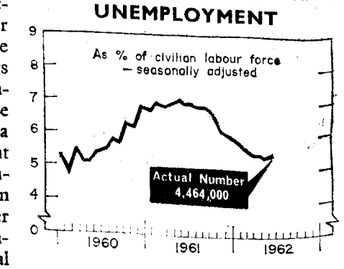
The other half of that plan was at last revealed in detail this week, with the long-delayed publication of the new tax rules covering depreciation allowances for machinery and equipment. Assets of businessmen and farmers are now divided into only 75 categories, instead of the 5,000 in the old regulations, introduced in 1942 and long recognised to be out of date; the average life of manufacturing equipment, for depreciable purposes, will now be only thirteen years instead of nineteen. As a result businessmen are expected—by the Treasury, at least—to save up to $1.5 million a year in tax payments and it is hoped that most, if not all, of this money will be invested in new facilities.

While all these concessions were proposed originally for the sake of their long-term effects, the Administration is now counting on them to promote the quick expansion in capital spending which the economy needs this year. But in the opinion of a growing number of businessmen, economists, politicians and even officials, an immediate and straight-forward reduction in income taxes (even if it involves an increased deficit in the Budget, as it will) is essential if the country is not to sink into another recession. Two weeks ago the conservative United States Chamber of Commerce and the liberal trade union organisation both came out simultaneously for such a move. This sensational coincidence does not stand up to serious examination, for the chamber would concentrate on reducing corporate taxes and those on high incomes, in order to spur investment, while the labour group wants cuts in levies on low incomes to give consumers more to spend. If the Administration does decide to ask for a tax reduction this year, it will apparently request a straight cut of, say, 3 per cent in all income taxes.

The Administration is hesitating partly because a tax cut this year would jeopardise its chances of getting through Congress next year the major tax reform Bill which it wants, but mainly because it is not yet convinced that the situation is serious enough to justify using an important anti-recessionary weapon which can only be employed once. Even if the President does decide that a cut is needed, it is by no means sure that Congress will give it to him, for the chairmen of the two finance committees, Representative Mills and Senator Byrd, are both bitterly opposed to deficit financing—Mr Byrd was appalled at the Chamber of Commerce's suggestion—and would do their influential best to prevent the measure coming to a vote. If it were to reach the floor, however, it would be popular for this is an election year and voters like lower taxes—and do not like recessions.

Omens of Recession

THERE are more disquieting signs that a recession may indeed be coming, even though in general the economy is still moving in a generally upward direction. The rise in unemployment in June, as well as the rise in employment to a record level, was the result of an influx of school-leavers into the labour market; but the rate of joblessness, after having gone down with disappointing slowness all year, has turned up again. Retail sales declined for the second month in succession in June, by 2 per cent; steel prices are weak; and new orders for durable goods continue to fall. All these factors may lead to a drop in industrial output and they certainly indicate a weakness in demand which will deter businessmen from increasing their capital investment, however much the government may be trying to stimulate it by liberal tax treatment. But at least the tax concessions should give businessmen more confidence in the government—a matter of great importance in the present uncertain atmosphere.



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ASSETS

Cash and Due from Banks	$2,186,431,376
U.S. Government Obligations	1,460,058,331
State, Municipal and Public Securities	653,448,414
Other Securities	48,920,053
Mortgages	270,837,772
Loans	4,818,830,790
Less: Reserve for Loans	*124,711,211*
Banking Premises and Investment in Realty Affiliates	88,714,001
Customers' Acceptance Liability	210,691,252
Other Assets	107,272,485
	$9,720,493,263

LIABILITIES

Deposits		$8,577,275,362
Foreign Funds Borrowed		4,709,072
Reserve for Taxes		49,344,727
Acceptances Outstanding		216,802,534
Other Liabilities		102,953,039
Reserve for Contingencies		34,913,477
Capital Funds:		
Capital Stock (Par Value $12.50 Per Share) 13,967,554 Shares Outstanding of 14,639,071 Shares Authorised	$174,594,425	
Surplus	500,000,000	
Undivided Profits	59,900,627	
		734,495,052
		$9,720,493,263

Of the above assets $758,527,684 are pledged to secure public deposits and for other purposes, and trust and certain other deposits are preferred as provided by law. Securities with a book value of $68,425,739 are loaned to customers against collateral.

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June 30, 1962

ASSETS

Cash and Due from Banks	$ 898,087,068
U.S. Government Securities	633,892,790
Loans	1,691,612,421
State and Municipal Securities	225,570,095
Other Securities and Investments	64,873,260
Banking Premises and Equipment	38,868,119
Accrued Interest, Accounts Receivable, etc.	15,560,368
Customers' Liability on Acceptances	89,339,207
	$3,657,803,328

LIABILITIES

Capital		
(Par value $10 per share)	$ 89,754,440	
Authorised 9,357,544 shares		
Outstanding 8,975,444 shares		
Surplus	160,300,000	
Undivided Profits	67,491,782	
		$ 317,546,222
Cash Dividends Declared		4,038,950
Deposits		3,203,678,472
Reserve for Taxes, Accrued Expenses, etc.		31,157,351
Liability on Acceptances		99,912,291
Other Liabilities		1,470,042
		$3,657,803,328

Assets carried at $210,944,987 on June 30, 1962, were pledged to secure deposits and for other purposes.

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They are also favourably impressed by the Federal Reserve Board's lowering of the margin requirements—the minimum amount of cash which must be put up when shares are bought—from 70 per cent to 50 per cent of their value. The board had been urged to make the reduction when the stock market fell so precipitously at the end of May but refused on the ground that to do it then would be to advertise the market's weakness. The central bank relented only when prices were moving upwards again. It insists that the collapse of share values was not brought on by lack of credit, which has usually preceded decline in the past, and that there is still no shortage of credit even though interest rates are now being pushed up. However the high margin requirements did lead to wholesale circumvention of the credit regulations and the lowering of the requirements should lessen this.

Under the Rainbow

IN the triple nuclear bill just presented by the United States the "rainbow" bomb was the unquestioned star of the show. Finally making its debut 200 miles above Johnston Island, it briefly blacked out communications in many parts of the Pacific, disrupted the earth's magnetic field as far away as the United States, terrified natives of Samoa and provided ready material for speeches at the World Peace Congress in Moscow. Yet the news that at least one more high-altitude test is planned suggests that Monday's experiment did not tell the experts all that they hoped to learn about the effects of such explosions on radar and radio systems and about their potential ability to damage nuclear warheads. Certainly it did not interfere with communications for anything near the three to 36 hours that had been anticipated. The next bomb sent aloft—although not to be in the thermonuclear megaton range—may be detonated at or near the more controversial altitude of 500 miles—well within the Van Allen belt of atomic radiation which many scientists fear may be affected seriously by such treatment.

Somewhat dimmed by the spectacular fireworks, two other "firsts" appeared in the American series of bomb tests last weekend. A relatively small explosion—20 kilotons—marked the first nuclear blast in the American atmosphere since the 1958 ban on nuclear tests. Another, set off 650 feet below the Nevada desert, was the first hydrogen bomb ever exploded within the United States. A 100-kiloton push for Project Plowshare—the AEC's search for peaceful uses into which nuclear bombs may be beaten—it was intended as a rehearsal for Project Chariot, the scheme to use a nuclear explosion to dig a ship channel in Alaska. The latter scheme is still delayed because Eskimo fishermen and the Alaskan state government are not yet convinced that a text from Isaiah is adequate protection against radio-active fallout.

A Sunday pause in the tests was filled by the appearance of a report from the Defence Department which held out hope that the 40-odd tests held this year in Nevada may have yielded new and easier ways of detecting explosions beneath the ground. Yet official optimism—that the discoveries might remove a major obstacle to a test ban treaty—seems excessive. More sensitive monitors, such as seismic instruments placed 10,000 feet deep in the earth, might eliminate the disputed international control stations but they would not do away with the on-site inspections seen by the United States as necessity and by the Soviet Union as espionage. While the report had obviously been issued with an eye to the negotiations on banning tests which are to be resumed next week in Geneva, it could also have been intended to reassure the American public who are eager that the tests shall not be extended beyond the two or three months originally suggested by President Kennedy—a period which is almost over.

Sanctions for Teachers

FROM A CORRESPONDENT IN DENVER

LIKE a horse stung by a gadfly, the massive National Education Association has broken from an amble into a trot—and in a new direction. The NEA is the old—this year's convention in Denver was its hundredth—and enormous organisation which has traditionally represented the interests of all professional employees in public education below the college level, particularly those of teachers and administrators. It has always insisted, however, that its obligation extends further, to the well-being of the whole system of education and of the 40 million children in the publicly-financed schools. It has also insisted that its interest is preclusive, that it should be the sole body charged with this great responsibility through its state and local affiliates. Its 812,000 members make it the largest professional group in the world and its budget approaches $9 million a year. It is extremely jealous of the professional status of its members and of its own independence.

The gadfly is the up-and-coming American Federation of Teachers, one of organised labour's chosen instruments for breaking into the growing ranks of professional people to compensate for the attrition—the result of automation and other causes—in the number of production and industrial workers belonging to trade unions. At the latest count the AFT had about 80,000 members, mainly in the larger cities. Its line has been that professional standards may be all right but that bread and butter counts, too, and that the teachers' bread has been pretty thin and spread with margarine. The AFT points out that many other "professionals"—musicians, for example—have not felt themselves sullied by being affiliated to a trade union. It stung not only the massive NEA but the entire American world of public education when its local branch was chosen by the teachers of New York City as their collective bargaining agent in negotiations with the school board and when they then struck for a day last April, something which no one thought could ever happen. Though the strike was ended quickly by an injunction, it proved that the teachers were not only in earnest but also almost desperate.

The NEA is traditionally against collective bargaining for teachers and against teachers' strikes as being both ineffectual and unprofessional. But the more aggressive teachers call the NEA a "company union" and say that its "professional" loftiness has allowed many school boards to avoid doing anything about the demands of their teachers. The secretary of NEA himself pointed out that American teachers are not only paid more poorly than any other professional group, but are also paid less well than such highly-organised workers as plumbers and electricians. Nevertheless, although the NEA appreciates organised labour's efforts on behalf of education, on the agenda of the convention was a warning to the trade unions to stay out of the schools themselves, since the NEA regards these as its own particular province. But if teachers are to be prevented from defecting to the AFT, the NEA must offer its members something to put them into a stronger bargaining position.

A solution was suggested by Dr Corey, secretary of the California Educational Association, when he described the "sanctions" used in that state to send a recalcitrant local school board to Coventry. Notices are given to the press and circulated all over the country through professional channels that educational conditions in the offending district are sub-standard; teachers who might have applied for jobs there are thus warned off and better behaved districts are given notice that the teachers already employed there might be interested in better jobs. Since there are never enough qualified teachers to go round, such action is not without effect. It is only taken after the state Educational Association has investigated the situation carefully and has done all it can to improve it by conciliation. Sanctions mean that local

teachers do not have to act directly against their employers. But the Still Lake School Board in Los Angeles County, against which this final weapon has been used reluctantly but with promise of success, has gone to the state courts to demand an injunction against the sanctions; the case may well reach the Supreme Court.

Several other states have experimented with sanctions but the subject, as such, was not even on the convention's agenda. However, Dr Corey touched off so much discussion that, by means of a handwritten resolution handed up from the floor, the convention was forced to go on record as favouring sanctions where appropriate, and to ask the state and local affiliates of the NEA to help the parent body to work out the procedures for applying them.

Investigations for All

MR ORVILLE FREEMAN, the Secretary of Agriculture, opened with a bold stroke in defence of his sprawling department when he appeared before the Senate committee investigating the Billie Sol Estes case. He insisted on talking about a newer revelation of corruption within the Department of Agriculture: the discovery that in 1959 and 1960 brokers who were licensed to buy surplus cotton for the federal government and to sell it on the open market were buying it for themselves at a considerably cheaper price. As a reward for such candour, Mr Freeman hoped to gain praise for having tried to recoup the government's alleged loss of nearly $15 million in profits and opprobrium for the Eisenhower Administration in whose time the illegal sales had occurred.

But the Secretary was given perhaps more opportunity than he liked to exercise his talent for self-criticism: soon he had also to reveal that two Texan officials had been suspended for illegally selling federal allotments to grow rice—a new product on the scandal list which has now cost at least twelve employees of his department their jobs. Turning the rice case over to the Federal Bureau of Investigation, Mr Freeman went back to his Billie Sol investigators before whom he maintained that he had found the Department of Agriculture in urgent need of reorganisation when he took it over from the Republicans and that he had now cleared all of Mr Estes's helpers out of it. Even that modest claim did not stand long. Several days later, two of the department's employees in Oklahoma came close to tears as they admitted to the Senators that they had accepted $1,640 for helping Mr Estes to obtain cotton acreage allotments in their state.

Despite the efforts of Mr Freeman, the Republicans seem certain to make some political hay for the November elections from the various scandals in agriculture. Yet they may profit even more from a newer investigation just announced by the Senate Foreign Relations Committee. Beginning in August, the inquiry will study the activities of the lobbyists employed in Washington by foreign governments to secure favourable quotas for exporting their sugar to the United States. What will concern the investigating Senators is not the existence of lobbying—a respectable occupation—but its unofficial practice by members of Congress. Already several Democratic names have been bandied about in the press: that of Representative Cooley, the North Carolina Democrat who heads the House Agriculture Committee and who was influential in securing for Guatemala the first permanent sugar quota—20,000 tons a year—that it has ever had, and that of Senator Dodd, a Democrat from Connecticut, who was the registered agent of Guatemala in Washington before he became a Senator. Whatever the political harvest of these investigations, the Administration should win more converts to its belief that the system of sugar quotas not only tolerates, but breeds, graft and corruption and that the present programme for supporting farm prices is criminally wasteful.

Governors in Decline

HERSHEY, PENNSYLVANIA.

THE annual outing of the Governors of the fifty states was held this year at Hershey in Pennsylvania, the home of the chocolate bar. The meeting began sunnily enough with a visit to the Gettysburg farm of former President Eisenhower, who conducted the Governors over the historic battlefield of the American Civil War. But it ended in acrimony and confusion when a single Governor from the South forced the withdrawal of all resolutions opposing racial discrimination and calling for the enforcement of Negroes' civil rights. On other topics also the Governors gave a painful impression of feeling inadequate and nervously irresolute. While they agreed that school prayers and the National Guard (the state-controlled territorial army) should be preserved from the interferences of the Supreme Court and the Secretary of Defence, they failed to agree on any resolution about medical care for elderly persons, although last year most of them supported a health plan for the old to be financed by social security payments. And they backed away from general debate on the redistribution of seats in State Legislatures, which at present is probably the most widely-discussed problem actually facing the states.

Defending his proposal that the states should pledge themselves to combat racial discrimination both by passing laws and by executive action, Governor Rockefeller of New York said rather heatedly that there was something wrong if, a century after Lincoln signed the proclamation that freed the slaves, the State Governors decided that it would be inexpedient for them to talk about civil rights since this might offend Southerners. Mr Rockefeller's statement was dismissed, however, by most of the other Governors as a bid for Negro votes from a Republican who hopes to become President. It is said that few, if any, State Governors permit a day to pass without reflecting on their chances of becoming President of the United States. The Governors' Conference is one place where traditionally they flex their muscles and try out their strategies.

But since 1960 there have been some doubts about whether State Governors really have the best chances of being named presidential candidates. In 1960, for the first time in over half a century, neither nominee had governed a state. Times may be changing, but a trend away from Governors as presidential timber should not be exaggerated. Mr Richard Nixon and other politicians would probably not be aspiring so hard to become State Governors this year if they did not feel that this would be a step towards the White House. Governors are still important figures. They lead their parties in their states, dispense patronage there and are usually the chairmen of their states' delegations at party conventions held at the national level. Nevertheless, a feeling does exist that Governors no longer cast the public image which they used to do and that they have shrunk from national to merely local figures.

Certainly it is difficult to think of most of the current crop of Governors as likely to command national attention. They are harried and uneasy men. They have budgetary troubles and their political mortality appears to be increasing. They are weak executives, enjoying only brief and limited authority. Most of them are confined by law to a single four-year term or else are no sooner elected than they have to begin campaigning in order to be re-elected in two years' time. Some seem to have less power than the political bosses who run their party's state machines or control the chief cities.

Most of the states have financial deficits as well as rapidly growing budgets. They cannot collect taxes fast enough and Governor DiSalle of Ohio maintained last week that, in his state, of every dollar that is paid as a tax 76 cents goes to the federal government and 18 cents to local governments, leaving only 6 cents for the state government. Mr DiSalle persuaded his fellow Governors to approve his proposal that 5 per cent of personal

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Statement of Condition, June 30, 1962

ASSETS

Cash and Due from Banks	$1,695,092,486
U. S. Government Obligations	1,130,944,457
State, Municipal and Public Securities	460,420,407
Other Securities	33,056,509
Loans	2,369,944,394
U. S. Government Insured F.H.A. Mortgages	85,643,594
Other Mortgages	70,090,580
Banking Premises and Equipment	43,883,170
Customers' Liability on Acceptances	192,328,679
Accrued Interest and Other Assets	30,368,430
	$6,111,772,706

LIABILITIES

Deposits		$5,278,419,829
Acceptances		195,822,922
Reserve for Taxes, Accrued Expenses, etc.		51,303,793
Dividend Payable July 2, 1962		5,859,334
Other Liabilities		25,110,873
Reserve for Possible Loan Losses		93,318,875
Capital Funds:		
Capital Stock ($15 Par)	$175,780,005	
Surplus	200,000,000	
Undivided Profits	86,157,075	461,937,080
		$6,111,772,706

U. S. Government obligations and other securities carried at $341,462,288 were pledged for various purposes as required or permitted by law.

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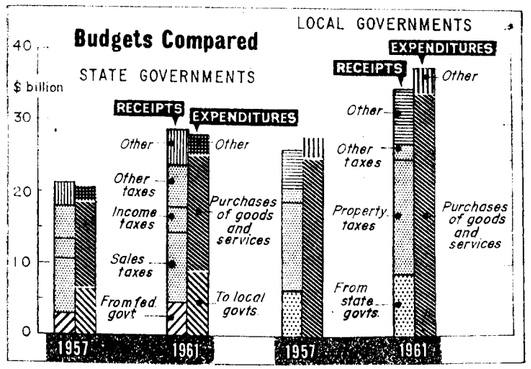
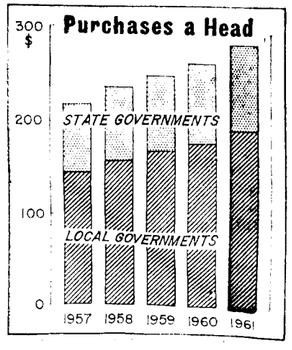


income taxes should be returned by the federal government to the state governments in whose domains they are collected. The state governments are also now in a squeeze between the federal government and the increasingly important urban areas that have been for so long neglected by State Legislatures. The federal government has been showing a disposition to deal directly with the metropolitan regions, by-passing the state governments in the process. Both Governor Kerner of Illinois and Governor Swainson of Michigan admitted at Hershey that rurally-dominated State Legislatures have been cheating the cities by spending most of their time helping the farmers who constitute a dwindling minority of the nation. But the urban Cinderellas may be about to become the American equivalents of the under-developed countries which milk two cows. At present only five states provide direct financial aid to city governments for urban renewal but the number is expected to increase. State payments to local governments are now mainly to help with education, public assistance and roads.

Mr Nixon said at Gettysburg in connection with last week's Governors' Conference that the best answer to the threat of big government was better local government and he chided some State Governors for turning to the federal government for financial help. But General Eisenhower could have reminded Mr Nixon that, when he himself was President, not a single State Governor responded to the virtual invitation that he once extended to them to take back some functions from the federal government. On the contrary, at that time the Governors reversed their opposition to national responsibility for highways after they had learned that the federal government was willing to bear ninety per cent of the estimated $50 billion that would have to be spent.

The experts upon whom the State Governors lean increasingly in these bewildering times have advised them that, in order to exercise what is called aggressive leadership, they ought to create planning units, which will work hand in hand with federal agencies and arrange for inter-state schemes to cope with metropolitan regions which grow across state lines. The experts cheerfully contemplate expenditures totalling $1,300 billion by 1970, to "restore or replace" all sub-standard housing, schools, highways, services, shops and industrial plants. Hitherto State Governors have tended—with some vivid exceptions, not all of them fortunate—to be men who automatically express allegiance to what they call private enterprise and abhorrence of "planning." On the other hand, past experience indicates that they tend to gulp down the bait of federal grants quite happily even when it barely conceals the hook of compliance with federal projects. Certainly, some bolder initiatives than most of the Governors displayed last week at their outing will be required if the state governments are to be the "great centres for political experiment" that Governor Rockefeller forecast so flatteringly and if the suspected decline in the Governors' own authority is to be halted.



Jackpot at the Petrol Pump

FROM A CORRESPONDENT IN LOS ANGELES

THIS spring in southern California motorists patronising the petrol stations of the Wilshire Oil Company, a subsidiary of Gulf Oil, have had a chance to win one of the Ford Falcon cars offered free, every other day of the week, by the company to all who purchase its "gas." This has brought some additional business into the Wilshire stations, but competing oil companies have not stood by idly. Most of them have their own free gift programmes to attract buyers in one of the most fiercely competitive businesses and areas of the United States. In and around the city of Long Beach distributors of Texaco's and Tidewater Oil's petrol are also giving away cars—though not on the scale of Wilshire. At other local stations guessing games are enjoying a vogue. In one the motorist gets his petrol free if his bill comes to a lucky number such as $2.22 or $3.33. Another way the game is played is for the motorist to guess how much petrol he needs, in terms of gallons or dollars. A correct guess means that it is on the house.

Free gifts for the purchase of petrol are no novelty on the American motoring scene. But in the past they have been of very limited value—a free car-wash or free parking. Now gifts in kind involve soft drinks, glassware, gramophone records and toys, including replicas of space craft. Most oil companies also sponsor the distribution of trading stamps which, like those obtained at supermarkets, are redeemable for goods. In California a perennial battle is waged between stations offering Green Stamps and Blue Chip Stamps. Some petrol stations give away stamps or vouchers which the motorist, when he has enough, can use to buy petrol and oil or turn in for cash. Some stations hold regular drawings at which holders of "lucky number" vouchers qualify for free petrol.

Behind the big step-up to free cars lies the increasingly hot competition between the oil companies for the lucrative petrol market in southern California, the largest in the country and one which is growing because of the continuous influx of population. Taxable sales of petrol in southern California came to some 5,750 million gallons in 1961. This year they are expected to rise by 3-4 per cent to more than 6,000 million gallons. But even in this expanding market competition is intensifying. Traditionally, the sale of petrol in southern California has been dominated by a few large oil companies, Standard of California, Shell, Union Oil, Richfield, Tidewater Oil, Mobil Oil and Texaco; between them they do about 80 per cent of the business. However, their dominant position is being assailed, not only by Wilshire, but also by Signal Oil and Gas, Douglas Oil (a subsidiary of Continental Oil) and Standard of New Jersey. Its subsidiary, Humble Oil and Refining, is busy establishing outlets under the Enco sign. Last year the struggle between these many competitors erupted into petrol price-cutting "wars" which made all the motorists in southern California happy. Now prices have been stabilised and the luck of the draw decides who hits a jackpot.

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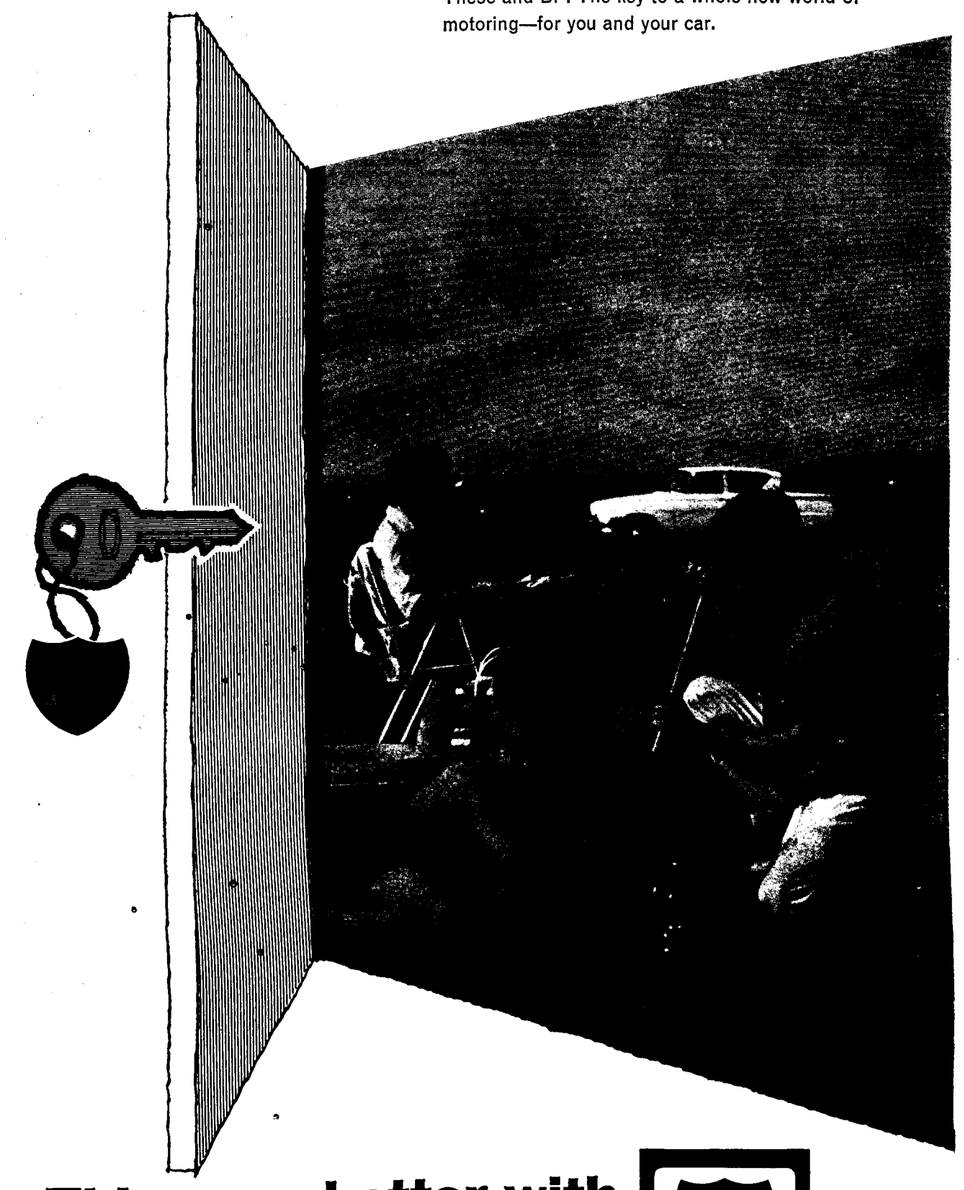

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THE ECONOMIST JULY 14, 1962

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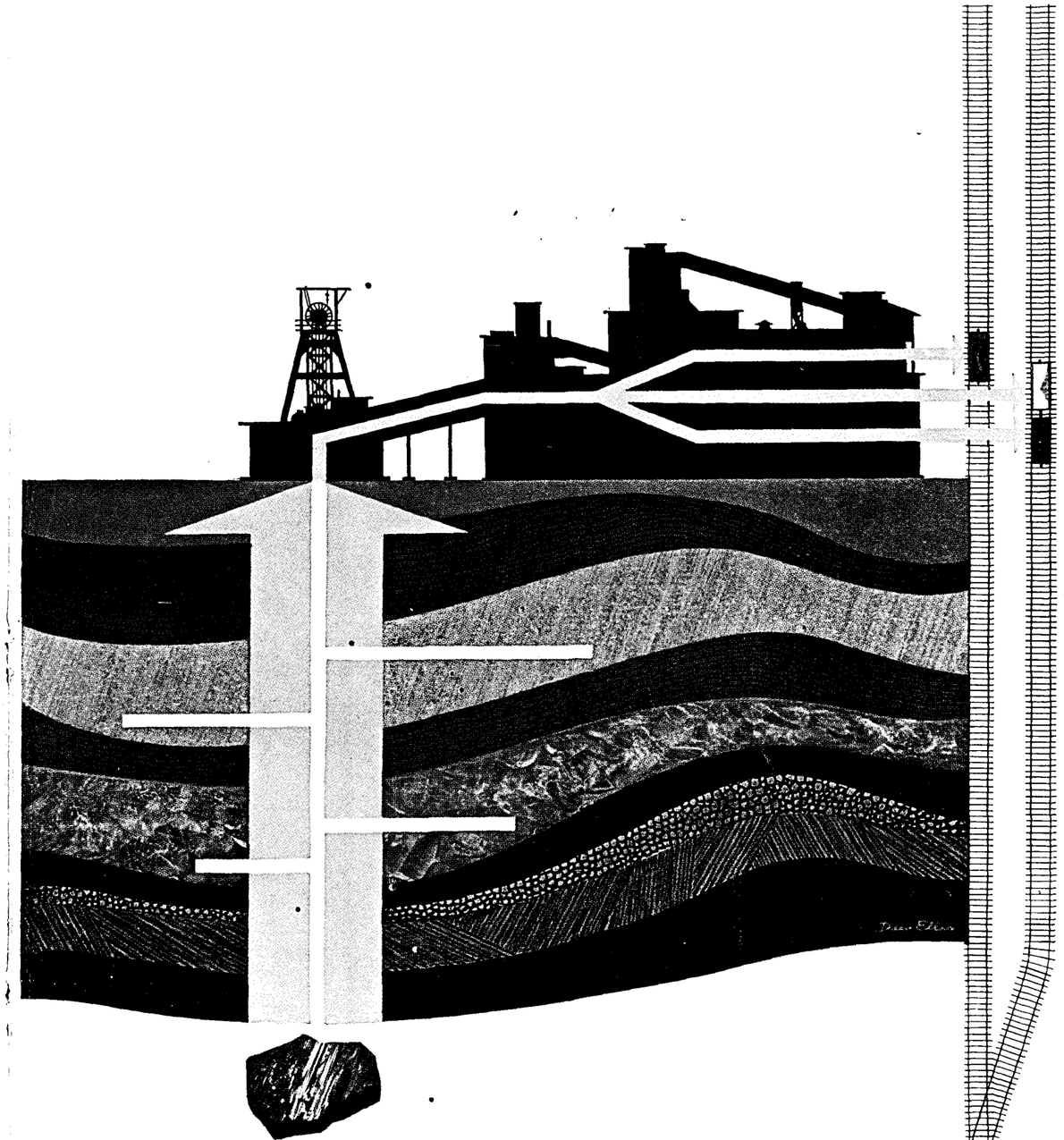

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THE WORLD OVERSEAS

The Maudling Cement Mixer

FROM OUR CORRESPONDENT IN NAIROBI

DURING his visit to Kenya last weekend Mr Maudling was aptly referred to in one Nairobi paper as "the cement mixer." Certainly the Colonial Secretary succeeded, in five brisk days of talks with ministers and officials, in laying the first visible line of bricks on the structure of an independent Kenya government since the Lancaster House conference ended in April. He has probably inspired the local politician-builders to work faster by themselves, but his visit emphasised what a slow construction job it is likely to be. Mr Maudling said that enough agreement had now been reached to start drafting the constitution whose framework was sketched out at Lancaster House, but elections under the constitution would not be held until next year. Most Kenyans calculate that this means their country will not be independent before 1964.

Mr Maudling seems to be in two minds about the timing of Kenya's advance. He said this week that he wanted the general elections "as soon as possible in the interests of public order and of the economy." On the other hand, he sees some usefulness in the present foggy period during which the rival parties—Mr Kenyatta's National Union and Mr Ngala's Democratic Union—are carrying on a coalition government while some of their supporters have (whether in mimicry or mockery it is not clear) formed a "coalition opposition." It is useful, he believes, because the rival leaders are working harmoniously as ministerial colleagues; but since the coalition is not achieving its main purpose of creating national harmony, and the parties' rank and file are already manœuvring for the election battle, there seems little point in prolonging this period.

What Mr Maudling mainly needs time for is the transformation of Kenya from a centrally run colony into a federal state. It is part of his astute tactics never to mention the word "federal," but his entrenchment in the constitution of the powers of the six regions leaves no real doubt what form of government he intends Kenya to have. He is, however, aiming at a tightly knit federation. His suggested solutions on the outstanding points of party difference—which may later reappear as impositions if the parties cannot soon agree—place secondary education under the regions, but health and the control of labour under the central government. He rejected Kadu's demand that each region should have its own public service commission. He could hardly do otherwise, for it would have been impossible to recruit good staff (whether expatriate or local) for such penny packet administrations, and he is anyway concerned about a possible breakdown in the country's administration after watching the unexpected speed at which expatriates have left Tanganyika. The day after a futile walkout from the talks, Mr Ngala accepted the Colonial Secretary's plan for a central pool of public servants, controlled by an independent commission, from which each region can draw.

With equal disregard for precedents and by a remarkable act of persuasiveness Mr Maudling has got Kanu to agree that control of internal security should remain the Governor's responsibility until independence, instead of passing to the elected ministers when self-government is reached. Kanu leaders like Mr Tom Mboya, who has battled with industrial troubles from the moment he became labour minister, may have reasoned it was best to leave to the Governor for as long as possible the taking of inevitably unpopular decisions over security. Nevertheless, it is a notable concession by the party that can expect to control the next government. It would be ascribing too altruistic motives to politicians to suggest that Kanu made this concession for the same reason that Mr Maudling had planned they should—the reassurance of the minority tribes and races. The result at any rate should be a quietening of alarms among the white farmers and Asian traders as well as the pastoral Kadu tribes.

The more substantial assurance that Mr Maudling gave to the white farmers, however, was an undertaking that Britain would finance the purchase of one million acres of mainly mixed farming land. Some Europeans reacted by complaining that there was still not enough urgency in a scheme that was spread over five years, but it is such an advance on the previous resettlement plans covering only 350,000 acres that it won immediate approval from Lord Delamere, the president of the farmers' union. Despite the weighty alliance of Miss Perham and Mrs Huxley in a letter to *The Times,* Mr Maudling is even now unprepared to accept for the British Government the obligation to buy out all Kenya's white farmers who want to leave. The buying of the million acres, he explained, was primarily intended to ease the problem of the landless Africans. However, the outlook for the mixed farmer has definitely been brightened.

Much still remains to be done. The resettlement schemes even in their modest beginnings which have so far seen the transfer of 200,000 acres, have been plagued with technical problems. The chairman of the new central land board will need to solve not only larger problems of this kind but also face the political question of whether the danger of Kikuyu landlessness is so great that they must be settled on land in the Highlands claimed by other tribes. Until now this question has been dodged, each tribe being allowed to advance separately a little way.

The appointment of the chairman of this land board, the setting up of fiscal and boundaries commissions, and the commission to discover whether the people of the northern frontier district want to stay in Kenya or secede to Somalia, have all hung fire for three months. Mr Maudling's explanation is that eminent commissioners are busy and elusive people. But these matters are as urgent as any work that might keep the commissioners away from Kenya. All races here hope that the brisk Mr Maudling will very soon be followed by the arrival of these groups of wise men bent on hurrying to complete a weatherproof structure for a people who have known enough storms already.

Which Horse in Algeria?

FROM OUR PARIS CORRESPONDENT

IF the intention of the French government had been simply to disentangle itself from Algeria so that General de Gaulle could devote himself to other tasks, the target would now be well in sight. But the French authorities had other objectives as well. They wanted to preserve French economic—and strategic—interests in North Africa. By slowing down the transformation of Algeria they hoped to prevent a mass flight of the European population across the Mediterranean. It is this second part of French policy which is now under serious threat.

Until the moment of independence things looked almost too good. Despite the French failure to suppress the Secret Army, the provisional government headed by Mr ben Khedda stuck strictly to the terms agreed at Evian. In Algeria the provisional executive, with the moderate Mr Farès at its head, was carrying out the transition in a conciliatory fashion. People in Paris were beginning to conclude that General de Gaulle had achieved by making peace what he had failed to obtain through war, the emergence of moderate nationalism. Just when the vote on independence was imminent, it was revealed in a startling way that the nationalist leaders were deeply divided. If Mr ben Khedda had a majority in the government, the opposition had a majority in the Council of the Revolution; it also had the support of the bulk of the guerrilla army and a leader with tremendous prestige—Ahmed ben Bella.

When the conflict thus burst into the open, it seemed for a brief spell that the French authorities would come to the rescue of their partners in negotiation. At Mr ben Khedda's request, the French forces were going to keep the frontier of Algeria sealed so as to keep out the Algerian troops stationed in Tunisia and Morocco and known for their backing for Mr ben Bella—and their admiration for Dr Castro. The provisional government of Mr ben Khedda and the provisional executive of Mr Farès were to be amalgamated. M. Chevallier was to join the new team so as to reassure the European business community. France, instead of waiting, as agreed, for the result of the Algerian elections, was to recognise the new government. Its allies would follow suit. Mr ben Khedda, first back in Algiers amid popular acclaim, could thus consolidate his position and face his rivals with a *fait accompli*.

But none of these things happened. Both sides realised the dangers of such open collaboration. Ben Khedda realised that if he were to be accused of "collusion with colonialism" he would be stripped of popular support. The French government decided that it was too risky to put all its money on a potential loser. And so events did not follow the pattern forecast in Paris. Algeria's frontiers were opened. The provisional executive and the government returned from exile continue their legally quaint co-existence. The French ambassador presented his accreditation to Mr Farès, not to Mr ben Khedda. French troops, still some 300,000 strong, did not interfere in Algeria's struggle for power. The balance, as seen from here, has begun to shift in ben Bella's favour.

That French sympathies, like Mr Bourguiba's, go to Mr ben Khedda and his colleagues is obvious. It is enough to glance at the French papers contrasting the wise realism of ben Khedda and his associates with the revolutionary romanticism or adventurism of his opponents. Mr ben Khedda is presented on the French left as Robespierre faced with his own *enragés*. Religious, nationalist and regionalist factors, as well as the absence of clear political platforms, make it difficult to divide the conflicting factions on classical political lines, but there are some clues to their behaviour. Mr ben Bella draws part of his support from a guerrilla army of land-hungry peasants eager for rapid reform. Its officers, quoting Castro, proclaim that the popular army's revolutionary task has only begun. They protested against the deal with the Europeans in Algeria not only because it whitewashed people like M. Susini, but because it reintroduced into the political circuit such liberals as M. Chevallier. Mr ben Bella asserts that he stands by the letter of the Evian agreements, but he is less likely, at least for the moment, to stick to their spirit of economic collaboration than ben Khedda, Saad Dahlab and Belkacem Krim, the chief Algerian inspirers of that pact.

The French government is still banking on economic co-operation. This is illustrated through the choice of the first French ambassador, M. Jeanneney, a distinguished economist who entered politics only in 1959. But as minister of industry in the Debré government, he had to deal with both the Constantine plan and Sahara oil, the two economic levers by which the French hope to influence the course of Algerian politics. He is eminently suited to pursue a policy which its advocates call liberal and its opponents "neo-colonialist." There are, however, difficulties. One is the vacuum left by the departing Europeans. True, the rate of departures has slightly declined since independence. It is still very high. Many Europeans are going to France for a while; they will watch events and make up their minds. Their absence is a factor in the equation, all the same. Not only are their empty villas and shops a temptation, but the resulting administrative chaos, economic standstill, commercial contraction and unemployment may force the Algerian authorities to embark on more radical courses than they originally contemplated.

The other difficulty is the internal Algerian struggle which is likely to push the new Algeria towards radicalism, whatever its outcome. The Algerian masses may be thirsting for peace, but like all peoples at the moment of liberation, they expect change. Visible change in Algeria must involve encroachments on European privileges. Bidding for popular support, both sides in the struggle for power are obliged to take this mood into account. The moderate, gradualist foundations of the Evian agreements may well be shaken in the process. The French government is watching the rapidly changing situation with anxiety; while watching, it holds to the maxim that economic aid has reasons that nationalist leaders understand.

Le Grandes Manoeuvres

FROM OUR PARIS CORRESPONDENT

Nothing was spared to surround the celebration of the Franco-German reconciliation with a maximum of pomp. The climax of Dr Adenauer's visit to France was reached on July 8th at Rheims. The war-scarred cathedral, with its famous smiling angel, was the chosen place in which the Church gave its blessing to the secular alliance. The President and the Chancellor sat by the altar facing the archbishop. If the stage setting in the cathedral, and the music of the organ, were made for T. S. Eliot, the scene at Mourmelon during the military parade earlier in the morning, suggested Eisenstein and the Teutonic Knights. The heavy tanks with the German cross and the lighter French vehicles came out of the dust in close succession, for once moving together and not in pursuit.

The roar of German tanks still has fairly fresh associations for Frenchmen of a certain age. But the parade contained other lessons. It was opened by the slow march of paratroopers from the 11th *division légère d'intervention*, a unit created out of three awkward divisions after last year's April mutiny and promptly removed from Algeria. These fighters from the djebels, marching in front of tanks, were a visual illustration of the French army in transition from the colonial to the European era. General Massu, no longer in battle-dress but in parade uniform with white gloves, symbolised both the change and the continuity.

But symbols are not all. For the first Franco-German military parade to have a popular impact, the public would have had to be admitted. In fact the only unofficial guests at Mourmelon were the journalists. In the end, the organisers decided that the sight of German uniforms was unlikely to rouse local enthusiasm. Yet, even in those parts of Dr Adenauer's French tour where the public was admitted, its response can hardly have delighted the stage-managers. What was true of Rheims had been equally true at Rouen and Bordeaux. Dr Adenauer does not draw French spectators as Mr Khrushchev does. If the counter-demonstrations were sporadic and unimportant (admittedly, with the exception of Paris, the towns visited contained no communist strongholds), the popular reception was at best one of courteous indifference.

It is in boardrooms and stock exchanges, and in the secrecy of ministerial cabinets, that the links between France and Germany are really being forged. What matters is what the two main architects of the Franco-German alliance decided in their private talks in the first part of that week. By all accounts, the relations between the two elderly rulers were exceptionally friendly—and not only during the official functions, when host and guest predictably flattered one another. In their private talks Dr Adenauer apparently did not insist on discussing nuclear forces, the one awkward topic about which his French and American allies are clearly divided. The German reason for this discretion is that the French nuclear force will not be operative for some years and, in the meantime, the whole issue will be raised from the French to the European level. It was therefore regarded as unnecessary to antagonise the French, whose support over Berlin remains so useful. Berlin and the German question figured prominently both in the talks and in the two leaders' final statement.

Paris: State and Stage

One point in the statement which attracted attention was the "hope," expressed jointly and publicly by the two men, that the Brussels negotiations would provide a solution to "the problems raised by Britain's application" to join the common market. It was greeted with the more satisfaction in British quarters since the President, and more recently the Chancellor, had not appeared markedly keen on Britain's entry into Europe. The satisfaction, however, was tempered by the simultaneous announcement that the Six ought to bring to a conclusion, "as soon as possible," their negotiations for a political union. A sneaking suspicion arose that economic hurdles may be lowered because political hurdles are being set up further down the track.

Here, in Paris, the French reject such suggestions. They disclaim any interest in the rather curious idea—which some people here attribute to Herr Schröder's entourage—of letting Britain into the economic communities, while leaving the question of its participation in political institutions unsettled. Indeed, French officials argue that the current haste to achieve a political union is not of their making. True, the scheme of European political union known as the Fouchet plan was of gaullist inspiration, but, bitten by M. Spaak's veto on April 17th, the general has apparently kept shy of the subject since then. The French say that the prompting this time came from Rome and Bonn. Dr Adenauer, wanting to get results while he is still in power, is seemingly in a great hurry and suggested that a conference of the heads of government of the Six should be held this month. It was finally agreed to explore the ground through diplomatic channels and, if the soundings are good, hold the meeting in Rome, possibly in September.

Contradictions reappear when the timing of Britain's entry is raised. On the one side, it is asserted that by the autumn it should be quite clear whether Britain is going to join the common market. On the other, it is being argued that it will take a long time, until 1964, before the agreements are ratified; and this is given as the reason why the Six must proceed with their political negotiations in the meantime. If the time lag were due exclusively to procedural matters, there should, on the face of it, be no objection to Britain's joining the political talks or at least, as Herr von Brentano has suggested, being represented by observers. When the advocates of European integration argued in the past that the Six should erect their political institutions before Britain's entry, their aim was obvious: to establish the principle of supranationality, to which Britain would thus be committed. But this cannot be the gaullist objective. The French claim that the British suspicions are really groundless; but the discrepancy between the economic and the political timetable leaves uncertainty in the air.

This uncertainty surrounds not only European politics but the Atlantic alliance, its strategic premises and its future shape. The European partners of the United States—who are also its competitors—are jockeying for position in the bigger interdependence stakes. The Paris talks, the Rheims blessing and the Mourmelon parade are merely episodes in the major western manoeuvres now in progress.

Diffident Dr Amini

FROM OUR CORRESPONDENT IN TEHERAN

Persia's financial woes are more than ever apparent in the battle of the budget now being fought between the country's young economists and its old guard politicians. The fiscal year began on March 21st, but the budget became four months overdue as planners struggled to reduce a proposed deficit of $160 million to some less staggering figure. Going at their task with a butcher's axe, the planners this week came up with a proposed deficit of, ostensibly, about $60 million.

The cuts were not easy to make. A programme of economic austerity has not prevented the government's own operating expenses from shooting up. Revenues have been lower this year, import restrictions and a business recession having sharply reduced the expected tax and customs returns. And the government is still plagued with an over-inflated civil service whose salaries and pensions eat away at the money. Individual ministers and army chiefs have been reluctant to accept cuts in the appropriations they originally requested. Two ministers have offered to resign rather than comply with the budget reductions, and army chiefs have not been happy about the rejection of their proposal to increase army pay by a quarter.

The army budget has been quarrelled over—but not in public. At present the army, with its 200,000 men, gets about 28 per cent of the ordinary budget. When development spending is included, its share is 18 per cent. On top of this the army last year received a grant of $15 million from the United States and another $9 million transferred to it from a procurement fund. Further cash assistance to the army from the United States is highly improbable—or at least this is what the Shah appears to have been told when he went to Washington in April; and this has made it difficult to resist army demands for an increase over last year's appropriations. But the debate about the army's budget has not been about the amount of money it needs to maintain its strength. The army in recent years has gone in for large-scale barrack-building and for investment in factories which, the government planners say, are far from necessary. It is extravagance such as this that they wish to prevent in all government departments.

While arguments of this nature continue, austerity is, willy-nilly, being forced on the government. With Washington restricting its aid to development assistance, the budgetary support, which last year amounted to $44 million, will not be available this year. Over the next twelve months, the government must pay back nearly $100 million in foreign loans, and few of these payments can be deferred. Persia is to begin in September its third development plan which is scheduled for completion in five and a half years (it officially ends in December 1967). The plan calls for a total investment of $2,500 million in the public sector, of which between $800 million and $1,000 million must come from foreign loans. The government has been hoping the World Bank would sponsor a consortium, on the

lines of those that are helping to finance development plans in India and Pakistan. But foreign lending on such a scale is unlikely if the budget deficit is too high, and the Persians will also have to demonstrate greater willingness to mobilise their internal resources if they are to win World Bank support.

It is here that the prime minister, Dr Ali Amini, has yet to be firm. Despite repeated promises, the premier has done little to make the tax dodgers pay their due. An increase of no more than $3.5 million in revenues from direct taxes is expected this year. Nor does the prime minister favour new taxes; in particular the government has shied away from a proposed tax on the salaries of civil servants, who at present do not pay any income tax. Plans to cut down the size of the civil service have materialised on paper, but nowhere else. Without this and other administrative reforms, many of the budget cuts are bound to remain unrealised. The Persian government still spends more than $1.60 on day-to-day expenses for every dollar it spends on development.

Dr Amini may be underestimating his own power to push through the economic changes that are called for. His government last year did a good job in checking inflation (the cost of living had been rising steadily at the rate of at least 5 per cent a year) and in imposing strict credit and monetary controls. These measures brought to an end three years of hectic speculation, the wastage of foreign exchange on luxury and other consumer goods, and a bubbling but false prosperity. By the end of the year the government had managed to reduce its debt to the International Monetary Fund by $30 million. But Dr Amini has had to accept the bad with the good during the inevitable aftermath. Business confidence fled, unemployment rose, the rate of investment sank, and construction slowed down. His immediate task now is to raise the $100 million in foreign loans that will be needed to finance development projects over the next year. His chances of success depend largely on the courage and determination with which he insists on the internal reforms that would clear the way for foreign help.

Saskatchewan's Medical Battle

FROM A CORRESPONDENT LATELY IN CANADA

THE memory of the Saskatchewan doctors' strike, including the episode when Royal Canadian Mounted Police were ordered to protect the doctors of Swift Current from angry citizens, will last to shame all sides for some time. Mixed with the shame are some consolations. The 930,000 people of Saskatchewan have the only socialist provincial government in Canada, and they are used to setting the pace for the whole country; their leaders are confident the other provinces will soon be following, if more cautiously, in their path. Of all social reforms, health schemes are acknowledged by every party (except the Social Credit party which acknowledges virtually nothing in this field) as being the most urgent legislation.

Newcomers from Britain may find the present fuss in Saskatchewan hard to understand. The British health service is more radical and comprehensive than the Saskatchewan scheme. And because the measure is being placed on a fee-for-service basis, instead of a capitation plan like the British, energetic doctors can expect to be better paid under the scheme than they were in private practice (where they have been able to collect only two-thirds of their fees). In a late concession the Saskatchewan premier, Mr Woodrow Lloyd, made it clear that doctors could continue to practise outside the scheme, and he removed from the Act two clauses about the administrating commission that the doctors said were most objectionable.

The government has shown itself conciliatory, but the doctors have refused to compromise, or to work the modified scheme. Some patients assert that the doctors, despite their denials, are fundamentally opposed to surrendering their freedom to set their own scale of fees. Others are sure that the basic reason is more political than material: about a hundred of Saskatchewan's 750 private practitioners call themselves "fugitives" from the British health scheme, and a correspondent of the Toronto *Globe and Mail* declared that the doctors saw themselves as "shock troops" in the front line of the battle against socialist tyranny. They have offered, as an alternative, suggestions for the extension of the present private and voluntary insurance schemes, without saying clearly how these could embrace the most needy.

The government made one big blunder in not stating clearly, at an early stage in the two years of negotiations, that private practice could continue. It has not yet fully retrieved this mistake; the assurance to private practitioners is only contained in an Order-in-Council. Not until after the strike began did Mr Lloyd offer to call a special session of the legislative assembly to amend the Act properly; until then he had seemed prepared to leave the amendment pending for eight months.

Doctors out: Regina General Hospital

The doctors' mistrust of this procedure gained them public sympathy, and they found further encouragement for their opposition in the Liberal and Progressive Conservative parties' attacks on them at provincial by-elections and last month's federal elections. They interpreted the 20 per cent drop last month in the New Democratic Party vote in Saskatchewan as evidence that the whole province was adamantly opposed to the scheme. They did not see this decrease as part of a national trend of rising opposition to whichever party held power provincially.

In the last days of negotiations and the first days of the strike the doctors' tactics were badly at fault. They demanded total repeal of the Act before they would call off the strike, while Mr Lloyd argued that the scheme could not be delayed because for the last six months people had been paying sales tax and increased income tax to finance it. The father of a child, who died of meningitis after being rushed to two towns where doctors were "not available", put the blame on Mr Lloyd. But public opinion predictably swung against the doctors on general grounds. The arrival of the first of 52 doctors from Britain and 100 promised as replacements from elsewhere in Canada further weakened their stand. The comment of one of these British doctors—"All I can say is I couldn't strike"—was worth many political speeches to Mr Lloyd.

The dispute will have harmed the province's health services by driving away some talented physicians and surgeons. But the damage will not be as great as some medical propagandists have maintained; this prairie province is accustomed to a 20 per cent turnover of doctors in a normal year. The harm may even be more than outweighed by the benefit to the rest of Canada of rubbing the rough edges off health reform legislation. Mr Diefenbaker earned credit for introducing a federal hospital insurance scheme, but this trail had been blazed by Mr Tommy Douglas in Saskatchewan years before. The Ontario authorities

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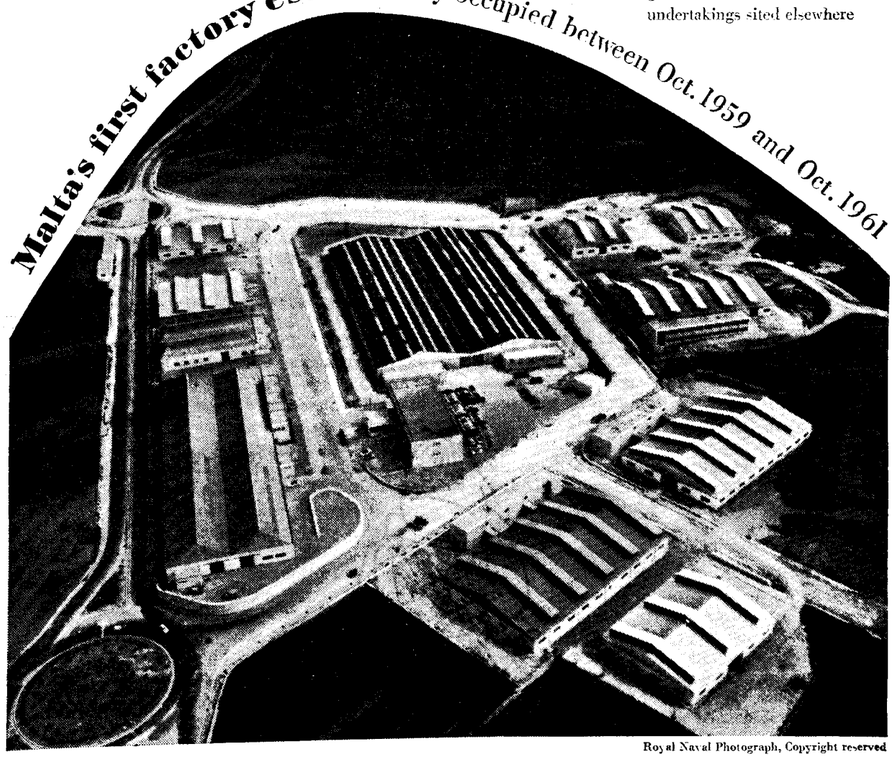

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are planning a drug insurance scheme, and both main parties will find their electoral commitments to some extensions of the health services hard to dodge if the Saskatchewan venture finds an even keel. And who knows but that American journalists, crowding into Regina to report on chaos and not finding it, may not end by bringing American opinion round to the need for some such reforms as these?

Progress Towards Malaysia

FROM A CORRESPONDENT IN SINGAPORE

WITHIN the next two months final and irrevocable decisions are likely to be made about the formation of a Malaysian federation. Mr Lee Kuan-yew, the prime minister of Singapore, confidently repeats that it will be born before June, 1963, and Tunku Abdul Rahman, the Malayan prime minister, has made no secret of his wish that Malaya's next National Day on August 31st shall become a Malaysian Day. If the formal declaration is made on August 31st and becomes a constitutional reality by June, 1963, they may well both be right.

The Cobbold Committee, set up to assess what people in Sarawak and North Borneo felt about joining Malaysia, presented its report to the British and Malayan governments last month. The report has not yet been published, but it is known to be unanimous and is assumed to have found a majority in favour of joining a Malaysian federation. The Tunku has said that less than 20 per cent, and these the immigrant rather than the indigenous people, oppose a Malaysian federation if it is brought about quickly. Next week he is going to London for talks, and a delegation from Brunei, as well as Mr Lee Kuan-yew, have been having talks with him in Kuala Lumpur. Since the Malayan government has made it clear that a "satisfactory basis of discussion" must be agreed upon before a visit to London, it can be assumed that among the governments concerned there is no major obstacle to an agreement.

Whether the pro-communist Sarawak United People's party will resort to violence to keep out of Malaysia seems doubtful in face of the odds suggested by the Cobbold report and the dangerous communal implications of such action. Thus, with time running short, Singapore becomes the only territory in which Malaysia can be frustrated by constitutional means; but the tone of recent political controversy suggests the last ditch of a defensive battle.

On July 6th, after eight days of midnight sessions, the Referendum Bill, which will allow the electors to pronounce on the issue of Malaysia, was passed by a majority of 26 to 18 in the Singapore Legislative Assembly. The debate was bitter, personal, highly emotional and even minatory, as the opposition failed to frustrate the government or defeat it on any clause at any stage. The opposition was led by Dr Lee Siew-choh of the Barisan Socialis party, Mr Ong Eng-guan of the United People's party, and Mr David Marshall, a former chief minister of Singapore before self-government, who, in effect, is the Workers' party. But another former chief minister, Tun Lim Yew-hock (whose political stock even his rivals on the opposition benches agree is rising), and the members of the Singapore People's Alliance and the United Malays' National Organisation, voted with the government to give it the parliamentary authority to carry through the merger. This was even more important when the government lost its absolute majority of one after the resignation of Mrs Hoe Puay-choo from the People's Action party on July 2nd; she is a founder member and a member of the party executive. She has not joined any of the existing parties, whose overtures she publicly spurned, but now sits as an independent. The government has yet to face a no-confidence motion, but further defections are unlikely.

Opposition has concentrated on the form of presenting the question in the referendum; and on the provision that blank votes shall be counted as if in favour of the White Paper proposals that have been negotiated between the Malayan and Singapore governments and ratified by a two-thirds majority in the Singapore assembly. The most bitter epithets have been reserved for this clause 29. It was added to the Bill only after the second reading, when the Barisan Socialis party sought to safeguard the right to deface voting papers or leave them blank. The government saw this as an indication of a communist-inspired campaign to wreck Malaysia through the referendum; it therefore introduced this clause to frustrate the scheme.

The issues have been debated outside the assembly on Radio Singapore, at the two universities, at dinner tables and in coffee shops. The trade union group associated with the Barisan Socialis party have set up a civil rights committee. They have called it by the same name as the group which precipitated the riots of 1956; they have appealed to the same united front of student, old boy, cultural and peasant organisations, and have even sought to hold their meetings in the same trade union premises into which the police had to break in 1956 to arrest the leaders. A memorandum of protest which they sent to members of the assembly led the infinitely patient Speaker to warn them that "influence by veiled threats" constituted a grave breach of privilege. Five political parties are also trying to form a council of joint action, again harking back to the title of the group which in 1946-47 led the opposition to the Federation of Malaya proposals.

Neither of these groups has been allowed to hold meetings, but existing parties and organisations have not been deprived of their

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legal right to do so. There have been recurrent threats to the government that if it frustrates the opposition it must take the consequences. Nevertheless, the fact that in spite of all the wild talk official action to prevent the holding of illegal meetings has not been resisted indicates that these groups are not prepared to risk the consequences of unconstitutional action. This is a significant change from the tactics of 1956, when similar illegal action could be glamourised as anti-colonial. Moreover, the self-conscious revival of the past allows the government to argue convincingly that the same outcome as in 1955 and 1956 must be intended—and prevented. As a final gesture the opposition members of the Legislative Assembly and the council of joint action have appealed to the United Nations against the British and Malayan governments, under the UN's anti-colonial resolution of 1960, on the ground that the Referendum Bill will not allow the "free expression of opinion"; they have asked that a UN observer should come to Singapore.

The government, however, remains in power, and with the sort of Referendum Bill that it wants. The prime minister has said that he will fight and fight and will win the last battle. The referendum presupposes a wish for a Malaysian merger, and an alternative association with Indonesia would clearly not compensate Singapore for its exclusion from a state that will include its traditional economic hinterland in Malaya and the Borneo territories. On referendum day it is likely that the White Paper, with its proposals for partial autonomy, will prove at any rate the least unacceptable. In these circumstances violent opposition before, during or after the referendum seems unlikely. This has been a game of political and diplomatic chess and unless someone kicks the board Malaysia should emerge as the winner.

The Dimitrov Legend

BY OUR SPECIAL CORRESPONDENT LATELY IN SOFIA

After the 22nd Soviet party congress last October the Hungarians were making ironical cracks about the uncertainties of being buried in a mausoleum. Stalin had been removed from his, and the Czechs were talking about following suit with Gottwald. The Bulgarians, on the other hand, neither then nor since, have ever shown the slightest intention of disturbing Georgi Dimitrov, who lies, a waxen figure dressed in a tidy dark suit and guarded by two motionless soldiers, inside his small mausoleum that faces September 9th Square in the centre of Sofia.

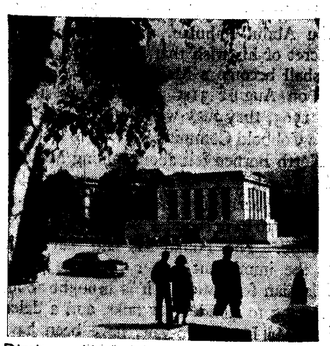
Nor are the Bulgarians at all shifty, surreptitious or diffident about their embalmed hero. Enormous official wreaths flank the entrance to his mausoleum. When it is open, for instance, on Sunday afternoons, organised parties of school children trail through in a fairly steady stream; there is also quite a respectable trickle of the general public. Bulgarian communists like to refer in public to their central committee as "Dimitrov-like." The eightieth anniversary of his birth was celebrated on June 18th with huge rallies and meetings. Like Lenin, in short, Georgi Dimitrov—the hero of the Reichstag fire trial, and the secretary-general of the Comintern—is apparently too exalted a figure in the international communist movement to be touched by the current campaign against the cult of personality. In any case, as the Bulgarian central committee emphasised in its resolution on the 22nd Soviet party congress, "any equation of the prestige of a leader with the cult of personality is not only incorrect, but harmful. . . ."

Dimitrov enjoys the prestige of a leader, but in death he has become a controversial one; no-one knows for certain what he really stood for in the last years of his life after he had attained supreme power in his own country. He behaved like a devoted disciple—some would say a stooge—of Stalin. He ruthlessly got rid of all his non-communist political opponents, and made his country into a pilot project for a people's democracy along the lines laid down in the Kremlin. In his long theoretical exposition of popular democracy at the fifth congress of his party in December, 1948, he stressed that he had received Stalin's "personal advice and guidance."

Yet he also fell foul of Stalin. In his discussions with the Jugoslavs about a federation between their two countries, he showed too much independence of Kremlin control. He also pushed his ideas further than Stalin liked. When he publicly said that the eventual goal was a federation of all eastern Europe, plus Greece, *Pravda* on January 28, 1948, angrily rebuked him. Dimitrov recanted abjectly, thanking *Pravda* for its "valuable and useful warning." After the Jugoslavs had broken with the Cominform he denounced them as agents of American imperialism and so on.

But some people, including the Jugoslavs, believe that Dimitrov would not have been so abject if he had not been a sick man. They claim that he was worried about his country's growing dependence on Russia and wanted to counteract this through some form of Balkan federation (the Jugolavs never managed to agree with Dimitrov on the exact form this should take). Dimitrov was certainly sick. He was eventually carried off to a Russian sanatorium where he died in somewhat mysterious (the Jugolavs would hint sinister) circumstances in the summer of 1949. But although his death may have been a convenience to the Russians, they did not deprive him of his posthumous glory. At his funeral Stalin himself took his place among the guard of honour, and Dimitrov's successor, Vlko Chervenkov, made a speech carefully modelled on Stalin's funeral oration over Lenin's corpse 25 years earlier.

A Dimitrov legend was thus created and allowed to persist. On the 80th anniversary of his birth, last month, tributes were



Dimitrov Mausoleum

paid to Dimitrov not only throughout the Soviet block, but in Belgrade and Tirana, too—although not always for the same reasons. For the Bulgarians themselves, it was quite simple; they praised him for his part in bringing their party to final victory and for his "merciless struggle against any deviations from Marxism-Leninism." In Moscow Mr Kuusinen said with, no doubt, unconscious irony that Dimitrov's great virtue was his "political flexibility"; he also pointed out that the Bulgarian leader had strongly criticised those who maintain that war is inevitable. In Budapest *Nepszabadsag* said that Dimitrov had criticised "some negative features of the Stalin cult." In Tirana, *Zeri i Populit* reminded its readers that Dimitrov, "a disciple and intimate collaborator of Stalin," had praised the Albanian communists and their present leader, Enver Hoxha, and in December, 1948, had denounced "the present traitors of the Jugoslav communist party." And in Belgrade *Borba* claimed that Dimitrov had always advocated collaboration between Bulgaria and Jugoslavia.

As with all legends, the origins of Dimitrov's are by no means completely clear. This, however, helps it to provide something for everybody; and his memory is kept green by those who find in the obscurities of the myth fresh ammunition with which to prosecute their mutual feuds.

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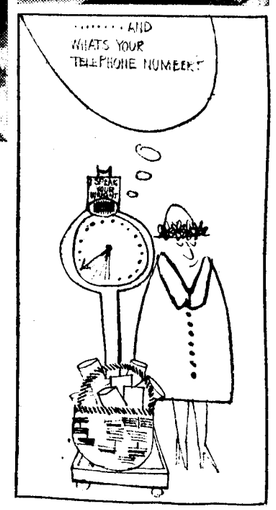

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THE BUSINESS WORLD

A Turn in Gilt-Edged?

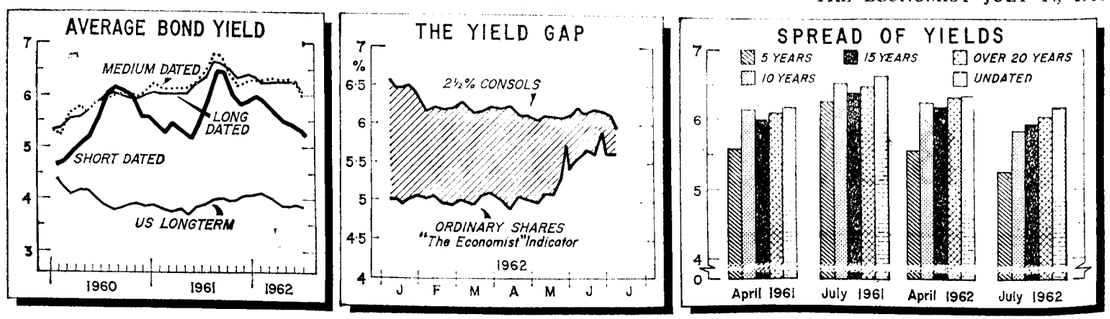
THERE have been too many disappointments for holders of British Government securities through the inflationary fifties and the disinflationary sixties to make them accept the recent strength of gilt-edged as something that is bound to last. After a fairly severe shake out in the ordinary share market from end-May onwards, there are still more private investors, probably, who would take their chance with a property share yielding 2 per cent than with a 25-year stock yielding 6¼ per cent. But within the extremes of virtual distrust of fixed-interest securities and unflinching confidence in the prospects for equities, a deeper change in thinking about the relation of fixed-interest stocks and ordinary shares is taking place. The emphasis is shifting towards the possibility of a further, and maybe sustained, rise in gilt-edged, though not of the heady character of last week's. And it is shifting away from automatic assumptions about growth and inflation as the twin supports for equities, for growth does not guarantee comparable growth in profits and, just conceivably, inflation-free government policies may be here to stay in the western world for quite some time.

None of these is a closed issue, and investors are not in any mood to regard gilt-edged as "in" and equities as "out." Equities have made a useful come-back this week on Wall Street's improvement in response to relaxed margin requirements. But given the lively prospect of a further reduction in Bank rate or of a further release of special deposits, there is more confidence about in the gilt-edged market than for many a long day. Against a background of a stable pound and reasonably stable prices, the attractions of high interest rates are still powerful. When the pound was under fire a year ago, the gilt-edged market was a place of despair; yet the foundations of recovery had been laid in the April budget and have since been reinforced. There is room for argument about the consequences of Mr Selwyn Lloyd's policy for the economy as a whole, but there need be none about its consequences for the gilt-edged market. For many months (having first made sterling secure) the authorities managed the market with an austere hand, allowing nothing of the old doctrine that "funding is easier on a rising market" but engaging in successful selling at high and more or less stable rates. Investors (mainly institutional but some private) have compared the compounding of a 6½ per cent return over, say, ten or twenty years with the assumptions about earnings that have to be made to justify some of the growth favourites priced on a current yield basis of, say, 1½ per cent. They have not gone overboard for gilt-edged nor have they thrown equities overboard either, but their demand has sustained a long period of what might be called natural funding.

The effects of this process have recently become pronounced, not so much as a consequence of the reduction in Bank rate from 5 per cent to 4½ per cent at the end of April (though this was a further step towards lower interest rates and easier credit) as of the release of one-third of special deposits at the beginning of June. Immediately, the banks got busy and within a few days the 6 per cent Conversion 1972 tap ran dry; bank and discount house buying in the 5- to 10-year range of dates started the climb at the short end of the market, only temporarily muffled while the London County Council issue was being absorbed and resumed with the welcome given to the Port of London Authority issue, again with the popular date of 1972. It needed only the suggestion by the authorities that they had nothing left to sell, apart from the remainder of the 5 per cent Treasury stock 1986-89, and the newly created 5 per cent Exchequer stock 1967, for the market to get the bit between its teeth. Some brokers remain unconvinced that the cupboard is quite so bare, even though they read the tactics employed by the authorities as an attempt to bring interest rates down in an orderly fashion and in the long end of the market also.

IN this process the banks have led, followed by investment trust buying and insurance office switching, until some effects are visible as far as the 25-year range. But another factor has been the foreign buying of War Loan, interest on which is not subject to British tax in the hands of non-residents. The interest differential here is an attraction to those American buyers who see more reason for concern about the dollar than about the pound, and do not expect any significant recovery in common stocks. The result of these swings of domestic and foreign investment sentiment has been virtually to wipe out the reverse yield gap. Profit margins trimmed by competition, less than unbounded prospects of expansion, and policies that seek a growth in trade without releasing inflation again—all these have challenged the basic premises of the equity cult and enhanced the counter-attractions of high income from bonds.

But economic policies in Washington and London are bound to have more effect on equities. If either centre were free of the responsibilities of a reserve currency, a positive march for growth would already be moving. But so long as external fears inhibit domestic action, in the United States or in Britain, any rise in the ordinary share markets, there or here, is likely to be slow and highly selective. And whether the growth



stocks of the past (mostly on low yields still) will again take up the lead must depend on the time it takes for changes in monetary and fiscal policy to exert a pervasive effect throughout the two economies. With so much evidence of slack and even decline in many sectors of both economies, it would indeed be an optimist who took this to be the right moment to buy equities for recovery.

One comes back, then, to the current attractions of gilt-edged yields, even for investors who would rightly refuse a fully-fledged commitment in this sector of the market. Here is the spectrum, from the shorts to the undated stocks:

	Post-Budget Yields			Current yields, July 11, 1962
	April, 1961	July, 1961	April, 1962	
	%	%	%	%
Bank Rate	5·05	7·70	5·50	4·4½
Exchequer 5½% 1966	5·67	6·28	5·54	5·20
Conversion 6% 1972	6·16	6·54	6·30	5·90
Funding 5½% 1982–84	5·93	6·24	6·30	6·08
Treasury 5% 1986–89	6·05	6·42	6·24	6·20
Treasury 5½% 2008–12	6·11	6·50	6·33	6·05
War Loan 3½%	6·20	6·64	6·41	6·10

Falling interest rates have had the customary effect of working more directly on the short-dated bonds, and spreading more slowly to the middle- and long-dated issues. Indeed, Funding 5½s, 1982-84, and Treasury 5s, 1986-89, are yielding a shilling or two more than they did after the 1961 budget (when Bank rate was 5 per cent) and the Treasury 5½s, 2008-12 (that favourite of the pension funds) only a shilling less. Further improvement in the gilt-edged market should now have a more obvious impact on longer-dated stocks. But this will undoubtedly depend on the Government's success in keeping sterling firm and prices stable. There may also be less foreign support for gilt-edged if monetary policies in the United States and Britain are directed towards closing the gap between bond yields in the two countries. Again, the market in fixed interest securities will probably have to bear the weight of substantial new issues, for industrial financing through rights issues has received a sharp check and there is a queue of local authorities and Commonwealth governments hoping for their turn. Australia got through the turnstile this week with a £10 million 6 per cent conversion stock, also for ten years, with the satisfactory yield of 6.42 per cent. One can imagine the anxiety of local treasurers, with something like £1,500 million of mortgage and shorter-term debt, to fund on any sustained rise in the gilt-edged market. All that has happened so far is that the investor has been given a demonstration that realistic interest rates, against a background of steady prices and a firmish pound, still have their attractions. These are probably not exhausted. But the time to talk of a gilt-edged boom will be when Old Consols show a clear margin above 50 ; there are still sufficient risks of things going wrong for them to lose their four-point gain from this year's low of 38⅛.

Danger in The Air

THE Alitalia airliner that crashed in India last weekend is the fifth big jet to be involved in an accident this year. This is five too many. The death roll in the air since January is a horrifying 872, nearly 500 of them in the five jet accidents, four of which involved Boeing 707s and the fifth a Douglas DC-8. In the last two years the numbers killed in the air have averaged little more than 1,200, but at the present accident rate a jet crash is beginning to seem statistically predictable at the rate of nearly one a month. In terms of actual miles flown, this might seem like an improvement on the safety record of slower aircraft. In terms of human life, when more than 130 people can be killed in a single crash as they were at Orly, it is not to be tolerated. The number of air accidents in recent years has been steady or declining in spite of the great increase in civil flying, and the aviation industry has every reason to congratulate itself on this. But the number of people at risk in any single accident is rising rapidly as aircraft double and treble in size, and a crash to any one of them is no longer a private tragedy. It is a public disaster that can put an entire city into mourning. This introduces a new dimension into flying, and one with which the aviation industry must come to terms.

It would be something in these circumstances if the recent run of accidents could be clearly attributed to structural weakness in the jets, and especially in the Boeing 707, which had a run of four crashes in almost the same number of weeks. Then at least there might be hope for a swift technical cure, like those that were found for both the de Havilland Comet and the Lockheed Electra. But unfortunately there is too little in common between the accidents, and too many points of similarity between them and other accidents to other aircraft, to hope for any such ready solution. The

trend that is emerging in air accidents is a deeply disturbing one, because it begins to suggest that the weak link in the chain is the human one. If this is so, it is infinitely more difficult to cure than a structural fault, and it calls for new thinking among airlines and manufacturers.

Two rather sweeping generalisations might be made about recent accident trends, the first is that a high proportion of accidents occur at take-off or landing (nearly half the total this year) and in a disturbing number of cases aircraft hit mountains that have stood for so many centuries in the same place that pilots might presumably be expected to know where they are. The second is that a high proportion of accidents occur to aircraft on charter. The magazine *Flight* pointed out recently that 40 per cent of the passengers killed in the previous twelve months had been flying on chartered aircraft, adding " this is out of all proportion to the scale of non-scheduled passenger operations " which the magazine guessed might account for no more than five per cent of world air traffic.

WHY should this be? There has been an uneasy feeling among observers for some time that in spite of rigid safety requirements and strict licensing regulations in all major aviation countries, airlines which live mainly by chartering are somehow getting off more lightly than those that fly passenger services to a regular time-table. The Ministry of Aviation has more or less publicly admitted that there is more than a grain of truth in the rumour so far as this country is concerned. The Parliamentary Secretary said last week that our " airworthiness standards for (older) aircraft do not match up in all respects with those prescribed by the International Civil Aviation Organisation for international transport operations " and will have to be tightened. If this can happen in Britain, the same—and worse—can happen in other countries.

But tightening the airworthiness regulations will not remove one hazard peculiar to charter flying—the risk that the pilot may be strange to the route. Pilots on scheduled services undergo intensive route training; this is precluded for pilots of a chartered aircraft by the nature of their job. The onus is on the airline to see that the captain of a charter flight has taken all necessary steps to study his route. But who makes sure that the airline carries out this responsibility, perhaps in the peak of the holiday rush when the line is short of aircraft and short of crew? Nor, it appears, is this uncertainty confined to charter flights. Considerable weight is attached in France to reports that the pilot of the Air France Boeing that hit a mountain in Guadeloupe while trying to land had protested before taking off that he did not know the airfield well enough to attempt a night landing.

This raises the human element in flying. More and more accidents are being vaguely blamed, for want of better reason, on that ambiguous term, " pilot error." No one seriously implies that pilots are more slaphappy or less capable than they were some years back; this is a euphemism for saying that more and more pilots find themselves in situations with which it is not humanly possible to cope. The big jets, with their narrow, swept wings, are the most efficient and economical flying machines yet sold to the airlines. The price they pay therefore been specially rated, particularly jet aircraft because their work capacity is so much greater than that of their predecessors. In general, however, aviation insurance rating is based not so much on the type of aircraft used as on the overall experience of the particular airline, when such factors as financial strength, the soundness of crew and engineer training, general discipline and management abilities are taken into account. Many airline managers, to put it mildly, expressed considerable annoyance with the caution displayed by the insurers towards new types of aircraft.

Jet aircraft lost to date, though by no means all of them were insured, are estimated to have been worth more than $100 million and in their early years of flying their loss ratio per 100,000 flight hours was no better than their predecessors ; but, as their hulls are worth about £2 million apiece, the values involved were much higher and therefore had a very disturbing, if temporary, effect on loss ratios.

Recently the loss ratio has improved from the order of 1 per 100,000 flight hours to 1 per 140,000 hours and if this trend continues some adjustment of the rates on new types of aircraft might be expected. But, until something positive is known about the causes of recent accidents, insurers are obviously unwilling to make any forecasts about the future of rates. Looking much further ahead they are not, on the basis of what has been revealed about the technical problems of supersonic commercial jet aircraft, viewing their advent with any joy.

The Insurer's View

AVIATION insurance is a vexed subject: some airlines, both state-owned and privately-owned, regard the premiums charged by the insurers as cripplingly high and prefer to run their own internal insurance funds. The view expressed somewhat peevishly in the insurance world is that while no one can object to any commercial concern running without the help of outside insurance no state or quasi-state concern has the right to expose taxpayers to greater risks than face a shareholder in a reasonably prudent commercial concern.

London has played a leading part in the development and handling of aviation insurance. There are now about 5,000 commercial aircraft in use throughout the world, of which about half are registered in the United States ; it is not therefore surprising that the only major market in aviation insurance outside London is New York. Here a great deal of the domestic business in the United States is underwritten, but even so a substantial part of it is reinsured in the London market.

The main source of income arises from the insurance of aircraft hulls against accidental damage, but a fair amount of income arises from cover on the various legal liability risks to which an aircraft operator finds himself exposed in conducting what is often an international business. Statutory returns do not entirely cover the field ; but, taking into account recent rates of growth in the business, the annual income of the London market from aviation insurance appears to be around £40 million.

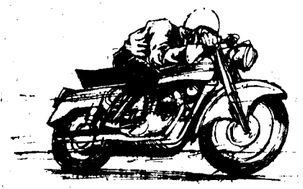
The profits are small and in some years there have been losses. The main problem from the insurer's point of view has been severe cyclical fluctuations, with a sharp rise in accident trends, or a cessation of an improvement in these trends, occurring at a time when premium rates were falling. Some years ago it was suggested that the introduction of new types of aircraft might possibly be the disturbing factor and the London underwriters set in train an informal investigation on an international scale to examine this problem. The startling result of this investigation was that in the case of a number of new types of aircraft a loss incidence as high as 20 per cent occurred in the early period of introduction of the new aircraft. Most of the accidents, however, occurred in the crew training period and happily, therefore, not many passengers were involved. Aviation insurers decided that they had to take this factor into account in quoting premiums on the new types of aircraft, for they argued if rates were raised only after the bad losses had been incurred they would have little chance of recouping those losses in a reasonable period of time.

Nearly all the new type of aircraft have

for this performance is ease of handling; they are angels in the air, but devils near the ground. The shape of wing that is perfect for cruising gives the pilot no help when taking off or landing, both at speeds so high that the average airline captain is required to have the split-second reactions of a racing driver, often at the end of a long and tiring flight. The large number of pilots employed by the airlines—BOAC alone has 1,904 and Pan-American 1,343—makes it wholly unreasonable to build aircraft that can only be flown by supermen.

THE biggest single measure that could be taken now to improve air safety would be to reduce the burden on the pilot, particularly the big-jet pilot. The first move in this direction would be better aids at airports. These are in many cases little short of scandalous, and pilots are battling to bring in jets under conditions that would tax a DC-3. They land on occasions without such elementary aids as approach lights: at Madrid the pilots have to pick out the runway from among the lights of the town, and this example can be repeated across the five continents. Too many airport authorities seem to think that their obligations to the jets end with provision of enough concrete to allow the brutes to stop. It is hardly surprising that landing fees at such aerodromes are lower than, for example, at Heathrow; in many cases they provide little more than a flat piece of ground to land on, without even bothering to shoo the dogs off the runway. But some manufacturers and airlines are realising that they must go as soon as possible at least some of the way towards automatic take-off and landing. This is not because they want the ability to land blind in fog, but because some degree of automation must be introduced into the cockpit if the pilot is to do his job without unnecessary strain. Manufacturers are belatedly recognising that the pilot is the one aircraft component that has not changed since the Wright brothers, and that is showing dangerous signs of overload.

The Flight Safety Foundation in the United States would urge the industry to accept the sad fact that some aircraft will always come to grief, and build a degree of crash-worthiness into the machine itself. It is a moot point how much protection any fuselage could give passengers from the impact of machine meeting mountain. But what is the airlines' answer to the foundation's case for better fire protection? Passengers and crew travel between thousands of gallons of fuel; and the most common sequel to any air crash is a raging fire which could, the foundation argues, be avoided by the kind of pressurised water sprays developed and demonstrated five years ago but ignored by the air transport industry. The airlines might retort that these refinements, if that is the right way to describe them, will cost money and higher fares. The Flight Safety Foundation has heard this answer so often before that it suggests in its current annual report an investigation of what it describes as the economics of safety—the cost of building every conceivable precaution into the aircraft and of providing every known aid on the ground, both balanced against the possible saving of a lower accident rate. Then some sensible conclusion might be reached about the probable cost, and whether it was likely to be more than passengers were prepared to pay. The airlines should at least consider giving their customers the choice; otherwise at some point of carnage they could find themselves without passengers altogether.



Recession on Two Wheels

BRITAIN'S motor cycle industry may be small, but it has a gift for spectacular fluctuations. Its downward slide from a boom in the euphoria of free hire purchase in 1959 has now brought home sales down by about a half—back to the 1958 level—though there has been a slight recovery with the summer. Production has fallen even more, because motor cycle dealers are now running down their stocks and exports have fallen too; in the first four months it was about 25 per cent lower even than in 1958. Imports, which provide about half the motor cycles sold in Britain, were much the same in the first five months of this year as in 1958 or again last year—when they amounted to less than half the peak level of 1959. So the industry, whether home producers or importers, has equalled the achievement of the grand old Duke of York with his ten thousand men.

Importers had the best of the 1959 boom, but took the first knock in the recession. The scooters and mopeds that they mostly sell were the machines that enjoyed the most rapid rise in popularity and then felt the draught soonest when hire purchase restrictions were re-imposed in April, 1960. This left dealers and importers with a stock problem that took them eighteen months to solve. Imports in 1960 were 20 per cent lower than those of 1959, and in 1961 they fell another 40 per cent. But they rose again this year; scooter sales now seem to have stopped falling. Sales of the "real motor cycles" in which British manufacturers specialise have followed a rather different pattern. Initially their sales fell less than those of scooters and the makers' inability to meet demand in 1959 left stocks low and resulted in a backlog of orders from the dealers. But dealers then entered 1961 with stocks related to the sales of 1960—and demand continued to fall, now extending to the big sports motor cycles and some of the smaller types. So stocks of these cycles rapidly became excessive, and dealers cut their orders drastically last winter. The accelerated fall in sales this year has compelled makers to cut output further. Stocks are now falling; but they still represent about three months' output.

It is probable that no British maker of motor cycles has been making a profit since last autumn. Birmingham Small Arms—the dominant firm in the industry, accounting for about two-thirds of British production—has warned shareholders that profits are so much reduced that it will be unable

to maintain the dividend for the current year, although motor cycles only provide about a third of its turnover. The second biggest company, Associated Motor Cycles, was already showing a loss of £350,000 in the year to the end of August last year. With no prospect of much improvement until next spring, the outlook for the industry is bleak indeed. But it remains confident that this is a short-term recession, the aftermath of over-expansion in 1959, and that it can expect to start growing again once it manages to climb out of its present troubles. Sales were especially depressed early this year by cold weather; and the presence of old stock in the showrooms —sometimes last year's models—was another factor hardly encouraging sales. When the stocks are cleared, makers hope, sales will turn up again—aided by higher incomes and new models.

Popular though it has been to criticise British manufacturers for their failure to get into the scooter boom, most of them are probably too small to be able to produce on the scale of Innocenti (Lambrettas) or Piaggio (Vespas). By the time they were being urged to make scooters, it was already too late to make profits from them: such British firms as BSA that started building scooters have found the trade more or less dying on their hands. Until last year, the traditional motor cycle stood them in good stead. But the rising road accident rate, with its concomitants of higher insurance rates and press publicity about the perils of two-wheeled transport, has meant a drastic fall in the sales of motor cycles in the home market, and cut away one of the bases on which manufacturers depended. They are finally being forced to change their products, but not to the "traditional" scooter for which the market has already shrunk and where the Italians are so strongly entrenched.

LIGHTWEIGHT, low-cost scooters and light but sporting motor cycles are the products on which British makers seem to be pinning their hopes: lower prices and running costs, they hope, will widen the market. But they will mean operating on narrower profit margins, and foreign manufacturers are thinking along similar lines. Some of the smaller manufacturers abroad are already making lightweight scooters, with Lambretta and Vespa expected to follow. Light sports motor cycles are a Japanese speciality, now to be assembled in Europe: there is no escape from foreign competition. But British makers have shown a better sense of timing in entering this market than they did with the bigger scooter. Raleigh started making an Italian design, the Roma, last autumn and BSA introduced the 100 cc Triumph Tina scooter with automatic transmission last March, selling for £92 as against the £150 or so of the conventional scooter. This model seems to have got off to a good start.

Poor designs have been just as much the trouble of the motor cycle industry as sometimes over-cautious commercial judgment—especially where it tries a new product. Hence relief at the apparent success of the new BSA scooter, for nearly ten years ago that company produced a form of lightweight scooter, the Dandy, which proved largely abortive, and the moped that Raleigh introduced nearly four years ago later had to be replaced by a French design. The motor cycle industry seems to have become too much craft-based and too little acquainted with modern engineering, tending to follow the lead of one or two able designers of traditional machines. The years of intense depression during the 1930s, followed by the easy years for sales after the war, were not the best preparation for meeting the competition of the big foreign companies that entered this industry after the war.

The only company in the British industry that seems to possess the financial and engineering resources needed for success in the present is BSA. Backed by engineering and steel interests that provide two-thirds of its turnover and so cushion it from fluctuations in its motor cycle division, this group has the capital needed to tool up for large-scale production—which, for scooters, means sheet metal presses as well as the assembly and machining operations involved in making a motor cycle. Associated Motor Cycles, the second largest company, is in a difficult position; after losing money last year, sales and presumably profits have dropped further, and it has little other business to fall back on. Its new management is trying to diversify, but this can only be an insurance against future recessions rather than a cure for the present one.

BSA is unlikely to want to buy up AMC or any other small companies; it must already have considerable surplus capacity at the present production rates, and as bewildering an array of brand names as the British Motor Corporation. When the range of conventional motor cycles is likely to be reduced, to match falling demand, and the new scooters account for a larger share of output, old brand names lose much of their appeal—as do motor cycle production facilities. Some of the small and specialised companies should survive, especially where they have other engineering business to back their motor cycle production. Operating on a small scale, with low overheads and using many bought-out parts, they should be able to provide machines that are sufficiently different in appeal to those of the bigger firms to enjoy a market. But the pattern of the motor cycle industry seems likely to be much the same as that of the cycle industry, with one dominant manufacturer and a fringe of smaller ones; AMC seems more anxious to spread its interests outside the industry than to try to strengthen its position within it.

The British motor cycle industry can hardly expect again to match the size of its counterparts in Japan, Italy and Germany, or to penetrate their home markets as they have penetrated its own. But the present troubles should have a salutary effect on its attitudes and competitiveness; perhaps it will at least be able to eat into the half of the home market that imported machines now possess. Rapid growth in this market, however, seems a thing of the past; the last three years may have to be regarded as a break in the traditional pattern of the market. Heavier traffic makes the motor cycle a more alarming means of transport for all concerned, whether their riders charge down arterial roads in search of "the ton" or weave through city traffic. And higher incomes tempt potential buyers to get a car instead—which brings more comfort as well as, perhaps, higher social esteem. Of the two markets that this industry can aim at, cheap transport or "riding for kicks," the former is now the more stable: the latter is rather dependent on fashion, even if the continuing demand for big motor cycles in the United States, where they are no longer ridden as transport, suggests that it may prove the more durable. Perhaps the British makers of old-fashioned, noisy motor cycles may yet have the last laugh.

BUSINESS NOTES

COAL

A Modest Proposal for Scotland

ALTHOUGH the nationalists are already in full cry, it is difficult to believe that the National Coal Board's plans to cut Scottish coal down to size are unreasonably —perhaps even sufficiently—severe. Nobody can be sure how much production will be economic there in five years' time, because this depends on demand and demand depends on prices and the competition. But it is not easy to believe that production at many of the board's "Class B" pits—"where the past results have been generally unprofitable and where potential is doubtful"—will remain economic by 1965-66. It is more likely that quite a number of the pits it puts into "Class A"—"where reserves are quite adequate to last over the five-year period, and where generally there is potential to enable economic working to be pursued"—will have to be demoted and closed down.

The board, in the review that it published this week, has put 46 pits into Class A; 33 into Class B; and 27 into Class C, which will be closed within five years mainly because their "realistic reserves" will be exhausted by or before then. Its forward assessment of output might be summarised as follows:

	Output 1961	Est. Output 1966
	(million tons)	
Class A	10·0	14·5–15·0
Class B	3·7	Nil–2·0
Class C	2·1	Nil
Pits due for closure this year	1·2	
Opencast and licensed mines	1·2	1·0
	18·2	15·5–18·0

So its plans are not for a very large cut in Scottish output, but for the concentration of whatever output is required into the region's 40-50 most efficient pits.

How much coal can one expect Scotland to demand—from British suppliers? At present, it says, about 18 million tons a year of Scottish coal is sold (about 1.6 million tons are sold outside Scotland, balanced by 1.2 million tons "imported" from England). The board isn't publishing its own quantitative guesses. It thinks demand from electricity and coke ovens (in spite of economies in the use of coke for smelting iron) will rise; but sales to gas and general industry will lose ground to oil, and total demand will certainly fall.

Who is Redundant?

IF the only Scottish pits operating by 1966 are those that the Coal Board now has in its Class A, then the industry would need only 44,000 miners in Scotland by 1966, against 62,000 today. These pits, now employing 38,000 men, may need 6,000 more when reconstruction and concentration of output is completed there; but between now and 1966 they would expect the "natural wastage" of men retiring and leaving the industry to take away about 25,000 miners from their present, comparatively aged, labour force. To man up these pits alone over the five years, the board thus expects to have to bring in 31,000 people. If the demand justified, say, 2 million tons in 1966 from the Class B pits, it would raise the labour force required then by about 6,000-7,000 miners; and all these figures exclude trainees and men on common services.

The theoretical arithmetic of manpower, thus, might make this sizeable transition, even if future demand turns out to be no more than these "economic" pits can produce, quite painless. In fact, the Board recognises that it won't be. In Ayrshire and the Lothians, it should generally be possible to achieve "simple and direct redeployment of men from pits as they close to continuing pits in Class A"; but not elsewhere. In Central Fife, Douglas, Harthill/Shotts/Forth, Motherwell/Hamilton, and Campbeltown, pits employing some 11,000-12,000 men "could," as the board puts it, be affected, and redeployment could be difficult. The board will be offering men jobs within a reasonable distance of their homes, or work elsewhere in coal in Scotland, the Midlands or Yorkshire. But many, inevitably, will not end up in jobs in coal.

It has to be noted that even these Class A mines are only economic in that they more than cover operating costs. The Coal Board is carrying all its interest charges on more profitable divisions. Moreover, its not very pessimistic assumptions about demand appear to presume continued insulation from American coal, and perhaps from the most rigorous of world oil competition. If Scottish coal were pressed towards absolute realism in its costing, and had to meet the price of cheap imported energy, there might ensue a degree of redundancy that not even arithmetic could make look painless.

GOLD AND EXCHANGES

The Dollar-Go-Round

EUROPE, as usual, is preoccupied with the dollar. The Swiss National Bank was forced last week to deny reports that it had converted $100 million of its steadily increasing dollar balances into gold, by announcing that it had in fact converted only $25 million. Swiss dollar holdings have increased by $190 million since the beginning of June, some $59 million of this increase occurring in the first week of July. The German Bundesbank has had to deny rumours that it was no longer prepared to support the American dollar on the exchange market. So long as rumours like these are published and believed, sensible discussion of the dollar's problem will be overheated. In America the President and Mr Roosa, Under-Secretary to the US Treasury, have yet again thought it necessary to deny that the price of gold will ever be changed. On a happier plane Mr Roosa also said that he expected the US balance of payments deficit this year to be somewhere between $1 billion and $1.5 billion, compared with last year's deficit of $2.5 billion. Previously the most optimistic estimates of the 1962 deficit expected it to be no better than $1.5 billion.

In London the private demand for gold is still testing the Bank of England's ability to control the price. So far, by meeting all demands, the Bank has kept the price at around $35.12 an ounce. The American gold stock has now passed its seventh week without change, and it seems a safe assumption that it is the European central bankers who are keeping London supplied with gold. Although private demand is strong it has not as yet shown any signs of running away; it must nonetheless be biting deep into the European gold pool of $250 million. The central bankers may soon have to decide what they will do if this pool runs out; they presumably discussed the matter at last weekend's meeting in Basle. Having co-operated in defending the dollar so far the bankers are not likely to back down at this stage, and the chances are that if the pool looks like running out the bankers will increase it.

The dollar has fared slightly better on the continental exchange markets this week after last week's heavy short-selling. In Switzerland the National Bank has been able to sell back some dollars to its own nationals. The New York opening has, however, usually meant that the rate has eased in the afternoon, which suggests that the Americans themselves are still selling dollars. Sterling has been slighty easier this week and was supported by the authorities on Wednesday when the rate fell to 2.8047 on selling from Germany. This selling was reversed in the afternoon and the rate closed at 2.80⅝, about ⅜ down on the week. On Thursday continuing continental demand took the rate to 2.80⅛. The Canadian dollar continues strong, and with the rate against the US dollar at 92.67 the Bank of Canada has been taking in substantial amounts of US dollars. In the last week of June, after the emergency measures, Canada's reserves, excluding the international help of $650 million, rose by $59 million, to $1,809 million. The $400 million standby credit with the Export-Import Bank in Washington has not been drawn on.

WALL STREET

Cautious Welcome

A correspondent cables:

THE reduction in margin requirements from 70 to 50 per cent pleased Wall Street and immediately brought a good number of small investors back into the market. Over seven million shares were traded on Tuesday and the bulk of the issues made gains though these were trimmed by profit taking; the volume of trading fell on Wednesday, but, even so, the Dow Jones average edged up to 589. Dealers do not believe that the rally will last unless economic conditions improve, and some big stockholders have taken advantage of the better tone in the market to float secondary issues which had been held off the market in the dark days of May and June. Some investors are covering the short sales they made earlier, and this has added to the volume of trading and helped to push prices up. But more experienced speculators are now selling short, as they feel that the prevailing trend is downwards.

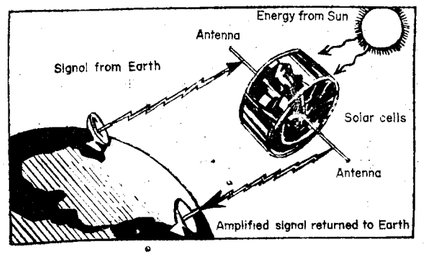
The judgment of professional speculators and of investment analysts and institutional investors was, however, shown to be fallible in the fall in the market and they may still be without their bearings. The rally that began at the end of June has wiped out about 25 per cent of the earlier losses and by past precedents of other market rallies the latest one may still have a good deal further to go. But the precedents could easily be misleading, particularly at a time when the economic indicators are so confused. Hence, most investors, especially the institutions, prefer to be guided in their decisions by the outlook for yields and profits. The dividend cut announced by Lukens Steel, which admittedly is not a major producer, is thought to be ominous and the decline in chemical and oil earnings is regarded as a harbinger of trouble in other sectors of the economy. Even so, the market was cheered by the reduction in margin requirements, which was interpreted as a sign of the administration's willingness to provide a psychological lift, and it was cheered again by the proposals to liberalise the treatment of depreciation for tax purposes and by the defeat of a proposal to withhold income tax on dividends and interest compulsorily at source. But Wall Street is still pinning its hopes on further action by the government, preferably in the form of an outright cut in taxes.

STEEL

No Recovery?

DURING the first half of 1962 Britain produced 1.6 million ingot tons less crude steel than twelve months before. The out-

Telstar in Orbit



TELSTAR, chattily orbiting the earth, is unlikely to be alone in space for long; the National Aeronautics and Space Administration intends to launch a sizeable family of communication satellites during the coming months to experiment with the best design and most suitable orbit for a full-sized telephone/telegraph/telephotography/television communications system. But to Telstar goes the honour that no-one can take from it of being the first—and of working. American rocket engineers are getting very good at their job.

Telstar's first task was a simple "yes" or "no"; can a satellite perform like an immensely tall radio aerial, transmitting multi-channel voice and picture signals across trans-Atlantic distances for as long as it can be seen by both sides—in this case about 30 minutes before it sets like the sun below the horizon? The answer looks after the first day or so like a resounding "yes." The next questions are more subtle. If this feat is possible from an engineering standpoint, is it worthwhile doing commercially? How many satellites would be needed for a commercial communication link; what should their orbits be; how often would they have to be replaced; how much traffic could they carry? Telstar cannot begin to answer all these questions; in this sense it is only part, and a small preliminary part, of what must be a much wider series of experiments.

It would be much easier for all concerned if a communication link could be established merely by bouncing radio signals off a high satellite as they are bounced now off the ionosphere layer of the atmosphere. But this "passive" system is not likely to produce a strong enough signal, and Telstar and its kind are "active" satellites, with all the complication of their own power system (from the sun), their own receivers to pick up signals beamed from earth, their own brain to change the frequency, and their own transmitter to re-transmit the signal to waiting receivers on the other side of the Atlantic. The "active" satellite is a complex, delicate piece of equipment; the aerials that serve it are remarkable feats of engineering, to greater precision than a ballistic rocket; it is not often that an aerial costs £750,000, as the Goonhilly aerial has cost the Post Office.

A Telstar type of communication has to compete with the kind of telephone cable that the Post Office can now lay for about £3,300 a mile, less than half the price of a few years ago, or £6 million for a 60-channel link between Britain and Canada. This is roughly the same initial outlay that might be required for a satellite communications link providing a 24-hour service and 100 or more telephone channels between two points, or £80 million for a round-the-world system against the same price for the commonwealth cable. Engineers costing the two systems might argue that the cable is more or less everlasting, provided no one hooks an anchor to it, while each satellite in the network might have to be replaced every twelve months at a possible cost of £1 million per firing, and a probable cost, allowing for some failures, that might be much higher. But satellites have a huge capacity for work, using ultra high frequency and microwave techniques that are impossible with normal aerials. If the demand for communications, and particularly long-distance telephone conversation, grows as fast as the Americans expect (some 15 to 20 per cent a year) satellites should win over cables because of their greater capacity. If, on the other hand, traffic grows as slowly as some UK sceptics think, perhaps 10 per cent a year and not all of it long distance, the case for satellites is harder to make.

The cost may ultimately be decided by the best orbit out of the three possible choices. A 24-hour orbit based around the equator would do the work with one satellite that would always appear stationary between two points. A 6,000-mile-high orbit would also be fairly economical with satellites; ten would give 24-hour service. The low orbit chosen for Telstar by American Telephone and Telegraph—this has the unique distinction of being a private-venture satellite—will require more satellites than the others for good cover but is technically the easiest bet.

put figures for June—allowing for seasonal factors, the figure was about 1½ per cent down from May, so that the slight upturn in April and May was not sustained—complete this picture. This year's first-half production was, indeed, the lowest since 1958: it employed on the average only about 76 per cent of the industry's capacity.

Steel consumers seem to have gone on running down stocks during the second quarter of this year, whereas they were being built up a year before. They are still not low in relation to output; in Britain and Europe, there is probably still room for some once-for-all cut to a lower level than seemed advisable during the decade of

NET EXPORTS OF STEEL
(thousand tons actual weight, monthly average)

Period	Exports	Imports	Net exports
1937–38	135	82	53
1946–55	153	60	93
1956	198	116	82
1957	235	62	173
1958	204	38	166
1959	223	31	192
1960	242	103	139
1961	249	37	212
1961 (Jan.–May)	265	40	225
1962 (Jan.–May)	242	40	202

inflation. The rate of working continues to differ sharply as between producers of different kinds of finished steel, and even by geography: Scotland and the North-East coast are far worse off for orders than plants making car body sheet in Wales and the Midlands. Even so, the sheetmakers are no longer restricting their exports; both they and the plate producers have been able to increase foreign sales. This year both import and export figures for steel have included significant tonnages of foreign steel brought in for "hire-rolling" and then sent back to its owners. In such transactions the tonnage sent back is smaller through the scrap loss; but the mill replaces this with a sizeable dollop of "added value."

THE ECONOMY

Private Investment Falling

FINAL estimates of the Board of Trade confirm that, after taking both price changes and seasonal factors into account, capital expenditure by the manufacturing, distributive and service industries in the first quarter of this year was about 3 per cent down on the previous quarter. The fall of 2 per cent in manufacturing expenditure, however, was a little less than first estimated; the fall of 5 per cent in the expenditure of the distributive and service industries was a little greater.

Compared with a year before and at current prices, expenditure of the distributive and service industries was 8 per cent lower, mainly because of a large fall in investment in ships and other vehicles. Expenditure by the shipping industry was about one-third lower, that by wholesalers about one-quarter lower, but that by retailers was 30 per cent higher. On the same comparison manufacturing investment as a whole was 4 per cent up with changes for the different industrial groups ranging from a rise of 15 per cent for chemicals to a decline of 4 per cent for the iron and steel industry.

BANK SHARES

Profit Outlook

TWO-THIRDS of the 794 companies bring no surprises; they are left unchanged though, as forecast, the payments by the Midland and Lloyds have been rounded up. Bank shares have been among the hardest hit since the break in stock markets. Equity prices are about 5 per cent below their level immediately before Blue Monday; bank shares are about 18 per cent below. The decline in bank shares is partly due to the weight of banks' rights issues. In May and June four banks announced rights issues amounting in all to £36 million. At the same time the recommendation of the majority of the Jenkins committee that the banks should not be forced to declare their true earnings has lowered speculative interest.

Disclosed profits of the Big Seven rose by 11 per cent in 1961, and this has led

PROFITS AND DIVIDENDS

The Pressure on Margins

TWO-THIRDS of the 794 companies reporting in the second quarter of 1962 make up their accounts to December 31st and for many of them 1961 was a disturbing year, with increasing pressure on margins and operations below capacity. This is reflected in the decline for all the 794 companies in the gross return on net capital employed from 14.5 to 12.6 per cent. This is the resultant of a fall of 4¼ per cent in trading profits from £1,410 million to £1,351 million and of a rise in net assets from £8,107 million to £8,734 million. With net current assets practically unchanged the increase largely results from additions to fixed assets and additions to trade investments. The new investment in plant and machinery has produced a sharp increase in depreciation provisions so that profits before tax fell by just over 7 per cent and, following a proportionately higher tax charge, the fall in net equity earnings widened to 9 per cent. As the table shows, only five groups—building, entertainment, property, newspapers and tobaccos—managed to improve their return on capital employed but to achieve in most cases a marginal increase they added between 10½ and 25 per cent to their trading profits.

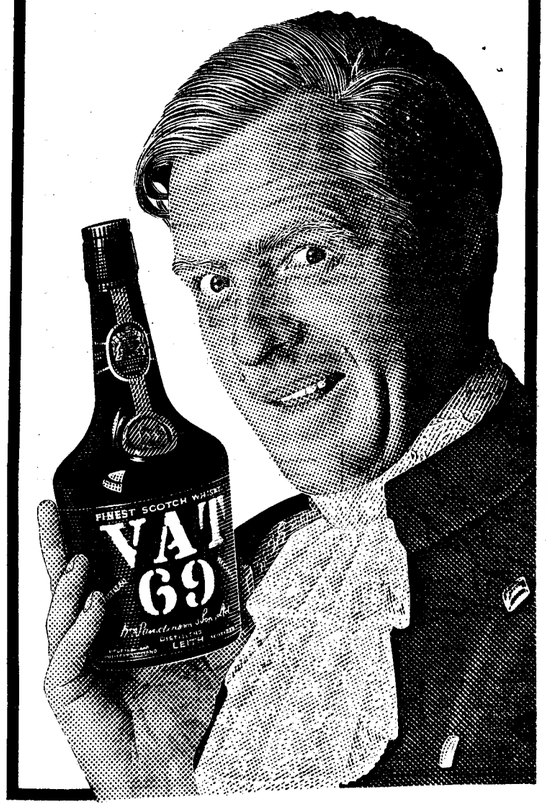
Despite the steep decline in distributable earnings, dividends in fact rose by £13½ million, or 5½ per cent. But as the detailed tables on pages 192 and 193 show, the bulk of the increase in dividends came from the oil companies, notably "Shell" Transport; excluding this section, dividends in fact showed little change and there was a sharp fall in earnings cover. The fact, however, that most companies at least maintained their dividends for 1961 and a goodly number would have been prepared to make a higher payment but for the Chancellor's request, suggests that they are hoping that 1962 will not turn out to be such a bleak year; the stock market however remains cautious.

PROFITS AND RETURNS

794 companies reporting April–June, 1962	Change in trading profit	Gross return on net assets: Previous year	Gross return on net assets: Latest year	Net return on net equity assets: Previous year	Net return on net equity assets: Latest year
	%	%	%	%	%
Breweries, etc.	+24·9	15·7	14·4	9·2	8·0
Building	+10·5	16·5	16·7	9·7	9·4
Paper and Packaging	− 0·5	13·6	12·2	8·0	7·0
Chemicals and Paint	−13·8	14·1	10·0	8·5	5·8
Clothing and Footwear	− 1·1	20·8	17·6	12·5	9·8
Electrical Manufacturing	+ 7·6	10·4	10·2	6·6	6·1
Engineering	− 6·8	15·6	13·0	8·9	7·1
Entertainment	+24·1	16·6	19·0	9·8	11·3
Property	+19·1	7·1	7·2	3·5	3·4
Food and Confectionery	+ 1·7	17·9	16·7	10·5	9·5
Iron and Steel	− 6·1	23·6	19·2	14·2	10·8
Motors, etc.	−30·5	20·8	11·0	13·2	7·2
Newspapers and Printing	+12·7	17·2	17·5	10·3	10·3
Oil	− 3·6	12·6	11·5	6·9	6·4
Shipbuilding	+ 1·4	7·0	6·4	4·5	4·2
Shipping	−26·4	3·8	0·5	2·3	...
Shops and Stores	+ 4·7	22·7	22·0	13·1	12·2
Cotton	− 5·1	12·3	10·7	7·2	5·7
Silk, Rayon and Other Textiles	− 3·0	10·0	9·6	6·4	6·0
Wool	− 1·6	14·1	12·6	7·9	6·5
Tobacco	+13·4	18·4	20·0	10·9	11·1
Miscellaneous Manufacturing	+ 2·4	15·5	14·9	8·8	8·1
Miscellaneous Others	+ 6·2	17·3	16·5	10·2	9·3
All groups	**− 4·2**	**14·5**	**12·6**	**8·3**	**7·0**

The gross and net returns for the Entertainment Group for the previous quarter (page 266 in the issue of April 21) should have been 34·1%, 46·1%, 22·0%, 31·7%. On page 297, total net assets for the Iron and Steel group "Latest" should have been £1,012,130,000.

ONE SCOTCH STANDS OUT
VAT 69



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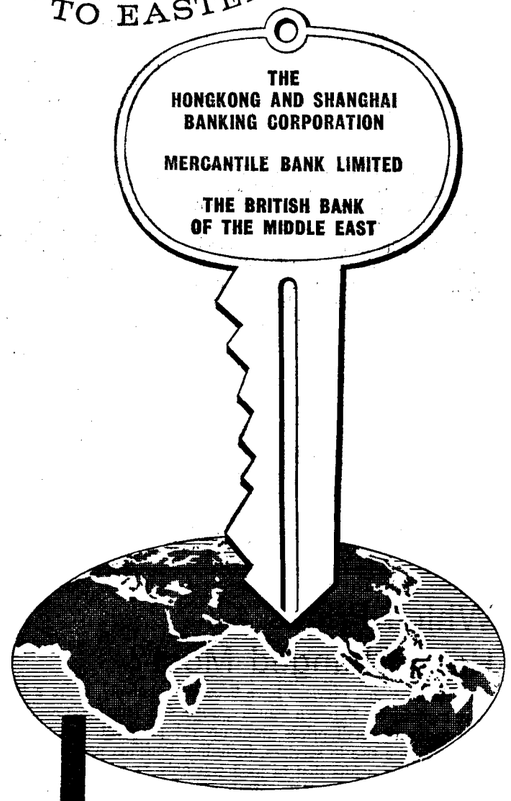

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some observers to hope, now that the Chancellor is easing his restraints, for an increase in this year's final dividends. However the banks are in something of a dilemma. Their future growth depends on attracting more deposits, but this is likely to prove an expensive business and may in the short run cut into profits. It would be surprising if the banks' profits had not taken a knock in the first half of this year. Advances, the main earning asset, were about 2½ per cent below the average for the first half of 1961, and interest rates are lower. Bank rate averaged out at 5.22 per cent in the first six months of this year compared to 5.67 per cent in 1961, and at the moment it looks as if the authorities would like to see borrowing rates somewhat lower still.

BANK DIVIDENDS*

	1961 Int.	1961 Final	1962 Int.	1962 Final †	Price. July 12, 1962	Current yield %
Barclays	6½	6½	6½	?	80/-	3·3
Lloyds	4⅞	5⅛	4½	5	55/6	3·4
Midland	7⅛	7½	7½	?	85/3	3·5
Nat. Provincial	7	7	7	7	80/-	3·5
Westminster	6⅔	6⅔	6⅔	6⅔	73/9	3·6
District	8	8	8	6¼	62/6	4·0
Martins	7	8	7	?	20/3	3·7

* Dividends adjusted for scrip issues. † Forecast at the time of rights issues.

It is possible that a rise in advances will counter the effect of lower interest rates. Net deposits of the clearing banks in the first six months of this year were 2 per cent up on the first six months of 1961; the authorities, having released one third of special deposits, appear to be contemplating further releases; and the banks' liquidity at mid-June was high for the time of the year. There is certainly room for an increase in advances but lately it appears to have been a lack of demand rather than credit restraint which has held them down. It is also possible that with more steam in the gilt-edged market the Government residual borrowing needs may be reduced; this could mean a squeeze on bank liquidity.

As it is, the banks face a continuing rise in costs. Salaries have risen by about 5 per cent so far this year; the premises departments, with plans for new branches and extensions of existing branches, are probably the busiest departments in the banks at the moment; and the expense of the electronics programmes is now making itself felt. If bank earnings do increase in 1962 it is not likely to be by very much.

TELEVISION SALES

Weather Report

THE wind generally changes about this time of year in the television trade, with manufacturers preparing for the Radio Show and for the orders from dealers who in their turn anticipate an answering flicker from the public as the days draw in. This year the extreme stickiness of the spring (manufacturers' deliveries in April were 26 per cent lower than April, 1961, and in the first quarter 14 per cent less than last year) was loosened by the lower hire purchase deposits introduced in June. Dealers' stocks began to move, and manufacturers are confident that this movement will work through to them before long. Some people, too, were probably waiting for Pilkington before buying overdue replacements, though the adaptable sets designed to meet any circumstances—including the phased switch to 625 lines accepted by the Government—have been on sale for a year and are now about the same price as ordinary 405-line sets.

This all adds up to rather better immediate prospects for the trade; but whether higher hopes are justified will not be known for perhaps six weeks. As for the less immediate outlook, manufacturers mostly await a more definite timetable for the switchover before talking in terms of prospects for 625-line-only sets. Further ahead still, the view of the promised land of colour is still obscured by a lot of technical fog.

COMPUTER MERGER

EMI + ICT = ?

THE merger between EMI's computer division and International Computers and Tabulators introduces some rationalisation into what ICT has always regarded as a highly irrational industry where too many companies were marketing too many different designs of computer. Now EMI apparently agrees. The latter has been through a cycle only too common in this industry, where its computers swept the market for a short time and were later eclipsed by later designs of other manufacturers. It is bowing out of one section—but only one—of the computer market, namely that for business computers bought and sold virtually off the shelf. This is the field that ICT understands so well, having been formed out of the merger of two of the biggest office machine companies. The EMI designs for which it now assumed responsibility fit nearly into the ICT range and save the company the expense and trouble of designing similar models for itself.

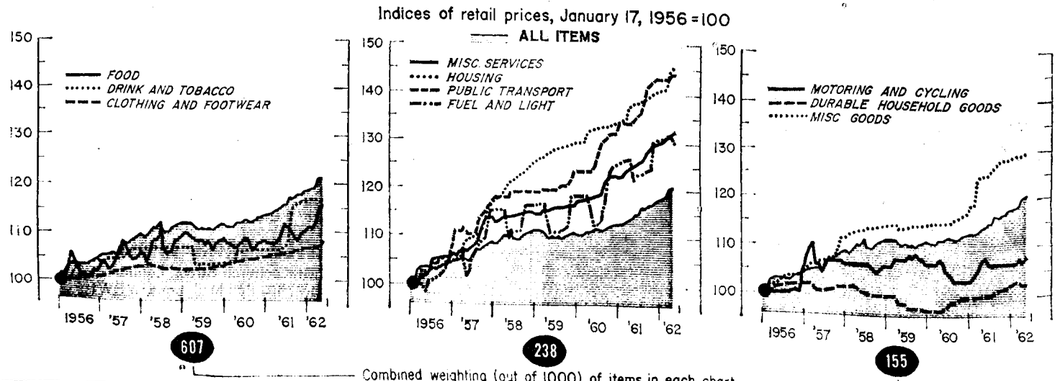
For the future, it looks as if EMI intends to concentrate on the market for factory automation and for special one-off equipment, where the computer forms only one small part of the unit. This is an easier market for an electronics company working on its own than the market for business computers, which presupposes the kind of sales and service organisation to which buyers of office machines have become accustomed and which no electronics company can be expected to possess. It is also better suited to EMI's special skills. In some ways it is surprising that ICT was not tempted to go into the automation business in partnership with EMI.

Which Prices Have Changed Most?

In recent years, services have become, relatively, quite a lot more expensive. Between January, 1956, and January, 1962, the total index of retail prices went up 17½ per cent, but within this index the rise in services, including housing, was as much as 36 per cent, while that in food was only 11 per cent and in other goods 12½ per cent. With a weighting of less than a quarter in the total index, services contributed getting on for one-half of the total increase.

An article in the current issue of *Economic Trends* shows that prices were constantly changing over the six years under review and that the movement of the total index from one year to the next was the result of many changes, some up and some down. Taking 12-monthly periods from mid-January to mid-January, the total index rose most sharply (by nearly 4½ per cent) in 1956, when, of the 91 sections of which it is composed, 77 went up, 4 remained unchanged and 10 went down. In 1959, when the total index fell by nearly 0.5 per cent, 50 of the sections showed increases, 9 no change and 32 decreases.

Food as a whole went up less in price than most things over the six years. The index for the group consisting of bacon, cooked ham, butter, cheese and chilled and frozen beef—items which are considerably affected by changes in import prices—was lower in January this year than it had been six years before. But "seasonal foods," notably potatoes, milk and eggs, were dearer by one-fifth and other foods by one-tenth.



COASTAL SHIPPING

A Small Breakwater

THE government has accepted the case for granting coastal shipping rather more protection against possibly "unfair" competition from British Railways. Amendments to the Transport Bill that were introduced in the House of Lords last Tuesday meet the fear of the shipowners that the railways might take advantage of their new freedom to charge excessive rates for transporting goods to or from the ports, if they could hope to carry them for the whole journey themselves and the shipowners could not carry the consignment unless the railways brought it to them. If the Minister of Transport receives a complaint of such action by the railways, he can appoint a "suitable person" to investigate it and consider his report before giving a direction to the railways. But he has some discretion over appointing an investigator. And if the railways refuse to quote for any such consignment, the Minister can direct them to quote a charge.

These provisions add considerably to the strength of the existing provisions in the Bill, and they were accepted by the champions of coastal shipping in the Lords. The Minister previously had no obligation to act if he received a complaint that charges for shipments to ports were excessive—or those for shipments in direct competition with coastal shipping were too low—but he now does. The new provisions, however, do not change the grounds on which the Minister may take action: that the charges are either excessive or inadequate in relation to the full cost of providing the services—and, in the latter case, that a grant will be made to the railways in that year to meet a deficit. So the protection would cease if the railways, across their whole traffic, should ever succeed in living commercially.

BMC-ROLLS-ROYCE

Something is Happening

LORD KINDERSLEY'S remarks about the progress of the talks between his company and the British Motor Corporation did little to lighten the delphic obscurity that has marked previous statements on this subject. All they tell us is that the two companies agree that technical collaboration in motor car engineering, which they have been discussing for several months, would be advantageous to both companies; and that talks are now going on to see how such co-operation could be put into effect.

Just what might be covered by "technical collaboration" is still left to the imagination; and though Lord Kindersley insists that these talks do not affect the continued production and marketing of the present range of Rolls-Royce and Bentley cars, one can hardly believe that all this discussion is going to produce so small a mouse as just the interchange of engineering information between the two companies: that could be done without announcing anything. Even if cars are now a small part of the Rolls-Royce business, the group is hardly so prosperous nowadays that it can afford to carry an unprofitable division—as this one is likely to be since sales were hit hard by the restriction on tax allowances for cars. Some sort of co-operation on production therefore seems the most likely outcome—which would give BMC the benefit of the Rolls-Royce name and allow Rolls-Royce to shift some of the cost of the magic of a name.

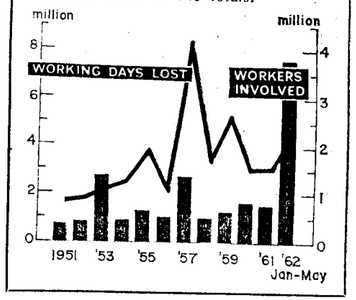
SULPHUR

Canadians Unwelcome

A CONSORTIUM, Cansulex, has been formed by oil and gas producing companies in Canada to export the sulphur that they extract from "sour" natural gas. Initially, the group will market half a million tons a year, but this is expected to treble by 1970. This sulphur is produced in the West of Canada and the main export markets are expected to be the west and north central states of the United States, where nearly 200,000 tons were shipped last year; Australia, Brazil and the Far East.

STRIKES

Days lost through industrial disputes averaged 3½ million a year over the last decade and the number of workers involved averaged 700,000. These figures have been well exceeded already this year, because of the token one-day strikes in engineering and shipbuilding on February 5th and March 5th; although the same workers were involved on both occasions, they are counted twice in the totals.



The arrival of Canada as a major supplier will arouse little enthusiasm among other producers, struggling to keep their shares of a world market that is already oversupplied. Yet between 1950 and 1952 the world felt itself threatened by a shortage of sulphur so acute that it became a matter of national importance to find and exploit other, and sometimes uneconomic, sources. At the time, the USA was virtually the only exporter of elemental sulphur; world consumption was rising and it seemed that the US reserves, then thought to be limited, might soon be exhausted. The American government warned other importing countries that exports might have to be cut to keep these reserves for the United States.

Between 60 and 70 per cent of all sulphur is used to make sulphuric acid, and the main effort of the importers was concentrated on other routes to it. The two main methods, already well-known, used sulphur-containing ores, anhydrite and pyrites, which were roasted to give sulphur dioxide, a starting point for sulphuric acid. Large deposits of anhydrite are found in Britain: plants based on this raw material were built and existing plants were extended. On the Continent, pyrites is more easily obtained than in Britain and the new plants were based on this material. Research was also carried out on bacteria which "feed" on hydrogen sulphide and excrete sulphur, but this was abandoned as too expensive.

Gradually the shortage was turned into a surplus. American production was increased by, among other things, drilling under the sea; methods were found for exploiting deposits in Mexico which had been thought unworkable; and sour gas became an important source. The composition of natural gas varies from place to place; where it contains a high proportion of acid gases (hydrogen sulphide and carbon

dioxide) it is called "sour." These acid gases have to be removed before the gas can be used as a fuel or chemical feedstock and the sulphur can be extracted from them, turning an expensive purification process into a profit. The largest source of this sulphur at present is the natural gas field at Lacq, in France, where 1.4 million tons a year of sulphur is produced. From being an importer of sulphur, France has become an exporter; last year it exported nearly 600,000 tons. Production from sour gas in Canada has started more recently but is potentially greater: it should reach two million tons a year by 1970.

As a result of this surplus, the US and Mexican mines are working at only about 60 per cent of their capacity and the natural gas producers, who cannot cut back sulphur production without affecting other processes, may soon be accumulating large stocks. Since the days of shortage the price of sulphur has fallen drastically, by a third—but it has been showing signs of levelling off.

OFFICE MACHINERY

Hard Patches

Some dog-fighting among typewriter manufacturers, some doubts about decimalisation and more customers looking before they leap into buying the more expensive or up-to-date gadgets for their offices: these are at present the harsher aspects of life for the makers of office equipment that ranges from typewriter ribbons to business computers. Most of them feel that this is no more than a wholesome dose of reality after the seven fat years since 1955. Business began to draw in over a year ago, but the first quarter of 1961 was the crest of the boom, and it is against that period that the first three months of the year showed a decrease in the value of manufacturers' deliveries of 15 per cent. Things had already improved by April, helped by a recovery in exports which by the end of May totalled nearly £13 million, fractionally higher than in the first five months of 1961. Only electric typewriters and the expensive and decimal-troubled category of accounting and calculating machinery failed to do better than in April last year. Duplicators and dictating machines—sometimes bought in order to effect greater savings—never seem to have felt the pinch at all. Gestetner's profits, for example, increased from £3.3 million to £3.9 million in the seven months to March 30th compared with the same period a year earlier.

Typewriters were the worst hit in the early part of this year, when manufacturers' output fell by as much as 26 per cent, and the market is still tight. Importers of German machines remain in difficulties, and so do those of the British-based manufacturers who have not tried, or have tried unsuccessfully, to imitate the aggressive, or foolhardy, methods of others. Boldness may pay off in buying a permanently bigger share of the market: Olivetti, known in the trade as tough sellers, take a notably more optimistic view of the future than most. Though portable typewriters seem still to enjoy steady consumer demand, many makers of the big office machines are faced with a choice of stockpiling or price-cutting. Competition on big contracts is very stiff. In April 46 per cent more non-electric standard typewriters were delivered than in April, 1961; but the value of these deliveries was up by only 23 per cent.

LEAD-ZINC IN GALWAY

A Crock of Mud

A quiet and patronising chuckle ran around the City last December when Northgate Exploration, a Canadian prospecting company, announced that it had unearthed lead-zinc ore on Eamon Reilly's farm at Tynagh, County Galway. The sceptics' worst suspicions seemed to be confirmed when in January dealings in Northgate shares were suspended in London and Dublin and when a bogus telegram purporting to come from the Toronto Stock Exchange added to the confusion.

In fact the Tynagh project is gradually winning respectability. The Irish Geological Survey originally suggested to Northgate that the area had mineral potential. It has also succeeded in interesting 34 other companies in concessions in Clare and Galway; among them is Anglo-Austral, a subsidiary of Consolidated Zinc. Since December, geophysical instruments and drilling rigs have been charting the ore bodies on the Tynagh property, the 70-odd drill holes giving it the appearance of a cribbage board. There are two ore bodies. The secondary, or geologically younger, deposit is a rich black mud containing commercially significant quantities of lead, zinc and silver, and a hint of copper. Its limits are not yet defined but in parts it is 150 feet thick and in all could amount to 5 million tons. Moreover, as it is only covered by a thin crust of glacial soil, it could be mined by simple opencast methods. Much lower down, the drills struck a harder primary ore, rich in lead; this would involve shaft mining but the surrounding limestone presents no problems for this. Much of the primary ore remains to be charted, so that any serious start to mine the black mud and establish a concentration plant on the site will have to wait at least three months until the task of exploring the primary ore body is completed.

Once a decision to mine the secondary ore is taken, Northgate reckons that it will need 15 months and $5 million to produce the first concentrates. The directors are confident that funds will be forthcoming from Canada and do not expect to come to the London market. But there is still some geological work to be completed, and the policy of the Irish government has yet to be clearly defined. The secondary ore might well be mined, like tin ore in Malaya, by a hydraulic method and concentrated by a flotation process; but this needs big supplies of water and electricity. The nearest metalled road is over a mile away and if the concentrates are to be taken out via Limerick or Galway, some roads would have to be built as well. Tynagh forms part of a development area established by the Irish government and thus Northgate would be able to apply for cash grants for the full cost of factory buildings and half the cost of machinery and roads. At the moment the development policy is under review and might be abandoned in favour of developing specific centres, such as Limerick. In the past the Irish government has burned its fingers over the Caneran copper venture and it remains to be seen how far the smiling goodwill of Dublin officials will be translated into hard cash. Of more immediate interest to Northgate is the fact that for the first four years of production profits would be free of tax and for the next four years would pay at only half the normal tax rate.

Finally there is the important question of smelting the concentrates. Smelters in France and Britain have expressed interest in the ore, but their action could be simply defensive at this stage. The obvious smelter in Britain would be Imperial Smelting Corporation, the Consolidated Zinc subsidiary at Avonmouth. The first hurdle has been cleared: Tynagh is geologically respectable. The next and perhaps more formidable one is to determine how far the project will be commercially viable. This depends not only on the grade and workability of the deposits, about which so far every indication is good, but also on the prices which the smelters would charge. With Northgate stocks quoted at just under $8 in Toronto there are clearly some people who are prepared to gamble that Tynagh will be earning worthwhile profits before too many years have passed. But there are others with memories of the "penny uranium stocks."

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Anglia

INDUSTRIALISED BUILDING

Flats from Factories

HEADED by the LCC, local authorities are at last turning with more than incidental interest to the well-tried solution of other countries whose need for housing is greater than the labour available. This is so-called industrialisation: moving the main construction of a building from the site to the factory floor. The Ministry of Housing itself has in conjunction with CLASP designed the components for some partly prefabricated flats at Stevenage; opening them last week, Dr Hill gave his personal blessing to the principle.

Of the eight or nine systems available, the LCC's attention is at present concentrated, for the purposes of a £3 million scheme at Woolwich, on that of the Danish firm Larsen Neilsen, whose eighteenth foreign licensee is the specially formed company Taylor-Woodrow-Anglian. Through their Myton subsidiary, Taylor-Woodrow have joined with a big concrete firm, Anglian Ltd., at whose works near Norwich the component factory will be built.

It has been estimated that about 55 per cent of the cost of building is generally from materials and the rest attributable to labour, plant, etc. In this country and in similar conditions abroad it is the shortage and expense of skilled labour that makes large panel construction systems attractive, for they save up to a quarter of the total labour content. This has to be set against the capital outlay which the Building Research Station reckons to be three times that required by conventional builders. Besides the expense of large moulds and other special equipment transport costs are predictably heavy. An English firm, Reema, the most advanced so far in the field in this country, puts up between one and two thousand dwellings a year mainly composed of two-ton prefabricated units (compared with the Larsen Neilsen average of 3 tons); they reckon roughly that it costs £1 a mile to transport a house. Speed is the forte of this sort of building; an instance quoted from the Continent is of a block of 40 flats being completed in 1½ months.

Taylor-Woodrow are not saying more at the moment than that their system will cost no more than conventional methods; the reason for their caution is largely the same which has prevented the wide introduction of industrialised building so far in Britain—uncertainty of having enough orders over a sufficient length of time to gain full advantage from mass production methods. The tendency of local authorities to order on a yearly basis contrasts with the long-term building development favoured, in particular, in France, where factories turn out about 40,000 dwellings a year. This has encouraged French firms such as Camus, Coignet and Balency to evolve elaborate production systems suitable for long runs but needing even greater capital outlay than most Scandinavian systems.

A characteristic of the Larsen Neilsen method, though not exclusive to it, is a very high degree of finishing in the factory, even down to the installation of wiring and plumbing. Bathrooms and lavatories can be installed as complete units and walls, once bolted into place on the load-bearing frame, are ready for paint.

SHORTER NOTES

The export credit consortium of banks, insurance companies, and pension funds organised by Lazard Brothers has now signed the agreement, detailed in *The Economist* of March 17th, lending £14 million to Peru at 6½ per cent over 15 years. This is the first project to be financed under the Export Credits Guarantee Deparment's new long-term financial guarantee scheme introduced in April 1961.

★

The National Group of Unit Trusts has introduced a new scheme for linking life assurance with unit trust investment. Investors willing to invest a minimum of £5 a month, for say ten years, will be given life cover for the balance of the total to be invested in the period. Should the investor die within the ten years his estate receives the units accumulated to date plus the sum that he would have saved over the balance of the ten years. The life assurance cover costs 9d. of every £1 invested.

★

The World Bank has made a loan equivalent to $30 million for the continuation of a national power expansion programme in Jugoslavia. It is for 25 years at 5¼ per cent. The bank's affiliate institution the International Development Association, has approved a development credit equivalent to $18 million to India for improvements at the Port of Bombay. The credit is for 50 years interest free—IDA's usual terms. India also received a stand-by facility of $100 million for twelve months from the International Monetary Fund last week, and has taken steps to reduce imports, to increase taxation, and to tighten credit.

★

Grants of St James's, a subsidiary of Ind Coope Tetley Ansell, has sold one-third of the capital of its wholly owned subsidiary, J. R. Phillips, for £83,000 in cash to George G. Sandeman Sons and Company, and a further third to the Canadian House of Seagram world's biggest distillers. A new associated company will be formed to promote export sales of Phillips' "Bristol Milk" sherry and the home company will become the sole distributor of "Courvoisier" brandy in England and Wales.

★

Montague Burton is to make a £6 million debenture issue and as a preliminary step holders of the existing 3½ per cent stock are having the interest rate raised to 4 per cent. The directors say that in view of the increase in property values cover for the fixed charge has become abnormally high. Properties specifically charged as security for the stock were revalued at £16.9 million last September. In addition the group owns other shop properties worth more than £21 million.

★

At this week's annual meeting of Butlin's the chairman, Mr Billy Butlin, forecast that a rights issue at about half the market price would be made later this year or early in 1963. In the current year so far bookings at Butlin's camps were 20 per cent higher than at the same period in 1961; the new Minehead camp opened in May has accommodation for 3,500 campers.

★

Hambros Bank and J. Henry Schroder Wagg have joined a number of European financial institutions as shareholders in Intershop Holding of Zurich. The object is to provide finance for property development.

COMPANY AFFAIRS
Comments on pages 188 and 189 on:
House of Fraser — John Thompson
Smith's Potato Crisps — Nchanga
London County Freehold — Express Dairy
Union Corporation

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 190 and 191

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 194

INDUSTRIAL PROFITS
Detailed tables on pages 192 and 193

RENOLD CHAINS LIMITED

Extracts from the Statement by Sir Charles Renold, LLD, JP

I feel that we can be reasonably satisfied with the results of the year. To have come within measurable distance of maintaining our profits during a year, the second half of which was so severely affected in the home market by restrictive Government measures, was a considerable achievement. Had it been possible to repeat in the second half of the year the sales and profits of the first half, our hopes would have been fulfilled; but, unfortunately, the fear which I expressed last year—that rising costs, unaccompanied by extra productivity, would necessitate remedial Government action—was only too well founded and the Government measures of July 1961, which began to be felt by us in September, had the intended effect of restricting demand in the home market. At the risk of anticipating my comments on the prospects at the end of this statement, I may say that this trend has not yet been reversed.

Although Government action has spoilt our highest hopes, it must be remembered that Government policy has undoubtedly contributed to the limitation of increases in costs which have been such a serious problem over the years. Thus, if the result of these measures has been to restrict the spiral of inflation and to improve this country's competitive position in the export market then this levelling out in our rate of progress will doubtless prove to have been well worthwhile.

I would like again to refer to the efforts which we have made and will continue to make in the export field. We believe that these efforts are the most important contribution we can make to the future of our country and of our company alike. Last year, we made up to some extent for the shortfall in our anticipated sales in the home market by sustained efforts abroad and we ended the year in a strong position on this side of our business. I am sure that, here again, we shall achieve further success during the current year.

In accordance with the indications I gave you last year, we have made plans for selective expansion in preparation for the time when the country's economy will again be allowed to move ahead. At Manchester, our plan is proceeding according to schedule and should be virtually completed by the end of the present financial year. The plan at Cardiff has been completed and is now making its contribution to Chain Wheel and Sprag Clutch production. Arrangements are being made for further expansion in France. Plans are under consideration for various projects throughout the world, although it is not expected that immediate decisions need be made.

Our exports to the Common Market countries against existing tariffs have increased over the high figures of last year and so, if we do go in, we shall do so with a considerable measure of optimism. Nevertheless, although we realise that the Common Market involves in its turn the threat of increased competition at home we view the balance of advantage and disadvantage with sober confidence. If we do not go into the Common Market, our current performance, in the face of existing protective tariffs, gives us reason to suppose that we could still continue to operate satisfactorily in the countries which comprise the Common Market.

The Group Profit for the Year after Taxation was £961,785, of

FINANCIAL SUMMARY

	1961/2 £	1960/1 £
Group Profit on Trading	2,096,302	2,152,780
Profit after Taxation and Minority Interests	954,942	1,019,418
Profit retained	444,768	509,244
Dividends net	510,174	510,174
	954,942	1,019,418
Issued Share Capital	8,561,568	8,561,568
Reserves (including Equalisation of Taxation)	7,397,922	6,714,240
	£15,959,490	£15,275,808

which £6,843 relates to Minority Interests in Subsidiaries; thus £954,942 is attributable to shareholders of Renold Chains Limited. From these profits the Directors now recommend a Final Ordinary Dividend of 7 per cent on the issued Ordinary stock, making a total for the year of 10 per cent, which is the same as last year.

The operating profit of Renold Chains Limited (which is, of course, before the inclusion of dividends from Subsidiaries) amounts to £1,639,740, compared with £1,684,677 last year, a decrease of some 2½ per cent. The Profit after Taxation amounts to £762,636, compared with £787,915 last year.

The value of sales for the year as a whole was again slightly higher than in the previous year both in the home and export markets, although there was a substantial falling-off in sales to the home market in the second half of the year. At the end of the year, the order position was, in total, maintained, although there was a reduction in orders outstanding for the home market, balanced by an increase in orders outstanding for the export market.

This achievement in the export field in times of considerable difficulty and competition has been made possible mainly by the continual strengthening in our overseas sales organisation.

The Subsidiaries achieved an operating profit amounting to £456,562, compared with £468,103 last year, and this profit of the Subsidiaries, together with the operating profit of Renold Chains Limited, makes up the Group Profit on Trading.

Changes in the executive of the Company have recently taken place, notice of which has been given in the Press.

On the 1st May 1962, Mr O. Bertoya and Mr W. S. C. Tully, CBE, on reaching normal retirement age, retired from their respective executive offices of Managing Director and Deputy Managing Director. Mr Bertoya, whose service with the Company began 39 years ago, has been successively General Manager Overseas Subsidiaries, General Sales Manager; he was appointed a Director in 1948 and, since 1953, has been Managing Director. Mr Tully joined the Company in 1946 as General Administration Manager and was appointed a Director in 1948. He has been Deputy Managing Director since 1953.

The contributions of both Mr Bertoya and Mr Tully to the development of the Company during their term of office have been major ones and the Directors wish to place on record their own appreciation of their services and feel sure that stockholders and employees alike will desire to join them in this and in wishing them every happiness in their retirement from executive duties. Both Mr Bertoya and Mr Tully will (subject to their re-election at the Annual General Meeting) remain members of the Board and so the benefit of their great experience will continue to remain readily available.

Mr L. J. Tolley has succeeded Mr O Bertoya in the post of Managing Director. He joined Renold Chains Limited in 1953 as General Works Manager, was appointed a Director in 1955 and an additional Deputy Managing Director in 1961. Mr Tolley is 48 years of age.

Mr J. P. Halpin, who joined the Company in 1956 and was appointed a Director in 1957, has been appointed Deputy Managing Director in addition to his existing post of Finance and Overseas Subsidiaries Director. Mr Halpin is 52 years of age.

PROSPECTS

It is difficult to make a confident prediction about our prospects for the coming year. Although it now appears that the Government intends to relax some of the controls over economic expansion and has already taken certain steps towards this end, it still remains uncertain when results will show themselves. Since the Company's prospects in the home market are inevitably closely linked with the country's economy, these measures should be of some assistance in increasing our sales at home. However, it may not be until the second half of the year that the Company will derive any benefit. In any case we are determined to do whatever lies within our power to maintain our impetus irrespective of economic vicissitudes.

In the export market our prospects are bright. We continue to improve our position and we expect to see more of our plans materialise during the year. Trading with and manufacture in Commonwealth countries, however, are currently going through a difficult period, and, although our efforts to offset these difficulties by expansion elsewhere are meeting with success, spectacular improvement in overall export trading is hard to envisage so long as these countries remain in difficulties.

In general, therefore, we look forward to continuing expansion in the export field, but, at home, I feel that the first half of the year is going to be a difficult trading period and, whilst there may be some progress in the home market in the second half of the year, the likely effect of this on our current year's trading is impossible to predict. It is, perhaps, better to view our prospects over the next two years and, on this basis, we have every reason to feel confident in the future, particularly if a satisfactory solution can be found to the economic problems which face many of the Commonwealth countries.

WEBB'S CRYSTAL GLASS COMPANY

The forty-second annual general meeting of Webb's Crystal Glass Company Limited was held on July 11th in London, **Mr R. E. N. d'Abo** (the chairman) presiding. The following is an extract from his circulated statement:

The Group Profit for 1961 amounts to £90,186, compared with £116,937 for the year 1960, and the Net Profit after crediting an overprovision for Taxation of £8,000 amounts to £56,723 as against £62,822.

An Interim Dividend of 5 per cent was paid in January of this year and a final Dividend of 7½ per cent is recommended.

Our results are reasonably good considering that the bulk of our industrial glass is sold as components to the consumer durable market, which suffered from credit restrictions; our profits were also affected by the large increase in costs due mainly to wage awards and the fuel oil tax imposed in the 1961 Budget.

Walthamstow Works: The rebuilding programme continued to cause considerable inconvenience and this fact coupled with a slightly lower turnover increased the pressure on profit margins. The major part of the work has now been finished, the benefits of which are already being reflected in improved production and warehouse facilities.

Stourbridge and Edinburgh Works: An increase of over 8 per cent in the sales of tableware was obtained, being well above the average for the crystal glass industry. A substantial increase was also made in sales of glassware for electronic components.

Prospects: During the first five months of this year sales and orders for Stourbridge and Edinburgh have shown a satisfactory increase. At Walthamstow, the continuance of credit restrictions affected business adversely, but the recent relaxation in credit is now improving the position. It is hoped that the profits for the whole year will not be less than in 1961.

The report was adopted.

WILMOT BREEDEN (Holdings) LIMITED

The following information is condensed from the Annual Report for 1961 *considered at the Thirteenth Annual General Meeting held in Birmingham on* 11*th July*, 1962.

	1961	1960
	£	£
Net Income from all sources	840,421	1,367,083
Taxation	413,034	760,030
	427,387	607,053
Add Taxation over-provided in previous years	265,295	—
	692,682	607,053
Group Net Assets	13,244,312	10,436,715
Ordinary Share Capital	4,200,000	4,200,000
Ordinary Dividend: Total (after tax)	289,406	289,406
Rate	11⅛%	11⅛%
Times covered...	1·4	2·3

The Group has 12,000 *shareholders and* 9,500 *employees.*

Motor Car Division
Sales fell as a result of reduced car production and a higher proportion in the total number of vehicles built of the smaller cars. Following the closure of the Bridgwater factory, all production for the car industry was concentrated in Birmingham, where increases in output will be achieved more by improved methods than additional investment in fixed assets.

Europe
Sales in Europe are rising satisfactorily, but later than expected because of delays in the introduction of new car models. Demands on capacity have further increased unexpectedly following requirements from Germany and Italy. Greater participation on Italian cars has substantially increased sales of components developed in England and produced by our associated company in Italy.

Flight and Special Products
Sales of 'Truflo' stainless steel pipe bends and fittings increased, offsetting decreases for aircraft components, and further expansion is expected.

Hydraulics
Sales of industrial hydraulics for automation and servo control systems increased, the potential, for which is high. An improvement in trading conditions in the commercial vehicle industry is expected. A Belgian company was formed to sell Telehoist products in the Common Market.

Electronics
Sales and earnings of The Wayne Kerr Company Ltd. improved, and their growth as a supplier of measuring instruments is likely to be above average. The famous tape recorders and marine depth sounders of The Ferrograph Company Ltd. are in great demand.

Australia
The unfavourable economic climate and the move to a new factory presented difficulties which are now being overcome.

Principal Operating Companies *are in Great Britain, France, Italy and Australia.*

M. SAMUEL & CO. LIMITED

VISCOUNT BEARSTED'S STATEMENT

The forty-third Annual General Meeting of M. Samuel & Co. Limited was held on July 12th in London.

The following are extracts from the circulated statement of the Chairman, **The Viscount Bearsted, TD, DL**, for the year ended March 31, 1962:

In July, 1961, we made a rights issue of 500,000 Ordinary Shares at 42s. each. As a result, the issued capital of your Company has been increased by £500,000, which, with the share premium account of £544,000, makes a total addition to our resources, after expenses, of £1,044,000.

The profits for the year, after providing for taxation and after transfer to Contingencies Reserves, were £226,924, compared to those of last year of £197,111. Your Directors now recommend an Ordinary Dividend for the year ended March 31, 1962, on the increased Ordinary capital of 7½ per cent less Tax.

The main reason for raising new capital was to provide backing for the large increase in our banking business, but, in addition, your Directors felt that any new capital raised could be fully and profitably employed in the business.

Our Acceptances increased by nearly £3,000,000, and there was also a substantial rise in our Deposits. The former was accomplished not in defiance of but in spite of the credit squeeze, and the latter represents an increase from various sources, both at home and abroad. The results of this increase in our banking business have been correspondingly profitable.

During the year, we formed a wholly-owned subsidiary, M. Samuel & Co. (Jersey) Limited. This Company has been formed because it was considered that the economic growth and financial importance of the Island were such that there was scope for the services of a Merchant Bank. The extent of our operations to date has confirmed our original opinion.

NON-BANKING DEPARTMENTS

Turning now to the non-banking departments, they also had a successful year. The New Issue Department remained fully active and this Department continually meets with new problems which call for highly specialised knowledge and techniques.

The Investment Department continued to attract further clients and extend its already considerable knowledge of overseas investments. During the year, we helped to set up the Trades Union Unit Trust and were appointed Secretaries to the Management Company. The success of this Trust will not only materially benefit those Unions which have joined but will help to forge a vital link between them and the City. I feel that any movement which brings the realisation that the City is ready and eager to work with all people, regardless of politics or other prejudices, must be for the benefit of all concerned. Glendaruel Investments, our investment company, had another satisfactory year.

Last year, I mentioned the formation, in conjunction with The First National Bank of Boston and Tozer Kemsley & Millbourn Ltd., of International Factors Ltd. This project is amply fulfilling its purpose and helping to finance trade, both within this country and abroad.

A GREAT OPPORTUNITY

Much has been said of late concerning Merchant Banks and the Common Market. It has been continually suggested, and rightly so, that the incorporation of the United Kingdom in E.E.C., presents a great opportunity and challenge to the City in general, and Merchant Banks in particular.

The prospect of making London the financial centre of this great trading area is indeed stimulating and we are anxious to maintain a prominent position in this vital picture. To that end, we have for some time been studying the problems involved and we have the requisite Continental relationships of long standing to supplement and foster our own knowledge. The problems involved are still in the nature of surmise and many are naturally complex, involving different languages, legal and accounting systems, and Governmental practices. The technical knowledge to be acquired is very large and I must emphasise that financial gains therefrom are unlikely to be immediately apparent. It is a mistake to imagine that entry into the Common Market will produce forthwith exceptional profits to Merchant Bankers. Nevertheless, I do not wish to give the impression that we hold the future in the Common Market in the longer term as of little importance. Profitable opportunities will surely be there to be grasped, but they will not materialise tomorrow nor without much hard work.

THE BUDLA BETA TEA COMPANY

The sixty-seventh annual general meeting of The Budla Beta Tea Company, Limited will be held on July 30th in London.

The following is an extract from the circulated statement of the chairman, **Sir Charles Miles, OBE**:

The profit for the year ended December 31, 1961, is £89,923, which compares with £143,251 for the year 1960 and £92,476 for 1959. The drop in profits of some £53,000 as compared with 1960 is attributable to a sharp fall in sales proceeds occasioned by: 1. The considerably lower prices realised for our second flush teas, and 2. The prospect of over-production, which adversely affected markets in the latter part of 1961. Expenditure was well controlled and in fact was £10,600 lower than in the previous year.

In regard to the disposal of the 1961 profits, your Board has decided to place £30,000 to General Reserve, and we recommend a dividend of 15 per cent, less Income Tax, leaving a balance of £46,718 to be carried forward.

It is of course much too soon to forecast what is in store for 1962. Our crop to the middle of June is 744,880 lb, an increase of 158,160 lb when compared with 1961. This is mainly "second flush" tea and reports on manufacture have been satisfactory. Present indications are that World crops will again show some increase and it remains to be seen whether consumption will keep pace with the increased production.

SENA SUGAR ESTATES

UNFORESEEN FACTORS AFFECT RESULTS

The Forty-second Annual General Meeting of Sena Sugar Estates, Limited, will be held on July 18th at Winchester House, Old Broad Street, London, E.C.

The following is an extract from the statement by the chairman, **Lieutenant-Colonel C. B. R. Hornung, DL,** circulated with the report and accounts for the year ended December 31, 1961:

I reported at our meeting last year that the estimate of tonnage of cane available indicated a quantity in excess of the previous year. This proved to be the case as the mills crushed 924,817 tons compared to 874,309 tons in the previous year but it required 9.8 tons of cane to make 1 ton of sugar compared to 8.5 tons previously. The result was that we only produced 94,256 tons of sugar, brought about by the conditions over which we have no control and could not foresee. Apart from the increased cost of labour and many other items required in our operations, the growing and processing of a larger tonnage of cane resulted in increased expenditure while income was reduced by the lower output of sugar.

Group Profit on Trading comes out at £634,238 compared to £1,047,150 in the previous year.

ALLOCATION OF PROFITS

After making provision for all charges including an estimate of taxation at the rate now in force and the retention of £553 by our subsidiary, we are left with a balance of net profit of £83,921 which, together with £212,721 brought forward from the previous year and £2,000 Tax provision no longer required, gives us £298,642 available for appropriation compared to £607,049 previously. The Preference Dividend for the year absorbs £17,916. No interim dividend on the Ordinary Stock was paid earlier this year. At that date the estimate then before your Board indicated a serious reduction in the Profit which, together with increased taxation, made the payment of an interim dividend inadvisable and Stockholders were at once informed of this decision.

We now propose that a final dividend of 4 per cent free of tax be paid on the Ordinary Stock absorbing £122,850 and leaving £157,876 to be carried forward.

OUTLOOK FOR 1962 CROP

I can now turn to the future and give you news of the 1962 crop which our factories started crushing at the beginning of May. The two factors which determine the size of the crop are firstly climatic conditions and secondly supply of labour. Climatic conditions have been very favourable for the growth of the crop with the result that the estimate of tonnage of cane available is in excess of the factory capacities in the period available for crushing.

Welfare of African labour has been under close scrutiny and much has been done to make employment more attractive quite apart from increases in wages and the effect of this is already being felt. I am glad to report that there is no sign of any unrest among the African population. I myself visited the estates last August and was delighted to find the atmosphere of contentment and discipline in our labour force. However, in view of the number of agitators in many parts of Africa and whose aim it is to disrupt law and order, it is very necessary to be vigilant and to keep in the closest touch with the Authorities.

The heavy rainfall up country resulted in the Kariba Lake reaching a level which required the Federal Power Board to open the spillways in the dam and release large quantities of water during April and May this year. This caused us some anxiety as the Zambesi was already at a higher level than in previous years, but the river did not rise to a dangerous level.

THANKS TO PORTUGUESE AUTHORITIES

Once more it is my pleasure to thank the Portuguese Authorities for their assistance and sympathetic understanding of our problems and we, in our turn, have done our best to meet their wishes. The misfortunes which have overtaken Portugal with her Overseas Provinces and the grossly unjust attacks which have been made on her policy are very much to be deplored but I am pleased to note a distinct change in world opinion and recognition of the most valuable part that Portugal is playing in maintaining stable conditions in her territories. Her critics would be well advised to study the recent legislation emanating from the Minister for Overseas Territories in connection with labour relations, to realise how great a degree of protection African Labour today enjoys throughout all her Overseas Provinces.

I wish to express our thanks and gratitude to our Staff both at home and overseas for their continued devotion and loyalty in the interests of the Company.

RUMIANCA S.p.A.

TURIN, ITALY

(Fertilisers, Chemicals, etc.)

The annual general meeting and an Extraordinary general meeting of Rumianca S.p.A. took place in Turin on April 18th, under the chairmanship of **Avv Riccardo Gualino.**

The report of the board indicated that production during the financial year 1961 had been entirely normal and the amounts invoiced had increased by about 5 per cent, as compared with the previous financial year, despite a restricted but continuous reduction in the sales prices. Exports amounted to more than 20 per cent of the total amount invoiced and showed a moderate increase over 1960.

It was subsequently proposed to distribute a dividend of Lire 100 per fully paid-up share, payable on May 2nd, equivalent to 10 per cent on the current capital and to carry forward to next year the resulting profit balance of Lire 305,448,664.

It was also proposed to increase the Company's capital from Lire 10,000,000,000 to Lire 15,000,000,000 by an issue of 5,000,000, shares of Lire 1,000 each, to be offered in full to the shareholders at the rate of one new share for every two old shares held at the price of Lire 1,500 each; to amend Article 5 of the Company's memorandum of association and to authorise the issue of a debenture loan of Lire 6,000,000,000 at the rate of interest of 5½ per cent and finally, to amend Article 4 of the memorandum and articles of the association.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

THE GOTAVERKEN GROUP

Shipbuilders and Engineers
Gothenburg, Sweden

GROUP TOOK SECOND PLACE AMONG LEADING SHIPBUILDERS WITH 14 LAUNCHINGS IN 1961

LIVELY INTEREST SHOWN IN NEW SUPER-CAPACITY DIESEL ENGINE

The fifty-sixth Annual Meeting of AB Götaverken was held in Gothenburg on May 16th, **Mr K. E. Jacobson** presiding. The following is an extract from the report circulated with the accounts.

ORDERS AND PRODUCTION

The shipbuilding industry is still suffering from the depressed state of the shipping business, and orders for new tonnage continued to decline also during 1961. Nonetheless, considering the world-wide state of the industry, the Götaverken Group had a reasonably satisfactory year. From its yards in Gothenburg and Landskrona were delivered 12 ships of altogether 224,435 dwt, while 14 ships aggregating 275,657 dwt were launched. This output put the Group in the second place in respect of launchings, in terms of gross tons, among the world's leading shipbuilders.

Orders for new ships improved somewhat during the year and nine contracts were signed, although at unsatisfactory prices and credit conditions. Total orders on the books at the end of the year amounted to 1,000,650 dwt, an improvement of about seven per cent from the previous year. Contracts for 12 engines were signed for delivery to other yards.

The newly developed diesel engine capable of delivering 2,100 rated b.h.p. per cylinder has aroused world-wide interest and 14 units are now being built by Götaverken and its licensees. During the year a contract was signed with Empresa Nacional "Bazán" El Ferrol, Spain, whereby the number of licensees reached ten, situated in seven different countries.

In 1961, deliveries of steam raising plant improved materially in volume. The largest Tomlinson unit ever built was installed in the plant of Kemi Oy, Finland, and a second unit of the same type was put into service in the Obbola sulphate mill in northern Sweden.

Ships repairs were carried out at about normal level and 183 ships were docked at the two yards. A lively interest was also shown in the hydraulically operated hatch-covers developed by Götaverken and the calculating devices "Lodicator" and "Stalodicator"; a relatively large number of ships were provided with this equipment.

Total turnover of the Group was Kr. 393.3 million, as against Kr. 462.9 million in 1960.

DELIVERIES AND LAUNCHINGS

Twelve ships with an aggregate tonnage of 224,435 dwt were delivered by the two yards during 1961, viz:

One motor tanker of 42,000 dwt
One motor tanker of 49,200 dwt
One motor tanker of 34,100 dwt
One cargo motor ship of 17,100 dwt
One cargo motor ship of 16,250 dwt
One cargo motor ship of 14,120 dwt
One cargo motor ship of 12,620 dwt
One cargo motor ship of 11,050 dwt
Two cargo motor ships of 10,070 dwt
One cargo motor ship of 9,055 dwt
One refrigerated motor ship of 7,800 dwt

Fourteen ships of altogether 275,675 dwt were launched during the year. Main diesel machinery delivered by the engine shop comprised 23 units with a combined rating of 181,450 b.h.p. Fifteen of the engines were delivered to other yards in Sweden, Norway, and Finland.

INVESTMENTS

Plant investments in the yards amounted to Kr. 74.2 million. The engine department at Götaverken was provided with a new experimental shop and the Landskrona yard with additional mechanical facilities.

A major part of the investments were put into the Arendal yard, the work on which is proceeding on schedule. The dock gates have been installed and the hull assembly shop, plate fabricating shop, machine shop, etc., are under roof. Work has started on the office building, welding shops and the 200 x 60 m fitting-out shop. The yard will be put into production in 1963.

GROUP COMPANIES

In addition to AB Götaverken the Group includes the following wholly owned subsidiary companies:

Öresundsvarvet AB
AB Göteborgs Skeppsdockor
Rederi AB Zenit
Götaverken American Corporation
Götaverken Norsk A/S
Götaverkens Fönster AB

RESULTS

Net earnings of the Group after taxes were Kr. 15.0 million (Kr. 17.4 million) which together with Kr. 4.6 million carried forward from the previous year made Kr. 19.6 million (Kr. 35.2 million) available for appropriation, as follows:

	In Kr. '000s
Statutory Reserves	7
Suppl. Statutory Reserves ...	1,738
Dividend of Kr. 7.00 per share	5,390
Carried forward	12,473
	19,608

The report and accounts were adopted.

THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES

CONTINUED, STEADY AND RELIABLE PROGRESS

The fifty-second annual general meeting of The London County Freehold and Leasehold Properties Limited will be held on July 30th in London.

The following is an extract from the circulated statement of the Chairman and Managing Director, **Mr Thomas J. Cullen:**

"The year has been one of continued, steady and reliable progress. Group total income, less rates for the year to March 31st last was £3,441,264, an increase over the previous year of £394,813. Group net revenue before tax at £1,634,606 shows an increase of £232,317 and after taxation of £899,039 (last year £738,023) net revenue was £735,567, an increase of £71,301.

Not only the total income receivable for the year but also the net revenue from both the Parent and the Rhodesian and Australian Subsidiary Companies has increased considerably. After all outgoings, including interest and tax, the improvement in net revenue for the year is sufficient to warrant an increase in the total dividend to 1s. 4d. per 10s. 0d. unit (1s. 2½d. last year).

The gross rent roll of the Group at March 31st last was over £4,050,000, as compared with £3,805,000 last year. In comparing these figures the increase represents a greater improvement than would appear, since the recent acquisitions are let at exclusive rentals and do not include any services.

We find all contracts to purchase or to build take much longer to complete in these days. Thus the increase in Property Assets at March 31st last does not reflect our actual progress. In fact, since March 31st last, we have completed the negotiations and detailed work in respect of three contracts that have been in hand for a long time. Two have now been signed and the third is almost ready for signature. These three contracts represent over £4,000,000 of investments.

The chairman then outlined the details of the contracts which concerned the erection of two buildings on freehold sites, one in Sydney, Australia, and the other in the City of London and also the erection of a building in West Central London in which the company would have a long leasehold interest.

He continued: We are always considering suitable acquisitions or investments and the above-mentioned three investments alone, when completed, will increase our Rent Roll by some £500,000 per annum. After completion 51 per cent of the Book Value of our properties will be residential and 49 per cent offices and high class factories.

Our progress is steady and very reliable. I would mention that our income for the ensuing year will be substantially increased by lettings made during the past year. We anticipate there will be larger increases in the year 1963/4 and the properties under construction will be fully revenue producing in 1964/5. We have every reason to think that we can look forward to our future with confidence.

STEEL BROTHERS AND COMPANY LIMITED

The seventy-first annual general meeting of Steel Brothers and Company Limited will be held on July 26th in London.

The following is an extract from the circulated statement of the chairman and managing director, **Mr P. G. G. Salkeld, CBE:**

The profits for the year total £626,111 as against £544,079 for 1960. Provision for taxation is £387,000, leaving a net profit for the year of £239,111.

Dividends have been paid and recommended as set out in the Report of the Directors.

As is customary I give a short review of our main activities:

UNITED KINGDOM.—Profits from trading have again improved on those of previous years.

Carbutt & Co. (1928) Ltd.—Throughput for their Mills is running at a record figure, but margins have again been too small to produce satisfactory results.

Sondes Place Research Laboratories Ltd.—The improved results which have been attained in recent years have been maintained.

Expanded Perlite Ltd.—Expectations for 1961 were fully realised and this company earned a satisfactory profit which enabled it to resume dividend payments.

The future outlook continues to be encouraging.

Steel Brothers and Higgins (Insurance) Ltd.—This company continues to make steady progress.

BURMA.—Profits earned were well up on last year and were at a satisfactory level.

Strand Hotels Ltd.—Again earned a satisfactory profit.

INDIA.—Our business in India continued on much the same profitable scale as last year.

Indo-Burma Petroleum Co. Ltd.—This subsidiary more than held its own in meeting the increased demand in India for petroleum products during the past year.

PAKISTAN.—Trading was active and on an expanding basis at both Karachi and Chittagong and I am glad to report with very satisfactory results.

CEYLON.—In spite of considerable labour unrest, mainly in the Port of Colombo, our subsidiaries, especially E. B. Creasy & Co. Ltd., had a good year.

MIDDLE EAST.—In Iraq our subsidiary, Rafidain Developments Ltd., I am pleased to be able to report had a successful year, but our other subsidiary, W. J. Coker & Co. Ltd., made only a small profit.

Our associated company, Spinney's (1948) Ltd., had a reasonably good year and is extending its operations in the Arabian Gulf and Libya.

EAST AFRICA.—We have made considerable progress in winding up Steel Brothers (Tanganyika Forests) Ltd., but have still a fair quantity of assets yet to dispose of; the main proportion of which we hope to realise within the current year.

A. Baumann & Co. Ltd., our associated company, has again had a reasonably satisfactory year.

CANADA.—The general picture does not show any material change, but overall there was some consolidation from which we can expect ultimately to benefit.

PROSPECTS.—Our operations cover many Countries in those parts of the world in which problems confront us almost daily and I consider it imprudent to make long term forecasts, but for the current year to date I can say that our results are fully comparable with those at the same time last year.

THE INVESTMENT TRUST CORPORATION

The seventy-fourth annual general meeting of The Investment Trust Corporation, Limited was held on July 5th in London, **The Right Hon Lord Latymer** (the chairman) presiding. The following is an extract from his circulated statement.

The Gross Revenue for the year amounts to £1,679,168 an increase of £82,160 or 5.1 per cent on that of the previous year. The Profits Tax provision of £102,000 is £19,000 more than the amount set aside last year.

After allowing for Management Expenses, Debenture Interest, Taxation and the dividend on the Preference Shares the amount available for the Ordinary Shareholders is £755,374 an increase of £30,674 or 4.2 per cent on the amount available last year. Earnings expressed as a percentage of the Ordinary capital are 34.4 per cent compared with 33 per cent for the preceding year.

Your Directors recommend a final dividend of 19 per cent making a total dividend of 27 per cent for the year. The dividend for the previous year was 26 per cent.

The valuation of the investments at May 1, 1962, amounts to £31,490,054 and shows an appreciation of 167.5 per cent over the book value. A year ago the valuation was £32,117,760 and the appreciation 183.3 per cent. The classification and distribution of the investments show little change, and 95.9 per cent of the portfolio is in equities.

I expect that our income in the current year will be at a level sufficient to cover the present dividend of 27 per cent with a satisfactory margin.

The report was adopted.

SHEFFIELD TWIST DRILL AND STEEL

The fifteenth Annual General Meeting of The Sheffield Twist Drill and Steel Company Limited was held on July 11th at Sheffield, **Mr Alexander Dorner,** chairman and joint managing director, presiding.

The following is an extract from his circulated statement for the year 1961:

The consolidated turnover again created a record although the net profit did not move upward in the same proportion due to an ever narrowing margin of profit. The net profit before taxation was £766,097, an increase of £67,958 over that of the previous year.

Whilst the home demand for our products showed little change over that of 1960, exports showed a satisfactory increase. It is on the latter sales that the margin of net profit is lower because of the higher selling costs abroad.

The European Common Market continues to be debated and in the meanwhile tariffs between the six member countries continue to be lowered, whilst the ECM external tariffs on your Company's products rise. The present differential is serious enough, and naturally, we wish to know where we stand as soon as possible in order that our action in the future can be decided upon.

Sales for the first five months of the current year are on the same level as those last year. Home demand shows a slight fall, but on the other hand exports have increased. There are indications that home demand will increase during the second half of this year.

The report was adopted.

EAST RAND CONSOLIDATED

The thirty-sixth annual general meeting of East Rand Consolidated, Ltd., was held on July 11th at the Chartered Insurance Institute, London, E.C.

Mr C. J. Burns, Chairman, presided, and the following is an extract from his Statement circulated with the Report and Accounts for the year ended December 31, 1961:

Total revenue for the year amounted to £124,541 as against £93,129 for 1960. After all charges there remained a net profit available for distribution of £101,162.

Income from investments increased for the fourth consecutive year, amounting to £57,943. A further increase in this source of revenue can be anticipated for the current year as the Company has yet to receive the full benefit of the monies subscribed to the share issue last August.

As regards our income from royalties, I stated last year that these derive from the mining of vanadium ore from Farm Kennedy's Vale, which we own in the Republic of South Africa, and that in the first five months of 1961 the income from this source had totalled £16,377. This was equivalent to an annual rate of approximately £40,000. In the event, the revenue for the whole year was £43,959, due to production therefrom increasing during the latter months of the year. Royalties received from this source for the first three months of the current year total £12,257.

Our third source of income, namely profit from sales of shares, is a variable item as much depends on the level of activity on the various Stock Exchanges during any one year. It will be noted, however, that our dividend distributions are more than adequately covered by the other two sources of revenue.

Having regard to the profit for the year under review the Directors have recommended a dividend of 11½ per cent for 1961 payable on the capital as increased by the share issue in August last to £900,000. This is a distribution of an additional 1½ per cent over the forecast made at the time of the issue and in spite of the fact that the new monies resulting therefrom contributed to profits for only four months of the financial period.

I am satisfied that, subject to unforeseen circumstances, the results for the current year should show an improvement on those now presented.

The report and accounts were adopted.

COMPANY AFFAIRS

Gilt-edged stocks have taken most of the limelight in the London stock market this week, although the rate of advance at the end of last week was not maintained. Equities, however, have hardly responded to the festive air in the City, and over the week The Economist *indicator fell 2½ points to 316.3. The reduction in margin requirements on Wall Street helped equities on Tuesday, and on Thursday many stocks showed useful gains on the Treasury's apparent confidence in the economic outlook but these were not always held. Gold shares enjoyed another short-lived rally and oil shares improved slightly.*

House of Fraser

As last year, it is the House of Fraser's balance sheet which forms the most interesting part of the full report and accounts, revealing how much the improvement to liquid resources owes to the sale and lease-back of many of the Harrods properties. In two years these sales have reduced the freehold and leasehold properties in Harrods' balance sheet by £9 million to £12.6 million, and Harrods has been able to lend £11.9 million to House of Fraser. The bank overdrafts of both Harrods and its partner have been replaced by substantial cash holdings. At the end of January, House of Fraser held £5,402,000 in cash and owned investments with a market value of £4,865,000. Against this were capital commitments of £1,296,000 so the group is well set for further expansion and Sir Hugh Fraser may well claim that the group's finances have "never been stronger."

In the profit and loss account the effect of this redeployment shows its less advantageous side in higher rents which were mainly responsible for the fall in trading profits in the year to January 31st from £6,431,000 to £5,860,000. But a sharp fall in interest charges and a rise in investment income came to the rescue and after a lower tax charge net profits at £2,692,000 were fractionally higher, leaving the cover on the maintained dividend of 30 per cent unchanged at 1¼ times. Sir Hugh looks forward merely to "another satisfactory year" but a more pronounced advance in net profits than occurred in 1961-62 seems possible, for despite the hard long winter Sir Hugh says that turnover was fully maintained in the opening months of the current year. Profits should also benefit from the completion of extensions to various stores, and from the new Henderson store in Liverpool which will be opened before Christmas. Stronger competition from the chain stores offering an ever-widening range of goods is, however, likely to limit the growth in any of the department stores, but at 31s. the 5s. shares offer a yield of 4¾ per cent, which is higher than that offered by most shares in this field.

John Thompson

The preliminary results of the boiler-makers, John Thompson, at the end of May came as a pleasant surprise, revealing gross profits for 1961 of £1,424,000, compared with £994,000 in 1960 and £1,332,000 in 1959, and a net profit of £552,000, compared with a net loss of £1,777,000 in 1960. The full report is also encouraging and the chairman, Sir Edward Thompson, says that the results in general confirm the forecast that he made in last year's report: "last year trading conditions were not easy but many of the subsidiaries contributed to the rather better profit position." For 1962 he forecasts cautiously that results will be "at least as good as those for 1961." Output rose last year by over £4 million to £29,219,000, and in the first quarter of this year was 20 per cent higher than in the first quarter of 1961. Exports in 1961 were also a new record with direct exports reaching £4¼ million. At the end of last year orders amounted to nearly £35 million and in the first quarter of this year new orders received were 30 per cent higher than in the corresponding period last year. In the current year the group should benefit from the reorganisation of the Australian design and boiler contracting subsidiary which made a heavy loss last year but may well break even this year. Sir Edward says that four of the group's smaller companies at home made losses but "these black spots are receiving the closest attention" and while some losses may still emerge in 1962, total losses will be substantially less than they were.

The group's improvement is reflected in the fall in bank overdrafts from £4.2 million to £3.5 million by the end of last year and in the further reduction to £2.5 million at the end of June. Sir Edward draws attention to this financial improvement but adds, significantly, that when nuclear losses restricted expansion the group postponed capital expenditure on improving the works generally and on the purchase of new plant. Capital commitments at the year end amounted to only £230,000 so that the improvement in margins has not so far tempted the group into making up this leeway; but

clearly shareholders must expect before long some expansion in capital commitments. Margins in boiler-making, as the chairman of Babcock & Wilcox recently noted, are still inadequate but on hopes of further recovery the 5s. shares of John Thompson are, at 14s. 6d., close to their high point for the year, and yield 5.2 per cent on the dividend as raised from 5 to 15 per cent, covered 1.6 times.

Smith's Potato Crisps

How safe is the ordinary dividend of Smith's Potato Crisps? In the year to March 31st last net available earnings fell from £876,000 to £566,000 and trimmed the cover on the maintained 55 per cent dividend to 1¼ times. The company's own farms supply only about 10 per cent of its potato requirements and the high prices of potatoes has hit Smith's just as they hit housewives, fish-and-chip shops and other caterers. The potato costs of the parent company alone rose by 31 per cent last year and its selling costs also went up. Smith's own sales rose by only 3 per cent but those of the whole group rose by 6 per cent, for Tudor Foods and the Australian subsidiary both achieved bigger sales but there too high potato costs offset the expansion in sales.

Sales have continued to advance in the current year but with potato prices "far beyond any previously experienced" the outlook for profits is uncertain particularly as the peak period of potato crisp sales precedes the main crop. Not surprisingly the directors considered raising retail prices but they decided against such a move in the hope of a return to more normal potato costs; no doubt more intensive competition in the potato crisp market was another factor in this decision. Confidence in the future, however, is revealed in the programme of capital expenditure: £660,000 was added to fixed assets in 1961-62 and at the end of March capital commitments amounted to £416,000. The chairman, Mr F. Le Neve Foster, expects expenditure on modernisation and development to continue at a fairly high level for several years to come. Last year's cash flow was £325,000 and with liquid assets down from £1,106,000 to £361,000 the group is likely to need fresh capital. The chairman hints that this will probably take the form of a debenture issue, rather than a rights issue, and he draws attention to the group's valuable freehold properties which are at the moment unencumbered and stand in the balance sheet far below their up-to-date values. For the ordinary shareholders a prior charge issue could provide a useful element of gearing, particularly if the directors' view that the present recession in profits represents only a temporary setback proves to be correct. The 5s. shares yield 5¼ per cent at the current price of 52s. 6d. on the assumption that a dividend of 55 per cent. can be maintained.

London County Freehold

The impressive growth of London County Freehold in recent years seems certain to continue in the future. In the year to March 31st the total income of the group after paying rates rose by 13 per cent from £3,046,000 to £3,441,000, and the dividend was raised from 12.1 to 13.3 per cent, absorbing £689,000 out of a net revenue of £736,000. The chairman, Mr T. J. Cullen, says that at the year end the rent roll was £4,050,000, compared with £3,805,000 twelve months before. This does not reveal the full extent of the improvement in income, as recent acquisitions have been let at rents exclusive of services so that in effect the costs of managing properties have fallen. Lettings made in 1961-62 will substantially increase the group's income this year and in the following two years there will be even bigger increases as many of the three-year leases signed after the Rent Act will then expire and the group's major development projects will come to fruition. Contracts for two of these development projects have already been signed and the third is on the point of signature; in all they call for over £4 million.

At the end of the financial year the group had a small net overdraft, and since it makes only small retentions of profits the group needs new money to finance these developments. For the new IBM office building in Sydney, Australia, "a considerable part of the finance" will be raised locally through mortgage debentures; developments in the City and the Tottenham Court Road area will require capital from the London market. Initially this will take the form of a £3 million debenture to be issued later in the financial year, and then a rights issue and a further debenture will follow before the end of March, 1964. In the past London County has held the greater part of its interests in residential property but by the time the three developments are completed 49 per cent of the book value of properties will be offices and factories—£9.8 million in offices and £3.5 million in factories.

Mr Cullen says that the group has written off the exchange loss on its investment in Vancouver following the depreciation of the Canadian dollar. He is not perturbed about the Rhodesian investment (which last year accounted for just over 3½ per cent of total profits) but he says that in future the group would concentrate its interests in London and selected overseas areas such as Australia. Mr Cullen rightly describes London County Freehold's progress as "steady and very reliable." The group is more of a property investment company than a property developer and the 10s. ordinary shares at 33s. 4½d. yield 4 per cent on the dividend as raised from 12.1 to 13⅓ per cent. Shareholders can expect a further increase in the dividend this year.

Nchanga

Last week the market was quite prepared for the Rhodesian copper producer, Nchanga, to announce a mild set-back in its profits for the year to March 31st. Over the whole year it had felt the pinch of the 10 per cent cut-back in copper sales, first agreed in October, 1960; and the average price of copper had slipped back from £237 to £232 per ton. Moreover, the policy of Rhodesian Anglo-American, the controlling company, was to continue to build up stocks so that no benefit accrued from a cut-back in production. Against this background the rise in operating profits from £20,078,000 to £20,695,000 came as a welcome surprise. The maintained ordinary dividend of 35 per cent is covered 1.3 times. The £1 shares were marked up 1s. 9d. to 48s., but now ex the final 30 per cent dividend stand at 43s. 9d.

Presumably Nchanga, the lowest-cost producer in the Rhodesian copperbelt, has succeeded in cutting its operating costs. But in the current year the outlook is problematic, for at the beginning of this month the major copper producers accepted a further cut of 5 per cent in production or sales. The success of this measure clearly rests on stabilising the price of copper. But even if, as producers hope, the price settles at about £234 per ton Nchanga would probably need to cut costs yet again to show any rise in profits this year. A bigger factor in the yield of 16 per cent is the political outlook.

Express Dairy

In 1960-61 the advance of 22 per cent in the profits of Express Dairy largely reflected the acquisition of the hotel and catering group of Spiers and Ponds. But in the year to March 31st last gross profits fell by 20 per cent from £2,820,000 to £2,226,000, which is below the 1959-60 level when Express Dairy had not yet acquired Spiers and Ponds. This is a disappointing performance, particularly as sales rose in every section of the business and total turnover rose from £70 million to £73 million.

The chairman, Mr Walter Nell, gives a number of reasons for the reduction in gross profit margins to 3.1 per cent. Over the last financial year the company was confronted with the biggest increased wage bill in its history and at the same time the Government's price control structure on milk, butter and other dairy products (covering in all about 70 per cent of the group's turnover) limited the extent to which the group could pass on the rise in costs to customers. For Spiers and Ponds it has been a year of re-equipment and consolidation rather than expansion. At first sight the supermarkets might be expected to be the most buoyant section of the group; thirty are now operating and fourteen more are now being developed. But Mr Nell says that this sector of the business carried "substantially unproductive expenditure in respect of premises in course of development and must continue to do so for some time to come." However, the future should bring benefits in this field. In the milk and dairy business there might be some improvement as delays in erecting plant and equipment involved it last year in "abnormally high operating costs." But the outlook for Express Dairy seems unexciting and at 9s. 7½d. xd its 5s. shares are barely above their low point for the year and yield 5¼ per cent on the maintained 10 per cent dividend.

Union Corporation

Until the 1952 Finance Act, a company resident in this country could move freely elsewhere; since then Treasury consent has been needed and the ring-fence has not been easy to surmount. Union Corporation made a formal application in 1956 to change its domicile to South Africa, where about 90 per cent of its total assets are held, but this was turned down in the following year and subsequent support to the application from the South African government failed to move the Treasury. Now the negotiations have succeeded and the Treasury has given its consent. South Africa's changed political status may have affected the decision but it is also the fact that the loss to the Inland Revenue will be much less now than it would have been in 1956.

On the basis of the last accounts, however, the move should still give a useful boost to profits, with a tax saving of about £210,000; this compares with net available earnings of £2,692,000 and the dividend of £1,250,000. Apart from the hopes of a higher dividend from the tax saving, the effect for British shareholders will be to raise the effective net rates and it will thus benefit those paying the standard rate or more; the current net UK rate is only 1s. 4d. South African shareholders holding about one-third of the capital will be spared the necessity of claiming double tax relief and will be paid in local currency and taxed at local rates.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
June 6	321·0	5·59		
,, 13	315·2	5·68		
,, 20	315·2	5·64		
,, 27	310·3	5·64	364·4 (Jan. 17)	310·3 (June 27)
July 4	318·8	5·40		
,, 11	316·3	5·44		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
July 5	269·6	5·80	6·06	10,546
,, 6	268·5	5·83	5·95	11,292
,, 9	265·9	5·88	5·92	13,555
,, 10	268·1	5·83	5·92	11,949
,, 11	267·7	5·84	5·93	10,768

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935=100.

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: ITALY: BELGIUM: SWEDEN: NORWAY

BRITISH FUNDS AND GUARANTEED STOCKS

Prices, 1962 High	Low	British Funds and Guaranteed Stocks	Price, July 4, 1962	Price, July 11, 1962	Net Red. Yield, July 11, 1962§	Gross Red. Yield, July 11, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½% ... 1962	100.10.2	100.9.9	17 0	3 18 10
98 25/32	96 3/16	Exchequer 3% ... 1962-63	98 25/32	98 25/32	3 1 8	4 7 2 l
100 15/32	98½	Conversion 4¾% ... 1963	100 13/32	100 13/32	2 6 1	4 5 9
96 13/16	93 3/16	Exchequer 2½% ... 1963-64	96 13/16	96 25/32	3 5 1	4 6 7 l
99 31/32	97 1/16	Conversion 4½% ... 1964	99 15/16	99 31/32	2 12 1	4 10 0
94 23/32	90 11/32	Savings Bonds 3% ... 1955-65	94 23/32	94 23/32	3 13 11	4 17 2 l
101	98 3/32	Exchequer 5½% ... 1966	100 17/32	100 31/32	2 17 8	5 3 11
88 9/16	85	Savings Bonds 2½% ... 1964-67	88¼	88 17/32	4 2 10	5 4 6 l
98⅝	98	Exchequer 5% ... 1967	98 5/16	98⅝	3 7 8	5 7 4
87⅝	83 5/16	Funding 3% ... 1966-68	86 7/16*	87 9/16*	4 3 3	5 8 11 l
89 13/16	84⅞	Conversion 3½% ... 1969	88½	89 13/16	4 0 10	5 11 9
86⅞	82⅝	Funding 3% ... 1959-69	85⅝	86 13/16	4 3 5	5 9 10 l
97	92¼	Victory 4% ... 1920-76	96¼	96¼	3 3 0	4 16 10‡
84⅜	78 15/16	Savings Bonds 3% ... 1960-70	82 9/16	84⅜	4 4 6	5 11 8 l
94⅛	90 9/16	Conversion 5% ... 1971	92¼*	94⅛*	3 16 9	5 16 10
102⅞	97¼	Conversion 6% ... 1972	101⅜	100 9/16*	3 11 3	5 16 11
95 3/16	91⅛	Conversion 5¼% ... 1974	92 9/16	95 3/16	3 14 11	5 17 3
89⅞	87¾	Funding 4% ... 1960-90	88½	89⅛	3 12 0	5 6 0 l
74⅛	70 7/16	Savings Bonds 3% ... 1965-75	73	74⅛*	4 9 0	5 16 5 l
73⅛	69⅝	Treasury 3½% ... 1977-80	71¼	73 1/16	4 6 8	5 19 11 l
73	68 5/16	Treasury 3½% ... 1979-81	71 9/16	71⅞*	4 7 0	6 0 1 l
93 7/16	90 3/16	Funding 5½% ... 1982-84	91 5/16*	93*	3 17 0	6 1 8 l
85⅞	82⅜	Treasury 5% ... 1986-89	84½	85⅝	3 19 6	6 3 10 l
59⅜	54	Redemption 3% ... 1986-96	57⅝	59⅜	4 1 7	5 16 0 l
62¾	56 15/16	Funding 3½% ... 1999-2004	60 13/16*	62 11/16*	3 19 7	5 18 3 l
93 5/16	84⅛	Treasury 5½% ... 2008-12	90⅝	93¼	3 14 4	6 0 11 l
64¾	58¼	Consols 4% ... after Feb. 1957	62 11/16*	64 11/16*	3 15 7	6 3 3
58	52 1/16	War Loan 3½% ... after 1952	55 15/16	57 13/16	3 14 6	6 1 11 f
58⅛	52 5/16	Conv. 3½% ... after Apr. 1961	56⅛	58 1/16	3 14 7	6 2 8 f
50	44⅞	Treasury 3% ... after Apr. 1966	48¼	49¾	3 14 7	6 2 7 f
42¼	38⅛	Consols 2½%	40¾	42 3/16	3 12 8	5 18 8 f
42¼	38 1/16	Treasury 2½% ... after Apr. 1975	40¾	42 3/16	3 13 4	6 0 6 f
93⅞	89 15/16	British Electric 4½% ... 1967-69	92*	93*	3 17 2	5 13 0 l
78 9/16	74⅜	British Electric 3% ... 1968-73	76⅜	78 9/16	4 8 8	5 16 5 l
72¾	69	British Electric 3% ... 1974-77	70 11/16	72¾	4 8 10	5 18 0 l
82 5/16	79 1/16	British Electric 4¼% ... 1974-79	80⅜	82¼	4 2 4	6 0 10 l
73⅞	70⅜	British Electric 3½% ... 1976-79	72	73 13/16	4 6 8	6 0 0 l
85⅝	82¾	British Gas 4% ... 1969-72	84*	85⅝*	4 3 10	5 17 5 l
85 3/16	80 9/16	British Gas 3½% ... 1969-71	83⅜	85 3/16	4 4 1	5 15 5 l
59⅛	53 13/16	British Gas 3% ... 1990-95	57⅛	59⅛	4 3 0	5 17 2 l
78 9/16	74⅜	British Transport 3% ... 1968-73	76⅜	78 9/16	4 8 8	5 16 5 l
80⅛	77¼	British Transport 4% ... 1972-77	78¼	80⅛	4 4 7	6 0 5 l
61 3/16	56½	British Transport 3% ... 1978-88	59⅛	61⅛	4 7 1	5 19 5 l

DOMINION AND CORPORATION STOCKS

Prices, 1962 High	Low	Dominion and Corporation Stocks	Price, July 4, 1962	Price, July 11, 1962	Red. Yield, July 11, 1962
					£ s. d.
83¼	79½	Australia 3¼% ... 1965-69	81½*	83¼*	6 3 0 l
98¾	96	Australia 6% ... 1974-76	97⅜	97¾	6 7 0 l
66	52	Ceylon 4% ... 1973-75	52	54	10 16 0 l
97¼	94¼	New Zealand 6% ... 1976-80	96½	97¼	6 8 0 l
75¼	62½	Rhodesia and Nyasaland 6% ... 1978-81	66½*	69*	9 13 0 l
89	82	South Africa 3½% ... 1965-67	88	89	6 6 0 l
58¼	48	Southern Rhodesia 4½% ... 1987-92	52	54½*	8 13 0 l
81⅞	77¾	Agricultural Mortgage 5% ... 1959-89	79⅞	81	6 8 0 l
89⅜	86	Birmingham 4¼% ... 1967-70	87¾	89¼	5 18 0 l
92	88⅝	Bristol 5% ... 1971-73	89¼	90¾	6 5 0 l
90½	88	Corporation of London 5¼% ... 1976-79	88⅝	89¼	6 4 0 l
47½	43	L.C.C. 3% ... after 1920	46⅛	47½	6 6 0 f
87	84	L.C.C. 5% ... 1980-83	86⅛	87	6 4 0 l
90¼	87	Middlesex 5¼% ... 1980	89⅛	90¼	6 5 0 l

ORDINARY STOCKS

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		Ordinary Stocks	Price, July 4, 1962	Price, July 11, 1962	Yield, July 11, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays ... £1	83/3	80/9*	3·22	...
80/7½	61/-	...	...	District ... £1	64/7½¶	62/9	3·98**	...
70/6	53/3	5·1 b	4½ a	Lloyds ... £1	55/9	56/-	3·39	...
25/6	20/-	7 b	7 a	Martins ... 5/-	21/3	20/-*	3·75	...
101/-	80/-	7½ b	7½ a	Midland ... £1	87/-	84/6*	3·55	...
100/9	73/3	7 b	7 a	Nat. Provincial ... £1	77/-¶	78/-*	3·59	...
97/9	71/-	6⅔ b	5⅔ a	Westminster 'B' ... £1	75/3¶	72/9	3·77	...
48/3	40/6	8 b	4 a	Australia & N.Z. .. £1 p.p.	41/3	42/3	5·68	...
40/9	34/9	3⅓ a	5 b	Bk. Lond. & S. Amer. .. £1	36/6	34/9	4·80	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal ... $10	£19	£19 1/16	3·55	...
35	27¼	8 c	9 c	Bank of New S. Wales £20	32½	32¾	4·40g	...
39/-	32/6	5 b	5 a	Barclays D.C.O. ... £1	33/3	33/6	5·97	...
58/6	53/-	7½ a	7½ b	Chartered ... £1	53/3	53/6	5·61	...
£19¾	£16	5/- a	10/- b	Hongk'g. & Shang. ... $25	£16¾	£16¾	4·48	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. .. 10/-	50/6	50/9	3·25	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada ... $10	£23	£22½	3·67	...
45/3	37/6	5 a	10 b	Standard Bank ... £1	41/6	42/9	7·02	...
54/4½	37/3	7½ a	15 b	Hambros ... 5/-	38/9	39/-	2·88	...
99/9	73/6	2½ a	5 b	Schroders ... £1	79/6	77/6	1·94	...
60/3	53/-	6¼ b	6¼ a	Union Discount ... £1	57/6	57/-*	4·39	...
14/1½	10/-	18 c	Nil c	Bowmaker ... 5/-	11/-	11/9	...	...
14/3	10/3	5 a	5 b	Lombard Banking ... 5/-	11/7½	11/7½	4·30	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit ... 5/-	11/9	11/9	3·19	...
44/1½	31/-	22½ b	4 a	United Domins. Tst. .. 5/-	31/9	31/-	4·27	¾
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. ... 5/-	14/10½	14/9	3·73**	2
14/6	12/10½	...	...	Charrington United .5/-	14/-	14/6	4·14**	1¾
44/-	34/9	8½ b	6 a	Distillers ... 10/-	38/6	37/10½	3·83	2
51/6	44/6	14 b	8 a	Guinness ... 10/-	45/6	45/6	4·84	1¾
34/-	24/10½	3⅓ a	10⅔ b	Harveys ... 5/-	26/-‖	24/10½‖	4·22	2¾
15/7½	12/-	...	8 b	Ind. Coope, T.A. ... 5/-	12/10½	12/9	4·71**	1½
29/-	21/3	12 b	6 a	Watney Mann ... 5/-	24/6	23/6	3·83	2
42/4½	31/9	9 a	21 b	Whitbread 'A' ... 5/-	35/7½*	35/9	4·20	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½ b	Associated Portland. £1	52/3	52/6	3·62	2¼
27/4½	21/6	4 a	8½ b	British Plaster Bd. .. 10/-	23/3*	24/10½	5·03	2
18/10½	14/10½	6 a	10 b	Richard Costain ... 5/-	15/3	15/4½	5·20	2¾
13/7½	10/6	10 a	12½ b	Crittall Mfg. ... 5/-	11/10½	11/1½	7·58**	2
14/1½	9/10½	6 a	16½ b	International Paints .. 4/-	11/-	11/-	8·18	1½
69/6	48/9	25 c	25 c	Rugby Portland ... 5/-	53/6	55/9	2·24	3¼
24/-	19/1½	11⅔ b	5 a	Wall Paper Defd. ... 5/-	19/7½	19/4½	4·30	2¼
				CHEMICAL				
25/7½	20/9	6 a	14 b	Albright & Wilson ... 5/-	22/-	21/9	4·60	2
19/3	13/11¼	4 a	7½ b	Borax Defd. ... 5/-	14/11¼	14/6	3·97	2½
43/3	26/9	11 c	4 a	Fisons ... £1	27/6	27/-	...	...
58/-	47/6	6¼ a	7½ b	I C I ... £1	52/4½	51/1½	5·38	1
18/6	12/3	5 a	5 b	Monsanto ... 5/-	13/-	13/-	3·85	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug ... 5/-	26/9	26/4½	2·27	2¼
33/9	20/7½	5 b	2 a	Montague Burton ... 10/-	23/-	22/9	3·02	2¼
59/6	42/9	13⅓ b	5⅚ a	Debenhams ... 10/-	46/6	45/9	4·20	1½
65/-	51/1½	25 b	12½ a	G.U.S. 'A' ... 5/-	57/6	57/6	3·26	2
40/3	28/9	13⅓ a	16⅔ b	House of Fraser ... 5/-	30/6	31/-	4·84	1¼
16/6	12/9	5 a	7½ b	Lewis's Invest. Tst. ... 4/-	13/3	12/9	3·92	2
100/6	79/9	15 a	32½ b	Marks & Spencer 'A'. 5/-	84/3	83/-	2·86	1½
52/6	41/-	10 a	20 b	United Drapery ... 5/-	43/3	42/6	3·53	1¾
53/-	44/1½	25 b	10⅚ a	Woolworth ... 5/-	46/7½	45/10½	3·90	1¼
				OIL				
38/-	30/6	‡2·78a	†7 1/12 b	British Petroleum ... £1	35/7½	35/9	8·99	2
40/-	30/6	†2½ a	†7 11/12 b	Burmah Oil ... £1	36/9	38/3	8·89	1¼
£14½	£12 5/16	11¼ a	15 b	Royal Dutch ... 20 fl.	£13½	£13⅜	3·89	2½
32/7½	27/-	†10 a	†15 b	Shell Transport ... 5/-	32/-	32/-	6·38	2½
32/9	20/6	...	...	Ultramar ... 10/-	24/-	23/6	... d	...
				ELECTRICAL & RADIO				
32/6	23/-	5 a	5 b	A.E.I. ... £1	25/3	26/-	7·69	1
12/6	9/-	...	15 c	Brit. Electronic Inds. .5/-	11/1½	11/1½	6·74	¼
66/3	51/9	4 a	9½ b	B.I.C.C. ... £1	54/9	53/9	5·02	2
14/8¼	12/7½	7½ b	5 a	Crompton Parkinson .5/-	13/9	13/9¾	4·52	2½
89/6	63/-	23⅓ c	7½ a	Decca ... 10/-	70/6	69/-	3·38	1¾
45/6	33/9	12½ b	5 a	E.M.I. ... 10/-	35/4½	35/9	4·90	2
54/6	39/-	5 a	9 b	Elliott-Automation ... 5/-	43/4½	42/3	1·66	2
27/9	20/9	3 a	5 b	English Electric ... £1	22/-	22/-	7·27	1½
34/-	26/-	7 b	3 a	General Electric ... £1	28/6	29/9	6·72	¾
59/3	34/6	4⅜ a	8⅛ b	C. A. Parsons ... £1	36/6	38/6	6·49	2
47/9	38/9	3¼ a	6½ b	A. Reyrolle ... £1	39/6	40/-	4·88	2½
82/-	58/-	25 c	25 c	Thorn Electrical ... 5/-	67/-	67/6	2·04	3
				ENGINEERING				
32/4½	20/3	9 c	9 c	Babcock & Wilcox ... £1	30/3	31/7½	5·69	1½
38/3	27/3	7 b	3·2 a	John Brown ... £1	31/7½	31/6	6·48	2¾
6/-	4/3	3 a	7 b	Cammell Laird ... 5/-	5/-	4/10½	10·26	1
26/10½	21/10½	10 a	20 b	Internat. Combust. .. 5/-	22/10½	23/10½	6·28	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	3/7½	3/9	...	...
38/4½	26/-	2½ a	9½ b	Swan Hunter ... £1	28/-	28/-	8·57	1¾
14/9	10/6	5 a	10 b	John Thompson ... 5/-	14/-	14/6	5·17	...
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge ... 10/-	26/6	26/6	5·39	2¾
73/7½	55/6	†2½ a	†6 b	Alfred Herbert ... £1	55/6	56/-	4·96	2
47/6	33/9	5 a	10 b	Allied Ironfounders ... £1	36/6*	36/-	8·33	1¾
99/9	67/9	5 a	10 b	Averys ... £1	75/3	73/9	4·07	2
20/3	12/9	7⅔ b	4 a	B.S.A. ... 10/-	13/3	12/9	9·15	2¼
11/6	8/6	4½ a	8½ b	George Cohen ... 5/-	9/4½	8/9	7·43	1¾
33/-	21/6	17½ b	10 a	Davy-Ashmore ... 5/-	23/3	22/6	6·11	2¼
81/10½	64/1½	5 a	11 b	Guest Keen ... £1	69/4½	68/4½	4·68	2¼
21/-	14/3	4 a	12 b	Head Wrightson ... 5/-	16/-	16/3	4·92	2½
85/6	67/-	5 a	7 b	Metal Box ... £1	71/6*	69/9	3·44	2¼
18/-	13/4½	10 b	4 a	Ransome & Marles ... 5/-	14/4½	14/7½	4·79	3
48/-	37/9	3 a	7 b	Renold Chains ... £1	38/9	37/9*	5·30	2
64/10½	43/1½	7 b	7 a	Tube Investments ... £1	48/9	48/7½	5·76	3
31/1½	23/6	2½ a	7½ b	Vickers ... £1	27/3	27/3	7·34	1
71/6	54/-	10 b	3¾ a	Ward (Thos. W.) ... £1	59/-	59/-	4·66	3
20/6	12/3	5 a	16 b	Woodall-Duckham ... 5/-	14/-	14/3	7·37	1¾
				FOOD & TOBACCO				
25/6	19/9	10 c	10 c	Allied Suppliers ... 10/-	23/3	23/7½	4·23	2½
12/4½	8/4½	12½ b	10 a	Assoc. British Foods .. 1/-	9/9	9/4½	2·40	2
61/3	42/-	8 b	4 a	Bovril ... £1	42/-	42/-	5·71	1½
12/9	10/9	†3·9b	†1·7a	Brooke Bond 'B' ... 5/-	10/11¼	10/9	4·25	3½
15/10½	11/10½	10 b	2½ a	International Tea ... 5/-	12/6	12/6	5·00	1½
82/6	65/3	5 a	10⅚ b	J. Lyons 'A' ... £1	66/3*	65/9	4·82	1½
38/3	29/9	9 b	5 a	Ranks Hovis ... 10/-	32/9	32/10½	4·26	...
13/7½	10/10½	7½ b	2½ a	Spillers ... 5/-	11/9	11/9	4·26	2¼
50/9	43/3	12 c	3 a	Tate & Lyle ... £1	46/3	46/9	5·13	2¼
18/-	14/9	9 b	5 a	Unigate ... 5/-	15/3	15/-	4·67	2
63/9	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. .. 10/-	53/9	54/6	6·74	3
41/3	28/3	5 a	15 b	Gallaher ... 10/-	28/6	29/3	6·84	2
63/9	47/6	7½ a	14 b	Imperial Tobacco ... £1	50/6	50/6	8·91	1¾
				INSURANCE				
8 15/16	5¾	†22·7a	†25 b	Britannic ... 5/-	5 15/16	5 15/16	3·28	...
68/-	50/-	20 a	25 b	Commercial Union .. 5/-	53/6	53/6	4·21	...
35 15/16	21½	†41·17c	†62·74c	Equity & Law Life ... 8/6	23½*	23¼	1·87	...
109/3	69/-	10 a	20 b	General Accident ... 5/-	76/-	75/-	2·00	...
60/6	43/-	...	...	Guardian ... 5/-	45/3	44/6	3·00**	...
48¾	32½	80 a	110 b	Legal & General ... 5/-	36	36	1·32	...
180/-	138/9	8½ a	12½ b	Northern & Empl. ... £1	146/3	148/9	2·82	...
13 11/16	10⅝	†20 a	†70 b	Pearl ... 5/-	11 11/16	10 15/16	3·36	...
29¾	22½	†208⅓ c	†208⅓ c	Prudential 'A' ... 4/-	24	24⅛	2·82	...
47/10½	37/6	...	...	Royal ... 5/-	39/-	38/4½	3·91**	...
127/9	97/-	7½ a	11¼ b	Royal Exchange ... £1	98/-	98/-	3·83	...
				MOTORS & AIRCRAFT				
18/3	13/-	12½ b	7½ a	British Motor ... 5/-	13/8¼	13/5¼	7·44	¾
85/3	60/-	20	20 c	Jaguar Cars 'A' ... 5/-	67/-	63/9	1·57	8
41/6	25/3	5 a	3 b	Rolls-Royce ... £1	26/3	25/3	6·34	1¼
6/8½	4/11¼	12 c	4 c	Rootes Motors 'A' ... 4/-	5/2¼	5/0¾	3·20	...
78/6	60/11¼	11 b	5 a	A.C.V. ... £1	72/6	70/3	...	...
94/6	71/10½	20 c	5 a	Leyland Motors ... £1	74/6	71/10½	5·57	...
17/7½	13/10½	8 a	5½ b	Bristol Aeroplane .. 10/-	17/-	17/1½	7·88	2
24/8¼	19/3	5 a	6 b	Hawker Siddeley ... £1	23/3¾	22/10½	9·62	1¼
36/9	25/9	†5½ b	†4 a	Dowty Group ... 10/-	26/3	27/10½	5·56	2¼
39/-	27/3	5 a	15⅚ b	Dunlop Rubber ... 10/-	29/4½	28/9	5·51	1¾
77/-	62/7½	11¼ b	2½ a	Joseph Lucas ... £1	64/7½	62/7½	4·39	2¼
22/-	14/-	5 c	9 a	Pressed Steel ... 5/-	14/6	14/-	1·79	...
39/-	31/3	12½ c	5 a	Triplex Holdings ... 10/-	35/9	31/9	3·94	2¼
				MINES				
172/6	136/3	40 a	50 b	Anglo-American ... 10/-	163/9	168/9	5·33	1¾
73/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields. £1	67/6	69/9	7·17	2½
112/6	81/10½	15 a	20 b	General Mining ... £1	106/3	112/6	6·22	2
68/-	46/6	†26 a	†74 b	Union Corporation .. 2/6	63/3	66/-	6·19	2½
20/9	16/9	40 b	40 a	Daggafontein ... 5/-	18/9*	19/-	21·05	1¼
121/10½	81/10½	100 b	70 a	Free State Geduld ... 5/-	111/10½	116/-	7·33	1½
68/9	50/6	110 c	60 a	President Brand ... 5/-	63/-	66/6	9·32	1½
96/3	72/6	31 a	31 b	W. Driefontein ... 10/-	90/-*	88/9	6·20	1¾
161/3	117/6	210 c	105 a	Western Holdings ... 5/-	151/10½	153/6	6·84	1¼
19/6	15/3	6 b	5 a	Winkelhaak ... 10/-	18/6	19/1½	5·75	3
56/9	42/6	13⅓ a	36⅔ b	Chartered ... 15/-	44/3	45/3	16·57	1½
56/6	47/-	60 b	20 a	Rhod. Anglo-Amer. 10/-	51/9	52/-	15·38h	1¾
37/4½	24/-	...	6 a	Rhod. Selection Tst. .. £1	24/9	25/6	14·12**h	...
21/9	14/9	32½ c	Nil a	Tanganyika Cons. ... 10/-	15/-	15/-	...	1¼
170/7½	135/-	100 a	180 b	De Beers Defd. Reg. .5/-	160/-	167/6	8·36	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ... n.p.v.	$103½	$102½	2·78	...
18/9	13/1½	7½ a	30 b	London Tin ... 4/-	14/10½	15/10½	9·45	1¼
16/9	16/1½	...	...	R. T. Zinc ... 10/-	...	16/6	9·09**	...
35/-	22/3	65 c	25 a	Tronoh ... 5/-	25/3	25/-	13·00	1
				PAPER & NEWSPAPERS				
12/10½	10/6	5 a	10 b	Daily Mirror ... 5/-	11/3	10/10½	6·90	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A'. £1	73/9	73/9	3·53	2
24/9	13/9	10 a	14 b	Thomson Org'n. ... 5/-	16/-	16/-	7·50	1½
47/3	32/-	5 a	8¾ b	Bowater Paper ... £1	34/9	35/3	7·80	1
45/-	35/-	5 a	11 b	Albert E. Reed ... £1	41/-	42/-	7·62	1½
43/9	33/6	4 a	8½ b	Spicers ... £1	35/6	36/9	6·80	1½
55/-	44/-	4 a	10 b	Wiggins Teape ... £1	49/6	50/-	5·60	1¾
				MISCELLANEOUS				
27/9	19/9	10 a	20 b	Assoc. British Picture. 5/-	20/-	20/6*	7·32	2¾
33/3	21/-	40 b	20 a	Assoc. Television 'A' . 5/-	23/-	23/-	13·04	1¾
52/1½	35/3	16 a	14 b	Beecham Group ... 5/-	37/9	35/6	4·23	1¾
39/4½	30/9	6⅔ b	3⅓ a	British Match ... £1	35/-	35/1½	5·69	2
16/3	12/-	6⅔ b	4 a	British Oxygen ... 5/-	12/3*	12/1½	4·40	1¾
9/10½	7/7½	3 a	7 b	British Ropes ... 5/-	7/10½	7/9	6·45	1½
62/3	50/3	7½ a	15 b	De La Rue ... 10/-	57/-	59/-	3·81	2
42/-	27/1½	5⅝ a	9⅜ b	Gestetner 'A' ... 5/-	33/-‖	34/-	2·21	3¾
55/9	41/6	15 c	7½ a	Glaxo ... 10/-	44/6	44/-	3·41	3¼
49/-	42/6	3 a	12 b	Harrisons & Cr. Defd. .£1	42/6	42/6	7·06	2½
41/3	30/-	5 a	20 b	Hoover 'A' ... 5/-	31/-	30/9	4·07	1¾
23/3	16/-	5 a	12½ b	Ilford ... 5/-	18/9	18/6	4·73	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. ... £1	91/9	91/6	2·46	2½
49/3	40/6	12½ c	12½ c	National Canning ... £1	41/-	43/6	5·75	1
41/3	35/1½	10 b	6 a	Powell Duffryn ... 10/-	37/6	37/3	4·30	2¼
40/6	32/3	17½ b	5 a	Radio Rentals ... 5/-	33/6	34/-	3·31	2¾
37/-	24/6	15 b	7½ a	Rank Organisation ... 5/-	27/3	26/9	4·67**	...
38/-	25/6	7½ a	16½ b	Schweppes ... 5/-	27/3	27/-	4·44	1½
35/3	28/6	25 c	25 c	Sears 'A' ... 5/-	31/1½	29/7½	4·22	2
29/10½	22/6	8½ a	11½ b	Thomas Tilling ... 4/-	24/3	24/-	3·33	2
64/-	44/-	8 b	4 a	Turner & Newall ... 5/-	45/10½	47/9	5·03	2
47/3	32/6	9·47a	15·32b	Unilever ... £1	38/3	36/6	3·40	3
11⅝	7½	8 a	13 b	Unilever N.V. ... 12 fl.	9	9⅛	2·72	3
18/9	13/6	5 a	10 b	United Glass ... 5/-	14/-	13/9	5·45	...
33/3	23/-	†4⅙ a	†10⅚ b	United Molasses ... 10/-	25/9	25/1½	9·74	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/-	25/3	25/9	7·77	1
18/3	15/7½	6 c	Nil c	Cunard ... £1	17/10½	17/4½	...	...
19/6	16/9	7 c	7 c	France Fenwick ... £1	19/1½	19/6	7·18	1½
31/6	21/-	10 c	10 c	Furness Withy ... £1	23/6	23/6	8·51	1
9/7½	5/-	...	...	London & Overseas .. 5/-	5/4½	5/-	...	...
31/-	17/6	3 a	3 b	P & O Defd. ... £1	18/6	21/-	5·71	...
12/1½	8/4½	2½ c	2½ c	Reardon Smith ... 10/-	9/3	9/3	2·70	...
12/9	7/6	5 c	Nil c	Royal Mail ... £1	10/3	10/6	...	...
				STEEL				
48/4½	28/9	16 c	5 a	Colvilles ... £1	30/4½*	30/1½	...	2½
27/3	16/9	10 c	2½ a	Dorman Long ... £1	17/9	17/-*	...	2¼
34/-	22/-	7½ b	3½ a	Lancashire Steel ... £1	23/7½	22/9	9·67	3
21/4½	11/3	10 c	Nil a	South Durham ... £1	11/6	12/3	...	1¼
31/3	22/6	10 c	3¾ a	Steel Co. of Wales ... £1	25/6*	24/7½	8·12	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds ... £1	30/4½	29/7½	10·13	2
51/10½	41/6	9 b	6 a	John Summers ... £1	43/4½	42/7½	7·04	2
42/4½	25/9	12·3c	4 a	United Steel ... £1	30/4½*	30/1½	...	1½
41/-	30/9	8¾ b	4 a	Whitehead ... £1	33/3	32/3*	...	2
				TEXTILES				
32/-	25/7½	5 a	7½ b	English Sewing Cotton £1	27/7½	27/4½	9·13	1
26/4½	18/9	5 a	7½ b	Fine Spinners ... £1	19/-*	19/6	12·82	1
50/9	33/1½	17½ b	5 a	Lancashire Cotton ... £1	34/6	33/4½*	...	1¼
46/1½	37/10½	3¾ a	8¾ b	Courtaulds ... £1	42/6	41/3	6·06	...
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ... 4/-	5/4½	5/4½	9·92	1¾
81/6	74/6	13 b	8 a	West Riding Worsted £1	77/3	75/9*	5·54	2½
30/9	22/9	2½ a	7½ b	Woolcombers ... £1	22/9	22/9	8·79	1¼
20/10½	14/1½	6 c	6 c	Bradford Dyers ... £1	15/4½	15/4½	7·80	1
13/3	9/6	13¾ b	7½ a	Calico Printers ... 5/-	10/-	9/6	10·53**	3¼
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B. ... £1	39/7½	39/7½	6·31	1¾
10/9	8/9	3 a	10 b	Jute Industries ... 10/-	8/10½	10/1½	12·84	2¼
27/1½	21/1½	10 c	10 c	Tootal ... £1	21/7½	21/1½	9·47	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	20/1½	12½ a	25 b	Alliance Trust ... 5/-	21/-	20/1½	9·32	1¼
61/6	42/7½	37½ b	12½ a	B.E.T. 'A' Defd. ... 5/-	44/7½	44/1½	5·67	1½
17/9	13/3	10 c	10 c	Cable & Wireless ... 5/-	14/9	14/-	3·57	1½
71/9	54/3	31⅔ c	10 a	City Centre Props. ... 5/-	60/6	60/-	2·11**	...
89/-	69/9	3½ a	8½ b	City Lond. Real Prop. £1	74/3	72/3	3·32	1
95/-	65/-	7·04a	9·04b	Hudson's Bay ... £1	70/-	68/9	4·68	2½
38/6	22/6	4 b	2 a	Land Securities ... 10/-	24/6¶	25/-	2·40	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	33/-*	33/-	4·04	1
				TEA & RUBBER				
46/6	38/-	†2½ a	†12½ b	Cons. Tea & Lands ... £1	39/-	39/9	12·32	2
35/6	30/9	†11 b	†3 a	Jokai (Assam) ... £1	35/-	35/-	13·06	2½
9/6	7/6	...	7½ c	Nuwara Eliya ... £1	8/6	8/6	17·64	1½
5/9¾	4/10½	12½ a	29 1/6 b	Highlands & Lowlands 2/-	5/3¾	5/5¼	15·33	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic ... 2/-	4/9	4/7½	17·30	2
76/9	62/1½	10 a	35 b	United Sua Betong ... £1	66/3	67/6	13·33	1½

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Calico Printers, 20%. Charrington United, 12%. City Centre Props., 25⅓%. Crittall Mfg., 16⅞%. District Bank, 12½%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. R. T. Zinc, 15%. Rank Organisation, 25%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%. Thorn Electrical, 27½%.

NEW YORK PRICES AND INDICES

	July 3 $	July 11 $		July 3 $	July 11 $		July 3 $	July 11 $
Atch. Topeka	23⅜	23¼	Boeing	41⅞	41⅝	Int. Harvester	47¼	49
Can. Pacific	21¾	21¾	Celanese	32⅝	34	Inter. Nickel	56¼	56½
Pennsylvania	11⅝	11¾	Chrysler	43⅜	45½	Inter. Paper	26¼	26⅝
Union Pacific	30¼	30¼	Col. Palmolive	38¾	40⅛	Kennecott	70¾	72½
Amer. Electric	60	62	Crown Zeller.	45⅛	43¼	Monsanto	38	38½
Am. Tel. & Tel.	107⅝	113¼	Distillers Seag.	38⅛	37⅝	Nat. Distillers	24⅜	25⅜
Cons. Edison	71	73⅜	Douglas	19¾	20⅞	Pan-American	17⅛	18⅛
Int. Tel. & Tel.	39	40¼	Dow Chemical	44⅝	45⅝	Procter Gamble	65	66¾
South'n. Nat. Gas	42¾	44	Du Pont	180	182¼	Radio Corpn.	44½	46⅛
United Corpn.	7	7¼	East. Kodak	92¼	94¾	Sears Roebuck	65½	66⅜
Western Union	26⅞	27	Ford Motor	39¾‖	42¼‖	Shell Oil	31½	32⅞
Alcoa	55¾	57	Gen. Electric	62⅞	64	Socony-Mobil	49⅝	50¾
Aluminium	19⅝	19½	General Foods	68½	72	Stand. Oil Ind.	45¼	45¼
Amer. Can	43¾	43⅞	General Motors	49¼	46⅛	Stand. Oil N.J.	50	51¾
Am. Smelting	53½	51⅞	Goodyear	32⅝	33	Union Carbide	92⅞	90¾
Am. Viscose	48	52¼	Gulf Oil	36¾	36⅜	U.S. Steel	46⅛	46⅞
Anaconda	41⅜	41⅞	Heinz	44½	47	West. Electric	27¾	29
Beth. Steel	34¾	34⅜	Int. Bus. Mach.	351½	374⅜	Woolworth	68½	69½

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
June 13	58·09	3·71	28·00	5·76	53·80	3·77	90·49	3·84
„ 20	57·41	3·75	27·83	5·80	52·56	3·86	89·85	3·90
„ 27	55·10	3·91	26·81	6·02	50·62	4·04	89·43	3·94
July 4	59·10	3·64	28·45	5·67	54·89	3·73	89·12	3·97
„ 11	60·42	3·56	28·83	5·60	56·10	3·65	88·59	4·02

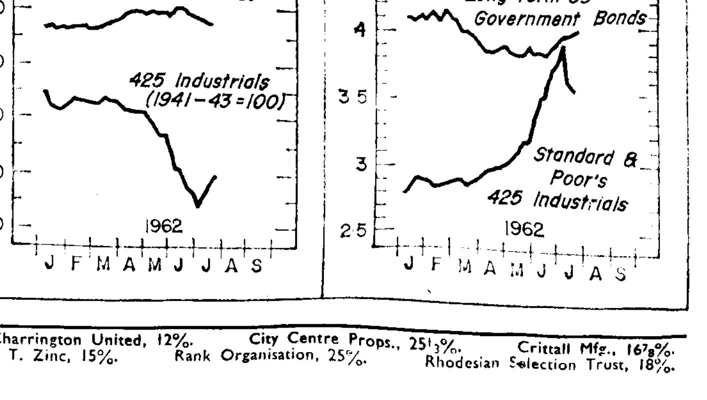
425 Industrials:—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

FRANCE	July 4 Frcs.	July 11 Frcs.	GERMANY	July 4 %	July 11 %	HOLLAND	July 4 %	July 11 %
Air Liquide	1,220	1,250	A.E.G.	409	409	A.K.U.	363⅞	362
Banque de Paris	512	504	Bad'che. Anilin	409	403	Bijenkorf	853	845
Citroen	181·5	181·7	Bayer	444	441¾	Heinekens	475	480
C. F. Petrole	310·5	302*	Commerzbank	415	420	Interunie (Fl.50)	Fl.175	Fl.177
Cie. G. d'Elect.	1,190	1,184	Deutsche Bank	468	460	K. N. Hoogoven	631	611
Machines Bull	518	500	Hoechst Farb.	413½	404	Kon. Zout-Ket.	821	750
Pechiney	244·3	241	Kundenkredit	395	398	Philips (Fl. 25)	Fl.168·2	Fl.163·2
Printemps	502	502	Lowenbrau	950	945	Robeco (Fl.50)	Fl.201	Fl.202·5
Rhone-Poulenc	440·5	421	Mannesmann	241	226½	Rotterdam Bk.	344¼	344
S.I.M.	354	358	Siemens	562	570	Thomassen & D.	680	670
Saint-Gobain	375	353	Thyssen-Huette	193	194	Valeurop	Fl. 70·8	Fl. 71·6
Usinor	205	222	Volkswagen	530	517	Zwanenberg	900	851
Index	96·5	96·6	Herstatt Index	91·66	90·84	Index	329·5	325·5
Dec. 30, 1960=100.			Dec. 31, 1959=100.			1953=100.		

ITALY	July 4 Lire	July 11 Lire	BELGIUM	July 4 Frcs.	July 11 Frcs.	SWEDEN	July 4 Kr.	July 11 Kr.
Ass. Generali	128,000	129,150	Arbed	27,750	27,850	Asea	222	225
Breda	5,260	5,280	Bqe. Nat. de Bel.	10,100	10,150	Elektrolux	124	126
Edison	3,750	3,739	Bque. Soc. Gen.	3,040	3,000	Ericsson B. Kr.35	119	124
Fiat	2,770	2,783	Cockerill-Oug.	2,780	2,830	Separator B.	285	286
Finsider	1,355	1,358	Esperance Long	5,850	5,810	Skand. Banken	209	209
La Centrale	12,000	11,100	Hoboken	17,800	17,625	Sv. Cellulosa	184	185
Montecatini	3,010	3,000	Innovation	6,080	6,240	Sv. Handelsbank	206	207
Motta	28,000	29,200	Photo Gevaert	2,695	2,700	Tandstk. B Kr.50	151	154
Olivetti	7,610	7,970	Sidro	1,024	1,012	Index	164·63	168·02
Pirelli S.p.A.	10,625	6,154	Soc. Generale	13,425	13,450	Dec. 29, 1956=100.		
Rinascente	710½	718	Sofina	7,960	7,970	**NORWAY**	%	%
Snia Viscosa	5,080	5,154	Un. Miniere 1/10	1,116	1,130	Bergens Priv'bk.	207½	210
Index	640·87	653·62	Index	388·5	394·3	Borregaard	225	211¼
1950=100.			May 9, 1940=100.			Norsk Hydro	295	290

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.



Industrial Profits and Assets

The tables below continue the analysis of company balance sheets and profit and loss accounts which was introduced in *The Economist* of January 22, 1949; the figures are discussed on an earlier page in this issue.

Comparative analysis of 794 profit and loss accounts published April - June, 1962 (£'000)

Industry	Breweries, Distilleries and Wine		Building		Paper and Packaging		Chemicals and Paint		Clothing and Footwear		Electrical Manufacturing		Engineering		Entertainment	
No. of Companies	(15)		(68)		(19)		(30)		(46)		(32)		(115)		(16)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	14,918	18,633	50,823	56,139	63,675	63,351	173,670	149,678	14,245	14,087	51,388	59,291	161,003	150,021	4,672	5,800
Investment and other income	436	675	1,655	1,896	1,396	1,891	9,738	11,042	146	161	2,895	3,271	4,884	5,205	420	531
Total income	**15,354**	**19,308**	**52,478**	**58,035**	**65,071**	**65,242**	**183,408**	**160,720**	**14,391**	**14,248**	**54,283**	**58,562**	**165,887**	**155,226**	**5,092**	**6,331**
Depreciation	1,832	2,182	13,067	14,624	15,279	17,845	45,132	49,756	1,753	1,983	13,214	14,383	31,466	34,733	376	519
Directors' emoluments	429	509	2,080	2,027	1,297	1,302	1,907	1,931	1,097	1,141	1,164	1,242	4,780	4,878	297	285
Other charges	286	163	995	1,202	1,278	1,238	17,796	18,010	523	544	2,637	3,128	7,012	6,103	60	69
Loan interest	1,180	1,239	699	999	4,042	4,356	5,410	4,676	157	184	2,213	2,622	3,582	3,158	147	166
Profit before tax	**11,627**	**15,215**	**35,637**	**39,183**	**43,175**	**40,501**	**113,163**	**86,347**	**10,861**	**10,396**	**36,055**	**37,187**	**119,047**	**106,354**	**4,212**	**5,292**
Income tax	4,648	5,887	13,413	14,756	17,039	15,199	42,359	30,986	4,197	3,972	11,623	12,285	47,534	40,589	1,621	1,935
Profits tax	1,365	2,073	3,415	4,623	3,883	4,220	10,391	9,586	1,296	1,486	3,118	3,879	11,436	12,733	474	709
Minority interests	20	116	603	688	1,248	1,219	2,930	2,295	21	21	683	627	2,263	2,413	121	112
Preference dividends	408	429	473	465	634	658	1,540	1,583	231	232	454	500	1,712	1,754	106	106
Net equity earnings	**5,186**	**6,710**	**17,733**	**18,651**	**20,371**	**19,205**	**55,943**	**41,927**	**5,116**	**4,685**	**20,177**	**19,696**	**56,102**	**48,845**	**1,890**	**2,430**
Less Ordinary dividends	2,779	3,639	6,966	7,601	10,328	11,483	26,956	28,982	2,276	2,422	10,014	9,229	26,695	25,838	1,350	1,951
Plus Non-recurring credits	383	324	1,069	558	1,147	425	934	1,713	303	387	2,672	2,045	5,003	5,266	218	145
Retained earnings	**2,790**	**3,395**	**11,836**	**11,608**	**11,190**	**8,147**	**29,921**	**14,658**	**3,143**	**2,650**	**12,835**	**12,712**	**34,410**	**28,293**	**758**	**624**
Dividend Cover	1·9	1·8	2·5	2·5	2·0	1·7	2·1	1·4	2·2	1·9	2·0	2·2	2·1	1·9	1·4	1·2

Industry	Property		Food and Confectionery		Iron and Steel		Motors, Cycles and Aircraft		Newspapers and Printing		Oil		Shipbuilding		Shipping	
No. of Companies	(34)		(41)		(14)		(28)		(27)		(14)		(4)		(18)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	12,705	15,128	192,649	195,847	8,313	7,802	129,006	89,599	21,110	23,785	221,818	213,914	6,089	6,175	25,427	18,711
Investment and other income	776	746	6,089	6,318	247	224	3,522	4,330	2,723	3,097	61,930	71,530	1,110	899	3,142	3,083
Total income	**13,481**	**15,874**	**198,738**	**202,165**	**8,560**	**8,026**	**132,528**	**93,929**	**23,833**	**26,882**	**283,748**	**285,444**	**7,199**	**7,074**	**28,569**	**21,794**
Depreciation	564	595	40,323	44,651	1,168	1,267	30,640	31,157	2,903	3,510	58,684	61,783	2,260	2,286	16,430	17,349
Directors' emoluments	415	260	2,385	2,550	361	389	1,391	1,383	923	985	1,049	1,123	278	283	584	585
Other charges	691	885	2,244	2,823	206	142	19,770	16,213	470	415	4,190	5,118	184	216	797	1,610
Loan interest	3,090	4,515	2,389	2,676	52	50	2,947	2,784	338	362	5,912	6,425	502	552	735	785
Profit before tax	**8,721**	**9,619**	**151,397**	**149,465**	**6,773**	**6,178**	**77,780**	**42,392**	**19,199**	**21,610**	**213,913**	**210,995**	**3,973**	**3,737**	**10,023**	**1,467**
Income tax	3,492	3,843	71,173	70,175	2,547	2,243	26,096	12,884	7,406	8,209	80,069	74,350	1,325	1,172	3,224	2,359
Profits tax	1,039	1,334	4,475	5,674	705	831	8,342	3,773	2,078	2,662	19,615	21,496	325	339	852	480
Minority interests	2	12	2,942	2,543	...	...	33	69	537	639	316	670	18	Dr. 23	184	116
Preference dividends	376	366	5,027	5,244	45	47	793	765	1,318	1,286	1,459	1,459	112	113	291	269
Net equity earnings	**3,812**	**4,064**	**67,780**	**65,829**	**3,476**	**3,057**	**42,316**	**24,901**	**7,860**	**8,823**	**112,454**	**113,020**	**2,195**	**2,136**	**5,472**	**Dr. 1,797**
Less Ordinary dividends	3,626	4,232	24,172	24,949	1,139	1,207	15,810	12,148	3,935	4,594	60,972	69,935	1,117	987	3,159	2,138
Plus Non-recurring credits	923	1,129	2,598	4,562	64	100	1,627	3,303	480	272	137	104	56	195	2,237	3,951
Retained earnings	**1,109**	**961**	**46,206**	**45,442**	**2,401**	**1,950**	**28,333**	**16,056**	**4,405**	**4,501**	**51,619**	**43,189**	**1,134**	**1,344**	**4,550**	**56**
Dividend Cover	1·1	0·9	2·8	2·6	3·1	2·5	2·7	2·0	2·0	1·9	1·8	1·6	2·0	2·2	1·7	...

Industry	Shops and Stores		Cotton		Silk, Rayon and other Textiles		Wool		Tobacco		Miscellaneous Manufacturing		Miscellaneous—Others		TOTALS ALL GROUPS	
No. of Companies	(27)		(17)		(36)		(21)		(4)		(126)		(42)		794 Companies	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	56,617	59,253	8,499	8,069	34,070	33,037	6,059	5,964	15,985	18,121	93,323	95,588	44,249	46,989	1,410,213	1,350,982
Investment and other income	612	922	126	217	4,784	4,877	181	153	61	51	3,788	3,794	1,755	2,261	112,396	127,174
Total income	**57,229**	**60,175**	**8,625**	**8,286**	**38,854**	**37,914**	**6,240**	**6,117**	**16,046**	**18,172**	**97,111**	**99,382**	**46,004**	**49,250**	**1,522,609**	**1,478,156**
Depreciation	4,995	5,479	2,066	2,408	10,570	11,034	1,109	1,279	1,285	1,554	22,186	23,881	8,406	9,740	325,708	353,998
Directors' emoluments	1,288	1,312	414	395	1,040	1,093	616	600	322	306	4,024	4,111	1,336	1,372	29,477	30,650
Other charges	2,435	2,793	158	103	553	741	164	207	322	173	1,852	1,727	1,585	890	65,209	64,513
Loan interest	965	1,100	206	219	611	949	58	53	1,340	1,338	2,378	2,542	465	783	39,418	42,833
Profit before tax	**47,546**	**49,491**	**5,781**	**5,161**	**26,060**	**24,087**	**4,293**	**3,978**	**12,777**	**14,801**	**66,671**	**67,121**	**34,212**	**36,465**	**1,062,898**	**987,042**
Income tax	18,230	18,612	2,101	1,971	9,583	9,062	1,624	1,527	5,045	5,961	27,024	26,831	14,405	14,908	415,788	379,607
Profits tax	3,777	7,127	572	580	2,223	1,997	325	377	1,462	2,061	6,795	8,140	2,702	3,657	92,865	100,697
Minority interests	206	141	95	100	713	799	8	13	21	80	1,421	1,413	522	687	15,020	14,390
Preference dividends	536	543	123	106	933	955	99	99	245	250	1,607	1,664	366	392	18,888	19,285
Net equity earnings	**22,797**	**23,068**	**2,890**	**2,404**	**12,596**	**11,274**	**2,037**	**1,762**	**5,934**	**6,449**	**29,784**	**29,073**	**16,216**	**16,921**	**520,337**	**473,395**
Less Ordinary dividends	12,581	13,399	1,339	1,437	6,662	7,760	1,043	1,030	3,217	3,261	13,986	14,535	7,805	8,781	247,927	261,539
Plus Non-recurring credits	304	695	147	243	397	641	125	183	67	260	1,993	1,570	688	586	23,372	28,031
Retained earnings	**10,520**	**10,364**	**1,698**	**1,210**	**6,331**	**4,155**	**1,119**	**915**	**2,784**	**3,448**	**17,791**	**16,108**	**9,099**	**8,726**	**295,982**	**240,135**
Dividend Cover	1·8	1·7	2·2	1·7	1·9	1·5	2·0	1·7	1·8	2·0	2·1	2·0	2·1	1·9	2·1	1·8

Comparative analysis of 794 balance sheets published April - June, 1962 (£'000)

Industry	Breweries, Distilleries and Wine		Building		Paper and Packaging		Chemicals and Paint		Clothing and Footwear		Electrical Manufacturing		Engineering		Entertainment	
No. of Companies	(15)		(68)		(19)		(30)		(46)		(32)		(115)		(16)	
	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	89,352	119,342	204,535	230,429	368,687	413,725	790,242	875,480	37,029	41,515	245,635	269,040	551,595	616,611	28,174	35,276
Less depreciation	11,671	13,402	70,343	81,828	124,029	141,349	179,622	225,205	14,647	16,080	93,725	103,478	210,291	235,333	2,769	3,439
Net fixed assets	**77,681**	**105,940**	**134,192**	**148,601**	**244,658**	**272,376**	**610,620**	**650,275**	**22,382**	**25,435**	**151,910**	**165,562**	**341,304**	**381,278**	**25,405**	**31,837**
Trade investments	5,013	8,283	11,624	13,083	11,174	21,095	64,206	72,331	261	318	27,947	32,174	51,124	50,641	332	317
Intangible assets	1,670	3,361	4,767	5,470	21,101	24,261	9,207	9,343	1,791	3,038	4,956	3,911	7,448	7,915	148	144
Stocks	17,499	22,321	78,500	90,300	90,703	94,393	193,071	198,404	28,530	32,811	180,865	195,186	327,220	361,485	778	897
Debtors	14,001	18,616	74,901	81,086	75,176	78,353	138,702	158,315	13,900	15,880	133,564	141,782	276,001	288,446	1,722	1,994
Gilt-edged	4,121	2,400	3,748	2,635	3,757	3,395	1,823	231	286	311	1,829	1,227	3,785	2,261	73	78
Cash	4,029	4,300	27,522	28,796	37,880	27,328	33,104	43,130	6,731	6,075	18,637	15,309	76,308	65,243	6,203	5,317
Other investments	1,145	1,588	5,779	5,494	2,498	2,790	9,034	11,691	266	239	1,503	1,986	9,499	13,467	673	799
Creditors	13,624	15,960	63,617	70,874	39,650	42,750	81,076	92,260	8,712	9,786	75,549	74,393	142,135	149,615	3,142	4,051
Other current liabilities	8,981	11,480	23,742	27,798	27,522	28,432	83,379	87,364	6,870	7,660	36,232	35,958	87,785	90,296	3,423	4,577
Bank overdrafts and loans	2,092	4,488	18,730	22,168	16,854	27,321	16,475	18,366	3,918	5,364	23,824	32,669	39,366	49,188	535	1,852
Net current assets	**16,098**	**17,297**	**84,361**	**87,471**	**125,988**	**107,756**	**194,804**	**213,781**	**30,213**	**32,506**	**200,793**	**212,470**	**423,527**	**441,803**	**2,349**	**Dr. 1,395**
Total net assets	**100,462**	**134,881**	**234,944**	**254,625**	**402,921**	**425,488**	**878,837**	**945,730**	**54,647**	**61,297**	**385,606**	**414,117**	**823,405**	**881,637**	**28,234**	**30,903**
Financed by :—																
Reserve for future income tax	4,502	5,879	14,799	16,017	21,875	20,126	53,527	42,752	4,562	4,176	15,313	15,725	55,604	51,392	1,453	1,808
Capital reserves	9,580	31,388	46,969	37,271	55,800	63,292	193,216	237,395	5,527	9,119	81,211	86,660	113,934	131,725	6,629	6,387
Revenue reserves	23,890	26,162	62,504	69,817	83,817	88,557	149,908	156,640	17,067	17,604	113,877	123,036	256,355	281,167	4,929	5,536
Minority interests	1,628	1,781	7,274	8,181	22,884	21,192	42,814	46,466	534	675	8,257	7,617	29,618	34,024	2,833	2,882
Loan capital	12,054	13,795	11,457	11,437	40,003	49,897	61,449	63,142	2,907	3,100						
Preference capital	22,605	26,730	73,175	91,926	85,974	93,032	78,134	78,702	2,408	2,361	40,003	49,897	61,449	63,142	2,907	3,100
Ordinary capital					114,595	120,913	312,986	334,973	18,431	21,250	111,195	115,482	262,064	275,036	7,807	9,514
Scrip Issues made during year	1,112	718	4,079	17,733	10,467	660	8,270	...	2,117	1,705	5,144	982	11,483	5,443	150	1,362

Industry	Property		Food and Confectionery		Iron and Steel		Motors, Cycles and Aircraft		Newspapers and Printing		Oil		Shipbuilding		Shipping	
No. of Companies	(34)		(41)		(14)		(28)		(27)		(14)		(4)		(18)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	198,545	235,824	717,056	798,872	21,867	24,086	364,866	431,993	74,421	88,778	960,282	1,049,862	61,187	65,736	311,501	325,814
Less depreciation	2,436	2,879	246,890	279,778	7,767	8,817	160,398	180,181	22,200	24,480	420,618	463,772	22,132	24,304	59,907	62,805
Net fixed assets	**196,109**	**232,945**	**470,166**	**519,094**	**14,100**	**15,269**	**204,468**	**251,812**	**52,221**	**64,298**	**539,664**	**586,090**	**39,055**	**41,432**	**251,594**	**263,009**
Trade investments	6,301	7,110	25,000	23,703	828	932	25,803	26,630	12,452	13,463	1,017,813	1,100,091	5,551	5,779	14,698	16,640
Intangible assets	2,067	1,331	19,036	20,591	48	48	1,029	1,487	28,763	28,918	3,071	3,050	...	...	252	165
Stocks	3,214	3,570	375,814	388,554	11,014	12,223	223,818	228,681	15,633	16,952	148,031	158,541	12,124	13,799	3,497	4,000
Debtors	3,513	4,543	205,116	220,641	9,219	9,371	120,513	142,012	25,539	29,007	259,493	279,274	12,191	17,774	28,202	34,461
Gilt-edged	6	98	31,888	25,249	15	...	45,136	23,942	3,624	2,225	60,994	62,931	1,374	397	1,652	1,686
Cash	5,884	4,165	84,974	80,827	4,831	5,814	43,820	35,685	10,870	13,153	80,609	77,094	9,253	4,247	33,839	23,084
Other investments	2,161	2,218	1,739	3,542	522	572	1,168	1,377	4,918	4,395	62,520	64,558	1,068	2,135	29,471	28,292
Creditors	5,624	6,542	165,946	170,184	7,796	7,461	140,998	146,536	21,475	23,022	198,440	202,933	10,472	11,082	61,096	60,692
Other current liabilities	7,630	8,733	94,687	98,104	2,819	3,222	67,652	58,757	11,778	13,136	105,615	117,508	5,762	5,083	7,639	6,011
Bank overdrafts and loans	18,798	16,289	44,603	59,137	10	147	34,886	55,328	1,181	3,682	47,059	46,640	797	4,263	18,207	22,100
Net current assets	**Dr 17,274**	**Dr 16,970**	**394,295**	**395,388**	**14,976**	**17,150**	**190,919**	**171,076**	**26,150**	**25,892**	**259,733**	**275,317**	**18,979**	**17,924**	**9,719**	**2,720**
Total net assets	**187,203**	**224,416**	**908,497**	**958,776**	**29,952**	**33,399**	**422,219**	**451,005**	**119,586**	**132,571**	**1,820,281**	**1,964,548**	**63,585**	**65,135**	**276,263**	**282,534**
Financed by :—																
Reserve for future income tax	956	1,187	58,161	59,966	2,796	2,469	29,271	19,560	7,580	8,364	14,979	12,548	3,151	3,331	13,308	13,717
Capital reserves	40,507	43,585	39,276	41,210	2,986	4,159	39,845	47,242	10,883	10,130	809,908	840,795	10,810	11,428	132,028	135,742
Revenue reserves	7,339	7,965	416,393	453,779	11,038	11,879	146,505	160,248	35,116	38,164	317,799	363,194	20,453	21,338	46,431	46,774
Minority interests	719	737	32,063	30,235	...	...	941	1,067	5,867	8,198	21,584	24,042	596	709	6,238	7,260
Loan capital	64,564	90,385	60,804	61,092	1,198	1,148	48,223	67,141	8,164	8,919	120,483	126,741	7,199	6,866	12,485	13,021
Preference capital	12,185	11,648	110,042	113,893	1,483	1,483	21,328	18,383	21,448	21,698	31,114	31,114	3,696	3,744	8,831	8,928
Ordinary capital	60,933	68,909	191,758	198,601	10,551	12,261	136,106	137,364	30,528	37,098	504,414	566,114	17,680	17,719	56,942	57,092
Scrip Issues made during year	11,144	4,470	8,857	2,669	352	800	3,449	30	1,062	4,343	21,604	43,560	...	...	...	97

Industry	Shops and Stores		Cotton		Silk, Rayon and other Textiles		Wool		Tobacco		Miscellaneous Manufacturing		Miscellaneous—Others		TOTALS ALL GROUPS	
No. of Companies	(27)		(17)		(36)		(21)		(4)		(126)		(42)		794 Companies	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	193,125	217,302	44,338	46,897	250,982	267,730	21,032	24,552	20,190	21,377	382,362	414,090	170,999	188,610	6,108,002	6,802,941
Less depreciation	28,531	31,609	20,207	21,666	95,300	102,942	10,590	11,868	5,269	5,971	178,898	194,900	61,446	69,478	2,049,686	2,305,564
Net fixed assets	**164,594**	**185,693**	**24,131**	**25,231**	**155,682**	**164,788**	**10,442**	**12,684**	**14,921**	**15,406**	**203,464**	**219,190**	**109,553**	**119,132**	**4,058,316**	**4,497,377**
Trade investments	4,193	4,449	706	1,122	19,919	23,971	189	304	264	370	21,322	26,261	8,511	16,122	1,335,231	1,465,189
Intangible assets	2,126	2,179	332	332	1,339	1,285	115	801	2,836	2,283	13,675	14,964	1,586	6,466	127,363	141,343
Stocks	60,693	65,310	24,875	24,603	73,861	73,599	17,489	18,805	75,137	76,463	215,638	219,810	75,228	81,637	2,253,232	2,382,344
Debtors	37,961	40,236	8,940	10,063	42,956	45,212	6,395	6,737	35,934	37,834	170,784	171,007	84,186	92,333	1,778,909	1,924,977
Gilt-edged	512	359	181	...	12,540	12,320	267	208	...	...	8,148	8,637	8,485	8,164	193,444	158,754
Cash	23,511	21,802	3,722	3,095	15,863	15,345	5,501	3,418	926	761	39,753	35,127	22,868	14,731	596,638	533,846
Other investments	1,405	1,462	252	412	2,433	26,394	215	199	23	344	4,626	5,400	2,860	1,532	145,778	180,886
Creditors	33,688	36,972	5,468	5,879	28,886	34,313	4,722	4,856	10,079	9,646	97,443	104,123	53,754	61,530	1,273,392	1,345,460
Other current liabilities	22,382	26,375	3,225	3,552	13,246	16,685	2,736	2,792	9,215	11,044	51,595	47,726	30,463	31,353	714,378	743,646
Bank overdrafts and loans	6,275	7,143	3,018	3,130	8,690	8,362	1,729	2,334	17,328	14,856	47,829	45,863	22,064	15,050	394,268	461,740
Net current assets	**61,737**	**58,679**	**26,259**	**25,612**	**96,831**	**113,510**	**20,680**	**19,385**	**75,398**	**79,856**	**243,082**	**242,269**	**87,346**	**90,464**	**2,585,963**	**2,629,961**
Total net assets	**232,650**	**251,000**	**51,428**	**52,297**	**273,771**	**303,554**	**31,426**	**33,174**	**93,419**	**97,915**	**480,543**	**502,684**	**206,996**	**232,184**	**8,106,873**	**8,733,870**
Financed by :—																
Reserve for future income tax	19,166	19,232	1,169	981	27,391	24,452	1,739	1,609	5,667	6,603	22,412	22,816	11,130	11,796	390,511	366,507
Capital reserves	41,218	41,253	9,396	8,893	64,646	55,735	2,086	2,038	9,096	9,209	37,073	41,520	31,644	34,881	1,794,168	1,931,057
Revenue reserves	57,399	64,643	15,864	16,955	33,431	32,323	12,085	12,730	18,901	22,770	143,174	156,871	65,232	69,443	2,059,507	2,247,595
Minority interests	3,161	2,921	2,176	2,214	9,578	10,740	227	316	2,433	1,910	22,041	20,484	17,203	16,818	240,669	250,469
Loan capital	13,019	13,190	3,443	2,772	27,069	27,391	1,053	1,493	24,076	23,984	51,756	52,244	9,057	10,787	764,564	886,495
Preference capital	22,859	26,037	4,394	4,158	12,405	53,123	1,053	2,660	7,000	7,193	46,224	48,156	10,241	10,870	477,567	484,172
Ordinary capital	75,828	83,724	14,986	16,323	99,251	99,790	11,454	12,328	26,246	26,246	157,863	160,593	62,469	77,589	2,379,887	2,567,575
Scrip Issues made during year	13,277	7,044	2,336	1,200	20,903	159	903	125	200	200	15,868	1,035	6,139	8,925	148,916	103,260

Money and Exchanges

EXCHEQUER RETURNS

For the week ended July 7th, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £3,493,000 compared with a deficit of £16,385,000 in the previous week and a surplus of £22,260,000 in the corresponding period of last year. There was a net receipt "below-line" of £14,255,000 leaving a total cumulative deficit to date of £269,246,000 compared with £240,405,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to July 8, 1961	April 1, 1962, to July 7, 1962	8 days ended July 8, 1961	Week ended July 7, 1962
Ordinary Revenue					
Income Tax	2,790,000	406,071	417,038	29,248	32,667
Surtax	188,000	30,700	33,300	1,500	1,600
Death Duties	264,500	79,800	73,200	6,500	5,800
Stamps	95,000	30,100	28,300	1,800	1,700
Profits tax, EPT and EPL	374,000	82,000	80,500	20,800	15,100
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	628,671	632,338	59,848	56,867
Customs	1,653,000	434,713	437,676	36,646	31,211
Excise	1,077,000	228,450	243,485	7,205	6,500
Total Customs and Excise	2,730,000	663,163	681,161	43,851	37,711
Motor Duties	150,000	16,569	25,959	716	202
Broadcast Lic's.	41,000	6,800	7,300	...	...
Miscellaneous	165,000	106,826	50,921	651	888
Total	6,797,500	1,422,029	1,397,679	105,066	95,668
Ordinary Expenditure					
Debt Interest	600,000	195,100	181,944	...	...
Payments to N. Ireland Exch.	100,000	24,042	24,447	3,166	3,267
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	3,145	3,305	1,957	1,950
Supply Services	5,611,650	1,298,975	1,397,077	76,899	92,200
Total	6,323,650	1,521,262	1,606,773	82,022	97,417
Sinking Funds	41,000	7,274	8,729	784	1,744
"Above-line" Surplus or Deficit	—	106,507	217,823	22,260 Cr.	3,493 Cr.
"Below-line" Net Expenditure*	133,898	51,423	5,229	5,229	14,255
Total Surplus or Deficit	240,405	269,246	27,489	—	10,762
Net receipts from:					
Tax Reserve Certificates	61,091	52,612	16,249	3,944	
Savings Certificates	—4,800	900	700	—200	
Defence Bonds	18,525	4,227	1,125	318	
Premium Savings Bonds	12,550	10,300	400	900	
Total	87,366	68,039	18,474	4,962	

* Net repayments of £5 million to the Civil Contingencies Fund in 1962–63 compared with net issues of £17 million in 1961–62.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1961					
July 7	3,280·0	1,853·1	265·2	0·8	5,399·0
1962					
April 7	2,980·0	2,400·5	243·0	2·3	5,625·8
,, 14	2,970·0	2,433·5	254·1	5·0	5,662·7
,, 21	2,960·0	2,448·7	226·0	3·3	5,638·0
,, 28	2,940·0	2,542·3	223·0	...	5,705·3
May 5	2,920·0	2,512·6	243·6	...	5,676·2
,, 12	2,940·0	2,236·5	248·2	0·5	5,425·2
,, 19	2,940·0	2,221·9	283·8	0·3	5,445·9
,, 26	2,950·0	2,258·8	229·3	...	5,438·1
June 2	2,960·0	2,299·9	230·7	1·5	5,492·1
,, 9	2,970·0	2,309·8	233·6	...	5,511·5
,, 16	2,980·0	2,314·5	287·2	0·8	5,582·5
,, 23	2,990·0	1,936·1	250·9	2·8	5,179·8
,, 30	2,990·0	2,013·4	264·2	2·3	5,269·8
July 7	2,990·0	1,980·0	230·2	6·3	5,206·6

THE MONEY MARKET

THE market reversed the movement of the previous fortnight which took the bill rate back up to $3\frac{15}{16}$, by raising its agreed bid by 2d. to £99 0s. 6d. at last Friday's Treasury bill tender. The average rate of discount fell by only 4.40d. to £3 8s. 0.63d. per cent however, and although total applications rose sharply, by £40 million to £405 million, the market syndicate still managed to increase its allotment to 49 per cent compared with 45 per cent in the previous week.

Credit has been short throughout this week and the authorities have helped the market balance its books by the special purchase of bill on each day. On three occasions this help was very large and on Monday a small amount of assistance proved insufficient for the market's needs and one or two houses were forced to call on the Bank of England to borrow a very small amount at Bank rate. The rate for day-to-day money has never fallen below $3\frac{1}{4}$ per cent and has been up to $3\frac{7}{8}$ per cent—only fractionally below the current bill rate.

In New York this week the three month bill rate again rose and is now 2.974 per cent, the highest it has been for over two years.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	$4\frac{1}{2}$	**Discount rates:** Bank bills:	
Deposit rates (7 days' notice):		60 days	$4\frac{1}{16}$–$4\frac{1}{8}$
Banks	$2\frac{1}{2}$	3 months	$4\frac{1}{16}$–$4\frac{1}{8}$
Discount houses	$2\frac{1}{2}$–$2\frac{3}{4}$	4 months	$4\frac{1}{16}$–$4\frac{1}{8}$
Local Authorities	$4\frac{3}{8}$	6 months	$4\frac{1}{16}$–$4\frac{3}{16}$
Call money: Clearing banks' minimum	$2\frac{7}{8}$	Fine trade bills: 3 months	$5\frac{1}{2}$–6
Day-to-day	$2\frac{7}{8}$–$3\frac{7}{8}$	4 months	$5\frac{1}{2}$–6
		6 months	$5\frac{3}{4}$–$6\frac{1}{2}$

NEW YORK

	%		%
Official Discount rate: (from $3\frac{1}{2}$%, 11/8/60)	3	**Treasury bills:** July 2	2·930
		,, 9	2·974

BANK OF ENGLAND RETURNS

(£ million)	July 12, 1961	July 4, 1962	July 11, 1962
*Issue Department**:			
Notes in circulation	2,348·3	2,325·3	2,344·1
Notes in banking dept.	27·1	50·0	31·3
Govt. debt and securities*	2,373·7	2,373·9	2,374·0
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	10·0	11·3	10·8
Special deposits	155·2	157·3	158·0
Bankers	262·0	231·1	244·1
Others	75·6	71·0	73·8
Total	502·8	470·7	486·6
Securities:			
Government	391·4	354·0	395·3
Discounts and advances	83·2	65·5	58·8
Other	18·4	18·5	18·6
Total	492·9	437·9	472·7
Banking department reserve	28·1	50·9	32·1
"Proportion"	5·5 %	10·8 %	6·6 %

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on March 7th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Average Rate of Allotment	Allotted at Max. Rate *
1961	*91 day*		s. d.	%
July 7	240·0	405·2	90 8·80	42
1962				
April 6	230·0	398·7	87 4·62	46
,, 13	230·0	407·9	86 8·54	41
,, 19	230·0†	386·6	85 4·31	46
,, 27	220·0	386·3	81 0·54	26
May 4	220·0	406·0	81 9·72	16
,, 11	230·0	412·8	79 8·71	57
,, 18	230·0	383·6	77 1·04	61
,, 25	230·0	398·4	76 3·81	47
June 1	240·0	417·3	75 7·98	43
,, 8	240·0	421·0	75 0·28	47
,, 15	240·0	423·5	74 4·01	40
,, 22	230·0	370·2	76 11·84	42
,, 29	230·0	365·3	78 5·03	45
July 6	230·0	405·4	78 0·63	49

* On July 6th tenders for 91 day bills at £99 0s. 6d. secured 49 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills.
† Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits July 11	Market Rates: Spot July 5	July 6	July 7	July 9	July 10	July 11
United States $	2·78–2·82*	$2·80\frac{11}{16}$–$13\frac{16}{16}$	$2·80\frac{5}{8}$–$\frac{3}{4}$	$2·80\frac{5}{8}$–$\frac{3}{4}$	$2·80\frac{9}{16}$–$\frac{11}{16}$	$2·80\frac{1}{2}$–$\frac{5}{8}$	$2·80\frac{1}{2}$–$\frac{5}{8}$
Canadian $		3·03–03/8	3·03–03/8	3·02 15/16–03 1/16	3·03 1/16–3/16	3·02 7/8–03	3·02 7/8–3/8
French Fr.	13·622–14·027	$13·75\frac{5}{8}$–$\frac{7}{8}$	$13·75\frac{1}{4}$–$\frac{1}{2}$	13·75–75¼	13·75–75¼	$13·74\frac{1}{2}$–$\frac{3}{4}$	$13·74\frac{1}{2}$–$\frac{3}{4}$
Swiss Fr.	11·94–12·54⅞	$12·11\frac{3}{8}$–$\frac{5}{8}$	$12·10\frac{7}{8}$–$11\frac{1}{8}$	12·10¾–11	12·10⅞–11⅛	$12·10\frac{3}{8}$–$\frac{5}{8}$	$12·10\frac{3}{8}$–$\frac{5}{8}$
Belgian Fr.	137·96–142·05	139·60–65	$139·57\frac{1}{2}$–$62\frac{1}{2}$	139·52½– 57½	139·52½– 55	139·50– 55	139·50– 55
Dutch Gld.	9·98¾–10·28½	$10·08\frac{1}{4}$–$\frac{3}{4}$	$10·08\frac{1}{4}$–$1\frac{1}{2}$	$10·08\frac{1}{16}$–$\frac{3}{8}$	$10·08\frac{1}{8}$–$\frac{3}{8}$	10·073/4–08	10·08–08¼
W. Ger. D-Mk.	11·037–11·365	$11·17\frac{3}{8}$–$\frac{7}{8}$	11·17⅜–⅞	11·17–17¼	11·17–17¼	$11·17\frac{1}{2}$–$\frac{3}{4}$	11·17¼–⅜
Portug. Esc.		80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	$1742–42\frac{1}{2}$	$1741\frac{1}{2}$–42	1741½–42	1741½–42	1741–41½	1740¾–41⅛
Swedish Kr.	14·27½–14·70	14·44–44¼	14·43¾–44	14·43½–44	14·43¾–44	14·43⅜–⅝	14·43⅜–44
Danish Kr.	19·06½–19·62	19·37⅜–⅝	19·37½–¾	19·37½–¾	19·37¾–⅜	19·37½–¾	19·37¼–½
Norwegian Kr.	19·71–20·30½	20·04–04¼	20·04⅛–⅜	20·04–04¼	20·03¾–04	20·03⅝–⅞	20·03¼–½
	* Official Limits	**One Month Forward Rates**					
United States $		¼–¼c. pm	¼–¼c. pm	¼–¼c. pm	¼–¼c. pm	5/16–3/8c. pm	5/16–3/8c. pm
Canadian $		3/16–7/16c. dis	3/16–7/16c. dis	3/16–7/16c. dis	1/8–3/8c. dis	1/8–3/8c. dis	1/8–3/8c. dis
French Fr.		¾–1¼c. pm	¾–1¼c. pm	¾–1¼c. pm	¾–1¼c. pm	¾–1¼c. pm	¾–1¼c. pm
Swiss Fr.		1¾–1¼c. pm	2–1¼c. pm	2–1¼c. pm	2–1¼c. pm	2–1¼c. pm	2¾–2¼c. pm
Belgian Fr.		20–10c. pm	20–10c. pm	20–10c. pm	20–10c. pm	25–15c. pm	25–15c. pm
Dutch Gld.		1⅝–1⅜c. pm	1⅞–1⅝c. pm	1⅞–1⅝c. pm	2¼–2c. pm	2–1¾c. pm	2–1¾c. pm
W. German D-Mk.		1⅛–1pf. pm	1⅛–1pf. pm	1⅛–1pf. pm	1¾–1¼pf. pm	1¾–1¼pf. pm	1¾–1¼pf. pm
		Three Months Forward Rates					
United States $		⅝–⅛c. pm	11/16–9/16c. pm	11/16–9/16c. pm	⅝–⅛c. pm	⅝–⅛c. pm	⅝–⅛c. pm
Canadian $		3/16–⅛c. dis	1/4–⅛c. dis	1/4–⅛c. dis	3/4–⅛c. dis	3/4–⅛c. dis	3/4–⅛c. dis
Swiss Fr.		4¾–4¼c. pm	5–4½c. pm	5–4½c. pm	5–4½c. pm	5¼–4¾c. pm	5⅛–4⅝c. pm
W. German D-Mk.		3½–3pf. pm	3⅝–3⅛pf. pm	3⅝–3⅛pf. pm	3¾–3¼pf. pm	4–3½pf. pm	4–3½pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/2¼	250/1¼	...	250/2	250/3	250/5¼
,, ($,, ,,)		35·11½	35·11½	...	35·11½	35·12	35·12

APPOINTMENTS

RTB

RICHARD THOMAS & BALDWINS LIMITED
SPENCER WORKS
require

2 PLANNING OFFICERS

at the integrated iron and steel plant now being commissioned at Llanwern, near Newport, Mon. The main production departments consist of coke ovens, sinter plant, blast furnaces, L.D. steelmaking, hot mills and cold mills.

To co-ordinate these departments into an economically efficient and integrated works is a function of top management. It requires the periodic preparation of plans indicating the optimum levels of production and stocks and the regular checking of plant performance against these plans.

Electronic computer programmes will be developed to carry out the mathematical calculations involved in preparing such plans and to optimise them whenever possible.

To carry out the dual tasks of preparing the necessary co-ordinated plans and assisting with the development of analytical models of the works operations which can be programmed for the department's computer, two planning officers are required within the Planning and Computer Development department.

Applications are invited from men with mathematical, economic or other suitable qualifications. Experience in similar integrated planning posts is desirable.

Applications, which should be returned by July 23rd, can be obtained, by POSTCARD, from

The Manager, Staff and Labour Relations Department,
RICHARD THOMAS & BALDWINS LIMITED
Spencer Works,
Llanwern, Nr. Newport, Mon.

Please quote reference 222/1d.

BBC REQUIRES DEPUTY EDITOR (female), Woman's Hour, Sound Broadcasting. This is a magazine programme broadcast daily. Essential qualifications: evidence of creative talent, broad sympathies, wide interests and experience and understanding of the demands of a mass audience. Ability to write and act quickly and to develop a sound editorial judgment also necessary. Selected candidate will be expected to take a share of daily production of discussions and interviews, etc. Salary £1,725 (possibly higher if qualifications exceptional), rising by five annual increments to £2,225 max. p.a. Requests for application forms (enclosing addressed envelope and quoting reference 62.G.27/LEct.) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

THE UNIVERSITY OF LEEDS
DEPARTMENT OF ECONOMICS

Applications are invited for a research post in the Department of Economics at a salary on a scale rising from £1,000 to £1,500 a year, according to age, qualifications and experience. Applicants should have a degree in Economics or Statistics and will be required to assist in work mainly of a statistical nature. Applications (three copies) stating date of birth, qualifications and experience, together with the names of three referees, should reach The Registrar, The University, Leeds, 2 (from whom further particulars may be obtained), not later than July 23, 1962.

THE Government of Aden require an experienced sociologist with a knowledge of Arabic to undertake a social survey of Aden. The primary purpose would be to obtain basic information on movements of population, labour conditions, wages, housing, etc. The study which would take about fifteen months would involve mainly field work, and the officer appointed would be given the close co-operation of Government field staff.—Further particulars may be obtained from the Research Department, Department of Technical Co-operation, Room 566A, Sanctuary Buildings, Great Smith Street, S.W.1. Reference RE 247/1/01.

UNIVERSITY COLLEGE OF SWANSEA
LOWER SWANSEA VALLEY PROJECT
APPOINTMENT OF A RESEARCH ECONOMIST

Applications are invited for appointment as Research Economist to examine and report on the prospects of new industrial growth in an old industrial area, together with the economics of land use in the area. The appointment will be for two years within the scale £1,150 x £50—£1,250 plus F.S.S.U. and Children's Allowances. Applications (five copies), giving the names of two referees, should be sent, by July 31, 1962, to the Registrar, University College of Swansea, Singleton Park, Swansea, from whom further particulars may be obtained.

GKN COMMERCIAL INTELLIGENCE

The G.K.N. GROUP RESEARCH LABORATORY has established a unit to assist a Group advisory committee in the consideration of new products. The unit investigates both economic and technical trends over a wide range of industrial markets and products.

Applications are invited for a vacancy in this unit. The person appointed will preferably be not over 35 years of age and will have had experience in *Industrial Market Research* or *Commercial Intelligence*, and probably (but not necessarily) be a graduate in Economics or Commerce.

Applicants should have wide interests in economic and industrial affairs, ability to work without close supervision, and be capable of writing objective and literate reports on their studies.

Staff conditions are good and the Laboratory is situated on the edge of the Midlands conurbation not far from pleasant Severn countryside.

Please write, giving details of age, experience, qualifications and present salary, to the:—
Personnel Officer,
G.K.N. Group Research Laboratory,
Birmingham New Road,
Lanesfield, Wolverhampton.

KATETE CO-OPERATIVE MARKETING UNION LTD.
P.O. KATETE, EASTERN PROVINCE, NORTHERN RHODESIA,

require a MANAGER to begin work at KATETE as early as possible after October 1, 1962.

QUALIFICATIONS: Proved managerial and accounting ability. Academic and/or professional qualifications, though not essential, will be a recommendation. A Medical Certificate of fitness covering the employee and his family will be required.
DUTIES: To be responsible to the Managing Committee for the Management and development of the business of the Katete Co-operative Marketing Union Limited, which is primarily concerned with the marketing and processing of crops of African producers of the Katete area of the Fort Jameson district. The retail trading of the Union is also the responsibility of the Manager.
SALARY: £1,750 x £75 — £2,125.
ACCOMMODATION: Free house with certain items of heavy essential furniture.
NOTICE OF TERMINATION OF EMPLOYMENT: Six months from either side.
LEAVE: Two and a half working days per month for each completed month of service cumulative up to a maximum of thirty working days.
PERSONAL ACCIDENT INSURANCE: Cover up to £5,000 provided free.
MEDICAL: Free medical treatment (excluding major operations, dental and optical treatment) for applicant and family.
COST OF MOVING TO KATETE: Will be borne by Katete Co-operative Marketing Union Limited up to a maximum of £60 (sixty pounds). In the case of applicants from overseas, passages will be provided at Tourist rates for the applicant and his wife and half passages for children up to three in number.
LENGTH OF CONTRACT: 5 (five) years.
APPLICATIONS: In duplicate, with copies of three recent testimonials, must reach The Chairman, Katete Co-operative Marketing Union Limited, P.O. Box 1, Katete, Northern Rhodesia, before August 15, 1962.
Applications should include full details of previous experience and qualifications.

THE FINANCIAL CORPORATION FOR OVERSEAS COUNTRIES

3-5 rue du Conseil Général, in Geneva, which owns subsidiary banking corporations in Africa and whose main shareholders are:

Banca d'America e d'Italia
Bank of America (International)
Banque Lambert
Banque Nationale pour le Commerce et l'Industrie
Berliner Handels-Gesellschaft

invites application for overseas appointments from ambitious and enthusiastic young executives of any nationality with banking experience.

Maximum duration of each tour in Africa: 18 months with 6 weeks' leave in Europe. Basic salary guaranteed in Switzerland. Provident fund in Swiss francs.

This organisation is expanding rapidly and opportunities for promotion are plentiful for the right persons.

Write, giving full details of personal history, to above address.

BBC REQUIRES SENIOR ASSISTANT in its Asian Services in London (British Subject). Duties include: Writing news talks of five minutes or more duration for translation into any of the fourteen languages in which Asian Services broadcast to South and South-East Asia, the Far East and Persia; supervision of preparation of similar talks written by an assistant; writing and broadcasting news talks for General Overseas Service; finding and briefing experts able to supply scripts for specialised talks at very short notice; maintaining close liaison with BBC departments and with U.K. and Commonwealth Government Information Departments, foreign Press Attaches, and journalists who specialise in foreign and political affairs. Essential qualifications: considerable journalistic experience, good general knowledge of international affairs and home politics; ability to think and work quickly. Candidates who have spent some time in Asia, have made a special study of the area or part of it, and have broadcasting experience, would have an advantage. Selected candidates will be required to submit a script of a five-minute talk on one of a number of given topics and to read it at the microphone as part of a voice test. Salary £1,725 (possibly higher if qualifications exceptional) rising by five annual increments to £2,225 max. p.a.—Requests for application forms enclosing addressed envelope and quoting reference 62.G.269 Ect.) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

STATISTICAL ASSISTANT

required

in the System Operation Branch of the Operations Department at Bankside House, London, S.E.1.

The work consists of the analysis of weather conditions and demand for electricity with the object of establishing a relationship and applying this to the short-term prediction of demand. The successful candidate will be required to supervise and check the work of the sub-section. Opportunity also exists for original thinking and development of new methods.

Candidates must have obtained the G.C.E. at "A" level in mathematics and should have had some training in statistical calculation.

• **The salary within scale £935 to £1,060 per annum, inclusive of London Allowance.**

This is a superannuable appointment.

Applications, stating age, qualifications, experience, present position and salary, to the Appointments Officer, Central Electricity Generating Board, 24/30 Holborn, London, E.C.1, by July 26, 1962.

Quote Ref. ECO/369.

CAMBRIDGE UNIVERSITY—SCHOOL OF AGRICULTURE

Applications are invited for the post of Senior Research Officer, or Research Officer. Candidates should hold honours degree in Economics or in Agricultural Economics, and should have had post-graduate research experience. Duties will include research into either costs of production, marketing or the effects of European integration. Salaries: Senior Research Officer, £1,250 x £50 — £1,400 x £75 — £1,875; Research Officer, £1,050 x £50 — £1,400. A proposal to increase these rates by £100 is currently under consideration. Further details from Secretary, School of Agriculture, Cambridge, to whom written applications with the names and addresses of not more than three referees should be sent not later than August 2, 1962.

For other appointments see page 196

AUSTRALIAN NATIONAL UNIVERSITY
INSTITUTE OF ADVANCED STUDIES
RESEARCH SCHOOL OF SOCIAL SCIENCES
DEPARTMENT OF SOCIOLOGY

Applications are invited for the position of *Senior Research Fellow* in the Department of Sociology. An appointment as Senior Research Fellow is normally for three years with the possibility of extension to a maximum of five years—but a shorter term may be considered. The Acting Head of the Department is Professor W. D. Borrie.

This is a new Department in the School, and a major objective is the development of research into contemporary aspects of Australian society, with particular reference to such questions as urbanisation, social and occupational stratification and mobility, and the structure and function of social institutions.

The greater part of the successful applicant's time will be available for his own research, but he will be expected to assist in the supervision of postgraduate students and in seminars.

The appointment will be within the range £A2,620–£A3,160. Reasonable appointment expenses will be paid for the successful applicant and his family.

Further details should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on *August 20, 1962.*

General Manager

Financial Institution Canada

A prominent financial institution in Canada requires a General Manager who will be responsible directly to the President and the Board.

Candidates must have had first class managerial experience, preferably in Banking. The preferred age range is 35-45.

This is a challenging opportunity which requires unusual qualities of imagination and vision as well as sound practical judgment. The successful candidate will be paid a starting salary of between $20,000 and $30,000 p.a., dependent on experience and qualifications, with substantial further prospects.

Please send full details of qualifications, career and present earnings to H. G. L. Sleep of Binder, Hamlyn, Fry & Co., 121 Queen Victoria Street, E.C.4. No information will be given to the client or to anyone else without the candidate's permission.

ASSOCIATION OF UNIVERSITIES OF THE BRITISH COMMONWEALTH

DEPUTY SECRETARYSHIP

The Association of Universities of the British Commonwealth invites applications for the post of Deputy Secretary of the Association which will become vacant on January 1, 1963. Present salary £2,700 per annum, F.S.S.U., child allowances. Main duties will be concerned with the work of the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom. Administrative experience and academic background essential. An information sheet giving further particulars of the appointment and the procedure for application may be obtained from the Secretary, A.U.B.C., 36 Gordon Square, London, W.C.1, with whom applications must be lodged not later than *August 15, 1962*.

For other appointments see page 195

KENT COUNTY COUNCIL

SENIOR PLANNING STAFF

Applications are invited for the following appointments:

(a) **SENIOR DIVISIONAL PLANNING OFFICERS.** Scale C-D (£1,860-£1,975).

(b) **SENIOR PLANNING ASSISTANTS** at appropriate grades within Grades A.P.T. III-V (£960-£1,380), according to qualifications and experience.

Initially the officers appointed will be concerned in a responsible capacity with the preparation of Town Maps and the Review of the Development Plan, and subsequently with the study of central areas and urban redevelopment problems or other aspects of the work of a Planning Department serving a large and varied County.

For posts (a) Corporate Membership of the Town Planning Institute is essential. Other qualifications related to the work would be an advantage.

For posts (b) Corporate Membership of the Town Planning Institute is required but consideration will be given to applicants who have recently passed the Final Examination of the Town Planning Institute or been exempted therefrom. Corporate Membership of the Royal Institute of British Architects or the Institute of Landscape Architects will be an advantage for certain posts.

Successful applicants will be required to drive a car which will either be provided by the County Council or an appropriate allowance paid.

Applications, with names of two referees, to County Planning Officer, County Hall, Maidstone, by Tuesday, August 7, 1962.

COUNTY COUNCIL OF ESSEX

COUNTY PLANNING DEPARTMENT

Applications invited from honours graduates in Geography (or expecting to graduate this year) for post of Survey and Research Assistant (Development Plan) at County Planning Department—Headquarters.

This is a first-rate opportunity for a career in Town Planning, with assistance in obtaining professional qualifications and prospects of promotion. Survey and research for the County Development Plan is varied and interesting, including work on population, industry and employment, minerals (sand and gravel, chalk, clay and brickearth), transport, water supply and urban and rural settlement. Ample scope exists for field work, and originality in written and cartographic presentation of material will be welcomed. Duties will be carried out under the general guidance of the Survey and Research Officer.

Entry for applicants without previous planning experience would be within A.P.T. I/II (£645-£960) according to class of degree and suitability of special subjects (in particular, geology, geomorphology, physical geography, and economic geography), and to former research studies of relevance. Entry at higher grade A.P.T. III/IV (£960-£1,310) would be considered for suitable applicants with experience in this particular aspect of planning work.

Five-day week, day release and financial assistance for study purposes, superannuation, medical examination.

Applications, stating age, qualifications, experience, present and previous appointments and salaries, together with names of two referees, should reach the County Planning Adviser, Broomfield Place, Broomfield, Chelmsford, Essex, not later than July 23, 1962.

COLEG HARLECH

RESIDENTIAL COLLEGE FOR ADULT EDUCATION

Resident Tutor required to teach Industrial Relations. Applicants should be unmarried graduates preferably with industrial experience. Salary scale £900 x £50 — £1,050 less £50 for board; free accommodation; superannuation scheme.

Further particulars from Secretary, Coleg Harlech, Harlech, Merioneth. Closing date August 2, 1962.

UNIVERSITY OF DUBLIN

TRINITY COLLEGE

LECTURER OR JUNIOR LECTURER IN ACCOUNTING

Applications are invited for the post of Lecturer or Junior Lecturer in Accounting, duties to be taken up on September 21, 1962, or as soon thereafter as may be arranged. Salary in the range (Lecturer) £1,000 x £50 — £1,550 p.a. or (Junior Lecturer) £800 x £50 — £950 p.a., less 5 per cent. deduction for superannuation, and with marriage and child allowances.

Applications (four copies), giving full details of academic career and experience, and the names and addresses of three referees, should reach the Registrar, Trinity College, Dublin 2, from whom further details may be obtained, not later than July 30, 1962.

A GRADUATE ECONOMIST

under the age of 30, is required to take charge of a small section carrying out research into various aspects of the Packaging industry.

This includes consideration of the supply demand and price of raw materials, competitive activities, customers' trades consumption patterns, etc., it also involves a continuous study of national and international economic trends and their implications for the Company and its products.

The section is responsible for providing an export advice service and assisting generally in the field of export sales promotion.

The work is varied and interesting, demanding a lively intelligence and an active interest in economic, political and social affairs. Some experience is essential and it would be an advantage if this had been in the fields of packaging, consumer goods, or distribution.

Apply: Head of Staff Division, The Metal Box Company Ltd., 37 Baker Street, London, W.1, quoting reference ISX/3.

AUSTRALIAN NATIONAL UNIVERSITY

INSTITUTE OF ADVANCED STUDIES

RESEARCH FELLOW OR FELLOW IN ECONOMIC HISTORY

Applications are invited for appointment to a research position for the purposes of a comparative study of the changing structure and the long-run processes of growth of a number of developed economies including those of Australia and New Zealand. Research at present being carried out is designed to investigate major structural and institutional characteristics and the conditions and processes of growth of these economies over the past century and up to the present day. The appointee would be expected to take responsibility for some leading aspect or aspects of this study and applicants should nominate their special interests in this field.

Appointment may be at the level of Research Fellow or Fellow in the Department of Economics, Research School of Social Sciences. Applicants should possess first-class qualifications in economics, economic statistics or economic history with considerable experience of research in applied economics, statistics or economic history.

The salary range for Fellows is determined within the limits of £A2,151-£A3,000 per annum. Appointment to age 65, with the option of retirement after age 60, is normally confirmed before expiry of the initial appointment which is for five years. Fellows are entitled to one year's study leave on full pay plus a contribution towards travel and other expenses, in every seven years.

The salary range for Research Fellows is £A1,656-£A2,450; initial salary depends on qualifications and experience. Appointment is for three years with possible extension to a maximum of five years.

Superannuation is on the F.S.S.U. pattern. Reasonable travel expenses are paid and assistance with housing is provided.

Further particulars should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on *August 20, 1962*.

THE NEWMAN DEMOGRAPHIC SURVEY

invites applications from

Graduate Sociologists and Economists

for appointment to its professional staff.

The work is in the fields of educational sociology and planning and requires some knowledge of statistical method. Salary will fully reflect qualification and experience. Applicants, who should be Catholics under 35, are invited to write for further information to **The Director, Newman Demographic Survey, 31 Portman Square, London, W.1.**

APPOINTMENTS REQUIRED

AMERICAN

Registered Representative presently with a major New York Stock Exchange firm, seeks a position with an internationally oriented financial organisation, located in London, utilising his knowledge of American securities and commodities.

Excellent references.

Available for interview in New York or London.

Write RAYDOR, 265 Knighton Church Road, Leicester.

YOUNG SALES MANAGER. Public School education, wide experience, languages spoken, keen to break new ground.—Telephone TULse Hill 0022 (London).

EDUCATION: BUSINESS AND PERSONAL

STAFFORDSHIRE EDUCATION COMMITTEE

THE STAFFORDSHIRE COLLEGE OF COMMERCE, WEDNESBURY

Principal: *H. Harman, B.Com.* Telephone: WED. 1851/2.

As an introduction to a career in business the College conducts a One-Year Course of

PRELIMINARY BUSINESS STUDIES for boys in the age group 16/18 years.

An admirable course for learning the principles of accounting and business organisation.

Those with sons about to embark on a business or professional career would be well advised to obtain further particulars of this course, which begins in September next, from the Registrar.

Staffordshire College of Commerce, Wood Green, WEDNESBURY.

HIGHER NATIONAL DIPLOMA IN BUSINESS STUDIES

B.Sc. (ECON.); B.A. (GENERAL) LONDON

Full-time courses commence September 24, 1962.

Details and application forms from the *Registrar, Kingston* College of Technology, Penrhyn Road, Kingston-upon-Thames, Surrey.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2),

METROPOLITAN COLLEGE ST. ALBANS

or call at 56 Queen Victoria Street, London, E.C.4. Established 1910.

SECRETARIAL Training for women, especially university graduates and older students, six-month and intensive 14-week courses.—Write Principal, Davies's, 158 Holland Park Avenue, W.11. PARk 4654.

DIRECTORS needing able office staff (m. and f.).—Consult Stella Fisher Bureau, 430 Strand, W.C.2. TEMple Bar 6644.

NORANDA MINES, LIMITED

DIVIDEND NOTICE

NOTICE is hereby given that an interim dividend of Thirty Cents (30c) per share, Canadian funds, has been declared by the Directors of NORANDA MINES, LIMITED, *payable September 14, 1962*, to Shareholders of record August 17, 1962.

By Order of the Board,
C. H. WINDELER,
Secretary.

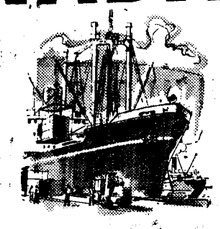
Toronto, Ontario,
July 10, 1962.

MARINE AND GENERAL MUTUAL LIFE ASSURANCE SOCIETY

At the 110th Annual General Meeting of the Marine and General Mutual Life Assurance Society held on Wednesday the 27th June, 1962, Mr. Edwin Hodson, of 46, Victoria Street, Manchester, offered himself as a Director of the Society. A ballot was called for on this resolution and at the adjourned meeting held on Wednesday the 11th July, 1962, the resolution was declared to be defeated and accordingly Mr. Hodson was not elected a Director of the Society.

CANADA

rising giant in World trade!



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Closely associated with Canada's growth, transition and rise to world prominence for more than 100 years, The Toronto-Dominion Bank can supply you with vital information on commercial and industrial growth trends, resources and services, federal and provincial regulations—in short, anything you need to know to ensure your business success in Canada. With more than 590 branches across the country, the Toronto-Dominion offers you a complete banking service.

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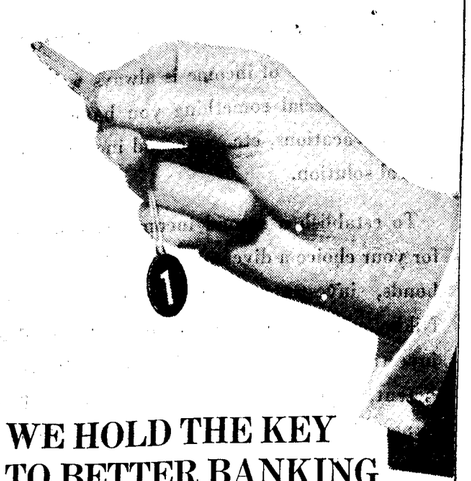

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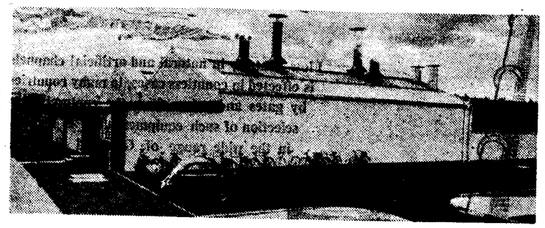

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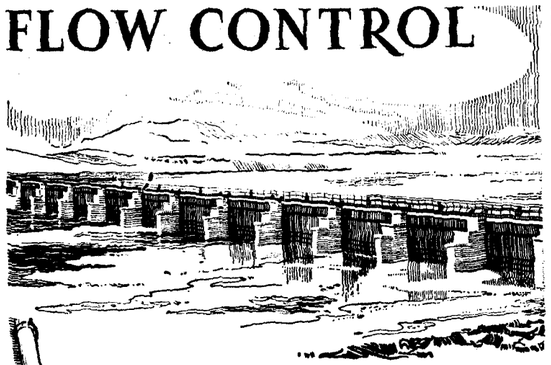

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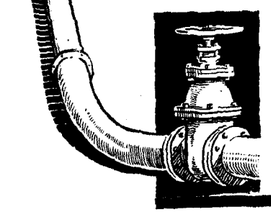

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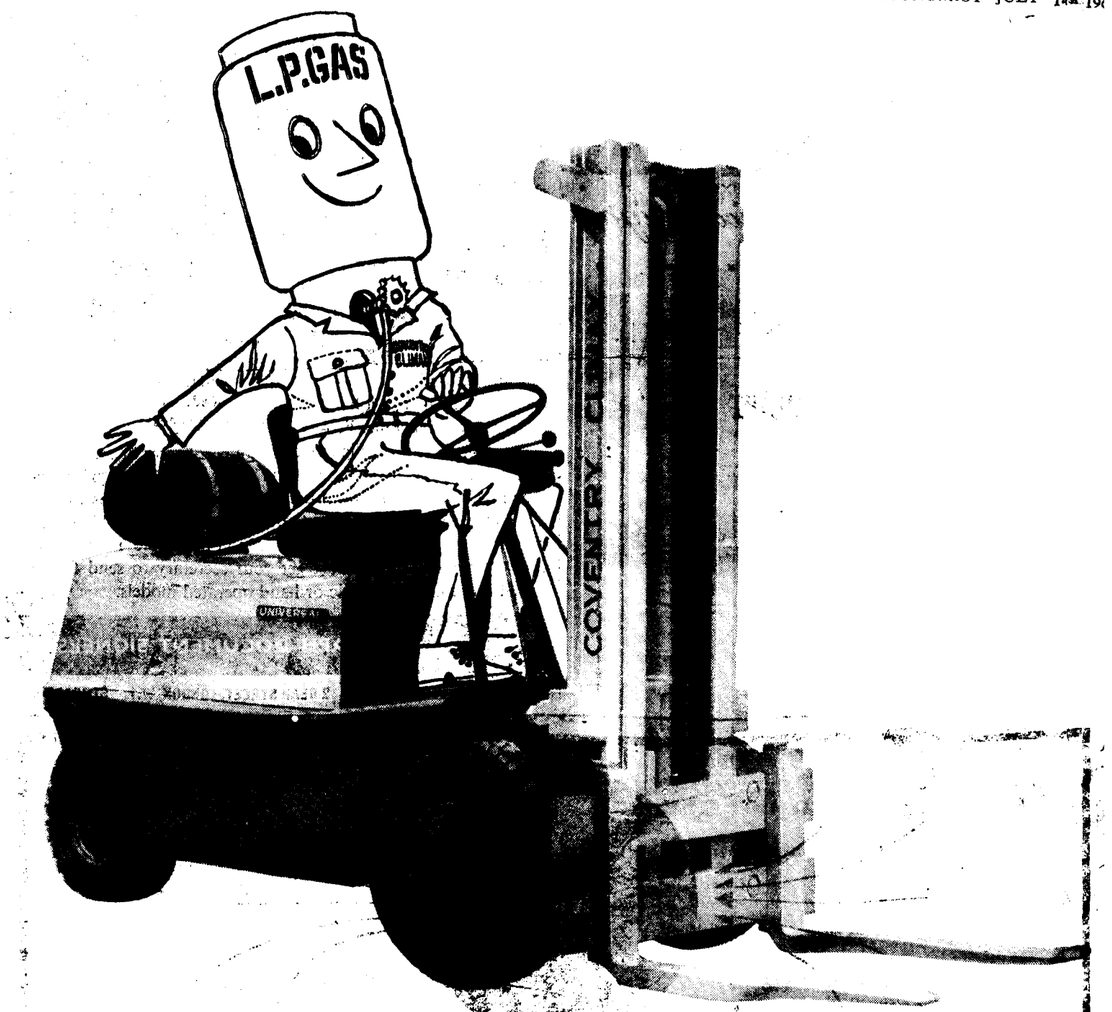

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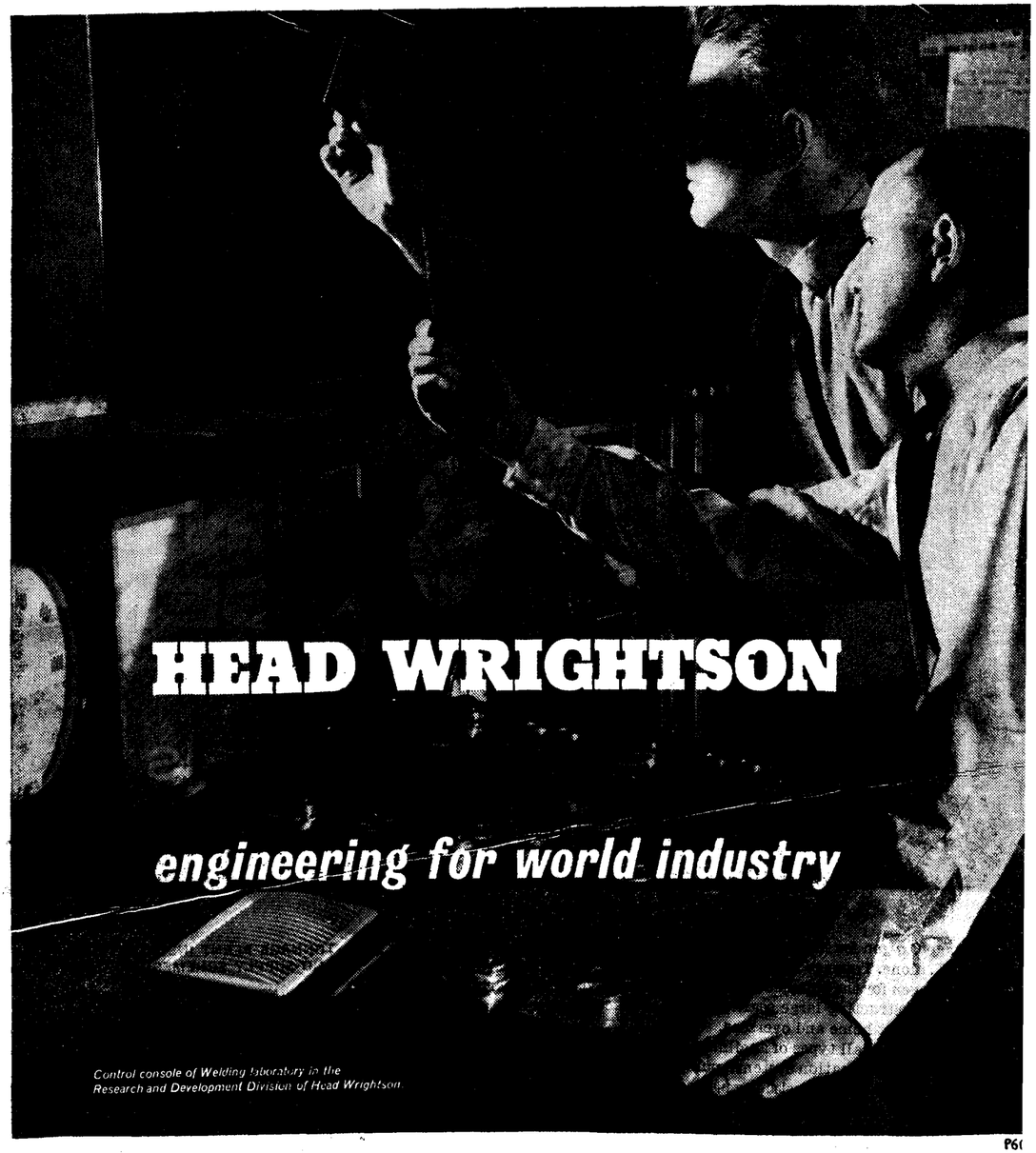

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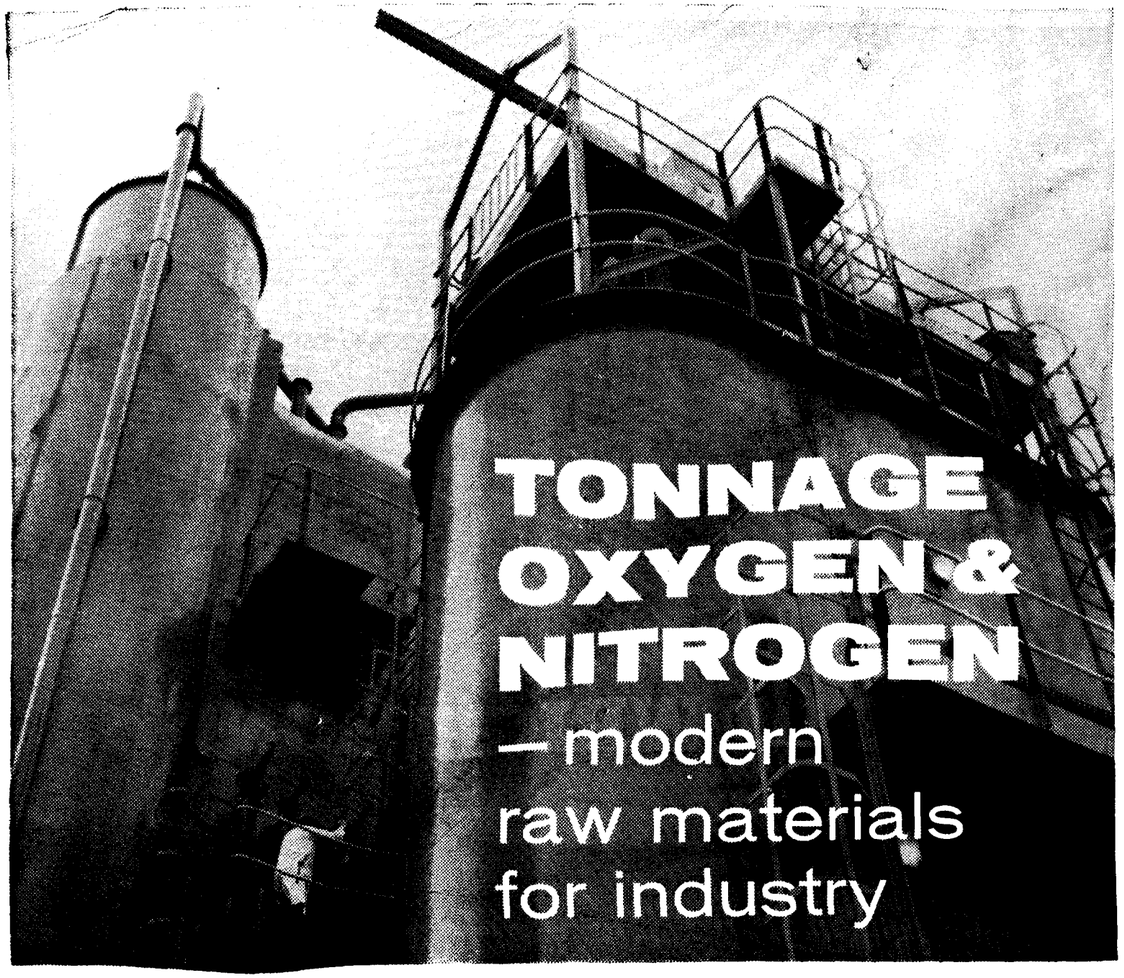

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JULY 28, 1962

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Course for Recovery?

THE country had been peering forward to Thursday's censure debate over the shoulders of two question marks. The first concerned the personal position of the Prime Minister. That was virtually settled, at least for the time being, by his snug reception by Tory backbenchers on Wednesday. If the country and party manage to march along what Mr Macmillan calls "prosperity road" to the next election, there will now be no Tory Brutuses, only Antonys. The Prime Minister's remaining "personal crisis" therefore probably rests only in this: if the nation's and party's fortunes do not revive, there is now a political force in being that could edge him out of his leadership. If Mr Butler, Mr Macleod and Mr Maudling in dissatisfied unison asked Mr Macmillan to take his earldom before 1964, he would now have to obey. No conceivable junta could have had any such power only a fortnight ago.

The second, and more important, question mark on Thursday concerned the new team's policy. The course *The Economist* had hoped to see followed was some stimulation of demand through tax reliefs, accompanied by a tightening of incomes policy and by deliberate long-term measures designed to increase competition (and thus to start moving skilled labour and other resources into the expanding and prosperous forms of employment out of the uneconomic and wasteful ones). In the event there was no earnest of any reflation of demand on Thursday. On balance, this delay in reflation, whether for economic or political (backbench) reasons, is probably a mistake—both on economic and political grounds. But there is no need yet to grumble too spikily about this, provided the Government is really looking forward determinedly to re-expansion of demand as the next step; unfortunately the proviso is important, and has not yet been satisfactorily answered.

The long-term measures announced by the Prime Minister on Thursday deserve the same general comment, although perhaps here with a sharper bark of disappointment. Mr Macmillan said most of the obviously right things, but on first analysis seems to have drawn back from the most determined forms of action. His promised review of monopolies and restrictive practices legislation is desirable, particularly if it were designed to abolish resale price maintenance and to start really doing something against restrictive practices by labour; but by six o'clock on Thursday the impression was that the Government could not make up its mind about the first nettle, was still going largely to avoid the second. The promised review of apprenticeship and training of skilled workers is thirty years overdue, but has hardly been proclaimed even now in very dynamic terms. The Molony report on consumer protection (discussed in the following article) does not go far enough in the right radical direction. The promise to implement the Gowers report on conditions of work in offices and shops is a plain sweetener to the Trades Union Congress, and might actually turn out to be an undesirable one; one thing that is needed now is more legislative flexibility to allow shops to stay open longer at night, and the original Gowers report was the reverse of liberal on that.

By far the most important part of the Prime Minister's mouse in the bag is therefore obviously the proposed National Incomes Commission. The Government (which has reiterated that it will restrain aggregate profits by "fiscal and other means") will henceforth "indicate publicly its view" that this new commission should be asked for its advice before any settlement is reached of

any really major or pace-setting wage demand. But one had better set down brutally here the different ways in which it would seem that this experiment might go.

The least useful outcome will be if the commission merely becomes a device whereby groups of workers, usually in the public service, who had not got that year's average inflationary wage increase, are enabled to get it as well as (and on top of) everybody else. This would then merely be a device for spreading a little more inflation a little more ostensibly fairly all round. The second least useful outcome will be if after the Government has "indicated publicly" that it thinks the commission should advise on particular wage claims, these claims are then often blithely settled by inflationary wage increases without any regard to the Government's statement of work. Politicians would then no doubt regard the whole experiment merely as a device for casting odium on the Government. In fact, however, even a development of this sort would not be wholly pernicious compared with the present appalling mess; it would be a positive sign that the Government no longer regarded itself as purely neutral even in private wage settlements, and it is probable that the nationalised industries at least would then have greater inhibitions about granting wage increases of which the commission would plainly disapprove.

The best outcome will plainly be if the commission becomes the main body for setting the pace of each year's main wage settlements, in line with expected increases in national productivity. Bluntly, however, the trade unions are likely to accept its recommendations only if they think that they cannot get more money by other means: in other words by threatening or fighting strikes. Probably, they will think for some time that they can. Whether the Government should "insist" on referring particular claims to the commission even over the protests of the union concerned therefore boils down to two questions. Is it better that an agreement to refer a wage claim to the commission should be the eventual ladder held out to a union to climb down on to after an unsuccessful strike, albeit a pretty bitter ladder because it will presumably be one it has refused to countenance before calling its members out? Or is it better that any union which is contemplating strike action should know that if it refuses to take part in argument before the commission, an inquiry into its wage claim might go forward none the less, without its own official summary of its own case having been heard (if it is really silly enough to boycott the proceedings)? On balance we would prefer the second alternative, because there would then be blazoned forth a specific figure that the public would know had been adjudged to be the maximum increase consistent with the national interest, the maximum terms on which it would be economically sensible to settle or avert the strike. If it be said that this is a receipt for industrial strife, the answer is that, if a tough incomes policy is married to an effective policy for growth, there need be no strife, because all will be gainers.

That Consumer Council

The Molony report is not quite radical enough

ONE of the misfortunes of the British economy is that it is saddled with too little salesmanship and too flaccid consumers. It is saddled with too little salesmanship largely because "slick American-style selling" is regarded by many Britons as an opprobrious phrase, and this opprobrium has lost to the economy some of the real dynamic that constantly pushful salesmanship can afford. It is saddled with too flaccid consumers because the largest industry in Britain—the housewife industry, 15 million women strong—has one of the least trained, least organised and least effectively-informed labour forces in the land. In an age when many consumer goods have become pieces of minor engineering equipment or even major chemical mystery, Britain has drifted rather aimlessly round the revolution of uninstructed consumers' choice. Manufacturers of consumer goods are not forced by their customers to be nearly as helpful and exact in the information they give about their products as manufacturers of capital goods are; and housewives are too often unaided (and therefore unwilling) to make any sort of intelligent appreciation of which so-called bargains before them are plainly the worst possible buys. This is not only a great source of waste at home; it is also a national obstacle abroad. Britain will not be able for long to export goods that are made in quantity here merely because there are sufficient mediocre and uninstructed British shoppers to put up with buying them in British shops.

This is why it was so important that the Molony report on consumer protection (which came out on Wednesday) should get its balance of recommendations just right. The right precept is full free speech for the advertiser and salesman, but also full free speech (and sufficient detailed information) against them. In the event the Molony committee sensibly avoids being anti-salesman, but seems not quite sufficiently radically pro-consumer.

The committee's most publicised recommendation, which it calls a "major organisational reform," is for the establishment of the grandiloquent-sounding Consumer Council. Unfortunately, it is not very clear what this would really do. The argument that this council of ten or twelve part-timers "will serve as a focal point for information on matters of general consumer grievance" sounds altogether too generalised to be effective; the council's proposed annual report and "periodical magazine, pamphlets or leaflets, as deemed appropriate" might find themselves bombinating *in vacuo* unless the council is given some specfic tasks.

Admittedly, some of the specific functions suggested for the council by some witnesses before the Molony committee were ones that the report was abundantly right to reject. Undoubtedly, the report keeps its feet on the ground by saying that neither the council nor anybody else could sensibly prescribe overall quality standards below which no consumer goods should be allowed to be marketed, and by rejecting any idea that the council should take over from the publishers of *Which?* the comparative testing of consumer goods and the recommendation of best buys. The committee rightly does not "think that the consumer would relish being told what to buy by any official body" in view of the delicate political pressures that would clearly become involved. Unfortunately, the report is obviously also right to say that it would be far too expensive to make the council "a national centre for receiving and dealing with shoppers' individual complaints," at an estimated service cost to the taxpayer of £4 to £5 per complaint, many of them inevitably frivolous.

There seem to be less cogent arguments for the report's firm "opinion that a Consumer Council should play no executive part in law enforcement either in criminal or civil courts," on the grounds that "it must stand detached from the acrimony with trade which particular cases might engender." If the council is effectively to represent the consumer, one would have thought that a little occasional acrimony with particular trades might be no bad thing. The report's belief that local authorities are "well-qualified" to act as the prosecuting authority, without any formal link being forged between them and the council, sits oddly beside the report's plain indication that some local authorities have fallen down badly on the job; its only (and admittedly moderately useful) recommendation here is that in the Consumer Council's annual report the "relevant statistics [about prosecutions] might well appear" ... and "areas in which enforcement appeared to be deficient singled out for attention." In rejecting some of the wilder schemes of the advocates of a consumer council the Molony report has thrown out a lot of bilge water, but it may well have thrown out too much of the baby as well.

IN the absence of any decision to give the Consumer Council greater powers, the most important and welcome recommendation of the Molony Committee concerns the informative labelling of goods. It wants the President of the Board of Trade to have authority to issue regulations requiring specific information to be placed on labels, defining (e.g.) the size of some goods such as carpets that may be sold only by appearance, the material of which they are composed, the manner in which they should be cleaned, their mode of manufacture, fitness for purpose, performance, behaviour, strength or similar physical properties. Even here, however—one is sorry always to be carping at the exceptions—the report refuses to recommend that shoppers should be told specifically how much they are paying per pound for all packaged products, on the rather odd grounds that somebody selling, say, a 6¼ oz. package of confectionery might have to express his price per pound to several places of decimals (but why on earth shouldn't he?); and it does not think that it should be compulsory to say how much wool, how much cotton and how much of any other fibre there is in each specific piece of cloth. The report also recommends only rather minor changes in the Sale of Goods Act, where its main complaint is that the shopper is surprisingly ignorant of the legal rights he can already exercise against retailers who sell him defective goods. In view of this it is strange that it finds, in its next summarised conclusion but one, that "the consumer need for legal aid and advice in obtaining redress is adequately met by the present schemes administered by the Law Society." And its recommendations for changes in the law of hire purchase (discussed in a Business Note on page 381) seem open to some bigger objections.

On advertising, the report gets its positive proposals broadly right. It recommends that advertisements which are deliberately misleading in their descriptions of goods should be an offence under a revised version of the Merchandise Marks Acts, but it is "not disposed to take too censorious a view" of (e.g.) TV charades where nobody ever chooses Brand X instead of the advertiser's own product "for the simple reason that we cannot believe any normally sensible person is misled at all." In a wise aside it says that the task of consumer protectors is to judge when particular advertising or sales techniques are "not merely unethical, but a sufficient menace to the consumer to justify repressive measures: a distinction more apparent to us than to some of our representors." Nevertheless, as it has proclaimed free speech for advertisers, it is a pity that the committee is not a bit more forthright in clearing the ground for free speech against them. It surely need not have gone out of its way to approve the "no-knocking-copy" rule of the advertising industry; it says that, if advertisers were permitted "to belittle competing goods and to make exact comparative claims," then it would expect "disparagement to be met by counter-disparagement" and the consumer to be "confused by efforts to rationalise and justify competing claims." But might not the intelligent consumer get some instruction as well as edification from a shouting match in which each advertiser tried to show, within the law of libel of goods, in what respects he claims a rival's product to be defective?

The committee is right to say that the effectiveness of the so-called Advertising Standards Authority, set up this week as a sort of voluntary "press council" by the advertising industry, "will depend on the personal qualities of its members" (and those of the independent members just chosen, including the economist Sir Arnold Plant and the TUC's wittily sceptical Mr Victor Feather, are fortunately high); but one must echo here the regret of the director of Consumers' Association Ltd. (publishers of *Which?*) that these advertisers' watchdogs "have called themselves an Authority. This smacks of the worst kind of misleading advertising because they are nothing but a private body." Finally, although the Molony report's "cautionary notes" attached to its general enthusiasm for *Which?* (now with 300,000 subscribers) are fair enough when read in context, they will be widely quoted out of context by aggrieved salesmen of products that *Which?* has found wanting. The balance of propaganda power is thereby surely given an unnecessary push in the wrong (because already predominant) direction.

The Molony report is therefore not without its blemishes. But to particularise them in this way is possibly to run the risk of giving a false impression. The report says many of the right things: conspicuously about competition being the consumers' best friend. It castigates many of the wrong things and least desirable ideas with a trenchancy which will cause great annoyance in some of exactly the right places. The Government's right course now would be to enact a series of charters for consumers based on Molony-plus. Unfortunately it is probably a delusion (albeit a beneficial one) for politicians to suppose that there are a large number of immediate electoral votes to be won by this; the Molony committee itself deduced, from the smallness of its post-bag from the public, that on the whole the British consumer does not sufficiently realise or resent the respects in which he, or she, is at present ill-served. But the real advantage, first economically and then politically, would come from gradually helping to make the housewives of Britain a better-trained and more efficient and more discerning and more militant group of forceful and freely-choosing shoppers at last.

Pity Poor Saceur

Norstad Lemnitzer

General Lemnitzer's new chair of office is poised over some gaping cracks

EISENHOWER, Gruenther, Norstad and now Lemnitzer; the latest name in the Nato succession rings with a fine Nordic familiarity. (There was an Anglo-Saxon interlude under Ridgway, but it was short-lived.) But General Lemnitzer is going to need more than the right kind of name, and a sound if unspectacular military reputation, if he is to escape the heart attack and the reported ulcer that his—much younger—predecessor has suffered while Supreme Allied Commander in Europe. It is fashionable to describe the allies as in disarray, as if they were so many privates just needing a good sergeant's bark to get them dressed in line again. It would be more accurate, and more honest, to compare the present state of the thirteen-year-old North Atlantic alliance to a fallen mirror cracked by so many disputes that one wonders whether it will ever reflect the unity of 1949 whole and clear again. The comparison is fair. In 1949 the nail that held the alliance in place was the nuclear monopoly of the United States; this has now been removed, with shattering consequences.

General Lauris Norstad, though the fault is not his, will bequeath three major unsolved problems to his successor on November 1st; two of the problems are strategic, and the third is at bottom political. The first unanswered strategic question is how far the alliance ought to build up its conventional forces—so that it could put up a reasonably prolonged fight for western Europe before having to resort to all-out nuclear war. The disagreement here is, at one level, between those countries (such as west Germany and the United States) that have recently been helping General Norstad to get closer to the 30-division force level prescribed in 1957 and those (such as Britain and France) that have not. At a deeper level, it involves a further argument whether or not the 1957 targets ought to be raised to a point where western Europe could be held without the need to fall back on massive nuclear retaliation at all.

The second unsolved strategic problem has got mixed up with this, but is in fact quite separate. It concerns the moment at which the alliance ought to bring tactical atomic weapons into action (if it should bring them into action at all) in a fight for Europe that had not yet degenerated into an all-out nuclear conflict. The dividing line here at the moment is between on the one hand Britain, with some support from west Germany, holding that tactical atomic weapons would probably have to be used quickly; and on the other hand President Kennedy, who wants (surely rightly) to pause for thought before crashing over the nuclear threshold.

These arguments about strategy are serious enough; but it is reasonable to think that the military thinkers could eventually cut their way through this arcane jungle to a rational consensus, were it not for the third and still more intractable political problem that underlies them. Who is to control the alliance's armoury of nuclear weapons? Professor Henry Kissinger argues convincingly in the July issue of *Foreign Affairs* that the other questions are unlikely to be solved until this one is; and it is precisely here that the inter-allied battle lines, crisscrossing those of the other disputes, are most deeply entrenched. The American and British governments want effective control to remain where it is now, in American hands (though it is hard for Britain to say this without a blush while clutching its own V-bomber force). Other people believe that sooner or later western Europe, as it grows stronger and more united, will come to assume its share of nuclear power; and these are in turn divided between nationalists like General de Gaulle, and internationalists who hope that it will be possible to create a combined west European force to form half of a transatlantic "nuclear dumb-bell."

Nobody assumes that General Lemnitzer is the man destined to think up the answers to all these questions—least of all, one suspects, General Lemnitzer. But the general, presiding over his inter-allied command near Paris, will be in a good position to conduct the day-to-day task of trying to reconcile the different points of view. It is a pity, therefore, that his replacement of General Norstad has been handled in a way that draws attention to the current irritations within the alliance. A few years ago no one would have thought it odd that the retiring commander of Nato's troops should have submitted his sole letter of resignation to the American President, merely informing the Nato authorities that he was doing so. People notice it now; they also note that General Lemnitzer, who will have less than two years to serve before he reaches his army's compulsory retiring age, comes to Europe convoyed by rumours that Mr Kennedy was happy to give someone else his present job. Ever quick to feel a slight—intended or otherwise—General de Gaulle made the alliance wait till Wednesday for his *nihil obstat*.

QUITE possibly Mr Kennedy intends General Lemnitzer's to be a stopgap appointment while the various arguments are thrashed out. This thrashing out is likely to take a long time, perhaps some years. The solutions eventually reached will depend on the way a number of still imponderable matters work themselves out in the meantime: on Britain's success or failure in joining Europe; on the reactions of west European politicians when they realise the cost of building a nuclear armoury fit for the nineteen-seventies; on whether or not

eastern Europe can be persuaded to lose some of its terror of west Germany (and vice-versa). Until the outcome of these matters is known, people whose chief concern is to stop the North Atlantic alliance from breaking into its component parts can do no more than spell out the limits within which they believe the basic problem—the control of nuclear weapons—ought to be solved.

Until 1965 or 1966, perhaps, things can and will go on much as they are. That is, the United States will continue to exercise ultimate control over the vastly greater part of the western deterrent—subject only to the arrangements for joint consultation (but not joint control) outlined at the Nato meeting in Athens in May—while, if General de Gaulle remains adamant, France and probably Britain too will go on pursuing national nuclear power. But about the middle of the present decade matters are liable to reach a turning point. If the cost of building a really modern missile force—together with such addenda as missile warning systems and, possibly, anti-missile missiles—is as huge as the Americans say it is, the European demand for nuclear equality may die away into a dismayed silence. But if the European demand for equality persists, some way of satisfying it will have to be devised.

The intolerable way of satisfying this demand is to let the growth of national nuclear forces continue. The tolerable ways may be various; the task of the defenders of Nato unity is to pick out and champion those which keep the links between north America and western Europe as strong as possible. Within this category, for instance, lies the possibility of a joint Nato force, containing a sizeable American contribution plus the British V-bombers and the French *force de frappe*, and commanded by a Nato general—presumably an American successor to General Lemnitzer. If Britain gets into Europe, the way may be opened to another just possibly acceptable solution. This would take the shape of a united European nuclear arm linked to the American one under a system of joint operational planning.

Beyond a certain point, however, it must be made clear that western Europe's thrust for self-sufficiency can burst Nato wide open. This would be true, for instance, of a European nuclear force that excluded Britain; or of one that lacked the necessary close links with its American counterpart. It is true that, within the alliance, power is gradually being reallocated between Europe and America; but neither can afford a rupture down the mid-Atlantic seams.

Timeless Tests?

Even if Russia's claim to the "last bang" is satisfied, no real end is yet in sight

ON Sunday the Soviet Union announced that it is about to hold yet another nuclear test series. It has closed the Arctic waters east of Murmansk, where Mr Khrushchev was visiting the fleet last week. Some of the new Soviet tests are also likely to take place in central Asia, as in the series held last autumn. When Mr Kennedy was asked for his reactions, at his press conference on Monday, he was cautious, but clear. Whether America would test again must depend, he said, on whether an analysis of the imminent Soviet series showed that Russia had made technical advances that "present further risk to our security. . . . We will not test again unless we are forced to."

Both the Soviet announcement and the American reaction were predictable, and long predicted. It would be asking too much to expect Mr Kennedy to concede, in so many words, the Russian claim, formally published on July 13th and repeated on Sunday, that

> Moral principles and the interests of world peace demand that the Soviet Union should be the last to carry out nuclear weapons tests.

But America has not staked any claim of its own to a *jus ultimae noctis*. Thus it is still possible that, after the Soviet series, a second period of restraint might begin.

Whether it could be formalised by treaty is another matter. On the western side, the element of uncertainty now concerns the implications of the latest results of "Project Vela," the American programme for improving the observation of underground tests. Mr Kennedy said on Monday that the study of these results should be completed this week. Mr Dean Rusk's preliminary judgment, as expressed on July 12th, was that the apparent improvement in instrumental detection could not completely remove the need for control posts and inspections on the spot. What is clear is that the infringement of privacy that is now involved would be extremely small.

If the western governments are now in an embarrassing tangle about identification requirements, they are, however, not so painfully twisted up as the Soviet government has got itself on the plainer question of simply halting tests. Mr Khrushchev's laboured defence of its position, in his speech on July 10th at the World Congress for General Disarmament and Peace, in Moscow, was riddled with contradictions. One wonders whether he was wise to seek publicity in the western press, to the extent of buying advertising space, for a speech which hurried on from asserting that

> The after-effects of nuclear tests are very serious for mankind. . . . Those who are carrying on the tests do not even see fit to think of the harm they are doing to the health of the peoples.

to the claim, only a few sentences later, that

> The Soviet Union's rocket and nuclear strength is the decisive factor in preserving peace. . . . We cannot fail to take steps to strengthen the (our) defences. . . .

Yet, four days later, the Moscow congress declared itself "firmly opposed to all testing of nuclear weapons."

How those participants in the congress who support Soviet policies can square these conflicting doctrines, and how they will dodge the dilemma posed by the coming series of Soviet tests, must be object lessons for all students of the highest hypocrisy.

The declaration of the Moscow congress was, indeed, of some interest. In striking contrast to the inevitably strong pro-Soviet slant of most of the speechmaking, the declaration contained some encouragingly objective phrases:

> In every disarmament plan, weak aspects can be pointed out. . . . We call for businesslike and practical discussions on all the plans put forward. . . . The positions of the chief negotiating powers . . . have to some extent drawn closer. But serious differences of opinion are still producing deadlock.

It would be rash to deduce that, henceforward, some real

discussion of the real problems of disarmament will be permitted inside communist countries. The declaration was presumably worded so as to satisfy as many as possible of the minority of dissidents present in Moscow. But it represents a sharp deviation from the customary claim that the Soviet disarmament plan has no flaws, that negotiation should be based on it and on it alone, and that it is mere malign obstructiveness, not "serious differences," that prevent agreement. The call for "businesslike and practical discussions" may also be sincerely echoed by the non-communist delegates at Geneva.

THE proposals listed by Mr Godber last week were only the latest in a series of attempts to prevent the Geneva conference from "frittering away its time," as the Minister of State put it. Hitherto it has been difficult to get the Russians to agree even to embark on businesslike talk—a fact which the non-aligned delegations have noted with some disenchantment. If Mr Khrushchev really believes, as he said on July 10th, that it is the western delegates at Geneva who have confined themselves to "purely perfunctory and declaratory" speeches, he is not getting very good reporting from his representatives.

His speech that day itself refurbished some of the major self-contradictions in Soviet disarmament policy which account for the Russians' reluctance to argue the matter out in concrete terms. He repeated—as Mr Gromyko and Mr Zorin have since repeated at Geneva—that, in the first stage of disarmament, all troops must retire to their own countries and all means of delivering nuclear weapons must be abolished; and that there could be no verifying of amounts of weapons and forces retained at any stage, not even by the Sohn technique of "sampling zones."

These demands not only violate the principle, already agreed, that no party should gain a military advantage at any stage of disarmament; they also in effect invite other countries to buy a pig in a poke. And the virtuous indignation with which Mr Khrushchev denounces all inspection of retained arms as mere espionage ("No self-respecting country can accept such control") would be more effective if he had not already, in backing the Rapacki plan, proposed that precisely such control should be imposed on Poland, Germany and Czechoslovakia.

The sheer irrationality of the Soviet proposals unhappily strengthens the case of those who (like General de Gaulle) see no point in slogging on with the talks on disarmament. It is probably true that, but for the presence at Geneva of the eight non-aligned delegations, the Russians would by now have walked out, as they did in 1957 and in 1960. As it is, the resumption of the conference has revealed little that is new or encouraging. After Russia has demonstrated the force of its "moral principles" by staging another series of big bangs, there may well be a second period of restraint from tests. But, whether or not this is sanctified by a treaty, it will be as fragile a restraint as that of 1958-1961 unless there is progress toward disarmament proper.

For that, it seems, we may still have to rely on the closing of the secrecy gap to manageable proportions. It is not inconceivable that, as America's new weapons (and China's ?) become more and more difficult for Soviet intelligence to enumerate and pinpoint, Moscow may begin to realise that it, too, has an interest in seeing that disarmament should not only be done but be seen to be done.

Kennedy's Latin Primer

Democratic government or material improvement: which comes first?

PERU'S fall from democratic grace has been seized upon as a ready-made occasion for President Kennedy to reassert forcibly the languishing principles of the inter-American economic alliance for social and democratic progress. While others of America's allies have managed to slip, slide or sidestep their way round the rules that signpost the way to social justice and to democratic behaviour, there was absolutely no ambiguity about the Peruvian army's rude and violent gesture. Peru's president was deposed and imprisoned on July 18th because he refused to annul elections that were in no way detectably fraudulent, but which had been won by a man, Sr Haya de la Torre, whom the army does not like. There were no side-issues to confuse Washington's objective concern for democratic procedure: public order had not been seriously threatened, and the far-left fervour of Sr Haya de la Torre's youth had long been replaced by the evangelical anti-communism of his middle age. Confronted by this undisguised contempt for the democratic institutions that the alliance seeks to strengthen, the United States suspended diplomatic relations, held back the $81 million that had been booked as Peru's current slice of alliance aid (except for some minor charities that go on) and cut off military assistance.

To give money and then to snatch it away again is a course guaranteed to win any prize offered for the policy least calculated to win, or to influence, friends. The cautionary precedents include the West's withdrawal in 1956 of the money it had offered Egypt for building the Aswan high dam. True, the circumstances, and the personalities, are not at all the same. President Kennedy's criteria for giving aid to Latin America are blazingly right. The Latins are allowed a wide latitude of nonconformity. Mexico's expressed dissent from American policy towards Cuba does not prevent it being one of the more important beneficiaries of American aid. Brazil stands at least a fair chance of continuing to get its large dollops of American help despite the expropriation, in February, of an American-owned telephone company.

But for Peru there was no escape from the axe. The decision to make a test case out of Peru's relapse must have been an excessively difficult one for President Kennedy—although he may have been spurred on by personal indignation (which he showed at his press conference on Monday) at the summary treatment of his recent guest, President Prado. A more telling argument might have been the dismay with which other Latin Americans have been following the sorry story of the Peruvian elections and their aftermath. The basic

conflicts at work in Peru are by no means singular; obviously the others fear a chain reaction of military coups across the continent. Most of them have declined or delayed relations with the new Peruvian regime, without going as far as Venezuela and the Dominican Republic, which have broken relations formally and withdrawn their ambassadors. Argentina's military caretakers, having too much glass in their own house to risk stone throwing, have underlined their minority view by sending a naval vessel to join in the celebrations this weekend of Peru's independence day.

Peru's military chieftains have to look for support to their like-minded neighbours, or to Latin Americans of the extreme Right and the extreme Left, both of which, for different reasons, welcome any check to the social changes envisaged by the alliance. The murky half-light of dictatorial or reactionary regimes is fine sailing weather for the communists; the alliance, if it worked, could be their sinking. Significantly, the neo-communist parties in Peru are among the few groups to have thrown their weight on the side of the junta—although it was reported at the mid-week that Sr Haya de la Torre, who will soon qualify as the Peruvian Vicar of Bray, has himself reached some sort of agreement with the military.

THE United States still carries the scars of its failure in the past to be visibly and incontrovertibly on the side of democratic progress. Not long ago, Washington was being scourged for using the sacred doctrine of non-intervention as an excuse for doing nothing at all to help the Latin Americans rid themselves of their autocrats and oligarchs. The amiability that General Eisenhower and others showed towards some of the less desirable strong men nourished the belief that the American Administration's sole concern was to keep the southern half of the hemisphere dotted with governments that were seemingly strong and irrefutably anti-communist. In April, 1961, President Kennedy set about destroying this image for good and all. His alliance for progress attempts to identify the economic power of the north with the political and social aspirations of the south. Aid on a much more massive scale than the neglected Latins have known before is the President's weapon for dragooning the governments into promoting change. This will, in the President's words,

> demonstrate to the world that man's unsatisfied aspirations for economic progress and social justice can best be achieved by free men working within a framework of democratic institutions.

But is it so sure that it will? America's decision to show disapproval of the Peruvian generals by suspending the aid programme, however enlightened the arguments, does generate a bunch of nagging doubts. First, it is controversial whether, even in exceptional circumstances, it is prudent to augment the impression that aid is a carrot, to be snatched away if the receiving country does not move meekly in the desired direction. The United States in Latin America, as Britain in Africa or the Middle East, has to move with extra delicacy if it is not to fall into one of the pitfalls that it dug for itself in more arrogant—and less enlightened—days. By the wildest flight of fancy, President Kennedy would never say, or allow anybody else to say, that he had to "show those Dagoes that they will have to behave decently." But the fact that Theodore Roosevelt did once say this makes any form of Yanqui coercion, even for "decent" causes, the more resented.

Then, at his press conference, President Kennedy stressed his anxiety that Peru should return to "constitutional forms." Just how much of a formality are some of Latin America's constitutional exercises? The sinner that leaps to mind is Argentina. In March, Argentina's military leaders threw out their president and annulled the elections because, as in Peru, the party they most disliked had done well. But, wilier than their Peruvian colleagues, the Argentine generals escaped nemesis by preserving a thin layer of constitutional correctness. Instead of setting up a straightforward all-military cabinet, they installed civilians in the front seats—and American aid went on. It is just possible that honest United States eagerness to throw its full weight into the support of democratic procedures in Argentina wilted when these produced a triumphant return of Peronistas.

These doubts lead to the most uncomfortable doubt of all, and one that needles its way to the heart of the alliance. Can one be so sure that western democratic traditions will take fruitful root everywhere in Latin America? It is perhaps pertinent to remember that the most radical social breakthrough have been the work of individual leaders, some of them not over-scrupulous about shared responsibility or, even, political justice. Cárdenas of Mexico, Vargas of Brazil, Perón of Argentina, Paz Estenssoro of Bolivia, Castro of Cuba are the names that occur of leaders who made, or are making, a sizeable dent in the established order. The tough structure of Latin American society seems to need a man with a hammer as well as with votes.

OBVIOUSLY it would be both cavalier and offensive to suggest that none of Latin America's parliamentary regimes is capable of carrying through the wide sweep of changes contained within the ideals of the alliance. The alliance is little more than a year old; several republics, notably Mexico and Venezuela, are pushing ahead with the kind of scheme that it was conceived to foster. But in most countries the schemes, in all their virtue, are being more talked about than acted upon. One of the problems for the United States has been the question of timing. Clearly if the bulk of aid had been held up until the Latin American governments began seriously playing their part in the bargain, very little would have been distributed so far. As it is, the administrators have been blamed again and again for pedagogic meanness. But several countries have received their chunks of aid on the strength of promises: Chile, for instance, was given its money although its congress was still baulking at a land reform bill. And one wonders what major steps the conservatives in the late Peruvian government had promised to take when they were apportioned their share of $90 million ($9 million had already been handed over when the aid was suspended).

A voyage as uncharted and as experimental as the alliance for progress is bound to flounder into mammoth difficulties. Its splendid goal is economic and, above all, social improvement within a framework of democratic institutions. The Peruvian coup was, as President Kennedy said, a setback; even the most imaginative mind would boggle at the fantasy of those flinty Peruvian generals being transformed into the agents of any sort of reform. But there are occasions when it is as well to hesitate before giving the democratic framework precedence over the progressive concepts it is supposed to adorn and protect.

NOTES OF THE WEEK

GENEVA TALKS

Kiss and Scratch

THAT comparative infant, the Geneva conference on Laos, ended its work on Monday, fourteen months after it began, with the ceremonial signing of an international agreement declaring Laos to be neutral and inviolable. It remains to be seen whether neighbouring North Vietnam will respect the pledge it signed "not to use Laotian territory for interference in the affairs of other countries," and will hereafter refrain from using Laos as a handy back door for sending guerrillas into South Vietnam. Two other signatories, Russia and China, are in a position to see that the communist North Vietnamese comply. It may or may not be ominous that the Chinese foreign minister, Marshal Chen Yi, said at Geneva just before the signing that "peace in Laos cannot be regarded as consolidated so long as the flames of war are kept alive in South Vietnam."

East and West having thus kissed and made up over Laos, with fingers crossed behind their backs, there was an immediate relapse into intransigence about the much bigger and beastlier baby on their doorstep —the 44-month-old crisis over Berlin. Three conversations in the Laotian afterglow at Geneva between the Russian and American foreign ministers, Mr Gromyko and Mr Rusk, have proved abortive. President Kennedy said on Monday that no progress had been made. On Wednesday Mr Rusk gave up and flew back to Washington. On July 17th the Russians resumed the unpleasant habit, which they introduced in February and then dropped again, of sending planes into the allied air corridors to Berlin. They have also repeated their promise to settle matters once and for all by signing a separate peace treaty with east Germany.

If they do, it will not necessarily be fatal. East Germans may take over certain responsibilities on the access routes from the Russians; but President Kennedy, who told readers of *Izvestia* last November that he recognised east Germany would go on existing as long as Russia wanted it, is unlikely to make the change of officials on the frontier a matter of war or peace. Nevertheless, a separate Russian-east German peace treaty would add to the day-to-day tension and uncertainty about Berlin. Lamentably, in April the West missed what may possibly turn out to have been the last chance to have the matter settled by negotiation, instead of by *fait accompli*; it was missed because the west Germans were unwilling to let the east Germans take part in the settlement. It has taken fourteen nations fourteen month to agree about Laos. How many years will it take for the two parts of Germany to agree to each other's existence?

EUROPE

Double-Action Drama

WITH dispersal of effort and much scraping of heavy furniture on parquet floors, the scene-setters for the next act of the movement for union in western Europe were in action this week at Brussels and elsewhere. Our Brussels correspondent describes on page 341 the state of the negotiations there for British membership of the European Economic Community. M. Spaak and Dr Luns, the Belgian and Dutch foreign ministers, have been in action on the other important front, that of political union.

Here very much has depended on M. Spaak's further thoughts after the depression and doubt about Britain in Europe that followed the purge in the British Government and Mr Gaitskell's unhappy skirmish with the Europeans. M. Spaak was engaged to meet Dr Adenauer at Bonn on Thursday, and it was known that he would find the west German Chancellor pressing for the swift conclusion of a Union of European States. Signor Fanfani, who has been asked by Dr Adenauer and General de Gaulle to invite the six heads of government to Rome in September for this purpose, is not being compliant. His attitude is that there should first be preparation at a less exalted level; that Britain should be kept informed; and that, in any case, the political union project should keep step with Britain's talks with the common market.

Dr Luns arrived on Tuesday from Rome (where he had seen Signor Fanfani) to lunch with M. Spaak. Both men then made known the lines on which they want to see the political union handled. They do not want Britain faced with a *fait accompli*. But difficulties face the leaders of small countries when they oppose themselves to the wishes of powerful partners. Bland talk has continued in Bonn and Paris of a "little" political union which nobody need join unless and until they made up their minds. Thus the threat of a *fait accompli* faces Belgium and Holland, not only Britain.

A simple negative would not, therefore, do; nor would it be what the Dutch and the Belgians want. Instead, M. Spaak and Mr Luns are now proposing a number of radical improvements to the Fouchet plan, to bring the idea of a union of states, and the older "European" aspiration of a development and extension of the communities, into relation with one another. This plan they would pursue stage by stage and with due deference to governments (like the French, and perhaps the British) jealous of their national rights. But it would merge (and therefore strengthen) the communities and would foster their parliamentary life. How their plan stands up to criticism in Bonn, and later in Paris, remains to be seen. The British Government, and for that matter the British Opposition, would do well not to shoot holes in it hastily; it may come in useful.

CONSERVATIVES

Motion of Confidence

THE Tory party marched into Thursday's censure debate with its morale markedly higher than had seemed possible a week before. The Prime Minister showed considerable resilience in his luncheon address to the 1922 Committee on Wednesday, and thereby did a great deal to restore his position with backbenchers. If he is vulnerable still, it will be only because some of his most senior colleagues would now be in a position to ask him to go if a series of disasters in the autumn by-elections impelled them into feeling this was the right thing for the party. In such a crisis the Prime Minister would have to fall back on the loyal feelings of the parliamentary rank and file, and there is some indication that although he has regained members' confidence he may have lost their affection. At the same time it should not be forgotten that the Prime Minister has one weapon which could defeat any rebellion, the threat of dissolution (which every Tory MP with a vulnerable seat wants to delay for a long time to come).

In the constituencies, where the pro-Lloyd feeling was alleged to be strongest, the changes are said to have been accepted much more readily than at Westminster. Indeed one of the loudest complaints appears to have been that they did not come sooner. Lord Avon's implied criticisms of Mr Macmillan at Leamington seem to have had a negligible effect; his supporters are being forcibly reminded that the state of the Tory party was not exactly healthy when he left office after Suez. Local associations are, however, smarting a little from the effects of Mr Macleod's roneoed censures on the elderliness of some of their officers, although no great volume of protest has reached Tory Central Office. It would have been more effective as well as more tactful to have found out from the area agents what are the moribund associations and to have sent their officers a personal letter.

Government strategy is still tied closely to the common market negotiations. It now seems to be expected that there will be little hard news for next week's Commons debate on Europe, but there is still a reasonable chance that there will be some for the Commonwealth Conference in September. After that it is planned to recall Parliament and then (it is hoped) to advance an irresistible European wave to the Tory party conference in October. The next parliamentary session would then be largely devoted to legalising Britain's entry into the market. The Government has at present no intention of seeking a mandate from the people even if Labour comes down against joining EEC and launches a full scale campaign against it.

LABOUR

Mr Gaitskell's Wavelengths

LABOUR ears are by now quite accustomed to the crash of breaking china, and the reverberations of Mr Gaitskell's speech at Brussels have not done him much damage in his own party (although the pro-Europeans are understandably cool). Mr Gaitskell himself is genuinely pained and surprised at what he considers the unreasonable reaction to his remarks. He said, he maintains, nothing which he had not said already, at Blackpool and elsewhere. The eyes of the continent cannot be supposed to be permanently concentrated on Blackpool, but he thinks they might have noticed what he said at Oslo. Some of Mr Gaitskell's apologists find a tentative solution in the quirks of M. Spaak's character, and his alleged nobbling of the Brussels press correspondents. But there is more to it than that.

The root of the trouble lies not in M. Spaak's character but in Mr Gaitskell's. The Leader of the Opposition is a rationalist and therefore often finds himself on the wrong emotional wavelength. He seems to have viewed the Brussels visit as a kind of shadow negotiation with the continental socialists and his remarks were correspondingly circumscribed. What annoyed his audience was not his polygon of conditions for Britain's entry but his lack of any enthusiasm for the European cause. The fact is that he has not got such enthusiasm, and he is not a man to go in for displays of synthetic emotion. Mr Gaitskell really has very little feeling for Europe, and this lack of positive sympathy seems to have been transmitted to M. Spaak. The danger for Labour now is that it might also be transmitted into Mr Gaitskell's policy and tactics if the Government decides to go into Europe amid some continuing objections from the Commonwealth, and if Mr Gaitskell thinks he can then force an early general election by opposing this; this would almost certainly be another sign of Mr Gaitskell's misjudgment of wavelength, and would land Labour in an unnecessary mess by the time of any election in late 1963 or 1964 (as well as making Labour's relations with the Liberals decidedly odd).

At home, Mr Gaitskell has also been criticised by some people in his party for tabling Thursday's censure motion on the Government and so threatening to consolidate Government forces. There is something in this, but Mr Gaitskell's position was difficult. Had he not tabled a motion his leadership would have been attacked from another angle and he would have left a flank exposed to the Liberals who would undoubtedly have tabled a motion of their own. Mr Gaitskell might, however, have worded his motion a little more subtly. Instead of a straight declaration of no confidence and the demand for a general election, more play could have been made with the vagaries of Government economic policy. This would not have endangered the Government, but it might well have given the Opposition a little more fun.

COMMUNIST BLOCK

Stuffing for Comecon?

SIGNS that a determined effort is being made to put some stuffing into the Council for Mutual Economic Aid (Comecon) keep cropping up in eastern Europe. Most significant perhaps is the calibre of the persons now being appointed to concentrate on problems of economic co-operation between the Communist countries. On July 19th it was announced in Moscow that Mr Vladimir Novikov, a deputy premier who two days earlier had been released from his post as head of the state planning commission (Gosplan), had been appointed permanent Soviet representative on the executive committee of the council, set up early last month. A week earlier, Czechoslovakia's chief economic planner, Mr Otakar Simunek, gave up his job as head of the Czech state planning commission in order to concentrate on his country's role in what is known as the "international socialist division of labour." Mr. Simunek, who retains his rank as deputy premier, had just been attending in Moscow the first meeting of Comecon's new executive committee. At this meeting "specific steps" were discussed for co-ordinating national economic plans.

It remains to be seen whether other Comecon members will sacrifice their top planners to the cause of promoting the economic integration of eastern Europe. (The Czechs may have found the sacrifice made easy for them by the mess their own economic planning has got into.) Not all the members of the Council for Mutual Economic Aid share the Russian enthusiasm for integration. In recent weeks, however, the problems involved have been discussed with unusual frequency and urgency in Polish, Hungarian and Czech articles and speeches. These have urged the need to think "internationally"; emphasised that some countries may have to abandon the manufacture of certain products which can be better turned out elsewhere; and foreseen a more important role for Comecon in the future than it has been allowed in the past. One highly-placed Hungarian in the Hungarian State Planning office has even hinted at the setting-up of supra-national organs in Comecon.

All this down-to-earth, and even sombre, discussion of the problems of economic integration suggests that business is really meant. If so, jealousy of the common market will have been a sharp spur. On July 21st, at Gdansk, for instance, Mr Gomulka complained plaintively that Poland wanted to maintain trade relations with the capitalist countries, but these were "not shaping favourably for us" because of the "discriminatory moves" of the Six. These fears and resentments are real; but whether they will outweigh the reluctance of Poles, Hungarians and others to give up their hard-won economic independence is more doubtful.

SOUTHERN AFRICA

Katanga Again

ANOTHER Security Council meeting on the Katanga problem appears imminent. U Thant, the acting secretary-general of the United Nations, made it clear during his European tour last week that he must soon get his mandate in the Congo clarified or confirmed. On Tuesday he described to his advisory committee (representing the governments whose troops make up the UN force in the Congo) his idea of using economic pressure to induce the Tshombe regime to end its two-year-old secession. The committee's members also discussed whether, if economic pressure failed, the UN should use force.

The UN's patient endeavours to get Mr Tshombe to come to terms with the Congo government seem now at last to have run into the sand. On Tuesday Mr Tshombe denounced the government as "only a fiction" and said he would not negotiate again with Mr Adoula, the prime minister. Four days earlier, Sir Roy Welensky had gone out of his way to issue a sturdy denial that Mr Tshombe was "intransigently persisting in secession." There cannot be many people now who would share Sir Roy's view.

The United Nations' hand has been strengthened by the International Court's advisory opinion on July 20th that the Congo operation costs are an assessable part of the organisation's expenses, and by Mr Kennedy's success in getting Congressional approval of his plan to buy up to $100 million worth of the UN bond issue. ($27 million worth have already been bought, and pledges to buy a further $45 million have been given, by 43 other coun-

tries. More immediately, it has been particularly strengthened by the United States' open advocacy of UN action to end the Tshombist secession.

The rift between the British and American governments in this matter is once again yawning wide, despite all the claims that Lord Home and Mr Rusk have reached agreement about Katanga during their Geneva conversations. The British official position is at present much less frankly stated than the American, but there is every indication that, at bottom, Lord Home agrees with Sir Roy that the secession is a "domestic political problem" in which there should be no external intervention.

DEPORTATIONS

Botany Bay?

THOSE critics who from the first doubted the Government's ability to administer "humanely" the Immigration Act will have had ample confirmation of their forebodings in the regrettable performance of the new Home Secretary over the case of the £2 shoplifter. It is true that the deportation order on Miss Bryan, the unemployed Jamaican girl concerned, has now been cancelled; but Mr Brooke said that this was solely because "if she now wishes to stay in Britain, it would be unconscionable to deport her when she has already spent six weeks in prison" for commission of this first offence. The implication is that first offender shoplifters who have not spent six weeks in prison might well be deported in future. Although Mr Brooke agrees that deportation should not be the penalty for "trivial offences which involve no moral obloquy" (breaking the speed limit perhaps?), he considers that:

> Looking ahead, some of the most difficult cases might arise where a person has obviously not succeeded in settling down in this country, and in earning his or her own living, as the ordinary person does, and then starts committing offences, perhaps because he or she has been out of work. . . .

This could amount to an open invitation to some magistrates to use the Act to rid their districts of every apparently "undesirable" and unassimilated West Indian and Irishman; and there are disturbing signs that the invitation is being heeded. Already, in the eight weeks since the Act became effective, no less than 109 people, whose offences as immigrants have ranged from ten-shilling thefts or drunkenness to robbery with assault or more, have been recommended to the Home Secretary for deportation.

The Act was not meant to be a removal measure for casual misfits. Where an indigent immigrant has so obviously not settled down that he actively wants to go home, there may be a case for *ad hoc* welfare grants to help him on his way; but not for advertising even to these people that to go and commit a paltry crime is the best way of getting an entirely free passage. Even more serious, however, is the danger that Commonwealth citizens who want to stay may now be about to be punished much more severely than other British citizens for relatively small transgressions; Miss Bryan, it appears, was about to be deported 3,000 miles away from her fiancé in this country. The proper use of the deportation provisions under the Immigration Act is against immigrants who are obviously engaged as professional criminals in Britain, equivalent perhaps to a recommendation to preventive detention upon native old lags. The Home Office ought to issue a clear statement to this effect to magistrates who have overindulged their taste for outrage at the spectacle of British laws sometimes being transgressed by "foreigners."

TRAFALGAR SQUARE

How Liberal?

SIR OSWALD MOSLEY has duly applied to use Trafalgar Square for another rally by his National European movement on September 23rd. It goes without saying that if permission is given by Mr Rippon, the new Minister of Public Building and Works (and the responsible authority under the Trafalgar Square Act, 1844) there will be another organised attempt to break up the meeting—exactly as happened, despite the efforts of 300 police, last Sunday. In the Commons on Monday Mr Rippon was given a great deal of extraordinarily illiberal advice. Two Tory backbenchers wanted to shut the square to public meetings for all time. Mr Silverman wanted to gag every potential Sir Oswald (the propagators of "anarchy and wickedness") for a similar period. Mr Grimond and Mr Brown called, in their best senatorial tones, for legislation against "the preaching of racial hatred and intolerance." How would this last legislation, worthy though it may sound, help? No form of words has yet been put forward that would both be tough enough to prohibit the Mosleyites from holding meetings (after all, they claim to have other policies), and yet loose enough to allow, say, reasonable public discussion of the Immigration Act, or even some of the things that have been said at some Labour party meetings against the presence of German troops in Wales.

Mr Rippon is rightly reluctant to agree that a political party should be stopped from holding meetings simply because its opponents go along and start a punch-up. There is no doubt that the Mosley meeting on Sunday was broken up by toughs who had come along precisely to do this.

Some of the same problems of free speech are raised by the recommendation by the school governors to dismiss the British Nazi leader, Mr Jordan, from the Coventry school where he teaches. This matter should be determined paramountly by the interests of the children; and it may seem obvious at first sight that a classroom is not the right place for this man. But the point is that Mr Jordan's teaching (of several subjects, including civics) had been closely watched for political bias for several years without any evidence being produced against him. Coventry's local education authority should certainly take

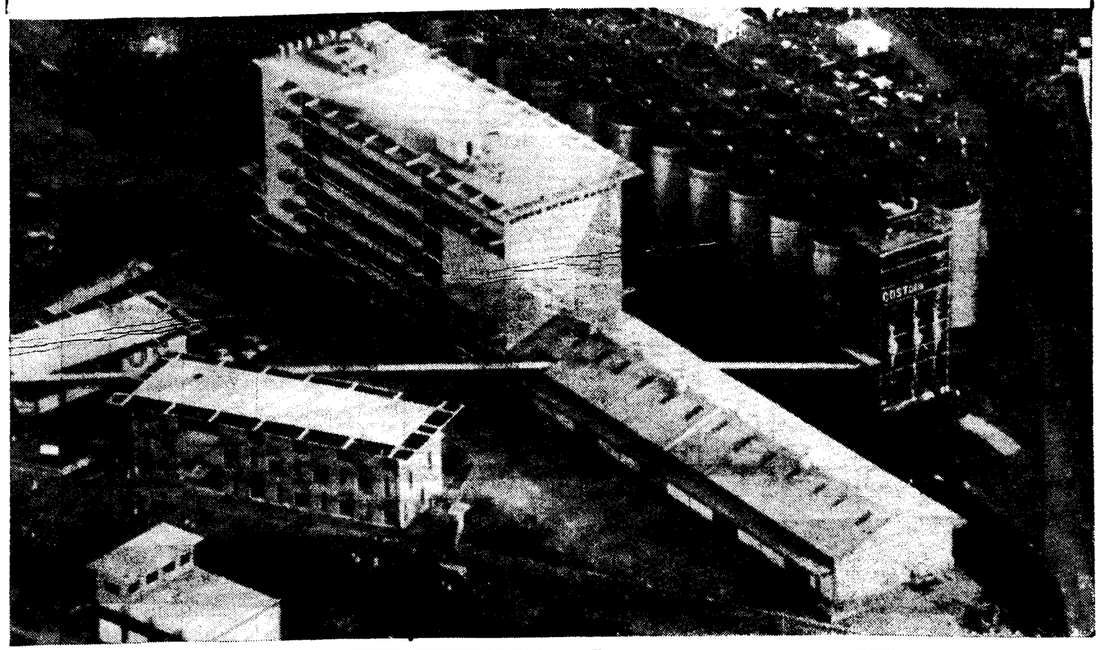
The Economist

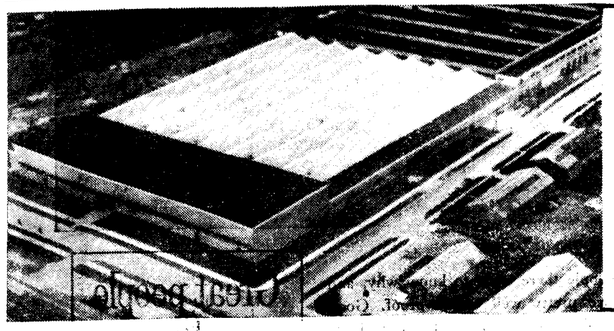
JULY 26, 1862

ARE DIPLOMATS WELL PAID?

In March, 1861, in consequence of the general agitation to bring all the services within the scope of a competitive system of examination, and partly of the prevalent opinion that the system of unpaid attachéships had given rise to a very inefficient body of diplomatic servants, a Select Committee was appointed by the House of Commons to inquire into the constitution and efficiency of the present diplomatic service. . . . We may remark at once that the bulk of the evidence went to show, that the pay of the Ministers abroad at the larger courts, and of the Secretaries of legation, is often inadequate, owing, among other reasons, to the great increase of late years in the cost of necessaries and comforts of life. Lord Clarendon being asked whether he considered that the present pay of heads of missions is sufficient, answers unhesitatingly, "*I am sure that it is not.*" His own salary in Spain was £5,000, and that was not sufficient. "I could not," he said, "make it do." It is true that Lord Clarendon was in Spain during the whole time of the civil war, when things were dearer. But under no circumstances ought a Minister to be called upon to employ his own private means in the service of the country. And it should be observed, that the scale of salaries, fixed 30 or 40 years ago, might be fair and even liberal at the time. But there is perhaps no capital in Europe, or great town in America, in which prices have not risen from 40 to 60 or 70 per cent. So large a change cannot but have been felt severely by diplomatic servants, and it is by no means unlikely, as stated in evidence, that many Ministers are put to very considerable straits. Thus it frequently happens that the head of a mission is called upon to advance money out of his own funds to meet extraordinary expenses. To take one instance. In Lord Clarendon's case in Spain, "the extraordinaries" were very large. To defray the expenses he was compelled to borrow money from his bankers. The Government paid back the principal, and left Lord Clarendon to pay the interest. This is clearly wrong.

APAPA FLOUR MILLS, NIGERIA CONSTRUCTED IN 197 DAYS





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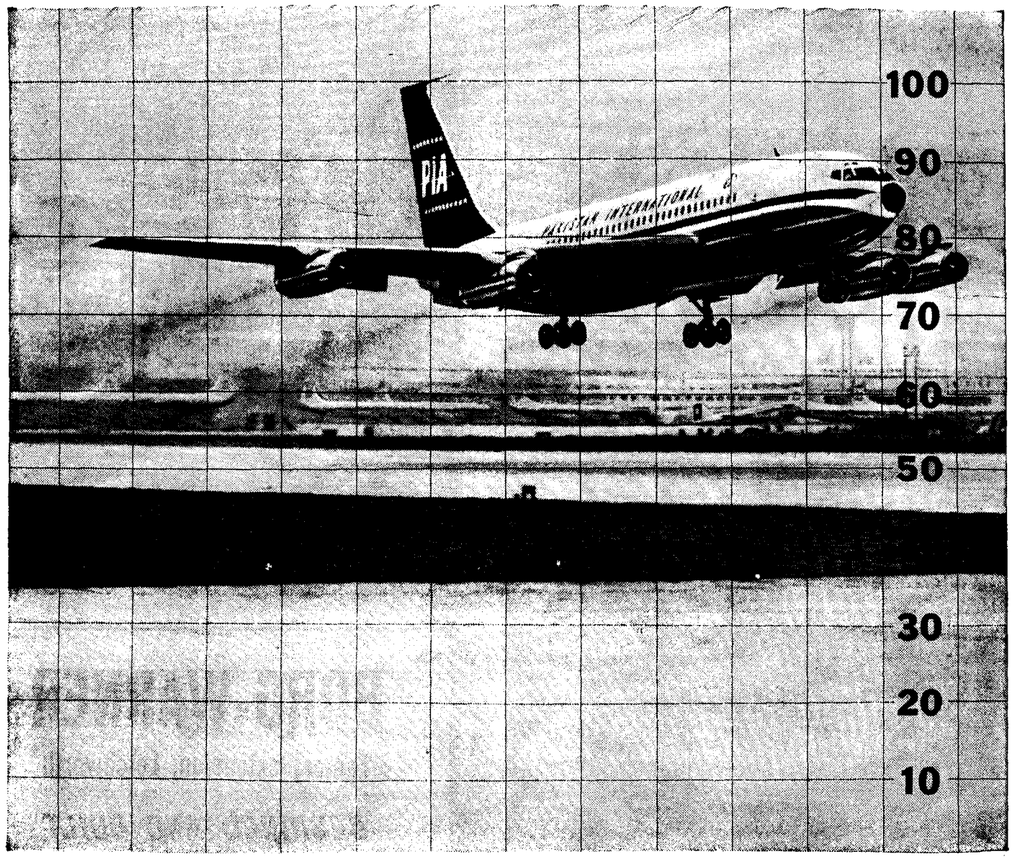

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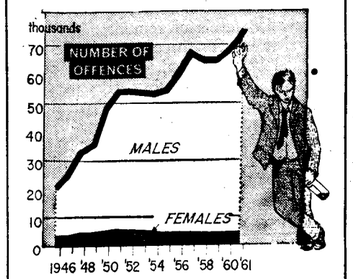
TIPSY

Last year 74,694 offences of drunkenness were proved in England and Wales, 10 per cent more than in 1960. Of these, only 126 arose from drinking methylated spirit, compared with 588 in 1951. Of all cities and boroughs, excluding the City of London, Liverpool had the highest rate of offences, with a total of 151 per 10,000 of the adult population and Cambridge the lowest with a rate of 3.58.



this into account in deciding whether the obnoxious way he spends Sunday afternoons in Trafalgar Square should mean total disqualification.

ARAB WORLD

Egypt's V2

"RISE oh sun of our Arab nation, illuminate the world and tell everyone we shall always be glorious and triumphant Arabs. . . . The United Arab Republic has successfully launched a missile." Thus, on July 21st, the Arab world was told that President Nasser, on the eve of the Egyptian revolution's tenth anniversary, had joined the space age. Four single-stage rockets were fired, the largest, the Conqueror, having a range of 400 miles. President Nasser, scornfully dismissing the smaller rocket that Israel launched a year ago as "borrowed from the French," claimed that Egyptian scientists, engineers and workers were responsible for the Conqueror and its companions. A more precise version of this interesting project seems to be that the know-how came from west Germany, the parts were manufactured in Germany, Spain and Egypt, the assembly was in Egypt, the launching by Egyptians. It is, perhaps, not for the British with their own expensive nuclear deterrent to reproach Egypt for indulging in self-glory it can ill afford.

To boast a rocket that might, if anybody were foolish enough to point it that way, land in Israel, is a prestigious triumph at a time when President Nasser is under fire all round for having admitted to some of the realities of the Palestine situation. The Israelis, who in the last year have kept pretty quiet about their own advance in rocketry, admit to uneasiness but recognise a far greater threat in the Mig 21 fighters and the TU 16 bombers that Egypt has been receiving from the Soviet Union. However much the Egyptian rocket is played down, its unveiling is bound to add impetus to the expensive, and potentially dangerous, arms race between Israel and the Arabs—and between Arabs themselves. President Nasser gave a nightmare glimpse into the far distance when he casually answered the *Pravda* correspondent's question about nuclear warheads with: "We have not reached that yet."

Mouse Watches Cat

POLITICAL rocketry, too, has made this a heady week for Arab statesmen. Syria, as so often before, is at the centre of activity. On Sunday, the trial started in Damascus of the 17 officers who were involved in the Aleppo revolt at the beginning of April. The brutal murder of several of their fellow officers (an incident that helped to shock Syria into peace) is almost certain to carry the death penalty; the instigator of the revolt, safely in Egypt, is being tried *in absentia*. A more momentous trial is in the offing. Over the past two weeks, bomb explosions have shaken the peace of several Syrian cities. Now the Syrians claim to have captured Egyptian documents that not only give detailed instructions to terrorist agents but go so far as to set out a master plan for the recapture of Syria. The stages of this plan, according to the Syrians, are general unrest, strikes and terrorism, leading to a demand for reunion with Egypt and ending with a pro-Egyptian coup from within the Syrian army.

On July 17th, the Syrian and Lebanese foreign ministers met and talked about infiltration over the frontier—the first official Syrian-Lebanese encounter since Syria left the UAR. The Syrians, at any rate, left the conference believing that Lebanon was becoming more ready than in the past to crack down on Egypt's subversive activities. When, as on two recent occasions, Syria's currency suddenly shoots up on the Beirut market, the Syrian authorities take it for granted that Cairo is paying its agents. President Nasser, meanwhile, spoke warmly of the Syrian people in his anniversary speech. "Should 1958 come again," he declared, "I shall not hesitate to accept unity." Once or twice—perhaps by mistake?—he referred to Syria as the "northern region."

TESTING DRUGS

A Product of Thalidomide

THE thalidomide disaster has engendered a great deal of justifiable emotion, some ill-conceived suggestions, and one wholly desirable movement towards reform. The ill-conceived suggestions are that doctors should be legally permitted to abort pregnant women known to have taken thalidomide and that the malformed babies should be "mercifully" killed if the parents desire this. Ethical considerations apart, why should these thalidomide babies be regarded differently from other malformed or otherwise abnormal babies? Provided pregnant women are not continuing to take the sedative from unused stocks—and publicity and professional warnings should have prevented that—no more babies should be born with two or more deficient limbs as a result of the drug after the end of August (nine months after it was withdrawn). The total number is then estimated to be about 1,200 in England and Wales, of whom 600 are expected to survive. Every year about 1,000 spastic children, 1,000 mongols, and an unknown number of children with limb deformities not due to thalidomide are born, with similar distress to their parents, but without publicity. The important thing is to see that full remedial and training facilities are available to the new cripples rather than to talk about euthanasia.

The movement towards reform is that the Minister of Health has told the Commons that he is asking for advice from the Standing Medical Advisory Committee on the question of the testing of new drugs before they are marketed; and in Belfast, at the British Medical Association's annual meeting, a unanimous motion has been passed calling on the association's council to set up an independent body to supervise the introduction of new drugs. This body would assess both the claims made for the efficacy of the drugs and the possibility of harmful side-effects, and, if successful, is even envisaged as licensing drugs before they are marketed. Although in America supervision and licensing are done by an

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official body, the Food and Drugs Administration, in England there is a great deal to be said for carrying these tasks out independently of the Ministry of Health, which has a vested interest in keeping down the cost of drugs in the health service. Apart from this, the experience of the Food and Drugs Administration, and the standards it enforces, should be useful to whatever body is set up. But it is worth pointing out that though its vigilance and caution prevented the marketing of thalidomide in America, it has licensed other drugs that have subsequently been found unsafe.

LABOUR CONFERENCE

Brighton Unrocked?

BETWEEN four and five hundred resolutions for the Labour Conference at Brighton in October—later to be filleted, skewered and composited—have been published this week. They do not suggest many headaches for Mr Gaitskell. At home, housing, education and the national health service have attracted the highest number of resolutions ; generally they ask for more money. An encouraging sign for Mr Gaitskell is the number of resolutions calling for the expansion of the economy. There is even one motion—which might even be passed—which says that the next Labour Government should work with the TUC to implement an incomes policy of a sort that would gladden Mr Macmillan. There are the usual calls for Clause IV nationalisation, but they come typically from constituency zealots in Tory-held areas like East Grinstead. The nationalisation shopping list that is demanded includes ICI, Courtaulds, Unilever, shipbuilding, seaports, telecommunications, drugs, engineering, motors, road haulage, breweries and docks—but Mr Gaitskell should be able to get all the motions that he dislikes here voted down or referred back. Just possibly, his most embarrassing moment at home might come with the voting on one of the three specific motions which fully support the Pilkington report on broadcasting.

In foreign affairs, there are fewer anti-Nato resolutions (and these typically from places like Epping) and more multilateral ones than in the past. The most dangerous groundswell seems, at first sight, to be against the common market. Of the fifty resolutions on the market, nearly all are against it or so qualified in support as to make Mr Gaitskell's Brussels speech look like a manifesto from Lord Gladwyn. Only three openly favour Britain's entry. But the point is that all but one of the anti-market resolutions come from constituency parties (and, once again, typically from places like Surbiton). The only trade union to have a resolution set down against the market is the National Society of Metal Mechanics. Mr Gaitskell should be able to secure the passage of a meaningless and hovering motion on Europe if he still wants to.

Connoisseurs of conferencemanship will be happy to find resolutions calling for the abolition of indirect taxation, for compulsory voting, for no deprivation of the parliamentary whip without the consent of the member's constituency party (from Orpington), and a clarion call to Mr Gaitskell to dissolve the Krupps empire. Perhaps the most endearing resolution of all is from the Coventry East Labour party. "This Conference," it pleads, "asserts the right of the individual to take part in public functions and to express a personal point of view." Mr Richard Crossman is the member for Coventry East.

DENTISTS

A Cut in Fees

IN 1960 the royal commission on doctors' and dentists' pay (chairman: Sir Harry Pilkington) recommended that the average earnings of a dentist in general practice in the health service should be £2,500 net of expenses for a working year of between 2,050 and 2,200 hours. Since dentists are paid neither by salary nor by capitation fees but by the amount of work they do, this meant that a scale of fees for each dental operation had to be drawn up that would produce this average remuneration. Before the royal commission, dentists' fees were subject to arbitrary reduction by the Minister of Health if they earned more than they were supposed to. The commission, therefore, in order to provide some stability, recommended that a standing dental rates study group should be set up, composed of representatives of the profession and the Ministry of Health, persons experienced in work study techniques and an independent chairman. This body was to draw up a scale of fees that would produce the recommended £2,500 a year, and would thereafter draw up fresh scales whenever the predetermined average income was altered.

This dental rates study group has now completed its first set of researches, and recently produced its scale of fees in accordance with the commission's recommendations. Not unnaturally, since dentists have, on an average, been earning more than the £2,500 that was recommended, thanks largely to improved techniques but also to public demand for treatment, some of the new fees are lower than they used to be, and not unnaturally many dentists are protesting and moving votes of "no confidence" in the British Dental Association, their official negotiators, for accepting the Pilkington proposals.

It certainly is a bit hard that dentists should suffer a cut when all around them pay is going up. Perhaps it would have been more tactful, as it is two and a half years since the commission reported, and as its recommended levels of remuneration were supposed to last for three years, if the new scales had been delayed. Dentists could then have been refused a rise in their average predetermined earnings when the three years were up ; as it is, they will now certainly apply for (and probably get) such a rise—and, it seems, the doctors are likely to apply for one, too.

MOTORING OFFENCES

Eternal Vigilance?

THE number of convictions for exceeding the speed limit (generally 30 mph) in built-up areas in Britain rose in 1961 by 39 per cent over the previous year, and those for all other motoring offences by 12.5 per cent. In the same year, motor traffic increased by 8 per cent ; and the death and injury rate on British roads very slightly dropped. The accident rate has gone on dropping, by some 4 or 5 per cent in the first half of this year. Some people (but not the Ministry of Transport) have seen a connection between these sets of figures: "Speed kills," they say, meaning that when the police are "doing their job properly," by increased vigilance and prosecutions, road safety is the automatic result. There are dangers in this assumption. While all motor traffic did indeed increase by 8 per cent in 1961, motor cycle, scooter and pedal cycle traffic decreased by 7 per cent—and it is in these categories that the casualty rate is highest, nineteen times more than motor cars in the case of motor cycles and fourteen times more in the case of scooters. Much of the expected rise in casualties (about 6 per cent annually up to last year) should have been lost automatically in this reduction. While everybody should welcome increased vigilance by the police in the prevention of or dissuasion from really dangerous driving, it would be a pity to build up a myth from these figures.

SHORTER NOTE

Mr Peter Dallas Smith, hitherto a joint manager of *The Economist*, has been nominated to the board of The Economist Newspaper Limited and appointed Managing Director of the company. Mr Gerald Andrews, hitherto also a joint manager, will be appointed Executive Director, Overseas Operations.

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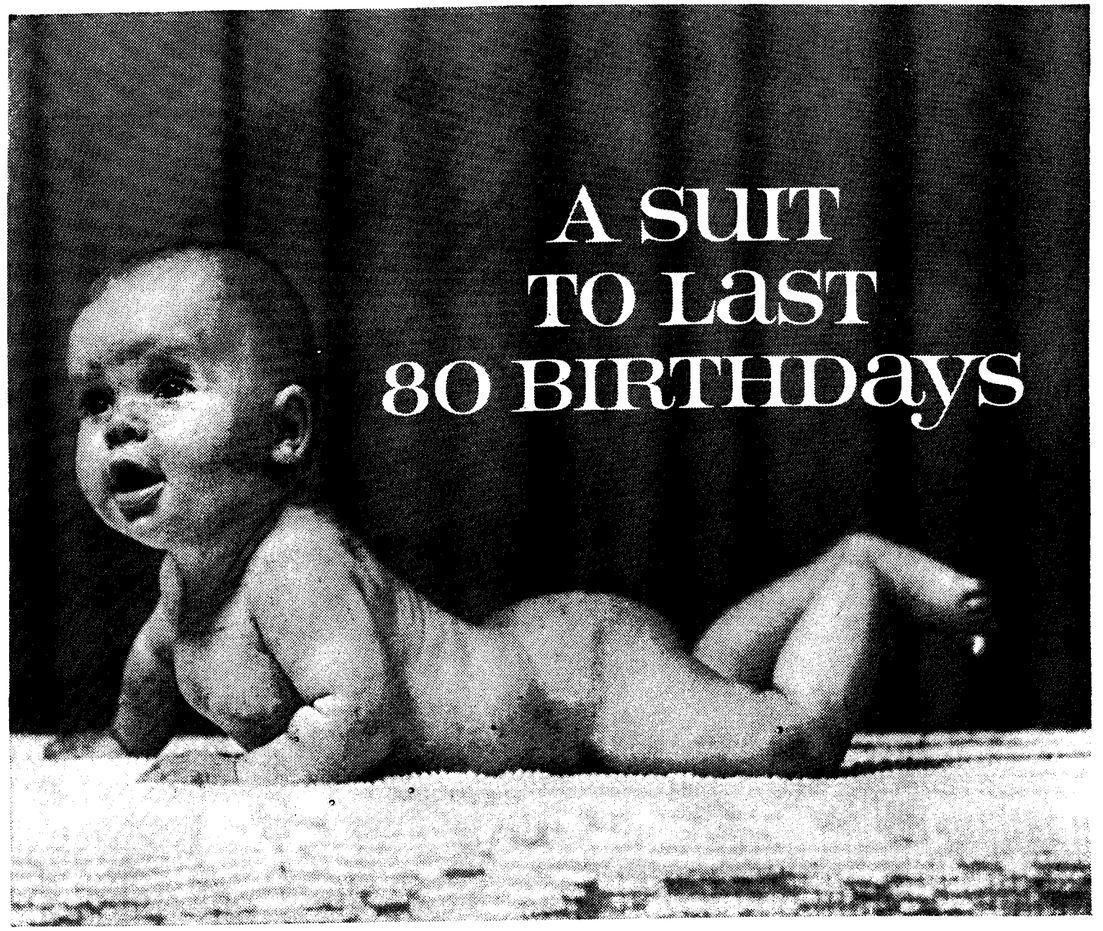

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THE WORLD OVERSEAS

Algeria's Feudal Interlude

LITTLE good has come to Algeria from Mr ben Khedda's surrender to Mr ben Bella on Monday although it was an act intended to restore national unity. How he was forced by the army to accept a political bureau under Mr ben Bella to run all political affairs is described below by our correspondent in Algeria. But the action, registering, in effect, the break-up of the ben Khedda government, has merely served to exacerbate the deep divisions that exist. The soldiers supporting either side have clashed. Zealously rushing in before Mr ben Khedda's surrender could even be decently negotiated, army units supporting ben Bella seized Constantine and Bône on Wednesday, when they overwhelmed the ben Khedda supporters who had hitherto held these towns. The move was clearly premeditated; and on Thursday, an armed force, issuing from Kabylia, the heart of resistance to Mr ben Bella's take-over, was reported to be bearing on Constantine presumably to take revenge. Mr ben Khedda, deserted in Algiers, is now half-way out of the picture. Opposition to Mr ben Bella is centred on Mr Belkacem Krim and Mr Boudiaf, who, taking their stand in Kabylia (where the whole population is behind them), are trying to rally the clans against the ben Bella "coup d'état."

That Mr Boudiaf has joined Mr Krim in Kabylia makes a nonsense of Mr ben Bella's proposed political bureau. For Mr Boudiaf was one of the leaders nominated to serve on it. His disinclination to do so was manifest in Tripoli in June, when Mr ben Bella, proposing the self-same team, was angrily opposed by Mr Boudiaf himself as well as by Mr ben Khedda and Mr Belkacem Krim. That a political bureau of some sort should run the FLN (National Liberation Front) upon its transformation into a political party has never been in question. But the ben Bella choice of candidates was deliberately provocative, excluding, as it did, Mr Krim and reviving old quarrels within the revolutionary movement.

Once an outside matter, these quarrels are now being recklessly pursued across the face of Algeria itself. Civil strife, and with it, the possible complications of French armed intervention should Europeans suffer, need not necessarily follow. The forces are unequally divided. By now Mr ben Bella holds two-thirds of the country; the Kabyles can hardly expect to turn him out. But, exceptionally self-reliant, they might stand out for a long time on their own. Mr ben Bella himself is operating more cannily than his soldiers. On his leisurely tour towards the capital he has offered soft words, especially to Europeans, designed to placate the French. But his will be a pyrrhic victory if it is won with no regard for Algeria's war-forged unity, and imposed by force.

A Round to ben Bella

FROM OUR SPECIAL CORRESPONDENT

Wednesday

MR BEN BELLA has won the first round in the struggle for power in Algeria. But the crisis is by no means resolved. By his intransigent attitude, and with the support of the ALN (Algerian Liberation Army), he was able to attract many of Mr ben Khedda's supporters to his side, among them the important provincial politicians who had followed the moderate Mr Ferhat Abbas into the Tlemcen camp.

However, the two sides have much in common, in addition to the fact that they both, at least in theory, support the political programme which was approved by the CNRA (revolutionary council), but has never been published. Both leaders have been living isolated from their followers and insulated from public opinion, ben Khedda in the splendid summer palace in Algiers and, until Wednesday, ben Bella in a luxury hotel on the hill above Tlemcen, where he was surrounded by 200 armed men. Neither leader pretends to be working on his future plans for the government of the country, or on any adaptation of his political programme; nor, indeed, does either attempt to administer the immediate areas he claims to control. Both are apparently unconcerned by the breakdown of law and order in the countryside and the daily kidnappings, thefts and murders.

Both ben Khedda and ben Bella stress the importance of "the people," the "heroes of the revolution," but neither has personally involved himself yet in the hunger and suffering that many of these heroes are now enduring. The suffering cannot be relieved, and indeed will inevitably increase, until the political crisis is over and public security sufficiently restored to enable economic life to be resumed. Mr ben Bella's spokesman stated publicly, with what sounded like deplorable cynicism, that hunger and distress were inevitable factors of a revolution. Apart from the members of the defence forces, there are no more than a few hundred or so people deeply involved in the political struggle. The mass of Algerian Moslems, both in the Casbah of Algiers and in the hot, dry countryside, want nothing more than to return to work. For them the meeting of the wilaya leaders at Orléansville, the establishment of a political bureau, and the future meeting of the revolutionary council mean little.

Middle-class Moslems are, however, aware that the real power is in the hands of the army which, through lack of money and transport, has not yet shown its hand. But it has played an important role already, not only in giving its support to Mr ben Bella, but in causing Mr ben Khedda's sudden capitulation on Monday afternoon, when the military leaders of the Algiers government informed the prime minister that they would no longer be responsible for guarding him or the GPRA (the provisional executive), or for maintaining order in the city, unless he agreed to Mr ben Bella's proposal for the establishment of a political bureau. For a few hours after this ultimatum even the tough, experienced diehard Mr Belkacem Krim appeared to believe that there was nothing to do but capitulate. But after a little reflection Krim rushed away from the smoke-laden, air-conditioned bars of the Aletti Hotel, where the cabinet has been living, to his mountain home in Kabylia; there, in the name of Wilaya 3, he denounced ben Bella's actions. Mr Belkacem Krim and Wilaya 3 are undoubtedly supported by the two million inhabitants of Kabylia. This independent action will considerably complicate the task of Mr Mohammed Farès, president of the provisional executive, who is trying desperately hard to play honest broker between the two nationalist leaders in the detailed horse-trading of their "conciliation." Other Algerian politicians are visiting their families for less honourable reasons than Mr Belkacem Krim: they want to be out of the Algerian sunlight while Mr ben Bella makes his progress from Tlemcen to Algiers. If his arrival there is followed by a brotherly reconciliation with Mr ben Khedda, then the absentee politicians will re-emerge.

There seems little chance that any future government will be able to keep the full terms of the Evian agreement which Mr Belkacem Krim negotiated and which Mr ben Khedda, when he returned to Algeria at the time of independence, had every intention of keeping. Mr ben Bella has already denounced it in private and called it "robbing the Algerian people of their rightful riches in the Sahara." Other politicians in his entourage argue that now that Algeria is independent the government is free to demand modifications, while a third group claims that France has lost the right to "associate" with the new republic because it has already broken the Evian terms. The claim is based on the lamentable fact that one of the reasons for the breakdown of the administration has been the lack of trained French personnel during the transition period. Nine-tenths of the French civil servants are said to be "on holiday" in France.

The international oil companies can, however, be fairly sure that within the next year or so they will be invited to renegotiate their concessions in the Sahara, in spite of the few far-sighted Algerian economists, lawyers and bankers who will attempt to delay any demand for a revision of the Evian treaty until a trade agreement has been negotiated with France.

Progress in the Dark

FROM OUR BRUSSELS CORRESPONDENT

As the ministers of Britain and the Six, overworked and weary, embarked this week on the meeting from which they hoped to emerge with the general terms for Britain's accession to the common market, they had behind them one new indication of the possible future structure. This was the agreement achieved around 4 a.m. last Saturday on annual reviews and long-term assurances for domestic farmers. The difficulty with which this was reached —recalling the all-night sessions before the Six's own farm policy agreement in January—was a further sign that agriculture lies at the heart of the present negotiation; and it illustrated once again the permanent preoccupations that influence the community's thinking on the bigger question of temperate agricultural imports. Basically, the Six fear that the exceptions the British ask are too big, big enough to drive a coach and four through the framework of the Rome treaty and particularly through the delicate fretwork of the common agricultural policy, worked out at so much cost in hours and heart-attacks so few months ago. As Professor Hallstein said recently, "We have no flag, no common language and no emblem, nothing to establish our identity except our common external tariff."

Britain originally requested outlets in the enlarged community for temperate agriculture comparable to those that Canada, Australia and New Zealand now enjoy in Britain and in the common market. This was rejected, largely on the ground that the fundamental principles of the Rome treaty would require Commonwealth countries to be treated by 1970 on the same footing as all non-member countries: that is, to pay the levy which would raise their prices to something like those on the protected European market. The argument of the Six was that the purpose of the levy was to adjust world prices made artificially low by conditions amounting to dumping—an argument the British reject, maintaining that economic prices for farm commodities would be a good deal lower than those charged by common market farmers. In reply the Six declare themselves willing to establish a "reasonable" price policy which would leave a margin for imports; but, they insist, the preferential position of the Commonwealth in the British market must be tapered off by 1970. By that date they hope to secure agreements among world producers that would, among other things, protect the interests of Australia, Canada and New Zealand.

As for the British negotiators, not only were they reluctant to accept the principle that Commonwealth advantages would be tapered off; they are, or appear, sceptical of the possibility of reaching world agreement on more than a few commodities. For this reason they are asking for a "bridge" in cases where such agreements are not reached by 1970. The Six offer a system of consultation around 1970 with all countries—particularly Commonwealth countries—willing to reach world agreements.

As this message was written these questions were still the subject of debate, not only with the British but—indeed, crucially—among the Six themselves. West Germany, still uneasy at the common agricultural policy with its insistence upon modernisation for inefficient German farmers, would prefer to give Britain quantitative guarantees, a precedent that would assist in the safeguarding of west German interests both at home and in foreign trade. But the French and the Commission are adamant that the only hope of a satisfactory settlement lies in the price mechanism, about which the British are so sceptical. They point out, too, that there are now three new incentives for reaching world agreements: first, the prospective size of the enlarged community, which would be the world's largest agricultural market; second, the effect of the levy, which would make low world prices meaningless in that market; third, the ability of the common market to influence events by letting it be known that only those willing to accept world agreements would be included in future consultations. Some of these questions may be cleared up as the week's work progresses, perhaps by the time this account is printed. What is clear already is that the community is asking for an act of faith in future decisions. This is not easy for the British, but it is not impossible; by seeking conditions and modifications they are, in effect, trying to confine the element of faith within reasonable limits.

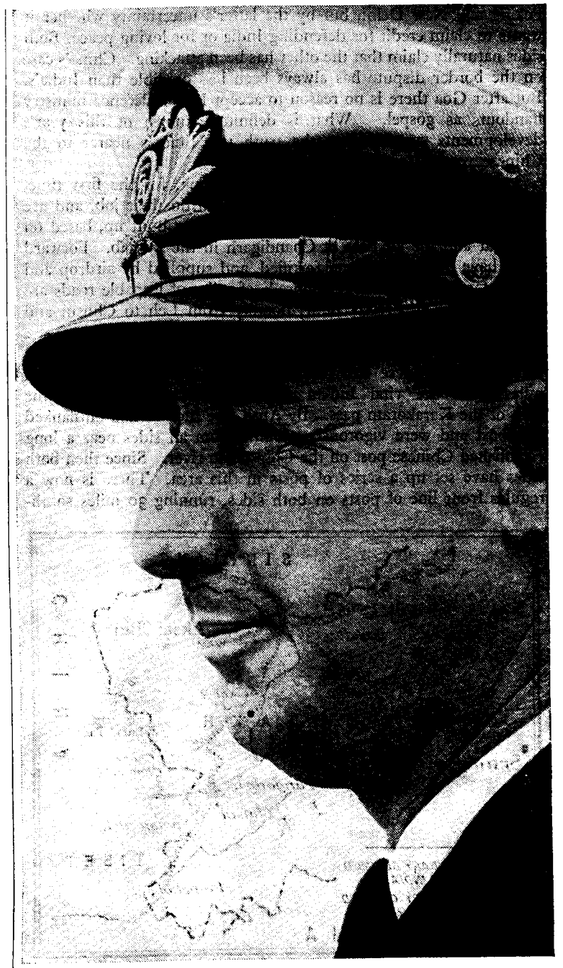
To the British the attachment to the letter of the Rome treaty often seems over-legalistic and inappropriately rigid, particularly on the agricultural policy (which is, after all, incomplete and still evolving). But the original British scheme for domestic agriculture, modified last Friday, had seemed to the Six to mark a step backward, with its allowances for action on a national scale and even on purely national initiative.

The agreement as it finally emerged provided for both national and community annual farm reviews, neither of which as now envisaged is to have automatic consequences in the form of deficiency payments. If agricultural incomes in the community, or in any area of it, should not ensure a fair standard of living, the European Commission may propose action on its own initiative or on that of a member state. In this respect, therefore, British farmers are to rely on future decisions by the enlarged community, and only within limits will they have specific guarantees. This pattern, which is in some ways inherent in the whole conception of the Rome treaty, is the one the Six wish to apply in the present basic disagreement about temperate Commonwealth foodstuffs. In this week's negotiations, exports from the Asian Commonwealth countries, zero tariffs for industrial materials, and the association of independent Commonwealth producers of tropical foodstuffs are also part of the agenda, but the feeling here is that the problems they present are nothing like so crucial as that of temperate foodstuffs.

Light on Ladakh

FROM OUR CORRESPONDENT IN INDIA

What is really happening in Ladakh? Through the fog of rival versions of truth, a pattern is beginning to emerge. It suggests that the latest firing incidents between Chinese and Indian troops in the Chip Chap river area and near Pangong lake—the first reported shots since October, 1959—are unlikely to be the last. The truth has been obscured not only by contradictions between



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Peking and New Delhi, but by the latter's uncertainty whether it wants to claim credit for defending India or for loving peace. Both sides naturally claim that the other has been attacking. China's case on the border dispute has always been less credible than India's. But after Goa there is no reason to accept Indian defence ministry handouts as gospel. What is definitely known of this year's developments suggests that the truth this time is nearer to the Chinese version.

The core of the matter is that this spring, for the first time, India's defence forces were in a position to do their job, and are doing it. A massive logistic complex has been built up, based on Srinagar and the air base at Chandigarh in the Punjab. Forward posts have been dug in and fortified, and supplied by airdrop and helicopters. Behind them hundreds of miles of jeepable roads are now building or already built, notably from Leh to Chusul and from Chusul to Damchok.

At the front, it is the Chinese who are on the defensive. In January the Chinese had pushed forward a patrol less than ten miles from the vital Indian post of Daulatbeg Oldi, at the base of the Karakoram pass. By April, the Indians had outflanked this post and were vigorously probing from all sides near a long established Chinese post on the Chip Chap river. Since then both sides have set up a series of posts in this area. There is now a regular front line of posts on both sides, running 30 miles south-

south-east from the border across the Chip Chap river. The latest firing occurred where the opposing posts are barely one mile apart. It was the same story in other sectors. The Indians have established posts near the Chinese post on Spanggur lake, near a Chinese post on the Chang Chenmo river, and on both north and south banks of Pangong lake. The last two, also near a Chinese post, are supplied by motor boat. The Indian prime minister has described the situation as "a game of military chess," with both sides manoeuvring for position. In some cases, he said, Indian troops had got in behind Chinese positions. This, according to the Chinese, is what happened in the Galwan valley incident; an Indian patrol cut off the rear route of an advanced Chinese post. In the Indian version, it was the Chinese who encircled an Indian post. It could well be that the Chinese correctly describe the genesis of the incident, the Indians its outcome. In two more recent incidents, though there is the usual dispute as to who opened fire first (it was probably the Chinese, since the Indians would have nothing to gain), there is no fundamental conflict. An Indian patrol was fired upon from a Chinese post, clearly because the Indians were too close for comfort.

The Indian government has recently been anxious to play down what most Indians would regard as commendable activity in defence of Indian territory. Hence, one suspects, its curious blowing hot and cold on successive days about the Galwan valley incident. No doubt New Delhi does not wish to appear before the world as responsible, however justifiably, for the shooting. And there are grounds for thinking that Mr Nehru still believes that a peaceful solution of the dispute can be found. The reported statement of Marshal Chen Yi in Geneva—where he met Mr Krishna Menon privately during the Laos conference—that he regarded the conflict as a purely localised one which would not break out into open war, suggests that the Chinese may hope so, too. But there is little prospect that the local conflict can remain non-violent, unless the Chinese are prepared to abandon some of the territory they have stolen, or the Indians to give up their forward probing—which, in territory such as Aksai Chin, is the only effective form of defence. The Indian public, at long last seeing the Chinese getting some of their own medicine, would certainly ask why India should hold back when the Chinese are still a hundred miles inside India's borders.

"Stop Thief" in Lagos

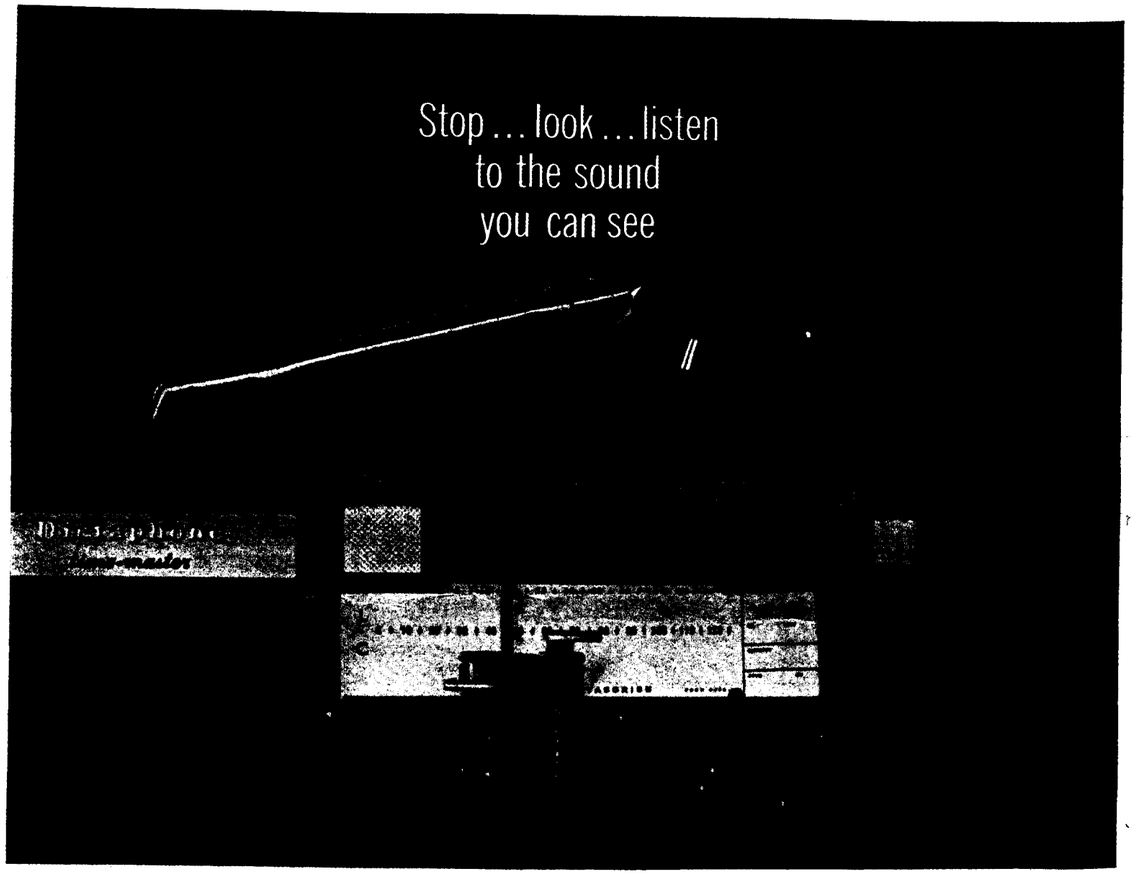
FROM OUR SPECIAL CORRESPONDENT

BETWEEN the imported skyscrapers most Lagos Africans live in stinking compounds; the sewage is collected by lorry. But they paper their rooms with cheap magazine pictures and some have radios. One named Sonny turned off the news yesterday evening saying, "All politicos dey eat money." His girl sighed "ole"—not a tribute to Sonny as a matador, but simply Yoruba for thief.

"Ole" is heard often in Lagos today. It has been shouted at more than one politician. Some public men have been attacked by thugs screaming "ole" and stoning their smart cars and house-fronts. It was even heard last Sunday when thousands of Nigerians stood in the tropical rain to cheer Chief Obafemi Awolowo, leader of the opposition Action Group, on his return from restriction out of town to a new restriction on Lagos island. On Monday the federal government (which hopes the word "ole" is meant only for politicians of the suspended western region government) responded by banning all meetings for two months.

Two months is the expected duration of a public inquiry that opened on Monday into the affairs of six statutory corporations run by the suspended government of the western region. The inquiry is one of west Africa's most fruitful sources of scandal for years. On Monday Chief Michael Okorodudu, QC, leading counsel for the commission conducting the inquiry, managed with many pretty court-room gestures to bring enough public figures into his speech to satisfy even the imagination of Nigerians like Sonny. He included most leading Action Group figures, the Pepsi-Cola company, the Israelis and Mr Macmillan. The allegations involve many millions of pounds. For instance, £6,200,000 was said to have been diverted from government funds to a company controlled by four leaders of the Action Group and the question posed is whether this company was created "to enrich a few individuals." Evidence was promised by Chief Okorodudu to show that the Action Group's finance officer, Chief Lanlehin, was paid £2,000,000 by the above company between 1960 and 1962 and that £2,400,000 was paid into his account in 1959. And so on. And in a letter from a British public relations firm Mr Macmillan was quoted as telling Mr Roy Thomson that the Action Group leaders should be backed in the long-term interests of a stable progressive and liberal Nigeria. Chief Okorodudu went on about "the tragedy of a people being misled by foreigners," but even so Mr Macmillan does not seem to be flying out to give evidence, as is wistfully dreamed in local headlines.

The inquiry's chairman, Mr Justice G. B. A. Coker, is an unflap



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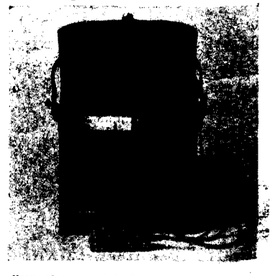

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pable Nigerian who insists with virtuous solemnity that the witnesses, counsel and public around him should suppress their giggles —giggles perhaps of nervousness at the enormity of it all. Mr Coker is awed by nobody, frequently cuts long-winded speeches short by telling leading counsel that they may be seated now, and seems to forget the names and titles of some of Nigeria's most famous politicians. When the Action Group lawyer, Chief Rotimi Williams, stormed out in a huff on Tuesday Mr Coker said languidly, "You can as well please yourself." Hopefully, however, Mr Coker does not please himself but sticks to the rules; and in that lies the good of this inquiry.

For it is an all-Nigerian affair, and some of the leading players are at least trying to do it the legal way, in open session, with journalists around them watching and taking sides. It could not happen elsewhere in west Africa. Admittedly the whole inquiry is partly intended by the federal government to damage the Action Group, which provides the federal opposition, but it may also impress at least some Nigerians with the dangers of corruption. Some of the federal government's blows against the Action Group have been low, but all have been legal.

Nobody expects that anything the Coker commission may say will destroy the Action Group finally, but it may affect the group's future outlook towards politics and it may decide whether the group itself or its offshoot, the United Peoples party under Chief Akintola (the regional premier deposed by the Action Group leader, Chief Awolowo) gains the upper hand. Chief Awolowo seems determined to keep an opposition in the federal parliament and a government in the western region (when parliamentary government is restored after Christmas), but Chief Akintola and his new party may join a federal coalition which might then divide within itself between the Muslim northerners and the alert southerners. At present the north by weight of population dominates the federation. Even within the present federal coalition the northerners have all the major ministries and have quietly put their own men in as permanent secretaries. The eastern region party is grumbling about it, but so far the east-north coalition is holding together.

MANY Nigerian calculations are likely to be upset by the results of the new census due in a few weeks' time. It is rumoured here that the new figures will show that east and west heavily outnumber the north in population. This would mean a re-allocation of seats in the federal house in favour of the southern parties, and a re-allocation of federal revenues as well. There may have to be another public fight over the reliability of the figures. This might be unfortunate for Nigeria's name overseas at a time when £600 million of foreign private investment and half as much public aid are being sought for the country's new economic plan. But Nigeria's economic planners are more worried about getting European countries, notably France and Germany, to contribute to an aid fund for Nigeria; at present, both countries are holding out for bilateral aid instead.

The kind of political upheaval seen in recent weeks is the result of a clash between men already in power. The kind of clash Nigeria has not properly felt, and must surely one day feel, is between a genuinely all-Nigerian nationalist movement (probably led by young intellectuals) and the present establishment. The men to lead such a campaign are already in the existing parties and the universities. Their potential followers are, in a land where contrasts between rich and poor are painful, all around them. Only a cleaning-up of politics and an increased momentum in raising the standard of living of ordinary Nigerians can avert such a political clash in the long run. Sonny, the young layabout in the Lagos slum, knows it all. The people shout "ole" today, he says, but vote for the richest thief tomorrow. But one day, Sonny says, they will see that "for learning you no need book. Just head and eyes."

Aden's Tangled Talks

BY A CORRESPONDENT

THE ultimate objective of the Aden constitutional conference, which opened in London on Monday, is the fusion of Aden with its hinterland, the eastern and western protectorates. The most superficial examination of the region makes plain that something like this must happen if the area is to make any political and economic progress, for Aden colony is a city without a state and the hinterland is a potential state without a city. The tangle begins in this geographical simplicity.

The colony, only 75 square miles in extent, is the main bunkering port on the sea-route to the East and is as busy with ships as Hongkong and Singapore. There are nearly 200,000 people cluttering the lowlands of its two harsh, craggy peninsulas, busily serving ships, refining oil, trading with each other, with neighbouring territories or transit passengers, or earning in one way or another the £11 million which the British forces stationed there spend each year. The protectorates, consisting of 23 sheikhdoms and sultanates, cover 111,000 square miles of which only one per cent is fit for cultivation. Nevertheless, the vast majority of 650,000 Moslem Arabs make their living by agriculture on the one per cent. This is not an underdeveloped area; it is just not developed. British aid—although it may have been as much of the British taxpayers' money as the nature of the region seemed to warrant—has not yet been enough to provide the communications and services essential for setting up small businesses that could put the protectorates into some sort of economic relationship with the colony.

There are the rudiments of political democracy in Aden in the bewildering number of factions that claim to be parties, and in the powerful Trades Union Conference which is active in shaping opposition opinion and has now formed the People's Socialist party in a bid for ultimate power. Most of the parties' policies shade finely from the unlikely to the impossible, but there is one firm strand, the desire of the Adenis to govern themselves. Development in this direction has not gone beyond an elected majority on the Legislative Council, and an elected half of the Executive Council of ten. The Governor, who administers the colony, is facing demands for autonomous self-government which are not likely to be granted.

The protectorate rulers are under varying degrees of British influence or control through a series of treaties going back to 1839. They are popularly regarded in Aden as feudal chieftains propped up by the British and a miscellany of British-armed native troops—the Protectorate Levies, the Hadrami Beduin Legion, the Mukalla Army and various tribal guards. This does much less than justice to some of the rulers, who are politically acute. In February, 1959, six of them from the Western Protectorate, adopted a federal constitution under the benevolent eye of the British Colonial Secretary; this set the course for this week's conference and provoked much heart-searching in the colony.

The British Government undertook to protect and provide for the federation and to help it on the road to independent statehood; and by advocating at the same time a link with the colony, it implied an eventual end to Aden's colonial status. A cautious promise of "constitutional advance" was made by the Governor in January. In May the ministers of the colony and the federation agreed on proposals for constitutional advance and federal union, and the present conference is intended to mould the proposals into an agreement that satisfies all parties, including the British Government. By now the federation has eleven member states, and the lights of its brand-new capital, Al-Ittihad, beckon at five miles range of Aden's Steamer Point.

If the conference reaches agreement, the present government of the colony will presumably introduce the new constitution before January, when the term of the present Legislative Council ends and new elections should be held, and arrange the terms for merging with the federation some time next year. The actual process by which the merger would be achieved has never been made clear, but one assumes that elections would come after it. In that case, the conference agreement will presumably be made known in Aden and debated in the existing Legislative Council.

This plan is very tidy but it will not please the People's Socialist party or the political opposition in general. They consider that any constitutional advance which at the same time tethers them to protected and reactionary tribal rulers, some of whom have their own little armies, will be no advance at all. They want a new constitution, new elections and a new government of their own, and because they contend that the present council does not represent the colony, they want all this to happen before a final decision on federation is reached. This, in effect, is asking for an indefinite postponement of the plan, for no one has yet decided who should be given the vote in Aden's hotch-potch population, in which 48,000 Yemenis outnumber the indigenous Arabs, and 16,000 Indians and Pakistanis and 10,000 Somalis all claim rights of citizenship. Even the business community fears that the impoverished hinterland will become a burden on Aden for lack of adequate financial help from Britain. Certainly, whatever disputes the conference may see, the sequel in Aden will be even rougher. A difficult autumn can safely be prophesied for the Governor.

Clean But Not Free?

FROM A CORRESPONDENT IN TEHERAN

PERSIA'S politicians, left virtually without occupation while Dr Amini was prime minister, are getting ready for work again. The new prime minister, Mr Asadollah Alam, said at his first press conference on July 22nd that he is going to hold general elections "as soon as possible." Otherwise, Mr Alam's programme is identical with Dr Amini's. It includes all one could wish for: land reform, administrative reform, health, education and social welfare programmes; also plans for decentralising Persia's cumbersome Teheran-based bureacracy, establishing village and town councils through local elections, and delegating greater authority to these local bodies.

Mr Alam also says he will balance the budget, create work for the unemployed, and induce economic recovery. The prime minister has not described how he proposes to accomplish all, or any one, of these aims. Nor has he explained why he feels he might be successful where Dr Amini failed. Persians may thus be forgiven for wondering why Dr Amini had to go at all. Dr Amini, it is true, doggedly refused to have elections; but the wisdom of the present decision to hold them is highly questionable.

The truth of the matter is that Dr Amini, having saved the country from the major crisis that threatened it 14 months ago, had become much more dispensable to the Shah. His reform policies alienated powerful vested interests, and he did not succeed in getting the Americans to provide all the equipment and money the Shah wanted for his army. Mr Alam lacks Dr Amini's independent cast of mind, and, as a close friend of the Shah, will certainly do his monarch's bidding.

Dr Amini's departure may be regretted, but sharpest interest at the moment centres on the new government's economic and election plans. Mr Alam appears to have no striking new ideas for meeting the $70 million budget deficit that, ostensibly, brought the Amini government down. And it is hardly to be expected that the United States, having hesitated over supporting its favourite son, should now reverse its stand and give help for non-development spending to his successor. Mr Alam must clearly try to solve his difficulties by domestic measures. He speaks of cracking down on tax collection and paring operating expenses even further. But Mr Alam is unlikely to be able to accomplish much more than Dr Amini in either field. The government is said to be toying with the possibility of requesting a moratorium on foreign debts. These amount to $70 million for the current year; there is also a $20 million debt to the International Monetary Fund, but this does not have to be paid immediately. A 12-month moratorium, if requested and given, could cover the deficit, but it would merely postpone the hard decisions, and the crisis, until next year.

In the short run it is elections that will give the government the gravest trouble. Elections held in the summer of 1960 were so blatantly rigged, that the Shah himself had to annul them. Dr Manouchehr Eqbal, then prime minister, had to resign and, later, to leave the country. Mr Asadollah Alam, then leader of the opposition Mardom party, got off strikingly better, by becoming director of the Pahlevi Foundation Endowment, a giant trust of those of the Shah's properties that were recently endowed to the public. Another go at elections the following winter produced a parliament, but four months later the assembly was dissolved and Dr Amini became prime minister.

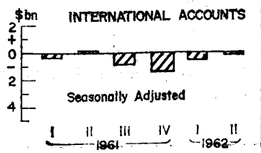
MR ALAM, however, claims his elections will be free and all parties will be allowed to participate. What the government intends to do about the National Front is not yet clear. The front has not been allowed to participate in any previous elections. Not even allowed a voice in the press, the front, supported by university students, has in the past taken to the streets. If its demonstrations have not actually brought governments down, they have helped to show up previous elections.

Mr Alam cannot arrange this sort of election again and hope to survive. On the other hand, he is unlikely to be so bold as to allow full freedom to the National Front. Antagonism between the front and the Shah is bitter; the Shah and his friends are convinced that strong National Front representation in parliament would open the way to the communists. The front's repeated denial of communist connections, or sympathies, has gone unheeded. Mr Alam may be hoping that the front will listen to reason and agree to a "clean" (as opposed to a free) election. But Dr Amini, too, tried to reach an agreement with the front and failed. Speculation on how many seats the front could win in an open fight vary wildly enough to make all present estimates useless. And the conservatives are not eager to try and find out the truth.

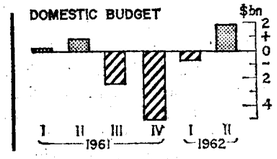
The probable contenders in the election will be the Melliyun and Mardom parties, and several right-wing groups. Both these parties were formed in 1957 on the Shah's orders. Neither is well-organised and neither has depended on popular support to win elections. Several right-wing organisations mushroomed during Dr Amini's relatively liberal administration. There are at least two new parties, one led by the powerful Mr Asadollah Rashidian, who controls the Teheran trade guilds, and another led by General Zargham, who was once minister of finance. Both men were put in prison by Dr Amini: the general for alleged corruption, Mr Rashidian for his share in fomenting last January's riot against Dr Amini. Mr Rashidian announced the formation of his party from his prison cell. Party programmes tend to be much the same; everyone is for social welfare, freedom, a healthy economy and a more equal share-out of wealth. In another country this might indicate that the politicians were paying attention to the wishes of the people.

AMERICAN SURVEY

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



Deficits on Two Fronts



WASHINGTON, DC

THE Kennedy Administration is finding it difficult to make progress on more than one economic battleline at a time. Fighting on two fronts is a new and vexing experience for Washington policy-makers, especially when strengthening the attack on one may weaken that on the other. The Administration has had substantial success in curbing the deficit in the international balance of payments; the President himself drew the world's attention to the improvement this week and took the opportunity to reiterate that he had no intention of devaluing the dollar. The campaign to stimulate the domestic economy, however, is bogged down and Mr Kennedy is conspicuously silent about any change in his battle plans. Nevertheless, a new strategy has been evolving in the White House to cope with the changing situation. It is a question not only of waging war on two separate fronts, but also of gaining political and psychological support for any new action. This has been, and to a considerable extent still is, the stumbling block. Not unexpectedly, conservatives in Congress are against increased spending or cuts in taxes which would enlarge the deficit in the domestic Budget. A number of liberal Democrats are also opposed to new moves, while within the Administration itself there is some fear that a request for a tax reduction would be viewed as tantamount to pressing a panic button and would therefore do more harm than good.

Lately Mr Kennedy's advisers have shed most of their doubts about the advisability of a tax cut, but they have yet to convince Congress. Ever since 1958, when America's international accounts first emerged as a serious problem, there has been general recognition that the "discipline" of the balance of payments has inhibited the government's freedom to cope with the domestic economy. Yet there is an understandable reluctance to accept specific restraints. Historically, the Democrats are the party of cheap money and some of their stalwarts are prepared to attack any attempt to raise the cost of credit, whether it is to discourage the flow of capital to higher-yielding markets abroad or to prevent a deficit in the domestic Budget from being financed through the banking system. They are up in arms already at the recent rise in short-term interest rates which, through the concerted efforts of the Federal Reserve Board and the Treasury, have moved from the 2.5 per cent level to nearly 3 per cent.

Suspecting that still higher levels are in the offing Democrats in Congress have launched their own offensive against Mr William Martin, chairman of the central bank, who is being accused of pursuing a policy that is designed solely to protect the dollar abroad at the expense of growth at home. This group, of which the leading spokesmen are Senators Douglas and Proxmire and Representatives Reuss and Patman, feels that the Administration has concentrated too much of its energies on the payments problem to the detriment of domestic expansion. They point out that the deficit in the Budget for the 1962 fiscal year, which ended last month, was held down to $6.3 billion because of fears about the dollar and that in the last quarter the Government actually showed a surplus which depressed the economy.

In a sense, these Democrats are resisting the notion of fighting on two fronts; even those who acknowledge that the deficit in the international account requires attention regard the domestic theatre as the more important battleground. If sacrifices have to be made, they feel that the foreign front should bear the brunt. This line of thinking is not shared by another formidable group of Democrats in Congress, who fear the addition which a tax cut would bring to the domestic deficit already in sight for this year. They are alarmed not because of the payments problem, but simply because their constituents are suspicious of big deficits. Winning over these two disparate groups of Democrats calls for all the political sagacity and talent for compromise that Mr Kennedy can command.

On the surface he may appear to be fumbling, weighed down with indecisiveness and doubt. This is the obvious explanation for his desire to wait until early August, when the economic statistics for July will be available, before deciding on what steps, if any, he should take. But the summer is a notoriously poor time for an accurate reading of the state of the economy and another month of waiting will not by itself provide any compelling new evidence for or against a tax cut. These few weeks, however, are what the Administration feels it needs to win widespread support for such a move. The machinery for a shift of policy has been set up by getting Mr Wilbur Mills, the influential chairman of the House Ways and Means Committee, to hold hearings on the state of the economy. If the committee finally decides off its own bat to ask for a tax cut, then President Kennedy will have clear sailing for his request.

FROM Mr Kennedy's own point of view the idea of a tax cut could not have been entertained without an improvement on the international front. But this is precisely what there has been. Though there is still considerable scepticism about the way in which the international deficit has been reduced, the Administration insists that there has been a steady and accelerating reduction in the basic problem, quite apart from the inflow of funds from Canada during the first half of the year and the prepayments of debt by the French and Italians which will show up in the third quarter. Officials complain, with some justification, that the series of remedial measures which have been initiated are being overlooked or belittled in the currency markets which are not reflecting, therefore, the marked restoration in the dollar's strength.

The Administration's willingness to predict the reduced size of the payments deficit contrasts with its reluctance to estimate the Budget deficit. Mr Robert Roosa, the Under Secretary of

the Treasury for Monetary Affairs, has predicted that the adverse balance on the international account this year will be between $1 and $1.5 billion compared to $2.5 billion last year. Mr Kennedy expressed confidence that the account would be satisfactory by the end of 1963 and privately some officials are hoping to reach the target date even earlier, provided that the Europeans step up their procurements of military equipment in the United States. There is some danger that the Administration's crowing over its record will encourage, rather than dampen, uncertainty; after all, the deficit is not going to disappear overnight and there seems bound to be an increase in the fourth quarter.

Nevertheless, the administration's attempts to counter doubts about the dollar indicate that it is preparing the ground for action on the domestic front. Officials have no intention of proposin a stimulus in the form of a tax cut only to have it n...ated by a restrictive monetary policy. Instead, they are ...nvinced, and are in the process of trying to convince everyo... else, that the dollar will not be imperilled by a clear-cut exp...sionist programme featuring lower taxes.

There are risks in such a policy. ...Congress voted a reduction of, say, $7 to $9 billion in inco... taxes, effective on October 1st, this would probably spark a new wave of consumer buying which would be reflected in an increased demand for credit. With Mr Martin on record as unwilling to provide all the funds required to finance the government deficit, this would mean higher interest rates and the financial community might push up the rate structure in anticipation. But there is a limit to the amount of financing that the Treasury can carry out in the long-term market and the Federal Reserve Board is well aware that it will have to provide reserves to help finance the deficit in the Budget. The money managers will not, of course, make credit as easily available as they have over the past eighteen months but, with less pressure on the dollar, they need not embark on a really restrictive policy.

Congressional Democrats would not object too strenuously if short-term rates moved up gradually to the 3½ per cent level and long-term rates registered a proportionate advance. Officials in the Administration and even in the central bank feel that it would be undesirable to see interest rates get much higher than that over the next six to twelve months unless there is a renewal of inflationary pressures or a resumption of boom conditions. In fact there is some feeling that in spite of the advice which is coming from abroad, advocating a higher rate of interest in America, Europe, and particularly Britain, might be embarrassed by too steep a climb.

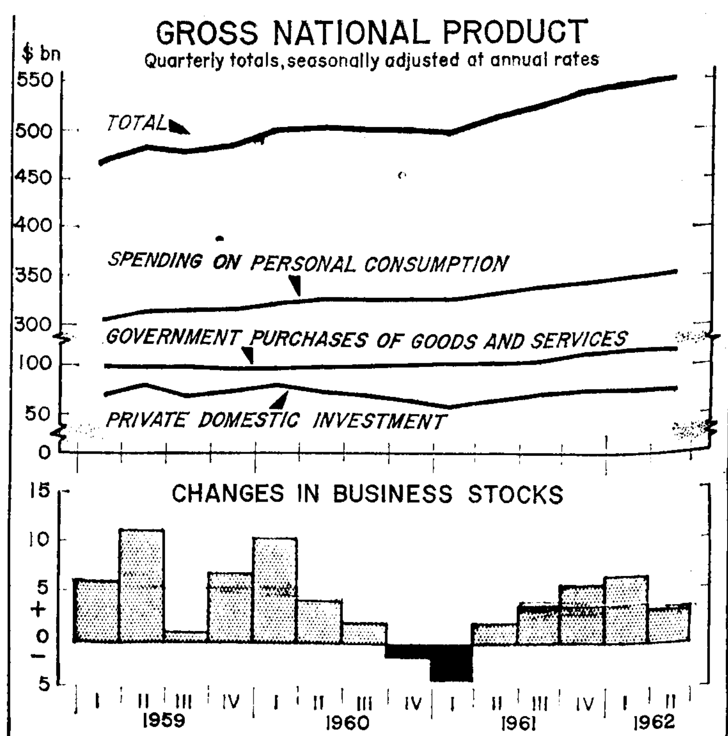
An immediate reduction in taxes would mean a total deficit of well over $10 billion in the current year's Budget and this could bring some new questioning of the dollar by Europeans. This is not the only risk that the Administration is weighing. Without tax cuts to offer, it is doubtful whether it will be able to get approval next year for the thorough-going tax reform Bill which is admittedly overdue; in addition there is always the danger that a reduction in taxation will not stimulate growth effectively. But the risks of doing nothing appear even greater. Mr Kennedy's election campaign was keyed to his pledge that he would get the economy moving forward and his image as a man of action has been badly tarnished with the slow-down in the rate of growth and by his own current deliberation. He cannot hope to pin the label of "stand-patters" on the Republicans if he himself puts off any action. For if the economy did falter the failure to make a request for lower taxes could damage his political fortunes severely. Moreover, any downturn in the domestic economy would almost certainly have repercussions on the payments deficit. While a decline in business would mean a cut in imports and probably therefore a rise in the surplus on the trading account, there would be a risk of encouraging an increased outflow of capital seeking either higher yields or more attractive opportunities for investmeny Adminis-oad.

This shift in strategy is not one which the ...nises ...hat a tax tration is undertaking with any relish. ...olve the fundamental reduction is not a panacea and will... that it carries a threat to problems confronting the econo...should give the Administration the dollar abroad. But a ...es and to plan a much more vigorous further time to regroup... and the general under-utilisation of re- assault on unemplo... plaguing the economy, without endangering sources which ...uly. Mr Kennedy may still change his mind and the dollar ...inst any overt moves, but at this juncture his apparent decide ...uation of the waiting game is purposefully deceptive. He ...tends to use the next few weeks to win acceptance of his strategy of concentrating on two fronts at once, hoping to gain ground on both of them.

Not Gross Enough

America's total output of goods and services went up in the second quarter of this year but by little more than in the first quarter and by far less than during the second half of last year. In January the official forecast of the gross national product for the April-June period was an annual rate of $565-$570 billion; in fact it ran $13-$18 billion below this. The only really substantial gain in the period was in spending by consumers, particularly on durable goods; outlays for these had actually declined in the first quarter. So had investment in new construction which also rose substantially between April and June. But there was a sharp falling-off in the rate at which businessmen invested in new stocks; this was largely because the threat of a steel strike had led to an unusually heavy advance accumulation of supplies in the first quarter.

For this reason and because stocks are now near their minimum level they may be built up more rapidly during the rest of the year. Another depressing factor in the second quarter was the slower rate of increase in government spending; this also may be accelerated from now on and during the next six months the government will be putting more into the economy than it takes out of it in tax receipts. While it does not look, therefore, as if economic activity is actually about to decline or even to stop expanding, there is no sign that it is about to grow at what the Administration would regard as a satisfactory rate.



Change for the Chiefs

General Norstad's retirement at the early age of 55 from the United States Air Force and from being both the American and the allied military leader in Europe is not the surprise that some reports have suggested. He has been in his present gruelling job for six years; he has not been in the best health; and it has been known for some time that he wished to leave. Presumably his desire for a change is partly the result of disappointment that he did not get stronger support from President Kennedy for his idea of a European nuclear force. And Mr Kennedy may feel that a new military representative might be more able to penetrate President de Gaulle's intransigence. But certainly General Norstad had President Kennedy's full confidence and no pressure was put on him to resign.

Nevertheless, the resignation has given Mr Kennedy a welcome opportunity to reshape the top military command in the United States to his own pattern. General Lemnitzer, who replaces General Norstad in the autumn, was already chairman of the Joint Chiefs of Staff when Mr Kennedy became President. By sending him to an equally if not more important job in Europe—the only one there is at that high level—Mr Kennedy saves himself the embarrassment of having to explain why he is not reappointing a man for whom he has the highest respect and regard. Mr Kennedy has found the Joint Chiefs—consisting of the three heads of the services and a chairman—an argumentative group which does not always give him the clear, decisive advice which he expects, particularly in a field where he lacks first-hand knowledge (or did when he took office). For that reason, following his usual habit of providing himself with a choice of expert opinion, he asked General Maxwell Taylor to be his personal military adviser, a challenge to the authority of the Joint Chiefs which they did not appreciate. Now General Taylor himself becomes their chairman, even though he is an Army man and it was the Navy's turn for the chairmanship; and the present Army Chief of Staff is being replaced by General Wheeler, brought up from a comparatively low position because he has the President's confidence. The Navy and Air Force Chiefs are both Kennedy appointees.

General Taylor's move relieves the Joint Chiefs of one threat to their influence, but it brings another. For he has long favoured the idea of a single Chief of Staff rather than the present group of four equals. This does not appeal to the other services; nor are they entirely happy about the defence policy which he resigned from the Army in 1959 to advocate publicly—a "flexible response" with conventional forces as an alternative to massive retaliation with city-destroying missiles. General Taylor has sold this policy, in part at least, to the present Administration. But since flexible warfare requires plenty of soldiers General Taylor advocates a substantial increase in the size of the Army, at a cost which the civilian authorities in the Department of Defence will not accept. The Chiefs of Staff may now all be President Kennedy's men, but they will not be his yes-men.

Starring Space

The strange sense of inferiority which European culture often inspires in Americans was revived by the first formal exchange of television programmes through the Telstar communications satellite; some American critics berated as superficial and banal their country's offering of baseball, Cape Canaveral and a Red Indian in exchange for the Sistine Chapel, *Tosca* and the Winged Victory of Samothrace. The morning-after assessments should have been cheered by the fact that the first live presentation to Europe of a presidential press conference brought the almost immediate granting of Mr Kennedy's wish to strengthen the dollar; following his insistence that there would be no devaluation, gold shares fell swiftly on the London Stock Exchange. Naturally, Americans did not appreciate how favourable was the impression made upon Europeans by the (to them) rare spectacle of a head of state submitting himself willingly, even eagerly, to a battery of spontaneous questions from the press. The exciting glimpse of the Chicago-Philadelphia baseball game, moreover, was as enlightening to Europeans as the display of the medieval works of religious art in Communist-dominated Jugoslavia must have been to Americans.

With the abrupt emergence of Telstar as a household reality, several liberal Democratic Senators, led by Mr Kefauver of Tennessee, are intensifying their fight against the Bill to allow the future commercial system of communications satellites to be owned by an especially established private corporation. The Bill, backed by President Kennedy and already approved by the House of Representatives, would allow ownership to be divided equally, through shares of $100, between the communications companies and the general public. Liberal critics say that this would be a "give away" to the American Telephone and Telegraph Company, which could dominate the corporation and might hinder the development of technically superior satellites with orbits 22,000 miles above the earth; AT & T research has been concentrated largely on satellites with low and medium orbits, such as Telstar, which can be put more quickly into commercial service.

All in all, the American space programme has had a busy fortnight. In Congress, Senate and House conferees have agreed to authorise $3.7 billion for civilian space projects this year. Over the mid-Pacific, an Army Nike-Zeus became the first missile known to catch another; the success, however, did not alter the scepticism of the Secretary of Defence about whether the Nike-Zeus is really the answer to the country's anti-missile missile prayer. Such caution could well have been imitated by the National Aeronautics and Space Administration, which chose instead to announce a new, cheaper and riskier "lunar ferry" scheme for

July 10—Telstar, the 170-pound communications satellite, was launched from Cape Canaveral into an orbit 593 miles above the earth at its lowest point and 3,502 at its highest.

July 11—The National Aeronautics and Space Administration announced the adoption of the "lunar ferry" plan (three astronauts in a mother ship from which two would venture to and from the moon in a smaller dinghy) as a faster and cheaper way of putting Americans on the moon.

July 17—Major Robert White flew an X-15 rocket plane to a height of 58.7 miles over Nevada—the highest altitude ever reached by a winged aircraft.

July 18—The largest object ever to be put into space—a balloon 13 stories tall—inflated itself from a small cannister shot 922 miles over Cape Canaveral; it was the forerunner of the experimental passive communications satellite, Echo II, to be launched in the autumn.

July 19—For the first time, a US Army Nike-Zeus missile intercepted an Atlas intercontinental ballistic missile, over Kwajalein Island in the Pacific, 4,800 miles from California where the Atlas was fired.

July 21—An Atlas-Agena B rocket and a spacecraft, the Mariner I, headed on a journey of 224 million miles to study the planet Venus, but were destroyed after less than four minutes of flight when the rocket veered off course.

getting Americans on the moon by 1970. Even the new plan leaves the cost of this Project Apollo at around $20 billion and NASA officials admit that, if the two astronauts in the ferry fail to make their rendezvous with the mother craft waiting in lunar orbit, they will have small chance of thumbing a ride home.

Moving Congress Ahead

On Monday, with his domestic programme lying in ruins about him, President Kennedy proclaimed a holy war against Republican negativism and obstruction. This opening shot of the congressional election campaign reflects the President's conclusion that he cannot fulfil his own pledge "to move this country ahead" without a shift in the balance of power in Congress which only the voters can give him. Mr Kennedy did not ask for very much—five or ten more Democrats in the House of Representatives and one or two in the Senate. But this is more than he is likely to get. Even at his Telstar press conference he admitted that for the party in power to increase its congressional representation in an off-year election, when the Presidency was not at stake, was almost unknown. It has not happened since 1934, in the first flush of the New Deal. Mr Truman campaigned successfully against another "do-nothing" Congress, but that was in a presidential year and, luckily for Mr Truman, his own party was not in control of Congress.

The Republicans are very scornful of Mr Kennedy's "cry-baby" call for the election of more Democrats to Congress when his party has such substantial majorities there already; they point out quite rightly that Democratic votes—most of them from Southerners—have helped to defeat Mr Kennedy's Bills. It may even

Master Builders

FROM A CORRESPONDENT IN NEW YORK

Putting up a building, which was once an art, has been reduced to a science. Architects can now design a structure and feed the specifics into a computer, which will tell them how to organise the actual construction. Then prefabricated components (girders, walls, etc.) are ordered from a factory, shipped to the building site and hoisted into place by teams of highly skilled workmen, who resemble technicians rather than craftsmen to an increasing extent.

An example of this assembly-line technique in action is provided by the Pan-Am building in the centre of Manhattan which, when completed early next year, will be 59 stories high and the largest commercial office building in the world. Mr Cotton, the British property magnate who put up half of the $100 million which it is costing, was deeply impressed with the fact that all the basic construction work for this 830-foot building was done in seventeen months—and without causing a single train in the station underneath to be delayed or diverted.

The building is constructed of steel shipped to the site above Grand Central Station from a storage yard in New Jersey. Because of the extraordinary congestion in this particular area, materials must arrive on schedule and be put in place promptly. Seven derricks, which have handled as much as 1,200 tons of steel in a day, hoist it on to the building. Workmen have the steel bones of the building erected at the rate of two floors to a 35-hour working week.

Hard on their heels are other iron workers who lay a steel floor deck which contains special raceways for electrical systems. Behind them come the electricians, installing wiring in the raceways, and behind the electricians come pourers who cover the deck with a concrete floor surface. Workmen armed with guns shoot asbestos foam at the underside of the decking to fireproof it; plumbers, steam fitters, and men in the finishing trades follow them. The curtain walls (so called because they do nothing to support the structure) are made of precast concrete panels, each of which contains a window frame. These are hoisted up the side of the building by one crane, transferred in mid-air to another one which operates on a monorail and finally shunted along the side of the building to the point at which they are to be bolted into place. On the average, it takes the one thousand workers involved in the Pan-Am job seven to eight days to complete a floor.

Prefabricated components cost more than traditional building materials but, beside saving time, they have other distinct advantages. They are constructed in controlled environments where each individual piece can be examined and tested thoroughly. They facilitate construction since much of the assembling can be done from the inside of a building working out, instead of from the outside working in; they also permit the finishing trades to get at the job more quickly.

The critical cost in building is labour and contractors are introducing several innovations in attempts to cut wage costs. The lifting of materials has posed one major problem, particularly in the construction of tall blocks of flats and offices made of concrete; 30 stories has been about the limit for them. The standard procedure has been to use a crane parked in the street, which hoists a huge bucket of concrete up over the top of the building and deposits it in a container. Workmen, driving small dumpers, scoop up the concrete and spread it over the floor. Now, however, use is being made of the tower crane, which has long been in operation in Europe and which takes the concrete to the place where it is needed. Tower cranes can be anchored to the central lift shaft and jacked up floor by floor as the building rises. One contractor says that with the tower crane it will be possible to construct a 100-story concrete building if need be. Helicopters have also proved a great help in hoisting—for example in lifting ventilators to roof tops.

Concrete is extremely popular, for it is cheap and does not require the fire-proofing necessary in steel construction. Prestressed, precast concrete has been used successfully in bridges and now competes favourably with steel as a structural building material. One contractor, using conventional materials, was able to construct a 19-floor block of flats at an average rate of three stories a week by using concrete.

New methods in joining materials together also promise to save time. The rivet gun is all but silent in New York, because as a rule steel is now bolted together and welded. The development of epoxy resins makes it possible to glue concrete to steel and may make it possible to glue steel to steel. Plastics, which compete on favourable terms with aluminium and glass in curtain walling, now have various other applications. They are used for piping, partitions, flooring, facing for concrete blocks, ceilings and flashings. They also show signs of becoming a major structural material: entire buildings have been constructed of foam plastics and plastics in various forms are used for roofing.

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SCANDINAVIAN AIRLINES SYSTEM

be, as the President himself is said to fear, that the country is too contented to vote for change. And if it does, Congress as an institution may be too parochial, too conservative and too wrapped up in petty interests to rise to national issues.

Pessimists can point to the stubborn and irresponsible feud between the Senate and House appropriations committees which has just been settled. It has held up all appropriations Bills for three months, but the House committee apparently considers this a small price to have paid. For the rest of this session conferences between representatives of the two groups to adjust differences in Bills will meet on half-way ground, not, as has been traditional, at the Senate end of the Capitol, and on some occasions the chairman will be a member of the House ; for a hundred years every chairman of such a conference has been a Senator. Last week the honour went to a Representative by the flip of a coin. A special committee is to go into the whole matter and report in January. This costly quarrel reflects no credit on Congress but Mr Kennedy can hardly exploit it ; both of the stubborn old chairmen involved are Democrats.

No Missile Strikes

OVER the weekend trade unions representing workers in the missile and space field agreed, in response to a plea from the President, to put off their threatened strike for sixty days. This will give a three-man team of government mediators time to try to arrange a settlement. Also, in all probability, Congress will have dispersed by the middle of September, taking with it the likelihood that it might pass hasty legislation banning a strike at the 51 missile plants, testing sites and bases which are involved. Congressmen are already exasperated by the persistence of unofficial stoppages, caused by inter-union disputes, at missile bases. But an official strike of any length seems improbable. The trade union leaders know that it would be regarded as intolerable and not long ago the Secretary of Labour said that he would not hesitate to ask Congress to intervene if a big walk-out took place. If a settlement has not been reached in September Mr Kennedy could still ask the courts for an injunction under the Taft-Hartley Act which would postpone a strike for another eighty days—practically until Congress returns in January.

It is precisely because they realise that they cannot afford to strike that the trade unions in the "aerospace" field feel that the government should help them to obtain fair terms for their 300,000 or so workers. They also point out that the government buys about 90 per cent of the industry's products. Wages are not the prime issue, although it is argued that workers in the aerospace industry have been falling behind ; they earn less than automobile and steel workers. The two trade unions involved are even more concerned because none of the big companies in the industry accepts the union shop (under which all workers hired must join the union) and because there is no system of company unemployment benefits to supplement those provided under state schemes, such as other workers enjoy.

This is particularly important in the space and missile fields where a government decision to halt a given project may throw thousands out of work. The unions received some satisfaction on both these scores—as well as moderate increases in wages and other benefits—in the settlement reached last week with the Douglas Aircraft Company ; this employer agreed to begin setting aside money for a system of supplemental unemployment benefits, on which negotiations would begin before the new three-year agreement expired, and accepted the agency shop. This provides that non-union workers must pay the equivalent of dues to the union and is often a forerunner of the union shop. This is just what the other companies fear, although it is said that the Aerojet-General Corporation is also prepared to accept the agency shop.

Non-violence on Trial

NEGROES in Albany, a city of 60,000 in the south-west corner of Georgia, observed a day of penance on Wednesday for the stones thrown at the police the night before and Dr Martin Luther King, the leading exponent of non-violent resistance to racial oppression, said that peaceful demonstrations might have to be suspended if members of the Negro community could not hold themselves in check. This was the first real violence offered by any of the city's 24,000 Negroes in eight months of marches and prayer meetings to secure their constitutional rights. It took place when the police arrested a group that was on its way to the City Hall without a permit for a demonstration. The stone-throwers were not members of the Albany Movement, the local organisation which is attempting to end racial discrimination. But any violence undermines the moral authority of the movement ; it also provides an excuse for further repression. Mr Vandiver, the Governor of Georgia, lost no time in offering to send in the state National Guard to preserve order.

Over 900 Negroes have been arrested since last December when their clergymen, who had been trying since February to have racial segregation relaxed, began to lead groups to pray and sing hymns outside the City Hall. They were protesting against the arrest of "freedom riders" who were trying to end segregation at the bus and railway terminals. Only a handful of leaders, including Dr King, has been brought to trial and their fines were paid for them, much to their annoyance, so that they could not suffer for their principles. The city is still holding the threat of prosecution and prison over the heads of the rest. One of the Negroes' basic demands is that these trials should take place or the charges be withdrawn ; others are that discrimination in transport should end and that the city commissioners should discuss with them in good faith other steps toward desegregation—in the schools, swimming pools and so on. Up to now all negotiations have been handled by the chief of police.

It was not till last week that the Negroes decided to ask the courts to order an end to racial discrimination in all public facilities. They think the courts move too slowly and their faith in the judicial process was not increased when the federal district judge, at the request of the city, issued an order forbidding a number of Negro leaders and organisations to take part in protest marches, boycotts of white tradesmen and other peaceful demonstrations. But this order has been over-ruled by a higher court and Dr King's own experience in Montgomery, Alabama, ought to have taught him that direct action, however valuable, needs to be buttressed by the courts. The remarkable boycott of the buses which he led there did not succeed until the courts intervened.

SHORTER NOTES

This year's Sugar Act was no sooner signed than it was amended, by means of an addition to a Bill prohibiting the importation of adult honey bees from countries where the bees are diseased. The amendment will mean a substantial increase in the amount of sugar which may be imported from the Dominican Republic, will allow Argentina to send sugar to the United States for the first time and will enable refined sugar to be imported from Eire.

* * *

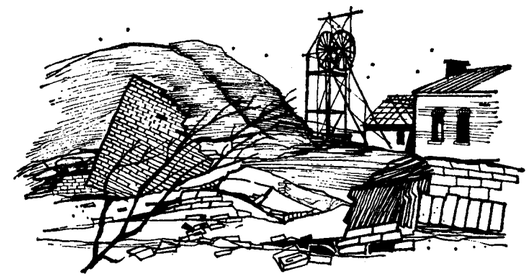
Mr George McGovern has given up his White House post as head of the Food-for-Peace programme in order to run next autumn in South Dakota for a seat in the United States Senate as a Democrat. He used to be a member of the House of Representatives from that state. He will be succeeded in the White House by Mr Richard Reuter, who has much experience of administering international relief programmes.

HOME REPORT

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

North-Eastern Anglers

FROM A CORRESPONDENT IN DURHAM



The image Mr Chetwynd's NEDC doesn't like

NORTH-EAST England is one of the regions that badly needs to attract new industry, without always being wholly sure of how to go about it—as Monday's debate in the Commons demonstrated. The instinctive reaction is to ask for more Government money. In his first annual report Mr George Chetwynd, who left the Labour front bench to become director of the North-east Development Council, has complained that in 1961-62 Government loans and grants for his region amounted to only £433,000, compared with £10 million for Merseyside and £14 million for Glasgow and central Scotland. But like its rivals the Scots, who produced the Toothill report last year, the north-east feels that a further bout of rigorous self-analysis may turn up more clues about why private capital has been passing it by.

In March, Mr R. Wood, the northern regional controller of the Board of Trade, called for an authoritative economic survey of the region. Now his wish will be doubly granted, for not one, but two, surveys will begin this autumn. The more ambitious one is to be undertaken by the Social Studies Department of Durham University. It will study social as well as economic problems and will take up to five years, although interim reports may well be published annually. It is being paid for by a grant of £18,150 from the Joseph Rowntree Memorial Trust. The second survey will be by the North-east Development Council itself. Here the aim is to produce something quickly, possibly by next May, in the hope of influencing the Government when it is considering new legislation on aid to development districts. The cost of this survey is not yet known, but it will have the aid of Ministry of Labour staff, and "basic statistics" provided by Government departments.

The north-east is certainly feeling the draught. Shipbuilding and steel are both suffering from a lack of orders, and coal mining is undergoing a reorganisation which will mean the closure of uneconomic pits. The bottom has dropped out of the market for Durham coking coal. Only heavy engineering and chemicals seem to be relatively stable. Heavy engineering firms are spread around the north-east, but the major chemical concentration is on Teesside, where Imperial Chemical Industries has its giant plants at Wilton and Billingham. Even here, technological changes will mean a smaller labour force.

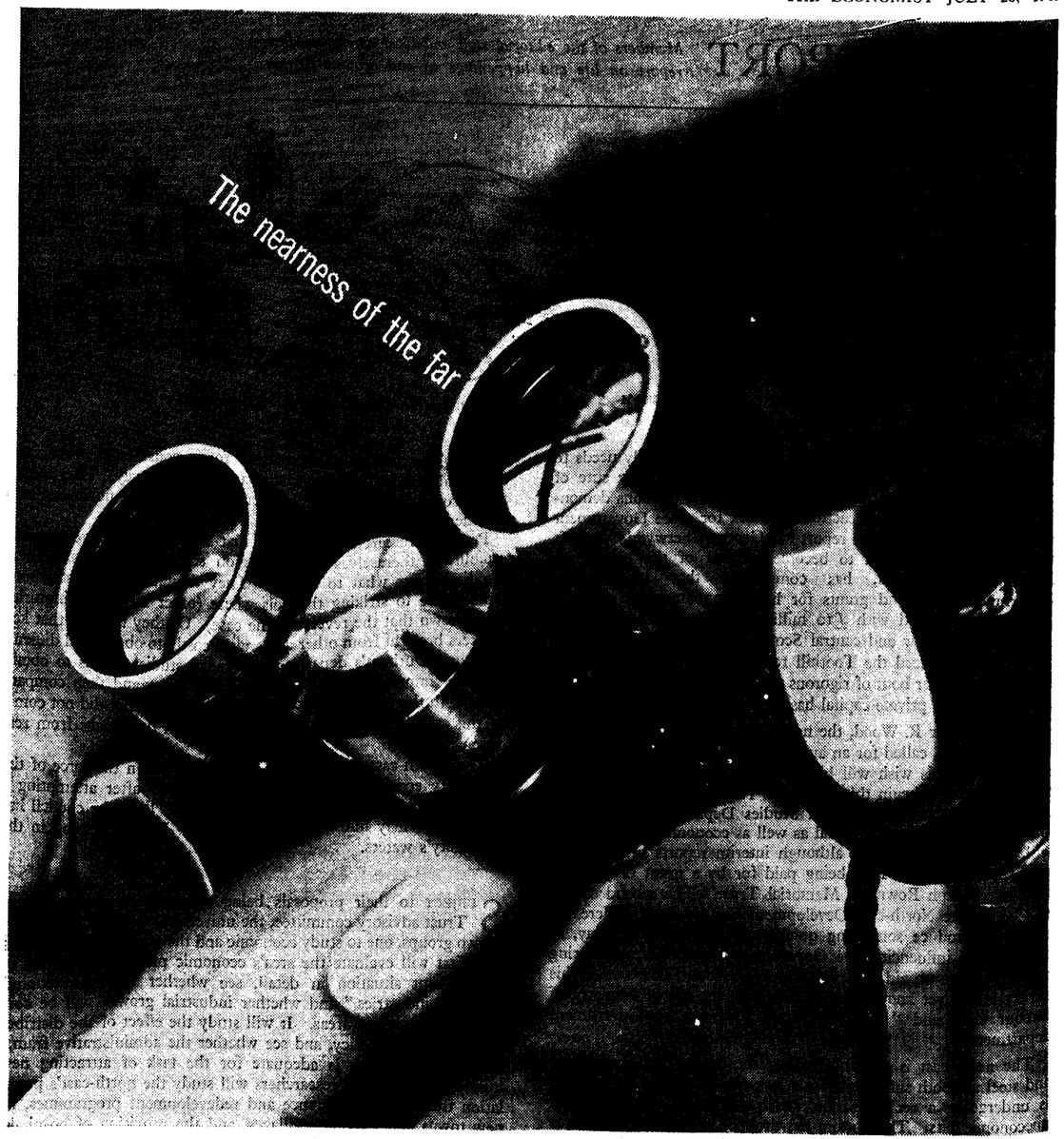
New industries have come and are coming to the area, but not enough. Too many firms send their executives to look at the possibilities and then decide to go somewhere else. One result is that local conferences called to discuss industrial development often seem like angling club meetings. The main topic is the size of the fish that got away. These fish that were not hooked have fascinated the Durham university economists for a considerable time, and as a result will play an important part in their survey. They intend to approach the firms which shied away from the north-east and ask them why.

Previous research has shown that firms which have actually established themselves in the region sometimes had misunderstandings over what to expect. They thought north-east labour more prone to striking than elsewhere (other university inquiries have shown that the reverse is the case). Or they thought that key workers brought from other areas were costly to obtain and difficult to keep. Durham's department of social studies means to obtain the later impressions of these immigrant firms and then compare them with the impressions of firms which looked but did not come. In this way it is hoped to separate mythical drawbacks from real ones.

The North-east Development Council has seen the force of the university economists' argument, and hankers after attempting a similar comparison. However, with the time limit the council has set itself, it may find it has enough to do without fishing in the university's waters.

SUBJECT to their proposals being approved by the Rowntree Trust advisory committee, the university researchers will work in two groups, one to study economic and the other social problems. The first will evaluate the area's economic prospects, examine its employment situation in detail, see whether there are enough "growth industries" and whether industrial growth will be concentrated in certain areas. It will study the effect of the distribution of industry policy, and see whether the administrative framework of the region is adequate for the task of attracting new industry. The social researchers will study the north-east's population trends, slum clearance and redevelopment programmes, its new towns and "dying" villages, and the provision of hospitals, educational facilities, and social amenities.

Mr Chetwynd wants his council's survey to concentrate on economic growth and the employment problem, and hopes that as well as having an effect on the Government it will give industrialists an idea of what the area will be like in five or ten years' time. He feels there is a real need to get the facts: "It may be only a small fault which could easily be put right, or it might be a fundamental objection to the north-east which only a sustained publicity campaign can overcome." He says that his inquiry will not cover the same ground as the university's, and that in any event there is room for both. Considering all the problems facing the north-east, he is probably right.



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Crisis at The Royal

FROM A CORRESPONDENT IN BRISTOL

Bristol has always had its fair share of the arts, but often enough at a cut price. The burden on the rates has been small: about one-seventh of 1d. in the £ has been the normal limit of the corporation's enthusiasm for culture. But now the Arts Council has decided not to renew its 21-year lease on the old Theatre Royal, home of the Bristol Old Vic. The lease expires next year, just before the building's 200th birthday. The city council, the only alternative leaseholder, has been served notice that it must accept responsibility for what belongs to Bristol.

If the corporation has any self-respect it cannot afford to shy away from its responsibility. But its criteria for deserving cases are sometimes felt to be a trifle too philistine. A recent Gilbert and Sullivan presentation at the municipally-owned Colston Hall was a sell-out, but failed to cover its production costs. The corporation benevolently agreed to help out because the show had been demonstrably popular. But the Paragon Orchestra, which showed a £161 deficit after a Colston Hall concert last November, has been warned by the council that it will not be so generous with its assistance in future.

To criticisms that it panders solely to mass culture, the corporation replies stiffly that its policy makes economic sense to the thousands waiting for council houses, and the city's entertainments committee rightly points out that there is little prestige or educational value when a choir, orchestra or drama group play to a near-empty house.

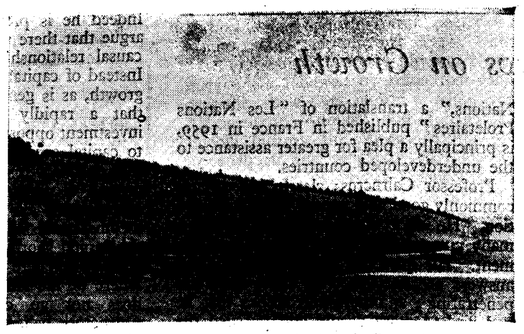
But, say the critics, this means that progressive works without box office appeal will eventually be frozen out of Bristol, as a place that artists will learn to avoid. This year the corporation decided there should be more consultation over programmes with orchestras visiting Colston Hall. Thereby hangs a tale. The Indian Paranjoti Chorus, a pretty good example of unconventional cultural entertainment, had played to packed houses on the Continent but it attracted only 49 people to the Colston Hall (seating capacity 1,900). The takings on that terrible occasion were less than £10. The corporation felt that its point had been made.

The Theatre Royal, and its company, depend on an annual grant of £14,000 from the Arts Council; Bristol corporation's annual grant to the theatre is £250. There are those who think this stingy. The repertory company in Birmingham got £5,000 from its local authority last year, besides £14,000 from the Arts Council; even Cheltenham gave £1,000 to its theatre. The Arts Council's decision to rid itself of the Theatre Royal lease is said to be prompted by its general desire to drop administrative responsibilities. It is probable that most of the present £14,000 grant will continue to go to the resident repertory company. But the crisis in the affairs of the Theatre Royal has now coincided with the decision to establish a national theatre, which will eventually result in the disbanding of the Old Vic Company, of which the Bristol Old Vic is a part. It is not clear what the Arts Council will do then. It is thought locally that there will be a better chance of a sizeable grant if the new repertory company is at least based on the lines of the Bristol Old Vic (possibly with some carry-over in membership), than if the corporation set up a completely new local group with new programme policies.

When the Theatre Royal last faced a big crisis (it was about to become a warehouse in 1941) the Council for the Preservation of Ancient Bristol raised £10,000 to save it. Visiting entertainment companies need not look on this as a sign that Bristol corporation, too, goes in for philanthropy on a big scale. If it does its duty by the Theatre Royal it will consider that it has done enough; Maecenas never was a vote-catcher anyway.

Through Vale or Downs?

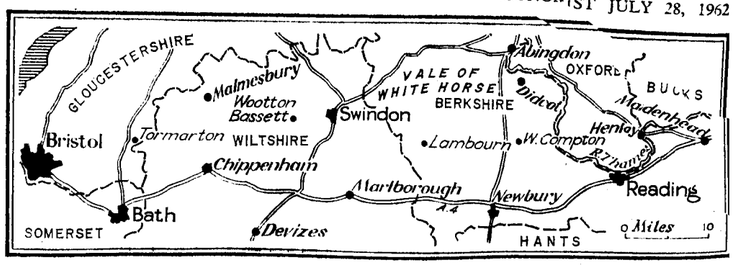
FROM OUR SPECIAL CORRESPONDENT



All roads lead to rows. The latest has been raised by the men of the Berkshire Downs, where, it is foretold, the maidenly countryside is soon to be violated by the rapacious planners of the Ministry of Transport in their siting of the projected South Wales motorway, M4. It is not contested that such a motorway is necessary to improve the traffic flow from London to Swansea; in the end necessity will prevail, in one way or another. What has roused the downsmen is the way in which it should prevail.

When M4 was first planned its route was supposed to lie in much the same course as the present Great West (or Bath) Road as far as Chippenham in Wiltshire, thence northward through Tormarton to the new Severn Bridge and Wales. But signs and portents to be read in the Berkshire and Wiltshire countryside (and in severely restricted handouts from the Ministry) indicate the consideration of two routes alternative to that. One would cross the Downs through West Compton, Lambourn and Wootton Bassett, passing close to the south of Swindon. The other would thread along the Vale of the White Horse, through Henley, Didcot and possibly Malmesbury, passing to the north of Swindon but to the south of Abingdon. Both would begin at Maidenhead, the present westward limit of work on M4, and rejoin the original route at Tormarton. Both seem to be designed to attach the rising industrial town of Swindon umbilically to its sources of material (the steel industry of South Wales) and its markets. Swindon, since its main employer is Pressed Steel Limited, car-body makers to the British Motor Corporation, is part of the Oxford industrial complex; and if the vitality of that complex is to be maintained it will be necessary to give it some system of communications more efficient than the country roads on which it now depends. A motorway which served the southern part of it, Swindon and Abingdon, would be a helpful start—and a welcome relief to pleasure motorists at present terrorised by the industrial traffic on their narrow roads.

The existing, and static, industries of Reading, Newbury and Chippenham, meanwhile, would be left to rub along as best they could with the existing road which can be expected—at least in the short term—to carry less traffic than it now does after the diversion of through traffic to the motorway. If for this reason alone, it would not seem sensible to run M4 next to the Bath Road, since there it would replace an almost adequate trunk road (which nobody would use with a motorway available nearby) instead of complementing it, as it would if sited further away.



ALL this argues for one of the two supposed alternative routes. But neither would be borne easily by the people who live in the pleasant country between the Bath road and the grim beginnings of the midlands. Both in the Vale and on the Downs opinion is being mobilised (with the backing of agricultural and rural preservation bodies) into the sort of groups which have some chance of confounding ministerial plans. The Downs Preservation Committee has already published its manifesto, proclaiming its intention of "preserving the Downs for all legitimate purposes." Their case against the road is not one which will cause perturbation and rethinking in the ministry. It is based on the disruption of agriculture—which is a small price for Britain, as a whole, to pay for a free flow of blood to the west; the discomfort of racehorses faced with the crossing of this putatively humming artery—which is an even smaller price to pay if the ministry's thinking is valid; the Downs' adverse weather—which is disadvantageous but by no means a bar to a motorway, properly built; and the destruction of the countryside. This last is worth consideration: the Downs are, after all, the last "undeveloped" part of southern England, and the tremendous cicatrice which the roadbuilders' operation leaves behind would undoubtedly devalue their natural beauty, cutting as it would right across the north-south grain of the country. But if the Downs route is the only feasible one, that should not be an ultimate sanction against M4: wherever the road is to go, somebody's delightful panorama will be harmed.

As far as the ministry has permitted anybody to know, however, the Downs route is not the only feasible one. It has at least one advantage in being seven miles shorter than the others; but planners, conscious that a motorway costs £650,000 a mile, may be naturally inclined to lay too much stress on that. There seems to be some case for favouring the Vale route to the north on other grounds. That route would more usefully serve Swindon, the apparent focus of the Government's plans; it might even be cheaper, since successive cutting and embankment would be unnecessary on the flat floor of the Vale, which runs east-west. Furthermore, it is said, the interference with the dairying of the Vale would be slighter, and in any case more easily borne by the country, than the disturbance of the cereal-growing Downs; and being wooded, neither the effects of weather nor the degrading of the view would be as great in the Vale as they would be on the exposed and naked Downs. The argument should not be treated as settled yet.

BOOKS

Contrasting Views on Growth

Factors in Economic Development
By A. K. Cairncross.
Allen and Unwin. 346 pages. 35s.

The Underprivileged Nations
By Pierre Moussa. Translated by Alan Braley.
Sidgwick and Jackson. 217 pages. 30s.

THESE are contrasting books: one by a gentle sceptic; the other by an enthusiast. "Factors in Economic Development" is a collection of "essays, guesses, and addresses" prepared by Professor Cairncross over the past ten years. It covers a range of subjects: the work of an economic adviser; a visit to Moscow; the problems of the underdeveloped countries; questions of planning; and some others. But the heart of the book lies in a long list of papers on investment and technical progress and in a rather shorter group on international trade. "The Underprivileged Nations," a translation of "Les Nations Proletaires" published in France in 1959, is principally a plea for greater assistance to the underdeveloped countries.

Professor Cairncross clearly has an uncommonly good nose for the pertinent question. He is sceptical, and rightly so, about many current ideas on economic development. His questions are stimulating. His answers are variable. At times they are penetrating; at others one wishes that he had probed more deeply and pursued the facts more intensively.

A development of the past twenty years in our understanding of the process of growth has been a realisation that capital accumulation by itself is not sufficient. Indices of the volume of investment in a country are not sufficient indicators of its prospects for economic expansion. A good deal of the credit for the wider understanding of this point must be given to Professor Cairncross. A number of the essays in "Factors in Economic Development" are restatements of his views on the relation between capital growth and output growth. In them he rehearses a variety of reasons why it may be misleading to put too much emphasis on capital accumulation. Indeed he is prepared to go farther and argue that there may be reason to turn the causal relationship the other way round. Instead of capital growth leading to output growth, as is generally assumed, it may be that a rapidly growing income creates investment opportunities and thus gives rise to capital accumulation. If capital formation does not respond, this may check the growth of output. But, given some rearrangement of the investment pattern, income could still grow a long way before the capital shortage became acute. And so it may; but here we have one of the issues where we are tantalised by an analysis that does not go deep enough. Professor Cairncross believes that the initial growth of income may come from technical progress. But what is technical progress and what are its springs? In a good deal of the literature on economic development, it is a loose phrase covering a variety of diverse elements: inventions, the growth of skills, redistribution of the working population, economies of scale. The essays contain hints of these, but this is where we need more than hints.

Professor Cairncross is also gently sceptical of some of the gloomy prognostications about the impact of international trade on the prospects of the underdeveloped countries. He has some penetrating questions to ask of those who believe that the demand conditions facing the primary producers are seriously unfavourable. He says enough to show that there may be other interpretations of the movements of primary product prices and the patterns of trade of the underdeveloped countries than the one commonly put upon them. But he does not go on to carry out the kind of statistical analysis that alone can hope to resolve these disputed issues.

For all that, these are essays worth reading. M. Moussa would certainly benefit from some of their caution and questioning. He puts a case for greater aid to underdeveloped countries. He concludes with the proposal that aid should be organised on a grand multilateral basis by international agencies pooling the resources made available by all the countries of the world, including those in the Sino-Soviet group. This sounds like a non-starter. But, despite that, M. Moussa has some sensible things to say on the need to make better use of aid and to distribute it more wisely to countries genuinely capable of using it effectively. These things have been said increasingly in recent years; but it does no harm to have them said again. Unfortunately his book is marred by a failure to take proper account of a number of important issues, such as the balance of payments problems of both providers and recipients of aid. Moreover it is surely time that writers on economic assistance to underdeveloped countries stopped making rough calculations of their capital requirements and then assuming that all the additional funds needed to reach this total must come from outside. The ability of the underdeveloped countries to finance their own development may be rather greater than we sometimes think.

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Numen-Lumen

Man and the Sun
By Jacquetta Hawkes.
Cresset Press. 280 pages. 30s.

THIS book is as alive and radiant as its title. It has humanity, it has warmth, it has brilliance. Above all, it has that infrared quality that penetrates and invigorates.

The sun is a paradoxical body. Upon its rays we depend for our existence, as do all created things. It has on that account been worshipped more widely and for longer than any other visible god. And yet, it was just when man started to know what, physically, the sun was that his religious regard for it diminished. By the time that Cortés entered Mexico city in 1519, and so terminated one of the sun's most splendid cults, Copernicus had already formulated his theory of the earth's relation to the sun and had thus set in motion a train of investigation that was to lead from Galileo to Eddington and beyond.

During the last fifty years knowledge of both departments, as it were, of the solar government has enormously and bewilderingly increased. On the one hand, we know far more about solar religion both in the old world and in the new, where as Mrs Hawkes shows, it is not extinct even today; on the other, we have discovered a great deal concerning the composition of the sun, its distance from the earth and its method of transmitting its benign influence thereto. Thus, to write about the sun, in these days, is to take as one's subject all time and a large part of space. Probably only Mrs Hawkes could tackle it: it is certain that she has done the work outstandingly well.

Her book starts with a chapter on the birth of the sun, followed by one on the birth of man. These are precise and factual, but because they are written by their author they are instinct with poetry and vision. These introductory essays, which "fix" the sun for us as a physical phenomenon, are followed by seven that range over the whole topic of sun-worship, from Akhnaten to Aurelian and Julian: the Pueblo Indians, the Mayas, Mithras—all are analysed and weighed. Mrs Hawkes also places in its proper perspective the still largely unrecognised contribution which Roman imperial sun-worship made to the *preparatio evangelica*, and publishes as one of her admirable illustrations the recently uncovered mosaic, below St. Peter's in Rome, which shows Christ as Helios.

The modern uses to which man has put the sun are ignoble and tragic. On page 210, lamenting the secularisation of modern life, Mrs Hawkes writes: "for the present no Phoenix has presented itself," and then describes our ludicrous travesty of sun-worship:

> Millions go to places held suitable for their secular rites. They buy vast quantities of oils, greases and lotions to anoint, not as of old the *benben* or other sacred images, but their own bodies. . . . Strong men make themselves ill, women ruin their complexions, children get sunstroke.

Pathetic as this is, it is as nothing to the vile and tragic uses that man has since put his knowledge of radioactivity. In 1952 "Man's first artificial sun rose above the Pacific, but it was not a star of peace." Nevertheless all is not lost. Mrs Hawkes concludes her survey with these words:

> The sun shines upon us all in turn, the black and the white, the peoples of the East and the peoples of the West. There is just a chance that it may waken us to a Good Morning.

It is a beautiful book.

Company Servant

Charles Grant and British Rule in India
By Ainslie Embree.
Allen and Unwin. 320 pages. 42s.

MR EMBREE'S work adds a link to the growing chain of modern studies of the men who made British India, studies which are inspired by the knowledge of what has become of the India they made. Charles Grant—a striking figure, harsh, loyal, intensely high-principled and industrious, and even more intensely devout in a narrow but exacting faith—served the cause for eighteen years in Bengal and then in England for the rest of his life. That he also made a competent fortune and won for himself a position of eminence and power was no more than the natural by-product of the qualities he possessed.

In Bengal he was never more than a subordinate, though an outstandingly valuable one—as Cornwallis discovered; in England he became the man who, for a number of crucial years, did more than any single individual to put his stamp on the development of British India. Mr Embree may exaggerate when he claims that it was "in many ways a result of his career" that British India "was not merely a designation for a territory held by foreign arms, but was a historical entity with a life of its own," but there is truth behind the exaggeration.

Grant was always a controversial figure, as a man of such uncompromising views at the head of affairs was bound to be, and the judgments passed on him have varied widely at different times. On one point, however, all critics are agreed; they unite in acclaiming the part he played in creating the superb civil service of nineteenth century India, on the basis of the disorganised and discredited East India Company servants of the years before Pitt's East India Act. He may have been going rather far when he claimed in the 1790s that ". . . nowhere . . . throughout His Majesty's dominions has public business been transacted, so far as the civil servants of the Company are concerned, with more public principles than in Bengal," but the boast was rapidly coming true, and his own character and actions both in Bengal and in England did much to bring this remarkable change about.

Mr Embree has not aimed at writing a

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biography such as Henry Thomas attempted in 1904, but at a study of Grant's Indian career in its setting, and he carries out his task well, making effective use of the voluminous manuscript material, including that in the National Archives of India at New Delhi, as well as the Parliamentary Papers and the controversial literature of the time. He is perhaps particularly interesting in his analysis of three major issues: Grant's ferocious battle with that over-mighty company servant Lord Wellesley, whose triumphant expansionist policy he (true to the tradition he had been formed in) described as "the splendid road to ruin"; Grant's work, in alliance with the Evangelical interests in England, for the opening up of India as a mission field (Mr Embree shows the part played in these plans by Grant's political aims for India and their relation to his abhorrence of Hinduism and those aspects of Indian character that he believed to derive from this religion—a facet of his policy which the modern historian views with disfavour); and his gallant delaying action against the forces demanding the abolition of the company's commercial monopoly, and the opening of India to English traders. It is a battle which Mr Embree sees as inspired less by mere defence of vested interest (as so many contemporaries saw it) than by a real concern for the interests of the Indian people. There is nothing that annoyed Grant more than Adam Smith's sweeping statement that "a company of merchants are, it seems, incapable of considering themselves as sovereigns, even after they have become such." Whatever one may think of some aspects of his policy, this loyal company's servant, bred in its commercial tradition, was a living refutation of the truth of such a dictum.

The Khrushchev Interlude

The Kremlin Since Stalin

By Wolfgang Leonhard. Translated by E. Wiskemann and M. Jackson.

Oxford University Press. 409 pages. 42s.

More than nine years have now elapsed since Stalin's death. One is almost tempted to add "only nine years", so much has happened in Russia since that morning of March 4th, 1953, when Moscow radio startled the world with the news that the master of the Kremlin was dying. The purpose of Mr Leonhard is to retrace, analytically, those nine years packed with events of historical importance. His fellow students of contemporary Russia may disagree with some of his views, but nobody can suspect the author of twisting facts to fit his interpretation. Mr Leonhard quotes his sources and shows the premises of his arguments. The result is a very well documented chronicle of the post-Stalin era.

Nobody could step into Stalin's shoes. Malenkov at first appeared as the *primus inter pares* in the collective leadership, but Nikita Khrushchev rapidly gained control of the crucial party secretariat. The elimination of Beria, the policeman, the removal of Malenkov from the premiership are episodes in his rise. This rise seemed threatened by the upheaval in eastern Europe that followed his notorious "secret" indictment of Stalin, in 1956. It was only in the following year, after the elimination of the "anti-party group" and the removal of Marshal Zhukov, that Mr Khrushchev really reached the top.

The struggle for power cannot be explained in purely personal terms. The author links it adroitly with the fundamental controversies dividing the Soviet leadership. There are the economic controversies over such topics as decentralisation, priority for heavy industry or the reclamation of virgin lands. There is the connected dispute over the meaning of peaceful co-existence. Lastly, there is the basic conflict over the pace of change in all fields.

The general impression left by the book is that Russia, artificially frozen by Stalin, was doomed to change. Mr Khrushchev appears not as the heir of omnipotent Stalin but as a pragmatical and adroit instrument of that transformation.

Historical writing on contemporary Russia has its drawbacks. One is the difficulty of keeping up with events. The author has brought this English edition up to date. Yet the twenty-second congress of the Soviet communist party could not be taken into account. True, it did not alter the trends described in this book; but it gave a new impetus to the process of change. The other drawback is the distance taken by the outsider. An analytical chronicle requires a judicious sifting of evidence rather than colour. Readers of Mr Leonhard's previous recollections of life in Russia will miss his perceptive personal impressions. Yet this is a different kind of book by choice. Within his chosen limits, the author has produced an extremely useful chronicle. Specialists will find it very valuable for reference, while the general reader will find in the book sufficient material to make up his own mind on changes taking place in Russia.

Portrait of an Artist

The Darkening Glass: *A Portrait of Ruskin's Genius*

By John D. Rosenberg.

Columbia University Press. 287 pages. 40s.

The variety of John Ruskin's writings is almost as remarkable as the richness of his influence. *Unto This Last*, wrote Gandhi, "marked the turning point in my life." A quite different but more familiar chain of ideas links Ruskin with the modern British welfare state. Yet Ruskin as a critic of society can be understood only if he is first considered, as William Morris must be, as a critic of art and architecture. "Modern Painters," written when he was in his early twenties, provides clues that need to be followed up in all his later writings and lectures. "Stones of Venice" is about nineteenth-century capitalism as well as Venetian culture: it is concerned, on

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the grand scale, with the relation of art to "moral temper" and of both to the forms of society. The multitudinous writings on political economy, some turgid, others incisive and illuminating, all stem from this concern. Ideas and feelings dart backwards and forwards from a central core of perception, often darkened by mental sickness but on occasion dazzling, even at the distance of a century. "Praeterita," Ruskin's last book, written between bouts of insanity, leads back to the beginnings again, to the discovery of things past, to the young child starting his study of art with the patterned carpet on his nursery floor.

Mr Rosenberg's portrait of Ruskin catches all these and many other facets of Ruskin's genius, often quite brilliantly. He shows how Ruskin's insights were linked with each other, how little he was influenced by academic or other kinds of specialisation, how it was possible for him to make not only friends and enemies but disciples also, and how he changed, with little inconsistency, from being a defender of an *avant garde* into an enemy of new generations of creative artists.

At a deeper level Mr Rosenberg treats each of Ruskin's major books as a private and a public document, as a revelation and as a communication. He probes deeply into Ruskin's psychology with no desire to expose him to the glare of the curious but rather to interpret him to a new age. He writes admiringly not only of the sickness of Ruskin's mind but also of what he calls its "essential sanity." The only weakness of this study is that the nineteenth century, particularly its political economy and its society, are seen only through Ruskin's eyes. There is much less sensitivity in the historical passages than in the other parts of the book. To understand Ruskin is not necessarily to understand Victorian England.

Inner Economics

A Philosophical Interpretation of Economics

By J. K. Mehta.

Allen & Unwin. 288 pages. 35s.

"THE purpose of this book", says its author, "is to lay bare the philosophical foundation of economics," and to search for "the one in the many," a phrase which recurs throughout. He then proceeds to impart to the reader his vision of the inner oneness of economics which lies behind its multiple facets, leading him gently through long chains of fairly intricate argument.

Whether the reader will feel that Professor Mehta leads him by the hand or by the nose probably depends more on temperament than on intellectual conviction. Professor Shackle, for instance, is recorded by the publishers as calling the book "beautiful", while those who get their kick out of economics more from using it to deal with actual problems will react with puzzlement rather than with aesthetic appreciation. For in his desire to get at the inwardness of things Professor Mehta is apt to give them his own definitions and then ignore differences between his concepts and current usage.

An example will show this. On page 80, wages are defined as "those commodities the consumption of which makes good the depreciation of the body caused by physical work". The pragmatist may tolerate the idea suggested here, but continue to regard wages in the same way as do, say, the compilers of PAYE tables. Thus he will feel that the author's apparent objections to orthodox wage theory sixteen and seventeen pages later lack all force and merely constitute the elaboration of a peculiar definition: too much inwardness and the determinants of pay packets are lost for ever.

Later on in the book, successive chapters deal more and more with specific parts of economic theory. Professor Mehta knows what he is about in these fields, so no one should dismiss these disquisitions out of hand. The trouble with them is simply that it is difficult to see what he is getting at, for one can agree with each paragraph yet be baffled by each chapter. The exposition is there, but the conclusions are not. Thus if the book is to satisfy the reader he must share the author's need to get beneath the surface multiplicity of economics, seeing its oneness, and he must be better able to see with the author's eyes than are the review columns of this newspaper.

The Four Pretenders

The Shakespeare Claimants: *A Critical Survey of the Four Principal Theories Concerning the Authorship of the Shakespearean Plays*

By H. N. Gibson.

Methuen. 320 pages. 30s.

THE title is somewhat inelegant and even obscure, but the book does a useful job and can be recommended to the honest inquirer who has been misled by fancies of the press. Here a fair-minded consideration is given to the notion that Bacon or Marlowe or Derby or Oxford wrote Shakespeare's plays: Dr Gibson says he began his work as an agnostic, but it has made him a "convinced Stratfordian". He has clearly demonstrated the flimsiness of all four theories, and by restricting himself to these four (the total number of "claimants" has now passed the half-century) he has had ample room to set out and rebut the anti-Stratfordian "evidence". There is no excuse now for further debate, though of course Dr Gibson is right to say we must be ready to consider any new evidence that may be offered—provided always that it is new and is evidence.

In welcoming the book one is obliged to draw attention to a few places where the author shows himself to be not entirely at home in contemporary Shakespeare studies. He assumes too positively the existence of a regular "School of Night" to which Ralegh and Marlowe belonged; he disregards the evidence of Richard Baines on Marlowe's sexual inclinations; he takes it too easily for granted that Marlowe's plays contain a large proportion of non-Marlowe writing; after the early Stratford years we can "pick up Shakespeare's trail" in 1592, not 1594; two of the sonnets, not six, were printed in *The Passionate Pilgrim*; it is no longer a commonly held view that the "Bad Quartos" stem from shorthand reports; in view of the omission of the deposition scene from *Richard II* in Elizabeth's lifetime, and the possibility that 2 *Henry IV* was censored, we cannot be sure that Shakespeare never gave offence to the government. More important, however, is Dr Gibson's repeated insistence that the 1623 Folio was a "shoddy" production: in view of its size (far larger than that of the Jonson 1616 Folio) and the textual problems that faced the editors, it should be seen as a major undertaking commendably carried out.

In addition, there is a little carelessness with proper names; Sir Gilly Merrick appears as Sir Gilby, Robert Herrick as Richard, and, apparently, *Sejanus* on two occasions for *Every Man in his Humour*.

Stranger than Fiction

Mongkut, the King of Siam

By Abbot Low Moffat.

Cornell University Press. London: *Oxford University Press.* 271 pages. 30s.

KING MONGKUT ruled Siam as late as the time of Victoria and Abraham Lincoln, yet today his story has (so far) resembled those of Ivan the Terrible or King Arthur. Mrs Anna Leonowens, English governess to his more than 60 children, began the popularisation by writing two best sellers. An enterprising publisher in our day reprinted them, and then producers of musicals and films gave us, in *The King and I*, vast and gorgeous versions of more than all that Anna told. Never, since Autolycus sold ballads, has the entertainment industry done a more characteristic job. From this sober book emerges an odder, more subtle, story. The king himself was clearly an exceedingly interesting figure, as sympathetic as India's Buddhist hero, King Asoka, and, with his hot temper, doubts about etiquette and intellectual interests, nearer to us.

Heir to the throne, he was a Buddhist abbot for fourteen years, a learned commentator on the holy texts, and an astronomer. At forty, as king, he was called to almost absolute power, and to extensive marriage. Characteristically he also chose to take trouble regarding his people's drains and cooking arrangements. His political good sense must have amounted to genius, for we see him steering his small kingdom successfully among the violent clashes of the great powers. As for his treatment of surplus "Ladies of the Inner Palace"—so drastic in the folklore versions—it seems that he never burnt or thrashed them. Unless they have children who need a mother's care, he lets them go free, though sometimes with a distinctly irascible "reference."

LETTERS

The Dollar

SIR—I suggest that there are two measures which would immediately restore the world's confidence in the dollar: the announcement that it will henceforth be freely convertible into gold at present parity, coupled with the issue of a redeemable United States government loan of, say, $1,500-$1,800 million at 5½ per cent with capital and interest payable at the holder's option in United States dollars or at its present gold parity. The loan would be placed in London and other European capital markets. It might be divided into tranches according to countries and issued in proportion to their dollar holdings.

By its present policy the United States has effectively demonetised $1,600 million worth of gold. Since people always hanker after the unobtainable these measures have increased the demand for gold. Furthermore, there are too many people about who have gone through at least one, if not several inflations. They are all only too familiar with government declarations designed to offset the effects of inflation by administrative measures. They are not prepared to accept these assurances, as recent developments in the European gold markets prove.

Judging from the statistics published in the latest Annual Report of EMA the quantity of hot money is probably of the order of $1,500-$2,000 million. The proposed loan would mop up the whole, if not the greater part of these funds. In days to come the loan might well play an important role in stabilising the reflux of funds into the United States.—Yours faithfully,

London, SW1 GEORG TUGENDHAT

Saskatchewan's Medical Battle

SIR—Your correspondent's account of the Saskatchewan medical situation (July 14th) is not, unfortunately, without its own bias in favour of the government of that province. It does not mention one important element in the whole mêlée, the fact that, for some time, medical service clinics, based on a form of insurance contribution by family, have been in operation in some towns under the direction of the doctors themselves, that before the last provincial election the government promised that its own plans would follow the same pattern, and that after the election it broke that promise and introduced instead a wholly centralised scheme which placed the plan (and the medical profession) under a Medical Care Commission staffed by provincial civil servants. Coupled with that is the threat, as yet largely implicit, that the government will, if it can, take away from the doctors' own body the power and duty of licensing to practice and turn that, too, over to another government agency.

Your correspondent is not even fair to Social Credit in Alberta. I sit in opposition to them in the legislature, but it is untrue to say that the Alberta government is indifferent to the problems of public health and medical care. They go about tackling them in a rather odd way, but at least they are aware they exist.

I think there are three other factors to be taken into account. One is that professional and managerial people in Saskatchewan have for the last 15 years watched, and experienced, the activities of a number of Saskatchewan public bodies, from power and insurance downwards, and have found them to be inefficient, bureaucratic and dictatorial. There are some who would say that they are not entirely free from corruption. A second is their belief that once freedom is lost it is almost impossible to win it back. Instead, one lives in a regime where permission to do this or that becomes a matter of negotiation, in which political influence is very desirable. Thirdly, there is still in Canada, particularly among those in the professions who came here from Britain since the war, a belief that professional independence is worth fighting for on principle, that there is a difference in kind between the man who is answerable only to his patient and his professional organisation and the man who is answerable to some state organisation as well. Obviously, this concept has no appeal to your correspondent; he does not even mention it.

The situation in Saskatchewan is truly tragic. If the government believed it had general support at this moment it would dissolve the legislature and hold an election. As it is, it is not strong enough to compromise and must wait in the hope that the doctors will lose. And if the doctors are starved into submission, the government may find that, while it has won a battle, the people of Saskatchewan have lost a war.—Yours faithfully, ERNEST WATKINS

Calgary, Alberta

Taking Care of the Railwaymen

SIR—Industrial redundancy is only beginning to be considered as the problem it is and your admirable argument for the railwaymen in your issue of July 21st is logical and fair.

Redundancy payments may be costly but the alternative hoarding of labour or lack of versatility are vastly more expensive. Only a few companies attempt a scheme of payment for severance of service. I and others have advocated, in the House of Commons and elsewhere, a national scheme which we believe overdue. I am grateful to you for your timely comment on this question which so urgently needs constructive thought.—Yours faithfully,

BETTY HARVIE ANDERSON

House of Commons

Development's Brave Banners

SIR—The United Nations General Assembly last December unanimously adopted two resolutions under the heading "UN Development Decade." Your excellent article of July 14th dealt only with the first. The second resolution "calls upon states members of the United Nations . . . to review their contributions to the support of the work of the Special Fund and the Expanded Programme of Technical Assistance to the end that the combined budgets for these two agencies in the year 1962 will reach the target of $150 million."

The Americans, while the combined target was $100 million, pledged 40 per cent of the total contributed by all nations, up to $40 million. They have increased their ceiling to $60 million to accord with the $150 million target. But Britain has continued to contribute exactly the same as in several previous years. For whatever reason, we have so far not responded to the call to increase our 1962 contribution in proportion to the higher target.

Britain's contributions for 1961, as in several previous years, were £1,071,000 to EPTA and £1,786,000 to the Special Fund. It would be an invaluable stimulus to the Development Decade if this year, 1962, before the General Assembly, Britain gave a lead by paying over the additional £1¼ million, or thereabouts, which would demonstrate unanswerably our determination to play our full part in the Decade programme.—Yours faithfully,

GORDON EVANS

Secretary for Economic & Social Affairs,
London, W1 United Nations Association

G. D. H. Cole

SIR—I am endeavouring to collect material for a possible biography of my husband, G. D. H. Cole, who died in 1959.

As your readers are probably aware, the scope of his activities was wide; but he kept very few personal papers. I should be grateful, therefore, if any of your readers who may have preserved letters or notes from him bearing on any part of his life—especially, of course, the less recent ones—would let me see them. Any documents received would be very carefully copied and returned with all speed to the owners.

Might I ask that any response to this appeal should be made soon, since neither documents nor their owners are immortal? If letters or other documents could be sent, with any instructions for return, to me,

c/o Mr. H. L. Davies,
"Taradale," Ramley Road,
Pennington, Lymington, Hants.

it would very much facilitate matters.—Yours faithfully, MARGARET COLE

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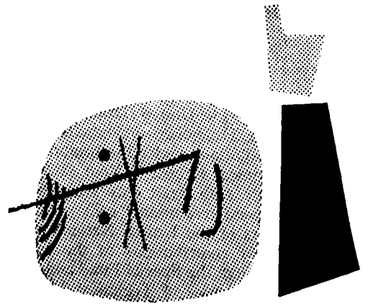

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THE BUSINESS WORLD

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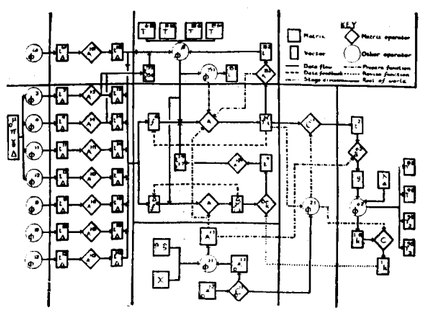
It would be unwise to exaggerate the extent to which Sir Robert Shone's planners in Whitehall are—or for a considerable time, could become—dependent upon Professor Richard Stone's economic model-computing in Cambridge. But it would be equally foolish to burk the implication that if professional economists are to offer any distinctive expert contribution to long-term economic planning for the sixties, they will have to draw heavily upon all the refined quantitative techniques of economic assessment that are now being developed. Ned's secretariat was not brought together to ghost new exhortatory homilies for politicians; the Treasury can do that lamely enough already without assistance.

There is no magic about making economic models—though some physical scientists might say sniffily, and Professor Stone would perhaps agree, that it is one stage in the emancipation of economics from alchemy towards science. Anyone who discusses the nation's economic tribulations is using some model, implicitly if not explicitly, all the time. All the tired slogans—that Britain must export or die, that growth depends upon our position in the investment league tables, that it is vital to increase productivity—arise from inherent assumptions that the key elements in demand and supply are interdependent, and that changes in one set of factors bring about resultant changes in others and in the total performance of the economy. These assumptions may be vague, their internal logic lacking in consistency, and their correspondence with real life dubious. So may the more refined models of econometricians. This does not reduce the value, in principle, of trying to bring quantitative order into all our assumptions about how the economy does work.

Professor Stone's team at the Department of Applied Economics at Cambridge have been occupied for some time in constructing a more elaborate model of the way the British economy works than has ever been put together before. This is a conceptual model, not a physical one of, say, the "plumbing" kind with which some students have become familiar in the basement of the London School of Economics. Specifically, it a very large social accounting "matrix" table developed from the national income accounts, showing transactions between different sectors of the economy; and a set of quantitative relationships between the quantities, prices and values involved in these transactions (and in the associated stocks of assets that may be built up or drawn down in the course of them). The matrix arrangement sets out an identical number of rows and columns, showing the transactions of each of the sectors into which the social accounts happen to be divided with all of the others. These transactions show, for example, how much of the produce of each industry is sold within a given year to other industries and how much to final buyers; how much of private income is spent on different commodities and services and how much is saved; how much of the revenue from production is spent on wages or profits or indirect taxes, how much represents depreciation, and how much is available for new investment; how much of each kind of output is sold abroad; and so on.



A TABLE set out in this way provides a quantitive "map" of inputs and outputs right across the economy—between as many sectors, or in as much detail, as the modeller chooses—within any given base year. The relationships comprised within the model—some of which are obvious, but the values of many of which are debatable—can be expressed as a system of equations linking together change in any of these transactions with change in others. Some of these relationships are technological—for example, the proportions of labour and capital combined to produce a given output and the extent to which technical change may alter these proportions over time. Others are based on human behaviour—how consumers choose to lay out their income as between different goods and services, how their choices alter as their total income rises, how changes in the prices of commodities affect the volumes purchased, and "how long consumers take to accept new commodities" (though how one builds an allowance for this last into any model we fail to understand).

Programmed on to an electronic computer, this "social accounting matrix" of transactions and this system of relationships that affect change in these transactions can be used to simulate development of the economy at any chosen rate over any given period, and to see what this simulated development throws up for all the sectors into which one has broken down the economy.

That is a grossly over-simplified description of an extremely complicated econometric exercise—which itself, one should add, can work only with a grossly over-simplified sum-

mary of actual transactions taking place right across the economy. Professor Stone's team has broken down the social accounting of the country into 257 different sectors and their transactions with each other, which is much larger than most other researchers anywhere else have ever attempted. Yet even this breakdown—which has to make provision for 65,792 separate possible transactions, and which on roughly the scale of a typical table in *The Economist* would take up a space 7½ feet long by 3½ feet deep—can only distinguish 31 separate industries, for example, as against the 152 in Britain's Standard Industrial Classification. Complex as it is even to visualise, this matrix involves a great deal of aggregation of sectors of demand and supply that ought ideally to be considered apart.

Constructing a matrix of this complication has been as much as the team could manage. Performing operations on it, at least at the outset, also seemed as much as the EDSAC computer at Cambridge that the department is using seemed likely to be able to manage, within the limits of the information it could readily store in its "high speed memory." In fact, now, this memory could quite easily be extended by the use of magnetic tape units, so the technical capacity for calculation would not be a constraint on extending the matrix to include, say, 100 industries. But it seemed so to begin with. The model has been programmed on to the computer in stages, so that the relationships used at one stage could be altered without requiring a new programme for all other stages ; the whole operation had been designed, its authors say*, to ensure that the model

(i) covers the whole economy in a fair degree of detail and does not leave loose ends unaccounted for ;
(ii) incorporates up-to-date and even forward-looking relationships for both producers and consumers ; and
(iii) is capable of examining many alternative possibilities despite the very large number of calculations involved in each case.

The fundamental assumptions of the calculation are the level of consumption per head for the economy in the base year, the growth from then to the year in question in population and in consumption per head, and the rate at which it is assumed that the economy will go on growing after the year in question (since this affects the amount of investment in fixed capital and stocks assumed for that year). Through a series of stages, the outcome of the calculations thus set in train is the information required to construct a social accounting matrix (to the same chosen degree of complexity) for the year in question. The year that the Cambridge team is working upon is 1970 ; though as a service to Ned it is going to do an exercise on 1966, in parallel with Ned's own calculations about requirements in that year on the assumption of a 4 per cent growth rate. The Cambridge computations for 1970 will examine the implications of a number of different rates of growth.

Model building of this kind, up to the last few years, tended usually to be non-quantitative, or to confine its figuring to comparatively simple operations. This was simply because the computation required—which often involves a series of iterative operations to bring interdependent variables into balance—simply involved more intelligent-man-hours with a slide rule or a hand calculator than could be justified by the results. The computer quite revolutionises this. Once the basic social accounting matrix, and the relationships governing change, are programmed on to the computer, and the chosen assumptions are fed in, the computation to produce a similar matrix for any given year takes twenty minutes of EDSAC time. This does not increase the final intrinsic value of any given set of results ; but it means that any chosen set can be had so readily that it becomes worthwhile to try out quite a wide variety of ranging shots. If various ambitions or courses of action can be demonstrated to be ridiculous, it may be unfair to Chancellors, but they will cost the rest of us only twenty minutes a time.

THERE is quite a distinction between this Cambridge exercise, which is aimed primarily at developing an econometric technique, with the utmost provision for altering the assumptions about relationships at any point, and Ned's necessarily more arbitrary and workaday job. Like the nuclear physicists' research reactor, the eventual importance of this exercise as a tool for planning would come in its ability to explore the potential results of alternative courses quickly without too much painful trial and error. How much reliance could be placed on the results remains to be seen—in the relationships to be applied to this social accounting, in particular, there are many issues upon which econometricians are not agreed even in principle. But that calculation based upon models of this degree of refinement should be set in train—which was impossible before the electronic computer became available and some economists at least learned how to use it—is entirely to the good.

It would be ridiculous to encourage the idea that the process of planning could come down to coding all one's questions on to a strip of tape and waiting for the answers to come out of the other end of the computer ; purposive planning, for one thing, will be concerned with achieving in practice some of the requirements that the computation of growth suggests, and removing some of the obstacles to growth. Moreover, however much technological change one may allow for in one's forecasting, nobody can determine just where in the economy technology will in fact alter. The same is true of consumer's demand. But the sheer speed of calculation that the computer now allows has made an economic model "capable of supplying detailed, quantitative information" no longer an idle dream of mathematical economists. Managers of the economy—as in so many other spheres of top management in individual enterprise—now have "a tool fit for the task," if they can use it.

* in A Computable Model of Economic Growth, by Richard Stone and Alan Brown. Chapman & Hall. 10s.

INVESTMENT SERVICES ON LATER PAGES

COMPANY AFFAIRS

Comments on pages 396, 397 and 400 on :

Great Universal Stores	Ind Coope Tetley Ansell
United Dominions Trust	Dowty Group
Courage Barclay and Simonds	General Electric
Richardsons Westgarth	International Tea
Davy-Ashmore	Murex
Imperial Tobacco	Unigate

Scottish and Newcastle Breweries

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 398 and 399

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 401

Bankers of Moscow

BY OUR SPECIAL CORRESPONDENT RECENTLY IN RUSSIA

ON the same day that ban the bomb slogans made their brief appearance on Red Square earlier this month an equally uncharacteristic scene was being enacted in a banqueting room of Moscow University, that mammoth monument to Stalinist sterility. Glasses were being raised, and raised again, to the world's bankers—to not only their peaceful co-existence but even to their closest co-operation. "And the animals looked from pig to man and from man to pig again . . ."—no, it clearly *was* still possible to tell which was which, but at this triumphant closing ceremony of the fifteenth and unquestionably the most extraordinary session of the International Banking Summer School there was more than one reason for feeling befuddled.

The two-week confrontation had been expectedly rich in irony—on both sides. When else did London's merchant bankers develop such a fine sense of discrimination in their breakfast reading between the *Daily Worker*, *Unita* and *Humanité* ? When else could one see representatives of western central banks baying for the principle of full publication, and squirming under a response of verbal soporifics not entirely unlike those which on occasion have been known to emanate from their own august institutions ? And what of Lenin-quoting Soviet bankers who in private were at pains to stress that they, too, are popularly regarded as bloodsuckers ; and in public were hectoring their audience on the danger of budget deficits and the necessity of sound finance with an insistence that could not be bettered in New York or Zurich. Among the noisiest clashes of the meeting was one provoked by a New England banker haranguing the Russians for their wickedness in stimulating agricultural output by raising prices to consumers ; the stinging response was to inquire whether it was perhaps better to tackle the problem in the American way through inflationary subsidies. So in the ideological battle between proponents of a free market economy and a planned one the principles occasionally became a little confused.

Transplanted from its usual western environment and heavily infiltrated by a new wave and a new species of bankers from Bulgaria to Mongolia, this could hardly be a summer school in the traditional manner. The Russians, while expressing in their Victorian way every deference to tradition, and organising the school with high efficiency and the warmest hospitality, had promised to tell the bankers and the world all about their financial system and to show that, in its own framework, it embraces a genuine banking function. By the end of the session perhaps most of the western participants still had doubts about both How It Works and What It Means. Little was said in the lectures that will be fundamentally new to that select band of Sovietologists whose interest extends to economics and finance ; and it was said in a way that to ordinary western mortals begins to take meaningful shape only at a third reading and after some quick homework on the conceptions of *Das Kapital*.

Yet for all the frustrations, the gathering undoubtedly achieved a part at least of its serious purpose. The lectures, which should shortly be published in English, do provide, beneath the inevitable layers of propaganda and Marxist verbiage, some important scattered facts on Russian finance for the English reader. The oral questions, which were accepted by the school authorities without demur, yielded no sensational revelations, but they did bring out some interesting sidelights—besides evoking an intrinsic pleasure, equally shared by the Russian bankers and students among the participants, in seeing the high and mighty among the Soviet ministers, academicians and bankers being exposed to the sharp battery of western style interrogation. Finally, and most valuably, the Russian participants went out of their way to mix freely, so that the intricacies of use-value could be discussed courteously but firmly over excellent Georgian champagne. But, in striking contrast with the mature readiness for frank discussion displayed by the Poles and Hungarians—including those who actually appeared to be communists—the Russians still maintained a depressing defensiveness. Even in private conversation the guard is lowered only rarely, usually at that brief moment of truth on the alcoholic curve.

By maintaining their own version of the stiff upper lip the Russians indeed did themselves less than justice. Any western observer can now learn, most notably from the excellent survey of *The Soviet Economy*, by Alec Nove, of the intricate and at points passionate debate that is going on among young Soviet economists on matters such as price policy and the role of interest rates. In Moscow, by contrast, the assembled bankers were treated to a picture of a monolithic and unchallenged system, which to any western observer looks at best crude and at worst ridiculous. To arrive at an outline picture of the role of finance in the Soviet economy, which is attempted in the notes that follow, still requires much sieving and not a little speculation.

Control by the Rouble

THE role of banks and finance is indeed fundamentally different in the Soviet and western systems—but the nature of this difference is conventionally misunderstood, on both sides. The prime difference is not that the total volume of credit is fixed by state planners in Russia and by commercial banks in the west ; for nowadays the regulatory activities of both central banks and governments mean that total credit and total purchasing power are in effect determined in the West, too, by central official decision. It can be held that the effective role of the banks in both systems, and not only in the communist one, is to act as a check on the distribution of productive resources rather than as a determinant of their total. The processes of allocation and production are, of course, entirely different in a (mainly) market economy on the one hand and a (mainly) planned economy on the other, and it is in this that a basic difference in banking functions lies. In the Soviet system, too, the constructive role of the banks in the allocation of resources is no doubt smaller than in the West, as the banks are essentially an adjunct of the state planning organisation. But they are in practice a part of that organisation, and their real role will depend on the pull of departmental power.

Soviet banks extend credit not only to collective farms and other

bodies outside the field of full state ownership, but also to state enterprises, which now normally operate on the basis of separate balance sheets and, within the framework of their allocated tasks, are given incentives to maximise their profits. In financing these enterprises many of the styles, if not really the forms, of western banking are used—letters of credit, acceptance facilities, loans against documents *en route*—and Russian bankers delight in rolling them off the tongue. These instruments serve a genuine function: to invoke "control by the rouble" as an additional check on performance of a centrally determined plan. It is no part of Soviet bankers' jobs to go beyond this, to use their knowledge and judgment to take actions not laid down in the overriding plan. But their knowledge and judgment will in practice affect the plan itself.

Nor are things entirely what they seem in the role of the interest rate, a function which seems to stimulate some of the most agonising Marxist contortions. Interest in the Soviet Union, which is fixed at a basic 2 per cent for state enterprises with some loans at 1 per cent and overdue loans at 3 per cent,

> by no means plays the role of regulator of one aspect or another of the country's economic life; it does not influence the direction and volume of credit . . . [it] is a source for covering a bank's expenses.

Thus said Professor Plotnikov, director of the Institute of Economics of the Academy of Sciences. But a few words later:

> At the same time, interest is to some extent an instrument of bank control over the economy and helps to strengthen credit discipline.

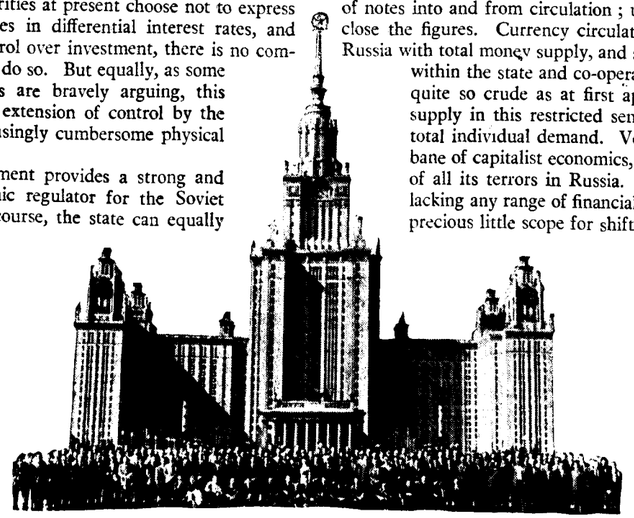
More revealing still, surely, is the following justification by Professor Bystrov of the Moscow State Institute of International relations of the 2 per cent normally charged on credits between "the countries of the socialist system." This interest reflects

> the fact that the country granting credits gives another country material resources, whose equivalent the creditor country only receives after a certain lapse of time. Consequently the creditor country temporarily withdraws from its national economy material values that could have been used by it in production to obtain an increase in national output.

So the return on capital does, after all, slip through the Marxist screening. But what can be the basis of two per cent? The return on capital in the Soviet Union is surely higher than that.

In practice, Soviet planners undoubtedly are influenced by different rates of return between enterprises, even though they may charge them the same interest rates or, more frequently, extend long-term capital as a grant. Again, the return on capital that is considered acceptable for marginal projects may, surely must, vary over time. The Soviet authorities at present choose not to express such decisions and guide-lines in differential interest rates, and because they have direct control over investment, there is no compulsive reason why they need do so. But equally, as some Soviet economists themselves are bravely arguing, this would be a fruitful field for extension of control by the rouble as an aid to the increasingly cumbersome physical control alone.

Direct control over investment provides a strong and almost instantaneous economic regulator for the Soviet planners. Theoretically, of course, the state can equally regulate personal demand, through variations in wages, prices or taxes. Officially, Soviet planners hotly deny that they use such adjustments for short-term restraint and, for the short-term, there is no evidence that they do. To meet an undue pressure of demand on available consumer supplies they say that they rely solely on higher production (productivity?). In the short-term, in practice, that surely necessitates a switch of resources from investment to consumer goods. Experience in Britain has been that "regulatory" disruptions in public investment projects tend to be very wasteful; and Soviet planners, in their growth mindedness, are in any case reluctant to make such switches. "There can be no question of inflation in the Soviet Union," the bankers of Moscow were definitively told. But neither have there been any razor blades in Moscow shops for the past month, and inflation, as Soviet economists recognise, can take suppressed forms.



The Banking Structure

THE state banking organisations enjoy a monopoly of credit in the Soviet Union; mutual commercial credit has been forbidden since the early 1930s. Credit is extended to state organisations and co-operatives but not to individuals—except in the form of limited hire purchase facilities and, increasingly rarely, for houses. At the centre of the banking structure stands the State Bank or *Gosbank*, which issues notes and coins, acts as cashier for the state budget, handles internal credit settlements, extends short-term credit within Russia and now makes certain long-term loans for agriculture, rural housing and technology. Its balance sheet is not published—this is "being discussed"—but its total credits extended on January 1, 1961, are revealed at 44.2 billion roubles. (The "heavy" rouble introduced on that date, by knocking off one nought from the old unit, was formally revalued and effectively devalued to a parity of $1.11.) The Gosbank claims to be the biggest bank in the world. It has 6,786 offices and 4 million accounts, belonging to one million clients. Its chairman, Mr Korovushkin, has the status of a minister; in practice, Kremlinologists report that his standing is lower than that of Mr Dymshits at Gosplan.

Total short-term credit in Russia at the beginning of 1961 is given at 47.4 billion roubles, and long-term credit at only 4.2 billion roubles. Most of the long-term financing that enterprises secure from outside (i.e. in addition to using their own depreciation funds and profits) comes from the special Investment Bank (*Stroibank*) in the form of grants. Foreign exchange transactions, credits and settlements are handled by the Bank for Foreign Trade. But the State Bank also maintains extensive foreign contacts, and has 1,000 foreign correspondents.

A key element in making the quarterly adjustments in the state plan, the Soviet authorities disclose, is the issue and withdrawal of notes into and from circulation; unfortunately they do not disclose the figures. Currency circulation appears to be equated in Russia with total money supply, and since credit is used exclusively within the state and co-operative sector this concept is not quite so crude as at first appears. Furthermore, money supply in this restricted sense is also often equated with total individual demand. Velocity of circulation, that old bane of capitalist economics, is said to have been disarmed of all its terrors in Russia. Certainly the Soviet system, lacking any range of financial securities and markets, offers precious little scope for shifts in liquidity preference to be exercised, even if they are felt.

A more significant, and growing, intrusion on official calculations of consumer spending is likely to arise from personal saving. There is apparently no limit to private accumulation in the Soviet Union, or to inheritance—provided the citizen can show that he has not infringed the law. Very few individuals have accounts at the Gosbank but, much more important, one in four of the population has an account with the state savings bank, receiving interest at 2 per cent on current accounts (from which transfers can be readily made) and at 3 per cent on savings accounts. These banks may be open until eight or ten in the evening, and they have succeeded in gathering in total deposits of over 12 billion roubles (which includes accounts of co-operatives, trade unions and collective farms). Average personal savings are no doubt still very low; but as real incomes rise and consumers get more choosy about their spending, the problem of monetary control is bound to become more complex.

Within the State sector, the Soviet authorities insist on maximum use of clearings—cash payments between enterprises are normally confined to ten roubles and are subject to a maximum of one hundred roubles. Credit is extended according to strict rules and procedures, including provisions for security of material values. Strict watch is kept on abuse of credit facilities for the hoarding of stocks and other activities contravening the plan. Credit sanctions include the refusal of any further credit facility, and insistence on payment by direct transfer or "limited cheque" (i.e. from a cheque book that is limited to the amount that the enterprise holds in a credit balance). The bank, in association with the local planning authorities, may insist on a reorganisation of laggard enterprises. It keeps constant watch on the balance sheet and on management: the *Stroibank* has engineers on its staff.

Much emphasis is placed on organising credit settlements in the most efficient possible way. There is an elaborate system of clearing, mainly by direct transfer rather than by cheques; these at present account for only a fraction of one per cent of the clearings, though the bankers say they are investigating the possibilities of their wider use. There are virtually no personal cheques. Payment for goods by enterprises is now largely on the basis of "subsequent acceptance," involving immediate payment with the possibility for subsequent refusal of goods by the buyer within a stated number of days. Introduction of this system speeded up settlement by 1½ days and the authorities declare themselves much impressed with the consequent "freeing of locked up capital," which leaves a mere Keynesian economist cold. But real savings are also being sought by reducing the number of payments—for instance by relieving state enterprises of obligations to pay post office and telephone bills and making due adjustments in the budget. They should call in O & M.

Personal Credit

HOUSING credits, which in earlier postwar years were granted on a fair scale for the building of individual housing in the country, now seem to be reserved more and more for co-operatives and groups of workers. The new form of individual credit, introduced in 1960, is hire purchase. It is available on a strictly limited scale. It is restricted to goods that are in ready supply (and occasionally, now, in over supply). The current list embraces cameras, radios, bicycles, motor bicycles, furniture, and clothes—and when a suit costs well over the average salary for a month instalment facilities are often needed. The conspicuous omission from the list is cars—they are still too scarce.

Interest on Soviet hire purchase is at 2 per cent flat, and repossessions are said to be almost unknown. It is easy to see why. The minimum deposit is 25 per cent and the maximum period of repayment twelve months. The total allowance is limited to four months' salary; credit is extended only to workers who can present a certificate showing that they are in regular employment and have no other outstanding hire purchase commitments. The buyer then pledges repayment by stoppages from his pay packet, which are transferred directly by the employer to the trading enterprises. Finance companies in Britain, charging perhaps three times as much interest, look disgustingly rapacious to the Soviet theorist; yet if the ordinary man in either country could choose between one system or the other, taken as a whole, which would he go for?

A Convertible Rouble?

TO nobody's surprise, the Soviet financial luminaries gave nothing away on that burning question, gold. Russia's gold production? "I'm afraid we didn't bring the figures with us." Russia's gold sales in the west? A fine display of Russian humour here, with pauses for translation finely calculated for effect: "Well, as you know, these matters are dealt with by eminent bullion houses in London. Samuel Montagu write regularly about it. Their information is most interesting. It would be more interesting still if it were accurate." Questions on the prospect of the rouble becoming convertible touched a rather more sensitive spot. Professor N. N. Lyubimov, who graduated in 1917 and has performed the remarkable feat of having remained in official positions ever since, quoted Dr Per Jacobsson as referring to Western Europe's own convertibilty as "fragile" and then added:

> Technically, the necessary conditions for convertibility of the rouble exist today. The choice of timing is another question, and one for the politicians.

External convertibility for the rouble would indeed present few difficulties, for Russia already meets its net deficit with the west in gold: western countries have no rouble balances whose convertibility would suddenly present a problem. Some observers argue that a convertible rouble might begin to be used internationally and attract a switching of working balances out of western centres to Moscow—particularly by communist countries such as Hungary which at present are not inactive in western foreign exchange markets. But the extent of such movement would partly depend on what interest rate the Russians were prepared to concede—or could a new phenomenon, the Euro-rouble, appear on the international scene?

But the real significance of allowing foreigners to convert their roubles into other currencies will always be slight as long as tight controls on Soviet foreign trade closely limit the amount of roubles that foreign traders can earn. A much more important question, therefore, is whether the communist countries may now move towards effectively greater freedom of trade and effective convertibility between themselves. Extraordinarily little has been accomplished so far. When they take your frozen zlotys from you at Warsaw airport, ask if you can exchange them into roubles; you get a good horse laugh. The rouble is indeed used as the accounting currency for trade within the communist camp, but it is an accounting currency only. Prices fixed in trade agreements, which are normally kept stable for at least a year, are based not on domestic prices but on recent average prices in world markets. Until domestic prices in the different communist countries are fixed on a more rational basis internally, trade between them is bound to remain cumbersome. At present, trade even within the block is channelled through the state trading monopolies—rather than being arranged directly between enterprises, which some Russian economists are now urging.

The development of the west European common market does appear to have given a temporary push to thoughts of greater integration within the Comecon block, and there are many Poles and Hungarians who fear that their previous, and remarkably successful, attempts to resist economic integration eastward may now become more difficult to maintain. Yet the pressure against such integration remains strong. All along, the principle of the "socialist division of labour" has conflicted with the socialist principle of "equal national development." Mr Khrushchev, in his recent visit to Rumania, is said to have promised that plans for a Rumanian car industry should still go ahead. So the economic benefits of the communist association of planned economies is manifestly smaller than the association of free ones. Perhaps because the political association is compulsory, its economic accompaniment is not so much co-operation as a good deal of effort to remain at arm's length.

BUSINESS NOTES

THE EXCHANGES

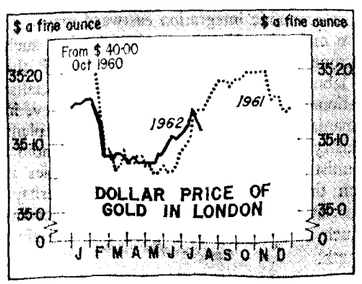
Telstar for the Dollar

WHATEVER one expected the peaceful uses of outer space to be, the defence of currency stability was surely not prominent among them. Yet such has been the momentary impact of Telstar's debut on Monday, which immediately brought about a strengthening of the dollar in every European centre and an abrupt falling away of the demand for gold. At a time when the worth of official denials of currency rumours is increasingly suspect, a denial via Telstar worked wonders.

Why? Novelty, no doubt, does help. Even in June 1961, in the midst of the sterling crisis, an official statement from Dr Per Jacobsson, head of the International Monetary Fund, did convince the market for a few days—because it was in an unusually impressive form and came from an unusually impressive source. Last Monday's affirmation was still more clearly unique: a devaluation denial from outer space. Yet conceivably the effect could have worked the other way—alarm rather than reassurance at the haste to use Telstar for this purpose. The positive response in the markets must therefore be attributed to three additional, more important factors. First was the substance of what the president said:

> The United States will not devalue its dollar. And the fact of the matter is the United States can balance its balance of payments any day it wants if it wishes to withdraw its support of our defence expenditures overseas and our foreign aid.

Second among the bull points was the president's manner—and here Telstar did add a new dimension. European bankers were plainly impressed by the president's easy mastery of this technical subject and by his sure grasp of the issues at stake. Thirdly, the president's words fell on not unreceptive ears. Many thoughtful people on the Continent, in central banks and also in commercial banks, had already focused on the improvement in the United States balance of payments this year, and had therefore questioned the rationale of the new speculation in favour of gold and against the dollar. More people are asking, too, whether the United States does not now offer better immediate growth prospects than over-employed Europe, and whether, as a result, one should not expect a change in the flow of capital across the Atlantic. Dr Roy Reierson, of the Bankers Trust Company, spoke convincingly in this vein at an international investment symposium in Cambridge on Thursday evening.



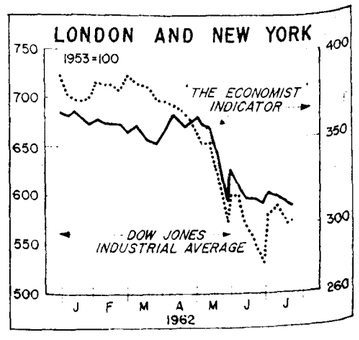
The strengthening of the dollar actually began on Monday morning, before the president spoke, though this may possibly have been attributable to the normal breather that occurs after a weekend has passed without upheaval. On Monday afternoon the London market detected some substantial selling of gold shares from American sources, and dealers later wondered whether these were inspired. But the real turn came on Tuesday. The dollar moved off its support point against even the hardest European currencies—the Swiss franc, French franc and Italian lira—and also rose against sterling, to $2.80½. Equally dramatic was the turn-round in the London gold market. Business on Monday had not been on the heavy scale of the previous week, but it was still moderate, and the price edged up to a new peak of $35.15. Thereafter demand fell right away, and the predominance of sellers brought the price down to $35.11½ on Wednesday. The volume of selling was still slight by comparison with the substantial buying of the previous few weeks; but the relatively sharp fall in price has presumably made other speculators uncomfortable—the logic of the Bank of England's tactic in letting the price rise gently when demand was strong is now more apparent.

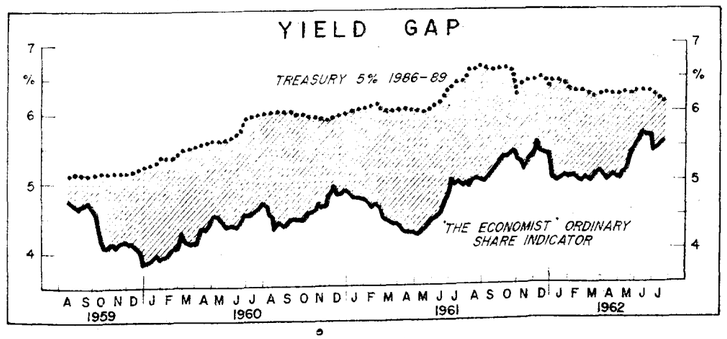
IN THE MARKETS

On Your Marks

AHEAD of the economic debate on Thursday, a few investors in both the gilt-edged and industrial markets behaved like anxious sprinters, ready at their blockholes for the starter's pistol. Many more, however, were content to jog around in their tracksuits for fear that Mr Macmillan's pistol might misfire. Certainly there were hopes in the stock market that the Government would pursue more reflationary policies but among the eager and patient alike there were fears of a false start. The mood in Wall Street was still cautious and there are not many who believe that equity prices in the London market can enjoy a sustained rise unless Wall Street does. Prices moved up quite sharply in the middle of this week; but the volume of trading remained thin and the rally had not been sufficiently strong by the close on Wednesday to wipe out the losses made before the weekend, with the result that *The Economist* indicator was still 2 points down at 310.9. On Thursday, however, the pace of the advance quickened in almost all sections of the industrial market. More reassuring news from a handful of companies, including GEC and GUS, had helped; but cyclical issues including steel and engineering shares were supported. Some investors at least argued that the Government would do something—indeed, had to do something.

While equities had only hopes to sustain them, the gilt-edged market remains confident that lower interest rates will be an integral part of any action the Government takes. Thursday again passed with no further reduction in Bank rate but the steady rise in gilt-edged stocks was maintained. A month or so ago, the advance was largely confined to medium dated stocks and to War Loan, whose interest is tax-free to the non-resident. Now it has spread to the long-dated stocks and again this week the tap price on the 1986-89 stock has been raised. When both gilt-edged and equities rise together, dealers often talk of a healthy market. At the moment such talk, at least as far as equities are concerned, could be premature, for after the battering they have lately had throughout the western world the restoration of confidence will take time. And when that happens, it will not be supported by quite the same faith in automatic economic growth as before. One new issue pinpoints the change in mood: N. M. Rothschild is sponsoring the issue of three million 10s. shares at 15s. each (with an





indicated yield of 6½ per cent on a projected 1963-64 dividend) in the Equity Income Trust, which will invest in equities with a view to obtaining as high an overall yield as is prudently possible. The trust is primarily intended for certain gross funds and private investors; but what a change in thinking is embodied in the idea that equities should be bought for income—a target, as the prospectus declares, that is "not consistent with rapid growth."

Caution in Wall Street

A correspondent cables:

WITH business news mixed and Washington refusing to be stampeded into taking action, Wall Street is in a cautious mood. The fall in the Dow Jones industrial average to 575 has been accompanied by a decline in the volume of trading. The market is likely to stay in the doldrums until there is a marked change either in the business outlook or in the administration's attitude. Corporate profits in the second quarter were in some cases impressive but this has helped individual issues rather than stock prices in general. Stocks of companies reporting disappointing profits have been hard hit. Growth issues, which have declined sharply but which continue to sell at lower earnings yields than the cyclical and staider blue chip stocks, have been subject to waves of selling. But disenchantment with these issues is not complete, for every fall in their prices has brought in fresh orders, either because the stocks looked cheap or because the buyers wanted to cut their original costs by "averaging." Cyclical issues, whose earnings are expected to decline in a recession, have been sold as well, which is one indication of Wall Street's fears about the future level of economic activity.

Mutual funds, which on balance were fairly heavy buyers of stock in the second quarter because the sales of their shares held up well, have been more cautious recently. Few of the other institutions have been making net additions to their funds and some have continued to sell equities. Private investors, puzzled as to what to do, are staying out of the market. As a result, a substantial portion of market activity is now being generated by traders who, in the hope of a quick profit, are moving in and out of stocks. Investors who take long-term views appear to feel that they can wait before buying, though there is some demand for high yielding issues as well as for defence, oil and aluminium stocks whose prices now appear to be on the floor. But for the most part, investors are not venturing out on any limb, for if business conditions grow worse there is the prospect that the "lows" touched in June will be in for a new test.

WESTERN GERMANY

Shadows over the Miracle

WEST GERMANY'S Chancellor, Herr Adenauer, has not the reputation of being an economic expert. When, from time to time, he feels urged to intervene personally in economic affairs this is almost sure to be an indication that he smells some political danger arising out of Western Germany's pullulating economic life. This was the case when last week he assembled Dr Erhard and Dr Starke, his ministers of Economics and Finance, together with Herr Blessing, President of the Notenbank, Herr Abs, the respected chairman of the Deutsche Bank, some representatives of industry and a few Secretaries of State and other experts for what was called a *Konjunkturgespräch*, a conference about prospects of and dangers to German prosperity.

Is there any real danger to German prosperity, or is the malaise—which has begun to creep into every economic discussion of the day and whose most visible sign is the continuing weakness on the stock exchange—just a question of failing courage and confidence and growing uneasiness without real cause? All the outward signs are indeed of continuing prosperity. The labour shortage becomes more and more acute; the latest figures show an all-time low of about 100,000 unemployed, compared with 700,000 vacancies and there are now nearly 650,000 foreign workers. The advertising columns of every newspaper, with their pages full of positions on offer, convey a picture of a strongly expanding economy; the seasonal flow of company reports for 1961 now appearing show mostly a consolidation of high profits gained in the years before, apart from the traditional problem children like mining and shipping. The case of the firm of Margaritoff & Schaffer, famous for their "Opal" stockings, which was declared insolvent some days ago, seemed to be as isolated as the failure of the Borgward-motorworks last year—until the news broke about Willi Schlieker.

However, there are two danger signals ahead which cannot be overlooked. One is the balance of foreign trade, which used to be one of the main pillars of German prosperity. The figures just published for the first half of 1962 show a reduction in Germany's trade surplus from DM 3.6 billion to 1.6 billion—though some analysts now expect a rise in exports and recovery in the trade surplus in the second half of the year. Germany's basic balance of payments is now running neatly in balance—and the ample reserves could easily accommodate a deficit. But in view of Germany's moral or contractual commitments for exports of capital—through repayments, development aid, long-term purchase of arms, and reparation for Nazi victims—a continuing surplus in visible trade is seen to be indispensable.

The real worry however is the growing discrepancy between rising productivity and rising wages—the latter being ruthlessly and successfully fought for by the unions. In the past year statistics have shown that the rise of the wage level has exceeded the rise in productivity by 3½ per cent, and long forgotten is the Blessing memorandum of two years ago, which advocated a close conjunction between productivity and wage-claims. Dr Erhard now goes to the microphone and makes a moving appeal for "restraint" all round; but it was the government itself that acted in flat contradiction to these appeals. It granted the wage demands of the Saar miners, in face of the continued deficit of the federally owned mines. It urged the Ruhr mineowners to give in to the claims of the Ruhr miners, promising to pay a great part of the bill out of the Federal budget; and it granted a pay increase to its own public employees. In each case the hard arguments of economic reason were overruled by the Chancellor's principle of "no political trouble," especially in a year of several elections for new *Land* parliaments.

Willi Schlieker Kaputt?

FOLLOWING the failure of the Borgward motor works last year, West Germany has now experienced its second case of insolvency overtaking a major industrial enterprise. Willi H. Schlieker, a self-made man whose "miracle" career in the past fifteen years has been sensational in every respect, has had to declare that he cannot meet his liabilities.

Schlieker, 48-year-old son of a Hamburg dock worker, who had already during the war carved himself out a career in the

German armament industry, came into post-war business in the scrapiron trade. He managed to buy the goodwill of the Düsseldorf iron merchant firm Otto R. Krause, which he moved to Hamburg; very soon he was West Germany's biggest iron dealer. He extended his activity also to the international iron and steel trade, did a big business in Japanese sheet and plate, and bought and sold in almost every country on both sides of the iron curtain.

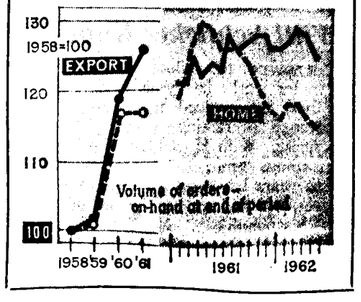
At the beginning of the fifties, Schlieker took the big step from trade into production. He acquired two steel mills in the Ruhr and converted them into prosperous, thoroughly rationalised modern enterprises. He has of late controlled more than a quarter of West Germany's production of steel plate for the electrical industry. From here it was only a minor second step from production of steel plate to using it in shipbuilding. The lure of the sea began to work on the boy from Hamburg. In 1958 he acquired a small shipyard in Hamburg. Soon afterwards he bought a part of the site of Hamburg's famous Blohm & Voss shipyard, and there he built a modern shipyard which soon reached third place in Hamburg shipbuilding output.

But these ships, it seems, have been his ruin. By the time he was in business the years when orders came in readily from home or abroad, were running out. After the revaluation of the D-mark last spring, the orders German yards could get—or had to go on fulfilling at fixed prices—yielded little or no profits, and there were fewer advance payments coming in. It became clear that the capital basis of Schlieker's combine was too small. The holding company through which he controlled all his enterprises had a capital of only DM 20 million (it is owned entirely by himself and his wife); experts guessed that between the owned and borrowed capital employed in his group there was the fantastic gearing of 1:25.

What will now become of his combine is at the moment too early to say. As in the Borgward case his major creditors seem to be his suppliers—big steelworks such as Phœnix Rheinrohr—and not his bankers. But the impact of Schlieker's failure is likely to be much less localised than that of Borgward. An insolvency of this magnitude—his commitments are given as about 80 million D-marks—cannot leave the big banks untouched, and the *Land* Government of Hamburg may also feel compelled to intervene in some way. There are already suggestions that two major creditors and a bank are stepping in with support to tide over his iron business. But so far no economically feasible way of continuing the work of the whole Schlieker complex of industries has been suggested.

ENGINEERING ORDER BOOKS

Work on hand in the engineering industries for export markets was about 1 per cent more at the end of May than a year earlier; but that for the home market was down 11 per cent. Deliveries for both markets have been running higher than last year, but net new home orders about 14 per cent lower.



COAL

Servicing Sunk Capital

Apart from the railways, the National Coal Board is being set the most lenient "target" for return on its investment of any nationalised industry under the Government's present financial régime for these industries. All it has to do is to break even (after providing £10 million a year over its book depreciation to allow for the inflation of fixed asset values). But it is not, for the present, to receive any special dispensation in the form of a capital reconstruction, as the railways have.

Lord Robens has referred to this vaguely, in recent weeks; he said at the beginning of the month that "obviously if there is to be any capital reconstruction it will be for Parliament to decide." Mr Woods, in the Commons this week, was equally unwilling to commit himself:

> There is no disagreement between [the] board and the Government, but we think this is not the appropriate time to make a capital reconstruction. It would be wrong to look at certain parts of the capital. The whole capital must be looked at.

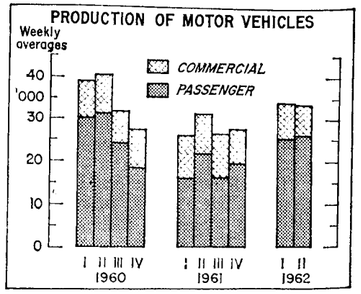
His present insistence, reasonably enough, is on "securing a better relationship between the board's whole capital and the earnings of that capital."

The mining industry is, as the railways were, hoist with the financial structure created by nationalisation, in which all its capital has to pay a fixed interest, with no equity element. On the other hand, the interest on a large proportion of its capital is low by the standards of recent years: nor was the valuation at takeover high in terms of what earnings in a free market for coal might have been in the immediate postwar years of shortage. But there is danger in this artificial financial structure with no give in it. It helps commit the industry (and the minister) to maintaining a level of coal output that could not be economically viable in a fuel market as free as, say, the present draft energy policy before the European communities which Britain is trying to join would make their market—and ours.

MOTORS

Midsummer View

Production of cars in the second quarter of this year was running at a weekly rate of 25,525 vehicles, about halfway between the level achieved in the comparable period last year and the peak rate at the same time in 1960. June, as was to be expected, was generally a less busy month than May, when seasonal habits and a reduction in purchase tax caused a record number of cars to be registered. But the disappointment of some manufacturers with the subsequent state of the home market, in which hire purchase sales of cars dropped 10 per cent in June, is reflected in a drop almost as steep in the average weekly output of cars. This figure looks worse against the sustained strength in exports which rose to 49,899 cars in June, compared with 45,935 in May and 31,937 in June last year. Car sales to France and Italy were three times as big in the first six months of the year as in the first half of 1961.



In spite of a general flaccidity in the home market, most manufacturers have some strong spots on which to concentrate. Both June and July proved good months for the popular BMC models; with leeway to make up after the electricians' strike and before this year's earlier holiday the company was able to step up its production rate in June (apart from Whitsun week) and again in July before the annual break. The new Vauxhall models are in good demand, though long waiting lists for the larger Ford cars are largely due to the company's present drive to improve production quality. Delays with fittings, such as heaters, have also slowed things up. And many potential buyers of medium-sized cars seem to be holding back to see what the autumn will produce in the way of new models.

A European Giant?

Rumours have been current for months that Fiat was manoeuvring to set up a European "General Motors" in order to gain advantage in the growing competition that is certain to develop within the Common Market's motor industry. There was talk of an agreement according to which Fiat might give up the shares it owns in the

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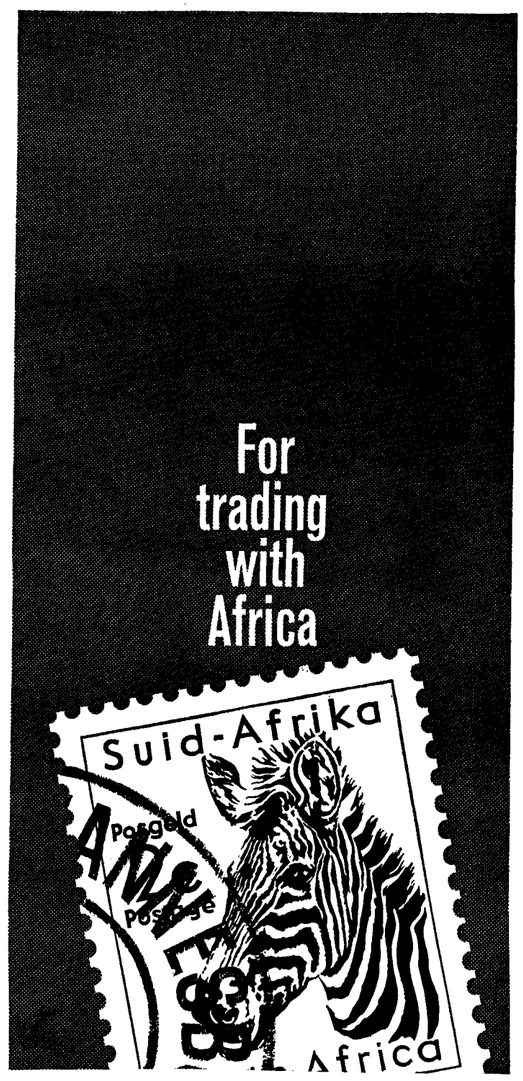

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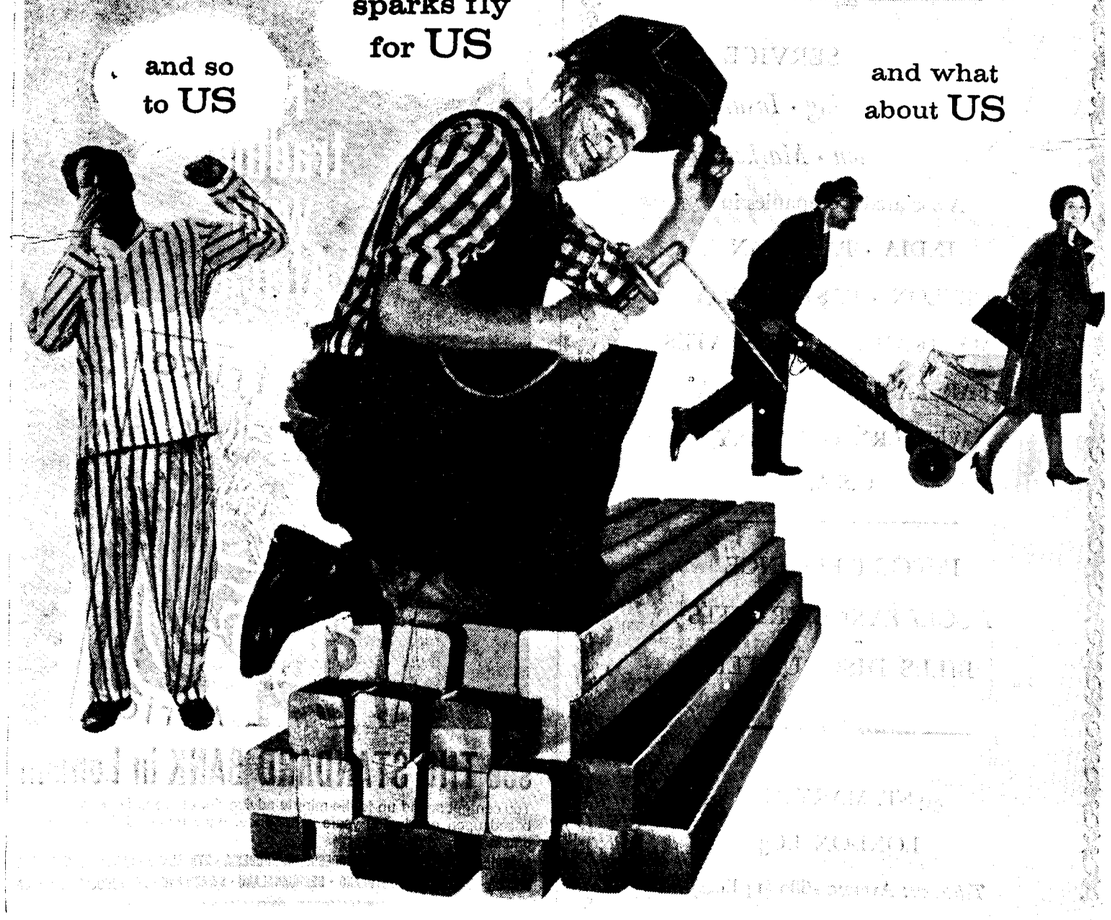

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Michelin rubber company of France in exchange for Michelin's controlling interest (56 per cent) in Citroën. The president of Fiat, Signor Valletta, vehemently denied the rumours at the time.

Business circles in Milan, however, are now arguing that Fiat has no need to go through financial acrobatics to achieve the same purpose. They argue that there already exists very close co-ordination of policy between Simca and Citroën. And Fiat owns 70 per cent of Simca.

This three-way alliance, if it existed in fact, would make Fiat-Simca and Citroën perhaps the third largest motor grouping in the world after General Motors and Ford. Already these companies produce well over one million motor vehicles annually; moreover their expansion plans, formulated more precisely than those of most European makers, would increase their share of total European output. Fiat already controls 80 per cent of the Italian motor vehicle market, has an efficient distribution network in France, and an assembly plant at Heilbrönn in Germany, where it sells close to 100,000 cars a year; and has talked of doubling its output.

In France, it is estimated the combined output capacity of Simca and Citroën will be of the order of a million motor vehicles a year by 1965, while Renault will be producing approximately 800,000 motor vehicles annually by that time. So a Fiat-Simca-Citroën group would loom as a formidable competitor not only for Renault, but also for the British, German and American makers, who are already taking notice of the possibility.

Volkswagen, which still holds first place in motor vehicle exports, is trying to cope with the situation by strengthening its sales network in France. It has also been suggested that the company is considering building an automobile plant in Italy in a joint venture with Edison, the giant Italian electricity supply company which is going to be deprived of its power interests by nationalisation. Partnership with a largely denationalised German motor firm might well suit Edison.

OVERSEAS TRADE

Glorious June

The onward march of exports since the turn of the year was capped in June by the biggest rise in the series, of £12 million to a seasonally adjusted figure of £328 million fob. This unflagging effort has produced in the first half of the year a gain of 2 per cent over the average level of exports in 1961. In the second quarter exports were 4½ per cent higher than in the preceding three months, but exports in that period were lower than in the corresponding quarter of 1961. Exports to the sterling area accounted for a large part of the unexpectedly sharp rise in June; a recovery in exports to Canada was responsible for much of the remainder.

These were among the soft spots in which the export effort had previously bogged down. In the first half of this year, exports to the sterling area were still 9 per cent below the level of a year earlier; at the same time, exports to Canada fell by 17 per cent. By contrast, exports to Western Europe rose by 14 per cent (with slightly more emphasis on exports to members of the common market), and the gain in exports to the United States amounted to 28 per cent. Though the motor industry was mainly responsible for the expansion which had occurred up to the end of the first quarter of this year, in the second quarter the expansion became more generalised. Exports of machinery and instruments, seasonally adjusted, rose by 3 per cent between the first and second quarters. Exports of textiles which had been static for more than a year increased unexpectedly by 6 per cent in this period, though world trade in textiles is generally depressed. The sharp growth in exports of man-made fibres caused the improvement and enabled the industry to set in June a new record for its rate of fibre production, beating its previous best achieved in May by a short head.

Imports in the first half of the year were only one half of one per cent greater than the average for 1961, though the need to import more cereals, fruit and vegetables because of unfavourable weather here caused the cost of these imports to climb by no less than 25 per cent above the level of a year earlier. But imports of oil did tail off in the second quarter after the previous sharp rise. Reduced imports of basic materials continue to hold down total imports, but imports of finished manufactures also fell slightly in the second quarter compared with the first. It is noteworthy that in a period when Britain's own exports of machinery and instruments began to expand significantly, its own imports in these wide categories decreased.

COTTON TEXTILES

Insuring Against Prosperity

By April 27th, almost precisely three years after re-equipment by cotton textile manufacturers first qualified for government assistance, the industry had submitted applications for grants in respect of expenditure of £43 million only. Actual claims, on which the Government was liable to 25 per cent of the cost, amounted to less than £13 million. The deadline for applications was July 8th; except by special exemption, re-equipment must be completed within two years of that date to qualify for the grant. Between the end of April and the qualifying date, a rush of applications pushed the value of applications up to about £115 million, of which about a third came in July itself. The Government's potential share in this expenditure—£28¾ million—is nearly as large as the projected total cost of the reorganisation and re-equipment schemes, although the scrapping schemes alone are expected to absorb more than £12 million of the estimated £30 million of Government expenditure.

A late spurt has won many a race, but Lancashire's form should deceive no one. Applications for grants involve little effort and no cost. In an attempt to cajole more support from the Government, the industry has recently made great play with the poor response to the re-equipment carrot. The industry has been even quicker to deny that applications potentially involving £100 million of new investment mean that it has regained its confidence. The summer has been poor and no improvement is yet apparent in the level of demand for cotton goods; production was still heavily down in May and workers continue to slip away. Although the impression is gaining ground that the end of the lengthy period of stock reduction is in sight and that demand might revive at a time when production is seasonally low, prices of many products are currently extremely poor, and few are sanguine about the degree of relief that Britain's entry into the common market might bring.

The open-ended nature of the Government grants staggered the Estimates Committee on Assistance to the Cotton Industry with the thought that the final bill could be £150 million. But the industry will almost certainly not spend even £115 million on re-equipment; it might not spend much more than the £50 million it apparently intended to risk before putting in a spate of applications as an insurance against things turning out better than expected for the industry. If manufacturers could have spent money on knitting machines and still qualified for grants, the size of applications for grants might indeed have been startling. To a surprising extent, knitted goods are replacing woven cotton garments; the trend is especially marked in shirtings. Acquiring new machinery is the worst bottleneck, but its installation gives British manufacturers the marked advantage over their Asian counterparts which they have long sought. But while Lancashire manufacturers have been grudgingly slapping in their last-minute applications for grants, the signs that the industry is prepared to help itself have multiplied. The fresh concentration within the Lancashire Cotton Corporation, announced this week, will facilitate more shift working, and schemes are afoot to improve marketing. Heartening results are claimed for some ventures into re-equipment, which contrast with the tales of newly equipped mills standing idle.

MACHINE TOOLS

An Aachen for England?

Though the new Institute for Advanced Studies in Engineering Sciences to be set up at Birmingham University will be

devoted to research and postgraduate teaching in engineering as a whole, the main emphasis of research projects that are being placed with it by the Department of Scientific and Industrial Research is on machine tools, their operation, and the materials that they are called upon to work. In a sense, this is the first British counterpart to the Technische Hochschulen in German cities, of which those at Aachen and Munich specialise in machine tool research and development.

Establishment of such an institute was one of the recommendations of the committee headed by Sir Steuart Mitchell that reported on the British machine tool industry two years ago. It also represents an example of the inter-disciplinary research in which, as Sir Harry Melville, Secretary of DSIR, said last week, rapid advances in the physical sciences seem at present to be clustering. The new institute will bring together a number of specialists from different fields; this seems to have creative advantages, and may also facilitate mixing with design engineers from the machine tool industry and its customers.

Much of the technical strength of the German machine tool industry stems from the very close liaison between the industry and these Technische Hochschulen—and from the infiltration of engineers trained there deep and wide within the industry's management. The new institute at Birmingham, along with some other efforts of the industry in recent years in the field of training graduate students, should help to do as much for the British industry.

A Survey for Salesmen

ANOTHER suggestion of the Mitchell committee—and before that, of Professor Seymour Melman—to the British machine tool industry was that it should commission some large-scale market research into home and export prospects for machine tool demand. This the industry entrusted to McGraw-Hill, the trade and technical publishers, along with the job of compiling a census of machine tools in use in Britain. This second job, the results of which were published this week, is inherently less possible to complete to anybody's satisfaction; but McGraw-Hill has made a workmanlike stab at it.

Its analysis of the British market was understandably in greater detail than its work on any other country. It made "separate projections of the probable changes in production to 1967 and 1970 of the five main engineering industry groups" (on which Sir Robert Shone might well like advice), combined these according to with a weighting corresponding to the proportion of all types of machine tool in each industry, and thus projected an index of activity in the machine-tool-using sector of the economy.

This index the surveyors found to correlate well with "consumption" of machine tools in Britain for recent years; so they have applied it to produce forecasts that demand for machine tools in 1967 will be about 15 per cent higher than in 1961, and that in 1970 home sales should be 60 per cent above the 1960 level. The survey even breaks this estimate of total demand down into demand for individual tools.

Its assessment of future international demand has perforce to be based upon much shakier basic data and projections.

The McGraw-Hill estimate is that in 1960 world purchases of machine tools totalled £783 million (this precision is a bit extreme); that in 1967 the total may be about £1,400 million; and that by 1970 total world purchases may exceed £1,600 million. Since the majority of machine tools bought are made in the same country, international trade is much smaller than this—shown as £238 million for 1960, and forecast as £370 million by 1967 and £400 million by 1970.

McGraw-Hill record that 30 per cent of machine tool sales in 1960 were in the United States and about the same percentage in Europe. But it does not regard this equality as normal—the United States, after all, has a far larger "park" of machine tools that will at least need replacement. Its forecasts are based, therefore, upon an assumption that demand for tools will grow faster in the United States than in the European Common Market or in Britain.

This may be logical, though on current form it could still be wrong. What is more important to the total estimate is that in 1960 these three markets took nearly 80 per cent of demand in the world outside the Soviet block. A percentage point or two of error in the annual expansion in machine tool sales assumed for the United States or Western Europe might send the estimates far awry.

INTERNATIONAL CREDIT

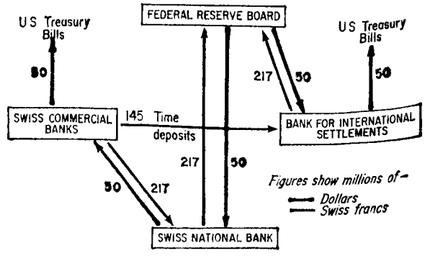
Four Cornered Swap

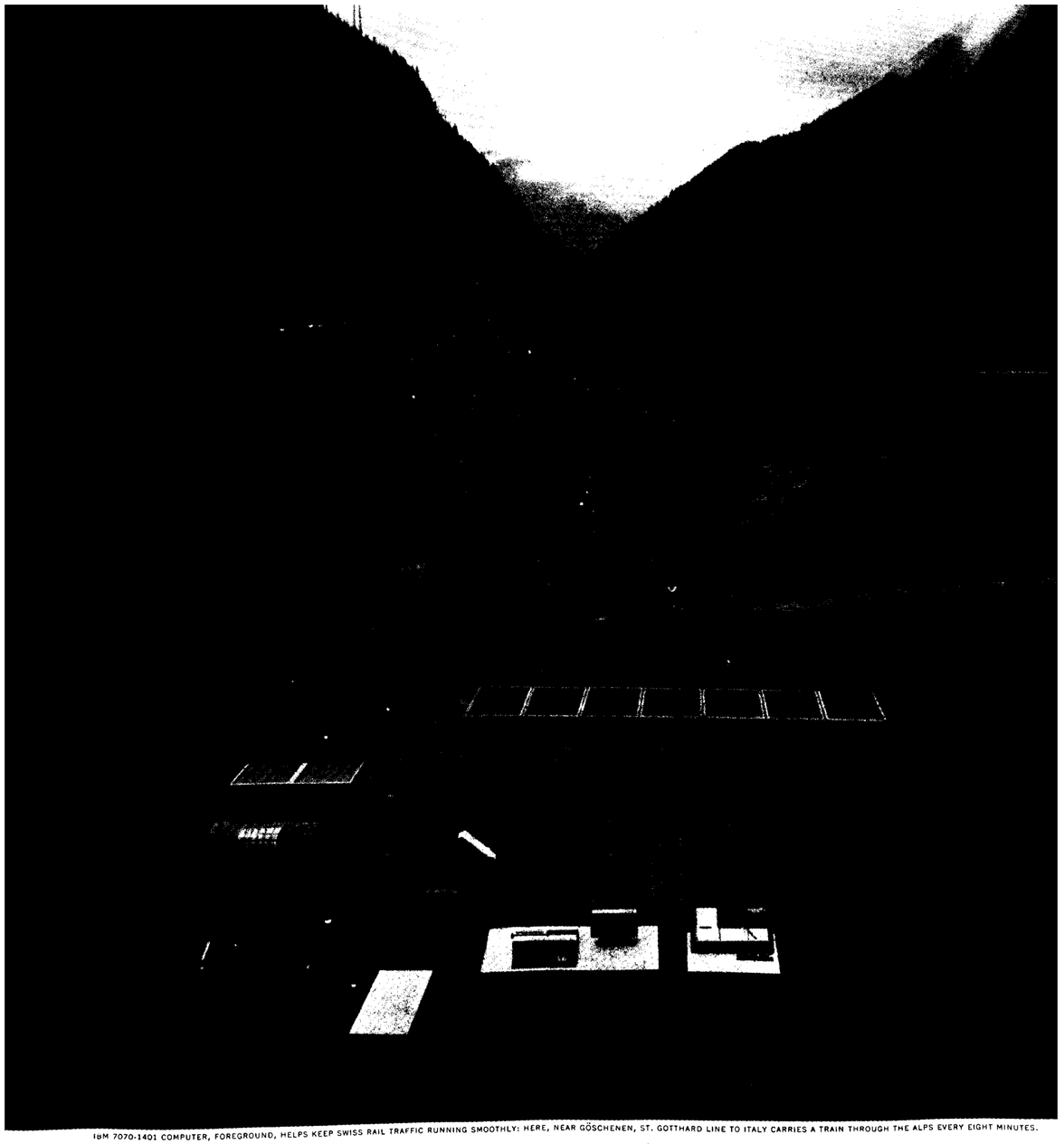
THE special credit arrangements announced at the end of last week between the Federal Reserve and the Swiss National Bank and the Bank for International Settlements follow the same basic pattern as earlier agreements with other authorities, of a three months swap of official credit facilities. But the new arrangement, for $200 million, is substantially larger than the $50 million arrangements with France, Britain, the Netherlands and Belgium (though still $50 million smaller than that with Canada); and the participation of the BIS, acting as a true bank for international settlements, gives it a special interest, as well as a special complexity.

Two identical swap agreements of $100 million in US dollars against Swiss francs have been made with the Swiss National Bank and the BIS; one half of these amounts have been drawn so far. Thus the Federal Reserve has provided $50 million to the Swiss National Bank, with a three months' swap into Swiss francs; the national bank has passed these dollars on, secured on a similar swap basis against Swiss francs, to the big Swiss commercial banks, which have used them to buy United States Treasury bills. These banks have also provided some 145 million Swiss francs in three months' time deposits with the BIS, thus bringing the resources of the BIS in Swiss francs to the point needed for its own $50 million swap agreement (initially, before these time deposits were fully arranged, the Swiss National Bank provided the BIS with Swiss francs against gold, but this arrangement has now been unwound).

The effect of these transactions is then as follows. The Federal Reserve has received the equivalent of $100 million in Swiss francs, in equal parts from the Swiss National Bank and the BIS, and has used this to pay off $100 million of dollar balances accumulated by the national bank. Offsetting this, a new $100 million is held in US Treasury bills by the Swiss commercial banks and the BIS, in both cases secured against a swap into Swiss francs.

These operations have had two effective results. First they have reduced liquidity on the Swiss money market, by channelling some 360 million Swiss francs into US Treasury bills and into BIS time deposits. Secondly, they enable the national bank to reduce the proportion of foreign exchange in its total reserves—which had risen close to the 15 per cent reached at the height of last year's Basle assistance to sterling—without causing an equivalent strain on the dollar. The Swiss National Bank has in fact taken the opportunity this week to make a second conversion of $25 million into gold; and it has passed a further $25 million on to the Swiss Confederation. At the same time, the week's market intake of dollars was around $20 million, so that the net reduction in the National Bank's currency reserves was some $130 million, reducing them to the equivalent of 950 million francs compared with 1,494 million francs last week. And a further $100 million could readily be switched by drawing on the rest of the mutual credit facility.





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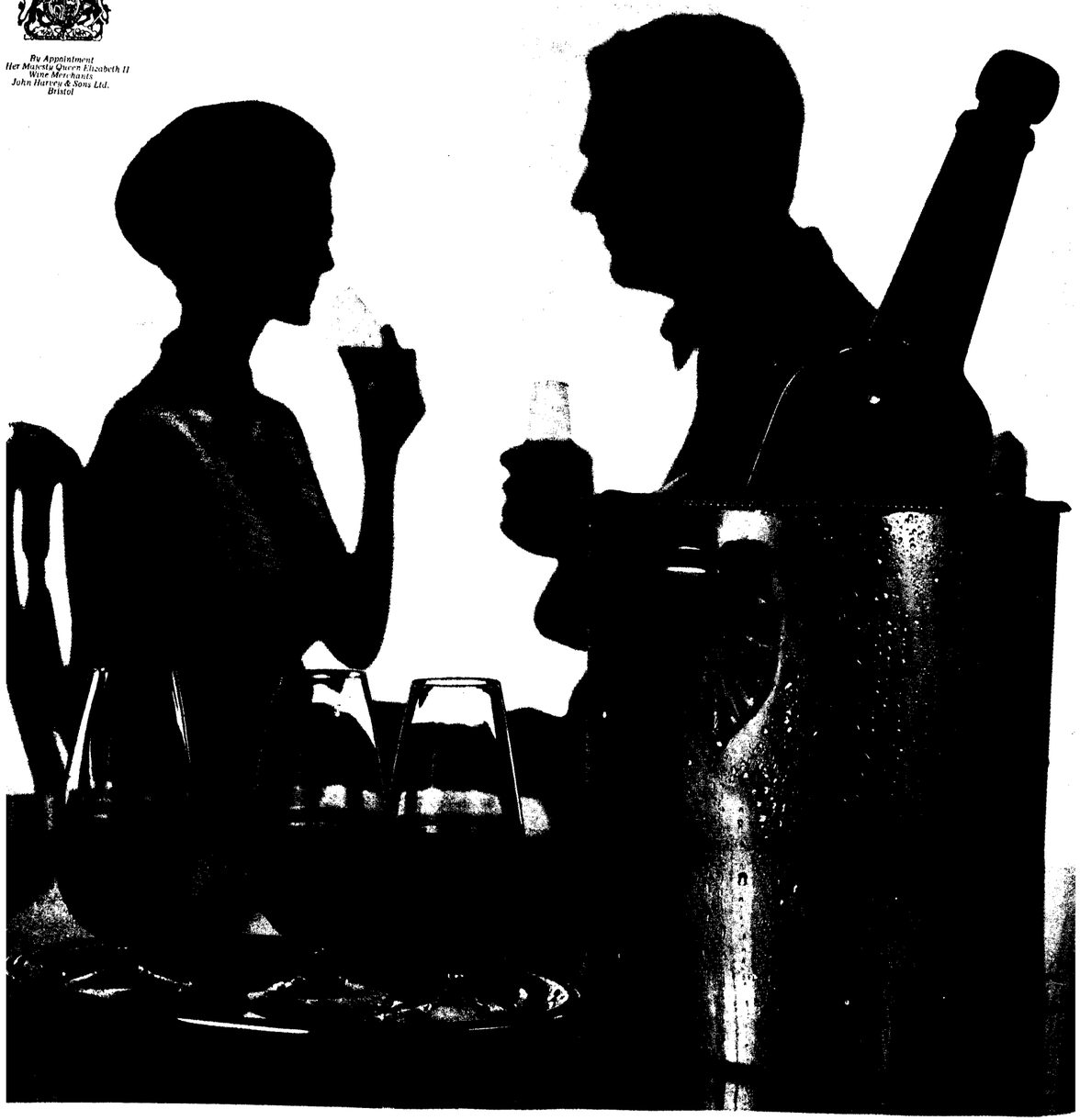

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Last year a fable; today a fact

This is the picture that last year launched a thousand conversations. *Chill a sherry? Anything as fine and subtle as Harveys Bristol Dry? It sounded incredible!*

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HARVEYS BRISTOL DRY

BANK CREDIT

Waiting for Borrowers

THE omission of a further release of special deposits from Thursday's measures in itself caused no great dismay among bankers. For the effective brake on their activities is now quite clearly a lack of public demand rather than pressure on their own resources ; so that an effective stimulus to their own activities can come only from measures that stimulate public spending and revive industrial confidence.

The bank statements for July confism that the release of special deposits in April had no visible effect in reviving advances. Net advances of the London clearing banks rose by £64 million net in the four weeks to July 18th, and those of the Scottish banks by £12 million. After allowing for a large temporary fluctuation in borrowings by nationalised industries, the rise in clearing bank advances to other borrowers in July, at £46 million, was actually £11 million less than in the (five weekly) June period. But in both months the figure was swollen by the half yearly debiting of interest, which must have accounted for the bulk of the increase of £100 million in the nine weeks as a whole. This is closely in line with the increases at this season in both 1961 and 1960.

LONDON CLEARING BANKS
July 18, 1962

	£ mn.	%	Changes on Month £ mn.	Changes on Year £ mn.
Gross deposits	7,652		+82	+129
Net deposits*	7,142		+86	+105
Liquid assets	2,535	33·1	+ 5	+ 63
Cash	625	8·1	− 1	+ 5
Call money	725	9·5	+15	+145
Treasury bills	900	11·8	−18	−117
Other bills and "liquid credits"	285	3·7	+ 9	+ 30
Special deposits	150	2·0	+ 1	+ 3
Risk assets :				
Gilt-edged	1,102	14·4	+27	+166
Other market investments	112	1·5	—	− 1
Advances*	3,465	47·1	+64	− 84
(To State Boards).	55		+18	− 16

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

The sluggishness of advances encouraged the banks to build up their gilt-edged portfolios a little further. They added £27 million in June, bringing the ratio of investments to 15.9 per cent of deposits, compared with the low point of 13.9 per cent a year ago. Even so the liquidity ratio dropped only from 33·4 per cent to a still comfortable 33.1 per cent.

HIRE PURCHASE

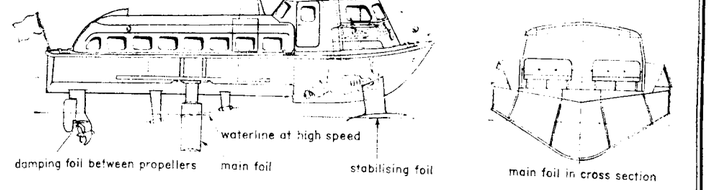
Patchwork Not Reform

Our conclusion is that the present framework of hire purchase law, as generally understood and applied, and as amended in accordance with the recommendations in this chapter, is capable of serving the consumer well.

THE recommendations of the Molony Committee on hire purchase are an attempt to patch up a system that really needs radical reform. They offer little more than those of the private member's bill that was talked-out of the House of

HYDROFOIL BOATS

Sailing on Wings



THE hydrofoil has now been in existence for 55 years, yet it is only recently that it has found commercial use: it is operating services across the Straits of Messina, on the Swiss lakes and on Russian rivers. British participation has so far been limited to ideas, with most of the manufacture being done in Germany ; the first major British interest comes now that one company in the business, International Aquavion SA of Luxemburg, has been taken over by British interests. Duncan Macneill and Company, of the Inchcape group, and Wallace Bros and Company (Holdings) have become the controlling shareholders. Aquavion has its design and manufacturing centre in Holland, where it has been developing hydrofoil craft for some ten years ; now it is marketing a 22-foot boat that carries 10 passengers and a 32-foot one that carries 40, and has designed boats up to 120 feet long, carrying 400 passengers.

The hydrofoil is essentially a water aeroplane, planing on submerged foils with its main structure well clear of the water. It thus sets up less resistance than a conventional speedboat, for there is a much smaller area in contact with the water. And, what is just as important, it can operate in rougher water, for the foils run beneath the surface and so beneath the waves. Most hydrofoils have four foils to carry the weight, mounted near the corners of a boat-shaped hull that will float when at a standstill or at low speeds. Aquavion designs differ in that they have a single V-shaped foil mounted amidships across the full width of the hull to carry the weight, while a pair of smaller foils on either side of the bow provide longitudinal stability and another small foil between the propellers helps to damp pitching movements. Apart from eliminating the projecting legs that make it difficult to put other hydrofoils alongside a quay, Aquavion claims that this arrangement makes its hydrofoil craft more seaworthy : it says its 22-foot boat can cruise at 30 knots in waves up to 3½ feet high, and the 32-footer in waves eight to ten feet high—the worst conditions likely to be experienced in coastal waters. The 120-foot design should be able to operate in waves of 15-20 feet. All these designs have been approved by Lloyd's.

The chief competitor for the hydrofoil will be the hovercraft. But it cannot yet match the seagoing abilities claimed for the Aquavion craft, and it costs a good deal more to build, especially in the smaller sizes, though its operating speed is higher. Aquavion offers its 40-seater for £50,000, though a 100-passenger machine would cost perhaps £180,000-£200,000 : there are not the same gains in efficiency as size increases as there are with hovercraft, and the need for light, powerful engines forces the use of expensive gas turbines, as on hovercraft. Aquavion believes that the best business will be done with machines of around 100 passengers, which could operate ferry services in almost any sea conditions. It estimates that the 40-passenger boat would show a return of 5-7½ per cent on capital if amortised over 12 years, assuming a 70 per cent load factor and a fare of 4½d a mile. If the more usual ferry charge of around 6d a mile was used, the boat should on these figures prove reasonably profitable. And at this size it would seem pretty well immune from hovercraft competition.

Commons last December on the ground that it anticipated the report of this committee. The committee's main recommendations are: (1) that all consumer transactions involving credit should have the protection of the 1938 Act irrespective of the sum involved; and (2) that all door-to-door credit sales (but not sales at retail establishments) should be subject to a 72 hour "cooling-off" period, during which the hirer may cancel the agreement, as protection against the unscrupulous salesman. Minor recommendations include the placing of the words "I realise that by my signature I am offering to commit myself to a hire purchase agreement on the terms contained in this document" immediately above the space for the hirer's signature; and an obligation on the dealer always to give the total hire purchase price. The committee inexplicably turns down the suggestion that the difference between this price and the cash price should be expressed as an annual rate of interest on the average sum outstanding. Simplification of agreements is dismissed as impossible on the ground of "the necessity for legal precision". Standardisation of contracts for classes of goods is something that "ought to be worked for." The committee makes no recommendation, apart from the general one that action is long overdue, on the protection of third parties who in good faith purchase goods still subject to a hire purchase agreement, on the ground that the Government has set up an inter-departmental inquiry into this.

The finance houses are bound to fight hard against the committee's main recommendation on the extension of the 1938 Act, which will mean that when they are forced to repossess they will be able to get only half the hire purchase price from the hirer. In a weak second-hand car market this could mean quite big losses. Much more sensible is the practice now used by most companies of charging the hirer the amount still owed *less* the amount received for the re-sale of the car.

The consumer's interest can be served in the long run only by a radical reform of existing hire purchase practice, from which the committee shies. Its recommendations simply patch up some of the more blatant legal anomalies; they could even put off the day when the finance houses move away from complete dependence on the dealer and towards a more direct lending relationship with the hirer. It was suggested to the committee that hire purchase "must now be regarded as a combination of legal fictions divorced from the reality of the relationship between owner, dealer, and hirer." Recent case law and the bad debts that have undermined the hire purchase industry point to the truth in this statement, but the committee chose to reject it. Only if "the existing legal structure was incapable of supporting consumer interests to the necessary degree" says the committee, would it have had to "probe more deeply into theoretical deficiencies."

GOLD SHARES

Kennedy's Kaffirs

FOLLOWING President Kennedy's strong stand on the dollar, gold shares tumbled. Kaffir jobbers who watch television had a troubled night and were at the "House" early on Tuesday to mark down prices sharply; this did not deter the more determined sellers and for a time dealings were hectic. But the market was short of stock and the selling soon dried up; as a result prices rallied for a while though they are still below their earlier near peak levels.

	Jan. 2	Jan. 29	June 12	July 20	July 24	July 26
Anglo-Amer.	138/9	141/3	172/6	177/6	170/-	172/6
Rand Sel. Tst.	42/-	40/-	55/-	53/6	52/6	52/6
Union Corp.	59/3	54/9	65/9	70/6	68/6	68/9
OFSITS.....	67/-	61/3	83/3	85/9	80/3	82/3
WRITS.....	49/4½	49/4½	62/6	63/-	61/3	62/-
De Beers...	144/4½	136/3	170/-	171/10½	168/9	171/10½
Blyvoor	25/-*	23/3	30/6	30/9	30/6	30/3
F. S. Geduld	94/4½	85/7½	121/3	126/9	116/10½	120/-
St. Helena..	67/6	64/4½	81/9	80/-	76/3	76/-
W. Driefont'n.	78/9*	75/-	96/3	91/3	86/3	87/6
West Hldgs..	123/9	118/11½	161/3	160/-	152/6	152/6
City Deep..	14/6*	13/6	17/9	17/9	16/9	17/-
Durban D'p.	29/3	24/-	30/-	31/6	31/-	31/-
S. A. Land..	15/6*	13/-	17/-	17/-	17/-	17/3
F T Index...	*58·6*	*54·3*	*69·4*	*68·6*	*67·0*	*67·6*

This quick recovery suggests that buying of gold shares in the past months has been based on something more than the remote chance of an increased price of gold, though this was not absent from investors' minds. Good results and dividends from many South African mines and the steady improvement in the immediate economic outlook in South Africa have made their high yields increasingly attractive. And for the moment at least the political risks seem less acute. A reminder of the not far distant days when few would look at South African gold shares is given by the figures published by the Bureau of Census and Statistics in Johannesburg. These show that in 1952-53 40 per cent of gold mining dividends were paid to investors outside South Africa; by 1960-61, following the massive repatriation of shares that followed the Sharpeville riots, the proportion had fallen to 26 per cent.

South Africa's controls on capital movement halted the massive selling of gold shares. Dr Dönges, the finance minister, and his Treasury advisers are no doubt pondering whether the lifting of these controls would bring renewed selling. The meagre response to the issue of blocked rands, which purports to enable overseas investors to get their funds out of South Africa over a period of five years, suggests that investors are not inclined to sell their shares at the moment. Meanwhile the discount between Johannesburg and London prices remains around 10 per cent while South Africa's foreign exchange reserves continue to rise: at the end of last week they amounted to R420 million compared with R140 million immediately before controls were imposed.

AVERAGE SALARIES

Civil Service Leads

BETWEEN October, 1959, and October, 1961, salary earnings for men and youths in manufacturing industries rose by about 11 per cent to an average of £20 7s. a week, according to the current issue of the Ministry of Labour *Gazette*. Wage earnings for men aged 21 years and over rose just fractionally more, by nearly 12 per cent, to an average of £15 18s.; those for boys and youths by 18 per cent to £6 19s.

• The statistics about the earnings of salaried employees bring more up to date and enlarge those first published in the Ministry's new bulletin in April. They relate to all administrative, technical and clerical grades: the movement in a composite index, therefore, reflects not only changes in the pay of individual grades but also any changes in the relative proportions of the different grades. Clerical pay is not distinguished from other salaries in manufacturing industries but elsewhere, in certain other industries and services, the rise in pay for male clerks was proportionately less over the two years than that for other

AVERAGE PAY FOR MEN*
(Index numbers, October, 1959 = 100)

	Manufacturing		All industries and services†	
	Salary	*Wage*	*Salary*	*Wage*
October, 1959....	100·0	100·0	100·0	100·0
" 1960....	105·7	106·7	106·0	107·2
" 1961....	111·2	111·8	111·2	113·2

* Including boys and youths among salary-earners. † Those covered by the Ministry of Labour's inquiries, which are not identical for salaries and wages. Agriculture, distribution and most miscellaneous services excluded from both wage and salary enquiries; railways, coalmining and docks also excluded from wage enquiries.

male salary-earners; however, the reverse was true for women employees. Typists are evidently still at a premium.

Outside manufacturing, in what are called the "other productive industries" (mining, construction, public utilities) the average salary for men rose over the two years rather more sharply than in manufacturing, by 13.5 per cent; in public administration and public services it rose less sharply, by 10.6 per cent. In both these broad sectors, however, men in salaried occupations in October, 1961, earned less on average than in manufacturing. But the average male civil servant, after a rise of 12.6 per cent in the two years, earned more: his pay was £20 12s. a week.

RAYON

Generous Giant

IT may be that one lesson at least was learned in the chemical industry from the ICI's struggle with Courtaulds this year: to make offers that have a reasonable chance of succeeding first time. The offer by the Chemstrand Company of New York of 21s. 6d. in cash for each 2s. 6d. ordinary

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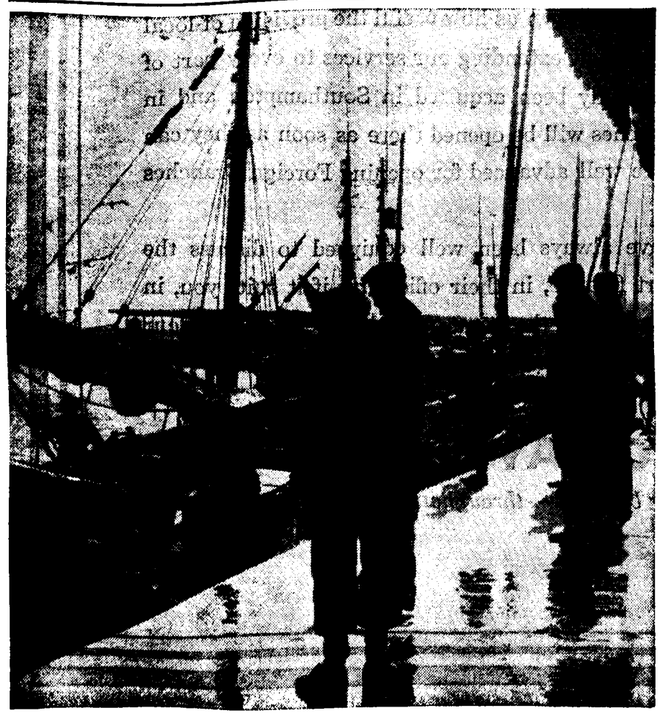

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share of Lansil has this merit, and the directors of Lansil have recommended that it be accepted. It would have been surprising if they had not—the offer is fair to the point of generosity. When it was made, the shares stood at 12s. 6d., exactly matching their assets value. Their record over the past few years has been erratic: in 1958 the 2s. 6d. units touched a nominal price of 4d. However, there has been a trong recovery since then and earnings have climbed from nil in 1958 until, at the time of the bid, the dividend yield on the 2s. 6d. units was 8 per cent, covered 2.4 times. But the bid values the company at an earnings yield of 10.5 per cent and on that basis it seems less generous—Courtaulds are having to buy Kirklees, another rayon firm, at an earnings yield of 6 per cent.

Rumours of takeovers have been with Lansil for five years, mostly coupled with the name of Courtaulds. One of the few independents left in rayon manufacturing, Lansil produces 10 million pounds of cellulose acetate a year, a sixth of UK production. This is mainly in the form of filament yarn, which has benefited from the recovery in acetate rayon since 1958. This recovery has been reflected in the steadily rising profits until, this year, the board was able to raise the dividend from 33⅓ to 40 per cent. As a hedge against loss of the rayon market Lansil has attempted to diversify into non-woven fabrics and anti-corrosion treatments, but these will probably not have contributed much to profits.

The question remains: why should Monsanto, alias Chemstrand, want to buy Lansil? In the United States, Chemstrand makes and spins an acrylic fibre, Acrilan, and nylon; the British subsidiary makes Acrilan in Northern Ireland and has an interest in a company which will make elastic yarn. The chairman of Monsanto Chemicals in the United States, Mr E. O'Neal, Jr., said that the offer was "prompted by the opportunity for greater participation by Chemstrand in textile manufacturing and marketing in the United Kingdom." The synthetic fibres market is the fastest-growing sector of the chemical industry and the same opportunity prompted ICI's bid for Courtaulds. But acetate rayon is not Courtelle: in spite of last year's surge it doe not offer a long-term growth market. Mr O'Neal went on to say that the purchase would make available to Chemstrand "additional distributive channels, plant and equipment" and it would "strengthen Chemstrand's competitive position for further entry into the textile markets of Western Europe." Chemstrand in the United States is the second largest manufacturer of nylon in the world. Does it intend to add to its range in the United Kingdom?

LEAD

Piling on Pressure

LEAD was the first metal to be favoured with free dealings on the London Metal Exchange after the war. All the major

Progress in Credit Reporting

IN November 1960 credit reporting became headline news. Seven leading hire purchase finance houses announced their intention of transforming Kemp's Mercantile Offices into a nationwide credit rating bureau, and immediately many newspapers began warning their readers against black lists and credit snoopers. Others applauded the idea as likely to snare the persistent defaulter who, if left unchecked, must inevitably keep up the cost of hire purchase to the honest majority. United Dominions Trust, the largest finance house, declined an invitation to join the scheme and its chairman, Mr J. Gibson Jarvie described it as "unfair" to the public. In a day or two the fuss had died as quickly as it had started and disappointingly little has been heard of this scheme since.

In Birmingham this May, however, these same finance houses, doing over half the vehicle business in the area, started a new comprehensive credit register based on the Kemp's records and managed by an Englishman with some years' experience of an advanced system of credit reporting in Canada. The driving force behind this pilot scheme is Mr John McQueston, the chairman of Lloyds and Scottish Finance and the current chairman of the Finance Houses Association. He argues that the industry needs to know far more than at present about its customers. It needs, above all, a clearing-house of information, a credit register into which the hundreds of finance companies and retailers would feed both positive and negative credit information. Eventually, it is hoped, such a register would cover the entire country, and every granter of credit would supply the data not only of the bad transactions but of all transactions and their subsequent history. A record card might look something like this:

A. N. OTHER, 1, High Street, New Town.
£50, television set (Telesales Ltd.), Nov. 1958, paid off Nov. 1961, satisfactory.
£150, furniture suite (Furnihomes Ltd.), May 1960.
£450, Ford Anglia (IOU Finance Ltd., through A1 Cars Ltd.), June 1961, slow payer.

United Dominions Trust still remains aloof from this scheme, though after its recent results it might perhaps be having second thoughts. Mr Gibson Jarvie's standpoint on credit reporting is simple. He believes that finance companies should protect their business adequately by keeping their own records as elaborate as possible, but private. He objects to national "black-lists" of defaulters or bad debtors, on the grounds that the records could be misused so that innocent borrowers suffered. And he sees no reason why he should turn over the names of his good borrowers for the benefit of his competitors.

To some extent, Mr Jarvie has supporters in other finance companies. The habit of competition dies hard, and many lenders may be quite genuinely bothered at the prospect of sharing such vital information about customers. They may find, in any case, that existing credit bureaux or agencies which "do a search" on prospective borrowers for a small fee, act as a useful long-stop to their own records. Any radical new departure would also be extremely costly.

Few outside observers of the hire purchase industry would give much sympathy to Mr Jarvie's views, which take scant account of the huge bad debts, variously estimated at up to £60 million, which have plagued hire purchase since 1959. Mr Jarvie and his supporters seem to assume that the losses can be placed almost wholly at the door of relatively few swindling dealers.

NOR have existing credit bureaux helped very much to cut hire purchase risks down to manageable proportions. Their flow of data comes much less from the source, the granters of new credit, than from the courts, if and when a hirer appears on an arrears charge. The bureaux files are thus choked with "black" information. What little they possess of a positive character results from specific inquiries from subscribers. These are the work of "agents" or "correspondents" who are generally clerks in professional offices, or post office people, or ex-policemen. The subsequent report on the intending borrower may, at worse, be an elaborate composition based on nothing more than inquiries from his milkman and landlady.

Will other large HP concerns join the Birmingham experiment, thus broadening the coverage and sharing the cost? (Even a regional scheme could cost £250,000 to set up.) More specifically, will Mr Jarvie throw in his UDT records? The new register can hardly achieve much in its first six months; and there is a danger that once the incidence of bad debts becomes less painful, the finance companies may become correspondingly less keen to take an active part in the scheme.

In the meantime there is much that can be improved by the companies themselves. In Britain at present they usually ask a new customer for four facts only—his identity (name, address) and his age and job. American lenders would ask for (and insist on being told) many other facts, primarily the customer's income and his existing total commitments against hire purchase. The initiative, in going after the data, clearly lies with the lenders, but in Britain, at least, most finance companies are still strangely shy. The argument most widely used is that most Englishmen dislike disclosing their incomes and would dislike it even more if they felt that any subscriber to a credit register had only to telephone to be told it all.

metals in which a free market exists got off on the wrong foot when dealings were resumed because they were deliberately launched into the post-Korean recession when the danger of severe shortages had passed. But through the ups and downs of the post-Korean decade, lead has come off relatively worst. To some extent, the better performance of some metals might be ascribed to their producers' attempts to control the market. But lead's malaise appears to be deeper-seated. If lead producers have failed to stem the tide, it has not been for the want of trying. Despite these efforts, ineffective though they may seem, lead has declined more heavily and more quickly than was foreseen.

For a metal which is reputedly resistant to recession, because its principal outlets include additives for petrol and the manufacture of batteries, lead is making heavy weather of the prevailing slackness in demand. Consumption of lead does in fact appear to be holding up relatively well compared with other metals. Even so, since the end of May when the international lead and zinc study group produced what was then accepted as a mildly bullish forecast of reduced stocks this year, spot lead has fallen from £59 to £52¼ a ton. On the continent discounts on the LME price are commonplace and the quoted New York price of 9½ cents a lb is being heavily discounted. The significance of this fall can be gauged by the level of prices prevailing at the end of the war. Up to 1945, lead had been priced at £25 a ton. The price was raised from £30 to £55 a ton in the following year. The rise in costs between then and now must make the mining of lead a vastly less profitable operation.

The reduction in stocks forecast this year stemmed partly from the fact that output was still being curtailed in the first quarter under last year's cutback agreements. The restrictions announced this year (which affect refined lead output and not mine production) appear far too mild, so that if an overall reduction in stocks is achieved, which despite the reduction in stocks held in London Metal Exchange warehouses, does not now appear to be so likely in Britain or Europe, it will not be sufficient to exert any appreciable influence over the market. Following the study group meeting, production of refined lead in European OECD countries was 3 per cent lower in June than a year earlier. However, stocks held by smelters and refiners increased further.

In contrast to last year, sales of lead by Russia, which has bound itself not to increase supplies, have not been responsible for the current slide. In recent months a sharp rise in imports from Australia and to a lesser extent from Canada appears to be weighing down the market. Given the apparent small but persistent surplus that afflicts lead despite the gradual expansion in its consumption, the view that it would be a good thing to leach a little of the surplus capacity out of the industry has much to commend it. Unfortunately this treatment is slow to take effect and in many cases is in danger of being forestalled, as in the United States, for instance, by subsidies for small or ailing producers.

THE MOTOR INDUSTRY

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MARKETING

Retailing to Business

More than one company in the field of light engineering, selling fairly standardised components or sub-assemblies that go into quite a variety of finished domestic or industrial equipment, has been talking in the last year or so about "retailing to business." Traditionally, all this equipment is marketed in the same way as custom-built components or sub-assemblies made to individual firms' specifications—i.e. by direct canvassing by the suppliers for enquiries from their customers—but the method may well become inadequate when the components are standardised, and the buyers none too expert about their needs or, more particularly, about what is on offer. One middleman, Manufacturers Sales and Display, is now opening a showroom in London for electronic controls where such desirous but uncertain buyers will be able to shop around.

Control mechanisms might well be a good example of the kind of goods that businessmen might find it convenient to buy in this way. More and more of this equipment is now being offered by manufacturers in unit or building-block form. On the other side, there is a growing field of customers, particularly among small and medium-sized business, who are interested by the ideal of "automation" but do not know whether or how it could be applied to their requirements, and do not feel inclined to seek consultant advice that will either cost money or be likely to commit them to one firm of suppliers. The London showroom is going to have specialist staff, with language as well as technical qualifications, available to help such business shoppers. The company, started by a Canadian engineer, has gained the approval of the trade associations of the electronic and instruments industries. Whether it succeeds will depend on the extent to which it gets the practical co-operation of manufacturers of control systems ready to exhibit their products for sale in this way.

SHORTER NOTES

Still at a low rate by any long-term experience in this country or by an international standard, unemployment nevertheless continues to rise in Britain. On July 16th, there were 400,182 people registered as out of work, equivalent to 1.8 per cent of the labour force; a year ago the rate had been 1.2 per cent. This is the same July rate as in 1959. Excluding school-leavers, and those stopped only temporarily, the numbers wholly unemployed rose by 2,169 between June and July, whereas normally a decrease of about 15,000 can be expected. At the same time, instead of the usual seasonal increase of about 18,000, vacancies fell by 1,000. Excluding seasonal variations, for every job on offer in July there were more than two people seeking work.

*

There have been a number of notable boardroom appointments in the past week. *Lord Cobbold*, formerly Governor of the Bank of England has been elected a director of the Hudson's Bay Company from which Mr H. Benson, then deputy governor, and Lord Heyworth recently resigned as directors: no reason was given for their resignations. *Sir Alan Wilson* who last month resigned from the board of Courtaulds, where he was chairman-designate, has been appointed a director of International Computers and Tabulators. Lord Longford, formerly Lord Pakenham, is to give up the chairmanship of the National Bank in February in order to return to active politics. His successor will be *Sir Ivone Kirkpatrick* who has been a director of the bank since October, 1960, and whose five-years term as chairman of the Independent Television Authority ends in November. The first directorship for a victim of Mr Macmillan's "axe" goes to *Mr Harold Watkinson*, the former defence minister, who joins the board of the Consolidated Trust, one of the trusts in the Drayton group.

*

Montague Burton is to issue £6 million of 6¼ per cent first mortgage debenture 1987-92 at 97½. The stock will be offered to holders of the company's shares and debentures. £50 will be payable on application by August 21st and the balance on January 10th.

BEECHAM GROUP

Increased sales, narrower margins

Reporting to shareholders on the 25th July, 1962, Mr. H. G. Lazell, Chairman of Beecham Group Ltd., made the following points:—

TRADING RESULTS

Total Group sales increased by 4%, but trading profit fell by 5% in comparison with the previous year. In the home market, soft drink sales improved but turnover in advertised medicines, particularly analgesics, was less than last year.

Increase of 5% in home sales as compared with 13% last year reflects the restraint placed on demand in the home market by current fiscal measures. Marketing operations were handicapped by the increased cost of television advertising, caused by higher rates and the tax on television.

Sharp increase in operating costs caused 8% decline in home profits. Sales volume did not increase sufficiently to cover cost increases and we did not feel able to raise prices to a level which would completely restore our profit margins. If the recent imposition of purchase tax on soft drinks and confectionery reduces turnover, this could seriously affect the profit, because the profitability of these mass-production businesses depends largely on the last 10 to 15% of sales.

OVERSEAS

Owing to trade recessions in some areas and import restrictions in others, the increase of 2% in overseas sales and profit is disappointing compared with the 25% increase last year. Currency devaluation in South America and Canada reduced the sterling value of sales by £400,000.

Brylcreem continues as the leading hairdressing for men in the United States. Silvikrin Shampoo sales are also steadily increasing in that market.

In Europe, we had a successful year in Denmark, Holland and Belgium. Sales in Italy reached a record level but our business there is still in the development stage and not yet showing a profit.

CAPITAL EXPENDITURE

The last three years have been marked by exceptionally high capital expenditure. Our Worthing penicillin plant cost £2.3m and we spent substantial sums on extending overseas factories. A new toiletry factory at Maidenhead has also been completed at a cost of £1.2m, most of which was incurred during this period. As our present plans will result in a substantial reduction in the level of capital expenditure during the ensuing three years, we can look to the replenishment of our cash resources over this period out of provisions for depreciation and normal retentions of profit.

'The choice is between having new drugs at high initial prices or not having them at all'

The pharmaceutical industry has been the subject of much criticism, both here and in the United States, a great deal of it ill-informed and some of it unfair. During the last 30 years, the achievements of the industry have been quite remarkable. The latest advance in the field of antibiotics was made by our own scientists at Brockham Park when they isolated the basic core of penicillin. The initial selling prices of many of the products resulting from these efforts will be high, but it must be remembered that receipts from sales have to cover the costs of both successful and unsuccessful research. It is unrealistic to expect to get new and better drugs at low prices. The choice is between having new drugs at high initial prices or not having them at all.

COST REMARKABLY STABLE

The majority of the drugs used in this country is paid for by the National Health Service. The total cost of the National Health Service in 1960-61 was £827m, the amount received by manufacturers in respect of all drugs supplied being some £63m. The introduction of many improved drugs has not increased the relative cost of the pharmaceutical service which has remained remarkably stable in recent years in relation both to the cost of the Health Service and to the National Income:—

Cost of pharmaceutical services	1951/52	1959/60
as proportion of total N.H.S cost	11.3%	11.4%
as proportion of National Income	0.43%	0.44%

* * * * *

The industry is also making an increasingly valuable contribution to Britain's export trade. The value of pharmaceutical exports from the U.K. rose from £39.6m in 1957 to £48.8m in 1961. It is therefore difficult to understand the Ministry of Health's recent decision to purchase certain patented drugs from abroad at cheaper prices.

I believe that these drugs come mainly from Italy and that some come from behind the Iron Curtain. In Italy there is no patent protection for drugs. Consequently, Italian drug companies can manufacture important new drugs without paying royalties to the originators and can sell them at low prices because they are contributing nothing to the cost of the research which made the discoveries possible. But the Italian manufacturers would not have had the drugs to offer had it not been for the research laboratories of the drug companies in those countries where patent protection enables them to finance basic research. **These are the countries to be considered when comparing drug prices. Such comparisons would not support the argument that prices are unduly high in the United Kingdom.**

THE DE LA RUE COMPANY LIMITED

De La Rue '62

'Big Increase in Exports'

MAIN POINTS FROM MR.B.C.WESTALL'S REVIEW

The past year has again demonstrated the strength of your Company in difficult conditions and the value of the policy of diversification which we have long pursued. Our efforts to continue our expansion lead us not only to make investments in entirely new fields but also to organise our business in such a way that each of our operating companies has the encouragement and authority to expand on its own. With this in view we have continued during the past year to decentralise and the formation of Thomas De La Rue International Limited, with several subsidiaries, is one of the fruits of this policy.

PROFIT AND LOSS ACCOUNT

The consolidated net profit attributable to De La Rue shareholders, after tax, has increased from £761,069 to £832,210. The profits before tax of the three main subsidiaries were as follows: Thomas De La Rue International Limited £1,232,741 as against £587,899; Formica International Limited £1,297,913 as against £1,506,548 and Thomas Potterton Limited £337,590 as against £351,570.

At the time of the half-yearly Announcement, the Group profit before tax showed an improvement of 6¼ per cent on the comparable period in the previous financial year. The figures for the full year show that this increase has been further improved and the figure is now 13.6 per cent.

Turnover has now reached the record figure of just under £22 million, an increase of £3¼ million over last year, or an overall 18 per cent improvement.

Of this total £6,958,000 derive from exports, which increased by 33 per cent and £8,977,000 from home sales which advanced by 11 per cent.

BALANCE SHEET

The surplus of net current assets has now dropped to just over £2,750,000. The liquid position of the Group as a whole has been influenced by the further investments made by the Board in capital expenditure which, although not so great as last year, still amounted to over £1,250,000. In addition to this amount further investments to an amount of over £500,000 have been made in the forming of new subsidiary companies, particularly in Spain and Belgium.

The Group has borrowed sums of money from the Banks slightly in excess of £2,000,000 and this has been required by an increase under the heading of Debtors and Prepayments—an increase of nearly £2,000,000.

I have already drawn your attention to the fact that export sales showed an increase of 33 per cent compared with last year and with the further call to Industrial Companies in this country to increase exports it may well be that in the future the amount outstanding for Debtors will remain at a higher proportionate figure than in the past.

FINANCE

Last year I indicated that the time must come when more money is required in our business. Further sums are required to finance new developments that are taking place in the subsidiary companies of the Group and to liquidate Bank overdrafts. The Board accordingly propose that existing shareholders shall be able to apply for one new 10s. share at par (10s. per share) for every share held on 11th July, 1962. This Rights Issue will raise just over £2,750.000 which sum will in the opinion of your Board be sufficient for the time being to enable the expansion of your Group to be continued.

In the announcement we made at the beginning of June we said that we hoped to pay total dividends of 1s. 4½d. per share. I shall be surprised and disappointed if our results next year do not justify this forecast.

SUBSIDIARY AND ASSOCIATED COMPANIES

Thomas De La Rue International Limited

The Thomas De La Rue Group has enjoyed a very good year. The main and traditional business of printing Banknotes, Stamps, Cheques and other documents of monetary value has maintained and improved upon its leading international position in this highly specialised field. The volume of orders on hand for the new financial year is considerably more than it was at the corresponding period of last year.

Formica International Limited

The results of the Formica Group as a whole have not been so good as we hoped but not so bad as might have been, bearing in mind the restrictions in the UK market imposed by the Government last autumn.

Thomas Potterton Limited

In common with all other companies supplying consumer durables to the home market the demand for water heaters began to decline as a result of Government credit restrictions towards the end of last autumn. Since the close of the year the Order Book shows an improvement on that of the corresponding period for last year and it is my own belief that profits for the current year will resume their upward trend.

De La Rue Bull Machines Limited

Encouraging progress has been made and today there are many De La Rue Bull installations operating. A promising number of surveys, ranging from large-scale computer applications down to quite modest punched card systems, are at present being actively undertaken.

OUTLOOK

The Order Book for the Thomas De La Rue Group is very substantially higher than it was a year ago. Unlike these latter companies where the execution of orders may run over many months, the demand for FORMICA and POTTERTON products can vary week by week. If, however, I take the first few weeks of the new financial year as some indication as to what is going to happen for the period 1962-63 it would seem to me that we shall be able to show a reasonable improvement on the year which we have just concluded.

SALIENT FEATURES	1962 £	1961 £
Group Turnover:		
Home Sales	8,977,000	8,082,000
Export Sales from the United Kingdom	6,958,000	5,243,000
Sales by Overseas Companies	5,974,000	5,217,000
	21,909,000	18,542,000
Group Profit before Tax	2,599,000	2,287,000
Profit before Tax as a percentage of Turnover	11·9%	12·3%
Group Capital Employed	12,089,000	11,311,000
Profit before Tax as a percentage of Capital Employed	21·5%	20·2%
Profit after Tax attributable to the Ordinary Shareholders	821,000	750,000
Ordinary Shareholders' Equity Interest	7,302,000	6,894,000
Profit attributable as a percentage of Equity Interest	11·2%	10·9%
Ordinary Dividend (less Income Tax):		
Interim paid—9d. per share. *1961 9d. per share*	128,000	128,000
Final proposed—1s. 6d. per share. *1961 1s. 6d. per share*	255,000	255,000
Total Dividend	383,000	383,000
Cover for Dividend on Ordinary Shares	2·1	2·0

De La Rue

FORMICA PLASTICS · POTTERTON BOILERS
DE LA RUE BANKNOTES · PRINTING & COUNTING MACHINES
STAMPS · SECURITY PRINTING
TRANSPORTATION OF VALUABLES
DE LA RUE BULL DATA PROCESSING EQUIPMENT
FRIGISTOR COOLING ELEMENTS

REDIFFUSION LIMITED

THE PILKINGTON REPORT—SCOPE FOR DEVELOPMENT OF GROUP'S ACTIVITIES

MR JOHN SPENCER WILLS ON IMPORTANCE OF TV ADVERTISING IN PROMOTING OVERSEAS TRADE

The thirty-fourth Annual General Meeting of Rediffusion Limited was held on July 25th in London.

Mr. John Spencer Wills, chairman and managing director, presided, and in the course of his speech, said:—

You will have received with the Report and Accounts, my Review of the year, which had to go to press before the Report of the Pilkington Committee was published.

I have not so far publicly expressed an opinion about the Committee's condemnation of independent television and I do not consider it would be in your interests for me to do so now. The subject has been discussed at length in the House of Lords and is shortly to be discussed in the House of Commons. In the light of the opinions then expressed, and of evidence and facts not so far published, the Government will make up its mind what to do. What the Government decides to do could materially affect the value of your investment in, and your income from, Associated-Rediffusion.

Such a large part of our Rediffusion revenue is derived from the distribution to subscribers, over the wire, of both BBC and ITA programmes that, quite apart from our investment in Associated-Rediffusion, we are naturally greatly interested in the contents of those programmes. It does not appear to be to the benefit of our subscribers that the two services should adopt identical standards of balance and quality, each striving to be as like the other as possible. And which service is to set the pace? If the Governors of the BBC were to be the sole judges of what is a correct balance of programmes (differing at different dates), what would be the sense of appointing the equally eminent members of an Independent Television Authority to discharge the same task? The odds are millions to one against the establishment by two Statutory Authorities of precisely the same balance at the same time. Do many people really desire that the balance should be precisely the same in the two rival services? If so, why not ask the Government to settle and define exactly what that balance should be? This would make it so much simpler for everyone concerned—except for the Government!

LIKELY EFFECT UPON BRITISH EXPORTS

One sad consequence of the Pilkington Committee's strictures upon independent television is their likely effect upon British exports. Other countries can, and do, advertise their products on television in the United Kingdom. It is clearly desirable that British products should be advertised in overseas countries and there is no better medium for advertising than commercial television. Many countries which dislike the American system of sponsored television, and have hitherto kept away from advertising, have been watching the British method with great interest. From the Pilkington Committee's Report those countries might assume that the British system has been a failure. Two days after the publication of that Report the "South China Morning Post" said:—

"Two reports have recently been issued in Britain which are of considerable interest to Hongkong. One is that of the Pilkington Committee on Television. This may well have an impact on Government's decision about the Working Party's report on a second TV service for the Colony which is now before them. It had been understood that the most likely outcome for Hongkong would have been a verdict that any such service should be left strictly to private enterprise, with the rights put to tender. The Pilkington Committee's ringing condemnation of the British commercial networks, however, may well cause some second thoughts. The networks are accused of failing to realise the purposes of broadcasting."

This reaction is not unique.

Rediffusion will be the sufferers in their overseas developments and so, probably, will be those many British firms who seek an outlet for advertising their products in the markets of the world.

NETWORKS PLANNED TO PROVIDE ADDITIONAL PROGRAMMES

I am pleased to say that, in the development of our Rediffusion wired television and sound networks, we have made provision for the changes which the Government has now announced its intention to introduce in the near future. Our networks have been planned to give subscribers more programmes than are now being broadcast and also to carry television both on the existing 405-line standard and on the new 625-line standard. We therefore look forward to giving our Rediffusion wired vision subscribers perfect reception of any additional television programmes which may be introduced, as well as the television and sound programmes which those subscribers already receive. With the permission of the Post Office, a field trial of 625-line television over wire, to selected subscribers on our North London network, is now in progress, and the results have been completely satisfactory. At the Radio Show at Earl's Court next month we shall be showing our new dual-standard wired television receivers, in operation on both line standards.

THE NEW 625-LINE STANDARD

You must realise that the Government has yet to decide upon the method by which the new 625-line standard for television is to be introduced. Whatever the final decision, it is to be hoped that ample warning will be given of the date on which any television programme, existing or future, will first be transmitted on the 625-line standard in any part of the country, so that the necessary steps can be taken in good time to enable all viewers to equip themselves with the appropriate receiving sets, without incurring unnecessary expense.

The use of the UHF bands will be necessary for future television broadcasting, and will present problems of reception to some owners of aerial television sets, because the service areas of the UHF stations will be more restricted than those of the present VHF stations. Many more transmitting stations will be required with UHF than with VHF and it may take a long time to give an acceptable standard of reception to everybody over the air. It is therefore likely that, where wired reception is available, more people will wish to take advantage of its high quality and reliability.

COLOUR TELEVISION

Our networks will be able to carry the colour television programmes which will be broadcast, also on the 625-line standard, in any new television service which is established. The necessity of keeping a colour receiver in perfect adjustment, added to the difficulties inherent in UHF reception will, we expect, encourage viewers who want colour television to make use of an inclusive service of rental and expert maintenance, such as Rediffusion companies can provide; and the higher quality and reliability of wired reception, where it is available, should be attractive to viewers who want to see programmes in colour. As I pointed out in my circulated Review, we may be able to bring down the cost of colour television reception, for Rediffusion wired vision subscribers. If the demand for colour television becomes great enough, it may justify the addition of special equipment on our networks, which would make possible further simplification and cheapening of the colour receiver.

The licences which our companies now hold from the Postmaster-General are for a term of 15 years expiring at the end of 1967. The Government has announced its intention to grant the new licences for a term of twelve years, which we think is much too short. We shall continue to press for a longer licence, and also for the removal of some of the restrictions which attach to the licence.

PAY-TELEVISION

You will have read that the Pilkington Committee has recommended against the introduction of Pay-television, even on an experimental scale, but the Government, while taking careful note of the Committee's arguments, "recognises that there are cogent considerations in a contrary sense" and, for the present, reserves its decision on Pay-television. We therefore hope that our associated company, Choiceview, may be permitted to undertake a field trial of its system of Pay-television. Those who would like to see how the Choiceview system works will be able to satisfy their curiosity at the Radio Show, where Choiceview will be exhibiting.

For two years we have been waiting for the Report of the Pilkington Committee to settle a great number of questions which affect the future development of the Rediffusion Group. We could hardly have expected that every one of those questions would have been settled in the way we should have liked best, but the decisions which the Government has already made upon some of the Committee's recommendations will, we believe, give some boost to our Rediffusion services in this country—although they will involve us in further expenditure. The report will, moreover, serve a useful purpose if it brings about, as surely it must, a clear-cut decision upon the lines on which broadcasting in this country is to develop. Whatever that decision may be, I have no doubt that the Rediffusion Group will have scope for considerable development of its many activities.

The report and accounts were adopted.

THE MIDLAND TAR DISTILLERS LIMITED

MAINTENANCE OF TRADING PROFIT—A MATTER FOR SATISFACTION

MR R. B. ROBINSON REVIEWS PROSPECTS

The fortieth annual meeting of The Midland Tar Distillers Limited was held on July 20th at the registered office, Springfield Chemical Works, Oldbury, **Mr R. B. Robinson, BA** (the chairman), presiding.

The following is the statement by the chairman which had been circulated with the report and accounts for the year ended March 31, 1962:

In my statement last year I referred to Mr W. F. Dines, who had recently succeeded Mr Aylwin, as Director in charge of Works Operations. Mr Dines died suddenly of heart failure in October last and the Company suffered a sad loss. He came to us in September, 1949, to undertake the construction or perhaps more aptly the creation of our Four Ashes Refinery on a virgin site. He was conspicuously successful in his task and very appropriately became the first Manager of the Works. From there he moved on to become General Works Manager and a Director of the Company. Such men are not easily come by.

The position of General Manager has been filled but the vacancy on the Board remains as yet.

In August last Mr Harold Leach, Chairman of the West Midlands Gas Board in succession to Mr G. le B. Diamond, was elected a Member of our Board and we welcome him as a colleague. He has had a long, varied and successful career in the Gas Industry and we hope to reap the benefit of his experience and of his stimulating outlook.

RESULTS—A MATTER FOR SATISFACTION

You will see from the Accounts that we have been able, roughly speaking, to maintain our level of Trading Profit: this must be regarded as a matter for satisfaction for in common with other Chemical Manufacturers, we have been and still are experiencing falling prices and receding profit margins. Net profit after taxation, helped by Investment Allowances, stands at £197,000, an improvement on the figure last year. The Accounts present a relatively straightforward picture and need no elaboration by me.

TRADING ACTIVITIES AND DEVELOPMENTS

I wrote last year of our policy of extending chemical manufacture: in particular I referred to our plans for developing production of Pyridine and Pyridine Bases. These plans are now coming to fruition and there is every reason to expect benefits in 1962-63, followed I hope by the full advantages in 1963-64. Substantial expenditure on research has preceded these developments, and this outlay must continue if we are to have further projects ready to follow on.

I referred last year to Schenectady-Midland Limited, the Company which we have recently formed in conjunction with Schenectady Chemicals Inc. of America to manufacture and sell special resins, adhesives, varnishes, etc. The site preparation mentioned is being followed by erection of production plant which it is hoped to complete by the end of the calendar year. We are at present merchanting the products of our American partner, and these have created a wide interest so that, when we are able to offer home produced products, a number of interested customers will be prepared to order in quantity.

During the year our supplies of Crude Tar have kept up. We have paid our Producers a price for it which, though not quite equal to last year's record figure, is certainly satisfactory in the circumstances.

The year's trading does not exhibit any really exceptional features. We continue to lean quite heavily on the Tar Acid Group for revenue; the total turnover here is much the same though Phenol prices have steadily weakened.

Pyridine itself has fallen in price: this is a world market and the position is affected by the reappearance of Russian Pyridine, and by cheaper American Pyridine, presumably in preparation for American production in Europe. We hope, as you know, to have a very big stake in this market. Beta and Gamma Picolines have been sold to capacity: Alpha Picoline is used to make 2:Vinyl Pyridine and our sales of this product have improved substantially.

I gave a warning last year about White Products, and the deteriorating situation certainly justifies it. The preferential excise duty of 1s. 3d. per gallon is definitely to go and this will remove any remaining attractions from this market.

Prices of Naphthalene have receded. It is used in the main as a raw material for the production of Phthalic Anhydride, and so many plants for Phthalic Anhydride production have sprung up all over the world that there is a considerable surplus of capacity over demand. It does not make the lot of the Naphthalene producer any easier that the Petroleum Companies are now offering O-Xylene as a raw material competitive with Naphthalene.

We are continuing to nurse our Road Tar outlets with all care; these depend nowadays on geography and service-on-the-spot. It is interesting that in the twenties and early thirties spraying tar was delivered in barrels—we had 90,000 at one time—and so a distiller in the North of the country could and sometimes did compete with another distiller in the South. Nowadays spraying tar has to be supplied hot in bulk to road tankers at all hours of the day or night, and we have equipped ourselves well to provide this service.

Last Autumn a sales and technical deputation visited the Far East including Japan and China. These visits seem likely to bear fruit, and the value of a Company's appearance in person rather than only by proxy in the hands of an agent has again been demonstrated. The task of a would-be exporter, however, is not being made any easier by continual increases in freight rates.

A WELL-EQUIPPED ORGANISATION

If we could look to a future in which we could depend for our prospects on our own organisation and efforts we should be justified in being very optimistic. I say this because whilst the Company is large enough to carry ancillary departments such as Research, Development, Engineering, Transport and so on, it is small enough to enable all these to be in close liaison and so to produce a sense of united purpose difficult of achievement in a larger concern. We have, however, to work in a light somewhat dimmed by the shadow of the Common Market. The present times carry with them inevitable doubts and uncertainties, and one has the feeling of much pushing and jostling for position, not so much domestically as in the world chemical scene. None the less we feel we shall be able to give a good account of ourselves at home and abroad.

On the night of March 29th a considerable fire occurred at our Oldbury Works, from an unknown cause, in a battery of overhead loading tanks of Road Tar. The burning tar cascaded down the Works yard and consumed the Engineering Shop and the Works Laboratory but thanks to the valiant efforts of our own staff and workpeople, and of a number of local fire brigades, the fire was eventually brought under control without affecting production plant.

In expressing our thanks on this annual occasion, to our Staff and workpeople for their continuing efforts on the Company's behalf, I must therefore specially emphasise what was done at Oldbury on March 29th.

The report and accounts were adopted and the dividend of 12½ per cent on the Ordinary Shares was approved.

G. R. A. TRUST

MR F. S. GENTLE, CBE, ON NEW LEGISLATION AND PROSPECTS

Mr Francis S. Gentle, CBE, presided at the thirty-fourth Annual General Meeting held on July 25th.

In his Chairman's Statement, previously circulated, Mr Gentle attributed a fall in attendances and profits to the diversion of money to the new media for betting and gaming legalised by the new Act: these, particularly the betting shops, had developed on a greater scale than he believed the Government had envisaged and they were not subject to the Pool Betting Duty borne by the greyhound totalisator. Members of Parliament who appreciated this inequity had obtained a Treasury undertaking to review the whole field of betting taxation before the next Budget.

The Company faced an anxious time and it might be two or three years before the lasting effects of the new legislation could be properly assessed but the fundamental character and attraction of greyhound racing and the underlying interest in it were as great as ever.

The Accounts were adopted, the proposed dividend confirmed and the retiring Directors re-elected.

SAMUEL WILLIAMS & SONS LIMITED
JOHN HUDSON FUEL & SHIPPING LIMITED

The Annual General Meetings of Samuel Williams & Sons Ltd. and John Hudson Fuel & Shipping Ltd. were held on July 25th in London. Mr. A. L. Williams, who is Chairman of both companies, presided and the following are extracts from his Reviews of the year's activities.

SAMUEL WILLIAMS & SONS LTD.

Reduced profits but dividend maintained

The profits for the year show a reduction when compared with the previous year's almost record achievement.

The Group Profit before taxation is down by approximately £142,000, tax requirements by £99,000 and Group Profit after taxation by only £43,000. The tax requirements appear large compared with the Group Profit before taxation and the reason for this is that the profit figure covers a loss on the Canadian subsidiaries which cannot be set-off for United Kingdom tax.

You will see that your Directors recommend an appropriation to General Reserve of £35,000 and a Final Dividend on the Ordinary Stock of 12½% less tax, making 17½% less tax for the year, thus maintaining the increased distribution paid for the previous year.

Future development

Your Board has been considering with their professional advisers the future development of your Group and the provision of finance. An Extraordinary General Meeting will shortly be convened at which Stockholders will be asked to agree to amendments to the company's Articles of Association with a view to providing increased borrowing powers, to bring these more in line with the present size and scope of the company. As you will have seen in the press, your Board is proposing to make an offer to acquire the balance of the equity capital of John Hudson Fuel and Shipping Limited, of which your company already owns 40 per cent. The terms of the offer are being considered.

Operations at Dagenham Dock.

The reduction in profits when compared with last year's figures has in the main been brought about by a lower tonnage of solid goods handled over our wharves and jetties during the year. This trend has affected the Port of London generally and has resulted in intensified competition.

The tonnage of liquids handled continued to show an increase during the year, and this has contributed to our profit figures. Our tank farm for the storage of both oils and chemicals is being further extended.

I am pleased to be able to report that the tonnage figures for all goods passing over our wharves and jetties for the past two months show an improvement over the same period of last year.

Your Directors have continually under review our facilities for dealing with the smaller type of cargo ship used for trade with the near Continent. They are at present considering modernisation of some of our older inshore jetties.

Canada

During the first complete financial year since the opening of the wharves at Vancouver rapid progress has been made in providing the facilities considered necessary for economic trading. Last September a second deep sea general purpose berth came into use. In February this year a third deep water berth, equipped with specialised plant for loading bulk materials into ship at up to 1,500 tons per hour, was put to work. Extensive storage areas for sawn lumber, metal concentrates and steel, with the necessary roads and railways, have been laid down.

The installations now completed are sufficient to enable us to undertake large scale trading and we are now concentrating on obtaining the required tonnage. The present general increase in exports through the port of Vancouver, and negotiations now taking place, justify our anticipating a considerable increase in tonnage and favourable trading prospects in the future.

JOHN HUDSON FUEL & SHIPPING LTD.

Good results

The Group Profit before taxation shows an encouraging increase of approximately £11,000 which, aided by a reduction in the requirements for taxation of approximately £29,000, produces an increase in the Group Profit after taxation of £40,000. The reduction in tax charge this year results from an increase in investment allowances on new assets and a generally favourable tax position, which will not necessarily recur.

In these circumstances the Directors recommend a transfer to General Reserve of £45,000. They also recommend a dividend on the Ordinary Shares of 6% less tax making a total for the year of 9% less tax, as in the previous year.

The expansion in the Group's business is being financed mostly by bank overdraft and your Board are considering, in conjunction with their professional advisers, the raising of long term finance in order to provide for further developments.

Offer for shares

You will no doubt have seen the announcement in the press recently of a proposed offer by Samuel Williams & Sons Ltd. for the balance of the Ordinary Shares in this company. Details of this offer will be communicated to the Shareholders concerned.

Shipping

On the Shipping side of our business the improvement in deep sea freights anticipated at this time last year has failed to materialise. They have in fact fallen still lower and there are as yet no signs of this trade becoming profitable. However the cold weather since Christmas this year has provided a good load for our coastwise colliers and our earnings have consequently shown some improvement over those of last year.

Coal and Oil

John Hudson & Company has had another satisfactory year though I must admit that the extended winter has had a beneficial effect on our business. I am pleased to be able to report that we continue to maintain and indeed in many cases to expand both our seaborne coal tonnage and also our coal sales direct by road and rail to our industrial and merchant customers.

Competition in the United Kingdom fuel oil market is still intense but I am able to report not only a satisfactory increase in our tonnage but also indicate that the future is not without promise.

The Midlands

Our subsidiary in the Midlands, John Hudson (Birmingham) Ltd. continues to make good progress.

Scotland

At the meeting last year I mentioned that, after my review had gone to press, we had taken over Logan, Sons & Company Ltd. of Paisley. I now have to tell you that, although still operating as Logans, we have changed the name to John Hudson (Glasgow) Ltd., and this new subsidiary has made a worthwhile contribution to the year's results.

Hudson Forwarding Limited

We have increased the staff of Hudson Forwarding Ltd. with the object of expanding still further the services offered by that company.

WILLIAMS-HUDSON GROUP

CONNAUGHT ESTATES

ANOTHER YEAR OF PROGRESS

The twenty-eighth Ordinary Annual General Meeting of Connaught Estates Limited will be held on August 9th in London.

The following is an extract from the statement by **Mr Leslie M. Slot** (Chairman and Managing Director) which has been circulated with the Report and Accounts:

The Group Profit, before tax, has increased from £141,703 to £163,991. This gross figure is satisfactory. Taxation, however, including the extra 2½ per cent Profits Tax, has cost £92,740 which leaves £71,251 as the net profit for the year. We have continued with our policy of converting and improving our existing properties.

We are satisfied that we can expect a gradual increase in our income, and although Dealing Profits fluctuate from year to year we know that so far this year they have kept fairly well in line with last year's figures. Your Directors feel justified, therefore, in recommending a dividend of 18½ per cent which is 1 per cent more than last year although paid upon an increased Share Capital. The increase in Share Capital was, of course, related to the acquisition of certain properties, particulars of which were sent to Shareholders in a letter dated September 20, 1961.

The amount standing to the credit of our Capital Reserves is large in relation to the Capital of the Company, and your Directors recommend that part of the Share Premium Account be capitalised. It has been decided to make interim dividend payments in future, the first of which will be made during the year ending March 31, 1963.

I look forward to another year of progress.

WOODHEADS BREWERY

The twenty-sixth annual general meeting of Woodheads Brewery, Ltd., was held on July 26th in London.

The following is an extract from the circulated statement of the chairman, **Mr Richard P. Beamish,** for the year ended January 31, 1962:

The trading profit of the group amounts to £149,676, which compares with £113,744 for the previous year. The drop in profit of a year ago has been more than recovered, and the improvement is partly accounted for by better results from our Mineral Water subsidiary, and partly by the contribution to the profits from two companies acquired during the year, together with improved results from the Brewery and Off-licence Companies.

The problems to which I referred last year have in no way lessened, but the increases in prices imminent at that time have since come into effect. Then soon afterwards came the 10 per cent surcharge imposed by the Chancellor which perhaps some of us were naive enough to assume was introduced as a temporary measure, in accordance with the assurance which was given at that time. In the Budget, the Chancellor cancelled the surcharge and substituted this temporary imposition by an equivalent burden in the form of an increase in duty.

The dividend recommended on the Ordinary shares is the same as last year, but it is proposed to recommend an increase of 2½ per cent to 5 per cent by way of bonus, making a total distribution to the Ordinary shareholders of 20 per cent. The report was adopted.

BALFOUR & DARWINS LIMITED

PROGRESS OF THE MERGER

The first annual general meeting of Balfour & Darwins Limited was held on July 24th at Sheffield, **The Right Honourable The Lord Riverdale of Sheffield, DL, JP** (the Chairman), presiding.

The following is an extract from his circulated statement:

During the year 1961 the Group operated for six months as two separate organisations—Arthur Balfour & Company Limited, and Darwins Group Limited, and for the remaining period as Balfour & Darwins Limited.

The combined turnover of Balfours and Darwins was similar to 1960, but was insufficient to prevent a sharp deterioration in earnings. The bulk of the decline took place in the second six months. If the figures before us in July, 1961, had been maintained, the results would have not been substantially less than those of 1960.

The overall export trade volume was higher than 1960 but the profit margins were reduced.

After reviewing the financial results, the Chairman continued:

During the last few months a great deal of work has been done to take advantage of the combined resources. Study Groups have been actively engaged in investigating such joint problems as Sales, Exports, Research, Steel Production, Personnel problems and the development of co-ordination and integration. Some of the resulting plans are now coming to fruition and tangible progress is being made in the way of co-ordination of production and services with resulting economies. These investigations are being actively pursued and the Board is convinced that they will bring substantial benefits to the Company in the form of more efficient and economic production and marketing. Reductions in overall expenditure are confidently anticipated during 1962.

A review of the first five months trading for 1962 is not encouraging. Despite all management and other economies, which have been mentioned, costs continue to edge upwards. Turnover as a whole is down on the same period for 1961. In these circumstances and with no comparable period for the merger as a basis, I hesitate to make forecasts but it is obvious that a considerable improvement will be required during the later months of the year if the results are to be satisfactory. A very slight tendency to improvement is showing in some sections but it is too soon to say whether this is a genuine trend.

The report was adopted and the dividend of 4 per cent approved.

SOUTHCROS LIMITED

A successful year in difficult conditions

The third Annual General Meeting of Southcros Limited will be held on August 2nd in London. The following are extracts from the Accounts and from the Statement by the Chairman, **Mr John V. Sheffield,** for the year ended March 31, 1962.

Group Profit before tax ...	£458,335
Tax	£249,285
Dividends :—	
Preference	£16,912
Ordinary (1/- per share) ...	£83,289
Retained Profit	£108,869
Net Current Assets	£333,350
Total Assets	£1,417,176

Further growth within existing companies has been achieved and two more companies —D. S. Fordyce & Co. Ltd. and Bell Toys Ltd.—have been acquired.

The eight operating companies which were owned throughout the year ended March 31, 1962, produced combined profits 10 per cent above those for the previous year. That is a very creditable performance in a period when trading conditions for industry as a whole were difficult.

Most of our companies have made a good start to the current year and are operating at a high level of activity. If general trading conditions do not worsen there is every prospect that they will make further progress in the present year.

We shall also have the benefit of a full year's trading by Bell Toys Ltd., none of whose profit in the year just ended has been included in the Group profit. Against this, two companies are experiencing less favourable conditions.

Some of our subsidiaries have distinct growth possibilities and the parent company is keen to provide them with whatever help and finance that is needed to promote profitable expansion. A considerable measure of success has resulted from efforts to increase export sales and if Britain joins the European Common Market we stand to gain.

Whilst every effort is being made to expand the activities of our existing companies, we can also reasonably expect further expansion by acquisitions in the future.

COMPANIES OF THE SOUTHCROS GROUP

Anderton Springs Ltd.—Makers of circlips and spring pressings
Arlc, Ltd.—Instrument makers
Bell Toys Ltd.—Manufacturers and merchants of toys and games
Brett Daniels Ltd.—Distributors of **Frigidaire** products
Baker-Dorset Associates Ltd.—Advertising Agents
Dowell Hissett Ltd.—Metal finishing specialists
D. S. Fordyce & Co. Ltd.—Laundry and dry-cleaning machinery
H. J. Reece & Sons, Ltd.—Makers of packaging machinery
Ward, Brooke & Co. Ltd.—Makers of aircraft electrical components, injection moulders and toolmakers
Wigan Richardson Cold Stores Ltd.—Cold Storage

Copies of the full Report and Accounts are obtainable from The Secretary, Southcros Limited, 129 Kingsway, London, W.C.2.

CSF-COMPAGNIE GÉNÉRALE DE TÉLÉGRAPHIE SANS FIL

PARIS

SUCCESSFUL DEVELOPMENT OF COLOUR TELEVISION SYSTEM

The Annual General Meeting was held on June 15, 1962, under the chairmanship of **Monsieur Maurice Ponte.**

The report stressed the fresh expansion of the Company in every sphere of its activity. Turnover rose from NF. 394.721 million in 1960 to NF. 486.7 million in 1961, an increase of 23 per cent, or more than in the past few years. Exports followed this trend, and amounted to NF. 123.091 million, compared to NF. 105.816 million in 1960. Despite increased sales, the order book rose by about 38 per cent during the year. The turnover of all the French members of the group rose from NF. 608.249 million to NF. 758.663 million, an increase of about 24 per cent.

In his speech, the President recalled this increased activity, and stressed the particular need and interest to improve techniques to supply the elements of information lacking in the home, especially the technique of colour television. The work on colour television, carried out by CSF and Compagnie de Saint Gobain has produced a system with definite advantages, and the Company is making great efforts to achieve international recognition for this system.

The problems of securing an adequate number of technicians and skilled labour can be solved by improved technical education of youth rather than in artificial limitations to the inexorable and necessary expansion of world electronics.

The Group continued to develop throughout the world; employees in Italian factories increased by 42 per cent; establishments are now operating in Germany and Britain. A new Company has been set up in the United States to develop the manufacture of special electronic tubes by processes developed by CSF.

PROFIT AND DIVIDEND

Net profits for 1961 were NF. 9.473 million. It is proposed to pay as from July 2nd a net dividend of NF. 5.5 on former shares of a face value of NF. 50 which have been regrouped, and a dividend of NF. 2.75 on former shares of a face value of NF. 25 which have not yet been regrouped.

W.G.I. LTD.

(West's Group of Industries)

TRENDS IN THE GAS INDUSTRY

The eighty-ninth annual general meeting of W.G.I. Ltd. was held in Manchester on July 19th. The chairman, **Mr Ernest West, MIMechE, MIGasE,** presided. The following are extracts from his circulated statement for the year ended March 31, 1962:

The Group accounts indicate in themselves the trend of business which has been reported by so many companies in the field of engineering over the past few months. Competition has been keener and profit margins smaller.

Net Group Profit for the year is £154,497 compared with £202,178. The Directors recommend payment of a Final Ordinary Dividend of 7½ per cent making a total dividend for the year of 12½ per cent, the rate forecast when the Rights Offer was made twelve months ago. This is the equivalent of 25 per cent on the Ordinary Capital prior to the Scrip Issue and Rights Offer, compared with the dividend of 22½ per cent of a year ago.

This year the major contribution to the Group Profit is made by West's Gas Improvement Co. Ltd.; the proportion of its turnover in the Gas Industry on conventional carbonisation plants is less than in previous years, though the final settlement of contracts executed in prior years makes a considerable contribution to its profit. It has a better future order book than at this time last year and we look forward to it increasing its turnover in new spheres.

A year ago I reported that the first Lime Kiln incorporating the Catagas Oil Process, of which we hold a world-wide licence, was about to go to work. We have had some initial teething troubles during the year in achieving the performance which was expected of it, but I am happy to say that these have now been resolved and we are confident of a very good future for this kiln.

EXPANDING TURNOVER

We have also acquired during the year a licence for an oil reforming plant from the Stazione Sperimentale per i Combustibili of Milan, for which we have received our first order in this country.

We are also obtaining work in the Chemical Industry and with the Atomic Energy Authority on a growing scale.

We could not expect West's Piling & Construction Co. Ltd. to maintain its record turnover of 1960/61. Their results have suffered to some extent by the postponement in execution of a major contract, but in spite of keener competition and smaller profit margins, they have a good volume of work ahead.

West's (Manchester) Ltd. have also suffered from the postponement for some months of a major contract, but they are expanding their activities, both in the Coal Industry and Sand, Gravel and Mineral Industries and they too should have an expanding turnover.

Tully Engineering Co. Ltd. have increased their turnover during the year, mostly in the field of agricultural and industrial buildings and they are beginning to expand their turnover in the field of automation.

The prospects of West's Works Ltd., who rely for their work on the Contracting Companies, are of course dependent on the turnover of those companies, but I do not envisage any difficulty in keeping them fully occupied during the current year.

NEW AQUISITION

During the year, the Group acquired the Capital of the United Kingdom Construction & Engineering Co. Ltd. This Company, whose offices are on the Kirkby Industrial Estate at Liverpool, carry on business in two main fields —that of main laying for the Gas, Water and allied Industries and general civil engineering, and also in industrial pipework. We consider this to be a profitable acquisition to the Group.

The general trend of business today is towards keener competition and small profit margins. Again the diversification policy which we have adopted, while in modern times the only sound one, is not an immediately profitable exercise. While we hope to increase our turnover in the current year it does not follow that we shall increase our profit by the same degree.

The Report and Accounts were adopted.

PECHINEY

PARIS

(Electro-Metallurgical and Chemical Products)

The Annual General Meeting of PECHINEY was held in Lyons on May 28th under the Chairmanship of **M. Raoul de Vitry.** The following extract has been taken from the report presented by the Board of Directors, and from the Chairman's Speech.

Apart from **Aluminium,** which has been the Company's most important activity for many years, its industrial activities now include various **iron alloys, graphite products, new metals** and **nuclear products.** The Company has not only supplied the French market with its requirements of **aluminium** and has arranged its investments as rationally as possible; it has also taken an active part in exports and has achieved remarkable technical progress resulting in extremely moderate prices. There is, therefore, no good reason why our market should be exposed to the direct and indirect results of certain external disturbing influences, such as pressure due to an unreasonable gap between production capacity and the consumption level of the corresponding national market. A judicious and reasonable customs and import duty policy is an essential requisite for the harmonious development of the **aluminium** industry in the Common Market.

Exports rose from 30.5 per cent to 36.5 per cent. The increase of 15 per cent in turnover less taxes from 1960 to 1961 is due almost exclusively to the sector "Metals."

Net profits for the year amounted to NF43,933,365, after allowances for depreciation (including cost of loans issued) of NF136 million as against NF134.9 million in 1960. It is accordingly proposed to distribute a gross dividend of NF4.74 per share.

NATIONAL MORTGAGE BANK OF GREECE

BANQUE NATIONALE DE CREDIT FONCIER DE GRECE
40, Venizelou Street, Athens, Greece

Established 1927

Governor—CHARLES C. ARLIOTIS
Sub-Governor—ELIAS D. KRIMPAS

GENERAL BALANCE SHEET AS AT 31st DECEMBER, 1961

LIABILITIES

Share Capital	Drs.	58,400,000.—
Reserves	,,	39,320,000.—
Deposits	,,	250,611,428.45
Bank of Greece—Financing Account	,,	689,387,358.65
Greek State—Financing Account	,,	8,635,171.35
Various Financing Accounts	,,	68,458,434.05
Outstanding Mortgage Bonds	,,	158,642,400.—
Greek State—Loan Account	,,	285,386,390.95
Dollar Liabilities	,,	1,523,906,776.20
Third Parties Loan Accounts	,,	92,800,026.30
Sundry Accounts	,,	9,486,047.65
Dividend for the Year 1960	,,	3,680,000.—
Profit and Loss (balance carried forward)	,,	3,540.15
Total	Drs.	3,188,717,573.75

ASSETS

Cash in Hand and at Banks	Drs.	113,533,568.10
Securities Owned by the Bank	,,	13,415,070.45
Mortgage Bonds Owned by the Bank	,,	57,984,103.90

Loans and Arrears	Housing Loan Branch	Industry and Public Utility Loans Branch		
Out of Own and Other Funds	44,066,370.55	148,410,516.35	,,	192,476,886.90
Out of Bank of Greece Funds	489,275,575.40	247,225,516.90	,,	736,501,092.30
Out of Greek State Funds	8,700,727.15	—	,,	8,700,727.15
Out of Sterling Bond Funds	1,978,564.60	83,303,165.75	,,	85,281,730.35
Loans Financed by and for Account of the Greek State	111,934,002.60	158,845,504.55	,,	270,779,507.15
Out of American Aid Funds	—	1,523,906,776.20	,,	1,523,906,776.20
For Account of Third Parties	11,989,705.20	80,810,321.10	,,	92,800,026.30
Total Loans by Branches	667,944,945.50	2,242,501,800.85		

Bank premises and real estate	,,	11,200,004.—
Fixtures and Fittings	,,	1.—
Difference arising from Settlement of the Bank's Sterling Mortgage Loans in accordance with Article 12 of Legislative Decree 3393/1955	,,	82,138,079.95
Total	Drs.	3,188,717,573.75

THE TRUSTEES CORPORATION LIMITED

SIR EDWIN HERBERT'S REVIEW

The Seventy-fourth Annual General Meeting was held on July 25th at Winchester House, EC2. **Sir Edwin Herbert, KBE, LLD,** the Chairman, in the course of his speech said:

Once again it is my pleasure to be able to present to you Accounts, which I hope you will consider satisfactory.

The Gross Revenue from Interest and Dividends, for the first time in our history, has exceeded the "million mark" at £1,002,334. An increase of £103,181. In this connection it should be remembered that we raised additional funds during the year and the income from these new monies has contributed to this increase. At the same time, I would point out that effectively we only had the use of these monies for approximately nine months of our financial year. Even without the new money our income would have shown some increase. At £75,228 the receipts from Double Taxation Relief were £645 less than in the previous year. In consequence of a down turn in the economy and the "Little Budget" of July last, the demand for new capital was considerably reduced and the opportunities for underwriting new issues were likewise reduced. This resulted in our income from Underwriting Commission being only £3,537 as compared with £6,559 for the previous year. Net receipts from our Safe Deposit are £360 up. Trustee and other Fees show little change at £11,176.

The interest on the Debenture Stock shows an increase of £51,750, which is on account of the new Debenture money raised during the year.

In a full year this charge will amount to £115,000. The Net Revenue for the year, after charging £378,667 for Taxation, is £536,365—an increase of £29,896. The dividend on the Preference Stock took £24,117 and the interim dividend of 8 per cent on the Ordinary Stock took £110,250. We now recommend a final dividend of 17 per cent (making 25 per cent for the year), which absorbs £257,709.

The only item in the Balance Sheet which calls for any comment is the Valuation of our Investments at £20,237,522, a figure slightly less than in 1961, in spite of the fact that we have invested an additional £1,500,000 during the year. Shareholders will recall that the Stock Market broke very badly on Tuesday, May 29th. I think that in many cases the values placed upon investments, as reflected in Stock Exchange prices, had in some instances reached unrealistic heights. Whether the fall in prices has in fact been overdone is one of the many problems facing the institutional investor today. As can be seen from our Balance Sheet, we have surplus funds temporarily on deposit and it is our intention to keep our powder dry until such time as we can find a permanent home for them though, on a reduced scale, we are still pursuing an active investment policy.

At this stage I usually try to give you an estimate of what the prospects are for the current year. Profit margins continue to be squeezed and competition is intense. Until the economy of the world expands, I cannot see this position improving and I would be unduly optimistic if I led you to believe that we can hope to continue to receive an increase in our income on the scale we have enjoyed for so many years. We, of course, will have the full benefit in the current year of the new monies raised last year, and taking this into account I believe that we shall at least be able to maintain our revenue at last year's figure.

The report and accounts were adopted.

CREDITO LOMBARDO

MILAN, ITALY

DECEMBER 31, 1961

LIABILITIES		ASSETS	
Capital	1,000,000	Cash and Bank	7,906,472
Reserves	300,000	Investments	1,205,998
Deposit and C.	34,668,860	Loan and Discounts	27,597,508
Other Liabilities	9,126,000	Other Assets	8,384,882
Total	45,094,860	Total	45,094,860

(Figures in thousands of Lire)

Dividends 1961, 10 per cent p.a. Shares: Lire 10,000. Meetings: February.

CHARRINGTON GARDNER LOCKET & CO.

CONTINUED PROGRESS

The fifty-ninth annual general meeting of Charrington Gardner Locket & Co. Limited was held on July 20th in London, **Sir John Charrington**, the chairman, presiding.

The following is an extract from his circulated statement:

It is pleasing to report a trading profit which at £716,723 exceeds by £21,546 the record level of the previous year.

The charge for taxation is however at a higher level than last year and the profit for that year after taxation is £326,233 as compared with £363,323 a year ago.

Your Directors recommend a final dividend of 9 per cent making a total distribution of 13 per cent on the existing Ordinary Stock, as compared with 12 per cent for the preceding year.

Assuming that no unforeseen circumstances arise, your Directors expect to be able to recommend for the year ending March 31, 1963, a total distribution of 13 per cent on the Ordinary Stock as increased by the recent issue to Ordinary Stockholders of 2,500,000 Ordinary Shares of 5s. each at a price of 10s. 6d. per share.

In my statement a year ago I referred to the probable growth in the demand for central heating in homes. This trade is certainly extending, and there is fierce competition in this market between gas, oil and solid fuel. The share of this market captured by oil is still considerable, but solid fuel has made quite a striking advance.

A year ago I mentioned that your Company had just gone into partnership with the Hargreaves Group of Companies for the sale of Mobil fuel oils in the North of England, and I am pleased to report our complete satisfaction with this arrangement and with the progress in trading.

Shortly after the last Annual General Meeting negotiations were concluded for the acquisition of D. M. Stevenson & Co. Ltd. of Glasgow. That Company, which has for many years been one of the leading coal and coke exporters in the Country, has more recently developed a prosperous branch in Birmingham.

By arrangement with the Mobil Company, D. M. Stevenson now have the sole sale of Mobil fuel oils in Scotland.

Trade in coal and coke in the Eastern Counties by our subsidiaries, Coote & Warren Ltd. and R. Coller & Sons Ltd., has been satisfactory.

The Lighterage Department had a rather smaller tonnage in general goods to handle during the year, but a considerably larger tonnage of oil.

The report and accounts were adopted.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:
The Company Meetings Department,
The Economist,
22 Ryder Street, S.W.1.

LORRAINE-ESCAUT

The Ordinary General Meeting, held on June 19th under the Chairmanship of **Mr Roland Labbe,** approved the accounts for the financial year 1961 and the allocation to depreciation of the total amount available viz. NF.151,848,000—. It was also decided at the Meeting to distribute, by withdrawal from the stocks renewal reserve, a gross dividend of NF.7.65 per share, the same as the previous year. This dividend will be made available for payment on 2nd July, 1962—coupon no. 14.

The Meeting then renewed the appointments as Directors of Messrs. Jacques LENTE and Henri de WENDEL.

In 1961, LORRAINE ESCAUT produced 2,163,000 tons of steel, against 2,120,000 tons in 1960, i.e. an increase of 2 per cent. They manufactured 454,000 tons of tubes against 399,000 tons during the previous year (all types), the turnover being NF.1,420,000,000 against NF.1,343,000,000 in 1960.

The Board recalled the principal features of the 1961 construction programme. Two blast furnaces were rebuilt at the Longwy Works, four 33-ton converters, two blowers and a casting crane were installed at the Thomas Steel Works, Senelle Section of the same foundry. Conversion of the Maubeuge small iron production line, and the extension of the Sedan foundry were also completed. A new electric furnace and a cold rolling mill were started up at Anzin, also a new welded tube works at Besseges.

Construction of the following important plants was continued: The enrichment plant at Metzange, a girder rolling-mill and laminated sections plant at Longwy, an agglomeration plant and a new blast furnace at Thionville. Finally, under the Fourth Reconstruction Plan, the conversion of the blooming plant and of the rolling-mill at Senelle, the modernisation of a rolling-mill at Anzin and at the same works and also at Besseges, modernisation of the production of small seamless tubes.

The first orders have also been placed for the creation at Anzin of a factory at which the drawn-press technique will be used for the above-mentioned tubes.

The Board also referred to the arrangement made between LORRAINE ESCAUT and USINOR for the use by the former, in exchange for their financial interest, of part of the production capacity of the hot and cold-rolling production lines which USINOR have to install at their new Dunkirk Works.

In 1961, the Company invested NF. 211,900,000 in these new installations.

The Chairman ended his report by stating that, during the first five months of the current financial year, the Company have produced 886,000 tons of steel against 945,000 tons during the same period of 1961, and 150,400 tons of tubes (other than large Sedan weldings) against 153,900 tons. As regards the Sedan production line, which is at present stopped, it completed during the year the order for the Lavera/Carlsruhe Pipeline, in which 68,000 tons of large tubes were used.

The Chairman stated, in conclusion, that the Company expected, probably before the end of the financial year, to increase the capital by increasing the number of shares, but that the conditions and arrangements for this have not yet been decided by the Board.

An Extraordinary Meeting was held prior to the Ordinary Meeting at which it was decided to authorise the Board to take all steps necessary to increase the capital, on one or more occasions, to a maximum amount of NF.300 million, and to make a number of alterations to the Company's Memorandum and/or Articles of Association.

COMPAGNIE GÉNÉRALE D'ELECTRICITÉ

PARIS, FRANCE

(Electrical Engineering)

The Annual General Meeting of COMPAGNIE GÉNÉRALE D'ELECTRICITÉ was held in Paris on May 23rd, and the following are details of the report presented by the Board of Directors:

REVIEW

Turnover reached NF.1,350m. in 1961, orders received amounted to NF.1,500m. Electronic and other new products made the greatest progress. Investments were NF.70m. *Câbles de Lyon* played an extremely important role in the construction of the submarine electric power cable between the French and British grids. The departments concerned with installations and telephone cables made good progress. The Company manufactured the first submarine telephone cable between Perpignan and Oran. Sales of high and low-tension equipment and prefabricated cells by the *Delle Works* made excellent progress, especially abroad. Orders received by *Savoisienne* were 20 per cent higher in 1961 than in 1960. Sales of large and small transformers, especially for export, were appreciable, and new models were produced. The production of certain special engines and small motors in the *Ateliers d'Orleans* at Orleans continued and a manufacturing licence was sold to Spain. Thirty per cent more lifting equipment was sold than in 1960. Six per cent more *Tudor* accumulators and slightly more replacement car batteries were sold.

Both the number of countries and the range of products and services supplied by the group throughout the world (notably the U.S.A., Portugal, Greece, Kuwait, Ceylon, Indonesia, Mexico, Columbia) rose markedly.

ACCOUNTS, PROFITS, DIVIDENDS

Revaluation of our assets showed a net plus-value of NF.96,612,528. Returns from subsidiaries rose 12 per cent (to NF.9,668,000). Various new investments were made and earlier investments raised. Net profit for 1961 amounted to NF.24,536,672.46 and it is accordingly proposed to distribute a net dividend of NF.9.13 compared with 9.03 in 1960.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

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By air see below

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Quebec and Ontario Provinces	£10 10s. or $31·80	£8 5s. or $25·00
	£10 10s. or $31·80	£9 0s. or $27·25
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India	£10 10s.	—
Indonesia	£10 10s.	£7 15s.
Iran and Iraq	—	—
Israel	£7 15s.	—
Japan	£12 5s.	—
Jordan	£7 15s.	—
Lebanon	£7 15s.	—
Malaya	£10 10s.	—
New Zealand	£12 5s.	—
Nigeria	£10 10s.	£6 10s.
Pakistan	£10 10s.	—
Philippines	£12 5s.	—
Rhodesia	£10 10s.	—
South Africa	£10 10s.	£7 10s.
S. and C. America	£10 10s.	—
Sudan	£7 15s.	£6 15s.
USA	$29·50 or £10 10s.	$25 or £9 0s.
West Indies	£10 10s.	—

NOTES: **Air Freight** is normally 24/48 hours slower than airmail. Proportionate Rates are acceptable for subscriptions for less than a year (minimum four weeks). H.M. Forces at official service addresses can enter Airmail Subscriptions in Europe at £5, elsewhere overseas at £7 15s. a year; surface mail rates and airmail rates for Gibraltar and Malta are as shown above

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COMPANY AFFAIRS

Depression in the London stock market at the end of last week gave way to eager anticipation and indeed optimism ahead of the speeches of Mr Macmillan and the new Chancellor. But the modest increases in equity prices, helped by better company news on some fronts, failed to offset the earlier falls and The Economist *indicator by Wednesday's close had lost 2 points to 310.9, fractionally above its low point for 1962. Stores shares responded to the good results from GUS and tobacco shares improved after the interim statement from Imperial Tobacco. Steels made a better showing. Oil shares were a firm market with Lobitos prominent on takeover rumours. The gilt-edged market has remained firm but gold shares after a further advance fell back sharply on President Kennedy's dollar pledge.*

General Electric

Is General Electric over the worst? The improved results for the year to March 31st and the directors' decision to maintain the dividend at 10 per cent suggest that it might be and the £1 shares have risen to 32s. 6d., to yield 6¼ per cent. This year's results include a full year's contribution from Radio and Allied, acquired in April 1961, and the group's profits before tax amounted to £4.1 million, against £3.3 million. This accords with the estimate made in February that profits before tax and reorganisation expenses would be about the same as the combined profits of GEC and Radio and Allied in the previous year.

Group sales rose from £118.6 million to £135.2 million and the directors say that the benefits of the reorganisation programme are now becoming apparent. Trading has remained difficult and competition severe but a "concentrated attack" on costs has resulted in improved margins in some lines of output. In all trading profits rose from £4.6 million to £6.1 million; this represents an improvement in margins on sales from 3.9 to 4.5 per cent. The full accounts will show what effect realisations have had on the group's massive bank overdrafts which with acceptance credits amounted to about £16½ million (including £8½ million for Hunterston) for the greater part of the past year. The increase in short-term debt and higher interest rates doubled the charge for bank interest to £1.1 million and as loan interest took another £1.3 million, total interest charges absorbed 36 per cent. of the profit. This is a formidable burden, which should be reduced this year. It has to be reduced if GEC is to regain its health.

The cost of GEC's sweeping organisational changes has not been small: reorganisation expenses amounted to £1,469,000 (or £679,000 after tax relief) but this was balanced by £1,300,000 in capital profits which in turn arose from the reorganisation. Clearly the results show that efforts to restore the group's health are meeting with some success. But there is still a long way to go and shareholders must await the meeting and Mr Lindley's statement for an indication of progress in the current year.

An interesting sidelight on these results is this week's offer for sale of one million 5s. shares in Woods of Colchester. Since 1945 GEC has held a 51.2 per cent interest in this family business which makes propellor fans including the Xpelair window fans. To maintain its stake GEC is also taking up one million shares at 21s., the same price as the public issue. On the forecast dividend of 20 per cent the shares offer a yield of 4¾ per cent, covered twice by earnings. Profits in the current year are not expected to be very different from those for 1961-62 when they amounted to £860,000, representing 21 per cent of GEC's profits before tax.

Great Universal Stores

A YEAR ago shareholders of Great Universal Stores had their dividend pegged at 37½ per cent in deference to the Chancellor's request for restraint. Now it is raised to 40 per cent, in line with expectations and accompanied by a one-for-three scrip issue which is bigger than expected. What it means for future dividends is not clear, but the the latest dividend is backed by good results. In the year to March 31st, GUS's trading profits rose by just over 4 per cent from £28.9 million to £30.1 million; these figures in fact understate the improvement as only £610,000, against £1,169,000, has been added back from the provision for unearned hire purchase profits. A higher tax charge, reflecting in part the higher rate of profits tax, has kept the rise in net profits down to about £400,000 and earnings of about £12.2 million now cover the bigger dividend just over twice.

These figures show that GUS has done better than most store groups in a difficult trading year. Greater diversity in its selling policy seems to have paid off. Presumably, the mail order division, which is the biggest in Europe, has continued to do well. Little more than a tenth of GUS's sales is on hire purchase and the reliance on short-term credit sales appears to have stood many sectors of its business in good stead.

Stores shares have been hit more heavily than most in the market setback and the "A" shares which on balance gained 1s. 9d. to 58s. 9d. after the results yield just under 3½ per cent. Although the yield remains comparatively low (though nothing like as low as some others) the results suggest that GUS is well placed to benefit from any further easing of credit restrictions.

International Tea

After the previous year's setback in profits the results of International Tea for the year to April 30th came as a pleasant surprise. The slight fall in profits in 1960-61 stemmed from intense competition and rising costs, and these factors must still have had their effect in 1961-62. But trading profits rose by 12½ per cent from £2,562,000 to £2,884,000, and as net profits rose by 13 per cent from £899,000 to £1,016,000 the unchanged dividend of 12½ per cent is now covered by earnings of 23.4 per cent, against 20.3 per cent. The results presumably reflect the benefits of the group's modernisation scheme; at the last reckoning 322 of its retail stores had been converted into self-service branches (of which 23 stores were supermarkets) and the company expected to make a further 70 conversions in 1961-62. A year ago the chairman pointed out that the profits of the new self-service stores were often temporarily affected by the disturbance to trade during conversion and by heavy initial expenses, but he was hopeful that these would produce "considerably improved profits in future years"; the latest results certainly suggest that these hopes were justified.

The group has been able to carry through its programme so far without calling on its shareholders for funds, for in addition to a cash flow running at over £1 million a year International Tea has made sale and lease back arrangements with the Legal and General. The surplus on properties sold last year fell from £421,000 to £124,000 but with capital commitments higher at £805,000 there seems every likelihood that International Tea will continue to use this method of financing.

Food shares have fallen more sharply than most this year. This is not surprising; a number of shares in this section, notably the supermarket pioneers, Tesco and London Grocers, had been offering very thin yields. But both companies produced good results and their shares have begun to move up again. International Tea's 4s. shares stand at 13s. 4½d., compared with a high of 15s. 10½d., and yield 4¼ per cent. While the growth in International Tea profits is not likely to be as spectacular as that reported by other groups, as three quarters of its retail stores still operate in the traditional fashion, the current yield is not unfavourable in view of the signs of more progressive approach by its management to retailing.

Davy-Ashmore

The results from Davy-Ashmore just about bear out the chairman's view expressed a year ago that "the results for the current year should not be disappointing." Gross profits in the year to March 31st fell by almost 3 per cent from £4,082,000 to £3,969,000 after an unexplained rise in the additional provision for contingent claims from £125,000 to £545,000. The ordinary dividend has been maintained, as expected, at 27½ per cent, covered 2¼ times.

A year ago the chairman said that the group's order book was good and clearly orders already on hand for new equipment and plant from the steel industry, including those of RTB and Colvilles, have so far sustained Davy-Ashmore's profits. But the directors now say that "the group profit for the year ending March 31, 1963, will be substantially reduced mainly because of the present falling off in the capital expenditure programmes of the British steel industry and severe competition abroad." Those shareholders who hoped that the next few years might bring a steady improvement in profits as the benefits of the merger with Power Gas became apparent have now learnt the hard lesson that suppliers to the capital goods industries are subject to sharp swings in demand. The directors of Davy-Ashmore have always recognised the cyclical nature of the business and that in the future the group's fortunes would become dependent on overseas orders; but the cycle this time has turned quickly and sharply.

After gaining 1s. ahead of the results, the 5s. ordinary shares lost 3s. to 19s. 6d. and now yield 7.1 per cent.

United Dominions Trust

Mere size is no protection in hire purchase finance; the giant of the industry, United Dominions Trust, made a loss of £76,000 after tax in the year to June 30, 1962. This compares with a net profit of £933,000 in 1961, and £1,753,000 in 1960. Despite this loss UDT has maintained its dividend at 26½ per cent by drawing £1,244,000 from its substantial reserves. UDT has always pursued a conservative dividend policy, and Mr J. Gibson Jarvie, the chairman, points out that shareholders are now getting the income that many felt they should have had earlier. This, however, is not likely to make shareholders any happier with the results. Some indeed may be surprised at the way the chairman apportions the blame: "The responsibility," says Mr Gibson Jarvie, "for creating the conditions which made it impossible for us, for two years, to continue our amazing record does not rest with us." Who then takes the credit for the profitable years?

Three reasons are given for the sharp reversal in profits: the fall in business; the increased cost of borrowing; and overseas losses. Outstanding hire purchase debts fell by £13 million to £173 million. Mr Jarvie puts the increase in the cost of financing this business at more than £2 million. This was due to higher interest rates and a substantial switch from bank finance to more expensive deposits from the public. Bank loans fell from £48 million to £24 million, while deposits from the public rose from £119 million to £135 million. Mr Gibson Jarvie suggests that had Bank rate not been increased a "substantial part" of the £2 million would have been added to profits. But the real source of the trouble this year was the serious losses made by UDT's subsidiaries in Africa and Jamaica; unlike Lombank, UDT is not withdrawing from these areas. The losses, amounting to £763,000, have been provided for, and the African companies, with one exception, are now on a profit earnings basis. The business of the Jamaican subsidiary has been drastically reduced and "will not again be allowed to grow beyond the capacity of the island." On these results the 5s. shares fell 2s. to 28s. 6d. but recovered to 31s. to yield 4¼ per cent, for the stock market was impressed by Mr Gibson Jarvie's reassurance that these were abnormal results and that this year's results "should show quite substantial improvements." UDT and other hire purchase finance issues are obviously among the shares which could benefit from any attempts to stimulate demand in the economy.

Breweries and Rationalisation

Partly because the beer duty was raised a year ago, consumption in the winter months fell away, but in May production rose to 2.9 million barrels, the highest level for that month since the happy VE days of 1945. At the same time the regional groups are beginning to show how economies from earlier mergers can make their impact on profits. A striking example is **Scottish and Newcastle Breweries,** whose shares have always been highly regarded. Gross profits in the year to April 30th rose by 16 per cent from £5,034,000 to £5,855,000—partly because they include a full year's profits from Newcastle, against nine months in 1960-61. The dividend has been raised from 8 to 10 per cent and is covered twice by earnings; the payment has been raised in each of the past ten years and is now about ten times what it was in 1951-52. But rationalisation and modernisation costs money and Scottish and Newcastle which raised £4 million on a debenture in September is seeking a further £7 million by a rights issue to fund overdrafts and provide for further capital expenditure. The terms of the issue are to be announced later but its impact outweighed the good profits and dividend and the £1 shares fell back to 57s. 6d. to yield 3½ per cent.

After allowing for the acquisition of Bristol Brewery Georges the gross profits of **Courage Barclay and Simonds** rose by about 10 per cent to £5½ million in the year to March 31st. In his statement the chairman Mr R. H. Courage makes the valid point that the group's financial year this time included no benefit from the profitable Easter trade whereas 1960-61 included two Easters. The long, cold winter also depressed sales in the final quarter but over the full year beer sales rose. The increase came mainly in draught and keg beers rather than in bottled and canned beers. One sign of rationalisation has been the reduction in the number of beers sold within the group which now concentrates in bottled beers on its "Top Ten," sold throughout its trading area. Mr Courage "looks forward with confidence to satisfactory results for 1963," subject to the weather but he warns shareholders that not all the major developments in production and distribution will have much effect this year. On the ordinary dividend maintained at 14 per cent the £1 shares at 69s. 3d. yield 4 per cent, twice covered. They are to be split into 10s. denomination and there is to be a one for two scrip issue, which will make the dividend equivalent to 9¾ per cent. Shareholders will no doubt hope for a rounding up to at least 10 per cent for the current year.

From **Ind Coope Tetley Ansell** comes a less encouraging statement. Gross profits in the 36 weeks to June 9th were 8 per cent higher than in the corresponding period of the previous year, but beer sales were slightly lower. The swing back from bottled beer to draught appears to have continued and this will hit the Ind Coope sector of this brewing commonwealth harder than many other brewers for it has spent a good deal on promoting its bottled beers on a national scale. From the shareholders' point of view there is some compensation in the fact that about two thirds of the sales of the group as a whole now come from draught. A smaller relief for investment allowances has left net profits for the 36 weeks approximately the same as in the corresponding period in 1960-61. But the sting of the Ind Coope statement is in the tail; the directors say that since June "there has been a lack of buoyancy in the trade" though given "normal summer conditions" they expect profits for the year to end-September to be close to those for the preceding year.

Then Ind Coope's own profits rose by only one per cent although its partners Tetley and Ansell reported increases of 10 per cent. The interim dividend has been maintained at 4 per cent and there is every prospect that the total payment will be left effectively unchanged at 12 per cent. But there is little evidence of growth in this group at the moment and the 5s. shares at 12s. 4½d. stand close to their low for the year and yield 4¾ per cent.

(*Continued on page 400*)

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: ITALY: BELGIUM: SWEDEN: NORWAY

BRITISH FUNDS AND GUARANTEED STOCKS

Prices, 1962 High	Prices, 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 18, 1962	Price, July 25, 1962	Net Red. Yield, July 25, 1962§ (£ s. d.)	Gross Red. Yield, July 25, 1962 (£ s. d.)
100 15/16	100 9/32	Treasury 5½% 1962	100.9.4	100.8.5	0 9 8	3 19 4
99 3/32	96 3/16	Exchequer 3% 1962–63	98 29/32	99 1/16	2 15 2	4 1 9l
100⅝	98½	Conversion 4¾% 1963	100 15/32	100⅝	1 19 0	4 0 4
96 31/32	93 3/16	Exchequer 2½% 1963–64	96 13/16	96 15/16	3 3 6	4 5 6l
100 7/32	97 11/16	Conversion 4½% 1964	99 31/32	100 3/16	2 8 9	4 7 6
94 15/16	90 11/32	Savings Bonds 3% 1955–65	94 21/32	94 15/16	3 12 5	4 15 11l
101⅛	98 3/32	Exchequer 5½% 1966	100 31/32	101⅛	2 16 2	5 2 11
88 13/16	85	Savings Bonds 2½% 1964–67	88 15/32	88 25/32	4 1 9	5 3 8l
98 15/16	98	Exchequer 5% 1967	98¾	98 15/16	3 6 11	5 6 10
87⅞	83 5/16	Funding 3% 1966–68	87 11/16*	87⅞*	4 2 7	5 7 6l
90 3/16	84⅞	Conversion 3½% 1969	89⅞	88¾*	4 1 5	5 10 0
87¼	82⅝	Funding 3% 1959–69	86 15/16	87⅛	4 2 10	5 9 3l
97	92¼	Victory 4% 1920–76	96 5/16	94⅞*	3 3 10	4 15 5‡
84 13/16	78 15/16	Savings Bonds 3% 1960–70	84 7/16	83⅝*	4 4 5	5 9 10l
94⅝	90 9/16	Conversion 5% 1971	94 5/16	94⅝	3 15 9	5 15 11
102⅞	97¼	Conversion 6% 1972	100¾*	100 15/16*	3 10 8	5 16 6
95¾	91⅛	Conversion 5¼% 1974	95⅜	95¾	3 14 0	5 16 5
90⅜	87¾	Funding 4% 1960–90	90¼	90⅜	3 9 7	5 3 5l
74 9/16	70 7/16	Savings Bonds 3% 1965–75	74 5/16*	74 9/16*	4 8 3	5 15 8l
73⅜	69 3/16	Treasury 3½% 1977–80	73 3/16	73⅜	4 6 4	5 19 7l
73	68 5/16	Treasury 3½% 1979–81	72 1/16*	72¼*	4 6 6	5 19 7l
93⅞	90 3/16	Funding 5½% 1982–84	93 7/16	93⅞	3 15 11	6 0 6l
86 5/16	82⅜	Treasury 5% 1986–89	85 15/16	86 5/16	3 18 9	6 2 11l
62¾	54	Redemption 3% 1986–96	59½	59⅝	4 1 4	5 15 9l
93 5/16	56 15/16	Funding 3½% 1999–2004	62⅝	62¾	3 19 7	5 18 5l
65	84⅛	Treasury 5½% 2008–12	93 1/16	93	3 14 8	6 1 7l
65	58¼	Consols 4% .... after Feb. 1957	64⅞*	64⅞*	3 15 6	6 3 3
58	52 11/16	War Loan 3½% .... after 1952	57 13/16	57⅞	3 14 6	6 2 1f
58⅛	52 5/16	Conv. 3½% .... after Apr. 1961	57 15/16	58	3 14 10	6 3 1f
50	44⅞	Treasury 3% .... after Apr. 1966	49⅝	49⅝	3 14 11	6 3 3f
42¼	38⅛	Consols 2½%	42⅛	42⅛	3 12 10	5 19 1f
42¼	38 1/16	Treasury 2½% .... after Apr. 1975	42⅛	42	3 13 9	6 1 4f
98⅞	89 15/16	British Electric 4½% 1967–69	93 5/16*	93 7/16*	3 16 2	5 12 2l
79 3/16	74⅞	British Electric 3% 1968–73	78¾	79⅛	5 15 3	4 7 6l
73½	69	British Electric 3% 1974–77	73 1/16	73½	4 7 5	5 16 6l
83 1/16	79 1/16	British Electric 4¼% 1974–79	82 11/16	83	4 1 2	5 19 7l
74¼	70⅜	British Electric 3½% 1976–79	74	74¼	4 6 1	5 19 5l
86¼	82¾	British Gas 4% 1969–72	86	86¼*	4 2 6	5 16 2l
86	80 9/16	British Gas 3½% 1969–71	85 7/16	86	4 2 1	5 13 5l
59½	53 13/16	British Gas 3% 1990–95	59 3/16	59 7/16	4 2 8	5 16 10l
79 3/16	74⅜	British Transport 3% 1968–73	78¾	79⅛	4 7 6	5 15 3l
81	77¼	British Transport 4% 1972–77	80¾	81	4 3 1	5 18 9l
61 9/16	56½	British Transport 3% 1978–88	61¼	61½	4 6 8	5 18 11l

DOMINION AND CORPORATION STOCKS

Prices, 1962 High	Prices, 1962 Low	DOMINION AND CORPORATION STOCKS	Price, July 18, 1962	Price, July 25, 1962	Red. Yield, July 25, 1962 (£ s. d.)
83⅝	79½	Australia 3¼% 1965–69	83⅜*	83⅝	6 1 0l
99¼	96	Australia 6% 1974–76	98½	99¼	6 4 0l
64	52	Ceylon 4% 1973–75	53	53	11 0 0l
98⅞	94¼	New Zealand 6% 1976–80	97⅞	98⅞	6 5 0l
75¼	62½	Rhodesia and Nyasaland 6% 1978–81	71½*	73	9 0 0l
89½	82	South Africa 3½% 1965–67	89	89½	6 2 0l
58¼	48	Southern Rhodesia 4½% 1987–92	55*	55½	8 13 0l
82½	77¾	Agricultural Mortgage 5% 1959–89	82	82½	6 0 0l
90¾	86	Birmingham 4¼% 1967–70	90	90½	5 14 0l
92	88⅝	Bristol 5% 1971–73	91	92	6 0 0l
90½	88	Corporation of London 5¼% 1976–79	90	90½	6 4 0l
47⅝	43	L.C.C. 3% .... after 1920	47½	47⅝	6 6 0f
88¼	84	L.C.C. 5% 1980–83	87½	88¼	6 2 0l
91¼	87	Middlesex 5¼% 1980	90½	91¼	6 4 0l

ORDINARY STOCKS

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, July 18, 1962	Price, July 25, 1962	Yield, July 25, 1962	Cover
				BANKS, DISCOUNT & HP				
105/–	79/9	6½ b	6½ a	Barclays £1	80/–*	81/–	3·21	...
80/7½	61/–	...	...	District £1	62/6	64/–	3·91**	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	56/–	55/9	3·41	[illegible]
25/6	20/–	7 b	7 a	Martins 5/–	20/3*	20/3	3·70	[illegible]
101/–	80/–	7½ b	7½ a	Midland £1	84/6*	85/–	3·53	[illegible]
100/9	73/3	7 b	7 a	Nat. Provincial £1	83/–*	83/–	3·37	[illegible]
97/9	71/–	6⅔ b	6⅔ a	Westminster 'B' £1	73/–¶	74/–	3·59	[illegible]
48/3	40/6	8 b	4 a	Australia & N.Z. ..£1 p.p.	42/3	42/3	5·68	[illegible]
40/9	34/3	3⅓ a	5 b	Bk. Lond. & S. Amer. ..£1	34/9	34/3	4·87	[illegible]
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£17 15/16	£17 15/16	3·78	[illegible]
35	27¼	8 c	9 c	Bank of New S. Wales £20	32¾	33	4·36g	[illegible]
39/–	32/6	5 b	5 a	Barclays D.C.O. £1	34/9	34/9	5·76	[illegible]
58/6	53/–	7½ a	7½ b	Chartered £1	54/6	54/3	5·53	[illegible]
£19¾	£16	10/– b	5/– a	Hongk'g. & Shang. ...$25	£16½	£16¼*	4·62	...
62/–	49/–	9 b	7½ a	Nat. Com. Bk. Scot. 10/–	51/–	51/–	3·24	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£21 15/16	£22 3/16	3·73	...
45/3	37/6	5 a	10 b	Standard Bank £1	42/3	42/3	7·45	[illegible]
54/4½	37/3	7½ a	15 b	Hambros 5/–	38/9	38/6	2·92	[illegible]
99/9	73/–	2½ a	5 b	Schroders £1	75/6	73/–	2·05	[illegible]
60/3	53/–	6¼ b	6¼ a	Union Discount £1	57/3*	56/6	4·42	[illegible]
14/1½	10/–	18 c	Nil c	Bowmaker 5/–	12/–	11/6	...	[illegible]
14/3	10/3	5 a	5 b	Lombard Banking ...5/–	11/7½	10/9	4·65	[illegible]
16/4½	10/6	2½ b	2 a	Mercantile Credit ...5/–	11/6	11/9	3·19	[illegible]
44/1½	28/6	4 a	22½ b	United Domins. Tst. ..5/–	31/–	30/3	4·38	[illegible]
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/–	14/7½	14/3	3·86**	2
14/6	12/10½	...	...	Charrington United ..5/–	14/1½	14/1½	4·25**	1¾
44/–	33/3	8½ b	6 a	Distillers 10/–	36/9	33/7½	4·31	[illegible]
51/6	42/4½	14 b	8 a	Guinness 10/–	44/–	43/–	5·12	[illegible]
34/–	22/6	3⅓ a	10⅔ b	Harveys 5/–	24/1½‖	22/6	4·67	[illegible]
15/7½	11/10½	...	8 b	Ind Coope, T.A. 5/–	12/9	12/3	4·90**	[illegible]
29/–	21/3	12 b	6 a	Watney Mann 5/–	23/3	22/3	4·04	2
42/4½	31/9	9 a	21 b	Whitbread 'A' 5/–	36/3	35/–	4·29	[illegible]
				BUILDING, PAINT, Etc.				
61/–	50/6	3 a	6½ b	Associated Portland ...£1	51/6	51/9	3·67	[illegible]
27/4½	20/10½	4 a	8½ b	British Plaster Bd. ..10/–	24/10½	24/6	5·10	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/–	15/4½	15/4½	5·20	[illegible]
13/7½	10/6	10 a	12½ b	Crittall Mfg. 5/–	11/4½	11/6	7·34**	2
14/1½	9/10½	6 a	16½ b	International Paints ..4/–	11/3	10/9	8·37	[illegible]
69/6	48/9	25 c	25 c	Rugby Portland 5/–	56/–	52/3	2·39	[illegible]
24/–	18/1½	11⅔ b	5 a	Wall Paper Defd. 5/–	19/7½	18/9	4·44	2¼
				CHEMICAL				
25/7½	20/9	6 a	14 b	Albright & Wilson ...5/–	21/9	21/1½	4·73	[illegible]
19/3	13/11¼	4 a	7½ b	Borax Defd. 5/–	14/2¼	14/3	4·04	[illegible]
43/3	26/6	11 c	4 a	Fisons £1	27/–	26/6	...	...
58/–	47/6	6¼ a	7½ b	I.C.I. £1	51/–	51/–	5·39	[illegible]
18/6	12/–	5 a	5 b	Monsanto 5/–	12/9	12/–	4·17	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug 5/–	26/7½	26/4½	2·27	2¼
33/9	20/7½	5 b	2 a	Montague Burton ...10/–	23/6	23/–	2·99	2¼
59/6	42/9	13⅓ b	5⅚ a	Debenhams 10/–	45/9	45/3	4·24	[illegible]
65/–	51/1½	12½ a	27½ b	G.U.S. 'A' 5/–	56/9	58/1½	3·04	2
40/3	28/9	13⅓ a	16⅔ b	House of Fraser 5/–	30/3	29/3	5·13	1¼
16/6	12/9	5 a	7½ b	Lewis's Invest. Tst. ...4/–	12/10½	13/–	3·85	2
100/6	79/6	15 a	32½ b	Marks & Spencer 'A' .5/–	81/3	81/3	29·2	1½
52/6	41/–	10 a	20 b	United Drapery 5/–	43/6	42/–	3·57	1¾
53/–	44/–	25 b	10⅚ a	Woolworth 5/–	44/3	44/4½	4·04	[illegible]
				OIL				
38/–	30/6	‡2·78a	†7 1/12 b	British Petroleum £1	35/9	37/–	8·69	2
40/–	30/6	†2½ a	†7 11/12 b	Burmah Oil £1	38/3	39/–	8·72	1¼
£14½	£12 5/16	11¼ a	15 b	Royal Dutch ....20 fl.	£13 3/16	£13½	3·85	2½
33/–	27/–	†10 a	†15 b	Shell Transport 5/–	31/7½	33/–	6·18	2½
32/9	20/6	...	...	Ultramar 10/–	22/9	23/–	... d	...

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, July 18, 1962	Price, July 25, 1962	Yield, July 25, 1962	Cover
				ELECTRICAL & RADIO				
32/6	23/–	5 a	5 b	A.E.I. £1	25/3	25/–	8·00	1
12/6	9/–	...	15 c	Brit. Electronic Inds. ..5/–	10/10½	9/7½	7·79	¼
66/3	51/9	4 a	9½ b	B.I.C.C. £1	53/–	53/9	5·02	2
14/8¼	12/7½	7½ b	5 a	Crompton Parkinson .5/–	13/9¾	13/3	4·72	2½
89/6	63/–	23⅓ c	7½ a	Decca 10/–	71/–	67/–	3·48	1¾
45/6	33/9	12½ b	5 a	E.M.I. 10/–	35/–	34/9	5·04	2
54/6	39/–	5 a	9 b	Elliott-Automation ...5/–	42/6	42/9	1·64	2
27/9	20/9	3 a	5 b	English Electric £1	22/–	21/9	7·36	1½
34/–	26/–	3 a	7 b	General Electric £1	29/6	32/3	6·20	¾
59/3	34/6	4⅜ a	8⅛ b	C. A. Parsons £1	37/6	37/–	6·76	2
47/9	38/6	3¼ a	6½ b	A. Reyrolle £1	39/3	39/–	5·00	2½
82/–	58/–	25 c	25 c	Thorn Electrical 5/–	68/6	69/6	1·98**	3
				ENGINEERING				
35/–	20/3	9 c	9 c	Babcock & Wilcox £1	32/10½	31/3	5·76	1½
38/3	27/3	7 b	3·2 a	John Brown £1	31/9	31/6	6·48	2¾
6/–	4/3	3 a	7 b	Cammell Laird 5/–	5/–	5/–	18·00	1
26/10½	21/10½	10 a	20 b	Internat. Combust. ..5/–	24/10½	25/–	6·00	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/–	3/9	3/6	...	...
38/4½	26/–	2½ a	9½ b	Swan Hunter £1	28/3	28/–	8·57	1¾
14/9	10/6	5 a	10 b	John Thompson 5/–	14/6	14/9	5·08	...
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/–	27/6	27/1½	5·27	2¾
73/7½	55/6	†2½ a	†6 b	Alfred Herbert £1	56/9	56/6	4·91	2
47/6	33/9	5 a	10 b	Allied Ironfounders ...£1	37/3	40/6	7·41	1¾
99/9	67/9	5 a	10 b	Averys £1	73/–	71/9	4·18	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/–	12/3	12/1½	9·62	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/–	9/7½	9/7½	6·75	1¾
33/–	21/–	10 a	17½ b	Davy-Ashmore 5/–	22/–	21/–	6·55	2¼
81/10½	64/1½	5 a	11 b	Guest Keen £1	66/10½	65/4½	4·89	2¼
21/–	14/3	4 a	12 b	Head Wrightson 5/–	15/9	15/6	5·16	2½
85/6	67/–	5 a	7 b	Metal Box £1	68/3	68/6	3·50	2¼
18/–	13/4½	10 b	4 a	Ransome & Marles ..5/–	14/10½	14/7½	4·79	3
48/–	35/3	3 a	7 b	Renold Chains £1	36/–*	35/3	5·67	1¾
64/10½	43/1½	7 b	7 a	Tube Investments £1	46/6	46/1½	6·07	3
31/1½	23/6	2½ a	7½ b	Vickers £1	26/10½	26/7½	7·51	1
71/6	54/–	10 b	3⅝ a	Ward (Thos. W.) £1	56/6	56/6	4·87	3
20/6	12/3	5 a	16 b	Woodall-Duckham ...5/–	14/3	14/–	7·50	1¾
				FOOD & TOBACCO				
25/6	19/9	10 c	10 c	Allied Suppliers 10/–	24/1½	23/7½	4·23	2½
12/4½	8/4½	12½ b	10 a	Assoc. British Foods ..1/–	9/9	9/4½	2·40	2
61/3	40/6	8 b	4 a	Bovril £1	41/6	40/6	5·93	1½
12/9	10/9	†3·9b	†1·7a	Brooke Bond 'B' 5/–	11/3	11/–	4·16	3½
15/10½	11/10½	2½ a	10 b	International Tea 5/–	13/–	13/3	4·72	1½
82/6	63/3	5 a	10⅚ b	J. Lyons 'A' £1	65/9	63/3	5·04	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/–	33/3	32/6	4·31	...
13/7½	10/10½	7½ b	2½ a	Spillers 5/–	11/9	11/1½	4·49	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	47/3	47/7½	5·04	2¼
18/–	14/9	5 a	9 b	Unigate 5/–	15/3	15/3	4·59	2
63/9	52/–	†22½ c	†5⅚ a	Brit. Amer. Tobac. ..10/–	55/9	56/9	6·47	3
41/3	28/3	5 a	15 b	Gallaher 10/–	30/3	31/–	6·45	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	50/9	52/9	8·53	1¾
				INSURANCE				
8 15/16	5 11/16	†22·7a	†25 b	Britannic 5/–	5 11/16	5 11/16	3·42	...
68/–	50/–	20 a	25 b	Commercial Union ..5/–	51/–	52/–	4·33	...
35 15/16	21½	†41·17c	†62·74c	Equity & Law Life ...8/6	23½	23	1·89	...
109/3	69/–	10 a	20 b	General Accident 5/–	76/6	75/6	1·99	...
60/6	42/9	...	...	Guardian 5/–	44/3	44/3	3·01**	...
48¾	32½	80 a	110 b	Legal & General 5/–	35½	35¼	1·35	...
180/–	138/9	8½ a	12½ b	Northern & Empl. £1	151/3	146/3	2·87	...
13 11/16	10⅝	†20 a	†70 b	Pearl 5/–	10 13/16	10 13/16	3·40	...
29¾	21⅞	†208⅓ c	†208⅓ c	Prudential 'A' 4/–	22⅝	22⅝	3·01	...
47/10½	35/10½	...	...	Royal 5/–	37/4½	37/4½	4·01**	...
127/9	96/–	7½ a	11¼ b	Royal Exchange £1	98/–	98/–	3·83	...
				MOTORS & AIRCRAFT				
18/3	13/–	12½ b	7½ a	British Motor 5/–	13/1½	12/6	8·00	¾
85/3	60/–	20	20 c	Jaguar Cars 'A' 5/–	63/9	62/1½	1·61	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	24/9	23/9	6·74	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' ...4/–	4/11¼	4/6	3·56	...
78/6	60/11¼	11 b	5 a	A.C.V. £1	70/3	69/3	...	...
94/6	69/9	20 c	5 a	Leyland Motors £1	71/–	70/–	5·71	...
17/7½	13/10½	8 a	5½ b	Bristol Aeroplane ..10/–	17/3	16/7½	8·12	2
24/8¼	19/3	5 a	6 b	Hawker Siddeley £1	23/–	24/3	9·07	1¼
36/9	25/9	†4 a	†6½ b	Dowty Group 10/–	27/6	29/6	5·81	2½
39/–	27/3	5 a	15⅚ b	Dunlop Rubber 10/–	28/10½	28/9	5·51	1¾
77/–	62/1½	11¼ b	2½ a	Joseph Lucas £1	62/10½	62/4½	4·41	2¼
22/–	12/–	5 c	9 a	Pressed Steel 5/–	13/–	13/–	1·92	...
39/–	31/1½	12½ c	5 a	Triplex Holdings ...10/–	31/9	31/1½	4·02	2¼
				MINES				
178/1½	136/3	40 a	50 b	Anglo-American 10/–	172/6	172/6	5·22	1¾
73/–	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	70/9	70/3	7·12	2½
116/3	81/10½	15 a	20 b	General Mining £1	115/–	115/–	6·09	2
71/–	46/6	†26 a	†74 b	Union Corporation ..2/6	69/3	69/–	5·92	2½
20/9	16/9	40 b	40 a	Daggafontein 5/–	18/9	18/4½	21·77	1¼
128/1½	81/10½	100 b	70 a	Free State Geduld ...5/–	124/9	120/7½	7·05	1½
68/9	50/6	60 b	60 a	President Brand 5/–	67/6	67/6	8·89	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/–	88/9	88/1½	7·04	1¾
45/6	34/–	...	...	Western Deep 'A' £1	42/6	42/3	...	...
161/3	117/6	210 c	105 a	Western Holdings ...5/–	153/9	153/9	6·83	1¼
19/6	15/3	6 b	5 a	Winkelhaak 10/–	19/4½	19/1½	5·75	3
56/9	42/6	13⅓ a	36⅔ b	Chartered 15/–	46/–	49/3	15·23	1½
56/6	47/–	60 b	20 a	Rhod. Anglo-Amer. 10/–	52/6	54/3	14·75h	1¾
37/4½	24/–	...	6 a	Rhod. Selection Tst. £1	26/9	28/9	12·52**h	...
21/9	14/9	32½ c	Nil a	Tanganyika Cons. ...10/–	15/–	15/–	...	1¼
172/6	135/–	100 a	180 b	De Beers Defd. Reg. 5/–	170/–	171/3	8·18	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ....n.p.v.	$100	$100	2·85	...
18/9	13/1½	7½ a	30 b	London Tin 4/–	15/7½	15/1½	9·92	1¼
16/9	15/9	...	...	R. T. Zinc 10/–	16/4½	15/10½	9·45**	...
35/–	22/3	65 c	25 a	Tronoh 5/–	24/–	23/3*	13·98	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	5 a	10 b	Daily Mirror 5/–	10/10½	10/9	6·98	1½
83/–	62/6	4 a	9 b	W. H. Smith & Son 'A' .£1	75/–	76/–	3·42	2
24/9	13/9	10 a	14 b	Thomson Org'n. 5/–	15/–	14/–	8·57	1½
47/3	32/–	5 a	8¾ b	Bowater Paper £1	33/9	32/6	8·46	1
45/–	35/–	5 a	11 b	Albert E. Reed £1	41/9	40/9	7·85	1½
43/9	33/6	4 a	8½ b	Spicers £1	36/9	36/6	6·85	1½
55/–	44/–	4 a	10 b	Wiggins Teape £1	49/9	49/9	5·63	1¾

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, July 18, 1962	Price, July 25, 1962	Yield, July 25, 1962	Cover
				MISCELLANEOUS				
27/9	19/9	10 a	20 b	Assoc. British Picture .5/–	20/3*	20/–	7·50	2¾
33/3	20/3	40 b	20 a	Assoc. Television 'A' .5/–	22/–	20/3	14·81	1¾
52/1½	33/10½	16 a	14 b	Beecham Group 5/–	34/9	34/3	4·38	1¾
39/4½	30/9	6⅔ b	3⅓ a	British Match £1	34/10½	33/7½	5·95	2
16/3	11/6	6⅔ b	4 a	British Oxygen 5/–	12/–	11/9	4·54	1¾
9/10½	7/6¾	3 a	7 b	British Ropes 5/–	7/8¼	7/8¼	6·50	1½
62/3	50/3	7½ a	15 b	De La Rue 10/–	61/–	58/9	3·83	2
42/–	27/1½	5⅝ a	9⅜ b	Gestetner 'A' 5/–	34/–	32/6	2·31	3¾
55/9	41/6	15 c	7½ a	Glaxo 10/–	43/–	43/6	3·45	3¼
49/–	42/6	3 a	12 b	Harrisons & Cr. Defd. ..£1	42/6	42/6	7·06	2½
41/3	29/–	5 a	20 b	Hoover 'A' 5/–	30/3	30/–	4·17	1¾
23/3	16/–	5 a	12½ b	Ilford 5/–	18/6	17/–	5·15	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	89/–	88/3	2·55	2½
49/3	40/6	12½ c	12½ c	National Canning £1	44/6	45/7½	5·48	1
41/3	35/1½	6 a	12 b	Powell Duffryn 10/–	36/9	35/6*	5·07	2¼
40/6	32/3	17½ b	5 a	Radio Rentals 5/–	33/9	33/6	3·36	2¾
37/–	24/6	15 b	7½ a	Rank Organisation ...5/–	25/9	25/–	5·00**	...
38/–	24/6	7½ a	16½ b	Schweppes 5/–	26/1½	25/–	4·80	1½
35/3	26/6¾	25 c	25 c	Sears 'A' 5/–	28/4½	27/4½	4·57	2
29/10½	22/3	8½ a	11½ b	Thomas Tilling 4/–	24/–	22/3	3·60	2
64/–	44/–	8 b	4 a	Turner & Newall 5/–	48/4½	49/6	4·85	2
47/3	32/6	9·47a	15·32b	Unilever £1	35/9	35/1½	3·53	3
11⅝	7½	8 a	13 b	Unilever N.V. ....12 fl.	8⅞	8 11/16	2·85	3
18/9	13/6	5 a	10 b	United Glass 5/–	14/–	13/9	5·45	...
33/3	23/–	†4⅙ a	†10⅚ b	United Molasses 10/–	25/6¾	25/3	9·70	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/–	26/–	25/6	7·84	1
18/3	15/7½	6 c	Nil c	Cunard £1	17/–	16/4½	...	...
20/–	16/9	7 c	7 c	France Fenwick £1	20/–	20/–	7·00	1½
31/6	21/–	10 c	10 c	Furness Withy £1	25/–	24/6	8·16	1
9/7½	5/–	...	...	London & Overseas ..5/–	5/1½	5/3	...	...
31/–	17/6	3 a	3 b	P & O Defd. £1	20/3	20/–	6·00	...
12/1½	8/4½	2½ c	2½ c	Reardon Smith 10/–	9/–	8/7½	2·90	...
12/9	7/6	5 c	Nil c	Royal Mail £1	10/9	10/6	...	...
				STEEL				
48/4½	27/4½	16 c	5 a	Colvilles £1	29/4½	28/4½	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	16/9*	15/9	...	2¼
34/–	22/–	7½ b	3½ a	Lancashire Steel £1	22/6	22/1½	9·94	3
21/4½	11/–	10 c	Nil a	South Durham £1	11/6	11/3	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	23/9	23/4½	8·56	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	28/10½	28/10½	10·39	2
51/10½	39/6	9 b	6 a	John Summers £1	41/7½	39/10½	7·52	2
42/4½	25/9	12·3c	4 a	United Steel £1	28/9	28/7½	...	1½
41/–	30/9	8¾ b	4 a	Whitehead £1	31/9*	30/9*	...	2
				TEXTILES				
32/–	25/7½	5 a	7½ b	English Sewing Cotton £1	26/10½	26/4½	9·48	1
26/4½	18/9	5 a	7½ b	Fine Spinners £1	20/4½	20/6	12·20	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	32/4½*	31/1½	...	1¼
46/1½	37/10½	3¾ a	8¾ b	Courtaulds £1	41/3	42/3	5·92	1¼
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/–	5/4½	5/4½	9·92	1¾
81/6	72/3	13 b	8 a	West Riding Worsted £1	75/–*	72/3	5·81	2½
30/9	21/3	2½ a	7½ b	Woolcombers £1	22/9	21/3	9·41	1¼
20/10½	14/1½	6 c	6 c	Bradford Dyers £1	16/1½	16/4½	7·33	1
13/3	8/10½	13¾ b	7½ a	Calico Printers 5/–	9/4½	9/1½	10·96**	3¼
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B. £1	39/4½	39/4½	6·35	1¾
10/9	8/9	3 a	10 b	Jute Industries 10/–	10/6	10/4½	12·53	2¼
27/1½	20/10½	10 c	10 c	Tootal £1	21/1½	20/10½	9·58	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ a	25 b	Alliance Trust 5/–	20/10½	19/10½	9·43	1¼
61/6	42/1½	37½ b	12½ a	B.E.T. 'A' Defd. 5/–	44/1½	42/1½	5·93	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/–	14/–	13/9	3·64	1½
71/9	54/3	31⅔ c	10 a	City Centre Props. ...5/–	60/–	60/–	2·11**	...
89/–	69/9	3½ a	8½ b	City Lond. Real Prop. £1	72/9	72/3	3·32	1
95/–	62/6	7·04a	9·04b	Hudson's Bay £1	67/6	67/6	4·76	2½
38/6	22/6	4 b	2 a	Land Securities 10/–	24/3	24/3	2·47	1
39/–	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/–	34/–	33/6	3·98	1
				TEA & RUBBER				
46/6	38/–	†2½ a	†12½ b	Cons. Tea & Lands £1	40/3	39/–	12·56	2
35/6	30/9	†11 b	†3 a	Jokai (Assam) £1	35/3	34/6	13·25	2½
9/6	7/6	...	7½ c	Nuwara Eliya £1	8/6	8/3	18·18	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/–	5/5¼	5/3¾	15·69	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic 2/–	4/9	4/7½	17·30	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	67/6	66/3	13·58	1½

UNIT TRUST PRICES

	July 25		Yield
Allied Investors:			
Elect. & Ind. D.	8/11½	9/8½*	6·51
Metals & Mins.	14/2	15/1	7·12
British Life Office:			
British Life Units	4/6½	4/9½	4·25
Commonwealth Unit Trust Fund:			
A E & G Un. Tst.	13/5½	14/5½	3·65
Commonwealth	9/8	10/6½	5·51
Orthodox Unit	13/3	14/3	4·89
Municipal & Gen.:			
Second M & G	8/5½	8/11¼*	5·12
M & G Gen. Tst.	11/0¼	11/7½*	5·13
Mid. Ind. & Gen.	8/4½	8/10*	5·12
National Group:			
Nat. B.I.F.S.	6/5½	6/10¾	4·00
Domestic Unit Fd.	4/11¼	4/5	4·75
Shield Unt. Fund	4/1	4/4¾	4·39
P. Hill, Higginson, Erlangers:			
Brit. Shareholdrs.	12/–	12/11	4·57
B S International	8/11	9/7*	5·12
Save & Pros. Gp.:			
Insurance Units	15/8½	16/9*	2·37
Bank Insurance	6/11	7/4½	3·09
Bank Units	9/4	9/11½	3·96
Investment Tst.	6/6½	7/–	3·26
Consol'd. BITS	13/–	13/10½	3·18
Crosby Capital	6/6	6/11½*	3·60
Crosby Income	4/7½	4/11½	5·96
Scotbits	4/7	4/11*	2·92
Scotshares	4/4	4/7½	5·16
Dillon Walker:			
Community Un.	2/8	2/11	5·66
Falcon Trust	4/2½	4/7	5·63
Intrust Fund	18/7	19/7*	5·18
Unicorn Trust	5/11½	6/5	4·13

NEW YORK PRICES AND INDICES

	July 18 $	July 25 $		July 18 $	July 25 $		July 18 $	July 25 $
Atch. Topeka	22⅞	21⅜	Boeing	39⅛	39⅜	Int. Harvester	47⅛	46⅝
Can. Pacific	21⅛	20⅞	Celanese	34	34⅝	Inter. Nickel	54	55¼
Pennsylvania	11⅞	11¾	Chrysler	42½	44½	Inter. Paper	26	25⅝
Union Pacific	29⅞	29¼	Col. Palmolive	38⅞	38¼	Kennecott	69½	68⅜
Amer. Electric	62	62¾	Crown Zeller.	40	40⅜	Monsanto	36⅜	37⅛
Am. Tel. & Tel.	108⅝	110½	Distillers Seag.	38½	38⅞	Nat. Distillers	24⅞	24⅝
Cons. Edison	73	73⅜	Douglas	21¾	21⅝	Pan-American	17¼	18
Int. Tel. & Tel.	37⅜	39⅛	Dow Chemical	45	43½	Procter Gamble	65⅛	66¼
South'n. Nat. Gas.	43⅝	42⅝	Du Pont	179	184	Radio Corpn.	44⅞	44⅝
United Corpn.	7⅜	7¼	East. Kodak	92⅜	94¾	Sears Roebuck	66	65½
Western Union	26⅜	26⅝	Ford Motor	41⅜	41½	Shell Oil	30⅜	31⅝
Alcoa	55⅛	53¼	Gen. Electric	61½	62½	Socony-Mobil	48½	49¼
Aluminium	19⅜	19¾	General Foods	70	70⅞	Stand. Oil Ind.	45½	45
Amer. Can.	43¾	43¼	General Motors	48⅜	49¾	Stand. Oil N.J.	51¼	51⅜
Am. Smelting	48¾	50	Goodyear	31½	30¾	Union Carbide	86¾	86
Am. Viscose	54¾	55½	Gulf Oil	36¼	35	U.S. Steel	44	45
Anaconda	40⅝	40	Heinz	45	45½	West. Electric	26⅝	26⅛
Beth. Steel	32⅞	34⅞	Int. Bus. Mach.	365¼	367½	Woolworth	66¼	65⅜

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
June 27	55·10	3·91	26·81	6·02	50·62	4·04	89·43	3·94
July 3	59·10	3·64	28·45	5·67	54·89	3·73	89·12	3·97
„ 11	60·42	3·56	28·83	5·60	56·10	3·65	88·59	4·02
„ 18	58·74	3·67	28·23	5·72	55·10	3·72	88·59	4·02
„ 25	56·06	3·65	27·87	5·79	55·02	3·73	88·70	4·01

425 Industrials—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

FRANCE	July 18 Frcs.	July 25 Frcs.	GERMANY	July 18 %	July 25 %	HOLLAND	July 18 %	July 25 %
Air Liquide	1,278	1,157	A.E.G.	401¾	390	A.K.U.	364½	[illegible]
Banque de Paris	504	497	Bad'che. Anilin	395	383	Bijenkorf	877	[illegible]
Citroen	175·9	188·5	Bayer	437	429	Heinekens	490	[illegible]
C. F. Petrole	290·2	292	Commerzbank	403	377	Interunie (Fl.50)	Fl.176·5	[illegible]
Cie. G. d'Elect.	1,211	1,250	Deutsche Bank	440	422	K. N. Hoogoven	570	[illegible]
Machines Bull	499	518	Hoechst Farb.	395	382	Kon. Zout-Ket.	750	[illegible]
Pechiney	240	242	Kundenkredit	395	393	Philips (Fl.25)	Fl.160·2	[illegible]
Printemps	492	500	Lowenbrau	935	885	Robeco (Fl.50)	Fl.201·5	[illegible]
Rhone-Poulenc	420	428·5	Mannesmann	227½	225	Rotterdam Bk.	344½	[illegible]
S.I.M.	367	355	Siemens	572½	553¼	Thomassen & D.	665	[illegible]
Saint-Gobain	371	372	Thyssen-Huette	190½	181	Valeurop	Fl. 72·0	[illegible]
Usinor	216	219	Volkswagen	508	492	Zwanenberg	885	[illegible]
Index (Dec. 30, 1960=100)	97·0	97·3	Herstatt Index (Dec. 31, 1959=100)	89·52	86·97	Index (1953=100)	325·7	[illegible]

ITALY	July 18 Lire	July 25 Lire	BELGIUM	July 18 Frcs.	July 25 Frcs.	SWEDEN	July 18 Kr.	July 25 Kr.
Ass. Generali	138,475	147,000	Arbed	26,750	26,850	Asea	227	[illegible]
Breda	5,522	6,130	Bqe. Nat. de Bel.	10,900	10,950	Elektrolux	127	[illegible]
Edison	3,900	4,160	Bque. Soc. Gen.	3,000	3,000	Ericsson B. Kr.35	127	[illegible]
Fiat	2,878	2,954	Cockerill-Oug.	2,810	2,755	Separator B.	288	[illegible]
Finsider	1,385	1,442	Esperance Long	5,660	5,630	Skand. Banken	210	[illegible]
La Centrale	11,800	12,070	Hoboken	16,550	16,825	Sv. Cellulosa	187	[illegible]
Montecatini	3,039	3,175	Innovation	6,250	6,110	Sv. Handelsbank	208	[illegible]
Motta	31,500	33,000	Photo Gevaert	2,735	2,795	Tandstk. B Kr.50	156	[illegible]
Olivetti	8,170	8,270	Sidro	1,018	1,018	Index (Dec. 29, 1956=100)	170·10	[illegible]
Pirelli S.p.A.	6,050	6,450	Soc. Generale	13,375	13,400	**NORWAY**	%	
Rinascente	745½	789	Sofina	7,970	7,990	Bergens Priv'bk.	212½	[illegible]
Snia Viscosa	5,299	5,694	Un. Miniere 1/10	1,084	1,100	Borregaard	216¼	[illegible]
Index (1950=100)	677·32	N.A.	Index (May 9, 1940=100)	396·0	396·2	Norsk Hydro	302½	[illegible]

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Calico Printers, 20%. Charrington United, 12%. City Centre Props., 25⅓%. Crittall Mfg., 16⅞%. District Bank, 12½%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. R. T. Zinc, 15%. Rank Organisation, 25%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%. Thorn Electrical, 27½%.

Imperial Tobacco

SMOKERS' initial reaction to the lung cancer report in March was sharp. Some gave up smoking altogether while others, inexpertly, sought solace in a pipe. Non-smokers cynically wondered whether confirmed smokers could long resist the attraction of cigarettes and the interim report from Imperial Tobacco suggests that many of them broke off smoking for no more than two or three months. The directors say that "the demand for cigarettes since March has been, and still is, below last year's level, but has recently shown an upward tendency." The interim dividend is maintained at 8½ per cent and the directors expect to be able to repeat last year's total payment of 22½ per cent. Profits are not likely to be substantially different from those of 1961-62 when the dividend was covered nearly 1¾ times. Lower cigarette sales and continued trading difficulties in the paper and board industry have been offset by bigger sales of pipe tobaccos and cigars and by the full year's benefit of the increase in prices on the more expensive brands of cigarettes made in June, 1961. On this reassuring statement the £1 shares gained 3s. 9d. to 54s.; they now stand 6s. 9d. above their low for the year and yield 8¼ per cent. As an income stock "Imps" undoubtedly still have attractions.

Richardsons, Westgarth

THE preliminary statement from the marine electrical and general engineers, Richardsons, Westgarth is a sorry document, and realises the worst fears aroused a year ago when the chairman, Mr E. J. Philipson, said that the shipbuilding and marine engineering industries "may well be facing a major and possibly prolonged recession and certainly no positive indication of any early recovery can be seen at the present time." Depreciation, development expenditure and loan interest were all higher and left the group with a loss before tax of £767,000 in the year to March 31st, compared with a profit of £128,000 in the previous year. Tax credits and tax provisions no longer required reduced the net loss to £483,000, against a net profit of £187,000. The directors have again passed the ordinary dividend and this year the tax free capital distribution of 1¼ per cent from reserves has not been repeated.

The loss comes as no surprise in view of the current plight of the shipbuilding industry and the "major changes designed to improve efficiency in production and administration" which Mr Philipson announced a year ago clearly did not have time to bear fruit before the financial year ended. The directors say that "the extremely competitive conditions and shortage of profitable work continued throughout the whole of the year." Shareholders are probably more interested in their assurance that "drastic action" has been taken to reorganise the group and that therefore "the current year's trading is expected to show a considerable improvement." The 10s. ordinary shares now stand at 3s. 6d., or little more than a quarter of their net asset value.

Murex

THE stock market was fully prepared for a fall in Murex's profits in the year to April 30th, as an interim statement in December had revealed that sales in the first six months had fallen by 3 per cent and net profits by 10 per cent. The directors then said that results for 1961-62 were not expected to match those of the two preceding years. In the event, therefore, the fall of nearly 9 per cent in sales from £11,749,000 to £10,712,000 and of 10½ per cent in trading profits from £1,661,000 to £1,470,000 was not too unpleasant a shock. But net profits have fallen by 17 per cent from £691,000 to £572,000, reducing equity earnings from 28¼ to 23¼ per cent and the dividend has been cut from 13 to 12 per cent.

The directors say that the fall in demand for ferro-alloys used in making alloy and stainless steels became even more marked in the closing months of the financial year, though "sales of chemical products, powder metallurgy products and welding electrodes were well maintained." Capital expenditure at Rainham and Waltham Cross amounted to £450,000, compared with £550,000 in 1960-61, but stocks have risen by £706,000, as a result of an accumulation of finished products towards the end of the financial year, and liquid balances have been reduced from £540,000 to £200,000. Murex has felt the pinch of the decline in orders from its customers in the steel and engineering industries and clearly a revival in its fortunes depends upon the stimulus that can be given to capital investment in this country. The £1 ordinary shares stand at 34s., to yield just over 7 per cent and, for the moment at least, the stock market is not enthusiastic about the prospects.

Dowty Group

THE preliminary results from the Dowty Group came as a tonic to a market which in the last few months has had its full dose of falling profits and declining margins. Indeed they were appreciably better than the interim statement had led the market to expect. In February the directors said that profits for the year to March 31st would be higher, but implied that the inclusion of a full year's profits from Boulton Paul would be the main source of the increase. They also said that costs were rising and that it was "unlikely that profits will show any significant increase for the time being." In the event Dowty's gross profits rose by 27 per cent from £2,527,000 to £3,213,000. As there are no separate figures for Boulton Paul it is impossible to say how much the rise in profits resulted from the inclusion of its results and how much from Dowty's own interests in aircraft, and industrial and mining hydraulic equipment. But the tax-free ordinary dividend has been raised from 9½ to 10½ per cent, and the latest payment is covered 2½ times by earnings. Despite the misgivings voiced by the directors in the interim statement about the difficulties of switching from long run to batch aviation production the group has evidently done well, and the stock market was so impressed by the higher profits and the dividend to mark the 10s. ordinary shares up by 4s. 3d. to 31s., to yield 5½ per cent.

Unigate

IN his statement a year ago the chairman of Unigate said he did not expect spectacular results but he hoped the group would achieve "solid and steady progress." This is borne out in the results to end-March when trading profits rose by just over 4 per cent from £8.6 million to £9 million but higher charges for depreciation and tax absorbed the increase so that net profits are hardly changed at £3.1 million. The dividend is maintained at 14 per cent and is still covered twice by earnings.

This is the third year of trading since the merger of United Dairies and Cow and Gate (followed later by the acquisition of Aplin and Barrett) and as the recent Express Dairy results (which showed a 21 per cent fall in profits) suggested, it was by far the most difficult of the three. Unigate's sales amounted to £197 million in 1960-61 and seem certain to have topped the £200 million mark in 1961-62 but the small increase in profits suggests that like its competitor Unigate has continued to find margins on milk sales inadequate. However on these results, which were a little better than the market had expected, the 5s. shares gained 6d. to 15s. 9d. This compares with a high of 18s. and the shares yield 4½ per cent.

THE ECONOMIST INDICATOR
(1953 = 100)

1962	Indicator	Yield %	1962 High	1962 Low
June 20	315·2	5·64	364·4 (Jan. 17)	310·3 (June 27)
" 27	310·3	5·64		
July 4	318·8	5·40		
" 11	316·3	5·44		
" 18	312·9	5·51		
" 25	310·9	5·58		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
July 19	260·2	6·01	5·95	10,220
" 20	258·3	6·04	5·95	10,697
" 23	256·5	6·08	5·95	12,000
" 24	258·8	6·03	5·95	10,286
" 25	261·0	5·98	5·93	10,079

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935 = 100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended July 21, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £12,359,000 compared with a deficit of £13,078,000 in the previous week and a deficit of £5,956,000 in the corresponding period of last year. There was a net receipt "below-line" of £34,732,000 leaving a total cumulative deficit to date of £279,557,000 compared with £228,382,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to July 22, 1961	April 1, 1962, to July 21, 1962	Week ended July 22, 1961	Week ended July 21, 1962
Ordinary Revenue					
Income Tax	2,790,000	472,459	494,658	29,636	42,253
Surtax	188,000	33,100	36,300	1,000	1,300
Death Duties	264,500	89,300	84,200	5,200	5,600
Stamps	95,000	34,400	31,800	2,300	1,600
Profits tax, EPT and EPL	374,000	94,400	101,400	5,000	18,900
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	723,659	748,358	43,136	69,153
Customs	1,653,000	501,484	501,899	34,031	30,989
Excise	1,077,000	241,325	253,310	7,155	5,440
Total Customs and Excise	2,730,000	742,809	755,209	41,186	36,429
Motor Duties	150,000	22,426	35,311	777	1,981
Broadcast Lic's.	41,000	8,800	9,400	2,000	2,100
Miscellaneous	165,000	107,490	51,720	357	520
Total	6,797,500	1,605,184	1,599,998	87,486	104,183
Ordinary Expenditure					
Debt Interest	600,000	218,684	203,564	7,159	20,458
Payments to N. Ireland Exch.	100,000	24,042	24,447	...	...
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	3,285	3,361	13	34
Supply Services	5,611,650	1,468,556	1,602,207	85,780	85,830
Total	6,323,650	1,714,567	1,833,579	92,952	106,322
Sinking Funds	41,000	8,374	9,679	460	220
"Above-line" Surplus or Deficit		117,757	343,260	5,956	12,359
"Below-line" Net Expenditure*		110,625	36,297	27,922	34,732
Total Surplus or Deficit	228,382	279,557	21,966	22,373	
Net receipts from:					
Tax Reserve Certificates		60,829	49,667	599	2,772
Savings Certificates		4,300	1,300	1,100	600
Defence Bonds		20,244	5,870	474	801
Premium Savings Bonds		13,650	10,700	600	400
Total		90,423	67,537	573	971

*Net repayments of £5 million to the Civil Contingencies Fund in 1962-63 compared with net issues of £23 million in 1961-62.

FLOATING DEBT
(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
July 22	3,260·0	1,894·4	214·3	...	5,368·7
1962					
April 21	2,940·0	2,448·7	226·0	3·3	5,638·0
" 28	2,940·0	2,542·3	223·0	...	5,705·3
May 5	2,920·0	2,512·6	243·6	...	5,676·2
" 12	2,940·0	2,236·5	248·2	0·5	5,425·2
" 19	2,940·0	2,221·9	283·8	0·3	5,446·9
" 26	2,950·0	2,258·8	229·3	...	5,438·1
June 2	2,960·0	2,299·9	230·7	1·5	5,492·1
" 9	2,970·0	2,307·8	233·6	...	5,511·5
" 16	2,980·0	2,314·5	287·2	0·8	5,582·5
" 23	2,990·0	1,936·1	250·9	2·8	5,179·8
" 30	2,990·0	2,013·4	264·2	2·3	5,269·8
July 7	2,990·0	1,980·0	230·3	6·3	5,206·6
" 14	2,990·0	2,015·7	230·0	2·5	5,238·2
" 21	2,990·0	2,008·0	218·4	2·0	5,218·4

THE MONEY MARKET

ANTICIPATION of a cut in Bank rate was conspicuously absent at last Friday's Treasury bill tender. The syndicate of discount houses in fact cut its bid by 4d. to £99 0s. 2d.—denoting a rise in its discount rate of 1s. 4d. per annum. The syndicate's action took outside applicants by surprise and the Treasury bill rate rose by only 9.8d. to £3 18s. 7.14d. Nevertheless, the market improved its allotment, from 23 to 29 per cent. The offer had been reduced by £10 million but applications fell by £22 million to £382 million.

After last week's very comfortable conditions the market received a sharp jolt on Tuesday when credit became very tight. The weekly tax transfers meant that the clearing banks were calling in funds on a large scale. The authorities supplied a very large amount of help but one or two houses were still forced to borrow a very small amount from the Bank of England at Bank rate. The pressure had eased somewhat by Wednesday although there was still a keen demand for credit, but a small amount of official help and the wide use of privilege facilities kept the market out of the Bank.

In New York the Treasury bill rate fell for the first time in five weeks from 2.983 to 2.892 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	Discount rates: Bank bills:	
Deposit rates (7 days' notice):		60 days	4 16/16–4 15/16
Banks	2½	3 months	4 16/16–4 15/16
Discount houses	2½–2¼	4 months	4 16/16–4 15/16
Local Authorities	4¼–4	6 months	4 16/16–4 15/16
Call money:		Fine trade bills:	
Clearing banks' minimum	2½	3 months	5⅛–6
Day-to-day	2⅞–3⅛	4 months	5⅛–6
		6 months	5⅜–6⅛

NEW YORK

Official Discount rate: (from 31/2%, 11/8/60)	%	Treasury bills:	%
	3	July 16	2·983
		" 23	2·892

BANK OF ENGLAND RETURNS

(£ million)	July 26, 1961	July 18, 1962	July 25, 1962
*Issue Department**:			
Notes in circulation	2,400·2	2,351·9	2,371·6
Notes in banking dept.	25·1	23·4	53·8
Govt. debt and securities*	2,423·8	2,374·0	2,424·0
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	12·4	14·2	13·2
Special deposits	155·2	158·0	158·0
Bankers	258·2	240·5	226·1
Others	77·9	72·1	73·8
Total	504	484·8	471·1
Securities:			
Government	429·7	418·9	373·2
Discounts and advances	48·0	41·1	42·8
Other	18·3	18·7	18·7
Total	496·0	478·7	434·7
Banking department reserve	26·0	24·3	54·7
"Proportion"	% 5·1	% 5·0	% 11·6

*Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,425 million on July 25th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Average Rate of Allotment	91 Day Allotted at Max. Rate *
1961	*91 day*		s. d.	%
July 21	240·0	333·3	92 5·62	66
1962				
April 19	230·0†	386·6	85 4·31	46
" 27	220·0	386·3	81 0·54	26
May 4	220·0	406·0	81 9·72	16
" 11	230·0	412·8	79 8·71	57
" 18	230·0	383·6	77 1·64	61
" 25	230·0	398·4	76 3·81	47
June 1	240·0	417·3	75 7·98	43
" 8	240·0	421·0	75 0·28	47
" 15	240·0	423·6	74 4·01	40
" 22	230·0	370·2	76 11·84	42
" 29	230·0	365·3	78 5·03	45
July 6	230·0	405·4	78 0·63	49
" 13	230·0†	404·5	77 9·32	23
" 20	220·0	382·1	78 7·14	29

*On July 20th tenders for 91 day bills at £99 0s. 2d. secured 29 per cent, higher tenders being allotted in full. The offer for this week was for £220 million 91 day bills.
† Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits July 25	Market Rates: Spot July 19	July 20	July 21	July 23	July 24	July 25
United States $	2·78–2·82*	2·80³⁄₄–⁷⁄₈	2·80³⁄₄–⁷⁄₈	2·80³⁄₄–⁷⁄₈	2·80³⁄₄–⁷⁄₈	2·80⅝–¾	2·80⅞–⁹⁄₁₆
Canadian $		3·02¾–⁷⁄₈	3·02¾–⁷⁄₈	3·02¾–⁷⁄₈	3·02¾–⁷⁄₈	3·02⅝–11⁄16	3·02⅞–1
French Fr.	13·622–14·027	13·75¾–76	13·75⅝–75⅞	13·75⅝–⅞	13·75⅝–⅞	13·75¼–⅜	13·75¼–⅜
Swiss Fr.	11·94–12·54⅞	12·11⅞–¾	12·11⅞–⅝	12·11⅝–⅞	12·11⅞–12	12·11¾–12	12·11¾–12
Belgian Fr.	137·96–142·05	139·62½–67½	139·60–65	139·60–65	139·60–65	139·57½–621⁄2	139·47½–521⁄2
Dutch Gld.	9·983⅛–10·28½	10·08¾–09	10·08½–¾	10·08½–¾	10·08¾–09	10·08⅝–⅞	10·08⅝–⅞
W. Ger. D-Mk.	11·037–11·365	11·18¼–½	11·18¼–½	11·18¼–½	11·18⅝–⅞	11·18⅝–⅞	11·19–19¼
Portug. Esc.		80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1742¼–¾	1742¼–¾	1742¼–¾	1742¼–¾	1741½–42	1740¾–41
Swedish Kr.	14·27½–14·70	14·45⅝–⅞	14·45⅜–⅝	14·45⅛–¾	14·45⅛–¾	14·45–45⅛	14·44⅛–⅜
Danish Kr.	19·06½–19·62	19·38–38¼	19·37⅝–38⅛	19·38–38¼	19·37⅝–38	19·37⅝–38⅛	19·37⅜–38
Norwegian Kr.	19·71–20·30½	20·03⅞–04⅛	20·03⅞–04⅛	20·03⅞–04	20·03⅞–04⅛	20·03⅞–04⅛	20·03½–¾
	* Official Limits	**One Month Forward Rates**					
United States $		5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	1/4–1/8c. pm	1/4–1/8c. pm
Canadian $		3/16–7/16c. dis	3/16–7/16c. dis	3/16–7/16c. dis	3/16–7/16c. dis	1/4–1/2c. dis	1/4–1/2c. dis
French Fr.		1¼–3c. pm	1¼–3c. pm	1¼–3c. pm	1¼–3c. pm	1¼–3c. pm	1¼–3c. pm
Swiss Fr.		2½–2c. pm	2¾–2¼c. pm	2¾–2¼c. pm	3–2½c. pm	2¾–2¼c. pm	2¾–2¼c. pm
Belgian Fr.		25–15c. pm	25–15c. pm	25–15c. pm	25–15c. pm	25–15c. pm	25–15c. pm
Dutch Gld.		2⅛–1⅞c. pm	1⅞–1⅝c. pm	1⅞–1⅝c. pm	1⅞–1⅝c. pm	1⅞–1⅝c. pm	1⅞–1⅝c. pm
W. German D-Mk.		1⅞–1⅝pf. pm	1¾–1¼pf. pm	1¾–1¼pf. pm	1¾–1¼pf. pm	1¾–1¼pf. pm	1¾–1¼pf. pm
		Three Months Forward Rates					
United States $		11/16–9/16c. pm	11/16–9/16c. pm	11/16–9/16c. pm	5/8–1/2c. pm	9/16–7/16c. pm	9/16–7/16c. pm
Canadian $		13/16–11/16c. dis	13/16–11/16c. dis	13/16–11/16c. dis	3/4–1/2c. dis	13/16–11/16c. dis	1–1¼c. dis
Swiss Fr.		5¾–5¼c. pm	6–5¼c. pm	6–5¼c. pm	6¾–5⅞c. pm	6–5¼c. pm	5⅞–4⅞c. pm
W. German D-Mk.		4¼–3¾pf. pm	4¼–3¾pf. pm	4¼–3¾pf. pm	4¼–3¾pf. pm	4–3⅛pf. pm	4¼–3¾pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/3¾	250/3½	...	250/4	250/4⅛	250/4⅛
($ " " ")		35·15	35·14		35·15	35·12½	35·11¾

Prices and Wages

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

BRITISH

Prices and Wages.....	This week	External Trade	June 30th
Manpower and Output....	July 7th	Industrial Profits	July 14th

OVERSEAS

Western Europe.....	June 16th	United States.....	July 21st

	Unit	1959	1960	1961	1961			1962				
		mid-June			July 11	July 18	July 25	June 26	July 3	July 10	July 17	July 24
WORLD PRICES												
Commodity Price Indicator :												
All items	1958=100	96·8	98·3	95·3	94·4	94·6	94·1	91·6	91·8	91·6	91·9	91·5
Food	,,	95·8	93·0	93·0	92·1	92·5	91·5	88·4	88·8	88·7	89·3	88·7
Fibres	,,	95·3	98·7	104·4	102·1	101·8	102·4	102·1	100·9	100·7	100·6	100·5
Metals	,,	113·0	122·4	115·0	114·6	113·1	114·5	112·2	111·9	111·6	111·4	110·9
		Monthly averages			1961			1962				
		1959	1960	1961	April	May	June	Feb.	Mar.	April	May	June
BRITISH WHOLESALE PRICES												
Materials used in :												
All manufacturing industries	1954=100	101·7	101·8	100·6	101·5	101·5	100·7	101·7	101·6	101·6	101·0	100·3
Mechanical engineering	,,	124·5	126·2	128·1	127·8	128·4	128·3	129·4	130·3	130·4	130·4	130·2
Electrical machinery	,,	115·6	116·9	118·3	117·5	118·5	118·7	119·3	120·2	120·2	120·2	120·1
Construction	,,	113·4	115·1	118·2	117·4	117·8	118·0	119·7	120·1	120·6	120·6	120·7
House building	,,	111·0	114·0	118·0	117·3	117·6	117·8	119·7	119·6	120·3	120·3	120·3
Products of :												
All manufacturing industries	,,	111·5	113·0	116·0	115·2	115·5	115·8	118·1	118·3	118·3	118·2	118·3
Chemicals and allied trades	,,	106·6	106·0	105·1	105·4	105·5	105·2	105·2	105·1	105·0	104·6	104·5
Iron and steel	,,	129·0	128·5	129·7	128·9	129·0	129·4	131·0	133·7	133·9	133·9	133·9
Textile industry	,,	96·0	100·8	104·0	104·3	104·6	104·2	103·4	103·4	103·3	103·3	103·1
Food manufacturing	,,	106·9	106·9	107·2	107·1	107·6	107·3	110·3	110·6	110·4	110·4	110·8
New construction (9)	,,	113	114	117	...	117[9]	...	121[11]	...	...	122[9]	...
Commodities :												
Cotton, raw	,,	68·6	75·0	74·8	75·5	75·0	74·9	74·8	73·8	73·7	73·8	73·5
Wool, raw	,,	76·6	76·3	76·2	78·3	80·5	79·4	76·2	77·7	78·7	78·0	78·0
Rubber, No. 1 RSS, one month future	,,	148·1	158·0	122·8	128·4	131·1	124·2	122·1	118·3	116·3	116·2	116·3
Softwood, imported	,,	95·4	104·9	107·3	106·6	107·1	106·9	105·3	104·0	104·1	103·9	103·9
Copper, ex-warehouse	,,	95·6	99·0	92·3	92·2	97·5	95·1	94·5	94·4	94·2	94·2	94·2
Coal	,,	135·4	137·4	144·8	147·3	142·5	142·1	151·6	151·5	151·5	150·1	150·1
General chemicals	,,	106·7	105·0	103·8	103·9	104·0	103·8	102·7	102·5	102·3	101·7	101·7
UK RETAIL PRICES (10)	Jan. 17, 1956=100	109·6	110·7	114·5	113·3	113·6	114·6	117·6	118·1	119·7	120·1	120·9
All items (1)	,,	108·2	107·4	109·1	108·0	109·5	111·4	110·5	111·7	115·2	115·9	117·8
Food	,,											
All items	1938=100[2]	273	276	285	282	283	285	293	294	299	299	301
Food	,,	285	282	287	284	288	293	290	294	303	305	310
Housing	,,	180	186	194	193	194	194	199	199	205	205	206
Clothing	,,	268	271	276	275	275	275	278	278	281	284	285
Fuel and light	,,	284	291	309	313	300	302	325	326	327	323	324
Household durable goods	,,	300	300	305	304	304	305	312	313	310	310	310
Drink	,,	261	256	274	257	257	258	282	282	282	282	282
Tobacco	,,	428	444	467	449	449	454	491	491	491	491	491
Purchasing power of £ (based on all consumer spending)	1938=100	35·5	35·2	34·5	34·9	34·8	34·5	33·6	33·5	33·0	33·0	32·7
UK TERMS OF TRADE												
Import prices :												
All items	1954=100	98	99	97	98	99	98	96	96	96	95	...
Food, drink and tobacco	,,	98	97	94	96	96	95	94	94	96	94	...
Basic materials	,,	93	96	95	95	97	96	93	92	92	91	...
Fuels	,,	104	98	96	97	96	95	96	96	96	96	...
Manufactured goods	,,	104	107	107	108	109	108	105	105	105	104	...
Export prices :												
All items	,,	109	111	112	112	112	112	113	113	113	113	...
All manufactures	,,	111	114	115	115	115	115	116	116	116	116	...
Metals	,,	115	118	118	118	117	116	120	120	120	120	...
Engineering products	,,	117	120	122	121	120	121	123	123	123	123	...
Textiles (excluding clothing)	,,	98	102	106	107	107	108	106	107	107	106	...
Terms of trade :												
Ratio of import to export prices	,,	90	89	86	88	88	88	85	85	85	84	...
SHIPPING FREIGHTS												
Tramp shipping freights	1960=100	96·9	100·0	106·8	106·9	111·3	108·7	95·2	96·9	99·4	97·9	84·4
UK WAGES												
Normal weekly hours :	Jan. 31 1956=100	99·6	98·0	95·9	96·3	96·1	95·9	95·2	95·2	95·1	95·1	95·1
All workers												
Weekly wage rates (5) :												
All workers (3)	,,	117·0	120·0	125·0	124·2	124·6	125·0	127·2	127·7	128·7	129·1	129·2
Men	,,	116·8	119·7	124·6	123·9	124·2	124·6	126·8	127·3	128·3	128·6	128·7
Women	,,	117·0	120·8	125·3	124·2	124·8	125·7	127·3	128·3	129·2	129·7	130·0
Juveniles (4)	,,	119·0	123·2	130·3	129·2	129·8	130·6	132·8	133·5	134·5	135·0	135·2
All workers	Sept., 1939=100	304	312	325	323	324	325	331	332	334	336	336
Changes in weekly wage rates :												
Workers affected by increases	'000	392[6]	927	648[7]	731	918	118	1,927	847	1,981	1,416	458
Net increase in weekly wage bill	£'000	104	359	339	326	337	424	367	390	628	469	129

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general males under 21 and females under 18 years of age. (5) Weekly earnings are surveyed in April and October. October figures are : Men, 1959 : 271s. 1d. ; 1960 : 290s. 8d. ; 1961 : 306s. 10d. Women (full time), 1959 : 140s. 11d. ; 1960, 148s. 4d. ; 1961 : 154s. 6d. Youths (under 21), 1959 : 117s. 6d. ; 1960, 130s. 0d. ; 1961 : 137s. 10d. Girls (under 18), 1959 : 90s. 10d. ; 1960, 96s. 10d. ; 1961 : 102s. 0d. (6) 18,000 workers had a net decrease in wages over the year. (7) 25,000 workers had wage cuts in November 1961 but over the whole of 1961 no worker had a net decrease. (8) Index of building costs. (9) Average for second quarter. (10) Using the revised retail price index based on January, 1962=100 ; June, 102·9. (11) Average for first quarter.

APPOINTMENTS

THE COMMON MARKET

An international professional firm with a large and rapidly expanding practice in Europe has vacancies on their staff in several countries for qualified accountants, whether recently qualified or with several years' experience since qualifying. Men with good experience on large audits and investigations would command a substantial salary and younger men of outstanding ability would be given rapid promotion. The positions offered provide attractive opportunities to accountants who either wish to make a career or to gain extensive experience of business conditions on the Continent of Europe. A knowledge of a foreign language would be an advantage but is not initially essential. Applications, giving full particulars of education and previous experience, should be addressed to Box 1640.

ACTUARIAL STUDENT or Associate of the Institute of Actuaries (or equivalent) required for interesting and varied work connected with staff statistics, pensions, sick pay, friendly societies and other actuarial matters. Commencing salary would depend on qualifications and experience. Medical examination, contributory superannuation scheme after probation, free travel, financial assistance with tuition and examination fees, study facilities arranged. Please write to Staff and Welfare Officer (Ref. 885/3), LONDON TRANSPORT EXECUTIVE, 55 Broadway, S.W.1.

THE AIRWAYS CORPORATIONS JOINT PENSION SCHEME require a graduate to undertake investment analysis work in the Research Section of the Investment Department.

The duties will include economic reviews, studies of industry structure and trends and analysis of company financial statements.

Applicants must have an Honours Degree in Economics, preferably including Accountancy, together with an ability to analyse and interpret statistical and economic information.

The age limit is 21 to 24, and persons graduating this year will be considered.

A commencing salary of around £950 is being offered and the post is pensionable. Extensive welfare facilities are available.

Applications, with details of qualifications, should be sent to the following address not later than August 10 :—

The Secretary,
THE AIRWAYS CORPORATIONS JOINT PENSION SCHEME,
Kershaw House, Great West Road,
Hounslow, Middlesex

CIRCULATION AND PROMOTIONS MANAGER (male or female) required for leading British export magazine.—Box 1042.

BTR INDUSTRIES LTD., require in their Market Research Department an ambitious STATISTICAL ASSISTANT for extracting and recording statistical data for product planning and sales forecasting.

Man or woman equally acceptable, age 19-25, preferably with some experience in statistical work.

Please apply, with personal details, to Staff Manager (Ref. MR/SA), BTR Industries Ltd., Herga House, Vincent Square, London, S.W.1.

CENTRAL OFFICE OF INFORMATION requires ASSISTANT INFORMATION OFFICER (unestablished) to write reference information papers for overseas use on international affairs. Candidates should be graduates with good knowledge of foreign territories and of relevant sources of information. Some experience in preparing factual articles, lectures or broadcasts would be advantageous. Examples of written work may be required. Starting salary according to experience and qualifications on a scale rising to £1,260 p.a. Write, giving age, full details of experience and qualifications, to Manager (PE.1156), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

THE UNIVERSITY OF SHEFFIELD

Applications are invited for a post of LECTURER IN PUBLIC ACCOUNTANCY, to begin duties on October 1, 1962, or as soon as possible thereafter. Initial salary according to qualifications and experience on the scale £1,150 x £50—£1,500 x £75—£1,950, with F.S.S.U. provision and family allowance. A grant towards removal expenses will be made. Further particulars may be obtained from the Registrar, to whom applications (four copies) should be sent by August 31, 1962.

The South African Co-operative Citrus Exchange's marketing organisation for Europe is seeking a trained

ECONOMIST

to fill a senior post on its Headquarters staff in London, reporting directly to the Chief (Marketing) Executive.

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The successful applicant will be an economics graduate with statistical experience; he will have worked in a business atmosphere and be able to express himself clearly, verbally and in written reports.

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Application forms from DIRECTOR at above address, quoting B.R.S. 42H (Post 1), B.R.S. 43H (Post 2). Closing date, August 28, 1962.

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Applications are invited from persons with Honours Degree in Economics. Salary £900 per annum. The appointment is for a period of up to two years. Further particulars from the Secretary of the University, Exeter. (Closing date for applications, August 18, 1962.

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Further information and conditions of appointment can be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on *October 31, 1962.*

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The person appointed will be expected to carry out general supervision of sampling investigations into load research and utilisation research for various classes of consumers and to carry out analysis work including the preparation of reports. Duties will include work associated with electricity tariff charges.

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UNIVERSITY OF CANTERBURY

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Applications are invited for the above-mentioned post. Applicants should have at least an Honours degree in Economics or a comparable degree.

The salary is £1,750 to £2,000 per annum for a Senior Lecturer and for a Lecturer £1,250 to £1,700 per annum. Commencing salary will be in accordance with qualifications and experience.

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

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

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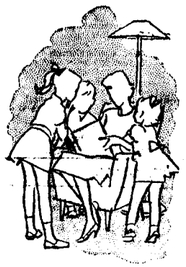
AT THE ANNUAL GENERAL MEETING of Aspro-Nicholas Limited at the May Fair Hotel on the 23rd July 1962, the Chairman, Mr. M. A. Nicholas, announced that the Group profit for the year under review was down at £1,078,170 as against £1,127,734 last year. This result reflected a number of adverse (but fortunately temporary) factors, such as a lowering of U.K. stock levels caused by the restriction of credit which followed the high Bank Rate, North American losses of over $1,000,000 which could not be set against Group profit for tax purposes, and costs incurred during the final stage of the integration with the Griffiths Hughes business. For different reasons, we were also affected by a reduction of stock levels in France and Germany. But prospects were good now that these difficulties lay behind. The Board, therefore, felt fully justified in maintaining the same rate of dividend at 3½% for the fourth quarter making a total for the year of 14%.

During the year there had been a lot of uninformed comment on proprietary medicines, a subject more fully discussed in an article in this year's Group report in which the following points are mentioned:



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Home medicines are essential because otherwise surgeries would be overburdened with patients seeking treatment for minor and temporary complaints. These home medicines are made to the highest possible standards of effectiveness and safety. They are given a proprietary name which makes the manufacturer personally responsible for their quality. Virtually all the new products of research are proprietary products.

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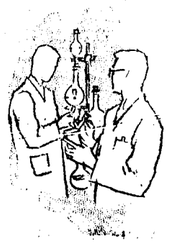

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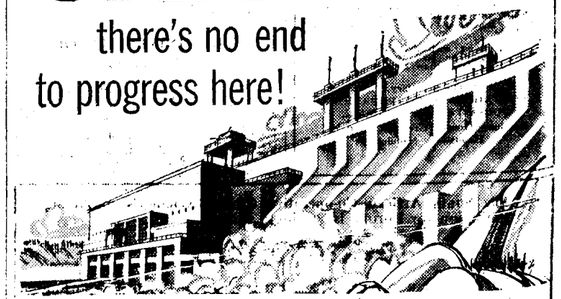

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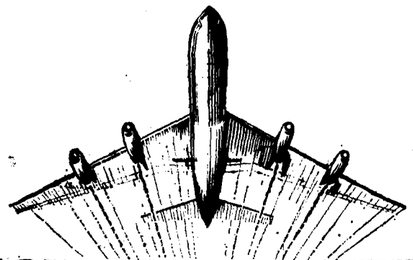

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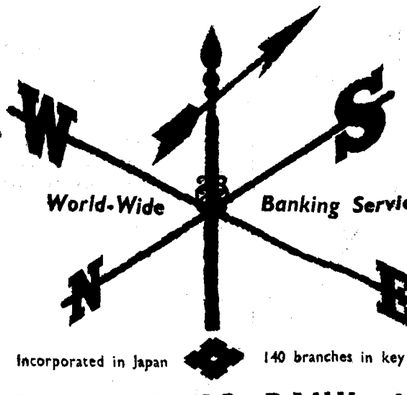

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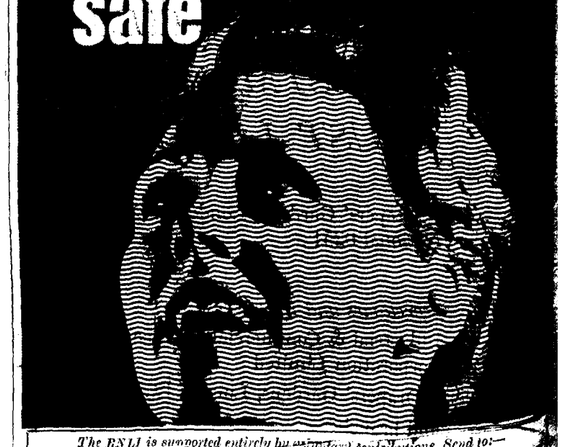

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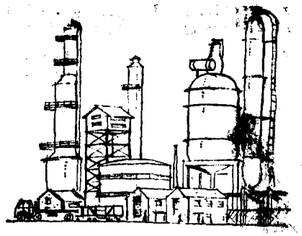

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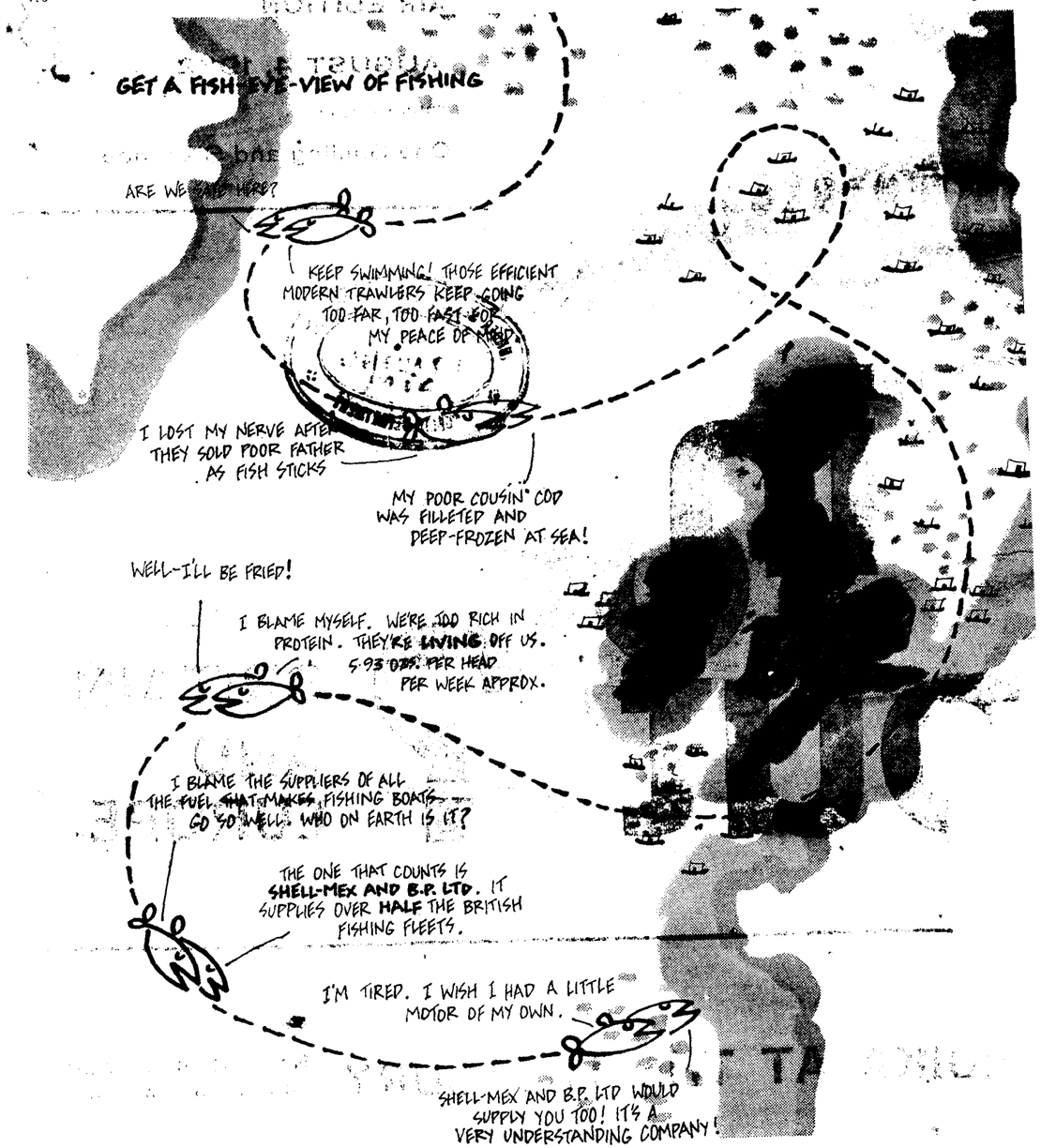

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HOME

GOLDEN HANDSHAKE

Bankers and politicians, in America and in Europe, must deal effectively with the world's dangerous obsession with gold. Britain's part can be to show how the world payments system can be not only reinforced, but also purposively reformed (p. 457).

In Britain, the changes in **organisation at the Treasury** could give the remodelled government—if it chooses—a firm base for economic policy-making (p. 422).

The Army's costs took some hard knocks this week (p. 428), while the emotional criteria for **buying works of art** for the nation appeared unduly extravagant (p. 425).

BRIGHT PROSPECT

The **anti-marketeers in Parliament** this week muffed their chance to strike against Britain's bid to join Europe (p. 421).

The Local Government Commission may get away surprisingly easily with its proposals for **reorganisation in Yorkshire:** but it may still not have reorganised enough (p. 446).

The Trades Union Congress agenda gives the **trade unions** a chance to work out just what they really think about planning (p. 430).

House buyers, after suffering years of a sellers' market, can now hope for steadier prices (p. 466).

BLUE MOON

An alliance in the air could be the slowest aspect of European integration (p. 459).

The one triumph of this **parliamentary session** has been to finish its programme on time (p. 426).

Television: the debate on the Pilkington report provided little that was new and less that might be useful (p. 425).

Violence: the Conservative Political Centre fails to recommend the true radical solution for compensating the victims of violent crime (p. 430).

The Norfolk Broads are no longer wide enough for their booming summer traffic (p. 447).

INTERNATIONAL

TO EUROPE WITH FAITH

At Brussels, Britain is trying to reconcile the needs of new friends in Western Europe with the promises it has made to old friends. These promises must be kept; and it should be possible to keep them (p. 419).

Bonn still does not trust President Kennedy's desire to steer his allies away from too much dependence on **nuclear weapons. Britain,** though, at last shows some signs of following him (p. 423).

Saying that **Australia** would survive anything decided in **Brussels** has cost one Australian politician his job (p. 453).

Faith in their own independence has enabled the **Poles** to look west while facing east; and some domestic policies have a air of uncommunist flexibility (p. 452).

UNITING UNCERTAINTIES

Are the **Algerian leaders** really settling their differences, or is a new drama opening? (p. 424).

The **Malaysia** negotiations were tougher than Mr Sandys would have us believe. There are still problems to be solved in piecing the new federation together (p. 428).

Peaceful settlements are sweet, but the informal agreement between the Dutch and Indonesians concerning **New Guinea** has doubtful points (p. 431).

In the **Congo,** President Tshombe has been strengthening his position, but there is a new modesty about **Katanga's** wealth (p. 449). He has not yet rejected Mr Adoula's proposed new constitution—although the hope of it may encourage Congress to buy UN bonds (p. 424).

Developing **Ghana** has many problems, but its dictatorship is not the world's worst. With luck it may improve up to the expectations of outsiders and live up to its own (p. 450).

ASKING FOR MORE

Bulgaria, like Russia, is asking for more **food** from its farmers and more money from its shoppers—but, unlike Russia, is attempting to help those who will suffer most (p. 426).

Marshal Tito still hopes to guide rather than command **Jugoslavia;** but expects his officials to get the economy out of its present trouble (p. 426).

Aid has been promised to **India** by the western countries; but the Mig question may not help to persuade Congress to approve the American contribution (p. 432).

China will not beg for **food.** Amid the current discontent Peking finds the threat of an invasion from Formosa a useful distraction (p. 428).

At **Aswan** the Egyptians ask for no more than **Russian** machines and technicians; and that is what they are getting (p. 454).

German youth likes modern ways; but the spirit of the youth hostels is back to nature—on foot (p. 455).

ONCE MORE DEAR FRIENDS

President **Kennedy** is appealing to the voters in the coming **American elections** to provide him with a congressional crew more willing to sail to the New Frontier than is the present one (p. 439). But in fact the present crew is doing more than its critics admit (p. 441).

At the same time Mr Kennedy is faring well in the South (p. 444).

The expected change in **American policy on nuclear tests** has been announced but is being kept vague on purpose (p. 440).

The **United States Treasury's** latest financing is imaginative and skilful (p. 441).

Both Congress and the President are strengthening America's already effective defences against **drug disasters** (p. 442).

Summers at Newport are still gilded but nevertheless the town is fighting obsolescence (p. 442).

Detailed contents on page 419

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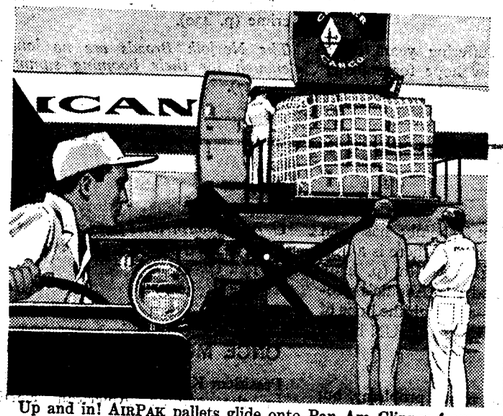

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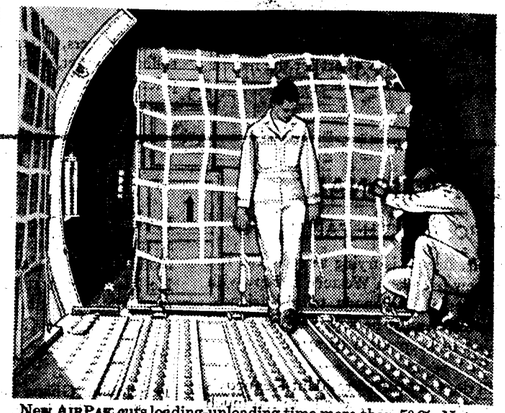

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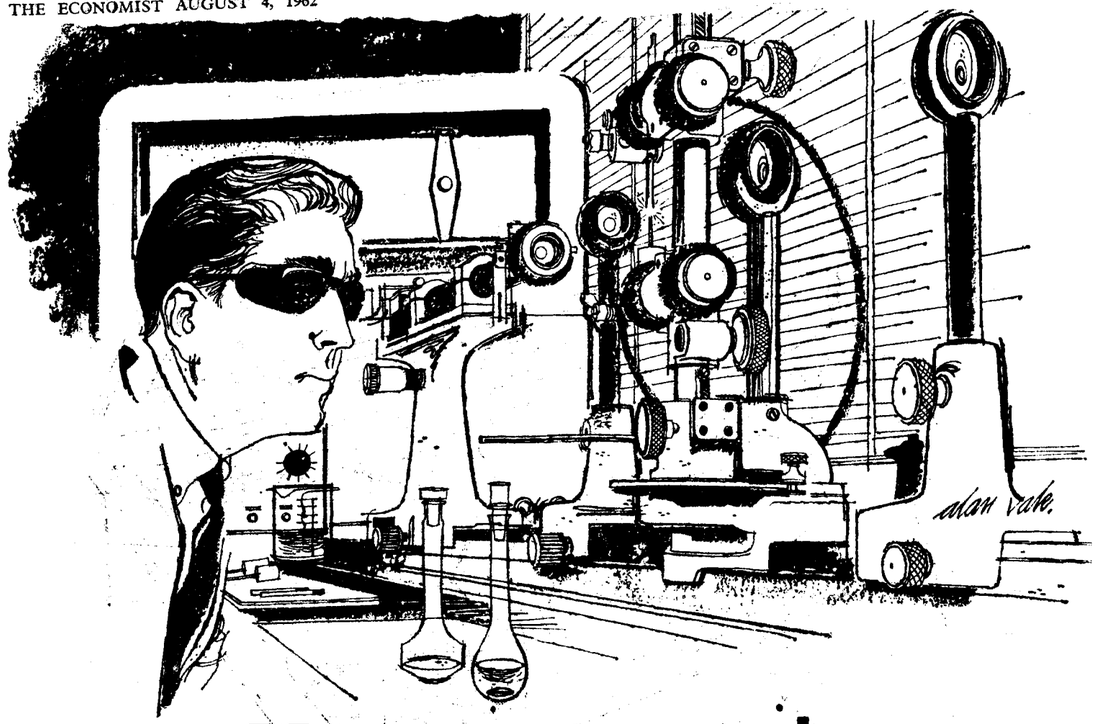

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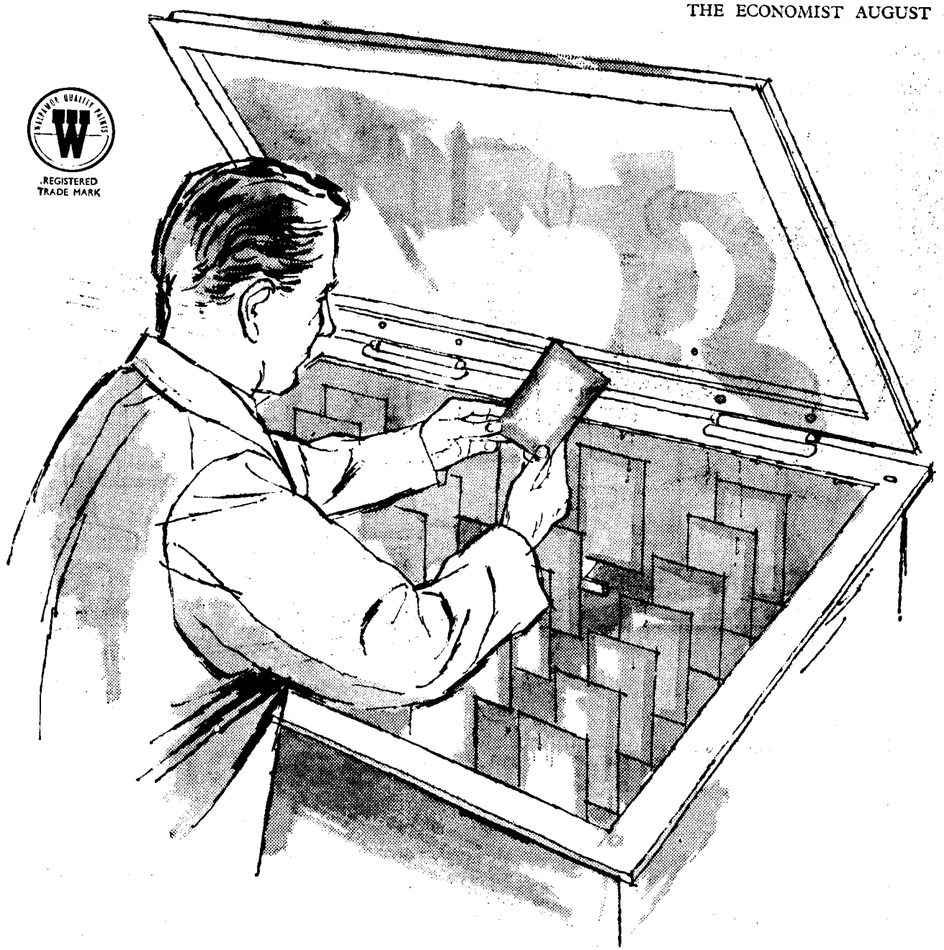

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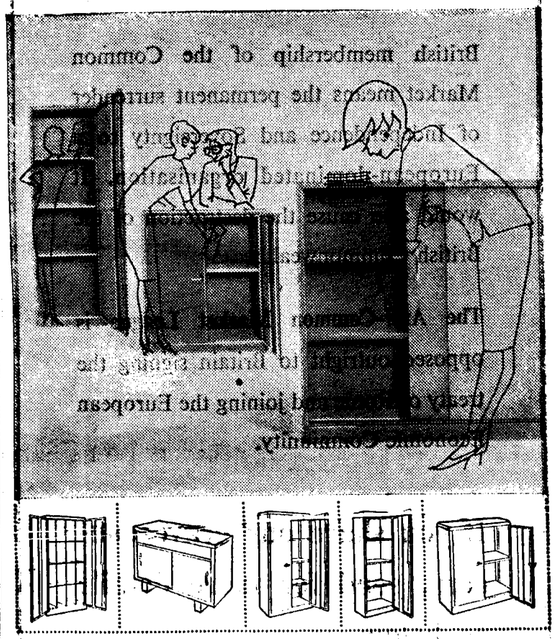

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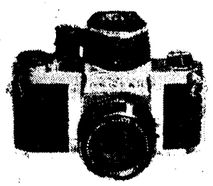

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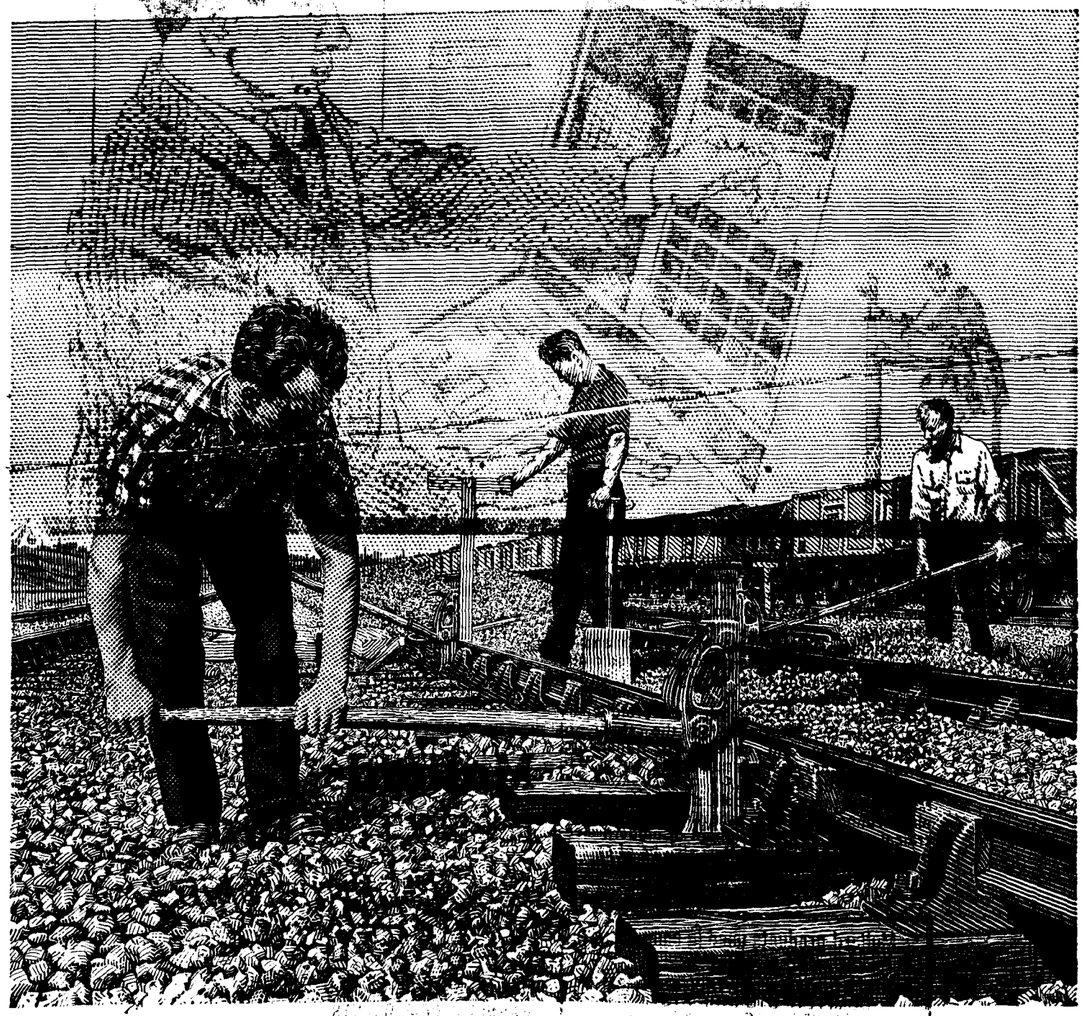

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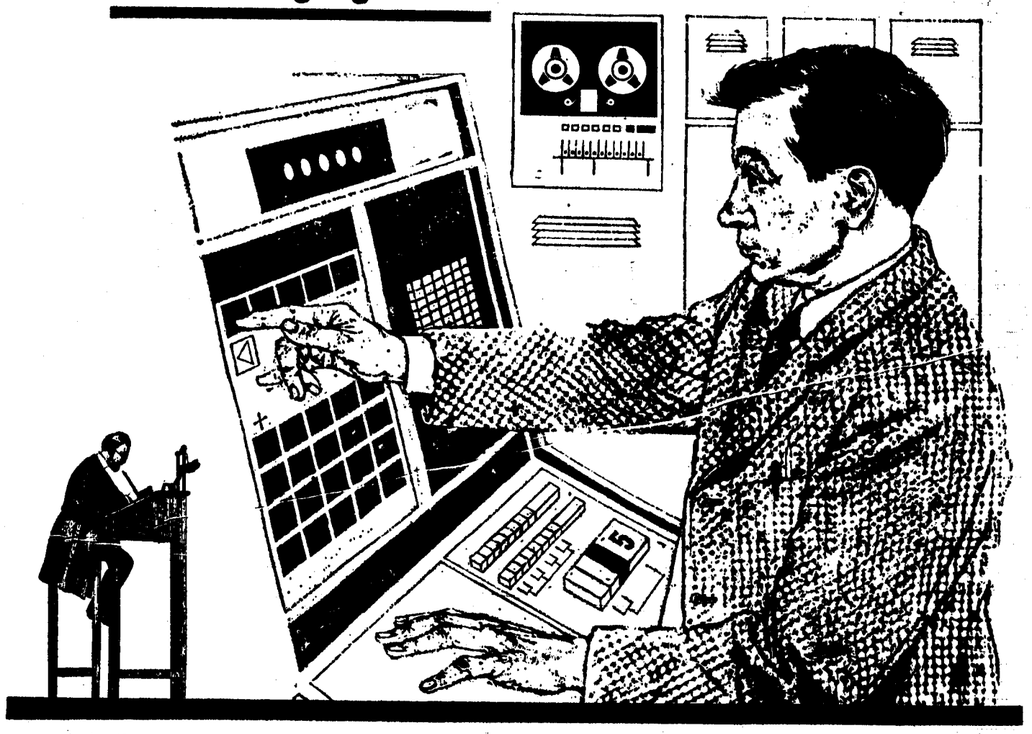

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The Economist

AUGUST 4, 1962

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Acts of Faith

HOW much simpler life would be if the only interests Britain had to defend at Brussels were British interests. If that were the case, it would be perfectly reasonable for the common market to say, like a bride coaxing her groom through his premarital nerves, that Britain must make an "act of faith" in joining Europe. Face to face with the vicar, after all, one does not normally demand assurances about the future course of the marriage, especially where the delicate matter of feeding arrangements is concerned; and it is hard to think of any risk in joining the common market, so far as Britain itself is concerned, equal to the enormous risk of being left outside the potential United States of Europe.

Unfortunately, however, the problem is not so simple. Britain is at the receiving end of an act of faith, as well as possibly the giving end. This country would have been under an inescapable obligation to protect the interests of six countries in the current negotiations—the three old dominions, and the three European neutrals—even if Mr Macmillan had not spelled the pledge out in writing when Britain decided to apply for entry a year ago. This obligation cannot decently be dodged now; and it requires rather more precise assurances about the common market's future plans than would otherwise have been necessary.

How much more precise? Last week, by the look of it, the British demand for precision had stretched both sides' willingness to compromise pretty tight by the time the ministerial meeting broke up, to the sound of twanging nerves, in the early hours of last Saturday, July 28th. This week's meeting, which began on Wednesday but then put off the really crucial issue until Friday, may bring the extra inch of stretch required, or a rupture, or quite possibly nothing definite either way. But two observations are worth making at this point. The first is that the dismayed mood in which the ministers parted last weekend, having been unable to agree about the common market's policy on food prices, is partly explained by the fact that, immediately before, they had appeared to be making some cheering progress on other aspects of the Commonwealth farm problem. The second point is that, as matters stood when they reassembled on Wednesday, it still seemed possible for both sides to go a little further in search of a compromise—in Britain's case only a very little, perhaps, but a step or two nevertheless.

Before the ministers ran into the disagreement on price policy, each side had made a number of concessions on other points. On the whole, Britain appears to have done more conceding than the Six, but not so much that the reasonable man on the Clapham omnibus (or, more important, the Canberra one) would be obliged to say that it amounted to a betrayal of New Zealand, Australia and Canada.

Mr Heath has no longer been insisting that imports of food from the old dominions should continue to enjoy the present system of imperial preference throughout the transitional period to 1970—the year in which Britain would be fully blended into the common farm policy of the European community. In return, however, the common market has agreed to extend part of its own "preference" system to these Commonwealth imports, so that until 1970 they would have an advantage over food coming to Britain from other overseas countries. But food sent to Britain from within the common market would

apparently have a greater advantage, unless the Six can be persuaded to modify their proposals. This would mean that farmers in the dominions would suddenly be shifted from a position in which they have preference over their competitors in Europe, to the reverse. The effects, in some cases at least, might be disruptive; some way of avoiding them will plainly have to be found if Britain is not to be guilty of breaking its promise.

After 1970, on the other hand, the sky grows distinctly clearer. It has long been agreed by all concerned that the only hope of reconciling the Commonwealth's farming interests with those of western Europe once and for all lies in a series of world-wide agreements on the various commodities involved—"world-wide" necessarily including New Zealand, Australia and Canada as three of the world's principal food exporters. Mr Heath managed to persuade the common market's negotiators last week to be rather more specific than they had previously been about what these world-wide agreements ought to do.

He got them to agree, for instance, that the agreements ought to include an understanding about prices, and about the maximum and minimum levels of world production. Moreover, Mr Heath has obtained a promise that, if 1970 arrives, but the hoped-for international agreements do not, the common market will consult with (among others) the dominions concerned with a view to making special arrangements to fill the gap. One has some qualms about that "with a view to"; and what happens after 1970 needs to be spelled out more precisely in some other respects. But it is not blindly optimistic to think that the long-term interests of the Commonwealth could well be met along roughly these lines.

It was at this point, when things seemed to be marching tolerably well, that the negotiators fell into the argument about the common market's price policy for food. Not surprisingly, the effect after the rising hopes of the two previous days was a sudden jolt, as of a foot set firmly on a non-existent stair; the air of crisis over London last weekend may have been due as much to the abruptness of what happened as to its seriousness. But one should make no bones about the importance of this question of price. Unless the European community fixes its food prices at a reasonably low level, neither transitional arrangements up to 1970 nor long-term assurances after 1970 will dispel the Commonwealth's fears. High prices might well lead the common market's farmers (and France's in particular) to produce so much that western Europe would stuff itself with home-grown food and have little room left over for imports from anywhere. Low prices that would leave room for imports, on the other hand, might well put many of Germany's high-cost farmers out of business—as well as depriving French farmers of the opportunity they long for. The price question thus lays bare the conflict of interest between Britain's old friends and its prospective new ones.

On Wednesday the position was that the Six had offered to follow a "reasonable" price policy; and, pressed by Britain to specify what "reasonable" meant, had said that they would bear the interests of other producers in mind when fixing their prices. But they were unwilling either to make this assurance more precise, or to put it in the form of a written document that Mr Macmillan could lay before the Commonwealth prime ministers on September 10th. Moreover, M. Couve de Murville, the French foreign minister, made it clear on July 27th that he envisaged a reduction in the total amount of food western Europe imports from overseas. (He suggested that the overseas producers could be compensated for this by higher prices for what they did manage to sell to Europe.)

How much further can Britain reasonably push its request for precise and foolproof (if that is the word) assurances? The two places where Mr Heath has yielded ground most noticeably are places where yielding was almost certainly necessary and proper. By shelving the idea of maintaining the imperial preference system intact until 1970, Britain has acknowledged that it cannot claim the right to have its front door inside the European economy and its back door outside it; the relief sought for Commonwealth farmers must be found within the rules of the European community. By laying aside the demand for "comparable outlets," Britain has also recognised that the future trading relationship between the dominions and western Europe cannot be neatly tied up in quantitative terms before Britain joins Europe; it will mainly have to be worked out within the price-fixing machinery of the group Britain is applying to join. The thought behind these concessions has a Stein-like simplicity: if you are in Europe, you are in it, and what you do on behalf of old friends must be done from inside.

But before taking the final step Britain is entitled to find out roughly how much it will be able to do on behalf of these old friends. In fact it may well be in the common market's interest to assure everyone that it is not going to set its food prices too high. If it persisted in refusing this assurance, Britain might quite possibly be frightened out of joining the European community, with the result that an important market would be lost to the French farmer. If prices were in the event set too high, the common market might well find itself pouring more of its resources into agriculture than it really wanted—as well as impoverishing overseas countries to which, after all, it must hope to sell its industrial products. But the difficulty remains that when the community's farm policy is in full operation decisions about prices will be taken by majority vote; and Britain will then have no guarantee that these counsels of reason are listened to.

Back to Brussels: Mr Heath

It is therefore entirely fair to ask the Six to spell out their intentions a little more specifically. Not very much more specifically; it might be possible, for instance, to settle for the formula of the Belgian deputy foreign minister, M. Fayat, who said last week that it was "inconceivable that the enlarged community would not be conscious of its world-wide responsibilities"—and in particular, he made clear, its responsibilities towards New Zealand, Australia and Canada. If the Six could bring themselves to assent plainly to this proposition in regard to their future price policy, the back of this problem might have been broken. Suppose that, in addition, the aims of the post-1970 world-wide agreements were defined to include some reference to access for the Commonwealth's food exports; suppose, too, that the pre-1970 arrangements were softened enough to prevent a sudden, serious dislocation in the dominions' exports. The reasonable man on the omnibus might then fairly conclude that Britain had kept its promise.

That would not be the end of the negotiation. It is also necessary to look after the interests of the Asian members of the Commonwealth; but the Six have appeared willing to be quite co-operative on this. More seriously, there is Britain's promise to make sure that Sweden, Switzerland and Austria will be able somehow to link themselves to the common market on acceptable terms. Sweden and Austria began to argue their case in Brussels only last Saturday, July 28th; Switzerland has not even begun yet. It will be some time before Britain can tell with certainty whether going into Europe is compatible with Britain's undertakings towards all the countries that have put their trust in us. If the two are not compatible, there is no doubt what should be done; but the evidence still suggests that with pains and ingenuity the way can be found.

All to Play For

The Government's easy escape from the anti-marketeers this week is a sizeable straw in the European wind

Despite the tizzy of alarms and trumpetings into which the anti-marketeers were thrown by their interpretation of last weekend's news from Brussels, the sporadic exchanges in and around the Commons (ending in Wednesday's brief and inconclusive debate) brought no significant shift whatever in the political balance. Everyone was predictable. This consistent failure of the anti-marketeers to increase their strength, even when the negotiations are in difficulty, is a sign of their indifferent leadership and influence on the House. The summonses on Wednesday to save the country from Agricola's legions (Mr Wise) and the Norman invaders (Mr George Thomas) gave early intimation of what a bore the debate would be. With no one at all sure of what was happening in Brussels and Mr Butler placing a damply reassuring hand on fevered brows, the Commons departed docilely enough (only Mr Silverman and Mr Foot noticeably kicking and screaming) in expectation of some hefty white paper reading during the recess and, very probably, their recall in September for much more purposeful business.

But if ever there was a week for the anti-marketeers to seize the initiative, this was it. If ever the European negotiators in Brussels were to be impressed by a mounting tide of British unrest (see the opinion polls), discrediting a weak Government and making any European bargain with it not worth the paper it might be written on, this was the time. Yet nothing happened. There can be no certainties until after Mr Heath's final report. But if the terms then are near enough the mark, the failure of the anti-European bandwaggon to roll forward this week may look very like a decisive breakdown. By Thursday morning even the *Daily Express* had decided that the Commons performance did not rate its front page. What the week has made evident is the pretty general will on both sides of the House that the negotiations should succeed. On Monday, when Sir Tufton Beamish wished Mr Heath success and godspeed, there was no mistaking the warmth of ministerial cheers.

Even the minatory (and inevitable) Tory backbench motion which finally emerged was dull in tone and significantly lacking in signatories. It called on the Government to honour its pledge to safeguard Commonwealth trade and to retain sovereign control over British agricultural policy: there was nothing new about these demands or about the people making them. Despite the motion's moderation it attracted only 40 signatures, just about half the number its sponsors had hoped for. Not one prominent Tory of the centre nor any leading agriculturalist joined in. The explanation is not too hard to find. Whatever noises they may make in public, the Tory farmers have in private come round to the view that British agriculture is likely to do pretty well in the new Europe. Pro-Commonwealth sentiment is genuine among these members, but they are also aware that what is good for the Commonwealth could be less than good for British farmers. Provided the Commonwealth arrangements are in any way reasonable they will not split the party.

Although Labour's attitude was said to have hardened against Europe, little evidence of this was discernible (except in Gaitskellite rationalisations of what happened in the blood-spitting row with M. Spaak). Mr Blyton's committee of 100 has become much more noisy, but the net effect has been to produce a counter-manifesto from Mr Jenkins's pro-market forces, which claim to have consolidated their strength at around the 80-90 mark. (If true, this would leave the official leadership in control of the smallest segment of the parliamentary party, still upon the fence.) In the House of Lords, which staged a two-day debate in mid-week, Lord Attlee followed Lord Avon into the ex-prime ministers' cave of Adullam, but Lord Morrison and Lord Citrine were equally strongly for going into Europe.

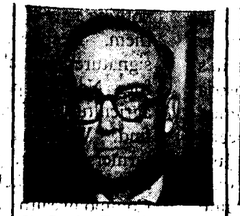
Mr Gaitskell himself, after his stay in Brussels, is still distinctly lukewarm. His immediate concern is likely to be how to keep the party from dividing over Europe despite his efforts (and this week has not improved matters); but in the long run the ineluctable fact remains that the hard core of the anti-marketeers contains a predominance of his bitterest opponents on the Left, and this could finally outweigh the divisions among his friends. Mr Brown, although standing by his preference for Europe, seemed primarily concerned on Wednesday to stop the ranks behind him from dividing irremediably. He professed to see no reason for hurrying into Europe; the impression he left was that Mr Heath could well be going too fast for Labour's party conference.

The present expectation is that the European terms must be available by mid-August if the Government's reply is to be worked out reasonably fully for the Commonwealth prime ministers in September. After that, parliament could be recalled at the end of the month. Mr Macmillan's reshuffle has left a cabinet that is finely poised between confident and diffident Europeans: in the actual decision it could still jump either way, depending on the terms, but not the least significant point about the Prime Minister's distribution of the top jobs is that this is preeminently a cabinet that is likely to jump together. One's guess is that, in these circumstances, a jump

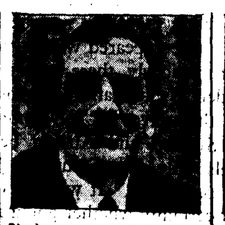
into Europe would carry almost all the parliamentary party along: the names of Mr Butler, Mr Maudling and Mr Sandys together on the order paper should ensure that.

If all goes well in the Cabinet and in the House the way would then be open for the Prime Minister and Mr Macleod to rally the party as a whole at Llandudno in October. At Conservative Central Office all is said to be ready for the publicity campaign: the slogans are coined and the posters drawn up. It will be a campaign designed to push through the common market legislation next session, in time for the Government to receive the electorate's plaudits when they will be most pertinent. Politically, the Government has everything to play for now: this week's events have done nothing to worsen the odds against it.

Troika at the Treasury



Sir Burke Trend: to "No. 10"



Sir Laurence Helsby: manager from Labour

Mr William Armstrong: from Third to First

A legacy from Mr Lloyd (and Mr Amory) could be the launching-pad for better informed and more decisive policies

THE Kennedy regime in the United States was widely heralded a year and a half ago as a new essay in "thought-out" decision-making by government. In the event, so far, the process of decision on the new frontier has not been dramatically bettered; it has been long in ideas but short in method and edge. Here, three weeks ago, the Prime Minister switched his ministers, not because the incumbents were physically tired, but because—so he thought—they had run out of new ideas. Now, as a legacy from Mr Maudling's two predecessors, a change is announced, not only in the manning of the Treasury establishment, but also in its methods of organisation, as a means to better decision-making. This could give the remodelled Government the purchase now desperately needed for more purposive, and more informed, economic policies.

Every firm announcement that has been made since Mr Macmillan changed his team has been a legacy from Mr Selwyn Lloyd: the National Incomes Commission; the repayment to the International Monetary Fund (which is discussed in its wider context on page 457); and now the changes at the Treasury, based as they are upon the report of Lord Plowden's committee set up by Mr Heathcoat Amory, which reported to Mr Lloyd a year ago. The core of the Plowden report on the control of public expenditure was that a government needs to know what it is doing: "this question of awareness is important." The curse of public policy, it flatly said, was twofold: first, that decisions were taken piecemeal without regard to the prospective balance between expenditure and resources, and the economy's growth, over the years ahead; and, secondly, that decisions were reached both in the Treasury and between the departments of government on a disparate not a co-operative basis. The cause was the lack both of a proper system of collective decision bringing together ideas and facts, present and prospective, and of modern methods of management in the public departments, with the Treasury at their head. It is from the Plowden recommendations to rectify this lack, founded upon "the development and use of long-term surveys of expenditure and resources," that the changes at the Treasury announced last weekend spring. (A tentative step was taken, on the ministerial side, last October when the new post of Chief Secretary to the Treasury, then Mr Brooke, now Mr Boyd Carpenter, was created to control the course of public expenditure by looking at its long-term trends.)

"THE Treasury monster has, in fact, not two heads but three at least": so *The Economist* said just six years ago when the departure of Lord Bridges led to the splitting of his task at the top of the Treasury between two joint permanent secretaries, one responsible for the organisation of the civil service as well as being secretary of the Cabinet, the other responsible for the Treasury's financial and economic work. Now the two have become three (though not the three-way split we had in mind in 1956): Sir Burke Trend will be secretary of the Cabinet and the personal link-man of the First Lord of the Treasury, who is the Prime Minister; Sir Laurence Helsby, who is now permanent secretary at the Ministry of Labour, will become joint permanent secretary at the Treasury and head of the home civil service concerned without other distractions with the civil service's management; and Mr William Armstrong, who jumps from being a third secretary to the top job, succeeds that masterly public servant, Sir Frank Lee, as joint permanent secretary in charge of financial and economic policy. Given the loss that the higher reaches of the public service now tend to sustain by the departure of good men, with their pension already secured, to new careers in business and industry, these are distinctly encouraging choices; the hope must be that they will stay to see their work done.

But the chief significance of the changes, beyond the welcome due to the new officials, is the new machinery of management and decision. The new head of the home civil service, when he takes over next January, will have the responsibility of developing good management throughout the public services. Two groups in the Treasury under him will, first, foster management services by all the modern means of technical efficiency, training and selection; and, secondly,

co-ordinate pay and conditions. The financial and economic work under Mr Armstrong, who starts in October, will be entirely and functionally regrouped. On the one side, both overseas and home finance will be brought together, as well as overseas aid and co-ordination of the external economic policy of all the departments, in one group. On the other side, public income and outlay in relation to resources will be the business of another group. In between, and most significantly of all, because it will bring together the Treasury's economists and administrators in an integrated team, there will be a new group of work concerned with the balance of the economy, with the correlation of short-term trends and long-term reviews, with the implications of economic growth (and so with the National Economic Development Council) and with incomes policy (and so with the National Incomes Commission for what that proves to be worth).

On the face of it a real and rightly-directed attempt has been made by this shrewd surgery to break down the lesions that have tended to clog response and performance in Britain's new world circumstances since the war. The fact is recognised in the Treasury set-up itself that the state of the budget, the position of sterling, the role of monetary policy, and both the growth and solvency of the national economy are parts of one and the same issue: external policy will be mated, as it ought to be, with home finance, formerly an outmoded division engrossed in form and detail and lacking both professional economic expertness and initiative; and in the central group—the gyroscopic group as it were, serving and balancing the other two—the economists, under the Government's economic adviser, are brought right into the mainstream of reckoning and resolution. There are no doubt untidinesses still, as in the relationship betwen this new-style Treasury and the changing Bank of England. And there is at least one outstanding doubt: whether even in the reconstructed organisation the doors and windows will be wide enough open to let in the fresh light and air of outside ideas, experience and discussion. It was one of the bad features of the Plowden report that it plumped so firmly for keeping the long-term surveys of expenditure and resources, which were the essence of its proposals, secret from Parliament and the public; and there is more need not less in the new set-up to loosen the close corporation of the Treasury men by drawing upon the thought and services of shrewd and informed outsiders. This, on the management side, the Plowden report saw: "we must emphasise the advantage of seizing every opportunity for interchange of ideas and experience with people in commerce and industry." This is so, too, of applied economics; there should be no "Treasury view," just the right view.

MR MACMILLAN, when he was Chancellor of the Exchequer, complained of the "out-of-date Bradshaw" by which his advisers had to plan the journey ahead. Many others have growingly complained about the Treasury's horse-and-buggy arrangements. Now the attempt is being made, in the Plowden phrase, to "strengthen the organisation against wrong decision-making," by getting rid of both bad management as well as piecemeal decisions and by basing policy, instead, upon "a balanced view of the alternative uses of national resources." By itself, new machinery will not do the trick. In an early, perhaps unguarded, moment, when his appointment was announced, Mr Armstrong is reported to have said that the decisive thing was "the will" of the politicians. This is indeed true: the propensity for innovation and the capacity for decision, these must start at the top. Historians will say that during the past decade the Conservatives during their too-long lease of power did half-see and half-make the great needed decisions of our times, upon which Britain's future for another century will depend: the entry into Europe, the huge new requirements of widespread education, the necessity for urban renewal on the broadest scale. And they have glimpsed, too, that basic to all was a solution to the problem of economic growth from which alone the rest can spring. But policy has stayed fuzzy at the edges and soft at the core. Now the means are being sought of moving more purposively in the daylight instead of piecemeal in the dark; but the will to reach Britain's right twentieth century destination is still more important even than the means of working out how to travel.

What Weapons and Where?

Some much-blurred facts about defence policy begin to come into focus

RIGHT or wrong, Herr Strauss, the west German minister of defence, has one of the sharpest minds in the military business. Last Saturday, July 28th, he once again cut his way through to the heart of the strategic argument being fought out in the western alliance. In a speech in Bonn, and an article in a Cologne newspaper, Herr Strauss said in effect that he thought President Kennedy was in danger of embracing the wrong doctrine about the use of tactical nuclear weapons. The doctrine Herr Strauss disapproves of holds that these weapons, instead of being put into the hands of front-line troops who would almost certainly use them if fighting broke out, should be held in reserve behind the front line so that the decision whether to use them or not can be taken deliberately and (relatively) coolly.

Herr Strauss is worried by the fact that General Maxwell Taylor, who supported this more cautious approach to nuclear weapons in his book, "The Uncertain Trumpet," has just been nominated by Mr Kennedy as the next chairman of the Joint Chiefs of Staff in Washington. His worry is compounded by the impending departure from the Nato command in Europe of General Norstad—whose practice has been to put tactical atomic arms at the disposal of the divisions manning the front. Herr Strauss's argument cannot just be dismissed out of hand. The further forward these weapons are kept, the harder it is for the Russians to be sure that they will not be used (and bring in their big intercontinental brothers after them) if a fight begins; in technical terms, forward deployment maximises the deterrent effect of nuclear weapons.

But the other side of the argument—the side that Mr Kennedy supports—still has the better of the debate. For one thing, one cannot rule out the possibility of an accidental

fight beginning when neither side really means to start a war; for instance, as the result of a brush on the border between the two parts of Germany. It would be stupid if this developed pell-mell into full-scale nuclear war simply because of the way equipment had been deployed. In the second place, forward deployment of these weapons means that the West probably has no choice, when faced with a military challenge, except either to respond with total war, or to make no response at all. This could tempt the Russians to think they could get away with a minor incursion into western territory because the Americans (who hold the nuclear warheads) would rather do nothing than start a general holocaust. A wider range of choices is opened, however, if more tanks and bayonets are put in the front line, and the kiloton brutes are kept in the rear. This still seems, on balance, the better bet.

HARD to believe though it is, Britain may just possibly be starting to swing round to Mr Kennedy's side in this strategic debate. It was reported on Wednesday that the British Aircraft Corporation and the Nord Aviation company in France are to conduct a joint Anglo-French operation in producing guided missiles. This raises some fascinating prospects, not least of the possibility of joint work on nuclear warheads for these gadgets one day. But its immediate importance is that it casts doubts on the future of Blue Water, the purely British tactical missile hitherto intended to be the first home-produced weapon of its kind in the armoury of the British Army of the Rhine. It is now possible that euthanasia will be applied to Blue Water before it comes to birth.

If Blue Water is done away with, the chief motive will doubtless be the feeling that two countries working together can make more progress with missiles than either working alone. But there may also be another, only half-acknowledged, motive. Given the limited amount of money Britain can afford to spend on defence, it is impossible (and is gradually coming to be recognised as impossible) both to undertake a missile programme and to provide the army with all the conventional equipment it needs. If Blue Water dies the death, the result may be gradual improvement in the supply of new tanks, guns and communications equipment to the Rhine Army. It was also announced on Wednesday that, not before time, the obsolescent Thor missiles which have theoretically been part of Britain's contribution to the western deterrent since 1958 are to be removed next year. Thus, little more than a fortnight after Mr Thorneycroft took over the Ministry of Defence from Mr Watkinson, a start is perhaps being made on the shift of emphasis—away from national nuclear efforts and towards better conventional forces—that Mr Kennedy has been calling for. Are we witnessing a sensible reversal of British defence policy as gently circumspect as Mr Macmillan's retreat from Suez five years ago?

NOTES OF THE WEEK

ALGERIA

Act Three?

THE scene is Algiers, the time a month since Algeria became independent. The management is mainly military. One of the leading characters has changed his role. This is Mr ben Khedda. Formerly cast as the rival in a struggle for power with the mettlesome Mr ben Bella, he has stepped down to play conciliator. He opens (July 30th) on a warning note:

> Our people can wait no longer. . . . Unemployment is growing apace. The Europeans have closed the doors of their businesses. Trade is stagnant, our stocks are dwindling and our money is running out.

Three important emissaries are heralded: from Oran Mr Khider, representing Mr ben Bella; from Kabylia Mr Boudiaf—who last week succeeded ben Khedda as ben Bella's principal adversary—and Mr Belkacem Krim. All three are about to enter for talks with Mr ben Khedda when some soldiers dive into the wings and capture poor Mr Boudiaf. There are noises of anger off, from Oran as well as Kabylia. The soldiers have exceeded their authority. But that, as everyone knows, is nothing new.

Last week's seizure of Constantine and of ports in east Algeria are now said to have been carried out by units supporting ben Bella, but not by ben Bella's order. Most of them came from Tunisia, ardent followers of Colonel Boumedienne, the one-track commander in chief whose dismissal by Mr ben Khedda put him even more energetically into Mr ben Bella's camp. Then, on Sunday, the neutrals moved. Largely on their own initiative the uncommitted troops in the Algérois (staid forces of the interior) took over Algiers and made it an open city. Already in control of the country through the regional administrations that have had to make do in the absence of any umbrella government, the army, though politically divided, has developed a kind of rhythm in prodding the civilian leaders to face their responsibilities.

Happily, Mr ben Bella combines with his rivals to secure Mr Boudiaf's release. Mr. Boudiaf turns up looking distinctly worn out. Talks between Boudiaf, Krim and Khider are stated on Thursday to have ended in agreement: Constituent Assembly elections August 27th, the revolutionary council to meet soon after. Once more the dénouement seemed near, and Mr ben Bella was expected in Algiers on Friday to set up his political bureau. Is this the end of Act III or the opening of a new drama? Two questions hung over Thursday's preparations. Had Kabylia got satisfaction, excluded as it had been from representation on the political bureau—even by such a candidate as its army commander, Colonel Mohand oul Hadj, doyen of all the commanders of the interior forces? And would Mr ben Bella ride in accompanied by Colonel Boumedienne, or would he come in peace, unescorted?

SOUTHERN AFRICA

Is the Dawn False?

ALTHOUGH it would be a rash man who saw light at the end of the murky Congo trail, Mr Adoula's new outline for a federal constitution, issued by him on July 29th, does give room for a ray of hope. A frustrating and destructive year has passed since Mr Adoula, on becoming prime minister, pledged himself to end Katanga's secession: his suggestions now go a long way towards meeting Mr Tshombe's demand for provincial self-rule. According to these proposals, the central government would control national defence, foreign affairs, customs, currency, immigration and communications. The provinces would run their own local administration, manage their own economies, and be responsible for law and order within their own boundaries. On the basis of these general proposals, Mr Adoula has written to U Thant, acting secretary-general of the United Nations, asking for a team of international lawyers to draft such a constitution. If all goes as Mr Adoula plans, this draft may be presented to the Congolese parliament in September.

That Mr Tshombe does not intend to turn down this proposal out of hand is suggested by the suddenness with which he went back on his earlier refusal to talk any more with Mr Adoula. As our correspondent describes on page 449, Mr Tshombe now declares himself ready to negotiate. He may have got wind of Mr Adoula's new concessions; or he may, resilient and skilful politician that he is, have decided that it was time to yield an inch or two before the gathering impatience of the United Nations and of Washington.

If a new constitution can be worked out, it may at least give the two sides something positive to discuss. Whether such a discussion would get anywhere is another matter altogether. The crux of the dispute is contained in Mr Adoula's vague phrase proposing that the provinces should each make their own economic arrangements. Significantly, there is no mention of what should happen to Katanga's copper revenues. As the Congo subsides into bankruptcy, the relevance of this question is biting. The most that can be said for Mr Adoula's suggestions is that they point in a general direction that might, with more luck and good will than hitherto, lead out of the mess. This in itself is important at a time when the United Nations is lacking the money to pay for its forces in the Congo. Even a vague hope of an end to the UN operation might just encourage the American House of Representatives to approve the Bill authorising the President to buy up to $100 million worth of the UN bond issue. So far only the Senate (not Congress, as wrongly reported on page 333 of *The Economist* last week) has authorised this vital purchase.

No Dead End

THE American view of the Katanga secession rejects the notion that it is a simple bid for self-determination by Mr Tshombe's Lunda tribesmen, in favour of a more sophisticated scrutiny of the external interests that sustain it. President Kennedy on July 23rd referred bluntly to "the *Union Minière*, the company which controls these vast resources in the Katanga." Washington's (and the UN's) present thinking about ways of restoring the unity of the Congo without resort to force is centred on the application of pressure upon this Belgian-British company and its associates.

What needs to be more generally understood in this context is that Katanga is not a remote dead-end, presenting a problem that can be solved in isolation. It is, at the moment, a contested zone between the new world of independent African states and the still white-ruled southern third of the continent. Its significance is sharply brought out in a pamphlet published last month* by a group of organisations which are particularly concerned to end Britain's identification with the Portuguese and South African governments in their repressive policies. Although this is a polemical pamphlet, it does present the factual evidence, not only of the offences of the rulers of southern Africa (including Katanga), but more particularly the close links between them. The data, here presented in concise but detailed form for the first time, about their financial, political and military connections, and about British involvement too, cannot be disregarded by anybody who seriously seeks to understand the problems of Katanga and of the regions to its south.

* "The Unholy Alliance." Published by the Anti-Apartheid Movement and other organisations. 38 pages, 2s.

TELEVISION DEBATE

Low Rating

NOTHING very tangible emerged from the Commons debate on the Pilkington report on Tuesday. The Postmaster General bafflingly sustained the part of a man still waiting to make up his mind—or to have it made up for him. In the process he appeared to have retreated a step or two from his own white paper's willingness to establish a second commercial channel: not an encouraging performance. Mr Gordon Walker, enunciating the official Opposition line (as distinct from the Mayhew line, now diffused solely by Mr Mayhew), was no less adamant for more time to think. He could use it. The ideal way to raise commercial standards, Mr Gordon Walker declared, was to keep ITV's one channel in permanent competition with the BBC's two; then ITV would really have to "think about all sorts of minority interests." Really? And he was worried about the Pilkingtonians' complacency in suggesting that any dealing with advertisers should be transferred to the ITA itself, out of the hands of the programme companies; would this not fatally corrupt the ITA as well? It was on this curious ground that the Opposition's reservations on the Pilkington reorganisation seem to be based; Mr Gordon Walker made no others explicit.

On television finance, neither the Government nor the Opposition is at all anxious to do what Pilkington and the BBC have asked them to do—and that is raise the licence fee to something like £6. Whatever agonising thought is being done in either party at the moment boils down to trying to find an acceptable way of subsidising the BBC so that it can actually run a (truncated) second channel at all. Sir Hugh Linstead egregiously suggested a straight swop: ITV profits to go into the Treasury, and the Treasury to finance the BBC. Nearly everyone else saw through that. Mr Gordon Walker wanted a statutory charge on the Consolidated Fund (he refrained from specifying for how much) so that the BBC would always be sure of some cash—although one suspects that the sum any Government contracted itself to supply in perpetuity would be appreciably less than the BBC would like for rapid and competitive development. The point is, as Mr Woodrow Wyatt had the nous to explain to his front bench, that the taxpayer may legitimately feel that there are more deserving claimants for Treasury funds than a medium of popular entertainment.

There are two possible ways round this central predicament. Either the BBC finally brings itself to do what the press does and accepts a proportion of its revenue from advertising; or the BBC's second channel is devoted to a specifically educational service, for which the use of public money would be legitimate and to which the commercial companies should contribute their share both of funds and technical expertise. Mr Bevins ought to have done his homework on the financing of television's expansion long ago; if he had, Tuesday's debate would have been to some purpose.

THE LEONARDO

Happy?

ALTHOUGH all parties concerned in the sale of the Leonardo cartoon are busy taking credit to themselves, none come out of the business at all well. The Royal Academy might, at the end, have had the moral courage to settle for the lower sum at which it first offered the drawing; the National Art-Collections Fund, if it really had to handle it, should have got its appeal off, professionally, to a quicker start; the richer art-lovers among the public might have been more forthcoming; and the Government should not have taken the bite out of the appeal by hovering over it like a fairy godmother, even lending a hand in the collection of the money, and then finally waving its wand without, apparently, attaching any strings to it. This may seem a carping comment on a "happy ending," but it will be a pity if too easy benevolence prevents serious consideration of two questions.

First, is the present operation of export control the best one to govern the nation's acquisition of important works of art? This requires the purchase, out of public funds, of any work sold to a foreign buyer when export is refused, and the purchase must be at a "fair price" acknowledged to be the knock-down auction value even if a Texas millionaire has bid it up. This is an expensive system. Aware that the success of the Leonardo sale could encourage other institutions to realise their assets, the Prime Minister assured the House of Commons

that with regard to major works of art held by public or semi-public bodies, "we are considering whether the procedures are adequate." But, in general, the acquisition of a work of art simply because it has been in this country and is now about to leave it, or because it is on offer in lieu of estate duty, will not necessarily give the national museums what they most need.

It is matter for rejoicing that the nation has added the Leonardo cartoon to its national collections. But if it means that the serious gaps in these collections are the less likely to be filled, art-lovers might have done better to have been content with the newly-afforded opportunity of seeing the Leonardo drawings in the Queen's collection. In any case, if the Government really intends to dip periodically into its pockets for special purchases (it did so to the tune of over £200,000 in 1960-61), surely it might be more sensible to step up the annual purchase grants (now £125,000 for the National Gallery and £40,000 for the Tate) and let the experts get on, unemotionally, with the job of acquiring the works that figure highest on their lists.

The second question to be asked is, since fancy prices have to be paid for works of art, should not admission fees be introduced for viewing the best of them? Despite the fact that taxpayers may grumble that they are being asked to pay twice over, which is often the case, with suitable publicity a small charge could be justified in one room of the National Gallery—for the Leonardo, for other acquisitions and for the display of (say) the best provincial pictures on periodic loan in London.

JUGOSLAVIA

Presidential Pep

AMONG Europe's ageing statesmen, President Tito, now past his seventieth birthday and with a particularly tough life behind him, is by no means the least energetic and forceful. If the Jugoslavs do not manage to make an economic success of their own particular brand of socialism, it will not be for lack of forthright prodding and goading from their president. On May 6th at Split he laid into those whom he considered responsible for Jugoslavia's economic difficulties; the repercussions of that speech were widely felt in factories and local party offices throughout the country.

Two weeks ago the central committee met (for the third time in less than six months) to discuss the problems posed by rising prices, a marked falling-off in the rate of expansion of industry, a mounting trade deficit and stagnating agricultural production. It was decided among other things to scrap the current five-year plan, due to end in 1965, have a transitional one-year plan next year, and then embark on a seven-year plan for 1964-70; in this way it is hoped to give the planners enough time to do their job more efficiently and realistically. Meanwhile, investment policy will be more tightly controlled; and some investments in inessential projects (including housing and schools) will be postponed so that investment resources can be concentrated on those projects most likely to lead to increased exports.

The pep talk which Marshal Tito saw fit to deliver at the end of the committee's discussion (after expressing a "little surprise" that no one else wanted to speak) showed clearly that he was not altogether satisfied with his colleagues' labours. He complained that their reports were too general, and that he failed to find in them suggestions for getting out of the present difficulties. One reason may well be that his colleagues do not yet see their path clearly before them. It is after all a new and experimental path. Progress along it is not made any easier by the difficulty of getting the six republics to co-operate for the general good, or by Marshal Tito's praiseworthy determination that the Communist party must confine itself to "correct guidance" and not "assume the right to direct and command."

BULGARIA

Carrots for Farmers

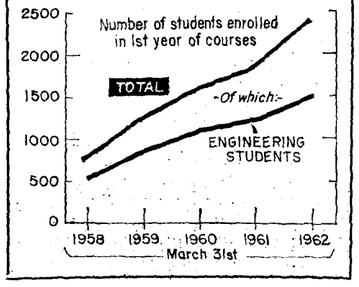
BULGARIA has this week maintained its reputation for treading particularly closely in Russia's footsteps, by being the first country in the Soviet block to copy the Soviet decision, announced on June 1st, to raise meat and butter prices. (Two weeks ago Mr Gomulka stoutly denied that there would be any need to raise food prices in Poland. Elsewhere in the Soviet block, the authorities are not committing themselves.) On July 29th price increases were announced in Sofia ranging from 8 per cent for milk to about 23.5 per cent for meat and nearly 32 per cent for dairy produce.

For some years Bulgaria's collective farms have been putting up a disappointing performance; not all the blame for recurrent shortages can be put on the weather. The higher food prices will both choke off demand and meet part of the cost of providing some strong financial stimulants for the farmers; if the government were to meet the whole cost, it is pointed out, the country's capital investments would suffer. From January 1st a special fund will provide a guaranteed minimum wage for the collective farmers (Bulgaria will be the first Soviet block country to do this). Other incentives for the collective farmers include a reduction in their income tax and reductions in the prices they have to pay for petroleum and for chemical fertilisers.

The Bulgarian regime seems to be rather nervously aware that the price increases will cause hardship, and are bound to be highly unpopular in the towns; the press has already threatened legal measures against those who complain openly. The lowest paid workers are to be compensated by immediate increases in family allowances, and by exemption from income tax from the beginning of next year. Old age and disability pensions will also be increased from January 1st. All the blame for the increases is being planted on the "gross sectarian doctrines and errors" of Mr Chervenkov, who had to resign as prime minister in April, 1956, and was finally disgraced last November, since when he has become a convenient scapegoat for all sorts of things. One could argue that Bulgaria's present leader, Mr Zhivkov, who in 1959 tried to dragoon the whole country, peasants, workers and all, into the "great leap forward," has made his contribution towards the present malaise in the countryside.

DIP. TECH.

There are now 111 courses at 28 colleges which the National Council for Technological Awards recognises as leading to the Diploma of Technology. The courses are for four or five years and combine academic study with industrial training. Since 1956, when the council first began to consider courses submitted by colleges, 1,092 diplomas have been awarded, 620 between April, 1961, and March, 1962.



PARLIAMENT

On Schedule

THE Commons adjourned this week for the summer recess with the Government's legislative programme completed, an achievement which has been equalled only once in the past ten years. This is a personal triumph for Mr Macleod, whose reputation as Leader of the House has been steadily growing. He has wisely refrained from overloading the timetable with legislation and has made judicious use of the guillotine. The guillotine is invariably the signal for an outbreak of synthetic fury about parliamentary rights, but after the initial rumpus the Opposition has given Mr Macleod comparatively little trouble on this score—chiefly because it had a bad conscience over a good deal of the obstruction-

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ism that had gone on in committee. The name of Robespierre has not stuck to him.

Before the Easter recess the Immigration Bill, the Army Bill, the Criminal Justice Bill, the Export Credits Bill and the Education Bill had all received the royal assent. Since then the South Africa Bill, the Road Traffic Bill, the Scottish Housing and Licensing Bills, the Sea Fish Bill, the Health Visitors Bill and the Pipelines Bill have passed through all the necessary stages. The promised Weights and Measures Bill has never appeared and will probably be dealt with next session. The significance of Mr Macleod's clean sweep is that the Prime Minister has the whole of the next session unencumbered for common market legislation, should it have to be introduced.

This efficient dispatch of business happens to be the only thing of which this session of parliament can be proud. The debates on the Immigration Bill were not of a high order, nor were the Budget discussions; and over the common market the House has not discharged its informing function with any marked degree of success. The new cabinet has not yet had the opportunity to establish itself: the old one has sunk without trace. The Opposition has managed to keep, if not pull, itself together. The Liberal Party has increased its strength by 16 per cent. The session passes into limbo without regret.

WAR OFFICE

Brass Necks

THE War Office emerges with scant credit from the report of the Estimates Committee,* published on Tuesday. The report says (to use plain language) that there are too many senior officers hanging around Whitehall in administrative jobs that civilians could do better and with much greater continuity; that there are too many War Office bodies sitting in expensive buildings throughout central London because no one has bothered to work out who is essential and who isn't; and that the internal committees supposed to organise the headquarters staff and cut it down are pretty much a farce. The permanent undersecretary explained in his evidence that "you cannot draw a horizontal line between staff which are considered of sufficient seniority to be near the centre and staff which are not." But there seems to have been very little effort to evaluate branches on a properly functional basis. When the Treasury has had to be placated a few more junior staff have been packed off to outstations. As a result, headquarters staff has fallen by 500 to just under 8,000 in the past two years; this is still 1,000 above the target.

Even more serious are the lapses in army financial control, some of which appear to have been taken remarkably lightly by the top brass. The War Office's solution to the problem of how best to run costing policy was to set up another committee of senior officers: the report is rightly severe about this kind of reflex recommendation (and it points out that the plethora of committees says precious little for the internal organisation of the office). While there are umpteen brigadiers to lay down general policy, there are only 20 costing staff in the whole of Rhine army (annual expenditure £100 million). On research and development there has plainly been a need for much more tightening up along Zuckerman lines. The War Office felt that professional qualifications were "irrelevant" in local command auditing; the report is not so complacent.

Finally, the committee makes no secret about its belief that running separate service headquarters departments may just possibly not be the best way of organising national defence. It calls on the Minister of Defence, at the least, to knock some elevated heads together in order to get much more co-ordination among, and economy in, service efforts. At the least, Mr Thorneycroft should do just that.

*HMSO: 10s. 6d.

CHINA

Not Yet Broken

CHINA has had three bad harvests and faces the prospect of a fourth—the result partly of weather, partly of collectivisation. Most western commentators take their habitually gloomy view of these troubles. Either China will call for aid, they think, as Gorky did in 1921 for a Russia disorganised and plagued by famine, or the Peking government will collapse under revolt. But on July 24th Marshal Chen Yi, the foreign minister, crushed the first idea for the present. "China will not beg . . . and does not want help," he said, "for no western aid is unconditional." And so the unpleasant dilemma that would have faced the United States if China had asked for aid was removed. On the other hand, the Russians have made no offers—unconditional or otherwise.

Times are hard in China. The communes, one cause of the difficulties, have been abandoned in all but name; but drought and floods have hit the harvest. This year's diet will be more monotonous and less satisfying than usual. But for most Chinese it will at least be a diet, and not the starvation common in the inter-war years. And yet, for all that food distribution has been improved, there may still be local famines, and with them unrest and revolt. Reports and rumours of unrest in Canton and south China suggest that, as yet, the outbursts are directed more against arbitrary and inept local officials than the regime as a whole.

But Peking is worried about the loyalty of its army. Until now it has been privileged, but food shortages have meant smaller rations, and the soldiers are not deaf to the complaints of their families. Though Marshal Chen Yi is reported to feel agreeably surprised by the withdrawal of American advisers from Laos and American marines from Siam, Peking is not yet disposed to believe that the United States will continue to restrain General Chiang Kai-shek. The old bogey of an invasion from Formosa can thus be used to rally and distract the Chinese people. Amid the tension, military discipline was stringently tightened in Canton on June 2nd. The reason seems to have been that the local troops were becoming too sympathetic to the population; and the Canton command had to plead with them to accept party leadership in their duty of helping with the harvest. These troops were moved north and replaced by larger reinforcements. In the circumstances, Peking may have found it a convenience to be able to blame the troop movements on the threat from Formosa.

MALAYSIA

Birth Ahead

IT is good news that the British and Malayan governments are to try to bring the proposed Federation of Malaysia into being on August 31st (Malaya's own independence day) next year. The going was rougher than those who listened to Mr Duncan Sandys's statement in the Commons on Wednesday may have gathered; but in the end the differences between Tunku Abdul Rahman, the Malayan prime minister, and the Commonwealth Relations Secretary were smoothed out. The main difference presumably arose out of the division of opinion within the Cobbold Commission, whose report on political opinion in North Borneo and Sarawak was also published on Wednesday.

The British members of the Commission favoured a transitional period of three to seven years before final constitutional arrangements were made in the two territories, which, with Singapore and the Sultanate of Brunei, are supposed to join Malaya to form the new federation. During this time, they argued, a ministerial system of responsible government should gradually be introduced. The Malayan members admitted the need for a transitional stage, but wanted it to be much shorter. Under Wednesday's provisional agreement a joint committee of British, Malayan, North Borneo and Sarawak representatives is being set up to work out the constitutional arrangements. Brunei, which has had constitutional government since 1959, is no problem, and the Sultan has been invited to bring his state in.

Mr Lee Kuan-yew, the prime minister of Singapore, came to London to be available for consultations. He personally is in general agreement with Wednesday's proposals. His main problem is one of

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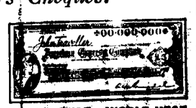

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domestic politics, and he will shortly put Singapore's membership of the proposed federation to the test of a referendum, in which the island's overwhelmingly Chinese population will be allowed to say what kind of association it wants to have with Malaya and the other territories, but not to opt out altogether. Opposition to the whole idea is strong and articulate, however, and Mr Lee will need all his skill to steer the project through.

CRIMES OF VIOLENCE

Helping The Victim

THE Conservative Political Centre's report *Victims of Violence* (CPC, 1s.) is a useful contribution to the discussion on providing compensation for victims of crimes of violence, although it does not go a great deal beyond the Home Office white paper on the subject (Cmnd 1406) published a year ago. The committee of Tory MPs and lawyers favours a limited scheme of compensation for injuries to the person caused by crime, excluding compensation for loss or damage to property, and excluding also anyone whose own behaviour has not been free of responsibility, e.g., accessories or accomplices. There is nothing intrinsically wrong with the limitation to crimes against the person, since it would give an opportunity to show how a novel scheme of this kind would work and thus itself provide evidence for or against extension.

The choice, the committee maintains, is between a scheme based on industrial injuries insurance and one based on common law damages, and it comes down in favour of the common law. Compensation would be assessed by the county or high courts in appropriate cases. Whether the courts are the right bodies for this type of case is very dubious, and it would be better to erect a special tribunal to deal with them. The report concedes that one of the shortcomings of common law damages is the wide variety of compensation awarded for similar injuries and seeks to avoid this by setting limits to the amount of compensation payable. Thus no claimant should have an earning capacity exceeding three times the latest published figure for average industrial earnings; and offers of less than £50 compensation should be "in the nature of a gratuity." The report also suggests that all claims should be submitted in the first instance to some specified official who, in straightforward cases, would make a compensation assessment. Disputed assessments would go to the courts. The report puts the likely cost to public funds at £1 million a year.

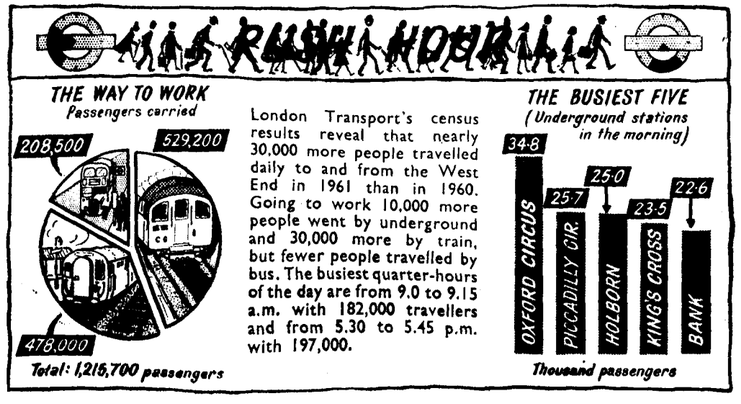
The CPC committee is even more cowardly than the Government when it comes to deal with contributions from the criminal himself. Cmnd 1406 included a feeble discussion of the idea; the CPC report makes no practical suggestions. The solution lies along the lines of raising prison earnings to a more realistic level. It would be well worth while for the CPC to appoint another committee to tackle this issue.

TRADE UNIONS

To the Grindstone

DELEGATES to this year's Trades Union Congress at Blackpool in September may have to do without their usual emotional splurges on the bomb and Britain's entangling alliances—to judge by their preliminary agenda. Of the 101 resolutions submitted by affiliated unions, only one thumps the anti-Polaris drum and one other protests against the training of German troops in Britain. The sole unilateralist resolution comes from the Fire Brigades' Union: because it is honest enough to declare that unilateral disarmament would mean the end of the American alliance, its prospects are nil. The popular subjects this year are far more sober, and far more interesting to outsiders, than the militant peace-cries of recent years. The ten resolutions on the common market will no doubt give rise to a good deal of passion, but the conferences of individual unions have suggested that it will at least be well-informed passion.

The hard centre of the week's debates will be provided by the thirteen resolutions on the pay pause and the five on the National Economic Development Council (the agenda went to press before the Prime Minister announced his incomes commission, but this too will no doubt come in for some hard knocks). These resolutions will be melted down into a few approved texts that should give the congress its clearest chance ever of working out a stable position on the knife-edge between the unions' oft-proclaimed love of planning, and their simultaneous and equally trumpeted hostility to Tory planning. Four congress resolutions call for more planning of incomes, although rejecting the Government's way of trying to do it; six resolutions want greater co-ordination between unions in order to achieve coherent planning; seven unions call for expansionist economic policies as the right way to increase incomes. The task of finding an effective answer to Mr Lloyd is giving the TUC some healthy exercise.



GYPSIES

Dog in the Manger

ALTHOUGH some softening of oaken English hearts is evident (Kent County Council, for example, is offering considerable financial inducements to its local authorities to harbour travellers), the impression persists among the elected administrators of rural England that gypsies, even if deserving of some sympathy, are hardly up to the human standard. This week the Ministry of Housing and Local Government ended an inquiry into the refusal of Strood (Kent) rural district council to allow a site at nearby Cobham to be used as an encampment for those 300 gypsies who have been living on the verge of the Dover road ever since their heartless eviction from Darenth woods in February. Strood has, however, offered an alternative site at Meopham which it hopes will compensate for its behaviour over the Cobham land.

The 6½-acre derelict gun emplacement at Cobham was bought by its present owner as potential residential development. Planning permission having been refused, the concrete-and-Nissen covered ground has lain empty, an unimprovable eyesore, ever since. Touched (as few parish councillors have been) by the gypsies' difficulties, the owner offered it to the council at a rent of £1 a year as an encampment. The offer was not accepted; and the land was then given for the same use, at 1s. a year, to Mr Norman Dodds, the gypsies' champion, who went as far as offering to organise and run the camp himself to ensure its propriety. Permission was refused, and the Meopham site, "more suitable in every way," offered in its place.

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The Cobham site, for all its dereliction, has water, electricity and hard standings: the Meopham one has not, and they will all have to be provided, presumably at the expense of the Kent County Council. But Cobham also has its visitors (it is one of the thousand or so "most beautiful" villages in Kent), a parish council ("the camp might soon become a scrap-iron heap"), a girls' school ("there will be some doubtful characters about") and "local feelings": all of which means, to Strood, that it would be unpopular to allow this suitable resting place to gypsy caravans. Kent County Council want to find at least 10 sites for its 120 gypsy families; but when will more district authorities think of human beings instead of their own precious amenities?

NEW GUINEA

A May Deadline

THE informal agreement to negotiate that has been reached in a Virginia country house by Dutch and Indonesian representatives offers a peaceful way out of the New Guinea quarrel, and must therefore be welcomed; but the welcome can hardly be unreserved.

The basis of the agreement was the proposal made in April by the retired American diplomat, Mr Ellsworth Bunker, for a phased transfer of control in west New Guinea from Dutch administrators to United Nations officials, and finally to the Indonesians. Mr Bunker had suggested that the transfer should be spread over two years. It has now been agreed, however, that UN officials will move in as soon as arrangements can be made—probably in the early autumn—and that they will hand over to the Indonesians by next May. This does not quite meet President Sukarno's declared intention of taking over by January 1st; but it is a considerable retreat from the Bunker proposals which, even in their original form, had seemed to favour the Indonesians at the expense of the Dutch. For this reason, it cannot be taken for granted that the Dutch government will accept what is now proposed.

If the Dutch are to get out anyway, there is no special virtue in their going later than the date now agreed. The unsatisfactory aspect of the new agreements is that they whittle down the Dutch promise of self-determination for the Papuans to a mere formality. There is to be a referendum "not later than 1969" giving the Papuans a choice between independence and incorporation into Indonesia. As the initial transfer of powers is to be so swift, the Indonesians will have some five and a half years in which to build up a local administration that makes sure the population votes the right way. The marked lack of hospitality with which Papuan villagers have greeted Indonesian paratroopers dropped in their jungles suggests, even so, that the last may not have been heard of Papuan nationalism.

If, as must be hoped, both sides accept this week's formula, formal negotiations ought to begin in mid-August; any agreement then reached would be submitted to the UN General Assembly, which goes into session on September 18th. All being well, the first UN officials could be in Hollandia by early October.

NIGERIA

Precedent for Turbulence

BENEVOLENTLY unanimous, the House of Commons agreed on July 24th to present Nigeria's federal parliament with a Speaker's Chair. In pledging wholchearted support for the gift, the opposition spokesman, Mr Denis Healey, expressed pride in Nigeria's loyalty to parliamentary procedures. He shot off a two-edged compliment when he went on to note "with interest" that

> the precedent of some parliamentary turbulence which was set by Nigeria in recent months has been followed in our own parliament in the last week or so.

But the mild punch-up that took place in Western Nigeria's house of assembly on May 25th was not taken so lightly by the federal government. The Western Region's constitution was suspended, a state of emergency called and the region was put under the control of a federally-appointed "administrator."

Some British observers have criticised the central government for being excessively zealous in its role as the guardian of parliamentary good manners. But the government was vindicated when Nigeria's supreme court ruled, on July 7th that the federal constitutional power had not been exceeded. On the other hand, the court found that the governor of the Western Region did go beyond his mandate when he swapped premiers during the political crisis that precipitated the emergency. Since the state of emergency and its attendant regulations will go on until the end of the year, the second part of the judgment can bring only legalistic comfort to the former regional premier, Chief Akintola.

The row between Chief Akintola and Chief Awolowo, the federal leader of the Action Group (until May, the ruling party in the Western Region and the main opposition group in federal affairs), goes deeper than a clash of personalities. Chief Awolowo, alive to the unease among his younger and more radical supporters, was trying to make the party less tribal-minded and parochial and to map out some kind of socialist programme. Chief Akintola would have none of this. Chief Awolowo's supporters, nervous at the thought of facing new elections while the party was in so split a frame of mind, did not force the issue to a vote of confidence; instead, they persuaded the governor to remove the regional premier on the evidence of a petition signed by a majority of the Action Group parliamentarians. This led a few days later to the shindy in the western house of assembly.

What comes next? The central government has shown what it can and will do to enforce parliamentary discipline, and all for the time being is calm. Chief Akintola has hardened the split in the Action Group by forming his own United People's party. But when the administrator hands over, it

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looks as if there will have to be new elections in the Western Region. These may well offer some more precedents for turbulence, parliamentary and otherwise.

INDIA

Shopper's Guide

It might have been worse; it could have been better. On Monday, the consortium of the ten contributing governments and the World Bank announced that they had raised subscriptions of $1,070 million to help India with the second year (April, 1962, to March, 1963) of its third five-year plan. This falls about $130 million short of the original target; but is substantially more than was pledged by the club in faint-hearted mood in May.

In the maelstrom of aid problems, it is hard to pin down the effect on club members of India's negotiations with the Soviet Union for the purchase of Mig 21s. As Mr Nehru said on July 29th, nothing yet is settled. But the same weekend, a team from the Indian defence ministry left for Moscow to look over the aircraft. In any case, it was not the United States that baulked. Washington has kept steadily to its pledge to match the contributions of the European members, together with Canada and Japan, up to $500 million; it is the others who have so far only been able to raise $435 million between them. Of these nine members, four countries were contributing for the first time and four others, including Britain, raised their contributions above the pledges made in May. West Germany stands out as the country that has kept to its pledge and no more; on the other hand, Germany already puts far more into the kitty than any other country except, of course, the United States.

The money has been promised; it is not yet in the hand. All the pledges are conditional on parliamentary approval, and here it looks as if the sternest problem will be for the American Administration, in getting the appropriations through Congress. The argument that India, or any other country, should shop where it is cheapest and best for its military hardware is one that some important people still find shocking—even when, as in India's case, the need for a modern defence force is kept alive by the threat from China. Egypt, somehow slipping under the wire, is getting its Russian Migs and its American aid. But from India, those supersonic fighters are casting an unconscionably long shadow.

Appointments, Business and Personal notices and other Classified Advertisements pages 482, 489 and 490

LETTERS

The Railways

SIR—In your article on the railways (July 21st) you write "drastic rationalisation . . . follows logically from the idea of making the railways break even." You imply that the decision to rationalise is itself logical but this is not the case. Rationalisation would only be logical if it were not the case that there was any other way of breaking even; and even then only if any subsidy can be regarded as illogical.

If all subsidies are illogical surely the vast concealed subsidy to the motorist, whose payments of various taxes bear no relation to the cost of providing the roads he uses—let alone providing any return on the capital involved—must also be eliminated.

Once road users were made to pay the full economic cost of the facilities they use, or the public became reconciled to the idea that subsidisation of transport was not wicked, the whole problem of the railways would appear in a quite different light. Only in such a light could any proposal be adjudged either logical or otherwise.

While I wholeheartedly support your plea for reasonably high severance pay for any workers who have to be made redundant I cannot share your certainty as to the necessity for such vast redundancy on the railways. Indeed the money spent on such payments would almost certainly be wasted: admittedly the amount wasted would be small compared to that involved in building roads for secretly subsidised cars at the same time as closing publicly subsidised railways. The waste of land that this policy would involve is quite colossal.

My own opinion is that both subsidies should be abolished—but if the recovery of all costs on the roads is politically impossible it is untrue that the closing down of railways is thereby rendered either logical, necessary or right.—Yours faithfully,

JOHN S. FLEMMING

Trinity College, Oxford

*

SIR—The two rail traffic density maps shown by you ought to be supplemented by the map issued in 1951 by the committee investigating railway electrification from the point of view of traffic density. It will appear from such a comparison not only that the actual carrying of passengers and freight is concentrated on about half the existing route mileage, but also that a high proportion of the high-density traffic lanes—many of which carry four tracks or more—qualifies for electrification. Here then is an opportunity to make positive use of at least some of the labour that will become redundant on the railways and in the railway workshops. To curtail overall route mileage while stepping up the amount of electrically-hauled traffic has been a precept followed with conspicuous success by the French railways. This was done at a time when France's industrial resources were far more stretched than steel and machine industry capacity are likely to be in this country for the next few years. As to the cost of electrification, it has been found that it is recouped within less than a decade on lines carrying high-density traffic; moreover, to electrify one route mile of track costs roughly one-fifth of the construction costs of one mile of motorway—and railway electrification, unlike road construction, does not eat into a commodity in extremely short supply: land.—Yours faithfully,

RALF BONWIT

Henley-on-Thames

West Irian

SIR—Your appraisal of the Bunker plan (June 9th) leaves several impressions which could be misleading. You lay the blame for the outbreak of military hostilities in West Irian on Indonesia, although it was caused by the Dutch who, instead of immediately accepting the Bunker plan as Indonesia had done, continued to send military reinforcements, thus provoking tension in that territory. And now, when the Dutch have, as you said, "announced their government's acceptance of the plan on May 24th," you are again blaming Indonesia for not having welcomed this fact.

Well, the problem is that the Indonesian Government is not yet convinced that the Dutch have really accepted the Bunker principles in the way Indonesia has. For Indonesia to negotiate just for the sake of negotiations serves little purpose; it remembers previous experiences in which negotiations with the Netherlands never led to anything. Therefore, before we go to the conference table we must first be sure that the negotiations will really offer a chance of success.

President Sukarno in his cable to the UN Acting Secretary-General on June 26th said that even up until now there had been no public confirmation from the Netherlands Government regarding their alleged acceptance of the Bunker proposals without any qualification or reservation, which should imply acceptance of the phased operation envisaged in the proposals.

As for the part dealing with economic problems, I would like to point out that you must have been misled in many of your conclusions by mistaken figures. Among other things, I can refer to your figure of

£400 million, which you said was used for Indonesian arms purchases from the Soviet Union. This figure was exaggerated.

Secondly, to be able to get an objective picture of the economic situation in Indonesia, it is more than necessary that one should project it in its historical perspective. Indonesia has had to fight hard for independence and international recognition. After this had been achieved, it had to build itself up (from scratch, even with unwarranted debts imposed on it by the former colonial country), and steer its way through the strong currents of world power politics with its consistently-upheld independent and active foreign policy. In the meantime, compromises in the revolutionary objectives have produced difficulties at home in the form of rebellions and counter-revolutionary actions. In spite of many predictions (usually from foreign observers) to the contrary, the endurance of the Indonesian people has proved to be able to overcome these difficulties. Now, stability has been restored, Indonesia's position has been strengthened, at home as well as abroad, and reconstruction programmes are in the process of implementation in the first 8-year development programme. The positive economic and industrial achievements in Indonesia, which are many, should not be ignored.

As to your implications with regard to the consequences resulting from Indonesian arms purchases from the Soviet Union, I assume *The Economist* should be aware of Indonesia's determination, capability and consistency in defending her independent and active foreign policy, which she has followed, up to now, with success.—Yours faithfully,

SUKARNO

Press Attaché, Indonesian Embassy

London, W1

[The figure of £400 million referred to Soviet credits of all kinds and, as explained in our issue of June 9th, nearly half of this sum seemed likely to go on military supplies.]

Nigeria

SIR—You seem to think (June 2nd) that the take-over of the government of western Nigeria by the Federal Government under the emergency regulations is conclusive proof of your theory that Nigeria is not a nation but a collection of tribes living within the boundaries drawn by a former colonial power. While the motives of the Federal Government in declaring a state of public emergency in western Nigeria are highly questionable, it is not correct to say that the events which led to the present situation in Nigeria are due to a conflict between warring tribes.

The incident in the western Nigeria Parliament was started by a member of the opposition who was later joined by dissident members of the government party. Political parties in Nigeria, especially the Action Group, are making vigorous efforts to draw their support from all parts of the Federation and with the exception of the Northern People's Congress, all the ethnic groups of Nigeria are fairly well represented in the major political parties.

I think it is wrong to describe Nigerian politics as tribal; but as to whether many of the politicians have the temperament and sophistication to nurture the rule of law and parliamentary democracy within a delicately balanced federal constitution, I have serious doubts.—Yours faithfully,

Lagos S. O. IDOWU

Commonwealth and Colonies

SIR—Your criticisms of the Commonwealth Relations Office (July 21st) cannot be allowed to go unanswered.

You make mischievous criticism of the CRO and the quality of its staff without producing a shred of factual information to substantiate them.

You state: "There is little that is clear or specific about the functions of the Commonwealth Relations Office . . ." This is quite untrue: the functions of the CRO are quite clear and specific. The Secretary of State for Commonwealth Relations is responsible for maintaining diplomatic relations with the countries of the Commonwealth. The functions of the CRO in the field of Commonwealth relations are exactly the same as those of the Foreign Office in foreign relations.

No case exists for the amalgamation of the CRO with the FO. To do so would be a complete denial of the special relationship which exists between the countries of the Commonwealth. Desire to be integrated with Europe may be commendable, but we cannot just "ditch" the Commonwealth because of it.

It would be pointless to enter into arguments as to whether the FO or the CRO is staffed by better officers, but I think a glance through the current "CRO List" will convince you of the erroneous nature of your statement that the FO attracts a higher calibre of recruit.—Yours faithfully,

London, W1 W. H. FREEMAN

Centre 42

SIR—The article "Not So Square Mile" in your issue of July 14th suggests that Centre 42 aims at providing festivals for Labour parties. I must point out that not only does our charitable status not allow us to do this, but it is not our intention to establish a cultural organisation for any one political party.

Centre 42 is entirely independent and although its name indicates an association with the Trades Union Congress, it is, nevertheless, completely unattached to that body. Our aim is to help any community body to mount a festival for all the people of that community.—Yours faithfully,

London, W1 ARNOLD WESKER

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BOOKS

Post-Radcliffe Synthesis

Theory of Money

By W. T. Newlyn.

Oxford University Press. 177 pages. 18s.

LIKE "Das Kapital" and the "General Theory," the Radcliffe report on the working of the monetary system possessed two characteristics that jointly ensure it a place in the history of economic thought. The first characteristic was that it dealt with an important topic; the second was that it contained confusions or ambiguities at crucial points in the argument. The natural result has been an efflorescence of articles about what Radcliffe really meant, what other people have said it meant and what it ought to have meant. But nearly all these articles are Radcliffe-centred, and it is therefore a relief to welcome one of the first post-Radcliffe writings to be organised as a discussion of its subject *per se* and not as a polemic. For what Dr Newlyn has attempted in this admirable book is "a short but complete exposition of the theory of money"; he has, that is to say, attempted a synthesis.

After some definitions and classifications, the book starts with an account of the determination of the money supply that is first class. When he gets to the liquid assets of the clearing banks, Dr Newlyn makes it clear that changes in these are not quite the same thing as changes in the amount of market Treasury bills outstanding. But the subsequent discussion of their divergences occupies no more than a single paragraph, so that the role of the outside demand for Treasury bills and supply of commercial bills is far from clear. This means that the influence of the pattern of interest rates upon the magnitude of bank deposits is not analysed. If the discussion had been carried a little farther, Dr Newlyn would have broken new ground.

The next group of chapters, which constitutes about half the book, deals with the demand for money and the determination of interest rates. These chapters are well written and contain some new ideas here and there, but nevertheless suffer because Dr Newlyn has fallen between the two schools of highbrowness and empirical relevance. The discussion of the demand for money as an asset, for example, has an air of reasonableness rather than logical rigour, yet relates to an abstract choice between money and "bonds," which somehow stand for all non-money assets. Again, the macro-economics in chapters VII and VIII is neither completely à la mode nor the sort of stuff that anyone actually uses in forecasting the gross national product six months hence. This does not make the book any worse than other advanced textbooks in the field, but it is a mark of the quality of much of Dr Newlyn's book that one judges the rest of it by high standards.

Dr Newlyn's approach to interest theory fails to take on board recent work that regards the determination of the rate of interest on government bonds as part of a more general theory of asset pricing. A mere two pages on the relationship between wealth and the demand for money is not enough, and, like other more orthodox writings, the book sometimes fails to set out precisely just which owners or owners of which assets and debts are being considered and which have been netted out.

The most original and controversial chapter is the one on liquidity, which endeavours to bring order out of Radcliffian chaos by distinguishing and relating three concepts. The first, the "maturity" concept (relevant to interest rate determination), is the maturity pattern of financial assets in relation to the time pattern of future cash requirements; if the two patterns coincided, there would be no capital risk. Since the rate of interest can be regarded as largely a compensation for bearing capital risk, a rise in the degree of coincidence between these patterns constitutes an increase in liquidity that will lower the interest rate. An increase in the quantity of money is merely one way in which liquidity can increase.

These ideas are certainly interesting, but are they correct? Is it true that, say, a shortening of the average maturity of privately held government debt will lower long-term rates more than it raises short rates so that the average falls? Is it right to speak only of financial assets so that the volume of real assets is implicitly assumed to be irrelevant? Presumably such questions require a factual answer, which raises the interesting methodological point of whether, supposing the necessary facts to be unobtainable, the resulting inability to answer these questions either one way or the other should not have led Dr Newlyn to reformulate his theory in other, testable, terms.

The second concept of liquidity, financial strength, relates the value of financial assets to real assets. This definition immediately raises the problem of where liabilities fit into the picture, a problem which Dr Newlyn meets by bold assertion without much formal analysis. Once again, the question of testability will be raised, since liquidity in this sense is regarded as one determinant of spending; fortunately there is much more hope of measurability here than in the first case.

Lastly, Dr Newlyn suggests the ratio of money to income as a third concept of liquidity, which he denotes "easiness." He then shows convincingly that his three concepts are useful in examining the impact of monetary policy upon the economy, both because the degree to which they are under the control of the monetary authorities varies and because the effects of variations in them are different.

The last chapter discusses the effects of monetary policy. It provides a well-argued review of this frequently trodden field, coming out with a fairly low score for the interest-incentive effect, a lower one for the capital gains or losses effect and a higher one for the degree of monetary ease or tightness. The distinction between this and the first two effects arises from imperfections in the market, that is, from the existence of credit rationing. There is nothing very new here, but it is all good stuff, especially the critique of Radcliffe on capital values and the willingness to lend.

Algeria's Fragile Peace

L'Algérie d'Evian

By Maurice Allais.

L'Esprit Nouveau (Paris). 379 pages. 16.95 NF.

IN this passionate but closely reasoned book, Professor Maurice Allais argues that the Evian agreements of last March, which opened the way to the independence of Algeria, did a grave injustice to the Europeans of that country and to those of the Moslems who had cast their lot with France. If M. Bidault, the former French premier, now in dissident exile, had expressed such a view (as indeed he has) it would carry little conviction. Professor Allais, however, deserves to be heard with respect. Far from being a representative of the lunatic Right, he has publicly advocated independence for Algeria since 1955, and condemned the Suez policy while it was being applied. In France, in their day, these were acts of courage.

In fact, in the articles or lectures in which he advocated Algerian independence, Professor Allais was always careful to say that it should be given to those who were asking for it; special arrangements would have to be made for the Europeans and for the large minority of Moslems who supported *Algérie française*. Such arrangements, in Professor Allais's view, could only be a choice between an "internal federation" (on the lines, say, of Cyprus or Lebanon) or partition (Palestine or Ireland). Since the Evian agreements were negotiated without representatives of the Europeans and pro-French Moslems, he goes on, they constitute a violation of elementary rights. Because they did not provide either for partition or for communal representation, they have the effect of substituting a new form of oppression for the old form, which led in its time to the outbreak of the Algerian rebellion in 1954. Professor Allais does not, however, confine himself to negative criticism. In a constructive last chapter, he makes four suggestions for improving the Evian agreements. He would like the European and pro-French minority to elect its own representatives; give them the power to veto executive decisions violating the agreements; reserve the right of secession for the minority as an ultimate sanction against abuse of power by the majority; and, lastly, subject the whole settlement to a joint guarantee by Tunisia and Morocco, western Europe and the United States.

These suggestions, if they were ever adopted, would indeed provide the "guarantees" without which Professor Allais fears the Evian agreements would be no more than a scrap of paper. It is unlikely, however, that the first two could be agreed so late in the day; the third is politically unrealistic; and the fourth begs difficult questions about the kind of sanctions the guaranteeing powers could take against a sovereign government. In reality, the present Algerian tragedy had its origins in previous Algerian tragedies. It is hard to close the vicious circle of oppression, terrorism and counter-terrorism. In the end, the best guarantors may be the mutual dependence of the communities and their enlightened self-interest. The shifting ambiguities of General de Gaulle's Algerian policy probably disguised a hope that he could impose his own solution on the National Liberation Front. He could probably have got better terms at Evian in the spring of 1961 than he finally obtained last March; and he might then have avoided the worst excesses of the Secret Army.

To have brought this book out so soon after the Evian agreements was a writing and publishing feat, even though much of the text was written before March. It was manifestly impossible to include an analysis of the new situation created by the negotiations between the Secret Army and the Provisional Executive at Rocher-Noir in June, and the later split among the Algerian Moslem nationalists. But a duplicated postscript inserted in the book deals with both these developments, welcoming the first but pointing out that the second could rapidly threaten the application of the Evian texts.

Road to Fulfilment

The Autobiography of Eleanor Roosevelt

Hutchinson. 368 pages. 42s.

ALTHOUGH she was 61 when she left the White House as a widow, it is not perhaps surprising that Mrs Roosevelt has devoted almost half of her revised autobiography to her full and busy life since 1945. For not until her espousal of the causes of the United Nations—particularly its Commission on Human Rights—and of the presidential candidacies of Mr Stevenson did Mrs Roosevelt seem to find the outlet for her progressive and humanitarian idealism which her pragmatic husband and the single-minded America of the depression and war years did not provide.

In many ways, Mrs Roosevelt's chronicle is as sad as it is admirable; the search for personal fulfilment was very long—from an unhappy childhood to a marriage dominated by a severe mother-in-law, to the years in the White House when her private life became public and she the target of as much ridicule as Americans have ever heaped on a public figure. For those who are curious about the nature of the relationship between two people of such patently opposite temperaments as herself and her husband, Mrs Roosevelt offers a terse answer: "He might have been happier with a wife who was completely uncritical. . . . Nevertheless . . . I was one of those who served his purposes."

This Freedom

Freedom in the Ancient World

By H. J. Muller.

Secker and Warburg. 377 pages. 35s.

THIS book is described as "a history of Western Civilization from prehistoric times through the ages of Rome and Byzantium, with special emphasis on man's experiments with freedom." Professor Muller confesses that his subject is "a very large, deep, complex one." Nevertheless, he treats it with immense verve and gusto. We are swept along on the tide of his enthusiasm from Neanderthal to Byzantium, and all in 350 pages. It is amazing how much information Professor Muller has assembled, little of it new, but admirably arranged for the busy reader to enjoy and profit by. And in case he should flag, the text is enlivened with a series of witty and trenchant footnotes.

Where, in this great pageant, does Freedom appear? The answer is, not very conspicuously. The index has only fourteen citations under Freedom (including freedom of conscience, thought and speech) as compared with 35 for Judaism, 46 for Christianity, and nearly a hundred for Greece. But this is not Professor Muller's fault: it is the fault of the ancient world; and one of the many values of this book is that it shows the reader how modern is the idea, the concept of freedom on which a modern free society seeks to base itself. Cicero might write "What is freedom (*libertas*)? The power to live as you wish"; but in fact the Roman *libertas*, like the Greek *eleutheria*, was not a practical political creed—it meant primarily the status of a man who was not a slave. Professor Muller has much to say of St Paul, but he does not, surprisingly enough, quote the most famous of all interchanges on this very point: that between Paul and the Centurion on the stairs of the Antonia (*Acts* xxii).

The author himself narrows his freedom-field still further by excluding "the notion that a person is 'really' free only when he is avoiding 'license', acting virtuously, doing his duty to the state, serving God, or being his true self." Yet it is just these brands of freedom that are the most enduring and have proved the most germinal. In fact, Profesor Muller's penultimate

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chapter is devoted to a penetrating and sympathetic analysis of St Augustine, whose ideas of freedom were based on precisely that premise; and of the "City of God," about which, says the author, "the last word is properly a word of gratitude for its enduring contributions to the life of freedom". This tribute is worth waiting for; but the way thither is a delightful journey through time and learning.

This is the first of three books on Freedom through the ages. It is to be hoped that in its successors the illustrations will be better done. In this volume they are badly produced—hazy grey instead of black and white—often irrelevant (what on earth is the "Old Market Woman" doing, and where did she come from before she entered the Metropolitan Museum?), and wholly lacking in captions to link them to the passages they are supposed to refer to. The business of an illustration is, primarily, to illustrate.

Gulf Seaboards

The Persian Gulf in the Twentieth Century

By John Marlowe.

Cresset Press. 288 pages. 30s.

WHEN the author of three good books on the Middle East announces a fourth on the Persian Gulf, mouths water in anticipation. For here is a problem area for Britain on which the most recent standard work came out in 1928. But this time Mr Marlowe has disappointed his admirers by producing a book that is not really about the topic of its title.

Since Sir Arnold Wilson wrote his classic thirty-four years ago, India has ceased to be a British dependency and parts of the Gulf have changed out of all recognition. The Persian shore has altered relatively little; now as then, it is busy—apart from commercial activity at a single port of entry—only where foreign oil companies make it so, and remains a sadly neglected part of Persia. But the Arab coast is a world transformed. Several of its nine sheikhdoms have blossomed from villages into city states, and the rest are hoping that oil prospectors will work the same miracle on their behalf. Socially, politically and economically, each tiny political unit offers problems that are uncommon and perplexing. Can they survive as such? Is the reason for their survival the British protection they have enjoyed? Or is it the repellent state of public affairs in Saudi Arabia—a thought that kills any desire to join forces with a large and rich neighbour? Lastly, can Britain, which gave their rulers protection at a time when it could do so purely by naval means, now disentangle itself without dishonour from protecting ruling families not only against foreigners but against criticism from their own newly educated citizens?

These questions Mr Marlowe does not pose or answer; he mentions several of the sheikhdoms only once, and that in a bracket, and the bulk of his book is about the internal and foreign affairs of the three big states possessing Persian Gulf seaboards—Persia, Iraq and Saudi Arabia. Since the men who run both Persia and Iraq wave their antennae in every direction but southwards, his narrative is propelled, willy nilly, in the same directions, and is forever straying to Moscow, Damascus or Cairo and to topics that have little or nothing to do with Gulf affairs. And the section on Saudi Arabia (which by contrast takes a lively interest in its Gulf seaboard) is too superficial to be commended.

The book abounds in careless slips, and more than once commits the crime of imparting conflicting information. It is written with Mr Marlowe's usual gusto and distinction of style, but is too hastily put together to lay before anyone who takes Gulf problems seriously.

Ironmongery

Men of Iron: *The Crowleys in the Early Iron Industry*

By M. W. Flinn.

Edinburgh University Press. 282 pages. 42s.

MOST business historians can at least work from the records of the firm they are describing. In the case of the Crowley iron manufactories nearly all the evidence was burned a hundred years ago, and the splendid house at Greenwich, which Sir Ambrose Crowley bought in 1704, was demolished at about the same time. The author of this important contribution to industrial history has the added disadvantage of describing a firm long since defunct, but which was, in its day, the largest individual business organisation in Europe. Mr Flinn's assiduity in searching out collateral evidence has enabled him to build up a picture of a large scale organisation that was unique. It was not only a giant among pigmies, but also a successful combination of capitalist enterprise with a concern for the well-being of its employees.

Sir Ambrose Crowley was an Owenite a century before Owen. The duties of every employee are set out in an unusual document called "The Law Book of the Crowley Ironworks," a fascinating exercise in managerial technique. It is a written constitution that enabled the London headquarters to control factories and warehouses scattered all over the country, and which breathes a lively concern for the moral and physical welfare of its members. There is an arbitration court to remedy grievances brought up from the factory floor by specially appointed chaplains. Every factory has its schoolmaster and doctor, and even a contributory insurance scheme. There are the usual defects of paternalism, such as the prohibition of smoking and drinking, but there is no doubt that this experiment in industrial relations was a success.

One suspects a Quaker influence. Though Sir Ambrose himself was a High Tory and a Londoner, his father was a Quaker in the Midlands who married two of his daughters into the Lloyd clan at Birmingham. The son was sent to London to make his way and his Quaker relations cannot have been pleased when he made naval contracts the basis of his fortune. With a keen eye to geographical advantages, he established his principal factories on Tyneside, whence his own fleet of vessels carried the products down to a warehouse at Greenwich, admirably sited between the dockyards of Deptford and Woolwich. From here he supplied the navy with every type of ironmongery, from anchors and cannon to bolts and sheathing nails. As long as the navy expanded, the Crowley business prospered, thought its founder was long since dead; but after the French wars it declined, and the sense of employer's responsibility also began to fade in the harsher age of economic man. After a century, what Sir Ambrose called "this society" became just another chain of factories.

Aviation Annals

Annals of British and Commonwealth Air Transport

By John Stroud.

Putnam. 675 pages. 84s.

De Havilland Aircraft

By A. J. Jackson.

Putnam. 491 pages. 63s.

The German Giants

By G. W. Haddow and Peter M. Grosz.

Putnam. 296 pages. 84s.

Santos-Dumont

By Peter Wykeham.

Putnam. 278 pages. 30s.

AVIATION is beginning to acquire a sense of history; authors are taking time off to explore the by-ways with a new feeling for the importance of detail that has left its mark on all these four books. The most comprehensive is John Stroud's "Annals of British and Commonwealth Air Transport," the fruit of twelve years' research, which lists in chronological order every event of importance to the end of 1960. This needs to be done well if it is done at all; Mr Stroud does it superlatively well. Mr Jackson has a rather easier task in describing every aircraft built by the de Havilland company, an exceptionally prolific manufacturer, but Messrs Haddow and Grosz must have had to burrow long and deep to come up with their account of the giant German bombers of the first world war. These dangerous looking monsters weighing between 10 and 20 tons, with a 48 ton leviathan on the drawing-board, hint at what the German aircraft industry might have been were it not destroyed by two world wars. As big as anything that Germany put into the air in either war, they are a quite extraordinary technical tour-de-

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In this edition the pagination of the first has been retained. Additions and corrections have been included with slight alterations in the text and notes. A surprising amount of work on the period has been published since 1953, and doubtless more is soon to come; Professor Powicke, however, feels that he would not be justified as yet in making any major changes in narrative or opinion.

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force as well as a monument to the courage of the men who got them into the air as much by will power as by engine power and to the mechanics who went out on the wings to service those engines in flight. When the publishers call this "an extraordinary episode in aeronautical history," the blurb is not exaggerating.

An even odder episode was the tragi-comic life of Alberto Santos-Dumont, a wealthy, aristocratic young Brazilian in the direct tradition of the great amateur scientists of the seventeenth and eighteenth centuries. In Santos-Dumont's Paris of the nineties these were a dying breed, and Santos-Dumont looked like and behaved like a dilettante among the tough and growing band of professionals to whom science and technology was a living, not an intellectual exercise. Santos-Dumont never tried to sell anything, least of all his skill. Yet his own achievements were considerable. He designed the first steerable balloon and used it to fly to lunch. He designed and flew the first aeroplane in Europe and looked, for a time, as genuinely the first man in the world to fly because no one, the Americans least of all, believed the Wright brothers' claims.

Air Vice-Marshal Wykeham has deep affection for this odd little character, and the period in which he lived; he also knows and understands flying; the result is a miniature piece of scholarship which is also a labour of love, the curious smell and texture of pressed flowers hanging about its pages.

The Age of Rolled Gold

The Famous Druids

By A. L. Owen.

Oxford University Press. 264 pages. 30s.

SCIENTIFIC method has made the world a duller place. If the present-day researcher discards certain accepted rules of logic and evidence, he will probably not be published; if he is published, he will be ignored. Even a century and a half ago, the field was wider open. When Iolo expounded the druidic lore whose last followers can sometimes be seen dressed in sheets on Primrose Hill, and when one Edward Davies wrote a book linking up druidism, Shiva, the pyramids, Taliesin, sun-worship and the flood, they did not sink into obscurity or get a scoffing article in the Sunday papers: they flushed a full-length book in reply from the dean of Merton, some of whose own ideas read a little strangely by modern standards.

Mr Owen has allowed himself the solemn game of following the innumerable theories about the druids that were launched on the world by British antiquaries and poets between the sixteenth and the early nineteenth centuries. Thereafter, except as a pleasing adjunct to eisteddfodau, the subject ceased to be interesting. More rigorous criteria were applied to archaeology, and the concept of progress made it implausible to look back for wisdom to a past age of gold. But the druids had had their run, and it was not surprising that they were so popular. Practically nothing was known about them except that they were British (or, in France, Gaulish) and very wise, though given to human sacrifice. During the happy period of uncritical ingenuity, everyone who studied them could add what conjecture he wished, and nearly everyone stamped them with his own interests and the feelings of his day. The last flash of the old syncretic spirit which Mr Owen records is among the finest: an Archdruid offered prayers (presumably in Welsh) to Kali at Pontypridd in 1878.

Mr Owen (doubtless for professional reasons) leaves nothing out, so that the book is longer and more detailed than the subject deserves; and, as he arranges it by topics rather than chronology, one feels suspiciously addlepated after a time, as if the druids had got at one. But it can be recommended to any reasonably patient reader as a study in the methods of thought on antiquarian topics during his period and, more generally, as a splendid mish-mash of human nonsense.

A Maverick Historian?

France in Modern Times

By Gordon Wright.

Murray. 634 pages. 55s.

"THE pageant [of France's history] will never lose its passionate interest for mankind." But it may lose the interest of too many readers long before they reach this, the last sentence of Professor Wright's book. His obvious enthusiam, nourished by wide reading, displays itself in his ingenious maps and critical bibliographic comments. But its impact is weakened by idiosyncrasies that may be stimulating in a lecture or a tutorial but are irritating in a book.

His purpose, he says, is to "draw into the story the great mass of monographic and interpretative writing on modern France that has appeared during the past generation." This has demanded a somewhat capricious pruning of the narrative—"if the question of including or omitting a detail arose . . . my customary reflex has been to omit it." But some readers moved by different reflexes may be disappointed to find only three allusions (totalling nine words) to Lafayette before 1815, a mere dozen lines on Mirabeau (with no mention of their fatal antipathy) and three scattered references to Danton followed by a superficial comparison of his qualities with Robespierre's. Yet these men might have altered the course of a revolution which was "to shape . . . French development from that day to this."

The author's attempt "to provide the essential framework of events but to . . . concentrate on main strands" produces the depressing effect of too many journeys along the same road. To do it twice, once for a general political reconnaissance and again looking for social and economic trends, may be interesting and instructive But four times is dismally reminiscent of Alice's tour with the Red Queen. There seems no reason why social and economic strands should not be interwoven throughout the book as they are quite competently in the story of the years 1919-60.

The political narrative only comes to life when home and foreign affairs, hitherto rigorously separated, are reunited in 1914. Until then a student trying to connect them for himself may be frequently frustrated by the deficiencies of the index. For he will find the Commune of 1871 but not that of 1793; Cavour (half a line of text) but not Italy, except for a mention of Laval's intrigue; Austria, but only as "defeated by Napoleon" and "annexed by Hitler." Curious about France's recurrent interest in the "Eastern Question" he will hunt vainly for Turkey or the Congress of Berlin or any clues to the Franco-Turkish intrigues of 1921. Nor will he get any help from footnotes if he tries to link the stimulating arguments of historians in the chapters entitled "Varieties of History" with the relevant topics in the preceding sections.

For Professor Wright says he does not believe in footnotes. Yet they would also be useful in explaining words and phrases that will be unfamiliar to many British readers. What is a run-off ballot? Or pork-barrel legislation? Or an electoral slush-fund? What is the English equivalent of maverick? Lafayette is said to have been a maverick noble; Duveau a maverick leftist; Mandel a maverick rightist; de Gaulle a maverick officer. Perhaps Professor Gorden Wright is a maverick historian.

OTHER BOOKS

MATTHEW SMITH. *Allen and Unwin.* 73 pages. 53s.

Coming in direct contact with the Paris school and obviously indebted to it, Matthew Smith's art is, as Sir Philip Hendy writes in his foreword to this book, "pure painting." A biographical note by Francis Halliday and John Russell completes the introduction to the fifty-two colour plates. If some of the reproductions are more highly coloured than the originals, they fully convey the sensuousness and joyfulness of this rich English painting.

ART AND ILLUSION. By E. H. Gombrich. *Phaidon.* 401 pages. 40s.

The first edition of this important book appeared a little over two years ago. Now reset, with a few amendments, and carrying a rather smaller number of coloured plates, this new edition appears, 30s. cheaper, in the same format as the author's earlier book "The Story of Art." In a new preface, Dr Gombrich takes up some criticisms of his arguments.

TIEPOLO. By Valentino Crivellato. *Weidenfeld and Nicolson.* 98 pages. 21s.

In this addition to the "Masters and Movements" art series, the text, translated from the Italian, describes the great success of this artist. There are over fifty illustrations.

CARPACCIO. By Jan Lauts. *Phaidon.* 309 pages. 90s.

A short but scholarly essay introduces illustrations of all surviving works by Carpaccio and there is a critical catalogue of the paintings and drawing. Nearly all the 260 illustrations are based on newly taken photographs; eighteen are in colour.

AMERICAN SURVEY

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

Mutiny on the New Frontier

WASHINGTON, DC

LIKE a captain appealing to the passengers for help against dissidents among the crew, President Kennedy is asking Americans to confirm his sailing orders. Some members of the Democratic party in Congress are not only disputing his navigational instructions but, Mr Kennedy implies wrathfully, have been defiantly throwing out anchors to keep the vessel from putting out to sea at all. Both the mutiny and the appeal have focused attention on an apparently widening gap between Mr Kennedy's popularity and his prestige. It is being said, not for the first time but now with a new emphasis, that while he enjoys a sort of *matinée* idol status with the unreflecting masses—though even this has begun to decline—sober and solid men feel that he is failing to make good his promise of leadership, just as they always said he would.

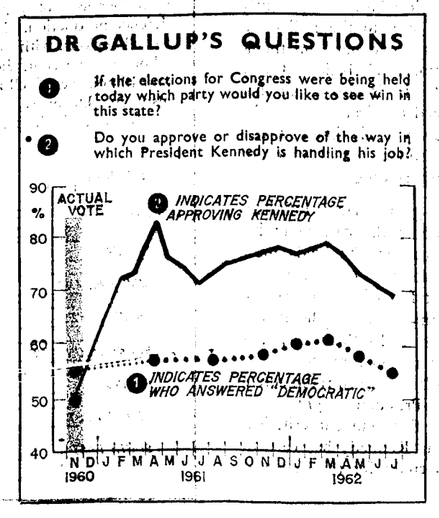
To put down the mutineers, and to strengthen his own position *vis-à-vis* the patriarchs in parochial blinkers who lord it over the powerful congressional committees, Mr Kennedy intends during this year's election campaign to go over the heads of Congress and talk to the voters, face to face. By doing so he will be following the advice of those who have long urged him to spend his popularity instead of hoarding it. He will try to transform the cheers which greet him wherever he goes into a more practical demonstration of overwhelming support for his policies. Americans will vote in November for the whole of the 435 members of the House of Representatives and for 39 Senators. The Democrats already have comfortable majorities in both the House and the Senate. But the legislation that the White House recommends to Congress is being defeated rather monotonously by a loose coalition of Republicans and recalcitrant members of Mr Kennedy's own party. Therefore he wants the voters to return enough "pro-Kennedy" Democrats to enable him to beat the coalition which now thwarts him.

He himself admits that this may be asking rather a lot. It certainly does not look as if it will be easy to achieve. The Democratic party's national chairman, Mr John Bailey, has declared, however, that he will build a "grass roots fire" under Congress on behalf of the President's programme. This boast will now be tested and the test will be a severe one. Presenting himself to the voters in person, Mr Kennedy will presumably offer them the plans which Congress has rejected, such as "medicare" for providing hospital insurance for elderly people. He may also be able to claim credit, among other things, for cutting taxes as a step towards quickening the rate of economic growth and so reducing unemployment. But meanwhile the Republicans will not be idle. They will probably be warning the electorate against a budgetary deficit which will run into billions of dollars by next summer if Mr Kennedy is given his way. They are expected to depict the New Frontier as a sort of loose-living extension of the swimming-pool of the Attorney General, Mr Robert Kennedy, into which the guests of the President's brother are allegedly hurtled fully clothed. Republicans are already making dire noises about the menace to the American way of life of the Kennedy family's alleged ambition to become the founding members of a political dynasty.

For the Democratic party to win in November in spite of all this would undoubtedly be a tremendous personal triumph for Mr Kennedy, especially since it is almost unprecedented for a party in power to increase its congressional majority in a non-presidential election year. A personal triumph would seem to be just what Mr Kennedy needs rather badly. It would help to refute the growing tale that he is a weak President who is getting mired in trouble because he lacks the qualities that make for truly strong leadership. Such evidence as exists for this contention is almost entirely circumstantial. But it could become a net in which Mr Kennedy found himself badly entangled.

Last year he handled the successive jolts of Cuba, Vienna and Berlin with admirable calm and skill. But this year in place of international crises there has seemed to be only the dreary attrition of stubborn domestic wrangling, mainly with Congress. And these troubles are only partly the consequence of the flaws in the American parliamentary system, which have existed, after all, since at least the eighteen-eighties and are well known. Nor has Congress refused to give Mr Kennedy the funds—or most of them—which he has requested. It has voted money for defence and for his space agency and it seems likely this year to give him substantially what he asks for foreign aid and to approve his request for power to expand foreign trade. But on other matters the White House's negotiators all too often have marched up Capitol Hill, only to march down again empty-handed.

There appears to be a number of reasons for this. The President has a reputation as a political tactician, but he ran out of both sticks and carrots too soon. Also, the candidature of his youngest brother, Mr Edward Kennedy, for a seat in the Senate is resented both in that body and in the House. The Senators feel it as an affront because young Mr Kennedy is a fledgling whose only claim to consideration is his name. And his Democratic opponent is the nephew of the Speaker of the House, Mr McCormack, who long ago warned those who declare war on the McCormacks that they may expect only war in return. But more significant is the impression that the President has simply lost control of



Congress, which feels free in consequence to indulge its bruised spirits in filibusters and octogenarian squabbles.

The critics say that the New Frontiersmen can no longer plead that their new brooms are fully occupied with the accumulated dust that General Eisenhower is accused of having left under the rugs. The rebuffs which Mr Kennedy has received are regarded in some quarters as deserved punishment for a certain intellectual arrogance that some of his assistants displayed earlier. It is noted with amusement that in some cases their former cocksureness has given way to extreme prudence or even to lack of decision. It is asked if perhaps the failures form a pattern of weakness and even Mr Kennedy's announced intention of spending his popularity is interpreted as fitting into such a pattern. Having saved up his popularity until almost too late, he is accused of deciding suddenly to invest it in a rash attempt to rally people behind measures, such as "medicare," which are not particularly well liked in fact. It is added that businessmen, whom he challenged and then sought to appease, publicly express their lack of confidence in him and privately congratulate themselves that they have got him on the run.

WHAT would probably serve best to disperse those vapours would be another international crisis, putting Americans solidly behind their President. Perhaps Mr Khrushchev will oblige. But the very criticisms which Mr Kennedy is now provoking are in themselves the best proof that he has already deserved well of his countrymen. He promised to get America moving again, but the necessary prelude was a new ferment of ideas. This, which was lacking before he came into office, is now very much in evidence. (And it may well be that Mr Kennedy has twice in the recent past exchanged his usual philosophical calm for a flare of temper not by accident but on purpose, in order to stir things up a bit more.) Americans have been very loath to face the problems presented by their sluggish economy, their choked cities, their inadequate transport, their exploding population and consequently overcrowded schools, their polluted water, their neglected countryside, their increasingly adverse ratio of dependents to breadwinners and their growingly restive Negro semi-citizens. Now, spurred on by Mr Kennedy, they are debating some of those matters vehemently.

Mr Kennedy said when he became President that the torch had passed to a new generation. But the people who ask impatiently when he is going to use it to light the way to the millenium forget that he also said that the problems would not lend themselves to quick or easy or permanent solutions. He believes firmly that time is on his generation's side. But he is also aware that the old order represented by the entrenched political forces of the rural and southern regions may not pass away in his time as President, even with the redistrictings and consequent redistribution of political power that the courts are now commanding.

He has not, however, gone without any gains. He is infinitely surer now than he was last November about the passing of his trade expansion measure, which is also the one he holds most important. Almost a year ago the New Frontier's covered wagon was ironically depicted as halted and shot full of Indian arrows. But, historically, it was the Indians not the pioneers who finally bit the dust. Americans no longer seem to feel either over-complacent or confusedly cowed about their national purpose—nor are they any longer mad about building shelters against radio-active fall-out. Although in this last regard the President might prefer them just a little madder, on the whole their current criticism of him may well be a sign of health. Mr Kennedy has earned, even if he is not at the moment getting, credit for this renewed vigour.

Testing Realities

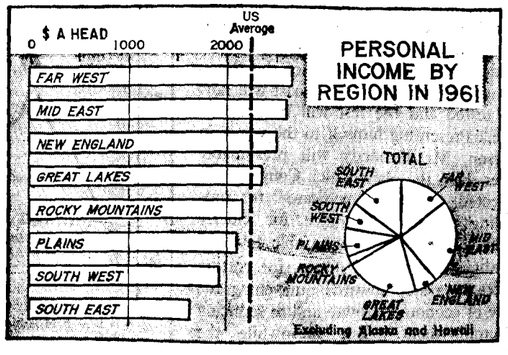
PRESIDENT KENNEDY has at last made his long-expected announcement of a major change in the American requirements for a treaty banning nuclear tests. Supported by the new methods of seismic monitoring, which have been developed recently through underground tests in Nevada, the President has now offered to accept a detection system built around existing national monitoring posts. Until now, the United States has insisted that such control stations must be both staffed and controlled by an international commission. Yet his qualification that the stations should be "internationally supervised," purposely left vague to allow room for negotiation and compromise with the Russians at Geneva, gives no hint of how far the United States has lowered its earlier demand that the personnel of control stations in the Soviet Union should be one-third western and one-third neutral.

The firm promise that the United States has not abandoned its demand for "on-site inspections" by international teams when suspicious underground events are detected should reassure those, especially on the Joint Congressional Committee on Atomic Energy, who feared that the Administration was preparing to retreat from that principle in order to get a treaty at any price. Yet such fears may in fact have been wildly optimistic. The President stated that the first task of Mr Dean, the chief American negotiator at Geneva, would be to persuade the Russians to accept the principle of on-site inspection; they once agreed to this, but later rejected it as facilitating espionage. Unless they change their minds again Mr Dean may never be able to get down to actual bargaining on the number of inspections on Soviet soil, even though the United States is now prepared to have fewer of these than it considered necessary earlier. Within the United States, there may be some criticism that Mr Kennedy's new stand is less flexible than it might have been, considering the advances which have been made in monitoring techniques. Last week the liberal *Washington Post* declared its belief that a world under a less-than-perfect treaty would be better than a world of "unrestrained, uncontrolled thermonuclear testing."

The reluctance of Mr Kennedy to permit three more high-altitude tests in the Pacific shows the importance which he attaches to world opinion. His military advisers argue that these controversial tests, from which it is hoped to determine the effect of high explosions on radio and radar communications, were a major reason for resuming atmospheric tests in the first place. But if he gave his assent, the President would be breaking his promise that the current American series would be over three months after they began on April 25th. Neither would he be happy to see the fall-out of these tests in late September or October mingling with that expected from the new series which the Soviet Union is preparing. Mr Kennedy will withhold his decision until the launching pad on Johnston Island is repaired—a galling reminder that the present dilemma arose because three rockets failed and had to be destroyed before making their rainbows.

Where is America Richer?

The total of personal incomes in the United States in 1961 amounted to $416.4 billion, compared with $400.8 billion in 1960, as a result of the improvement in business activity after the recession touched bottom in the first quarter of the year. This increase of 4 per cent for the country as a whole was matched or exceeded by all regions except the two leading industrial ones—and the two richest: the Mideast—New York, New Jersey, Pennsylvania, etc.—and the Great Lakes—Illinois, Ohio, Indiana, Wisconsin and Michigan (where the depression in the motor industry brought a decline of 1 per cent in total personal income over the year). While there were also losses in the Dakotas farming regions as a whole did well, with the largest relative advances in total personal income being found in Iowa, Nevada and Mississippi; Colorado and Arizona, both with increases of 7 per cent, were helped by expansion in defence production. Income a head was at a record high level for all regions, with an average increase for the country as a whole of 2 per cent. Incomes a head in New York, New Jersey and Illinois were well above the national average, as they were also in Delaware, Connecticut, Massachusetts, Nevada, California and Alaska.



Package from the Treasury

NEW YORK

IN its latest financing operation amounting to $8.5 billion—all but $1 billion to replace maturing debts—the Treasury is seeking to kill a number of birds with one stone. It offered a one-year 3.5 per cent certificate designed mainly to help to maintain the upward pressure on short-term interest rates which has been a keystone of the Administration's general economic policy. At the same time its offer of a new six-and-a-half-year 4 per cent bond as well as a 4½ per cent bond due in twenty-five to thirty years not only extends the maturity of the national debt, even if only modestly, but, even more important, is also being regarded as setting the pattern for financing the deficit which the government is sure to run in the current fiscal year whether or not there is a tax cut; altogether at least $7 billion more will have to be borrowed before the end of 1962.

The thirty-year issue is the longest that the Kennedy Administration has offered for cash and it came as a surprise. The Treasury made it clear that this bond was aimed at stimulating the long-term capital market; this has been in the doldrums because prospective investors have been holding back in anticipation of a rise in interest rates. The new bond is attractively priced and should act as a catalyst. In some investment circles it is interpreted as being the first stage of a new rise in long-term interest rates but the Treasury disagrees, taking the view that there is no need for any sharp rise in rates and that the coupon it has established should prevail for some time to come. Treasury officials also dispute Wall Street's suggestion that higher long-term rates are needed to discourage foreign borrowing and stem the outflow of dollars; they point out that foreign interest rates may well come down and add that higher rates at home would involve a much tighter monetary policy than is desirable under present economic conditions in the United States. But they have engineered a moderate rise in interest rates with their current financing and are hopeful that the general pattern which it has established will serve both their purposes and the economy as a whole.

Balance-of-payments considerations played only a minor part in the decision on the form the Treasury's operation was to take, but the gesture of a three-way package covering a variety of maturities should help to mollify the fears of foreign creditors who have been worried by the preponderance of short-term debt in the government's financing. The Treasury may not tap the long-term market again soon, simply because its move in that direction is being accepted as a sign that it has the flexibility to do so when it wishes. The latest financing, as imaginative and skillfully conceived as most of the Treasury's earlier operations, should help to stimulate private investment at the same time as it puts the structure of the national debt into better shape.

Congress Does Something

THE Senate's recent performance deserves Mr Truman's famous epithet of "do nothing" if anything ever did. The liberal Democrats always press for tighter rules against the delaying tactics with which Southerners prevent votes being taken on measures affecting the civil rights of Negroes; yet these same liberals have been filibustering in their turn, to prevent the Senate from voting on the communications satellite Bill which would set up a corporation, owned partly by the industry, partly by the public, to handle this new development in space. The liberals are also the people who are always urging Congress to get on with its job of passing legislation. Yet the filibuster has not only prevented the Senate from doing any other business but it has also been called off at last through a complicated political bargain which, while saving the faces of the liberals, has probably destroyed the President's last hope of getting his farm Bill through Congress at this session.

Its chances had been practically nil in any case, however, and at least the communications satellite Bill now seems almost certain of passage before long. The liberals, having made their case for government ownership of the satellites, are expected to accept the President's guarantee that the new Bill does in fact establish sufficient government control over the new corporation to ensure that this great national asset will not be misused for private gain. Two weeks ago Congress completed action on another constructive Bill to which the Administration also attached great importance, but its significance has been obscured by the defeat which Mr Kennedy suffered during its passage on his plan for government-financed health insurance for old people.

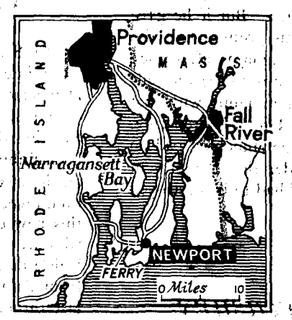
His supporters attempted to attach this to a Bill providing for much-needed improvements in the public welfare system. This costs federal and state authorities together about $4 billion a year and helps 7.4 million people. The new provisions will add $300 million to the federal government's contribution in the current fiscal year but are expected to save money in the long run. The emphasis of the legislation is on encouraging the states to do more about improving their child welfare schemes and about rehabilitating as many as possible of the people who receive public assistance—the old, the blind, the disabled and the mothers of dependent children—and thus helping them to become wholly, or partly, self-supporting. But Congress, as was to be expected in an election year, increased from $66 to $70 the monthly federal contribution to the states for each old, blind or disabled recipient of relief. These increases, opposed by the Administration because of the cost, about one-third of that of the whole Bill, will take effect just one month before polling day. Congress made it clear that it expected the extra money to be passed on to the voters and not to be regarded by the states as a means of reducing their own shares of the costs of such programmes.

In Thalidomide's Wake

SYMPATHY for the unfortunate Mrs Finkbine of Arizona, who took the drug thalidomide early in her pregnancy before learning that it might deform unborn infants, is unlikely to bring about any demand for the relaxation of America's strict regulations on therapeutic abortions. In virtually every state, as in Arizona, the laws which sanction the termination of pregnancy when the life of the mother is endangered are already more liberal than many religious groups would like. In fact, the plea of Mrs Finkbine for authority to have an abortion contained no argument with existing law; the judge ruled that the court had no jurisdiction to determine whether or not the operation was necessary to save the mother's life. The case has already caused a furore quite apart from its connection with thalidomide. With the announced intention

Gilded Obsolescence

FROM A CORRESPONDENT RECENTLY IN NEWPORT



THE announcement that the President will go to Newport in September for the sailing races between Americans and Australians has stirred a social froth reminiscent of the great days when the more flamboyant members of New York society spent expensive summers at this famous resort on Rhode Island. This time, however, it is not a Commodore Vanderbilt who will be entertaining at the dinner on the eve of the races but the Australian Ambassador, Sir Howard Beale. He has secured the state dining room of the Vanderbilt "cottage" for his party and is said to be inviting three hundred guests. The speaker of the evening will be a grandson of Irish immigrants, Mr John Fitzgerald Kennedy.

The social pageantry that is being dusted off for the occasion may be as obsolete as the two old forts at the harbour's mouth, but affluent obsolescence is an enduring characteristic of Newport. The town has been poor from time to time, particularly when its water-borne traffic has been interrupted by war, but even its poverty has been gilded, thanks to its splendid site.

A distinguished small town at the southern end of a small island, it looks north to the handsome complex of land and water which is Narragansett Bay. Newport's treasure of seventeenth and eighteenth century wooden houses and brick public buildings reflects the wealth that came with its triangular trade in colonial times; the town made rum in its twenty distilleries, traded it in Africa for slaves, bartered the slaves in the West Indies for sugar and molasses and took these back to Newport to make more rum. Its naval installations, which are still its main economic support, go back to 1860, when the Civil War forced the Navy to move north. The base is the home port for the Atlantic Fleet Destroyer Force and last year the naval payroll in the area amounted to $159 million, though not all of it was spent in Newport.

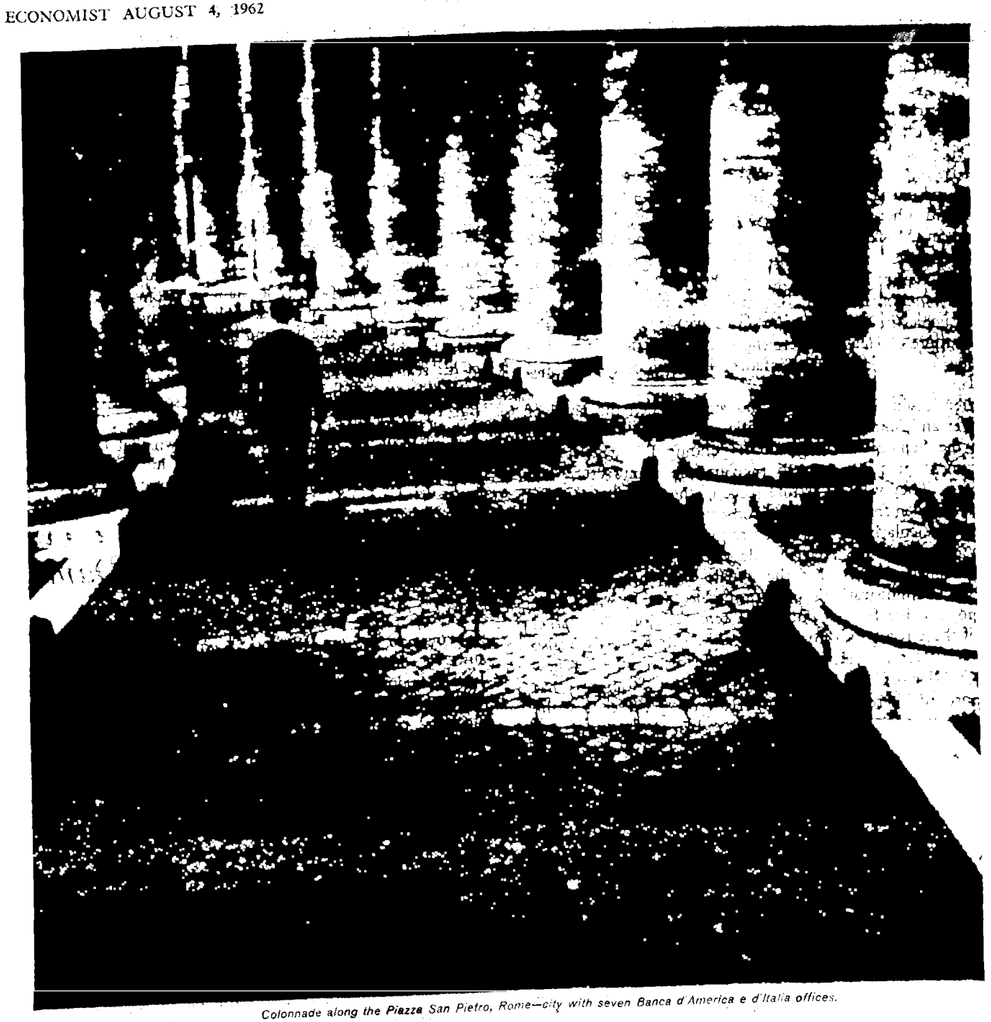
On the south, Newport faces the open ocean, a vista which the huge and expensive summer houses of the gilded nineties were built to enjoy. It is this southern stretch of open water, with the safe anchorage of Narragansett Bay behind it, that beckons contenders for the America's Cup. These contenders, their friends and their followers are bringing a summer's prosperity to Newport—it costs $4,000 to rent a *cabana* at Bailey's Beach for the season. But what the town, with its 37,000 people ashore and 10,000 more afloat, yearns for is a sure and dependable source of income. Built on and supported by water-borne traffic for most of its three centuries, the old town now has two great enemies—new means of transport which tempt visitors to go further afield and the income tax which killed its golden age and threatens all conspicuous private display.

Newport still profits from its great estates. But whereas in 1890 those architectural white elephants paid 50 per cent of the town's taxes, by 1950 they were paying only 20 per cent. Moreover two of them have become museums, which tourists pay to visit; at least two more are private schools with religious backing. Others are occupied by their owners for only a few weeks a year or are let to the newly enriched who seek social acceptance. Newport's cachet still has power but it is snobbish about mere money, its formal pattern of living has gone out of fashion and even a Texas millionaire might flinch at paying the modern wages of the sixty servants which the Vanderbilt house required in its great days.

At the moment, the town's social fortunes seem to be picking up. Commercially, however, it is a different story. The old and narrow streets were not made for motor traffic; half the shops on Thames Street have closed their doors, forced out of business by competition from modern shopping centres on the outskirts which have plenty of parking space. There are plans for urban renewal but recently the tax payers refused to approve a bond issue to carry them out. Worst of all, the Navy has declared to be surplus and dispensable the two forts that guard the harbour and with them the big torpedo factory which made some 80 per cent of the anti-submarine torpedoes produced by the United States during the last world war.

This does not mean that the Navy is pulling out of Newport, but merely that it is once more facing the hard facts of technological and strategic change. In fact the local Navy commands have grown rather than shrunk with the addition of the air arm. Its overhaul and repair station is the biggest single industry in the state. At two new service piers destroyers may tie up four abreast and have their needs supplied from lorries in an hour and a half, instead of having to spend a day and a half at anchor being fed from supply barges—a gain for the Navy but a loss to local tradesmen.

The torpedo factory is on Goat Island, right at the town's front door. Newport would like to buy the island, build a causeway to it and persuade private industry to occupy its factory buildings. So far the problems of doing so have not been solved and this may be fortunate. Goat Island would adorn Newport's water approaches far better if it were turned into a park. Whatever the town's future may be, this rare and beautiful seven square miles should not suffer an industrial fate. A better solution is suggested by the ingenuity of the local Preservation Society, which has furnished a brace of fine old buildings to attract visitors. Williamsburg has proved that Americans will support their notable antiquities if they are allowed to look at them.



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tion of Mrs Finkbine, the star of a children's television programme in Phoenix, to seek an abortion in a more favourable legal climate, the stage seems set for yet another of those fierce moral arguments which Americans seem to favour.

It now appears that other American families may feel the tragic effects of thalidomide. Although the courageous obstinacy of Dr Frances Kelsey of the federal Food and Drug Administration kept the new sedative off the American market, it was nonetheless given to several hundred people experimentally before being withdrawn last March and other Americans have purchased the drug abroad. The American Medical Association is undertaking a thorough study of the effects of thalidomide on the unborn, not only to protect the public but also to learn more about the general problem of congenital malformation. But amid the painful reports of thalidomide babies in New York there was excellent news from the National Institute of Health, where the virus of German measles—another cause of malformation of infants—has been discovered and isolated.

The bitter lesson of thalidomide has strengthened the hand of Mr Kefauver and four of his Democratic senatorial colleagues who hope that the Senate will toughen the pending Bill which gives the government greater power to regulate the manufacture and sale of drugs. They want to restore some of the sterner provisions which were stricken from the Bill by conservatives on the Judiciary Committee, particularly the one which requires drug manufacturers to inform doctors of the adverse side effects of their remedies. President Kennedy agrees that the Senate Bill does not go far enough; the Administration's own proposals, put forward some months ago, provide for the immediate removal from the market of a drug if there is a hazard to public health. Mr Kennedy is also considering stricter federal controls over the distribution of new medicines to doctors for experimental purposes. Congress has already approved his request for an increase of 25 per cent in the FDA's staff.

Southern Comfort

In the one-party South, the source of extreme conservative opposition to Mr Kennedy inside the Democratic party, the important election is the primary at which Democrats choose their candidates. The primary decides whether the President's handful of southern supporters in Congress—men like Senator Fulbright and Representative Boggs—are to be replaced by reactionaries and whether southern states are to be ruled by racial extremists such as, for example, Mr Wallace who recently won the Democratic nomination for Governor of Alabama. Except in Georgia, these southern primaries will be completed this week. Tennessee was to vote on Thursday, while *The Economist* was in the press; on Tuesday Democrats in Arkansas decided to give Mr Orval Faubus, who is known all over the world for his segregationist defiance at Little Rock, an unprecedented fifth term as Governor. They also sent Mr Fulbright, the chairman of the Foreign Relations Committee, back to the Senate for another six years.

Mr Faubus did not do quite as well as he has in the past but, with 194,000 votes to about 180,000 for his five opponents, he secured more than the 50 per cent of the total which he needed to avoid a run-off; this was a surprise to many observers who thought that the Governor was showing signs of wearing out his welcome when two of his proposals were turned down recently by the voters in referenda. To Mr Faubus, his victory showed that the state wanted a moderate, not an extremist; of his two main opponents one, Mr Dale Alford, stood to the Governor's right, particularly on the racial issue which fortunately played little part in the campaign. The other, Mr McMath, is a liberal. To both of them the chief issue, however, was the "personal dictatorship" made possible by the strong political machine which Mr Faubus has been able to build up. Senator Fulbright's victory, by a margin of nearly two to one, over a politically unknown right-wing critic of foreign aid and of the Administration, was not, unhappily, as crushing as had been expected. If the Republicans in Arkansas were stronger Mr Fulbright might be in trouble in November.

The President had already had other good news from the South: the rout of extreme conservatives in Louisiana by Mr Boggs, a strong backer of the Administration, and by two representatives of the Long dynasty, Senator Russell Long and a newcomer, Mr Gillis Long. Earlier still Senator Olin Johnston of South Carolina turned back triumphantly a challenge from [illegible]lings, a reactionary in modern dress. 'All this amounts, of course, to no more than holding the line' and in Mississippi one of the President's most reliable southern [illegible] Mr Smith, has been reelected out of his seat in the Ho[illegible]epresentatives. Mr K[illegible]y knows better than to attem[illegible]e of the southern wi[illegible]s party. But by appointing [illegible]n to the board of [illegible] of the Tennessee Valley Authority he has shown that [illegible] not go unrewarded. The President has also in his [illegible]us quiet but effective ways of making his displeasure felt.

GE Makes Good the Damage

By early next week the General Electric Company must hand over to the government $7,470,000 in settlement of eleven suits for damages. These were brought by the Department of Justice against the company which, with twenty-eight other firms, was convicted last year of rigging bids and fixing prices on heavy electrical equipment. The damages are by far the largest ever obtained in settlement of an anti-trust suit; the previous record was $44,000. The money represents nearly 11 per cent of GE's sales to agencies of the federal government between 1956 and 1959, a fairly heavy overcharge. All but $1 million will go to the Tennessee Valley Authority which first drew attention to the high identical bids which it was receiving from members of the industry. GE now hopes for a swift settlement of the 1,600 other suits for damages brought against it by state and local governments and electricity firms which, unlike the federal government, can claim triple damages. If these suits are settled on much the same basis as those of the government, GE's price-fixing will have cost it, in all, some $50 million—about a fifth of its profits in 1961—over and above the fine of $437,500 which it paid last year.

Nevertheless GE seems well pleased, as it should be, at the prospect of being spared the publicity and cost of years of litigation. So is the government, which itself has suits pending against eighteen other electrical firms and which has been alarmed by the risk that the courts would bog down completely under this mass of litigation; in all, nearly 2,000 suits have been filed and none has been settled or brought to trial because everyone has been waiting to see what the government would do. Now it seems probable that the other plaintiffs will agree to settle out of court although the "formulas" for each product worked out by GE have not been made public and do not seem to have played a big part in the bargaining with the Department of Justice. (Privately, some of the electricity companies still doubt whether they were overcharged at all but they feel that their shareholders will expect damages.) The government must also be well satisfied that it has obtained a fair settlement without widening the present gulf between business and the Administration—though, if the Internal Revenue Service decides that the damages qualify as deductions from taxable income, the Treasury, which is to receive only $1 million of GE's refund, may actually be worse off.

States in a Quagmire

Justice Stewart has stayed the court order that the Michigan Legislature must reapportion the seats in the State Senate immediately, on the grounds that a new issue has been raised which his colleagues on the United States Supreme Court will wish to consider at their next session which begins in October. The same issue is also coming up to them from Maryland and probably other states as well. The question is whether the Fourteenth Amendment to the Constitution, establishing the right of all individuals to the equal protection of the laws, requires each citizen to be represented equally in both houses of his State Legislature or whether it can be satisfied by distributing the seats in the lower house according to population and those in the upper house on a geographical basis; this is frequently done by allotting a seat to each county. Thus in Michigan one State Senator from, say, the Detroit area may represent twelve times as many people as another from a rural county. It is this which the State Supreme Court has ruled to be unconstitutional.

But in Maryland, which redrew the boundaries of the districts in its lower house earlier this year, the State Court of Appeals has refused to order reapportionment of the State Senate, even though 14 per cent of the voters can elect a majority in it under the present system. The arguments against giving up the geographical basis of distribution are that the upper house is designed to act as a check on the lower and to represent the views of minorities and special interests. There is a danger, it is claimed, that the present tyranny of the rural minority in many states may be replaced by the tyranny of an urban majority. The Supreme Court of the United States has not yet ruled on what constitutes a fair distribution of seats in either house of a State Legislature. All it said last March was that this was a suitable matter for the courts to consider.

When Justice Frankfurter dissented from this decision he gave warning of the "mathematical quagmire" which it would bring and already over a third of the states are struggling in this. Florida, Delaware and Vermont are among those holding special sessions of their Legislatures through the hot summer because the courts have ordered them to reallocate their seats more equitably before this autumn's elections or before their next session. The pattern is one of rural (and usually Republican) representatives trying to satisfy the judges without sacrificing their control of the Legislature. Rhode Island's attempt and Kansas's have both been rejected by the courts and in Wisconsin the Democratic Governor has been vetoing schemes put forward by the Republican legislators almost weekly for dealing with the state's seats in the United States Congress as well as with the State Legislature. In Alabama, however, the federal judges, after turning down various plans produced by the Legislature, are now themselves redrawing the boundaries of the state's districts, something which has not been done for over sixty years; a temporary scheme has already been announced for this autumn's elections.

Brought to Book

In 1954, when the Supreme Court ruled that racial discrimination in the tax-supported schools was unconstitutional, one of the five cases before it involved Prince Edward County, a sleepy tobacco-growing area in backward southern Virginia with proportionately more Negroes than any other section of the state. But no Negro child has yet been allowed to mingle with the white ones in Prince Edward. First a sympathetic federal judge put off the day of judgment until 1965 and then in 1959, when more immediate compliance was required, the local authorities shut the schools; they have been shut ever since. Prince Edward is the only place in the country where resistance has been carried to this point. A "private" school system has been established for the 1400 or so white children but two-thirds of the Negroes, who are slightly more numerous, have had no formal schooling for three years; the rest have sought it elsewhere.

Last week a federal district judge ruled that the schools must be reopened on a non-discriminatory basis; if this is not done by September 7th, the court will take further action. It has already been held by the courts that a state may not shut certain schools to frustrate orders to desegregate while keeping the rest open. Judge Lewis proceeded to sweep away the disingenuous argument that the closing of the schools in Prince Edward was a purely local matter and hence outside the range of the Fourteenth Amendment to the Constitution. As long as a free school system is operated by the state, it must be operated in Prince Edward County.

But this victory for the Negroes is not the end of the story. For one thing, an appeal is almost certain to be lodged. For another, if the schools are reopened they may be left to the Negroes; most of the white parents say that they would not send their children back. The local authorities themselves have been considering the reopening of some schools ever since last summer when Judge Lewis knocked much of the financial stuffing out of the "private" school system. He held then that, as long as the ordinary schools were shut, white pupils might not benefit from the state tuition grants and local tax concessions which have helped to keep the private system going. Virginia provides grants to enable white parents to educate their children elsewhere when Negro children are admitted to the tax-supported schools and last year white parents in Prince Edward County had to find only $15 a year for each child.

SHORTER NOTES

Last week Puerto Rico celebrated the tenth anniversary of its existence as a free Commonwealth associated with the United States—a unique relationship which gives the island's 2.3 million people many of the advantages and few of the disadvantages of statehood. Governor Munoz Marin proposed early last month, and President Kennedy has now agreed, that this would be an appropriate time to discover, by holding a plebiscite, whether Puerto Rico wishes to continue the commonwealth relationship, to become an American state or to be given independence. The people are not expected to vote for either of the latter when they are prospering so visibly by being inside America's tariff walls but outside the range of its income tax. But there may be defects in the commonwealth arrangement which Puerto Ricans would like to eradicate; for example, Congress can pass laws affecting them without their consent or participation.

* * *

A tremendous scramble among talent agencies has been set off in Hollywood by the decision of MCA, Inc., to dissolve its talent agency, the largest in the world, and to end its contracts with about 1,400 top entertainers in the United States and Great Britain. The dissolution of the talent agency was sought by the Department of Justice, which accused the company of violating the anti-trust laws by acting both as a television producer and as a talent agency. Charges are still pending concerning its acquisition of Decca Records, Inc., and Decca's film subsidiary, Universal Pictures, and concerning package television deals offered by MCA.

* * *

Water skiers can now be equipped with two-way "ski talkies," waterproofed and provided with a float, which enable them to communicate with the towing boat.

HOME REPORT

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

West Riding Roundabout

FROM A CORRESPONDENT IN LEEDS

Batley's back streets

VEHEMENT opposition to the proposals of the Local Government Commission in its draft for the West Yorkshire special review area is likely to be confined to Wakefield, the seat of West Riding county government, which sees as "a monstrous injustice" the suggestion that it should lose its county borough status. But Wakefield is being left pretty well to fight alone: what it stands to lose on the roundabout others look like gaining. The most radical of the commission's suggestions is the creation of a new county borough, with a population of 165,000, which would include the boroughs of Dewsbury, Batley, Ossett and Spenborough. And this seems to have gone over well.

Considering that the towns to be merged in the new county borough could be held to cover the haunts of the genuine dyed-in-the-wool Tyke, the proposals have even met with remarkable acclaim. This is undoubtedly because of the local eye for the main chance. As the commission suggests, a single authority in the heavy woollen district could best help future industrial development —which will certainly be needed. Equally, the integration of the county and district services would be a particular advantage in planning and executing redevelopment. Although the new county borough will not be a rich authority (and will have a major slum clearance problem on its hands) it could expect to finance work in the district services beyond the scope of its present constituents.

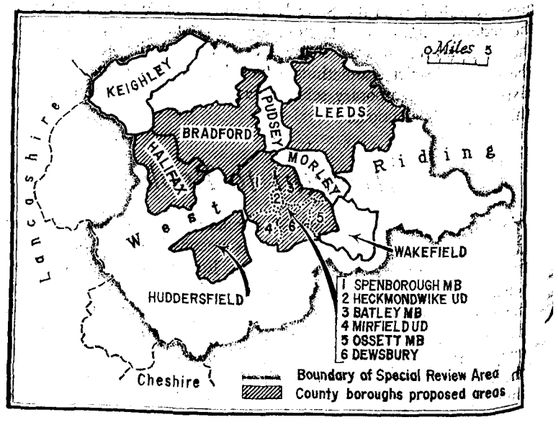
The biggest of the new partners is Dewsbury, which has been a county borough in its own right since 1913, but its present population of 52,942 would be too small to justify that status any longer. It is the chief centre of the rag trade and boasts two grammar schools of more than local renown. Batley, with a population of 39,390, is the centre of the heavy woollen textile trade and has grown pretty rapidly in recent years. Its industries now include the production of rugs, carpets, mattresses and biscuits. It also has two grammar schools and a technical college. Strangers can have difficulty in knowing whether they are in Batley or in Dewsbury; on such occasions their wellbeing among the local population may be in danger.

The others involved are Ossett (population 14,729) and Spenborough (population 36,412) which was elevated to borough status only in 1955 and includes districts with such hallowed Yorkshire names as Cleckheaton, Gomersal, Liversedge, Birkenshaw and Hunsworth. For good measure the new county borough also has the urban districts of Mirfield and Heckmondwike.

To propose the new borough is all very well. But what on earth will it be called? As though to outdo the Welsh, the name being canvassed in the West Riding now is Ossbatdewspenwikefield. The Local Government Commission would be much more popular everywhere if it had some inspired name-givers. Otherwise, Batley and Dewsbury are very pleased with the plan. Batley had originally suggested a seven-authority merger comprising the six proposed by the commission, plus Morley (which remains a buffer state between the new county borough and Leeds). Ossett is not so happy. It is in a sound financial position and wonders why it should go to the aid of Dewsbury and Batley, where most of the bad slums are.

Wakefield is lamenting the indignity of losing its county borough status despite its territorial expansion by amalgamating with the urban district of Horbury, part of Stanley urban district and part of the parish of Crigglestone. Both Wakefield and Horbury are preparing to resist the commission's suggestions. Wakefield, the Labour leader of its council says, is run as efficiently as any city in the country. But the commission considers that its present population of about 60,000 is not enough to provide all the services which a county borough should have, and the addition of population from any reasonable extension would make little material difference. On the other hand, to merge Wakefield with the county for which it is the *de facto* capital would bring positive benefits; other county capitals have pricked up their ears at this evidence of the commission's thinking.

BY and large the commission has been decidedly conservative in its recommendations. Leeds has been left pretty well untouched. Bradford, which had applied for a large expansion (including Pudsey, which would have brought it right up to Leeds's doorstep), has got a few acres only, to the south-west. Keighley's imperialism at the expense of Bingley and Skipton has been stopped dead in its tracks. Despite the attractions of a number of the schemes put forward, the commission set its face against both the "continuous county" solution and the extension of the county borough system to cover the whole of the review area (the solution that Sir Keith Joseph has just approved for the Black Country). Its reasons are worth repeating. It considered that the area was "far from being continuously built up"; this is, of course, a matter of

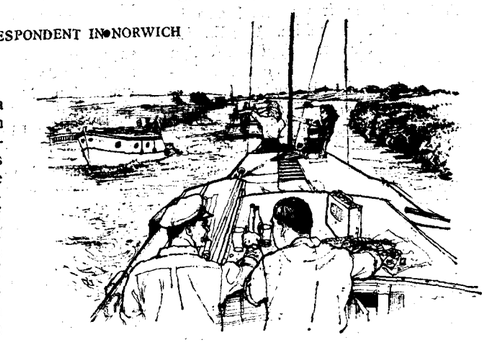


whether one looks at the intervening hills or at the valleys where people actually live (and even the commission has been unable to stop Bradford, Halifax and Dewsbury running into each other). The commission also thought that it could not set up viable county boroughs in the mining region of the east or the industrialised valleys of the south-west.

It is true that west Yorkshire is geographically a different kind of conurbation from either Tyneside or the west Midlands. It is true, too, that "people who live there regard themselves as belonging to their local town, or as belonging to the West Riding"—not to a conurbation as such. Since the commission has ruled out anything more radical, it is something, at least, that it has tried to secure county districts which can expect a fair degree of delegation of services—and thus build up loyalties above the parochial level. But it is difficult to summon up much optimism that regional planning and the redevelopment that is badly required in towns and mining villages throughout the region have been greatly advanced by the commission's labours.

The Booming Broads

FROM A CORRESPONDENT IN NORWICH



THE Norfolk Broads—a name that is still known to mislead American airmen who find themselves stationed in the county—are a series of shallow freshwater lakes in the valleys of the rivers Yare, Bure and Waveney, which wind across the agricultural landscape of east Norfolk and Suffolk to a common outlet to the sea at Yarmouth. The Broads offer holiday-makers in motor cruisers and sailing yachts about 140 miles of waterways to explore, without interruption by locks.

The advertised picture of the Broads is still one of blessed peace and quiet. White-sailed yachts and black-sailed trading wherries glide through a landscape of woods, water meadows and windmills, and the refugees from industrial towns moor of an evening at the staithes of old-world villages with thatched cottages, great flint churches, and quiet inns where the talk is all of harvest, and of country sports like fishing and wild-fowling. For anglers, the waters teem with perch, bream, roach, tench and giant pike. Naturalists rejoice in the discovery of such rarities as the bittern, the great crested grebe, the bearded tit, and the swallow-tailed butterfly. The Broads, the story-line runs, are "unspoilt."

The reality is a little different. The black-sailed wherries are represented by a solitary example maintained by the Norfolk Wherry Trust. The windmills have all been replaced by electric pumps. Except for certain specimens preserved for a mixture of antiquarian and sentimental reasons, they have been reduced to decaying brick towers. Sailing yachts are outnumbered three to one by motor cruisers. Apart from the fleets of racing dinghies and half-deckers, sail is losing the battle against power. The reason is plain to see on the crowded reaches of the Bure, between Wroxham and Horning, where the traffic of boats is as dense as the traffic of cars on the roads to the coast, and big launches full of trippers take the place of motor coaches.

The rivers are now pervaded by the snarl of outboard motors and the whine of transistor radio sets. The banks are lined with hundreds of anglers, fishing in highly organised matches, and jealously guarding their tackle against the intrusion of the yachts. The old-world villages have gone in for boat-building, boat-letting and holiday catering in a big way. They all have their riverside petrol pumps for the motor cruisers, and are the subjects of plans for caravan camps. The quiet inns are equipping themselves with jazz bands, and sometimes with dance halls.

SINCE the Broadland rivers are tidal, the navigation authority is that of the Great Yarmouth Port and Haven Commissioners, who levy tolls upon all boats using them, and use the money to dredge and clear the waterways. The commissioners, however, have no power to control either the number or the type of craft. Their accounts show that there are now about 3,000 motor and 1,000 sailing craft plying for hire on the Broads, and some 2,500 motor and 1,250 sailing craft which are privately owned. Even although a great many of these are dinghies and launches, and not cruisers, that is still a lot of boats for 140 miles of waterways—more especially as the majority of them are concentrated on one river, the Bure. Efforts are now being made by the commissioners both to make more privately-owned waters available to the public and to increase the commissioners' powers of checking bad behaviour.

Boat building and letting has become a major local industry, with an export trade attached. Some members of the industry are anxious to spread the summer traffic by building "marinas" in the less frequented parts of the Broads. This alarms the local planning authorities, who are apprehensive lest the term "marinas" means not only yacht harbours, but gin palaces and dance halls for the gregarious throng in motor cruisers—some of whom, it is said, get no farther in a week's cruise than Yarmouth, where they use their boats as floating lodgings and spend their time on the piers and among the bingo stalls of the sea front.

There is a belated movement of opinion —outside the local authorities—in favour of a Broadland National Park, an idea that was distrusted when, soon after the war, the Broads were set down very tentatively as the twelfth and last of the proposed national parks. What has since happened to the Broads, however, is very different from the hope then expressed, of encouraging hardy young adventurers to go sailing, canoeing and camping in the district. The National Parks Commission is hardly likely to see itself as a remedy for overcrowding by people in expensive motor boats. Moreover, the commission must have been scared by its own local advocates, who, frightened by the extensive growth of reed beds and water weeds when the waterways were neglected during the war, urged that £1 million should be spent immediately on dredging and embanking. Since then use, plus the operations of the River Commissioners and the River Board, has made a more gradual and less expensive clearance—but the Broadland National Park seems a very remote prospect, even if the entire locality were clamouring for it, which it is not.

It is unlikely that Norfolk will ever be unanimous about the Broads. There are the conflicting interests of the holiday trade (predominantly in motor boats), the sailing clubs (in yacht racing), the fishing clubs (in angling), the River Commissioners (in navigation), the River Board (in land drainage), the Nature Conservancy (in saving the flora and fauna from human intrusion), and the landowners (in agriculture, privacy and duck-shooting). That is not to speak of the local councils, who alternately draw water supplies and discharge sewage into the rivers, and draw rates from the riverside properties. Ordinary lovers of the Broads can only hope that the local planning authorities will preserve a precarious equilibrium. A National Park Authority, if it did not exactly tread a path of thorns, would tread on so many corns that it must conclude the whole district was paved with them.

Questions Of Domicile

DOMICILE is one of the law's more curious by-ways that the layman usually leaves unexplored until he finds himself lost in it. It is something more than residence, for it includes the intention to reside permanently, and it is something less than nationality. But in some very important ways domicile is more important than nationality. It affects the disposition of your property when you die; it decides the law to be applied when you are married or divorced. And, if you are a woman, it is one of the few remaining badges of your legal subjection to the other sex, to set against the many of your husband, unilaterally liable for your maintenance, your debts and your income tax.

Judgment has just been delivered in two matrimonial cases involving questions of domicile, each of them with its own rather esoteric facts. Cheni *v.* Cheni, reported this week, concerned a marriage that took place in Egypt in 1924, between two members of the Sephardic Jewish community domiciled in Egypt, but since 1957 in England. The husband was the maternal uncle of the wife, a relationship within the permitted degrees of consanguinity according to general Jewish law (Leviticus forbids marriage between aunt and nephew but not between uncle and niece), but outside the permitted degrees of English law. Moreover, the Egyptian Jewish community, like some others of their faith in predominantly Moslem countries, recognise polygamy, in that after ten years of childless marriage the husband is permitted to take a second wife if the first wife approves.

So it was argued for the husband that, as the marriage was potentially polygamous, an English court had no jurisdiction to try the case. This argument the President of the Probate Division rejected, holding that the true test of jurisdiction was whether the marriage was still potentially polygamous when the present proceedings began. It was not; because a child had been born in 1926.

But on the consanguinity question Sir Jocelyn Simon refused to grant the decree of nullity sought by the wife. The marriage was valid by the law of the parties' domicile; it was valid also in other civilised communities. The English courts would refuse to recognise a foreign law of domicile if it would be unconscionable to do otherwise; but only then. Here the injustice would be in declaring illegitimate a child clearly legitimate by the law of England. But the wife's suit for divorce on the ground of cruelty would be restored to the list to await hearing.

THE President cited as an example of the courts' refusal to recognise a foreign law of domicile, Formosa *v.* Formosa, on which the Court of Appeal had delivered judgment a few days before. In that case a Maltese who came to England in 1948 had married an English wife in a registry office. He was a Roman Catholic, she a Protestant; there were three children. In 1951, when the third child was expected, he went to Malta, ostensibly on holiday, and never returned. And in 1959 the husband obtained a declaration from a Maltese court that the marriage was void: the husband, baptised in a Catholic church, could not by the law of Malta be validly married otherwise than by the rites of the Catholic church.

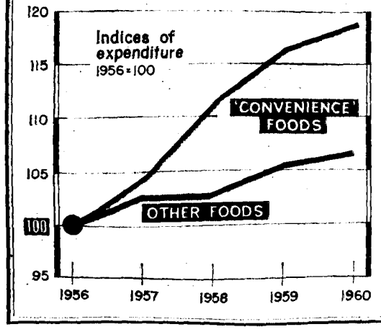
The question the Court of Appeal had to answer—what, in these circumstances, is the position of the English wife in England?—is not an easy one. Matrimonial law is largely a matter of domicile; and a wife has in English law no independent domicile, her domicile being that of her husband. In Formosa *v.* Formosa, therefore, the wife's domicile was Malta. Must the courts here therefore hold the marriage void even though it was valid by our own law? It is one of the prettier problems of domicile that the marriage could be void only if the domicile was Maltese; but if the marriage was void then the wife could never have acquired Maltese domicile.

The Court of Appeal firmly rejected the suggestion that she had never been married and that her children were illegitimate. The Master of the Rolls, never sympathetic to laws that work injustice, quoted Lord Lindley as saying as long ago as 1899 that the English courts would not interfere with foreign decisions unless they offended against English views of substantial justice. The English courts were not compelled to recognise a decree of a foreign court which offended English ideas of justice as did this decree. But the court held her entitled to the divorce she sought on grounds of desertion.

Lord Denning took the opportunity also to remark that the domicile rule as it affects wives is a "barbarous relic" of the kind of wife servitude that has otherwise almost disappeared from English law. The old fiction that the husband and wife are one, and the husband that one, has been painstakingly dismantled through the years; very soon, as the latest brick falls, one spouse will be able to sue the other. But still, it would appear, the wife has to accept the domicile of the husband, for the Formosa judgment would not seem to have done more than remove one of the more burdensome aspects of that principle.

PRE-PREPARED FOR INSTANT EATING

Demand for "convenience" foods increased by almost 17 per cent between 1956 and 1960. In 1956, 17.1 per cent of a total expenditure on food of 27s. 3d. per person per week went on these partially prepared foods. In 1960, the proportion had risen to 18.7 per cent of a total of 29s. 8d. The prices of these foods, though probably relatively high, rose less than 2 per cent. in the period compared with a rise of nearly 6 per cent for other foods.



EXPENDITURE ON "CONVENIENCE" FOODS IN 1961

(pence per week)

Total	66·36
of which:	
Biscuits	9·82
Cakes and pastries	9·60
Canned and cooked meat (other than bacon and ham)	6·63
Cooked, canned and bottled fish	5·95
Canned and bottled fruit	5·52
Cooked and canned bacon and ham	4·86
Canned peas and beans	4·79
Meat products (other than sausages)	4·78
Frozen foods	4·58

Retail Business

Monthly Review of Consumer Goods

Current Issue:

WOMEN'S STOCKINGS

FRESH FRUIT AND VEGETABLES

BREAD AND FLOUR CONFECTIONERS

RETAILING: QUARTERLY REVIEW

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THE WORLD OVERSEAS

Katanga Ebb and Flow

FROM OUR SPECIAL CORRESPONDENT

ELISABETHVILLE has none of the appearance of a provincial capital under siege from the rest of the world. There are, of course, defiant posters in every shop-window reminding the strolling UN soldiers that "all Katanga supports President Tshombe." But these are dwarfed by placards announcing an exhibition of sculpture. A hi-fi club advertising for members feels assured enough to draw the line at "inebriates and soldiers in uniform." The daily newspaper is printing a series of entries for a government-sponsored literature contest in memory of Lucas Samalenge, the information minister who died mysteriously some months ago. There seem almost as many baby-clothes shops in Elisabethville as there are in Montreal.

It could all be explained as putting a brave face on a dreary situation. Certainly there are signs of strain. There is gross vilification of U Thant for calling the Katanga ministers "clowns." President Kennedy is also blackguarded by Radio Katanga because he is thought to be the master mind behind what plans there may be to squeeze Katanga's copper artery by pressing Union Minière, diverting its revenues, or perhaps freezing the giant company's funds in Belgium. Crude cartoons alongside the cultural contributions in the daily paper attack the United States for racial discrimination. The continuing growth of the gendarmerie, now said to number anything between 18,000 and 24,000 men, suggests no relaxation of tension. There is abnormal emotion in the airport farewells of Belgian families. Last weekend a columnist admitted that "Katanga is tired of waiting." Two years of uncertain independence have left their mark.

Nevertheless, President Tshombe is at present brimming with smiles and self-confidence. His personal position, which seemed insecure in June (when he had been six weeks in Leopoldville talking to Mr Adoula) looks completely assured now that he has reviewed his soldiers and had the necessary brush with Indian troops at a roadblock. With some satisfaction he watches the deterioration elsewhere in the Congo; Mr Adoula's inability to command a majority in parliament, the fighting among Lulua leaders in north Kasai, the closing down of a diamond plant in west Kasai and a gold-mine in Orientale province at Kilo Moto. He can congratulate himself as he notes that the central government is having to use a Katangese as special commissioner in Equateur province, and that it will probably be soon designating another to look after Leopoldville itself. His gendarmerie has been greatly strengthened by the appointment as chief of staff of Colonel Kyembe, who held the same post under General Mobutu until he became disenchanted with Leopoldville. And in the background Union Minière's taxes and duties keep rolling in at the rate of £1,500,000 a month. His claim to be an island of stability and prosperity has never seemed better grounded.

All the same, Mr Tshombe is in no mood to leave Katanga for some time. Last weekend a government statement said that the Katangese representatives who have been nominated to the four commissions which face the task of reintegrating Katanga with the Congo were ready to leave without delay. It ignored the point that the commissions—to advise on military, fiscal, economic and transport matters—had not been properly constituted because Mr Tshombe had refused to sign the formal agreement setting them up. United Nations officials suggest privately that Mr Adoula should ignore this formality himself in the interests of breaking the present stalemate. Mr Tshombe's latest apparent turn towards conciliation may have encouraged them to take this attitude. Whereas a fortnight ago he was declaring that he would talk no further with Mr Adoula (presumably believing that this would complete the premier's downfall), by July 27th he was saying that he would negotiate "with any Leopoldville government whatever it may be." *[Mr Adoula's new constitutional proposals of July 29th are discussed on page 424.]* The suggestion of Mr Paul Struye, president of the Belgian Senate, that the leaders of Senegal, the Ivory Coast and Malagasy should act as mediators has been quietly welcomed here. But it is regarded only as a plan to hold in reserve in case direct negotiations achieve nothing within the three months that Mr Tshombe gives the commissions to complete their reports. Similarly, the news that the United States, Britain and Belgium are working on a new plan has excited neither the UN officials here nor the Katangese. It could perhaps serve to head off an unpleasant session of the Security Council, but what after all is there new to be said? The only real variant in two years of Congolese calculations has been the ebb and flow of strength on the opposing sides. Just now the tide is running for Mr Tshombe, who among the groups hostile to Mr Adoula can claim several new allies in his fight for "a very supple federal type constitution." In the meantime the Katangese leaders have prepared for the worst: the interior minister, Mr Godefroid Munongo, is fond of boasting how they have mined the country's main dams. "Après moi, le déluge" is a literal threat with these men.

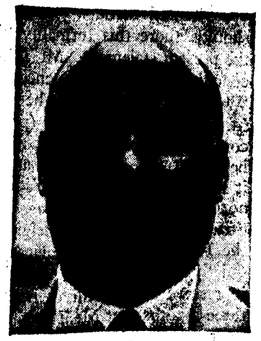
Mixed with Katangese confidence is a new modesty about Katanga's wealth. At the start of its secession Katanga's patriots declared how intolerable it was that their country should be contributing 60 per cent of the Congo's revenue and only receiving back about 15 per cent. Now Union Minière officials are eager to publish figures which show that their company only provided an average of 26 per cent of Congolese revenue during the ten years before independence. Mr Tshombe has used these figures to explain that the reintegration of Katanga will not resolve all the Congo's difficulties. Obviously, this is true: soldiers will not easily swap the rewards of a rifle for the backbreak of a hoe, the administration will not increase its efficiency overnight, nor will investors return within a month. But optimists see in Mr Tshombe's new argument that Katanga is only moderately wealthy a desire to make terms swiftly, in the hope that he will get better terms now than later.

The tired waves of United Nations endeavour have gained a few painful inches in Katanga recently. This week the evacuation from Elisabethville to their distant home areas of 70,000 Balubas and men of other minority tribes was completed, and Mr Tshombe has accepted responsibility for those 6,000 who remain. This is no small achievement of persuasion; only eight months ago his foreign minister, Mr Evariste Kimba, was accusing the UN of training the Balubas as commandos to slaughter law-abiding citizens. The new UN representative, Mr Eliud Mathu of Kenya,

has made a good start and speaks the same language as Mr Tshombe —figuratively as well as (in Swahili) literally. But with little respite after the Balubas he has now to face another struggle: to argue the Katangese leaders into sending back the 200 Northern Rhodesians whom Mr Harry Nkumbula's African National Congress despatched for army training in Elisabethville. Mr Mathu has a mandate under the February, 1961, resolution to remove foreign military personnel. But the execution of such mandates in hostile military camps is hardly easy. Britain, which has a direct responsibility in this matter, must be appalled at this threat to the hopes of peaceful elections in October.

Last week's visit to Elisabethville of Mr Patrick Matimba, until recently president of the minority African party in Southern Rhodesia, has also an ominous ring.

Mr Tshombe's open intetvention in Rhodesian politics should be welcomed by no one, and it would be interesting to know whether Sir Roy Welensky brought up this matter at the most recent of his meetings with Mr Tshombe. Perhaps he is happy to watch the Katangese leader pay handsomely in Landrovers to encourage dissension in Rhodesian African ranks. If he believes this is copper well spent, his friends may warn him it is gilding neither his nor Mr Tshombe's reputation in other lands.



U N man : Mr Eliud Mathu

Crystal-gazing in Ghana

FROM OUR SPECIAL CORRESPONDENT

ACCRA

NOT much future is to be seen in a black crystal ball ; you have to stare hard to find the present. The handful of African politicians who run Ghana have been five years under the world's stare. On March 6th, 1957, they took over from a handful of Europeans the task of leading six or seven million tribesmen towards understanding a mechanised civilisation, and towards becoming part of it. This is now the task of new black masters throughout Africa. All confront ignorance, illiteracy, superstition, tribalism, corruption, poverty, disease, one-crop economies, their own temptations and (like it or not) some degree of dependence on outside countries.

Ghana's way out of all this has a singular flavour, not without bitterness. The justification must lie in the results. So far, these are impressive. Ghana is more independent than any other black African country ; most decisions, that is, are taken with an eye to what are considered in Accra to be Ghanaian interests. Ghanaians can be seen to be in charge, virtually everywhere. This is the real African revolution, to get Africans to run Africa on modern lines—and Ghana today seems to have in it enough black impetus to keep it going, if necessary without Europeans.

But the outsider gets the sour taste, all the same ; say, when he watches the piccanins march, chanting hymns to His High Dedication the Osagyefo. They clap rhythmically when anyone big enters the classroom. They stand and salute with their tiny black forearms erect, pale palms outwards. But like as not, a little one at the back will get a sudden fit of the giggles. At the bureau of African affairs two pages of intimate questions must be answered, especially if the visitor is white, and everyone who enters must first be photographed. There is a wait of two hours to be told that one has no business there. "So every other African country thinks Ghana is isolated ! As long as we don't think so, we are not," the bureau official spits in the visitor's face as he walks back through the waiting rows of patient Africans.

But, driving away, one may find the balance restored. Ghana's function is to be the capital of radical Africa, the centre of its continued revolution against the whites who still control a third of the continent directly and much of the rest of it indirectly. This at least is the Ghanaian view, and who can deny that Dr Nkrumah has the money to buy the best information on the Union Minière and the Rhodesia lobby ? The most moderate Ghanaian will point this out. And ordinary Ghanaian niceness puts things right. A ramshackle bar called "Slow But Sure" beckons ; a mammy-wagon turns the corner, showing the enigmatic label: "After This." Across the road is the "Why Worry?" spare parts shop and no ordinary Ghanaian in these places seems to have heard of the African affairs bureau.

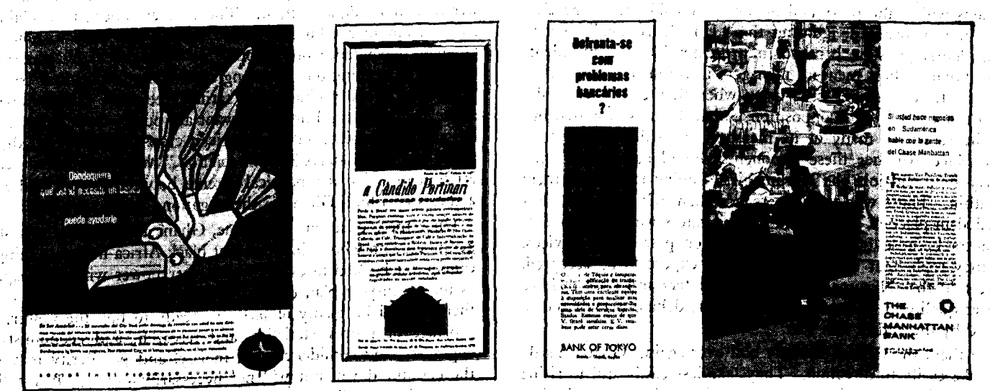
Ingloriously, the earnest "Nkrumahist" at the university will explain how academic freedom is essential, but the university, "which is after all financed by the government," should "assume its correct role in the national life." Students may discuss what they wish, "but we expect respect for our President just as you expect respect for your Queen." If it is protested that the whole meaning of Nkrumahism (to produce Africans demonstrably equal to everyone else) is made nonsense of by interfering with the universities, the answer is that some expatriate lecturers, now gone, wrongly sought to guide the affairs of the nation.

At the magnificent secondary school at Achimota, Ghanaians tell a tale of how the government tried to introduce Young Pioneers to the school and failed—and of how one minister threatened to have the school's grant cut if his unqualified offspring were not admitted, and of how the threat was made good. The government will smother Achimota one day, but it will be a long battle because so many Ghanaians in positions of power and influence are old boys. Is Ghana to be blamed for these things, or praised? The headmasters who, at Achimota and elsewhere, are stoutly holding out for school independence are Ghanaians themselves.

Stoutly holding out for Ghanaian liberties as a whole is Dr Danquah, a man of principle, who refuses to fight with the gloves off or even (as others have been tempted to do) to take his battle outside the country. Now out of detention, Dr Danquah remains the nagging conscience of Ghana and its grand old man. He has the dignity, and the absolute rightness, of a Chief Luthuli, but his world and his time are wrong. The contrast with Dr Nkrumah, the showboy who, a long decade ago, left Dr Danquah's party to form his own, is immense. But, again, it is hard to say that Dr Nkrumah is not doing many right things for Ghana.

Agriculture, for example, needs to be diversified and productivity increased. This is the core of the country's economic problem. Dr Nkrumah's "Future Farmers," a kibbutz brigade, have the soul of the idea: they are slow about putting it into practice. At the George Padmore settlement farm, near Accra, a group of future farmers voluntarily cleared a few hundred square yards of bush with scythes and were rewarded by a visit from Osagyefo himself, who, beaming his beatific smile, congratulated them and their uniformed non-working comrades on their enthusiasm. The leader sprang up to complain that the higher leaders were going too slow, and Dr Nkrumah laughed with joy. He looked on with distaste as the local chief sacrificed a live sheep before his feet, but ran bravely into the fields with the future farmers, who waved their cutlasses in the air behind him. Then the Ghana Farmers' band played a political calypso. Refrain: "With Ghana as the trigger, Nkrumah as the gunman"—Africa, it appeared, was waiting for this great gun to fire, of course, metaphorically. Yet, even after such a dose of unpalatables, the outsider must still ask himself how else the thousands of youngsters in the cities can be got back

More financial and insurance companies



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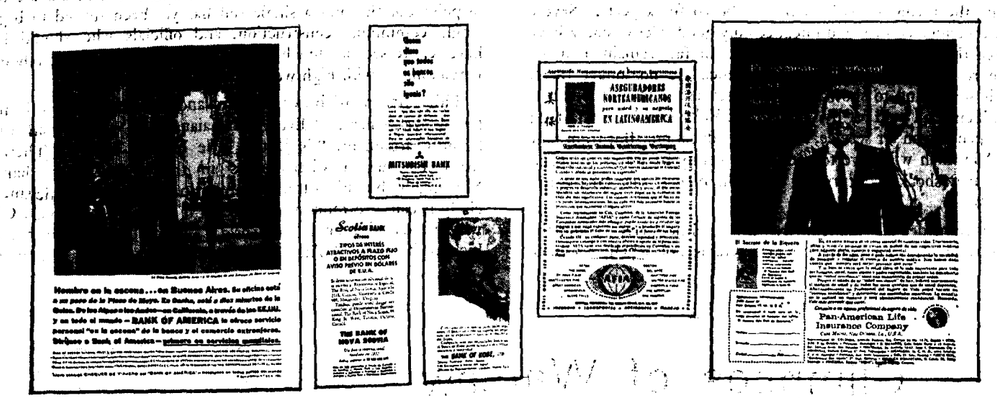

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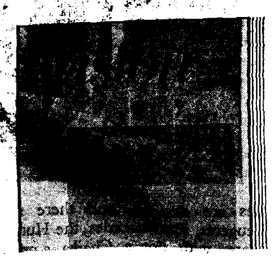

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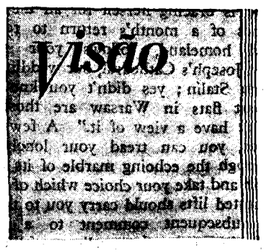

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to the land, and working more efficiently than their grandfathers.

This is a one-party state, and Dr Nkrumah is its boss ; but there are factions within the party and opponents outside it. Some civil servants, it is whispered, ignoring the "Double Action" slogans on their doors, go slow because they do not like the president. Many of Ghana's best men are managers in commerce and industry ; their attitude can be, "We listen when they call us comrade, but we do not talk." The opposition United Party still exists, but awaits the return of many of its members from detention. It is much debated whether these opponents should acquiesce in the one-party state and join the Nkrumahists, hoping to restrain them from within. Those who would persuade them tell them that they are needed in place of some of the second-raters who hold government posts because of party enthusiasm or past party services. When they reply that they are too late to expect to be accepted, they are told that Nkrumah welcomes repenters and likes to have the better quality Ghanaians with him. The debate is expected to be settled by the end of this year.

Before then, the Ghana pot may boil over again. Ghanaians do not all take easily to direction. They take less easily still to rising prices and salary cuts ; it was these results of last year's budget that led to a wave of strikes and arrests. This year's budget, everyone guesses, will be worse (unless the government takes fright and puts the medicine back in the cupboard for a year). Severe foreign exchange control and unexpectedly good sales of cocoa have improved the figures so far this year, but the fact remains that the massive reserves inherited at independence are no longer there. There is something to show for these reserves: a magnificent harbour at Tema, all paid for by Ghana ; the Volta Dam, now started ; money spent on an air service, roads, and education. But from now on Dr Nkrumah will have to earn every penny he wants to spend and this new shock may turn out to be the biggest that Ghana has had to absorb.

It may coincide, this September, with a political crisis about the common market. The question in Accra is not whether Ghana will join, but whether Dr Nkrumah will attend the Commonwealth prime ministers' meeting at all—or simply leave the Commonwealth and be done with it. The best argument to explain this comes from men who are not so heated that they wish to deny Ghana's dependence on Europe (for cocoa sales) by bankrupting Ghana (by keeping on the wrong side of the future tariff barriers). Such men would probably like tariff agreements with Europe, but argue that if all the Europeans want are purely trade arrangements designed to stabilise sales of African crops, then why all the fuss about associated states ? "Association," they hold, must mean an attempt to arrive at a political entente between Europe and Africa, a thesis of which Ghana is the negation.

Once these crises are overcome, Ghana may emerge as a strong, genuinely and wholly independent black Africa nation, a thing that cannot yet be said to exist. Volta river power will be cheap, and, as the seven-year plan due to be announced this year will outline, there should be plenty of industry ready to buy the power. The shortage of proper statistics, and research, and economists, and engineers, and confidence, and money, and popularity may weigh the country down, but will not necessarily sink it. If a policy of "non-alignment" means signing £100 million worth of trade agreements with communist countries, this does not mean that Ghana will go communist out of frustration. Ghanaians are quick to point out that not a single sod has yet been turned to begin a single communist construction, and officials who should know have expressed as much impatience with Russian methods of bargaining as with high western rates of interest.

This mixture of bitter flavours and heartening news is to be found everywhere. "Every Ghanaian," one will be told after a friendly argument, "is just a little bit anti-white." There are many far nastier dictatorships in the world today than Dr Nkrumah's, but his attracts more than its share of criticism, precisely because so much was expected of Ghana. With luck, Ghana will one day live up to the world's expectations and, with greater luck, to its own. "The future looks black" has two meanings.

A Gaffe in the Market Place

BY A SPECIAL CORRESPONDENT

AUSTRALIAN newspapers are busy attributing complicated motives to the principal actors in the drama that culminated in the dismissal on July 27th of Mr Leslie Bury, the minister for air. Mr Bury's motives were surely simple, too simple. As minister assisting the federal treasurer he had his eye on the domestic scene, and like rest of the cabinet he was concerned at industry's lack of confidence in spite of all the pump-priming there has been since December, when the electorate recorded its notable censure on the government's monetary policy. One reason for the slow return of confidence is what Mr Bury called "exaggerated fears" about the common market. So he told his audience of Sydney business men:

> Currently less than one-fifth of our total exports are going to Britain, and of this one-fifth only a small proportion seems likely to be affected. Even if this small fraction of our export trade disappeared entirely—which is in no way likely—the event would hardly impair the main fabric of the Australian economy.

Whether Mr Bury was right or wrong depends on what is a minor and what is a substantial effect. An effect that is minor in relation to the economy as a whole (which is what Mr Bury was discussing) could be annihilating to an industry like dried and canned fruit, which depends on the British market, and possibly on the British preference, for its existence. Whether Mr Bury was right or not, it is indeed strange that he did not notice that his toes, far from being on the party line, were trampling the corns of his senior colleagues.

The deputy prime minister and minister for trade, Mr John McEwen, who has been Australia's principal spokesman in the common market negotiations, reacted very passionately to this talk about exaggeration. Independently and without consulting the prime minister, he prepared a long statement for the press in which he said, "I was shocked that a ministerial colleague should publicly undercut the strength of Australia's negotiating position." That statement led inexorably to Mr Bury's resignation and so brought his heretical views into the world's headlines. It might have been better to explain away the differences and say that it all depended where you were sitting.

Mr McEwen, however, is a man who feels strongly. Negotiators on both sides of the Atlantic are familiar with those lowering black brows and that voice, vibrant with indignation. In any case, as leader of the Country party, Mr McEwen has to be very indignant on behalf of the primary producers—the more so, perhaps, because his protectionist policies as minister for trade are inimical to their interests, in that their costs are thereby increased without any corresponding increase in the prices they can earn in world markets. In this connection echoes of a departmental clash may also have stimulated the passion of Mr McEwen's pen. Mr Bury, as an economist, would be likely to agree with officials of the Treasury that Australia's big export problem is going to be those same high costs.

The prime minister's reaction was much quieter. He had to ask for Mr Bury's resignation in the name of cabinet solidarity, but he paid tribute to his integrity and said he respected his views. Mr Menzies could, if he had been so disposed, have applied to himself Mr Bury's remarks about exaggeration—notably to his joint statement with Mr Marshall of New Zealand about Britain's tentative agreement to eliminate preferences on Commonwealth manufactured imports, precious little of which, as a matter of fact, come from either of the protesting countries. But Mr Menzies had himself mildly tried to cheer up the business men only three or four weeks ago when he said that the common market must be regarded as a challenge. Here again one must study the political scene. Mr McEwen is much canvassed these days by a section of the Sydney press as a potential prime minister, and the business man's friend. Just as Mr Macmillan has been dissociated in the public mind from the Suez venture, so somehow Mr McEwen has become dissociated from the credit squeeze and other unpopular measures of November, 1960. Moreover, the Liberal party has no

Glimpses of Warsaw

BY OUR SPECIAL CORRESPONDENT

ONE'S first trip behind the iron curtain is still a great adventure ; it is also, if Warsaw is first stop, a great surprise. There, immediately you stand on the airport runway, looms the familiar Palace of Culture. The sad-faced girl from Canada, who is bracing herself for all the heartaches of a month's return to relatives and homeland, follows your glance. "St Joseph's Cathedral, our wedding cake from Stalin ; yes didn't you know, the smart flats in Warsaw are those that *don't* have a view of it." A few hours later, you can tread your lonely way through the echoing marble of its empty halls and take your choice which of twelve deserted lifts should carry you to the top. A subsequent comment to a Polish acquaintance on the excellence of the view provokes a quizzical, almost hostile look. There it is, this painful daily reminder of Russian dominance ; the Poles cannot move it, but they can turn the other way.

Looking west while facing east is indeed one's overriding surface impression of Warsaw. By western standards certainly the town is still pretty shabby, which reinforces the feeling of sadness that this hapless victim of history so strongly evokes. But the contrast with western capitals of to-day is primarily a straightforward one of standards of living. Warsaw reminds one much more strongly of Vienna in 1950 than of Moscow in 1962. Here in the shop windows are the sights familiar to western eyes—Penguins, Haig's whisky, Gaulloise cigarettes, even Mont Blanc pens. The cars in the streets are predominantly the local product, an ungainly model taken over from the Russians who in turn took it over from Opel. Among imported cars Russian and Czech types are said to be given preference over western models, which cost hard currency. But glance into the forecourts of the palatial offices in which these priori-

ties are decided, and there stand the Peugeots, the Mercedes, the Humbers, the Fiats—with not a Chaika among them. Even at the top, among the men who have their place in the system, the national preference for western styles of living is freely indulged.

On a wider level this indulgence is still more striking. Warsaw cafe life is admittedly only a shadow of its former self—was it wiped out with the Warsaw of 1944, and its subsequent revival stultified by the dead hand of a state-owned catering industry? But dance bands are active and unrestrained, and in restaurants well short of the luxury class they beat out the latest (well, not quite the latest) pops of the western world in an atmosphere that one does not normally associate with iron curtains. Some time in the early hours of Sunday morning your Polish companions may call a halt with the fashionable Warsaw refrain: "Well, we must be up early for morning mass. It's a frightful bore, but you have to go, otherwise everybody thinks you're a communist."

At the official level, too, the Poles display an almost breathtaking independence of spirit. As Polish planners describe their methods—or at least their aims—they are not far removed from the managed use of the price mechanism as envisaged by prewar socialist economic theorists (not least Poland's own Oskar Lange) and as partly practised in postwar Jugoslavia. As one Polish official put it:

> Our policy is to influence consumer choice in a number of ways—price policy, education or advertising (very effective with the field to oneself!) and wages policy. But once the consumer has made his choice, subject to these influences, our aim is to adapt production to it.

Official price policy is in fact a very strong influence. Thus the authorities are seeking to delay the increase in the car population by pricing cars at about ten times the figure for motor cycles. So the real significance of this price flexibility, by comparison with Soviet practice, is that it reduces queues and waiting lists—although Polish politicians will not always allow their planners to push flexibility to the limits they would like.

Hire purchase, also, is used essentially as an instrument of short-term expediency, to influence demand. "At first there was a lot of sentimental talk about hire purchase as a means of bringing former luxuries within the worker's reach," one official said privately with uninhibited frankness. "Now we just use it to clear stocks." The lists of goods sold on credit are revised every month. The Polish car is on it ; foreign cars are definitely not. Nor are bicycles, or any but a few badly selling lines of furniture or washing machines.

Within the important limitations set by their strategic aims, the Polish authorities do try to step up production to meet changes in demand—though they have had much less success in using prices as a guide line to producers than to consumers. Perhaps the most important spur to production of consumer goods is the not inconsiderable flow of consumer goods from the West. Since a quarter or a fifth of Polish families have gift-sending relatives abroad, the authorities accept this intrusion as one they have to live with. They make no frantic efforts to prevent western luxuries being brought into the country, taking comfort from the amount of purchasing power that their high prices soak up. Meanwhile they find themselves forced to produce imitation Chesterfields and imitation Gaulloises, and to copy from discarded garments that arrive from America the women's fashions that Chicago took from Paris three years ago—and which will ultimately end up as the novelties of Moscow.

obvious heir-apparent. In these delicate circumstances it would not have done for Mr Menzies to seem the less vehement of the two in defence of Australia's interests—particularly as (until his disillusionment at last year's prime ministers' conference) he was suspected at home of being too fond of the British.

For the first time the question is being asked here, has Australia overplayed its hand in the common market negotiations? Here is a paradox. Australians generally, whether politicians, officials, journalists or men in the street, have been cynically certain from the start that Britain would have to go into the common market with or without a fair deal for the Commonwealth. (Incidentally, if the Six were aware of this, it could have hardened their hearts against concessions far more than any references to the statistics which they have before them anyway.) Yet if this cynical certainty proved justified and Britain were to enter the market on terms unfavourable to the Commonwealth, then Australia could be hit with its own boomerang. To prevent world confidence in Australia's prospects from drying up, and with it the flow of migrants and of overseas capital which Australia needs for its development, more voices than Mr Bury's would be needed to cry that Australia will be all right after all.

Co-existence at Aswan

FROM OUR MIDDLE EAST CORRESPONDENT

More humane than most of the Pharaohs, the directors of the High Dam project at Aswan have decreed that all heavy work should be done by night. Three shifts are working round the clock. The two cooler shifts, from 6 p.m. to 10 a.m., are devoted to construction; perhaps, at the present stage, "destruction" would be a more precise description, since the immediate task is to drive two deep chasms, upstream and downstream of the dam site, through a mighty wall of stubborn granite. The day shift, now working in temperatures ranging up to 110 degrees, is reserved for maintenance, repairs and the preparation of charges to be ignited when the evening shift comes on.

The two chasms now being cut out of the right bank of the Nile are the upper and lower ends of the canal which, with two coffer dams, will divert the river, so that the High Dam itself can be built in still water. There has been much discussion of the rival merits of diverting the river by means of an open channel or by tunnelling. The course adopted is a compromise. The greater part (1,550 metres) of the new canal will be open; where it crosses the line of the dam site, six tunnels, each 285 metres long, will be driven through the rock to link the upstream and downstream channels. According to present plans, the power station will be sited at the downstream outlet of the tunnels.

Any day now, somebody's finger, probably President Nasser's, will press a button to explode the first charge in the first of the six tunnels. The president was supposed to have done so on July 9th, but he postponed his visit to Aswan because of preoccupations with the National Congress and with the split between the Algerian leaders. Meanwhile, work on the open channels goes on. Explosives, drills and excavators have already bitten some 50 metres deep into the granite, to a width of 50 metres. They still have 25 metres further down to go.

There is much sound and fury at the works, especially by night. Arc-lights flood the area, throwing brilliance and darkest shadow. Far below the original level of the rock, men swarm on ant-like errands, dwarfed by towering cliffs and whirring, clanging machines. The work site is freely hosed to keep down dust which would otherwise blind and choke. Heavy lorries splash around in the mud like ducks. Electric excavators snap up tons of broken granite in one mouthful, slew round in a semi-circle, and dump their loads into waiting 24-tonners. The trucks roar up through a tunnel which now connects the bottom of the cutting with the cliff-top. The Egyptian engineer in charge of it takes a professional interest in the Channel Tunnel project, and particularly asked whether the old Suez Canal company was really involved in it.

Almost all the machinery used on the project is of Russian origin, though the lubricants are supplied by Shell. Power is brought to the site through two feeders from the power station at the old Aswan dam, four miles downstream. Russians are working at many technical levels, although neither they nor the Egyptians like to talk figures. One gets the impression, confirmed several times over, that working relations between them are good, but that the two communities do not mix much off duty. As the Cairo train came to a halt in Aswan station, some 20 Russians got off, four from the first class car, the rest from the second class. Their reunion with wives stopped traffic for a while; then they grabbed their bags (no nonsense about tipping porters) and trooped off to their bus. It all seemed cosy, communal and workmanlike, especially as there were no taxis in the station yard.

An Egyptian at Aswan offered two explanations for Russian aloofness. First, he thought that the Russians were taking care to stick to their technical brief and to avoid any suggestion that they might be fraternising for ulterior motives. Second, he suggested that they might be embarrassed by getting too close to a "bourgeois" revolution, and were therefore stressing the purely business side of the connection. Of the two explanations, the first seems plausible, the second somewhat far-fetched. It may also be said that the Egyptians, on their side, are becoming sensitive to the charges of being godless and having communist leanings that are being levelled against them from Mecca and Baghdad, and may be anxious to show that their co-operation with Communist countries has no political or moral significance.

Most westerners in Cairo have given up the attempt to match the work achieved against "schedule." With a time-span of 11 years, schedules must be flexible; time-tables must be readjusted frequently to meet new conditions. If the Egyptian engineers feel any disappointment at the Russian effort, they do not show it. They speak of the completion of the diversionary canal in about two years, of the installation of the first power unit in 1968, of the end of the whole project in 1970, as if these things were as inevitable as the tides. And they give all the credit to President Nasser. Apart from the High Dam, a new housing project is almost finished outside the town for the 5,000 workers at the fertiliser plant that is already producing half Egypt's annual consumption. Aswan is one of the main shrines of Nasser-worship.

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Battle of the Youth Hostels

FROM OUR BONN CORRESPONDENT

Just now, when the young hikers are hopefully afoot, a German iconoclast has protested that Germany's youth hostels are "an *omnium-gatherum* of the kind of doctrinaire sectarians for whom an encounter with the main stream of youth would be healthier than the repeated cultivation of their own get-togethers. The other kind of young people, however, stay outside."

This mouthful of disrespect for a sacred cow among German institutions has provoked some hot discussion. Having begun 53 years ago, the Germans can claim to be the first to have developed youth hostels systematically. There are now 715 in West Germany alone, many of them buildings of considerable architectural grace and historical interest, often superbly situated. Last year these *Jugendherbergen* together counted 7,800,501 overnight visitors, including foreigners. The under-twenties among them paid an annual subscription of 3 marks (5s.), and 90 pfennigs (1s. 6d.) per night for their accommodation; the over-twenties a minimum annual subscription of DM. 5 (7s. 6d.) and DM. 1.60 (2s. 6d.) a night. Nearly 95 per cent were under twenty. And of all who came, 18.5 per cent were travelling alone, 13.4 per cent members of youth clubs, 18.6 per cent in elementary school groups, 18.8 per cent in secondary and grammar school groups, and 25.4 per cent in parties of apprentices.

Grizzled over-twenty-fives (who are not entitled to use youth hostels) will find these figures at first sight impressive. Does it look as though the "main stream" of German youth is passing the *Jugendherbergen* by? Yet it is true that many hostel visitors complain that the house rules are unnecessarily irksome, sometimes insufferably paternal, sometimes even "Prussian." It is also true that a minority of young travellers, who do not look or behave like the *Wandervögel* of tradition, sometimes feel themselves unwelcome in the hostels.

Discussing the house rules, the provocative critic who has already been quoted —Herr Jürgen Zimmer, writing in *Die Zeit*—has asked whether it is really necessary nowadays to remind hostel guests not to spit on the floor, not to make a noise when others are asleep, and not to abscond next morning with the bedding. The rules are indeed bluntly specific; in the official handbook of the *Deutsches Jugendherbergwerk*, it is solemnly laid down, for instance, that "the washing facilities are to be used; no-one must go to bed with unwashed feet."

Some object to lights out and doors locked at 10 p.m., on the ground that this practice prevents guests from going to the cinema or to a dance, or even from taking a properly romantic *Wandervögel* walk under the stars. There are two sides to this. There is something to be said for intelligent relaxation of the curfew in the big towns—where, it has been alleged, you may sometimes see youths lowering themselves after 10 p.m. from hostel window to street by means of sheets knotted together. Yet it is understandable when the defenders of the regimen rejoin, as one has rejoined: "You say you are imprisoned at ten o'clock, forgetting our undertaking of responsibility that enables your parents at home to sleep in peace. What do the young rebels under eighteen want outside the hostel after ten o'clock at night? There too,—at least in the pubs and cinemas—a law is in force for the protection of young people. The statistics show that scarcely anyone over twenty ever uses a youth hostel. They have earned their freedom, and prefer tent, pension or hotel."

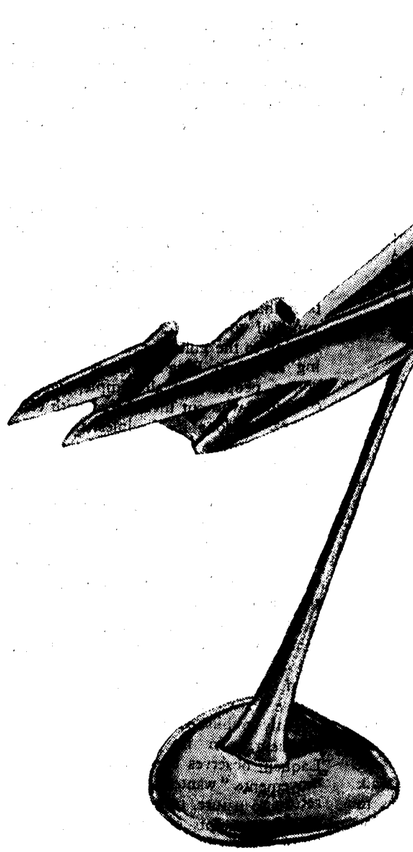
But the brunt of the current offensive against the youth hostels is being directed against the spirit more than the letter of their laws. For the text of his Philippic in *Die Zeit* Herr Zimmer chose words spoken by Richard Schirrmann, the founder of the youth hostels, at the fiftieth anniversary ceremony in 1959. "I should like," Herr Schirrmann declared, "to take the fashion dolls and the ninnies for a week *through the wind and the weather*. They would discard their stiletto heels the first day, believe me; and they would go back home quite different persons—for Nature forms us, body and soul."

This kind of sermonising, the critics complain, is born of the outmoded *Weltanschauung* that most youth hostel directors still try to purvey with their accommodation. It is this *Weltanschauung* that, as one critic has put it, insists that woollen socks are more respectable than nylon stockings, rucksacks more youthful than suitcases, and communal singing to the guitar healthier than listening to Alban Berg's *Wozzek*; and that young people are all simple, sanguine comrades who cut their bread with clasp-knives. Among its disciples, the "lesser breeds without the law" are those who belong to the "sceptical generation," and more particularly car owners, music lovers with tape recordings, jazz-club members, theatre and cinema goers, and "nineteen-year-old girls with a waft of the exotic The elect are boys in leather shorts, girls wearing the *Dirndl*, folksong minstrels, and "group leaders with a father fixation."

The failings of the youth hostels are being joyously exaggerated in the heat of the debate. They are largely a hangover from the heady German youth movement whose history is admirably related in a recently published book* by Walter Z. Laqueur. In his summing up, Mr Laqueur observes that the German youth movement "wanted, like Rousseau, to return to nature, to enter into a life free of the restraints of civilisation, warmer, more vital, and more spontaneous. To justify this aspiration, it unduly idealised primitive society, completely unaware that it is in fact hag-ridden by fears and taboos, and anything but free. Equally unfounded was the assumption that human beings in groups were more sincere and spontaneous than as individuals; for is it not precisely within a group that people learn to adopt mask-like patterns and attitudes?"

At the German youth hostel headquarters at Detmold they admit that there are some hostel managers and groups of young people who try to foist quaint, prudish notions on the rest. But they deny that the hostels are being generally shunned, or that they should be either drastically rejuvenated or abolished. The original and as yet unattained aim, they maintain, is still valid—the establishment of so many cheap hostels throughout the country that none is more than a day's journey *on foot* from another.

* Young Germany: A History of the German Youth Movement. By Walter Z. Laqueur. *Routledge and Kegan Paul*. 253 pages. 35s.



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THE BUSINESS WORLD

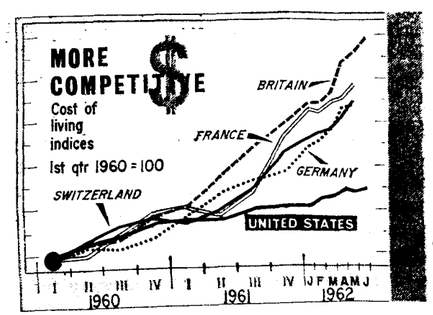
Reappraisal for the Dollar

In a scantily reported closing speech to last week's censure debate in the House of Commons, the new Chancellor of the Exchequer gave an important commitment. Mr Maudling first declared his concern about low commodity prices, the weakness of Wall Street and possible restrictive pressure on world trade; he largely agreed that the piecemeal measures recently taken to ease strains on world liquidity in general and on the two reserve currencies in particular have not been in themselves sufficient; and he then stated that he intended "to take the initiative" for a new approach—presumably at next month's Washington meeting of the International Monetary Fund. A few hours after Mr Maudling spoke, it was announced that Britain was squaring its own account with the Fund—that the remaining $512 million outstanding on the biggest-ever drawing from the Fund was to be repaid within a year of its being made last August. Mr. Maudling and his new team at the Treasury can therefore bring Britain back into the forefront of this great debate free of any debtor's inhibitions.

One may hope, therefore, that the next phase of this continuing world currency saga may be more constructive than seemed likely even a week or two ago. The currency markets are enjoying a brief respite. Sterling has been bolstered all this year by the real strengthening that has taken place in the basic balance of payments, thanks first to an improvement in the current balance and, secondly, to the support given to the capital account by relatively high interest rates. Sterling has also undoubtedly benefited from the fact that the attention of speculators has this year been switched to the dollar. In May, June and the first three weeks of July this speculation built up to a worrying pitch; then the most widely witnessed devaluation denial in history, by President Kennedy via Telstar, achieved an instantaneous and surprising success in pricking the bubble. This success, it now seems clear, was founded on cool reappraisals of prospects for the dollar that were already being made in a number of influential quarters.

Analysts have been fastening on the marked reduction in the American net payments outflow achieved in the second quarter of this year, and of the good prospects for the current quarter, which have enabled Mr Robert Roosa, an Under Secretary of the US Treasury, to revise his estimate for the full year "deficit" from $1½-1¾ billion to $1-1½ billion. It is recognised that part of the recent improvement—possibly $300 million—is attributable to the flight of capital from Canada before the crisis measures of end-June, and that the noticeable improvement in the current quarter comes from special debt repayments totalling nearly $500 million from France and Italy. But advance debt repayments by European countries could still make a continuing contribution over the next few years. Meanwhile, the United States has gone far to achieve its aim of "taking aid out of the balance of payments" by tying 80 per cent of it to its own products, and it is now on its way to doing the same for its equally massive overseas military expenditures. The recent ordinance that United States supplies should be given preference at prices up to 50 per cent above foreign prices does indeed amount in effect to a corresponding "planner's devaluation" in this sector; but while the American economy remains underemployed this may have a logic of its own.

These successes, or prospective successes, in plugging leaks in America's non-commercial payments are most important, for it is these special payments that throughout have been wholly responsible for its net deficit. But the reappraisals that are being made in favour of the dollar are based on wider considerations. It is being asked, not unreasonably, whether the prospect for economic growth could not be better in the medium term in the United States, with its substantial margin of spare capacity, its rapidly growing population and its relatively stable costs, than is the prospect in the now largely over-stretched economies of continental Europe; and, with the often decisive influence of capital flows in mind, a faster rate of domestic expansion is increasingly being associated with a strengthening rather than a weakening in external payments. In a thoughtful speech in Cambridge at the end of last week Dr Roy Reierson of the Bankers Trust Company asked



> whether the same lag that was experienced a few years ago in recognising the end of the "dollar gap" may now be delaying appreciation of the profound effects that full employment, rapid growth and widespread prosperity are having upon the balance of payments relationship between continental Europe and the United States.

Much the same question is being asked by central bankers on the continent. Some of them have made a direct and momentarily successful attempt to counter the denigration of

the dollar and President Kennedy alike that has been drummed into the ears of their local banking communities by New York bankers who are not in the habit of considered analysis in the Reierson manner. Dr M. Iklé of the Swiss National Bank stated in a public speech recently that "if exchange regulations were in force in the United States as they are in certain European countries for capital transactions, there would be a world-wide dollar shortage." And last week Dr Otmar Emminger, a director of the Deutsche Bundesbank, wrote a hard hitting article in the *Frankfurter Allgemeine Zeitung* pointing out that the marked shift in costs in favour of the United States has itself "noticeably reduced" the overvaluation of the dollar.

Above all, Dr Emminger speaks out against the widespread belief that present stresses on the dollar force the United States to take risks with its domestic economy.

> Nothing would harm the world economy and confidence in the dollar more than a premature slide by the American economy into recession. . . .

As for the danger that official counter measures may be inflationary:

> Some experts indeed maintain that in the present circumstances of the United States it would be very difficult to bring an inflation about.

A reflationary policy of the right kind, Dr Emminger points out, could actually help the balance of payments, through its crucial effect in attracting private capital back from Europe to the United States. The gist of this advice is the same as that given by European economic and financial officials meeting in the important economic policy committee of the Organisation for Economic Co-operation and Development earlier this summer—that the United States should not leave until too late any necessary measures to counter recession; but that it should keep a close watch on its costs and try to finance its increased budget deficit by market borrowing. This would serve the double purpose of reassuring financial opinion generally and bringing about that rise in interest rates which is being increasingly urged on the American authorities as a powerful line of defence for the dollar.

Mr Maudling's Task

THIS prescription is a basically sensible one, though if American interest rates are to rise and the economy is still to be steered into full activity, the necessary budget deficit might be larger than some European bankers contemplate. But one must acknowledge that many European central bankers are now giving the right lead to their markets on this object lesson in modern economics. They have thus risen to the first part of the challenge with which the Wall Street slide confronted them two months ago. The other, unfinished, parts of their task are

(1) to ensure that their good sense prevails in the immediate future, that their defences against short-term speculation are sufficiently strong; and

(2) to provide the necessary longer-term framework in which world trade can grow smoothly without continual resort to emergency expedients.

In the short-term task of offsetting speculative movements of private funds, the financial authorities have made a good deal of progress. The new style mutual credits between central banks; Britain's example in offsetting short-term capital flows, in both directions, by transactions with IMF; last year's Paris Club arrangements, now being completed, which will provide resources for a drawing on IMF by the United States (which many people now believe may be necessary to fund short term credits from central banks); and the undercover arrangements for management of the London gold market—all these have given valuable relief. But the psychological reassurance that ought to be gained from such co-operation has been unfortunately limited by the evident scepticism with which certain central bankers still view these ventures. And their lasting value has also been weakened by the conspicuous failure to touch the root of present strains on the key currencies—the ever present and increasing danger of switches from key currencies into gold.

The gold exchange standard certainly can and should be strengthened in the way now accepted in principle by M. Roosa, through a wider move towards mutual holding of currencies. But it becomes increasingly apparent that if a deliberate extension of this kind is to be carried through on a sufficient scale and in a convincing manner this demands the grasping of another nettle—the nettle of the gold guarantee. The issue must not be ducked again in Washington; and Britain, instead of seeking to eliminate the admittedly outdated dollar guarantee in the European Monetary Agreement—and creating appalling misconceptions in the process—should be proposing new guarantees in appropriate forms.

How else can one persuade monetary authorities to hold each others' currencies when there is a genuine fear of their depreciation? Is it desirable, let alone feasible, to rely on good neighbourliness and all kinds of semi-political pressures as permanent features of a world currency system? Must the French finance minister always have to undergo a barrage of questions at Idlewild about a minor conversion of dollars held by the French into gold? Must the German Bundesbank always have to wrestle with its conscience in reconciling help for the dollar with its duty to the Federal Republic? The granting of gold value guarantees—guarantees, that is, to secure that any depreciation in the gold value of currency balances held by central banks would be made good—should immediately transform the relative attractiveness of gold and currencies. Some central bankers, indeed, argue that there might then be a massive switch out of gold into gold guaranteed, interest bearing paper securities. If so, well and good; a wider aim of the guarantee would indeed be to strengthen the role of international credit and reduce gold more and more to a measure of value. An appropriate and by no means unsafe accompanying gesture from America, it may be repeated, would be to get the extension of the gold exchange standard moving by a straight sale of, say, $2 billion of its own gold for (guaranteed) European currencies.

The opposite apprehension, particularly for Britain, is that the guarantee would be "disbelieved," and actually stimulate conversion of a suspect currency into gold. But this danger would be a real one only if the markets expected a general rise in the price of gold; and the whole object of the guarantees, and of the mutual extensions of credit that would have to go with them, would be to obviate the necessity for any such rise, and to relegate currency adjustments to rare and small moves necessary for an extra adjustment in relative costs.

Guarantees on exchange balances, not in gold but in the currency of the holder, have in fact been written into the new swap arrangements between the Federal Reserve and European central banks. They have thereby enabled countries like Switzerland to add to their dollar holdings with only a limited departure from traditional reserve-holding policy (intriguingly, Dr Iklé himself has pointed out that the interest-earning dollar holdings of some [other] central banks have produced a high enough reserve to absorb a 20-30 per cent dollar devaluation). But to remove the current dangerous obsession with gold, which is by no means appeased by all the official efforts to disguise published figures and to economise in gold shipments, it is necessary to extend guarantees over official balances generally.

One useful way in which this could be done would be to confine the guarantee to balances that are transferred as deposits with the International Monetary Fund. These deposits, in contrast with the initial subscriptions to IMF, would naturally bear interest, in the same way as loans to IMF under the Paris Club facilities. And these deposits would also be available for immediate use, with even less formality than a drawing on the existing "gold tranche" of the quota now involves. They should certainly be freely transferable, and thereby acquire an independent form. For the holder they would be as good as existing foreign currency balances, only better by virtue of the guarantee. For the country granting the guarantee on its currency, the advantage would be that the IMF would automatically be a considerate holder of the balances, drawing them down only when the currency was scarce because the country concerned was in basic payments surplus.

Such a move could then be a voluntary first step towards the creation of a new international currency, a goal towards which present piecemeal credit arrangements must ultimately lead. Mr Roosa was no doubt right when he said in Rome that these piecemeal moves by the existing centres of power and responsibility were the only practical means of moving forward in the world of today. There is no sensible chance of the price of gold being hoisted to $100 an ounce, and lesser moves would bring more trouble than relief. Nor is there any chance of an overnight introduction of a Triffin plan. Meanwhile mutual extension of international credit, on a sufficient scale and with sufficient enthusiasm to carry conviction, can serve something of the same purpose. Mr Maudling's immediate task is to overcome any remaining suspicions that may linger at the other end of his own town about the propriety of "creating" international reserves. That is the whole object of the exercise. On a wider front, he must show world bankers that the not inconsiderable bits and pieces of financial co-operation that have been built up under stress in the past two years can still be presented in two ways: as short-lived palliatives for a doomed gold exchange standard; or as a first instalment of a far-reaching but progressive reinforcement and ultimately indispensable transformation of the system.

Can Air Union Get Airborne?

BY A CORRESPONDENT IN PARIS

AFTER five years' hesitation the French government once again this week put off the decision that it had promised about whether, in principle, France should join the Air Union project. It had been stated that the ministers were about to hand down the decision made by General de Gaulle and his technical advisers; but once again, taking as an excuse the absence of some of the ministers concerned, the announcement has been delayed until September.

Air France and the French Ministry of Transport have always backed this scheme. The opposition has come from French private airlines, and from the Ministry of Foreign Affairs. It was initiated in 1957 by Air France and negotiated between that company, Alitalia, Sabena, Lufthansa and KLM; but later KLM backed out, partly because it did not feel it was getting its fair share in the proposed Air Union and partly because it thought the scheme as planned would not work. Agreement between the other companies was completed by 1959: it has been held up for the last three years by the absence of government approval. France's partners in the European Economic Community are waiting for its decision before announcing theirs; but none of them would be likely to jib on points of detail if France were to accept.

What would Air Union be? Basically, a plan for the joint running of the international routes of the common market airlines. Air Union is designed as a half-way house between the kind of straight "pooling" agreement for business on shared routes between independent companies that already exists, and a total integration of companies into a single giant common market airline. As in a pooling agreement, members would pool all their earnings on international routes (other than the French airline network to "franc zone" territories in Africa) and share them out according to predetermined quotas—34 per cent to the three French airlines, 30 per cent to Lufthansa, 26 per cent to Alitalia, and 10 per cent to Sabena. (These figures, calculated for 1970, would concede to Air France's and Sabena's partners more than is justified on current shares of the business.) But a proportion of the expenses of this shared business would also be pooled. The lines' international networks would be integrated, cutting out much of the present duplication, though each company would retain its agencies and representatives, its national character and its prestige—which can be an important commercial attribute.

Maximum frequencies, services to all points and the concentration of each company's operations on its most effective lines—these are some of the possibilities opened up by a pool extended to the entire network. Integration of the four networks with unified scheduling might give Air Union a variety of services with which few other companies could compete. But it stops short of complete integration. A technical agreement would have brought even greater savings in running costs; but this scheme, at least as originally envisaged, stops well short of technical unification.

At this stage, there is no suggestion of joint training or joint employment of staff, common checking and maintenance or any co-ordination of investment in aircraft and facilities, or

central purchasing of currently consumed materials. Many observers believe this would become essential if Air Union is to work. They argue that the insignia of Air Union would gradually, but inevitably, gain in importance over the national markings. And the commercial association seems to them only a first step towards an inevitable technical co-operation in the future, leading to total integration of the separate airlines.

Once airborne on the route towards "Europeanisation," failures could speed up the process of integration just as much as successes. Both could make the process irreversible, whatever its results: good or bad or—as is more often the case—indifferent. So it is understandable that the governments have trembled so long on the brink of what they all recognise as an irrevocable decision; and that none will move before France does.

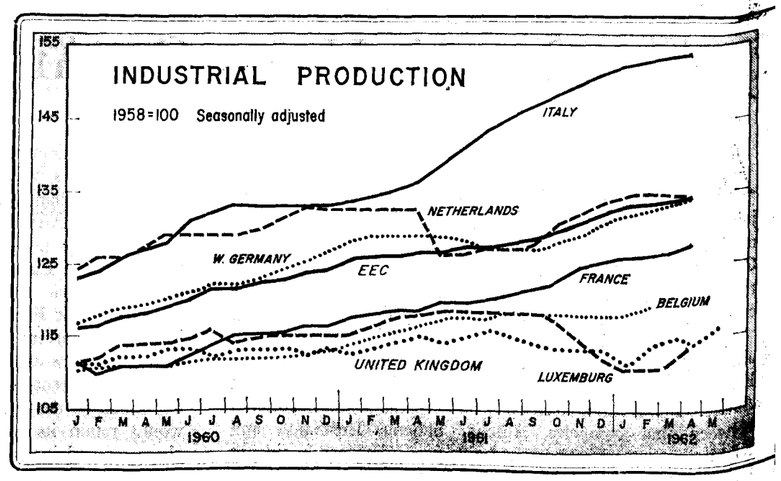
THE basic idea of Air Union is valid. Too many European airlines make it difficult for air transport to develop efficiently and profitably. Moreover co-ordination of effort seems the only way to meet British and American competition —particularly when it comes to horse-trading over traffic rights. None of the European governments questions the initial caution in airline co-operation proposed here, or the empirical advance towards fuller integration. It is the future prospects of Air Union, rather than its structure and mechanism, that have raised reservations and objections from French opinion.

For exactly the same horse-trading reasons as it appeals to European governments, the basic principle of Air Union has caused and is still meeting strong reservations on the part of Britain and the United States. As powerful as Pan American and stronger than the airlines of the British Commonwealth, Air Union might eventually upset the present balance of world air transport. The idea of Air Union arose partly out of the upheaval which the arrival of jet aircraft caused in inter-continental transport. The union, as a fact, might be in a position to ensure that the timetable of introducing supersonic aircraft will not upset the air transport market again. For aircraft manufacturers, Air Union would mean the emergence of a powerful buyer that could have a decisive voice in deciding what sort of supersonic airliner eventually gets built—and who builds it. French airline operators, with an eye on the governments' still only half-formed plans for Anglo-French co-operation to build a supersonic Caravelle, are pertinently asking whether Air Union would have to fit in with governmental ideas about the development of air liners (and the maintenance of favoured aircraft builders in being) or whether the governments would fit in with Air Union's.

The idea of a supra-national airline buyer that might assert its power over the separate governments' ideas on aircraft and air transport is one that gives pause to other governments, and not only to the French. A second objection made to Air Union is that it attaches considerably more importance to inter-continental than to European air traffic—and that the development of this internal traffic should be one of the primary concerns of any community grouping of European airlines.

Embarked on a global rivalry with Great Britain or with the United States, would Air Union be in a position, these critics ask, to give sufficient attention to the short-run traffic which, from Bayonne to Hamburg, from Brest to Venice, from Amsterdam to Marseilles, has a big part to play in integrating European solidarity? Such routes call not for supersonic aircraft but for short runway omnibuses or, at the most, for jets in the Caravelle class. Nor will agencies in New Delhi or on Fifth Avenue attract European customers towards this internal network; it calls for simple terminals, ease of access, and moderate fares, on the lines of the internal American network. In preference to the power and prestige politics on the world-wide plane that attract Air Union, these critics would like to see the organisation devote itself more to European needs.

There are no signs that the six airlines concerned believe that promoting European integration is their business. Their motive for coming together has been to find a formula for common survival in the hard world of international aviation, not for the political development of the European communities. Three of these airlines, admittedly, are French; airlines anywhere depend on government support in their international bargaining, and power to bargain with a whole inter-European network of traffic rights as one's counters would be tremendously attractive; and France is a *dirigiste* government with considerable experience in getting private business to do what it plans. Acceptance of the principle of Air Union by the French government at least is likely to depend upon some stiffening of ultimate political authority over the policies that this European airline in embryo might carry out. On the other hand, if Air Union does not gain the blessing of France and the other European governments, the airlines concerned are likely to seek a wider and more rational framework for their activity through individual relationships with airlines outside Europe.



BUSINESS NOTES

THE ECONOMIES

Caution and Confidence

STATISTICALLY, the European Economic Commission is always prepared to look forward more confidently than the Treasury usually is—on the basis of figures that are farther behind. "While expansion slackened somewhat in several non-member countries in recent months," says EEC in its latest *Economic Notes*, "the growth of industrial production in the Community—admittedly only moderate—continued more or less unchanged." This is no doubt true, but it is as well to remember that these economic notes, "for July," and published in August, appear to rest upon indices of output reaching no farther than April. However, the EEC is confident that its forecast of a 6 per cent increase in production for 1962 as a whole "still holds good."

Mr Maudling in his first speech as Chancellor last week, working with indices reaching at least to May, was hopeful that Mr Lloyd's forecast of a substantial expansion in the economy might hold fairly good too. He said that exports are now growing as predicted; so is public consumption; the rise in private consumption "has fallen a bit behind what we thought"; but this may grow enough in the second half of the year, along with a possible onset of re-stocking in the economy, to provide the "vigorous expansion" the Government is looking for. "If that does not happen, we shall do something about it."

National income figures published this week indeed suggest that following the fall between the third and fourth quarters of 1961 there may have been a further slight fall to the first quarter of 1962. The calculations based on expenditure suggest a fall from fourth quarter 1961 to first quarter 1962 of 1¼ per cent; such indications of output as are available suggest little change. Stocks, which were rising during the second half of last year but fell during the first quarter of this year, tended to even out recovery in other sectors of demand. From the first quarter of 1961 to the first quarter of 1962 there was an increase in total domestic incomes of 3 per cent, which came wholly from a rise of 5 per cent in incomes from employment. Company profits fell by 5 per cent during the year; but the Treasury thinks that this decline in profits may probably have stopped early this year.

Any contrast between caution about prospects in Britain and confidence within EEC needs to be tempered with the commission's remarks about individual countries. In France, it says, output will probably go ahead steadily. But in the other countries it is talking about moderation in the rate of increase. Italy is still in general expanding faster than the rest of the community, but there are signs of moderation in its rise. In Germany cuts in the working week, the commission thinks, are holding up the response of output to some recovery in demand. In Holland, again, it is capacity and labour that are hampering output; but in Belgium demand seems to be levelling off. The rate of growth of industrial production in the Community as a whole, says the commission in these somewhat more cautious tones, seems to be affected by a levelling off in the growth of fixed investment; for the moment, cars and consumer durables seem to be the expansionary element in manufacturing trade among the six.

IN THE MARKETS

Funding We Didn't Expect

EQUITY shares in London have had another quiet week, as investors resign themselves, sensibly enough, to marking time through the holiday season. At the beginning of the week prices were marked down on the basis of fears for the common market negotiations, but later the strong trend on Wall Street provided a sufficient counter influence, and in the week to Wednesday's close *The Economist* ordinary share indicator rose slightly to 312.8. Gold shares have been broadly steady, after last week's momentary fall in the wake of the Telstar assurance.

The steadiest section of the London Stock Exchange over the past few weeks has been the gilt-edged market. Steady investment buying has continued, and while the sharp rise in prices experienced a month or so ago has not been repeated, neither has there been any technical reaction—and dealers see no sign of one. Meanwhile investors can already see significant gains. War Loan, at a net price of 57½, shows a rise of over five points from the beginning of the year. The market rise is moreover being checked by official sales. The stream of local authorities being let through the turnstiles continues, with Warwickshire County Council making an issue this week of £12 million of 6 per cent stock, 1973-74, which at the issue price of 98 yields a gross redemption yield of just under 6½ per cent. The issue was heavily oversubscribed on Wednesday and dealings opened at a premium of one quarter.

Meanwhile the Government's own long dated tap stock, 5 per cent Treasury 1986-89, has become markedly attractive. When the new tranche of £300 million of this stock was put into the tap in May, the issue price of 84½ was deliberately pitched above the market price of the existing tranche, for the authorities evinced no anxiety to take large sums out of the market through funding sales. Rather, unexpectedly however they have subsequently not allowed the tap price to rise in line with the rest of the market: at a net price of 85¾ the gross redemption yield of Treasury 5's is 6⅛ per cent, all but the highest in the list. This has attracted large scale switching into this stock, both from medium dated and from the very long and undated stocks. Some dealers estimate that as much as two-thirds of the tap issue may now have been sold. The authorities have tried to make most of these sales through switches, to avoid taking money out of the market as a whole; but their tactics have undoubtedly restrained the market. Once again, long-term strategic aims, to lengthen the maturity of the national debt, seem to have predominated over short-term objectives of monetary control.

TARIFFS

Tit for Tat

ANOTHER blow for Atlantic Union was struck on Wednesday, when duties imposed by the EEC Council in June came into force on certain imports from the US, in retaliation for recent duties on carpets and plate glass imposed in the United States. There was no question of turning the other cheek; the damage to Belgian producers from the American duties was too great to ignore, and European producers have been suffering too long from what they consider unfair competition for them to be understanding of the President's reasons. The products chosen by the EEC Council were polythene, polystyrene, varnishes, paints and textiles made from man-made fibres. No reasons for these choices have been published, but it is possible to guess at them. These plastics are petrochemicals that have been dumped in Europe and have figured in several anti-dumping actions; imports of varnishes and paints are increasing fast; and the duties on textiles are in return for those on carpets. On glass, EEC cannot retaliate directly; the United States exports little glass.

The value of EEC exports affected by the American duties is $35.5 million, and it is estimated that loss of sales there could put 11,000 people out of work. Under Gatt,

the retaliatory duties must cover a corresponding value of imports; they will affect $27.5 million, although the damage likely to result in the US will be far less. The products most affected will be plastics, paints and varnishes; new duties of 40 per cent will effectively shut them out of the European market, which is already very competitive. Of these, the most important in value is polythene. American producers need export markets for their surplus production (currently about 180,000 tons a year): exports in the last five years have risen from 85,000 to 150,000 tons a year, of which 35,000 tons went into the EEC. As a result of this competition, and similar tactics from Italy, prices have fallen even further in Europe than they have in Britain, to levels that are said barely to cover costs. The first result of the anti-dumping duty in Britain has been to give producers an opportunity to increase prices—ICI announced an increase of 1d. a pound at the weekend, followed by other producers—and the same may happen in Europe.

The retaliatory duties will give warning to the United States of European determination; it is to be hoped that they will not lead to a tariff war. However, pressure from industry on governments continues: last week the finance committee of the French Senate called on the government to protect the chemical industry against American dumping. Already duties have been imposed in France on polythene and butanol.

RESERVES AND IMF

The Right Choice

BRITAIN'S repayment of $512 million to the International Monetary Fund on July 31st entailed a drop of slightly more than that in the central reserves—other transactions in July, when seasonal influences are adverse, resulted in a net outflow of $6 million. As a result, the central reserves at $2,915 million are some $460 million higher than they were on the eve of the record drawing a year ago; though they are more than $300 million below their level at end-1960, before last year's outflow of funds from London began. Now, as then, sterling and the reserves have been bolstered by a considerable inflow of foreign funds; and the authorities are aware that sterling remains vulnerable. But their preference for repaying the IMF rather than adding further to the central reserves has certainly been the right one. It has done much to replenish the IMF till in the lean period before the arrangements for supplementary borrowings under the Paris arrangements are through; and it has given a valuable practical demonstration of the flexible use of the Fund. Britain is indeed keeping open its own line with the Fund by taking a new stand-by credit for the next twelve months, to a total of $1,000 million; this replaces the existing stand-by which was originally for $500 million but had been increased by earlier repayments to $1,270 million. The British authorities have informed the Fund that "they will continue the policies necessary to maintain a satisfactory balance between demand and resources. A principal objective is to keep the growth of money incomes within the limits set by the long-term rate of increase in output."

Britain's final repayment comprised $322 million in dollars, the equivalent of $65 million in marks, $50 million in French francs, and the remainder in other Continental currencies. This big repayment of currencies must have brought a sharp, and increase in the ratio of gold in Britain's reserves, which had been considerably reduced by the IMF drawing. At end-March, the latest date for which IMF calculations are available, the Exchange Account still held just over $1,000 million of convertible currencies in addition to $2,450 million of gold.

PROFITS AND DIVIDENDS

What Sort of Squeeze?

THE past week has been the brightest for company news for many months past; several companies in widely different sectors of industry have reported higher profits and paid bigger dividends. This brighter tone is backed by the findings of the Treasury statisticians who in the latest issue of *Economic Trends* suggest that the decline in company profits slowed down or stopped early in 1962. Between the first quarters of 1961 and 1962 they estimate that profits fell by 5 per cent but they then indulge in what they admit to be the "particularly hazardous" exercise of making seasonal adjustments and come up with the answer that on this basis profits actually recovered slightly.

These estimates are based on an Inland Revenue sample of what has been earned in a particular quarter. They differ essentially from the results of the analysis of company accounts made by *The Economist* of profits earned in a full financial year. The bulk of the companies reporting in July ended their financial years in March and thus earned their profits around a mean date last September. For the full year, as the table shows, their profits show little change. The July analysis is more representative than usual, as it is not dominated by one or two very big companies. The sharpest increase in profits came in the brewery group, reflecting the results of Courage Barclay Simonds, and the steepest falls were in the iron and steel and cotton groups, reflecting the trading experience of Consett and Fine Spinners respectively. Once again the figures show no let up in the pressure on margins.

PROFITS AND DIVIDENDS
(£ million)

230 Companies reporting in July	Previous year	Latest year
Trading profit	157·2	150·5
Gross profit	119·0	111·2
Net equity earnings	55·8	59·4
Net ordinary dividends	28·0	29·5
Times covered	2·0	2·0
Net equity assets	642·8	720·4
	%	%
Gross profit/net assets	18·5	15·3
Net earnings/net assets	8·7	7·4

This problem is one which is facing managers on both sides of the Atlantic and is the subject of an article in the latest issue of the *Harvard Business Review*, which suggests that recent competitive pressures are producing something quite different from

The Economist

AUGUST 2, 1862

TWO PER CENT

It was once said that "John Bull can stand many things, but he cannot stand two per cent." As far as appears, he will now, however, be obliged to endure it. The market rate for good paper of moderate length is far below that rate, and the applications at the Bank have been of late considerably less than usual. Some persons have said, Why, under these circumstances, should the Bank have reduced their rate? They do not gain business by it. Their private securities are this week rather less than they were last. As far as respects the interests of its proprietary, the Bank should charge as much as it can. If, on the other hand, the Bank regard the interest of the public, the conclusion is the same:—Why in that case should they lower the rate of interest and encourage mischievous speculation? On other accounts the Bank of England is, however, justified. As far as regards the interest of its proprietary, it cannot expect to retain any business unless it follow the market rate,—not, indeed, exactly and to a single eighth per cent., but still approximately and generally: Those who have discount accounts at the Bank expect to have the advantage of cheap money, just as other people. On the other hand, as far as the interest of the public goes, it is most expedient that money should be as cheap as possible. If we have no occupation for it at home, let us say we have no occupation. Let us induce those who are competent to weigh the real advantages and disadvantages of foreign investments to engage in those investments. We may believe that many incompetent persons may invest their savings in them,—we may fear that many may make an erroneous selection, and may lose their savings; but let us not on that account refuse to acknowledge the real cheapness of money, or allege that we can employ capital at a profit in our home trade when in truth we cannot employ it.

An independent report on

RUBBER

Production and consumption of natural rubber were nearly in balance last year, but prices are low. Only by increased productivity and reduced costs can the industry hope to meet the increasing challenge from synthetic rubber.

Rubber is the subject of the most recent of a series of enquiries into raw materials and their prospects made by Barclays Bank. This report explores the background and development of rubber and discusses the problems of price, production and markets. For an informative appraisal of rubber today, and a realistic estimate of its place in industry tomorrow, investors and businessmen will find this report invaluable. Copies may be obtained from:

INTELLIGENCE DEPARTMENT

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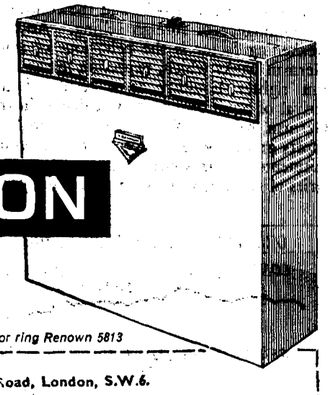

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the traditional wage-price squeeze on profits. The authors suggest four main factors in the present squeeze: inability of companies to add to their profits from the growth of established markets (with its corollary that many companies have been forced into the costly business of introducing new products); substantial unused capacity even at high levels of business activity; more intense foreign competition; and relative price stability. Industrialists have to abandon their assumptions of automatic growth and inevitable inflation, and do some new thinking about running their businesses. The authors quote the president of one company: "It is like starting out all over again in business." British industry might take note.

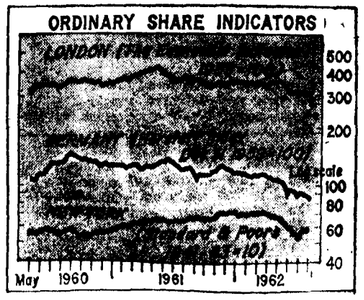
GERMANY

Shares Fall Further

Frankfurt

THE slide on the West German stock exchanges shows no sign of stopping. German share prices have shown none of the stabilising tendencies which have recently become apparent elsewhere, particularly in New York. Sharp falls early this week brought prices below their level on "Black Tuesday" (May 29, 1962). The fall has now wiped out all the previous gains since the summer of 1959; the Herstatt index, which reached a peak of over 150 two years ago, has dropped below 84. Since the beginning of July, Volkswagen has fallen from 518 to 472; Mannesmann from 234 to 216; Farbwerke Hoechst from 394 to 372; Daimler-Benz from 1031 to 915; and Dresdner Bank from 422 to 386. Electrical stocks alone have remained immune from the fall.

Remarkably, though by no means unprecedentedly in Germany, the public has hardly taken part in recent trading and the sharp falls have occurred on a small, bank-dominated market. The new turn for the worse on the West German bourses is attributed both to the recent bankruptcies, of which the Schlieker affair is the most notable, and to new fears of Soviet action against Berlin. The international situation also explains the absence of foreign purchases of German stocks and the continued predominance of foreign selling. Another weakening factor is the behaviour of some German banks which, expecting in the long run tighter liquidity as a result of the arrival of equilibrium or even deficit in the German balance of payments, are making efforts gradually to reduce their stock commitments. The stock exchange commentaries of the German banks and of the press do not offer particularly optimistic forecasts for the German stock market in the near future.



Rescue for Schlieker?

Düsseldorf

AT a press conference last Friday Herr Willy Schlieker gave his own version of West Germany's biggest postwar insolvency. It consisted largely of bitter attacks on his main creditors—his suppliers such as the big Phoenix-Rheinrohr (formerly Thyssen) combine in Düsseldorf, the Salzgitter and the Ilsede iron works. His keynote was that given a little more patience and goodwill, they ought to have been ready to allow him some more breathing-space and to overcome his financial difficulties. But, so he insinuated, Phoenix-Rheinrohr was out for easy prey: it wanted to capture his steel works and his iron trade. And does not his shipyard in Hamburg lie side by side with the famous Blohm & Voss, 50 per cent of the capital of which is in the hands of Phoenix?

Phoenix-Rheinrohr was quick to answer these accusations. Herr Mommsen, chairman of its managing board, gave its side of the whole complicated story of the negotiations taking place since early June, that had preceded Schlieker's insolvency. He insisted that Phoenix never had any intention to disrupt the Schlieker group or to get hold of the iron works and the iron trading firm. Only to stave off the bankruptcy of the whole group had Phoenix taken over 80 per cent of the capital of the Neviges steel works, while the Dresdner Bank had raised the capital of the former Schlieker iron trading firm from 1 to 5 million DM to appease the other creditors. The iron trade could be restored to Schlieker's full control, said Herr Mommsen, at any moment that he was able to buy it back.

The public, however, is less interested in the question how it all came about than in the future of these enterprises. Herr Schlieker seems more or less prepared to sacrifice his steel works on the Ruhr to satisfy his creditors (so that Phoenix-Rheinrohr probably will enlarge its already formidable industrial empire), while the future of the iron trading firm, the origin of Schlieker's wealth, seems to be in the balance. In Hamburg, there seems considerable anxiety to save the shipyard from

Schlieker's personal failure, or even to give him a fresh chance. Thanks to credits from the Dresdner Bank, work in the shipyard continues, wages are being paid, representatives of big American companies such as American Telephone and Telegraph and Bethlehem Steel have assisted by giving credits to ensure the completion of the orders, and even new orders are said to have arrived. The Hamburg city authorities had already offered in earlier negotiations to give a credit guarantee of DM 25 million provided that a new financial backer could be found who was prepared not only to give credits, but to invest new money in Schlieker's shipyard. Phoenix-Rheinrohr declined; so the city had to let things take their course. But Herr Münemann, Germany's "wonder-banker" (as he is called in the popular press) and the promoter of a new system of revolving credits, has been called to Hamburg to help. His idea is to attract new (maybe American) capital, and to transform Schlieker's personal enterprise into a shareholding company with a broader capital base, while Schlieker could remain the management.

SHIPPING

What Our Ships Earn

BRITISH shipping, which conducts an annual survey of its foreign income and disbursements on behalf of the Treasury, never feels these are quite done justice in the invisible accounts in Britain's balance of payments. The balance of payments white papers naturally have to count in payments to foreign shipping on British account; and they also leave out the receipts of British shipping bringing imports to Britain. This, too, is logical, since every import is a debit; nevertheless, if all the imports were carried in foreign ships and none in British, the payments to foreign shipping would be about £250 million a year greater.

GROSS AND NET EARNINGS OF BRITISH SHIPPING ENGAGED IN FOREIGN TRADE

	1959 £ mil.	1960 £ mil.	1961 £ mil.
Receipts:—			
Freight on UK imports	246·0	259·6	285·8
Freight on exports	148·2	147·9	148·6
Freight on cross voyages	332·6	345·4	356·3
Passage money collected in UK	26·9	25·2	26·7
Passage money collected abroad	49·4	50·0	45·7
Time-Charter hire from abroad	23·7	25·9	27·6
Total receipts: gross	826·8	854·0	890·7
net	553·9	569·2	578·2
Disbursements abroad:—			
Fuel*	94·1	91·3	93·1
Canal dues	18·2	23·1	23·8
Port and other expenditure	181·6	187·4	196·4
Charter hire	160·5	195·1	212·7
Total disbursements abroad	454·4	496·9	526·0
Net contribution of UK Shipping to invisible exports	99·5	72·3	52·2

* The cost of bunkers taken at ports abroad, whether or not paid for in the United Kingdom.

Every four years the Chamber of Shipping conducts a full-scale inquiry into these payments and earnings; in between it uses sample surveys, and the figures that it has just published for 1961 were based on one of these. It reckons that the net earnings of British shipping last year amounted to £52 million, against £72 million in 1960. The difference between this figure and the net debit of £50 million in the provisional balance of payments figures for 1961 is that the country spent about £100 million on the use of foreign shipping.

POST OFFICE

Postman's Knock

THIS year, 1961-62, has been the first year of the Post Office's financial independence, and by commercial standards it has not been successful. The Post Office annual report and accounts show that its total profit fell by £10.7 million to £13.6 that its return on assets fell by 2 per cent to 6.5 per cent. These results are the more disappointing as they follow two exceptionally good years. They may even have been a surprise to the Post Office itself: only in March, a white paper gave an estimate of the current year's profits as £20 million. The reason given for this strange collapse—and it is not enough—is that pay increases which in a full year would amount to £11 million were unexpectedly awarded after the white paper was published.

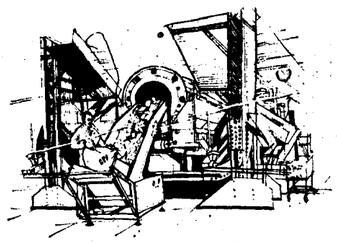
The postal services contributed £233 million of the total income (£495 million) but only £1 million of its profit. The main contributor to profits on postal services was the inland letter post, which made £15.4 million at about the same volume as last year. Fewer parcels were carried and the parcels post continued to lose more money (£9.1 million) than the other postal services. Inland and overseas printed papers lost £5 million, a loss which had been increased by the 20 per cent reduction in pools postings. These normally account for 8½ per cent of land mail and bring in about £5 million.

Telecommunications continued to absorb most (93 per cent) of the capital expenditure and provided £12.6 million of the total profit. STD encouraged people to make more trunk calls and these contributed £12.9 million to telecommunications profits. The main effect of a time limit on local calls seems to have been to dissuade people from making long calls, rather than to charge them more for the calls they do make; this helped to increase the loss on this service to £2.7 million. Other losses came from residential, i.e. non-business, telephone lines (£3.8 million, in spite of the increased tariffs), callboxes (£2.8 million) and inland telegrams (£3.7 million, representing a loss on capital of 63 per cent). The main single item in both services contributing to increased expenditure was wage increases, which added £15 million to total expenses. On the other side of the coin (and the side most assiduously publicised) improvement of equipment and the capital programme is continuing. Most of the investment (£114 million last year) is financed from within, although £40 million came from the Exchequer.

No one expects the Post Office to behave like a commercial organisation; it performs too many unprofitable services for this to be possible. But it is as well that commercial criteria should be in the background. There may be arguments for keeping the telegram service running, even at a loss. It is hard to see how this argument can be extended to the parcels post, printed papers or rentals on private telephones. If they do not immediately suggest remedies, these accounts at least show where attention should be directed.

The Machines Take Over

THE Post Office's elaborate plans for mechanisation are beginning to bear fruit, with the first production machines taking over the preliminary sorting and cancelling of a large part of the mail coming into the main Southwark post office. These cost £48,000, but the bill includes an element of development cost and the Post Office hopes that if and when it orders in quantity, prices will come down.



For the moment, it has plans for two other installations, in Glasgow and Liverpool, which should be working later this year.

For this outlay the Post Office has four machines which can do with eight men work that previously required forty and the prospect of reducing by four-fifths the labour needed in some departments. The first machine, which cost £15,000, separates the contents of mailbags emptied at its feet by shaking the life out of them in an immense, slowly rotating pipe with graduated slits through which first the small letters, then the large ones fall until only the parcels are left to tumble out of the other end. It looks slow, but in fact handles 60,000 items an hour and delivers them bundled by size and shape. The letters pass to three £11,000 cancelling machines which identify the position and value of their stamps by the number of phosphor lines these carry, seize the letters in a convoluted, twirling series of belts and deliver them, right side up, neatly cancelled and separated into letters and printed paper. (These machines loathe coloured postcards and throw them into the reject pile.)

The next stage of mechanisation will be more difficult. It depends on whether letter writers can be coaxed into using coded addresses. If they can, then post office sorters have only to re-code in machine language and machines can sort the letters much as the banks expect to sort cheques. A field trial in Norwich shows that about half the post now arrives with the code added, most support coming from business led with notable enthusiasm by the football pools. This is a better response than the Post Office expected and might justify experimental mechanical sorting. But these machines are likely to suit only the big post offices.

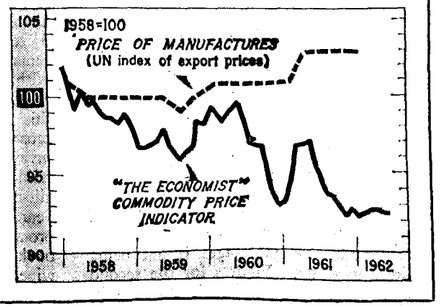
PLESSEY

Background to a Dispute

THE reconstruction of the Plessey board following the death of its founder, Sir Allen Clark, and the appointment to the chairmanship of Sir Harold Wernher, who was the chairman of Ericsson Telephone when it and Automatic Telephone merged with Plessey, has involved the resignation of three directors and the appointment of two others. The three that have resigned are Mr J. F. Mallabar, an accountant who

"We have reached a time when we must look at the whole problem (of low commodity prices) again and make a fresh attempt to secure new and revised agreements on commodities. . . . I hope that we shall make a new advance and a new approach to the general problem of commodity agreements because the low price of commodities certainly threatens the balance of international trade, and is a very serious problem for many underdeveloped countries."

Mr Maudling in last week's censure debate.



acted as chairman during Sir Allen's illness, Mr Bedford Attwood, the chairman of the Attwood market research group which runs TAM and who served on the Molony committee, and Mr A. F. Roger, who was the chairman of Automatic Telephone and is a director of a large number of other telephone companies. This is a formidable trio of talent and experience, and their departure must surely mark some clash of opinion about the future running of the group. The two sons of Sir Allen, Mr John Clark and Mr Michael Clark, and Mr A. E. Underwood, the only director outside the family to be promoted from the executive level to the full board in recent years, have remained on the board with Sir Harold and have now been joined by Mr Harold Watkinson, the former Minister of Defence, and Field Marshal Lord Harding.

The directors who have resigned have referred to "a difference of opinion concerning the arrangements for the future management of the company"—a difference of opinion, possibly, within the board about Sir Allen's elder son ultimately taking over the chairmanship. Sir Harold Wernher, who is in his late sixties, has been quoted as saying: "It was a clash of personalities and not of policies." With its widely ranging interests in television and electronics, Plessey has an important concern with the British telephone industry, in which the power of the "ring" is less strong than it was. The reconstruction of the board is not yet complete; the stock market's initial reaction to the resignations was to mark the shares down by 3s. 9d. to 35s., but they have since recovered to 36s.

HOUSE-BUYING

Over the Top?

THERE have been few more compelling reasons for buying houses of late than the nearly certain knowledge that, if you did not, you would be buying later anyway, and at a higher price. Arguments for caution based on the logical certainty that "It can't go any higher" have invariably been refuted, for some years, by another rise. Now at last there are signs that the rise in prices has slowed down. The general manager of the Co-operative Permanent Building Society said in a recent statement that there appeared to be "certain areas of resistance to high prices" and that, although the pockets of resistance are not numerous, "they remind us that the demand (for houses) is not necessarily inexhaustible." Most buyers form one-man pockets of resistance as soon as they enter an estate agent's office; it is good news that some have coalesced.

This tentative opinion has been confirmed by other building societies, one of which has found that the extra money it is able to offer for mortgages is not being entirely used up. Figures for the second quarter of this year, which should be published in a few weeks, are expected to show the usual seasonal surge but, adjusted, to support the suspicion that the market is slowing down. Sales have fallen but only in a few areas have prices fallen: South Wales, the North East and the South Coast have been mentioned. But it is impossible to pin these areas together and to try to draw a common conclusion from them. Houses are not standard products with a homogeneous market value: each group of the same age and price range in a given area forms its own market, and the higher up the scale one goes the more particular the market becomes.

London house agents find no difficulty in selling the few really outstanding houses they get even at very high prices. But in the lower reaches of the market there are fewer houses for sale than usual (possible sellers are holding off), and they stay longer on the books. Where last year an agent might have had six or seven houses for sale, this year he may have 15 or 20. This is more true of the suburbs where prices have even fallen in the last three months. Along the South Coast the market is steady in commuting areas but has eased back in the retirement belt, where buyers may depend on shares that they are unwilling to sell at the moment. Prices have risen most in the South over the last few years, and it is to be expected that they will react most quickly to any change in the market. In the Midlands house sales are steady and showing few signs of falling off, except in areas where for local reasons the future looks uncertain. Around Liverpool, where prices have been for a long time below the national average, house agents report business that is even lively, a report echoed further north.

These opinions confirm what even the most superficial examination will show, that no national pattern exists. But buyers of houses in the London area will probably do well to breathe deeply (the price no doubt having taken away their breath first) before they sign.

Going It Alone

WONDERING what they were thinking in Halifax, some building societies were a little surprised when the Leicester Permanent announced, as it had once before in May, 1959, a reduction in its mortgage rate but no change in its investment rates. Leicester's mortgage rate comes down from 6½ to 6¼ per cent but the rate on its shares remains at 3½ per cent, tax paid, in line with the Building Societies Association's recommendation. The Leicester can make this voluntary sacrifice in its surplus because it has a strong reserve ratio. Taking investments at market values, its current ratio is about 5 per cent, and the rise in gilt-edged prices which has taken place this year has obviously played its part in prompting the decision. The deficit on the book value of its gilt-edged stocks has been wiped out and its directors are not alone in believing that interest rates will go down still more. The flow of funds to the society has been strong and the directors believe that the reduction in the mortgage rate may help to stimulate the demand for houses which, they say, "in some parts of the country is showing slight signs of falling off."

Few of the big societies have reserve ratios strong enough to follow the Leicester's example—even if they wanted to do so. They could knock one quarter of one per cent off the mortgage rate if the government relieved their surpluses of profits tax but mortgage rates could not be brought down to 6 per cent unless the rate on shares was lowered to 3¼ per cent. And the societies will need stronger evidence than they have at the moment that interest rates throughout the economy will stay at a comparatively low level for a good period of time before abandoning the idea of "stability" in rates and before deliberately checking the inflow of savings. They are still watching the Halifax, even though another board meeting this week passed without a cut in its rates.

EURO-DOLLARS

Counsel for the Defence

THE Euro-dollar, symbol of the large and highly efficient international market in foreign currency deposits that has expanded rapidly in recent years, is not generally popular among central bankers. Just as its growth has been stimulated by national restrictions and regulations seeking to isolate money markets in self contained units, so its existence does in some measure complicate the task of isolated measures of credit control. Earlier this summer Signor Carli, governor of the Bank of Italy, felt obliged to give some pointed hints to a gathering of foreign exchange dealers, whose creation the Euro-dollar market is, on the need for some restraint in exercising their freedom to shift money into the most profitable uses. In Germany the desire of the Bundesbank not to add unduly to the supply of Euro-dollars is one reason why it is no longer seeking to shift dollar holdings into the hands of commercial banks. In Britain a few months ago Sir Charles Hambro, chairman of Hambros Bank and a director of the Bank of England, declared his belief that the Euro-dollar was a temporary phenomenon, based on the artificial limitation of interest rates in the United States under Regulation Q.

But now Sir George Bolton, chairman of the Bank of London and South America and also a director of the Bank of England, speaks out for the defence. In a characteristically free-flying article in his bank's quarterly review, in which Sir George declares his suspicion of official "gerrymandering" of forward exchanges and of the new co-operative central banking techniques in general, he also, and more convincingly, argues that the official resist-

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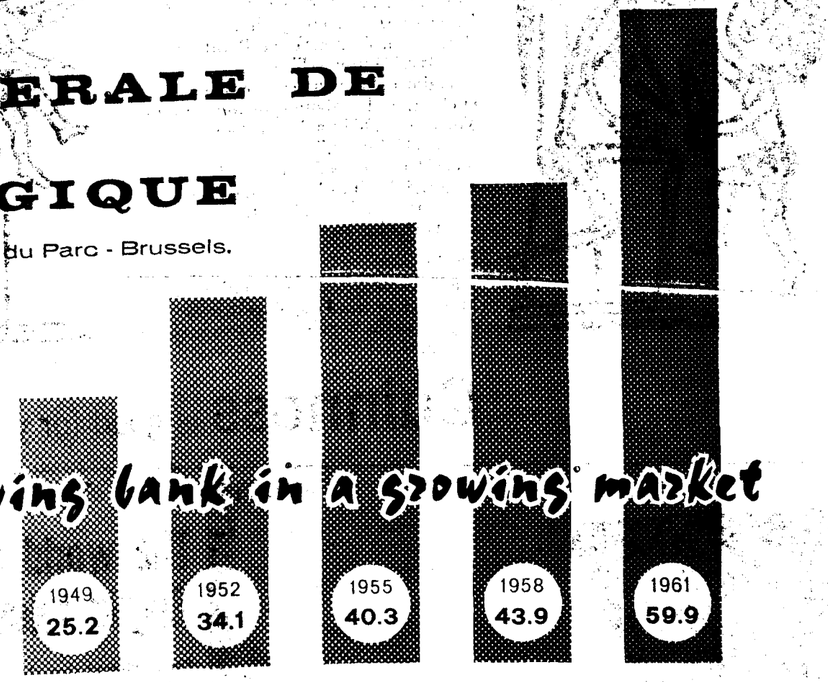

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Of "Guinness!"
Young Pete, he started getting sweet
Upon a sprinter, most petite,
Who, when she heard that Parakeet
Say, "Guinness!"—
Exclaimed, "I train for every meet
On that. And so should you *tout de suite*.
You too, could be a fine athlete
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Soon Pete was ready to compete.
He straddled hurdles fast and fleet
Until he won the final heat,
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tions which he so much dislikes are the basis of the new international money market, and give the Euro-dollar market "a long term potential." Moreover, Sir George says:

> It is probable that the supremacy of the official New York and London money markets has now passed and is unlikely to return, unless these two markets were to absorb the newly created international money market.

That, he adds, would be neither easy nor necessarily desirable; he sees this market as providing potential financial resources for Britain that "the sterling system cannot itself generate," and here again one must agree. The Euro-dollar has encouraged a remarkable extension of private financing of international trade, and it has had welcome effects in loosening the hold of local banking monopolies and cartel arrangements. If it complicates the problems of monetary control, national and international, the right solution is not to suppress it but (and here *pace* Sir George) to develop such new official techniques as may be necessary to deal with any adverse side effects of the generally welcome Euro-dollar.

TIN

Quite a Shock

No agreement was reached last week between officials responsible for the United States' stockpile of tin and the representatives of the International Tin Council. The United States had invited the ITC's views on its scheme for getting rid of part of this self-imposed burden, but while the ITC (for a change) was firmly united for this occasion, the United States showed who was master in tin by largely ignoring the ITC's recommendations. The ITC sought to ensure that American releases did not exceed its own estimate of the likely shortfall in tin production and that the United States should work within the new price ranges in the stabilisation scheme.

But there was little chance of complete agreement about "the specific rate and conditions of disposal." The ITC's proposals could have hobbled the United States's plan to peddle out a steady supply of tin from the stockpile, and the United States seems hostile to the price limits in the international agreement. The United States is therefore pursuing its original plan of disposing of a maximum of 300 tons of tin a week for a trial period of six months. As these sales are expected to begin before the end of August, the announcement of a detailed programme for disposals will probably be made before the ITC next meets in the middle of the month.

The maximum rate of disposals is likely to be somewhat less than 300 tons a week and could be softened by disposal through other government agencies, but fairly prompt delivery and acceptable quality should attract reasonable bids for all the tin tendered, partly at the expense of purchases in Malaya and elsewhere. Action is promised if the impact on the market becomes "too severe," though there is no definition of this distressing condition. The tin market registered concern at the United States' bluff treatment of the ITC delegation by dropping the price to £825 a ton, though the ITC's buffer stock manager pushed the price back above his buying limit of £850 a ton without great resistance. The United States is willing to consult at any time with the ITC or "substantially interested" governments. After last week's rebuff, this sounds like a sergeant major asking that any complaints should be addressed to him. The ITC got a better response from Russia in the crisis of 1958.

COMMONWEALTH DEVELOPMENT

A Merger Required

Belatedly, the Government has agreed to keep the Colonial Development Corporation in effective existence. Mr Duncan Sandys announced in the House of Commons on Tuesday that the existing bar on the corporation undertaking new projects in countries that have become independent is to be removed. When the necessary legislation is passed, CDC will again be able to operate freely in all Commonwealth countries that achieved independence after India, Pakistan and Ceylon. At the same time, the corporation's name will be changed to the Commonwealth Development Corporation. As such it is bound to be confused even more widely than it already is with the Commonwealth Development Finance Company—and there is in fact quite a good case for merging the two. Although the CDC is financed almost entirely by the Exchequer while CDFC is financed by Commonwealth central banks and City institutions, the two organisations have for some time been moving closer together in their operations. CDC has deliberately reformed itself to operate on commercial lines, it often works with private capital on a joint basis and it is now in a better position to borrow funds from the market—which could soon be necessary if its extended sphere of operations brings forth a rush of applications. Meanwhile CDFC languishes with impressive backers and good management but a dearth of projects. The two organisations do not lack a mutual respect for each other; a genuine merger into a strong new organisation would be a sensible, and not expensive, contribution to a more effective aid effort.

DIVIDEND REMITTANCES

Local Difficulties

The desperate need of under-developed countries for foreign exchange has tempted several of them to interfere with dividend remittances. Ghana announced in March that foreign companies operating there would have to invest 60 per cent of their net profits after tax in that country. This proposal has not yet been enacted, but officials treated profits earned by Konongo Gold Mines in the year to September 30, 1961, in this way.

Konongo has been forced to pay the final dividend for that year, recommended in February, out of funds previously accumulated in London. But Ashanti, the only other foreign-owned gold mine now operating in Ghana (five others were nationalised last year) has announced an effective increase in its interim dividend for the year to September 30, 1962, and has received money from the Bank of Ghana to pay it. An offer by Ghanaian officials to release part of the funds necessary to pay Konongo's final dividend was accompanied by further conditions which the company found unacceptable, and this presumably accounts for the perplexing difference in the treatment of the two companies. The only encouraging aspect of this clamp down on dividends is that a Ghanaian official has said that the restriction of remittances is not intended to be permanent.

More trouble for tea companies in Ceylon, where taxes already account for three quarters of profits, was contained in last week's Budget. The finance minister is to see Mr Maudling about reducing the level of dividend remittances from Ceylon. A year ago, Mr Lloyd in effect exhorted British companies to do precisely the reverse to aid Britain's balance of payments. At the beginning of last month Carolina Tea passed a dividend on its preference capital because it could not obtain the remittance of funds from Ceylon, and in retrospect that difficulty now seems to have been a harbinger of general restrictions.

Some of the money held back by Ceylon will indirectly help to finance the extension of Ceylon's state-owned plantations. In the same breath as his announcement of the likely curtailment of dividend remittances, Ceylon's finance minister repeated the well-worn assurance that foreign estates would not be nationalised. That promise was little help to Ceylon tea shares, which reacted sharply following their recent slight recovery on improved profits.

PROFIT SHARING

ICI Cuts Its Coat

Since 1954 Imperial Chemical Industries has run a generous profit-sharing scheme, payable in ICI ordinary stock to employees with more than twelve months' service. For 1961 the bonus amounted to nearly £9 million before tax for over 91,000 employees and after tax it will result in the distribution of £2,361,000 nominal of ordinary stock. ICI has now adjusted the scheme for bonuses for 1962 and afterwards. If the new rules had been applied to the 1961 bonus they would have

reduced it from 2s. 1d. to 1s. 6d. in the £ of wages. In the past the bonus has represented 22 per cent of the amount paid out before tax on the ordinary, preference, debenture and loan stock. In future, the bonus will be calculated after deducting from this 22 per cent of gross distributions to stockholders all revenue received from subsidiaries whose employees are not in the scheme, revenue from asociated companies and dividend and interest income.

The first reason given for the change is that ICI's revenue from subsidiary and associate companies whose employees are not in the scheme has been rising and it is illogical that this should swell the bonus of employees who have not contributed to its making. The directors had already indicated that the scheme might have to be altered on this account alone. But the adjustment might not have occurred now, or might not have been so sharp, had it not been for two other factors. First, the issue of convertible loan stock for Courtaulds shares adds to the cost of the bonus and now the directors tell their employees, in effect, that they will have to share with stockholders the burden of the bid for Courtaulds. Secondly, the directors believe the amount paid out in bonus for 1961 was more than could be justified in the light of current conditions even though "it might be acceptable in the future if the company's profits, in relation to the capital employed, again reached high levels." The adjustment tries to hold the balance fairly between employees and stockholders. As profits are depressed the employees' bonus and ordinary dividend could have been maintained only at a great sacrifice in profit retentions. ICI is having to cut its coat from less cloth.

BANKING LAW

Not Negligent

It is so long since a bank appealed successfully against a decision that it had been negligent in collecting a cheque for a customer that the Court of Appeal decision in *Orbit Mining and Trading Co. Ltd.* v. *Westminster Bank Limited* will take a conspicuous place in banking text books. One swallow does not make a summer but bankers may well be mixing their metaphors this week and wondering whether the tide has turned at last.

The Orbit case involved a fraudulent director and secretary, Epstein, who was entrusted with cheques signed in blank by his co-director. Some of these he completed "Pay cash or order" for varying amounts, and paid in to his own account with the Westminster Bank, either at the branch at which the account was kept or at another branch. Three such cheques were the subject of this case, the company alleging that the bank, which had clearly converted them, had lost its statutory protection through negligence. Mr Justice MacKenna found for the company, and judgment has now been reversed by the Court of Appeal.

The company's most weighty argument was that Epstein's signature was one of the two signatures on the cheque, and that when the cheques were paid to the credit of his account this fact should have put the bank on enquiry, even at a branch where Epstein was not known, and certainly at his own branch which knew of his directorship of the company. But Lord Justice Sellers held, according to the only report that has so far appeared, that there were no suspicious circumstances to put a cashier on enquiry—this on the basis, apparently, that the cashier owes no duty to examine the signatures of cheques paid in for a customer's credit unless there are other circumstances that make the transaction appear suspicious. In the present case, Lord Sellers considered that the amount of the largest of the three cheques, £1,269 18s. 6d., was not quite enough to put the cashier on enquiry, and Lord Justices Harman and Davies concurred.

All this is a striking reversal of form, both in the general tenor of banking decisions and on the particular point at issue, on which few bankers thought the appeal could succeed; they await the full report of the decision with special interest.

RUSSIAN PATENTS

Western Approaches

In its ambition for enlarged trade with the West, Russia is having more truck with capitalist institutions. The Soviet Union, it is said, is contemplating filing more applications for patents abroad and joining the "Paris Union" of countries subscribing to the international convention on the treatment of these industrial property rights. Nothing prevents Russians filing more applications here; but in fact, such applications declined from 41 in 1959 to 22 last year against 9,574 applications by Americans, 5,677 from Germans and 1,968 from France.

Non-membership of the international convention means that Russia has been losing the year's priority from the first date of registration in filing patent applications with the member countries. Russian inventions are therefore open to piracy, and there have been many cases of Russian inventions being taken up without payment by Western industrialists. Two forms of registration of patents exist in Russia. "Inventors' certificates" vest all rights to the invention in the state in return for a payment based on the use made of the invention. A little used alternative allows the inventor to exploit his own invention, though his scope is naturally limited in Russia. Until recently, Russians applying even for inventors' certificates have been stigmatised as being unreasonable in attempting to squeeze the fruits of their inventiveness from the state. The form on which both types of patent application must be made are identical, and copies are sent as a matter of course to foreign records offices where they may be inspected by the public. A private body exists for disseminating this sort of information.

As Russians are reluctant to file specifications in their own country, the danger arises with increasing trade with the West, that a major group—say, an ICI—might patent an invention in Russia that had already been developed in Russia. Also, if Russia is to export more manufactures, the march it will steal on its competitors through new inventions must surely be consolidated by taking up abroad the normal protection with which the West rewards its inventors. The current drive in Russia to get more inventions patented is therefore hardly surprising.

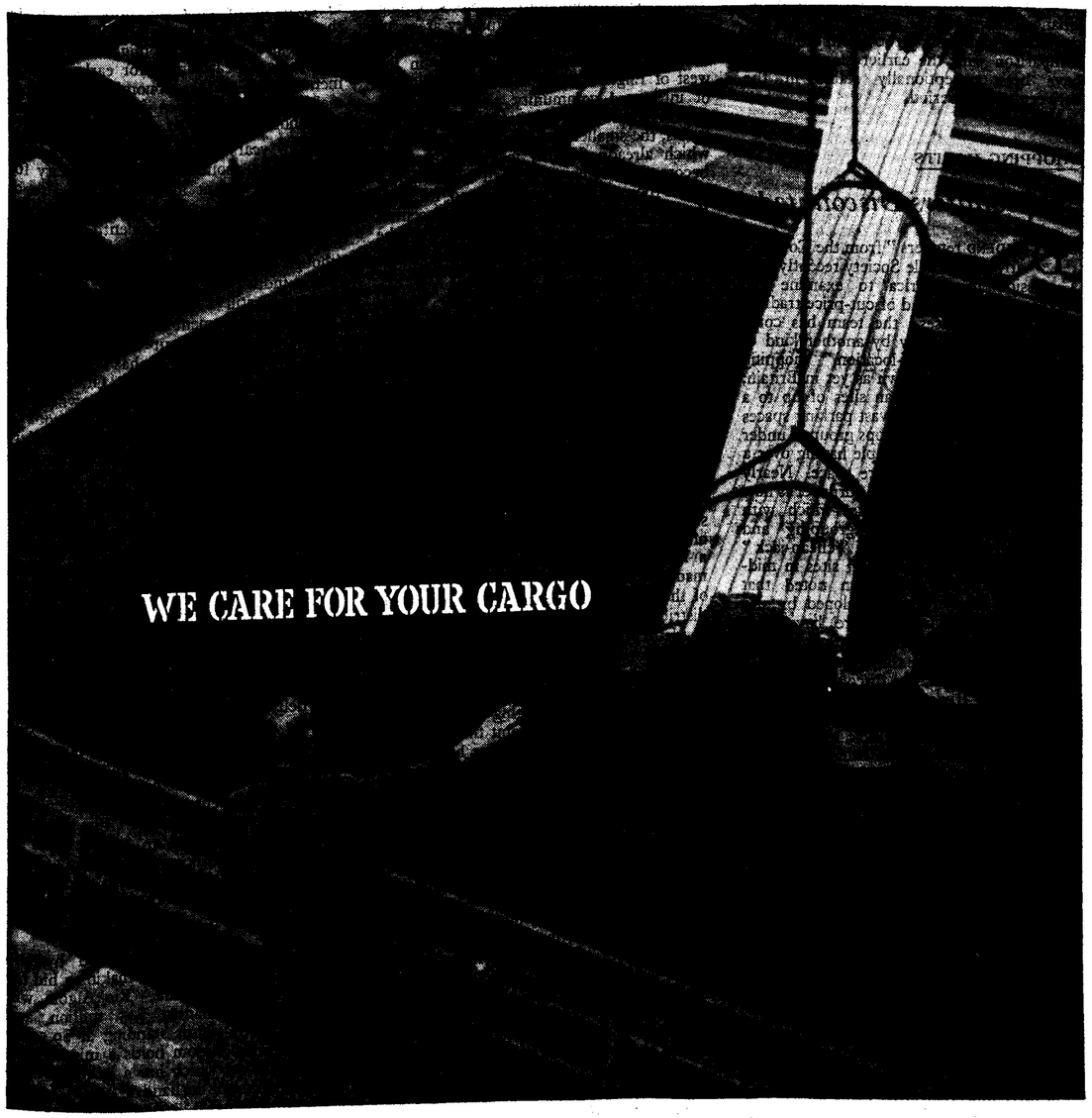
COCOA

Superabundance?

After last season's freakish twists, forecasters are more than usually cautious in weighing the prospects for the cocoa crop in the new season beginning on October 1st. After four successive years in which production records have been broken, conditions are reported favourable in both West Africa and Brazil, the chief producing areas. In the last two seasons, Brazil's output has been considerably below its potential, and at one time during the season just ending prospects in West Africa seemed relatively poor. For those willing to risk a forecast so early in the season, another big stride forward in production therefore appears to be on the cards. Consumption has continued its steady rise this year and has made up some of the leeway on production. But if production has only been taking a breather in its rapid upward climb, consumption could again be left trailing next year.

Like the Wheat Council, when the international cocoa study group first got down to business in 1956 there was no surplus problem. But its main pre-occupation now is with a sales quota scheme with which it could possibly hope to iron out the imbalance in supplies after the end of the coming season. Producing a full United Nations stabilisation scheme for cocoa has been put back so often that it is now not expected to be considered by a negotiating conference until possibly the middle of next year. But recently the international study group has obtained a shadow in the form of a producers' alliance which includes all the main growers.

This body has a louder bark if not a sharper bite than the study group, which includes consumers, but though at the recent meeting of the alliance a claim was made that it possessed the power to lift cocoa from the rut into which it had fallen it has not yet chosen to demonstrate this very conclusively. In the middle of the negotiations, Brazil unexpectedly cut its selling price sharply though it later partly reversed the reduction by declaring a higher minimum price for exports. As a result of



Strange things come our way for stowage in our ships and this is one of them. But, whatever they are, they receive the same care and attention.

Harrison Line

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

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the lack of any strong measures taken by the alliance to improve the price of cocoa, it has drifted back to about £160 a ton, though by comparison with the earlier storms, prices have been exceptionally stable in the between-season period.

SHOPPING HABITS

Discounters Discounted

"DIVIDEND retailers" from the Co-operative Wholesale Society recently sent a mission to America to examine the success of another kind of cut-price trading, the discount houses: the team has come back impressed mainly by another kind of trade, the "perimeter-location" shopping centres. These, unknown as yet in Britain, are suburban or ex-urban sites of up to a hundred acres, in which vast parking spaces serve a great variety of shops grouped under one roof, the largest example having over a million square feet of store space. Nearly a quarter of American retail turnover is now said to take place in these, which with their emphasis on store grouping and glamour are the opposites of "cheap-jack" discount houses on backstreet sites in mid-town. The CWS delegation noted that shopping centres (often developed by and round a large department store) have come to accept discount houses in their midst; this usually results in the smartening up—and pricing up—of the discounters. This more elegant type of discount stores in America, says the CWS report, in fact equal or surpass in appearance most low/medium class department stores in Britain (hardly a difficult achievement). Many even offer credit, HP, delivery, and servicing—all the extras, in fact, whose absence is supposed to help discount prices. The report's conclusion was that the cheapest type of discount store was on the way out in America, after a period of great success, and might never even achieve widespread popularity over here.

The CWS seems to have made these discoveries with some relief. Only last November the Development Committee of the Co-operative Union was urging the movement not to miss its chances in the discount selling of dry goods. But, as the CWS report implies, some people felt the movement could not afford to patronise a kind of trading that often made an asset of the scruffiness which the Co-op movement is trying to overcome.

The CWS is undoubtedly right to insist that retail planning for the future must take into account likely changes in transport habit and communications. The two, of course, go together: "motorised shopping" will only become widespread in Britain if there is somewhere to put your car near the shop. The alliance of car parks and shops is the essence of the shopping centre, though it seems unlikely that the shorter distances and more general high land values in this country would ever produce developments on the largest American scale. The CWS talks of the possibility of perimeter shopping centres serving several community areas, of the kind that Allied Land and Investment said this week they were planning in the west of England; this seems the antithesis of integrated community planning and it seems far more likely that, as in the new towns, the smaller "neighbourhood centres" which already flourish in the States will become the common pattern here. There is still room in the larger cities, too, for more Birmingham-style redevelopment of central urban areas rather than the rush to the outskirts—providing the motorised shopper is prepared to pay an economic rent for parking space in the centre.

FILMS

Money to Risk

THE National Film Finance Corporation, one of the three buttresses of an industry that long ago gave up hope of being self supporting, exists to take the strain in the weakest places. It lends most of the "end money" for the production of a film after a distributor's guarantee has made it possible to raise the greater part of the finance on the market. Though big distributors now work closely with independent producers, the NFFC still bridges an important gap, even if the sums it lends —£1,034,396 in the last financial year—are not so great as they used to be.

The NFFC's managing director, Mr John Terry, made the point this week that once an independent producer has become successfully established with the Corporation's help, he may be lost as a source of profit when he comes to make another film, if enough help is forthcoming from elsewhere. This, of course, is as it should be, for the NFFC is not primarily an impresario. But it does make it harder for NFFC to recover its loans. Most British films still lose money; but it can be taken as a sign of improvement, and of several big successes, that the Corporation has made a profit for the second year running totalling £323,952, which is the highest it has ever achieved. Second features are the least profitable of all: Mr Terry would like to see them replaced with shorts.

CAPITAL GOODS

Try Something Else

WHETHER a venture into making steel plant is at present likely to open up for Richardson Westgarth a much more promising market than it has recently been experiencing for its other heavy equipment is very doubtful. The group has made an agreement with the Krupp organisation of Essen to co-operate in the manufacture of hot metal mixers and convertors for oxygen steel processes, such as the Kaldo process.

Oxygen steelmaking, certainly, is one of the processes in the steel industry where a good deal of capacity might in the next few years be earmarked for early replacement, owing to the economies it offers in melting shop costs, even if total steel expansion should slow down.

A few years ago, some steelmakers used to complain about the lack of capacity for making steel plant in Britain, and also of the problem of having only one supplier of certain kinds of equipment. They are not complaining about the first today (though it should be noted that at the peak of the industry's latest wave of investment there was still a good deal of American design and equipment being bought). They might still argue about the other point; the plant-making industry has become more rather than less concentrated. On the other hand, concentrated or diverse in ownership, a lot of this British capacity is idle today: in much the same circumstances as boiler-makers or marine engineers, with sizeable orders still being completed, but little new business coming into bolster up the order book.

SHORTER NOTES

Canada has agreed to accept $5.03 a lb for uranium delivered to UK Atomic Energy Authority under the "hidden contract" contained in an exchange of letters in 1957. A premium will be paid for deferring deliveries and the price will be adjusted if basic costs rise. First deliveries of this 12,000 short tons of uranium concentrates (24 million lb) can be made only after a producing company has completed its deliveries under previous contracts. All earlier contracts will be filled by 1967. The new contract allows deliveries to be stretched to early 1970. It has been shared among Canadian producers according to their contractual rates of delivery on July 1, 1961.

★

Rio Algom Mines, controlled by Rio Tinto-Zinc Corporation, is making a bid for Atlas Steels of Canada. Rio Algom will offer about Canadian $45 million and 680,000 of its shares standing at $9.50 in Toronto. Rio Algom holds a minority interest in Atlas, which has a large development programme in hand.

COMPANY AFFAIRS
Comments on pages 483 and 484 on:
General Electric — John Brown
Doxford and Sunderland — Alfred Herbert
Fitch Lovell — Hoover
Thorn — Nchanga

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 486 and 487

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 485

THE GRÄNGESBERG COMPANY,
STOCKHOLM

TRAFIKAKTIEBOLAGET GRÄNGESBERG-OXELÖSUND

Continued growth in broadened field

This statement is a review of the Annual Report adopted by the Annual General Meeting held on May 18, 1962. Copies available from the Secretary at the Head Office, Gustaf Adolfs torg 18, Stockholm, Sweden.

A Review of 1961

Investments Begin to Bear Fruit

GRÄNGESBERG's activities during the past few years have been dominated by a far-reaching investment and expansion programme, with unusual capital expenditure, aimed foremost at adding steel to the Company's traditional ore and shipping businesses and increasing productivity and capacity in all its fields of activity.

A major part of the financing required for this programme has been based on capital released through the purchase of the Company's LKAB shares by the Swedish State for SKr. 919.5 million. The final part-payment was received in 1961. The Company emerging in 1962 differs in character from GRÄNGESBERG of pre-1957 and most of the investment projects have now reached the fruit-bearing stage. This should place GRÄNGESBERG in a strong position to hold its own despite the prevailing market conditions in its three main fields: iron ore, steel and shipping.

In 1961, production and turnover again showed considerable increases, while profits not only maintained the level reached by their leap forward in 1960, but also continued to rise. These results were achieved in the face of easing demand and rising wages. The year's profit growth can be attributed chiefly to the increased shipping tonnage, together with the improved productivity and the larger turnover.

ORE BUSINESS

Four-fifths Exported of which 62 per cent to Britain

The iron ore mines at Grängesberg and Strássa, the latter re-opened in 1959, reached a new production record, with Grängesberg passing the 2 million metric ton mark for the first time. One-fifth of the ore extracted went to the Company's mills at Oxelösund and Guldsmedshytte Bruk. The larger part was exported, going chiefly to Great Britain (62 per cent) and West Germany (26 per cent). The trading profit on the ore business rose but slightly to SKr. 48.1 million, prices being unchanged and costs rising. The ore contracts for 1962 should enable deliveries to be kept on approximately the same level as during 1961, and the inevitable price drop due to increasing supplies in the world market amounted to five per cent on the average.

Among the many investment projects now under way at the Company's mines is the erection of a 200,000 metric ton pelletizing plant at Strássa.

SHIPPING

Tonnage Doubled Since 1955

While GRÄNGESBERG's shipping operations are based chiefly on ore transport from Sweden, ore from other sources and such bulk cargoes as coal, oil, grains, etc., made up no less than about one-fourth of the cargo carried in 1961. These categories accounted for nearly half of the fleet's operating time in 1961.

The increase in shipping tonnage that affected the 1961 trading profit totalled (apart from the m/v "Matarengi" of 37,530 d.w.t. received in November 1960) 34,700 d.w.t., comprising the bulk-carrier m/v "Aurivaara" and reinforcements on existing combined carriers. After the delivery of two bulk carriers, the total tonnage in operation at mid 1961 amounted to just over 600,000 d.w.t. Of the fleet's present 33 ships, no less than 16 have been built since 1957, totalling over 360,000 d.w.t. Two ships of together about 70,000 d.w.t. are on order for delivery by 1964.

IRON AND STEEL

Oxelösund Officially Opened

A highlight of the year was the official opening of the Oxelösund Iron and Steel Works in the presence of H.M. Gustaf Adolf of Sweden. The primary features of the Works are the two Kaldo (oxygen-steel) furnaces, with a charge capacity of 100 tons each. The intended full capacity of 25,000 tons of plate per month should be achieved, after the present running-in operations of the steelworks, during the second half of 1962.

The plate produced during the starting and trimming phase of operations has been well received on the Swedish market. During the year it was decided to make the necessary investments for increasing the annual production capacity to 400,000 tons of rolled products by 1964, through the addition of a second open-hearth furnace and various mechanical equipment, etc.

OTHER BUSINESS

Grängesberg Self-Sufficient in Power

Virtually all of the power for GRÄNGESBERG's Swedish operations is generated by wholly or partly owned hydro-electric plants; and these resources are being expanded in step with the Company's growing requirements. The port facilities at Oxelösund will be thoroughly modernized and fitted to receive the very largest tonnage entering into the Baltic.

LAMCO

Initial Capacity Increased

In its capacity as Manager of the Lamco Joint Venture in Liberia, GRÄNGESBERG during the year carried on construction work, by its own organization as well as through several contractors, at the Nimba mine and on the railway to the ore port at Buchanan, and the port itself. Production is scheduled to start during 1963. In its additional capacity as Agent for Lamco's ore sales, the Company concluded further ore contracts—with Italian and Belgian buyers—and by the turn of the year it was decided to increase the initial ore extraction capacity of the Lamco Joint Venture to the annual volume of 7.5 m. metric tons by late 1964.

In November 1961, additional shares in the Swedish Lamco Syndicate were acquired, bringing the Company's holding to 15/28 (53.8 per cent), compared with 12/28 previously.

HIGHLIGHTS OF 1961

(Figures in 1,000 metric tons unless otherwise indicated.)

	1961	1960
PRODUCTION		
Ore from Grängesberg	2,001	1,874
Ore from Strässa (Concentrates)	385	370
Power (incl. shared resources) million kWh	289	180
Explosives	5.2	4.4
Steel Plate	125	25
Pig-iron	323	181
Sponge Iron	32	33
Window glass 1,000 ½-cases	386	401
TRANSPORT		
Port of Oxelösund:		
Total shipments	2,327	2,204
Total discharged	649	346
Shipping tonnage 1,000 tons d.w. (31.12.1961)	580.7	546
TURNOVER (in m. SKr.)		
Parent Company (external sales only)	446.9	363.2
Incl. subsids. (Sweden) (external sales only)	512.8	415.5
PERSONNEL		
Company & subsidiaries (Sweden)	8,550	7,307
Liberian Operations	2,410	1,740
PROFIT AND LOSS ACCOUNT (in SKr. 1,000)		
Trading Profit		
Ore Business	48,051	47,178
Shipping Business	51,769	42,242
Other Business	16,220	12,147
	116,040	101,567
Dividends		
From Subsidiaries	5,070	4,093
Other	7,308	7,938
	12,378	12,031
Interest		
From Subsidiaries	2,087	3,141
Misc. Interest	21,574	30,420
	23,661	33,561
Misc. Revenues	14,345	11,416
	166,424	158,575
Depreciations	91,516	89,525
NET PROFIT	41,239	38,787
FROM THE BALANCE SHEET (in m. SKr.)		
Current Assets	419.6	403.7
Fixed Assets*	1,044.1	1,270.6
Current Liabilities	118.9	132.1
Long-term Liabilities	71.5	74.3
Capital and Reserves*	1,273.4	1,468.0
Share Capital†	495.8	297.5
Dividend (for the previous year)	35.7	35.7

Dividend for 1961: **SKr. 39.7 million.**

* Extra depreciations on fixed assets of SKr. 200 m. out of capital surplus were decided by the 1961 Annual Meeting and effectuated during the year.

† In 1962, the share capital has been increased to: **SKr. 500,000,000.**

COX AND WYMAN LIMITED

SATISFACTORY RESULTS IN DIFFICULT YEAR

The annual general meeting of Cox and Wyman Limited was held on July 31st in London, **Sir Christopher Bullock, KCB, CBE** (the chairman), presiding.

The following is an extract from his circulated statement:

Last year I stressed the serious upward trend in costs. The year under review was unfortunately marked by a continuation of that trend. The renewed measures of credit restriction also had a temporarily adverse effect. The Reports of other companies in the Printing Industry published in recent months show that reduced profit margins have been the general experience. In these circumstances, although our profit shows a decrease, I consider that the results may be regarded as satisfactory—particularly when it is borne in mind that the record figures for 1960/61 benefited from an overlap into that year of the accumulation of orders resulting from the printing stoppage of 1959.

There was a further modest rise in our Sales for 1961/62, and in particular we produced even more 'Paper Backs.'

The consolidated Profit and Loss Account of the Parent Company and its subsidiary shows a Group Trading Profit, before Debenture Interest and Taxation, of £105,133 as compared with £112,084 in 1960/61, a decrease of £6,951. Debenture Interest takes £18,600; and £41,612 is required for Income Tax and Profits Tax.

After deducting these charges, the Net Profit for the year comes out at £44,921, as against £50,525. We paid an interim dividend of 3 per cent in January, and now recommend a final dividend of 6 per cent, which makes a total distribution of 9 per cent. We shall thus be maintaining the same dividend rate as was paid last year when our capital was smaller. That issue increased the Company's capital from £280,000 to £350,000; and in consequence the total cost of the 9 per cent dividend on this occasion will be £19,294 net, as compared with £15,435 net a year ago.

I have in previous Statements emphasised the need for our Company to conserve its finances for the present and to strengthen the Balance Sheet by building up adequate Reserves. It is satisfactory that, after the appropriations above proposed, the Consolidated Balance Sheet shows, in addition to the Share Premium Account (Capital Reserve) of £13,381, Revenue Reserves which, including unappropriated profit, will now total £74,647.

We have spent substantial sums in recent years on the re-equipment of our Works; but this process must continue, if we are to maintain our competitive position. This year commitments in respect of capital expenditure are estimated at £61,000 as against £27,500 twelve months ago, an increase of £33,500.

As to prospects for 1962/63, it is difficult under present conditions to make any firm forecast. In the latter half of 1961/62 there was some temporary slackening-off in Orders, which I ascribe primarily to the credit restrictions; but I am glad to be able to report that there has recently been a marked improvement. Our present Order Books should ensure that our Works are well occupied for some months to come. The report was adopted.

S.A. DES AUTOMOBILES PEUGEOT

The Ordinary General Meeting, held on June 26th under the Chairmanship of **Mr Jean-Pierre Peugeot,** unanimously approved the reports of the Board of Management and Auditors, and also the distribution of profits proposed by the Board. After the allocation to legal reserve and a total allocation of NF. 20.500.000 to the statutory reserves, the total allocated to shareholders amounted to NF. 16.776.000, an increase of 4.85 per cent compared with that for the previous year. Taking into account the free distribution made in 1961, each of the 1.800.000 shares of the share capital will receive a gross dividend of NF. 9.32. The net dividend of NF. 7.15 will be payable on July 6th (coupon No. 5).

The appointments of the Directors, Messrs Francois Peugeot and Roland Peugeot, were renewed for six years.

In his address to the meeting the Chairman pointed out that the net assers of the Company could reasonably be assessed at NF. 1.350 millions. The profit after tax of NF. 50 millions, left by the turnover, of about NF. 2 milliards, thus gives a yield of 2.5 per cent. These results, obtained by using the maximum production potential, are in excess of the average recorded in the French automobile industry as a whole, but very much below those of foreign car manufacturers. This means that, in the face of ever-increasing international competition, the Board are making every effort to maintain the present rate of production and sale.

During the first five months of this year there was an increase of 6.3 per cent in the number of cars sold, there being also a slight increase in turnover and an improvement in export sales.

All of these Bonds having been sold, this announcement appears as a matter of record only.

New Issue

$20,000,000

Kingdom of Norway

Fifteen Year 5½% External Loan Bonds of 1962

Dated August 1, 1962 — Due August 1, 1977

Interest payable February 1 and August 1 in New York City

Harriman Ripley & Co. Incorporated — Kuhn, Loeb & Co. Incorporated — Lazard Frères & Co. — Smith, Barney & Co. Incorporated

July 25, 1962.

WILLIAM HANCOCK AND COMPANY

FURTHER PROGRESS

The seventy-fifth annual general meeting of William Hancock and Company Limited was held on July 26th in Cardiff, **Mr Joseph Gaskell, TD** (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

I am sure all Shareholders will agree that the group profits of £621,609 (£503,113) before charging taxation of £346,649 (£269,957), giving a net profit of £274,960 (£233,156) are satisfactory.

The tendency for sales of draught beers to increase and bottled beers to decrease has continued during the year but a net increase in total beer sales of 4 per cent is satisfactory. It would seem that the increasing popularity of keg beers is having an effect on bottled beers and in this connection sales of our Barleybrite have been outstanding.

Your Directors feel justified in recommending an increase in the total dividend on the Ordinary Stock from 17½ per cent to 20 per cent.

The consolidation of the duty Surcharge in the 1962 Finance Act gives little hope of a reduction in beer duty in the near future and the effect of the Purchase Tax charge of 15 per cent on soft drinks and cider has to be awaited. Fortunately, most of the areas in which the Company trades are reasonably prosperous at the present time and, provided conditions do not change, I see no reason why progress should not continue.

The report was adopted.

GROSVENOR HOUSE (PARK LANE)

ANOTHER SUCCESSFUL YEAR

The thirty-fourth annual general meeting of Grosvenor House (Park Lane) Limited was held on July 26th in London, **Sir Charles Taylor, TD, DL, MP,** the chairman, presiding.

The following is an extract from his circulated statement:

In spite of the fact that 1961 was a year bedevilled by international affairs which made tourists think twice before leaving their own shores for England, the profit for the Group before taxation shows a further increase over the last year. The net profit after taxation shows only a slight decrease on last year which is entirely due to increased Profits Tax.

Of course, turnover targets were helped by the modernisation which has been completed during 1961. The former Grill Room, which is now proudly renamed The Burghley Room, after the distinguished title which Lord Exeter bore when he joined the Board, captured people's imagination from the start and its customers continue to grow in number.

In the same way the Great Room, which I should remind you is the largest ballroom in any hotel in Europe and one of the few really large hotel ballrooms in the world, has been transformed with glittering success.

One of our small banqueting rooms, known as the Westminster Suite, has, in contrast to the Dubarry Suite, been redecorated in modern style. We can boast that Grosvenor House can provide a private dining-room for numbers ranging from 2 to 1,500 persons.

I believe that world travel will continue to expand, particularly if a solution can be found to some international problems. The wind of competition in the form of a number of new hotels now being built may be felt for a time, but I have always taken the view that we can face with confidence competition of new hotels with comparatively small rooms built at heavy cost, but that the greater problem in the next few years will be a shortage of trained staff. Your directors have been preparing both by improvement of existing facilities and by modernisation, against any competition we may have to face.

We are very satisfied with the investment we made just over a year ago when we bought the Polygon Hotel at Southampton. The turnover and profits have shown a marked increase during the first year of our ownership and operation and contributed to this year's increase in gross profits.

I have been asked on numerous occasions how the Common Market will affect Grosvenor House. I think the real answer is that if we can make sensible arrangements with the Commonwealth and with Europe and promote greater trade with the Common Market countries, there will be a consequent increase in travel by business men and increased tourist travel will follow.

I look forward to the future with confidence because I believe that world tourism and business travel will expand and also because I believe in Grosvenor House. We give the finest service in any hotel in the world; our rooms are comfortable; the food is excellent, and, above all, we have a loyal management and staff who work together as a proud and highly trained team.

The report was adopted and a total dividend of 1s. 4½d. per 5s. Ordinary Stock Unit (2½ per cent up on last year) was approved.

MOUNTSTUART DRY DOCKS LIMITED

IMPROVED RESULTS

The Sixtieth Annual General Meeting of Mouatstuart Dry Docks Limited was held on July 31st at Cardiff, **The Lord Leighton of St Mellons,** Chairman, presiding.

The following is an extract from his circulated statement:

In presenting the Accounts for the year ended March 31, 1962, I am conscious of the note of optimism I ventured to express a year ago. At that time there appeared to be a slight improvement in Shipping and our own position as regards repair work was quite good. Unfortunately, the improvement was not maintained and in fact dockings and repairs dealt with by the Group fell short of our previous year's total. In my Statement I told you of our decision, taken with great reluctance, to close our old established Barry Graving Docks for the time being, and it is only because of the economies effected at Barry, and in other directions, that we are able to show an improvement in our results as compared with the previous year.

It is impossible to make any forecast as to our future prospects because the position in the Shiprepairing Industry, which is entirely dependent on shipping, changes so quickly. The current year started off with all our Docks occupied and working to capacity, but since the beginning of June work has fallen off, and with the exception of Channel and Bute, our other Docks have been very quiet.

The Board have decided to recommend a dividend of 6 per cent, the same as last year.

The report and accounts were adopted.

KULIM RUBBER PLANTATIONS, LIMITED

MR P. B. L. COGHLAN'S REVIEW

The Twenty-eighth Annual General Meeting of Kulim Rubber Plantations, Limited, will be held on August 8th in the Council Chamber of The Rubber Growers' Association (Inc.), Plantation House, Mincing Lane, London, E.C.3.

In his circulated Review, the Chairman (**Mr P. B. L. Coghlan**) describes the further substantial progress achieved by the Company during 1961. Despite the lower price of rubber, good headway had been made with the Company's rubber replanting programme and, through the medium of a Subsidiary Company, first steps had been taken to promote an oil palms scheme. Also, iron ore mining had begun on one of the Company's properties and this additional source of revenue was particularly helpful at a time when receipts from rubber production were at a lower level.

Mr Coghlan then gives the following assessment of the outlook for natural rubber. Generally speaking, the future prospects for natural rubber produced on high yielding estates are perfectly sound. As the years go by, however, the new synthetic rubbers being produced come more and more into the picture and it is fairly obvious that in a few years' time, as their prices are reduced and quality improved, they will become even more competitive. I still consider that the two groups are complementary to each other and if the best qualities of each could be combined, even better materials would be made available.

In the meantime, the main field of competition and the fight for survival is not so much between natural and synthetic, but rather within their own fields of production. In other words, high yielding natural rubber produced at a low cost with a high standard of cleanliness and quality and in accordance with manufacturers' specifications, will have the best chance of survival. Similarly, the new stereo rubbers with their improved qualities and, in due course, reduced costs, will replace largely the present conventional synthetic rubbers.

At present we have the added complication of the problem of disposal of stockpile rubber accumulated by the United States of America. I feel sure that all concerned are doing their utmost to solve this problem with the least possible dislocation to the world market, but I must say that the various rumours and counter-rumours of plans and methods of disposal have created from time to time unsettled and uncertain market conditions. Surely it would be better for the American Government to state categorically that it intends to sell a definite and reasonable quantity per year. In other words, it would become just another rubber "producer" and the market would then know exactly where it stood and could adjust itself accordingly.

However, whatever scheme is adopted, it is most important that there should not be sudden variations and that there should be certainty of action over a period of years.

In the meantime, our own efforts will be directed to improving our efficiency so that we can continue to make a reasonable return to shareholders on their investment even at the lower prices for rubber which we may have to face in the future.

THE GENERAL ELECTRIC COMPANY LIMITED

G.E.C.

SALES AT NEW RECORD OF £135 MILLION

MANY CHANGES IN ORGANISATION

DIRECTORS' REPORT

The sixty-second Annual General Meeting of The General Electric Company Limited will be held on September 6th at the Connaught Rooms, Great Queen Street, London, W.C.2.

The following is the Report of the Directors which has been circulated with the Accounts for the year ended March 31, 1962:

The Directors present their Report and the Consolidated Statement of Accounts as at March 31, 1962. They also present the Balance Sheet of The General Electric Company Limited at that date.

The consolidated profit of the Group after taxation amounted to	£2,131,622
from which is deducted the interest of minority shareholders in Subsidiary Companies in the profit of the year	292,202
	1,839,420
to which is added adjustments relating to previous years	321,877
	£2,161,297
Of this amount the following has been dealt with in the accounts of The General Electric Company Limited:	
Profit for the year	£1,597,971
Adjustments relating to previous years	213,472
	£1,811,443
The Directors have appropriated the following:	
Preference dividends for the year to March 31, 1962, *less* income tax	£206,413
Interim dividend of 3 per cent on the Ordinary Stock, *less* income tax, paid April 7, 1962	422,625
and recommend	
Final dividend of 7 per cent on the Ordinary Stock, *less* income tax, payable September 13, 1962 ...	986,125
leaving balance to be transferred to Revenue Reserve	196,280
	£1,811,443

REPORT OF THE DIRECTORS

Sales for the year, including those of Radio & Allied (Holdings) Limited, which was acquired during the year, amounted to £135,174,000. Direct exports of the Group from the United Kingdom amounted to £16,143,000 against £18,405,000 in 1960/61. Sales by the Overseas Subsidiaries totalled £30,400,000 as against £31,500,000 last year.

The benefits of the programme of reorganisation are now being felt. Non-recurring losses and expenses associated therewith amounted to £679,413 after allowing tax relief (£1,469,000 gross) which has been charged against Revenue Reserve. On the other hand, capital profits amounting to £1,300,000 have been realised on sale of investments and properties arising directly or indirectly out of the reorganisation and have been credited to Capital Reserve.

While trading conditions have remained difficult and competition severe, a concentrated attack on costs has led to improved margins in some areas.

In the light of the results for the year and the prospects for the future, your Directors recommend a Final ordinary dividend of 7 per cent, making 10 per cent for the year on the increased ordinary capital, the same rate as for the previous year.

The Consolidated Balance Sheet shows some improvement in the liquid position as compared with that at March 31, 1961. The very large contracts on which the Company is engaged involve substantial short term fluctuations, but in the long term further improvement is expected.

Before arriving at the profit for the year your Directors have had particular regard to the long term contracts for manufacture and supply at present in progress. Provisions against possible losses have been made on the same prudent basis as in previous years. The usual method of presentation has been adopted by excluding from the provisions shown in the Notes to the Profit & Loss Account those deducted from the appropriate assets. This necessitates changes in the comparative figures for the previous year.

During the year, a number of important changes have occurred in the Company's organisation and management. The transfer of trading activities to the operating Product Groups has been completed and, in furtherance of the policy of decentralisation, certain Subsidiary Companies have been formed.

A conditional contract has been entered into for the sale of Magnet House, Kingsway, previously the headquarters of the Company. Most of the Branch premises throughout the country have either been sold or are in the process of disposal.

In the rearrangement of the shareholdings in Pirelli-General Cable Works Ltd., the greater part of the G.E.C. investment in that Company has been sold to Pirelli International at a satisfactory price. The Company has also sold its 50 per cent interest in Columbian-General Blacks Ltd.

In the early part of 1962, arrangements were finalised with Mullard Limited for the formation of a joint Company, called Associated Semiconductor Manufacturers Limited, to take over the development and manufacture of semiconductors. In this competitive field, the pooling of resources will be of considerable benefit to both Companies.

The Board. Of your Directors, Lord Aldington, Lord Catto, Mr D. G. W. Acworth and Mr W. J. Bird retire by rotation under the Articles of Association, and being eligible offer themselves for re-election.

Mr A. J. Scamp joined the Board during the year and offers himself for re-election under the Articles of Association. Mr Scamp was appointed Personnel Director on January 1, 1962.

It is a pleasure to record that in the 1962 New Year's Honours list a barony was conferred upon Sir Toby Low, who is now Lord Aldington.

BANQUE DE L'INDOCHINE

PARIS

The Annual General Meeting of Banque de L'Indochine was held in Paris on June 27th and the following are details of the report presented by the Board of Directors.

Amongst the branches of the Bank, those in Indochina, Japan, Malaya, Siam, and the French Pacific Islands have shown good results. The work of the London branch is now easier owing to its more spacious and modern premises.

Banking activity in France increased once more, especially in the sphere of discounting. As previously, the Bank took part in important foreign trade operations especially in Brazil and the Far East. The establishment directed or assisted in increases in capital for many French companies.

Shareholdings were taken or increased in many companies in France, in finance, research, distribution, transport, paper, construction. Various associated banking and finance institutions continued to increase the scale and the scope of their activities. Companies financing construction of buildings raised their capital and BANQUE DE L'INDOCHINE was amongst the founder members of *SINVIM* and *UNIF*. Information given in the annual report of the bank about the numerous financial, industrial and commercial undertakings in which the bank holds interests, shows that satisfactory results were achieved, in particular by investment companies, manufacturers of automation equipment, paper and cardboard, cement, alcoholic drinks, glass, chemicals, public works, non-ferrous metals, and by air-lines. The Bank continued to assist in regional development.

Net profit for the year amounted to NF.11,275,510.50 as against NF.10,217,302.27 for 1960 and it is proposed to distribute NF.9,146,787 compared to NF.7,593,602.95 in 1960, in the form of a net dividend of NF.10.7 per share as against NF.10 in 1960.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

F. H. LLOYD & CO. LIMITED

HIGHEST RECORDED PROFIT

MR F. N. LLOYD ON THE OUTLOOK

The seventy-fifth annual general meeting of F. H. Lloyd & Co., Limited, was held on July 27th at the registered office, James Bridge Steel Works, near Wednesbury, **Mr F. N. Lloyd,** chairman and joint managing director, presiding.

The following is taken from the chairman's statement, circulated with the report and accounts for the 52 weeks ended March 31, 1962:

Ladies and Gentlemen, last year's profit is the highest recorded in the history of the Company and the available profit after tax at £561,126, in spite of the increased rate of profits tax, is also a record. These results have been achieved during a year of increasingly keen competition and are the outcome of a further increase in turnover, improved utilisation of man-power and materials and benefits derived from capital investment in recent years.

DIVIDEND OF 15 PER CENT

This year's balance sheet reflects the outcome of the offer of 450,000 Ordinary Shares which was announced in our accounts last year and I would like to thank shareholders for the confidence they then showed in the Company's future by taking up 96 per cent of these shares. Although capital expenditures during last year have been running at a lower level, it is expected that we shall need to utilise the whole of these additional funds in modernising our plant and extending the range of our products. The Board has decided to recommend a final dividend of 12½ per cent, making 15 per cent for the year on the increased capital.

In September, 1961, Mr R. A. G. Duff ceased to be an executive director although he remains with us in a non-executive capacity. He has left us to take up an executive position with N. Hingley & Sons, Limited as Managing Director of one of their subsidiary companies. Four of your directors are now also serving as directors of N. Hingley & Sons, Limited and this arrangement is advantageous to both companies, whose interests are complementary, rather than competitive.

IMPROVED RESULTS MAINTAINED

The steel foundries and machine shops at our Wednesbury Works have been fully employed throughout the year and the improved results reported on last year have been maintained. Important additions have been made to our range of machine tools and additions to our steel foundries are in hand to increase the weight and size of the work which they can handle. Owing to the increasing importance attached to quality control, we are installing this year Betatron radiographic equipment, which will be capable of giving accurate and well-defined pictures through cast steel sections up to 18 inches thick.

At Lloyds (Burton) Limited there has been a further increase in the production of the specialised products which we are making under the agreements made some years ago with the American Brake Shoe Company. There was, however, some falling off in demand for this company's normal range of products and as a result profits here have run at a slightly lower level than at a year ago.

Parker Foundry (1929) Limited at Derby has been able to make a further small improvement in its trading results. This company has brought into operation a mechanised plant which enables the full economies of mechanised methods to be achieved on comparatively short production runs.

E. C. & J. Keay Limited has managed to make a small profit in the year, in spite of the severely competitive conditions which have prevailed in the structural engineering industry. We have had the benefit of economies achieved by concentrating all the staff at the main Works at Darlaston and by closing down the office at Henley-in-Arden, from which all designing and selling activities were hitherto conducted. A start has also been made on renovations in the Works and this will be carried on energetically during the current year.

NEW PLANT ACQUIRED

Since the close of our financial year we have acquired the buildings, plant and equipment used by Curran Steels, Limited for the manufacture of steel castings. An opportunity to acquire this plant arose just before the end of March and we have negotiated the transaction on terms which it is believed will prove advantageous to your Company. We have acquired only the steel foundry plant of Curran Steels, Limited and the engineering part of that organisation is still owned and operated by Messrs. Curran. The steel foundry has substantial capacity for the manufacture of small castings in repetitive quantities especially in manganese steel and given a suitable order book is probably capable of manufacturing at cheaper cost than any of our own plants. Unfortunately, under present conditions it is unlikely that we shall be able to obtain sufficient orders to enable it to make an appreciable addition to our profits during the current year. We feel certain, however, that it is an advantage to us to have this foundry under our own control and that as and when trading conditions improve our selling organisation will be able to find suitable outlets for its products.

Profits for the year to date are running at a lower level because we are having to accept keener prices to keep an economic level of production in our shops. This year's results will depend on our ability to maintain a satisfactory order book and under present conditions in the engineering industry it is difficult to see how we shall be able to do this. At the same time, we are in a good position to take advantage of any improvement that may transpire later on in the year.

TRIBUTE TO EMPLOYEES

Last year's results would not have been possible without the keenness and enthusiasm with which our employees have tackled the tasks allotted to them. In all our factories we operate joint consultative committees or Works Councils which we have kept going since the early days of the last war. These bodies consist of representatives of management and of employees who are elected by secret ballot. They meet at regular intervals to discuss all aspects of the Company's business.

The report was adopted.

'COALITE'

AND CHEMICAL PRODUCTS LTD.

CHESTERFIELD

The following points are taken from the Statement by the Chairman, **Commander Colin Buist,** *to the 45th Annual General Meeting of the Company:—*

★ The previous rate of steady progress has been restored. The record figures of two years ago were exceeded during the year ended March 31, 1962.

★ The profit of the Group, after depreciation and before taxation, totalled £1,017,558 compared with £852,133 for the previous year. Net profits were £531,411 (with an increased total dividend of £212,642) compared with £449,083 in 1961. £300,000 has been transferred to General Reserve.

★ Expenditure of a capital nature totalling £564,000 was the highest for many years. Capital expenditure authorised and outstanding at March 31, 1962, amounted to £1,390,000. It is expected that it will be possible to finance this from our own resources.

★ The work of mechanising retort operations is proceeding satisfactorily. The heating of all our retorts is now automatically controlled. Benefit is already being derived from improving efficiency and better productivity.

★ Entry into the Common Market should not affect the sale of "Coalite" in this country. There seems to be no solid smokeless fuel currently available on the Continent of Europe, or likely to become available, that will match the suitability of "Coalite" for the open fire. Competition in Oils and Chemicals may become more severe.

★ The new Research Centre at Bolsover was occupied in February.

★ Good progress is being made with the major scheme of expansion at the Askern Works. The new output should be available in 1964.

★ The new year has started well.

METAL INDUSTRIES LIMITED

GROUP

Summary of results for the year ended 31st March 1962

Turnover	£34,205,590
Consolidated profit before tax	£2,545,805
Taxation	£1,344,659
Ordinary dividends	£689,533
Cash flow (retained profits plus depreciation)	£1,159,132
Earnings per £1 ordinary stock (after tax)	3/0d
Dividends per £1 ordinary stock (after tax)	1/10d
Cash flow per £1 ordinary stock	3/1d

Copies of the Accounts and Chairman's Statement can be obtained from Metal Industries Limited, Brook House, Park Lane, London W.1.

S.A. Des Anciens Etablissements
CH. BERTHIEZ
PARIS, FRANCE
(Machine Tools)

The Annual General Meeting of S.A. Ch. Berthiez was held in Paris on June 27th under the chairmanship of **M. Aicard**, and the following are extracts from the Report presented by the Board:

REVIEW

Orders received during 1961 rose by 23 per cent compared to the previous year and reached a record level. Various prototypes of machines were built and a new automatic manufacturing process was designed. New machines and buildings were completed in the Company's works. Remarkable success was achieved at the European Machine Tool Exhibition in Brussels and at the Moscow, Bucharest and Brno Exhibitions. A new agreement was made with the Company's Japanese licensees, *Shibaura Machine Works*. A new group, *Toshiba Machine Company Ltd.*, was formed with another company, and the joint undertaking is amongst the most important machine tool manufacturers in the world. A sale distribution agreement was put into operation with the *Schiess Company* in Germany. Two agreements were made, one with the *Wickman Company Ltd.* in Great Britain, the other with *Lapointe Machine Company* in the United States of America.

PROFIT AND DIVIDEND

Net profit for the year 1961 amounted to NF.21,556 and it is proposed to carry forward the whole of the balance. It is expected that the results for 1962 will be very satisfactory.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted unanimously.

ST. MARTINS PROPERTY CORPORATION LIMITED

formerly

ST. MARTIN'S LE GRAND PROPERTY CO. LIMITED

	1962	1961
	£	£
Share Capital	3,336,000	2,503,009
Loan Capital	8,796,959	6,772,221
Reserves	7,982,240	4,308,946
Property Assets	20,048,494	15,841,161
Group Profit (before tax)	665,621	434,053
Net Profit (after tax)	373,518	242,393
Dividends (net)	305,011	214,633

The following is a summary of **Mr. J. B. Andrews'** *Statement circulated with the Accounts to 31st March,* 1962:

Capitalisation Issue. It is proposed to distribute 1,725,000 new shares, one new share for every eight shares held on the 27th July, 1962.

Prospects. In the absence of conditions beyond their control, the Directors are of the opinion that a dividend of not less than 15 per cent. on the new increased capital can certainly be maintained.

Development Programme includes: (a) **Winchester House and 1-8 Great Winchester Street**—Freehold. (b) **Euston Road**—Freehold Offices and Showrooms. (c) **Foster Lane, Cheapside**—Leasehold Offices and Shops. (d) **Finchley High Road**—Freehold Office Block. (e) **Carter Lane, E.C.4.**—Mainly Freehold Office Block. (f) **Southport, Lancs.**—Freehold Shops, Offices and Flats. (g) **Southsea**—Freehold Flats. (h) **Brighton.**—Freehold Office Block.

Further development schemes under active negotiation. Shareholders may look for a further steady improvement in profits which will benefit increasingly as developments become revenue producing.

SMITH'S POTATO CRISPS

HIGH POTATO COSTS AFFECT PROFITS

The Thirty-third Ordinary General Meeting of Smith's Potato Crisps Limited was held on August 1st in London, **Mr F. Le Neve Foster** (Chairman) presiding.

The following are extracts from his circulated Statement:

The Net Group Profit after taxation is £565,798 compared with £876,158.

The Board recommends a Final Dividend of 30 per cent plus a Cash Bonus of 10 per cent which makes, with the Interim Dividend of 15 per cent, a total distribution of 55 per cent for the year, which is the same as for the previous year.

Last year I referred to the exceptionally difficult period for production owing to the very poor quality of potatoes from the 1960 crop. As the Board explained in its Interim Statement the aftermath of these conditions carried over to the first part of the year now under review and resulted in excessive potato costs during that period. We then had reason to hope, from the official estimates available, that the 1961 potato crop would prove to be more favourable and that for the remainder of the year we might get some relief on prices. In this we were sadly disappointed. The short-fall in the potato crop, contrary to the official estimates, has developed since early February leading to near famine conditions and record high prices. Potato costs of the Parent Company alone exceeded those of the previous year by a figure approximating £421,000 (31 per cent increase). These conditions will also continue to affect the results in the early months of the current year.

Dealing with the huge quantities of potatoes—over 80,000 tons per annum—which we consume, fundamentally, these are matters which are outside our control.

Group sales show an increase of the order of 6 per cent on the total figure for the previous year; in the case of the Parent Company in spite of greater competition, and the poor weather during the summer period.

The present retail price of our standard bag is 4d.; this compares with a price of 2d. before the War. In the Board's view, it is not practicable to make a temporary price increase to meet what we believe to be a passing phase.

The Board has decided, for the present at any rate, to maintain the present retail price of 4d. a bag and to continue its traditional policy of taking the rough with the smooth and thus serving the customer; on this policy the success of our business has been built.

In view of the trend of general cost increases which it seems will inevitably continue, the situation will continue to be closely watched by the Board, but, in the meantime, it is hoped that shareholders will be understanding and that customers will give Smith's the credit for taking a notable stand in resisting price increases.

QUALITY THE KEYNOTE

Quality is the keynote of our policy and we pay the greatest attention to all matters which are necessary to maintain it, using the finest products available and methods of processing to impart just that difference in flavour and keeping qualities for which Smith's are famous.

The report was adopted.

HOUSE OF FRASER LIMITED

TURNOVER REACHES NEW PEAK

SIR HUGH FRASER ON SUBSTANTIAL PROGRESS OF MODERNISATION PROGRAMME

The twenty-first annual general meeting of House of Fraser Limited was held on July 27th in Glasgow, **Sir Hugh Fraser, Bt, DL** (chairman and managing director), presiding.

The following is his circulated statement:

The Directors' Report and Statement of Accounts now issued, cover a period in which the emphasis has again been on the improvement of existing assets rather than the acquisition of new undertakings, and later in this Statement I shall refer to a number of projects which have been successfully completed and others which have been commenced.

The Contracts of Sale and Lease mentioned in my previous Statements, and others concluded during the year under review, have had the effect of altering the incidence of certain charges appearing in the Consolidated Profit and Loss Account. Thus the fall in Trading Profit as compared with last year is chiefly due to the increased amount of rents payable under these Leases, and is to a large extent offset by the fall in Interest Charges and the increase in Interest and Dividends received.

Once again no Profit has been brought into the Group Accounts from William Henderson & Sons Ltd. Final settlement of the Consequential Loss Claims, resulting from the fire, falls to be made with the Insurance Companies concerned during the current year, and it is hoped that the financial results, on both Capital and Revenue Account, will be reflected in the next published Accounts.

The past year has been a difficult one due among other things to unfavourable weather conditions at the peak periods of our trade. Notwithstanding this, we have been able to surpass the previous record level of turnover. Expenses, however, are constantly rising, so I am particularly pleased to report that the net profit of the Group shows a small increase from £2,663,466 to £2,692,106 after providing £2,468,291 (£2,742,613) for taxation, the profit for the year applicable to members being £2,461,603 (£2,432,963).

The dividends, less income tax, paid and recommended for payment amount to £1,887,322 (£1,887,322) and after transferring a sum of £250,000 (nil) to Stores Maintenance Equalisation Reserve, and bringing in an adjustment of taxation provisions for previous years amounting to £205,545 (£21,968), the balance of unappropriated profits to be carried forward amounts to £2,907,326 (£2,377,500).

In the Consolidated Balance Sheet the Net Assets have increased by £1,448,177 to £32,445,385 (£30,997,208), while the extremely liquid position is reflected in a surplus of Current Assets over Current Liabilities exceeding £15,000,000. The financial position of the Group has never been stronger, and this satisfactory state has been achieved entirely as a result of the successful utilisation of its own resources.

BUILDING PROGRAMME

The extensions to Hourstons of Ayr, Benzies of Elgin and McDonalds of Harrogate have been completed, and these stores should benefit from the increased accommodation made available and the improvements which have been effected. In addition, considerable alterations have been carried out at Fraser Sons of Glasgow, the headquarters of your Company, which have made it one of the finest and best appointed fashion houses in the country.

The second phase in the rebuilding of Arnott Simpsons in Glasgow was held up temporarily when demolition work disclosed that the adjoining building was in a dangerous state of repair. Work is now proceeding satisfactorily, however, and it is hoped the building will be completed next year according to schedule.

The new premises in Fawcett Street, Sunderland, are nearing completion, and should soon prove a valuable addition to the existing store, one of the main advantages being the concentration once more in one building of a number of departments which are at present dispersed over various sites in the city.

Extensive alterations, including the installation of an escalator, have also been carried out at our Carlisle store.

The new Liverpool store of William Henderson & Sons Limited is now nearing completion and it is hoped will be open for business in the autumn. A leasehold interest in the property has been granted by the Company and part of the premium therefor has been received. The balance amounting to £648,000, in satisfaction of a conditional contract exchanged on January 9, 1962, is shown under the heading of Premium Receivable in the Consolidated Balance Sheet.

The office block, forming part of the development of the site of Rackhams Limited in Birmingham, was completed during the year and is now fully let.

In addition to the above, Harrods more than maintains its exclusive reputation, and, together with its various subsidiaries, is actively continuing the existing programme of modernisation to premises and trading methods, still further to improve both customer service and operating efficiency.

FUTURE OUTLOOK

Some form of trade integration, or at least closer trade association with Europe seems probable in the near future. For those with imagination and industry, this could provide an opportunity for acquiring new markets, but no one should conclude that expansion of our trade will accrue automatically without thought or hard work. The general improvement in our standard of living, and that of our neighbours across the Channel carries with it an increasing demand for higher quality goods, but they must be reasonably priced and conform to the requirements of design and style of our customers.

Your Board of Directors is acutely aware of the significance of these trends, and the whole purpose of our comprehensive programme of alteration and extension is to ensure that we are properly equipped to meet the keen competition we may expect in the challenging period confronting us.

So far as your Company is concerned, turnover for the first few months of the current year has been fully maintained and, subject to any unforeseen circumstances, I look forward to another satisfactory year.

STAFF

Your Company has always been fortunate in its Staff relations, and on your behalf and on behalf of the Board, I am happy to thank all executives and employees for their excellent efforts to achieve and maintain the success and reputation of the Group during a year which has been both exacting and demanding of their best efforts.

The report and accounts were adopted.

BY APPOINTMENT TO HER MAJESTY THE QUEEN BREWERS

BRICKWOODS LIMITED

The seventy-first annual ordinary general meeting of Brickwoods Limited will be held on August 10th at Portsmouth.

The following are extracts from the Director's General Report:

The summer weather of 1961 was not good, although it was an improvement on 1960. Nevertheless, the overall trade was buoyant and the net profit after tax has increased by £109,185, including a non-recurring profit of approximately £25,000 net.

On January 1, 1962, it was announced that the company had been appointed by Royal Warrant into the place and quality of Brewers to Her Majesty the Queen.

The profit of the Group before Taxation amounted to £1,045,796, an increase of £144,376 over the preceding year. Taxation takes £476,675 against £441,484 the previous year, leaving £569,121 (1961 £459,936). The Directors propose a final dividend of 15 per cent making 20 per cent for the year (1961 15 per cent plus a bonus of 2 per cent).

Despite the long winter of 1961-62, trade has been up to now good, particularly in the sphere of cask beer and "Sunshine Keg," a new canister bitter beer introduced into our licensed houses last year. The sales of the new "Brickwood I.P.A." just brought out in bottle, to replace the old Brickwood "Sunshine" and United "Pompey Royal" are showing great promise.

Wines and Spirits and Mineral Water sales are satisfactory and providing they, and beer sales, continue that way, it is hoped that together they will offset the ever-rising costs of production and administration, which are our perpetual headache.

LA RINASCENTE

MILAN (ITALY)

Development which characterised Italian economy until the end of 1961, produced positive results for Italy's biggest chain store business, La Rinascente-Upim.

In 1961 the national Italian income increased by 9.9 per cent in terms of currency thanks to the contribution of agriculture (+10.9 per cent), of industry (+10.5 per cent) and tertiary activities (+9.0 per cent).

In front of this conspicuous increase of the income, there has been an increase of 7.8 per cent in private expenditures in terms of currency and of 6.8 per cent in terms of quantity. This signifies that the income increase has not determined an equivalent increase in families' spendings, as it has materialised in an intensification of the productive investments and has therefore improved the relation between productive investments and the amount of income. The results obtained by La Rinascente-Upim have to be considered therefore within that particular situation, which has become more difficult because of stronger competition among the operators in this field. Also the 9-9.5 per cent increase in costs, must be taken into account.

Sales of the seven Rinascente branches and the 91 Uniprice stores to January 31, 1962, amounted to about Lit. 92,000 million against Lit. 81,000 million, in the last financial year. The increase in sales has been about Lit. 11,000 million showing a 13.5 per cent improvement compared with the previous year's figure.

It can be stated that in a year, which had such difficulties, La Rinascente-Upim maintained a high rate of progress. This demonstrates also that the outstanding sales offers by the seven big Rinascente Department stores and by the 91 Uniprice stores Upim, correspond to the needs of a vast mass of consumers, among which all social classes are represented, and which include foreign tourists visiting Italy.

The net profit made for 1961-62, on a capital which had been increased a short time ago, from Lit. 6,000 million to Lit. 9,000 million, amounted to Lit. 1,260 million against Lit. 840 million in the last financial year; this amount represents 14 per cent of the Company's Capital of Lit. 9,000 million. It should be stressed that a dividend of Lit. 7 per each share has been distributed both on the ordinary shares totalling 180 million and on the preference shares, totalling 40 million.

To these brilliant results of the financial year must be added the continuation of an expansion programme. In fact the development of the business activities proceed systematically and gradually and are in full swing. During 1961-1962 to the six big Rinascente branches existing already—i.e. in Milan, Rome (Piazza Colonna), Naples, Cagliari, Genova and Catania—a second Rinascente branch has been opened in Rome, Piazza Fiume, which provides a very noticeable example of a big department store which has been conceived according to functional and up-to-date requirements.

To the chain of the Uniprice stores "Upim" another nine units have been added, they are: Milan-Giambellino, Milan-S. Gottardo, Cagliari-Petrarca, Bologna-Mazzini, Florence-Gioberti, Prato, Salerno, Potenza and Lodi.

Thus at the end of the financial year 1961-1962, all over Italy, 98 stores were operating.

For the immediate future, another six Uniprice stores are foreseen and will certainly start operations during the current year. In this way more than 100 stores will be in full activity.

A considerable development is foreseen in the field of super-markets, in which La Rinascente-Upim operates through the affiliated "Supermercato S.p.A. (SMA)," that operates 30 stores. The same is to be said for the production field of ready-made clothes in which La Rinascente-Upim has operated for a long time through the affiliated Company APEM, an industrial combine of high efficiency and of an ever-increasing productive capacity.

COÖPERATIEVE CENTRALE RAIFFEISEN-BANK

AND AFFILIATED BANKS

Utrecht — Telex 12239

The Netherlands — Telephone 27551

RESERVES - - - - - - - - £ 15,533,000

SAVINGS - - - - - - - - £300,609,000

THE ATTOCK OIL COMPANY

PRODUCTION, SALES AND PROFITS INCREASED

The fiftieth annual general meeting of The Attock Oil Company Limited was held on July 27th in London, **Mr A. McGilvray**, the chairman, presiding.

The following is an extract from his circulated statement:

The Profit and Loss Account shows that profits have improved from £1,204,721 in 1960 to £1,301,922 an increase of £97,201.

Current assets were £3,300,331 against current liabilities, excluding the 1961 dividends, of £1,663,262 giving a surplus of £1,637,069, a decrease of £11,999 compared with the similar figure at December 31, 1960.

Capital expenditure in 1961 amounted to £599,734 of which £368,968 was in respect of the duplication of the Oil Pipe Line from Dhulian to Rawalpindi as referred to in my Statement last year.

Out of the profit of £1,301,922 for the year ended December 31, 1961, £228,411 has been set aside for depreciation and £491,690 for taxation leaving a balance available of £581,821.

Your Board have appropriated £145,000 to General Reserve and recommended a final dividend of 1s. 8d., free of United Kingdom Income Tax, per £1 unit of Stock. This dividend together with the interim dividend of 1s. 0d. will absorb £386,667 and leave a balance unappropriated of £50,154 which, added to the amount of £50,588 brought forward from last year, results in a balance carried forward to 1962 of £100,742.

The consumption of petroleum products in West Pakistan continues to increase, being some 4½ per cent higher overall in 1961 than the previous year. Prices obtained, however, showed no improvement. In fact, the return on your Company's products suffered a further contraction when the first stage in the elimination of the freight protection became operative on August 1st last.

Fortunately because of favourable Fields developments we were able again to increase crude production and consequently sales of petroleum products which resulted in an overhead increase in our revenue. This, coupled with savings in exploration costs, has resulted in the improved Profit and Loss Account for 1961.

FIELD OPERATIONS

Crude oil production for the year was 2,024,735 barrels compared with 1,859,867 barrels for the previous year.

Dhulian: This Field now extends into concessions held by our Subsidiary, Pakistan Oilfields Limited. Altogether results of operations over the past year have been encouraging as to potentialities and have justified the increases in production made towards the end of 1961 and again this year. Including the oil being produced on POL account, Dhulian production is now double that of three years ago.

The discovery of oil at Dhulian on behalf of Pakistan Oilfields Limited is very gratifying and it is hoped will set a reasonable limit to the years of patience which its Shareholders, included in whom are the Government of Pakistan and Pakistani Nationals, have had to exercise during the prospecting phase of that Company's history.

After reviewing the activities at the various other fields, the chairman concluded:

Our crude oil position is better than it has been in the history of the Company and barring something unforeseen I look forward to another satisfactory year in 1962.

The report and accounts were adopted.

SINGLETON & COLE LTD.

A RECORD YEAR

The sixty-fifth annual general meeting of Singleton & Cole Ltd. was held on July 31st, at the Chamber of Commerce, 75 Harborne Road, Edgbaston, Birmingham 15, **Mr J. C. Singleton**, (chairman and managing director) presiding.

The following is an extract from his circulated address:

The year under review is one of 53 weeks, as compared with 52 last year. My colleagues and I are pleased to report on the outcome of a year which provided many records including sales, profits and reserves.

Last July the Duty on Tobacco and the rate of Purchase Tax were both increased by 10 per cent. In addition, there had already been a manufacturers' increase in the prices of certain tobacco goods. Both of these factors disrupted the pattern of consumer purchasing, resulting in a change from the upper and medium price ranges of cigarettes to cheaper categories, adversely affecting sterling sales, though not quantities to a like extent.

Last September your company was appointed sole importer in the United Kingdom for the brands of Messrs. R. J. Reynolds Tobacco Co., Inc., of Winston Salem, North Carolina. This company is the largest manufacturer of cigarettes in the world, and among their important brands are Camel, Reyno, Cavalier, etc.

Last October, in company with Mr J. D. Skelsey, I flew to South Africa to visit our subsidiary in Johannesburg. We spent a fortnight with our selling agents and snuff manufacturer. We found all in "good heart" and enthusiastic in the interests of our Super Menthol Snuff.

ACCOUNTS

Firstly, it is very pleasing to be able to report a recovery from the temporary set-back of last year; and secondly, that the net profit of £69,441 constitutes a record for the company, and is £13,883 greater than the similar figure for last year. In addition, there has been a net fortuitous profit made on stocks in hand, as a result of the duty increase on tobacco announced last July. The net sum after deduction of all tax, amounts to £20,220, and this has been transferred direct to the duty fluctuation reserve, which now stands at £103,924.

Your directors recommend a final dividend of 10 per cent, which, with the interim dividend of 5 per cent already paid, makes a total for the year of 15 per cent.

I would draw your attention to the considerable increase of £74,160 that has taken place in the company's reserves during the year, and that our commitments for capital expenditure are but £5,500, as compared with £95,000 a year ago.

The tobacco trade, at the moment, is operating under an unusual degree of uncertainty, which makes it more difficult than ever to forecast trends but, basing calculations on reactions and conditions to date I know of no reason why we should not be in a position twelve months hence to present you with a satisfactory account.

Of our total gross profit from wholesaling, 56.16 per cent is derived from tobacco goods, and from confectionery, fancy goods and own snuff 43.84 per cent.

The report and accounts were adopted.

ALLIED IRONFOUNDERS LIMITED

DEVELOPMENT OF NEW PRODUCTS CONTINUED

MR G. S. STEVEN ON CURRENT PROSPECTS

The thirty-third annual general meeting of Allied Ironfounders Limited was held on July 26th in London, **Mr G. S. Steven** (Chairman and Managing Director) presiding.

The following is an extract from his circulated statement:

The trading profit of the Group is £2,426,446 compared with £2,779,698 last year, and it will be noted that the charge for depreciation has again increased from £604,788 to £622,906 and reflects heavy capital expenditure, which this year amounted to over one million pounds.

The Directors recommend that a final Ordinary Dividend should be paid, making 15 per cent for the year.

Last year I referred to the development of pipes and fittings of plastic material to supplement our very comprehensive range in cast iron. In January we introduced, under the name "Metrex," the most complete range of soil pipes and fittings available in plastic, which I am glad to say have had a most satisfactory reception by users, including many Local Authorities. With the Export Market in mind, we have adopted metric dimensions.

During the year we introduced a new range of kitchen cabinets of improved design and up-to-date appearance to which we have given the name "Leisure Line," to supplement our already well known "Leisure Luxe" kitchens.

We are now ready to market a newly designed series of electric oil-filled and conventional water radiators in pressed steel, to be sold under our "Aga" trade mark. We are also developing new designs of solid fuel, oil-fired and gas-fired boilers for both domestic central heating and for industrial use. The sales of solid fuel heating stoves showed a disappointing tendency to decline over the year now past, and in an endeavour to arrest this decline we have in preparation new designs which will be available for the coming heating season.

SALES AND FUTURE PROSPECTS

Group sales showed little change in total from that reached in the previous year, but there were quite significant variations in certain of our main Product Divisions. Since the volume of domestic building shows little change compared with that of last year, there would seem to be no reason to anticipate any great variation in demand in the year ahead, and consequently no noticeable change in the volume of our sales can be expected

Recently, both in the press and on the radio, the subject of the conversion of old and substandard property has again received publicity. This, you will recall, is a matter in which your company took the lead by bringing it to the notice of the press, the public and Local Authorities; on the part of the latter, there has been a disappointing lack of enthusiasm to tackle this problem, which indeed is hard to understand when one considers that in some thickly populated areas, of all houses, including those erected by the Local Councils, under twenty per cent have fixed baths. If, however, Council housing is excluded from the calculation, in certain areas less than 5 per cent of the houses are so equipped, and therefore we may perhaps be forgiven for appearing critical of the reluctance of certain Local Authorities to operate the Government's improvement grant scheme.

Although our business still depends mainly on the building industry, we are expanding our sales of industrial boilers and catering equipment for hospitals, hotels and canteens, where there appears to be a growing market and where our "Ganymede" system, incorporating a central tray service, has been very successful both in this country and on the Continent, where we have in the past year equipped several hospitals.

Amongst other large contracts for hotel equipment which we have received are included those for the London Hilton in Park Lane and the Teheran Hilton. In this field competition is keen, particularly on export contracts, and with this in mind we are reorganising our Falkirk Works to increase capacity and to reduce costs.

It is unusual in these days to announce a reduction in price to the consumer, but I am pleased to say that this year we have been able, as a result of improving efficiency, to lower the prices of our "Leisure" kitchen equipment.

The report and accounts were adopted.

UGINE

(Manufacturers of Electro-chemical, Electro-Metallurgical and Electric Steel Products)

PARIS

The Annual General Meeting of UGINE was held in Paris on June 27th with **Monsieur Rene Perrin** in the Chair. The following are details of the report presented by the Board of Directors and of the address by the Chairman:

In the course of a general review, the Chairman was glad to be able to point out that, during the first five months of 1962, the Company had effected a notable recovery from the recession which influenced the market for stainless steels towards the end of the previous year. Sales of stainless steel plate had shown particularly encouraging growth. Average monthly turnover since the beginning of the year had been equal to that for the whole of 1961. It was to be expected that the value of sales for the year would be higher than for 1961. He also announced that an agreement had been reached with the *PROGIL* company for a general pooling of common interests in the field of plastics. One result will be to set up a new company to take over the *Société Résines et Vernis Artificiels (R.V.A.)*, which was a subsidiary of *PROGIL*, and also an UGINE works at Villers making butadiene co-polymers.

Results for the year under review showed a net profit of NF. 29,753,459 compared to NF. 28,193,673 in 1960. The Board proposed to allocate NF. 82.8 m. for depreciation in 1961, compared to a figure of NF. 81.7 m. in 1960. Including the sum of NF. 1,994,206, which was carried forward from the 1961 accounts, the total to be carried forward for the year under review amounted to NF. 6,050,149. It was accordingly proposed to distribute a gross dividend of NF. 6.3248 per share of NF. 75 face value, corresponding to a net dividend of NF. 5.1.

The report, the accounts and the proposals put forward by the Board were approved.

THE REINSURANCE CORPORATION

SUBSTANTIALLY IMPROVED RESULTS

The forty-third annual general meeting of The Reinsurance Corporation Limited was held on July 27th in London, **The Rt Hon Lord Derwent** (the chairman) presiding.

The following is an extract from his circulated statement:

Already nine months have elapsed since I informed Shareholders of the approach made by the respective Chairmen of three Companies interested in bidding for the Share Capital of The Reinsurance Corporation. It was pleasing to observe after the negotiations were discontinued that the majority of Shareholders had remained Members of the Company.

As I told Shareholders at that time, there were grounds for hoping there would be a substantial improvement in the results for the year ending December 31, 1961, and indeed the Accounts now presented to you reflect this position. In addition to the allocation of £40,000 to the Marine Fund, the opportunity has been taken to strengthen the underwriting Reserves.

It is not always appreciated that the Income from Interest and Dividends—other than that earned on the Shareholders' Capital and the free Reserves—is an essential part of the Trading Revenue of Insurance and Reinsurance Companies.

In our own case, the Insurance Funds and the Provision for Outstanding Claims together exceed £7,000,000, which sum is available to us for investment solely because of our actual insurance transactions.

I would not wish you to think, however, that we are content to operate our affairs at an underwriting loss; on the contrary, our viewpoint is that we provide to our Ceding Companies a valuable service involving comparatively low overhead charges, for which we are entitled to a reasonable overall profit as our remuneration.

It may be thought that the prospects of Reinsurance Companies will be adversely affected by the Group formations of some direct-writing Companies in various countries. This could be disturbing but we believe the need will long continue for the specialised cover which our Company makes available in respect of all classes of Reinsurance (excepting Life) to Companies in so many parts of the World, with the exception of the United States of America. This seems to be proved by the steady expansion of our business either directly with Companies or through the Intermediary of Brokers.

Gross Interest and Dividends amount to £363,795, which records an increase of £30,603 on the previous year.

After providing for United Kingdom and Overseas Taxation, and transferring £76,478 to the Fire, Accident & General Account the balance of £132,469, being the profit for the year, is carried to the Appropriation Account.

The Directors have recommended the payment of a Dividend of 3s. 0d. per Share, free of Income Tax, which is an increase of 50 per cent on the rate of distribution in recent years.

The Issued Share Capital, together with the Capital and Revenue Reserves, totals £953,6[illegible]. The Insurance Funds have increased by £270,874 to a figure of £2,909,157.

The Investments at cost, less Reserve, have increased by £373,934 to £5,681,297, and I am able to report that the Market Value at December 31, 1961, was considerably in excess of the Book Value.

The report was adopted and at a subsequent extraordinary general meeting the proposed changes in the Company's capital structure outlined in the Chairman's letter of July 4th last were approved.

DERBYSHIRE STONE LIMITED

MR JOHN HADFIELD ON A PROGRESSIVE ORGANISATION

The twenty-sixth Annual General Meeting of Derbyshire Stone Limited was held on July 27th in London, **Mr John Hadfield, MSc, FRIC,** the Executive Chairman, presiding.

The following is an extract from his circulated statement for the year ended March 31, 1962:

The year under review was a period of outstanding development within the Company. There was great activity in the consolidation and expansion of our established industries and considerable progress was made. In addition your Directors have kept fully in mind the possibility of further expansion by the acquisition of suitable outside interests.

The Group trading profit for the year amounted to £848,599. This figure, however, includes £27,677 profit in excess of one year's profit. The Group net profit before taxation was £506,721. For the previous year the Group trading profit was £807,791 and the net profit before taxation was £498,934.

An analysis of the Group net profit before taxation shows that 65.1 per cent was earned by the Quarrying Group, 29.6 per cent by the Baird & Tatlock Group, and 5.3 per cent represented income from trade and other investments.

An interim dividend of 7½ per cent on the ordinary stock was paid in January and a final dividend of 15 per cent is now recommended on the issued ordinary stock as increased by the one-for-four Rights Issue in January last.

EXPANSION POLICY AND PROSPECTS

Techniques in the quarrying industry are continually changing to meet new specifications and customers' requirements. Throughout the past year we have sought continually and successfully to improve our performance by the introduction of some of the most modern machinery and methods. We intend to pursue this policy throughout 1962-63 by the progressive expansion and modernisation of most of our established units.

It is proposed to increase the authorised Share Capital of the Company from £1,800,000 to £2,050,000 by the creation of 1,000,000 additional Ordinary Shares of 5s. each.

The Quarrying Group has started the year well and our current order book is larger than it has ever been. We are enjoying for the first time some direct benefits from the motorway programme and we are already committed to supply large tonnages of road materials for the motorway construction in Staffordshire, Cheshire and Lancashire.

In 1962/63 the Baird & Tatlock Group should have a much better year than it had in 1961/62. The credit squeeze appears to be easing and whereas in the Laboratory Fittings Division the sales in the year ended March 31, 1962, were £148,273 against £323,060 in the previous year orders on the books at March 31, 1962 amounted to £502,136. Most of these were received in the closing months of the year and the benefit from them and from further substantial orders will be reflected in the current year's profits.

Always contingent on there being no abnormal disturbances nationally or otherwise, the 1962/63 profits of the whole Group should substantially exceed those of 1961/62 and in succeeding years we should have the benefits of developments which are now in train.

The report and accounts were adopted and the proposed increase of capital approved.

APPOINTMENTS

THE FEDERATION OF RHODESIA AND NYASALAND

MINISTRY OF AGRICULTURE; AGRICULTURAL ECONOMISTS

Applications for appointment as Economists are invited from persons holding an Agricultural Economics, Economics, Commerce or similar Degree with experience in agricultural economics and preferably including experience of field work on cost of production or Farm Management surveys.

DUTIES. Initially the officers appointed will be engaged on a cost of production survey of Virginia Flue-cured tobacco, the Federation's principal crop, and this will entail extensive travelling.

SALARY. Depending on qualifications and experience, commencing salary in the range of £752 10s. and £1,397 10s. rising in a scale to £1,773 15s. per annum.

GENEROUS leave conditions.

FARES paid for successful applicants and their families to assume duty.

The Federation offers a healthy, sunny climate with many sporting facilities, a low income tax rate and sound education with free tuition.

Application forms and further particulars from the Secretary (R), Rhodesia House, 429 Strand, London, W.C.2.

Closing date: August 31, 1962.

WELSH HOSPITAL BOARD

ORGANISATION AND METHOD—WORK-STUDY APPOINTMENTS

Applications are invited for the undermentioned posts. The successful candidates will assist the Secretary of the Board in O. & M. and Work-Study activities which will include assignments within the Board's area on all aspects of hospital work:

(A) WORK-STUDY OFFICER (Assistant Secretary Grade).
Salary: £1,560 x 52(3) x 78(2)—£1,872.
Required to supervise this section and to work in association with the Officers of Hospital Management Committee in the Area.

(B) ASSISTANT WORK-STUDY OFFICER. (Principal Administrative Assistant Grade).
Salary: £1,217 x 41(1) x 42(1) x 52(3)—£1,456.
Required to assist the Work-Study Officer over the whole range of his duties.

Applications will be considered from officers within the Service who are suitably qualified and from others who have had previous Work Study experience in Public Service or Industry. Additional training will be arranged where appropriate.

The Whitley Councils for the Health Service conditions of service, superannuation, and a five-day week apply.

Applications, stating age, education, qualifications, details of present and previous appointments and names of three referees, should be sent to the Secretary of the Board, Temple of Peace and Health, Cathays Park, Cardiff, by August 15, 1962.

ECONOMIST/STATISTICIAN. The Joint Iron Council wishes to appoint an assistant in the Economics and Statistics Department. This post gives wide opportunity of experience in applied economics and is suitable for a graduate of one or two years' experience. The Council would, however, be prepared to consider applications from those graduating this year. A wide salary range is offered and the level of remuneration will depend upon qualifications and experience.—Applicants should write to Mr. P. Moore, Economics and Statistics Officer, The Joint Iron Council, 14 Pall Mall, London, S.W.1.

For other appointments see pages 489 and 490

MAKERERE UNIVERSITY COLLEGE—EAST AFRICA

Applications are invited for Lectureship in Sociology or Social Anthropology. Salary scale £1,350-£2,151 per annum. Entry point determined by qualifications and experience. F.S.S.U. Child allowance £50 per child per annum (maximum £150). Passages for appointee and family (up to five adult passages) on appointment, termination and leave (three months every twenty-one months). Rent according to quarters provided £45-£84 per annum (including basic furniture). Detailed applications (6 copies) naming three referees by September 15, 1962, to Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

ASSOCIATED ELECTRICAL INDUSTRIES, LTD. have an opening for a Research Assistant (male) in their Market Research Unit in London. Duties will involve the planning of special marketing studies dealing mainly with electronic and light electrical engineering products and the analysis and interpretation of surveys carried out by specialist agencies. Preferred age 25/32.—Applications to the Personnel Officer, A.E.I., Ltd., 33, Grosvenor Place, S.W.1.

EXPERIENCED young writer required, London, full-time qualified to deal with commercial aspects of engineering and chemical developments. Languages desirable. Pensionable appointment.—Please write to Box 1643.

APPLICATIONS are invited for a two-year Post-Graduate Research Studentship to study the economics of the poultry industry, with emphasis on size of unit and inter-regional competition. Qualifications: degree in economics or agriculture with some experience in research. Value £800 to £1,250 per year. Further details obtainable from the Secretary, School of Agriculture, Cambridge.

ORDERS for advertisements in The Economist are accepted on condition that they are liable to rejection at the discretion of the Editor; that while every effort will be made to publish an advertisement on a specified date, no guarantee is given; and that white on coloured reverse blocks or large sizes of black-faced type may be stopped or lined at the Editor's discretion.

COMPANY AFFAIRS

Business has been very quiet in the London Stock Market this week—even quieter than is usual for the week preceding the August Bank holiday. Prices fell at the end of last week on disappointment with the Prime Minister's speech in the economic debate and declined still further on Monday when the growing uncertainty as to the outcome of the common market negotiations in Brussels added to the doubts. Later prices steadied, reflecting the recovery on Wall Street (until Wednesday) and better company news. Over the week to Wednesday The Economist indicator gained 1.9 points to 312.8. Gilt-edged stocks remained firm and the new Warwickshire loan, heavily oversubscribed, opened at 4 ¼ premium. Among equities heavy electricals moved up following the GEC report.

General Electric

THE art of pruning is mastered fully by only a few gardeners and by still fewer industrial companies but when it is done sufficiently ruthlessly it brings its rewards in improved profits. In the past two years the pruners led by Mr Arnold Lindley have been busy in General Electric; a vigorous attack has been made on costs and the reorganisation of the group is now showing tangible results in higher profits and slightly better margins. The pruning has included sales of numerous investments and properties, which have helped to ease the group's financial problem. Bank overdrafts and acceptance credits amounted to £134 million at the end of March, 1961 (against cash balances of £2 million). During the year they rose to £16½ million but by the end of last March they had been reduced to £11¼ million (against a cash balance of £1½ million). This is a formidable figure but the sale of Magnet House should help to reduce it further in the current year, and with the fall in interest rates there should be some relief for profits.

March 31	1958	1959	1960	1961	1962
	£ mil.	£ mil.	£ mil.	£ mil.	£ mil.
Sales	104·4	108·1	116·9	118·6	126·2
Trading profit	9·0	9·1	11·1	8·5	10·3
Gross profit	4·8	4·2	4·8	3·3	4·1
Net equity earnings	1·4	1·8	2·1	0·9	1·6
Retained cash flow	2·7	2·2	3·9	2·9	3·7
Net fixed assets	34·5	36·9	28·8	31·6	33·3
Net current assets	56·2	55·2	55·7	53·3	54·6
Net liquid assets	6·7	4·0	2·2	Dr 11·1	Dr 9·8
Net equity assets	55·9	56·1	57·4	57·8	68·1
Ord. earnings (per cent)	14·1	16·7	19·5	8·1	11·6
Ord. dividend (per cent)	10·0	10·0	10·0	10·0	10·0
Gross profit/sales	4·6	3·9	4·1	2·7	3·1
Gross profit/net equity assets	8·7	7·5	8·4	5·7	6·0
Net earnings/net equity assets	2·5	3·2	3·7	1·6	2·3
Price (£1 shares): 33s. 6d.		Earnings yield: 6·93%			
Dividend yield: 5·97%		equal to 14·4 years' earnings			

For a report on current trends in profits shareholders have to wait five weeks for the chairman's statement. But the review of operations suggests at least mild optimism. There is plenty of competition in various sectors of GEC's business, described as "increasingly severe," "intense," "increasing" and "very keen," though improved" and "growth" occur quite often as well.

In heavy engineering, profits should be better in 1962-63 as earlier contracts are worked off, but orders have fallen and as the time lag between ordering and completion averages about 2½ years profits on this side after the current year are likely to be lean. There may be an offset from an improvement in orders for mining equipment which usually takes 6 to 9 months to make and the heavy engineering division should benefit from the installation of more up-to-date manufacturing and testing equipment and by the licensing agreement with Westinghouse Electric. There is still overcapacity but GEC believes this will resolve itself within about five years. Last year about a quarter of GEC's trade was in engineering with a slightly greater proportion in telecommunications; the latter is one field where business is expected to continue to grow. Better things are also expected from the complete reorganisation of the domestic appliance side; here the refrigerator factories are now working to capacity. The stock market is taking a more optimistic view of the company's prospects and GEC shares have risen this year from 26s. to 34s., to yield just under 6 per cent. The shares of both AEI and English Electric, despite their better showing this week, are still much closer to their 1962 lows to yield in the case of AEI over a full point more. GEC might have lessons for them.

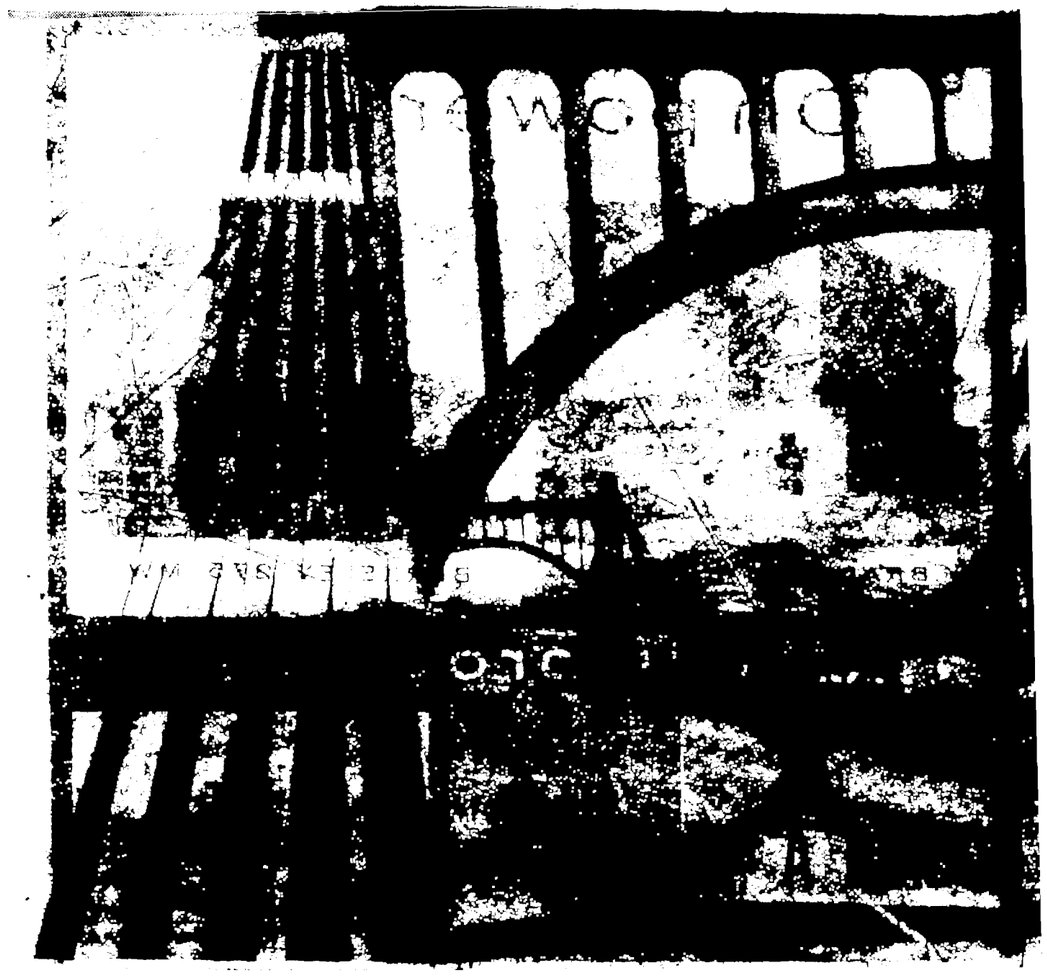
Decline and Growth in Engineering

WITH shipbuilding depressed, an increasing proportion of **John Brown's** profits has come from its machine tool interests: in the year to March 31st as much as 60 per cent of its net attributable profits came from its two machine tool subsidiaries, Wickman and Fitzh Brown Tools. That this proportion is likely to rise still further seems all the more likely because of the sharply contrasting results of Doxford and Sunderland in the shipbuilding industry and of Alfred Herbert in the machine tool industry.

In May, 1961, shareholders of the newly merged **Doxford and Sunderland** shipbuilding companies were warned that a further fall in profits was likely in 1961-62. In the event, profits before tax for the nine months to end-March amounted to £723,000, compared with a combined total of £1,615,000 in the previous year. On an annual basis, therefore, profits have fallen by 40 per cent. The cut in the dividend is equally sharp—Doxford shareholders will receive 10 per cent for the nine months, against the previous year's payment of 30 per cent. Then Sunderland shareholders received only a final payment of 10 per cent. On the dismal results the shares slumped 3s. 6d. to a new low of 30s. 7½d. but they recovered to 34s. to yield just under 8 per cent.

By contrast the tax free interim dividend of **Alfred Herbert** has been raised from 2½ to 3 per cent. The directors say that this does not necessarily indicate a total payment higher than the previous year's 8½ per cent which was kept down in deference to the Chancellor. It reflects however their confidence in "the sound trading position of the company" after an examination of the first eight months' results. Recently there has been some falling off in orders at home but the export market is responding satisfactorily to the efforts of the overseas organisation. The directors report a substantial backlog of orders for home and export markets but increased manufacturing facilities have enabled the group to offer earlier delivery dates. The shares were marked up to 59s. 9d. on this statement to yield 4.6 per cent on a 8½ per cent dividend.

John Brown shareholders also had had their dividend pegged back in deference to the Chancellor but they were promised a higher payment when the one for four scrip issue was made in February, with the forecast of a maintained final dividend of 7 per cent on the bigger capital. This promise has been kept so that in effect the total payment has been raised from 8.8 to 10.2 per cent to put the £1 shares at 33s. on a yield of 6½ per cent. The group's profits before tax fell by 1½ per cent from £4,488,000 to £4,416,000 but the bigger dividend is still covered 2.2 times by net earnings. The trading results of the two machine tool subsidiaries have again been published separately and they present a mixed picture. While the pre-tax profits of Wickman rose sharply from £1,542,000 to £2,008,000, an increase that presumably owes something to a full year's contribution from its Coventry Machine Tool acquisition, those of Firth Brown Tools, excluding an exceptional credit of £50,000, fell from £694,000 to £577,000. A year ago Lord Aberconway said that far-reaching scheme of reorganisation were in hand at Firth Brown Tools. The results suggest that it profits suffered from the dislocation caused by the reorganisation. Presumably there is scope for recovery here; this is just a well, as the chairman has already said that shipbuilding profits will fall in the current financial year.



THIS year more than 36,000 secondary school children are visiting cities as far afield as Amsterdam and Athens, Lisbon and Leningrad aboard two former troopships, the *Devonia* and *Dunera*. The ships become the children's floating classrooms for anything up to 21 days. Such cruises seem likely to remain a permanent part of both the educational and shipping scene. They represent an important straw that has been clutched by owners wondering what to do with old boats ill-suited for conversion into luxury cruising liners ; for the children the voyages give a form of foreign travel distinct from run-of-the-mill holidays organised by schools or travel agencies, which have a very limited educational value.

ALL this adds up to education, which, if not profound, is certainly stimulating to the secondary modern children who make up the majority of the passengers. The whole cruise is, in effect, a comprehensive visual aid interpreted and amplified by the teachers and the ship's staff. The children have to face and solve problems of currency and language ; there are obvious links between geography, history and modern languages to be found in the cities and countries visited. Living as a community afloat and meeting foreigners ashore advances the children's social education in

The Economist

AIR EDITION

AUGUST 11, 1962

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One Shilling and Sixpence

Shaming the Devil

How to deal with Britain's neo-Nazis

EUROPE'S DOG DAYS

NIGHT OF THE POUND OF FLESH

PARIS IN NO HURRY

DRANG NACH EUROPA

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The Economist . 22 Ryder Street St. James's London SW1

The brave new world of Borgo a Mozza

THE record of the drug, thalidomide—perhaps 1,200 babies born in this country with missing limbs and internal malformations—is going to accelerate changes in the drug laws that have been discussed on and off for the better part of ten years. The danger now is that the nation's collective feeling of guilt towards these children and their parents will cause the kind of precipitate, conscience-salving legislation that will not necessarily prevent the reappearance of another thalidomide. This is a situation that requires cool heads to rule warm hearts: more and better testing of drugs is not the complete answer and it is cruel to encourage drug makers and drug takers alike to think that it is. This particular horse bolts in open country, and no amount of locks on stable doors will stop him.

The basic weakness in the way that doctors prescribe and patients swallow drugs is this: doctors depend almost exclusively on manufacturers for their information about new drugs, dogs, monkeys and the occasional pig, but on nothing like the same scale. These big animals are simply not available in the same quantity as rats and mice; and even if they were, public opinion and the Home Office would not allow them to be used for laboratory experiments in the numbers required for a proper statistical sample. Manufacturers must hope that a check using perhaps half-a-dozen dogs will throw up any marked difference between the behaviour of the drug in large and small mammals; and more than once these last safety checks have shown that it was wiser to put the drug down the sink than on the market. But the gap between man and animal remains. No one can predict that a drug, tested by the industry's highest standards, is 100 per cent safe when it leaves the laboratory; makers can only claim that it is as safe as modern science can make it, which is a vastly different order of certainty.

The Economist this Week August 11, 1962

INTERNATIONAL

UNTIL AUTUMN

Kept on tenterhooks until October, British public opinion—and world opinion, too—ought to realise how much progress the European common market negotiations have made—and refuse to be panicked into giving up (p. 506).

■ For all the difficulties at Brussels there were indications of the serious desire of the Six to avoid a failure of the British entry into Europe (p. 507).

■ However, **General de Gaulle,** with the French farmer to think about, and his design for a closely knit Europe, is not disturbed by the slow pace at Brussels (p. 509).

■ Bonn talks reassuringly (p. 510).

The refusal by the **trade unions** to co-operate with the new **National Incomes Commission**

UNDER HUMAN MANAGEMENT

Mr Ben Bella has a month to show that he can run **Algeria** (p. 512).

Prince Souvanna Phouma must hope natural political talent to, can make Laotian fiefs into the State of world

Without the right political nothing like **Tshombe,** is losing friends. to talk the prospect of American aid, his intransigence (p. 514).

The kindly people of **Rwanda** and **Burundi,** no longer joined by their hyphen, go their separate ways; and the Belgian troops are going, too. Will their tempers remain equable when the cash runs low? (p. 540).

The **British Motor Corporation,** on its tenth anniversary, is making increasingly unconventional products, but is still run on traditional lines (p. 545).

Anglican, Roman and Muscovite **church leaders** are displaying a willingness to talk

The Finns have a judicious respect for Russia, but Mr Khrushchev's expectation that they would be perfect hosts to the World Festival of Youth was too much (p. 513).

Jamaica is unusually pro-American for a newly independent state; and hopes that this un-Castro gesture will not go unrewarded (p. 519).

PRODUCING PROBLEMS

Superabundance, as the keynote of world commodities, can no longer be considered a temporary affair (p. 547).

A new canal through Bavaria opens up a **waterway from the North Sea to the Black Sea** (p. 541).

German banks may soon be allowed more latitude in fixing interest rates (p. 558), and the Canadian **dollar** is staging a spectacular

DEFENCE

The occasional : **policy** is being subjected
But the gap strain at home as well as

President Kennedy is now unlikely to ask for an **emergency tax cut** this year (p. 524). **Corporate profits** are one of the more encouraging factors in the economic outlook (p. 525) and the **motor manufacturers** are particularly optimistic (p. 526).

Minneapolis has learnt much from nearly four months **without newspapers** (p. 525).

Last week **the death penalty** posed problems for two State Governors who are against it (p. 525).

Women are not as prominent in the American system of government as might be expected (p. 526).

HOME

ROUGH STUFF

Violence in Britain's streets cannot be stamped out merely by setting new limits to the freedom of speech: the full remedy, after stamping hard on all sorts of violence, lies much more deeply within ourselves and our society (p. 505).

The **press,** this week, has done its bit to spread the infection (p. 514).

Two **immigrants,** one undesirable and the other unwanted, have been making life difficult for the Home Secretary (p. 514).

Violence and death strike even at peaceful citizens on their holiday trips: has the time come to make drivers' licences harder to get? (p. 520).

Delinquent generation? (p. 519).

PHONEY WAR

The refusal by the **trade unions** to co-operate with the new **National Incomes Commission** is not a disaster—and the arrival of Nick ought to push the unions into tackling their own problems (p. 511).

Ned's **growth** target of 4 per cent may be imperilled if **investment** is cut any further; but where can the government inject **stimulants?** (p. 549).

Consumer spending is still proving obstinately sluggish (p. 550).

Compensation offered to **redundant miners and railwaymen** is welcome, but still looks mean (p. 516).

South Wales is standing up surprisingly well to the decline of its traditional industries (p. 520).

PEACEFUL COEXISTENCE

The **British Motor Corporation,** on its tenth anniversary, is making increasingly unconventional products, but is still run on traditional lines (p. 545).

Big government departments make a poor job of being **monopoly traders:** the Public Accounts Committee asks why? (p. 550).

In a black year for **airline profits**—£50 million lost—there are some shining and surprising exceptions (p. 555).

In East Anglia **commercial television** provides a local service that the BBC seems unwilling to spend the money to provide (p. 534).

Irish televiewers, with a choice of three programmes, are enjoying the competition (p. 535).

Anglican, Roman and Muscovite **church leaders** are displaying a willingness to talk (p. 520).

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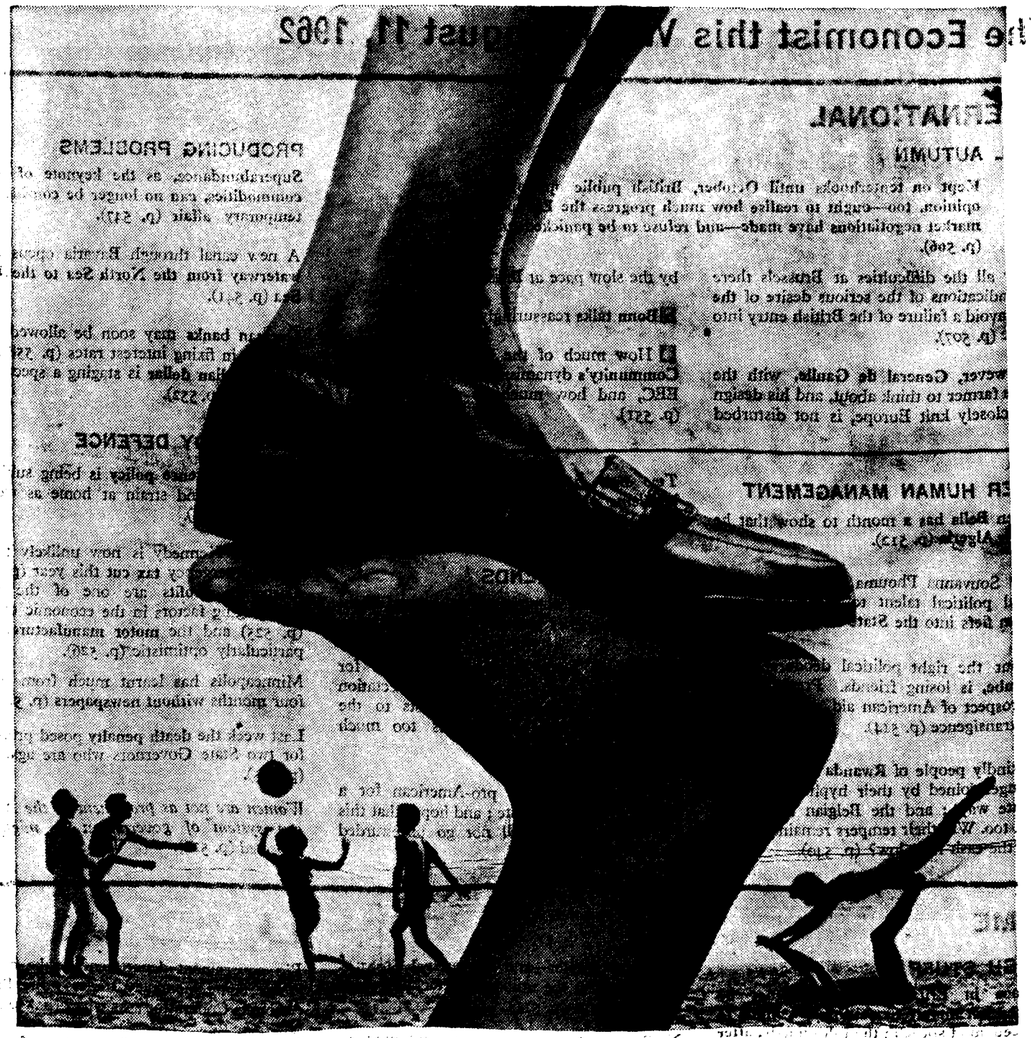

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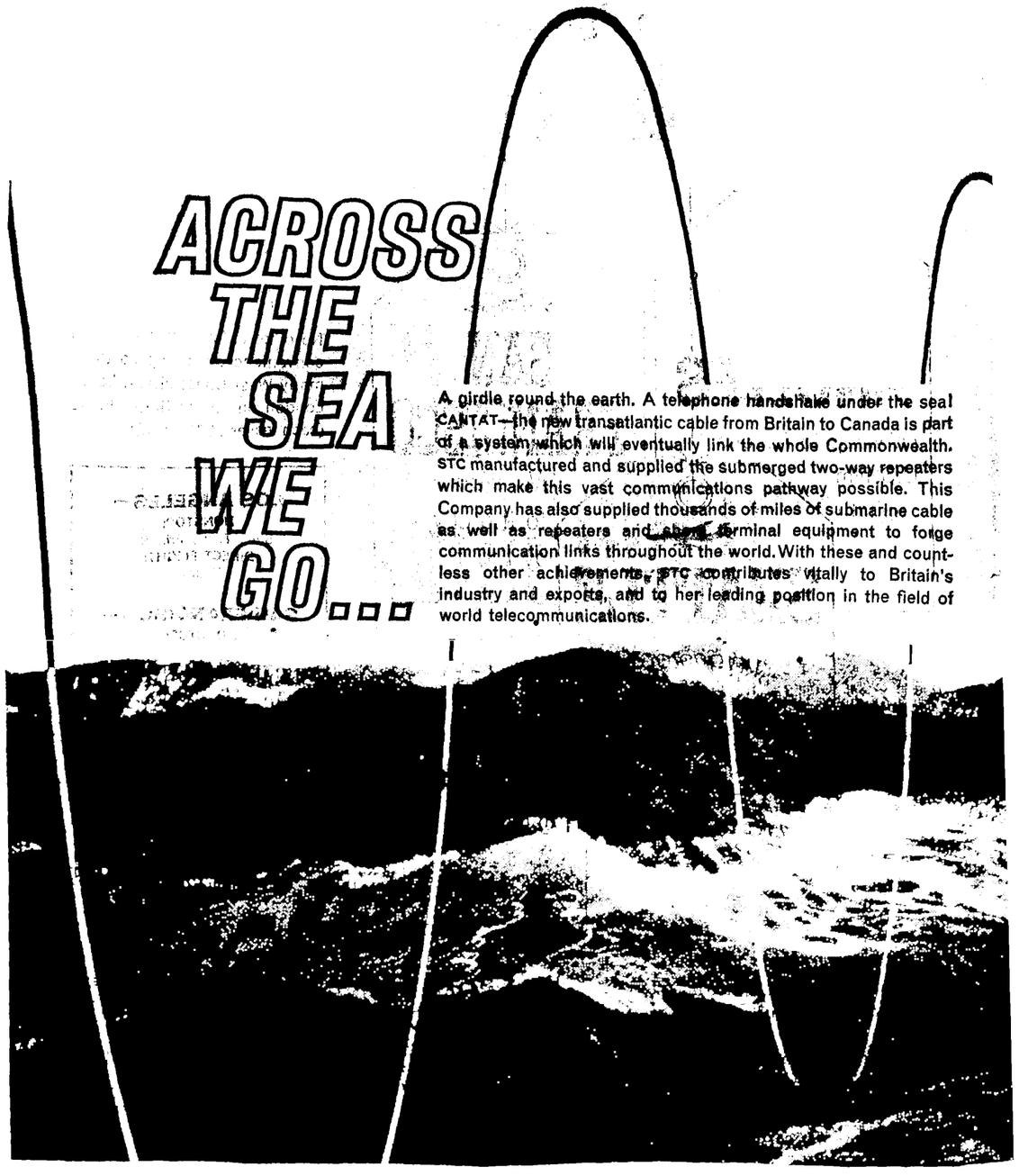

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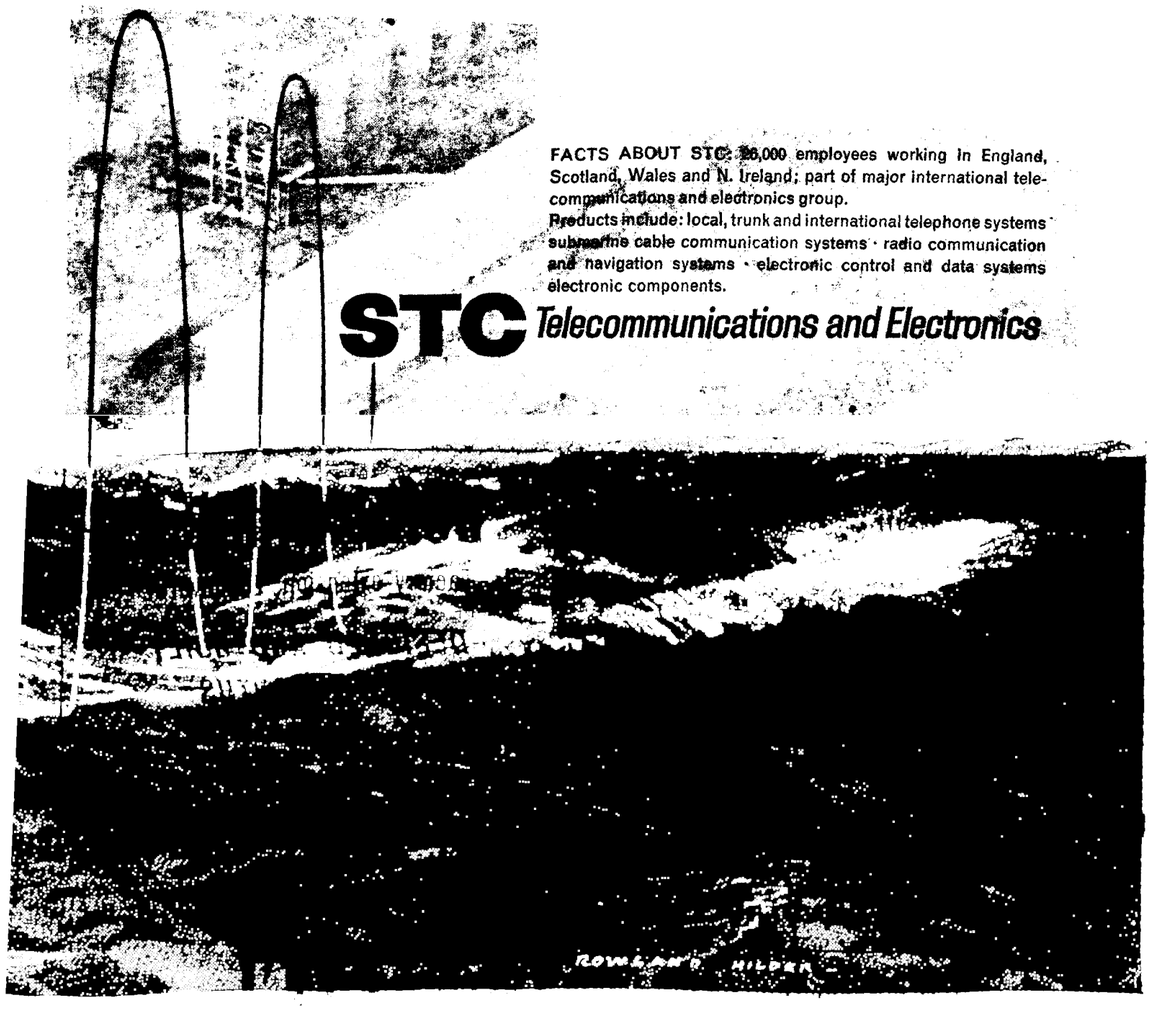

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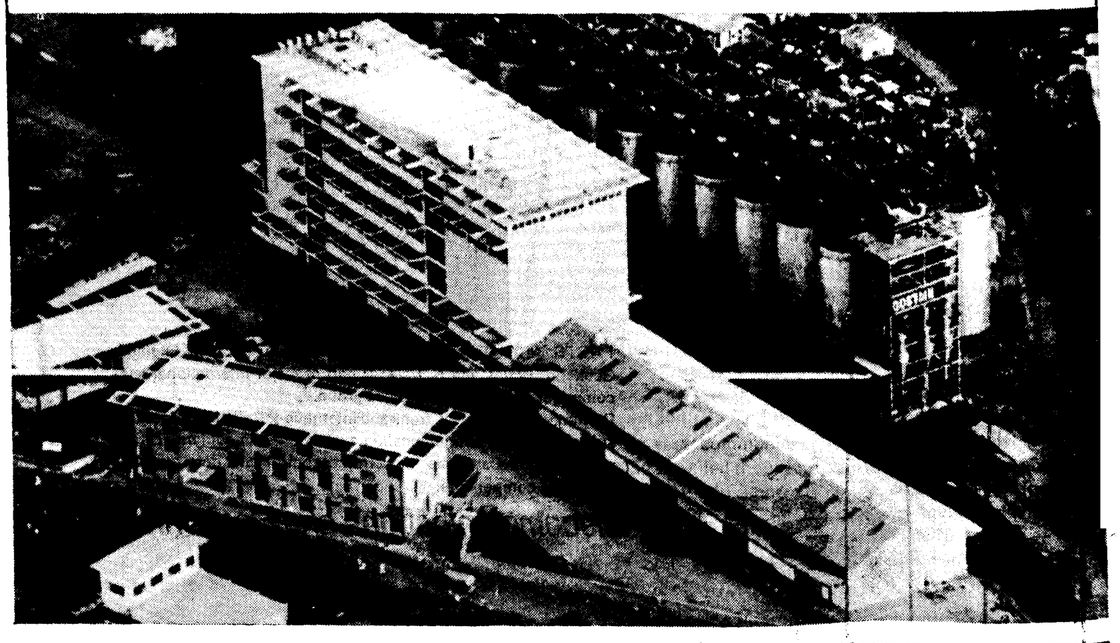
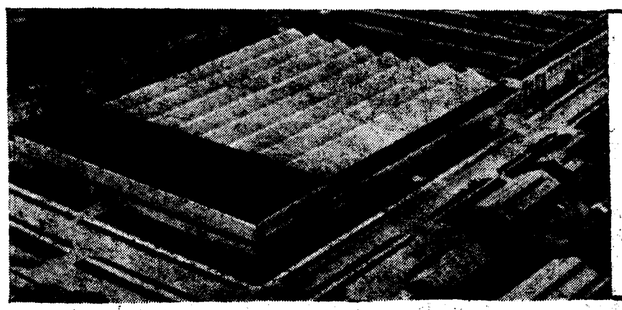
STC Telecommunications and Electronics

APAPA FLOUR MILLS, NIGERIA CONSTRUCTED IN 197 DAYS





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Shaming the Devil

NO decent man (or minister) likes to be counted on the devil's side. The pressure upon the new Home Secretary, Mr Henry Brooke, to proscribe Britain's new Nazis and old Mosleyites does not come only from politicians who contend, most of them very sincerely but some of them more disingenuously, that these detestable race doctrines ought to be outlawed. It comes also from conscience and history: from remembering with a sense almost of vicarious guilt the merciless, monstrous slaughter of Europe's Jews by the German Nazis. Over all the argument about the banning of opinions preaching racial intolerance broods the ghost of Eichmann (and the blurred print, too, of Sharpeville's bloody field). The desire is painfully strong to prove that "it can't happen here."

The first point for Mr Brooke to cling to is that, still only in shabbiest miniature, it is already happening here. The second is that it is not happening just as the consequence of the poisonous preachings of these handfuls of stupid or malevolent men. It is happening because, in the margins of quick social change, violence and intolerance are coming to be British habits. Neither the rootless youngsters nor the resentful elders of Dudley now or of Notting Dale four years ago needed Mr Jordan or Sir Oswald Mosley to egg them on to the hue and cry for scapegoats for their discontents. The poisonous (or simply silly) preachers are themselves symptoms, too; so also are those who beat the preachers up.

This does not mean that actual provocation to violence, of any sort, does not have to be put down with the law's heaviest hand. What it does mean is that all violence, however directed, has to be put down without discrimination; and that, in fortifying freedom of opinion and argument in Britain, any defence which abridges that freedom is itself a surrender to the enemy from within. It is being argued, honestly enough, that this freedom is already abridged by the penalties against sedition, obscenity and blasphemy; to add racialism to these offences, it is said, will be a logical reinforcement, not a diminution of free opinion. But, in fact, if the law's safeguards against seditious, obscene or blasphemous opinion were still, as they once were, the arbitrary frontiers set by the views of an establishment, freedom of opinion and argument would be vastly less than it now is. These reservations survive in a free society because they have ceased to be a system of censorship; there is freedom of discussion because, in effect, most things go—except when public order itself is threatened. A new rule now that would deliberately silence Mr Jordan or Sir Oswald Mosley beforehand in their indictment of coloured men or Jews—and heaven knows that such an indictment is, in itself, a flat denial of what British freedom should mean—could equally be used by policemen or magistrates to stop Dr Banda indicting Sir Roy Welensky in Trafalgar Square, Sir Roy's friends or the South Africans indicting Dr Banda, the motley men from campaigning against the German troops training in Wales, or the well- or ill-meaning disarmers from [illegible] their charges against Polaris in the Holy Loch.

This, no doubt, will be called the usual unrealism of liberals clinging on to their conventional freedom—even if only the freedom to say good or bad things from a plinth or platform in a public square. Why, it will be asked, have democrats got to give hostages to ill-fortune in this fashion? Why should we accept this "double standard," when the enemies of freedom, whether Nazis or

communists, get the best of the argument always to their evil advantage? The answer is a very simple one: the cold war, whether against right or left, is precisely about the so-called double standard. Men, to be free, have to pay the price of being free. The price that must never be paid, if possible, is the price of giving men in authority fresh power to determine what shall be said, or not be said, in speech or in print.

The problem of public order remains. The danger to British freedom is violent deeds, not, first of all, violent words of whatever colour. The law has to clamp down hard on all violence and incitement. At the same time, those who run a free society have to look to the roots of the canker of violence and intolerance: to the reasons why some of our young people in an enriching society are now rootless and rebellious: to the reasons why ordinary decent elder folk are resentful of strangers in their midst. It is a problem not only for the politician of any party but for the educator as well, both faced with the social and technical changes transforming our society overnight and bringing with them the urgent need for better and broader education and for a great national programme of urban renewal.

There is no gimmick, whether by shutting out immigrants (this Act in fact has fomented intolerance by giving it a justification) or by proscribing detested opinions, which will give a short cut to the resolution of Britain's basic social tensions. Those who cry that the analogy of Hitler's rise to power, helped by the "connivance" of the German people, now demands the massing of both law and force against our own neo-Nazis miss the lesson even of that history. Hitler came to power not only because men of substance aided him for their own ends, but also because, in a time of social and economic frustration, violence in the German streets was allowed to be the arbiter in a struggle which he and his thugs first fought and then won. The street battle was his way to power: the Horst Wessel song, commemorating just such a seamy struggle in the streets, became his anthem.

We will not, if we can help it, surrender what we seek to preserve; we will not give to politicians or policemen or magistrates the power to specify what shall or shall not be said. That is one slippery slope. The other is the resolution of our differences by force not argument; we will not give this power to the mob either. The remedy for the infection is threefold. It is, first, within the law as it stands, not only to call a halt to provocations that deliberately invite breaches of the peace but also to punish every resort to fist or foot or bludgeon by the most swingeing penalties; this is what Mr Brooke should now be making up his mind to see done. The second remedy is the business of all politicians, whatever their party; instead of sheltering behind Mr Brooke they themselves should be out in every market place not only countering the cult of the new Nazism but also every sort of violence as well. And, thirdly, these shameful skirmishes are just one more reminder of the responsibility that we all share to root out the causes that breed them. The fault is in ourselves.

Europe's Dog Days

in or out?

The four articles that follow describe, from viewpoints in London, Brussels, Paris and Bonn, the position in which Britain's negotiations with the common market are left between the interruption in Brussels last Sunday and the resumption in the autumn

It is not unknown for lifts to get stuck between floors; when they do, those inside are advised to keep calm, resist the suspicion that someone is cutting the cable, and suppress the wish that they had never got on. So far as one can tell, the unscheduled halt in Britain's negotiations with the common market at 7 a.m. on August 5th was not caused by a permanent failure of the mechanism. On the main point at issue—the need to protect the farmers of New Zealand, Australia and Canada—the two sides appeared to have got almost within hand's reach of each other, and of a settlement that an impartial umpire might regard as fair and reasonable. Sheer exhaustion, and the running out of the allotted time, then called a halt. The original British deadline having thus slipped past, it would have been pointless (and tactically stupid) to have tried to cram another deadline into the brief time left before the Commonwealth prime ministers meet on September 10th. And so one waits for autumn; the deputies are to meet next in late September and the ministers in early October.

Thus the sudden stoppage on Sunday need not be regarded as the prelude to a sickening drop to failure. There does exist a threat to British hopes of joining Europe; it comes, however, [illegible] what has been happening in Brussels in the last fortnight than from the danger that public opinion in Britain may now want to scramble out of the negotiations before they have a chance to be pushed through to success. To understand this—and to diminish the possibility that such an uncalled-for scramble will in fact take place—it is necessary to grasp two things about what took place in Brussels before the negotiators came wearily home. The first is how close the talks finally got to a tolerable compromise about food imports from the old dominions; the second is how difficult life became for the French when they tried to push resistance to Britain beyond limits acceptable to the other members of the Six.

On the crucial Commonwealth farm issue, argument flowed around four different points; two of these have now been settled, and the other two are much nearer to being settled than seemed likely ten days ago. In last week's session Britain and the common market came to terms on the ground to be covered by the world-wide agreements which (as everyone admits) are the best long-run hope of reconciling the interests of the Commonwealth and of western Europe after the transitional period ends in 1970. They had already come to terms in the week before on the need for special arrangements to fill the gap if, as may very well be, satisfactory world-wide

agreements have not materialised by 1970. The coming together on these two points was not achieved without some concessions on Britain's part. In particular, the British seem to have given up the hope of specifically mentioning access for the dominions among the aims of the post-1970 agreements.

But these concessions have to be seen in the context of the matching concessions offered by the common market. In the pre-1970 transitional period, as Mr Heath acknowledged in his report on Tuesday night, there is still an argument about how much of the common market's internal preference system (or *abattement forfaitaire*) is to be extended to the dominions' exports of food to Britain: in simpler language, about how much of a disadvantage, if any, these exports are to suffer compared with similar produce coming to Britain from inside the common market. But the gap has narrowed slightly; what is more, no matter how the *abattement forfaitaire* is sliced in the end, it is agreed that it will not be permitted to lead to "sudden and considerable alterations" in the flow of trade. This is one substantial gain. Another is the offer of the Six to fix their food prices—the most important question of all—in such a way as to allow the dominions "reasonable possibilities" of selling their produce to Europe. Until last week the common market's negotiators had not been willing to spell this out in writing, or to mention the Commonwealth specifically. Now they have done both.

Quite possibly this is still not enough; not even when one adds the Six's further promise to make special provision for New Zealand—a promise apparently extracted, be it noted, over the dead body of French objections. It may be tempting for the British negotiators, winded by their exertions, to call well enough and resist exhortations to plunge into the breach once more. If so, the temptation should be suppressed, even at the possible cost of some English dead. There is still a case for trying to get for Australia and Canada a little more of what New Zealand has got: to be specific, some further improvement, even if only a slight one, in both the pre-1970 transitional arrangements and the long-term understanding about the common market's policy on prices. On the evidence of the last fortnight's work in Brussels, this last extra effort stands enough chance of success to be worth making.

Provided, that is, the French are not bent on keeping Britain out at all costs. There was a moment, at three o'clock last Sunday morning, when it seemed they might be; that moment, when they suddenly asked Mr Heath to sign their document on the financial transactions arising out of the common farm policy of the Six, and made it a condition of the whole agreement on Commonwealth agriculture, is described by our Brussels correspondent in the following article. But the second cheering point about the happenings in Brussels is the vigour of the opposition this aroused from their German, Belgian and Dutch colleagues. The French can command a majority inside the Six for making the British pay a stiff price to enter Europe. It may turn out that they can even command a majority for getting on with Europe's political union without Britain, while Britain's entry is still held up. But it is now plain that they run out of support when they raise obstacles that amount to a "Keep out" sign. Complaisant though the other five tend to be towards French wishes, their will to make the negotiation with Britain succeed has been demonstrated emphatically. Suppose that, come October, an agreement on food is reached acceptable to the United Kingdom, to the Commonwealth, and to the other five of the Six. Can M. Couve de Murville, surrounded by a whole colonnade of raised eyebrows, continue to "reserve his approval"?

Thus the chief remaining danger to Britain may not come from Brussels, or from continental Europe at all; it may come from Britain itself. It is to be expected that the convinced opponents of the Europeanisation of Britain, from Lord Beaverbrook all the way through the spectrum to Mr Michael Foot, will use the two months' delay before the negotiations are resumed to speak their pieces louder than ever. One's fear is that some of the present fence-sitters—the people whose worries range (in order of seriousness) from the common market's effects on eastern Europe to its effects on the Queen—may get so badly rattled by the prolonged strain on their nerves that they will fall off the wrong side of the fence. Monday's speech at Louth by the Labour deputy leader, Mr George Brown (not so long ago a convinced European), sounded suspiciously like a preliminary wobble on his part. It is unfortunate that Mr Macmillan probably cannot take a completed negotiating position to the Conservative party conference in October with the aim of rallying his party behind him; still more unfortunate, perhaps, that the party's recent by-election agonies may have diminished its capacity to be rallied by anyone for anything.

And yet there is some gain, as well as loss, in the two-month delay before the talks in Brussels begin again. The delay means that the moment when Britain finally has to make up its mind about the terms offered to the Commonwealth will more nearly coincide with the moment when Britain's friends in the European Free Trade Association discover what terms the common market is going to offer them. Thus the two great tests of Britain's fidelity—its willingness to stand by its promises to the old dominions, and to the Scandinavians, Switzerland and Austria—will march towards a decision more or less in step. The result will not be clear until well into the autumn, perhaps even the winter. All that can be said in the meantime by those who want to see Britain get into Europe, by almost any means short of breaking its word, is that the visible facts of the matter—as distinct from the vague swirl of fears and suspicions—are still pointing to the bright outcome. It would be absurd, after so much patient progress, to give up now.

in or out?

Night of the Pound of Flesh

Our Brussels correspondent describes how the negotiations went, what was settled, and what was left to the autumn

The Brussels negotiations have not been helped in their latest stages by the amount of publicity they have had. Too delicate for "open" diplomacy, they are too momentous to be conducted wholly in secret; but half-secrets have a way of turning into half-truths. As a matter of fact there was nearly a rupture last week, but not between the Six

and the British ; it nearly happened during a heated session among the Six themselves. They came nearer to an open breach on August 3rd than at any time since they formed their club. That they weathered their own 12-hour storm and followed it by a 16-hour session with Mr Heath is some indication of the seriousness of their desire to avoid a failure in the British application for membership.

The talks had been prolonged for a week beyond their originally scheduled time ; and at the beginning of last week nobody acquainted with the number of problems still to be solved, with the Six's habitual snail pace, and with the general fatigue resulting from a previous series of late nights, still expected to get the complete general view that had been hoped for by the end of July. As it was, much of this view had emerged by the time the delegates separated to the sound of early church bells last Sunday morning.

BY THEN solutions had been found for the problems of manufactures from Canada, Australia and New Zealand. Agreement had been reached on the eligibility for association of African and Caribbean countries and for almost all the Commonwealth dependencies. The Six had promised to remove their 18 per cent tariff on tea, and to conclude comprehensive trade agreements with India, Pakistan and Ceylon by 1966. A joint formula had been agreed on the question of agricultural annual reviews and long-term assurances for farmers. The main lines of solutions, subject to two chief reservations, had been achieved for cereals from Australia, Canada and New Zealand, with an offer from the Six to work out special terms for New Zealand, which is particularly dependent on the British market. The principal subjects remaining for solution —apart from completing the paper on temperate foodstuffs—are now British horticulture, eggs, pig-meat, processed foodstuffs, zero duties and a number of special commodities including bananas and jute.

Two reservations—one British, one French—were put on the draft agreement for Commonwealth cereals. Conciliatory Belgian and Dutch drafts were boycotted by the French during last week's first meeting, when Britain was asked to produce its own suggested amendments to the joint paper of the Six, the basic document for this phase of the negotiations. This consists of three main chapters. The first, covering the period of full operation of the Rome Treaty, calls for world-wide agreements to stabilise agricultural commodity markets and to iron out the distortions of competition, taking also into account the needs of developing countries. It adds an assurance of the willingness of the Six to follow a " reasonable " price policy, bearing in mind both the needs of Community farmers and the aim to develop world trade harmoniously up to a satisfactory level (M. Couve de Murville's gloss on this envisages a decrease in the sales to the Community of non-member producers, who, he suggests, might be compensated by higher prices).

The second chapter of the proposals concerns transitional arrangements to taper off Commonwealth privileges in commodities where there is a preference in the British market (maize and barley), and the similar tapering off of free entry into Britain for non-preferential products such as wheat. The proposals take for granted that in the definitive period, members of the common market will enjoy a Community preference by virtue of their membership ; during the transitional period, this preference is to be assured by allowing Community countries to pay less of the internal levy when selling to their partners, so that their prices get an automatic advantage (the *abattement forfaitaire*) on the market concerned. For " preferential " products some of this advantage is offered to Commonwealth suppliers, tapering off by or before 1970 ; for non-preferential products the Six undertook, if a sudden and considerable disturbance of trade should occur, to consult with Commonwealth countries with a view to revising the conditions of Community preference.

The third chapter proposes that if world-wide agreements cannot be reached, the enlarged Community should consult with those countries, willing to reach them, and particularly with Commonwealth countries, to make special arrangements.

Although the British had already agreed in the previous week to this third chapter, their proposed amendments when they came threw the Six into a state bordering on crisis. In the eyes of the French, Britain was paying no more than lip-service to the idea of world agreements, while really planning to preserve Commonwealth preference under a different name. To the Commission the British plan seemed to jeopardise the Community's future freedom of action. The Dutch and the Belgians accused M. Couve de Murville of being completely negative in his attitude and of obstructing British entry in the way they had long feared.

However, after the Six's own long session, and then during the long night of Saturday to Sunday, agreement was reached on compromises which safeguarded many of the British interests involved. On world agreements Mr Heath was able to make the text of the Six's paper more explicit and palatable to the Commonwealth. On transitional measures, he secured that the whole of the price advantage enjoyed by the Community countries should initially be accorded to Commonwealth preferential products, and that the consultation clause should apply to these products as well as to wheat. On the Community's future price policy, Mr Heath was able to secure a commitment to offer " reasonable opportunities "—an advance on the Six's initial offer.

For the time being Mr Heath maintained his reserves on price policy, partly because of a similar reservation on the whole subject by the French, who demanded that it should be conditional on an agreement about agricultural finance—an insistence that amounted to the rattling of a skeleton which the Six locked in the cupboard in the small hours of January 14th, the night when they struggled through to a compromise on their own common agricultural policy.

Under that policy, the product of the frontier levies is to go to an agricultural fund to be spent by the Community as a whole. At the insistence of Germany, a large traditional importer of food from non-member countries, provisional ceilings were placed on national contributions to this fund for the first three years. This runs counter to the general philosophy of the Six (enthusiastically championed by France, which is a relatively small importer of food) that the Community's external frontier should gradually come to represent that of a single economic unit, and that no country within that unit can lay claim to special terms either in paying what is a joint levy, or in enjoying its proceeds.

The raising of this issue was no surprise to the Six, who had known of French pressure to include statements on this subject

(and on the European Free Trade Association countries). What took Mr Heath aback was the demand by the French for his agreement on a new detailed document at 3.10 a.m., and their proviso that without such agreement the rest of the package must remain provisional. This action would be consistent with a determination on the part of General de Gaulle to keep Britain out of the Community ; but, more probably, it is just one more example—with others to be expected in the future—of the French technique of driving the hardest possible bargain. Among the Six France has the reputation of a Shylock, inflexible about the pound of flesh. What this costs the French in the accumulating resentment of their partners is France's business. For Britain, the concern must be to let all the Six know when the price threatens to become too high.

in or out? Paris in No Hurry

Domestic pressures and foreign policy ambitions that help the French government to contemplate delays with calm are described by our Paris correspondent

NEITHER surprise nor sorrow in Paris greeted the news that the marathon runners in Brussels had fallen out, exhausted, without reaching their appointed destination. Official French commentators have been stressing the progress made on many subjects, and minimising the importance of the failure to complete the negotiations. It is, they claim, unfair to put the blame for that failure on French shoulders alone. They quote examples—such as the agreement to treat New Zealand as a special case—to show that obstruction was not the French purpose. All the same, less hurried than their colleagues, the French had never really believed that the temperate agriculture problem could be solved on this occasion. They were not perturbed when this August 4th produced nothing for the history books.

That France, with its growing agricultural surpluses, should oppose concessions to Commonwealth farmers, ought to surprise nobody. The hope of bigger agricultural markets was one of the main inducements that got the French into the common market at a time when they were still nervous about their industrial ability to compete. About a fifth of the French labour force is still employed in farming ; as it declines, productivity increases and the economic importance of agriculture is sustained. The numerous decrees passed by the French parliament last week, known collectively as the *loi Pisani* (after the present minister of agriculture) are designed to encourage the development of efficient medium-sized farms, largely through regrouping and the elimination of the smallest ones. They also try to slow down the process of concentration at the top and to limit the financial penetration of the countryside by wealthy people from the towns. Arguing that such measures are needed to prevent social explosions, the policy-makers rely on outlets in the European community to provide the extra income necessary to ensure a gradual transition, without a major upheaval.

With such pressures at home, French negotiators were bound to look carefully at any provision favouring, say, Australian wheat farmers. Still, if they had been interested in a quick compromise, they could have switched the debate from " comparable outlets " to a practical discussion of " reasonable prices." As efficient producers, they could perfectly well have accepted a lower level of food prices than, say, the Germans easily could ; they could have sought a compromise with the British on such a basis. Evidently they had more than the basic economic reasons for hanging back. One reason advanced here is that it would have been tactically unwise to reach a compromise agreement before the meeting of the Commonwealth ministers. The British negotiators, runs the argument, would have returned from that meeting asking for new concessions to satisfy their partners. More important than this tactical calculation is the belief prevailing in Paris that the longer the negotiations last—and the more intransigent the Six are—the more Britain will give away. To convince doubters, the proponents of this thesis point out how striking has been the evolution in the British position from Mr Maudling as advocate of the industrial free trade area (Paris, 1958) to Mr Heath as European statesman in Brussels. This theory may ignore the limits of the British position and neglect the importance of British home politics. But it is widely held here, and when strategies are being weighed up it must be taken into account.

Behind the technicalities and polyglot disputations at Brussels, major economic and political issues are at stake. French ministers may be bothered by the prospect of peasant unrest. General de Gaulle never loses sight of his grand European design, in which Britain was not intended to have a place. He may well think that if the negotiations drag on for long, other continental partners besides Dr Adenauer will become insistent that he should proceed with his Union of European States without delay. On a more elevated level it is calculated that if Britain has to be admitted, the impact of its entry will largely depend on the terms that are made. If Britain manages to give the community an outward-looking character, one thing will lead to another. Special arrangements for the Commonwealth will be followed by agreements with American producers. Western Europe will be set on the road—through " partnership " or " interdependence "—to an Atlantic community. Many Europeans want to tread that road, but not General de Gaulle. If such terms could be imposed on the United Kingdom that it would have to turn its back to the ocean, Britain would then fit better into his own conception of a closely-knit western European coalition.

If London refused terms of that kind, Paris would get on happily enough with its present smaller club. But the French cannot stand alone. The latest round of negotiations has merely increased their awareness that they can carry their partners along only when they stand pat on the Rome treaty (and then only just). (Their insistence on total application of the treaty was reaffirmed at the Cabinet meeting on Wednesday.) M. Couve de Murville derived part of his strength from the support of Mr Mansholt, the Dutch vice-president and principal agricultural policy-maker at the European Commission. Odd though it looks, this alliance between the gaullist opponents of supranationality and the Brussels commission is not new. The French have proved skilful negotiators throughout the building of Europe, and they would not miss the chance of a tactical alliance or a possible bargain. Incidentally, when at three o'clock last Sunday morning M. Couve de Murville produced his document about the financial

provisions of the common agricultural policy, his move was aimed at his German and Dutch partners as well as at Mr Heath. The move was not unexpected. French papers had said in advance that the government might seize this occasion to get an explicit interpretation (in its favour) of a document which had been purposely left so vague as to be described as "an agreement on a conscious misunderstanding."

"Marry in haste, repent at leisure" would be an appropriate slogan to hang on the walls of the French delegation. The French negotiators will not be unduly perturbed if October sees yet another postponement of the plighting of troth. Even if the obstacle of temperate agriculture is cleared, the European Free Trade Association may then appear as a major hurdle ahead. According to stories circulating here, the difficulties about Efta are not going to be confined to the association of its neutral members. The accession of others to full membership is likely to raise problems; Denmark is mentioned. It is being murmured that too many new members would prove a strain for the European institutions. Generally, Britain's road to Europe is seen in Paris as leading through patient and lengthy negotiations, without spectacular short cuts. To say that the French have blocked the way would not be right. But they do have their own economic and political reasons for not making the British journey any easier. So they are in no hurry. Once again, rightly or wrongly, General de Gaulle seems to think that time is, if not his servant, at least his ally.

in or out? Drang nach Europa

In west Germany, our Bonn Correspondent reports, the first alarm at what looked like a Brussels breakdown is giving way to reassurance.

For several months all west German government officials concerned in one way or another with the growth of the common market have been doggedly sanguine—at least in public—about the final outcome of the negotiations with Britain. So have most Dutch, Belgian and Italian diplomatists serving in Bonn. Their common plea for optimism is that the obstacles to British entry will be overcome simply because they must be, if western Europe, including the British Isles, is to preserve and improve its standard of living along with its modest but precious heritage of political freedom. Indeed, they hold that there is no alternative—not even for Britain—between national decay and renewal through surrender of much of the old trappings of national sovereignty.

Weary of the doghouse, yearning to play a far, far better part in history, the Germans like to see themselves as the principal begetters of a new enlightened European era. This is, of course, a role playable not wholly without self-interest. As the Free Democratic deputy, Herr Robert Margulies, has put it this week.

> The *Drang nach Europa* is highly developed in the federal republic. That part of Germany that is declared provisional in the Basic Law is not felt to be sufficiently a fatherland. The citizen . . . pins his hopes for the future on a united Europe strong enough to afford him the protection and security that he expects from his state.

Such expectations are given extra significance by this summer's rumours of impending Soviet moves to bolster still more firmly—probably with the long-feared separate peace treaty—the militantly communist east German regime. The stronger the base of the European community, economic and political, the more the exposed German federal republic is reassured. In the circumstances it is not surprising to find east Germany's *Neues Deutschland* these days gratefully supporting its denunciation of the common market with long quotations from the British *Daily Express*.

The west Germans are proud of their steady effort to help bridge British and French differences about the common market, and they intend to keep it up. That the west German foreign minister did not attend the latest tough bout of bargaining in Brussels has not the sinister significance that some have attached to it. An economical worker, Herr Schröder knew that Bonn was quite adequately represented at Brussels by state secretaries Lahr of the foreign ministry and Müller-Armack of the ministry of economics. As a conscientious parent, he also reckoned that the family's annual summer holiday on the island of Sylt must be taken now or never in view of the preparations that have to be made for President de Gaulle's visit to Germany from September 4th to 9th. The foreign ministry is still having to cope with the misgivings which Dr Adenauer shares with President de Gaulle concerning the consequences, and especially the political implications, of British entry.

As elsewhere, the gloom engendered in Germany by what seemed at first to be a grievous breakdown in the Brussels negotiations last weekend has been largely dissipated by subsequent statements on the actual achievement. Herr Müller-Armack has declared that the result was "quite satisfactory" and the adjournment "quite natural." France, he insinuated, had been reluctant to agree to any concessions to Britain, but had recognised the necessity of preventing western Europe from splitting into two rival economic groups. In the give and take at Brussels, he went on, Britain had done 75 per cent of the giving. He paid tribute to the Lord Privy Seal and his team for the tenacity they had shown "without regard to their health."

These courtesies spoken, Herr Müller-Armack voiced his and his country's misgivings in remarking that what mattered now was the "psychological reception of the Brussels results in England." It is appreciated in Germany, and regretted, that Mr Macmillan is bound by an awkward domestic and Commonwealth political timetable. And that the inconclusiveness of the Brussels negotiations will give the common market's opponents time to muster reinforcements. But it is hoped that the British Government, now that it can point to the readiness of the Six to make special provision for India, Ceylon and Pakistan, will be able to convince home and Commonwealth doubters over the next few weeks of the Six's genuine and practical goodwill towards Australia, Canada and New Zealand. There is no reason for doubting Germany's sincerity in this matter. Figures published this week by the Institute of Germany Industry show that west German imports from Britain and the Commonwealth increased from DM4.234 million in 1957 to DM5,184 million in 1961; while exports to Britain and the Commonwealth rose from DM4.449 million in 1957 to DM5,180 million in 1961.

NIC and TUC

If the TUC were to think better of planning, would it ever be obeyed?

By going seriously into the planning business, and by inviting the Trades Union Congress to join with it in making planning work, the Government has put the unions on the spot. Nor can they get off it by refusing, as Mr George Woodcock and the TUC's economic committee formally did on Wednesday, to have anything to do with the National Incomes Commission. For years and years the unions have declared—and not unreasonably in view of most Tory talk—that planning would be initiated only by a Labour government; and they have dodged the awkward problem of the part they might play in it. This summer the Left's planning clothes have been abruptly stolen: one TUC reaction has been to suggest that it had never seen this particular suit before anyway, that "Tory" planning and "socialist" planning are from entirely different cloth. This evident rubbish can only be explained by the familiar split-mindedness of the TUC. Once more its political and industrial faces are looking in opposite directions.

The contemptuous vehemence of Mr Woodcock's initial reaction to the Prime Minister's first airing for Nick could conceivably have been prompted (and excused) by Mr Macmillan's own highly political presentation of this motion in a censure debate. The unions' more fundamental objection—disguised behind the demagogic claim that the Government wants to control wages but not other incomes—seems to be summed up in the phrase: "You can't plan wages without planning the rest of the economy." But they know perfectly well that the converse is just as true. By this week Mr Woodcock was expressing a slightly more sophisticated opposition to the Chancellor: the idea of planning incomes, he said, was all very well, but this was not the way to do it. (The Government had given the commission a task "far beyond its powers.") But it is a foregone conclusion that, from now on, the TUC will be talking about how to plan wages, whatever happens to Nick.

Far more important is the question whether the TUC can do more than talk. Once upon a time, the optimists insist, the TUC was able to blunt the hungry edge of its members' desire for more pay. But that was under the most special of circumstances, and with Sir Stafford Cripps as Chancellor of the Exchequer. Even then the effort did not last two years. With the best will in the world towards a Tory Chancellor there is nothing that could be done to curb the desire of a recalcitrant union leader to put in a wage claim; there are plenty of recalcitrants, with strong tactical positions in sensitive industries (and without the calming influence of big jobs on the TUC general council), who would not be averse to putting in a claim simply to embarrass their colleagues. Even if the senior union worthies, never happier than when hob-nobbing with cabinet ministers, were willing to moderate their wage claims, the under-paid and often under-estimated officials who have to get their ideas across to the rank-and-file are unlikely to be enthusiastic about anything that makes it look as though they are not squeezing out as much as possible all round.

What is more, if the top union leaders are to be kept happy in their work on the top planning committees, presumably some bits of the advice they offer will have to be taken (and a Labour Chancellor would be under far greater pressure to accept such advice than Mr Maudling). But it so happens that the bits of advice they are likely to be keenest on at present are precisely those that the planners should be swiftest in rejecting. Mr Gaitskell proved in the Commons last month that Labour leaders do not always have to ignore the facts of economic life, even on so touchy a political question to Labour voters as directing industry into central Scotland and other declining areas. But such realism is far harder to achieve for a union leader who wants to keep his popularity. The spirit of Mr John L. Lewis, ruthlessly promoting the closure of coal mines, or Mr Harry Bridges, squeezing vast sums from the west coast shippers in exchange for a total reorganisation of the dock labour force, is beyond the reach of a more easy-going, amiable and unimaginative union movement.

The power structure of the TUC itself, as represented by the general council, is vastly overweighted in favour of the old-established and declining industries, whose spokesmen are bound to be economic conservatives. Thirty-three of the general councillors represent the various "trade groups" of unions (the other three general councillors are the general secretary and two representatives of female unionists). The non-railway transport trade group (consisting mainly of the Transport and General Workers' Union, and thus spreading into almost every modern industry) last year covered 1,419,000 affiliated members, and has three general councillors; the mining and railways groups, with 1,103,000 affiliated members, have six; the textiles, clothes and shoe manufacture groups cover 477,000 members, and have no fewer than five.

The structure is glaringly anachronistic. The best hope that it will be changed comes from the possibility that the National and Local Government Officers' Association may join the TUC, bringing with it perhaps some other white-collar groups: Nalgo alone has 285,000 members, and more than just some minor tinkering would be needed to secure adequate white-collar representation on the general council. But the result of Nalgo's ballot on affiliation will not be known before mid-October, and even if it is favourable it will be some time before a new structure can be evolved.

The TUC's refusal to co-operate with the incomes commission must by no means be regarded as a disaster. The unions now have to think fast about a problem that they have too often ignored; and they must face up at last both to the issue of their own formal organisation, and to whether any decisions reached by that organisation stand any chance of being carried out. Many top trade unionists seem to believe that they can afford to behave pretty cavalierly towards a Government that, in their view, could fairly soon be replaced by one more favourable to their arguments. But the first to benefit from a sorting out of the TUC's muddle over wage-planning would be a future Labour government, committed as it is to co-operation with a body that, unreformed, could only be indecisive and ineffectual.

Ben Bella's Trial Month

A QUESTIONNAIRE

Q. If it isn't too much to ask, what precisely was arranged between Mr ben Bella and his rivals when they patched up their quarrels last week?

A. Mr ben Bella and his politbureau were put in charge of Algeria—on a month's approval.

What happens after that month?

The revolutionary council, as the source of authority, will re-examine the bureau at a meeting on September 9th.

But surely there are going to be elections for a constituent assembly? Won't that rather baffling old council, that has had to make do as a parliament, be a back number by then?

Very nearly, perhaps. But a month is judged to be the time limit that the country will allow to ben Bella to prove he can do the job.

What will ben Bella do?

He will try to become Algeria's first elected prime minister. The elections you mentioned are planned for September 2nd. Assuming this plan holds, the politbureau, which is five to two pro-ben Bella, will approve the candidates for election—on a single party list. The elected assembly in its turn should appoint a ben Bella government.

It sounds like a walkover; is it?

No; it will be quite hard going. There are other odds and ends to attend to. For damage done by quarrelling Mr ben Bella has a heavy account to pay. Take a few items: One sound and united country collapsed into feudal anarchy. Flight of 500,000 Europeans (provoked by their own Secret Army but reanimated by Moslem kidnappings); these include all the teachers, their return having not been arranged for, nine-tenths of the doctors and hundreds of French civil servants, vital cogs in the administration wheel. Flight of capital. Loss of trade. Loss of thirty per cent of the harvests. Total financial loss valued at about two years' revenue. But the biggest problem for the politbureau is to restore some central authority and wrench control of the country from the regional army chiefs' hands.

Has ben Bella a hope of doing this?

There are powerful supports on his side. The Algerian people generally are so shocked by the chaos that has come to them that they will back any leader who is genuinely tidying up. France can influence matters by giving or withholding money. Its present inclination is to use this lever to see that elections are held and the army is brought under control.

What does the army want?

The forces of the interior, the maquis, that is, who bore the brunt of the fighting, seem willing to be converted into a national army under civilian government. The forces from the exterior, from Tunisia and Morocco, have fancied a military dictatorship. Whether their Colonel Boumedienne has been seeing himself as the dictator or as ben Bella's praetorian prefect is hard to say. Each has been exploiting the other. Hence most of the trouble and muddle. Mr ben Khedda, Mr Boudiaf and Mr Belkacem Krim have ranged themselves from the start against any such dictatorship.

Would ben Bella agree to be an army-controlled dictator?

Not if he could avoid it. But he has been so thick with Boumedienne and the two other general staff officers whom Mr ben Khedda dismissed that it is hard now to head them off. He is trying to get disentangled, did not obtain their reinstatement from ben Khedda's provisional government, although he vowed to do so, and when on August 3rd he entered Algiers in triumph, he left Boumedienne behind.

Was this not a moral victory for Mr ben Khedda?

Up to a point, yes. It meant that ben Bella had recognised that he had got to mind his step. But he is probably free to reinstate the three colonels now that ben Khedda's government has formally handed over power to his politbureau—as it did on Tuesday.

Is Boumedienne a "mad colonel"?

Yes, politically you could call him a bit dotty. He has little or no idea of the economic facts of life. He tried to wreck the Evian talks, and he would gladly have seen Algiers and Oran devastated rather than come to terms with the Secret Army. He has not much time for townsfolk, puts his money on the noble peasant. But he is an inspiring leader and has filled the forces under him with revolutionary zeal.

What do those forces do with this zeal?

In the districts they control they fraternise with the people and point to the poverty of most of them, contrasting it with the privileges of the politicians, intellectuals and above all the Europeans. They say these privileges must go.

Does ben Bella agree?

Theoretically, yes; but he says that he hopes to channel some of this revolutionary energy into reconstruction: repairing war damage, road building.

Can you see Colonel Boumedienne blowing the whistle for a road gang?

Frankly, no.

All right. Go back to ben Bella's politbureau. Why did it cause so much hand-wringing?

Because it was a sick choice. Just look at the members. Four of them prisoners with ben Bella. A colonel who had been even longer in prison. And an almost inactive member of ben Khedda's government. Anyone who had accomplished anything during ben Bella's six-year detention was pointedly left out.

Is this why Belkacem Krim could not be included?

Clearly. As soldier, statesman and peacemaker he achieved all the things that ben Bella would have liked to do. But on top of this it was he who first clashed with the general staff officers when, exactly a year ago, they refused to obey his orders as chief of the inner war council. Since then he has been in the van of the crusade against the colonels. So of course he was ruled out.

But is it not a calamity that ben Bella has antagonised the Kabyles?

It is not yet as bad as that. Ben Bella cannot challenge the Kabyles in their mountains. They are the driving force of the country. They paid for the revolution, not only with the lives of their maquis, but as its principal money raisers through their workers abroad in the powerful "federation of France." Ben Bella, it seems, was obliged to concede last week that Krim, and not the politbureau, should select Kabylia's candidates for election. So they and their formidable master can exert an independent influence.

Does the make-up of the politbureau imply that ben Bella condemns everything that has been done in the last five or six years?

Only in a whimsy sense. He has a Sleeping Beauty complex. Everything must stop if he stops. The last six years must not count. But this should not be judged too harshly. He missed his own date with destiny. When the French so crazily arrested him in 1956 he was already two-thirds of the way to making his own peace terms with France.

Then was it really necessary for him to get so embroiled with the colonels and so tarred by their violent ideas?

No; but when he was in prison he feared he was losing ground and believed he must use the army to bulldoze his way back to power. Also, to do him justice, one must say that his cossetting of the colonels may still be the one card he holds to persuade them to come into line. But he did not in any sense "need" them. Though hidden away in France, he remained for most Algerians the symbol of the revolution, their pin-up leader. Had he come out of prison as a conciliator instead of a trouble-shooter he would have been the obvious choice as Algeria's first prime minister. As it is, he now assumes power with a tarnished reputation and on conditional terms of service—a month's trial.

NOTES OF THE WEEK

FINLAND

Ah, Youth

"WITH the Dutch courage of drunks, the hired riff-raff, bought with dollars and western marks, disgrace the good name of the city of Helsinki." This is how it struck a writer in *Komsomolskaya Pravda*, the Russian newspaper for communist youth. The cause of the indignation was the series of demonstrations by crowds in Helsinki against the communist-organised eighth World Festival of Youth, which came to an end on Monday after ten turbulent days. Mr Evgeny Evtushenko, the so-called angry young man of Russian literature who recently visited Britain, got so angry that he told Russian television audiences all about it in poetry. The demonstrators in Helsinki were mainly young people who may or may not have had a shot of aquavit, but certainly did not have to be bought with dollars to express the widespread Finnish hostility to the festival. They were undoubtedly impolite, and probably impolitic as well; but one forgives a good deal to the Finns, who have a not inexplicable dislike of communism and have had to bottle it up for twenty years. The disturbances got the Helsinki police chief, who was unwisely mixing with the crowds out of uniform, cracked over the head by one of his own policemen; and brought an apology by President Kekkonen to the festival.

The Finnish government never wanted the festival to be held in Finland; but they had to accept it, when the communists insisted, since an occasional bowing to the Russian will is the price of Finnish independence. The communist organisers must now be wondering whether they were wise to insist. This is the second World Youth Festival to have been held outside the assured tranquillity of communist territory, and it was even less of a success than the first one in Vienna three years ago. Several delegations from African and Asian countries failed to turn up when they realised that the occasion would be largely a propaganda exercise. Some non-communists who did turn up protested about the way the festival was conducted, and a number went indignantly home, to Ceylon, Nigeria, Uganda and elsewhere, before it ended. Forty or so out of the total east German delegation of 500 appear to have slipped quietly away and sought asylum when no one was looking. On the face of it, the indignities suffered by the festival ought to be an embarrassment to President Kekkonen's policy of staying on friendly terms with Russia. In fact, they may not; they may simply have made Mr Khrushchev realise (what Mr Kekkonen cannot very well say in so many words) that it can be inadvisable to foist things on the Finns.

BERLIN

Anniversary Blues

AUGUST 13TH last year saw the erection of the communist wall—then a makeshift, now a massive and fearsome structure—between the two parts of Berlin. Monday sees the anniversary, which President Lübke and other prominent west Germans are going to Berlin to mark by an act of presence. Perhaps irrationally, the approach of this anniversary has seen a wave of nervousness in west Germany about what may happen next.

The sagging of the west German stock exchanges, at a time when exchanges in other countries were mildly picking up, is only one symptom of this unease. On August 3rd, when the common market negotiations in Brussels were lumbering towards their crisis, Dr Adenauer was receiving the acting head of the west Berlin government, Herr Amrehn, to discuss the dangers to west Berlin and the possibilities of action against them. One easily forgets that east-west policy and the threat of a separate Soviet peace treaty with east Germany have been more of a preoccupation to west German politicians, during these days, than Britain's relations with the Six.

Herr Ulbricht added his mite to the fund of apprehension by slipping off on August 1st to Russia, accompanied by his acting prime minister, Herr Stoph. To suppose, as some did, that he was on his way to sign the separate treaty does not seem necessary;

the communists are well aware that, to be anything better than a farce, the treaty will need to be signed more or less under the public gaze, with the participation of whatever independent governments can be got to join in. A treaty furtively concluded would not be much better, from the Soviet and the east German point of view, than none at all. Herr Ulbricht and Herr Stoph soon turned up in Kiev, and when it was remembered that Mr Khrushchev, too, was in the Ukraine, it seemed safe to assume that consultations were in train about something. Quite likely, the east Germans are pressing for their peace treaty, though they have other, notably economic, wants as well.

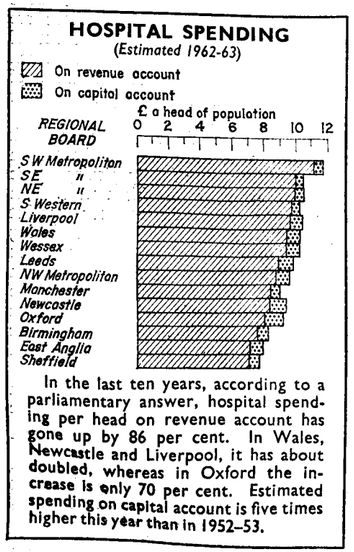
The atmosphere of doubt, speculation, and taut nerves is a commentary on the West's own failure to profit by the interlude that has been allowed it on Berlin by backing up the efforts of Mr Kennedy's Administration to come to some understanding with the Russians that might allow Berlin a period of stability. There has been an increase in Soviet hint-dropping to the effect that Mr Khrushchev is not prepared to wait for ever. An interesting variant on these hints is provided by the suggestions that he may turn up—demanding what?—at the United Nations Assembly when it opens in New York on September 18th.

NEO-NAZIS

Helping Hands

WHEN will the great British press, the BBC, Gloucestershire villagers and champions of democracy everywhere bring themselves to realise that they have fallen for the oldest publicity stunt in the business? By Thursday morning the heroic efforts of all and sundry had secured the detention and deportation of Mr Lincoln Rockwell, a silly and highly unimportant American whose political opinions are to the right of the lunatic right. For five days before that the British public had been titillated with variously excitable accounts of Mr Colin Jordan's "secret" fascist camp in Gloucestershire, the wounding of an intrepid press photographer there, Mr Rockwell's perilous entry into Britain through the Irish Republic, his portentous comings and goings at the camp, the villagers' righteous attack on the fascists, and the nerve-racking closing of the police and press net round Mr Rockwell in central London. The *Daily Mirror* gave Mr Rockwell all its front page (with an exclusive, posed photograph) on Tuesday : it was thus no surprise that Mr Rockwell chose to surrender himself to the *Mirror* in good time for another front-page splash on Thursday. Ever willing, the *Mirror's* rivals splashed him too.

By this assiduous attention to the peril in the country's midst, the press has done as much as the Trafalgar Square punch-up boys to elevate Mr Jordan and a couple of dozen strutting adolescents into something resembling a political entity which simple people (to Mr Jordan's enormous gratification) now take seriously. As a direct result the number of self-appointed nitwit fuehrers will go up; Messrs Jordan and Rockwell will get more bemused recruits ; there will be more publicity, more peddling of photographs and information to the press, and more inspired punch-ups. While helping hands energetically raise Mr Jordan and his breed to fame on the front pages, the leader writers and columnists inside bray for action to stop the propagation of neo-Nazi views. Piffle, Mr King, piffle.



In the last ten years, according to a parliamentary answer, hospital spending per head on revenue account has gone up by 86 per cent. In Wales, Newcastle and Liverpool, it has about doubled, whereas in Oxford the increase is only 70 per cent. Estimated spending on capital account is five times higher this year than in 1952–53.

DR SOBLEN

No Escape?

THE case of Dr Robert Soblen, convicted as a spy in the United States, has added to Mr Henry Brooke's current worries, but for Dr Soblen's actual plight in Britain the Home Office is not primarily to blame. Probably most responsibility must rest on the United States police and emigration officials who allowed him to jump bail and escape to Israel in June after being sentenced to life imprisonment. Israel refused to grant him asylum and he was then deported on an Israeli plane flying to the United States via London. Just before the plane landed in London Dr Soblen cut his wrists, not to commit suicide, but to avoid being taken back to New York. After hospital treatment he was transferred to prison, and from there he applied for a writ of *habeas corpus*. Dr Soblen's plea was to be freed, either to stay in England or to depart to the country of his choice, but this was dismissed by the Divisional Court of the Queen's Bench and also by the Court of Appeal, who held that he had never been given official permission to enter Britain ; technically he was still in transit.

The Home Office then served an order on El Al, the Israeli airline, to fly him on to New York. But on instructions from Israel the airline refused to do so. The Israeli government apparently did not want Dr Soblen in Israel, but had become unwilling to incur the odium of sending him back to the United States. As if to give itself more time to think, the Home Office extended until midnight on Friday the time limit within which it wanted El Al to remove its embarrassing passenger. There could be no question of outright extradition, since spying is not an extraditable offence.

Dr Soblen's case has been complicated by the pressure brought to bear on the British Government by the United States to return him to America, as well as by internal politics in Israel. In addition, doubts have been raised about the fairness of his trial in the United States and the value of the evidence brought against him there. The American Civil Liberties Union has been campaigning for a new trial. There is the further non-legal but human factor that he is a dying man suffering from leukaemia and with very little time to live. Mr Henry Brooke's officials, too inefficient to prevent Mr Rockwell from walking in the back door, are probably not inefficient enough to let Dr Soblen quietly escape from the front one.

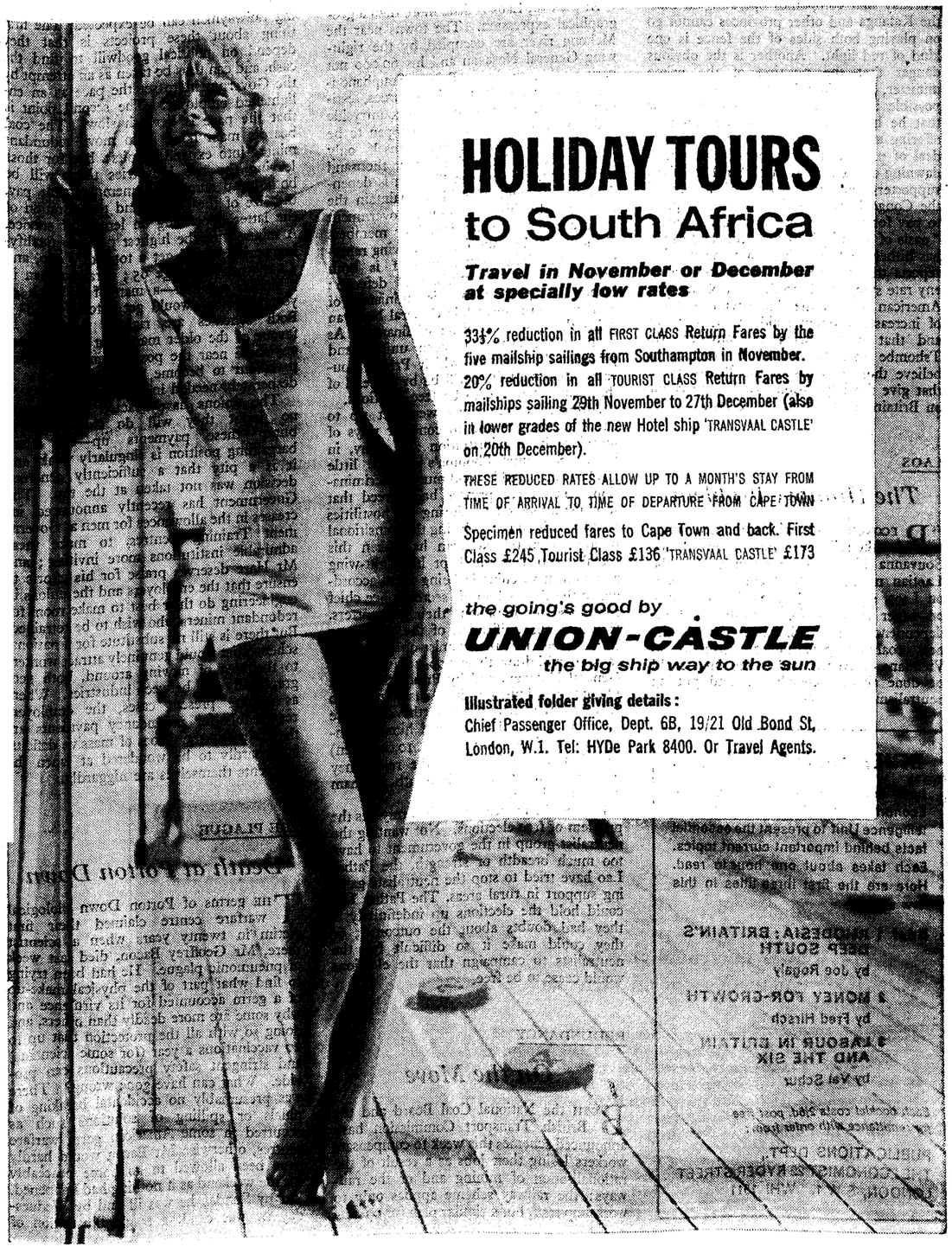
CONGO

Squeeze Play

THE United Nations, at the request of the Congo government, is turning back from Elisabethville aircraft that do not have the government's clearance. The Belgian government has turned back Mr Tshombe, who had intended to pay what he called a "private visit" to Brussels ; a fortnight earlier it had had a painful experience with Mr Kimba, Mr Tshombe's "foreign minister" and deputy, who failed to keep his promise to refrain from political activity on a similar visit. (Was he asked for the same kind of undertaking when he visited London last month? If so, he did not observe it.)

The Belgian government now seems prepared to defy the powerful forces that have hitherto backed Mr Tshombe in Brussels. Reports from Washington indicate that the Belgian attitude, in last week's talks there, about a new programme for ending the Tshombist secession, has been a good deal closer to the American than the British. The *Union Minière* has volubly rejected the United Nations' offer to protect its installations against the reprisals that Mr Munongo threatens if it were to abandon "its constant policy of non-interference in political affairs"—that is, if it were to start paying some of the taxes it owes to the Congo government. But Belgium, like Britain, has substantial interests not only in the Katanga but elsewhere in the Congo too. And Belgium has no Rhodesia.

The Congo government's warning on



Tuesday that companies operating in both the Katanga and other provinces cannot go on playing both sides of the fence is one kind of red light. Another is the obvious danger that the position of the prime minister, Mr Adoula, will become impossible if there are no rapid results now that he has gone to the perilous limit in offering a revised constitution with a great deal of provincial autonomy. Perhaps it is dawning on some at least of Mr Tshombe's supporters that the throwing of the rest of the Congo back into chaos is a high price to pay for the preservation of a Katangese "oasis of stability" in the peculiar form it has hitherto taken. There are encouraging reports that the British Government is at any rate sympathetic to the part of the new American programme that envisages offers of increased economic aid to the Congo; and that it has tried to convince Mr Tshombe that he would be foolish to believe those sections of the British press that give the impression that he can count on Britain to back him to the last.

LAOS

The Humpty Problem

"RECONCILIATION within and neutralism without" has long been Prince Souvanna Phouma's prescription for the Laotian malady. The Geneva agreement on Laos, signed on July 23rd, provided—on paper at least—for neutrality and independence. The prince, who heads the new coalition government, returned to Vientiane on August 3rd to see what could be done about reconciliation and putting neutralism into effect.

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At present, Laos is little more than a geographical expression. The towns near the Mekong river are occupied by the right-wing General Nosavan and his 60,000 not very warlike troops. Prince Souphanouvong's left-wing Pathet Lao forces, estimated at 20,000 men, roam the countryside and have control where they happen to be at the time. Having for himself only Captain Kong Le and his few thousand troops, Prince Souvanna Phouma is dependent on his political skill to maintain the balance. In his provisional government there are eleven neutralists, four members of the Pathet Lao and four right-wing representatives. The prince himself is both prime minister and minister of defence; Prince Souphanouvong is minister of economy and plans, while General Nosavan holds the post of minister of finance. As soon as the army has been unified and partially demobilised—which Prince Souvanna Phouma thinks will be by the end of the year—there are to be free elections.

Although commissions were set up to effect a cease-fire and to consider ways of unifying the administration and army, in Prince Souvanna Phouma's absence little has been achieved beyond mutual recrimination. The three princes had agreed that administrations set up during the hostilities could remain in being during the transitional period. General Nosavan has taken this literally and virtually kept his right-wing government machine in being; and according to the Pathet Lao his secret police chief continues to imprison their supporters. However, the unification of the army may be made easier by the promise of the Americans to withdraw their 700 advisers from General Nosavan, and by Prince Souvanna Phouma's admission in Washington on July 30th that there were North Vietnamese forces in Laos. He declared himself confident that these (estimated at 10,000 men) would now withdraw, and the route they have been using to reach South Vietnam would be closed.

Beyond the unification of the army lies the problem of free elections. Not wanting the neutralist group in the government to have too much breadth or strength, the Pathet Lao have tried to stop the neutralists gaining support in rural areas. The Pathet Lao could hold the elections up indefinitely if they had doubts about the outcome; or they could make it so difficult for the neutralists to campaign that the elections would cease to be free.

REDUNDANCY

On the Move

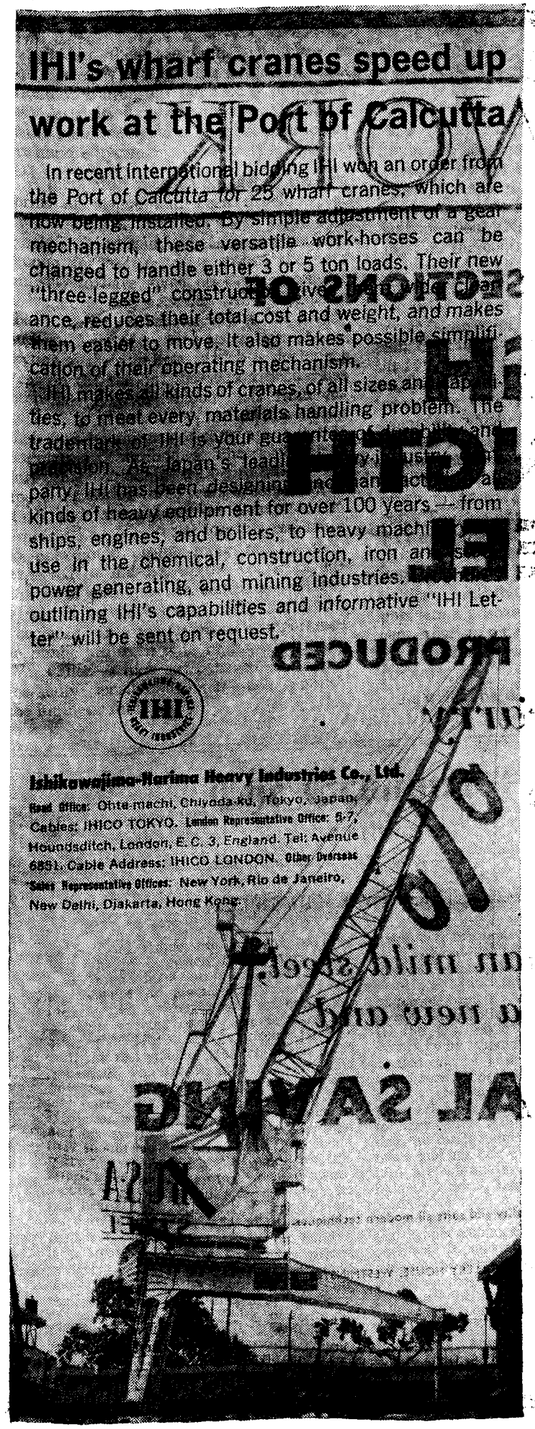
BOTH the National Coal Board and the British Transport Commission have announced schemes this week to compensate workers losing their jobs as a result of the rationalisation of mining and of the railways: the railway scheme applies only to workshop staff, but a similar plan for operating railwaymen can be expected. The first thing about these projects is that they depend on political goodwill to find the cash, and can thus be taken as an attempt by the Government to set the pace as an enlightened employer. The second point is that the pace is devilish slow. The coal board's main hope is to move redundant miners into expanding pits: but for those leaving the two industries there will be both lump sums and unemployment pay, the size of the former and the duration of the latter depending on length of service. A miner with the highest possible qualifying period would get a total of £430, and £1 a week from age 65; a railwayman in a similar position—a man of 60 with 45 years' service—would get a total of £523. Both schemes are rightly weighted in favour of the older man; but neither goes anywhere near the positive encouragement to labour to become more mobile that is desperately needed in Britain.

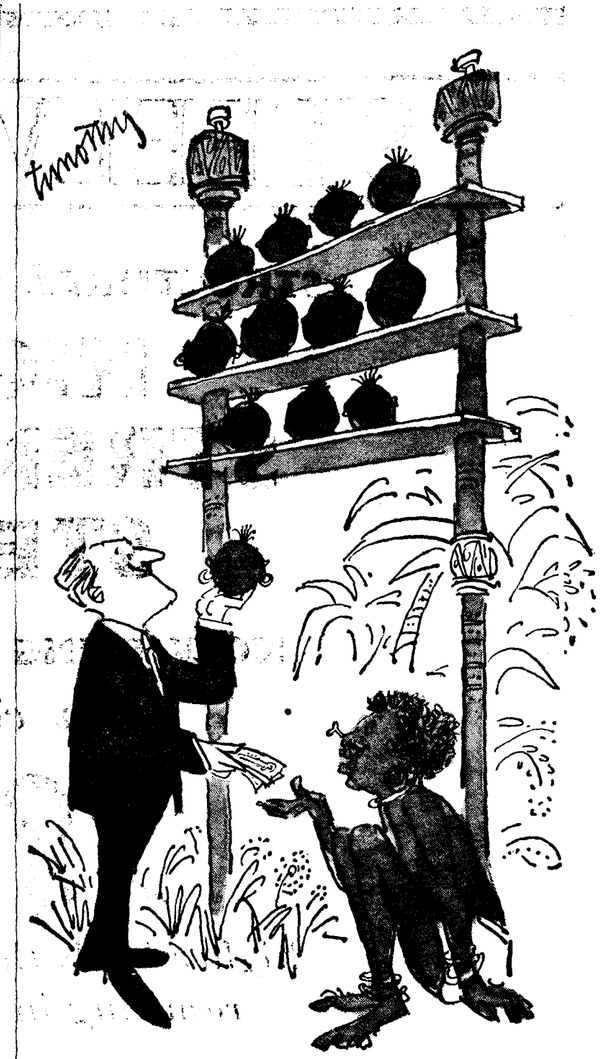
The unions have reacted angrily, and no doubt they will do their best to bump these payments up—but their bargaining position is singularly weak, and it is a pity that a sufficiently generous decision was not taken at the top. The Government has recently announced increases in the allowances for men at Government Training Centres, to make these admirable institutions more inviting; and Mr Hare deserves praise for his efforts to ensure that the employers and the unions in engineering do their best to make room for redundant miners who wish to be retrained. But there is still no substitute for a national scheme that would genuinely attract workers to the idea of moving around, both geographically and between industries. When, as in the present cases, the employers responsible for redundancy payments are themselves in the throes of massive deficits, it is hardly to be wondered at when the payments themselves are niggardly.

THE PLAGUE

Death at Porton Down

THE germs of Porton Down biological warfare centre claimed their first victim in twenty years when a scientist there, Mr Geoffrey Bacon, died last week of pneumonic plague. He had been trying to find what part of the physical make-up of a germ accounted for its virulence and why some are more deadly than others, and doing so with all the protection that up to 20 vaccinations a year (for some scientists) and stringent safety precautions can provide. What can have gone wrong? There was presumably no accidental breaking of phials or spilling of solutions such as occurred in some American germ warfare centres, otherwise Mr Bacon would hardly have been allowed to go home peaceably for the weekend as if nothing had happened. Yet by Sunday he was ill and by Wednesday he was dead, a tragic illustration of





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STRENGTH SECURITY

what the Middle Ages must have endured from plague as well as a frightening example of the potentialities of germs in war. The War Office has adjourned until Monday, waiting on the results of laboratory tests, its inquiry into how Mr Bacon could conceivably have put back the clock six hundred years.

A method of vaccination against the two forms of plague had been developed at Porton Down, but scientists were only partly satisfied with it because it gave protection for a bare six months; they are unlikely to have given up their search for a longer lasting vaccine. As epilogue to their earlier development of a highly successful vaccine giving several years' protection against anthrax (which is no longer kept on the station) the station doctor has been taking yearly blood tests from his colleagues to measure precisely how long their blood continues to carry a respectable population of antibodies. The results show surprising variation, with protection disappearing within three years in some individuals and lasting for more than seven in others. Did Mr Bacon lose his resistance to pneumonic plague more rapidly than expected or did he, in the course of his studies of germ genetics, come across plague germs of a type resistant to Porton Down vaccines? In a matter of such importance to public health, it is to be hoped that the War Office—which has behaved so far in a markedly sensible manner—will publish the inquiry's findings.

JAMAICA

Free to Go Where?

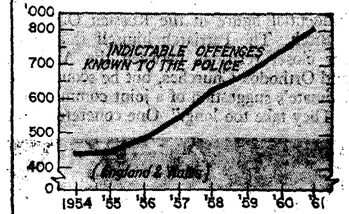
GOLD, green and black are the colours of the flag that Jamaica ran up at midnight last Sunday, when it ended 307 years of British rule. The green and the black represent the realities of a still mainly rural, mainly African community; the gold, an aspiration. Not that Jamaica is stagnating; on the contrary, in the past decade it has tripled both its exports and its total national product. The value of its manufacturing output has quadrupled, and now exceeds that of agricultural production. Since the first Jamaican bauxite was shipped in 1952, not only has the island become the world's largest producer of the ore; the processing of it in Jamaica has reached a point at which the value of exports of alumina greatly exceeds that of ore exports. Postwar diversification of manufacturing and processing has been impressive, owing much to American investment and British aid. Tourists are now spending more than £13 million a year in Jamaica, five times as much as a decade ago. Yet the massive unemployment, the poverty of many hill smallholders, and the pressure of an annual population growth now exceeding three per cent, that accompany Jamaica as it moves out into the world on its own are sombre portents.

As well as becoming the Commonwealth's fourteenth sovereign member (in three weeks' time, Trinidad and Tobago will make it fifteen), Jamaica becomes the twenty-third sovereign state in the western hemisphere—the first new one since Panama in 1903. It has indicated that it will apply to join the Organisation of American States; which incidentally already includes three members with populations smaller than Jamaica's 1,650,000. It has also indicated that it will not establish direct diplomatic relations with the nearest of its neighbours: Cuba, less than a hundred miles to the north. Sir Alexander Bustamante has shown a characteristic lack of reserve in his gestures of friendship and trust toward the United States, inviting the establishment of a military base, among other things.

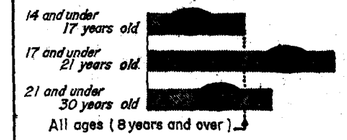
His cousin and rival, Mr Norman Manley, would no doubt have been less outspoken in this direction if it had fallen to him to lead Jamaica across the threshold of independence; yet it was largely during Mr Manley's seven years in power, from 1955 to last April, that the flood tide of American investment rolled in. British-minded as Jamaicans are, there is no alternative for them, now that Britain cannot even cope with their migration, but to develop a close attachment to the United States. Cuba's loss, in sugar sales and tourist traffic, has already been their gain. None of this has prevented the arrival of messages of warm congratulation on Jamaica's independence

YOUNG CRIMINALS

The latest criminal statistics (Cmnd. 1779) show that the younger age groups continue to account for the bulk of crime. Since 1954, when postwar crime was at its lowest, the percentage increase, as the lower chart shows, has been greatest in the 17-21 and 21-30 age-groups. This agrees with the Home Office findings that children born between 1935 and 1942 had an exceptionally high delinquency rate, presumably because of the disturbing effects of the war on young children.



% increase in crime rate of males between 1954 and 1961

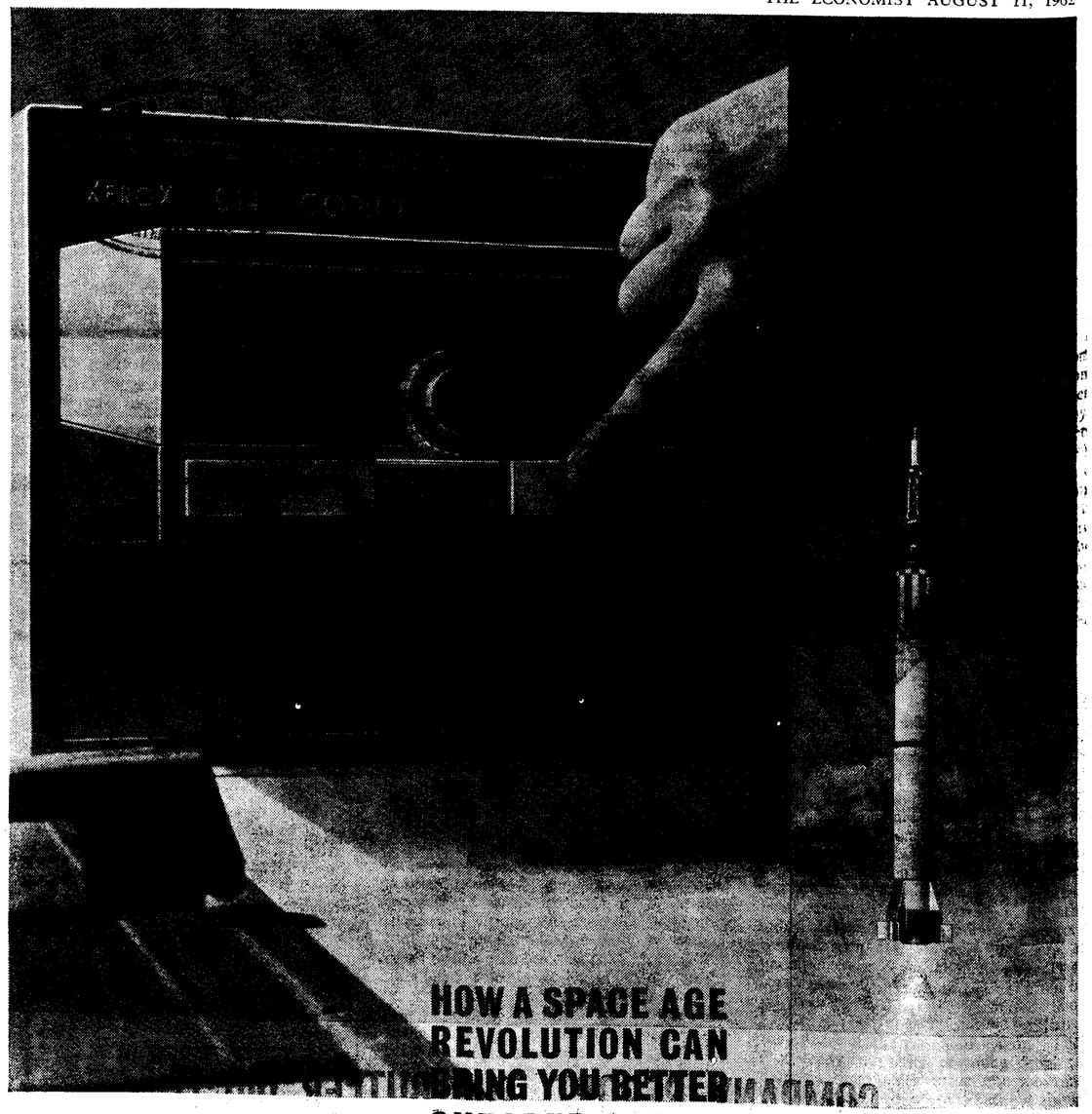


The Economist

AUGUST 9, 1862

THE PREMIER ON PROFITEERING

LORD Palmerston is never so little happy as when he ventures upon topics involving questions of economic science or practical and productive industry. He has never mastered either the principles of the one or the facts of the other. . . . Nor is he a whit more familiar with the real state of matters in the great centres of manufacturing life, or with the character of the men who reside there and have made them what they are. . . . His ignorance in reference to them is great, and his sympathies are more astray than they should be in the leader of the Liberal party. . . . An instance in point was his attack a few nights ago upon certain manufacturers of whose alleged selfishness he had heard. . . . The charge brought forward by Lord Palmerston was this:—that certain manufacturers, having on hand a large stock of cotton laid in at low prices, preferred realising the profit they could obtain by selling it for export to employing their operatives in working it up into yarn or calico—and were guilty of criminal selfishness in so doing. Now, we will not pause to enumerate the many cotton-spinners who, at heavy loss to themselves, have forgone this natural, obvious and very gainful transactions;—we will accept the fact as Lord Palmerston has stated it, and we ask distinctly in what way and on what principles was the alleged transaction blameable, and by what rule can the Premier's denunciation of it be justified? . . . In the first place, the obvious question occurs, why should the *manufacturer* be singled out for animadversion and not the *merchant*? The Liverpool merchant, who has his warehouse full of cotton, sells it to the foreigner every day in the week, if the foreigner offers him a farthing per lb more than he can obtain from the home consumer; and no one ever dreams of blaming him for selling his wares to the highest bidder. Even Lord Palmerston would scarcely venture so to fly in the face of all the recognised rules of correct and sagacious and proper commercial practice. If, then, such sale is right and perfectly irreprehensible on the part of *merchant*, how can it be wrong on the part of the *manufacturer* who has shortly before purchased his own cotton —the very cotton in question—from the very same merchant? . . . Surely, men in high places should be warned to pause before they cast their thunderbolts abroad so recklessly on guiltless heads.



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Defence Under Fire

WASHINGTON, DC

STIFFENING breezes are blowing about the Department of Defence. Some Americans, like some Europeans, seem to fear that the strategy enunciated recently by the Secretary of Defence, Mr McNamara, and intended to lead away from nuclear war, may tend towards appeasement. Other Americans criticise, however, the concept of a three-gear war—cold, limited and total—as provocation for an accelerated arms race. The highly conservative Senator Goldwater has suggested accusingly that Mr McNamara is trying to "substitute" conventional weapons for nuclear ones and complains that the art of warfare is being carried back not just to the second but to the first world war. It is probably quite true that Mr McNamara, who wants more integration in military planning, would also like stricter *apartheid* among weapons, nuclear and conventional. And though it is reported that every army corporal wants to have an atomic howitzer, Mr McNamara does not wish nuclear weapons, including the so-called tactical ones, to become military status symbols. However, very few people would agree with Senator Goldwater that Mr McNamara is living in 1914. It is estimated that the United States possesses 40,000 nuclear warheads, varying vastly in size, and it is still spending $15 billion a year on nuclear weapons.

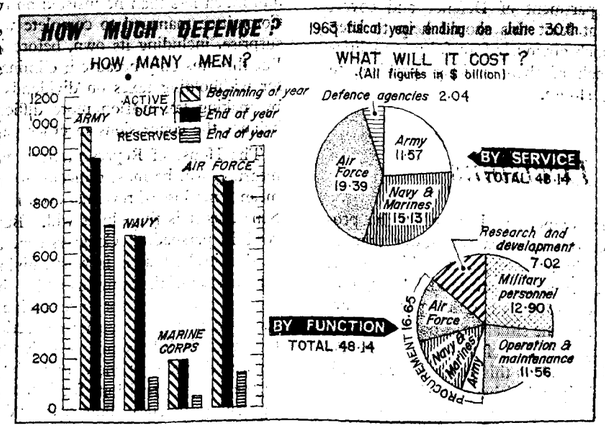
It is this which makes Mr McNamara's other critics argue that, by piling conventional weapons on top of nuclear ones, which is undoubtedly what is in fact happening, Mr McNamara will force the Russians into a still dizzier arms race. These critics find little credibility in his talk about confining nuclear attacks to military targets. Mr McNamara himself said earlier this year that he did not expect the Russians to try to spare American cities. Above all, the critics contend that Mr McNamara or anyone else is gravely wrong to imply that nuclear war can be waged in a limited way, sparing cities or using only "tactical" nuclear weapons, and to suggest that such "limited" war would be tolerable as well as feasible.

But though his strategy has thus come under fire, Mr McNamara seems unlikely to withdraw. Some Europeans may be distinctly alarmed at the idea of nuclear weapons not being used from the outset of a war for Europe. But he appears to be cautiously confident that Americans and Russians share the view that nuclear war is too awful to be indulged in, even though neither country will go quite so far as to say so publicly. The American opinion has been, and probably is still, that the Berlin situation will stay much as it is now with only minor modifications possible, because neither side wants a war but neither will, or can, back down. A nuclear attack by Russia in Europe is regarded as altogether unlikely, while the 175 Soviet divisions which were once supposed to theaten Europe are suspected now to have had much in common with the celebrated missile gap.

Mr McNamara's strategy owes a great deal to General Maxwell Taylor, who was to appear this week before the Senate Armed Services Committee to seek approval of his nomination as Chairman of the Joint Chiefs of Staff. As Chief of Staff of the Army at the height of inter-service strife four years ago, General Taylor was a prime target of the sniping that went on in the corridors of the Department of Defence. He was treated as a heretic because he criticised the doctrine of massive retaliation and deplored the heavy stress on nuclear weapons as opposed to conventional ones. President Eisenhower took the unusual step of failing to renew his term as Chief of Staff of the Army. In retirement General Taylor wrote a book in which he described how, metaphorically speaking, he had been shot as full of arrows as Saint Sebastian for his allegedly harmful opinions. A little over a year ago he was taken out of retirement to be President Kennedy's military adviser at the White House. His return to the Department of Defence, as Chairman of the Joint Chiefs, is rather as if Charles I had not only escaped beheading but had finally won the English Civil War.

But General Taylor's triumphal return may also add to Mr McNamara's problems. The Joint Chiefs, who already feel that their influence has been diminished, may resent General Taylor or may try to enlist him on their side in a tug of war with the civilian Secretary of Defence. Mr McNamara succeeded in halting the feuds among the armed services and for this and other feats he was for a while Congress's and the country's blue-eyed boy, able to do no wrong. But Congress now suspects that dictatorial tendencies are astir in Mr McNamara's breast and so do the Joint Chiefs of Staff. The Secretary of Defence rules with a strong hand and the formerly warring Joint Chiefs feel it.

Much of American strategy and choice of weapons is based on war games, played nowadays with computers. But the Army, the Navy and the Air Force have all long been inclined to disregard the results of war games which fail to fit their own predilections. This form of cheating at patience was partly responsible for there being brought into existence, within the Department of Defence, a group of civilians whose job is to evaluate new weapons. In carrying out their delicate duties they try hard to be tactful and claim that some of their best friends wear uniforms. Nevertheless, it is to the civilian Secretary of Defence rather than to the military Joint Chiefs that they owe allegiance and Mr



McNamara has certainly not attempted to reverse this.

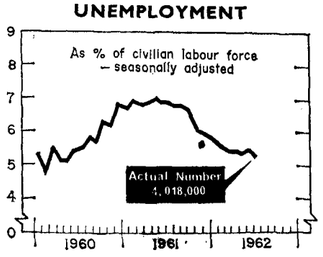
What he has done, moreover, is to install in the Department of Defence, in addition to this older group for evaluating weapons, a number of bright younger men with a background that is a cross-fertilisation of Oxford University and the civilian research organisations, such as the Rand Corporation, which work for defence agencies. The professional military men view the newcomers with a nervousness that is shared by Congress, which likes brass hats and brass tacks, but tends to distrust eggheads, especially ones who show off their higher mathematics. Some of the newcomers, called "McNamara's whiz-kids," are regarded dubiously even by the other civilian experts who also seem to feel that brass is preferable to brashness. For their part the "whiz-kids" are said to consider uniformed officers as dispensable or expendable or both. The Air Force blames them for having condemned the projected big bomber, the RS (reconnaissance strike) 70, as almost sure to be obsolete before it gets into production. The RS-70 is still cherished, however, by Congress as well as by the Air Force. Congress has defied the computers by making available lavish funds for the big bomber, which President Kennedy did not ask for, while refusing his request for half a billion more dollars for shelters against radioactive fall-out.

The professional military men cannot but recall that General Taylor once said that the Joint Chiefs were not the best judges of problems involving science and engineering and that therefore these should be left to the civilian experts. Mr McNamara obviously shares this opinion and acts on it. He seems to have paid careful heed to General Taylor on other matters also. The United States strike command (Stricom), which brings together under one head both the Army's ground forces and the tactical elements of the Air Force which support the ground forces in combat, is in line with General Taylor's ideas. The defence budget is now prepared in accordance with General Taylor's recipe for horizontal rather than vertical "menu-making." Even a proposal that, to save dollars, American troops in Europe ought to commute by jet aircraft every six months, instead of staying two or three years and having their families in Europe with them, fits in with General Taylor's desire to strengthen the Army's air lift support.

When he succeeds General Lemnitzer as Chairman of the Joint Chiefs an Army man will be replacing an Army man though it was the Navy's turn to have the post. Moreover, General Taylor is a retired Army man, which means that ambitious serving Army officers, as well as the Navy and Air Force, may feel chagrined. All this may well revive the cold war among the services and result in both the Secretary of Defence and the new Chairman of the Joint Chiefs being on the receiving end of a good deal of criticism, even if it is veiled in the Department of Defence and covert in Congress. Cynics say that at least this should help to keep them in step. Otherwise, two such obviously forceful personalities might soon pull apart with each of them seeking, perhaps, to enlist the support of the White House.

Cutting Decisions

THE unexpected fall in unemployment in July, when the proportion of the labour force out of work was lower than at any time since President Kennedy took office, is a bitter-sweet statistic for the Administration. It is not substantial enough to suggest that the rate of economic growth is beginning to pick up, but it is quite enough to suggest that the situation is not sufficiently serious to require the emergency stimulus of a cut in taxes. As the President tries to make up his mind on this point this weekend, he will be faced with other similarly indecisive statistics for July; for example, spending on construction, very strong recently, declined in the month but sales improved in department stores and the output of steel is going up at last. It is being rumoured that Mr Kennedy may postpone his decision until the August figures are available, but that will not be until mid-September. By then it will have become impossible to keep Congressmen in Washington and away from their election campaigns; only a real economic crisis, of which there is no likelihood, could induce them to find time then for cutting taxes.



In fact it is already clear that they have no intention of finding that time even if the request is put to them next week, and it is therefore now being presumed in Washington that Mr Kennedy will not lay himself open to another rebuff from Congress by making such a request. However strong the economic arguments for a tax cut this year may seem to him, the political ones are all against it. The expert evidence presented in private to the House Ways and Means Committee during the past two weeks on whether taxes should be reduced now has apparently been as inconclusive as the statistics and the same will probably be true of the evidence which the Joint Economic Committee is now hearing in public—at the insistence of its Republican members who wanted the voters to know the true state of the economy under the Kennedy Administration. Whatever the voters hear, it seems that few of them are going to think that lower taxes would be the best remedy—at least, not if the reduction forced the federal government to go further into debt, as it inevitably would. A recent Gallup poll backed up Congress's lack of enthusiasm for a tax cut by finding 72 per cent of those interviewed against it in such circumstances—although, as Mr Kennedy pointed out, the results might have differed if the question had offered tax reduction as a preventive for recession.

HE also pointed out that the present situation justified his request at the beginning of the year for stand-by power to lower taxes in an emergency without asking Congress. But this is a power which Congress will not even consider giving him. He will probably, however, get one tax measure this year, now that he is apparently prepared to acquiesce in a tax revision Bill which gives him much less than he insisted on originally. The Senate Finance Committee managed to complete work on this Bill, to everyone's surprise, including its own, before it got involved in tariff policy. But this was only because it eliminated the controversial provision for withholding taxes on dividends and interest at source which, by making tax evasion more difficult, was relied on to counterbalance the concessions in other parts of the Bill.

The House of Representatives, which has already acted on the measure, will be most reluctant to accept this change, since it will mean a net loss of revenue, even if the Bill gets through the whole Senate as it is thought it will. But the Administration may succeed in persuading Congressmen, as it is reported to have persuaded itself, that it is worth giving up the withholding scheme for the sake of the stimulus which the economy would receive from the tax deductions for encouraging capital investment; these are the most important remaining section of the measure. The Senate Committee's Bill is not as satisfactory in this respect, from the to the Senate provisions for increasing taxes on overseas earnings, tightening expense allowances and closing other loopholes.

Profits—How Extraordinary?

AT his press conference nearly three weeks ago President Kennedy remarked that the profit figures for some industries in the first half of the year were extraordinary. Businessmen were quick to suggest that this was only true, in general terms, at least, if the comparison was with the same period in 1961, when the recession was at its lowest. While profits as a whole have been running this year about 20 per cent above the first half of last year, the first quarter of this year, with profits at an annual rate of $50.4 billion before taxes, was well below the fourth quarter of 1961 and results for the second quarter, not yet complete, show little improvement over the January-March period. If the recovery were proceeding according to pattern, profits should now be reaching new peaks; in fact they are still, it seems, below 1959's record.

The latest estimates put the 1962 total at a maximum of $52 billion before taxes are paid, and probably less, particularly if corporations make as much use as the Administration hopes they will of the new depreciation allowances. These enable them to write off the cost of capital equipment more quickly than in the past, and one firm which has already taken advantage of the new rules is said to have shown a drop of 5.4 per cent in profits compared with a year ago in consequence, instead of the gain of 1.9 per cent which would have appeared from the old method of calculation. There is practically no prospect now of corporate profits reaching the total of $56.5 billion this year on which the Administration based its January estimates of tax receipts. Nevertheless, when the figures for individual industries are studied, the details of the picture are much more encouraging than is the general effect, with improvements being shown by many companies. While there are as usual complaints of rising costs which cannot be offset by higher prices in the present poor state of demand, in fact many firms, driven by last year's recession to look for economies, have been extremely successful in holding down costs during the recovery (which has not after all been sufficiently ebullient to foster extravagance) and have benefited from what has been a very satisfactory volume of consumer demand.

This is particularly true of automobile manufacturers, whose excellent sales have also meant good business for all their suppliers, but other makers of consumers' goods, such as household appliances and clothing, have also been doing well. Activity in the steel industry was completely distorted by the threat of a strike in the early part of the year with the result that steel made a very poor profit showing in the April-June quarter. It should do better from now on, even though the industry insists that its profits are being squeezed between rising labour costs, which went up again in July, and the President's refusal to allow an increase in steel prices. There is, however, little sign of a real squeeze on profits anywhere and it is quite possible that many corporations may show better results for the year as a whole than are now expected.

Quality of Mercy

LAST week two Governors, both of whom personally oppose capital punishment, had to decide whether to extend clemency to condemned murderers. In California the spotlight was on Governor Brown, now in a neck-and-neck race for re-election against Mr Richard Nixon; Mr Brown's agonies of damaging indecision two years ago over the Chessman case are still not forgotten, thanks in part to Mr Nixon's willingness to jog the public's memory. Chessman's execution, after legal battles lasting many years, split the state. This time Governor Brown decided, without any apparent hesitation, that there were no grounds for intervening to save Mrs Elizabeth Duncan and the two Mexican-Americans whom she hired to murder her pregnant daughter-in-law. She is the first woman to be executed during Mr Brown's Governorship and only the fourth to suffer the death penalty in California. At one time it seemed possible that another Chessman case might be brewing—and in an election year; whatever the Governor did was bound to offend some group. But, perhaps because the crime was so revolting, Mrs Duncan's fate has aroused little interest. In all, Governor Brown, who has tried, and failed, to persuade the Legislature to make California the tenth state to abolish the death penalty, has now permitted 32 executions to be carried out and has commuted the death penalty to life imprisonment in 13 cases.

His decision would have been more agonising this time, and his election campaign might have been affected, if he had been faced with the problem of Mr Paul Crump, the Illinois murderer whom Governor Kerner has just saved from the electric chair. Like Mrs Duncan, Mr Crump protested his innocence but what told in his case was the testimony of fifty people, including the warden of the prison where he has spent the past nine years, that he is a changed man. In 1953, everyone agrees, he was an illiterate, animalistic criminal, but under the care of a warden who has a reputation for rehabilitating prisoners Mr Crump, a Negro, has educated himself sufficiently to write a book which is about to be published, has saved a guard's life and has devoted himself to helping other inmates of the gaol. Under these circumstances Governor Kerner, who is not standing for any office this year, decided that it would serve no purpose to take Mr Crump's life. The decision may be a sign that opinion in Illinois is turning against the death penalty; certainly such a dramatic rehabilitation is a strong argument against capital punishment.

No Substitute for News

IN Minneapolis, a town of 500,000 people, readers of the *Tribune*, a distinguished morning newspaper owned by the Cowles family, and its evening companion, the *Star*, have had 116 days—longer than any other modern Americans—to discover what life is like without daily newspapers. The strike which shut them down began at Easter and ended only last weekend. It was the teamsters, a particularly unruly local branch of an unruly trade union, who started the strike by calling out the van-drivers and it was the teamsters who were the last to go back, but four other unions were actively involved. The hard core of the dispute, like that which recently silenced Detroit's newspapers, concerned work rules and automation in the mailing and distribution department, long a source of friction. Here the management, with an unexpected toughness born of a feeling that it was now or never, held out for a substantial victory, although all the trade unions won increases in wages and other benefits to the tune of about $1 million over the life of the two-year contract. Jobs of some kind are guaranteed for all the 125 individual mailers now employed, but restrictive work rules have been narrowed; the company will be able to send out 70 per cent, instead of only 50 per cent, of its 535,000 copies of the two daily papers without having them specially counted and addressed in the plant.

While this trial of strength was going on, Minneapolis had to exist on a sparse diet of news on radio and television (including a nightly half-hour provided by the newspapers), out-of-town papers for which as much as $1 each was charged and, since May 1st, on a new daily, the *Herald*, started by a man of extreme right-wing Republican views. This was devoted chiefly to advertising but now proposes to subscribe to a news service in an effort to stay alive. At least it will not be undercut in price by the Cowles papers, which have raised their news-stand prices from seven to ten cents.

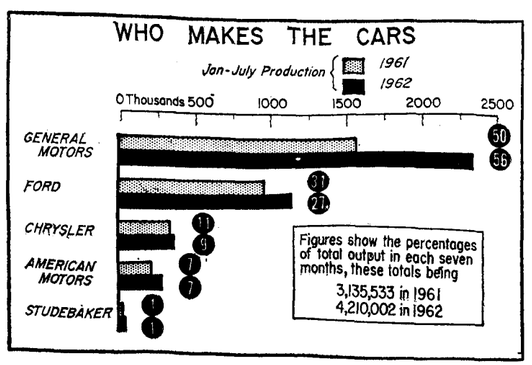
Retail traders can put a price tag on the losses they suffered because the strike blacked-out newspaper advertising: there was a fall of about $10 million in the value of sales which could not be ascribed to anything else. Cinema attendances dropped and houses went unsold. Readers cannot measure their loss but there is no doubt that they missed the detailed reporting of local and national news which radio and television could not give as well as announcements of births, deaths, marriages, prices of stocks and shares and the comic strips—though on their return the newspapers thoughtfully provided an account of what had been happening in this serial world. Even a local television station proclaimed publicly the lesson that was learned: there is no substitute for the daily press.

Detroit's Good Harvest

THE last of the 1962 model cars are now travelling down the assembly lines and the motor capital of the world is waiting for the new models. Detroit has cause for satisfaction this year; it has done well for itself and well for the national economy. At more than the half-way mark 1962 is certain to be second only to the legendary year of 1955, when 7.9 million automobiles were built and 7.2 million sold; this year the comparable figures are likely to be 6.6 million and 6.8 million, including imports. Last year production was more than a million lower. The happiest makers are the General Motors Corporation, the largest, and the second smallest, the American Motors Corporation, which produces only Ramblers, the original compact cars. GM, romping away with more of the market than ever before, may even have done too well to avoid catching the eye of the anti-trust experts. In the first half of the year its sales and profits reached new records and its Chevrolet, leading the field, seems to be headed for a 2-million-car year. GM's gain was at the expense of both Ford's and Chrysler's shares of the market; the latter is struggling desperately to remain one of the "big three."

Perhaps the greatest cause for satisfaction, both in Detroit and Washington, is that big sales have been achieved this year without the excesses which in 1955 had to be paid for in subsequent years. Credit has been used in moderation; production has kept in step with sales so that stocks in dealers' hands have not been swollen. In 1955 6 per cent of all consumer purchases were of motor cars; this year the figure is only 4½ per cent. Forecasters peering anxiously into the future of the 1963 models note with satisfaction that the prices of used cars are high, while those of new cars are slightly lower than they were in the late nineteen-fifties—this gives people an incentive to trade in their old cars for new ones—and that the proportion of multi-car families is continuing to rise.

The new models, on which so much depends, will not be unveiled until the latter part of September, but it is generally agreed that they will be slightly bigger, brassier and more luxurious. It is the medium-priced and medium-sized cars, not the small ones, which have been doing notably well; for the first time in the five years that compacts have been on the market they have not increased their share of it and no new compact models are to be introduced this year. Even those who prefer a small car seem to want it decked out with expensive accessories such as a hi-fi radio. Detroit has been burned before by exaggerating the demand of Americans for ostentation. But this year, if it is wrong, at least it also has plenty of austerity models on tap.



Equal Is As Equal Earns

MATRIARCHS or not, American women are still fighting for equal rights with men even though their country is widely regarded abroad as the land of the Amazons. Sometimes their battle, as in the case of the dozen women who have demanded of a congressional subcommittee the opportunity to become practising astronauts, seems to spring from an envy which Freudians would be quick to name. But more often it is a legitimate protest against the continued existence of outmoded customs of discrimination against the female sex. President Kennedy recognised the rightness of women's struggle, particularly against unfair treatment in matters of wages and career advancement, when he appointed his Commission on the Status of Women last December; with Mrs Roosevelt at its head, the commission will report on what should be done to demolish the prejudices which deny women equal opportunities for achievement. However, many women felt that Mr Kennedy could have supported their cause more vigorously by appointing a woman to his Cabinet, as his recent predecessors had done.

• A practical, although decidedly tentative, step towards raising the feminine status was the recent approval by the House of Representatives of a Bill guaranteeing equal pay for equal work, regardless of sex. While the cautious legislation would apply only to workers in companies which employ more than 25 people and which are engaged in inter-state commerce, it resembles many which have failed to pass the House in the past; its fate in the Senate is still extremely uncertain. The committee considering it discovered that the "equal pay" laws which exist already in 22 of the states are sporadically enforced at best. When the Civil Service Commission, at the President's behest, looked into its own hiring policies for traces of discrimination, it found that of the 15 grades into which government jobs are ranked, women were thought most suitable in only the lowest four; in the top three, men were preferred to fill 94 per cent of the appointments. And while women entered such masculine domains as state governorships and the Senate very shortly after they received the right to vote in 1920, they have not advanced significantly since the Administration of President Roosevelt, who appointed the first female head of a United States mission abroad and the first female member of the Cabinet.

In Congress itself, only two out of 100 Senators and 17 out of 437 Representatives are women; Mrs Green, a Congresswoman from Oregon, recalls that on a trip to Russia she was questioned more often about the discrimination against women in America than about that against Negroes. Geography must bear some of the blame for the dearth of women politicians in Washington; few women could keep homes in both the capital and a constituency hundreds of miles away or shuttle husband and children between the two. Perhaps this explains why more than half of the Congresswomen are widows and why the two able women Senators, Mrs Smith of Maine and Mrs Neuberger of Oregon—last week the first feminine filibusterer (or filibusteress?), sought their office only when seats were left vacant by the deaths of their husbands.

Unionising Wall Street

FROM A CORRESPONDENT IN NEW YORK

THERE are nearly a quarter of a million people in the business of selling securities and they are just beginning to feel the after effects of the precipitous decline on Wall Street. At least two firms have gone into voluntary bankruptcy and in a recent week eight members of the New York Stock Exchange closed branch offices. Others have cut back their staffs, some by as much as 10 per cent. Small brokerage houses, along with concerns which underwrite new issues, have been dealt a particularly severe blow; underwriting has fallen off to a mere trickle. The hardest hit have been the workers in the "back offices," the clerks and bookkeepers who sort out and keep records of the mountains of paper upon which Wall Street depends for its existence. There are upwards of 50,000 such people in the financial district, some of whom receive only about $60 a week for their tedious labour. In better times the low salaries are bolstered by working overtime, by annual bonuses and by the giddy sensation of just being on "The Street" and of being called by one's first name by one's employer.

The latest round of firing has spurred the Office Employees' International Union to send fifteen organisers into New York's financial district and others to Chicago, in a renewed drive to enlist book-keepers, clerks, secretaries and other salaried staff. The union accuses securities firms of "ruthless dismissals" and of working employees during the big selling rush without adequate compensation. It is also worried that the increasing use of computer centres may reduce clerical jobs at brokerage houses by more than half.

The union says that it represents more than 65,000 workers in the shipping, paper, film and insurance industries. Its New York branch, United Financial Employees Local 205, claims 1,000 members, but until recently its fortunes have been at a low ebb. Wall Street's sentiment, as one broker put it, is definitely anti-union. In 1948 the branch called a disastrous strike at the New York Stock Exchange. The Exchange immediately brought people from upstairs offices and from brokerage houses to work on the floor and after 32 days it wrote its own terms. It has taken a long time to forget that strike, but now the president of the parent union claims that the branch is represented in a hundred firms, with sufficient numbers in at least ten concerns to justify it in asking to be allowed to hold an election in an attempt to become the recognised bargaining agent for its employees; it already has contracts with the New York and the American Stock Exchanges and with the New York Cotton Exchange.

Nation Dispossessed

WHERE the Allegheny River crosses from New York State into Pennsylvania yet another dam is going up to control the flow of the water down to the industrial centres round Pittsburgh, to prevent flooding when the river is high and noisome pollution when it is low. As usual the lake which will build up behind the dam will drown good farm land and much-loved homes in south-western New York for which Congress must provide compensation. But this Kinzua dam raises moral as well as economic problems. For the land to be flooded is the most useful 10,000 acres of the 30,000 acres guaranteed in perpetuity to the Seneca Indians by the treaty made with George Washington in 1794.

The Seneca Nation, now with about 1,200 members on this reservation, has carried its fight against the project up to the Supreme Court but there seems no doubt that Congress has power to alienate the land for the purpose of building the dam. It is questioned, however, whether the benefits are sufficient or the dam essential enough to justify the United States in breaking its promise to this small, conquered people. Two-thirds of them live on the land to be flooded; the rest of the reservation is steep hillside or is the site of the non-Indian town of Salamanca. The Senecas have a mystical attachment to their land, fostered by their personal religious cult, which holds the tribe together. Most of the Senecas prefer to spend their lives on the reservation even if they do not farm, as few of them do, and must make daily journeys to their work on construction projects or in the steel mills in neighbouring towns. The land to be flooded is not only the most fertile part of the reservation but also the hunting grounds which are especially precious to the Senecas. No new homesteads, however well chosen, will ever be the same; no compensation, however generous, will make up for the sentimental loss.

The Quaker community in Pennsylvania has befriended the Senecas and is still fighting to prevent what it believes is inexcusable suffering. The contention is that there was, and still is, an alternative and, indeed, more effective method of controlling the Allegheny River which would not touch the Senecas and which would be cheaper. To this the Army Engineers, who have been planning the Kinzua dam since 1928 although Congress was first asked to approve it only during the Eisenhower Administration, reply that the alternative would in fact be more expensive in itself and would flood a larger area of more developed farm land in New York State, so that more people would have to be moved and more compensation paid; the Army also claims that the alternative would not provide the boating and other recreational facilities which are an important part of the Kinzua scheme and that it would be less efficient in other ways. The Quakers are not convinced, although the Senecas themselves seem resigned, and the controversy may be of some importance in this autumn's election campaign in Pennsylvania where Senator Clark, who was largely responsible for getting the Kinzua dam started at last, is defending his seat.

SHORTER NOTES

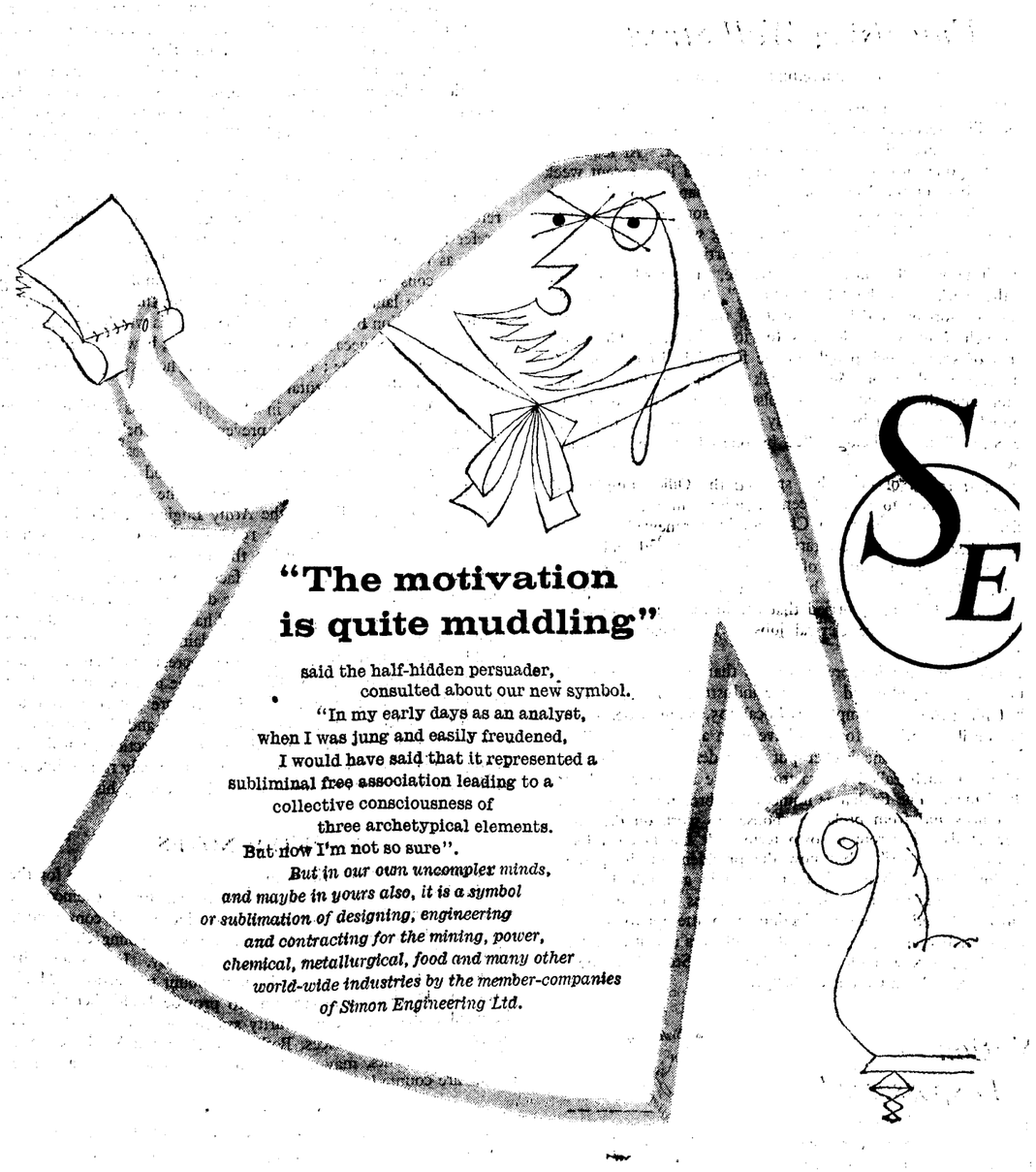
Tennessee's Democratic primary last week was notable for the nomination, by a substantial margin, of Mr Frank Clement for Governor and for the defeat of two elderly and conservative members of the House of Representatives by young challengers who are pledged to support President Kennedy. In this state the Democratic nomination is usually tantamount to election. Medicare—the President's programme to provide health benefits for the aged under the social security system—was a prime issue in the two congressional races. Both were close and Mr Loser, one of the incumbents, may yet become the winner when absentee ballots are counted.

* * *

The Treasury's effort to tap long-term funds last week had a disappointing reception although investors provided $1.3 billion in new cash, mainly for shorter-term securities, as well as refinancing $7.5 billion of maturing debt. Subscriptions to the 4¼ per cent 30-year bond totalled only $316 million; up to $750 million would have been accepted. The Treasury is now convinced that there is simply not much long-term money available for investment in government securities.

* * *

The latest electric blanket cools the person it covers, instead of warming him in the conventional way; a motor at the foot of the bed keeps air circulating between two cotton sheets.



"The motivation is quite muddling"

said the half-hidden persuader,
consulted about our new symbol.
"In my early days as an analyst,
when I was jung and easily freudened,
I would have said that it represented a
subliminal free association leading to a
collective consciousness of
three archetypical elements.
But now I'm not so sure".

But in our own uncomplex minds,
and maybe in yours also, it is a symbol
or sublimation of designing, engineering
and contracting for the mining, power,
chemical, metallurgical, food and many other
world-wide industries by the member-companies
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LETTERS

Convertibility

SIR—In reading the interesting report in *The Economist* for July 28th, on the confrontation of your correspondent with "Bankers of Moscow," I found myself quoted by Professor N. N. Lyubimov as having stated that western Europe's own convertibility is "fragile." He seems not to have mentioned when and where I would have said this so I am at a loss to know what he referred to. It could be that in arguing last year in favour of the Fund's borrowing arrangement and the taking of other measures to defend convertibility I warned people that if such measures were *not* taken the system of convertible currencies might be impaired by possible large movements of funds from one country to another.

As you know by now, a whole series of measures have been taken which in my opinion will prove very effective as a means of maintaining the strength of our monetary structure. I believe I was for several years one of the most persistent proponents of a return to convertibility; and I think that we have been building, and are continuing to build in the western world, a monetary system capable of meeting well the needs of our time.—Yours faithfully,

PER JACOBSSON
Managing Director,
International Monetary Fund

Washington, DC

Aid for Whom?

SIR—The claim made by the western world, and by the United States in particular, that all financial aid is given without any strings but solely for the benefit of the underdeveloped countries, crumbles down with the American withdrawal of previously-promised aid to Peru.

One would have applauded this action of opposing military dictatorship to democratic rule but for the fact that the Americans have given huge financial and military aid to many dictatorships for years—I should say decades. Among these are Portugal and Spain (the oldest dictatorships thriving on the support of the western world), Turkey, Pakistan, South Korea, South Vietnam, etc., all of which at one time or other have had military dictatorships, and have been thriving on huge endowments from the democratic countries of the West.

The question that now arises in the minds of the non-committed world is: On what criterion or principles does the US grant aid? Does it ask for democratic institutions, as it practices and preaches, in the aid-receiving nations; or is aid given or withdrawn at the pleasure of every administration, each of which looks differently at political upheavals in those countries?

And talking about democracy, the US, which claims to be an example of true democracy, has some very odd irregularities in its political set-up which require a whitewash soon. A few very notable examples are: (a) Millions of Negroes are deprived of their voting rights, just because by law they are unable to exert their rights. (b) The number of voters represented by each Congressman varies from a few hundreds to a few millions; and those few hundreds can easily stop legislation that is desired by the millions.

What a mockery of democracy?—Yours faithfully,

J. U. DOSHI

Nairobi

Zanzibar and India

SIR—Because of soil, climate and location, Zanzibar's economy depends almost entirely on a single export crop—cloves. On a visit there earlier this year, it was apparent that the recent restrictions by India on clove imports were gravely affecting the economy and well-being of the entire population. India for many years was the second largest market for cloves, taking an average of 3,000 tons a year. Import restrictions and duty have reduced this figure to 700 tons. In effect, cloves are now a luxury in India; the import duty stands at the astronomical level of 341 per cent.

While India continues to treat a small undeveloped territory in this manner, its finance minister, Mr Morarji Desai, is at the same time raising objections to Britain's entry into the common market; he has been reported as saying that British proposals for safeguarding Indian exports (after Britain joins the common market) are quite inadequate.

There are no restrictions whatever on the import of Indian goods into Zanzibar, and it is not unreasonable for Zanzibar to expect the same trading facilities with India. The arguments put forward by the government of India completely fail to justify such a prohibitive rate of import duty.

I would like to see India's interests safeguarded if Britain enters the common market, but it is also my hope that India will treat Zanzibar in the same way as India itself asks to be treated by the more industrialised countries. This could be given effect immediately by removing the restrictions on the import of Zanzibar's export crop and by reducing import duty to a level which will enable consumer demand to return to normal.—Yours faithfully,

London, W1 ALICE MOORHOUSE

Rail and Road

SIR—If you consider all that you have written on the subject of making the railways pay you will, I think, have to admit that it is conditioned far too much by the Londoner's point of view. The Londoner is provided with a reasonable train service to almost anywhere in the country; not so someone who lives in a benighted spot like Cambridge. To do a day's work in almost anywhere except London means taking a car, and wasting not merely imported petrol but that even more valuable commodity time, which must be spent in driving instead of in working peacefully, undisturbed by telephones, in the train.

Although you perpetually call for reality in railway expenditure, when snow and ice disrupted London transport for a few days last winter you promptly demanded that British Railways should spend large capital sums to avoid this sort of thing, which happens only occasionally. This is not logical.

What are the real economics of an efficiently run railway service when account is taken of the £500,000,000 a year which it is estimated that road casualties cost the country; when the estimate made by a well known firm of management experts is taken into account that the railways are overstaffed to the extent of 150,000 men; when the question is raised as to why tickets must be sold at stations, and then checked on the train (this does not happen on buses); when. . . .?

I use the transport which seems best for the job; a car for probably 8,000 miles a year, railways for about the same distance, 2,000 miles by bicycle and perhaps a thousand by bus; and then of course a few thousand by aeroplane most years. I am certain that given a reliable and reasonably fast cross-country network of trains my car mileage would drop sharply and my rail mileage would increase by the same amount to the financial benefit of the country. Sir, let us have some straight calculations and not emotional statements about making the railways pay.—Yours faithfully,

D. B. WELBOURN

Selwyn College, Cambridge

* * *

SIR—Mr John S. Flemming, in your issue of August 4th, conjures out of the blue vast concealed subsidies to the motorist.

In the present financial year road users in total will be paying £752 million in taxes levied specially on them. The amount voted to be spent on roads this year is £152 million, so that the Exchequer will be receiving about £600 million more than it will be paying out. Private motorists will be paying about £400 million of the taxes, thus they alone will be paying more than 2½ times what will be spent on the roads.

Your correspondent also refers to the "colossal waste" of land he alleges road building involves. Professor Colin Clark, director of the University of Oxford Agricultural Economics Research Institute, has criticised on several occasions the reluctance attached to the use of land for road development, since it provides a high economic return when used for this purpose.—Yours faithfully,

M. FRANCIS

London, W1 British Road Federation

BOOKS

Under Human Management

World Order and New States
By Peter Calvocoressi.
Chatto & Windus for the Institute for Strategic Studies. 121 pages. 12s. 6d.

Independence and After
By Richard Harris.
Oxford University Press for the Institute of Race Relations. 69 pages. 7s. 6d.

GREAT changes in world affairs, swift and cataclysmic though they may be, take time to sink in. A lot of unfamiliar detail appears on the world map and is taken in with words of goodwill or philosophic resignation, but when some predictable, possibly minor happening touches us in a sensitive spot we glare about us indignantly, demanding to know who has shifted the furniture while we were out at dinner. Attempts to chart the process of change while it is still happening are necessarily unscientific, and indeed inconclusive, but they can help us not to be taken unawares so much; they can even prepare us to cope better with what will come next. Each of these two studies is of great value in that way.

The east-west conflict looms so large in the foreground of strategic thinking that an effort is needed to look behind it at the problems of international security that arise in and among the (now almost innumerable) minor states. Mr Calvocoressi, assisted by a study group of the Institute for Strategic Studies, looks at the security vacuum which now prevails over large areas of the world and which the vast armouries of the great powers are prevented, by a trend of world feeling as well as by the great powers' own dissensions, from filling. The leaders of the new, liberated, under-developed, or uncommitted states would probably deny with vehemence that any vacuum existed at all. But it does—and not, as it used to be assumed in the West not so long ago, because there are too many neutrals. One of the points made in Mr Calvocoressi's book is that if there were more neutrals—politically stable neutrals, that is, with useful armies and some capacity for helping others, like, say, India or Sweden—it would be easier to mount a collective policing operation when it was needed. Peace, as he points out, is not a beautiful abstraction like virtue, but a state of affairs, "subject to human management."

If the great powers, or the old imperial powers, can no longer police the world, they can still do something to limit the instability and disorder that go with the emergence of so many new states which are weak, poor, often not very cohesive, and almost inevitably discontented with their lot. They cannot line the new states up at their side in their own mighty conflict. They cannot prevent revolution. But they can, by giving economic and technical aid, save the new states from hopelessness and help them to evolve, with or without revolution, to something better than the almost intolerable state of affairs most of them confront when they first snatch independence or get it thrust into their hands. Mr Calvocoressi's book is a political study, not a military one, but he does look briefly at the need of most of the new states for technical aid in military and police matters; subjects not as attractive as hydro-electric stations or irrigation schemes, and less thought about, but not less important to the new state's chances of not becoming a nuisance.

If the great powers are to turn to peaceful forms of help, there is a need for something else to discharge their police function, which has become more necessary than ever just when they have had to drop it. Chapter 4 of "World Order and New States" is a useful analysis of the conditions in which the United Nations has to work, and of its record in the various types of intervention it has gone in for from Greece, 1946, to the Congo, 1960. It is the more useful because it is done coolly, without the waves of emotion that come over many of us when we see the United Nations putting its oar in in places where the once imperial powers can act no longer. A case emerges for preparing the United Nations better to intervene on the occasions when it can and must —occasions which are obviously going to recur. Mr Calvocoressi concludes that a permanent United Nations force is still, at this time, neither desirable nor practicable; but a good deal could be done short of that, perhaps in codifying the rules of intervention, and certainly in preparing the administrative basis. A valuable book, this would have benefited by an index and by more thorough proof-correcting.

Mr Harris's brilliant short book covers the political part of this ground—what actually happens in the new states, and what can reasonably be expected to happen—with quite remarkable lucidity and penetration. Western countries—even, and in a way especially, those with a long history of experience and involvement in the countries that are newly independent—are handicapped by many preconceptions in their efforts to discern what goes on. Some of the preconceptions are wrong, and quite basic; thus we talk and think in regional categories (like south-east Asia, and the Middle East) which were invented by wartime strategists for military convenience, but are unfortunately quite imaginary as geographical or geopolitical unities.

Not unnaturally we fear change, and when change in one country or another takes forms defiant of or hostile to the West, we are too ready to identify the hostility with communist influence. Revolution of some kind is, in many of these countries, unavoidable sooner or later, from causes inherent in the country itself. It does not follow that these indigenous revolutions will lead on to communism. But we fog our judgment with theories of subversion from outside, which lead us to panicky conclusions, like the "ninepin theory" which holds that a communist success in Laos or Vietnam will necessarily be followed by a chain of communist successes stretching down to the Timor Sea, or that to tolerate Dr Castro in Cuba makes Brazil a dead duck. Mr Harris has packed so much fresh thought into a small space that it cannot easily be summarised; this is a necessary piece of reading, and unfortunately an elegant and enjoyable one.

Novelist and Penologist

Dickens and Crime
By Philip Collins.
Macmillan, for Institute of Criminology, Cambridge University. 384 pages. 35s.

THE purpose of this book, written by the warden of a college at Leicester, is to introduce Dickensians to criminologists and criminologists to Dickensians, with an incidental hope that some general readers will join the party. It is clearly the product of enormous industry and very wide reading. It is crammed with quotations, and the acknowledgments (808 in number) run to 36 pages of small print. We are told what Dr Acton, "the acknowledged authority of his age on prostitution," thought about seduction. We learn what Mr Clay said about what Dickens had previously said about Mr Clay; and we are told that it is doubtful whether Dickens was or was not laughing at Mr Clay when he said it. This important point cannot be cleared up, because Dickens's letters to Mr Clay have unfortunately been lost.

With other letter writers we have more luck, and we know what Kingsley, in a letter to Sir Henry Taylor, said about Dickens; and what "the immortal Adshead" said in 1845 about what Dickens had said about American prisons in 1842.

It is natural that Dickens, whose stock-in-trade was melodrama, should be interested in crime, but the treatment of crimes in his novels is often fantastic. For example: when Bill Sikes, after the murder of Nancy, is on the run, he is attacked violently by Charley Bates. Sikes gets the boy down, kneels on his throat and shouts to the others in the room: "Open the door of some place where I can lock this screeching hell-babe." One would think that no one who made a burglar-homicide talk like that could have known anything about the real article. But Dickens, in fact, knew a great deal both about crime and about prisons,

and his opinions were usually sound. He was a leading opponent of the "separate" system under which men were kept in solitary confinement with no companion but a copy of the Holy Bible. He supported the useful "ragged schools" and with the help of Miss Burdett-Coutts (who also put the Cancer Hospital on to its feet) he virtually ran a home for fallen women and delinquent girls. All thoroughly practical and creditable work.

But sometimes even in his cooler moments, even when the novelist had given way to the penologist, Dickens could, despite all his knowledge and experience, be extraordinarily wild. In a private letter he described a solitary confinement cell in Pittsburg which he had just visited:—

> A horrible thought occurred to me. What if ghosts be one of the terrors of the gaols? . . . Imagine a prisoner covering up his head in the bedclothes and looking out with a ghastly dread of some inexplicable silent figure that always sits upon his bed. . . . The more I think of it the more certain I feel that not a few of these men . . . are nightly visited by spectres. I did ask one man if he dreamed much. He gave me a most extraordinary look, and said—under his breath—No.

As evidence in favour of prison ghosts that does not seem conclusive.

The real interest of this book is, in fact, the character of Dickens, and it may be doubted whether its contribution to criminology, past or present, will be material. Dr Radzinowicz blesses the book in his introduction. But is Dickens, the penologist, important enough to justify all the work that has gone to the making of it?

And how one would have welcomed a little light relief.

Italy's Depressed Area

The Men at the Gate
By Ottiero Ottieri.
Gollancz. 173 pages. 21s.

The Awakening of Southern Italy
By Margaret Carlyle.
Oxford University Press. 155 pages. 21s.

MOST of the northerners responsible for uniting Italy a hundred years ago were appallingly ignorant of conditions in the south. Few of them ever went there and they tended to assume it was as rich and fertile as it was beautiful. If they had realised the truth they might have felt differently about a united Italy. Today there is no longer ignorance, and no illusions either. And as the north forges ahead, the contrast between its growing material prosperity and the painfully slow improvement in the south is bound to prick the educated northern conscience with increasing sharpness and persistence.

Few Italians are likely to contribute to this conscience-pricking with more devastating effect than Dr Ottiero Ottieri. He is an industrial psychologist, who was sent to the new factory opened by Olivetti near Naples as personnel officer. In this book he describes his experiences, disguising only the names of places and people. The story is presented in a deceptively casual diary form. But Dr Ottieri is a novelist as well as an industrial psychologist. He marshals and presents the many complicated strands of his experience with great skill; he uses words with economy, without rhetoric, without any easy superficial appeals to one's emotions; the impact he achieves is anything but casual.

There are some 40,000 applicants for the jobs that may fall vacant and the new ones that will be created if and when the factory expands. Only a few hundreds of the applicants can be accepted. To choose this tiny proportion Dr Ottieri makes use of all the latest intelligence tests, of personal interviews, of his own intuition. He is faced all the time with an overwhelming and desperate desire for work—any work, even, as so many plead, cleaning out the lavatories. "The men at the gate" are the really desperate ones who because of their own nature, or their past history, or their family circumstances, simply cannot become reconciled to not getting a job. They hang about the factory gates, try to throw themselves under the manager's or Dr Ottieri's car, and even on one occasion set off a home-made bomb.

One is almost tempted to feel that the factory has created more misery than employment. This would be unfair. The factory is a worthwhile pioneering contribution to an immense problem; and it has demonstrated conclusively that the southerner, given a fair chance, can hold his own with any northerner at the workbench or the production line.

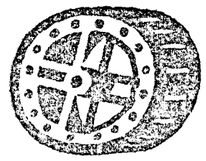
Miss Carlyle's book is on a different scale. Instead of pinpointing the plight of some southerners in one small area, she gives a broad survey of the whole of southern Italy including Sicily and Sardinia. Her first three chapters discuss the economic and social problems of the whole area in general terms and describe the development policies that successive Italian governments have followed since the war. The following chapters deal in more detail with the local problems of each region.

The book is the fruit of wide reading and extensive travelling. It makes a fair and judicious appraisal of what has been achieved, which is considerable, and what still remains to be done, which is immense. It would be better if written in a more sophisticated style and if it did not sometimes indulge in rather tiresome exhortations to the authorities to do this or that. But it is a serious, sympathetic and welcome attempt to provide for English readers some account of an aspect of Italy of which most of them know very little.

One-way Correspondence

Letters to T. E. Lawrence
Edited by A. W. Lawrence.
Cape. 216 pages. 35s.

LETTERS tell far more about their writers than about the recipient, even when the latter is T. E. Lawrence and the



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choice of writers is made with a view to throwing light on his character. In the collection now published by Lawrence's brother, twenty-three of the thirty-eight correspondents are themselves well-known authors or artists, and most are writing (always with enthusiasm and often with the pained enthusiasm Lawrence sought to stir) about "The Seven Pillars" and "The Mint." The collection is therefore illuminating chiefly to those interested in Lawrence's contribution to English literature. Yet the illumination is scanty because the beam is usually thrown backwards; for instance, a wonderful piece of criticism of style by E. M. Forster (who tackles the over-richness that "imparts not colour but gumminess" when Lawrence stops portraying action and starts communicating thought) reveals far more about how Forster puts words to work than about the Lawrence enigma.

Something is added, however, to the portrait already drawn by contemporaries in "T. E. Lawrence by his Friends," published in 1937. For those many superimposed sketches were obituary notices, whereas these letters (some of them by the same writers) are part of the give and take of friendship, written while there was a chance of riposte, or of causing a change of course. The newest lines etched into the likeness are those added when writers start upbraiding Lawrence for scotching his genius. "Why should you be broken twice on the wheel? Surely not because you were broken once." (H. M. Tomlinson.) "Nor can I imagine that your great endowments of mind derive any benefit from such occupation? unless it be a case of 'lying fallow' after excessive cropping." (Lord Stamfordham.) "All I want to make clear to you is that you are less lonely than you think . . ." and so on. The portrait gains in depth when to such comments are added the letters which show the trouble Lawrence caused to busy departments by playing hide and seek as Ross and Shaw instead of tidying himself away in some Vaslima or on Mount Athos. For these fragments re-emphasize the contrariness, the inverted showmanship and the disregard for embarrassment to others that are part of Lawrence's character. Yet, say these letters from men of substance, all these drawbacks are overlaid by the joy, veneration and love that Lawrence evoked in people he thought worth while. "Since you're doing nothing, why not come to Spain with me tomorrow?" (Augustus John.) "You and I are worse than characters. We are character-actors." (Bernard Shaw.)

Only at two points does the collection contribute to the history of British policy in the Middle East. One letter from Gertrude Bell, written in 1920, gives Ibn Saud a rating that later events justified, and a series of letters about the incident at a private audience with George V, when Lawrence refused a decoration, clears up a number of garbled stories; it also links the incident with the best piece of service that Lawrence ever did his country—acceptance of the call to the Colonial Office in 1921, and the influence he there exercised on Winston Churchill.

The book is an indispensable addition to any library that contains the volume of Lawrence's outgoing letters edited by David Garnett in 1938; Professor Lawrence's excellent editing mates the two. But the new collection does not provide evidence enough to correct, as Professor Lawrence would like to correct, oversimplifications and misrepresentations of his brother's character by publicists. This drawback started with Lowell Thomas's romantic lectures on the desert campaign, given in 1919; from that monster piece of pandering to a public sickened by trenches and mud, and starved of tales of glory, the Lawrence-image has not recovered yet, and probably never will.

As It Is Written

Roget's Thesaurus of English Words and Phrases *New edition revised and modernised by Robert A. Dutch.*

Longmans. 1,362 pages. 30s.

Current English Usage: *A concise dictionary.*

By Frederick T. Wood.

Macmillan. 280 pages. 15s.

Unscramble

By John Usborne.

Hutchinson Educational (1961). 111 pages. 4s. 6d.

HUNDREDS of examiners will now be lamenting the present state of national literacy, as revealed by scripts in the GCE examinations. Two of these books are specifically directed at improving it. Mr Usborne, who teaches at St Paul's School, has provided a set of ingenious exercises to help people to write clearly and, thereby, to think clearly. He begins with the structure of the sentence; then he reproduces a series of passages from various authors and journals with the lines transposed, which the reader has to unscramble; lastly, he sets some quite difficult exercises of S-level "Use of English" standard, designed to test the reader's ability to write a composition from given facts and figures, and so on.

Mr Wood describes the aim of his book as "to provide an easy work of reference for those who wish to write good English." He covers tricky points of syntax, explains the difference between defining and non-defining clauses (hence, when "that" should be used instead of "which" and when a relative clause should be preceded by a comma), and draws attention to misuses and abuses of expressions and words and to mis-spellings, mispronunciations and to "vogue words." The right use of "due to," the difference between "practicable" and "practical" and a guide to hyphens are examples of the points covered. In the true tradition of writers on English usage, Mr Wood allows sentences to end with prepositions and, equally sensibly, infinitives to be split when the sense or shape of the sentence demands it.

Mr Wood's book is called a dictionary because it is arranged alphabetically. A thesaurus, says Mr Dutch in his preface to the new edition of Roget (first published a hundred and ten years ago) is complementary to a dictionary:

> it generalises, where a dictionary particularises. Both a dictionary and a thesaurus take a census of the word-population. The dictionary . . . corresponds to the enumeration. A thesaurus more nearly resembles the final reports, where the population is massed in groups . . . and general conclusions are drawn regarding the state of the nation.

Although this new edition has 50,000 new entries, mainly old words in new places—"our ideas outrun our stock of words, and to express them we must turn over our vocabulary again and again"—Mr Dutch has not had to alter Roget's original groups, based on the philosophical categories popular in his time (abstract relations, space, matter, intellect, volition, affections). The biggest change in the arrangement of this edition is that words under contrasted heads (e.g. cause, effect) are no longer set in opposite columns, but follow each other, partly to save space.

Inflation, naturally enough, appears in this edition in several contexts, including the one with which readers of *The Economist* are familiar (though unfortunately the index reference to this head is wrongly numbered), and is then followed by disinflation and deflation, but not reflation. Had this concept entirely fallen into disuse when Mr Dutch and his helpers were making their compilation? Or did he think the word would have fallen under Roget's own ban:

> Some modern writers . . . have indulged in a habit of arbitrarily fabricating new words and a new-fangled phraseology without any necessity, and with manifest injury to the purity of the language. This vicious practice . . . implies an ignorance or neglect of the riches in which the English language already abounds, and which would have supplied them with words of recognised legitimacy, conveying precisely the same meaning as those they so recklessly coin in the illegal mint of their own fancy.

Roget's introduction, from which this quotation comes, is itself a thesaurus of wise saws on the use of language, and the publishers deserve thanks for bringing his great work up to date and at such a reasonable price.

Prewar Lincoln

Prelude to Greatness: Lincoln in the 1850's

By Don E. Fehrenbacher.

Stanford University Press. London: *Oxford University Press.* 306 pages. 38s.

EVEN before the centenary of the Civil War casts its shadowless glare across the conflict, the disposition was strong among historians of the great American divide to write about it in "revisionist" terms—to argue that it was all a tragic mistake for which both sides were to blame. One embarrassing consequence of this "with malice toward none; with charity toward all" approach was that while it endorsed the Lincoln of the Second Inaugural it implicitly criticised the Lincoln of Gettysburg, explicitly blamed the Lincoln of Fort Sumter and reduced the Lincoln who won the Presidency in 1860 to the level of a "mere" politician. It questioned the whole wisdom of his anti-slavery stand, made him conservative in social and economic as well as in constitutional terms, and attributed his rise to a blend of political opportunism and happy accident.

It is against this interpretation of Lincoln that Mr Fehrenbacher has directed his extremely well aimed book. In half a dozen commendably economical chapters of analysis and reassessment he has gone over the familiar story of Lincoln's rise from Illinois attorney to national President and shown that his progress was consistent with his own professions and the needs and forces of the age. He peels off the layers of legend and misinterpretation from Herndon down to Luthin and presents a Lincoln who is intelligible and commendable, a figure who, if not yet great, has all the seeds of greatness in him. There is not a word of rhetoric; there is an equally welcome absence of cynical smart-aleckism.

Mr Fehrenbacher's book is written against the background of a long tradition of Lincoln scholarship and, for its full appreciation, requires some previous acquaintance with the major interpretations that have been advanced by scholars like Beveridge, Randall and Nevins. Nevertheless his own assessment is so clearly set out, the points of conflict and contrast so fairly and simply delineated that even the non-specialist could read this account with profit. Anyone who does so will feel bound to recognise in Mr Fehrenbacher a Lincoln scholar of real eminence—and may also discover with surprise how much that is fresh and important can still be unearthed in this heavily worked field by a scholar of learning and acumen.

Critics' Anthology

The Poets and Their Critics: *From Blake to Browning. Vol. II.*

Edited by Hugh Sykes Davies.

Hutchinson. 351 pages. 21s.

IT was Alfred de Musset who said that all critics ought to be crucified. The same sentiment must have animated many poets. But what would undergraduates and sixthformers do without commentators on literature? Appreciation, evaluation—these are expected by pedagogues, sometimes at too early a stage; for the light of nature, however bright, is unreliable unless reinforced by quite extensive reading. Mr Sykes Davies is an experienced pedagogue and a witty one, who introduces with a few comments of his own each selection of critical comments on individual Romantic and Victorian poets. This volume is a sequel to one covering the field from Chaucer to Collins, and it is primarily a handbook. In its present form it is too expensive for students, who would be its chief beneficiaries; but as an anthology it will certainly afford pleasure to anyone who enjoys comparing his own impressions with what other people have said about yet other people. It is salutary, too, to be reminded how difficult it has always been to assess the worth of contemporary poetry, and how strongly personal prejudices underlie literary judgments.

Local Democracy

Who Governs?

By Robert A. Dahl.

Yale University Press. 367 pages. 60s.

THE wary reader, at the first sight of this 300-page tome, will appreciate that there is no simple answer to the question: who governs New Haven? This elaborate and cautious study by the chairman of the Political Science Department at Yale University finds that political power is widely, if unevenly, diffused. The city is not in the pocket of the Olin Mathieson Company, or the banks, or the trade unions. On some issues, such as the urban redevelopment for which New Haven is famous, businessmen are particularly interested and influential; where the schools are concerned other groups call the tune. One after another is picked up, shaken, and turned inside out: social and economic notables, ethnic groups such as the Italians, Irish and Negroes, political leaders and sub-leaders and so on. There are chapters on the influence of money, of the press, and on patronage.

The microscopic study of the sources and exercise of political power in cities is becoming extremely fashionable at American universities where graduate students are available—and encouraged—to add their bricks to the projects; some of the most interesting vignettes in Professor Dahl's book come from unpublished student papers. A long list of such studies has been undertaken at the Harvard Centre for Urban Studies and there is no doubt that they constitute very valuable case studies of democracy in action. New Haven, it might be thought, would be an exceptionally interesting guinea-pig with its brilliant Mayor, Mr Lee, its polyglot population, its built-in conflict between town and gown and its striking redevelopment programme. In fact, whether because New Haven is not really very exciting compared with, say, Boston, or because of Professor Dahl's determination to leave no stone unturned and his understandable reluctance not to deal too sharply with living people, the result is not very incisive or very stirring. But it represents a monumental amount of investigation into the workings of democracy among people who are by and large not interested in local politics, and for political scientists it is probably required reading.

North American Monument

The St Lawrence Waterway

By William R. Willoughby.

The University of Wisconsin Press. 396 pages. $6.00.

IT is well known that fantastic engineering difficulties had to be overcome in the construction of the St Lawrence Seaway. That even more baffling political and diplomatic difficulties were involved is not so generally recognised. The history of these less palpable but socially even more significant problems is of great interest to anyone concerned not only with the United States and Canada but also with international relations in general or with problems of river basin development. Professor Willoughby's admirable and comprehensive study combines thorough and wide-ranging scholarship with a most readable style. He gives his complicated and controversial subject lucid and well-balanced treatment, with due attention to the point of view and policy of both the nations concerned and of the many conflicting interests whose rivalries provide a classic example of pressure politics.

The story reaches back nearly three hundred years to the first projects for man-made improvements on the great river. It concerns the whole scope of geopolitics of North American development: the struggle of the rival gateways to the continent; the significance of the St Lawrence waterway in relation to the total transportation problem; the clash of waterway with waterway; of railroad and harbour with lake carrier and ocean shipping; of coal with hydro-electric power; of private utilities with public power projects; and of the mid-western heartland with seaboard communities. Developing the waterway involved competing and complementary uses for the waters of the Great Lakes-St Lawrence system. The demands of navigation, power development, sewage disposal, scenery (especially at Niagara Falls) and recreation have been interlocked with the political, economic and engineering strategy of piecemeal, as contrasted with comprehensive, development of the waters of the Great Lakes and the St Lawrence, and with the maintenance of lake water levels and diversion of water from the Great Lakes to the Mississippi and to the Great Lakes from Canadian rivers that flow "down north" to Hudson Bay.

The deep waterway required high policy decisions by two national governments, two provincial governments and a state government, to say nothing of a number of governmental agencies on both sides of the border, as well as the pioneering International Joint Commission set up under the Boundary Waters Treaty of 1909. This important book gives perspective and coherence to a

mass of diverse detail. It throws new light on the significance of an achievement which, astonishingly, emerged after the long-drawn embittered struggle as a great feat of international co-operation—a monument to the friendship of Canada and the United States.

Naval Epilogue

The History of United States Naval Operations in World War II: *Vol. XV, Supplement and General Index.*

By Samuel Eliot Morison.
Oxford University Press. 393 pages. 52s. 6d.

PROFESSOR MORISON now sets his final seal on the great work which he undertook with President Roosevelt's warm support almost exactly twenty years ago. In the first part of this volume the historian deals with the surrender of the large Japanese garrisons which had been cut off and reduced to impotence by Allied sea power, with the occupation of Japan, and with the repatriation of the thousands of prisoners who had been languishing in appalling conditions for more than three years. If these pages would, perhaps, have been better placed at the end of the preceding volume, they do provide the necessary epilogue to the story which Professor Morison has told with such force and brilliance. Then comes a large and copiously illustrated section in which American warships of all types that took part in the conflict are catalogued with their principal characteristics. Since the reference books on the Allied fleets issued during and soon after the war were very incomplete, this section will be welcome to students. The third part consists of 27 pages of "all important errata that so far have been detected" in the earlier volumes, and in the final part the reader is provided with a general index to the whole series. If the book is therefore more useful for reference purposes than it is distinguished as a work of literature, it is a valuable addition to a remarkable history. Professor Morison can now lay down his pen in the knowledge that he has left nothing undone to give his work enduring value.

OTHER BOOKS

PREDICHE INUTILI. By Luigi Einaudi. *Einaudi.* 431 pages. 3,000 lire.

This latest volume of the collected works of the late Luigi Einaudi gathers together a series of essays originally published between 1955 and 1959. Ranging widely over educational as well as political and economic topics, they are characteristic not only of the author's involvement in current Italian issues but also of his deep attachment to liberal values. His comments on the Vanoni Plan, for instance, remain of permanent interest both as an acute study of the plan itself and of the general problem of planning in a free society.

THE CITIES OF BABYLONIA. By C. J. Gadd. Vol. I., chapter xiii. 60 pages. 6s. $1.25. CHRONOLOGY: Egypt; Western Asia; Aegean Bronze Age. By W. C. Hayes, M. B. Rowton and F. H. Stubbings. Vol. I., chapter vi. 85 pages. 10s. 6d. $2.25. ANATOLIA, c. 4000-2300 BC. By J. Mellaart. Vol. I, chapter xvii, 53 pages. 6s. $1.25. *Cambridge University Press.* Three fascicles of the revised edition of Volumes I and II of the Cambridge Ancient History.

DIPLOMACY IN EVOLUTION: 30th Conchiching Conference. Edited by D. L. B. Hamlin. *Toronto University Press.* London: *Oxford University Press.* 136 pages. 16s.

A LETTER TO A YOUNG PAINTER. By Herbert Read. *Thames and Hudson.* 279 pages. 18s.

In the first, hitherto unpublished, essay in this book, which gives it its title, Sir Herbert Read assembles some of his theories about painting and sculpture. Works of art, he believes, must be sensuous—if not they are mere illustrations. The image made by an artist must have more power than the thing it represents and to accomplish this an artist should, before he starts his work, first perfect his alphabet of signs and work out his formal elements; in short, the form should not grow on the canvas, but in the mind.

Other essays in this book are drawn from Sir Herbert Read's various writings and lectures.

MACRO-ECONOMICS. By F. S. Brooman. *Allen and Unwin.* 256 pages. 35s. clothbound. 21s. paperbound.

A competent orthodox textbook for second-year students. The references to the literature are up to date and some empirical material is brought in here and there. Since most competing textbooks are American, this one qualifies as an "import saving" innovation.

Correction: In our review of "Advertising in Action," by R. Harris and A. Selden, which appeared in our issue of July 21st, it was stated that the number of case studies given in a previous book "Advertising in a Free Society" by the same authors was 60. This should have been 16.

Anglia's Joice

HOME REPORT

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

The Regional Screen

FROM A CORRESPONDENT IN NORWICH

"WE note," the Pilkington committee said of Independent Television, "that the decentralised structure has not resulted in an essentially regional or local service." Few East Anglian viewers would claim to have read the Pilkington report right through. But fewer still would admit to not knowing Dick Joice, who has risen to be something of a local Cliff Michelmore in the *About Anglia* magazine programme that follows the six o'clock news. According to its TAM ratings, this is just about the most popular daily news magazine in British television. Dick Joice is a west Norfolk farmer who was originally engaged to run a weekly farming programme, and had never seen the inside of a studio before Anglia TV came on the scene. Now he is pretty much the face of commercial television for the 2 million viewers in the Anglia region.

Anglia's scattered franchise might be better described as a licence to mint half-crowns than one to print fivers; the company has to cover 10,000 square miles, chiefly of farming country (there is no large conurbation at all), which puts up operating costs for a service that tries harder than most (Pilkingtonians may retort that very few do try at all) to be truly regional and not just a transmitting station for the network. Anglia began in 1959 by spending £500,000 on converting the former Agricultural Hall in Norwich into a studio, surrounded by a honeycomb of administrative and technical offices. But as the service has developed Anglia has laid increasingly greater emphasis on taking its cameras outside, where it believes the greatest potentialities of television lie. To cover the enthronement of a new Bishop of Norwich in his Norman cathedral Anglia pretty well emptied its studios of equipment and transferred itself to the cathedral to follow the whole service.

The Anglia image is not exactly that of unregenerate commercialism. The *Guardian* is the biggest shareholder, but 55 per cent of the capital is local. Five of the ten directors, including the chairman, are local men with landed, commercial or newspaper interests in East Anglia—and two of the others are representatives of Cambridge University. The directors set out from the start to provide a distinctively regional service; generally, although Pilkington ignored their record, they have been prepared to play up and not down to the East Anglian audience.

The result of this policy is that in less than three years Anglia can claim to have persuaded plenty of viewers to turn to their local television service as habitually as to their evening papers for the day's news—which may mean seaside beauty queens or champions at agricultural shows. In their not infrequent local controversies East Anglian towns and districts have come to accept it as a matter of course (even of right) that the parties to the dispute should be brought in front of the cameras to argue it out in public. Anglia televises Cambridge Union debates and it has its string of dons. The dons, for instance, will play an important part in a forthcoming series called "Once a Kingdom," designed to put the provincial pride of East Anglia on a basis of historical and geographical fact.

By and large, Anglia originates between eight and nine hours' television a week. It has also succeeded (where some other regional companies have either failed or not tried sufficiently hard) to make a significant contribution to the national network. Thus, 14 of the 16 plays it has produced for the "Play of the Week" series have been placed by TAM in the magic circle of the Top Ten programmes. But its biggest impact on national and, indeed, international audiences has been made with the *Survival* programmes. It was appreciated from the beginning that the nature reserves of East Anglia could be a rich televisual field if properly used; Anglia's success has given it wider ambitions—including filming the rescue of the white rhinoceros from extinction.

IN October, 1959, the BBC won, by a short head, the race with Anglia to be the first to get a local television service into operation in East Anglia. This is based on a small studio which makes ingenious use of film, and gets occasional help from outside television units from Birmingham. It has been broadcasting daily news programmes, weekly farming programmes and fortnightly or monthly feature programmes, all of which have set themselves high standards of quality; now it is about to expand into twenty minutes daily of news and views.

But, as a competitor in local television, the BBC seems rather painfully handicapped by lack of means. Some of its people would have been just as grateful as Anglia if the Pilkington report had spoken more highly and more urgently of regional broadcasting: for the BBC in East Anglia may be a favoured outpost, but it is still only a colony of the great Midland region that extends to the border of Wales. The local BBC staff would be remarkably out of touch with their viewers if they did not, indeed, feel very vigorously that the technical and administrative link between Norwich and Birmingham is somehow less than natural.

BBC outpost

Financially, however, Anglia TV itself has troubles on the horizon. In 1960 its profit (before taxation and reserves) was 24 per cent of its gross trading income, and in 1961 it was 25 per cent. But the estimate for this year is 16 per cent, and the forecast for next year is 11 per cent. This is not because advertising revenue is falling off, but because the service is expanding and the cost of producing programmes is rising—and the forecast does not take account of the formidable prospective expense of 625-line and colour transmission or of more competition from a second commercial channel.

A company of Anglia's size has most to fear from swingeing action against profits. The rumour of a 10 per cent tax on revenue has led to forebodings that the work that would be maimed would be the most valuable—the original and local work. Your correspondent asked Mr Aubrey Buxton, the director responsible for *Survival*, what would be the first to go. "*Survival*," he said. "would not survive. Neither would our plays. We should hardly contribute to the network. Nor should we be able to expand our local service. If the worst came to the worst we should have to cut it down, and reduce ourselves to people giving little talks in the studio. That would be economical, but it would not be regional television."

Irish Ether

FROM A CORRESPONDENT IN BELFAST

BEFORE the opening of Telefis Eireann (Irish Television) in Dublin last January viewers in the eastern parts of the Republic of Ireland were enjoying both BBC and Ulster Television programmes free of charge. ITV programmes from Belfast were received with remarkable clarity as far south as Greystones in County Wicklow, thirty miles below Dublin. Dublin viewers found it easy to get BBC programmes from across the Irish Sea. Some of the more conscientious Irish viewers even wanted to pay a licence fee to the BBC (or so the story goes) but this generous offer was refused.

Now, with Telefis Eireann in full operation, programmes are being beamed the other way—from Dublin into Belfast and other parts of the Six Counties. Telefis Eireann can be received quite clearly without any special fitments in places like South Down and parts of Armagh. People who live on the hillsides around Belfast, especially if they have taken the trouble to put up special high aerials, now get excellent pictures from Dublin. This means, of course, that viewers within a belt stretching along the east coast from Belfast to Greystones and as far inland as Monaghan, Mullingar, and Navan have the choice of three television stations. Certainly in places like Newry, Dundalk, and Drogheda all three stations are received with equal clarity.

The political significance of this three-line traffic in entertainment and instruction should be obvious. Television is bringing the people in both parts of Ireland closer together. As they get to know each other better old barriers may be broken down. The commercial significance of three stations operating within this area certainly cannot be overlooked. Competition, it is generally agreed, is in a much healthier state than in Britain.

The BBC, of course, is strictly non-commercial; Ulster Television is completely commercial; but Telefis Eireann is a mixture of both. Its income is derived from advertising revenue and from yearly licence fees but it remains a state enterprise. At the same time, to quote Mr Jack White, Head of

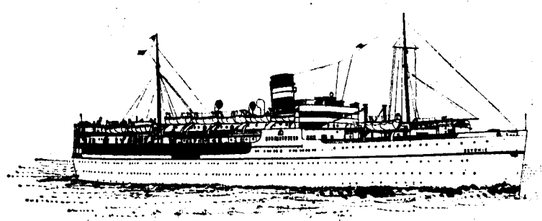
Public Programmes in Telefis Eireann, Irish television must pay its way like the commercial stations while maintaining the standard of programmes expected of a national programme. It passes the Irish comprehension that so few people in Britain are prepared to see any merit in this kind of marriage. Would it not solve the BBC's financial troubles?

SINCE its inception three years ago Ulster Television has run a daily magazine programme, *Roundabout*, which is Belfast's equivalent of the BBC's *Tonight*—and does, according to the TAM rating, appreciably better in Ulster. Telefis Eireann has an identical programme in *Broadsheet* which comes on during the same 6 p.m.-7 p.m. viewing hour. *Broadsheet* has the bigger staff and goes out for material in all parts of Ireland; *Roundabout* is rather more stay-at-home. At long last the BBC in Belfast is responding. Starting next month, it will change its weekly programme *Talk of the Town* into a daily one. To meet this challenge Ulster Television is planning to start a new local news service, which will be linked with the *Belfast Newsletter*, within the next two months. Pilkingtonians, of course, will lament the absence of viewers' choice that these activities must inflict on the public.

Telefis Eireann, the newcomer in this struggle, has met with plenty of home criticism. Some say it does not pay enough attention to the revival of the Gaelic language, that it neglects Gaelic sports, that it does not give enough time to Irish literature, theatre and art, and that too high a proportion of the programmes are imported from the United States and Britain. Both Britain and the United States, on the other hand, have provided Telefis Eireann with some of its best technicians. The BBC, in particular, played an important part in getting it on the air at all.

Within the next year—or maybe less—the battle will move to the west of Ireland. Telefis Eireann is putting up a powerful booster on Ben Bulben, a high escarpment near the town of Sligo, and from there will send out signals that will cover most of County Donegal, which is now a deprived region, Mayo, Connemara, the Western Islands and (incidentally) a large part of western Ulster. The BBC will have a similar booster in the Sperrin Mountains in County Derry, while Ulster Television is building a station at the town of Strabane, on the Donegal-Derry border. It looks as if all Ulster plus at least half the territory of the Republic are going to know the meaning of real competition.

Seaborne Seminars



THIS year more than 36,000 secondary school children are visiting cities as far afield as Amsterdam and Athens, Lisbon and Leningrad aboard two former troopships, the *Devonia* and *Dunera*. The ships become the children's floating classrooms for anything up to 21 days. Such cruises seem likely to remain a permanent part of both the educational and shipping scene. They represent an important straw that has been clutched by owners wondering what to do with old boats ill-suited for conversion into luxury cruising liners; for the children the voyages give a form of foreign travel distinct from run-of-the-mill holidays organised by schools or travel agencies, which have a very limited educational value.

The cruising scheme is run by the British India Steam Navigation Company. It began in April, 1961, after the termination of the *Dunera's* trooping charter, when there seemed little hope of emigrant traffic. The low cost of conversion has enabled fares to be kept at a realistic level, so much so that the popularity of the cruises has kept the ships employed for 10½ months each year. This, the company claims, "brings in a modest return"—which is more than other companies can say of their old ships.

The *Dunera* (12,620 tons) and the *Devonia* (12,800 tons) have each accommodation for up to 830 children in dormitories (old troop-decks) and for 200 party leaders, usually teachers, who are "cabin-class" passengers. The crews are mostly Indian. Each ship has nine or ten classrooms equipped with visual-aids, an assembly hall, swimming pool and sports areas in lieu of gymnasia. There is a cafeteria dining system which eases catering problems and is no stranger to children who have school dinners.

Most of the teaching is actually done aboard. A small permanent staff paid by the company lecture on the educational aspects of the cruise and on the places to be visited. But each group also spends two 45-minute periods daily with their own teachers and has another period of physical education. Visits are also arranged to various departments of the ship. Navigation classes are voluntary, but popular, in spite of the mathematics involved. Ashore, excursions lasting several hours are arranged by the company. The children are then allowed to explore for themselves. Even football and cricket matches are arranged with local sides.

ALL this adds up to education, which, if not profound, is certainly stimulating to the secondary modern children who make up the majority of the passengers. The whole cruise is, in effect, a comprehensive visual aid interpreted and amplified by the teachers and the ship's staff. The children have to face and solve problems of currency and language; there are obvious links between geography, history and modern languages to be found in the cities and countries visited. Living as a community afloat and meeting foreigners ashore advances the children's social education in a way that could not be reproduced in the conventional classroom.

The prices vary between £30 and £55 per child, depending on the length and destinations of the cruise. A group leader travels free if he has more than 15 children with him. Otherwise the cost of cabin class travel is between £40 and £85. The children's fares seem to set few problems to parents. The difficulty is more often to find the teachers prepared to go with the children.

Some local education authorities only allow children to go on cruises in their normal holidays, others allow term time cruises, while a few subsidise the cost of the voyages. Paying for such children's trips as well as for their education has caused controversy in some council chambers; at the other extreme one authority recently took over a whole ship for its pupils—and also in the complement were five education officers and members of the education committee (plus wives).

The scheme has grown rapidly since its inception last year, when 10,000 children from 350 schools travelled on the *Dunera*. With the *Devonia* in service this year, the company intends that more than three times that number will be carried. With the contracts for the government's two remaining troopers under review because of the increasing use of air-lifts, it is possible that more ships may be converted into floating boarding schools. And if profits continue to be made, this seems very likely. Indeed, under the aegis of the Netherlands Office for Foreign Student Relations (NBBS), three ex-liners/emigrant ships, the *Waterman*, *Groote Beer* and *Zuiderkruis*, have been saved from the breakers' yards to bring American students on European tours. The NBBS hopes to make these visits reciprocal in future. Could it all turn into a shipping boom?

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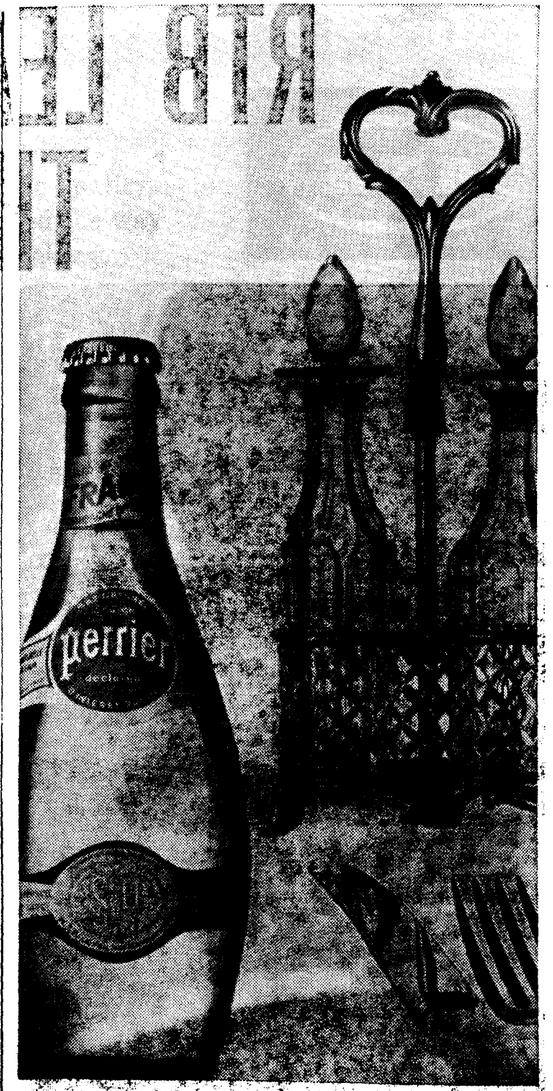

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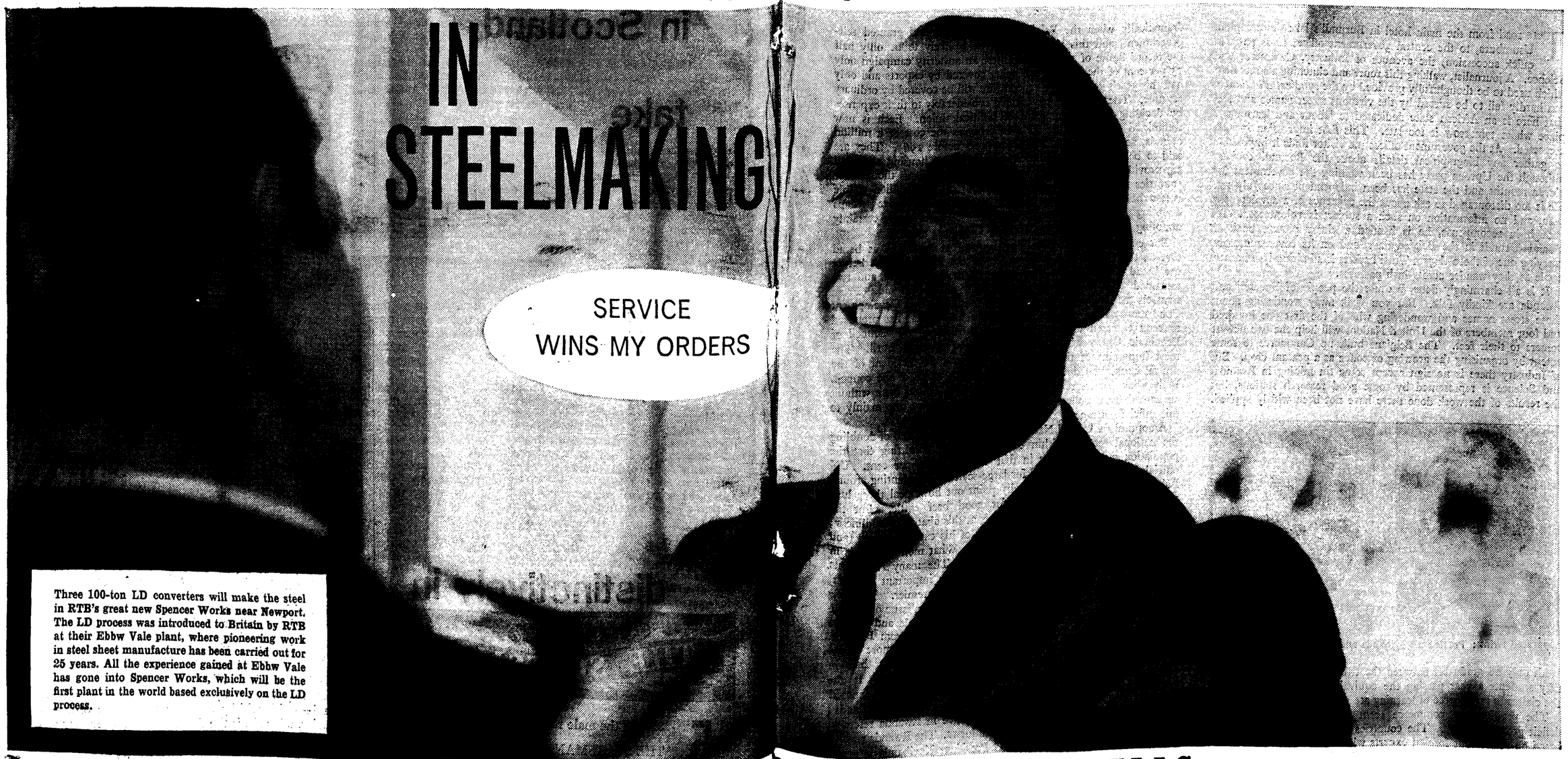

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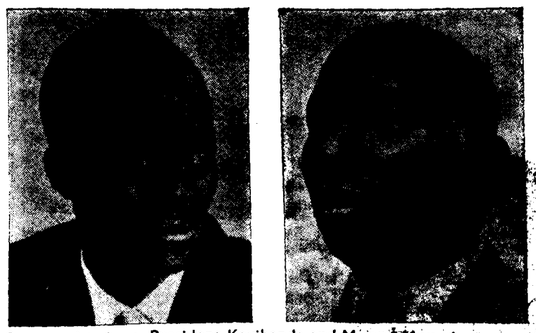
THE WORLD OVERSEAS

Hyphenless in Darkest Africa

FROM A SPECIAL CORRESPONDENT IN BURUNDI

THE road from the main hotel in Burundi's lake-shore capital, Usumbura, to the central government offices leads past (in quick succession) the avenues of Industry, Commerce and Science. A journalist, walking this route and clutching a street map which used to be thoughtfully provided by the *syndicat d'initiative*, can hardly fail to be stirred by the virtuous street names and feel that here is an African state dedicated to labour and learning, a place where tomorrow is too late. This first impression is soon corrected. At the government offices the visitor finds it impossible to gather any biographical details about the Burundi cabinet, although the Uprona party has been running the government for eleven months and the state has been independent since July 1st. He is too discouraged to ask about the existence of a development plan, and no information on such a subject is volunteered. As though in recompense, he is handed a glossy picture book of Ruanda-Urundi in the Belgian days, and on its cover a peasant carrying one of those elegant Tutsi baskets is admiring lyre-horned cattle as they wander across lush pastures.

It is all charmingly done, because the people of Burundi and Rwanda are kindly folk. But you walk away wondering about those street names and wondering who of the first one hundred and four members of the United Nations will help the two newest comers to their feet. The Belgians built up Commerce to some extent by organising the growing of coffee as a peasant crop. But of Industry there is no sign except some tin mining in Rwanda, and Science is represented by some good research stations, but the results of the work done there have not been widely applied.



Separated twins: President Kayibanda and Mwami Mwambutsa

With only 26 graduates between the two countries, and less than fifty students a year passing the equivalent of school certificate, the claims to any degree of learning are more wistful than truthful.

The problems of commerce seem enormous, with the trade deficit growing yearly. The countries have a one-crop economy, based on coffee, but foreign experts will explain that the Belgians achieved high production figures only by threatening the peasants with the horrors of prison. Certainly coffee production dropped dramatically when the Belgians held elections and granted self-government, and this year's production is likely to be only half the record figure of 1959. Even after an austerity campaign only 75 per cent of the imports are being covered by exports and only half this year's government expenditure will be covered by ordinary revenue. The two states have added considerably to their expenses by deciding against any form of political union. Each is now committed to building up its own army at the cost of a million pounds, and replacing its Belgian officers before 1965. They are said to be the only armies in the world where housing and food are provided for the families of all ranks, a generous thought for countries where the *per capita* income of the five million people is less than £15 a year. In addition, the two countries are perhaps doubling the costs of government by their separation, and certainly doubling the expense of maintaining embassies abroad.

But embassies the Burundi government at least sees as bread cast on the waters, and it hopes it will not be many days before the bread returns from Washington, Brussels, Moscow and two unnamed African capitals in the form of foreign aid. From Brussels the two countries should get more Overseas Development Fund money from the Six, and the United Nations has promised to send eighteen technical advisers to help run the Council of Economic Union which the states agreed upon in April. The most important of these advisers will serve as president of the central bank, who doubles up as secretary-general of the council. If the shaky structure of economic union—a central bank without an agreed fiscal policy—holds together, it will be due mainly to this official's firmness.

An optimistic United Nations survey team has talked of doubling the national income within ten years, while admitting that the population would increase in that time by forty per cent. UN officials are pressing the case for large-scale cotton planting around Lake Tanganyika, and they sadly point out how ideal those lush pastures among the hills are for good beef cattle. But the aesthetic mind of the herdsman rebels at this abattoir worldliness; his pride is in the massive curved horns of his cattle (a worth (and certainly costs him) millions of pounds. What money there is in Burundi is easily and frivolously spent. The many restaurants of Usumbura are the scenes of most of the important business, even including the assassination of the first premier. The new Roman Catholic cathedral has to be financed by an issue of postage stamps. But, economics apart, there are intelligible and perhaps even sound reasons for the separation of Rwanda from Burundi. In the kingdom of Burundi political stability depends more on the reverence of the people for their Mwami Mwambutsa than on the good sense of his son-in-law, the prime minister. In the republic of Rwanda those Tutsis who supported the deposed Mwami Kigri are mostly now refugees in neighbouring lands; in true Jacobin style official correspondence in Rwanda refers to the ex-Mwami as Citizen J. B. Ndahindurwa. The Rwanda revolutionaries are social democrats, and President Kayibanda is proud that his wife still works in the fields. Burundi politicians want enough of a constitutional *cordon sanitaire* to allow their country to evolve peacefully from baronial feudalism without it being necessary for the Tutsi overlords to pay the price of exile.

Both states have rid themselves of Belgian paratroopers, Burundi the more gracefully, to everyone's surprise. Many doubt whether the local Rwanda forces, despite their Belgian officers, can always subdue Tutsi invaders from the Congo as easily as they have recently done. But the government hopes the militant exiles will soon lose heart, and the more adaptable ones return to join the Tutsis who stayed and have accepted the Hutu government for the reward of two ministries. The emergency conditions in Rwanda—a night curfew and frequent roadblocks—are an unhappy background to the early days of independence. But nationalist leaders in East Africa have now generally accepted President Kayibanda as a kindred spirit after years of believing him a Belgian stooge.

The first pitfalls of independence have been safely passed by each state and the departure of Belgian troops will almost certainly decrease tension, as the last UN commission argued it would. But along their road are several more deep ditches. What will happen, for instance, when the peasants have spent their small coffee earnings by Christmas and find *uhuru* has brought no bonus? Can Burundi really reach the avenues of Industry, Commerce and Science without some sort of revolution? Perhaps the pipe-sucking peasants do not intend to march along that road at all, and are only concerned to keep gazing enraptured at their lyre-horned beauties.

Opening up Bavaria

FROM OUR BONN CORRESPONDENT

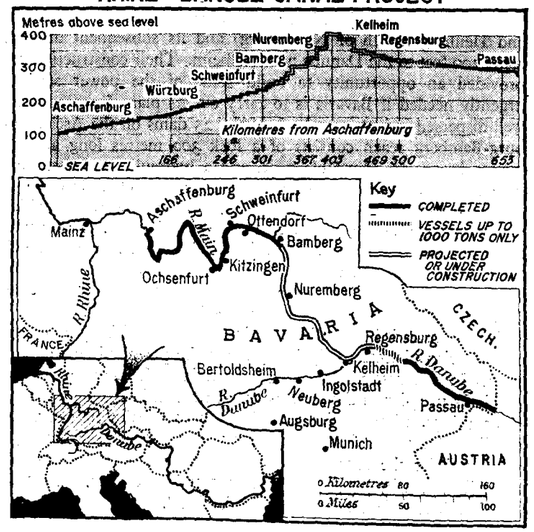
THE hopes and fears aroused by the European common market have given a new impulse to several long-pending projects for extending the ways of continental trade. Of these one of the more ambitious is a navigable waterway between the rivers Rhine and Danube. "A gigantic undertaking," Goethe observed, doubting its completion yet remarking in the same breath, "it would be well worth the trouble to live another fifty years" to see it achieved, along with canals through the isthmuses of Panama and Suez.

That was in 1827. This summer of 1962, final touches are being put to the 180-mile stretch of the Rhine-Main-Danube canal between the red sandstone cities of Aschaffenburg and Bamberg. It is to be opened next month with Bavarian ceremonial at Bamberg's new municipal port. To the south of the canalised river Main, work is in progress at a number of stages on the artificial waterway that will link Bamberg with Nuremberg (by, it is hoped, some time between 1967 and 1969) and eventually with Regensburg and Passau on the Danube. It will then be possible, at least in theory, for ships and barges of up to 1,500 tons to pass from the North Sea to the Black Sea by way of Rotterdam, Mainz, Frankfurt, Passau, Vienna, Bratislava, Budapest, Belgrade, and the Iron Gates through the Carpathians. This fair prospect is stimulating interested parties in France to kindle fresh enthusiasm for a Rhine-Rhone canal that would link Rotterdam with Marseilles. But for the time being the Bavarians are looking temperately northwards. Their canal, they are reflecting with pleasurable anticipation, will bring cheaply the raw materials required from the north for their increasingly industrialised state, and carry away the finished products to the densest markets of western Europe.

Bavaria has more ground than any other state of the Federal Republic for being anxious about the consequences of competition within the common market. Organically, Bavaria is indeed not only "out on a limb" from the main body of trade, but also under duress of the laws of survival to adapt its economic functions to the main body's requirements. The state is cut off today from its former lucrative markets to the east and north-east by 450 miles of forbidding frontier with Czechoslovakia and the German Democratic Republic. Its trading is fettered further by 480 miles of frontier with Austria, another common market outsider (though a substantially friendlier one, co-operating closely in such vital matters as organising a smooth flow of mutually beneficial tourists and electricity). To ensure their traditional creature comforts, the Bavarians must look much farther afield than they used to have to do, and mainly northward and westward. There they descry a future much more promising for industrial wares than for the products of farm and forest that supported close on 30 per cent of the population before the war.

"What does people live on?" is engagingly asked in the English edition of a brochure put out by the Bavarian Statistical Office. The answer for the nine and a half million inhabitants of Bavaria—more than two million of them post-war settlers from the east—is "increasingly from industrial output." Not that, according to the planners, agriculture will cease to keep well over a million persons. But these are already half a million fewer than in 1950; and some 38,000 smallholdings have closed down in the course of the last eight years, the majority near spreading towns in western Bavaria. New industrial and commercial undertakings are opening all over the state (which in area is the largest in western Germany, and in population second after North Rhine-Westphalia). The most important branches of Bavarian industry nowadays are

RHINE – DANUBE CANAL PROJECT



mechanical and electrical engineering, textiles, brewing, and a rich variety of handicrafts. Along with this development an attempt is being made to preserve as far as possible the "Bavarian character" and the "Bavarian way of life" (is that why one of the chief state planners is a Berliner?) by injecting modern methods into what is left of agriculture and by fostering modest, as well as ambitious, industrial and commercial enterprise. Town and country alike, in these circumstances, still have two pressing needs in common—access to cheap power and to a wider network of communications with low freight charges. It is to help meet these needs that there has been a marked quickening this summer of the digging, dredging and damming along the circuitous, up-hill-and-down-dale route of the Rhine-Main-Danube canal.

The construction and working of the canal is the responsibility

of the *Rhein-Main-Donau Aktiensgesellschaft*, the validity of whose contract with the Reich, signed in 1921, was reaffirmed by the newly established Federal Republic in 1949. Of the company's capital stock of DM59.6 million, 64.6 per cent is owned by the Federal Republic and 34.8 per cent by the Bavarian state. The remaining shares are held largely by the *Preussische-Elektrizitäts-AG* and a few towns served by the canal. Further money has been found through loans obtained from the state and the capital market. When the whole of the 405-mile-long waterway from Aschaffenburg to Passau is completed (the Main was already navigable as far as Aschaffenburg for vessels up to 1,500 tons), it will have a theoretical annual capacity of 32 million tons, allowing for two-way traffic moving fourteen hours a day on 300 days in the year; or of 55 million tons, allowing for 24-hour traffic moving on 300 days. At the company's headquarters in Munich they like to point out to visitors that, politicians willing, the finished canal will in practice provide another 2,040 miles of continuous inland waterway linking Holland, Belgium, France, Switzerland, Germany, Austria, Czechoslovakia, Jugoslavia, Hungary, Bulgaria and the Soviet Union. But for the present it is more or less Bavaria alone that is the beneficiary, particularly the cities of Bamberg, Schweinfurt, Würzburg, and Aschaffenburg. Even the smaller towns along the Main are already recording notable increases in the turnover of their sprouting ports. Ochsenfurt, for example, handled 301,000 tons last year (81,000 in 1953), and Kitzingen 567,000 tons (90,000 in 1953).

Altogether 47 locks and three lifts have been, or are being, built to master the canal's rise of some 1,200 feet between Aschaffenburg and Heuberg (south of Nuremberg) and its subsequent drop of some 200 feet to the Danube near Kelheim. Their construction has provided an opportunity to build some of the power stations urgently needed if Bavaria is to carry out its plans for promoting well-dispersed industries. Each of the 25 dams on the Aschaffenburg-Bamberg reach consists of a lock 300 metres long and 12 metres broad, an adjustable weir, and a hydraulic power station. The largest of these Main power stations is that at Ottendorf, whose turbine-driven generators can develop 6,300 kilowatts, and which has an average annual output of 33 million kilowatts. Those who know and love the Main valley will be relieved to hear that much thought has been given to preserving its beauty, and that the old bridge at Würzburg has been scarcely affected by the discreet building operations in its neighbourhood.

Prodigious as it is, the Rhine-Main-Danube canal is by no means the Bavarian planners' only joy. When the promised commission arrives from Brussels before long to investigate the common market problems peculiar to Bavaria, its members will hear much, among other things, of plans for extending the autobahn network, for building Germany's first big nuclear power station near Bertoldsheim, and for the four oil refineries at Ingolstadt and Augsburg that will be fed by pipeline from Genoa and Marseilles. There is just that little matter now of paying for it all.

Ceylon's Straits

FROM OUR CORRESPONDENT IN COLOMBO

THE gravest crisis since its inception now faces Mrs Bandaranaike's government. All the opposition parties have declared war on the budget presented by Mr Felix Dias Bandaranaike, the finance minister and "strong man" of the Freedom party. Restive government backbenchers have also threatened to vote against his budget. The ruling party's old guard may see in the present situation an ideal opportunity to cut him down to size. They have already tasted his blood over the Press Bill issue (the Speech from the Throne in July no longer talked of a take-over of the press, but of preventing monopolies). For two years he had deliberately avoided placing new economic burdens on the peasants, who form the Freedom party's political backbone; now foreign exchange difficulties have forced him to take the politically perilous step of reducing the rice ration by a quarter.

On Tuesday opposition protests forced the postponement, until August 16th, of the budget debate that was to have opened that day. The opposition leaders asked whether they were to debate the original budget as presented at the end of July, or the alterations Mr Felix Dias Bandaranaike had since made to pacify his own party, including a promise to limit the rice cut to not more than six months—a compromise that has not wholly satisfied the backbenchers. The postponement gives the hard-pressed government a chance to tackle its internal differences. Mr Dias Bandaranaike has meanwhile given the petroleum companies—Shell, Esso and Caltex—a week to consider his three alternative proposals for reducing foreign exchange costs.

CEYLONESE governments have a habit of running out of steam halfway through their parliamentary life. In sticking to her late husband's "middle path policies," Mrs Bandaranaike may have shown a sound instinct. The Freedom party is still the nearest acceptable approximation to a popular ideal that rejects both Left and Right. Its statement of policy in the Speech from the Throne indicated that, from now on, it will play by ear—and with caution; the Communists, who usually treat the government gently, described it as yesterday's cold cunjee without salt or spice.

The most interesting announcement in the speech was the reference to the coming talks with Mr Nehru in October about the future of the one million persons of Indian Tamil origin now living on Ceylon's tea estates. Disowned by India and disfranchised by Ceylon, they constitute a disputed category called "stateless citizens." In 1954 both governments agreed to facilitate their registration as citizens, as a prelude to negotiations about the remainder. But the undertaking was not honoured by either party. By administrative means, Ceylon reduced its own intake to the barest minimum; the Indian High Commission retaliated with a deliberate go-slow policy.

Though history, geography and cultural ties cast a warm emotional glow on official Indo-Ceylon relations, the average Ceylonese, who enjoys a much higher standard of living than his big brother across the Palk straits, secretly thanks his household gods for that narrow strip of water. But the Palk straits have not affected the brisk traffic of illegal immigrants from south India who find an easy refuge in self-contained communities on the tea estates where there are good pay, free housing, schools, dispensaries and subsidised rice. In an island whose history is crammed with Indian invasions, the thought of a million Indians living in the heart of the country and boasting a stranglehold on the national economy arouses deep fears in the popular mind.

Recent developments have made matters worse. An overflow of people from the estates has aggravated the already acute unemployment problem. Political propaganda has also increased the friction between the estate population and the Sinhalese peasants of the surrounding villages whose living conditions present a stark contrast to life on the rich, well-run estates. In addition, the Federal party, which leads the Ceylon Tamils of the north and eastern provinces, has reached a dead end in its policy of agitation. Having failed to extract concessions from the government on the language issue, the Federalists are keen on finding new sources of strength. Thus party leaders have been busy on the estates, looking not for tea but for sympathy. Their strategy is quite simple. They agitate for a common platform of Tamil-speaking peoples (Indian and Ceylonese) on the twin issues of language and citizenship. The frustrations of the estate population recently led to the emergence of two new organisations bearing the name of the militant south Indian Tamil party, *Dravida Munethra Kazagham*. The moment the Federalists stepped in, the government got alarmed and banned the Indian organisations under the emergency laws.

To placate Ceylonese opinion, the government has also prepared two Bills which have caused grave anxiety on the estates. One Bill requires all estate labourers to enrol on the national register. The other obliges estate employers to give priority to Ceylonese in filling future vacancies. These actions have disturbed Delhi, which argues that opting for Indian citizenship by Ceylon residents of Indian origin must be voluntary. India concedes that Ceylon may "induce" them to opt by means of monetary rewards, but it is against any "coercion." Ceylon's recent actions are considered coercive; this may account for the report from Delhi that Mr Nehru will not after all engage in political negotiations on his visit in October. Sceptical though it is of Mr Nehru's Himalayan humanism, Ceylon is aware that it must rely entirely on Indian goodwill for a solution.

Heirs of Genghiz Khan

LEGEND has it that Genghiz Khan and his brothers "decided one day to conquer the world" and history records more definitely how they built an empire from Shanghai to the gates of Budapest. Now, eight hundred years later and after forty years of communist defamation for what might be called his "incorrect attitude to proletarian internationalism," Mongolia's greatest son has had his name cleared by the Mongolian Academy of Sciences. He is now accepted as, for all his faults, the founder of that now recognised international entity, the Mongolian People's Republic.

By a stroke of luck, the dust of history had left it uncertain whether Genghiz Khan was born in 1155 or 1162. The Mongolian authorities in 1955 opted for the earlier date; but, with Stalinist legacies at home and a natural reluctance to offend the Russians, whose scalps tingle at the mention of Genghiz Khan, they let the anniversary slip by. But their new prosperity and entry into the United Nations made an exciting brew. So, despite the nasty things the Soviet Encyclopedia said, they went ahead and recognised Genghiz on the 800th anniversary of that now more authoritative date —1162. For all this, the world need have little fear that these 937,000 Mongols, and their 23 million domestic animals, will take up their imperial heritage again; but outside interest in the country has brought about some unexpected developments.

Mongolia has been ruled for forty years by a Communist party taught and supervised from Moscow; but although the party's leaders have been loyal pupils throughout this period, they have worked hard to keep a little independence.

While the Chinese have been concerned to expand their influence to the extremities of their former empire and to win an adherent to their view of communism, the Russians have tried to impose limits. Mongolia, the Russians feel, not only makes a useful buffer state; it provides a welcome Asian supporter for the Soviet way of doing things. This difference has provided the Mongolians with a small degree of independence and a larger degree of prosperity. Contrary to popular belief, the Mongolians have remained close to the Russian view, while trying not to antagonise the Chinese. Before the Sino-Soviet dispute reached its recent peak their attitude was well summed up by the Mongolian diplomat who said, "We don't want to get mixed up in what we don't understand. Anyway, both sides give us aid." But when the dispute became acute they opted for Russia, denounced the Albanians and their sympathisers, and were handsomely rewarded.

At the price of staying close to Moscow, the Mongolians managed to prevent large numbers of Russians or Chinese entering the country and taking things over from the inside. This, with the development of industry, which is now credited with about 50 per cent of the national product, has fortified their sense of nationality. Industrial development was important to them for national as well as doctrinal reasons. When the current five-year plan was being drawn up in 1960 a group within the party suggested that, as Mongolia was short of manpower, the Russians or the Chinese should not only build, but also run, the proposed steel plant. This was violently opposed, on the ground that to have one's vital industries in foreign hands was the essence of colonialism.

RUSSIAN and Chinese interest, not Mongol diligence, is responsible for the air of affluence that now pervades this mainly nomadic people, who have the happy distinction of receiving more aid per person than those of any other country. Until lately their gross national product was less than £20 a head; this left little surplus for development. But in 1956 the Chinese courtship brought them an offer of a Chinese loan of £14 million. The Russians thereupon added another £17 million to the £83 million they had advanced in the past ten years. Undeterred, the Chinese offered another £17 million in 1960 to help with the plan for 1961-5. The Russians, as if to prove once and for all who was Khan of Ulan Bator, replied in 1960 and 1961 with two loans totalling £97 million. With such backing, the Mongolians have been able to advance one of the most startling five-year plans ever. It will cost about £100 million, the equivalent of a reinvestment year by year of the entire national product. But, with aid to a total of £114 million on offer, the Mongolians can bear this burden. Even if a lot of money is spent on military projects and a portion of the aid fails to materialise, it seems that they can expect a high rate of growth for some time at least.

Even more stimulating to the national sense has been the republic's entry into the United Nations in 1961. Tucked away in the centre of Asia, they have longed for global diplomatic contacts; the United Nations is their opportunity. What with the struggle they have had to keep the Chinese from controlling their affairs, they find it rather difficult to accept that the Americans are the great threat to world peace. However, for the record, they denounce American imperialism at the United Nations, while the home government signs tourist agreements with an American agency and expresses its hope that Mongolian poetry and novels will be published in New York. It has hurt them that more non-communist states have not recognised their new international status; but there have been compensations. Since 1961, when Mr Suslov said that "Mongolian experience in building socialism acquires particularly great importance at the present time, when the face of Asia and Africa is changing," the Russians have given them every encouragement to become active in Afro-Asian affairs and spread the good word of Soviet ways of development. In June, Mongolia even became a member of the Council for Mutual Economic Aid, a body which China has not been invited to join.

Top states, like top people, have to keep up. The present fashion for top states is to give foreign aid. No Mongolian would wish to be left out. So, on entering the United Nations, Mongolia announced its aid programme to the Laotians "fighting a just struggle against American imperialism"—11,000 yards of cloth and 300 tons of rice.

THIS IS THE EAST...

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THE BUSINESS WORLD

Ten Years of BMC

TEN years ago, when Austin and Nuffield came together to form the British Motor Corporation, nobody suggested that technical innovation would prove to be the new company's forte: despite the Morris Minor, neither firm had a reputation for providing much more than rather solid worth in its products. Yet it is with novel designs that the combined group has had its greatest success—largely as a result of its good sense in bringing back Mr Alec Issigonis to be its chief designer, then leaving him an unusually free hand to design cars as he thought best, and backing the result, unconventional though it might be. So one finds that BMC may soon be the largest producer of front-wheel drive cars in the world and will eventually build almost nothing else. No major British maker had seriously considered them at the time this merger was made. BMC is the only big manufacturer to use rubber springs, and it will be the first to fit hydraulic suspension on a cheap car. And it is the first firm to put a car with a transversely mounted engine into really large scale production. For the largest British motor company, such signs of original thought are a refreshing change; and they have helped to stimulate some of its smaller rivals into thought and action.

Commercially, BMC has enjoyed less success. Though it has managed to raise its share of the home market from about 38 per cent in 1955-56 to 43 per cent last winter, the past two years have been a period of declining profits: though production more than doubled, from 279,000 to 601,000 vehicles, profits were lower in 1961 than in 1953. Like other firms, BMC has been feeling the effects of stiffer competition in home and export markets, which came when it was in the middle of an ambitious and expensive expansion plan. But the switch in emphasis to the smaller and cheaper car that followed the introduction of the Minis and their great success, especially at home, has been a special factor reducing BMC's margins. Rivals who wonder how the car can be made for its price caustically suggest that BMC must be planning to get its profits from selling spares for Minis, rather than from selling the car itself. Technical innovation can in fact add to costs in the short run even while adding to sales, for it means using parts that are unique to one model and so more costly than parts used over a range: the front wheel drive shafts of the Mini are an example, with their special universal joints. But as more models use them, higher output should bring lower costs. And BMC intends adopting front wheel drive for all but its biggest cars over the next two years or so, with the first of the new models to be announced next week, so it should soon be beginning to feel the benefits of higher output of these special parts. Pioneering may not pay; established practice should pay.

Its present range of cars, though all but the Minor 1000 were introduced after the merger, still divides into Austin and Nuffield: the A40, the 1.6 litre Farina-style saloons and the 3-litre sixes are Austin designs, even if they bear all the marque names that the company possesses; the Minor and its relatives, the Wolseley 1500 and Riley 1.5, are essentially Nuffield. Only the Minis are BMC designs. Engines and gearboxes, however, are rationalised, with two basic designs—the 850-1,100 cc A and the 1,500-1,622 cc B—covering most BMC cars. Both are basically Austin designs. Extension of true rationalisation throughout the model range is something that will come when the bigger front wheel drive cars are introduced. They will be designed for production in the several variants necessary to meet the character expected of a Wolseley, Riley, or MG as well as the basic Austin and Morris, and because they are designed for differentiation the changes will add less to production costs than would be the case if they were added after the design had been prepared. Engines, for example, can be designed to be tuned for extra power, and bodies for such styling features—thought to add distinction to a car—as four headlamps. And though diversity adds to the problem of the production engineer, it does not add significantly to production costs: BMC already has several models coming down one assembly line without slowing things down, and variations on one model are no problem. Eventually, three front-wheel drive models may form the basis of the BMC range, and two of them would share many mechanical parts. But for the immediate future, the existing conventional models will be retained in production alongside the new ones, to meet the continuing demand for old favourites like the Minor 1000, thus earning the fullest benefit from the investment in tooling.

THE commercial policy of multiplying models by sticking a replica of a famous radiator on a basic BMC design has come in for its share of criticism: blinkered engineers sometimes describe it as the penalty for inheriting a large and diffuse network, all of which has to be kept supplied with cars. But BMC, which has to plan for sales in order to make production worthwhile, sees method in such apparent madness. It wants as many dealers as it can get, so that it can tap the maximum amount of the working capital that is the motor trade's scarcest asset. And it can obtain more dealers if it is offering separate franchises than if all its dealers sold all its cars. A Morris and an Austin dealer will tend to cater for separate markets only so long as the old marque loyalties continue—and they are proving surprisingly resilient—but a

Wolseley dealer is offering something rather different, and so can be sited on the territory of a Morris or Austin agent. His dealership will in fact be additional; and BMC is endeavouring to build up Wolseley dealers as a chain distinct from Austin and Morris. Riley and MG are when possible sold as the more expensive line by Austin and Morris respectively, though each retains its own network of distributors with their stocking facilities.

Sales of these "luxury" BMC models are rising, and by now are much higher than they were when the cars possessed a real character of their own. Whatever purists may think, there is a large sector of the car-buying public which wants something "better," or at least obviously more expensive, than the standard models.

Production facilities have been more or less integrated by now; full rationalisation awaits the completion of the expansion plan, postponed from October of this year until October, 1963. The Nuffield organisation had been little more than assemblers, so the Cowley works has been turned into an assembly shop to which bodies come from Pressed Steel or Fisher and Ludlow, awaiting only the final coats of paint, and the mechanical parts from Longbridge or the other Midland factories of the group. The extent of specialisation is now increasing; the factories that produce body sub-assemblies to be "blown up" into complete cars at Longbridge, such as the new factory just finished at Llanelly, will each make only one sub-assembly of a body—doors, for example, or wings. They will thus be better able to apply automation techniques, which should allow them to produce to closer tolerances as well as more cheaply; this becomes increasingly important when the sub-assemblies have to be shipped abroad as well as to the home factories for assembly, and put together by foreign labour without the same experience of the work as at Longbridge or Cowley. BMC thus sees itself as a collection of manufacturing units, each supplying one or two parts for assembly into the whole car.

The management structure of BMC disperses authority with the geographical scattering of its factories. Each of the specialised producers constitutes a self-contained unit, independent for day-to-day management and indeed, apart from purchasing—which is done for BMC as a whole—fully independent in all matters but long-term policy. Where the factory was a separate company before being taken over by BMC, it retains its own board of directors—as do, for example, Fisher and Ludlow, SU, and Austin and Nuffield themselves; where they were parts of a company, they are run by managers. Sales as well as production are run by separate companies in the same way, divided between Austin and Nuffield as the two basic groupings of cars and dealers: export as well as home sales are divided in this way, though where dealer networks were weak or still need strengthening, as in Australia and the United States, a BMC network has been established, and similar arrangements are being made in Sweden, South Africa and Rhodesia.

Whatever the form of their activities or organisation, these companies are the operating units of BMC. They carry on its routine functions, leaving—at least in theory—long-term policy alone to the BMC directors and their small staff. Its core is the directors in charge of the basic functions of the company; design—one that can be, and has been, fully centralised under Mr Issigonis; purchasing, production and finance, which come under the three deputy managing directors; and home and export sales, service and personnel. Apart from the deputy managing directors, who were appointed last year by Mr Harriman when he became chairman to provide an extra layer of policy-makers directly beneath him, the directors of functions are not members of the BMC board. But they meet once a month to discuss policy.

BMC is thus essentially a federation of companies, with much independence for its members. Inheriting an organisation of so many independent concerns meant that it was easier to build on this foundation than to try to start from scratch. Since a loose, decentralised form of organisation might in any case have been chosen—as experience of other big concerns now suggests is best—the result might not have been very different, though the names would have changed. As it is, disruption and anguish have been avoided, if at the expense of preserving some old rivalries and therefore some friction within the organisation. The chief problem, as in other dispersed concerns, is lateral communication between the different companies, and the interchange of staff to give all the best chance of promotion. Labour relations may have suffered from this decentralisation, too; the recent appointment of directors of personnel and welfare seems to be recognition of the need to standardise—and improve—policy on this most important subject, where failures have cost BMC dearly.

On recruiting policy, BMC has stayed right out of fashion, by virtually ignoring the arts graduate—and, indeed, the engineering graduate as well. It has stuck firmly to the motor industry's tradition that managers and engineers should work their way up, preferably from apprentice. Though this adherence to the tradition of loyalty has spared BMC the troubles and wastes of under-employed and frustrated graduates that have been the common experience of those companies that have recruited graduates *en masse*, it has cut itself off from the mainstream of able young men—something which no large company can afford to do. Compared with Ford, it lacks the set of bright young graduates in their thirties which now forms the nucleus of that company's middle—and sometimes its top—management. Sometime, no doubt, BMC will manage to overcome the prejudices of some of those at the top of its administrative and engineering sides, and when it does it may well benefit from the lessons learnt by others. But a company of its size has too much need of able men to persist in such a policy without risking its future efficiency.

To train its future managers, BMC relies heavily on its own staff college. Picked apprentices, foremen and supervisors go there for residential courses lasting several weeks, while others get shorter courses in the works. But this organisation has as much to try to remedy the deficiencies of the men's basic education as to train them in managerial skills—a dual task that must tax the ability of its staff and the time available for each student to study. Apprentices, aided by such schemes and the chance to get degrees through sandwich courses or by scholarships to universities, are likely to provide the basis for managerial and engineering staff for some time to come.

BMC is a company that relies on a few able men for its efficient operation; and a further growth in the central staff seems desirable. The company's scepticism about modern fashions like market research may be healthier than its doubts about graduates, but its management is in consequence less well informed of the facts on which to base policy than, for example, is Ford's. (Ford gets returns from its dealers showing retail sales every ten days, as American companies do; BMC apparently does not.) This ignorance is bound to be a handicap in the tough battle for sales between the two companies, for management cannot respond as quickly to changing circumstances. Changes are beginning to appear in such departments—one dealing with market research for the home market was founded recently—but more still remains to do before BMC's management is as well informed as it could be.

After ten years, for nine of which its founder, Sir Leonard Lord (now Lord Lambury) was chairman, BMC is still run on traditional lines though it is making increasingly unconventional products. Mr Harriman, while continuing the tradition that BMC is run by production men, has shown his desire to change, and rivals claim already to have detected a sharpening of commercial tactics. But if the remarkable designs that the company is putting into production are to be exploited as well as they can, some modernisation of the group's management will be needed to match that of its designs. For a company of midland individualists like BMC, however, fashion will have little influence.

Conspectus of Production and Profits

Year to July 31	1953	1954	1955	1956	1957	1958	1959	1960	1961
Vehicle output—thousands	279	354	419	440	353	505	486	669	601
Exports	141	170	190	187	180	214	198	286	*
Sales	£'000s *	£'000s *	£'000s *	£'000s *	£'000s *	£'000s 265,000	£'000s 265,000	£'000s 346,000	£'000s 311,000
Gross profit	12,280	17,971	20,270	11,701	8,269	20,992	15,699	26,933	10,154
Net equity earnings	3,602	6,891	10,226	5,120	2,113	8,953	6,975	13,060	5,475
Net equity earnings (per cent)†	*18·5*	*33·3*	*43·0*	*21·5*	*8·8*	*37·6*	*27·8*	*51·5*	*21·6*
Dividend (per cent)†	*7·2*	*8·5*	*9·3*	*9·6*	*9·6*	*13·5*	*18·3*	*20·0*	*20·0*
Net equity assets	30,713	37,650	50,335	53,368	54,155	61,207	64,392	72,784	72,807
Gross profit/sales	*	*	*	*	*	*7·9*	*5·9*	*7·8*	*3·3*
Gross profit/net equity assets	40·0	47·7	40·3	21·9	14·5	*34·3*	*24·4*	*37·0*	*13·9*
Net equity earnings/net equity assets	*11·7*	*18·3*	*20·3*	*9·6*	*3·9*	*14·6*	*10·8*	*17·9*	*7·5*

* Not available. † Adjusted to present capital.

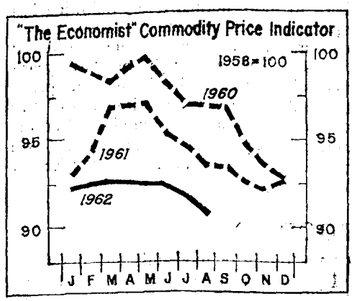
Hardship in Commodities

THESE years of plenty are bringing no blessings for primary producers. For consumers with means there is no shortage, present or prospective, of any important food or material. One can rarely generalise with accuracy about prices and supplies of the hundreds of major and minor primary products that enter world trade, but the middle of 1962 is certainly one such occasion. Every index of commodity prices, based on its particular basketful of goods, is depressed and there are, indeed, few significant exceptions to this miserable level of prices. Silver, it is true, has launched itself as a mainly industrial commodity at prices unequalled since the early twenties. Having been pegged by sales by the United States Treasury up to the end of last November, silver has stolen much of the limelight this year; even so, its gain since then of 9½d. to 89½d. a fine ounce does not make its post-war rise exceptional compared with the rise in other commodities.

Of many other commodities, from expensive and specialised materials like uranium concentrates, valued at $5 a pound under the recent Anglo-Canadian agreement (an enormous drop compared with $8 a pound under discussion in 1957), to commonplace lead which now commands only £52 a ton, there is a superabundance of supplies and capacity to produce far in excess of current needs. The most strenuous attempts to isolate the commodity markets from the facts of bulging plenty have come to nothing. Consumers can get all they want and are not too certain about their prospects. The profound change in the last five years or so is that consumers have allowed their holdings of raw materials to slip back relatively to their turnover and they have worked off excessive stocks.

They no longer need to pay a premium for over-insurance against a stoppage of work through shortage of materials. Their slimmer profit margins have increased the pressures on them to avoid stock losses and to buy competitively. Complacency and laxity, which are always encouraged by rising prices, have gone; lower prices bring out the buyer's pruning knife.

His extra caution is reflected in the course of commodity prices this year. In earlier years, particularly 1960 and 1961, a sharp rise occurred in commodity prices on the expectation that rising industrial activity would lead to a recovery in commodities. When these hopes were dashed, prices were pitched down to lower levels. But this year commodity prices have been low and flat, and when individual commodities have displayed any inkling of recovery, buyers have not chased them higher. Even when tin had its brief moment of glory, consumers were not tempted into buying



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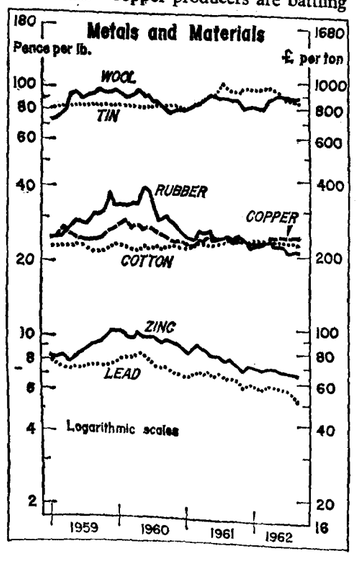
Where Prices Stand

METALS AND RUBBER

IT is upon metals that the main impact of projected disposals of surplus materials from the United States' strategic stockpile has naturally fallen. For **tin**, the peril is real and immediate; for metals like lead and zinc with a powerful home lobby behind them the danger is much less pressing. Faced with substantial disposals, tin has buckled under. This week it had to be supported again at the upper buying limit of £850 a ton by the International Tin Council's buffer stock manager. If American officials were not opposed to the new price ranges contained in the international tin agreement, tin could now be reckoned safe from much further distress. But only last year £850 a ton was about the middle of the top range of the stabilisation scheme within which the buffer manager was expected to sell tin in order to curb excessive price rises.

This year's renewed attempt to support **lead**—this time by cutting back production of refined metal—has misfired. Lead slipped to a low point of £62 a ton in 1960, then to £57½ in 1961 and is now £51½. The then to £57½ in 1961 and is now £51. The margin of surplus in lead production is quite small and consumption is slowly but steadily rising over the years. But it seems quite likely that price after all will prove the only effective corrective for the persistent imbalance, and it is also possible that the current level of prices might be sufficient to achieve that objective. **Zinc** has fallen from £77½ to £65 a ton this year in step with lead. The potential expansion in demand for zinc is much greater than for lead, but so far zinc seems unable to avoid similar difficulties to those that beset lead. **Copper** producers are battling tenaciously to keep the spot price at £234 a ton, though the forward price has sagged to £229½ despite production cuts of up to 15 per cent. Producer controlled prices of aluminium and nickel have had to be trimmed back to £180 and £642 a ton respectively this year and the threat of future surpluses of these metals appears to have increased. For all these potentially fast expanding metals, the end of destocking by consumers, which might not be far off, and a recovery in consumption, which cannot be postponed for ever, will be needed if producers are not to be dislodged from their defensive positions.

Other casualties of the setback in consumption, combined with a communist selling offensive, have been **wolfram** down from a peak last year of 150s. a long ton unit to about 62s., and **quicksilver** which has dipped from £69 to £61½ a flask. Much western production of wolfram ore has already been knocked out by these exceptionally low prices. **Rubber** has suffered the inevitable reductions in synthetic rubber prices and accelerated stockpile releases. Helped by heavy communist purchases (for all the propaganda in favour of planned economies, this seems at least as unpredictable as demand from western consumers) a lb for RSS1.



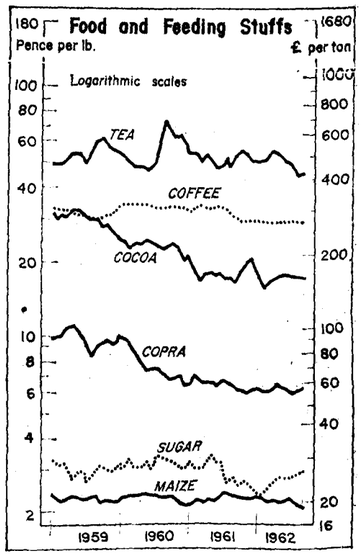
FIBRES

BECAUSE of the continued recovery in **wool** prices, industrial fibres as a whole showed some improvement in the early months of the year. But even in wool, the improvement was largely confined to the more expensive, better grade wools. New Zealand's crosbred wools have drifted lower again though prices of the predominantly merino wools produced by South Africa and Australia have held up well.

The United States' export price policy continues to shield other **cotton** growers of similar types who can undercut American export prices to ensure outlets for their production. But though the price in Liverpool has been maintained at 24.20d. a lb for 1 in. middling spot, there have been persistent fears of an increase in the American export subsidy. **Jute** has dropped back to more normal levels following last season's bigger crop and the prospect of an encouraging new one despite the recent floods. The aftermath of last year's floods in East Africa has been higher prices for **sisal** than a year ago with gains of £10 to £91 a ton in lower grades. But the current price of the best grade—at £95 a ton—is still lower than bottom price for 1960.

FOOD

THE future of foodstuffs and beverages has been thrown into the melting pot by discussion of new world agreements.



For **coffee**, the problem is the familiar one of outrageous excesses in production held off the market by what seems a flimsy fence of producer agreements. Coffee is 2 to 4 cents a lb cheaper on the New York terminal market than a year ago. The future of coffee lies in the shape that the projected international scheme backed by consumers will take. Without this fresh approach prices will surely crumble. The future of **cocoa** is similarly bound up in the influence that the projected international agreement or the newly formed producers' alliance can exert over the market.

The pressure of expanding supplies is unrelenting. Even at £160 a ton, compared with £235 a ton two years earlier, cocoa is not necessarily secure unless producers are prepared to intervene effectively to support prices. With Britain as the only large consumer interested, **tea** stabilisation does not have the international appeal of the other two beverages. The pressure of supplies is building up, as the further drop in prices of plain tea this year shows, but the prospect of a revised international agreement for tea seems remote.

Prices of soft and hard **wheats**, **maize** and **barley** have all slipped back since the turn of the year. Prices of **beef**, but not of **lamb**, have also drifted lower, but most of these products still command slightly better prices than a year ago. Limitation of exports of **butter** to this country have lifted the price of New Zealand butter from £250 to £315 a ton over this period. For all these commodities, the outcome of the common market negotiations is crucial. **Sugar** has recovered strongly from £20 to £26½ a ton because of the poorer beet harvest expected in Europe and the pressure to fill the open quota to the American market. After its turbulent year, sugar now appears to be settling down.

Continued from page 547

much tin at the peak of the squeeze, though the international buffer stock had been emptied.

There has been no pressing need to build stocks of any commodity this year. In consequence, prices have rubbed along mainly without distinction, but with some substantial falls in a few commodities. *The Economist* indicator of commodity prices rose from 92.5 (base 1958=100) at the beginning of the year to 93.3 before sinking to a new low point of 90.8 this week.

Prices in this period might have been some 3 per cent lower than in 1961, itself a poor year for producers. Prices of manufactures have not fallen, and primary producers are therefore not reaping the benefit of their increasing productivity. If this were only a temporary phase it could still be unfortunate. But in fact it has now persisted long enough for influential western nations like Britain and the United States to feel that something ought to be done to check the drift in the terms of trade against primary products. Effective world commodity agreements are also on the cards as a result of Britain's application for entry into the common market, but obviously even at the best these could bring no prompt help for hard pressed primary producers.

These are doleful days for commodities. But a further sharp decline in prices appears less likely; relatively few commodities now seem in danger of falling farther. After the shake-down in prices following the Korean boom, the expected has happened: food prices are weakest because of the slow growth in their consumption; fibres have fared better; and metals have done best. Prices of food, beverages and feeding stuffs have fallen 12½ per cent since 1958; fibres have risen less than 1 per cent; and the four principal metals freely traded in the London market, even after their recent setback, are 10½ per cent up.

BUSINESS NOTES

THE ECONOMY

"Slow Expansion Only"

HOW fast is British engineering eating its way through its export order-books? The machine tool industry, for example, has a longer orderbook than most—nearly ten months' export deliveries at its present rate—but since the beginning of the year the value of its export deliveries has been 40 per cent higher than the total of new orders it has booked, and in May these deliveries were nearly twice the orders that it obtained from abroad. Unless the rate of foreign ordering picks up, this must eventually mean a decline in machine tool exports.

For engineering products as a whole, the same appears to be true. The monthly rate of new orders booked from abroad, the National Institute of Economic and Social Research reckons in its latest *Economic Review*, has now been roughly level for about a year; and for some months export deliveries have exceeded the value of these new orders. Machinery has not contributed as much to the recent upward trend of British exports as a whole as it has to most other rises in exports since the war. Even so, without an increase in foreign orders fairly soon, these export deliveries must slacken off; and "it would be surprising if for any long period of time total exports were to rise when machinery exports were falling."

This happy thought has made the institute rather more cautious than before about the prospects for British exports in 1963. Up to the end of 1962, it has hardly hedged its bets; it is still looking for an increase of nearly 9 per cent in total British exports from the end of 1961 to the end of 1962, which is still roughly in line with the hopes of the Whitehall economists too. The Treasury's economists are now perhaps inclined to agree more than they did with the institute's and other outside commentators about the course of private investment; far from rising enough largely to offset any fall in manufacturing investment, the capital spending of distribution and the service trades seems to have turned downward at much the same time. Public sector investment will have to pick up during the rest of this year, indeed, to hold the end-year figure for total fixed investment to the level of end-1961 (which was 4-5 per cent lower than the average for 1961 as a whole).

Any further cutback in investment next year, as the institute argues, could begin to prejudice Britain's hopes of achieving Ned's target of 4 per cent per year; it is not as sanguine as Professor Paish about the promise now held out by the growing margin of spare capacity across the economy. The institute believes that private investment, already, needs fresh stimulus; but how to stimulate it? No direct encouragement to capital expenditure (even on modernisation) is likely to allay industrialists' current uncertainties; nor, barring devaluation or export subsidies, can the government operate directly upon the trend of exports. The only sectors of demand where official stimulus could effectively bring slack capacity into play and keep unit costs down would be consumer spending, or Government expenditure (capital or current). Politically, the government may still consider it uncomfortable to stimulate any of these.

STEEL

Hard Sell Needed

ALTHOUGH customers seem to have run down their stocks of steel less in the second quarter of this year than in the first, the reduction is still continuing at a sizeable rate. The Iron and Steel Board thinks that in the second quarter stocks may have come down by about 150,000-200,000 tons, against a fall of 230,000 tons of finished steel in the first quarter. The industry expects stocks to go on downward during the third quarter of this year, and even into the fourth.

These incomplete indications of changes in stocks suggest that consumption of steel in the second quarter, allowing for seasonal variations, was at about the same rate as in the first, and 7½ per cent below the level of steel usage twelve months before. In July actual production was 366,900 tons of crude steel, which was 3½ per cent lower than twelve months before.

The British Iron and Steel Federation, in its current *Steel Review*, is however looking forward gloomily to prospects of further decline in fixed investment, and particularly in the private industrial investment that takes the largest tonnages of steel. A decline in re-equipment and expansion (which is now beginning to occur even in the steel industry itself) may be offset in the total investment figures by, say, an increase in constructing motorways and building schools; but these do nothing to balance the demand for steel. Facing the possibility of living with a new system of pricing, accommodated to European rather than settled British habits, the companies certainly need the "new commercial dynamic" that the federation sees signs of everywhere in the industry. A committee of senior steelmakers, it says, has been closely reviewing its own activities as a trade association in order to fit it to the new requirements of a trade association within ECSC and a more competitive market. It is perhaps a pity that someone does not review the utterances of certain senior steelmakers, who on occasion give the impression that they like the idea of going into the common market simply because it will give them a chance to be rid of the Iron and Steel Board and

push up the prices of steel that they cannot sell at present prices.

CONSUMER SPENDING

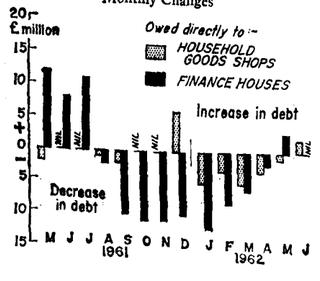
Seasonal Sluggishness?

In June, for the second month running, the total of hire purchase debt outstanding rose by £2 million. This time, however, the small rise was entirely in the debt owed directly to household goods shops, the first increase in this part of the debt since last December. Although there was apparently little underlying change in the new business of the finance houses or of furniture shops, the halving of minimum hire purchase deposits at the beginning of June, not surprisingly, gave a sharp boost to credit sales of household equipment. The Board of Trade's index for the group of hardware, radio and electrical goods shops rose by 18 points, from 98 to 116 (1957 = 100), in a month in which "there has normally been little change or a decrease."

This fillip to credit sales, however, is not reflected in the board's estimates of total retail trade. After moving up sharply in the previous month, the seasonally adjusted index of the value of sales by durable goods shops was only one point higher in June, "an increase that cannot be regarded as significant." With slackness in other trades, final estimates suggest that, after allowing for seasonal factors, the total value of retail business fell by rather more than 1 per cent and, after allowing also for increases in prices, the volume of sales in the second quarter as a whole was some 1 per cent less than in the first quarter.

The quietness of retail trade in the second quarter seems beyond dispute, but it is curious that cash sales of durables from shops fell in June, as seems to be the implication from the latest statistics of retail trade and hire purchase. This would mean that the easing of hire purchase terms did no more than switch some sales from the cash register to the credit account. The divergence appears in the straight statistics and cannot be explained away by any hazards in seasonal adjustment. But on the latter subject the Board of Trade still expresses uneasiness, despite the introduction of a new method last month which, incidentally, has significantly altered the whole official picture of spending on household equipment over the last twelve months.

HIRE PURCHASE DEBT
Monthly Changes



GOVERNMENT SPENDING

PAC and Public Purse

The Committee of Public Accounts has become increasingly exercised in recent years over the problems of big buying departments in the Government—the defence ministries, the Ministry of Health, the Atomic Energy Authority. Here multi-million pound orders are being placed (and in the cases of the AEA, also sought) in industry, and far from giving government negotiators the power of a monopoly trader, the opposite appears to follow. Military equipment exceeds its original estimate by wildly improbable amounts, companies supplying drugs to the National Health Service work to staggering profit margins, the Atomic Energy Authority sells its wares at a heavy loss to the Exchequer and every year the PAC asks why, why, why?

The defence departments have always been able to answer that the unknown is uncostable, and that no price can be put in advance on developments that are pressing on the frontiers of knowledge and may take a decade to realise. To take an example from the PAC's current report, the Blue Steel missile (a poor man's Skybolt to be carried beneath bombers) was ordered, as the Ministry of Aviation frankly admits, "on the basis of a specification which ... merely set out the contractor's proposals in terms of beliefs" which are likely to cost the taxpayer more than £60 million. This excuse has recently begun to wear a bit thin. The Committee of Public Accounts is beginning to ask why a job cannot be broken down into stages—feasibility study, design study and so on—and why a short-term cost estimate cannot be prepared for each stage as it is reached, so that the Ministry of Defence, among others, has some indication as work progresses of whether the bang will be worth the bill. The Ministry of Aviation is increasingly adopting this practice, but not to the extent that the PAC would wish; nor, the PAC suspects, is it doing much to encourage competition in the defence industries.

Here, as the committee recognises, the Ministry is up against the difficulties involved in maintaining an aircraft industry large enough to provide competition; give too much work to one efficient manufacturer, and his only competitor will starve to death. The Ministry's logic is, as usual, unanswerable, but its day-to-day housekeeping remains sufficiently slipshod to infuriate the committee. Why, to quote Blue Steel again, should "inadequacies in the contractors' cost accounting system" ever have been tolerated in the first place? Having placed difficult contracts, it is the Ministry's job to chase and chivy, not to sit back waiting for the goods to be delivered along with the laundry.

Powell's Pills

Aircraft manufacturers present the Government with a bill for the development of new products; the drug industry does not, but attempts to recoup its development costs, of failures as well as successes, in the price charged for its drugs. And this lies at the root of a dispute with the Ministry of Health that is as old as the health service itself. The industry in general reached a reasonably amicable working agreement with the Ministry some years back, though it erupts occasionally, as it appears to have done recently, over prices charged for an anæsthetic on which hospitals are currently spending £500,000 a year. The saga of how Mr Powell brought the few mavericks to heel is now well known; the ethically dubious device of importing drugs from countries that did not recognise American patents has resulted in import prices 60 per cent lower than those charged by British manufacturing subsidiaries of those American companies and in some sharp price cuts by several of these subsidiaries which are expected to save £1½ million a year. But, says the PAC, sniffing suspiciously at a bad smell wafting from across the Atlantic, is the Ministry of Health being led up the garden by this insistence on profit margins? Ought it not to look at costs generally? An industry spending nearly 10 per cent on sales and advertising, £6½ million out of £67 million sales, seems to be carrying a suspicious amount of fat for which the Exchequer pays. The present system of negotiating prices on the basis of profit margins is probably laying the foundations for massive inefficiency and high cost production in the future. Civil servants in the Ministry of Health, exhausted by the long tussle to get as far as they have done, might plead for some respite from the PAC and its constant nagging for quicker results. But then, this is what such committees are for.

What they are not for is the kind of piecemeal criticism of the Atomic Energy Authority which is driving the AEA to even greater timidity in its commercial operations at a time when boldness is all. This is not entirely the PAC's fault. The AEA's accounts are, as the committee properly complains, the biggest farce in bookkeeping; its balance sheet is invariably out of date and a monument of non-information if not near-misinformation, all cunningly scrambled in the interests of security. Among the footnotes one discovers that the AEA lost more than £13½ million on its trading operations in 1960-61 (the balance sheet for 1961-62 has yet to appear). The Treasury seemed satisfied but the PAC thought that "the accounts ... did not make it clear to Parliament that this large sum had been written off to the Exchequer."

The tragedy is that if the AEA wishes to establish itself in the atomic market, it should be writing off not only this but much bigger sums on its high cost uranium stocks. It is not the AEA's fault that it is burdened with these stocks now, any more than it is the authority's fault that it has to take an additional 12,000 unwanted tons from Canada as a political *quid pro quo*. Full trading accounts, presented if necessary by a separate trading company, would show up these facts, and enable the AEA to get a more sympathetic hearing from a watchdog such as the PAC which can wag its tail as well as bite.

IN THE MARKETS

Restraining Influences

Wall Street still appears to be holding the London equity market on a choke-chain. Given the slightest of domestic excuses, London seems prepared to bid equities higher; but time and again a fall on Wall Street has checked the London market before it has got fully into its stride. Wall Street with its fitful rallies still fails to give any firm demonstration of strength, while the German market plunged to a new low before flickering up a little on Wednesday. Doubts about the final outcome of the negotiations in Brussels and about the prospects for the British economy (expressed this week in a round-up of views of businessmen in the Midlands) have chastened hopes; and equities, which were spritely just before the weekend, soon lost their buoyancy. Even so, the earlier gains had been sufficiently strong to leave *The Economist* indicator up by 4.8 points to 317.6 in the week to Wednesday's close. How quickly London responds to Wall Street was shown not only in the earlier failure of equities to continue to rise but in their better showing on Thursday following a slight rally overnight on Wall Street.

The restraints on gilt-edged and other fixed interest stocks are far less severe than those on equities, but the continued procession of local authorities through the new issue turnstile is keeping the rise in fixed interest stocks within moderate bounds. The authorities' aim appears to be to take advantage of the more confident mood in the market and to get the queue moving forward so as to fund part of the immense debt in the mortgage market—but not in such a fashion to destroy hopes that interest rates will continue to fall slowly and gradually. So far they have succeeded, and in pressing new local authority loans on the market their policy avoids the impact on the banks' liquidity that results from outright funding through the sale of gilt-edged stocks. But they cannot have failed to note that the announcement of a £4 million issue from Plymouth and a £5 million issue from Southampton, both of a 6 per cent stock, 1973, at 98, had the immediate effect of wiping out the premiums on the Paisley issue, made on identical terms, and on the Warwickshire loan, where again apart from the slight spread of dates, 1973-74, the terms were the same. Since then, however, both stocks have recovered to a tiny premium. Should the authorities now allow the market a little breathing space? That must depend on one's view of the desirabil-

Growth, the Six, and EEC

How much of the dynamism of the six economies in the European Economic Community, so far, has been due to the fact that they have a common market? Up to 1961, the National Institute of Economic and Social Research thinks, not very much: the growth of EEC output and trade mainly reflected the fact that the community comprises six relatively fast-growing economies. Common market effects will become more important over time; but "it is premature to think of the common market as a single, competing economic block."

The institute, in its latest *Economic Review*, offers a statistical analysis by Mr R. L. Major of growth among the Six during the years before January 1, 1959, when the first reductions in tariffs and other discrimination were made between the common market countries, and the years since. His conclusion is that all that can be attributed to the creation of the common market is "a slight acceleration in the rise of trade between the six countries in 1961." This analysis in no sense writes down the economic success of the Six since 1958; it simply records this success as a continuation of these countries' impressive performance since the early fifties.

Manufacturing production there did rise faster between 1958 and 1961 than in the three years before—though on the same figuring it rose hardly any more between 1958 and 1961 than in other industrial countries of the world, while in the three years before the common market came into being it had been rising three times as fast among the six countries as elsewhere. In fact, however, such "before" and "after" comparisons are vitiated by the fact that 1958 was a year of diminished growth for the Six and of recession elsewhere, from which the other industrial countries recovered more sharply. If one leaves out this odd year, the Six were doing better than other industrial countries before the common market came into being and afterwards, and to almost exactly the same degree better: 9 per cent annual growth in manufacturing output for the Six and about 5 per cent in the other industrial countries. (It goes almost without saying that the United States and Britain were growing somewhat slower than the rest.)

"Intra-trade"—that between the members of the common market—would theoretically be expected to rise most as the result of setting up a common market. It has risen as a share of these countries' total trade in manufactures; but by another measure, it seems to have risen less than the share of the Six in total trade in manufactures of the main industrial countries. And it has been the high tariff countries whose exports have in fact gained most among the Six. Those of the low-tariff countries have gained less; this is the reverse of what might have been expected to result from equivalent percentage cuts in tariffs all round.

Mr Major attributes the increase in "intra-trade" that actually happened largely to the French devaluations, the increase in Italian competitiveness, and, up to 1960 at least, to the decline in Britain's competitiveness in these countries' markets. He does think that the comparatively sharp increase in their "intra-trade" in 1961, however, may have been a "common market effect"—particularly as the tariff cuts taking effect in that year were more discriminatory against other possible suppliers than before.

Britain's trade with these EEC countries—as with the European Free Trade Association of which it is a member—does not seem to have been much affected by either of the two new groupings. Its sales to both groups of markets have been fairly parallel—a slight decline in both up to 1961, with rather a sharp reversal upwards during 1961 itself. But during 1961, "there does seem to have been some improvement in Britain's general competitive power in Europe."

TREND IN MANUFACTURING PRODUCTION IN THE SIX AND THE WORLD
Per cent changes, annual rates

	1955-1958	1958-1961	1950-1957	1957-1958	1958-1959	1959-1961
Belgium-Luxemburg	+ 1	+ 6	+ 5	− 5	+ 7	+ 6
France	+10	+ 4	+ 7½	+ 5	+ 1	+ 6
West Germany*	+ 6	+ 8	+11	+ 3	+ 7	+ 9
Italy	+ 6	+12	+ 9	+ 4	+11	+13
Netherlands	+ 2	+ 8	+ 5	—	+10	+ 7
EEC	+ 6	+ 8	+ 9	+ 3	+ 6	+ 9
USA	− 2	+ 6	+ 4	− 8	+14	+ 2
UK	—	+ 5	+ 3	—	+ 5	+ 4½
World	+ 2	+ 7½	+ 5	− 2	+11	+ 5½

(*) Includes the Saar.

ity of encouraging a fall in long-term interest rates. Since the beginning of the year about £147 million in local and public authority loans have come on to the market, with the result that calls this month will amount to about £34 million with another £24 million next month. As yet there are no signs of indigestion; but they might appear if the institutions were faced with the prospect well into the autumn of putting £1 million a day into new local authority issues alone.

Wall Street's Barrier

A correspondent cables:

WALL STREET continues to find the 600 level for the Dow Jones average a formidable barrier and two rallies have failed to carry stocks up beyond this point. These rallies were based on hopes of a tax cut and now that these are fading a decline should logically ensue. But there is a slow and faltering advance in the economy which has taken some of the steam out of the pressure for tax reductions and this unexpected strength has bolstered investors' hopes. Trading is still light and speculation absent, but there is no selling pressure and averaging by institutional buyers is keeping the market fairly stable. Higher dividends from a number of industrial companies and the decision by United States Steel and Bethlehem Steel to maintain their payments have focused attention on the handsome yields that many stocks now offer. This does not mean that a big buying wave is in prospect; but if the economy does not falter, a retreat is improbable and a fresh assault on the 600 level possible.

Uncertainties about the business outlook are likely, however, to prevent a really aggressive advance and investors will probably remain selective in their purchases. At the moment, for example, they are interested in utilities offering good yields, airline stocks, which are benefiting from increases in fares, trucking companies, which continue to gain at the expense of the railroads, and income stocks, which are now selling at reasonable price/earnings ratios. Some stocks may be sold when it is clear that no immediate tax reduction will be forthcoming but any decline should be moderated by the willingness of investors to buy stocks with attractive yields.

THE EXCHANGES

Network of Dollar Defence

PRIVATE demand for gold reappeared at the end of last week, and the London gold market was again fairly active on Tuesday. It then became very quiet, suggesting that the momentary revival of interest was connected mainly with currency operators' understandable suspicion of long weekends; but activity quickened again on Thursday, and the price edged up to $35.12½ an ounce. The markets had noted the further weekly drop of $60 million in the United States gold stock, bringing the drop since early July to $287 million. The dollar itself has been rather weaker against sterling this week and the British authorities are believed to have taken dollars into their reserves at just over $2.80½. The dollar has also fallen a little in Germany and Switzerland, but the selling appears to have been readily absorbed by the market, so that on the European continent the dollar is still generally free of any need for official support, as it has been since the Telstar impact just over two weeks ago.

Meanwhile the United States authorities have made a further extension to their ring of first line credit defences by another three months swap arrangement, this time with the German Bundesbank. This arrangement, like those with France, Britain, the Netherlands and Belgium, is for mutual credits of $50 million and the local currency equivalent; but in this case the mutual credits are granted on a stand-by basis, so that there will be no effect on published reserves until the credits are actually used. This follows the pattern in the larger swap arrangement with Switzerland (for $200 million, of which $100 million is channelled through the BIS); but whereas half the Swiss credit was immediately drawn (and a further $10 million has been activated this week), no early drawing is expected on the German credit, since the dollar has not been noticeably weak in Germany. The recent flow of speculative funds into Switzerland, which has now been halted, more or less passed Germany by.

If the United States does make any extensive use of these central banking credit facilities it will be expected to consolidate these in a drawing on the International Monetary Fund—much as Britain did in 1961. Completion of the formal ratifications of the Paris club arrangements is not far off; and it happens that Britain's large repayment to the IMF has put the dollar as well as the pound on the parity line in the Fund's accounting. The Fund's holdings of both the key currencies stand at just about the level of the standard currency subscription, of 75 per cent of quotas, so that Britain is no longer a net IMF debtor and the United States—for the first time since the Fund got under way—is no longer a net creditor. Britain's whole transaction with the Fund has indeed contributed to this net easing of the strain on the dollar, as Britain repaid more dollars than it drew—$722 million, compared with the drawing of $450 million, of which one-third was acquired by the Fund by a sale of gold to the United States.

CANADA

Currency Comeback

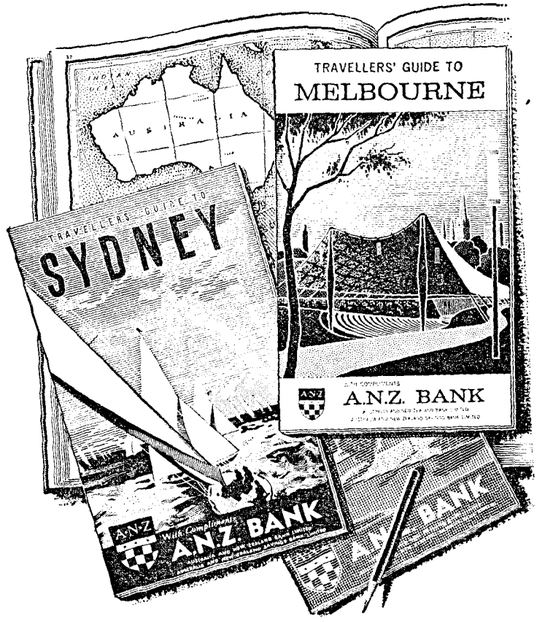
SINCE the emergency measures taken on June 24th, the reflux of foreign exchange to Canada has reached US $364 million—$58 million in the final week of June and $306 million in July. The reserves, including the $650 million drawn in international credits, now stand at $2,114 million. If this improvement continues Canada may be able to pay off its short-term credits from the Federal Reserve and the Bank of England when they mature (presumably in late September). These total $350 million; in addition Canada has drawn $300 million from the IMF and has an unused credit line of $400 million with the United States Export-Import Bank.

Some $61 million of the July increase in reserves came from an advance repayment of the postwar loan to France. Despite the Bank of Canada's substantial purchases of United States dollars the Canadian dollar has remained between its parity of 92.50 and 92.75 cents to the US dollar throughout July—a sign of the force of its comeback. In the month before the emergency measures were introduced Canada's dollar holdings fell to $600 million; this must have been considered a minimum since in June Canada sold gold from its reserves equivalent to nearly $250 million—providing, incidentally, a useful supplement to the European gold pool.

The new strength of the Canadian dollar is derived from the settling of short positions built up before the emergency measures, the turn-round in the leads and lags of international payments, and to an increasing extent from the return of funds whisked away during the crisis. In the past week or so the Canadian bond market has strengthened slightly, and yields have fallen by an ⅛ to ¼ per cent. The Canadian Treasury bill rate has also eased slightly and is now at 5½ per cent, but there is little scope for arbitrage on a covered basis after allowing for the 15 per cent withholding tax. In the long-term market, many Canadian companies and municipalities are as yet unwilling to return to borrow in New York, despite the 2 per cent advantage in long-term rates. Having borrowed in the past with the Canadian dollar at a 6 per cent premium, they are now servicing that debt with the Canadian dollar at an 8 per cent discount.

BC Boomerang

WHILE Canada's external finances are on the mend, the financial problems of the provincial government of British Columbia seem to be getting worse. The British Columbia government's credit rating took a nasty knock last year when it expropriated British Columbia Power. Now with debts of government agencies totalling $1,342 million, much of which is either maturing or being cashed by holders of parity bonds seeking higher returns elsewhere, the government is finding it next to impossible to raise new money to cover the gap in its finances. In April the province offered for sale $25 million B.C. Hydro and Power Authority bonds. No one has discovered who bought these bonds and many suspect that they were never sold. Press



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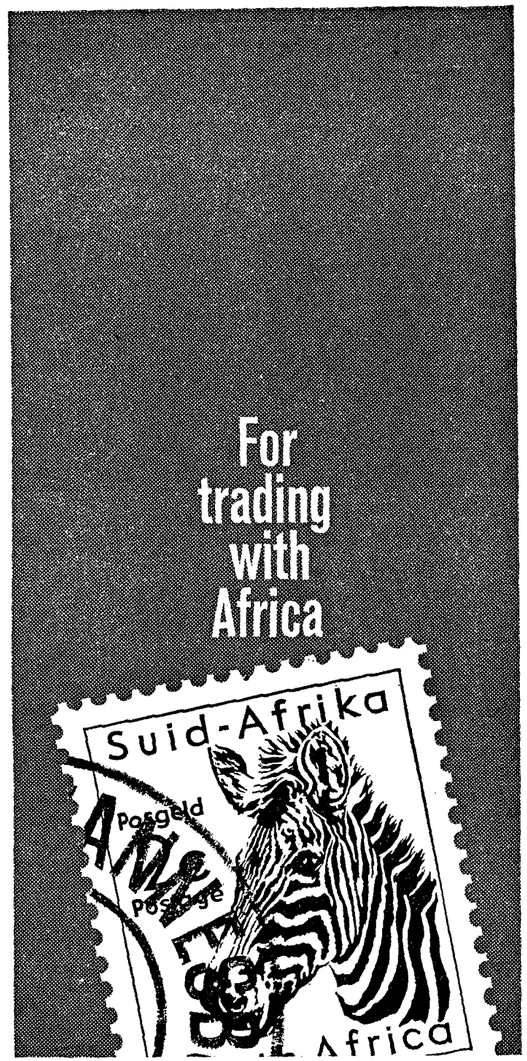

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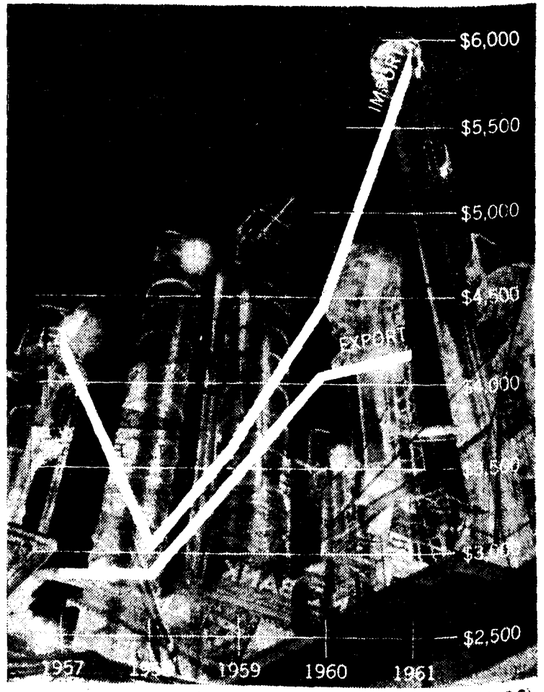

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reports in Canada suggest that the government has so far called on three of the chartered banks for aid amounting to between $125 and $150 million, but that the province's banker, the Canadian Imperial Bank of Commerce, has now called for a halt on these drawings and that the Toronto-Dominion Bank and the Bank of Nova Scotia have had to be placated by the transfer of certain government agency accounts to their books. It is also reported that the Royal Bank of Canada and the Bank of Montreal have both refused requests for credit lines of $50 million.

The Prime Minister of British Columbia, Mr Bennett, still scoffs at these suggestions of financial trouble. But his favoured development schemes for the Columbia and the Peace Rivers have been virtually suspended. And there is more trouble ahead. In September some $36 million of Pacific Great Eastern Railway parity bonds mature and the government says that it plans to replace them with a new issue of parity bonds this month. Holders of existing parity bonds, which now yield 5½ per cent, are still reported to be cashing them in order to invest at higher rates elsewhere. Mr Bennett has a crisis of confidence on his hands. To surmount it, he must first make a full disclosure of the province's financial position, secondly offer rates of interest in line with the risks that investors now see in the province's future, and thirdly set about lengthening the maturity of the province's debts.

INDUSTRIAL PRODUCTION

Where is the Growth?

For some time the Central Statistical Office has been putting out two series of seasonally adjusted figures with its index of industrial production—one for all industries, the other for manufacturing as a whole. Last year a more detailed method of seasonal adjustment was made possible by the use of an electronic computer and now, in the current issue of the *Monthly Digest of Statistics*, seasonally adjusted figures are given for the first time for all the main groups of industries. Twenty-nine seasonally adjusted series make an impressive array: all are produced monthly except that for the construction industry which is quarterly.

Seasonal adjustment removes the effects of holidays and regularly recurring movements, but not such irregular occurrences as strikes, extreme weather conditions and 'flu epidemics. Thus, because of disputes, the output of the vehicle industry still looks pretty erratic even after adjustment. The time of year affects some industries much more than others. All industries have reduced output in August and most likewise in July although a noticeable and understandable exception is the drink and tobacco group with comparatively high July output. Consumer trades which are linked

to the Christmas spending spree tend to have fairly big seasonal swings, operating at a low level at the beginning of the year and at a peak in the autumn.

INDUSTRIAL OUTPUT

(Seasonally adjusted; 1958=100).

	Jan. 1961	July 1961	Oct. 1961	Apr. 1962	May 1962
Food	106	107	108	110	...
Drink & tobacco	116	118	116	108	...
Chemicals	125	125	124	126	...
Engineering & elec. goods	115	125	121	123	125
Shipbuilding & marine eng.	84	83	86	89	89
Vehicles	106	110	106	111	116
Iron & steel	120	115	109	109	110
Textiles	105	109	103	102	106
Clothing & footwear	114	131	115	112	110
Bricks, cement, etc.	122	123	122	117	...
Timber & furniture	122	118	116	110	...
Paper, printing & publishing	120	120	117	120	126
Gas, electricity, water	114	116	117	126	127
All industries*	112	116	113	114	116

* Including some not shown separately.

By May, industrial output as a whole had edged back to the level of last July and was 3 to 4 per cent higher than at the start of last year. These new statistics make it possible to see where there has been any growth, although unfortunately for many industries they do not go beyond April. All the main groups of industries, except gas, electricity, and water, got stuck or suffered a setback in the last quarter of 1961. Recovery since then has been in engineering (including shipbuilding and vehicles), food, paper and publishing, and pottery and glass. Textiles gave a spurt in May, but clothing sank to the lowest level recorded (the new statistics start at January, 1961). Another industry for which the latest figure is the lowest is the drink and tobacco group. The chemical industry has been on a long-extended plateau; iron and steel's figure for May was fractionally lower than that for March, although some 8 per cent above the January trough.

AIRLINE RESULTS

Some Make Profits

The world's airlines are tentatively estimated to have lost £50 million last year, and no one need feel proud of the fact that close on a third of this was accounted for by the two British air corporations. But some shining exceptions managed to make a profit and they were by no means all as big or as long-established as Pan American, which recently reported a net profit of about £3.6 million—a small enough margin for a turnover of more than £164 million, but a profit nonetheless. The airline's critics immediately retorted that this was due more to Pan American's international hotel business and its lucrative agency at Cape Canaveral than to its aviation operations, but they can hardly say the same of the small Irish airline, Aer Lingus, of Swissair, of British United Airways, of the Finnish national airline or of some of the domestic giants in the United States. Airlines as far apart as Pakistan and Colombia, indeed, managed to break even, in one of aviation's blackest years—some by a hair's breadth and considerable financial ingenuity, some by margins too small to cover dividends and some with a comfortable surplus.

Aer Lingus, for example, made its eleventh consecutive profit, of £219,000 on a turnover of nearly £10 million, at a specially challenging time, the first full year in which all three of its big jets were operating on the North Atlantic. Even the airline sounds slightly surprised that these "earned a clear operating surplus . . . at a time when other airlines, long established on the North Atlantic, were losing money." In terms of capacity, it is much as if Eire has bought one of Cunard's Queens and made it pay. Students of airline economics might like to speculate what these diverse airlines share in common other than their dexterity in keeping out of the red. A certain absence of fat? A hard-headed approach to the volume of traffic likely to be offered and the capacity needed to carry it? Shrewd bargaining over traffic rights? Good engineering? Quick reactions? Or just a good fairy?

CARS

Selling Season Changes

Hire purchase sales of cars, as registered by Hire Purchase Information, fell by about 5,000 to 84,600 in July, following the fall of 10,000 in June from the May peak. The July fall was actually rather smaller than in 1961, even though the July figures may then have been swollen by buying in advance of the tax surcharge. But the total hire purchase sales of cars last month remained about 7 per cent lower than a year before; indeed in every month except May they have been below the corresponding level in 1961. There seems to have been a significant drop in the proportion of new cars sold on hire purchase during the first half of the year: hire purchase sales were down by about 7½ per cent while total registrations were down by only 2 per cent.

Further falls in car sales during the next few months, both on cash and on credit, would probably be consistent with a continued rise in demand, allowing for seasonal variations; for the pattern of car sales seems to have changed during the last two years. Up to about mid-1960 waiting lists still tended to fit actual car sales to the makers' production schedules; since then, the emergence of space capacity in the industry, if not for every model all the time, has meant that sales follow the consumer's timing. This, the National Institute of Economic and Social Research thinks, seems to be concentrating the selling season more and more into the early months of the year. It makes the institute write down the apparent increase early this year in (seasonally corrected) expenditure on cars—and indeed in total personal consumption expenditure—which the Whitehall statistics suggest took place. But it also means that further falls in actual sales in the re-

maining months of the year need worry the industry a good deal less than on the official figuring they might.

EGYPT

Money In and Out

A FRESH agreement has now been reached between the British and Egyptian Governments on that part of the troublesome 1959 financial agreement involving the property of British subjects sequestered at the time of the Suez crisis. This property was subsequently returned to the owners, as distinct from that property which was "Egyptianised". The 1959 agreement set aside £27½ million to compensate for the nationalised property; and provided guarantees that desequestered property could be realised and repatriated. On this score, the agreement in fact brought very little more than further disagreement.

The main problem has been the transfer of cash and bank balances up to the equivalent of £E5,000 (the Egyptian pound is still nominally at parity with sterling) as provided in the 1959 agreement. The new agreement sets in motion a process that is scheduled to clear up this problem within three years. The first £E1,000 of each approved application will go to the British Embassy in Cairo which will use this money for its current expenditure, thus releasing equivalent sterling funds in London for payment to claimants. To meet the balance of the claims up to £E5,000, Egypt will provide approximately £2½ million, which will be made available in London on specified dates. An immediate payment of £375,000 is being made to settle the outstanding claims of those who have already received the first £E1,000. There is one catch. The British Government is to provide Egypt with a credit of £715,000 to be used to finance transfers in the immediate future.

Another spur to this new agreement was probably a loan of £3,575,000 which Britain has now granted to Egypt under Section III of the Export Guarantees Act. The loan will be repaid over a period of ten years, with a grace period of three years before repayments begin, and will in the usual way be tied to British exports.

AID

Lucky Angola

THE annual "aid review" of the Development Assistance Committee of OECD is issued on the personal responsibility of its American chairman, Mr James W. Ridelberger; but even that is not a sufficient protection against the blue pencils of national bureaucracies. Between the lines, however, a few positive strictures do come across:

> While the factors determining the appropriate size of the development assistance contribution of individual countries are much too complex to permit a simple arithmetic allocation of a desirable share of each DAC country in the common aid effort, it is sufficiently clear that substantial differences in effort persist and require correction.

No names are named, beyond indeed a laudatory mention of Portugal—it apparently contributes 1.4 per cent of its national product in public disbursements to developing countries, compared with the OECD average of 0.8 per cent. The report also emphasises, wisely, the inevitable limitations in these comparative figures of aid contributions which it has painstakingly compiled. The compilation shows that in 1961 Britain had slipped into fourth place as provider of public funds, its $445 million being less than half the French contribution and below the German—and all of these were still only a small fraction of the American total.

A more detailed table shows that the German contribution is swollen by more than $200 million of interest-bearing bonds of the World Bank and other institutions, which really constitute a profitable use of exchange reserves rather than a budgetary burden. The inclusion of private capital, also, puts Britain ahead of Germany. On the other hand, the Development Assistance Committee, like the World Bank, is putting much emphasis on appropriate terms of aid; and the DAC report notes, dead-pan, that Germany and Britain "have raised objections of principle against 'soft' loans." In words that come as close as any to a direct criticism, the authors comment: "It is not clear that the lending policies of some member countries make sufficient allowance for ability of recipients to repay and for the repercussion of their terms on other donors."

DISBURSEMENTS OF LONG-TERM FINANCIAL RESOURCES TO DEVELOPING COUNTRIES AND MULTILATERAL AGENCIES, 1960 AND 1961
(Million U S dollars)

Donor Countries	1960					1961				
	Grants and the like	Official net lending	Total official flow	Total private flow	Total flow	Grants and the like	Official net lending	Total official flow	Total private flow	Total flow
Belgium	105·0	−4·0	101·0	64·0	165·0	107·4	−1·0	106·4	n. a.	n. a.
Canada	75·3	—	75·3	51·6	126·9	64·4	−3·4	61·0	n. a.	n. a.
France	771·9	65·3	837·2	366·8	1,204·0	880·1	72·6	952·7	311·8	1,264·5
Germany	128·5	191·6	320·1	221·1	541·2	169·2	404·4	573·6	210·9	784·5
Italy	30·8	55·9	86·7	85·5	172·2	47·2	21·0	68·2	165·5	233·7
Japan	92·7	66·5	159·2	100·1	259·3	80·4	151·2	231·6	144·5	376·1
Netherlands	48·3	−1·6	46·7	170·4	217·1	69·8	−1·3	69·0	126·5	195·5
Portugal	1·8	35·1	36·9	n. a.	n. a.	11·2	18·6	31·5	n. a.	n. a.
United Kingdom	259·0	146·0	405·0	432·0	837·0	248·0	199·0	445·0	(429·0)	874·0
United States	2,695·0	131·0	2,827·0	1,040·0	3,867·0	2,853·0	561·0	3,414·0	1,218·0	4,632·0
Total DAC Countries	*4,208·3*	*685·8*	*4,895·1*	*2,531·5*	*7,389·7*	*4,530·7*	*1,422·1*	*5,953·0*	*2,750·8*	*8,703·8*

TRADE IN ENERGY

Moving Middle East Gas

KUWAIT is the first country that actually produces oil and gas to offer any views on the Meurogas project to pipe natural gas from the Middle East to Western Europe, and its views seem firmly negative. This pipeline project which somewhat resembles one of which the Bechtel consultant firms made a study more than ten years ago, has had a good deal of publicity in the United States, Britain, and in Middle East countries where its promoters have been seeking to interest local capital. It has had some formal approval from the oil transit countries, but no more than reports of discussions with the governments of countries where the gas would actually come from.

In Kuwait there seems to have been some misunderstanding about seeking subscriptions from private investors. Meurogas gathered that formally there was nothing to prevent the offer of shares by any enterprise; but the Kuwait Government has since been at pains to dissociate itself from any degree of approval of the project, and it seems possible, indeed, that one result of the affair will be a regulation prohibiting any offer of shares by a foreign company without specific official sanction.

The industrial and economic department of the Kuwait Ministry of Finance seems to be quite hard-headed towards the whole gas pipeline idea. It doubts whether gas, if moved as Meurogas thinks it could be moved by pipeline, would be competitive in West European markets. If it were competitive, Kuwait thinks the gas would probably take a share of the energy market there mainly at the expense of oil. It believes that the most economic use of natural gas in the Middle East will sooner or later be its conversion into petrochemicals that would be cheaper to move than gas itself. Kuwait is at present studying a project for a local ammonia plant, and indeed has so many plans for gas utilisation that it is

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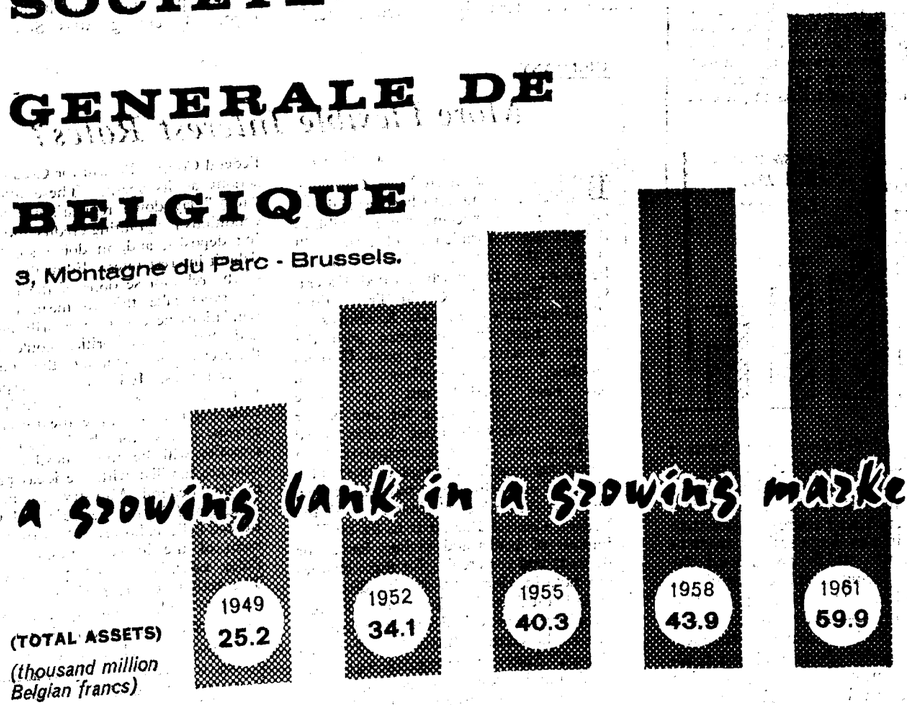

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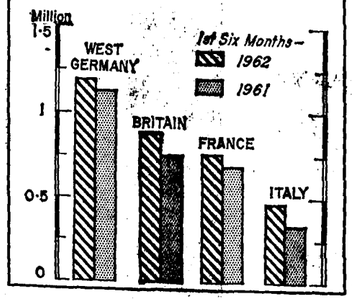
VEHICLE OUTPUT

Car production has generally been higher in the first half of this year than a year before, though the output of commercial vehicles has shown little change. Italy has shown the biggest improvement of any European country, with the output of all vehicles nearly 40 per cent higher; Germany, though still much the largest producer, showed the smallest increase, with car production rising only five per cent and that of commercial vehicles falling slightly —as it did in Britain, too. The size of the recovery in the United States is perhaps the most surprising feature: car production rose 33 per cent to 3,625,832 and that of trucks 12 per cent to 638,335.



asking the Kuwait Oil Company to increase gas production. In principle, too, it believes that the Middle East should make every attempt to promote local industrialisation on this very cheap energy, rather than get involved in any large-scale movement of gas to Europe, which would leave the petroleum producing countries simply in the position of raw material suppliers that they occupy in the oil trade. It remains to be seen, certainly, how soon petrochemical development on this cheap fuel and feedstock could become commercially justified in the Middle East; but this Kuwait view certainly seems a reasonable one for any state possessing little else except oil and gas.

RIO TINTO-ZINC CORPORATION

RTZ Enriched

SHARING out the 12,000 short ton "hidden contract" with the UK Atomic Energy Authority among the Canadian uranium producers on the basis of deliveries being made on July 1, 1961, has given Rio Algom, the Canadian mining subsidiary of the RTZ group, 31 per cent of the total. On that date Rio Algom had cut its rate of deliveries to fit in with the stretch-out scheme arranged to suit the British and American authorities and to prolong the lives of some of the mines. On the basis of production before the stretch-out, Rio Algom reckons it would have been entitled to about 45 per cent of the extra contract.

This extra outlet could carry the last of Rio Algom's mines (only two, Milliken and Nordic are now in production) from the end of existing contracts in December 1966 to January 1970. The projected rate of deliveries is 200,000 lb a month at a price of $5.146 a lb, inclusive of "escalator" payments. Costs in efficient mines such as Rio Algom's are well below $5 a lb and the company's statement that its acceptance of these terms is not automatic needs to be taken with a pinch of salt. Rio Algom says it has to think hard about costs 4½ to 7½ years ahead before it can jump at the new contract. But as a price of about $5 a lb has been expected for over a year it presumably has made up its mind, though it does not expect its share in the master contract will contribute much to Rio Algom's earnings after 1966.

Rio Algom has turned to speciality steels to help fill in the gap, before demand for uranium picks up again, it hopes, around 1970. By buying Atlas Steel for $52½ million, mainly in cash with some shares, it has added steel to the long list of metals in which the RTZ group has an interest. Atlas, reputed to be the largest producer of special steels in the Commonwealth, has a large development in train and appears likely to have a recurring need for capital. It last raised new money only a few months ago. By buying Atlas, Rio Algom should be able to use up some of its substantial tax write-offs at the earliest opportunity.

Atlas is an extremely efficient producer of stainless and other special steels. But the bigger Algoma Steel Corporation on Rio Algom's doorstep is the steel company with the strongest link with uranium. It has been experimenting with uranium steel alloys which it is hoped will one day absorb tonnage quantities of uranium. Algoma is the company in which Hawker Siddeley took an interest some years ago but was forced to sell it to the public in order to consolidate its other interests.

GERMANY

More Flexible Interest Rates?

Frankfurt

BANK interest rates in West Germany, which have hitherto been as rigid as anywhere, may become more flexible—though some formidable obstacles still stand in the way. A decision is due to be taken by the newly created Federal Control Bureau for Credit Transactions (*Bundesaufsichtsamt für das Kreditwesen*). Up to now, in accordance with the federal structure of the west German republic, this supervisory function has been carried out by twelve bodies, each responsible for one of the *Länder*. Although these bodies acted in harmony, it has nevertheless been considered expedient to replace this multiplicity of authorities by a new single one. One of the principal functions of the Federal Control Bureau is to fix rates of interest of banks and savings banks for deposits and for credits, for these charges are not, in Germany, at the discretion of individual banks. In general, interest rates have been revised when the discount rate of the German Bundesbank has been altered. Although the regulation concerns maximum interest rates and transactions are permitted at lower rates, this does not in practice happen; so that every German bank pays the same rate of interest on its clients' deposits (with certain exceptions for small banks which are allowed to pay slightly higher interest) and charges the same rates for credits.

Whereas interest rates for credits are immediately adjusted to any alteration in the discount rate, it is customary for the controlling authority to discuss new interest rates on deposits with the associations of credit institutions and to apply them only after consultation with the banks. These discussions always lead to differences of opinion between the various groups of credit institutions. The savings banks argue that interest rates for savings deposits should be appreciably higher than for time deposits, and the commercial banks take the opposite view.

From the beginning of this year, power over these matters has passed to the Ministry of Economic Affairs, or the Federal Control Bureau for Credit Transactions as its agent. These authorities "may" lay down regulations about the conditions for granting credits and accepting deposits, and, in doing so, "shall" delimit interest rates. From the phrasing of the relevant sections of the law, some observers take this to mean that such regulations need not necessarily be issued and that the authorities could confine themselves to defining the range of interest rates. It is on this interpretation that the savings banks pin their hopes, believing that in future the formation of interest rates for bank and savings deposits will be more flexible. Those who are familiar with the ideas prevalent in the Federal Ministry of Economic Affairs and in the new Federal Control Bureau believe, however, that future treatment of the interest question will not differ essentially from past procedure. The authorities are anxious to avoid any threat to banking stability through excessive competition for deposits; they may be disinclined, also, to discard official influence over market interest rates that is at present provided by the link with the official discount rate.

These arguments concern only interest rates on deposits, and not on credits; but an attack on these has in recent days been mounted from another quarter. The Federal Cartel Bureau, whose task it is to watch over competitive conditions in the economy, has asked the leading credit organisations to define their views on the so-called conditions of business transmitted to associated banks from time to time by these organisations and showing charges for bank credits. The Cartel Bureau objects to this procedure on the ground that the transmission of such "lists of conditions" leads to the alignment of rates by different banks. The Bureau appears to consider that this practice is an obstacle to competition and is evidently trying to introduce a change. The effect of such a change would not be directly on interest rates, but rather on charges and commissions, which are not less important to the level of credit costs than the rate of interest itself.

BUILDING STANDARDISATION

Four Inch Furore

THE Royal Institute of British Architects took a deliberate poke last week at the building industry's biggest hornets' nest—standardisation—when it published the results of its recent conference on industrialised building. Everybody—even the brick manufacturers—agrees on the desirability of some form of dimensional coordination of components; the quarrelling starts over means, not ends. This is why, after 14 years, the British Standards Institute has still found no solution that pleases everybody, though it may now be in the last stages of finding a formula.

Wading right in, the RIBA has recommended, for industrialised building systems "the adoption of a system of modular coordination 4"/10cm as a reference point for a range of preferred dimensions." This is a recommendation that has implications for the whole building industry, since many components or fittings, particularly in housing, are or should be common to all methods of construction. It would be disastrously wasteful if failure to agree on common denominators at this stage produced entirely unnecessary divisions between new and traditional methods and materials.

Thinking about standardisation has travelled along two alternative paths in the past few years. The adoption of a single module, to which all components would have to conform, is the first. The other would be acceptance of a more complicated series of preferred, or recommended, dimensions for each kind of component which make sense when added together but do not necessarily share a common factor. The fact that the RIBA resolutions have been interpreted as being exclusively concerned with a 4 inch module can be taken as a guide to the hold which the modular concept has on many architects.

The reasons are obvious. In the drawing office the simplicity of a single module has overwhelming attractions compared with the necessary juggling and complex calculations which a more deviously related series of dimensions, of the kind experimentally produced by the Building Research Station, would involve. The second method may be more flexible mathematically; whether it would be used to the full is another matter. Its main advantage seems to be that it takes closer account of such matters as thicknesses and small dimensions, and avoids the danger of wastage of materials through over-rationalisation. It is worth remembering that the Building Research Station put its scheme into practice in some houses in Hatfield specifically at the request of the European Productivity Agency, which seems to have regarded the experiment as a necessary part of working out the practicality of 4 inch and (not quite the same thing) 10 cm modules. The makers of building materials are much less frightened of preferred dimensions. It would be a pity if conservatism on their part or rigid rationalism in other directions should hold up a decision here even longer.

PRE-STRESSED CONCRETE

Material Progress

TEN years ago British engineers were still using pre-stressed concrete with a lot of caginess and uncertainty; by 1960 about £40 million worth of the material was being used in this country in a year. A talk given recently to the Institution of Civil Engineers by Mr F. Walley has outlined the main developments in research and practical improvement which have helped this advance and the better engineering techniques which have accompanied it. This country has never been in the forefront of pioneering with pre-stressed concrete, but some useful work on specific problems has been done here, such as the various physical tests carried out by the Cement and Concrete Federation.

The ingredients have changed little in the past ten years apart from the wide substitution of stranded for solid wire: nylon and glass fibres have only been toyed with. The ancillary use of thermosetting plastics to join two segments which are being stressed together on the site has great possibilities, but so far the cost is impracticably high.

Curiously little work appears to have been done, here or elsewhere, on the behaviour of the actual concrete used for stressing, though the wire tendons have come in for close examination. Their relaxation and fatigue has been diagnosed by the Building Research Station—though it has not yet been possible to test the behaviour of stranded wire to the same extent, partly owing to the difficulty of checking individual strands. The Cement and Concrete Association discovered by tests that even straight tendons suffered appreciable frictional losses.

Hundreds of pre-stressed concrete bridges, from footbridges to flyovers, have now been built, helped by fuller knowledge of the now popular combination of pre-stressed with *in situ* concrete. Work such as that done by the National Physical Laboratory on the effect of high temperatures on the material is helping to extend its uses. Special tests have confirmed its value as an alternative to steel for nuclear reactors—the French have been using such vessels and they are now to be built for British power stations.

UNIVERSITY OF CALIFORNIA 31 AUG 1962 PERIODICALS

TRACTORS

Another German Merger

Düsseldorf

THE renowned MAN diesel engineering firm, Maschinenfabrik Augsburg Nürnberg, has made a somewhat surprising agreement on tractor production with Mannesmann of Düsseldorf and its subsidiary Porsche-Diesel-Motorenbau of Friedrichshafen. Only a short time ago MAN was talking about possible mergers, but not bothering to conceal its desire to build up a sizeable tractor combine with other firms elsewhere in the common market. Indeed, Fiat and Renault were mentioned as possible partners. Now MAN seems to have cut its ambitions down to size.

Under the new agreement both the firms, MAN and Porsche-Diesel, will merge their tractor manufacturing programmes; in

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NAME.....
(BLOCK CAPS)

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reality, however, this means that MAN will only subcontract for Porsche-Diesel in future. Compared to the far-reaching recent expectations of MAN, the result seems rather unimportant, but it may be characteristic of the circumstances facing the tractor industry in the Federal Republic, where sales are declining steadily. Some time ago two well-known firms, Joseph Bautz and Maschinenfabrik Fahr, had to give up tractor production and seek co-operation with stronger competitors such as Rheinstahl-Hanomag AG and Kloeckner-Humboldt-Deutz, which has the largest single [illegible] (about 17 per cent) of the West [illegible] market.

Germany's tractor industry produced 130,500 tractors in 1961, but expects only 120,000 for this year; an output even of this size will probably exceed market demand. Only the more powerful tractors seem to have reasonable prospects. So the process of steady concentration in this part of German engineering, of which the agreement between MAN and Porsche-Diesel is just another demonstration, seems certain to continue.

SHIPPING

Yet More Advisers

THE Ministry of Transport seems to be succumbing to the temptation to surround itself with a hedge of advisers. Mr Marples announced last week that he is setting up a Shipping Advisory Panel to advise him on "commercial and economic matters affecting the future prosperity of British shipping"—a body that is intended to supplement the consultations that already take place with the trade organisations and trade unions. As the only members who do not belong to one or the other of these or to the ministries concerned are Mr Paul Chambers, chairman of Imperial Chemical Industries, and Sir William McFadzean, chairman of British Insulated Callender's Cables, Mr Marples either sets great store by the advice of these two distinguished gentlemen or on getting a representative assembly to discuss problems together under his chairmanship.

One can imagine that the discussions of this panel will be enlightening, both to the minister and to the members; but the relevance of discussion to the problems facing British shipping is much less obvious. These problems are the slump in freight rates and the nationalistic policies of many foreign governments: as they are international, they can only be alleviated by international action—or by the efforts of individual shipowners to improve their efficiency. All one can see the panel doing is giving the minister yet more advice on the attitude he should take in negotiations—which the trade associations are surely only too willing to provide.

One subject that the panel may feel tempted to discuss is the possibility of raising freight rates by restrictive practices; some are now reduced to arguing that this is the only solution, for there is no real surplus of ships. Certainly there are some signs that freight rates may stage at least their usual recovery in the autumn, for the number of tankers competing for grain cargoes is declining now that their natural occupation of carrying oil has become more profitable. A year ago the tonnage of tankers carrying grain was 2,500,000; now it is 1,600,000. With supply thus falling—tramps are being laid up, too—any rise in demand has a better chance of pushing up rates.

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SHORTER NOTES

The World Bank has now inaugurated its Development Advisory Service. This provides a corps of experts—fifteen have been appointed—available to serve as economic and financial advisers to less developed member countries.

★

India has been granted another credit by the International Development Association, of $17½ million to help finance the Koyna hydro-electric power project. The IDA credit is on the usual 50-year term, interest free.

★

Austria has now declared its currency formally convertible under article VIII of the International Monetary Fund; it is the twenty-second country to do so. This move follows a relaxation of restrictions on purchases of foreign securities and other financial transfers by Austrian residents.

★

Export credits insured under "commercial" policies of the Export Credits Guarantee Department reached £221 million in the second quarter of this year, a rise of 16 per cent over the second quarter of 1962. The department now reports that 26 offers of financial guarantees for the longer credits have been made in principle on contracts still under negotiation, to a total value of £177 million; only one financial guarantee has actually gone through, on a hydro-electric project in Peru.

★

Production of agricultural machinery in the first six months of this year was one per cent below that in the same period of 1961. That of tractors rose three per cent, of combine harvesters fell five per cent and of implements fell 18 per cent. Home sales fell 15 per cent in total, but exports rose 10 per cent; tractor exports were 12 per cent higher.

Mr Geoffrey Rippon, the new Minister of Public Building and Works, returned to an old theme in a speech last Wednesday: he announced that he will appoint a committee to "take a fresh look at present contractual practices."

★

The FBI has published a useful booklet "Restrictive Trade Practices and the European Economic Community" (price ten shillings) which outlines the possible effects on British trade agreements, as far as they can be assessed, of Rome Treaty legislation on the subject. Purely domestic agreements will seldom be affected, but the Treaty would cover export agreements not affected by the Restrictive Trade Practices Act where these concern trade between member countries.

★

New Ministry of Transport regulations introduce stricter controls on the carrying of large or awkward loads by road transport and their lighting at night. Loads more than 20 feet wide or 90 feet long will require special permission from the Ministry before being moved by road.

★

The Stock Exchange Council has agreed that in future dollar securities can be recorded in sterling as well as in the "dummy" London dollars—five to the £.

COMPANY AFFAIRS
Comments on pages 570 and 571 on:
Scottish and Newcastle — Volvo
Berry's Electric Magicoal — Central Wagon
Michael Nairn & Greenwich — Lobitos
Bluebird Investments

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 572 and 573

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 574

COMPANY MEETINGS

LONDON TIN CORPORATION

RESULTS CONSTITUTE A NEW RECORD

SIR DOUGLAS WARING'S STATEMENT

The thirty-sixth Annual General Meeting of London Tin Corporation Limited was held on August 7th at The Chartered Insurance Institute, 20, Aldermanbury, London, E.C.

The following is an extract from the statement by **Sir Douglas Waring, CBE,** the Chairman, which has been circulated to shareholders:

In the statement which I made at last year's Annual General Meeting I said that the outlook for tin appeared to be good and that our income for the year to March 31, 1962, would probably show an increase over that recorded in the Accounts then under review. The results this year confirm those expectations and constitute a new record in the history of this Corporation.

THE TIN POSITION

As you are aware, control of exports of tin by the producing countries which are signatories to the International Tin Agreement, was lifted entirely with effect from October 1, 1960. Full-scale mining operations were, therefore, resumed as rapidly as possible and have continued on this basis up to the present time. According to the latest statistics issued by the International Tin Council, mine production for the year 1961 by all countries outside the Sino-Soviet bloc was 137,000 tons expressed in terms of tin metal. Free world consumption is stated at 160,000 tons. This imbalance was to a large extent counteracted by the release of 10,000 tons from the Buffer Stock, and by sales of non-commercial stocks held by certain consuming countries. In the event, a physical shortage of tin which appeared likely in the middle of last year did not materialise although available world stocks of tin metal show a reduction at the end of 1961.

I expressed the opinion last year that the price range agreed by the International Tin Council needed re-examination in the light of conditions existing, and agreement was eventually reached in January last to raise the floor and ceiling prices to £790 and £965 per ton respectively so as to encourage production to meet consumer demand. This has unfortunately been temporarily frustrated by the uncertainty arising in the market as a result of the decision of the United States Administration, approved by the Congress, to release from the US stockpile 50,000 tons of tin, as part of a quantity of some 164,000 tons declared as surplus to strategic needs.

In actual fact the orderly marketing of such quantities as represent the deficit between production and consumption in future years will be of material benefit to the tin industry as a whole, and the producing countries have the assurance of the President of the United States that it is not intended to depress the price of tin through the sales from the stockpile. However, it is likely that this uncertainty in the market will continue until some actual method is devised and put into operation and it is, therefore, of vital importance that this matter should be resolved as soon as possible. I hope that discussions which are taking place at the time of the preparation of this statement may lead to some agreed formula because the whole economy of some of the producing countries is at stake.

THE ACCOUNTS

Our profit for the year under review was £2,872,792 against £1,958,369 in the previous year. After deduction of Taxation our net income was £1,391,292. Dividends amounting to 37½ per cent on the increased capital take £997,276, and a transfer to General Reserve of £323,647 has been made. The carry forward is increased to £404,173, thus restoring it to the balance at the end of March, 1960.

Our total Revenue Reserves will stand at £1,704,173 compared with our issued capital, as increased, of £4,341,883.

THE INVESTMENT PORTFOLIO

The book cost of the Investment Portfolio of the Corporation and its subsidiaries was £5,644,595 at March 31, 1962, as against £5,463,920 at the close of the previous year. The holdings in leading tin mining companies were 76 per cent of the total cost compared with 79 per cent. The market valuation of the quoted investments at March 31st last was £24,659,400, whereas it stood at £20,812,250 at the same date in 1961. This market valuation has varied widely during the year, as evidence of which it is relevant to quote the *Financial Times* Index for tin shares with a high of 480.9 and a low of 332.4 within the financial year of the Accounts.

MANAGEMENT

I visited Malaya in part of February and March of this year and I have recently returned from Nigeria. Such visits are essential in order to consult with the management at the centre of our mining operations and provide the opportunity to meet leading representatives of the Governments concerned. I was impressed with the keenness of all staff of Anglo-Oriental (Malaya) Limited and A. O. Nigeria Limited who are largely responsible by their efforts for the success or otherwise of our undertaking as a whole. Our relationships with Government officials in Malaya, Thailand and Nigeria continue good, and we are fortunate in experiencing a state of political stability in the newly independent countries in which our tin mines are situated, namely the Federation of Malaya and the Federation of Nigeria.

Substantial progress has been made over the past few years by our overseas management organisations in carrying out the policy of promoting Malayans and Nigerians to perform the duties previously undertaken by European staff. The management does, however, find a difficulty in each territory in recruiting local personnel with sufficient qualifications and education to fill the higher posts in the respective organisations, because, as yet, the most promising material is absorbed into Government service for which the individual has a preference on account of its relative security. This position will no doubt change as time goes on, and in the meantime local and overseas scholarships have been offered in order to attract candidates to enter the mining industry. This is a long-term problem because a successful mining career can only be achieved as a result of years of practical experience, but the opportunities are there for those who seek them and are prepared to go through the mill to make the grade for the higher appointments.

RESEARCH

I cannot let this opportunity pass without again acknowledging the excellent work carried out at the Tin Research Institute under the able directorship of Dr Hedges. The cost of this is financed by tin producers including Governments of countries concerned and great credit should be given to the manner in which the money has been economically spent. The results of the investigations undertaken have been most rewarding.

GENERAL

The statistical position of tin is still favourable to the producer although the latest forecasts of consumption in 1962 show a downward trend compared with 1961 owing to the present slowing down in industrial activity both here, in Europe and elsewhere. It seems unlikely that a physical shortage of tin will develop during the second half of this year. Provided that releases from the US stockpile are limited to any shortfall of production which could of course arise in the event of an upsurge in industry, and that they are geared to a reasonable price there is no reason why the long-term stability and prosperity of the tin market should not continue.

The income of your Corporation was exceptional in this past year because the dividends received represented the distribution of profits arising from the sale of minehead stocks accumulated during the period of international control as well as a full year's operations on an unrestricted basis. In addition the share market activity in the middle of 1961 provided an opportunity for profitable trading in investments on a scale which is unlikely to be repeated from year to year.

It is far too early as yet to forecast the dividends which we are likely to receive from our tin investments between now and March 31st next and they are bound to be governed by the price of tin ruling in the meantime. In these unpredictable circumstances I would, however, go so far as to predict that in terms of net profits before tax we are unlikely to repeat our past year's record performance in the current year though the aim of your Board will be to maintain the total dividend at the rate declared in 1961/62, provided that the results come up to our present expectations.

THE NATIONAL BANK OF GREECE IN 1961

Address of Mr D. E. Helmis, Governor of the Bank, to the General Meeting of Shareholders

In his annual report to the shareholders of the National Bank, **Mr D. E. Helmis** underlined the importance of Greece's link-up with E.E.C. This event, the Governor said, constituted a milestone in the evolution of Greek economy. The Bank was fully aware of the changing circumstances and the immense possibilities that were arising for Greece from this association, as well as of the problems the country would have to face in adapting itself to the new conditions.

In order to contribute to the general effort made in this direction, Mr Helmis said, the Bank had started negotiations with foreign concerns to reach agreements of co-operation in many fields of manufacturing activity. The first success of the Bank's endeavours had been the agreement concluded with the big French firm of Saint-Gobain under which this latter had undertaken to help in the reorganisation and modernisation of the Greek chemical industry. The Bank had also initiated talks with banking institutions in the U.S.A., Germany and France and had served as intermediary in the negotiations which led to the participation of I.F.C. in the share capital of the Greek Organic Fertiliser Industry. Mr Helmis also announced that the Bank was setting up an office in Paris with the purpose of establishing contacts with foreign concerns, as well as the local industrial and banking circles.

The accounts and the balance sheet for 1961 show that the Bank was able to expand its business very considerably, thanks to the general upward trend in Greek economy and the better organisation of its banking services. Total assets and liabilities on December 31, 1961, rose to Dr. 18,305 million (15,730), deposits to Dr. 12,707 million (11,160), total loans and advances to Dr. 10.175 million (8,976) and gross earnings to Dr. 777 million (593).

The Board of Directors proposed a 50 per cent increase in the dividend (Dr. 120 per share against Dr. 80 last year), as well as the increase of the Bank's share capital from Dr. 581 million to 872 million.

These proposals, as well as the Report and the Balance Sheet for 1961, were unanimously adopted by the General Meeting. It is understood that the new shares will be issued above par and at a later date as and when the Board will decide.

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August 2, 1962.

SCOTTISH & NEWCASTLE BREWERIES LIMITED

SALES SHOW A MOST SATISFACTORY INCREASE

MAJOR DEVELOPMENT PROJECTS IN HAND

MR W. McEWAN YOUNGER ON GROUP'S RAPID GROWTH

The Annual General Meeting of Scottish & Newcastle Breweries Limited will be held in Edinburgh on August 30th.

The following is the Statement by the Chairman, **Mr W. McEwan Younger, DSO,** which has been circulated with the Report and Accounts for the year ended April 30, 1962:

I must first of all refer to the loss we suffered last August on the death of Mr F. C. Eardley. Mr Eardley joined the Newcastle Breweries in 1916. He became a Director in 1953 and Joint Managing Director and Vice-Chairman in 1955. He was also, of course, a Director of Scottish & Newcastle Breweries. He rendered long and distinguished service, and his great experience and ability are much missed by us all.

PROGRESS OF REORGANISATION

During the year under review the process of reorganisation, to which I referred in my Statement with last year's Accounts, proceeded in a satisfactory manner. In the main the assets of the Group are now vested in Scottish & Newcastle Breweries Limited: a scheme for the cancellation of the Debenture Stocks of Newcastle Breweries and the issue in exchange of Debenture Stocks of Scottish & Newcastle Breweries having been put into effect. In North East England the existing organisations of Newcastle Breweries and of Scottish Brewers have been integrated, and all our activities and operations in that area are now controlled by one organisation, under the Board of Newcastle Breweries, subject, of course, to the general direction of the Board of Scottish & Newcastle Breweries. Similarly, as from 1st May, 1962, the whole of the Wine and Spirit side of Scottish & Newcastle Breweries—that is to say of our two Subsidiary Companies John E. McPherson & Sons Limited and Charles Mackinlay & Company Limited, and of Newcastle Breweries—has been combined under a new Subsidiary Company, Mackinlay-McPherson Limited, with Branches throughout the Country. There can be no doubt that these steps will lead, indeed have already led, to more efficient and more economic working.

The extension and expansion of our activities continued during the year. As I mentioned in my Statement last year, we acquired for cash the whole of the Share Capital of Charles Mackinlay & Company Limited, and we also acquired for cash the old established Wine and Spirit business of David Lennox & Sons Limited, Dumfries. During the year the Isle of Jura Distillery Company Limited, in which we hold a controlling interest, became a partly-owned Subsidiary. It is hoped that this Malt Distillery will be in production during the current year. We have continued to spend substantial sums on the acquisition of further Licensed Properties, and on building new and modernising existing Licensed Properties, including Hotels.

TRADING ACHIEVEMENTS

Conditions for our trade, during the year under review, were not particularly favourable. The weather throughout the Summer, and even more so in the Winter and early Spring, was bad. The Chancellor's 10 per cent surcharge involved various price increases, and economic circumstances in general have hardly been helpful to industries such as ours. Nevertheless, our sales, both of Draught and Bottled and Canned Beers, showed a most satisfactory increase. Our home sales of Wines and Spirits, largely as a result of the integration and extension of our organisation in that sphere, continued to increase rapidly, and our export sales of Scotch Whisky, particularly to the U.S.A., showed a remarkable and most satisfactory rise. The development of Harp Lager—with the production and marketing of which we are, as you know, associated—has made satisfactory progress, in spite of unfavourable weather.

I now turn to the Accounts for the year, which, this year show a proper comparison with the figures for the preceding year. You will see that Group Profit before taxation, after charging £1,001,232 for depreciation, against £783,569, increased by £821,657 to £5,855,266: an increase of just over 16 per cent. I think this can be considered a good result, particularly in view of the somewhat unfavourable circumstances to which I have referred. These affected to a greater degree the profit for the second half of the year under review, which, in consequence, did not wholly come up to expectations, though still showing an increase over the corresponding period of last year. Group Net Profit after taxation increased by £262,657 to £2,972,266. The very considerable increase in the taxation provision is accounted for in the main by having to bear a full year's Profits Tax at 15 per cent, as against one month only at that rate last year. In all the circumstances, the Board has felt justified in recommending a total distribution of 10 per cent on the Ordinary Capital as increased by the one-for-one capitalisation issue made during the year. This compares with the equivalent of 8 per cent for the preceding year, and is covered 1.99 times. It still permits the sum of £1,448,853 to be credited to General Reserve.

LARGE-SCALE CAPITAL EXPENDITURE PROGRAMME

From the Consolidated Balance Sheet it will be seen that, once again, there has been very large expenditure indeed on our Breweries and Bottling Halls, and on Licensed Properties: the figure for Fixed Assets showing an increase of no less than £5,864,053. Of this, Breweries and Sundry Properties and Plant account for over £2,890,000, and Licensed and other Properties, Fittings and Furnishings for over £2,880,000. I think I should make some comment on these figures. The continuing increase in our sales over the past years has, for some time, during the peak periods, strained the resources of our Breweries and Bottling Halls. In general, however, at our Breweries and Bottling Halls in Scotland, it has been possible, until recently, to postpone any major reconstructions. This was done quite deliberately in order to enable our resources, which, until not so very long ago, were limited, to be applied to extending our retail outlets. The rapid growth of the Group in recent years has, of course, greatly strengthened our overall financial position. On the other hand, the continually increasing demands on our productive capacity, due to rising sales and the closing of small and relatively uneconomic units, have made it impossible any longer to postpone various major schemes of reconstruction, which, in any event, were called for in the interests of efficient and economic working. In addition, integration, the expansion of our activities, and the desirability of providing better working conditions for our Staff, demanded the provision of additional centralised up-to-date Office accommodation. We have, thus, had to undertake a number of major projects. Our Brewery at Fountainbridge, Edinburgh, has been extended and improved by large additions to the Mash House, Copper House, and Tun Rooms, together with the installation of Malt Bins and various items of modern plant. A large battery of Barley Silos has been completed at our Slateford Road Maltings. There are in process of completion substantial additions to the Tyne Brewery, Newcastle, and the Royal Moss Side Brewery, Manchester. Our Glasgow Branch Office and Store have been almost completely reconstructed, and our Bottling Hall there has been greatly extended. A high proportion of the cost of these schemes was met during the year under review, and is reflected in the figures to which I have referred. The strength and resources of the Group are, nevertheless, now such that we have felt able to undertake all this without in any way restricting the expansion of our business by the purchase, building, and reconstruction of Licensed Properties throughout the Country, but particularly in Scotland and North East England, as is shown by the Balance Sheet figures.

I should, perhaps, add one further comment on the Consolidated Balance Sheet. Shareholders will see that the figure for Stocks has increased by £2,038,288. Approximately half of this increase is accounted for by the inclusion, for the first time, of stocks of Whisky held by Charles Mackinlay & Company. In addition, the very substantial increase in our sales of Whisky at home and abroad, and the need to provide for our anticipated growing sales in the coming years, involves large expenditure on fillings and casks.

FINANCE

I referred earlier in my Statement to our very large-scale capital expenditure incurred during the year. The effect of this has been that, in spite of the issue during the year of a further £4½ million of 6½ per cent Debenture Stock, total Bank Overdrafts at April 30, 1962, amounted to £5,336,603. Further, there can be little doubt that capital expenditure during the current and immediately succeeding years will continue to be on a very substantial scale, though no doubt not on the scale of the year under review. A major extension to our Head Office premises is in process of construction. Plans are being prepared for building and equipping at Fountainbridge a Bottling Hall of the most modern design, utilising the existing cold storage rooms, but otherwise involving, inevitably, a complete reconstruction. The large increase in our sales of Whisky at home and abroad has resulted in our existing blending and bottling facilities in Leith becoming totally inadequate. We have

fortunately been able to buy very suitable premises nearby, but their conversion and equipment on up-to-date lines will involve considerable expense. In Newcastle we have to face, within the next three to five years, the construction of completely new Offices, to replace our present Offices due for demolition under a Compulsory Purchase Order. There can be little doubt, also, that expenditure on the purchase, construction, and reconstruction of Licensed Properties will continue at a high level for many years to come.

PROPOSED RIGHTS ISSUE

In these circumstances, it is obvious that the Board has had to give very serious consideration to the raising of yet further capital. This is not an easy problem in the circumstances prevailing at the present time. As Stockholders well know, the financing of our expansion during the past years has involved the raising of very large sums, in fact over £11 million, by way of Debenture Stock Issues, so that our total Debenture Capital now stands at the figure of £14,750,101. The Board has felt, accordingly, that the time has come when the raising of further capital should take the form of a Rights Issue to Ordinary Stockholders. Conditions for such an Issue are obviously not as favourable as they were some months ago. Nevertheless, as already intimated in the Statement released with the preliminary figures, it is our intention to raise approximately £7 million by this means with the object of repaying Bank Overdrafts, and financing the further capital expenditure to which I have just referred. Subject to the passing of the Resolution increasing the authorised capital of the Company, of which notice is given on page 1 of the Report and Accounts, the terms of the proposed Issue will be announced on August 31st.

I have dwelt at some length on our expansion in recent years, and the heavy capital expenditure involved: sums far in excess of anything which could reasonably be provided out of retained profits. I would, however, like to assure Stockholders that it is our policy only to pursue and develop opportunities for expanding our trade when we are satisfied that an adequate return in increased profits can reasonably be expected to result. Expansion in trade and of fixed assets is otherwise unattractive, and would be a misuse of the resources at our disposal, since, as I said a year ago, there is no particular merit in size as such. I think I can, however, reasonably claim that our record of growth in recent years justifies the policy which we have pursued. By growth, of course, I do not simply mean increase in size, or even in profits. Both of these can occur without any benefit accruing to Stockholders. I mean growth in earnings on Ordinary Capital. I believe that, barring events outwith our control, our policy of selective expansion and investment will continue to yield an appropriate return.

RIGHT TO INCREASED REWARDS

In such circumstances it is only right that Ordinary Stockholders, who would bear the brunt of any failure or serious setback, should profit from our success by way of increased dividends, but success, such as we have achieved in recent years, does not benefit Stockholders alone. It has enabled us to ensure that everyone employed by the Group can benefit by way of increased salaries and wages, and improved pension, canteen, and other benefits. That also is right and proper, and whatever arguments of expediency, or even of necessity, can be marshalled in favour of imposed restrictions on dividends, salaries, and wages, as a temporary expedient, it must never be forgotten that such general restrictions are quite definitely harmful and discouraging to enterprise and growth, since they penalise above all the enterprising and the diligent, who, furthermore, have fairly earned the right to increased rewards.

Perhaps I might also make one further point here. We are a Scottish Company. Our Head Office is in Scotland, and so is the greater part of our production units, though, of course, we also have a large Brewery and Bottling Hall in North East England, in which area we have a very great volume of trade, a Lager Brewery and Bottling Hall in Manchester and Bottling Halls in Kendal and Belfast. In these circumstances, our growth in recent years, and our high level of capital expenditure in Scotland, must benefit the economy of Scotland, about which there is so much anxiety today. Naturally we want to see every encouragement given to the establishment in Scotland of new industries from outside, and every reasonable help given by the Government, more particularly to alleviate the serious human problems which redundancy creates. But sight is sometimes lost of the basic fact that a healthy economy cannot be founded on palliatives or subsidies, necessary though they may perhaps be in the short term. The future of Scotland must primarily depend on our own enterprise and success, and the opportunities we give here in Scotland to young men of ability and drive. To emphasise too much what others should do for us, and too little what we can and should do to help ourselves, presents, I think, an image of Scotland which is not only unfavourable, but also untrue. There will be, I feel sure, more sympathy for our very real difficulties if emphasis is not too exclusively placed on these difficulties.

THE OUTLOOK

I must say something about future prospects. These are not easy to assess, dependent as we are so largely on the prosperity of the Country as a whole, and particularly of Scotland and North East England, where the great bulk of our trade lies. Many costs continue to rise. On the other hand our sales of Draught and Bottled Beer, in general, continue to show a reasonable increase, though, in some areas, the depressed state of the steel and shipbuilding industries inevitably is having an adverse effect. Wine and Spirit sales at home continue to grow, while export sales of Whisky are running far ahead of last year. In these circumstances, and bearing in mind that we anticipate a good return from our large-scale expenditure on Licensed Properties and on our Breweries and Bottling Halls, I think we can look to the future with a reasonable measure of optimism: the more so because we believe that the policies which we have pursued, and are pursuing, are basically sound, even though they differ somewhat from those of other leading Companies in our industry.

Lastly, I would like again to record our appreciation of the work of our Staff at all levels. This has not been an altogether easy year. Reorganisation and reconstruction within our organisation, at a time of rapid expansion, involves many problems and difficulties. I am sure that you will consider it appropriate that during the year we introduced, in place of our contributory Staff Pension Scheme, a non-contributory Scheme on the most generous terms permissible under Inland Revenue rules. We shall continue to give thought to further improvements to benefit those employed by the Company at all levels.

CLIFFORD MOTOR COMPONENTS

TOTAL TURNOVER A RECORD

The 33rd ordinary general meeting of Clifford Motor Components Limited will be held on August 30th in Birmingham.

The following is an extract from the circulated statement of the chairman, **Mr. S. C. Joseph**:

The Trading Profits of the Group after all charges, but before Taxation, together with Income from Trade Investments and Miscellaneous items amount to £933,204, an increase of £81,425 over the previous year.

Having regard to the trading results your Directors recommend a Final Dividend of 20 per cent on the Issued Ordinary Capital.

The Capital Reserve which at March 31, 1961, totalled £628,613 has been reduced by the amount of £29,150 applied in payment of the Capital Dividend declared on August 31, 1961, and, after crediting £359 a Capital Profit, stands at £599,822. Out of this Reserve your Directors recommend the payment of a Dividend of 2½ per cent amounting to £29,150 (not subject to Income Tax) on the Issued Ordinary Stock which would leave the Capital Reserve at £570,672.

Automobile Trade: The Spring improvement mentioned in my Report last year continued during the first six months of the period under review but we suffered from the effects of the recession during the latter part of 1961. I am glad to say however that, as has so often happened in this resilient industry, recovery came with the turn of the year.

Aircraft and General Engineering: The expansion in this Division reported last year has unfortunately slowed down during the year under review and this trend has continued during the current year.

Costs: Raw material and labour costs have continued to rise but in all the companies of the Group the benefit from renewals and modernisation of plant has helped us to absorb these increases. This factor and the quality of our products have been largely responsible for our having achieved in a difficult year a sufficient increase in export sales to give us a record total turnover. Net profits are very little higher for reasons which today are practically axiomatic.

New Subsidiaries: Part of the extensions to the Works at North Bridge Engineering Co. Limited of Leicester mentioned last year have been completed. Group results this year include a full twelve months profit from this subsidiary.

In December, 1961, we acquired the whole of the Share Capital of Rushworth Automobile Components Limited, a small company manufacturing Valve Guides, which is operating as anticipated.

ASSOCIATED COMPANIES

Specialloid Limited: In the latter part of our financial year we acquired equally with Associated Engineering Ltd., the whole of the Ordinary Share Capital of Specialloid Limited. The results of this Company for the year ended March 31, 1962, have reached expectations. Nothing is included in the profits of the trading period under review in respect of this investment.

N. C. Joseph (Canada) Limited: In spite of the difficult conditions presently obtaining in Canada, I am glad to be able to report a gradual improvement in the trading of this Company.

Cold Precision Forgings (D. & C.) Limited: This Company, in which we share equally with the Deritend Stamping Co. Ltd., has been formed to develop the Cold Flow method of forging steel. As yet the operations are experimental and it is not expected that there will be any contribution to the profits of the Group for some time.

Prospects: Turnover for the first quarter of the current year is comparable with that of the year under review.

Our entry into the Common Market is still undetermined but every effort is being made to provide for different conditions and to be ready to meet the challenge of change.

Once again I express my confidence in the future of your Group.

E. ALEC COLMAN INVESTMENTS LIMITED

The second annual general meeting of E. Alec Colman Investments Limited was held on August 3rd in London, **Mr E. Alec Colman** (the chairman) presiding.

The following is an extract from his circulated statement:

I am satisfied that the Company is making excellent progress and the prospects for the future seem very satisfactory.

The general increase in rents has been maintained and will continue to improve, there being very satisfactory lettings since the date of these accounts. Profits on property dealing fluctuate from year to year and you will observe that there is a reduction of £6,096 in these accounts as compared with the previous period. I anticipate that next year the results will be better.

An interim dividend of 5 per cent, less tax, was paid an November 30, 1961, and your directors feel that the final dividend should be maintained at 12½ per cent.

The Company is entering a period of rapid expansion which, together with the increase in rents arising on the expiration of Leases, will be of considerable benefit to the shareholders.

The report and accounts were adopted and resolutions were passed amending the Articles of Association and authorising the issue to Guardian Assurance Company Limited of 105,000 Ordinary Shares of 4s. at a price of 14s. per share and granting them options to purchase not more than a total of 105,000 shares of 4s. each at a price of 26s. per share.

GEGR. 1869

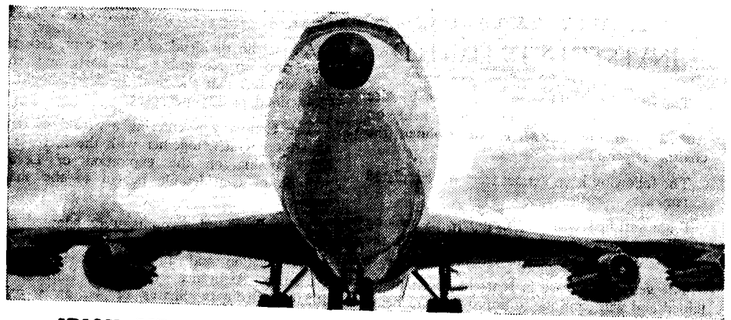
BAYERISCHE VEREINSBANK

MUNICH NUREMBERG

Condensed Statement of Condition June 30, 1962

ASSETS	in 1000 DM		LIABILITIES	in 1000 DM
Cash	29 745		Deposits	1 657 856
Balances at Deutsche Bundesbank	134 609		thereof	
Balances on Postal Cheque Account	4 807		a) Sight Deposits 540 392	
Balances at Credit Institutions (Nostro-Balances)	218 244		b) Time Deposits 582 695	
Matured Bonds, Interest and Dividend Coupons	1 003		c) Saving Deposits 534 769	
Uncleared Cheques on other Banks	11 888		Monies Borrowed at Short Term	34 485
Bills of Exchange	267 225		Own Acceptances	—
Treasury Bills and Non-Interest-Bearing Treasury Bonds	63 795		Monies Borrowed at Medium Term	1 280
Medium-Term Bonds and Notes	32 264		Loans taken at Long Term by the Banking Department	152 772
Securities	246 631		Loans taken at Long Term by the Mortgage Department	54 730
Own Mortgage and Other Bonds	18 179		Bonds issued outstanding in the Market (Mortgage and Municipal Bonds)	1 393 942
Equalisation Claims and Covering Claims on the Public Authorities	108 019		Loans on a Trust Basis at Third Party Risk	16 634
Holdings in Syndicates	46 462		Capital	80 000
Debtors	725 337		Reserves	104 700
Long-Term Lendings of the Banking Department	226 505		Pensions Reserve	33 347
Long-Term Lendings of the Mortgage Department (against Mortgages on Real Estate and to Municipalities)	1 361 059		Other Reserves for Special Purposes	46 095
Loans on a Trust Basis at Third Party Risk	16 634		Value Adjustments (unless set off on other items)	1 200
Participations	48 987		Other Liabilities	87 608
Bank Premises	33 674			
Other Real Estate and Buildings	3 207			
Office Furniture and Equipment	—			
Own Shares	—			
Other Assets	66 375			
	3 664 649			3 664 649
			Own Drawings in Circulation	—
			Liabilities arising from Guarantees, including Guarantees of Bills and Cheques, and from Indemnity Agreements	128 998
			Endorsement Liabilities on Bills of Exchange in Circulation	5 872

Board of Management: Wilhelm tom Dieck, Munich; Albin Harttig, Munich; Jürgen von Köller, Munich; Dr. Werner Premauer, Munich; Dr. German Schweiger, Nuremberg; Dr. Franz Steffan, Munich; Dr. Werner Teichmann, Munich; Dr. Hans Christoph Freiherr von Tucher, Munich; Elmar Warning, Munich. Alternates: Dr. Max Hackl, Munich; Dr. Heribald Närger, Munich; Dr. Peter Pfeiffer, Munich.
Board of Directors: Dr. Ludwig Mellinger, Munich, Chairman; Dr. Hans-Helmut Kuhnke, Duisburg, Vice-Chairman; Friedrich Freiherr von Teuchert, Munich, Vice-Chairman.



IRISH AIR COMPANIES' OVER ¼ MILLION SURPLUS

REVENUE OF ALMOST TEN MILLIONS

. . . An Increase of Nearly 2½ Millions. Highest European Passenger Load Factor

Against the generally depressing financial picture presented in 1961/62 by the world's airlines, the Irish air companies trading under the title of Aer Lingus – Irish International Airlines returned a combined operating surplus of £256,704. The total revenue figure was £9,850,416—an increase on the previous year of £2,417,162.

In his introduction to the Annual Report and Accounts for the year ended 31st March 1962, Mr. Patrick Lynch, the Chairman of the Boards of Directors of the two operating companies, Aer Lingus and Aerlinte Eireann, writes: "The results for Aerlinte (operating on the North Atlantic route) were strikingly encouraging. It earned a clear operating surplus in its first full year with its own jet aircraft at a time when other airlines, long established on the [route] were losing money. This performance on the world's most competitive route was, indeed, satisfactory; and it was particularly gratifying when regard is had to the competition encountered from the various transatlantic airlines operating between Shannon and Britain and Shannon and continental Europe . . . Of the total revenue Aerlinte contributed 42%, although it carried only 7% of the total passengers (833,599) . . . The average fare per passenger of Aer Lingus (operating east of Dublin) was £6.04, whereas that of Aerlinte was £73.

Dublin Airport ranked fourteenth in terms of passengers in a list of thirty of the principal airports of Europe; only five airports handled more passengers during the peak traffic month of August. Total passengers handled at the airport during the year ended 31st March 1962 was 966,781 and total cargo and mail 18,153 short tons.

"Since 1950, taking one year with another, Aer Lingus, together with building up considerable depreciation reserves, has earned modest operating surpluses . . . .

"The nation's annual income from tourism (now £47 m.) has grown by fifty per cent over the past five years and it can be fairly claimed, I think, that the widespread network of air services and the heavy selling and promotion expenditure of the [airlines] have helped towards that welcome improvement. In the sales and promotion field company expenditure on publicity and advertising outside of Ireland amounts to about £500,000 annually. In addition, considerably more than another £500,000 is spent annually abroad on offices and staff devoted to selling Ireland's tourist attractions in conjunction with the company's air services.

"The company gives permanent employment to over 3,600 people, of whom about 3,200 are employed in Ireland. The total expenditure on salaries, wages and superannuation came to about £3 millions last year . . . The company has built up an international marketing organisation which, as the revenue results have shown, has proved itself more than able to hold its own in world markets with the foremost airlines. While central planning and control are exercised at Dublin, the sales organisation is decentralised to ensure most effective impact. The availability in Ireland of international marketing knowledge and skill of this order is of national importance . . .

TOTAL STAFF—3,600 (of whom 3,200 are based in Ireland)
FLEET—23 aircraft (3 Boeing 720's, 8 Viscount 808's, 7 F.27 Friendships and 5 D.C.3's)

"During the Annual General Meeting of the International Air Transport Association held in Australia in 1961, Mr. J. F. Dempsey, General Manager (and chief executive of Aer Lingus – Irish International Airlines), was designated as President-Elect . . . he will take office as President when the 1962 Annual General Meeting of IATA opens in Dublin on 10th September 1962 . . . . It is fitting that I should congratulate Mr. Dempsey on behalf of Board members, executives and staff on this mark of recognition of his eminent position in the international air transport industry to which he and his colleagues in the management have made such a significant contribution.

"Aer Lingus – Irish International Airlines was a founder member of IATA. Now, after eighteen years and with member airlines from over sixty countries, the association honours Dublin in choosing it for the forthcoming Annual General Meeting. I greet most cordially each member delegate attending the meeting and I wish to acknowledge the spontaneous and enthusiastic welcome that the Government have extended to the event."

AT A GLANCE
Irish International Airlines

	Total £'s	Aer Lingus	Aerlinte Eireann
Revenue	9,850,416	5,683,700	4,166,716
Expenditure	9,593,712	5,627,409	3,966,303
Operating Surplus	256,704	56,291	200,413
Revenue Passengers	833,599	778,522	55,077
Pass. Load Factor		66%	58%
Cargo (short tons)		14,420	577
Mail (short tons)		1,823	59

AER LINGUS
IRISH INTERNATIONAL AIRLINES

EDGAR ALLEN & CO. LTD.

CONDITIONS AFFECTING PROFITS

The sixty-third annual general meeting of Edgar Allen & Co. Ltd., was held on August 2nd at Sheffield.

The following are extracts from the Statement by **Mr W. H. Higginbotham, FCA, FSS,** the Chairman:

During the year which ended on March 31st last trading conditions throughout the Steel industry and likewise a great part of the Engineering industries of this country were characterised by sub-normal and intermittent demand, by under-employment of productive capacity, by irregular employment of labour, and by increased costs of manufacture and of operation; strong downward pressure on selling prices has continued, and competition has intensified in both home and export markets. The overall effect has been to reduce outputs generally, with a disproportionate shrinkage in profit margins.

As steelmakers, toolmakers and engineers the Company and its Subsidiary Companies (and particularly the "Parent" Company, which as the principal manufacturing unit of the Group is especially vulnerable), have naturally been exposed to and adversely affected by those conditions, whose impact would have been even more severe had the products and activities of the group been less diversified. In the result, the aggregate sales turnover of the group, attributable as to 56.7 per cent to the Parent and 43.3 per cent to the Subsidiary Companies, shows an increase in value of 12½ per cent over that of the previous year.

Whereas the untaxed profits of the Subsidiary Companies have increased by £103,340, those of the Parent Company have fallen by £187,441: after deduction of taxation at the rate of 53.5 per cent (as against 50.7 per cent) the net taxed profits of the Group show a reduction of £63,586 from their level of the previous year.

THE PARENT COMPANY

Although the fall in the value of the turnover of the Parent Company alone over the year is comparatively small (2.4 per cent) it has been accompanied by a reduction in trading profit of the order of 5.5 per cent of that value; of which reduction it is calculated that roughly 2.0 per cent overall is attributable to reduction over the year in employment of available manufacturing facilities and to variation in the nature and volume of demand.

It must be borne in mind that the Company's output is extremely varied in character, comprising products differing widely in nature, unit cost, selling price and profitability: the extent of upward and downward movement in total value of sales gives no indication in itself of the extent of variations which may have occurred in either nature or volume of demand, in selling price, or of their combined effect on ultimate profitability.

As might be expected, the orders currently on hand show a very substantial fall from their level of the previous year: there is an upward trend now visible, but it is generally considered that improvement in this direction will depend to a great extent on the steel and engineering industries.

Reviewing the course of business as a whole, it appears that the favourable upward tendency

of the early part of the year was reversed in the autumn, and the downward trend which followed developed rapidly and acutely in the last four months of 1961/62. In July various measures were taken to stabilise sterling, including the imposition of a 7 per cent bank rate, restrictions placed on the lending capacity of the Joint Stock Banks, a large increase in the number of certain indirect taxes and a limitation of Government expenditure in various directions.

Informed opinion is divided as to the desirability and efficacy of these measures; it is apparent from past experience of "sterling crises" that their effect (particularly in impairment of confidence) while slow to accrue, continues for some time after they are relaxed.

DEVELOPMENT AND EXPANSION

The policy of the Board is definitely one of expansion; and the planned re-organisation which was put into operation at the beginning of April, 1961, and which covers the technological, commercial and marketing operations of the Group is directed to that end.

STRONG FINANCIAL POSITION

The financial position of both the Parent Company and of the Group remains both strong and liquid, and is considered fully adequate to the demands likely to be made upon its resources in the near future; and although the reorganisation of the Company's capital structure, which was mentioned in my statement last year, is still in the mind of the Board, the present is obviously not an opportune time to give effect to it.

Your Directors have recommended payment of a dividend on the Ordinary Share Capital at the rate of 12½ per cent, less tax, for the year, this rate being lower by 1 per cent than in 1960-61.

FUTURE PROSPECTS

The formation and expression of a reliable opinion on these demands prophetic gifts which, unfortunately, I do not possess; I am not pessimistic, however, and I believe that under reasonable conditions the prospects of the Group are good.

With regard to the Common Market, the present delicate state of negotiations, and the stiffening of the attitude of the "Six" suggests that the entry of Great Britain is less a matter of choice than of permission. The habit of decrying ourselves, our institutions, our technical skill, our managerial ability and much else has become too common; it should be curbed. With leadership and self-discipline we need not doubt our capacity to meet what is probably the greatest challenge in our long history as a nation. To this endeavour we of the Edgar Allen Group will contribute to the utmost of our ability; and while we may not be able to command success, we shall at least try to deserve it.

The report and accounts were adopted.

NCHANGA CONSOLIDATED COPPER MINES LIMITED

(Incorporated in Northern Rhodesia)

STEPS TO MAINTAIN STABLE WORLD COPPER PRICES

MR H. F. OPPENHEIMER'S REVIEW

The twenty-fifth annual general meeting of Nchanga Consolidated Copper Mines Limited will be held on August 23rd in Salisbury, Southern Rhodesia.

The following is an extract from the review by **Mr H. F. Oppenheimer,** the chairman, which has been circulated with the annual report and accounts:—

Nchanga's primary production of copper for the year reached 197,948 long tons. The total tonnage of ore milled was 200,000 tons less than in the previous year and the increase in production was due partly to a higher copper grade and partly to improvements in plant efficiencies, in both the leach and the tankhouse sections, to which I have referred in my last two reviews.

The policy announced in October, 1960, of withholding 10 per cent of the total planned production from the market continued in force throughout the year during which 183,052 long tons of blister and electrolytic copper were sold. Over the period October, 1960, to March 31, 1962, our sales of copper were approximately 8,000 tons below 90 per cent of planned production.

COPPER MARKET

Since the end of the financial year the copper companies of the Anglo American Corporation Group, in association with the Rhodesian Selection Trust Group, have decided to increase the 10 per cent mentioned above by 5 per cent, making a total of 15 per cent. Announcements of cuts have also been made by the Union Minière du Haut-Katanga, Noranda Mines Limited, Phelps Dodge Corporation and the Anaconda Company. It is hoped that other copper producers will take similar action in the near future. The total cuts or withheld copper already announced amount to about 200,000 long tons per annum. As in the past, we shall decide from time to time whether to withhold copper from the market or cut production.

I remain optimistic about the future prospects of copper consumption. The steps we have taken are, however, necessary during certain periods in order to correct the imbalance of supply and demand, thereby enabling world copper prices to be maintained at reasonable and stable levels.

The total tonnage sold by Nchanga was higher than in the previous year, and the unit cost of sales was £3 per ton lower; there was however a decrease in the average electro price realised from £237 per ton in 1960-61 to £231, with the result that our revenue from sales was only £1.5m. greater than for last year. The net profit after providing £7.93m. for taxation amounted to £12.89m. compared with £12.4m. for the previous year.

Appropriations of £2.25m. for capital expenditure and £1m. to general reserve absorbed £3.25m. and the board has recommended a final net dividend of 5s. 6d. per stock unit which, together with the interim net dividend of 1s. 6d. paid in February, 1962, will maintain the total net dividend for the year at 7s., as for the previous year.

The appropriation for capital expenditure of £2.25m. was mainly to cover the expenditure of £1.86m. during the year. The balance represents a forward provision of £.39m. against the capital programme for 1962-63.

PLANT EXTENSIONS

A year ago I referred to planned extensions to the surface plant costing about £3.7m., which would improve extraction and enable a greater tonnage of copper to be produced, without increasing the rate of mining. Work continued throughout the year on the first stage of these extensions, the construction of a low grade oxide leach plant which, together with additions and alterations to the existing leach plant, absorbed £1.16m. of the total capital expenditure for the year. The first stage will be completed during the current financial year and work will also start on the second stage, the erection of a roasting plant to deal with low-grade sulphides. It is estimated that when completed the extensions will make it possible to recover an additional 15,000 tons of copper per year from current grades of ore at the present rate of mining. We should thus be in a position either to maintain the current level of production at lower grades or lower mining rates, or to increase output at short notice in order to take advantage of anticipated increases in world demand in future years.

The main issue in the field of labour relations during the past year has been the copper mining companies' proposals in respect of African advancement. Early in 1961 complete agreement was reached with the Northern Rhodesia Mine Officials and Salaried Staff Association and the Northern Rhodesia Mines' African Staff Association on the further advancement of Africans into the staff and supervisory fields within the copper mining industry.

Similar negotiations with the Northern Rhodesia African Mineworkers' Trade Union unfortunately broke down, and after conciliation failed, the Northern Rhodesia Government appointed a Commission, under the chairmanship of Sir Ronald Morison, Q.C., to inquire into the causes and circumstances of the dispute, to examine the terms and conditions of employment applicable to Africans on the copper mines, and, having regard to the interests of all persons employed in the industry and to the well-being of the peoples of Northern Rhodesia, to make recommendations.

On May 2, 1962, twelve days before the Commission began its investigations, the African Union came out on a strike which lasted for three weeks. The Commission completed its investigation on May 24, 1962.

MORISON COMMISSION'S REPORT

The Commission stated in its report that it was generally impressed with the conditions of employment in the industry and paid tribute to the companies not only for their record as employers of labour but especially for the great efforts they have made and the remarkable progress they have achieved in the cause of African advancement. It recommended that a system of joint consultation should be instituted

on the mines and that the negotiating procedure with the African Union should be revised.

On the subject of wages the Commission, while taking note of the companies' submission that Africans in the copper mining industry of Northern Rhodesia are amongst the highest paid workers in this field in Africa, nevertheless recommended that an increase in basic wages was both practicable and desirable. The Commission also made recommendations in relation to leave and to shift differentials.

In accordance with the Commission's recommendations the companies invited the African Union to resume negotiations and several meetings were held in the course of which the companies offered to increase basic wages by 12½ per cent. In addition, the Union was offered a shift differential equivalent to 15 per cent of basic pay and two days extra leave. The companies also agreed to implement the Commission's recommendations in respect of joint consultation and the establishment of a Mining Joint Industrial Council for the discussion of matters affecting the Union and its members.

The Union rejected the offer of 12½ per cent and demanded instead a flat increase of 4s. 6d. per shift. It refused to discuss the companies' other offers until agreement was reached on basic wages. Negotiations broke down and a strike at all mines was called by the Union to start on July 10, 1962, but was cancelled at the last moment on the Union's instructions. The cancellation order was however not obeyed by African ticket-paid employees at the Roan Antelope mine who went on strike for a short period. I very much hope that the current deadlock will be shortlived.

Copies of the Annual Report and Accounts are obtainable from the London office of the company, 40, Holborn Viaduct, E.C.1.

THE HUDSON'S BAY OIL & GAS COMPANY LIMITED

Net income of Hudson's Bay Oil and Gas Company Limited and subsidiary companies for the first half of 1962 was $4,060,000 or 23 cents per share. This was higher than net income for any previous first half in the Company's history. It represented an increase of $970,000 or 31.4 per cent over the $3,090,000 or 17 cents per share earned in the first half of 1961. Wayne E. Glenn, President, said gross income increased by $2,550,000 or 19.3 per cent because of record sales volumes and moderately higher selling prices. Total expenses were up $1,580,000 or 15.6 per cent, of which more than half was attributable to an expansion of the Company's exploration activities. Net income for the second quarter of 1962 was $2,469,000, an increase of $691,000 or 38.9 per cent over the second quarter of 1961. Gross income increased by $1,318,000 or 19.3 per cent while total expenses increased by $627,000 or 12.4 per cent. The factors causing the increases in gross income and total expenses during the second quarter of 1962 were essentially the same as those applicable to the first half of the year. Operating volumes for the second quarter continued well above those for the comparable period of the previous year. *Production of crude oil and natural gas liquids* averaged 28,979 barrels per day, an increase of 2,422 barrels per day or 9.1 per cent. Sales of Natural Gas averaged 77.6 million cubic feet per day, an increase of 20.9 million cubic feet per day or 37.0 per cent. The improvement in production and sales volumes was attributable in large measure to the commencement in April of this year of operations at the West Whitecourt plant in which the Company owns at 41⅔ per cent interest. During the second quarter of 1962 although the new plant was still undergoing performance tests the Company's share of Natural Gas sales averaged 17.3 million cubic feet per day. Net production of Natural Gas liquids averaged 2,679 barrels per day, an increase of 1,633 barrels per day over the output of the pilot cycling plant, which was in operation at this location in the second quarter of 1961. After performance tests have been completed the plant is expected to operate at about 90 per cent of designed capacity. At this operating rate the Company's share of plant output will be 34.4 *million cubic feet per day* of natural gas, 4,188 barrels per day of natural gas liquids and the hydrogen sulphide equivalent of 203 long tons per day of sulphur. The output of the plant is currently being marketed under firm sales contracts. During the second quarter of this year the Company carried on a larger drilling programme than in the comparable period of last year. A total of 33 gross or 23.1 net wells were completed. An increase or 19 gross or 13.6 net wells. The completions comprised two gross or 1.5 net exploratory wells and 31 gross or 21.6 net development wells. Successful completions totalled 27 gross or 18.8 net wells all of which were oil wells.

SALZGITTER A.G.

COMBINED TURNOVER MAINTAINED

NEED FOR ADDITIONAL CAPITAL

The following are extracts from an address by **Dr. Konrad Ende,** Chairman of Salzgitter A.G. at a Press conference held in Berlin on April 27, 1962:

Our dividend again amounts to 7 per cent. This dividend, however, gives only an incomplete picture of our earning position, as this year, also, we have, from the profits at our disposal, primarily effected considerable special write-offs. The true earning position can be seen from the figures covering the commercial results. The commercial results achieved amounted to ca. DM 131 million. These commercial results, to which nearly all the concern's companies contributed, were made up as follows: 19.5 per cent from our coal mines, 7.4 per cent from the iron ore mines, 13.5 per cent from our other basic material plant, 27 per cent from the steel works and their affiliated companies and 32.6 per cent from the plant for further processing.

In this way our companies were in a position to effect extensive special write-offs, i.e. to an amount of DM 37.3 million. As in the past, the emphasis with these special write-offs lay with our mining companies, which accounted for approximately 61 per cent. of the special write-offs in the year under review. The coal mining industry alone accounted for nearly 45 per cent. The share of our companies concerned with further processing amounted to ca. 26 per cent and of our steel works to ca. 13 per cent. On the other hand it cannot be overlooked that the commercial results show a decrease in comparison with the previous year of ca. DM 41 million, or ca. 24 per cent. The main contributors to this decrease were the mines and the Salzgitter steel works, added to by rising costs and higher wages, as well as by decreasing proceeds in the steel-making industry.

TURNOVER

The combined turnover of the concern in the year under review amounted to ca. DM 3,200 million and thus corresponded approximately with the previous year's turnover. The turnover within the concern rose from 23.5 per cent of the combined turnover in the previous year to 24.2 per cent in the year under review, whereas the share of the export turnover fell from 32.2 per cent to 28.2 per cent.

In the year under review our companies invested DM 318.5 million, of which DM 26.6 million went to the building of flats. Investments in the business thereby increased, as compared with the previous year, from ca. DM 179 million to ca. DM 292 million.

As in the previous year, after deduction of expenditure from income, a profit for the concern of ca. DM 29.8 million was available for the distribution of a dividend.

FINANCIAL POSITION

Taken as a whole, our financial position has, in the year under review, taken a turn for the worse. As a result of the large investments in our steel works in Salzgitter it will continue to deteriorate unless an increase in capital is effected. An increase in capital amounting to about DM 120 million cannot indefinitely be avoided. We have, therefore, continued our efforts to achieve an increase in capital and of late we have found complete understanding for our need for an increase in capital with our sole shareholder, the Federal Government. The Federal Government has, to start with, lent us the dividend now paid, and has in this way assisted us quite considerably at least in the matter of liquidity. We were able, without any difficulty, to float the loan brought out a few weeks ago by the Salzgitter steel works. Beyond this, in the last few days we have increased the share capital of the Huettenwerk Salzgitter A.G. from DM 210 million to DM 250 million. We have taken up these shares in full.

PROSPECTS

In the first half of the current year the combined turnover of the concern has been 6.5 per cent less than the turnover in the same period last year. The cost of materials and wages have, in the same period, risen and will continue to rise. They can no longer be absorbed by increased sales and successes in rationalisation. It will probably not be possible this year to achieve the economic results of the trading year under review.

HOLMAN BROTHERS, LIMITED

TURNOVER AGAIN INCREASED

The annual general meeting of Holman Brothers, Ltd., will be held on August 28th, in London.

The following is an extract from the circulated statement of the chairman, **Mr P. M. Holman:**

Once again the turnover of the Group showed an increase over the previous year but the trend of sales away from the more profitable products continued, whilst the pressure of increasing costs on profit margins showed no sign of easing. Certain minor price increases were made during the year but these were not adequate to absorb the whole of the cost increases incurred by us.

Sales in the United Kingdom were slightly better than in the previous year, increased sales of Rotair Portable compressors more than offsetting small reductions in sales of some other products. A wider range of Rotair screw type portable compressors is now in production and has met with a most gratifying response. Rotair stationary compressors in several sizes are also now on sale; and additional types of Rotairs will be made available during the current year.

IMPROVED OVERSEAS SALES

Overseas sales improved somewhat in spite of intense competition and again represented 71 per cent of the total Group turnover. The maintenance of such a high level of exports is a costly matter both as regards capital employed and increased administrative expenses, so that resultant profits are lower than on a similar volume of sales in the Home Market. These factors are frequently overlooked when we are exhorted to increase exports.

A year ago I expressed the view that we should do well to maintain our profit at last year's level but as recently as December 1961 the indications were that this forecast might prove too optimistic. However, as the result of an upturn in sales during the last few months of the year, including a sale to an overseas agent of substantial stocks which were formerly on a consignment basis, I am pleased to be able to report that in fact the group profit before taxation increased from £264,775 to £293,368 and that the net profit after taxation attributable to Holman Brothers, Limited showed an increase of £15,119 to £147,657.

An Interim Dividend of 3 per cent less tax was paid in January of this year and in view of the results for the year being better than at one time seemed likely, your Directors have deemed it reasonable to recommend for your approval a Final Dividend of 5 per cent less tax, making a total of 8 per cent less tax.

THE OUTLOOK

Forecasting the future is always a difficult task in a business such as ours where sales are effected in so many countries, particularly as the political situation in several of them is unsettled. The value of orders on hand at present shows a reduction on the corresponding figure a year ago, although the rate of incoming orders is at a similar level. Recent wage awards will undoubtedly add to our costs. I think that we face another difficult year but nevertheless I expect the results to be much the same as those under review.

On a personal note, since I have now completed fifty-two years' service with the Company, I feel that the time has come for me to relinquish the office of Chairman, and your Board has accepted my resignation which becomes effective at the conclusion of this annual general meeting and the Board has elected Mr J. F. Holman as my successor which action I heartily approve.

FRANCE-OBLIGATIONS

The Annual General Meeting of FRANCE-OBLIGATIONS was held in Paris on May 28 under the chairmanship of M. GEORGES PLESCOFF. FRANCE-OBLIGATIONS buys and sells securities in order to steady the prices for bonds and fixed-interest shares. FRANCE-OBLIGATIONS bought during the year 1961 NF. 145.2 m. worth including: variable interest industrial bonds NF. 132.3 m., tied interest bonds NF. 5.2 m., 5 per cent. 1956 National Loan NF. 7.7 m. Sales amounted to NF. 87.1 m. (which left a credit balance of NF. 10,839,763.11). Refunds totalled NF. 37.1 m. (leaving a net plus-value of NF. 4,585,944.27). On December 31, 1961, the value of the portfolio was NF. 526,580,910.15, and its resale value at the prices then ruling NF. 612,396,909.95, leaving a net plus-value of NF. 85,815,999.80, including dividend coupons issued by December 31, which amounted to NF. 15,070,685.33. The portfolio comprises nearly 300 different securities of which more than half are fixed interest. Dealings have been very active (often NF. 500,000 at one session of the Bourse). The number of holders of bonds of FRANCE-OBLIGATIONS has increased sharply. Thus, the *net credit balance per share* at the end of the first financial year and on introduction to the Paris Stock Exchange (*July 1960*) was *NF. 11.366*, on *December 31, 1960: NF. 11.842*, on *December 31, 1961: NF. 12.361*, on *May 28, 1961* (estimated), *NF. 12.7*. It is proposed to pay a dividend of NF. 571 per share of NF. 10,000. The whole of the profits on sales and refunds in 1961 should be placed to reserves. The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

Comparative statistics	1960 NF	1961
Dividends and interest, less overheads	23,114,632.42	28,558,607.38
Profits on sales of securities	6,008,842.21	10,839,763.11
Plus-values on refunds, less minus-values	1,705,684.04	4,585,944.21
Total credit balance	30,829,158.67	43,984,314.76

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Jordan	£7 15s.	—
Lebanon	£7 15s.	—
Malaya	£10 10s.	—
New Zealand	£12 5s.	—
Nigeria	£10 10s.	£6 10s.
Pakistan	£10 10s.	—
Philippines	£12 5s.	—
Rhodesia	£10 10s.	—
South Africa	£10 10s.	£7 10s.
S. & C. America	£10 10s.	—
Sudan	£7 15s.	£6 15s.
U S A	$29.50 or £10 10s.	$25 or £9 0s.
West Indies	£10 10s.	—

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COMPANY AFFAIRS

The new Stock Exchange account opened firmly ahead of the holiday, helped by the reappearance of institutional and short term professional support. Gains were widespread, with stores well to the fore, but this week there was little follow-through until Thursday when there was a further general improvement in prices. Over the week THE ECONOMIST *indicator gained 4.8 points to 317.6. The demand for gilt-edged has remained strong, but the announcement of two more corporation issues brought with it the threat of indigestion to this market and the recent Warwickshire loan lost its premium, though the price rallied later.*

Scottish and Newcastle Breweries

IN the past, some investors have overestimated the speed (and even the ability) with which new brewing groups could gather in the fruits of mergers through the rationalisation of production and distribution. They have also underestimated the capital costs that are involved. The froth on brewing shares has now been blown away and investors are left with the beer—good, bad and indifferent. There can be no doubt that Scottish and Newcastle is in the first group but, as a glance at the table will show, it takes time even for the ablest managers to carry their policies through. As the chairman, Mr W. McEwan Younger, says, steps in rationalisation "will lead, indeed have already led, to more efficient and economic working" but much is left to be done. The rate of return on equity capital employed is still not as high as it was before the merger between Newcastle and Scottish Breweries. Yet sales of draught, bottled and canned beers were higher in 1961-62 (and would have been higher still but for the weather) and profits went up. Only a small part of this increase reflects the contribution from recently acquired subsidiaries, for the comparative 1960-61 figures included a full year's trading from Newcastle and not as was stated in these columns on July 28th only nine months'. Hence it is clear that some of the benefits of rationalisation have begun to appear.

	Scottish Breweries			Scottish & Newcastle	
Years to April 30	1958	1959	1960	1961	1962
	£ million			£ million	
Gross income	2·4	2·5	3·0	5·0	5·9
Net equity earnings	1·0	1·2	1·5	2·6	2·9
Net equity assets	9·1	12·1	13·4	29·9	30·1
	%	%	%	%	%
Gross income/net equity assets	26·4	20·7	22·4	16·7	19·6
Net equity earnings/net equity assets	11·0	9·9	11·2	8·7	9·6
Ord. earnings	11·6	12·7	16·2	18·1	20·0
Ord. dividend	3	4¼	6½	8	10

Rationalisation often involves modernisation; Mr Younger says that "the continually increasing demands on productive capacity, due to rising sales and the closing of small and relatively uneconomic units, have made it impossible any longer to postpone various major schemes of reconstruction." These are already reflected in the rise from £9.7 million to £12.6 million in breweries, plant and sundry properties and from £33.4 million to £36.3 million in licensed and other properties. These increases are not reflected in a growth in net equity assets (as set out in the table) because so far they have been financed by bank overdrafts (up from £2.6 million to £5.3 million) and debentures (up from £10.3 million to £14.8 million). But the company will raise £7 million by a rights issue of ordinary shares in the near future to repay the overdrafts and to finance further developments. In the immediate future, capital spending will remain high, though not, Mr Younger says, on the scale of 1961-62. Costs are rising but so are sales and in the future the rationalisation and modernisation programme should increasingly help profits. With the £1 units now standing at 58s. and yielding 3½ per cent, covered twice, investors can share with Mr Younger "a reasonable measure of optimism" and see in the forthcoming rights issue a chance to add to their investment in it on favourable terms; but there is a world of difference between reasonable optimism and wild excitement.

Volvo

VOLVO is a small motor manufacturer that has gained an international reputation by basing its appeal on high quality. In 1961 it made only 80,000 cars and 12,000 commercial vehicles. By concentrating on one basic car design, it has kept its costs down and its prices competitive. As Sweden provides only a small home market—181,000 cars were sold there last year, with Volvo accounting for 25 per cent of them—the company is dependent upon export markets, which take nearly half its output. In the circumstances of 1961, therefore, Volvo did well to maintain its sales at 92,000 vehicles, and to push up turnover from kr 1,079 million to kr 1,137 million. But rising costs cut into trading profits, which fell from 71.6 million kroner to 53.8 million kroner. Like British manufacturers, Volvo had excessive stocks on its hands.

Apart from the cars and lorries made by Volvo itself, the group's interests include tractors, machine tools, transmission units, agricultural machinery and aircraft engines, which together added kr 390 million to net sales. Cars thus remain the group's principal activity; and here Volvo should be able to do rather better this year than last. In the United States, for example, it has maintained its sales in face of a general decline, and car sales in European markets, including Sweden even though the sales tax was raised at the beginning of this year, have been generally better. Having had a hard struggle to establish itself, Volvo is not frightened by the current intensity of competition; but if Sweden does not enter the EEC the company will suffer.

	Gross Sales*		Trading Profit		Net Profit	
	1960	1961	1960	1961	1960	1961
	kr. mill.		kr. mill.		kr. mill.	
Cars and Trucks	1,079	1,137	72	54	19	19
Transmission equipment	83	82	4	3	1	1
Machine tools	25	28	0·7	0·8	—	0·2
Farm machinery	250	325	11	10	2	5
Aero engines, etc.	155	126	12	8	6	5

* Including inter-company sales.

Berry's Electric Magicoal

THE open coal fire has lost some of its appeal in the past decade and in the face of a steep rise in fuel prices many people have turned to less dirty and more convenient forms of heating. The growing number of smokeless zones has sometimes made a convenience a necessity. But tradition dies hard and the desire for a visible glow in the hearth lies behind the formidable growth of Berry's and its Magicoal fire, an artificially glowing electric heater which simulates the appearance of a coal type fire.

Over the last five years the group's turnover has more than quadrupled and its profits before tax have risen from under £100,000 to over £700,000. Allowing for two scrip issues the ordinary dividend has been raised from 5 to 45 per cent. The 5s. shares have blazed as well: from the equivalent of 2s. 9d. in 1957 they rose to 78s. 9d. earlier this year. In the last few days they have lost 5s. to 67s. 6d. to yield 3.3 per cent following a warning from the chairman that sales have levelled off at about the same level as in 1961-62. The appreciable increase in exports which had been anticipated has not yet materialised and the listless glow of the economy has affected sales at home. Yet this is far from being a gloomy statement. Mr Raymond Berry points out that in the past year profit margins have been maintained even though in some cases prices have been reduced—a claim that few other companies have been able to make—and he is confident that the company is better placed to counter competition than it has been for many years. Capital spending last year amounted to £230,000 and with the opening of the new

Bletchley factory there is plenty of capacity for further expansion. Capital commitments have fallen from £116,000 to £2,000 and immediate capital expenditures are likely to be only routine in nature. Thus the company could afford to distribute a higher proportion of available earnings: the latest dividend of 45 per cent (against 33⅓ per cent) was covered almost three times. And though the growth in profits is likely to be much less marked than in recent years there still seems scope for an increase in the dividend above the equivalent of 30 per cent after the proposed one-for-two scrip issue.

Michael Nairn and Greenwich

THE hiving off of investments by Courtaulds and Fairey formed part of their plans, ultimately crowned with success, to beat off a take-over bid. But, on the surface at least, there is no indication that similar proposals by the Michael Nairn and Greenwich directors are the result of outside pressure, though they admit that in the past the market price of the shares "has not sufficiently reflected the value of the substantial quoted trade and other investments." Investments with a current market value of £2½ million, consisting of £565,000 of gilt-edged stocks, 210,000 npv shares in Dominion Oilcloth and Linoleum (worth £1,640,000) and 86,724 shares of Congoleum Nairn Inc. (worth £330,000) are to be transferred to a new subsidiary, Michael Nairn Investments.

Nairn and Greenwich shareholders are to receive one 5s. "A" share in the investment company for each £1 share they hold but the parent company will retain control through a holding of ordinary shares which have three votes a share against one vote for each "A" share. This will add to shareholders' income in 1962-63, when the parent company's dividend is again expected to be 8 per cent and when a dividend of 7½ per cent on the 5s. shares is promised from the investment subsidiary. Effectively therefore, shareholders' dividend income will be raised from 8 to 9⅜ per cent. At the current market prices the asset value of the trust's shares will be about 8s. 7d. and dealings in the 5s. units will probably start at about 5s. 6d. later this month.

The directors do not rule out the eventual sale of the whole or part of the trade investments but they do not intend to do so at the moment. This is obviously wise, as both companies after some years of disappointing trading now appear to be doing better. The dividend of Dominion Oilcloth and Linoleum has been cut in two successive years from $2.20 to $1.20, but this Canadian company, in which Nairn and Greenwich has a 27½ per cent stake, is now trading more profitably, while Congoleum Nairn of the United States, where it has a 6 per cent holding, which has not paid a dividend since 1957, made a profit of $800,000 for the first six months of the current year, against a corresponding loss of $175,000.

What of the parent company's shares? Ex the investment company distribution the £1 shares, which have risen in the past four weeks from 14s. 6d. to 20s. 3d., should still be valued at about 15s., to yield 11 per cent on the forecast dividend. Such a return appears to discount many of the uncertainties and the prospect of lower profits in the current year. But the latest proposal is just one part of a plan to simplify and reorganise the group's structure and this general scheme should enhance the company's ability to hold on to its share of trade in the highly competitive floor covering industry.

Central Wagon

FEW companies can have been hit so severely by the cut in orders from the British Transport Commission as Central Wagon, for its business of building and repairing wagons largely depends upon BTC contracts. In the year to September 30, 1961, its turnover was unchanged and although trading profits fell back from £312,000 to £216,000 the ordinary dividend was maintained at 20 per cent. But since then the wagon-building shops have become "increasingly short of work," profits have been "seriously affected" and the directors confess unhappily that "at the present time it is impossible to forecast what the results and total dividend for the year will be." The interim dividend has been halved from 5 to 2½ per cent and it is proposed to reduce the capital of the company by repaying to stockholders 5s. per 10s. unit of stock and writing down the 10s. units to 5s. This will involve a cash payment of £375,000 but at the end of last September the company held enough in 3 per cent Transport stock, 1968-73, to cover such a payment. This repayment shows how difficult it must be for Central Wagon to implement any really profitable scheme for diversifying its activities. The stock market has already revised its ideas about the company's future: the 10s. shares were as high as 19s. earlier this year but they now stand at 12s.

Lobitos Oilfields

THE shares of Lobitos Oilfields have often been swayed by take-over rumours. On the latest of these, a fortnight ago, their price rose from 16s. 6d. to 18s. 7½d. with the market ignoring the indications of political troubles in Peru. The directors of Lobitos have now announced a one-for-one scrip issue and add that they intend to pay a dividend on the increased capital of not less than 20 per cent, against the equivalent of 14 per cent in 1961. The reason that the directors give for the higher payment may be the one which makes Lobitos attractive to a bidder—namely, that the group's policy of broadening its interests and of adding to its investments in Britain has strengthened its stake in the field of specially blended oils.

The directors say that the issue will bring the nominal value of the equity more into line with the capital employed in the business now that the refinery at Ellesmere Port has been completed. But the timing of the issue suggests that they have kept a close eye on the stock market and are willing to confront any bidder with a realistic price for the shares. Their efforts have not gone unnoticed or unrewarded: the shares now stand at 22s. and offer an indicated yield of just over 9 per cent. The price is not unreasonably high: taking a conservative valuation on Anglo-Ecuadorian it is still below the net asset value and earnings should still cover the forecast dividend about twice.

Bluebird Investments

THE second successive decline in the profits of Bluebird Investments, the biggest caravan manufacturer in Europe, suggests that the popularity of caravans is on the wane. The fall of 22 per cent in gross profits from £645,000 to £502,000 in the year to March 31st is much sharper than that in 1960-61. A year ago the directors thought that they might be able to raise the ordinary dividend this time but in fact it has been left effectively unchanged at 32 per cent after the scrip issue. The shares stand at 18s. 9d., compared with a 1962 peak of 25s. 3d., and yield 6¾ per cent, twice covered.

Home sales have presumably been hit by hire purchase restrictions but in an interim statement in December the directors, referring to a "slight" variation in profit margins, said that turnover had been well maintained and implied that a government contract would help to maintain full production. Export sales were also said to be expanding. The sharp setback in profits is therefore something of a mystery, which no doubt the chairman will clear up in his forthcoming statement.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
July 4	318·8	5·40		
,, 11	316·3	5·44		
,, 18	312·9	5·51		
,, 25	310·9	5·55	364·4 (Jan. 17)	310·3 (June 27)
Aug. 1	312·8	5·50		
,, 8	317·6	5·41		

FINANCIAL TIMES INDICES

1962	Index†	Ord. Yield	2½% Consols Yield	Bargains Marked
Aug. 1	260·8	5·98	5·93	9,006
,, 2	261·9	5·96	5·93	10,356
,, 3	265·8	5·87	5·93	9,639
,, 7	266·2	5·86	5·93	11,112
,, 8	264·6	5·90	5·93	9,934

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935=100.

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: ITALY: BELGIUM: SWEDEN: NORWAY

BRITISH FUNDS AND GUARANTEED STOCKS

Prices, 1962 High	Prices, 1962 Low	British Funds and Guaranteed Stocks	Price, Aug. 1, 1962	Price, Aug. 8, 1962	Net Red. Yield, Aug. 8, 1962§	Gross Red. Yield, Aug. 8, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½% 1962	100.8.1	100.7.10	—	3 17 2
99 3/16	96 3/16	Exchequer 3% 1962–63	99 5/32	99 3/16	2 11 11	3 19 7 l
100 11/16	98½	Conversion 4¾% 1963	100 21/32	100 21/32	1 15 8	3 18 10
97 1/16	93 3/16	Exchequer 2½% 1963–64	96 31/32	97 1/16	3 2 3	4 4 9 l
100 7/16	97 1/16	Conversion 4½% 1964	100 9/32	100 7/16	2 5 0	4 4 5
95⅛	90 11/32	Savings Bonds 3% 1955–65	94 31/32	95⅛	3 11 2	4 15 0 l
101 7/16	98 9/32	Exchequer 5½% 1966	101 1/16	101 7/16	3 0 3	5 1 5
88 31/32	85	Savings Bonds 2½% 1964–67	88 25/32	88 31/32	4 1 1	5 3 11
99⅝	98	Exchequer 5% 1967	99½	99⅝	3 4 7	5 4 8
88⅛	83 5/16	Funding 3% 1966–68	88	88⅛	4 2 1	5 7 2 l
90 3/16	84⅞	Conversion 3½% 1969	88 13/16	88 15/16*	4 1 3	5 9 11
87 9/16	82⅝	Funding 3% 1959–69	87⅜	87 9/16	4 1 8	5 8 3 l
97	92¼	Victory 4% 1920–76	94⅞*	95*	3 3 9	4 15 7‡
84 13/16	78 15/16	Savings Bonds 3% 1960–70	83 13/16	83 13/16*	4 3 10	5 9 4 l
95⅝	90 9/16	Conversion 5% 1971	95 3/16	95⅝	3 13 4	5 13 7
102⅞	97¼	Conversion 6% 1972	101 5/16*	101 9/16*	3 9 5	5 15 5
96 11/16	91⅛	Conversion 5¼% 1974	96¼	96 11/16	3 12 3	5 14 7
90 9/16	87¾	Funding 4% 1960–90	90 9/16	90 9/16	3 9 5	5 3 5 l
75	70 7/16	Savings Bonds 3% 1965–75	74 13/16*	75*	4 7 6	5 15 0 l
74	69 3/16	Treasury 3½% 1977–80	73 11/16	74	4 5 4	5 18 7 l
73	68 5/16	Treasury 3½% 1979–81	72 9/16*	72⅞*	4 5 6	5 18 7 l
94 3/16	90 3/16	Funding 5½% 1982–84	93 15/16	94 3/16	3 15 8	6 0 4 l
86 15/16	82⅜	Treasury 5% 1986–89	86 11/16	86 15/16	3 18 1	6 2 3 l
60	54	Redemption 3% 1986–96	59⅞	60	4 0 11	5 15 3 l
62 13/16	56 15/16	Funding 3½% 1999–2004	62¾	62 11/16	3 19 10	5 18 10 l
93⅜	84⅛	Treasury 5½% 2008–12	93¼	90⅞*	3 15 3	6 1 1 l
65 1/16	58¼	Consols 4% ....after Feb. 1957	65	65	3 15 5	6 3 3
58 1/16	52 1/16	War Loan 3½% ....after 1952	58	58	3 14 5	6 2 1 f
58¼	52 5/16	Conv. 3½% ....after Apr. 1961	58 3/16	58⅛	3 14 9	6 3 1 f
50	44⅞	Treasury 3% ....after Apr. 1966	49¾	49⅞	3 14 8	6 2 11 f
42¼	38⅛	Consols 2½%	42 3/16	42⅛	3 13 0	5 19 5 f
42¼	38 1/16	Treasury 2½% ....after Apr. 1975	42⅛	42⅛	3 13 8	6 1 3 f
93 13/16	89 15/16	British Electric 4½% ....[illegible]	93 11/16*	93 15/16*	3 14 11	5 11 0 l
79⅞	74⅜	British Electric 3% ....[illegible]	79 7/16	79⅞	4 5 10	5 13 7 l
73⅞	69	British Electric 3% 1974–77	73⅝	72⅝*	4 7 7	5 15 6 l
83 13/16	79 1/16	British Electric 4¼% 1974–79	83⅜	83 13/16	3 19 11	5 18 3 l
74⅞	70⅞	British Electric 3½% 1976–79	74 9/16	74⅞	4 5 1	5 18 4 l
86¾	82¾	British Gas 4% 1969–72	86⅜*	86¾	4 1 7	5 15 3 l
86⅜	80 9/16	British Gas 3½% 1969–71	86¼	85¼*	4 1 8	5 11 0 l
59 11/16	53 13/16	British Gas 3% 1990–95	59 11/16	59 11/16	4 2 5	5 16 7 l
79⅞	74⅜	British Transport 3% 1968–73	79 7/16	79⅞	4 5 10	5 13 7 l
81 7/16	77¼	British Transport 4% 1972–77	81⅛	81 7/16	4 2 5	5 18 2 l
61¾	56⅛	British Transport 3% 1978–88	61¾	61¾	4 6 4	5 18 8 l

DOMINION AND CORPORATION STOCKS

Prices, 1962 High	Prices, 1962 Low	Dominion and Corporation Stocks	Price, Aug. 1, 1962	Price, Aug. 8, 1962	Red. Yield, Aug. 8, 1962
					£ s. d.
84	79½	Australia 3¼% 1965–69	83¾	84	6 0 0 l
99¾	96	Australia 6% 1974–76	99½	99¾	6 3 0 l
66	52	Ceylon 4% 1973–75	53	53½	11 2 0 l
99¼	94¼	New Zealand 6% 1976–80	97⅛*	97¼*	6 4 0 l
75¼	62½	Rhodesia and Nyasaland 6% 1978–81	74	74	8 18 0 l
90	82	South Africa 3½% 1965–67	89¾	90	6 5 0 l
58½	48	Southern Rhodesia 4½% 1987–92	57½	58½	8 3 0 l
83¼	77¾	Agricultural Mortgage 5% 1959–89	83	83¼	6 3 0 l
90¾	86	Birmingham 4¼% 1967–70	90⅜	90⅜	5 15 0 l
92¾	88⅝	Bristol 5% 1971–73	92¼	92¾	5 18 0 l
92½	88	Corporation of London 5¼% 1976–79	91¼	92½	6 0 0 l
47¾	43	L.C.C. 3% ....after 1920	47¼*	47¼*	6 5 0 f
88⅜	84	L.C.C. 5% 1980–83	88⅜	88⅜	6 2 0 l
92¼	87	Middlesex 5¼% 1980	92¼	92¼	6 2 0 l

ORDINARY STOCKS

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		Ordinary Stocks	Price, Aug. 1, 1962	Price, Aug. 8, 1962	Yield, Aug. 8, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays £1	81/6	81/6	3·19	...
80/7½	61/-	...	...	District £1	67/6	67/6	3·70**	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	58/-	58/6	3·25	...
25/6	20/-	7 b	7 a	Martins 5/-	20/9	20/6	3·66	...
101/-	80/-	7½ b	7½ a	Midland £1	85/3	85/-	3·53	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	82/6	82/3	3·40	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B' £1	74/9	76/-	3·50	...
48/3	40/6	8 b	4 a	Australia & N.Z. ..£1 p.p.	42/-	41/9	5·75	...
40/9	34/3	3⅓ a	5 b	Bk. Lond. & S. Amer. .£1	34/6	34/6	4·83	...
£25 9/16	£17½	$2·05 c	$2·05 c	Bank of Montreal $10	£19 1/16	£19 5/16	3·36	...
35	27¼	8 c	9 c	Bank of New S. Wales £20	32¾	32¾*	4·40g	...
39/-	32/6	5 b	5 a	Barclays D.C.O. £1	35/3	36/-	5·56	...
58/6	53/-	7½ a	7½ b	Chartered £1	55/-	55/-	5·45	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. $25	£16¼*	£16¾	4·48	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. ..10/-	50/9	50/9	3·25	...
£20 7/16	£21	$2·37½ c	$2·50 c	Royal Bk. Canada $10	£22 7/16	£22 15/16	3·60	...
45/3	37/6	5 a	10 b	Standard Bank £1	43/9	43/-	6·98	...
54/4½	38/3	7½ a	15 b	Hambros 5/-	38/9	38/9	2·90	...
99/9	72/-	2½ a	5 b	Schroders £1	72/-	72/6	2·07	...
60/3	53/-	6¼ b	6¼ a	Union Discount £1	57/-	59/-	4·24	...
14/1½	10/-	18 c	Nil c	Bowmaker 5/-	11/9	11/9	...	...
14/3	10/3	5 a	5 b	Lombard Banking ...5/-	10/6	10/6	4·76	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit ...5/-	11/9	11/9	3·19	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. ..5/-	30/6	29/6*	4·49	¾
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	14/-	14/7½	3·76**	2
14/6	12/10½	...	...	Charrington United ..5/-	14/3	14/-	4·29**	1¾
44/-	32/6	8½ b	6 a	Distillers 10/-	32/6	33/1½	4·38	1¾
51/6	42/4½	14 b	8 a	Guinness 10/-	44/6	45/-	4·44	1¾
34/-	22/6	3⅓ a	10⅔ b	Harveys 5/-	22/6	22/9	4·62	2½
15/7½	11/10½	...	8 b	Ind Coope, T.A. 5/-	12/-*	12/3	4·90**	1½
29/-	21/3	12 b	6 a	Watney Mann 5/-	22/9	24/6	3·67	2
42/4½	31/9	9 a	7½ b	Whitbread 'A' 5/-	35/3	36/-	4·17	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½ b	Associated Portland ...£1	51/3	51/9	3·67	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd. ..10/-	24/7½	24/6	5·10	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/-	15/1½	15/7½	5·12	2¾
13/7½	10/6	10 a	12½ b	Crittall Mfg. 5/-	11/3	11/6	7·34**	2
14/1½	9/10½	6 a	16½ b	International Paints ..4/-	10/9	10/9	8·37	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	52/9	53/6	2·34	3¼
24/-	18/1½	11⅔ b	5 a	Wall Paper Defd. 5/-	19/-	19/4½	8·89	[illegible]
				CHEMICAL				
25/7½	20/9	6 a	14 b	Albright & Wilson ...5/-	21/3	22/3	4·49	2
19/3	13/11¼	11½ c	5 a	Borax Defd. 5/-	14/10½	15/9	3·65	2½
43/3	25/6	11 c	4 a	Fisons £1	26/-	26/-	...	...
58/-	47/6	6¼ a	7½ b	I C I £1	50/-	50/-	5·50	1
18/6	12/-	5 a	5 b	Monsanto 5/-	12/6	13/3	3·77	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug 5/-	26/6	28/10½	2·08	2¼
33/9	18/9	5 b	2 a	Montague Burton ...10/-	19/3	20/7½	3·33	2¼
59/6	42/9	13⅓ b	5⅚ a	Debenhams 10/-	44/6	46/-	4·17	1½
65/-	51/1½	12½ a	27½ b	G.U.S. 'A' 5/-	57/3	58/7½	3·41	2
40/3	28/9	13⅓ a	16⅔ b	House of Fraser 5/-	29/3	31/3	4·80	1¼
16/6	12/9	5 a	7½ b	Lewis's Invest. Tst. ...4/-	12/10½	13/-	3·85	2
100/6	79/6	15 a	32½ b	Marks & Spencer 'A' .5/-	80/1½	79/10½	2·97	1½
52/6	39/6	10 a	20 b	United Drapery 5/-	39/6	41/1½	3·65	1¾
53/-	44/-	25 b	10⅚ a	Woolworth 5/-	44/1½	45/4½	3·95	1¼
				OIL				
38/3	30/6	‡2·78 a	†7 1/12 b	British Petroleum £1	38/-	38/-	8·46	2
40/-	30/6	†2½ a	†7 11/12 b	Burmah Oil £1	38/10½	39/-	8·72	1¼
£14½	£12 5/16	11¼ a	15 b	Royal Dutch ....20 fl.	£13 15/16	£14⅛	3·66	2½
34/1½	27/-	†10 a	†15 b	Shell Transport 5/-	33/7½	34/1½	5·98	2½
32/9	20/6	...	...	Ultramar 10/-	23/6	23/9	... d	...
				ELECTRICAL & RADIO				
32/6	23/-	5 a	5 b	A.E.I. £1	26/9	28/3	7·08	1
12/6	9/-	...	15 c	Brit. Electronic Inds. ..5/-	9/10½	9/7½	7·79	¼
66/3	51/9	4 a	9½ b	B.I.C.C. £1	54/9	57/3	4·72	2
14/8¼	12/7½	7½ b	5 a	Crompton Parkinson .5/-	13/9	13/9	4·55	2½
89/6	63/-	23⅓ c	7½ a	Decca 10/-	66/-	69/-	3·38	1¾
45/6	33/9	12½ b	5 a	E.M.I. 10/-	35/9	33/9	5·19	2
54/6	39/-	5 a	9 b	Elliott-Automation ...5/-	42/10½	42/6	1·65	2
27/9	20/9	3 a	5 b	English Electric £1	23/6	24/6	6·53	1½
34/-	26/-	3 a	7 b	General Electric £1	33/9	33/3*	6·02	¾
59/3	34/6	4⅜ a	8⅛ b	C. A. Parsons £1	43/-	45/6	5·49	2
47/9	38/6	3¼ a	6½ b	A. Reyrolle £1	44/3	44/6	4·38	2½
82/-	58/-	25 c	27½ c	Thorn Electrical 5/-	73/9	73/-*	1·88	3
				ENGINEERING				
35/-	20/3	9 c	9 c	Babcock & Wilcox £1	31/-	33/-	5·45	1½
38/3	27/3	3·2 a	7 b	John Brown £1	32/6	33/-*	6·18	2¼
6/-	4/3	3 a	7 b	Cammell Laird 5/-	5/-	5/-	10·00	1
27/4½	21/10½	10 a	20 b	Internat. Combust. ..5/-	25/1½	27/4½	5·48	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	3/6	4/4½	...	...
38/4½	26/-	2½ a	9½ b	Swan Hunter £1	26/6	26/9	8·97	1¾
15/9	10/6	5 a	10 b	John Thompson 5/-	15/9	15/9	4·76	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/-	27/9	28/-	5·10	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	59/-	59/10½*	4·91	2
47/6	33/9	5 a	10 b	Allied Ironfounders ...£1	42/-	45/9	6·56	1½
99/9	67/9	5 a	10 b	Averys £1	71/9	71/9	4·18	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/-	12/-	12/6	9·34	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/-	9/7½	9/9	6·67	1¾
33/-	16/9	10 a	17½ b	Davy-Ashmore 5/-	17/9	17/-*	8·09	2¼
81/10½	64/1½	5 a	11 b	Guest Keen £1	65/3	67/7½	4·73	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	15/3	15/3	5·25	2½
85/6	67/-	5 a	7 b	Metal Box £1	68/9	68/1½	3·52	2¼
18/-	13/4½	10 b	4 a	Ransome & Marles ...5/-	14/7½	14/7½	4·79	3
48/-	34/-	3 a	7 b	Renold Chains £1	34/6	34/3	5·84	1¾
64/10½	43/1½	7 b	7 a	Tube Investments £1	44/4½	46/4½	6·04	3
31/1½	23/6	2½ a	7½ b	Vickers £1	26/6	26/3	7·62	1
71/6	54/-	10 b	3¾ a	Ward (Thos. W.) £1	55/6	56/-	4·91	3
20/6	12/3	5 a	16 b	Woodall-Duckham ...5/-	13/6	14/3	7·37	1¾
				FOOD & TOBACCO				
25/6	19/9	10 c	10 c	Allied Suppliers 10/-	24/3	24/10½	4·02	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods ..1/-	9/4½	9/3*	2·44	2
61/3	39/3	8 b	4 a	Bovril £1	39/9	39/3	6·11	1½
12/9	10/9	†3·9 b	†1·7 a	Brooke Bond 'B' 5/-	10/10½	11/-	4·16	3½
15/10½	11/10½	2½ a	10 b	International Tea 5/-	13/6	13/6*	4·63	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A' £1	62/9	63/3	5·01	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	32/3	32/6	4·31	...
13/7½	10/10½	7½ b	2½ a	Spillers 5/-	11/3	11/6	4·35	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	47/3	47/6	5·05	2¼
18/-	14/9	5 a	9 b	Unigate 5/-	15/6	15/11½	4·63	2
63/9	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. ..10/-	59/-	57/9*	6·36	3
41/3	28/3	5 a	15 b	Gallaher 10/-	32/6	32/9	6·11	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	55/9	55/9*	8·07	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7 c	38·3 a	Britannic 5/-	5 15/16	6 1/16	3·23	...
68/-	50/-	20 a	25 b	Commercial Union ..5/-	52/6	53/-	3·87	...
35 15/16	21½	†41·17 c	†62·74 c	Equity & Law Life ...8/6	23	23⅜	1·50	...
109/3	69/-	10 a	20 b	General Accident 5/-	77/-	79/9	1·88	...
60/6	42/9	...	...	Guardian 5/-	46/3	49/9	2·68**	...
48¾	32½	80 a	110 b	Legal & General 5/-	35½	36	1·32	...
180/-	138/9	8½ a	12½ b	Northern & Empl. £1	146/3	148/9	2·82	...
13 11/16	10⅝	†20 a	†70 b	Pearl 5/-	11 1/16	11 7/16	3·21	...
29¾	21⅞	†208⅓ c	†208⅓ c	Prudential 'A' 4/-	22⅞	23⅜	2·91	...
47/10½	35/10½	...	...	Royal 5/-	37/-	38/7½	3·88**	...
127/9	96/-	7½ a	11¼ b	Royal Exchange £1	99/9	101/3	3·70	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor 5/-	12/9	13/4½	7·48	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	63/6	65/-	1·54	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	24/1½	24/5¼	6·55	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' ...4/-	4/7½	4/7½	3·46	...
78/6	60/11¼	11 b	5 a	A.C.V. £1	66/10½	72/6	...	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	67/4½	72/6	5·52	...
17/7½	13/10½	8 a	5½ b	Bristol Aeroplane ..10/-	16/0¾	15/6	8·71	2
25/-	19/3	5 a	6 b	Hawker Siddeley £1	24/9	23/6	9·36	1¼
36/9	25/9	†4 a	†6½ b	Dowty Group 10/-	31/6	31/9	5·40	2½
39/-	27/3	5 a	15⅚ b	Dunlop Rubber 10/-	28/9	28/9	5·51	1¾
77/-	62/1½	11¼ b	2½ a	Joseph Lucas £1	63/10½	66/6	4·14	2¼
22/-	12/-	5 c	9 a	Pressed Steel 5/-	13/-	13/-	1·92	...
39/-	31/1½	12½ c	5 a	Triplex Holdings ...10/-	31/10½	33/-	3·79	2¼
				MINES				
178/1½	136/3	40 a	50 b	Anglo-American 10/-	170/-	172/6	5·22	1¾
73/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	69/-	70/-	7·14	2½
117/6	81/10½	15 a	20 b	General Mining £1	111/3	117/6	5·96	2
71/-	46/6	†26 a	†74 b	Union Corporation ..2/6	67/-	68/6	5·96	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	18/-	18/3	21·92	1¼
128/1½	81/10½	100 b	70 a	Free State Geduld ...5/-	120/7½	126/3	6·73	1½
70/-	50/6	60 b	60 a	President Brand 5/-	65/6	68/3	8·79	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	87/6	88/9	6·99	1¾
45/6	34/-	...	...	Western Deep 'A' £1	41/3	42/3	...	...
161/3	117/6	210 c	105 a	Western Holdings ..5/-	150/-	155/-	6·77	1¼
19/6	15/3	6 b	5 a	Winkelhaak 10/-	18/10½	19/1½	5·75	3
56/9	42/6	13⅓ a	36⅔ b	Chartered 15/-	48/6	49/3	15·23	1½
56/6	47/-	60 b	20 a	Rhod. Anglo-Amer. 10/-	53/6	54/3	14·75h	1¾
37/4½	24/-	...	6 a	Rhod. Selection Tst. ...£1	28/9	29/-	12·41**h	...
21/9	14/9	32½ c	Nil a	Tanganyika Cons. ..10/-	16/3	15/6	...	1¼
172/6	135/-	100 a	180 b	De Beers Defd. Reg. 5/-	166/3	173/1½	8·09	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ....n.p.v.	$115	$112	2·55	...
18/9	13/1½	7½ a	30 b	London Tin 4/-	15/1½	15/1½	9·92	1¼
16/9	15/3	...	...	R.T.Z. 10/-	15/4½	15/9	9·52**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	23/3*	22/6	14·44	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	5 a	10 b	Daily Mirror 5/-	10/10½	10/10½	6·90	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A' .£1	75/-	75/-	3·47	2
24/9	13/9	10 a	14 b	Thomson Org'n. 5/-	13/7½	14/-	8·57	1½
47/3	32/-	5 a	8¾ b	Bowater Paper £1	33/-	33/3	8·27	1
45/-	35/-	5 a	11 b	Albert E. Reed £1	41/3	42/-	7·62	1½
43/9	33/6	4 a	8½ b	Spicers £1	35/9	35/3	7·09	1½
55/-	44/-	4 a	10 b	Wiggins Teape £1	49/6	50/3	5·57	1¾
				MISCELLANEOUS				
27/9	19/9	10 a	20 b	Assoc. British Picture .5/-	20/-	20/-	7·50	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' .5/-	20/6	20/9	14·46	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	36/-	35/9¾	4·19	1¾
39/4½	30/9	3⅓ a	6⅔ b	British Match £1	35/-	34/6*	5·80	2
16/3	11/6	6⅔ b	4 a	British Oxygen 5/-	12/-	12/3	4·35	1¾
9/10½	7/6¾	3 a	7 b	British Ropes 5/-	7/6¾	7/6¾	6·61	1½
36/1½	30/1½	...	...	De La Rue 10/-	34/3¶	34/3¶	4·01**	2
42/-	27/1½	5⅝ a	9⅜ b	Gestetner 'A' 5/-	33/6	34/6	2·17	3¾
55/9	41/6	15 c	7½ a	Glaxo 10/-	42/6	44/-	3·41	3¼
49/-	42/6	3 a	12 b	Harrisons & Cr. Defd. .£1	42/6	42/6	7·06	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	33/3	37/-*	3·38	1¾
23/3	16/-	12½ b	5 a	Ilford 5/-	16/3	16/-*	5·47	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	88/-	89/3	2·52	2½
49/3	40/6	12½ c	12½ c	National Canning £1	46/3	45/9	5·46	1
41/3	33/9	6 a	12 b	Powell Duffryn 10/-	33/9*	34/3	5·26	2¼
40/6	32/3	17½ b	5 a	Radio Rentals 5/-	35/1½	36/-	3·13	2¾
37/-	24/6	15 b	7½ a	Rank Organisation ...5/-	25/3	25/9	4·85**	...
38/-	24/6	7½ a	16½ b	Schweppes 5/-	25/6	26/9	4·49	1½
35/3	26/6¾	25 c	25 c	Sears 'A' 5/-	27/-	28/3	4·42	2
32/1½	2 /-	5 a	11 b	Steetley 5/-	23/-	24/-	3·33	3
29/10½	21/9	8½ a	11½ b	Thomas Tilling 4/-	21/9	21/10½	3·66	2
64/-	44/-	8 b	4 a	Turner & Newall 5/-	48/6	48/9	4·92	2
47/3	32/6	9·47 a	15·32 b	Unilever £1	35/3	34/7½	3·58	3
11⅝	7½	8 a	13 b	Unilever N.V. ....12 fl.	8 11/16	8 13/32	2·94	3
18/9	13/6	5 a	10 b	United Glass 5/-	13/9	14/-	5·36	...
33/3	23/-	†4⅙ a	†10⅚ b	United Molasses 10/-	25/-	24/9	9·89	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/-	25/6	25/6	7·84	1
18/3	15/3	6 c	Nil c	Cunard £1	15/9	15/3	...	...
20/-	16/9	7 c	7 c	France Fenwick £1	20/-	20/-	7·00	1½
31/6	21/-	10 c	10 c	Furness Withy £1	23/3	23/6	8·51	1
9/7½	5/-	...	...	London & Overseas ..5/-	5/3	5/4½	...	...
31/-	17/6	3 a	3 b	P & O Defd. £1	19/-	19/-	6·32	...
12/1½	8/4½	2½ c	2½ c	Reardon Smith 10/-	8/4½	8/4½	2·99	...
12/9	7/6	5 c	Nil c	Royal Mail £1	10/3	10/3	...	...
				STEEL				
48/4½	27/4½	16 c	5 a	Colvilles £1	28/3	29/3	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	16/3	17/3	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel £1	21/10½	22/1½	9·94	3
21/4½	11/-	10 c	Nil a	South Durham £1	11/-	11/6	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	24/1½	24/9	8·08	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	31/1½	32/1½	9·34	2
51/10½	39/6	9 b	6 a	John Summers £1	41/7½	42/1½	7·12	2
42/4½	25/9	12·3 c	4 a	United Steel £1	28/3	29/-	...	1½
41/-	30/9	8¾ b	4 a	Whitehead £1	31/6*	31/6	...	2
				TEXTILES				
32/-	25/4½	5 a	7½ b	English Sewing Cotton £1	25/4½	26/1½	9·57	1
26/4½	18/9	5 a	7½ b	Fine Spinners £1	20/6	20/9	12·05	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	31/1½	32/-	...	1¼
46/1½	37/10½	3¾ a	8¾ b	Courtaulds £1	42/1½	42/10½	5·83	1¼
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/-	5/4½	5/4½	9·92	1¾
81/6	69/-	13 b	8 a	West Riding Worsted £1	69/6	69/-	6·09	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	20/3	20/3*	9·88	1¼
20/10½	14/1½	6 c	6 c	Bradford Dyers £1	16/4½	17/4½	6·91	1
13/3	8/7½	13¾ b	7½ a	Calico Printers 5/-	8/7½	9/1½	10·95**	3¼
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B. £1	39/-	39/1½	6·39	1¾
10/9	8/7½	13 c	1½ a	Jute Industries 10/-	10/3	8/7½	...	2¼
27/1½	20/10½	10 c	10 c	Tootal £1	21/1½	21/1½	9·47	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	4⅙ a	8⅓ b	Alliance Trust 5/-	20/10½	22/1½	2·82	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	41/6	44/1½	5·67	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	15/-	14/10½	3·36	1½
71/9	54/3	31⅔ c	10 a	City Centre Props. ...5/-	58/3	59/-	2·15**	...
89/-	69/9	3½ a	8½ b	City Lond. Real Prop. £1	72/6	73/9	3·25	1
95/-	62/6	7·04 a	9·04 b	Hudson's Bay £1	67/6	70/-	4·59	2½
38/6	22/6	4 b	2 a	Land Securities 10/-	24/6	25/4½	2·36	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	33/3	33/6	3·98	1
				TEA & RUBBER				
46/6	38/-	†2½ a	†12½ b	Cons. Tea & Lands £1	38/-	38/-	12·89	2
35/6	30/9	†11 b	†3 a	Jokai (Assam) £1	34/-	34/3	13·35	2½
9/6	7/6	...	7½ c	Nuwara Eliya £1	7/9	8/-	18·75	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/3¾	5/3	15·87	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic 2/-	4/6¾	4/6¾	17·58	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	65/10½	65/10½	13·66	1½

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Calico Printers, 20%. Charrington United, 12%. City Centre Props., 25⅓%. Crittall Mfg., 16⅞%. De La Rue, 13¾%. District Bank, 12½%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. R.T.Z., 15%. Rank Organisation, 25%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%.

NEW YORK PRICES AND INDICES

	Aug. 1 $	Aug. 8 $		Aug. 1 $	Aug. 8 $		Aug. 1 $	Aug. 8 $
Atch. Topeka	21½	20¾	Boeing	41	38⅜	Int. Harvester	46¼	46⅛
Can. Pacific	21	20¾	Celanese	34¾	34⅝	Inter. Nickel	62¼	61¾
Pennsylvania	11½	11⅜	Chrysler	47*	48¾	Inter. Paper	26⅜	26⅛
Union Pacific	29⅞	29¾	Col. Palmolive	39¾	39⅜	Kennecott	70	70
Amer. Electric	64½	63½	Crown Zeller.	40¼	38¼	Monsanto	37⅞	38¼
Am. Tel. & Tel.	111⅛	110½	Distillers Seag.	39¾	39⅞	Nat. Distillers	24½	24⅜
Cons. Edison	74	73½	Douglas	23⅞	24⅛	Pan-American	17⅞	19⅛
Int. Tel. & Tel.	40⅞	40	Dow Chemical	44⅞	44¼	Procter Gamble	69⅛	68½
South'n. Nat. Gas	42⅛	41⅞	Du Pont	192	192½	Radio Corpn.	45½	44⅜
United Corpn.	7⅜	7⅜	East. Kodak	95½	97⅞	Sears Roebuck	66¾	66½
Western Union	26⅞	26⅛	Ford Motor	42¼	41⅜	Shell Oil	33⅝	32⅞
Alcoa	59	58¼	Gen. Electric	66	65⅝	Socony-Mobil	50*	49½
Aluminium	21*	21⅜	General Foods	72	69⅜	Stand. Oil Ind.	44¾	44
Amer. Can	43⅜	44⅝	General Motors	51⅝	51⅝	Stand. Oil N.J.	52	51⅝*
Am. Smelting	48¾	49	Goodyear	30½	30	Union Carbide	88¼*	90
Am. Viscose	55⅛	56¼	Gulf Oil	34¾	34½	U.S. Steel	45	44¾
Anaconda	40	39⅞	Heinz	47	45⅝	West. Electric	26*	26
Beth. Steel	32¾*	32⅞	Int. Bus. Mach.	376¼	381¾	Woolworth	69¼	67⅝

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
July 11	60·42	3·56	28·83	5·60	56·10	3·65	88·59	4·02
" 18	58·74	3·67	28·23	5·72	55·10	3·72	88·59	4·02
" 25	59·08	3·65	27·87	5·79	55·02	3·73	88·70	4·01
Aug. 1	60·44	3·56	27·98	5·77	56·24	3·64	88·39	4·04
[illegible]	60·20	3·58	27·67	5·83	56·17	3·65	89·01	3·98

425 Industrials:—High, 73·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

FRANCE	Aug. 1 Frcs.	Aug. 8 Frcs.	GERMANY	Aug. 1 %	Aug. 8 %	HOLLAND	Aug. 1 %	Aug. 8 %
Air Liquide	1,220	1,164	A.E.G.	384	358	A.K.U.	370¼	364¾
Banque de Paris	513	505	Bad'che. Anilin	380	365¼	Bijenkorf	868	829
Citroen	192	185	Bayer	429	413	Heinekens	466½	453
C. F. Petrole	311·5	298	Commerzbank	378	365	Interunie (Fl.50)	Fl.179·5	Fl.177
Cie. G. d'Elect.	1,260	1,250	Deutsche Bank	400	396	K. N. Hoogoven	577½	572¼
Machines Bull	552	516	Hoechst Farb.	376	361	Kon. Zout-Ket.	740	740
Pechiney	248	244·5	Kundenkredit	375	365	Philips (Fl.25)	Fl.162·9	Fl.157·9
Printemps	512	513	Lowenbrau	810	730	Robeco (Fl.50)	Fl.204	Fl.201
Rhone-Poulenc	454	425·5	Mannesmann	220	209	Rotterdam Bk.	338½	345
S.I.M.	360	355·5	Siemens	549	527	Thomassen & D.	676	670
Saint-Gobain	400	380	Thyssen-Huette	179	171¼	Valeurop	Fl. 71·6	Fl. 70·8
Usinor	234	224	Volkswagen	481¾	430	Zwanenberg	898	890
Index (Dec. 30, 1960=100)	101·3	99·2	Herstatt Index (Dec. 31, 1959=100)	84·48	80·08	Index (1953=100)	325·0	320·8

ITALY	Aug. 1 Lire	Aug. 8 Lire	BELGIUM	Aug. 1 Frcs.	Aug. 8 Frcs.	SWEDEN	Aug. 1 Kr.	Aug. 8 Kr.
Ass. Generali	142,800	143,600	Arbed	27,725	27,700	Asea	236	233
Breda	5,930	5,920	Bqe. Nat. de Bel.	10,825	10,800	Elektrolux	130	130
Edison	4,000	4,030	Bque. Soc. Gen.	3,050	3,020	Ericsson B. Kr. 35	134	134
Fiat	2,932	2,940	Cockerill-Oug.	2,820	2,770	Separator B.	293	291
Finsider	1,359*	1,359	Esperance Long	5,720	5,740	Skand. Banken	216	220
La Centrale	11,600	11,700	Hoboken	17,700	16,850	Sv. Cellulosa	191	192
Montecatini	3,144	3,154	Innovation	5,960	5,910	Sv. Handelsbank	212	214
Motta	31,700	31,699	Photo Gevaert	3,015	2,965	Tandstk. B Kr. 50	160	159
Olivetti	8,100	8,150	Sidro	1,010	998	Index (Dec. 29, 1956=100)	173·36	172·52
Pirelli S.p.A.	6,240	6,275	Soc. Generale	13,775	13,600			
Rinascente	761	767	Sofina	7,990	7,830	**NORWAY**	%	%
Snia Viscosa	5,540	5,560	Un. Miniere 1/10	1,238	1,170	Bergens Priv'bk.	212½	215
Index (1950=100)	691·20	N.A.	Index (May 9, 1940=100)	404·4	401·4	Borregaard	222½	225
						Norsk Hydro	301¼	305

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

THE ACTUARIES' INVESTMENT INDEX

(December 31, 1957=100)

Group	Price Index July 25, 1961	Price Index July 31, 1962	Average Yield per cent July 25, 1961	Average Yield per cent July 31, 1962
FINANCIAL :—				
Banks	255·3	264·2	3·62	3·51
Investment trusts	233·8	227·6	3·52	3·74
INDUSTRIALS :—				
Electrical engineering	143·1	133·0	5·54	5·63
Engineering	169·3	136·7	4·66	5·78
Steel	222·5	127·1	6·31	8·60
Breweries	254·4	298·5	4·38	4·22
Chain stores	238·9	196·1	2·77	3·51
Cotton and rayon textiles	181·5	147·9	7·48	9·69
Wool textiles	184·2	155·3	6·29	7·57
Chemicals	210·9	145·5	4·08	5·64
Oil	128·2	135·2	6·65	6·70
Shipping	97·6	62·0	5·58	4·89
All classes combined	186·8	164·3	5·21	5·82
Total—*Capital goods*	167·2	134·7	5·40	6·41
Total—Consumption goods	241·9	222·4	4·74	5·33

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 4, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £72,440,000 compared with a deficit of £19,785,000 in the previous week and a surplus of £66,268,000 in the corresponding period of last year. There was a net expenditure "below-line" of £21,482,000 leaving a total cumulative deficit to date of £264,560,000 compared with £211,681,000 in 1961/62.

£'000	Estimate 1962–63	April 1, 1961, to Aug. 5, 1961	April 1, 1962, to Aug. 4, 1962	Week ended Aug. 5, 1961	Week ended Aug. 4, 1962
Ordinary Revenue					
Income Tax	2,790,000	552,512	579,361	38,197	35,434
Surtax	188,000	35,300	38,800	1,100	1,300
Death Duties	264,500	98,500	95,100	4,200	4,800
Stamps	95,000	38,400	35,000	2,200	1,400
Profits tax, EPT and EPL	374,000	111,100	119,100	10,100	11,600
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	835,812	867,361	55,797	54,534
Customs	1,653,000	561,437	557,008	26,532	20,948
Excise	1,077,000	359,050	370,775	90,765	101,995
Total Customs and Excise	2,730,000	920,487	927,783	117,297	122,943
Motor Duties	150,000	22,775	35,311	349	...
Broadcast Lic's.	41,000	8,800	9,400	...	...
Miscellaneous	165,000	112,782	56,391	793	1,659
Total	6,797,500	1,900,656	1,896,246	174,236	179,136
Ordinary Expenditure					
Debt Interest	600,000	248,460	230,248	24,587	20,838
Payments to N. Ireland Exch.	100,000	30,948	30,235	3,166	...
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	3,917	3,728	30	348
Supply Services	5,611,650	1,660,843	1,811,131	78,925	83,820
Total	6,323,650	1,944,168	2,075,342	106,708	105,006
Sinking Funds	41,000	10,444	11,509	1,260	1,690
"Above-line" Surplus or Deficit	— 53,956	— 190,685	+ 66,268	+ 72,440	
"Below-line" Net Expenditure*	157,725	73,955	29,207	21,482	
Total Surplus or Deficit	— 211,681	— 264,560	+ 37,061	+ 50,958	
Net receipts from:					
Tax Reserve Certificates		61,182	63,149	— 58	10,581
Savings Certificates		— 6,200	— 900	— 1,100	— 2,300
Defence Bonds		21,887	6,769	619	540
Premium Savings Bonds		15,650	12,400	600	1,000
Total		92,519	81,418	61	9,821

* Net issues of £5 million to the Civil Contingencies Fund in 1962/63 compared with net issues of £28 million in 1961/62.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
1962					
May 5	2,920·0	2,512·6	243·6	...	5,676·2
,, 12	2,940·0	2,236·5	248·2	0·5	5,425·2
,, 19	2,940·0	2,221·9	283·8	0·3	5,445·9
,, 26	2,950·0	2,258·8	229·3	...	5,438·1
June 2	2,960·0	2,299·9	230·7	1·5	5,492·1
,, 9	2,970·0	2,307·8	233·6	...	5,511·5
,, 16	2,980·0	2,314·5	287·2	0·8	5,582·5
,, 23	2,990·0	1,936·1	250·9	2·8	5,179·8
,, 30	2,990·0	2,013·4	264·2	2·3	5,269·8
July 7	2,990·0	1,980·0	230·3	6·3	5,206·6
,, 14	2,990·0	2,015·7	230·0	2·5	5,238·2
,, 21	2,990·0	2,008·0	218·4	2·0	5,218·4
,, 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·8	227·3	...	5,219·9

THE MONEY MARKET

THE Treasury bill rate fell by 1s. 3.84d. at last Friday's tender, to £3 16s. 5.05d. per cent, its lowest level since mid-June and nearly ¼ per cent below Bank rate. The syndicate of discount houses raised its bid by 4d., following the previous week's increase of 5d., to £99 0s. 11d. Total applications rose by £15 million to £403 million, but the amount of bills on offer was £20 million higher at £240 million and the market received a very satisfactory quota of 60 per cent.

Credit was comfortable on Thursday and Friday of last week and although the rate for day-to-day money opened at 3¾ per cent it eventually fell to the clearing banks' minimum of 2½ per cent. On Saturday, purchase tax payments to the Exchequer made money tight and the authorities provided a large amount of help by the special purchase of bills. The authorities also provided moderate amounts of help on Tuesday and Wednesday. On each of these three days the market rate for money has remained at 3⅞ per cent, fractionally above the bill rate.

In New York the bill rate fell again this week from 2.874 to 2.829 per cent.

MONEY RATES

LONDON

	%		
Bank rate (from 5%, 26/4/62)	4½	Discount rates: Bank bills:	%
Deposit rates (7 days' notice):		60 days	4–4 1/16
Banks	2⅓	3 months	4–4 1/16
Discount houses	2½–2¾	4 months	4–4 1/16
Local Authorities	4½	6 months	4–4⅛
Call money:		Fine trade bills:	
Clearing banks' minimum	2⅞	3 months	5½–6
Day-to-day	2⅞–3⅞	4 months	5½–6
		6 months	5¾–6½

NEW YORK

	%		%
Official Discount rate (from 3½%, 11/8/60)	3	Treasury bills: July 30	2·874
		August 7	2·829

BANK OF ENGLAND RETURNS

(£ million)	Aug. 9, 1961	Aug. 1, 1962	Aug. 8, 1962
Issue Department:			
Notes in circulation	2,411·5	2,389·1	2,388·3
Notes in banking dept.	38·9	36·3	37·0
Govt. debt and securities	2,448·8	2,424·0	2,424·0
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	13·0	10·8	9·1
Special deposits	171·7	158·0	159·6
Bankers	239·4	241·4	227·8
Others	69·0	70·2	70·5
Total	493·1	480·4	467·0
Securities:			
Government	378·7	385·2	373·2
Discounts and advances	74·7	57·8	55·2
Other	18·3	18·6	19·6
Total	471·7	461·5	447·5
Banking department reserve	39·7	37·1	37·9
"Proportion"	% 8·0	% 7·7	% 8·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,425 million on July 25th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Average Rate of Allotment	91 Day Allotted at Max. Rate *
1961	*91 day*		s. d.	%
Aug. 4	250·0	386·0	134 3·33	44
1962				
May 4	220·0	406·0	81 9·72	16
,, 11	230·0	412·8	79 8·71	67
,, 18	230·0	383·6	77 1·04	61
,, 25	230·0	398·4	76 3·81	47
June 1	240·0	417·3	75 7·98	43
,, 8	240·0	421·0	75 0·28	47
,, 15	240·0	423·5	74 4·01	40
,, 22	230·0	370·2	76 11·84	42
,, 29	230·0	365·3	78 5·03	45
July 6	230·0	405·4	78 0·63	49
,, 13	230·0†	404·5	77 9·32	23
,, 20	220·0	382·1	78 7·14	29
,, 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60

* On August 3rd tenders for 91 day bills at £99 0s. 1½d. secured 60 per cent; higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills. † Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits August 8	Market Rates: Spot August 2	August 3	August 4	August 6	August 7	August 8
United States $	2·78–2·82*	2·80 7/16–9/16	2·80 1/2–5/8	2·80 1/2–5/8		2·80 1/2–5/8	2·80 1/2–5/8
Canadian $	...	3·02 3/8–1/2	3·02 3/8–1/2	3·02 3/8–1/2		3·02 5/16–7/16	3·02 5/16–7/16
French Fr.	13·622–14·027	13·74 1/8–3/8	13·74 1/4–1/2	13·74 3/8–5/8		13·74 3/8–5/8	13·74 1/4–1/2
Swiss Fr.	11·94–12·547/8	12·12–12 1/4	12·12 1/4–1/2	12·12 1/4–1/2		12·12 1/8–3/8	12·12 1/8–3/8
Belgian Fr.	137·96–142·05	139·42 1/2–47 1/2	139·42 1/2–47 1/2	139·45–50	MARKET CLOSED	139·42 1/2–47 1/2	139·50–55
Dutch Gld.	9·98 3/4–10·28 1/2	10·09 3/8–10	10·09 3/8–7/8	10·09 3/8–7/8		10·10 3/8–7/8	10·10 3/8–7/8
W. Ger. D-Mk.	11·037–11·365	11·20 3/8–7/8	11·20 3/8–7/8	11·20 1/8–3/8		11·20 7/16–21 1/8	11·20 1/4–1/2
Portug. Esc.	...	80·15–25	80·15–25	80·15–25		80·15–25	80·15–25
Italian Lire	1725–1775	1740 1/8–5/8	1740 1/2–41	1740 1/4–3/8		1740 1/2–41	1740 3/8–414
Swedish Kr.	14·27 1/2–14·70	14·43 3/8–44 1/8	14·43 3/8–44 1/8	14·43 1/8–44 1/8		14·43 1/4–1/2	14·43 1/8–3/8
Danish Kr.	19·06 1/2–19·62	19·38 1/2–7/8	19·38 1/2–7/8	19·38 1/2–39		19·38 1/2–39	19·38 1/2–7/8
Norwegian Kr.	19·71–20·30 1/2	20·03 1/2–3/4	20·03 1/2–3/4	20·03 1/2–3/4		20·03 3/8–5/8	20·03 3/8–5/8
	* Official Limits	**One Month Forward Rates**					
United States $		1/4–1/8c. pm	5/16–3/16c. pm	5/16–3/16c. pm		5/16–3/16c. pm	5/16–3/16c. pm
Canadian $		5/16–7/16c. dis	1/8–3/8c. dis	1/8–3/8c. dis		1/8–3/8c. dis	1/8–3/8c. dis
French Fr.		1/4–3/8c. pm	1/4–3/8c. pm	1/2–3/4c. pm	MARKET CLOSED	1/2–3/4c. pm	1/2–3/4c. pm
Swiss Fr.		2 1/4–1 3/8c. pm	2 3/8–1 7/8c. pm	2 3/8–1 7/8c. pm		2 1/4–1 3/4c. pm	2 1/4–1 3/8c. pm
Belgian Fr.		22–12c. pm	22–12c. pm	22–12c. pm		20–10c. pm	20–10c. pm
Dutch Gld.		2 3/8–2 1/8c. pm	2 3/8–2 1/8c. pm	2 5/8–2 1/8c. pm		3–2 1/2c. pm	3–2 1/2c. pm
W. German D-Mk.		2 1/8–1 3/8pf. pm	2 1/8–1 3/8pf. pm	2 1/8–1 3/8pf. pm		2–1 3/8pf. pm	1 7/8–1 3/8pf. pm
		Three Months Forward Rates					
United States $		9/16–7/16c. pm	5/8–1/2c. pm	5/8–1/2c. pm		5/8–1/2c. pm	5/8–1/2c. pm
Canadian $		13/16–1 1/16c. dis	3/4–1c. dis	3/4–1c. dis	MARKET CLOSED	3/4–1c. dis	3/4–1c. dis
Swiss Fr.		3 1/2–5c. pm	5 1/2–5c. pm	5 1/2–5c. pm		5 1/4–4 3/4c. pm	5 1/4–4 3/4c. pm
W. German D-Mk.		5–4 1/2pf. pm	5–4 1/2pf. pm	5–4 1/2pf. pm		4 7/8–4 3/8pf. pm	4 7/8–4 3/8pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/33 4	250/3 1/2	—	—	250/4	250/3 1/2
,, ($,, ,,)		35·10 1/2	35·11	—	—	35·11	35·11

Manpower and Output

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

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

BRITISH

Prices and Wages	July 28th	External Trade	Aug. 4th
Manpower and Output	This week	Industrial Profits	July 14th

OVERSEAS

Western Europe	June 16th	United States	July 21st

	Unit	Mid-year or averages 1959	1960	1961	1961 May	June	July	1962 March	April	May	June	July
		June figures										
TOTAL MANPOWER												
Working population:												
Total	'000s	24,145	24,436	24,650	24,620	24,650	24,652	24,698	24,723	24,786	24,809	...
Men	,,	16,137	16,239	16,325	16,326	16,325	16,312	16,378	16,370	16,391	16,400	...
Women	,,	8,008	8,197	8,325	8,294	8,325	8,340	8,320	8,353	8,395	8,409	...
Armed Forces	,,	565	518	474	478	474	469	446	443	444	442	...
Civil employment:												
Total	,,	23,197	23,628	23,925	23,871	23,925	23,904	23,844	23,877	23,957	23,995	...
Manufacturing industries	,,	8,477	8,811	8,928	8,924	8,928	8,920	8,895	8,897	8,904	8,885	...
Employees:												
in engineering (2)	,,	3,545	3,741	3,799	3,811	3,799	3,797	3,824	3,823	3,820	...	...
in consumer goods industries (3)	,,	3,101	3,153	3,170	3,169	3,170	3,175	3,155	3,160	3,170	...	...
		Monthly averages										
UNEMPLOYMENT												
By duration:												
All durations—total	,,	475·2	360·4	340·7	299·3	265·9	258·6	441·8	438·8	423·8	397·2	400·2
Temporary	,,	30·7	14·5	28·6	17·0	11·1	9·1	30·6	32·2	26·2	25·0	20·3
Wholly unemployed (5)—total	,,	432·8	337·2	304·8	280·4	253·6	244·5	408·2	402·8	388·7	368·4	370·6
Seasonally adjusted	,,	...	...	...	285·4	292·9	297·2	371·7	387·2	394·8	407·5	424·2
Over 8 weeks	,,	243·4	187·6	157·1	158·2	140·1	136·4	211·4	215·5	210·5	202·4	...
By regions (4):	%											
Great Britain	,,	2·3	1·6	1·6	1·3	1·2	1·2	2·0	2·0	1·9	1·8	1·8
London and South Eastern	,,	1·5	1·2	1·1	0·9	0·8	0·7	1·2	1·2	1·2	1·1	1·1	
Eastern and Southern	,,	2·2	1·7	1·4	0·9	0·8	0·7	1·5	1·5	1·3	1·1	1·1	
South Western	,,	1·5	1·0	1·4	0·9	0·8	0·9	1·5	1·6	1·5	1·6	1·6	
Midland	,,	1·5	1·1	1·0	1·0	0·8	0·7	1·3	1·3	1·3	1·2	1·2	
North Midland	,,	1·9	1·2	1·0	0·9	0·8	0·8	1·5	1·5	1·5	1·4	1·4	
East and West Ridings	,,	2·8	1·9	1·6	1·5	1·4	1·3	2·4	2·4	2·4	2·3	2·3	
North Western	,,	3·3	2·8	2·5	2·3	2·0	1·9	3·5	3·4	3·5	3·2	3·2	
Northern	,,	4·4	3·6	3·1	3·0	2·8	2·7	3·7	3·7	3·5	3·3	3·5	
Scotland	,,	3·8	2·7	2·6	2·2	2·1	1·9	3·2	3·0	2·9	2·6	2·7	
Wales	,,											
VACANCIES												
Unfilled vacancies: Total	'000s	224	314	320	354	383	395	218	239	245	252	251
Seasonally adjusted	,,	...	...	...	346	*354*	*348*	*239*	*229*	*235*	*219*	*200*
STOPPAGES OF WORK												
Working days lost: Total	'000s	439	252	254	275	268	174	2,017	246	204	98	...
in engineering (2) (15) industries	M	80 13	121	122	109	193	90	1,780	173	110	47	...
	,,											
INDUSTRIAL PRODUCTION												
Index:	1958=100	105	112	114	114	118	110	120	113	119	...	...
All industries					*114*	*115*	*116*	*115*	*114*	*116*	...	...
seasonally adjusted	,,	...	...	...	93	97	84	101	93	102	...	...
Mining and quarrying	,,	97	94	93	121 13	...	122 16	118 9	...	...	...	...
Construction	,,	106	111	120	105	100	95	144	122	116	...	...
Gas, electricity and water	,,	103	110	116	115	121	112	121	114	120	...	...
Manufacturing, total	,,	106	115	115	*115*	*117*	*117*	*114*	*114*	*116*	...	...
seasonally adjusted	,,	...	...	...	116	133	121	135	120	125	...	...
Engineering and electrical goods	,,	105	114	121	86	84	82	90	90	88	...	...
Shipbuilding	,,	94	85	86	118	118	111	120	113	125	...	...
Vehicles	,,	109	118	109	125	129	119	131	126	...	...	...
Chemical trades	,,	111	122	124	108	111	107	116	105	109	...	...
Textiles, leather and clothing	,,	107	113	111								
		M/W averages										
Basic material production:	W	'000 tons 3,963	3,725	3,663	3,630	3,792	3,275	4,109	3,713	4,077	3,712	...
Coal (7) (8)	W	,, 242	303	284	300	297	277	277	265	272	267	262
Pig iron	W	,, 388	467	425	466	447	380	413	410	430	404	367
Steel, ingots and castings	M	,, 202·3	225·1	221·8	224·5	221·7	221·0	231·4	216·7	230·8	...	...
Sulphuric acid	W	,, 12·87	14·25	13·70	14·04	14·74	11·06	13·38	12·50	12·11	...	...
Newsprint	M	mn. kwh 8,764	9,904	10,631	9,697	8,817	8,515	13,968	11,281	10,964	9,651	...
Electricity (7) (11)	W	mn. therms 53·5	55·7	55·7	51·1	47·8	45·0	72·2	60·3	54·6	47·6	...
Gas (12)												
Textile production:	W	mn. lb. 14·58	14·44	13·21	14·34	12·08	11·77	12·87	11·21	12·84	...	...
Cotton yarn, single	W	,, 19·34	20·40	20·52	21·14	22·38	19·78	20·24	17·61	21·21	17·30	...
Worsted yarn (6)	M	,, 42·89	49·33	47·47	46·30	49·33	50·76	50·18	46·57	55·15	55·30	...
Rayon and synthetic fibres	W	mn. yds. 25·7	24·9	23·8	25·3	25·7	16·1	22·3	20·2	22·3	...	...
Cotton cloth, woven	M	mn. sq. yds. 30·4	30·6	29·3	29·3	32·8	29·5	27·6	22·6	30·4	26·0	...
Wool fabrics, woven (6)												
Engineering production:	W	'000s 22·88	26·01	19·31	22·58	23·19	24·58	26·18	23·63	27·67	25·33	...
Passenger cars and chassis	W	,, 7·13	8·81	8·85	9·70	9·61	9·30	8·74	7·52	8·35	8·42	...
Commercial vehicles and chassis	M	,, 116	109	116	113 13	...	100 16	99 9	...	94 13	...	...
Merchant ships (1)	M	'000 gr. tons 468	577	587	618	645	547	749	626	...	...	...
Internal combustion engines (6)	M	'000 BHP 6,564	7,911	9,643	8,958	10,078	9,917	12,186	9,402	11,504	...	...
Metal-working machine tools (6)	M	£'000 238·6	178·4	104·7	90·4	97·2	93·0	116·5	111·0	...	...	...
Television sets		'000s										
Permanent houses completed (10):	M	'000s 20·78	22·44	22·40	22·78	24·38	22·16	23·38	20·95	24·22	24·12	...
Total	M	,, 8·29	8·60	7·74	7·72	8·39	7·47	10·14	6·97	8·96	9·03	...
For local housing authorities												

(1) Vessels of 100 gross tons and over completed. (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink, and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Excluding school-leavers. (6) Deliveries. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for first quarter. (10) England and Wales. (11) Generation for public supply. (12) Total available at gas works. (13) Average for second quarter. (14) On 1948 Standard Industrial Classification; later figures on 1958 classification. (15) Also including metal manufacture. (16) Average for third quarter.

APPOINTMENTS

THE COMMON MARKET

An international professional firm with a large and rapidly expanding practice in Europe has vacancies on their staff in several countries for qualified accountants, whether recently qualified or with several years' experience since qualifying. Men with good experience on large audits and investigations would command a substantial salary and younger men of outstanding ability would be given rapid promotion. The positions offered provide attractive opportunities to accountants who either wish to make a career or to gain extensive experience of business conditions on the Continent of Europe. A knowledge of a foreign language would be an advantage but is not initially essential. Applications, giving full particulars of education and previous experience, should be addressed to Box 1640.

AUSTRALIAN NATIONAL UNIVERSITY INSTITUTE OF ADVANCED STUDIES

RESEARCH SCHOOL OF SOCIAL SCIENCES

Applications are invited for the position of *Research Fellow or Senior Research Fellow* in the *Department of Political Science*, (Acting Head of the Department: Mr. R. S. *Parker.)*

The appointment will be within the salary range £A1,656-£2,450 for a Research Fellow or £A2,620-£3,160 for a Senior Research Fellow.

While appointments in these categories are usually for three years with possible extension to a *maximum* of five years a shorter term may be considered.

Reasonable appointment expenses will be paid for the successful applicant and his family.

The current research interests of the Department include parties, pressure groups and elections in Australian politics; comparative studies of politics in Europe and Asia; studies in European political integration; and studies in the strategic aspects of international politics, including their impact on Australian foreign policy and defence. The Department's work in these fields involves theoretical as well as empirical studies.

Applications will be considered from persons with research experience, preferably but not necessarily in one or more of the above fields. Applicants should indicate their research interests and intentions.

Further details should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on 1*st October*, 1962.

UNIVERSITY OF LEEDS

APPOINTMENTS BOARD

Applications are invited from graduates for appointment as an Assistant Secretary to the Appointments Board from 1st January, 1963, or thereafter. The salary scale for the post is £1,150 x £50-£1,500 x £75-£1,650 (efficiency bar) x £75-£1,950 a year. The initial salary will be fixed between £1,150 and £1,650 according to qualifications and experience. The person appointed will be mainly concerned with students and graduates either in technology or in science. Candidates should, therefore, have a degree either in a technological subject (preferably engineering) or in science, and experience in a field of work in which graduate scientists and technologists are employed. Applications (three copies) together with the names of three referees, should reach The Registrar, The University, Leeds 2 (from whom further particulars may be obtained) not later than Friday, 7th September, 1962.

UNIVERSITY OF THE WEST INDIES

Applications are invited for (a) Lectureship or (b) Assistant Lectureship in *Department* of Government. Applicants should have a special interest in, or knowledge of, at least two of the following: Political Thought and Theory, Government and Politics in the West Indies, Comparative Politics, International Relations, Public Opinion and Propaganda. Initial appointment *three years*. Duties to be assumed as soon as possible. Salary scales: (a) £1,050 x £50-£1,400 x £75-£1,850 per annum, (b) £800 x £50-£950 per annum plus pensionable supplement of £250 per annum. Child allowance: £150 for first child, £100 for second child, £50 for each subsequent child. F.S.S.U. Unfurnished accommodation at rental of 10 per cent of pensionable salary. Up to five full passages on appointment and normal termination.—Detailed applications (6 copies) naming three referees by September 1 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

MAGEE UNIVERSITY COLLEGE LONDONDERRY

Applications are invited for the post of ASSISTANT LECTURER in ECONOMICS for three years dating from 1st October, 1962. The salary scale is £900 x £50-£1,000, F.S.S.U. and family benefits.

Further particulars may be obtained from the Secretary to the Trustees, with whom applications, naming two referees, should be lodged not later than 15th September, 1962.

STATISTICIAN—HEAD OF MARKET RESEARCH PROCESSING DIVISION

Administrator required for management of processing division in a rapidly growing British and International market research organisation. Responsibilities include sampling and other statistical consultancy, *provision of* basic statistics, tabulation and presentation of survey data, negotiations with outside service organisations and general control of data processing. Candidates should have experience of office administration and data processing in commercial or Government organisation and a good qualification in statistics. Salary, £1,750 to £2,250 with share of profits. Considerable scope would be further elaborated in an interview. Applications with *full details of qualifications* and experience should be addressed to S. J. Orwell, Managing Director Market Investigations Ltd., 1 & 2 Berners Street, London, W.1.

THE EUROPEAN PARLIAMENT IN LUXEMBOURG

invites applications from

TRANSLATORS

to translate administrative and technical texts, official records and reports, parliamentary debates, speeches, etc., into English.

Qualifications required:

1. Nationality: British. Mother tongue: English.
2. Age limit: 40.
3. Education: University degree or equivalent experience.
4. Languages: Candidates must be capable of translating into English from at least *two* of the following languages: German, French, Dutch, Italian.
5. General knowledge: Broad general knowledge and preferably acquaintance with parliamentary *procedure* and style of *language*.

The salary will be between 14.500,—and 23.400,—Belgian francs per month, according to age, qualifications and experience, plus certain benefits and allowances provided for under the Staff Rules and Regulations, less Community income tax.

Applications in writing, with a full statement of qualifications and experience should be made on a Personal History Form obtainable from the European Parliament, 19a, rue Beaumont, Luxembourg, not later than September 15, 1962.

DURHAM COUNTY COUNCIL

PLANNING DEPARTMENT

RESEARCH ASSISTANT.—Salary £1,360-£1,535. Applicants must have a good Honours Degree in Economics, and experience in industrial location work with Industry, a Government department, or a Local Authority.

Housing available—Peterlee 12½ miles, Newton Aycliffe 12 *miles from* Durham.

Forms and particulars from the County Planning Officer, 10 Church Street, Durham. Closing date August 25, 1962.

Personally canvassing members of the Council is prohibited and the Council may declare any candidate infringing this rule to be disqualified for appointment.

J. T. BROCKBANK,
Clerk of the County Council.

THE UNIVERSITY OF LIVERPOOL

Applications are invited for the post of DEPUTY FINANCE OFFICER. *Candidates should* be qualified accountants and should have had wide experience in accountancy; experience of University finance would be an advantage. Initial salary not less than £1,800 per annum, according to qualifications and experience. Six copies of an application, together with the names of *three referees* should be sent not later than 7th September, 1962, to the Registrar, The University, Liverpool 3, from whom further particulars may be obtained. Quoting reference number CV/1448/E.

THE FOREIGN OFFICE offers an appointment to the Academic Staff of Wilton Park, Steyning, Sussex, for discussions on British policy and international relations with leaders of Western public opinion. Practical experience in politics or international relations and/or degree in economics, history or other social sciences required. Language requirements: either bilingual German with working knowledge of French or bilingual French with working knowledge of German. The post is unestablished. Accommodation. Salary: £1,568-£1,947. —Write giving age, full details of qualifications and experience to Manager (PE.5068), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Closing date, 20th August, 1962.

THE BRITISH ASSOCIATION OF ACCOUNTANTS AND AUDITORS LIMITED (Incorporated 1929). The next examinations will be held *from* the 20th to 23rd November, 1962. Membership can only be obtained by those who have passed the prescribed examinations. Copies of the Syllabus are obtainable from the Secretary, Stamford House, 2/4 Chiswick High Road, London, W.4.

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Wolsey Hall (Est. 1894) provides Postal Courses in a wide *range* of subjects for the two examinations for London Univ. B.Sc.Econ (three, if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London University B.Sc. Economics Exams., 1950-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) *from* E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

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In addition he will be required to liaise closely with the Company's Market Research Department and advise on statistical matters.

Applications should be sent to :—

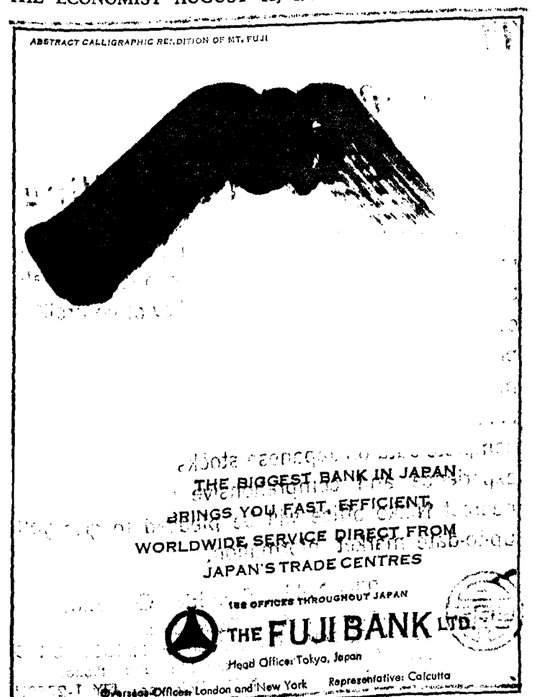
C.P.O. Box FM 6288, c/o Whites, 72 Fleet Street, London, E.C.4.

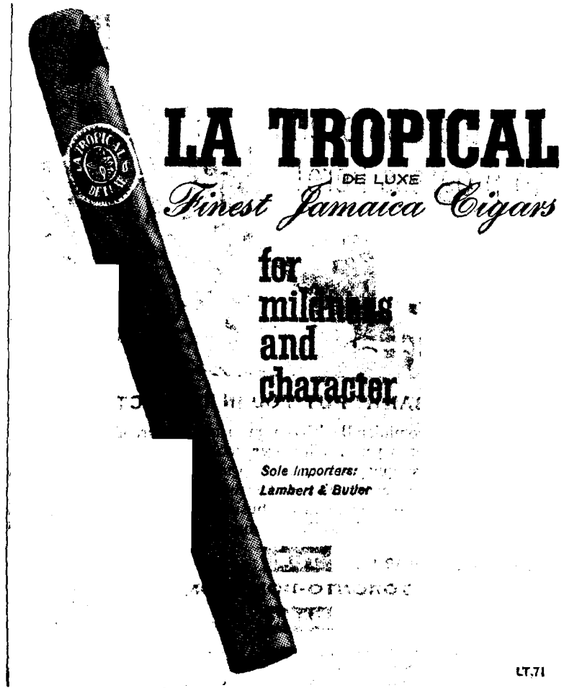
BENGUELA RAILWAY COMPANY

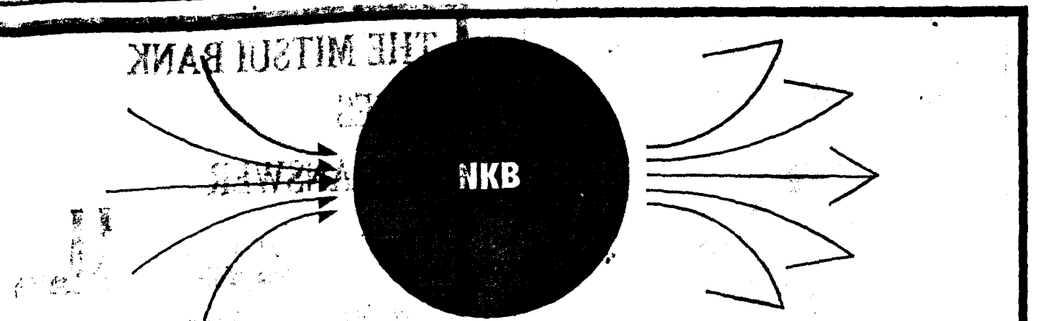
The following preliminary traffic results for the first six months of 1962 *compared* with the first six months of 1961 *have* been issued.

Kilometres run	1962 Tons	1962 3,958,394 Escudos	1961 Tons	1961 3,871,433 Escudos
Passenger Traffic:				
Journeys	—	7,172,000	—	5,836,000
Luggage	644	716,000	643	663,000
Local Traffic:				
Minerals	129,749—	14,549,000	228,491—	26,017,000
Other	257,311—	38,713,000	252,673—	34,194,000
Transit Traffic:				
Minerals	329,657—	180,300,000	295,929—	160,332,000
Other	65,749—	51,058,000	78,664—	59,284,000
Miscellaneous Receipts	— —	5,724,000	— —	6,437,000
Total	783,110—	298,232,000	856,400—	292,983,000
Working Expenses in Africa		173,926,000		157,166,000
Net Operating Receipts		124,306,000		135,617,000

Tanganyika Concessions Limited owns all the Debentures and 90 per cent of the equity of the Benguela Railway.







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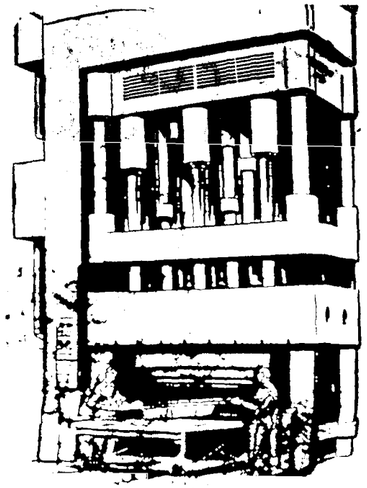

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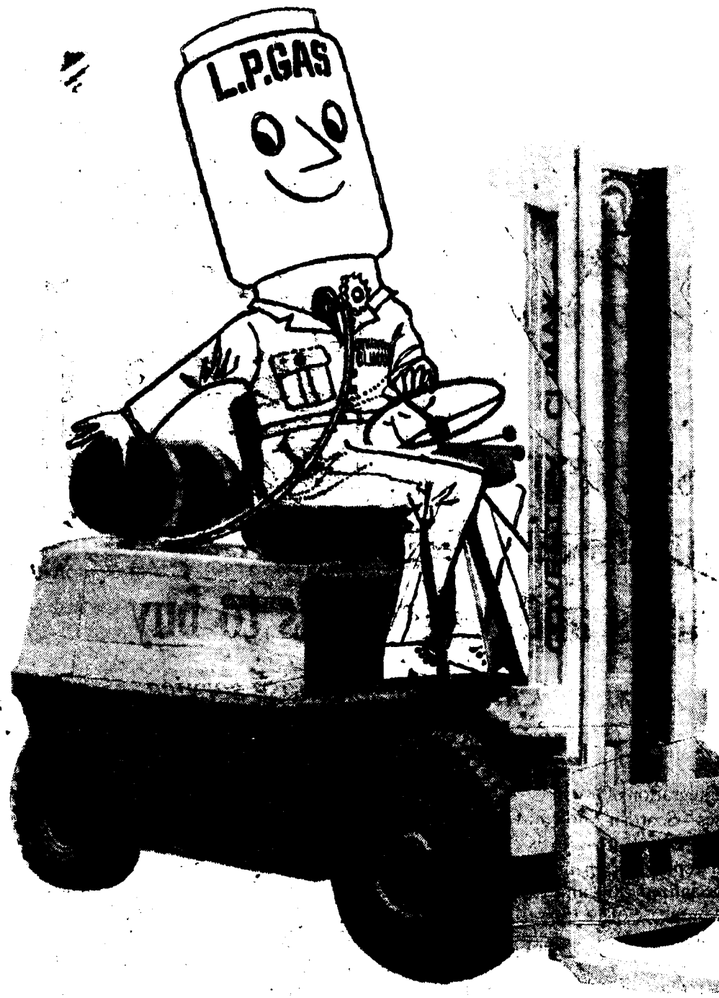

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INTERNATIONAL

BETWEEN THE LIGHT AND THE DARKNESS

Nikolayev and Popovich nudged each other happily in space; on earth, the parallel and never-touching lines of Russian and American nuclear programmes lead, at worst, to explosion (p. 589).

The basic rules of spacemanship (p. 590).

One either **side of the Berlin wall,** the rulers and the ruled of both regimes ponder what comes next (p. 602).

Acknowledging only one God **in Ghana** has meant expulsion for two Anglican leaders (p. 597).

Suspended in legal metaphysics, **Dr Soblen** is a persisting embarrassment to both Britain and Israel (p. 595).

BEFORE THE BATTLE

A dark look into the European common market's crystal ball does not suggest that even now a failure between Britain and the Six need be the end; it all depends on who fails (p. 594).

Things might have gone worse at Brussels if it had not been for the Italians (p. 608).

President Kennedy has decided against asking for a tax cut now in the United States, mainly because he could not get Congress to accept it, but also because a recession does not seem imminent enough to justify it (p. 615 and p. 616).

Argentina's generals care little for each other but even less for civilians (p. 596).

Mr Kenyatta issues warning that **Kenya** could become another Congo (p. 598).

AFTER THE BALL

With the celebrations over and the British and American caravans departed, **Jamaica's new leaders** face—or will they?—an arduous and lonely climb (p. 631).

America's liberal Democrats may regret their filibuster against the satellite communications bill, even though there is some justification for it (p. 617).

When, and if, Chiang Kai-shek dies, can **Formosa** be turned into a Tibet? (p. 579).

The Gallic soul lives on in former **French West Africa;** what happens when the African spirit awakes? (p. 603).

IN HOPE

Agreement on **Dutch New Guinea** is welcome; it is not the time to point to possible new entanglements (p. 595).

Exports are playing the star part in **America's international accounts** (p. 617). Labour's remedy for unemployment is to shorten hours of work (p. 619).

Nowadays **American criminals,** like other American workers, prefer white collar jobs (p. 620).

R *seems to be the lucky initial for Republicans who aspire to be President of the United States* (p. 618).

HOME

KEEPING THE BRIDGE

Mr Thorneycroft's aim at the Ministry of Defence must be to push Britain-with-Europe into a realistically close relationship with America (p. 591).

By killing the **Blue Water** missile he has taken a first step to cut Britain's effort down to size (p. 591).

HOUSE IN ORDER

The balance of prosperity in Britain is still slipping towards the south-east; the only effective action to check the slide must be taken by the Government and local authorities together, to renew the physical structure of towns outside the charmed corner (p. 592).

Local authorities who have borrowed too much too short should achieve a better **financial balance** as a result of proposed new rules (p. 634).

In **London,** where approach roads are at last being planned, everyone welcomes them except those whose property is directly affected (p. 610).

In **Leeds,** the corporation's reservoirs can provide both water and a lakeside playground for its citizens (p. 611).

UNDER ONE ROOF

British banks have become too hidebound by official supervision and their own dull conformity—but the merger between the District and the National Provincial shows that there is still room for a deal more **competition** (p. 629).

East meets West in **Burmah Oil's** bid for Lobitos of Peru (p. 635).

The **National Liberal** party still refuses to sink its identity within the Conservative machine (p. 596).

Japan and Britain have made substantial progress towards unshackling trade between the two countries (p. 642).

Durham's schools are to be integrated, offering children a better chance of rising on their merits (p. 612).

RAISING THE ROOF

Sir Winston Churchill, brooding over **Europe,** knows how to deal with military **indiscretions—even when perpetrated by a** field marshal (p. 595).

The **Trades Union Congress** is to look at labour relations abroad, and in **Sweden** it will find that peace is won by the balance of industrial deterrence (p. 596).

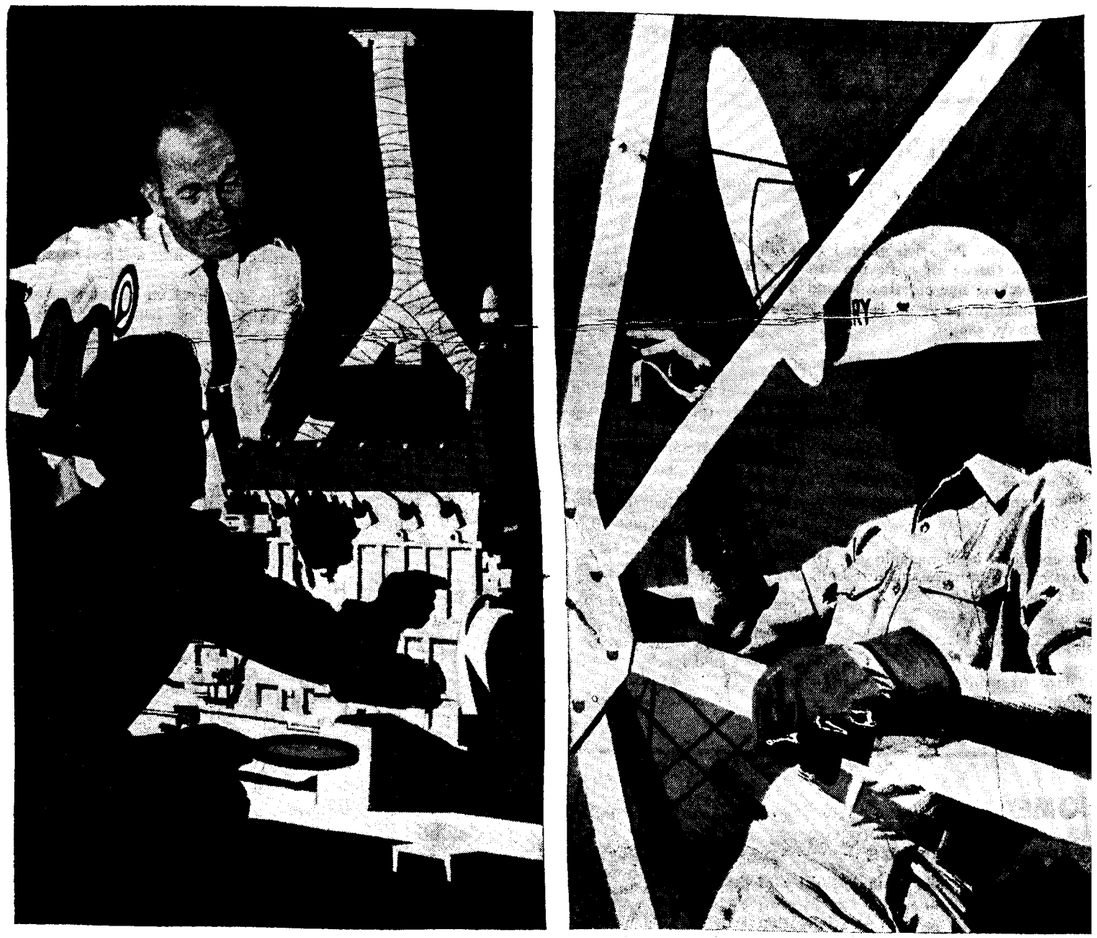
The **Potato Marketing Board** is to take a firmer line with indecisive farmers (p. 598).

The new **National Theatre** has been given the best possible director—but will his organisation divert cash from other worthy enterprises? (p. 598).

Money is flooding into the building societies (p. 642).

Morris has brought out a new small car with a difference (p. 638).

Detailed contents on page 589



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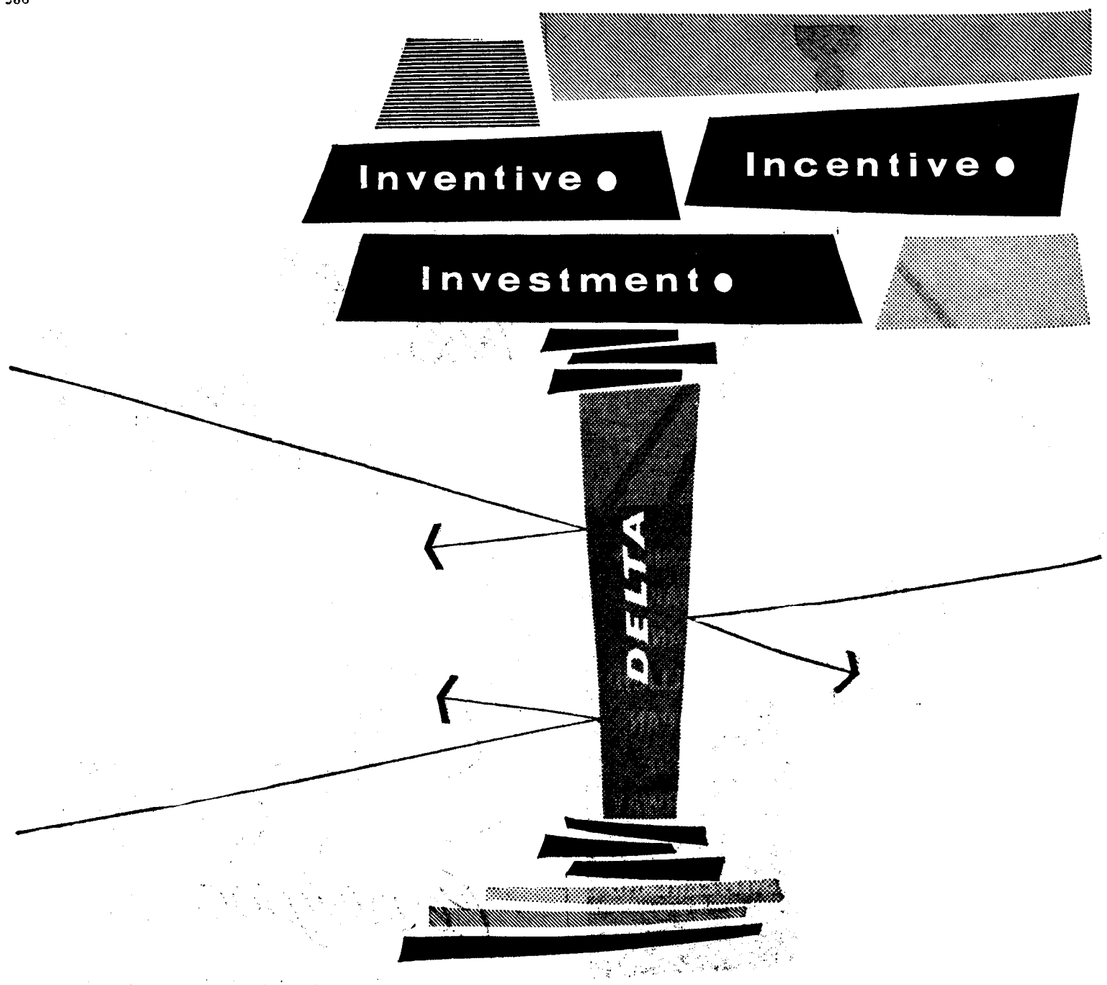

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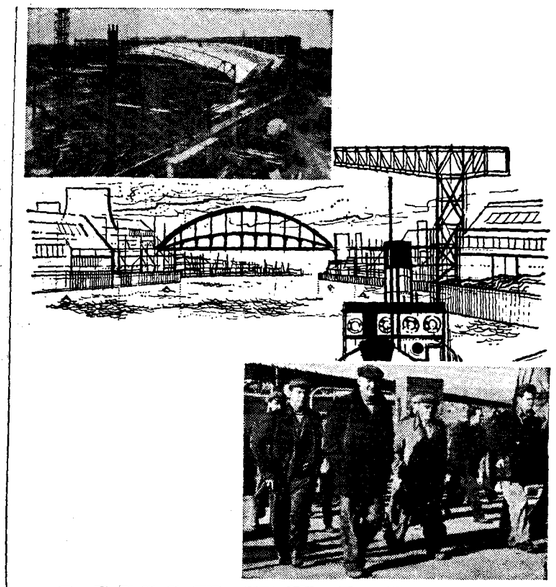

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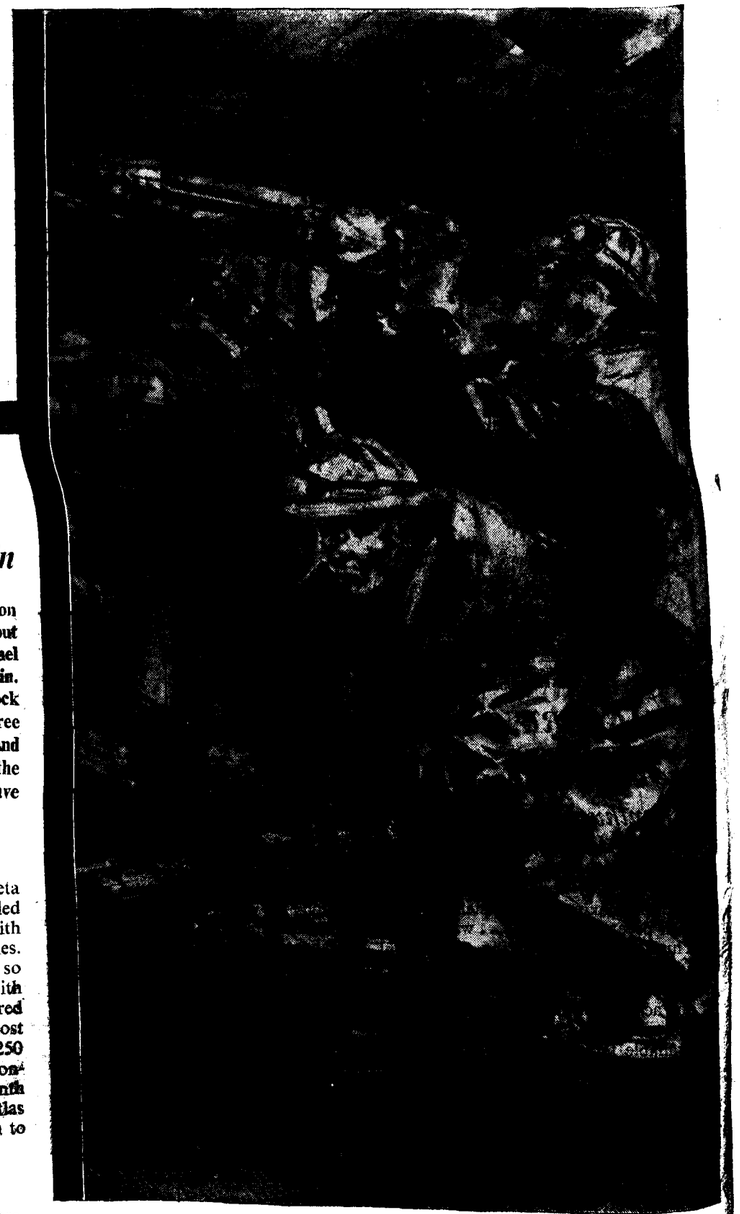

Italian tunnel crews and *Swedish steel conquer Europe's highest mountain*

THE DREAM which has fired man's imagination since Hannibal crossed the Alps is now about to become a reality with the seven mile road tunnel through Mont Blanc, Europe's highest mountain. With the break through of the last few feet of rock the Italians can look back after more than three heart-breaking years of rock bursts, roof falls and flood hazards. Working from opposite ends of the mountain, the Italian and French drill crews have brought Paris 194 miles nearer Milan.

A constant fight against nature

The drill teams of the Italian contractors Societa Italiana per Condotti d'Acqua of Rome battled against gigantic natural forces all the way, with rock falls and flooding as everyday obstacles. Several times the rock conditions became so bad that the Italians could only advance with picks and shovels by small heavily-timbered pilot tunnels. Last December, they were almost drowned by a sudden influx of water at 250 gallons a second! Not until February did conditions at last become good. During that month the Italians' skilled handling of their Atlas Copco light-weight rock drills enabled them to achieve a total advance of 807 feet.

The right choice—light-weight rock drills

The only constant factor in the Italian operation was the courage and skill of the tunnel crews and the flexibility of their one-man Atlas Copco rock drills. Throughout the project, whether driving the tunnel full-face for a record advance of 807 feet in one month or drilling a pilot tunnel, knee-deep in water, the Italians used Atlas Copco hand-held rock drills fitted with Sandvik Coromant drill steels.
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What Goes Up

CHASING each other in vast circles, following virtually the same track, now tantalisingly close together and then drawing far apart, Major Nikolayev and Colonel Popovich have served the world this week as symbols both of man's achievement and of his frustration. Their successful endurance of million-mile journeys has helped to open the road to the moon. But the circumstances of their feat were a painful reminder of the barriers that have yet to be overcome on the divided earth.

This would have been true even if their twin orbiting had not coincided—possibly by intent?—with the first anniversary of the building of Herr Ulbricht's wall across Berlin; even if it had not come as a kind of divertissement in the middle of the series of nuclear explosions that Russia began—surely not by intent—on the anniversary of the destruction of Hiroshima, and which has already included several blasts in the same central Asian area from which the Soviet astronauts were shot into space. For the basic characteristics of Russia's intensively publicised space feats still include, paradoxically, an equally intense military top-secrecy.

The Soviet government is insistent on two themes: first, that its achievements in rocketry and sputnikery "show where supremacy lies," demonstrating not only a lead in these fields but the general superiority of the whole Soviet system; secondly, that its space programme is a wholly peaceful one, unlike that of the United States, which is represented as dominated by military aims. These themes were stressed, for example, in a Moscow broadcast last Sunday by Mr Yuri Zhukov and Mr Nikolai Polyanov, who went on to complain of American failure to co-operate in space research.

It is certainly deplorable that men should be reaching for the moon in a spirit not of co-operation but of suspicious and hostile rivalry. But the Russians are hardly in a position to claim that they have made co-operation easy. Their recognition of American achievements in space has generally been grudging. The United States' first offer of co-operation, made more than five years ago, evoked no response from Moscow until after Colonel Glenn's orbital flight; and the Russians bear at least partial responsibility for the sorry record of inactivity over these same years of the United Nations committees on outer space. When Mr Kennedy, in March, offered Mr Khrushchev a set of direct and specific proposals for joint action and pooling of efforts, the Soviet leader, while agreeing to discuss the possibilities, argued that military considerations were too intimately involved for any pooling activity to be possible before agreement had been reached on disarmament. At the Geneva disarmament talks this year, repeated western proposals for immediate action to prevent the "militarisation of outer space" have met a stubborn Soviet refusal to give priority to this question.

Russia has shown no sign of sharing the West's anxiety to avert the prospect of "orbital bombers"—satellites circling the earth and containing nuclear bombs which could be released at will upon any target. On the contrary, Mr Khrushchev has publicly claimed that Russia could orbit bombs over American territory just as easily as it has sent its spacemen on the same tracks. So long as military secrecy remains the rule of the space road, there is thus cause for concern at the appearance in the sky of any orbiting object whose purpose cannot be identified, and the Americans are already putting a considerable effort into techniques for "scouting" and "neutralising" potentially destructive

satellites. This is one of the things that focus interest on achieving "rendezvous" between two orbiting vehicles.

When Nikolayev and Popovich were reported at one stage to be so close together that one could see the other's craft, it was quickly deduced that the Russians had made sensational progress toward achieving rendezvous. When they swept apart, it seemed there was still some way to go before the problem was licked; no attempt to close the gap by manœuvring one or both of the vehicles was reported. Rendezvous is of great significance for any attempt at manned lunar flight. Rather than launch a whole rocket with the power and payload for a manned moon journey from the earth's surface, it may well prove easier to send it up into orbit in pieces that can be assembled above the atmosphere.

But it is also clear that the rendezvous problem has a significance of a military kind. And the Russians cannot expect the Americans, or indeed the outside world as a whole, to believe that their space programme is strictly non-military while it still lurks behind curtains of secrecy that can be justified only on military grounds. Space rocketry is in fact a field of activity so ideally suited to the Soviet system in its present stage that Mr Khrushchev must give thanks daily to whatever providence he credits with having opened up the lunar road just when he most needs it. It is not only a matter of directing men's eyes to the heavens and away from the nagging "little local difficulties" of meat shortages, Mao Tse-tung and the marshals. Sputniks also offer an unrivalled combination of maximum publicity with minimum revelation. What other device could have such a universal impact on peoples who can never get within a hundred miles of it?

Unfortunately, when one comes down to earth, this passion for secrecy makes it very difficult to achieve any kind of rendezvous at all. At Geneva, Mr Kuznetsov has replaced Mr Zorin, who was apparently exhausted by the steady stonewalling with which Russia continues to resist any idea of international investigation of signs of nuclear test explosions being carried out; but the new Soviet representative at the disarmament talks has quickly demolished the speculation that he might prove more flexible than his predecessor. The latest American concessions, so painfully thrashed out in Washington, would cut the amount of possible intrusion on to Soviet soil by an international inspectorate to the barest minimum. It makes no difference. Even if the inspectors were all from non-aligned countries, were restricted to a few tremor-prone (and militarily unimportant) sectors of Russia's territory, were conducted blindfold across all other sectors, always accompanied by Soviet guides and mentors, and limited to making very few visits anyway, they would apparently still be unacceptable.

On Tuesday Mr Kuznetsov once again rejected the western governments' proposal that the scientific experts should get together and study the Soviet claims that all nuclear blasts can be positively identified at a distance by instrumentation; these claims, it seems, have to be taken on trust. Indiscreetly, perhaps, he revealed what looks like a barrier to all hopes of early progress on any sector of the disarmament problem—whether on nuclear tests, on outer space, or on general disarmament—when he alleged that "preventive war" against Russia had been suggested in America, and asked: "Do you expect the Soviet Union to disarm in such conditions?"

After five months at Geneva, there can be few people who expect the Soviet Union to show a serious interest in disarmament in any present conditions. Yet the head of the American Disarmament Agency, Mr William Foster, has hopefully detected a silver lining in the unbroken clouds this week, suggesting that the successes of Major Nikolayev and Colonel Popovich may increase the Russians' self-confidence and make them readier to get down to real disarmament negotiation. One cannot, presumably, expect such a change to show itself immediately. A good many successors to this week's heavenly twins may shoot up out of the deep obscurity of central Asia, flash across our skies, and return to the same obscurity, before Russia rids itself of its obsession with secretiveness, recognises the waste and the perils that it involves, and bestirs itself to make possible a fruitful rendezvous on earth as well as one in the high sky.

LIVING IN ORBIT

The Russian feat of putting a man into space on Saturday, a second man into orbit on Sunday, and bringing them both safely to earth on the following Wednesday deserves to be saluted on two levels. The first is that of sheer human courage. It is one thing to orbit the earth three, four or five times in succession, and another to resist the combined assault of claustrophobia and agoraphobia for days on end; only those who have endured trial runs on the ground in prototype space capsules can have any conception of what this means in terms of nervous strain and sheer physical discomfort.

TECHNICAL ACHIEVEMENT

It is difficult to coax a big rocket off the launching pad; doubly difficult to get it to put what appears to be the equivalent in size of a double decker bus into orbit; trebly difficult to make two such buses follow one another along an invisible route through space with a regularity and accuracy of timing that London Transport would find it difficult to match. The Americans can match the first, but not the second or third of these feats. Soviet rocketeers seem able to call on their missiles whenever their political masters command, regardless of the state of the rocket, the weather or all those other elements that make life at Cape Canaveral so unpredictable.

But Western Man, instructed by Plato and Aristotle, St Paul and Pythagoras, St Augustine, Descartes and Hume, will throw his hat into the air as he cheers Messrs Nikolayev and Popovich, and murmur under his breath "what for?" as he catches it coming down and puts it back firmly on his square, sensible head.

THE BASIC RULES OF SPACEMANSHIP

It is worth repeating, *sotto voce*, what the rules are:

(1) It is cheaper, easier and more economical of human life to put tiny tough instruments instead of big soft men into space to do whatever work needs doing there, civil or military.

(2) The human brain is many times cleverer, more flexible and—most important of all—more reliable than the electronic brain as at present built, so that wherever reliability is the prime requirement, it is preferable to send men rather than instruments into space.

The Americans, for example, have found that men can control and correct their space capsules where instruments alone would have thrown in the sponge. In the present state of the art, manned satellites might do better than robot satellites in such jobs as reconnaissance, orbital bombing, and the mating up of rockets in space to make moon-ships. Russians and Americans seem to agree that a manned moon rocket fired from the earth's surface in one piece is a technical impossibility in terms of sheer size (say 5,000 tons).

But the question why they should want to do any of these things should be directed to the military and the politicians, not to the scientists, who merely advise how to do it.

Interdependent on Whom?

A new impetus towards Atlantic integration must be Mr Thorneycroft's primary aim

MR THORNEYCROFT is due to visit the United States early next month. Just possibly this could turn out to be something of a portentous occasion. Ministers of defence are all professional proponents of interdependence: Mr Thorneycroft, of necessity, has to mean it. In scrapping Blue Water, the army's prospective tactical missile, last week he provided two explanations: that Blue Water was going to cost too much (i.e. other countries had not been interdependent enough to buy it) and that Nato had a plethora of tactical nuclear weapons in central Europe anyway (i.e. Rhine army, which will be given no new nuclear artillery of its own, is going to be forced to be interdependent with the Americans and Germans). This painful British experience should give any minister of defence something purposeful to say in Washington on the organisation of western resources, but Mr Thorneycroft's immediate troubles are only part of the developing strains within western strategy as a whole.

Seen from London, the successive demises of Blue Streak and Blue Water mean a major, and probably permanent, contraction of independent British efforts in serious rocketry. And when Blue Steel, the V-bombers' stand-off bomb, is replaced by Skybolt the British reliance on American nuclear vehicles, strategic and tactical, will be finally apparent. Seen from Washington, in the light of accepted American military thought at this juncture, this cut-off imposed on a separate, and weak, deterrent can be regarded with complacency. But in continental Europe the implication that the European half of the alliance is to be given a purely conventional part to play is held to be politically and economically intolerable. President de Gaulle has committed France to building its own deterrent; even if this effort eventually founders for the same financial reasons that have ended the Sandys strategy here, the political resentment of a Gaullist Europe at over-dependence on the United States will remain to bedevil the alliance thereafter. Now west Germany, in the past fortnight, has both resisted American hints that it should increase its conventional manpower above the army level of 350,000, which is already the largest national commitment in central Europe, and intimated that to assist its own industry it will manufacture more arms at home than it buys from its allies (chiefly the United States).

The military consequences of the abandonment of Blue Water are largely gratifying to those, like *The Economist*, who have argued for a greater conventional effort in Europe and for a greater flexibility in the tactical doctrines of the British forces there. Mr Thorneycroft has recognised the over-kill capability already at Saceur's disposal; he has decided to speed up the modernisation of conventional equipment, with particular emphasis on increasing Rhine army's mobility; and by entrusting future nuclear support to strike aircraft (initially to the TSR-2, but shortly, it must be hoped, to a vertical take-off plane) there will be a clearer distinction between the forward conventional troops and the big nuclear punch. Instead of Mr Watkinson coming under fire because Rhine army could, allegedly, only fight a nuclear battle, Mr Thorneycroft is already being told from the Tory back benches that the Russians are bound to choose the British sector for any push because there will not be enough nuclear weapons defending it. Saceur, however, is under the impression that he controls modestly integrated forces, and not a congerie of self-supporting national contingents. In these circumstances the nuclear-naked British are hardly a liability.

But there are two more substantial issues that need examination. The first is that, with the abandonment of Blue Water, Britain's permanent contribution to Saceur's forces for the foreseeable future is likely to stick at a maximum of 55,000 men, plus tactical air support. It may be argued, as it was under the Sandys strategy, that a major war in central Europe is still the least likely contingency that Mr Thorneycroft has to plan for: many more unstable situations exist east of Suez. Nevertheless it should be clear that, by comparison with the other major allies, the British contribution to, and influence upon, defence in central Europe have been steadily declining. The Berlin crisis last year revealed the danger of accepting this situation in perpetuity; another Berlin crisis this autumn (after, perhaps, a Russian peace treaty with the east Germans) could again find the British military response lacking in allied, and particularly American, eyes. The second issue is whether the defence policy that now looks likely under Mr Thorneycroft is going to allow of a national use of such advanced weapons capacity as Britain has already acquired.

Blue Water, on most counts, is a superior missile to the American-built Sergeant, which is, in fact, going to provide the backbone of Saceur's capability in this sphere. (Equally, it is conceivable that there may be French or other European missiles that will have claims to be adopted in the future and—if interdependence remains as sketchy as it now is—will run into Blue Water's financial difficulty.) Britain, too, now has a rapidly growing surplus of fissile material (in spite of the partial closure of some production plants) for which there can be little military potential except as a contribution to the alliance as a whole. It has seemed feasible to argue that the best inter-allied use of Britain's total military capability should take account of this kind of effort, rather than, say, require Britain to double its expeditionary force, with its expensive tail, in continental Europe.

It is from the impression that British and European capabilities are being slowly stultified in the development of allied weapons systems that political pressure is liable to grow, not only in Britain but in west Germany, in favour of a separate European military effort. This pressure, together with the sense of growing European unity, is precisely the boost that could eventually end in a European strategetic nuclear force,

even to the extravagant extent of duplicating the American deterrent. To declare roundly (as Mr Thorneycroft must be ready to do) that this would be wasteful, absurd and a negation of everything that Nato has stood for hitherto is not to be "a bad European." The one price that this country must not pay in entering Europe economically and politically is, by that very act, to divide the Atlantic alliance into two self-contained halves. The answer to the dilemma of which Blue Water is the latest illustration is not, therefore, to concentrate on European interdependence, useful as this could be (and as Mr Watkinson tried, unsuccessfully, to make it) in expensive conventional arms like tanks. The nub of interdependence, nuclear and conventional, lies in Washington, in the degree of mutual political control that the United States is prepared to give Europeans over strategic weapons systems (e.g. Polaris submarines) on this side of the Atlantic, and in the degree to which the United States is prepared to share major weapons developments, both nuclear and conventional, with other industrial countries of the alliance.

Europe is palpably in no danger of being reduced to a Turkish cavalry role in American strategy; if, indeed, the European allies are to give their existing conventional ground forces the hitting power and mobility required to parry a Russian conventional thrust, and if they are to contribute as they should to the tactical air and naval forces of the alliance, their budgets are likely to be strained for much of this decade without participating in the nuclear race. For Britain the best military sense of all behind Mr Thorneycroft's cuts is that defence expenditure soaring towards £2,000 million a year would have left precious little for the economic contest with the communist block in Africa and Asia. But the political attitude to alliances, particularly among inferior members, is seldom a matter of entirely logical conduct. As the 1960s advance Europe (we must hope with Britain) will be a visibly rising power in the world and in the alliance. If it is not to succumb to ambitions and resentments, real or imaginary, and attempt to elevate itself into something resembling a self-contained power, the division of responsibility within the western alliance will have to be hammered out in the immediate future. Can, for example, a strategic weapons system of 1970 vintage, and primarily satisfying United States requirements, be partly built and manned by Europeans? Or, failing that, can the United States ever be persuaded to buy conventional European arms in bulk for its own forces? These are old questions, which were easier to ignore when the American military and economic potential was nine-tenths of the whole alliance. It may seem impossible to discuss these matters with President de Gaulle in his mood of nuclear deprivation. It is certainly no time for any public British initiative while the common market negotiation hangs fire. But Mr Thorneycroft, as a potential European, should have a stockpile of pertinent, and awkward, questions to put next month.

The New Cities

Urban redevelopment lies at the heart of the most urgent of Britain's regional problems

EVERY advanced society has its population drift from declining, low-wage, poor amenity regions to booming, high-wage, visibly affluent ones. The Americans have it, the Russians have it, and now people are waking up to the fact that it has been happening in Britain since 1950 with even more vigour than the previous migration to the south-east in the 1930s. Over half a million people have moved from north to south of the Trent in the past decade. New employment is one reason: the social desire to get through the lace-net curtain between the Wash and the Bristol Channel and into the chintzy suburbia of southern England is another. It is now thoroughly fashionable to talk of the two nations: the north-west to be pitied, the south-east to be envied. Or, rather, both to be pitied: the north-west for too much unemployment, too many dingy city centres, too many old schools, too many privies in the back garden; the south-east for too much overcrowding, for over-loaded commuters' trains and jammed roads, for soaring house prices and rentals.

It is not quite so fashionable to declare that the economic forces which have prompted this drift from declining industries to expanding ones are invariably necessary and, in the short-term, wholly desirable ones; that firms need offices in commercial and financial centres like London and Birmingham if they are going to be competitive at all; and that entry into the common market (plus road communication across the Channel) makes it a much better idea to expand on the south coast than, say, at Jarrow or Dundee. At this stage, the most practicable answer to the problems of the two nations is not to implement the kind of programmes, usually involving the direction of industry, that declining localities, their MPs and their trades councils understandably hanker after. Nor is it to impose rigid physical controls on particular aspects of growth, like office employment, that authoritarian planners demand (which does not mean that there should not be fiscal ones). The essence of the matter is twofold: to cater for the growth industries in the growth areas by relieving congestion on a regional scale, including the release of land for building new, planned communities; and equally to reinforce the viable sectors of the declining areas by improving their amenities and encouraging the establishment of new industries in those regional localities where they are most likely to take root. Both these tasks require the acceptance of the regional concept; they also require greater organisational co-ordination between the Government departments concerned: the Board of Trade, the Ministry of Housing and Local Government, and the Ministry of Transport. Scotland, alone of the regions, already possesses some of this co-ordinated infrastructure within the Scottish Office; it is also the region that most badly needs to adopt a purposeful plan of campaign (along Toothill lines) for economic and social renewal.

The redevelopment of the ageing Victorian cities and towns of Britain lies at the heart of any strategy to assist the two nations. In the north-west it means providing the social facilities that now play a major part in the drift to the south: executive or technical skill will not stay in, far less be attracted to, a dingy Bruddersford, whatever the potentiality of its industrial estate and its pool of unemployed. In the south-east it means relieving central congestion and pressure on housing accommodation both by a dramatic overspill operation and by coming to terms with the motor car, which is a menace in city centres but an invaluable and still largely unexploited asset in linking the suburbias, peripheral shopping and entertainment localities and the new towns beyond the conurbation's outer ring. There are three major needs. First, to concentrate the housing effort, particularly in the north-west, on the replacement of obsolete buildings; at present some 60,000 slums are cleared in Britain each year—and another 60,000 old houses slip into slumdom. Second, to redevelop central areas both as attractive foci for recovery in declining areas and to cope with new growth in growing areas. Third, to take proper account of traffic and parking problems in these urban areas in terms of a doubling or trebling of car ownership in the next generation.

THE experience of local authorities is now at the stage where the difficulties are clearly understood, often for the first time, but solutions for general application have never been scarcer. It is a sign of the times that the Ministries of Housing and Transport produced last month a joint bulletin of advice which gave particular emphasis to traffic. About one-third of urban authorities in England and Wales have plans for central area redevelopment already in active being or under consideration. These range from the extensive Newcastle scheme, a major attempt to provide a modern regional centre for a population of 2½ million, to arrangements of more doubtful benefit under which property developers are allowed to exploit the easiest commercial advantage in a town centre, plus a little road-widening, without much relevance to the needs of the town as a whole. In other cases still, planned redevelopment of any kind is held up because the local authorities simply do not possess the trained staff to deal with it. The Ministry of Housing is now sensibly pressing the idea of county planning teams and the preparation of town centre maps, setting out objectives.

But the biggest problem of all does not lie in town centres, which are always likely to attract investment capital. The real backlog of obsolescence and decay is in the "twilight" residential areas of the inner rings of towns, most of the property still rent-controlled, most of it without amenities like bathrooms, and most of it (particularly in the low-wage north-west) occupied by tenants who could not possibly afford economic rents after clearance and reconstruction. The defeatist answer is (as many councils now have to do willy-nilly) to let the rot continue and eventually treat these areas as official slums. If, as now seems to be the case, parity is approaching between numbers of families and numbers of houses, it should be possible to devote a substantially greater proportion of new building to replacing the worn-out housing stock: the Civic Trust has suggested an increase in clearance from 60,000 houses a year to 180,000. How can this, or preferably a better replacement figure, be achieved?

It needs to be tackled at several levels. The obvious marriage is again between the local authorities, who have the necessary powers of acquisition, and private developers, who have the capital and the expertise. There are occasions when commercial pickings (e.g., local shopping precincts) will be sufficient to cover neighbouring housing redevelopment as well. These should be exploited wherever possible, just as in actual overspill there is an equally good case for insisting on the extensive use of private development in the next batch of new towns. The second approach is for local authorities to acquire the land and then sell or lease it to private housing associations. But this is just not going to happen unless Sir Keith Joseph breathes some commercial life into the housing association idea; and it is doubtful, too, whether (outside London) there is a sufficiently large middle class that is prepared to put convenient access to the centre before suburban pleasures. But the attempt is certainly worth making for the sake of the growing number of town dwellers whose new incomes and preferences are steadily raising their sights beyond the ordinary council block.

The third approach, in impossible districts, is to set up special development corporations, drawing on Treasury funds but also with a contribution from local rates, and give them a wide and roving franchise to carry out progressive redevelopment as the opportunity occurs (e.g., when streets are declared beyond repair and where it is not worth trying to instal bathrooms and indoor lavatories). One's preference is to make this as much a local effort as possible. The Civic Trust and others have proposed that these development corporations should be modelled on the new town corporations and be given geographical entities to run on their own. It is difficult, however, to see local authorities subscribing to this loss of sovereignty except in sheer desperation; a better solution may be to tie the corporations in with existing local government—provided the local government areas are sufficiently large to give them proper scope for action.

The Civic Trust has itself retreated from the concept of a Land Finance Corporation which would buy all land proposed by local authorities for redevelopment and then re-sell it to private or public agencies at prices reflecting the profitability of each scheme. Equally, the Labour party's idea of a Land Commission to purchase all development freeholds looks a political non-starter (as well as offering serious disincentives to develop at all). The incentive that is needed to get things moving may well have to be a return to specific grants to local authorities for redevelopment, plus provision for deferred payment of interest on local authority borrowing to acquire clearance sites. This can only involve a large outpouring of Treasury funds. But such external aid should not remove financial responsibility from those local authorities whose housing funds and redevelopment plans are in trouble now partly because of a consistent refusal to charge realistic rents (plus rebate schemes) ever since the war. In getting this vast process of regeneration and planned new development under way Sir Keith Joseph has to undertake a backbreaking but increasingly urgent job. It is something that the political pundits are beginning to think there could be votes in it.

Well, What if We Don't . . .

in or out?

. . . get into the common market? This will not be the end, provided a sincere effort has been made

WHAT with the effort to join, and the exertions of those who would rather we stayed out, there has not been much energy left to think about what will follow if the attempt fails. Since the possibility is there and needs thinking about, it is right to ask ; but probably wrong, so soon, to attempt categorical answers. One would first want to see just what happened, how, and why.

Plainly a situation in which a revulsion in British opinion pushed the British Government into withdrawing would be quite different from one in which General de Gaulle had barred the way. In the first event, Britain would be back in the deplorable situation it was in from 1957 to 1961—handicapped in all its dealings with the six common market governments, with the people of their countries, and, curiously, with the Americans by the fact that when European union was in the air Britain had chosen to stay out. This would not be all. It might not even be the worst ; the truth is—and many British people have grasped this, though the detail and the technicalities of the common market arrangements may escape them—that a self-imposed isolation from its neighbours would be the worst possible thing for the country's domestic health. An enterprise would have been shirked, an adventure left unattempted, a door shut ; there would be feelings of inadequacy and a waste of self-justification.

As French opponents of Britain's entry are the first to see, the British position would be vastly more favourable if it were visibly France that slammed the door. This the French could get away with in 1958 when it was only the Free Trade Area that had to be obstructed, because they were able at all crucial times to convince their common market partners that the British, through their fear of European responsibilities and their lack of a sense of European identity, were denying the way into Europe to themselves. This was never the whole truth, but there was truth in it ; it was not as deep as a well or as wide as a church door, but it served.

This time it is not so. Perceiving how important the difference is, the French have pursued a closely calculated policy of insisting on the last pound of flesh of national interest in every instance where they could hope to carry their partners with them, and always provided that their insistence could be presented as fidelity to the letter and principle of the Treaty of Rome. Even now it is not possible to say what the French would really rather have—a financial killing, or no new member. Thus there is not likely to be a plain case of deliberate, obstinate obstruction. If there were, the French would not carry the other five with them, and it would be the common market that would suffer the crisis of confidence.

On two matters the French knife has cut close to the bone: the definition of future price policy, and the insistence on a French interpretation of the financial regulations, attached to the common agricultural policy, which were agreed in January by the Six—but with the safeguard that the Council of Ministers could control the actual spending of the very large sums of money involved. Without doubt the French attitude is fully consistent with the spirit of the treaty. Equally, the possible cash implications are so large that the governments of the other five, and the British Government, would be at fault in not insisting on safeguards that they will not be committed to transfer entirely unreasonable amounts of cash from the pockets of their consumers to the pockets of the French farmers—and to the loss of Britain's traditional suppliers.

A negotiating position on these lines ought still to succeed. On a scrutiny of the negotiations to date, the outline agreement still looks attainable this autumn. There is no certainty of it ; but we have to do our best, and in a manner that allows no doubt to arise about the British interest in promoting, and the British will to enter into, the European union. If Britain sticks firmly to this course of action, it is probably unrealistic to think of an abrupt, decisive failure. More probable would be a doldrums period, with postponements, fresh starts, and intervals when the countries concerned eyed each other and weighed up each other's intentions. Even a failure, if honestly arrived at in spite of a sincere will to succeed, would leave Britain in a far from hopeless relationship with the other five common market countries, with France, with the United States, and for that matter with itself. The Commonwealth countries would not find that the failure served their interests, but they would have to respect the reasons for it.

None of this would kill the impulse to a large united Europe. The logic that has pushed Britain into the Brussels negotiations, and has obliged the continental partners to listen, would remain obvious and would lose none of its force. Time, tolerance and patience would be needed until the yeast worked again and the moment returned. Unfortunate the loss of time would be ; despondency would not be necessary.

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NOTES OF THE WEEK

SIR WINSTON AND EUROPE

Who Said That?

SIR WINSTON CHURCHILL'S prompt denial that he had ever said to Lord Montgomery that he was "entirely against the common market" is the sort of reaction that Lord Montgomery, who had ample opportunity in war to learn Sir Winston's ways, had to expect. He can hardly have thought that the old master would let him get away with it ; still, whatever the outcome, they would both be in the headlines again. The incident has importance, not because Sir Winston is now a specially prescient oracle—old men, as has been noted, have a tendency to forget—but because he is regarded as one by the rank and file of the Tory associations where doubts and anxieties about the Government's European policy are most widespread. In those circles Sir Winston's every word has all the force of holy writ. To have created the impression that the grand old man was ranged with Lord Beaverbrook would have hit the Government where it hurts most. Lord Montgomery is not noted for his political gifts but there was shrewdness in this apparently casual stroke.

Lord Montgomery's unchallenged statement would also have deprived Tory speakers of one of their most useful and effective lines of sales talk in persuading local Tories of the rectitude of Government policy. Radical innovation is best sold to a Conservative audience by persuading them that the change is rooted in their past. At the Brighton conference last year the anti-floggers were prompt to conjure up the name of Sir Robert Peel, as being the first Tory Prime Minister and also an ardent penal reformer. In the same way nothing goes down better with a Tory audience than to point out that the whole European movement was set on its way by Sir Winston in his Zürich speech in the autumn of 1946, when he called for "a kind of United States of Europe." In the present mood of the Tory rank and file, not quite abreast of what has happened in Brussels but a prey to Commonwealth doubts and fears, the stamp of Churchillian precedent could never have been more valuable than at next month's conference. Now, just possibly, there could be doubts.

Sir Winston's letter to his constituency chairman—written in August, 1961, but now published for the first time—was firm about the Commonwealth: "In my conception of a unified Europe I never contemplate the diminution of the Commonwealth." This is a sentiment to strike a sympathetic chord in Tory (and others) hearts, but too much need not be made of it. Sir Winston's ideas of European union were crystallised at a time when imperial responsibilities were real and vast ; even then, his world had room for both.

DR SOBLEN

Still Pending

MR HENRY BROOKE is now thoroughly in the Soblen toils. After El Al's persevering refusal to remove Dr Soblen to the United States, the Home Office has now issued an order for deportation under article 20 of the Aliens Order, 1953. This authorises the making of a deportation order against an alien "if the Secretary of State deems it to be conducive to the public good." Dr Soblen's lawyers at once challenged this move by applying for a second writ of *habeas corpus ;* the first one was applied for in the earlier wrangle last month. The writ has now been issued and Mr Justice Stephenson will hear full argument on August 22nd. This will not end the matter, however, since either side can go to the Court of Appeal and from there to the Lords. The Court of Appeal hearing is likely to be in the week beginning August 26th and the Lords hearing in a special vacation sitting beginning on September 6th, if, in the words of Dr Soblen's consel, "the assembly of their Lordships from divers beaches" can be made in time.

Four principal arguments are being put forward on Dr Soblen's behalf. The first is that under article 20 of the Aliens Order the Home Secretary has no express power to deport to a specified country. The second is that by making a deportation order in this form, the Home Secretary is making a non-extraditable offence extraditable. The Extradition Act of 1870 provides that "a fugitive criminal shall not be surrendered . . . if the offence is of a political character." Had Dr Soblen landed lawfully the British Government would have been obliged to refuse any request for extradition from the United States.

The third argument is that a deportation order is a quasi-judicial process and an order cannot be validly made if the deportee is given no opportunity to state his case. Dr Soblen was never given such an opportunity and has been loudly demanding one. It is normal Home Office practice to refer cases of deportation to a Bow Street magistrate for hearing, but this is a matter of grace, not of right. Finally, the defence argues that Dr Soblen cannot be deported because he was never here, having been refused permission to land. Since two courts have upheld Mr Brooke's initial contention that Dr Soblen was not in the country lawfully, this point has legal as well as metaphysical significance. The Home Secretary must by now be bitterly regretting his initial error in specifying a particular destination for Dr Soblen instead of getting him out of the country into another unspecified lap.

Passed to You, Please

ISRAEL'S part in the Soblen affair adds to the unedifying spectacle of buck-passing. As a fugitive from justice, Dr Soblen does not qualify for the Law of Return (which allows all Jews to make their home in Israel), and there has been no serious demand in Israel that he should be so accepted. But after he was expelled on July 1st, the Israeli authorities came under fire for the manner of his expulsion, particularly from members of Achdut Avodah, a left-wing party in the government. There were two main criticisms: first, Dr Soblen was bundled out of the country before his lawyer had a chance to apply for *habeas corpus;* second, an American policeman should never have been given charge of Dr Soblen on the El Al aircraft that brought him to London.

Although most of the opprobrium for the muddle has been officially rubbed off on the heads of junior officials, the fuss was fierce enough to induce the government to change its mind and tactics, if not its heart ; El Al was then instructed to refuse to fly Dr Soblen to the United States. On the other hand, the Israeli government recognises, though without enthusiasm, its obligation to bring him back to Israel should the British Government demand it. Dr Soblen would then have the chance of applying for his immigration visa (which has already been refused once) through the Israeli courts. But with public opinion buzzing, the Israeli government's fervent wish is to wash its hands of this unfortunate wandering Jew.

NEW GUINEA

An End in Sight

WEDNESDAY night's agreement on the transfer to Indonesia of Dutch New Guinea, after seven months' interim administration by the United Nations, must be widely welcomed. For thirteen years the dispute over this territory has bedevilled relations between the two countries. West Irian, as it will generally be known from now on, is three times the size of England, but the population is reckoned at only about 700,000, many of them virtually cut off from

civilisation by tangled mountains and swamps. Its oil and minerals have done little to offset the losses the Dutch suffered when Indonesia, impatient with their delay in handing Irian over, expropriated all their assets on its own soil in 1957 and expelled the Dutch themselves. When, and on what scale, the Dutch can hope for compensation for these losses now that a settlement is in sight, are open questions; but they can at least look forward to resuming business activity with, and in, Indonesia.

The UN now faces the task of finding a temporary policing force of 1,000 soldiers (to be drawn, it is understood, from Asian countries) and up to 150 administrative officials. Fortunately it will not have to pay the bills out of its own strained finances: the Netherlands and Indonesia have agreed to split the cost of the interim administration. But the Irian operation will add to the total load on the UN at a time when there is no immediate prospect of its being able to disengage from the Congo.

Indonesia has agreed to give the Papuan population an opportunity of self-determination not later than the end of 1969. Many Dutchmen have understandable doubts whether this opportunity, after six years of rule from Jakarta, will be a real one. As to that, much will depend on Indonesia's own future political course. Irian has long served it as a national rallying cry; and although President Sukarno's stock should now rise buoyantly for a time, one wonders what substitute goal may soon have to be indicated to keep all his people facing in the same direction. The possibilities are various; it might be tactless to single one out.

ARGENTINA

Martial Democrats

EVEN a wafer-thin constitutional crust is, it seems, more than Argentina's more obstreperous generals can bear. Last week, a group of rebellious military men, led by the fire-eater in chief, General Toranzo Montero, threw two war ministers out of the government in quick succession. The general proclaimed himself commander-in-chief of the army; now, after the flimsiest of patched-up truces with President Guido, he has been named head of the first army corps at Buenos Aires, and one of his faction (known in Argentine army circles as "democrats"), General Cornejo Saravia, has taken over the war ministry.

The brawl was not limited to which general got what top job. Superimposed on innumerable subdivisions, there are two main lines of thought within Argentina's armed forces. One group, nominated by the navy, favours leading the country towards a dehydrated form of parliamentary government. At present, President Guido sits in office, waited on by three military liaison officers and without benefit of parliament or political parties. Some time next year, so ran the plan, carefully vetted elections would be held; all Peronist or "extremist" parties would be excluded. The second military group, led by General Toranzo Montero who claims the support of 85 per cent of the army, has set its mind against even this whiter than white affair. In order thoroughly to disinfect the country from Peronist nostalgia, the generals are pressing for a "democratic military dictatorship" that will rule Argentina for "at least five years."

The most persuasive reason for keeping at least a smack of constitutional legality is the stand taken by the United States. So long as there is a president in his palace and an election in the air, American money will probably continue to come to Argentina; an out-and-out military dictatorship would forfeit aid. This is something that Argentina, bankrupt, seething with social discontent and already in trouble over the misuse of earlier loans, is in no position to do. Dr Alsogaray, the minister of economics, who has been commuting between Washington and Buenos Aires, is not, at the moment, a man to envy.

NATIONAL LIBERALS

Double-Barrelled?

THE National Liberal party may be dying but it obstinately refuses to lie down. The world has now been reminded of its existence by some vigorous kicking in its monthly journal *The New Horizon*, protesting against Mr Macmillan's sacking of some leading National Liberals in his Cabinet reshuffle. The National Liberals, who have 21 members in the Commons, did rather well in the previous government with three members in high office: Mr Maclay, Secretary of State for Scotland, Dr Hill, Minister of Housing, and Mr Renton, Minister of State at the Home Office. In addition Mr W. J. Taylor held junior office at the Air Ministry. Now their leading lights are reduced to Mr Niall Macpherson, Minister of Pensions, and Mr Julian Ridsdale, Under-Secretary for Air. Their protest at this treatment has gained scant sympathy from Conservative members, who resent any attempt to invest the National Liberal group with special political significance.

In fact the National Liberals are an historical rather than a contemporary political phenomenon. They date from the Simonite Liberals of 1931, who anchored themselves to Ramsay Macdonald's "National Government" (as opposed to the Samuelites who left it). Since then they have fought elections as a separate party but always in close concert with the Conservatives. In 1944 and again in 1946 overtures were made to the independent Liberals for a reunion, only to founder on the rock of the Nat Libs' alliance with the Tories. The independent Liberals declined to go for a joyride on the tiger, and in 1947 the Woolton-Teviot agreement firmly tied the Nat Lib-Tory knot. The National Liberals, however, retain their own organisation, council and whips. To confuse outsiders, there is also a club, the National Liberal, founded in 1881 with Mr Gladstone as its first president; except in name this remains a stronghold of the independent Liberals.

Even before the present fraças it was being widely canvassed among Conservatives whether the continuance of a separate group of National Liberals served any useful purpose. The group did provide the government with its numerical majority from 1951-55, but most Conservatives have disliked the additional label of "Liberal" and its use merely infuriates Mr Grimond's followers. The Norfolk Central by-election may now be a test-case for the double-barrelled label. Mr Collard, the previous member, employed it although in reality he was a right-wing Conservative. His predecessor, Sir Frank Medlicott, also used it—and with more reason: he opposed the government over Suez and later resigned his seat. Now Sir Frank has joined the Liberal party and is likely to play a prominent part in the by-election campaign. Whether to call their candidate National Liberal, National Liberal and Conservative, or just plain Conservative, is a nice dilemma for the Norfolk Tories.

TRADE UNIONS

Eyes Overseas

SO the top brass of the Trades Union Congress is going to take some trips around Europe to see how unions in other countries face up to the question of wage planning—and about time too. For a long time now other people in Britain have been looking at European countries' records of industrial peace and smooth bargaining techniques: the Dutch and the Swedes, above all, have been singled out for envious praise. The TUC's leaders are too shrewd to expect to find a ready-made set-up waiting to be copied even in these two countries, but they are likely to find their Swedish experience, at least, rich in ideas. The Dutch have a strongly centralised system of wage-fixing, with a state board at the top and with innumerable technical commissions working away at rates for specific jobs; but when asked why—rather than how—their system works, Dutch trade unionists and employers are apt to confess that they have no idea, except that the big bosses and union leaders all spent the war together in concentration camps, when they fell into habits of co-operation that are impossible to break. The Irish often pass for having copied the Dutch system for their new planning board—but visitors to the Irish Congress of Trades Unions are lucky if they are warned in advance not to mention the word Holland on pain of forcible expulsion.

The Swedish system is less formal, far less tidy, and does not depend on any extraordinary historical experience. A recent study* makes it plain just how fluid the Swedish set-up still is, and how far it can

* Collective Bargaining in Sweden. By T. L. Johnston. *Allen and Unwin.* 458 pages. 40s.

be got round (a recognised technique for introducing wage-drift into piece-rates is known as the *fiffelfactor*). But it is clear that the good behaviour of unions and employers is secured by the constant threat of legislation that would limit their freedom of action. The study also shows how the strong organisation of the manual workers' TUC was brought about in the first place by the exceedingly tough alliance formed by the employers' federation. Even now the employers contribute cash to a fund for compensating members suffering during a strike, and are perfectly ready to call a national lock-out against the unions. So workers and employers face each other from positions of strength, and are each prepared to delegate their affairs to teams of experienced bureaucrats, soundly educated in economic realities. The government, of course, holds the ring, and the courts enforce the carrying out of established labour contracts; but bargaining is carried out with a toughness only limited by fear of the other side's deterrent strength. No doubt the British Employers' Confederation, as well as the TUC, would benefit from a visit to Sweden. Employers get the trade unions they deserve.

GHANA

Vanity, Vanity

GHANAIANS do not yet have the self-confidence to endure with calm or resignation the reproachful finger-wagging of a white man. So, on Monday, Bishop Roseveare, the head of the Anglican church in Ghana, and Archbishop Patterson, the Anglican archbishop of West Africa who had been visiting Accra, were both told abruptly to leave the country. Both clergymen left for Lagos, where they were in any case intending to go that day or the next to take part in a congress of Anglican church leaders. On the same evening, but with even less ceremony, Mrs Mary Dorkenoo, a British correspondent married to a Ghanaian, was bundled off to London.

Bishop Roseveare's transgression was his public criticism of Ghana's national youth organisation, the Young Pioneers. On Sunday, the archbishop, preaching at Accra, threw in his weight on the bishop's side. That the Young Pioneer movement is an unprepossessing, let alone godless, clique for President Nkrumah is a perfectly understandable opinion. All Christian groups must share this view. But Ghanaians, however, are unable to take casually criticism of the sort of organisation which, rightly or wrongly, they believe is the most effective instrument for holding their country together and asserting its image on the international scene. The timing, too, was unfortunate in that the Ghanaian government has not yet fully recovered its self-possession after the unsuccessful attempt on President Nkrumah's life on August 1st. The Anglican sermons fell on jumpy nerves.

It needs more than a bad attack of nerves to explain away the singular pointlessness of the expulsion of Mrs Dorkenoo. Her treatment was harsh: she was put on an aircraft without warning, and cheated of her three children in the process. If the reason may have been inefficiency and not calculated cruelty, the result for her was the same. Mrs Dorkenoo is not only herself a sympathetic reporter of Ghanaian affairs; she has also often helped visiting correspondents to take a kindlier view of the turmoils of a new country. Her comments since she was dismissed show that she has retained both generosity and sense of proportion.

CHINA

The Dealers?

EVEN before 1955, when Mr Chou En-lai (then communist China's foreign minister) said his government would negotiate with responsible emissaries from Formosa, there were rumours of dealings between Taipeh and Peking. The 1955 vintage was an offer by the communists to make General Chiang Kai-shek the governor of Formosa, provided he accepted Peking's suzerainty. The latest report—related by Mr Dennis Bloodworth in last Sunday's *Observer*—is that the Chiang family is trying to preserve its dynasty by negotiating with Peking. According to the agreement said to have been reached, neither side would make a serious attack on the other during General Chiang Kai-shek's lifetime; but after his death Formosa—still expected to be under Nationalist control—might be allowed an autonomous status under Peking "similar to that held by Tibet." During the subsequent decade or so, there would be a referendum to determine whether Formosa would be independent or part of China proper—as both sides, to date, have claimed it to be.

Although the United States restrains General Chiang Kai-shek from trying to fulfil his 13-year-old dream of returning to the mainland, its Seventh Fleet also protects Formosa; and is likely to do so long after Chiang has gone. This protection probably seems more desirable to the inhabitants of Formosa than some vaguely Tibet-like status (which the Tibetans do not seem to like very much). However, Peking might have an interest in putting such a rumour in the pipeline. It realises that all is not well between the seven million Taiwanese and two million or so mainland refugees now living in Formosa. Although Taiwanese discontent is not organised, a reflection of it was seen in 1961 when Chiang Kai-shek imprisoned Lei Chen and others who had not only tried to organise an opposition party, but had dared to doubt the myth of a Kuomintang return to the mainland. Then again, the Nationalist army contains many Taiwanese conscripts, who are unlikely to want to ride with the Kuomintang to a mainland Valhalla. But if the rumoured agreement really exists, and if Chiang Kai-shek's son Ching-kuo wins the struggle for power that is likely to follow his father's death, then the myth of the return to the mainland will be killed stone dead.

Rumours of this kind are liable to arise

The Economist

AUGUST 16, 1862

THE GROWTH OF FRANCE

M. La Guerronière has started a new paper of which a principal object is to magnify the fame of the present Government of France, as well as to direct its policy. Very experienced observers, far shrewder as well as more conscientious than M. La Guerronière, have been singularly impressed with the most marvellous "outward and visible" progress of France since 1852. The evidence, indeed, is written on the very face of the country and in all its public documents. Its trade has enormously increased; its revenue has much augmented independent of any augmentation of taxation: wherever the traveller strays, he sees the reign of growth and prosperity; whatever town he enters, he sees new symptoms of progress and of hope; whatever new district he visits, he finds some trace of the same pervading and omnipresent spirit. In the capital the change is not only considerable, but wonderful. . . . All lovers of liberty, however moderate, tolerant, and constitutional they may be, cannot but ask themselves this question: Are we to judge of the tree by its fruits? Is the despotism—the presiding, interfering, "terrestrial Providence," as its admirers term it—of an Empire the cause of these great improvements? If the system of Louis Napoleon have produced these great benefits, it cannot but be substantially excellent; and if it be so excellent, we must reconsider all our received ideas of liberty and free government, . . . The truth is that the Imperial Government inherited a great inheritance. It commenced soon after the first great construction of railways in France, and in its earlier years it carried forward the production of similar works with great energy and judgment. The effect of the whole creation of railways in France has been wonderful. . . . The whole country has started forward with a vigorous alacrity and an equable celerity to which the previous history of France did not afford any example. . . . Upon the whole, therefore, the great improvement in France under the present Government does not by any means support the deduction which M. La Guerronière and other adulatory writers infer from it.

whenever Washington and Taipeh are at odds; Rapallo complexes, it seems, can flourish in Far Eastern politics as well as in central Europe. But the rumours come from a twilight world where, in Hong Kong, Macao, and Singapore, conspiracies are dreamed up and myth matched with counter-myth; so who knows?

POTATO BOARD

Thinning Out

THE Potato Marketing Board has had a particularly awkward season, what with a revolt among its members and a dire shortage of spuds for everyone. One of the board's main difficulties has been the erratic behaviour of too many farmers who, having told the board that they were going to plant potatoes, have simply not done so. These are mostly small and sometimes less than efficient growers—the big commercial ones know well in advance what they are going to do—and they, having upset the board's plans, have got away scot free while some large and expanding growers have been penalised for over-production. In each of the past four years between 80,000 and 160,000 acres of land on which the board had expected potatoes to be grown have been used for other purposes.

The board has been long-suffering for too long. Next season it is to reshuffle the way in which allocations are shared out among growers, on the basis of the actual acreage they have used for potatoes over the past four years: and it will make inquiries in the autumn, and perhaps again next spring, to find out just how much of their ration has been taken up by the growers. This should give the board a little more flexibility in allowing further plantings before it is too late if the potential crop looks (like last year's) to be falling seriously below expectations. Although the small grower has a continuing part to play, the long-term need is to encourage the large-scale commercial producers who can both use the seasonal labour force most economically and invest in the new techniques and storage facilities that are beyond the means of the small grower. The board has taken a step in the right direction.

NATIONAL THEATRE

Star Boss

SIR LAURENCE OLIVIER was the best possible—perhaps the only possible—choice as director of the National Theatre that is to rise on the south bank of the Thames. He has the theatrical knowledge; he has the public magic; he has the administrative talent—which has had a successful public inauguration at the new Chichester theatre this summer; and he has at his elbow a powerful board under Lord Chandos. No doubt, Sir Laurence would not have taken the job without proper assurances both of continued financial support and of artistic independence.

Two further tests for public policy are, however, looming on the horizon. Both the Theatre Royal, Stratford, and the Bristol Old Vic are looking for money to continue their work; if it is to support them in the manner which they deserve, the Arts Council will need more funds. Stratford has, until this year, received no state grant, but its ambitious new work both in Warwickshire and in London has made it a strong candidate for subvention. The Bristol Old Vic has hitherto received its support as an offshoot of the Old Vic organisation in London, which is now to merge with the National Theatre. Without help both from Bristol corporation and from the Arts Council it could neither keep its noble old theatre nor its permanent company beyond next year.

The Government is giving £1 million towards the building of the National Theatre (£1.3 million is to come from the London County Council), and will guarantee a continuing subsidy of £400,000 a year. To this it is committed. The danger is that somebody in the Treasury may now get cold feet at the thought of this new and substantial subvention, and that the sufferers, for reasons of political prestige, will not be the National Theatre company but the smaller, less pompous, but probably more deserving theatres of the provinces.

SOVIET UNION

Not His Castle

ONE dilemma facing the Soviet planners is how to harness individual initiative without giving too much scope to private enterprise. Farming is one field in which their hesitations on this point are often seen. Housing is another. A decree issued in Moscow on August 6th foreshadows a complete switch from the private construction of individual houses to the co-operative building of multi-storey dwellings. The transition is to be gradual.

Private building has had its ups and downs in the Soviet Union. In recent years, as part of the general housing drive, it has had a good deal of rope. In the last three years, for instance, individual construction, with state subsidies, accounted, on an average, for about 25 million square metres of floor space, or nearly a third of all new urban housing. Things are going to be different; under the new arrangement groups of people, presumably working in the same factory or office, will have to form a building co-operative to get their permit, together with credits of up to three-fifths of total cost.

The primary object of the new move is not to cure workers of the property instinct, or to deprive the privileged of their dachas. It is, rather, economic efficiency. Russia is exerting itself to make up its lag in housing, aggravated by the sustained industrial revolution. Its vast housing drive is still very far from meeting the country's immense needs. The planners' job is to make the most economic, and rapid, use of available resources. To this end they have dropped Stalin's ornamented façades and his skyscrapers; the fashion now is for blocks of flats of three or four storeys. Individual houses fit even less than giant buildings into this new pattern. Co-operatives will be better equipped to fulfil the regulations of the town-planners. Thus economic and ideological considerations happily coincide.

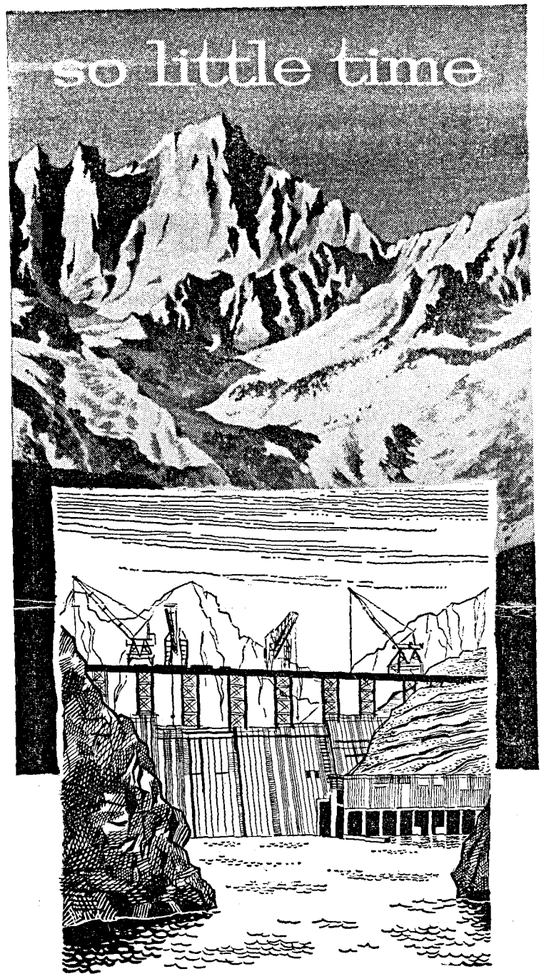
KENYA

Majimbo for All

"THERE are signs of another Congo in Kenya." This warning came (*our special correspondent cables from Nairobi*) from no less an authority than Mr Jomo Kenyatta, last Sunday, before 50,000 of Mr Mboya's supporters in Nairobi stadium. Mr P. M. Koinange, the travelling conciliator for all East African nationalists, followed up with the blunt comment that Kenya's troubles were to be blamed not on the British or on any white men, but on its own internal squabbles.

So they are, indeed. Mr Paul Ngei (himself not lacking in visible tokens of personal prosperity) has attacked his own party's ministers for waxing fat and forgetting the masses. His loud demands for more land, more jobs and money, and fewer white men, and Mr Oginga Odinga's simpler plea just for fewer white men, echo against a background of unemployment and *discontent*. In Mr Odinga's own Central Nyanza area political thuggery is being put down by African riot police; in the councils of the Kenya African National Union, Mr Kenyatta's unitarians are doing their best to put down the heresy of the three Kamba leaders who last week moved towards the Kenya African Democratic Union policy of "Majimbo."

This policy, originally put forward as a sane regionalism designed to check would-be dictators at the centre, has rapidly degenerated. Congoists all, it seems, every Kenyan with a voice, a mother and two friends is jostling for some form of local autonomy before the regional boundaries commission, which embarked on August 9th on its task of demarcating the six regions envisaged under the coming constitution. On Tuesday Mr Kenyatta led a Kanu delegation (not including Mr Mboya) which urged the commission to uphold the existing regional boundaries against all these claims. On Wednesday the unrepentant Kamba leaders told it that their people should not be grouped with the Kikuyu; and some of Kanu's Luo members published an attack on "Kikuyu tribalism." But this is not entirely a struggle between Africans. Unfortunately, many local Europeans, still obsessed with fears of the Kikuyu, tend to support Kadu's Majimbo mania, and welcome every possible split in Kanu.



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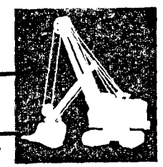

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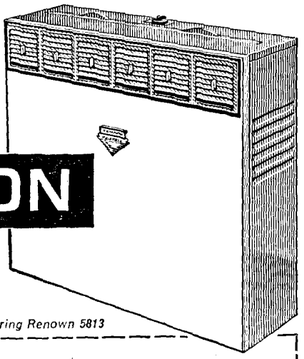

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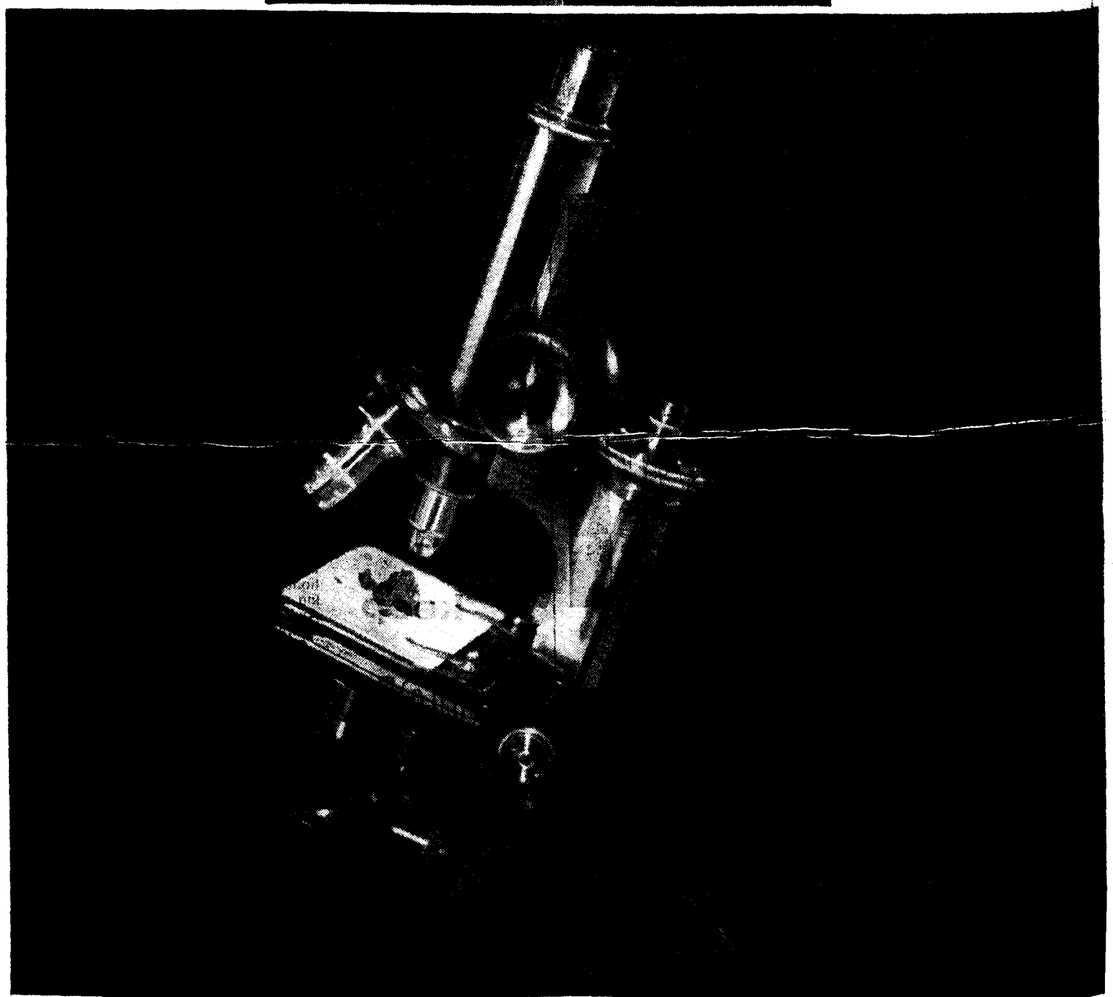

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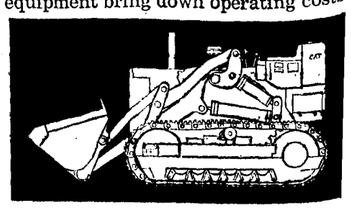

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THE WORLD OVERSEAS

Waiting for Busta

BY OUR SPECIAL CORRESPONDENT

EXHORTED by the determined heartiness of government admen to "jump-up for independence," Jamaican family parties obediently swayed or hopped their way through the bannered streets on the night of August 6th. The birth of independence was soberly welcomed as timely and proper—although, in Kingston at least, there were also those who gently mourned the interment of federation. Three centuries of British rule have left a rubbing of British decorum, and the string of public holidays that followed independence carried, at times, a whiff of wet English Sundays. To protect their exalted guests from embarrassment or worse, the Jamaican police kept a vigilant eye on security, but, so far as this correspondent could tell, the peace of Kingston's excellently organised celebrations was disturbed only by the occasional outbursts of bellicose patriotism when sailors from the visiting British cruiser collided with sailors from the visiting American aircraft carrier.

These passing brawls between American and British seamen reflected one of the sillier foreign reactions to Jamaica's independence celebrations. Like rival impresarios measuring audience reaction, the American and British press counted the crowds and the cheers as Princess Margaret and Vice President Lyndon Johnson processed on their sometimes separate ways. Not so pretty, so young or so royal, the Vice President started at long odds, but gained steadily as he swung off at a fine Texan tangent. He and Jamaica's prime minister, Sir Alexander Bustamante, understood one another: "I like Americans," said Busta; "We like Jamaicans," thumped back Mr Johnson, and the sugar workers yelled their appreciation—even when Mr Johnson gave them, unsolicited, his high school *motto* on self-help. "The Yanks are taking over the show," came the disconsolate British mutter; the Americans responded with smug symbolism about the difference between our yesterdays and our tomorrows.

Silly and undignified as all this was, it might not have been devoid of point if it had meant that Britain and America were seriously competing to help Jamaica. Few of Jamaica's senior officials hold any such illusions. Britain's legacy to Jamaica was a two-party parliamentary system, a respect for law and order, a faith in freedom and justice. If these bequests had been given the material backing of a serious effort to develop the country's resources or to educate the people to do so themselves, Britain's retreat might seem less of a scuttle. As it is, little was done in the past, and it looks as if less will be done in the future. Jamaica and the other Caribbean territories stand far down on Britain's list of economic and strategic priorities. There is not even a numerous settler class to cry shame. So far, Britain has committed itself to a loan of £1½ million to help out with the budget, and a grant of £1¼ million—most of it already promised, but unspent, while Jamaica was still a colony.

Jamaica is a lush tropical island that could, if a relatively small amount of money were spent on land reclamation, terracing and irrigation, feed itself and have food over to spare. Its economic blessing is diversity: its foreign currency comes from bauxite and alumina (developed by North American capital) sugar and rum, bananas and tourism. But the situation as the British decamp is that the bulk of the people are seriously undernourished in a country that depends on the import of food, consumer goods and talent. Milk and meat are scarce everywhere; a luxury hotel in the north of the island hits a peak of futility by assuring its clientele that its eggs come from New Orleans and some of its fish from the Channel Islands. The number of illiterates (if those who can just scrawl their names for a vote are included) is believed by *some* to be as high as 80 per cent of the population. The official figure for unemployment is 17 per cent; this does not include the disguised unemployment among the peasants.

CAN the Americans, then, do better? The economic interest increases with the flow of private investment; the strategic interest is geographically inescapable (although Mr Johnson's retinue was caught off balance by Busta's heady offer of military bases). Jamaica has applied to join the Organisation of American States (which has gone into a huddle to find out what to do about this unprecedented step) and Jamaicans are thinking about learning Spanish. Apart from the peace corps volunteers working in Jamaica, and the scholarship grant of £27,000 that Mr Johnson brought with him as a gift for independence, the United States is proposing to give Jamaica £2.4 million out of Alliance for Progress funds. The money is to be spent on water development and housing schemes and on agricultural credit; it will become available over the next 2½ years when and if the projects are approved. In the context of all the demands that are being made

Understanding one another: Busta and Sir Lyndon Johnson

on American generosity, this grant is rather more than might have been expected; the sugar workers, with Mr Johnson's evocation of the United States and Jamaica marching hand-in-hand to freedom ringing in their ears, might be excused for asking for more.

Senior men at the ministry of finance are trying to get into the heads of their people that they have to depend largely on themselves. A development plan was prepared while Mr Norman Manley was prime minister; now it has gone under cover while the new ministers find ways of wearing it with a difference. The pattern of light industry and modest agricultural development remains; with luck Sir Alexander, who came in on the peasants' vote, may increase the agricultural emphasis. But with whatever courage Jamaica swallows the idea of self-help, no minister or civil

servant can see a way forward if emigration is blocked. Mr Seaga, the minister of development and welfare, has volunteered the theory that, for the time being, Jamaica needs the safety valve of 16,000 people leaving the country every year. There is little likelihood of this being possible. The outlook for emigration to Britain is clouded by the Commonwealth Immigration Act. The United States allows Jamaica a quota of 100 immigrants a year (apart from the migrant workers' scheme, under which about 5,000 Jamaicans are working temporarily in America). Bolivia, and now Cuba, are the only Latin American republics that will consider West Indian immigrants; neither is a country where a newcomer can hope to strike rich.

The troubling fact for Jamaica, as for all under-developed countries, is that emigration is only an advantage if it is the unskilled and the jobless who leave. A discriminating policy imposed by Britain, the United States or any other advanced country could, at the Jamaican end, do much more harm than good. In any event, it is often the people with uncommon energy and initiative who take the step of looking outside their own country for a future. If on top of this the skilled and educated are siphoned off by a selection process, Jamaica is certain to suffer. It is the unskilled who urgently need the jobs that cannot, at present, be found within their own country.

On a different level, a similar difficulty confounds the group of would-be emigrants called the Rastafarian. They are the mystical, bigoted sect who see a future for themselves only in a "return" to Africa. From time to time their leaders have made, by person or by letter, tentative approaches to the governments of the independent African states, Ethiopia and Ghana in particular. But the African countries, tremulous at the thought of so strange and turbulent an invasion, have prevaricated, insisting on skilled newcomers only. Few of the Rastafarian, living jobless in slums that are as nasty as any in the western hemisphere, boast any skills.

The Rastafarian are usually regarded as the nucleus for any sort of trouble; the police, fearing a protest that never materialised, were in and out of their homes during the celebrations. The guess at their numbers is around 10,000, but this probably excludes a great many Jamaicans who sympathise but will not conform to the external signs of orthodoxy—clay-hardened ringlets sticking out vertically from the head, fierce beards and woolly caps. The more moderate among their leaders argue carefully, with logic, for the law of return to Africa. They reject not only the white man's world, but also Jamaica with its coffee-coloured leaders and the black "lackeys" who support them. They demand that the Jamaican government (whose authority they dispute) should pay for their journey to countries whose governments are clearly reluctant to accept them. However fantastical their demands may seem, the alternative, insists even a moderate, is civil war. It would be easier to dismiss their threats as sad nonsense if it were not for their uncomfortable record of past violence.

The black hopes of the Rastafarian are a crude manifestation of racialism. Otherwise racial prejudice seems mercifully absent from Jamaican discontents. All the candidates who campaigned at the last election on a black racial platform lost their deposits. Young Jamaican intellectuals will rail against the influence and wealth of the pale brown bureaucrats, merchants and agents. They are, rightly, keeping their standards high; outsiders, less idealistic and with comparisons in mind, find in Jamaica an easy and untroubled mixture of colours. But the unemployed, the hungry and the slum-dwellers may find other reasons than colour for working up a dangerous bitterness against a government that does not, as yet, seem prepared to give their interests priority. Foreigners—tourists or business men—are insulated from these murmuring troubles. Wait, the visitor is told, wait until the people find out that Busta is not going to fulfil his election promises; wait for the gathering disillusion. But in this surpassingly beautiful island, amid an easy informality in which neither class nor colour are too obtrusive, it is easy to slide into one's own illusions.

The 13th Comes and Goes

FROM OUR SPECIAL CORRESPONDENT IN BERLIN

It is theatrically eerie, in the moonlit dusk, on either side of the Potsdamer Platz. When the watcher climbs one of the stage properties—some wooden steps mount to a platform from which the whole scene can be surveyed—ghosts spring readily into the mind's eye; it may be Hitler and Stalin, gesticulating possessively across the sprawling wire and concrete where once the buses ran. Twelve months of wall ("wall of shame," the visitor nearly catches himself writing after only a brief diet of west Berlin newspaper prose) have aggravated the desolation on the sector boundary. A western version of the day's news is still flashed towards east Berlin unceasingly after sundown—a rippling chain of snippets often overseasoned with meaningless parochial bragging, such as that announcing the arrival in west Berlin of a party of fifty Tunisians or of twenty Ceylonese. A British armoured vehicle steals out of the shadows, and is gone again as soon as one of its young crew, got up to look like an ailing tree, has nodded a greeting to two west Berlin policemen and peeped perfunctorily over the wall.

Apart from an occasionally glimpsed east Berlin Vopo there is obviously no one within range on the other side of the wall to read about the Tunisians or the Ceylonese, no unusual activity for the soldier to report. On the western side the streets and the wrecked buildings seem almost as abandoned. Most of the seedy booths where a brisk sector boundary business used to be transacted before August 13, 1961, have closed down. Just beyond where they stood lie the Tiergarten and the vast area of destruction around the Lützowplatz. On first re-encounter the desolation appeals, as though fresh. Then one reflects how long, in fact, it has been there; how cultivated, in a way, the Berlin no-man's-land is—the freak fruit of seventeen years' unfinished local and international wrangling.

Within a mile or so on either side of the wall, here and there even less, the inhabitants of the two parts of Berlin are living on the whole normally and in tolerable, if sometimes invidious, comfort, quite ready, should they be given the chance, to get along with each other as practically as do the inhabitants of any other city the world over. But, as we all uncomfortably know, they are not being given the chance; and what is peculiar to the divided Berliners is the transcending anxiety about their political future that every one of them has in common—the rulers and the ruled of both regimes alike. "Things can't stay like this for ever. What is going to happen in the long run? And how will the inevitable changes affect me?" Those are the nagging questions.

In fearing that the political jockeying in and around Berlin may precipitate an international nuclear war the Berliners are, of course, one with the rest of us. Materially, the west Berliners are living rather more comfortably this summer than they were a year ago, thanks largely to intelligent help from their compatriots and allies in the West. Even old-age pensioners concede that they are a shade better off than they used to be. The embarrassment caused by the sudden withdrawal of some 60,000 east Berlin commuters from the west Berlin working scene has been mainly overcome, though the jobs advertised in shop and restaurant windows, along with the strain and stress sometimes encountered within, tell of continuing difficulties.

The 7,000 or so workers who have been coaxed into Berlin from west Germany are helping mostly in the factories, and the Senate hopes presently to be able to bring in reinforcements at

the rate of a thousand a month. For Berlin, it is repeatedly affirmed, is west Germany's "biggest industrial city," with 6,000 concerns employing more than a million persons. The value of their sales to west Germany rose by 5 per cent during the first half of 1962. Industrial output as a whole went up by 4.4 per cent, that of iron and steel products by as much as 18 per cent and consumer goods by 7 per cent. An anonymous genius has calculated that west Berlin is at present producing every second electric light bulb in use in west Germany, every third film running in its cinemas, every third dress worn and every third cigarette smoked; and that the output of the west Berlin electrical industry is more than that of Switzerland and Austria together.

At present. But what is going to happen should the east German regime, left wholly alone to control the ways to Berlin, decide to obstruct the western sector's vital commercial traffic with the Federal Republic? As far as the west Berliners alone are concerned they would, in the event, doubtless continue to live by doing a deal with the devil. But that would be a very costly deal politically; and its avoidance has been the chief meaning of the dour struggle of the last seventeen years. It seems, consequently, to be the opinion of most Berliners—hard as many find the enforced family separations—that the best they can hope for is that the situation shall stay as it is, with the western garrisons present, until the responsible powers are actuated by mellower policies. Those of them who read *Die Welt* are being reminded by its current serial just how much worse their present uneasy lot could be. Published under the title "A chronicle of our hardest years," this is the frank and moving diary kept by Ursula von Kardorff in Berlin from 1942 to 1945—from the fall of Stalingrad, through the allied bombing, to the arrival of the Russians.

Unhappily for everybody's peace of mind, there is no sign that Herr Ulbricht is satisfied with his appreciable attainments in Berlin. Indeed, there is every sign that he is dangerously disappointed. For, whatever his publicists may claim to the contrary, the wall has done the party cause as much harm as good. It was set up, Herr Ulbricht admitted, not so much to dam the Fascist tide as to save the east German economy from collapse through the steady falling out of its workers. Yet the promised better times have not materialised. Herr Leuschner, an east German deputy prime minister, reported recently that between January 1st and May 31st this year 34,200 fewer tons of meat had been produced than during the first four months of 1961, 237,000 tons less of butter and 210 million fewer eggs. Production is behind schedule in several important branches of industry. There has been a return to the rationing of meat and potatoes.

Still more damaging to the regime's pretensions has been the scale on which still resentful citizens have surmounted or dodged the wall in order to get away from it all. It has now been established that 51,056 of the east Germans who were abroad when the wall went up decided eventually not to return home. Since then another 12,316, including some 1,000 service men, have contrived at great risk to get out. At least 37 are known to have lost their lives in the attempt, and several hundred to have landed in gaol. Of these defections, presumably the most painful to the regime is that of the 41 hand-picked party members who used the opportunity to quit presented by the World Youth Festival at Helsinki a fortnight ago. It is by no means only their failure to provide more gracious living that so fiercely alienates the east German rulers from the ruled. It is much more the atmosphere they constantly generate of mendacity and hate. *Gehässigkeit* is the word the Germans often use for it. Reports not long ago suggested that the regime's senior propagandists—men like Professor Norden and Herr Eisler, who in their isolation seem to have largely lost touch with reality—were to be replaced by less hysterical operators. But they are still in full blast. Herr Ulbricht cannot, or will not, recognise the significance of this simple human factor in his continuing failure to win sympathy. So long as he does not, his coveted peace treaty with the Russians is not going to earn him any greater respect.

That the regime is still unable to inspire confidence and willing co-operation has encouraged several politically influential west Germans to take a rather less dismal view than the Bonn government takes of the prospect of the long-threatened peace treaty. The chief political commentator of the Hamburg weekly *Die Zeit*, Countess Dönhoff, is not alone in postulating that in the circumstances west Germany could afford openly to recognise the Ulbricht regime *de facto*—as in practice it already tacitly does. For so long as west Berlin is not condemned to the lingering death of a "free city," the working of time and of human nature will, she anticipates, compel Herr Ulbricht and his associates to liberalise their dogma-ridden system. Herr Richard von Weizsäcker, a brother of the physicist and philosopher Carl von Weizsäcker, has also been advising the west Germans that their hope of helping their compatriots in east Germany lies, not in extravagantly ambitious international negotiation, but in co-operating as actively as possible with the current political evolution in both eastern and western Europe. Herr von Weizsäcker sees in the common market a west European organisation with an immense potential authority to conduct mutually profitable business with the East. And he therefore suggests that the European "Hallstein of Brussels" should be allowed to efface the German "Hallstein of Bonn," reputed author of the sterile formula that Bonn cannot have diplomatic relations with any state that formally recognises the German Democratic Republic.

Many west German politicians and government officials would admit in private their broad sympathy with these ideas. But not yet in public. On the eve of the August 13th anniversary observances the federal foreign minister, Herr Schröder, a lawyer by training, repeated the familiar argument that a "peace treaty" with east Germany could have no legality because its regime had none. At the same time he warned neutral states that Bonn would consider it an unfriendly act should any sign such a document, hinting that the price of signature might be the suspension of German economic aid. Herr Mende and other Free Democrats have since reproached Herr Schröder with ineffectual lecturing and tactless flourishing of the big stick. The Free Democrats would like the Berlin question to be reconsidered in a new series of talks covering the whole problem of the future of Germany and European security. They recommend that the powers concerned should take up the proposal of the United States for a standing conference on Germany, composed of deputy foreign ministers, and that in the meantime the danger of disastrous developments in Berlin might be reduced by developing there a large-scale centre of internationally conducted scientific research. At the time of writing Herr Ulbricht and his deputy and probable successor, Herr Stoph, are still somewhere in the Soviet Union; it is yet to be seen just how far their hosts are prepared to go to help them.

France on the Ivory Coast

FROM OUR SPECIAL CORRESPONDENT

A good way to get to the palace of President Houphouët-Boigny of the Ivory Coast in his capital city, Abidjan, is to stroll up the Avenue du Général de Gaulle and across the Place de la République. The president is likely to be out: he is abroad half the year, mostly in France. Perhaps one of his ministers could help? The one required is likely to be on a trip seeking decisions from the absent president. A head of department? Sure, he is here, making decisions. Like the minister of finance, he is white, and French.

If this does not kill belief in the existence of an independent African soul in the Ivory Coast, then turn away from the Palais de la Présidence, walk across the Pont Houphouët-Boigny, and contemplate the beauty of the palm-trees that line the opposite edge of the lagoon. Behind them is the neat African quarter of Treichville (named after a French explorer). Watch carefully, and you might see a tiny canoe, inefficiently paddled by two competing black boatmen. To them the difference between the old government-in-Paris and the new can be no more than a remembrance of the festivities of the day of independence, August 7, 1960. Ask one of them whether he likes the president, and he will reply that the palace is a grand building (like the bridge and the H-B stadium). Ask again, and the reply will be an African giggle.

But ask one of the 15,000 French inhabitants and he will articu-

Everyman's Castle in Spain

FROM OUR CORRESPONDENT IN BARCELONA

A HANDSOMELY illustrated brochure, printed in English, French, and German by a Spanish estate agent, states:

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This (more or less) is the idea that seems to have fired the imagination of many inhabitants of north-west Europe: to have a holiday place, perhaps an eventual home, in Spain, with sun, sea and simple living, and at the same time make a profitable investment. French, Belgians, Dutch, Swiss, Italians and Scandinavians are all coming—English too, but not so many: the average Englishman still prefers to rent. The leaders of the movement are the Germans. The *Volkswirt*, of Frankfurt, estimated last autumn that the value of houses in Spain bought by Germans amounted to between 50 and 80 million marks. The German press is full of advertisements for villas in Spain and sites suitable for development, and a popular radio feature had the following dialogue: "Haven't you yet bought your villa in Spain, with sun, majestic view, etc.?" "All right, I'll buy three and let two of them."

People have been going to live in Spain for many years—to Malaga, the Andalusian coast and above all to Majorca, the haven of retired British officers and colonial servants. But it is only over the past two years that foreigners have developed their present fever to buy property in Spain; it can be traced to the stabilisation of the peseta in 1959. This made conditions more attractive for foreign residents—the peseta became cheaper, the complicated exchange controls largely disappeared, inflation was halted. It also gave a great fillip to the tourist trade. The numbers of visitors to Spain had been rising steadily throughout the nineteen-fifties, but in 1960 they jumped by 46 per cent to 6 million. Last year they reached 8 million. It is, of course, the tourist boom that has made property in Spain so attractive to foreigners, from the small investor, thinking of a plot of land on which to build a few houses to let, or a bar or a small hotel, to the companies with projects for luxury hotels and housing estates.

Moreover, the government is trying to encourage foreign investment. Foreign capital invested and the profits earned on it can now be freely repatriated; and under a decree announced this year, foreigners wishing to buy land for building will no longer need to obtain official permission if the area does not exceed 10 acres of arable land or 50 acres of dry farmland—though it must be admitted that the previous law had been largely ignored and that permission is still needed in military areas, like the Balearics and the coast west of Gibraltar.

Most of the English people who are retiring to live in Spain come out first on a visit, reconnoitre some peaceful, pretty spot, and then buy a Spanish house or make their own arrangements to build. The small entrepreneurs of various nationalities—British among them—who buy a piece of land and build a group of houses for letting, proceed in the same way. But the many Germans who are now buying or building a house for themselves in Spain generally prefer to do so through an estate run by a company. Housing estates and garden cities are now a rapidly developing business here. German companies, generally acting through Spanish subsidiaries, were first in the field and have conducted an efficient publicity campaign in Germany and other countries. One company, Contracta, which has built housing estates on the Catalan coast and the Costa del Sol, aims at a target of 2,500 buildings along the Spanish Mediterranean and is reported to have spent the equivalent of £150,000 last year on advertising in the European press. This company will fly a likely purchaser to Spain at its own expense, lodge him at the Ritz Hotel in Barcelona while he looks at sites on the nearby coast, and, if he wishes, fly him on to Malaga.

These companies buy land, build a road if necessary (as it often is), lay on water, drainage and electricity, and then build houses to let and for sale. They will also sell a plot on the estate and build a house to the purchaser's design. These estates, known in Spain as *conjuntos*, often include a hotel, restaurant, shops or a supermarket, communal gardens and swimming-pool, and sometimes a cinema. Not surprisingly, many would rather obtain a house in this way than have the worry and trouble of building themselves in an area which, though beautiful, may be primitive; the popularity of *conjuntos* is likely to grow. Some of them are entirely German colonies; this has caused ill-feeling among the Spanish inhabitants, who resent these foreign enclaves in their midst.

This buying and building of houses, and the boom in hotels and restaurants (a British group has been considering a luxury hotel on the Costa del Sol, and Herr Arnold, the German restaurateur, is reported to be opening an establishment on the top floor of a bank building in Barcelona) has so far been practically confined to the Mediterranean coast of Spain, the main tourist zone, and concentrated on the Costa Brava, the Costa del Sol, and Majorca and Ibiza. Foreign capital is now playing a leading part in opening up the less favoured coastal stretches. All the western European nations are represented, including many French and Belgians who have withdrawn their funds from North Africa and the Congo. The Germans are developing the coast between Barcelona and Tarragona; the French Club Mediterranée, with Spanish association, has opened a holiday centre of 400 villas near Cadaqués, on the northern, and quieter, stretch of the Costa Brava; a company headed by a Czech and supported by German capital has started laying out a "tourist residential city" between Algeciras and Cadiz; and foreign interests have put forward a scheme for 3,000 chalets on the Almeria coast, which, although it has the attractions of the sea and an inland lake, the Mar Menor, has not yet shared in the tourist boom. Now the Atlantic coast is being taken up. A German group is reported to have bought a lot of land for villa building near San Sebastian.

Of course, this property boom has sent prices of land rocketing in the favoured areas and in some places, particularly on the Catalan coast, has caused an acute shortage of labour, materials and servants. Every week brings news of further projects.

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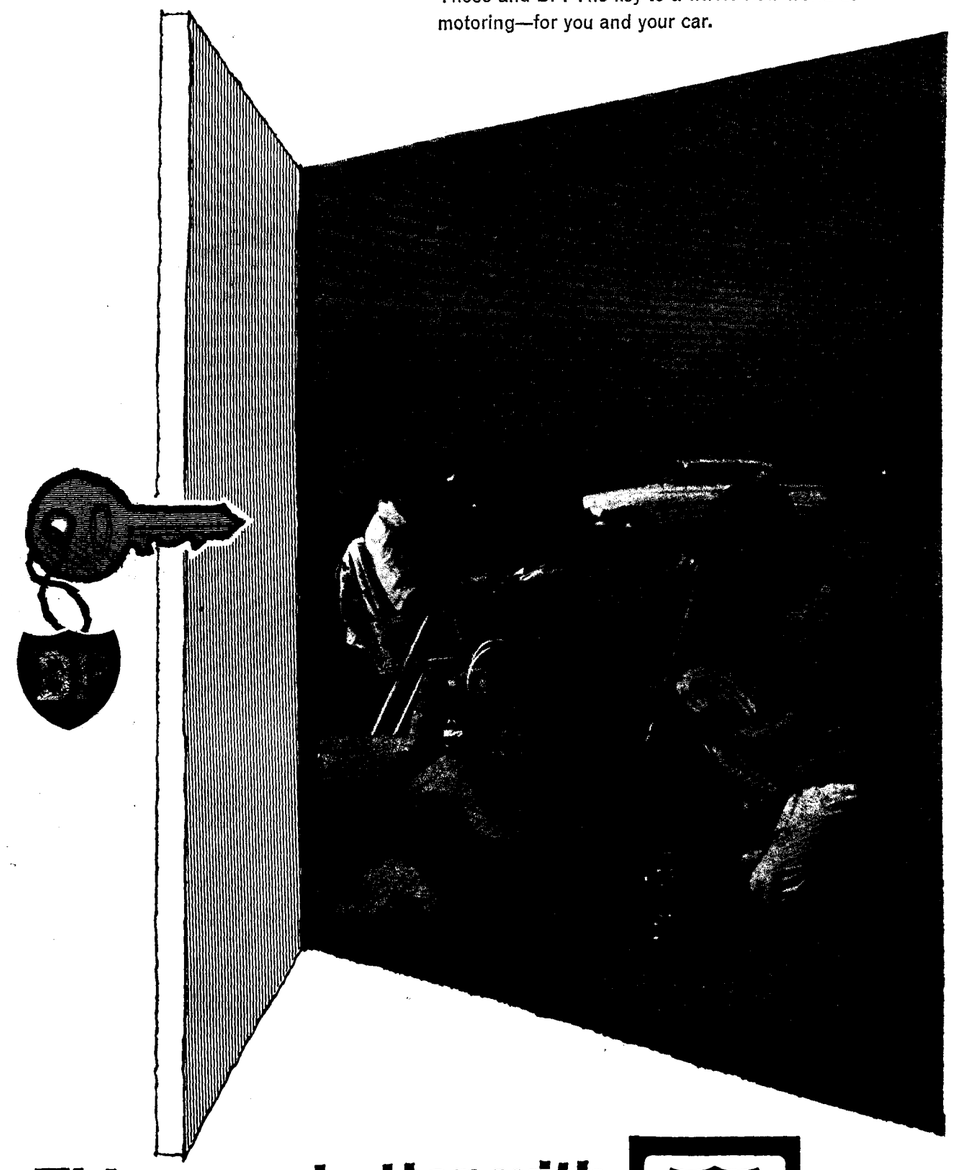

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late lengthily on the virtues of M. Houphouët-Boigny (is it that one detects an echo of Belgians in Elisabethville?). The black voters, too, seem to be in favour. Of the 1,641,636 votes cast in the elections of November, 1960, only 190 are recorded as not being for the president. In this lies the sense of security—or is it complacency?—felt in French Abidjan. The French population has increased by some thousands since independence.

The head-waiters in the cafés are French; so are the girls behind the counters in the smarter shops. Their fathers are French administrators; their lovers might be a soldier from the French base, or one of the *petit-blanc* electricians or motor mechanics who do the work of Africans. Like the 800 teachers (French) and the army officers (French), the administrators are paid in large part by the French government; sometimes in French francs in Paris. Like the shopkeepers and the factory-managers, all are making money fast, and sending it home faster. Perhaps this, and the fact that three-quarters of the country's imports come from the franc zone (and mainly from France itself), is some compensation to the French treasury for the cash it must allow to flow towards Abidjan.

The cash flow is considerable; around £18 million a year comes from France in one way or another. Some is in direct aid; some in salaries paid; an important part in support for the price of coffee on the French market. Coffee earns half the Ivory Coast's living. It sells in France at an artificially high price; it is an open question how long the French government will be able to keep up this system against the will of the other common market governments. The world market price of coffee has been falling for some time and, anyway, the coffee grown in the Ivory Coast is of poor quality. (But an instant coffee factory has been opened in Abidjan.)

"The only real problem here is the question of coffee," one Frenchman said, a trifle smugly. But even if the country's only problems were economic (and they are not), the real problems are how to diversify agriculture away from coffee, and, most of all, how to wean the economy from the influence of Paris. The Ivory Coast earns about half as much from cocoa as it does from coffee, but relies equally on the French market. Its third sizeable export, wood, is largely grown by French planters who sell it to French buyers. The country's foreign exchange reserves are held in French francs in Paris; the west African franc that circulates within the Ivory Coast is kept stable by a French-influenced board, whose interest is to maintain the value of the franc, and only incidentally to help develop the Ivory Coast economy along African lines.

THE French hold on Abidjan extends beyond material things—not that anyone in Abidjan can be accused of disinterest in worldly goods. The few educated Africans are well-educated, and well-assimilated. The African in charge while the president is away is the minister of state, M. Auguste Denise, who will proclaim to visitors, "I am a product of French colonialism," which is as accurate and honest as his, "We have political independence but we have not economic independence—we must work for that." Yes indeed, but how fast? one was asked by a bearded student, freshly arrived from Paris, who produced his radical *Fédération des Etudiants d'Afrique Noire (Française)* membership card from a deep pocket, as if it were a filthy postcard.

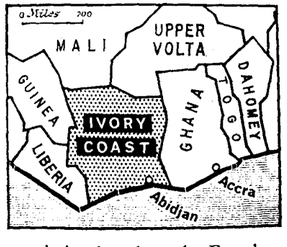
President Houphouët-Boigny, minister in several French governments, would use his favourite quotation from the French colonial administrator, Lyautey, in reply: "*Doucement, doucement, je suis trop pressé.*" The current two-year plan is a mere list of projects. A grander scheme is in the offing; meanwhile there is "austerity" in booming Abidjan. It was spoken of glibly by a round-faced African *chef de cabinet*, fresh back from visiting the president in Paris; he was still in his Paris best, jewelled cuff-links and fat gold ring. House allowances to *fonctionnaires* are being cut this year, car allowances next. A stated proportion of profits and a tithe of each salary-earner's income must be channelled into investment. The Israelis (who run twice as fast as anyone else in Africa) have been called in to build model *kibbutzim* and organise the *service civique*, which puts young men into the army, and to work. Most of this is admirable: the question is, how many Ivoiriens will really be touched by it? The gap between rich and poor is sorely noticeable even in the showplace of Abidjan, and the fruits of a boom in an economy that is largely foreign can hardly be expected to drop into the canoes on the lagoon.

Yet this pattern—the Gallicisation, the dependence on Paris, the backwardness of most Africans—can be found in varying degrees in the other countries of francophonic Africa. Guinea, which was deserted by France in 1958 and now is being made to beg for the right to return to the de Gaulle fold, is the farthest gone, the Ivory Coast perhaps the most securely attached. In colonial days French West Africa was ruled through a governor in Dakar and lieutenant-governors in the other capitals; today the French design seems to be a spread of influence—commercial, financial, "cultural," and political—through M. Houphouët-Boigny of Abidjan and Paris.

PRESIDENT HOUPHOUËT-BOIGNY founder of the *Rassemblement Démocratique Africain,* old and respected west African politician, flexible talker, and demonstrably a success in attracting francs to his country, is expected to help keep his neighbours French. Three of them—Upper Volta, Niger, and Dahomey—depend on the Ivory Coast nearly as much as they do on France: through H-B's Conseil d'Entente. The entente is based on a Common Solidarity Fund which effectively channels Ivory Coast money into the pockets of the other three. Last year roughly £1.5 million (1,105 million CFA francs) was paid out by the Ivory Coast in this way: nearly a third of the estimated cost of the presidential palace in Abidjan.

To a country like, say, Upper Volta, the money from the solidarity fund might amount to a third of the sum jointly made up by the Ivory Coast and France to balance the Upper Volta budget. If the four countries of the entente were federated, the pay-out by the Ivory Coast would be considerably more—but M. Houphouët-Boigny has long been a bitter opponent of federation; he is, in a sense, master of the Katanga that got away.

The Abidjan influence is spreading in other ways. In the mornings, trucks bearing the Mali flag rumble across the Pont Houphouët-Boigny to the docks; goods from Bamako go this way rather than through Dakar because of the break-up of the Senegal-Soudan-Mali federation in 1960. Perhaps even M. Sékou Touré, President of Guinea, may pay a visit to Abidjan before long. The sureness that this might be so has been just a little diminished by the news, announced at the beginning of July, that the Mali government will create its own franc—as Guinea did a long while ago. Mali and Guinea forced M. Houphouët-Boigny to lead his entente into independence; if the franc-zone structure is not now to be threatened, Mali's sudden decision will have to be absorbed by Paris and Abidjan alike. Mali will stay within the franc zone: its revolution is simply to contract out of having a common west African currency controlled (in fact if not on paper) from Paris.



There are other threats to the security of the grand French design, however well it may seem to be working in practice. Since the Algerian war came to an end, even Abidjanians have been wondering how long the French government will continue to feel the need to bolster its security in west Africa. And how long

will the French taxpayer go on financing the policy? These questions are less easy to answer than the immediate political question within the Ivory Coast: are there any young radicals ready for revolution?

The answer is that there are young radicals, but they do not seem ready. Last year Ivoirien students who spoke out in Paris were flown back to Abidjan by the French government at M. Houphouët-Boigny's request; they were gaoled for a while, then sent back to their studies, outwardly chastened. Today it is not hard to find members of the small circle of dissatisfied young intellectuals in Abidjan; the outspoken ones are outside the governing party.

Houphouët-Boigny

Three such—all teachers—are individuals whose main dissatisfaction seems to be with a lack of *la vie intellectuelle* in Abidjan. They listen to Accra highlife records, Accra radio and Accra politics. "Accra is a centre of thought, art and discussion," one of them said and, sighing, his companion added, "Our rulers wear their Frenchness like a coat—deep down they are Africans but they are so unsure of themselves that they adopt a cloak of false self-assurance—French civilisation." The radical teachers' politics seem, on first acquaintance at least, to be less fervent than their desire to reject the French culture that has assimilated them, and to put something African in its place. It is the old cult of negritude all over again, although some intellectual Abidjanians, for all that they had their own spell in Paris, say that cultural revolt is *dépassé*; "What is wanted now is concrete change."

But the men who talk like this are few, and all well known to the authorities. They are not organised and, although some have been detained, they are not dangerous enough to keep permanently out of their jobs or in gaol. And the president is adept at cutting the political ground from beneath the feet of the radical *jeunesse*. He has given them an independent country, a thing he once opposed, and he can now be expected to give them slightly more radical political speeches. But not action. South African oranges are on sale in quantity in Abidjan.

From the French point of view and from the point of view of the president, the system seems to be working well. And the idea seems to be sincere: co-operate with the mother while, ever so slowly, the children grow up. With the sound of many voices proclaiming inter-racial co-operation and moderate good sense, it is hard not to be seduced into believing deeply in it all. But nagging questions still remain: how long will it take the Ivoiriens to begin to treat the French presence as an alien anachronism? It may be some time; there are not so many being brought out into the modern world and those that are are being assimilated. (The favourite medicine for young hotheads is to make them junior ministers.)

Most disturbing, however, is the thought that here Africans have not begun to awaken at all. They are not really running things, nor are they being trained to run things. If all the French departed at once there would be virtually nothing left—the Ivory Coast would be much as the first French explorers found it, with the exception of a few grand, empty buildings and the splendid hollow palace in Abidjan. If this be a nonsense nightmare, it is almost made to come true by the experience of Guinea. But the French community is not preparing to depart from Abidjan. And certainly not all at once. In practice, after all, they still call the Avenue du Général de Gaulle by its old name: Avenue du Commerce.

Colombo the Mediator

FROM OUR ROME CORRESPONDENT

"If both sides had behaved differently we might have reached full agreement." This unofficial comment on what happened in the common market negotiations at Brussels comes from the Italian foreign ministry, and is not quite as tautological as it sounds. Italians who attended the meetings came away with the impression that the British and French ministers were intransigent more about the form than about the substance of the terms. In particular, they felt that Mr Heath was inhibited by too rigid instructions about forms of words. The British desire for precision seemed to the Italian mind at times to degenerate into almost abstract philological argument. In the early hours of the morning Mr Heath could still be heard murmuring *access . . . guarantees . . . comparable outlets.*

As for M. Couve de Murville's conduct of the French side of the negotiations, the Italians refuse to admit that the intent was to sabotage or delay the proceedings. They say the French were defending positions common to the entire European community; what all the Six want is to safeguard the community's momentum and individuality; what all the Six refuse to accept is the principle of a quantitative guarantee for Commonwealth products or the extension of any form of preference after 1970. The common market, Rome emphatically believes, must have full autonomy to

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Umbrella for an Emperor

PR187H

Fifteen hundred years ago the Emperor Maximianus Herculius caused a lavish hunting lodge to be built for him in a Sicilian valley. And there he remains to this day, immortalized with gods and goddesses, dancing maidens and all the beasts of the hunt in a spectacular carpet of mosaic. Overhead, to ward off the weather and temper the harsh Sicilian sun, is a 75,000-square-foot translucent canopy of a truly 20th-century material—'Perspex', the acrylic plastic discovered and developed by I.C.I. of England.

Tough, weather-resistant and easily shaped, 'Perspex' appears in one form or another in nearly every country in the world. It provides windshields for Dutch scooter riders and cockpit canopies for French air pilots. It gently diffuses the lighting on German roads, in Swedish petrol stations, Canadian hospitals and Italian trams. Australians mould it into brilliantly coloured lightweight baths and sinks, and it features in many of the world's famous shopping streets in the form of advertising signs. Yet it is only one of a wide range of plastics—the widest in the world—that I.C.I. exports from Britain every year to the value of £18 million.

The influence of I.C.I. research and production is felt today in every corner of the globe

Imperial Chemical Industries Ltd., London, S.W.1

form its own price policy and make world agreements. It cannot accept conditions which would amount to discrimination against countries like the United States or Argentina which also export temperate agricultural products.

Like his British, Belgian and Dutch colleagues, the Italian minister refuses to admit that anything dramatic happened in Brussels. Signor Colombo claims (with Mr Heath and M. Spaak) that the negotiations are adjourned, not interrupted. He argues that, since agreement has been reached on 85 per cent of the points under discussion, it is reasonable to assume that the remaining fifteen per cent can be cleared up. It is fair to add that this will depend very much on Signor Colombo's success in continuing to persuade his French and German partners to change their attitude. Very little has been written here about the Italian minister's part in the negotiations. Signor Colombo, whose future career should be watched, eschews publicity, and few people even in Italy realise that things might have gone much worse in Brussels but for him.

It was he who drew up the plan accepted by the British as the basis of discussion in July. This plan comprised a pledge to call a world conference in 1963 with the aim of concluding world agreements for the products of temperate agriculture; measures to cover the period of transition to 1970, including a form of diminishing community preference for the three Commonwealth countries concerned; and special arrangements if the attempt to reach world agreements breaks down.

At the end of July, the British accepted this plan as the basis of discussion but presented a series of amendments. The French wished to reject these amendments en bloc, but Signor Colombo persuaded them, and the others, to talk about them. His argument was that the Six had made all possible concessions as to substance, but might still make some alterations to the presentation of their terms. In particular, he suggested they should specifically name the three Commonwealth countries in the clause about price policy; and proposed that the Six should allow New Zealand to be treated as a special case.

The Italian view is that the Six have offered Britain something more substantial than a quantitative guarantee which would freeze trade at its present volume. What they offer is a policy of reasonable prices; in the end, say the Italians, it is probable that the European community as a whole will import more from the Commonwealth than Britain does today. The Italians believe that the concessions made by the Six should enable Mr Heath to present a decent case to the Commonwealth prime ministers on September 10th. Officials here are fairly confident that agreement will be reached in the end. Their belief is based partly on their reading of Lord Home's speech in the House of Lords on August 1st, but even more on the conviction that Britain cannot afford to stay out of an organism as dynamic as the new Europe.

This official confidence is not shared by the entire Italian press; the fear is heard that the British negotiators may lose their nerve. The weakness of Mr Macmillan's government is considered a more serious obstacle than the obstructive tactics of the French. As Italians see it, the European community will be a better place for them (and for the Belgians and the Dutch) with Britain in it; but it would be Britain that would lose most by staying out. The desire to have Britain in Europe is strong in Italy; even stronger, however, is the will to maintain harmony among the Six and to go on building what they have started. If it came to a showdown between Britain and France, the Italians would try conciliation first; but in the end they would stand by their partner.

HOME REPORT

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

Traffic Tantrums

LONDON'S planners have still to come to terms with London's traffic—and so have most Londoners. The planners have had their modest successes: the most tangible, the Hammersmith and Chiswick flyovers, have served both to cut the travel time to London airport and given visitors the momentary impression that they were arriving in a modern country. But the basic decisions that will determine the modern face of London and the viability of the city as a place to work and live in have still to be taken.

How many commercial access routes will have to be improved as drastically (and expensively) as the airport road if London is to continue to do its job as an industrial centre and an expanding, and badly congested, port? How much more tidal flow of commuting traffic can be tolerated on the approach roads and Thames bridges, or accommodated in the centre? If more cars are to be allowed in, what is the cost of the engineering involved, and what will be the economic price for central parking? (One suspects that Mr Marples's charges should be doubled tomorrow even to bring home the vastly uneconomic use that parked cars already make of central London roadspace.) If London cannot cope with more traffic without embarking on a sustained Los Angelisation, what is being done to encourage motorists back on to public transport? Are there going to be car parks and electric train services where the motorways end? Is, in fact, the road system of the London region to be given any semblance of integration with the tubes and Southern Region?

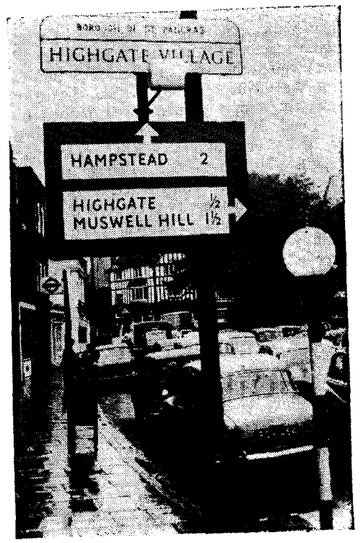
Mr Marples inherited an appalling mess, including a London and suburban public that had hardly begun to think of the consequences of its own actions as road users. It is not surprising that his own attempts to educate road users should have highly irritated them or that some of his, and his experts', temporary and experimental schemes should have been half-baked. It is not surprising, either, that piecemeal reform or experiments should have set up agonising local opposition to any changes that have increased heavy traffic or, worst crime of all in the suburban mind, affected property values. Two current rows in London illustrate the perils of the reformer. The first is at Highgate Village over Mr Marples's lorry freeway to the London docks; the second at Blackheath over a London County Council plan to route the new Dover road through that posh suburb.

Mr Marples's scheme for Highgate Village is to declare a lorry route through the High Street as part of his master (temporary) plan to speed the transit of goods from the north to the London docks. The street, with its shops, schools, hospital and houses, looks patently unsuitable for the task, but it happens to be true that there is no alternative road which alone could carry the volume of traffic envisaged (and already demonstrated). Some little way off is the Archway Road, designed in the early nineteenth century to carry parcels and goods from the north to London; it is designated by Mr Marples as the southbound route for the lorries, and the Village High Street, with its steep rise, as the northbound one.

The villagers, as could be expected, want all traffic to go along Archway Road, which could be widened to take it; Archway people want the minister's plan to go through as it is, countering claims that they merely want to keep their property intact with the charge that the Village merely wants to avoid a fall in its values. This quarrel has occupied the Highgate residents to the exclusion of the real point at issue: is such a lorry route a desirable thing at all?

In the same way, residents of Blackheath have been battering at London County Council, which proposes to run an urban motorway linking M2, the Kentish trunk motorway, with central London along the line of the railway which already cuts alongside their chief pleasance, the heath itself. To all appearance, this extension is expressly designed, not to relieve congestion, but to build it up at the existing bottleneck at the Marquis of Granby. Again the local protest has been directed to shifting the road somewhere else, or its burial under the heath, or its embedding in a deep cutting: everyone seems to accept the motorway as necessary in principle.

The central problem is one of planning and of public relations: and the second follows the first. Unless there is a coherent official argument, based on traffic priorities, and a public comprehension of London's road policy as a purposeful whole, householders are always going to jib, and keep on jibbing, at schemes (particularly "temporary" schemes like the Highgate one that could last indefinitely) that crop up on their own doorsteps. Why shouldn't any scheme be landed on the people in the next street? Piecemeal relief which has proliferated, particularly in London, over the past decade is never likely to win friends; an attempt at regional planning is just about the one sure means (short of establishing a dictator in the Ministry of Transport) to get a traffic policy under way. Since London's outer suburbia has spent most of the past year strenuously resisting the idea that it has anything to do with the city anyway, and trying to opt out of the Greater London Council, it can be grasped how far away regional planning is—in many other places besides Highgate and Blackheath.



Embattled village

The Yorkshire Lakes

FROM A CORRESPONDENT IN LEEDS

LEEDS is trying to solve its water problems with more pronounced tact than Manchester's grab for Ullswater. Leeds' operations are centred in the little Washburn Valley, near Otley, which has been acclaimed by local patriots as the West Riding's lake district. The lakes, however, are actually the reservoirs built by Leeds Corporation and after a dry early summer anxious eyes have been watching their levels.

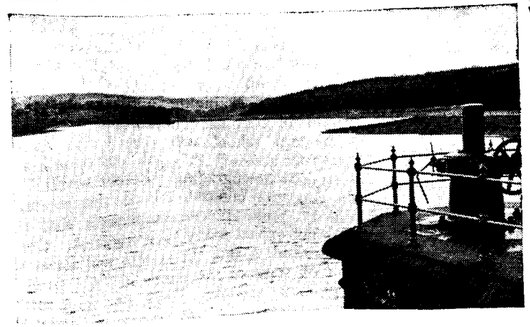
In 1867 the Leeds Waterworks Act authorised the construction of four reservoirs to impound the river Washburn. Lindley Wood (670 million gallons) was completed in 1875, Swinsty (866 million gallons) in 1876 and Fewston (846 million gallons) in 1879. The present Thruscross scheme was not started until last year after Leeds had suffered two acute water shortages. In 1949 the city's water stocks fell almost to rationing level, and for some weeks late in 1959 after a dry summer, no water was available in the city at night.

Dry summers will undoubtedly bring similar problems until 1965. By that time Thruscross (1,727 million gallons) should be in operation. It is being built at a cost of over £1 million. With it, the city's water storage capacity will be increased from the present 148 days' supply to 202 days' supply.

A year ago the site was a peaceful, sylvan one. Now a huge cavity across the valley marks the line of the dam and the river has been temporarily diverted for 140 ft. of its length. High in the air has been slung a 1,200 ft. long electrically-operated cableway to carry loads of concrete for the dam, which will rise more than 200 ft. above the river bed. A few beauty spots will be submerged and a small church which will disappear below the water level is to be replaced on higher ground half a mile away.

At the same time as waters from the new reservoir (the first to be built since 1929 when that at Leighton, near Ripon, was opened) begin to flow from Leeds taps, a second new source of about 4 million gallons a day will become available from the river Derwent abstraction scheme—a joint operation by Sheffield, Leeds, Barnsley and Rotherham. These supplies are expected to keep Leeds going until 1986.

The city's present daily consumption is slightly more than 24 million gallons, of which 13.5 million gallons are for domestic purposes, 8.4 million gallons for industrial requirements and 2.1 million gallons in bulk supplies to other authorities. Modern housing development which has replaced slum property has put a greater strain on the city's water supplies, but the average consumption per head of population has been pegged in recent years by improved methods of detecting waste.

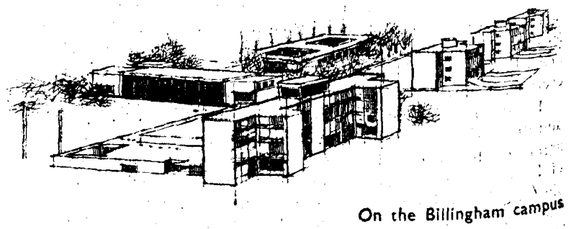

Outlook at Fewston

Leeds' search for water began in 1693, when it was agreed to "designe and lay an engine to convey water from the River of Aire through the streets to the sev'all houses with the towne of Leeds". As the town grew, the supply system was extended by the Leeds Waterworks Company and then by the corporation, which took over responsibility in 1852. Before then a reservoir had been constructed at Eccup, a few miles from the city centre on the edge of Harewood Park. The Washburn Valley itself was already declining before its pastures were first flooded in the 1870s. Its golden age was early in the nineteenth century when it boasted corn and linen mills along the river banks. The advent of steam power was the real killer of the valley's own industries which were driven nearer to the West Riding coal fields.

THERE is little wrong with the valley today. The present scars will heal just as surely as those created 80 years ago. The corporation has planted about 1,200 acres mainly with spruce, Scots pine and larch, but with a proportion of oak, ash, beech and sycamore. Afforestation is the most satisfactory way of utilising spare land around a reservoir. Carpets of pine needles filter the top water and prevent a quick run-off in the gathering grounds. Jays, woodpeckers and magpies abound in the valley, and there are also grouse and plovers. Fishing is allowed in Fewston and Swinsty reservoirs, which hold a good many trout, and among the water fowl are mallard and Canada geese. It seems idyllic beside the stories of the prospective rape of Ullswater —and, of course, there are no Welshmen to complain of the drowning of their valleys either.

Going Multilateral

FROM A CORRESPONDENT IN DURHAM



On the Billingham campus

COUNTY DURHAM, which was faced with a school building problem of huge proportions after the war, is at last beginning to see daylight, not only in its construction programme but in getting rid of some of the bad aspects of the selection system at secondary level. Nearly every district of any size in the county has now got its new modern or grammar-technical school, and by the mid-1960s the county education committee hopes to be in sight of having places in grammar-technical schools for 25 per cent of the school population.

Next month, returning secondary school pupils will find that they are not merely members of a school, but of a multilateral unit of four or five schools, all linked together and grouped with the grammar-technical school for the area. This scheme, which Durham has worked out from its own experience and after watching other authorities' experiments, will retain a selection examination for grammar school places, but without the sense of academic and social finality associated with the unredeemed 11-plus.

The scheme developed from the education committee's plans for Billingham, the town which has grown up amid the vast ICI works on Tees-side. There, like everywhere else in Durham, new schools were needed, but the difference was the existence of a site which would accommodate not one, but five schools and ancillary buildings. Called the Billingham Campus School, the five blocks, when complete, will educate 2,650 children of both sexes (the committee favours co-education—but not comprehensive schools as such). To foster the feeling of integration, each of the five schools is to be called a hall, and the children will all wear similar uniforms and badges, whichever hall they attend.

Bede Hall, the grammar-technical school, will open next month. Stephenson Hall will be used for all streams of pupils in their introductory year, both to let them find their feet on the campus and to check that the selection procedure has been efficient. Davy, Faraday, and Browning Halls will provide different types of modern school education. All the halls will share facilities such as science labs, the domestic science and craft block, the physical education block, and later, it is hoped, a swimming pool and sports hall. These last exotic touches are possible when the cost can be spread over the equivalent of five schools.

Most important, there will be full opportunity to transfer pupils from one hall to another so that they are provided with the type of education best suited to their ability. The campus scheme should have the advantages of the comprehensive school without some of its size disadvantages.

The multilateral unit scheme to be applied to the whole county is a variation of the Billingham campus scheme, although obviously the committee cannot rebuild the existing schools on the campus system. Each grammar-technical school in an area is to become the focal point for the modern schools in the immediate neighbourhood. Each group of schools will have only one board of governors. The 11-plus will be used for the initial grading, but at the end of each year the heads of all the schools will gather in committee to discuss transfers.

PARITY of esteem between the schools in each group is the aim of Mr W. N. Linkleter, the deputy director in charge of secondary education. Mr Linkleter says: "We are not going to talk about transfers up or down, but transfers across. By and large we have found our selection procedure efficient, but we want to make it clear that selection at 11-plus does not shut the gates for any boy or girl."

While all the schools will have the same basic curriculum, it is intended to vary the bias of the courses at each of the modern schools in a unit. One will provide a course leading to the General Certificate of Education for pupils who just failed to get a grammar school place. Another will provide a course with a commercial bias for the boy or girl thinking of clerkships in industry. The third will have a technical bias to produce the skilled craftsmen of the future, and the fourth a course linked to the employment opportunities of the area, agricultural or industrial. Inevitably there will not be the same sharing of general facilities between the grammar-technical and modern schools of a unit as on the Billingham campus itself.

There has been some controversy over the proposals, but not as much as might have been expected in an education-conscious county like Durham. Some of it has centred upon the wholesale jettisoning of school governors: there will be one governing board of 25 members for each multilateral unit. Mr Linkleter says: "It means that a number of people who have served us well and loyally will not have posts on governing boards in future. We regret this, but to have one governing body does seem to be the one big unifying aspect of the scheme."

Another point has been the probable reaction of modern school headmasters who see their best pupils transferred, thus affecting the examination records of their own schools. It is highly unlikely that the parents of grammar school pupils moved to a modern school will regard this as a "transfer across"; they will look upon it as a straight downgrading. Rather wishfully, the education committee hopes that parents will be philosophical, emphasises that it does not expect many such transfers. One likely result is that the system will act as a spur on some of the pupils in "C" forms of grammar schools. Those who think they can rest on their laurels once they have got there will have to think again.

vendetta

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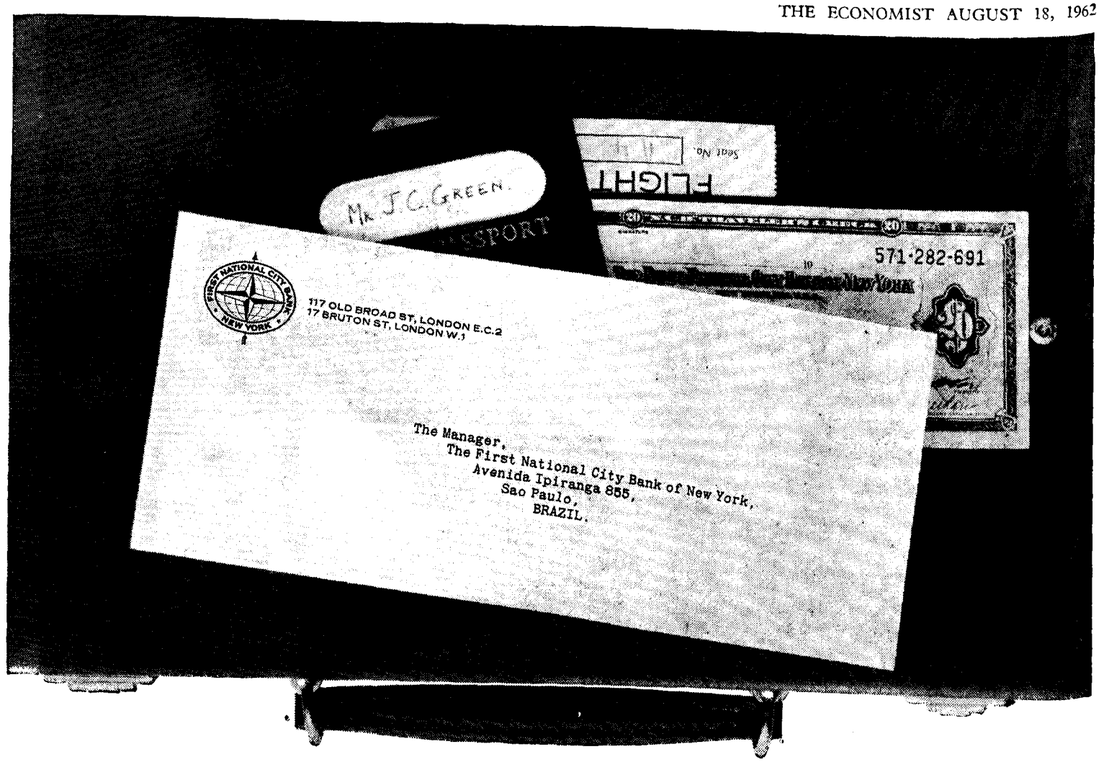

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Timing the Tax Cut

1—To Help the Economy

NEW YORK

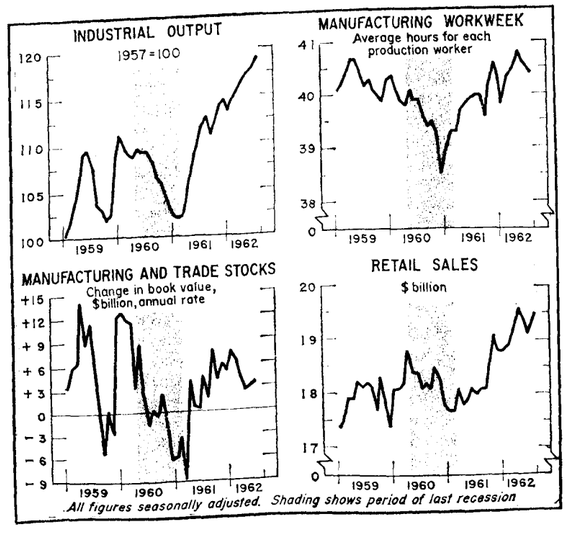
THE latest readings of the economic indicators, showing, as expected, a slight rise from the plateau reached in May and June, could be said to remove any fear that a recession, as President Kennedy put it, was "a clear and present danger." So, after prolonged debate within the White House and copious soundings of congressional sentiment, Mr Kennedy decided against asking for an immediate cut in taxes and settled for a pronouncement in favour of a general speed-up in economic activity. The economy will now have to depend on its own devices, plus whatever help short of a tax cut it can get from the Administration and Congress. This assistance could turn out to be substantial and the private sector is displaying enough basic strength to assure some further advance from current levels. Thus Mr Kennedy has some grounds for arguing confidently that a comprehensive programme of tax reductions accompanied by tax reforms next year may be a more effective cure for what ails the economy than preventive medicine in the form of a tax cut now would be—even if the politicians would have allowed it to happen.

This decision was not a comfortable one for the White House to make, for in a sense it committed the Administration to accepting a sluggish rather than a fast rate of economic growth, at least over the next six months. But the decision was inevitable once the initiative on taxes was granted to Congress and the pause in the economy gave way to a mild upward movement. Mr Kennedy himself acknowledged that the rate of growth had been a disappointment and put the main responsibility for inhibiting and retarding the advance in the economy on the rigidities in the present tax structure. His indictment was so severe that it was plainly hard for him to put off doing something about the situation. But he has been persuaded that the only way to get Congress to go along with the reforms in the system which are essential is to offer tax cuts as part of the package. In contrast to a few weeks ago, when the risk of a recession some time before the end of the year made the Administration give priority to tax cuts, the attitude today is that reform must be pushed because a downturn in the economy can now be avoided.

In fact, the threat of an actual and imminent recession has never been great and most of those, in the Administration and out, who wanted action on taxes were thinking primarily of accelerating and extending the economic expansion, not of cushioning a decline. The series of leading indicators developed by the National Bureau of Economic Research and other statistical methods, which provide what amounts to an early warning system on the economy's prospects, generally suggest that the current slow rise in activity will reach its peak sometime in the next six months. These forecasts are far from infallible, however, and the mixed bag in July, with some of the figures showing an upturn, has made accurate interpretations more difficult. Certainly there is no danger of the current pause giving way to a decline in the immediate future; the outlook is settled for a modest increase in business activity as a whole. During the next few months, at least, industrial production should inch upwards and, with government spending due to increase, there should be a further rise in personal incomes which will aid sales of both durable and non-durable goods.

The paradoxical nature of the leading indicators is illustrated by the rate of increase in manufacturing and trading stocks which has been declining, partly because of the build-up of steel supplies when a strike seemed likely, partly because of cautious estimates by businessmen of the demand for goods. Sales, although far from ebullient, have been ahead of expectations so that the ratio of stocks to sales is at a low point. This means that stocks cannot be regarded as a seriously weak spot; a falling off in sales will mean some further liquidation of stocks but, if the July recovery in retail sales continues, then restocking may take place at an even faster rate and provide a lift for other sectors of the economy.

But, while the immediate economic outlook cannot be classified as ominous, neither the Administration, nor Wall Street, can regard the slowing pace of the advance with anything at all approaching satisfaction. The decline in the average workweek as well as the high level of unemployment are worrying and neither the outlook for corporate profits nor the large amount of excess industrial capacity which is still available suggests that there is likely to be any big increase in capital spending on new plant and equipment. Admittedly, inflation is no longer a threat and the balance of payments is less of a problem than it was, but the general performance of the economy under President Kennedy is falling far short of the rate of growth which was aimed at and which is required to reach full employment and to balance the federal Budget.



Although a sharp improvement in business does not seem likely, the President's decision has some positive aspects. Without the increase in the government's deficit which an immediate tax cut would bring, the pressure for a tighter credit policy and higher interest rates should abate. Officials have been concerned at the recent stiffening in long-term rates and at the money market's anticipation of a further substantial rise ; they are relieved because without a tax cut there is no need for a tightening of monetary policy which might have stifled those areas of the economy which are now showing strength. They had taken this position even before the encouraging improvement in the balance of payments was made public and they feel that credit restraint is no longer required now that the deficit on the international account should be under $1.5 billion for the year.

The improvement in the payments position is greater than appears on the surface, yet this restoration of confidence in the dollar cannot be relied on as long as there is a deficit in the federal Budget ; this was already in the making, even without a tax cut now. With business rising at a slower than expected pace, tax receipts are lower than was estimated earlier and outlays are going up, partly because of the so-called automatic stabilisers, such as unemployment benefits, and partly because of increases, planned and unplanned, in government expenditures. It is still too early to estimate the amount of the deficit, which depends on congressional action, the ultimate size and timing of next year's tax cut and the future level of business, but it could be sizeable, ranging from $4 billion to $10 billion in the 1963 year which ends next June.

Leaving aside a possible tax cut next year, the whole of the 1963 deficit is being incurred in the first half of the fiscal year, which is the last half of the calendar year 1962, so that the downward drag which was exerted by the temporary surplus in the Budget in the April-June quarter is now being reversed. Coupled with a relatively easy credit policy, the existence of this deficit is bound to have some stimulative impact for the rest of this year. But, unless a tax reduction does something to offset the funds which will be drawn out of the economy by tax payments during the first half of 1963, this impact will be short-lived.

The Administration, however, is hoping that the powerful stimulus of a tax cut will be provided early next year at the time when the economy will be most in need of it. But there is no assurance that Congress will do the President's bidding and the Administration's decision that nothing drastic needs to be done now is being criticised on the grounds that it is giving rise to expectations which may not be fulfilled. Certainly, unless Mr Kennedy uses the respite he has asked for to construct a programme aimed at encouraging growth, and then shows aggressive leadership in bringing about its enactment, the Administration cannot hope to shake off the shackles that have been impeding the attainment of full employment. The willingness to risk short-term stagnation in the interests of long-term expansion is justified only if the White House can win over a recalcitrant Congress. Despite Mr Kennedy's show of confidence, there is as much doubt about this prospect as about the outlook for the economy itself.

2—To Win Over Congress

WASHINGTON, DC

THAT Congress is always ready to vote for a reduction in taxes and would fairly jump at the chance in an election year is an old axiom of American politics which is today in a bad state of repair if not entirely exploded. It was congressional reluctance to vote for a tax cut much more than economic considerations which led President Kennedy to announce this week that he would not seek an immediate lowering of income tax rates to stimulate the economy, but would stick instead to his original plan of calling for a general reform of the tax system next year. The mighty House Ways and Means Committee, in which all revenue Bills originate, and its chairman, Mr Mills of Arkansas, are irrevocably opposed to an emergency tax reduction and in this they represent the general opinion on Capitol Hill in both houses and in both parties.

With such a climate prevailing in Congress, Mr Kennedy decided to forgo the quick tax relief which is needed, according to many of his economic advisers, to stimulate the economy rather than risk still another humiliating rebuff from the legislative branch. As might be expected the President did not attribute his decision directly to congressional resistance but declared that economic conditions were not so unfavourable as to warrant an immediate reduction in taxes. However, he hedged by promising to call Congress into special session late this year to cut taxes if the economy deteriorates. But such a special session is considered highly unlikely.

Apart from stifling all hopes of a tax reduction this year, Congress's attitude also casts a shadow over the Administration's long-term plans for tax reform. The Treasury has been planning its strategy on the theory that the assumed irresistibility of lower taxes would force Congress to swallow, as part of the same Bill, some politically unpleasant changes in the structure of taxation, such as limitations on the advantages enjoyed by the oil and gas producing industry. But Congress's lack of enthusiasm this summer for Mr Kennedy's tacit offer to cut taxes without insisting on tough reforms or attaching any other strings suggests that the Treasury's theory may not be valid.

It was to be expected that the Republicans would oppose an emergency tax cut. Not only does the device of reducing taxation when the federal Budget is showing a deficit run counter to the economic orthodoxy still followed by most Republicans, but Republican politicians are also understandably chary about a tax cut whose political benefits, if any, in the forthcoming congressional elections would be reaped by a Democratic Administration and a Democratic-controlled Congress. What has been a shock to the Administration, and to others, has been the nearly equal opposition to an immediate reduction in taxes which has come from Democrats, including a good many liberals who are usually in step with Mr Kennedy.

AT the heart of this opposition is the apprehension of rank-and-file Democrats in Congress about the political repercussions which a tax reduction might have when the Budget is out of balance. Democrats facing difficult battles for re-election on November 6th know that they would have to answer revitalised Republican charges of fiscal irresponsibility. More important, there is a widespread feeling among Democratic politicians that the American voter will accept annual deficits in the Budget if he feels that Congress is really trying to balance it, but that he simply will not tolerate action by Congress which enlarges the deficit deliberately even though professional economists may say that such action is called for when the economy is sluggish.

On the other side of the coin, Democratic Congressmen doubt whether they would benefit politically from an emergency tax plan of the nature contemplated by the Administration: this was for an across-the-board reduction in personal income taxes at all levels accompanied by a similar drop in taxes on corporate incomes. Congressmen reason that tax relief would hardly be enough to impel businessmen and other people who enjoy high incomes to stop voting for Republicans, while the relief granted to Democratic-voting wage earners in the middle and lower income classes would be so miniscule that the average factory worker might not even notice it. Many rank-and-file Democrats are sympathetic to the demands of labour leaders that the benefits of tax reduction should be concentrated in the lower levels, but such a plan was never seriously considered by either Congress or the Administration.

In addition to these sweeping political considerations, the discarded emergency tax cut plan of the Administration was distasteful to certain Democrats for a variety of personal and economic reasons. One faction of liberal Democrats maintains that what the economy needs badly is more spending by the government, not less taxes paid to it. Those Democrats who have inherited the easy money tradition of the Populists see in tax reduction an excuse for the bankers to push up interest rates in order to curb inflation. Still other Democrats simply do not believe that the economy is in a bad enough state to need a tax cut at this time ; this school includes Senator Douglas, the only professional economist in the Senate.

All the haggling and speculation about tax reduction during the past six weeks may push toward passage some of Mr Kennedy's other proposals which might otherwise have fallen by the wayside. The talk about slackness in the economy has greatly improved the outlook for a Bill to increase spending on public works and has revived a Bill, supposedly hopelessly stalled in the Ways and Means Committee, providing federal funds for extending unemployment insurance payments beyond the periods set by state laws. A drastically altered and badly mangled version of the tax revision Bill, first put forward by Mr Kennedy in 1961, which attempts in limited fashion to correct some tax inequities and includes a modicum of tax relief for industrialists who purchase new equipment, is now given a fair chance of passage after having been written off as dead.

On balance, however, Democrats in Congress are disquieted by Mr Kennedy's abortive adventure into tax cutting and wish that he and his Cabinet members had never started to hint that this might be on the way. Nor was the President's reputation as a national leader enhanced when he implied to trade union leaders during a private meeting at the White House last week that congressional hostility prevented him from suggesting tax reductions now. Certainly, the Administration's general handling of the affair has not shown decisiveness or careful planning. It is for this reason that politicians of both parties believe that even though Mr Kennedy avoided an overt defeat from Congress by not calling for an immediate reduction, the President has not escaped entirely unscathed from the great tax cut debate of 1962.

Whose Giveaway?

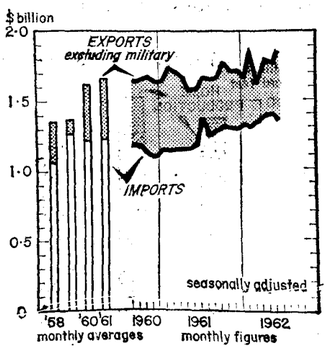
A LITTLE band of Democratic liberals had a taste of their own medicine this week when the Senate, by 63 votes to 27, choked off their filibuster against the Administration's Bill on space communications. All these liberals believe strongly that closure should be made easier to prevent the southern Democrats from talking to death Bills extending Negro rights and, in fact, until this week a motion for closure has not succeeded since 1927 ; in all, debate in the Senate has been limited on only four—now five—occasions. When their tempers cool the liberals may not be altogether happy to have made filibustering semi-respectable and to have shown that closure is in fact possible under Rule 22. This provides that debate can be shut off only by a two-thirds vote of all the Senators present and voting. On Tuesday there were three votes to spare but, if Senator Kefauver is right, the margin of victory was due to pressure put on anti-closure Southerners to stay away. If such pressure was applied it shows that even Senator Mansfield, the gentle and ineffective leader of the Democrats in the Senate, has a turning-point. His failure to deal firmly with a southern filibuster earlier in the session and his inability to control the Senate's powerful conservatives provide some excuse for the liberal revolt.

The thirteen northern and western Democrats who voted against closure had strange bed-fellows: twelve southern Democrats, but of the Republicans only Senators Goldwater and Tower. On this occasion even conservative Republicans who normally vote with the Southerners against closure felt that a vote for limiting debate was a vote for free enterprise. The Administration's Bill, which has already been passed by a large majority in the House of Representatives, provides for a private corporation to own and operate the new system of space communications by satellites with half of the voting shares owned by the communications companies, half by members of the public. Each group would elect six of the fifteen directors ; only three would be appointed by the President. Operations and rates would be regulated by the Federal Communications Commission.

The liberals called this a gigantic giveaway of a great public asset to private interests and particularly to the American Telephone & Telegraph Company ; they proposed government ownership. They also objected that the Bill provided for insufficient public control, particularly of the negotiations which the corporation will conduct with foreign governments and bodies. But the critics got no satisfaction out of the special hearings held for their benefit by the Senate Foreign Relations Committee. Virtually every spokesman for the Administration pronounced the Bill perfect and the need for haste imperative. The measure was returned to the Senate without so much as a comma changed and is now expected to pass promptly. Such steamroller tactics may have relieved a few of the frustrations which this dilatory session has caused. But Senator Humphrey may have been more far-sighted when he suggested that some of the liberals' objections had weight and should be embodied in the Bill.

Trade in the Balance

THE improvement in the balance of America's international payments in the April-June quarter, when the deficit was only $250 million after allowing for seasonal factors, compared with $435 million in the first quarter, was due in large part to the merchandise account. Exports have been running at a record rate all through 1962, between 6 and 7 per cent above the first six months of 1961, and in June they were higher than ever before except in one month during the 1957 Suez crisis. On the other side of the account, imports have not risen as fast as had been expected, since the economic recovery and therefore the demand for foreign goods in the United States has slackened its pace sooner than was forecast ; imports actually went down in June. The value of imports increased by $140 million between the first and second quarters, but exports went up even more and the favourable showing on the trading account was responsible for about two-thirds of the fall in the deficit on the total balance of payments. Details of what caused the rest of this fall are not available but a $60 million repayment of debt by France helped and so did Canada's financial difficulties.



More such repayments of foreign debts will appear in the current quarter's accounts but the remedial action which has now been taken by Canada is likely to have an adverse effect on the flow of Canadian funds to the United States. This action will also presumably bring a fall in American exports to Canada. Exports are

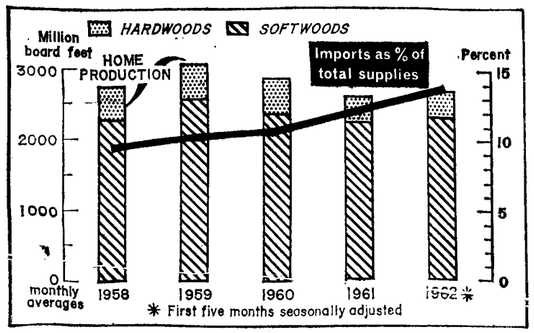
also likely to suffer from the increases in tariffs since July 1st on goods entering the European common market ; certain plastics and chemicals will be especially affected by higher duties imposed in retaliation for the increased protection which the United States is now giving to its own producers of glassware and carpets. Indeed some of the recent rise in American exports may have been in anticipation of the coming restrictions on trade with Canada and Europe. The expansion of exports is therefore likely to fall off during the rest of this year and the annual rate of $21.7 billion reached in the second quarter may even turn out to be the high-water mark.

This is, however, very near the $22 billion which is aimed at for 1962 as a whole by the officials responsible for the American drive to increase exports, now over a year old. Its latest manifestation is the appointment of 30 leading businessmen to head export expansion councils in their respective regions and to advise local companies which are looking for markets abroad ; the hope is that 10 per cent will be added to exports in the coming year. But an earlier spur to exports is looked for from the new insurance programme for goods sold abroad on credit which is a joint enterprise of private insurance companies and the Export-Import Bank. This extends the short-term insurance which has been available since February to cover periods up to five years and should make it much easier for American businessmen to finance exports, particularly of capital goods. They are now, it is said, on an equal footing in this respect with their foreign competitors ; transactions are guaranteed up to 85 per cent of their value against political risks, such as trade restrictions or revolution, as well as against default on the part of the buyer.

Wooden Touch

PROTECTIONIST groups are rallying their forces for a last stand in the Senate against the trade expansion Bill. Among them are the oil companies, the shoe manufacturers and, above all, the textile interests which the Administration thought it had bought off but which are now trying to raise their price. The trade Bill is not thought to be in serious danger but the appetites of all groups have been whetted by concessions made recently, and very quietly, to yet one more candidate for special consideration—the lumber industry.

Western lumbermen have been complaining for months about the inroads which imports are making into their markets, particularly into that on the east coast. Canada, which ten years ago supplied only 7 per cent of this market, now provides nearly three-quarters of the lumber which it takes. One reason why Canada undersells the domestic product in Atlantic ports is that its exporters can use the cheapest shipping available while American goods in intercoastal trade must travel in costly American ships.



American saw-mills also complain that they cannot obtain government timber as freely and cheaply as their Canadian competitors can. On top of this has come the devaluation of the Canadian dollar. A more basic trouble, however, is the competition offered to softwoods by newer building materials.

About a hundred saw-mills in the Northwest have closed in the past two years but in part at least this is due to the long-standing trend to larger units. In Oregon and Washington employment in the industry as a whole is actually higher than it was last year. But members of Congress from the area are determined not to return empty-handed to stand for re-election. Senator Morse, though a liberal Democrat, has been hinting that he will vote against the trade Bill if the "liquidation of the lumber industry" does not cease. Officials have been pointing out in vain that Canada is America's best customer for many other goods. Last month the Administration gave way and announced that it was initiating talks looking toward a voluntary restriction of Canadian exports of lumber to the United States and that domestic lumber would be given preference in government purchases, including those for foreign aid. It also recommended that the shipping laws should be altered to permit American lumber to travel in foreign bottoms.

The advocates of freer trade deplore such steps, which are so contrary to the spirit of the trade expansion Bill. But the lumbermen, who want a quota limiting Canadian imports to about 10 per cent of the domestic consumption of softwoods, are not much happier. They know that Canada, with its balance of payments troubles, will not volunteer very readily or rapidly to limit its exports even though there is a club in the American closet: the Tariff Commission's investigation, under the escape clause, of the lumber industry's complaints. And in Congress the inter-coastal shipping lines, which are themselves a sick industry, will fight hard to retain their monopoly.

Rs for Republicans

THERE was no need for a primary election in Michigan to confirm that Mr George Romney would be the Republican candidate for Governor of that state in next November's election. No one was fighting him for the nomination ; nor was anyone opposing the present Governor, Mr Swainson, for the Democratic nomination. As far as these two were concerned, therefore, last week's election was simply a popularity contest—and in this Mr Romney came out far ahead ; some 450,000 Republicans went to the trouble of voting for him while only about 320,000 Democrats cast ballots for Mr Swainson. The present Governor is a colourless figure who has been constantly frustrated by a Republican Legislature ; but between now and November the automobile workers' union, which dominates the Detroit area where over half the state's voters live, will be doing its powerful best to ensure that the Democrats do not lose a Governorship which they have held since 1948. Mr Romney is not, however, without appeal for trade unionists ; as head of the American Motors Corporation he negotiated the first profit-sharing contract in the industry. His business competitors seem to have stifled the resentment which was aroused by such unorthodox behaviour now that he has a good chance of winning next November's contest provided that he has the full support of his party. Last week's election showed that he is stamping his liberal, progressive pattern on that party—in Michigan, at least. Reactionary, right-wing Republican candidates for other offices in the state, who would have been a constant embarrassment to him, were all defeated.

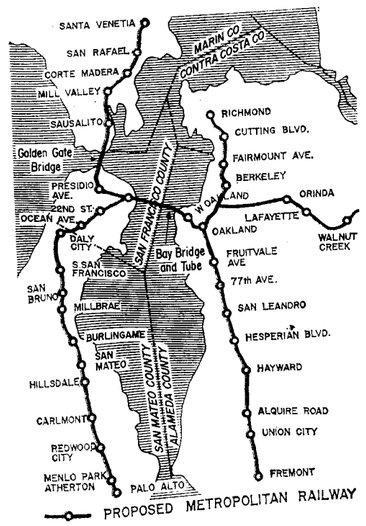
In California Mr Richard Nixon, another Republican who is trying to oust a Democratic Governor, has also now got the party machine in his state under control. But there the ultra-conservatives are much stronger and they may still lose the election for Mr Nixon. If they do he will no longer be a presidential possibility ; if he becomes Governor, he has promised to serve his full four-year term and to stay out of the national race in 1964. This week Mr Romney gave the same promise—almost certainly sincerely, in his case. This leaves Governor Rockefeller of New York, a Republican incumbent whose Democratic opponents have not even been able as yet to find a nominee to run against him next November, with a clear claim to be the next Republican candidate for the White House. It is a claim which suddenly seems worth having, now that President Kennedy is being criticised so widely, and Mr Rockefeller is pressing it to an extent which seems almost irresponsible. In any event it did last week, when he joined the ineffable Senator Dirksen in accusing the Administration of endangering the national security by its latest attempt to get the Russians to accept a ban on nuclear tests.

Rapid Transit Moves

FROM A CORRESPONDENT IN SAN FRANCISCO

THE dream of a seventy-five-mile system of suburban trains, underground, on the surface and up in the air, to link San Francisco with the cities and suburbs eastward across the Bay came one step nearer to reality last month, when the governing bodies of all three counties now concerned gave their consent to putting a $792 million bond issue for the scheme before the voters in November. Despite years of skilful preparatory work by leading advocates of the Bay Area Rapid Transit District, the third and smallest county very nearly brought the whole enterprise to a halt. The Contra Costa County Board of Supervisors finally voted three-to-two in favour but only after its hitherto uncommitted fifth member had been urged on by two telephone calls from the Governor of California and a personal visit from the Mayor of San Francisco.

Both the San Francisco and Alameda (Oakland) County Boards had given their unanimous approval earlier ; Contra Costa hung back because it contains substantial areas that will not be reached by the proposed lines. The episode illustrates the difficulties in the way of any such progressive move towards solving metropolitan problems. Both Governor Brown, a Democrat standing for re-election, and Mayor Christopher of San Francisco, who is the Republican candidate for Lieutenant Governor, regard success for BARTD as crucial in a state with California's fast-growing population and heavy urban concentrations. Yet the wavering Contra Costa Supervisor spoke as though his vote represented a real sacrifice for the sake of progress: he had dared to look beyond the interests of his immediate constituents.



The project still faces the stiff task of winning the approval of 60 per cent of voters, many of whom cling to the American faith in "my automobile, right or wrong." They also fear the increase in local rates, which will amount to about $27 a year for an average householder. Officials of BARTD maintain that the only possible alternative—more roads—would cost twice as much. Originally, as the map shows, the scheme would also have connected San Francisco's northern and southern suburbs with the city. The difficulties in adapting the Golden Gate Bridge to carry trains to Marin County and the refusal of San Mateo County to participate have eleminated these branches. But if the project succeeds, few doubt that these other areas will join in eventually—at far greater cost.

Less Work—More Jobs?

ONE consequence of the failure to speed up economic growth is that the trade union movement is now officially committed to the 35-hour workweek as a cure for unemployment. The executive council of the American Federation of Labour and Council of Industrial Organisations, which met this week in Chicago, has announced a double-pronged drive to spread the work: by individual trade unions in their bargaining with employers and by pressure on Congress to amend the Wages and Hours Act, which covers both union and non-union labour. Since 1940 this has provided that workers in interstate commerce shall be paid overtime, at time and a half of their usual wages, for any hours they work over forty a week. Special committees have been set up by the AFL-CIO to carry on the fight on both fronts. For over four years unemployment has remained above 5 per cent of the labour force and the pressure inside the trade unions for some direct action has become too strong to resist—particularly with the tax-cut, which the trade unions backed, put off at least until next year. Many trade unionists are convinced that another recession, and still higher unemployment, is now inevitable this winter.

On the surface, the AFL-CIO has come to a parting of the ways with President Kennedy. As Mr Goldberg, the Secretary of Labour, seemed sure to argue fruitlessly in Chicago, the Administration is convinced that "sharing the work" would probably increase unemployment rather than cut it, by curbing output and the rate of growth, by raising prices and by making American goods less competitive with foreign ones. If workers were to receive the same wage for 35 hours as for 40 hours, as the trade unions propose, this would be equivalent to a rise of 14 per cent in wages at a time when productivity is rising by only about 3 per cent a year ; faster automation, and fewer jobs might follow. Moreover, many of the jobless lack the skills to do a share of the work and, even if over-time were charged at double rates to encourage the hiring of new staff, employers might choose to pay the surcharge. In industries where short workweeks have been established by collective bargaining, such as construction, over-time is common ; it works out more cheaply than paying fringe benefits—pensions, paid holidays, medical care and so on—for additional workers. Members of trade unions themselves seem more interested in longer holidays than in short hours.

The trade union leaders do not even pretend that a 35-hour week will come overnight. A conservative Congress is not likely to raise businessmen's costs and to win shorter hours through collective bargaining will take years of probably bitter industrial struggle. The 35-hour week is a second-best goal ; the trade unions say frankly that they would much prefer full employment at 40 hours a week. The demand for shorter hours is primarily a warning sign to the Administration, and even more to Congress, that unemployment must be dealt with vigorously—and urgently.

Crime in a White Collar

FROM A CORRESPONDENT IN NEW YORK

WALL STREET, which has been airing its dirty linen in bundles a mile high, was in the midst of new chaos last month when two large and reputable brokerage firms found that they had lost between them $1.4 million in securities. The Federal Bureau of Investigation spread a drag-net all over the country and in no time had rounded up thirteen individuals who were said to be involved in a conspiracy to steal and dispose of some of the missing certificates. They include a clerk employed at Bache & Company, the major victim. This man, who had access to the Bache vaults, possessed a criminal record which the company's investigations had not uncovered. Criminals have had field days in Wall Street before this, but the great expansion in the securities industry has multiplied their opportunities. In the late nineteen-fifties a gang moved quite openly into several lesser known firms, took them over by dint of none too gentle persuasion and made a considerable fortune through the sale of forged share certificates. Reputable brokerage houses have also been somewhat slow, probably because of the hectic atmosphere in the financial district, to protect themselves from theft by their own employees.

Dishonesty of this kind has been increasing, not only in Wall Street but throughout business and industry. Last year fidelity insurance companies paid out three times as much in claims as they had in 1945 and the total stolen by trusted employees, from porters to chairmen of boards, was over $1 billion. This figure does not include the millions of dollars lost in kickbacks, bribes and theft of company secrets. Some of the older detective agencies, such as Pinkerton's, have turned their attention to industrial crime, but they tend to concentrate on the threats from outside. The danger from within demands a new kind of sleuth, who must engage in all the cloak and dagger techniques of the undercover agent and be an expert in the new field of management engineering as well. He must not only find out why a company is losing money, who is taking it and how, but must also devise methods to prevent a repetition of the crime.

One of the largest of these management engineering firms is Norman Jaspan Associates, Inc., which provides industry with straightforward management studies, while its subsidiary, Investigations, Inc., unearths malpractices. The Jaspan companies have 500 employees throughout the country who serve 2,500 clients, among them the giants of American industry. Last year they uncovered $60 million worth of dishonesty and were paid $4 million for their trouble. A caller from the firm may descend upon a company at the behest of its president to make an open survey of shipping methods, incentive programmes and other matters closely related to the work of an industrial engineer. But the problems may prove to be such that Investigations, Inc., will undertake more devious inquiries.

The Jaspan people say that they seldom learn much about a company by talking to the top management directly. It is usually more profitable to send a "junior management engineer"—known in another era as an undercover operative—to apply for a job as secretary to the vice-president or as a porter or operator of a drill press, where he can observe, listen and if need be peek into the files. These individuals differ from the shop-worn image of the private eye in that the young man working as a porter is likely to be a trained efficiency expert; the pretty girl, who is such a good secretary in a drug concern, may be a PhD in chemistry.

In this manner, an operative of Investigations, Inc., innocently washing his hands in the cloakroom, noticed a fellow employee copying a confidential blueprint, one of a series which he was selling to his employer's competitor. Another found a man at a gold mine pouring gold dust into plastic capsules which he proceeded to flush down the lavatory. The capsules were caught in a trap which he had installed previously in a waste pipe. The manager of a supermarket was caught hauling his own cash register to work each morning after lightening the load at home. The head of a meat warehouse was discovered "over-shipping" meat to accomplices at local supermarkets.

Jaspan is handling an increasing number of cases involving the theft of company secrets, some already patented or in the process of being patented. For instance, not long ago an engineer making an open survey of shipping methods in a large chemical company on the east coast noticed a crate marked "Samples" awaiting shipment to the west coast from the director of research. When the crate was opened it turned out to contain the records of developmental work on a new product. The company had spent four years and over $4 million bringing this product to the point at which commercial exploitation was possible. The research director, as is usual, had signed an agreement with his employer to prevent him from making off with the fruit of work done in the company's laboratories with company funds. Nevertheless, he had made arrangements with accomplices on the west coast to ship them the research data needed to give them a head-start in the market. In return they had promised him a job and 10 per cent of the proceeds from the sale of the new product.

VENEZUELA

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There have been two military rebellions this year, but President Betancourt remains in control. The Review describes the background to these events, and analyses the circumstances which led to a partial devaluation of the bolivar in April. Also discussed are the encouraging upward trend in oil production, and the implications for the Venezuelan petroleum industry of the resolutions adopted at Geneva recently by the Organisation of Petroleum Exporting Countries.

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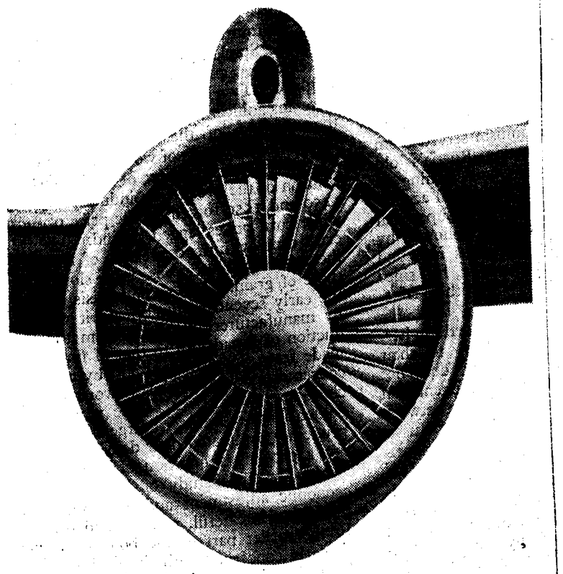
SHORTER NOTES

A month-old disagreement between the President and the Joint Atomic Energy Committee of Congress was resolved last week when Mr Kennedy announced that one of the two vacancies on the Atomic Energy Commission is to be filled by Mr James Ramey, the director of the committee's staff. The other goes to Mr John Palfrey of Columbia University. Mr Ramey is not popular with the existing commissioners but the committee refused to consider other names until it was promised a vacancy for one of its own candidates. Unlike the three scientists now on the commission, Mr Palfrey and Mr Ramey were trained as lawyers. Neither may have long in their new jobs; the Administration still plans to ask Congress next year to replace the five-man commission by a single administrator.

* * *

In 1961 there were almost 89 million Americans licensed to operate a motor vehicle, an increase of 1.5 million over 1960 and an average of 1.2 persons for each registered vehicle; 63.3 million of these were passenger cars and 12.3 million were lorries.



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From the Tsars to Khrushchev

Russian Foreign Policy: *Essays in Historical Perspective.*

Edited by Ivo J. Lederer.

Yale University Press. 643 pages. 80s.

MAN'S survival, it seems true to say, depends very largely on the Soviet leaders' willingness to face the political implications of the nuclear age, and to turn peaceful co-existence into something more than a slogan. This lends particular urgency to the study of Soviet foreign policy. What are its real objectives and how are they promoted? How relevant is Marxist-Leninist ideology, and to what extent are the Russians of today following in the footsteps of the Tsars?

These problems are complex, but not insoluble. Some light is thrown upon them in this volume of essays by a number of distinguished American scholars, participants in a conference held at Yale to consider Soviet foreign policy in its historical setting. Among the topics discussed are Russia's strategic and economic interests, the role of propaganda and the changes taking place in popular attitudes towards the outside world. Other papers analyse Russia's relations with particular areas of the globe to discover how policy is carried out in practice. Each contributor deals with the pre-revolutionary era as well as the Soviet present. There are some notable gaps, but there is a great deal of useful information and lucid thought in these pages that will interest the general reader as well as the historian.

Imperial Russia emerges as a country neither more nor less moral in its foreign policies than other states of the period. The aim of national aggrandisement was pursued somewhat fitfully, to a large extent prompted by the ambitions of the military —although often the Tsar and his ministers were more deeply involved than they cared to admit to protesting western ambassadors. Much of the trouble stemmed from the fact that the educated Russian public took little interest in foreign affairs and could not exercise any noteworthy restraint on those in authority. But on the whole the problem remained within manageable proportions. Economic backwardness imposed limits on Russian strength, and when international complications threatened the other powers generally intervened to forestall Russia. Still more important was the fact that Russia itself belonged to the European state system. Its diplomats by and large shared the ideas and values of their foreign colleagues. Indeed, so westernised did the Russian élite become that many intellectuals lost faith in their country's future. They accepted the Bolshevik revolution because it enabled them to overcome their deep sense of national humiliation *vis-à-vis* the more advanced West. Communism served them as a means of re-asserting Russia's old claims to moral superiority and catching up on Europe in the sphere of material accomplishments. This pattern of superficial acceptance of western culture, followed by rejection, and then by conscious imitation of certain selected features of it, has since been repeated in China and other Afro-Asian countries.

The Bolsheviks have succeeded in harnessing this latent nationalism to their totalitarian machine. But this does not make them nationalists in the conventional sense. The elements of continuity between their policies and those of Tsarist Russia are only of secondary or incidental importance. No doubt traditional Russian exclusiveness, derived from historical experience, has intensified Soviet fear and suspicion of the West. But the decisive element in the foreign policy of any modern totalitarian state is political: concern for the interests of the ruling party. The party must continually seek to maintain and extend its monopoly of power and justify itself in terms of the official ideology. Marxism-Leninism gives the Soviet system its dynamism, and at the same time provides a framework within which all decisions are taken, including those on foreign policy. Despite its apparent rigidity, the doctrine actually permits great flexibility in the choice of means. Each step is related conceptually to the ultimate goal. But it is taken only after a careful and realistic analysis of the existing power relationship. The sole criterion is tactical advantage to the regime. The result is a curious blend of loyalty to principle and blatant opportunism. But it presents a formidable threat to democratic states, where the diffusion of authority generally prevents national leaders from matching the Communists in the consistent pursuit of purpose.

Can the West meet the challenge? On the whole the contributors to this volume are cautiously optimistic. The Soviet leaders, they point out, are coming to realise that nuclear weapons make direct territorial expansion intolerably dangerous. Aid to the under-developed countries strains Soviet resources and does not always bring tangible political results. Tension arises between Communist countries, seeming to show that Mr Khrushchev is finding it increasingly difficult to reconcile Soviet national interests with those of the world Communist movement. The West has no cause to be complacent, but it has nothing to panic about.

Wool and Protection

The Wool Trade in Tudor and Stuart England.

By Peter J. Bowden.
Macmillan. 260 pages. 35s.

IN the fourteenth century the Ordinance of the Staple called wool "the sovereign merchandise and jewel of this realm of England." Two centuries later wool exports were insignificant, but the sheep remained the mainstay of the economy, since the decline in the export of wool had been offset by the rise in the export of cloth. The expansion of the broadcloth industry between 1450 and 1550 forced up the price of wool, while corn prices lagged behind. The first crisis came with the depression of 1551, and thereafter wool prices rose more slowly than those of grain. The second crisis came in the early seventeenth century: it was met by manufacturers changing from the production of broadcloth to that of fine cloths made from Spanish wool and by a greater concentration upon cheap worsteds and cloth mixtures. Even so the years of the golden fleece were over; large flockmasters prudently contracted their demesnes and let out a growing proportion of their estates.

Mr Bowden's study of this process of economic adjustment and government intervention is careful, realistic and original. In the earlier part of the book he is particularly concerned with the decline of the broadcloth industry in the reign of James I. This has been ordinarily attributed to the collapse of northern European markets, largely as a result of war: compensation was found in the markets of southern Europe, which demanded lighter weaves. Mr Bowden's explanation, originally given in his article in the *Economic History* for 1956, is made in terms of supply and not of demand. The richer grazing made possible by enclosures meant that the fine short wool suitable for broadcloths was replaced by long coarse wool suitable for worsteds. The broadcloth manufacturers had to use inferior raw materials or to experiment with other products. The theory is attractive and cannot be disregarded in future discussions. Yet the depression of foreign markets must remain at least a complementary explanation. And it is unfortunate that while Mr Bowden has here expanded his discussion of the wool supply, he has contracted his main argument.

The second part of the book is concerned with the campaigns fought by industrial and export interests for favoured treatment. Both the wool and the cloth trades were geared to credit, and the "wool-broggers" were indispensable to small farmers and producers. The mid-sixteenth century depression produced the restrictive legislation of 1552 against wool-dealers; and it was not until 1624 that a more serious depression led to the repeal of the 1552 Act. Protection was granted to the clothiers by a prohibition on the export of wool. Mr Bowden questions the contemporary belief that this could handicap continental competitors. However the Leyden clothiers seem to have been justified in their complaints against the export ban. And, since England had a virtual monopoly of long-staple wool, it is odd that Mr Bowden should here lay so little stress on the nature of the wool supply when he has earlier given it such weight. His argument would have been more effective if he had been able to deal explicitly with the doubts and qualifications provoked by his original article. Nevertheless his book will be of great value to historians and of more general interest as a study of, as he puts it,

> the way in which a vociferous section of the community, by dint of sustained and organised propaganda, can obtain general acceptance of its own selfish aims in the name of public necessity.

Civil War Blues—and Greys

Patriotic Gore

By Edmund Wilson.
Deutsch. 848 pages. 55s.

THE Civil War remains the great traumatic experience of American civilisation. Even those who have wanted to forget about it have found, like Mr Justice Holmes, that it would not let them go. A hundred years later, surfeited by the vulgarities and tomfooleries of the centennial commemoration, many an American intellectual has sworn off the subject for the duration. How long will such conscientious objection survive? Here is Mr Wilson, the Grand Cham himself, joining up—and wearing not only the Grey but the Blue also, the Civil War buff to end all buffs.

"Patriotic Gore" is a reminder that a great critic not only can but should address himself to the obvious subjects, to the great focal points of human experience, and that he will find there ample material for the exercise of his illuminating art. In these spacious pages Mr Wilson explores the literature of the war, prewar and postwar, North and South, asking as he always has of any literature, what it can tell us of the values and weaknesses of its society. This means—for the Civil War, a great conflict, produced no really great literature—a careful grading and analyis of novelists, poets, diarists and autobiographers of the second order. Yet the result is, without question, a first-rate piece of criticism.

Mr Wilson's triumph is largely the result of his relentless honesty, of his refusal to exaggerate the merits of his subjects. John de Forest is not inflated into a New Haven Henry James, nor Sidney Lanier into a Southern Keats. But a catholicity of appreciation accompanies this wise discrimination; on both sides of the battle line, in opposite styles of romanticism and realism, Mr Wilson discerns merits which a short-sighted twentieth-century reader would miss, just as he relates shortcomings to intellectual and social climates of which contemporaries were only half aware.

Mr Wilson does not hide—indeed, in an already over-quoted introduction about the "sea slug," he positively parades—the attitude which he himself adopts towards the great conflict. It was, his introduction asserts, merely the grossest manifestation to date of America's recurrent cannibalistic impulses, the North clothing its success in the garments of moralistic superiority. Fortunately the fatal "merely," which makes the introduction so stridently unconvincing, is absent from the pages that follow, and is replaced by a full awareness of the tragic dimension in which his people and their events occur. So Harriet Beecher Stowe can be depicted as comprehensibly as Mrs Chesnut, the diarist of the ruined Southern plantocracy, and Ulysses S. Grant as admiringly as Alexander Stephens. Only one figure in some measure eludes Mr Wilson's grasp (though he has true things to say of him). That is, paradoxically, the leader who most rose above the pharisaism that Mr Wilson deplores. In dealing with Lincoln Mr Wilson's scholarship for once falls short. He still accepts the Herndon gospel, now so widely discredited; he has not fully understood the debates with Douglas; and most surprisingly of all, he still swallows whole the Charles A. Beard thesis of the economic causes of the war. Here indeed, as often elsewhere, Mr Wilson remains "unreconstructed"—an unreconstructed, isolationist, New York City liberal of the 1920s. Fortunately, for most of the time he also remains the most perceptive, informed and literate critic of the 1960s.

Soap Washed Whiter

Competition and Monopoly in the British Soap Industry

By H. R. Edwards.
Oxford University Press. 280 pages. 35s.

MR EDWARDS has really written two books: a restatement and refinement of the theory of imperfect competition under oligopoly; and a history of the British soap industry. Both are good. Mr Edwards is lucid, brief, and relatively free of jargon, equations and diagrams.

He starts by reminding us that the classical description of perfect competition was much more relevant to agriculture than to modern manufacturing. Agriculture has a U-shaped cost curve; its units are kept relatively small by the need for a large number of management decisions; its basic facility, land, is limited; and its products are reasonably standard. Manufacture often has diminishing costs at the margin; its managers are able to control increasingly large units up to a point; its machines can be endlessly duplicated; and its products are infinitely varied.

Classically perfect competition, therefore, Mr Edwards contends, is not normally customary in manufacture. The number of separate firms in an industry is limited; their capacity at a given price is flexible; their customers are more or less tied to them by goodwill, whether it is the goodwill of the large buyer who knows that a particular supplier will provide satisfactory quality and service, or of the ordinary consumer who sticks to a brand because she has tried it and found it good.

When competition is thus imperfect, firms are bound to keep a wary eye on each other's actions. Unrestrained price competition would simply lead them to ruin. Nevertheless, in practice the public is exploited relatively rarely, which Mr Edwards explains by the threat of competition from new entrants, usually established firms in other lines widening their range, and by technological innovation, itself often achieved by new firms.

If these new entrants are to be kept off, prices must be kept below what Mr Edwards calls the 'no-entry ceiling'. If they go above that, new entrants will see a profit, and will be tempted in. Below that, they will see no profit and will keep out. The height of this 'no-entry ceiling' depends on such factors as the goodwill of the existing firms, the minimum optimum scale of production, the level of technique in the industry, and whether the industry is expanding. In practice, the extra price—a rent of oligopoly—this ceiling permits is usually not worth more than 1 or 2 per cent of net sales value, Mr Edwards reckons, though occasionally it may rise as high as 5 per cent.

From his admirably concise history of the soap and detergent industry Mr Edwards draws some very interesting conclusions.

First, there is the importance of innovation. Levers originally burst into a market that was a series of old regional semi-monopolies by providing a better soap (oil instead of tallow based), wrapping it, distributing it at one price nationally, and promoting and advertising it on a large scale to the consumer. They then held their market between the wars by pioneering soap powders. In the fifties when Hedleys jumped to nearly half the market, they too did it by being a little ahead in exploiting a technological breakthrough—the possibility of a soapless detergent made to wash clean with phosphate builders and which did not go lumpy, and, later, fluorescers.

Secondly, there is the old importance in this market of heavy advertising; advertising as a percentage of net sales value was as high in the nineties as in the nineteen-fifties. Thirdly, neither Levers nor Hedleys seem to have exploited their oligopolistic position. Mr Edwards finds little evidence of more than normal profits. Competition seems to have prevented prices from ever going near their new-entry ceiling. Lastly, there is a clear suggestion that the savings of scale, especially in selling expenses, from concentration have been real. Indeed, Mr Edwards's criticism of Unilever is that they remained decentralised into their constituent companies for so long, and so did not get the full benefit of their amalgamations either in costs or policy-making.

Mr Edwards's theory makes imperfect competition a very limited threat to the con-

sumer, even at its most powerful. His example shows that it does not have to be a threat at all.

What is Obscene?

"To Deprave and Corrupt . . ." *A Collection of Original Studies in the nature and definition of "Obscenity".*

Edited by John Chandos.
Souvenir Press. 219 pages. 25s.

WHEN the principle of freedom of expression conflicts with the need to protect society from attacks on its "essential shared values," reasoned argument is avoided and emotion prevails. This is particularly so in the case of obscenity. The present collection of nine studies, which takes its title from Chief Justice Cockburn's test for obscenity in *R. v Hicklin* in 1868, is a serious contribution to the subject. It successfully demonstrates the divergence of standards and inconsistency of judgments which the issue has provoked. But it does not suggest how, short of abolition, the test (which was modified by the Obscene Publications Act, 1959, but still contains the phrase in question) can be made more precise and certain.

Public attention is normally directed to obscenity only when a particular book is challenged before a court. Recently there have been signs that some judges, reflecting an increasing public tolerance, are reluctant to condemn a book on this ground. Mr Justice Stable's enlightened charge to the jury in *R. v Secker & Warburg* ("The Philanderer" case) in 1954 was a straw in the wind, and, recently, the Massachusetts Supreme Court, although by a bare majority, held Henry Miller's "Tropic of Cancer" not to be obscene. It is not surprising, then, that the two articles which concentrate on the legal aspects of the matter, that of Dean Lockhart and Professor McClure of the University of Minnesota from the American side and Lord Birkett's posthumous account of "The Changing Law" in England—a gem of lucidity—are the most pertinent in the collection. Lord Birkett commends Lord Reid's dissenting judgment in the recent *Ladies Directory* case, in which the House of Lords recognised the crime of "conspiring to corrupt public morals," and so shows his disapproval of that decision, which runs counter to the liberal trend. One would have liked to know how the problem is tackled by the legal systems of continental Europe; or is it only English-speaking countries that have an obscenity problem, and if so, why?

Some articles deal not so much with obscenity as with censorship in general: for instance, Mr St. John Stevas's on "The Church and Censorship." Most of the contributors, while disapproving of censorship, decorously distinguish between "writing conceived as art" and "mere pornography." Mr Maurice Girodias, of the Olympia Press in Paris, opens his jolly broadside with the announcement "To deprave and corrupt is my business," and claims that "the final difference between the two categories lies only in the scope of language used."

The editor, Mr John Chandos, a vigorous and well informed writer, is himself the author of two studies. The first adumbrates the main aspects to be discussed later by specialists, and the last is an absorbing account, enriched by discreetly chosen illustrations, of "what censorship can do," by encouraging the production of clandestine obscene writings.

Statistical Concealment

The Statistical System of Communist China

By Choh-Ming Li.
The University of California Press. 180 pages. $4.00.

The National Income of Communist China

By Alexander Eckstein.
Free Press of Glencoe. 215 pages. $6.75.

WHEN Professor Choh-Ming Li wrote his first book on the Chinese economy, an appraisal of the first five years of industrialisation, he could find no evidence of deliberate fabrication of the statistical source material. As his book reached the reader, the Chinese authorities admitted the most massive falsification known in the history of modern statistics. The crop of 1958, the year of the "Great Leap Forward," planned originally at the ambitious figure of 196 million tons, had allegedly yielded as much as 375 million tons. After half of it had been consumed, the Chinese Government, aware of the gross exaggeration, ordered two recounts, which brought the estimate down to 250 million tons. It will probably never become known how the recounts were carried out six months after the harvest. "Ex post checking on output data serves no purpose," Professor Li remarks tartly. Soon the world learned of widespread food shortages; then a novelty, they have meanwhile become an almost regular feature of the Chinese scene. Whilst the revised harvest estimate of 1958 was still overstated by at least a tenth, the one of 1959 was exaggerated by more than one-quarter. Thereafter the Chinese authorities ceased to publish any harvest results.

The position was little better in the industrial sphere. Steel production, planned originally for 1958 at 6½ million tons, was alleged to have jumped by the end of the year to over 11 million tons. This was due largely to a sudden outburst of local party initiative. Thousands of do-it-yourself furnaces were reported to have yielded over 3 million tons of steel. Later the Chinese authorities endorsed the views of western observers: no steel had been produced in the backyards. The iron was of such poor quality that the experiment had to be abandoned.

Professor Li refrains from giving his own estimates of agricultural and industrial achievements. His book is no less important for being an analysis of a vast volume of Chinese literature; from it a picture emerges of the statistical system as it was in operation before it collapsed under the impact of decentralisation and "mass participation" under party leadership. Professor Li has been most restrained in his evaluation, the sparing criticism of which is all the more damning. Instead of being essentially a technical tool for planning, Chinese statistics took on the character of a political weapon. As for any future analysis, adjustments will be necessary, challenging the imagination and ingenuity of students of Chinese economics.

Professor Eckstein's book on China's national income is the fruit of such ingenuity and imagination. Basing himself on partial and fragmentary data he has calculated China's gross national product for 1952 from private and public sector accounts, transfer payments and receipts cancelling each other out. The results Professor Eckstein elicits from his study of farm products, non-farm wage bills, net earnings of private and public enterprises are not very greatly different from those of the few other western scholars who have tried to penetrate behind the maze of concealment, methodological vagueness, shifting definitions and changing coverage that are marks of China's statistical services. What is important in a study of this kind is the composition of the national income as much as its absolute level.

In 1952 China was of course only at the beginning of its drive towards industrialisation. Farming provided more than half the gross national product and private consumption more than two-thirds of the nation's outgoings. Agriculture was still based on the small holdings of private cultivators. The economy was still far from fully socialised. Today the level of the national income and its composition are bound to be very different from what they were on the eve of the first five year plan. In the meantime the importance of the public sector, and that means the share of capital investment in total national income, has grown immeasurably. Personal consumption has lost correspondingly. Even in 1952 China, though greatly behind the Soviet Union on the eve of its plan era, resembled the Soviet pattern with regard to the allocation of resources. In view of the vastly different setting at the time of the Chinese revolution, the similarities between the two experiments are startling.

To judge by a comparison in terms of national income, China in 1952 is shown to have had a slight edge over India in supply per head of farm products and in output per worker in industry. Ten years later the position deserves to be re-examined. It may well be very different. Professor Eckstein's book is the first of a series of studies from which he hopes to derive national income estimates for 1957 and 1962, the last years of the first two five year plans. China's statistical practices have changed sufficiently to require analytical techniques different

from those applied in the first study. This task will require all the tenacity of serious scholarship of which there is so much in this field in the United States and so little elsewhere.

Tocqueville Systematised

The Social and Political Thought of Alexis de Tocqueville.

By Jack Lively.
Oxford University Press. 271 pages. 25s.

A SYSTEMATIC study of the thought of Alexis de Tocqueville has been needed for a long time; and it is no small credit to Mr Lively that the work under review goes far towards supplying the necessity—the first to attempt it, so far as the present reviewer is aware, in any language since the twenties. Of course since then there have been Professor Pierson's great work on Tocqueville and America; a not altogether satisfactory re-editing of his complete works, together with a number of English translations; and a large number of articles in learned journals. But it is indisputable that Tocqueville, a writer whose ideas and whose observations are now constantly drawn on by sociologists, journalists and political scientists, has nevertheless suffered, at worst, from the neglect, and at best, from the somewhat haphazard attentions, of scholarship.

So Mr Lively set himself a worthy enough task; and it must also be said that he has coped with it very capably. He has reintegrated Tocqueville's thought from the hundreds of letters and speeches, essays and (too few) completed works where it lies fragmented, and laid it out in seven chapters, whose titles (Liberty; History and Society; Centralisation, and so on) neatly sum up the main subjects of Tocqueville's reflections. He gives a sound account of Tocquevillism, that special form of liberalism, in all its details. He does not, perhaps, give enough references to back up all his statements, but if he did the book would be horribly over-peppered with footnotes; and on the whole he does not misrepresent Tocqueville's doctrine. In places he even performs much-needed rescue operations from misrepresentation. For example, he emphasises again and again that Tocqueville was no enemy to democracy; and shows that "negative freedom", that fatally limiting ingredient of most liberal thought, by no means limited Tocqueville. Negative freedom was, for him, complementary to that sense of personal responsibility which depends on liberty but on which liberty, in its turn, depends.

Nevertheless, two reservations must be made about this book. The first is that, even for an academic work, it is written with inexcusable stodginess. And the second is a doubt as to whether Tocquevillism is best expounded on quite this plan. It is to be hoped, of course, that many people will read this book as a corrective to the visions of Tocqueville the reactionary, Tocqueville the unrelieved pessimist, Tocqueville the monotonous harper on the single note of equality, that are now current. But in nature such readers are most likely to be academics, not politicians, still less non-academic private citizens. Yet it was above all for these last two classes that Tocqueville wrote. What is needed now is a book to turn them back to "Democracy In America" with fresh minds, there perhaps to revitalise their belief in the virtues of liberal democracy. Mr Lively's work fails, narrowly but decisively, to be such a book.

Diplomacy of Illusion

France and Her Eastern Allies 1919-1925

By Piotr Wandycz.
University of Minnesota Press. London: *Oxford University Press.* 463 pages. 68s.

AT the Paris Peace Conference of 1919, France appeared to be the strongest power in Europe. Twenty years later, its collapse, militarily and diplomatically, was complete. The myth of France's military greatness was shattered, while the apparent strength of its diplomatic position in Europe had been shown to be equally hollow. The intention of French foreign policy in the 1920s is clear enough: to replace the pre-war alliance with Russia by the formation of close ties with the new states of eastern Europe in order to contain Germany within the 1919 frontiers. By 1925 it looked superficially as if this aim had been achieved; and there was a network of treaties and agreements between France, Poland and Czechoslovakia, while Rumania, Jugoslavia and Czechoslovakia had formed the Little Entente, which seemed to promise stability in the area.

Professor Wandycz's careful and scholarly study shows in detail how insecure the French security system in fact was, and on what precarious foundations the eastern alliances rested. He has written a narrative tracing France's attitude to Polish and Czechoslovak claims at the Peace Conference, the brief flirtation (due, it appears, to the influence of Maurice Paléologue) with the idea of supporting a Danubian block based on Hungary, and the development of France's east European policy and of the relations between Poland and Czechoslovakia up to the signature of the Treaty of Locarno. The author sees in Locarno, and the acceptance of a guarantee against German aggression in the west, the failure of France's original intention to link the security of the frontiers of Poland and Czechoslovakia with that of France's own frontiers. "All that remained of a grandiose project," he concludes, "were shaky bilateral French alliances in East Central Europe."

The French sources for the period have been partly destroyed, and most of what survives is not available to historians. Professor Wandycz has largely succeeded in overcoming this difficulty by his use of Czech and, especially, Polish sources, of which he has unearthed a surprising quantity. This leads to the book being more

By James Jay Allen

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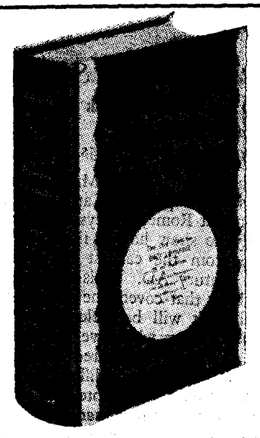

THE STATESMAN'S YEAR-BOOK 1962

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of a study of Polish and Czechoslovak foreign policy than of French policy. However, this does less harm to the work's perspective than might appear. It was, in fact, in Czechoslovakia alone that there was any real continuity of policy in this period. Both French and Polish foreign policy was constantly changing under the pressure of internal politics, whereas Czechoslovak policy under Eduard Benes remained remarkably constant. Benes is indeed the hero (if the word is not out of place in writing of so deliberately dry and detached a piece of diplomatic history) of this book. His diplomatic skill, genuine moderation—particularly towards Germany—and real vision of improved international relations in central Europe make the treatment of him by the French and British in 1938 all the more inexcusable.

In addition to exposing the illusions on which France's eastern alliance system rested, Professor Wandycz deals with some other myths; he shows, for example, that the role played by General Weygand in checking the Russian advance into Poland in 1920 has been magnified out of all proportion. He has also some interesting things to say about the influence of economic considerations on French foreign policy. Although this is not an easy book to read—the style is pedestrian and many of the references, particularly to Polish internal politics, need explaining—and although the maps provided to illustrate the complicated territorial disputes are quite inadequate, the author has nevertheless made a real contribution to our knowledge of international relations in the period.

History through Stones

The Mute Stones Speak

By Paul MacKendrick.
Methuen. 382 pages. 35s.

IN this book Professor MacKendrick, who has been professor at the American Academy at Rome, surveys the archaeology of Italy, to show how it illustrates Roman history from the earliest times until the fourth century AD. This reviewer knows of no book that covers the same ground so helpfully; it will be welcomed especially by those readers who have not the time to follow up widely scattered archaeological reports in half a dozen different languages. If in the prehistoric chapter the stones (or sherds) stammer rather than speak, with the Etruscans and early Rome they have found their voices. How good it is to have sites like Marzabotto and Cosa and early Ostia explained and, in the chapter on the later republic, to find an account of the sanctuary of Palestrina. Moving into the imperial age we are shown a succession of major sites, familiar and less familiar. Here, among many other items, are the Nemi galleys; the imperial fora (with, for our entertainment, a photograph of Mussolini inaugurating the Via dell' Impero in 1932); the Golden House; Hadrian's villa; roads, aqueducts and the walls of Aurelian; and, which will give much pleasure, Piazza Aamerina, and the excavations under St Peter's. There are numerous plans and other illustrations; but it is much to be regretted that the reproduction of some of the photographs is so dark and that plans, heavily reduced because of space, are sometimes smudgy.

The reader will emerge with increased respect for the achievements of Italian archaeologists. Their engineering feats in the excavation of the Ara Pacis and of the shrine of St Peter show that the skill of the old Roman engineers still remains with their modern descendants. Besides the Italians, scholars from many other nations have contributed to the work of excavation and survey, and all are given their due credit. But though the author is concerned with the work of others, his book is very individual and has the touch of the scholar who is thoroughly familiar with his subject. All will not see eye to eye with some of his historical asides. He is rather too contemptuous of the Roman emperors, Augustus included, and why bother to give a genealogy of the Julio-Claudian family? There is also perhaps overmuch about the 'involuted' and 'tortured' nature of Hadrian (in the vein of a recent novel) for the taste of provincials brought up in the lee of that great emperor's Wall; but these are merely bypaths in a useful and lively book.

Fabulous Province

The Living Land: *An account of the natural resources of British Columbia*

By Roderick Haig-Brown.
The Macmillan Company of Canada. 269 pages. 50s.

IT is harder to face and balance facts about British Columbia than it is about any part of North America. It is short of nothing but dull scenery, people and level heads. Halve the optimism its government expressed in its evidence to the Gordon Commission in 1955 and one foresees the province by 1975 outdoing Texas and California in "growth." In 1962 the rare observer who has not been outwitted is not easily disposed to recommend the province either to investors who want tangible returns in their own lifetimes or to young immigrants looking for exciting prospects. There is the superficial paradox of serious unemployment and serious labour shortage. Why, with such legendary resources available, is such optimism so damp? What is wrong?

It is greatly to the credit of its otherwise wide-eyed government that, as early as 1948, it encouraged its Director of Conservation in the Department of Lands and Forests to call annual conferences on natural resources to consider and report—scientifically—on the whole picture. And it was, perhaps, more than they deserved that he happened to be Dr D. B. Turner. Under his guidance

> men who were dealing daily with research, administration or operations in the various resources set forth their knowledge and their difficulties, listened to each other with surprising degrees of sympathy and patience, left with broader knowledge and a clearer understanding of the welfare of the province as a whole.

So far over a dozen weighty tomes record these conferences and there is no doubt that a Gordon Commission today would, as a result, get far more sensible evidence. But the general public in and out of the fabulous province are entitled to the fabulous facts in one lucid, un-axegrinding volume. Their appetites were gorgeously whetted in 1956 by the publication of easily the finest Resources Atlas (48 pages of maps in full colour) in the world. To have chosen Mr Haig-Brown for this formidable digesting task was perfectly apt. He is a British Columbian of a rare type. Though he is as much in love with his province as the next man, he knows the stuff his dreams are made of, understands every donaish volume of it and, glory be, can write like a dream.

OTHER BOOKS

THE TRACHTENBERG SPEED SYSTEM OF BASIC MATHEMATICS. *Translated and adapted by Ann* Cutler and Rudolph McShane. *Souvenir Press.* 270 pages. 18s.

Multiplication is really an additive process. Thus, any number in the hundreds range can be written in algebraic terms as $a \times 100 + b \times 10 + c$ and any number in the tens range as $x \times 10 + y$. A simple algebraic equation gives the result of multiplying the two numbers together as:

$$1000ax + 100(ay + bx) + 10(by + cx) + cy.$$

The result, therefore, of multiplying any three-digit number by 11 is found, by making both x and y equal to 1, to be:

$$1000a + 100(a + b) + 10(b + c) + c.$$

Expressed as a rule under the Trachtenberg system of multiplication, this is simply "add the neighbour": that is, after imagining 0 before the number to be multiplied by 11, it is simply a matter of adding each successive number to its neighbour on the right.

It is by such rules that the Trachtenberg system of arithmetic does away with conventional multiplication tables and long division. An institute in Zürich has been teaching the system since 1950 to children in the daytime and adults in the evening with, it is said, considerable success in the attainment of both ease and speed. This book, written for adults, describes the system in some detail. It may exasperate those who are already arithmetically competent, intrigue those who have a mathematical turn of mind and help those who loathe, but have to cope with, simple arithmetic.

BOHEMIA AND MORAVIA: *An Architectural Companion.* By Brian Knox. *Faber.* 168 pages + 64 pages of plates. 63s.

This account of the author's travels throughout the length and breadth of Bohemia and Moravia some five years ago is an ideal travelling companion, especially for those with a car who can follow Mr Knox off the beaten track. It should also prove a delight to the armchair traveller interested in that part of the world. It is erudite, both architecturally and historically, but the erudition is lightly worn, and the writing unusually good for a book of this kind. It has excellent sketches and drawings of ground plans, and above all a profusion of splendid photographs. Its only drawback as a guide is that one might hesitate to submit such a beautifully produced book to the hazards of suitcases and the side pockets of cars. But this of course need not worry the armchair traveller.

LETTERS

Defence Under Fire

SIR—In your article of August 11th you state that the current defence thinking of Mr McNamara, the American Secretary of Defence, is criticised from two sides. Some members of the western alliance fear that the stress that is now being placed on conventional arms development may lean towards appeasement, while others assert that such policy may merely provoke the arms race further.

I fear that there is an even greater danger associated with this policy that no computer-minded "whiz kids" can evaluate. This is that a stress on conventional arms may lead to a feeling, both in East and West, of false security. If the conventional forces of the world are fully developed for limited war a trend of thought may develop that since war would not be total then negotiation is not the ultimate step that can be taken. War, whether defensive or aggressive, again becomes a practical possibility.

I would suggest that this belief may soon develop over the Berlin situation when both East and West see that neither side can, or will, step down. There is then an acute danger—either that the East, on the assumption that nuclear weapons would not be used in Europe, may decide to solve the Berlin problem by force; or, more likely, under provocation, the Western allies may abandon patient negotiation and retaliate with force.

The move towards a build-up of conventional arms heightens, not reduces, the danger of war. While both sides live in fear that provocative acts can lead only to a nuclear holocaust then tough negotiation will be considered to be the ultimate solution to international problems; but if it again appears possible to fight without rendering total destruction to both enemy and ally, then the probability of war is substantially increased.—Yours faithfully,

Cardiff PAUL A. V. ELLIS

Medicare

SIR—Your issue of July 14th contained a report on the difficulties encountered in Saskatchewan, Canada, with respect to their government programme for medical care. In the last sentence a most amazing irrelevancy occurs: "And who knows but that American journalists, crowding into Regina to report on chaos and not finding it, may not end by bringing American opinion round to the need for some such reforms as these?" There is no indication in the reporting what the relationship of matters in the United States might be to those in Saskatchewan, nor is there any indication of what it is in the United States which needs "reform."

We do know that in the United States we have had over the past decade a hospital building programme which has greatly increased the availability of hospital care, and we have chosen to expend tax-obtained funds in this significant manner rather than to dissipate them on what can frequently be inconsequential expenditures under certain types of compulsory government programmes. In the same vein, with public funds we have contributed greatly to medical research which, again, can suffer in nations with compulsory medical programmes. In the United States we do not suffer from an out-migration of doctors. Our doctors do not have to have recourse to extraordinary means such as has happened or been threatened in recent years not only in Saskatchewan but in Italy, Austria, France, Japan, the United Kingdom, and perhaps others. Most of our hospital care is on the semi-private or private room level contrasted with ward care provision under certain government programmes.

Generally, the level of our medical care is conceded to be good and to have improved tremendously over the past fifty years.

Over the past quarter century, we have developed a system of private insurance by which people may be protected against the impact of serious medical care costs and this has found broad public acceptance. No such system of private insurance for these purposes has ever existed in any nation with the breadth of coverages available and the diversity of approaches taken as is found in the United States today.

Your man in North America might well elucidate upon just what it is in the United States which needs "reform." Might he not with equal irrelevance ask the question whether journalists from the United Kingdom may not end by bringing opinion in the United Kingdom round to the need for some "reforms"?—Yours sincerely,

J. F. FOLLMANN, JR.
Health Insurance Association of America
New York

The Regional Screen

SIR—Your very fair article about our company deserves a warm tribute, particularly since the facts about regional television companies have been overlooked in the general hue and cry about profits and violence.

You will forgive an immediate correction, however, to the description of the Anglia Television area as "10,000 sq. miles, chiefly of farming country (there is no large conurbation at all)." This is very misleading, and tends to perpetuate the myth that East Anglia is completely rural in character. East Anglia is, in fact, a thriving area in which agriculture plays only a part; at the end of 1961 it employed 13.9 per cent of the working population.

Manufacturing industry is expanding rapidly and now employs more than 33 per cent of the working population. Considerable industrial development is evident throughout the area, and already over half the total population of more than two million live in the eleven major towns, and the tendency to congregate continues.—Yours faithfully,

MICHAEL NORMAN
Norwich Chief Executive, Anglia TV

West Irian

SIR—It would be interesting to know what the Papuan people think of the "agreement" between three non-Papuan governments to hand them over to Indonesia.—Yours faithfully,

D. BARTON
Stalybridge, Cheshire

Katanga

SIR—Your special correspondent in Elisabethville (August 4th) refers to "gross vilification of U Thant for calling the Katanga ministers 'clowns'." Was it not somewhat "gross" for the world number one civil servant to use the language he did about Katangese ministers? One wonders what would have been the Afro-Asian reaction if the Secretary General had spoken thus about any other African politicians—but then, of course, he would not have dared to do so, even from the safe distance of Helsinki.

Incidentally, your correspondent's statement that "Mr Tshombe is in no mood to leave Katanga for some time" was in contrast with the news of the latter's visit to Geneva.—Yours faithfully,

Paris MARTIN CARMICHAEL

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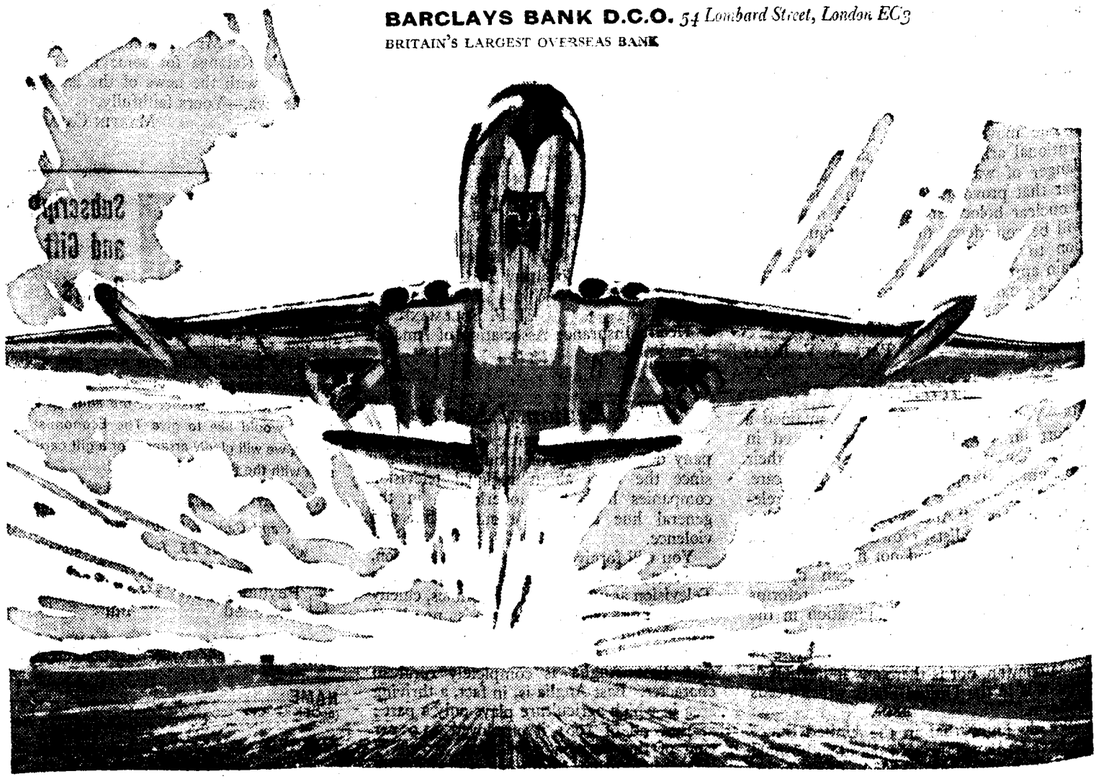


THE BUSINESS WORLD

Will the Banks Compete?

TUESDAY'S surprise announcement that negotiations are in train for an offer by the National Provincial Bank for the shares of the District Bank heralds England's weightiest bank merger for forty years. Does it also herald a new bout of competitive emulation between the banks in the form they have made peculiarly their own? Just four years ago, also in the midst of the holiday season, the great deposit banks tripped over each other to follow the lead of one of their number into indirect association with hire purchase and to follow the lead of another into more streamlined personal lending. It would be unjust to say that after this momentary stir the banking giants returned to their slumbers; within two years the clearing banks increased their advances by 75 per cent, and the monetary authorities felt impelled to put on the brake again. But one may still feel that the initiatives of 1958 have not been excitingly, or cleverly, followed up.

The banks, indeed, took on their interest in hire purchase; but they pointedly refrained from "interfering" with the "expert" management of their affiliated hire purchase concerns. So they did nothing to avoid the debacle which soon followed. The banks introduced their personal loans and announced intensified efforts for new customers; but they still kept these short of more flexible hours of opening or more competitive rates for deposits. It may be that this built-in inhibition from free experiment and true competition among these institutions, leaving room only for marginal, co-ordinated and sometimes gimmicky innovations, is inextricably linked with the public utility functions which the banks assume they have thrust upon them. If that is the case, then one cannot repeat too often that pressure is bound to increase for the public utility to be taken over formally by the state.

That is a prospect from which bankers, very rightly, still recoil in horror. But it is up to them to give their plainly private and ostensibly competitive form an appropriate substance. This is a challenge both to the commercial bankers themselves and to the Bank of England and it is highlighted in a new form by the prospective merger. Is it designed to bring more competition or less? Since the great banking mergers which culminated at the end of the first world war, the Bank of England and the Treasury have, unofficially, called a halt at the very top, and it has always been assumed that the authorities would step in to prevent a merger among the Big Five themselves—Barclays, the Midland, Lloyds, Westminster and the National Provincial. A merger between the NP and the District (ranking seventh in size) does not directly contravene this unwritten article. It could be regarded, rather, as one of the last moves in completing the nineteenth and early twentieth century consolidation of regional banks in England into large national concentrations. The branch networks of the District and the National Provincial, it is being pointed out, are to a large degree complementary—the National Provincial being weakest in north western England, which is the District's headquarters and main sphere of operation.

There are indeed five other clearing banks below the giant size. But of these the National Bank does most of its business in southern Ireland; Coutts is already a subsidiary of the National Provincial; and Glyn Mills and Williams Deacon's are subsidiaries of the Royal Bank of Scotland. This leaves only Martins, which has its head office in Liverpool and ranks sixth in size at present, as an independent regional entity; and it will now look a distinctly isolated one. Its branch network of 600 offices is still immense by international standards—the largest bank in Germany, the Deutsche Bank, has something over 400 branches—but in England it now looks puny. Even the Westminster, with 1,250 branches, will find itself seriously behind the level of 2,000 or so that all its four rivals will top if the NP-District merger goes through. As the market was quick to notice, both these banks could solve

BACKGROUND TO THE BID

Comparative Balance Sheets, Mid-1962

	NP £ mn.	District £ mn.
Capital and reserves	42	11
Deposits, etc.	903	266
Acceptances	45	19
Total	990	296

	NP £ mn.	District £ mn.
Cash balances	187	65
Bills	140	42
Special deposits	18	5
Investments	120	31
Advances	466	131
Fixed assets	14	3
Acceptances	45	19
	990	296

	£100 invested in January, 1960 in NP	£100 invested in January, 1960 in District
Income received	£64	£70
Number of shares now held	58·59	55·05
Current price	84/9	80/9
Value	£251	£223
Assumed dividend (after merger)	14%	14%
Yield on original cost	8·28%	7·69%
Current yield	3·30%	3·45%

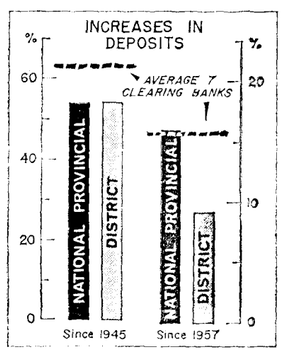
	National Provincial 1833 National Provincial Bank of England 1,566	District 1830 Manchester and Liverpool District Bank Co. 560
Established Original Name		
Total Branches		
Acquisitions	1918 Union of London & Smiths Bradford District Bank	1907 Lancaster County Bank
	1919 Sheffield Banking	1916 Bank of Whitehaven
	1920 Northamptonshire Union	1935 County Bank
	1924 Guernsey Banking Co.	
	1961 Isle of Man Bank	
Other interests	Coutts & Co. North Central Wagon	Astley Industrial Trust (about 1/3rd interest)

their problem by a merger between themselves ; they already collaborate in their hire purchase holding of 20 per cent each in the equity of Mercantile Credit.

A second merger of this kind is by no means certain. Both the National Provincial and the District have in recent years been more clearly on the defensive than have Westminster and Martins. And just what mergers on this scale can achieve is still far from clear. It is intended at present to leave the District Bank as a separate entity with its own board and head office in Manchester—this was almost the only point of substance to come across in the preliminary announcement, and it may be that some such reassurance is a condition of a "friendly" merger between great banks. But the greater the emphasis on independence, the less must be the scope for meaningful economies of operation—and Scottish experience has shown that these do not come quickly even with a full amalgamation.

The real rationale behind a consolidation of the remaining medium-sized regional banks in England lies in the advantage that can be offered to the customer by the national giant. Those advantages are first, and above all, a national network of branches ; secondly, massive resources sufficient except in rare cases to finance the needs of the largest firms ; thirdly, and increasingly important, an efficient and readily available service of economic information and foreign trade facilities. In the first and the second fields the big clearing banks clearly have the edge over the merchant banks ; in the third, the balance is probably the other way ; and the merchant banks can also offer a more flexible and less bureaucratic service generally. For that reason, they have in recent years made important marginal gains on the clearing banks as a whole. Now the clearing banks' one overriding attraction is size, and to that extent the smaller fry among them are at a clear disadvantage. At the same time, with 500 branches and more, they still constitute a bureaucracy that can never approach the personal merchant banking service. As a result, these middle-sized banks have conspicuously lacked a clear attraction or *raison d'être* of their own.

CONSOLIDATION of the main deposit banking business in England into the hands of the big five and their associates might therefore be justified on the grounds of banking efficiency, and it is unlikely, in itself, to reduce effective competition—it is not, by and large, from the District or Martins that new banking ventures are awaited. The monetary authorities are therefore right to let such mergers through, while remaining watchful lest the giants get an appetite for other giants. Where they are wrong is to let their concern for banking competition stop there. The monetary policeman holds a stern hand against monopoly, but he keeps the rule book for the cartel. The limited extent of competition within the clearing banking system, which has entailed a strictly limited choice for the customer and a consequent transfer of business to institutions such as merchant banks and finance houses, is founded above all on the restrictive agreements on deposits and advances—agreements which the clearing banks could at this stage abandon only with the consent of the Bank of England. Real competition and innovation will come to British banking only when each of the independent giants is and clearly feels free to branch out on its own. While commercial bankers remain frustrated from attempting innovation by the difficulties of getting agreement with other banks, and inhibited by the probable objections from the Bank of England, real competition will be absent—whatever the banking structure.



The other long-term issue in British banking that the new merger highlights is that of the disclosure of profits and asset values. While the banks continue to enjoy their exemption from full disclosure, which the majority of the Jenkins committee indefensibly supported, bank shareholders involved in take-over bids have no objective test, other than that of faith in their directors, on which to judge the terms. In the present case the market is making a broad guess that the share exchange is likely to be one for one, which would give shareholders in the District some 25 per cent of the combined equity, compared with the District's contribution of 22 per cent of published profits. But published profits are a guide only to the direction of movement in profits in any one year, not to their magnitude ; and it is not possible to put great faith in even the most painstaking of estimates of true profits which the outsider can make.

The one influence which would undoubtedly induce the banks to show more of their own true figures themselves would be, of course, a counter-bid. The likelihood of this is not very great, but a number of people in the City this week have been toying happily with the possibilities. The professional bidders, one has long reckoned, are ruled right out of the Bank of England court: whatever the potentialities of the offices of the District Bank as supermarkets it is as banks that they are likely to remain. What of institutions at the fringe of deposit banking, such as Lombard Banking, or, at another end of the scale, Hambros ? However dearly they might like the District, and its inner reserves, the awkward fact is that they would be dwarfed by it.

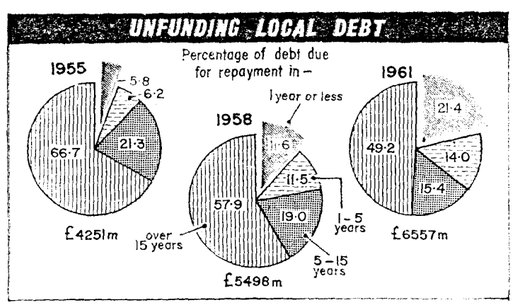
Another possible source of interest, which may become more active in years to come, might be a big bank on the Continent. Probably the only practicable way to establish a direct interest in deposit banking in a foreign country is to purchase an established organisation ; but here again the District is very likely too large—and, as in all these possibilities, the project might never pass the Bank. The London clearing banks are so large and so close to the official sphere that changes of ownership may be possible only within the ken. The only real likelihood of a struggle in the near future would be if a bank other than the Westminster bid for Martins. As it is, the NP-District merger is likely to go through quietly and shareholders will have to take what their boards recommend. But indirectly, competition in banking may be stirred. Is this what the market had in mind when it not only bid up the shares of the District quite sharply but also bid the shares of the prospective bidder, the National Provincial, up and not down, on the news of its intended offer ?

Local Finance—A New Choice

BY the end of September, it is hoped, private discussions between the Treasury and local authority representatives on the shape and future of local authority borrowing should be finished and the recommendations of the committee on their way to the Chancellor of the Exchequer. Tentative agreement seems to have been reached on three basic proposals. First, that the Local Government (Scotland) Act of 1947, which puts a limit on temporary borrowing by Scottish authorities of 15 per cent of total borrowing for capital purposes, should be extended to local authorities in England and Wales, giving them six months in which to conform ; secondly, that the Public Works Loan Board should be re-opened to all borrowers, thus ending the rule set up in 1955 that they must first have tested in the open market their ability to raise money on reasonable terms ; and thirdly, that PWLB rates should be pitched more in line with prevailing gilt-edged rates—in effect, about ¼ per cent below the rate for mortgages of equivalent periods in the London market. The committee could have second thoughts ; and it is for the Chancellor to accept its recommendations. But if the findings follow the forecast, they would provide a sensible solution to the difficult problem, both for the government and for the local authorities, of the remarkably increased dependence of these authorities on short-term debt in the last seven years. Debt maturing in less than one year grew from 5.8 per cent of total debt to 21.4 per cent at March 31, 1961—the latest available figure—and in these percentages temporary borrowing on deposit receipt and bank overdraft increased from 4 per cent to 15.4 per cent.

In 1955 all but the smallest authorities were made to rely on the open market for their funds, and the job of the local treasurer was transformed overnight. Loans from the PWLB were generally tied to the period of the Treasury's loan sanction ; now the treasurers could manœuvre their debt structure in any way they thought fit. And with the rapid rise in interest rates that followed in 1956 and 1957 most treasurers took the view that money rates were more likely to fall than to rise and therefore borrowed short in the hope of funding at a more favourable rate later on. Unfortunately, rates did not fall, and the higher they went the more the treasurers were convinced that they would fall. The result was a rapid increase in short-term debt.

To meet the money demands of the local authorities an existing market, doing a relatively small business in local authority mortgage loans, suddenly blossomed into a large and extremely efficient market. It became a parallel market to the traditional money market of the banks and discount houses, but offered much higher rates of interest with equal security, since the PWLB stood behind the local authorities as lender of last resort, in the same way as the Bank of England had long stood behind the discount market. In temporary money alone this market is currently providing the local authorities with something over £1,000 million and the daily turnover amounts to between £10 million and £20 million, about a fifth of turnover in Lombard Street. But nearly all Lombard Street's money is at call, whereas temporary loans to local authorities range all the way to loans of a year less a day, with perhaps only one-third of them truly short at seven days or less.



The local authorities were pushed into the open market in 1955 because the monetary authorities wanted greater control over bank liquidity. This could be achieved only by close control of the Treasury bill issue, which could be frustrated by the PWLB drawing funds from the Exchequer. The Treasury achieved its control of bank liquidity, but at the expense of a sharp rise in the liquidity of local authority debt. In 1959 the Radcliffe report came out firmly against this policy, pointing out that the "unfunding" of local debt ran "clean contrary" to the funding policy of the monetary authorities. The report recommended that local authorities should have the choice of borrowing either in the open market or at the PWLB "at the current gilt-edged rate." These recommendations are very much in line with those that the present committee looks like making. At the time the monetary authorities did not accept the Radcliffe recommendations, taking the view that the gilt-edged market's appetite was so poor that any return to Exchequer borrowing by the local authorities could only have been financed by an increase in the Treasury bill issue, with a consequent loss of control over the liquidity of the clearing banks.

THE situation is now very different. When the Radcliffe committee examined the temporary borrowing of the local authorities in 1958, it found no more than £488 million outstanding, or 11 per cent of their total debt. By March 31, 1961, temporary borrowing had more than doubled to £1,009 million, and in the nine months to the end of 1961 it probably increased by something like a further £280 million. The size of this debt is a potential threat to any attempts the authorities might make to squeeze spending. And the banks have been quick to point out that when, during the recent credit squeeze, they cut local authority overdrafts, the local treasurers merely replaced this money by turning to the London loan market. Equally there is every indication that the monetary authorities would like to see a further fall in interest rates without necessarily having to rely on Bank rate alone to achieve it. High rates in the local authority money market are tending to keep other rates up. So the dilemma is exposed. Allow competition for money and rates go up ; feed money on demand, and control is endan-

gered. Seven years' experience of the results of competition being unwelcome in its side effects, at least to the authorities, the committee is suggesting that the PWLB should change its role. Since 1955 the PWLB's policy has been to follow the market, fixing its rates at those which a local authority of good standing would have to pay in the market. Many treasurers have argued that on occasions this in itself has tended to keep rates unnecessarily high. It now seems that the PWLB will keep its rates in line with current gilt-edged rates and thereby force down market rates by ¼ per cent or so.

These objectives of limiting the short-term debt of local authorities and reducing rates without upsetting the balance in other sectors of the economy have become possible only because of the current strength of the gilt-edged market. The monetary authorities might be able to finance the increased lending of the PWLB without necessarily increasing the Treasury bill issue, or they could argue that at the moment an increase in bank liquidity through bigger Treasury bill offerings might not be unwelcome. Many local treasurers have been shrewd enough to foresee the possibility that their borrowing activities would come under review and to sense that one likely outcome might be the extension of the 15 per cent rule to all authorities. As a result, 1962 has seen some substantial local funding, gathering pace as the months have passed. The PWLB in fact has already increased its lending. In the four months from the beginning of April this year it lent £13.5 million compared with only £3.9 million in the same period of 1961. Local treasurers have also fallen in with the official wish to put out more stock issues in a receptive market at rates which previously they might have preferred to escape. So far this year, new stock issues by local authorities, apart from refundings, have amounted to £103 millions. Most of these issues have been of around a ten-year life, compared with fifteen to twenty years in earlier issues. The monetary authorities have evidently had to make some concessions on terms to get the queue moving.

Local treasurers have also been carrying out funding operations in the London loan market. Many of them have been stabilising their short-term debt by reducing the amounts held at seven days or less in favour of three, six, and nine months loans. Very big business has also been done in five-year escalator mortgages which give the lender the right of withdrawal at three months' notice, but carry a rate of interest that increases as the loan remains with the authority. The average rate on these mortgages held to maturity works out at 6⅜ per cent, about ⅜ per cent below the rate for an ordinary five-year mortgage. One big lender, thought to be one of the major oil companies, led the way in providing the money for such funding operations, and some smaller industrial companies have followed.

SINCE the temporary debt of all authorities, at the time of the last count in March, 1961, was no more than 15.4 per cent, it might appear that these new measures, if they are introduced, will do little more than check the future growth of short-term borrowing rather than actually reduce it. What happens will partly depend on the reactions of the smaller authorities, which, as Table II shows, have kept their short-term debt well below the 15 per cent mark.

It is the big authorities in England and Wales that would be affected by a 15 per cent limit. On March 31, 1961, their temporary debt exceeded 15 per cent of total debt outstanding by £127 million. In the following year the total undoubtedly rose, but since March this year funding by these authorities has probably reduced their temporary borrowing to about the level of March, 1961. Within these groups, however, there are individual authorities whose temporary borrowing is above 30 per cent; earlier this year Mr. H. R. Page, City Treasurer of Manchester, revealed that he knew of at least two cities whose temporary debt had reached 50 per cent of total debt.

It is not clear on what basis a more receptive PWLB would accept customers, but possibly with only six months for the authorities to put their houses in order, it seems likely that the first customers would be those authorities with temporary debt over the 15 per cent mark. This could mean that those who have been remiss in the past might come off best, enjoying the PWLB's new rates of interest. This, however, would depend on how the PWLB carried out its task; it could force these authorities to borrow for long periods. In fact the number of treasurers who will call on the board will depend on how far it changes its methods of operation. If it continued to tie its loans to the period of loan sanctions, many local treasurers might still decide to stay in the more flexible open market. Although the board may offer lower rates than the mortgage market, treasurers may not feel like paying them for, say, fifteen years or more. Local treasurers have got used to being able to shape their debt and by direct advertising have usefully drawn on new local sources of mortgage finance, which they will presumably keep.

The effect of these proposed measures on the London short loan market will depend on how successful the PWLB is in its lending operations. Certainly the amount of business the market handles is likely to fall; rates of interest may become fractionally lower and a limit on temporary borrowing by local authorities will put an automatic brake on the continued growth of the London market. This, with marginally lower rates, would probably mean that the Euro-dollar market would become less active, and some foreign money might leave London. If the monetary authorities accept these new proposals, they must not allow the PWLB to become so active that it becomes a soft option for local treasurers. But if, as seems probable, the committee has reached a sensible compromise between the PWLB and the open market, the Chancellor will no doubt consider that he has been well advised.

TABLE I

CAPITAL ACCOUNT OF LOCAL AUTHORITIES, 1951–60

(£ million)

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Payments :—										
Gross fixed capital formation	460	540	607	575	538	566	570	535	563	603
Receipts :—										
Current surplus	82	83	115	117	110	130	160	166	198	218
Capital grants	14	16	31	30	21	24	28	34	37	46
Net borrowing from PWLB	372	409	328	260	414	91	63	−29	−34	−35
Lending for house purchase	−17	−17	−20	−32	−50	−50	−33	−27	−25	−26
Capital grants to persons	− 1	− 1	−1	− 2	− 6	− 8	− 8	− 7	− 8	−13
Stock issues (net)	−12	− 5	17	11	1	53	18	35	41	45
Other borrowing (net)	22	55	137	191	48	328	342	363	354	363
	460	540	607	575	538	566	570	535	563	603
Proportion of Public Sector Investment (per cent)	45·5	45·2	45·2	44·3	41·4	41·4	38·7	36·3	35·3	36·3

TABLE II

DISTRIBUTION OF TEMPORARY DEPOSITS

March 31, 1961

	£ mill.	Per cent of total debt
England and Wales :—		
Counties	142·6	16·0
County Boroughs	361·6	18·8
Met. Boroughs and City	63·7	23·6
Non-County Boroughs	178·4	17·2
Urban Districts	100·8	12·1
Rural Districts	71·2	8·9
Total	918·3	16·0
Scotland :—		
Counties	36·1	13·4
Counties of Cities	23·4	8·2
Large Burghs	20·1	14·3
Small Burghs	10·9	9·8
Total	90·5	11·2
Great Britain	1,008·3	15·4

BUSINESS NOTES

IN THE MARKETS

Light in August?

BY the middle of this week the rise in Wall Street, the strong advance in London and a sharp recovery in German share prices were reflected in a better tone in other Continental bourses, though here investors appear to be behaving rather more cautiously than in the major centres. The swing in sentiment in the London equity markets is just as remarkable as that which has occurred in Germany and it is just as hard to pinpoint the reasons for it here as there. The market has remained thin and the jobbers have been quick to mark prices up; but there has been a steady stream of buying orders from institutional and private investors alike. The turn might be dated from the moment that the newly formed Equity Income Trust, whose object is to invest in high-yielding equities, came into the market to buy. But this does not explain why other investors followed suit and in such a way as to push *The Economist* indicator up by 18.9 points to 336.5 and the *Financial Times* ordinary index up by 19 points to 283.6 by the close on Wednesday. These two indicators are now 8¼ per cent and 12¼ per cent respectively above the low points they touched late in June.

Nothing has happened in the domestic economy to trigger off such a strong recovery, though investors might be prepared to rationalise their actions by arguing that the Government cannot delay any attempts to stimulate the economy much longer. Recently reported profits and dividends have been just a little more encouraging than company statements were a few months ago, and some sectors of the market have been affected by take-over bids. But in themselves these factors are not sufficiently strong to account for the change in mood. The key to this appears to lie in the behaviour of Wall Street where equity prices have crossed the 600 barrier. Fears of a recession in the American economy may be fading; but there is still a good deal of uneasiness about the rate of economic growth that can be achieved. Higher profits will still be difficult to earn both in the United States and in this country and it is clear that in both stock markets investors should continue to keep a tight rein on their optimism. The sharpness of the rally itself is a little frightening—even though it may reflect the repercussive effects of the short-term capital gains tax on semi-professional dealings. Sentiment could again reverse itself and a broad, solid advance can be based only on selective and cautious buying. In looking at equities in August, investors would be foolish to ignore the lessons they were so painfully taught in May and June.

Since then gilt-edged prices have risen and interest rates have fallen. This can be said to provide some justification for a fresh look at equities so long as the income comparisons are kept firmly in mind and not ignored in a scramble for growth in earnings (which might not in any case materialise sufficiently strongly to justify the purchase of stocks which already offer very low dividend yields). Plainly some investors are keeping their heads, for the volume of trading in equities has not widened dramatically. The gilt-edged market, where the new issues by Plymouth and Southampton were oversubscribed nearly three times, has risen strongly. The advance was particularly sharp on Thursday morning, when there was fresh evidence that investors were going longer. Thursday noon again passed without any change in Bank rate or special deposits, but the actions of investors in the gilt-edged market show that they are confident about the direction in which monetary policy is being guided.

Breakthrough on Wall Street

A correspondent cables:

ALTHOUGH President Kennedy deferred action on taxes, Wall Street was prepared for the news and greeted his statement with a new rally that carried the Dow Jones industrial average up close to 607 on Wednesday. This is the highest point in this summer's rally. An improvement in business conditions and the promise of a tax cut that will become effective in January are responsible for the brightening of sentiment in the market. For the first time in weeks brokers have reported a renewal of interest in equities. But caution is still in the air and trading has been concentrated upon the bigger and better known companies with good earnings yields and solid finances; stocks of smaller stature have been ignored. The crossing of the 600 barrier is considered to be significant even by those who are not wedded to technical theories, because the market showed no signs of any desire to liquidate holdings at this level.

There is still however a good deal of pessimism about the longer-term outlook for business and this may check any really rapid rise in prices. From now on corporate earnings will be compared with the good company results achieved last year and if they make a comparatively poor showing the rally in prices could be checked and there might even be the danger of a relapse. Republic Steel, which is always regarded as a bellwether in industry because it tends to formulate its dividend policy on future rather than current earnings, is rumoured, for instance, to be contemplating a reduction in its dividend though it may hold off another quarter before it actually does so. There is, in fact, little prospect that the corporations will be as generous in dividends as they were earlier and this will prompt investors to look for safe yields.

GERMANY

Gloom from the Bundesbank

A RALLY in German share markets was to be expected after their extensive recent falls, to not much over half the levels of two years ago, but the rally is oddly timed. It coincides with some particularly gloomy prognostications in the monthly report of the Bundesbank. Economic expansion, the German central bank concedes, is by no means at an end, and indeed has recently accelerated—industrial

production in the second quarter was nearly 5 per cent up on the year, compared with an annual increase of 1¾ per cent in the first quarter. But what worries the Bundesbank is that this recent quickening in activity rests not on new underlying expansionary forces but partly on the after effects of the boom of 1959-61.

Demand in recent months has been particularly fortified by a strong rise in personal consumption, which the Bundesbank does not regard as an independent self-sustaining expansionary force in the long run. And the two such forces that have stood behind the long German boom—exports and investment—have now lost much of their impetus. German competitiveness has been strongly undermined by the relative rise in German costs—the Bundesbank puts the wage level in German industry in February at 25 per cent above February, 1960, compared with corresponding increases of 16 per cent in France, 9 per cent in Britain, and under 5 per cent in the United States. This has led to a loss of ground by German firms not only in export markets but within Germany itself: in the first half of 1962 German imports rose by a further 16½ per cent by volume.

THE MARKET RALLY

	Jan. 3	May 29	May 30	Aug. 7	Aug. 15
	%	%	%	%	%
AEG	478	353	411	357	408
Bad'che Anilin.	500	377	424	359	407
Bayer	662½	420	468	410	473
Commerzbank.	621	423	445	361	408
Deutsche Bank.	683	480	520	385	440
Hoechst Farb...	529	389½	433	358½	404
Kundenkredit .	526	385	392	363	384
Loewenbrau...	1,195	1,100	1,060	730	870
Mannesmann ..	258½	210	242	206	230
Siemens.....	718	517	575	521	580
Thyssen-Huette	232	173	192	170¼	185
Volkswagen ...	779	492	562	428	510
Herstatt Index.	*118·31*	*86·30*	*94·15*	*79·99*	*89·01*

Investment, meanwhile, is still rising, as previous projects are completed. But the "introduction of new investments" is falling back, with visible effects on order books in the capital goods industries. In the machine industry domestic orders in the second quarter were 9 per cent down on the year by value and 14 per cent by volume. The Bundesbank sees a clear connection between this setback and the decline in profit margins—and this year in profit totals—which in Germany are mainly the result not of any widespread underutilisation of capacity but of acceptance of orders at very small profit margins or even at a loss. The squeeze on profits not only makes new investment less attractive, it also reduces the internal funds available to finance it—at the same time as the sharp setback in share markets has increased the difficulty of market financing. As a way out of this impasse the Bundesbank has little to offer other than an appeal for restraint in wage demands. It sees the cost-price spiral at the root of the difficulty and, despite its concern about the weakening of the old forces of expansion, it still feels moved to oppose an expansionary fiscal policy.

DEFENCE PRODUCTION

Swings and Roundabouts

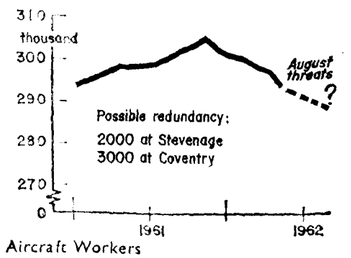
ALTHOUGH the 2,000 men at Stevenage threatened with redundancy can hardly be expected to see it as such, the *coup de grace* that Mr Thorneycroft gave to the British Aircraft Corporation's Blue Water missile last week could be one of the most encouraging developments in the defence industries since Mr Sandys's famous declaration of policy in 1957 that put this country into the missile business. The health of the defence industries here and in the United States has been constantly threatened by the fact that the incredibly intricate armament of the deterrent costs too much to build in quantity. A superhuman effort in research and development results in a ludicrously and unhealthily small production run. Blue Streak would have been such a weapon; so was Blue Water, and so is the TSR 2 aircraft scheduled to replace the Canberra. If the RAF complains five years from now that the unit costs of TSR 2 are so high that it cannot be bought in useful quantities, a lot of people inside the Ministry of Defence will say "I told you so."

But by cancelling Blue Water with £21 million spent and a further sum due in compensation to the makers, Mr Thorneycroft is doing much more than produce a net saving of £50 million in the defence budget. He is taking this country right out of the big rocket business and putting it firmly back into the small. Whatever rocketry has to contribute to the economy in terms of new skills, new materials and new products, can just as well be learnt making these as their big brothers. And the switch to the relatively cheaper arms of conventional warfare brings with it the prospect of a return to more economic production runs, if only because these smaller weapons are of no use unless they are available in large numbers in the field.

Who Gains?

WHEN he announced the death of Blue Water, the Minister of Defence brought forward several new orders that were in the pipeline, three new missiles, two sizeable Army vehicles, more long-range troop transports and another nuclear submarine. Two of the missiles will be built by the British Aircraft Corporation; but as the company was already expecting the orders, they will make little difference to the threatened redundancy in its Stevenage factories. The more elaborate of the two Army vehicles has been designed by Alvis, which has had to contend for several years with the fact that the Army did not have the money to spend on this kind of equipment; the other will be divided between Guest, Keen and Nettlefolds and the Royal Ordnance Factories. BAC and Shorts in Belfast will between them build the six extra VC 10 troop transports ordered for the RAF—but if the Government thinks that this can solve unemployment at Shorts it has underrated the size of the problem. The third rocket, for the Navy, will be built by Hawker Siddeley, which has recently been given firm production orders for its vertical take-off fighter that brought cheer not only to the Hawker factories but also to the engine works of Bristol Siddeley. Other orders, for a short-range and possibly also a long-range freighter, are expected.

In spite of this, and an encouraging lift in civil aircraft business, nearly 5,000 men



Aircraft Workers

are almost certain to lose their jobs in coming months, and in the long term perhaps as many as 50,000 will leave the aircraft industry. This prospect has been before the industry for nearly three years; the forseeable volume of military and civil work cannot support the present labour force which began to decline this year and might be expected to continue to do so at an accelerating rate. The industry says that it would have acted more quickly to cut down staff and disband its design teams if only the Government had given a plain indication of what kind of weapons it intends to buy in the future. Well, the writing is on the wall with a vengeance now.

EXCHANGES

£250 a Trip, and More

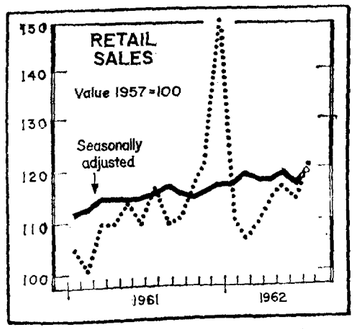
IT is splendid that Britain should continue to dismantle its remaining foreign exchange controls. The process, however, seems to be getting a little lopsided. British tourists may now obtain £250 of foreign exchange or travellers' cheques for each journey, as against the previous limit of £250 a year; and what is more the transaction is no longer being recorded in their passports. Since 1959 any person wishing to take more than £250 out of the country within a year had first to get the Bank of England's permission; if the extra money was needed for genuine travel, permission was more or less automatic. Under the new dispensation, personal currency allocations are still limited to current spending on travel. The law here is unchanged; but the policeman is withdrawn. And without the passport control anyone who wants to buy that villa in Spain need only make a round of banks and travel agents, changing £250 at each to get the money. Yet should the foreign exchange be needed to build a factory in Spain or anywhere else outside the sterling area, it is still necessary to pass the Treasury's stringent scrutiny, imposed in July, 1961, which demands that the investment should clearly be of benefit to Britain's balance of payments in the short-term.

Both the gold market and the exchanges have been very quiet this week. The price of gold on the London market has eased slightly this week from $35.13 to $35.12½ an ounce on a fairly low turnover. The flurry at the close of last week which looked like upsetting the relative calm introduced into the market by President Kennedy's Telstar message proved to be no more than a very minor burst of activity. Sterling has been steady at $2.80½ throughout the week and it is believed that the Exchange Account took in small amounts of dollars at that price. The dollar is still maintaining headway on the Continent and the more conservative bankers appear to have been reassured by the "no tax cut this year" announcement from the White House. Dollars are wanted in Germany, Switzerland, and Holland where the rates against the dollar are DM 3.9958, Sw.fr. 4.320, and 3.6062 guilders respectively, but in France and Italy the dollar is still at its support point.

RETAIL TRADE

Busier July?

RETAIL trade may have improved a little in July. The Board of Trade's provisional estimates put its index of seasonally adjusted sales at 119-120 (1957=100) compared with 118 in June and 119 in



May. The rise may, however, do no more than compensate for the dip in June and put turnover back on its May level, about 1½ per cent above the level in March and April. So far the Board has not produced its estimate of the volume of trade in July: until June, the rise in the prices of goods sold in shops accounted for any increase in the value of sales, and the volume of business in the second quarter of the year was slightly less than twelve months before and only 1 per cent more than in the first quarter of 1960.

Household durables do not seem to have accounted for any of the increase in July. The sharp increase in refrigerator sales in June, when the area electricity boards sold 48 per cent more and makers delivered 11 per cent more to the shops than a year before, seems to have owed more to the weather than to the cut in the hire purchase deposit, and has not, it seems, been maintained in July; and the rise in washing machine sales has not been spectacular, though it is as usual rather more stable. Retailers find that the effect of the cut in the deposit is that more buyers are choosing to take appliances on hire purchase, and more of these are going for long terms, but that total sales are rising little. Television sets, even though Pilkington has settled uncertainty about line standards, remain obstinately difficult to sell, and there seems to have been no increase in sales though more are being taken on hire purchase. As this is the only appliance that can be made obsolete, if the government will help, its future is one of especial interest to the trade; for the other appliances, it can only expect a rather stable level of business, but television sets might, it hoped, prove a recovery stock.

OIL

Pence and Octane

A CUT in the price of regular grade petrol in a market where even the ordinary motorist has been persuaded that a premium grade pays him, and where oil and motor companies have co-operated in raising the compression ratios of family cars to a level where there is some truth in this, may not mean much. But there are numerous commercial users that buy from the pump, such as firms running vans and fleets of travellers, who will benefit from this week's penny a gallon cut in regular grade prices, and from the slight increase in octane ratings that has occurred at the same time. Esso, which initiated the cut that the other major marketers have followed, also sells a mixture grade in between regular grade and the premium grades sold by all the companies; it has cut the price of this by ¼d. a gallon, and says that the quality has been made "comparable with Jet's 93-octane grade." And its cut in prices sliced a little off the dealers' standard profit margin on these grades, while increasing quantity rebates; whatever its estimates of the future of regular grades, it clearly hopes to encourage larger sales of mixture. These sales, if they increase more than the general growth of consumption, could only be at the cost of the majors' more expensive premium grades—including Esso's own Extra.

For Esso is not offering mixture at anything like "a comparable price" to Jet's 93-octane, which sells for 4s. 3d. a gallon against the 4s. 7d. to which the Esso mixture has been cut. It is with the narrowing of the margin between the mixture and the generally available premium grades that the company may hope to gain some sales from motorists who don't want to pink along on regular, but are attracted by the 4½d. a gallon they could save by switching from the main premium grades. Having four grades as against three—which involves it in some extra cost in distribution and means it can get full representation only on sites with tankage for four separate grades—gives Esso a degree of flexibility without actual price-cutting that majors selling only three grades lack. But if mixture should begin to bite into the growth of sales of premium grades, the other majors in their turn could shift their octane ratings; even possibly giving up the lowest-octane grade (which Jet has never bothered to offer) or introducing some new combination of octane rating and price in place of the existing premium grades.

BURMAH OIL—LOBITOS

East and West

IF the actions of the Lobitos directors a fortnight ago were designed to ensure the best price possible from the numerous bidders who were rumoured to be interested in the company they have amply succeeded. Their proposals for a one-for-one scrip issue and their forecast of a substantially higher dividend had helped to establish a more realistic price for the shares, which rose to 22s. 6d. ahead of the bid from Burmah Oil. With Burmah standing at 38s. 3d. the bid of four £1 shares for every five Lobitos 5s. shares values the shares at 30s. 7½d., and in terms of income Lobitos shareholders are offered more than a third above the dividend forecast for this year and double what they received for 1961. It is not surprising that the Lobitos directors have decided to accept this distinctly generous offer themselves and recommend acceptance to other shareholders. But it should be noted that while Lobitos contributes nearly 15 per cent of combined equity earnings, its shareholders will receive 12½ per cent of the combined capital. There are the inevitable reports of counter-bids; none has come and perhaps none will.

The acquisition of Lobitos fits in with Burmah Oil's policy of diversifying its interests outside India, Burmah and Pakistan for Lobitos trades mainly in Peru and has a substantial stake in Anglo-Ecuadorian Oilfields. They both have interests in Canada where Burmah, in association with Murphy Corporation, has been prospecting, while Lobitos has oil and natural gas producing subsidiaries there and owns exploration rights in the Arctic. But it is in the field of specially blended oils that Lobitos has made its mark in this

country, particularly since the acquisition of Manchester Oil Refinery and Dussek Brothers. It has a small refinery at Ellesmere Port specialising in white oils and transformer oils, with a throughput of 200,000 tons a year. With Burmah's trading continually beset by political pressures the acquisition represents not only a further step towards diversification; it also provides a modest opening, over a narrow band of products, in the British market. Its big investments in BP and "Shell" Transport give an assurance to Lobitos shareholders that the price of Burmah Oil shares, which is almost covered by the value of its investments alone, should not fall much below the current level.

Twenty Years On

BURMAH OIL shareholders have shown a realistic disregard for this week's decision in the Scottish Court of Session—sixty million pounds is meaningless before you get it, and although Lord Kilbrandon has found for the company in this claim for compensation for "scorched earth" destruction in Burma in the 1942 retreat, his decision is bound to be taken higher by the Lord Advocate. The Court has declared merely that Burmah Oil's subsidiaries are entitled to compensation (they have, one gathers, received some *ex gratia* payments already) and even if this principle was confirmed by the higher Courts, the argument would then focus on the size of the compensation—on which Lord Kilbrandon observed that one factor could well be the battle of the Sittang River and its consequences—"at the time of the destruction the assets were doomed to fall into enemy hands."

Much has been made in the hearings of a letter written to the company by a Deputy Treasury Solicitor (whose signature was undecipherable) which declared that the claim was wholly unfounded in law and likely to be rejected by the Courts. This was brash enough—direct communication with "the other side" and speaking (as it turned out wrongly) as to the Court's view. But it proceeded:

> Her Majesty's Government are moreover satisfied that the claim made is not in any event one which ought to be met by the British taxpayer. Her Majesty's Government have accordingly decided that, in the unlikely event of your company succeeding, legislation would be introduced to indemnify the Crown and its officers, servants and agents against your company's claim.

This threatened the use of the overriding power of Parliament to defeat an award made by the Courts following from a subject's right to sue the Crown. "The use of the word 'ought' in this context appears to indicate that in the view of Her Majesty's Government there is some moral principle involved in their claim to indemnity which must override the common law of Scotland and the notions of justice of our forebears." Lord Kilbrandon, in studied moderation, made the further point that the Crown, like everyone else, could apply to Parliament for special privileges by way of legislation. A layman can only think that it was bad manners and bad law to suggest that, if this extreme was reached, the outcome would rest with the executive rather than with Parliament.

CIGARETTES

Is it a War?

THE introduction, by Wills, of "Embassy," a cigarette which is to be sold with gift coupons, could mark the beginning of another "coupon war." Up to 1956, one of the few things held sacred in this hotly competitive market was the agreement between manufacturers not to issue gift coupons with their products. In its evidence before the Monopolies Commission, Wills's parent, Imperial Tobacco, expressed its disapproval of gift coupons and its great unwillingness ever again to issue them. Yet only a year later it is abandoning this stand to launch cigarettes whose "quality . . . is matched by the outstanding choice of gifts to be offered."

The new cigarettes are aimed directly at Kensitas, whose success with coupons has, over the last six years, been a painful (for other manufacturers) feature of the market. In 1956, Kensitas was losing about a quarter of a million pounds a year. It introduced its gift coupon scheme when the Tobacco Trades Association, under whose auspices the agreement banning gift coupons was made, was killed by the Restrictive Practices Act. Skilful promotion has made the scheme a success, and the loss has been turned into a £2¼ million profit. Other schemes have not had comparable success: Ardath was offering gifts when it was acquired by Imperial Tobacco but has never been pushed hard; Carreras revived a prewar brand, Black Cat, for a trial but abandoned it. Kensitas, now owned by Gallaher, has taken advantage of this lack of opposition to increase its share of the cigarette market to 5 per cent. But this success is its own greatest threat—it cannot be ignored. At the height of the coupon war in the thirties, manufacturers found themselves selling not cigarettes but pots and pans, and so attractively that several suffered serious losses before the practice was stopped by agreement. Imperial Tobacco will certainly not want those conditions to return, but it is forced to take the risk. Of the other manufacturers, Carreras has no plans for a coupon cigarette, but it too may find itself involved, willy nilly; and Philip Morris is to try a novel variation by giving a 1d. football coupon away with every 10 cigarettes.

Coupon schemes are inherently attractive to manufacturers. Wix, then manufacturers of Kensitas, told the Monopolies Commission that it regarded coupon trading as a form of advertising, with the advantage that costs varied directly with turnover. They encourage brand loyalty which spreads as families and friends join in. However, they are regarded as so dangerous that they may be limited by tacit agreement to tactical, rather than strategic, uses only—to gain a share of the Kensitas 5 per cent, or at any rate to check its further growth.

FRENCH PRICES

Steel Up

Paris

FOLLOWING pressure by producers since the beginning of the year, the French government finally last week agreed to an increase in steel prices. The rise averages 4½ per cent; but in a few weeks steel will go up again to take into account a 3 per cent rise in coke prices which was authorised at the same time, and the final effect will be a rise of nearly 5 per cent. The rises allowed vary greatly from product to product. They are nil for some products (tinplate, castings), and small for car body sheet, but are of the order of 6 to 6½ per cent for heavy sections, and for semis such as rolled bars. Steel producers will now be able to resume the investment programme that they have held up for some months, but they will not be able to make up the time lost in carrying out the plan to re-equip their industry by 1965.

This increase in French prices will bring the cost of Lorraine steel up to the level of local prices in the Ruhr (even a little higher in the case of open hearth steel). So German steel producers will no longer be able to complain about the artificially low level of French prices. This should bring back to normal under the ECSC rules the practice of "alignment down" to the lowest offer, which should only come into play in exceptional cases. This should restore some stability into the steel market of the Six. Large-scale users of French steel such as the manufacturers of cars, domestic electrical equipment, containers, will hardly feel the effect on their production costs and—because of stiff competitive conditions—will be unable to pass anything on in their selling prices.

Oil Down

THE French government's decision on steel prices is a sign that in its view the claims of investment in the steel industry finally outweigh fears of a general price spiral, which might be accentuated by the rise in steel. But the decision to increase steel prices has been accompanied by a reduction in fuel oil prices.

Scheduled prices for fuel oil prices, will indeed, be reduced by 2.3 to 3.5 per cent according to category. Even in France petroleum distributors do not always adhere to their schedules, granting re-

What kind of confection is **that?**

Your young customer from New Zealand is, of course, having a little joke. He's talking about a popular tourist attraction near Alexandra—a place at home we know very well. Still, if it comes to that, we know a great many places in New Zealand very well—and a great deal about each place, too. Not only that, we have an intimate knowledge of our country's past history, present progress—and a shrewd idea of its future hopes and prospects to boot. Indeed, almost anything worth knowing about New Zealand is known to us; for we are the National Bank of New Zealand and such knowledge is our business. So if the time ever comes when you have a question to ask concerning New Zealand, ask us—

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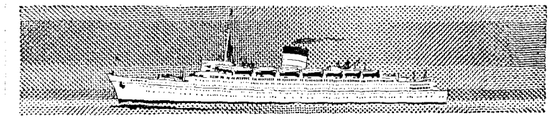
This winter sail South into SUNSHINE in 'Caronia'



BARBADOS, JAMAICA, BAHAMAS, FLORIDA, NEW YORK—
THEN ON ROUND THE WORLD IF YOU LIKE

'Caronia', largest liner built exclusively for cruising, leaves Liverpool on January 5th and sets a sunshine course for New York via Barbados, Jamaica, the Bahamas and Florida. If your time is limited you can return to U.K. from Nassau (Bahamas) or Miami (Florida) by Cunard Eagle Boeing jet. 'Caronia's' cruise through smooth sunlit waters to the West Indies and New York is a brilliant curtain raiser to her annual World Cruise, starting from New York on January 25th.

THE WORLD CRUISE

This is a luxury voyage of 92 days, covering 30,000 miles with calls at 23 of the world's loveliest and most historic ports. You travel in air-conditioned luxury, superbly fed, attentively served and brilliantly entertained. Booking for the World Cruise from Britain or Europe, and disembarking at Naples or Lisbon, entitles you to (1) free transport in 'Caronia' (via the West Indies and Florida) to New York, (2) free accommodation on board in New York until the cruise begins, or (3) free transport to New York by any other convenient Cunard sailing, (4) free travel to your starting point in Britain or Europe by rail or air from Naples or Lisbon.

'CARINTHIA' TO BERMUDA

On January 25th, this fast, modern ship leaves Liverpool and, after a call at Cobh, heads sunwards for Bermuda, then on to New York. Her sister ship 'Sylvania' will operate monthly services in the return direction during February, March and April. Remember, too, that Cunard Eagle Airways operate regular jet services from Bermuda direct to London.

Consult your local travel agent or Cunard Line, Cunard Building, Liverpool, 3 (Liverpool CENtral 9201); 15 Lower Regent Street, London, S.W.1 (Whitehall 7890); 88 Leadenhall Street, London, E.C.3 (AVEnue 3010).

bates for "loyalty," for quantity, or just to get new business. Though discounting has become fairly general, list prices have remained standing; to reduce these would have meant extending the reductions to all customers. For two years, in theory, the government has limited the authorised rebate to 5 per cent; it has now done away with this platonic restriction in exchange for a small reduction in the oil companies' list prices. The only bodies to benefit from this operation will be the nationalised electricity and railway companies, whose status as public undertakings has precluded them (and them alone) from soliciting or accepting rebates of more than 5 per cent.

What about the balance of French prices in general? The index for 179 articles which constitutes one of the barometers of the cost of living in France is approaching a point beyond which it would set off the moving scale of minimum salaries, and the index of industrial production is progressing only slowly and did not rise at all between May and June. However, pressure on the labour market has gone on increasing; thanks to immigration from southern Europe, it has begun to ease and has checked the upward trend of salaries. Moreover, imports and overproduction of consumer goods are exerting a downward pressure on retail prices. Finally, and most important, the price trend of foodstuffs which has been rising dangerously during past months has gone into reverse as the new crops have come on to the market.

NEW CARS

The Big Baby

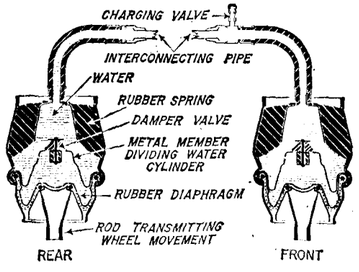
THE Morris 1100 is a small car that competes with medium-sized cars. With body space comparable to that of cars like the Vauxhall Victor, Ford Classic and Hillman Minx and Super Minx, and a performance that is little inferior to any but the Super Minx, its price range of from £661 for the standard two-door model to £695 for the four-door de luxe version should attract many buyers from these bigger cars. For all of them cost more, ranging from £702 for the Hillman Minx and standard Vauxhall Victor to £805 for the Super Minx. The Anglia, Herald, Austin A40 and the veteran Minor—the last two of which are rather closer in price to the new car than one might have expected BMC to leave them—are also likely to feel its competition.

The use of the Mini principle of a transversely mounted engine—in essence the same engine, as well as many other mechanical parts—is what allows the 1100 to offer a more usable car for the money. Though its weight of 16½ cwt is not low for a car 12 ft 2 in long, it is some 2-3 cwt less than that of existing conventional cars with the same body space. And using the same basic engine and transmission unit as the Mini—it is identical to that of the Cooper except for the cylinder bore—means that an engine output of 10,000 a week can be planned. The same volume goes for other common parts, like suspension arms; the only major differences between the mechanical parts of the Mini and the 1100, apart from the actual springs, are that the front drive shafts are longer and disc brakes are used. And, for the moment, the 1100 has a gearbox with baulk-ring synchromesh while the ordinary Mini has not; but one would expect standardisation to spread this improvement through the range. The 1100 costs no less per pound of weight than the Mini; as a bigger car it should be a more profitable proposition—especially with all this standardisation.

The surprise of the 1100 is that it should at first be sold only as a Morris, when it is so obviously a part of the move towards a standardised BMC range. Production facilities may be the answer; the present target is 1,200 a week, rising to 2,500 by January—all assembled at Cowley, with the mechanical parts coming from the Midlands and the bodies from Pressed Steel. By next summer BMC plans to be making 4,000 a week, and a full assortment of grilles is likely to have appeared on the 1100 by then.

Watery Riding

THE "Hydrolastic" suspension is the true novelty of the Morris 1100, and the feature that gives it the most immediately noticeable advantage over competitive cars. The ride is not as soft as that of the Citroen DS19, but it does eliminate the pitching that is the reaction of most cars to the wavy surfaces of British secondary roads and many other countries' main roads.



This gain in comfort is combined with the cornering abilities that so surprised the public when the Mini appeared on the roads; in the wet, it seems to be even more foolproof. In performance the 1100 is little livelier than the Mini in acceleration through the gears up to 50 mph, but in top gear and above this speed the margin of acceleration widens, as the effect of having 48 bhp instead of 34 bhp makes itself felt, and the top speed is about 4 mph higher at 77-78 mph.

The suspension system combines more virtues with simplicity than in previous designs. It combines hydraulic with rubber springing, and should cost little if any more than a conventional system. Each spring consists of a cylinder containing a water/alcohol mixture at a pressure of 210 lb per square inch, divided by a steel disc; at the bottom is a rubber diaphragm coupled to a rod which moves up when the wheel hits a bump. A metal disc divides the chamber *with a two-way valve in its centre*; upward movements of the wheel push fluid through it into the second half of the chamber, and from there down a pipe to a similar unit on the wheel at the other end of the car, trying to raise it with the front—the reaction with normal springing is that it will tend to be pushed down, so producing a pitching movement. If it is a large bump, the fluid will compress the rubber around the top of the cylinder, and this provides a sharp increase in the stiffness of the springing.

This system provides high resistance to roll, for there is no transfer of fluid from front to rear when both springs on one side are equally affected. And the movement of the fluid provides built-in damping, so no separate shock absorbers are needed. Using water instead of oil as the hydraulic fluid obviates trouble with changing viscosity through variations in temperature—and costs less.

UNILEVER

Africa's Claws

LOOKING at the combined results of the Unilever diarchy for the first half of this year, investors need not feel unduly depressed: sales are again higher and profits comparatively stable. But probing deeper they must be concerned about the differing fortunes of Limited (which includes the United Africa Group) and NV (in which the results of Lever Brothers in the United States are consolidated). Over the last three half-yearly periods the gross profits of Limited have run from £29 million through £22.6 million to £25.7 million while those of NV have run from £22.9 million through £28.6 million to £26.4 million. There is a seasonal element in these figures; but the plain fact is that in comparing the first six months of this year with the same period in 1961 the profits of Limited have fallen and those of NV have risen.

Wisely, the directors have broken with past precedent and commented briefly on the half-yearly results. They point out that the third party sales of the United Africa Group fell by £16 million in the first half

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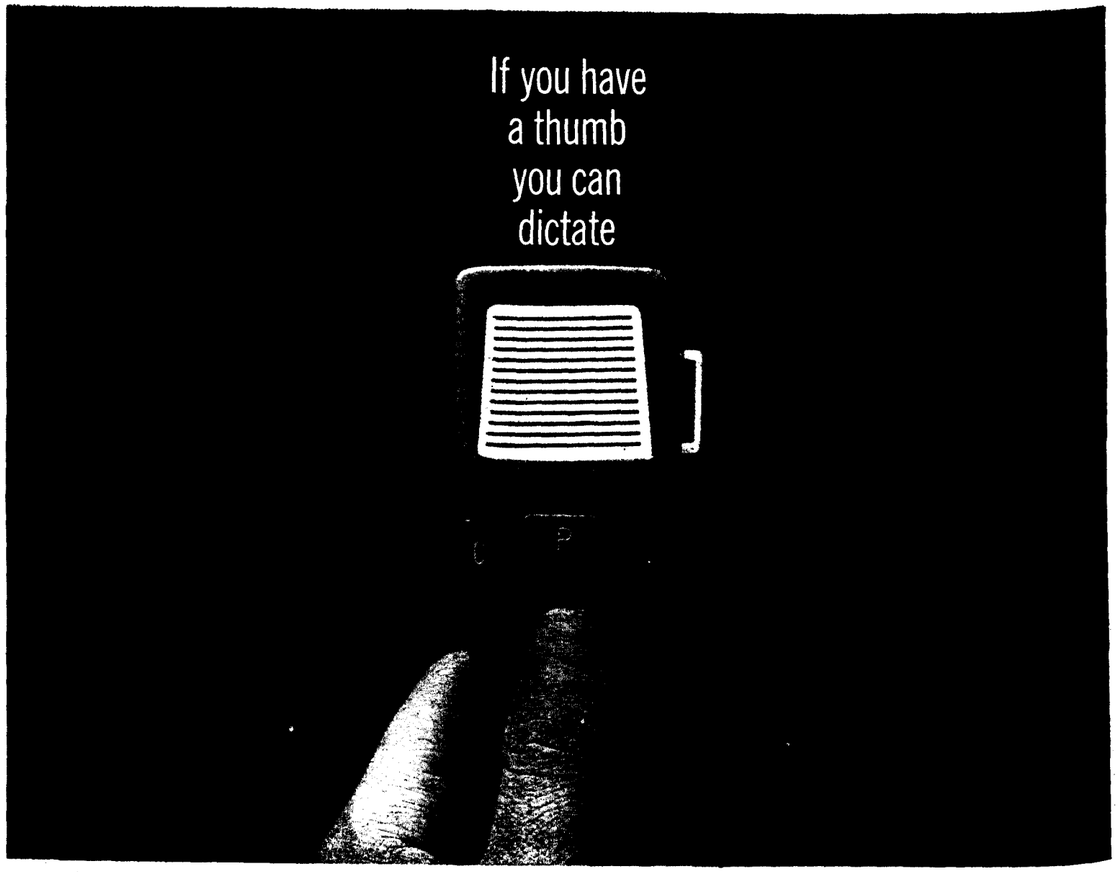

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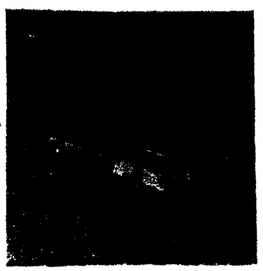

Time-Master Model PC

Just four buttons on the microphone control the complete dictating process with the de luxe model Time-Master. Push a button to start recording; release it to stop. Other buttons control playback, corrections, and letter length. It's so simple, and it uses the unique Dictabelt recording system and costs **£129 10s. 0d.**

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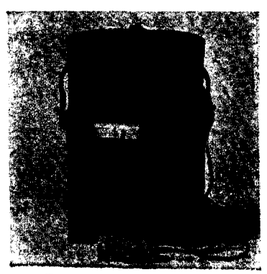
This combined dictating and transcribing machine does two jobs for almost the price of one. When you have a letter to dictate just pick up the microphone, and when you've finished just pass the machine to your secretary. She doesn't need a special transcriber, because this model does the job of two machines.



Travel-Master Portable

This needs no wires or tapes for recording, nothing but the revolutionary Dictabelts which tell you where you are at a glance. Wherever you are, just slip the Dictabelt into an envelope and send it off for transcription on a standard Time-Master Transcriber. This portable Travel-Master weighs only 5 lb., and costs **£105 0s. 0d.**

Telecord Network System

With the Dictaphone Telecord System, your telephoned dictation is automatically fed on to a vacant Telecord machine, usually located in the typing department. Dictation completed, the Dictabelt is handed to a typist for immediate transcription. This system is ideal for large organisations where it drastically reduces costs.

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The Dictaphone Time-Master has been accepted for the Design Index of the Council of Industrial Design.

f this year compared with the same period f 1961, that a substantial loss was incurred n Nigeria and that profits elsewhere in Vest Africa were lower. The traditional usiness of the Unilever group, geared to he daily needs of the housewife, had a satisactory half-year—particularly, apparently, n detergents in Europe, which suggests that Unilever has been hitting back hard against ts competitors. On the industrial side of he business, third party sales were 6 per ent higher and gross profits 8 per cent igher. This is no mean achievement. But vhat investors have to ask themselves is how ong the political and economic troubles of

COMBINED SALES AND PROFITS

(£ million)

ix months ended	June 30, 1960	Dec. 31, 1960	June 30, 1961	Dec. 31, 1961	June 30, 1962
ross sales .	908	939	947	943	953
let sales ...	682	705	720	724	740
ross profit	56	50	52	51	52
let profit..	28	23	27	26	24
	%	%	%	%	%
ross profit/ sales.....	8·2	7·1	7·2	7·1	7·0
let profit/ sales.....	4·2	3·3	3·7	3·6	3·2

frica will continue to claw at the profits of he group. Unilever has already begun to dapt the pattern of its African trade to hanged circumstances, switching the mphasis from merchandise and produce to anufacture and to more specialised and echnical activities. But such a change takes ime to carry through and chill winds are till blowing around the ears of the UAG anagers. The stock market's reaction was o mark down Limited by 1s. to 35s. and NV by $\frac{3}{16}$ to £8 $\frac{7}{16}$.

OVERSEAS TRADE

Imports on the Rise

BRITAIN'S export figures are still good. They were £1 million lower in July at 327 million on a seasonally adjusted basis, ut this marginal fall was from a record

BRITAIN'S OVERSEAS TRADE

(£ million per month; seasonally adjusted)

	Imports cif	Exports fob	Re-exports fob	Crude gap
961 :—				
1st qtr. ..	384	309	12	63
2nd ,, ..	362	305	14	43
3rd ,, ..	358	309	15	34
4th ,, ..	362	304	13	45
962 :—				
1st qtr. ..	367	306	12	49
2nd ,, ..	369	319	14	36
962 :—				
January ...	380	300	12	68
February ..	362	307	11	44
March	358	312	11	35
April	359	314	14	31
May	379	316	15	49
June	369	328	14	27
July*	391	327	14	50
Jan.–July* .	371	3 2	13	43

* Provisional.

June figure, and the rise in exports which had continued since January could not go on indefinitely. The disturbing aspect of the July figures is the further sharp rise in

imports by £22 million to £391 million. With re-exports at £14 million the crude trade gap in Britain's trading account has returned to the £50 million mark and the true visible balance is back in the red.

After this latest increase imports in May-July were 5½ per cent more than in the three months February-April. Exports on the same comparison were 4 per cent higher. However on the longer view exports in the first seven months of this year were 2½ per cent more than the monthly average for 1961, while on the same basis imports increased by no more than 1½ per cent. But imports are now on a rising trend. The detailed trade figures to be published later this month should show whether or not this jump in imports can be accounted for by some special set of circumstances, such as the heavy imports of potatoes which swelled the May figures. At the moment the pointers are that imports of feeding stuffs are still high and that the fall in industrial stocks in the early months of this year may have been checked.

One country that has chalked up a spectacular success in exports is Canada. The figures for May, the month in which Canada formally devalued its dollar to a fixed parity, show an increase in exports of no less than 33 per cent over May, 1961. In the first five months of 1962 together exports were over 13 per cent higher than in the same period of 1961.

AIR LICENCES

The Working Rules

IN fewer than 30 pages, the Air Transport Licensing Board this week served notice on the Minister of Aviation, the airlines, British Railways, the travel industry and the flying public, both gruntled and disgruntled, that it intended to interpret the Act under which it was established in its own way and its own time. And it set out the working rules that it is using as a yardstick in dealing with applications for new air services. "We must interpret the Act as it stands," says the board in its second annual report just published, "and not by reference to statements by Ministers regarding its intention and probable effect. We shall continue to rely upon our own interpretation of the Act unless we are overruled by a Court of Law." This is its only reference to its unhappy experiences under Mr Thorneycroft's administration, but they are fighting words.

The working rules outlined are of considerable importance. The board plainly believes that its brief is to encourage competition wherever the traffic seems able to support more than one air service; it will not, it says, attach much weight to claims by the sitting tenant that plans had already been made and aircraft ordered to carry all foreseeable traffic in the future. (Manufacturers had better watch this one.) But secondly, the board says at some length that airlines wishing to compete with the two corporations must be financially sound, by which it means not only able to pay their bills from day to day, but reasonably capitalised as well. Independent airlines backed by the shipping industry can meet this requirement, but the board is aware that other, truly "independent" airlines cannot. With no capital to speak of (and not much experience of book-keeping either, to judge by the board's comments on their accounts) these airlines rely at best on the credit, and at worst on the charity of their suppliers, mainly the oil and aircraft companies, and the airport authorities. Last year, ten went out of business; others are operating under the supervision of receivers. But they touch only the fringe of the aviation business; the important message of the report is that the board has emerged bloody but unbowed and unrepentant from its clashes with the Ministry of Aviation which, while Mr Thorneycroft was Minister, reversed some of the board's most important decisions and criticised others. Small wonder that the new Minister, Mr Amery, has preferred not to rubber-stamp decisions waiting on his table about British European Airways' appeals against a raft of other new licences for independents. He is not likely to make up his mind on these before mid-September.

BUILDING SOCIETIES

Money to Lend

THE pattern of small savings, as revealed in the figures published by building societies, unit trusts and the National Savings Association, has changed over the last twelve months. A year ago, when the prospect of higher interest rates was in the air, the competition from other savings media, particularly National Savings, was cited as one reason why the Building Societies Association and the Halifax Building Society (which is not a member of the association) decided to raise the net interest rate on shares from 3½ to 3¾ per cent and the mortgage rate from 6 to 6½ per cent. Now that interest rates are falling, money is flooding into the building societies. Yet investment in National Savings has fallen away—from £36 million to £18¾ million, net of withdrawals and interest, so far in

COMPANY AFFAIRS
Comments on pages 653 and 654 on:
John Brown — Royal Dutch/Shell
Rootes Motors — Richardsons, Westgarth
Avana Bakeries — Canadian Pacific
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STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 656 and 657

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 655

the current financial year. This differing experience shows how justified the building societies are in trying to keep their rates

Six months to	Building Societies Association* June 30, 1961 £ mill.	June 30, 1962 £ mill.	Halifax July 31, 1961 £ mill.	July 31, 1962 £ mill.
Receipts	243	300	62·6	76·8
Withdrawals	170	180	45·9	50·0
Net receipts	73	120	16·7	26·8
Advances	205	198	47·2	51·1
Repayments	178	193	36·4	40·1
Liquid assets	727	860	75·4	99·8
Total assets	2,537	2,791	515·1	580·1
Liquidity ratio	*14·4%*	*15·9%*	*14·6%*	*17·2%*

* Represents 77 per cent of all building society assets in Britain.

"stable"—and competitive. But this is no excuse for complacency. They must, for example, note that in the face of the slump in equity prices net investment in unit trusts in the first seven months of this year was fifteen times greater than in the same period last year. In the long term this is a competitor that they must worry about.

Both the member societies of the Building Societies Association and the Halifax are now receiving more funds than at any time in their history and the table shows the sharp jump of over 60 per cent in their net inflow in the first six months of this year. It would have been higher still but for the continuing high rate of withdrawals. Why, when interest rates are falling, withdrawals have remained so high is something of a mystery: not all of them can be withdrawals to meet the down-payments on a house. But no doubt these withdrawals make the association and the Halifax even more reluctant to lower their rates. Compared with a year ago they have plenty of money to lend and for most societies the quotas are now off. So far this has not been reflected in any increase in advances made by members of the association, but this is partly explained by the time lag of two or three months between the promise of a mortgage and its completion. There is little doubt that the figures for the next quarter will show a rise in mortgage lending. A year ago moreover the societies were still lending money under the government house purchase scheme for older houses. The Halifax did not avail itself of this scheme and has always taken pride in its willingness to lend money on older properties. This may explain why, in contrast to other societies, its advances have been higher. Even so its liquidity ratio has remained as high as 17.2 per cent, compared with an average ratio of 15.9 per cent for other leading societies. There is plenty of scope for an increase in advances in the months ahead; but, equally, there seems to be no shortage of prospective borrowers.

BRITAIN'S OPPORTUNITY IN THE MIDDLE WEST

"The American Middle West, covering an area as large as the European Economic Community, is one of Britain's largest potential export markets and probably the most neglected."

The Financial Times, July 27, 1962

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COFFEE

Natural Break

FOLLOWING the normal pattern of such assemblies, the United Nations coffee congress in New York was dragging in its fifth week when Brazil staged a walk-out, bored with repetition of its own and its colleagues' well-known cases. This trusted procedure of negotiators lifted the discussions out of the rut which threatened to cause the conference to break up without agreement. African delegates had become increasingly restless at the lack of progress. But Brazil's action spurred the United States into making new proposals to save the conference. On the strength of them, Brazil stepped back into the proceedings, and delegates were so buoyed with new hope that they agreed to extend the conference for a further week until August 24th. If agreement is not then reached, the conference will be reconvened in November or December.

Brazil has the stature in coffee to carry off a diplomatic walk out—50 million bags full in fact—enough surplus coffee to supply the world for a year. African producers have displayed considerable alarm at the possible consequences of failure at the UN conference to produce a satisfactory long-term international coffee agreement. The struggle for shares of the market is said to have become tougher, and African producers appear to be banding even more tightly together for mutual protection.

Export quotas remain the major stumbling block with Brazil asking for them to be based on a two-year period, which does not suit Africans whose latest crop has been smaller than it would have been under normal conditions. They are pressing for a four-year basing period. But the issue on which Brazil stalled the conference was the level of the projected common market tariff, into which has been built a preference for associated African states. This issue might have been the immediate reason for West Germany's decision to become a full member of the conference. It has already been agreed that the common external tariff should be lowered from 16 to 12 per cent, with a further suspension making the duty 9.6 per cent, but no further concessions seemed to be forthcoming. The American proposal asks EEC members to submit within six months of the signing of a long-term coffee agreement, a programme for the reduction of the discriminatory import tariff against Latin American countries over the five-year life of the scheme. The elimination of other taxes and restrictions on Latin American coffee (particularly those levied in West Germany) is also sought.

The faint traces of a new schism in coffee are appearing. The United States is evidently backing the Latin American producers strongly in trying for a new world agreement. The European countries are by no means deaf to the special needs of the African producers. The price of Latin American coffees has recovered a little on reports of severe frost damage to coffee crops in the Parana region of Brazil. At least 6 per cent of these trees will be completely ruined and many more partially affected. It might prove the opportunity to reduce coffee production in this marginal growing area. Crops in Africa are satisfactory; a slight fall from the current level of about £158 a ton for Uganda robustas, delivered in November, seems likely.

TRADE WITH JAPAN

Tokyo Go-Slow

SIX years of talk have not yet produced a signed treaty of commerce between Britain and Japan, though agreement has at last been reached on "an important part of the arrangements to govern future commercial relations" between the two countries. In 1955, the British Government expressed a wish to conclude such a treaty. Meanwhile, trade between the two countries has continued to be governed by stop-gap licensing arrangements in the intervening years, under which trade in both directions has prospered. Exports to Japan from Britain rose to £24.3 million fob in the first half of this year, compared with £20.8 million in 1961 and £12.8 million in 1960; Japanese exports to Britain expanded to £27 million cif, compared with £24.4 million in 1961 and £20 million in 1960. Quotas have been reviewed annually, the last review permitting a substantial increase in trade between the two countries in the year to September. Quotas were fixed retrospectively at the end of 1961 for this period, so another interregnum of provisional quotas after this date will come as no surprise.

But this year it is hoped that a full treaty will be signed in time to dispense with the need to review quotas for a further year. It therefore appears most likely that all thought of annual quotas has gone by the board while a treaty of commerce has been under discussion. There was a hitch in these talks last week, reported to have had "something to do with" the common market. Japan is naturally anxious

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DRIVE

to get an agreement before Britain joins the European Economic Community. Japan wishes to achieve most favoured nation status and hence avoid discrimination against its exports under article 35 of the General Agreement on Tariffs and Trade. It has so far been held at arm's length by the European countries and has retaliated by slowing down its own import liberalisation. But the "other important matters" not settled in Tokyo were said to be safeguards against disruption caused by Japanese competition and Japan's methods of subsidising exports as well as the formal abandonment by Britain of protection under article 35 of Gatt.

If Japan does achieve this cherished aim in the British market, quotas will not be completely abolished. Some categories of exports will continue to be controlled, and there will also be the special controls against disruption from Japanese exports in the background. But these proposed safeguards have not allayed the fears of the British wool textile industry. This industry wants quotas for all wool products from the start of the new treaty. It is not possible to judge what concessions have been squeezed out of Japan in return for the coveted mfn rating. But while Japanese commercial practice remains unaltered, British manufacturers of wool textiles will have genuine grounds for complaint with which to embellish their case for protection. It is relevant to the current round of talks about scrapping general quota restrictions that Japan has the highest level of tariffs of all the main industrial countries; Britain boasts the third highest. Loss of quota protection will not, therefore, leave Japanese and British industries without any shield against each other in their home market.

INSURANCE

Lloyd's Good Year

LLOYD'S UNDERWRITERS made a profit of £22.4 million on the 1959 account (closed at the end of last year), the highest since the 1953 account which produced £24.9 million. Premiums of £320 million were received for all classes of insurance and the underwriting margin was 7 per cent, compared with 4¾ per cent from premiums of £302 million in the 1958 account and 3¼ per cent in the 1957 account. These surpluses have to bear further charges—principally the remuneration, including profit commission, of the specialists who underwrite risks for the syndicates: for this and other accounting reasons, Lloyd's figures are not comparable with those of the insurance companies. But Lloyd's results, based on more selective underwriting, have been generally better than those of the insurance companies, many of which nowadays rely on interest earnings to pay dividends and build up free reserves to back an expanding non-life premium income. With two of the three years of the 1960 account completed, it looks as if Lloyd's profits for that account will be within striking distance of those reported for 1959. The first year of the 1961 account shows no exceptional deviations—except in aviation insurance where claims were extremely light, presumably because the big jets are now being rated realistically.

The number of "names" has risen once again. There were 4,645 underwriters of marine and aviation risks last year, grouped in 167 syndicates, compared with 4,506 "names" in 166 syndicates underwriting the 1960 account; in the main non-marine account ("other insurance business"), there were 4,773 names (90 syndicates) last year compared with 4,622 names (92 syndicates) for the 1960 account.

Lloyd's does a world-wide business and the underwriters, in common with the insurance companies, are not likely, therefore, to experience great changes if Britain joins the EEC. It has, however, been suggested by Dr Reimer Schmidt, Professor of Laws at Hamburg University, that the Corporation of Lloyd's might not be held to be a company as it is defined in the Treaty of Rome and accordingly might not be entitled to free establishment within the European Economic Community. Dr Schmidt has suggested, however, that Lloyd's would probably get by as a co-operative holding company, though the supervisory requirements of Continental countries might require some changes of practice by the underwriters. Moreover, agreements between underwriters, mainly in the marine market, that are observed by the British insurance companies as well as by the members of Lloyd's might, he thought, come in conflict with the anti-cartel provisions of the Treaty of Rome.

LLOYD'S PREMIUM INCOME AND CLAIMS

Completed Accounts	Marine		Other Business*		Aviation		Motor		Profit†
	Prems. £ mn.	Claims £ mn.	Prems. £ mn.	Claims £ mn.	Prems. £ mn.	Claims £ mn.	Prems. £ mn.	Claims £ mn.	£ mn.
1955	95·6	87·7	118·7	109·6	10·0	10·1	8·2	7·3	12·8
1956	97·2	94·3	132·1	128·4	13·0	12·9	8·7	6·5	5·7
1957	105·3	100·6	147·7	141·7	13·6	14·5	9·7	7·6	9·7
1958	108·0	101·7	164·3	156·6	17·3	16·4	11·7	9·2	14·1
1959	112·0	97·7	173·9	166·1	20·7	20·3	13·2	9·9	22·4
1959 Year I	75·2	16·9	105·0	30·2	11·4	6·8	12·0	2·1	...
" II	35·2	26·7	70·5	53·6	9·7	6·6	1·3	4·9	...
" III	1·6	54·1	— 1·6	82·3	— 0·4	6·9	— 0·1	2·9	...
1960 Year I	74·5	17·1	109·3	33·3	12·4	4·4	13·2	2·4	...
" II	38·1	29·9	75·9	54·7	12·1	7·5	1·5	5·9	...
1961 Year I	76·4	19·5	107·8	34·5	13·5	2·5	14·9	2·8	...

* Largely fire and accident insurance. † From all classes of insurance, including interest on underwriting funds, before certain overhead expenses.

SHORTER NOTES

Sir William Iliff, vice president of the World Bank since 1956, is to retire at the end of October; many will join Mr Eugene Black in paying tribute to his distinctive achievements, most notably in successfully concluding the delicate Indus Basin negotiations. Sir William is succeeded by another Englishman, Mr Geoffrey Wilson, formerly of the Treasury and the Foreign Office.

★

An attempt by Franco-British Trust to start unofficial dealings in the shares of the Jasper group of companies has been abandoned following the warnings by the chairman of R. E. Jones that the completion of any purchases may not be possible without litigation. Shareholders in that company have been told this week that their shares are likely to be worth about £2 each: of the company's nine hotels six, including the Piccadilly, have already been sold. Lintang's principal asset, the Dolphin Square block of flats, is to be offered for sale and this is likely to raise about £4½ million.

★

Although net new orders for machine tools booked in May were significantly lower than the rate of export deliveries in the month, bringing total new orders for the first five months of this year slightly below total export deliveries during the period, the comparisons quoted in a Business Note in our last issue on this point were incorrect. Reports from within the machine tool industry, moreover, suggest that several large foreign contracts booked during June may since have brought the total orders booked in the first half of this year up to or above the level of export deliveries.

★

The International Tin Council met this week and received a report on discussions with the United States stockpile authorities. The meeting was then adjourned and will be resumed after details of American stockpile releases are made known.

COMPANY MEETINGS

JOHN BROWN AND COMPANY LIMITED

(Engineers and Shipbuilders)

TRADING PROFIT VIRTUALLY MAINTAINED DESPITE DIFFICULTIES IN PERSIA

PROBLEMS FACING CLYDEBANK

LORD ABERCONWAY'S STATEMENT

The ninety-eighth Annual General Meeting of John Brown and Company Limited will be held on September 7th in London.

The following is an extract from **Lord Aberconway's** statement circulated with the Report and Accounts for the year ended March 31, 1962:

The Net Consolidated Profit before tax of the Company and its subsidiaries for the year ended March 31, 1962, was (to the nearest £1,000) £4,416,000, compared with £4,491,000 for the previous year.

The Consolidated Profit this year has been adversely affected to a substantial extent by the experience of Constructors John Brown Ltd. over certain of its Persian contracts. In my statement last year I referred to the many difficulties being encountered by C.J.B. in Persia, expressed anxiety about the eventual financial outcome of these contracts, and stated that provision had been made on what should be a sufficient scale to meet their final outcome.

Extras on contracts in respect of such items as changes in specification, extra work required, delays outside the control of C.J.B., and so on, have now increased to substantially over £1,000,000. In the case of the largest of the contracts, where the client is the Persian government, C.J.B. has had to request the Persian government to submit the matter to arbitration.

C.J.B. expects, and is justified in expecting, to obtain a settlement in due course; nevertheless it has been decided to follow the policy established last year, and accordingly credit for outstanding extras will not be taken until they are settled. By reason of this policy the accounts of C.J.B. show a substantial trading loss for the year.

Despite these difficulties in Persia and despite the conservative way in which they have been dealt with in C.J.B.'s accounts, the profit of the group for the year before tax is only slightly below the record figure of the previous year. Profits Tax, however, is payable this year at sixpence more in the pound, and takes almost £100,000 more than last year, even though it is levied on a slightly smaller profit. After deducting taxation and the interests of outside shareholders in subsidiaries, there remains £1,906,000, compared with £2,056,000 last year.

In March of this year the directors thought it proper to bring the issued capital of the Company more into line with the resources committed in the business of the Company and its subsidiaries. Accordingly, sufficient reserves were capitalised to issue to Ordinary stockholders before the end of the financial year one Ordinary share of £1 (since converted to stock) for every four £1 units of Ordinary stock held.

At that time it was stated that the profits for the year were confidently expected to suffice to pay, upon the larger capital, the same final rate of dividend, namely 7 per cent less tax, as was paid as a final dividend for the previous year. The directors accordingly recommend a final dividend for the year under review of 7 per cent less tax, which, together with the interim dividend of 4 per cent less tax, makes a total for the year of 11 per cent less tax, the same total rate as for the previous year.

During the year all the shares in two companies were bought, Holmes Homalloy Ltd. and Talbot-Ponsonby & Co. Ltd., and the Company's holding in S. N. Bridges & Co. Ltd., comprising some 98 per cent of the capital, was sold. The purchaser was Stanley Works (Great Britain) Ltd., with whose other activities it was thought that the business of Bridges in making and selling portable electric tools would fit better.

Your directors have decided that this year and in the future it would be more helpful to stockholders to show in John Brown's Balance Sheet its interest in subsidiaries at the sum of the values of the net tangible assets of the subsidiaries, as shown by the balance sheets of the subsidiaries. It should however be emphasised that in making this change this year, your directors are in no way re-valuing the assets of the group: no change at all is made in the basis of valuing assets in the books of the subsidiaries. All that is being done is to adopt in the Parent Company's Balance Sheet the asset values shown by the accounts of the subsidiary companies.

SHIPBUILDING AND LAND BOILERS

Clydebank, in common with almost all British shipyards, is seriously under-employed. Enquiries to-day are few and far between, and are the subject of such intense competition that to have any chance of success a tender must usually be on an untremunerative basis. It was in these circumstances that Clydebank put in a very low bid to Cunard for Q.3 and this bid was not the lowest; the decision not to proceed with that ship was small consolation to us and to our workpeople. Clydebank is however determined to preserve what activity and employment it can.

Against this background Clydebank is thankful to have secured, subsequent to the Q.3 decision, orders, even at meagre prices, for a combined passenger and cargo ship for Alfred Holt & Co., for a large assault ship for the Admiralty, and quite recently for the reconditioning and conversion for Cunard Steam-Ship Company of the Clydebank-built ships *Saxonia* and *Ivernia*.

During the year *Transvaal Castle* was completed with many novel features as a "hotel-class" passenger ship of high quality for British & Commonwealth Shipping Company, who have been good enough to express their enthusiastic satisfaction with her. For the same owners the motor cargo vessel *Clan Macnair* was completed. For B.P. Tanker Company *British Hussar*, a 50,000-ton deadweight tanker, was finished soon after the year end.

In present circumstances, difficult times are certain, nevertheless Clydebank is boldly undertaking the final stage of the reconstruction of the West Yard, to handle vessels of up to 100,000 tons: the layout is thought to be the equal of anything in the world for efficient production flow.

John Brown Land Boilers Ltd. commissioned in the United Kingdom during the year two large boilers for central power stations. Again delivery dates were maintained and satisfactory operating results achieved. The Foster Wheeler-John Brown Land Boilers Consortium is working well. It has continued with the design and early manufacturing stages of the four 350 megawatt boilers for the new Tilbury station to be commissioned during 1965 and 1966; it has also secured from the Central Electricity Generating Board for Eggborough the order for four 500 megawatt coal fired boilers for commissioning in 1966/67.

MACHINE TOOLS AND ENGINEERS' TOOLS

Wickman Ltd. had a splendid trading year. A high level of deliveries of machine tools, both of its own and of its various principals' manufacture, has produced an excellent result. Almost half of the deliveries of multi-spindle automatics went to overseas markets, as did a high proportion of the machine tools distributed on behalf of British principals.

Orders, both for automatics and for other types of machine tools, came more slowly as the year progressed. The automobile industry early in the year substantially completed the placing of machine tool orders for its expansion programmes. The manufacturering capacity for automatics at Banner Lane has been substantially increased in recent years, and is in excess of the current rate of intake of orders. The backlog of orders in hand is, however, such that prospects for the current year are good.

In order to benefit from concentrated and specialised management, Wickman's remaining trading activities have been entrusted to subsidiaries formed for the purpose, and Wickman itself has ceased to trade and is now a policy-making holding company.

Webster & Bennett Ltd. has had a satisfactory year and has worked to full capacity. Orders have come in about the same rate as machines have been manufactured, and consequently attractive deliveries can still be offered. Export orders comprised 46 per cent of the total, and 42 per cent of deliveries were for export. Machines of the new 10-foot diameter size have been well received by customers.

Firth Brown Tools Ltd. has again had a busy year; increases in its export sales have more than offset the slight fall in home sales due to the reduction in general industrial activity. The schemes of re-arrangement and expansion referred to last year have proceeded to programme; they will extend into the current year and will affect profits, but on the long term view this plan, leading as it does to increased capacity and efficiency, is fully justified.

OTHER U.K. INTERESTS

Markham & Co. Ltd. has been working to full capacity throughout the year. It has manufactured and installed the mechanical equipment for the radio telescope at Goonhilly for the Post Office, and has completed three new winders and two major winder reconstructions for the National Coal Board. Two large Francis water turbines for Spain, one smaller turbine for installation in North Wales, all to Boving's design, and rolling mill equipment for the universal beam mill at South Durham Steel and Iron Co. to Demag's design, have also been delivered.

The light alloy suburban cars being built by Cravens Ltd. for the London Transport Executive have gone into service with a notable absence of trouble, and the customer is highly satisfied with both design and workmanship.

I referred last year with anxiety to the prospect that British Railways would themselves build substantially all their requirements of rolling stock and thus deprive the private enterprise companies of a home market so essential as a base for their efforts to export. Since then the Transport Bill has been introduced into Parliament. It invests the Minister with power to direct all or any of the proposed railway Boards to discontinue any of certain activities, including the manufacture of rolling stock.

The difficulty in obtaining export orders for rolling stock, consequent upon the present reduction in world requirements, will be critically accentuated if there are no more home orders. Cravens however has faith in the ultimate revival of demand for rolling stock, and is determined to stay in the business. It has recently been encouraged by obtaining against severe international competition two important contracts, one for light alloy coaches for the Eire Railways, the other for insulated wagon bodies to be built in light alloy and fibre-glass for East African Railways.

The shares in Holmes Homalloy Ltd. were acquired during the year. The business of this company is conducted through subsidiary companies, and is to manufacture, frequently to customers' individual requirements, bodies for commercial vehicles. There are factories at Preston, in London, and at Dumfries, the last a joint enterprise with William Alexander of Falkirk. Homalloy (Yorkshire) Ltd., with newly acquired works in Sheffield, has been formed to operate in close collaboration with the Holmes factories.

The organisation of Cravens (Machines) Ltd. has been built up during the year into a well-rounded and self-contained team. A complete range of injection moulding machines using screw plasticisers has been introduced into manufacture alongside models of the well-established plunger type.

Bone Brothers Ltd., at Wembley, achieved the highest turnover in its history, and its order book is heavy. The business is being actively developed, and a new building for use as a research and development centre is being erected.

Talbot-Ponsonby & Co. Ltd., at Petersfield, designers and manufacturers of precision dies and moulds, has been purchased as a business which is complementary to Cravens (Machines) and Bone Brothers.

Sufficient reference has already been made to the difficulties that Constructors John Brown Ltd. has had in Persia. Elsewhere C.J.B. has had an active year. Contracts in progress are proceeding satisfactorily and to time. The order book has been substantially increased and already provides much work to be executed in 1963.

C.J.B.'s pipeline division constructed the majority of the larger pipelines undertaken in the United Kingdom in 1961, including the gas line from Esso, Fawley, to I.C.I. at its new site at Severnside; and has been awarded a contract for £4,500,000 from the Sheffield Water Board.

The Company has an important investment in Westland Aircraft Ltd., a virile company in whose future your directors have great confidence. It was disappointing that the Government could not see its way to continue to support the development of the large Rotodyne helicopter, and this technically quite outstanding machine has had to be abandoned. Westland however retains its leading position in helicopters, and also, with the S.R.N.2, in the new field of hovercraft.

OVERSEAS INTERESTS

In Canada, the operations of Firth Brown Steels Ltd., A. C. Wickman Ltd., and Firth Brown Tools (Canada) Ltd. have been satisfactory despite continued heavy competition and depressed conditions in many industries. The recent devaluation of the Canadian dollar and a new protective tax on imports are likely to prove detrimental to U.K. exports to Canada.

In Australia, the restrictive measures of the Government made business more difficult to get, and less profitable to execute. There are, however, signs of a gradual recovery of activity.

In India, the continuation of financial aid to that country from various sources has enabled Machine Tools (India) Ltd., the Company's principal direct stake there, to play an active part in the importation and distribution of machine tools and other products.

In Brazil, Brasmac-Wickman S.A. finds that the business of importing machine tools grows no easier in the climate of political uncertainty, monetary inflation, and financial restrictions. Brazil undoubtedly has the ingredients of a good industrial future, but, until stable conditions are established, trading will be difficult and attended by risk.

In the Republic of South Africa, there has been a welcome revival of trade and commerce. Wickman (S.A.) (Pty.) Ltd. has had an admirable year; in manufacturing and selling carbide-tipped drill stems of high quality it has given first-class service to the mines. Drury Wickman Ltd. has also operated well as distributors of a diversity of machine tools and other engineering products. John Brown Land Boilers (Africa) (Pty.) Ltd. commissioned in the Union during the year four boilers of a total capacity of 120 megawatts.

In Rhodesia, F. Issels & Son Ltd. has been busy, but business has been difficult to obtain and profit margins have been low. Rhodesian Alloys (Pty.) Ltd. continues to operate well and to full capacity; but a recent severe falling off in world demand has required a proportion of the output to be stocked.

EXPORTS HELPED BY PAY PAUSE

The former Chancellor's policy has, by and large, afforded a welcome slackening in the speed with which costs of all sorts have risen in recent years. The beneficial effect upon exports has been noticeable in more than one of the businesses in which the Company's subsidiaries are engaged. This relative stability of costs, compared with the experience of some overseas competitors, has enabled those businesses to obtain more export orders, and to secure a firmer hold upon their export markets. Thus in those businesses greater employment has been achieved than otherwise would have been the case, and the prospects for future employment have been enhanced. One can only hope that good sense and restraint on all sides will preserve these hard-won benefits, and that they will not be dissipated by a resumption of rapid inflation, to the detriment, among other things, of exports and employment. The moderate wage increase which the engineering and shipbuilding industry has been able to negotiate against the background of the other wage increases made during the last year may perhaps indicate the start of a trend towards the stability that is so much needed.

DIRECTORATE

Two of our most valued colleagues feel that it is time for them to retire. Accordingly, to our great personal regret, Sir Arthur Matthews and Sir James McNeill will be resigning their seats on the Board at the Annual Meeting. Sir Arthur Matthews, a former chairman of the Forgemasters' Federation, was for many years an executive director of Thos. Firth & John Brown Ltd., and retired as Managing Director of that company in 1951. At that time he was also a director of John Brown & Co. Ltd., and he has since then given valuable service in that capacity and as a director of various subsidiary companies. Sir James McNeill, the foremost naval architect and shipbuilder of his time, has spent his working life in the service of Clydebank. He was mainly responsible for the design of the two "Queens" and many other notable John Brown ships. Sir James was the first Managing Director of John Brown & Co. (Clydebank) Ltd., the subsidiary formed in 1953 to take over the activities of the shipyard. He will also be retiring from the Board of that company.

In the recent Birthday Honours List a knighthood was graciously conferred on Mr. Eric Mensforth. His fellow directors, and his colleagues throughout the group, were delighted at this well-deserved tribute to his accomplishments. The barony awarded in the New Year Honours List to Sir Toby Low, now Lord Aldington, also gave great pleasure to his colleagues.

I know that I shall be echoing the thoughts of stockholders who follow our affairs when I say how much the successful results of this year are due to the managements, staffs and workpeople of our various subsidiary companies, and how grateful we are to them all.

UNITED DOMINIONS TRUST LIMITED

RESULTS AFFECTED BY OUTCOME OF POLITICAL AND ECONOMIC CHANGES

MR J. GIBSON JARVIE VIEWS THE FUTURE WITH UNDIMINISHED CONFIDENCE

The fortieth annual general meeting of United Dominions Trust Limited was held on August 16th in London.

The following are extracts from the statement by the Chairman, **Mr J. Gibson Jarvie,** which has been circulated with the Report and Accounts.

Last year your Board had to report the first drop in profit for sixteen years. It is a matter of great regret to your Board that again we have to report a decline in profits for the year and largely from the same, or related, causes.

A year ago I was able to say that "subject to our being permitted to carry on our various activities in a more or less normal manner, the year in which we are entering is full of promise." It was: but the year through which we have passed has been anything but normal.

Although business has fallen the cost of money was actually more than £2,000,000 higher than in the previous year! That, of course, was the effect of the high average Bank Rate here and of higher money rates overseas resulting from violent political and consequent economic changes.

It will be seen that the loss of volume and the high cost of money—remember that money is our merchandise—were important factors in our reduced profits but they were not the only reasons. The credit squeeze, too fiercely imposed and too long continued, as is now admitted, is still with us and it has been followed to a greater or lesser extent I think, in one form or another, in every one of the overseas countries in which we are operating.

The squeeze has brought so much that is unnatural and artificial into the countries where it operates that it is impossible to conduct any kind of business on an even keel. Government regulation and restrictions generally come too late and last too long. Apparently, we are to carry these handicaps with all their inconveniences till the end of the year. It takes a stable, intelligently conceived and realistic economy to provide the conditions for stable and successful business enterprise and prosperity. Inflation is death to a stable economy, yet all the Government regulations, Bank Rate fluctuation and other controls do not touch inflation. Inflation in the United Kingdom stems directly from unproductive Government spending and that still goes on unchecked. Instead of being reduced it is constantly growing.

As you know, in the last two or three years, the U.D.T. Group has gone in wholeheartedly for expansion and for diversification. When we commenced to give effect to this policy the skies were clear. We could not foresee the shattering storms which have followed.

You will also bear in mind that after writing off the goodwill in the acquisition of existing profit-earning concerns, we are still going through the expensive period in the establishment of new companies abroad. In the last three years we have established no less than four companies de novo and we have acquired twelve existing companies.

DIVIDEND MAINTAINED

The Board regards the past year as so much out of character with the Group's history and with its safely expected future as to warrant dealing exceptionally with the year's dividend which, it is recommended, shall be maintained at the total distribution level of last year. There have been times when it has been alleged that the Board leaned too heavily toward retention rather than distribution of profits and this seems an opportune occasion to offer Stockholders benefit out of their forbearance in the past.

The nation's closer ties with the European continent have made it advisable for us to quicken our interest in the means of our entry into Europe. In comparison with establishment in the Commonwealth, there are obvious and quite formidable obstacles to overcome but we have made a most useful beginning in the Amstel Club—to which I referred in my statement last year. This association with banking houses in eleven European countries has been greatly strengthened during the year and the exchange of business is now in millions sterling.

Our companies in Canada, Australia, New Zealand and Trinidad are all working well; and from South Africa, even since it became a Republic and with all that it has passed through in consequence, we continue to receive invaluable support in the Group.

Personally, I have unlimited faith in the future of the U.D.T. Group. It is a powerful and rich association of companies, well buttressed by reserves and by experience. Its ramifications are well spread both geographically and commercially. As time passes, the additions to the Group are integrated and disciplined within the whole. They bring in new, although nearly always related, business activities so that the Group is well and strongly diversified. Again, as time passes, we become less and less dependent on any one line or on any one country. Our field is so wide now that whatever conditions exist or persist, we should be able to make a decent showing. I do not know of any company in this country that has had a more consistent record of successful operation or one any better or as well placed to meet the conditions of this fast changing world.

RUSTON & HORNSBY, LTD.

The Seventy-third Annual Ordinary General Meeting of Ruston & Hornsby, Ltd., was held on August 10th at Lincoln, **Mr W. J. Ruston** (Chairman) presiding.

The following are extracts from his comments on the report and accounts for the year ended March 31st, 1962:

Last year I expressed confidence that we should be able to hold our position provided trading remained as anticipated. In spite of a number of unforeseen events which adversely affected our earnings, the net profit of the Group is fractionally better.

Whilst every endeavour is being made to control costs, these have continued to rise from causes outside our control, although with the acceptance and introduction of work study we should see an increasing efficiency in our factories in Lincoln.

There has been a general improvement in output and the level of the Group's order book has been held. Your Directors recommend a distribution at the same rate as last year, i.e. a dividend on the Ordinary Stock at the rate of 9 per cent less Income Tax.

EXPORTS: We not only increased our percentage of direct exports, but were successful in breaking into new ground. Competition is very severe and this, added to the continual development towards self-sufficiency in some of our traditional markets, aggravated by lack of sterling, speaks well for our products and their acceptance by other countries.

PRODUCTS: Enquiries for our products continue to be active and some useful orders have been received for our larger engines, locomotives, boilers, pressure vessels and for our high speed air cooled ranges.

In the face of strong foreign competition we were successful in obtaining the order for ten 1310 kW sets for power generation from Korea. Our marine business continued active. Our gas turbines are still giving an extremely good account of themselves and the potential for the future is encouraging.

To ensure that we maintain our position, substantial development programmes are in hand covering all of our products.

PROSPECTS: We have been able to maintain the overall level of our order book but trading conditions are continuing to become more competitive and with the high percentage of our output that is exported we are naturally sensitive to the local conditions in these markets.

We are taking such steps as we can at this stage to organise ourselves should the United Kingdom join the European Economic Community, so as to equip ourselves to meet the increased and intensive competition which most assuredly will be there.

The success of our reorganisation and the general acceptance of our products throughout the world, together with the present level of the order book, enables me to view our position for the coming year with sober confidence. Provided further wage and other national increases do not price us out of our export markets, and given reasonable stability, we should be able not only to hold our own, but, I hope, show at least some improvement in the results of the Group.

The report and accounts were adopted.

SHEEPBRIDGE ENGINEERING LIMITED

EXPANDING DIVERSIFICATION OF INTERESTS

LORD ABERCONWAY'S STATEMENT

The Annual General Meeting of Sheepbridge Engineering Ltd., will be held on September 26th in London.

The following is an extract from the statement by the **Rt Hon Lord Aberconway,** the chairman, circulated with the report and accounts:—

Last year I reported that the prospects looked good for the year to March 31st, 1962, and that the overall profit should be maintained. That forecast has been fulfilled. The invoiced sales of the group were again higher than in any previous year, and for the first time in the history of the Company the Consolidated Profit was in excess of £1,200,000.

The Consolidated Trading Profit after all charges is £1,220,128 compared with £1,157,889 for the previous year. After £610,620 has been provided for taxation, where a higher rate of Profits Tax operated, and after £23,740 has been deducted in respect of the minority interest in a subsidiary company, there is left a sum of £585,768 attributable to the parent company. The corresponding figure last year was £562,263.

The overall financial position of the group remains strong, although considerable inroads upon liquid resources have in recent years been made by the deployment of funds, both in renewing and extending our plant and equipment, and in financing an increasing volume and range of business. The effect of continuous inflation upon such a trend is of course to accentuate the absorption of liquid resources. It nevertheless remains the policy of the Company to ensure that its equipment is up-to-date, and to lose no opportunity to expand and develop its established lines of business.

The directors recommend a final dividend of 10 per cent which makes a total distribution for the year of 15 per cent less tax, the same as last year.

SUBSIDIARY COMPANIES

The majority of the subsidiary companies achieved record sales in the year, though the recession in the motor industry had its effect.

Sheepbridge Equipment Ltd. continued to enjoy the benefits derived from increased diversification. Substantial orders were received from the quarrying industry for the new Cuber crushers and ancillary equipment, and three major contracts for oil drilling and hose handling plant for oil terminal installations were completed during the year.

Extensions to the machine shops at Sheepbridge Stokes Ltd. have been made to house special transfer machines which are now in production. These will help to increase manufacturing facilities so as to meet the growing demands of our customers. Increased capacity at British van der Horst Ltd. is being fully used.

The increase in the activities of Sheepbridge Alloy Castings Ltd. reported last year has been maintained, resulting in record sales for the year under review. The demand for the company's products by the petro-chemical and allied industries continues to grow.

The activities of Sintered Products Ltd., continue to expand. New sales outlets are constantly being sought, new manufacturing techniques are being developed and new materials are being tested.

Automotive Engineering Ltd., Light Production Ltd., Harold Andrews Sheepbridge Ltd., and Clews Petersen Ltd., all of whom supply the greater part of their output to the motor industry, were affected by reduced demands for their products. The installation of new and additional plant, however, has made them ready to supply at very competitive prices the increased requirements for which it is hoped the motor industry will soon call. Clews Petersen Ltd. are losing their premises at Hampstead, but negotiations have been concluded for a lease for an appropriate term of a suitable and larger factory being built at Aylesbury, to which their activities will be transferred.

Demand for the products of Twiflex Couplings Ltd. was considerably higher than in any previous year. An agreement has been made with Vulkan Kupplungs und Getriebebau of Dortmund, Germany, under which we can manufacture and sell the Vulkan rubber annulus flexible coupling and the Vulkan air cushion type coupling. These couplings should prove to be suitable and profitable additions to the company's range of products. An agreement has also been made with the German company whereby it will manufacture and sell our newly-designed flexible coupling embodying circlips as the flexible members.

Credit restrictions had an adverse effect on the demand for the products of Bray Construction Equipment Ltd. in the home market and made competition even more intense; but with the easing of restrictions and the organising of a wider sales coverage, we hope for improved sales at home. Export business remains good and long-term prospects are favourable.

The sales of Hardinge Machine Tools Ltd., both at home and overseas, were higher than the record deliveries of the previous year. The new factory at Exeter has been brought into production. The order book is good and the increased manufacturing capacity should ensure higher sales in the future.

The acquisition in 1960 of Perfection Engineering Ltd. has added usefully to the activities of the group in the machine tool field. This company, as well as manufacturing honing machines, is one of the largest manufacturers in this country of spline gauges. The factory is modern, and since the business was acquired its manufacture and sales have satisfactorily increased. Its prospects are good.

RESEARCH AND DEVELOPMENT

Research and development work within the group continues unabated in order to find new products and cheaper methods of manufacturing existing products. Among recent developments are pneumatic pumps for conveying materials in powder form in pipes, conveyors working on the air gravity principle, a new type flexible coupling for power transmission purposes, and a new type of sintered porous stainless steel for aircraft de-icing and for special purpose filters. Our technicians make frequent visits to other European countries and the American continent to investigate new manufacturing techniques which may be useful in our business. We hope thereby to remain in the forefront in the competitive manufacture of our widely diversified products. Although competition is becoming ever more keen we expect to obtain our full share of the available markets.

REVENUE PROPERTIES COMPANY LIMITED

MR ALEX J. RUBIN'S STATEMENT

At the first annual meeting of the Company, held recently in Toronto, Canada, **Alex J. Rubin,** Chairman and President, said in his report to the shareholders: Following the issue of your Company's securities to the public in December 1961, the Company made its first investment consisting of 57 leased industrial properties at a price of $15.0 million and as a result of this acquisition, began operations with a real estate portfolio which provides it with a diversified source of recurring revenue from leases to major companies.

As the 1961 year-end financial statement covers only 17 days, we have, in order to provide a more complete picture, incorporated an audited statement of income for the first quarter of 1962 in the financial section of the report to shareholders. For the three months ending March 31, 1962, your Company had income from rentals and interest totalling $394,549 and net revenue after all charges including depreciation of $73,870. On February 15th last, your Company paid the first quarterly dividend on its preferred shares at the rate of 6½ per cent per annum.

In April, your Company purchased The Rubin Corporation Limited as a wholly-owned subsidiary. Your directors had an independent appraisal of the assets of the corporation from which it was apparent that their present value was substantially greater than their cost on its books and that the equity acquired has a current worth materially in excess of the purchase price.

REAL ESTATE ACTIVITIES

The Rubin Corporation is engaged in the following principal real estate activities; the purchasing, selling, leasing, financing managing and operating of commercial, industrial and residential real estate, the acquisition of land, the planning, development and construction of buildings of all types.

With its acquisition, Revenue Properties Company Limited now stands as the largest Canadian-controlled, publicly-owned real estate development, construction and holding company.

Projects which The Rubin Corporation has under construction or in the advanced planning stage include: six garden homes in the Toronto area which on completion will contain more than 3,300 rental units housing about 15,000 residents; an $8,000,000 14-storey building in which your Company is the major shareholder, consisting of stores, offices and apartments, now under construction; motor hotels and apartment buildings.

INDUSTRIAL PACKAGE DEALS

Activity is also being maintained in the industrial package deal field which involves providing industry with buildings on a lease or contract basis through an all inclusive package which includes land, design, construction and financing.

The report was adopted.

ASSOCIATED BRITISH PICTURE CORPORATION

SIR PHILIP WARTER ON A WELL EQUIPPED ORGANISATION

The thirty-fifth annual general meeting of Associated British Picture Corporation Limited was held on August 10th in London, **Sir Philip Warter** (the Chairman) presiding.

In his statement. which had been circulated to members, Sir Philip said he was pleased to report a satisfactory year's trading with profits, after taxation, only slightly below those of the previous year.

After reviewing the financial results Sir Philip, commenting on Film Production and Distribution, said: At the Corporation's Studios at Elstree, once again the staff and the equipment have been fully employed throughout the period.

In order to enlarge the supply of British films for the cinema the Corporation has, in association with The Grade Organisation Ltd., formed Elstree Distributors Ltd. to promote and finance the production of British films by independent producers.

Shortly after the end of the financial year arrangements were completed for the purchase by the Corporation of a 50 per cent interest in Anglo Amalgamated (Film Distributors) Ltd. and allied Companies. Apart from being a sound business investment this purchase will increase the supply of films by independent producers.

The Corporation is also negotiating with Mr Walter Reade of Continental Film Distributors Inc., of New York, who plans to promote and finance a number of British films which will further strengthen our position in Production, Distribution and Exhibition.

The Production Divisions of Associated British-Pathe Ltd. which produce the Pathe News, Television Advertising films and Documentary films have had a successful year.

The Distribution Division of Associated British-Pathe has maintained its business in the United Kingdom and improved it overseas, despite the relatively high level reached in the previous year.

The Chairman then referred to A.B.C. Cinemas and said that they had, on the whole, had a good year which would have been very much better if there had not been such a dearth of good pictures in the autumn of last year.

The massive reconditioning and modernisation programme of cinemas continues and the investment is already proving to be a good one.

Bowling: This is now beginning to assume an important role in the Company's activities.

Turning to A.B.C. Television Limited, Sir Philip said: The Television Company has continued to make progress.

I do not propose at this stage to comment in detail on the Pilkington Report. I must, however, express regret that the Report, apart from its tribute to our religious programmes, entirely fails to recognise the serious programme contributions that we and other Programme Companies have made to Independent Television.

Whatever the future pattern of television may be from 1964 onwards in this country, I am confident that this Corporation will continue to make a notable and essential contribution for many years to come.

The best can be achieved only by having the finest resources and the most able production staff, backed by generous budgets. This has been A.B.C.'s consistent policy.

Referring to the current year, Sir Philip said: Business is running a little below that of the comparable period of last year but it is much too early to make an accurate forecast of the full year's results.

The Corporation is well equipped in the organisation of its business, the spread of its interests and in its financial strength to take full advantage of whatever developments may emerge in the entertainment field in the future.

COMBINED ELECTRICAL MANUFACTURERS LIMITED

RECORD VALUE OF ORDERS IN HAND

The second annual general meeting of Combined Electrical Manufacturers Limited was held on August 9th in London, **Mr Anthony M. Browne** (chairman and managing director) presiding.

The following is an extract from the statement by the chairman which had been circulated with the report and accounts:

The Consolidated Trading Profit for the year ended March 31, 1962, after all expenses and provisions, but before taxation, amounted to £680,585.

After providing £352,022 for taxation the net profit is £328,563. The Directors have transferred £150,000 to General Reserve and recommend the payment of a final dividend of 8½ per cent making with the 4 per cent interim dividend already paid, a total of 12½ per cent less tax. This leaves £67,425 to be carried forward.

Taking into account the present order book and their plans for the future development of the Group, the Directors are of the opinion that the Company should have additional working capital. They are, therefore, consulting with their advisers as to the best way of providing this, which will probably involve the issue of Loan Capital at the appropriate time.

Greater and improved manufacturing facilities have been and are being provided in order to increase output and productivity.

A great deal of development has been successfully carried out in connection with most of our products.

We are fortunate in having sufficient orders on our books to anticipate being fully engaged in all sections throughout the coming year and have, moreover, a significant amount of heavy transformer work to be manufactured during the following three years. The value of orders in hand is, in fact, a record for the various Companies of the Group. We have again obtained, during the year under review, a very considerable amount of export orders for Transformers, Rectifiers and D.C. Switchgear. One feels justifiably proud of these export achievements which eloquently testify to the good service of the plant supplied and which are so much in the National interest; but it must be recognised that competition is extremely keen, making profit margins on export business negligible.

The report and accounts were adopted.

BANK OF CEYLON

THE NEW CONSTITUTION

The following are extracts from the annual report of the Board of Directors of the Bank of Ceylon:

In terms of the Finance Bill of 1961 which was introduced by the Minister of Finance in Parliament on July 27, 1961, and which received the Governor General's assent on October 12, 1961, the Bank of Ceylon became a fully State-owned institution with effect from the former date.

After dealing with the Bank's inauguration and early achievement, the Report continued:

The Bank which has attained a position of strength will, under its new constitution with the Government as its sole owner, at all times maintain its autonomy and its integrity and ensure its strength and stability which must always remain the foundation on which all its activities are based.

With the Government as sole shareholder a more purposeful pursuit of the objectives of the Bank and a greater versatility in the adoption of means to achieve its ends are now possible, subject only to the controls provided by law.

Dealing with the Accounts for the year ended September 30, 1961, the Report states: Cash, Bullion, Loans at Call, Money at Short Notice and Treasury Bills amounted to Rs. 145.2 million. Our total liquid assets, including Bills discounted, amounted to Rs. 199.9 million. The percentage of liquid assets to total deposits is 38.2.

There has been a slight increase in the Bank's investments from Rs. 166 million to Rs. 167 million; our holdings of Treasury Bills have increased substantially from Rs. 9.9 million to Rs. 47.2 million. Our investment in the shares of the Development Finance Corporation of the face value of Rs. 2.8 million has been written down to its market value of Rs. 1.68 million.

The Bank's advances aggregated Rs. 205 million, a decrease of Rs. 21 million from the figure at the end of the previous financial year. The fall in advances is attributable to the import restrictions of the Government, as well as to the credit restrictions imposed by the Central Bank.

The total deposits of all commercial banks amounted to Rs. 1,038.2 million as at September 30, 1961, as against Rs. 1,019 million as at September 30, 1960, an increase of 1.9 per cent. This Bank increased its total deposits from Rs. 492 million as at September 30, 1960, to Rs. 523 million as at September 30, 1961, an increase of 6.3 per cent.

Of the total deposits within the banking system, the share held by this Bank amounted to 50.4 per cent against 48.3 per cent as at September 30, 1960.

A sum of Rs. 800,000/- has been transferred from inner reserves and a sum of Rs. 350,000/- out of current net profits to Other Free General Reserves. These transfers bring the figure for Other Free General Reserves to Rs. 9 million. The Permanent Reserve Fund stands at Rs. 6 million. The capital and published free reserves of the Bank, therefore, now stand at Rs. 12,500,000/-. In addition, of course, the Bank continues to hold substantial free inner reserves.

There has been a small increase of Rs. 3,000/- in the net profit which amounted to Rs. 775,000/-. The total dividend paid (less tax) to the Deputy Secretary to the Treasury amounted to Rs. 315,000/-.

THE GOLDEN HOPE RUBBER ESTATE, LIMITED

and its Subsidiaries.

ISSUED CAPITAL: £1,281,484 in 2s. shares at 28th February, 1962 (since increased to £2,203,502).

Directors: Sir Eric Macfadyen, J.P. (President elect), F. W. Harper, F.C.A. (Chairman), H. B. E. Hake, C.B.E., R. O. Jenkins, M.C., A. Arbuthnott, M.B.E., C.A.

Secretaries and Agents: Harrisons & Crosfield, Limited.

Summary of Report of Directors and Accounts for year ended 28th February, 1962.

PROFIT AND DIVIDEND		
Profit after tax		£517,732
Replanting expenditure		£146,975
Dividend for year—40 per cent. less tax		£313,963
TOTAL ASSETS (including new planting expenditure 1961/62—£77,652)		£3,774,794
NET CURRENT ASSETS		£293,187
CROPS	1961/62	1962/63 (Estimate)*
Rubber	13,563,330 lb.	19,000,000 lb.
Palm Oil/Kernels	8,035 ton	14,800 ton
Copra	—	8,000 ton
ESTATES		Acres
Planted: Rubber		26,449
Oil Palms		14,352
Coconuts		15,517
		56,318*
Replanted or new planted in 1961/62		1,490
Programme for 1962/63		1,992*

* including recently acquired subsidiaries Prang Besar and Straits Plantations.

A.G.M., 11 a.m. on 5th September, 1962, at The Queen's Room, The Baltic Exchange, St. Mary Axe, London, E.C.3.

WESTON-EVANS (HOLDINGS)

ANOTHER RECORD YEAR

The sixth annual general meeting of Weston-Evans (Holdings) Limited was held on August 9th in Manchester, **Lt.-Col. W. D. Gibbs** (the chairman) presiding. The following is an extract from his circulated statement:

Last year I was able to report record profits amounting to £197,423. This year the Group's profit for the year to March 31, 1962, is further improved at £218,176, an increase of £20,753.

Trading has continued on a satisfactory basis throughout the year for Weston-Evans & Co. Ltd., and W. P. Evans & Son Ltd., who manufacture textile finishing and paper making equipment respectively. Exports, particularly of the 'Rotabelt' Suction Unit, have been maintained at a high level. "Holgates" have made progress and your Directors are confident that this acquisition will continue to provide a useful contribution to the profits of the Group. In the U.S.A., sales of paper making equipment have been maintained and the sales of Nim-Cor Inc. are most promising.

Improved designs and development of new machines in the Group's range of textile finishing machines enables your Directors to look forward to the further expansion of this section of the Group's activities. "Thomas Bradford" has just completed the redesign of its range of laundry machines and from the interest being shown, it is envisaged that this Company will continue as one of the leaders of the Industry.

The report and accounts were adopted and the total dividend of 30 per cent less tax was approved.

This announcement appears as a matter of record only and is not an offer to sell nor a solicitation of an offer to buy any of these securities.

SCHLUMBERGER LIMITED

700,000 shares of Common Stock

August 1, 1962

The undersigned acted as consultants and advisors to the stockholders of the Company who were the sellers of the above-mentioned shares.

Istel, Lepercq & Co., Inc.

63 Wall Street

New York 5, New York

COMPAGNIE FRANÇAISE DES PÉTROLES

The Annual General Meeting of the Compagnie Française des Pétroles was held in Paris on June 28th, **Monsieur Victor de Metz** presiding. The following are extracts from the President's Statement and the report presented by the Board of Directors.

THE PRESIDENT'S STATEMENT

During the first three months of 1962, said Monsieur Victor de Metz, the Company marketed over 5¼ million tons. This represented continued expansion and correspondingly improved financial results.

Among the principal subsidiary companies, La Compagnie Française de Raffinage increased its tonnage by 12 per cent in the first five months compared with the same period in 1961, and the CFP (Algérie) tonnage was correspondingly increased by 11 per cent.

Consumption during the winter months showed varying increases according to product. Prices in many countries, said Monsieur de Metz, "are depressed as a result of surplus quantities available and we are trying, by observing the market very closely, not to upset it by incautious action. But the medium term prospects still remain good."

PARKINSON COWAN LIMITED

MR HUGH P. BARKER'S REVIEW

The Annual General Meeting of Parkinson Cowan Limited was held on August 10th in London.

The following is an extract from the written statement by **Mr Hugh P. Barker,** the Chairman, as supplemented by verbal observations at the meeting:

When I addressed you a year ago the Company was grappling with adversities mostly concerned with our domestic appliance activities. When I wrote to you in February last about the acquisition of the Wild Barfield Company I indicated that 1961-62 would be a very poor year, but that we could expect substantial improvements in 1962-63. So far these forecasts are being realised, and we expect to do moderately well unless there is unforeseen deterioration in trading conditions.

In spite of the net loss the Directors recommend an Ordinary dividend of 5 per cent be paid and feel justified in this step for two reasons. Firstly, because of improvement in the current year's trading, and secondly because we have available £39,000 in our dividend equalisation reserve. This reserve, which we shall hope soon to re-create, was provided for the purpose of paying dividends during bad times.

Our domestic appliance business is now improving quite rapidly, and we have introduced a basically new electrical thermal storage room heater called ConStor.

Our business in gas and liquid meters and associated electrical controls is now developing in a healthy way after a period of difficulty.

Our potentiality in the industrial heating field has been greatly augmented by the acquisition of the Wild Barfield Company. This Company is known throughout the world as a pioneer in the manufacture of electric furnaces. Our industrial gas heating business did very well last year and should do well again this year. Our business in Bastian & Allen electrode boilers is rather quiet, but we have no reason to doubt its future.

Our overseas business taken as a whole is showing a good improvement over last year.

THE LONGER FUTURE PROSPECT

The domestic appliance industry has become a traditional tool of Governments for alternately stimulating and depressing the whole economy. The thing which destroys orderly planning, efficient operation and morale in an industry is this fiscal chopping and changing. I would much prefer to see the present taxes and restrictions maintained at their present level for a long period than we should suffer another cycle of violent expansion and contraction.

As a result of pursuing a declared policy of expansion into industrial fields your Company is now very much concerned with capital goods for industry. This market reflects the degree of optimism which industry feels about its own future. Over the years ahead it is my conclusion that the capital goods industry as a whole must prosper and the state of this industry is a measure of the economic morale of the country. At this moment orders for all industrial equipment are weak and our industrial order books reflect the trend.

Our fortunes are particularly geared to the Gas Industry which we have faithfully served for so long. This industry has passed through the nadir of its fortunes and thanks to new technology is climbing back again.

The Report and Accounts were adopted.

Copies of the Report and Accounts can be obtained on application to the Secretary at Terminal House, Grosvenor Gardens, London, S.W.1.

REPORT OF THE DIRECTORS

The report opened with a general review of the world petroleum situation and outlined the Company's own activities in 1961.

PROFIT AND DIVIDEND: Net profit of the CFP amounted to NF106,899,418.91 and a gross dividend of NF6.50 (NF6 for 1960) per share of NF50 was agreed to be distributed.

SPECIAL NOTES

Total Oil Products (Gt. Britain) Ltd. developed its activities in Great Britain in 1961 by the putting into service of a chain of service stations. Formed in 1955 TOP (Gt. Britain) Ltd. has up till now limited itself to sales to wholesalers in London and Manchester. At the end of 1960 it decided to proceed to direct retail distribution. A hundred TOTAL service stations have therefore been opened in the districts of London and Manchester. TOP (Gt. Britain) Ltd., in the severe competition which characterises the sale of petrol products in Great Britain, can rely on the quality of TOTAL products as well as on the welcome and services extended to its clientele : for example, a huge car park for 500 cars, inaugurated in September, 1961, in the City of London, was equipped with a TOTAL service station.

The Compagnie Française des Pétroles is an associate of the Iraq Petroleum Company on an equal shares basis with British Petroleum, Shell, and the Esso Jersey-Socony Mobil Oil Group. The Iraq Group itself consists of four production companies, the Iraq Petroleum Co., the Mosul Petroleum Co., the Basrah Petroleum Co., and the Qatar Petroleum Co. In addition to a 6 per cent holding in the IOP Consortium the company has a 33.3 per cent holding in ADMA, the balance being held by BP.

Copies of the full Report and Accounts can be obtained from le Secrétariat Général, Compagnie Française des Pétroles, 5 rue Michel-Ange, Paris, 16e. CFP is the third largest oil company in the world outside the U.S.A., after Shell and BP.

APPOINTMENTS

THE SOCIAL SURVEY of the CENTRAL OFFICE OF INFORMATION requires an ASSISTANT INFORMATION OFFICER *(unestablished). Duties include performing the* calculations required in the design of sampling schemes, requiring both a detailed knowledge of the sources of samples and an appreciation of practical sampling problems and using this knowledge in giving clear instructions to the Survey's Field Staff. Applicants must have a mathematical aptitude and experience of sampling procedure and preference will be given to those with a degree in one of the social sciences, statistics or mathematics. Starting *salary will be fixed according* to experience and qualifications and will be on a scale which rises to £1,260 p.a. Write, giving age, full details of experience and qualifications, to Manager (PE/5090/PC), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

EXPERIENCED ACTUARY required by old-established firm of stockbrokers. Please reply in first instance to Box C360, c/o Walter Judd Ltd., 47 Gresham Street, London, E.C.2.

THE UNIVERSITY OF LIVERPOOL

Applications are invited for the post of DEPUTY FINANCE OFFICER. Candidates should be qualified accountants and should have had wide experience in accountancy ; experience of University finance would be an advantage. Initial salary not less than £1,800 per annum, according to qualifications and experience. Six copies of an application, together with the names of three referees should be sent not later than 7th September, 1962, to the Registrar, The University, Liverpool 3, from whom further particulars may be obtained. Quoting reference number CY/1481E.

For other appointments see page 659

THE DURHAM COLLEGES

IN THE UNIVERSITY OF DURHAM

Applications are invited for the post of LECTURER IN POLITICS from January 1, 1963.

Applications (three copies), together with the names of three referees, should be sent not later than September 17, 1962, to the Registrar and Secretary, 38 North Bailey, Durham, from whom further particulars may be obtained.

DURHAM COUNTY COUNCIL

PLANNING DEPARTMENT

RESEARCH ASSISTANT.—Salary £1,360-£1,535. Applicants must have a good Honours Degree in Economics, and experience in industrial location work with Industry, a Government department, or a Local Authority.

Housing available—Peterlee 12½ miles, Newton Aycliffe 12 miles from Durham.

Forms and particulars from the County Planning Officer, 10 Church Street, Durham. Closing date August 25, 1962.

Personally canvassing members of the Council is prohibited and the Council may declare any candidate infringing this rule to be disqualified for appointment.

J. T. BROCKBANK,
Clerk of the County Council.

LEADING STOCK EXCHANGE FIRM requires a SENIOR ASSISTANT for their expanding STATISTICAL DEPARTMENT. He should be aged 22-26 and must have gained a degree, preferably in Economics. Some commercial or financial knowledge would be an advantage. Applicants should write, stating age, qualifications and experience, to Box 1647.

WORLD AGRICULTURAL ECONOMICS AND RURAL SOCIOLOGY ABSTRACTS

ASSISTANT TO EDITOR

Applications are invited for the above-mentioned post, at present in Vienna, from £1,200 per annum. Further particulars from Director, University of Oxford Institute of Agrarian Affairs, 5 Magpie Lane, Oxford.

APPOINTMENTS REQUIRED

EXPORT MANAGER (33), widely travelled, excellent French, Spanish, Portuguese, first-class references, experienced, seeks position, home or abroad.—Box 1646

TOP RANK EXECUTIVE SEEKS BROAD GENERAL MANAGEMENT POST WITH PROSPECTS. Creative Chartered Accountant (33). Exceptionally broad public company boardroom experience. Chief Accountant, Secretarial Administration. At present with large company. First rank record and references.—Box 1645.

COMPANY AFFAIRS

In the London Stock Market this week equities have been firmer than for many months past and this has been reflected in the sharp jump in The Economist *indicator of 18.9 points to 336.5. Gains were widespread and interest in bank and oil shares was stimulated by the NP-District Bank merger and the Burmah Oil bid for Lobitos. Steel shares have also been to the fore and were helped on Thursday by an encouraging statement from John Summers. Gilt-edged have continued to forge ahead and undated stocks which have not shared fully in the earlier advance in this market have been in demand.*

John Brown

THE yield of 6 per cent on John Brown's £1 shares is sustained almost entirely by the group's interests in machine tools, which contributed about 60 per cent of net profits in the year to March 31st. Wickman and Firth Brown Tools must add to their trade and profit in the coming years to counterbalance the decline in shipbuilding earnings. Lord Aberconway, the chairman, has already forecast that shipbuilding profits will fall this year and he now says that competition is so keen that "to have any chance of success a tender must usually be on an unremunerative basis" though apparently John Brown is willing to accept such orders in order to preserve what employment it can at Clydebank. But the directors see no prospect in the next few years of earning a reasonable profit on them.

Years to March 31	1958 £ mil.	1959 £ mil.	1960 £ mil.	1961 £ mil.	1962 £ mil.
Trading profit	4·1	4·2	4·3	5·2	5·2
Gross profit	3·3	3·4	3·6	4·5	4·4
Net equity earnings	1·2	1·6	1·8	2·1	1·8
Retained cash flow	1·6	1·9	2·0	2·4	2·1
Net fixed assets	9·2	9·7	10·3	10·9	11·1
Net current assets	11·2	14·5	15·3	16·2	16·1
Net liquid assets	1·8	5·2	8·8	7·1	7·4
Net equity assets	19·3	22·4	23·8	25·0	26·0
	%	%	%	%	%
Ord. earnings†	19·8	20·8	22·4	24·8	22·8
Ord. dividend†	8·0	8·0	8·8	8·8	10·2
Gross profit/net equity assets	18·1	15·2	15·1	18·0	16·9
Net earnings/net equity assets	6·4	7·3	7·6	8·4	6·9

Price (£1 shares) : 34s. 6d. Earnings yield : 13·2%, equal to 7½ years' earnings.
Dividend yield : 6%.
† Adjusted for scrip issue.

While Wickman enjoyed a "splendid trading year" and earned higher profits, Firth Brown Tools in a "busy year" earned lower profits (largely because it was in the throes of reorganisation). Firth Brown Tools is not yet completely reorganised and this will affect its profits in the current year. At Wickman the backlog of orders should ensure another good trading year ; but the rate of new orders now appears to be slackening and there is the danger that some capacity may be left underemployed. Profits in 1961-62 were adversely affected by the difficulties encountered by Constructors John Brown on its Persian contracts ; the extra costs involved amounted to over £1 million. CJB expects to obtain a settlement of claims on these contracts in due course and if and when it occurs it should benefit the group's trading account. It will be some gain, however, if the accounts of CJB do not show a substantial trading loss this year as they did in 1961-62. If John Brown succeeds in holding profits at the level of the last two financial years shareholders will have no cause to complain ; but equally in these circumstances they can expect nothing more than the rounding up of the dividend to 11 per cent.

Royal Dutch/Shell

OIL shares have stood up well to the stock market slump of the past few months, attracting investors as recovery stocks. The 5s. shares of "Shell" Transport and Trading have moved up this year from 27s. to 34s. 3d. to yield just under 6 per cent. ; they seem unlikely to fall back very far in view of the results of the Royal Dutch/Shell for the second quarter. These were up to best expectations and bear out the encouraging forecast made by the chairman, Mr F. J. Stephens, at the annual meeting when he attributed the sharp improvement in profits in the first quarter of 1962 to a substantial increase in sales and continued control of expenditure. These factors are evident in the results of the second quarter when the volume of sales was 13 per cent greater than twelve months earlier. But oil prices are still under pressure and total income from the sales after excise duties rose by only 7½ per cent. The group's success in reducing unit costs pegged back the increase in selling expenses to 6½ per cent and thus brought about a further improvement in margins. This has however been partly offset by a £2 million increase in depreciation in the second quarter and by a rise of over 25 per cent to £42 million in the tax charge.

Besides keeping a tight grip on its operating costs the group is also holding down its capital and exploration expenditure: for the first half of 1962 expenditure was virtually unchanged at the comparatively low figure of £174 million. This was more than covered by the group's cash flow, and its holdings of cash and short-term securities have risen further to almost £500 million, a level not exceeded since early in 1959. The rate of capital spending is a prime consideration when the "Shell" directors consider what dividends should be paid. They expect a higher level of capital projects in the "not too distant future" but they may well feel able, if the present trend of profits and improved margins continues in the second half of the year, to recommend a slightly higher tax free dividend than the maintained 25 per cent paid for 1961 on the capital as increased by the one for four scrip issue. For the first six months, earnings of the group attributable to "Shell" Transport shareholders amounted to 1s. 8d. a share, compared with 1s. 6d. a share for the first half of 1961.

SALES AND INCOME
(£ million)

	1961 Quarter (i)	1961 Quarter (ii)	1962 Quarter (i)	1962 Quarter (ii)
Sales :—				
Including duties	662·1	685·2	721·9	741·8
Excluding duties	493·7	488·7	531·3	525·8
Gross income	78·7	82·5	95·7	95·3
Net income	42·1	44·7	47·9	48·3
Gross income/sales	*15·9*	*16·8*	*18·0*	*18·1*
Net income/sales	*8·5*	*9·1*	*9·0*	*9·2*

Rootes Motors

THE announcement that Rootes will pay the dividend on its 5½ per cent preference shares out of reserves, as losses were incurred in the financial year ending on July 31st, confirms the accuracy of the warning given by Lord Rootes last November that the losses from the strike at the company's Acton factory last autumn might not be made good during the year. Though Rootes was in fact able to build up production to a high level by the summer, the costs and delays in doing so added to the loss of production directly attributable to the strike, and output for the year was probably below that for 1960-61.

Apart from the special factor of strike losses, Rootes suffered like other car manufacturers from pressure on margins, especially where sales in common market countries were concerned. Indeed, it may have suffered more than most ; the prices at which it sold the old Minx and Singer Gazelle models in Britain were one of the wonders of the motor trade, and significantly, they were raised slightly after purchase tax was reduced in April. Though at the moment Rootes is doing relatively well, it remains vulnerable to the competition of the two bigger manufacturers, and is heavily dependent on the success of the small car it is introducing next spring. To start this venture from a loss emphasises the speculative nature of its shares. The "A" shares have fallen back by 3d. to 4s. 6d. Last year the dividend on the "A" and the ordinary shares was cut from 12 to 4 per cent ; will the directors also draw on reserves to pay a token dividend again this year and so preserve trustee status for the ordinary shares ?

Richardsons, Westgarth

A YEAR ago the chairman of Richardsons, Westgarth, Mr O. J. Philipson, spoke of a "major and possibly prolonged recession in the shipbuilding industry" and saw "no positive indication of early recovery." Even so the results for the year to March 31st were so bad that Mr Philipson describes them as "extremely disappointing." The swing from a gross profit of £128,000 to a loss of £767,000 was accentuated by bigger provisions for depreciation, development expenditure and loan interest. But the group's plight is of a more fundamental nature. Further heavy provisions were "considered prudent against losses now envisaged on current contracts"; at least one major contract was apparently accepted at a loss in order to cover overheads and sustain the work programme; another contract for new plant brought unexpected problems which resulted in a loss. On the industrial power plant and heavy electrical plant sides, margins remained low.

But there is a strong suggestion in the report that the group's economy measures will bear some fruit this year. Overhead costs have been cut; marine oil engine production is being rationalised; and unremunerative works at Sunderland and Hartlepool are being shut down. It will take more than a year for the full benefit to emerge. Some older and less remunerative contracts have to be worked off. Even so, any loss for 1962-63 is expected to be relatively small in comparison with that sustained in 1961-62. This forecast is based primarily on the assumption of an increased demand for electricity generating plant from the CEGB. This field holds out the brightest prospect that Richardsons, Westgarth shares will ultimately return to the dividend lists after two years' absence. Since the preliminary statement the 10s. shares have gained 1s. 4½d. to 4s. 10½d.

Avana Associated Bakeries

In recent years, food has become increasingly important in Marks and Spencer's business, with particular emphasis on bakery products. Its main supplier is Avana Associated Bakeries. The advantages of this link can be seen from the profits record of Avana. Pre-tax profits have risen from £57,000 in 1957 to £261,000 in the year to March 31st last. Moreover it has been trading at higher margins (which has not been the experience of N. Corah, another major supplier to Marks and Spencer). While Avana added 10 per cent to its sales in 1961-62, its profits before tax rose by over 18 per cent, the wage increase that was granted mid way through the year being more than offset by cost-savings from greater mechanisation. A good deal of the new capital equipment has yet to make its full contribution to profits.

Funds for these capital projects have come from last September's rights issue. Liquid assets at the end of March amounted to £547,000, which covers immediate capital commitments of £106,000 comfortably, but the chairman, Mr I. R. Rees, says that further big sums will have to be spent on the bakery side to meet Marks and Spencer's growing requirements. It is not only in cakes (and particularly slab cake) that Avana has achieved steady growth; its jam-making subsidiary, Ledbury Preserves, has doubled its sales over the past ten years, when consumption generally has been falling. Ledbury has also secured a big contract with Marks and Spencer with the result that its sales rose a third last year. Here too rapid expansion based on the link with Marks and Spencer will mean further capital investment. The directors believe that this can best be achieved by floating Ledbury off as a separate public company, giving preferential treatment to Avana shareholders in the issue. This prospect boosted Avana 1s. shares to 16s. 1½d.; they yield just under 2¾ per cent on the assumption that the current dividend of 40 per cent is maintained on the capital after the one-for-ten scrip issue.

On the board of Avana is Mr Julian Hodge; his Gwent and West of England Enterprises has a sizeable stake in the company and it will presumably handle the public flotation of Ledbury. In an interim report Mr Hodge says that Gwent's profits are expected to be well in excess of those for 1960-61, and he has revised his forecast of the total dividend from 50 to 60 per cent (compared with the 40 per cent paid for the previous year before the rights issue).

Six months to	June 30, 1961 £'000s	Dec. 31, 1961 $000's	June 30, 1962 $000's
Net sales	258,845	258,381	248,691
Costs and expenses	177,693	163,042	155,197
Operating earnings	81,152	95,329	93,494
Total income	81,925	97,687	94,300
Income tax	30,981	29,895	25,361
Net earnings	44,272	51,124	52,344
Net earnings per share	$1·28	$1·74	$1·77

The quarterly figures show however that the improvement in earnings following the rise in nickel prices is being whittled down. The current prospect for nickel, like that for most other metals, is far from buoyant. A possible increase in Cuban output is a threat to prices, and in the longer term there remains the prospect that newly discovered nicket deposits will be exploited. Thus, while earnings per share this year should easily surpass last year's total of $3.02, and perhaps reach the record level of $3.25 attained in 1956, the directors of International Nickel have so far held the quarterly dividend at 40 cents per share. Some increase in future distributions is probably discounted in the yield of only 2½ per cent offered by International Nickel, although the price in London has fallen this year from $151½ to $120.

Canadian Pacific

LAST year's rise in the income of Canadian Pacific came almost entirely from higher net railway earnings. These reflected heavier freight traffic and the pruning of unprofitable routes and also the additional benefit of payments made to Canadian railways by the government pending consideration of the complete report of the MacPherson Royal Commission on Transportation. The interim report for the first half of 1962 presents a very different picture. The railways were distinctly less profitable: their gross revenue fell from $230.4 million to $218.7 million and, though expenses were lower, net railway earnings fell sharply from $17.2 million to $10 million. Other income, derived from the group's steamships, aircraft, investments, hotels and properties, rose from $3 million to $6.7 million but the net income of the group fell from $11.9 million to $8.3 million.

The interim dividend has been maintained at 75 cents per $25 stock; this requires $10¾ million, but net equity earnings amounted to only $6½ million. The decision to maintain the interim dividend by drawing on reserves suggests that the directors may be reluctant to reduce the total payment below last year's $1.50. But the stock market, where Canpacs have fallen to a new low point of London $38⅛, to yield 6½ per cent on the 1961 dividend, seems to reflect the possibility of a reduction.

International Nickel

As expected, International Nickel's results for the first half of this year show a marked improvement over those for the first half of 1961. The disposal of two subsidiaries resulted in lower sales but the group has earned bigger profits. Apart from the benefit of the higher price charged for nickel since June, 1961, the group has also gained from the depreciation of the Canadian dollar and from tax savings on sales from the new Thompson Mine. It also sold less of the "non-profit nickel" which it had earlier acquired from the United States government or its suppliers at market prices.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
July 11	316·3	5·44		
" 18	312·9	5·51		
" 25	310·9	5·55		
Aug. 1	312·8	5·50	364·4 (Jan. 17)	310·3 (June 27)
" 8	317·6	5·41		
" 15	336·5	5·09		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Aug. 9	267·4	5·83	5·93	9,631
" 10	269·6	5·79	5·93	10,112
" 13	272·8	5·72	5·93	12,492
" 14	279·5	5·58	5·89	12,110
" 15	283·6	5·50	5·83	13,709

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935=100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 11, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £5,077,000 compared with a surplus of £72,440,000 in the previous week and a deficit of £27,571,000 in the corresponding period of last year. There was a net expenditure "below-line" of £5,075,000 leaving a total cumulative deficit to date of £274,712,000 compared with £246,290,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to Aug. 12, 1961	April 1, 1962, to Aug. 11, 1962	Week ended Aug. 12, 1961	Week ended Aug. 11, 1962
Ordinary Revenue					
Income Tax	2,790,000	577,588	610,178	25,076	30,817
Surtax	188,000	36,000	39,700	700	900
Death Duties	264,500	101,600	98,900	3,100	3,800
Stamps	95,000	40,200	36,800	1,800	1,800
Profits tax, EPT and EPL	374,000	117,100	127,300	6,000	8,200
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	872,488	912,878	36,676	45,517
Customs	1,653,000	585,494	594,061	24,057	37,053
Excise	1,077,000	379,715	392,980	20,665	22,205
Total Customs and Excise	2,730,000	965,209	987,041	44,722	59,258
Motor Duties	150,000	26,683	40,808	3,908	5,497
Broadcast Lic's.	41,000	8,800	9,400	...	...
Miscellaneous	165,000	113,881	59,033	1,099	2,642
Total	6,797,500	1,987,061	2,009,160	86,405	112,914
Ordinary Expenditure					
Debt Interest	600,000	256,022	235,551	7,562	5,303
Payments to N. Ireland Exch.	100,000	30,948	33,748	...	3,513
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	3,931	3,753	14	25
Supply Services	5,611,650	1,766,843	1,919,831	106,000	108,700
Total	6,323,650	2,057,744	2,192,883	113,576	117,541
Sinking Funds	41,000	10,844	11,959	400	450
"Above-line" Surplus or Deficit	— 81,527	— 195,682	— 27,571	— 5,077	
"Below-line" Net Expenditure	164,763	79,030	7,038	5,075	
Total Surplus or Deficit	246,290	274,712	34,609	10,152	
Net receipts from:					
Tax Reserve Certificates	57,775	61,227	3,407	— 1,922	
Savings Certificates	— 7,400	— 900	— 1,200	...	
Defence Bonds	22,247	6,219	360	— 550	
Premium Savings Bonds	15,950	12,500	300	100	
Total	88,572	79,046	— 3,947	— 2,372	

* Net repayments of £10 million to the Civil Contingencies Fund in 1962-63 compared with net repayments of £12 million in 1961-62.

FLOATING DEBT
(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
Aug. 12	3,290·0	1,712·9	206·6	...	5,209·4
1962					
May 12	2,940·0	2,236·5	248·2	0·5	5,425·2
" 19	2,940·0	2,221·9	283·8	0·3	5,445·9
" 26	2,950·0	2,258·8	229·3	...	5,438·1
June 2	2,960·0	2,299·9	230·7	1·5	5,492·1
" 9	2,970·0	2,307·8	233·6	...	5,511·5
" 16	2,980·0	2,314·5	287·2	0·8	5,582·5
" 23	2,990·0	1,936·1	250·9	2·8	5,179·8
" 30	2,990·0	2,013·4	264·2	2·3	5,269·8
July 7	2,990·0	1,980·0	230·3	6·3	5,206·6
" 14	2,990·0	2,015·7	230·0	2·5	5,238·2
" 21	2,990·0	2,008·0	218·4	2·0	5,218·4
" 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,930·0	2,012·5	227·3	...	5,219·9
" 11	3,000·0	1,983·6	225·1	0·3	5,208·9

THE MONEY MARKET

THE discount market was twice forced to borrow from the Bank of England at Bank rate last week, but this did not deter the market from increasing its bid at last Friday's Treasury bill tender by a further 2d. to £99 1s. 1d. The average rate of discount fell closely in line by 8.21d. to 75s. 8.84d. per cent. Total applications for the £230 million of bills on offer fell by £7 million to £396 million and although the market's quota of bills dropped from 60 to 54 per cent, this was still a very satisfactory allotment.

There is no doubt that the official wish is that the bill rate should now either rise or at least remain where it is for the time being. On Tuesday seven or eight houses borrowed a moderate amount at the penal rate, and on Wednesday, the clearing banks' make-up day, one or two houses borrowed a small amount. Credit has been tight throughout the week and the rate for day-to-day loans has rarely fallen below 3⅝ per cent. This has kept the market's average borrowing costs high and the profit margin on bills is now very slim. However the market is at present earning such good margins on its bonds that it can take the squeeze on bill profits in its stride.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	Discount rates: Bank bills:	
Deposit rates (7 days' notice):		60 days	4-4 1/16
Banks	2½	3 months	4-4 1/16
Discount houses	2½-2¾	4 months	4-4 1/16
Local Authorities	4⅛	6 months	4-4⅛
Call money:		Fine trade bills:	
Clearing banks' minimum	2⅞	3 months	5½-6
Day-to-day	2⅞-3⅞	4 months	5½-6
		6 months	5¾-6½

NEW YORK

	%		%
Official Discount rate: (from 31/5/60)	3	Treasury bills: August 6	2·609
		" 13	2·867

BANK OF ENGLAND RETURNS

(£ million)	Aug. 16, 1961	Aug. 8, 1962	Aug. 15, 1962
Issue Department:			
Notes in circulation	2,374·3	2,388·3	2,361·5
Notes in banking dept.	26·0	37·0	63·9
Govt. debt and securities*	2,398·7	2,424·0	2,424·0
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	12·6	9·1	12·6
Special deposits	195·0	159·6	159·6
Bankers	244·3	227·8	242·4
Others	68·6	70·5	72·3
Total	520·5	467·0	486·8
Securities:			
Government	418·7	373·2	356·9
Discounts and advances	75·2	55·3	64·6
Other	18·3	19·0	18·9
Total	512·1	447·5	440·4
Banking department reserve	26·8	37·9	64·8
"Proportion"	% 5·1	% 8·1	% 13·3

* Government debt is £11,015,100, capt £14,553,000. Fiduciary issue increased by £50 million to £2,425 million on July 25th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Average Rate of Allotment	91 Day Allotted at Max. Rate *
1961	91 day		s. d.	%
Aug. 11	250·0	394·7	134 8·81	41
1962				
May 11	230·0	412·8	79 8·71	57
" 18	230·0	383·6	77 1·04	61
" 25	230·0	398·4	76 3·81	47
June 1	240·0	417·3	75 7·98	43
" 8	240·0	421·0	75 0·28	47
" 15	240·0	423·5	74 4·01	40
" 22	230·0	370·2	76 11·84	42
" 29	230·0	365·3	78 5·03	45
July 6	230·0	405·4	78 0·63	49
" 13	230·0†	404·5	77 9·32	23
" 20	220·0	382·1	78 7·14	29
" 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
" 10	230·0	396·1	75 8·84	54

* On August 10th tenders for 91 day bills at £99 1s. 1d. secured 54 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills.
† Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits August 15	Market Rates: Spot August 9	August 10	August 11	August 13	August 14	August 15
United States $	2·78-2·82*	$2·80\frac{1}{2}-5_8$	$2·80\frac{7}{16}-9_{16}$	$2·80\frac{7}{16}-9_{16}$	$2·80\frac{7}{16}-9_{16}$	$2·80\frac{7}{16}-9_{16}$	$2·80\frac{7}{16}-9_{16}$
Canadian $		$3·02\frac{5}{16}-7_{16}$	$3·02\frac{5}{16}-7_{16}$	$3·02\frac{5}{16}-7_{16}$	$3·02\frac{3}{8}-1_2$	$3·02\frac{3}{8}-1_2$	$3·02\frac{5}{16}-7_{16}$
French Fr.	13·622-14·027	$13·74\frac{1}{2}-7_4$	$13·74\frac{3}{8}-5_8$	$13·74\frac{3}{8}-5_8$	$13·74\frac{1}{4}-\frac{1}{2}$	$13·74\frac{3}{8}-5_8$	$13·74\frac{3}{8}-5_8$
Swiss Fr.	11·94-12·54⅞	$12·11\frac{5}{8}-7_8$	$12·11\frac{5}{8}-7_8$	$12·11\frac{5}{8}-12\frac{1}{8}$	$12·11\frac{3}{4}-12\frac{1}{8}$	$12·11\frac{3}{4}-12\frac{1}{8}$	$12·11\frac{3}{4}-12$
Belgian Fr.	137·96-142·05	$139·47\frac{1}{2}-50$	$139·47\frac{1}{2}-52\frac{1}{2}$	139·45-50	$139·47\frac{1}{2}-52\frac{1}{2}$	$139·47\frac{1}{2}-52\frac{1}{2}$	$139·47\frac{1}{2}-52\frac{1}{2}$
Dutch Gld.	9·983-10·28½	$10·10\frac{3}{8}-5_8$	$10·10\frac{3}{4}-11$	$10·10\frac{3}{4}-11$	$10·11\frac{3}{8}-7_8$	$10·11\frac{3}{8}-7_8$	$10·11\frac{3}{8}-7_8$
W. Ger. D-Mk.	11·037-11·365	$11·20\frac{1}{4}-\frac{1}{2}$	$11·20\frac{1}{2}-3_4$	$11·20\frac{3}{8}-7_8$	$11·20\frac{3}{8}-7_8$	$11·20\frac{3}{4}-21$	$11·20\frac{3}{4}-21$
Portug. Esc.		80·15-25	80·15-25	80·15-25	80·15-25	80·15-25	80·15-25
Italian Lire	1725-1775	$1740\frac{1}{2}-41\frac{1}{8}$	$1740\frac{1}{2}-41$	$1740\frac{1}{2}-41$	$1740\frac{1}{2}-41$	$1740\frac{1}{2}-41$	$1740\frac{1}{2}-41$
Swedish Kr.	14·27½-14·70	$14·43-43\frac{1}{4}$	$14·42\frac{3}{8}-5_8$	$14·42\frac{1}{4}-\frac{1}{2}$	$14·42\frac{1}{4}-7_8$	$14·43-43\frac{1}{4}$	$14·43\frac{1}{8}-3_8$
Danish Kr.	19·06½-19·62	$19·38\frac{1}{4}-39$	$19·38\frac{1}{4}-39$	$19·38\frac{1}{4}-39$	$19·39-39\frac{1}{4}$	$19·39\frac{5}{8}-7_8$	$19·39\frac{1}{4}-\frac{1}{2}$
Norwegian Kr.	19·71-20·30½	$20·03\frac{3}{8}-7_8$	$20·03\frac{3}{8}-5_8$	$20·03\frac{3}{8}-5_8$	$20·03\frac{3}{8}-5_8$	$20·03\frac{1}{2}-\frac{3}{4}$	$20·03\frac{1}{2}-3_4$
	* Official Limits						
United States $		$\frac{1}{4}-1$pc. pm	$\frac{1}{4}-1$pc. pm	$\frac{1}{4}-1$pc. pm	$\frac{1}{4}-1$pc. pm	$\frac{1}{4}-1$pc. pm	$\frac{1}{4}-1$pc. pm
Canadian $		$\frac{1}{16}-\frac{1}{8}$c. dis	$\frac{1}{16}-\frac{1}{8}$c. dis	$\frac{1}{16}-\frac{1}{4}$c. dis	$\frac{1}{8}-\frac{1}{4}$c. dis	$\frac{1}{8}-\frac{1}{4}$c. dis	$3_{16}-5_{16}$c. dis
French Fr.		$1\frac{3}{8}-7$c. pm	$1\frac{3}{8}-7$c. pm	$1\frac{3}{8}-7$c. pm	$1\frac{3}{8}-$c. pm	$1\frac{1}{4}-3$c. pm	$1\frac{1}{8}-5$c. pm
Swiss Fr.		$2\frac{1}{8}-1\frac{3}{8}$c. pm	$2\frac{1}{8}-1\frac{3}{8}$c. pm	$2\frac{1}{8}-1\frac{3}{8}$c. pm	$2-1\frac{1}{2}$c. pm	$2-1\frac{1}{2}$c. pm	$2-1\frac{1}{2}$c. pm
Belgian Fr.		22-12c. pm	22-12c. pm	20-10c. pm	20-10c. pm	20-10c. pm	20-10c. pm
Dutch Gld.		$3-2\frac{1}{2}$c. pm	$3\frac{1}{4}-2\frac{1}{2}$c. pm	$3\frac{1}{4}-2\frac{3}{8}$c. pm	$3\frac{1}{4}-2\frac{3}{8}$c. pm	$3\frac{1}{8}-2\frac{3}{8}$c. pm	$3-2\frac{1}{2}$c. pm
W. German D-Mk.		$1\frac{7}{8}-1\frac{3}{8}$pf. pm	$1\frac{3}{4}-1\frac{1}{4}$pf. pm	$1\frac{3}{4}-1\frac{1}{4}$pf. pm	$1\frac{3}{4}-1\frac{1}{4}$pf. pm	$1\frac{7}{8}-1\frac{3}{8}$pf. pm	$1\frac{7}{8}-1\frac{3}{8}$pf. pm
	Three Months Forward Rates						
United States $		$\frac{5}{8}-1\frac{1}{2}$c. pm	$\frac{5}{8}-1\frac{1}{2}$c. pm	$\frac{5}{8}-1\frac{1}{2}$c. pm	$\frac{5}{8}-1\frac{1}{2}$c. pm	$\frac{5}{8}-1\frac{1}{2}$c. pm	$\frac{5}{8}-1\frac{1}{2}$c. pm
Canadian $		$\frac{5}{8}-\frac{7}{8}$c. dis	$\frac{5}{8}-\frac{7}{8}$c. dis	$\frac{5}{8}-\frac{7}{8}$c. dis	$\frac{5}{8}-7$c. dis	$\frac{5}{8}-7$c. dis	$1\frac{1}{16}-1\frac{3}{16}$c. dis
Swiss Fr.		$5\frac{1}{8}-4\frac{3}{8}$c. pm	$5\frac{1}{8}-4\frac{3}{8}$c. pm	$5\frac{1}{8}-4\frac{3}{8}$c. pm	$5-4\frac{1}{8}$c. pm	$4\frac{7}{8}-4\frac{1}{8}$pf. pm	$5-4\frac{1}{8}$c. pm
W. German D-Mk.		$4\frac{7}{8}-4\frac{3}{8}$pf. pm	$4\frac{3}{4}-4\frac{1}{4}$pf. pm	$4\frac{3}{4}-4\frac{1}{4}$pf. pm	$4\frac{3}{4}-4\frac{1}{4}$pf. pm	$4\frac{7}{8}-4\frac{3}{8}$pf. pm	$4\frac{3}{4}-4\frac{1}{4}$pf. pm
	Gold Price at Fixing						
Price (£ per fine oz.)		250/$3\frac{3}{4}$	250/5	...	250/6	250/$5\frac{3}{4}$	250/$5\frac{1}{2}$
($)		35·12½	35·13		35·13	35·13	35·12½

STOCK PRICES

Prices, 1962 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 8, 1962	Price, Aug. 15, 1962	Net Red. Yield, Aug. 15, 1962§	Gross Red. Yield, Aug. 15, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½% 1962	100.7.10	100.7.5	—	3 16 4
99 3/16	96 3/16	Exchequer 3% 1962–63	99 3/16	99 3/16	2 11 8	4 0 0 l
100 11/16	98 1/2	Conversion 4¾% 1963	100 21/32	100 21/32	1 14 4	3 18 6
97 5/32	93 3/16	Exchequer 2½%........1963–64	97 1/16	97 5/32	3 1 3	4 3 11 l
100 19/32	97 1/16	Conversion 4½% 1964	100 7/16	100 9/16	2 3 0	4 2 11
95 11/32	90 11/32	Savings Bonds 3%........1955–65	95 1/8	95 11/32	3 9 8	4 13 7 l
101 17/32	98 3/32	Exchequer 5½% 1966	101 7/16	101 17/32	2 19 5	5 0 9
89 1/16	85	Savings Bonds 2½% 1964–67	88 31/32	89 1/16	4 0 8	5 2 10 l
99 3/4	98	Exchequer 5% 1967	99 5/8	99 3/4	3 4 4	5 4 7
88 3/8	83 5/16	Funding 3%.............1966–68	88 1/8	88 3/8	4 1 4	5 6 6 l
90 3/16	84 7/8	Conversion 3½% 1969	88 15/16*	89 1/8*	4 0 10	5 9 7
87 7/8	82 5/8	Funding 3%.............1959–69	87 7/16	87 7/8	4 0 9	5 7 5 l
97	92 1/4	Victory 4% 1920–76	95*	95	3 4 0	4 15 10‡
84 13/16	78 15/16	Savings Bonds 3%........1960–70	83 15/16*	84 1/8*	4 3 6	5 9 0 l
96 1/4	90 9/16	Conversion 5%.............1971	95 5/8	96 3/16	3 12 0	5 12 2
102 7/8	97 1/4	Conversion 6%.............1972	101 9/16*	102 3/8	3 7 7	5 13 6
97 3/8	91 1/8	Conversion 5¼%............1974	96 11/16	97 3/8	3 10 11	5 13 3
90 3/4	87 3/4	Funding 4%.............1960–90	90 9/16	90 13/16	3 9 0	5 3 0 l
75 5/8	70 7/16	Savings Bonds 3%........1965–75	75*	75 5/8	4 6 4	5 13 7 l
74 11/16	69 3/16	Treasury 3½% 1977–80	74	74 5/8	4 4 3	5 17 4 l
73 9/16	68 5/16	Treasury 3½%...........1979–81	72 7/8*	73 1/2	4 4 5	5 17 4 l
94 3/4	90 3/16	Funding 5½% 1982–84	94 3/16	94 3/4	3 14 11	5 19 6 l
87 5/16	82 3/8	Treasury 5% 1986–89	86 15/16	87 5/16	3 17 8	6 1 9 l
60 1/2	54	Redemption 3% 1986–96	60	60 1/2	4 0 2	5 14 5 l
63 11/16	56 15/16	Funding 3½% 1999–2004	62 11/16	63 1/2	3 18 9	5 17 5 l
93 3/8	84 1/8	Treasury 5½%..........2008–12	90 7/8*	91 5/8*	3 14 7	6 0 2 l
65 7/8	58 1/4	Consols 4% ...... after Feb. 1957	65	65 13/16	3 14 7	6 1 11
59	52 1/16	War Loan 3½%........after 1952	58	58 15/16	3 13 4	6 0 3 f
59 1/8	52 5/16	Conv. 3½%.......after Apr. 1961	58 1/8	59 1/16	3 13 7	6 1 3 f
50 5/8	44 7/8	Treasury 3%......after Apr. 1966	49 7/8	50 5/8	3 13 7	6 1 2 f
42 7/8	38 1/8	Consols 2½%	42 1/8	42 3/4	3 11 11	5 17 9 f
42 7/8	38 1/16	Treasury 2½%....after Apr. 1975	42 1/8	42 3/4	3 12 7	5 19 7 f
94 1/2	89 15/16	British Electric 4½% 1967–69	93 15/16*	94 1/2	3 13 3	5 9 4 l
80 3/8	74 3/8	British Electric 3%.......1968–73	79 7/8	80 3/8	4 4 8	5 12 5 l
73 7/8	69	British Electric 3%.......1974–77	72 5/8*	73 1/4*	4 6 4	5 14 1 l
84 1/4	79 1/16	British Electric 4¼% 1974–79	83 13/16	84 1/4	3 19 3	5 17 6 l
75 5/8	70 3/8	British Electric 3½% 1976–79	74 7/8	75 5/8	4 3 9	5 16 10 l
87 3/4	82 3/4	British Gas 4% 1969–72	86 3/4	87 3/4	3 19 1	5 12 8 l
86 3/8	80 9/16	British Gas 3½%..........1969–71	85 1/4*	85 7/16*	4 1 3	5 10 9 l
60 1/2	53 13/16	British Gas 3% 1990–95	59 11/16	60 1/2	4 1 2	5 15 1 l
80 7/16	74 3/8	British Transport 3%.....1968–73	79 7/8	80 3/8	4 4 8	5 12 5 l
82 3/8	77 1/4	British Transport 4%.....1972–77	81 7/16	82 3/16	4 1 1	5 16 8 l
62 1/2	56 1/2	British Transport 3%.....1978–88	61 3/4	62 1/2	4 5 2	5 17 3 l

Prices, 1962 High	Low	DOMINION AND CORPORATION STOCKS	Price, Aug. 8, 1962	Price, Aug. 15, 1962	Red. Yield, Aug. 15, 1962
					£ s. d.
84 1/8	79 1/2	Australia 3¼%....................1965–69	84	84 1/8	6 0 0 l
100	96	Australia 6% 1974–76	99 3/4	100	6 3 0 l
66	52	Ceylon 4%........................1973–75	53 1/2	54	11 0 0 l
99 1/4	94 1/4	New Zealand 6% 1976–80	97 1/4*	97 1/2*	6 3 0 l
75 1/2	62 1/2	Rhodesia and Nyasaland 6% 1978–81	74	75 1/2	8 12 0 l
90 1/4	82	South Africa 3½%.................1965–67	90	90 1/4	6 1 0 l
59	48	Southern Rhodesia 4½%............1987–92	58 1/2	59	8 3 0 l
84 1/2	77 3/4	Agricultural Mortgage 5%.........1959–89	83 1/4	84 1/2	6 2 0 l
90 3/4	86	Birmingham 4¼%...................1967–70	90 3/8	90 5/8	5 15 0 l
93 1/4	88 5/8	Bristol 5% 1971–73	92 3/4	93 1/4	5 18 0 l
93	88	Corporation of London 5¼% 1976–79	92 1/2	93	5 19 0 l
47 3/4	43	L.C.C. 3% ....after 1920	47 1/4*	47 3/4*	6 4 0 f
88 7/8	84	L.C.C. 5% 1980–83	88 3/8	88 7/8	6 1 0 l
93	87	Middlesex 5¼%.......................1980	92 1/4	91*	6 0 0 l

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 8, 1962	Price, Aug. 15, 1962	Yield, Aug. 15, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays..............£1	81/6	89/-	2·92	...
83/6	61/-	...	...	District £1	67/6	82/-	3·05**	...
70/6	53/3	5·1b	4½ a	Lloyds £1	58/6	61/9	3·08	...
25/6	20/-	7 b	7 a	Martins 5/-	20/6	24/10½	3·02	...
101/-	80/-	7½ b	7½ a	Midland...............£1	85/-	87/9	3·42	...
100/9	73/3	7 b	7 a	Nat. Provincial.......£1	82/3	85/3	3·28	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B'.......£1	76/-	81/9	3·25	...
48/3	40/6	8 b	4 a	Australia & N.Z..£1 p.p.	41/9	41/6	5·78	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer..£1	34/6	36/-	4·63	...
£25 9/16	£17 1/2	$2·05c	$2·05c	Bank of Montreal....$10	£19 5/16	£20 1/16	3·38	...
35	27 1/4	8 c	9 c	Bank of New S. Wales £20	32 3/4*	33 1/4*	4·33g	...
39/-	32/6	5 b	5 a	Barclays D.C.O.......£1	36/-	37/9	5·30	...
58/6	53/-	7½ a	7½ b	Chartered.............£1	55/-	55/6	5·41	...
£19 3/4	£16	10/- b	5/- a	Hongk'g. & Shang....$25	£16 3/4	£17	4·41	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot..10/-	50/9	52/3	3·16	...
£29 7/16	£21	$2·37½ c	$2·50c	Royal Bk. Canada....$10	£22 15/16	£23 15/16	3·45	...
45/3	37/6	5 a	10 b	Standard Bank £1	43/-	44/3	6·78	...
54/4½	38/3	7½ a	15 b	Hambros 5/-	38/9	40/3	2·80	...
99/9	72/-	2½ a	5 b	Schroders.............£1	72/6	76/-	1·97	...
60/3	53/-	6¼ b	6¼ a	Union Discount........£1	59/-	59/9	4·18	...
14/1½	10/-	18 c	Nil c	Bowmaker 5/-	11/9	11/9	...	...
14/3	10/3	5 a	5 b	Lombard Banking 5/-	10/6	10/6	4·76	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit ...5/-	11/9	12/3	3·06	...
44/1½	28/6	4 a	22½ b	United Domins. Tst...5/-	29/6*	30/6*	4·34	¾
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	14/7½	15/4½	3·58**	2
14/6	12/10½	...	...	Charrington United..5/-	14/-	14/4½	4·17**	1¾
44/-	32/6	8½ b	6 a	Distillers 10/-	33/1½	35/-	4·14	1¾
51/6	42/4½	14 b	8 a	Guinness 10/-	45/-	47/-	4·68	1¾
34/-	22/6	3⅓ a	10⅔ b	Harveys 5/-	22/9	24/-	4·38	2½
15/7½	11/10½	...	8 b	Ind Coope, T.A.......5/-	12/3	13/4½	4·49**	1½
29/-	21/3	12 b	6 a	Watney Mann..........5/-	24/6	27/-	3·33	2
42/4½	31/9	9 a	21 b	Whitbread 'A' 5/-	36/-	37/3	4·03	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½ b	Associated Portland...£1	51/9	54/10½	3·46	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd. ..10/-	24/6	26/7½	4·69	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/-	15/7½	17/7½	4·54	2¾
13/7½	10/6	10 a	12½ b	Crittall Mfg. 5/-	11/6	11/9	7·18**	2
14/1½	9/10½	6 a	16½ b	International Paints ..4/-	10/9	11/4½	7·91	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	53/6	55/9	2·24	3¼
24/6	18/1½	11⅔ b	5 a	Wall Paper Defd.....5/-	19/4½	20/3	4·12	2¼
				CHEMICAL				
25/7½	20/9	6 a	14 b	Albright & Wilson...5/-	22/3	24/3	4·12	2
19/3	13/11¼	11½ c	5 a	Borax Defd. 5/-	15/9	16/1½*	3·57	2½
43/3	25/6	11 c	4 a	Fisons................£1	26/-	31/6	...	...
58/-	47/6	6¼ a	7½ b	I C I £1	50/-	52/1½	5·28	1
18/6	12/-	5 a	5 b	Monsanto 5/-	13/3	13/9	3·64	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug 5/-	28/10½	30/6	1·97	2¼
33/9	18/9	5 b	2 a	Montague Burton...10/-	20/7½	20/10½	3·29	2¼
59/6	42/9	13⅓ b	5⅚ a	Debenhams..........10/-	46/-	50/3	3·82	1½
65/-	51/1½	12½ a	27½ b	G.U.S. 'A'...........5/-	58/7½	61/-	3·28	2
40/3	28/9	13⅓ a	16⅔ b	House of Fraser 5/-	31/3	34/9	4·32	1¼
16/6	12/9	5 a	7½ b	Lewis's Invest. Tst....4/-	13/-	15/-	3·33	2
100/6	79/6	15 a	32½ b	Marks & Spencer 'A'.5/-	79/10½	85/1½	2·79	1½
52/6	39/6	10 a	20 b	United Drapery 5/-	41/1½	43/7½	3·44	1¾
53/-	44/-	25 b	10⅚ a	Woolworth...........5/-	45/4½	49/-	3·66	1¼
				OIL				
38/4½	30/6	‡2·78a	†7 1/12 b	British Petroleum £1	38/-	37/-	8·69	2
40/-	30/6	†2½ a	†7 11/12 b	Burmah Oil £1	39/-	38/3	8·89	1¼
£14 9/16	£12 5/16	11¼ a	15 b	Royal Dutch.......20 fl.	£14 1/8	£14 5/16	3·61	2½
34/10½	27/-	†10 a	†15 b	Shell Transport 5/-	34/1½	34/9	5·87	2½
32/9	20/6	...	...	Ultramar...........10/-	23/9	24/6	... d	...

NEW YORK PRICES AND INDICES

	Aug. 8 $	Aug. 15 $		Aug. 8 $	Aug. 15 $		Aug. 8 $	Aug. 15 $
Atch. Topeka	20 3/4	21 5/8	Boeing.........	38 3/8	40 1/8	Int. Harvester..	46 1/8	46 7/8
Can. Pacific......	20 3/4	21	Celanese	34 5/8	35 3/4	Inter. Nickel...	61 3/4	66 1/8
Pennsylvania	11 3/8	11 3/8	Chrysler	48 3/4	53 5/8	Inter. Paper ...	26 1/8	26 1/2
Union Pacific	29 3/4	30 1/8	Col. Palmolive ..	39 3/8	40 7/8	Kennecott.......	70	70 1/2
Amer. Electric ...	63 1/2	62 3/4	Crown Zeller. ..	38 1/4	39 3/4	Monsanto	38 1/4	37 5/8
Am. Tel. & Tel....	110 1/2	112 1/2	Distillers Seag. ..	39 7/8	42	Nat. Distillers..	24 3/8	35 1/4
Cons. Edison.....	73 1/2	74	Douglas.........	24 1/8	24 7/8	Pan-American .	19 1/8	18 1/2
Int. Tel. & Tel. ...	40	42 1/8	Dow Chemical..	44 1/4	46 1/8	Procter Gamble	68 1/2	69 1/8
South'n. Nat. Gas.	41 7/8	43 5/8	Du Pont	192 1/2	200	Radio Corpn...	44 3/8	46 1/2
United Corpn. ...	7 3/8	7 1/2	East. Kodak.....	97 7/8	98	Sears Roebuck .	66 1/2	71 1/2
Western Union...	26 1/8	27	Ford Motor......	41 3/8	42 3/4	Shell Oil	32 7/8	32 5/8
Alcoa	58 1/4	63 1/8	Gen. Electric ...	65 5/8	67 1/4	Socony-Mobil ..	49 1/2	50
Aluminium	21 3/8	23 7/8	General Foods..	69 3/8	70 1/2	Stand. Oil Ind. .	44	44 1/4
Amer. Can.......	44 5/8	44 5/8	General Motors.	51 5/8	52 3/8	Stand. Oil N.J..	51 5/8*	52
Am. Smelting	49	51	Goodyear	30	29 7/8	Union Carbide.	90	91 3/4
Am. Viscose	56 1/4	54 1/4	Gulf Oil	34 1/2	34 3/4	U.S. Steel	44 3/4	45 3/4
Anaconda	39 7/8	40 3/4	Heinz..........	45 5/8	46 1/2	West. Electric..	26	26 7/8
Beth. Steel.......	32 7/8	33 1/8	Int. Bus. Mach. ..	381 3/4	386 1/2	Woolworth....	67 5/8	68 1/4

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
July 18	58·74	3·67	28·23	5·72	55·10	3·72	88·59	4·02
,, 25	59·08	3·65	27·87	5·79	55·02	3·73	88·70	4·01
Aug. 1	60·46	3·56	27·98	5·77	56·24	3·64	88·39	4·04
,, 8	60·28	3·58	27·67	5·83	56·17	3·65	89·01	3·98
,, 15	61·48	3·50	28·00	5·76	56·85	3·61	89·12	3·95

425 Industrials :—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

	Aug. 8	Aug. 15		Aug. 8	Aug. 15		Aug. 8	Aug. 15
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide...	1,164	1,197	A.E.G.	358	408	A.K.U.	364 3/4	373 3/8
Banque de Paris	505	512	Bad'che. Anilin.	365 1/4	407	Bijenkorf	829	828
Citroen	185	185·5	Bayer.........	413	473	Heinekens	453	465
C. F. Petrole..	298	287·5	Commerzbank.	365	408	Interunie (Fl.50)	Fl.177	Fl.179·5
Cie. G. d'Elect.	1,250	1,255	Deutsche Bank.	396	440	K. N. Hoogoven	572 1/4	581 1/2
Machines Bull.	516	509	Hoechst Farb...	361	404	Kon. Zout-Ket.	740	737
Pechiney	244·5	242·3	Kundenkredit .	365	384	Philips (Fl.25)..	Fl.157·9	Fl.160·3
Printemps	513	524	Lowenbrau....	730	870	Robeco (Fl.50) .	Fl.201	Fl.206
Rhone-Poulenc	425·5	428	Mannesmann ..	209	230	Rotterdam Bk..	345	340
S.I.M.	355·5	351·2	Siemens.......	527	580	Thomassen & D.	670	670
Saint-Gobain..	380	379·6	Thyssen-Huette	171 1/4	185	Valeurop......	Fl. 70·8	Fl. 72·4
Usinor	224	212	Volkswagen ...	430	510	Zwanenberg ..	890	892
Index ...... Dec. 30, 1960=100.	99·2	N.A.	Herstatt Index Dec. 31, 1959=100.	80·08	89·01	Index .... 1953=100.	320·8	325·5
CANADA	$	$	**AUSTRALIA**	£A	£A	**JAPAN**	Yen	Yen
Abitibi Pr. & P.	45 3/8	46 1/4	Ampol Pet.....	12/4	12/1	Ajinomoto	417	411
Aluminium ...	23	25 7/8	Ass. Pulp & P...	30/-	30/-	Fuji Iron	44	43
Bel Tel.	50 7/8	52 1/8	Aust. Con. Inds.	65/9	64/3	Hitachi	71	73
Can. Brewer's.	9 1/2	10 1/8	Aust. Oil & Gas	54/3	54/3	Honda Motor..	353	362
Can. Imp. Bank	55	58 3/4	Brit. Tobacco..	25/3	25/3	Kirin Brewery.	375	376
Can. Pac. Rly. .	22 1/2	22 5/8	Broken Hill Pty.	57/3	55/-	Mitsub. Chem..	63	63
Hiram Walker	50 1/2	55 1/2	G. J. Coles.....	13/4	13/5	Mitsub. Elect...	64	68
Imperial Oil ..	44 7/8	44 3/4	Felt & Textiles .	7/9	7/8	Mitsub. Heavy..	73	75
Noranda Mines	29	29 3/4*	I.C.I. A.N.Z....	40/6	40/-	Nippon Elect...	327	323
Shawinigan Wtr	22 7/8	23 3/8	Myer Emporium	31/-	31/2	Sony	665	670
Steel of Canada	17 1/8	18	Ready Mix Con.	17/-	16/4	Toyo Rayon ...	128	129
Trans.Can.Pipe	20 1/8	21 1/2	Woolworth ...	15/10	13/4¶	Yawata Iron ...	49	49
Toronto Ind. Index ...... 1933=100.	543·60	561·96	Sydney Indust. Index .... 1937/39=100.	293·87	288·82	Dow Jones Average.....	1385·71	1419·61

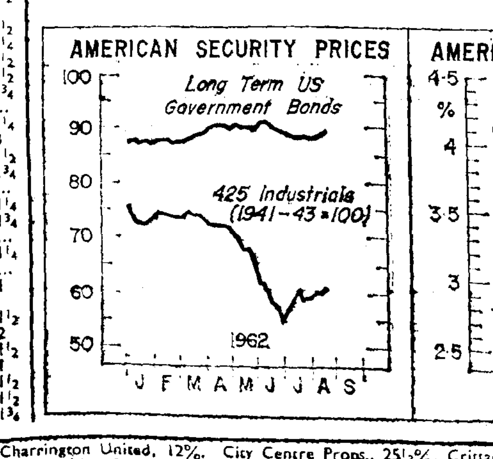
* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

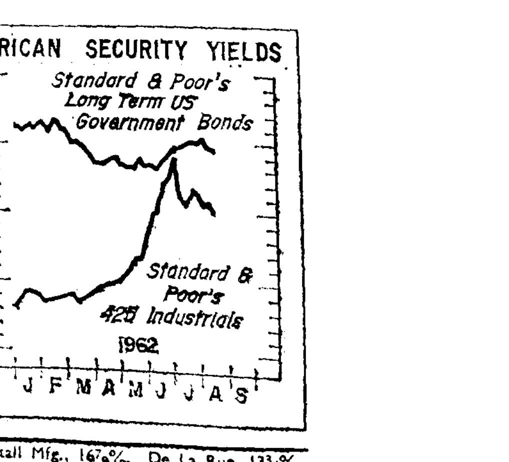
AND YIELDS

LONDON : NEW YORK : FRANCE : GERMANY : HOLLAND : CANADA : AUSTRALIA : JAPAN

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 8, 1962	Price, Aug. 15, 1962	Yield, Aug. 15, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
32/6	23/-	5 a	5 b	A.E.I. £1	28/3	30/-	6·67	1
12/6	9/-	...	15 c	Brit. Electronic Inds..5/-	9/7½	9/7½	7·79	¼
66/3	51/9	4 a	9½ b	B.I.C.C. £1	57/3	58/9	4·60	2
14/8¼	12/7½	7½ b	5 a	Crompton Parkinson.5/-	13/9	13/9	4·55	2½
89/6	63/-	23⅓ c	7½ a	Decca 10/-	69/-	73/-	3·20	1¾
45/6	33/9	12½ b	5 a	E.M.I. 10/-	33/9	35/-	5·00	2
54/6	39/-	5 a	9 b	Elliott-Automation...5/-	42/6	44/9	1·56	2
27/9	20/9	5 b	3 a	English Electric £1	24/6	25/9	6·21	1½
34/-	26/-	3 a	7 b	General Electric......£1	33/3*	34/-*	5·88	¾
59/3	34/6	4⅜ a	8⅛ b	C. A. Parsons £1	45/6	46/9	5·35	2
47/9	38/6	3¼ a	6½ b	A. Reyrolle £1	44/6	45/-	4·33	2½
82/-	58/-	25 c	27½ c	Thorn Electrical.....5/-	73/-*	72/6*	1·90	3
				ENGINEERING				
35/-	20/3	9 c	9 c	Babcock & Wilcox....£1	33/-	34/4½	5·24	1½
38/3	27/3	3·2 a	7 b	John Brown £1	33/-*	34/-*	6·00	2¼
6/-	4/3	3 a	7 b	Cammell Laird 5/-	5/-	5/-	10·00	1
27/4½	21/10½	10 a	20 b	Internat. Combust. ..5/-	27/4½	26/4½	5·69	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/4½	4/10½	...	...
38/4½	26/-	2½ a	9½ b	Swan Hunter £1	26/9	29/4½	8·17	1¾
16/-	10/6	5 a	10 b	John Thompson 10/-	15/9	15/9¾	4·74	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/-	28/-	31/3	4·57	2¾
73/7½	59/6	†6 b	†3 a	Alfred Herbert £1	59/10½*	63/3	4·65	2
48/-	33/9	5 a	10 b	Allied Ironfounders...£1	45/9	48/-	6·25	1½
99/9	67/9	5 a	10 b	Averys 10/-	71/9	74/9	4·01	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 5/-	12/6	13/6	8·64	2¼
11/8	8/6	4½ a	8½ b	George Cohen 5/-	9/9	9/10½	6·58	1¾
33/-	16/9	10 a	17½ b	Davy-Ashmore £1	17/-*	19/7½*	7·01	2¼
81/10½	64/1½	5 a	11 b	Guest Keen.............£1	67/7½	71/3	4·49	2¼
21/-	14/3	4 a	12 b	Head Wrightson.......5/-	15/3	15/6	5·16	2½
85/6	67/-	5 a	7 b	Metal Box £1	68/1½	72/-	3·33	2¼
18/-	13/4½	10 b	4 a	Ransome & Marles...5/-	14/7½	15/1½	4·63	3
48/-	34/-	3 a	7 b	Renold Chains £1	34/3	36/6	5·48	1¾
64/10½	43/1½	7 b	7 a	Tube Investments.....£1	46/4½	51/6	5·44	3
31/11½	23/6	2½ a	7½ b	Vickers £1	26/3	26/7½	7·51	1
71/6	54/-	10 b	3¾ a	Ward (Thos. W.) £1	56/-	56/-	4·91	3
20/6	12/3	5 a	16 b	Woodall-Duckham....5/-	14/3	15/-	7·00	1¾
				FOOD & TOBACCO				
26/3	19/9	10 c	10 c	Allied Suppliers......10/-	24/10½	26/3	3·81	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods..1/-	9/3*	9/7½*	2·34	2
61/3	39/3	8 b	4 a	Bovril £1	39/3	41/9	5·75	1½
12/9	10/9	†3·9b	†1·7a	Brooke Bond 'B' 5/-	11/-	12/3	3 73	3½
15/10½	11/10½	2½ a	10 b	International Tea 5/-	13/6*	13/9*	4·55	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A' 10/-	63/3	70/-	4·52	1½
38/3	29/9	9 b	5 a	Ranks Hovis 5/-	32/6	34/6	4·06	...
13/7½	10/10½	7½ b	2½ a	Spillers.................£1	11/6	12/3	4·08	2¼
50/9	43/3	12 c	3 a	Tate & Lyle.............£1	47/6	48/4¼	4·96	2¼
18/-	14/9	5 a	9 b	Unigate 5/-	15/1½	15/6*	4·52	2
63/9	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. ..10/-	57/9*	58/-*	6·33	3
41/3	28/3	5 a	13 b	Gallaher 10/-	32/9	33/3	6·02	2
63/9	47/6	14 b	8½ a	Imperial Tobacco.....£1	55/9*	56/9*	7·93	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	6 1/16	6 7/16	3·02	...
68/-	50/-	20 a	25 b	Commercial Union ..5/-	53/-	55/6	4·05	...
35 15/16	21 1/2	†41·17c	†62·74c	Equity & Law Life ...8/6	23 3/8	25 5/8	1·70	...
109/3	69/-	10 a	20 b	General Accident.....5/-	79/9	82/9	1·81	...
60/6	42/9	...	...	Guardian................5/-	49/9	52/3	2·55**	...
48 3/4	32 1/2	80 a	110 b	Legal & General.......5/-	36	38	1·25	...
180/-	138/9	8½ a	12½ b	Northern & Empl.......£1	148/9	153/9	2·73	...
13 11/16	10 5/8	†20 a	†70 b	Pearl 5/-	11 7/16	12 9/16	2·92	...
29 3/4	21 7/8	†208⅓ c	†208⅓ c	Prudential 'A'..........4/-	23 3/8	25 5/16	2·69	...
47/10½	35/10½	...	...	Royal 5/-	38/7½	40/1½	3·74**	...
127/9	96/-	7½ a	11¼ b	Royal Exchange £1	101/3	106/3	3·53	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor 5/-	13/4½	14/9¾	6·75	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	65/-	68/9	1·45	8
41/6	23/1½	5 a	3 b	Rolls-Royce.............£1	24/5¼	26/3	6·10	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' 4/-	4/7½	4/5¼	3·61	...
78/7½	60/11¼	11 b	5 a	A.C.V. £1	72/6	78/7½	...	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	72/6	78/7½	5·09	...
17/7½	13/10½	8 a	5½ b	Bristol Aeroplane ...10/-	15/6	16/3	8·31	2
25/-	19/3	5 a	6 b	Hawker Siddeley £1	23/6	24/4½	9·03	1¼
36/9	25/9	†4 a	†6½ b	Dowty Group..........10/-	31/9	33/6	5·12	2½
39/-	27/3	5 a	15⅚ b	Dunlop Rubber 10/-	28/9	30/6	5·19	1¾
77/-	62/1½	11¼ b	2½ a	Joseph Lucas £1	66/6	68/4½	4·02	2¼
22/-	12/-	5 c	9 a	Pressed Steel...........5/-	13/-	13/9	1·82	...
39/-	31/1½	12½ c	5 a	Triplex Holdings 10/-	33/-	33/9	3·70	2¼
				MINES				
178/1½	134/3	40 a	50 b	Anglo-American.......10/-	172/6	171/3	5·26	1¾
73/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	70/-	67/9	7·38	2½
120/-	81/10½	15 a	20 b	General Mining £1	117/6	118/9	5·89	2
71/-	46/6	†26 a	†74 b	Union Corporation...2/6	68/6	66/-	6·19	2½
20/9	14/9	40 b	40 a	Daggafontein 5/-	18/3	18/3	21·92	1¼
128/1½	81/10½	100 b	70 a	Free State Geduld.....5/-	126/3	122/6	6·94	1½
70/-	50/6	60 b	60 a	President Brand........5/-	68/3	66/9	8·99	1½
96/3	72/6	31 a	31 b	W. Driefontein.........10/-	88/9	87/6	7·09	1¾
45/6	34/-	...	...	Western Deep 'A'.....£1	42/3	41/9	...	...
161/3	117/6	210 c	105 a	Western Holdings.....5/-	155/-	154/4½	6·80	1¼
19/6	13/3	6 b	5 a	Winkelhaak 10/-	19/1½	19/1½	5·75	3
56/9	42/6	13⅓ a	36⅔ b	Chartered 15/-	49/3	49/9	15·08	1½
56/6	47/-	60 b	20 a	Rhod. Anglo-Amer. 10/-	54/3	55/3	14·48h	1¾
37/4½	24/-	...	6 a	Rhod. Selection Tst.....£1	29/-	30/-	12·00**h	...
21/9	14/9	32½ c	Nil a	Tanganyika Cons.....10/-	15/6	15/3	...	1¼
175/-	135/-	100 a	180 b	De Beers Defd. Reg. 5/-	173/1½	172/6	8·12	1¾
$151 1/2	$98 1/2	$1·50 c	$1·60 c	Internat. Nickel...n.p.y.	$112	$119	2·40	...
18/9	13/1½	7½ a	30 b	London Tin..............4/-	15/1½	15/1½	9·92	1¼
16/9	15/3	...	...	R.T.Z. 10/-	15/9	16/4½	9·16**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	22/6	23/3	13·98	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	5 a	10 b	Daily Mirror.............5/-	10/10½	11/3	6·67	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A'. £1	75/-	80/-	3·25	2
24/9	13/9	10 a	14 b	Thomson Org'n. 5/-	14/-	14/4½	8·35	1½
47/3	32/-	5 a	8¾ b	Bowater Paper £1	33/3	38/3	7·19	1
45/-	35/-	8 a	11 b	Albert E. Reed £1	42/-	43/-	7·44	1½
43/9	33/6	4 a	8½ b	Spicers....................£1	35/3	38/6	6·49	1½
55/-	44/-	4 a	10 b	Wiggins Teape £1	50/3	53/9	5·21	1¾

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 8, 1962	Price, Aug. 15, 1962	Yield, Aug. 15, 1962	Cover
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	20/-	20/6	7·32	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	20/9	21/6	13·95	1½
52/1½	33/10½	16 a	14 b	Beecham Group.....5/-	35/9¾	40/3	3·73	1¾
39/4½	30/9	3⅓ a	6⅔ b	British Match £1	34/6*	33/9*	5·93	2
16/3	11/6	6⅔ b	4 a	British Oxygen......5/-	12/3	13/6	3·95	1¾
9/10½	7/6¾	3 a	7 b	British Ropes 5/-	7/6¾	7/11¼	6·30	1½
40/6	30/1½	...	...	De La Rue.........10/-	34/3¶	40/6¶	3·40**	2
42/-	27/1½	5⅝ a	9⅜ b	Gestetner 'A'.......5/-	34/6	37/6	2·00	3¾
55/9	41/6	15 c	7½ a	Glaxo.............10/-	44/-	49/6	3·03	3¼
49/-	42/6	3 a	12 b	Harrison & Cr. Defd. £1	42/6	46/10½	6·40	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	37/-*	37/-*	3·38	1¾
23/3	16/-	12½ b	5 a	Ilford 5/-	16/-*	16/-*	5·47	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	89/3	93/6	2·41	2½
49/3	40/6	12½ c	12½ c	National Canning.....£1	45/9	48/9	5·13	1
41/3	33/9	6 a	12 b	Powell Duffryn.....10/-	34/3	36/9	4·90	2¼
40/6	32/3	17½ b	5 a	Radio Rentals 5/-	36/-	38/-	2·96	2¾
37/-	24/6	15 b	7½ a	Rank Organisation...5/-	25/9	28/-	4·46**	...
38/-	24/6	7½ a	16½ b	Schweppes 5/-	26/9	28/6	4·21	1½
35/3	26/6¾	25 c	25 c	Sears 'A' 5/-	28/3	30/4½	4·12	2
32/1½	23/-	5 a	11 b	Steetley 5/-	24/-	26/7½	3·00	3
29/10½	21/9	8½ a	11½ b	Thomas Tilling 4/-	21/10½	25/-	3·20	2
64/-	44/-	8 b	4 a	Turner & Newall £1	48/9	53/6	4·49	2
47/3	32/6	9·47a	15·32b	Unilever 5/-	34/7½	36/-	3·44	3
11 5/8	7 1/2	8 a	13 b	Unilever N.V. ......12 fl.	8 13/32	8 5/8	2·96	3
18/9	13/6	5 a	10 b	United Glass........5/-	14/-	14/3	5·26	...
33/3	23/-	†4⅙ a	†10⅚ b	United Molasses 10/-	24/9	27/3	8·99	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/-	25/6	26/-	7·69	1
18/3	15/3	6 c	Nil c	Cunard £1	15/3	16/3	...	...
20/3	16/9	7 c	7 c	France Fenwick £1	20/-	20/3	6·91	1½
31/6	21/-	10 c	8 c	Furness Withy........£1	23/6	23/6	6·81	1
9/7½	5/-	...	...	London & Overseas..5/-	5/4½	5/3	...	...
31/-	17/6	3 a	3 b	P & O Defd. £1	19/-	19/9	6·08	...
12/1½	8/4½	2½ c	2½ c	Reardon Smith.....10/-	8/4½	8/6	2·94	...
12/9	7/6	5 c	Nil c	Royal Mail...........£1	10/3	10/3	...	...
				STEEL				
48/4½	27/4½	16 c	5 a	Colvilles £1	29/3	31/4½	...	2½
27/3	15/3	10 c	2½ a	Dorman Long.........£1	17/3	20/-	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel......£1	22/1½	26/1½	8·42	3
21/4½	11/-	10 c	Nil a	South Durham £1	11/6	12/6	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales....£1	24/9	29/-	6·90	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds.....£1	32/1½	34/4½	8·73	2
51/10½	39/6	9 b	6 a	John Summers £1	42/1½	44/9	6·70	2
42/4½	25/9	12·3c	4 c	United Steel.........£1	29/-	34/6	...	1½
41/-	30/9	8¾ b	4 a	Whitehead £1	31/6	32/9	...	2
				TEXTILES				
32/-	25/4½	5 a	7½ b	English Sewing Cotton £1	26/1½	29/3	8·55	1
26/4½	18/9	5 a	7½ b	Fine Spinners £1	20/9	22/-	11·36	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton....£1	32/-	35/6	...	1¼
46/1½	37/10½	3¾ a	8¾ b	Courtaulds £1	42/10½	46/-	5·43	1¼
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris...4/-	5/4½	6/9	7·90	1¾
81/6	69/-	13 b	8 a	West Riding Worsted £1	69/-	69/6	6·04	2½
30/9	20/3	2½ a	7½ b	Woolcombers.........£1	20/3*	23/3*	8·60	1¼
20/10½	14/1½	6 c	6 c	Bradford Dyers £1	17/4½	18/4½	6·53	1
13/3	8/7½	13¾ b	7½ a	Calico Printers......5/-	9/1½	9/9	10·25**	3¼
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B.....£1	39/1½	42/-	5·95	1¾
10/9	8/4½	13 c	1½ a	Jute Industries......10/-	8/7½	8/4½	...	2¼
27/1½	20/10½	10 c	10 c	Tootal £1	21/1½	22/1½	9·04	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	4⅙ a	8⅓ b	Alliance Trust.......5/-	22/1½	24/6	2·55	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd......5/-	44/1½	47/9	5·23	1½
17/9	13/3	10 c	5 a	Cable & Wireless....5/-	14/10½	15/6	3·23	1½
71/9	54/3	31⅔ c	10 a	City Centre Props....5/-	59/-	59/9	2·12**	...
89/-	69/9	3½ a	8½ b	City Lond. Real Prop. £1	73/9	77/3	3·11	1
95/-	62/6	7·04a	9·04b	Hudson's Bay £1	70/-	77/6	4·15	2½
38/6	22/6	4 b	2 a	Land Securities.....10/-	25/4½	26/6	2·26	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	33/6	34/9	3·84	1
				TEA & RUBBER				
46/6	38/-	†2½ a	†12½ b	Cons. Tea & Lands....£1	38/-	39/-	12·56	2
35/6	30/9	†11 b	†3 a	Jokai (Assam) £1	34/3	35/3	12·97	2½
9/6	7/6	...	7⅓ c	Nuwara Eliya £1	8/-	8/-	18·75	1½
5/9¾	4/10½	12½ a	29¼ b	Highlands & Lowlands 2/-	5/3	5/3¾	15·69	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic......2/-	4/6¾	4/8¼	17·07	2
76/9	62/1½	10 a	35 b	United Sua Betong....£1	65/10½	68/7½	13·11	1½





* Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Calico Printers, 20%. Charrington United, 12%. City Centre Props., 25⅓%. Crittall Mfg., 16⅞%. De La Rue, 13¾%. District Bank, 12½%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. R.T.Z., 15%. Rank Organisation, 25%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%.

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

BRITISH

Prices and Wages .... July 23th External Trade .... Aug. 4th
Manpower and Output .... Aug. 11th Industrial Profits .... July 14th

OVERSEAS

Western Europe .... This week United States .... July 21st

Western Europe

	Austria	Belgium	Denmark	France	Germany, West	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION (1) (1953=100)													
1956	141	123	111	133	138	130	105	128	124	122	115	...	113
1960	177	129	139	174	179	172	126	182	157	170	134	...	128
1961	184	135	...	184	190	180	137	200	160	160	139	...	129
1961, December	193	139	...	192	199	186	141	208	162	162	141	...	128
1962, January	177	137	...	193	181	...	...	216	167	164	143	...	126
„ February	179	140	...	194	189	...	...	208	169	174	143	...	128
„ March	187	140	...	194	189	...	134	228	164	177	139	...	129
„ April	190	...	...	195	202	...	...	210	164	157	141	...	127
„ May	...	...	...	197	201	...	...	...	166	163	...	...	129
VALUE OF EXTERNAL TRADE (2)													
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	mn. new francs	mn. D. marks	mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira	mn. £
Imports (c.i.f.)													
1956	2,110	13,635	755[3]	1,622	2,315	1,159	15·2	165	1,180	721[3]	953[3]	95·0	309·9
1960	3,068	16,488	1,039	2,582	3,537	1,755	18·9	246	1,434	871	1,251	184·5	366·6
1961	3,217	17,536	1,076	2,743	3,668	1,785	21·8	272	1,554	961	1,260	382·1	353·3
1962, February	3,036	17,318	1,134	2,940	4,031	1,663	21·4	299	1,514	833	1,220	378·8	322·1
„ March	3,370	19,700	1,196	3,249	4,160	1,881	23·9	326	1,745	1,068	1,448	347·4	374·8
„ April	3,229	17,700	1,200	2,980	3,740	1,689	21·9	298	1,460	872	1,191	492·5	334·9
„ May	3,251	...	1,193	3,260	4,340	...	...	...	1,721	1,098	1,372	428·1	396·0
„ June	...	...	...	3,040	4,120	...	...	...	...	...	...	...	356·5[10]
Exports (f.o.b.)													
1956	1,840	13,177	640[3]	1,325	2,571	475	9·0	112	906	472[3]	839[3]	71·2	261·9
1960	2,427	15,731	860	2,823	3,993	508	12·7	190	1,275	524	1,106	143·4	296·2
1961	2,605	16,352	885	2,970	4,246	558	15·0	213	1,309	553	1,181	260·4	306·9
1962, February	2,440	17,129	830	3,000	4,063	853	13·6	238	1,234	524	1,127	262·0	298·2
„ March	2,893	18,836	1,008	3,340	4,750	660	15·2	260	1,494	627	1,155	214·3	322·4
„ April	2,730	17,773	918	2,960	4,240	478	10·8	232	1,244	545	1,216	149·2	327·3
„ May	2,849	17,959	926	3,020	4,660	...	...	...	1,369	531	1,388	301·7	337·6
„ June	...	...	...	3,050	...	...	...	...	...	...	...	...	317·0[11]
COST OF LIVING (5) (1953=100)													
1956	108	104	112	103	104	126	107	109	108	109	109	136	112
1960	115	110	120	134	111	136	117	115	121	121	124	228	121
1961	118	111	125	133	114	138	120	113	123	124	127	236	125
1962, January	121	112	129[8]	142	117	137	...	120	125	128	130	240	128
„ February	121	111	...	142	117	136	123	121	125	128	130	246	128
„ March	122	112	...	142	118	137	...	122	126	128	131	247	129
„ April	124	112	131	143	119	138	...	122	127	129	132	243	130
„ May	126	114	...	144	119	138	126	122	125	129	134	243	131
„ June	129	114	...	...	...	...	...	...	...	130	...	...	132
EXPORT PRICES (6) (1953=100)													
1956	105	103	104	99	101	143	96	92	102	114	106	77	105
1960	103	97	99	132	101	122	102	87	100	103	101	81	110
1961	103	96	97	131	102	123	101	84	98	103	102	88	111
1962, January	...	96	...	...	102	119	103	84	99	...	100	...	112
„ February	...	...	...	133[8]	101	...	103	82	99	102[8]	100	...	112
„ March	...	...	...	...	102	...	102	83	99	...	100	...	112
„ April	...	...	...	...	101	...	...	82	103	...	100	...	112
„ May	...	...	...	...	103	...	...	...	...	...	99	...	112[4]
GOLD AND FOREIGN EXCHANGE HOLDINGS (7) (mn. U S dollars, end of period)													
1956	406	1,163	131·2	1,180	4,120	204·1	234	1,236	1,038	173·9	510	225	2,237
1960	698	1,422	255·1	2,070	6,737	223·5	268	3,080	1,742	282·7	490	252	3,231
1961	826	1,657	252·7	2,939	6,542	250·5	286	3,419	1,715	273·3	673	237	3,318
1962, March	837	1,662	242·6	3,221	6,088	279·4	283	3,279	1,745	242·0	689	235	3,452
„ April	845	1,620	231·9	3,318	6,033	276·8	281	3,274	1,754	238·2	712	226	3,472
„ May	863	1,636	227·3	3,492	6,082	274·1	273	3,204	1,786	237·8	737	229	3,525
„ June	918	1,603	245·7	3,434	6,233	...	279	3,239	1,795	229·6	734	227	3,433[9]

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Greece is manufacturing only. United Kingdom includes construction. Germany excludes West Berlin and the Saar. (2) Special trade (excluding re-exports) with the exception of Ireland, Denmark, Norway and Sweden, which cover general trade. Belgium includes Luxemburg. Italy includes Trieste. The Saar is included with France before July, 1959, and with Germany after that date. Turkey, beginning September, 1960; 9 liras per U S dollar, previously, 2·8. (3) Special trade. (4) June, 112. (5) In capital cities only for France, Turkey, for Greece prior to January, 1960, and Austria prior to March, 1959; Denmark, Belgium and Austria (prior to March, 1959) exclude rent; Denmark includes direct taxes; Ireland based on August, 1953 = 100. (6) Index numbers of unit value which are influenced by changes in the composition of trade as well as price movements. Ireland seasonally adjusted. Turkey index in terms of U S dollars. (7) Holdings of the government and central bank. German figures from 1960 exclude long-term and earmarked assets; Norway and Sweden include foreign investments. Ireland includes some long-term British securities. (8) Average for first quarter. (9) July, 2,915. (10) July 376·1. (11) July 327·8.

APPOINTMENTS

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

STUDENTSHIPS FOR RESEARCH ON SOCIAL, ECONOMIC AND POLITICAL PROBLEMS IN AFRICA, SOUTH ASIA, AND EAST AND SOUTH-EAST ASIA

The School offers two or three studentships to men and women with good Honours degrees, for advanced study or research on social, economic and political problems in Africa, South Asia, and East and South-East Asia. They will be available only to graduates of universities in the United Kingdom or to graduates of other universities who are already studying in the United Kingdom.

Each studentship will be of the value of at least £600 a year, and the holder will be required to register at the School as a full-time student and to undertake research in some branch of the studies named above. His programme of work will require the approval of the Director.

Applications must be received by September 6 for studentships tenable from the following October and should be addressed to the Secretary of the Graduate School, the London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2.

INTERESTING VACANCY FOR A YOUNG WOMAN GRADUATE

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Essential qualifications: University degree, preferably in economics, lively mind combined with plenty of common sense, curiosity and persistence, flair for good English, news sense, ability to act on with people, good nerves, sense of humour and a well-developed inclination for hard work at speed. Languages (particularly French, German and Italian) will be an advantage and so will experience of information work, advertising, market research or public relations. Applicants aged under 30 will be preferred.

Initial selection will be made on the quality of letters of application, which should be typed, if possible, and should attempt to do more than list qualifications and ambitions. Applications should be marked confidential and addressed to Miss Christine Hull, McCann-Erickson Advertising Ltd., McCann-Erickson House, New Fetter Lane, London, E.C.4.

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require an

ASSISTANT

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ECONOMIST

Candidates should be either an economist with agricultural background or agriculturist with good knowledge of economics. Salary dependent upon age and experience. Contributory superannuation scheme. Five-day week.

Details and application form from Establishment Officer, 15 Ridgmount Street, London, W.C.1. Closing date August 29, 1962.

CENTRAL OFFICE OF INFORMATION requires a JOURNALIST to assist in the Trade and Industries Section. Candidates should have had several years' general experience, be able to write concisely and clearly and be interested in the production of press material. *Experience in the trade or technical press an advantage.* The post is graded Assistant Information Officer (unestablished). Salary according to experience and qualifications rising to a maximum of £1,260 p.a. Write, giving age, full details of experience and qualifications, to Manager (PE.5088/PC), *Ministry of Labour*, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

BIG opportunity: Assistant Editor needed by large group for brand new monthly in the *marketing field.* Intelligence and ability more important than experience but knowledge of modern marketing methods would be useful. *Good salary.—Write Box 1649.*

CENTRAL OFFICE OF INFORMATION requires experienced and knowledgeable *industrial JOURNALISTS for the Trade and* Industries Section (Overseas Press Services). Previous trade press or daily newspaper, or agency work in industrial areas essential. For some posts preference will be given to candidates with (a) ability to sub-edit a wide range of technical material and/or rewrite at a lower technical level, (b) ability to interpret technical subjects to an intelligent non-specialist audience, (c) a wide background in the economics of trade. The posts are graded INFORMATION OFFICER (unestablished). Salary range £1,331 to £1,547 p.a. Write, giving age, full details of experience and qualifications, to Manager (PE.5106/PC), *Ministry of Labour*, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4

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Applications are invited for the post of

MANAGER

of the large Hollerith punched card processing unit at the London Headquarters of the National Coal Board.

Considerable experience in the planning and control of mechanical data processing and an appreciation of the *potentialities of punched card* equipment are essential. Candidates should also have some general experience of the *application of modern* mechanical techniques to the whole field of operations *commonly* associated with large commercial offices.

There are attractive conditions of service, including a Superannuation scheme. A salary of up to £1,975 will be offered, depending on qualifications and experience.

Please write, giving *full details*, to Headquarters Staff Manager (Ref. X.39B) N.C.B., Hobart House, Grosvenor Place, London, S.W.1.

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For other appointments see page 652

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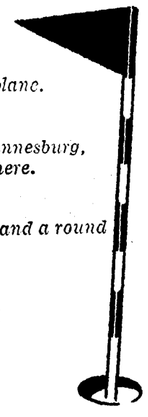

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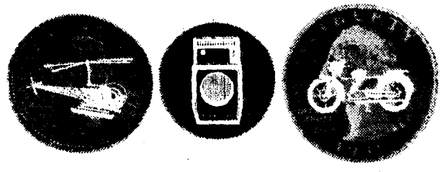

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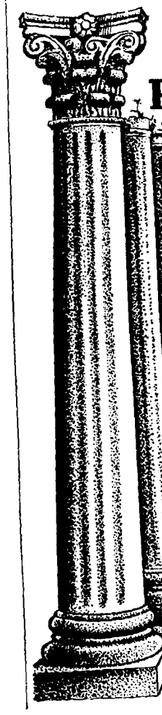

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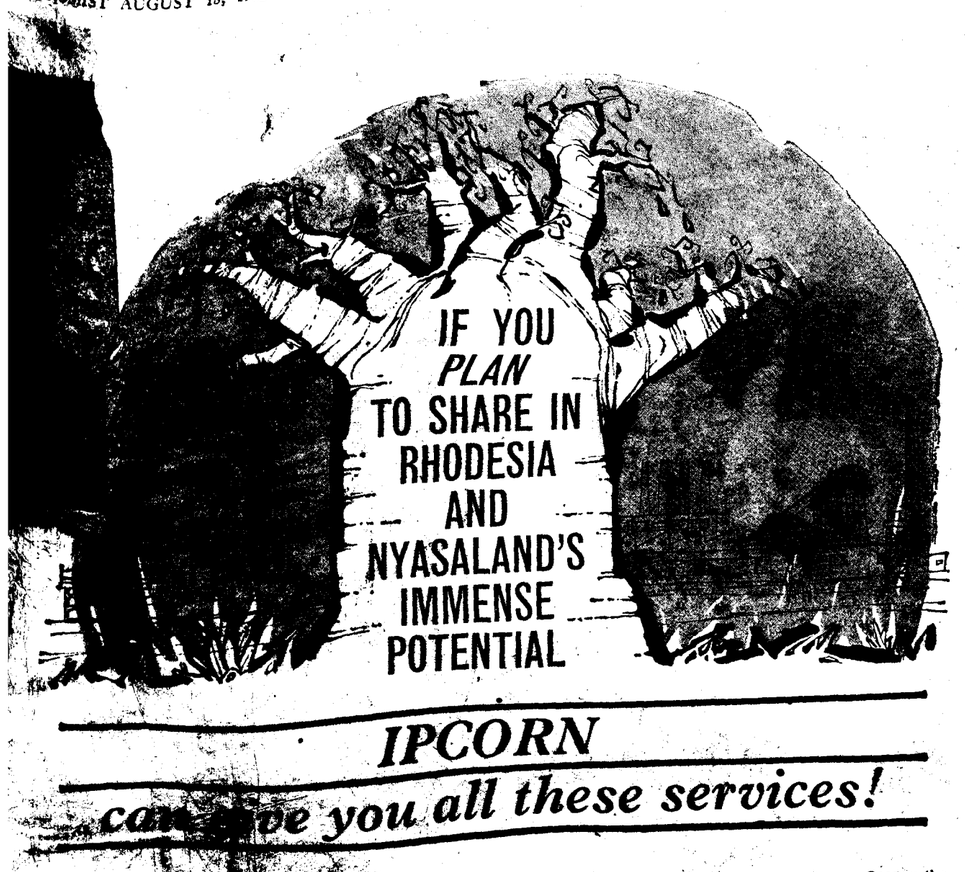

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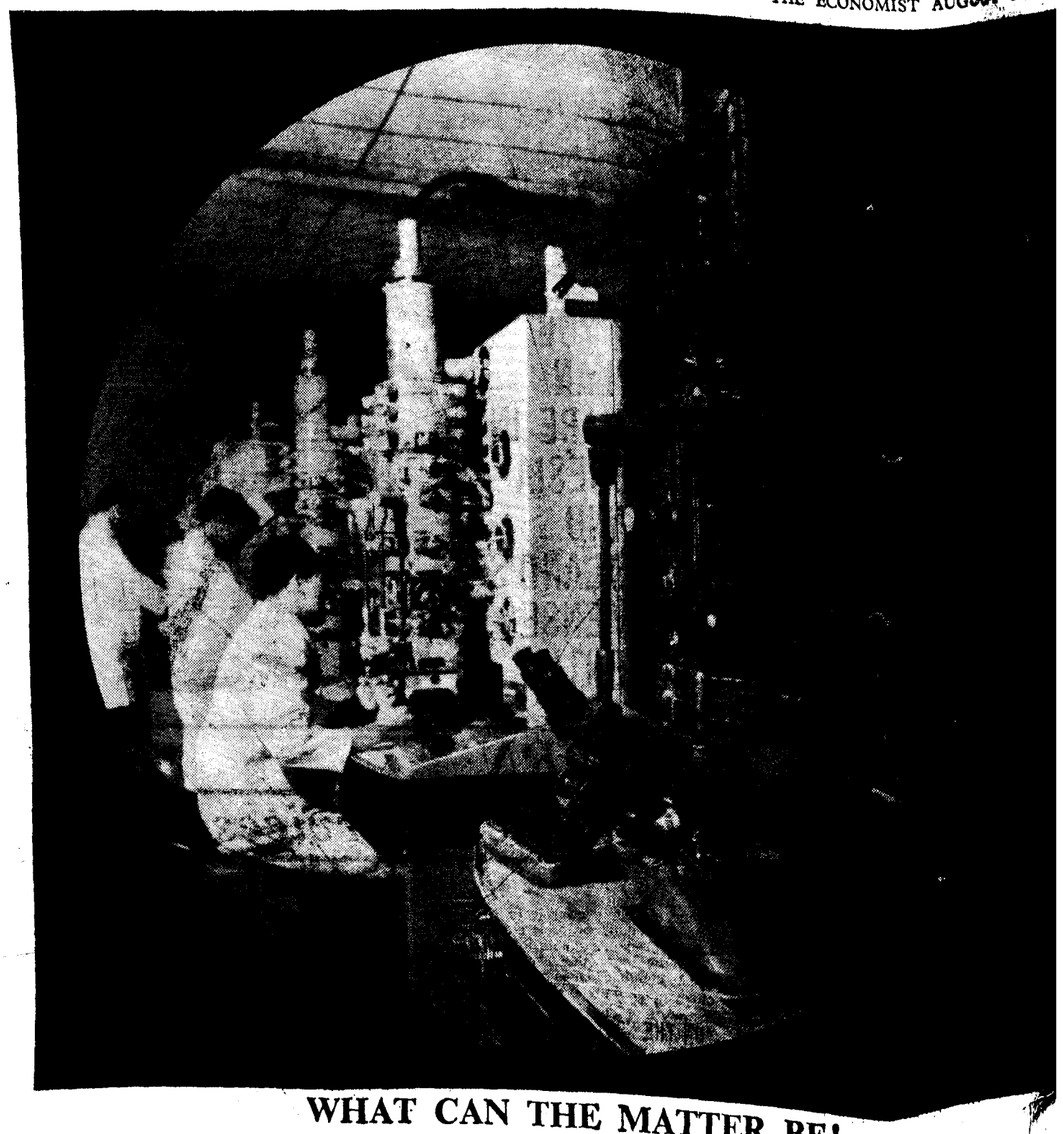

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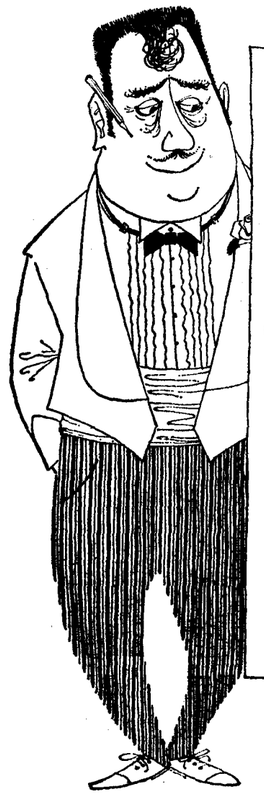

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INTERNATIONAL

RESPONSIBILITIES IN AFRICA

Kenya, hastening towards independence, presents a confused pattern of tribal rivalries and potential disunity. The remaining whites have to resist the temptation to take sides (p. 671).

If lack of support from Britain cripples U Thant's proposals to push the **Congo** towards unity by economic means, the UN could be left with the grim alternatives of quitting the Congo altogether or using force (p. 674).

MOSCOW AND US

The Economist, **in Russian eyes,** is a toady of the City, its radicalism a mere mask for the defence of capitalism and imperialism by more subtle means than usual (p. 675).

In **Hungary,** Stalinists are in disgrace (p. 681); in **Rumania** Mr Gheorgiu-Dej has hung on to power through Stalinism and Krushchevism alike (p. 707).

Economic crisis has reconverted the **Chinese** leaders to birth control (p. 705).

US AND NEIGHBOURS

President Kennedy's endorsement of the **Mexican** revolution of 1910 has helped Washington's relations with its southern neighbour (p. 706); but when **Latin Americans** gather together resentment against the United States is a recurrent theme (p. 707).

The first anniversary of the **Alliance for Progress** was no occasion for celebration (p. 696).

Negroes in the United States are becoming increasingly impatient at the token integration with which southern whites are trying to satisfy them (p. 695).

President Kennedy's non-political trip to the West launched this year's political campaign (p. 696). Contrary to many people's expectations his brother is making an excellent **Attorney General** (p. 699).

The filibuster against the **communications satellite** Bill may not have been entirely inexcusable (p. 698).

Spending on **highways** provides a way of speeding up the economy (p. 698).

THE BERLIN BRINK

The withdrawal of the Russian commandant from **east Berlin** gives the **east Germans** more authority than ever (p. 677).

Refugees who scale the **Berlin wall** should be given medical but not military assistance (p. 677).

An outbreak of **banditry** in southern **France** has been followed by a fourth unsuccessful attempt to **assassinate President de Gaulle** (p. 677).

ARAB ANTAGONISMS

Merging **Aden** with the **Federation** of South Arabia will not shield it from the wind of nationalism (p. 679).

Iraqi bombardment of Kurdish villages in **Turkey has been resisted by the Turks, but the Kurds' itch for autonomy could threaten Turkey too (p. 680).**

In **Saudi Arabia** a princely reformer has lost his passport (p. 679).

TROUBLED WATERS

Sardinian fishermen are tussling with feudal landlords for the right to fish (p. 704).

HOME

CONGENITAL MYOPIA

The TUC, under Mr Woodcock's leadership, has produced some welcome new thinking on matters outside its control: but, in those matters for which it is responsible, no progress has been made. The consequences of this refusal to face reality could be as bad for trade unionism as it is for Britain (p. 673).

The Scots have worked themselves into an excusably worried state over the decline of their country's prosperity, for which **Whitehall** has so far produced no satisfactory answer (p. 691).

Stevenage New Town has been shocked by the loss of 2,000 jobs after **Blue Water's abandonment**—perhaps into a less hostile view of its own expansion (p. 692).

Behind some careful hedging—including its own plan for temperate agriculture—the **National Farmers' Union** has dug a last ditch of restrictionist opposition to the common market: this should cut no ice with the Government; and it may not impress many farmers (p. 678).

This year's radio show is characterised by the pathetic optimism of manufacturers (p. 722).

RESTRICTED DIET

Cartels are unpopular, and that in nitrogen, **Nitrex,** will have to step carefully if it is to avoid EEC's disapproval: it will have its job cut out, in any case, to achieve its aims (p. 712).

The accession of a new **Lord Chamberlain** may just conceivably mean that English playgoers will more often be allowed to be adults in their own right (p. 682).

The best solution to **Malta's** present tribulations may well be the early granting of its professed wish to be independent within the Commonwealth (p. 680).

SELF-INFLICTED WOUNDS

Attempts to prevent a recurrence of the **thalidomide disaster** may not wholly succeed; but such tragedies might be limited by a change in the present system for the approval of drugs—which is no system at all (p. 711).

Little fascist—and **anti-fascist**—sores continue to suppurate on the body politic: the salves so far applied may not be best for its health (p. 679).

Britons may well wonder whether they are as neurotic as a recent doctors' report would have them (p. 692).

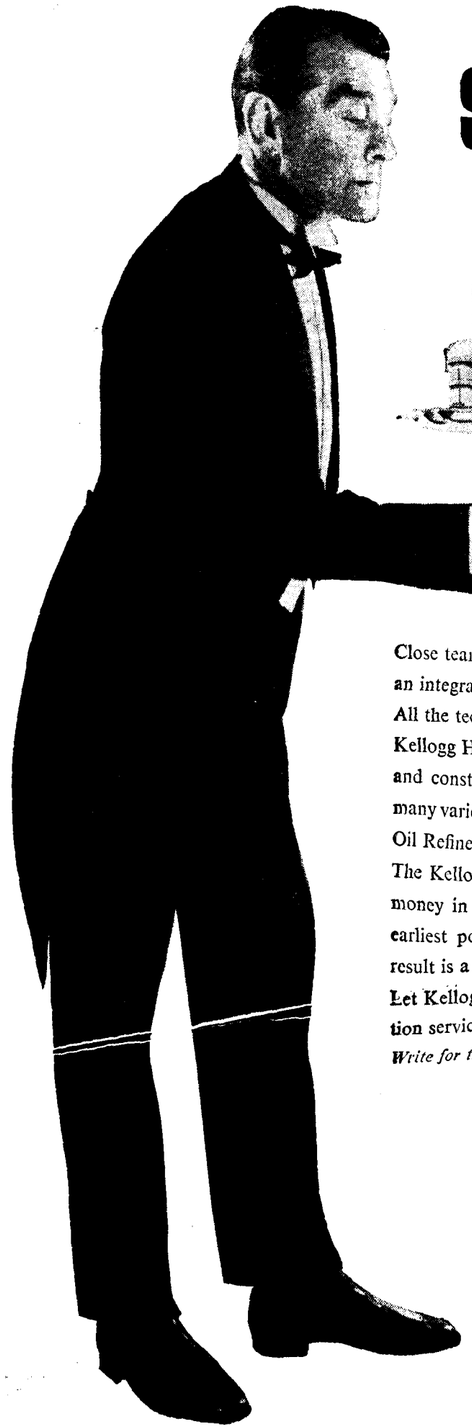
HERD INSTINCT

The Government has got **the army** of 165,000 it predicted for itself: but it is still not large enough, and its growth in better outside economic conditions is not assured (p. 678).

The gross overcrowding of British prisons has its remedies, and its palliatives, which in turn could be good for the penal system; but the problem remains a formidable one (p. 680).

London's newly-authorised Underground line from Victoria will, perhaps, relieve the morning agony of many **Londoners**; but it will not pay its way on the present fare scale (p. 717).

Detailed contents on page 671



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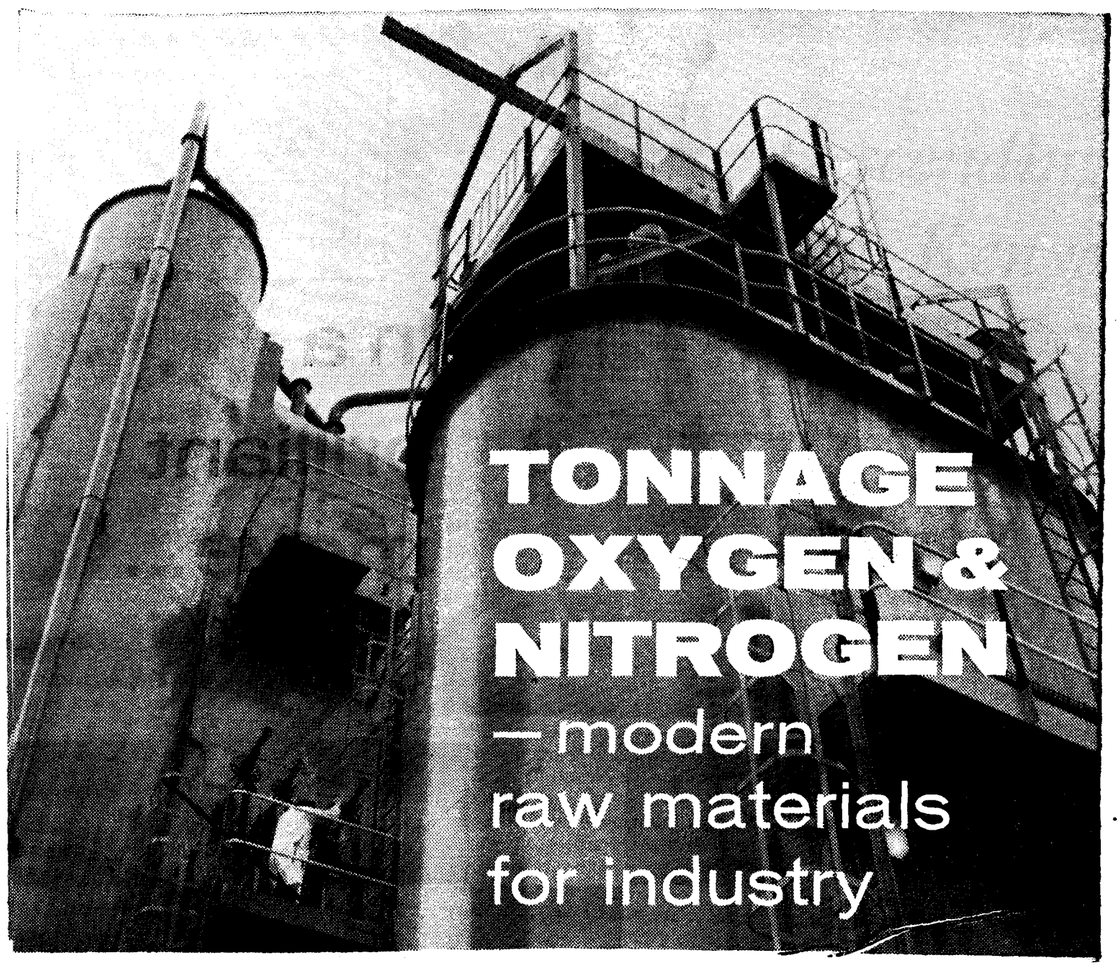

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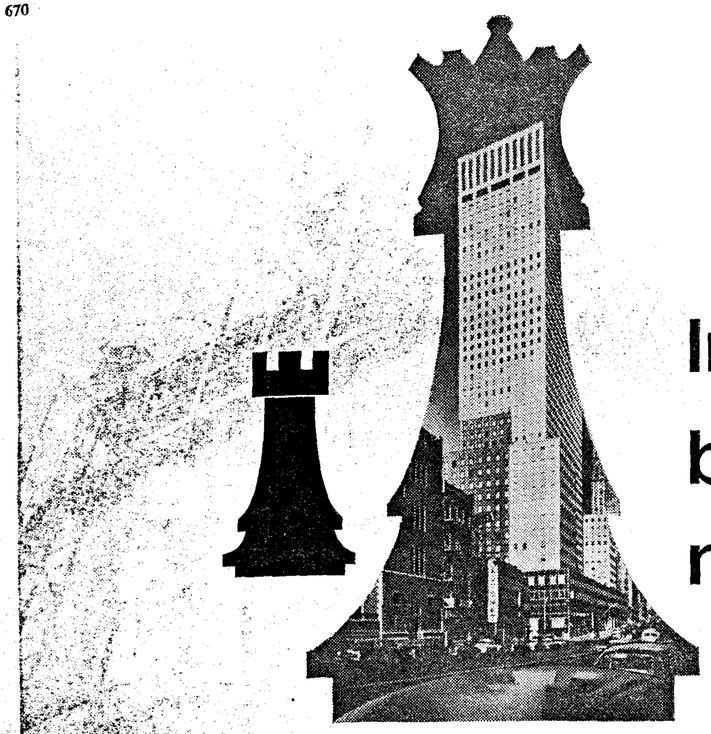

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The Economist

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Descending Mount Kenya

CLIMBING a mountain does not make it disappear, but it does become easier to see how big the mountain is; how precipitous its drops; how rocky its slopes. Less than three years ago the British Government, returned to power with a majority large enough for courage, initiated an assault on the Everest of all colonial entanglements—white-settled east and central Africa. The major constitutional peaks have since been conquered, but a safe return to a Britain free of colonial responsibilities is still a hair-raising and immeasurable time away. In Kenya independence is unlikely to mean the immediate and complete disentanglement so earnestly desired by both the Kenya Africans and the British Government. Unlike the west African countries, Kenya will go into independence without financial reserves, without a second generation of educated Africans, without much hope of regularly balancing its budget. It will be controlled (if that is the word) by a highly unstable government charged with the task of keeping the peace between hostile tribes. About 60,000 white people from Britain are likely to be caught in this trap and may need to be rescued.

The sad fact is that this is where the "wind of change" takes us. There is no doubt that the policy known by that name was right. It was, indeed, above all a recognition of the inevitable; and there are some countries (Uganda, Nyasaland, perhaps Tanganyika) where the results may even prove happy. To relinquish power is not, however, to get free of all responsibility. The casualties must be taken care of, and everyone in Kenya, black and white, is in danger of becoming in some way a casualty of the process of historical change. This could hardly have been foreseen by Mr Macleod, who, appointed Colonial Secretary in October, 1959, bravely saw his job as the unpleasant one of dishing the whites and putting his territories on the short road to black political power. There was no other course.

The wise descent, down slopes that inspire just as much fear in spite of being more clearly visible, requires equal boldness. It is true that many of Kenya's present ills could be cured if its African politicians were wiser, less ambitious men. But, whatever the extent of African folly, it would help if white Kenyans no less than expatriate civil servants and Colonial Office officials resisted the temptation to take sides and to keep the Africans divided.

The trouble is that the whites in Kenya, official and unofficial, are a divisive force. The reason is not hard to find. They have not only been forced to submit to the uncertain political authority of their former servants; they have also had to live through the Mau Mau rebellion. If Africans reply that things were hard for them when the whites were on top, this does not make the present situation of white Kenyans any more enviable. The argument is circular: if too many white Kenyans leave Kenya the economy may be so hard hit that life will be made even more harsh for black Kenyans.

Armed with this knowledge, and driven by an almost pathological dislike of the Kikuyu (the Mau Mau tribe), many administrators and white farmers hope (and sometimes work) for the political isolation of the Kikuyu. This is the privately avowed object, too, of the more backward pastoralist tribes that make up the bulk of the support of the Kenya African Democratic Union (Kadu); and it is often the sullen wish of leaders of dissident tribes within the majority Kenya African National Union (Kanu).

The Kikuyu themselves do not help. Many of their most modern and anti-

tribalist-minded men still rub it in that politics in Kenya began with the Kikuyu; that their tribe is the most advanced of them all; and that the largest proportion of Kenya's best African brains are Kikuyu. And the core of Kenya's political problems, as some people see it, is the natural hunger for land that was aroused in the Kikuyu when they first became conscious that they were surrounded in the middle of southern Kenya by a wealthy white settlement.

Yet there is no single core to Kenya's political problems; the divisions are more than simply tribal. In the elections of February, 1961, Kadu's rural tribes gave it little more than 16 per cent of the common roll (mainly African) votes; Kanu won 67 per cent of these votes. Kadu argues that many of its supporters were too isolated in the bush to come and register or vote. But however this may be, the division of interest between these two parties tends to grow into a division of outlook. Kadu represents a gathering of the weaker, more backward clans operating in self-defence under a more or less corporate leadership. Its policy of "majimbo" (regionalism) is an attempt to win entrenched protection from a future central government that it fears may be dominated by authoritarian Kikuyu politicians.

The unfortunate result of this policy, however, has been to spotlight the attractions of locally-based political power before every twopenny leader in Kenya: indeed, Kanu itself is suffering the strains of this attraction. The Luo within Kanu are divided between those who are happy about working with the Kikuyu and those who are not—and white administrators cheerfully point out that the Luo-Kikuyu political alliance always seemed an unnatural thing, in view of long-standing tribal divisions. The Kamba tribe, whose members make up a fifth of Kenya's police force and a third of its three battalions of King's African Rifles, is willing to support Kanu, but some of its members would prefer to be dissociated from the Kikuyu within the party.

OFFICIAL Kanu policy dictates the orthodox pan-African solution of a unitary state designed to crusade against tribalism with the heavy weapons of one strong party and leader. But the actual structure of Kanu is a gathering of local political bosses all surprisingly unwilling to accept the supreme authority of Mr Jomo Kenyatta. This is not only because Mr Kenyatta is old and must one day be replaced; it is also because he himself is finding it difficult to choose between personalities within his party.

The Kenya whites—and the British Government—have no such difficulty. To them Kanu is divided between a "nasty" left wing led by Mr Oginga Odinga and Mr Paul Ngei, and a "nice" right wing led by Mr Tom Mboya and Mr James Gichuru. Yet this is too simple. Mr Mboya, who has made the fateful leap from revolutionary to cautious, constructive minister, is handicapped in African eyes by seeming too tied up with the Americans; Messrs Odinga and Ngei, comfortably free of ministerial responsibility, seem to win more crowd appeal with cries against the whites and for higher wages and more land. It will be dangerous for both the whites and Mr Mboya if their present flirtation continues.

But Mr Mboya is right when he says that the best long-term answer to the present wave of political thuggery in some parts of Kenya is to provide jobs: unemployment is another hard core problem that requires an urgent solution. Hopefully, the present Kanu-Kadu joint cabinet has produced a list of projects designed to alleviate unemployment. These would cost £5½ million; a ministerial delegation returned to Nairobi from London on August 14th bearing promises of £1½ million from the Colonial Development Corporation and an assurance from the Colonial Office that the Treasury would be asked to see what it could do about the rest. But the Kenya ministers, when they visit America next month, will look for some millions there. Again, by undertaking to settle Africans on a million acres of the former White Highlands the Colonial Office has at once made a stride towards assuaging land hunger and rescuing Europeans (whose farms, under the scheme, have to be bought). Even this latest and largest extension of land settlement horizons will soon have to be extended, and the extra cost faced. Thus, for the Treasury, the first truth is that this most expensive of colonies is going to cost much more still: to continue present development plans; to help balance future budgets; to bail out white civil servants (at £10,000 apiece in compensation and other payments); to buy land from small European farmers caught in a mess created for them by the British Government.

For their part, the Colonial Office, and its administrators on the spot, have to recognise that Kenya is fast becoming an African country, not a multi- or non-racial country. (Sir Michael Blundell recognised this, after many years of saying the opposite, when he retired to the back benches in June.) It will mean accepting some run-down in the scope and standards of the future administration; in the economy; and in the number of small European farmers and business men who are likely to want to stay.

Not the least bitter pill to be swallowed is the likelihood that the most attractive politicians to Kenya's people (tribal considerations aside) will be those who are most radical. Where the frustrations of poverty and ignorance persist, this is always likely to be the case. It is better to accept this and work in the knowledge that the Paul Ngeis and the Oginga Odingas are likely to wield great influence in the future, than piously to hope that some Uncle Tom will pull the British and the West through. More success will come from such a recognition than from an anxious following of every political jump within Kanu (or outside it) to see whose faction, at any particular moment, is up.

In any event this sort of question will be answered, for a while at least, in elections that will probably be held next February under a new constitution. The details are still being worked out by the commissions and inquiries that Mr Maudling set up when he was Colonial Secretary. (He now finds himself at the paying end.) In essence there will be a strong central government, but entrenched regional powers over local government, land, education, health, police and other functions. The danger is that, faced with a strongly entrenched regionalism in the constitution, Kanu will feel forced to break it (and blame the whites). Alternatively, if the centre looks strong, Kadu will become the destructive force. After the elections Kenya will have a government and a prime minister responsible to its own parliament; it will be up to this government to set the number of months Britain can stay before leaving a formally independent state behind—and, probably, taking its expensive military base with it. The way down is long, and there is heavy mist at the bottom.

Still in Blinkers

The general council's report and the published agenda for the Trades Union Congress in ten days' time are mostly a disheartening record of opportunities missed

THE annual report of the general council of the Trades Union Congress shows the limits of the progress which that body has made during the two years of Mr George Woodcock's general secretaryship. On all subjects where the TUC's opinion is valuable to have but does not decide the matter—for example, on budgetary policy, on education and on relations with Europe—there has been a clear advance. On all such questions, the general council's pronouncements to the Government and memoranda of evidence to royal commissions are more closely reasoned, more interesting to read and certainly more articulate than ever before. This is the advantage of having as the TUC's chief bureaucrat an intelligent and modern-minded man. But on all matters where the general council might be required to give a lead to its own union colleagues, instead of merely advising outsiders, the picture is much bleaker; the sad truth is that members of the general council are still running away from all the real problems of leadership that could in any way be temporarily embarrassing to them.

This charge of evasion of responsibility does not derive merely, or even mainly, from the general council's attitude towards the proposed National Incomes Commission. The reasons which trade union leaders are adducing for their hostility to Nic are certainly pretty odd. It is hardly a brilliant excuse for boycott to exclaim that one is apprehensive that Nic may become "a device for discrediting the trade union movement before public opinion" (though this will happen if the trade unions go on being an autonomous force pushing the country into cost inflation), or that one is acting out of pique that there was no "prior consultation" before the new policy was announced (which, in plain fact, there was). But, maladroit though some of these protestations are, there was never really any possibility that the TUC would actually welcome Nic; indeed one would be apprehensive about the body Nic might be if, after consultation with Mr Maudling, the TUC had said that it could heartily welcome it.

The most that one could have hoped for—and should have hoped for—was that the labour leaders should adopt an attitude to Nic something like that which business monopolies take up towards investigation by the Monopolies Commission: grudging readiness to argue both before and after specific recommendations have been published, to modify those practices and claims which they know they will not really be able to justify in the final argument, but not to give any prior commitment to accept Nic's judgment as necessarily the last word. In any case, the ultimate word—whether or not to try to call a strike against any award that was deemed to be unsatisfactory—would have to lie with individual trade union leaders. The right position for the general council to have sought would have been on the fence between Nic and any trade union leaders that were congenitally likely to strike. It would then be able to lean its influence now one way (as it did against extension of Mr Cousins's bus strike in 1958), and in other cases (with greater effect) the other way when it felt that the case for battle was made out. By shouting so shrilly against the umpire before he has even appeared at the wicket, Mr Woodcock has cast away an opportunity to exercise prudent future leadership from Congress House.

THIS forfeiture is the more serious because in the two years since his succession as general secretary was formally announced, Mr Woodcock has simultaneously failed to confront the trade union movement with the two big problems that have long lain before it: first, the improvement of its relations with the community as a whole, and secondly, the overhaul of relations between trade union leaders and their own members. At one time, Mr Gaitskell, for one, was plainly hoping that a determined new broom from Mr Woodcock would help to dispel the fusty public odour pervading so many aspects of trade union affairs—one of the Labour party's worst political handicaps. The big need here has been to give the trade union movement an organisation at the centre that looks capable of doing some thinking and showing some feeling about industrial affairs. Sometimes all that has been required has been a readiness by somebody at the centre either to explain or publicly to castigate individual *sottises* committed down the line. Labour leaders should never underestimate the damage that is done to their cause when the newspapers are filled with stories (as has happened this week) of an elderly children's playground attendant in Essex being hounded out of his job because he refuses to sign up for some union, or of other acts of petty persecution, while official trade unionism passes blinkered on the other side, like the Levite. More generally, however, what is needed is a more constant sign that union leaders are at last ready to start thinking about the awkward problems of the new age. At present the motto seems to be: "Don't just stand there talking. Do nothing."

A classic example of the TUC following this bad advice appears in this week's annual report from its general council. By any odds, the most dramatic trade union event of the past year was the fact that 3 million workers in the engineering industry—more than one-third of the TUC's total membership—were asked by their leaders to authorise strike action last winter, and then showed overwhelmingly by secret ballot that they had no wish to do so. This vote provided convincing refutation of the myth that moderate trade union leaders have to fight a constant battle to hold back their militant rank and file. In fact, although most trade union leaders are more moderate than their trade union no'o's, they are more combative and more old-fashioned than most of their ordinary members in modern industries—and it is plain that many recent strikes have been fought with a majority of grudging conscripts rather than by eager and militant volunteers.

One can argue interminably what changes should flow from this realisation; for example, whether or not it should impose

a moral obligation on all unions to require a secret ballot of their members before compelling them into strike action in future ; whether indeed the law should require a secret ballot in this way. Certainly, to write a report on trade union affairs in 1961-62 without discussing the implications of this engineering vote is like writing a history of the Second World War without mentioning the German invasion of Russia.

It may be said that the trade union movement is not the only body in Britain which prefers to shut its eyes to the changing times ; the fact remains that it is by far the worst case. Two years ago there seemed to be hope that the accession of an energetic new general secretary might begin to spark off that reform ; is it already true that Mr Woodcock is not going to provide that main motive force himself ? If so, the medium and long term consequences for British politics and industrial legislation could be profound. If the Tories manage to secure economic recovery before the end of this Parliament, then Labour's connection with this rooted trade union movement will again count heavily against it at the next election. If the Tories do not recover and Labour comes to office, then the next Labour government will find the TUC in its present state a most embarrassing ally for a progressive administration ; indeed the probability is that Labour when next in office will gradually find it necessary to free itself from excessive influence by the big trade unions, in much the same way as Tory governments in the 1950s gradually and successfully shook themselves free from their old sort of influence from big business. Should a Labour government fail to shake free, the Tories while in opposition will almost certainly become such shriller critics of present-day union leadership than they have found it prudent to be while in office ; it seems more than conceivable that any Tory government returning to power in, say, 1968, after having been in opposition since, say, 1964 might bring back with it a policy pledged to submit British trade unionism to legislative reform—at least for the safeguarding of individuals' rights, the examination of restrictive labour practices, and the limitation of the special privileges conferred by the Trade Union Act of 1906 to unions which operate under certain model rules.

In the long term, such legislative reform would be no bad thing. Obviously, however, sensible union leaders today would take action before the country is forced into it. There is one way in which they could make a start at the congress in Blackpool Opera House in ten days' time. The first three motions down for debate at that congress—tabled by the post office workers, public employees and chemical workers—talk of the need for some inquiry into the possibility of changing the " out-dated structure of British trade unionism." It may be doubted whether the sponsoring unions have any really clear idea of what their own notions should mean. But if the general council were wise, it would say that it proposes to set up a committee to study this wide question and to publish a report. The best sort of committee would be one composed not of present-day members of the council, but of major trade union leaders who have recently retired from active duty, plus picked men and women from other branches of the labour movement ; the nearest analogy would be the Gaitskell committee on the Co-operative Movement a few years ago, whose forward-looking report caused grave dissent among the Co-ops but has served to start to revive the Co-ops' desperately drooping fortunes where and when it has been put into effect. Any such report on trade unionism would almost certainly recommend that more power to guide the whole movement should be given to a central and strengthened general council. Is there any hope that the present general council might decide to ask some such committee to start playing Pygmalion in building a new constitution for British trade unionism ? Unfortunately, on current trends, the answer seems to be a quotation from Pygmalion itself.

Katanga Word and Deed

September is the Congo's now traditional time of troubles. Is British policy making trouble less likely, or more?

THE official British reaction to U Thant's latest proposals for a settlement in the Congo has taken a familiar shape. The Government has made known its " warm and full approval " of the proposals, and indicated its disapproval of the idea of putting economic pressure on Mr Tshombe's secessionist regime if it spurns them. The London view is that Mr Tshombe and his backers ought not to be even threatened with pressure ; they should only be reasoned with.

For two years now this barrage of reasoning has been laid upon Elisabethville. Throughout the second year there has existed a Congo government that is recognised by all other nations, and that is as representative as any Congo government we are likely to get. The head of this government, Mr Adoula, has shown remarkable readiness to negotiate at length with the leaders of an armed rebellion that maintains its grip on his country's richest resources only with foreign help and connivance. He has also shown unpredictable staying power ; but it is doubtful how much longer he can hold on if the Katanga secession continues. And there is as yet no sign that it will be ended merely by the reasoning that has been brought to bear on the secessionists by the UN, by some member governments, and even, we are assured, by Sir Roy Welensky.

Mr Tshombe takes more account of deeds than of words. British and Rhodesian ministers and officials tell him he cannot hold out ; but, to put it no higher, nothing they do is calculated to ease him out. Nor are the logistics much help. UN attempts to restrict his external communications cannot close the connection with the Rhodesian frontier. The British-controlled Benguela Railway still carries to the sea most of the mineral exports on which he collects the dues. UN plans for a boycott of Katanga copper would flop if Britain would not join in and might not succeed even if it did. Each time the use of force against Mr Tshombe's regime is mooted, he can count on vigorous British diplomatic moves to discourage it, and probably on the arrival of Rhodesian reinforcements at the frontier.

He is now reported (gratefully trading deeds for deeds ?) to have provided financial aid for political groups working against the African nationalist parties in the Rhodesias and Nyasaland, as well as providing quasi-military training for supporters of one such group. These extra-mural activities illustrate the singular power that the Tshombists' grip on the Katanga revenues gives them ; is it likely that reason, unsupported by the leverage of self-interest, will bring them to relinquish such power and wealth after two habit-forming years ?

U Thant has not yet formally forwarded his new proposals to Mr Tshombe, or revealed just how long he will wait, failing acceptance, before asking for a boycott of Katanga minerals. But already Mr Tshombe has offered a characteristic counter-proposal: an invitation to discuss transferring to the Congo government such of his funds as are " not indispensable to the functioning of our administration and our economy." (Would his private accounts in Geneva, still regularly replenished by the Union Minière, and the funds so lavishly deployed along Madison Avenue be " indispensable " ?) This invitation to a long safari through the jungle of Elisabethville's political account-books has been coolly received in New York. U Thant had already remarked that " the delays and evasive tactics which have been so artfully deployed by Mr Tshombe are dangerous and cannot be indefinitely tolerated either by the UN or by the central government."

The secretary-general's statement on Monday went on to give warning that if the secession were not quickly ended, the UN might soon have to choose between quitting the Congo or authorising " all necessary measures " (that is, force) to deal with the secessionists. That is indeed the looming choice. It may be impossible to reason Mr Tshombe into accepting the fact that he cannot carry on any longer like this ; but it is only too clear to the UN that it cannot. There may be grave doubt whether economic pressures can be made to work against Mr Tshombe. But they are the only means by which the UN may escape the awful choice between using military force and chucking the Congo back into chaos.

As Another Sees Us

In the July 1962 issue of the journal of the Institute of World Economy and International Relations in Moscow, an article of some 3,000 words, with an introductory note, commented on the foreign policy content of *The Economist* in the first four months of this year. Some extracts follow

The Economist (January-April 1962) on England's present foreign policy

BY VIKENTI MATVEYEV, COMMENTATOR OF " IZVESTIA "

Introductory Note

Karl Marx described *The Economist* as the most sensible, reasonable and moderate organ of the English industrial bourgeois. . . . Today, as of old, the journal declares an attachment to radical ideas, but now this serves as a cover for this City mouthpiece's perpetual fear of the present and, still more, of the future. . . .

The Economist very clearly reflects that school of thought in the English ruling class that aims at a more or less painless adjustment to the new times, an adjustment that must enable the English finance bourgeoisie in some changed form to harvest, as before, the rich fruit of power over the peoples at home and abroad. But the emphasis is precisely on the problem of . . . achieving the former imperialist aims by some other means. . . .

Among the direct owners of the journal . . . are the City banking magnates Cadbury, Layton, Rothschild, Schroeder, Brand and others. The representatives of finance capital, understandably, try to hide their leading role in determining the government's policy. . . . Organs like *The Economist* provide a channel . . . invisible to the naked eye. . . . *The Economist* always acts as the Government's " friendly adviser," sometimes addressing criticism to it, indicating that it ought to do " the same thing, but better."

The fate of the last English colonies

. . . The journal criticises the Foreign Secretary's speech of December 28, 1961, in which he posed the question of " reform of the United Nations " and came down heavily on UN members that had condemned colonialism. It comments that Home's yearning for the past, when England ruled the seas, will not ward off what is now occurring, and may further weaken the " non-communist world." . . . The journal thinks it useless to try to defend English privileges in Rhodesia in unchanged forms. . . . At the same time it takes up Home's formula (*sic*) about UN reform—it suggests seeking decisions in the UN that would " secure the peaceful transformation of obviously explosive situations." It indicates that Dag Hammarskjöld's mind worked in that direction. But what it has in mind is not made clear. Hints and half-hints, Aesopian language, circumlocutions—all this is beloved by *The Economist*, *The Times* and their fellows. . . . Clearly, this is one variation on its general line—to win by diplomacy and manœuvre what English imperialism cannot now win by force. . . . *The Economist* is not worried about the interests of " African nationalism," but about those of the white (in this case, English) " masters " . . .

In an article on January 20th, headed " How to Use the UN," the journal, unashamed of its cynicism, urges the Government " not to deny national interests, but to try to harness them for profit." . . . Just in this direction run the thoughts of the strategists of English imperialism. . . .

[The sentence purportedly quoted actually read: " The whole UN experiment makes much more sense as an attempt, not to deny the reality of national interests, but to harness the force of these as much as possible for common ends."]

On January 13th it published an article, " A Message for Sir Roy " (Welensky)—the racist ruler of the Federation of Rhodesia and Nyasaland. . . . It wrote:

" The Government must find the courage to give a liberal constitution to Northern Rhodesia and, as civilly as possible, to make plain to Sir Roy that his assistance in the international sphere is no longer required. It is sad, even tragic, but any other way might be disastrous."

The journal's call for Welensky's resignation (*sic*), dictated, as is quite clear, by a wish to preserve England's imperialist position in Africa under another sign, aroused angry comments

from "ultra"-conservatives . . . in the form of letters from members of the English administration in Rhodesia and from prominent Tories in England itself. How did *The Economist* react? For some time it did not recur to the Rhodesian question, thinking it best not to prolong the polemics. . . .

[Rhodesia was the subject of articles or notes in the issues of January 27th, February 3rd, 10th and 17th, March 3rd, 10th, 17th and 24th, April 7th, 21st and 28th.]

. . . On April 14th, *The Economist* concluded that, even after granting Kenya independence, England could keep it under the invisible boots of its economic domination. . . .

[The article, in fact, pleaded Kenya's right to continued economic aid after independence.]

England and Europe

. . . The journal is one of the loudest mouthpieces in the campaign, conducted in the British Isles by influential finance-capital groups with support from across the ocean, for England's entry into the common market. . . . It soothed its readers even when unmistakable warnings came from across the Channel. . . . After Adenauer's interview with *Le Monde*, in which he made clear that the British Commonwealth could not be maintained in its present form after England entered the market . . . an article on March 31st recommended that no alarm should be shown over this, as the preference system would need to be reconsidered in any case. In other words, *The Economist* showed a spirit of capitulation, resurrecting a tradition of 30 years earlier, when certain British press organs called for agreement at any price with the fascist aggressors. . . .

The Economist

AUGUST 23, 1862

HOW BREAD IS MADE

The journeymen bakers, though little known to the public, comprise as a class a very large and, in many respects, important body of men. In 1851 there were in London 13,762, in Great Britain 50,360 bakers, including the minor class of confectioners. Their number now in London may be estimated as considerably over 14,000, and of these upwards of 2,000 are under the age of eighteen. . . . The work of a London journeyman baker begins, as a rule, when other people go to bed, at about 11 at night. At that hour he makes the dough, a laborious process, which lasts from half to three quarters of an hour, during which time he inhales flour and carbonic acid gas proverbially deleterious to the lungs. He then lies down upon the kneading-board, which is also the covering of the trough in which the dough is "made," and sleeps for two hours. He is then engaged in rapid and continuous labour for about five hours in all the various processes of the baking trade. . . . When the baking business is over, distribution begins, and a considerable proportion of the journeymen in the trade, after working hard in the manner described during the night, are upon their legs for many hours during the day, carrying baskets or wheeling hand-carts, and sometimes again in the bakehouse, leaving off work at various hours between 1 and 6 p.m., according to the existing pressure. . . . Evidence the most various and absolutely conclusive shows that very many bakehouses in London are in a shockingly filthy state, arising from imperfect sewerage and bad ventilation and neglect; and the bread must, during the process of fermentation, get impregnated with the noxious gases surrounding it. . . . It is never desirable for the Legislature to interfere whenever a state of things is in a position likely to remedy itself. . . . But where, as in the baking trade, some of the bakehouses are in a shocking condition, and others are not, and the whole trade is divided between a host of small traders, it is impossible for the journeymen bakers to obtain isolated redress in the absence of a general rule affecting them all alike. Thus we think it fair that bakehouses should be inspected. . . . however chary in principle we must always feel of Government interference in private matters of trade.

In an article headed "Our New Frontiers" (February 24th), the editors reproached Macmillan's government for lack of initiative. . . . It said that: "Generalities that turn away awkward questions, or hide unpalatable facts, do no good, but harm." But the organ of big business itself, in assessing England's situation and its financial-economic difficulties, shows a tendency to turn away "awkward questions" and to "hide facts" . . .

England and Nato

. . . In a note called "Orphan on the Rhine" (March 24th), the journal speaks of the need for increased west German payments to support the English army in the GFR. But even English officials pose this question rather more radically now, giving it out that these forces will have to be reduced if Bonn does not give the necessary financial support. *The Economist* makes no such suggestions. On the contrary, it always stresses the need for England to buttress the North Atlantic block with all its strength. In whose name? . . . The fact is that the City mouthpiece is more concerned about America's interests than England's. . . .

It is known that the USA has long demanded an increase of English land forces in western Europe, while persistently hinting that England should renounce its own nuclear arms. This evidently explains why *The Economist* favours concentrating English forces in western Europe. As to nuclear arms, it expresses itself in extremely rubbery formulations. In the article "Dropping the Bomb" (March 17th), it recognises that the English nuclear arsenal could hardly play any significant role in war. . . . What conclusion does it draw? To keep the English nuclear forces in order to use them as instruments of diplomatic pressure. . . .

[The article in fact suggested that if a British renouncing of nuclear arms were linked with "advocacy of a regional arms control scheme in central Europe" that would "reduce tension along the Elbe" the prospects for such a scheme could be much improved.]

At the same time there appear in its pages little signs of anxiety caused by the USA's programme of military preparations. On March 10th, for instance, *The Economist* mentioned with some disapproval the coming resumption of American nuclear tests in the atmosphere. On February 24th it referred obliquely (*sic*) to the riskiness of American actions in regard to South Vietnam, though it concluded, quite unexpectedly, that a settlement of the question apparently rested on the Soviet Union.

On April 14th it published a very significant article. In it was noted that the English Government was not interested in upsetting the status quo in central Europe . . . but had not worked out a practical programme proceeding from this status quo. "Certainly they would go so far as to accept the Oder-Neisse frontier, if this were not such a sore subject with the west Germans." The article added that England will not recognise the German Democratic Republic, although it trades with it. "Taken together, these attitudes are not particularly coherent with one another" concludes *The Economist*.

What is true is true. On important questions in present international relations, English diplomacy tries to sit between two chairs. . . . Tactics of silence, evasion, manœuvre are characteristic of many of *The Economist's* statements about relations with the Soviet Union, about the solution of looming international problems—almost a mirror image of the present tactics of English diplomacy.

NOTES OF THE WEEK

BERLIN

Muscovy Cat

To say that the removal of the Russian commandant from Berlin does not affect the allies' rights in the city—as President Kennedy said on Wednesday—is true in a sense. But the commandant's departure diminishes, almost to vanishing point, Russian acquiescence in the particular legal foundation on which the allies say their rights are based—that is, the quadripartite status of the city. The only visible survivals of that status, now the commandant has gone, are the four-power air safety centre and the four-power guard on the remaining war criminals in Spandau prison.

It may be argued that the city remains a four-power responsibility whether or not the Russians say it is; but four-legged stools with one leg missing are precarious things to take a defiant stance on. The Russians have now moved one degree closer to saying that the allies must conduct their Berlin business with the east Germans, who have appointed a commandant of their own, or with nobody.

And yet, like the Cheshire cat, Moscow's responsibility for what happens in Berlin has not vanished completely. A last grin remains, in the announcement that the Russian army headquarters in east Germany will "temporarily" deal with matters affecting the allied garrisons. Mr Khrushchev has not yet brought himself to the point of finally handing over control of Berlin to the east Germans. He has simply moved a stage nearer to it. Have the allies made up their minds what they will do if and when the Russians withdraw completely from their admission of responsibility, and the western garrisons are met on the fringes of west Berlin with a bland assertion that there is no one here but us east Germans? The provisioning of the garrisons is not the only problem involved; the allies' rights to enter east Berlin, and the handling of incidents along the wall, are liable to produce difficulties that will have to be talked over with somebody. The events that followed the shooting of a young refugee on August 17th are a case in point. If a fear of "recognising" Herr Ulbricht's regime prevents the allies from discussing such matters with the east Germans, the West may be reduced to a frustrated silence.

First Aid

When east German guards fire on refugees trying to get over the wall in Berlin, the allies could respond in two possible ways. One would be to help the escapers to make the crossing; the other is to make sure that those who are hit before they get across are given first aid. The first course is tempting, but one should be clear where it leads. Nothing short of a decision to give covering fire to refugees—that is, a decision to shoot at the east German guards before they can get the escapers in their sights—is likely to be of much use. In most cases neither tear gas nor smoke screens could be got into action quickly enough to take effect in the vital few seconds when a man is sprinting or crawling for the wall.

But covering fire from one side is almost certain to be answered by covering fire from the other. The west Berlin policemen who now patrol the wall on foot would probably have to be withdrawn into sandbagged look-out posts; and the result would be a kind of miniature Western Front, in which periods of tense watching across no-man's land would alternate with rackety exchanges of fire when something

moved, or was thought to move. The chances of helping wounded men in these circumstances would be almost nil.

But between doing this, and doing absolutely nothing at all, there still lies the possibility of bringing medical aid to refugees who may be wounded on the other side of the wall. On Tuesday evening the United States posted an ambulance at the Friedrichstrasse crossing point, the one place where allied vehicles can enter east Berlin. The ambulance may not be able to reach a casualty very quickly—unless the shooting takes place close to Friedrichstrasse, as Peter Fechter's did on August 17th—but it may prod the east Germans to get their own stretcher-bearers out sooner. Another innovation, likely to have the same effect, is clearly worth thinking about. This would be to inform the east Germans of an intention to station first-aid parties close to the wall in other places, with orders permitting them, where possible and necessary, to get over to save a man from dying for want of attention. These first-aid men would have to be easily distinguishable medical personnel of the allied forces, and it would have to be made clear that their job was to tend a man's wounds, not lift him over the wall. A clear case where effective medical help can be given will not happen often; when it does, the work will be neither safe nor easy. Still, the principle of not intervening in what happens on the communist side of the wall cannot extend to letting a man die when his life might be saved.

FRANCE

Habit of Violence

Once caught, the habit of violence is not easily cured. The epidemic of holdups and banditry in southern France suggests that some of the embittered settlers who have fled from Algeria to France have brought with them their weapons and their lawlessness. On Wednesday the French cabinet approved a series of measures to deal with the gangsters. It was on his way home from this very meeting that President de Gaulle ran into a machine-gun ambush—the fourth unsuccessful attempt on his life in the last year.

To put down gangsterism, there are to be harsher penalties for carrying arms without permission, and the permission enjoyed by some of the immigrants from North Africa is to be withdrawn. At the same time more long-term loans are to be given to help the immigrants to settle down. Compared with some of the other Algerian problems it has had to deal with, this outbreak of banditry may seem small beer to the French government. Yet it is a reminder that France as well as Algeria will have to live with the legacy of violence for years to come.

The discontent of the returned Europeans from Algeria appears at present to be unorganised and leaderless. In June one of the OAS leaders, Colonel Argoud, announced in the Belgian paper *La Dernière Heure* that an executive committee of the Secret Army had been formed including M.

Bidault, as president, and M. Soustelle. The group has since been putting out a clandestine newspaper, Appel de la France, and M. Soustelle has been declaring in its columns that "fascism is installed at the Elysée." There are no signs of a connection between the pamphleteers and the bandits in the Midi; all one can say is that the most promising field for conspiracy is no longer Algeria, but France.

Still Wandering: M. Soustelle

M. Soustelle was picked up by the Italian police outside Milan on Friday, August 17th, and expelled from Italy as an undesirable. M. Soustelle had evidently been in Italy for some weeks; rumour had it that this time he was on the way to a meeting with other malcontents. His false passport gave the Italian police an additional reason for expelling him. The French authorities have not issued a warrant for his arrest, but they evidently encouraged the Italians to remove him and nip any plotting in the bud. The Italians, on their side, embittered by earlier OAS attacks on Italian citizens, were happy enough to comply. M. Soustelle has apparently chosen to move on to Austria, and may by now have gone farther.

AGRICULTURE

Farmers Against Europe

THE National Farmers' Union has flung down the gauntlet to the Government by producing an agricultural plan which is meant "as an alternative to the narrower concept of the agricultural policy of the European Economic Community." At the same time the union has made it clear that it will strongly oppose Britain's entry into the community unless the terms for British agriculture are substantially improved. Since there is hardly any chance of the union's essential requirements being met—indeed they are flatly contradictory to the European agricultural policy so laboriously worked out by the Six—it looks as if the Government must now reckon with the NFU leadership's determined opposition to European union.

Although Mr Heath at Brussels won acceptance for the principle of a European price review, the NFU complains that this review cannot give British farmers anything like the kind of specific price guarantees (save in the case of cereals) which they now regard as their natural right. In addition, the British horticultural tariffs—on which the union, keen to keep horticulturists within its fold, sets great store—would have gradually to go. These being the facts of European agricultural life, the union was particularly keen that Mr Heath should secure what it calls a "*residual assurance*" that the British Government could protect its farmers if their standard of living was seriously threatened. This, it complains, he has achieved only on a very modified basis which requires that any such action should have the approval of a qualified majority in the European Council of Ministers.

The union's own new agricultural plan is a curious but skilful attempt to dress up some old-fashioned restrictionist devices in a modern garb of world commodity agreements. These agreements would in effect "parcel up" markets through a system of import quotas and other devices. The one new idea is that OECD might be used for this purpose and expanded to take in other principal exporters of temperate foodstuffs, e.g. Australia, New Zealand, and Argentina. The countries in this group would be obliged to harmonise their agricultural policies, and the union is prepared to see quantitative controls on British producers so long as the other countries "played the game" by regulating their exports to this country; but should they not do so, Britain would reserve the right to control imports unilaterally. Under this plan the present British system of guaranteed prices, horticultural tariffs and subsidies, and producer marketing boards would of course continue intact. World co-operation, Commonwealth preference, European market-sharing agreements, and cheap food for underdeveloped countries—all these would have a place in the system so long as they did not tread on the roots of the union's present privileges, at which point its international benevolence gives way to a rather waspish autarchy.

How Much Effect?

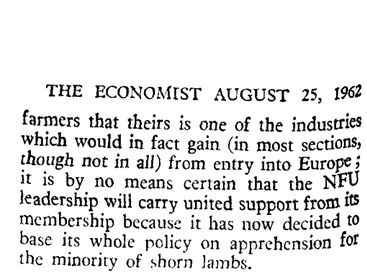
CURIOUS though they are, the National Farmers' Union's new proposals carry an impression of broad horizons and safe (i.e. traditional) alignments, which are obviously likely to have some nuisance value in obstructing the common market negotiations. Just how great a nuisance value will depend on whether Tory MPs feel that the NFU leadership is really speaking on behalf of a sizeable proportion of the electorate, or even on behalf of most British farmers themselves. As regards the first, the total farming vote is about 5 per cent of the British electorate, and the idea that any really large part even of this 5 per cent would turn to Labour because of this issue seems moonshine (even though it may be the sort of moonshine that frightened politicians are apt to believe). As regards the second, poor Mr Heath spent most of last month complaining that Europe looked as if it might be going to featherbed its farmers so much that there might be no room for exports from the farmers of the Commonwealth. The publicity given to this struggle should at last have convinced many British

farmers that theirs is one of the industries which would in fact gain (in most sections, *though not in all*) from entry into Europe; it is by no means certain that the NFU leadership will carry united support from its membership because it has now decided to base its whole policy on apprehension for the minority of shorn lambs.

RECRUITING

First Target

THE Government's professional advisers are entitled to all the credit that is going for the army's achievement of 165,000 regulars five months before the deadline of January, 1963. They said voluntary peacetime recruiting could be expected to reach this figure; many press commentators doubted whether it would be, and began to press the case for compulsory selective service even harder; now the Government's prophecies have proved right. The rise in voluntary recruiting has been particularly marked in the past six months. But the blunt fact remains that 165,000 regulars (including 19,000 officers) are still plainly not enough for British military commitments both in Europe and east of Suez. The true aim is to go on and hit the "ceiling" of 182,000 which the military experts designated as the workable minimum. Mr Profumo's resources are not stretched to the limit this year simply because he has the 15,000 retained national servicemen and no local crisis outside Europe. There can be



no let-up in the drive. In the meanwhile the War Office may be wise to keep its voice down in case Nato really does insist on an immediate active strength of 55,000 men in Germany, and then on a return to the 75,000 which was the basis of the original British commitment in 1954. That would require a much larger army than Mr Profumo has yet got.

The authorities are invariably chary of recognising any sure link between recruitment and the level of economic activity. The argument has too many dangerous ramifications. Thus, the Scottish regiments are said to have recruited well: is this because of unemployment among school leavers in a depressed region or because these are popular regiments (and therefore, Lord Montgomery's tribal chieftains are apt to claim, should not be merged)? The

chart on page 678, based on the quarterly recruiting figures, shows the wide seasonal variations in the past four years, but the worst recruiting performance seems to have been precisely at the point where the boom of 1958-59 was fully under way. The army has done a good deal since then to brush up its image. The television advertisements have shown their pulling power. And certainly the more often Mr Profumo can truthfully say that he is pushing up standards of entry (and thus prestige) the better. But judgment must be reserved until after the "ceiling" is attained—at current rates within the next two years—and then shows whether it can survive an upturn in the economy.

ANTI-FASCISTS

Not in our Stars . . .

MR GEOFFREY RIPPON, the Minister of Public Building and Works, has completed a hat-trick by refusing a third application for the use of Trafalgar Square for a public meeting, on the ground that tourists and holidaymakers might be inconvenienced by fighting which might break out at it. The first two refusals affected Sir Oswald Mosley's followers and the National Socialists; the latest applicant to be turned down is Yellow Star, a movement begun to shame the neo-Nazis into a proper respect for their fellow men. The "silent witness" mounted by the movement on the steps of St Martin-in-the-Fields during the first of Mr Jordan's meetings did not deter either the neo-Nazis or their exuberant opponents; and in the melee that broke out during subsequent meetings it went unnoticed. Now its aspiration to more loquacious methods of protest has been thwarted, and it may dissolve once more into the disparate elements that have briefly come together in the hope of exploiting it.

The movement's founder is the Rev. Bill Sargent, of Dalston, where many immigrants find temporary homes, and where, too, (at Ridley Road) Sir Oswald Mosley once battled and now often campaigns. It was to combat that campaign that Mr Sargent began some time ago to mount counter-meetings in the same street, and it was from those meetings that Yellow Star grew. The idea, of clearly being seen to be pro-Jewish by adopting their star of David, was to remind the unmindful of what it recently meant to be a Jew among militant gentiles. Yellow Star has also thrown its advocacy behind the idea of amending the Public Order Act to make racist propaganda *per se* an offence, and it is mounting a petition of, it hopes, 500,000 signatures to support this.

But the minimal organisation required for this undertaking (and Yellow Star wearers are reluctant to become an organisation as such) has also, unfortunately, offered an opportunity to every kind of bandwaggoner with a left-handed axe to grind; at a conference last Sunday, there was every sign that Yellow Star could soon become a vehicle for left-wingers eager to come into violent collision with their opposites on the right. In so far as Mr Rippon was right, in the interest of public peace, to bar the fascists from the square, he is, therefore, justified in extending his prohibition to their opponents, in the same interest. But where is the present encroachment on the right to make public speeches going to end? This week the neo-Nazis, Messrs Jordan and Tyndall, were sentenced to two months' and six weeks' imprisonment respectively, on the ground that their words and behaviour last July 1st were such that a breach of the peace was likely to be occasioned. The magistrate said that if anybody in Trafalgar Square heard somebody saying that Hitler was right, it would be enough to make him very angry indeed. The sentences are now subject to an appeal, which will be watched with interest by other people who know that they sometimes make their audiences very angry indeed, even if in more respectable causes.

ADEN

Base for Trouble

WITH care and cash Britain is grooming Aden for its future part as the trouble centre of British interests in the Middle East. The Aden constitutional conference, which has been meeting in London, agreed on August 16th that Aden (the port, military base, oil refinery and 220,000 people) should join, not later than March, 1963, the Federation of South Arabia, which at present consists of about half of the protected states of the interior. This agreement has still to be approved by the British parliament, the federal council and Aden's legislative council. To bypass dissent, the life of Aden's council, which was due to end this December, has been extended by a further year. The council was chosen by about a quarter of the electorate (the trade unions boycotted the elections) at a time when there was no thought of federation. If a future council decides that it wants to secede, the British Government may, after six years and if all attempts at conciliation fail, withdraw Aden from the federation. As this indicates, the constitutional advance promised the colony does not include a whisper of independence.

The merger of the port with its hinterland is an obvious economic necessity. Done in this way, at this time, its unhappy political implications are no less inescapable. In Aden, there are the roots of democratic institutions and the muddled beginnings of political thought. The protectorates are run, with the help of British advice and money, by family groups who have made up their own constitutions, some more benign than others. To the most vocal of Aden's opposition groups, the People's Socialist party (the political voice of the powerful Trades Union Congress) the protected rulers are a bunch of primitive reactionaries. Aden will have 24 members in a federal council of 84 members; the federation will control the key functions of government—but not Aden's defence or foreign relations where the British voice will still prevail.

The impetus for the merger is British concern to give political solidarity to the base at Aden. This is now being built into a vital military complex with responsibilities extending from the Persian Gulf to central Africa. Leaving aside the overwhelming question whether a strategy that depends on a territorial base on a part of the Arabian mainland is sensibly conceived, it is doubtful whether the decision to attach Aden to a collection of friendly sheikhdoms will add much ballast, or even buy much time. British policy would make sense only if Aden were insulated from all Arab, or indeed African, streams of thought. As it is, situated at the tip of the Arabian peninsula, Aden is blown by the cross-winds of nationalism. Economically, Aden's migrant workers (three-quarters of them Arab) depend on the base, but the British Government has surely been burnt too often to believe that, in the final analysis, economic interests prevail over nationalist sentiments.

SAUDI ARABIA

Democracy Thrust Upon Him

ONE of the more curious visions of the week was that of Saudi Arabia as a welfare state under a constitutional monarch. The visionary was Prince Talal, one of the many sons of the late King Ibn Saud, whose imaginative powers have helped to lose him his passport (a special one for princes). On August 15th, the prince arrived in Beirut without his passport, having heard that his property in Saudi Arabia had been confiscated and his allowance stopped by order of his half-brother King Saud. (Saudi authorities have since claimed that they are only occupying the prince's houses temporarily while they search for incriminating material.) The ostensible reason for his disgrace was the congratulatory cable he sent to President Nasser when the Egyptian rockets were launched. This was a challenging thing to do at a time when President Nasser and

Saudi seer Prince Talal

King Saud were busy accusing each other of godlessness, but the real reason for his fall, Prince Talal now insists, was his consistent demand for constitutional reform. It is true that when, last September, Prince Talal lost his briefly held job as minister of finance, one of the reported reasons was his mention at a Beirut press conference of plans for a Saudi Arabian national assembly.

On August 19th Prince Talal, accompanied by three other dissident princes, moved on in state to the United Arab Republic, travelling on temporary Egyptian papers. His views, adapting themselves to the heady Egyptian air, shifted leftward. At a press interview in Alexandria he expressed his belief in Arab socialism although, as he said, nationalisation was not fitted for Saudi Arabia since there was nothing there yet to nationalise. His programme was to start up state-owned industries, to distribute the land to the peasants and establish co-operatives for them. He believed that the oil companies would increase their royalties (he mentioned 75 per cent as a fair figure) if the money did not, as now, slip into the pockets of a few. But, above all, he stood for social justice so that the Saudi poor might, at last, be transformed into "human beings." Nobody would dispute with Prince Talal the need for Saudi Arabia to emerge into the light of a more modern world. It is perhaps more doubtful whether the task of renovation in Saudi Arabia will in the end be left to a prince, even a lively and open-minded one like Talal.

MALTA

Why Not?

If Malta really wants its independence within the Commonwealth, as its prime minister, Dr Borg Olivier, said he did after his final brush with Mr Sandys this week, it is becoming increasingly difficult to see any good reason why Britain should stand in its way. After all, Malta has a population twice the size of that other hard-up island and Nato base, independent Iceland. Dr Borg Olivier had been piqued by the size of the financial aid offered to him after his eight weeks in London (some of them spent kicking his heels while the Government was reshuffled and ministers flew off on other business). He had asked for various reliefs adding up to £8¾ million immediately, or £26 per head for Malta's 329,000 people, but in a way which suggested that he might want still more later. Mr Sandys was ready to disburse only £100,000 immediately (or 6s. per head) to meet the recurrent budget deficit, and to make a redeployment of some grant and loan moneys on projects still to be agreed on the capital side. Hence, no doubt, Dr Borg Olivier's sniffy complaint that he had not come "to make a silver collection."

What the Maltese government has gained is permission to seek foreign economic help

Dr Borg Olivier: off with a sniff

and to negotiate Maltese association with the common market. Dr Borg Olivier should certainly try to take advantage of this, but he is likely to discover that neither avenue is more promising than a continued relationship even with a currently unforthcoming Britain. As a flesh creeping rejoinder to Mr Sandys he declared that the door had been opened "to elements which are unfriendly to Nato in Malta." If this was a reference to Mr Mintoff, it is still by no means clear which countries the Maltese Labour party could call on that could see much benefit to themselves in subsidising the island. Communist aid (if it were forthcoming) would not be at all acceptable to the Maltese church, which, in fact, presented Dr Borg Olivier with his last electoral victory over Mr Mintoff.

Malta's economic problem is part of the wider troubles of the poorer southern periphery of Europe, from Portugal below the Tagus to the Greek islands. Now that Malta has lost the strategic importance that made it a relatively better-off Mediterranean community, it has few advantages that would automatically put it higher on the list for common market investment than the Six's own underdeveloped areas. A broader European community (or an integrated Nato one) would certainly have a responsibility towards areas like Malta. In these circumstances Britain's total contribution to an investment fund would and should undoubtedly be more than Mr Sandys offered last week. There is a case for giving an independent Malta a fair dowry to replace the present subsidy. But is it a severance payment that Dr Borg Olivier is asking for?

KURDISTAN

No Help for Highwaymen

General Qasim's unavailing attempts to bomb the life out of the continuing Kurdish revolution in northern Iraq have now entangled him with his Turkish neighbours. Several times in the past two months, Iraqi military aircraft hunting for Kurdish guerrillas in the mountainous frontier region have crossed the line and dropped their

bombs on Kurdish villages in Turkish, instead of Iraqi, territory. The Turkish government, displaying remarkable restraint, was inclined at first to pass these incidents off as regrettable mistakes. But the "mistakes" persisted until, on August 16th, Turkish fighter aircraft patrolling the frontier shot down an Iraqi intruder. Since then, there have been no further violations and the Turkish government, still apparently anxious to believe the best of Baghdad, on Monday called off its patrol flights.

Turkish restraint has not been reflected in Baghdad. In dudgeon, the Iraqis have accused Turkey, in turn, of violating Iraqi air space and have demanded both apologies and compensation. The Turkish government is charged with allowing or perhaps encouraging (in collusion with Britain and the United States) the "mutineers and highwaymen" who use Turkish soil to hatch up aggression against Iraq. This charge is among the wilder of General Qasim's aberrations. However much the Turkish

government may shrink from Baghdad's leftward-leaning policies, it is unlikely to lift a finger to help the Iraqi Kurds in a revolt that is bound to be having repercussions among Turkey's own Kurdish population, known, euphemistically, as "mountain Turks." Mullah Mustafa Barzani, the leader of the year-old revolt, is fighting for autonomy for the Kurds within Iraq; he is reported as saying that the traditional idea of an independent Kurdistan embracing the tribesmen in Turkey, Syria and Persia is "impractical." All the same, the Turkish government's tolerance of the Iraqi intrusions may have had behind it a more solid consideration than diplomatic good manners.

PRISONS

Full House?

If the prison population goes on rising, it will very soon make nonsense of the new prison building programme, which was designed to reduce overcrowding—over 8,000 prisoners now sleep three to a cell—and eventually to replace the antiquated monstrosities of the past. It will also place far too heavy demands on already undermanned staffs. The total population of prisons, borstals and detention centres at the end of last year was over

30,000, and the average daily population for males only has increased within ten years by about 25 per cent. Nor is there any sign of the annual rate of increase slowing down. What can be done about it?

One answer can be found in the prison commissioners' report for 1961 (Cmnd. 1798, 11s. 6.). The prisons are still receiving people unnecessarily. Of the average male population of 28,094 last year, about 1,600 were untried prisoners and 442 were civil prisoners; there should certainly be room for some reduction of numbers here, instead of which the police seem to ask for, and magistrates to grant, remands in custody even more freely than in the past. But the great bulk of the prison population naturally consists of people sentenced to prison without the option of a fine; the number of men and youths in this category in 1961 averaged about 18,000. Of these, over 6,000 were Star prisoners, that is, were over 21 years old and were serving their first sentence. The subsequent record of Stars is notably good; of those discharged in any one year, well over 80 per cent of the older age groups do not return to prison, and about three-quarters even of those in their twenties. Is there not a case for suspending the prison sentence passed on many of these men?

Even so, the problem will remain formidable. The public has its part to play in accepting proposals for open prisons put forward by the prison commissioners instead of resisting them. The prison staffs will have to realise that many of the old rigid rules and some of the unnecessary discipline will have to be waived in the interests of economising in manpower. At a recent conference, a prison officer complained that because of staff shortages a prison was being run on the good will of the inmates. Three cheers—that is just what is wanted. Lastly, it must be more widely realised that in prison a potential labour force is at present largely idle. Last year, the value of the goods and services supplied by prison labour amounted to a paltry £44 a head, compared with nearly £900 outside. This is an appalling waste.

HUNGARY

Rakosi Expelled

In preparation for the Hungarian party congress in the autumn, Mr Kadar is doggedly pursuing his efforts to give a new look to Hungarian communism. A number of decisions by the central committee, announced on August 19th, are clearly designed to emphasise his determination to repudiate the bad old days of Mr Rakosi. The central committee has decided to rehabilitate 190 persons who were illegally imprisoned at that time and who have never since had their rights fully restored. Mr Karoly Kiss, who was particularly ruthless in suppressing those who took part in the 1956 rising, has been turned out of the politburo (but not out of the central committee) for failing to repudiate his part in the illegal trials of communists during the Rakosi regime.

Finally, 25 persons, including Mr Rakosi himself and his former colleague, Mr Ernoe Geroe, have been expelled from the party; most were implicated in varying degrees in the series of staged political trials, mostly of communists like Mr Rajk, between 1949 and 1953. Significantly, in the context of Jugoslavia's present improved relations with its communist neighbours, Mr Rakosi's guilt is said to be all the greater because of his "groundless suspicions" against the leaders of other Communist parties (for example, Marshal Tito?) which "caused immeasurable damage on an international scale." Mr Rakosi is in exile in Russia, and Mr Geroe, who was allowed to return to Budapest early last year, lives in obscurity and is in poor health; their party membership since November, 1956, has anyway been purely nominal. Their expulsion is therefore largely a symbolic gesture; but it is none the less significant for that. After all, Mr Khrushchev has never gone so far as to expel from the Russian party any members of the "anti-party group." Mr Rakosi, for his part, has never been without his sympathisers inside the Hungarian party—which, on being reconstituted just after the rising, naturally got more than its share of diehards.

It is not clear how dangerous these stalinist survivals now are within the top leadership. There is no confirmation of this week's Viennese rumours of an anti-Kadar conspiracy among leading officials. But within the middle and lower ranks of the party there has been considerable opposition to the more liberal policies that Mr Kadar has been trying to pursue since the 22nd Soviet party congress; his policy of putting efficiency first and giving important jobs, especially in industry, to non-communists is particularly resented. This opposition has been openly admitted and openly attacked in the communist press; and last month an article in the official party journal *Partelet* bluntly declared that those who could not co-operate with non-party experts would have to be transferred to other jobs.

Mr Kadar evidently feels strong enough to take a tough line with his communist critics—but perhaps not strong enough to denounce the numerous miscarriages of justice perpetrated against non-communists during the Rakosi regime, or to complete the release of all those imprisoned after the 1956 rising. Or are these points on which he and his communist critics are agreed that nothing should be done?

CHINESE STUDIES

Fiction, Peking Style

"Soviet literature—yes. Chinese literature—no," is a view shared even by those westerners passionately devoted to the cause of Chinese communism. Pasternak and Yevtushenko can be read and enjoyed, but hardly a western soul can stomach the literary output of contemporary Peking. There have been doubts whether the Chinese can take it either. One way and another, Chinese communist litera-

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ture has tended to be left unread in the West. In an effort to correct this situation, the *China Quarterly* held a conference at Ditchley Manor, near Oxford, from August 13th to 17th. Mao Tun, head of the Chinese writers' union, had been asked for his thoughts on literature and its relation to communism, but remained silent in Peking. Those Chinese who came did not come from the mainland; but they brought a scholarly detachment and an understanding of China.

China's literary world under Mao Tse-tung contains the sort of paradox one half expects of any human system. Mao has always held that to transform traditional China into a communist society would need not only mass armies, but also mass literature. It would no longer do for literature to be above the heads of the peasants and the workers; it must be something which they could understand and associate themselves with. In this vein the "down on the commune" and "girl loves factory" stories—which seem like Chinese versions of "The Archers" or "Mrs Dale's Diary"—are meant to inspire the Chinese masses with the idea of communism and teach them its ways. But even the doctrinaire Mao Tun has to admit that most of the writers writing in China today desperately need to improve their style. Already it is noticeable that the old patterns of constructing stories and novels are being used, while the denunciation of the old literary ideas goes on. It is amid all this that one prominent nonconformist amateur stands aside from Mao's literary canons. He is none other than Mao Tse-tung himself, whose writings can be accused of classicism, romanticism, individualism and even sentimentalism.

Socialist realism has greatly restricted China's writers, but perhaps not disastrously. When the communists took control of China nearly all the literary talent remained, and Lao She, the author of "Rickshaw Boy," returned. In the past China's writers have managed to produce great works within the narrow margins of freedom which no system of control can entirely remove. Thus it does not do to give up hope for the Chinese intellectual, or for the peasant and his reading.

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LORD CHAMBERLAIN

The Regulator

As the new Lord Chamberlain of Her Majesty's Household, Lord Cobbold, the former Governor of the Bank of England, will no doubt prove exemplary in arranging state ceremonies, granting royal warrants and even (should it be necessary) appointing poet laureates. But to nine-tenths of the country any Lord Chamberlain is inevitably the rather pompous ass who cuts the brightest lines out of otherwise unremarkable West End revues. It would be a relief to nearly everyone if, when he takes over from Lord Scarbrough in January, Lord Cobbold were to reduce this branch of his office's activity to a minimum.

That is probably the best that can be done. If the censor's shop were to be shut up altogether, liberal theatre critics say they would be delighted; but closure would gravely inconvenience the declining theatrical industry, by rendering risqué shows liable to direct prosecution for obscenity and by exposing the works of J. M. Barrie to the salacious imaginations of local government watch committees (*vide* Bradford's opinion of Arts Council nudes). The blunt fact is that theatre managers would then be much more timid than they are now. At present the news that the Lord Chamberlain has cut some lines can give bitter young playwrights and knowledgeable theatre managers one of the most effective forms of metropolitan advertising. This is another reason why Lord Cobbold should make cuts very rarely. He should watch the trade cycle at the box office, and recognise that his interventions here, unlike Bank rate, can sometimes inflate what he originally wanted to discourage.

Lord Scarbrough may well quit the Lord Chamberlainship, after a decade of theatrical activity, with relief. It is easier to be a straightforward censor of morals (which the Lord Chamberlain is not) than a judge of public taste. It was not until 1958 that Lord Scarbrough judged the general theatregoing taste to be advanced enough to accept "sincere and serious" plays on homosexuality like *Cat on a Hot Tin Roof*. His more recent brushes with revue authors have been excessively silly. If President Kennedy sees no objection to satirical sketches about himself, it is impossible to see who else can pretend to be offended by any such lampoon on "a friendly head of state." The same point applies to official touchiness about any references to Britain's head of state. Where the royal family is concerned commercial managements are always likely to be much too sensitive to audience reaction to get seriously out of line, and it seems invidious to all concerned that the censor should have to be an official of the household.

PROTECTION OF SKILL

Copyright in Design?

Any industrial design can at present be registered in Britain providing that it is "new and original"—which is interpreted to mean that it has novel features that differ from any previously registered design in more than immaterial details. Provided that the Patents Office accepts it for registration—after a process of search of the designs already on the register, and recent trade periodicals, which is not nearly as rigorous as the search applied to patent applications, but seems fairly effective—the designer gets an absolute monopoly against infringement of this design, even if infringement occurs by chance and not by deliberate copying. But in granting this "design monopoly" the Patent Office excludes "representations of human beings, animals and existing objects," unless these are peculiarly distinguished or stylised in appearance.

A departmental committee of the Board of Trade has now recommended that this system of registration should be supplemented by a system of copyright in design, similar to that applying to original works of art. The essential difference between copyright and the registration system is that copyright would not exclude representations of existing objects, however exactly representational these might be; but in order to prove infringement of copyright, it would have to be shown that the design had in fact been copied, and was not merely a design, however similar, arrived at by chance or by equal precision in representing some actual object.

Original skill and labour may be embodied in even the most slavish reproduction for a model; and the proposed copyright system would protect this skill from anyone who simply mechanically reproduced an exact copy of somebody else's design. One company giving evidence to the committee said that when it sent out an original model of a stove front on a Monday morning, the design might be copied and offered for sale in competition with the original before Saturday night of the same week; and more cheaply because the copyist saved the original cost of the design. Not all industries, however, wanted the extension of this further protection to new designs. Certain fashion industries such as footwear, where the "fair following" of new trends in design is accepted as necessary and useful to the trade as a whole, oppose the idea. The departmental committee thinks that the Board of Trade should have powers to exclude particular industries and classes of product where it was persuaded that exceptions would be desirable.

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BOOKS

Throwing Up the Innovators

Theories of Economic Growth and Development

By Irma Adelman.

Stanford University Press. London: *Oxford University Press.* 174 pages. 30s.

On the Theory of Social Change

By Everett Hagen.

Dorsey Press, Illinois. 574 pages. $7.50.

MRS ADELMAN has neatly implemented the idea of setting out the growth models of Adam Smith, Ricardo, Marx, Schumpeter and the neo-Keynesians in the same semi-mathematical terms and within a common framework. Viewed as an answer to an examination question of the "compare and contrast" variety, her essay rates an alpha plus for its elegance and brevity. Viewed as an answer to the non-academic question of why country X is growing as fast or as slowly as it is, however, the book is not much help. The policy recommendations which the author attempts to distil are either too vague ("governmental agencies must play an active role in the planning process") or too general ("industries such as metals and investment goods in general ought to be emphasized") as the example of Hongkong will indicate.

These defects are not surprising. Models of this sort presented in skeleton form, however elegantly, simply do not suffice to explain economic development. The evolution of an economy can, of course, be described in terms of a small number of measurable variables, if the necessary statistics are available, but it cannot be understood without reference to a host of factors peculiar to the economy in question. Nor is there any reason to suppose that the same policy recommendations will be right for Albania as well as for Honduras.

The objection raised is, therefore, that models as simple as these are either only very generally right or are particularly wrong. There is, however, a more fundamental point to be made. This is that even an extended and particularised economic model such as is easily conceivable would only explain the speed of growth once it has started, but could not explain the actual start of development. It is all very well paying lip service to the "relationship between technical progress and socio-cultural change", but none of Mrs Adelman's equations says anything about the exact nature of such a relationship. She recognises that entrepreneurial talent is necessary to growth, but her survey contains no discussion of why some societies do and others do not throw up entrepreneurial types.

Professor Hagen, an economist of repute, goes so far as to assert that economics can contribute very little to the understanding of why growth starts. He briskly dismisses various alleged economic barriers to growth, such as the size of markets and inadequate saving, and then gets down to examining the factors that cause a traditional society to become one where economic growth occurs. His basic, obvious and important point is that the personality of innovators is different from that of members of a traditional society. Since a large number of innovators are required for economic growth to start, it follows that a necessary pre-condition is a change in personality on the part of one or more groups in society. Personality, however, is largely formed during childhood, so any explanation of a process of personality change must run in terms of the impact of change upon childhood and the consequences of this, after a few generations, for personality patterns and behaviour.

All this is, or should be, obvious. But so are most important truths in the social sciences, a fact that has not automatically enabled people to see them. It is the great merit of Professor Hagen that he faced the obvious, learned psychology and anthropology and wrote this book. Whatever the experts may think of the details of the exposition, there can be no doubt that in combining several disciplines and attacking the problem as he has, Professor Hagen has made one of the most significant contributions to the literature on economic growth.

The first question tackled is the stability of traditional societies. Why, in other words, do they provide a childhood environment such that adults manifest no desire to change the hierarchical character of society, the rule of custom or existing methods of production? What are the characteristics of the "authoritarian" personality involved and how do they differ from those of creative personalities? The answer takes over a hundred pages and defies summary, but it should be noted that a great deal of it is fairly standard psychology and anthropology.

The second question is when and how social groups will emerge with the "innovational" personalities essential to the initiation of economic growth. Professor Hagen suggests that the basic cause of such a change is that some group realises that its purposes and values in life are not respected by other groups whose esteem is important. Thus in Japan the policies of the Tokugawa had a depressing effect on the samurai; in Russia the religious changes in the 1660s constituted a rejection of the Old Believers. His examples are few, but are mostly discussed in great detail later on. Meanwhile, he goes on to suggest the processes by which the "withdrawal of status respect" ultimately leads to the development of creative personality several generations later. This section of the book is the most speculative and the most difficult. The reader who is not himself a professional psychologist will accept the argument as being plausible while retaining an uneasy feeling that another author might have made an alternative analysis seem equally convincing.

The second half of the book is nearly all taken up with case studies: England, Japan, Colombia, Indonesia, Burma and the Sioux, the last two being examples where development has been hampered by reactions to colonial rule. These case studies are erudite, challenging and interesting. What is more, they include the results of some field work done by the author and his collaborators; thus there is an ingenious attempt to examine the religious affiliation and social background of innovators in the industrial revolution in this country.

After all this it is not surprising that the book took almost six years to write, three of them full time. The Centre for International Studies (at the Massachusetts Institute of Technology) where Professor Hagen wrote it has sponsored an extremely stimulating and valuable piece of interdisciplinary research.

Clio's Many Faces

Approaches to History. *A Symposium,* Edited by *H. P. R. Finberg.*

Routledge. 231 pages. 25s.

THE nine essays contained in this volume have been written by distinguished specialists in some particular branch of historical study—local history, social history, universal history, the history of art, field of learning and to render its fruits more accessible to those outside it. All are well written and interesting; Professor Bindoff on political history, Professor Hall on the history of science, Dr Finberg on local history and the late Dr Wainwright on archæology and place-names have, in particular, achieved a sense of space and depth remarkable in so constricting a form.

All the contributors are, necessarily, out to make a case for their own subjects, but it is instructive to note the differences in the manner of presentation. Professor Hall, for instance, devotes most of his space to a lucid and critical survey of the historiography of his subject. Dr Finberg makes a convincing claim for the insight into national history that only a scrutiny of local history can give. Dr Wainwright, so far from making extravagant claims for the study of place names, explains the methods and the difficulties of the technique with a mastery that inspires more confidence than the resounding tones in which some other scholars champion their less exact and less exacting disciplines.

It is, incidentally, an illuminating commentary on the recent development of historical studies that Dr Perkin should boldly claim for social history the supremacy so long accorded without question to political history; and that Professor Bindoff in his persuasive vindication of the traditional view should adopt a distinctly defensive posture. This book is one that every student of history will find informative and stimulating. And the general reader who opens it out of intellectual curiosity will widen his horizon.

One and a Half Parties

Parties and Politics in Contemporary Japan

By R. A. Scalapino and J. Masumi.

California University Press. London: *Cambridge University Press.* 202 pages. 30s.

THE last occasion on which Japanese politics became colourful enough to attract the attention even of the British press was in 1960. In the warmth of early summer, with the economy booming and the Government party filling two-thirds of the Diet seats, there seemed no obvious reason why the ratification of a security treaty with the United States should set off a crisis of such dimensions that government was paralysed for a month, a goodwill visit by Mr Eisenhower had to be cancelled because of continuous rioting, and in the shock and shame of it all the cabinet was forced to resign. It was stranger still, perhaps, that after an election which changed nothing and the formation of a new cabinet hardly distinguishable from its predecessor, Japanese politics should suddenly have reverted to their normal prosaic unobtrusiveness.

The elucidation of this incident is the peg on which Messrs. Scalapino and Masumi hang their able analysis of the intricacies of Japanese politics. Japan has a two-party system, but it is one which "in an age when the science of power is increasingly being mastered" seems in danger of becoming permanently a one-and-a-half party system. The conservative Liberal-Democrats may well keep their monopoly of power and confine the Socialists to their third share of the Diet seats, no longer, perhaps, because the electorate is content to ratify the authority of "natural" leaders, but increasingly because of the effective distribution of "benevolences" which a ruling party can command. Both parties are single-interest-group parties, the Liberal-Democrats intimately linked with business, the Socialists with the unions. Both are "cadre parties" of professional politicians with little organisational roots among the electorate. Both share certain attitudes deriving from traditional Japanese social organisation—a preference for resolving differences through private negotiation rather than public debate, a preference for unanimous, and a suspicion of majority, decisions. And yet neither is a fully integrated party; both may be best described as a loose federation of factions.

The book's most useful contribution lies in its analysis of the origin and composition of these factions, and the account of the Security Treaty crisis, which concludes the book, demonstrates one part of the authors' thesis: that a stable coalition of a majority of the factions of the Liberal-Democratic Party is a necessary condition of political stability. But they also show how tenuous that stability is bound to be. It is no longer enough for the Liberal-Democrats to be concerned with the nice distribution of power and prestige and the Socialists with the preservation of the purity of their ideology. The crisis of 1960 aroused public feeling to the point where the issue could not be contained within the Parliamentary framework simply because the parties were closed groups inadequately in touch with their electors.

The authors see signs of change, however, in the growth of interest-group organisations, in the attempts of the parties to create constituency branches, and in their increasing tendency to appeal impersonally on policy issues to the floating voter. Perhaps they are right. Luckily Japan is one of the few countries that can afford a gradual political evolution. A booming economy can tolerate a good deal.

An Establishment in Opposition

The Twilight of Federalism: *The Disintegration of the Federalist Party, 1815-1830*

By Shaw Livermore, Jr.

Princeton University Press. London: *Oxford University Press.* 302 pages. 48s.

ONE of the most encouraging aspects of recent American historiography is the fresh study of party history, a development that is only beginning to be visible in this country. Dr Livermore's book is a valuable addition to the corpus of revision of old legends. It is not a blockbuster like Professor Benson's "Concept of Jacksonian Democracy," but it is learned, fair and thoughtful. Dr Livermore is concerned to show that the Federalists did not simply fade away, after the end of "Mr Madison's War"; they existed as an important if disunited and, in great matters, impotent force until the old party system was dissolved in the Jacksonian revolution.

A great deal of the book will interest only the chosen few who enjoy the details of American politics: much of the discussion and intrigue hardly reached the level of parish pump politics. But it has a general, indeed, a topical interest. For it illustrates the failure of a would-be ruling group to adjust to the realities of their situation. The Federalists, "the good, the wise and the rich," had served the republic well in the first decade of the new constitutional epoch. Whether they could have continued to serve it profitably if Hamilton and John Adams had not loathed each other is a matter for speculation. Possibly the group that Professor Manning Dauder has called "the Adams Federalists" might have expanded if there had been no feud and if John Adams had had any managing talents. As it was, they were opposed by a master manager, Jefferson, who, in addition, had the feel of the country. The result was that the Federalists found themselves in the ludicrous position of an Establishment in permanent opposition; they were a group of Old Etonians without an Eton. Dr Livermore glimpses this truth if he does not stress it. "One cannot help but wonder if Federalists looked in the wrong places to account for their many defeats." One cannot indeed.

But Dr Livermore does not deal with an intrinsic weakness in the Federalist position. He ignores the importance of the emigration of the Tories in the revolution. Most of the "best people" had left the United States and never came back. Why should the masses of the people, not to speak of Virginian gentry like Jefferson and Madison, take seriously the aristocratic pretensions of the Federalists? They had genuine blue-bloods like the great Catholic landowner, Charles Carroll of Carrollton. But most of them were new men who had done well out of the Revolution, Balzacian characters like the rising Lowells and Cabots. The Federalists recall, with depressing fidelity, the French *gens bien* after the establishment of the Third Republic. There is the same belief in dodges like a restricted suffrage, the same comforting faith that they represent *le pays réel* as against the mere *pays légal.* There is another parallel. What doomed the Federalists (if indeed they ever had a chance) was the semi-treason of their New England wing. They were not allowed to forget the Hartford Convention where the élite of New England met to liquidate "Mr Madison's War" just as it was ending in peace and in the brilliant, if pointless, victory of New Orleans. The Federalists were like the Vichyites; they despaired too soon of the republic. There were honest and capable men among them like Rufus King; there were odious characters like Timothy Pickering and professional announcers of doom like Timothy Dwight. There were also great politicians destined to great things like Daniel Webster. But the Federalists deserved their fate. Their last years were spent in intrigues no more interesting or dignified than manoeuvres to make "Pop" at Eton or "Skull and Bones" at Yale.

Early Victoriana

The Making of Victorian England

By G. Kitson Clark.

Methuen. 325 pages. 30s.

HUNDREDS of undergraduates heard the Ford lectures for 1960 at Oxford; scores of thousands of people heard a much abbreviated version of them in the Third Programme. They have now appeared in book form, supplemented by the references

scholars delight in and lecturers and broadcasters omit. The book consists of a useful summary of the work that Cambridge historians are doing in some parts of mid-nineteenth century English history, and makes valuable corrections to the accepted doctrines on the subject. For instance, the author discusses briefly whether the phrase "Industrial Revolution" may be used as everybody but the pedant uses it; agrees that it can; and makes the more interesting remark that "It was in fact morally neutral. It was not directed with any certainty to any particular end." He emphasises what most political historians neglect: that many significant activities had no connection with the political stratosphere at all. Other subjects he covers in outline are population growth, religion, higher education, and class. The connection between these two last is brought out neatly:

> It came to be assumed that a gentleman would have had the education of a gentleman, a proposition which might in time carry the convenient converse that someone who had had the education of a gentleman was likely to be a gentleman.

And his sketch of the strengths and weaknesses of the numerous Christian churches and sects in Albert's England provides the best available modern summary.

The other important subject the author covers is government by the civil service, of which he expounds both the origin and the necessity. In the nineteenth century people were in many ways less barbarous in their outlook than they had earlier been; this made the living conditions of the new-built industrial areas socially intolerable. But

> if the power of the community is to intervene effectively in the complicated problems of modern society, it must be guided to its task by experts. . . . The general public must not only surrender its freedom, but surrender it to the control of servants whose actions it cannot understand.

This provides one of the points where one has to remember the title of the book to be sure which century it deals with; the age of civil servants who apply accustomed remedies because they are too sunk in routine to see that the remedies no longer apply is not over yet.

A substantial appendix by Professor W. O. Aydelotte of Iowa State University examines the business interests of the gentry in the parliament of 1841, and indicates that "the heavy involvement of the landed classes in business stands out clearly enough no matter how the figures are arranged."

The main defect of the book is the narrowness of its field. The author discusses industrial expansion in terms of its impact on society, without considering its purposes or the overseas markets much of it was intended to serve; foreign and defence policies are hardly touched on; nor—Ireland apart—does he embark on colonial or imperial questions. As a result the picture of England he presents is lopsided and insular. And his careful scholarship is marred by an occasional absurd statement, such as the one that chattel slavery has long been abolished, or that "manhood suffrage had been achieved" in this country by 1900. These only bear out his point that the recent historical field is becoming too vast for single intellects to master.

How to Co-exist

May Man Prevail?

By Erich Fromm

Allen and Unwin. 263 pages. **21s.**

DR ERICH FROMM'S politico-psychological studies, of which "The Fear of Freedom" is the best known, have generally worked outwards from psychoanalysis to politics. In this book his starting point is his feeling of despair with the theory of nuclear deterrence, which he believes has practically no chance of keeping the peace. He has nothing but contempt for the new book-keepers of nuclear death like Herman Kahn. Let us not dwell too much on the horrors of war, peace is horrible too, Kahn once said.

Hard as it is, the only sane policy, Dr Fromm protests, is multilateral disarmament, Russia being offered doses of inspection increasing with the scale of disarmament, and the West committing itself to total disarmament without mumbling doubts or reservations. The political counterpart must be East-West agreement to respect the status quo. If the West really wants to lighten the burden of Soviet rule in the satellites, it will never do so by threatening "liberation" in which it has already ceased to believe.

As for the uncommitted countries, Dr Fromm sees little point in western efforts to sell them systems of economic individualism that have long been superseded in every western country. The only choice for these countries is between different brands of socialism, and he thinks there is a good chance of Soviet-American acquiescence in democratic forms of moderate socialism in the new states such as would respect personal freedom while providing the economic basis for growth.

East-West agreement, however, is impossible—and this brings us to the core of the book—unless the Soviet Union is recognised for what it is, not a messianic force spreading communism by fire and sword, but a "conservative, totalitarian managerialism" chiefly interested in preserving itself and using ideology as a ritualistic exercise. "The only people who take Communist ideology seriously are we in the United States." Dr Fromm wants Americans to get wise to their habits of projecting their fears on to the Russians, imaging them as doctrinal crusaders when, as half the book shows, revolutionary zeal died in Russia before Stalin came to power.

Much of this is unexceptionable, though the psychology is sometimes given a wrench to make it fit the politics. The trouble is that the puzzle facing statesmen would probably stay the same, though it may be made easier to handle, even if Dr Fromm's "anticipatory rationalism" were adopted. It lies in the simple fact that neither side can be wholly sure that the other, whatever its social system, will keep any disarmament promises it makes. Dr Fromm explains that ordinary people fear many possibilities which never eventuate. Unfortunately governments, especially on matters of national security, tend to work on the gloomiest assumptions. And who can blame them?

Ghana's Early History

Maclean of the Gold Coast

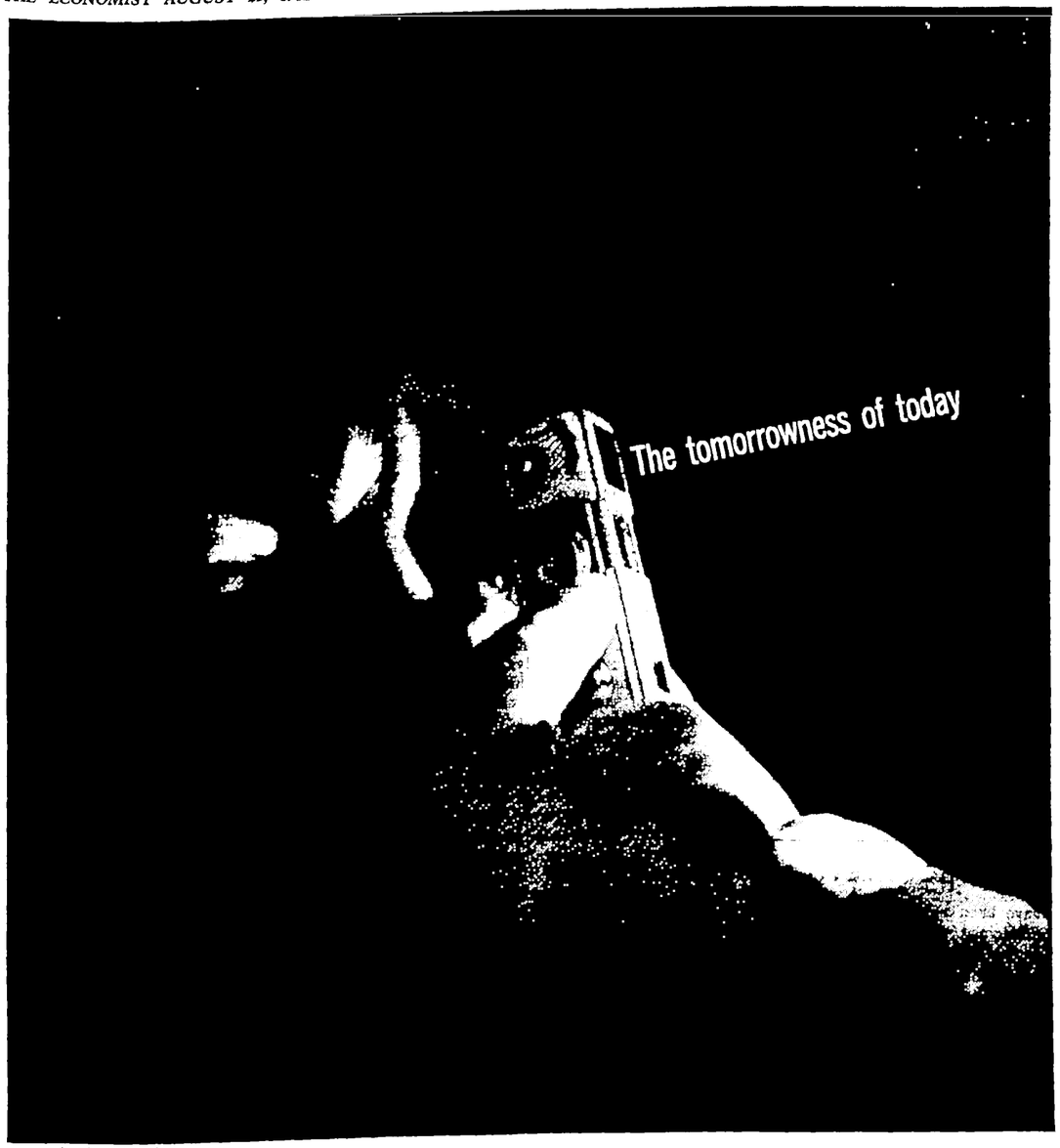
By G. E. Metcalfe.

Oxford University Press. 359 pages. **35s.**

THE more one reads about British imperial history the more one wonders how on earth we ever became a colonial power. Profit and philanthropy, often conveniently hand-in-hand, persistently asked for the assumption by the Crown of responsibilities overseas, but their suggestions were treated for the most part by successive British Governments rather as if they were improper proposals aimed at either the purity or the purse of a spinster. Mr Metcalfe's book, which deals with the history of what is now Ghana between the years 1827 and 1847, illustrates this theme with a meticulous and merciless fairness.

George Maclean was a singularly unsuccessful army officer, who went out to West Africa in 1826 largely because he could not get any other employment. He died there twenty years later, a legendary figure to his contemporaries and, in the vernacular, "the white man in whose time all men slept sound." Soon after he arrived the home government, fed up with its expensive and tiresome responsibilities, handed over the Gold Coast forts to a council of resident merchants. Maclean became president of this council. The council's charter was to administer and protect the coastal settlements "avoiding all interference in the disputes of the natives, except when they have reason to believe that their influence or mediation may be effectual for the preservation of peace or the termination of hostilities." Maclean's interpretation of this proviso led him to embark on policies and practices that were soon to result, with an inevitability which he cheerfully and the Colonial Office gloomily even then foresaw, in a hundred years of British rule.

Maclean was a controversial figure. Mr Metcalfe deals with all the controversial events and policies with which he was involved, whether they were political like the questions of domestic slavery and ritual killing in Ashanti or personal like the circumstances attending the death of Maclean's wife, with the detachment, regard for proven fact and careful judgment of a true historian. The book will bring no comfort either to those who seek to justify everything the British did in West Africa, or for those who seek to condemn it all. Kindness and injustice, honesty and hypocrisy, the good



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deeds and the bad are analysed and judged with scrupulous fairness. Only on the unorthodox, pragmatic Maclean himself does the author fail to pass a final judgment; and perhaps the best comment was made by the perplexed civil servant who said of him that he did much good "but I could never find out by what law he did it."

Critics' Critic

The Literary Critics

By George Watson.

Penguin. 249 pages. 4s. 6d.

THE title is an all-embracing one, but a glance at the cover makes it clear that English literary critics are Mr Watson's subject—though the modish typography, with its run-on lines, appears to include in the list such unfamiliar figures as Thomas Ry, John Dennis Alexan, William Wor and Matthew Ar. Sidney does not figure there, for he was more concerned with principles than with the description and evaluation of actual works of literature; and it is only descriptive criticism that Mr Watson deals with. Consequently Dryden (whose essays he recently edited) is the first on the list, which ends with the American New Critics. The chronological survey results in a kind of literary history, but with all the duller bits left out. There is no attempt to be exhaustive or to follow out the development of doctrines. It is the individual contribution, the characteristic method, the recognisable tone of voice that get full attention, and this makes for a lively book.

Mr Watson knows very well what he is talking about, and he speaks his mind. Several reputations are neatly punctured, and the weaknesses of even the greatest men carefully exposed; but there is such an evident relish for what is good and vital that we are left feeling braced, and inclined to believe that it is not so arid, after all, to read what a critic has to say about critics.

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Sociology Today

Social Theory and Social Practice

Hans L. Zetterberg.

The Bedminster Press. 190 pages. 30s.

Society: Problems and Methods of Study

Edited by A. T. Welford and others.

Routledge & Kegan Paul. 592 pages. 50s.

IT is, as the American author of the first of these two books points out, easy to say tulip, and hard to make one. In "Social Theory and Social Practice" Mr Zetterberg is concerned to show how practical treatment of social problems can be based on the theoretical knowledge that sociologists already possess. For example, he suggests, if a sociologist wishes to study the difficulties confronting any kind of organised opposition in a trade union, he can immediately draw on accepted theories of motivation, bureaucracy, power, authority and so on. On the basis of these ideas he can give a good analysis of the situation without having to indulge in yet another piece of costly research. We may, the author argues, still have doubts about the theories, but we cannot go on doing research for ever. Mr Zetterberg draws an interesting analogy between sociology today and medicine in the nineteenth century, and points out that if doctors had been similarly inhibited about the soundness of their theories, no one would have been treated at all.

In England this point has simply been ignored. The second book treats sociology as a statistical method for the study and analysis of social problems, and there is virtually no reference to pure theory at all. It consists of a collection of essays by many (though by no means all) of the big names in British sociology, and the sections cover a wide range of topics from road accidents to national intelligence. It is intended as a guide book to the subject for sociologists and laymen alike. Sociologists will certainly find in it a detailed study of Britain today, but laymen will probably find it hard going in places (why must academic sociology always be dull?) and it is not truly comprehensive. Apart from the theoretical gap, certain subjects such as social anthropology have been left out. The total effect is curiously flat, and the fact that there are four editors may account for the lack of a unified viewpoint of directive. If Mr Zetterberg would like some of his fellow-countrymen to borrow some of the English pragmatism, then a little more of the inspiration that lies behind American theoretical thinking would be welcome here. After all, compared with other scientists, sociologists are in a unique position, in that the objects of their study are simply other versions of themselves. Thus they start with a degree of understanding already available. It would be a pity if this understanding were to be buried forever under a pile of statistics, but the English book shows distinct tendencies in that direction.

Psychology and Poetry

Mirror of Minds

By Geoffrey Bullough.

Athlone Press. 279 pages. 35s.

THE trouble with this book is that it attempts to do far too much. It is an expansion of five lectures delivered at Toronto University in 1959, in which Professor Bullough examined changing psychological beliefs as they exhibit themselves in English poetry since the Renaissance. Current assumptions about man's relation with the universe, about the sources of his knowledge, about the various powers of the mind, are bound to affect the more philosophically-minded poets, in whatever age they live, and to consider how they write within the context of such beliefs is very well worth doing. When Professor Bullough writes as a literary historian, conversant with the ideas of the natural philosophers and the psychologists, he is, given a long enough perspective, very illuminating. There is a particularly valuable chapter on reason, the passions and associations from Dryden to Wordsworth. This is a period not much explored by the non-specialist, and there are unexpectedly interesting extracts from Prior's "Alma," Young's "Night Thoughts" and Akenside's "Pleasures of the Imagination." But even here, the wish to leave no stone unturned results in too rapid a survey of too many writers, and some rather banal comments on the better known ones; and when Professor Bullough comes to the twentieth century, it becomes apparent that the historian's feeling for inclusiveness is stronger than the literary critic's concern for intrinsic merit. When he gives himself time to consider a poet in some depth, as he does with T. S. Eliot, he is able to indicate some enlightening connections between philosophical ideas (those of Bradley and Bergson in particular) and the poetic handling of such themes as time and consciousness; but Yeats gets summary treatment, rather more attention being paid to Arthur Symons and Rupert Brooke.

When one considers that Professor Bullough is trying to do within the compass of this single volume something not unlike what Professor Willey has done in a series of quite massive books on the background of thought against which writers worked in the seventeenth, eighteenth and nineteenth centuries, one must admire his temerity and his powers of compression; but it is tantalising to be rushed from one topic to another and from one poet to another at such a breathless rate.

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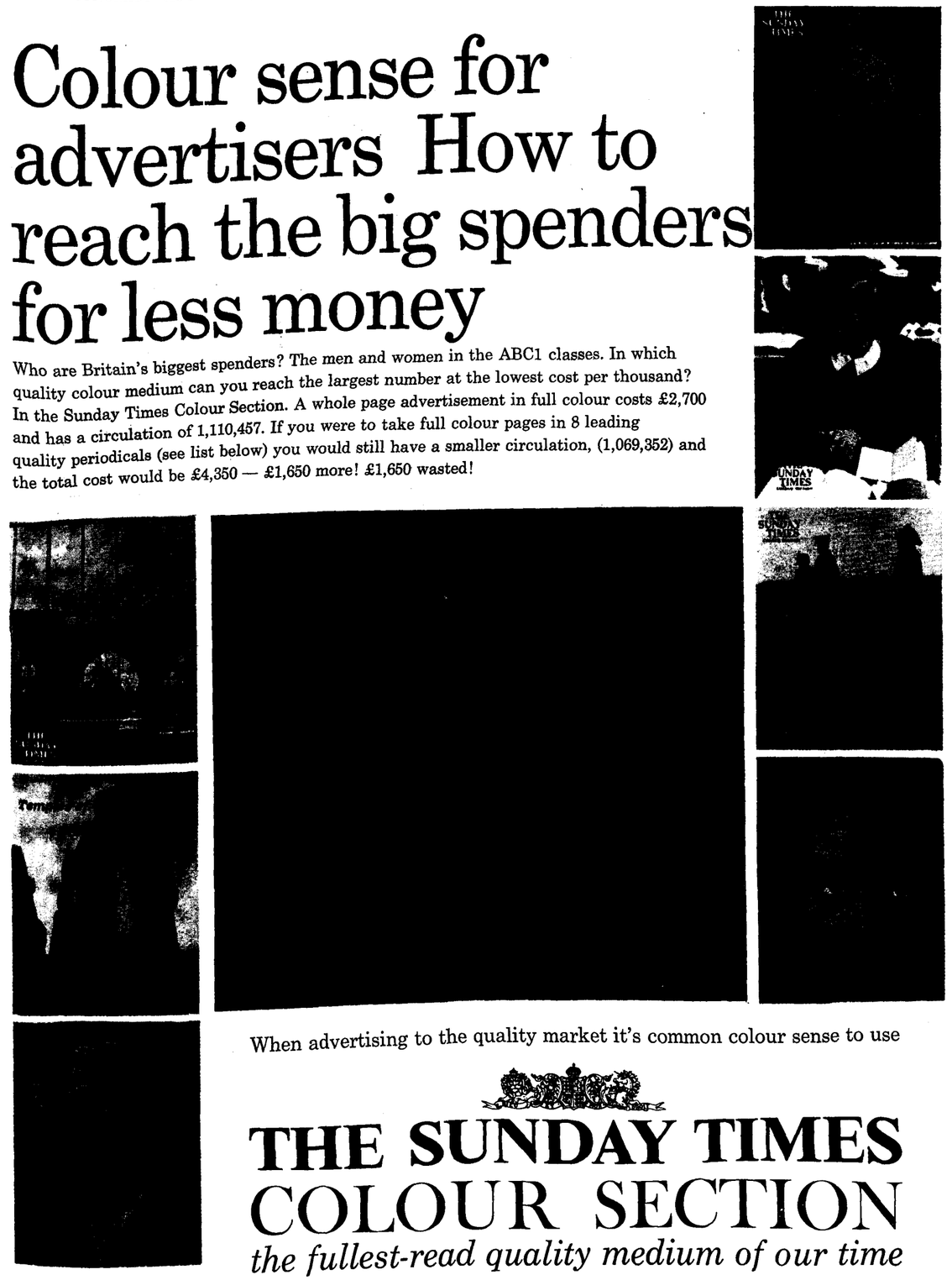

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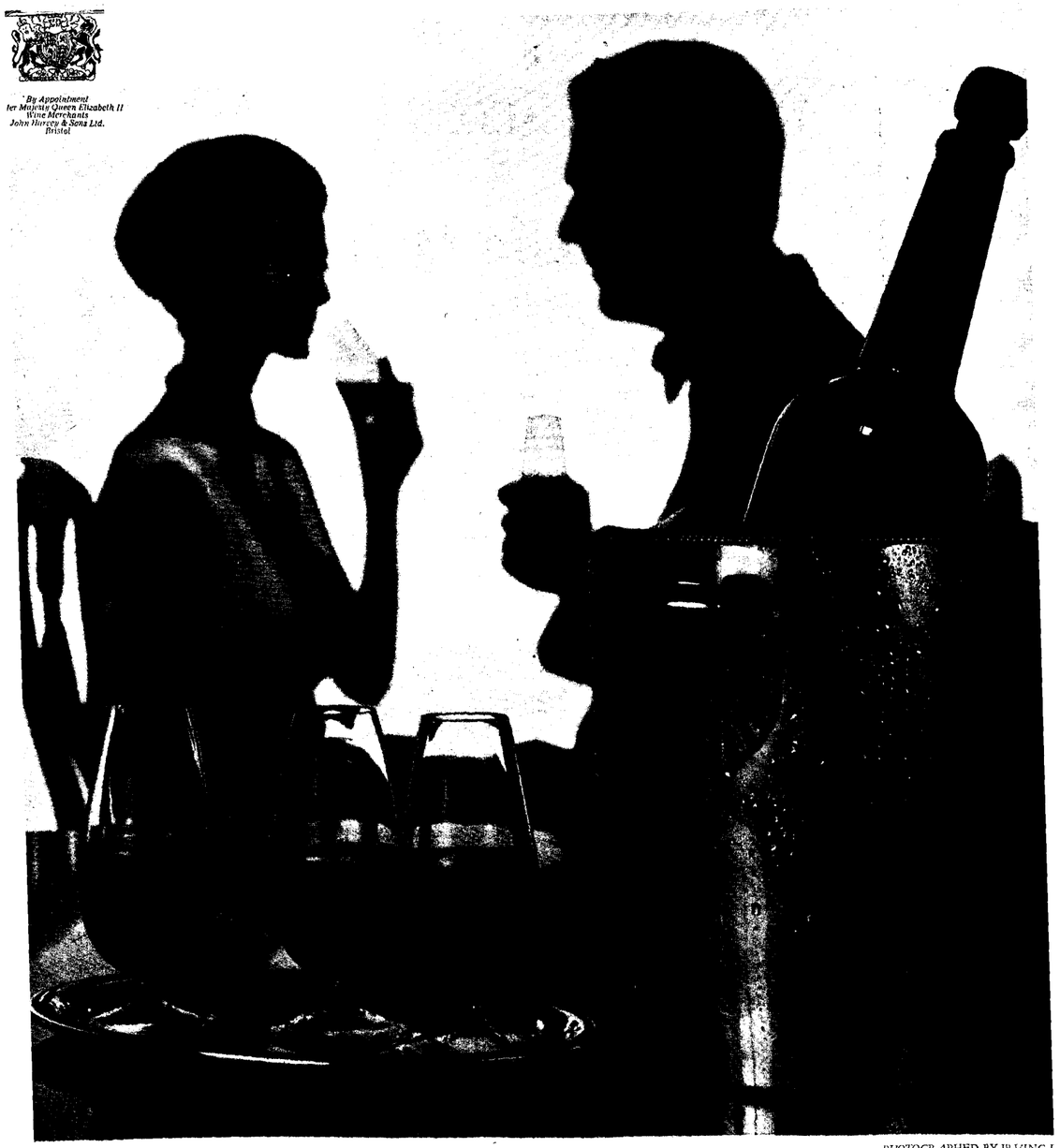

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Mr Noble: bitter inheritance

HOME REPORT

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

Scotland Marks Time

FROM A CORRESPONDENT IN GLASGOW

IT is still not at all clear what the Government means to do about the Toothill report on the Scottish economy, published last November. The new Secretary of State, Mr Noble, announced his considered (and very cagey) reactions on Thursday. They indicated no major innovation in policy on such central issues for Scotland as the distribution of industry in regions of slow, or nil, growth; changes in the Local Employment Act; or the future shape of the transport system. Since these depend on national decisions it is not surprising that Mr Noble refused to commit himself. More observations are promised later on: presumably this means that Mr Noble is still fighting his own battle inside the cabinet for the more fundamental changes that Toothill and others have called for—and in which north-east England and Merseyside are equally interested. But the Scots feel that they have most cause, among all the regions of declining opportunity, to insist on knowing the score as soon as possible. Is there a Government policy or isn't there? There is no doubt that Scottish morale has been sagging increasingly all year and that the Unionists (as the Tories are known north of the border) have never been less loved.

What is to be done about Scotland? Labour MPs and trade unionists are talking themselves almost into the belief that there is no future for it, so often do they preach the harsh facts of economic stagnation. Mr Noble himself, an Argyllshire gentleman farmer so recently elevated to run the Scottish Office and party machine in the north, has come into a bitter inheritance. There are 75,000 unemployed, 3.5 per cent of the working population (or more than double the national average). Emigration rose to 34,000 last year after running at a yearly average of 25,000, mostly drawn from the young and better-skilled, since 1950. Scotland needs 15,000 new jobs a year, but is currently losing existing work faster than new jobs are won. The coal board and the railways have either embarked on policies of massive closure or seem certain to do so. Some 35,000 jobs are said to be in the pipe-line at present, but these will not offset the existing retraction in steel, shipbuilding, engineering, coal, and transport.

While the Labour party demands more financial inducements to attract new industry to Scotland and, on the left, the direction of industry, the Tories complain that all this despondency merely drives potential incoming firms away. They also point out that strikes and go-slows at major projects like the Hunterston power station and the British Motor Corporation plant at Bathgate do not improve the Scottish image. Mr Noble remarks tartly, but with some truth, that Scottish industry has failed to make full use of the research and other facilities that the Government has already provided. But the non-party Scottish Council (Development and Industry) which produced the Toothill report is "pretty desperately concerned" and promises a bit of a battle when it sees Mr Noble and Mr Erroll, the President of the Board of Trade, next week; there are workers' marches; the kirk has voiced its concern, and even the right-wing press is full of anxious leading articles.

It is true that since the British Motor Corporation and Rootes were virtually driven northwards two years ago (to provide up to 20,000 jobs) there has been no sign of an integrated master plan. Six "development sites" have just been designated in the worst black spots, but industries will nonetheless have to be found to occupy the advance factories when they are built.

The most hopeful stirrings have been inside the Scottish Office itself. In June it was reorganised into two key departments, of which the challengingly-styled Scottish Development Department is officially felt to be of enormous significance. Its explicit purpose is to concentrate those economic planning, industrial, and allied functions hitherto somewhat clumsily dispersed around St Andrew's House in Edinburgh and Dover House in Whitehall. In this sense, at least, the Government has not let the Toothill proposals gather too much dust.

IN fact the Unionists have, for them, gone to unprecedented lengths in social and regional planning. Under the previous Secretary of State, Mr Maclay, the basic decision was taken to make 80 square miles of the Lothians (pivoting on Livingston new town and the nearby BMC plant) a focus of new activity to link the Clyde Valley conurbation with the slowly expanding industries of east Scotland. Here the Government is committed to public investment on a major scale. Two distinguished Scots, Professor Sir Robert Matthew, the architect, and Professor D. J. Robertson, the economist, have been engaged as consultants, and there seems to be at least one eye in high places on what the common market Investment Bank could conceivably do for this type of enterprise.

As it is, a substantial infrastructure has been built up in central Scotland generally over the past five years by way of the trunk roads programmes, the Forth and Tay road bridge projects, the Clyde vehicular tunnels, and Glasgow's central redevelopment and overspill. A long-overdue drive to step up technical education and industrial training is beginning to show results. The Unionists are right to point to all this, but it has plainly not produced a self-sustaining regeneration in time to cushion the present (and admittedly overdue) cuts in the older, unprofitable industries.

The Scots have been told repeatedly by their own pundits that the long-term answer lies in industrial virility at home, in economic self-help, and in the will to make Scotland boom without outside aid. But the impression is also growing that all this is less easy to manage when the legislature is 400 miles distant and not particularly sympathetic to a separate rescue operation north of the border. It has always been said that Scottish nationalism would get serious political support only when high and persistent unemployment could be directly related to an economic system that permanently favoured southern England at the expense of the rest of Britain. There have been continuous arguments since 1918 over whether or not Scotland is getting more out of the union than it puts in: the point now is that the visible drift to the south, even before any entry into the common market, has become more painful—and been more resented—than at any time before.

The planners still doggedly predict that the congestion of population in the south and the midlands will eventually produce

its own antidote, in a voluntary return to the relatively empty spaces in the viable regions of the north and west (including central Scotland). But that looks a terribly long time away, particularly if one lives and works in the dying coal and shale mines of West Lothian. Does Scotland have to wait indefinitely for the natural antidote ? If not, how determined will Government action be to start and sustain a counter-drift ? These are the questions that Mr Noble has not answered to local satisfaction.

Grey Skies, Blue Water

FROM OUR SPECIAL CORRESPONDENT

IN the past ten years Stevenage New Town has ceased to be an experiment and become an achievement. Now and again the bright new fabric peters out into wheatfields or heaps of builders' rubble, but most of the citizens can ignore these signs of rawness and settle down to contentment in the neat, orderly houses so conveniently planned within striking distance of shops, amusements and workplaces. The senior residents are noticeably working up their own brand of locally patriotic Conservatism. For many people, complacency and a fascination with such status symbols as a fenced front garden have been the new townsmen's besetting sins. Or so it was until the events of the past few weeks.

First, the Minister of Housing wrote to Stevenage Development Corporation (in company with Harlow) to ask them to undertake a technical study of the possibility of enlarging the planned development of the town beyond its existing target of 80,000 people (the present population is 47,000). Now it is suspected that the Ministry is thinking in terms of an eventual population of 150,000. The suggestion was greeted by a howl of local indignation and an angry protest from the council, despite the warning of one of their number that they might seem to the outside world to be behaving just like those old towners (the indigenous inhabitants) who resisted and successfully delayed the original foundation of the new town.

Stevenage's second bombshell was launched by Mr Thorneycroft, the new broom at the Ministry of Defence, when he decided to stop work on the Blue Water missile. Blue Water was largely designed and made at the vast factory of the English Electric Company at Stevenage which employs 4,500 out of the town's total labour force of 21,000. If nothing turns up to replace Blue Water almost 2,000 of these will have to be sacked. English Electric is one of the two employers in Stevenage not tied to the consumer goods industries. Several local firms, while not avowedly in a state of slump, are chary of hiring new workers at present. What is more, the boffins and the highly-qualified technicians in the missile plant have provided for the new town an elite both in spending power and in education sorely needed by this rootless community.

For just as long as Britain remained in the big missile race the town was thus provided with a star employer at the top of the technological ladder and some justification was given for the familiar jibe that Britain's most peaceful social and industrial experiment rested on the arms race. Much has been made of this by the local trade unions which, in an environment better suited to the cultivation of roses than to old-fashioned working-class solidarity, have come to be dominated by the usual little groups of left wingers. But their protest meetings against the Blue Water decision under the slogan "Boom Town Not Doom Town—No More Missile Contracts" was a fiasco. Most Stevenage workers and shopkeepers want nothing better than peacefully to make weapons of destruction.

•

FOR many individuals who have come into Stevenage to make a new life in highly skilled jobs and a good environment the present position is very serious. For the real specialist there is not a chance of finding a comparable job. For others the idea that all those who live in Stevenage should have jobs there must go by the board, and even the qualified and motor-borne commuter, who can reach within the hour a swarm of booming communities between north London and Bedford and Cambridge, must now compete for jobs with other redundant missilemen from Luton and elsewhere. The shock has come all the harder to a town whose prevailing atmosphere is of earnest self-improvement.

Many Stevenage people whose jobs are not directly affected bitterly resent the prophecies of doom for their town that have appeared in the national press. Even if the number of commuters out of Stevenage does increase, the levelheaded point out that this might have had to come anyway as a new generation grows up. The new towns have amply proved their worth to industrialists: this one, with easy access to markets anywhere in Britain or the world, has actually had to turn away applicants for factory space in the past few years. The English Electric setback, in short, could prove less important for the new town than the question of its optimum planned size.

Over 1,000 new houses a year are still being built and their costs are coming down as new techniques of construction are introduced. Office development is moving in to balance the jobs in factories, to the advantage of the bright young teenagers from Stevenage's excellent schools. In fact the dire effects of this withdrawal by an employer who has become the mainstay of the community may persuade everyone to think again about expansion. The council evidently feels that people can be happier in a medium-sized town, adhering to a good plan, than in a large one that could overstrain the town centre. Against this the idea is beginning to burgeon that a larger and thus more diversified town would also be shielded against even the quirks of British defence policy.

Going to the Doctor

IN 1955-56, about 170 doctors in 106 general practices took part in a survey designed to show the prevalence and incidence of various diseases in England and Wales. Two reports on this survey have already been published, both of them mainly statistical. Now a third has appeared,* summarising the results, in words rather than figures, by groups of illnesses and describing the illnesses of the two age-groups most at risk—children and the over sixty-fives.

A very different picture of national ill-health emerges from this report than is obtained from mortality statistics or from the returns of patients treated in hospital. For instance, over one-quarter of the entire work of a family doctor was taken up with common respiratory disorders — mainly colds, sore throats, pseudo-influenza and bronchitis. These were particularly common among young children ; about a half of the under-fives in all the practices were seen at least once in the survey year for a respiratory illness, and for each illness the child was seen, on an average, three times. At the other end of life, this type of illness, particularly bronchitis, is still the most common, but among the elderly and old a doctor spends more time treating diseases of the circulation—high blood pressure, coronary disease, arteriosclerosis, and so on.

As regards the middle aged, the survey has some interesting things to say about psychiatric disorders. True mental illness (psychosis) is rarely seen in general practice, although it requires nearly a third of all hospital beds. Psychoneurotic illnesses, however, were much more common, with a patient consulting rate of 46 per 1,000 at risk (compared with 264 for respiratory disease), and the most frequent type was an "anxiety reaction." According to the survey, psychoneurosis was about twice as common among women as among men and particularly high in women with families doing a part-time job.

If a woman really wants to avoid psychoneurosis, she had better avoid marriage—or at least motherhood—and sit at home. If a man wants to avoid it, he should not become an administrator or take any post of responsibility, but be a farmer or furnaceman. He should also know that, if he must have a neurosis, it is "U" to show an anxiety reaction, but distinctly "non-U" to show an asthenic one, that is, to complain of tiredness or weakness. He should also not take his wife to live in London or the south-east, but settle in the eastern region or, oddly enough, in the depressed north or Wales.

All this is entertaining reading, but is it a true picture ? Of all disorders psychoneurosis is the most subjective diagnosis that can be made. This is clear from the survey itself: although the average incidence for all psychiatric illness was 50 persons per 1,000 at risk, the extremes varied from 18 to 208 per 1,000 in individual practices. Again, neurotic symptoms become more overt if there is more outlet for them. With more doctors and more hospital and specialist facilities available per head in the prosperous south-east, it may be more worthwhile trotting out your anxieties there than to an overworked harassed doctor in the north. As for the sex difference, may it not be partly explained by a woman's greater opportunities for contact with the doctor, as a result of consulting with her children ? And does not a man tend to drown his worries at the pub? He is certainly three times as likely to have an ulcer.

* Morbidity Statistics from General Practice. Vol. III. HMSO. 16s. 6d.

LETTERS

Racial Intolerance

SIR—Your balanced article Shaming the Devil (August 11th) says ". . . . we will not give to politicians or policemen or magistrates the power to specify what shall or shall not be said." I agree: but that does not mean that a society may not decide what acts run contrary to its sense of right or wrong, and what acts offend against public taste ; nor does it prevent society, if it sees fit, from forbidding its members to commit such acts. It is surely the right of every society, and at times its duty, to legislate in order to maintain its moral standards.

Racial hatred is abhorrent to the majority of Englishmen—at least as abhorrent as, for instance, unnatural sexual practices. Yet the public good does not automatically require either practice to be made illegal. But if either shows signs of becoming widespread, the government, as the mouthpiece of society, should show the general abhorrence of such acts by legislation. This legislation need not aim to prevent the acts themselves: only in very exceptional cases should the liberty of the individual be thus interfered with. It should instead be designed to prevent the corruption of others by those who practise these perversions. A law to make illegal public incitement to racial hatred would do just this.

As John Stuart Mill wrote. . . . "The maxims are first, that an individual is not accountable to society for his actions, in so far as these concern the interest of no person but himself. . . . Secondly, that for such actions as are prejudicial to the interests of others, the individual is accountable, and may be subjected either to social or to legal punishment, if society is of the opinion that the one or the other is requisite for its protection."

Racial intolerance is today increasing in this country. Although, I hope, unintentionally, the Immigration Act has given the appearance of public sanction to racial discrimination. Not only the riots and near-riots of Notting Hill, Trafalgar Square and Dudley, but also the eagerness of magistrates to deport for minor offences, show how close to the surface lies racial feeling. What is profoundly disturbing is that this feeling exists not only among a few ruffians and crackpots, but among people believing themselves to be guided by Christian principles. Surely, therefore, society is now bound to declare by legislation where it stands on this issue. Such action may be called intolerance of the liberty of the individual: but inaction is without doubt tolerance of what, by our ethical standards, is evil. At the same time, this very inaction would be taken by many as, if not tacit approval, at least absence of disapproval by society of such behaviour.—Yours faithfully,

Newton, Cambridge WALSTON

Priorities for Education

SIR—In Priorities for Education (July 21st) you rightly suggest that a policy of salary differentials could be used to help solve problems of recruitment and the distribution of teachers between various types of school. But salary differentials can only influence the distribution of teachers between schools if the teachers recognise their existence ; and the complexity of the present Burnham scales makes this difficult. For example, many primary school non-graduates believe that they are treated less generously than their colleagues in secondary schools. Is this true?

Tables 41 and 42 of Statistics of Education 1961, Part I give information concerning salaries at March 31, 1961. (School teachers have had a salary increase since that date, but these are the most recent statistics available.)

If we consider only men aged 50-54 we find that the average salary for non-graduates in secondary schools was £1,153, whereas that for non-graduates in primary schools was £1,203. Also, whereas 15 per cent of the primary school teachers were earning more than £1,400, only 9 per cent of the secondary school teachers were in this income group.

The average salary for all non-graduate men was £1,040 in primary schools and £953 in secondary schools: 6 per cent of the former and 3 per cent of the latter have salaries of £1,400 or more. Again these statistics suggest that the man teacher will do better in primary than secondary schools.

On the other hand, for the age groups under 35, the average salary for men non-graduates was higher in secondary than primary schools. Also whereas eleven non-graduate men earned more than £2,000 in secondary schools, no non-graduate teacher in a primary school earned more than £1,800. Presumably the discontent among these primary school teachers arises from the fact that they are more conscious of the greater availability of special allowances in secondary schools than they are of the higher proportion of headships in primary schools.

In discussing salary differentials for mathematics and science graduates it is necessary to consider the relationship between the Burnham scales for schools and those for technical colleges. From Table 43 of the same publication, it seems likely that more than half the men graduates in technical colleges were earning more than £1,400 a year compared with 28 per cent for men graduates in secondary schools. Mathematics and science graduates in the schools certainly have better chances of extra allowances than other graduates, but there seems little doubt that salary differentials favour the technical colleges.

The case for salary differentials is generally an economic one: and it would be unrealistic to advocate a salaries policy which took no account of economic considerations. On the other hand, the existence of salary differentials may have an adverse effect on the quality of education provided in the schools. The existence of a high proportion of above-scale posts carrying a variety of allowances may well encourage more mobility among teachers than is good for their pupils. Also the emphasis on posts of special responsibility and advanced work may detract from the status of the class teacher upon whom the quality of education depends.—Yours faithfully,

FREDA CONWAY

The University, Leicester

The U.S. Capitol, seen from Dr Martin Luther King's jail five minutes on foot. The Editor of The Economist

Man-on-the-spot... in Washington, D. C.

BANK OF AMERICA

AMERICAN SURVEY

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Token Progress in the South

WASHINGTON, DC

IT is the devout wish and reasonable expectation of all concerned that a few more young Negroes will be admitted into a few more previously all-white southern schools next month without provoking violence. Last year was the first without trouble since 1954 when the Supreme Court issued its historic decision declaring racial segregation in the tax-supported schools to be unconstitutional. But the mere absence of rioting would not signal the coming of a new order in the South or a widespread acceptance by southern whites that segregation cannot be maintained much longer. On the contrary, the South seems as determined as ever to maintain segregation but to maintain it, as far as possible, without resorting to howling mobs and brickbats. This effective rearguard action against any significant lowering of the colour bar takes two forms. In the states of the deep South there is a solid and unbending opposition to any form of racial integration, not only in the schools but also in eating places, hotels and other facilities open to the general public. Elsewhere in the South, the opposition is more subtle. Dr Martin Luther King, the Negro clergyman who has become the unchallenged leader of the fight against racial discrimination, calls it "planned and institutionalised tokenism"—a compliance with the letter but not the spirit of federal court rulings, under which token desegregation takes place but nothing approaching true racial integration is permitted.

The uncompromising stand of the deep South can be seen in the fact that not a single school district in Alabama, South Carolina or Mississippi has tried even token integration and only one district in Georgia (Atlanta) and one in Louisiana (New Orleans) have hesitantly admitted a few Negro students to previously all-white schools. But at present the dramatic symbol of resistance in the deep South is to be found in Albany, Georgia, a community of some 56,000 persons, including 23,000 Negroes. Albany's dominant white majority refuses resolutely to budge an inch to lessen the segregation of all public facilities, ranging from drinking fountains to courtrooms. Last year this uncompromising attitude brought into existence the militant but non-violent Albany Movement. Its leaders, Dr King and other Negro clergymen, keep asking the all-white City Commission to discuss the Negroes' grievances; when this demand is rejected they sponsor mass demonstrations in the street. More than 1,000 of the demonstrators have been arrested since last December.

What worries civil rights leaders even more than the intransigence of the whites in Albany is the tokenism practised in the supposedly more enlightened areas of the South. The invaluable *Southern School News* reports that 948 Southern school districts have discarded the colour bar, out of 3,047 districts which contain both Negro and white students, and 33 more districts are scheduled for desegregation this autumn. But these encouraging statistics can be misleading. They include states such as Missouri, West Virginia and Oklahoma which are not really southern in culture at all. And in the states of the old Confederacy what integration exists is of the token variety, with only handfuls of Negroes admitted to all-white schools.

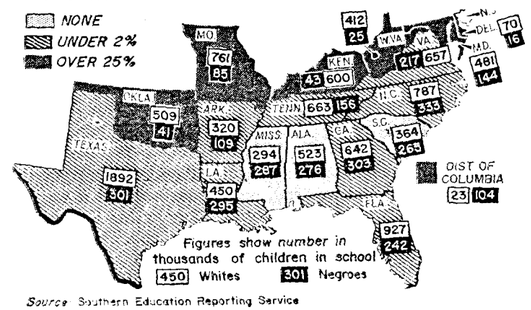
North Carolina, long regarded as the most enlightened of southern states, has become the master of tokenism. During the coming school year there will be racial mingling of some sort in 19 of its 173 school districts, but genuine integration will exist nowhere in the state. Fairly typical is the town of Salisbury, which begins "integration" next month by admitting three Negroes to an all-white school. More subtle are the practices of the charming city of Charlotte, where 414 Negroes will be assigned this year to bi-racial schools, compared with only 27 last year. But of these 414 Negroes 371 will attend the Bethune school and all but 40 white students at Bethune have applied for, and been granted, transfers to all-white schools. Thus the school does not become integrated but merely changes from a predominantly white to a predominantly Negro institution.

Although Dr King demands an immediate end to racial segregation in the South, more moderate Negro leaders and some sympathetic whites believe that the southern Negro will win his demands only when he secures and exercises the right to vote. Then, this theory goes, the southern politician will be forced to cater to the sentiments of his Negro as well as his white constituents. It is true that southern politicians admit in private that the entire political climate of the South will undergo a vast change when the region's immense Negro population begins to vote in significant numbers. One southern Senator with unchallengeable segregationist credentials is secretly building an underground Negro organisation in preparation for that day.

But that day may be too far in the future to have much relevance to existing conditions. It is almost as difficult to break down the barriers, overt and psychological, to Negro voting in the South, and particularly in the deep South, as it is to end discrimination in other fields. Here again, tokenism is at work; a few Negroes may be permitted to go to the polls in one election district after long and involved court struggles, but there is no easy way for Negroes to vote on the same basis as whites.

Furthermore, the right to vote, by itself, will not insure the election of Southerners who will be more responsive to demands for equal rights for Negroes. One veteran southern politician, Senator Olin Johnston of South Carolina, has always depended on Negro support and received nearly unanimous backing from the

SOUTHERN NEGROES IN SCHOOL WITH WHITES



Source Southern Education Reporting Service

Negroes in his recent fight to be renominated by the Democrats. Yet Mr Johnston is an ardent segregationist who has done more than anybody to block the confirmation of Mr Thurgood Marshall, the eminent Negro lawyer whom President Kennedy has appointed to be a federal judge of appeal for New York State. What Negroes find attractive in Mr Johnston is his economic liberalism and his support for spending on social welfare. The Long dynasty in Louisiana has used this same combination of racial segregation and liberal economic policies to attract simultaneous support from both poor whites and Negroes.

The Kennedy Administration has a good deal of justification for claiming that it has promoted civil rights with greater vigour than did the Eisenhower Administration. During the next two years Mr Robert Kennedy, the Attorney General, can be expected to press with particular energy law suits to enable Negroes to vote in the deep South. But the federal government can institute no overnight change in the state of voting rights and possesses pitifully few tools to combat the massive determination of the southern whites to maintain segregation in other areas. There is considerable debate among northern politicians about just how effective new legislation—giving the Attorney General, for example, power to initiate law suits against the colour bar in schools—would be. But the question is largely academic. Truly meaningful civil rights legislation has no real chance of success in Congress for at least another decade, primarily because the southern Senators can filibuster, or talk such measures to death.

Few observers believe that the recent vote by the Senate to choke off a liberal filibuster against President Kennedy's Bill on communications satellites, the first time the Senate has shut off debate on a Bill since 1927, sets any precedent for filibusters over civil rights. Ironically, the vote on closure may even have injured the civil rights cause. Supporters of civil rights in the Senate can no longer argue that it is impossible to secure the necessary two-thirds vote to end debate. Consequently the likelihood of a change in the rules to permit closure by a simple majority vote is all the more remote.

Discouraging as the outlook on racial discrimination may seem, the handful of moderate southern whites counsels patience on the part of Negro leaders, contending that the small doses of desegregation since 1954 are quite remarkable and that it is unreasonable to ask the South to move any faster. Unreasonable it may be, but there are signs that the patience of the Negro is wearing thin. Quite apart from its impact on the international leadership of the United States, racial segregation in the South may be one problem that simply cannot be ignored by an apathetic public. It is inevitable that in the coming years the traditionally docile southern Negro, spurred on by his clergymen, will join militant non-violent efforts similar to the Albany Movement and that the situation in Albany will be duplicated throughout the region. More worrying is the prospect that Negroes, in their discontent, will be attracted increasingly to extremist organisations such as the Black Muslims, with their claims of black supremacy and toleration of violence. If this happens, pacifist Negro clergymen such as Dr King might lose that control of the desegregation movement which has restricted it to non-violent methods.

Nonpolitical Politics

OFFICIALLY nonpolitical as was the President's trip to the western states last weekend, no one doubted that it was the beginning of a sustained and energetic effort by Mr Kennedy to get liberal Democrats, who will support his policies, elected to Congress next November. He went to give his presidential endorsement to three important water development projects. But the general purpose of his visit emphasised how the federal government can help individual parts of the country—provided that the case for that help is put by representatives who can count on a sympathetic hearing in Washington. And the individual projects selected for the President's blessing happened to be in places where there were Democratic candidates in special need of his accolade.

In South Dakota, where the Oahe Dam is situated, Mr George McGovern is trying to oust a Republican Senator. In Colorado two Democrats, Senator Carrol and Governor McNichols, are in danger while the town of Pueblo, which was chosen as the best place for inaugurating the Frying Pan scheme, happened to be in the district of a Republican Congressman who might possibly be beaten this year. Ground-breaking for the San Luis dam in California marked the beginning of the end of California's water shortage; the scheme is the acknowledged achievement of the Democratic Governor Brown's first term of office and he is now being seriously challenged for re-election by the Republican Mr Nixon who has done nothing so far for the state of California. It did no harm at all to Mr Brown that the nonpolitical character of the President's tour and of the water developments he was inspecting meant that all the ceremonies were attended by all the elected local representatives, whatever their party. For California has a nonpartisan tradition of state administration which Governor Brown has maintained; this approach appeals to the voters but it is one which Mr Nixon can hardly adopt.

Similar nonpolitical tours are now being planned for the President in eastern cities, such as Philadelphia and Chicago, with federally-financed urban redevelopment projects being made the ostensible excuse. Here the prestige and publicity of being seen close to the popular President will rub off on such hard-pressed Democrats as Mr Dilworth, running for Governor of Pennsylvania, and Mr Yates, trying to defeat Senator Dirksen of Illinois. Nonpolitical trips have the advantage that they are paid for by the government instead of by party funds. They also give Mr Kennedy a chance to appeal to the vital independent voters instead of to the converted who attend party gatherings. But the President will be making many admittedly political sorties into crucial areas during the next two months, campaigning openly for votes. There is nothing he likes to do better or is better at doing. But if past precedent is any guide the practical impact of his efforts on the make-up of the next Congress is likely to be only slight.

Peruvian Conquest

THERE were no celebrations in Washington last week of the first anniversary of the Alliance for Progress, the ten-year plan to stimulate economic growth and the spread of social justice in Latin America. As Mr Moscoso, the American director, said, no celebration was warranted by the results. Investment has been slow to move and the programme has not kindled the imaginations of the ordinary Latin Americans whom it is designed to benefit, partly because they see little concrete evidence of what is being done. According to a congressional committee the plans submitted by the Latin American countries themselves are more like pipe-dreams than blue-prints: meanwhile the rich continue to send their wealth out of the country for safe-keeping. But at least both in Washington and Latin America there is more appreciation of the staggering problems which must be overcome if the programme is to succeed. It may be some consolation that the Russians are having similar troubles in Cuba.

Another reason why no one in Washington was in a mood to celebrate on August 17th was that this was the day the Kennedy Administration swallowed its scruples and fears and recognised the new government of Peru. Economic aid, which was cut off when diplomatic relations were severed abruptly after the military had seized power, is to be resumed. The Administration justifies

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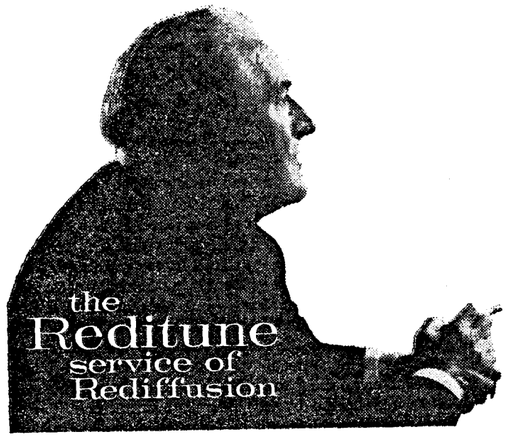

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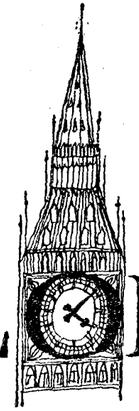

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this retreat on the grounds that the new regime—perhaps because of the violence of the reaction in Washington—has promised to hold and respect free elections (although not until next June); it has also released its political prisoners, undertaken to respect the country's international commitments and restored civil liberties. To withhold economic aid would have postponed work on Peru's problems and might have looked like Yankee dictation, particularly as most of the main Latin American countries have now recognised the new government which is very popular with the local American business community. But the other side of the coin is that in future American threats to cut off aid if democratic governments are overthrown will not be taken seriously.

Military assistance to Peru is not, however, to be resumed at once. The spectacle of an American-provided Sherman tank controlled by an officer trained in the United States smashing down the gates of the presidential palace in Lima has revived all the old suspicions in Congress of the military aid being given to Latin American countries—$500 million worth since 1952. Originally this was supposed to strengthen hemispheric defence, by standardising equipment and modernising the armed forces, and to prevent the buying of arms elsewhere. Just this week Mr McNamara, the Secretary of Defence, supporting a request for $1.5 billion for military assistance, $63 million of it for Latin America, argued that this aid exercised a "constructive influence" and was needed to put down communist subversion. But the critics both in Latin America and in Congress consider that military aid simply fans an arms race for the sake of national prestige, stimulates wasteful spending of over $1 billion a year and leaves democratic governments more and more at the mercy of their armed forces.

Satellite's First Step

PERHAPS the saddest aspect of the filibuster in the Senate against the communications satellite Bill was that it frustrated its own purpose. The liberal Democrats who tried to prevent the Bill coming to a vote were anxious to bring what they genuinely believed to be its dangers to the notice of the public. However, not only did the publicity generated by the method they used distract attention from the arguments in their prolonged speeches but the filibuster also prevented the Bill being amended in ways which might have improved it. Once the Democratic leaders in the Senate had managed to limit the debate, they were determined not to allow any amendments at all; changes would have had to be reconciled with the Bill already approved by the House of Representatives and the agreed version would then have had to be voted on again in the Senate, giving the liberals an opportunity for another filibuster. They may have this opportunity, nevertheless, for the Bill as originally presented to, and now approved by, the Senate differs from the House version in several respects, notably on the ownership of ground stations for the satellite system.

Basically, however, both versions of the Bill are the same; it is a compromise resulting from lengthy negotiations and hearings and its sponsors claim that it is only a first step which can be altered in the light of experience. It authorises the establishment of a private corporation to develop and run a commercial system of international communications by satellite, of which Telstar is the forerunner. The corporation will be financed through an issue of shares, half to be offered to the existing communications companies and half to the public. Each of these groups will be able to appoint six directors and three will be appointed by the President of the United States. The corporation will be regulated by the Federal Communications Commission but the liberal Democrats contend that, from past experience, this will not be enough to keep the companies and particularly the American Telephone and Telegraph Company, which is responsible for Telstar, from monopolising for private profit a development which has so far been financed mainly by the taxpayers. The argument has many ramifications but the fundamental demand is for outright government control of the satellite system or at least for much stronger control than is provided in the Bill.

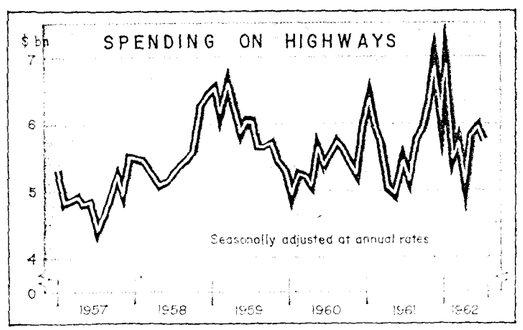
The immediate aim of the filibustering Democrats, however, was merely to postpone a final decision to allow time for further consideration. But this the Administration refused to accept, on the grounds that the new corporation must be in working order before the international conference which in a year's time is to allocate frequencies for use in space communications. There is undoubtedly also the fear that delay might lose the United States its lead in the one space activity in which it is obviously ahead of the Soviet Union.

Speed Up on the Roads

THE Administration has moved quickly to back up the President's plea to Congress, in his address last week, for the enactment of pending measures which would speed economic growth. The Department of Commerce, using powers which it has long had, awarded a $2 billion bonus to the states for building roads during the current fiscal year. They are now authorised to commit nearly $5.8 billion of federal money to subsidise highway construction before next July, instead of the $3.8 billion originally earmarked for the period. Under the Highway Act of 1956 90 per cent of all state outlays on the national system of super-expressways as well as 50 per cent of state expenditures on other primary and secondary roads are reimbursed by the federal government.

The stimulating effect will be virtually immediate in the fifteen or so states which had been waiting to sign contracts for the building of new highways until additional funds became available. They will be able to translate the bonus into actual construction at once; moreover, the whole extra $2 billion is to be released in the current quarter, instead of being parcelled out equally over the full year as has been the usual practice. This will have a direct impact on local economies over a large area of the country, including some states—California and Pennsylvania, for example—which are likely to be crucial in the November elections, and through the normal spilling over of spending the indirect benefits should be even more widespread.

The highway programme's function of helping to sustain a high level of economic activity, underlined this week, will continue for a decade; the full system is not scheduled for completion until 1972. It provides for 41,000 miles of interstate highways, to cost $41 billion and to be capable of handling the volume of civilian traffic expected by 1975 and of meeting the needs of national defence then. Already the project is well advanced, with some



30,000 miles of road in place, under construction, or at various stages of planning. The scheme was threatened earlier this year by the exposure of scandals involving conspiracies to overcharge for rights-of-way and other irregularities and during the 1958-59 recession by a deficit in the Highway Trust Fund, out of which the federal contribution is financed. However, since congressional investigation brought the scandals to light, both the Bureau of Public Roads and state highway departments have tightened up their controls and the fund has been restored to solvency by an increase in the taxes on road users which finance it.

Mr Attorney General

WASHINGTON, DC.

MR ROBERT KENNEDY, a younger brother of the President and at thirty-six the second youngest Attorney General of the United States in American history, detests fraud, hypocrisy and abuses of power. Visiting a well-known law school, he was asked whether a lawyer should ever lie to a judge: Mr Kennedy said in his cool, courteous Boston accent that he thought any six-year-old must know the answer to that sort of moral problem. As Attorney General and head of the Department of Justice, it is his job to give the President legal advice but, as the President's brother and closest associate, he is also consulted on defence, foreign policy and national security. He knows the President's mind and the President relies on him implicitly to report on any situation with complete honesty. His advice is not always followed but it is always wanted.

Mr Kennedy took time off from being Attorney General last February to go round the world speaking for his brother, and in a book* published this week—the profits are to be used for scholarships at universities in Japan, Indonesia and West Berlin—he describes the trip which he made with his wife. He told Japanese and Indonesian students that it was time that they grew up, but he also admitted to Indonesians that Texas's war with Mexico in the last century was unjustified; this offended Texans, who also need to grow up. He claims to have helped to persuade the Indonesians to negotiate with the Dutch about New Guinea. He urged young Japanese to have the courage of their convictions and to be willing to stand up and be counted; he praised the bravery of the Japanese student who argued hotly with him, as well as that of the young Indonesian who faced arrest and punishment by throwing fruit peel in his face. When he left the Orient Mr Kennedy was more convinced than ever that the United States will be only a poor preacher on democracy as long as American Negroes are prevented from voting by threats, intimidation and legal trickery. Writing books seems to be second nature to Kennedys and other members of the New Frontier; Mr Kennedy records his dismay that a Djakarta bookshop had "not one book by the President of the United States."

He was his brother's campaign manager in the 1960 presidential election and he has a fiercely loyal team spirit, so long as the team is on the side of the Kennedys. Tirelessly athletic and happily married, he works with coat off, tie loose and sleeves rolled up, behind a huge desk in an enormous office in the Department of Justice's big building in Washington. He has boyish good looks yet is a shy and highly-strung man, intense and absorbed, with a burning-glass's power of concentration. But his sense of humour, like the President's, is never far away and runs habitually to slight self-mockery. He says the reasons why he became Attorney General are that he worked hard and that his brother was President—but not in that order.

After attending the University of Virginia's Law School, Mr Kennedy served as an assistant counsel on the notorious McCarthy committee but left it because he disliked its methods; later he became chief counsel for the Senate select committee on improper activities in the labour or management field. It was there that he first caught the public eye. Under his dynamic leadership the Department of Justice has gone after corrupt trade union leaders and business monopolies. It has also scourged gamblers and pedlars of dope, exposed crooked policemen and judges and pressed energetically for more civil rights for Negroes.

Mr Robert Kennedy is the Roman Catholic grandson of an Irish immigrant. But it is in the spirit of New England Puritanism that he conducts the affairs of the Department of Justice. He worries about the moral fibre of America. His creed is to reach out with stark, almost naïve honesty to do the things which he feels need doing. The Department of Justice is an instrument of singular power. It can put the squeeze on almost anyone by its ability to investigate almost anything, including income-tax returns. The Attorney General has his brother's ear and like the President himself is continuously on the prod. Gangsters and other public enemies are uneasily aware that little brother is watching them. One man once called him, with deep feeling, the blue-eyed monster. Under previous Democratic Administrations, the Department of Justice suffered from mediocre management by political hacks. President Eisenhower's men were capable but he did not back them up with any conspicuous enthusiasm. With the President's full support Mr Kennedy chose a team of brilliant deputies, one of whom has already gone to the Supreme Court.

The cause of justice, as Mr Kennedy conceives it, is being prosecuted with zeal and skill which have brought him both enemies and respect. Most of those who criticised the President for giving the job to his brother admit now that the Attorney General has done well. But although he appears as a dedicated man, people still ask what he is dedicated to other than President Kennedy. He himself says that businessmen ought to look on him as their friend, because he is on the side of the shrimps against the sharks, but some of them suspect that he regards big business as a form of organised crime. The swiftness with which he moved to investigate the steel industry this spring, dispatching his agents to knock up newspapermen at three o'clock in the morning, did nothing to reassure them.

Modestly he calls himself "an amateur in diplomacy" but there has been talk of him becoming Secretary of State and of him trying to become President in 1968 if his brother serves the two terms which are all that the law allows. But he is reported to be too shrewd to think that a Kennedy can succeed a Kennedy and to have said that "by then, they will be sick of us." Mr Kennedy gives eight-tenths of his furious energies to his present job, in spite of the time he spends at meetings of the National Security Council, and at present it is by his undoubted success as Mr Attorney General that he wishes to be judged.

* Just Friends and Brave Enemies. By Robert F. Kennedy. *Harper and Row*, New York. 211 pages. $3.95.

Match for Symington?

AT his press conference this week, President Kennedy was invited to comment on two charges arising out of the latest and liveliest phase of the investigation by Senator Symington's subcommittee into stockpiling policy under the Eisenhower Administration. The first, developed out of testimony before the subcommittee last week, was that excessive profits had been made out of supplying nickel for this strategic reserve by Mr George

Humphrey, President Eisenhower's Secretary of the Treasury, and the M.A. Hanna Company, of which Mr Humphrey was chairman until he entered the Cabinet and after he left it. The second charge, made by Mr Humphrey himself, was that the whole stockpile investigation was a "stab in the back" aimed at former President Eisenhower.

In his guarded reply, the President said that the Hanna Mining Company, a subsidiary of M.A. Hanna, had made "extremely large profits" out of a contract signed in 1953, four days before Mr Humphrey joined the Cabinet, to supply the government with 125 million pounds of nickel from hitherto undeveloped resources in Oregon. Until then, the United States had been dependent on imports from Canada, Cuba and elsewhere and the nickel was needed urgently for jet aircraft engines during the Korean War. But the President declined to include Mr Humphrey, as a responsible official of the company, in his criticism. Indeed, the Democrats may have cause to regret embroiling the former Secretary of the Treasury in a campaign to make capital for the November election out of accusations that the previous Republican Administration bought too much for the stockpile too expensively.

Mr Humphrey's attitude towards the committee was cavalier. He pooh-poohed as "bunk" and "baloney" the statistics of government auditors purporting to prove that he personally made $8 million out of the nickel contract and that Hanna Mining earned a profit on it of 57.4 per cent before taxes and 457 per cent on invested capital. And he told the subcommittee that it simply did not "understand big business," even though its chairman is a millionaire businessman. This, and Mr Humphrey's generally belligerent approach, tried Senator Symington's patience to breaking point. Smashing down his gavel, he adjourned the hearings abruptly and departed to hospital for a pre-arranged hernia operation. It is not thought that much more will be heard of the investigation before November although this wicked contract could do with further examination.

Slanted Story

To its list of superlatives Texas may be about to add the biggest theft in its history. The state's Attorney General, Mr Wilson, has discovered that at least 109 oil wells in the rich fields of eastern Texas do not, as the state law requires, descend in an almost vertical straight line to the pool of oil upon which they draw; instead they are slanted as sharply as a bent drinking straw in order to syphon oil from underneath neighbouring property. The scandal, with its hints that as much as $10 million worth of oil may be drained away from rightful owners every month and that perhaps half of the 19,000 wells in the celebrated East Texas Field may contain hidden deviations, has pushed the Billie Sol Estes case out of the limelight and left Texas, whose entire economy and emotions revolve around oil, in a state of shock. Already more than 100 independent operators, some of them millionaires, have been implicated and 557 oil wells, including all those on the leaseholds where slanted wells have been found, have been cut off from the pipelines which carry the oil to market. The further penalties for those who may be convicted will be severe: Texas has filed five suits seeking $24 million in fines already, after having completed just a fraction of its planned 1,000 investigations. There will be civil suits from the companies whose oil was stolen and the federal government has already brought 37 charges under the law against transporting illegally produced oil across the state lines.

The practice of slanting has been inspired in large part by dwindling supplies of oil on the western side of the East Texas Field: the still bountiful reserves, estimated at 3.5 billion barrels, on the eastern side have obviously been a temptation to those in a position to draw upon them illegally. There has also been a great incentive to outfox the state's strict regulation of how much oil each well is allowed to produce; the current limit is equivalent to eight days' output a month. But "marginal producers'" wells, said to be incapable of producing as much as 20 barrels a day, are exempt from regulation; thus each such well can lawfully produce 15 barrels or so every day in the month. This fact has led to the ingenious use of one slanted drilling to feel oil to several worn-out wells; this "Granddaddy" system, revealed by the Texas investigations, allows the maximum profit from one deviation.

The wide network of crooked wells—they have been found in three other fields—inspired a rumour that they had been drilled by joint agreement between the major producers and the independent operators in order to dodge the state's restrictions and to share the increased profits. But the independent operators, who have borne the brunt of the scandal so far, have complained that they are being persecuted by the state as a favour to the large companies. Both groups will have a chance to defend themselves at the inquiry which a committee of the State Legislature is to open next week.

Is Washington Typical?

Even the stoutest friends of the under-privileged are having to admit that public assistance has been abused and maladministered, at least in the District of Columbia. Investigations demanded by the congressional committees which control the city's budget have suggested that over half of the families receiving aid under the joint federal and local programme for help to dependent children were not eligible for such relief. In the past the Department of Health, Education and Welfare has insisted that only about 1.5 per cent of public assistance funds went to people who were not entitled to this aid. Critics of these programmes—and particularly of that for dependent children which, they allege, encourages promiscuity and shiftlessness—now feel that their worst suspicions have been justified. The federal government is launching a nation-wide check of the children's programme.

The revelations have probably put paid, for the time being, to hopes that the District might take advantage of the more constructive approach to the problems of welfare embodied in a new Act. Its main aim is to help as many as possible of the recipients of assistance to become independent; it provides funds for nursery schools to enable mothers to go out to work, for retraining the unemployed, and for training and paying more social workers to help families to solve their problems. It also extends for five years the temporary programme of help for the children of the unemployed. In the past they received assistance only if the father had died or deserted his family or if the parents were divorced —a restriction which split up families and encouraged deception. But all these schemes require matching funds from the local community and Congress, exasperated by tales of assistance claimed by people in work, by mothers living with "paramours," of families on assistance with two television sets and of careless overpayments, is in no mood to authorise more spending for welfare in the District.

Instead it is demanding reductions, as well as convincing assurances that assistance will be administered competently in the future. But Congress cannot escape a share of the blame. Its penny-pinching has deprived the District of sufficient social workers. With an average case-load of 186 families, a social worker can devote only about five hours a year to visiting each one; the teams of investigators spent over thirty man-hours on each of the families which they caught out. Moreover the very strictness, in theory, of the rules under which relief is granted tempts both the recipients and social workers to break them. The city's problems have been increased by a tremendous influx of under-privileged and impoverished Negroes from the South. But the capital—and Congress—will be giving the country a wretched example if the sins of the mothers are visited upon hungry children.

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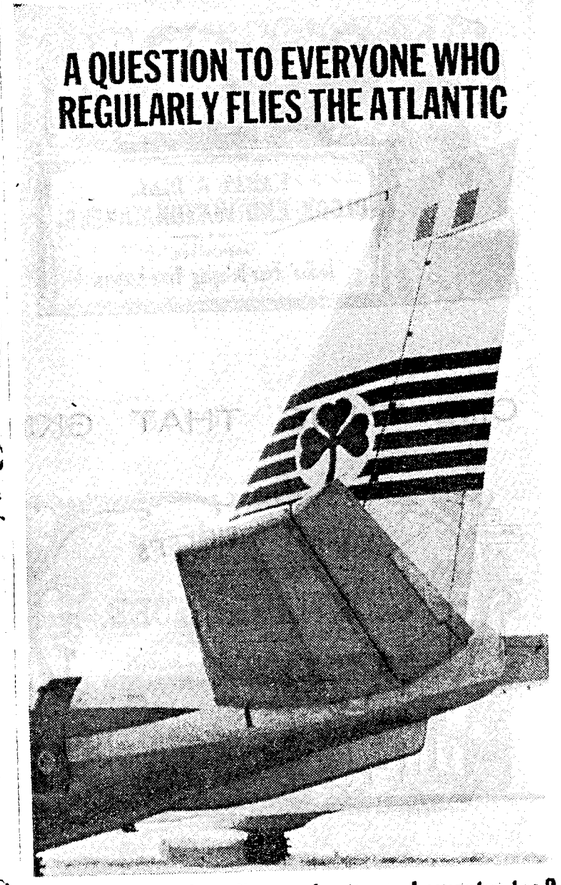

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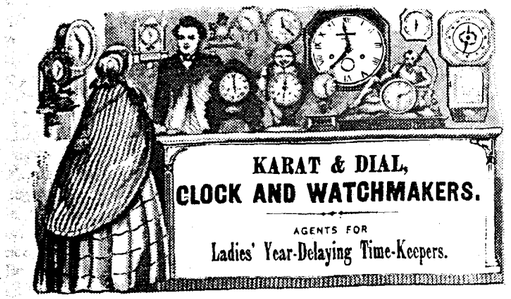

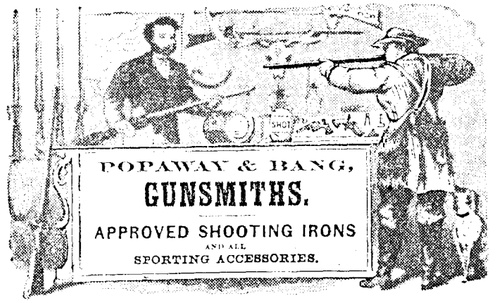

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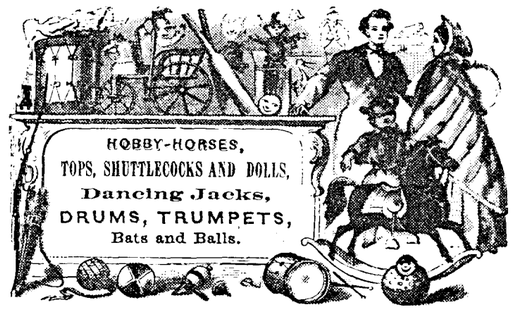

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THE WORLD OVERSEAS

Feudal Fish in Sardinia

FROM A CORRESPONDENT IN ITALY

THERE is more trouble at Cabras ; fishermen have been arrested, and others have gone into hiding. But this state of affairs is by no means unusual in this Sardinian village on the Gulf of Oristano where the left wing has taken upon itself to challenge the validity of exclusive fishing rights held in private hands for some three hundred years. It is a bitter conflict—feudalism and communism make well matched opponents—but its importance is a good deal greater than a clash of interests exploited by the Left.

At first sight Cabras itself has little to distinguish it from any other backward Sardinian fishing village, with its rows of single-storeyed houses along dusty, unmade roads, many of its men barefoot and its women in traditional dress. But it has two distinctions. Maria Theresa of Austria was sufficiently impressed by the appearance of a Cabras woman to give her an imperial kiss, and thus continued the legend of the beauty of its women. Far more distinctive—since a number of places in Italy make a similar boast—is the lagoon. It is rightly famous for the richness of its fish. Visitors attracted by the first distinction—and perhaps by the Phoenician ruins of Tharros nearby—have recorded how impressed they were by the second ; *très poissonneux* wrote the French consul to Sardinia at beginning of the last century, and of the mullet he remarked that they were *de la plus étonnante grosseur.*

Possession of the lagoon is therefore a valuable property. In its way it probably has no peer in Europe. Whether in the end it will prove so valuable as to justify the struggle for retention conducted by the present feudal lords is less clear. In insisting on what they claim to be their hereditary rights they have managed to humiliate the regional administration, undermine what little confidence there was in the national government, force on the people of Cabras a combative cohesion which they have never known before, and provide the Left with a perfect case for decrying continued injustice cossetted by an ostensibly democratic regime. It is dangerous ground.

The lagoon at Cabras—it is known there as a *stagno*—is in fact a lake divided from the sea by a narrow strip of land cut by canals. Young fish come in from the sea attracted by the warmer temperature, lack of enemies and abundant food. They cannot find their way out again and grow fat on the luxuriant vegetation. It is practically an aquarium, some 22 square kilometres in extent, surrounded by marshes and a misty coast. The effect on the sea of the attraction of the lagoon, and of centuries of coastal overfishing, is that few fish remain to be caught off the shore. That is one reason why the coastal fishermen are now providing the main pressure for throwing open the luscious *stagno* to the whole fishing community. They have organised symbolic occupations of its waters, just as the peasant occupied the land immediately after the war to demand agrarian reform. They fish illicitly. These efforts have at times brought enough *carabinieri* and police to the place almost to give the impression that Cabras was occupied by an alien army. Men are now being arrested on the streets as a result of renewed violence last month.

Ownership is really the point at issue. The existing rights go back to the sixteenth century when Sardinia was ruled by Spain. Philip IV needed money for his Catalan war and raised a loan from the Genoese banker, Gerolamo Vivaldi, offering as a pledge the lagoons, fisheries and dependencies of Cabras and Santa Giusta. In July, 1853, the heirs of Duke Vivaldi Pasqua made over the lagoons to a certain Don Salvatore Carta, a prominent figure in Oristano. The heirs of Don Salvatore, who now possess the rights, are a group of families at the head of which is a lawyer called Corrias ; at one time Signor Corrias led the Sardinian regional administration—in other words he is well connected.

In 1956 the Sardinian regional assembly passed by an overwhelming majority a bill that extinguished exclusive rights to fishing in the inland waterways and lagoons of the island. The bill was tested by the Constitutional Court, found unobjectionable, and some two and a half years later came into force. Its application to the *stagno* of Cabras was immediately challenged ; this challenge has so far not been overcome. The first and principal point raised by the feudal proprietors was that they owned the land, the bed of the *stagno* itself, and not just the fishing rights ; it was a special case untouched by the law. The agitators were soon busy. With what seemed like the law on their side—but with the forces of law and order in the shape of the armed *carabinieri* ranged against them—they organised their demand for a proper application of the measure. They carried out their symbolic occupation. The result was practically nothing ; the sea-fishermen went back to fishing in the the sea—and to brooding.

As the rights to the *stagno* are feudal, so a feudal system has evolved around the exercise of the rights. The scale of subsidiary privileges is exactly defined. At the top of this scale are the *servi*, a small group of some ten people whose title is a complete misnomer. They fish in the well-stocked weirs and see that they are working efficiently. For this work they are empowered to take on extra labour when necessary. They are influential, prosperous and disliked. To be nominated among the *servi*, it is said locally, is like mounting a royal throne.

Beneath them are the four classes of fishermen permitted—on stringent conditions—to enter the lagoon. There are the *sciaigoteris*, called after the fine-meshed net, the *sciabica*, which the proprietors permit them to use ; half of their catch goes to the owners. The next grade, the *poigeris*, also give up half their catch, but do less well because the nets permitted them have a larger mesh. Both classes are allowed to use their boats and fish all the year round. The third stage is that of the *bogheris* who use hand-nets and are allowed in the lagoon only during the autumn and winter, but still hand over half their catch. At the bottom of this structure are the *palamitai ;* they are allowed no boats, no nets and no freedom of movement. The *servi* tell them where they may fish and there they stay. They pay a set sum ; it was 62,000 *lire*, about £35, but after the earlier agitation was reduced to 52,000. They use a line with many hooks. They can go into the lagoon from October 15th to April 30th.

ALONG this chain of decreasing privilege the dissatisfaction naturally grows the farther one is away from the top. It has in the past been effective in keeping the system intact because of the promise of a move up the scale, and the seeming inability of the fishermen until now to co-operate in attacking the whole system. The armed guards employed by the proprietors have done their part in maintaining the system. The change is happening ; among the men who are reported to have gone into hiding are the chairmen of two fishing co-operatives. Outside the chain is the majority of fishermen who are never allowed into the lagoon. They are making up much of the weight of this new solidarity in Cabras. Lawyers are being found to defend the imprisoned men. A delegation has recently been in Rome to put their case to the minister for the merchant marine. The minister is now supposed to be studying a report on how much of the lagoon should technically be considered a part of the demesne ; it appears to turn on the amount of salt water as opposed to fresh, of which there are both in the *stagno*.

At the ministry there is no sign of urgency and indeed little enough sign of interest of any kind in the matter. One of the baffling sides of the whole question is the indifference shown by both the regional and national authorities. For years a genuine grievance has been poisoning the life of a community and, by its example, has shown what value should be put on the democratic workings of society. What will emerge is a deeper civic awareness on the part of the inhabitants and an even deeper contempt for Rome and Cagliari. The owners have managed to maintain their privileges, according to the left wing and according to people who are not so far to the left, by means of money and useful friendships. The price is probably higher than they know.

Family Planning in China

FROM OUR HONGKONG CORRESPONDENT

BACKSLIDING into birth control is one aspect of the general strategic retreat in China. The revival of this marxist heresy has been undertaken guiltily and awkwardly, with a deal of snuffling and eye-rolling. The politburo has shied away from the blunt words and eye-rolling. The politburo has shied away from the blunt words "birth control" as sensitively as any parish priest: "family planning" is the phrase. The gathering campaign was at first directed against early marriages, on the grounds of immaturity, unhappiness, and the need for study and work. The argument has now been shifted against early parenthood, in the interest of the health of young wives, the proper care and education of children, and the rest and relaxation of young husbands between their work and their self-criticism.

The new party line, as promulgated by press and radio and at university and workshop meetings, is that no man should be a father until he is 26 and no woman a mother until 23 and that births should be spaced "according to the mother's capacity for work." This implies dissatisfaction with the existing minimum ages for marriage in China—20 for men and 18 for women. (Before "liberation" the ages were 18 and 16.)

The campaign is coming steadily into the open after its shy and hesitant introduction two or three months ago. Direct and explicit advice on contraception is being given. The old birth control clinics, which had fallen into relative disuse, are hustling for business once more. Letters to the *China Youth Newspaper*, seeking editorial advice on early marriages *versus* party wishes, and on Comrade Cupid *versus* Chairman Mao, are still published, with appropriately paternal footnotes, but one gets the firm impression of a second and more decisive stage in the campaign.

The first—and until now the only—birth control campaign in China was launched as a crash programme in 1957, after prolonged and earnest investigation, and after obvious disputation in the politburo about the need for a population policy. Some distinguished party bosses had to somersault. Thus the prime minister, Mr Chou En-lai, had told Mr Nehru in 1955 that there was absolutely no need for population control in China or any communist state. But in mid-1956 he informed an Indian agricultural mission:

> I personally am strongly in favour of family planning and birth control. Even if there were no problems of producing and distributing adequate quantities of foodstuffs, an increase in the number of children would necessitate that each family should receive a proportionately higher income to maintain the standard of living.

Liu Shao-chi evidently had his reservations also at the outset, but the politburo decision became law in March, 1957, with the edict that "all areas in our country must promote appropriate birth control." Significantly, nowhere at that time can there be found a personal pronouncement by Chairman Mao in approval of the decree, and nowhere at any time a personal pronouncement by him advocating birth control generally.

THIS first official birth control campaign ever undertaken in any communist state blazed with fierce heat for eight months. Then, abruptly in November, 1957, it was snuffed out without the slightest explanation. Chairman Mao made a brief public reference to population—but not to the presumably discredited campaign—at the party congress in May, 1958: "Our fast expanding population is an objective fact and is our asset." Chou En-lai and Liu Shao-chi, agreeably chameleon, cheered "the great flesh-and-blood force of our vast population, by which we can, or soon can, do anything within the realm of human possibility." The *People's Daily*, which had said in July, 1957, "An ideal family should have only three or at most four children in a planned manner," claimed in August, 1958, that "China will always have room for more people because of our rich resources, good natural conditions and wide territory."

Now the politburo is back where it was in the spring of 1957. The heresy has become an article of faith again. Nervous professors, who were ordered to advocate family planning in 1957, and who were denounced as rightists for doing so a year later, are once more preaching the old deviation. It must be remembered that conditions in China in 1956 and 1957 were an ominous if less critical preview of conditions today. There had been a bad harvest. There were industrial difficulties, urban unemployment, rumbles of inflation. Production had fallen. Planning was in flux. The moderate elements in the politburo urged prudence and retrenchment and got a majority decision in favour of a long-range plan for population control.

But evidently there was, at that time, a party revulsion and a shift of voting in the politburo. The admission that there could be too many Chinese people must have looked too like a confession of party failure. The air was electric with recriminations

about the disastrous response to " the hundred flowers " campaign. Mao, on all the evidence, had gone along silently and reluctantly with birth control in 1957. It would seem that, having accepted his celebrated and expedient " one step backward " to birth control, he succeeded in regaining majority endorsement for his more celebrated " two steps forward " to boundless expansion, to the communes and to the catastrophic " great leap forward." When retreat changed to attack, birth control would naturally smack of defeatism.

It is surely reasonable to assume that the cautious mandarins of the party, in the face of today's dark difficulties and darker prospects, have again reimposed their prudent checks and restraints on Chairman Mao. Mr Chen Yun, the deputy prime minister and orthodox planner who had been in disfavour since he opposed the great leap, has made a comeback. The current reversion to birth control must imply therefore that Chairman Mao, composing or yielding to politburo tensions and rivalries, has either changed his mind about China's population problem, or has once more been unable to avoid accepting a policy that he still dislikes. Either way, there is food for thought.

Battle Tremors in the Model State

FROM A CORRESPONDENT IN MEXICO

WHEN he visited Mexico at the end of June, President Kennedy gave his hosts a pleasant surprise by warmly praising the Mexican revolution of 1910. Nothing, not even Mrs Kennedy's looks, has done so much for the atmosphere of Mexican-United States relations. The President went further ; he held Mexico up as a model of progress for Latin America, and publicly aired confidence in his prickly southern neighbour as the best bet for the success of the Alliance for Progress.

Can Mexico justify Mr Kennedy's hopes? To do so, it must maintain the political stability of the past 30 years, the basis upon which much useful work has been done, but it must also quicken the pace of economic and social advance, without which this stability is doomed. The Mexican government wears a confident air. But there are clouds, which President Kennedy's visit did not entirely dispel.

Since the beginning of his six-year mandate in 1958, President Lopez Mateos's expressed concern has been to raise the peasants' living standards and improve social justice within the framework of a rapidly growing economy. A man of the moderate Left, he has skilfully walked a tight-rope over the country's political, historical and demographic pitfalls. But recently he has had to face an increasing polarisation of political forces, largely as a reaction to the Cuban revolution. The Cuban regime's marriage with communism has weakened its appeal to left-wing groups ; it has also sharpened the fears of right-wing factions, who have become extremely suspicious of government measures that they think smack of socialism, as well as of Mexico's firm policy of non-intervention in Cuba. Both Mexican and American investors became alarmed, and withdrew or withheld their capital ; at the same time tourist income, an important factor, fell significantly. Twice last year the freely convertible peso was in danger of devaluation—a possibility which President Lopez Mateos is known to regard with something approaching horror. Indeed, 1961 was a nasty year for the Mexican economy. The national income rose by 3.5 per cent, only just keeping pace with the population increase, which at 3.4 per cent is the third highest in Latin America.

Some concessions had to be made to re-establish confidence, both in the United States and among Mexican investors. While maintaining its opposition to the expulsion of Cuba from the Organisation of American States and refusing to break off diplomatic relations, Mexico conceded at Punta del Este in January that Marxism-Leninism was incompatible with the American system. Soon after this, money started to flow back to Mexico. But something more was needed ; and the occasion for it was President Kennedy's triumphant visit to Mexico. His presence here and his praise for the Mexican government has been a public vote of American confidence, despite the continued disagreement about Cuba. A material sign of this confidence was the fact that in the last few months Mexico has received nearly $200 million in loans from international banks and Alliance for Progress funds. The present prospects for economic recovery are good.

But there are other problems that cannot be solved by investment. The most urgent is on the land, where millions of peasants, after nearly 50 years of agrarian reform, are still living in desperate conditions. Thousands flock every year either into the cities or to the United States, where they get jobs as unskilled labourers ; those who cannot do either sometimes express their frustration in demonstrations or minor insurrections, which are often suppressed with considerable violence by local military commanders. The good intentions of President Lopez Mateos are often brought to nothing by powerful vested interests whose sole aim is to get rich, usually at the peasants' expense.

The most glaring example of this occurred at the end of May when a turbulent peasant leader in the state of Morelos, Sr Ruben Jaramillo, was murdered with a brutality that most people had hoped belonged to Mexico's darker past. The crime aroused nation-wide revulsion and alarm, first for its bestiality—Jaramillo's pregnant wife and three children were shot with him in cold blood ; second for the dismayed realisation that prominent, if unpalatable, popular leaders could still be assassinated in the mid-twentieth century ; above all, because federal army troops were used to murder the family. There have been other, less important, assassinations in the provinces during the past four years, but the murder of Jaramillo was the most serious test of strength for the president. Many people doubt whether Sr Lopez Mateos is strong enough to expose the important people who were responsible. If they are right, it will be a serious blow to his championship of the peasants' interests.

DURING the past two years, the sniping at the president from both right-wing and left-wing extremes has growth into a barrage. Just now there is a welcome lull ; the extreme Left is at loggerheads and in disarray, while the Right has been soothed by President Kennedy's visit. But the lull is likely to be only temporary. Both sides are marshalling their strength to do battle for the choice of the next president. In Mexican political parlance, this is known as " futurismo." The battlefield is the governing Institutional Revolutionary Party (PRI), with outside factions exerting all the pressure they can. The PRI and its predecessors have controlled the country and won presidential elections for more than 30 years, and the new president is effectively chosen in this internal battle. This is not as undemocratic as it sounds, since the PRI is a rambling coalition of social groups and political views, from right-wing Catholic to Marxist socialist, and reflects reasonably accurately the forces and trends in the country.

On this occasion the battle promises to be bitter. A preliminary survey of the forces on either side suggests that on the Left there are ranged: President Lopez Mateos ; General Lazaro Cárdenas, a former president and the great old man of the Mexican Left ; and the many provincial leaders who are loyal to Sr Lopez Mateos's predecessor, Sr Ruiz Cortines. On the Right there are: the Roman Catholic church—or rather, its unofficial representatives, since officially the church is outside politics ; big business interests, closely allied to the church and finding a champion in the former president, Sr Miguel Aleman ; the growing middle class—a new factor in Mexican politics ; and, to a certain extent, the United States. It is certainly not President Kennedy's desire that the United States should be aligned with the Right. But links between Mexican and American economic interests, as well as the exploitation of the President's Catholicism by the right wing, make it almost inevitable. It has always been easy in Mexico to find signs of impending doom, and they should not be exaggerated. There are hopeful developments, such as the growth of a stable middle class and a better understanding of Mexico in Washington. But pressures and strains have been increasing since the Cuban revolution, and it will be even more difficult for the next president to maintain a stable balance.

Latin Americans and Others

FROM A SPECIAL CORRESPONDENT

THE value of calling in the neighbours to quiet a family dispute is sometimes dubious, but in the Conference on Tensions in the Western Hemisphere, held at Salvador, Brazil, in early August, this technique did well. As long as United States policy towards Latin America was being discussed, and in particular the aims and ailments of the Alliance for Progress, voices rasped and nerves tightened. But bipolar argument was tempered with polygonal conversation. When a European indicated that the common market was not a scheme to exclude Latins but might in fact welcome them, or a Nigerian praised the effect of skills brought back from Brazil to Africa by returning slaves in the 17th century, or a Hindu cited Indian experience in creating the psychological conditions for development within a political framework, the tone and temper of the meetings changed. A Brazilian put the point that " we don't want to be loved, but to be respected "; and it became evident that respect was a mutual response assumed to run not up and down the spine of the Americas, but back and forth across the oceans.

Within its chosen theme the conference divided its arguments into three, and considered tensions between nations ; tensions within nations ; and preconditions for economic and social development. The third section, chaired by Mr Paul Hoffman of the United Nations Special Fund, drew more than half the delegates, but failed to provoke much lively debate. But there was plenty of this in the first section, whose subject offered full scope for passions, prejudices and utopian ideas. " Between nations " was immediately construed to mean " between Latin American nations and the United States " ; this interpretation provided rich scope for Latin grievances, but left untouched any consideration of trouble between the Latin American countries themselves.

Out of the week's discussion came some mutual education and a recognition of certain determining attitudes, trends and ideas. The most pronounced of these trends was the persisting Latin irritation against the United States and all its works ; this often disappeared in private conversation, and may have been exaggerated by academic oratory, but at times it seemed so palpable as to constitute a serious barrier to any productive co-operation. It was recognised by the wiser American delegates as a useful form of blowing off steam ; some feared that so much steam might clog the safety valve and explode.

THE second trend was more cheering, and perhaps more useful. There was a warm response to European suggestions that the common market might possibly help to improve Latin American trade, which still depends on the sale of raw materials and the purchase of manufactured goods. The Latin countries are harassed by the fall in their terms of trade, nagged by fear of isolation, and envious of the favoured position enjoyed by African countries in selling their cocoa and coffee. The instinctive approach of most Latin Americans to the common market is a fearful expectation of new difficulties and more favouritism. It was soothing for them to meet the suggestion that adjustments might be made which would allow free entry of all tropical products to industrialised countries. At the same time, the suggestion that the existence of twenty Latin nations with twenty sets of problems was confusing to Europe, and that a federated Latin America might create a better climate for aid and trade, was received with an attention the more surprising since nationhood had been defended with such fervour. The political difficulties of any useful degree of federation are great. Yet in this period of changing alliances all things might, one day, be possible.

The Alliance for Progress, whose first birthday almost coincided with the conference, came in for analysis and criticism but little praise. Its progress was described as slow, and there was scepticism about the genuineness with which some Latin American leaders contemplated the promised reforms. The demand was pressed that the financing of the alliance should be centralised in the popular and successful Inter-American Development Bank. It was suggested that the bank's charter should be changed so as to admit Canada and interested European nations, and that its headquarters, as well as those of the Organisation of American States, should be moved away from Washington to an unspecified Latin American city. It was suggested that the veto power of the United States in the bank's operations should be abolished by eliminating the requirement of a two-thirds vote in approving loans. There was also a more general demand for " an attitude of humility on the part of the United States " when facing Latin problems, and the abolition of the advertising techniques used in propaganda for the alliance.

The conference was the sequel to one held last year at Oxford. Of 33 Latin delegates, 22 were Brazilians. The other 45 delegates included 24 Americans, and delegates from Europe, Canada, Japan, Egypt, Jordan and India. Most held academic posts but there were also business men, diplomats, politicians (including two Latin ex-presidents) and six United Nations officials. All came as private citizens. They managed, between them, to achieve more frankness, and in a more relaxed way, than is usually possible when illusions are being broken and accepted ideas turned inside out.

The Endurance of Gheorgiu-Dej

BY A CORRESPONDENT LATELY IN RUMANIA

THE Rumania that greeted Mr Khrushchev in June with well-organised enthusiasm is a land of striking contrasts. By religion Orthodox, the Rumanians have long been proud of their Latin language and have boasted of their disputable Roman origin. Bucharest, less than a century removed from Turkish rule, has always regarded itself as a kind of Paris of the East. Even today, French is widely spoken by the intellectuals, more so even than Russian. The city centre, with its spacious avenues and huge parks, reminds one of Paris ; it even has a copy of the Arc de Triomphe. But among its striking modern architecture, Bucharest also has its skyscraper in " Stalin wedding-cake Gothic "—the printing establishment of the party journal, *Scinteia*. The capital is a far cry from the primitive villages of Transylvania, and the still more benighted villages of Wallachia and Moldavia, with their thatched mud cottages, or log cabins. The excellent asphalt highways running through these provinces have few cars but plenty of ragged peasants, on horseback or burro, or barefoot, carrying great sacks, or bundles of brush ; some are in white homespun with black vests and hats ; some are driving rickety carts, and some are herding cows, goats, pigs, sheep, even water buffalo, on the road itself.

Unlike the other countries of the Soviet block, Rumania is very mixed ethnically; among its 17,500,000 people, it has more than a million and a half Hungarians and nearly 400,000 Germans, as well as Ukrainians, Russians, Serbs, Tartars, Slovaks, and others. The Hungarians have an autonomous region, with its capital at Tirgu-Mures. The ancient Hungarian cultural and political centre at Cluj is outside the region, although its population is half Hungarian. The once independent Hungarian Babes university was recently merged with the Rumanian Bolyai university, but is still organised in two sections, with five faculties mixed, and two (Law and Economics) purely Rumanian. Hungarian students do most of their work in Hungarian, with separate professors, but are required to learn Rumanian and to take certain general courses given only in Rumanian.

This merging of nationalities is also under way in elementary and middle schools, where mixed schools are replacing Rumanian and Hungarian schools. The ostensible purpose is to eliminate national animosities, and not to assimilate the Hungarian minority. In Cluj there is a Hungarian theatre and opera, and in Tirgu-Mures a theatre and a medical school. The German minority is less fortunate. Much reduced in numbers, but not expelled *en masse* as in Poland and Czechoslovakia, the Germans continue to enjoy education in elementary and middle schools in their own language, but have no university. Brasov, the centre of the Siebenbürgen Saxons before the war, when it was a town of 60,000, with Germans, Hungarians and Rumanians in equal proportions, has now grown to a city of 220,000, with only 6,000 to 8,000 Germans. There is little evidence of the once strongly German character of this ancient community.

Although governed since 1944 by one of the weakest Communist parties in eastern Europe, which lacked either radical political traditions or brilliant leaders, Rumania can now claim to be one of the most stable of the east European communist states. Its present ruler, Mr Gheorgiu-Dej, has been firmly in the saddle since 1945; only Mr Hoxha of Albania can rival him for longevity in power. Mr Gheorgiu-Dej spent the years from 1933 to 1945 in prison and was therefore not closely associated with the Comintern. He was the top party boss in Rumania during the Stalin period; but with the help of some discreet gestures to the new spirit in Moscow he managed to survive the years after Stalin's death.

There was in fact little response in Rumania to the events of 1956; this was partly because of a tradition of anti-Hungarian hostility, and partly because of the lack of a strong liberal intellectual tradition. Certain leaders, notably Chisinevski and Constantinescu, who seem to have urged a reappraisal of policy in the light of Mr Khrushchev's revelations at the 20th Soviet party congress, were removed in 1957. After the 22nd Soviet party congress last year, Mr Gheorgiu-Dej successfully shifted all responsibility for Stalinism on to their shoulders, and those of Ana Pauker and Vasile Luca, who had both been purged in 1952. The 22nd Soviet party congress gave rise to no ferment, political or intellectual, in Rumania, as it did elsewhere in eastern Europe. Mr Gheorgiu-Dej's unchallenged position was still further strengthened last year when he was made head of state, as well as first party secretary.

Soldiering on; Mr Gheorgiu-Dej

Orthodox in its conformity to Stalinist and Khrushchevian policies alike, Rumania has none the less developed its own administrative pattern. Because of the small scale of its industry, it did not suffer so much from rigid centralisation and has not therefore had to copy the "decentralization" carried out in the Soviet Union. *Industry is still run by the ministries. Regional councils formed* in 1961, unlike the Russians' *Sovnarkoms*, are advisory and supervisory. In agriculture, by contrast, the newly created Higher Council of Agriculture, including both specialists and farm managers, has replaced the ministry, and will directly guide and manage collective as well as state farms, through regional and district agricultural councils. A somewhat similar degree of modest decentralisation has just been introduced into cultural affairs by the division of the former ministry of education and culture into a ministry of education and a state committee for culture and arts. The latter, a large collective body of intellectuals and cultural leaders, will also work through regional committees. Needless to say, none of these changes will affect the overriding control of the party at all levels.

In economics the Rumanians can also point to solid achievements which contrast sharply with the difficulties of their neighbours. Collectivisation, after proceeding slowly and cautiously for years, was completed early this year with a great burst of speed. This "victory of socialism" in the countryside will in due course be registered in a new "socialist" constitution. Spokesmen of the regime boast that this was accomplished without the fall in production that accompanied collectivisation elsewhere. Certainly Rumania has so far escaped the serious shortages of major foodstuffs now plaguing other eastern European countries. Industrial production, it is stated, has substantially exceeded the planned annual rate of growth of 13 per cent in the past two years. The regime started with a weak and underdeveloped economy at the end of the war; it can claim to have done something substantial with the country's natural resources and developed a system that is relatively flourishing by comparison with its immediate neighbours. This is not yet very noticeably reflected in living standards. The very high rate of investment, said to be approximately 20 per cent, that has been maintained for some years, has been concentrated more in heavy industry than in light industry or agriculture. All the same there seems to be hope of an improved living standard in both town and country if the development of the economy continues.

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Correction

The description of the Vice President of the United States as "Sir" Lyndon Johnson (page 601 of *The Economist* last week) was not an attempted joke, just the result of bad handwriting.

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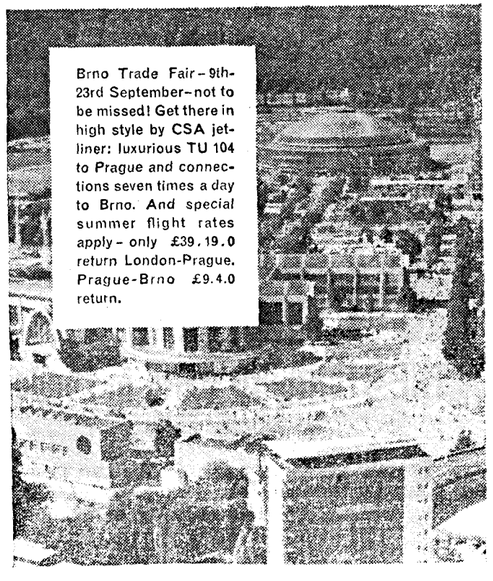

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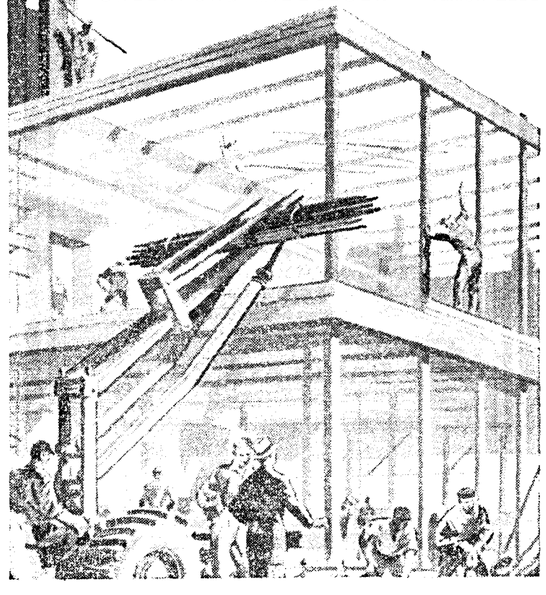

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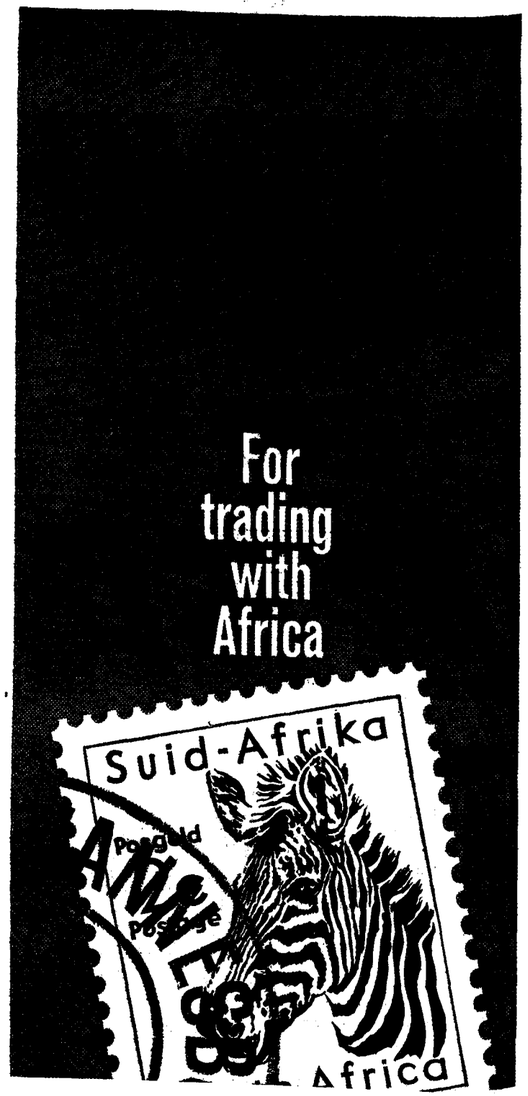

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THE BUSINESS WORLD

After Thalidomide

THE record of the drug, thalidomide—perhaps 1,200 babies born in this country with missing limbs and internal malformations—is going to accelerate changes in the drug laws that have been discussed on and off for the better part of ten years. The danger now is that the nation's collective feeling of guilt towards these children and their parents will cause the kind of precipitate, conscience-salving legislation that will not necessarily prevent the reappearance of another thalidomide. This is a situation that requires cool heads to rule warm hearts: more and better testing of drugs is not the complete answer and it is cruel to encourage drug makers and drug takers alike to think that it is. This particular horse bolts in open country, and no amount of locks on stable doors will stop him.

The basic weakness in the way that doctors prescribe and patients swallow drugs is this: doctors depend almost exclusively on manufacturers for their information about new drugs, while manufacturers depend almost exclusively on doctors for their information about how these work. The flow of information is not equal in both directions. The doctor is told much more quickly about the merits of a drug than the manufacturer learns of its defects. One is exposed to the full blast of nearly £7 million worth of salesmanship a year; the other relies on the occasional letter from those doctors who grasp quicker than most the significance of what a drug is doing to their patients. This is why thalidomide has claimed hundreds of victims instead of tens. This is where changes are most urgently needed.

The layman might properly ask why he should be the guinea-pig; how is it that dangerous drugs ever get out of the laboratory and on to the chemists' shelves in the first place? The reason is neither scientific nor medical, but purely statistical. The obvious killers are identifiable in the laboratory. Really serious side-effects show up, if not in the laboratory, then at least when the drug is first tried out in hospitals. But the long odds chance, the disastrous reaction that appears in perhaps only one case in a thousand, will not necessarily be obliging enough to crop up during these controlled trials. Very many mothers who have taken thalidomide have given birth to normal babies.

A scrupulous manufacturer might expect to use as many as 15,000 laboratory animals a month testing the safety of a new drug. These tests give a statistical sample big enough to cover the kind of odds that make a drug a rogue. But the animals are small—rats, mice, rabbits and hamsters—and what they can tolerate could still be bad for man. The risk is somewhat reduced by doing a few tests on bigger animals, dogs, monkeys and the occasional pig, but on nothing like the same scale. These big animals are simply not available in the same quantity as rats and mice; and even if they were, public opinion and the Home Office would not allow them to be used for laboratory experiments in the numbers required for a proper statistical sample. Manufacturers must hope that a check using perhaps half-a-dozen dogs will throw up any marked difference between the behaviour of the drug in large and small mammals; and more than once these last safety checks have shown that it was wiser to put the drug down the sink than on the market. But the gap between man and animal remains. No one can predict that a drug, tested by the industry's highest standards, is 100 per cent safe when it leaves the laboratory; makers can only claim that it is as safe as modern science can make it, which is a vastly different order of certainty.

To many people it seems an anachronism that it should be left to the good faith of manufacturers to decide whether a drug seems safe, or even how extensively it should be tested before it goes on the market. It is legally possible in this country to launch a new drug without any tests at all. The public's only protection is the industry's sense of responsibility and the knowledge that each company can stay in business only as long as it has the respect of the medical profession. This state of affairs is not likely to continue. The emotional reaction to thalidomide makes it almost certain that a drug registration scheme will soon be introduced, with evidence of laboratory trials required as a condition of registration. Some sections of the industry view the prospect with dismay, having their own good reasons for arguing that this would tend to reduce a manufacturer's sense of responsibility. Others welcome the idea, while praying that the actual machine will be somewhat less costive and bureaucratic than the American Food and Drug Administration which it seems likely to resemble. The FDA is at present basking beneath a halo acquired by one staff doctor's refusal to license thalidomide for sale in the United States, but it is not always gifted with such second sight. What it can do is hold up the sale of a drug for 60 days while deciding whether there is any reason why it should not be put on sale, or demand fresh tests from manufacturers. No one is suggesting that British manufacturers are lax in their testing, but there have been cases where, for example, a company assumed that the sum of two harmless products would also be harmless and so did not need trials. A registering authority might have been able to tell the company that this was untrue. But for

the statistical reasons already given, neither the FDA, nor any registration body could necessarily nose out another thalidomide. The American public was only saved this particular tragedy because the drug was marketed first in Europe: some of its—less tragic—drawbacks were already coming to light when it was ready to be launched in the United States.

If such dangers cannot be picked up in the laboratory, can they be identified during hospital trials before doctors start prescribing a new drug in quantity? Again the answer is no. This is not what clinical trials in hospitals are for; they are to see whether the drug has any medical value and, if so, for what conditions and with what dosage. They may incidentally show what price the patient might have to pay for a cure, in terms of side effects that are sometimes more serious than the disease treated, but these will not inevitably show up in such trials. Manufacturers, for their part, may be able during clinical trials to arrange for blood and other samples for analysis; but they cannot ask hospitals to use their patients like laboratory animals, nor can anyone expect the regulations governing the introduction of new drugs to be changed so that hospitals will. Ethics apart, there are not enough patients to provide the statistical sample that would be needed to give the public the 100 per cent guarantee that sentiment naïvely demands.

If the drug proves worthless, it will be withdrawn at this stage; if not, the published results of the clinical trials may spark off interest among other doctors. Letters in the medical journals will begin to describe first, cures and then, as doctors acquire more experience, drawbacks and side-effects—until something analagous to case law has been built up about the drug and the medical profession as a whole has a fairly clear idea when to use it and when not. This can take about five years. In the last resort, the public is the guinea-pig: when the pharmaceutical industry's critics say that drugs are being launched and marketed without proper trial, what they really mean is that the industry's sales machine is working 100 per cent faster than this somewhat Victorian technique of gentlemanly communication and counter-communication. The industry as a whole is spending an average of 10 per cent of turnover on sales and advertising of these "ethical" preparations. Since some of the biggest companies are spending only a fraction of the national average on selling, others must be spending very much above it. Most doctors could name them.

With the incentive to maximise sales during the first three years, while a new drug remains free from Ministry of Health price control, sales promotion techniques are borrowed from the consumer industries (a none-too-happy innovation in itself) and are sometimes used to promote drugs while there is still relatively scanty case history to back them. Consequently, for every wonder drug that ends its first five years with a clean bill of health, there is probably another that has been quietly withdrawn from the market and at least two more whose use has been considerably curtailed because of dangerous, painful, or merely tiresome side effects. But as drugs get more powerful, better able to cure intractable diseases and put patients back on their feet, so their side-effects get more severe, for chemicals that have a sledgehammer effect on disease cannot be expected to leave the rest of the body unaffected. The risk, not necessarily of another thalidomide, but certainly of violent and unexpected repercussions to new drugs, grows rather than diminishes and is the price of medical progress via such preparations. The question exercising the Ministry of Health, its advisers and the industry, is how to keep this risk to a minimum.

The barrier to quicker reporting by doctors is that an individual doctor may have to experience three, five, perhaps a score of cases before he begins to link cause and effect. But if, it is argued, doctors sent details of their cases to a central register, with drugs given and results noted, a score of postcards from different parts of the country all mentioning a common symptom and a common drug, could alert the central office, and indirectly the manufacturer, that something more than coincidence might be at work. Postcards reporting malformed babies born to mothers to whom thalidomide had been prescribed for early-morning sickness would certainly have sounded the alarm earlier; limbless babies were reported in 1960, but the drug was not withdrawn in Britain until late last year. Suggestions for some scheme along these lines are growing more frequent; the stumbling block seems likely to be the attitude of individual practitioners. Doctors, who can be surprisingly reactionary at times, have nevertheless been heard to complain that an office of this kind would forever be sending out false alarms and inhibiting the development and use of new drugs. Oddly enough, this is not how the pharmaceutical industry sees it; but then a drug maker loses more of his customers when one of his drugs turn sour than the doctors lose of theirs.

Nitrex AG

Producers trying to rig the world export market for nitrogen fertilisers may have a huge future surplus to control

EUROPEAN producers of nitrogen fertilisers have banded together to form a nitrogen export cartel, Nitrex, which is to market their products overseas. This has long been expected: for several years intense competition for export business in these fertilisers has been skilfully exploited by a few monopoly buyers in communist China, India and Pakistan to force nitrogen prices down to levels which are said to be uneconomic, and the competitive bidding between European producers has made this all too easy. Members of Nitrex include the leading manufacturers of Europe, with two significant exceptions: ICI and ANIC, the petrochemicals arm of Italy's ENI. Even without these, Nitrex will be the world's largest exporter of nitrogen, with a capacity of 5 million tons a year at its disposal, and some market power to achieve its main objective, of "stabilising" nitrogen prices. The organisation will enable European producers to sell on a scale comparable with Soviet block countries (whose capricious forays into the market have been adding to the excitements of capitalist competition) and the United States. American producers admittedly do not compete for Chinese business; nor has Japan been selling to China of late, though its growing capacity must affect the market there. Nitrex also hopes to rationalise the marketing of nitrogen fertilisers to avoid overlap between the producers, and to arrange barter and long-term credit deals. (The largest customer for this rapidly-consumed product, China, has recently been demanding—and getting—up to 18 months' credit.) Even though the cartel says its activities are to be strictly confined to the export field, as they need be if the agreement is to avoid being banned under the Rome Treaty, it is impossible to avoid comparisons with notorious pre-war cartels.

The circumstances which have led to the formation of Nitrex closely resemble those in which the first European nitrogen cartel was set up, in 1930. During the twenties, synthetic nitrogen capacity considerably increased throughout the world and this, combined with an agricultural depression, led to over-production and a fall in prices. The agreement, which sought to maintain prices, to increase nitrogen consumption and to allocate business by quota, came to an end at the outbreak of war and was not revived. Since the war, world nitrogen production has increased to 14 million tons a year and world capacity exceeds it by 2.5 million tons. Existing plans for new plants, if they all materialise, would increase capacity to 23 million tons a year by 1966; but much of this increase is planned in India, China and Japan, so that Europe's share of world production will drop. Forecasts of demand differ widely, but it looks unlikely to keep up with capacity. If the present rate of growth continues, total demand for nitrogen (including industrial uses) would reach only 16 million tons by 1966; but some manufacturers believe that the total will then be as much as 21 million tons (or 90 per cent of the planned capacity) on the grounds that the present efforts of agricultural missions in various underdeveloped countries might be bearing fruit by then. Certainly, if the base of nitrogen usage could be broadened to include peasant farmers, and if the underdeveloped countries could find the money, there would be a dramatic increase in demand. If not, the surplus capacity could make the attempt by Nitrex to hold prices in the export market very difficult indeed. (All of these figures are expressed as metric tons of nitrogen; the actual tonnages of the various fertilisers are three to six times as much.)

Trade in fertilisers, excluding that within the Communist block, accounts for a quarter of world consumption; a fifth of this is "cyclic movement" (e.g., from the West Coast of the USA to West Canada and East Canada to the Eastern States). In the world market proper, therefore, about 2½ million tons were sold last year, of which European exporters supplied 1.8 million tons. The biggest single buyers in the export market are government agencies in China, India and Pakistan; though these countries buy only 360,000 tons, 180,000 tons, and 70,000 tons respectively, this bulk buying gives them the power to offer very large contracts. The main reason why Nitrex has been formed is to make the European producers into a unit large enough to hold the line against them on prices. None of the producers want to repeat the experience of 1954, when China trailed temptingly large contracts from one country to another and brought export prices crashing.

A third factor in nitrogen supply has been an improvement in the techniques of ammonia manufacture which, although it has helped to ease the smart of slashed prices, has raised another bogey to frighten European producers. It may now be more economic to make ammonia at a source of cheap energy and feedstock (usually natural gas) and ship it to the markets than to ship the feedstock and make the ammonia in a "market-located" plant. Current plans to build plants in Trinidad, Kuwait and other surprising places, have to be taken into account by any European producers with plans to build plants themselves. Contracts for ammonia from these, as yet unbuilt, "source-located" chemical plants have been offered very cheaply in Europe and have contributed to the pressure on export prices, which have fallen by a half in the last ten years. The producers themselves have added to these pressures by competing for some markets as much for political as for business reasons. The formation of Nitrex has been accepted as inevitable since the mid-fifties, and prices have often been slashed to gain a foothold in some market to establish a strong share from which to bargain when quotas came to be allocated.

MEMBERS of Nitrex include Germany's three main producers: Ruhr-Stickstoff, BASF and Hoechst; a selling organisation representing all Italian producers except ANIC; the sole manufacturers of nitrogen fertilisers in Austria, Switzerland and Norway, respectively; and the central selling organisations of Belgium, Holland and France. In many of these, governments have a financial interest and thus find themselves in the position of being, indirectly, parties to a cartel. Of Europe's main producers only ICI—a moving spirit behind the pre-war cartel—and ANIC are not associated. ANIC is a maverick whose arrival in the Italian market with fertilisers based on natural gas precipitated a price war, but it is said not to be entirely unsympathetic to Nitrex and may even consider joining. ICI has said that it has taken no decision; it is certainly considering the matter and has made enquiries at Nitrex into the nature of the association. The two other British producers, Fisons and Shell, are both indirectly involved through interests in Dutch subsidiaries.

If Britain joins the common market, ICI will probably have to join, as a defensive measure. Although any restriction of competition within EEC by associations has been specifically forbidden in the Rome Treaty it seems possible that members will want to avoid the sort of unpleasantness that might arise from competing in each other's home markets. If this became the policy of Nitrex, the association would soon lose whatever acceptance it may now have from EEC. It has therefore had to confine its aims very clearly and completely to export, and if it sticks to them, it may serve the interests of Europe's nitrogen producers effectively. It is too soon to see how the arrangement will work; many administrative details have yet to be agreed, for instance the exact allocation of quotas. The testing time will come when the Chinese come into the market again and for the first time find the European producers united in their determination to stabilise prices. The chemical companies which make nitrogen, the European governments whose capital is invested in most of them and the coal interests for which it is such an important market are determined to lift the market out of its present anarchic conditions. But if they imagine they can stabilise prices against the bulk buyers in the face of vast surplus capacity, they are probably overestimating their power to rig the market.

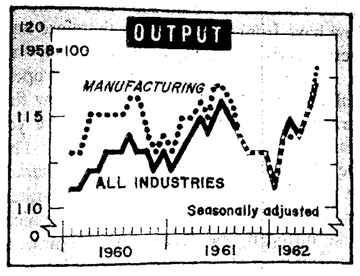
BUSINESS NOTES

THE ECONOMY

Manufacturing Goes Ahead

In the jump upward of industrial production during May and June, manufacturing output rose faster than the rest of industry, after several months of moving no more than in step. This is a return to what has been throughout the postwar years a more customary relationship between the manufacturing index and that for all industries; manufacturing in June, indeed, rose by two points for the second month in succession (which on an index rounded to three digits means at the least more than three points in two months). At 118 (1958=100), it passed the level of July last year and thus became the highest level of output yet recorded; so did the all industries index, which was 117 for June. The Treasury comments, soberly but proudly, that industrial output in the second quarter of the year was two per cent higher, on the average, than in the first quarter. This is not remarkable by European standards, but respectable: West German output rose by 2 per cent during the same two quarters, and French output by only one per cent.

Since there have been few signs of any marked increase in final demand at home during the second quarter of the year, the elements mainly responsible for this increase in production will certainly have been higher exports and probably an end to the rundown in stocks. In some of the industries where home sales recovered in the early part of this year, and particularly among their suppliers, stocks had come down significantly over the previous three to six months. Merely to have checked this minus element in total demand will have been a plus factor for manufacturing. If manufacturers now continue to rebuild



their stocks it will eventually pull in more imports, but for a while at least it will provide a welcome stimulus to output.

Export orders for the engineering industries in June, again, were more encouraging than for some months. New orders from abroad received in the month were much higher than those booked in April or May, and far above the level of June last year; the total of export orders on hand indeed rose during the month. New home orders were rather higher than in June, 1961, but well below deliveries; so home orders on hand fell by 3 per cent during June. There is no sign yet of any upturn in private industrial investment; on the other hand, the engineering industries are making good use of their slack capacity, for the time being, in filling foreign orders more quickly and securing others.

Despite the higher level of industrial activity, unemployment has since continued to rise and the number of jobs on offer has gone on falling. On August 13th, there were 464,191 people out of work in Britain, equivalent to 2.1 per cent of the labour force: this was the first count to go over the 2 per cent mark since January, 1960. Leaving seasonal variations aside, there were nine people registered as wholly unemployed this month for every four vacancies.

EXCHANGES

August Strain

Sterling has come under some selling pressure in the markets this week: on Tuesday the spot rate dropped by 1/16 to $2.80 9/32, its lowest since last September. The Bank of England is believed to have stepped in with some supporting sales of dollars, but the volume was not large. On Wednesday sterling dipped a little further, to below $2.80¼ but it rallied on Thursday. The weakening of the pound in high summer has caused little concern in London. The usual seasonal demand for dollars for purchases of tobacco and other commodities has been decidedly late to develop; indeed, the feeling that the current sterling rate is unnaturally high for the time of year is itself responsible for some of the bear selling that is now under way from New York and Paris. This has been accompanied by repurchases of sterling forward, and this classic scissors movement between spot and forward rates seems a clear indication that operators are moved by short-term technical views rather than by sudden distrust.

Paris was also preparing itself earlier this week for a Bank rate reduction. But in London, Thursday's announcement of no change caused little surprise. While the authorities seem to be preparing themselves for a second release of special deposits and, more effectually, for a downward movement in the indirect tax regulator, they may feel that in the present international context Bank rate can best remain at 4½ per cent. Certainly it would be surprising to see it reduced at a time when foreign money is leaving London, as is now happening on a minor scale.

It has been a quiet week for the dollar. The London gold market has been pretty well balanced between private demand and normal supplies and the gold price, which had shown its now usual rise before the week-end, fell back in mid-week to $35.11½ an ounce. In the exchange markets the dollar remains at its support points against the French franc and the lira, slightly above it against the Swiss franc, and just below parity against not only sterling but also the mark. The mark has in fact held up well this week. It has been little affected by the new Berlin tensions (which may once again have had a greater immediate impact on sterling). Nor has there been any evident reaction in German markets to Dr Erhard's venting, in an open letter to a newspaper, of dire warnings to trade unions and brave reassurances about the currency —a mixture that to British ears is both familiar and a little ominous.

IN THE MARKETS

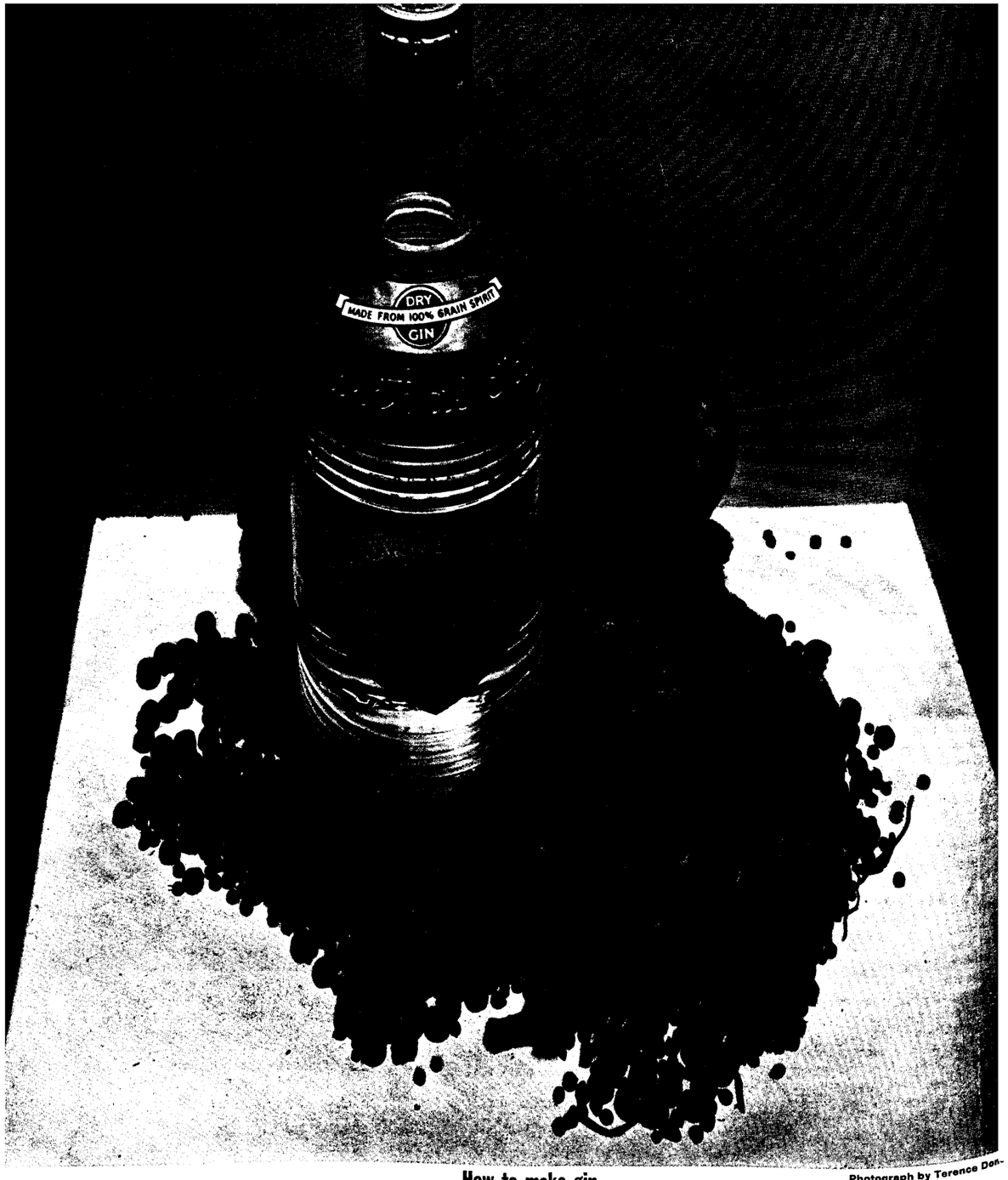
Sober Hopes

This week the market in industrial equities has behaved more rationally than it did in the exuberance of the earlier rally. The volume of business has not broadened and over the week's trading to Wednesday's close the *Financial Times* ordinary index was practically unchanged at 281.6 and *The Economist* indicator fell slightly, by 1.4 points to 335.1. The caution is understandable; but it is no less significant that a more sober reappraisal of prospects has not produced a fall in prices. Indeed, prices began to move higher on news of the rise in industrial production in June and the increase in engineering orders, and on Thursday the market responded to the resumption of the advance on Wall Street, which had been checked only momentarily by the cut in dividend by Republic Steel. The London market certainly appears to believe that equities are heading upwards and its willingness to contemplate this prospect more calmly and more soberly than it did only a few days ago may enhance the chances that they will do so, slowly and cautiously.

Far-North Finnair

Finnair, one of the first airlines to recognise the potential of the Caravelle, is also one of Europe's aeronautical old-timers. Operating international services since 1924, when they flew a four-seater Junkers F13 from Helsinki to Tallin in Estonia, Finnair today carry half a million passengers yearly to fourteen Finnish centres and twelve European cities. Among the latter is Paris where the modern equipment and highly-trained ground crews of Air BP chop money-saving minutes off turn-round times.

Fast flying FINNAIR... fast fuelling AIR BP



Photograph by Terence Don-

How to make gin

You start with pure spirit. (Burnett's use the very purest.) You test it. You add water; there's a trick even here – ordinary tap water definitely will not be good enough. You test again. Then you distil in, patiently and lovingly, a secret mixture of juniper berries, coriander seed, angelica root and subtle hard-to-get herbs. You test again. There are three snags. One: the excise. Two: the trouble. Three: however hard you try, you won't make a gin that is as clean and smooth and authentically dry as Burnett's.

BURNETT'S

Investors in fixed interest securities seem to have no doubts at all about the immediate future of monetary policy, and gilt-edged prices have continued to rise. A reduction in Bank rate was again canvassed in the market but most dealers came to the responsible conclusion that in view of the seasonal strains on sterling a cut was not imminent and that in any case a reduction in special deposits was likely to come first. The market is still convinced that there will be a controlled and gradual fall in interest rates and this belief has been backed by buying of both short and long dated stocks. The clearing banks were buying the short tap stock, 5 per cent Exchequer, 1967, while other investors continued to buy the 5 per cent Treasury stock, 1986-89—and the market believes that the tap in this long dated stock will soon run dry. The buying is purposive. It is based on realistic assessments and not on wild flights of imagination ; it already acknowledges, for instance, that the series of new issues by local authorities may continue for a few more weeks but that if the Government accepts the recommendations for reform in local government finance the pressure on the stock market should ultimately be reduced.

BANK CREDIT

Advances Turn Downward

ANY doubts about the underlying slackness in demand for bank credit should be dispelled by the latest banking figures. In the four weeks to mid-August net advances by the London clearing banks fell by £3½ million, which seems to confirm that the rise of around £100 million in May-July was predominantly attributable to the special seasonal influence of the debiting of half yearly interest charges. Advances to state boards in August rose by £5½ million, so that net repayments by other borrowers were around £9 million. Advances by Scottish banks moved in line, with a net fall of £5 million. Despite this slackness of lending, the banks did not continue to rebuild their investment portfolios in the month to mid-August, though some significant purchases have been detected in the market in the past week. Liquid assets in the hands of the clearing banks were reduced, and net deposits fell by £36 million. The liquidity ratio was virtually unchanged at 33.15 per cent. It would be surprising, after these figures, if the monetary authorities delayed a further relaxation of credit control much longer—if only to give formal official blessing to freer lending for personal consumption.

RAILWAY WORKSHOPS

Shrinking Pains

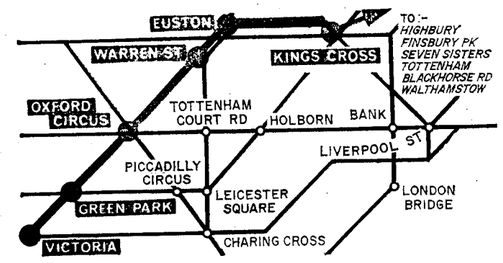
THE threatened second round of redundancies in the railway workshops has come, and the men now know just how sweeping they will be: out of the 56,000 employed in the 25 main workshops, 20,000 will go in the next five years—and nearly half of them by the end of next year. But

LONDON TRAVEL

Some Underground Relief

THREE years after the London Travel Committee recommended that the Victoria line should be built, the Minister of Transport has accepted its opinion and given the London Transport Executive permission to start work. He has thus accepted that more off-street travel facilities have become essential. The spread of parking meters through central London may prevent traffic congestion worsening—unless the reduction in parking space that these bring about is offset by the building of private or public garages and limits the number of private cars that can enter the area with any hope of stopping inside. But the number of people wanting to come in is likely to go on rising with the continued development of office space, and buses are too slow for the medium or long journeys that these commuters mostly make. So the railways and the tubes will have to bear the brunt of the extra traffic: electrification is raising surface railway capacity, and new rolling stock that of existing tubes. When all that is completed in 1968 it would still not be enough, and neither change reduces overcrowding at railway termini. Hence the Victoria line. Even the extra capacity this offers may seem a drop in the mob by then ; some co-ordination of travel facilities and employment in London, perhaps with a tax on employment in the centre, is needed if matters are not to get out of hand. Or would economic charges for all forms of travel into town be enough to check the lemming rush of commuters ?

The somewhat elliptical course of the Victoria line through the less salubrious suburbs of north-east London was chosen to allow it to draw off as much traffic as possible from the suburban railway lines running into Liverpool Street and so to relieve this terminus and the Central Line that now has to carry passengers making their way west from there to Oxford Circus. As the new line gets south to Finsbury Park, it begins to duplicate and relieve other existing tubes.



Most of the traffic on the Victoria line will therefore comes off present services. In 1959 the London Transport Executive estimated that only 30 per cent would be newly generated ; 36 per cent would come from other underground lines, 18½ per cent from its buses and 15½ per cent from the railways. It was then reckoned that though the line should, on the basis of fares then charged, show an operating profit of about £600,000, the receipts lost by the other services would turn this into a net loss of about £200,000 a year—to which interest charges of about £3 million need to be added. So to break even with the new line operating the LTE would have to add more than £3 million to its present revenue of some £30 million from railways—which in itself fails to cover full costs.

But £3 million a year may be a comparatively modest charge in relation to the cost of providing similar carrying capacity by improving roads at London surface values. The delay in deciding to build the Victoria line has had technical advantages, not perhaps fortuitous. The LTE has nearly finished tests on the experimental stretch of tunnel that it has had dug near Finsbury Park to try out a fast new method of rotary digging with a flexible, unbolted tunnel lining, and to decide whether it can use concrete instead of the traditional cast iron for the new route. The half dug by Kinnear, Moodie has a pre-cast concrete lining, and that dug by Edward Nuttall, Sons and Company (London) one of cast iron.

This new tunnelling method should keep the cost down to £56 million, only £1 million more than the 1959 estimate ; if concrete can be used instead of iron, the saving might be more. But tunnelling would account for less than a third of the total of £56 million, with stations expected to cost £22 million and presenting the trickiest jobs—for in many cases the work has to be done while an existing station is used. Oxford Circus station alone will take the full six years to rebuild: a new station booking hall has to be built under the circus itself, which is one of the busiest road junctions in London. The LTE engineers propose putting in a steel platform to carry the roadway, then burrowing beneath to create the new station. All this digging will give civil engineering contractors some rather unfamiliar if relatively straightforward work: apart from the test tunnel for LTE, water tunnels for the Metropolitan Water Board and the tunnels under the Thames have been the only recent local underground projects undertaken in Britain.

LOCAL FINANCE

Easier Money

LAST Saturday the Public Works Loan Board reduced its rates for new loans by a nominal ⅛ per cent to 6⅝ per cent for all maturities. This reduction recognised the easing of rates in the open market for local authority loans; it is not linked to the change in policy expected to be recommended by an official committee, which was discussed in these columns last week. Rates have been moving in the local treasurers' favour since the turn of the half-year, and seven-day money is now available at 4 per cent, compared with rates which were more or less consistently above Bank rate in the first half of the year.

This fall in short-term rates has followed quite substantial repayments of temporary money by local treasurers who have benefited from the increase in stock issues and the inflow of money on two to five year mortgages as a result of press advertising. Many authorities have indeed now temporarily stopped advertising while others have reduced their rates from 6½ to 6¼ per cent. At the same time many treasurers, aware that the monetary authorities may soon limit all temporary borrowing to 15 per cent of total debt, have been funding in the London market. There has been a substantial turnover in two to five year mortgages at 6⅝ per cent and in five-year escalator mortgages at 6¼ per cent. Treasurers have also been lengthening their temporary debt by taking loans up to 364 days and repaying seven-day money.

The figuring on local borrowing in the first quarter of 1962 is published this week in *Financial Statistics*. Net borrowing increased by £202 million, £68 million more than in the same quarter of 1961, and £132 million of the borrowing this year was in temporary deposits. The clearing banks, under official pressure, actually reduced their overdrafts to local authorities by £13 million, but treasurers had no difficulty in finding money elsewhere, and in particular by borrowing a further £86 million from London's merchant banks, overseas banks, and foreign banks. About three quarters of the deposits of these banks is on foreign account; so perhaps over a half of the increase in temporary borrowing of the local authorities in the first quarter of 1962 was of foreign origin.

Total lending to local authorities by these banks, according to the group totals published in the Bank of England's quarterly bulletin, amounted to £278 million on March 31, 1962. The CSO figure lumps lending by the discount market together with these banks, giving a total lent by non-clearing banks and discount houses of £289 million. The difference of £11 million is however attributable partly to foreign banks that have no branches in London and therefore do not appear in the Bank of England figures. Lending by the discount houses in this local authority market is estimated by informed market sources at no more than £3-£4 million. The discount market can lend only its unsecured money in this way, since local authority deposit receipts are not negotiable, and cannot be lodged as security with the banks or the Bank of England. Discount houses now pay only 2½-2¾ per cent for these deposits from the public and can therefore make a good turn in the mortgage market. If they were prepared to break with tradition, risk retaliation from the clearing banks and be more generous with their rates for this money the discount houses might develop this profitable sideline a good deal further.

Spain Takes Advice

LOOKING forward in economics and back in politics, Spain continues to present a baffling scene to watchers from north-west Europe. A milestone in economic practice was passed this month with the lifting of the licensing requirement for internal changes in industrial plants. Thus a fact, not without its symbolism, is recognised: exciting though new factories are, what Spain needs much more urgently is the improvement of the factories it has already. But plant extensions and improvements have been half-stifled by the cumbrous and detailed controls. Licensing requirements remain, in plenty; but the trend is away from state paternalism, at least in economics.

Most notable of recent events in Spain, the moment of presentation to the Spanish government of the report of the World Bank team, headed by Sir Hugh Ellis-Rees, has come and gone with every sign of harmony and concord. This report suggests what should be the general lines of Spanish economic policy for the next five years. The only trouble is to find out what it says. The Spanish government is willing, indeed eager, to make the contents of the report known, and a brief outline of the main points by the able commissioner for the development plan, Señor López Rodó, was published on August 14th. To translate and publish the report itself, some 400 pages, is a big job. But the Spanish government intends to give it "the widest possible circulation" in Spain.

In the meantime we have to rely on the indications of what the report contains given by Sr López Rodó. He made it clear that the general emphasis is on freedom of private commercial and industrial investment, and that the Spanish government accepts this. Controls and forms of direct state intervention devised in more difficult times are to go. The once-dreaded state industrial octopus, INI, which at one time soaked up so much new capital that little was left for the expansion of unprivileged commerce, is invited for the future to limit itself to a "pioneering" role. The government is urged not to try to see to everything itself, but to set the economic goals and pursue policies that will assist the economy to reach them. Its preoccupations with maintaining employment and levelling up the regions are recognised, but the insistence is on mobility of capital and labour, as means towards the economic use of resources and the conditioning of Spanish industry to meet competition in export markets. The World Bank team hopes that an annual rate of growth of national income of 5 per cent a year can be reached and, if these principles are followed, maintained for a long period ahead. It mentions a possible doubling of incomes in industry and services in ten years, and (somewhat more diffidently, to judge by the Spanish report) a commensurate increase in agricultural incomes.

While some will ask whether these increases are going to be sufficient to satisfy Spanish discontents, others will ask how they are going to be attained. Evidently the report gives a good deal of attention to what should not be done, and in particular to ways in which effort should not be dispersed. Thus, it is against ambitious new road schemes: with the one exception of the planned Mediterranean coast motorway, from the French frontier to the Levante provinces, the road effort should be confined, for perhaps four years, to the repair and better maintenance of those existing roads that carry the heaviest traffic. On railways the judgment is much the same: some 4,900 kilometres of track need modernisation, and the locomotive park needs renewal, but neither wholesale electrification, nor the building of new lines, is recommended. Similarly with the ports: in general they are big enough already; what is wanted is more, and regular, dredging. Clearly the World Bank team is convinced that public investment must be limited if industry is not to be kept starved of the capital it needs for expansion. On agricultural policy there is a similar concern to avoid dispersal of resources. Thus, while the value of irrigation schemes is conceded, it is urged that the state should not start simultaneously on so many schemes that their completion is delayed. The central object of agricultural policy, said Sr López Rodó, "should be to get a sufficient volume of production of each crop at the lowest possible cost." An expanded agricultural production is treated as not only desirable, but necessary; but the report urges that efforts should be made to project probable demand, crop by crop, and relate production to it.

ALL this sounds elementary, and indeed Sr López Rodó gave the impression of a report abounding in pertinent platitudes. If heeded, however, these statements of the obvious will imply a modernisation of the Spanish government machine and a spring-cleaning of the process by which policies are made. Some specific suggestions of this kind—a ministry for export promotion, the use of Treasury bills and other credit control instruments made available by this year's bank reform, methods of increasing the volume of new low-cost housing by other means than direct labour—are mentioned.

In general, the report is an attempt to face the problem of combining the orthodox principles of the stabilisation period (1959 to 1961) with a new dynamic element of growth. Stabilisation was a success in that it did what it set out to do, but at the cost of a heavy recession and painful social scars, reflected now in the persistent grumbling on the labour front. As the report points out, Spain now has a foreign exchange situation good enough to allow freedom of manouvre. What is hoped is that if the economy is released, its latent forces of expansion will do the rest.

ANNUITIES

At Death's Door

THE chance of purchasing a Government annuity ends on the last day of this month; ironically this may be the first time that many people realised that such a possibility even existed. Government annuities are to go the same way as Government life insurance went in 1928, when only 12,000 policies were outstanding. Annuity contracts granted in 1954-60 averaged 400 a year; in 1961 this figure fell to 250.

Available through the National Debt Office, the Post Office, and the Trustee Savings Banks the money received in consideration for the annuities was used to cancel part of the National Debt. Recently the scheme has not been worth the trouble, and the Government now feels that there is no demand for the service. In fact the annuities were uncompetitive and cumbersome to acquire and the range of annuities offered was very narrow compared to that offered by the insurance companies. The cost varied with the market value of 2½ per cent Consols and while the proposal forms of the assurance companies are simple, the Government's were lengthy affairs that demanded a declaration to be made before a Justice of the Peace, a magistrate, a Commissioner of Oaths, or an official of the National Debt Office in London. A misstatement could mean imprisonment or a fine or both. Investment was tied to Government securities. If the Trustee Investment Act had widened the investment outlets; if the system had been streamlined; and if it had been advertised, then it might have survived.

A much more successful effort to attract private savings has been made by the Trustee Savings Banks. Deposits with their special investment departments have risen from £119 million ten years ago to £555 million in May, 1962. In that period the rate of interest paid on the bulk of deposits has risen from 2¾ per cent to 5 per cent.

COTTON

No Sale

DESPITE the late boost in cotton exports provided by stepped up disposals under aid programmes and a rise of 750,000 bales in American mill consumption to 9 million bales, the United States wound up the 1961-62 cotton season holding 400,000 bales more cotton than it held a year earlier. Apart from a rise of 150,000 bales in the depressed 1958-59 season, this was the first substantial reversal of the declining trend in American cotton stocks since the peak reached in 1956. The stocks of the rest of the free world are estimated to have declined by nearly 1 million bales in this period. End-season stocks in the United States amounted to about 7.2 million bales in 1961, of which the United States Government through the Commodity Credit Corporation owned only 1½ million bales. This year it has some 4.7 million bales of the total American carry over of 7.6 million bales.

To help move this accumulation into commercial outlets, the existing export arrangements were supplemented by an export sales programme which is meant to begin to operate when the average price of 1-inch middling cotton in American markets reaches 34.22 cents a lb for a full week. Sales by competitive bids can be made at a minimum of 34.82 cents, to which carrying charges will be added from November. Allowing for the export subsidy of 8½ cents, the cotton could be shipped to Britain for 26d. a lb. But American cotton is available

ITALIAN POWER

How Utilities Have Hedged

Milan

ONE article in the current bill for the nationalisation of Italy's electricity industry lays down that the expropriated utility companies will not be dissolved, but encouraged to invest and diversify in other fields of industry. This will leave in existence efficient managerial organisations capable of intensifying or broadening the process of Italy's industrialisation; any attempt to dissolve the expropriated companies, which are already highly diversified, would have struck public opinion as doctrinaire and incidentally posed a thorny technical problem.

When the first rumblings of nationalisation were heard soon after the second world war, Italy's utility companies saw the writing on the wall. Edison of Milan, which accounts for 25 per cent of the total power produced in Italy, embarked as early as 1950 on a vast programme of diversification—"to safeguard the interests of our stockholders." Since then, the company has developed into a chemical, petrochemical and synthetic fibres giant second only to Montecatini group. In the last five years alone, Edison has poured more than £180 million into the seven distinct chemical subsidiaries and affiliates through which it operates a dozen-odd plants from the Alps to Sicily. It is also involved in several other industries and financial activities.

La Centrale, Italy's second largest private utility company, producing 10 per cent of the country's total power, has diversified into six major industrial and financial areas over the past ten years. These include electronics, paper mills, foods, construction, and financing. The company signed an agreement last year with Britain's Reed paper group to build a large paper plant near Cassino, south of Rome. In the construction field, La Centrale has interests in half a dozen functioning and prospected toll highways, and in construction projects in Egypt, Pakistan and Nigeria. In financing, the company has set up several subsidiary holding companies in the fields of underwriting and investment. SADE (Società Adriatica di Elettricità), the third largest private power producer with headquarters in Venice, and with an extensive network covering the north-east corner of Italy, is reportedly moving heavily into tourism, hotels and real estate development.

Italy's utility companies are ready to discuss the new ventures that they have already embarked upon; but so far none of the electric power groups has stated openly yet what they plan to do with the money they receive in repayment for their electricity assets, despite the rumours flying around in Italian business circles. They have two reasons to keep their plans quiet. The nationalisation draft law has to pass both Houses of Parliament; final approval seems unlikely to come until early fall. Secondly, if the bill is passed, future investment of these repayment funds will be subject to approval by a special credit committee of the Bank of Italy, to see whether they fit in with Signor la Malfa's economic plan.

2d. a lb cheaper from non-official sources, and even this price is being undercut by as much as 2d. a lb by rival cotton producing countries.

The first official forecast of the current American crop puts cotton output at 15.1 million bales, the first time production has topped the 15 million mark since 1953-54. The United States Department of Agriculture thinks that the usage of American cotton will again be about 14 million bales, a drop in home consumption being offset by a recovery in exports. This looks an optimistic forecast unless the American authorities are prepared to shade prices to meet foreign competition. American exports are currently lagging badly. Cotton production outside the United States is expected to increase, but unless consumption improves quickly in Japan, Britain and some other European countries, there is unlikely to be any increase in demand for cotton outside the United States. The difficulty with the floor which American export policy places below world cotton prices is that it always seems likely to collapse if overloaded. It is not surprising that the added pressure which the new season seems likely to generate has given rise to renewed rumours about a possible increase in export subsidies.

LOBITOS OIL

Before and After the Bid

THE four for five share exchange offer by Burmah Oil for the shares of Lobitos was quickly recommended to shareholders by the Lobitos directors. They have now decided to defer the proposed one for one scrip issue but they have declared an interim of 16 per cent which accords with their forecast of an 8 per cent interim on the doubled capital. For 1960-61 the interim was 8 per cent, followed by a final of 20 per cent. The bid holds out the prospect to Lobitos shareholders of an income almost double that received last year. The price of their shares has more than doubled this year so that they can have no cause to complain about the terms of Burmah's offer. Nevertheless there has been some speculation whether a rival American bidder was waiting in the wings. A large holding had been built up earlier by Guaranty Nominees, a nominee company of Morgan Guaranty Trust, which is shown in the register as the owner of about 360,000 shares. This may represent the holdings of numerous American investors; indeed in April the register shows this holding at over 410,000 shares, which has been reduced since then by a number of small sales.

One other holding which has aroused comment is that of C. T. Bowring, an insurance firm, whose chairman is Mr F. C. Bowring who is also chairman of Lobitos. The firms have had close links since Lobitos was founded in 1908, but it is only this year that C. T. Bowring has really built up its shareholding; the chairman says that this decision was taken in the light of the injection of new management into Lobitos, which made it an attractive investment prospect. To C. T. Bowring's earlier holding of 34,000 shares, 70,000 shares were added in January, when the price was around 14s., by the purchase of a single block of shares. Then in May, having notified the Lobitos directors, C. T. Bowring decided to buy up to 100,000 shares through the market. In fact however 72,000 shares were purchased (of which about 60,000 so far appear on the register). The last purchase was early in July when the price stood at about 15s. 6d. Mr Bowring has said that at that time the Lobitos directors did not have a scrip issue or a higher dividend in mind and that he had no knowledge of the Burmah bid until August 10th, when the shares in response to the scrip isue and dividend forecast stood at 22s. They now stand at 29s.

RADIO SHOW

Whistling Up the BBC

THE men of the radio industry are not quite the tragic clowns in greasepaint that they were at last year's radio show. They have disposed of their stocks of 17 in. sets and now have the Pilkington Report, even if probably the majority of them would prefer not to be committed to building sets for the ultra high frequency wavebands by 1964. Mr C. O. Stanley of Pye says that the industry hopes for UHF transmission by the end of next year, though the BBC says that it plans to start its new service early in 1964. Once there really is a 625-line UHF service operating, even if it is at first limited to part of the London area, the industry reckons it should be easier to persuade people that they should buy sets that can receive such broadcasts—or can be modified to do so. The set makers are still mostly divided between those who provide "switchable" sets, already adapted to 625-line operation and sometimes even including a UHF tuner as well, which need little or no modification to receive the new service, and those making convertible sets —for which a new unit costing now around £10 will be needed to adapt them for 625-lines and UHF. Some are now hedging by making both.

The end of uncertainty about standards will, set makers hope, mean a new leap forward in sales. After the depressed state of trade in past two years, they could hardly fall any further; but the immediate reaction to the Pilkington Report and the cut in hire purchase deposits was public indifference. It had taken a more optimistic view of prospects than the retailers in the first half of the year, and has built up its stocks of television sets by about 130,000 while the retailers continued to run theirs down. Production was 29 per cent higher than a year before, but home deliveries fell 23 per cent. Exports, though still relatively small, rose 22 per cent. But one may doubt whether the show or even the new BBC service will send buyers rushing for new sets. So it would be unwise for the industry to assume that it can expect much more than the normal replacement demand of around 1¾ million sets a year.

Much of the steam has gone out of the radio boom this year; home sales rose only six per cent, and the proportion of cheap sets rose. So radio still accounts for only about a quarter of set sales in terms of value, with some of the most successful makers of transistor portables, like Perdio, specialists in this field. It is to a revival of television set sales that the industry in general must look for prosperity.

BARLEY

Prodigal's Return

BARLEY has come off its high horse, and prices again bear comparison with maize. Even now it is only new crop homegrown barley that is being bought, at about £21 for November delivery. Trade in imported barley is so slow that the National Farmers' Union has not yet put out its customary price guide to farmers, though the first of the new English barley has already been harvested. The NFU's indicated ex-farm value is based on the landed price of imported barley, of which there was at this time last year an impossible glut that rocked prices before the weight of the home crop was heaped upon the market. This year Canada is probably holding back its reduced stocks of barley against further prospective sales to China. Australian barley, much of which might be earmarked for the same client, will not arrive until around the last two months of the year, and there are no other pressing sellers. The prohibition on barley landed here for less than £20 a ton has been lifted and will probably not be required again this season.

About £25 a ton was wanted for Canadian barley only a month ago and demand was consequently negligible. Maize, which has remained below £20 a ton, has been used as an alternative, filling a large part of the extra demand for feeding stuffs following the unfavourable weather. Stocks of barley on farms, and presumably in compounders' stores, have been largely cleared because of the high prices. But the recent improvement in weather might bring a heavy weight of barley on to the market very soon. The Ministry of Agriculture's forecast of a slight fall in barley production —the first since 1956—was based on estimates made when conditions were less favourable in many areas than now. French and West German crops are also shaping better than expected.

On the Ministry's estimate production is expected to reach 4.3 million tons, compared with 4.4 million tons last season. But wheat production may rise to 3.1 million tons, compared with 2.4 million in 1961. There should be a larger tonnage of animal feeding stuffs available this year—depending on how much of the wheat is millable and how much barley is exportable or malting. Maize is comparatively cheap, but compounders try to ensure that homegrown barley is taken up in preference to imported grain.

To the eloquent tributes that have been paid to Sir Cecil Ellerton this week, *The Economist* would add this: Cecil Ellerton was a master banker and a most human person. He had no arcane professionalism about him, and he wanted ordinary people to understand what banking is and what bankers are. Perhaps his best monument is the wider understanding of these matters that he did so much to foster in his work at Barclays Bank and in his support of Banking Information Service right up to his death.

WOOL

Well Met

THE United States wants a meeting of that almost forgotten body, the international wool study group, in November. Inter-governmental wool gathering is rare. The United States says it has been moved to make this unusual request by the condition of trade in wool textiles and by the stiff competition from synthetic fibres. The management committee of the study group was to meet on Thursday to consider the request. Some years ago a similar motion failed to get through the committee stage, and the last full meeting of the study group was as far back in 1955. It was mainly concerned with statistics; and behind the scenes, the group's statistical agency still functions. If the new conference is held, it will obviously have more flesh on it.

The American suggestion is said to have been favourably received by members. British wool textile manufacturers are anxious to know what might be in it for them, but they are putting on a mystified air about it—when they really know what the November meeting will be about, they will put on official hats to consider what they *must all* be privately turning over in their minds. Last year, quotas were arranged for international trade in cotton textiles. Cynics said then that woollens and worsteds would follow cottons as night follows day, even though agreement in wool textiles might not be so easy to achieve as in cottons.

For Britain's wool textile industry, American proposals could cut either way. Restriction of exports to the United States, for instance, might fence off a bigger slice of the market from British exports than it protects by freezing trade in the prevailing pattern. Base dates for calculating quotas would inevitably give rise to difficulties, as would the distortion of trade that already exists through American attempts to protect its manufacturers and sheep rearers.

Four important exporters of wool textiles, Britain, Belgium, France and Italy, are prospective bedfellows in the common market. Britain is also currently rounding off discussion of a trade treaty with Japan, Britain's powerful competitor in wool, which would relax restrictions on trade between the two countries and perhaps bring about a change in Japan's methods of artificially boosting its exports. With so much going on, if international quotas were discussed, the British industry's brain box would at the moment be taxed to know where its advantage would lie. But in view of its difficulties in the American market Britain seems likely to plump eventually for international regulation if it gets the choice.

Can Poland Run Short of Coal?

FEW coal merchants in western Europe would find it easy to believe that Poland has any prospect of running short of coal: Polish coal has been on offer all round Europe since the war, undercutting other European coal prices and sometimes even cheaper than American imports. Yet, looking forward, the Poles do forecast a fuel shortage and even one of coal. The war cost the country its major crude oil deposits, but gave it Lower Silesian and Upper Silesian coal-mining areas. Immediately after the war the Polish domestic market was simply unable to accept nearly as much coal as these rich fields could produce: so most of this was exported and brought in much of the foreign currency Poland earned. But internal consumption of coal rose from 48 million to 89 million tons (including soft coals), and though coal still contributes 20 per cent of the country's foreign earnings, home demand is soon likely to swallow this up. In spite of continued growth, planned to offer 114½ million tons of hard coal and 27 million tons of lignite a year by 1965, and 135 million and 60 million tons respectively by 1975. Polish planners foresee a total shortage of 10-12 million tons of "coal equivalent" by 1975. This means an end to coal exports: Poland's fuel deficit, it is assumed, will have to be met through the construction of gas pipelines from the USSR, the "Friendship" crude oil pipeline, and imports of refined products.

The new refinery being built at Plock on this Russian pipeline will be ready to treat 2 million tons of crude by 1965; it is planned for extension to 6 million tons a year by 1970. But this refinery is intended to make very little fuel oil; its crude will almost all be converted to petrol and diesel automotive fuels.

Gas consumption in Poland is rising: Silesian coal-gas, natural gas which has been found in good supply in areas just west of the new Polish-Russian frontier, and finally gas imported from the USSR by pipeline have all been linked up with centres of industrial and domestic consumption. Petrol is being obtained from natural gas liquids. Total demand for petrol is expected to reach 2-2½ million tons, and demand for fuel oil and diesel oil 4½ million tons each by 1975, so unless a second new refinery is by then built much of this will have to be imported as products.

POLAND's search for oil and gas has been full of unfulfilled promise. Its proved areas in the south have yielded some small production for more than a century; but they are largely worked out, and are responding very poorly to secondary recovery methods such as water-flooding. The northern lowlands are being surveyed at a slow rate owing to lack of trained men and the right equipment. Oil has been found at Krosno, a town of the same name as the capital of the old "oil country" in the south. The Poles believe that east German fields near the border there extend to the east; they are hoping for as much as 3½ million tons a year from this area by 1975, though these are paper plans indeed. Even so, the country would have to import another 3½ million tons of crude to fill its planned requirements, as well as 1½ million tons of products.

TELEVISION SHARES

Short Life Gold Mines

THOSE, including members of the Pilkington committee, who look on the television programme companies as gold

COMPANY AFFAIRS
Comments on pages 731 and 734 on:
Distillers, Lewis's, Sheepbridge Engineering, Ready Mixed Concrete, National Canning, H. S. Whiteside, Tunnel Portland, Redland Holdings

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 732 and 733

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 735

mines making easy profits should accept the method chosen by a leading firm of stockbrokers of evaluating these shares as if they were a gold mine with a limited expectation of life. The authors estimate that by 1964 when the licences expire the total of current equity assets plus the accruing cash flow per share will be close to—and in the case of Associated British Picture will comfortably exceed—the current price of the shares. If so, there should not be much risk of a further substantial fall in share prices, not least because whatever form future legislation takes the companies will presumably be left to make some profits. This will comfort the many who already have considerable book losses on their television investments. But equally

	Latest pre tax profits £ mill.	Equity assets plus cash flow† £ mill.	Equity assets and cash flow per share	Current price	Yield per cent
Associated Brit. Picture	5·0	20·9	26/2	20/6	7·3
Associated Television..	6·4	17·9	19/5	19/3	16·1
Granada.....	6·4	17·3	20/7	21/–	10·7
T.W.W.....	1·3	3·6	14/5	15/4½	§
Tyne Tees.....	1·0	2·2	19/–	16/–	13·7
Associated Rediffusion	8·4	25·7	68/7‡	*	*

* Shares not quoted. † Until 1964. ‡ Per £1 of capital § Interim dividend recently cut.

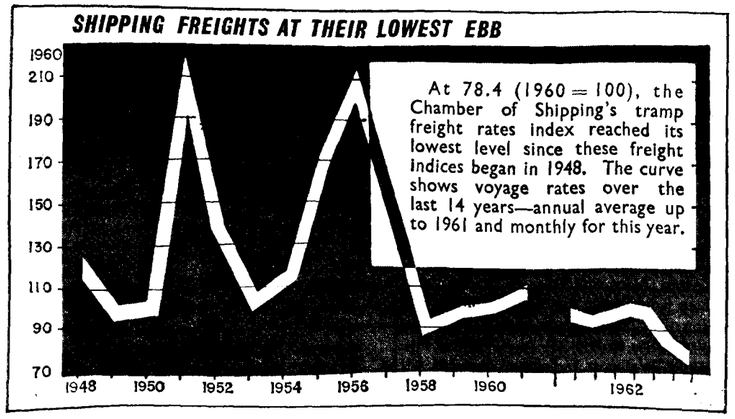
these brokers do not expect any immediate sharp rise in prices. For the moment the best prospects seem to be those of the rental companies, particularly if Pay-TV is to be given a trial, but once the uncertainty about the future of television is resolved, a revival of interest in the shares is possible.

The opening of a new BBC station would however cut into the audiences of the older channels and thus advertising revenue would fall. At the same time there would be greater competition for talent which could force up costs. Accordingly the brokers estimate that even without further action by the government to trim the contractors' profits, these might well be halved by 1965. Nor do they find much promise in the profits that might be earned by a second commercial channel after 1968. If by then advertising revenue had recovered to £120 million, about 20 per cent above its current level—a more pessimistic forecast than some—the new station on projected rates of running costs would still be in the red and a marginal profit would emerge only if the expected rate of growth in TV advertising is achieved.

BUILDING STANDARDISATION

Disputing the Means

PREDICTABLY, the Royal Institute of British Architects has stirred the brickmakers into argument—by recommending the adoption of the 4 in/10 cm module as the basis for industrialised building—as, perhaps, it intended to do. The Brick Development Association reiterates its preference for a system of "preferred dimensions"—different bases for different parts as advocated by the Building Research Station—which, it says, would be more efficient and avoid dislocation of existing production. In saying so, it is assuming that the RIBA intends its recommendations to extend beyond industrialised building to those that use bricks. To press for the adoption of the 4 in/10 cm module for all components used in industrialised building is, it considers, "a serious and premature decision." As the British Standards Institution has spent 14 years trying to get agreement on standardisation, one might question whether it is premature; having both the BRS and BSI studying the subject, each possessing different ideas, has helped make discussions so long-winded. In the meantime many countries have adopted the 4 in/10 cm module. The great virtue of the RIBA's recommendation is that it puts some urgency into discussion—and the BDA has offered to talk the matter over with the RIBA. With industrialised building growing in popularity, standardisation of parts between the various systems used becomes vital if it is to offer all the benefits it can.



SHORTER NOTES

According to a detailed survey of the implications for the cotton textile industry of Britain's entry into the European Economic Community published by the Cotton Board this week, its early effects will be slight. At present only about one half of one per cent of Britain's production of cotton and man-made fibre cloth is exported to the common market. But costs in EEC countries are lower; productivity has been rising much more sharply and utilisation of machinery is more intensive than in Britain. Though there are wide differences in efficiency between firms, in general, producers of quality combed yarns, quality shirtings and some coloured woven goods should benefit. The weavers of man-made filaments and the resin finishers should also be successful. Manufacturers of sewing threads should break even. The rest had better watch out.

★

Brazil has devalued its cruzeiro by slightly over 11 per cent from 350 to 400 cruzeiros to the US dollar. The Chamber of Deputies has passed a bill, which now awaits the President's signature, limiting the remittance of profits to 10 per cent in any one year and of capital to 20 per cent. A section of the Brazilian press has attacked the bill pointing out that not only will it discourage future foreign investment but that it will penalise those foreign firms that regularly reinvest large portions of their profits in Brazil.

★

The International Monetary Fund has agreed to a drawing by Ghana equivalent to $14.25 million. Half will be in dollars and half in sterling. Ghana has intensified import control, reduced government expenditure, and tightened credit control. The drawing is intended to bolster the reserves while these policies take effect.

★

Mr Selwyn Lloyd, who was a director of the Alliance Assurance Company before he joined the government in 1951, is rejoining the board and has also been appointed a director of the parent company, Sun Alliance Insurance.

★

In the succession of price cuts at petrol stations that was initiated last week by Esso, Jet Petroleum and other marketers selling more cheaply than the established major companies have brought down the prices of their own lowest grades, maintaining their price differentials below all the majors' regular grades and Esso's "mixture" grade (which have been somewhat improved in octane rating).

★

The accounts of Oldham and Son, the battery makers, for the year to March 31st are accompanied by a statement from the chairman, Mr John Oldham, printed in both French and English.

COMPANY MEETINGS

THE DISTILLERS COMPANY LIMITED

SIR GRAHAM HAYMAN'S STATEMENT

The eighty-fifth Annual General Meeting of The Distillers Company Limited will be held in the North British Hotel, Edinburgh, on Friday, the 14th day of September, 1962, at 12.15 p.m. The following is the Statement by the Chairman, **Sir Graham Hayman,** which has been circulated with the Report and Accounts for the year ended March 31, 1962:

I have to report the following changes in the Directorate since my last Statement.

Mr William Reid, who had already retired from executive duties, resigned from the Board on March 31st last. In renewing our thanks to him for his valuable services, we also extend our best wishes for a happy retirement.

Sir Laurence Merriam has been appointed a Director. He is Chairman of The British Xylonite Company Limited, whose acquisition by your Company was reported in my last Statement.

The Earl of Halsbury was also recently appointed a Director. Throughout his career he has been actively identified with scientific research and industrial and engineering problems.

We are glad to welcome both these gentlemen as members of our Board.

Mr G. W. Scott retires from the Board by rotation at the forthcoming Annual General Meeting and does not seek re-election. We desire to express our thanks to him for his services to the Company. Mr H. H. Woolveridge will retire from the Board at that Meeting, having served 37 years with the Company. In recording their appreciation of his services over this long period, his colleagues extend their best wishes to him in his retirement.

GENERAL OBSERVATIONS ON TRADING

The year under review was a very active one and turnover for the Group amounted to £267 million—a slight increase over the previous year although in the main the volume was appreciably higher.

Our Scotch Whisky and Gin Companies earned a moderate increase in profits and their proportion of the Group total is at present 88 per cent.

Our industrial activities had a sharp set-back in earnings due to the generally unsettled state of trade which has adversely affected the Chemical and Plastics industries in the United Kingdom. I shall be making more detailed reference later to those sections where exceptional trading conditions have operated.

Referring now to the Accounts, the trading profit of the year after depreciation was £30,625,818 compared with £31,901,589 in the previous year, a reduction of £1,275,771. We have consolidated for the first time the results of the British Xylonite Group, which was acquired towards the end of the previous financial year. This Group shared in the set-back referred to above and consequently made a smaller contribution to our profits than had been hoped. Further, it will be observed that the charge for depreciation has increased from £2,759,764 last year to £4,223,105. This is largely due to the incorporation for the first time of the charge relating to The British Xylonite Company. However, it also reflects the initial charges for depreciation in respect of our new Acetic Acid Plant, which only came into operation towards the close of the year, and the most recent extension to the PVC plant, which was completed last September. To that extent, therefore, the charge of a full year's depreciation on these two plants has adversely affected the results of our industrial side in the year under review.

Income from trade investments was higher at £2,744,146 (£2,556,571) and interest on loans somewhat lower at £573,055 (£590,432), so that the Group profit before elimination of outside interests was £32,796,909 (£33,867,728). The profit before taxation attributable to The Distillers Company itself was £519,494 less than last year at £32,971,112 (£33,490,606). At the higher rate imposed by the Finance Act of 1961, taxation required £16,476,573, making the net profit attributable to the Company £16,494,539 compared with £17,224,224 last year.

Shareholders may be aware of the complicated taxation situation which has arisen through a number of British Companies selling technical information (commonly called "Know How") to other parties. It has been the practice of your Company to treat receipts of this kind as capital. Recent judicial decisions, however, have indicated the possibility that some part of these receipts might be regarded as taxable. While we consider that the facts upon which these decisions were based are distinguishable from ours in important respects, we have considered it prudent to provide for this possibility. An appropriation to cover the maximum amount of tax which could be involved has been made in the Accounts under consideration.

During the year under review, the Company obtained additional capital by way of a rights issue in the proportion of one new ordinary share for every ten held. The expenses of the issue have been written off.

Your Directors have appropriated £4 million to general reserve and recommended that a final dividend be declared on the Ordinary capital at the rate of 7½ per cent which, with the interim of 6 per cent, makes 13½ per cent for the year, the same rate as last year but of course on the capital as increased by the recent issue.

In the Consolidated Balance Sheet, you will observe that almost £10,000,000 has been expended upon additional buildings and plant. The main items on the Potable side of our business were the construction of additional warehouse accommodation at our Distilleries and part of the cost of the new blending and bottling warehouse at Perth. In the Chemical Division, our principal expenditure was on the construction of the new plant at Hull for the manufacture of acetic acid and, in the Plastics Division, our main project was the extension of the polyvinyl chloride plant at Barry.

Our stocks of Scotch Whisky again rose substantially, broadly accounting for the increase in the stock figure shown in the Balance Sheet.

On the liabilities side of the Consolidated Balance Sheet, the capital is increased by the rights issue to which I have already referred and by the small additional issue required to complete the acquisition of The British Xylonite Company Limited. The premiums involved in these issues totalled £22,123,765 and account for the major portion of the increase in capital reserves. I might at this point observe that the consolidated reserves of the Group have increased by £29,377,039 during the year. In addition to the main item mentioned above, the Group retained for future development £7,253,274.

SCOTCH WHISKY

Our Malt and Grain Distilleries had a successful season and the output and quality of our new whiskies have never been higher.

The reconstruction of Talisker (Isle of Skye) Distillery, which was extensively damaged by fire, is now well advanced and normal operations will be resumed in September next.

It is now proposed to re-equip Linkwood Distillery, Elgin, and this work will be carried out during the coming season.

The new blending and bottling plant and offices of John Dewar & Sons Limited, near Perth, were completed early this year and, on June 15th last, we were privileged to have The Rt Hon Lord Polwarth, TD, Chairman of The Scottish Council (Development and Industry), perform the official opening ceremony. Full reports have already appeared elsewhere on this notable milestone in the history of the House of Dewar and it is gratifying that so much favourable comment has been made on the impressive modern establishment, attractively situated and efficiently designed to meet the increasing demand for Dewar's White Label Scotch Whisky, both at home and abroad. It is fitting that I should record our appreciation of the efforts of our Scottish Engineering Division which, in conjunction with Dewars, was responsible for the design and planning of this project.

Stocks of Scotch Whisky held by the Industry have again increased and, at March 31, 1962, stood at 327.2 million proof gallons. This compares with 296.9 million proof gallons at the same date in 1961. These figures continue to

reflect a high degree of optimism as to the future trend of sales of the Industry. In this connection it will be noted from the figures set out below that although further substantial progress was made in exports during the past year, the Home Trade figures were substantially unchanged.

TOTAL SALES FOR THE INDUSTRY

Year to March 31st	Home Trade Proof gallons	Export Proof gallons	Total Proof gallons
1958	6,075,000	18,108,512	24,183,512
1959	6,224,000	19,561,008	25,785,008
1960	6,636,000	22,381,988	29,017,988
1961	7,587,000	24,235,131	31,822,131
1962	7,662,000	27,507,551	35,169,551

The Home Trade figures have undoubtedly been adversely affected by the 10 per cent surcharge imposed by the Chancellor in July 1961 and subsequently consolidated as part of the Budget proposals in April, 1962.

The consolidation of the surcharge came as a most unwelcome surprise to the Industry, particularly as both the Prime Minister and the Chancellor had been good enough to state that a good case had been made by the Scotch Whisky Industry for a reduction in duty. One might therefore expect that an industry which for so many years has made, and still continues to make, so great a contribution to Britain's balance of payments, should not be given such inequitable treatment by HM Government.

As I pointed out last year, the basic duty on imported heavy wines has been reduced on two occasions in the last four years and consequently the effect of the surcharge, which was imposed on all excisable beverages, weighed less heavily on these imported articles than on Scotch Whisky and Gin. There is no doubt that the punitive rate of duty not only depresses demand at home and diverts consumers to imported products but, by force of example, continually encourages overseas Governments to raise their own duties. The British duty has been raised no less than seven times since 1939 and today the Chancellor is taking 27s. 1d. on a bottle of Scotch Whisky priced to the consumer at 41s. 6d.

The result of the imposition of the surcharge was two-fold. First, by raising the price of a bottle of Scotch Whisky, it not only slowed down any increase in consumption but in addition, because of the alleged temporary nature of the surcharge, it resulted in a running down of stocks by every section of the distributive trades. Unfortunately, the Chancellor has again sought those special powers which will continue this feeling of uncertainty.

So far as our own home sales are concerned, until the full effect of the surcharge became apparent in the early months of 1962, we had a reasonable expectation of a substantial increase. In the event, our Home Trade sales were almost identical with those of last year.

I have already referred to the expansion which has taken place in export shipments by the Industry and I am glad to say that our own export sales showed a satisfactory increase, although I should add that owing to exceptional circumstances in one or two markets, certain substantial shipments were made in the last few months of the financial year which might otherwise have formed part of the current year's trading.

The United States continued to take increased supplies. Although we shared in this additional demand, our proportion of the increase was less than that secured by the rest of the Industry, which may be attributed to two factors: first, the continued exports of Scotch Whisky in bulk for bottling in the USA, in which for policy reasons we are not participating and second, the continued growth of competition from other brands.

These are conditions which must be expected, and met, in an expanding and competitive market but they must also be viewed against the solid progress of our own brands and the eminent position which they hold throughout the world.

The United States recently announced a decrease in the rate of customs duty on Scotch Whisky which, while welcome, is not significant but our efforts are still directed to the more important problem of the removal of tax discrimination against imports in bottle in favour of bulk shipments, to which I referred last year.

Australia continues to be an excellent market and our business there gives us every cause for satisfaction.

In New Zealand, import control is still in operation but I am glad to say that we are obtaining a substantial share of the business which is available.

So far as Canada is concerned, the Scotch Whisky Industry as a whole is apparently doing little more than maintaining its sales. We are hampered by the various conditions to which I have referred previously, namely, differentials of taxation and mark-up as between Scotch Whisky and Canadian Whiskies. The recent emergency increase in tariffs of 15 per cent must inevitably add to the handicaps on our selling efforts in this market.

In Venezuela, following upon the reduction in duties to which I referred last year, there has been a marked improvement but in present circumstances it is difficult to envisage Scotch Whisky sales in this market reaching the high level achieved prior to the increase in the duty towards the end of 1959.

During the year under review, the Common Market countries have again taken greatly increased supplies, the overall growth being approximately 24 per cent over the Industry's shipments during the previous year. As the standard of living in these markets rises, exports may be expected to expand further, whether or not the UK joins the European Economic Community.

In referring to this subject last year, I said that our investigations indicated our position would not be materially affected if and when the United Kingdom should join the Common Market, and we have no reason to alter that view. I should, however, qualify this statement by pointing out that as one of the ultimate objects of forming this European Union is to harmonise the economies of member States, it is conceivable that internal revenue duties (as distinct from Customs duties) may eventually be brought more into line. In that event, the unduly high British Excise duty might be appreciably lowered or, alternatively, other Common Market member States might raise their internal revenue duties, which on average are at present approximately only half the British Excise duty.

We are now in a position where we are just about able to supply all demands both at home and abroad, with the exception of our de luxe brands which are still in short supply. Competition continues to be severe and, in a number of countries, local products consisting of an admixture of domestic spirits and imported Scotch malt whisky provide a type of competition on a very much lower price basis.

However, there are good reasons for believing that Scotch Whisky exports will continue to grow year by year. This applies particularly to industrialised countries where the standard of living is rising and also where trading can be carried on under reasonably normal conditions.

RECORD OF PROFITS AND DIVIDENDS

Year ended March 31st	Group Profit before Taxation	Net earnings attributable to Ordinary Capital	Whereof: Retained	Whereof: Distributed	Rate of dividend on Ordinary Share Capital adjusted for scrip issues subsequent to declaration
1953	£11,059,297	£4,030,122	£1,237,173	£2,792,949	6
1954	17,632,289	7,243,949	4,029,782	3,214,167	6⅔
1955	17,956,109	7,799,159	3,903,769	3,895,390	7½
1956	20,311,430	9,133,969	4,920,267	4,213,702	7⅞
1957	22,452,798	9,741,687	5,222,090	4,519,597	8⅛
1958	23,463,856	10,306,918	5,676,398	4,830,520	8⅜
1959	26,090,103	13,093,720	7,181,913	5,911,807	10⅛
1960	32,143,839	16,785,575	9,549,638	7,235,937	12½
1961	33,867,728	17,143,374	9,134,804	8,008,570	13⅛
1962	32,796,909	16,413,689	7,476,313	8,937,376	13½

GIN

So far as the home market is concerned, the impact of the 10 per cent surcharge applied with equal force to Gin as to Scotch Whisky, with the result that our Home Trade sales showed a slight decline as compared with the previous year.

With regard to the overseas markets, we are continuing the policy to which I have previously referred, namely, the production of one or more of our brands of Gin in those areas where the changing economic conditions and competition from local manufacture—often enjoying a preferential rate of duty—make this desirable. We are today manufacturing Gin in the United States, South Africa, Australia, New Zealand, France, Brazil, Venezuela and the Argentine. In certain of these markets production is being carried out in conjunction with other concerns and capital expenditure by the Group is thereby kept to a minimum.

The continued increase of manufacture overseas is naturally affecting our exports from this country and, in the year under review, these showed a slight decline from the previous year. On the other hand, however, this decline was more than offset by increased sales of Gin manufactured overseas. In the United States in particular, we had a very substantial increase in sales and Gordons is undoubtedly the leading brand of Gin in that market—and indeed in the world—today.

The distillery for the production of spirit for Gin manufacture at Auckland, New Zealand, in which we are shareholders, is now operating and our own gin rectifying plant is also in full operation. The results to date are very satisfactory.

In South Africa, Gordon's Dry Gin Company Limited again showed an increase on the previous year's sales and with the advent of legislation permitting Africans to purchase spirits without restriction from August of this year, we are looking forward to further expansion in this market.

In Brazil, sales of Gordon's Gin showed an increase on the previous year but have not yet reached a satisfactory level.

VODKA

I referred last year to the introduction of a brand of Vodka in the United Kingdom under the trade mark COSSACK. This was launched in September and initial sales have come up to our expectations. We are also developing an export trade in Vodka and propose to make use of our various gin plants throughout the world for its manufacture. Meantime, the sale of Gordon's Vodka in the United States continues to make steady progress.

INDUSTRIAL GROUP

The competitive factors to which I referred last year, together with the recession in the demand for consumer goods, led to unsettled conditions in the heavy organic chemicals and plastics field in which the major part of our industrial activities lies.

The volume of our sales has been well maintained and in certain cases increases have been achieved. The overall position of the British market, however, has not given evidence of any significant growth and selling prices have come under considerable pressure. These abnormal conditions have made the year a difficult one and brought about a sharp contraction in profits. Additionally, certain products have been seriously affected by dumping of foreign materials. It is our hope that the Government will more readily apply the existing anti-dumping legislative machinery to remedy this state of affairs. In a general sense, the keen competitive conditions will continue until such time as there is a more positive increase in demand and less heavy marginal surpluses of production, which are having an adverse influence on many world markets.

It is our view that on balance the British chemical and allied industries will benefit from our entry into the Common Market. There may well be additional competition in some sections but, on the other hand, it would appear that fair trading conditions should be more readily established within the European Community.

Chemical Division.—Sales of our general chemicals held up very well, with the exception of calcium carbide. Our carbide factory at Kenfig (which is rented from the Ministry of Aviation) has been operating at only two-thirds capacity for some months. Calcium carbide is to some extent being replaced by our petroleum derivatives and there seems little prospect of returning to full-scale operations.

Carbon dioxide sales have continued to rise and the fields of application are also expanding. Some additions have been made to our available production capacity and, as the present trend of sales seems likely to continue, it has been decided to establish a large new production unit.

Our new plant for producing acetic acid has been completed and is now in operation.

British Hydrocarbon Chemicals Limited.—British Hydrocarbon Chemicals continued to make progress and production of many chemicals, including such basic products as ethylene and phenol, reached new records. During the year, a large methanol plant was successfully commissioned and I am glad to say that we have been able to sell almost its entire output in home and export markets. The plant for producing Rigidex high density polyethylene is now working to capacity, but present market prices are low.

Substantial progress is being made with the construction of the large petroleum chemicals plant at Baglan Bay, in South Wales, which is expected to start up in the first half of next year.

Plastics Group.—Our Plastics Group has once again increased its output and sales of plastics materials during the year. Owing, however, to markedly lower selling prices, and despite efforts to reduce production costs, trading results were unsatisfactory. This section of our Industrial side has been the worst hit by low-priced imports, particularly in the case of polyvinyl chloride, notwithstanding the installation of lower cost production facilities. The problem of polyethylene dumping having been dealt with by the Board of Trade, it is hoped that a satisfactory solution will also be achieved in respect of polyvinyl chloride.

The long-term trend of consumption continues to rise and, despite the present situation, further expansion in production is under consideration in order to take advantage of the new outlets constantly being found for plastics, and to reduce production costs.

The British Xylonite Company, which your Company acquired last year, is concerned mainly with the conversion of plastics materials into semi-fabricated and fabricated articles and, where it is dependent on the consumer goods and automotive trades, it was adversely affected by the general slowing down and uncertainty of business. In those fields where the Company sells direct to the public, the trading results were very much more satisfactory and considerable progress was made.

The rate of development in methods and machinery in fabricating techniques has never been faster. The Company has an outstanding position in this field and, with a return to more normal trading conditions, this will prove of considerable value.

Biochemical Division.—Conditions in the pharmaceutical industry at home and overseas remained highly competitive. Export prices of basic antibiotics such as penicillin and streptomycin were under pressure and margins contracted, although operating efficiencies improved and the volume of sales increased.

The Division withdrew its Thalidomide products from the market immediately following receipt of the first report from abroad suggesting the association of this drug with certain cases of congenital abnormality. The drug had been subjected to thorough testing in accordance with all recognised procedures, and was highly regarded by the medical profession as being of exceptional value in the treatment of certain conditions.

The utmost sympathy must go to the parents and children who have suffered tragedies which may be associated with this drug.

Food Division.—Home sales of bakers' yeast were slightly below last year's level, due mainly to the national decrease in bread consumption but exports of dried yeast continued to expand satisfactorily and our total production constituted a record. Additional capacity came into operation during the year and further expansion is now being installed.

Sales of other food products marketed by the United Yeast Company also increased.

The Peerless Refining Company (Liverpool) Limited, who are large suppliers of oils and fats, had a very satisfactory year.

OVERSEAS

Australia.—In view of the growth and spread of our manufacturing and marketing interests in Australia, it was arranged that as from September, 1961, one of our Directors, Mr E. G. Gross, should take up permanent residence in that country.

Our subsidiary, United Distillers Pty. Ltd., which produces Australian Whisky and Gin, was successful in increasing its share of the available market, although conditions were generally difficult.

In my last report, I referred to the acquisition of Tolley, Scott and Tolley Ltd., who have been producing high quality Australian Brandy for over a century. I am glad to report that the results of its trading operations to date are satisfactory.

Our associate company, C.S.R. Chemicals Pty, Limited, had a difficult year for reasons similar to, but more acute, than those which operated in the United Kingdom market. This seriously affected the earnings of the chemical industry in that country but the Australian Government has now taken action to restrict the serious effects of competition from imports and there is evidence of some improvement in trading conditions.

South Africa.—Our associate company, National Chemical Products Limited, had a very satisfactory year and made further progress in their general development programme.

India.—A Company is now being formed in India to manufacture a range of chemical products near Bombay. This will be operated in association with Nowrosjee Wadia and Sons, of Bombay, and the Hercules Powder Company of U.S.A. Our holding in the equity of the Company will be about 25 per cent.

During the year, the Indian Yeast Company Limited, in which we have a 40 per cent interest, successfully commissioned its new plant.

TECHNICAL DEVELOPMENT

Our scientific and engineering staffs have been fully occupied on a wide variety of projects ranging from exploratory research to the erection of a number of manufacturing plants. The challenge which British industry faces today gives still greater emphasis to the necessity for maintaining these services at the highest level of efficiency.

PERSONNEL

I should like to record the thanks of the Directors to all ranks of our employees for their sustained efforts during a difficult year.

FUTURE PROSPECTS

It is especially difficult to make a short-term forecast on this occasion. Much will depend upon the Government's economic policy and other issues of major importance which have still to be resolved.

Subject to these reservations, I believe the long-term outlook for Scotch Whisky and Gin is favourable and one of expansion. Our investment programme has had full regard to productive facilities and the building up of substantial stocks of Scotch Whisky and the reputation of our brands in world markets provides the best assurance of further progress.

So far as the Industrial Group is concerned, the conditions to which I have referred have not yet materially changed during the current year, although there are now indications of some slight improvement in prices and demand, which may assume more tangible proportions in the course of the next few months. While competitive conditions will undoubtedly continue, the present phase of surplus production in European and North American countries has had an unduly disturbing effect on markets. Your Company's pattern of activities has been based upon sound economic processes, and a return to more normal trading conditions will undoubtedly enable further progress to be made.

As I shall be retiring at the end of March next, having reached the age of 70 years, I should like to end my report on a somewhat personal note.

It has been a great privilege to serve the Company, whose success over many years provides an encouraging and stimulating background for its future progress.

Your Directors propose to appoint Mr Ronald S. Cumming as my successor and to him I extend my best wishes, as well as the expression of my confidence that his long experience in the service of the Company will well equip him to discharge the responsibilities of his new office to the advantage of the Company and its shareholders.

UNILEVER LIMITED AND UNILEVER N.V.

Interim Announcement of Turnover and Results 1962—First Half-Year

The Boards of Unilever Limited and Unilever N.V. announce the Companies' estimated combined turnover and consolidated results for the first half of the current financial year. The corresponding figures for the first and second half-years of 1961 are given for comparison.

(ALL FIGURES REPRESENT £ MILLIONS)

1962 First Half-year				1961 First Half-year			1961 Second Half-year		
953			TURNOVER	947			943		
740			of which sales to third parties	720			724		
1962 First Half-year			RESULTS	1961 First Half-year			1961 Second Half-year		
COMBINED	LIMITED	N.V.		COMBINED	LIMITED	N.V.	COMBINED	LIMITED	N.V.
52·1	25·7	26·4	Profit before taxation.	51·9	29·0	22·9	51·2	22·6	28·6
26·3	13·6	12·7	Taxation on profit ...	26·5	15·0	11·5	25·6	11·9	13·7
25·8	12·1	13·7	Profit after taxation ..	25·4	14·0	11·4	25·6	10·7	14·9
Minus ·9	Minus ·9	—	Exceptional items	2·5	Minus ·2	2·7	1·4	·9	·5
1·1	·4	·7	Minority interests	1·0	·4	·6	1·0	·4	·6
23·8	10·8	13·0	CONSOLIDATED NET PROFIT.....	26·9	13·4	13·5	26·0	11·2	14·8

The Boards have decided henceforth to comment briefly on the figures published in the half-yearly statements.

Third party sales of the United Africa Group were £16 million lower in January to June, 1962, than in the corresponding period of 1961. A substantial loss was incurred on operations in Nigeria and profits elsewhere in West Africa were lower.

The traditional industrial businesses, particularly in the detergents field in Europe, had a satisfactory half-year; third party sales increased by £36 million or 6% and profits before taxation by 8%.

16th August, 1962.

THE TUNNEL PORTLAND CEMENT COMPANY LIMITED

FUEL OIL TAX MAKES EXPORTS UNPROFITABLE

The fifty-first Annual General Meeting of The Tunnel Portland Cement Co. Ltd. will be held on September 13th.

The following is an extract from the Review by the Chairman, **Mr N. M. Jensen,** which has been circulated with the Accounts:

In spite of a sharp decline in exports, the parent company's total deliveries for the year ended March 31, 1962, were a record. When we include a half share of the Ribblesdale Company's deliveries, our total deliveries have exceeded 2,100,000 tons for the year, an increase of 6 per cent on the previous year's deliveries. It is disappointing, therefore, that the Profit on Trading shows a slight setback on the previous year's. This is mainly due to the imposition of the fuel oil tax in April, 1961, and the 10 per cent surcharge introduced in July. Altogether, this excise tax on fuel oil will have cost us £440,000, of which only a portion has been recovered from the Home consumer by increased prices.

The fuel oil tax is particularly unfortunate in connection with our Export market because, whilst ten years ago more than 50 per cent of our profits were derived from Exports, we can now no longer export cement at a profit. There is, of course, much more competition in Export now, but it is disappointing that, in spite of clear evidence of the effect of this damaging tax, the Chancellor was only prepared to make a token reduction by cancelling the 10 per cent surcharge in his 1962 Budget.

Last year I made it clear that British fuel was sold on the Continent at prices considerably below those in the Home market. If Great Britain enters the Common Market, such absurdities must presumably come to an end. If we do not join the Common Market, I sincerely hope that we shall have a well considered fuel policy. It cannot be right economics to have consumers of fuel oil, which include the Electricity Board and Railways, pay for the inefficiency of a portion of the coal industry. I am happy to say that we have now received more favourable offers for fuel oil, but one of our works, namely, at Padeswood, in Flintshire, is reverting to coal. If the Coal Board were not so inflexible, but a little more up to date in their trading and delivery methods, we might use more coal.

With regard to former Egyptian investments, Mr Jensen says: The total compensation received to date is £787,714, which is only 22½ per cent of our agreed claim of slightly under £3.5 million. Under the present Government scale a large company with a small Egyptian claim receives a higher proportionate distribution than does a smaller company with a large claim. It is to be hoped that this position will be rectified when further distributions are decided upon, and may we also hope that further distributions are made at an early date.

The total capital cost of our programme for expansion and reconstruction at West Thurrock and Pitstone, together with some minor expenditure at other works, is now estimated at about £4,000,000. When completed, our works will be more economical in operation, especially in regard to fuel consumption, and most of our output will be from post-war plant.

HUMPHREYS LIMITED

(Building and Civil Engineering Contractors)

RECORD LEVEL OF TURNOVER

SIR AYNSLEY BRIDGLAND ON SETTLEMENT OF CLAIMS PROBLEM

The seventieth annual general meeting of Humphreys Limited will be held on 20th September, 1962, at Winchester House, Old Broad Street, London, E.C.2.

The following is the statement by the chairman, **Sir Aynsley Bridgland, CBE,** which has been circulated with the report and accounts:

The rise in our trading profit is still continuing but at a lesser rate this year than last, mainly due to large additional contracts having been started which have had very little chance yet to show profits. Compared with last year the increase is £23,508 as against £50,565.

If you look at the Profit and Loss Account you will see that Bank and interest charges have cost us £27,392 more, which is a figure almost identical with the lower rate of increase in the trading profit. Otherwise the other items in our Profit and Loss Account do not call for comment.

Our turnover for the year is a record and is likely to be exceeded this current year. This is reflected in the Works in Progress item of £2,083,698, which is up by £717,068.

Also stocks of material are up by £33,613 and debtors, loans and prepayments are up £134,260.

On the other hand, Bank overdrafts are up by £161,706 and Trade Creditors by £653,865, whilst provision for taxation has called for an additional £9,907.

Other movements in our Balance Sheet items are the creation of a Capital Reserve of £43,702 due to a revaluation of properties, while our investment in associated companies has dropped by £57,034—representing the sale of the whole of the ordinary share capital of R. H. Morris (Pty.) Limited of Cape Town. I will deal with this matter more fully later in this Statement.

SETTLEMENT OF CLAIMS

Last year in my Statement I dealt with contractors' difficulties, notably in the settlement of claims. These remarks are still very pertinent. It seems incredible that a better system of dealing with this problem cannot be effected. Outstanding amounts due to us on claims, adjustments, etc., now reach a formidable figure and the interest charges paid by the Company for Bank accommodation to carry claims which cannot be recovered within a reasonable period can be readily appreciated when one looks at the cost of Bank charges which we must set against our trading profits.

Of course, contractors cannot argue that they are immune from criticism in setting forth their claims but the situation has reached a stage where in order to arrive at a fair settlement of what is due to them, claims must be made at figures that allow for arguments and interest on Bank loans which must be recovered in some way or the other in fairness to our shareholders. Moreover, in a great number of cases it is clear that the final arbiter is the party which has made the claim necessary, and that seems quite indefensible.

DELAYS IN REACHING A DECISION

In some cases two years and over are reached before settlement is obtained and these delays in reaching a decision on claims have reached a point where they are unconscionable. It is only necessary to add that if more prompt attention were given we in this Company would see our Bank charges halved and if 6-12 months only were necessary to get settlements—surely a modest requirement—our cash resources would be increased by several hundred thousand pounds. It is difficult to imagine that any other form of business has to give credit such as this interest free for anything from six months to two years or over.

Of course, your Company is not alone in having to meet this problem. It is not unfair to say that the complaints from contractors are general—in fact, as the situation is today the method of calling for tenders automatically provides the cause of this serious disservice to the building industry. What is not generally understood is that a negotiated contract, if modified and checked in various ways, does produce a much better arrangement for both owner and builder.

We have used such a system with certain of our larger clients over the years and the experience we have had shows that our customers are very happy indeed with the results. But, while it is difficult to persuade the public that the method of tendering does not produce the cheapest or best results, I am firmly of the opinion that new and better arrangements must be evolved in the near future—and the sooner the better.

SALE OF SOUTH AFRICAN INTERESTS

South African conditions have been a serious problem to us ever since the "apartheid" legislation was enacted soon after we went there. This brought with it a cessation of new money entering the country, and later on exchange restrictions were instituted, which prevented the movement of monies out of the country except by permission, which was not easy to obtain.

We were met as well with a sudden exodus of many professional men from South Africa whom we needed badly in our Company there and this added to our troubles. However, we have not lost faith in the future of this very wealthy part of the world, but to carry on would put too heavy a burden on our cash resources.

With our business growing in this country and calling for more and more liquid resources, we came to the conclusion that we should sell our interest in one of the South African companies. Consequently, we sold our ordinary shares in R. H. Morris (Pty.) Limited for their book value to a company formed in the UK in collaboration with other companies with which we are associated, which has considerable interests in this country, but we have agreed to manage R. H. Morris (Pty.) Limited for the new holding company in future.

ELIMINATION OF BANK GUARANTEE SOUGHT

After the sale of these shares we still remained liable under our guarantee to the Bank in South Africa and arrangements are being made to eliminate this guarantee. These arrangements require a cash investment by your Company in the newly formed UK company, to which I have referred above, and, as a result, your Company should eventually have an income-earning investment in this country in lieu of an indeterminate liability under the Bank guarantee in South Africa and by virtue of their management of the South African company and their interest in the new holding company will continue to preserve an interest in contract business in South Africa.

As to the National Quarries, their results speak for themselves. There again the demand for stone and the possibility of even heavier demands will probably bring competition. It behoves us to see that our present quarries as well as the other new ones which we are in process of opening will be able to meet any contingency that may arise.

Finally, as I have already said, last year represented the largest turnover we have ever had and we already know that this year's will be in excess of the year under review. We cannot as yet show the profits from this increased business—rather it helps to lessen the other profits in the business at first but as the work progresses we should show considerable benefit from the enlarged and increasing turnover.

CARTER & CO.

The fifty-fourth Annual General Meeting of Carter & Co., Ltd., was held on August 23rd at Poole, **Mr C. Cyril Carter,** Chairman, presiding.

The following are extracts from his circulated statement for the year to March 31, 1962:

The year we are considering has in general been one of steady progress and consolidation. The pattern of trading as between the units of the Company has been uneven, as it so often is. Group profit before taxation is virtually the same as last year (£100,677 against £101,202); tax takes slightly more this year but this is offset by a provision for tax not now required.

Total production has been increased and the present-day trend calls for ever-increasing Work in Progress and Stocks for early delivery. In spite of the persisting uncertainty, national and international, with the better utilisation of our resources we feel that this year we are justified in recommending the increase in dividend announced.

Our Poole Pottery subsidiary tends to steal the thunder in the public mind but it is important not to lose sight of the fact that our main concern is with the making of floor tiles and of glazed wall tiles, in which fields we probably produce a more varied range than do our competitors. There we depend largely on the general activity of the building industry.

In our Contracting Companies—contracting for the installation of tiles, marble and terrazzo—we have taken steps to bring about a measure of administrative integration which it is hoped will be beneficial.

The report and accounts were adopted.

THE HEPWORTH IRON COMPANY LIMITED

FURTHER EXPANSION AND PROGRESS

The sixty-fifth annual general meeting of The Hepworth Iron Company Limited will be held on September 12th at Hazlehead, Nr. Sheffield.

The following is an extract from the circulated statement of the Chairman, **Mr J. F. Booth :**

In presenting the Accounts for the year ended on March 31, 1962, I am once again able to report that the group had a satisfactory year of trading. The improvements in demand and production to which I referred last year were maintained.

In our main business of Clay Pipe Makers, we continue to invest heavily in new equipment and have increased our fixed assets by the expenditure of over £450,000 on improvements and expansions. In addition you will see also that commitments to capital expenditure at March 31, 1962, amounted to £310,000.

Research and development, both into more efficient methods of production and further uses for our products is being pressed forward vigorously and we continue to invest considerable sums for this purpose.

Towards the end of the year under review, we purchased the whole of the share capital of Oil Recoveries Co. Ltd. This is a small concern engaged in the collection and refining of waste oils for subsequent use as fuel. Companies within the group are its main customers.

Since the end of the financial year, the parent Company has acquired in exchange for shares the whole of the issued share capital of Thomas Knowles, Ltd., of Darwen, who are an old established firm of sanitary pipe manufacturers. The acquisition represents a further step in the expansion of the group's sanitary pipe making capacity.

Your Board of Directors recommend a dividend of 7½ per cent in respect of the year ended March 31, 1962. The policy of the Board remains to finance expansion out of profits and, in fact, once again the profits earned in the year have been re-invested in the form of additions to fixed assets. The Board therefore propose to recognise this by capitalising the sum of £261,412 15s. 0d., to be applied in paying up 1,045,651 new ordinary shares to be issued to the members at the rate of 1 share for every 4 ordinary shares held. Resolutions will also be proposed increasing the Company's authorised share capital to £2,000,000 by the creation of 3,000,000 additional ordinary shares of 5s. each.

So far as the current year is concerned, production and sales continue at a high level and the results of the group up to the present time are considered satisfactory. Subject to any very exceptional circumstances it is the intention of the Board at least to maintain next year the dividend at the rate of 7½ per cent on the capital as increased by the bonus issue.

COLVERN LIMITED

EXCELLENT TRADING RESULTS

The seventh Annual General Meeting of Colvern Limited was held on August 16th in London.

Mr L. A. Redall, FCA, the chairman, presided.

The following is an extract from his statement which had been circulated with the report and accounts for the year ended March 31, 1962 :

Net profits before Tax have been maintained at a very similar level to last year, namely, £260,471 (£264,007).

After Tax, the rates of which increased again this year, the profits remaining amount to £124,150.

On this result your Directors are recommending a Final Dividend of 27½ per cent on the Ordinary Share Capital, making a total for the year of 37½ per cent.

The forecast in my interim statement in January of a successful year is thus borne out. This excellent result has been achieved in an era of falling profit margins due to advancing wage rates and material costs without recourse to price increases, but by expanding sales both at home and overseas, and the devotion of a great deal of thought and energy to organisation and methods to reduce operating costs and improve efficiency.

During the year under review additional expenditure was incurred on (i) Research and Development, and (ii) Overseas Publicity. Shareholders will readily appreciate the vital necessity of the former in the highly technical and rapidly advancing electronics industry. In the case of the latter our exports, particularly to Europe, are already extensive but with the advent of the European Common Market we have participated in Overseas Exhibitions in that area. Whilst such expenditure affects profit margins I do not look on this as a reduction of profits but as a valuable investment for the future.

The major building extension referred to in previous statements was again slightly delayed during the year but I am pleased to report that we should be able to take possession by the end of August.

Our Order Book was never in a healthier position than it is at the present time and whilst we do not anticipate great benefits from our extensions during this year, given stable economic conditions your Directors are confident that your Company will continue to prosper.

The report and accounts were adopted.

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Indonesia	£10 10s.	—
Iran and Iraq	—	£7 15s.
Israel	£7 15s.	—
Japan	£12 5s.	—
Jordan	£7 15s.	—
Lebanon	£7 15s.	—
Malaya	£10 10s.	—
New Zealand	£12 5s.	—
Nigeria	£10 10s.	£6 10s.
Pakistan	£10 10s.	—
Philippines	£12 5s.	—
Rhodesia	£10 10s.	—
South Africa	£10 10s.	£7 10s.
S. & C. America	£10 10s.	—
Sudan	£7 15s.	£6 15s.
U.S.A.	$29.50 or £10 10s.	$25 or £9 0s.
West Indies	£10 10s.	—

NOTES : **Air Freight** is normally 24/48 hours slower than air-mail. **Proportionate Rates** are acceptable for subscriptions for less than a year (minimum four weeks). **H.M. Forces** at official service addresses can enter Airmail Subscriptions in Europe at £5, elsewhere overseas at £7 15s. a year ; surface mail rates and airmail rates for Gibraltar and Malta are as shown above.

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COMPANY AFFAIRS

After last week's sharp advance equity prices on the London stock market marked time early this week and The Economist *indicator slipped back by 1.4 points to 335.1. Later in the week, however, more buyers appeared, encouraged by the rise in industrial production in June and the increase in engineering orders and by the resumption of the rally on Wall Street. Steel and engineering shares attracted attention and oil shares recovered most of earlier falls. Gilt-edged have remained firm with investors continuing to buy the short and long dated tap stocks.*

Drag on Distillers

DISTILLERS' investment in chemicals, pharmaceuticals and plastics has never been revealed and it has rarely been possible to judge whether the return has been adequate. For the year to March 31st, however, there can be no doubt. The whisky and gin companies contributed as much as 88 per cent of the group's total profits compared with 82 per cent in 1960-61 and about 80 per cent in 1959-60. Despite a moderate increase in whisky and gin profits and the inclusion of the results of British Xylonite for the first time, total profits fell and the gross rate of return on capital employed came down from 26¾ to 20 per cent. Depreciation has been exceptionally high and the £30 million odd raised by last year's rights issue has not been fully invested in capital developments : the group was holding £20 million in tax reserve certificates at the end of March. But when all allowances are made, the vulnerable nature of Distillers' industrial investments is exposed.

	1959 £ mil.	1960 £ mil.	1961 £ mil.	1962 £ mil.
Sales	209	233	263	267
Trading profit	27·3	32·9	34·7	34·8
Gross profit	25·7	31·6	33·5	33·0
Net equity earnings	13·1	16·8	17·1	16·4
Retained cash flow	9·5	12·1	6·6	7·7
Net fixed assets	27·1	29·7	39·6	45·8
Trade investments *	8·3	8·9	11·3	15·8
Net current assets	51·7	100·4	105·8	134·9
Net liquid assets	8·1	10·6	4·2	26·4
Net equity assets	97·9	108·9	125·9	165·1
Ord. earnings (per cent)†	23·1	29·0	28·5	24·2
Ord. dividend (per cent)†	10·4	12·5	12·5	13·5
Gross profit/sales	12·3	13·5	12·7	12·4
Gross profit/net equity assets	26·2	29·0	26·7	20·0
Net earnings/net equity assets	14·4	15·4	13·6	10·0
Price (10s. shares)	33s. 6½d.	Earnings yield	7 2⅝%	
Dividend yield	4%	equal to 13·9 years' earnings		

† Adjusted for scrip issues. * At book value

It has indeed been a bad period for chemicals and Sir Graham Hayman draws attention to a string of influences that has become familiar: selling prices under considerable pressure ; dumping of foreign chemicals ; marginal surpluses of capacity ; markedly lower selling prices for plastics ; and lower margins for basic antibiotics. Sir Graham now sees "indications of some slight improvement in prices and demand, which may assume more tangible proportions in the course of the next few months." Distillers, like ICI, has confidence in the longer range prospects, and is devoting almost the whole of the new capital to the industrial side of the business.

In this decision, it must be expecting more to be gained from chemicals and plastics than from potable spirits. Sir Graham again describes the long term outlook for gin and whisky as "favourable." But there are worrying signs on this side of the business as well. The failure to add much to the home trade can be blamed on the 10 per cent surcharge, but there seems to be no strong hope of rapid growth. Exports, unaffected by the surcharge, were again higher, but Distillers failed to secure its proportionate share of the increase in exports to the United States—partly because of the continued growth of competition from other brands and partly because it is refusing (on grounds of commercial policy) to export whisky in bulk for bottling in the United States, so that it has to pay more in duty in the bottle. Elsewhere, too, Scotch is faced with keener competition from local whiskies—particularly where it has to climb over a tariff wall. Total stocks of Scotch whisky held by the industry have risen from 297 million proof gallons to 327 million proof gallons and one wonders whether, to use Sir Graham's phrase, "a high degree of optimism as to the future trend of sales" could turn into over-stocking. The cost of carrying stocks is high and the value of Distillers' total stocks of industrial products as well as whisky and gin have risen from £94.7 million to £102.4 million.

Ultimately stockholders in Distillers may be faced with a slower rate of growth in potable spirits and a faster rate of growth in chemicals and allied products—the reverse of the present situation. Compared with a smaller distillery, Teachers, whose shares yield 2¾ per cent, 2½ times covered, the yield of 4 per cent, 1¾ times covered, offered by Distillers may not look unfavourable. But if investors are thinking three or four years ahead, might not the yield of 5½ per cent offered by ICI, though with a current dividend barely covered by earnings, be thought more attractive ?

National Canning

MR W. V. SMEDLEY, the chairman of National Canning Company, said a year ago that canned garden peas were the group's biggest single item of production, after the glut of canned peas, the group's diversification alone protected gross profits, more than halved from £637,000 to £290,000 in 1960-61, from a bigger slump. In the year to May 31st last some of the leeway was made good. Canned peas were less of a burden and sales of other canned and frozen foods were higher ; so profits recovered to £478,000, though this is still below the 1959-60 level. The tax charge rose sharply from £94,000 to £233,000, but net equity earnings went up from £194,000 to £242,000—exactly the same level as three years ago. The maintained ordinary dividend of 12½ per cent is covered just over 1½ times.

The immediate market reaction was to mark the £1 ordinary shares up by 3s. to a new high of 52s. 9d. but they have since fallen to 49s. 10½d. to yield 5¼ per cent, if the dividend is maintained after the one-for-ten scrip issue. For the future, much depends upon the successful sale of the broader range of products which the group has introduced over the past two years. There are strong competitors in this business and though the scrip issue may be a sign of confidence the earnings record is rather erratic—profits are still below the levels of 1952 and 1953—and it will need a further advance in profits to reassure shareholders that National Canning can trump its competitors.

Lewis's Investment Trust

IN the year to February 1st last, trading profits of the Lewis's Investment Trust group of department stores were virtually unchanged at just over £6 million. Profits were depressed by the bad weather in the peak months of December and January, by government measures to restrain demand and by the addition of £750,000 to the wages bill. They seem unlikely to show much change again this year and in the six months to August 1st they amounted to £2,232,000, against £2,179,000. The weather has been depressing and the retail trade has hardly changed, though the July retail figures at least hold out hope that trade is picking up again. This is just as well for the Lewis's Trust directors appear to be looking to an improvement in the economic climate to offset further increases in wages and other operating costs.

This none too encouraging prospect hardly squares up with the yield of 3¾ per cent offered by the 4s. shares which now stand at 14s. 10½d. But the twofold cover on the 12½ per cent dividend is above the

(*Continued on page 734*)

STOCK PRICES

AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: ITALY: BELGIUM: SWEDEN: NORWAY

Prices, 1962 High	Prices, 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 15, 1962	Price, Aug. 22, 1962	Net Red. Yield, Aug. 22, 1962§	Gross Red. Yield, Aug. 22, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½% ... 1962	100.7.5	100.7.3	—	3 14 4
99 3/16	96 3/16	Exchequer 3% ... 1962–63	99 3/16	99 1/16	2 11 6	4 0 6l
100 11/16	98½	Conversion 4¾% ... 1963	100 21/32	100⅜	1 13 8	3 18 10
97 3/16	93 5/16	Exchequer 2½% ... 1963–64	97 5/32	97 3/16	3 1 0	4 3 11l
100 19/32	97 1/16	Conversion 4½% ... 1964	100 9/16	100 19/32	2 2 1	4 2 5
95 11/32	90 11/32	Savings Bonds 3% ... 1955–65	95 11/32	95 7/16	3 9 0	4 13 11
101 21/32	98 3/32	Exchequer 5½% ... 1966	101 17/32	101⅝	2 18 7	5 0 1
89 1/16	85	Savings Bonds 2½% ... 1964–67	89 1/16	89 1/16	4 0 10	5 3 0l
100⅛	98	Exchequer 5% ... 1967	99¾	100⅛	3 3 0	5 3 4
88 7/16	83 5/16	Funding 3% ... 1966–68	88⅜	88 7/16	4 1 4	5 6 7l
90 3/16	84⅞	Conversion 3½% ... 1969	89⅛*	89¼*	4 0 7	5 9 5
88 1/16	82⅝	Funding 3% ... 1959–69	87⅞	88	4 0 7	5 7 3l
97	92¼	Victory 4% ... 1920–76	95	95*	3 4 2	4 16 2‡
84 13/16	78 15/16	Savings Bonds 3% ... 1960–70	84⅛*	84¼*	4 3 3	5 8 10l
96 5/16	90 9/16	Conversion 5% ... 1971	96 3/16	96 5/16	3 11 10	5 12 2
102⅞	97¼	Conversion 6% ... 1972	102⅜	102 9/16	3 7 4	5 13 3
97⅝	91⅛	Conversion 5¼% ... 1974	97⅜	97 9/16	3 10 8	5 13 0
91	87¾	Funding 4% ... 1960–90	90 13/16	91	3 8 9	5 2 10l
75⅞	70 7/16	Savings Bonds 3% ... 1965–75	75⅝	75⅞	4 5 8	5 13 11
74 15/16	69 3/16	Treasury 3½% ... 1977–80	74⅝	74⅞	4 3 10	5 17 0l
73 11/16	68 5/16	Treasury 3½% ... 1979–81	73½	73⅝	4 4 4	5 17 3l
95⅜	90 3/16	Funding 5½% ... 1982–84	94¾	95 5/16	3 14 3	5 18 9l
88 1/16	82⅜	Treasury 5% ... 1986–89	87 5/16	88 1/16	3 16 10	6 0 8l
60⅞	54	Redemption 3% ... 1986–96	60½	60⅞	3 19 8	5 13 10l
64½	56 15/16	Funding 3½% ... 1999–2004	63½	64⅜	3 17 8	5 15 11l
93⅜	84⅛	Treasury 5½% ... 2008–12	91⅝*	92½*	3 13 10	5 19 2l
66⅛	58¼	Consols 4% ... after Feb. 1957	65 13/16	66⅛	3 14 3	6 1 5
59⅜	52 1/16	War Loan 3½% ... after 1952	58 15/16	59⅜	3 12 10	5 19 6f
59½	52 5/16	Conv. 3½% ... after Apr. 1961	59 1/16	59½	3 13 1	6 0 6f
51	44⅞	Treasury 3% ... after Apr. 1966	50⅝	51	3 13 1	6 0 5f
43¼	38⅛	Consols 2½% ...	42¾	43¼	3 11 2	5 16 6f
43¼	38 1/16	Treasury 2½% ... after Apr. 1975	42¾	43¼	3 11 10	5 18 4f
94 11/16	89 13/16	British Electric 4½% ... 1967–69	94½	94 11/16	3 12 10	5 9 0l
80 9/16	74⅜	British Electric 3% ... 1968–73	80⅜	80 9/16	4 4 4	5 12 11
73⅞	69	British Electric 3% ... 1974–77	73¼*	73½*	4 5 11	5 13 8l
84½	79 1/16	British Electric 4¼% ... 1974–79	84¼	82 13/16*	3 19 8	5 16 4l
75⅞	70⅜	British Electric 3½% ... 1976–79	75⅝	75 13/16	4 3 6	5 16 8l
88	82¾	British Gas 4% ... 1969–72	87¾	87 15/16	3 18 9	5 12 4l
86⅜	80 9/16	British Gas 3½% ... 1969–71	85 7/16*	85½*	4 1 3	5 10 10l
61¼	53 13/16	British Gas 3% ... 1990–95	60½	61⅛	4 0 4	5 13 11l
80 9/16	74⅜	British Transport 3% ... 1968–73	80⅜	80 9/16	4 4 4	5 12 11
82½	77¼	British Transport 4% ... 1972–77	82 3/16	82 7/16	4 0 9	5 16 4l
63⅛	56½	British Transport 3% ... 1978–88	62½	63⅛	4 4 2	5 16 11

Prices, 1962 High	Prices, 1962 Low	DOMINION AND CORPORATION STOCKS	Price, Aug. 15, 1962	Price, Aug. 22, 1962	Net Yield, Aug. 22, 1962
					£ s. d.
84½	79½	Australia 3¼% ... 1965–69	84⅛	84½	5 19 0l
100½	96	Australia 6% ... 1974–76	100	100½	6 2 0l
66	52	Ceylon 4% ... 1973–75	54	52½*	10 18 0l
99¼	94¼	New Zealand 6% ... 1976–80	97½*	99	6 0 0l
75¾	62½	Rhodesia and Nyasaland 6% ... 1978–81	75½	75¾	8 13 0l
90¼	82	South Africa 3½% ... 1965–67	90¼	90¼	6 3 0l
59½	48	Southern Rhodesia 4½% ... 1987–92	59	59½	8 2 0l
85	77¾	Agricultural Mortgage 5% ... 1959–89	84½	85	6 1 0l
90¾	86	Birmingham 4¼% ... 1967–70	90⅝	90⅝	5 15 0l
93¼	88⅝	Bristol 5% ... 1971–73	93¼	93¼	5 18 0l
93¼	88	Corporation of London 5¼% ... 1976–79	93	93¼	5 19 0l
48⅛	43	L.C.C. 3% ... after 1920	47¾*	48⅛	6 3 0f
89	84	L.C.C. 5% ... 1980–83	88⅞	89	6 1 0l
93	87	Middlesex 5¼% ... 1980	91*	91¼*	6 0 0l

NEW YORK PRICES AND INDICES

	Aug. 15 $	Aug. 22 $		Aug. 15 $	Aug. 22 $		Aug. 15 $	Aug. 22 $
Atch. Topeka	21⅝	22⅜	Boeing	40⅛	43	Int. Harvester	46⅞	47
Can. Pacific	21	21⅛	Celanese	35¾	35⅜	Inter. Nickel	66⅛	64⅞
Pennsylvania	11⅜	11¾	Chrysler	53⅝	57⅝	Inter. Paper	26½	27
Union Pacific	30⅛	30⅜	Col. Palmolive	40⅞	42½	Kennecott	70½	71½
Amer. Electric	62¾	62⅞	Crown Zeller.	39¾	41	Monsanto	37⅝	39½
Am. Tel. & Tel.	112½	114½	Distillers Seag.	42	42¼	Nat. Distillers	35¼	24⅞
Cons. Edison	74	77¼	Douglas	24⅞	26	Pan-American	18½	19¾
Int. Tel. & Tel.	42⅛	43⅞	Dow Chemical	46⅛	48½	Procter Gamble	69⅛	70
South'n. Nat. Gas.	43⅝	44½	Du Pont	200	199*	Radio Corpn.	46½	48¼
United Corpn.	7½	7½	East. Kodak	98	100¾	Sears Roebuck	71½	74½
Western Union	27	29⅜	Ford Motor	42¾	45	Shell Oil	32⅝	35⅝
Alcoa	63⅛	60¾	Gen. Electric	67¼	69½	Socony-Mobil	50	51¾
Aluminium	23⅞	24	General Foods	70½	70⅜	Stand. Oil Ind.	44¼	44⅝
Amer. Can.	44⅝	45	General Motors	52⅜	53¼	Stand. Oil N.J.	52	52¾
Am. Smelting	51	52⅝	Goodyear	29⅞	29¾	Union Carbide	91¾	93¼
Am. Viscose	54¼	55⅜	Gulf Oil	34¾	35½	U.S. Steel	45¾	44⅞
Anaconda	40¾	42¼	Heinz	46½	46⅛	West. Electric	26⅞	29⅛
Beth. Steel	33⅛	32⅜	Int. Bus. Mach.	386½	409	Woolworth	68¼	69¼

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
July 25	59·08	3·65	27·87	5·79	55·02	3·73	88·70	4·01
Aug. 1	60·46	3·56	27·98	5·77	56·24	3·64	88·39	4·04
" 8	60·20	3·58	27·67	5·83	56·17	3·65	89·01	3·98
" 15	61·48	3·50	28·00	5·76	56·85	3·61	89·12	3·95
" 22	62·67	3·44	28·49	5·66	57·78	3·55	89·64	3·92

425 Industrials:—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 15, 1962	Price, Aug. 22, 1962	Yield, Aug. 22, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/–	79/9	6½ b	6½ a	Barclays £1	89/–	88/3	2·95	...
83/6	61/–	...	...	District £1	82/–	81/9	3·06**	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	61/9	59/3	3·21	...
25/6	20/–	7 b	7 a	Martins 5/–	24/10½	24/9	3·03	...
101/–	80/–	7½ b	7½ a	Midland £1	87/9	89/3	3·36	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	85/3	84/–	3·33	...
97/9	71/–	6⅔ b	6⅔ a	Westminster 'B' £1	81/9	83/3	3·20	...
48/3	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	41/6	41/9	5·75	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. £1	36/–	36/3*	4·60	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£20 1/16	£19 9/16	3·47	...
35	27¼	8 c	9 c	Bank of New S. Wales £20	33¼*	33½	4·30g	...
39/–	32/6	5 b	5 a	Barclays D.C.O. £1	37/9	37/6	5·33	...
58/6	53/–	7½ a	7½ b	Chartered £1	55/6	56/3	5·33	...
£19¾	£16	10/– b	5/– a	Hongk'g. & Shang. $25	£17	£17¼	4·35	...
62/–	49/–	9 b	7½ a	Nat. Com. Bk. Scot. 10/–	52/3	53/6	3·09	...
£29 7/16	£21	$2·37½ c	$2·50c	Royal Bk. Canada $10	£23 15/16	£23 3/16	3·57	...
45/3	37/6	5 a	10 b	Standard Bank £1	44/3	44/3	6·78	...
54/4½	38/3	7½ a	15 b	Hambros 5/–	40/3	40/–	2·81	...
99/9	72/–	5 b	2½ a	Schroders £1	76/–	77/–	1·95	...
60/9	53/–	6¼ b	6¼ a	Union Discount £1	59/9	60/9	4·12	...
14/1½	10/–	18 c	Nil c	Bowmaker 5/–	11/9	11/9	...	...
14/3	10/3	5 a	5 b	Lombard Banking 5/–	10/6	11/6	4·35	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit 5/–	12/3	12/3	3·06	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. 5/–	30/6*	32/3	4·11	¾
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/–	15/4½	15/4½	3·58**	2
14/6	12/10½	...	...	Charrington United 5/–	14/4½	14/3	4·21**	1¾
44/–	32/6	8½ b	6 a	Distillers 10/–	35/–	33/3*	4·36	1¾
51/6	42/4½	14 b	8 a	Guinness 10/–	47/–	45/6	4·84	1¾
34/–	22/6	3⅓ a	10⅔ b	Harveys 5/–	24/–	24/–	4·38	2½
15/7½	11/10½	...	8 b	Ind Coope, T.A. 5/–	13/4½	13/–	4·62**	4½
29/–	21/3	12 b	6 a	Watney Mann 5/–	27/–	25/–	3·60	2
42/4½	31/9	9 a	21 b	Whitbread 'A' 5/–	37/3	36/9	4·08	1¾
				BUILDING, PAINT, Etc.				
61/–	50/6	3 a	6½ b	Associated Portland £1	54/10½	55/1½	3·45	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd. 10/–	26/7½	25/6	4·90	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/–	17/7½	17/7½	4·54	2¾
13/7½	10/6	10 a	12½ b	Crittall Mfg. 5/–	11/9	12/–	7·03**	2
14/1½	9/10½	6 a	16½ b	International Paints 4/–	11/4½	11/10½	7·58	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/–	55/9	58/9	2·13	3¼
24/6	18/1½	11⅔ b	5 a	Wall Paper Defd. 5/–	20/3	20/3	4·12	2¼
				CHEMICAL				
25/7½	20/9	6 a	14 b	Albright & Wilson 5/–	24/3	24/–	4·17	2
19/3	13/11¼	11½ c	5 a	Borax Defd. 5/–	16/1½*	16/1½	3·57	2½
43/3	25/6	11 c	4 a	Fisons £1	31/6	30/6	...	...
58/–	47/6	6¼ a	7½ b	I C I £1	52/1½	52/7½	5·23	1
18/6	12/–	5 a	5 b	Monsanto 5/–	13/9	13/6	3·70	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug 5/–	30/6	30/1½	1·99	2¼
33/9	18/9	5 b	2 a	Montague Burton 10/–	20/10½	23/6	2·93	2¼
59/6	42/9	13⅓ b	5⅚ a	Debenhams 10/–	50/3	50/7½	3·79	1½
65/–	51/1½	12½ a	27½ b	G.U.S. 'A' 5/–	61/–	60/6	3·31	2
40/3	28/9	13½ a	16⅔ b	House of Fraser 5/–	34/9	35/3	4·26	1¼
16/6	12/9	7½ b	5 a	Lewis's Invest. Tst. 4/–	15/–	14/10½	3·36	2
100/6	79/6	15 a	32½ b	Marks & Spencer 'A' 5/–	85/1½	84/7½	2·81	1½
52/6	39/6	10 a	20 b	United Drapery 5/–	43/7½	45/–	3·33	1¾
53/–	44/–	25 b	10⅚ a	Woolworth 5/–	49/–	48/9	3·67	1¼
				OIL				
38/4½	30/6	‡2·78a	†7 1/12 b	British Petroleum £1	37/–	35/6	9·05	2
40/–	30/6	‡2½ a	†7 11/12 b	Burmah Oil £1	38/3	37/3	8·13	1¼
£14 9/16	£12 5/16	11¼ a	15 b	Royal Dutch 20 fl.	£14 5/16	£14¼	3·65	2½
34/10½	27/–	†10 a	†15 b	Shell Transport 5/–	34/9	34/–	6·00	2½
32/9	20/6	...	...	Ultramar 10/–	24/6	24/3	... d	...

FOREIGN AND OVERSEAS STOCKS

	Aug. 15	Aug. 22		Aug. 15	Aug. 22		Aug. 15	Aug. 22
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,197	1,193	A.E.G.	408	406	A.K.U.	373⅜	367½
Banque de Paris	512	515	Bad'che. Anilin	407	403	Bijenkorf	828	824½
Citroen	185·5	187	Bayer	473	470	Heinekens	465	470½
C. F. Petrole	287·5	288	Commerzbank	408	415	Interunie (Fl.50)	Fl.179·5	Fl.181
Cie. G. d'Elect.	1,255	1,295	Deutsche Bank	440	450	K. N. Hoogoven	581½	561¼
Machines Bull	509	515	Hoechst Farb.	404	397	Kon. Zout-Ket.	737	735
Pechiney	242·3	249·1	Kundenkredit	384	376	Philips (Fl.25)	Fl.160·3	Fl.157·3
Printemps	524	531	Lowenbrau	870	880	Robeco (Fl.50)	Fl.206	Fl.206
Rhone-Poulenc	428	449·5	Mannesmann	230	223	Rotterdam Bk.	340	352
S.I.M.	351·2	363	Siemens	580	587	Thomassen & D.	670	670
Saint-Gobain	379·6	382	Thyssen-Huette	185	180	Valeurop	Fl. 72·4	Fl. 72·8
Usinor	212	211	Volkswagen	510	515	Zwanenberg	892	876
Index (Dec. 30, 1960=100)	N.A.	99·5	Herstatt Index (Dec. 31, 1959=100)	89·01	87·96	Index (1953=100)	325·5	329·6
ITALY	Lire	Lire	**BELGIUM**	Frcs.	Frcs.	**SWEDEN**	Kr.	Kr.
Ass. Generali	143,600	141,100	Arbed	27,800	28,100	Asea	231	238
Breda	5,920	5,880	Bqe. Nat. de Bel.	10,750	10,700	Elektrolux	127	126
Edison	4,030	3,815	Bque. Soc. Gen.	3,000	3,060	Ericsson B. Kr.35	136	135
Fiat	2,940	2,880	Cockerill-Oug.	2,770	2,770	Separator B.	294	300
Finsider	1,359	1,340	Esperance Long	5,680	5,680	Skand. Banken	219	223
La Centrale	11,700	11,500	Hoboken	16,825	17,300	Sv. Cellulosa	190	190
Montecatini	3,154	3,045	Innovation	5,910	6,100	Sv. Handelsbank	214	217
Motta	31,699	30,700	Photo Gevaert	2,935	2,925	Tandstk. B Kr.50	162	165
Olivetti	8,150	8,160	Sidro	1,004	994	Index (Dec. 29, 1956=100)	172·94	172·82
Pirelli S.p.A.	6,275	6,160	Soc. Generale	13,450	13,775	**NORWAY**	%	%
Rinascente	767	744	Sofina	7,860	7,810	Bergens Priv'bk.	215	217½
Snia Viscosa	5,560	5,450	Un. Miniere 1/10	1,162	1,214	Borregaard	222	217½
Index (1950=100)	N.A.	679·95	Index (May 9, 1940=100)	N.A.	406·6	Norsk Hydro	302½	303¾

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 15, 1962	Price, Aug. 22, 1962	Yield, Aug. 22, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
32/6	23/–	5 a	5 b	A.E.I. £1	30/–	30/–	6·67	1
12/6	9/–	...	15 c	Brit. Electronic Inds. 5/–	9/7½	9/10½	7·59	¼
66/3	51/9	4 a	9½ b	B.I.C.C. £1	58/9	58/6	4·62	2
14/8¼	12/7½	7½ b	5 a	Crompton Parkinson 5/–	13/9	14/–	4·46	2½
89/6	63/–	23⅓ c	7½ a	Decca 10/–	73/–	75/–	3·11	1¾
45/6	33/9	12½ b	5 a	E.M.I. 10/–	35/–	35/6	4·93	2
54/6	39/–	5 a	9 b	Elliott-Automation 5/–	44/9	46/–	1·52	2
27/9	20/9	5 b	3 a	English Electric £1	25/9	25/6*	6·27	1½
34/–	26/–	3 a	7 b	General Electric £1	34/–*	33/–	6·06	¾
59/3	34/6	4⅜ a	8⅛ b	C. A. Parsons £1	46/9	46/–	5·43	2
47/9	38/6	3¼ a	6½ b	A. Reyrolle £1	45/–	45/–	4·33	2½
82/–	58/–	25 c	27½ c	Thorn Electrical 5/–	72/6*	73/9	1·86	3
				ENGINEERING				
35/–	20/3	9 c	9 c	Babcock & Wilcox £1	34/4½	34/3	4·01	1½
38/3	27/3	3·2 a	7 b	John Brown £1	34/–*	34/3	5·96	2¼
6/–	4/3	3 a	7 b	Cammell Laird 5/–	5/–	5/–	10·00	1
27/4½	21/10½	20 b	10 a	Internat. Combust. 5/–	26/4½	27/4½	5·48	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/–	4/10½	4/4½	...	...
38/4½	26/–	2½ a	9½ b	Swan Hunter £1	29/4½	28/7½	8·38	1¾
16/–	10/6	5 a	10 b	John Thompson 5/–	15/9¾	15/9	4·76	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/–	31/3	31/6	4·54	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	63/3	62/9	4·68	2
48/–	33/9	5 a	10 b	Allied Ironfounders £1	48/–	46/9	6·42	1½
99/9	67/9	5 a	10 b	Averys £1	74/9	75/9	3·96	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/–	13/6	13/3¾	8·77	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/–	9/10½	9/6*	6·84	1¾
33/–	16/9	10 a	17½ b	Davy-Ashmore 5/–	19/7½*	19/10½	6·92	2¼
81/10½	64/1½	5 a	11 b	Guest Keen £1	71/3	72/9	4·40	2¼
21/–	14/3	4 a	12 b	Head Wrightson 5/–	15/6	19/6	4·10	2½
85/6	67/–	5 a	7 b	Metal Box £1	72/–	73/9	3·25	2¼
18/–	13/4½	10 b	4 a	Ransome & Marles 5/–	15/1½	15/7½	4·48	3
48/–	34/–	3 a	7 b	Renold Chains £1	36/6	37/–	5·41	1¾
64/10½	43/1½	7 b	7 a	Tube Investments £1	51/6	54/10½	5·10	3
31/1½	23/6	2½ a	7½ b	Vickers £1	26/7½	26/7½	7·51	1
71/6	54/–	10 b	3¾ a	Ward (Thos. W.) £1	56/–	58/6	4·70	3
20/6	12/3	5 a	16 b	Woodall-Duckham 5/–	15/–	15/6	6·77	1¾
				FOOD & TOBACCO				
26/3	19/9	10 c	10 c	Allied Suppliers 10/–	26/3	25/9	3·88	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods 1/–	9/7½*	10/–	2·25	2
61/3	39/3	8 b	4 a	Bovril £1	41/9	45/9	5·25	1½
12/9	10/9	†3·9b	†1·7a	Brooke Bond 'B' 5/–	12/3	12/4½	3·69	3½
15/10½	11/10½	2½ a	10 b	International Tea 5/–	13/9*	13/9	4·55	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A' £1	70/–	68/6	4·62	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/–	34/6	34/1½	4·10	...
13/7½	10/10½	7½ b	2½ a	Spillers 5/–	12/3	12/7½	3·96	2¼
58/9	43/3	12 c	3 a	Tate & Lyle £1	48/4¼	48/–	5·00	2¼
18/–	14/9	5 a	9 b	Unigate 5/–	15/6*	15/–	4·67	2
63/9	52/–	†22½ c	†5⅚ a	Brit. Amer. Tobac. 10/–	58/–*	57/9	6·36	3
41/3	28/3	5 a	15 b	Gallaher 10/–	33/3	32/9	6·11	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	56/9*	56/3	8·00	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/–	6 7/16	6 5/16*	3·08	...
68/–	50/–	20 a	25 b	Commercial Union 5/–	55/6	55/–	4·09	...
35 15/16	21½	†41·17c	†62·74c	Equity & Law Life 8/6	25⅝	27⅜	1·59	...
09/3	69/–	10 a	20 b	General Accident 5/–	82/9	83/3	1·80	...
60/6	42/9	...	...	Guardian 5/–	52/3	51/–	2·61**	...
48¾	32½	80 a	110 b	Legal & General 5/–	38	37⅝	1·26	...
180/–	138/9	8½ a	12½ b	Northern & Empl. £1	153/9	166/3	2·53	...
13 11/16	10⅝	†20 a	†70 b	Pearl 5/–	12 9/16	12 11/16	2·90	...
29¾	21⅞	†208⅓ c	†208⅓ c	Prudential 'A' 4/–	25 5/16	25⅝	2·66	...
47/10½	35/10½	...	...	Royal 5/–	40/1½	39/7½	3·79**	...
127/9	96/–	7½ a	11¼ b	Royal Exchange £1	106/3	108/3	3·46	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor 5/–	14/9¾	15/1½	6·61	¾
85/3	60/–	20 c	20 c	Jaguar Cars 'A' 5/–	68/9	73/3	1·37	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	26/3	26/9	5·98	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' 4/–	4/5¼	5/0¾	3·16	...
78/7½	60/11¼	11 b	5 a	A.C.V. £1	78/7½	78/4½	...	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	78/7½	78/4½	5·10	...
17/7½	13/10½	8 a	5½ b	Bristol Aeroplane 10/–	16/3	15/7½	8·64	2
25/–	19/3	5 a	6 b	Hawker Siddeley £1	24/4½	23/1½	9·51	1¼
36/9	25/9	†4 a	†6½ b	Dowty Group 10/–	33/6	32/3	5·32	2½
39/–	27/3	5 a	15⅚ b	Dunlop Rubber 10/–	30/6	32/3	4·91	1¾
77/–	62/1½	11¼ b	2½ a	Joseph Lucas £1	68/4½	68/7½	4·01	2¼
22/–	12/–	5 c	9 a	Pressed Steel 5/–	13/9	15/–	1·67	...
39/–	31/1½	12½ c	5 a	Triplex Holdings 10/–	33/9	33/6	3·73	2¼
				MINES				
178/1½	136/3	40 a	50 b	Anglo-American 10/–	171/3	170/–	5·29	1¾
73/–	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	67/9	66/3	7·54	2½
120/–	81/10½	15 a	20 b	General Mining £1	118/9	116/3	6·02	2
71/–	46/6	†26 a	†74 b	Union Corporation 2/6	66/–	65/–	6·28	2½
20/9	16/9	40 b	40 a	Daggafontein 5/–	18/3	18/3	21·92	1¼
128/1½	81/10½	100 b	70 a	Free State Geduld 5/–	122/6	122/6	6·94	1½
70/–	50/6	60 b	60 a	President Brand 5/–	66/9	66/9	8·99	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/–	87/6	86/3	7·19	1¾
45/6	34/–	...	...	Western Deep 'A' £1	41/9	41/6	...	...
161/3	117/6	210 c	105 a	Western Holdings 5/–	154/4½	153/9	6·83	1¼
19/6	15/3	6 b	5 a	Winkelhaak 10/–	19/1½	19/4½	5·67	3
56/9	42/6	13⅓ a	36⅔ b	Chartered 15/–	49/9	49/3	15·23	1½
56/6	47/–	60 b	20 a	Rhod. Anglo-Amer. 10/–	55/3	55/3	14·48h	1¾
37/4½	24/–	...	6 a	Rhod. Selection Tst. £1	30/–	30/–	12·00**h	...
21/9	14/9	32½ c	Nil a	Tanganyika Cons. 10/–	15/3	15/4½	...	1¼
75/–	135/–	100 a	180 b	De Beers Defd. Reg. 5/–	172/6	171/3	8·18	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel n.p.v.	$119	$117	2·44	...
18/9	13/1½	7½ a	30 b	London Tin 4/–	15/1½	14/10½	10·08	1¼
16/9	15/3	...	...	R.T.Z. 10/–	16/4½	16/–	9·38**	...
35/–	21/3	65 c	25 a	Tronoh 5/–	23/3	22/6	14·44	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	5 a	10 b	Daily Mirror 5/–	11/3	11/6	6·52	1½
83/–	62/6	4 a	9 b	W. H. Smith & Son 'A' £1	80/–	78/–	3·33	2
24/9	13/9	10 a	14 b	Thomson Org'n. 5/–	14/4½	15/7½	7·68	1½
47/3	32/–	5 a	8¾ b	Bowater Paper £1	38/3	35/6	7·75	1
45/–	35/–	5 a	11 b	Albert E. Reed £1	43/–	42/3	7·57	1½
43/9	33/6	4 a	8½ b	Spicers £1	38/6	39/6	6·33	1½
55/–	44/–	4 a	10 b	Wiggins Teape £1	53/9	53/9	5·21	1¾

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 15, 1962	Price, Aug. 22, 1962	Yield, Aug. 22, 1962	Cover
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/–	20/6	20/6	7·32	2¾
33/3	18/–	20 a	40 b	Assoc. Television 'A' 5/–	21/6	19/3*	15·58	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/–	40/3	40/6	3·70	1¾
39/4½	30/9	3⅓ a	6⅔ b	British Match £1	33/9*	33/–	6·06	2
16/3	11/6	6⅔ b	4 a	British Oxygen 5/–	13/6	13/6	3·95	1¾
9/10½	7/6¾	3 a	7 b	British Ropes 5/–	7/11¼	8/2¼	6·11	1½
40/6	30/1½	...	...	De La Rue 10/–	40/6¶	38/9	3·55**	2
42/–	27/1½	5⅝ a	9⅜ b	Gestetner 'A' 5/–	37/6	37/6	2·00	3¾
55/9	41/6	15 c	7½ a	Glaxo 10/–	49/6	48/–	3·13	3¼
49/–	42/6	3 a	12 b	Harrison & Cr. Defd. £1	46/10½	48/9	6·15	2½
41/3	29/–	20 b	5 a	Hoover 'A' 5/–	37/–*	36/–	3·47	1¾
23/3	16/–	12½ b	5 a	Ilford 5/–	16/–*	17/6	5·00	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	93/6	98/9	2·28	2½
52/9	40/6	12½ c	12½ c	National Canning £1	48/9	50/1½	4·99	1
41/3	33/9	6 a	12 b	Powell Duffryn 10/–	36/9	37/–	4·86	2¼
40/6	32/3	17½ b	5 a	Radio Rentals 5/–	38/–	38/–	2·96	2¾
37/–	24/6	15 b	7½ a	Rank Organisation 5/–	28/–	28/6	4·39**	...
38/–	24/6	7½ a	16½ b	Schweppes 5/–	28/6	27/–	4·44	1½
35/3	26/6¾	25 c	25 c	Sears 'A' 5/–	30/4½	32/4½	3·86	2
32/1½	23/–	5 a	11 b	Steetley 5/–	26/7½	26/4½	3·03	3
29/10½	21/9	8½ a	11½ b	Thomas Tilling 4/–	25/–	25/6	3·14	2
64/–	44/–	8 b	4 a	Turner & Newall £1	53/6	52/6	4·57	2
47/3	32/6	9·47a	15·32b	Unilever 5/–	36/–	34/6	3·59	3
11⅝	7½	8 a	13 b	Unilever N.V. 12 fl.	8⅝	8⅜	2·99	3
18/9	13/6	5 a	10 b	United Glass 5/–	14/3	14/3	5·26	...
33/3	23/–	†4⅙ a	†10⅚ b	United Molasses 10/–	27/3	25/9	9·51	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth 10/–	26/–	26/1½	7·66	1
18/3	15/3	6 c	Nil c	Cunard £1	16/3	16/9	...	...
20/3	16/9	7 c	7 c	France Fenwick £1	20/3	20/3	6·91	1½
31/6	21/–	10 c	8 c	Furness Withy £1	23/6	23/6*	6·81	1
9/7½	5/–	...	...	London & Overseas 5/–	5/3	5/3	...	...
31/–	17/6	3 a	3 b	P & O Defd. £1	19/9	19/10½	6·04	...
12/1½	8/4½	2½ c	2½ c	Reardon Smith 10/–	8/6	8/1½	3·08	...
12/9	7/6	5 c	Nil c	Royal Mail £1	10/3	10/–	...	...
				STEEL				
48/4½	27/4½	16 c	5 a	Colvilles £1	31/4½	30/–	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	20/–	19/10½	...	2¼
34/–	21/10½	7½ b	3½ a	Lancashire Steel £1	26/1½	27/6	8·06	3
21/4½	11/–	10 c	Nil a	South Durham £1	12/6	12/3	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	29/–	27/9	7·21	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	34/4½	32/6	9·23	2
51/10½	39/6	9 b	6 a	John Summers £1	44/9	48/–	6·25	2
42/4½	25/9	12·3c	4 a	United Steel £1	34/6	32/6	...	1½
41/–	30/9	8¾ b	4 a	Whitehead £1	32/9	31/6	...	2
				TEXTILES				
32/–	25/4½	5 a	7½ b	English Sewing Cotton £1	29/3	30/9	8·13	1
26/4½	18/9	5 a	7½ b	Fine Spinners £1	22/–	22/9	10·99	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	35/6	35/3	...	1¼
46/1½	37/10½	3¾ a	8¾ b	Courtaulds £1	46/–	46/4½	5·39	1¼
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris 4/–	6/9	6/3	8·53	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	69/6	69/–	6·09	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	23/3*	23/3	8·60	1¼
20/10½	14/1½	6 c	6 c	Bradford Dyers £1	18/4½	19/1½	6·27	1
13/3	8/7½	13¾ b	7½ a	Calico Printers 5/–	9/9	10/7½	9·41**	3¼
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B. £1	42/–	43/7½	5·73	1¾
10/9	8/4½	13 c	1½ a	Jute Industries 10/–	8/4½	8/–*	...	2¼
27/1½	20/10½	10 c	10 c	Tootal £1	22/1½	22/7½	8·84	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	4⅙ a	8⅓ b	Alliance Trust 5/–	24/6	23/9	2·63	1¼
61/6	41/6	37 1/7 b	12½ a	B.E.T. 'A' Defd. 5/–	47/9	47/6	5·26	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/–	15/6	15/3*	3·28	1½
71/9	54/3	31⅔ c	10 a	City Centre Props. 5/–	58/9	59/6	2·13**	...
89/–	69/9	3½ a	8½ b	City Lond. Real Prop. £1	77/3	78/3	3·07	1
95/–	62/6	7·04a	9·04b	Hudson's Bay £1	77/6	72/6	4·44	2½
38/6	22/6	4 b	2 a	Land Securities 10/–	26/6	28/9	2·09	1
39/–	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/–	34/9	35/3	3·78	1
				TEA & RUBBER				
46/6	38/–	†2½ a	†12½ b	Cons. Tea & Lands £1	39/–	40/6	12·10	2
35/6	30/9	†11 b	†3 a	Jokai (Assam) £1	35/3	36/6	12·52	2½
9/6	7/6	...	7½ c	Nuwara Eliya £1	8/–	8/3	18·18	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/–	5/3¾	5/4½	15·50	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic 2/–	4/8¼	4/7½	17·30	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	68/7½	69/3	13·00	1½

UNIT TRUST PRICES

	August 22		Yield
Allied Investors:			
Elect. & Ind. D.	9/7½	10/4½	6·17
Metals & Mins.	14/7	15/6	6·94
British Life Office:			
British Life Units	4/10	5/1	4·02
Commonwealth Unit Trust Fund:			
A E & G Un. Tst.	14/6½	15/6½	3·36
Commonwealth	10/3	11/1½	5·35
Orthodox Unit	13/7½	14/7½*	4·78
Municipal & Gen.:			
Second M & G	8/11½	9/5½	4·81
M & G Gen. Tst.	11/8¾	12/4½*	4·80
Mid. Ind. & Gen.	8/11½	9/5½*	4·73
National Group:			
Nat. B.I.F.S.	6/10¾	7/4	3·73
Domestic Unit Fd.	4/4¼	4/8	4·50
Shield Unit Fund	4/3¼	4/7*	4·20
P. Hill, Higginson, Erlangers:			
Brit. Sharehldrs.	12/11½	13/10½*	4·30
B S International	9/5½	10/1½*	4·83
Save & Pros. Gp.:			
Bank Insurance	7/7½	8/1½	2·80
Bank Units	9/1½	10/7½*	3·71
Consol'd. BITS	14/2	15/1	2·92
Capital Units	6/11	7/4½	3·40
Income Units	4/9	5/1*	5·79
Insurance Units	17/5½	18/7	2·14
Investment Trust	7/1½	7/7	3·01
Scotbits	5/–	5/4*	2·70
Scotshares	4/7	4/11	4·86
Dillon Walker:			
Community Un.	2/9½	3/0½	5·44
Falcon Trust	4/6	4/10½	5·27
Intrust Fund	19/6½	20/6½	5·03
Unicorn Trust	6/4½	6/10*	3·91

* Ex dividend. † Tax Free. ‡ Assumed average life, 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Calico Printers, 20%. Charrington United, 12%. City Centre Props., 25⅓%. Crittall Mfg., 16⅞%. De La Rue, 13¾%. District Bank, 12½%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. R.T.Z., 15%. Rank Organisation, 25%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%.

(*Continued from page 731*)

average for department stores. The earnings yield is thus just over 7 per cent and its only justification lies in the substantial capital programme now being undertaken by the group which owns Selfridges in Oxford Street and stores in many provincial centres.

H. S. Whiteside

PROFITS of H. S. Whiteside, the food manufacturers whose brands include "Sun-Pat" and "Maconochie," have risen for the fourth consecutive year. But the latest rise of 10 per cent from £525,000 to £577,000 in 1961, was little more than half the 1960 advance. This no doubt reflects the "ever-increasing competition and steadily rising costs" to which the chairman, Mr T. A. Barnes, referred a year ago. Bigger provisions for depreciation and tax left net profits less than 1 per cent higher at £216,000, against £212,000. A final dividend of 18 per cent, against a forecast of 16 per cent, is being paid on the capital as increased by the one-for-four scrip issue in December; the interim dividend of 10 per cent was paid on the capital as increased by last year's three-for-four rights issue so that the dividend on the current capital is equivalent to 26 per cent, covered 1.4 times. Now another one-for-four scrip issue is on its way.

Profits could again be higher this year. First, interest charges will be lower as the £900,000 raised by the rights issue in August, 1961, will have funded overdrafts. Secondly, the rationalisation of some of the subsidiaries should bear more fruit: a year ago Mr Barnes said "the benefits of certain major steps taken will obviously not be reflected in earnings until 1962." Thirdly and most importantly, the attitude of Whiteside's management is progressive—a vital quality in the highly competitive food trade: last year, for instance, a new factory was begun in Italy and two Anglo-American projects were started and the day before the latest results were published Whiteside and Marmite, the Bovril subsidiary, announced a joint venture to produce potato crisps and associated foodstuffs. This arose out of an idea of Whiteside to use "Marmite" as flavouring for some of its products, and has resulted in the creation of a separate company, Branded Foods, with an initial capital of £200,000 divided equally between Marmite and Whiteside. Evidently Branded Foods intends to enter the increasingly competitive business of selling potato crisps where flavoured crisps are growing in popularity; but the going will not be easy, with a major sales campaign from Smiths under way and Imperial Tobacco setting up a new Golden Wonder Crisp factory this October. Whiteside's 1s. ordinary shares gained 7½d. to a new high point of 6s. 9d. after the results were announced but later fell back to 6s. 6d. to yield 4d. per cent on a 26 per cent dividend. A maintained dividend on the capital as increased by the scrip issue is well within the bounds of possibility.

Sheepbridge Engineering

A LIST of the customers of Sheepbridge Engineering—public work contractors and nationalised industries, engineering companies, the motor, aircraft, oil and chemical industries—does not at first sight suggest that the group could have expected much better results in the year to March 31st. Indeed, a year ago the chairman, Lord Aberconway, said merely that the "overall profit should be maintained." In fact, gross profits rose by 5½ per cent from £1,158,000 to the record level of £1,220,000 and earnings for the ordinary dividend, maintained at 15 per cent, have risen slightly to nearly 24 per cent.

Lord Aberconway says that "though the recession in the motor industry had its effect" most Sheepbridge subsidiaries achieved record sales. In the current year there should be some improvement in the results of the motor component subsidiaries, which accounted for 21 per cent of the group's turnover last year. Elsewhere, Lord Aberconway points to increases in demand and capacity. A new range of flexible couplings, made under a German licence, "should prove a profitable addition"; and a new factory at Exeter is expected to boost sales of Hardinge Machine Tools, whose order book is good. Competition is keener but Lord Aberconway expects the group to obtain its full share of available business. The 5s. ordinary shares at 11s. 6d. xd are not far below their high point for the year and yield 6½ per cent but the market cannot be far wrong in looking for another rise in profits.

Building Materials

THE second of the big three cement manufacturers in this country, **Tunnel Portland Cement**, again produced rather disappointing results in the year to March 31st, when its gross profits after a bigger provision for depreciation fell by 4 per cent from £2,806,000 to £2,690,000. This is especially disappointing, as the chairman, Mr N. M. Jensen, reveals that Tunnel's total deliveries of cement rose by 6 per cent to establish a new record. He attributes the setback mainly to the fuel oil tax imposed in April, 1961, and the 10 per cent surcharge introduced three months later. The extra cost of these taxes amounted to £440,000, of which the group was able to pass on very little in higher prices to customers. Ironically Tunnel is reverting to coal in one of its plants.

In deference to the recommendations of the Jenkins Committee, the directors have given details about Tunnel Portland's trade investments, which include a 50 per cent stake in Ribblesdale Cement. Compared with a book value of £1,571,000 for equity trade investments, the total market value on March 31st was no less than £4,406,000. The companies concerned have been distributing less than half their profits. This is a source of strength for Tunnel's ordinary shares. On prospects, however, the report is far less cheering. Mr Jensen says that at the beginning of the calendar year, demand for cement fell and though it picked up in the summer it may well fall again by the end of the year. The 10s. ordinary shares gained 6d. on the report and at 38s. 3d. yield 5 per cent on a dividend of 16 per cent and a tax free capital distribution of 2 per cent.

In contrast with those of Tunnel Portland, the results of **Redland Holdings** for the year to March 31st were better than expected. A full year's profits from two acquisitions were included in 1961-62, when gross profits rose by 42 per cent from £1,346,000 to £1,920,000. Equity earnings rose from 33 to 45 per cent and the ordinary dividend was raised from 15 to 20 per cent. The chairman, Mr A. F. F. Young, says that the year brought a "large increase in turnover and profits" and that the prospects for the group's tiles, bricks, pipes and quarrying interests remain favourable. He adds that the ready mixed concrete business, "though highly competitive, can show satisfactory profits." The group's German tile-making subsidiary, Braas and Company, had another successful year and added two new factories to the existing six. The group has disposed of most of its unprofitable interests in rubber and plastics and its turnover and profits were maintained in the first three months of the current year. The 5s. ordinary shares stand at their high point for the year of 29s. 3d., to yield 3.4 per cent, and clearly the market shares Mr Young's "cautious optimism."

The results of **Ready Mixed Concrete** for the year to June 30th are close to the prospectus forecast though they may disappoint extreme optimists. In May, Ready Mixed Concrete's offer for sale of ordinary shares at 24s. each was oversubscribed 61 times and the shares now stand at 34s. 4½d. The company's gross profits amounted to £611,000, compared with the forecast of £600,000, and the dividend of 20 per cent is covered 2.2 times; the shares yield only 2.9 per cent.

THE ECONOMIST INDICATOR

(1953 = 100)

1962	Indicator	Yield %	1962 High	1962 Low
July 18	312·9	5·51		
,, 25	310·9	5·55		
Aug. 1	312·8	5·50		
,, 8	317·6	5·41	364·4 (Jan. 17)	310·3 (June 27)
,, 15	336·5	5·09		
,, 22	335·1	5·13		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Aug. 16	281·5	5·54	5·80	13,947
,, 17	280·6	5·56	5·80	11,864
,, 20	281·1	5·55	5·80	13,271
,, 21	280·0	5·57	5·80	10,404
,, 22	281·6	5·54	5·78	9,826

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935 = 100

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 18, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £36,990,000 compared with a deficit of £5,077,000 in the previous week and a deficit of £64,956,000 in the corresponding period of last year. There was a net expenditure "below-line" of £8,275,000 leaving a total cumulative deficit to date of £319,977,000 compared with £378,667,000 in 1961-62.

£'000	Estimate 1962–63	April 1, 1961, to Aug. 19, 1961	April 1, 1962, to Aug. 18, 1962	Week ended Aug. 19, 1961	Week ended Aug. 18, 1962
Ordinary Revenue					
Income Tax	2,790,000	606,504	641,163	28,916	30,985
Surtax	188,000	37,000	40,800	1,000	1,100
Death Duties	264,500	106,400	105,000	4,800	6,100
Stamps	95,000	41,400	37,900	1,200	1,100
Profits tax, SPT and EPL	374,000	129,600	137,800	12,500	10,500
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	920,904	962,663	48,416	49,785
Customs	1,653,000	616,320	628,125	30,826	34,064
Excise	1,077,000	401,435	418,550	21,720	25,570
Total Customs and Excise	2,730,000	1,017,755	1,046,675	52,546	59,634
Motor Duties	150,000	27,218	42,043	535	1,235
Broadcast Lic's.	41,000	11,200	11,500	2,400	2,100
Miscellaneous	165,000	114,438	61,917	557	2,884
Total	**6,797,500**	**2,091,515**	**2,124,798**	**104,454**	**115,638**
Ordinary Expenditure					
Debt Interest	600,000	322,966	291,661	66,944	56,110
Payments to N. Ireland Exch.	100,000	30,948	33,748	...	...
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	3,947	3,091	16	138
Supply Services	5,611,650	1,868,743	2,015,931	101,900	96,100
Total	**6,323,650**	**2,226,604**	**2,345,231**	**168,860**	**152,348**
Sinking Funds	41,000	11,394	12,239	550	280
"Above-line" Surplus or Deficit					
"Below-line" Net Expenditure*		146,483	232,672	64,956	36,990
		232,184	87,305	67,421	8,275
Total Surplus or Deficit		**378,667**	**319,977**	**132,377**	**45,265**
Net receipts from:					
Tax Reserve Certificates		58,373	61,359	598	132
Savings Certificates		– 8,800	– 1,000	– 1,400	– 100
Defence Bonds		22,555	7,326	308	1,107
Premium Savings Bonds		16,350	12,900	400	400
Total		**88,478**	**80,585**	**–94**	**1,539**

* Net repayments of £10 million to the Civil Contingencies Fund in 1962–63 compared with net repayments of £5 million in 1961–62.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
Aug. 19	3,290·0	1,732·5	316·8	1·5	5,340·7
1962					
May 19	2,940·0	2,221·9	283·8	0·3	5,445·9
,, 26	2,950·0	2,258·8	229·3	...	5,438·1
June 2	2,960·0	2,299·9	230·7	1·5	5,492·1
,, 9	2,970·0	2,307·8	233·6	...	5,511·5
,, 16	2,980·0	2,314·5	287·2	0·8	5,582·5
,, 23	2,990·0	1,936·1	250·9	2·8	5,179·8
,, 30	2,990·0	2,013·4	264·2	2·3	5,269·8
July 7	2,990·0	1,980·0	230·3	6·3	5,206·6
,, 14	2,990·0	2,015·7	230·0	2·5	5,238·2
,, 21	2,980·0	2,018·0	218·4	2·0	5,218·4
,, 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·5	227·3	...	5,219·9
,, 11	3,000·0	1,983·6	225·1	0·3	5,208·9
,, 18	3,000·0	2,009·3	240·1	5·5	5,254·9

THE MONEY MARKET

VIGOROUS use of Bank rate by the authorities in the days preceding the Treasury bill tender on Friday of last week persuaded the syndicate of discount houses to leave its bid unchanged at £99 1s. 1d. The outsiders raised their bids marginally and the average rate of discount fell by 0.49d. to 7s. 8.35d. per cent. At the same time, however, total applications for the unaltered bill offer of £230 million fell by £28 million to £368 million, and the discount market received a quota of 53 per cent—only one point below the previous week's allotment.

Money was fairly comfortable on Thursday and Friday of last week and although the rate for day-to-day loans opened at 3⅞ per cent it fell to the clearing banks' minimum of 2⅞ per cent by the afternoon on each of these days. Credit became more difficult on Saturday and the authorities helped the market by the special purchase of a fairly large number of bills on either side of the week-end. On Tuesday two or three houses were again forced to borrow a small amount at Bank rate. Credit was again short on Wednesday and the authorities gave a moderate amount of special help.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	Discount rates: Bank bills:	
Deposit rates (7 days' notice):		60 days	4–4 1/16
Banks	2½	3 months	4–4 1/16
Discount houses	2½–2¾	4 months	4–4 1/16
Local Authorities	4	6 months	4–4 1/8
Call money: Clearing banks' minimum	2⅞	Fine trade bills: 3 months	5½–6
Day-to-day	2⅞–3⅞	4 months	5½–6
		6 months	5¾–6½

NEW YORK

	%		%
Official Discount rate: (from 31/5/60)	3	Treasury bills: August 13	2·867
		,, 20	2·837

BANK OF ENGLAND RETURNS

(£ million)	Aug. 23, 1961	Aug. 15, 1962	Aug. 22 1962
*Issue Department**:			
Notes in circulation	2,341·8	2,361·5	2,332 3
Notes in banking dept.	58·6	63·9	43 1
Govt. debt and securities*	2,398·7	2,424·0	2,374 0
Other securities	0·8	0·7	0 7
Gold coin and bullion	0·4	0·4	0 4
Coin other than gold coin.	0·5	0·3	0 3
Banking Department:			
Deposits:			
Public accounts	14·3	12·6	11 6
Special deposits	206·1	159·6	159 6
Bankers	249·4	242·4	227 2
Others	67·9	72·3	72 0
Total	537·7	486·8	470 4
Securities:			
Government	387·0	356·9	376 4
Discounts and advances	91·7	64·6	49 4
Other	18·1	18·9	19 0
Total	496·8	440·4	444 7
Banking department reserve	59·3	64·8	44 0
"Proportion"	% 11·0	% 13·3	% 9 3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue decreased by £50 million to £2,375 million on August, 22nd.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Amount (£ million) Applied for	91 Day Average Rate of Allotment	91 Day Allotted at Max. Rate *
1961	*91 day*		s. d.	%
Aug. 18	250·0	379·6	134 1·83	61
1962				
May 18	230·0	383·6	77 1·04	61
,, 25	230·0	398·4	76 3·81	47
June 1	240·0	417·3	75 7·98	43
,, 8	240·0	421·0	75 0·28	47
,, 15	240·0	423·5	74 4·01	40
,, 22	230·0	370·2	76 11·84	42
,, 29	230·0	365·3	78 5·03	45
July 6	230·0	405·4	78 0·63	49
,, 13	230·0†	404·5	77 9·32	23
,, 20	220·0	382·1	78 7·14	29
,, 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
,, 10	230·0	396·1	75 8·84	54
,, 17	230·0	368·1	75 8·35	53

* On August 17th tenders for 91 day bills at £99 1s. 1d. secured 53 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills.
† Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits August 22	Market Rates: Spot August 16	August 17	August 18	August 20	August 21	August 22
United States $	2·78–2·82*	2·80 7/16–9/16	2·80 7/16–9/16	2·80 7/16–9/16	2·80 7/16–9/16	2·80 1/4–3/8	2·80 3/16–5/16
Canadian $	...	3·02 1/4–3/8	3·02 3/16–5/16	3·02 3/16–5/16	3·02 1/16–5/16	3·02–02/8	3·01 7/8–02
French Fr.	13·622–14·027	13·74 1/4–1/2	13·74 1/4–1/2	13·74 1/4–1/2	13·74–74 1/4	13·73–73 1/4	13·73 1/8–3/8
Swiss Fr.	11·94–12·54 7/8	12·11 3/4–12	12·11 7/8–12 1/8	12·11 3/4–12	12·11 3/4–12	12·11 1/4–1/2	12·11–11 1/4
Belgian Fr.	137·96–142·05	139·45–50	139·45–50	139·45–50	139·42 1/2–47 1/2	139·35–40	139 35–40
Dutch Gld.	9·98 3/4–10·28 1/2	10·11 1/8–3/8	10·10 3/4–11	10·10 3/4–11	10·10 3/4–11	10·10 3/8–5/8	10 10 3/8–5/8
W. Ger. D-Mk.	11·037–11·365	11·20 5/8–7/8	11·20 5/8–7/8	11·20 3/8–5/8	11·20 2/8–5/8	11·19 3/8–20	11·19 7/8–20 1/8
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1740 1/2–41	1740 1/4–3/4	1740 1/4–3/4	1740–40 1/2	1739–39 1/2	1739–39 1/2
Swedish Kr.	14·27 1/2–14·70	14·43 1/8–3/8	14·42 5/8–7/8	14·42 5/8–7/8	14·42 1/2–3/8	14·42 1/8–3/8	14·42 1/8–3/8
Danish Kr.	19·06 1/2–19·62	19·39 1/4–1/2	19·39 3/8–7/8	19·39 3/8–7/8	19·39–39 1/4	19·38 1/2–3/4	19·38 1/2–3/4
Norwegian Kr.	19·71–20·30 1/2	20·03 1/4–04	20·03 3/8–7/8	20·03 3/8–7/8	20·03 1/4–04	20·03 1/4–1/2	20·03 1/4–1/2
	* Official Limits	**One Month Forward Rates**					
United States $		1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	3/16–1/16c. pm
Canadian $		1/4–3/8c. dis	1/4–3/8c. dis	1/4–3/8c. dis	1/4–1/2c. dis	1/4–3/8c. dis	7/16–1/16c. dis
French Fr.		1 1/4–3/4c. pm	1 1/4–3/4c. pm	1 1/4–3/4c. pm	1 1/4–3/4c. pm	1–1/2c. pm	7/8–1/2c. pm
Swiss Fr.		2–1 1/2c. pm	2 1/8–1 5/8c. pm	2 1/8–1 5/8c. pm	2 1/8–1 5/8c. pm	2–1 1/2c. pm	1 3/4–1 1/4c. pm
Belgian Fr.		20–15c. pm	20–15c. pm	20–15c. pm	20–15c. pm	20–15c. pm	20–15c. pm
Dutch Gld.		2 3/8–2 1/8c. pm	2 5/8–2 3/8c. pm	2 5/8–2 3/8c. pm	2 3/4–2 1/2c. pm	2 3/8–2 1/8c. pm	3–2 3/4c. pm
W. German D-Mk.		1 7/8–1 3/4pf. pm	1 7/8–1 5/8pf. pm	1 7/8–1 5/8pf. pm	1 7/8–1 3/4pf. pm	1 5/8–1 1/2pf. pm	1 3/8–1 1/8pf. pm
		Three Months Forward Rates					
United States $		5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	9/16–7/16c. pm	1/2–3/8c. pm
Canadian $		3/8–11/16c. dis	13/16–11/16c. dis	13/16–11/16c. dis	15/16–12/16c. dis	7/8–1/2c. dis	15/16–11/16c. dis
Swiss Fr.		5 1/2–4 5/8c. pm	5 1/2–4 3/8c. pm	5 1/2–4 3/8c. pm	5 5/8–4 5/8c. pm	5–4 1/4c. pm	4 1/4–4 1/4c. pm
W. German D-Mk.		4 3/4–4 1/8pf. pm	4 5/8–4 1/8pf. pm	4 5/8–4 1/8pf. pm	4 1/8–3 7/8pf. pm	4 1/8–3 5/8pf. pm	3 7/8–3 3/8pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/6 1/4	250/6 3/4	...	250/6 1/2	250/7 1/4	250/7
,, ($,, ,,)		35·13	35·14	...	35·13 1/2	35·12	35 11 1/2

Prices and Wages

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

BRITISH

Prices and Wages	This week	External Trade	Aug. 4th
Manpower and Output	Aug. 11th	Industrial Profits	July 14th

OVERSEAS

Western Europe	Aug. 18th	United States	July 21st

	Unit	1959	1960	1961	1961			1962				
		mid-June			Aug 8	Aug. 15	Aug. 22	July 24	July 31	Aug. 7	Aug. 14	Aug. 21
WORLD PRICES												
Commodity Price Indicator :												
All items	1958=100	96·8	98·3	95·3	93·4	93·5	93·6	91·7	90·9	90·4	90·6	91·4
Food	,,	95·8	93·0	93·0	89·8	90·1	90·0	89·0	87·9	87·2	87·3	88·7
Fibres	,,	95·3	98·7	104·4	103·7	103·5	102·8	100·5	99·4	99·4	100·3	100·4
Metals	,,	113·0	122·4	115·0	114·2	114·3	114·9	110·9	110·6	110·7	110·5	110·4
		Monthly averages			1961			1962				
BRITISH WHOLESALE PRICES		1959	1960	1961	May	June	July	March	April	May	June	July
Materials used in :												
All manufacturing industries	1954=100	101·7	101·8	100·6	101·5	100·7	100·6	101·6	101·6	100·9	100·2	100·3
Mechanical engineering	,,	124·5	126·2	128·1	128·4	128·3	128·6	130·3	130·4	130·4	130·2	130·2
Electrical machinery	,,	115·6	116·9	118·3	118·5	118·7	118·9	120·2	120·2	120·2	120·1	120·1
Construction	,,	113·4	115·1	118·2	117·8	118·0	118·8	120·1	120·4	120·5	120·5	120·6
House building	,,	111·0	114·0	118·0	117·6	117·8	118·6	119·6	120·1	120·2	120·1	120·2
Products of :												
All manufacturing industries	,,	111·5	113·0	116·0	115·5	115·8	116·1	118·3	118·2	118·2	118·4	118·5
Chemicals and allied trades	,,	106·6	106·0	105·1	105·5	105·2	104·7	105·1	104·9	104·7	104·4	104·4
Iron and steel	,,	129·0	128·5	129·7	129·0	129·4	130·2	133·7	133·9	133·9	133·9	133·9
Textile industry	,,	96·0	100·8	104·0	104·6	104·2	103·5	102·6	102·5	102·5	102·5	102·6
Food manufacturing	,,	106·9	106·9	107·2	107·6	107·3	107·2	110·6	110·4	110·4	110·8	111·3
New construction (8)	,,	113	114	117	117[9]	...	117[12]	121[11]	...	122[9]	...	...
Commodities :												
Cotton, raw	,,	68·6	75·0	74·8	75·0	74·9	74·3	73·8	73·7	73·8	73·4	73·1
Wool, raw	,,	76·6	76·3	76·2	80·5	79·4	77·8	77·7	78·7	78·0	77·9	77·9
Rubber, No. 1 RSS, one month future	,,	148·1	158·0	122·8	131·1	124·2	123·4	118·3	116·3	116·2	111·3	111·4
Softwood, imported	,,	95·4	104·9	107·3	107·1	106·9	107·0	104·0	104·1	103·9	103·8	103·8
Copper, ex-warehouse	,,	95·6	99·0	92·3	97·5	95·1	92·4	94·4	94·2	94·2	94·2	94·2
Coal	,,	135·4	137·4	144·9	142·5	142·5	142·5	151·5	151·5	150·4	150·4	150·5
General chemicals	,,	106·7	105·0	103·9	104·0	103·8	103·7	102·5	102·3	101·7	101·7	101·7
UK RETAIL PRICES (10)	Jan. 17,											
All items (1)	1956=100	109·6	110·7	114·5	113·6	114·6	114·6	118·1	119·7	120·1	120·9	120·4
Food	,,	108·2	107·4	109·1	109·5	111·4	110·7	111·7	115·2	115·9	117·8	...
All items	1938=100	273	276	285	283	285	285	294	298	298	301	300
Food	,,	285	282	287	288	293	291	294	303	305	310	...
Housing	,,	180	186	194	194	194	195	199	205	205	206	...
Clothing	,,	268	271	276	275	275	276	278	281	284	285	...
Fuel and light	,,	284	291	309	300	302	302	326	327	323	324	...
Household durable goods	,,	300	300	305	304	305	305	313	310	310	310	...
Drink	,,	261	256	274	257	258	265	282	282	282	282	...
Tobacco	,,	428	444	467	449	454	455	491	491	491	491	...
Purchasing power of £ (based on all consumer spending)	1938=100	35·7	35·4	34·5	34·8	34·5	34·5	33·5	33·0	32·9	32·7	32·8
UK TERMS OF TRADE												
Import prices :												
All items	1954=100	98	99	97	99	98	97	96	96	95	96	...
Food, drink and tobacco	,,	98	97	94	96	95	92	94	96	94	96	...
Basic materials	,,	93	96	95	97	96	97	92	92	91	91	...
Fuels	,,	104	98	96	96	95	96	96	96	96	94	...
Manufactured goods	,,	104	107	107	109	108	107	105	105	104	104	...
Export prices :												
All items	,,	109	111	112	112	112	112	113	113	113	113	...
All manufactures	,,	111	114	115	115	115	115	116	116	116	116	...
Metals	,,	115	118	118	117	116	118	120	120	120	120	...
Engineering products	,,	117	120	122	120	121	121	123	123	123	123	...
Textiles (excluding clothing)	,,	98	102	106	107	108	105	107	107	106	106	...
Terms of trade :												
Ratio of import to export prices	,,	90	89	86	88	88	86	85	85	84	85	...
SHIPPING FREIGHTS												
Tramp shipping freights	1960=100	96·9	100·0	106·8	111·3	108·7	105·8	96·9	99·4	97·9	84·4	78·4
UK WAGES												
Normal weekly hours :	Jan. 31											
All workers	1956=100	99·6	98·0	95·9	96·1	95·9	95·9	95·2	95·1	95·1	95·1	...
Weekly wage rates (5) :												
All workers (3)	,,	117·0	120·0	125·0	124·6	125·0	125·1	127·7	128·7	129·1	129·2	...
Men	,,	116·8	119·7	124·6	124·2	124·6	124·6	127·3	128·2	128·6	128·7	...
Women	,,	117·0	120·8	125·3	124·8	125·7	125·8	129·3	129·2	129·7	130·0	...
Juveniles (4)	,,	119·0	123·2	130·3	129·8	130·6	130·6	133·5	134·5	135·0	135·2	...
All workers	Sept., 1939=100	304	312	325	324	325	325	332	334	336	336	...
Changes in weekly wage rates :												
Workers affected by increases	'000	3024	3024	927	6487	918	1,118	799	847	1,986	1,468	447	...
Net increase in weekly wage bill (6)	£'000	104	359	339	337	424	181	390	630	487	122	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general males under 21 and females under 18 years of age. (5) Weekly earnings are surveyed in April and October. April figures are: Men, 1960: 282s. 1d.; 1961: 301s. 4d.; 1962: 312s. 10d. Women (full time), 1960: 145s. 0d.; 1961: 152s. 7d.; 1962: 157s. 2d. Youths (under 21), 1960: 123s. 1d.; 1961: 135s. 9d.; 1962: 141s. 3d. Girls (under 18), 1960: 93s. 1d.; 1961: 99s. 11d.; 1962: 104s. 6d. (6) 18,000 workers had a net decrease in wages over the year. (7) 25,000 workers had wage cuts in November, 1961, but over the whole of 1961 no worker had a net decrease. (8) Index of building costs. (9) Average for second quarter. (10) Using the revised retail price index based on January, 1962=100: July, 102·5. (11) Average for first quarter. (12) Average for third quarter.

APPOINTMENTS

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APPLICATIONS: Should be made on forms obtained from the Recruitment Officer, Personnel Branch, Office of the High Commissioner for Australia, Australia House, Strand, London, W.C.2, and returned by September 14th.

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Required as soonas possible: LECTURER in MANAGEMENT STUDIES. Candidates should possess a good degree; business experience is a recommendation. A special interest in applied economics and/or quantitative methods in the solution of business problems would be an advantage.

Application form and further particulars may be obtained from the Principal, Leeds College of Commerce, 43 Woodhouse Lane, Leeds 2.

GEORGE TAYLOR,
Chief Education Officer.

Education Department,
Calverley Street,
Leeds 1.

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Applications close in Australia and London on *October 31, 1962*

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Applications are invited from graduates for the post of Research Assistant in the Faculty, to assist in the collection of documents for publication, relating to English Economic History and other work in the field of economic history.

The appointment may be full-time or part-time and the salary will be, according to qualifications and experience, on scale £475 x £25 to £750.

Applications, naming not more than two referees, should be sent by 1st September, 1962, to the Clerk to the Faculty of Commerce and Social Science, The University, Edgbaston, Birmingham 15, from whom further particulars may be obtained.

THE ECONOMIST INTELLIGENCE UNIT

wishes to make further appointments to the staff of its Research Divisions. Candidates for these posts should have at least an upper second class degree preferably, but not necessarily, in economics or statistics, and should have had some experience in industry, finance, commerce or marketing; knowledge of foreign languages is an advantage.

Please send full particulars, including age, qualifications, experience and present salary, to "Research," 5 Bury Street, London, S.W.1.

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Principal: A. J. Richmond, B.Sc.(Eng.), Ph.D., M.I.Mech.E.

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Head of Department: W. F. Frank, B.Com., LL.B., M.Sc.(Econ.), Dr. jur., M.B.I.M.

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Candidates should preferably be University Graduates and/or have a professional qualification in Law.

The successful candidate will be expected to teach his subject in part-time courses leading to professional qualifications and in full-time courses leading to awards of Ordinary Degree level.

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H. G. McCREDIE,
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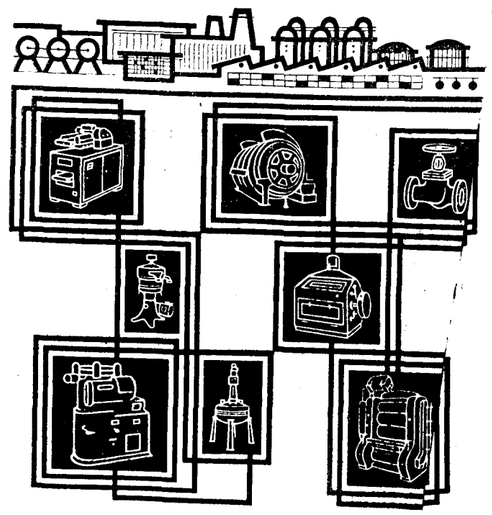

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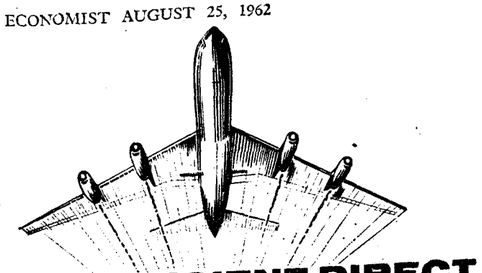

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Guide to contents: see o

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The Economist this Week September 1, 1962

INTERNATIONAL

CONSIDER JAPAN—1

Japan's extraordinary economic growth has not been by chance alone. In part it is the product of an economic policy which the British have hardly heard of, let alone studied. For how this came about and what relevance it has to Britain's humble attempts at planning, see pages 787 to 823.

POLITICS IN THE SUN

Jamaica and Trinidad and Tobago have their independence; the smaller islands continue to be the problem children of **the Caribbean,** making great demands on any proposed federation but unwilling to concede any of their own authority (p. 753).

Mr **ben Bella's political bureau has proved too narrow a platform from which to lever the deadweight of Algeria** (p. 773).

President Nasser has stolen a march on the Syrians, pressing charges of intervention in their affairs, by his threat to leave the **Arab League.** Jordan and Saudi Arabia have made a gesture of genuine defiance, and hollow unity, in Egypt's face (p. 761).

President Nkrumah's ministers can do no more than guess at his intentions; still less *The Economist* (p. 757).

English-speaking **Africans** are suspicious of the common market because they suspect French motives in Africa (p 758).

Many Australians think the **New Guinea** settlement the worst possible for them (p. 777).

THEN COMES TOMORROW

What sort of Russian rulers will succeed **Mr Khrushchev,** the man of contradictions? The younger generation looks like being more self-possessed, more balanced, more modern and perhaps more formidable (p. 751).

As the mood in **Berlin** has grown explosive, rationality is hard to come by, but it is needed (p. 756).

By trying to separate entry into the common market from entry to a European political union **Dr Adenauer** is trying to put up a last ditch resistance to Britain's entry into the common market; but his ministers think differently (p. 756).

NOT BY BREAD ALONE

French agriculture, the hope and despair of French politicians, has taken to breeding problems for Europe and for the British. Its spontaneous growth has brought not only increased production but a crop of tensions as well (p. 774).

Spain's stagnant society is getting on the move (p. 776).

Macao's pirate tradition lives on (p. 776).

The **Chinese** seem intent on removing America's nuclear monopoly in the western Pacific; "a matter of months" (Washington's phrase) should show how far they have got (p 756).

While President Diem tries to get communist guerrillas out **of South Vietnam,** nationalist exiles plan to get him out of office (p. 762).

"Away with religion" **is Mr Gomulka's** aim; "gradually and without too much noise" his method (p. 761).

USSR HELPS USAF

The Soviet space twins **have done the American Air Force a** good turn (p. 779). While much activity goes on in space, Congress is getting down to business at last (p. 780). This week the Senate has passed two important **Bills, one on drugs** (p. 780), and one on **agriculture** (p. 782). However, controversial **judicial appointments** are still being held up (p. 782).

The national **trade union** organisation is under strain (p. 757).

In the long run nuclear power may provide an answer to the high costs of the American **merchant marine**—but not yet (p. 784).

HOME

HOT WAR

The Conservative party may be facing its toughest internal conflict since 1846—this time about Europe (p. 749).

The **Trades Union Congress** is too busy fighting the Government to sort out its own inner troubles (p. 757).

Some **labour disputes** this week illustrate what the public, rightly, thinks is wrong with the unions (p. 757).

A row is brewing over rents in Dundee's public housing—at 7s. 7d. a week (p. 771).

COLD COMFORT

Counterdrift is the latest jargon word in the debate on how to make Britain's cities habitable (p. 769).

The railways are attracting nostalgists whom speed cannot compensate for the lack of them (p. 754).

The British are spending more on **food**—but are they eating better? (p. 758).

Broilermen are doing a little better out of **cheap chicks** (p. 839).

Scum should be cut by new progress in **detergents** (p. 836).

A puritanical revival is chasing Britain's freelance entertainers from the streets of London (p. 762).

HARD CASH

Thursday's big Government loan of £500 million raises the question whether the Treasury and Bank of England really know where they want to go in monetary policy (p. 825).

Why not devalue like the French, asks a pundit from the anti-Establishment National Institute? (p. 829).

The President of the British Association fears that Britain's spending on international **scientific research** might harm the efforts made at home (p. 829).

Exports have risen, but exporting is still not fun for all (p. 836).

ROUGH LESSONS

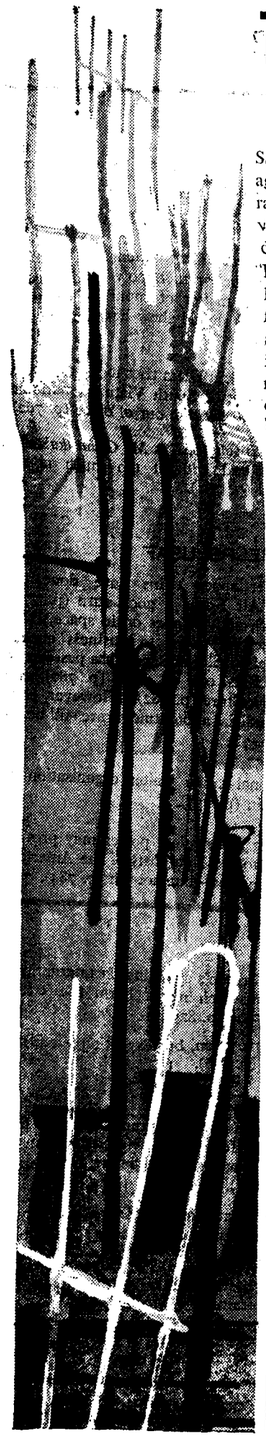
Aircraft manufacturers must take a firm grasp of the few straws offered to them by technical progress and commercial opportunity (p. 827).

A new international school in Wales is the latest in a series of valuable educational experiments (p. 770).

Probation hostels can only fulfil their promise in retraining young offenders if their staffs are properly paid (p. 761).

Who stays on at school? (p. 758).

Detailed contents on page 749



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	Saturdays	
	Sundays	14/8
Cost of reaching 1000 adults		
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	Saturdays	6/9
	Sundays	7/9

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ATV

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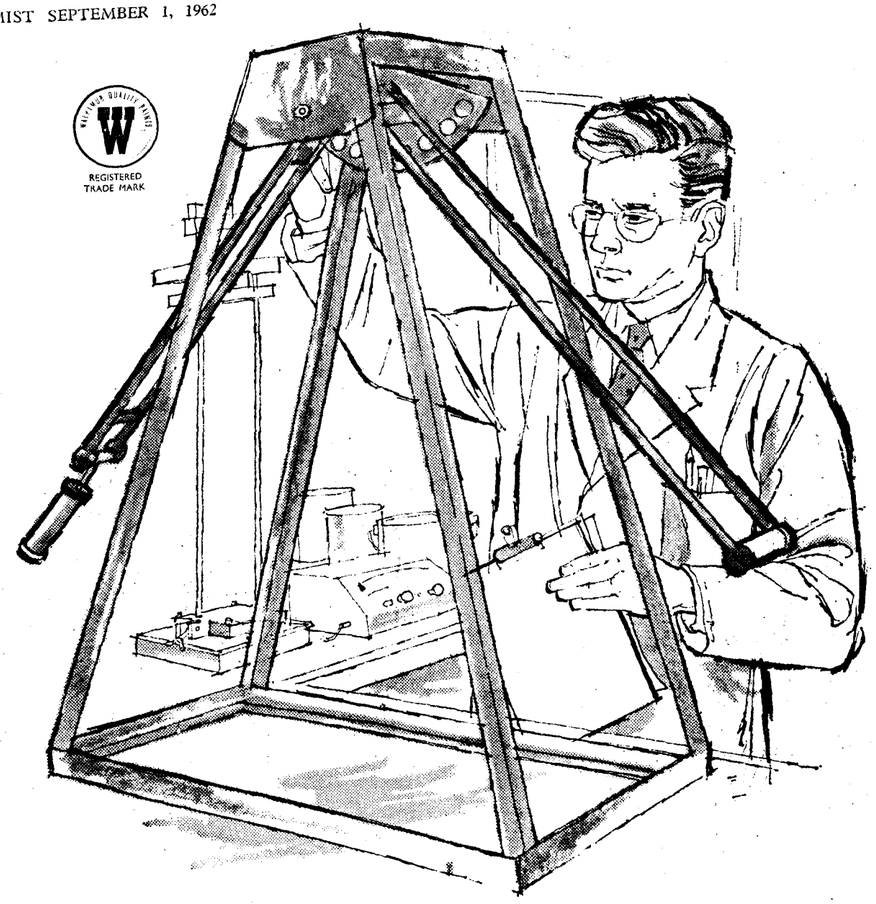

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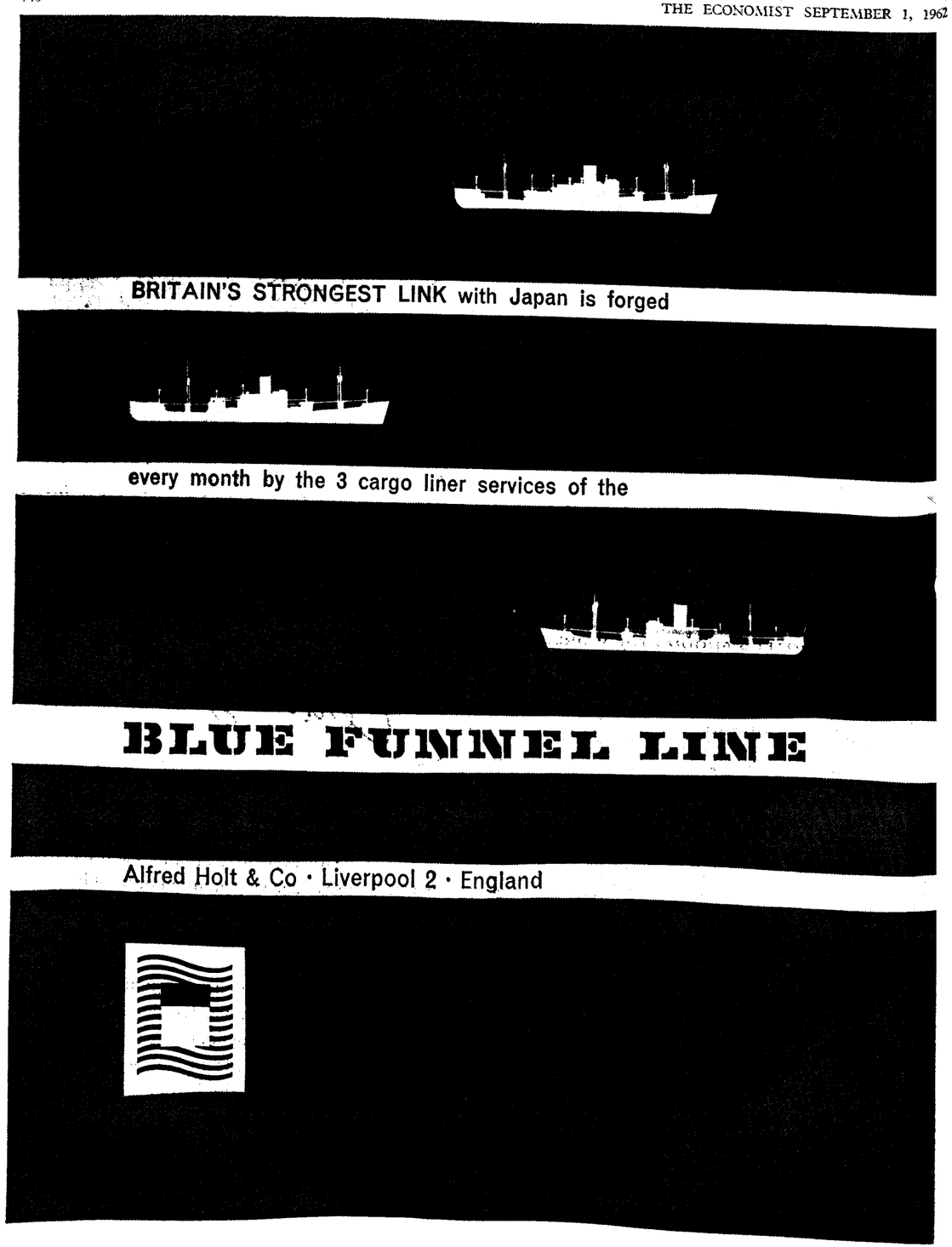

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Not Since the Corn Laws?

IT is not normally in the nature of the Conservative political animal to split sharply and abruptly down the middle. Unkind critics may say that it is generally too soggy a mass to do that. But the approach of the Commonwealth Prime Ministers' Conference on September 10th confronts the party with what could, potentially, be its most explosive internal situation since the repeal of the Corn Laws in 1846. Most Tory MPs are still finding it conventional to say that they will not decide whether Britain should enter the common market until they see what terms will be made available for the Commonwealth. Frankly that, by now, is mainly an excuse by people who do not want to make up their minds. For Commonwealth trade and agriculture, the maximum terms that Mr Heath can secure—and those that he cannot—became pretty clear last month. When the Commonwealth Prime Ministers meet to consider them, there seem to be four possible outcomes.

The first—and probably the very best that Mr Macmillan can hope for—is that the Canadians and Australasians give what can be construed as a grudging acceptance of the broad lines of negotiation that have now emerged. If that happens, one's guess is that Britain will become a fully-fledged member of the market before many more months are out. The second best thing would be if the communiqué and the Prime Ministers' parting speeches after the conference said nothing very clearly at all; there might be no specific acceptance of the emerging terms (not even a grudging one), but also no specific and united opposition to them by the white dominions. In that case, the odds on Britain's entry into Europe would still be pretty high.

The third—and much bleaker—outcome of the conference would be if the white dominions were to say that they could approve the terms only if Mr Heath asked Europe for certain other stated concessions which he will not in fact be able to get. The fourth and worst outcome would be if the Canadians and Australasians decided to call the emerging terms quite inadequate, and proceeded to protest and campaign insistently against them. Between these four possibilities there are any number of gradations, but within the next two weeks observers should be able to point to one of them and say that it is closest to what has occurred. If the worst course, of flat Commonwealth opposition, befell, and if Mr Macmillan still decided to try to press on into Europe, how many Conservative MPs might refuse to follow him? This is the question on which all might depend. Unfortunately it is also a question to which the answer might conceivably depend on the outcome of a complicated game of bluff.

Although nearly all of the Tories' 360-odd MPs have been saying for months that it would be permissible to join Europe if the terms were right, there are between 40 and 50 of them who are privately hoping that it will soon become more respectable to say that the terms are not right. At bottom, they would like to do something—which is very far from saying that they are ready to risk everything—to keep Britain out; they can fairly be called the inverted Micawbers of the present stage of British history, eagerly waiting for something to turn down. The thing that might give inverted Micawberism its cue is an unfavourable reaction by the white dominions at the Commonwealth Prime Ministers' Conference. (What the Asian and African dominions say will have a smaller political effect: not all of the potential Tory rebels will regard it as an additional point against the Brussels negotiations if they learn that Mr Nehru has been disappointed by them.)

The comparison with 1846 must not be pressed too far. This is no case where—to quote Trevelyan on the Corn Laws—a "combustible squirearchy on the back benches" sits ready to be ignited by the hand of some irresponsible genius such as the young Disraeli. Alderman Sir Cyril Black and other Tory MPs of his ilk are not combustible men. The sort of Commonwealth protest most likely to mobilise them would not be a too shrill cry of complaint (the former Canadian Finance Minister, Mr Fleming, tried that at Accra a year ago, and it boomeranged), but a deliberate, dignified, sad, slow shaking of heads by Mr Menzies and Mr Diefenbaker. Even then any Tory revolt would probably be at first a backstairs affair, rather than a loud striking of attitudes on public platforms. What Mr Macmillan has to fear after the Commonwealth conference is probably not assault by Tory backbench philippics, but a steady stream of stately démarches, passed on through the whips, saying that if he tried to press into Europe despite Commonwealth objections some 40 or 50 Tory MPs might deem it their duty to act to check him.

THERE is some danger that determined action by a band even as small as this might succeed. If this meant that Parliament would thereby be expressing its majority will at one of the most awkward stages of British history, there would be no democratic right to complain about it. But the paradox is that by such backstage manoeuvring Parliament would not be expressing its free majority will. While there may be up to 50 Tory MPs who are instinctively opposed to joining the common market, there are certainly more than 50 Labour MPs who are instinctively in favour of going into it. If Mr Macmillan felt that Mr Heath had secured satisfactory terms from the Brussels negotiations, then in a free vote these Labour joiners should theoretically be counted upon to outnumber the Tory separatists. Unfortunately—especially if there is a whiff of Tory revolt in the air—it is unlikely that Mr Gaitskell would encourage anything like a free vote; he would almost certainly strive to table a motion with some form of wording which would enable his pro-European Labour supporters to vote with the rest of the Labour party and the Tory insurgents in a natural but politically-motivated effort to do the Government down.

The danger, in short, is of a threatened alliance between a Labour party seeking a general election and Tory reactionaries seeking disentanglement from Europe. It may be said that, in the last resort, it is singularly unlikely that as many as 50 Tory MPs would join such a strange alliance, since a forced general election is the last thing they want; and, as the Conservatives still have 100 more MPs than Labour, there would need to be just over 50 Tory desertions to destroy the Government's majority on this issue. But the last resort is a ditch which Mr Macmillan, on his side, would equally want to avoid. If he were confronted by a really frightening stream of warnings from the whips, then it is possible to envisage the Cabinet's European aspirations relapsing, not perhaps into open and admitted retreat, but into the spirit of the new decalogue: "Thou shalt not kill, but needst not strive officiously to keep alive." At some period of difficulty in the tiring negotiations at Brussels, when otherwise Mr Heath would have been instructed to make new efforts to resolve a deadlock, the effort to enter Europe might instead be called off, and the whole venture allowed to drop, while ministers explained to the country and to each other that the terms offered had proved less acceptable politically than had been hoped. In that event, a relatively small band of anti-European Tory MPs would have won their game of bluff.

ALL this speculation is based on a very long string of hypotheses. It is fortunately pretty unlikely that they will all come to pass. But it is time to start thinking of a strategy to combat the possibility of their doing so. The first hurdle will be the Commonwealth Prime Ministers' Conference; it is still possible to hope that this will go much better than some of the gloomiest observers have forecast. But if it does not, if the gap between Britain's views and the dominions' views remains wide, then the time will have come for ministers, if they still want to enter Europe, to go barnstorming through the country. As an independent Commonwealth country, with a right of independent decision, it is for Britain to decide whether it is in its interests to go into Europe; if Britain thinks that the safeguards it has secured for the Commonwealth are good enough, then it should say so—even if the Commonwealth countries disagree—and announce loudly and determinedly that it will try to march on ahead.

The Government no doubt fears that there might be some uncomfortable consequences if it did this. Whatever one thinks about the terms which Mr Heath appears to have negotiated for the Commonwealth, there are several other parts of the Brussels negotiations that are still very unclear; they include the Six's future relations with the other EFTA countries, the financial burden that would be assumed by Britain under the system of food import levies, and several other unresolved questions of great political and economic importance. If Britain were to show itself too eager to enter Europe, it is sometimes argued, it would be less likely to secure satisfactory terms on the matters still outstanding; and there might also be a danger of some back-tracking by the Six on matters affecting the Commonwealth that have already been half-agreed. This argument almost certainly underestimates the strategic advantages of showing enthusiasm, and overestimates the tactical advantages of appearing to be an unpassionate wooer. If Britain came out of the Commonwealth conference pleading that it was faced by new political difficulties, and brandishing a whole new shopping list of additional points that it said it wished to reopen, we would not be likely to get better terms on the subjects that remain to be discussed or re-discussed, but might turn the whole tone of future bargaining against us.

The Government's second objection may be that those who are calling on it to be ready to "wage an open campaign after the Commonwealth conference" misunderstand how best the Tory party can be influenced; the Tories are said to be the sort of party that can more easily be converted by stealth than by loud oratory. But the point is that, after the Commonwealth conference and in the circumstances envisaged here, General Stealth might be about to turn traitor. Tory revolts are much more likely to breed in the dark than to flourish in the open; when they are fought against in the open, they can often be beaten by being made to look less respectable. This has especial relevance to the tactics that should be pursued at the Conservative party conference at Llandudno on October 10th. To judge from some past Conservative conferences, there might be a temptation to hold the common market debate at Llandudno on some constituency resolution which appeared fairly innocuous to both sides. This would be a mistake. It would be much better to invite a deliberate vote, as was done last year, on the clearest possible issue between the anti-common market group and the rest. If this were done, then, as also happened last year, it is highly probable that there would be a very large majority in the platform's favour; and that on the next day there would be a healthy thud of heavy bodies falling off fences on to the Government's side.

Looking Beyond Khrushchev

The contradictions of Soviet policy will be left for a new generation to resolve

FRANCE without de Gaulle, Germany without Adenauer, Spain without Franco, the Balkans without Tito, and, for that matter, Britain without Macmillan, are all subjects of speculation; we peer into the crystal for the possible shape of Europe after the elderly rulers have gone. What about Russia after Khrushchev? Doubtless the irrepressible Mr N. S. Khrushchev, now 68, has no thought of retirement; he may see himself organising the celebrations of the fiftieth anniversary of the revolution, in 1967. But he has led a more strenuous life than his western counterparts and—how time is flying—this is his tenth year in or near the centre of the Soviet political stage.

Stalin's death in March, 1953, was quickly followed by a division of his offices, Mr Malenkov—after little more than a week in charge both of the government and of the party secretariat—relinquishing the secretaryship and remaining prime minister. This left Mr Khrushchev as the leading figure in the party secretariat, a position officially confirmed in the following September. When, in February, 1955, Mr Bulganin replaced the disgraced Mr Malenkov as prime minister, Khrushchev took first fiddle in the celebrated, though short-lived, B and K duet. Not till 1957, after the defeat of the "anti-party" coalition headed by Malenkov and Molotov, and the elimination of Marshal Zhukov, did Mr Khrushchev finally reach the top; displacing Mr Bulganin as prime minister in March, 1958, he united the two chief offices once more.

One can imagine a similar see-saw process happening again after he goes. Even now, however, the Soviet pyramid of power is no longer dominated by its apex as it once was by Stalin. What one is most struck by, looking back on Mr Khrushchev's climb to power and on his five years at the top, is the tacking and veering of his policies. Eliminating Mr Malenkov in the name of the sacrosanct priority of heavy industry, he forthwith became the consumer's champion himself. Until this year he contrived to appear as the benefactor of peasants and town-dwellers alike. The sharp increases in meat and butter prices on June 1st have been a blow to his popularity with the urban masses. He has tried and failed to draw resources away from the defence sector. The marshals had helped Mr Khrushchev to power; once in the seat, not only did he start to preach nuclear disarmament, but he actually began to put into practice a reduction of the huge land forces. Announced in January, 1960, this was reversed in July, 1961, though even then he said the reversal was provisional. By now he is landed with an increased bill for both the nuclear and the conventional forces.

Defence leads to foreign policy. At first Mr Khrushchev accused his opponents of exaggerating the damage that the Soviet Union must expect to suffer in war. Next, he himself became the itinerant salesman of peaceful co-existence, the champion of American friendship, the contact man of world politics. This period ended with the failure of the Paris summit meeting in May, 1960. Since then, the Berlin crisis, always in suspense, never entirely quiescent, has been a symbol of Soviet hesitations.

The zigzag course is reproduced in many fields of domestic policy, ranging from literature and education to industrial management, where a drastic decentralisation had to be followed by a certain measure of regrouping. The reasons for this chopping and changing are many. There are external factors, such as western reactions, and Chinese reactions, to Moscow's moves. There are domestic influences: Soviet governments are not made or unmade by the citizens' votes, but the leaders do have to take the public mood into account, and to a growing extent. Pressures from below add to the play of forces, the shifts and realignments within the inner circle of politics. Mr Khrushchev has not inherited Stalin's omnipotence.

Half peasant, half townsman, talking garrulously, with muzhik wisdom, on intricate problems of a complex, modern economy, Mr Khrushchev is a living image of his country in transition, of a Russia with one foot in the last century and one foot in the next. What has enabled him to keep his place at the top has been the fact that he did grasp Russia's need for change after Stalin's death. This has been his strength. At the same time his mental make-up, his upbringing and his self-interest all make him averse to a too rapid pace of change. There is an inner contradiction, which the ambiguities of his attitude towards his dead master illustrate. Nobody has contributed more to the destruction of the Stalin myth than he has, principally through two notable speeches: the "secret" indictment at the 20th party congress in 1956, and the open one at last year's 22nd congress. But each time, after stirring

up the forces of change, Mr Khrushchev has shown an anxiety to damp them down again, as if frightened of what the "thaw" might set in motion.

SINCE Mr Khrushchev is the man of transition, his departure from the scene, when it happens, will not necessarily have the cathartic effect that Stalin's had. It is the end of the Khrushchev era that will be interesting; and there is no certainty that it will coincide with the end of Khrushchev. A look at the composition of the ruling Soviet body, the party presidium, suggests that at least half of its twelve full members are likely to share Mr Khrushchev's complexes and inhibitions. The oldest, the aged Finnish veteran, Otto Kuusinen, was a member of the executive committee of the Comintern at a time when the young Khrushchev is unlikely to have had the faintest idea of international problems. Nikolai Shvernik, now head of the party control commission but former trade-union boss and former Soviet president, has a much longer party past behind him than Khrushchev. Even Anastas Mikoyan, the first deputy prime minister, though a year or two younger than Khrushchev, attained party prominence much earlier. If eminence under Stalin is taken as the criterion, two men must be added to this group. Mikhail Suslov (59), now in charge of ideological and inter-communist matters in the secretariat, was an authority on those subjects before Stalin's death. Alexei Kosygin, the other first deputy prime minister in charge of economic departments, was commissar of the textile industry before the war.

By age alone, Mr Kosygin would be grouped with the other half of the presidium, the men in their fifties, who served their time under Stalin but rose to the top after he died. The leading figure of this generation is Mr Frol Kozlov (54), who made his career within the Leningrad party. Between March, 1958, and May, 1960, he held Kosygin's present job in the government. Since then, he has been second to Khrushchev in the secretariat and as such is well placed for the succession. Men of this generation were relatively minor figures during the bloody purges of the nineteen-thirties; attempts to dig down to the roots of Stalin's crimes do not perturb them unduly. Essentially they are administrators, party overseers of economic life. Still, they were brought up in the Stalinist climate, where the party was monolithic, no discussion was tolerated, and all decisions came from above. The same must be true of the few younger people within the leadership or on its threshold. Dimitri Polyansky, at 44 the Benjamin of the presidium, started his career in the Ukraine but climbed the ladder in the Russian republic. Alexandr Shelepin, his contemporary, reached the secretariat through the chairmanship first of the communist youth organisation, and then of the Committee for State Security.

The shortage of really young men among the leaders remains striking. Gradually, the way opened to young men by the October revolution in 1917 was closed as the Soviet political system became formalised and rigid. Since Stalin died, many grizzled heads have tumbled—but still not enough to bring the younger men to the very top. It is in the middle posts that the reshuffle has been most complete. According to an article by Mr Kozlov in *Kommunist*, discussed on page 1221 of *The Economist* of June 23rd, most of the local and regional party leaders are new men and are in their thirties. No doubt they are also men with more formal schooling than their predecessors had. Soviet citizens now in their thirties, born and bred after the revolution, started their active political life in the post-stalinist period. They are the *nouvelle vague*; when they get to the top, modern Russia will begin.

A little, not very much, is known about this coming generation. They are better educated than their elders, less frightened and, therefore, more demanding. The poet Yevtushenko has put one of their dominant feelings plainly enough:

> The town remembers its black crows.
> It remembers the searches, investigations, and arrests. . . .
> The town does not remember its past in vain. . . .
> It will not let the dark clouds return.

REJECTION of the past implies a quest for ways to prevent its repetition; and indeed there are signs of such a search, as yet timid, for a less arbitrary, less secret and more rational style of government. Sooner or later this pressure must have its effect. The pressure for better living, more and better leisure, and equality runs parallel and will give Russia's next generation of rulers little rest.

In Russia's foreign relations a twofold effect looks likely. The challenge to the West may become more formidable. Those western diplomatists who were accustomed to Stalinist immobility found the greater manœuvrability of his heirs hard to handle. When Mr Khrushchev's place is eventually taken by men who are less flamboyant, but also less inhibited and more coherent, this may be another shock. The new men, when they come, will have the additional advantage that, as time strips Russia of the repellent vestiges of Stalinism, the Soviet Union may present a more attractive image to the outside world.

The Soviet diplomatic challenge of the future, as it becomes more subtle, may also become less alarming. A government that is exerting itself, in a collected and intelligent way, to meet the wishes of a more articulate and exacting public may have a stronger incentive to stop the ruinous arms race. Popular support for "peaceful co-existence" should grow with material prosperity; so, too, should the leaders' self-possession and their confidence that communism really can, as is now asserted with more emphasis than assurance, prevail peacefully.

Probably, then, the real contest between the western and Soviet systems has yet to come; the events of the present Khrushchev interlude simply decide the terms in which it is going to be fought. A transitional regime brings the issues out into the open, but lacks the capacity to provide solutions. Thus the questions that will face the men of the new generation when their turn comes are before them, plainly enough, today. They will have to find the answers; that is, they will have to devise methods of government, and policies, suited to a modern Soviet state.

PARTY PRESIDIUM

Full members	*Age*	*Full members*	*Age*
Khrushchev ...	68	Mikoyan ...	66
Brezhnev ...	55	Podgorny ...	59
Kirichenko ...	54	Polyansky ...	44
Kosygin ...	58	Shvernik ...	74
Kozlov ...	54	Suslov ...	59
Kuusinen ...	80	Voronov ...	52

Islands in the Sun

Two Caribbean colonies are now independent; what happens to the rest?

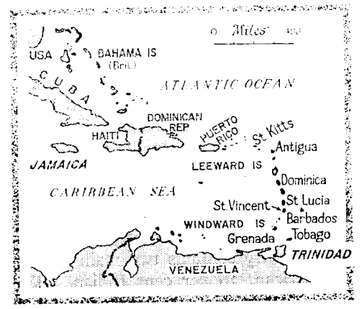
LOOKING back over a desert of memoranda and conferences, West Indians sigh to think of the time and spirit that were wasted on the federation that did not come off. Suspended in a timeless dither between the two conflicting trends—the ambition of dependent territories, however small or weak, to run their own affairs and the self-protective urge of men and nations to draw together in groups—the Caribbean partners failed to breathe life into their enterprise. But in the past year, since federation was knocked on the head by Jamaica's decision to secede, things have moved smartly. At the beginning of August, Jamaica became an independent country within the Commonwealth; Trinidad and Tobago followed suit yesterday. The remaining partners, Barbados and the Windward and Leeward islands, have plans for a new and closer federal union between themselves. But although the larger federation is dead, the economic and social problems that made it seem a good idea in 1958 are still alive. The difference is that outsiders can no longer cushion their concern at Caribbean misfortunes by the cobwebbed myth that adversities, if shared, will disappear.

Federation was supposed to conjure a viable unit out of scattered pieces of the Caribbean. The trick failed, and, in failing, revealed how illusory its prospects were from the start. Now different magic is in the air. The question is whether Trinidad, the wealthiest, most energetic, and most promising of the territories, will be able to provide a workable nucleus for a union of the islands of the eastern Caribbean. This, as one permutation follows another, might eventually lead to some form of all-embracing federation. The warm waters of the Caribbean wash the sands of wishful thinking.

When federation collapsed, Dr Eric Williams, Trinidad's prime minister, offered the smaller islands the chance of latching themselves on to the unitary state of Trinidad and Tobago. The offer still stands but is one that seems to expect a refusal. Grenada (the colony whose constitution was suspended a few months ago on grounds of financial maladministration) has come nearest to accepting, but may be frightened off by the prospect of becoming another Tobago. Described in the official British handbook as an "unspoilt tropical island," Tobago is Trinidad's very poor relation. And none of the island rulers are prepared to step down from their tiny castles. In the words of the *West Indian Economist*:

> Unfortunately, the habit of treating West Indian islands as if they were sovereign states, and of taking them seriously . . . has created the feeling that they have an inalienable right to misgovern themselves . . . the whole policy of the British Government for years has tended to strengthen the position of such local bosses.

One of the reasons for the federation's wearisome travails was the relentlessly grabbing attitude of most of the small islanders. Caught in the familiar quandary of those who are unable to reconcile their appetite for independence with their hunger for security, they bombarded Trinidad and Jamaica with demands, but balked at conceding any significant amount of their own authority. It may now be the turn of Barbados to be pushed into unenviable leadership. The outline for the new "West Indies Federation" contains plans for a central government in Barbados with more power than the centre would have had in the defunct Federation of the West Indies; tax laws and tax collection, for instance, come under federal control. All depends on whether, when it comes to the point, the politicians are prepared to abandon their island charade for federal politics. A string of islands with 700,000 people and eight full-dress parliaments would be absurd. To link them closely together would be tidier, more economical; but, even if it were achieved, it would provide the beginning, not the end, of an answer to their problems.



Trinidad is far less able to detach itself from the worries of the small islands than Jamaica, which, by virtue of distance and tradition, can fairly easily forget about the east Caribbean. Absorbed in their own history and the drift of their own complex society, Jamaicans when they look outside turn to Britain, America or Africa, not to the other islands which few of them have visited and few want to visit. Trinidad, by contrast, has become involved by proximity, immigration and inter-marriage; many of Trinidad's politicians have families living in the smaller islands. British traditions have not flourished in Trinidad as they have in Jamaica; American tourists have not invaded the island; Dr Williams, sour after his squabbles over the American base at Chaguaramas, is not the man to emulate Sir Alexander Bustamante's bubbling flourish of pro-American sentiment. Trinidad's sentimental link with Africa is less strong than Jamaica's, partly because many of the country's negro ancestors did not come straight from Africa but reached Trinidad indirectly by way of other Caribbean territories; and Trinidad, unlike Jamaica, has no history of slave revolts to burn into negro memories. All the islands have different characteristics, but for most of them (Barbados is one exception) Trinidad with its mixture of French, Spanish, British, Indian and Chinese cultures would be far more familiar ground than remote Jamaica.

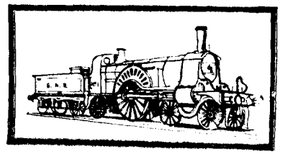
The small islanders come to Trinidad when they can. When inter-island movement was unrestricted between 1958 and 1961, 5,000 immigrants are reported to have come to Trinidad from Grenada alone. Compared with the other islands, and with many countries on the Latin American mainland, Trinidad holds out a splendid promise of prosperity. Its oilfields provide a source of relatively cheap power and the capital for getting on with its agricultural and industrialisation programmes. Communications are uncomplicated. The educational standard is much higher than, for instance, in Jamaica. If the planners and the politicians do their work, Trinidad could benefit much more than it does now from its closeness to Venezuela. Above all perhaps, Trinidad has, in Dr Williams, a capable, honest and forceful leader. But this

glitter, such as it is, appears brilliantly gilded from the dim perspective of the neighbouring islands. Seen in a starker light, a high proportion of Trinidad's 800,000 people are already underworked or out-of-work; an influx of hungry newcomers could not, at present, be happily accommodated.

If, in these circumstances, Dr Williams should decide to make his offer to the smaller islands more inviting, he is much more likely to be influenced by political motives than by economics or sentiment. Unlike Jamaica, where complex social pressures keep the issues cloudy, Trinidad's social tensions are crude, on the surface and cut violently into politics. The country contains two main ethnic groups: 44 per cent are African, 36 per cent Indian. The Indians are, on the whole, better off, and the growing tendency for them to spend rather than to save their money has increased the antagonism between two groups, who rarely mix. Inevitably, voting has been largely along racial lines. However sincerely Dr Williams, who is of African descent, may deplore this trend and try to short-circuit it, the political arguments in favour of bringing more negro voters into Trinidad might, one day, become self-evident.

A Trinidadian with, say, an Antiguan father and a Barbadan mother will feel himself a West Indian. But it is difficult to say how much meaning the concept of a "West Indian personality" has for people who do not illustrate it thus in their own origins. Anti-federalists will say it has very little. Why then should so many Jamaicans, however much their leaders deny it, feel guilty at having acted selfishly in destroying the federation? In fact, if Jamaicans should feel guilt at all, they should probably worry more about their contribution to the long process of attrition and less about the knock-out blow. Before the federation collapsed, the bond between the partners had become artificial and ready for shaking off. The interests of good housekeeping urge a new union of some kind among the smaller islands of the east Caribbean. But the magnetism that might in the end draw West Indians together, and so inject vitality into a larger Caribbean grouping, is still much too feeble a force to counter these lively insular ambitions.

The Steam Romantics



The simple lure of running a railway, the aesthete's satisfaction in the presence of a Gresley streamliner, even the humble spell of an old GNR 4-2-2 add up to a new nostalgia—and a growing cult

THE born conservatism of Anglo-Saxons is everywhere evident: the aged, of whatever description, are revered; change, whatever we may be told, is for the worse. This conservatism finds expression in a passion for the preservation of the *status quo ante*—sometimes very *ante* indeed; or if not mere preservation, which kills the beloved object for exhibition, then restoration, as if by the bringing back of car, ship, windmill to its original grandeur we could bring back, too, something of the legendary goodness of the age in which it flourished.

Since the British environment has been dictated largely by the industrial revolution, it is natural for much of the restorative energy to be directed towards machinery, the golden age of which is, by a law of human nature, never now. On ancient automobiles, traction engines, fairground roundabouts, ships and cotton gins, on machinery in its compulsive infancy, our love is lavished. Psychologists may ponder the rise of this mechanistic shintoism during a period of social change and national resettlement, on the prevalence among its adherents of naval and military men, of die-hard Tories, and of clergymen; and they may theorise on the dressing-up, in nostalgic or outrageous clothes, which so often accompanies the passion.

For the passion itself, there are signs that it is being transferred from old motor cars (which no longer carry much *cachet*) to other artifacts; that, in particular, we may soon see it developing along the lines Dr Beeching is so ruthlessly and necessarily closing down. The train bands have existed for a long time, but simply because of the boom in their hobby (which many a veteran actively resents) none of them is able to give a real estimate of the steam-god's current British devotees. They range from small boys taking engine numbers to stiffish gentlemen with stopwatches riding regularly nonstop to Edinburgh; from Bradshaw manipulators calculating with extreme finesse a day-trip to Cambridge via Manchester (and whose consternation was terrible to see on the death of that publication) to undergraduate societies on a Sunday run in a rare branch-liner.

Their several enthusiasms are catered for, and have long been ministered to, by fellow worshippers at the firebox door, who produce periodicals (there are ten or more, with a combined circulation of well above 300,000), books, postcards, albums, models, manuals and even novels for devoted consumption. The fancy is very wide, its ramifications as complex as those of the railway itself.

Lately, ambition has begun to leap: not content with mere devotion, cultists now aspire to control, even ownership, of the *deus in machina* itself. Every branch-line which is closed under financial pressure produces its band of would-be reopeners, but very few of them get further than inquiring of the British Transport Commission just how much it will cost them to run their railway. The answer is likely to stagger them, and to knock their incipient private line off its feet.

Some have survived the shock; but they have been groups which, from the beginning, have taken a conservative view of what they could expect, and a very liberal one of how much money, time and sheer sweat it would cost them. The first, and best-known, of them is the Bluebell line, which runs summer week-end trains, from Horsted Keynes to Sheffield Park, in Sussex, filled with devotees too passive themselves actually to paint a signal-tower, swab a waiting-room floor or grub up weeds from the permanent way in their spare time; and with tourists, connoisseurs, in a conforming Britain, of the quaint.

The Bluebell line (thus baptised by the press) was first closed early in 1955; but a canny local, a Miss Bessemer, invoked the line's original enabling act and compelled BTC to reopen the service, which finally ended in 1958. The preservation society began its operations almost immediately afterwards, and 18 months later secured, for £11,250, a five-year lease on the five-mile length of track and the option of buying it at £34,000, with its buildings. Now in its third season of operations, it has eight locomotives, ten coaches and a high reputation among both cognoscenti and hoi polloi. Its service is a serious and regular one; and it is better patronised than ever it was under British Railways (92,000 passenger journeys in its first season). It pays its way, to Dr Beeching's acknowledged pleasure, on almost entirely voluntary labour, not all of which can hope to attain the Valhalla of the footplate. In addition, it has brought good (perhaps line-saving) custom to the BR service with which its railway links at Horsted Keynes.

SOME others are, or may soon be, as successful: the Festiniog and Portmadoc, the Tallyllyn, and one or two more. Most of these belong to the Railway Preservation Association, which is strictly on the side of "real" restoration (that is, a full-scale undertaking providing a passenger service) and against both the unwordly romantics who flock briefly to the call of some misguided enthusiast, melting away as if by magic when the work becomes apparent, and those who would buy their well-loved, familiar chuffer to let it rot swiftly away in the children's playground. They are in deadly earnest about what one hesitates to call their hobby, as well they might be: they are spending real money, after all.

The price of land and track may be anything up to £15,000 a mile; locomotives, sold at scrap value (but in as good a condition as BR can manage without being foolishly philanthropic), may cost between £700 (for a small tanker) and £3,000 (which is mentioned among enthusiasts as the price of the famous "Flying Scotsman," now available); restoration may cost any sum the enthusiast can raise—perhaps £150 to £500 for a simple overhaul and livery-painting to £4,000 for a complete overhaul (which BR give their engines every 100,000 miles or so). This sheer spending of money is a separator of mere dilettantism from true devotion. There is only one personally owned standard gauge locomotive (it runs on the Bluebell line) in the country, and the suggestion that this sort of ownership may become more popular is not countenanced any more than another suggestion that locomotive preservation, even by groups, may become what the revival of vintage cars once was. On the face of it, this is plausible: the most lavishly restored engine, left without its customary housing and care, would be worth nothing at the end of a year.

Dr Beeching himself, the arch-fiend of the enthusiasts' demonology, is sympathetic to preservation of the serious sort—to exclusiveness, in fact: he has spoken out against the "overdoing" of enthusiasm to the point at which the market is spoiled—or, perhaps, at which it might be deduced that a concealed denationalisation had restored a profitable, if voluntary, service to too many unremunerative branch lines, when there would be a public outcry. BTC itself has somewhat ambivalent feelings about preservation: it maintains three museums, full of pretty and important things; but, perhaps for the fear that the public might still deprecate the spending of money on preservation while its transport system was cut from under it, the commission will say nothing about how much it spends in this cause. The real reason for this reticence could even be shame: for the sum allotted is said to be so niggardly that, recently, a locomotive scheduled by BR for preservation could not be handled by the Clapham museum, whose cash requirement for this work is now being collected, as a gift, by enthusiasts.

This acceptance of charity is a humiliation to be borne only by dedicated men, on whom BTC may be thought to trade; for it knows, as others with the train bug do, that its staff are enthusiasts first and stokers, drivers, sleeping-car attendants, general managers and porters a poor second. There is something about a steam railway, a spirit, a personality, that gets under the skin and makes one love it. Let nobody think that all who dote on trains are dotards.

The Economist

AUGUST 30, 1862

THE TICKET OF LEAVE

Since the virtual abolition of transportation we have had every three or four years a periodical panic in England on the subject of tickets of leave, and three or four able pens are now engaged in the leading journal in proving that the only way to prevent the garottings and violence which is rendering the London pavements unsafe in quiet streets after or even before sunset, is to abolish the ticket of leave almost if not quite altogether, and to compel the complete exhaustion of the sentence, at least in any case where there has been a second conviction, in prison. The ground on which this is put is that these felons almost always belong to the criminal *profession*, in whom the fascination of crime, or of that indolence and love of excitement which involve crime, is so strong that the hope of reformation for them is puerile,—and, again, that, even if it were otherwise, the reformation of the offender being an object quite subordinate to the protection of the public, the greater security to the latter in the additional years of the offender's imprisonment far more than counterbalances the loss of hope to the former. . . . The outcry against tickets of leave, as they are granted by our present Director of Convict Prisons, is natural and legitimate enough; but to infer thence . . . that the idea of the Irish system should be abandoned, and all the sentences unconditionally enforced without any hope of relaxation to their extreme limit, is really not to secure any new guarantee for the safety of the public, but to sacrifice wastefully one of the most powerful securities which can be taken for the public safety. Even on the strictest principles of probability, it might be shown that, in the case of a sentence for a limited term of years, to venture some portion of the temporarily preventive effect of bolts and bars, in order to gain the permanently preventive effect of a reformed disposition, is but prudent courage. The Irish system has shown how really prudent that courage is;—that the incentive of hope thus infused, does, if properly husbanded and accompanied by *careful* individualised instruction, change many apparently hardened criminals into good citizens. This being so, it is idle petulance to cry out against the ticket of leave in itself,—merely because under Sir Joshua Jebb's incompetent management it has added a fresh abuse to a system already exceedingly faulty.

NOTES OF THE WEEK

EUROPE

Dr Adenauer's Last Ditch

THOUGH the feeling that Dr Adenauer must go is growing steadily stronger in western Germany, there is clearly plenty of kick left in him, which he seems to be directing to a last mulish effort to keep Britain out of Europe. On July 25th the Prime Minister wrote to Dr Adenauer to seek his support for British membership of the common market at the crucial stage of the negotiations. Nine days later Dr Adenauer replied with his by now customary coolness, voicing the hope that the problems raised by Britain's entry would be solved, but emphasising that this must not upset the Treaty of Rome. Fortunately the coolness was not reflected in the behaviour of the German delegation at Brussels, who have been consistently helpful to Mr Heath in the negotiations. And on August 21st, at a meeting of the Christian Democrat parliamentary party executive, the Chancellor was forced, after a heated debate, to accept the virtually unanimous view that Britain should be given all possible help to get into the common market.

Yet in a television interview, recorded on August 24th and broadcast on Tuesday, the Chancellor threw more inflammatory material into the smouldering common market problem. When the upset in Britain over the correspondence was reported in Bonn, Dr Adenauer agreed to an attempt to get the film cut, but the attempt failed.

For a start, the Chancellor accused Mr Macmillan of double talk. The Prime Minister, he said, had told the House of Commons on July 17th that membership of the common market did not imply membership of a political union, but soon afterwards contradicted this in his letter to Dr Adenauer. The slap was a little unfair. Mr Heath and Lord Home have made it publicly clear that the British Government wants to join in political union once it has joined the common market. But the moral —to avoid verbal evasions—is one the Prime Minister might usefully remember.

What is really serious is Dr Adenauer's suggestion that while he would welcome Britain into the common market, there was no reason at all why this need imply British membership of a European political union. For some months now there have been indications that this distinction might be the last-ditch defence of those who want to exclude Britain from the new European system. The Chancellor is evidently digging in, in preparation for President de Gaulle's visit to west Germany next week. A press interview by Herr Schröder, released on Wednesday, is a demonstration that the foreign minister is still determined to do what he can to get Britain in. Dr Adenauer's other party colleagues, who understand perfectly what is afoot, ought now to make themselves heard as Herr Schröder has.

BERLIN

Indignation Not Enough

IF moral indignation could cure the Berlin sore, the last few weeks would have seen it over and done with. Unfortunately, diplomacy is also needed, and that is harder to come by. On August 24th the three western allies sent notes to the Russians voicing the "horror" of the civilised world at the "cold-blooded" killing of many people, including women and children, at the wall. On Tuesday Dr Adenauer followed up with a note, in calmer vein, to Mr Khrushchev, President Kennedy, Mr Macmillan and President de Gaulle, appealing to them to take steps to calm the situation in Berlin so that incidents like the shooting of Peter Fechter could not recur. Obviously these missives were meant to score points. Do they also provide an opening for renewed talks with the Russians?

There are some hopeful signs. The three western notes repeated a western suggestion made in June that there should be a four-power meeting to prevent the Berlin situation from deteriorating further. Dr Adenauer's note apparently avoided casting blame on anyone for the tense Berlin situation, and simply appealed to the four powers to work for a relaxation of tension in the city, meeting at whatever level they chose.

Signs that the mood in Berlin has once more become explosive make some kind of exchanges urgent. When the wall was built just over a year ago, there was a first wave of bitter indignation among the Berliners; then Herr Brandt, the western powers and the west Berlin police together managed to persuade them to be patient. The incidents of the past fortnight have brought a new wave, this time more desperate, with a suggestion of organised nihilism. Herr Brandt evidently feels he cannot hold the tide in check without going some way with it and using strong language himself. The western powers, their note implies, feel the same compulsion. As the tides of feeling flow on, the task of talking rationally with the other side becomes more difficult. But what else can bring an easing of communication between the two halves of the city, or any other form of live and let live?

CHINA

Happy Birthday?

IN Hongkong—the prime source of guesswork about what goes on inside China —the current guess is that the Chinese may explode their first nuclear device on October 1st, the thirteenth birthday of the communist regime in Peking. This is well within the period of "a matter of months" (subsequently defined to mean anything up to a year or more) forecast by an anonymous official of the United States Disarmament Agency on Monday. These nervous predictions probably spring as much from a determination not to let the first Chinese bang come as a surprise, as the first Russian one did, as from any real knowledge of Chinese intentions; but in fact China may well be in a position to let off a primitive device any time now. There has been a research reactor near Peking for the last four years, and perhaps others elsewhere, which could have produced the plutonium required for one or two rudimentary bombs. But it takes time, as the French know, to move on from this stage to the possession of a stock of deliverable weapons big enough to be a factor in foreign policy. In China's case, it will presumably take even longer to acquire modern means of delivery—unless Russia provides them.

The chances that the existing nuclear powers will sign an anti-testing treaty faded still further on Tuesday, when the Russian delegate at the Geneva conference rejected both the latest western proposals. But, even if such a treaty were to be signed, it is highly unlikely that China would subscribe to it. Mr Liao Cheng-chih, vice-chairman of the Chinese Peace Committee, said on Monday that China wanted a ban not merely on testing, but also on the manufacture and use of nuclear weapons; for good measure, he threw in a demand that "all countries in the Asian and Pacific regions, including the USA, turn this area into a zone free of nuclear weapons." The Chinese seem determined to push on until, sooner or later, in one way or another, they remove the current American nuclear monopoly in the western Pacific. When they do, the United States will have to re-examine its policy towards the whole area, not least the Formosa straits. It may be possible to protect Japan, and perhaps Formosa itself, under a two-sided balance of terror; but not, one suspects, Quemoy or the Matsus. The moment at which this reappraisal will have to be made depends on how much help the Russians give China in acquiring genuine nuclear status. In continuing to refuse help to France in its nuclear ambitions, President Kennedy is not being entirely disinterested.

TRADES UNION CONGRESS

Blackpool Prospects

THE Trades Union Congress which opens at Blackpool next week promises to be a pretty dull affair. In one respect this is no bad thing, for the sorts of congress that have done most harm in the past have been those in which delegates have been charging around on high ideological horses. The scene was finally set this week with the publication by the general council of their two supplementary reports, bringing up to the end of the summer political season their views on the two great debates on Europe and on the Government's incomes policy. Predictably, the report on Europe is vague, while that on the National Incomes Commission is utterly stonewalling and therefore really rather silly. It might be optimistic to expect that the debates will be much better.

On Europe, there will certainly be some speeches after Lord Beaverbrook's heart from the floor at Blackpool; and some strong pro-Europeans will no doubt muffle their enthusiasm under pressure from their juniors. The most eagerly awaited speech must be that of Mr Frank Cousins, who has been urging Mr Gaitskell and the Labour party to get down off the fence. He once seemed to be standing on the pro-European side of it himself, until he realised that anti-Europeanism was going to be the orthodox course for the Left. Mr Cousins has a vast talent for obfuscation—most notably exercised in his long refusal to say whether his version of unilateral disarmament did or did not imply a departure from Nato—and it could be intriguing to see how he deploys it to explain his vote this time. At the Confederation of Shipbuilding and Engineering Unions his transport union failed to vote at all on this issue.

The Nic debate, too, is likely to give the wild men the floor. The TUC's political anti-Toryism may prove too strong for the industrial pragmatism of some of its leaders; that is why it seems unlikely that any really top trade unionists will dare to speak up and make spectacular hay with the illogicalities of the general council's views on incomes policy. But, just possibly, there could be some surprises in the speeches, although certainly not in the voting, here: this could be a good test of the increasing self-confidence of the union realists who have come to appreciate, through the events of the past six months, that the movement's ideology, as well as its tactics, needs a stern shake.

One other debate might well deserve attention. Mr Cousins's progressive *alter ego* has tabled a motion drawing attention to the recent progress made by workers in securing fringe benefits, and calling on the general council to make a general inquiry into what can and should be done in this direction. It is precisely along these lines that the union's central organisation could gradually (too gradually) build up the all-embracing influence that it needs to have over its constituents, and that could eventually put it in a position to take over some coherent leadership. Mr Woodcock has himself appeared keen on this approach: with him and Mr Cousins pushing from the same side, the TUC might even make a perceptible advance.

LABOUR TROUBLES

Lightermen's Folly

THE activities of some member-unions of the TUC this week have not been calculated to gain that body sympathy on the eve of its annual meeting. First and worst came the strike in London docks by the 3,000 members of the Watermen, Lightermen, Tugmen and Bargemen's Union. Negotiations over the consequences for these men's overtime earnings of the big rise in wages and cut in working hours at the docks last May were allowed to drag on—perhaps as much by the employers as by the men—until the time arrived for their application this week. This argument about new overtime rates after a wage settlement is quite usual; but everyone, including the watermen's leaders, seems amazed that what had been supposed to be a technical controversy about adjustment has ended up in a blazing row. The other unions in the port have recommended that the dispute should go to arbitration, but the lightermen have stayed on strike.

Behind it all lies the declining position of the union in the docks. Its members' most important function is to handle the lighters or barges that receive cargo directly from a freighter, usually as a supplementary means of unloading it while most of the cargo is going out over the ship's other side which is up against dry land. But the increase in mechanisation ashore, and the use of lorries to shift goods round the docks, have diminished the barges' importance. Although the union has limited entry to the trade, there is often not enough work for all. The men's earnings are kept up to their present pretty high level by the demand for their services for rush jobs when ships want to be particularly quickly unloaded at weekends or in the evening. Hence the importance to lightermen of their overtime rates.

Another old-fashioned and restrictive group in London docks, the tally clerks (not a separate union, but a semi-autonomous section of the Transport and General Workers), caused the last major stoppage in London, helped by the unofficial support of many ordinary dockers. This time the tally clerks' trouble was quickly settled. The Transport and General Workers is stoutly pressing the watermen to return to work, and has accepted a settlement for its own people: its leaders have learned how deeply the trade union movement can be damaged by this kind of stoppage—even when, as now, it disrupts only a part of the normal traffic of the port.

Railwaymen's Error

THE same kind of unpopularity will attach itself to the National Union of Railwaymen soon enough, unless its leaders visibly do something to deter their members from pointless lightning strikes and from gross personal rudeness such as that shown to Dr Beeching this week in Scotland. The railwaymen threatened by closures have the asset of enormous public sympathy: they also have the best possible case for generous compensation and retraining if they do lose their jobs. But, as a practical point, if one wants to protest against the possibility of a line being closed down because of insufficient traffic, it is not very useful to do this by scaring away still more traffic through organising a strike; and, as a means of attracting further sympathy, to stand in front of television news cameras shouting "boo" at Dr Beeching can do no possible good in the world.

The last of the trade union idiocies that needs calling to the attention of delegates Blackpool-bound is a stoppage at a steelworks at Corby in Northamptonshire, where another squabble has broken out between the union of the craftsmen bricklayers who line furnaces with refractories, and the Iron and Steel Trades Confederation which recruits most of the other workers in the plant. Here again the union structure is proving itself not sufficiently flexible to absorb new problems without a period of spasm. The squabble is about who should instal the linings of a new sort of furnace, and the verdict of the ordinary silly-season newspaper-reader is likely to be that if the unions can't sort that one out they had better go back to school.

GHANA

Osagyefo Repentant?

THE deep, black secrets of African politics can never really be probed by outsiders: when they are Accra secrets, even Ghanaians are sometimes puzzled. On Tuesday President Nkrumah relieved his minister of information, Mr Tawia Adamafio, of responsibility for the civil service, and removed two deputy ministers. At the same time the minister of justice, Mr Aaron Ofori-Atta, was attacked by the

Ghanaian Times, which means by fellow-minister or ministers unknown.

On Wednesday Dr Nkrumah apparently decided that he had not gone far enough. Detention orders were issued against Mr Adamafio, against the executive secretary of the Party, Mr Cofie Crabbe, and against the foreign minister, Mr Ako Adjei. The actions against Mr Adamafio and Mr Crabbe seemed explicable to Ghanaians: this was Dr Nkrumah's way of putting the increasingly bumptious left wing in its place. But why then Mr Adjei, a moderate (it is assumed) and a man of very different beliefs from those held by Mr Adamafio and Mr Crabbe?

One explanation—and none can be wholly true—might be that Dr Nkrumah is so determined to curb the recent excesses of the men on his left that he has felt the need of a sacrifice from the Right to cover up his actions. The struggle within Ghana between the churches and the state that led to the expulsion of Bishop Roseveare on August 13th has not abated: the churches are still determined to resist the spread of Dr Nkrumah's totalitarian-minded Young Pioneers movement. Men like Mr Adamafio and Mr Crabbe have proved themselves equally determined to defeat the churches. (It is thought in Accra that these men used to deport first and ask the cabinet for advice afterwards). In such a situation, Dr Nkrumah might have made up his mind to avoid an open clash. Will he now go even further and invite Bishop Roseveare and other deported people back? The answer must lie deep in Accra's darkness.

AFRICA AND EUROPE

Neo-anti-colonialism?

Why, the Nigerian prime minister asked on Monday, does Britain want to drag countries like Nigeria into the European common market? The question might be better turned about: why do countries like Nigeria hesitate about seeking association with the common market, when not to be associated will mean getting on the wrong side of tariff barriers against most of their products?

The answer is that Nigeria, Ghana, and Sierra Leone are against association for political reasons; Ghana most of all. These countries believe that "associated status" is a French device designed to maintain French influence within its former colonies. In this, of course, the English-speaking Africans are quite right; those of them that deign to attend the Commonwealth prime ministers' conference will hammer the point home. Their mistake lies in their inability to make peace with one another long enough to band together (with, say, Tanganyika) and do something about it.

The best thing to do would be to accept associated status (this could hardly result in Accra voting the French way at the United Nations), and set about replacing the ties that bind francophonic Africa to France and Europe with new ties that would bind the African states to each other. The economic and cultural ties to France are not weakening. Guinea and Mali, which tried to break them abruptly, seem to be succumbing to the blandishments of president Houphouet-Boigny of the Ivory coast: it is possible that they will rejoin the group of French client states within Africa.

Nigeria has gone some way towards building up a counter-attraction: it belongs to a wide group of African countries, whose heads have met at Monrovia and Lagos, and which includes francophonic Africa. By working from within—and without real danger to itself—Nigeria could coax the French countries into sturdier independence of France; it might also guide them into diversifying their economies and reducing the degree of their economic (and therefore political) dependence upon Paris. But staying out will help no one.

FOOD CONSUMPTION

Chicken and Pig Fed

Although Britain is much richer than in the so-called hungry 1930s, one of this country's most remarkable perversities is that it does not seem, at first sight, to be eating so very much more richly than it did then. Add in all the juices and canned varieties, and the British still eat, a head, less fruit than before the war. Add in all the frozen beans and peas, salads and canned vegetables, and they eat only 5 per cent more vegetables. Despite the popular steak houses we eat less beef, but about one-sixth or one-seventh more potatoes and sugar. Waistlines still exist because of the fall in bread consumption. The average diet contains less carbohydrate than it did before the war—but, surprisingly, only 3 per cent less. It is still a great deal starchier than the American one and looks like remaining so, for the British seem much more resistant to change.

EATING IN 1961
(Weekly Food Supplies a Head)

	Actual quantity (in ounces*)	As an Index Prewar=100
Meat	36·1	107
Poultry	3·1	286
Fish	6·3	78
Milk (pints)	4·9	150
Eggs (number)	5·1	120
Cheese	3·1	115
Butter	6·1	80
Margarine	3·9	146
Sugar	32·6	114
Tea	2·9	102
Coffee	0·6	300
Flour	50·7	85
Potatoes	68·2	117
Vegetables	38·9	105
Fruit	36·6	96

* Except for milk and eggs which, as stated, are pints and number respectively.

The energy content of the diet has settled down at around 3,250 calories a day (on FAO standards) compared with 3,120 calories before the war, the big change being the extra protein derived from eating or drinking more dairy produce. But this is not a change that has come about in the last few years. Consumption of both milk and cheese has recently been standing pretty steady, well above the prewar level but some 5 per cent less than in 1951. Butter and margarine jostle with each other, but the total consumption of fats has risen only very slightly of late. Meat consumption has gone up by under 1 per cent a year since 1956, although it rose more sharply last year; fish consumption has dropped back to its 1953 level. Twice as much poultry is eaten as five years ago, and three times as much as before the war; but by weight this is still only one-half the amount of fish eaten and less than one-tenth of the total amount of meat. Beside chickens, the foods that have never had it so good include pork, eggs and coffee. No doubt much of the extra money going on food is directed towards better quality and more highly processed foods. Despite the competition from frozen foods, canning, except of fish, seems to be holding its own. Last year more canned fruit and vegetables were eaten than ever before.

SECONDARY SCHOOLS

Who Stays On?

Northerners often say that one reason for their region's industrial and social decline is that schoolchildren are "unfairly" given the chance of a much better education in the south. It is true that the north has a higher proportion of indifferent or downright bad school accommodation, and that the effect of the population drift has been to concentrate much new school building in the southern regions of rapid population growth. But the latest Ministry of Education statistics,* published last week, breaking down secondary education by local authority areas, do not substantiate the idea of a decisive cleavage along the Trent. In England as a whole, 17 per cent of 13-year-olds have grammar school places. Parents who want their children to have an above-average chance of going to grammar schools should think of settling in northern counties like Westmorland (where 27 per cent of 13-year-olds are in grammar schools) or Cheshire (26 per cent); they will not have the same chances in Essex or Kent. While some northern towns have a distinctly bad record (e.g. Bootle's 12.9 per cent), south-east coast towns like Ipswich (14.3) and Brighton (18.9) compare unfavourably with Blackpool (22.9) and Huddersfield (24.6).

The southern advantage shows up more clearly in the percentage of pupils staying on at school to the age of 16. Although industrial apprenticeships account for some of the difference, most of the bad performances (below 15 per cent) are to be found in places like Gateshead, Grimsby, Oldham and Salford; here West Ham (10

* HMSO. 1s. 6d.

From a French woodcut dated 1508

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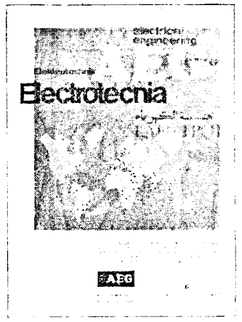

* of 1069 ad pages in Vision in 1961, 535 were from Europe and Japan

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per cent) reveals itself once more as the southern borough that invariably reproduces the worst northern characteristics. An expected variation is for girls to stay on longer than boys in parts of the north, but to fall sadly behind boys in the middle-class and clerically-occupied south. Thus, Croydon has 29 per cent of boys remaining to the age of 16 but only 21 per cent of girls—seemingly a reflection of the demand for junior office staff in central London.

Much the best performance for staying on comes from Wales. In Cardiganshire 30.6 per cent of girls stay until they are 17 (all to become school teachers?) and both Caernarvonshire and Merionethshire claim over 25 per cent, compared with an English average of only 8.8. Despite the growth of comprehensive schools in Wales, over 25 per cent of Welsh children have grammar school places. Wales's trouble, like Scotland's, is that much of this educational investment is lost by emigration.

ARAB LEAGUE

Nasser's Fast One

That President Nasser is not to be beaten at his own game was shown when, on Tuesday, the Egyptian delegation walked out of the Arab League meeting at Shtaura in Lebanon. Cairo's conflicting statements, which left it vague whether or not the United Arab Republic meant to withdraw from the league altogether, sent the less committed members of the league into an aghast hunt for soft words. The meeting had been called by Syria, closely supported by Jordan and Saudi Arabia, in order to try to corner Egypt in the dock on charges first, of hatching and promoting plots against the Syrian government and, second, of selling the rights of the Palestinian refugees for American wheat. But even before the meeting began on August 22nd, an arrogantly provocative gesture from President Nasser showed, once again, why Egyptians are both detested and admired by other Arabs. To answer the Syrian charges, the Egyptian delegation was led by Mr Akram Dayri, a Syrian who was a minister during the union and has opted for Egypt.

The Syrian government had allowed it to be understood that unless it got satisfaction at Shtaura it would consider withdrawing from the league, taking Jordan and Saudi Arabia with it. These three, together with Iraq, might then, so the story went, start up a new league of Asian Arab states. This defiance of Egypt would have raised so many problems that it would probably never have happened. Even so, President Nasser has got in first. By walking out of the meeting and half-threatening to abandon the league, the Egyptians have wrecked the propaganda effect of the Syrian manœuvres.

Although the Egyptians have always been dominant in league affairs, this has not prevented them from treating the institution with a good deal of contempt. The league is a forum of governments, and President Nasser has usually found it more expedient to talk to the "people" over the heads of their governments. All the same, the Egyptian gesture is more likely to be tactical than final. The league has survived the prolonged absences, at different times, of Jordan, Tunisia, and now Iraq. But Egypt's departure would be a mortal wound. It will be better, for all the disappointments that have marked the league's history, to keep it alive.

Monarchs on the March

Without waiting for the confused octopus of a league to sort itself out, King Hussein and King Saud have made their own gesture of unity—and defiance. On Wednesday, after a three-day meeting at the Saudi town of Tayef, the kings announced that they had agreed to merge their armies (whatever that may mean) and establish a joint military high command. Their purpose, they claimed, was to work for the restoration of Arab rights in Palestine—a claim that seems intended to show up President Nasser's alleged defection from the Palestine cause, rather than to frighten the Israelis. Possibly the new merger will last longer than the short-lived joint command of Jordanian, Syrian and Egyptian forces in 1956; for one thing, Saudi and Jordanian troops, most of them bedouin, get along well together. But with Prince Talal planning to set up a Saudi government-in-exile at Cairo, there seems a chance that by getting together the two monarchs will double their troubles rather than double their security.

PROBATION

More Hostels Needed

When a juvenile court wants to remove a delinquent youth (or one who is "beyond control") from his home environment, without subjecting him to the long-term residential training of an approved school, it may recommend that he go to live in a probation hostel. These hostels have been set up over the last fifty years by voluntary bodies, but they now rely almost entirely on public funds, except for the contributions made by the residents themselves towards their keep. The young people remain under the general supervision of the probation officer, but have the additional discipline of living in a hostel, keeping regular hours, eating regular meals and handing over their pay packet to the warden, who takes a contribution for their keep, returns a fixed amount as pocket money and sees that the rest is saved.

According to the second report (Cmnd. 1800) of the departmental committee on the probation service, there are now 20 hostels for youths in England and Wales (with 399 places) and 12 for girls (with 249 places). In Scotland, there are no probation hostels *per se*, but voluntary homes, registered under the Children Act, which are approved as probation hostels but are primarily for children in the care of a local authority. The committee recommends that this Scottish system should cease. It also recommends that one or two additional hostels should be provided for each age group and that these should be set up and managed by probation committees. Sometimes the wardens, who are frequently untrained, have difficulty in co-operating with the probation officers and in understanding that a delinquent youth needs not just to be disciplined but to acquire self-discipline. If a hostel is run by a probation committee, and particularly if —as the Morison committee further recommends—a probation officer himself is occasionally appointed as warden, the hostel regime should be much more valuable.

There is nevertheless bound to be increasing difficulty in finding suitable staff to run the existing hostels, let alone new ones. The Morison committee recommends that wardens should have at least a one-year training. This, of course, means that their salaries should be appropriate for trained staff. At present, the maximum salary for a warden is £780. To name a more realistic figure was outside the scope of the Morison committee's terms of reference, but it recommends that the level of all hostel staffs' salaries should be urgently reviewed. The major mistake made during the Government's pay pause was the uneconomic stinginess shown towards probation officers; it is to be hoped that this will not now be repeated for hostel wardens too.

POLAND

Step by Step

In the running battle of church and state in Poland, the state has scored a notable advance by making up its mind to carry out a law passed last year, and to take over within a year all schools and orphanages run by monks and nuns. The government's intention was formally admitted on August 13th after Cardinal Wyszynski had publicly

Cardinal Wyszynski: "Religious War"

complained of the manner in which some of the takeovers had been carried out. By that time 17 out of 50 schools, and 30 out of 460 orphanages, still remained in the hands of the religious; in a conciliatory statement a government spokesman said that some of these, for special reasons, would be left as they are for more than a year. He denied that any monks or nuns or children had been thrown out on the street. This does not mean that there was no unpleasantness.

Thus all Polish secular education will soon be in the hands of the state. It is of course an anomaly that any of it should have remained so long outside communist control. It is also a tribute to the strength of Catholicism in Poland; Mr Gomulka's regime has seen the wisdom of proceeding slowly and as circumspectly as possible. A year ago religious teaching in schools was banned, and the authorities were given wide powers of control over all educational activities outside schools. Now the communists have taken another step towards whittling away Catholic influence in education.

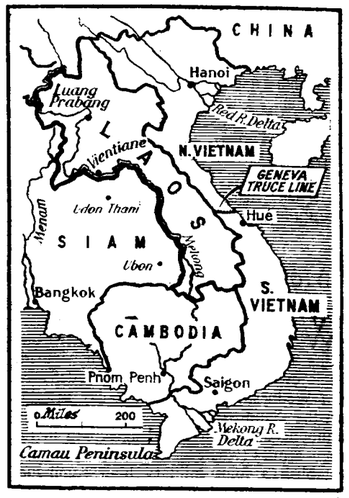
Among Catholic prelates behind the iron curtain, Cardinal Wyszynski enjoys a unique freedom to say what he likes, from the pulpit or by episcopal letter, about relations between church and state. Last Sunday he spoke before a vast concourse of pilgrims at Czestochowa, where in the Jasna Gora monastery the Poles keep their famous and much revered painting of the Black Madonna. Although he referred to the state's "planned atheism" (thinking, perhaps, of the recent takeover of the church schools), his speech seems on the whole to have been less fiery and more conciliatory than many of his previous utterances on the church-state conflict. All the same, his suggestion that progress in Poland was being held back by the "religious war" being waged by the state can hardly have pleased his communist listeners.

VIETNAM

Peninsular War

THE note of cautious optimism that has crept into American official comments on the guerrilla war in south Vietnam finds some justification in the latest news. President Diem's army launched an offensive in mid-August in the Camau peninsula, in the extreme south. Some 4,000 troops are being used, most of them landing by helicopter at selected villages; by the beginning of this week, it was claimed that about 400 communists had been killed and 100 captured.

The Camau peninsula remained a Vietminh stronghold throughout the Indochina war, and the French, whose energies were concentrated on the more important Red River delta in North Vietnam, never got the communists out of it. The South Vietnamese, with massive help from the Americans, have evidently decided to clear the entire area of guerrillas. Tactically, they have a fair chance of success, in that the



peninsula has no common frontier with a neighbouring country and the guerrillas are therefore not able to slip away into Laos or Cambodia, as they can elsewhere when hard pressed.

A few days after the offensive began the North Vietnamese government called for the establishment of a neutral government in South Vietnam as part of a neutral belt that would include Laos and Cambodia. This is a disingenuous proposal if it is not intended —as it clearly is not—to include North Vietnam as well. There was a time when the idea of a neutral, or a demilitarised, zone in Indochina would have made sense. Now, with war in South Vietnam and a settlement in Laos that has yet to prove its value, is not the time.

The North Vietnamese are not the only people calling for a change of government in the south. A group of nationalist exiles met in a junk in "South Vietnam's territorial waters" early in August and did likewise. They included the leaders of the abortive *coup d'état* of November, 1960, and there can be little confidence that they will succeed now where they then failed. No change is likely while the United States continues to support President Diem; and though the Americans have their reservations about his regime, they are unlikely to back his enemies while his army will fight.

BUSKERS

Roundhead Revival

THE old order changeth, aided heartily in its senescence by the Metropolitan Police, patently bent on depriving Londoners of anything which might distract them from their gloomy appraisal of striptease photographs, half-built (or half-demolished) towers, and The Weather. The first to fall beneath what is obviously a recrudescence of Cromwellian prudery were those jolly scrums at Trafalgar Square, in which, of a Sunday, the gaily caparisoned and ecstatically chanting youth of London were wont to pursue the civic sports of punching up, or prostrating themselves before, their political opponents. Yet there has been a more staggering blow at the very heart of British quaintness—at the buskers, or street entertainers.

Infinite of wit (and daring, too: King Farouk was hardly off his throne before they lampooned him—and they do it yet), the busker would set your sorry Londoners on a roar as they stood, mortified and chastised, in dripping line outside the cinemas; and they loved him for it. But the busker has taken his fez and fled away. One day the official popinjays touched his shoulder, muttered "obstruction" in his ear, and fined him many pounds. Broken by the laws, he left his partisans to feed as they might, on no greater pleasures than twice-life-size likenesses of Miss Mansfield, and the great beacon fire of the Chick-o-matic Eatery. Eheu. But a fortnight ago the melancholy rise of censorship suffered an apparent setback: in the name of the people a magistrate bethought him from the bench that to *cause* an obstruction (by gathering a host to crack its sides at the richness of the jests) was not to *obstruct* the free passage of soberside citizens with nothing better than their dim and paltry lives to attend to.

Unhappily that stroke for freedom could not suffice to turn the tide. No sooner had the busker triumphantly returned, plaudits dinning in his ears, success sweet in his false nose, than that killjoy power (powerless, except upon complaint, to curb him otherwise) haled him once more before the bench, and charged him with obstruction as if the words of freedom had never been uttered. This time the prosecution succeeded. The busker, veteran of London Pavilion, British trade pavilion and Leicester Square, is doomed, victim of sectional demands for pavement space and quiet. Speakers' Corner, moved to obscurity already, may be the next to go. Then a long farewell, indeed, to all our quaintness.

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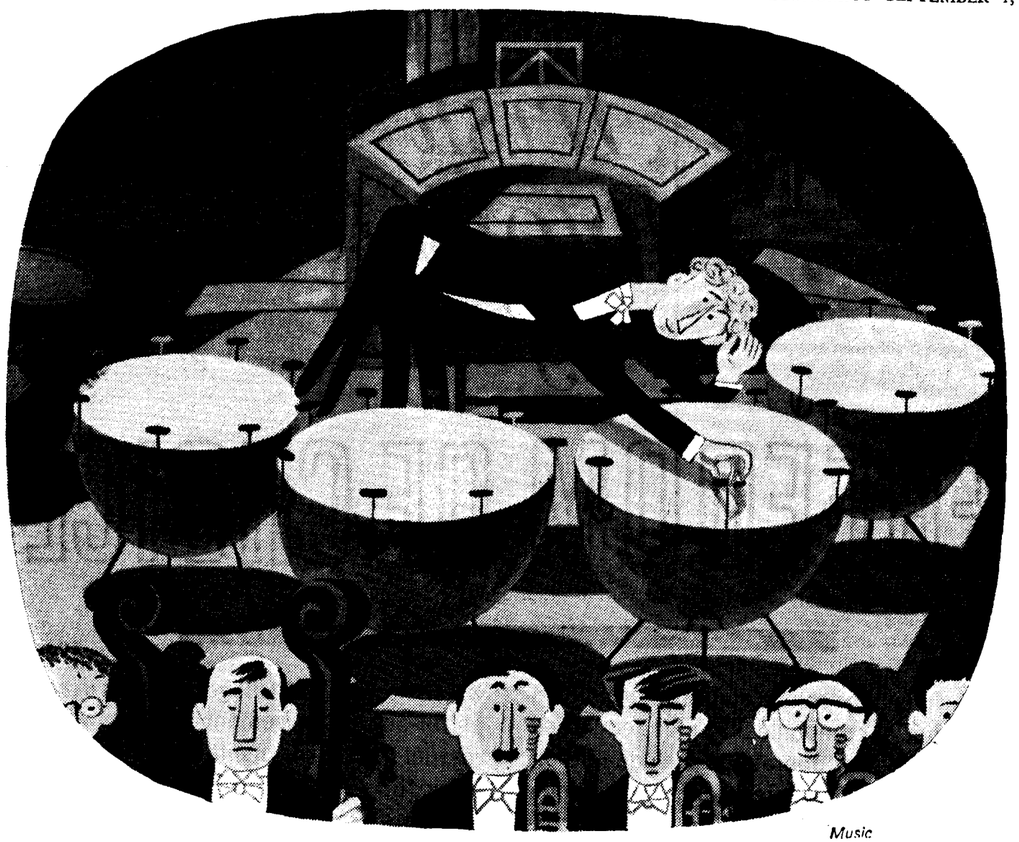

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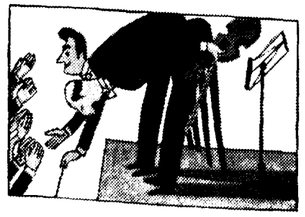

Written by Stephen Potter; designed by George Him

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

BOOKS

The Red Army and its Officers

The Soviet High Command
By John Erickson.
Macmillan. 904 pages. 84s.

IT is a curious thing that the backbones of both cold war alliances should be new armies lacking long organic growth. However, whereas the modern mass American army can claim some tenuous traditional links with the armies of the Civil War, the Frontier and the wars with the British, the Red Army dates only from January 28th, 1918, and had no wish—at least until after 1941—to emphasise continuity with Tsars institutions. Armies are traditionalist and conservative bodies (although they ought to be the opposite); the creation of a force brand-new in every respect is a process therefore of special interest, especially when that force at the age of only thirty-four encountered, stopped and beat the German army at the apogee of its technical ability.

The concomitant of Clausewitz's diagnosis that war is an extension of policy by other means is that armies are extensions of society (or its ruling groups) by other means. In old societies, this process is undeliberate. In the case of the Red Army, founded amid the chaos and crisis of the Revolution and the disintegration of the Imperial Russian forces, it was from the first consciously designed as the military instrument and the military reflection of communism. But how was it to be organised? What should be its doctrines of war? How could it be reliably and efficiently officered?

In this book, Mr Erickson, lecturer in government in the University of Manchester, begins with a detailed and closely documented account of how these problems were tackled while the new communist state was fighting for its life against internal enemies, White armies and foreign interventionists. He shows how the complex techniques of modern war made it impossible to rely for officers on workers and peasants; how therefore the ex-imperial officers (euphemistically dubbed "military specialists") that had to be recruited were politically controlled by the establishment of the commissar system. The role and predominance of the "military specialists" provided the grounds for the first Stalin-Trotsky battles. In defending the use of the "specialists" Trotsky was functionally right but politically wrong: Stalin won.

After the defeat of the Red Army's offensive against Warsaw in 1920, it settled down in peace to digest the lessons of 1918-20. From them it evolved a doctrine of war based on mobility and deep offensive penetration, but also on mass forces; not on the élite panzer groups of Fuller and Liddell Hart. However at this time the Red Army was not only desperately short of every kind of modern equipment; Russia lacked the industrial base to provide them. The Red Army therefore turned to the other pariah of Europe for help: the Reichswehr under von Seeckt, one of the ablest general staff officers who ever twirled a monocle. The Germans provided equipment, technical knowledge and money; the Russians sites and space. Technical experiment was paralleled by intense discussions on tactics and strategy. After 1930 German collaboration diminished, as the five year plans for heavy industry began to give Russia its own technical base. By the mid-1930s the Red Army numbered 90 rifle divisions and between 3,000 and 10,000 tanks. Three rifle divisions were motorised, as were one-third of corps artillery and half the flak. Its doctrine, a result of the interplay of functional needs and Marxist theory, remained offensive, based on forces in great depth—tanks, guns and aircraft opening the way for infantry masses; in fact, as in 1941-45, two armies. With a new General Staff and a talented leader in Tukhachevsky, the Red Army had reached a level of professional competence and independence creditable in so young a force.

However in this growing professionalism Stalin saw great dangers for his regime; the result was the shooting of three out of the first five marshals of the Soviet Union and the purging of officers down to the rank of colonel. Hitler's experiences with his own officer corps suggest that Stalin's judgment may have been politically sound. Mr Erickson calculates that between a third and a half of the Soviet officer corps were affected. To this purge, to the close political control clamped again on all units and to Stalin's rigid bureaucratic methods, Mr Erickson attributes the poor showing of the Red Army in the winter war of 1939-40 against Finland and (together with Stalin's refusal to believe the Germans were about to attack him) the colossal defeats of the summer of 1941. The book ends with a description of the battle for Moscow and the Russian counter-offensive of the winter of 1941-42, when a virtually new army, composed of raw drafts and troops from the Far East, under new generals proved in action, displayed operational ability of a new kind.

The book is not convincing on the effects of the purge, although Stalin's general influence on strategic matters was a bad one. Mr Erickson does not show that the officers lost in the purges were specially able. What the Red Army lacked in the summer battles of 1941 was the most precious of all military assets—operational experience. This the Germans had enjoyed in abundance. There are no conclusive reasons for supposing that an unpurged Red Army led by Tukhachevsky would have avoided terrible defeats at the hands of the veteran Germans.

This thorough history of the Red Army and of its political background, based on the latest sources, is extremely welcome, and it is a pity that the author should have embodied his researches in a narrative that is sometimes clumsily written and hard reading. History is an aspect of literature, as well as a quasi-science.

Elizabethan Tapestry

The Queens and the Hive
By Edith Sitwell.
Macmillan. 550 pages. 42s.

WHEN Mary Tudor came to the English throne in 1553 she was the first woman to do so since the unfortunate Matilda in the twelfth century, and she was succeeded by her sister Elizabeth. At the same time Mary Stuart inherited the throne of Scotland, so the last half of the sixteenth century saw women rulers in both kingdoms, and a new set of problems facing the monarchy. "The Queens and the Hive" is therefore not a full-scale life of Elizabeth as is suggested on the cover, but an impressionistic study of three queens and the issues raised by their rule. Because of this, much of the political and religious background is omitted, and Dame Edith uses her wide erudition and knowledge of contemporary material to recreate the Elizabethan age. Her book is full of information, lists of dances, names of songs and flowers; this cannot fail to give intense pleasure to anyone with the slightest interest in the details of the past, for her quotations are unusual and of great beauty. She adds to this her own gift of imaginative description and with it creates mental pictures not easily forgotten: Mary Stuart turning the pages of a letter to her lover Bothwell at the bedside of her syphilitic husband whose murder she is planning; Elizabeth setting out for her coronation . . . "over the wide roads, a winter firmament of black glass, from which the hooves of a thousand horses splintered great stars, moons, planets, and meteors. . . ."

In style the book follows closely the form set by its predecessor "Fanfare for Elizabeth," but "The Queens and the Hive" is longer, more complex and less perfect, for occasionally the dramatic nature of events leads to banality:

> A terrible shadow drew nearer—a shadow that seemed as if torn from universal Night.
> Then came Horror.

This seems an inadequate introduction to the massacre of St Bartholomew. But in contrast there are few assessments of Lord Burghley more speculative and stimulating than the following:

> In his earlier life there was a darkness in him—a second self, hidden under that discreet,

middle-class respectability, but afterwards banished as the great character of his labours purified him. For, from a cocoon woven about him from the outside by circumstance, from inside, as the silkworm spins silk, from the central fault in his own nature that was the cause of his worldly success, greatness eventually would emerge.

A merit of the book is that Dame Edith remains detached from her characters and includes as evidence both good and evil. She accepts the Casket Letters as genuine, but shows Mary Stuart as a woman capable of greatness, who failed as a queen because of her misguided attempt to apply to Scotland the methods of intrigue and assassination learnt in France. Elizabeth achieved greatness. In the opinion of Lord Burghley she was the wisest of women—" so expert in the knowledge of her own realm and estate, *as no counsellor she had could tell* her what she knew not before "—but both she and Burghley were guilty of cruelty. The torturing of suspects, so long ignored by historians, is now admitted, though not everyone can agree that Catholicism in this period, even in the hands of so saintly a man as Campion, can be divorced from political implications.

The quality of compassion permeates the book. Cruelty was commonplace in the sixteenth century; but Dame Edith makes it a thing to be pitied, a flaw in the great and a sin in a nation. Among the appendices is one on Ireland. It should be read by all who admire the Elizabethans.

" The Queens and the Hive " is an individual interpretation, and it is possible to disagree with some of the views expressed in it. Nevertheless the wealth of information, the splendid descriptions and the imaginative detail make it a book not easily *forgotten.*

Overpraised Poet

Mrs Browning: ***A Poet's Work and its Setting***

By Alethea Hayter.

Faber. 261 pages. 30s.

HAS a writer ever been more extravagantly over-praised than Elizabeth Barrett Browning? Lander thought her the greatest English poet since Milton; Sidney Dobell wrote a sonnet extolling her as a feminine equivalent to Shakespeare; Ruskin proclaimed that *Aurora Leigh* was the greatest poem in the English language, surpassing even Shakespeare's sonnets. Were they all besotted by the spectacle of a woman exhibiting so much creative energy? Needless to say, Miss Hayter does not share their hallucinations. She disarmingly remarks of the ballads and *Lady Geraldine's Courtship,* " it is almost impossible not to dislike these poems very much indeed," and the manifold defects of *Aurora Leigh* are as plain to her as to the most censorious reader. But she does think that Mrs Browning is a poet to be taken seriously, and she has devoted this book to an account of her poetic development. This is a welcome change from the psychological-biographical approach, and Miss Hayter certainly succeeds in impressing on us the amount of sheer hard work that Mrs Browning put into the study of prosody, into translation, into the acquisition of a technique. She was a scholar, and she lived the life of a dedicated poet—an extraordinary thing for a woman to do; she wrote copiously over a long period, and in a good many modes. But does her poetry really deserve exhumation?—for dead and buried nearly all of it is.

Miss Hayter puts up an excellent case for the defence, examining with care Mrs Browning's metrical experiments, focusing attention on her myths and imagery, selecting for praise the better passages from her extremely uneven output. But the sheer profusion tells against her now; the daring topicalities that arrested or shocked her contemporaries, the hysterically strident tone (connected perhaps with opium-taking), the would-be sublimities descending abruptly into bathos—these are not qualities likely to endear Mrs Browning to readers who tend to like their poetry dry upon the palate, ironic, witty, close-textured. Fashions, however, change, and maybe some attention should be paid to the testimony of Browning himself—a prejudiced witness, certainly, but a genuine poet. He was convinced that she possessed the true creative power, superior to his own painstaking, clever, deliberate craftsman's talent. It is conceivable that her eloquence will one day commend itself again to the English public, and Miss Hayter's sympathetic study should bring that day nearer; but it does seem a very hypothetical day indeed, and a very long way off.

Case Creation

The Caseworker's Use of Relationships

By Margaret L. Ferard and Noel K. Hunnybun.

Tavistock Publications. 141 pages, 20s.

SOCIAL work today is in the process of being " professionalised," and the worthy amateur, equipped with no more than good sound common sense, is fast disappearing. Nowhere is this more evident than in the field of psychiatric social work. This book is an attempt to provide a basis for a disciplined approach to such casework, grounded firmly on the principles of psychoanalysis. The ideal caseworker, the authors argue, must be, first, a good listener; second and more important, her knowledge of psychoanalytic principles must enable her to have a good deal of insight, both into herself and into the person she is dealing with.

However, the disadvantage of this approach, as has been argued by Lady Wootton elsewhere, is that it may lead to the creation of a " case " where none previously existed. For example a woman who came for assistance with a genuine housing problem was felt by the caseworker to have a marital problem as well, for which it was presumed she needed treatment. This raises an important point. After all, a great deal of social work involves the provision of some specific service to assist with a specific problem whether it is arranging for a home help for a sick mother or a meal on wheels for an old age pensioner. These people may well have emotional problems, but then so have we all. The authors of this book are undoubtedly sincere in their desire to offer people in need the best possible help, but it would be a pity if the " new style " social worker they envisage did not allow these people to choose for themselves exactly what kind of help they required.

Portent of Dalena

Economic Development and Social Change in South India

By T. Scarlett Epstein.

Manchester University Press. 369 pages. 42s.

DR EPSTEIN'S book is a study of the impact of irrigation in two Mysore villages: Wangala, which was irrigated twenty-five years ago; and Dalena, which remained dry. The results are the opposite of what might have been expected.

Wangala has remained orthodox, wasteful, backward. The villagers spend a great deal on weddings, do not educate their daughters and allow few of their boys to attend school regularly since they are needed in the fields. Except for the sugar cane factory, they have little contact with the outside world. The poor have remained poor—only the rich were able to benefit from irrigation; and they can borrow money from the Government at 6 per cent to lend it at 12 per cent so that all irrigation has done in Wangala is to increase the gap between rich and poor.

In Dalena the whole village has responded to the challenge of irrigation in the region; it has responded by diversification, and this diversification has brought not only relative wealth but also emancipation in its wake. Dalena villagers first made money working for the Public Works Department when irrigation was established in Mandya; then they worked in the sugar cane factory and made money during the war in the black market; that money brought electricity to Dalena and two rural factories. Many of Dalena's villagers work in town; one owns a lorry and carts on contract; the others cart for Wangala villagers. The money thus earned is spent on bicycles, gold watches, houses, private wells, education—two of Dalena's men are clerks and one is a university graduate—and on the purchase of wet land for status reasons. Such diversification can be achieved only at the expense of the old rigidity. Caste relations have become so flexible in Dalena that it has been possible for villagers to improve their status by marrying or taking jobs above their station.

Irrigation, which has petrified Wangala to which it was given, has enabled Dalena, to which it was denied, to take off.

Dr Epstein's book explodes many other preconceptions. It is usually believed that the Mysore administration is efficient and honest; yet she found 2 per cent of the irrigated land entered on the Wangala's records as dry land. It is believed that the sanctity attached to Indian cows makes it impossible for them to be put to the plough; yet in Dalena dry land is ploughed by cows. It is widely believed that villagers keep their bullocks as we do horses; yet in both villages they were traded in as we do cars. Cow dung, one is told, is used in India as fuel; but in Mysore it is used as manure. There is a widespread belief that only aboriginals and untouchables keep hens; yet in Dalena caste villagers keep hens. All this ought to be good news for those who try to improve Indian agriculture. Every government survey shows that expenditure exceeds income, so that indebtedness grows from generation to generation. Dr Epstein found that incomes match expenditure and that indebtedness rises with affluence as the rich become more creditworthy, and thrift has no cachet in India. Everybody has heard of the Indian system of the joint family; only 10 per cent of Dr Epstein's families were joint.

Too much of what has been said about India has depended on out of date generalisations or superficial observations. Dr Epstein is one of a group of scholars like Bailey and Mayer who are at last providing the facts on which a proper policy can be worked out.

Polar Backyard

Australia in the Antarctic

By R. A. Swan.

Melbourne University Press. London: *Cambridge University Press.* 456 pages. 57s. 6d.

ANYONE who looks at one of those maps of Antarctica showing the national territorial claims (now, aptly and happily, frozen by international agreement) will be struck by the fact that the largest slice of the cake is labelled Australian Antarctic Territory. If he wants to know how this came about, and whether it is justified, let him read this book. The Australian attitude towards the Antarctic is rather different from the British, in spite of close collaboration, largely because the Australians are so much nearer. Yet effective interest has only really been aroused in the last fifteen years. Like Canadians, Australians have had more than enough to do at home without bothering much about their polar backyard. And in each case there was one outstanding figure (both, significantly, geologists) who by example and advice persuaded their governments to act.

Mr Swan has written a thorough and painstaking survey. He shows how Australian interest has gradually grown. One can feel that no significant event is left unrecorded, from the meetings of the First Australian Antarctic Committee in 1866 to the field programme for the Australian Antarctic station in 1959. His sifting of a mass of literature is impressive. His final chapters on the territorial claims and the Antarctic Treaty of 1959 will be of interest to many not specially concerned with the Antarctic. And yet, at the risk of appearing ungrateful for a highly commendable service, it must be confessed that the result is not a story one cannot put down. The author has rightly decided that more must be said than just the narrative of the various expeditions, and he has therefore examined the events leading up to them, the motives, the attitudes of governmental, scientific and business circles. Excellent: this is what is needed. Yet something is lacking. All this is what the books and papers say happened. Messages from prime ministers to leaders of expeditions seldom add much to knowledge. The really interesting events are not often publicly reported. Why, for instance, did somebody's backers let him down at the last minute? Polar explorers are notorious prima donnas. Things cannot have been as dull as this. But perhaps one is asking too much. No one is going to write another history of Australia in the Antarctic for many years, and Mr Swan's will answer almost all the questions that the seeker after detailed knowledge may want to put.

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'At this moment . . . this book is required reading.' **Spectator**

'comprehensive and worthy of study . . . will stimulate the right sort of discussion now needed in this country.' **The Times**

'sets out a reasoned case for the community approach in a book that will arouse controversy.' **Topic**

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LETTERS

Kenya

SIR—I would like to correct the erroneous impression given in the article on Kenya "Majimbo for All" on August 18th. Your correspondent seems to agree with Mr Kenyatta's statement, "there are signs of another Congo in Kenya"; then later in the article he says that the Kadu policy of Majimbo, "originally put forward as a sane regionalism designed to check would-be dictators at the centre, has rapidly degenerated."

The fact of the matter is that the discussions in the council of ministers to finalise the details of the regional constitution have progressed well, with both parties showing a spirit of co-operation, and Kanu tribes, other than the Kikuyu, who hitherto rejected regionalism, are now starting to become its champions. In fact, all four Kamba leaders have declared wholehearted support for their region as it appeared in Kadu's map six months ago. The Luo also, who form nearly half of Kanu, are publicly declaring their dissatisfaction with Mr Kenyatta's constant denial of regionalism.

Both Mr Kenyatta and your correspondent seem to have missed the point over the troubles in the Congo. These arose simply because different peoples within the Congo wished a certain measure of autonomy in their own affairs and were not allowed it. The attempted imposition of policies from the centre failed and caused the chaos that could have been averted through the acceptance of a federal type of constitution. This has at last been seen, and United Nations experts have just started work on such a constitution for the Congo. It is fortunate for Kenya that we are set upon the right constitutional road before gaining independence.—Yours faithfully,

M. MULIRO, Vice-President,
Kenya African Democratic Union

Nairobi

★

SIR—Your conclusion that about 60,000 whites in Kenya may have to be rescued will be welcomed by everyone who has been trying to get our Government to face this fact, ever since the Lancaster House conference of January, 1960. But to blame the whites, as you seem to do, for keeping Africans divided is a dangerous fallacy—dangerous because it carries the corollary that once the whites go, the way will be clear for African unity. This is not so.

Europeans did not invent tribalism and the idea that they are nefariously encouraging it is simply a myth, cultivated—and no doubt sincerely credited—by many African nationalists. It is even less in the interests of the Europeans than of anyone else that Kenya should once again erupt into civil war.

Aside from foreign rule—colonialism—there are only two ways by which tribal war can perhaps be averted. One, the way of Ghana, Guinea and most of the other independent African states, is that of the one-party state and dictatorial rule. The people who will do the dictating are those who get control of the army and possibly police—the majority party. That is why the group of tribes supporting Kadu fear the Kanu majority. They believe that their rights would be swept away and their land taken, and they are almost certainly right.

The other way is federalism. In a country as weak and poor as Kenya, a true federal structure is probably impossible and everyone can see the disadvantages. But as much federalism as possible is the only alternative to the oppression of all minority groups by a strong unitary party on Nkrumah lines.

Now the situation is immensely complicated by the split within Kanu, basically a Luo-Kikuyu split but also one between two types of African leader, the men of the past exemplified by Kenyatta and Odinga, and those who think in modern terms like Mboya. Obviously Kenya will have a better chance of stability if it is governed by men like Mboya than if its armed forces fall under the control of people stuck in the groove of a monkey-skin-and-Mau-Mau mentality.

Meanwhile Kenya's economy is shrivelling and unemployment, resulting from the closing and retraction of European and Asian business, and from the suspension of all development by farmers, is getting out of hand. To attempt to counteract this by creating government jobs financed by overseas grants or loans is to plug holes in the ship's bows while water pours in through holes in the stern.

The sad fact is that the various schemes now proposed, to cost up to £15 million, to settle African small-holders on farms hitherto owned by Europeans, add up economically to a big leap backwards. Such African settlement is designed to marry the Government's obligation to help white farmers, to whom they made promises they cannot now keep, to pull out of Kenya, with the land-hunger of the Africans. As a result, many farms hitherto efficiently run as economic units, producing those export surpluses on which Kenya's economy is based, will be split into subsistence holdings of a kind being liquidated in every other country in the world in a position to do so. This will not create more employment but less, and may well reduce rather than expand Kenya's production of tea, coffee, pyrethrum, dairy produce and other products. In this case even the present standards of administration and social services will topple and *uhuru* will indeed prove to be a god that failed.

Some African politicians have recently been to Israel to see how collective farms can be run. Perhaps a solution will lie somewhere along these lines. The matter is urgent and ought to be studied at the highest levels and with the greatest despatch. The conflict is between political expediency and economic common sense. Before plumping for the first oughtn't we at least to take the blinkers off and see where it is leading Kenya's people—and ourselves, if we have got to go on indefinitely baling out a ship whose seaworthiness is deteriorating fast.

Nothing (as de Maupassant remarked) is ever either as bad or as good as you think it is going to be. So perhaps the ship may, after all, stay afloat; but only if far more attention is paid, and paid now, to the economic consequences of political action. And if leaders who at least begin to understand what economics are about come out on top.—Yours faithfully,

Malmesbury, Wilts ELSPETH HUXLEY

Helping Hands

SIR—You take to task the *Daily Mirror* for combining a photograph of Rockwell on the front page with ban-the-Nazis articles on the middle pages. True, your front page (August 11th) carries a dramatic drawing of Sir Oswald Mosley but, in contrast to the *Daily Mirror*, you support the Government's decision to protect Nazi speakers and you urge Mr Brooke to impose "the most swingeing penalties" on their pugilistic opponents.

Your decision to put Mosley on the cover page simply underlines a fact which you implicitly deny in your note "Helping Hands"—that in modern democracies a tiny minority can draw enormous attention to itself if only it is sufficiently lunatic or criminal. Nudists stripping outside Buckingham Palace could always win banner headlines. Similarly, if somebody declares from the platform in Trafalgar Square that "Hitler was right" in his treatment of the Jews, he will be given publicity and sooner or later will provoke a riot. Given the history of European Jewry over the last eighty years it cannot be otherwise.

Mr Jordan should, therefore, never have been permitted to speak in Trafalgar Square. The fact that his group held one or two peaceful meetings was at first advanced by the Home Secretary as sufficient reason to permit further meetings. Actually, this early calm was due simply to the general ignorance of Mr Jordan's views. It was the *Observer* which, in its issue of July 1st, devoted a lengthy article, complete with sinister photographs, to the Nazi and Fascist movements in Britain.

How long would the police consider it necessary to defend a group which got up in Merthyr and in all seriousness demanded that the miners be shipped to labour camps in Siberia? Of course, the miners might tolerate such views because they seem so absurd. Unfortunately, the Jews can no longer feel this way about fanatical anti-semitism.—Yours faithfully,

New York JONATHAN FRANKEL

After Thalidomide

SIR—Your article puts fairly the real difficulties involved in testing new drugs and the limitations of animal tests. However thorough these tests, the patient must be the final "guinea-pig." It is rational, therefore, that he should know what drug he is taking. At present pharmacists are not allowed to label containers with the name of the drug unless specified. This leads to waste and often to a lack of continuity in treatment. It makes retrospective inquiries about toxicity, as in the case of thalidomide, difficult and incomplete. The increasing incidence of accidental poisoning (now over 5,000 fatal cases annually) has led the Minister of Health to set up a National Poisons Information Centre at Guy's Hospital to give advice on the treatment of poisoning, of which drugs form an increasingly large proportion. Treatment to be effective must be prompt. The work of this centre will be needlessly handicapped unless the name of the preparation is known. It has been suggested that such a centre could also serve as a registry for the untoward side effects of drugs, a kind of "watchdog."

Many think that containers should be labelled with the name of the drug unless otherwise specified. This is mandatory in many countries and in this country in the case of patent medicines. No party seems prepared to act. The ministry would like doctors to give a lead. The various medical professional bodies suggest that the ministry should act. Pharmacists are divided. Until this overdue reform is accepted, patients (who are the final arbiters) should insist that the name of the drug is written on the container if only on the grounds that they will then know what poison they or their children may take.—Yours faithfully,

The Royal Infirmary, Huddersfield W. P. SWEETMAN

Airline Results

SIR—Far be it from me to discourage other students of airline economics from following your invitation to speculate on the common attributes of the diverse airlines which you tell us were shining exceptions in last year's gloomy aviation picture. But I may perhaps be allowed to sound a warning on some of the pitfalls in this speculation; particularly the two into which your article of August 11th appears to have fallen.

One of the five airlines you specifically mention as profitable does not itself claim the profit you credit to it; the airline's report describes this as a "net surplus". And since this net surplus, plus a small amount of loan interest, represents a return of less than 2½ per cent on its capital, a student of airline economics might reasonably conclude that the airline in question would have been far from profitable if, like the British air corporations, it were obliged to pay interest at about 5 per cent on all its capital. Another of the five airlines in your list appears to me to have achieved its small profit by the time-honoured accounting device of providing less for depreciation than it would normally and prudently have done.

I do not wish to suggest that the main characteristic which your estimable group of airlines have in common is flexibility in their methods of presenting their accounts. But I do think it desirable that students of airline economics should examine airline accounts with greater care than you appear to have done.—Yours faithfully,

London, NW11 STEPHEN WHEATCROFT

Seaborne Seminars

SIR—I would like to draw your attention to one unfortunate error in the excellent article on educational cruises in your issue of August 11th. I say unfortunate, as, to date, no profits have accrued to the company as a result of embarking on this venture.—Yours faithfully,

K. M. CAMPBELL
Chairman, British India Steam
London, EC3 Navigation Company

Whose Counterdrift?

HOME REPORT

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

COUNTERDRIFT is a word that planners are bandying about: an easy bit of shorthand for reversing the population flow from the north-west to the south-east. Strictly speaking, it is not a plan but a concept, and in the mind of Mr D. Rigby Childs, who launched it in the new year issue of the *Architects' Journal*, it is by far the most radical of current ideas for undoing the congestion around London and the west Midlands. It was meant to be controversial, to get people talking, and it has brought its author a steady flow of publicity in planning circles, including an address to the Town Planning Institute in June and now a lengthy reprinting in the columns of the *Local Government Chronicle*.

Briefly, the Rigby Childs idea is to set up a rival to the existing industrial and communications axis London-Birmingham-Liverpool (the basis of what planners call the "coffin"). The new axis would be 700 miles long, "extending from the south-west, past east London and then up to the north of Scotland." It would be the "foundation for a new urban form comprising a series of linked urban and city groups." On the southern leg it would have one new city group (2-3 million people) based on Avonmouth, Bristol, Cardiff and Newport, a regional link-up that is already stirring (see *The Economist*, April 21st); there would also be three urban groups, each of 1½-2 million people, called Moor (Plymouth-Exeter), Wight (Southampton-Portsmouth) and Estuary (Colchester-Ipswich). The northern leg would have three city groups: Humber (Hull-Grimsby), Solway (Carlisle-Dumfries) and Tay (Dundee-Aberdeen). Solway, in particular, would have to start virtually from scratch. (See map on page 770.)

One major object of the Counterdrift idea is to fit in this future development along "Euroway" routes linking this country with Europe by way of a Channel tunnel or bridge. So far, the planners' reaction to the development of closer physical ties with the common market, reinforcing the growth triangle Ruhr-Birmingham-Paris, has been sluggish and conflicting. Some accept the inevitability of a further population shift towards the south coast and the East Anglian ports; Mr Rigby Childs's crystal ball gazing has thus been criticised for failing to site one of the prospective urban groups in the Ashford-Dover area of Kent. Others, already committed to some form of Counterdrift, argue that joining Europe on these terms will merely lead to even worse congestion (and resulting inefficiency, rising land values and decline of suburban environment) throughout the south-east. In the end, they say, this would check the drift anyway as people got fed up with subtopia: so why allow the drift to happen at all?

No one has yet dared publicly to confront the several lobbies (agricultural, green belt and commuting-village snobbery) that stand in the way of fitting people into a planned industrial development spreading over the green spaces of the south-east in a cohesive network of new and expanded towns, linked by motor-

ways and rapid rail communication routes that do not all (as now) run into central London. This kind of plan will probably come sometime. It is partly to nip it in the bud that Counterdrift has been launched.

This kind of "imaginative jump," as its author calls it, is praised by some planners and thought an unmitigated pest by others, partly because it leaps above the hard realities of their own local schemes for development and rehabilitation. Most of the country's serious planning strategy has been talked about on a regional basis (if even that) up to now. Thus, the Town and Country Planning Association, the great and vindicated champion of the new towns, has been concentrating recently on more overspill from London and the south-east Lancashire and Merseyside conurbations within a fairly limited geographical range. To the author of Counterdrift the TCPA's proposals to double town populations in East Anglia in the next 20 years smack of "even more subtopia," with the long-term danger of forming "a contemporary West Riding." Norfolk county council will be advised by its planning committee next month to accept up to 200,000 overspill population in the next 20 years. The Midlands New Towns Society, one of the most energetic of local groups, has envisaged expansion into the foothills of mid-Wales, hardly a contribution to a new axis, although even its modest proposals have not found much favour with Birmingham firms.

OTHER planners are more immediately concerned with the industrial and social rescue of their own decaying areas. These are led by the local development corporations (particularly in Scotland, Wales and the north-east) although their horizons are sometimes cramped by local pressure to grab industry and push it into unemployment blackspots as they crop up. One of the liveliest and most respected of individual planners is Professor Myles Wright of Liverpool University, whose department was responsible for the bulky special issue of the *Town Planning Review* (October, 1961-January, 1962) devoted to Land Use in an Urban Environment. Professor Wright believes in concentrating on making a success of the big northern city-regions, specifically within 15 miles of their present centres, and leaving more outlying areas of poor economic outlook with much more limited aid or none at all. Long-distance overspill, he maintains, will not work in the north. He puts his money on a "planned polynuclear relationship" for the city-region (centre and satellites) depending on an efficient local communications network in keeping with the motor age. His paper at the Town and Country Planning summer school at Nottingham this week called for permanent urban regional development commissions for each northern conurbation.

Professor Wright's stamping ground, at the northern end of the "coffin," is itself providing increasing evidence that even the existing industrial axis is no guarantee of prosperity. The Lancashire and Merseyside Industrial Development Association has reported that between 1951 and 1961 124,000 people left the north-west and that in the past year between 25,000 and 30,000 people lost their jobs as a result of mill and other factory closures. Figures published last week show the north-west to have the largest number of unemployed school-leavers (9,343) in the country. There are now 350 industrial buildings vacant in Lancashire and Merseyside—150 of them former cotton mills.

Government planners, subjected to strong political pressures to encourage new industry to move into existing plant of all kinds (particularly when the buildings formerly housed Government concerns like munitions factories) have begun to realise only slowly that this is a losing game. In central Scotland there has now been a breakaway from the old system in the attempt to start a new, planned region of growth between Glasgow and Edinburgh. An increasing number of local planners maintain that aid should henceforth be concentrated on these areas of prospective growth in the north and west, and that the old city and industrial town environment repels incoming firms despite the preferences that these areas of high unemployment get under the Local Employment Act. A little assistance to stimulate already favourable localities would do more to secure regional regeneration and stop the southern drift than a lot of effort and money spent as it is now.

The Government's own professional advisers know the extent of the problem as well as anyone, even if they are least able to make any dramatic suggestions for relieving it. They are, however, taking almost a delight in building up a mass of frightening evidence for their new minister, Sir Keith Joseph. In his paper to the Nottingham summer school this week Mr J. R. James, chief planner at the Ministry of Housing and Local Government, emphasised not merely the north-south drift but the prospect that, by immigration and natural increase, the population of England and Wales is likely to rise by some 6 million in the next 20 years, "the equivalent of another six Birminghams or, preferably, 60 large new towns." He admitted that the assumptions on which the first post-war development plans were based no longer held good: to deal with a major overspill operation like that in south-east Lancashire, he declared, would need a harnessing of technical, administrative and financial resources that must "stretch the imagination to new planes of thought." This is the measure of the problem confronting Sir Keith and the conflicting heirs of Abercrombie and Geddes.

The Sixth Form College

LAST month General Eisenhower, speaking to the Pilgrims at the Savoy, advocated the foundation of an "international college to promote understanding between nations." In fact, an international public (i.e., private) school is opening this month at St Donat's Castle near Barry, on the Glamorgan coast. The St Donat's "Atlantic College" is a completely new venture in British education. Indeed, its high fees of £500 per annum are one of the few features that it has in common with most other public schools. The one school that it resembles in its educational approach is Gordonstoun.

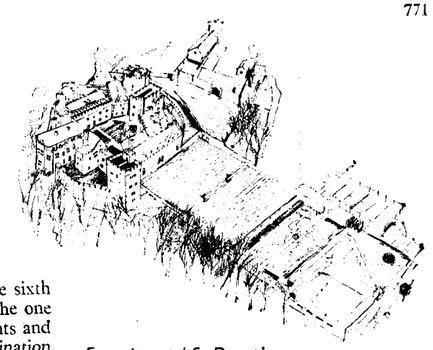
Atlantic College will eventually take 450 boys from Canada, Britain, France, Greece and the United States, the British group being the largest but not in a majority. In time boys will come from a wider range of countries, even from behind the iron curtain (the school has no associations with the North Atlantic Treaty Organisation). Boys will arrive at the age of 16-plus and stay for two years, each year having only two long terms. The old boy net and the old school tie will be no help for British boys going to St Donat's. Pupils will come from grammar and other day schools on the recommendation of headmasters and local education authorities. If successful, the college is intended to become the prototype for others abroad.

Though a distinctive experiment, Atlantic College nonetheless does show two facets that are becoming part of the mainstream of education in this country. The first is the increasing emphasis on corporate activity outside the classroom, but not necessarily on the playing field. Both St Donat's and Gordonstoun offer training in mountain and sea rescue, fire fighting, animal rescue and wild life preservation. But expensive schools such as these are no longer alone in providing such opportunities.

Thus, Outward Bound Schools, founded 21 years ago, train over 4,000 boys and 500 girls annually in seamanship, mountaineering and rescue work. Similar, but broader in scope, is the Duke of Edinburgh's Award Scheme operated by 300 organisations of all kinds, ranging from public schools to nationalised industries. Many other bodies also do valuable work. For example the Brathay Hall Centre in the Lake District takes boys from industry and school on courses and expeditions at home and abroad. The British Schools Exploration Society sponsors ambitious trips to arctic and mountain regions. The Boy Scout Movement, anxious to maintain its momentum, encourages its senior scouts to take part in such activities. At the extreme, the widest range of pursuits is offered by the Central Council for Physical Recreation which co-ordinates activities ranging from ballroom dancing to shark and fly-fishing.

Outdoor courses help sixth-formers to mature before they enter university; many dons feel that with the abolition of national service this is very necessary. An even greater benefit accrues to boys from industry who never make the VIth form. It is significant that this lively sector of education has grown on the initiative of private groups, who are doing a task that the state would find difficult—although some bodies receive direct support from the Government (for example half the cost of Outward Bound's new Aberdovey school is being provided by the Exchequer).

The second distinctive feature of the Atlantic College is that it is solely a "sixth form college," a concept that is grist for the educational mill at the moment. Many members of the Labour party believe that the conversion of the public schools into such colleges would painlessly remove the stigma of privilege while retaining their prestige and high standards. Some educationists rightly think that rural grammar schools with small sixth forms of 40 or 50 are no longer viable. A central sixth form college may provide the answer.



Experimental St Donat's

A few education authorities see the sixth form college as a way to avoid, on the one hand, the distaste felt by many parents and some teachers for the 11-plus examination and, on the other, setting up controversial and expensive comprehensive schools. "Non-selective junior secondary schools" are set up for children at the age of 11. These schools are less cumbersome than their name, their syllabuses being less practical than the secondary moderns', and less academic than the grammar schools'. Later the children transfer to a sixth form college which prepares them for "A" and "S" level examinations and university entrance. Thus grammar school misfits are avoided and late developers get better opportunities. Leicestershire keeps all grades of children in the same schools from 11 to 14 and then transfers all who wish to remain at school for at least another two years to an "upper-school," usually a converted grammar school.

Croydon is now hoping to follow a similar plan. The 11-plus is to be abolished and those children gaining the required number of "O" level passes after 5 years in non-selective schools will go on to Addington Sixth Form College, a converted secondary school. This scheme has been adopted by the education committee, but it has been heavily criticised in some quarters. It is said that staff may not find teaching attractive in the junior secondary schools with no sixth form work available, a factor of importance when good graduate staff are scarce. But this would appear the ideal opening for the growing numbers of graduates with general degrees, who would have the stimulus of teaching some bright children.

A second criticism has been that the scheme destroys what is good (the grammar schools) for the sake of improving what is not so good (the secondary moderns). But the gap between the two has narrowed (GCE "O" level classes are common in secondary moderns nowadays) and this scheme may do much to remove ill-feeling about injustice at 11-plus, about the inequalities of status of different types of school, and would create a sixth form college of high repute to which all could aspire.

Dundee Jam

DUNDEE is the latest Scottish local authority (after Glasgow and Dunbartonshire) against which the Secretary of State has had to deploy his cumbrous legal siege train in order to secure an increase in council house rents. Dundee's 23,000 municipal houses (36 per cent of all dwellings in the town) are now let at an average of 7s. 7d. a week, the lowest council rents in Scotland, except for six houses in Orkney. The Labour-controlled council paid no attention to three warnings from the Scottish Office that action would be taken; it last raised its rents in 1958. Its housing convener, Councillor James Stewart, has now declared his party's intention "to stand firmly by our principles" and "to establish quickly and easily where the fault lies in placing an intolerable financial burden on the housing accounts of Scottish local authorities."

This means that Dundee intends to follow the familiar Dunbartonshire argument, claiming first that housing is a social service for which nominal or nil rents should be charged (an admission that existing rents are nominal) and, second, that the Government's interest rates are too high (although these can hardly be a burden if the town considers itself affluent enough otherwise to charge its householders less for their homes than they pay for renting the telly). The inquiry will duly find against Dundee, add some strictures on the conduct of the town's local government (only 28 per cent of its housing costs are covered by rents; the ratepayers have been providing 38 per cent and Exchequer subsidy the rest), and then one of two things will happen. Either the Secretary of State gives Dundee a bargaining period in which the council slowly raises its bid, or he uses his powers under the new Housing (Scotland) Act to impose a rents scheme he thinks fit. Mr Noble should apply the act promptly.

The average rent of Scottish council houses rose by 1s. 11d. a week in the half-year ended in May—to the sum of 11s. 10d. a week. Russian visitors, Glasgow town council was told last week, think it's all quite mad.

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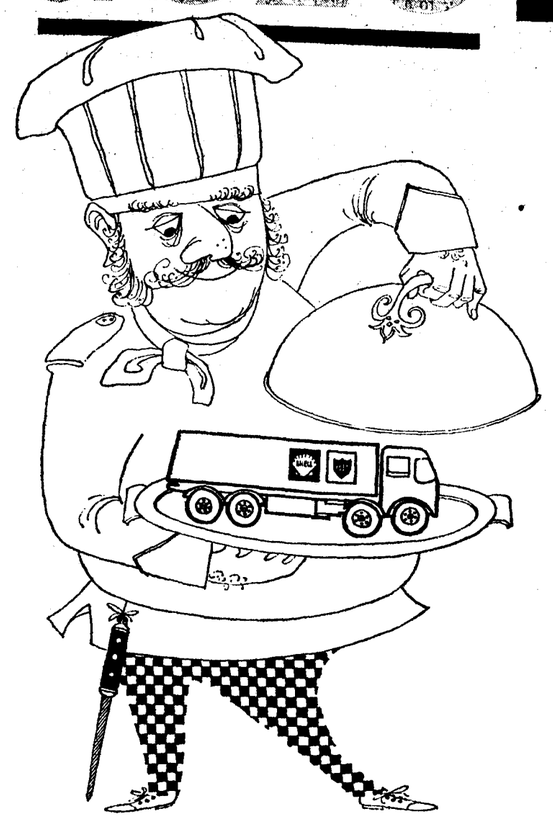

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THE WORLD OVERSEAS

Ben Bella on the Horse's Tail

After nearly a month in the saddle Mr ben Bella and his political bureau have discovered no trick for controlling the restive Algerian horse. Their trial run has not gone well. Far from following a straight true course, the riders have gone round in circles and Mr ben Bella has ended up precisely where he was before. He has failed to exploit the truce to conciliate his opponents and provoked a new upsurge of enmity from forces previously neutral. The inscrutable soldiers of the Algiers region (Willaya 4), those units of the interior who opened the gates of Algiers to him to let him get on with the job, have turned on him in a fury. In the violent clash with the military who remain the real power in the capital, he got hoist with his own petard.

The climax came on August 23rd, with rival demonstrations in Algiers. The soldiers, seizing the radio, accused him of overstepping himself in trying to oust them from power before an elected parliament could approve his plans for reconverting the army; they gleefully dubbed the political bureau as right wing and neo-colonialist. That these are the very words with which Mr ben Bella and the armed forces of the exterior, who came in from Tunisia and Morocco, once beat down Mr ben Khedda may appear as a kind of rough justice. But this is a sort of roughness that does not help. When uttering their deadly insults, the officers of Willaya 4 were carping at the lists of candidates that the political bureau had approved for election on September 2nd—and carping for carping's sake.

These lists, thanks to regional influence, were unexpectedly catholic, including such opposites as Mr Abderrahmane Farès of the provisional executive and Colonel Slimane of the general staff (whom Mr ben Khedda dismissed). Mr ben Khedda's government, the provisional executive and the political bureau were all equally well represented. There were sixteen Europeans. The army got seventy candidates in a total of one hundred and ninety-six. Willaya 4 alone boasted sixty-two (both military and civilian). These were not lists to be sneezed at. The bureau in fact had not had all its own way with them and had been unable to impress on them the entirely rubber-stamp character with which it once planned to invest Algeria's first parliament.

Thus the officers of Willaya 4 ill served both themselves and Algeria in decrying the one hopeful product of Mr ben Bella's regime. By doing so they merely played back into Mr ben Bella's hands. On Saturday he declared that because of their interference, his bureau was powerless to discharge its responsibilities. It would therefore postpone the elections, withdraw its approval of candidates, but continue to cling to the power it had not got. So Algeria was thwarted of its prospects of obtaining an acceptable government through the medium of elections, while ben Bella was reduced to clingmanship and to mustering up his supporters—four Willayas out of six, together with Colonel Boumedienne—at a rally on Tuesday at Sétif. He is therefore back where he was with two-thirds of the country behind him, but a new and tense situation in the capital. Shooting took place there on Wednesday between his armed bands and units of the Algiers army; and Mr ben Khedda spoke of a danger of civil war just as he did in July when Boumedienne's forces from Tunisia occupied Constantine. On Thursday troops from Oran loyal to Mr ben Bella were moving into greater Algiers.

It is a sad business, this paralysis of leadership in Algeria. But it is still too soon to cry "Congo." Resistance to the idea of central government is neither seriously secessionary, nor an attempt by one region or another to hog some local source of wealth to the impoverishment of the rest. The economy may be wrecked, but everyone is wrecked together. There is no quarrel over policy. Everybody is agreed about what should be done.

Climax in Algiers

Roughly, the lines of agreement are that the government be centralised; that soldiers be succeeded by civilians in administering the various regions (but soldiers may doff their uniforms to become civilian administrators); that a national army be formed of those who want an army career; that the Evian accords in a broad sense should underpin the economy; that useful Europeans should be wooed back to function in commerce and industry, the professions and civil service; and that everyone should then pull together to make a good socialist state. This is Mr ben Bella's policy, and Mr ben Khedda's and Mr Belkacem Krim's and that of most of the army including Willaya 4. Real divisions between right and left and the various approaches to socialism and international relations may appear at a later stage. They are bound to do so. But the present conflict still revolves round who is to be king of the castle and the bandying of political insults is still kindergarten stuff of the "dirty rascal" kind.

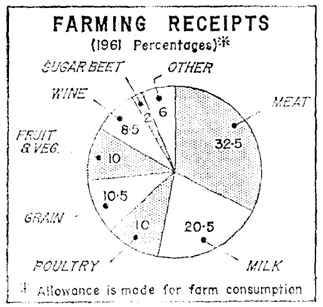
Where the political bureau has failed is not in its words and deeds, but because it is a little clique that jumped on top of the castle upon the lofty assumption that it enjoys a divine right of kings. Mr ben Bella traces this right to the fact that four of the bureau, including himself, the leader, are survivors of the "club of nine" who started the revolution. Only one of these surviving original leaders—Mr Belkacem Krim—was excluded from the bureau, but another, Mr Ait Ahmed, refused to participate in it, and Mr Boudiaf, yet another, has now resigned. The divine right is therefore dissipated. It is, anyhow, all old hat; and only if Mr ben Bella can discard his nostalgia and adapt himself to present-day Algerian conditions will he properly fill out as a leader.

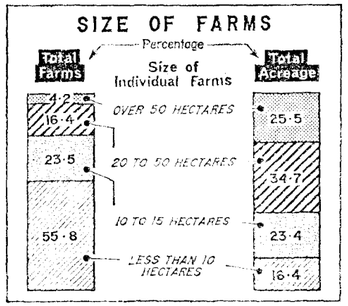
So far he has failed to do so. In those parts of the country, east and west, where he enjoys full support, he has managed well. But the centre—the Algérois and Kabylia—he has not controlled, because his clique is felt to be unrepresentative and commands no confidence. A country, tossing in transition, needs either a single leader, as King Mohammed V was in Morocco and Mr Bourguiba was in Tunisia, or else—the Algerian ideal—a collective leadership that is genuinely a coalition. This is what the political bureau is not. But elections did appear a real hope of obtaining a balanced government. More is the pity that the soldiers of central Algeria, in a fit of understandable anxiety about the political bureau's intentions towards them, should have overplayed their challenge.

FRANCE'S FARMING EXPLOSION

FROM OUR PARIS CORRESPONDENT

Outlets Wanted

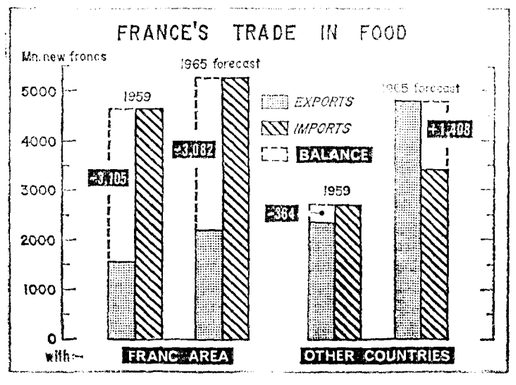




THE common market negotiations brought home that French farming is a factor in European politics, not to be ignored without peril. Tillage and pasturage are no longer *les deux mamelles de la France,* as Sully called them. Still, with more than 21 million hectares of arable land and more than 13 million hectares of pasture (1 hectare = 2.471 acres), France accounts for nearly half of the agricultural area of the whole common market. Its share of the agricultural manpower, by contrast, is less than a third; France, with 3.2 million men employed in farming (statistics of female labour are too inaccurate to allow comparisons), takes second place to Italy. Agricultural employment in France has declined by some 35 per cent since 1921. But in the last ten or fifteen years, a dynamic expansion of farm output has gone on unhindered by the continuing drift from country to town. How to absorb this output has become the common market's problem.

French agriculture, long somnolent behind protective walls designed to preserve the social fabric of the country, was awakened in the postwar period by the massive introduction of modern equipment. The tractor park rose from 35,000 in 1938 and 68,000 in 1948 to more than 800,000 now. For combine harvesters the figures are respectively 260; 1,160; more than 60,000. Fertilizer consumption has roughly trebled since 1938. Naturally, the impact of this transformation has not been the same for the big modern farms and for the bulk of small producers just emerging from subsistence farming. The general trend, however, is upward. Between 1949 and 1961 farm output rose by 2.5 per cent a year on average. If the pause from 1954 to 1958 is excepted, the average rate of increase was 4.5 per cent. The fourth plan, when it assumes that agricultural production in 1965 will be 30 per cent higher than in 1959, anticipates the same rate of growth.

Production forecasts for 1965 are expectations rather than desired objectives. Until the common agricultural policy is in full operation, the French government can influence production by fixing guaranteed prices. Under the French arrangements, the guaranteed price does not necessarily apply to the entire domestic supply of a given commodity; its application may be restricted to a certain volume, called the *quantum*. Beyond the quantum, sellers have to be content with the prevailing (lower) market price. Thus, out of the wheat production expected for 1965, some 8½ million tons should enter the market, but the guaranteed quantum is intended to be only 6¾ million tons. In other words, the government would like to check the expansion of wheat. For milk, too, the desired output is ten per cent lower than the expected one. For meat and eggs, official hopes and expectations coincide.



The government can and does try to influence the pattern of production; but the probability that farm output as a whole will continue to grow, and that exportable surpluses will grow even faster, are facts which it has to face. If food production in 1965 is to be 30 per cent higher than in 1959, home consumption—after account is taken of a population increase of 4.8 per cent—is expected to be 21 per cent higher. Exports of foodstuffs should rise by about two-thirds over the same period. The hope is that in 1965 France will export about six million tons of grain (half of it wheat), 160,000 tons of dried or concentrated milk, 70,000 tons of cheese and 50,000 tons of butter. Some 250,000 tons of beef and 100,000 tons of pork should be shipped abroad in that year. Wine and spirits are scheduled to bring in 1,110 million new francs, but the biggest increase is to come in the export of fruit and vegetables which should reach, respectively, 330 and 148 million new francs. Efforts are to be made to improve storage and distribution and to develop processing industries.

French officials are confident of being able to sell more food to the franc area whatever happens to the French community. Yet it is outside that area, and chiefly within the common market, that the increase in French food exports is to be most striking. Predictions of the course of foreign trade have to be tentative.

FRENCH TRADE IN FOOD WITH EEC
(mn new francs)

	French imports from				French exports to			
	1960	Per cent*	1961	Per cent*	1960	Per cent*	1961	Per cent*
Germany	161	3·3	124	2·2	897	19·3	1,079	20·0
Italy	264	21·2	230	15·2	243	12·3	348	14·5
Netherlands	426	36·9	356	28·6	102	11·2	179	15·2
Belg.-Luxemb'g.	146	8·0	176	8·8	242	9·5	264	8·9
Total EEC	997	10·9	887	8·5	1,484	14·7	1,870	15·6

* Percentage of imports or exports of all goods including industrial products from and to each country.

Much will depend on the size and shape of the European Community, on the character of the common agricultural policy in general, and on price policy in particular. France is, relatively, well poised for the next round of price negotiations in Brussels. Its farm prices for wheat and beef are well below the Community average; for milk, eggs and sugar beet they are just below that arithmetical mean. And indeed, the balance of French trade in food with its common market partners is favourable.

French exports to the other five countries of the common market have been rising fairly fast but France's share in the food imports both of its partners and of other industrialised western states is still very small. Possessing half the Community's effective agricultural land, and having plenty of scope still for modernisation, the French hope to increase that share substantially. In their calculations, the British market figures sometimes as a tantalising prize, sometimes as a hazardous complication. One reason why the French negotiators have been awkward, and are likely to remain so where farming is concerned, is that the awakening of French agriculture has raised major social problems at home.

Struggle for Survival

MODERN farming methods, as they spread, change the social structure of the French countryside. For some 100,000 large-scale farmers, working on 50 hectares of land or more, employing the bulk of hired labour and accustomed to mechanisation, industrial methods of production and accounting were no novelty. For over a million small producers, working on less than ten hectares, on the other hand, the growing cost of the means of production has meant a change from semi-subsistence farming to the full blast of a modern market economy. Such a transition cannot take place without strains and victims. The recurrent peasant demonstrations, with farmers blocking the roads with their tractors, or otherwise plaguing authority, have to do with this social transformation.

The figures given in the chart "Size of Farms" were computed on the basis of the 1955 census. Since then, 100,000 people have been leaving the land every year and this migration has resulted in amalgamations. Among the one and a quarter million farms of less than ten hectares, there were 380,000 of less than two hectares. For the bulk of their occupiers farming was only a part-time activity. The other interesting feature is that even seven years ago, two-fifths of all French farms were being managed by people over 55 years of age. The inadequacy of old age pensions explains the ageing structure of the agricultural population. Many old farmers cling to the land even if they hardly earn their subsistence.

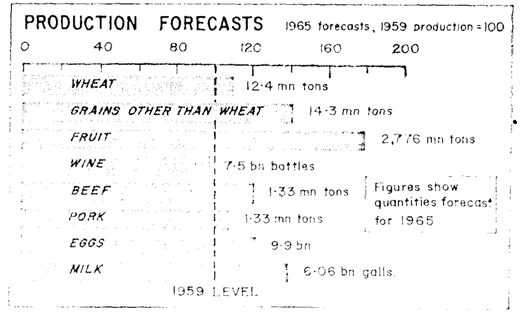
In spite of this peasant resistance, the number of small farms has certainly fallen since 1955. It is not yet clear whether it was more the big farms, or the medium ones, that seized this opportunity to increase their size. In any case, peasants squeezed off their land moved into town in preference to hiring out their labour in the country. In 1954 there were 612,000 full time farm labourers and 413,000 seasonal ones. Wage-earners accounted for less than 30 per cent of agricultural manpower. The proportion has probably declined still further. The modernisation of farming did not involve a greater use of hired labour, but rather a heavier outlay on capital equipment. The use of machinery is no longer limited to big farms. Younger men, who have entered the profession since the war, have sought a chance of survival in mechanisation. Heavily in debt, they are worst hit when the receipts do not come up to expectation. It is no accident that young men on tractors have been the leaders of peasant demonstrations in recent years.

These changes have gradually found reflection in the policy of farmers' unions. In the past, these unions, dominated by big landowners, were merely asking for tariff walls and higher home prices. The latter slogan was a common denominator for the big wheat and sugar-beet growers of the Paris basin or the north, trying to consolidate their advantage (in the Ricardian term, to reinforce their differential rent) and for the mass of smallholders, hoping to survive at the margin. The first sign of transition was the appearance of the new, and rather vague, slogan of "parity with the towns". But in the last couple of years or so, under the growing influence of Young Farmers' Circles, the unions have been making entirely new demands. They have been asking for the shortening of the distributive circuit and for tax privileges for co-operatives. They are demanding a reform of property laws to give security of tenure, and a prohibition of the purchase of land by non-farmers. They want the regrouping of small parcels of land to be speeded up, and demand that efficient small producers should be helped to acquire enough land for economic working. The elimination of the tiny farm seems to be taken for granted. The struggle for the survival of the medium farmer is now on.

These demands have put the government in a dilemma. On one hand, it does not want to interfere with the working of free enterprise and hinder the process of concentration. On the other, French rulers, particularly since Napoleon, view the farming community as the conservative backbone of the nation. Left to themselves the forces of the market tend to reduce entire regions of the centre and the south-west to what has been described as the "French desert". Besides, prosperous medium-sized farmers are less dangerous politically than a growing urban proletariat. If governments have hesitated which road to follow, the agricultural law of 1960 and even more the Pisani decrees, enacted last month, have been largely inspired, at least on paper, by the demands of the young farmers mentioned above. In particular, special official bodies are to be given priority (or the right of pre-emption) in the purchase of land coming up for sale.

It remains to be seen how the laws will be applied. The criteria for both the priority and the subsequent distribution are still to be determined. In any case, other factors, too, are bound to affect land redistribution. The price of agricultural land of a given quality in France is only a third of what it is in Germany, and it is likely to attract purchasers from the other common market countries when the common agricultural policy will be in full operation. The opening of frontiers may also increase the inflow of foreign (particularly Italian) agricultural labour.

On the whole, the common market is bound to accelerate the process of concentration. A table of French farming structure in, say, 1970 is certain to be strikingly different from the one given here. All that is in question is whether large estates or medium farms will have gained most in the meantime. With fair confidence it can be predicted that French agriculture is doomed to larger units of production, to higher output and to growing surpluses. The transition will continue to be painful and politically troublesome. In the circumstances, it is not surprising that French negotiators are bargaining hard for extra income from exports, with which they may hope to soften the impact of their country's agricultural revolution.



New Pirates on the China Coast

FROM OUR CORRESPONDENT LATELY IN MACAO

MACAO'S Portuguese authorities have proudly announced that their colonial garrison of giant blackamoor troops from Mozambique will be replaced by white troops. The announcement coincided with accusations from Peking that the little colony was harbouring Chinese Nationalist saboteurs, who were blamed for mysterious and apparently pointless explosions across the border in China. But in fact the changing of the guard was dictated solely by a Lisbon decision to pay all loyal troops abroad on the same scale, irrespective of colour.

There have been other strange Macao involvements with the international scene during an eventful month, but as usual the involvements prove on examination to be indirect and subject to external influences. Portugal, for example, finally exacted tribute from Macao's Indian nationals, who, after being detained as a reprisal for Mr Nehru's "exhausted patience" in far-off Goa last year, were deported amid tearful farewells from old Portuguese, Chinese and Eurasian friends and neighbours. The 14 men, 10 women and 39 children, still slightly bewildered, all had to go, but civilised Macao officialdom, with a sympathetic eye to the telescope, ensured that they would not lose their humble savings. There is indeed considerable selfish indignation in high places in Macao at the deportation on Lisbon's orders of these Indians. Four old men among them controlled the thriving goats'-milk industry, which, in the absence of reliable dairies, was regarded as vital to the health of the colony. There is little confidence that the Chinese who bought the 300 pampered goats will care for them as tenderly as the Indians did. Most of the deportees will try to make new lives in Hongkong.

Other notable events have confirmed the theory that Peking, despite its forced grumbles about saboteurs, exercises the strongest influence in Macao. To illustrate, the contract for a monopoly of the import of gold into Macao—which means, of course, a monopoly of gold-smuggling out of Macao—was surprisingly renewed for another two years with the old syndicate headed by the redoubtable millionaire member of the Communist party, Comrade Ho Yin. Comrade Ho combines chairmanship of the Macao Chamber of Commerce with membership of the Peking National People's Congress. He pays regular visits to Canton in his shining American limousine (with the status number of 555), bearing to his party superiors transistor radios, cameras and other capitalist tokens of affection and good will. His syndicate's success in renewing the contract—on terms which were, as usual, undisclosed by the Portuguese government—surprised local observers and depressed the new gambling syndicate from Hongkong, headed by Mr Stanley Ho (no relation of Comrade Ho Yin) and Mr Teddy Yip. The Ho-Yip syndicate had had high hopes of winning at least a share of the long-standing Ho Yin gold monopoly because of its pledges of a generous allocation from the profits of its newly won gambling casinos to Macao investment and industry. "Stanley and Teddy had better join the party" is the cynical judgment in Macao.

Peking's influence in Macao affairs was made manifest even more blatantly by the constitution of the official mission which left last week to promote trade between Macao and Portuguese Angola and Mozambique. The Portuguese chief of Macao's economic department went along for the ride, but the other four members were all Chinese nominees of Comrade Ho Yin.

On the cultural front, Macao's debt to Australia was deepened by final agreement that 150 greyhounds would be imported from Sydney kennels to the new dog-racing stadium, to help Macao in its effort to attract tourists. Already 10 Australian-made poker-machines, known to the Chinese as "hungry tigers," are operating profitably in the colony's new casinos. One of these machines last week paid off a 1,500-to-one jackpot to a normally impassive Chinese woman, who immediately had hysterics; a more resounding event, supporters of the gambling industry insist, than any explosions across the border.

Even the operations of these innocent Australian machines by the Ho-Yip gambling syndicate have fallen under the baleful shadow of Comrade Ho Yin. Angered by the intrusion and ambitions of the upstart Hongkong syndicate, he has scheduled the departure of his late-night ferry steamers to Hongkong for 1.30 instead of 3.30 a.m. Mr Ho and Mr Yip are accordingly planning to augment the already extravagant ferry service between Hongkong and Macao with their own vessels and also, it is whispered, to hand out free tickets to foil the Ho Yin syndicate. "It was simpler in the old days," as Mr Stanley Ho observed, "when the pirates on the South China coast had never heard of communism."

Spain's Buoyant Summer

FROM OUR SPECIAL CORRESPONDENT

DESPITE the deflation of "European" hopes caused by their government's reprisals against Spanish participants in the Munich congress last June, most articulate Spaniards are in a buoyant mood. Primarily, no doubt, because of the bracing tang of prosperity that is in the air. Coastal towns report up to 25 per cent more foreign tourists than last year. The Spaniards themselves, foreign tourism and the spring strike wave having fattened many of their pay-packets, are streaming to beach and mountain in greater numbers than ever before. And at times horrifying mushroom growth of hotels, motels and holiday "chalets" is, of course, breaking out on every promising site. But factories and dams are being built, too, and new blocks of flats are reshaping many a skyline.

But the recent government changes and the long-awaited handing-over of the World Bank report have also contributed to the buoyant atmosphere. The new minister of labour, Sr Romero Gorria, has made a favourable impression by dropping the more puerile clichés of *sindicato* (official labour organisation) cant and stressing the "urgent need" to raise the living standards of Spanish workers. During August, to everyone's surprise—and not least to the surprise of the *sindicatos* themselves—he intervened, in the workers' favour, in a wage dispute in the pyrites mines of the Rio Tinto. This method of heading off labour trouble is an innovation; it is expected to be repeated. The new minister of information, Sr Fraga Iribarne, has committed himself to a revision of the press code, and greater freedom of expression, before the end of this year. It is no longer fashionable in official circles to sneer at democracy. What to do instead presents something of a problem. Sr Fraga Iribarne declares that Spain is evolving the kind of democracy best suited to its national character. Last week he allowed his censors (not yet unemployed) to pass for domestic publication a statement by the Spanish ambassador in Washington of the kind that used to be made strictly for foreign consumption; it spoke of Spain as "advancing step by step toward a regime of liberty, economic progress and social justice."

The government's ready acceptance of the World Bank report (discussed in *The Economist* last week, page 720) has strengthened confidence in the country's economic future. Its essential points were approved by the Spanish ministers who handle economic matters before it was handed over, and a development plan incorporating its recommendations is already being drawn up. Satisfaction greeted last week's announcement that the United States government is to subsidise the expansion of scientific research and technical education in Spain.

Even the news of the suspension of the Brussels negotiations between Britain and the European Economic Community—officially deplored because it will delay consideration of Spain's own application for associate membership—failed to cause any real dismay.

Officials covertly, and many liberal Europeans openly, are pleased that Spain has been given a breathing space in which to improve its economic and political standing. The pro-Europeans are still angry at the government's silly attempt to write off the Munich congress in June as a communist-inspired gathering, and at its spiteful treatment of the Spanish participants. They produce photostats of the letter dated June 2nd, witnessed by a notary, in which Sr Gil Robles informed the government that he meant to attend the congress and gave notice of the policy he intended to advocate.

But these same pro-European critics claim to know that at least half the members of General Franco's cabinet would have preferred a more statesmanlike response to the Munich congress: these were, generally, the ministers who had successfully advocated a conciliatory approach to the Asturian and Basque strikers. General Franco appears to have decided in favour of the backwoodsmen on the Munich issue for no better reason than to maintain, as is his custom, the internal balance of forces within his government. For all that, the regime's backwoods element was weakened in the July cabinet changes, and many Europeans expect the measures against Sr Gil Robles, Sr Prados Arrarte and their friends to be rescinded after a fairly short face-saving interval.

In this buoyant atmosphere, there has not been much sympathy with the Asturian miners who suddenly went on strike in mid-August, in one pit after another, for "*la semana inglesa*" (the five-and-a-half-day week). The Communists, while broadcasting, via Prague, praise of the miners' pluck, were embarrassed. They appear now to be opposed to unlimited strikes in single industries which may expose, isolate and exhaust the strikers; their preference is for co-ordinated stoppages of one or two days. Non-communist ind[illegible] grumbled that the Asturians had jumped the gun; having won substantial increases in the spring, they ought now to be content to support other groups of workers in the strike movements that are expected to develop in less favoured areas during the coming winter. [illegible] that a fresh wave of strikes is inevitable, one was hastily assured; the new minister of labour was ready to repeat his Rio Tinto intervention where collective bargaining broke down. Even on the generally sombre labour front, a more hopeful outlook is discernible.

Post Mortem on New Guinea

FROM A CORRESPONDENT IN AUSTRALIA

AUSTRALIANS feel that their country has cut a poor figure in the affair of West New Guinea. Perhaps it would have cut a poor figure whatever it had done. It could hardly, at this late stage, have gone to war as the sole ally of the Dutch, without British or American support, in order to maintain a colonial power that is in haste to get out. Still, the fact remains that Australian policy over the last dozen years has failed to prevent the worst possible result from Australia's point of view, namely the rewarding of Indonesian aggression.

If the outcome was to be the enforced cession of West New Guinea, though with a masquerade of negotiation, and if Australia was to acquiesce, then it would have been better to take a different attitude from the start to the Indonesian claim, and at least press the Dutch to negotiate, and so avoid raising false hopes in The Hague. In that case, too, Australia would have done better not to use its influence to prevent the matter being dealt with in the United Nations; the Dutch capitulation might then have been a less painful one than the present agreement. If it had been made clear to the Dutch years ago that they would get no military support, they would have been spared the wasted expense of their programme of rapid development and the humiliation of having to abandon it after two years. The Papuans whom they were educating to take over the government would not now be faced with the disappointment of their hopes (for what faith can they have in an Indonesian undertaking to allow them self-determination by the end of 1969?) or with the fear of being persecuted by their new masters for having collaborated with the Dutch. The ostentatious build-up of Indonesian force would not have taken place; and Australia would have avoided a sad display of weakness.

Under a Labour government Australia had played some part in promoting the handing-over of the Netherlands East Indies to the Indonesians. But the Menzies government that followed, not being anxious to share a frontier in New Guinea with an unstable power, which might go communist, was very content that West New Guinea had been reserved for further negotiation and was still in Dutch hands. It did not, however, wish to say so, since whereas the Indonesians would be in the area forever, the Dutch clearly would not—though no one at that stage would have dreamed that they could be forced out so quickly. In vain, therefore, did the Dutch press Australia for a promise of military support in the event of attack. The most they could get (in 1957) was an agreement on administrative co-operation which proclaimed it as the aim of both powers eventually to bring their Papuan populations to self-government. In a communiqué after the visit of the Indonesian foreign minister to Australia in 1959, Australia stated its recognition of Dutch sovereignty as a legal fact but added (without any proviso here about Papuan self-government) that if the Netherlands and Indonesia agreed without duress upon a change of sovereignty, Australia would recognise that agreement.

Meanwhile Australian policy was to seek repeated assurances from Indonesia that force would not be used. In the intervals of giving these assurances Indonesian leaders would make warlike speeches, whereupon the Australian ambassador to Indonesia would protest that his government would view with grave concern, or could not regard with indifference. No wonder the Indonesians were not impressed. They were rapidly building up their armaments, while Australia's own meagre defence expenditure was allowed in real terms to slide down. When eventually Indonesia [illegible] a small way use force, Australia became loud in favour of negotiation.

In the upshot, Australia now has to its north a country which has ten times its population and considerable military strength. Indonesia has been taught that force can be made to pay without actually using it. Sir Garfield Barwick has obtained Indonesia's assurance that it has no designs on the Australian half of New Guinea, but that might not be worth very much. There is more comfort in the thought that any attack on Australian territory should qualify for American assistance under the Anzus pact—but the United States might be otherwise engaged; or a new Mr Bunker might appear with a new compromise plan.

Meanwhile the discomforts of sitting on the fence are not yet ended. Eight thousand Papuans from West New Guinea have applied for entry into Australian New Guinea. To accept them would no doubt offend Indonesia and in any case would add greatly to the administrative problems and costs of the Australian territories. To refuse them is to expose them to the danger of Indonesian revenge, and perhaps to increase cynicism and distrust among Australia's Papuans about the promises of advancement and self-government on which they also are being brought up. The Minister for External Affairs has said that applications for entry will be dealt with on their merits and it remains to be seen what this means.

Given another two years or so, the Papuan elite of West New Guinea might have commanded enough respect as politically conscious people to plead their own case before the world. They were overtaken by the speed of events, as Australian policy was also. The lesson is being drawn that a nation cannot hope to persuade its allies to safeguard its interests without taking any active steps itself, nor aspire to be a guardian of the peace without visible strength and an apparent readiness to use it.

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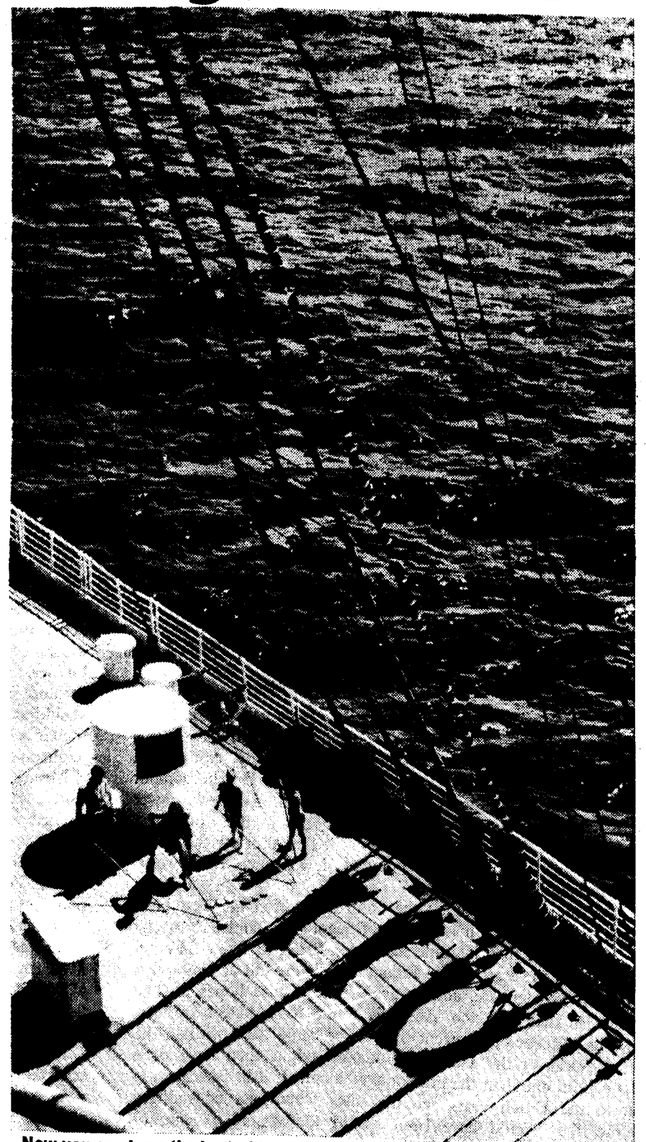

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AMERICAN SURVEY

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

New Stage in Space

WASHINGTON, DC

A SORT of cyclical rhythm has prevailed in the American space programme, whether the President has been General Eisenhower or Mr Kennedy, ever since the Soviet Union shocked the United States by launching the sputnik which opened the space age in late 1957. That first Soviet feat and the successive Russian accomplishments in space have all been followed by reassuring statements from American officials, politely minimising the extent of the Russian achievements and insisting that space exploration in the United States is proceeding on a satisfactory and orderly basis with no need for acceleration. On each occasion, however, not much time has passed before the American programme has indeed been speeded with additional spending and perhaps with some reorganisation of the general space effort. Then agitation in the United States for more activity in space has settled down again until the next Soviet surprise.

Following the most recent of these surprises, the twin orbiting of the two Soviet cosmonauts, the point has now been reached in this cycle where the Administration is planning to increase still more its now massive spending for space exploration after having intimated not many days ago that no such expansion was in prospect. The difference this time, however, is that the latest Russian success has provoked a basic change in policy: greater emphasis is being put on the military aspects of space. This has long been desired by the Air Force and the precision with which the Russians performed their double orbit gave the Air Force and its partisans in Congress a chance to propagate a nightmarish prospect of the Russians winning dominance in space and developing the ability to bring the United States to its knees by putting into orbit hydrogen bombs that could set the entire North American continent aflame. As President Kennedy pointed out in his press conference last week, it is difficult to see how supremacy in space can change the military balance of power as long as both sides in the cold war are able to annihilate each other with intercontinental ballistic missiles. Nevertheless, at the same press conference the President confirmed, as had already been rumoured, that there was to be a stepping-up of military spending in space.

The most likely immediate effect will be an increase of $500 million in the Air Force's space budget, to a level of $2 billion for the next fiscal year with greater spending likely in succeeding years; at the same time, the $3.7 billion at present allowed for the National Aeronautics and Space Administration, operated by civilians, may climb as high as $5.5 billion next year. This means that the Air Force has been given unwitting help by Major Nikolayev and Colonel Popovich in its five-year struggle for funds to build spacecraft with specific military applications rather than with the mainly scientific purpose of exploring the moon and the planets.

For the past eighteen months, the Air Force has been fighting Mr McNamara, the Secretary of Defence, and his young civilian assistants for a greater role in spacedom. As part of his campaign to resist the insatiable desire for more money of the uniformed services generally, and the Air Force specifically, Mr McNamara has staved off the Air Force's plans for a bigger space programme, but the scare talk generated by the orbiting of the Russian twins is forcing him to relent and to back down on his original statement that the latest Russian feat had no military significance.

The long and more basic struggle, however, has been waged between the Air Force and NASA, an agency created by Congress after the launching of the first sputnik for the precise purpose of preventing the military from controlling the space programme. Until now NASA has had all the best of it in what, apart from the enormous size of the stakes, amounts to a fairly typical Washington inter-agency struggle for power. All attention has been directed on the race to reach the moon and the civilian agency has responsibility for that effort. Moreover, the well-publicised activities of NASA and its glamorous astronauts are better suited to the vital task of enhancing the world prestige of the United States than are the Air Force's hush-hush activities in space.

So the grand designs in space of General Le May, the Air Force Chief of Staff, have been frustrated and he has been limited primarily to the secret launching of the "spy in the sky," unmanned reconnaissance satellites. The Air Force has made no progress so far, for example, in its plan for huge stations in orbit which would test the ability of man to exist in space for long periods of time. NASA once considered the development of such space stations but discarded the idea for fear that this might siphon money away from the primary goal of reaching the moon. Yet, says the Air Force, a space station would have incalculably more military value than a lunar expedition.

Now the Air Force may be able to start soon on such a project and at least it will be able to accelerate its plans for the Dyna-Soar, a winged spaceship far more manœuverable than the bullet-like capsules which carry the astronauts and of military importance because it can be controlled when re-entering the atmosphere and can land on conventional airfields. Opposed by Mr McNamara for reasons of economy and by NASA on the grounds that it duplicates present manned flights in space, Dyna-Soar is now expected to move out of the blue-print stage. Similarly, the Air Force seems likely to get more money for the development of bigger, more powerful rockets.

NONE of this means that NASA's programme is about to be cut back. The civilian agency may even accelerate its schedule enough to pull off a day-long orbit by an astronaut before the end of the year and it will keep to its plans to put a man on the moon before 1970 (and hopefully before the Russians do) and on Mars and Venus after that. Just this week, NASA performed its most impressive launching of an unmanned satellite, successfully firing off a spaceship that should come within 10,000 miles of Venus by December. And if the Air Force has powerful partisans in Congress, so does NASA. Senator Kerr of Oklahoma, one of the great lords of the Senate and chairman of the Senate Space Committee, is a powerful patron for the agency and has placed one of his *protégés*, Mr James Webb, as head of NASA.

What really has happened is that Congress has become increasingly uncritical about requests for funds for space, whether for lunar exploration or for the development of military spaceships. With few members able to appreciate the intricacies of this new world and most of them utterly unaware of the feuding between military and non-military spacemen, Congress tends to rubber-stamp any space proposal sent to it just to be on the safe side. The space budget is, in fact, rapidly approaching the status of a sacred cow which the defence budget already has in the halls of Congress. The scattered taunts of "moondoggle," heard from Republicans last year when Mr Kennedy first outlined his plans for exploring the moon, seem today like memories from another age.

Now and then a few rambunctious souls in Congress question whether the space programme is worth quite so much money at a time when domestic spending is under severe curbs. Senator Proxmire of Wisconsin, a gadfly Democrat with a flair for the unconventional, has been accusing NASA of waste and profligate spending, particularly in the construction of its new space centre at Houston, Texas. Other Congressmen are fearful of the impact on scientific research in general of the huge demand by NASA for scientists and this draining away of scientific talent is likely to be aggravated by the Air Force's greater activity in space. Some even dare to ask just how much a military spacecraft such as the Dyna-Soar adds to total defence preparedness and whether the frightening talk of Russian world conquest through space vehicles is not merely an Air Force ploy to win approval of its long-pending space proposals. But these are mere voices in the wilderness and they will do little to inhibit what may soon be the most expensive single endeavour of the government.

Congressional Record

LEGISLATORS will have earned their rest over the coming Labour Day weekend—in spite of its name it is a national holiday in the United States—if Congress allows itself even this much relaxation in its sudden last-minute rush to do what President Kennedy has asked and leave a record behind it in Washington on which to fight this autumn's election campaign. The record will be impressive in Mr Kennedy's view—obviously he has been forced to modify his ideas about what can be called impressive—if action is taken on the farm Bill, the drug Bill, the trade expansion Bill, the bond issue for the United Nations and the constitutional amendment outlawing the poll tax. This was the list given by Mr Kennedy at his press conference last week but in addition, in his nation-wide economic address a week earlier, he had asked for tax revision, for help for higher education and for unemployed young people, for more public works and for another extension of unemployment benefits for those who have been jobless for so long that they have exhausted their rights under the insurance scheme.

The last measure was turned down unexpectedly this week by the Ways and Means Committee of the House of Representatives, under the influence of the general improvement in the economic indicators during July; these made anti-recession measures seem less urgent. But the House has now approved the public works Bill, already passed by the Senate in a slightly different form; neither version gives the President as much as he wanted in the way of stand-by authority to help depressed areas in the event of a recession, but both provide generous amounts for this purpose for immediate use. The Bill authorising the United States to buy bonds issued by the United Nations to finance its operations in the Congo and the Middle East will not be brought up in the House until next week, in order to give the Administration time to try to undermine the opposition which endangers this measure, and consideration of the Bill appropriating funds for foreign aid has been postponed until September 19th for the same reason. On the other hand this week the House has dealt satisfactorily with the poll tax and has accepted without question the Senate's amendments to the communications satellite Bill; this makes it unnecessary for the Senate to vote on this Bill again and ensures that there will be no opportunity for yet another delaying action by its critics.

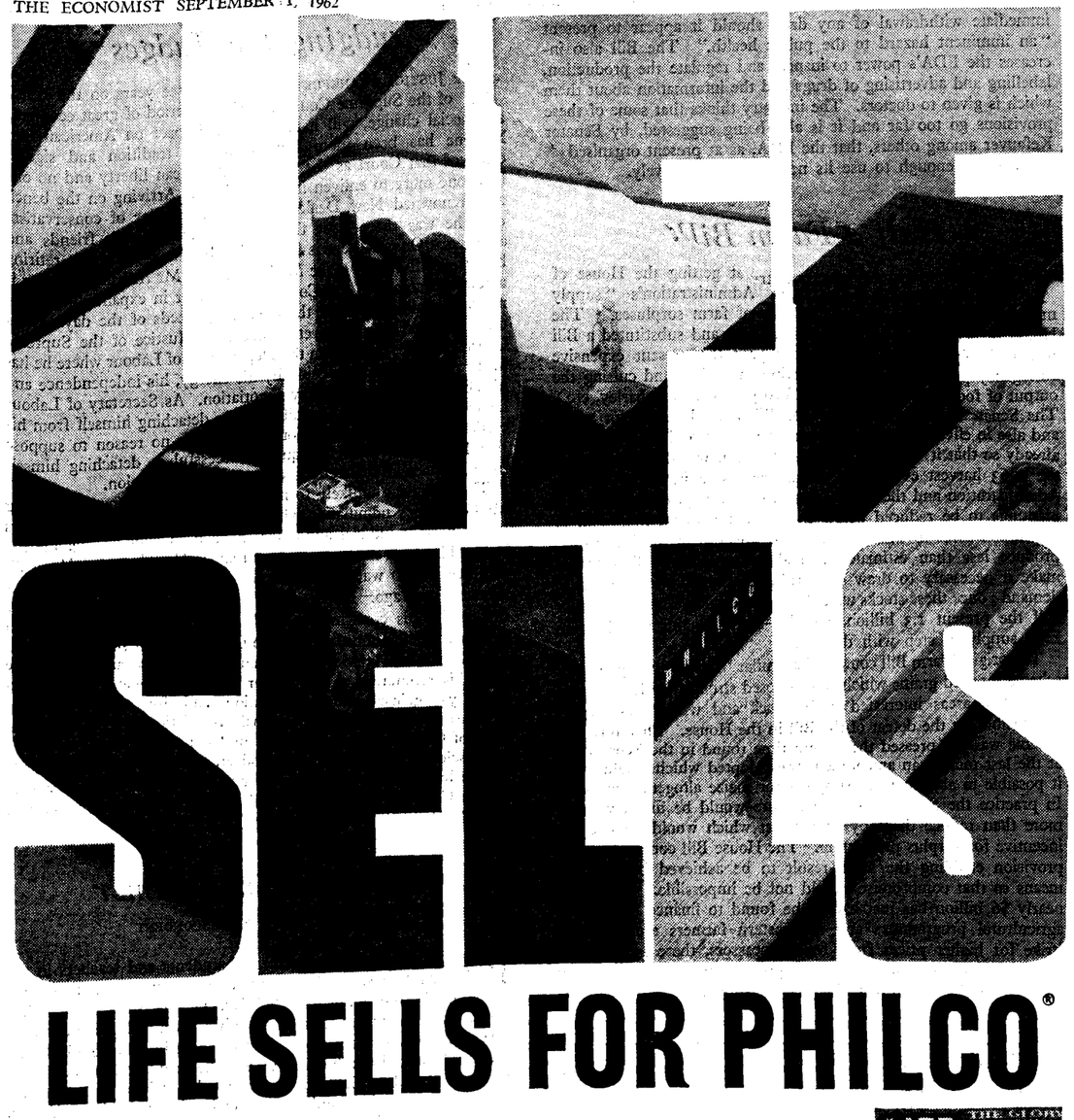
The Senate has been working even harder, as it needed to do. It has passed quite a satisfactory farm Bill, although it is one which may be hard to reconcile with the House's version, and a drug control Bill; the companion measure in the House has not yet come out of committee. The reverse applies to the trade expansion Bill, which has been passed by the House but is still in committee —and apparently in some difficulty—in the Senate. This has, however, made it possible for the Senate to deal this week with the tax revision Bill which might well have been lost in the rush to get home if it had been left to the end of the session. What comes out of the Senate, however, will probably be only a very emaciated version of the tax changes which the President wanted originally, or of those which the House gave him. But at least it will be better than nothing and, if all goes well with the trade Bill, this will provide a triumphant end to this disappointing session.

Kefauver's Justification

THE Drug Industry Bill of 1962 should really be called the Kelsey-Finkbine Bill after the two women who gave substance to what had been until then only a piece of shadow boxing with the drug manufacturers. It was Dr Kelsey and Mrs Finkbine who dramatised in the popular imagination the need for more control of the industry, demonstrated by America's narrow escape from the thalidomide disaster which struck Europe's babies. Suddenly the Bill to tighten the regulations governing the manufacture and sale of drugs, on which Senator Kefauver had held hearings two years ago and which had just been reported to the Senate in a form so weak as to be comparatively useless, in his view, became a piece of "must" legislation in the opinion not only of the President but also of the Senators and Representatives who have to face the voters in November. Even the drug manufacturers, recognising that they must do something to re-establish public confidence in the safety of their wares, withdrew most of their opposition to the original Kefauver proposals. All but one of these were promptly restored to the Bill. It has now been passed by the Senate and is expected to sail through the House of Representatives. The only serious omission now, according to Mr Kefauver, is the absence of any attempt to force manufacturers to release their patents sooner and thus to reduce the present "monopolistic" prices of drugs.

Dr Kelsey became a heroine because, as an official of the Food and Drug Administration she refused to allow the sale of thalidomide in the United States in spite of great pressure from the manufacturer. The new legislation strengthens the agency's power to prevent the commercial marketing of a new product until it has been approved. Mrs Finkbine, who wanted an abortion because she had used the sedative and feared that her child would be deformed, had obtained the thalidomide abroad; but it had in fact been prescribed for nearly 1,600 patients, including about 200 pregnant women, in the United States by doctors who had received experimental samples from the manufacturers. The Bill authorises the FDA, which is already expanding its control over clinical trials of new drugs, to demand reports on tests and to require that these should be made on animals before humans and that the interest of the patient should be considered.

One of the most important provisions of the Bill is that a new drug must be proved effective as well as safe before it is sold commercially. Another allows the government to order the



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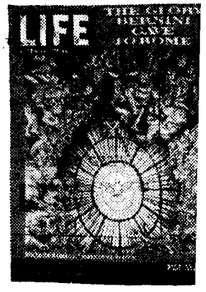
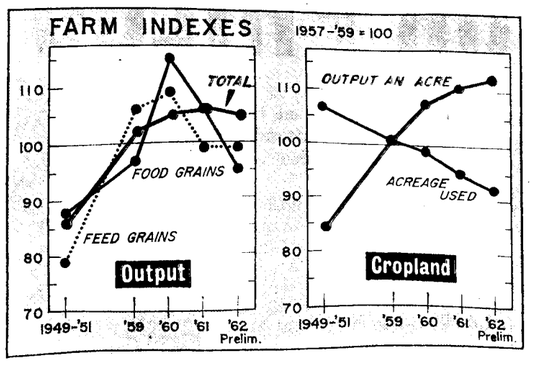


immediate withdrawal of any drug should it appear to present "an imminent hazard to the public health." The Bill also increases the FDA's power to inspect and regulate the production, labelling and advertising of drugs and the information about them which is given to doctors. The industry thinks that some of these provisions go too far and it is also being suggested, by Senator Kefauver among others, that the FDA, as at present organised, is not efficient enough to use its new powers effectively.

Half a Farm Bill

THE Senate is having a second try at getting the House of Representatives to accept the Administration's "supply management" answer for the problem of farm surpluses. The House turned this down early this summer and substituted a Bill which simply extended for another year the present expensive emergency programmes for supporting the prices and cutting the output of food grains (wheat) and feed grains (maize, barley, etc.). The Senate's version of this second Bill does the same for maize and also in effect for wheat, since next year's crop is being planted already so that it will be hard to apply the new scheme until after the 1963 harvest even if the House agrees to it. But then the Administration and the Senate want to make it possible for wheat plantings to be reduced below the present national minimum of 55 million acres to whatever level the government decides would produce less than estimated annual consumption. This would make it necessary to draw on surplus stocks of wheat to satisfy demand; once these stocks were down to a desirable reserve—about half the present 1.3 billion bushels—then the aim would be to keep supply in step with demand.

The original farm Bill contained a similar "supply-management" scheme for feed grains which was opposed strongly by Representatives from areas interested in livestock and which was largely responsible for the defeat of the Bill in the House. Therefore this scheme was not pressed the second time round in the Senate, but at the last minute an amendment was adopted which would make it possible to abolish price supports for maize altogether in 1964. In practice the Secretary of Agriculture would be unlikely to do more than reduce them by an amount which would remove the incentive for surplus production. The House Bill contains a price provision enabling the same result to be achieved by different means so that compromise should not be impossible. And when nearly $6 billion has just had to be found to finance next year's agricultural programmes and midwestern farmers are about to strike for higher prices from food processors, there is plenty of reason why Congressmen should approve some new approach to the farm problem before facing the electorate.



Judging the Judges

MR JUSTICE FRANKFURTER'S twenty-three years on the bench of the Supreme Court, covering a period of great economic and social change, will have a lasting impact on American law. No one has been more devoted to the tradition and significance of that Court as the shield of American liberty and no one has done more to enliven its proceedings. Arriving on the bench as a renowned New Dealer he became a pillar of conservatism once he was there—but the liberals were still his friends and admirers. One of them is succeeding him now that he is retiring because of ill-health. Like Mr Frankfurter Mr Arthur Goldberg is a Jew and comes to the Court as a believer in expanding governmental activities to meet the expanding needs of the day. He is the first trade union lawyer to become a Justice of the Supreme Court. He goes there from the Department of Labour where he has made an excellent impression by his energy, his independence and his ability to settle strikes by negotiation. As Secretary of Labour he appears to have had no difficulty in detaching himself from his earlier trade union connections, so there is no reason to suppose that he will not now be equally successful in detaching himself from his present connections with the Administration.

The Senate is unlikely to make any difficulty about confirming Mr Goldberg's nomination, although some of President Kennedy's less important judicial appointees have been kept waiting far too long. The most notorious case is that of Mr Thurgood Marshall, the Negro who was nominated for the Second Court of Appeals almost a year ago. He has been serving on an interim basis ever since, with his confirmation held up by a subcommittee headed by Senator Olin Johnston of South Carolina. This southern Democrat objects to Mr Marshall because of his race and because he made his reputation as the lawyer who argued—and argued successfully—against racial segregation and for civil rights for Negroes on behalf of the National Association for the Advancement of Coloured People. President Kennedy commented on this unconscionable delay last week and attempts are now being made by the leaders of both parties to bring the nomination to a vote before Congress adjourns. If this can be done it seems certain that Mr Marshall will be confirmed.

To School in Summer

FROM A SPECIAL CORRESPONDENT

FOR an ever-increasing number of students and teachers in the United States, the long summer vacation (eleven to sixteen weeks) has become a busman's holiday. During August a bewildering variety of summer sessions in universities, colleges and secondary schools come to a close, most of them in time to allow staff and students a little holiday before the regular term begins in September. About half the state school districts in the country hold summer sessions and the proportion is much higher if rural areas are excluded. The number of people enrolled for the summer at institutions of higher learning has grown from 132,000 in 1919 to 1,191,000 in 1957, the last year for which official figures are available. The Association of Summer Session Deans and Directors reported a 9 per cent increase at its member institutions in 1961 over the previous year.

The motives behind the growing practice of summer studies are as various as the programmes that serve them. The further education of teachers has always been a leading element; indeed, the summer session traces its descent from the early nineteenth century "teacher institutes," brief gatherings at which were discussed such subtle questions as how to prevent whispering in class or "should the teachers encourage pupils to chew tobacco?". By the last quarter of the century colleges and universities, with Harvard among the leaders, were beginning to provide a few summer courses for teachers. In the twentieth century with higher qualifications being demanded of teachers, with the vast growth of schools of education and, more recently, the provision that expenses incurred in "maintaining or improving skills required by the taxpayer in his employment" are deductible under the federal income tax, the incentives for school teachers to become summer students have increased. A number of philanthropic foundations now help high school teachers to study during the summer. The National Science Foundation, to take a leading example, provides NSF Institutes in many universities, where instructors in mathematics and the sciences from secondary schools can brush up on recent developments in their fields.

But the education of teachers is no longer so clearly the dominant element in summer sessions. A study carried out at the University of Minnesota in 1956 showed that school teachers and administrators accounted for but a third of the summer enrolment, while three-fifths were regular college or university students, working to get their degrees sooner, or simply taking courses which, for one reason or other, they had been unable to take in the ordinary term. At the University of Wisconsin in 1961 regular students accounted for nearly three-quarters of the summer total and school teachers and administrators less than one-quarter. What proportion of the regular students are in effect taking remedial work is a sensitive issue. The impression that summer sessions for non-teachers are primarily a way of catching up with the curriculum or of repairing previous sins of omission is not without foundation; the director of the Harvard Summer School has indicated that perhaps a third of the Harvard undergraduates enrolled at it "have some kind of an academic deficiency."

But it is no longer to be assumed that summer schools are largely hospitals for the academically halt and maimed. There is evidence, in the Minnesota and Wisconsin studies, that summer students do not vary greatly from those at work the rest of the year; this is scarcely surprising, since they are, to an increasing degree, the same people. Whether they get as much done in July as they do in January remains debateable. Summer schools emphasize unabashedly their recreational and general cultural advantages. Most of them are supported wholly or in large part by tuition fees and advertisements such as this, from Humboldt State College, California, are not uncommon: "This summer try the cool, green Redwood Empire. . . . Study six weeks, and then see the [Seattle World's] Fair!". The American University, Washington, DC, wisely says nothing about climate but bills itself as the place "Where World Events and Students Meet" and offers a variety of attractions ranging from an "Institute on Driver Education" to one on "Human Relations and Intergroup Understanding." Summer sessions are usually shorter than regular terms. They therefore give many who teach or study in them a feeling of education by kaleidoscope or just plain intellectual indigestion. Classes often meet five times a week. Examinations, term papers and all the other familiar afflictions of American higher education become even more frequent and distracting than usual.

On the other hand, the very fact that the summer session is something of an adjunct to the main business of a university or school usually gives it flexibility; experiments are made more readily, without objection from tradition-bound staff committees or

Wigs Transformed

FROM A CORRESPONDENT IN NEW YORK

WHEN Mrs Kennedy, who sets the fashion pace on the New Frontier, took a wig with her to Paris last year the women who had hesitated about this new fad immediately joined the rush to buy at least one wig and to boast about it. All the best people in the film world and in New York's "Jet Set" probably have two or three each by now; secretaries save their money to buy wigs; winners of television and other contests demand them as prizes. Down-at-heel poodles have been seen in them and even men, who once went stolidly bald, are awakening to the lure of toupees.

There are five or six quality wig makers in the country and scores of smaller firms which churn out machine-made pieces by the thousands. At last count, between two and five million women owned wigs, some because of "hair problems" but many for the pure joy of it; they have helped to make the wig industry into a $40 million proposition which now advertises its products by their real name, instead of calling them "hair pieces" or "transformations." Wigs are priced at between $2.95 and $750 apiece; the average charge for a good one is $250. The cost depends largely upon the origin of the hair and the delicacy with which it is blended and knotted into the finished article.

Italian women possess the very finest, most lustrous hair, which has been neither "permed" nor dyed, and quality wig makers have been paying prices as high as $250 a kilogram for the rarer colours such as natural white. Brunette hair is the easiest to find and consequently the least expensive, although prices have climbed since last autumn from $5 a pound to $60 a pound. Last year Italy exported over 12,000 pounds of hair to

the United States, which imported 35,000 pounds altogether during the year.

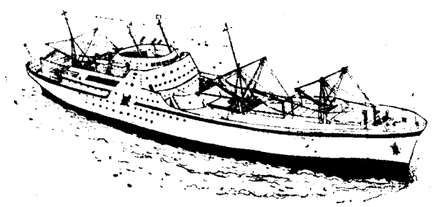
To make a fine wig is an art. The hair is selected and often some 300,000 strands are blended and knotted into a silk and nylon foundation so that the hair actually appears to be growing. The finished piece is easily attached to the head by elastic behind and springs at the side and front. A woman can then brush her own hair up over the front of the wig so that no telltale traces remain. A good wig must not be dyed, for this rots the foundation. Women find it safer and more fun to own two in different colours. Since Italian hair is expensive and hard to come by in large quantities, makers of lower quality wigs have been importing coarser, cheaper hair from the heads of Korean and Japanese women, or sometimes from the backs of goats or yaks, which they sew by machine into cotton foundations for the mass market; synthetic hair may also be used. One way of telling a good wig from a bad one is the weight, which is about three ounces for an expert piece and double that for a cheaper one.

Wigs have emancipated women from the time they used to spend at the hair dressers. Now they begin their daily shopping routine by dropping off the wig at a beauty salon, where it is dressed; they pick it up again at the end of the day. They can swim and engage in other active sports without having to worry about the state of their hair. Some women, in fact, have been able to say goodbye to their psychiatrists because their inner turmoils have been erased by the possession of a wig. Needless to say, wigs have made hats even more *passé* than they were, but they have brought new ancillary products onto the market—stands to keep wigs on, boxes to carry them in and so on. The fear now is that the latest "Marienbad" style, a simple straight bob, replacing the more complicated "semi-bouffant" fashions, may make wigs *passé* in their turn.

boards of education. For some kinds of work, short, intensive summer sessions are advantageous. At Stanford University, for example, a student can, by working full time at it, progress as far in the study of the Chinese language in a summer as he would normally in a whole academic year. The high schools are discovering that summer sessions can help the gifted child just as much as the slow learner. In Clayton, Missouri, a suburb of St Louis, the Mark Twain Summer Institute has been in operation since 1959, using facilities made available by the local Board of Education and money from private foundations. Its aim is to give teachers the chance to try out techniques designed for the unusually able secondary school pupil; the student body in 1960 consisted of 358 boys and girls, selected from 87 different schools. That Clayton is no isolated instance is proven by the presence in many other high school summer programmes of courses obviously aimed at the better students: beginning Russian or pre-university mathematics.

Some observers, reserve at the thought of educational facilities going unused or working at less than capacity during the summer months, have long urged that schooling at all levels be put on an around-the-calendar basis, with the summer term no different from any other. Universities have experimented with the so-called "trimester" system and those that operate on the basis of academic quarters (instead of two semesters a year) find it relatively easy to accommodate themselves, at least partially, to these demands. But such experiments have had indifferent success, partly because the supposedly idle facilities turn out to be quite fully utilised, what with the existing summer sessions and the array of conferences, workshops, clinics, seminars and institutes that generally accompanies them. In California this summer an enthusiast could attend a Conference on Classroom Creativity in San José or a six-weeks Institute on Communism at the University of Southern California (complete with "accompanying workshop," whatever that meant); or he might have escaped just over the border to the Lake Tahoe Music Camp of the University of Nevada. Through such activities there is scarcely a sector of the general public, from amateur sopranos to shop stewards, that is without some access to the groves of academe in summer.

Savannah—All at Sea?



LAST week's maiden voyage of the *NS Savannah*, the world's first nuclear merchant ship, involved even more upsets than ordinarily occur at such times. At one point, it seemed that a strike by the crew against their pay and living conditions might prevent her leaving port at all. Then, when she did put to sea, the nuclear reactor broke down temporarily. Nor are the longer-term prospects for the vessel unclouded, in spite of the official enthusiasm of the Secretary of Commerce. He expanded on the importance of the *Savannah* as a demonstration of the dependability and safety of nuclear ships; as part of the Atoms for Peace programme; and as a prestige symbol for the American merchant marine, much in need of some such stimulus. This last function will be enhanced by the tour which the *Savannah* is making, first of virtually every major American port and then of foreign ones.

On the other hand a sour note was sounded by representatives of the maritime industry itself; they cast doubts on the whole concept of using nuclear energy for merchant shipping. The critics complain that the $54 million spent on the *Savannah* would pay for five Mariner vessels of the type already widely in use, each of which would be faster and would be operated with a smaller crew, at only about half the cost and with about 35 per cent more capacity than the *Savannah's* 9,830 deadweight-tons. Built to carry 60 passengers as well as cargo, at a top speed of 23 knots, the nuclear vessel was no bargain to construct; it was built by the New York Shipbuilding Corporation under the joint sponsorship of the Maritime Administration and the Atomic Energy Commission. Nor, it can be safely predicted, will the States Marine Lines, which is operating the vessel for the government, find it a bargain in this respect either: not only does the *Savannah* carry a larger crew than a conventional vessel of the same size, but bonuses are also paid for the special skills which are required.

But for a prototype, which the *Savannah* is, none of this is either unusual or astonishing. Already the Maritime Administration is taking steps to close the cost differential both in construction and operation. The pressurised water-type reactor which drives the *Savannah's* 20,000 horsepower turbine engines is basically the same unit as was installed five years ago in the nuclear power station at Shippingport, Pennsylvania, and in the early atomic submarine *Nautilus;* it cost about $10 million. The administration aims to reduce this to $5 million in the near future and $3 million by 1966. The key to economy in operation may be the agency's study of the possibilities of using automation in cargo shipping, leading ultimately, it is hoped, to the crew-less vessel. Should these efforts to cut costs succeed, the one great advantage which the *Savannah* has over all other merchant ships afloat would be telling; she can cruise for three-and-a-half years on 130 pounds of uranium-235 fuel. An oil-burning vessel of the same size and horse-power burns that many tons of fuel in a single day.

Fraying Union

FROM A CORRESPONDENT IN CHICAGO

"IN unity there is strength" has always been a favourite catch-phrase of the American labour movement. But the meeting in Chicago a fortnight ago of the executive council of the American Federation of Labour and Congress of Industrial Organisations showed that among the leaders of the movement there is anything but unity today. Outwardly last month's differences appeared petty but they are evidence of deeper differences which may split the merged labour movement back into its old AFL and CIO camps. In 1955 the AFL, whose trade unions are organised mainly by crafts, and the CIO, which had broken away earlier to form industry-wide unions, joined together again. An executive council was established to meet three or four times a year to outline policy. Eighteen of its twenty-eight members are drawn from the conservative AFL and ten from the more liberal CIO. By agreement any vacancy is filled by a representative of the same group.

In 1961 Mr Buckmaster of the rubber workers, a CIO union, retired. The question of who should replace him was the immediate cause of the flare-up at Chicago, though the disagreements between Mr Meany, the former AFL leader who is the president of the merged organisation, and Mr Reuther of the CIO go much deeper than this and have been inflamed in the past by disputes over which unions should have the right to organise which workers. The CIO group unanimously selected Mr Helstein, the president of the packing house workers, to fill the vacancy but Mr Meany's immediate reaction was to veto the appointment because of the history of communist influence in the packing house union.

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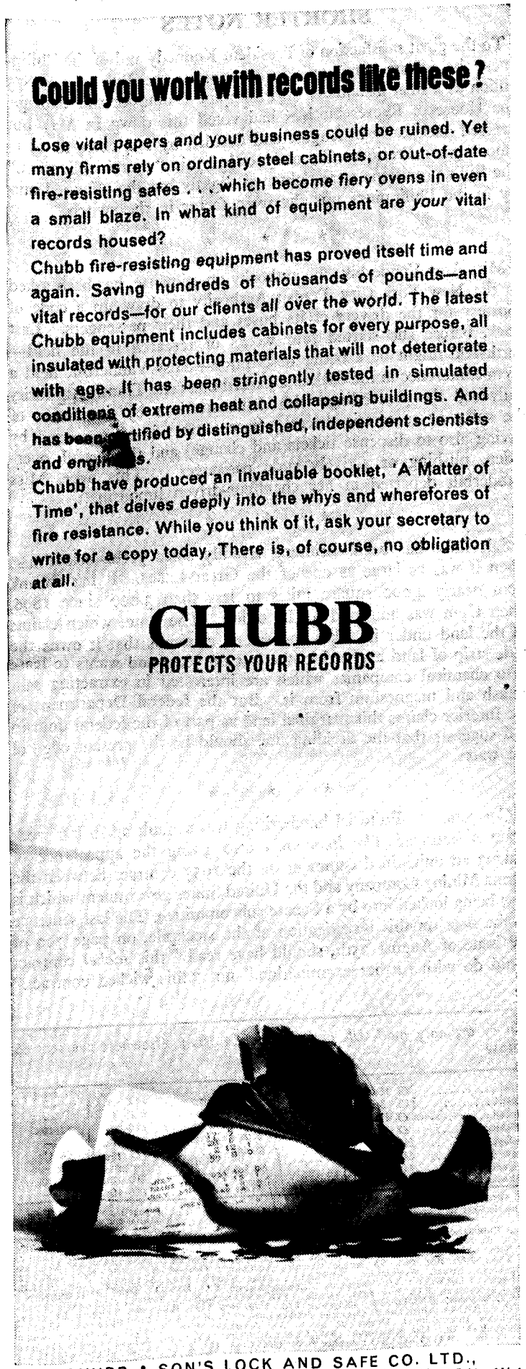

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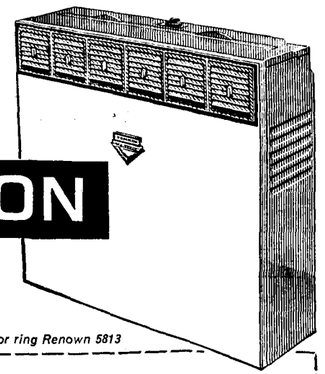

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At the AFL-CIO convention in Miami last December the issue was shelved temporarily but last month, when the executive council convened in Chicago, the CIO unions insisted that Mr Reuther should thrash the whole matter out with Mr Meany. Mr Reuther, who will never agree to meet Mr Meany alone, took along as witnesses Mr Dubinsky of the ladies' garment workers and Mr Hayes of the machinists. At the confrontation Mr Meany charged the CIO with having rigged the Helstein nomination in order to cause him embarrassment; he also accused Mr Reuther of lying.

When these exchanges were reported to the CIO leaders their reaction was that the merger was impossible to administer and that probably there was nothing to be lost by breaking away from it. In the angry atmosphere of the meeting it appeared quite likely that the labour movement, which had struggled so hard for unity, might break apart. It was already known that Mr Reuther himself felt that the merger had produced only "unity in form, not in fact or substance. We merged but we did not unite."

Mr Helstein's election to the executive council was not the only issue to cause serious difficulties. Both Mr Meany and Mr Reuther represent American labour at the meetings of the International Confederation of Free Trade Unions. Mr Reuther's alternates, both from CIO unions, are Mr James Carey, the president of the electrical workers, and the steel worker's president, Mr MacDonald. Recently Mr Meany objected to both of them, saying that Mr MacDonald took no interest in the ICFTU and that Mr Carey was unpredictable. This angered Mr Reuther and the CIO group and Mr Meany apologised to Mr MacDonald and withdrew his objections to him, though not to Mr Carey. Mr Reuther insists that whom he chooses to act for him is none of Mr Meany's business. The president of the AFL-CIO does not agree but the conflicts on both issues promised to be so serious that he himself proposed that they should be postponed until the council meets again in November, when they would be put at the top of the agenda.

By this means the ostensible unity of the labour movement will be preserved for another three months. But the CIO group has come to feel, perhaps for the first time since 1955, that an open rupture would probably not do it much damage. Its attitude is hardening but unfortunately Mr Meany also tends to be uncompromising on many issues. On the other hand he is very proud of having been the architect of the merged labour movement and of his position at its head. He would be reluctant to have it break apart into the bitterly opposed camps which existed before 1955. This may well explain Mr Meany's somewhat unusual willingness to go softly in Chicago last week.

SHORTER NOTES

To the great satisfaction of President Kennedy and of the Philippines, the Senate acted quickly to approve the Bill to pay $73 million as a final instalment on Philippine claims for war damage. The House of Representatives had voted this down in May but reversed itself early in August and decided by 194 votes to 35 to honour what President Kennedy called this "moral obligation." The Bill's provisions were tightened slightly but the offended outcry in the Philippines was the main factor in the switch.

* * *

Miss Amy Vanderbilt, the authority on etiquette, has been asked by the New York City Transit Authority to draw up a code of courtesy for the drivers of its buses and their passengers. Last week, before she started four weeks of research in the field—battlefield might be a better description—Miss Vanderbilt held a press conference in the back of a parked bus; the Transit Authority enlivened the proceedings with demonstrations by live actors of the sulky or autocratic driver (whose temper is often soured by having also to dispense tickets and change) and the fretful, overladen, pushing or actively rude passenger. This over, Miss Vanderbilt departed in her chauffeur-driven limousine.

* * *

Salt Lake has been shrinking steadily since prehistoric times, when it was as large as one of the Great Lakes. It has shrunk from nearly 4,000 square miles to less than 3,000 since 1896, when Utah was admitted to the union. The state, which claims all the land under its lakes and rivers, contends that it owns the wide strip of land exposed in the last 66 years and wants to lease it to chemical companies which are interested in extracting salt, potash and magnesium from it. But the federal Department of the Interior claims this marginal land as part of the federal domain and suggests that the dividing line should be the present edge of the water.

* * *

Correction:—Editorial handwriting was at fault again last week when it betrayed *The Economist* into giving the appearance of making an unjustified comment on the 1953 contract between the Hanna Mining Company and the United States government which is now being looked into by a Senate subcommittee. The last sentence of the note on this investigation of the stockpile, on page 700 of the issue of August 25th, should have read "this *nickel* contract could do with further examination," not "this wicked contract."

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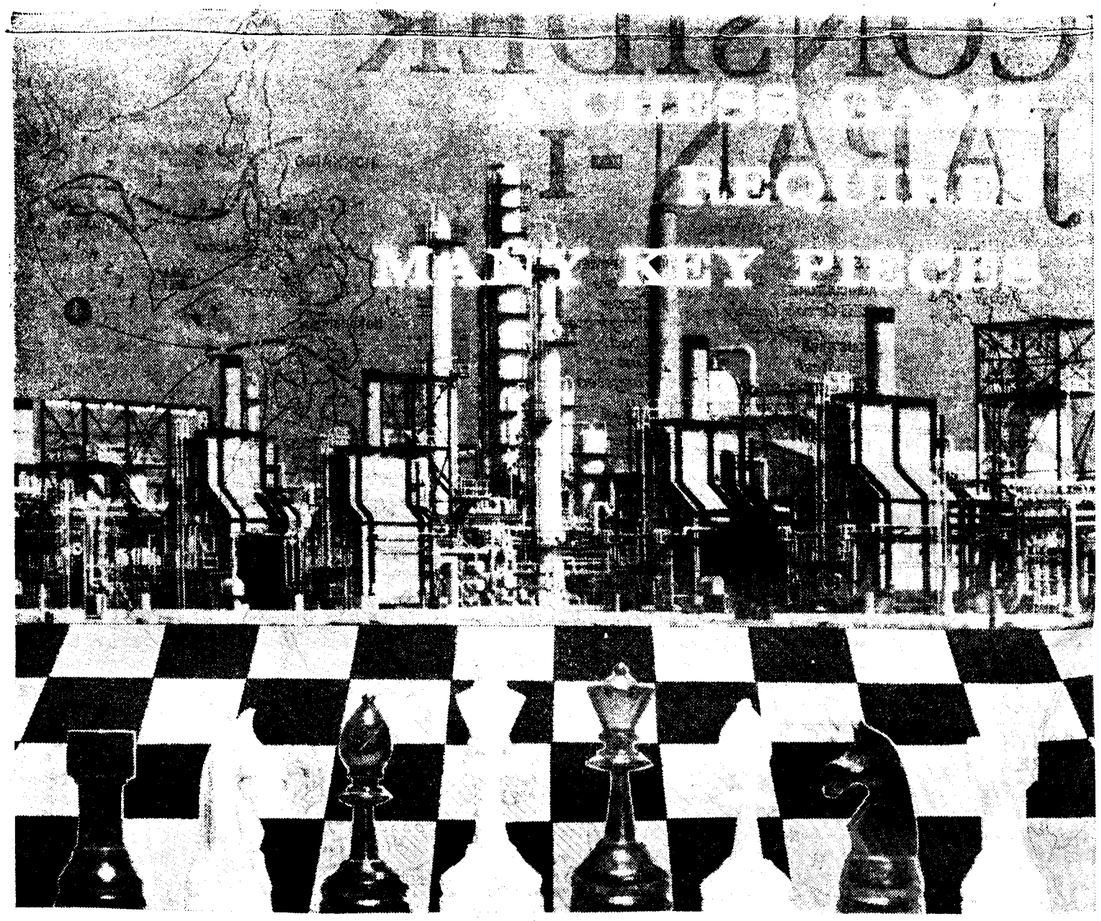
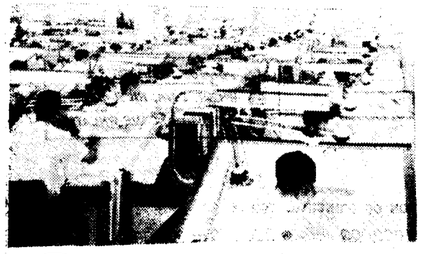
CONSIDER JAPAN—I

A SURVEY BY THE ECONOMIST





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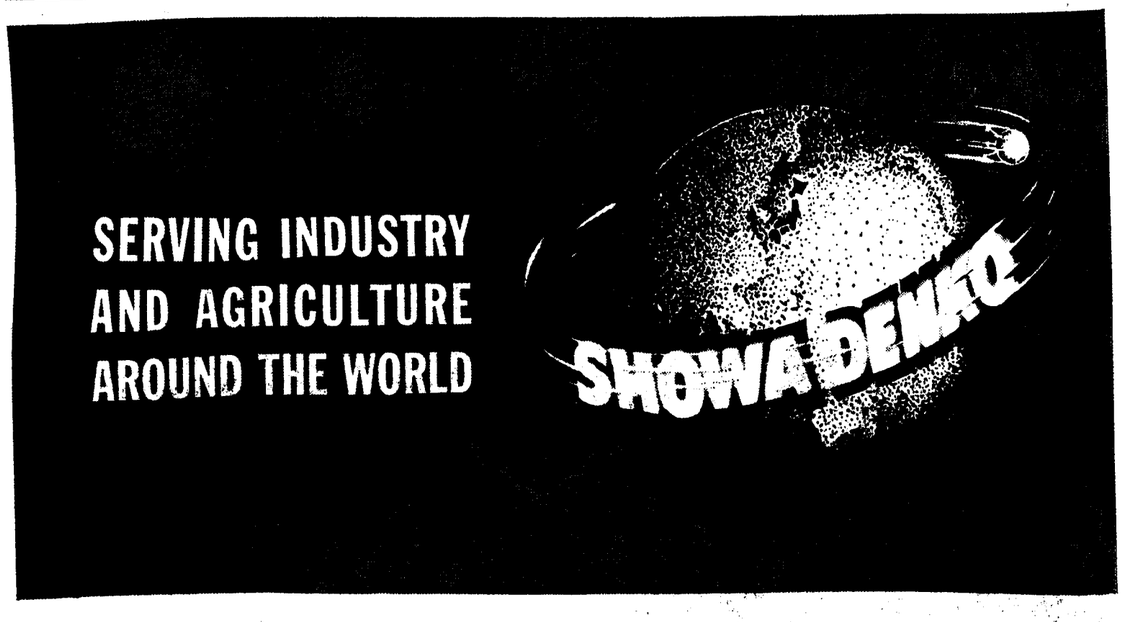

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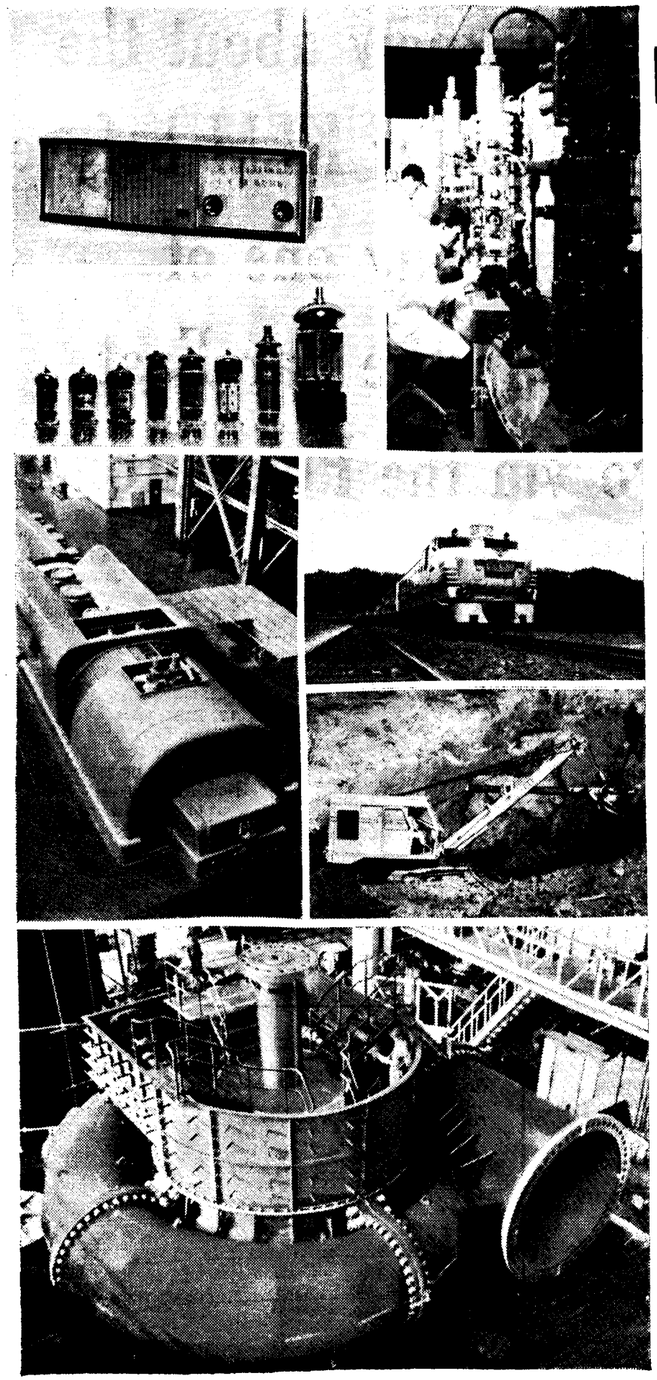

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CONSIDER JAPAN—1

THE growth of the Japanese economy in the past ten years has been one of the most extraordinary economic stories of all time. Here is a case where the whole way of life and prospects of a people have been transformed within a decade, and with the aid of an economic policy that has been singularly little studied in the west. This summer a member of The Economist's *staff, whose usual job is to write about British economic policy and problems, visited Japan. In the survey below he reports, still a little goggle-eyed, on what he believes to be the lessons of this remarkable Japanese achievement for Britain. A second survey next week will pick up the story of what seem to be the lessons of Japan's experience for underdeveloped countries.*

The Most Exciting Example

At the end of 1951 Mr Joseph M. Dodge, the Detroit banker who had tried (without consistent success) to impose stern policies of demand restraint upon the Japanese government during the dynasty of General MacArthur, shook the dust of a once more independent Tokyo off his feet. His parting message was not designed further to endear him to the Japanese people. "At present," declared Mr Dodge severely, "Japan is suffering from a plague of false legends, which include some dangerous delusions." He then listed fifteen of these delusions, in language which will strike familiar chords for connoisseurs of recent British cabinet ministers' speeches. The delusions included:

> That increased production without a parallel increase in exports represents sound progress. . . . That inflation can easily be offset by increased production. . . . That a nation that must export to live can afford to price itself out of its export markets with a domestic inflation. . . . That granting progressively larger amounts of commercial bank credit for capital purposes can be substituted for the normal processes of capital accumulation. . . .

"The progress and present favourable status of Japan," concluded Mr Dodge, "has been the result of extremely favourable external circumstances, which cannot be expected to be repeated and continued indefinitely." He then returned to the United States (average growth rate since then about 2½ per cent per annum), and sat down in his Detroit bank awaiting Japan's inevitable crash.

In the decade since then Japan, continuing and following almost precisely the policies which Mr Dodge had castigated and opposed, has seen its real national product increase at an average pace of over 9 per cent a year, its industrial production and rate of manufacturing exports more than quadruple, its urban population make the great breakthrough into the first modern consumer-oriented economy in Asia. In the process it has seen the average Japanese's expectation of life (now just over 65 for a man, just over 70 for a woman) rise to ages that are now actually ten years longer than they were only twelve years ago. There are some who will regard this last achievement alone as one of the most exciting and extraordinary sudden forward leaps in the entire economic history of the world.

Moreover, we are talking here not only of a trail-blazing pioneer for Asia; we are dealing with a story that has by now deep implications and parallels for Europe as well. From the welter of remarkable sets of figures about modern Japan, British readers should perhaps first pick out two. First, of the babies who were born in the year after General Doolittle's bombs first fell on Tokyo, so far as one can see from the available educational statistics, only just over 40 per cent left school at the minimum leaving age of 15 in 1958; another 45 per cent or so stayed on at high school until 18; and more than another 10 per cent are currently passing through college or university. The equivalent figures in Britain were over 60 per cent leaving school at 15, around 30 per cent at 16 to 18, and only about 7 per cent going on to college or university. Moreover, the bias of later education in Japan is much more heavily technical, and their big firms train skilled workers more assiduously and deliberately than most of their rivals in Britain. Those Englishmen who think of Japan as a backward country of adaptable but unskilled labour are talking nowadays through their hats as far as Japan's new and younger workers are concerned; this is, in point of fact, a more lengthily educated and technologically skilled generation of young Japanese who are now moving into their modern factories than their contemporaries among young people in Britain.

Secondly, investment in productive capital equipment in Japanese industry last year, on a straight yen-sterling exchange rate basis, seems to have been about one-third larger than equivalent investment in industry in Britain. Admittedly, Japan has a labour force nearly twice as large as Britain; but in the competitive, non-agricultural, big-company, modern sector of industry—into which the majority of both the new Japanese investments and new young Japanese workers are moving—Japan's total labour force is actually still rather smaller than ours. This new generation of more skilled Japanese is moving into factories where entrepreneurs are currently putting behind each one of them in the larger factories a greater force of new and modern capital equipment per head than is being put behind their rather less educated and less well trained contemporaries in Britain; in a few years' time, on present trends, logic would suggest that they could beat us competitively in a much wider field of industry than

most people in Britain at present begin to imagine—even if their wage rates in this modern section of industry do at last go up towards our standards too.

All this has been achieved in a country which seventeen years ago lay in ruins, which even ten years ago had only just re-attained its prewar level of production, and which has suffered far greater disabilities in its traditional export markets (because of the nature of its exports, and the closing of China) than postwar Britain has done. If all this is the result of internal policies which wise men thought would bring about a crash, then, in the name of simple economic common sense, government economists and apostles of conventional economic wisdom from all the world should be coming to Japan to study just how to emulate it.

The trouble is that one is fearful that conventional wisdom may be going to stop the advance instead. One of the done things to say in Japan this year—it was said to your correspondent on more than one occasion—was that the Japanese must now learn respectable economics from the British and slow down their rate of growth (perhaps permanently) in order to push the pressure on their resources down. This seems a very curious view. For consider the contrast between Japan and Britain, two countries with very similar import structures and an astonishingly similar tendency to run into import deficit at one particular stage of the internal trade cycle. Consider it even in terms of the export figures which British spokesmen themselves generally think should be the main criteria. Japan in the last eight years has marked up the biggest rate of growth in both production and exports in the world (217 per cent increase in industrial production from 1953 to 1961, 232 per cent increase in exports). Britain, by following an almost diametrically opposite policy, has marked up one of the slowest rates of increase in both (28 per cent increase in production, 42 per cent increase in exports). Obviously in these circumstances the British economy has lessons to learn from the Japanese, not the other way round. The articles that follow will set out your correspondent's view—both for western and eastern ears—on what those lessons are.

Young Japan at play

Not So Exceptional Case

TV panel game "What's Your Secret?"

ANY transient foreign visitor writing about Japan is immediately faced by a major apparent difficulty. The psychological make-up of the ordinary Japanese, individually as well as en masse, is said to be very different from that of most westerners; all old Japan hands hasten to impress that on the visiting greenhorn, the older and wiser the hands the more forcibly they say it. And in at least one respect which impinges upon economics, the old hands seemed to this transient observer to be transparently and palpably right. Without paying any instinctive credence to Kipling's hoary nonsense about east and west, it is worth devoting two paragraphs to discussing it.

For a variety of historical and sociological reasons there does seem to be a sort of inbred collectivism in the Japanese people, whose outward manifestations (this is a wild oversimplification) bear some caricature-like resemblance to the atmosphere in the heartier English public schools. This atmosphere, disconcertingly for the visiting analyst, can overlay the attitude of the Japanese worker (as well as the Japanese executive) in the more successful industries to his job: up the old firm; Itshibishi Heavy Machinery Plant for ever; act as a fag in your first few years, expect to get greater privileges later; take your hands out of your pockets when passing the headmaster, and expect in return to be treated by him as one of "my people" to whom he has a special responsibility in times of trouble; feel a genuine personal involvement in the factory's production record and other collective achievements; actively prefer to live together cheek by jowl and to spend a lot of your leisure time in group activities (often of a self-improving sort) sponsored by the firm. The song with which workers and executives of the giant and prosperous Matsushita Electrical plants willingly begin their day has already been widely publicised around a slightly incredulous world (see *Time* magazine, February 23rd last):

> For the building of a new Japan,
> Let's put our strength and mind together,
> Doing our best to promote production,
> Sending our goods to the people of the world,
> Endlessly and continuously,
> Like water gushing from a fountain.
> Grow, industry, grow, grow, grow!
> Harmony and sincerity!
> Matsushita Electric!

One cannot quite see the Ford works at Dagenham singing that.

ON the other hand, one cannot see the workers of a declining industry in Japan singing it in willing unison either. On the contrary, Japanese coal miners—to cite the most obvious example of workers in a major but non-expanding industry—have fought some of the bitterest and most violent strikes against their employers in any country since the war; one postwar strike lasted through twenty-two months of the very reverse of peaceful picketing. The Japanese are not nowadays a people who are naturally servile to authority, or who are so silly as actively to enjoy hard work; they just enjoy the group aura arising from success. In consequence, many of them tend to go to extremes in both their group enthusiasms and their group apathies, in both their group likes and their group hates. So long as the policies of a business enterprise or of the government are breeding success, this collective enthusiasm helps to keep success rolling along; if the success story for some reason stuttered abruptly to a stop, nobody can easily tell what would happen, but conceivably the falterers might find that they were holding tigers by the tail.

But the question to be probed in this survey is how and why Japan has achieved an almost consistent success story of economic expansion in the last decade. For that purpose the advantages and disadvantages (for there have been some real disadvantages) arising from Japan's peculiar sociology and habits of group loyalty can justly be regarded as additional accelerators and brakes, rather than as the main motive power. The journalistic method used in this survey will therefore generally be to hive off discussion of these special Japanese sociological factors and employment customs into three-column features (such as that on the next page overleaf). The main body of the text will then be freer to push forward with analysis of what your correspondent believes are the lessons of Japan's experience that are directly applicable for policy-makers in Britain; and, in reverse, of the lessons—all too often warning lessons—of Britain's recent economic experience which could usefully be noted by today's policy-makers in Japan. The only "exceptional" circumstances of Japan's economy which will be noted in this main text itself will be exceptional circumstances of what might be called a conventional economic sort. The main body of our text will be dressed in western clothes; only in the three column matter will we, so to speak, don Japanese factory uniforms and kimonos.

STICKING, therefore, strictly within these terms of reference, one had better admit straightaway that Japan possesses one conventional economic "advantage" which explains why it should indeed be able to expect a faster rate of growth than would easily be possible in present-day Britain. This "advantage" is that Japan is still only part of the way forward to being a wealthy and fully developed industrial economy as yet. All statistics about social and industrial conditions in the Japanese economy must be treated nowadays as evanescent approximations, because the pace of progress is so great as to render them, with each half-year that passes, drastically out of date. But, making the best extrapolation one can from the last industrial censuses, the workers of Japan—whose *per capita* national income in 1961 still averaged only about two-fifths of Britain's—can fairly reasonably be divided into three broad groups.

Perhaps more than a tenth of the total labour force of 45 million (about 27 million men, 18 million women) work in factories and other productive establishments that are as efficient as any of their kind in the world, and they are beginning to enjoy a standard of living which is therefore broadly (even if not yet quite) in line with that level of productivity, at any rate when the extensive fringe benefits offered by all the big Japanese firms are included. To this upper tenth will belong perhaps the upper one-fifth of Japan's 21 million "regular workers" in non-agricultural industries.

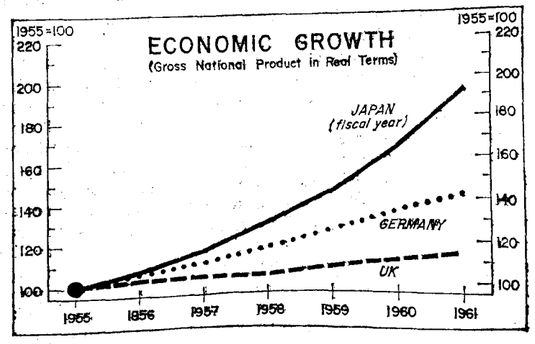
Perhaps over another quarter of the 45 million work at jobs where their productivity and living standards, although below those in the most modern sector, are still definitely of western rather than Asian status. After all, we are talking here of a country where more than 45 per cent of households (over 60 per cent in the towns, over 25 per cent in the countryside) now possess a television set and where over 17 per cent of urban households possess a refrigerator.

But all this must still leave more than half of Japan's 45 million workers in jobs where their level of productivity (and thus of earnings per hour) is less than half of that in the great modern combines. This depressed half must include the majority (though not nowadays all, see feature on "Living Standards" on a later page) of Japan's huge army of 22 million small scale self-employed men and "unpaid family workers." Most of these "family workers" are the country's 15 million farmers and fishermen, and its 1½ million small shopkeepers and petty traders; but other family workers still sweat their whole lives out in Japan's 400,000 "very small" (under 10 workers each) industrial "workshops" which really consist of two or three lathes set up in some family's living room.

WAGE AND PRODUCTIVITY INDICES BY SIZE OF PLANT
(Over 1,000 workers=100)

Number of Workers	Japan (1958)		Britain (1949)	
	Added Value per Worker	Wage per Worker	Added Value per Worker	Wage per Worker
4– 9	27·0	37·9	...	...
10– 50	36·4	43·9	91·4	82·5
50– 99	47·9	50·4	93·8	83·7
100– 499	64·6	61·2	96·4	85·5
500– 999	76·8	75·2	98·1	89·3
Over 1,000	100·0	100·0	100·0	100·0

Note.—The figures for Britain are worked out from the *manufacturing* census of 1949, but relativities between big and small firms are unlikely to have changed much in the meantime. Figures for Japan refer to 1958. In the last few years wages—and particularly starting wages for scarce teenage workers—have risen even more quickly in Japan's small firms than in its big ones, but the gap between total productivity of all workers in big and small firms has plainly remained.



The depressed half of the labour force will also include Japan's most miserable employed industrial class of a million or so ageing day labourers (average cash earnings in 1961, about 12s. a day); and many even of the regular workers in Japan's mass of small but genuine industrial establishments with between 30 and 100 workers each, in which labour productivity per worker—in sharp contradistinction to Britain (see table on the preceding page and footnote)—is still generally less than half of that in the big factories with 1,000 workers or more.

The scope for expansion in an economy of this sort is therefore very large, merely by switching workers from the wildly unproductive sectors into the much more productive ones. The problem is notably different in degree from that in Britain. But it is not entirely different in kind. Even in Britain, as figures now published regularly by the Ministry of Labour make clear, average male workers' earnings in new and modern British industries (ranging from motor car manufacture through machine tools and most other forms of engineering to such things as detergents and synthetic resins) are regularly between 20 and 35 per cent higher than those in older sounding industries like textiles (other than the new man-made fibres) or leather goods or footwear or brushes and brooms. These differences are by no means wholly due to differences in innate levels of skills. One of the advantages for a westerner of studying an economy like Japan's is that it makes it abundantly clear how far modern economic progress depends on switching workers out of the second sort of job into the first.

It also suggests that the pace at which the advance can be effected depends mainly on the answers that can be given to three questions:

(1) Whether the modern sector of industry has an incentive and a mood, and is backed by the kind of government economic policy, that encourage it to play an ever bigger and more expansive part in the national economic life;

(2) Whether the purposeful expansion of marginal domestic demand—which is the only means by which these modern sectors of industry can be spurred on to grow—is then liable to run the country into intermittent balance of payments crises; and if so whether the government can find ways of countering those crises without cutting domestic demand back too grievously and for too long;

(3) Whether the social and economic mechanism for encouraging switches of labour and other resources out of the old-fashioned sector into the modern sector works smoothly and well.

The answers to these questions in Japan are that the Japanese government, either by good fortune or good management, has so far solved the first two problems—that of providing incentives for efficient growth industries to grow, and

Jobs for a Lifetime

Apart from some 22 million self-employed people and "unpaid family workers" on Japanese farms and in small family businesses, there are three main types of employee in Japanese industry.

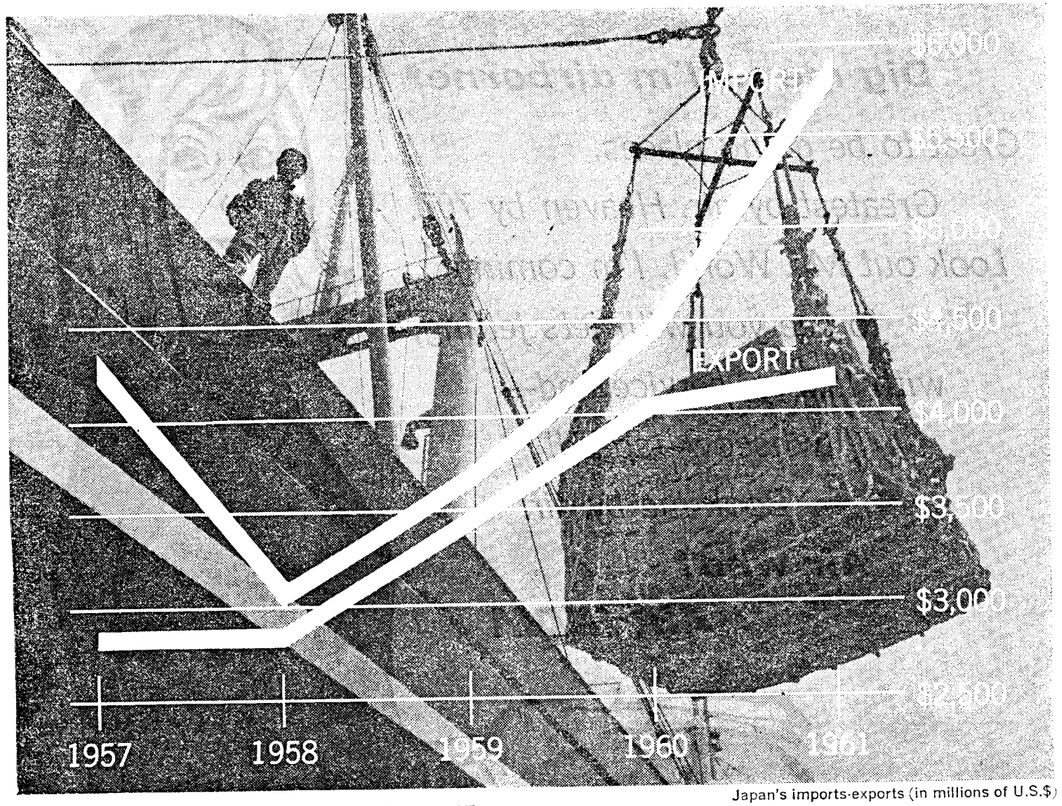
At the end of 1961, there were 15 million male and 6.6 million female "regular employees"; these are the luckiest ones, and their system of employment is described below. There were also 860,000 male (and 660,000 female) "temporary employees"; about half of these are generally temporary workers who go back to the farms in summer, while others are on trial to become regular workers, but it is among these men that sackings occur when business conditions turn awry. Finally, there were three-quarters of a million male (and half a million female) day labourers, who are employed only on days when work is available.

The ambition of every young Japanese is to be taken on as a "regular worker" in a reliable firm straight after leaving full-time education. To become a regular worker in a big firm he is likely to have to pass a written exam and aptitude test set by the firm itself, even for an ordinary job as one of the firm's factory hands. Once taken on, he is safe for life, because the firm will make every effort never to lay him off as redundant, will steadily raise his pay according to his age, will train him and will promote him up the hierarchial ladder of a Japanese factory (often with every minutely different grade even on the shop floor given a different title) according to his length of service. In return he is expected never to leave for a rival firm—at least not after he has reached maturity, although there has recently been some trek of men in their very early twenties from smaller firms to bigger ones. Because of this wage structure and training system, Japanese employers are extraordinarily unwilling to take on new workers over the age of 30. ("The unions would make us pay such workers according to their age," said one industrialist to your correspondent, "but new older workers would not have had ten years' training for the particular jobs we want.") The following figures tell their own story:

(1) School leavers have never had it so good. The 15- and 18-year-olds leaving school last year were faced by between two and three times as many jobs (admittedly not all as "regular workers") on offer as there were applicants. Big firms (those with more than 1,000 employees) managed to fill over 99 per cent of their vacancies for regular plant workers, but small firms (30 to 99 employees) could fill only 77 per cent. In interesting reaction to this, some of the smaller firms (whose total wage rates have hitherto been only about half to three-quarters of those of big firms) have now actually started to pay bigger *initial* wages for school leavers than the big firms. But this is a relatively new development of the past few years.

(2) Despite this scramble for school leavers, in 1960 only about half of the (fortunately relatively few) Japanese who lost their jobs after the age of 30 were reported to be able to find new wage-earning employment at all (and even then, according to one official survey, "old people [over 35 years] . . . are re-employed mainly as watchmen, stockmen, etc."); the rest reverted either to be family workers on the farms or in cottage industries, or to become day labourers. (In Tokyo by 1960, 94 per cent of the unhappy army of casual day labourers were over 30 and 51 per cent were over 50.)

A similar recognition that new jobs are likely to be offered to young people only is shown by the age structure of the half-million or so Japanese who are leaving the farms each year for jobs in industry. Of those who left in the first half of 1961, 58 per cent were under 19, and 92 per cent under 34; among the second and younger sons of farmers (but not necessarily among the elder sons and therefore heirs), the trek into a manufacturing job when one reaches one's teens is now virtually complete.



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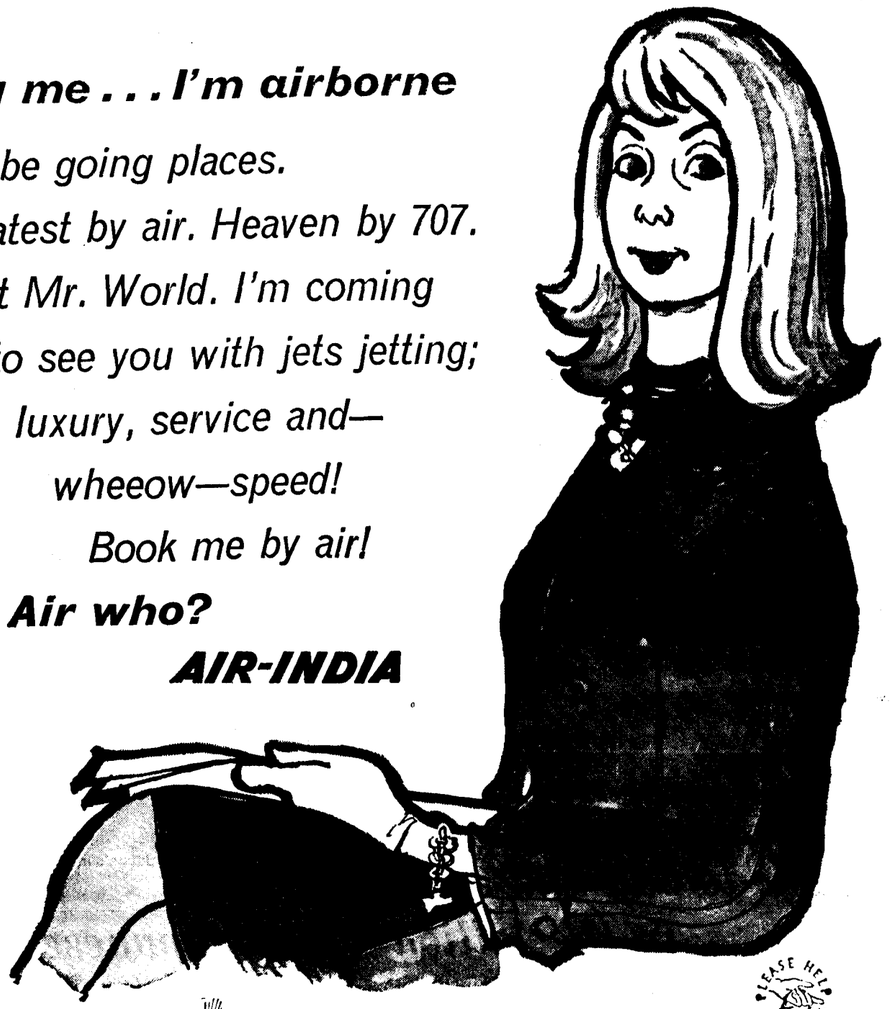

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that of riding past its successive balance of payments crises (in 1953-54, 1957 and 1961) without losing its dynamic of growth—with more brilliant success than in any other country in the world.

The answer to the third question is that Japan's social structure and habits could not have been more appallingly devised to make a switch of resources out of the least productive sectors of the economy into the big growth industries more difficult. This is because of the system of lifetime employment and "no new regular jobs for old men" (old meaning anybody over 35) described in a feature on the previous page. This strange employment system explains why Japanese industrialists genuinely claim that they too have been operating in conditions of labour shortage and "over-the-brim-full employment." It makes Japan's achievements in securing an average of over 9 per cent of expansion each year all the more remarkable—and its method of running its economy to achieve this all the more worth studying in the west. It is to these positive lessons of Japan's economic experiment that the next article will turn.

Easy Budgets . . .

JAPAN'S system of managing its economy has been to run what would be regarded in Britain as very expansionary budget policies, with large planned increases in government expenditure and sizeable reductions in personal taxation a regular feature of most recent years (see adjoining table); and to use monetary policy and rises in interest rates as the main restraining weapons, when and if any restraints are needed. This pattern has been widely misunderstood abroad, because of the barriers which economists (particularly government economists) raise in the way of understanding each others' language.

Most Japanese economists will worthily insist—and American economic commentators will generally approvingly report—that Japan has constantly balanced its annual estimates of budget expenditure and revenue ever since Mr Dodge laid down that balanced budget estimates were the right thing to have. But the balancing act is done in a very peculiar way.

Around the turn of every calendar year (and thus three or four months before the fiscal year begins on April 1st) everybody in Japan seems to enter into an annual guessing game to recommend what the target rate for growth in next year's gross national product should be. The ruling Liberal Democratic party, in solemn convention assembled, recommends that gross national product should grow at one rate; the Ministry of Finance recommends that it would be safer to aim to grow at a slightly lower rate; the Economic Planning Agency makes a final calculation, and the Cabinet splits the differences. Thus one reads in the newspapers that the Cabinet after a long session decided that the rate of growth should be 9.2 per cent in fiscal 1961 or 5.4 per cent in fiscal 1962.

This apparently absurd guessing game, expressed to a precise point of decimals, has a genuine economic importance. For every 0.1 per cent of the agreed target rate for growth in national income the Japanese reckon that they can expect a stated amount of extra tax revenue on the basis of existing tax rates. Thus with a target growth rate of 5.4 per cent this fiscal year, they reckoned on nearly £500 million of extra revenue; and by the rules of the budget balancing act precisely that sum —together with the surplus of tax revenue carried over from the previous year—is then assumed to be available for deliberate increases in government expenditure or for new tax reliefs.

The remarkable feature of the game, from the reflationist's point of view, is that the larger the target figure for growth which the planners-cum-bargainers eventually decide upon—and the bigger the growth in production in the preceding year (i.e., the nearer the economy has been running to capacity) —the bigger the tax reliefs and deliberate increases in government expenditure which this system tells them it is orthodox for them to give away.

JAPAN'S DECADE OF TAX RELIEFS
(Billions of Yen, which virtually equal millions of pounds.)

Fiscal Year	Current Balance of Payments Deficit (−) or Surplus (+)*	Value of Tax Relief in That Year's Budget		Growth in Real GNP %
		On Personal Income Tax	On all Taxes	
1951	+118	61	113	+13·5
1952	+112	113	90	+10·5
1953	− 69	77	124	+ 6·7
1954	+ 36	31	17	+ 3·9
1955	+177	53	66	+10·1
1956	+104	23	2	+ 8·2
1957	−137	110	62	+ 7·1
1958	+183	6	37	+ 3·7
1959	+121	23	10	+17·7
1960	+ 39	Nil	− 7	+13·2
1961	−388	56	75	+15·2*
1962		47	116	

* Calendar year.

These reliefs, be it noted, are regarded as "orthodox" even in years when the balance of payments has run into large deficit. Indeed, if the gross national product has been rising particularly swiftly during a year of balance-of-payments crisis—which will usually be the case since Japanese balance of payments troubles are generally of the import *boomu* (Japanese-English for boom) type—it is practically certain that the uncovenanted surplus of tax revenue to be carried over into the next year, and probable that the rise in national income to be counted on for the next year as a whole, will be correspondingly high also. Under the rules of the game, this makes it "orthodox" to make the new year's tax relief or deliberate increase in government expenditure particularly large. Thus in the middle of the balance of payments crisis of 1957 (while Japan's international exchange reserves were dropping sharply) the income tax levied on the average

lower middle class and upper working class salary was literally cut in half. During this last year's balance of payments crisis, Japanese taxes were reduced by about £116 million (at a time when Mr Selwyn Lloyd, in his July and April budgets combined, was raising British taxes by over £200 million); and this Japanese cut of £116 million, reported the *Oriental Economist* truthfully, aroused "general public complaint of a conservative tax relief."

IN these circumstances it may seem a bit odd that the Japanese economy ever slows down at all, at any point short of raging inflation. But—at least until this last year, when living costs in the cities have suddenly bounded by 10 per cent—the policy has not in fact proved very inflationary (the urban consumer price index rose by some 20 per cent in Japan between 1953 and 1961, against a rise of just over 25 per cent in Britain, while Japan's export price index has actually fallen in this period). Moreover—again until last year—Japan has

managed to escape out of its balance of payments crises and periods of "overheating," back on to expansion again, much more quickly than Britain. The weapon used to counter periods of overheating has never been fiscal, but always monetary, policy.

The way in which a restrictive monetary policy is worked in Japan at times of balance of payments difficulty—once again, to the foreigner it seems a very peculiar way—will be discussed in the next article. But it is worth pausing here to consider the rationale of their system. It is customary in Britain to say that monetary policy cannot work as a restrictive device in times of balance of payments crisis if budgetary policy is pulling the opposite way. Experience in Japan goes a long way towards casting doubt on this belief—because their experience is that the two weapons work with quite different time intervals of effectiveness. Monetary policy works much the more quickly and much the more directly upon the balance of payments, both on capital account (by drawing in loanable funds, such as Euro-dollars, from abroad) and on current account (by

Living Standards

FOR the foreign observer who wants to assess living standards in modern Japan there is a constant clash between two apparently contradictory pieces of evidence. On the one hand, the bare income statistics suggest that this is still a very low income and cheap labour country indeed. The average earnings of the 21 million "regular workers" in non-agricultural industry and commerce are only just over £6 a week (which is still less than half of the average for all workers, male and female, in manufacturing industry in Britain).

On the other hand, the standards of consumption are visibly European rather than Asian; the Japanese are now as well-dressed as any people in the world (their figures of textile purchases per head confirm this); they have broken right through into the revolution of consumer durables; and each afternoon their wives throng the world's biggest and most crowded department stores in the large cities, where prices are not all that far below European levels, but where business goes humming along. More surprisingly still to this observer, the farmers in the fields along the main railway tracks, who a few years ago would have manhandled their own barrows to market, can be seen using modern and shiny power-driven equipment. The average farm household's income last year was estimated at £450 a year, admittedly with an average of 5.6 family members per farm, and with nearly half the income coming from earnings of some family member who has taken a job (sometimes wholetime, sometimes only at the farm's slack period) outside farming. Only in two respects—its working hours and its housing standards—does Japan look Asian; the average Japanese works a 48-hour, five and a half day, week even in big industry (in small industry and distribution, considerably longer) before going home to live with his wife and children and probably his parents in two or three rooms. Because of this habit of clustering together, the average household in Tokyo last year had 4½ members (1½ of them earning), and an average cash income of £12 to £13 a week.

The explanations of the apparent paradox between income statistics and high consumption of luxury goods rest partly on the economies secured by this clustering together, and partly on the facts that:

(1) The bare figures of industrial wage and salary levels are misleading because Japan is the country *par excellence* of fringe benefits—and expense accounts. Apart from family allowances and the big cash bonuses at Christmas and midsummer (which are included in the household incomes and average wage figures mentioned above), these fringe benefits include payment of the employees' travel expenses to and from work, and (in the big firms) free accommodation for bachelor and spinster workers, subsidised houses for some married workers, and lavish sporting facilities and holiday rest homes. On average, these non-cash fringe benefits are said to cost employers more than £50 per worker per year; but one's guess is that this is an underestimate, because both sides regard the granting of certain fringe benefits as a matter of course.

(2) The statistics for *average* wages are depressed by the fact that the average woman's wage is only between a third and a half of a man's, and that the average youngster in his early twenties—unless he draws family allowances from a big firm—is entitled to get less than half of the income of a man in his forties or fifties. (Usually his pay will go up by about 5 per cent a year.) This last point is a very important factor in keeping average wages low at the moment, because the average age of the workers in the big and new and highest-paying plants is at present very young indeed (about 25 in some cases). But even on the basis of present wage rates, it is clear that Japanese employers' wage bills are gradually going to be inflated quite considerably as (a) the average age of the working force grows older; as (b) women leave earlier to get married; and as (c) the retirement age for men is pushed beyond the present figure of 55 (which is a hangover from the days, only twelve years ago, when that was also the average age at death; it looks cruelly low, and is bitterly resented, now).

The system of pay-rising-by-seniority has some appalling effects on Japan's employment structure (the way in which it makes Japanese employers eager to recruit their new labour from school leavers only is discussed in "Jobs for a Lifetime," on an earlier page). But it also means that the workers' pay reaches its height just when what ought to be his family responsibilities reach their height too. The relatively low wages for teenagers and high wages for teenagers' fathers, combined with the great importance attached to educational attainments in getting one's first foot on the ladder of what is to be one's lifetime job, help to explain the fact that 60 per cent of Japanese children now stay on at school past the permissible leaving age of 15.

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cutting down imports). By contrast, restriction of demand by higher tax rates works on the balance of payments only after a time lag ; and the Japanese say that at times of balance of payments trouble the restriction of demand and imports after a time lag is likely to be the precise reverse of what they want.

Japan's main imports are (like Britain's) raw materials and (less like Britain's) machinery. Both of these forms of imports tend to be highly cyclical (the Japanese recognise, which the British do not always do, that a rush of imports during the period of a restocking or investment boom is likely to be followed by a period of natural slowing down on the reverse arm of the cycle) ; and both are bought almost wholly on business account. The Japanese reckon that a change in interest rates can alter business spending very quickly. No doubt this swift effect is partly due to the peculiar capital composition of Japanese business enterprises (whose loan capital, on which interest has to be paid, constitutes about 70 per cent of aggregate capital). But one suspects that even in countries like Britain a sharp rise in Bank rate can begin to affect businesses' inventory policies within a fairly short period, while changes in tax rates work much more slowly than Bank rate, at least as a restraining device ; when Mr Selwyn Lloyd increases the fuel oil tax, for example, there may be some small initial effect on total spending, but a main effect will be to reduce the number of people who would otherwise be using oil for energy purposes anything from six months to three years hence.

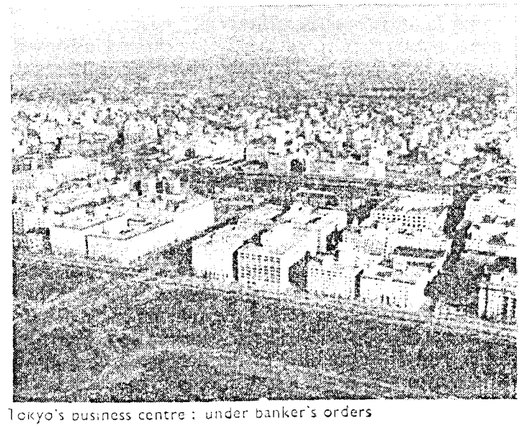
Most British policy-makers would presumably agree that usually they do not really know what they will want demand to be doing more than six months or so ahead. The best Japanese planners, by contrast, will say that they do know what they want demand to be doing in the long term ; they want it, and production, to be rising by 7 or 8 per cent a year (or whatever is the figure consistent with furtherance of their current long-term plan). It therefore seems logical to them to use fiscal policy as an instrument for steadily increasing long-term demand by something approaching the long-term target figure, while using monetary policy as the weapon to control cyclical fluctuations in the balance of payments during that forward march.

Because the system on which the Japanese budget is drawn up seems so very peculiar—because it appears to encourage inflationary budgets when inflation is already in progress, and could theoretically signal that Japan should introduce a deflationary budget when a recession has cut down tax receipts—it takes some time for the visitor to Tokyo to recognise that the Japanese method of organising economic policy is as sophisticated as it is. But by the end of his stay your correspondent was convinced that the degree of sophistication on these matters in Japan—albeit often behind a screen of flummery words designed to show that they were all very simple and conventional chaps with a lot to learn from the West—is really very high indeed. It also happens to have been a sophistication that works.

. . . But Tight Money

THE monetary policy of the Bank of Japan provides a fascinating study for the visiting foreign economist, like almost everything else in this land. It is very difficult to decide whether the policy's undoubted effectiveness has been the result of the Bank's extraordinary success in making the brilliant best of a bad job, or whether the bad job itself (as represented by the highly unorthodox nature of the Japanese commercial banking system) has paradoxically made monetary control very much easier. For various historical reasons (of which the failure of the cheque system to develop quickly under Japanese conditions is one) commercial banking business in Japan is profitable only if the big city banks operate at levels of illiquidity that would drive an English or American banker into a state of permanent neurosis. When window dressing (which is considerable) is removed, the city banks' real cash ratio against deposits is only about 2 or 3 per cent, and they hold virtually no other genuinely liquid assets at all (compare the British commercial banks' conventional liquidity ratio of 30 per cent). The other 97 or 98 per cent of their deposited money is out on loan, without many of the usual conventional bankers' distinctions about lending only for short term requirements ; a very large part of Japan's massive investment boom in fixed capital equipment has been financed by commercial bank loans.

The result of this " overloan position " is that the city banks periodically find themselves in a desperate need to raise liquid funds from somewhere, either in order to meet emergencies or else simply in order to increase their lending further. They can do this in two ways. They can borrow some emergency funds from each other (or from rural and other savings institutions) on the so-called call loan market, interest rates on which can sometimes reach fantastic heights ; at one stage during the last balance of payments crisis and credit squeeze call money was being borrowed by the big city banks at over 20 per cent. The other source, nominally as a lender of last



Tokyo's business centre : under banker's orders

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resort but really as the main engine of capital creation during a boom, is the Bank of Japan. The Bank's process of credit creation went forward particularly heavily during the early years of Japanese recovery, so that Japanese bankers themselves admitted—and visiting American bankers reported back with horror—that "the commercial banks in the early nineteen-fifties became merely a channel through which the central bank fed industry with investment funds." It was this "overloan" position that Mr Dodge referred to with indignation when he castigated (as mentioned in our first article) the illusion "that granting progressively larger amounts of commercial bank credit for capital purposes can be substituted for the normal processes of capital accumulation."

Nevertheless the fact remains that it was substituted, and that it has worked. Looking round the shining new factories of Japan—a country that actually had the greater part of its previous industrial capacity destroyed in the war of only seventeen years ago—nobody can doubt that. Moreover, paradoxical though this may seem, the consequence of the central bank's unorthodoxy during this period has been its rebirth as one of the most powerful central banking organisations in the world. Because the commercial bankers have to come begging to it when they want new funds to increase their lending further, the entire credit structure of Japan now seems to the visiting foreigner to lie snugly under the Bank of Japan's control.

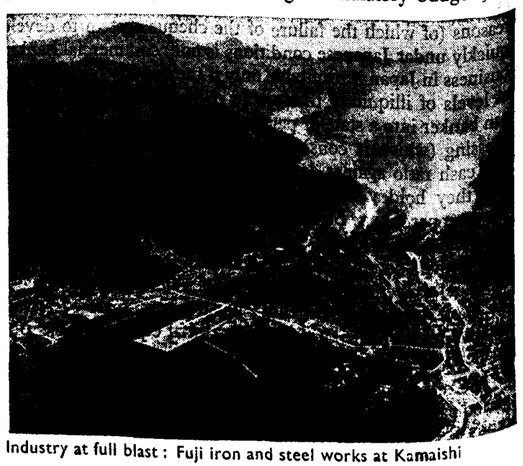
THE Bank itself would deny this; its position of absolute power, as lender of last resort, over the credit situation does sometimes mean that it cannot use that power to quite the extent that its exasperation with some aspects of the *boom* might make it wish to do. It cannot very well turn away big banks who ask it for funds if the result would be to cause a massive financial crash of Overend Gurney proportions. But in banking, as in international diplomacy, an authority that possesses an unusable thermonuclear deterrent does not necessarily thereby become less able than an unarmed country to make its wishes felt.

The control by the Bank of Japan is exercised in various ways. The one "orthodox" weapon is Bank rate, this summer at 7.3 per cent, which it is certainly able to make effective; most of Japan's other (very high) interest rates are tied to it, and Japanese businesses' heavy dependence on borrowing means that they are very susceptible to changes in borrowing rates. A second and more controversial weapon is the so-called "window operation." The Bank of Japan holds regular consultations with the commercial banks, reviews the likely trend of advances of each bank for perhaps a month ahead, and warns individual banks (or, at times of balance of payments crises, warns all big city banks) that they should please start to restrain their advances; if necessary it will even suggest an "overall loan level" for the big banks as a whole. Finally, although the Bank will not generally in the last resort refuse to lend to any big bank, it does levy penalty rates on what it regards as its ultimate margin of less desirable loans to the commercial banks. As part of the same process the Bank of Japan will offer favourable discount rates on particular types of lending paper—especially, to the annoyance of competing British exporters, it will help indirectly to subsidise Japanese exports in this way.

The commercial banks in turn also have a schedule of penalty rates which they levy on those who borrow from them, according to the status of the borrower concerned. And when they have to cut back lending, they have no hesitation about putting pressure on borrowers whose position they regard as unsound. The small local banks, who lend mostly to smaller local firms, will do the same thing when a credit squeeze makes it more profitable for them to use some of their funds in other ways (perhaps, for example, to lend call money to the big city banks at very high interest rates). The consequence is that tight money during credit squeezes can lead to bankruptcies of small firms in Japan. The figures for dishonoured bills (52,470 in January) are one economic indicator that is regularly watched. So is the number of bankruptcies (firms with debts exceeding £10,000)—which was 202 in January, close to the last peak of July, 1957. But at the same time as reporting this, the Japanese press also reported that the Government seemed to be more intent than in previous crises to temper the wind to the smaller shorn lambs.

The more closely one studies the history of the Japanese economy in the last decade, the more one becomes convinced that success in economic policy nowadays springs from a policy of favouring the forward-looking and most prospering and efficient firms, and beating the less efficient ones into the ground. The fact that control through monetary policy in Japan has—until this last year—generally worked in this direction may not be a sign of great social and humanitarian virtue (see "After the Zaibatsu," overleaf); but it has been of enormous economic utility. Your correspondent became convinced that there are two important lessons for Britain here.

First, the general British method, during the crises of the last decade, of restraining demand by tough budgets and tax regulators has automatically laid its main restraining power on the growth industries, while the opposite Japanese method has worked the other way round. Growth industries, by definition, are those that will be given the biggest impetus to expand their production when the next few hundred million pounds' worth of marginal demand is pumped into the economy; so, of course, they are also those that suffer most severely when the next few hundred million pounds' worth of marginal demand is siphoned out of the economy by means of a restrictive budget. By contrast, the Japanese method of pumping in extra demand through stimulatory budgets, and



Industry at full blast: Fuji iron and steel works at Kamaishi

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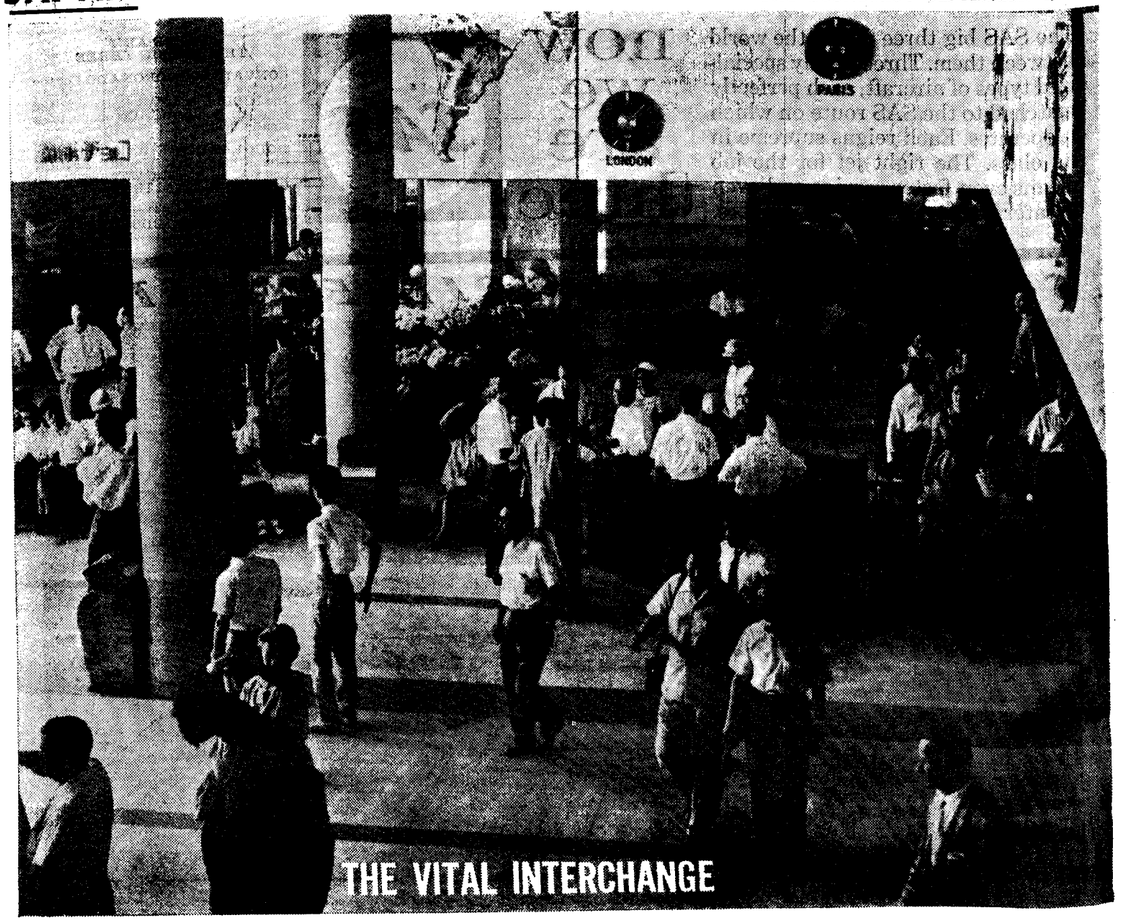

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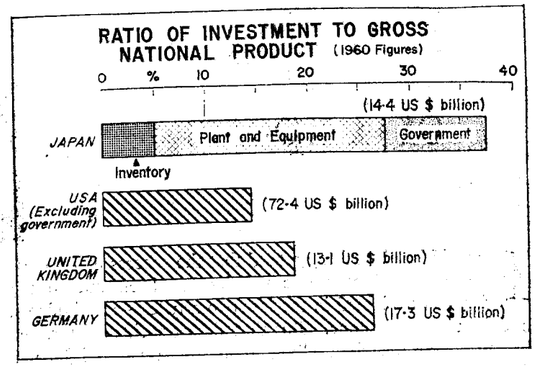
then using monetary policy and high interest rates as a rationing device, has caused restriction to impinge mainly on those whom the banks regard as the worst business risks. The rationed capital has become available only to those who can use it most profitably—except when political considerations intervene and gum the process up.

Secondly, the British have got used to saying that a policy of expansionary budgets and high interest rates will penalise investment at the expense of stimulating consumption. Japanese experience surely proves this to be nonsense. Japan (where industrial borrowing in recent years has cost about 10 per cent) has recently been devoting nearly 40 per cent of its gross national product to total investment. Britain, on the same basis of comparison, has devoted less than 20 per cent. The truth is that it is a spirit of dynamism among thrusting growth industries that nowadays serves to impel an economy along the high road of expanding investment. A policy of stimulatory budgets provides the oats that beckon the horse forward, while a policy of high interest rates provides the reins to guide the horse and also (at least in Japan) helps to provide the high savings (and, sometimes, at appropriate moments of the trade cycle, also the temporary increase of borrowing from abroad) which make the continuance of heavy investment possible. A policy of low interest rates relaxes the reins so that the horse will find it easier to rush forward faster if it wishes, but this is not much use when, because of a lack of expansion of marginal demand, the horse itself is standing still.



After the Zaibatsu

THE Zaibatsu were the rich families of prewar Japan (Mitsui, Mitsubishi, Sumitomo, etc) who owned the great industrial empires, sometimes delegating the job of management to hired managers, but sometimes actively controlling the boards of directors themselves. After the war the Americans, with reforming zeal, split up the firms in these mass empires into individual entities; but this was like grappling with a jellyfish, for the habit of cohesion has remained. It is secured now by interlocking directorships and high-level executive consultation among the firms that used to belong to the old groups; by inter-company shareholdings among group members; and by the fact that one of the big city banks—several of which are successors of the old Zaibatsu banks—is likely to hold a central position in each group. This last point is important because of the major role which the banks still play in financing new fixed investment in Japan—even though direct sales of shares to the public are growing fast (and are helped on their way by security selling departments in the main ordinary shopping streets, which operate in the way that betting shops are not allowed to operate in England, with the latest stock prices shown on television screens, and a commentator jabbering away excitedly as prices change).

When some new sort of industry (say, petrochemicals) becomes the rage in Japan, the group around one bank will set up a firm to take part in it; then the group around another big bank will seek to set up a rival company, almost as a matter of face. This has provided the country with a real, if peculiar, kind of competition in constant modernisation. The big firms will often tell you that this is "excessive competition" and that "the government ought to do something about it" (meaning that the government ought to step in and stop other groups setting up rival firms to themselves). But one suspects that it is, in fact, a kind of competition from which Japan has made great net gains in recent years.

Inevitably, the system means that the big firms which have close connections with the banking groups generally have an advantage in raising funds. The rates which the smaller firms have to pay are often considerably higher even than the 10 per cent or so nominally charged; for example, a bank may say that the borrower must redeposit with it (at an interest rate well below the lending rate) part of the money nominally loaned, thus greatly increasing the effective interest rate really charged. Most of the small firms work mainly as sub-contractors to the big ones. One might therefore suppose that the big firms would hand on considerable credit to them. But surprisingly often things work in the reverse direction. During a credit squeeze the big firms may pass on the effects of a capital shortage by paying their sub-contractors in, say, three-months promissory notes, which then have to be privately discounted (at rates, this year, of up to 25 per cent per annum) by the small firm in the market.

No doubt the big firms are unlikely to allow bankruptcy to overtake any sub-contractor who is really efficient and useful to them. They are more likely to want to see bankruptcy overtake the less efficient sub-contractors, or (this, of course, is the unhealthy part of the system) small firms which compete with them by putting products directly on the market at a cut price. This last sort of squelching of competition, however, is probably more usual in the older trades like textiles than in the newer trades like engineering; in the latter, the small firms cannot generally make completed products anyway, but act as sub-contractors for the big ones.

As has been argued above, your correspondent came to the unorthodox view that this system—by which credit squeezes have tended to fall more harshly on the less efficient firms—has probably been of real if cruel advantage to the Japanese economy as a whole. But it is natural that many ordinary people—and even more small businessmen and politicians who depend on their votes—do not see things that way. In the present (1962) credit squeeze, there have been signs that the authorities have been trying to put more of the strain of the squeeze on the big fellows, and less on the small, compared with what happened in the squeezes of 1954 and 1957; this summer, for example, when the period of tax collections fell due, the government was deliberately pumping out fairly large special loans through the various special institutions which lend directly to smaller businesses. Socially, this is understandable; economically, it might be a mistake.

The Planning of Exports

IT would be absurd to pretend that the success of Japanese governments' economic policies has been due to the formula explained in the last two articles—easy budgets, but tight money—alone. But that almost accidental formula has provided the right elbow room for a part of Japan's dynamic that really has been fundamental; namely, the nation's economic tendency to look constantly ahead in emulation.

In part, of course, this springs from Japan's advantage in not having been historically the front runner in the technological race; in part, it springs from the very useful national urge to be always gaining face. If "advanced countries" abroad have a competitive petrochemical industry—and Japan has not—then everybody in the Japanese government, and everybody in each big business group around each of the big banks, wants Japan (and for that matter his own banking group) to have a successful petrochemical industry too. Every big firm has a planning division which assiduously studies the filing of new patents and the introduction of new industrial techniques abroad; when successful ones appear, Japanese industrialists will immediately enter into negotiations to be allowed to operate the same techniques, under licence—and nowadays often with considerable locally-added improvements—in Japan. This technological élan seems to be far more energetic than in British industry, which has too often seemed to regard the "copying" under licence of American or other foreign techniques as rather infra dig.

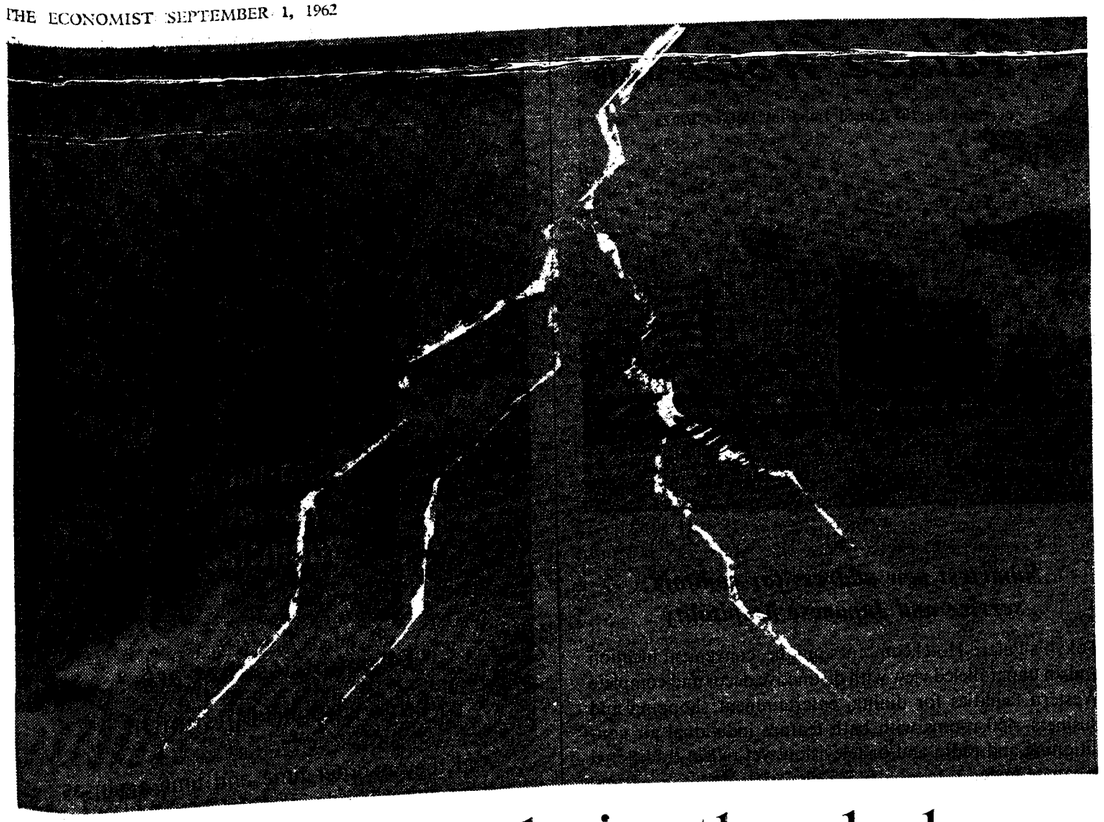
The same tendency for the Japanese to be constantly looking ahead in emulation permeates their government machine. The Japanese will always tell you, especially if they assume you to be an American, that theirs is not a planned economy. In the socialist sense of the term it is not. But Japan, even more than France, is the land of indicative economic planning *à outrance*. One has only to read the annual economic survey published by its Economic Planning Agency—a colossal tome of 500 magazine-size pages—to appreciate that. One has also only to look into the economics and statistics departments of any of its government departments or agencies: huge factory-like rooms, with economic graduates sitting row upon row, all hammering out on their adding machines the indicative economic statistics of the new Japan. Sometimes this estimating goes to what, to a Briton, seems more than slightly comical extremes: it is a bit odd to read in the press that the Economic Planning Agency has set a "target figure" for a rise of 2.8 per cent in the cost of living, or 14.6 per cent in exports, for the year ahead. But the attitude engendered by all this is important, because it is often precisely the opposite of that which rules in Britain. Nowhere can this be seen more startlingly than in Japan's mode of planning its exports, a field in which the Japanese will at first tell one most insistently that they do not do any positive planning at all.

JAPAN knows exactly where it wants to go in its future export drive. It wants to go into what it calls "heavy and chemical industries' products (totals of machinery, metals, metal products and chemical goods)"—hereafter called heavy goods for short. In 1953, when Japan started its present export advance, it had 50.2 per cent of its exports in light industrial goods (of which three-quarters were textiles) and 35.7 per cent in heavy goods; by 1959 it had switched to 47 per cent light (going down) and 42 per cent heavy (going up). Its export structure, Japanese planners will point out, has therefore in this decade been broadly similar to the stage that had been reached by most West European countries in about 1928. Since 1928, every West European country has gradually switched into the more "modern structure" of putting much less emphasis on "light industrial" exports (of which textiles have almost always been the main element) and much greater emphasis on exporting of heavy industrial goods. As witness the table below:

PERCENTAGE OF TOTAL EXPORTS

	Light Industrial		Heavy Industrial	
	1928	1959	1928	1959
Britain	50·7	18·3	30·5	66·1
Switzerland	54·3	25·1	27·6	66·7
Belgium	42·9	26·9	33·2	55·9
France	44·1	21·9	22·6	52·5
Italy	37·5	26·5	16·5	43·0

Most successfully of all Germany had reached 41.6 per cent light and 26.2 per cent heavy even by 1900; by 1959 it had reached 14.7 per cent light and 73.8 per cent heavy, a slightly "more modern proportion" (in terms of industrial exports only) even than the United States.



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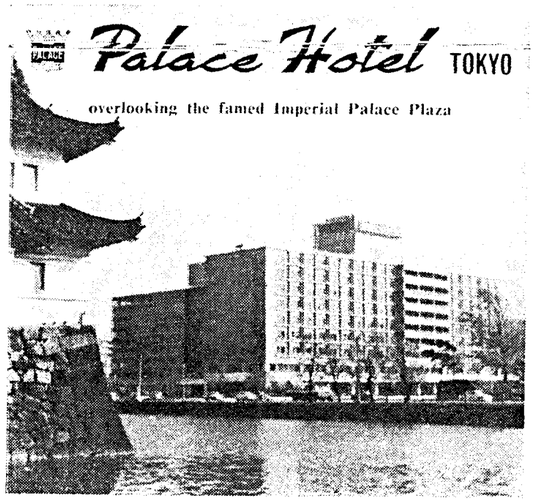

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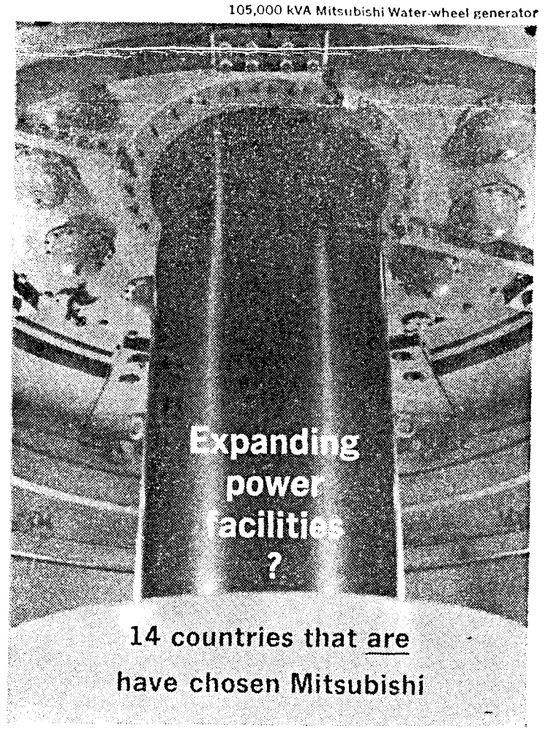

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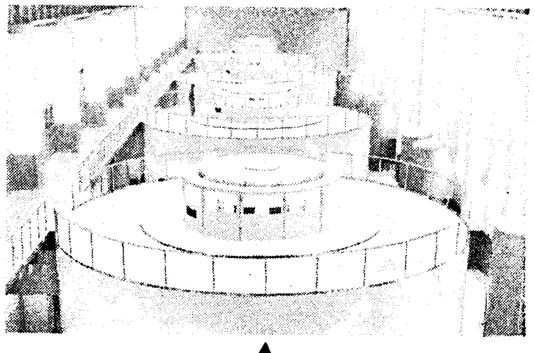

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Japan's official Foreign Trade White Paper for last year was quite brutal in drawing attention to the way in which Germany made a quicker and earlier switch into heavy industrial exports than Britain:

> The (different) speed of adjustment of the export structure of these two countries greatly affected later developments . . . in particular it is well known that this became an important factor in leading the British economy into a long-term stagnation. Special attention must be given to this point on the part of Japan, which still depends greatly on textile products.

And one can be quite sure that special attention will be paid to it, for the Japanese are convinced that in the second half of this century the underdeveloped countries will sweep into the export markets for light industrial products, and not only for natural textiles. When your correspondent asked one Japanese which newly developing country he most feared, the answer was unexpected: "In thirty years perhaps all of them, with China of course hanging over all; but in the next few years I think one main challenger may be Spain." Others that were mentioned were Formosa and Hongkong.

THIS idea of encouraging development of to-morrow's export industries, rather than concentrating entirely on today's possibly evanescent ones, is a deliberate feature of Japan's short-term policies, and not just one of its vague long-term aspirations. As one example of the statistical and planning techniques employed: income elasticities of demand for various items in the main markets of the world are studied with loving care, and this trend of world demand is then checked against what is called Japan's "specialisation index." (This term can best be explained by an example: if 5 per cent of total world trade is in chemical goods and 5 per cent of Japan's exports are chemicals too, then Japan's specialisation index for chemical goods would be one.) When world demand is rising especially heavily for some particular item, Japan's industrial planners get very worried if Japan's "specialisation index"—and thus share of world exports—for that item is not concurrently going up too. On the other hand, if Japan's specialisation index is already high for something for which world demand is not rising, the planners are not at all sorry to see that industry—even if it is currently a good exporter, such as (e.g.) tractors are for Britain—gradually dwindle.

Thus Japan's Economic Survey for 1959-60 noted with satisfaction that in a wide range of articles for which world demand was then rising, Japan's specialisation index had increased also. These booming exports included most forms of machinery, other metal goods (as distinct from metals themselves), made-up clothing (as distinct from textile piece goods), vessels, automobiles (where admittedly Japan's specialisation index is still well below unity), and some forms of plywood and wooden products. On the other hand, the survey noted with almost equal satisfaction:

> Among the items on which Japan is beating a retreat with regard to specialisation are those goods which are manufactured through comparatively simple processes and are in poor demand like yarn and cotton fabrics hitherto exported mainly to underdeveloped countries. They also include chemical fertiliser, pottery, glass products and bicycles.

But it added as a warning note:

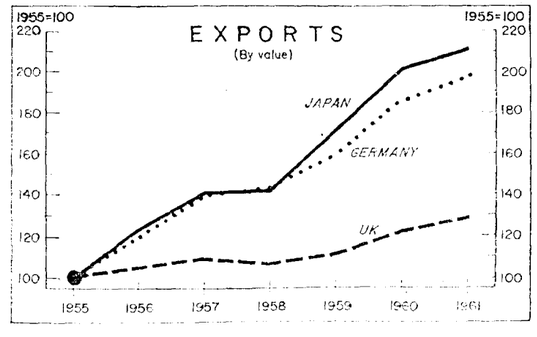
> Declines in specialisation indices are also registered for many chemical products and metals. This is quite noteworthy, for the world's demands for chemical products and metals are on the upgrade.

Following upon this sort of remark, government measures for encouraging greater output of the chemical products indicated as desirable will be stepped up.

In part, these government measures may take the form of winks and nods passed along Japan's extensive "old boy" network. (As Sir Norman Kipping and Mr J. R. M. Whitehorn put it, perhaps with rather polite understatement, in their excellent report on Japan to the Federation of British Industries last year: "The very intimate and manifold connections at all levels between government and industry are a most important factor in the attitudes and policies of both.") But the government also has some powerful positive strings to its bow. They can include the exemption from corporation tax on profits from a new product for an initial period, extraordinary depreciation allowances (which can sometimes be very extraordinary indeed), readier permission to firms in a growth industry to import technological know-how, as well as very tight protection against foreign imports while the infant industry is being built up. And, as a most important point: if domestic demand for these industries' products grows in the meanwhile, thus giving them further encouragement to expand, that will be regarded as the happiest development of all.

THIS last remark leads into another vital difference between official attitudes in Britain and Japan. In Britain the government almost automatically assumes that any "excessive" increase in domestic demand necessarily causes exports to shrink, because the extra demand sucks goods into the home market; British officialdom discounts the argument of some industrialists that increases in home demand help exports by enabling manufacturers to utilise to the full the economies of modern mass production techniques. In Japan—instead of assuming that the industrialists' argument is either always wrong or always right—they set their adding machines to work to find when and whether it has proved true in each particular case. And from this springs calculation of what Japanese planners have called "the export and industrial estrangement coefficient" in various parts of their economy—another term that economists in Britain have never learned to use.

In 1950, for example, machinery accounted for 16.2 per cent of Japan's industrial output but only 10.5 per cent of its industrial exports; so machinery was calculated to have an export estrangement coefficient of 10.5 divided by 16.2,



which equals 0.65. By 1959, by contrast, output and exports of machinery happened to have risen to a level where they accounted (coincidentally) for exactly 28.9 per cent of both Japan's industrial output and its industrial exports, so by then machinery had an estrangement coefficient of one. This, in other words, was one group in which exports had proved to go up more than proportionately as domestic demand had expanded. And the blunt fact is that the same trend has been observed in Japan in most of the "modern" industries on which increases in domestic demand within an expanding economy have recently been most heavily concentrated.

This would not be true in all countries with different schedules of marginal domestic demand; for example, in America marginal demand in an expanding society might well be mainly concentrated on services, which would often use up labour in forms of employment where they could not add to exports at all. But the situation is different when marginal domestic demand is concentrated on industries with a high rate of capital-intensiveness, in which productivity therefore increases sharply with mass production and in which it has been proved (by those adding machines again) that qualitative improvements and investments in modernisation go forward most swiftly in time of high prosperity for the industries concerned (so that a country must be considered to be particularly well placed to follow expansionary policies when marginal domestic demand falls heavily upon industries with great scope for complicated technological advance).

One suspects that Britain, like Japan, has in recent years been in this potentially happy position where re-expansionary policies would have paid off in aiding the export industries of the future to grow to a more efficient size; at any rate it would be nice if the National Economic Development Council or somebody would use its adding machines to try to find out.

IT is easy to dismiss all this talk of estrangement coefficients and specialisation indices as highbrow stuff which only the academic planners (and perhaps even only a small minority of them) understand and make up for the purposes of their absurdly-detailed forward-looking "plans." But the fact is that this sort of economic temperature-testing has insensibly created an attitude towards problems of growth in Japan wholly different from that in Britain.

Your correspondent felt this most keenly at two types of interview during his tour of Japan. The first was when he checked up on the spot what has happened to British exports as a result of British governments' consistent policies of holding down British domestic consumers' (and investors') demand for new things, in order not to draw away resources from traditional export industries. The result has been that, as seen from a market like Japan, Britain's main exports now look very traditional indeed. The main things in which Britain ranked as the principal supplier to the Japanese market last year were whisky, sweets and other confectionery, and woollen fabrics (plus some other textiles). In machinery and other "modern" exports, America and Germany beat us right across the board. As the recent FBI report pointed out this "has perhaps contributed to a quite false picture that we are strong only in consumer goods." To put the matter much more bluntly, the vision of the average Japanese—and of other distant export customers—is that Britain today has become a non-developing country; filled no doubt with whisky stills, children's bon-bons, skilled at making up material from old sheep, and fabricating other quaintly old-fashioned things which the average Japanese probably regards as the products of our cottage industries; but not a dynamic country that it capable of producing anything expansive and new.

The second sort of shock came when one talked to Japanese economists themselves. It was terribly difficult to explain to intelligent Japanese that in Britain the industries for whose products demand rises most swiftly, during hire purchase or other booms, are often precisely the ones that the Government seeks discriminately to hold down; that British Chancellors do not seem to believe in the concept of domestic growth industries, but resolutely maintain that the only sound type of growth is that "based on and led by exports." The answer was apt to be something like:

> That is most interesting. In an early stage of our development we too led our industrialisation by export industries such as textiles. But in the present stage of modernisation of our industrial structure I think the only industries in which we have seen export increases induce a production increment—instead of the other way round—are transistor radios and perhaps cameras. We do not all regard these industries as very soundly based because demand for them, especially transistors, may be saturated too soon. Export increases of all our other products have been induced mainly by expansion for the domestic market. But perhaps in your mature country the indices. . . .

One had then to explain that British policy was not based on such complicated ideas as studies of the likely trends in specialisation indices and estrangement coefficients, but on what British ministers regard as the "commonsense" view that exports can go forward fast only if the domestic market is not too ravenous. The response one elicited by this sort of explanation was apt to be that peculiar Japanese ejaculation which sounds like the word "Ha" emitted from the top of the forehead. It is the world's politest—and in this case just possibly most deserved ?—form of snort.

Can It Last?

THE question to ask now is whether, after Japan's last golden decade, the dynamic is going to last. There are four reasons for fearing that it might not do so. Three of them will be all too familiar to people with experience of Britain's economy in the last fifteen years; the other will be very unfamiliar indeed. The unfamiliar one, which we will deal with first, is that Japan has in the recent past probably been devoting too much of its gross national product to investment instead of consumption.

Fixed investment in private industry has been very much the main growth element in Japan in recent years; last year it was actually four times as large as it had been even in

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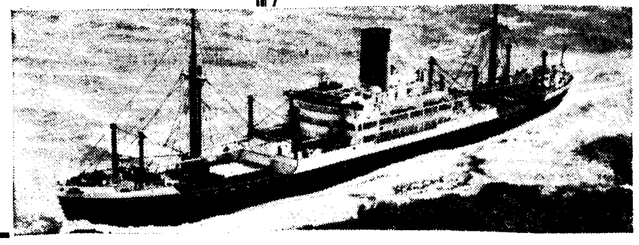

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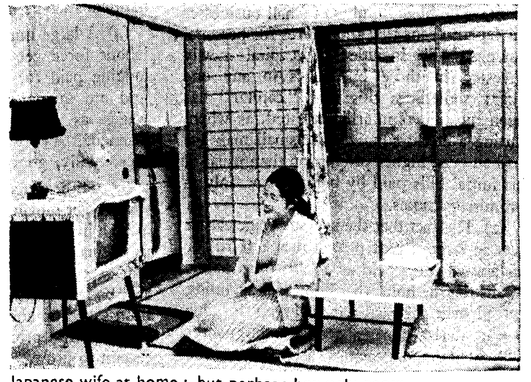
1955. There have been several instabilities in this situation, not the least of which is that the investment boom has been feeding very largely upon itself ; something like half of the investment that was going on in 1961 seemed itself to be investment in the investment goods industries. One cannot really believe that this will last. Some of the equipment installed last year must be beginning to look a bit unprofitable now, especially since total demand and production began to sag in the spring of this year following measures taken to deal with the temporary balance of payments deficit. One's own guess would be that, even after the tight money squeeze is relaxed, the new " natural " rate for total investment (including stocks) might prove to be, say, between 25 and 30 per cent of gross national product (which would still be a very high rate compared with most other countries) rather than the extraordinary 35 to 40 per cent that was being achieved last year.

If so, the questions will be: what is to take up the other 5 to 10 per cent of GNP, and what is to take over as the main dynamic element to lead the next stage of the advance ? There are two main possibilities: an increase in public investment in amenities as private investment in industrial equipment falls off, and an increase in consumption. There should be plenty of scope for increases in both. In the field of public investment, Japan's roads, harbours, housing, and, for example, sewage system (this is still most definitely an effluent as well as an affluent society) cry out for very large new expenditure indeed. Although real spending by the average worker's household in Tokyo has more than doubled since 1951, consumption still takes a ridiculously low proportion of gross national product (only 52 per cent in 1960-61). But there are going to be problems in the way. One rather charming conversation which your correspondent had with a Japanese (not in an official position) is worth quoting. " To change from investment to consumption as you say," said the Japanese, " would mean switching from profits to wages. Politically very difficult." " Not in Britain " said your correspondent. " Ha ! We swop governments, eh ? " Alternatively, a deliberate attempt to take up slack by a still bigger programme of public works, or by introducing more of a welfare state, would mean running the budget into deliberate deficit. And although Japan's peculiar budgetary system has served it well by allowing the Ministry of Finance to introduce expansionary budgets during a period of continuing expansion, it would theoretically not make it easy to use the budget as a re-stimulatory force after a period of slowdown.

MOREOVER, there are some conservative people in Japan who are now advocating a policy of deliberate slowdown in the rate of expansion for other reasons. It will already have become apparent, from the whole tone of this survey, that your correspondent would regard such a policy of a deliberate slowdown as a bitterly disappointing mistake. Before going on to discuss the conservatives' counter arguments, one had better define what one means in saying this. One is not suggesting that Japan should or could aim to keep up annually the extraordinary rate of increase of over 15 per cent in real national product which it achieved last year ; that rate obviously did bring with it some element of undesirable inflation, both in prices and imports. One is not even suggesting that Japan can expect for very long to stick to the average rate of more than 9 per cent of annual growth which it has achieved since 1951 ; if private investment in fixed capital equipment is to account for a rather smaller proportion of GNP in future, productive capacity will no longer go on growing by its recent massive amount. But one is suggesting that Japan should deliberately aim to keep demand rising at the rate which will allow its expanded (and expanding) capacity to be fully used.

The conservative Japanese who deny this put forward three reasons for objection. First, they say that Japan has now run into a shortage of labour " just like England," and they cite the figures for job openings and job applications by school leavers to prove this. The answer to this is that Japan cannot really be called short of labour so long as some even of its new young entrants into industry have to take jobs in firms where their productivity and eventual lifetime wages will still be only between 50 and 60 per cent of those that they would earn if expanding employment opportunities were continuously and progressively made available for them in the larger firms, and especially not so long as the retirement age for older men is at the ludicrously low level of 55. Even in Britain, it has been argued earlier in this survey, the right way to meet the so-called shortage of labour is not to keep on holding back the growth industries by restricting marginal demand, but to shake resources free from the less efficient industries and firms by introducing more competition and by using policies that are more deliberately designed to drive the weakest entities to the wall. In Japan it seems even more obviously desirable that the so-called " excess demand " for young labour should continue up to the point where (a) it gives more young



Japanese wife at home : but perhaps her only room

men the chance to take up jobs in the modern and efficient industries, even if this means that they will go on bidding even more labour away from the much lower paying and less efficient ones ; where (b) it makes more of the established firms feel that they will have to keep existing employees on past the age of 55 ; and where (c) it forces all employers in general to adopt a less restrictive attitude to the new employment of all " old men " over the age of 30.

The conservatives' second objection is that some element of

price inflation will be inevitable so long as policies of "encouraging excess demand for labour" continue. Probably, it will be. Indeed in this respect Japan may well have a heavier cross to bear than Britain. The reason is that prices of some things in Japan (especially services and some things produced by the older and labour-intensive industries) have hitherto been kept very cheap because they have been produced by workers whose wages have been unduly low, and this "advantage" is now about to disappear. The price inflation in Japan in the last two years has been largely due to a rise in labour costs in branches of industry where labour has hitherto been exploited; part (though admittedly not all) of the loud complaints in Tokyo this year that "prices of services have been rising too steeply" turns out to mean that "messenger boys" and other personal servants are more expensive than they used to be (a not unusual phenomenon in an enrichening society) and that those who worked even in the smaller shops were now taking more than one free day off a month. To say this is not to pretend that there have been no evils (particularly for retired people) in the sudden 10 per cent rise in prices which has occurred in Tokyo during the past year; certainly it would be an excellent thing if the big Japanese companies engaged in more of the competitive price cutting which is also badly needed in Britain. But on balance—especially if there were now to be a growth in social services, including pension schemes, for the less well off—some rise in the domestic price of things hitherto turned out by low-wage establishments should not be regarded as an unmitigated misfortune. It would seem to be worth while if it is the requirement for keeping expansion and modernisation of Japan's industrial structure pressing forward at the full stretch of advance.

THE third objection to continuing demand reflation is that it might result in a continuing balance of payments crisis for Japan. Once again, one must define what one means here. If

Savers like the Swiss?

IT is often said that one of Japan's greatest advantages has been that its people are almost unnaturally heavy savers, and there have been many expressions of admiration and wonder that a people with an average personal income of nominally only about two-fifths of Britain's per head apparently voluntarily saves up to 20 per cent of it. But some of the statistics often quoted are rather misleading, or are very heavily affected by circumstances very peculiar to Japan. For example:

(1) The huge number of small businesses in Japan means that the figures for personal savings will include all capital newly invested in those businesses in any one year: sometimes this new "capital" has been most involuntarily invested, as when, during a credit squeeze, the small man has had an even higher proportion than usual of his initial bills paid by bigger firms only in promissory notes.

(2) The fact that the average wage earner gets so large a part (sometimes a third) of his annual wage paid as a Christmas bonus means that he holds that bonus for spending spread over the year; it is largely for this reason that so many even of the poorer households open savings accounts at the banks. No doubt this banking habit in itself leads to an increased habit of genuine saving, but when the bonuses given each Christmas are much bigger than those given the Christmas before—as has happened in every recent year of expansion—it is automatic that the *total* of savings deposits as recorded on each December 31st should be much bigger too.

(3) While employers' fringe benefits in the west often take a form (e.g. pensions schemes) which do some of the worker's saving for him, fringe benefits in Japan often consist of doing or subsidising some of the worker's spending for him (paying his railway fares, cheap company shops) and leaving him to save for his old age himself. Such pensions as the worker gets often consist of terminal pay of his salary in a block sum for a certain period ahead, leaving him to save and spread this block sum over what he guesses will be the remainder of his life. Once again, this increases the nominal figure for "personal savings" in the national income accounts.

(4) A large number of the women in the labour force get most of their board and lodging paid for them by their employers and are saving the greater part of their wages as a dowry for when they get married. (Very few married women, incidentally, go out to work.)

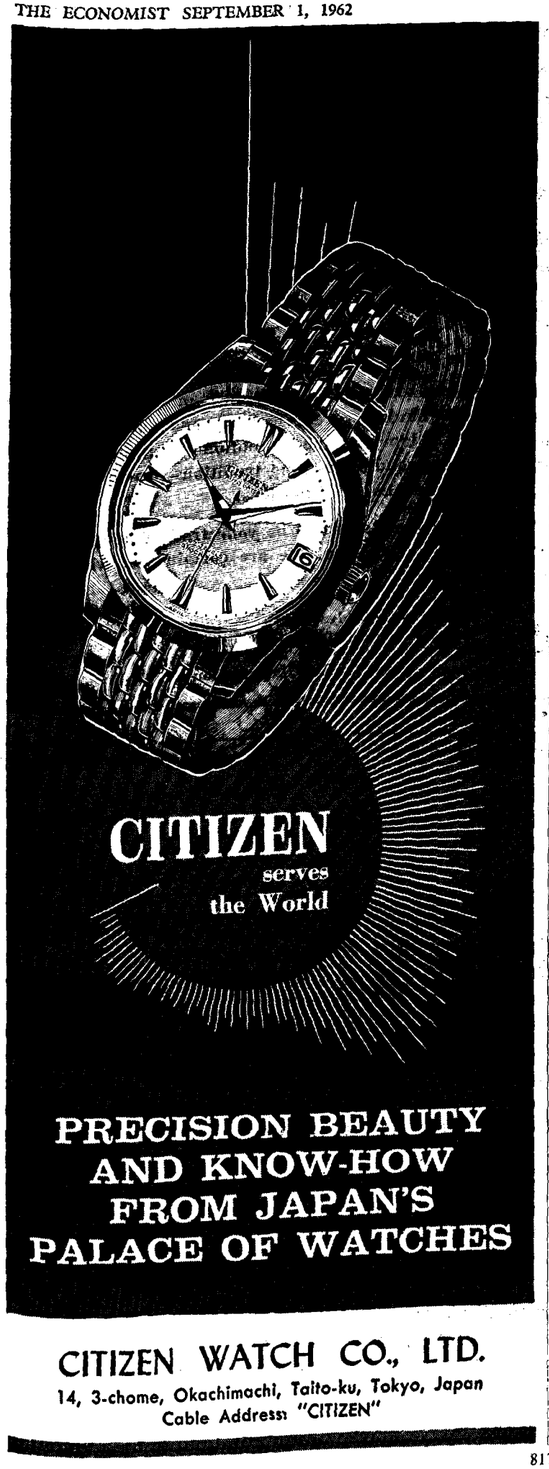
(5) Hire purchase has been relatively slow to get moving in Japan (partly because of high interest rates, partly because of social problems connected with organising it), so that over 50 per cent of consumer durables are bought with money which has first been saved up and is then paid cash down; in future the proportion financed by hp is certain to grow.

WHEN allowance is made for all this, a certain haze of healthy cynicism is perhaps thrown over the theory that Japan has prospered because of "the great natural thriftiness shown by its people." The huge proportion of between 35 and 40 per cent of its gross national product which has been taken up in recent years by total investment (which necessarily equals total savings) is largely explained by another factor: namely the fact that (although, once again, properly comparative figures are desperately difficult to work out) about a tenth of the national income which in Britain would have gone to wages or other personal incomes has in Japan recently been going to company profits instead. To the doctrinaire left-winger, this will seem a shocking proof that the capitalists are too greedy, and the trade unions insufficiently powerful, in Japan. To the more pragmatic economist, the proper observations seem to be:

(1) Because companies have been ploughing back these high profits during a golden age of high investment, the Japanese worker has gained more in this last decade from this greater growth in the national cake than he would have done if he had got a larger share of the national cake immediately.

(2) As a matter of fact, the slower relative growth of wage bills than of profits has not been primarily due to the weakness of trade unions. It has been much more greatly due to the facts that the new and most profitable industries have mostly been built up with new and young labour forces; and it is a custom of the country (which the trade unions themselves appear to support) that young regular employees expect to get a much lower wage than older regular employees in Japan.

As the average age of the labour force in these new industries grows older, more of the national income should go to wages and less to profits; because a smaller proportion of wages than profits is saved, this should mean that consumption will gain somewhat at the expense of investment. We have already suggested that, after its age of high investment, Japan is one of the few countries in the world where such a switch from investment to consumption would now probably be a switch in the right economic direction.



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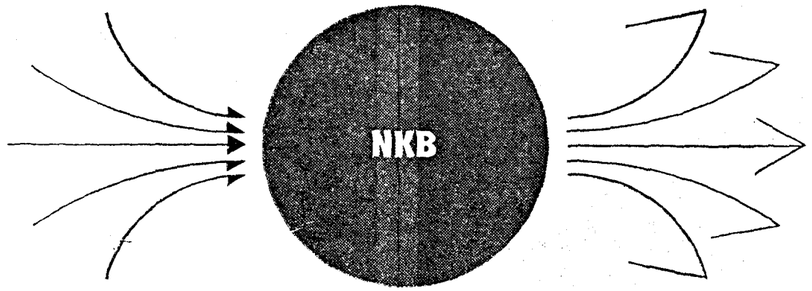

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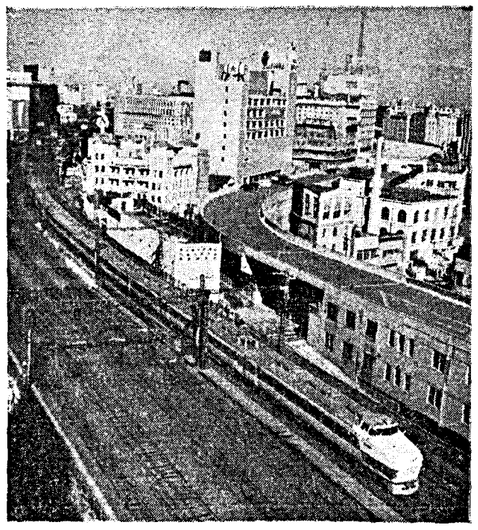
the argument is that the importing structure of Japan cannot easily afford each year the sort of 15 per cent real increase in domestic demand that was experienced in 1961, there may well be some sense in such talk. But if one is calling for a permanent slowdown in Japan's whole recent regular tempo of advance because of balance-of-payments difficulties, then—here the argument must turn back to be addressed again mainly to western, rather than Japanese, ears—one should sit down and think carefully where such an argument leads.

If conventional economics calls for such a slowdown there can surely be no sense left in conventional world economics at all. For everybody knows that Japan's export problems do not arise from the fact that as it has giddily expanded its production of new style goods, those goods have progressively proved to be too uncompetitive and too dear; on the contrary, Japanese products are now being kept out of all manner of western markets by special restrictions, precisely because they have proved so good and so cheap.

IT is easy—and justifiable—to reply that Japan does not throw its frontiers open to foreign goods either. Its attitude to imports will be discussed next week, and the conclusion will be that (despite high flown phrases about its present advance to so-called—misleadingly called—90 per cent import liberalisation) its record is still more than deplorable in one respect: it should do much more to implement the precept spelled out in its present long-range economic plan that while it is reasonable for its tariff and other policy "to give protection to incipient industries which have potentialities for development . . . the government should refrain from giving (similar) relief to declining ones." But really in this it is in the west's own interests—and also should be frankly its responsibility—to set an example. For consider the prospect now before us.

All the goods that Japan could produce more cheaply than the West yesterday and today—including especially the sensitive goods like textiles against which Britain wants to maintain the power to impose sudden import restrictions—are likely to be the goods that other developing countries will be able to produce more cheaply than the West tomorrow or the day after tomorrow. It is most emphatically not in the West's interests to try to keep alive its own doomed industries making these goods; even if Japanese industries are repulsed by special restrictions today, the West will only be left with a mass of declining industries that will have to fight overwhelming competition from a dozen or more new Japans, from Africa, Asia and even southern Europe tomorrow. By contrast the more "modern" goods that Japan itself is now newly becoming able to produce as efficiently as the West cover a much wider range. Probably indeed they will soon be conterminous with nearly the whole field of manufacture. There may be loud protests as this happens. But if the West follows a policy of reasonable liberalism, this does not mean that Japan will capture all our markets.



Full speed ahead: crack express leaving Tokyo

No country can capture all the world's markets and thus run an export surplus for ever. The most that might happen would be a fairly shortlived yen problem, like the D-mark problem of the last decade and the dollar problem of the decade before that, which would eventually be solved (as the D-mark and dollar problems have been) by the rise of living standards and of import freedom in the export surplus country, or (less probably) by an up-valuation of the yen. The problem would in short be solved as, among the comity of rich western countries, this first standard bearer of Asia at last arrived as an equally rich-living partner.

BUT at the moment the West is not following a policy that will encourage this. On the contrary, in answer to pleas for protection from some of Britain's own lowest wage industries and (to cite one actual example while your correspondent was in Japan) from American producers of zip fasteners, imports from Japan are being held down by intermittent special restrictions. And now, in consequence of this, the idea is gaining ground that Japan will have to slow down her exciting rate of advance; that she will have to delay her dramatic surge into tomorrow; that she may have to remain more static in her industrial structure of yesterday and today, a structure into which other developing countries should soon be advancing (although they too will be likely to be slowed, if Japan is left marking time across their route of advance).

And thus a whole absurd cycle of mutual misery could be brought into being. Thus the whole process of advance in Asia and Africa could be blocked, just after one Asian country has shown how breakthrough could be achieved; and the West, sadly pumping out aid funds to spur on the sort of economic development which it will have blocked by the export of its own economic stupidity, will be left wondering why the political consequences of this well-intentioned bungling are so dire. And nobody who has seen the political forces operating among Asian students today—or sensed what will happen if an economic slowdown prevents these young men from getting quite as good jobs as they at present expect—will underestimate for a moment just how dire they could be.

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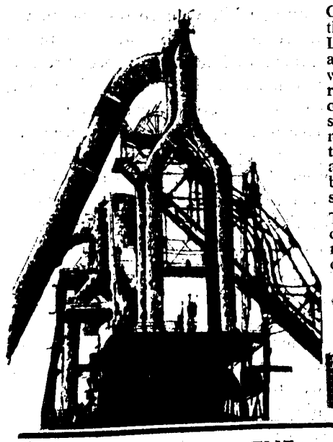

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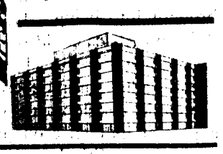

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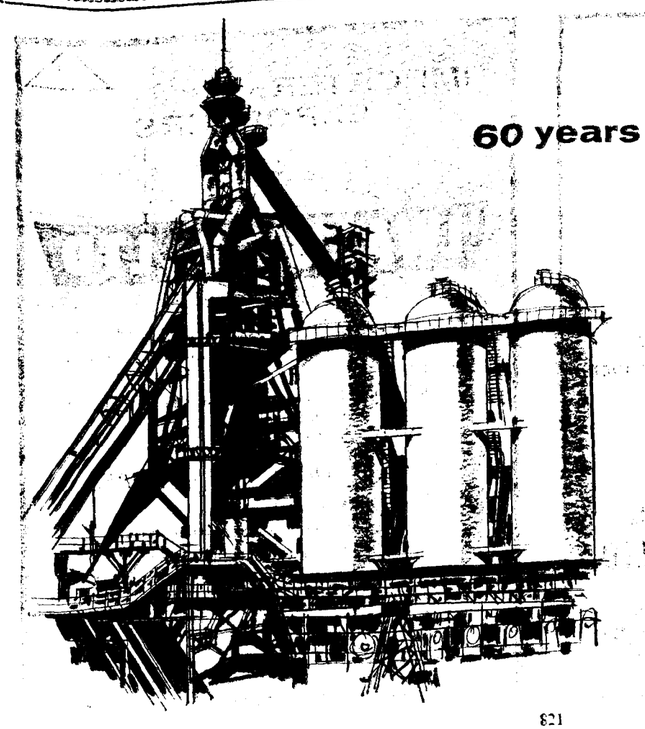

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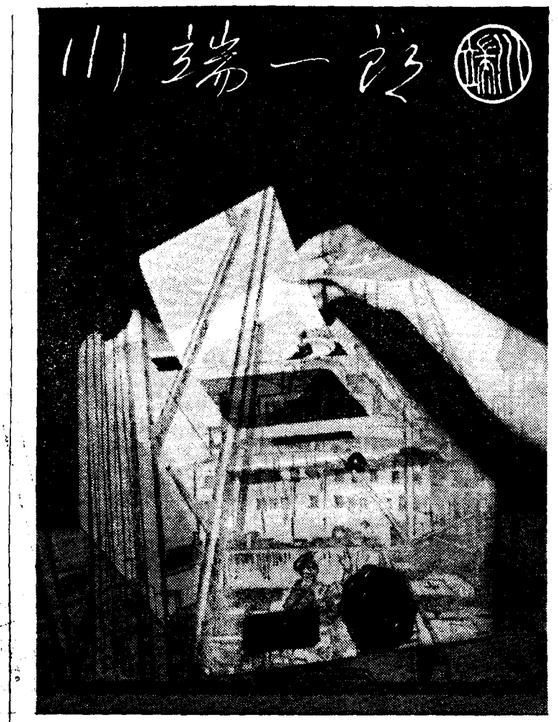

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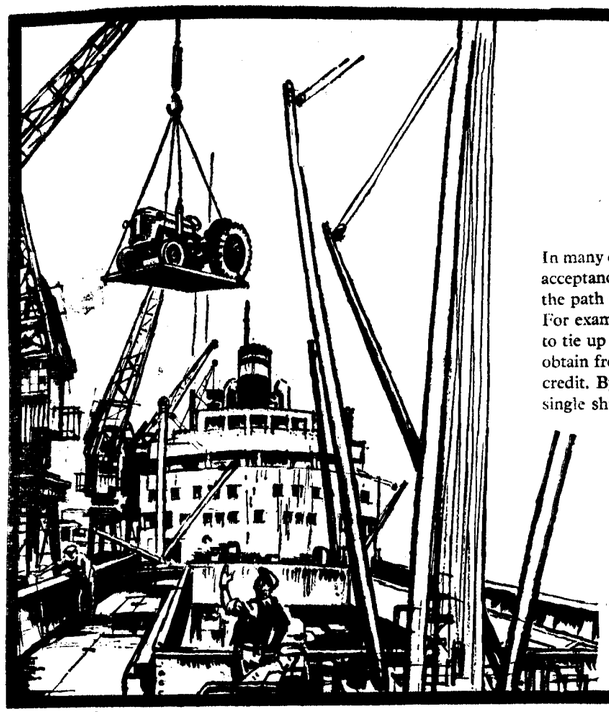

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THE BUSINESS WORLD

Should Interest Rates Fall?

A NEW surge of demand for gilt-edged securities in London this week has brought the year-long recovery into new ground. War Loan, rising by nearly 2 points, is now comfortably above 60, and a full ten points above its low after Mr Selwyn Lloyd brought in his emergency measures in July last year. Its yield has thereby been brought to 5.8 per cent, and every government stock in the list is now below 6 per cent; in August last year, yields ranged up to 7 per cent. At the same time, the gilt-edged market has been absorbing unusually large funds. New issues by corporation and Commonwealth borrowers have been let forward in a steady stream; the latest is a loan of £10 million for New Zealand, which with a gross redemption yield of £6 6s. 8d. per cent secured the expected over-subscription on Thursday. In all, these issues have raised over £150 million since the beginning of the year. In addition, investors have by now taken the whole of the £300 million of Treasury 1986-89 stock put out through the tap from the beginning of May. Indeed the expected ending of this tap, which had previously restrained the rest of the gilt-edged market, was one of the immediate factors behind this week's market boom. The authorities have been quick to replenish the tap, reverting to the very long end of the market with a new tranche, of no less than £500 million, of the Treasury 5½ per cent, 2008-12.

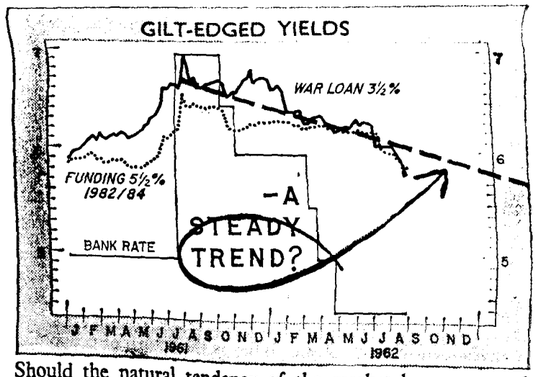
This being issued at 95, ⅛ above the market price—unattractive immediately, but on recent experience perhaps not for very long. The issue contributed to a pause in the very long dated and irredeemable stocks but to a rise in the 1982-84s and the 1986-89s. Faced with a literally overwhelming demand for their wares, the monetary authorities seem to be responding mechanically in the only way they know—making more stock available, keeping short-term "control" but providing little serious resistance to the market rise. Have they really reconsidered, for present conditions, what should be the role of funding sales on the one hand and interest rates on the other?

After a number of years in which, as Professor R. S. Sayers has pointed out in an impressive article,* investors had no clear idea in which direction interest rates were moving, they have recently, with the help of hints from the Bank of England, formed a more positive view. The view is that rates are still unduly high both historically and, more important, in relation to the balance of economic forces. The big new factor in the investment climate of the sixties is the return of economic scepticism to major western economies after the easy post-war boom. Growth no longer looks certain, and to be had for the asking; it follows that a so-called growth stock with a promise of future income is no longer automatically preferred to a staid stock of fixed monetary value and fixed return. This major change in the western economic scene was first discernible in 1960; and it did then look, for a time, as if the long bear market in gilt-edged was already on the turn. The exchange crisis of 1961 intervened; but immediately the rescue operations for sterling had been taken gilt-edged began to rise.

The fall in long-term interest rates so far, of rather more than one percentage point, is already larger than the fall that took place between the previous exchange crisis of 1957 and the time when recovery began to give way to boom in 1959. But in the current cycle long-term rates have started from a notably higher peak, close to 7 per cent. The present level of around 5¾ per cent is still no lower than in the most critical days of 1957; it is significantly higher than at the depths of the Suez crisis; it compares with a long-term level of 5 per cent which seemed shockingly high at the beginning of 1956; with 4 per cent in 1954; and with 3 per cent and less throughout most of the forties. Only four years ago, one may recall, Professor J. R. Hicks was arguing that, given some kind of easing of sterling's international liquidity problem, the traditional rates of 3-3½ per cent on Consols should still be considered the norm; and though most observers would hesitate to go that far, even today, the proposition seems rather less fanciful than it would have done two years ago.

FOR it does seem that at a time when demand inflation or anything like it has disappeared from Britain, from the United States, and from Germany; when cost inflation is under better control in at least the first two countries; when personal savings in all three countries are continuing their extraordinary progression; and when, nonetheless, the British Government still feels bound to supplement these savings through a net budget surplus—in these conditions, certainly, it is not easy to see why interest rates in London should surpass the level that even the supporters of flexible money rates thought appropriate at the height of postwar scarcity and uncontrolled boom. So it happens that voices as disparate as those of Lord Cromer, Professor Sayers and Sir Roy Harrod have been talking interest rates down. Are they right?

* "English Policy on Interest Rates, 1958-62." Banca Nazionale del Lavoro Quarterly Review, June 1962.



Should the natural tendency of the market be encouraged, indulged (as it has been hitherto) or resisted ?

The key question is how to adjust the undoubted misalignment between current interest rates and prevailing fiscal and economic conditions—which side should give, and how much ? The popular vote in the City is undoubtedly for lower interest rates, and this view is shared by the Bank of England, provided that the reduction is gently made and does not risk a psychologically damaging market reversal. The Treasury, which now seems likely to postpone any positive measures to stimulate the economy until after September's meeting of the International Monetary Fund in Washington, seems well pleased with the rising gilt-edged market. Lower interest rates, it is said, are needed to encourage investment and reduce industrial costs. But is there really any prospect that a reduction in long-term rates to five or even four per cent would, by itself, be sufficient to check a declining trend in Britain's industrial investment caused by the disillusionment of industrialists whose existing capacity is markedly under-used ? Interest rates have an important marginal effect on investment decisions, which Professor Sayers himself concedes is likely to be more important in the sixties than it was in the fifties ; but new investment responds more to expectations of profits than to savings in interest. So the first priority for a revival of investment in Britain is a revival of demand, and an easier fiscal policy. Lower interest rates would help, but they are not an indispensable help, whereas an active demand is. And at some point they might need to be dispensed with, as they would certainly add to pressures on the always vulnerable balance of payments. Time and again Britain's balance of payments in recent years has forced a rise in interest rates ; the balance is not so strong now that it can do without the covering fire that relatively high interest rates are now providing for sterling. Relatively high long-term rates—which are still no higher than most rates on the continent—have helped to offset the whole of Britain's large gross outflow on long-term capital account. This is support that might be essential to offset the temporary strain of an industrial revival on the trade balance.

Keeping credit relatively dear need not be in conflict with a policy of expanding the volume of credit by retreating from formally deflationary budgeting and providing an expanding supply of Treasury bills as a base for an expansion in bank deposits. Year by year deposits fall to ever lower proportions of national income (though that is a reflection on banking as much as on official policy). Cheaper but still restricted credit —an outcome which seems all too possible on the basis of current official policy—makes little sense for Britain's present needs, internal or external. The reverse should be the aim. Mechanistically, an increase in credit supply without any significant reduction in interest rates may seem unnatural. But given the role of future expectations, which the authorities can still powerfully influence, it is anything but inconceivable—thus to argue from the extreme case, an obviously extravagant expansion of credit might clearly frighten the market sufficiently to put gilt-edged yields up and not down. The United States authorities in the past year have indeed been trying, with moderate success, to make credit freely available without making it generally cheaper. And in Britain such a policy could be aided by allowing the banks full freedom to lend for whatever purposes they consider appropriate, at whatever rate they consider appropriate—and to pay a competitive rate for time deposits. This could be the ideal time to restore full flexibility and efficiency to Britain's credit market.

All this demands that Threadneedle Street, indeed the world financial community at large, loses its horror of that old villain, the Treasury bill. Hunting down the villains of previous decades is a sadly familiar but not an inexorably permanent characteristic of financial control. After the long inflation of the war and postwar years, the financial authorities had perhaps to show that their power to check as well as to expand the money supply had not vanished. The demonstration has been convincing. No one doubts any longer whether governments will be able to sell, at any price, their fixed interest obligations. Having demonstrated their power of financial control the authorities can, and urgently should, lose their old inhibitions about public financing (" bad ") versus private financing (" good "). They may, indeed, be on the point of starting to do so—the changes projected in local authority finance (more from public sources and less from market sources) imply a willingness to rely more on Treasury financing, short as well as long. But the fear of official paper, still so closely associated with inflationary financing, remains strong, though it is no longer rational. At a time when private savings are tending to exceed private investment, and when there is a lack of growth industries in the private sector, significant room is being made for larger public investment. The attainment of much vaunted growth targets, in Britain and America, may closely depend on getting this extra public investment. And that in turn depends on a willingness to recognise that, in these new circumstances, there may be a need for more credit and monetary demand induced from the public sector and that its suppression by austere financial policy may leave too many resources unemployed. Higher spending from the public purse need not remain permanently in the public sector ; it should act as a primer to the private sector.

In this major question, lower interest rates are a side issue. It is conceivable that the authorities will still pursue them, simply because a marked reduction in interest rates may better suit the politics of Westminster and Threadneedle Street than a marked change in attitudes to public spending and official financing. But if the single choice of lower rates is taken, that will not itself ensure that brave hopes of economic growth are translated into achievement.

Aircraft in Turbulence

The aircraft industry lives by technical change, and its doldrums in recent years have been as much due to the lack of change as to anything else. At the risk of mortally offending every designer in the business, the plain truth is that one aircraft flying at twice the speed of sound is much like another, and one nuclear missile is much like another ; a marginal difference in their performance is not, of itself, enough to create a new market. The industry's most recent setback, the cancellation of the Blue Water army rocket, can be explained very simply in these terms. Blue Water was a good workmanlike design, but it did not do anything that could not be done—slightly less well, it is true—by several other rockets already coming into service. It was this, rather than any subtle conspiracy to reduce the number of tactical nuclear weapons at Nato's disposal, that pulled out the plug from under Blue Water.

Today, change is in the air again. Several big technical innovations are about to be introduced into a number of key markets. The aircraft industry can begin to think in terms of living rather than hibernating, provided that companies can adapt themselves to the unquestionably tough conditions of the sixties. If they cannot, then the industry may not be worth saving at all. These changes, not necessarily in order of importance, are vertical take-off, the introduction of jet airliners on short journeys, the introduction of supersonic airliners on long ones, and the possible need for long-distance freight aircraft.

Vertical take-off that works (helicopters apart) is a British invention. It is a sign of how much the industry has lost confidence in its own achievements that a great deal less fuss is being made of this development than its technical importance deserves. The vertical take-off fighter, as exemplified by Hawker Siddeley's crude little beast, is the only really new weapon since the inter-continental ballistic missile. It is one of the few products of the aircraft industry likely to command an immediate market because it gives an army something that it never had before, a baby bomber capable of giving tactical air support to troops from whatever place and with whatever weapons, nuclear or conventional, are needed. The question is, how much of this market can the British industry expect to capture ? It is, for the moment, the only supplier of vertical take-off engines, with two competing systems on the market. The first to go into production is Bristol Siddeley's dual-purpose engine which provides power for vertical take-off and for forward flight from the same motor. This is backed by the RAF on the simple argument that the more engines there are, the more chances there are that one may go wrong. This is the system which powers Hawker's fighter, for which the machine flying at Farnborough next week is an elementary prototype.

The second system has been developed by Rolls-Royce from the original " flying bedstead " and relies on two sets of engines, each " optimised " for their job. One set consists of normal jets for forward flight, the other of special light-weight, short life engines for the vertical lift required to get off the ground. Rolls-Royce argues that this, for all its apparent complication, is the simplest way of obtaining vertical take-off, since the lifting engines, which fire for seconds only, can be infinitely simpler, lighter (they are half-plastic) and cheaper than a normal jet. There is some indication that Rolls-Royce is beginning to feel uneasy that the only application it has found so far for this system is in a French-designed Dassault fighter due to fly shortly: a determined effort is being made to convince opinion in Britain of its merits.

The situation in which Rolls-Royce unexpectedly finds itself may become the normal pattern for the aircraft industry. Its prosperity in the late 1940s and early 1950s was built on selling large quantities of equipment to other countries, especially in Europe. Europe now has its own aircraft industries in France, Germany, Italy, Holland, Belgium and Sweden, none of whose governments is going to import British-built equipment if it means putting its own factories out of work. Fortunately for both Bristol Siddeley and Rolls-Royce, these factories abroad are, with one or two exceptions, building aircraft rather than engines ; there is also the possibility of their collaborating with British companies in the design and manufacture of the VTO fighters themselves. Hawker Siddeley has arrangements of this kind in Germany and France ; there is a tacit understanding that the Rolls-Royce/Dassault fighter might be built in this country by the British Aircraft Corporation. In these agreements, giving the governments of the separate Nato countries a vested interest in British-inspired designs, lies the British industry's only chance of avoiding another debacle on the lines of the recent wholesale conversion of all Europe's air forces to the American Lockheed F.104 fighter, large numbers of which are being built in Europe under Lockheed's supervision.

The aircraft industry cannot cover its flanks in the same way in the civil aircraft market. Here it has been going through a particularly bad period, coinciding with the petering out of demand for the Viscount and the heavy investment by airlines in the kind of long range jet airliner that Britain has been unable to supply. It has been hard to rouse airline interest in more modest aircraft for shorter ranges, even for such outstanding ones as the Caravelle ; but with their big-jet investment virtually complete, operators are now realising two things. One is that their short-range aircraft, Viscounts, Convairs, and especially Dakotas, are so old that this is obvious to the passenger. The other is that these are flying on routes also served by jets (to take an extreme example, passengers to Manchester can fly from London on a BOAC Boeing 707 or a BEA Viscount or Vanguard).

Hence the revived interest in short- and medium-range jets, which has turned the Comet almost overnight from a heavy liability into a modest profit-earner for both the Government and Hawker Siddeley. Airlines will certainly demand a higher and much more economic performance than the Comet can offer, but for those hard pressed by jet competition, the Comet is available almost off the shelf. Its successor, the Trident, will not find the market so easy in spite of being a much better aircraft. It faces severe competition from a small jet that Boeing has scaled down from the big 707, and less severe

competition from some other jet designs on the market, notably those produced by Convair. The brightest future seems to lie with the British Aircraft Corporation's One-Eleven jet which fits the same niche as the Viscount, and should have all the Viscount's attractions on the shorter routes as well as its short-comings on the longer ones. This particular segment of the short-range market is a big one; how long BAC could keep a lead in it is another matter. For reasons of sheer commercial sense, the American companies may decide to keep out of it as they kept out of the Viscount market. But there is some reason to suppose that the only reason they did that was because they could not get suitable engines for a small turbo-prop in the United States, and not because they had judiciously weighed the evidence and concluded that the market was insufficient to support two competing designs.

The attitude of the American industry gives concern to the Ministry of Aviation. The present cripplingly high level of development costs suggests that the two countries should not duplicate each other's work: the United States, for example, should not develop vertical take-off and Britain should not attempt to go into space. But whatever steps are taken to rationalise production and research with Europe, comparable agreements with American companies seem as far away as ever. So Britain continues laboriously to develop the Blue Streak rocket into a space launcher, not from delusions of grandeur but from a real fear of the price that the United States might charge for space and communications rockets if it became the sole manufacturer in the West.

It is not at all certain that the American industry is equally intransigent about co-operation on a supersonic airliner. Emissaries from American companies who have come to sound British manufacturers on the prospect of collaboration are said to have returned, snubbed, to the West Coast. *The Economist* has not concealed its fears about the course that the development of supersonic airliners is taking in this country—a course that seems aimed at a supersonic Comet rather than a supersonic Boeing 707, which is what the market would seem to require. This is not to say that such a machine should not be attempted at all; to argue this would be to admit that civil aviation has reached the end of the road and can develop no further, which seems unlikely. But whatever design is chosen, a supersonic venture must give tremendous technical stimulus to the aircraft industry, and to all its suppliers. It does not, like vertical take-off or the short-range jet, offer the immediate prospect of work on the factory floor; but it means much to the industry's design side, which has lived for years on the verge of almost total shut-down and which still faces the prospect of unemployment for one man in four. Lack of orders caused by the stagnation of the late 1950s has been felt most severely in the design offices, and accounts for much of the industry's demoralisation.

The significance to the industry of a big freighter, a machine big enough and sufficiently long-range to compensate the army for the disappearance of one staging point after another, lies in the esoteric techniques that would be needed to get this range. None of these techniques is worth developing on its own. But developed as by-products of military freighting, they might contribute much to civil jet design and provide an insurance against the failure of a supersonic transport—there are plenty of obstacles in its way. But the cost of such a freighter compared with the numbers likely to be needed makes it uncertain whether the Ministry of Aviation could go it alone without the collaboration of some or several other countries. In the end, therefore, the industry's future rests less in its own hands than on the impression that it makes abroad; some of its brightest hopes can be realised only with overseas collaboration and finance. For so insular, so fiercely competitive an industry, this is a hard lesson.

BUSINESS NOTES

STERLING

Money Flowing Out?

WHILE the dollar has continued to hold firm in the exchange markets this week, and the mark has had to be supported against it, sterling has continued to be on the defensive. The usual seasonal offerings have been supplemented by some short sales by professionals who expect London interest rates to fall further. But selling has not been on a large scale, and market observers believe that the authorities may not have lost any further significant amount of dollars this week, and that the gold return for August will not show a large loss. The inflow of short-term funds into London was checked some weeks ago, and has been followed by some outflow. But the situation is not clear cut. Falling rates in London have been fully matched by a narrowing in the discount on forward sterling, and on a covered basis arbitrage in Treasury bills now shows an advantage of about ¼ per cent in favour of London over New York. A switch out of Euro-dollar deposits into a deposit with a local authority, however, is no longer worth while: the arbitrage balance here is exactly neutral. The key rates in these arbitrage calculations, including the rate on inter-bank deposits in the Euro-dollar market, are shown on page 849, and will be carried regularly week by week.

Official figures of overseas sterling balances on June 30th show a further fall in holdings by non-sterling countries, by £33 million to £840 million. The reported fall in the first quarter, of £51 million, had been starkly at variance with market experience, since foreign funds were flowing in strongly in the early months of the year. In the second quarter the inflow certainly abated, but an actual fall in these sterling holdings is still a little surprising. Until the authorities make these figures more comprehensive their significance remains uncertain. North American holders are shown to have made good the fall in their balances in the first quarter, restoring them to £94 million. West European countries, on the other hand, show a drop of £22 million, and other non-sterling countries a drop of £37 million. Balances of overseas sterling countries rose strongly by £126 million. This is the favourable season for these countries, but the rise brought their total balances to £2,699 million, the highest June figure since 1957.

WALL STREET

Mutual Funds and the Market

A correspondent cables:

THE rally on Wall Street has been checked and by Wednesday the Dow-Jones industrial average had fallen to 603. This is not surprising as equities made a strong advance earlier this month. It may be that prices will again move higher after the Labour Day holiday. But brokers say that there is a good deal of stock ready to be sold once the Dow-Jones average rises into the 625-650 range. So far the advance has been irregular: many stocks are still close to the lows touched in the spring and buying has been concentrated upon "space" issues and the more solid industrial stocks which offer good yields. The buying of "space" stocks was sparked off by the Russian feat of putting two men into orbit, and though it has since been interrupted by profit-taking, investors are convinced that companies engaged in the space programme will continue to be favoured by increases in government expenditures. In general, the stock market appears to have recovered a good deal of its poise. There are fewer complaints about Washington's attitude towards business and Wall Street at least is still convinced that the administration will make good its promise to make a tax cut in January.

Once the mutual funds had read the study of their activities presented to the Securities and Exchange Commission they, however, were quick to say no real rapprochement between Wall Street and Washington has taken place. The mutual funds now have over $19 billion in assets and this report was critical of some aspects of their operations. It pointed out, for example, that their performance on the average was no better than the stock market's. The mutual funds, whose stock in trade is professional advice and management, have protested at this finding and are saying that the report is undermining public confidence. This suggestion is very much open to question, and the shares of the mutual fund management companies have fallen sharply in the last few days. Some have fallen by as much as 15 or 20 per cent. There is no doubt that the operations of the funds have made the market more volatile. But there seems to be no way of preventing this. No one, however, expects a repetition of the sharp rises that occurred in the bull market nor the sudden falls that occurred in the spring. With the business outlook still uncertain, it looks as if the market will continue to act moderately and cautiously.

SCIENCE POLICY

Home or Away?

SIR JOHN COCKCROFT'S presidential address to this year's British Association meeting sounded a warning, not about more men and more money for science, but about the danger of investing in the wrong kinds of science. Sir John is no Little Englander, yet he felt obliged to say that "in considering our future investment in science, we have to take account of the increasing proportion of our funds for basic research which are going into international organisations. . . . We will need to be very careful that, in periods of financial stringency, these investments do not reduce the funds available for basic research in our universities." This is a serious statement, coming from one who has welcomed the establishment of such international bodies and been a strong exponent of the argument that much of the equipment science requires today is beyond the purse of any single country and must be shared by several. What has caused Sir John's concern? Plans initiated by Mr Thorneycroft while at the Ministry of Aviation for a European space launcher project based on Blue Streak and a supersonic airliner venture with France? Rumours that the international nuclear physics laboratory of CERN in Switzerland wants bigger and better accelerators than the £15 million installations it now owns—plants that cost nearly £8 million a year to run, of which a quarter comes from Britain? At a time when the Government is doing everything to promote interdependence with Western Europe in defence, which indirectly takes a massive slice of the funds available for research, Sir John's implied warning that co-operative enterprises might have some harmful effects on science in Britain needs to be pondered.

THE ECONOMY

The Disestablishment View

We have had an economy devoted to the fetish of the strength of sterling; the Americans have had one devoted to the fetish of the balanced budget. . . .

One of the big objections to devaluation is the damage it does to a country's prestige. France's economic prestige does not seem to have suffered much for long. Other countries are queueing to copy her economic institutions.

IN diagnosis and prognosis of the British economy, the National Institute of Economic and Social Research has become the best-established non-Establishment view—in some sense, indeed, a mirror-image which no respectable Establishment could bear to do without. If there had been any hope or fear that the end of Mr Alan Day's tenure as editor of the institute's *Economic Review* would dilute its heterodoxy, Mr Frank Blackaby, the latest editor, managed at the British Association this week to brush this off, with a provocative paper to its Economic Section on "The recent performance of the British economy."

Technically, the interest of this close look at growth rates is that Mr Blackaby has tested out most of the obvious ways in which economic league tables, with Britain always at the bottom, might be unreliable. He has checked whether over a ten-year period British estimates of the domestic product based on expenditure move in line with those based on output. He has calculated rates of growth for countries that have revised their figuring on the old methods as well as the new. He has excluded certain "non-productive" services from the count—what he calls "the output of nuns and dons"—and simply compared the rest of national output. He has allowed for the greater shift of population into agriculture in other countries; and for the different structure of the different economies. He has asked whether the difference was due to postwar recovery. And his answer is that none of these adjustments makes much difference at all. Britain has grown much slower than the Continent. And hopeful excuses do not hold.

Mr Blackaby puts down the main reason for the different growth rates to the different course and pattern of demand here and on the Continent. Here, he argues, restraint of demand undermined confidence, held private investment low, and encouraged manufacturers to put up prices when wages rose, since they had no confidence that output would rise fast enough to mop up the cost through extra productivity. On the Continent, a sharp rise in export demand at the beginning of the fifties (at a time when Britain was heavily increasing defence expenditure) set off the opposite virtuous circle of strong confidence, high investment, and rapidly rising productivity to offset wage rates.

Britain, he argues, should now set itself a faster growth rate in a particular year: why not 1963? If this should bring the economy up against a balance of payments limitation, he would vote against further long-drawn out restraint on demand: ". . . follow the French in their exchange rate policies as well as in their planning institutions." But the French may have been the last independent devaluation of a major currency; and is an independent devaluation of a reserve currency conceivable?

HOURS OF WORK

Measuring Productivity

IN the United States, the level of weekly hours worked by operatives in manufacturing industries is considered to be an important leading indicator in the general business cycle. A decline in hours, it is thought, may reflect incipient changes in economic activity before the unemployment curve rises. In Britain, up till now, the measure has been available only twice-yearly, alongside the statistics of earnings taken for April and October. Now the Ministry of Labour, in its current *Gazette*, has put out an index number, monthly as from May, 1961, with earlier figures calculated six times a year. The latest figures relate to the week ended June 23rd, when hours in manufacturing as a whole had risen

about 1 per cent since January. Most, if not all, of this rise is likely to be seasonal, and the hours being worked were still 1 per cent lower than in the middle of last year.

The measure of average hours is produced by adding to the standard weekly hours a calculated figure of net overtime per head. This latter calculation leans heavily on the

MEASURES OF PRODUCTIVITY
(1958=100)

PRODUCTION AND EMPLOYMENT*

	Production	Operative hours worked	Operatives on payroll	Employees on payroll
1958	100·0	100·0	100·0	100·0
1959	106·0	100·5	99·6	100·5
1960	114·5	103·5	103·5	104·5
1961	114·7	102·5	104·3	106·0

PRODUCTIVITY*

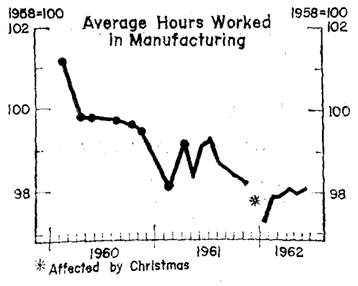
	Output per operative per hour	Output per operative per year	Output per employee per year
1958...	100·0	100·0	100·0
1959...	105·5	106·4	105·5
1960...	110·6	110·6	109·6
1961...	111·9	110·0	108·2

* In manufacturing industry

regular monthly returns from employers—the "L" returns—which makes it, like all employment statistics, subject to revision after the annual count of national insurance cards, although "this adjustment would normally not be substantial."

Another snag in the calculation of average hours is that no allowance is made for part-time workers. This is remedied, however, in the Ministry's second new measure, which is of total weekly hours worked. This is the product of employment and average hours. The total of operative-hours throughout manufacturing in the week ended June 23rd was 2.6 per cent less than in the corresponding period a year before; in the vehicles industry alone, however, the decline was 4.2 per cent.

The new monthly index of operative hours is probably the best guide to effective employment in the factory. On that basis,



the table shows that workbench productivity in manufacturing was still rising last year. But if employment is measured simply by the number of operatives, then productivity per year in the factory declined; and if it is measured by the total number of employeees, including administrative, technical and clerical workers, then productivity in the whole sphere of manufacturing also declined.

SOUTH AFRICA

Feeling the Way

THE South African government has this week announced the second relaxation in the exchange controls imposed in June 1961; it could equally be a harbinger of further relaxation or an excuse for keeping the crutches. Cautiously, the government has taken another step to restore the normal market bridge between London and Johannesburg, and is testing the desire of foreign holders of Kaffirs to unload them once the discount between London and Johannesburg narrows. The Reserve Bank, following the earlier relaxation, already had power to buy South African shares in London for approved institutions and to sell them to the institutions at the ruling Johannesburg price. Now, rather than making the purchases itself, it will make allocations of sterling for purchases directly to the Johannesburg Stock Exchange. The sterling will be divided among the recognised arbitrage dealers by the president of the exchange. It is not known how much sterling the Reserve Bank will make available, but it seems likely that if the discount between London and Johannesburg starts to narrow the amounts will increase; should the South African buying in London be countered by foreign selling of Kaffirs, thus maintaining the discount, the Reserve Bank could retreat and reduce the allocations. The future of South Africa's exchange controls therefore now seems to rest with the London discount. On the news of the relaxation Kaffirs showed gains in London ranging up to 5s. But gains in South Africa have so far kept the discount at about 13 per cent. It is not yet clear what will happen to the "fortuitous profits" from buying in London and selling in Johannesburg. Previously the Reserve Bank paid it into the government's "defence special equipment account." The new scheme is described as being within the framework of this existing scheme, which probably means that the Johannesburg brokers will be asked to hand over at least part of the likely profit on their arbitrage operations.

The other main change in the regulations is that the Reserve Bank will now consider applications for the use of blocked rands for direct investment in the equity or loan capital of South African manufacturing enterprises, provided they are new industries which are not in competition with existing enterprises. Applications for investment in Bantustan border industries will be favourably received—but interest here is distinctly limited. Blocked rands are not transferable, but a businessman whose application is approved can now save money by buying Kaffirs in London and selling them at a profit in Johannesburg to get the blocked rands.

On the surface the South African economy has never looked healthier. Investors were originally led to expect substantial relaxation of exchange controls when the reserves passed the £100 million mark; the reserves are now more than double that figure and are setting new records each week. The balance of payments surplus is officially described as "phenomenal." But still the economy stagnates; consumers have the spending power but they will not use it. The economy is satiated with liquidity and interest rates are once more beginning to crumble. Last week the commercial banks reduced their deposit rates by ½ per cent to 4 per cent on deposits for twelve months, and two of the bigger building societies have reduced interest on savings accounts from 3 to 2 per cent. It seems that South Africa's problem is lack of confidence at home as well as overseas.

BRITISH EUROPEAN AIRWAYS

In the Red

BRITISH EUROPEAN AIRWAYS' first loss for eight years is, says the corporation, the result of excess capacity and excessive competition—a seat and a half for every passenger. The accounts themselves, for 1961-62, tell a slightly different and considerably more complicated story. They show a rate of earning on capital employed that has declined in two years from 12 per cent to a mere 2 per cent last year, producing a net loss after meeting all charges, of close on £1.5 million on a turnover of £46 million (as a correspondent points out on page 769 there is infinite variety in the way airlines compute profits and by some standards this is not too bad a result). But this loss was not made on BEA's international services, where competition is acute and the corporation found to its chagrin that it was losing ground to other airlines for the first time in years. It was made on the domestic services inside the UK, where the corporation faces no competition more severe than that of British Railways. The international routes showed a profit of £1.2 million; the domestic ones a loss of £2.7 million. When domestic traffic was small, BEA could comfortably subsidise it out of international profits; now domestic business accounts for a third of the work done, this is no longer possible, particularly when domestic is growing faster than international traffic.

Two conclusions might be drawn from this. The first and most commendable is that BEA seems well able to meet whatever competition is likely to arise on its international routes, whether from foreign or from independent British airlines. The corporation's costs appear well under control and were shaved during a generally difficult year by a further 1.2 per cent. With loads eight per cent down, and more than two-fifths of its capacity flying empty (well below the Plimsoll line that divides profit from loss), the corporation was still able to show a thoroughly healthy financial return on its international business.

So what went wrong on the domestic routes, where BEA has little competition,

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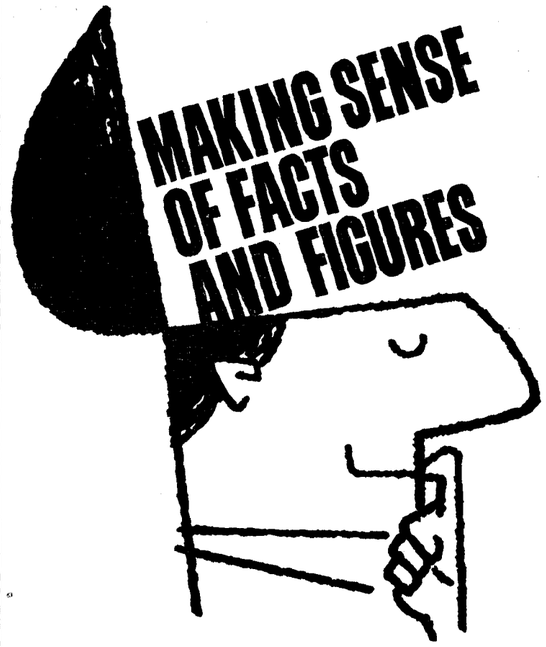

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where traffic increased by a fifth, and commuters queue for seats? One difficulty is the cost of introducing a new aircraft like the Vanguard while the machine shakes down in service and the licensing authorities cautiously extend the overhaul life of its components. On international services, an airline can expect to recoup these high costs by attracting extra traffic with new equipment, but on today's domestic routes this hardly applies. Until the Vanguard, and particularly the Vanguard's engines, are through this probationary period, there is little that BEA can do but exert every wile known to salesmen to attract domestic traffic to the level where it can offset these high costs; last year's loads of slightly less than 64 per cent capacity were inadequate. If this surprises regular BEA commuters, the explanation is the same as the railways'—a rush hour morning and evening does not compensate for low loads the rest of the day. Hence the gimmick of no reservation services to be tried next spring at a third off the price of the ticket. The only passengers likely to get on these are people prepared to gamble on someone not turning up to claim his seat—and this is a real gamble—or prepared to travel off-peak. It is in line with BEA's long established policy of shading fares to demand and offering a bewildering variety of rates according to the time of the year, month, week and even day. This makes for a fussy time-table, but can sometimes produce results.

INDUSTRIAL DESIGN

Which Britain on Show?

WHAT image of British industrial design ought trade fairs abroad to project? The kind of traditional designs that, for the present, customers abroad seem to choose, or the kind of contemporary British design that the Council of Industrial Design would choose? The question is not an idle one: it was worrying the council last year, and in its 1961-62 report published last week the council chews over the question again. The reason it worries British exporters as well is that quite often the design of exhibits and the choice of British products to be included in trade fairs overseas is left to the council, and it would naturally choose to show the kinds of product that on the whole the exporters say people abroad do not buy from Britain.

The council does not exclude traditional design in its exhibits: sometimes it puts period pieces alongside contemporary examples, trying to bring out the clear line of descent. Nor does it approve every "exaggeration and aberration in the name of modernity." But its primary purpose is "to improve British design," not to act as an export promotion agency; and it feels that "though fully aware of the immediate commercial problems [it] must take a long view of its work and continue to stress the more modern aspect of British design."

Looking to this primary purpose, the Council is a little sorry that many British manufacturers are copying foreign designs and employing foreign designers. Will this not have arisen in part from its own success in waking them up to consider design at all? And it notes that "in many minds the word 'modern' is associated with Scandinavia or Germany or Italy." This point is perhaps at the core of its difficulty over exports. Generally, would the Council deny that this mental association is a reasonable one?

It thinks it can "demonstrate that good modern British design can stand comparison with its foreign competition." This is a matter of taste. But to assume that the average of British "modern" design stands comparison with the average from Scandinavia, and much from Germany and Italy, would be wishful thinking. Nor do all the "good modern British designs" the council cites (assuming that our tastes coincide) show any strong and modern British flavour. Too many are still derivative from design leaders abroad. And the foreign customer has no reason to buy the flavour watered down if the genuine article is just as cheap; he is not a British buyer imprisoned within our tariff.

GAS

Any Chance for Lurgi?

IT is true that the joint study of Lurgi gasification that is being made for the Gas Council, and the National Coal Board is not yet complete, and that it has not been abandoned. It was never "a £20 million project"; it consists of studies by three gas engineering firms about the economics of a large Lurgi plant on a Midlands site that if ever built would probably cost about £20 million. But it would still be unwise to read too much into the National Coal Board's angry denials of weekend reports that the "project" had been abandoned, which the Gas Council has supported on the facts about the study.

The Gas Council has never made many bones about the fact that it thinks large-scale Lurgi gasification is probably now a non-starter. It could be convinced if the economics of a plant turned out to be strikingly better, from the consultants' reports, than it has always thought they are. But so far it has had nothing striking to make it change its mind. The Coal Board is naturally more enthusiastic about keeping on selling British coal for gasmaking. Lord Robens did indeed offer at one time to take the whole financial responsibility for one full-scale Lurgi plant himself and sell the Gas Council gas rather than material for making gas. But there are signs that he too now thinks he was oversold on the possible economics of the process, against the unremitting opposition of the Gas Council.

It would take some remarkable results from the joint study, therefore, to resuscitate the idea of large-scale Lurgi gasification for Britain. Political not technical problems, admittedly, may now be threatening the Gas Council's scheme to import methane from Algeria, as part of which it has just signed contracts for the building of a 325-mile gas grid across Britain from the import terminal on Thames-side. Anyone who has a contract for future performance with an Algerian government may now be wondering whether Algeria can produce a government—or gas—in time. The Sahara is not the only place from which Britain could get methane.

COFFEE

The New Force

THE 57 varieties of coffee producer and consumer assembled in New York plus the one latecomer who joined in when he saw the way the wind was blowing have sunk most of their differences and provisionally agreed a five-year international scheme for limiting exports. Guatemala said it would not sign the agreement because its quota was too small. Ecuador, Russia, Cuba, Ethiopia and Yemen said mystifyingly that they could not agree with a resolution adopting the text of the articles of the pact. Honduras, Nicaragua and Haiti reserved their positions on the quotas they have been offered. Several African producers, not least Kenya and Tanganyika, expressed dissatisfaction but grudgingly accepted the agreement. Grouses have been heard from other quarters, too; not every Brazilian is happy about that country's 18 million bag quota out of the 45½ million bags provisionally allocated among the 36 producers. From the groundswell of grumbles, it is fair to surmise that rough justice has been done to all, though Kenya for one has a colossal headache in the offing if it has to find an outlet for its greatly expanded future production outside the agreement.

The new agreement will come into force when twenty producers with 85 per cent of the export business and ten importers consuming a similar proportion declare that they intend to ratify. Member countries have until the end of next year to officially deposit the instruments of ratification, but the coffee conference will reassemble just before the start of the coffee crop year on October 1st to approve the draft of the agreement. New markets for coffee will not be covered by the agreement, but consuming members will limit imports from outsiders. Other facets of the agreement have been shrouded in obscurity, compromising the bold new approach that the injection of consumers' realism into the producers' ramshackle skeleton of a scheme promised to bring.

Producers claim that a gradual increase in the price of coffee is embodied in the objectives of the agreement. But it contains no explicit support for prices. On the prickly subject of production controls, the agreement only provides that after a year, production targets can be recommended to get output down into line with outlets. Latin America's basic quota under the agreement is 31.1 million bags of sixty kilos, compared with an estimated exportable production of 38.4 million bags this season. African producers have been allocated exports of 11.4 million bags from an exportable output of 12.9 million bags. Export quotas have been based on performance over the past four years, as the African producers insisted. Quotas will be reviewed after three years.

ELASTIC FIBRES

Very Snappy

FOR fifteen years the big US fibre manufacturers have been developing synthetic elastic fibres (or "snap-backs") and the results of their researches have quickly crossed the Atlantic. In 1961 two "spandex" yarns—which are made from polyurethanes—Lycra and Vyrene, were put on the market by Du Pont and US Rubber respectively; both are now available in Britain, and Monsanto (USA) and Courtaulds have announced plans to make two more within a year. This reflects an uncommon eagerness to get the product to market, but in view of the enthusiasm which they were greeted with in the USA, it may be justified. Remarkable claims for the yarns have been made (including the wild forecast that the synthetics will completely replace rubber elastic in eighteen months), but the market is still in the development stage with sample quantities being offered for testing. However, manufacturers have enough faith in the fibres' future to invest heavily in them.

Spandex fibres are aimed at the market presently held by rubber threads, over which they have many advantages. The main selling point is spandex's greater strength: a lighter fabric can be made which will give as much "support" as the comparatively heavy ones needed when rubber is used. (It is said that one pound of spandex will take the place of 1.8 pounds of rubber.) This is a telling point where fashion goods are concerned. While multifilament spandex yarns can be spun, this is not possible with rubber. Spandex lasts longer than rubber as it is not so affected by body oils or cosmetics or by the atmosphere. This is a useful property in corsets where manufacturers hope that spandex will find its largest market.

Elastic fibres in garments are wrapped in threads of cotton, rayon or nylon and it is an advantage to be able to dye the core and the cover simultaneously. This again is possible with spandex but not with rubber, which is usually coloured white or pink and "grins through" its dyed covering. All these advantages have to be paid for somewhere, and spandex yarns are 2½-3 times more expensive, weight for weight, than rubber yarns. It has also been said, though this is denied in some quarters, that its recovery from stretch (important if the garment is not to sag and, with it, what it supports) is less perfect than rubber's.

The final balance between these yarns and rubber will certainly give spandex a large share of the market (estimated at 5 million pounds of rubber yarn a year in Britain): perhaps 65 per cent of conventional outlets in five years. The cost difference will probably matter less than might appear, because the cost of the elastic is usually only a small part of the final cost of the garment.

Manufacturers are determined to secure their part of the new market in Britain as soon as possible. Plastics Yarn and Lactron Thread, owned by Dunlop and US Rubber, is offering Vyrene; Du Pont imports Lycra; Polythane Fibres, the British subsidiary of the Polythane Corporation of the USA (owned by Chemstrand), plans to put its spandex on the market early next year. Courtaulds, the only British company that has carried out research (ICI has said it is interested, but it has no plans), has plans for manufacture, but these seem dependent on negotiations with Firestone Synthetic Fibres.

ITALY

Dr Carli Reports

ITALY is among the few countries of the western world that is still enjoying rapid industrial expansion, and it maintains its equally impressive financial strength. At the same time the Italian authorities have not been tempted to deploy this financial strength actively in pursuit of national diplomatic ends, as has been known elsewhere in Europe. Italy has been among the more co-operative of the continental surplus countries in developing new facilities to meet the needs of the deficit countries; and Signor Guido Carli, governor of the Bank of Italy, states in his annual report that the conflict between internal and external monetary objectives "calls for the creation of adequate compensatory machinery." For its part, Italy in 1961 began to extend sub-

ELECTRICITY

The Balance of Power

FOREIGN trade in electricity has grown fast during the last ten years in Europe, aided by the work of the Union for the Co-ordination of the Production and Use of Electricity that the OEEC set up in 1951. In a survey of the first ten years of its life, the UCPTE shows that exports of electricity by European countries grew from 4,008 million units in 1951 to 10,553 million in 1960—from 2.5 to 3.6 per cent of production. The biggest scope for such exchanges of power between countries naturally comes where a country with hydro-electric stations adjoins one that lacks them; indeed, Austria was already supplying Germany with electricity before the war. In the winter of 1959-60, Switzerland used night imports to cover 30 to 40 per cent of its load, and in some months west Germany imported more than 10 per cent of its consumption. In the summer of 1960, Switzerland and Austria were exporting 25 to 40 per cent of their output during the day.

Most of the international flow of electricity depends on the virtually constant output potential of a hydro-electric power station as against the variations in the timing of actual demand for power. Where the output of a thermal station can be varied by the amount of fuel burnt, and it can be shut down, reducing the output of a hydro station may mean allowing water to go to waste. Conversely, output cannot be increased to meet peak loads. Thus one finds that at 3 a.m. on December 16, 1959, the main flows were an export of 471 MW from France to Switzerland, while west Germany was sending 177 MW to Switzerland and 150 MW to Austria. At 11 a.m. on July 20, 1960, when demand for power in Switzerland and Austria would be less than their ability to produce, Austria was sending 646 MW to west Germany, and Switzerland 606 MW to Germany and 154 MW to France.

Since last autumn, with an interruption from January to May this year, Britain has been linked to the European electricity system by the Channel cable—which is now running at half its relatively modest capacity of 160 MW because of trouble with one of the transformers at the French end. But at this distance from the Alps, Britain is less well placed than France or Germany to tap hydro power, though these countries are still not taking all the hydro power that could be produced. The real advantages of international trade in current, in terms of saving investment in generating plant, are shown by the contrast between UCPTE countries, where capacity grew less than power production between 1950 and 1958, and the three west European countries whose systems remained autonomous, where capacity had to be increased as much or more than output. Spread the supply net, and one can raise the load factor.

about 1 per cent since ...
not all ...

financial credits through the International Monetary Fund, to a total of $175 million. The Italian authorities went no further however in their earlier action of channelling foreign exchange into the hands of the commercial banks. They were anxious to avoid the banking system becoming a channel for "hot money," and considered that the banks' foreign exchange credits at nearly $1,000 million were large enough to meet genuine trading needs. The authorities continued their policy of keeping the banks domestically liquid; and for this purpose they not only lowered compulsory reserve requirements but also used a new device, buying back some of the foreign exchange previously sold to commercial banks and then redepositing it with them.

Signor Carli expresses his desire to improve the short term money market, and suggests that the present system of issuing Treasury bills by tap might be replaced by a tender system, so that changes in market liquidity, as influenced by the authorities, would be reflected in market rates. In this way the Italian authorities hope to improve the flexibility and responsiveness of the financial market as a whole and to facilitate the transfer of funds from the money market to the capital market. Not that the capital market has been inactive in the recent past: in 1959-61, the ratio of security issues to fixed investment in Italy is given at 26.9 per cent, compared with 14.4 per cent in Germany and 9.6 per cent in Britain. Only Belgium, with 31.9 per cent, had a ratio higher than Italy's.

CHEMICALS DUMPING

I Export: He Dumps

ALTHOUGH dumping is recognised as a part of the chemical industry, there is no sign that the industry is reconciled to being dumped upon. Applications for antidumping duties still thud monotonously onto the Board of Trade's doormat: today, it seems, with more chance of success. Last week, the Board of Trade announced that, having considered the application for antidumping duties against certain imports

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BUSINESS NOTES

of styrene monomer, it is satisfied that the imports from the USA are dumped; imports from Canada and Germany were found not to have been dumped. A duty is not going to be imposed as the US exporter concerned (Dow Chemicals) has informed the board that it will suspend shipments to the UK while it considers the board's decision. However the board has given the assurance that it will watch future styrene imports, and will act without waiting for further applications to be made if imported material seems to be dumped.

The demand for styrene in the UK has been increasing steadily from about 60,000 tons in 1960 to an estimated 80,000 tons in 1962. Most of this is made into polystyrene (45,000 tons last year) and styrene-butadiene rubbers (20,000 tons). Shell and Forth are the only UK producers and operate plants of 18,000 tons and 50,000 tons capacities respectively. The Shell plant is thought to be able to produce more than this figure, and Forth has another 50,000 ton plant coming on stream at Baglan Bay toward the end of the year. Prices have dropped 14 per cent in the last two years; 44 per cent since 1955. This fall has been worldwide, but as always, low-priced imports have served as a tap for other countries' surplus production, with a resulting pressure on prices for UK producers—particularly with capacity coming on stream.

To aggravate matters styrene is imported into the UK effectively without duty. Classified as a hydrocarbon oil, it is charged hydrocarbon oil duty, at present representing 35-45 per cent of the fob value of the imports. But this duty is remitted when the styrene is used for chemical production. Shell Chemicals and Forth Chemicals applied for an antidumping duty to get some protection that could not be automatically lifted; they will probably draw small comfort from the board's decision. This is the third application for antidumping duties on imports of chemicals that the board has accepted in whole or in part, and the seventh on chemicals altogether. Pressure for protection against being dumped upon is increasing. The French have recently imposed duties on two petrochemicals, butanol and ethylene glycol, and the recent retaliatory duties imposed by the EEC Council on certain imports from the USA included polythene and polystyrene—two generally dumped petrochemicals. Meanwhile British chemical producers are pressing the Board of Trade for quicker action on antidumping applications.

MOTORS

Holiday Preparations

THE last two weeks before the summer holidays in July are often a good period for car production, with the workers anxious to earn enough to pay for their holidays and the management wanting to build up big enough stocks to tide their dealers over the dead period. This year was no exception, and production reached its highest level for the year. The British Motor Corporation, with its output exceeding 15,000 a week of all vehicles—about 11,000 of them cars—did better than at any time in the last two years, and where production was not affected by future model changes the same seems to have been true for most other manufacturers. With all but Vauxhall—which worked for three weeks—open for only two weeks of the month, the production of 63,000 cars represented a weekly rate of about 29,000, compared with the previous best this year of 27,667 in May.

Home sales have been rather disappointing to the trade after their eruption in May. They remained at about 73,000 in July after dropping to this level in June, more than 10 per cent below sales a year before; but they seem to have recovered in August, and may prove as much as 20 per cent higher than last year. If many other industries followed the motor industry's example in giving its staff their holiday in July instead of partly in August, some buying might have been transferred from one month to the other; with stocks generally adequate, the absence of production would affect sales little. The new models coming onto the market now should help to offset the seasonal decline if they are available in large enough numbers to satisfy demand. There are many disappointed car owners who find that the continued if by now gentle decline in used car prices makes buying a new model too costly for them. The boom that will come when such owners return to the market still remains the gleam of hope in the motor industry's eye. New models are the only means at its disposal to tempt them to do so.

CAR EXPORTS

Losses and Gains

SHIPMENTS of British cars remain about 60 per cent above the 1961 level, and the total for the year should not be very different from the 569,000 exported in 1960. But the recovery has come from higher shipments to Europe—often, it seems, to build up stocks as much as in response to higher sales—and to the Commonwealth markets, now more prosperous than a year ago. The North American market, where the sudden fondness for British cars had accounted for the export boom of 1959-60, has proved less faithful than the industry had hoped. Sales in the United States were, at 28,000, 30 per cent lower in the first half of this year than a year before, though shipments were 44,000, four times the 1961 figure. Stocks have therefore risen, and it is not surprising that by July shipments had dropped below 5,000—roughly to the rate of sales.

Standard-Triumph and Jaguar are the only British manufacturers to have done

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An efficient labor supply. Companies like Ford have good reason to consider the intelligent hard-working qualities of the Antwerp labor force when deciding where to locate plants and offices. Productivity and quality, in terms of work done per dollar spent, is better in Belgium than in any other European country.

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YOUR KEY TO THE EUROPEAN COMMON MARKET

better in North America this year—both sold about 40 per cent more, helped by new models. The sales of other sports cars remained static, but those of small saloons went on falling. The British Motor Corporation is trying hard to sell the Mini-Cooper models, but the Volkswagen remains the only small foreign saloon that Americans will buy. Its sales rose about 15 per cent to exceed 100,000 in the first six months of this year, nearly 60 per cent of all the foreign cars sold in the United States. Whatever faults its design may contain, the VW has managed to create for itself a fund of good will that no comparable British car has been able to acquire. The reasons for this are all too painfully well known to the owners of imported cars in America, and one assumes they are now appreciated by our manufacturers. But as reputations are slowly won and even more slowly lost, attempts to regain sales by British makers are bound to take a long time.

Canada was not expected to be a good market for British cars this year after the increased import duties imposed last year; but a rise of 23 per cent in total sales was a surprise, and when matched by a fall of nearly 10 per cent in the sales of imported cars it makes the fears for the Canadian motor industry expressed by the Royal Commission last year seem rather unnecessary. Again, Volkswagen has increased its sales, but so have some British cars—notably the Minis. This year's export performance might be taken as showing that all markets are unlikely to go sour at the same time, or that the industry has to keep running to stay ahead of its reputation. Certainly it cannot afford to provide the same standard of servicing in Europe as it appears to have done in America.

BRIEF BOOKLETS . . .

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DETERGENTS

New! Miracle-Soft!

WHEN the Technical Standing Committee on Synthetic Detergents recommended last June that soap manufacturers should make as much biologically "soft" material as possible, they were not instructed to do so. The committee did not want to force the industry to increase plant capacity for the existing material because better, softer detergents were on the way. Shell's announcement that it is to build a urea wax plant, to be completed by the middle of 1964, indicates—if obliquely—that at least one sort of softer detergent will be available in Europe in two years. Another manufacturer, Marchon Chemicals (a subsidiary of Albright and Wilson), is completing a plant by the end of 1963 which will provide the "soapers" with primary fatty alcohols from which they can make a different sort of soft detergent. The other British manufacturer of detergent base material, Grange Chemicals, is carrying out research to produce its own soft material and hopes to show some results in a couple of years. The combined efforts of these manufacturers should have put an end to foam on rivers—the outward sign of pollution by detergents—by the end of 1964.

The most important type of detergent is alkyl benzene sulphonate, made by sulphonating (the soapers' job) alkyl benzene, or detergent alkylate. The Jephcott committee found that "hard" detergents, which pass through sewage works unaffected, have branched side-chains (the alkyl part) while detergents with straight chain structures were biologically degraded. Until four years ago, the side-chains in detergents were derived from propylene tetramer, an olefine with a highly-branched structure. Then Shell introduced "Dobane JN" in which the olefines for the side chain came from Shell's wax-cracking process, and contained a high proportion of straight chains. Detergents based on this alkylate were tested on a large scale and as a result the Jephcott committee recommended their use.

Meanwhile, Shell's research (carried out in association with the German firm of Edeleanu) had been directed toward producing an olefine containing straight chains only. This is to be the product of their new plant at Pernis in Holland, where waxes from the oil refinery will be treated with a solution of urea that extracts straight-chain paraffins. The paraffin waxes are thermally cracked, and suitable olefines from the process are sent to Shell Haven where they are reacted with benzene to make alkylate. Detergents made from this alkylate are completely soft; and when the new Pernis plant is completed the production will be sufficient to meet Britain's needs. Marchon's production will be enough to satisfy a large part of the British market as well, but this may be no problem. Several countries on the Continent are considering legislation against hard detergents and the European market should be large enough to absorb any soft detergents that are made.

BRAZIL

How to Deter Investors

WEIGHING the possible profits of inflation against the vagaries of the political climate has long been the lot of the investor in South America. Brazil now seems determined to deter all but the most starry-eyed optimists. At present both the Chamber of Deputies and the Senate are championing separate bills to limit the remittance of foreign profits; with the elections only a month away neither looks like reaching the statute book, but the squabble is bound to have made businessmen wary.

The trouble started last November when the Chamber of Deputies passed a bill limiting the remittance of foreign owned profits and capital. The Senate thought the bill too harsh; it amended the bill and passed it back to the Deputies. The two houses finally agreed to set up a congressional committee on the bill, which eventually produced a draft bill which the Senate then passed. The bill went to the Deputies, who reinserted their original clauses. This was the bill that recently emerged from the Chamber of Deputies ready for the president's signature. The bill limits the remittance of profits to 10 per cent in any one year and repatriation of capital to 20 per cent. So far the president has done nothing, but the Senate has reacted by passing a new bill that contains the more liberal provisions of the original compromise bill. This bill distinguishes between productive and unproductive investment, limiting the latter to an 8 per cent remittance limit and leaving the former free of restrictions. What is and what is not productive would be decided by the National Economic Council. The bill also permits unremitted profits to be added to the capital, so increasing future remittances. Businessmen hope that this bill will provide the president with a good reason for not signing the more extreme measure of the Chamber of Deputies.

OVERSEAS TRADE

Swings and Roundabouts

IN the three months to July, total imports into Britain rose by 5 per cent above the February-April level. Much of the increase has been in fruit, vegetables, cereals and feeding stuffs and should prove temporary; imports of fruit and vegetables already appear to be tailing off. Imports of industrial materials rose by 4 per cent—another indication that the protracted period of stock reductions in industry may have run its course. By contrast, imports of finished manufactures which had risen strongly when demand was high were cut by 2 per cent in May-July, though the level of imports of manufactures in July itself was high.

The further gain in exports, which raised them by 4 per cent in May-July compared

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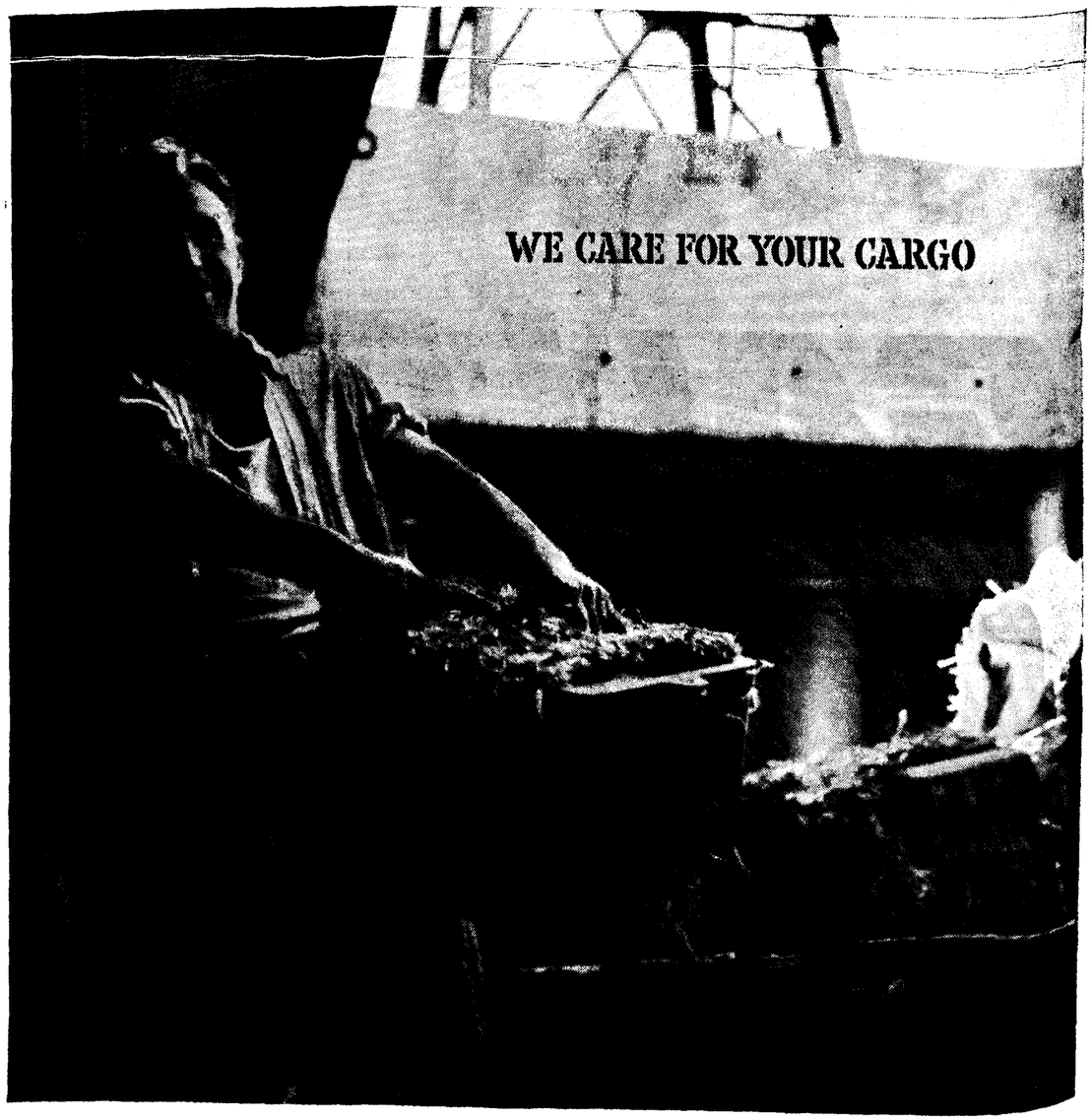

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with the previous three months, was unusually well balanced, though some of the improvement was caused by special factors. But the pattern of exports has altered considerably over the past year. Exports of most foods, beverages and tobaccos contracted in the first seven months of this year, compared with 1961, but barley exports rose by £4.9 million and exports of whisky by £4.3 million, dwarfing the numerous falls. The rise in exports of basic materials was mainly in exports of iron and steel scrap which were recently allowed again, though shipments of our man-made fibre staple and synthetic rubbers also rose. Exports of coal and oil products also rose in the first seven months of the year.

Exports of finished manufactures increased by nearly 2 per cent in the seven months, but between industries export fortunes were mixed, and there were exceptional shipments of copper and silver bullion, which together accounted for a rise

EXPORTS (fob) (£ million) January–July:	1961	1962
Food, Beverages, Tobacco	111·7	117·8
Barley	1·3	6·3
Whisky	37·5	41·8
Basic Materials	79·3	89·3
Wool and tops	43·0	37·0
Iron ore and scrap	...	10·3
Coal and oil products	70·7	81·6
Fuel oil	7·4	9·8
Gas oil	11·1	14·2
Manufactures	1,867·7	1,899·9
Chemicals	193·0	199·7
Cotton goods	35·3	28·6
Man-made fibre yarns and fabrics	18·4	22·8
Iron and steel	130·8	120·0
Metal manufactures	96·7	91·3
Machinery (not electric)	488·8	508·2
Motors	84·1	132·4
Aircraft and parts	40·0	26·8
Ships	45·2	26·3
All exports	2,180·1	2,241·2

of over £8 million. Exports of chemicals did well, rising by £6.7 million; gains in some plastics, fertilisers and the like more than offset ground lost in other sections. Tractor exports increased by £6.8 million, machine tools by £4.5 million, excavating machinery by £3.4 million and telegraph and telephone equipment by £3.3 million.

Motor exports rose by £48.4 million, but exports of ships declined by £18.9 million. Aircraft exports dropped £13.2 million, and aero engine shipments dropped by £7.7 million. Exports of chassis for goods vehicles fell by £9 million and other weak spots were iron and steel (down £10.8 million) and cotton goods (down £6.7 million). However, exports of man-made fibre yarns and fabrics rose by £4.3 million and there was a useful rise in exports of scientific and photographic instruments by £3.9 million, to which lenses and optical elements were the main contributors. Exports of arms and ammunition declined by £6.1 million—significant in relation to the total gain in all exports of £61 million, or nearly 3 per cent, to £2,241 million fob in the first seven months of 1962.

GERMANY

Unwanted Ostmark

Frankfurt

EAST GERMAN currency finds itself friendless one again in the Federal Republic. Officially at parity with the west German mark, the Ostmark has depreciated in the open market from 40 west German marks to the hundred at the end of July to around 32. Some west German banks indeed are willing to buy east German currency only if they already know of a buyer. This movement is the more remarkable as it occurs in advance of the Leipzig autumn fair, which normally produces a demand for east German currency. The absence of such demand at present is explained by the reduced attendance by west German businessmen which is expected this year. But another important influence has been the new tension on the Berlin wall.

Trade in the notes of the DDR (German Democratic Republic) has existed since 1948. Until the erection of the wall a year ago the centre of the market was Berlin, where turnover was large. The supply came from east Germans making personal purchases in west Berlin or other payments not officially authorised by their government. Demand for the Ostmark stemmed mainly from the then still lively personal travel from the Federal Republic to east Germany, and also from private money remittances to relatives and friends in the east. The erection of the wall put an immediate curb on these activities, and sharply contracted the supply—so that the Ostmark at first appreciated. Turnover in the Ostmark was reduced to a small fraction of its former level and the focal point of the dealings moved from west Berlin into west Germany. The remaining buyers of Ostmarks are west Germans and other westerners who can still travel to east Germany. Where the supply now comes from is somewhat mystifying. Part may stem from refugees, but there also appear to be other sources.

BROILER CHICKENS

Pig Cycle for Chicks

THE methods of the factory imported into the farmyard have duly infected chicken rearing, once the peaceable rustic pastime of farmers' wives, with the rabid boom and bust psychology that big business is trying to live down. Symptoms of stock exchange fever became apparent in this field in 1960. Demand for table ready chickens was voracious and profits were plump, at least until towards the end of that year. In 1960, Buxted Chicken came to market. About 250,000 5s. shares were placed by Hambros Bank at 14s. In the following year, Spillers lent the company £500,000 on an unsecured loan stock and took up 250,000 shares at 22s. 6d. with an option to buy a further 150,000 at 27s. 6d. For the year to June 30th, 1962, however, Buxted expects to show a trading loss of up to £20,000; and £40,000 will also have to be written off equipment. No ordinary dividend will be paid. Buxted's shares which had been as high as 35s. in 1961, have now fallen back to 15s. 1½d.; earlier this year they were 12s. 6d. It is a relief that current earnings are described as "satisfactory".

Another broiler victim has been E. F. Fairbairn, which came to market at the very start of the broiler boom in 1953, and gobbled up Chunky Chicks at the beginning of this year. Chunky was then said to be likely to earn roughly the same profit in the year to May 31, 1962 as in the previous year. Fairbairn expected profits in its financial year, which runs to the end of September, to be at least equal to the previous year's figures. But last week's bid by the Ross group for Fairbairn revealed that Fairbairn's and Chunky's combined profits for the year to September 30th would be less than half their 1960-61 level. Delayed action effects of fowl pest contracted over the past two years are blamed for the decline.

But the chief affliction of chickens since 1960 has been too many would-be producers. Big food groups such as Fitch Lovell and many others started intensive production of chickens, and while consumption has increased sharply, total production broke its bounds and prices crashed. Since March, however, chicken prices have recovered steadily though they are not back to 1960 levels. J. B. Eastwood, which was granted a stock exchange quotation in 1959, reported sharply lower profits a fortnight ago, but forecast much higher earnings in the current year. The company is going ahead with a £1 million investment project to be completed by the end of 1963.

Output of chickens is expected to fall this year and some mushroom enterprises have been forced out of the business. The immediate outlook looks brighter, long-term prospects seem sound, and the development of broad-breasted broilers proceeds at an astonishing pace. But there are obviously some of the elements of that familiar phenomenon of agricultural economics, the pig cycle of high prices followed by over-production and slump, in this business.

SUPERMARKETS

Enter Gussies

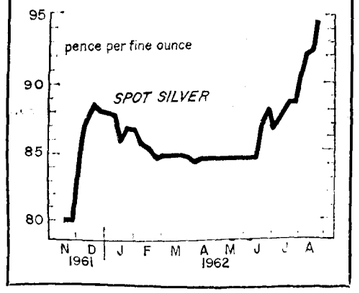
With supermarkets so fashionable, fast growing and still a profitable branch of retailing, it is only a matter of time before the more active existing retail chains decide to spread into them. Great Universal Stores took the plunge last week by buying a 51 per cent interest in William Cussons, a private company that controls 60 food shops —of which 40 are self-service or supermarkets—in the Midlands and Northern England. It has extended its offer to the minority shareholders. So far GUS has chiefly been interested in food as something that its seven mail order companies can sell through the post, a slightly odd way of buying food for a country as small as Britain but one that GUS plans to expand alongside its new supermarket interests. At least it is safe in assuming that the two methods are unlikely to be competing for the same customers.

The management of Cussons is being taken over with the company, and Mr Kenneth Sampson—who succeeds the retiring chairman, Mr Austen Hudson—will take charge of all food retailing in the GUS group. Opening new supermarkets, especially in the midlands and southern England, looks like being his main activity. With the funds of GUS available, only the difficulty of finding good sites is likely to put much of a brake on expansion; about a dozen are said to have been found already. Now that furniture and other durable goods seem long past their days of growth, and clothing can hardly be expected to produce any dramatic changes, entering the supermarket business should give GUS a chance of preserving its reputation as a growth stock.

Competition, however, is going to get stiffer, for GUS is not the only newcomer to the British supermarket trade. Safeways Foods, the American company whose then rather abstract desire to open supermarkets in Britain received much publicity last February, has now revealed that it is negotiating with John Gardner, a catering company which owns eight supermarkets in southern England and is planning to open several more. Entering the market through a company with experience of British conditions would probably be the simplest way for a foreign company; British habits are in many ways different from American. The isolated suburban supermarket, surrounded by its car park, that has proved so successful in America is a rather less attractive venture when a large proportion of shoppers lack a car. The heavy losses reported for the multi-storey car park attached to the Tesco discount store at Leicester rather confirms the belief that the British have yet to become car-borne shoppers.

SILVER SPURTS

An upturn in silver at about this point in the year had been expected in view of the low level of sales by China and the shortfall in supplies of newly mined metal. The rise, however, has been steeper than foreseen. Spot silver has risen 6¾d. to 95¼d. a fine ounce this month, half the rise occurring in the past week. Mexican authorities are believed to have sold some of the silver they bought to support the price when it dipped earlier in the year.



TIN

Market Reassured

Tin from the United States' strategic stockpile is to come on to the market from September 12th at a rate that would take 35 years to clean out the entire stock. When the last of the strategic tin is sold, greybeards might recall that the announcement of the first sales was greeted by a rise in prices. That, indeed, seems to have been the intention of the American officials, who have managed to manœuvre tin buyers into the frame of mind where this could happen. After the protracted discussions and [redacted] in tin prices, the projected releases were passed over by the market, if not by producers, as unexceptional—not the great watershed in the tin market that everyone had earlier believed they would prove. The disposal scheme might now be accepted as a model of restraint and forbearance, though the rate of releases looks uncommonly like the one the United States appeared to have in mind before all the arguing with producers began.

The initial sales programme has been mapped out only for the fifteen weeks from the middle of September to the end of the year. Offers consistent with prevailing market prices will be accepted and if sales have a significant impact on the market the disposal plan will be reconsidered. Two hundred tons of tin a week will be offered; but 40 tons of this will be absorbed by government agencies or foreign aid. About one-third of the tin will be of a quality which should not compete directly with the tin dealt in on the London market. Any part of the 200 tons of tin not disposed of each week will not be carried forward either.

On the evidence of the market's capacity to digest other people's stockpiles in recent years, the burden does not appear unsupportable, though the thought of the immense quantities still to be released might be staggering. Stocks built last year have been brought down to normal levels, though consumption has been lower than producers hoped. The shortfall in tin production has probably been exaggerated, but is still a fact. It should over a reasonable period take care of the quantities which the United States seems likely to release, though a change might be made as frequently in the disposal programme for tin as for rubber. Spot tin has risen to £855 and for the time being the buffer manager is not required to make support purchases at £850.

SHORTER NOTES

Britain's delegation to the meetings of the International Monetary Fund and other institutions which open in Washington on September 17th will as usual be headed by the Chancellor of the Exchequer. Mr Maudling will be accompanied by Mr Edward du Cann, economic secretary to the Treasury, and Captain T. M. O'Neill, minister of finance in Northern Ireland. Both the outgoing and incoming joint permanent Treasury chiefs, Sir Frank Lee and Mr William Armstrong, will attend, and also Sir Denis Rickett, Mr Alec Cairncross, and Mr D. B. Pitblado. They will be joined by Mr Maurice Parsons of the Bank of England.

*

Barley: A note in these columns last week referred to the absence so far this year of the customary price guide put out by the National Farmers' Union for barley producers. The working party responsible for calculating this "indicated value" is however an independent body consisting of representatives of farmers, compounders of feeding stuffs and corn and agricultural merchants. It met again on Wednesday and though still unable to give a price indication in the usual form gave as its opinion that 17s. 6d. a cwt. was a reasonable price.

COMPANY AFFAIRS
Comments on pages 845 and 848 on:
Eastwoods, Carreras, Powell Duffryn, Philips NV, Triplex (Holdings), Albright and Wilson, William Cory, International Tea

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 846 and 847

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 849

BRITISH MATCH

RESULTS 1962

Group profit before tax was £3,355,000 compared with £3,344,000 for 1961. This year a change in policy reduced the charge for depreciation. A final dividend of 1s. 4d. per £1 stock is recommended, again making 2s. 0d. for the year.

Overseas profits were well maintained and in Canada Kootenay Forest Products had a much better year. At home profits were lower. Turnover of Airscrew-Weyroc increased in face of keen competition but margins suffered.

THE MATCH INDUSTRY

U.K. sales were hit by the Chancellor's 10% surcharge on revenue duties. The surcharge on matches was removed in April 1962.

The group interest in The Lion Match Co. of South Africa has been increased from 34% to 62%.

DIVERSIFICATION

Airscrew-Weyroc has acquired the wood chipboard factory of the Bartrev Board Co. and is building a fourth plant at Hexham. Bryant & May has acquired Waeco, manufacturers of pyrotechnics and 'Wessex' fireworks.

The group now has 24% of its assets outside the match industry. It is still the board's policy to diversify into selected industries which have an affinity to its main activities. These include wood chipboard, woodpulp mouldings and packaging.

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

DONALDSON TEXTILES LIMITED

("Donbros" Ladies' and Men's Knitted Outerwear and "Copley" Hand Knitting Yarns)

RECORD GROUP SALES

The sixteenth annual general meeting of Donaldson Textiles Limited was held on August 28th in London, **Mr Alasdair Donaldson** (the chairman) presiding.

The following is an extract from his circulated statement: Our trading profit again is in excess of the previous year's figure, but due to the incidence of increased taxation and depreciation, the net profit shows a small decrease compared with last year.

The Consolidated Trading Profit amounted to £504,720 compared with £467,469 in the previous year. The net profit is £175,769 against £183,704 in 1960/61.

In the period under review, the sales of your Group again increased to a record level.

We live in an exciting time of major technical development within our industry. New types of knitting machinery are being produced—new types of man-made fibres to use on these machines continually become available. These developments open up a field of research for improving existing products or introducing new ones which a few years ago we could not envisage. We intend to pursue these opportunities by continually endeavouring to develop still further our research, technical and selling skills.

Our sales to overseas countries improved considerably during the period showing an increase of approximately 25 per cent against 1960/61.

The European markets have shown substantial gains but perhaps it is disappointing that the lack of continuity in the importing policies of some of our traditional Commonwealth markets prohibits similar opportunities in these areas

Encouraging as this may be, perhaps it is prudent to again draw attention to the rapid increase of imports of knitted textiles to this country during 1961. An increase from £14.7 million in 1960 to £18 million in 1961 cannot be ignored. We must be sufficiently realistic to accept that it is the declared intention of Government policy to continue a further liberalisation of trade but it would be foolish to shut our eyes to the increased competition which this creates in our domestic market.

Your Directors consider that it would be the wrong policy for your Company, as distributors, to be tied to one home manufacturer.

In February last, we introduced a new range of nylon stockings under our own "Donbros" brand and this range is now being promoted by a strong selling campaign which, to date, has shown encouraging results.

The Future: Undoubtedly there has been a slackening of activity in certain parts of the knitting industry over the last six months. It seems apparent that generally retailers have not had a buoyant Spring selling season which has created a cautious approach to Autumn buying. Nevertheless, the current productive activity of your Group remains high and we look forward to this continuing. We would like to assure you that our policy is to continue to explore all avenues for further expansion.

The report was adopted and a total dividend of 12½ per cent (same) approved.

THE DOXFORD AND SUNDERLAND SHIPBUILDING AND ENGINEERING CO. LIMITED

TRADING CONDITIONS SHOW FURTHER DETERIORATION

The annual general meeting of The Doxford and Sunderland Shipbuilding and Engineering Co. Limited will be held on September 18th in London.

The following is an extract from the circulated statement of the chairman, **Dr J. Ramsay Gebbie, CBE:**

Consequent upon the decision to alter the accounting date, which was announced to members earlier this year, the accounts cover the period of nine months ended March 31st last and include the operations of both former Doxford and Sunderland Groups.

Since my last Statement conditions in the Shipping and Shipbuilding Industries have further deteriorated and the general situation now is worse than at any time since the early 1930's.

As might be expected, the Group has been adversely affected. Group Profit before Taxation for the nine months ended March 31, 1962, amounts to £723,097, compared with the aggregate profit of the former Doxford and Sunderland Groups, for the years ended June 30, 1961, and March 31, 1961, respectively, of £1,615,726.

This reduction in profit was forecast in my last year's Statement and I feel I must warn Stockholders that I can see no possibility of avoiding a further drop in the rate of profit for the current year.

After outlining the reasons for the board's decision to recommend a lower dividend at the rate of 10 per cent, and reviewing the operations of the Subsidiary Companies, the chairman continued:

I have already referred to the present conditions existing in our Industry and I repeat that at the moment I can see no prospect of any immediate improvement in the extremely depressed state of shipbuilding. Trampship freights, instead of improving as many thought they would, have continued to decline, whilst the oil tanker market still remains depressed.

Despite adverse circumstances all of our three shipyards have obtained some new orders, though insufficient to keep them fully occupied during the current year, but the prices at which these orders have been obtained leave little or no margin for profit. Fixed prices are now, of course, the general rule, and any rises in the cost of wages or materials must be borne by us.

The Group has now been in existence for about fifteen months and many of the advantages expected of the merger have materialised, though the full benefits are yet to be reaped.

My co-directors and I feel confident that the competitive ability of the Group, together with efficient and vigorous exploitation of the Group's resources, will ensure its future success.

BOARD RETIREMENTS

I have been with Doxford since 1930 and have been Chairman since 1957. I have passed the three-score years and ten and feel I should now leave the conduct of the Company in younger hands.

We are fortunate in having in our Deputy Chairman, Sir Henry Wilson Smith, KCB, KBE, a most able and experienced industrialist to succeed me as Chairman.

Dr E. P. Andreae has also decided to retire from the Board at the same time as myself, he having reached an even more advanced age than I. Dr Andreae has been a Director of Doxford since 1935 and was Chairman from 1936 until he retired in my favour in 1957. Your Company owes him an immense debt of gratitude for all he has done towards building it up to its present position of eminence in the Industry.

THE RAFIDAIN BANK

(Incorporated in Iraq with limited liability)

STATE BANK OF IRAQ. HEAD OFFICE: BAGHDAD

BALANCE SHEET AS AT 31st MARCH, 1962

LIABILITIES	ID.	ID.	ASSETS	ID.	ID.
AUTHORISED CAPITAL	5,000,000		CASH IN HAND, AT CALL AND AT BANKS		15,106,900
PAID-UP CAPITAL	4,905,298		GOLD BULLION (for Trading), at cost		102,424
RESERVE FUND	2,550,000		IRAQ GOVERNMENT AND OTHER SECURITIES— At or under cost		1,039,177
PROFIT AND LOSS ACCOUNT—As per Profit and Loss Appropriation Account	3,929	7,459,227	BILLS DISCOUNTED, ADVANCES, ETC. (Less Provision for Doubtful Debts):— Bills Discounted	8,772,667	
CURRENT, DEPOSIT AND OTHER ACCOUNTS	34,907,424		Advances, etc.	18,518,574	27,291,241
SUNDRY CREDIT ACCOUNTS (Including ID. 1,800,000 long-term liability)	4,052,270		SUNDRY DEBIT ACCOUNTS		1,612,071
PROVISION FOR INCOME TAX	491,000	39,450,694	LANDS, BUILDINGS, FURNITURE AND FITTINGS At cost, less depreciation		1,226,346
CREDITS, GUARANTEES, ETC., ON ACCOUNT OF CUSTOMERS		14,682,170	OFFICIALS' HOUSING SCHEME—Net cost of Land and Buildings, less Instalments received		531,762
			CUSTOMERS' LIABILITY FOR CREDITS, GUARANTEES, ETC., Per Contra		14,682,170
	ID.	61,592,091		ID.	61,592,091

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1962

	ID.	ID.		ID.
Total Charges, including depreciation		777,957	Total Income	2,024,156
Profit for the year ended 31st March, 1962, carried down		1,246,199		
		2,024,156		2,024,156

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1962

	ID.	ID.		ID.
Provision for Income Tax:— On results of year ended 31st March, 1962	490,559		Balance brought Forward as at 1st April, 1961	6,869
Less: Over-provision on previous years	439	490,120	Profit for the year brought down	1,246,199
Transferred to Paid-up Capital		189,019		
Transferred to Reserve Fund		570,000		
Balance carried Forward as per Balance Sheet		3,929		
	ID.	1,253,068		ID. 1,253,068

ID.1 £1 Sterling.

MAIN LONDON OFFICE: 13 & 14 KING STREET, E.C.2

Telephone: MONarch 7437 and 9580 *Telegraphic Address: RAFIDBANKO*

Branches throughout Iraq and in the Lebanon and Jordan

SIR LINDSAY PARKINSON

Mr A. E. Parkinson, the Chairman, presided at the twenty-fifth Annual General Meeting of Sir Lindsay Parkinson & Co. Ltd. held on August 30th in London. After outlining the financial results for the year ended December 31, 1961, Mr Parkinson said "It is pleasing to note that this is the ninth successive year for which I have been able to report higher profits."

Year to December 31st	1958	1959	1960	1961
Group profit before tax	£270,500	£308,146	£356,601	£404,581
Taxation	134,997	159,905	157,643	179,693
Group net profit	135,503	148,241	198,958	224,888
Ordinary dividend (less tax)	27,282	55,125	55,125	60,637
Revenue reserves and unappropriated profit	722,107	801,289	923,438	1,069,247

The following are extracts from his circulated Statement: We are maintaining the diversified nature of the contracts secured. The Building Department continues to execute substantial contracts for Government Departments, Public Authorities, etc. The turnover of our Civil Engineering department has again increased. Very satisfactory progress has been made with the work on all the contracts we have in hand.

WIDE RANGE OF ACTIVITIES

On the M6 Birmingham-Preston Motorway contract, we are confident that we shall complete within the specified time. We are continuing to tender for large projects, both in open competition and upon selected tender lists and, among others, have recently secured a contract for the reconstruction of the South Pier, Great Yarmouth.

Sales in Speculative Housing have been affected by the credit restrictions, but demand for our properties continues at a substantial level. Our Open-cast Coal turnover was also substantial and our long-term contracts continue.

Our Nigerian subsidiary had a year of increasing activity and has secured a number of important contracts. In Ghana, in association with John Howard & Co. Ltd., we have obtained two further Government contracts at Tema, valued at some £8 million.

Our work in hand at present is in excess of £20 million and we are confident of continuing our activities on the same high level.

Sales record for International Stores

Extracts from the Statement of **Mr Frank Hawkins,** the Chairman, for the year ended April 28, 1962:

New records in turnover and profits were achieved despite price-cutting competition which made it necessary to operate on narrow margins. The biggest increases came from shops converted to self-service in the past few years. We plan to open a further 90 self-service shops during the current financial year and the construction of two large supermarkets is well advanced. Our main subsidiary, George J. Mason Limited, is making excellent progress.

	1962	1961
Profit before Tax	£2,142,544	£1,903,416
Tax	£1,090,928	£956,344
Dividends—Ordinary (12½%)	£474,688	£474,688
Preference	£129,097	£129,097
Capital Employed	£15,377,379	£14,766,646
Self-Service Branches	406	322

Annual General Meeting—1st October, 1962

Expenses, especially in respect of increased wages and salaries, have been steadily rising, therefore we must expand our turnover. This we are aiming to do by proceeding with our plans for conversions to self-service and reorganisation of our warehousing and clerical systems to achieve greater efficiency and economies. When our four new warehouses are completed and brought into operation we expect to effect substantial savings. Our factories and bakeries have produced increased tonnage and have made a substantial contribution to Group profits.

I wish to express very real and sincere appreciation of the services rendered by all members of the Staff.

INTERNATIONAL STORES

(The International Tea Company's Stores Limited)

ANOTHER RECORD YEAR

from the Chairman's report to the Shareholders

I have pleasure in presenting to you the Report of the Directors and the Accounts covering yet another successful year in the Company's history. In March 1961 your Directors anticipated that the net profits for the year ending March 31, 1962, would be not less than £250,000. I am pleased to report that this forecast has been exceeded. The net profit for the year to March 31, 1962, was £425,074, an increase of £175,074 over the estimate made last year. Your Directors have decided to recommend a final dividend of 25 per cent making a total for the year of 35 per cent as compared with 30 per cent paid last year.

The actual Capital employed in the Company is now substantially in excess of the Issued Share Capital, and your Directors recommend that there be issued by way of capitalisation of reserves one additional share for every four shares now held.

Resolutions will be proposed as Special Business at the Annual General Meeting increasing the authorised share capital from £280,000 to £500,000 and giving effect to the proposed capitalisation. A further resolution to dispense with signatures on share certificates will have the effect of bringing those used by the Company into line with present day practice.

During the year we increased our manufacturing facilities by the acquisition of two modern radio factories in North West London.

In our new additional premises we have greater facilities for research and design and many new products are being developed. For example, our newly designed record players are now being marketed with great success. The benefits of this research and design will continue to be felt in future years.

We are continuing our policy of increasing our range of products under the trade name of Dansette and at this year's National Radio Exhibition we shall be launching our first tape recorder.

Although it is difficult at this juncture to forecast the final results for this current year, your Directors are satisfied that your investment will continue to prosper and anticipate that they will be able to recommend maintaining the dividend at 35 per cent on the increased issued capital.

Dansette

DANSETTE PRODUCTS LTD.

112-116 Old Street, London, E.C.1.

BRITISH TAR PRODUCTS LIMITED

MR F. WOOLLEY-HART'S REVIEW

The forty-second ordinary general meeting of British Tar Products, Limited was held on August 30th in London, **Mr F. Woolley-Hart, OBE** (the Chairman), presiding.

The following is an extract from his circulated review:

The Trading Profit and other income at £86,279 shows a reduction of some £30,000 as compared with last year, and the reasons for this heavy fall in Profit are given later in this Address.

In view of the results for the year your Board feel that a reduction in the distribution should be made. They recommend a Final Dividend of 5 per cent less Tax, making 7½ per cent less Tax for the year, a transfer of £10,000 to General Reserve Account and an increase in the carry-forward of £5,125.

TRADING REVIEW

Tar and Benzole Products: The demand in many sections has been disappointing with buying resistance naturally bringing about declining profit margins.

COMPANY MEETING REPORTS

Reduced supplies of certain raw materials have in some sections resulted in a position of considerable surplus productive capacity with the inevitable effect of transferring the burden of uncovered overhead charges to more actively employed plants.

This has been particularly conspicuous in the case of Benzole where cheap imported supplies have caused a very serious fall in the demand for home produced material and a further adverse effect on the results of our Benzole Refining has been brought about by the change in the type of the limited supplies of raw materials which have been available to us.

As was foreseen, the world Naphthalene position has now swung to over-production and whilst we concentrate mainly on the manufacture of a very high grade refined product, even here the demand has been irregular.

Hydrogenation Plant: Operations have not been unsatisfactory although not always in the directions which had been anticipated. Special work in the treatment of various chemicals both by distillation and other refining techniques has shown a welcome increase. Our ability to provide the Chemical Industry with these services gains growing recognition.

Bulk Storage Installation: It is regrettable to have to report a substantial reduction in throughput of materials handled compared with the previous year, which is a matter entirely beyond our control. We are hopeful that the trend towards increasing usage of bulk liquids will continue and result in extended use being made of the storage facilities which we are able to provide.

Our Methylating Plant is now operational and we have further new projects coming into fruition but all the adverse conditions to which I alluded in my last year's review remain and to them must be added the uncertainty of the possible impact upon us of the Common Market if the negotiations with the EEC result in the acceptance of the UK's application for entry. We cannot hope to escape the adverse effects of ever rising costs and greatly increased competition experienced by undertakings similar to our own. We may well therefore have to resign ourselves to a further period of lower profits than we have been able to achieve in recent years but your Board continue to have great faith in the virility and growth potential of our business.

The report was adopted.

THE GLOBE TELEGRAPH AND TRUST COMPANY LIMITED

(Investment Trust Company)

Chairman: Sir Edward Wilshaw, K.C.M.G.

CAPITAL (Authorized) £10,000,000*
(Issued) £9,100,000

4% Debenture Stock, 1975/80 ..... £3,542,704

In his address to the Annual General Meeting of Stockowners held at Electra House, Victoria Embankment, London, on Friday, 24th August, 1962, SIR EDWARD WILSHAW reported:

	Year to 30th June 1961	1962
CAPITAL (Issued)	£9,100,000	£9,100,000
EARNINGS (Net)	£832,613	£929,546
DIVIDEND	10%	12½%
RESERVES	£6,548,901	£6,842,437
INVESTMENTS (Book value)	£19,359,627	£19,627,882

FUTURE DIVIDENDS The payment of a 12½% dividend for the year to 30th June, 1963, is anticipated.

Over past years there have been scrip and rights issues.

* The Authorized Capital is now to be increased to £12,500,000 but it is not intended to issue any further shares at the present time.

S. HOFFNUNG & CO.

DIVIDEND MAINTAINED

The sixtieth annual general meeting of **S. Hoffnung and Co., Limited**, will be held on September 20th, in London.

The following are extracts from the circulated Statement of the Chairman, **Mr Pierre J. B. Lachelin:**

Although turnover for the year was only marginally lower, increased costs and increased competition are reflected in a reduction in the profit of the Group, namely from £492,172 to £422,183 before tax. After deduction of taxation and amounts attributable to minority interests, the consolidated profit for the year was £249,446 against £302,346.

In view of the conservative distributions in past years which are reflected in the high level of the reserves and having due regard to current conditions, your Board are recommending a final dividend of 12 per cent., free of tax, which, with the interim of 4 per cent., maintains the annual rate at 16 per cent., free of tax.

Trading conditions in the year under review continued to be difficult. Our sales in Australia are now showing an upward trend. Several import restrictions in New Zealand are likely to impede trade there, but, on current estimates, our overall investment in New Zealand should give us a favourable rate of return.

On balance, I am hopeful that providing conditions in Australia continue to improve, Group figures for the current year will at least be of the same order as those for the year to 31st March last.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:

The Company Meetings Department,
The Economist,
22 Ryder Street, S.W.1.

COMPANY AFFAIRS

For the second week in succession equity prices on the London stock market moved very little. The new account failed to attract buyers and The Economist *indicator gained only 0.7 points to 335.8. The lighterman's strike at London Docks and the setback on Wall Street depressed prices in the middle of the week. After rising soon after the opening of the new account steel share prices fell back later. On Thursday, Bowater Paper fell on the news of the death of the chairman, Sir Eric Bowater. Gold shares rose following relaxations in the South African controls on arbitrage between London and Johannesburg. Gilt-edged stocks moved ahead strongly, with much of the buying concentrated on long and undated stocks.*

Breaking Up Eastwoods

On the score of higher profits and dividends the shareholders of Rugby Portland Cement have no reason to complain of the road on which that ardent and vocal supporter of free enterprise, Sir Halford Reddish, has led them. But occasionally they must feel a little puzzled by the twists and turns that the road has taken. Do they, for example, regard the "A" share scheme as an unqualified success? And what are they to make of the toings and frolings in Eastwoods? Within a few weeks of completing its takeover of Eastwoods, Rugby proposes to split its new subsidiary with Redwood Holdings. When the bid was first made, shareholders must have assumed that Rugby was willing, at a comparatively high cost, to digest the whole of the Eastwoods enterprise—cement, bricks, tiles and all. Eastwoods has three cement plants but primarily it is a brick-maker and it seemed odd for Rugby to seek diversity in bricks, which are growing more slowly than cement.

Now, before they have had time to see what they have in Eastwoods, the Rugby directors have agreed to sell Eastwoods non-cement interests to Redland Holdings (which thus secures an extension of its brick-making interests in the North). The suggestion came "out of the blue" from Redland; but the Rugby directors were quick to accept it, and also to disclose it before the details had been worked out for fear of a "leak" on the stock market (as happened when the original bid for Eastwoods was made). Everyone can have second thoughts; but Rugby paid over £11 million for Eastwoods, including £5¼ million in cash. Its liquid resources, of over £4 million at the end of March were reinforced by a £4½ million rights issue in May. It will get between £6 and £7 million in cash for Eastwoods' non-cement interests from Redland (which in its turn will have a financing problem on its hand). Thus it should have more than enough to cover the £4 million it intends to spend reorganising and modernising Eastwoods' cement works. But, if their ideas were fixed firmly on further expansion in cement, why were they prepared to pay so much only a few months ago for bricks and tiles as well?

Rugby and Redland will both hold a substantial proportion of Eastwoods whose "character and identity" are to be retained; but there will be no financial link between them. The three companies will work in close co-operation and Redland will be responsible for the distribution of cement manufactured in Eastwoods plants. How this will work out in practice remains to be seen; but the industrial logic of the deal points to an integration of Eastwoods' cement plants with Rugby and of its other interests with Redland—in fact, to a more or less complete dismemberment of Eastwoods.

Carreras

Compared with Imperial Tobacco and Gallaher, Carreras, a member of the Rembrandt group, is a lightweight, being responsible for under 5 per cent of the cigarette sales in this country. But the advance in its gross profits from £2,608,000 to £2,939,000 and in net profits from £1,284,000 to £1,509,000 in the year to June 30th shows how remarkably successful it is. The secret lies in concentrating its efforts and advertising expenditures on tipped cigarettes, now about 90 per cent of its production. Tipped cigarettes, on which one pays no duty on unsmoked tobacco and may incur less risk of lung cancer, have grown steadily in this country until they represent a quarter of all sales. But Carreras's own sales rose by as much as a fifth in the latest financial year and it now sells nearly 20 per cent of all tipped cigarettes. Exports were higher and profits again benefited from the agreement to manufacture cigarettes for Rothmans' export trade.

"B" shareholders in Carreras have not been ignored and the dividend, held at 9 per cent in 1960-61 in deference to the request for restraint, has been raised to 11 per cent. At 6s. 4½d. they yield 4¼ per cent, covered just over twice. This is well below the yields on Gallaher and "Imps" and obviously assumes that tipped cigarette sales will continue to grow rapidly in this country, where their 25 per cent share of the market compares, for example, with 55 per cent in the United States and nearly 75 per cent in Australia. But the yield rests on the further assumption that Carreras will not get involved in a slugging match with the heavyweights of the industry. With plain cigarettes in the 4s. 6d. range it pursues evading tactics; but recently in launching a tipped "Piccadilly" brand it began to compete directly with the giants' 3s. 10d. tipped brands such as "Nelson" and "Bachelor." So far the sales of tipped "Piccadilly" have gone well; but the question is whether Carreras can score the same success with this brand as it did earlier with "Guards" in the 3s. 6d. range of tipped cigarettes.

Triplex (Holdings)

In raising the dividend from 12½ to 15 per cent, the directors of Triplex (Holdings) have restored the payment to the 1959-60 level, as the stock market expected. At 34s. 9d. the 10s. shares now yield 4.3 per cent, covered 1¾ times. Profits have recovered, rising from £1,007,000 to £1,245,000 gross and from £460,000 to £504,000 net in the year to June 30th, but they are still below the record level reached in 1959-60. Over the last four half-yearly periods gross profits have run as follows: £348,000; £659,000; £471,000; £774,000. It is clear that Triplex's profits have benefited from the revival in motor sales in this country and in shipments to the United States. These shipments may have an important influence on the latest results, as in 1960-61 the decline in exports reduced the demand for laminated glass and left Triplex's laminating plant working at only a fraction of its capacity. The outlook for the motor industry and its ancillary suppliers is now a little brighter but, understandably, there is no sign that Triplex, which completed its major extensions early in 1961 and which prides itself on always having sufficient capacity to meet peak demand, is investing any big sums in new plant and equipment.

Albright and Wilson

Set against the background of lower margins and surplus capacity in the chemical industry, the half yearly results of Albright and Wilson, summarised in the accompanying table, are reasonably good. Sales were higher and the directors describe trading conditions at home and overseas as "mixed . . . with signs of improvement at some points." They expect profits in the second half of the year to be approximately the same as those in the first half. This is in keeping with an earlier forecast that profits over the full year would not be significantly changed.

These results illustrate that in the

Continued on page 848

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: CANADA: AUSTRALIA: JAPAN:

BRITISH FUNDS AND GUARANTEED STOCKS

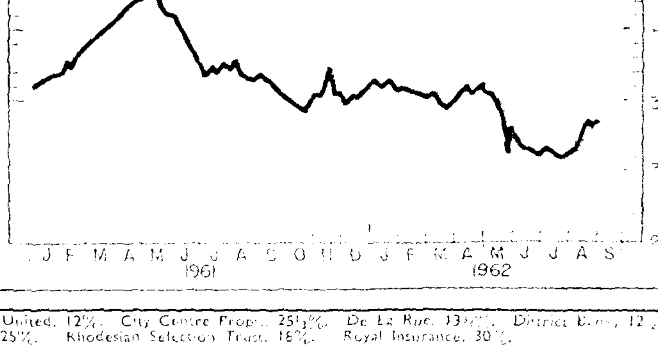
Prices, 1962 High	Low	British Funds and Guaranteed Stocks	Price, Aug. 22, 1962	Price Aug. 29, 1962	Net Red. Yield, Aug. 29, 1962§	Gross Red. Yield, Aug. 29, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½% 1962	100.7.3	100.6.8	—	3 13 11
99 3/16	96 3/16	Exchequer 3% 1962–63	99 3/16	99 3/16	2 11 3	4 1 0l
100 11/16	98½	Conversion 4¾% 1963	100⅝	100⅝	1 12 2	3 18 6
97 3/16	93 3/16	Exchequer 2½% 1963–64	97 3/16	97 3/16	3 1 1	4 4 4l
100⅝	97 1/16	Conversion 4½% 1964	100 19/32	100⅝	2 1 3	4 2 0
95 15/32	90 11/32	Savings Bonds 3% 1955–65	95 7/16	95 15/32	3 8 9	4 13 0l
101 13/16	98 3/32	Exchequer 5½% 1966	101⅝	101 13/16	2 17 2	4 18 11
89 9/32	85	Savings Bonds 2½% 1964–67	89 1/16	89 9/32	3 19 10	5 2 1l
100¼	98	Exchequer 5% 1967	100⅛	100¼	3 2 9	5 3 3
88 11/16	83 5/16	Funding 3% 1966–68	88 7/16	88⅜	4 0 10	5 6 2l
90 3/16	84⅞	Conversion 3½% 1969	89¼	89½*	3 19 11	5 8 10
88¼	82⅝	Funding 3% 1959–69	88	88¼	3 19 10	5 6 8l
97	92¼	Victory 4% 1920–76	95*	95⅛*	3 19 10	4 16 0
84 13/16	78 15/16	Savings Bonds 3% 1960–70	84¼*	84⅜*	4 3 1	5 8 9l
96⅝	90 9/16	Conversion 5% 1971	96 5/16	96⅝	3 11 2	5 11 6
102⅞	97¼	Conversion 6% 1972	102 9/16	102⅞	3 6 9	2 15 9
97 15/16	91⅛	Conversion 5¼% 1974	97 9/16	97⅞	3 10 2	5 12 6
91 7/16	87¾	Funding 4% 1960–90	91	91⅜	3 8 1	5 2 1l
76⅛	70 7/16	Savings Bonds 3% 1965–75	75⅞	76⅛	4 5 3	5 12 8l
75¼	69 3/16	Treasury 3½% 1977–80	74⅞	75¼	4 3 3	5 16 4l
74⅛	68 5/16	Treasury 3½% 1979–81	73⅝	74⅛	4 3 6	5 16 4l
95 15/16	90 3/16	Funding 5½% 1982–84	95 5/16	95⅞	3 13 7	5 17 11l
88 11/16	82⅜	Treasury 5% 1986–89	88 1/16	88⅝	3 16 2	5 19 11l
61½	54	Redemption 3% 1986–96	60⅞	61½*	3 17 6	5 9 11l
65 15/16	56 15/16	Funding 3½% 1999–2004	64⅜	65⅞	3 15 9	5 13 4l
94 5/16	84⅛	Treasury 5½% 2008–12	92½*	94¼*	3 12 4	5 17 0l
67⅝	58¼	Consols 4% .... after Feb. 1957	66⅛	67⅝	3 12 8	5 18 11
61	52 1/16	War Loan 3½% ....after 1952	59⅜	61	3 10 11	5 16 5f
59 15/16	52 5/16	Conv. 3½% ....after Apr. 1961	59½	59⅜*	3 12 0	5 17 4f
52½	44⅞	Treasury 3% ....after Apr. 1966	51	52½	3 11 0	5 17 0f
44⅜	38⅛	Consols 2½%	43¼	44 5/16	3 9 6	5 13 10f
43 9/16	38 1/16	Treasury 2½% ....after Apr. 1975	43¼	43¼*	3 10 7	5 15 1f
95	89 15/16	British Electric 4½% 1967–69	94 11/16	94 15/16	3 12 2	5 8 6l
80 11/16	74⅜	British Electric 3% 1968–73	80 9/16	79⅝*	4 4 7	5 10 10l
73⅞	69	British Electric 3% 1974–77	73½*	73 13/16*	4 5 4	5 13 1l
84½	79 1/16	British Electric 4¼% 1974–79	82 13/16*	83⅛*	3 19 2	5 15 11l
76⅛	70⅜	British Electric 3½% 1976–79	75 13/16	76⅛	3 19 2	5 15 11l
88 3/16	82¾	British Gas 4% 1969–72	87 15/16	88 3/16	3 18 3	5 11 11l
86⅜	80 9/16	British Gas 3½% 1969–71	85½*	85 13/16*	4 0 7	5 10 1l
62⅛	53 13/16	British Gas 3% 1990–95	61⅛	62⅛	3 18 10	5 12 2l
80 11/16	74⅜	British Transport 3% 1968–73	80 9/16	79⅝*	4 4 7	5 10 10l
82 13/16	77¼	British Transport 4% 1972–77	82 7/16	82 13/16	4 0 1	5 15 8l
63⅞	56½	British Transport 3% 1978–88	63⅛	63⅞	4 3 0	5 14 8l

DOMINION AND CORPORATION STOCKS

Prices, 1962 High	Low	Dominion and Corporation Stocks	Price, Aug. 22, 1962	Price, Aug. 29, 1962	Net Yield, Aug. 29, 1962
					£ s. d.
84¾	79½	Australia 3¼% 1965–69	84½	84¾	5 18 0l
100½	96	Australia 6% 1974–76	100½	100¼	6 3 0l
66	52	Ceylon 4% 1973–75	52½*	52¾*	10 18 0l
99¼	94¼	New Zealand 6% 1976–80	99	98¾	6 1 0l
76	62½	Rhodesia and Nyasaland 6% 1978–81	75¾	76	8 13 0l
90½	82	South Africa 3½% 1965–67	90¼	90½	6 2 0l
60	48	Southern Rhodesia 4½% 1987–92	59½	60	8 1 0l
85½	77¾	Agricultural Mortgage 5% 1959–89	85	85½	6 0 0l
90¾	86	Birmingham 4¼% 1967–70	90⅝	90⅝	5 16 0l
93½	88⅝	Bristol 5% 1971–73	93¼	93½	5 17 0l
93¾	88	Corporation of London 5¼% 1976–79	93¼	93¾	5 18 0l
49⅛	43	L.C.C. 3% ....after 1920	48⅛	49⅛	6 1 0f
90	84	L.C.C. 5% 1980–83	89	90	6 0 0l
93	87	Middlesex 5¼% 1980	91¼*	92*	5 18 0l

ORDINARY STOCKS

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		Ordinary Stocks	Price, Aug. 22, 1962	Price, Aug. 29, 1962	Yield, Aug. 29, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½b	6½a	Barclays £1	88/3	86/3	3·01	...
83/6	61/-	...	...	District £1	81/9	82/3	3·04**	...
70/6	53/3	5·1b	4½a	Lloyds £1	59/3	57/9	3·29	...
25/6	20/-	7 b	7 a	Martins 5/-	24/9	24/3	3·09	...
101/-	80/-	7½b	7½a	Midland £1	89/3	88/3	3·40	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	84/-	84/3	3·32	...
97/9	71/-	6⅔b	6⅔a	Westminster 'B' £1	83/3	86/-	3·09	...
48/3	40/6	8 b	4 a	Australia & N.Z. ..£1 p.p.	41/9	43/6	5·52	...
40/9	34/3	5 b	3½a	Bk. Lond. & S. Amer. ..£1	36/3*	36/6*	4·57	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£19 7/16	19 3/16	3·54	...
35	27¼	8 c	9 c	Bank of New S. Wales £20	33½	34	4·24g	...
39/-	32/6	5 b	5 a	Barclays D.C.O. £1	37/6	37/9	5·30	...
58/6	53/-	7½a	7½b	Chartered £1	56/3	57/-	5·26	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. $25	£17¼	£17¾	4·23	...
62/-	49/-	9 b	7½a	Nat. Com. Bk. Scot. ..10/-	53/6	54/3	3·04	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£23 3/16	£23 5/16	3·55	...
45/3	37/6	5 a	10 b	Standard Bank £1	44/3	44/-	6·82	...
54/4½	38/3	7½a	15 b	Hambros 5/	40/-	40/9	2·76	...
99/9	72/-	5 b	2½a	Schroders £1	77/-	77/-	1·95	...
61/9	53/-	6¼b	6¼a	Union Discount £1	60/9	61/6	4·07	...
14/1½	10/-	18 c	Nil c	Bowmaker 5/-	11/9	11/9	...	...
14/3	10/3	5 a	5 b	Lombard Banking 5/-	11/6	12/3	4·08	1¼
16/4½	10/6	2½b	2 a	Mercantile Credit 5/-	12/3	12/3	3·06	...
44/1½	28/6	4 a	22½b	United Domins. Tst. ..5/-	32/3	32/6	4·08	3¼
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	15/4½	15/1½	3·64**	2
54/9	12/10½	...	...	Charrington United ..5/-	14/3	14/9	4·07**	1¾
44/-	32/-	8½b	6 a	Distillers 10/-	33/3*	32/-*	4·53	1¾
51/6	42/4½	14 b	8 a	Guinness 10/-	45/6	44/6	4·94	1¾
34/-	22/6	3⅓a	10⅔b	Harveys 5/-	24/-	24/-	4·38	2½
15/7½	11/10½	...	8 b	Ind Coope, T.A. 5/-	13/-	12/9	4·71**	1½
29/-	21/3	12 b	6 a	Watney Mann 5/-	25/-	24/4½	3·69	2
42/4½	31/9	9 a	21 b	Whitbread 'A' 5/-	36/9	37/-	4·05	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½b	Associated Portland ...£1	55/1½	55/10½	3·40	2¼
27/4½	20/10½	4 a	8½b	British Plaster Bd. ..10/-	25/6	25/4½	4·93	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/-	17/7½	18/1½	4·42	2¾
13/7½	10/6	16·9c	5 a	Crittall Mfg. 5/-	12/-	12/4½	6·83**	2
14/1½	9/10½	6 a	16½b	International Paints ..4/-	11/10½	12/6	7·20	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	58/9	58/6	2·14	3¼
24/6	18/1½	11⅔b	5 a	Wall Paper 5/-	20/3	20/4½	4·09	2¼
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson ...5/-	24/-	24/7½	4·06	2
19/3	13/11¼	11½c	5 a	Borax Defd. 5/-	16/1½	15/-	3·83	2½
43/3	25/6	11 c	4 a	Fisons £1	30/6	30/9	...	...
58/-	47/6	6¼a	7½b	I C I £1	52/7½	52/1½	5·28	1
18/6	12/-	5 a	5 b	Monsanto 5/-	13/6	14/3	3·51	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug 5/-	30/1½	29/4½	2·04	2¼
33/9	18/9	5 b	2 a	Montague Burton ...10/-	23/6	23/6	2·93	2¼
59/6	42/9	13⅓b	5⅝a	Debenhams 10/-	50/7½	49/9	3·86	1½
65/-	51/1½	12½a	27½b	G.U.S. 'A' 5/-	60/6	61/6	3·25	2
40/3	28/9	13⅓a	16⅔b	House of Fraser 5/-	35/3	35/-	4·29	1¼
16/6	12/9	7½b	5 a	Lewis's Invest. Tst. ...4/-	14/10½	14/2¼	3·52	2
100/6	79/6	15 a	32½b	Marks & Spencer 'A'. 5/-	84/7½	83/7½	2·84	1½
52/6	39/6	10 a	20 b	United Drapery 5/-	45/-	45/9	3·28	1¾
53/-	44/-	25 b	10⅝a	Woolworth 5/-	48/9	48/1½	3·72	1¼
				OIL				
38/4½	30/6	‡2·78a	†7½b	British Petroleum £1	35/6	35/9	8·99	2
40/-	30/6	†2½a	†7 11/12b	Burmah Oil £1	37/3	38/1½	8·92	1¼
£14 9/16	£12 5/16	11¼a	15 b	Royal Dutch ....20 fl.	£14¼	£14 5/16	3·66	2½
35/-	27/-	†10 a	†15 b	Shell Transport 5/-	34/-	33/9	6·05	2½
32/9	20/6	...	...	Ultramar 10/-	24/3	23/6	...d	...
				ELECTRICAL & RADIO				
32/6	23/-	5 a	5 b	A.E.I. £1	30/-	31/3	6·40	1
12/6	9/-	...	15 c	Brit. Electronic Inds. .5/-	9/10½	10/10½	6·90	¾
66/3	51/9	4 a	9½b	B.I.C.C. £1	58/6	59/9	4·52	2
13/4½	11/6	6·8 b	4·6 b	Crompton Parkinson .5/-	12/9‖	12/6‖	4·56	2½
89/6	63/-	23⅓c	7½a	Decca 10/-	75/-	75/6	3·09	1¾
45/6	33/9	12½b	5 a	E.M.I. 10/-	35/6	35/6	4·93	2
54/6	39/-	5 a	9 b	Elliott-Automation ...5/-	46/-	45/9	1·53	2
27/9	20/9	5 b	3 a	English Electric £1	25/6*	25/9*	6·21	1½
35/-	26/-	3 a	7 b	General Electric £1	33/-	34/-	5·88	¾
59/3	34/6	4⅛a	8⅛b	C. A. Parsons £1	46/-	46/3	5·41	2
47/9	38/6	3¼a	6½b	A. Reyrolle £1	45/-	46/-	4·24	2½
82/-	58/-	25 c	27½c	Thorn Electrical 5/-	73/9	78/6	1·75	3½
				ENGINEERING				
35/-	20/3	9 c	9 c	Babcock & Wilcox £1	34/3	33/6	5·37	1½
38/3	27/3	3·2 a	7 b	John Brown £1	34/3	34/9	5·87	2¼
6/-	4/3	3 a	7 b	Cammell Laird 5/-	5/-	5/-	10·00	1
28/4½	21/10½	20 b	10 a	Internat. Combust. ..5/-	27/4½	28/4½	5·29	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/4½	4/1½	...	...
38/4½	26/-	2½a	9½b	Swan Hunter £1	28/7½	29/3	8·21	1¾
17/-	10/6	5 a	10 b	John Thompson 5/-	15/9	17/-	4·41	1½
34/1½	21/10½	†2½a	†6¼b	Coventry Gauge 10/-	31/6	32/-	4·47	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	62/9	63/6	4·63	2
49/-	33/9	5 a	10 b	Allied Ironfounders ...£1	46/9	45/6	6·59	1½
99/9	67/9	5 a	10 b	Averys £1	75/9	76/3	3·93	2
20/3	11/9¾	7⅔b	4 a	B.S.A. 10/-	13/3¾	13/-	8·98	2¼
11/6	8/6	4½a	8½b	George Cohen 5/-	9/6*	9/7½*	6·75	1¾
33/-	16/9	10 a	17½b	Davy-Ashmore 5/-	19/10½	20/1½	6·83	2¼
81/10½	64/1½	5 a	11 b	Guest Keen £1	72/9	73/4½	4·36	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	19/6	19/9	4·05	2½
85/6	67/-	5 a	7 b	Metal Box £1	73/9	76/-	3·16	2¼
18/-	13/4½	10 b	4 a	Ransome & Marles ..5/-	15/7½	15/10½	4·41	3
48/-	34/-	3 a	7 b	Renold Chains £1	37/-	37/-	5·41	1¾
64/10½	43/1½	7 b	7 a	Tube Investments £1	54/10½	54/4½	5·15	3
31/1½	23/6	2½a	7½b	Vickers £1	26/7½	27/3	7·34	1
71/6	54/-	10 b	3¾a	Ward (Thos. W.) £1	58/6	61/6	4·47	3
20/6	12/3	5 a	16 b	Woodall-Duckham ...5/-	15/6	16/6	6·36	1¾
				FOOD & TOBACCO				
26/3	19/9	10 c	10 c	Allied Suppliers 10/-	25/9	25/9	3·88	2½
12/4½	8/4½	10 a	12½b	Assoc. British Foods ..1/-	10/-	10/-	2·25	2
61/3	39/3	8 b	4 a	Bovril £1	45/9	46/3	5·19	1½
12/9	10/9	$3·9b	†1·7a	Brooke Bond 'B' 5/-	12/4½	12/4½	3·69	3½
15/10½	11/10½	2½a	10 b	International Tea 5/-	13/9	14/9	4·24	1¾
82/6	62/9	5 a	10⅝b	J. Lyons 'A' £1	68/6	70/9	4·48	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	34/1½	34/-	4·12	...
13/7½	10/10½	7½b	2½a	Spillers 5/-	12/7½	12/4½	4·04	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	48/-	47/9	5·03	2¼
18/-	14/9	5 a	9 b	Unigate 5/-	15/-	14/10½	4·71	2
63/9	52/-	†22½c	†5⅝a	Brit. Amer. Tobac. ..10/-	57/9	58/3	6·31	3
41/3	28/3	5 a	15 b	Gallaher 10/-	32/9	32/9	6·11	2
63/9	47/6	14 b	8½a	Imperial Tobacco £1	56/3	56/3	8·00	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	6 5/16*	6 1/16*	3·21	...
68/-	50/-	20 a	25 b	Commercial Union ..5/-	55/-	54/6	4·13	...
35 15/16	21½	†41·17c	†62·74c	Equity & Law Life ...8/6	27⅜	27⅞	1·56	...
109/3	69/-	10 a	20 b	General Accident 5/-	83/3	81/3	1·84	...
60/6	42/9	...	...	Guardian 5/-	51/-	50/6	2·64**	...
48¾	32½	80 a	110 b	Legal & General 5/-	37⅝	37⅜	1·27	...
180/-	138/9	8½a	12½b	Northern & Empl. £1	166/3	161/3	2·60	...
13 11/16	10⅝	¶†70 b	†30 a	Pearl 5/-	12 11/16	13 1/16	3·13	...
29¾	21⅞	†208⅓c	†208⅓c	Prudential 'A' 4/-	25⅝	25½	2·67	...
47/10½	35/10½	...	...	Royal 5/-	39/7½	38/4½	3·91**	...
127/9	96/-	7½a	11¼b	Royal Exchange £1	108/3	109/3	3·43	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½b	7½a	British Motor 5/-	15/1½	14/1½	7·08	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	73/3	74/6	1·34	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	26/9	27/1½	5·90	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' ...4/-	5/0¾	5/8¼	2·81	...
79/6	60/11¼	11 b	5 a	A.C.V. £1	78/4½	78/3	...	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	78/4½	78/3	5·11	...
17/7½	13/10½	8 a	5½b	Bristol Aeroplane ..10/-	15/7½	16/-	8·44	2
25/-	19/3	5 a	6 b	Hawker Siddeley £1	23/1½	22/10½	9·62	1¼
36/9	25/9	†4 a	†6½b	Dowty Group 10/-	32/3	33/3*	5·16	2½
39/-	27/3	5 a	15⅝b	Dunlop Rubber 10/-	32/3	31/6¾	5·02	1¾
77/-	62/1½	11¼b	2½a	Joseph Lucas £1	68/7½	69/10½	3·94	2¼
22/-	12/-	5 c	9 a	Pressed Steel 5/-	15/-	15/6	1·61	...
39/-	31/1½	5 a	10 b	Triplex Holdings ...10/-	33/6	35/-	4·29	2¼
				MINES				
178/1½	136/3	40 a	50 b	Anglo-American 10/-	170/-	177/6	5·07	1¾
73/-	52/6	18¾b	6¼a	Consolid. Gold Fields £1	66/3	69/3	7·22	2½
121/3	81/10½	15 a	20 b	General Mining £1	116/3	121/3	5·77	2
71/-	46/6	†26 a	†74 b	Union Corporation ..2/6	65/-	68/6	5·96	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	18/3	18/9	21·33	1¼
130/-	81/10½	100 b	70 a	Free State Geduld ...5/-	122/6	130/-	6·54	1½
70/-	50/6	60 b	60 a	President Brand 5/-	66/9	68/9	8·73	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	86/3	88/9	6·99	1¼
45/6	34/-	...	...	Western Deep 'A' £1	41/6	42/-	...	...
161/3	117/6	210 c	105 a	Western Holdings ...5/-	153/9	157/6	6·67	1¼
20/1½	15/3	6 b	5 a	Winkelhaak 10/-	19/4½	20/1½	5·47	3
56/9	42/6	13⅓a	36⅔b	Chartered 15/-	49/3	49/-	15·30	1½
56/6	47/-	60 b	20 a	Rhod. Anglo-Amer. 10/-	55/3	55/6	14·41h	1¾
37/4½	24/-	...	6 a	Rhod. Selection Tst. ...£1	30/-	30/-	12·00**h	...
21/9	14/9	32½c	Nil a	Tanganyika Cons. ...10/-	15/4½	16/9	...	1¼
178/9	135/-	100 a	180 b	De Beers Defd. Reg. 5/-	171/3	178/9	7·83	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ...n.p.v.	$117	$112	2·55	...
18/9	13/1½	7½a	30 b	London Tin 4/-	14/10½	14/10½	10·08	1¼
16/9	15/3	...	...	R.T.Z. 10/-	16/-	16/3	9·23**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	22/6	23/6	13·83	1
				PAPER & NEWSPAPERS				
12/10	10/4½	5 a	10 b	Daily Mirror 5/-	11/6	11/10½	6·32	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A' £1	78/-	78/-	3·33	2
24/9	13/9	10 a	14 b	Thomson Org'n. 5/-	15/7½	16/4½	7·33	1½
47/3	32/-	5 a	8¾b	Bowater Paper £1	35/6	35/-	7·86	1
45/-	35/-	5 a	11 b	Albert E. Reed £1	42/3	43/-	7·44	1½
43/9	33/6	4 a	8½b	Spicers £1	39/6	42/6	5·88	1½
55/-	44/-	4 a	10 b	Wiggins Teape £1	53/9	54/3	5·16	1¾
				MISCELLANEOUS				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	20/6	21/6	6·98	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	19/3*	19/-*	15·79	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	40/6	41/5¼	3·62	1¾
39/4½	30/9	3⅓a	6⅔b	British Match £1	33/-	32/-	6·25	2
16/3	11/6	6⅔b	4 a	British Oxygen 5/-	13/6	13/-	4·10	1¾
9/10½	7/6¾	3 a	7 b	British Ropes 5/-	8/2¼	8/2¼	6·11	1½
41/6	30/1½	...	...	De La Rue 10/-	38/9	41/6	3·31**	2
42/-	27/1½	5⅝a	9⅜b	Gestetner 'A' 5/-	37/6	38/-	1·97	3¾
55/9	41/6	15 c	7½a	Glaxo 10/-	48/-	45/6	3·30	3⅓
49/-	42/6	3 a	12 b	Harrison & Cr. Defd. £1	48/9	48/9	6·15	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	36/-	36/6	3·42	1¾
23/3	16/-	12½b	5 a	Ilford 5/-	17/6	17/6	5·00	1¼
122/6	82/6	7 1/12b	4⅙a	I.C.T. £1	98/9	98/6	2·28	2½
52/9	40/6	12½c	12½c	National Canning £1	50/1½	47/9	5·24	1½
41/3	33/9	6 a	12 b	Powell Duffryn 10/-	37/-	34/-	5·29	1¾
40/6	32/3	17½b	5 a	Radio Rentals 5/-	38/-	36/9	3·06	2¾
37/-	24/6	15 b	7½a	Rank Organisation ...5/-	28/6	29/6	4·24**	...
38/-	24/6	16½b	7½a	Schweppes 5/-	27/-	27/9	4·32	1½
35/3	26/6¾	25 c	25 c	Sears 'A' 5/-	32/4½	32/10½	3·80	2
32/1½	23/-	5 a	11 b	Steetley 5/-	26/4½	27/1½	2·95	3
29/10½	21/9	8½a	11½b	Thomas Tilling 4/-	25/6	25/9¾	3·10	2
64/-	44/-	8 b	4 a	Turner & Newall £1	52/6	53/6	4·49	2
47/3	32/6	9·47a	15·32b	Unilever 5/-	34/6	34/6	3·59	3
11⅝	7½	8 a	13 b	Unilever N.V. ....12 fl.	8⅜	8 3/16	3·02	3
18/9	13/6	10 b	5 a	United Glass 5/-	14/3	14/6	5·17	...
33/3	23/-	†4⅛a	†10⅚b	United Molasses 10/-	25/9	26/3	9·33	1
				SHIPPING				
32/3	22/9	6½a	13½b	Brit. & Com'wealth. 10/-	26/1½	26/4½	7·58	1
18/3	15/3	6 c	Nil c	Cunard £1	16/9	16/6	...	...
20/3	16/9	7 c	7 c	France Fenwick £1	20/3	21/6	6·51	1½
31/6	21/-	10 c	8 c	Furness Withy £1	23/6*	22/6*	7·11	1
9/7½	5/-	...	...	London & Overseas ..5/-	5/3	5/-	...	...
31/-	17/6	3 a	3 b	P & O Defd. £1	19/10½	20/3	5·93	...
12/1½	7/7½	2½c	2½c	Reardon Smith 10/-	8/1½	7/7½	3·28	...
12/9	7/6	5 c	Nil c	Royal Mail £1	10/-	9/9	...	...
				STEEL				
48/4½	27/4½	16 c	5 a	Colvilles £1	30/-	29/9	...	2½
27/3	15/3	10 c	2½a	Dorman Long £1	19/10½	19/6	...	2¼
34/-	21/10½	7½b	3½a	Lancashire Steel £1	27/6	28/1½	7·82	3
21/4½	11/-	10 c	Nil a	South Durham £1	12/3	13/6	...	1¼
31/3	22/3	10 c	3¾a	Steel Co. of Wales £1	27/9	27/7½	7·24	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	32/6	33/7½	8·92	2
51/10½	39/6	9 b	6 a	John Summers £1	48/-	49/6	6·06	2
42/4½	25/9	12·3c	4 a	United Steel £1	32/6	33/3	...	1½
41/-	30/9	8¾b	4 a	Whitehead £1	31/6	32/-	...	2
				TEXTILES				
32/-	25/4½	5 a	7½b	English Sewing Cotton £1	30/9	30/1½	8·30	1
26/4½	18/9	5 a	7½b	Fine Spinners £1	22/9	23/-	10·87	¾
50/9	30/10½	17½b	5 a	Lancashire Cotton £1	35/3	38/3	...	1¼
47/9	37/10½	3¾a	8¾b	Courtaulds £1	46/4½	47/9	5·24	1½
6/10½	5/4½	9⅓b	4 a	Illingworth Morris ...4/-	6/3	6/3	8·53	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	69/-	69/-	6·09	2½
30/9	20/3	2½a	7½b	Woolcombers £1	23/3	23/3	8·60	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	19/1½	18/4½	6·53	1
13/3	8/7½	13¾b	7½a	Calico Printers 5/-	10/7½	11/6	8·70**	3¼
48/6	38/9	3¾a	8¾b	Coats, Patons & B. £1	43/7¼	41/9	6·00	1¾
10/9	8/-	13 c	1½a	Jute Industries 10/-	8/-*	8/-*	...	2¼
27/1½	20/10½	10 c	10 c	Tootal £1	22/7½	22/4½	8·94	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	4⅙a	8⅓b	Alliance Trust 5/-	23/9	23/6	2·66	1¼
61/6	41/6	37½b	12½a	B.E.T. 'A' Defd. 5/-	47/6	48/6	5·15	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	15/3*	15/9*	3·17	1½
71/9	54/3	31⅔c	10 a	City Centre Props. ...5/-	59/6	59/3	2·14**	...
89/-	69/9	3½a	8½b	City Lond. Real Prop. £1	78/3	78/9	3·05	1
95/-	62/6	7·04a	9·04b	Hudson's Bay £1	72/6	70/-	4·59	2½
38/6	22/6	4 b	2 a	Land Securities 10/-	28/9	28/6	2·11	1
39/-	30/9	6⅔a	6⅔b	Lond. Cnty. Freehld. 10/-	35/3	35/3	3·78	1
				TEA & RUBBER				
46/6	38/-	†2½a	†12½b	Cons. Tea & Lands £1	40/6	40/6	12·10	2
36/9	30/9	†11 b	†3 a	Jokai (Assam) £1	36/6	36/9	12·44	2½
9/6	7/6	...	7½c	Nuwara Eliya £1	8/3	8/3	18·18	1½
5/9¾	4/10½	12½a	29⅙b	Highlands & Lowlands 2/-	5/4½	5/6¾	14·98	1½
5/3¾	4/5¼	7½a	32½b	London Asiatic 2/-	7/4½	4/8¼	17·07	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	69/3	70/3	12·81	1½



NEW YORK PRICES AND INDICES

	Aug. 22 $	Aug. 29 $		Aug. 22 $	Aug. 29 $		Aug. 22 $	Aug. 29 $
Atch. Topeka	22⅜	22⅜	Boeing	43	40⅝	Inc. Harvester	47	46⅞
Can. Pacific	21⅛	20⅝	Celanese	35⅜	36½	Inter. Nickel	64⅞	60½
Pennsylvania	11¾	11⅜	Chrysler	57⅝	54⅞	Inter. Paper	27	26⅜
Union Pacific	30⅜	30⅝	Col. Palmolive	42½	39¾	Kennecott	71½	68½
Amer. Electric	62⅞	62¾	Crown Zeller.	41	42⅛	Monsanto	39½	38⅜
Am. Tel. & Tel.	114½	111½	Distillers Seag.	42¼	40¼	Nat. Distillers	24⅞	24¼
Cons. Edison	77¼	77	Douglas	25	24⅝	Pan-American	19¾	19¼
Int. Tel. & Tel.	43⅞	41⅜	Dow Chemical	48½	48	Procter Gamble	70	68¾
South'n. Nat. Gas.	44½	43½	Du Pont	199*	198¼	Radio Corpn.	48¼	48
United Corpn.	7½	7½	East. Kodak	100¾	100¾	Sears Roebuck	74½	73⅛
Western Union	29⅜	28	Ford Motor	45	43⅝	Shell Oil	35⅝	33⅛*
Alcoa	60¾	59½	Gen. Electric	69½	67½	Socony-Mobil	51¾	51⅛
Aluminium	24	22⅞	General Foods	70⅜	69	Stand. Oil Ind.	44⅝	44⅝
Amer. Can.	45	43½	General Motors	53¼	52⅝	Stand. Oil N.J.	52¾	52
Am. Smelting	52⅝	51½	Goodyear	29¾	29½	Union Carbide	93¼	89⅝
Am. Viscose	55⅜	54⅝	Gulf Oil	35½	36½	U.S. Steel	44⅞	43¾
Anaconda	42¼	41⅝*	Heinz	46⅛	46	West. Electric	29⅛	27¾
Beth. Steel	32⅜	31⅜	Int. Bus. Mach.	409	391	Woolworth	69¼	68¾

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 1	60·46	3·56	27·98	5·77	56·24	3·64	88·39	4·04
" 8	60·20	3·58	27·67	5·83	56·17	3·65	89·01	3·98
" 15	61·48	3·50	28·00	5·76	56·85	3·61	89·12	3·95
" 22	62·67	3·44	28·49	5·66	57·78	3·55	89·64	3·92
" 29	61·38	3·51	28·35	5·69	57·38	3·58	89·43	3·94

425 Industrials:—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

FRANCE	Aug. 22 Frcs.	Aug. 29 Frcs.	GERMANY	Aug. 22 %	Aug. 29 %	HOLLAND	Aug. 22 %	Aug. 29 %
Air Liquide	1,193	1,165	A.E.G.	406	398	A.K.U.	367½	363½
Banque de Paris	515	510	Bad'che Anilin	403	393	Bijenkorf	824½	815
Citroen	187	183·5	Bayer	470	459	Heinekens	470½	457
C. F. Petrole	288	280·1	Commerzbank	415	410	Interunie (Fl.50)	Fl.181	Fl.180·5
Cie. G. d'Elect.	1,295	1,265	Deutsche Bank	450	448	K. N. Hoogoven	561¼	553½
Machines Bull	515	500	Hoechst Farb.	397	392	Kon. Zout-Ket.	735	718
Pechiney	249·1	246·9	Kundenkredit	376	374	Philips (Fl.25)	Fl.157·3	Fl.153·8
Printemps	531	517	Lowenbrau	880	890	Robeco (Fl.50)	Fl.206	Fl.206
Rhone-Poulenc	449·5	425·1	Mannesmann	223	219	Rotterdam Bk.	352	353
S.I.M.	363	364	Siemens	587	572	Thomassen & D.	670	683
Saint-Gobain	382	372·9	Thyssen-Huette	180	184	Valeurop	Fl. 72·8	Fl. 72·4
Usinor	211	205	Volkswagen	515	513	Zwanenberg	876	885
Index (Dec. 30, 1960=100)	99·5	98·0	Herstatt Index (Dec. 31, 1959=100)	87·96	87·25	Index (1953=100)	329·6	329·5

CANADA	Aug. 22 $	Aug. 29 $	AUSTRALIA	Aug. 22 £A	Aug. 29 £A	JAPAN	Aug. 22 Yen	Aug. 29 Yen
Abitibi Pr. & P.	46¾	45½	Ampol Pet.	12/4	11/10	Ajinomoto	385	399
Aluminium	25¾	24½	Ass. Pulp & P.	29/7	30/-	Fuji Iron	44	44
Bel Tel.	51½	51¼	Aust. Con. Inds.	63/9	63/3	Hitachi	77	82
Can. Brewer's	10⅛	9¾	Aust. Oil & Gas	55/-	54/6	Honda Motor	347	359
Can. Imp. Bank	57½	56⅝	Brit. Tobacco	25/6	25/5	Kirin Brewery	360	365
Can. Pac. Rly.	22¼	22⅜	Broken Hill Pty.	54/9	55/3	Mitsub. Chem.	65	66
Hiram Walker	54	53½	G. J. Coles	13/3	13/2	Mitsub. Elect.	73	74
Imperial Oil	43⅜	43⅛	Felt & Textiles	7/8	7/9	Mitsub. Heavy	76	79
Noranda Mines	29½	29¼	I.C.I. A.N.Z.	38/9	38/6	Nippon Elect.	310	326
Shawinigan Wtr	23⅝	23¼	Myer Emporium	31/-	30/9	Sony	663	711
Steel of Canada	17¾	17½	Ready Mix Con.	15/9	16/-	Toyo Rayon	130	129
Trans.Can.Pipe	20⅜	20	Woolworth	13/9	14/4	Yawata Iron	50	50
Toronto Ind. Index (1933=100)	560·03	553·33	Sydney Indust. Index (1937/39=100)	288·98	292·20	Dow Jones Average	1412·76	1424·92

* Ex dividend. † Tax free. ‡ Assumed average life, 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Calico Printers, 20%. Charrington United, 12%. City Centre Props., 25⅓%. De La Rue, 13⅓%. District Bank, 12⅔%. Guardian, 26%. Ind Coope, T.A., 12% on merger terms. R.T.Z., 15%. Rank Organisation, 25%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%.

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chemical industry specialisation pays. Albright and Wilson has kept away from the more fashionable products (notably petrochemicals) in which the giants have invested heavily. But since its acquisition of Marchon it has dominated the market in phosphorus derivatives (other than fertilisers) and through its purchase of W. J. Bush and Boake Roberts it has secured an interest in such specialised products as plasticisers, flavouring essences and perfumes. The

Six months to	June 30, 1961 £'000s	Dec. 31, 1961 £'000s	June 30, 1962 £'000s
Trading profit	4,358	4,074	4,232
Gross income.....	2,762	2,290	2,350
Net income	1,365	1,348	1,245

winds of competition do not blow so coldly round its ears as they do round those of other, bigger producers. The stock market is aware of this; Albright and Wilson's shares at 23s. 9d. yield 4.2 per cent, compared with 5¼ per cent on ICI. The cover on ICI's dividend is thin; but these results make it clear that a total dividend of 20 per cent from Albright and Wilson will again be covered about twice. The interim is unchanged at 6 per cent and there now seems no threat to a maintained final of 14 per cent.

Powell Duffryn and William Cory

ALTHOUGH there are broad similarities between the interests of Powell Duffryn and William Cory in coastal shipping, coal and oil interests, Powell Duffryn is the more broadly based. Its profits come in roughly equal proportions from four main sources: coal, oil, shipping, and heating and engineering and the results for the year to March 31st evoke the comment from the chairman, Sir Henry Wilson Smith, that the group "had cause to bless the widespread nature of its activities."

Two thirds of the increase in trading profits, from £3,472,000 to £3,769,000, came from new acquisitions but Sir Henry describes the broad results as "a very creditable achievement." Although the cold winter aided profits in the fuel business there were offsetting factors—rising costs and the credit squeeze among them. Moreover, the development programme made inroads into the group's liquid balances with the result that investment income fell from £397,000 to £260,000. Thanks however to bigger investment allowances on new capital expenditures, net profits rose from £1,385,000 to £1,447,000 so that the dividend, raised from 16 to 18 per cent, is covered 2½ times. The cost of the dividend was raised by the issue of shares for two new acquisitions: the shares ranked for the 1961-62 dividend but the new subsidiaries contributed little to profits. This year will bring full earnings and some of new developments should earn a higher return.

Even so, Sir Henry does not make any forecast. Two-thirds of total profits are earned in the winter months and thus depend on the weather; investment allowances will be lower; and the group will have a big overdraft to support. Last year net liquid assets of £931,000 gave way to a net overdraft of £903,000 and the current bid for Hamworthy Engineering is likely to require nearly £2 million net in cash, almost as much as last year's cash flow of £2¼ million. Sir Henry does not expect Powell Duffryn to raise any fresh capital this year but the group's borrowing powers have effectively been increased. Eventually, income should benefit from the £4 million in assets which earn little or no profit at the moment. Of these the Purfleet oil terminal should begin to earn profits early in 1963. But when will the three new dry cargo ships earn a satisfactory return? Nothing better than maintained profits seem to be on the cards for 1962-63 and the 10s. shares at 34s. 3d. are only just above their low point for the year and yield 5¼ per cent.

In contrast are the £1 ordinary shares in William Cory at 50s. 4½d., yielding no less than 6.9 per cent. Trading profits fell in the year to March 31st from £2,723,000 to £2,658,000. But an increase in investment income and a lower tax charge led to a slight rise in net profits from £1,799,000 to £1,817,000, and the dividend was raised from 15 to 17½ per cent. The chairman, Lord Leathers, says that the return on capital in the group's two principal investments, coal and shipping, was low. It seems likely to remain low this year with little prospect of improved profits.

Philips NV

STOCKHOLDERS in Philips NV took up their rights in the £72 million issue when the concept of growth was taking a drubbing in Wall Street and other stock exchanges. It was a mammoth issue which, to go by the Royal Dutch/Shell precedent, may inhibit investors from adding to their holdings through further market purchases. The recovery on Wall Street has raised Philips shares from their low point and eventually the company should resume a fast rate of growth, based on further sales of television sets on the Continent and on its ventures in electronics. But the new money has still to be invested and the sheer amount of stock in issue may for the time being at least limit its recovery potential. The shares at £6¼ yield no more than 2½ per cent on dividend and about 6½ per cent on earnings; well-managed though Philips is, it is at the moment adding less to its profits than it is to its sales.

In the first half of this year, sales rose by 13 per cent, from Fl 2,114 million to Fl 2,386 million, slightly higher than the increase secured in the first quarter and the increase expected for the year as a whole. But trading profits rose by only 3½ per cent, from Fl 330 million to Fl 342 million and the profit margin on sales of 14.3 per cent was lower than in the first quarter of 1962, and in the whole of 1961. The net return on capital employed has also fallen (from 11.7 per cent to 9.9 per cent over the two half-yearly periods) though this reflects in part the swelling of liquid assets by the rights issue. And there are signs that stocks are building up more rapidly than sales are being generated. The directors had given stockholders adequate warning about the current slowing down in the rate of growth. This phase will have to pass before the glamour of electronics in Philips can attract the investor.

International Tea

INTERNATIONAL TEA'S self-service stores and super-markets clearly played a key part in pushing up trading profits by 12½ per cent from £2,562,000 to £2,884,000 in the year to April 28th. This increase must mark an expansion in sales by the 322 self-service stores in operation at the beginning of the year and so over the initial disturbance and expense of conversion, and not merely the trade gathered by the 84 self-service stores opened during the year. By the end of April almost a quarter of the group's 1,284 stores were of self-service type; and current plans envisage another 90 self-service stores and two supermarkets.

International Tea may not have the growth potential implied by the low current yields on such specialist supermarket shares as Tesco and London Grocers, but prospects are good enough to justify the yield of 4.1 per cent offered by the 5s. shares at 15s. 3d. on the 12½ per cent dividend. The chairman, Mr F. E. Hawkins, admits that rising costs can be offset only by increasing sales; but as the self-service stores have scored the biggest increase in turnover in recent years the group's policy is in the right direction. Efforts are also being made to cut costs. Clerical systems are being reorganised and the first of four new central warehouses will be in use by the end of the year. Expansion and development will continue to be self-financed.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962	
			High	Low
July 25	310·9	5·55		
Aug. 1	312·8	5·50		
,, 8	317·6	5·41		
,, 15	336·5	5·09	364·4 (Jan. 17)	310·3 (June 27)
,, 22	335·1	5·13		
,, 29	335·8	5·11		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Aug. 23	283·8	5·50	5·76	10,958
,, 24	283·3	5·51	5·74	12,595
,, 27	283·4	5·50	5·71	11,271
,, 28	283·5	5·50	5·63	10,844
,, 29	282·0	5·53	5·63	

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935=100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 25, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £20,924,000 compared with a deficit of £36,990,000 in the previous week and a deficit of £37,692,000 in the corresponding period of last year. There was a "net receipt "below-line" of £19,330,000 leaving a total cumulative deficit to date of £321,571,000 compared with £362,530,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to Aug. 26, 1961	April 1, 1962, to Aug. 25, 1962	Week ended Aug. 26, 1961	Week ended Aug. 25, 1962
Ordinary Revenue					
Income Tax	2,790,000	634,305	676,639	27,801	35,476
Surtax	188,000	37,800	41,800	800	1,000
Death Duties	264,500	110,800	108,800	4,400	3,800
Stamps	95,000	44,500	40,800	3,100	2,900
Profits tax, EPT and EPL	374,000	136,500	148,300	6,900	10,500
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	963,905	1,016,339	43,001	53,676
Customs	1,653,000	643,755	658,974	27,435	30,849
Excise	1,077,000	413,760	432,375	12,325	13,825
Total Customs and Excise	2,730,000	1,057,515	1,091,349	39,760	44,674
Motor Duties	150,000	27,218	42,043	...	...
Broadcast Lic's.	41,000	11,200	11,500	...	...
Miscellaneous	165,000	116,917	66,569	2,479	4,652
Total	6,797,500	2,176,755	2,227,800	85,240	103,002
Ordinary Expenditure					
Debt Interest	600,000	322,966	291,661	...	...
Payments to N. Ireland Exch.	100,000	34,655	37,822	3,707	4,074
PO Fund—Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	3,955	3,913	8	22
Supply Services	5,611,650	1,987,920	2,135,641	119,177	119,710
Total	6,323,650	2,349,496	2,469,037	122,892	123,806
Sinking Funds	41,000	11,634	12,359	240	120
"Above-line" Surplus or Deficit		184,375	253,596	37,892	20,924 Cr.
"Below-line" Net Expenditure*		178,155	67,975	54,029	19,330
Total Surplus or Deficit		362,530	321,571	16,137	1,594
Net receipts from:					
Tax Reserve Certificates		59,215	61,856	842	497
Savings Certificates		8,700	1,100	100	100
Defence Bonds		21,949	7,708	606	382
Premium Savings Bonds		17,050	13,900	700	1,000
Total		89,514	82,364	1,036	1,779

* Net repayments of £10 million to the Civil Contingencies Fund in 1962-63 compared with net repayments of £5 million in 1961-62.

FLOATING DEBT
(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
Aug. 26	3,280·0	1,840·0	201·9	2·3	5,324·1
1962					
May 26	2,950·0	2,258·8	229·3	...	5,438·1
June 2	2,960·0	2,299·9	230·7	1·5	5,492·1
,, 9	2,970·0	2,307·8	233·6	0·8	5,511·5
,, 16	2,980·0	2,314·5	287·2	0·8	5,582·5
,, 23	2,990·0	1,936·1	250·9	2·8	5,179·8
,, 30	2,990·0	2,013·4	264·2	2·3	5,269·8
July 7	2,990·0	1,980·0	230·3	6·3	5,206·6
,, 14	2,990·0	2,015·7	230·0	2·5	5,238·2
,, 21	2,980·0	2,018·0	218·4	2·0	5,218·4
,, 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·5	227·3	...	5,219·9
,, 11	3,000·0	1,983·6	225·1	0·3	5,208·9
,, 18	3,000·0	2,009·3	240·1	5·5	5,254·9
,, 25	3,000·0	2,053·1	203·8	0·3	5,257·1

THE MONEY MARKET

THE average rate of discount fell by 3.85d. to 75s. 4.50d. per cent at the Treasury bill tender on Friday of last week—its lowest point since mid-June. The syndicate of discount houses raised its bid by a 1d. at this tender to £99 1s. 2d. The market's allotment of bills however actually fell to 48 per cent, compared with 53 per cent in the previous week; total applications for the unaltered offer of £230 million bills rose by £22 million to £390 million.

Credit was tight throughout the week to Wednesday with the exception of Monday, when the authorities sold a small number of bills to absorb the surplus credit. On Tuesday one or two houses borrowed a small amount from the Bank of England at Bank rate despite the large amount of help provided by the authorities through the special purchase of bills. On Saturday and Wednesday special help on this scale was sufficient for market needs.

In the local authority loan market, money was fairly tight at the beginning of this week and the seven-day rate rose to 4¼ per cent, but on Wednesday money came on offer and the rate eased to 4⅛ per cent. At the moment there is a good turnover in 364-day money at 5¼ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	Market discount rates (3 months):	
Deposit rates		Treasury bills	3 23/32
(7 days' notice) †		Bank bills	3 15/16–4
Banks	2½	Fine trade bills	5½–6
Discount houses	2⅛–2¼	**Euro-dollar deposits:**	
Local Authorities	4⅛	7 days' notice	3⅜–3⅝
Call money:		3 months' notice	3¾–4
Clearing banks' minimum	2⅞	**Forward cover** (3 months):	
Day-to-day	2⅞–4	Annual interest cost, US dollar	1 1/16

NEW YORK

	%		%
Official Discount rate: (from 3½, 11/8/60)	3	**Treasury bills:** August 20	2·837
		,, 27	2·806

BANK OF ENGLAND RETURNS

(£ million)	Aug. 30, 1961	Aug. 22, 1962	Aug. 29, 1962
*Issue Department**:			
Notes in circulation	2,328·0	2,332·3	2,315·9
Notes in banking dept.	22·4	43·1	59·4
Govt. debt and securities*	2,348·6	2,374·0	2,374·0
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	10·8	11·6	11·5
Special deposits	215·4	159·6	159·6
Bankers	232·3	227·2	242·2
Others	73·2	72·0	74·6
Total	531·6	470·4	487·9
Securities:			
Government	424·5	376·4	370·1
Discounts and advances	82·3	49·4	55·5
Other	20·2	19·0	20·4
Total	527·0	444·7	446·0
Banking department reserve	23·1	44·0	60·3
	%	%	%
Proportion †	4·3	9·3	12·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,375 million on August 22nd.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Average Rate of Allotment	91 Day Allotted at Max. Rate *
1961	91 day		s. d.	%
Aug. 25	260·0†	409·9	134 0·12	39
1962				
May 25	230·0	398·4	76 3·81	47
June 1	240·0	417·3	75 7·98	43
,, 8	240·0	421·0	75 0·28	47
,, 15	240·0	423·5	74 4·01	40
,, 22	230·0	370·2	76 11·84	42
,, 29	230·0	365·3	78 5·03	45
July 6	230·0	405·4	78 0·63	49
,, 13	230·0†	404·5	77 9·32	23
,, 20	220·0	382·1	78 7·14	29
,, 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
,, 10	230·0	396·1	75 8·84	54
,, 17	230·0	368·1	75 5·35	53
,, 24	230·0	390·4	75 4·50	48

* On August 24th tenders for 91 day bills at £99 1s. 2d. secured 48 per cent, higher tenders being allotted in full. The offer for this week was for £240 million 91 day bills.
† Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits August 29	Market Rates: Spot August 23	August 24	August 25	August 27	August 28	August 29
United States $	2·78–2·82	2·80 5/16–7/16	2·80 1/4–3/8	2·80 3/16–5/16	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/8–1/4
Canadian $	...	3·01 15/16–02 1/16	3·01 7/8–02	3·01 13/16–15/16	3·01 3/4–7/8	3·01 3/4–7/8	3·01 3/4–7/8
French Fr.	13·622–14·027	13·73 1/2–3/4	13·73 1/8–3/8	13·73–73 1/4	13·72 5/8–7/8	13·72 5/8–7/8	13·72 1/2–3/4
Swiss Fr.	11·94–12·54 7/8	12·11 1/4–1/2	12·10 3/4–11	12·10 3/4–11	12·10 7/8–11 1/8	12·11–11 1/4	12·11 1/8–7/8
Belgian Fr.	137·96–142·05	139·37 1/2–42 1/2	139·35–42 1/2	139·35–40	139·30–35	139·30–35	139·32 1/2–37 1/2
Dutch Gld.	9·98 3/4–10·28 1/2	10·10 1/4–11	10·10 1/4–12	10·10–10 1/4	10·09 5/8–10	10·10–10 1/4	10·09 5/8–10 1/8
W. Ger. D-Mk.	11·037–11·365	11·20 1/2–3/4	11·20 1/8–3/8	11·20 1/8–3/8	11·20 1/8–3/8	11·20 1/8–3/8	11·20 1/8–3/8
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	17389 3/4–39 1/4	17387 3/4–39 1/4	17387 1/8–39 1/8	17387 1/8–39 1/8	17387 1/8–39 1/8	17387 1/8–7/8
Swedish Kr.	14·27 1/2–14·70	14·42 3/8–5/8	14·42 3/8–42 1/4	14·42–42 1/4	14·41 7/8–42 1/8	14·41 7/8–42 1/8	14·41 7/8–42 1/4
Danish Kr.	19·06 1/2–19·62	19·39 3/8–5/8	19·39 3/8–5/8	19·39 3/8–5/8	19·38 7/8–39 1/8	19·38 7/8–39 1/8	19·39 1/8–7/8
Norwegian Kr.	19·71–20·30 1/2	20·03 3/8–5/8	20·03 3/8–5/8	20·03 3/8–5/8	20·03 3/8–5/8	20·02 3/4–03	20·03–03 1/4
	Official Limits						
United States $	...	3/16–1/4 c. pm	3/16–1/4 c. pm	3/16–1/4 c. pm	3/16–1/4 c. pm	3/16–1/4 c. pm	3/16–1/4 c. pm
Canadian $	...	5/16–7/16 c. dis	5/16–7/16 c. dis	5/16–7/16 c. dis	3/8–1/2 c. dis	3/8–1/2 c. dis	7/16–1/2 c. dis
French Fr.	...	7/8–3 c. pm	1–3 c. pm	1–3 c. pm	1–3 c. pm	1–3 c. pm	1–3 c. pm
Swiss Fr.	...	1 7/8–1 3/8 c. pm	1 7/8–1 3/8 c. pm	1 7/8–1 3/8 c. pm	1 7/8–1 3/8 c. pm	1 5/8–1 3/8 c. pm	1 5/8–1 1/8 c. pm
Belgian Fr.	...	21–16 c. pm	21–16 c. pm	21–16 c. pm	20–15 c. pm	20–10 c. pm	20–10 c. pm
Dutch Gld.	...	3–2 3/4 c. pm	2 7/8–2 3/8 c. pm	2 7/8–2 3/8 c. pm	2 7/8–2 3/8 c. pm	2 5/8–2 1/8 c. pm	2 1/2–2 c. pm
W. German D-Mk.	...	1 3/8–7/8 pf. pm	1 3/8–7/8 pf. pm	1 3/8–7/8 pf. pm	1 3/8–7/8 pf. pm	1 3/8–7/8 pf. pm	1 3/8–7/8 pf. pm
		One Month Forward Rates					
United States $	...	1/2–3/8 c. pm	1/2–3/8 c. pm	1/2–3/8 c. pm	1/2–3/8 c. pm	7/16–5/16 c. pm	7/16–5/16 c. pm
Canadian $	...	15/16–11/16 c. dis	15/16–11/16 c. dis	15/16–11/16 c. dis	1–11/16 c. dis	1–11/16 c. dis	1–11/16 c. dis
Swiss Fr.	...	4 7/8–4 3/8 c. pm	4 7/8–4 3/8 c. pm	4 7/8–4 3/8 c. pm	4 7/8–4 1/4 c. pm	4 3/4–4 1/4 c. pm	4 5/8–4 1/8 c. pm
W. German D-Mk.	...	3 7/8–3 3/8 pf. pm	3 3/4–3 1/4 pf. pm	3 3/4–3 1/4 pf. pm	3 1/4–2 3/4 pf. pm	3 1/4–2 3/4 pf. pm	3 1/8–2 5/8 pf. pm
		Three Months Forward Rates					
United States $	...	1/2–3/8 c. pm	1/2–3/8 c. pm	1/2–3/8 c. pm	1/2–3/8 c. pm	7/16–5/16 c. pm	7/16–5/16 c. pm
Canadian $	...	15/16–1 1/16 c. dis	15/16–1 1/16 c. dis	15/16–1 1/16 c. dis	1–1 1/16 c. dis	1–1 1/16 c. dis	1–1 1/16 c. dis
Swiss Fr.	...	4 7/8–4 3/8 c. pm	4 7/8–4 3/8 c. pm	4 7/8–4 3/8 c. pm	4 3/4–4 1/4 c. pm	4 5/8–4 1/8 c. pm	4 5/8–4 1/8 c. pm
W. German D-Mk.	...	3 7/8–3 3/8 pf. pm	3 3/4–3 1/4 pf. pm	3 3/4–3 1/4 pf. pm	3 5/8–3 1/8 pf. pm	3 5/8–3 1/8 pf. pm	3 5/8–3 1/8 pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)	250/7 1/2	250/7 1/4	250/7 1/4	...	250/8 1/2	250/8 1/2	250/8 1/4
,, ($,, ,,)	35·13	35·13	...	...	35·12	35·12	35·12

UK External Trade

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

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

BRITISH

Prices and Wages	Aug. 25th	External Trade	This week
Manpower and Output	Aug. 11th	Industrial Profits	July 14th

OVERSEAS

Western Europe	Aug. 18th	United States	July 21st

	Unit	Monthly averages 1959	1960	1961	1961 May	June	July	1962 Mar.	April	May	June	July
VALUE												
Imports :												
Total	£ million	331·9	378·4	366·5	394·4	371·3	350·2	389·7	349·1	411·6	369·9	387·2
Food, drink and tobacco	,,	126·5	128·1	123·6	132·0	122·9	114·5	142·5	125·4	153·1	131·7	133·4
Basic materials	,,	77·6	88·3	82·1	91·6	84·6	76·8	74·7	67·3	80·7	73·4	77·2
Fuels	,,	38·9	40·0	40·3	43·2	37·8	41·2	45·9	37·3	48·9	44·3	47·5
Manufactures	,,	87·6	120·5	118·9	126·3	124·1	116·2	125·4	118·1	127·7	119·1	127·5
Exports of U K produce :												
Total	,,	277·5	296·2	306·9	298·9	316·3	308·7	322·4	327·3	337·6	317·0	327·8
Manufactures—Total	,,	234·5	250·0	259·9	257·1	270·2	263·8	271·5	276·9	286·6	272·0	279·1
,, Metals	,,	37·8	39·3	39·5	41·9	39·9	40·8	40·5	38·0	43·6	38·0	41·2
,, Engineering products	,,	122·4	131·0	139·5	137·9	150·3	140·0	144·5	156·8	152·1	151·2	152·7
,, Textiles	,,	20·7	21·7	20·8	20·0	19·6	21·4	21·6	20·0	22·4	21·3	20·9
Re-exports	,,	10·9	11·8	13·2	13·6	13·8	14·4	14·9	14·2	15·6	13·4	12·3
Balance of trade (exports *less* imports)	,,	−43·5	−70·4	−46·4	−81·9	−41·2	−27·1	−52·4	− 7·6	−58·4	−39·5	−47·1
VOLUME (1)												
Imports :												
Total	1954=100	122	138	135	137[5]	...	128[6]	140[4]	...	140[5]	...	146
Food, drink and tobacco	,,	118	121	121	121[5]	...	115[6]	133[4]	...	131[5]	...	...
Basic materials	,,	101	110	101	106[5]	...	94[6]	99[4]	...	96[5]	...	...
Fuels	,,	143	157	164	162[5]	...	155[6]	179[4]	...	178[5]	...	...
Manufactures	,,	150	201	196	198[5]	...	187[6]	195[4]	...	202[5]	...	...
Exports :												
Total	,,	116	122	125	127[5]	...	119[6]	126[4]	...	133[5]	...	133
Manufactures	,,	117	124	127	131[5]	...	121[6]	127[4]	...	135[5]	...	...
BY AREA												
Imports :												
U S A	£ million	30·9	47·1	40·2	39·3	32·7	28·3	43·7	36·1	40·5	35·7	37·1
Canada	,,	26·0	31·2	29·1	33·1	30·3	29·4	25·7	24·4	32·9	30·1	31·8
Latin America	,,	26·8	25·8	23·2	27·5	26·2	24·2	30·4	26·8	31·7	25·6	29·8
West'n Europe—Common Market	,,	46·6	55·1	56·5	59·1	60·1	57·2	61·6	54·4	63·3	66·3	59·0
,, ,, Free Trade Association (3)	,,	39·0	46·5	46·2	47·8	51·7	48·8	43·3	42·0	48·5	44·6	49·5
Soviet Eastern Europe	,,	9·7	11·6	13·0	10·9	11·7	13·5	10·2	10·0	10·3	14·4	13·9
Other Non-Sterling	,,	32·7	35·6	35·7	40·7	32·0	28·1	40·1	40·2	43·4	35·8	29·2
Sterling area	,,	120·2	125·5	122·6	136·0	126·6	120·7	134·7	115·2	141·0	117·4	136·9
Exports of U K produce :												
U S A	,,	30·0	27·1	23·4	21·5	23·0	23·3	26·1	28·3	30·3	26·1	27·4
Canada	,,	17·3	17·9	18·5	22·3	18·4	18·1	14·1	18·7	17·0	17·5	18·3
Latin America	,,	12·9	14·3	13·9	12·2	14·3	14·7	15·9	13·7	15·7	13·4	18·0
West'n Europe—Common Market	,,	38·8	43·3	51·1	52·8	52·3	53·2	61·3	60·9	65·7	58·2	66·1
,, ,, Free Trade Association (3)	,,	32·0	35·9	40·1	39·7	48·1	40·3	45·5	47·2	46·6	40·9	41·8
Soviet Eastern Europe	,,	5·1	6·4	8·8	9·4	9·7	8·7	9·0	10·1	8·2	8·6	9·6
Other Non-Sterling	,,	29·6	32·2	34·3	31·6	36·4	36·6	37·2	36·9	37·8	37·4	34·1
Sterling area	,,	111·8	119·1	116·8	109·4	114·1	113·8	113·3	111·5	116·3	114·9	112·5
TRADE IN SELECTED COMMODITIES												
Imports :												
Wheat	'000 tons	356·3	342·0	327·5	421·3	309·8	323·0	366·9	326·2	374·9	364·0	330·7
Meat	,,	67·6	69·3	61·2	68·4	74·9	68·0	91·0	60·8	73·0	48·6	74·0
Sugar, unrefined	,,	201·8	183·3	172·4	176·7	168·8	140·2	151·4	178·3	228·4	192·9	161·9
Raw cotton (2)	,,	22·5	22·5	18·4	18·0	16·3	9·8	20·1	17·3	20·4	19·9	13·9
Raw wool, sheep's and lambs' (2)	mn. lb.	58·6	49·8	49·4	63·3	48·7	42·4	71·0	48·0	58·8	34·7	49·2
Rubber, natural and synthetic (2)	'000 tons	17·0	16·2	16·2	12·3	14·0	11·5	22·9	13·6	11·2	12·3	12·0
Softwood	'000 stds.	121·7	150·0	134·2	109·3	173·8	179·0	66·0	56·4	107·5	168·7	191·3
Woodpulp	'000 tons	185·4	225·4	215·1	259·1	226·5	161·4	163·0	193·9	214·8	189·4	186·9
Crude petroleum	mn. galls.	847	963	1,059	1,171	1,010	1,080	1,222	947	1,186	1,145	1,234
Exports of U K produce :												
Coal, including bunkers	'000 tons	343	455	475	579	505	493	356	392	389	348	500
Woven piece-goods—cotton	mn. sq. yds.	29	27	24	24	22	23	22	19	21	19	21
,, ,, ,, wool	'000 sq. yds.	8,536	8,089	7,528	6,882	7,043	8,387	7,161	6,823	6,895	8,269	7,807
Passenger cars and chassis	number	47,414	47,491	30,897	29,827	31,937	31,497	46,201	51,266	45,935	49,899	49,024
Commercial vehicles and chassis	,,	10,619	12,127	13,913	12,773	16,437	14,877	14,100	13,477	13,688	12,685	13,061
Agricultural tractors	,,	9,474	11,951	11,790	10,705	12,218	13,318	14,705	11,230	13,727	13,804	12,912
Machinery—electrical	£'000	5,706	5,257	5,506	5,707	5,924	5,729	4,592	5,867	5,943	6,351	5,814
,, other	,,	47,264	52,948	61,374	60,966	62,665	62,323	64,856	66,405	67,888	63,730	64,631
Chemicals, elements and compounds	,,	5,862	6,442	6,422	6,253	5,970	5,972	7,003	6,562	7,321	6,452	6,876

(1) Trade with the Channel Islands is included in the total import and export indices only. (2) Retained imports. (3) Including Finland. (4) Average for first quarter. (5) Average for second quarter. (6) Average for third quarter.

APPOINTMENTS

PA APPOINTMENTS DIVISION

STATISTICIAN / ECONOMIST
London

[illegible]

Applicants should forward brief details, quoting the reference number, to :
Personnel Administration Limited, Appointments Division, 2, Albert Gate, London, S.W.1.
GLASGOW · MANCHESTER · BRISTOL · BIRMINGHAM · DUBLIN · LEEDS · PARIS · FRANKFURT · MILAN

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
MARKETING OFFICERS
[illegible]

D.S.I.R.
ROAD RESEARCH LABORATORY
[illegible]

SAINSBURY'S
require an
ECONOMIST/STATISTICIAN
at their Headquarters in London
[illegible]
The Personnel Manager (E S), J. Sainsbury Limited, Stamford House, Blackfriars, London, S.E.1.

TRANSLATOR EDITOR
The World Health Organisation invites applications for a post of Translator Editor at its Headquarters, Geneva.
DUTIES: Search for and translation of material suitable for publication in the International Digest of Health Legislation, in official gazettes and collections of laws in various languages. Editing of material selected for publication from manuscript to printed form.
REQUIREMENTS: University degree in law or science. Mother tongue English; sound knowledge of French and Spanish; knowledge of other European languages desirable. Experience in editing technical material.
SALARY: [illegible]
Applications should be sent to the World Health Organisation, Geneva, [illegible]

UNIVERSITY OF BELFAST
LECTURESHIP AND ASSISTANT LECTURESHIP IN ECONOMICS
[illegible]

SENIOR ADMINISTRATIVE OFFICER is required by the Economist Intelligence Unit Limited. [illegible]

NATIONAL DAILY has vacancy for Qualified Statistician (man or woman) to collect and collate economic data and to help with share indices. [illegible]

THE UNIVERSITY OF SHEFFIELD
DEPARTMENT OF EXTRAMURAL STUDIES
[illegible]

KODAK LIMITED
OPERATIONAL RESEARCH DEPARTMENT
[illegible]

LONDON TRANSPORT
ECONOMIST
Applications are invited for an appointment in the Economic Advisory Service. [illegible]

UNIVERSITY OF ST. ANDREWS
Applications are invited for a SENIOR LECTURESHIP IN ECONOMICS in the Faculty of Social Science, Queen's College, Dundee, [illegible]

THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (PARIS)
The AGRICULTURAL DIRECTORATE of the OECD is looking for
ECONOMISTS familiar with agricultural questions or GRADUATES IN AGRICULTURE familiar with economic questions
Their work would relate to:
(i) Agricultural policy (price policies, structures and marketing arrangements).
(ii) Projections of supply and demand relating to agricultural products.
Other qualifications required are a very thorough knowledge of one of the official languages of the Organisation (English and French) and ability to draft well in that language ; a sound knowledge of the other language is also required.
Candidates should apply, before September 15, 1962, to the Personnel Division, O.E.C.D., 2 rue André Pascal, PARIS XVIe, enclosing a detailed curriculum vitae.

BCL BRITISH CELLOPHANE LIMITED
MARKET RESEARCH DEPARTMENT
Applications are invited from male Economics graduates in their early 20's for the post of Market Research Assistant.
The Company produces "Cellophane," polythene and other plastic films and field surveys are carried out into the existing and potential markets for these products.
The successful candidate (previous experience useful but not essential) should be capable of interviewing at all levels and of preparing concise reports on a wide range of topics.
Candidates must be prepared to live in the London area. A contributory pension scheme is operated and working conditions are excellent. Application forms can be obtained from the Personnel Officer, Bath Road, Bridgwater, Somerset.

The Economist requires an ASSISTANT STATISTICIAN to help in analysis of economic material, including the construction of index numbers. Age under 30. University degree in statistics or in economics with statistics as a special subject essential. Salary in the range £800-£1,100 according to experience. Five-day week four-weeks' holiday. Bonus, pension and provident schemes in operation.—Apply, in writing, to the Chief Statistician, *The Economist*, 22, Ryder Street, London, S.W.1. (Applicants in response to *advertisement* last month please do not re-apply.)

UNIVERSITY OF AUCKLAND
NEW ZEALAND

CHAIR IN ACCOUNTANCY

Applications are invited for the above-mentioned appointment.

The salary attaching to the position is £2,800 per annum; an allowance is made towards travel and removal expenses.

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

Applications close, in New Zealand and London, on *October 15, 1962*.

UNIVERSITY COLLEGE OF CAPE COAST
DEPARTMENT OF ARTS

Applications are invited from graduates with good honours degree for the post of

LECTURER IN SOCIOLOGY

Salary scale: £Gf1,030 x £50-£Gf1,400 x £75-£Gf1,850; £Gf1,900 per annum. Non-Ghanaians an additional 20 per cent. Entry at appropriate point. Appointment normally five years in the first instance.

Outfit allowance £Gf60. Car maintenance allowance £Gf150 per annum. Family allowances for non-Ghanaians £150 per annum for each child in West Africa or, if under 21 years of age and being educated outside West Africa £Gf100 per annum. (*Maximum* five children). Part-furnished accommodation at charge not exceeding 7.5 per cent. of salary.

Annual leave with three overseas return passages in every four years for non-Ghanaians and one in every three years for Ghanaians.

Applications to contain giving details of qualifications, etc., and naming three referees, should reach the Assistant Registrar (Overseas), University of Ghana, 15, Gordon Square, London, W.C.1, not later than September 24, 1962.

ECONOMIC AFFAIRS REFERENCE SERVICE

CENTRAL OFFICE OF INFORMATION (ECONOMIC UNIT) requires an information Officer (unestablished) to write reference information papers and provide factual briefing for overseas use on British and international affairs. Desirable qualifications are a university degree in economics or a related subject, research experience and the ability to present factual information concisely and accurately. Familiarity with technological matters would be an asset. Candidates may be asked to produce examples of written work. Salary £1,331-£1,547 p.a. Write, giving age, full details of experience and qualifications, to Manager (PL/1430), Ministry of Labour, Professional and Executive Register, Atlantis House, Farringdon Street, London, E.C.4.

THE UNIVERSITY OF SOUTHAMPTON

Applications are invited for a Research Fellowship tenable in the Department of Economics for work on a project concerned with British overseas investment. Some research experience is essential and a knowledge of European languages would be an advantage. Salary according to age and experience within range £1,000-£1,250 per annum.

Applications, giving brief *curriculum vitae* and the names of two referees, should be sent to the Secretary and Registrar, The University, Southampton, before September 14, 1962.

ROTHMANS FELLOWSHIPS

Rothmans of Pall Mall (Australia) Limited have set up the Rothmans University Endowment Fund to encourage higher education and research for the benefit of the Australian national welfare.

The Trustees have agreed to establish Rothmans Fellowships at Senior and Junior levels to enable Fellows to undertake *post-graduate* work within a University or approved Institution. The SENIOR FELLOWSHIP is of annual value of not more than $4,000 (Australian). The JUNIOR FELLOWSHIP is in two grades, the first of an annual value of from £1,000 to £1,250 (Australian), the second of an annual value of not more than $2,500 (Australian). At the discretion of the Trustees a Fellow may be paid travelling expenses incurred in taking up the Fellowship and returning to his home.

In addition, an amount of £500 (Australian) per annum is available, at the discretion of the Trustees, to the University or institution where the Fellow is working for the payment of fees and expenses including the purchase and maintenance of equipment.

Preference in the award of the Fellowships will be given to those applicants who wish to work in an Australian University or institution and only in exceptional circumstances will an award be made in respect of work to be done elsewhere. Applicants must have had at least one year's post-graduate research experience.

Application forms and further details may be obtained from the Secretary, Rothmans University Endowment Fund, c/o University of Sydney, Sydney, Australia. Applications close on *October 15, 1962*.

H. G. McCREDIE,
Secretary,
Rothmans University Endowment Fund

D.S.I.R.
BUILDING RESEARCH STATION
Garston, Watford, Herts.

ASSISTANT EXPERIMENTAL OFFICERS to join teams working in the field of BUILDING DESIGN AND TOWN PLANNING. The researches are aimed at assessing user satisfaction with various design aspects thus providing the basis for recommendations to designers.

DUTIES: Would include assisting in social surveys and field experiments, and analysing results obtained.

QUALIFICATIONS: Pass Degree in psychology, social science or natural science, or appropriate HNC. Training or interest in statistics or applied physics would be useful.

SALARY: £671 (*age* 22) to £833 (*age* 26 or over) to £1,022. Prospects to £1,389.

APPLICATION FORMS from Director, above address, quoting B.R.S. 45H.

Closing date September 17, 1962.

MEDIA STATISTICIAN
REQUIRED BY PROGRESSIVE ADVERTISING AGENCY

now increasing Research Staff and Media Research activity. The Agency is of medium size, well-established and has a vacancy for a Statistician age 25-30 with experience of Media Research, with good prospects of increasing responsibility.—Write *age and experience* to Box 1653.

THE UNIVERSITY OF NOTTINGHAM
DEPARTMENT OF INDUSTRIAL ECONOMICS

Applications are invited for a TEMPORARY LECTURESHIP in the above Department, tenable for 2 years from January 1, 1963. Salary within the scale £1,150 to £1,575, plus membership of the Superannuation System for Universities and Children's Allowance. Conditions of appointment and form of application, to be *returned* by Wednesday, September 19, from the Registrar.

THE SOUTH WALES ELECTRICITY BOARD
ASSISTANT STATISTICIAN

Applications are invited for the superannuable position as Assistant Statistician in the Board's Research Group at Head Office, St. Mellons, Cardiff.

The work includes sample surveys, *ad hoc* investigations and the collation of financial and load statistics. The possession of a degree in Statistics or Mathematics would be an advantage.

Salary: NJC grade 7 (£1,298/£1,406 *per annum*).

Applications should be submitted on forms obtainable from the undersigned and returned to him at St. Mellons, Cardiff, not later than September 15, 1962.

Envelopes should be endorsed "Assistant Statistician—126/62."

R. G. Williams, Secretary.

UNIVERSITY OF ADELAIDE
LECTURER IN ECONOMICS

Applications are invited for the above-mentioned appointment.

Salary Scale: £A1,675-100-2,450; with superannuation on the F.S.S.U. basis. The initial salary may be fixed within the appropriate scale in accordance with the successful candidate's qualifications and experience.

Further Information: A potential candidate should also seek from the Registrar of the University or from the Secretary, Association of Universities of the British Commonwealth, Marlborough House, Pall Mall, London, S.W.1, (i) General Conditions of Appointment, which include particulars of tenure, superannuation, removal expenses, invalidity and study leave; (ii) a statement giving further particulars of the post and of the work of the Department of Economics. The University will gladly supply any further information desired on request to the Registrar.

Applications, in duplicate, should give the information listed in the final paragraph of the General Conditions of Appointment, and should reach the Registrar, The University of Adelaide, Adelaide, South Australia, not later than *October 15, 1962*.

QUALIFIED ACCOUNTANTS

QUALIFIED ACCOUNTANTS are required for the financial accounts department of Connaught Food Products Limited, which is one of the Schweppes group of companies.

One man is required for a senior post in the department. He should have had some five years' experience in industry. The second post would suit a younger man, recently qualified. Interviews will be carried out by the Financial Accountant, but please write in the first instance to Personnel Manager, Connaught Food Products, Green Walk, S.E.1.

KING'S COLLEGE, CAMBRIDGE

The Governing Body of King's College will shortly elect to a Fellowship associated with the names of the late Arthur Berry and Frank Ramsey, former Fellows of the College. Candidates must be male members of any University in the British Isles under twenty-eight years of age at Michaelmas 1962 (but any stonal training may be taken into account), lowing group of subjects: Mathematics, Philosophy (including the Philosophy of Religion), Economic Theory.

For further particulars see the "University Reporter," Cambridge, or the "Oxford University Gazette" *first number* of the Michaelmas Term. Or apply by letter to the Bursars' Clerk, King's College, Cambridge.

BRITISH RAILWAYS (EASTERN REGION) require several QUALIFIED ACCOUNTANTS, preferably aged between 25 and 30 years and having some commercial experience in a large organisation employing advanced accounting methods. Candidates, who should have administrative ability and a keen interest in the development of management accountancy, must be *prepared to work* in London or elsewhere in the Eastern Region. Successful applicants will spend an initial period assisting with the introduction of new systems and will have excellent prospects for advancement. Commencing salaries about £1,230 per annum. These are permanent positions with certain free and reduced rate rail travel facilities; there is a contributory Superannuation Scheme. Applications, in confidence, giving full details of age, qualifications and experience should be sent to: Chief Accountant, British Railways (Eastern Region), 21a, John Street, London, W.C.1.

EDUCATION: BUSINESS AND PERSONAL

LANCHESTER COLLEGE OF TECHNOLOGY, COVENTRY
DEPARTMENT OF MANAGEMENT AND BUSINESS STUDIES

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Two sandwich courses for the H.N.D. will start in October, 1962, one intended for those wishing to specialise in industrial sales, the other for prospective industrial accountants. Both courses are combined commercial/technological courses and include a study of at least one foreign language by the oral method.

Further details, together with application *forms*, are *available* from the Vice-Principal, Lanchester College, Priory Street, Coventry.

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal *Courses* in a wide range of subjects for the two examinations for London Univ. B.Sc.Econ. (three, if entrance is included) at moderate fees. 1,434 Wolsey Hall students passed London University B.Sc. Economics Exams., 1950-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from I. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

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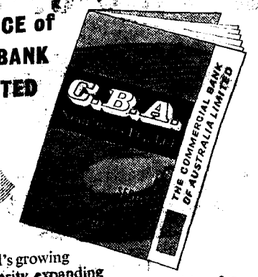

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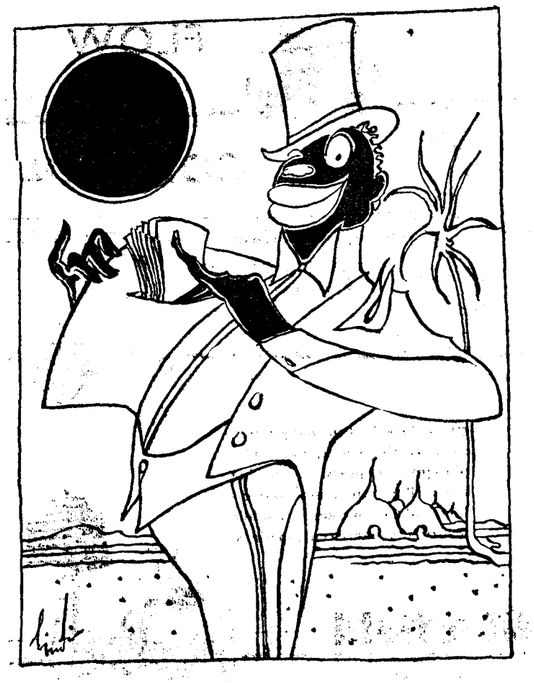

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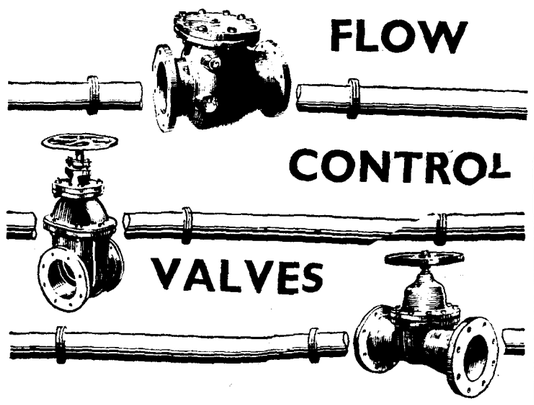

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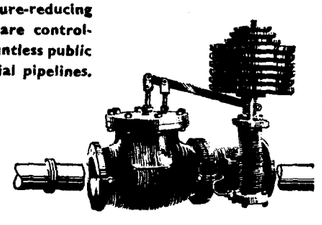

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tions which he so much dislikes are the basis of the new international money market, and give the Euro-dollar market "a long term potential." Moreover, Sir George says:

> It is probable that the supremacy of the official New York and London money markets has now passed and is unlikely to return, unless these two markets were to absorb the newly created international money market.

That, he adds, would be neither easy nor necessarily desirable; he sees this market as providing potential financial resources for Britain that "the sterling system cannot itself generate," and here again one must agree. The Euro-dollar has encouraged a remarkable extension of private financing of international trade, and it has had welcome effects in loosening the hold of local banking monopolies and cartel arrangements. If it complicates the problems of monetary control, national and international, the right solution is not to suppress it but (and here *pace* Sir George) to develop such new official techniques as may be necessary to deal with any adverse side effects of the generally welcome Euro-dollar.

TIN

Quite a Shock

No agreement was reached last week between officials responsible for the United States' stockpile of tin and the representatives of the International Tin Council. The United States had invited the ITC's views on its scheme for getting rid of part of this self-imposed burden, but while the ITC (for a change) was firmly united for this occasion, the United States showed who was master in tin by largely ignoring the ITC's recommendations. The ITC sought to ensure that American releases did not exceed its own estimate of the likely shortfall in tin production and that the United States should work within the new price ranges in the stabilisation scheme.

But there was little chance of complete agreement about "the specific rate and conditions of disposal." The ITC's proposals could have hobbled the United States's plan to peddle out a steady supply of tin from the stockpile, and the United States seems hostile to the price limits in the international agreement. The United States is therefore pursuing its original plan of disposing of a maximum of 300 tons of tin a week for a trial period of six months. As these sales are expected to begin before the end of August, the announcement of a detailed programme for disposals will probably be made before the ITC next meets in the middle of the month.

The maximum rate of disposals is likely to be somewhat less than 300 tons a week and could be softened by disposal through other government agencies, but fairly prompt delivery and acceptable quality should attract reasonable bids for all the tin tendered, partly at the expense of purchases in Malaya and elsewhere. Action is promised if the impact on the market becomes "too severe," though there is no definition of this distressing condition. The tin market registered concern at the United States' bluff treatment of the ITC delegation by dropping the price to £825 a ton, though the ITC's buffer stock manager pushed the price back above his buying limit of £850 a ton without great resistance. The United States is willing to consult at any time with the ITC or "substantially interested" governments. After last week's rebuff, this sounds like a sergeant major asking that any complaints should be addressed to him. The ITC got a better response from Russia in the crisis of 1958.

COMMONWEALTH DEVELOPMENT

A Merger Required

Belatedly, the Government has agreed to keep the Colonial Development Corporation in effective existence. Mr Duncan Sandys announced in the House of Commons on Tuesday that the existing bar on the corporation undertaking new projects in countries that have become independent is to be removed. When the necessary legislation is passed, CDC will again be able to operate freely in all Commonwealth countries that achieved independence after India, Pakistan and Ceylon. At the same time, the corporation's name will be changed to the Commonwealth Development Corporation. As such it is bound to be confused even more widely than it already is with the Commonwealth Development Finance Company—and there is in fact quite a good case for merging the two. Although the CDC is financed almost entirely by the Exchequer while CDFC is financed by Commonwealth central banks and City institutions, the two organisations have for some time been moving closer together in their operations. CDC has deliberately reformed itself to operate on commercial lines, it often works with private capital on a joint basis and it is now in a better position to borrow funds from the market—which could soon be necessary if its extended sphere of operations brings forth a rush of applications. Meanwhile CDFC languishes with impressive backers and good management but a dearth of projects. The two organisations do not lack a mutual respect for each other; a genuine merger into a strong new organisation would be a sensible, and not expensive, contribution to a more effective aid effort.

DIVIDEND REMITTANCES

Local Difficulties

The desperate need of under-developed countries for foreign exchange has tempted several of them to interfere with dividend remittances. Ghana announced in March that foreign companies operating there would have to invest 60 per cent of their net profits after tax in that country. This proposal has not yet been enacted, but officials treated profits earned by Konongo Gold Mines in the year to September 30, 1961, in this way.

Konongo has been forced to pay the final dividend for that year, recommended in February, out of funds previously accumulated in London. But Ashanti, the only other foreign-owned gold mine now operating in Ghana (five others were nationalised last year) has announced an effective increase in its interim dividend for the year to September 30, 1962, and has received money from the Bank of Ghana to pay it. An offer by Ghanaian officials to release part of the funds necessary to pay Konongo's final dividend was accompanied by further conditions which the company found unacceptable, and this presumably accounts for the perplexing difference in the treatment of the two companies. The only encouraging aspect of this clamp down on dividends is that a Ghanaian official has said that the restriction of remittances is not intended to be permanent.

More trouble for tea companies in Ceylon, where taxes already account for three quarters of profits, was contained in last week's Budget. The finance minister is to see Mr Maudling about reducing the level of dividend remittances from Ceylon. A year ago, Mr Lloyd in effect exhorted British companies to do precisely the reverse to aid Britain's balance of payments. At the beginning of last month Carolina Tea passed a dividend on its preference capital because it could not obtain the remittance of funds from Ceylon, and in retrospect that difficulty now seems to have been a harbinger of general restrictions.

Some of the money held back by Ceylon will indirectly help to finance the extension of Ceylon's state-owned plantations. In the same breath as his announcement of the likely curtailment of dividend remittances, Ceylon's finance minister repeated the well-worn assurance that foreign estates would not be nationalised. That promise was little help to Ceylon tea shares, which reacted sharply following their recent slight recovery on improved profits.

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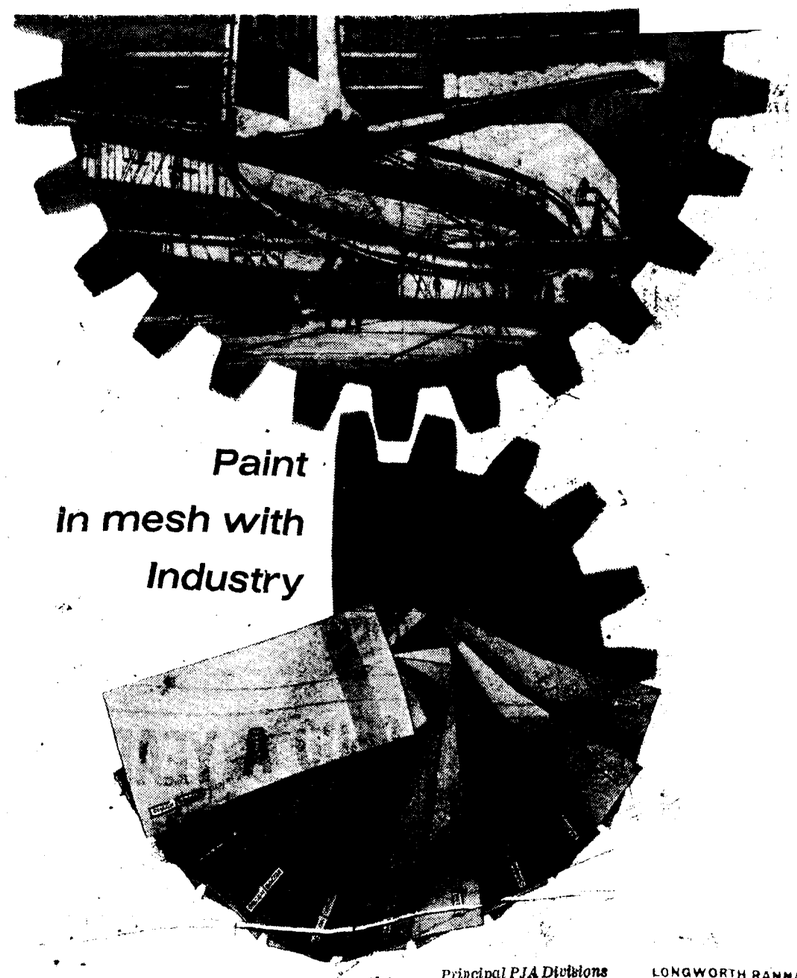

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FACING THE COMMONWEALTH EUROPEAN OUTLOOK

CAN BRITAIN'S SISTER NATIONS MAINTAIN THEIR RECORD OF ADAPTABILITY TO CHANGE WHEN THEY GRASP THE EUROPEAN NETTLE ?

PAGES 865
866
891

MF DO'S AND DON'TS FOR WASHINGTON

TUC BLACKPOOL OPERA MOUSE

CONSIDER JAPAN—2 PAGES 907 TO 936

Economist . 22 Ryder Street . St. James's . London . SW1

Guide to contents : see over

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The Economist this Week September 8, 1962

INTERNATIONAL

BRITAIN FREE?

The Commonwealth is a child of change. Can it, looking to Britain and Europe, show the same capacity to adapt itself to a changing world that has marked its record hitherto? Or must Britain assert its own right to act independently? (p. 865).

The British Government is not yet independent of colonial responsibilities, as much as it would like to be. Its field of possible action in **Rhodesia** is particularly restricted (p. 868).

KNCW YOUR EUROPE

It would be merely insular to view this week's visit to **Germany** by **President de Gaulle** as an anti-British get-together (p. 866).

A residue of old **German** distrust of **French** intentions could be felt behind the parade of Adenauer-de Gaulle amity this week (p. 893).

Free to copy anyone's ideas, **Italy's drug manufacturers** have made their fortunes. Now they must bow to common market pressure and the country's first patent law for drugs (p. 950).

The West should discourage, not take part in, nose-thumbing across **the Berlin barrier** (p. 873).

KNCW YOUR COMMONWEALTH

Australia : Following a series of political ups and downs, Australians—and Mr Menzies—are now soberer about Britain's application for entry to the European common market. They may no longer seek to lay down the law to Whitehall (p. 891).

Canada : The double shock of almost losing an election and facing an exchange crisis the day after the results were known has had a damping effect on Mr Diefenbaker (p. 891).

Tanganyika : Mr Nyerere is still doing his energetic best to build a country out of the backward territory he inherited from Britain last December (p. 892).

Ghana : Dr Nkrumah is determined to keep what he inherited (p. 874).

Nyasaland : Mr D. K. Chisiza will be hard to replace (p. 877).

Malaysia : The way now looks clear for the creation of a "greater Malaysia" by the agreed deadline of August 31st next year (p. 878).

Know Your Tshombe : Under arm-twisting, the Katanga leader has capitulated. His arm must not be let free (p. 874).

AMERICA YOU KNOW

The outcome of this **November's elections** in the United States is unusually uncertain (p. 901). The campaign in Massachusetts is a family affair (p. 906).

The **mutual fund industry** has reacted wildly and unwisely to well-substantiated charges that these funds are not living up to their name (p. 903).

A pattern for dealing with **labour difficulties** arising from automation on the railways may result from the telegraphists' strike in Chicago (p. 902).

Satellites and **cows** have both been affected by recent nuclear tests (p. 903).

Steelmen seem to be looking for trouble (p. 904).

At last the end of the poll tax is in sight (p. 904).

NO, THEIR CUBA:

Cuba does not belong to the Russians yet (p. 871).

CONSIDER JAPAN—2

For underdeveloped countries, there is much that is worth knowing about the new Japan. The second of two reports on Japan from our special correspondent appears on pages 907 to 936. It suggests the specific lessons that Japan can offer to backward countries.

HOME

HIGH, HIGH, HIGH

We've high hopes for the world financial meetings in Washington, Mr Maudling, so please get together with the Americans to shake out and share out international reserves, spread the idea of mutual holdings of currencies, and grasp the nettle of guarantees for them (p. 941).

Up go **nurses' wages** by a flat 7½ per cent, but not the industrial court's reputation (p. 874).

Building high has become a matter of pride in **Sheffield**; and the sociable street survives, too, in a new form (p. 937).

Silver is past its 1920 peak price and some coins are getting nearer the melting pot (p. 947).

A clearing house for the end-products of higher education may be on the way, but the **universities' appointments boards** will still have a big job to do (p. 877).

The Ministry of Education is hatching some useful reforms in **selective schooling** which will benefit the top of the class, and those lower down as well (p. 881).

GO, GO, GO

The Trades Union Congress has admitted, without exactly bestirring itself to answer, the major issues that confront it—its own reform, its part in economic planning, and the entry into Europe. Effective action now depends on the estimable Mr George Woodcock and his HQ team, but his own performance at Blackpool has not blazed the trail of reform (p. 869).

The **Liberal party** executive gives a realistic twist to the Llandudno agenda, but a party working group's ideas on industry look both amateurish and undesirable (p. 873).

The proposed Anglo-French **supersonic airliner** is the wrong choice for the future. It leads nowhere; faster speeds will require new aerodynamic ideas, and, above all, new metals (p. 943).

Sir Isaac Wolfson has bought a bank for the family trust—it should add glitter and profit to his interests (p. 950).

Old idea in a new shape : **heating bricks** is the electricity industry's latest idea for spreading its load (p. 950).

LOW, LOW, LOW

Retail trade stayed put in July and the rise in **hire purchase debt** was pretty small. Can the Treasury still count on the forecast rise of 4 per cent in consumers' real expenditure without some new stimulus? (p. 945).

By deciding to deport **Dr Soblen** (even if he still has other ideas) both the Government and the judges have chosen to bury the present law of extradition (p. 872).

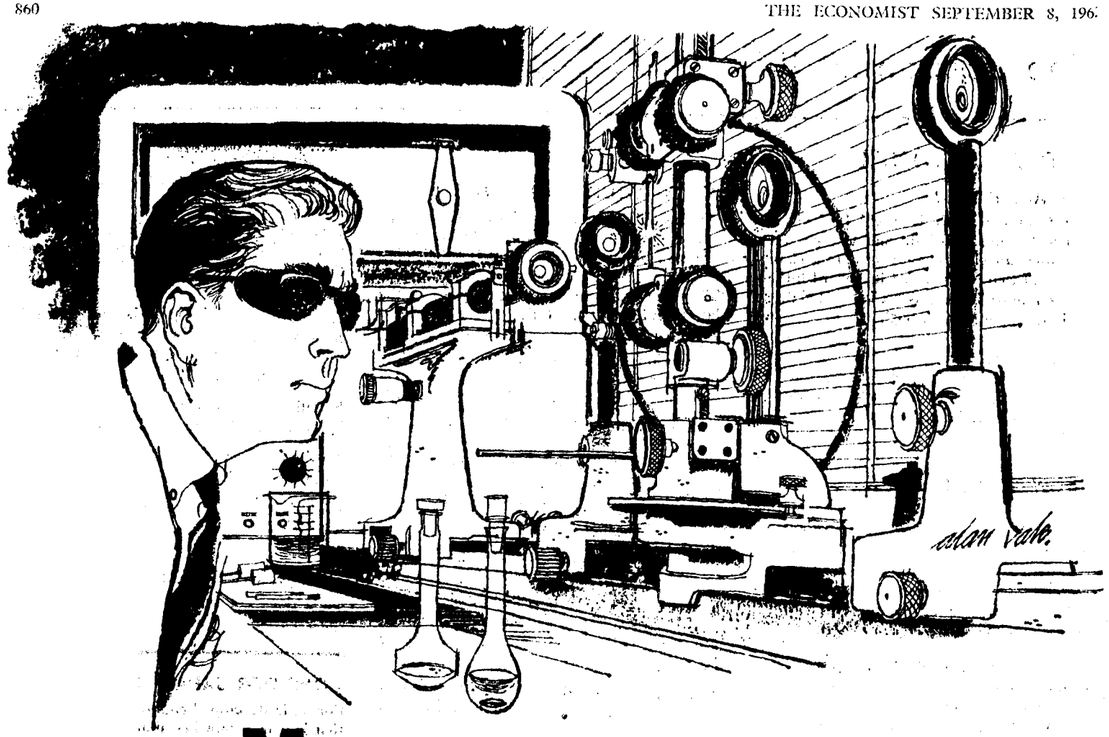
Should Shakespeare's reputed bones be disturbed? More than a Stratford spectre could be upset (p. 881).

What drives **newspapers** into the grave : Manchester offers an acute pre-Shawcross assessment (p. 877).

Glasgow has consigned the last of the big-city **tramways** to the scrapyard (p. 938).

Halifax Building Society has lowered its **mortgage rates**; the pressure will now be on other societies to do the same (p. 944).

Detailed contents on page 865



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COMING SOON. Other features to be published during the next two months include "Renoir, my father" by Jean Renoir, and "To Katanga and back" by Conor Cruise O'Brien.

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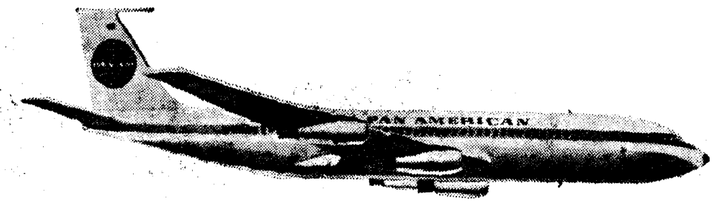

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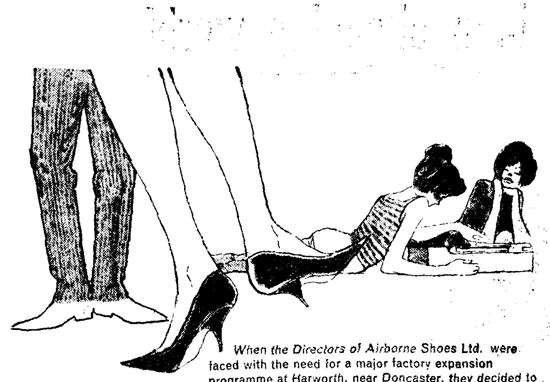

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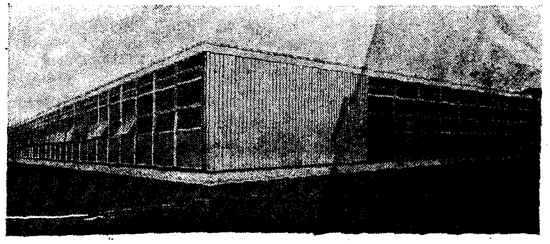

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The Economist

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Facing the Commonwealth

NO parallel can be found in world history for the phenomenon represented by the conference of Commonwealth heads of government that opens on Monday. In essence, a group of former colonies is complaining of the former ruling power's exercise of the same full freedom of decision that they themselves have won from it. The fact that this is such a strongly "anti-colonial" period of history makes it all the more remarkable to see ex-colonies protesting that the ex-imperial power ought not to weaken the bonds between them that have survived the end of empire.

Without denying the reality of the problems and pains that the conference must face, one may yet point out that it is an instructive spectacle—instructive for all the countries concerned. Whatever impact the British effort to enter the European common market has on the Commonwealth, it ought to put paid to some of the illusory beliefs about the Commonwealth that do it nothing but harm. There are still lingering traces of the old British assumption that other member countries should always follow Mother's lead like dutiful daughters. This notion, however, has never regained the hold it lost during the Suez conflict of 1956. In recent years the same kind of one-way concept—turned round to face the other way—has emerged more clearly in other Commonwealth countries, in the shape of an assumption that, while they should be able to plot their own courses in complete freedom, Britain ought to remain bound. From time to time this belief has led Asian and African member nations to give warning that they might quit the Commonwealth if Britain persisted in some policy that angered or embarrassed them. The idea that Mother might go off on her own never came to mind.

The British could not very well answer such claims as long as they themselves clung to the mother-daughter concept. There is no doubt that this concept has served a valuable psychological purpose. It provided a shock-absorber that eased the transitional pains of disimperialism. But the time has surely arrived when Britain not only can afford to cast aside this psychological prop, but indeed must cast it aside. Constitutionally, the Commonwealth nations have long been not mother and daughters, but a sovereign sisterhood. The reality of this relationship has now to be accepted both because it is a reality, and because Britain cannot otherwise assert the claim to full national independence that the other member countries make.

However the haggling works out, it would be absurd to pretend that British entry into the common market will leave the Commonwealth unchanged. But it would be equally absurd to argue that change must, or can, be avoided. The Commonwealth is a child of change. Beneath the surface continuity that yields so much balm to uneasy minds, yet tends to confuse all minds alike, change—dynamic and decisive change—is its essential characteristic. Only because it has shown itself so capable of adapting its form and substance to a fast changing world has it survived and evolved so astonishingly.

Little more than a generation ago, even the old "white" dominions had not achieved complete institutional self-sufficiency. Since then, the Commonwealth membership has evolved from a small, intimate group to the formidable numbers that will crowd the new council chamber at Marlborough House on Monday. The original "white" membership has become a minority element in a multi-racial one. Four republics, and one separate monarchy (Malaya), have been

dovetailed into the system that formerly knew only one crown. The emergence of a military regime in Pakistan, of a virtual one-party system in Ghana and Tanganyika, has been accommodated. The right of member states to join other associations of their own choosing has been firmly established by usage, and, by the same pragmatic method, has proved to be no bar to continued Commonwealth membership.

Through all these changes, two things have stood out with growing clarity. First, no nation belongs to the Commonwealth except by its own wish. The exit door is always open. Membership is a privilege that has to be granted by the body of other members, not an obligation imposed by Britain on its former dependencies. Secondly, the basic bond is one of practical interest, not sentiment. (A distinction is needed here, between the general historic sentiment in which all Commonwealth countries have at least some share, and the close personal ties of blood that link people of British stock. Blood is thicker than sentiment.)

It is oversimplifying to indentify the practical interest of Commonwealth membership with the system of trade preferences instituted at Ottawa in 1932. In fact these preferences, although usually called Commonwealth preferences, have for years been enjoyed by countries outside the political Commonwealth such as Burma and Ireland, and most African members of the Commonwealth give no preferences at all. The sterling area, which excludes Canada but includes a miscellany of "casuals" ranging from Iceland to Libya, corresponds even less accurately with the political Commonwealth. The Colombo Plan, initiated in 1950 as a framework through which the richer Commonwealth countries would help the Asian ones to help themselves, has already been enlarged to bring in non-Commonwealth countries both as beneficiaries and as contributors. Thus it is amply clear that a country can enjoy the benefits of these various systems without belonging to the political Commonwealth at all.

THE practical advantage that is really to be identified with membership of the political Commonwealth lies mainly in the realm of consultation—both political and economic. This is not a measurable matter: its value can be assessed only by the evidence—impressive evidence—that the member countries prize it highly. And the special value of Commonwealth consultation is that it bridges the gulfs that tend to yawn ever wider between the world's rich white north and its poor brown and black south; between countries allied to America and preoccupied with the perils of a divided Europe, and countries only lately freed from European rule and still in recoil from the west.

The Commonwealth countries have been described, in these columns and elsewhere, as a bunch of keys. Each member nation has its own links with neighbours and like-minded friends; and between them they can open doors into most of the world's regions. Europe is not the least important of those regions; and, even if a stiff price has to be paid for British entry into the common market, that entry will still serve the whole Commonwealth's long-term interest better than would the cutting off of these islands from the continent off whose shores they lie.

It is not only a matter of the need to strengthen Britain's economy so that it can improve on its present very limited ability to meet the Asian and African Commonwealth states' growing needs of capital, technical aid, and export markets, although that is in itself important. What the British entry into the common market ought in the long run to offer the Commonwealth is a firm link with the new Europe that is now being shaped. The vision of this great adventure—for that is what it is—is only too easily lost from sight among the wrangling about immediate and particular interests. But the question that leaders of opinion in Commonwealth countries should really be asking themselves is: do we want a key to the European door, or do we not? If the answer were to prove a negative one, that would—tragically—suggest that the Commonwealth has exhausted its vein of dexterous adaptability to change in the world. Mother would then be well advised to do something shocking: switch off her deaf-aid and go on regardless with the course of action that is necessary.

Will They Have Us?

Is the last obstacle to our European outlook the Commonwealth, or the two old gentlemen of Europe who have been meeting this week?

FROM the homely and animated Commonwealth debate in London, it is a far cry to the Wagnerian reception that west Germany is giving President de Gaulle, as the two grand old men of Europe celebrate the Continental union they have built without the British. Not for the first time Britain's agonising effort to come to terms with Europe seems to be matched, not by a helping hand from across the Channel, but by a demonstration that Europe is getting on quite happily without it. This is not the happiest spectacle for a Conservative government which has staked its future on the European throw, and which now has the task of persuading the Commonwealth to agree. The familiar question echoes again—whether, whatever the British think about the European Community, the other members want them in.

It would be merely insular to see this week's visit to Germany by President de Gaulle as an anti-British get-together. The speeches and the ceremonial have a positive purpose, to deepen the Franco-German partnership which remains the indispensable foundation of the common market and of western Europe's resurgent position in the world. That partnership generally seems less real when one talks to the man in the Hamburg or Marseilles street than it does in Paris or Bonn. But the common market is already creating the powerful common economic interests and the habits of working together which can give Franco-German union lasting strength. Speeches and parades help to ice the cake and give more Frenchmen and more Germans a taste for it. The purpose—to bury the old and world-splitting conflict between two great peoples and create a new spirit of friendship—is noble, and Dr Adenauer, in particular, deserves praise for his long devotion to it.

What is worrying about the vision is not the danger that it may turn against the British, but the fact that it sometimes seems to contain no place for them, or indeed for a good many other Europeans. Is European unity to remain confined to Charlemagne's country, or is it to be enlarged to include

Britain and its European friends whose presence will naturally place Europe in its traditional world setting? In his letter to Mr Macmillan on August 3rd and his television broadcast on August 28th Dr Adenauer's feelings were made disconcertingly clear. He seems to have relinquished his scepticism about, or opposition to, British membership of the common market only to retreat a pace or two and start resisting British membership of the European political union which he hopes will develop inside it. The old Chancellor knows his time is short and wants to complete his life's work soon. He seems more suspicious than ever of the British. Their attitude to the communists strikes him as unreliable; they threaten to lumber into the delicately balanced European construction, knocking it out of shape, just when the Chancellor is about to lower the political roof into place.

FORTUNATELY the response to Dr Adenauer's television gaffe provided healthy confirmation of the fact that German opinion is almost unanimously against him. The west German press has attacked him, emphasising the dangers of playing into the hands of the anti-common marketeers in Britain. "We should make the way easier" for the British, Herr Schröder, the west German foreign minister, emphasised in a press interview, aimed plainly at the Chancellor, and has gone unrebuked. Many thinking Germans who support Dr Adenauer in his reconciliation with France believe that the logical next step is an equally warm relationship with Britain. As they watch France grapple with its Algerian inheritance, and remember their own past, they see that Britain's political stability will be an invaluable addition to the community.

Dr Adenauer's television performance has, if anything, weakened him and made it more difficult for him to suggest any further definite Franco-German moves without the British. When he visited President de Gaulle in Paris in July and the two men agreed to press ahead with the talks on political union before Britain's common market negotiations were over the hump, German opinion acquiesced cheerily and the British were told not to worry. German opinion is more watchful, and more suspicious of Dr Adenauer's intentions, today. This is not to say that there will be no further moves by the Six on political union this autumn. Some of those in Bonn who are most eager for a change at the helm feel that the more quickly Dr Adenauer can be given his last wish—a dose of political union—the more quickly he can be got out of the way and a start made on getting a little more sense into west German government. But men like Herr Schröder are determined that moves of this kind shall be made in close consultation with the British and with the clear intention that the British shall join in fully as soon as they can. The same climate of opinion rules in Rome.

The question remains whether President de Gaulle still hopes to make use of Dr Adenauer's current bout of Anglophobia to keep the British out in the cold, if not outside the common market, at least outside the inner political sanctum. We may as well face it that some Frenchmen think like this. When the talks among the Six broke down formally last April the French wanted to go ahead without the British, and the Dutch and Belgians would not let them. But since that breakdown the French, who do not like to be isolated, have been letting other people make the running in trying to start the talks up again. Paris has shown signs of a growing acquiescence both in British membership of the common market sooner or later, and in the fact that it may not be possible to shape the European political edifice until the British are in and the new shape of western Europe becomes clearer. General de Gaulle is rarely the man to hurry. If the French obviously have no intention of hastening or smoothing Britain's entry to the common market, they also seem to have subdued the urge to hasten the construction of a political union without them.

The reason may be merely practical. Since the talks collapsed in April, the differences between the Benelux countries and the French have never been completely bridged. After his tiff with Mr Gaitskell in July M. Spaak did appear to waver in his determination to wait for Britain and inclined, much to Dr Adenauer's delight, to press for a resumption of the political discussions amongst the Six. But M. Spaak's attempt in August to get the talks going again on a revised basis ran into old differences about the form the political structure is to take. M. Spaak wants to pool the power to make foreign policy decisions in a manner that would not square with President de Gaulle's conception of a "Europe of states."

The odds are that discussions among the Six on political union will be resumed this autumn, but without haste. The suggested summit meeting of heads of government in September has been dropped. If the British handle the question wisely, it will not be difficult for them to be brought gradually into the discussions, so that they can slip easily into the union as members when they enter the common market.

BY the time the political talks get going the outcome of Britain's common market negotiations should be clear. Looking back in tranquillity at the emotions and excitements of last July it still looks remarkable how much of the vast problem of Commonwealth trade has been covered and how near agreement is. There are some hard bits still to come, better defined than they were before the midnight struggles of early August. Mainly they involve either straightforward haggling (like the remaining unsettled tariffs, on aluminium and so on) or simple battles about wording, with the British trying to give more precision to expressions of good intentions by the Six. The French will continue to bargain hard; new snags will make their appearance. But with so much ground covered, and so much achieved for Commonwealth interests, a breakdown now would be unpardonable.

When all is said, the chief danger remains that the Commonwealth, acting as a catalyst on British opinion, might force the Government to send Mr Heath back to Brussels asking for more than he can conceivably hope to get. Commonwealth prime ministers can expect a balanced deal, with each side giving something up, and the elements of such a deal will in fact be on their tables next week. They cannot expect to get everything their way. Britain is half-way into Europe by now; the remaining European opponents of British entry are outnumbered and lack the power to shut the door. Probably only the Commonwealth and the British public, by jumping the wrong way now—and by sapping the nerve and the will of the British Government—could provide them with the means.

Uhuru for Britain

Southern Rhodesian Africans may use some African and Asian prime ministers as their spokesmen at the Commonwealth conference next week. Britain should send back a reply by the same channels

NEXT week the British Government will have more than just the Commonwealth and Europe to worry about: there will also be Rhodesia. When the Commonwealth prime ministers settle down to confer at Marlborough House on Monday, they will be expected to focus on the effects on Commonwealth countries of Britain's application for membership of the European common market. But Sir Roy Welensky will be there with the rest of them, and he will not seem himself if he confines his remarks to the subject of Rhodesian trade with Britain and with Europe. The African and Asian prime ministers will certainly not seem themselves if they forbear to say anything at all about Rhodesia, either privately to one another (and to Mr Macmillan), or publicly to the newspapers and television cameras.

Some of them may feel tempted to call for the exclusion of Sir Roy from the conference on the grounds that he is not head of a sovereign state. Such an argument would lose itself in complexities, however, since the prime ministers of British Guiana, Malta, Singapore and Uganda, the finance minister of Kenya, and an official from Hong Kong will all be present—although none of these countries is yet independent. These representatives will have the status of advisers to the Colonial Office, but they will be able to speak on matters directly affecting their interests. Sir Roy's status is that of associate, allowed to sit in on all discussions except those about constitutional affairs. The presence of a white political leader from Rhodesia has been accepted at Commonwealth prime ministers' conferences since Sir Godfrey Huggins (now Lord Malvern) started coming a quarter of a century ago: it would hardly be possible to make a serious (and successful) challenge now.

But, with South Africa out of the Commonwealth since the last meeting, Rhodesia is now the main target within the Commonwealth of governments that oppose white rule over black men. Last time, a threat from Tanganyika (then a colony) to withdraw from the Commonwealth if South Africa stayed in proved effective. This time, an independent Tanganyika will be represented by a new prime minister, Mr Kawawa, deeply conscious of his ties to his fellow African nationalists. Tanganyika is across the border from the federation of Rhodesia and Nyasaland; Dar-es-Salaam, Tanganyika's capital, is the capital of African nationalist pressure against white rule within the federation. This pressure is sure to be felt in London next week. What kind of report will the British Government be able to make?

Mr Butler, as minister responsible for Central Africa, will be able to say that repeated British assurances (there are many of those to be quoted next week) establish that the future arrangements within the Rhodesian federation depend upon the consent of its inhabitants. Mr Butler's special envoys left London on Tuesday for a second tour of the federation to find out what will be consented to and what will not. They should be able to report next month. It is more than likely that they will tell Mr Butler that the federal government, as a centre of white authority, cannot continue in existence for much longer, since the necessary consent is not to be had.

At the end of October Northern Rhodesia will hold elections, and there is every chance that these will put an end to white control over the government of that territory. All the contesting parties, excepting Sir Roy's United Federal Party, are for the break-up of the federation: Mr Butler will be in no doubt after October what the northern Rhodesian majority wants. Nyasaland, now only nominally in the federation, has virtually been disposed of already; it is an African state, run with increasing sureness by an African government. A conference on its future, to be held in London in mid-November, may set it on the road to independence.

So far, the British Government ought to be able to get sympathetic nods from most of the African and Asian prime ministers, most of whom are reasonable men. It is when it comes to Southern Rhodesia that the difficulty arises. Either Britain is directly responsible for Southern Rhodesia, or it is not: the British Government has to make its mind up. The Africans and Asians (supported by the United Nations and the political left wing in Britain) have all pointed out that, on paper, Britain has the power to put Africans in control in Southern Rhodesia. The British Government's reply is still that Southern Rhodesia's government have been allowed to do as they please since 1923 and that nothing can now be done to change this.

Yet Britain is still held responsible, as next week will show. If the British Government succumbed to the temptation, which at times must be strong, to cast off Southern Rhodesia by granting it, as it is, immediate independence, there would be an outcry against handing over the colony's three million Africans to the (permanent?) control of its 210,000 whites. Yet, except on paper, that is the position already. The only way out of this trap, short of an unthinkable clash of force with the white Rhodesians, is the slow and painful one of putting whatever pressure is available on Sir Edgar Whitehead's Southern Rhodesian government.

For instance, Sir Edgar needs money. In the circumstances, ought it always to be given without extracting a political price? On August 23rd the British Government lent Southern Rhodesia £3½ million, which Sir Edgar will spend on roads, rural development, 4,000 African houses, and quarters for 500 African policemen. On the face of it, this money will be well spent, but it would have been still better spent if Britain had tied to it a strong hint that Sir Edgar's newest repressive legislation is unwelcome. If violence is to be avoided in Southern Rhodesia, Sir Edgar must be persuaded (and not too softly) to open up a short road to political power for his country's Africans. New houses, and desegregation in every aspect of Rhodesian life except voting, will not be enough.

If it is replied that, once in power, Africans will prove to be irresponsible, or dictatorial, then it must be admitted that this may be true. But the longer and the harder their struggle for power the worse they will be when they do get in: the urgent need is to get black men into positions of responsibility in Southern Rhodesia now. The British Government will be expected to carry the can if black frustrations and white stubbornness meet head-on and bloodily in Southern Rhodesia: it ought to do its best to avoid such an eventuality.

Apart from pressing Sir Edgar, the British Government might talk back to Southern Rhodesia's Africans through their own channels. It could be pointed out to the African and Asian prime ministers next week that Southern Rhodesian Africans are in a different situation from any that has been faced by any of the prime ministers at Marlborough House. All the colonial struggles in British territories to date have been directed towards getting Britain to withdraw, and Britain has not generally been reluctant. Southern Rhodesia is different; the struggle there is an internal one, and the black men cannot rely on Britain wresting power from their white rulers and handing it over to them. Neither is the United Nations in a position to do this. Southern Rhodesia's black men will have to do the job themselves. The only parallel is South Africa: the difference between the Republic and Southern Rhodesia is that white Southern Rhodesians are susceptible to constitutional and extra-constitutional black pressures.

If this message were successfully put across (in private conversation) next week, it might filter back, via Dar-es-Salaam and the other places, to Mr Joshua Nkomo's African nationalist party in Southern Rhodesia. (Mr Nkomo hastily flew from Salisbury to Dar-es-Salaam on Wednesday to catch the Tanganyika prime minister before his flight to London.) They might then appreciate that it is up to them to fight Sir Edgar Whitehead and his party in the courts and in the country's own peculiar version of a parliament, and not just by strikes and boycotts. No outside power can turn the black-white tables for Mr Nkomo: the British Government must try to convince him of that. By this slow process—of direct pressure on Sir Edgar and indirect talking to Mr Nkomo—Britain may move towards *uhuru* (or freedom) from its central African problem, a problem that is almost as intractable as its European one.

Blackpool Opera Mouse

Our special correspondent reports from the Trades Union Congress

ALMOST anything not actually dead can give an impression of youthful virility at Blackpool, that monstrous monument to bygone holidays. But the Trades Union Congress, labouring away in the mountainous opera house this week, failed to persuade your listening correspondent that it was about to give birth to anything very impressive. Three inter-connected debates on three successive days could have permitted the congress to discuss its capital problems. Is the present structure of 182 unions affiliated to Congress the most suitable for the modern world? What should be the bargaining objectives of the affiliated unions? Should the unions co-operate with the Government in really planning the economy—and real planning must include wages? With the television cameras beadily watching the whole proceedings, and with an unequalled horde of journalists aching for a nice story, the TUC—despite some of the nice headlines it has received—chose in effect to stuff its skeletons publicly back into the cupboard.

Mr George Woodcock himself set the tone on Monday. A motion from the Union of Post Office Workers called for a revision of the structure of the TUC and of the whole British trade union movement to fit it for modern industrial conditions. Mr Ron Smith presented it in the most moderate of terms, acknowledging that the idea is hedged about with emotional taboos, but urging nevertheless that the general council should prepare a report for next year's Congress that would set the wheels of reform turning. After his speech (which was really rather a good one), his supporters promptly dragged the debate down to the level of a footling and irrelevant squabble about the European common market—from which one had a right to expect that Mr Woodcock, replying on behalf of the general council, would raise it.

Unfortunately, the general secretary, although he declared that this could be the beginning of a "tremendous undertaking," chose to embark on a lengthy quibble. ("Structure is a function of purpose" was how it began.) He said that any report would take a good two years to prepare, and he forecast that the second year would be taken up largely by private negotiations with the many unions whose vested interests could be affected by any reform. That such negotiations would need to be painful to many is of course true—so true that it scarcely needed saying. But that the general secretary decided to lay his main emphasis on this and not on the need for reform seemed defeatist and sad. This gloomy first impression may be an underestimate of what Mr Woodcock will achieve; let us devoutly hope so. But his estimate that trade union leaders will have to take so long in answering his basic question "what are we here for?" is hardly an expression of confidence that they are on top of their job. With members of the general council in such a cautious mood, it would have been better to have entrusted the compilation of the original recommendations to an outside committee (like the Gaitskell report on the Co-operatives) drawn from other segments of the labour movement, instead of from active trade union leaders themselves, and then to have started the watering-down only at the second stage when negotiations began

with individual unions about implementation. But nobody dared to suggest that.

The Tuesday at Blackpool also provided its chance. Mr Frank Cousins in his most sober and cogent vein called upon the general council to set under way an inquiry into ways of securing and co-ordinating claims by different unions for fringe benefits such as health schemes and redundancy pay arrangements. He was followed equally cogently by the (normally even more left-wing) Mr Clive Jenkins of the supervisory staffs, who also emphasised how little co-ordination there is between unions in seeking to winkle non-monetary concessions out of employers. The preparation of this report would throw a new set of responsibilities on the general council, and could in the long term considerably increase its powers to correlate the actions of individual unions. But the motion was approved without further comment from the platform or from the floor.

The private explanation of this was said to be that Mr Cousins and Mr Jenkins, in discussions with the general council, had got everything buttoned up. The TUC is never tired of emphasising that its main job is to educate people: if even during its annual public spree, and when it has a particularly good case, it is going to carry out its business in hugger-mugger what becomes of even this brave claim to credit?

Hope still remained. On Wednesday the Congress was to discuss planning: Neddy was to be blessed, Nicky slammed, and the TUC's own new philosophy of wages unveiled. Mr Woodcock once more set the ball rolling. That he would start with demagoguery was predictable. That he continued in the same vein was appalling. He accused the Government of not having the slightest idea of how to get order into

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THE CAPTURE OF GARIBALDI

The capture and defeat of Garibaldi have produced a much greater sensation on the Continent than in this country. In England, the thread of vanity and self-will which has marked Garibaldi's political career, and made him seem to us often *assuming* on the strength of his magnificent services to the Italian crown, combined with the want of political sagacity which he has shown whenever tried in administrative or deliberative capacities, has very greatly weakened the force of the admiration with which we regarded his disinterested patriotism and his marvellous genius as a guerrilla chief. The popular impression here has been, we think, that Garibaldi deserved to fail, and that, though we may pity, we cannot regret his failure. But the Liberals of the Continent, accustomed as they have been to a despotism which makes courageous revolutionary self-will seem almost a virtue, when accompanied, as it is in Garibaldi's case, by a most fervent love of country, have felt a very different and far more lively emotion of grief, almost approaching to dismay, at the fall of the one great man whose mere name has long sufficed to inspire with hope and courage the downtrodden nations of the Continent. And probably their feeling in this respect is more nearly just than ours. Garibaldi has had no antecedents that could teach him the terrible danger of the step he was taking. He has learnt only the evils of despotism, and little of the great national risks of a too headstrong and impetuous resistance to legitimate authority. . . . But it is impossible to measure the most Italian of Italians by an English standard, and it seems certain that if Garibaldi has been rash, vain, and self-willed, these are faults which the sad circumstances of his country tend to foster in a courageous and magnanimous mind bent on sacrificing all to the cause of liberty.

wages; but his own notion appeared to be that the best way to keep wages in line with production is to create a mood of general benevolence in which everyone will behave rationally. Even then "no discussions we (the TUC) can enter could lead to anything like the pay pause or the guiding light." He produced a few cheap jibes ("private enterprise has never produced a decent citizen—all it does is to produce the spiv and sometimes the thug"). He harked boldly back to 1944 to prove that the TUC had once been willing to discuss wages rationally with a government. Finally, he observed that the National Economic Development Council was something that the TUC has been asking for for a long time, and sat down, the future ignored, with yet another appeal to inherent British decency.

The next turn was Mr Cousins—again this time advocating a long and complex motion, the result of squeezing together the thoughts of twelve separate unions. This text opposed the pay pause; called for planning, expansionary policies, and the election of a Labour Government, and requested the general council to work out a statement of its own economic objectives and a plan to remodel the trade unions in order to achieve them. Once more the speakers avoided this last and main issue to concentrate on a largely irrelevant squabble over whether or not the TUC should so formally commit itself to supporting Labour. (Unions that want to should vote "yes," those that do not can always vote "no.")

The debate then evolved into an argument between a group of right-wing white collar unions—joined by the new spokesman of the readmitted Electrical Trades Union who to his credit was the only man to plead for a reform of the TUC's structure—and an equally small group of obstructionist little craft unions whose left-wing spokesmen spoke mostly in impenetrably Scottish accents. The debate was memorable only for the fact that Mr Danny McGarvey, Mr Ted Hill's left-hand man and leader of the Clydeside boilermakers, was actually laughed at for his extravagance. Predictably enough the general council won the approval of Congress for its decision to enter Ned by a massive majority.

It is in the size of this welcome majority that the whole pity of the thing lies. Mr Woodcock wants to reform the TUC. Mr Cousins wants to reform the TUC. Practically everyone now says he wants to reform the TUC, save for a few old-fashioned craft union leaders who stand to lose their jobs or at least their privileged positions if it is reformed. Because their small unions are most often both bound by tradition and threatened by economic progress, these people normally stand on the reactionary left that has for so long blocked the more progressive leanings of the TUC. This year they bit the dust. But out of superstitious fear of them the more intelligent and modern-minded trade union leaders funked the main issue of this Congress—the vital question of modernising their own organisation to fit it for today.

The European debate on Thursday also dodged wide around the main issues; by almost 4 million votes the Congress decided, as recommended by the general council, to fail to make up its mind. The most hopeful, but not unambiguous, news for the Labour party was that Mr Cousins, although he did not speak on the motion, sat with his delegation while they voted to join the general council on the fence. What is more the row of small left-wing craft union spokesmen who opposed the general council did so in unwontedly

mild tones; they failed to be made very angry even by Mr Harry Douglass of the Steelworkers who presented the official wait-and-see report. Mr Douglass, in a fervently pro-European speech, denied that he was speaking in favour of Europe. He confused the issue by gnomic statements ("we are not sitting on the fence, we are hoping to open the door to see what is behind it"): and he chose to claim, in conciliatory mood, that "there is not supra-national authority in the European Coal and Steel Community." Prevarication seems to be becoming a habit among top trade unionists.

The one hopeful aspect of this year's meeting has been to throw into the hands of Mr Woodcock and his intelligent bureaucrats the chance of releasing the cat next year among the complacent pigeons. But at Blackpool this week it required a great effort of faith to believe that the pigeons will be made to say more than "coo!"

Snow on Their Boots

Russian troops in Cuba? Maybe, maybe not. It is not this that will decide Dr Castro's fate

Flying Dutchman, wandering Jew: the disembarking Russian, with snow on his army boots, is this century's recruit to the company of spectral travellers. The one thing known for sure about his latest manifestation, in Cuba, is the existence of a tented camp a dozen miles outside Havana containing a sizeable number of healthy-looking young Russians. All else is speculation: that the young men are not technicians, as the Russians and Cubans say they are, but soldiers (Senator Keating); that there is evidence of four Russian intermediate-range missile bases on the island (Senator Thurmond); and that these developments require the United States to invade Cuba instantly (Senator Capehart). Unless the senators possess information denied to their government, there are still no solid grounds for believing that the Red Army has moved into Cuba as a combat force. Healthy-looking young Americans, after all, have been seen disembarking in various countries since President Kennedy took office; no one has yet suggested that the Peace Corps is a branch of the United States Army.

One way of working out what the newcomers could be—soldiers, technicians, or perhaps a bit of both: instructors for the Cuban army—is to ask what they could be used for if they really were fighting men. Not, presumably, for putting down the rebels still apparently operating in the hills of Matanzas and Pinar del Rio; the native *barbudos* can teach the Russians more about guerrilla operations than *vice versa*. And they are certainly not going to be used for keeping the rest of the population in order; if Dr Castro were thinking of having rioters cracked over the head by Russians, he would be madder than anyone has ever suggested. The unlikeliest job of all, although this is what some people seem to think the Russians are meant for, is to conduct subversion in the republics on the mainland. Can anyone really imagine these young Slavs, mumbling heavily Russian Spanish, moving among the local Hispano-Indians "like fish in water" (Mao Tse-tung's phrase)?

In fact, the only plausible employment for the new arrivals, assuming they are not just lathe-operators and tractor-drivers, is to do more or less exactly what the Americans are doing in South Vietnam; that is, to train the local army to fight a more advanced kind of war than it has hitherto been used to and, if necessary and unavoidable, to fire a shot or two themselves. But the only sort of advanced warfare one can imagine the Cuban army getting involved in is the defence of Cuba against another invasion. It does not command the sea and air power required to launch an assault of its own across the Caribbean; President Kennedy conceded as much on Tuesday. Mr Kennedy said on August 29th that he thought it would be a mistake to invade Cuba again. The Cubans, on the other hand, published on September 2nd the names of twelve places in Guatemala, Nicaragua and Panama where they say invaders are being trained by the Central Intelligence Agency. The Cuban fears may be misplaced this time; but it is comprehensible that Dr Castro—once bitten, twice shy—should at least have taken the precaution of putting some Russian polish on his forces.

Let it be, however; suppose that the Russians are real soldiers, not just electronics wizards. So what? Whether they are troops or technicians is at bottom immaterial; not in the sense Senator Capehart means—that American intervention is justified in either case—but in the sense that the Americans cannot very well assert the right to intervene, whatever the Russians are. Doubtless, in a perfectly ordered world, the Monroe doctrine would require the removal of these alien intruders. But in the imperfect real world, where the Americans keep troops along the border of the communist block (in one case, within it; remember Berlin), and claim an unhindered right of access to these outposts, it is going to be awkward, to say the least, to expel or blockade the Russians in Cuba. Mr Khrushchev has made the neatest of moves in the international chess game; take my pawn in Cuba, he says, and you risk your castle in South Vietnam—or your Berlin queen.

In any case, the eventual fate of the Castro regime is not going to be settled by the presence of a few hundred Russians, no matter what their precise job is. If Dr Castro is one day replaced by a democratic government, it will not be as a result of the one threat against which Russian advisers can give his army any real help—a regular invasion, à la D-day, from over the sea. The United States learned its Cuban lesson in April last year. This is that the overthrow of Castro will have to be brought about by disgruntled Cubans, inside Cuba. The United States can perhaps help to organise and supply a rebellion, as the communists do elsewhere; it cannot import a rebellion, prepackaged.

Given enough time, and enough rope, the Cuban regime may yet produce the internal disaffection that will be its downfall. The various elements in the Castro government are still not at ease with one another. Dr Castro's attack on a number of communists in March, and the flight of one of them, Anibal Escalante, to Prague, demonstrated these dissensions. Moreover, Dr Castro has felt obliged to do two things this year that endanger his popularity among poorer Cubans. The stringent rationing imposed on March 12th was one. The other was the announcement on August 18th

that (presumably in order to increase agricultural output) the peasants' prized co-operatives were to be converted into collective farms. Dr Castro has shown that he does not care whether the middle class is with him or against him. If his support in the countryside begins to fade, one of the conditions of a successful revolt against him will have been established.

The Americans doubtless hope that discontent will spread. If it does, the only way in which the Russians could prevent the consequences the Americans are hoping for would be to "do a Hungary": that is, to keep the Cuban government in power by force of arms when, without Russian aid, the government would be blown away by an explosion of popular hostility. But one has only to state this possibility to see how remote and unreal it is. It would require a massive and overt Russian garrison, the process of establishing which would probably cost Dr Castro his remaining popularity. And, if the test ever came, it would be far harder for the Russians to keep an unpopular government in office in Cuba than it is for the Americans to do a similar job in other parts of the world which are better left unnamed. Mr Khrushchev has no Sixth or Seventh Fleet to keep his supply lines open.

If one looks at recent events in Cuba coolly, the only possible conclusion is that there is no cause yet for the Americans to take action. Mr Khrushchev has decided that Dr Castro is worth a little more investment, in the form of steel mills and military assistance. But the military assistance is of a kind not particularly relevant to the main danger facing Dr Castro; and Mr Khrushchev is still carefully not offering an outright alliance. If things go the way the United States hopes—if discontent grows inside Cuba—any further investment in Dr Castro is going to look very risky indeed to Moscow. Patience, not a choleric lunge, is the Americans' best policy.

NOTES OF THE WEEK

PERSIA

Voice from Below

In classical times Greeks and Romans saw in earthquakes the wrath of the gods. Two thousand years later, our attitude is not much changed. Although seismology has been a serious study for nearly two centuries, man has still not discovered a means of effectively predicting earth tremors; we still refer to them, quaintly, as acts of God. This is a strange commentary on our scientific age. Last weekend Persians endured their third major earthquake in the last five years. Affecting an 8,000-square-mile triangle between Kazvin, Hamadan and Saveh in north-western Persia, this latest disaster has taken a toll of probably 10,000 lives, perhaps many more.

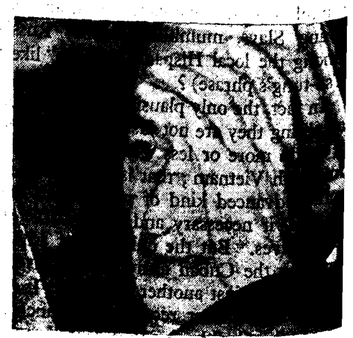
Horrid doubts are caused by the knowledge that the human species has now acquired a certain power to mess about with its environment. There seems no reason to suppose that this new kind of human interference has any seismic effect, and in particular to think that the fairly minor, non-nuclear, explosion set off by the Russians near Tiflis on Saturday night had anything to do with the earthquake. But man's growing capacity for deliberately destroying his fellow-men needs an occasional reminder of the forces he is playing with. We are still as helpless, and almost as clueless, in the face of an earthquake as the ancients described by Aristotle and Pliny. Everyone mourns for Persia, and there are urgent practical ways of showing sorrow in responding to the many appeals to send prompt donations for relief work. But charity, tears and prayers should not be the twentieth century's only thought in the face of such disasters.

DR SOBLEN

Deport When Convenient?

The Court of Appeal has ruled that the Home Secretary has the right to put Dr Soblen, whom the Americans have convicted as a Soviet spy, on an aeroplane to the United States; and Mr Brooke promptly tried to do so, only to be checked again on Thursday by Dr Soblen's infinite capacity for hospitalisation. Friendly Americans should not take it amiss that this decision has caused grave disturbance to liberals in this country. It seems to have obliterated the distinction between deportation and extradition. By common law a man setting foot in Britain is free; under the rule of *habeas corpus* one had supposed he could not be surrendered to a foreign country unless he had committed one of the offences covered by the Extradition Act of 1870 and the treaties made under it. Now the Court of Appeal has held that, whatever the background, the Crown is entitled to send an alien home to his own country under normal deportation procedures. This could make nonsense of the convention that fugitive criminals are not to be extradited for political offences. Obviously the Government must have power to deport aliens whom it considers undesirable (which Dr Soblen no doubt is). But the Government's concern with a deportee is that he should leave this country; it has not hitherto been supposed to be the concern of the British Government where he should go once he has left, so that one had not thought that Dr Soblen could be stopped by British law from disappearing behind the iron curtain.

A second cause of misgiving in the Soblen case concerns the procedure for deciding upon deportations. A principal argument put forward by Dr Soblen's counsel was that an alien should not be deported without being given an opportunity to be heard. This is not a statutory requirement, but one had thought it a principle of natural justice. It was disregarded in the case of *Re Venicoff* (1920 3 K.B. 72) which held that on the wording of the Aliens Order 1919 the Home Secretary need not receive representations before making a deportation order. This was a bad decision which it was open to the Court of Appeal to overrule, but instead of doing so the Court confirmed it on the ground that since the wording of the 1919 Aliens Order had been repeated in its successor of 1953, Parliament must be presumed to have thought *Re Venicoff* good law. Many British liberals think it much more likely that the Members of Parlia-



But not on Thursday

ment concerned had never heard of *Re Venicoff*.

The court's decision is doubtless technically defensible, but it seems to illustrate once again the lengths to which British (as distinct from American) judges will go to accommodate the policies of the executive. If the law of deportation is now to be altered, this can be done only by Parliament. Parliament should do so.

BERLIN

With Knobs On

It has given many people a glow of satisfaction that on Tuesday evening the Russians in Berlin did as they were told, and sent their guard to the Red Army memorial in west Berlin by way of the Sandkrug bridge instead of the usual Friedrichstrasse route. Everything went neatly according to plan. The Russians presented themselves at the Sandkrug bridge as instructed, amiably waited until their British jeep escort turned up, trundled their new guard the half mile to the war memorial, and trundled their old guard out the same way. Of such stuff are the little victories of the cold war made.

If the preservation of the western position in Berlin were simply a matter of scoring points off the other side, this minor knuckling under could be chalked up as a victory, and no more said. In fact, the matter is a great deal more complicated. It may be that the allies, for the sake of demonstrating that they too can give orders, have done something that brings them no visible benefit, and may cause them some embarrassment. The change of route will not safeguard the Russian soldiers against demonstrations by angry Berliners (the ostensible reason for the change). The Berliners, if they are minded to, can gather to throw bricks without much difficulty in the half-mile from the Sandkrug bridge to the war memorial; there was a minor demonstration on Tuesday evening.

The Russians understand perfectly well that the real point of the operation was simply to say: The same to you, with knobs on. The trouble is that the Russians have so many more opportunities in Berlin for saying this than the allies have. By limiting even in this one minor respect the freedom of movement of Russian troops visiting west Berlin, the allies have done nothing to strengthen their claim that Berlin is legally one city, not two; and they have probably pickled a rod for their own backs. For every point at which it is within the physical power of the allies to make things awkward for the Russians, there are twenty where the Russians can make life awkward for us; not least along the supply routes. It is in this that the Berlin problem consists. The allies' interest is to tamp down, not encourage, this contest in petty beastliness.

ALGERIA

In Search of a Government

Rightly Mr ben Bella described the cease-fire announced on Tuesday between the two army factions, for and against his bureau, as a "victory for the Algerian people." If it lasts (already there have been infringements) it will be just that. Rarely has a whole population, dragged by its leaders and soldiers, to the brink of a civil war, expressed with more courage and vigour its corporate will for peace. Last weekend's demonstrations in Algiers, calling for bread and work, elections and a government, drew greater crowds than ever turned out for either Mr ben Bella, or Mr ben Khedda before him.

At various points of the country men and women threw themselves fearlessly between the opposing troops. Mr ben Bella himself, venturing out from Oran (whither he retreated last week) and injudiciously wearing uniform at the head of an armoured unit, was turned back at Tiaret by the same crowd that less than two months ago was excitedly fêting him. Such heroic passive resistance was powerless to avert all armed clashes, but it took the heart out of the fighting. Once Colonel Boumedienne's well-armed troops were marching upon Algiers, at the political bureau's request, the end was not in doubt. (No one except the Kabyles, whose territory was wisely bypassed, could take on their armour.) Mr ben Bella and his bureau would be shakily re-installed, but more than ever in debt to Colonel Boumedienne. This has now come about.

The political bureau, however, appears to be minding its step. Tuesday's truce contained face-saving clauses for the dissident soldiers of central Algeria; and with Mr ben Bella's return to the capital, his deputy, Mr Khider, declared that the bureau would soon hand over to "a legal authority emerging from the elections." One must hope it will. Mr ben Bella has many of the right ideas, not least for reconverting the army, which, he claims, has swollen in the past two months to perhaps 150,000 men. But the bureau is too much dependent on Colonel Boumedienne's forces who came from Tunisia and Morocco for the guerrillas of the interior to feel they would get a square deal if the bureau alone was the agent for carrying out reconversion. Only a government that looks and behaves like a government can steady Algeria.

LIBERALS

The First Llandudno

The season of party conferences will open at Llandudno on September 18th with the largest Liberal assembly of recent years; 1,400 delegates are expected, twice as many Liberals as turned up at Llandudno in 1955. The final agenda, published this week, is in most respects rather heartening. The Liberal executive keeps a watch over this agenda by compositing into multi-point motions the ideas that it wants approved, and by inserting into other people's motions amendments to points with which it disagrees. This year it has acted with some courage. Into a disarmament motion that sounded too unilateralist it has inserted an amendment asking the assembly to recognise "the need for American nuclear testing if necessary to preserve the balance of the deterrent." The motion on consumers' protection wants the Shops Act to "be amended to allow shopkeepers to open when they wish." On town and country planning and land problems, the Liberals (with their policy of encouraging major new "magnet areas" for regional development) are now speaking with more attractive economic expertise than either of the other parties. A motion on trade unions expresses readiness to encourage union membership by excluding non-members from redundancy benefits, but argues that intimidatory industrial action to obtain a closed shop should be considered a breach of contract. Apart from the usual bout of pensioneering ("increase immediately retirement pensions"), this agenda contains less electoral bribery than one has come to expect in a party angling for parliamentary seats, and a much higher batting average of self-confident common sense.

It is therefore a pity that the Liberals have made one tactical mistake. They have adopted Labour's habit in the last parliament of getting party committees, of a rather uneven quality, to issue "policy re-thinking documents" for consideration by their annual assemblies. One of the documents published this week, on local government, is expert and imaginative. It welcomes the recommendations of the royal commission for the reform of local government in Greater London, and urges that a similar solution should be sought for other large urban areas such as Greater Birmingham, Greater Manchester, Merseyside, Tyneside, and the West Riding; it also recommends the application of the parish council system to small communities within large boroughs. But in another pamphlet for the assembly the "Liberal Party Industrial Affairs Committee" has tried to paint over a much wider canvas, and has made a rather unhappy blot of it.

Taming Directors?

In between two fairly familiar ideas—for the establishment of a national redundancy insurance scheme which would provide much more generous treatment for the temporarily unemployed (along lines long advocated by *The Economist*), and for a switch away from national wage bargaining towards more plant-by-plant bargaining (but without really saying how to encourage this switch)—the Liberal report on "Indus-

trial Affairs" submits its proposals for "democratising" boards of directors. It suggests that all the functions performed at companies' annual general meetings, including the election of directors, should eventually be performed instead by an annual meeting composed equally of delegates elected by established employees (say, employees with more than three years' service or other appropriate seniority) and delegates elected by shareholders. In the nationalised industries the shareholders' place would be taken by MPs, chosen broadly in proportion to party strengths in the Commons. This presumably means that a Dr Beeching could generally be appointed or kept in office only if a majority of railwaymen and of Opposition MPs agreed, in which case it is highly unlikely that any new broom would ever be applied to dusty attics at all.

In the much wider field of private industry the results would surely be even more frightening. The "reform" would hamper all the industrial change that is brought about by the infusion of large blocks of new capital into firms that need renovating or expanding (because the men who infused the capital might find the businesses then run by somebody else). In existing companies the system would not be likely to lead to promotion according to merit (a top executive's merit can often be judged only by a narrow range of people) but according to popularity or even demagoguery; directors who tried to introduce methods of work study or other unpopular mechanisms for increasing efficiency would be liable to lose their jobs. Able outsiders would be unlikely to be co-opted by the tightly-enclosed "representative" meetings proposed. And . . .

But why go on? To do the Liberals justice the proposal is put forward only tentatively, with many "ifs" and "buts," and all sorts of proffered escape clauses. But, as Miss Nancy Seear points out in an able minority note of dissent, the real complaint against the many faults (including nepotism) in British industrial direction today is not "the alleged power of directors to use employees as pawns in their private game—a power which is in any case already very considerably limited by unions and the labour market"; the real complaint is that there is often too much inefficiency at the top. This report's proposal, however modified, would quite plainly increase that inefficiency. It is a silly scarecrow to have put up.

NURSES' PAY

Slap for Whom?

The industrial court's award of a flat 7½ per cent wage increase for all nurses will be almost universally interpreted as another one in the eye for the Government. But in cold reality the decision is a prime example of the inability of the industrial court to do its job. Its findings this time make no comment at all on the chief submission of the management side that, in the context of the Government's incomes policy (and the Government is the nurses' actual paymaster, not the management side as the court seems to assume), it could not go above an offer of 2½ per cent at this time. The logical conclusion must be that if an incomes policy is to have any meaning at all, the Government must in future consider itself free to refuse arbitration of this kind, precisely as the unions do when it suits them.

Equally, the court gives no impression of any attempt to relate its award to recruitment in the nursing profession: that is, to discriminate between grades like ward sisters (which might well require more than 7½ per cent to ensure staffing of responsible posts of this kind) and junior entrants, where the case for an increase is much less evident. The court agrees that there is a present case for a thorough-going revision of the whole salary and grading structure, but believes that it should not try to pronounce on this until after the "two sides" (i.e., the nurses and the managements, but not the Government who will have to pay) have had a chance for discussion and negotiation: if the "two sides" have not agreed before the end of next March, the court will determine the matter. But, with all this still to be decided, it is even less possible to justify an indiscriminate hoick-up of 7½ per cent now on the ground that the level of salaries and training allowances, "is, in general, too low." The case for a National Incomes Commission, of a sort that will look at hard economic facts, instead of bowing to popular emotional impulses based on no scrutiny of economic facts whatever, is unconsciously made out in every line of the industrial court's quite incoherent statement.

CONGO

Twist On

It was on August 28th, 1961—almost exactly a year ago—that Mr Tshombe of Katanga said, "We bow to the United Nations" and promised to remove the military gentlemen in his employ referred to by the UN as "foreign mercenaries." The promise was not carried out, and because Mr Tshombe did not in fact bow there was fighting between UN and Katanga forces twice before 1961 was over. What about this year? On September 3rd Mr Tshombe formally accepted the United Nations' plan for reunification of the Congo. He seemed to like the sketch of a federal constitution offered to him, and promised to join his army to the Congolese army, to pay "immediately" half of his mineral revenues to the central government, and to put his foreign currency earnings into the hands of an international organisation.

These promises were made to some considerable extent under duress: the UN had threatened economic sanctions against Katanga unless it gave in. The formal capitulation of Mr Tshombe must now be welcomed, but it ought to be recognised that, on his past performance, the Katanga leader's undertakings are likely to be kept only while he remains under pressure. From now on, it should be made clear to him at every step of the way that he would fare worse by ignoring the instructions of the United Nations than by acceding to them.

He will not feel seriously under pressure if he is led to believe that the British Government would refuse to take part in a plan for economic sanctions against him. Britain might well be followed by Belgium, and the sanctions could then hardly be very effective. For U Thant, the alternative is to use force. What happens between now and the end of the year can therefore be largely affected by the attitude of the British Government. It should be careful not to do or say anything—publicly or privately—that might lead the Katangan government to go back on its newest undertaking.

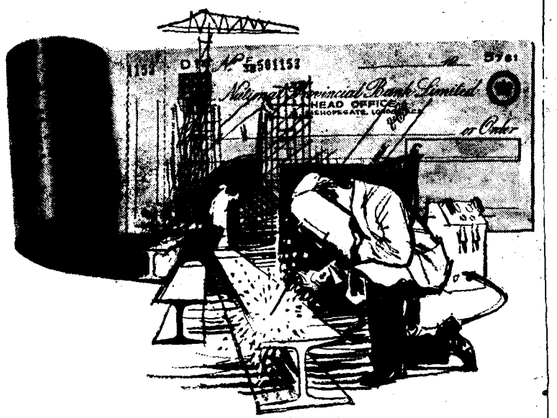
GHANA

No Black Reds

Westerners who anxiously count the pro-communist and the anti-communist heads in African cabinets should be rejoicing this week. After all, on August 29th Dr Nkrumah of Ghana fired two left-wingers and put them, together with a moderate, in prison. The *Ghanaian Times*, a party paper, promptly vilified all three men (Messrs Adjei, Adamafio, and Coffie-Crabbe) and demanded their heads. On September 3rd Mr John K. Tettegah, former secretary of the Ghana Trades Union Congress and now general secretary of the (Nkrumahist) Federation of African Trade Unions, was detained. If ever Ghana had a left-winger in a position of power, Mr Tettegah was he: he was released on Wednesday. Mr Krobo Edusei, once minister of industries (dismissed in April) has been reinstated, this time as Minister of Agriculture. Mr Edusei is a consumer of luxury goods in the best western tradition, and his wife's purchase of a golden bed is still gratefully remembered by the London press.

Yet there might be another explanation for all these Ghanaian comings and goings than a swing away from the Left. The dismissed men have been linked in the Ghana press with last month's attempt on Dr Nkrumah's life; worse, they may have been linked in the Osagyefo's mind with attempts upon his authority. The lesson is that the Ghanaian government means what it says when it proclaims non-alignment: it wants to be run by itself, not by Russians or Americans. And who is "itself" but Dr Nkrumah?

CHECK WITH N·P



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Saturday night in Singapore

People are much the same wherever you go. In foggy London, noisy New York or sweltering Singapore, the Saturday crowds still look for late-night snacks on the way home from theatres, cinemas or bars. Still stand around stalls to eat pies or hamburgers, whelks or fishballs.

And the stalls themselves are the same triumph of personal ingenuity. Often highly decorated, they must still be functional and mobile; and the power they use for lighting and cooking must be as mobile as the stall itself. Almost invariably the answer to this is kerosine—the oldest of the petroleum fuels. Shell sends kerosine all over the world—and not just to homely 'hokkien mee' stalls. For Shell kerosine powers the jets that fly over Singapore, as well as providing fuel for dozens of domestic jobs such as heating and refrigeration. Fortunately, most places are within reach of one of the 500 Shell companies. Shell, in fact, is as world-wide as people.

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NYASALAND

Mr Chisiza

An African nationalist leader who argues that pan-Africanism does not make sense while the African people (as opposed to their leaders) are hardly conscious of loyalties beyond the tribe and the new nation is a rarity. He is a greater rarity when he points out, before his own party chief, that "strong-man" government lapses easily into dictatorship, for which the only remedy is assassination; and that "assassination is . . . dangerous . . . because it has a built-in tendency to become habitual." Such a rarity was Mr Dunduzu Chisiza, prospective minister of finance in Nyasaland, who was killed in a car accident on September 3rd. Mr Chisiza is the third central African political leader to have been killed in this way within the past year. (The other two were Dr T. S. Parirenyatwa of Southern Rhodesia and Mr Lawrence Katilungu of Northern Rhodesia.)

Nyasaland has produced several extremely bright African politicians; Mr Chisiza outshone most of them. He was detained for 19 months until September, 1960; he spent the time studying—to good effect—the economics of underdeveloped countries. The ten-day Nyasaland economic symposium held in July was his idea: at little cost it brought 24 economists of world reputation to the country to discuss its problems—and it attracted the attention of possible future sources of aid and investment to Nyasaland. The country's new and realistic three-year economic plan is Mr Chisiza's—"the most exciting thing I have ever done"—he told friends. His death, at 32, is a great loss to his country, and to Africa.

THE DAILY PRESS

Advertising League

There are three divisions in the newspaper league, according to the paper read to the British Association by Mr Laurence Scott of the *Guardian*. The division a paper belongs to depends on the kind of advertising it attracts, which in turn depends on the kind, as well as the number, of its readers. Advertisers of general consumer goods go for "the newspapers with the biggest circulation and the lowest cost per inch per thousand sales": this is the first division, the popular national morning papers with sales up to over 4½ million a day. Other advertisers, with producer goods or services to sell and the prestige or reputation of big companies to build up, want "to reach people in a position of authority and influence, particularly those who influence the spending of corporate money": these go to morning papers like *The Times* with little more than a quarter of a million readers, but many of them the sort of customers that the advertiser is after. The third division is local, supported by the advertisers who want to catch the custom of people living in a particular place or area: the provincial evenings (thinned down mostly to one in each locality) and local weeklies live by this backing, and some can survive with not much more than 20,000 readers, though others go much higher.

The "sandwich" paper in this classification that manages to belong to both the first and second divisions is the *Daily Telegraph*, which "contrives to carry both a large amount of advertising in the consumer goods class and also a fair slice in the prestige and producer goods class," and so is able with a sale much the same, at a million and a quarter, as the circulation that meant death to the *News Chronicle* to be highly successful. It was promotion in this (advertising) league that the *Guardian* sought when it started a year ago to print in London as well as in Manchester: as a provincial morning paper, even with its international reputation editorially, it had no business future; so, as Mr Scott put it, "our best hope of continued existence, with the financial ability to maintain our standards, lay in becoming a national newspaper." The objective was to get the second-division (or "quality") ranking of *The Times* with the advertisers; success depends not just on getting more readers but on getting more readers of the right kind, with "influence and authority."

Who Goes Down?

"Continued existence" is indeed every newspaper's problem, in a high-cost (and cut-price) industry where "the pattern of costs and revenue, and of editorial standards" is set by the front-runners in each division of Mr Scott's league. It has still to be seen whether the *Guardian* will get the 300,000 or more readers of the right sort, and the advertising income, that it needs both to foot its London bill and to meet its Manchester outlays, complicated as they are by the joint running of two evening papers, one successful and the other not. It has still to be seen whether the 260-odd thousand circulation of *The Times*, which the *Guardian* now just matches, will be enough, with the advertising it can attract, to keep even that great paper safely viable in the longer future. It has still to be seen whether even the *Daily Mail*, which is well over the first division's supposed break-even sale of two million (though it may be drifting downwards), is going to be safe with what Mr Scott reckons to be "the minimum viable circulation of any newspaper," which he says is "at least half the sale of its most successful direct competitor." And, on any count, the *Herald* and the *Sketch* have little to look forward to.

Mr Scott does not believe that advertising revenue is all, though it is crucial. Good editing and good management, with good editing first, are still the fundaments of success, even financially. At the *Guardian*, which has given British journalism at least two great editors, this is ABC, and should be the star now to which, in its biggest test, its waggon ought to be hitched. For the British press at large, looking at these life-and-death problems of promotion and, still more, relegation, the Shawcross report will give its doctor's report in only a few days from now. About the impolicy of both newspaper proprietors and trade unions, as well as the inadequacy of the present watching brief of the industry's own press council, the report is likely to be clinically scathing. On the question with which Mr Scott started his paper—"Can competition survive?"—it is likely to be less helpful: it may not be able to go much beyond Mr Scott's own conclusion. This is that

> The newspaper industry is a high-cost industry, and perhaps not very efficiently run, but this is not the main reason why newspapers get into financial difficulties and have to be merged or closed down. The main reason is competition from other newspapers.

JOBS FOR GRADUATES

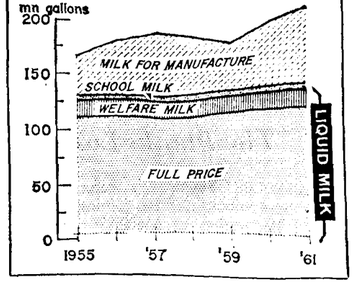
A Clearing House?

The inquiry into the work of university appointments boards, which Nuffield College, Oxford, has just begun, should prompt some serious thinking inside more universities about the eventual destination of their end-products. Appointments boards can sometimes be simply straightforward job agencies, a more or less genteel introduction to industry for arts graduates and an easy source for knowledgeable firms

HA'PENNY ON THE PINTA

British households take, on average, nearly 5 pints of milk a head each week. The extra ½d. a pint from last Monday will mean, therefore, an extra 2½d. a week on average for most adults and older children: welfare milk is not affected.

Including liquid milk consumed outside the home, consumption has risen 4 per cent over the last six years—about in line with the increase in population. Milk manufacture has gone up much more.



to raid for scarce skills. But the better kind at least also set out to advise the individual (the advice may be, initially, to get more training; e.g. for women entering industry or commerce to acquire secretarial skills); and they pay due attention to variations in personality. Probably three-quarters of the student population could benefit greatly from this kind of advice.

The best boards, and they are still too few, also try to exert a positive influence in guiding firms on how to make the best use of graduates; and they are playing an important part in the internal university debate about the right kind of education to provide, particularly for the new type of student. As the (too slow) expansion of university places proceeds there will be an increasing need to think out what form of general education provides the most effective intellectual, as well as pre-vocational, training for bright young people who are not going in for research or an academic life. There is a lot that needs looking into. Can, for example, any appointments officer truthfully say that this country is really making the best use of its women graduates? Is it actively helping them to continue their careers after early marriage, let alone helping them to come back into an appropriate job after their children have grown up? Again, appointments boards will soon have to tackle on a broad basis such new problems as fitting in the increasing number of graduates who have read science by choice but who also want administrative careers.

The demands for a central professional agency have understandably grown as a result of the cheese-paring cuts in the services (particularly the technical and scientific register) hitherto provided by the Ministry of Labour. There is a great deal to be said for a central clearing house, which would be a natural resort for graduates who want to change course into a new job or career. Mobility of this kind should often be encouraged.

The most competitive firms may already know well enough how to get the initial entrants they want under the present system. It is in backward industrial areas that energetic university appointments boards most need to spread the gospel and provide potential executives from graduates already living in the region. And it should be through the appointments boards that backward dons are made aware of what the community requires from its educational investment.

MALAYSIA

The Blanks Lose

ALTHOUGH Singapore's referendum of September 1st, on joining the proposed Federation of Malaysia (Singapore, Malaya and the Borneo territories), did not give the voters a real choice, it did show that most of them do want to join. It is a pity, in retrospect, that Mr Lee Kuan-yew, the prime minister, found it necessary not only to exclude the option of not joining, but to announce that blank ballot papers would be counted as part of the majority answer.

The voters were in fact asked to choose between joining on the terms Mr Lee had decided with Tunku Abdul Rahman, the Malayan prime minister, last November, and two other variations which are now of no interest since nearly 400,000 votes—more than 70 per cent of the total—were cast in favour of the agreed terms. There were about 144,000 blank papers—a high figure, but not as high as the communist-led Barisan Socialis opposition had evidently hoped for. Whether it was high enough to justify Mr Lee's choice of procedure is another matter. Having seen his parliamentary majority whittled down to a minority during the past eighteen months, he must have felt he could not leave a question of such importance to chance.

Now the way looks clear for the creation of "greater Malaysia" by the agreed deadline of August 31st next year. Under the terms the voters approved last Saturday, the citizens of Singapore will become citizens of the new federation while retaining their present citizenship. Defence, foreign affairs and—most of all, in view of communist strength in Singapore—internal security will be in the hands of the federal government, leaving education and labour under Singapore's direct control. This is not the end of Mr Lee's domestic political troubles; but it is a weight off his mind and justifies a sigh of relief in London as well.

CAMBODIA

Uneasy Neighbours

RECENT events have revived Cambodia's ancestral fears of the Siamese and Vietnamese. The civil war in South Vietnam has more than once spilled over into Cambodia, and Cambodian lives have been lost. A frontier dispute with Siam (which seized two Cambodian provinces during the second world war and handed them back only after Japan's defeat) has contributed to Cambodia's feeling of insecurity. This background helps to explain Prince Sihanouk's proposal of August 21st that the fourteen nations which lately met at Geneva to define and guarantee the neutrality of Laos should now meet again and do the same for Cambodia. Mr Macmillan politely turned down the idea on August 31st; General de Gaulle said France would take part in a conference if there was one; President Kennedy is thinking it over; and only the communist powers—Russia, China and North Vietnam—have accepted with any marked enthusiasm.

It is possible to sympathise with the prince's feelings while doubting whether a fourteen-nation conference would be the best way of solving his problems. The Laotian settlement, for what it is worth, was made possible because the two great power blocks were getting involved in the Laotian conflict and wanted to avoid a head-on clash. Cambodia's case is different. There is no civil conflict in Cambodia, and none of the great powers threatens its integrity. The burden of Prince Sihanouk's case is that Siam and South Vietnam, which are allies of the United States, do threaten it, and that the great powers, including the United States, should undertake to protect Cambodia against invasion by either of its neighbours. He has also asked the Americans for arms and threatened to get them from China if they are not forthcoming.

At one stage the prince proposed joint border patrols by Cambodian and South Vietnamese troops, but when President Diem agreed, perhaps unexpectedly, the Cambodian leader seems to have had second thoughts. Mr Macmillan is right to suggest that the Cambodians should try to reach an understanding with their neighbours by diplomatic channels before the great powers are called in.

SOVIET BLOCK

Second Thoughts?

IN the communist world the common market is now being paid the compliment of close attention. The communists seem to be adjusting themselves to the probability that the European Economic Community will expand and flourish; the process of adjustment may be protracted and difficult. At a conference of Marxist economists from more than twenty different countries on "the problems of modern capitalism" which ended in Moscow on Monday, the common market was one of the chief topics discussed. The published "theses" put forward for discussion at the conference say everything that is bad about the common market; it is a new form of colonial exploitation and an instrument of the monopolists, it is incapable of ensuring harmonious economic development, and so on. But it is reported from Moscow that in private many of the economists argued that the common market was a vigorous and going concern, which the communist world must face the necessity of coming to terms with.

Similar divided feelings are reflected in an article by Mr Khrushchev himself, summarised in the latest issue of the *World Marxist Review*, and published in full in the Russian party journal, *Kommunist*. But the summary of the article gives the impression that Mr Khrushchev is primarily concerned, not with running down the common market, but with building up its communist counterpart, the Council for Mutual Economic Aid. Various organisational measures have in fact been taken since last June when this body (Comecon) met in Moscow and decided on steps to

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give itself a new look. But that these steps have not yet got very far, at any rate in the public view, was demonstrated by a recent Budapest broadcast, which, declaring that "it has become fashionable to . . . overestimate the undeniable results of the common market and to underrate, perhaps out of ignorance, our own work," went on to argue at length how wrong such an attitude was. If this attitude is at all general among the general public in eastern Europe, it is hardly surprising that the Communists are greatly exercised about their official attitude towards the common market. In his article Mr Khrushchev refers guardedly to the possibility of economic co-operation and peaceful competition not only between individual states with different social systems, but also between their economic associations. Here is a thought indeed.

GRAMMAR SCHOOLS

New Breeze?

One of the most hopeful pronouncements to come from the schools inspectorate was delivered to the British Association last week by Mr Percy Wilson, senior chief inspector at the Ministry of Education. Mr Wilson hit out at sixth form over-specialisation, at the growing hurry and congestion of work in the fourth and fifth forms, and at the antiquated and anti-cultural syllabuses that most pupils have inflicted on them in the name of academic attainment. None of these criticisms is in fact at all radical by now: the capital fact is the demonstration that the much-maligned Lord Eccles succeeded in giving a hefty liberal push from the top in encouraging his inspectors to become much more purposeful engineers of change.

What is Sir Edward Boyle's ministry going to do about it? The curriculum study group which has been at work for the past six months is likely to recommend some drastic reforms. These will not necessarily mean more scope for taking up new "minority time" subjects, but they should certainly mean a broader-based and up-to-date approach to all GCE "A" level subjects: it is really high time, too, that English education as a whole ceases to be weighed down with Euclid, the Anglo-Saxons and Dickens. But over-specialisation and over-cramming are not going to end by fiat in the schools alone; neither are the modest reforms that most university vice-chancellors have accepted for their entrance qualifications going to work out in practice (particularly among the good, honest triers who know they have to fight for their place) unless the physical bottlenecks to higher education are first removed.

To insist on reforms of this order will certainly not deprive British education of those merits which seem to have been deliberately over-stated this week by the American Admiral Rickover in his castigation of his own country's educational standards. There is manifestly little danger that highly intelligent pupils are going to be held back by the changes that the present Ministry of Education is likely to advocate: the "streaming" of these children continues in grammar and comprehensive schools alike, and more "minority time" would, in fact, add to their ability to profit from university life. Where the chief trouble still lies is (a) among the lower grammar school streams which are being pressed by competition into specialisation beyond their immediate intellectual comprehension; and (b) among the (relatively few) 11-plus "failures" who show ability and application but still do not get the chance to transfer later on or to make good at their secondary moderns. Worries over the second, and much-publicised, problem are now far less justified than over the first.

SHAKESPEARE

Old Bones

It is extremely unlikely that Mr Christmas Humphreys QC and others will succeed in their campaign to celebrate the 400th anniversary of Shakespeare's birth by getting somebody to take a peep inside his tomb at what they call the poet's "reputed birthplace" at Stratford-on-Avon. This is not because many people suppose that such "desecration" would really bring down the dire consequences threatened by the famous warning on the gravestone:

GOOD FREND FOR IESVS SAKE FORBEARE,
TO DIGG THE DVST ENCLOASED HEARE.
BLESTE BE Y MAN Y SPARES HES STONES
AND CVRST BE HE Y MOVES MY BONES

It is because the ordinary Englishman still blithely assumes, like Shakespeare or whoever wrote his tomb's inscription, that after death his own body will be allowed to lie on undisturbed for aeons to come. With over 30,000 Britons dying in this crowded island each year, this assumption that each can expect to fill 30 or so square feet of urban land in perpetuity is—be it softly whispered—as absurd as dread of the curse.

Most of us who choose to be buried will be turned over in our graves many times before 350 years are up, as indeed has already happened to the majority of Shakespeare's contemporaries. And among the tombs which have remained intact, virtually all—including Shakespeare's—will certainly have been peeped into at some time or other when adjoining vaults were dug. On religious grounds it has always seemed curious that Christian men have taken over from pagans a tradition of awesome respect for the so-called "resting place" of a dead, entirely spiritless body; one cannot really see why one's crumbled remains some years after interment should be regarded as "oneself" any more than are individual components of one's living body—say an extracted appendix—which most of us are only too glad to know has been deposited in a hospital dustbin.

Nevertheless, the traditional respect for dead bodies goes deep. Most people who might otherwise support Mr Humphreys in braving it will be deterred by the strong probability that, even if any written tributes or other historical evidence were left interred with Shakespeare, they will long since have melted into dust together with his remains. And while they will be afraid of looking foolish if, after all the fuss attendant upon opening it, the cupboard proved bare, there will be an even stronger alliance of scholars who must be secretly afraid of looking even more foolish if, unexpectedly, something rather startling about Shakespeare (or, heavens forbid, Bacon) were to be found.

LETTERS

Kenya

SIR—"Descending Mount Kenya" (your issue of August 25th) requires comment. In the process of disengagement from African dependencies, Britain has been successful only insofar as immediate chaos, such as the Congo suffered, has been averted. With the notable exception of Nigeria, however, democracy has soon vanished and dictatorships have taken, or are taking, its place.

It is all the more paradoxical and tragic, therefore, that when a truly democratic force emerges in an African country and it puts forward a constructive plan designed to avoid the unfortunate things that have happened elsewhere, there is a tendency to dismiss it as a luxury which a young emerging country cannot afford, or references are made to "orthodox patterns" which, though they have resulted in dictatorship, for some obscure reason should nevertheless be adhered to.

How is it—and indeed your article implies this—that unity and one-party systems have an attraction for Britain when dealing with others, while she herself enjoys a two-party system and fundamental differences exist between those parties? I strongly believe that the existence of two or more parties is a major factor in the upholding of individual rights. It automatically means that one or other party will come to the rescue of those who have been wronged.

You say that Kanu policy is to have a

unitary state designed to crusade against tribalism. Superficially, and conveniently for the Kikuyu, this may appear so, but the end result of a "non-tribal and unitary system" would be to place the Kikuyu in complete power, thus giving Kenya almost undiluted tribal domination.

Your article states also that "about 60,000 white people . . . may need to be rescued." If this is the case, what about other Commonwealth citizens, Indians, Pakistanis; what about Goans and Arabs? No, the answer does not lie in "rescue operations" for selected minorities, but in creating the right conditions now, constitutionally and economically, to ensure that disaster does not follow independence, that all Kenya's people, including Europeans, may live in peace. The truth is that race relations are good here, that the divisions are political rather than racial, that far from Europeans or British administrators trying to divide Africans, they are divided in any case, and that luckily we have the basis of a sound constitution, which takes all this into account.

Finally, I would like to say that Kadu does not represent "a gathering of the weaker more backward clans." The Abaluya and Kalenjin are both major tribes; the geographical advantages all lie with Kadu and the country could not possibly run without their concurrence.—Yours faithfully,

R. G. NGALA
President, Kenya African Democratic Union
Nairobi

*

SIR—Your leader of last week was timely and realistic. While contesting, as I must, your view that the policy which has led to the present crisis was right, I hope that the widest publicity can be given to your statement that some 60,000 white people from Britain are likely to be caught in a trap (not, I would add, in any way of their making) and may need to be rescued. Its grave, perhaps tragic, implications deserve urgent and careful study.

Some sixty per cent of the existing British minority in Kenya will in any event leave the country, either before or directly after independence. Of the remaining forty per cent, twenty will stay and try, as best they can, with all the fortitude and skill they possess, to live and work under the new conditions. The other twenty per cent will only stay because they are helpless and penniless, lacking the means to pay their passage. To abandon them would be as dishonourable as callous. Since rescue is now admitted to be necessary, let us openly begin to plan for it.

There are certain steps which must be taken to make it a practical—even if unseemly and saddening—operation. Of first priority is the need for an impartial and efficient land settlement board, to supervise the £15 million purchase of land already proposed by the Kenya government; its chairman, I suggest, should be at least of the status and experience of an English High Court judge, and he ought to be supported by a deputy with a real, expert knowledge of farming, and of agricultural techniques and values. The board, and not the Kenya government, should control the purchase funds; and payments should be prompt and, if vendors so desire, to banks outside Kenya; there must be no opportunity for post-uhuru sequestration.

Second comes the question of resettlement and employment in the United Kingdom or elsewhere. This must be accepted unequivocally as the responsibility of the British Government; and it is surely bare justice that those who return here should be entitled without any niggling to all national insurance benefits, as though they had lived in this country since 1947.

Third is the problem of what are known in Kenya as the compassionate and the security categories. There is a number of elderly people living in isolated farmsteads, who are even now extremely vulnerable to gangster and Youth Army attacks. And there are others, in the countryside and in the towns, whose names, because they took an active part in the defeat of Mau Mau, are on a murder list, the existence of which is perfectly well known to the Governor and the Minister of Defence. The sooner all these are brought out the better.

Your candour is refreshing, and calls for an equal candour in response. The unpleasant job of "dishing the whites," first undertaken by Mr Macleod, is now almost fulfilled. I disagree with your assertion that the casualties could not have been foreseen; I, for one, foresaw them two years ago. Let us, however, leave recrimination, try to put aside bitterness, and get on with the task of rescue and a measure of reparation for this most ill-used of British minorities. If we do not, if in apathy, stinginess and ignorant prejudice we finally betray our brothers in Kenya, there will be no words with which to describe our disgrace and our shame.—Yours faithfully, JOHN CONNELL
London, S.W.1

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Parallels

SIR—The parallel behaviour of Sir Alexander Bustamante and Mr Tshombe has, so far as I have noticed, gone unremarked. Both head the economically viable (if Jamaica *is* viable) parts of their area and both have resisted carrying along the less viable parts. Busta has got away with it, even receiving the personal blessing of (*vide* your issue of August 18th) "Sir" Lyndon Johnson. Much of the world is ganging up on Mr Tshombe to force him to drag along the savage tribes that inhabit what was, by happenstance, the Belgian Congo. Busta is permitted to cast off a politically civilised, highly responsible group of people who have profited by years of exposure to British tradition. They are, for the most part, the kind of individuals who make good neighbours.

Katanga has the possibility of becoming a leader in Africa. It is hard to see how Jamaica can get by, except with permanent outside support, especially in view of its population growth. The remainder of the West Indian Federation will almost certainly become a public charge, again in large part because of its birth-rate.

Aid and accolades for Busta; berating and boycott for Tshombe. The behaviour of our government is at least as puzzling to many Americans as it must be to citizens of the UK.—Yours faithfully,

WILLIAM VOGT
Palenville, NY

Counterdrift

SIR—Your article on Counterdrift (September 1st) was most interesting but it did not pay enough attention to the architectural problems involved. In any scheme of the kind suggested the planners should pay more heed to the *Unité* principles of Le Corbusier. Thus the new urban areas could contain their populations within a small area of built-up land and the vast areas of subtopian development could be eliminated.—Yours faithfully, W. N. WATFORD
Sevenoaks, Kent

"Dutch Courage"

SIR—I read with interest the August 11th edition of *The Economist*, in which under the heading "Ah, Youth!" you started a Note of the Week on Finland with the following quotation [from *Komsomolskaya Pravda*]: "With the Dutch courage of drunks, the hired riff-raff, bought with dollars and western marks. . . ."

Being a Dutchman myself, I am very interested to know where the above expression comes from. If you can enlighten me, I should appreciate it very much.—Yours faithfully, J. L. CORBA
Geneva

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BOOKS

Crisis of Irresponsibility

Germany and the Diplomacy of the Financial Crisis, 1931

By Edward W. Bennett.
Harvard University Press. London: *Oxford University Press.* 350 pages. 60s.

THE world financial crisis of 1931 was not only a cataclysm in the economic and political affairs of the modern world ; it was a microcosm of the whole interwar tragedy. The economics of depression and the politics of Versailles, each as sterile as the other, now interacted with devastating effect. As Mr Bennett notes: "A thin plaster of international finance and Locarno ambiguities had covered the cracks left by the Great War, but now the plaster flaked off." The world financial system blew up, the slump in the trade cycle was carried to unprecedented depths, and presidential dictatorship was firmly established in Germany.

How did it happen? Mr Bennett is a student of diplomacy, not of economics ; and he has a healthy distaste for armchair theorising. His book, as the title indicates, is concerned with the diplomacy of the crisis, with its unfolding over these critical weeks and days, as it can now be reconstructed from the German and American archives and from the much less complete British papers. Mr Bennett's use of this mass of material is masterly: he sets one document against the other to correct not only the usual inaccuracies in statesmen's memoirs but also some significant inadequacies in the contemporary record—this ambassador was evidently playing to his master's ear, that foreign secretary was leaving his officials in the dark. All this is fascinating to anyone who is interested in the process of decision making on the diplomatic level. But Mr Bennett's narrative goes deeper. At just the right intervals the threads are drawn together, a general conclusion is drawn. And besides being a first rate researcher, Mr Bennett is not short on wisdom ; he is also an elegant writer. So while he does not throw himself up against the cosmic question of whether 1931 was avoidable, he does show how the collapse was rooted in the political failings of the previous decade.

The theme of the story is irresponsibility. Most obviously irresponsible was Germany, which found that the weaker its finances were seen to become, the better were the prospects for its overriding political aim of "revision"—revision of the regime of Versailles and not least of reparations. Only at the last moment did Brüning and his colleagues see the financial crisis as a threat to themselves, and by then it was too late. (Mr Bennett is not hard on Brüning: he "exemplified the same conscientious conservatism and selfless courage—if also the same reliance on intrigue and manipulation at the top—that characterised the best of the July 1944 conspirators.")

Irresponsibility of a different kind was displayed by President Hoover, with his basically sensible but untactfully presented plan for a moratorium on inter-government payments. As Mr Bennett observes:

> Unilateral bombshell proposals like Hoover's have perhaps about the same relation to international politics as a new insecticide or epizootic disease has to the balance of natural life.

Above all, Hoover's sudden initiative ignored the realities, sordid as they may have been, of the Franco-German power struggle that lay behind the reparations argument:

> While the manipulation of American interest in German finance had, as hoped, brought Hoover on to the scene, his arrival as *deus ex machina* was not appropriate to Teutonic drama, and it did not leave much of a role for the German heroes in their struggle with the dragon, Tribute.

But not the least irresponsibility was that of Britain itself. Mr Bennett points to the basic and continuing inconsistency of accepting the provisions of Versailles, the imposed peace, and then shrinking from the entanglements, and the costs, of imposing it. So France felt isolated, and let down ; and after the stabilisation of the franc in 1926 made it the strongest financial power in Europe, it not unnaturally saw this financial strength as a weapon of policy.

France was petulant, France was irritating ; but, in Mr Bennett's view, it was France, in its basic insecurity, that needed help and understanding more than Germany, poverty stricken but also actively revisionist. Henderson, foreign secretary in the second Labour Government, saw the need for a rapprochement with France. But Britain's foreign policy at this time was conducted by others too—by Ramsay Macdonald on the one side and, on the other, by Montagu Norman. Real information on this key figure of the interwar years is still kept largely under the wraps. Mr Bennett's researches produce a few fascinating insights ; and they are not likely to add to the great governor's reputation for foresight, wisdom, or even for the coveted bankers' nous.

Norman, like the Germans, but for essentially different and more respectable reasons, was convinced of the need for "revision," for removal of the drag of reparations and war debts from the financial system. This was sensible enough ; but how could Norman suppose that, in the summer of 1931, revision could be forced on the unwilling French—whose huge balances in London held the key to sterling's own fate? In these circumstances it is quite astonishing to find Norman, of all people, arguing at the height of the German crisis in mid-July that for the French to be brought round the crisis would have to deepen: within ten weeks the crisis had deepened sufficiently to sweep away one British government and one gold standard.

Norman had added to confusion by suggesting cavalierly that the British government should be approached for the loan to Germany that the Bank of England could no longer afford to extend. In Mr Bennett's biting words:

> Irresponsible and inexperienced in diplomacy, Norman promised everything and nothing. It was a basic postulate in this period, especially in London and Washington, that central banks must be independent of government control ; perhaps some thought might have been given to defending the governments against the central banks.

In his conclusion Mr Bennett links the general "lack of perception" to a widespread distrust of politics, of which Norman above all was the apostle—having a deep and unfortunate influence on future central banking disciples. To get reparations out of politics and into the normal stream of commercial life where they would somehow cause no trouble had been the panacea of the twenties ; in 1931 the central bankers found that governments, and politicians, had to bail them out after all. This political distrust, matched by a defeatist negativism in economic policy, was perhaps the ultimate irresponsibility of 1931. The crowning irony of these tragic months is that many men realised what was at stake. When the Hoover agreement was reached in Washington in early July the French ambassador ordered, on his extra-territorial precincts, a bottle of champagne. He proposed a prophetic toast: "To the crisis which we have just avoided and to the catastrophe which will follow."

Far Eastern Common Market?

Australian Diplomacy and Japan 1945-1951

By R. N. Rosecrance.
Melbourne University Press. London: *Cambridge University Press.* 300 pages. 45s.

THE increasingly close relations between Japan and Australia have gone largely unremarked in Britain, but they are bound to become more noticeable if Britain joins the common market. The loss of Australian preferences in Britain will set the Australians free to cancel British preferences in Australia, and replace them, as seems highly probable, with preferences to Japan, who has become too good a customer to disappoint. Although British entry into the common market will certainly stimulate Australian efforts to trade with Europe as a whole, it will also strengthen the existing Australian determination to find better markets in Asia ; Japan, with the most

nor has Japan been selling to China of late, though its growing capacity must affect the market there. Nitrex also hopes to *rationalise* the marketing of nitrogen fertilisers to avoid overlap between the producers, and to arrange barter and long-term credit deals. (The largest customer for this rapidly-consumed product, China, has recently been demanding—and getting—up to 18 months' credit.) Even though the cartel says its activities are to be strictly confined to the export field, as they need be if the agreement is to avoid being banned under the Rome Treaty, it is impossible to avoid comparisons with notorious pre-war cartels.

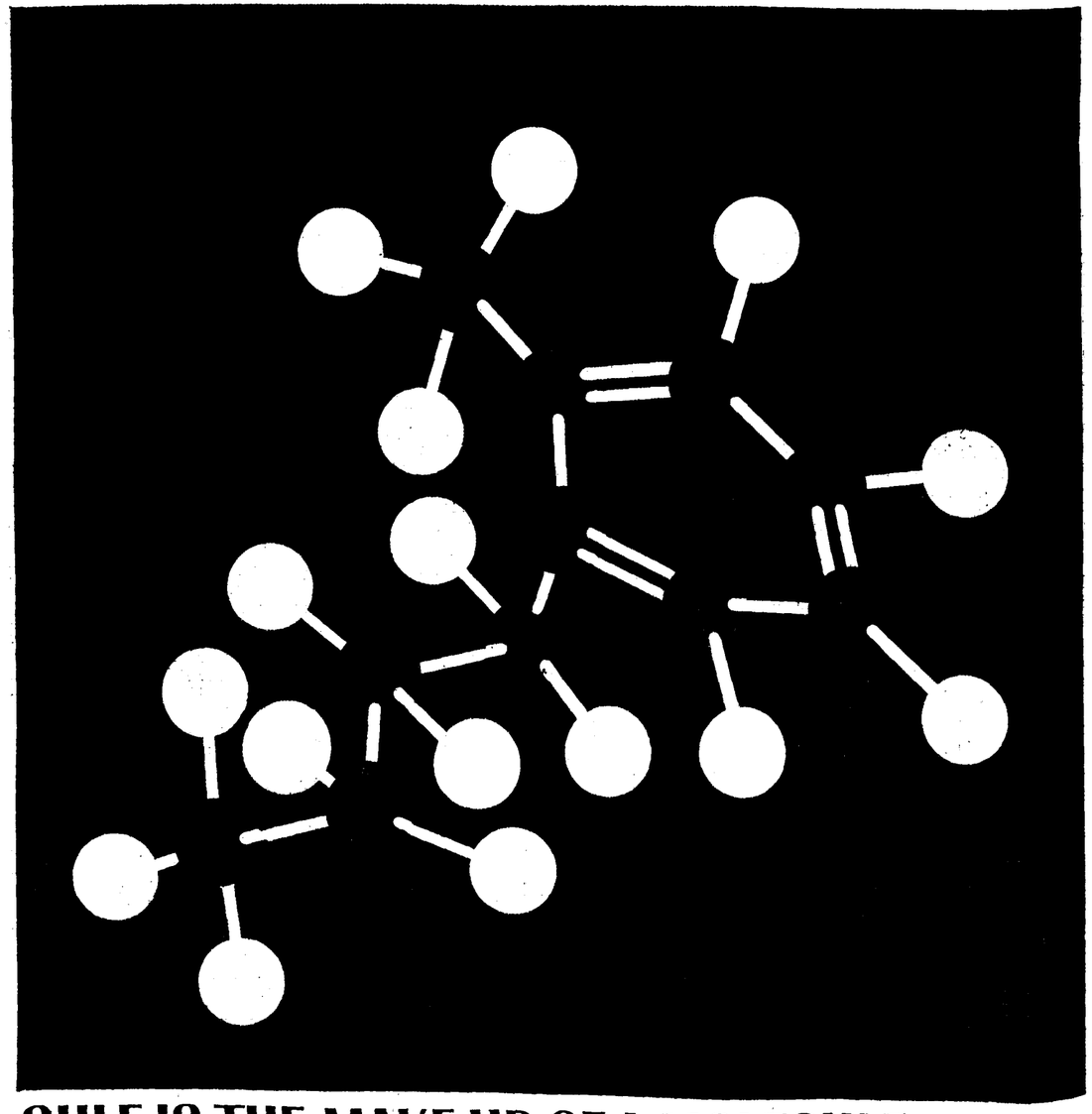
The circumstances which have led to the formation of Nitrex closely resemble those in which the first European nitrogen cartel was set up, in 1930. During the twenties, synthetic nitrogen capacity considerably increased throughout the world and this, combined with an agricultural depression, led to over-production and a fall in prices. The agreement, which sought to maintain prices, to increase nitrogen consumption and to allocate business by quota, came to an end at the outbreak of war and was not revived. Since the war, world nitrogen production has increased to 14 million tons a year and world capacity exceeds it by 2.5 million tons. Existing plans for new plants, if they all materialise, would increase capacity to 23 million tons a year by 1966 ; but much of this increase is planned in India, China and Japan, so that Europe's share of world production will drop. Forecasts of demand differ widely, but it looks unlikely to keep up with capacity. If the present rate of growth continues, total demand for nitrogen (including industrial uses) would reach only 16 million tons by 1966 ; but some manufacturers believe that the total will then be as much as 21 million tons (or 90 per cent of the planned capacity) on the grounds that the present efforts of agricultural missions in various underdeveloped countries might be bearing fruit by then. Certainly, if the base of nitrogen usage could be broadened to include peasant farmers, and if the underdeveloped countries could find the money, there would be a dramatic increase in demand. If not, the surplus capacity could make the attempt by Nitrex to hold prices in the export market very difficult indeed. (All of these figures are expressed as metric tons of nitrogen ; the actual tonnages of the various fertilisers are three to six times as much.)

Trade in fertilisers, excluding that within the Communist block, accounts for a quarter of world consumption ; a fifth of this is "cyclic movement" (e.g., from the West Coast of the USA to West Canada and East Canada to the Eastern States). In the world market proper, therefore, about 2½ million tons were sold last year, of which European exporters supplied 1.8 million tons. The biggest single buyers in the export market are government agencies in China, India and Pakistan ; though these countries buy only 360,000 tons, 180,000 tons, and 70,000 tons respectively, this bulk buying gives them the power to offer very large contracts. The main reason why Nitrex has been formed is to make the European producers into a unit large enough to hold the line against them on prices. None of the producers want to repeat the experience of 1954, when China trailed temptingly large contracts from one country to another and brought export prices crashing.

A third factor in nitrogen supply has been an improvement in the techniques of ammonia manufacture which, although it has helped to ease the smart of slashed prices, has raised another bogey to frighten European producers. It may now be more economic to make ammonia at a source of cheap energy and feedstock (usually natural gas) and ship it to the markets than to ship the feedstock and make the ammonia in a "market-located" plant. Current plans to build plants in Trinidad, Kuwait and other surprising places, have to be taken into account by any European producers with plans to build plants themselves. Contracts for ammonia from these, as yet unbuilt, "source-located" chemical plants have been offered very cheaply in Europe and have contributed to the pressure on export prices, which have fallen by a half in the last ten years. The producers themselves have added to these pressures by competing for some markets as much for political as for business reasons. The formation of Nitrex has been accepted as inevitable since the mid-fifties, and prices have often been slashed to gain a foothold in some market to establish a strong share from which to bargain when quotas came to be allocated.

MEMBERS of Nitrex include Germany's three main producers: Ruhr-Stickstoff, BASF and Hoechst ; a selling organisation representing all Italian producers except ANIC ; the sole manufacturers of nitrogen fertilisers in Austria, Switzerland and Norway, respectively ; and the central selling organisations of Belgium, Holland and France. In many of these, governments have a financial interest and thus find themselves in the position of being, indirectly, parties to a cartel. Of Europe's main producers only ICI—a moving spirit behind the pre-war cartel—and ANIC are not associated. ANIC is a maverick whose arrival in the Italian market with fertilisers based on natural gas precipitated a price war, but it is said not to be entirely unsympathetic to Nitrex and may even consider joining. ICI has said that it has taken no decision ; it is certainly considering the matter and has made enquiries at Nitrex into the nature of the association. The two other British producers, Fisons and Shell, are both indirectly involved through interests in Dutch subsidiaries.

If Britain joins the common market, ICI will probably have to join, as a defensive measure. Although any restriction of competition within EEC by associations has been specifically forbidden in the Rome Treaty it seems possible that members will want to avoid the sort of unpleasantness that might arise from competing in each other's home markets. If this became the policy of Nitrex, the association would soon lose whatever acceptance it may now have from EEC. It has therefore had to confine its aims very clearly and completely to export, and if it sticks to them, it may serve the interests of Europe's nitrogen producers effectively. It is too soon to see how the arrangement will work ; many administrative details have yet to be agreed, for instance the exact allocation of quotas. The testing time will come when the Chinese come into the market again and for the first time find the European producers united in their determination to stabilise prices. The chemical companies which make nitrogen, the European governments whose capital is invested in most of them and the coal interests for which it is such an important market are determined to lift the market out of its present anarchic conditions. But if they imagine they can stabilise prices against the bulk buyers in the face of vast surplus capacity, they are probably overestimating their power to rig the market.



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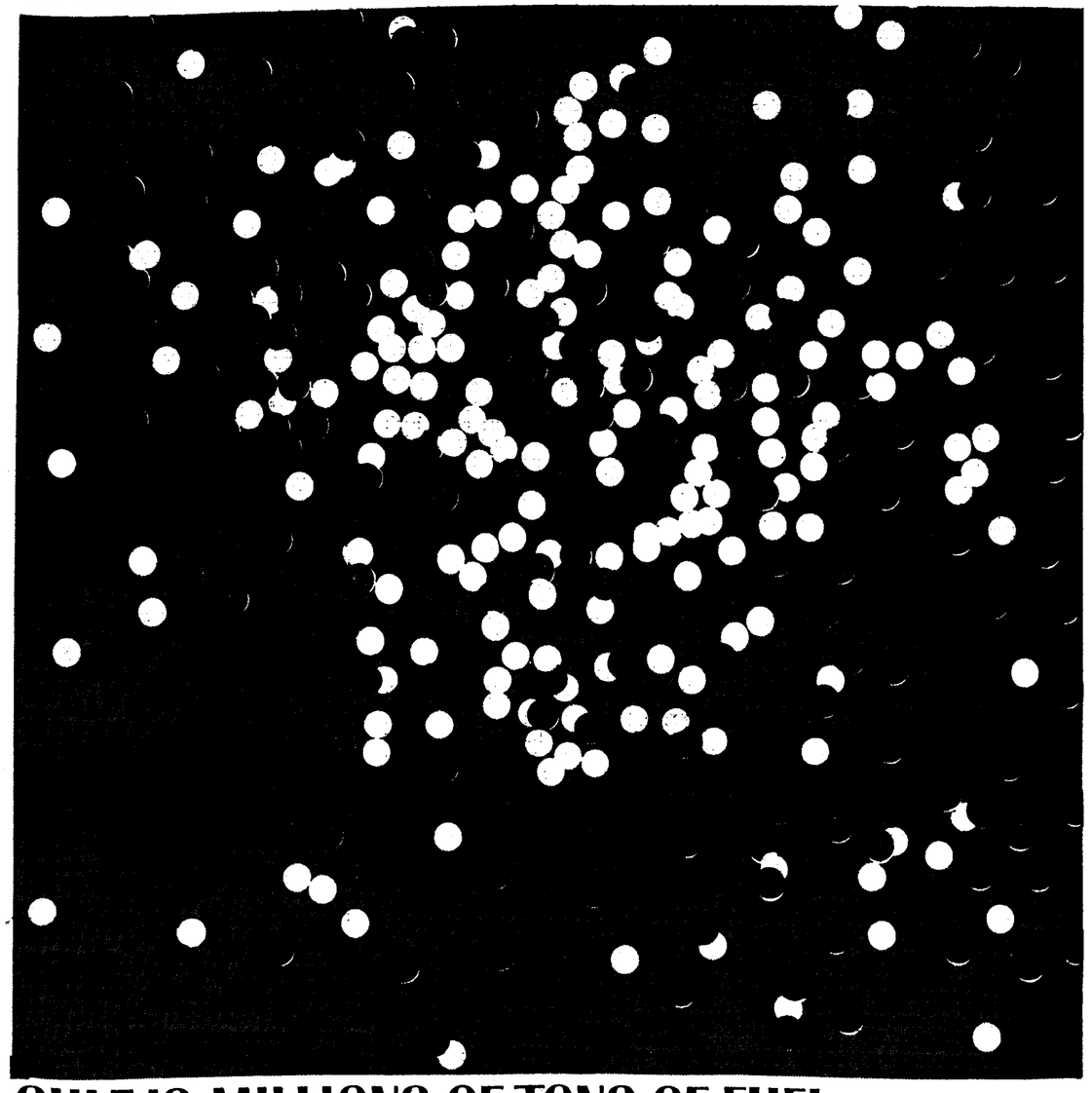

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"Hers" private planes, Nieman-Marcus, the Dallas-Fort Worth rivalry, bootleggers, voracious art collectors, "Wop Salad" (mixed green salad), $50,000 poker games, and swimming pools where the water level drops six inches as one steps in, ensuring that there will be no splash. Yet as the book chronicles the Texan pursuit of bigness into every aspect of life, from the oversized souvenir teacup ("Texas Demitasse") to religion (75,000 children and adults go to Sunday School every Sunday in Dallas), it becomes monotonous; the subject was better suited to a series of articles. As it stands, to paraphase James Thurber's favourite review, that of a nine-year-old girl after reading a thorough book on penguins, "This book told me more about Texas than I wanted to know."

As Economists See Us

Main Currents in Modern Economics

By Ben B. Seligman.
Free Press. (*Macmillan*: New York). 896 pages. $11.75.

ANY historian of economic thought writing about a period too recent to possess the charm of antiquity suffers from the inherent disadvantage that his subject matter is to a considerable degree either banal or worthless. Ideas that have been incorporated into the fabric of the subject seem dull, just because we are used to them, while ideas that have been rejected have usually been rejected for very good reasons, so that their rehearsal is rather tedious.

Given this handicap, Mr Seligman, who starts his story in 1870 and carries it on to the present day, has sticceeded in writing a surprisingly lively book. He has done this by expressing his personal opinions fairly freely. Brought up as an institutionalist, he regards economics as part of the general theory of social systems; he wants to know what is the "image of man" provided by an economic theory. This explains his readiness to take seriously what many people would regard as the maunderings of many neo-classical theorists, and it also explains his mistrust of pure model-making. Those who take a pragmatic and workmanlike approach to economics may share this mistrust for quite different reasons.

The most obviously striking feature of the book is its bulk. However, the economists whose work is discussed range from Max Weber to Milton Friedman and from Rosa Luxemburg to Arthur Lewis. Furthermore, the treatment is fairly detailed; as many as eighteen pages, for instance, are devoted to Professor Hicks, all of whose major works are discussed. This explains why there are eight hundred pages in the book, and may tempt the reader to wonder whether one man really was able to write them all. As with Homer, however, stylistic consistency argues against multiple authorship.

Any arrangement of the material in a book of this sort is bound to be arbitrary to a certain extent. Mr Seligman's narrative runs smoothly, which is a tribute to his scheme of classification. The scheme is such that two of the nine chapters are almost wholly devoted to American writers; one on the institutionalists (Veblen to Galbraith) and one on the neo-classical economists (Ely, Taussig, Fisher, etc.). Since some of these writers are no longer well known in this country, these two chapters are probably the most interesting to an English reader.

The main drawback of the book is that many of the summaries of particular theoretical works are too long to interest the reader who knows them anyway, without being sufficiently full and rigorous to satisfy the reader who wants to learn economic theory. On the whole, therefore, this is a book for the more advanced student who is ready to skip here and there. With a book of this size, however, there is plenty of scope for skipping and no other book offers the same encyclopaedic coverage. Mr Seligman's survey is no substitute for a systematic training in modern economics, but it would be a stimulating supplement to such a training.

Exercising Patronage

Aucuparius: *Recollections of a Recruiting Officer*

By Ralph Furse.
Oxford University Press. 345 pages. 35s.

WHEN Harcourt took over the Colonial Office towards the end of 1910, Sir Ralph Furse became one of his private secretaries (at £150 a year unestablished). He owed the job to the recommendation of his predecessor, "an old Balliol friend." The occupant of this post was mainly concerned, not with the ordinary run of "private office" work, but with the exercise of the Colonial Secretary's Patronage—the recruitment of all junior officers in the higher grades of the colonial services (except administrative and police posts in Ceylon, Malaya and Hongkong, which were filled, like their Indian counterparts, by competitive examination). For all the casual way in which he was himself appointed, Furse could claim some qualifications for the job. At Eton, he had won an Empire League prize for an essay on "the ideas expressed in the word Empire." At Oxford, he had joined, with "a number of Rhodes scholars," a Yeomanry regiment, the "King's Colonials." And he had spent a fortnight in Ceylon and so claims that he found himself "one of the very few men" in the Colonial Office "who had ever seen a colony." (It is a recurrent complaint, but, in fact, of the twenty-two men who during his first year in the office held posts of what we should now call principal and above, ten had either served in, or paid official visits to, at least one of the territories for which he was responsible.)

This book, besides giving a delightful vignette of the prewar Colonial Office, describes how the rather haphazard "patronage" of 1910 was transformed into a defensible system of selection (which in many respects foreshadowed the underlying ideas, though not the techniques, later developed for the Foreign and Home Services by the Civil Service Selection Board). In the process, recruitment was enormously improved by imaginative co-operation with the universities; scholarship schemes were evolved in many professional and technical fields, and the foundations laid for academic study of developing countries. Events no doubt overtook the "job analysis" on which Furse based his work: the transfer of power called for men with different qualities than those most needed in the often isolated district officers of Furse's first decade or so. But in the inertia of the inter-war years a radical would almost certainly have achieved much less than this dedicated member of the establishment.

Mancunian Scrap-book

Manchester and its Region

Published for The British Association by the *Manchester University Press.* 283 pages. 30s.

THIS book both gains and suffers from its special purpose which is to commemorate this year's meeting of the British Association in Manchester. It gains from the breadth of the learned contributions which, following the varied instincts of association members, have been brought to bear upon the history and character of Manchester and its surroundings. It suffers from an inevitable electicism which turns the book into a scholarly scrap-book that is curious and wide-ranging but somewhat uneven and disjointed.

The eager dipper for facts about the Manchester region will find them here in abundance. The longest chapter deals, appropriately enough, with climate (not as bad as supposed), and landscape, geography, flora and fauna, history, industry, medicine, education, town planning, and many other subjects (e.g. some social pioneers) are all included. The one thing generally lacking

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is lightness of touch and one longs for a few pages of Neville Cardus describing cricket at Old Trafford or concert-going in the old days of the middle-class hegemony. In consequence, the history and character of Manchester emerge in very neutral tints. This is the kind of stolid, factual book which would have won the Prince Consort's praise over a century ago; but perhaps that too is an appropriate tribute to the city in question.

China's New Pattern

China

By Victor Purcell.
Benn. 340 pages. 37s. 6d.

PROFESSOR PARKINSON might say that the number of books published about a foreign country is in inverse proportion to the knowledge and understanding of it among those who write books. The present spate of books on China certainly reflects this. Modern China is usually explained according to the theory that the country is run by devils, or, alternatively, by Marxist gods. In such circumstances balanced judgments are welcome. This Mr Purcell provides. For many years he looked after the interests of the Chinese community in Malaya in his official capacity as Protector of Chinese. He has a good first-hand knowledge of China itself. With intelligent sympathy he explains the special Chinese outlook with reference to China's past, and how Chinese discipline and self-sacrifice are characteristic of all mass movements seeking change. Thus, he argues, the Chinese feel free and have actually fared much better under communism than under former regimes, for all that Mr Dulles thought them slaves. The wide scope of the book allows the theory of the Overseas Chinese being a fifth column for communism to be placed in perspective. What Mr Purcell says about Tibet is a refreshing change: far from being an idyllic retreat from the London rush-hour, it was a primitive feudal society with little to commend it.

Dr Joseph Needham is quoted as saying that the lengthy historical introduction is brilliant. As he is the most quoted source in that introduction, and as Mr Purcell does not skilfully bring together the main strands of Chinese pre-communist development, there is little beyond mutual admiration to explain this. Mr Purcell is tedious when he gets down to politics. To be balanced and readable seems too difficult; it is a pity.

Paperback Selection

The latest entrant to paperback publishing is the firm of Duckworth, which has reissued four of its "Great Lives," all at 5s.

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

Biography:

OLIVER CROMWELL. By C. V. Wedgwood. 144 pages.

BACH. By E. Meynell. 140 pages.

NAPOLEON. By H. Butterfield. 143 pages.

DICKENS. By B. Darwin. 135 pages. (Great Lives series.) All 5s. *Duckworth.*

Current Affairs:

WORLD EVENTS 1962. 617 pages 15s. *Penguin.*

POLITICS IN AFRICA: *Prospects South of the Sahara.* By H. J. Spiro. 191 pages. $1.95. Spectrum. *Prentice-Hall.*

DIVIDED GERMANY AND BERLIN. By N. J. G. Pounds. 134 pages.

RUSSO-CHINESE BORDERLANDS. By W. A. D. Jackson. 131 pages.

SPAIN IN THE WORLD. By S. Bradford. 126 pages.

PACIFIC ISLAND BASTIONS OF THE UNITED STATES. By H. Wiens. 131 pages. (Searchlight Books.) All 12s. *van Nostrand.*

History:

CICERO AND THE ROMAN REPUBLIC. By F. R. Cowell. 415 pages. 8s. 6d. Pelican. *Penguin.*

PROTESTANT THOUGHT BEFORE KANT. By A. C. McGiffert. 281 pages. 11s. 6d.

THE MISSION AND EXPANSION OF CHRISTIANITY. By A. Harnack. 548 pages. 17s.

THE MIND OF MODERN RUSSIA. Edited by H. Kohn. 310 pages. 13s. 6d.

REVOLUTION FROM 1789 TO 1906. Edited by R. W. Postgate. 414 pages. 15s. Harper Torchbooks. *Hamish Hamilton.*

Literature and Literary Criticism:

LECTURES IN CRITICISM. Edited by E. Coleman. 217 pages. 11s. Harper Torchbooks. *Hamish Hamilton.*

SELECTED POETRY OF W. B. YEATS. 253 pages. 5s. *Macmillan.*

THE STORY OF THE BIBLE. By H. van Loon. 352 pages. 5s. *Maybuecker.*

THE DEAD SEA SCROLLS IN ENGLISH. By G. Vermes. 255 pages. 4s. 6d. Pelican.

SELECTED POEMS OF YEVTUSHENKO. Translated by R. Milner-Gulland and P. Levi. 92 pages. 2s. 6d.

THE PENGUIN BOOK OF CONTEMPORARY VERSE. Edited and revised by K. Allott. 413 pages. 6s.

ALTONA, MEN WITHOUT SHADOWS, THE FLIES. By Jean-Paul Sartre. 316 pages. 4s. 6d. *Penguin.*

Philosophy and Logic:

THE SPIRIT OF CHINESE PHILOSOPHY. By F. Yu-Lan. 238 pages. 9s.

THE DEVELOPMENT OF MATHEMATICAL LOGIC. By P. H. Nidditch. 96 pages. 7s. 6d.

AXIOMATICS. By R. Blanché. 70 pages. 7s. 6d. *Routledge.*

THE TRAGIC SENSE OF LIFE. By Miguel de Unamuno. 319 pages. 8s. 6d. Fontana. *Collins.*

Politics, Political History and Thought:

THE OPEN SOCIETY AND ITS ENEMIES. Vol. I.: Plato. By K. R. Popper. 362 pages. 10s. Vol. II. Hegel and Marx. By K. R. Popper. 420 pages. 10s.

THE ROAD TO SERFDOM. By F. A. Hayek. 192 pages. 7s. 6d. *Routledge.*

THE LAST EMPIRE. By R. Conquest. 132 pages. 3s. 6d. *Allen and Unwin.*

PLANNING FOR FREEDOM. By L. von Mises. 188 pages. $2.00. *Libertarian Press.*

INTERNATIONAL POLITICS IN THE ATOMIC AGE. By J. H. Herz. 368 pages. 14s. *Columbia University Press.*

Science, Sociology, Psychology:

CHILD TRAINING AND PERSONALITY. By J. W. M. Whiting and I. L. Child. 359 pages. 12s. 6d.

RECEPTORS AND SENSORY PERCEPTION. By R. Granit. 377 pages. 15s. *Yale University Press.*

THE PSYCHOLOGY OF INSANITY. By B. Hart. 138 pages. 6s. 6d.

VIRUSES. By K. M. Smith. 134 pages. 12s. 6d. *Cambridge University Press.*

THE PHYSICS OF MUSIC. By A. Wood. 270 pages. 12s. 6d. *Methuen.*

SCIENCE IN THE MAKING. By J. H. Hildebrand. 116 pages. 9s. *Columbia University Press.*

MALE AND FEMALE. By Margaret Mead. 413 pages. 6s.

ANATOMY OF PRISON. By H. J. Klare. 159 pages. 4s.

HUMAN HEREDITY. By C. O. Carter. 266 pages. 6s.

KNOW YOUR OWN I.Q. By H. J. Eysenck. 191 pages. 3s. 6d.

THE SIMPLICITY OF SCIENCE. By S. D. Beck. 239 pages. 4s. Pelican. *Penguin.*

TIME'S ARROW AND EVOLUTION. 2nd edition revised by H. F. Blum. 234 pages. 12s. 6d.

MODERN THEORIES OF DEVELOPMENT. By L. von Bertalanffy. 218 pages. 11s. 6d. Harper Torchbooks. *Hamish Hamilton.*

SATELLITES AND SCIENTIFIC RESEARCH. By D. King-Hele. 240 pages. 9s.

SELF-ANALYSIS. By K. Horney. 309 pages. 10s. *Routledge.*

Miscellaneous:

COAST TO COAST. By J. Morris. 243 pages. 9s. 6d. *Faber.*

LONDON. (Benn Pocket Guide). 160 pages. 6s. *Benn.*

CHRISTIANITY, DIPLOMACY AND WAR. By H. Butterfield. 128 pages. 2s. 6d. Wyvern. *Epworth.*

THE BOOK OF SNOBS. By W. M. Thackeray. 276 pages. 7s. 6d. Dolphin. *W. H. Allen.*

AN INTRODUCTION TO JEWISH BIBLE COMMENTARY. By B. M. Casper. 134 pages. 7s. 6d. JUDAISM AND ISLAM. By E. I. J. Rosenthal. 170 pages. 7s. 6d. *Yoseloff.*

THE HIGHER LEARNING IN AMERICA. By R. M. Hutchins. 138 pages. 10s. 6d. *Yale University Press.*

THE RAILWAYS OF BRITAIN. By O. S. Nock. 224 pages.

THE RACING CAR. By C. Clutton et al. 247 pages.

SWITZERLAND. By J. Russell. 192 pages. All 5s. *Batsford.*

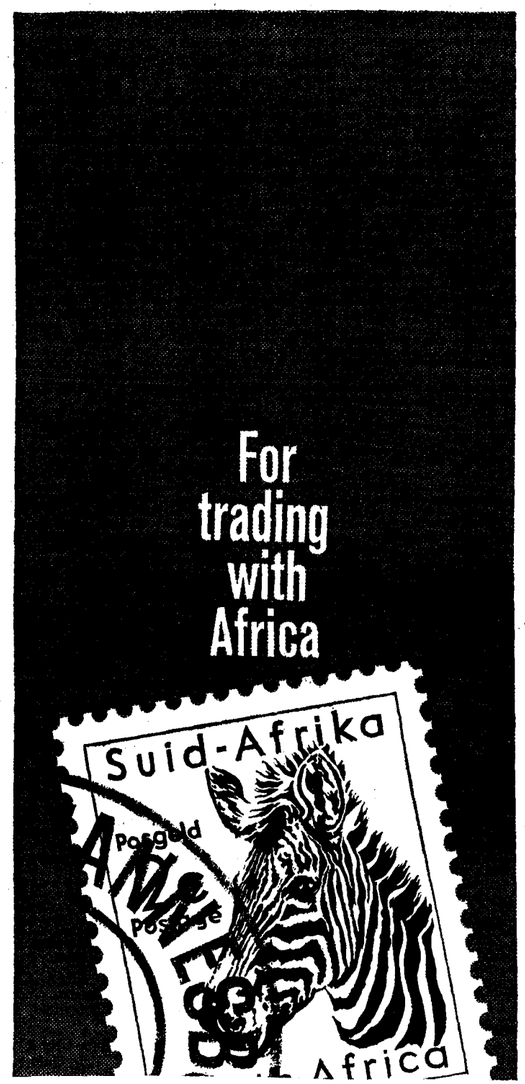
ELEPHANTS. By R. Carrington. 285 pages. 8s. 6d. Pelican.

SCOOTERING. By J. Stevens. 263 pages. 5s.

BANDOOLA. By J. H. Williams. 207 pages. 4s. NO ROOM IN THE ARK. By Alan Moorehead. 219 pages. 5s. *Penguin.*

THE SURVIVAL OF THE PAGAN GODS. By J. Seznec. 390 pages. 17s. Harper Torchbooks. *Hamish Hamilton.*

PAPERBACKS IN PRINT JUNE 1962. 390 pages. 3s. 6d. *Whitaker.*



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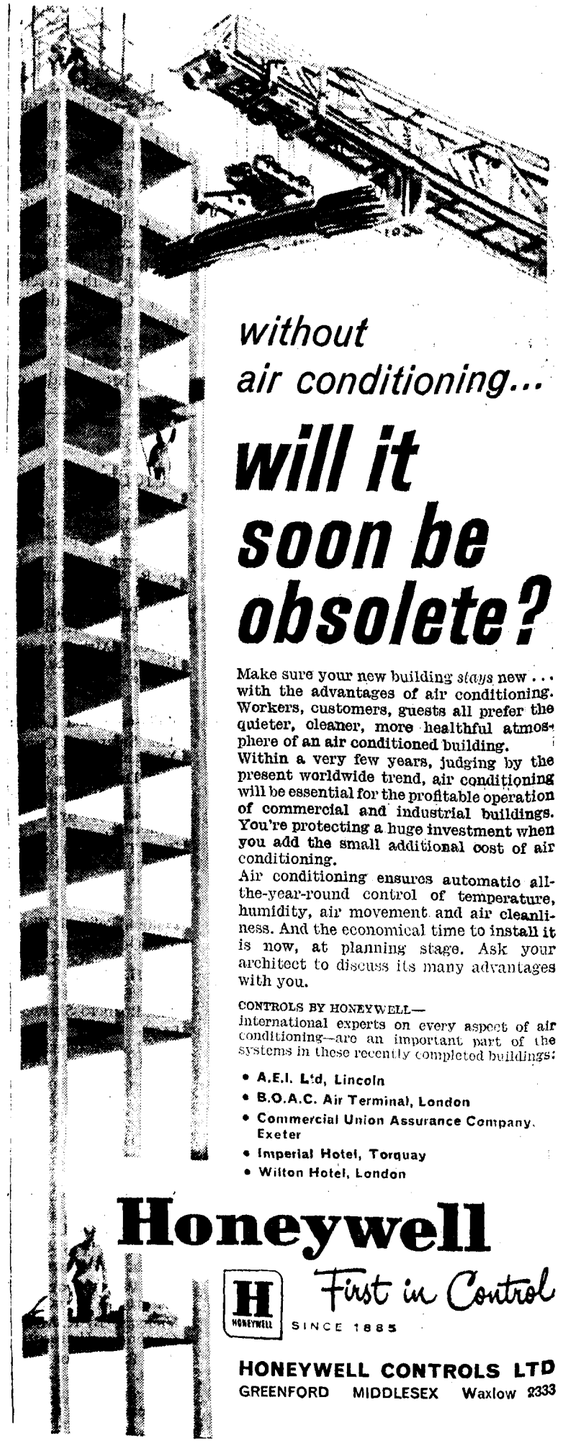

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THE WORLD OVERSEAS

COMMONWEALTH ATTITUDES—1

Australia Takes a Cooler Look

FROM A CORRESPONDENT IN AUSTRALIA

IN the eight weeks leading up to next week's Commonwealth talks in London Australian opinion about the common market has altered somewhat. It is a vague and fluid opinion, but an extreme sense of grievance seems to be *démodé*. In this connection some interesting shifts of public and parliamentary favour have lately been observed in the snakes and ladders of democratic politics.

The prime minister, Mr Menzies, who had been having snake trouble for a long time, has gone up a ladder. Between his return from London and Washington in July and his departure this week for the Commonwealth prime ministers' discussions about the common market, his utterances on that subject have been notably statesmanlike. There has been none of the emotionalism or exaggeration of Australia's misfortunes which the former minister for air, Mr Bury, castigated in July in the speech that cost him his job. One has the impression that in his recent talks overseas Mr Menzies was impressed, both in London and Washington, by the arguments in favour of Britain's entry. Having stated Australia's interests as forcibly as possible, it seems that he does not want the responsibility for causing Britain to drop the common market project against its better judgment.

There is still room for a clash about political union. Mr Macmillan's exchange with Dr Adenauer has made plain the British Government's intention to join in a European political union—though without making clear just what measure of political union he has in mind. Mr Menzies, for his part, made his position plain in a speech on August 9th when he recorded his unqualified opposition to Britain's membership of a European federation, but his approval of closer political arrangements and co-ordination of policies. His stand appears to have been misinterpreted by some British papers as a shift in the grounds of opposition—as "second thoughts." But it is what Mr Menzies has always said.

As one who has worked for the Commonwealth connection all his political life, he cannot easily contemplate the weakening of its structure that would follow a part-abrogation of sovereignty by one of its members. It is on the economic issues that his opposition appears to have been somewhat modified, and this principally because of the reassuring nature of his conversations with President Kennedy, of whom he said, "I am sure that he is our friend." Mr Menzies appears to feel that in view of the mutual understanding that was achieved, and of the substantial identity of Australian and American trading interests in relation to the common market, American influence will be used to prevent the common market from adopting price and tariff policies that would be too injurious to Australia.

Mr John McEwen, the minister of trade, has slithered down a snake. One reason for this is the impression that, unlike Mr Menzies, he failed to win the sympathy of the Americans, ending by roughly telling them (in a speech made after his return to Australia) that if they would not help they should "get out of our hair." He has also lost support over the Bury affair. Quite apart from the fact that many people agreed with Mr Bury, the parliamentary Liberals have resented Mr McEwen's attack on their colleague, and those who had been thinking that the leader of the Country party would make a better successor to Mr Menzies than anyone in their own ranks seem to have changed their minds. Mr Bury himself, paradoxically, has gone up a ladder with his relegation to the back benches, and many members of the general public, who until then had never heard of him, now remark how nice it was to have a minister with a mind to speak, or that his economic expertise all too briefly filled a long-felt want in the cabinet.

Up a ladder goes Mr Gough Whitlam, the deputy leader of the opposition. He has had a chance to prove his quality during the past month while his leader, Mr Arthur Calwell, has been in hospital. Labour supporters of the traditional type, more accustomed to crude repartee from their leaders than to measured or thoughtful utterances, were stunned into unwonted silence by three important speeches packed with information by their deputy leader. One of these was on the common market, about which Australian policy is bipartisan; Mr Whitlam aimed at the chink in the coalition armour by suggesting that the negotiations might have gone better for Australia if the outlook had been "more global and less selfish." He also remarked that Mr McEwen "could not resist the opportunity to blame Britain's application to join the European common market for the deterioration and deficiencies of Australia's trading pattern."

Nowhere, of course, is there any disposition to undermine the analysis of possible effects that forms Australia's case to the Six. What has changed, with a better understanding of the issues involved, is the emotional atmosphere. This creates a better background for statesmanship at the conference; Australia can now no longer be heard yelling that it has been stabbed in the back by mother.

COMMONWEALTH ATTITUDES—2

The New Diefenbaker

FROM OUR CANADIAN CORRESPONDENT

THE John Diefenbaker who arrived in London yesterday for the Commonwealth prime ministers' conference may not strike his colleagues as a silent or a cautious man. That will depend upon their standards. But by the previous Diefenbaker standards he has appeared to his fellow countrymen as both laconic and prudent ever since the June events which left him and his ministers in a state which one of them frankly described as shellshock. Without doubt Mr Diefenbaker has seen a hard summer. The election campaign revealed a startling change in the public reaction; the contrast to the enthusiasm of 1958 visibly upset him. The results, cutting his House of Commons following from over 200 to 116 and leaving him in a precarious minority against three opposition parties, represented a rebuff which few of the leading Conservatives had been able to contemplate before it happened.

Staggering under this bitter blow, the Diefenbaker cabinet was presented on the very next day with the exchange crisis—a drain of reserves and a run on the Canadian dollar which had been predictable (and had, indeed, been predicted) for weeks before the election, but which they had not allowed themselves to recognise. Within a week they had to introduce emergency measures that contradicted everything they had been saying during the campaign —import surcharges, tight money, higher interest rates, cuts in government expenditure. Mr Diefenbaker's announcement of June 24th on what the public has, with exaggeration, called "the austerity programme" is the last word he has vouchsafed to the public on major policies. Last month he made some changes in his cabinet, in particular removing Mr Donald Fleming from the ministry of finance to the ministry of justice and bringing in by way of the senate a minister without portfolio from the business world, Mr Wallace McCutcheon, former vice-president and managing director of the Argus Corporation. He replaced Mr Fleming with a hardy Nova Scotian, Mr George Nowlan, who had formerly been minister of national revenue.

Slight as these changes may appear, they may portend a more coherent, down-to-earth approach than ever seemed possible in the continual atmosphere of tension between Mr Diefenbaker and Mr Fleming which marked the previous government. But that remains to be seen. Whatever plans the new ministers may make to replace the emergency measures by "a positive and constructive programme" as promised, nothing has been revealed. Regrettably, but perhaps inevitably, consideration of basic policies is hopelessly confused with the political calculations of a government which cannot stay in office without support from one of the three opposition parties. If the Liberal leader, Mr Lester Pearson, with his 100 followers, introduces a short general motion of no confidence at the beginning of the session which starts on September 27th, the Conservatives cannot survive without support either from the 30 Social Crediters or the 19 members of the New Democratic party. The New Democrats are not likely to save Mr Diefenbaker. The maze of contradictory statements from Social Credit leaves their position as uncertain as a poker hand. The nominal leader, Mr Robert Thompson from Alberta, has sounded as though he were prepared to keep the government in. The deputy leader from Quebec, M. Real Caouette, has contradicted himself so often that no one can tell where he may land on the day. But M. Caouette is the apparent leader of the 26 Social Credit members who come from Quebec. Even if Mr Diefenbaker tried to reach an understanding with Social Credit, it looks as though it would be like going into partnership with an eel.

THE silence and caution that have marked Mr Diefenbaker's approach to all these pressing domestic problems seem also to extend to the British proposals for entry into Europe, and again they make a striking contrast to the position Canadian ministers were taking barely a year ago at Accra. For all their earlier fuss, they are now accepting the implications of the Brussels negotiations and the Kennedy trade expansion programme. Both the finance department and the department of trade and commerce are laying repeated stress on the freer trading world to which Canada must adapt itself, and the minister of trade, Mr George Hees, is exhorting Canadian industrialists to make themselves competitive in world markets instead of relying on protection.

Mr Hees has not gone to London with Mr Diefenbaker. The only minister with him is Mr Howard Green, the minister of external affairs, and Mr Green's fervent aim will be to draw a discreet veil over what happened at Accra and demonstrate the fullest possible spirit of Commonwealth co-operation. Neither he nor Mr Diefenbaker is qualified by interest or knowledge to enter into detailed discussion of the trade questions occupying the Brussels negotiators. They are both concerned, by instinct and tradition, with the political future of the Commonwealth. In this, as Mr Diefenbaker showed during the discussions about South Africa, their thinking is nearer to that of the Labour party than to that of many British Conservatives. The Commonwealth link between the old dominions, Africa, India and Asia has a very high value in their minds. Methods for securing continued political co-operation in the Commonwealth are likely to receive far more emphasis from them than any of the knotty trade problems still outstanding at Brussels.

Mr Nyerere's Wheelbarrow

FROM OUR SPECIAL CORRESPONDENT

IT has become a habit for Tanganyika cabinet ministers, when they reach the last item on their agenda, to adjourn to the Dar-es-Salaam suburbs in their work-clothes and toil away through the evening at their "Any Other Business"; this is digging foundations for houses and laying new roads. Not only does this set a good example to their nine million countrymen in the national campaign of self-help schemes; everyone who has sweated alongside them (including one blistered high commissioner) agrees that they enjoy it. Long after the photographers have gone, Mr Rashidi Kawawa, the prime minister, is swinging his hoe and Mr Julius Nyerere is trundling a wheelbarrow. Cynics will say it is simply good mental therapy after facing the less tractable problems of pushing along the government of a poor country. But it is more than that: it is, for instance, an illustration of Mr Nyerere's thesis that Ujamaa (familyhood) is the basis of African socialism; the family is one in which everyone takes a hand with the hoeing.

Nomination day passed this week with one undaunted man challenging Mr Nyerere for the post of president of the new republic in December. But nobody gives Mr Zuberi Ntemvu a ghost of a chance of winning against the Father of the Nation. His Tanganyika African National Congress holds only a few district council seats. Mr Nyerere is thought of as president-designate already, and it seems as though he has never ceased to be chief executive. This is in part because he and Mr Kawawa have worked so harmoniously and closely together since his resignation in January. Mainly it is because the most important matters legislated on during these last eight months have been just those that Mr Nyerere had decided to tackle after he resigned. He has never had a moment to put down his political wheelbarrow.

Mr Nyerere has said that he decided to resign after hearing members of his party's national executive (which includes trade union leaders) refer to the newly independent government as "they." Opinions naturally differ about the degree of success he has had in bridging the gap between the government and the Tanganyika African National Union branches, and between TANU and the Tanganyika Federation of Labour. But most would say that his policies—and the government's subsequent laws—are along the right lines. The appointment of nine TANU stalwarts as regional commissioners was swiftly justified. Civil servants who mistrusted a plan for "political commissars" were soon relieved to have someone else shouldering the responsibility for political decisions. And the regional commissioners quickly became mature leaders, almost sahibs, extolling the worth of the three-year development plan, lecturing councillors about the irresponsibility of drinks before sun-down or giving schoolchildren a pound for singing the national anthem in tune.

Criticism arose only when this system for binding the regions more closely to the central government was extended in May to the appointment of area commissioners to take over the more public powers of the district commissioners. It has been difficult to find 56 party men of reasonable education and calibre, not already highly

placed in government, to take these posts. In addition, local government officers began to be appointed last month to advise—even to instruct—the district councils (all TANU men) how to do their business. They have been mainly drawn from the ranks of the African district officers, while the remaining European district officers have headed for non-political posts such as local courts officer. The African district commissioners, now renamed area secretaries, and the National Assembly members who find area commissioners guiding the district councils and taking all the political decisions in their constituencies, are inclined to question the usefulness of area commissioners, and even to suggest that the whole structure may warp under the weight of too many politicians with executive powers. But the minister for local government, Mr Job Lusinde, is happy about the experiment; he says that the powers of the councils have on the whole been increased rather than circumscribed.

The new republican constitution, which gives the president (in Mr Nyerere's own words) "terrific powers," has been accepted without demur, except by a few non-Africans who regret the absence of any Bill of Rights. More specifically, they worry about the attitude of mind of the leaders who dismissed plans for a Bill of Rights. It is, they say, the attitude of men who argue, "We must not tie our hands in circumstances we cannot foresee." All, however, accept as valid the government's argument that a Bill of Rights could stir racialism by bringing the executive into conflict with the judges on political matters at a time when the judges are all non-African. And the adoption of the Ghanaian method of interlocking the election of the president with that of the majority party is thought a sound means of both making him the popular choice and ensuring that the Assembly is his effective partner, in contrast to the American pattern.

SUCCESS with the trade unions has yet to come. The leaders of the Federation of Labour have sucked through the sugar on the Trades Union Act, which compels all unions to affiliate with the federation and employers to operate a "check-off" system for collecting union dues as well as a provident or pensions scheme. They find the undercoating bitter, since the right to strike is restricted to those rare cases where both sides in a dispute agree not to go to arbitration. The new machinery may run smoothly once it is rolling, but at present union officials dislike being deprived of their steering wheel. When the Tanganyika High Commissioner in London, Mr Christopher Tumbo, resigned ten days ago for "political reasons" it was freely predicted that he might try to build an opposition round the unions and other dissident groups, such as those who resent chiefs losing their administrative powers. But Mr Tumbo, as a railwaymen's leader, watches his signals carefully and will not head down a line where the track is unsure.

In foreign policy Mr Nyerere should return to a happier situation than the one he left in January. On the eve of independence he said, "We will not allow our friends to choose our enemies for us." Since then Tanganyika has set about reconciling one incipient foe, Zanzibar, and has picked two notable new friends, Israel and Guinea. President Sekou Touré had to cancel his visit last month, but promises to come soon. Israel has been making an increasing impact, with 200 short-term bursaries (including one for Mr Nyerere's wife), and offers to train six Tanganyikan pilots, build and help to run a 200-room hotel and run the government's chain stores.

Reconciliation with the Zanzibar Nationalist party began at the Pan-African Freedom Movement for East, Central and Southern Africa conference in May. Suspicions have eased since last year, when the ZNP put most of the blame for the election riots on hooliganism by mainlanders and speeches from a TANU visitor. However, Tanganyika immigrants now face stiff hurdles on entry into Zanzibar, and in reprisal Tanganyika demands a £50 deposit from every Arab landing from the islands. In May PAFMECSA instructed its Kenyan secretary-general, Mr Peter Koinange, to mediate between the ZNP and the Afro-Shirazis, and his work has been frustrated (temporarily, at least) only by the Afro-Shirazi leaders' failure to sell the idea of a political bargain to their followers before the news got out unofficially. Mr Nsilo Swai, Tanganyika's ambassador to the United Nations, was cross-examining the ZNP delegation harshly as late as July, but the avowed aim now is friendship with all (including the Arabs of the ZNP) and encouragement to join an East African federation.

Meanwhile, the rest of East Africa shows some signs of drifting apart, as each territory propounds different views on the position of chiefs, on land tenure, on trade unions and on the structure of the administration. Mr Nyerere, as president-apparent and for two years the leading advocate of an East African federation, has a heavy load of problems dumped in his wheelbarrow.

Put Out Two Flags

FROM OUR BONN CORRESPONDENT

AS befits his more soldierly habit, President de Gaulle seems to have had a conception clearer than Dr Adenauer's of the immediate achievable aim of his visit this week to the German Federal Republic. The general's primary objective has been quite openly to win the hearts of the German public at large for the constructive, reconciliatory work of a very small minority of Frenchmen and Germans. To this end he set out to show himself to the crowds in Bonn, Cologne, the Ruhr, Hamburg, Munich and Stuttgart—a lone, undeniably lofty symbol of the incredible thing that has happened within the space of ten to twelve years.

At the August Thyssen steelworks (one of the bigger fish in the European coal and steel pool), at a Bundeswehr officers' training college at Hamburg, and at a youth rally in the grounds of Ludwigsburg castle, he has chosen to address himself also to significantly representative audiences. The operation has been planned with precision and imagination, the state visitor himself having meticulously vetted the disposal of every minute of his time. The preparatory exchanges between the protocol men in Paris and Bonn, with the president breathing down their necks, have been well in the tradition of the finicking between the Bourbon and the Hapsburg courts concerning the handing over of the bride, Marie Antoinette, in that diplomatic no-man's-land of a tent on the Rhine island near Strasbourg.

At the Bonn end—having a last glorious fling as chief of protocol before he leaves for New York next week to serve as German observer at the United Nations—Herr Sigismund von Braun has sedulously briefed all regional masters of ceremony. The pageantry of the president's entertainment, he enjoined, must put that of all preceding state visits in the shade. And so, this Saturday and Sunday, Munich will be dutifully putting out more flags and doing its cheerful Bavarian best to turn its most embarrassing ghost, the late Adolf Hitler, green with envy.

To Dr Adenauer this is almost certainly not enough. The 86-year-old German is in much more of a hurry than is the 71-year-old Frenchman. By now the chancellor takes the francophile sentiments of his countrymen for granted, and probably regards the hubbub of the state visit largely as a waste of time. He would like to have been able to see more of the president alone, so that the two might have tried to give more shape and substance to their ideas for unifying western Europe politically. In the event, they were allotted only some four hours at the most for private talks in Bonn, and those interrupted by the interpreters. True, they are meeting again, rather publicly, in the provinces, and their foreign ministers are being given a chance from time to time to talk quietly in the background. But it is

cold comfort to Dr Adenauer to see this question of European political unity handled by Herr Schröder, who is so much less inclined than he to put a jealous, or exclusive, interpretation on the rules of admission of the European club.

Some days before his arrival in what the west German radio gamely continues on solemn occasions to call "the provisional federal capital," President de Gaulle let it be known through the German embassy in Paris roughly what he would like to talk about with Dr Adenauer. His agenda had three main headings—European union, Britain's entry into the common market, and Berlin and East-West relations. The president intimated further that he did not wish to discuss on this occasion exclusively Franco-German questions ; and, at any rate up to the last moment, there was no intention on either side of airing the problems arising from French plans for developing an independent nuclear force.

There being little new at this moment to be said about Berlin, the subject of European political union has dominated the talks. President de Gaulle has been talking in moving terms of the need for closer collaboration between France and Germany. But, it seems, more in general than in particular. Excitement aroused by the reports that at Tuesday night's banquet, he had spoken of giving political union "an organic form" has died down now that the translation has been corrected and made vaguer. The president, it seems, is still of the opinion that much time must yet be spent in finding a workable form of union acceptable to all concerned.

In his turn, Dr Adenauer has been tentatively commending, by way of possible collective advance, M. Spaak's proposal that the Six should set up a four-man commission with the task of reconnoitring possible common courses in the fields of policy, defence, culture, and development aid. At the time this report was written, the Bonn foreign ministry was not expecting that before the time comes to part on Sunday the two statesmen would have reached any decision likely to bring about the summit conference that the Six had hoped to hold on this subject either this month or next. As for Britain's entry into the common market, both men's well-known misgivings were probably tempered by uncertainty about the outcome of next week's Commonwealth conference—as well as by the unmistakable verdict of the bulk of opinion in Germany that leaves Dr Adenauer virtually alone in wanting to fend Britain off from Europe's inner councils.

SOME west German political commentators have been soberly assessing the long-term objectives of President de Gaulle's ostentatious cultivation of the Federal Republic. They appreciate that he sees in Germany the last buffer—"the vanguard of the free world" as he himself put it at Cologne airport—between an overmighty Soviet Union and a France weakened by war ; and that he believes France must give the Federal Republic visible support if it wants to avert the danger of a recrudescence of radical nationalism after Dr Adenauer has gone. One commentator has pointed out that President de Gaulle's sympathy is limited to a Federal Republic confined within its present boundaries—a Germany only half the area of France. The president's acceptance of the finality of the Oder-Neisse line is so well known that the refugee organisations in Bonn have kept in their cupboards the clamorous streamers which they contrived to sling over President Eisenhower's route three years ago. The small Silesian and east Prussian flags which they gave to children to wave were probably unidentifiable to the visitor. Up to the time he left Bonn on Thursday morning President de Gaulle had not uttered a word in public concerning the desirability of reunification. Yet the Germans are being encouraged by their leaders to see some hope of its eventual achievement through a politically united Europe's bargaining strength in East-West negotiations.

There are sound international reasons why the president has left Berlin out of his itinerary. Yet there were cries of "Why don't you go to Berlin?" from some of the Bonn sightseers, and the Free Democrats have professed disappointment that the president is not visiting the French garrison in the city. The old distrust of French intentions can still be seen simmering here and there beneath the surface of this week's parade of Franco-German friendship. And that, of course, is one of several reasons why the majority of Germans want Britain to be a partner in the new European dispensation.

A Saint Goes Abroad

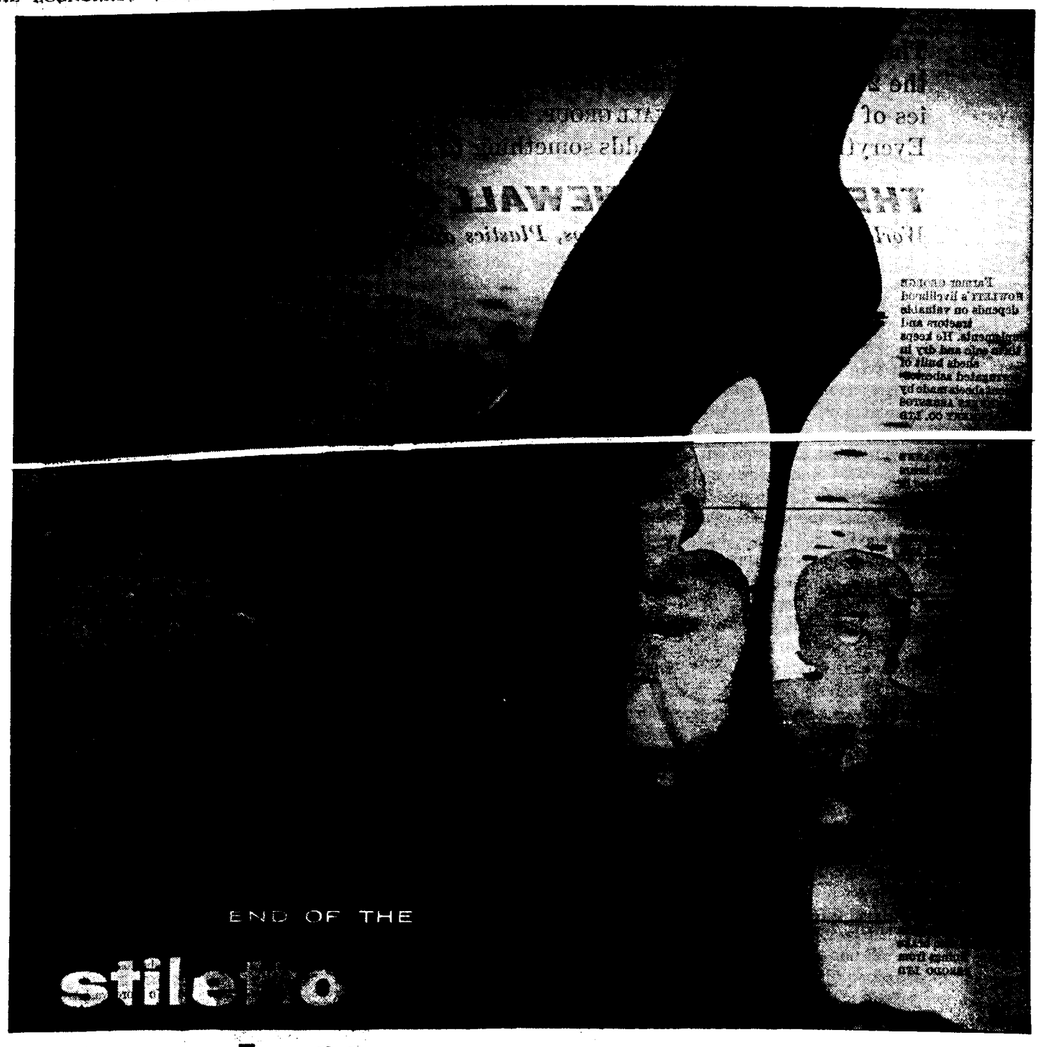
FROM AN INDIAN CORRESPONDENT

PERHAPS in no other country today can one find such a bewildering mixture of hard-headed political realism and soaring idealism as in India. Officials are parleying with the Russians for the purchase of Mig fighters, and bulldozers are opening up military roads in the Himalayan border areas menaced by the Chinese. In the face of secessionist and disruptive movements in both north and south, local "integration committees" are being set up ; a campaign has been launched to get every Indian to sign a pledge on October 2nd, Gandhi's birthday, that "I will not resort to violence to settle any internal dispute" ; and on the morning of September 5th, an elderly Indian walked out of Assam into Pakistani territory with the slogan "I have come to loot you with love."

For eleven years Acharya Vinoba Bhave, whom Gandhi called "a priceless jewel," has walked the length and breadth of India. He has secured "gifts" of 4,177,572 acres from landlords for distribution among landless peasants, in whose misery he, like Gandhi, saw the germs of a violent revolution. He began his *Bhoodan* (land-gift) mission in the once communist-dominated area of Telengana in the former princely state of Hyderabad, where he virtually talked landlords and tenants out of what then seemed an inexorably developing blood-bath. Before reaching Assam in March last year he had walked some 39,000 miles. Among the "gifts" are some 4,700 villages whose inhabitants pledged themselves to renounce individual ownership of their lands, vesting it in the village community. In several states *Bhoodan* has yielded a crop of legislative headaches, and the *Gramdan* (village-gift) scheme has also run into official and psychological troubles ; but the endeavour to demonstrate that Gandhian idealism is still alive and can produce economic results has caught the public's imagination.

In the summer of 1960 Vinoba Bhave decided that, if landlords could respond to his pleas, highway robbers in the Chambal ravines of Rajasthan could also be painlessly tamed. It is estimated that there are some 5,000 big-scale robberies in the area each year. The problem is partly economic. Soon after independence, disgruntled feudal elements joined hands with starving vagabonds to make life a nightmare for the Rajasthani peasantry. It was said that the police fought the bandits by day and consorted with them by night.

Nineteen leading bandits surrendered to the Acharya as he walked unarmed among their rocky hideouts, and for a time public confidence returned. Today there is much less banditry and grudging officials admit that at least some credit for the more vigorous police measures should go to Vinoba Bhave for focusing attention on the problem. Under



vendetta

A TRAIL OF DESTRUCTION is left in the fashionable wake of woman. One ton of femininity—the average impact weight of a stiletto heel—is the lacerating, splintering, tearing scourge that confronts the floorcoverings industry. In the forefront of this battle is Michael Nairn and on its way to blunt the stiletto is exciting new Armourtile, resistant to indentation, flexible and easily cleaned.

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Farmer GEORGE HOWLETT's livelihood depends on valuable tractors and implements. He keeps them safe and dry in sheds built of corrugated asbestos-cement sheets made by TURNERS ASBESTOS CEMENT CO. LTD

Air Hostess ANNE SPOTTISWOOD hears little jet-noise in London Airport's Terminal buildings. The roofs are sound-insulated by STILLITE PRODUCTS LTD

Beauty Editor SONYA LAVELLE writes in an office stacked high with cosmetic samples —many of them formulated around ingredients from THE WASHINGTON CHEMICAL CO. LTD

GRAHAM HILL clips seconds off lap times knowing he can rely on safer braking with drum and disc brake linings from FERODO LTD

Schoolboy JOHNNY BLAKES gets endless fun from his Hornby Dublo model train set. BRITISH INDUSTRIAL PLASTICS LTD'S mould factory made the tools from which Johnny's trains were moulded

It's safe and comfortable voyaging for Able-Seaman JACK WALTON, whose mess deck was insulated by NEWALLS INSULATION CO. LTD

SYDNEY HOBBS, leading fireman at an oil refinery, knows he is safe in a suit made from TURNER BROTHERS ASBESTOS CO. LTD'S asbestos cloth

Manchester businessman KEITH WAKEFIELD on his weekly rail trip to London appreciates the comfortable quiet ride in coaches insulated with J. W. ROBERTS LTD'S sprayed Limpet asbestos

No more washday blues now that housewife PHYLLIS CROCKER has a washing machine. GLASS FABRICS LTD supplied the glass fibre for its plastics water-container

his guidance peace committees have helped to rehabilitate hundreds of families uprooted by bandits. He has not forgotten the wives and children of robbers killed in action, and recently arranged the weddings of three daughters of bandit chiefs.

His present tour in the east has three objectives, besides *Bhoodan*. In Assam he has tried to assuage the linguistic rivalries between the Assamese and the economically dominant Bengali-speaking minority which in the past two years have flared up in violent conflicts. Secondly, the Moslems of East Pakistan have never reconciled themselves to living with the remnants of the Hindu population in their midst, and the volatile Hindu press of Calcutta has not made matters any easier. Bhave himself has emphasised the third objective of his eastern march by pointing out that "I have come to a place so near the frontiers of India, Pakistan, Burma, China, Tibet and Nepal." He described the area as "a place from which either peace or destruction of the world may emanate." He fears that continued unrest in this strategic area may spell ultimate disaster both for India and for Pakistan.

Mr Nehru said in Calcutta on July 29th that he hoped the Acharya's tour would help to ease tension between the two countries. In the present state of Indo-Pakistani relations, any expectation of improvement seems rash. Mutual suspicions have undermined commerce even in bananas and movie films. But the fact that President Ayub Khan permitted the saint to march into Pakistan despite shrill protests from mullahs that he was "Islam's No. 1 Foe" indicates that a desire for reconciliation is not lacking.

The House of Saud

FROM A SPECIAL CORRESPONDENT

PRINCE TALAL'S defection to Egypt, together with two half-brothers and a cousin, last month is the first open breach in the solidarity of the Saudi royal family. There have been disagreements before, notably between the King and Crown Prince Faisal; but their importance has been regularly exaggerated. Prince Faisal has shown no sign of haste to step into his brother's royal shoes, while the King, despite rumours that are spread every silly season, has repeatedly and categorically declared that he has no intention of depriving his brother of the succession in favour of one of his own sons. In fact, the two senior members of the house have been indulging in a Box and Cox act, periods of extravagance under King Saud alternating with bouts of austerity under the premiership of Faisal. At the moment, the two brothers are probably closer than ever before, since Prince Faisal is reported to be bitterly offended by the violence of President Nasser's personal attacks on the house of Saud.

Nevertheless, the spectacular defection of Talal, coming at a time of hopeless confusion in the Arab world, must call for a reappraisal of consciences in the royal family, with results that can only be gloomy. The thirty-five surviving sons of the late King Abdul Aziz are a mixed bunch, as one might expect, and few of them can offer much hope of strong rule. The third, after Saud and Faisal, is Muhammad, who has long been written off as a playboy. The fourth, Khalid, is a dark horse. When tensions between the King and the Crown Prince reach a certain point, his name is usually mentioned as a potential compromise prime minister. But he has no apparent ambition for high office, and seems to take little active interest in public affairs.

After Khalid comes a group of princes in their early forties and late thirties, some of whom have held cabinet rank. Among them, Fahd and Sultan deserve special mention. Fahd was minister of education and deputy prime minister in Faisal's austerity government, but now seems to have dropped out of circulation. Sultan, although capable of exerting some personal influence, enjoyed the distinction, as minister of communications in Faisal's cabinet, of presiding over what must surely be the worst post office in the world. After Fahd and Sultan come the professed liberals, with Talal now indisputably at their head. But not all of them have followed Talal into the wilderness. At least one still holds high position in Riyadh, and is presumably trimming his sails to the prevailing squalls.

There are informed observers of the Saudi scene who consider that Prince Talal has chosen the worst possible moment to depart for Egypt, at a time when Saudi public opinion has been genuinely shocked by the crudities of the Egyptian attack. Whether he will actually choose to set up a government-in-exile, or what effect it will have if he does, remains to be seen. The only possible good that is immediately discernible might be a slight acceleration of the Saudi government's welfare programmes.

By all accounts, Prince Talal is looking at distant horizons, and, in doing so, has overlooked the foreground that has to be crossed first. That foreground is cluttered with a hopelessly archaic administrative machine, the besetting curse of which is the refusal to take responsibility. All decisions have to be taken at the top, with the result that the top levels get clogged. It has been seriously said that Prince Faisal's austerity programme was only in part the fruit of deliberate decision; the rest was due to the Prince's sheer inability to get to the bottom of his in-tray and sanction projects that cried out for implementation.

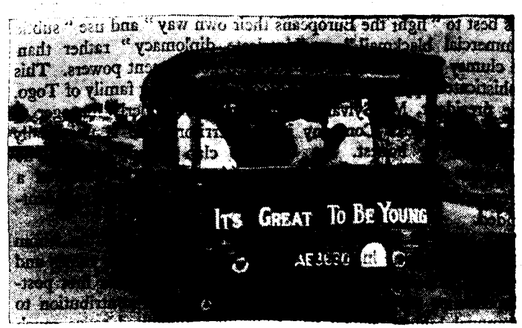
This situation, of course, will change. Standards of education are rapidly improving, and by now many young Saudis know the outside world—Beirut, Cairo, Paris, London and New York—as well as they know their own country, if not better. But, short of revolutionary chaos, the period of waiting for modern progress is bound to be wearisomely long. There are few with the vision to see the application in detail of modern practices, and none at all with the will and power to impose them. Prince Talal's self-chosen sojourn in the wilderness is likely to be a long one. He can console himself with the thought that he will enjoy it much more than the flesh-pots (such as they are) of his own country.

On the Trail of Africa

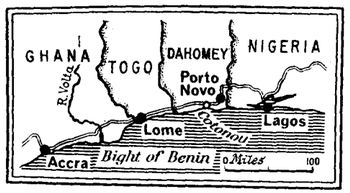
BY OUR SPECIAL CORRESPONDENT

ACCRA and Lagos, are drifting further apart, west Africans say, but they are still linked by a road only a few hundred miles long. It is a lovely road. For a very little money a white traveller will gracefully be offered the seat next to the driver of a mammy-wagon. A modern van with padded seats is a better idea than a doubtful lorry with boards across the back irons: the painted slogans are the same in both cases, and the African passengers are not always likely to be more closely packed in the newer wagon.

Leaving the atmosphere of the Accra market, not too regretfully, for the clear, damp air of the bush road is a good time for slogan-collecting. "Say Yours" (prayers or drinks?) and "Love Is All" seem more cheerful than one's own "The End Is At Hand," but even this beats the delight-phrases sung by the Party men about the Immortal One.



Yet Accra must be admired by those who depart from it: it is an admirable place to leave. There are memories of the grandiose Black Star square and of the big thinking behind rows of modern multi-storey buildings for the farmers, women's, trade unions' and party's organisations. Tema Harbour, soon passed, is brand new and marvellous: its market is as hygienic as the houses of its new town are uniform. But the wealth and dynamism of the black capital gradually fade away. As you enter Togoland it is at once apparent that colonialism has not been gone long. For one thing, the Ewe tribesmen manning the Togo side speak French; their brothers in Ghana speak English. (It is anyone's guess what they tell one another in Ewe, when the official uniforms are put away and the African night comes down.)



In Ghana you keep to the left; in Togo, to the right. The captain of the mammy-wagon sticks to the middle. Like a jet pilot, he slows down as he approaches Lome, the capital, which is right on the border—for he may well overshoot his mark by more than the 31 miles' width of the country and find himself in Dahomey. They are a beautiful 31 miles, stretching back up into Africa (sometimes at twice the width) for 450 miles. The sea front is lined with palms, waving, says the republic's department of information, before "a sugar-sand beach."

A rusty iron pier stretches across the sugar-sand into the sea. Boats, some with outboard motors, bring packing cases from ships at rest offshore. For the moment, this is the national port and the chief means (apart from smuggling across the border, closed by Ghana) of importing anything.

The sensible thing to do might be to build a cheap bridge across the Volta and import through Tema, but Dr Nkrumah is not trusted by the Togolese (they plan not to buy his cheap surplus hydro-electric power either) and so a harbour must be built within the 31 miles of coast. The Germans, who lost Togo as a colony in the first world war, are building and paying for it.

This might do the Togolese more good than its only other finger into the sea, the jetty twenty miles from Lome built to export phosphate. The company is almost entirely French owned, and is enjoying a tax holiday. The phosphate is valuable, but working it will, initially at least, bring Togolese little more benefit than employment for about a thousand workers and some extra foreign exchange.

Nevertheless, there seems little chance that the Togo government will succumb to pressures or temptations to expropriate. "We are a small, poor country," they say in Lome, "and 1½ million people cannot afford the enmity of the whole commercial world." Much later in a conversation, they will point out that it is best to "fight the Europeans their own way" and use "subtle commercial blackmail" or "intricate diplomacy" rather than the clumsy bludgeon of newly acquired government powers. This sophisticated approach is in the blood of the ruling family of Togo. The president, Mr Sylvanus Olympio, was formerly manager of the United Africa Company in the territory: he is universally alleged to be honest. An Olympio clan is appearing. The Olympios are wide awake, western (they carry the blood of a Portuguese slave-trader proudly in their veins) and independent-minded.

The result is a curious relationship with France, from whom independence came in April, 1960. President Olympio values and continues to solicit French (and all other) aid, but his first post-independence move was to renounce the French contribution to his annual budget, which had sometimes amounted to as much as a fifth. He has fully "Africanised" his civil service, retaining some French technicians, but he has watered down the French influence by calling on the services of French-speaking United Nations experts. He has kept aloof from African groupings designed to hold French client-states together, and his voting in the United Nations is highly independent.

But Togo still uses (French) west African francs. "We hope to be ready to produce our own currency within two years and, by starting our own bank, to be completely independent financially within five," the government says. This spirit is, to the dismay of the French, infectious: it is drawing the Dahomey government timidly in the same direction (the Dahomeyans were the first of General de Gaulle's acknowledged clients to allow a communist embassy within their borders).

The infection could spread from Dahomey, and the Togolese acknowledge that this perturbs France, which is, after all, still Togo's main market and source of funds. "But the French dislike the Ghanaians even more than they suspect us," the Togolese argue and this gives both governments something in common. Further, President Olympio is alert enough to placate General de Gaulle in private whenever he does something unwelcome to Paris in public. "We tell them that unless we make a public show of independence we cannot be a useful private influence for the French good among countries that have strayed further than us, or countries that are English."

The contrast is quickly felt in Cotonou, where the mammy-wagon rests awhile for the sake of the bright lights of a town peopled by many more Frenchmen than Lome. Here the government is an uneasy coalition of two, M. Apithy and M. Maga; each seems alternately on top. It listens to the Togolese, but almost invariably follows the French. The pay-off is visible: modern buildings in Cotonou compare with the near-slum that is Lome, yet both countries are much the same size. The new buildings, however, are French: one block of flats, for instance, was designed to profit from the existence of an unhoused diplomatic community.

Crossing into western Nigeria from Dahomey there is a new kind of bustle: people making money. Lagos from a distance is a stunning surprise after a journey through the bush: it has a multi-skyscraper skyline and many miles of busy outlying suburbs. Here are newspapers saying rude things about the government (and about neighbouring governments) and politicians feeling their way towards a "Benin Union" that would join the minute economies of Togo and Dahomey to the giant one of Nigeria. But Ghana is not mentioned as a possible member: Accra, they say, wants the other three countries to join Ghana, not the other way round. Getting down in Lagos market, the mammy-wagon traveller reflects that while the villages and the bush are all the same west Africa, the capital cities still live in separate worlds.

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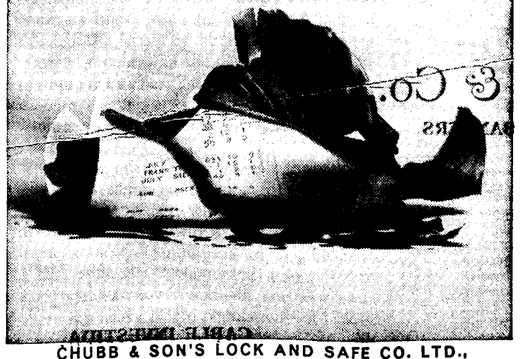

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President John F. Kennedy, Telstar news conference, July 23, 1962

Q—Mr. President, the United States has reportedly invited Japan and other industrialized countries to invest in the building of plants in this country. Would you explain the thinking behind that, sir, and does it imply also that we are discouraging U.S. investment overseas in plants?

THE PRESIDENT: As you know, the United States investment overseas has been very heavy. In fact, it has been one of the matters which, of course, affects our balance of payments. Over the long run it does not, over the immediate run it does. We are anxious to have others invest in the United States, and particularly to invest in those areas where there may be higher unemployment, so this program is being operated through the Department of Commerce.

Presidential news conference, July 5, 1962

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Election in the Air

WASHINGTON, DC

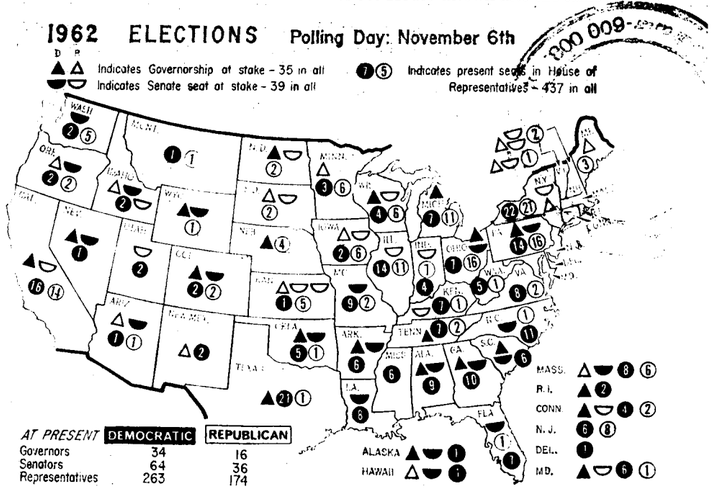
SELDOM has a mid-term election campaign reached Labour Day, its traditional starting point, with so much uncertainty about its probable outcome and even about its general tone. The Democratic landslide in the 1958 general election, the last nation-wide polling when the Presidency was not at stake, was quite predictable. By the beginning of September four years ago it was obvious that the Democrats were going to benefit politically from a severe economic recession and from a suicidal attack on trade union prerogatives by many Republican candidates. But this time it is difficult to say which party will come out on top on November 6th or what issues will be stressed in a campaign which will not become intense until Congress adjourns, about October 1st, after an unusually long and singularly unproductive session.

Not all aspects of the coming campaign are cloaked in uncertainty, by any means. It is a fair bet that Democratic and Republican gains in the Senate will just about balance out so that the Democrats' present majority of two to one in that chamber will not change much. The Republicans are certain to increase substantially the abnormally low number of states which they now govern, but it is difficult to read a great deal of national significance into these contests. All the interest and the uncertainty lie in the battle for the 435 seats in the House of Representatives, all of which must be filled and many of which have revised constituencies as a result of the 1960 national census. Even though only about 100 of these contests will be close, it is nevertheless pure guesswork at this point to forecast how these key races will affect the Democrats' present majority of three to two in the House. It is conceivable, though unlikely, that Republicans could capture control of the House for the first time in a decade by picking up 44 seats. On the other hand, there is a slightly better chance that the Democrats might wind up with a net gain in seats, although this would be the first time since 1934 that the party in control of the national Administration had improved its position in mid-term elections. Dispassionate observers see a modest increase in Republican seats as the most probable outcome but nobody is quite sure.

A major factor in this uncertainty is the absence of any clear-cut campaign issues even at this late date. Republican candidates will accuse the Kennedy Administration of spend-thrift fiscal irresponsibility, of softness towards communism, of anti-business policies that stifle the economy, of attempting to usurp congressional power and—in northern areas where there is a heavy Negro population—of lack of militancy in fighting racial segregation. But with the electorate apparently neither very happy nor unhappy about the state of the country or the world, there is no one issue on which the Republicans can fight. The economy is sluggish but not really slumping; the world situation is troublesome but not in a state of real crisis.

By the same token, Democratic candidates have little to boast about in the way of accomplishments during President Kennedy's first two years in office. Although a late surge of activity by Congress is keeping this year's session from becoming the disaster for Democrats which it once promised to be, a major theme of the Democratic campaign will be that Republicans have obstructed the legislative programme, particularly the Bill to incorporate hospital benefits for old people in the social security system. But the northern urban areas where this Bill and other welfare measures proposed by President Kennedy are most popular are the solidly Democratic districts where Republican candidates do not have a chance anyway.

This unusual lack of national issues probably means that the individual House contests will revolve so much around local controversies and personalities that it will scarcely be possible to regard these mid-term elections as a true national referendum on the way Mr Kennedy has performed as President. Representative Rutherford, a Democratic member from Texas, may lose his seat to a Republican because of his friendship with Mr Billie Sol Estes, the disgraced Texas financier. A contest in the Kansas wheat country between Mr Dole, a Republican, and Mr Breeding, a Democrat—two incumbent members of the House thrown into the same district



* The total number of seats in the House of Representatives to be chosen this autumn reverts to 435 and they have been reapportioned among the states to allow for the changes in population which were revealed by the 1960 census. Nine states gain seats, sixteen lose them, as shown on the list below :—

Alabama	−1	Kansas	−1	Nebraska	−1
Arizona	+1	Kentucky	−1	New Jersey	+1
Arkansas	−2	Maine	−1	New York	−2
California	+8	Maryland	+1	North Carolina	−1
Florida	+4	Massachusetts	−2	Ohio	+1
Hawaii	+1	Michigan	+1	Pennsylvania	−3
Illinois	−1	Minnesota	−1	Texas	+1
Iowa	−1	Mississippi	−1	West Virginia	−1
		Missouri	−1		

because loss of population has lost the state a seat—will hinge almost entirely on the popularity of Mr Kennedy's proposals for tighter controls on the production of wheat. California has gained eight seats and Democrats count on scoring a net gain of at least that many there, not really because there is a high tide in Democratic fortunes in the state, but because the Democratic-controlled State Legislature artfully redrew California's congressional districts so as to keep Republican victories to a minimum.

Nor does Mr Kennedy have any illusions that he can have much influence on individual contests for the House, in spite of his plans for an amount of personal presidential involvement unprecedented in a mid-term election. The more sagacious Republican candidates will try, in fact, to keep their races from becoming tests of the President's strength. The party's paid publicists in Washington will issue broadsides belittling Mr Kennedy but the actual candidates in closely-fought contests will shy away from direct attacks on a President whose national popularity remains consistently high.

Nevertheless, the outcome of the elections for the House will be interpreted widely as a national judgment on the Kennedy Administration and will influence immeasurably the content and success of Mr Kennedy's legislative programme for the next two years. A Republican gain of 10 to 15 seats would give the coalition of Republicans and conservative southern Democrats effective control of the House and almost certainly would force the President to restrain his legislative desires. A larger Republican gain of from 20 to 30 seats would probably mean the abandonment of any hope for health benefits, federal aid to education or tax reform. On the other hand, a slight Democratic gain in the House or even a Republican gain held to less than 10 seats would be viewed as a vote of confidence in the Administration and would improve immensely the prospects for the President's programme next year.

With no great change in the composition of the Senate likely as a result of the voting in November, the major impact on the upper body of the mid-term elections will probably be the psychological effect of the outcome of the House contests. But there will be a significant alteration in the way in which affairs are conducted in the Senate if Mr Sidney Yates, a vigorous Democratic member of the House from Illinois, succeeds in his efforts to unseat Senator Dirksen, the Republican floor leader. While opposing Mr Kennedy's domestic proposals, Mr Dirksen has given the President a helping hand in passing such vital Bills as the foreign aid authorisation and authority to purchase United Nation bonds. Most probably his successor as Republican leader would be far less co-operative.

The influence of the contests for State Governorships will be felt mainly in the struggle for power inside the Republican party. Significant Republican gains in the gubernatorial contests seem inevitable for a variety of reasons: some incumbent Democratic Governors are political freaks who hold their offices solely because of their party's landslide in 1958, many have fared poorly because they had to deal with Republican Legislatures and Republicans have come up with remarkably good candidates for these state offices. These factors point to a strengthening of the influence of the State Governors on the shaping of Republican policy; they are likely once more to become a liberal counterforce to the party's stolidly conservative congressional wing.

The most encouraging prospect of the gubernatorial elections is the rise to prominence in party circles of moderate and enlightened Republicans to offset the party's trend to the right immediately after Mr Kennedy's victory two years ago. One such Republican is Mr Fred Seaton, who was General Eisenhower's Secretary of the Interior and who is now a heavy favourite to be elected Governor of Nebraska. Other important Republican candidates of this nature for Governor are Mr George Romney, former chairman of the American Motors Corporation, in Michigan; Mr William Scranton, a member of the House, in Pennsylvania; and Mr John Alsop, brother of the journalists, in Connecticut. Because of the likelihood that the Governors' influence in party affairs will grow because of the apparent waning of the spell once cast by Senator Goldwater, the leader of the right wing, the Republican nominee for President in 1964 may well be one of the Governors elected in November. If Governor Rockefeller scores an impressive triumph over a weak and divided Democratic party in New York, he will pull into a commanding lead for the presidential nomination. Victories for Mr Romney and Mr Scranton would put them in the category of presidential dark horses. And if Mr Nixon comes from behind to displace Governor Brown in California he cannot be counted out completely.

Blocked Railway Lines

Mr Willard Wirtz, Mr Goldberg's successor as head of the Department of Labour, falls heir to the urgent and unenviable task of settling the strike on the Chicago and North Western Railway. This broke out after the management had refused to accede to the demand of the Order of Railway Telegraphers that it re-employ over 500 members of the union who had been dismissed during the past five years in an economy drive and that it make no further layoffs without consulting the union. Thirty railway companies have been challenged in this way, in an attempt to set a national pattern. One, the Southern Pacific Railroad, gave in last year; but in five other cases, including that of the New York Central Railroad only last week, emergency fact-finding boards have recommended that the telegraphists drop their demands. The Chicago and North Western objected on the grounds that acceptance would be tantamount to giving labour power to veto modernisation. All legal procedures under the Railway Labour Act had been exhausted and the telegraphists walked out; other unions respected their picket lines and the operations of the railway—the third largest in the country, serving nine midwestern states—have been at a standstill for a week, to the inconvenience, if not worse, of industry, farmers and 35,000 commuters who travel to work in Chicago every day by train.

This is a tough assignment even for a man with as much experience in labour negotiations as Mr Wirtz; already this year, as Under Secretary of Labour, he has been given the chief credit for settling the West Coast shipping strike and for staving off a nationwide airline strike. Both these disputes involved much the same issues as the present strike—what to do about job redundancy developing out of technological improvements—and Mr Wirtz will certainly have to spend a great deal more of his time dealing with such questions. Already there is a threat of a national railway strike if five unions, representing the men who actually work on the trains, fail to obtain a permanent injunction against proposed changes in working rules which would eliminate 65,000 jobs but which the employers say are necessary in the interests of efficient and profitable operation. A temporary restraining order is now delaying these changes until the case comes up in the Appeals Court, which should be before the end of the year.

The railway unions also have deep-rooted apprehensions over the effect of mergers on job security. The Interstate Commerce Commission is working on cases involving 38 railways, with 60 per cent of the country's total mileage, but is not likely to reach any broad decision before next year. One of the objectives of such consolidations is economy through the telescoping of jobs—though recently at hearings before the ICC the president of the Pennsylvania Railroad, which wants to combine with the New York Central Railroad, argued that, if a prosperous system resulted from such a merger, employment would be increased while now it is menaced by the economic difficulties arising out of separate operations.

Fall-out—Up and Down

Sir Bernard Lovell and other scientists who objected to high-altitude tests of nuclear devices because they might disrupt later experiments in the upper atmosphere may be forgiven for saying "we told you so" now that the American authorities have announced that their explosion on July 9th did indeed change the belt of radiation around the earth and that the alterations may be relatively permanent. The belt has become more dense, with high energy electrons generated by the test, and deeper, so that it is now nearer to the earth although not near enough to affect flights of manned satellites. But at least three unmanned satellites which were already in orbit, including the British Ariel, were damaged badly. Moreover, the effects seem to be wearing off more slowly than was anticipated, so that some planned launchings may have to be postponed and some satellites redesigned to resist the increased radiation.

Earth-bound Americans are also having to deal with increased radiation and this too is the result of their own tests, not Russian ones. In Utah some pastures were so contaminated by fall-out from the nuclear explosions above ground in Nevada during July that concentration of radio-active iodine in milk went as high as 580 micromicrocuries a litre at one western testing station, although at others the figure was much lower. When it goes above 100 local health authorities are supposed to consider protective measures since this iodine 131 can cause cancer of the thyroid, particularly in children. In Utah about 70,000 gallons of milk a day, at the peak, were taken out of fresh consumption and diverted into manufactured products; the contamination has a short life and will have ceased to be dangerous by the time such products are consumed. In Utah some cows were also taken off fresh grass and fed on dry fodder, old enough to have lost its radio-activity. This practice is also now being followed voluntarily throughout Minnesota, the leading dairy state, as a safeguard in case radio-activity goes up even more as a result of the current Russian tests.

It is being questioned whether these precautions are in fact necessary and they have led to a critical re-examination of the official standards for assessing the danger from fall-out. These are set by the Federal Radiation Council and are not obligatory but only guides for local authorities to follow if they wish, after taking other factors into account. (The FRC thinks that the action taken in both Utah and Minnesota was premature.) Furthermore, in reply to the Joint Congressional Committee on Atomic Energy, which is concerned at the impact of such measures on public opinion and on milk consumption, the FRC said that its guides were intended only for workers in atomic plants and were never meant to apply to fall-out from nuclear explosions. The council admits that it is not able to judge exactly when radio-activity from this source becomes dangerous; it only knows that as yet the health of Americans is not being menaced. It is not surprising that Republicans are accusing the Administration of having no clear policy on fall-out.

Our Mutual Fund?

NEW YORK

The huge industry which has been built up around mutual funds, the American form of what are called unit trusts in Britain, is outraged at the analytical study of its activities made by the University of Pennsylvania's Wharton School of Finance and Commerce on behalf of the Securities and Exchange Commission. Wild and vituperative charges are being hurled at the authors and instead of concentrating on the areas where the study may be at fault the industry is scattering its fire recklessly. Apparently it hopes to discredit the whole operation but in fact it is merely drawing more than ordinary attention to the findings of the study. And once the shouting dies down, the mutual funds will have to answer both the substantial evidence contained in the report that there are glaring deficiencies in their practices and the implication that the interests of shareholders, who number some five million, are inadequately protected. In essence the study alleges that though the funds are mutual in character they are not living up to their name, a charge which is both damning and difficult to refute. Although the study makes no specific recommendations—a task it leaves to the SEC and to Congress—it suggests that changes, many of them major, are in order. The remarkable growth of the assets of mutual funds, from $4 billion in 1952 to $19.5 billion at present (they were over $23 billion before the collapse of the stock market this spring), is their best defence but it is not a foolproof one.

Mutual funds, which are so heavily concentrated in equities and played so big a part in the cult of the common share, have nothing to be ashamed about when their results are compared with those achieved by other types of savings institutions. But much of their growth is due to the net inflow of new money, which has averaged a remarkable 14 per cent a year. The study makes it clear that, while existing shareholders have enjoyed a considerable appreciation as a consequence of increases in market values, they have not profited from the rise in assets which has resulted from sales of new shares in the funds themselves. It is the managers alone who reap that reward and, because costs do not rise nearly as fast as assets, the rewards have been very large indeed. Mutual funds, it has often been said, are sold rather than bought and, while the study does not delve into selling practices (which is the subject of still another study now underway), its findings confirm that there is a great incentive to increase assets through sales.

What is most embarrassing to the funds is the charge that their shares have done no better than the stock market as a whole or than the shareholders could have done independently without professional advice. The industry has been seeking to convince the investing public, with considerable success, that the mutual funds offer the advantage of having expert management. This, the study contends, is a gross exaggeration; it goes on to observe that the diversification of risk offered by the funds is a much more honest and realistic selling point. The funds are challenging the evidence as "misleading" and "inaccurate," insisting that they have produced superior gains. But on this score the study appears to have been conducted with meticulous care, simply because it was recognised that it would be hitting the funds in their most vulnerable spot.

Spokesmen for the industry are not appeased by the finding that the size of mutual funds presents no problems. For the study emphasises that their structure, which has served to promote their rapid growth, has created many potential conflicts of interest. Mutual funds are a hybrid form of financial institution, divided into three parts: one consists of the fund and its management or promoters; another of its investment advisers, who usually charge a fixed fee of one-half of one per cent of the fund's assets; the third is the distributor of shares in the fund, either a broker or a sales organisation working on a commission.

In theory, the three parts are supposed to operate at arm's length, with 40 per cent of the fund's directors being independent. In practice, however, internal control is the rule, with the actual management of all three parts in the hands of the same people. This system, according to the study, works to the detriment of shareholders, who have little or no voice in choosing their advisers and whose rights are not being protected by the independent directors. There has never been a case where the managers of a fund have changed their advisers because of unsatisfactory per-

formances or because they sought the services of a more talented group. Nor have fees ever been lowered except under pressure from shareholders themselves.

But it is doubtful whether the mutual funds could have grown so fast without high commissions on sales of shares in them ; these charges are not competitive and bear no relation to the performance of the investment. The fixed fee paid to investment advisers is much harder to justify, for it is payable even if a fund shows a decline in assets and is more than that asked from other types of client. It is probable that funds will fight harder to maintain their sales charges, which average about eight per cent, than to keep the fixed investment fee ; high commissions generate high sales. But even in this area the funds will find it difficult to defend contractual plans, which are a form of instalment buying of shares ; salesmen get a much higher commission on these than on outright purchases of shares.

As might be expected, the study finds evidence that mutual funds contributed to the rise in share prices and particularly to the fluctuations in individual stocks. On the other hand, they did not use their undoubted power in the market to exert an undue influence on the managements of companies in their portfolios. The study also pays a guarded tribute to the funds in commenting that they have helped to cut the cost of equity capital and have stimulated investment in new ventures. Nevertheless, its conclusions indicate that a slowing down in the growth of funds is definitely called for. It recognises that to transform the industry for the benefit of the shareholders might disrupt it and put a brake on its growth, yet the authors seem to favour such a course as being the only way to extend the mutuality of these funds.

Whether the SEC will follow this course is uncertain. The investigation of mutual funds is merely one phase in its wider look into the securities markets and the SEC will not do much until it has more facts on hand and is able to determine whether the industry will take a more reasonable and constructive attitude than it has to date. The mutual funds are not entirely oblivious to the need for changes. Some have already introduced a sliding scale of fees which decline as assets increase and there is a possibility that the independent directors will begin to play a more active and critical role. It is doubtful, though, whether the industry will initiate any move to alter its traditional trident form. It may be willing to acknowledge that some of the largesse accruing from the rise in assets should be passed on to shareholders in one form or another, but it will resist any attempt to curtail the sales of additional shares since, if fees are reduced, growth will depend even more than it does now on such sales.

Poll Tax—Final Round

CONGRESS has now approved the only piece of civil rights legislation to be expected from the current session. This is the constitutional amendment outlawing the poll tax as a prerequisite of voting in federal elections. This tax was enacted originally by eleven southern states to keep the vote from Negroes, many of whom could not raise the necessary dollar or two. Only five states still have such a law on their statute books and it is generally accepted that the poll tax is on the way out. Even extremist Southerners put up only half-hearted opposition to the measure and that largely for the record. In the view of many, it is a pity that a simple Act was not passed to abolish the tax ; this could not, it is thought, have been challenged successfully in the courts. The method chosen, that of constitutional amendment, is really a delaying action, which explains why the measure went through comparatively easily. The amendment must now be ratified by three-quarters of the State Legislatures—38 out of 50—but they have seven years in which to do it. Negro groups, however, with the help of labour and citizens' organisations, will try to speed ratification.

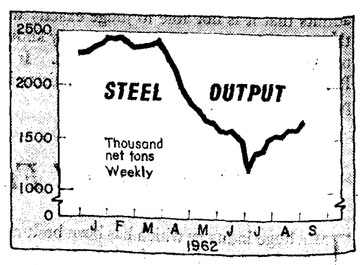
But even if the poll tax were to disappear everywhere right away, this would mean only a limited advance for the civil rights of the southern Negro. In the poll tax states and elsewhere in the south, other, more modern weapons to prevent Negroes from exercising their rights as electors have been forged, such as the Mississippi statutes of last spring. These require—among other things—publication of the name of any applicant for the vote in his local newspaper and the payment by him of the costs of any hearing that results in a successful challenge, which need be based on no more than objection to his "moral character." The federal government has just brought suit against these statutes and against two sections of the State Constitution, to force Mississippi to open its voting booths to Negroes.

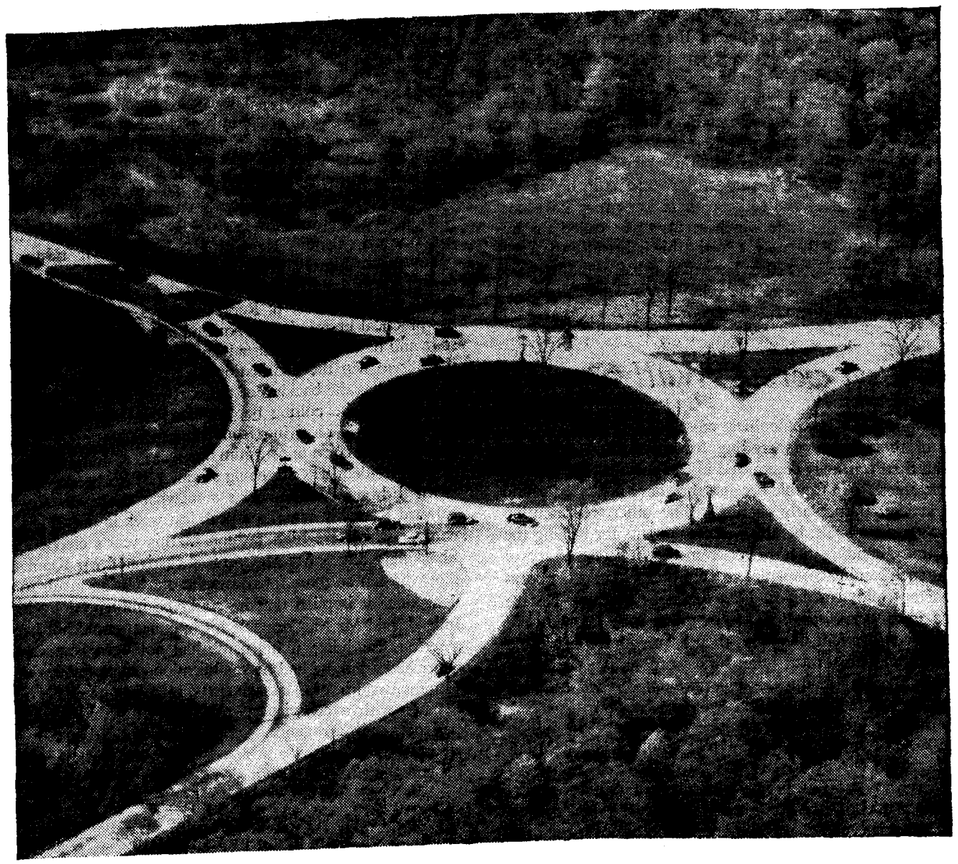
This is in line with the vigorous campaign of the Department of Justice, begun under the Eisenhower Administration, against discrimination and intimidation which prevent the registration of Negro voters in the south ; this campaign has resulted in the filing of 32 suits under the Civil Rights Act. True, progress is slow—too slow for many Negro leaders. At present some 1.3 million Negroes have their names on electoral rolls in the south ; this falls well short of the original target of 3 million by 1960. But headway is being made, with the assistance of the Southern Regional Council's newly-established drive to educate voters, and in the long run the power of the ballot must be on the Negroes' side.

Steel in Trouble

WHETHER or not the steel industry as a whole actually wants a show-down with Congress, four of the leading firms are certainly doing their best to see that it gets one. Last spring Senator Kefauver, long dissatisfied with steel's "monopolistic" pricing policies, lost no time in getting into the Administration's sensational dispute with the companies. He summoned them to provide his anti-trust subcommittee with full details of their costs. After he had arranged that these confidential figures would not be made available to competitors, eight of the companies, including the biggest of all, the United States Steel Corporation, agreed to submit them. But four, led by the Bethlehem Steel Corporation, refused, saying that the only purpose for which these details could be needed was to establish price control and that to demand them was outside the proper scope of any legislative inquiry.

It is doubtful whether this is true and the executives of these companies compounded their defiance by refusing to present themselves before the committee in person to explain their stand, feeling that to do this would jeopardise their legal position. They were in fact challenging the Senate to take them to court. This Senator Kefauver is very ready to do and his subcommittee recommended that the four companies and nine of their officers be cited for contempt of Congress. The vote, which was on strictly party lines, must be upheld by the full Judiciary Committee and there the outcome will depend on the attitude of four conservative southern Democrats. Normally they might be expected to side with the industry and against the liberal Mr Kefauver ; but they are all strict upholders of the traditional prerogatives of the Senate and are likely to feel affronted at the unprecedented refusal of the steel executives even to appear before the subcommittee. Even if the full committee votes to proceed with the citation, the Senate





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as a whole has to approve it before it is passed to the Department of Justice for implementation. It will be hard to find time for this in the tail-end of the session and if the whole matter lapses the Administration will certainly be relieved; it has no desire to stir up business enmity again just now.

The steel industry itself has other things to worry about. While an increased demand for steel had much to do with the general and encouraging rise in the new orders received by the manufacturers of durable goods in July, there is no buoyancy in the industry. In particular the automobile manufacturers are still trying to reduce their stocks of steel and to keep them low; they have not yet begun to order on the scale which seems to be called for by their plans for the rest of the year. Partly this is because they are changing over to new models rather later than usual. The lateness of this changeover is also one of the reasons why unemployment rose unexpectedly in August.

Cleopatra versus Wall Street

In a Hollywood beset by difficulties, most of them financial, two schools of thought are contending for supremacy. One, the voice of Wall Street, heavily committed in the business, claims that the film companies are in trouble because they have neglected sound business practices, particularly costing. The other, representing the industry's professionals, berates the accountants for lacking the elementary understanding that to make money it is necessary to spend it. At such leading companies as Columbia Pictures Corporation and Metro-Goldwyn-Mayer, Inc., the issue appears to have been settled in favour of the financial men, at least for the time being. But at another famous studio they have suffered a notable setback: the Twentieth Century-Fox Film Corporation, where the new president, Mr Daryl Zanuck, has just presented his first report, forecasting a net loss of $25 million in 1962.

Earlier on, in the face of a cumulative loss of some $66 million in 1958-61, Wall Street interests with large holdings in Twentieth Century-Fox forced Mr Spyros Skouras to resign from the presidency after twenty years; he is now chairman. The purpose was to elect a new president who would carry out their policies. But Mr Zanuck, a former head of the Fox studio and also a substantial shareholder, outmanœuvred the financiers and was elected to fill the vacant post at the end of July. Thereupon, the Wall Street representatives on the board resigned. Thus they put Mr Zanuck on trial and a severe test it is likely to be.

Some of Fox's recent films have disappointed at the box office, as have those of its competitors. And the company seems to have been slower than the rest of the industry to follow the now favourite policy of concentrating on fewer and bigger pictures and exploiting the opportunities offered by making films for television. Now Mr Zanuck is streamlining operations and laying off hundreds of employees. Production at Fox's Hollywood studios is at an indefinite standstill; three scheduled pictures have been postponed, including *Ulysses*, in which Mr Peter Sellers was to star. Meanwhile, to the company's liabilities must be added the loss, by the death of Marilyn Monroe, of one of its most valuable properties. But if Fox's shortcomings are mainly professional, and it looks as if perhaps they are, then it may not be beyond Mr Zanuck's capacity to solve them. The outcome may depend, however, on a factor over which he has no control. Before he became president, Twentieth Century-Fox had committed itself to the making of *Cleopatra*, now complete. The film will provide the supreme test of the spending-to-make-money theory. It cost $30 million to produce, against an original budget of $10 million, and will need to take in $50-60 million merely to break even. If it does so, Mr Zanuck and his supporters may survive as a force in Hollywood. If not, the financiers may become pervasive.

Teddy or Eddie?

President Kennedy may be holding himself absolutely aloof from the senatorial struggle in his home state of Massachusetts but he cannot avoid being linked closely with it. The attention of the whole country is on it because the President's youngest brother is a candidate for the Democratic nomination and the contest gives substance to the suspicions of nepotism and dynastic ambitions which the President's enemies have been sowing ever since he took office. These suspicions are being played upon by Mr Edward (Teddy) Kennedy's opponent, Mr Edward (Eddie) McCormack, himself a member of a family almost as powerful as the Kennedys in Massachusetts and a nephew of the present Speaker of the House of Representatives. Young Mr McCormack has practical knowledge of both politics and administration in the state and he is pressing his advantages ruthlessly, as he needs to do if he is to win the nomination on September 18th. Mr Edward Kennedy has the backing of the party organisation and this counts for more in the polling booths than does the support which Mr McCormack is receiving from Harvard intellectuals; even those who have not come out for him openly are wishing that their loyalty to the President was not being strained by his brother's aspirations.

Mr Edward McCormack's somewhat desperate attack on Mr Edward Kennedy came to a peak last week in one of the television debates which are high fashion in this year's election campaign. Shockingly direct, Mr McCormack castigated Mr Kennedy's claim that "he can do more for Massachusetts" as an insult to the President since it implied that he could be influenced by his brother. Indeed, said Mr McCormack, his opponent could not have become a serious candidate if his name had not been Kennedy; he had never had a job, he had no qualifications whatever to represent the Commonwealth of Massachusetts in Washington: "we need a Senator with a conscience—not with connections . . . with experience—not arrogance." But after witnessing Mr Kennedy's restraint under this assault many people felt not only sympathy for his courage and control but also that he might in fact be able to do the job. He kept his temper, refused to reply in kind and concentrated on real political issues; his understanding and grasp of these was up to his brother's standards.

SHORTER NOTES

Last week the Treasury hastily amended its rules on bidding for government securities after the Morgan Guaranty Trust Company, one of the six major banks in New York City and Chicago which make a market in these securities, as well as buying them for investment, bid for one-half of an offering of $1.3 billion in 13-week bills for its own account. The Treasury reacted to this unaccustomed generosity by granting the bank only one-half of the amount sought and ruling that in future no bidder would be allowed to take up more than one-quarter of any similar offering. The reason given was that, if one purchaser bought heavily, this would reduce the supply of bills for general trading and disrupt the market. Another tendency would be to lower the average yield, which would be counter to the current policy that rates should be kept high, as an inducement to foreign central banks and governments to invest in dollar obligations.

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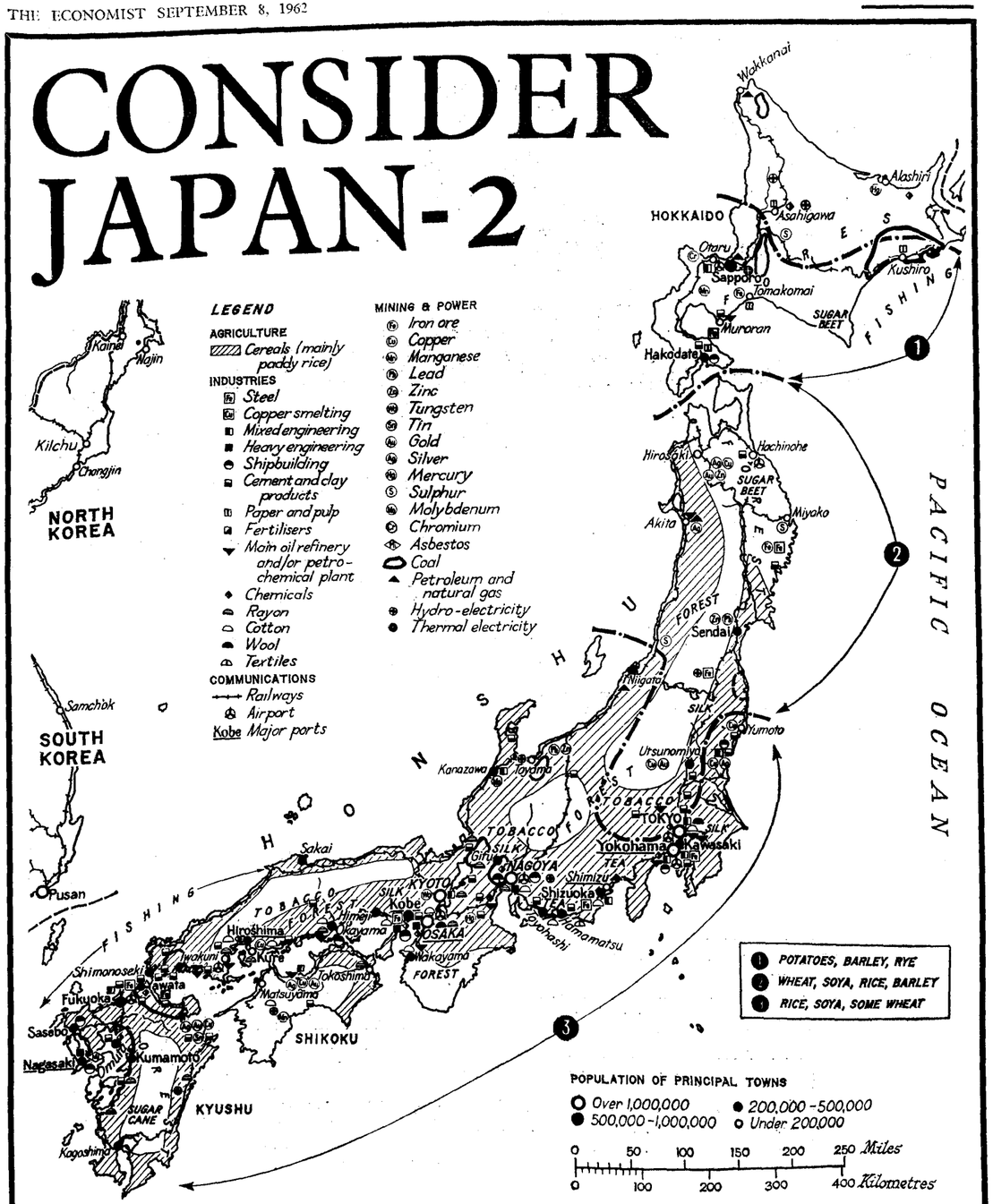

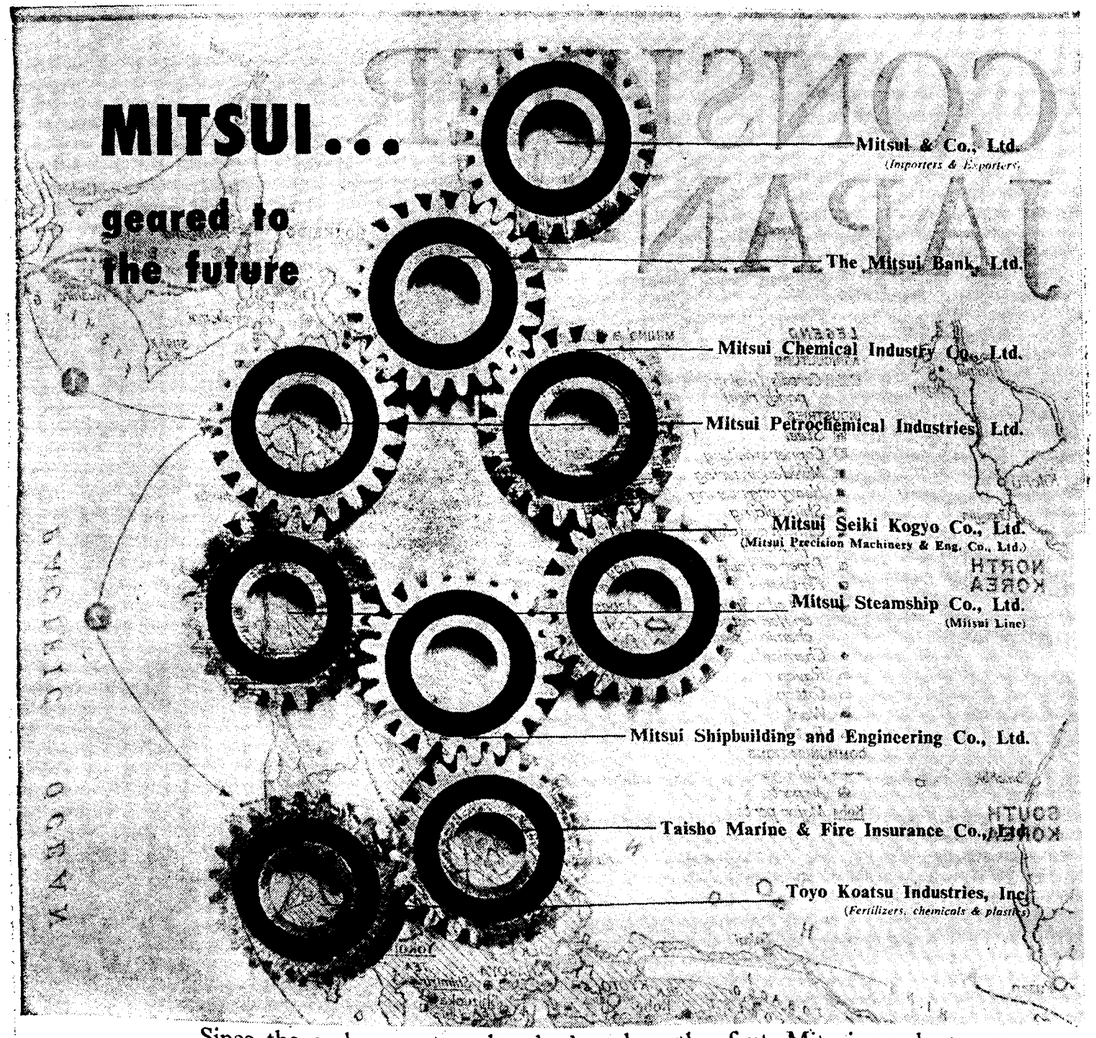

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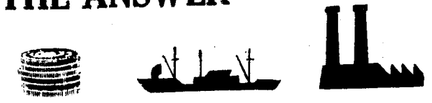

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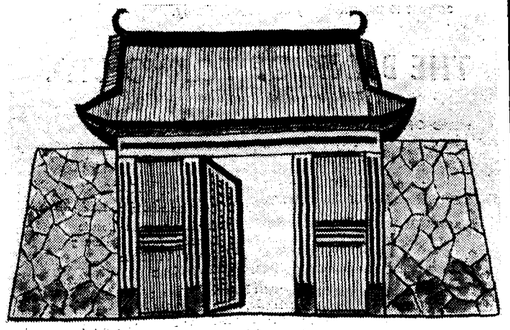

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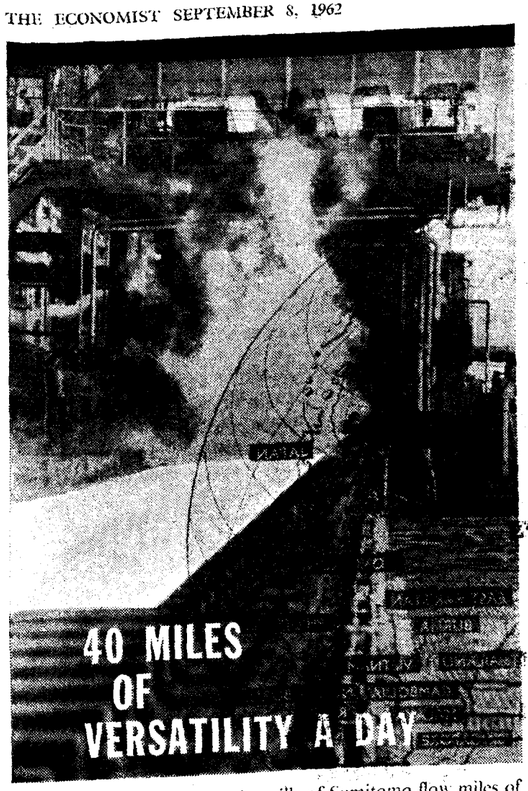

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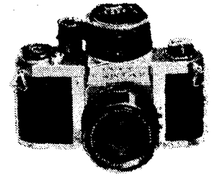

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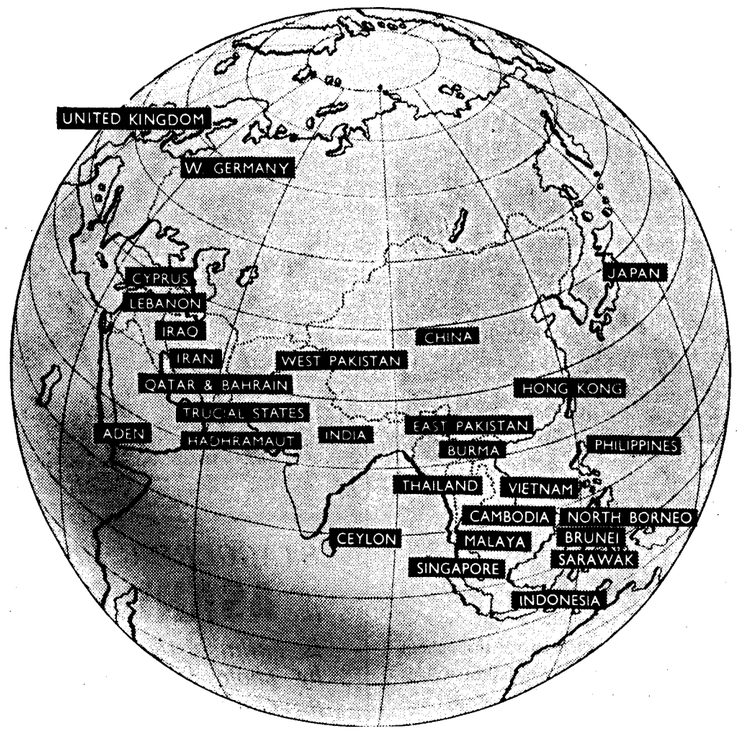

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CONSIDER JAPAN-2

This summer a member of "The Economist's" staff, whose usual job is to write about economic problems in Britain, visited Japan—a country which, in the last decade, has expanded its real income at an average rate of over 9 per cent a year, transformed the whole standard of living of its people, and thereby marked up one of the most astonishing economic success stories of all time. In a survey last week, he discussed the lessons of this Japanese economic miracle which seem to be applicable to Britain. In the first two articles below he takes up the story of what seem to be the lessons of Japan's experience for underdeveloped countries. A third article discusses some of Japan's trade union and organisational problems, as they appeared to a visiting westerner. Finally, the last two articles below—on Japan's educational system, and its trade and aid relations with South East Asia—are contributed by our normal resident correspondent in the Far East.

Lessons for Developers?

LAST week Japan was discussed here as a model (well, more or less a model) of some aspects of economic policy which should be studied by Britain and other countries of the west. Obviously, however, it must also be regarded as a harbinger of future possibilities for the rest of Asia and Africa. We have here a practical case study in that most over-documented but least satisfactorily solved of all economic problems—how a very poor country can at last start to shake grinding poverty off. For Japan has sprung from near-starvation and utter devastation seventeen years ago (in the month after the end of the war its industrial production was 8 per cent of the prewar average, and even by February, 1946, it was only 16 per cent of it) to a position where today in almost every finished modern product it is one of the half-dozen biggest industrial producers in the world. In shipbuilding and motor bicycles it is the world's largest producer; in bearings, cameras, radio and television sets it ranks second; in machine tools, pharmaceuticals and iron and steel it ranks fourth; even in motor cars it ranks fifth. Did it have any special advantages which enabled it to achieve this astonishing growth, or are most of the lessons of its development ones that other countries of Asia and Africa could and should now learn to imbibe and emulate?

The Inherited Advantages

One's own judgment is that Japan inherited three great advantages from prewar days even into the bleakness of 1945. Two of these will be mentioned here only briefly, for it will be convenient to discuss them in more detail in later articles. The first was that even in 1945 90 per cent of Japanese were literate and had been to school; the further massive extension of education since 1945 is discussed in the fourth article of this survey. The second inherited advantage from the 1930s —unmoral though this may appear—was that Japan's efforts to build up a war production economy in its militarist days had enabled it to leap over one particular chasm in industrial development which orthodox economies find it very difficult to cross. The third inherited advantage, however, was that even before 1945 Japan's topography had (perhaps accidentally) impelled it into what now seems to have been exactly the right transport system for the early stages of its development.

The main secret was that Japan's long narrow coastal strips had made it natural that all the main industrial activity should cluster round a few main railway lines, which ran along the coast linking one inlet and natural harbour with the next one. Those main railway lines (although not those harbours) are in superb shape today. The branch lines and some of the commuter services—the sort of railway lines that lose money in Britain—are hived off in the hands of small private railway companies. This has proved to be an excellent system, because it has meant that any necessary (or unnecessary) subsidisation of them or their customers has been done fairly directly, instead of indirectly and by expensive stealth; the cossetings of the sort of people whom Dr Beeching in Britain wants to deprive of railways altogether have not tended, in Japan, to be paid for by holding back development of really profitable national investment in the main arteries of the prosperous and busy main railroads.

By contrast, Japan's road network is in an appalling state; but in the early stage of development (as distinct from the stage it has reached now) this did not enormously matter. It is now fairly clear that coastal shipping, initially, and the railroads were a much more economic main form of transport for Japan to have concentrated upon first. They were much cheaper to build up and run in terms both of capital expenditure (even today surveys show that a new railroad line from Tokyo to Osaka would cost much less to build than a modern high speed highway) and of foreign exchange (using first native coal and then hydroelectricity, instead of imported petrol). These latter advantages of railway communications over roads would not be repeated in every developing country;

but the main lesson—that it is better in the early stages of industrialisation to concentrate on building up industrial complexes around one or two main arteries of communication, rather than trying to spread industrial prosperity "fairly" into every scattered region of the land—almost certainly is of universal application. The "railway basis" of Japan's development was an important factor in bringing about the present regional location pattern of Japanese industry, which all the sociologists will say has led to an undesirable and ugly sprouting of huge conurbations, but which in terms of economic efficiency (in a country still poor enough for every penny's worth of efficiency to matter) has during this development stage probably been very near to just right.

The Americans' Legacies

Japan also gained at least three great, if sometimes cruel, advantages from the American occupation of 1945-52. One was the land reform, which amounted in the end to virtually full-scale expropriation of many of the old landlords; they were paid compensation in paper money during the immediate postwar inflation, and (as each pound in 1945 was worth about a penny by 1948) that paper money soon lost all of its value. The peasants were thereby relieved of the burden of debt, and given greater incentives to cultivate every square yard of their holdings, just when the postwar food shortage (and the postwar black market) made crops from these holdings very profitable indeed. It is often said that a developing country can progress only if a period of relatively greater prosperity for the peasants in some way marches on in advance of a period of greater prosperity for the industrial classes; in postwar Japan that is precisely what happened, although the period when peasants were leading the advance was very short indeed. The expropriation of the old landlords also had important social effects. No doubt in deeply rural Japan some appalling habits of feudalism still exist, but *vis-à-vis* industry at any rate, the power of the country gentlemen in the growth districts to hold up productive progress is now probably smaller than in Britain; if it was regarded as profitable to sink a chalkpit in Japan's equivalent of Essex, this would not nowadays be so likely to be held up because it was deemed to spoil some local squire's view. It has been said that the Japanese have a great sense of beauty but no awareness of ugliness, while the British are exactly the other way round; not to have an awareness of ugliness is a great economic advantage during a period of industrial advance.

But while Japan gained something, paradoxically, from the cruelties of the postwar inflation (by 1948 prices were 250 times higher than prewar)—because it broke up some part of the old restrictive social order—the country also gained immeasurably from the fact that in 1949 this inflation was brought suddenly to a stop. This was the Americans' second boon to Japan, and great credit for it must go to the generally much-criticised Mr Dodge. By late 1949, thanks to the spasm of stern policies that he introduced, money had come to mean something again; the earning of it had become everybody's aim. Moreover an important part of Japan's dynamic was provided by the fact that there were then entrepreneurs up and down the country who were left holding little bits of apparently meaningless paper shares and entitlements to urban land which were soon to become worth many times their real 1949 value—provided the land and other assets were productively used—as prosperity started to boom again. The entrepreneur class was jostling at the starting gate for the great advance.

What Mr Dodge and his fellow experts did not realise—and what indeed no other economists in the world would have realised at that time—was that the spasm of deflation in 1949 should be short-lived. It is now clear that almost immediately after hyper-inflation had been stopped, albeit at a relatively low level of output, it would have been the right policy to swing the tiller right over and start reflating demand again. Fortunately for Japan this swing of the tiller, which the economic experts would have resisted, was almost immediately provided by the outbreak of the Korean war in June, 1950—and the huge orders for supply and behind-the-front soldiers' requirements, all paid for in foreign exchange, which then flooded in upon Japan. This was the third great boon to the country from the period of American occupation. Later the Japanese were to have another stroke of luck from an international misfortune, at a critical time, when the Suez incident in late 1956 temporarily gave it a great advantage over the west in the markets of Asia.

It is awfully difficult to turn the experience recounted in these last few paragraphs into a moral for the development of other countries. One cannot very well say that developing countries would be wise to leap willingly into a 25,000 per cent inflation of prices, merely to reap peculiar sociological advantages—in the switch of power and incentive from old rentiers to new entrepreneurs—when the price inflation has been stopped and demand reflation has immediately thereafter been restarted again. But the lesson of that part of the Japanese recovery which was sparked off by the Korean procurement boom is worth study. Anybody who examines the record in Japan from 1947-50 and then that after 1950 must have grave doubts about the efficacy of the sort of (admittedly very generous) aid policy carried out by the Americans in Japan just before the Korean war started. Instead of pumping in foreign-directed support funds, foreign-directed technical aid, and foreign technicians to tell indigenous governments how they should spend it, the right policy seems to be to concentrate on spotting what in each developing country is the moment of burgeoning dynamic; and then to pump into that country large orders for that country's goods. Preferably the orders should be for goods of a fairly advanced sort which can help to lay the foundations of the modern industries (including service industries) which the developing country will need later as its own people grows richer. This is what the Korean procurement boom did in Japan.

Goodness knows how such a policy could be implemented on a worldwide scale. It would be an immensely difficult diplomatic task to agree on exactly when the moment of burgeoning dynamic in any country had arrived; and the associated idea that the west should be quixotically free-trade-minded towards imports from cheap labour countries that are just on the point of becoming manufacturing competitors would give vested interests in each western country the screaming willies. But the need to move towards some such system of "aid through trade," rather than concentrating solely on the less effective "development fund" sort of aid; may well be one of the most important emerging economic ideas during the second half of this twentieth century. Moreover the point

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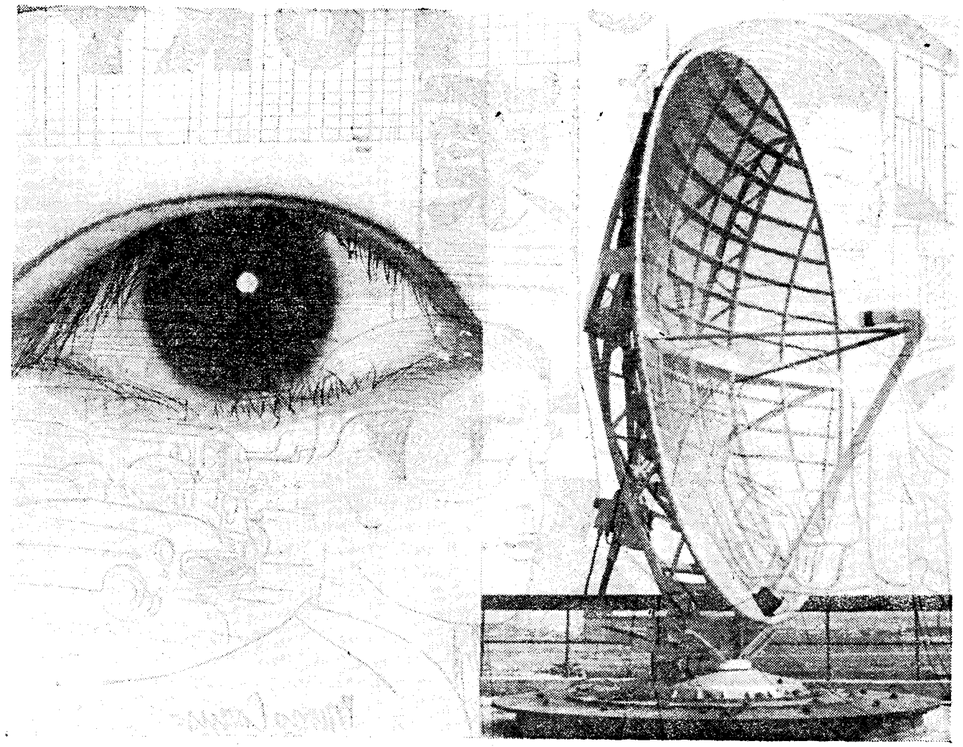

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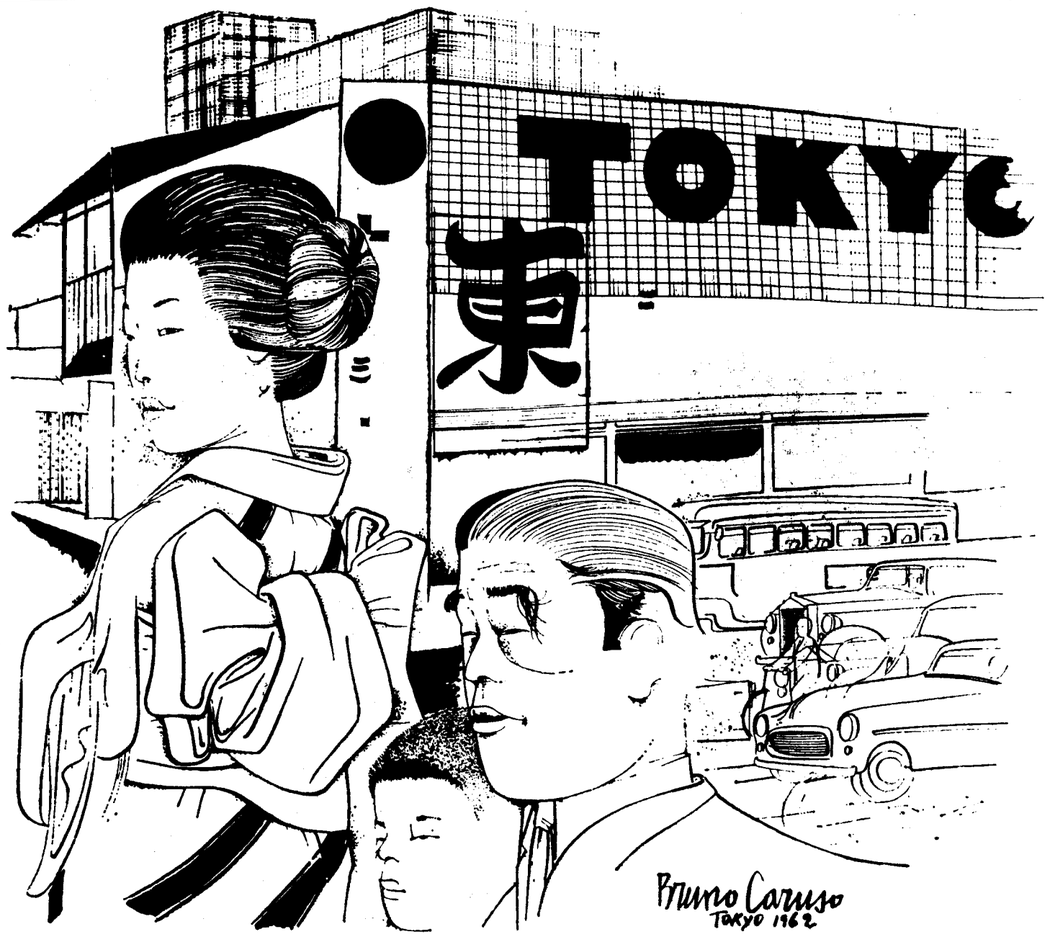

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is that often the manufactured goods which new developing countries have available to sell will initially be uneconomically high cost ones; quite possibly, in a perfect world, developing countries should be allowed by Gatt to subsidise their manufactured exports at this early stage (although this certainly should not apply at the stage of development which Japan itself has reached now).

The Disadvantages that Disappeared

Japan's golden decade and a half of development, therefore, has owed quite a lot to good luck as well as to good management. The surprising thing is that, only a short while ago, all the prophets were saying that Japan was almost bound to be one of the unluckiest countries in the world. Its traditional disadvantages—which at one time sad-faced economists (as well as hard-faced military imperialists) prophesied would condemn an island-bound Japan to perpetual poverty—were supposed to be that it was (a) grossly overpopulated, (b) desperately short of cultivable land, and (c) extremely poor in natural resources.

What has happened to these neo-Malthusian prophecies of doom? The answer is that each of them has proved to be based on completely mistaken premises; indeed in some ways these traditional disadvantages have been actual boons to Japan.

The argument that overpopulation would be Japan's undoing rested partly on the belief that while the advance of medical science would enable infant mortality to be cut and old people to live longer (as it has done), the slightest rise in living standards would also simultaneously send the birth rate up. Unexpectedly, however, the birth rate in Japan has suddenly slowed down in these last few years to or below European levels (17 per 1,000 compared with over 34 per 1,000 in 1947). This has not been solely, or even mainly, due to the much publicised fact that any Japanese woman who can get a doctor to sign a certificate, grantable on very wide grounds, can have a legalised abortion. The major discovery seems to be that there may be a natural cut off point for birth rate increases at a particularly important stage along the path where a developing country starts to grow richer: namely at the stage where ordinary people just become well enough off to buy contraceptives.

The result of this sudden change to a much lower birth rate has been very beneficial to Japan. It has meant that the country has had fewer babies to feed, but a bulge of young workers coming forward on to a labour market which is crying out for new labour to serve in Japan's developing industries. This bulge of teenagers has helped to keep the supply price of labour lower, and thus the margin of profit higher, than it otherwise would have been. This may not seem socially desirable, but economically it has been an important factor in keeping up the huge proportion of gross national product which Japan has devoted to investment in the first stage of its development boom.

Japan's shortage of land and raw material resources has meant that in agriculture and the extractive industries the country has been at a relative disadvantage compared with other countries. This has made it logical for it to concentrate on making and exporting the products of secondary industry, in order to be able to buy its raw materials and some of its food from abroad. This has been very fortunate for it because in the postwar years the terms of trade (i.e. the trend of relative prices) has moved in favour of exporters of manufactured goods and against agricultural and other primary producers.

THE terms of trade have moved against agriculture because governments all over the world have kept too many farmers on the land by politically motivated policies of agricultural protection. Japan has itself made some errors in this respect. Some foreign observers in Tokyo told your correspondent that "Japan's greatest achievement is that it has made itself self-sufficient in rice"; but in fact this has surely been one of its most obvious errors. Its policy of agricultural support has been concentrated on encouraging an expanded cultivation of rice and wheat, just when the Japanese public are starting to eat less of these old staples and move over towards eating more meat and dairy products instead. It would be logical for Japan to buy more of its rice from other Asian countries, particularly if it wants these countries to open their doors to more exports of Japanese manufactured goods. Possibly providentially, however, Japan's upsurge of consumption of meat and dairy products is coming at a time when (because of its past rice-eating habits) it has not itself got an army of dairy farmers to over-protect—and also at a time when its neighbours of Australia and New Zealand (a mere 3,000 miles away) are anxiously looking for markets for their farmers because of Britain's negotiations with Europe. Logically there should be scope for a major increase in trade here, provided the Australasians are wise enough to open their markets even wider to Japan's industrial goods. It would be a great economic advantage for Japan if it could now take over some of Britain's past role as the dumping ground of cheap food surpluses from the most efficient (or the most subsidised) agricultural producers from all over the world.

The turn of the terms of trade against raw material producers has been largely due to technological advance (the fact that raw materials make up a smaller part of the total cost of really modern manufactured products, and the spread of synthetic substitutes). In addition, shipping freight charges, which have always played a big part in the cost of importing raw materials in bulk, have gone down (once again partly because governments, for political reasons, have striven to keep too many shipping services in being). As in agriculture, so also in raw materials Japan made some early postwar mistakes in attempted autarky; for some years after the war it spent vast sums inducing its industries to use Japanese coal, which is of very poor combustible quality and mined hideously and expensively far from the pitheads, instead of switching to more modern and efficient forms of energy (like imported oil). But the government has altered the emphasis of this policy in recent years, albeit at the cost of violent strife and strikes in the coal mining areas; Japan's planners now appear to recognise that coal mining is one of the primary industries that should be run down pretty ruthlessly as resources switch more and more into manufacturing industry.

The next question, however, which is vital for Asia, is: which manufacturing and other secondary industries does Japan's experience suggest are the most profitable ones for a developing country to concentrate upon first? To this question the next article will turn.

The Front Runners

Japan's most astonishing achievement in the past decade is that it has broken through into ultra-modern levels of labour productivity in a whole new range of industries. Which are they, and why?

JAPAN'S industries today can be divided into four groups. First, there are those in which its own planners recognise that Japan is not internationally competitive, and presumably never will be. Among these industries where Japan is "uncompetitive by reason of unfavourable natural resources and social conditions," Japan's Economic Survey for 1959-60 specifically mentioned coal, non-ferrous metals, paper pulp, soda and most agricultural products; in other words most of its primary industries now belong to this "throwaway" group. It is now fairly generally recognised in Japan that the more swiftly resources move out of these industries into other fields, the better.

The second group comprises what may be called Japan's "early stage industrialisation" industries. These, too, are industries which should now gradually decline—although naturally not all the industrialists concerned recognise this. The most obvious items in this "early" list are cotton textiles, the manufacture of sewing machines, bicycles, leather goods, pottery, rubber goods, and (admittedly in a different category as regards potential domestic growth) cement. Many of these goods—to which may be added the special but structurally not dissimilar industries of silk and cultured pearls—formed the main staples of Japan's competitive export trade in the 1930s. In all of them Japan's competitive position is still high; in nearly all, including textiles and cement, its productivity per man month (let alone per wage unit paid) is today higher than most other countries, including Britain's. But nearly all are also industries in which Japan does not expect its productivity per man month to increase very much in future. In most it feels that its limits of technical innovation may pretty well have been reached; in many it feels that its competitive position may in future decline, for two reasons.

ONE of these reasons is that other underdeveloped countries seem likely to enter many of these fields. Most of the products mentioned above are labour-intensive rather than capital-intensive; many are manufacturable in, or partly in, pretty small scale workshops; many are therefore on the list of industries which other Afro-Asian (and West Indian and South American) countries are already setting up. The second reason why Japan might not be sorry to see some of its own productive resources move out of these "early stage industrialisation" industries, however, is that, quite apart from the threat of international overcrowding, the prospects for a voracious increase in world demand for most of these products frankly do not seem very glowing.

Nearly all of them have new competitors appearing over the horizon. Natural textiles are losing some of their markets to synthetic textiles; pedal bicycles lose ground to motor (or motor-assisted) transport; sewing machines suffer from the worldwide switch (which Japan itself is now experiencing in full flood) from the small village dressmaker to ready-made clothing; plastics bite into some of the markets for rubber goods, leather goods and pottery. This is very awkward for the newly developing countries. The list of labour-intensive "early stage industrialisation" goods is narrow enough in all conscience. But if, in addition to being limited in number, the "early stage industrialisation" industries look like losing ground before new-style competitors that require heavier capital investment, the problem becomes knottier still.

THAT is why special interest must be attached to Japan's most astonishing achievement in the decade of the 1950s: the fact that it has broken through into ultra-modern levels of labour productivity no longer just in labour-intensive "early stage industrialisation" industries, but in a whole range of what might be called "second stage industrialisation" or capital-intensive industries as well. The list of capital intensive industries in which it has made this breakthrough is wide, although also specific. By 1959-60 Japan's statisticians could justly claim that Japan's productivity per man month broadly equalled (and indeed sometimes exceeded) west European averages in the manufacture of iron and steel (other than special steels, like those for high grade tools); in building ships, in making lorries and buses (but not yet in making passenger cars); in making television sets and radios (especially, of course, what might be called consumer-style transistors, but interestingly not yet in high grade transistors or other electronic parts for computers); in railway rolling stock and tractors; cameras and optical instruments; in small scale construction machinery (but not yet large scale construction machinery). What is the distinguishing factor between the industries in which this "second stage breakthrough" has been made, and those (like passenger cars and some high grade precision tools) where Japan still lags relatively behind?

The answer is pretty clear when one thinks about it; unfortunately it is also, at first sight, more than a little unmoral. The common base for most of these "second stage" breakthrough industries was laid in the long period in the 1930s and early 1940s when virtually the whole of Japan's industrial effort (and thus a very large part of its very low national income) was devoted to building up or serving its capacity for war. That is when Japan laid its foundation of

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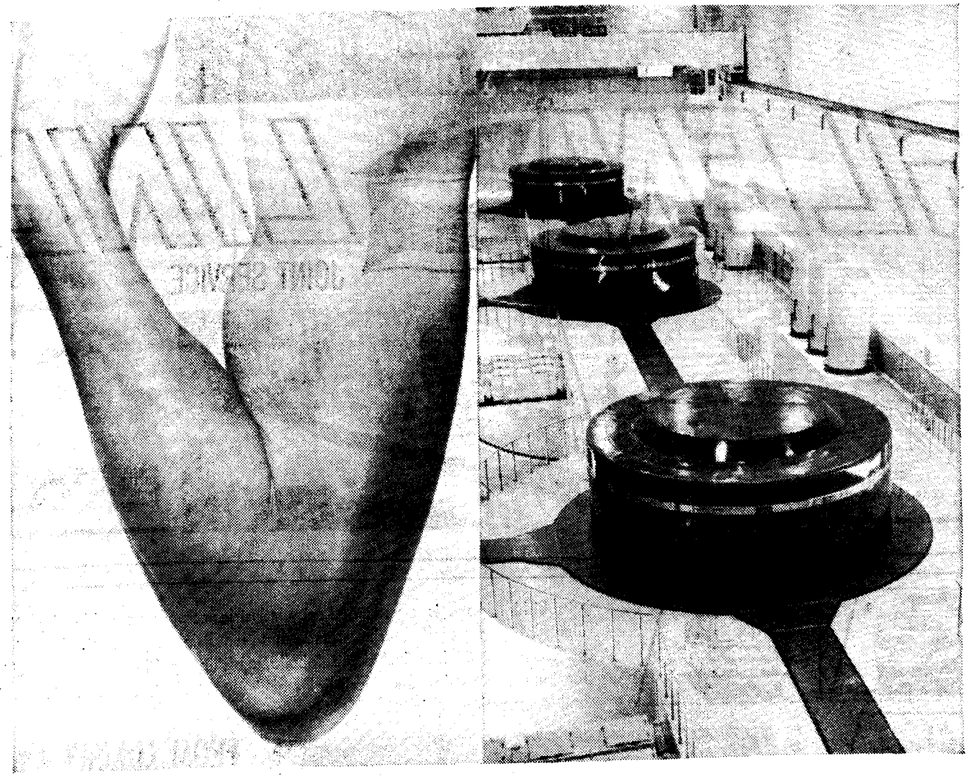

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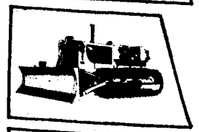

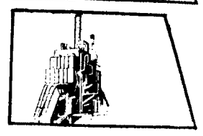

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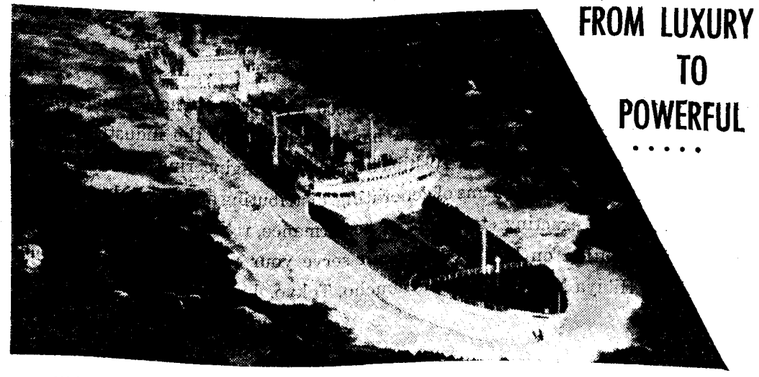

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technical knowhow, of rough (but initially pretty costly) experience, of trial and initially considerable error, in the making of lorries (but not passenger cars), of ships, tractors, rolling stock, small scale construction machinery (i.e., portable engineering corps stuff), and behind them mass production of iron and steel. Many of the small firms who are engaged today in making parts for transistor radios were originally engaged in making parts for range finders and other optical instruments demanded by the military authorities. The same is true of parts of the camera industry. Indeed it is interesting, looking through the list of these ploughshares made by yesterday's sword manufacturers, to note the similarities of parts of the industrial structure of modern Germany and modern Japan.

This unmoral story does not mean that war *per se,* is an excellent forcing ground for all the most economic and profitable sorts of industrial development. But two of the commonest features of a war-orientated economy probably are a great help in fostering a breakthrough into what we have called "second stage industrialisation."

The first of these is the ruthless drive made in a war economy to get production moving ahead in a number of industries which usually belong to the more modern part of a developing nation's industrial structure.

The second is that a drive for war production tends to concentrate more on volume of output than on fussing about achievement of very high grades of quality of craftsmanship; certainly if a firm makes a botch of one pioneering line of output it does not go bankrupt as a result, but is enabled to push on instead with a Mark 2 model. In the initial stages, at least, the war industries' sole and voracious customer does not worry over-much if costs per unit of output are considerably higher than equivalent costs abroad. Although there were inevitable exceptions, a lot of Japan's equipment during the Pacific war was frankly well below western standards in terms of both quality and man-hour production costs; but instead of being beaten on the open market places of the world (in which case the firms making it would have had to draw in their horns much earlier), it was beaten in much lengthier and bitterer competition in Leyte Gulf, on the jungle trails of New Guinea, and along the Tiddim road. By that time, deep below the surface, the economic infrastructure for new industries had been laid. And the fact that, in these postwar years, Japan has devoted only 2 or 3 per cent of its national income to defence—compared with 10 per cent or so in other big industrial countries—has enabled it to direct the energies of these industries into booming production for the domestic and export markets.

CLEARLY, this analysis has now reached a very awkward point indeed. One's guess is that the other underdeveloped countries may move fairly quickly into the stage where they can efficiently operate "early stage industrialisation" industries—where they can become economic and capable manufacturers of textiles, sports goods and so on. But, once there, they are unlikely to find a rapidly expanding market for their products; and the narrow range of these industries may present some very awkward problems. If nearly the whole initial weight of poor countries' industrialisation is to fall on a limited number of relatively hard-up industries of this sort, established interests in these industries in western countries are going to object to being "utterly swamped"; and, foolish though this may be, are going to persuade western governments to close their markets by import restrictions.

Higher up the scale, one's guess is that Japan itself should find it relatively easy to move from its present "second stage" industries into the "third stage" advanced industries in which it is still a rather high cost producer. One cannot be sure of this. It is a bit surprising that a country, which can already produce lorries so efficiently, is still finding it so difficult to bring its costs of motor car production down; that, although it can now build factories and office blocks more quickly and probably more cheaply than the west, tenders for building new western style houses (e.g. for foreign residents in Japan) still tend to be three or four times as high as they would be in England; and that Japan's few new and modern motor roads look like being so expensive to build. The arguments put forward by Japanese contractors are that "in these things we find ourselves working in media which are foreign to us."

This comes back to the problem of the country's industrial foundations again. One phrase sometimes used in Japan is that while most of Japan's new and successful industries of the last decade were "built from the lower echelons upward" (i.e. the small sub-contracting firms making parts for transistor radios had some background of know-how from making radio or other components in the war), the automobile and other less successful industries have had to build "from the higher echelons down" (i.e., the manufacturers of passenger motor cars had to put out orders for components which the small sub-contracting firms were quite unused to making). Clearly, there is a real gap to be bridged here. But your correspondent's own guess is that in the next few years one or other of Japan's manufacturers of automobiles will break through, perhaps after amalgamations between the different producers, into successfully starting mass production of some standard small size passenger car with Volkswagen-like efficiency.

CERTAINLY, the stride into this "third stage" industrialisation looks like being much easier and shorter than the leap which Japan has already taken into "second stage" industrialisation, apparently during the last decade but in reality (probably) as a post-dated result of its course during past and painful years. The real question therefore remains: how can other developing countries start to prepare themselves for that leap? Apart from Britain, which had the advantage of being first in the field and so had no real competitors, it is arguable that virtually every other country in fact crossed this particular chasm in the first place thanks partly to the accident of running or preparing for a war economy. Even in America, the early industrial structure of the northern United States owed at least some of its initial impetus to the drive for equipping the Union armies in the civil war; in Canada some of the main seeds of industrialisation were planted during the second world war; in western Europe and Russia the part played by war economies has been obvious; nobody else apart from these has really crossed the chasm as yet.

One of the needs in the next few decades will be to consider how international trading policies, international development policies, international aid policies and international subsidy policies can be worked out so as to provide a better godfather than Mars to the infant of development. Not nearly enough thought has been devoted to this subject as yet.

Unions, Management, Competition

Industrial relations and managerial efficiency (in some respects, inefficiency) in Japan contain some surprises for the visiting westerner. And Japan's attitude towards price competition is very different from what Lancashire imagines it to be

So far these surveys have seemed to be quite largely concerned with eulogies of the efficiency of Japan's economy. What of the criticisms to be made? As so often with Japan, one finds oneself at this stage plunged into a discussion of paradoxes. The usual left wing critic's picture of Japan is that of a country where feudal employers beat trade unions into the ground in a ruthless search for labour economies and productive efficiency; but in point of fact an extreme wastefulness in the use of labour, both on the factory floor and at the junior executive desk, is one of Japanese industry's most glaring failings. The usual right wing picture of Japan is as a nation bent on cut-throat competition (particularly, say its rivals crossly and as if this were an unfair action, "in matters of price"); but in fact a social atmosphere which frowns on price competition is one of Japan's worst international handicaps.

The story of the foundation of postwar trade unionism in Japan is one that would be best fitted for a novel by Mr Evelyn Waugh. Between the end of the war and the end of 1946 the number of Japanese trade unionists rose from nought to five million, because the American occupation authorities (this branch of the occupation administration was very largely filled with reforming New Dealers) had proclaimed that voluntary joining of a trade union was the good democratic thing for everybody to do. In some cases it is said, even the manager joined the union—and was respectfully elected to head the shop floor organisation which was supposed to bargain with himself. But in many more cases, as Professor G. C. Allen pointed out in his excellent book on "Japan's Economy Recovery,"* the right man to put in charge of a trade union organisation was deemed to be somebody who had been imprisoned by the Tojo and earlier regimes. This was often an ex-student zealot with pronounced syndicalist views, and with ideas on organisation which he had read up almost solely out of books. The temporary and meteoric rise of these men—who were often near communists of a dottily disorganised kind—went much further than most people in the west realise. In the first two years of utter demoralisation of Japanese industry after the war the left wing trade unions actually seized control over several plants, and quite often became responsible for the employment, dismissal and discipline of the workers. By early 1947 the trade unions were reading up in foreign textbooks how to call a general strike; and the American occupation authorities, horrified at the rather dreamy monster which they had conjured up, began to clamp down.

This has set the pattern for one part of the trade union movement ever since. Even today the main national trade union organisation Sohyo (1960 slogan: "To hell with the US Security Pact and Fatter Share of Improved Productivity for Labour") is decidedly to the left of, say, Mr Cousins in its political views. It has learned from, and formalised, British practice in trying to secure an annual wage rise for its members; each spring it marches into battle against the Japanese employers' federation by proclaiming an annual offensive of strikes. Unfortunately for Sohyo, although there is a real degree of trade union militancy in some branches of government service and in a few industries such as coalmining, workers in the big and prosperous manufacturing industries are singularly unwilling to follow its lead. In these industries the so-called "company unions" are the main forms of organisation; the national bodies that exist are loose federations of unions which are themselves limited to workers in particular firms.

Western trade unionists tend to regard these company unions as the managements' tame poodles. This is an underestimate of at least many of them. They play a real (and sometimes damaging) part in seeing that firms engage most of their workers as "regular" workers (i.e., workers they can practically never sack) instead of as "temporary" employees; and many of them negotiate seriously and hard about the size of the Christmas bonus and family allowances and other fringe benefits. A typical tactic of these enterprise unions, indeed, is to move on from one fringe benefit to another in a constant stream of negotiations that lasts the whole year round. What they do not do, however, is to impose any restrictive or demarcation rules about who will do what job; by British standards they seem virtually to delegate to the management the sole responsibility for deciding upon manning schedules for different types of new machines and for deciding in which types of job women can be employed instead of men.

YET the impression remains that most Japanese firms carry many more workers than the simplest system of time and motion study would suggest they can really need. In the longer-established firms this may be largely the result of the "lifetime" system of employment, and of the fact that pay and promotion are supposed to be determined almost wholly by seniority, with a factory worker in his forties being entitled to get twice as much as a factory worker aged about 21. Many firms are paying older workers more than they are relatively worth (which provides another reason why, as soon as they reach the painfully early retirement age of 55, they so incontinently retire them). In the very large number of new factories which have been opened only in the last ten years this burden from the "pay by seniority" system is lighter; but it will grow as the average age of the workers in the factories grows. Many cost comparisons of the difference between Japanese and British wage levels tend to ignore this point.

* Oxford University Press, 1958. 215 pages. 25s.

東芝

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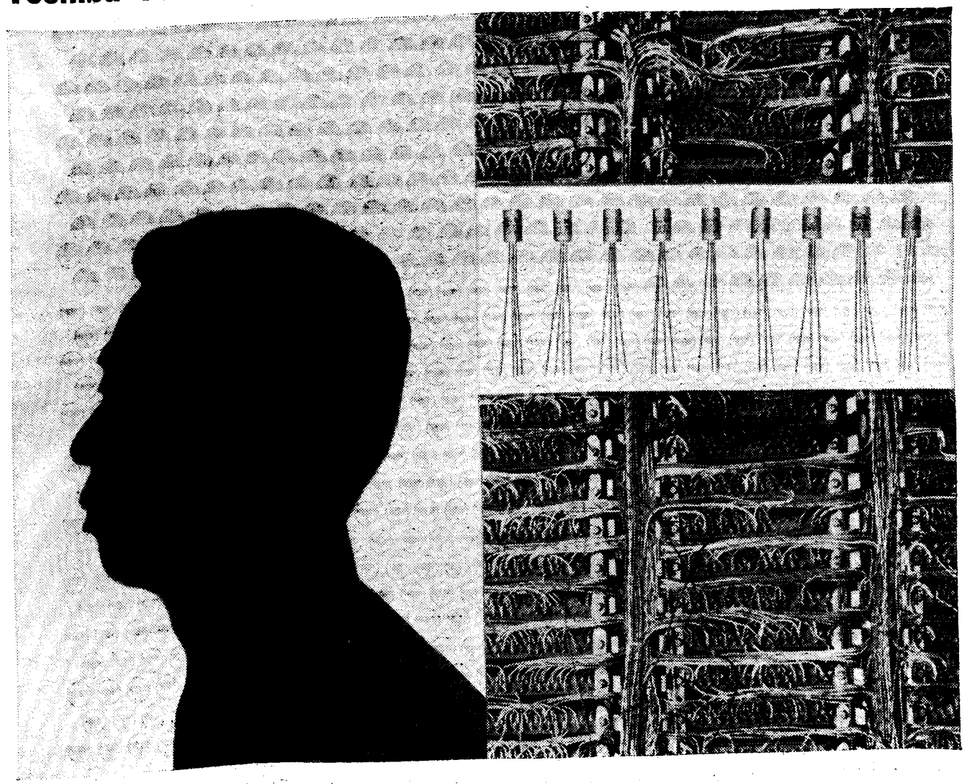

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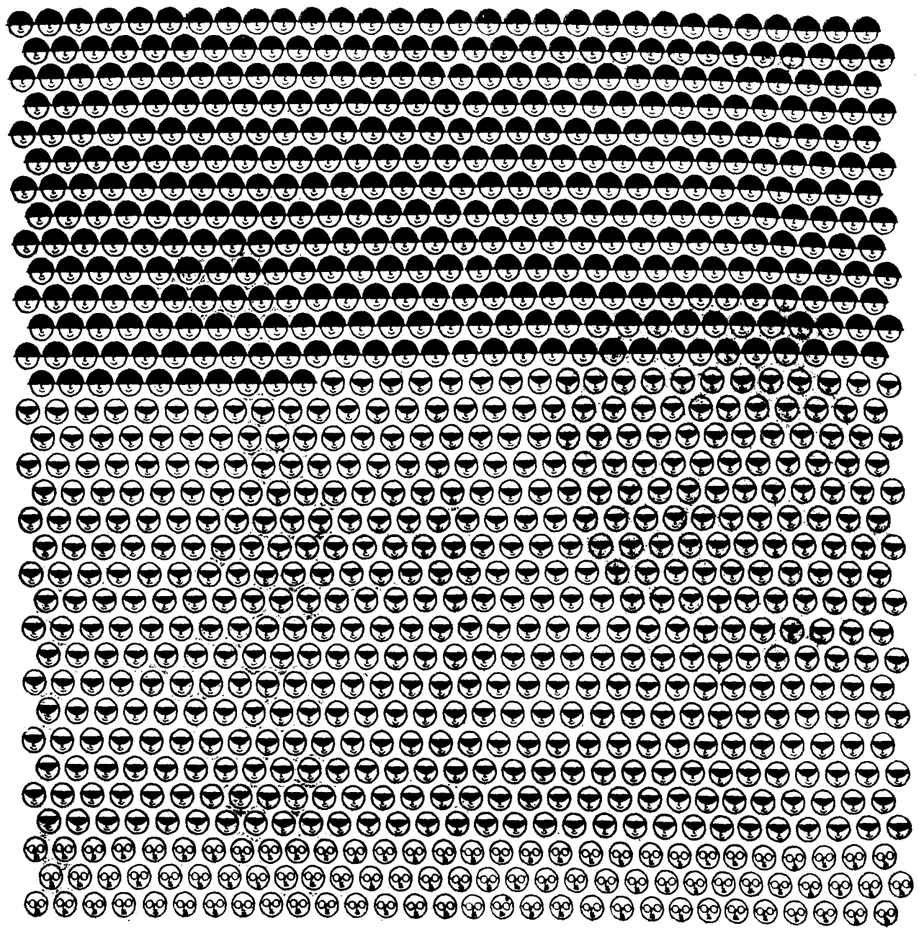

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Moreover wasteful overpadding of junior executive posts seems to be almost universal. In some aspects of management —such as the pre-planning of new operations and meticulous attention to the paper work required for each operation— Japanese industry is first class, largely because so many jobs that in Britain would be done by clerks are done in Japan by university graduates. But whenever any small hitch occurs, the whole machine is apt to catch up in a bureaucratic seizure of immobility. This is partly because under the system of promotion-by-seniority no junior executive has any incentive to show any capacity for making snap decisions on his own; partly because in Japan procrastination in the face of difficult problems is sometimes regarded as a national virtue rather than a maddening vice (after all it was the hero Abe Masahiro who laid down the line for dealing with Commodore Perry: "Our policy shall be to evade any definite answer to their request, while at the same time maintaining a peaceful demeanour"); but largely because it seems to be a tradition in Japan that if any changes in any plans are to be made they must be agreed to by everybody. Even at boardroom level decisions are not taken by majority vote but theoretically only by unanimous agreement.

To prevent this tradition of unanimity from being eternally stultifying, many Japanese organisations seem to have a man whom the outside observer finds himself disrespectfully calling the Emperor-figure. Conversation with and even between different executive grades in Japanese industry can go forward most interestingly and pointedly until this Emperor-figure arrives; then, your correspondent found, everybody falls into a deep and respectful hush. As the Emperor-figure (who may belong to the family owning the firm) does not seem always to be the man best fitted to make big decisions, the system is puzzling at first; but in fact his function is probably often to work merely as a constitutional monarch. When there is a controversy about some line of action to be taken, he lays down what has already emerged as the majority opinion as his own decided view; everybody then agrees that he must be right and so the tradition of unanimity is maintained. The system does not make for speed in operation, but it has some achievements to its credit. After all it was by this method, with the real Emperor, that Japan called off the war in 1945.

THIS tradition of always seeking agreement can have enervating results within industries as well as within individual companies. Because the Japanese in their recent great economic success story have followed some fiscal and economic policies in line with precepts that *The Economist* has long preached, it would be nice to be able to say that they are also keen believers in competing between themselves in a free market. Unfortunately, this would be quite flamboyantly untrue. The American Occupation left behind it an Anti-Monopoly Act and a Fair Trade Commission, on orthodox American trust-busting lines. The commission still exists, but the Japanese will explain that its main bias now is towards regulation of "unfair and unethical trade practices" (which means towards stamping out competition).

This is not to say that some forms of Japanese competition —vis-à-vis customers, if not vis-à-vis competitors—do not deserve to be stamped on. In 1960 the Fair Trade Commission set what the Japanese press called a "historical precedent" by threatening to act to stop the "selling of canned whale or horsemeat under labels designed to give the impression that beef was the content." (The phrase "give the impression" is a fine understatement.) However, this matter was all settled very chummily, in a typically Japanese way. In co-operation with the Fair Trade Commission, the designated packers of whale and horsemeat "launched corrective action by setting up committees on specifications and betterment of trade practices"; once set up, these committees promptly devoted themselves to stopping "excessive price competition" in their industries as well. This sort of thing is very common in Japan; it is constantly a surprise to find how far industries composed even of minuscule firms can continue to keep up prices, often with some form of official support. This applies even—indeed perhaps especially—to goods destined to be sold on export markets. The orthodox British idea, that by toning down demand on the home market one can encourage enterprising small firms to cut their prices and speed up their delivery dates and thus boost exports, is the precise opposite of the policy followed by Japan's Ministry of Trade and Industry. Under the Law on Export Goods Inspection, 1957, many manufacturers have to submit their goods to compulsory pre-export inspections; early this summer, despite the balance of payments crisis, some inspection organisations were grossly understaffed, which resulted in lengthy and officially created delays in some shipments. Moreover, when the Ministry imposes export quotas and official check prices, its object is to keep prices to particular markets up, not down.

WHAT will be interesting, however, will be to see how far import liberalisation serves to introduce some much-needed degree of competition into Japan. This autumn, with a fanfare of trumpets, Japan is due to take a step into what it calls 90 per cent liberalisation of imports. It had better be said straight away that this most certainly does not mean that

Tokyo street scene

Japanese farmer with tractor

Old yields to new

90 per cent of all that might be imported into Japan will be free of restrictions. In the first place, the figure refers only to 90 per cent by value of Japan's spending on imports in 1959; if imports of anything were nought in 1959 (and imports of very many things were) 90 per cent of nought is still nought. Again, imports are still to be authorised only within

the limitations set by an overall foreign exchange budget ; it is pretty clear that liberalisation is being steered into fields where the government hopes that domestic producers would be least hardly hit ; and some tariffs have already gone up to counter the effect of the quota restrictions coming down. Nevertheless the " Long-Range Economic Plan of Japan " was specific about the principles that should be followed :

> While it is advisable to give protection to incipient industries which have potentialities for development . . . the government should refrain from giving relief to declining ones. . . . Such a government attitude . . . would be felt as rather severe on industries and enterprises. But only by going through such a phase will Japan be strong enough to compete in the world market and gain a solid basis for economic growth.

It will be of enormous advantage to the next step forward in Japan if, as a gradual consequence of the removal of the most onerous part of the import controls, this precept comes at last to be gradually put into effect. Japan has advanced massively in the last decade, largely because it has had a steady stream of technologically educated school-leavers coming on to its labour market to take up their first jobs. The government has followed exactly the right budgetary, economic and planning policies to attract these youngsters into modern, expanding and high productivity industries, instead of following the stagnationist policies which could have left them to sink into the traditional and lower productivity industries of a past age. But now Japan has reached the stage where its objects should also be to draw existing and older workers out of inefficient firms into the new industrial structure ; its sociological set-up, its industrial customs, and its innate habits of mind will not make that switch an easy objective at all.

Technicians and Troublemakers

The final two articles in this survey are contributed by our resident correspondent in the Far East. He deals, first, with some of the troubles as well as the achievements of Japan's educational system

OF all the changes which the American occupation imposed or sought to impose on Japan, none dismayed and affronted conservative Japanese more than the reform of the education system. The reaction to these foreign changes provoked a bitter struggle between traditional and " progressive " elements as soon as Japan regained independence in 1952. This conflict has persisted through the ensuing decade, with violent political repercussions, scenes of disorder in universities and high schools and public demonstrations and riots. But generally a steady reversion to Japanese methods and ideas has, logically and successfully, prevailed. Many teachers and radical students, as well as the Japanese Communist party and the extreme left of the muddled and impotent Socialist party, led and lead the still stubborn opposition to the post-occupation trend. The lively paradox is that the conservative political forces and educational authorities which seek to revise the work of the occupation are largely regarded—and always denounced—as " pro-American," while the elements which uphold the old MacArthur education directives include the communist-backed demonstrators who storm the Diet, insult the Emperor, ill-use elderly professors and shout, " Yankees, go home ! "

The paradox derives from the pious occupation conviction that Japan's prewar educational methods, and especially the so-called " course in ethics," had somehow twisted and malformed the Japanese mind. It was assumed that the best teachers for the new Japan would be those who had been opposed to prewar Japanese policy. The result was that a majority of Japanese teachers reverted to the minority Marxist illusions and delusions of the nineteen-thirties. The Japanese teachers' union, 500,000 strong, became a confused stronghold of militant radicalism and political aspiration, which encouraged some strange excesses among a restless generation of Japanese students.

THE campaign for Japanese-style education in Japan began with the transfer of local education from the control of local authorities to the central government, continued with a revision of textbooks and curriculum, introduced a " merit-rating system " to weed out " undesirable " teachers, restored the controversial " ethics course " in the watered-down guise of a " morals course," placed major importance on scientific and technical-training, and prepared the way for vocational schools as well as high schools.

All these revisions, it was said, were aimed at discarding " the American method of education by experience and experiment." They were concentrated on the six years of primary school, the three years of middle school (which constitute the nine years of Japanese compulsory schooling) and the subsequent three years of high school. But naturally they are exerting a profound influence on the four years of university education also. (Formal education in Japan consists of what is known as the 6-3-3-4 system.)

The tragic confusion of politics with education has not, however, prevented a massively ambitious expansion of

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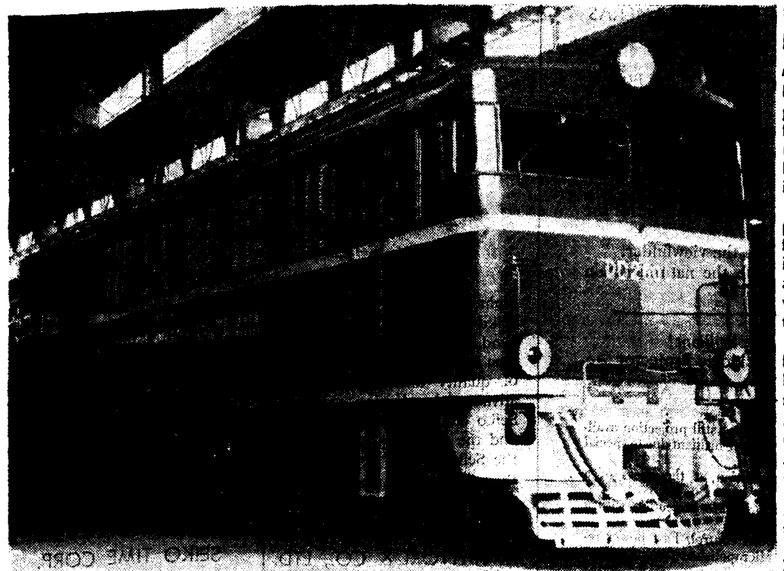

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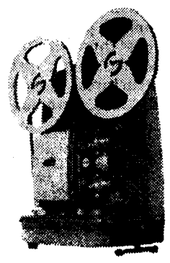

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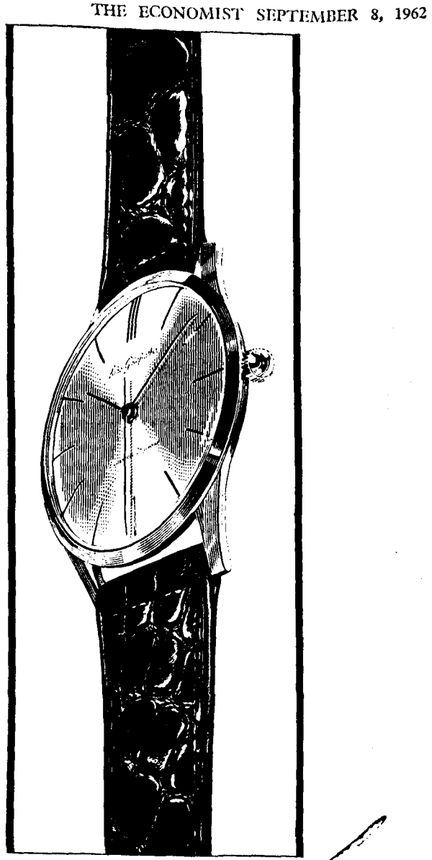

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educational facilities and a corresponding development of technical and high school training in Japan. Emphasis has been placed on education of the 15-17 age group. The rate of enrolment in high schools has increased to 60 per cent of those completing the nine-year period of compulsory education. There is growing pressure to make three years in high school (i.e. education for all children up to the age of 18) compulsory—with concentration on vocational and technical training.

Several bold and far-seeing education ministers have combined Japanese energy with the Japanese talent for skilful adaptation. In a recent survey of Japanese education over the past five years, the claim was made that recommendations contained in the Crowther report in Britain and Dr James Conant's report on American high schools had been incorporated, along with Russian and French practices, in Japanese educational policy. As part of the overhaul of the educational system, a cabinet economic council is drafting long-range training plans for engineers and technicians. The government's plan for again doubling the national income within 10 years will demand constant technological progress and a mounting supply of technicians. Increased enrolments will be encouraged in science and technological faculties at universities. More scholarships will be offered. A new type of high school will be introduced to specialise in industrial techniques. The pace of these developments will, of course, be governed by the availability of instructors, already in short supply, and the continuing replenishment of ordinary technicians who move ahead as they specialise.

TRAINING centres have already been established for technological instruction in nine famous universities. Here high school graduates receive concentrated training for three years, compared with the four-year course of training required for ordinary undergraduates at normal schools. This short-cut is under fire by critics who fear that it may lower teaching standards—and who also argue that it may result in an eventual diversion of young specialists from teaching posts to better-paid positions in Japan's thriving modern factories.

Further recognition of the new industrial age is to be found in the ministry of education's programme for establishing technical high schools, which will offer a five-year term for ordinary technicians, combining the three-year period of normal high school tuition with two years of advanced technical training. This programme has been criticised by traditionalists because it departs from the 6-3-3-4 system and also from accepted long-term educational goals; but the new technological trends in industry are too strong to be ignored.

There are admittedly substantial regional gaps in the rates of enrolment in high schools: a gap between rural areas and urban ones, and a widening rate of migration from country to city after graduation. Part-time schools, night schools and correspondence courses are still needed for remote rural areas in the crowded islands. There are serious accommodation problems, some schools struggling to cope with from 50 to 70 students in a single class. Moreover, despite a steady improvement, the ministry concedes that Japanese teaching standards fall behind western standards.

Since the war, the number of students at Japanese colleges and universities has increased 3.6 times; the number of girl students has increased more than seven times. Japan is ranked second only to west Germany in the number of active classroom hours in universities, but the results of examinations on "academic" subjects are said to be disappointing; only in mathematics did the Japanese hold their own—at about the same level as students' performances in British and Australian universities, and ahead of the level in the United States.

ALL of this change, improvement and conflict in Japanese education is now approaching a climax in the great universities, already reflecting the influence of new types of students, new ideas and new standards. Violence and irresponsibility in student life and manners will always command the headlines, but there can be no doubt that many of the old qualities of the universities of Tokyo and Kyoto have suffered grievously in postwar years. Not only do the mass of students tend to follow sheeplike, violent minorities, but too few professors have the courage to denounce the excesses of hoodlum students. Japanese traditionalists attribute this deterioration to the occupation reforms, which, they say, diminished the stature of the Emperor, the power of the police and old concepts of patriotism and discipline.

Unless the bellicose temper of the university student bodies mellows, and their political agitation is tempered by some forced interest in learning, the pending revisions in Japan's university system will provoke stormier incidents than the prolonged conflict over evolution in other fields of Japanese education. These revisions, "designed to make universities fit the requirements of the modern technical age and to adapt education to the development of human abilities," are in the hands of the Central Education Council, whose past rulings have so outraged the teachers' union and leftist politicians. The council's investigations are concerned with all aspects of university organisation and life, including such touchy problems as "the control and guidance of undergraduates."

The frustrated, but still strong and active, union of teachers from the primary, middle and high schools will certainly not miss the possibilities for trouble-making on this front in retaliation for their retreats and reverses on their own front. The anarchistic Zengakuren students' movement has already declared that it will resist to the last "any interference with the freedom of students' action," which in practice means freedom to detain professors forcibly in classrooms on matters of university discipline, and freedom to storm the Diet building, assault the police and stone the prime minister's residence on matters of political disputation.

It may well be, of course, that the new type of practical, technical-minded student, who will now be entering university from reoriented high schools, will help to remould campus thinking as the authorities seek to remould university methods. The Japanese, it has been well said, are better knowers than they are thinkers. As a rule, and as a race, they pragmatically set more store on knowledge and know-how than on speculation and argument. In the long run, the clearly-seen opportunities for early and rewarding advancement in scientific and technical careers, combined with the government's realistic investment in technological education, may conceivably result in a larger measure of self-imposed discipline by a more responsible student body. Meanwhile the giddy expansion of that student body still looks hugely impressive, however appalling some of its antics may seem.

South Seas Shuffle

Finally, our resident correspondent in the Far East deals with Japan's trade and aid relations with its neighbours in south-east Asia

JAPAN'S postwar plans for the organisation of an expanding and mutually rewarding partnership in economics, trade and development with south-east Asia have somehow never managed to get off the ground. Suspicions of Japan and Japanese motives died hard in the dark memories of the "mutual co-prosperity sphere" of the war years. Nor were the earliest Japanese diplomatic salesmen after the war as prudent or as tactful as they could have been. Only three years ago a former prime Minister, Mr Shigeru Yoshida, Japan's wise old man, reported bluntly after a tour of south-east Asia: "It is useless just now to think of economic co-operation with these people of the South Seas (Japan's name for south-east Asia), because the idea only raises their suspicions, makes them mistrust our intentions and withhold sympathy from our aims."

But sentiment has changed sharply since then. Japan's exports to south-east Asia are now approximately 30 per cent of the national aggregate, or roughly equivalent to its volume of exports to the United States. Japan's leaders fear that the United States may be virtually saturated as a market, and they realise that the south-east Asian markets will need a higher standard of living and increased cash or credit to be able to buy more from Japan. Japan's own continuing prosperity at home is now indeed largely dependent upon prosperity elsewhere. Nor have Tokyo's trade planners forgotten the sudden hot burst of competitive exports from China into south-east Asia in 1958.

At the conference of the Economic Commission for Asia and the Far East in Tokyo in March, Asian delegates, their old fears apparently forgotten, were politely critical of the scope and degree of Japanese aid and investment, but recalled hopefully that the prime minister, Mr Ikeda, after his own tour of the region four months earlier, had promised to promote economic co-operation with south-east Asia "even if we have to borrow money from foreign countries to do so." There is also pressure from Washington: Japan's ambassador there has no doubt transmitted State Department hints that Japan's proportion of foreign aid and investment could, with advantage, be increased to one per cent of the gross national product. The present proportion is just over half of one per cent. (In 1956 it was 0.2 per cent. The total amount of foreign aid extended by Japan between 1956 and 1960 was $1,000 million, on Japan's measurement.)

DRASTIC proposals to change the pattern of triangular trade now existing between the United States, Japan and south-east Asia have just been advanced by Japan's influential Institute of Asian Economic Affairs. The institute's experts, under the direction of Professor Kiyoshi Kojima, complain of contradictions, weaknesses and harmful competition between Japanese and American trade trends with south-east Asia. These they argue, will have to be corrected in concert before the development of the south-east Asian states can be properly planned and expanded. The south-east Asian problem, indeed, is presented primarily as one of long-range agreement and co-ordination between Washington and Tokyo, and secondarily of investment and aid by both governments.

Briefly, Professor Kojima contends that the flow of south-east Asia's exports in primary products to the United States should be large, and of American exports in primary products to Asia small. Actually, the volumes are reversed. Secondly, the professor says, the proportion of American manufactured exports to south-east Asia should be raised as the proportion of primary products drops. Thirdly, while Japan's imports of primary products from south-east Asia are of course high, they should be higher—at the expense of a reduction in the excessive imports of American primary products. Fourthly, Japan should reduce its existing volume of exports of "labour-intensive" light industry goods, in order to increase its exports of "capital-intensive" heavy machines and equipment.

It is pointed out that, to the extent to which Japan imports primary products from the United States—because of superiority in quality and quicker and safer delivery—instead of from south-east Asia, Japan's trade liberalisation policy automatically and increasingly stimulates this undesirable trend. Abolition of the protection which America now gives to its agriculture and textiles is strongly recommended. The United States should shift its industrial structure still further to heavy and chemical industries as well as the service industries; or so the report says. There is ample room for adjustment in the competition between Japan and south-east Asia in textile exports if Japan places greater emphasis on sending out mainly higher quality textiles. Japan should be ready to see a run-down in its exports of lower quality textiles and even begin to accept such textile imports from south-east Asia.

The United States and Japan, it is further argued, must co-ordinate aid and trade policies to increase the production of food, and especially rice, in south-east Asia. Because of poor methods and inadequate use of fertiliser, the south-east Asian countries produce too little food. This low productivity is responsible for the higher south-east Asian prices for primary products, which the United States is able to undercut to the continuing disadvantage of Asian balances of payment. Japan, by scientific methods and proper use of fertiliser, produces four tons or more of rice to the hectare; in Korea and Formosa, the average yield is three tons; in other areas of south-east Asia, it is often one ton or less. Chemical fertiliser must be made available and large-scale irrigation work undertaken to double the production of rice in south-east Asia in the next 20 years—an increase which will just meet the estimated rise in population and rice demand in that time.

Finally, Professor Kojima recommends an agreement between Japan and the United States on capital co-operation and amicable division of the categories of heavy and chemical industry products on which both should concentrate for the

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south-east Asian market. Some of these classes of capital goods, he insists, could be manufactured at lower cost in Japan if mass production were possible. "It is clear from our analysis," he submits, "that there remains an ample market for the exports of capital-intensive products from the United States and Japan to a self-prospering south-east Asia, with expanding industry and rising living standards, provided that the United States and Japan improve their pattern of triangular trade and invest aid and capital in the right directions."

IN an imperfect world, the political and international difficulties confronting the recommendations of the Kojima report are only too obvious. But the report coincides with Mr Ikeda's pledges of increased help and with a steadily rising scale of aid by Japan to the South Seas area (which, by Japanese calculation, includes 14 states: Formosa, Hongkong, South Korea, Burma, Ceylon, India, Pakistan, Malaya, South Vietnam, Laos, Cambodia, Indonesia, the Philippines and Siam).

There is certainly an encouraging mood of ripening reasonableness in both government and industry in Tokyo. Perhaps, too, the prospects of long-range planning between Japan and the United States are not as remote as in other days. After all, Washington today is prepared to welcome Japanese investment in factories in areas of the United States, like Kansas, North Carolina, New Jersey and the west coast, to the advantage of both countries.

Japanese aid for south-east Asia takes the shape of loans, technical investment and advice, and more or less generous variations on the prickly theme of Japanese war reparations. Loans, it is true, have not been munificent; for example, only $80 million went to India's third five-year plan and $30 million to Pakistan's second plan. Interest on the Indian loan was 5½ per cent, which can be hardly described as generous. However, close friends of Mr Ikeda say that the prime minister was shaken by his first personal observations of poverty in India; maybe there will be more liberal offerings.

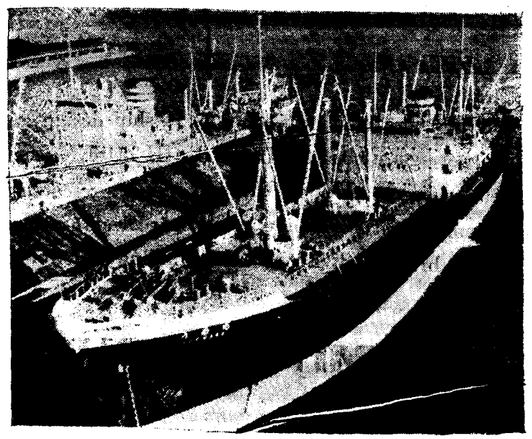
Technical aid has been on a more ambitious scale, and action has been taken to reform and expand this form of co-operation. An Association for Overseas Technical Co-operation, with a capital of 200 million yen, will pool the efforts of the Asia Association, the Latin American Centre, the International Engineering and Technical Association and the Lower Mekong Research Committee. In the past eight years, 35,000 trainees have come to Japan for technical studies, and Japan has sent 600 experts abroad. The latest budget appropriations for technical co-operation with the Colombo plan region total 2,233 million yen, including grants to Cambodia and Laos, and loans and credits to India, Indonesia, Pakistan, the Philippines, Siam and South Vietnam. In the year ended March, 1961, Japanese firms invested £15 million in south-east Asia.

Reparation payments are another method of providing economic stimulus in which Tokyo has done some skilful backing and filling. Burma's exports to Japan are worth only 25 per cent of its imports from Japan, and her leaders now complain that Burma has suffered because of an early agreement to accept $200 million worth of goods in settlement of reparations, while other countries, which were tougher, have since hammered out better terms. There was some fine print in this agreement which provided for later renegotiations, but the Japanese are now being unyielding—and, in any event, no longer require rice imports from Burma because of improved agricultural methods and a growing taste for western bread and butter. So far Japan has paid £41 million in reparations to Burma (of an agreed £72 million), £41 million to the Philippines (of an agreed £198 million to be paid over 20 years), £15 million to India (of £80 million over twelve years), and one million pounds to South Vietnam (of £14 million over five years). A complicated settlement with Siam over Japan's manipulation of the local currency during the occupation of Siam is being completed.

Finally, rationalisation of trade and aid should be simplified by the stirrings of regional integration in south-east Asia. The projected Federation of Malaysia and the alignment of Siam, Malaya and the Philippines in the Association of South-East Asian States (ASA) are helpful contributions to the reshaped pattern of triangular trade advocated by Japan's Institute of Asian Economic Affairs.

JAPAN has rejected all tentative proposals for a Pacific common market, contending with some plausibility that there is far too much diversity in the markets, wage structures and technological capacities of the various countries. But ASA is a welcome exercise in south-east Asian self-reliance; it represents a potential economic-social grouping of 65 million people and could help to stabilise world prices for south-east Asia's rubber, tin, copra and other basic exports. The nervous neutralism of Burma and the expedient neutralism of Indonesia limit the horizons of ASA, a grouping which, even if non-military, is anti-communist. The delicate balance which must be preserved in all plans affecting south-east Asia was properly stressed by the Burmese government: "When emphasis is placed on the positive aspects of common economic interest rather than the negative aspects of anti-communism, the idea of an association of south-east Asian states can become a reality."

Some symbolist has since expressed the prospects for ASA by altering its original title ASAS, which is bold Malayan for "foundation." The new title ASA means simply "hope" in the native languages of the three founding partners. Perhaps this is the right mood, also, for a cautious sniffing of the prospects for freer trade winds in the South Seas.



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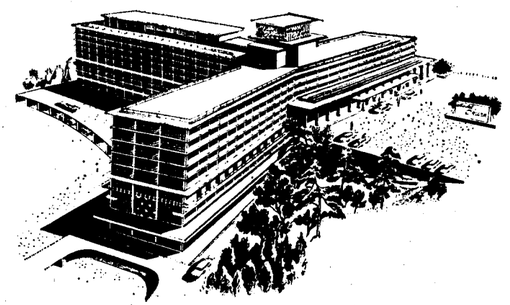

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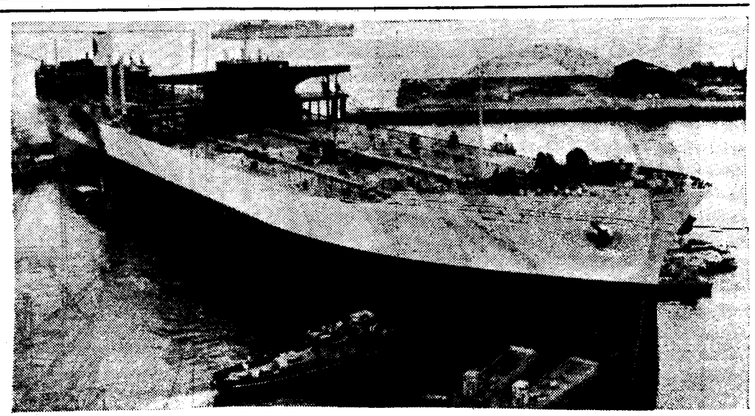

Work on the world's largest tanker will soon be completed and ready for delivery to its owner Idemitsu Kosan Co., Ltd., a Japanese oil refining company, in early October, 1962. This 131,000-dwt vessel measures 954 ft. 9 in. in overall length, 141ft. 1 in. in moulded breadth, 72 ft. 10 in. in moulded depth. It is capable of carrying 930,000 barrels of oil at a service speed of 16 knots. This mammoth tanker was made by Sasebo Heavy Industries Co., Ltd., one of the largest shipbuilders in Japan, which has six dry docks—including Japan's largest—three building berths, and other complete and most modern facilities necessary for building any type of ship and also for manufacturing all kinds of industrial machinery and plants. The record-breaking speed—only 11 months after keel-laying—in building the world's largest tanker is due to Sasebo's superior technology, high-level engineering skill and traditional experience.

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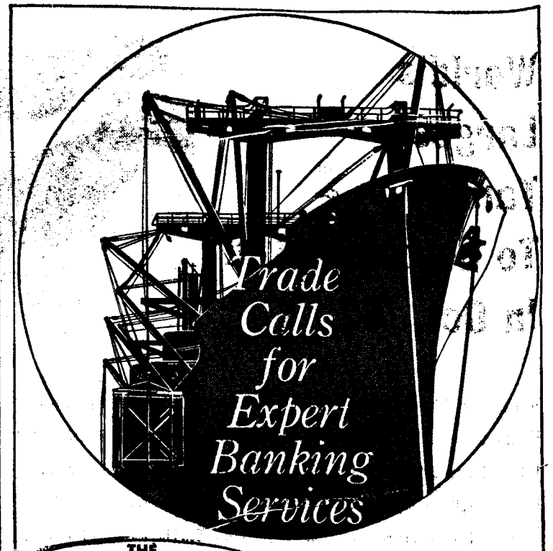

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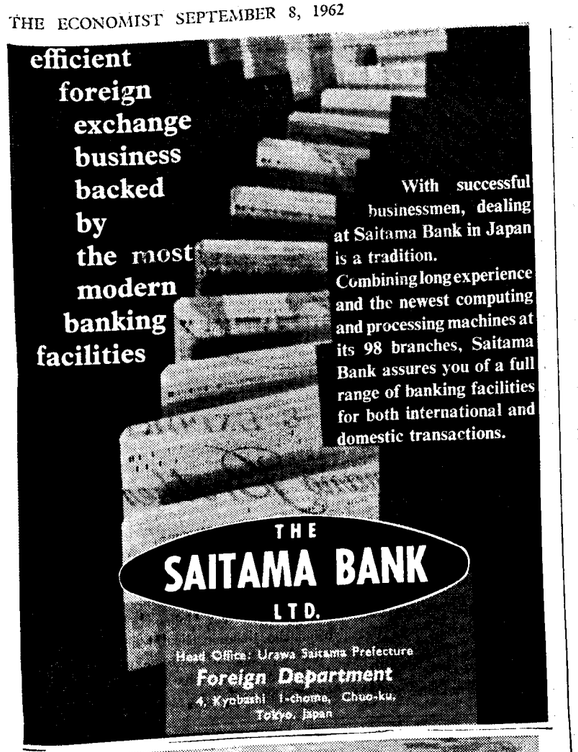

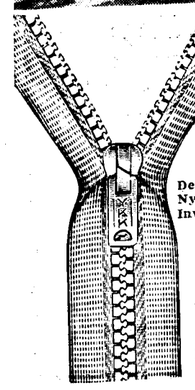

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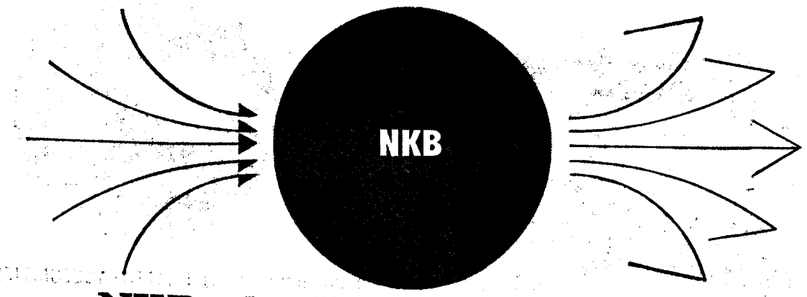

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HOME REPORT

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

Sheffield Experiments

FROM OUR SPECIAL CORRESPONDENT

THE new Sheffield is a city of visual excitement. Other industrial towns share the sense of monodic drama which comes with great mills, belching chimneys, and soupy air lying heavy on the frail shoulders of the back-to-backs. Sheffield has, in addition, three steeply-rising hills enclosing and looking down on the dark heart of the town at the confluence of its two rivers ; and on them, stark towers and cliffs of council-built housing enliven the pale murk of the skyline, punctuating and lending point to the new open spaces which lie where not long since were marching armies of slum houses.

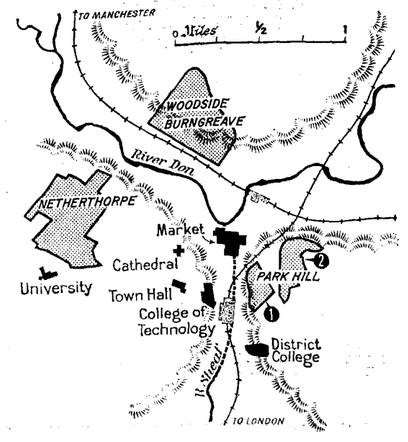
Ten years ago Sheffield, still grossly scarred by war, began to reform the grim mixture of slum and furnace which two centuries of industrial revolution had imposed on its city centre. Its limitations were severe: at 500,000, its population was all but bursting through its boundaries, within which only two-thirds of the available area could be used for development, the rest being within the Peak National Park. There was a substantial waiting list for houses ; about a quarter of the population was living still in slums which urgently needed demolition ; and much of the space occupied by slums intermingled with factories in the Don valley was needed for the expansion of the factories if Sheffield was to maintain its prosperity. But there were some initial advantages, too, not the least of which was council responsibility for much of the later nineteenth-century housing, put up when its own by-laws of the decade after 1860 made the speculative building of working-class houses less profitable than it had been in the back-to-back era.

A start was made immediately after the war with the infilling of space in the city ; but the first major scheme, covering what had been virgin countryside, came in the 1950s, and was built on the then *avant-garde* Radburn plan. In five subsequent projects in the decade since 1953, some such development of new town principles has been incorporated and, apart from the extraordinary densities with which the planners are working (160 or more, net, to the acre), no particular significance attaches to them. They are good of their kind, exceptionally numerous (about 20,000 dwellings have been council-built since the war—but 67,000 more are needed), and low in cost, having been built to plans prepared for the municipality by its own public works department, which tendered lower than anybody else. But nobody could call them original in conception or execution.

The sixth of the seven developments during the decade, Park Hill, is, however, a new departure, representing the first step in a scheme of undoubted vision and scope, which has a social purpose rather than a mere need to package as its impetus. Park Hill stands steeply overlooking the Midland railway station on the south side of Sheffield, close to the city centre and, within fresh memory, the home of over a thousand slum families. Their dwellings had been the subject of some of the earliest of the city's slum clearance orders, and much of the site had been cleared before the war. On this site the first redevelopment scheme proper was begun in 1957.

Dwellers in slum areas are in intimate social contact with their neighbours, and generally have a certain co-operative loyalty to the only meeting-ground available to them—the street. Park Hill, and the scheme which will accompany it, have been designed to perpetuate both neighbourliness and a form of the street while doing away with their more obvious shortcomings. About whether the design has succeeded there may be more than one opinion ; but it is certainly a notable first attempt to break away from the traditional insipidity of council housing.

IN plan, Park Hill 1, the first half of the development housing nearly 1,000 families, is a series of four serpentine blocks, four storeys high at the top of the hill increasing to fourteen as the ground falls away. Every third floor is a "deck," corresponding to the access corridor of the conventional block of flats, but ten feet wide: on to it open all the front doors of the two-storey maisonettes (one above deck-level) and flats (below deck-level) of which the blocks are made up. Each deck is continuous through all four blocks, forming the "street" to which so much sociological importance is attached. Park Hill 2, now called Hyde Park, will rise behind the completed scheme, and link with it through similar decks. In addition, the lowest of the decks will eventually link directly, via a bridge over the Sheaf river valley, with the proposed city centre, bits of which have already been built, partly by the corporation and partly by private developers, to incorporate a first-floor-level gallery which is the continuation of the decks at Park Hill, and which will itself be continuous from one building to the next. By this means it is planned to achieve the complete segregation of pedestrians and road traffic (which is not a pressing problem now, but may become so when Sheffield's comparative isolation is ended by the new London-Yorkshire motorway.



Reactions to Park Hill range from whole-hearted approval to outrage. The accommodation is small ; no amount of convoluting has managed to avoid the appearance of cliff-dwellings in the blocks ; the density, of 192 to the acre net, is perhaps unnecessarily high, even for Sheffield ; the tenants are not unanimous in their liking for the "street" idea, and some of them complain of living in a barracks ; there has been some talk of architectural triumphs at the expense of social improvement. Nor is that the only expense complained of: the average cost

of an apartment is, at £1,950, over £300 more than that of the equivalent council house on an estate—and Sheffield does not operate a differential rent policy (£2 7s. 4d. is the maximum gross rent for a three-bedroomed apartment in the city, 13s. 10d. of that being rates).

The municipal departments concerned remain convinced of the rightness of what they are doing, and point out in support that they are accommodating twice as many people as the area formerly held, in infinitely more salubrious quarters; and although costs are high, the economies implicit in large blocks with central servicing make the whole proposition compare favourably with conventional estates of the same size and capacity. In spite of reservations, primarily about the city's apparent preoccupation with high building as a universal solution to housing needs, it is hard to avoid sharing the excitement of the builders, and their feeling that something significant has been achieved.

And if they have not quite achieved what they planned—the cheapest and best council housing in Britain — they have come close enough to it to attract visitors from many countries to see their work—a welcome development, acknowledged in the publication this year of a progress report in three languages, one of them Russian. Sheffield has much to teach other grim cities (and some not so grim) about urban renewal and vigour in local government; even its severest critics allow that.

On the new "street"

End of the Line

FROM A CORRESPONDENT IN GLASGOW

MORE than a quarter of a million Glaswegians turned out on two separate evenings during the week to line seven miles of the city's streets and bid a sentimental farewell to the last city tramway service in Britain. Most of them firmly believe it was also the greatest and they have facts and figures to prove it. Blackpool may have the last trams of all but now that the Glesca' caurs have lurched into history such heresies as the space age could become acceptable along Clydeside.

Sociologists have still properly to explain why Glasgow should have claimed the tramcars so completely for its own (although it may be allowed to local pride that nobody else managed to operate them so cheaply or successfully). No city but Glasgow invested its trams with such impassioned law and legend or stood faithfully by them for so long. The tramcars' departure may help simultaneously to balance the city's books and ease traffic troubles in the streets, but it will do the civic psyche no good at all. Glasgow used and loved the trams throughout its great days, and over the past decade there are plenty of Clydesiders who see hard times significantly endured by the city and its trams together.

The Number Nine tram (Car 1313, Coronation Murk II model) that ended it all in the wee sma' hours last Sunday morning, September 2nd, had run the final route from Auchenshuggle to Dalmuit West, most of the way in sight of Mother Clyde. Some old men who just remember the municipal tramways' birth and who have lived long enough to witness their death, have been joined this week at the wake by light railway enthusiasts flooding in from Europe and elsewhere. But Glasgow Corporation celebrated the occasion on Tuesday with a shameless piece of Barnum and Bailey and staged a cavalcade of 20 Glasgow cars ancient and modern, the Lord Provost driving one and surviving to boast of it at the valedictory banquet that followed.

Horsedrawn private enterprise trams were eliminated when Glasgow Corporation monopolistically launched its own tramway system in 1894, and it was not until 1955 that the corporation began scrapping it seriously (four years after the Inglis report on the Clyde valley's transport problems had pointed the way). Between 1894 and 1955 there was bred in Glasgow a famous dynasty of tramway managers who created an international reputation for the city's tramways. The services were still expanding up to 1948, but that was a big year when 595 million passengers were carried and 38 million miles run by a fleet of more than 1,100 cars which worked 40 routes over 270 miles of single track.

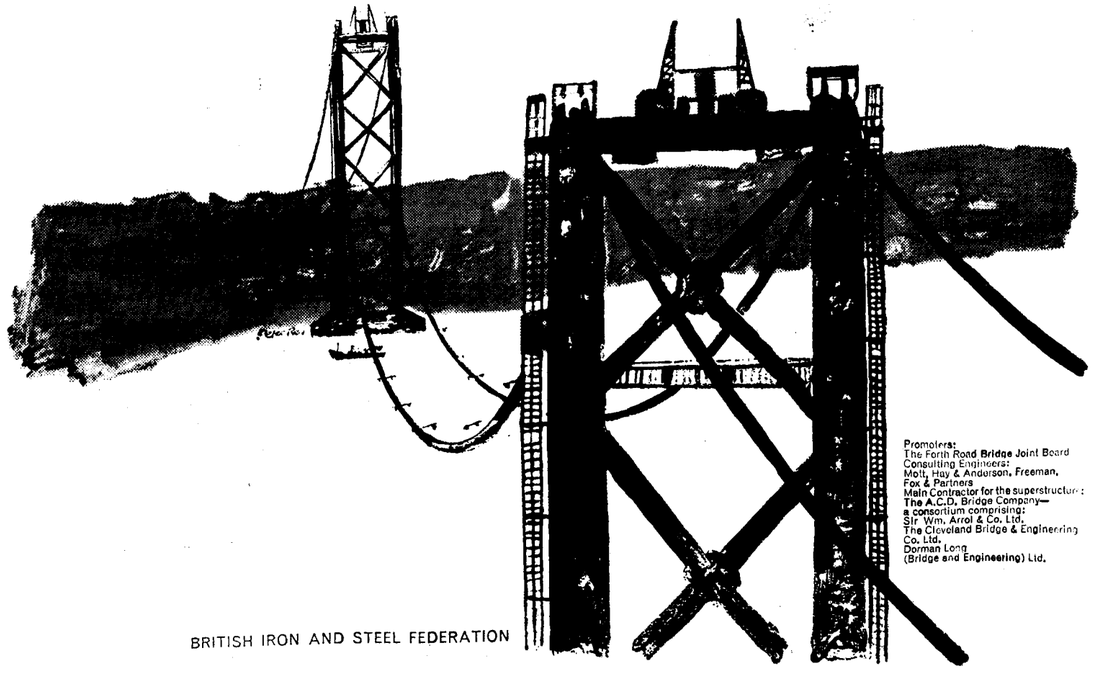
Up to 1945 the trams were highly profitable. Municipal transport (mainly the cars) paid £1.5 million to the city's Common Good fund, and also provided £5.15 million to the rates and £2.5 million in property tax. For long the big thing about the trams was the cheapness of the fare; for many years it cost only ½d. to travel half a mile. The ½d. fare was so cheap it was sometimes attacked for that very reason, but it had a lot to do with the tramcar taking its place in Clydeside mythology.

The Glasgow trams, mostly by absorption in the 1920s, ultimately served Lowland burghs and hamlets well beyond the city boundaries, from Airdrie and Coatbridge to Paisley, Barrhead and Elderslie, from Rutherglen and Uddingston to Hillfoot, Milngavie and Clydebank. The longest haul was 23¼ miles, from Milngavie to Renfrew Ferry (maximum cost 2d. in the brave days), but these farflung services through rutal areas contained some of the seeds of eventual unprofitability. Finances, in spite of cheap fares, were buoyant for so long that the transport department twice paid off its outstanding capital liabilities, but the postwar period began a financial decline. Operating costs rose steeply as tram track grew expensive to maintain and as buses increasingly served the emerging peripheral housing estates. By the early 1950s municipal transport was well in the red, surplus and loss have fluctuated wildly since, and today there is a capital debt in excess of £6.3 million.

Whether transport undertakings show a temporary profit or a loss tends to depend nowadays on fares either needing to be raised or recently having been. Glasgow's, in fact, has made substantial profits for two years back and only the tramway sentimentalists remain unconvinced that the new profitability has very much to do with the progressive elimination of the tramway system. It was in 1957-58 that the decision was irrevocably taken to convert to buses before 1963, and in spite of last-ditch bids by their fans to save them the end of the line has duly arrived for the trams. The next step ought to be the rationalisation of Glasgow's modernised transport system (discussed in *The Economist* of February 3rd) within a wider Clyde valley road-rail network, fully integrated to speed passenger carrying by public and private means. The first faltering moves towards such a full scale integration are getting under way just as Lilley's toothpicks (a fearsome Glasgow invention for tearing up enormous lengths of tram track) are swiftly removing the last of the granite setts on which so much tramways history was made. Stubborn local enthusiasts remain sure that in time Glasgow will turn again to tramcars, on the American or European model, and thus reap a bitter harvest from its motorbus policy. But meantime the ratepayers like the new profitability of the buses and motorists know well that the traffic flow in the streets is quicker since the last trams went.

THE SHORTEST DISTANCE BETWEEN TWO POINTS IS A CURVE

The swooping curve of steel wire which now leaps across the Firth of Forth looks good to motorists. When the Forth Road Bridge, of which it is part, opens in 1963, the Edinburgh-Dunfermline run will be cut from 40 tedious miles to 7. For key jobs like this, bridge builders depend, of course, on STEEL: 6,000 tons of high-tensile steel plate in the two 500 foot main towers; 30,000 miles of high-tensile steel wire in the 2 ft. thick main cables—each made of 11,618 separate wires, only 1.5" thick but with a breaking point of over 100 tons a square inch. Another 16,000 tons of high-tensile steel will be added in the roadway of the bridge, plus 880 tons in balustrading and railings. In all, some 39,000 tons of steel will span the Firth, its curves set against the more severe lines of the Forth Rail Bridge, which back in 1889 was the world's first great bridge to be built of steel. Today, as then, steel—tremendously strong and versatile is the *modern* metal. STEEL SHAPES TOMORROW



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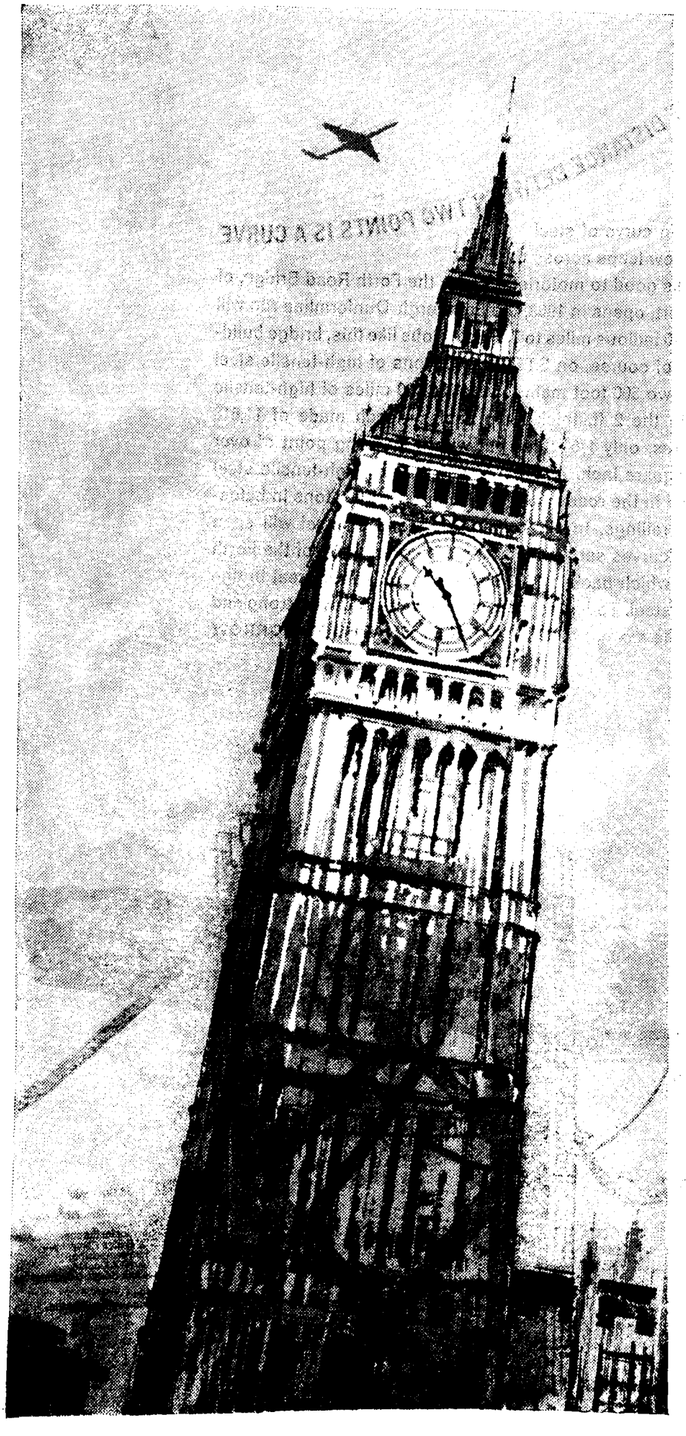
Consulting Engineers:
Mott, Hay & Anderson, Freeman, Fox & Partners
Main Contractor for the superstructure:
The A.C.D. Bridge Company—a consortium comprising:
Sir Wm. Arrol & Co. Ltd.
The Cleveland Bridge & Engineering Co. Ltd.
Dorman Long (Bridge and Engineering) Ltd.

BRITISH IRON AND STEEL FEDERATION



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THE BUSINESS WORLD

Do's and Don'ts for Washington

What is to be expected from the annual meeting of the International Monetary Fund (and the more cloistered sessions in private rooms) opening in Washington on Monday week? Mr Reginald Maudling has promised new initiatives from Britain; President Kennedy is taking a special personal interest. But this attention itself is not enough to promise success; there seems a clear danger at the moment that brave intentions may yield little result, or may even misfire. A rare mixture of long-term vision and diplomatic tact is necessary to break through the present frustrating deadlock in international finance, and unfortunately the financial authorities in London and Washington have so far shown themselves rather short on both qualities. Some short-hand practical advice may perhaps not be taken amiss. And before coming to the positive things that Mr Maudling and his American counterparts could and should desirably say, one must begin with warnings of what they should definitely not say, lest the best constructive proposals be ruined in advance.

True to God, the Queen and American Treasury Bills?

THE first "don't" needs to be shrieked out loud. *Don't* give yet another plea for the international monetary system to be run on the principles of the Boy Scout movement. *Don't*, Mr President, send round a rallying call that all partners in the western alliance should patriotically do their bit for Nato by holding dollars and not changing them for gold; do, Mr Roosa, persuade Mr Dillon to spread around that the United States has gold in plenty and is only too happy to exchange it for any central bank that is fool enough to lose the interest on the US Treasury bills that it holds. And there is a footnote for Mr Maudling: *Don't* make too much of the unfair burdens that have long rested on sterling through its role as a key currency. Sympathy is not a powerful mover in international diplomacy, least of all in financial diplomacy with the French; and this one has been tried before. People will not change the system because they feel it is tough on you: they will change it if you can show them it is worth their while to change it. For what to offer, see below. Meanwhile, Mr Maudling, don't expect to get anything by offering nothing; Mr Roosa may have some Roman memories about this.

Maudling-Roosa Entente?

BUT perhaps you have already got together? It would be a pity if you had not. You happen to be a British Chancellor of the Exchequer keenly interested in achieving a real transformation of the international monetary system—but perhaps not quite certain how to go about it—at a time when external policy for the dollar is being directed by one of the keenest central banking minds ever to come to grips with the balance of payments. Mr Roosa, necessarily, has paid first attention to short-term pressures; but do not, Mr Chancellor, follow some of your advisers in under-estimating the possible implications of his longer range ideas, notably for mutual holding of currencies. With patient but purposeful shoving, this concept could work out much the same as the elaborate plans of the Keynes or Triffin type which, Mr Chancellor, you have prudently been advised not to resurrect under present circumstances. The start made this year under Mr Roosa's lead in mutual holdings between central banks is a minimal one, totally inadequate by itself. But it is a start; and just what is the Bank of England doing in frowning on the idea to such an extent that the sterling-dollar arrangement has now been allowed to lapse? The Bank, like some other central banks, distrusts the idea of "artificially creating" reserves. Mr Maudling, do you? Or has this not rather struck you as the object of the exercise? If you are really serious about new initiatives, there could be something in Roosa for you. *Don't* under-estimate the value of a co-ordinated Anglo-American approach; don't over-estimate the impact of a few wise words uttered in isolation.

SO much for the don'ts. Now for the positive stuff. *Do*, as an overriding aim, make an impact. Do reinforce your resolve not to produce yet another beautiful comprehensive plan—there are more than enough to choose from already—but to break out of the impasse. Think of it in this way: more urgent even than making available new forms of liquidity is to stop the existing forms of liquidity from freezing up. And freezing up, in effect, they are. America with $16 billion of gold behaves as if it has $4 billion; European finance ministers with billions in dollar balances face hostile questions at press conferences if they begin to draw them down. The first task is thus to restore confidence in the usefulness of existing international money.

Nettle of the Guarantee

HOW? You, Mr Roosa, claim it can all be done by faith. The only real guarantee for the dollar, you say, is its own strength. Well, that's a platform point but not much else. The hard point is this: if foreign monetary authorities

are to be persuaded to hold more dollars than they would otherwise do because you and your President give the most solemn assurances that the dollar will never be worth less than one thirty-fifth of an ounce of gold, who should take the risk of things turning out another way—they or you? Have you not, in all your new arrangements with other central banks, provided a guarantee on the dollars provided—a guarantee, admittedly, not in gold but in the foreign currency concerned? And would you, frankly, hold really large amounts of other people's currencies without guarantee? Do you see any possible prospect—or case—for extending the mutual holding of currencies in the way you have foreshadowed without such guarantees? It is entirely natural that any deliberate, as opposed to automatic, extension of international holding of monetary paper, whether of other people's national currencies or through specifically international credit in the International Monetary Fund or similar institutions, should embrace some form of value guarantee; the most radical reformer does not suggest otherwise. Guarantees are an indispensable element in any step forward in international credit.

All this is for you, Mr Chancellor, too. Your officials at times show signs of being terrified of a guarantee: how can it possibly be assumed by sterling, they say, with its ratio of only one to three of quick assets to liabilities? But this objection shows a fundamental misunderstanding both of the nature of a guarantee and of the function of the cash reserve in banking—international as well as domestic. A gold guarantee assumed by Britain on sterling balances now would not mean, in the event of a devaluation, that Britain was committed to pay out still more gold that it had not got. It has nothing to do with the paying out of gold (which Britain does not officially undertake anyway); it is a value link for sterling balances—which it would protect, not threaten, in the event of a devaluation.

Similar considerations apply in America. Of course, if as responsible financial authorities you both still feel you must guard against the prospect of a rise in the price of gold then you would be foolhardy indeed to offer the guarantee; you have probably said this a number of times to yourselves. But equally, don't you think the private operator (you call him a speculator, while in *your* hedging you count yourselves as responsible authorities) is capable of tracing this logic himself, and drawing appropriate conclusions. Don't you, in short, see the urgency of finally deciding, and committing yourself, on whether you are going to change the gold price or not?

COMPANY AFFAIRS

Coments on pages, 962, 963 and 966 on :

Davy-Ashmore	Wellman Smith Owen	Fitch Lovell
Joseph Lucas	Monsanto Chemicals	ATV
Dowty Group	Rhodesian Selection Trust	Murex
Furness Withy	Mercury Securities	Purnell

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 964 and 965

MONEY AND EXCHANGES

Money-market report, exchange rates and public finance on page 967

T--ff-n by the Back Door

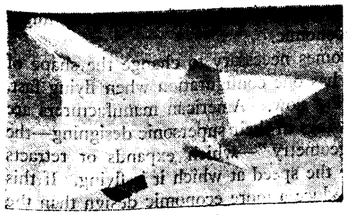
IF a change in the price of gold is ruled out; if, that is to say, sufficient faith is put behind the creation of new forms of international liquidity in paper form; then it will not matter much whether the currency guarantee is expressed in gold or in the currency of the holder. The only element at risk will be the possible relative devaluation of one currency against another—the scope for which is narrowing each year as the major western economies draw closer together and become more sharply competitive. But there would be two advantages in taking the bolder course of the gold guarantee. The first would be its very boldness—one must repeat that a jolt is needed to change the deteriorating course of confidence in international finance, and needed above all is a jolt against the gold fetish.

The second advantage, Mr Maudling, is that a gold guarantee would be the ideal instrument for linking this reassuring support for the old system to a practical beginning for the new. The guarantee could be given, that is to say, to those balances that are transferred as new deposits to the International Monetary Fund. Wouldn't it be nice, oh forward-looking Chancellor, to see central bankers scrambling into the world's new unit of international account rather than having to be dragged into it by the professor we mustn't name? Of course this would be only a beginning. Decisions would soon have to be taken about expanding the volume of IMF deposits. But how else to begin, given that there is no chance of a credit-creating scheme being voted in from scratch? Mr Roosa has shown you the way, Mr Chancellor. Mutual holding of currencies and a wider role for the IMF are essentially part of the same exercise, and can for the immediate future go side by side. You will not sell them to the world outright. You have to give something in return. What you both have to give is the currency guarantee; you will have to give it in the end anyhow; so why not give it now while it still looks good?

MR CHANCELLOR, you are under test. You have chosen, to your credit, to make your first assault on this awful problem of international finance—almost as difficult as getting into Europe in 1958, perhaps? You have some personal stake in your success. To achieve it, you must be willing to court unpopularity in some quarters of London, and to work much more closely, if still not uncritically, with that heaven-sent ally on the other side of the Atlantic. Why not get up with him in Washington and say in chorus:

> Here is our plan; we offer these real concessions to introduce a system that is of clear advantage to you as well as to us; we are both prepared for our part to switch reserves out of gold into interest-bearing guaranteed paper; we rejoice in the recent improvement in our recent balances of payments; we reject the concept of a mystic influence that prevents the reserve currency countries from pushing expansion to the limits that are safe for other countries and safe for us domestically; and we intend to go forward with due, but not undue, caution.

Then you might get somewhere. You would certainly get things moving, which is the first need. Without such gestures, without such alliance, what, Mr Chancellor, can you expect to achieve?



What Kind of Supersonic Airliner?

NOBODY loved Cassandra. To have to play a Cassandra part during the one week when the aircraft industry is *en fête* at Farnborough may seem graceless and ungrateful but there are misgivings about the Anglo-French exercise in building a new supersonic airliner which require airing before final decisions are taken. The British Aircraft Corporation and the nationalised French company, Sud Aviation, have reached agreement on the design and development of a supersonic airliner to fly at 1,400 miles an hour; this means that the design has now been frozen and that the two companies need only the approval of the two governments to go ahead with a prototype. The public ought to know what it will then be asked to pay for.

Just as the monoplane succeeded the biplane and the jet succeeded the propeller aircraft, a supersonic airliner is the logical next step in aviation. But "supersonic" is a disarmingly vague term. Some supersonic aircraft are intended to fly at twice the speed of sound (say, 1,400 to 1,500 miles an hour) and some at three times (more than 2,000 miles an hour). The difference is significant even in words; in engineering terms, it involves departures in technique as radical as those that separate the propeller-turbine Viscount from the pure jet Boeing, whose only resemblance is that they are powered by gas turbine engines. In a supersonic regime, the 1,400 miles an hour Mach 2* aircraft and the 2,000 mph Mach 3 aircraft would fly faster than sound; but that would be the only thing they had in common. In every other respect they would be as different from each other as a Boeing from a Viscount. The question is: Which of the two types should Britain build?

The design that has been evolved by Sud and BAC is a Mach 2 machine. One could describe this not unfairly or cynically as a supersonic equivalent of a Viscount or a Britannia. The intention is that Sud should build a supersonic "Caravelle" suitable for the 1,000 to 2,000 mile range routes that Air France flies to the Middle East, while the British Aircraft Corporation should build a trans-Atlantic version. The two aircraft would be identical, except that the trans-Atlantic version would carry more fuel than the short-range version and so, presumably, fewer passengers.

The Mach 2 aircraft typified by this Anglo-French venture represents the ultimate in aircraft engineering, by today's standards. It offers the fastest aircraft that could be built out of the standard light alloy materials used throughout the aircraft industry. At Mach 2, these materials would reach temperatures of up to 140° centigrade from thermal friction between the airframe and the air. Any marked increase in speed beyond this critical point would heat the structure to an extreme where it began to lose its strength. In much the same way, the Viscount, Britannia and the new Vanguard represent the ultimate speed that can be reached with propeller-driven aircraft. Faster speeds require new engines, new aerodynamic ideas and, above all, new materials. A Mach 2 aircraft is not essentially new; it is rather an intrinsically conservative design, pitched comfortably within the limits of proven aircraft techniques. Jet fighters and a few jet bombers are accumulating hundreds of hours of flying experience at these speeds, so providing experience that can be built into the proposed civil aircraft. With this technical backing, the prototype of a Mach 2 airliner might be flying in five years, with deliveries to the airlines starting in the early 1970s.

THIS sounds an eminently sensible, cautious approach; in fact, it is an approach to an end, not to a beginning. Going supersonic is expensive; at the most conservative estimate, the proposed Mach 2 aircraft might cost £150 million to develop, divided equally between Britain and France. When it comes to laying down a supersonic production line, the first thing an aircraft industry will need to know is that the basic aircraft will stay in production for many years. The airline that buys it, for two to three times the £3 million that it pays for a subsonic jet, will want to be certain that the machine will not become prematurely obsolete.

No such guarantee can be given with a Mach 2 airliner. Judging by trends on the other side of the Atlantic, any Mach 2 aircraft would be replaced sooner rather than later by a new generation of genuinely supersonic aircraft built out of materials like steel and titanium that can withstand the operating temperatures that go with speeds above Mach 2. At Mach 3, about 2,000 miles an hour, skin temperatures might reach 500° centigrade. Mach 3 is out of the question for the time being. Aircraft with a stainless steel skin would be able to withstand this speed and more, but other materials would not, and the fuel would explode. But these present limitations are not necessarily permanent. Manufacturers on the other side of the Atlantic are planning their supersonic programmes in terms of steel aircraft starting at speeds little faster than Mach 2, but hoping to evolve to Mach 3 in good time. Given a steel primary structure, limits on operating speeds imposed by other materials can be removed in turn without altering the basic aircraft structure.

A light alloy Mach 2 aircraft—as opposed to a steel Mach 2 aircraft—is worth building only if it can be expected first, that it would have an outstandingly better economic performance, and secondly, that a steel aircraft would take so long to develop that a light alloy aircraft would have a long working life. The Ministry of Aviation which has consistently supported the light alloy aircraft, would argue that technical developments have been made in light alloy construction to produce a machine conspicuously lighter—and so conspicuously more economic—than a steel one. But the Ministry has to

* The Mach number measures the speed of an aircraft in relation to the speed of sound at a given height. At sea level, sound travels at 760 mph; it falls at higher altitudes. Mach 1 equals the speed of sound, Mach 2 reaches twice the speed of sound and so on.

convince doubters, many with wide scientific knowledge, that this Anglo-French venture is secure, because we have tricks unknown to the Americans. American manufacturers have examined both kinds of supersonic design and rejected the light alloy aircraft because of its apparently short commercial life. It is worth remembering that the long-range Britannia airliner and the short-range Vanguard were examples of propeller-turbine aircraft that represented the ultimate propeller-aircraft design. The airlines pointedly preferred jets, and the two propeller aircraft proved virtually unsaleable. At Farnborough during the past week, the aircraft industry could be seen belatedly attempting to rectify the mistake with the British Aircraft Corporation's giant VC 10 and de Havilland's smooth, smaller Trident.

Its supporters claim that the light alloy Mach 2 aircraft will have a lead of five years at worst, and at best considerably longer, over any steel-built competitor. But one must ask whether the entire United States aircraft industry is composed of ostriches. Has the lesson of the Comet been learnt ? Does the industry still lack a sense of timing ? All the evidence suggests that airlines are in no hurry to go supersonic, will not be panicked into doing so, and will not thank anyone for offering a supersonic airliner before they are ready for it. They also expect an economic performance from any supersonic airliner that they buy. In spite of the popularity of the early Comet before its fatal weakness was discovered, airlines did not buy it because they did not think it the right jet for the job. They waited instead five long years for the big Boeing and Douglas jets ; and they might make just the same decision when offered the choice between two different supersonic systems. Airlines are asking not merely for speed ; they want speed with economy over a variety of routes on which the aircraft have to fly mainly supersonically but in part subsonically. An airliner flying from New York to Europe, stopping at London on the way, might cross the Atlantic at supersonic speed but could not fly supersonically on the short leg between London and Paris. But supersonic flying calls for an aerodynamic shape that is inefficient and expensive at slower speeds and these short, slow flying legs of any journey might prove cripplingly uneconomic.

Accordingly, it becomes necessary to change the shape of the aircraft so that it has one configuration when flying fast, and another when flying slow. American manufacturers are incorporating geared wings in their supersonic designing—the so-called " variable geometry "—which expands or retracts the wing according to the speed at which it is flying. If this trick works, it will produce a more economic design than the Anglo-French light alloy aircraft, but many years will be needed to make it work. Delivery of such an airliner is virtually impossible before 1975, and unlikely much before 1980. But now that they know such ideas are being worked on, airlines are not likely to buy any supersonic airliner without it. It is ironic that the idea originated in this country with Dr Barnes Wallis at Vickers-Armstrongs ; it has taken American effort to try to turn it into a workable mechanism.

THERE are plenty of difficulties in the way of any supersonic airliner, not least the sonic boom that it trails as an explosive shadow wherever it goes. But since the consensus is that such aircraft will be built and flown, it is imperative that whatever Britain builds should have a competitive chance in world markets. When hundreds of millions of pounds are involved, one cannot justify British ideas by saying that American ones will not work. Either they will be made to work or the American aircraft industry goes out of business—which it has no intention of doing. Were this a matter of commercial judgment solely, the industry could be left to make its own mistakes, as Vickers-Armstrongs did with the Vanguard, sadly and expensively. But the bulk of the cost of development in supersonic aircraft will have to be met by the taxpayer ; no group, however big, could raise Britain's £50-£75 million minimum share in the Anglo-French venture. It would be surprising if the companies each invested much more than their usual stake of about £10 million in a privately-developed civil airliner. This is, in truth, a public commitment and the aircraft technicians had better explain it publicly.

BUSINESS NOTES

HALIFAX BUILDING SOCIETY

Taking the Plunge

IN promising to cut its mortgage rate from 6½ to 6 per cent and its net share rate from 3¾ per cent to 3½ per cent next February, the Halifax evidently feels that the trend towards lower interest rates will be maintained. Other societies probably agree with this view but are not likely to rush precipitately after the Halifax, which is not a member of the Building Societies Association and has always been able to pursue its own line, as the biggest society of all. When the Halifax's rates are level with those of the others, as they have been for some time, its inflow of new funds can be embarrassingly high and difficult to match in suitable new mortgage loans. And since it was never in the government's now abandoned house purchase scheme, it cannot use an excess of new money to repay money advanced by the government under the scheme, as other societies can. With its liquidity ratio above 17 per cent by the end of July, the Halifax's decision pays logical regard to its own special circumstances.

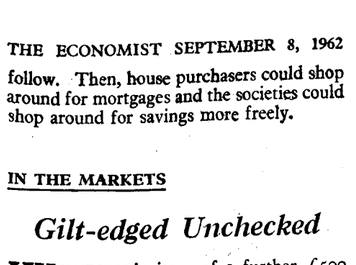
But its decision adds to the pressure on the building society movement, already supported by government spokesmen, to bring mortgage rates down. In the end the other societies will find this difficult to resist and, given a further slight fall in interest rates, a reduction in the association's recommended rate in the new year must be reckoned as a lively possibility. But any such step would be nonsensical if it brought back the rationing of mortgages and the societies must first convince themselves that the inflow of savings will remain high at a lower rate of interest before they move. If the aim, as the movement and the government proclaim it to be, is to encourage home ownership, the societies would not be flint-hearted monsters if they left the rates unchanged. But is there any such thing as a right level for a recommended rate fixed by the Building Societies Association? Why not dispense with it altogether? Not all member societies can afford to observe it anyway. For the rest, more competition and less cartel might be a good principle to

follow. Then, house purchasers could shop around for mortgages and the societies could shop around for savings more freely.

IN THE MARKETS

Gilt-edged Unchecked

WEDNESDAY'S issue of a further £500 million of 5½ per cent of Treasury stock 2008-12 for which " applications from the public were allotted in full," was barely noticed in the market. For those unfamiliar with the devious ways in which the British financial authorities still cloak their basically sensible borrowing arrangements, one must explain that since the issue was deliberately pitched above the price at which the same stock can be bought in the market, applications from the public must have been confined to the misguided few. The great bulk of the issue, in the usual way, has been taken up by the government broker on behalf of official funds, where it will henceforth be available " on tap." Since, if recent tactics are continued, there will be sales from this tap only if the market as a whole rises sufficiently to make the tap price look attractive, the existence of this large new potential supply is not a threat to existing prices. It does, admittedly, act as some check on an immediate rise for this and comparable stocks, and in the past week both the 1999-2004 stock and irredeemable War Loan have risen by only another ¼ point or so. At the same time, the switching of the " long tap " from the late eighties into the twenty-first century has provided a boost



for the twenty-year maturity range, and both the 1982-84s and the 1986-89s (which left the tap a week ago) have risen by 1¼ points. Thus, as was almost certainly intended, the large new issue has not taken the steam out of the gilt-edged market as a whole.

Nor has it checked the flow of non-government gilt-edged issues—which the government broker does not support. Manchester is offering £10 million of 6 per cent stock 1973-74 at 99, giving a gross redemption yield of 6⅛ per cent. These terms, pitched right up to the existing market valuation for comparable corporation issues, denote a saving of ¼ per cent over corporation issues made only a month ago and of ½ per cent over issues made in late spring. Even so, one member of Manchester Finance Committeee has stated publicly that he would have preferred to wait longer for a larger saving. The trouble here is that Manchester would then again have missed its place in the issue queue. Since the borrowing arrangements are due to be remodelled very soon this might not matter too much. But Manchester's Treasurer, Mr H. R. Page, is no novice in management of his debt. In the current issue of the *District Bank Review* he stresses his dislike of being committed to high interest rates for long periods ; and he has evidently decided that just over 6 per cent for eleven years is a reasonable compromise at the moment.

Wall Street's Influence

IN a thin, lifeless market equity prices in London have been drifting down ; over the week to Wednesday's close *The Economist* indicator fell 7.3 points to 328.5 and the *Financial Times* ordinary index 2.2 points to 277.2. The British market has faithfully reflected the lack of drive and purpose on Wall Street, where the Dow Jones average has fallen back below the 600 mark. In both markets intermittent rallies have carried prices well above their low points in the spring. But these rallies have been based on relief that the check to the American economy has not gone further rather than on any expectation that it will expand quickly. Indeed, a strong, broadly-based advance has been constantly frustrated by the fear that, try as the governments may, it will be difficult to get the American or British economies quickly moving forward in top gear. An experienced commentator on the American economic scene, Mr William Biggs, of the Bank of New York, has been looking at the 1963 prospect and offers some conclusions that, though not positively disheartening for equities, quite clearly rule out the possibility of a bull market. Mr Biggs expects business in the United States to hold up well until the early part of next year but that after that there might be a " gently declining plateau of business " perhaps accompanied by a fall in corporate profits to the 1961 level. He also suggests that the prospects for an " important " tax cut in 1963 are not good unless business weakens seriously. Such a forecast is not likely to put steam into American equities and if things work out in this way, they could put a brake on any rise in British equities in response to official attempts to stimulate the British economy.

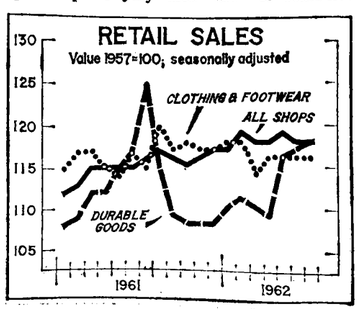
The August rally in Wall Street, which carried the Dow Jones average 40 per cent above the low touched in the spring, has clearly lost its momentum. It was, in any case, an irregular advance in which some stocks made little or no progress. Rises have been most marked in some of the low yielding growth stocks and some of the high yielding blue chips ; and this lopsided appearance reflects the state of the American economy where profits in some companies are very high and in others extremely disappointing. Small investors, who were so active on the way up, have stayed out of the market and a much brighter economic outlook is needed to bring them back into it. Those pension funds, mutual funds and bank-managed trust funds which have remained active investors have been highly selective in their buying. They are still buying growth stocks such as IBM, Polaroid and Air Products which have good earnings prospects, but often as " averaging " purchases balanced by buying of defence, motor and oil stocks which offer good yields. Unless there is a marked change in economic conditions, the analysts are now saying, the Dow Jones average could range between 550 and 650 ; the fact that they went so woefully wrong as recently as last spring does not prevent the wide acceptance of their present assessment on Wall Street. If they are right, could there be a great forward thrust in the British market?

CONSUMER SPENDING

Poor Figures for Poor Trade

THE Board of Trade's first shot at measuring retail trade in July was badly off-course. Its index of seasonally adjusted sales has been lowered from the provisional estimate of 119-120 (1957=100) to a final 118. " Round numbers are always false " said Samuel Johnson ; but not to finish up with one out of a choice of two is a statistical facer. In mitigation, the two other misfires in the last twelve months were not quite as bad: the final index differed by a point from a single provisional figure (the board does not always indulge in a range). The forecasters, therefore, have been much more often right than wrong. Faint praise, however: and this earlier estimate may prove worse than useless if it has to continue to rely heavily on the trade of the smaller shopkeepers who send in their simpler returns more quickly than large retailers. But maybe there is just a hoodoo on the retail trade statistics at present for they are in bad odour on another score—the more serious revisions that have resulted from the overhaul of seasonal adjusters.

Anyway, there it is: retail trade did not pick up in July after all. It remained



in the doldrums, the same, in volume, as in June and in the second quarter of this year, but a point lower than in the first quarter. Shop prices seem to have levelled off and the money coming into the tills in May, June and July was only slightly higher, seasonal factors apart, than during the earlier months of the year. None of the main kinds of business has been showing much life. Trade in food shops has done little more than reflect price changes ; trade in clothing shops has been unchanged since April. Total turnover in durable goods shops was much the same in each of the months May, June and July ; while on the credit side of this business the level reached in June was probably maintained in July. The easing of hire purchase terms three months ago has done no more for the household goods shops than switch some sales from the cash register to the credit account.

The shops take only about a half of all consumer expenditure and statistical evidence about amounts spent on such things as drink, housing, transport and personal services does not go beyond the first quarter. But the hire purchase statistics provide an indication of car sales. The further small increase in July, for the third month running, in the total debt outstanding was almost entirely in the part owed directly to finance houses. New credit extended by these houses went up about 5 per cent compared with "the slight fall normally experienced between these months," and business in used cars did particularly well. In August, according to Hire Purchase Information, the seasonal decline in motor business was less than last year and for the first time appreciably more car contracts were taken out this year than in the corresponding period last year.

PROFITS AND DIVIDENDS

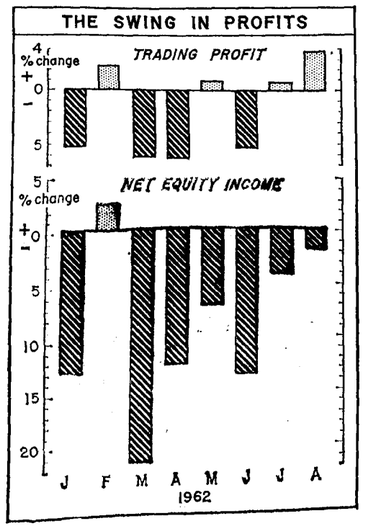
Turning the Corner?

A SINGLE month's profits do not make a trend, but the accompanying charts suggest that the worst of the setback in industrial profits as a whole may have passed. Certainly, there is no great buoyancy in profits and returns on capital employed remain depressed. With the economy in third gear, a big rise in profits reported in coming months is hardly to be expected but a levelling out around the previous year's levels begins to look likely. That, indeed, happened for the 121 companies whose reports were published in August. But the table shows that although trading profits rose by 3¼ per cent, there was no improvement in net equity earnings or in returns on capital employed. Among the industrial groups that had an important influence on the total results, food companies' made higher profits but brewing profits were practically unchanged ; profits were higher in building and electrical manufacturing companies but lower in engineering companies.

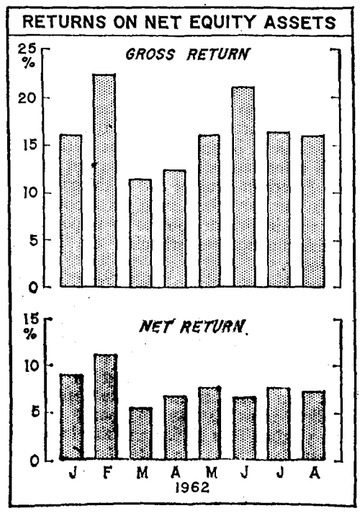
PROFITS AND DIVIDENDS
(£ million)

121 Companies reporting in August	Previous year	Latest year
Trading profit	135·3	140·4
Gross profit	101·8	102·3
Net equity earnings	47·4	46·5
Net ordinary dividends	23·2	25·2
Times covered	2·0	1·8
Net equity assets	581·7	650·6
	%	%
Gross profit/net assets	17·5	15·7
Net earnings/net assets	8·1	7·1

THE SWING IN PROFITS



RETURNS ON NET EQUITY ASSETS



Cars offer the only sign of an expansionary force in this latest batch of statistics. Nevertheless, the official view is that higher incomes and some increase in credit will automatically raise spending in the second half of the year. But, without any new stimulus, can the Treasury foresee the 4 per cent rise in consumers' real expenditure that Mr Selwyn Lloyd forecast over the current fiscal year?

EXCHANGES

No August Drain

STERLING has been generally steady in the exchange markets this week, and some dealers believe that the Bank of England may actually have been taking in dollars again. The market was pleased with the good out-turn for August, showing a net gain of £4 million in the reserves, after special influences, in what is usually the worst month of the year. Indeed Britain's reserves have changed very little, again allowing for special influences, since the summer strain began: there is a net rise of £8 million over the three months June through August. This stability does not necessarily contradict the impression that short term funds have begun to flow out in a small way. But any such outflow has evidently been counterbalanced from other sources—including, without doubt, a continued foreign inflow to the gilt-edged market. This has helped to strengthen Britain's basic balance (current and long term capital account) and at the same time sterling may also have benefited from the recent improvement in overseas sterling countries—though the third quarter is a poor season for them also.

The unfortunate aspect of the August gold return is that the actual reserves fell by £24 million where they need have fallen by only £6 million. For apart from the special payment of £10 million on debts incurred in the former European Payments Union, there was a further special fall of £18 million as a result of the liquidation of the three months swap arrangement (mutual credit) between the Bank of England and the United States Federal Reserve, which had swollen the reserves of both countries by the equivalent of $50 million when it was established in May. The London comment on termination of this agreement is that thanks to the stronger position of the dollar the agreement is no longer necessary—and it could always be resuscitated. But is the position of the dollar—or of sterling—so strong that such supports should be dispensed with at the first opportunity? No doubt the arrangement would have been maintained if the dollar had been actively under pressure ; equally, one guesses that it would have been continued if the London authorities had been less lukewarm about it. One wonders now what will happen to Mr Roosa's network of agreements on the continent.

SILVER

The Rise Goes On

SILVER rose by 3½d. an ounce last week and this week has already jumped a further 3d. to 97¾d. an ounce, comfortably exceeding its 1920 peak. Industrial consumers have been given many unofficial assurances since the price was unpegged last November that there would be silver enough for their needs but they must now be wondering where the rise will end. The cost of silver nitrate to the expanding photographic film industry has jumped about 20 per cent since November in line with the increased price of silver. Silver nitrate accounts for a small proportion of total costs of some film ; for others it may run up to half of the final cost. Manufacturers have been taken aback at the steep rise in silver but they cannot afford to risk not buying well ahead of their requirements. There are many unknowns on the supply side, but a quick alleviation of the pressure through the release of large quantities of silver stored in various forms throughout the world does not seem likely. Manufacturers who have been running through stocks accumulated last year have therefore been competing against speculators to cover their needs from the limited sources of supply.

Last year's tremendous weight of forward buying has not been repeated this year. In the changed circumstances of the silver market, the rise in silver looks well grounded and the market seems in no danger of a sharp reaction. Demand for silver for industrial purposes cannot be met solely from newly mined metal. On top of industrial demand there has apparently been a revival in demand for coining, which might obviously be modified by reducing the silver content of coins if the rise in silver gets out of hand.

Mexico, the largest producer of silver, bought up large quantities earlier this year to support its price after interest in silver flagged following the initial rise. It has recently been selling off part of this stock said to amount to more than 10 million ounces. The United States Treasury was left with 32 million ounces when it suspended sales from its "free" stock last year. This was intended to be released if the rise in silver became excessive. Melting down coins and other silver valuables might produce some more metal for industrial uses. The American silver coin with the greatest intrinsic value prices the silver it contains at $1.29 an ounce, compared with a present market price of $1.13 an ounce, but Latin American coins are nearer the melting pot.

COTTON TEXTILES

Crossing the t's

ADMIRABLE in its way, the Cotton Board's recently published analysis "Implications for the UK Cotton Industry of Britain's Entry into the EEC" stopped

FUEL CONSUMPTION

A Ten-Year Look

WITH output static, fuel consumption was virtually unchanged last year, according to a study made by the Ministry of Power and published in "Economic Trends." But coal's share of the total fell to 71·9 per cent ; in 1960 it was 74·1 per cent, and in 1951 it had been 88·9 per cent. The meteoric rise of oil as an industrial fuel has been one unforeseen feature of the decade ; last year's consumption by industry of 38.6 million "coal equivalent" tons was more than 2½ times what the Ridley Committee forecast for 1959-63 and that of coal 20 per cent less, even though it set its prediction of total energy requirements less than one per cent too high. The reduction of nearly 20 per cent in the amount of coke needed to produce a ton of pig iron is another factor that has upset forecasts, for the steel industry has made 42 per cent more steel with 14 per cent more fuel ; and, because its oil consumption has trebled, its consumption of coal and coal-based fuels is unchanged.

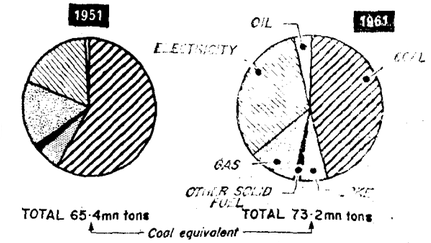
The creation of some sort of a free market in fuels in the last decade after more than a decade of control helps explain the changes in consumption ; once oil had gone from shortage to surplus, the competitive position of coal proved weaker than expected. Indeed one lesson one might draw is that convenience counts for almost as much as cost, for electricity consumption rose by 120 per cent, and it is about the most expensive source of power there is. But this popularity of electricity gives coal, indirectly, its one strong point ; the power stations consumed 3½ million tons more coal in 1961 than in 1960, and they take the sort of coal that can be most efficiently produced. General industry took five per cent less, 29.3 million tons, while using 16 per cent more oil—15.9 million "coal equivalent" tons, nearly 3½ times as much as in 1951. Its consumption of electricity has doubled in the decade, while that of gas has risen by a third.

CONSUMPTION BY TYPE OF FUEL
(million tons of coal equivalent)

	1951	1956	1960	1961
Coal	206·2	214·0	195·5	190·0
Oil	24·8	37·5	65·6	70·9
Other	1·0	1·3	2·9	3·5
Total	232·0	252·8	263·9	264·3
Total used to generate electricity	37·7	49·2	64·7	69·0
Total used to make gas	19·6	20·1	18·8	18·6

Domestic consumers have shown much the same pattern of preferences as industrial ones, though they are still using an insignificant if growing quantity of oil. Coal consumption has fallen by nearly 12 per cent since 1951, while that of electricity has grown 2½ times. Gas, however, has lost ground—though "coal equivalent" figures exaggerate the trend, just as they under-estimate the rise in electricity consumption, for in both cases more is now made from one ton of coal than ten years ago. Gas consumption may now be rising. An odd feature of the domestic market is that the northerner still uses as much coal as in 1951, while sales in southern England have fallen by nearly 40 per cent since then ; in the London area the fall is about 65 per cent. Tradition dies harder in the more rugged and colder areas of Britain. But there is economic sense in burning coal near to the mines, even if this cause of the drop in the amount transported must be one reason for the troubles of British Railways. Most of the oil used in homes is paraffin — consumption of which dropped by six per cent last year—with central heating accounting for only 20 per cent; the oil companies, for all their efforts, are still only selling by drops. The fortunes of electricity must seem indecently comfortable to them.

DOMESTIC FUEL CONSUMPTION
Percentages



short of outspoken criticism of the quality of British management. It touched on the neglect of this and that tool of modern management, on missed chances and the deplorable relations between employers and workers in the British cotton industry. The cotton workers' latest claim for a 10 per cent rise in wages was, incidentally, passed to the Industrial Court last week following a breakdown in negotiations. But the Cotton Board could not bring itself to say of the people it represents that they simply have not got what it takes to make a success of their business.

But Mr Allan Ormerod of Ashton Brothers, the cotton spinners and manufacturers, which this week strengthened its own position in the industry by bidding for Burgess Ledward, used the platform of the British Association, meeting this year in Manchester, to say just that. The lack of ability, pure and simple, was blamed for the emergence of some of the industry's problems and for the persistent failure to find solutions. The dearth was alleged to be evident among all those responsible for the industry's well-being—the Government, trade associations, trade unions and directors and executives. Experience was reckoned a stumbling block in this industry which would do better to forget its past. However, technical graduates are rare and the industry traditionally recruits only from skilled operators to fill its management posts. As a result, good management is said to be too scarce to maintain the industry at its present size.

But if Britain enters the common market and a 17 per cent *ad valorem* duty is eventually applied to exports to this country from Commonwealth countries, the British industry will be effectively sheltered against their competition. Based on prices of sheeting in February, a 17 per cent duty would more than account for the difference of 5d. a yard between the British and the Hongkong product, though to British manufacturers current prices for even British cotton textiles are distressingly low. Wages in Hongkong have risen by 25 to 50 per cent since 1960 and hours have been shortened. Wages are higher in some cases than in countries like Greece and Spain which might get preferential treatment in the common market. It seems Hongkong's turn to worry, though its troubles are not all of its own making.

AMERICAN BANKING

Paying for Time

EIGHTEEN months ago the First National City Bank of New York announced its willingness to provide negotiable certificates of deposit in return for time deposits by corporations. Other banks quickly followed this lead and the New York money market acquired a new short-term instrument and corporate treasurers a new investment outlet for their cash balances. The innovation has attracted a good deal of interest from bankers all over the world, in particular among British bankers faced with the same problem of attracting deposits without offering higher rates across the whole range of existing deposits. A full length study of these negotiable time certificates of deposit has been made by Mr Richard Fieldhouse, now on the staff of the New York Federal Reserve Bank.*

The certificates are issued usually in bearer form and interest is paid to the holder at maturity on the par amount. The original market in the certificates was provided by the Discount Corporation of New York; other government security dealers now trade the certificates for their customers. By July 31, 1962, the certificates issued by the nine New York City banks totalled $1,361 million; by the end of March, 1962, Mr Fieldhouse estimates that the country-wide total was $2.5 billion. This is a long way from the $43.4 billion of Treasury bills outstanding at that date, but it is very close to the $3 billion of finance company paper in the market, and already above the $1.7 billion of commercial paper outstanding.

Previously, American banks discouraged corporate time deposits in the belief that they would lead to wholesale switching from demand deposits. However, businessmen have in recent years been looking on their cash flow as demanding careful husbanding and they tend to keep in their current bank accounts no more than is absolutely necessary for day-to-day operations. This first entailed a drain of bank deposits into Treasury bills, and meant a higher turnover of the remaining corporate balances. By offering corporations an investment that is relatively high yielding and marketable the banks have countered the squeeze on deposits and at the same time have made corporate deposits less volatile. The aim is to compete for funds that would otherwise go into the money market, without inducing the corporations to draw down their demand account balances. For this reason the banks issue the certificates, only in large denominations; among the bigger city banks the minimum may be as high as $1 million.

The certificates provide bankers with a good deal of flexibility. Having lost deposits through the increasing sophistication of corporate treasurers, they are now able to ease liquidity strains and increase loanable funds by operating on that same interest consciousness. The banker can control the flow of these time deposits by varying his rates in relation to the Treasury bill rate and other money market rates. The

* Certificates of Deposit, The Bankers Publishing Company, Boston, USA.

GERMAN FINANCE

Germany's Revolving Banker

Düsseldorf

THE Schlieker affair has again switched the limelight on Rudolf Münemann, the 53 year old banker from Munich who has played a particular part in West Germany's postwar economic history. He was called in to help in finding potential investors who might be prepared to invest money in Schlieker's ailing shipyard; but he soon disappeared from the stage when he saw how hopeless this operation was, though he is said to have supported it with quite a considerable personal sum.

Shortly after the Deutschemark was established in 1948, Rudolf Münemann had a strikingly simple idea, though one not in accordance with classical banking rules. In the years of the arduous resurrection of the German economy, long-term investment capital was sought at any price, even by new and risky ways. Münemann introduced the *Schuldscheindarlehen* (debt bond), financed by money collected at banks and savings institutes and provided by him on a long-term basis to industrial investors. He reckoned that enough new money could be counted on to replace debt bonds as they expired, so that the credits would in practice revolve. Although no legal obligation rested on Münemann, as a broker, his personal credit involved the greatest possible care in arranging the money between the small banks and the industrial investor. No major mistake seems to have occurred, and the total turnover of his activities reached DM 1200 million in the most active years.

It was natural that the German banking world recoiled at such unconventional methods. Münemann complained of an attempted collective boycott by some banks; in the Bundestag there was discussion of a special "Lex Münemann" to prohibit this form of banking practice, though the bill was finally abandoned. West Germany's anti-cartel board had to intervene, and finally Münemann achieved a favourable compromise with the banks. Then several other credit institutes introduced *Schuldscheindarlehen*, and the brokers' profits became correspondingly smaller.

In the last few years Herr Münemann therefore turned increasingly to direct financial investment. His main instrument in which he holds the majority of the stock was the *Investitions und Handelsbank* in Frankfurt, which has done business of DM 600 million a year. Bank connections with London and New York consolidated his position. His industrial interests have been extended to the big textile factory of Müller's in Wipperfurth, a big watch factory and Germany's biggest dealers in used cars in Düsseldorf. And a third area where Herr Münemann has recently extended his interests is in development aid.

1862
1962

Markets to touch down on

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Federal Reserve, however, imposes an upper limit on these rates under Regulation Q. In November, 1961, the three months Treasury bill rate rose above the Regulation Q limit of 2½ per cent on deposits of 90 days to six months; and as a result certificates outstanding with nine New York banks declined by $200 million in the ensuing two months. On January 1st maximum rates on deposits from six to twelve months were increased from 3 to 3½ per cent, and with 182-day bills currently yielding 2.9 per cent the banks are in a strong position to compete for six-months' money.

ITALIAN DRUGS

Bonanza Near its End?

Milan

ITALY'S days as a haven for manufacturers of pharmaceuticals may well end, once the country's first drug patent law is passed. Italy has been the only major country in the world without patent protection for drugs. Any pharmaceutical company can obtain information on any registered drug for a modest fee through the Italian Ministry of Health. A producer of pharmaceuticals has described the method: "In Italy, where there are no patent laws governing pharmaceutical products, it is simple and perfectly legal to get copies of pharmaceutical product patents and read the scientific literature on new products. With the data derived from reading this material, any competent pharmaceutical chemist can duplicate the original product. The process used may be a little more or less expensive, but, generally, the desired end result can be attained with comparative ease."

The result has been the mushrooming and prospering (with no need to embark on research) of about a thousand pharmaceutical firms, including two dozen distributors who, with little or no overheads, have created a highly competitive market, and have evoked angry charges of piracy from foreign pharmaceutical firms. The absence of a patent law has been credited with helping the development of Italy's pharmaceutical industry, unburdened by costly investments in research and personnel. This is perhaps true at home, but since Italian pharmaceutical companies have reached international stature, they have had to invest heavily in research to compete on world markets. To protect their interests, they have themselves recently been pressing for a drug patent law. Italy's major drug companies, it has been said, resemble an old man who, having had his fill of fun, starts to moralise.

The fact is that Italy's pharmaceutical industry is now considered one of the best in the world and the lack of drug patent legislation smothers all incentive to do the research needed for its survival and future progress. Moreover, the pressure by the Six on Italy to align its drug patent laws with those of the other member countries has been mounting to the point where measures can no longer be postponed. A Bill protecting pharmaceutical processes and products has been drawn up by Emilio Colombo, Minister of Industry and Commerce. If and when the new law goes into effect—though opposition, it should be noted, appears to be growing—there will be a major shake-up in the Italian pharmaceutical industry, with mass mergers of the smaller concerns and the departure of many other proprietors of so-called "pharmaceutical" companies with the capital they have accumulated during the years of prosperity.

ANGLO-PORTUGUESE BANK

Sir Isaac in Banking

SIR ISAAC WOLFSON seems to have decided, like so many wealthy men before him, that becoming a banker can add just that something to an already successful career, as well as being profitable. Sir Isaac already has a half share in Ralli Brothers (Bankers) through the Wolfson Foundation; now he has purchased the equity capital of the Anglo-Portuguese Bank from the Banco Nacional Ultramarino (the State Bank for the Portuguese overseas provinces, except Angola, which means in effect Mozambique and a few other outposts like Macao scattered around the world).

The purchase is a private transaction—no price given—on behalf of the Wolfson family trust and the shares are held by the trustees, Sir Isaac and Lady Wolfson. The bank will remain the sole representative of the Banco Nacional Ultramarino for at least the next ten years—out of total deposits of just over £15 million on January 31st last, some £4.3 million came from that bank. Disclosed profits last year were £92,000, compared to £75,000 the year before; five year ago they were £55,000. The change in ownership has not entailed any change in the management, although Mr Felix Neubergh has taken over from Viscount Davidson as chairman of the bank.

Negotiations between the Banco Nacional Ultramarino and Sir Isaac took eighteen months. The reason for the sale seems to be the same as for the earlier sale to Brazilian interests of another subsidiary, Banco Ultramarino Brasileiro, namely that the parent bank's monopoly in the Portuguese overseas provinces forbids branches or subsidiaries elsewhere in the world. If this is so, the bank's one remaining subsidiary, Banque Franco-Portugaise d'Outre-Mer, may soon be looking for buyers.

ELECTRIC HEATING

Radiating Bricks

WARMTH is the convenience that Britons now most desire. Their efforts to obtain it in old and chilly houses have relied, to an extent that has embarrassed the electricity industry, on electric fires—which have heightened the demand peaks in the mornings and evenings and have overstrained the distribution systems in the older residential areas. Floor warming helps to spread the load in new buildings, but can hardly be applied to existing houses; so the industry is now launching a big campaign to persuade the public to buy storage heaters that also use off-peak power. These heaters cost much more than electric fires—about £35 for one giving an output of one kilowatt and having no direct control over output, and £60 or so for a more elaborate unit with controllable output—but they are cheaper to run.

The principle of the heaters is simply that of a hot brick enclosed in a metal cabinet: a lump of concrete or fireclay contains an electric element, which heats the block to a temperature of about 400° centigrade. After the current is cut off, this heat is gradually dissipated into the room; on more expensive models, the casing is insulated and the flow of air past the block is controlled by a damper or a fan, so enabling the heat to be more effectively stored until it is wanted. These heaters need to be charged only at night, when electricity costs about ¾d. a unit; the uncontrolled type needs to be "topped up" by an afternoon charge, taking advantage of a dip in the load curve and usually of some reduction in price—so that the average charge works out at 0.80 to 0.85d. a unit.

These heaters are being sold on an advertising slogan "Central heating for £60"—the cost of two heaters with a combined capacity of 1.6 kilowatts, or enough to give background heating in a hall and one room, or full heating in a smallish sitting room. Six heaters, described as "lavish" in a four-bedroomed house, would cost £180 and could provide only background warmth, with the need for supplementary heating in cold weather. In terms of capital outlay for a given output of heat, there seems little to choose between storage heating and central heating by hot water radiators—though the cost of the latter will vary more from one installation to another. Running costs are even more difficult to compare; storage heating should be a little cheaper than underfloor heating, as no heat is lost into the ground, but it is still likely to cost more than solid fuel or oil. But the simplicity of installation and running should attract customers.

WATER POLLUTION

Clean Water

WATER is so essential a part of people's lives that they take it for granted. It is the water engineer's concern that they should be able to do so—rather than have it forced on their attention by smell, colour or a habit of foaming in rivers. The problem of preserving water's neutrality becomes increasingly difficult as the population rises and industry becomes

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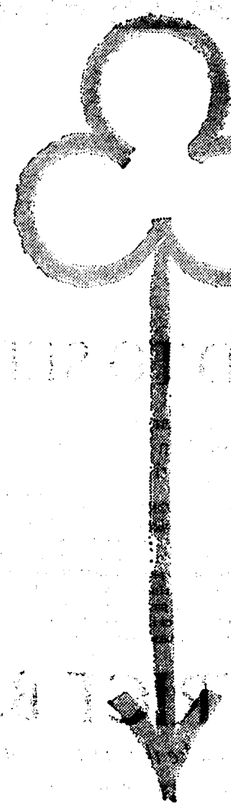

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more complex. The study of water pollution and ways of dealing with it is now an established science. This study began in England where pollution of rivers first became an urgent problem and where some of the first answers were found. It was for these reasons that the first International Conference on Water Pollution Research was congratulated on its "rare discretion and warm sense of history" by Professor G. M. Fair of Harvard when it met in London. In his introductory speech, Professor Fair asked: how has the revolution in science and technology placed water supplies under stress? This problem and attempts to solve it were discussed in the conference, which was divided into three sections: pollution of fresh water, treatment of sewage and pollution of the sea.

Biological methods of dealing with sewage are now extremely efficient; the problems remain of making them cheaper and able to deal more quickly with the enormous volumes of sewage generated by modern cities. Under special circumstances sewage treatment can be made profitable—as Bradford Corporation knows, for it extracts lanolin from it. Some research carried out in California now suggests that cultivating algæ in sewage may be an efficient way of producing a nutritious animal feedstuff, and of purifying the water at the same time.

The streams and rivers into which effluents are discharged are all too easily exhausted of their capacity to deal with pollution and its long-term effects on river life are being studied. Even the sea is not free and the temptation to dump things in it is rarely resisted. Oil on beaches is one price we have to pay; so are two recent outbreaks in the USA of hepatitis, traced to polluted oysters and clams.

AUSTRALIAN BANKING

New Price for Banking

In three weeks' time Australians will have to start grappling with a new set of bank charges which the Australian Bankers' Association has just agreed on. The changes will clearly raise charges generally and not insignificantly, as the market has been quick to appreciate. In London the shares of the Australia and New Zealand Bank have risen 4s. 6d. to 46s. 3d. and the Bank of New South Wales £2 to £34½, since the Australian papers first published unofficial reports of the changes on August 20th.

Under the existing system "low activity" accounts using less than one ledger page (forty entries) in a half-year are charged ten Australian shillings and accounts with more than forty entries in a half-year pay £1 per half-year. It is as simple as that: no allowance is made for any credit balance and a person with forty-one entries pays the same as a firm with forty thousand. There is, however, an "inland exchange" charge. The charge here is based on zones within and between the states and varies with the number of zones crossed. Between Victoria and Canberra the charge is 2s. per cent; between Victoria and New South Wales it is 2s. 6d. per cent.

Under the new system, as shown in the table, there will be three sets of charges: a basic quarterly charge of 5s.; an activity charge; and a new collection charge to replace the inland exchange. Someone with 40 entries a half-year at the moment pays 3d. an entry; under the new system the charge will rise to about 7½d. At the same time a firm with 2,800 entries a half-year at present paying only £1 for the whole lot

THE NEW CHARGES
(per quarter: Australian pounds)

Activity Charge (40 entries per page)	
Number of pages	Charge
½	2s. 6d.
½—1	7s. 6d.
1—2	£1
6—7	£7
35	£29
plus 10s. for each page over 35	

Collection Charge	
Number of cheques	Charge
20	Free
21—100	5s.
plus 2s. 6d. for every 10 cheques over 20	
101—500	£1 5s.
plus 12s. 6d. for every 50 cheques over 100	
Over 150,000	£875
plus £30 for each extra 20,000 cheques	

BANK OF CANADA

The Governor's Evidence

Canada is clearing its thinking on economic affairs. Last year's painful conflict between the Minister of Finance and the then Governor of the Bank of Canada, Mr James Coyne, led quickly to the setting up of the Royal Commission on Banking and Finance. The new governor of the bank, Mr Louis Rasminsky, recently submitted written evidence to the Commission; it comes through clear as a bell.

Mr Rasminsky usefully includes in his evidence the statement he made in August, 1961, immediately after his appointment; the present document is essentially a careful development of his views on the bank's job and its position in relation to the government. Monetary policy, fiscal policy, and debt management should, in Mr Rasminsky's view, form a mixture that is "interdependent and to some extent interchangeable," aimed at influencing demand and the level of activity. Just how the ingredients are mixed must depend on the results that are sought and the speed with which they are expected to take effect. One of the bank's responsibilities is to express its views to the government on this blend of policies "on occasions even to the point of nagging." But, says Mr Rasminsky, in the final analysis the bank "must take the government's expenditure, taxation, and debt management as given" and tailor its monetary policy accordingly. If the governor felt that "he could not in good conscience" carry out the appropriate policy, "his duty would be to resign and to make way for someone who took a different view."

Mr Rasminsky sees his job as regulating "credit and currency in the best interests of the economic life of the nation." His method is to operate through the cash reserves of the chartered banks—fixed by statute at 8 per cent of deposits—by buying and selling "a broad range of financial assets." In Canada it is not the volume of Treasury bills that is regarded as the effective base for bank credit but the volume of bank cash reserves. Mr Rasminsky prefers to control credit indirectly through open market operations in short dated paper, believing that "central bank operations should leave as much room as possible for the exercise of private judgment" in determining the term and allocation of credit. But Mr Rasminsky admits that there may be occasions when the central bank might need more powerful weapons. If disorderly conditions arose in the security markets, or "where a change in the interest rate differentials between Canada and the United States was a matter of importance," the bank would be prepared to intervene directly in the medium and long-term security markets. Mr Rasminsky rejects the idea of continually and directly influencing the level and structure of interest rates, on the grounds that the cash reserves held by the banks would become "a by-product rather than a focal point of the central bank's open market operations." Such an approach would require the virtual fusion of debt management and monetary policy.

If the more conventional control produced a too rapid rise in interest rates, Mr Rasminsky would in the last resort prefer "to vary the cash reserve or liquid assets ratio or resort to moral suasion or selective credit controls than to allow inflationary processes to proceed without further resistance." But he has clear hesitations about such sanctions: to impound the banks' liquid assets is of limited use because the unsuccessful applicants for bank credit would turn up "elsewhere in the market to press their demands for credit." There is the further disadvantage, and this objection should find echoes from British bankers, "of being discriminatory if they apply only to the banks." The same arguments, in the governor's view, condemn moral suasion, where there is also the difficulty of "disengagement." The Bank of England gets around this problem by never formally announcing disengagement at all—the suasion is allowed to fade away.

will now pay the full £A29 a quarter or about 5d. an entry. There will, however, be a rebate system for credit balances rising from one free ledger page for a minimum balance of £A300 to five free pages for £A2,500 and an extra page for every £A500 over that amount.

SUGAR

Testing Time

THE price of sugar has never been easy to define as the International Sugar Council has discovered in fixing a representative price for its own guidance while it still possessed some standing in the world sugar trade. Since the new sugar legislation came into force in the United States in July, American prices have flown off at a tangent compared with their London counterparts. The New York world contract has gained more than £3 a ton on the London spot price since then. Prices for October deliveries are slightly higher than spot values in New York, though prices are lower than spot values for deliveries next year. By contrast, prices for deliveries up to the end of this year on the London terminal market are lower than the daily price, though prices for deliveries from March onwards are higher.

The pull of the American market has attracted much of the available cane sugar in the western hemisphere. About 350,000 short tons of sugar for which quotas in the American market had been allocated could not be supplied by the intended producers. Puerto Rico was 250,000 tons short of its allocation. Part of the shortfalls have been redistributed to other suppliers, the Philippines, British West Indies and Dominican Republic being the principal beneficiaries. But American requirements were also raised by 200,000 tons to 9.9 million short tons at the end of last month, of which the greatest part was offered to producers in the western hemisphere on the basis of first come, first served at the American market price less the import fee of 2.4 cents a lb imposed under the new Sugar Act.

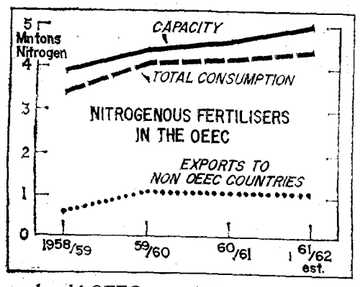
This limited free market for sugar offers around one cent a lb more than the American "world" sugar contract. As American importers are worried by a threatened strike by longshoremen, it is being argued that the import fee should be cut to attract more sugar. Sugar on the global quota would therefore be still farther divorced from the open market. In the straight reallocation of unused quotas to producers who pay only the 10 per cent import fee this year as dictated by the Sugar Act, preference has apparently been given where possible to producers who will take American agricultural produce in return. But the suppliers now seem to be regaining a little of their lost grip on the market, and consumers cannot now dictate terms quite so easily.

World stocks of sugar might have been cut by more than 20 per cent over the past year, and the European beet crop is likely to be smaller than last season's, which excluding Russia, was itself nearly 3 million tons lower than in 1960-61. But the London market has not improved much further since the initial rise which followed details of America's revised sugar importing arrangements. The threat of cut-price sugar from communist countries persists, and there appears to be enough cheap sugar available to satisfy buyers without forcing up its price.

FERTILISERS

Too Much Nitrogen

THE 11th OECD report on fertilisers in Europe, recently issued, makes clearer the background against which the European nitrogen export cartel, Nitrex, was formed. Plant capacity continued to rise, by nine per cent to five million tons a year by the middle of last year, while total demand rose by less than five per cent to 4.4 million tons. Consumption within the OEEC (western Europe plus Greece and Turkey) rose by slightly more, by six per cent; the weak point was exports to countries outside the OEEC which have remained at about 1.1 million tons for three years. (Although the report was issued by the OECD it refers



to the old OEEC group.) Pressure to export is likely to increase as new plants within the OEEC are built: Spain, the largest importer of nitrogen fertilisers (some 165,000 tons 1961-62), should be self-sufficient in a few years; new plants based on natural gas in France have transformed it into an exporter. But plants are also being built outside the OEEC, and although demand for nitrogen will inevitably increase it is hard to see how the new production will be absorbed.

By spreading orders among its members Nitrex may ensure that none is too severely affected by the conditions of surplus. If all were primarily fertiliser manufacturers, plants could be operated below capacity. But it is not possible to cut back manufacture of some fertilisers, namely by-products from other processes, such as steel or gas making. (This comprises the larger part of Belgium's output.) Will Nitrex allow such producers to sell their fertilisers when other members are forced to cut back their production? It will be interesting to see how it copes with the next years of surpluses, and in particular how it solves the problem of by-product nitrogen.

SHIPBUILDING

Rationalising Ship Design

WORK on the design and drawings can absorb as much as 6 or 7 per cent of the total cost of a "tailor-made" cargo liner, although this can be spread over a series if no changes are made in repeat orders. The difficulty, in the past, has been to persuade different owners of cargo liners to avail themselves of the advantages of a good measure of standardisation. The Swan Hunter group of shipbuilders and marine engineers has now produced a basic design for a modern cargo liner of 10,000/12,000 tons deadweight capacity, which it can offer at a price between 10 to 15 per cent less than the normal cost of a tailor-made design. Shipowners have pleased Swan Hunter with their interest, but have yet to convert it into orders. It has also designed a bulk carrier of about 22,000 tons though no details have been announced, and it is also planning a tanker.

Acceptance by the shipbuilders of the original cost of drawings and design accounts for some of this saving; but other savings have been made by the reduction or elimination of features that do not in any way contribute to the efficient operation of the ship, by the use of new materials, and by the introduction of certain new design features and shipbuilding techniques. An important feature of this project is that the designers have deliberately avoided falling into the easy trap of concentrating on producing a ship which is cheap to build, but only at the expense of subsequent operating and maintenance costs. In fact, one of the objects of this design is to enable reductions to be made in the number of crew required, at the same time increasing their standard of accommodation.

On the technical side, an interesting feature is that the hull form is efficien over a range of speeds from 14 to 17 knots and two alternative sets of Sulzer diese engine installations are provided according to the speed required. In addition to the basic design, a number of "standard extras" are offered (at additional prices, of course) in the form either of items tending further to reduce operating or maintenance costs, or of items required for particular service conditions. Altogether this is an imaginative attempt to attract the attention of hesitant cargo liner operators; and it is good news for British shipbuilding that the group proposes to apply the same sort of treatment to other types of merchant ship.

PLASTIC FILM

Between the Sheets

HARDLY a week passes without a "new, vital" use of polythene film being announced. And it usually is new and vital—that is the astonishing thing about

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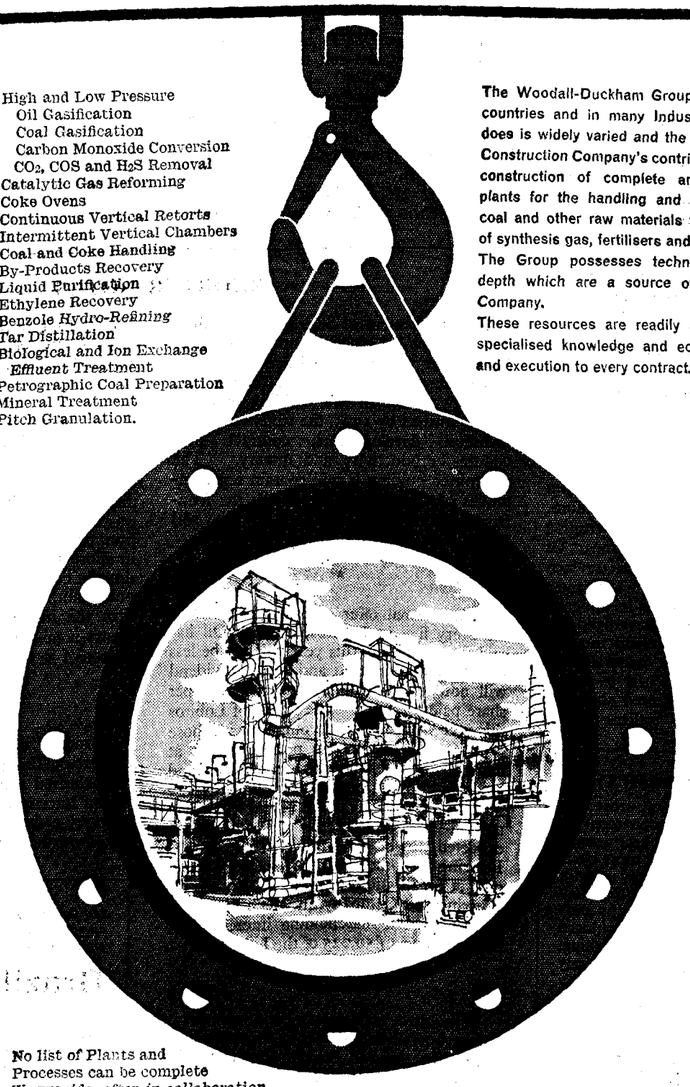

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the business. British Cellophane recently announced that a shipping line has been laying sheets of polythene between cargoes to separate them at different levels. It has also used them for wrapping up powdery materials, such as Fullers earth or painters' colours, to prevent them from sifting around. Not surprisingly, the film was found to be more efficient than the conventional materials previously used, such as bituminised sisalcraft and burlap. Not surprisingly, the shipping line will separate all future cargoes in this way.

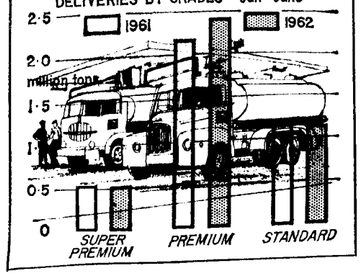
What is surprising is that nobody thought of it before. But this is a standard reaction to many uses for the film, for instance, bags for dry-cleaned clothes. One used to collect them un-bagged; now 500 tons of polythene film a year is sold for the purpose, and this is expected to increase to 2,000 tons by 1970. Gramophone records are invariably in plastic bags; toys, mattresses, kitchen utensils, frozen foods—all appear wrapped these days, where previously they were sold uncovered. This has been the main, and most gentlemanly, characteristic of the growth in polythene film sales so far: it has made its own market.

In this country, sales of flexible films increased from 58,000 tons in 1958 to 73,000 tons last year; sales of polythene film increased by 35 per cent, to 23,000 tons, and of cellulose film, the main packaging film, by 29 per cent to 40,000 tons. Of the polythene film sold, three-quarters was used in packaging and this is where most of the effort to increase sales is directed. New types of film have been developed and new machines designed to extend the uses of old. Among the new materials are films that have been stretched in manufacture and which when heated shrink to their former size, and others which will stand boiling water and are used to make "boil-in-the-bag" packages for frozen foods. Machines have been developed which form, fill and seal bags from flat sheet, previously printed. But the biggest potential is thought to be in heavy gauge sacks, of the sort normally made from paper. It has only recently become possible to make polythene sacks cheap enough to compete. (They now cost 1s. 1d. compared with 10½d. for paper.) Interest in these tough, waterproof sacks is such that British Visqueen, for one, is to instal plant (primarily to produce them) which will make it the largest manufacturer of polythene film in Europe.

New uses are also being found for flat sheet, which in the USA accounts for twice as large a share of the market as in Britain. Used as a weather cover, it is familiar to watchers of building sites; its use in road-making is probably less so. It is laid below the top surface of the road to prevent it from drying out before properly cured; miles of sheet have been used in this way on the Medway motorway. It is also laid under concrete as a damp course. There are many outlets for it on farms: in America, it is used as a mulch, laid on the soil to keep in moisture, but this will not be an important outlet in Britain except in some uses in market-gardening. The inventive film-makers will continue to find uses for their product, and manufacturers of polythene—so sadly over-produced—will continue to be grateful to them.

BRITISH OIL CONSUMPTION

British oil consumption rose by 11.1 per cent (to 25,705,000 tons) in the first six months of this year against last year. Nearly 14 per cent more black oils were consumed; these now account for about 60 per cent of the total. Demand for motor spirit rose by only 4.4 per cent; consumption of standard and super premium grades is falling, and the oil companies have lately reduced the price and raised the quality of the former. The chart breaks down petrol deliveries by grades.



SHORTER NOTES

The Department of Scientific and Industrial Research has placed a contract with the Manchester College of Science and Technology for a study of the structure and economy of the British building industry. To be finished by 1965, the study will cover technical developments, contract procedures, productivity and quality. The committee guiding it will contain representatives of the college, the DSIR, the Ministry of Public Building and Works, and of the professions or industry.

★

In its formal offer of four of its shares for every five in Lobitos, Burmah Oil has said that its profits this year will not be less than they were in 1961 and that its dividend will not be less than 2s. 1d. tax free per share paid for 1961. The profits of Lobitos this year will compare favourably with those in 1961, the decline in profit margins at home being offset by the extensions and modernisation of the Ellesmere Port refinery and by a rise in profits from Canadian natural gas. In Peru, the year's trading is expected to be favourable. Mr. F. T. Bowring and other directors of Lobitos have only a small interest in its stock; C. T. Bowring and Company, in which Mr. F. T. Bowring has a shareholding interest of 2½ per cent, owns £50,025 of the Lobitos stock.

★

Bills drawn on German exporters will in future be rediscountable by Privatdiskontbank, the special discounting institution founded two years ago; hitherto it has accepted only import bills and those drawn for transit dealings.

★

Undercutting by other retailers has persuaded the London Co-operative Society, under Mr John Stonehouse, to change its own price-cutting methods. Direct price-cutting will replace the traditional dividend at self-service stores, and an "instant dividend" of 6d. in the £ will be paid in other shops in the coming financial year, independently of trading results.

★

New commissions for private architects in the second quarter of this year were worth £264 million, four per cent more than they had been a year before. There was a sharp rise in commissions for houses from private developers and a slight increase in those for office building, matched by a drop in commissions for factories and from public authorities. These figures help confirm the impression that the building industry is now in a static state after the hesitations of last summer and autumn.

★

Through its subsidiary, City Centre Properties (Europe), City Centre Properties has acquired a half share of the capital of Union Internationale Immobiliere, a French property company whose shares were introduced on the Paris Bourse in August.

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Brazil

The review discusses Brazil's serious balance-of-payments predicament, now aggravated by political uncertainties, and the fumbling attempts by the authorities to shore up the sliding value of the cruzeiro. Meanwhile, it notes that foreign investors are being deterred by more manifestations of economic nationalism as epitomised in the fate of the controversial Profit Remittance Bill.

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KREDITANSTALT FÜR WIEDERAUFBAU

(Reconstruction Loan Corporation)

FRANKFURT-ON-MAIN GERMANY

BALANCE SHEET AS AT 31st DECEMBER, 1961

ASSETS	DM	DM	DM
1. Cash Reserve :—			
(a) Cash in hand		16,793.10	
(b) Balances on Giro Account at the Deutsche Bundesbank and on Postal Cheque Account		15,644,353.37	15,661,146.47
2. Balances at Banks :—			
(a) Sight balances		3,151,166.21	
(b) Due within 3 months		475,700,000.—	
(c) Due after 3 months or later		5,350,000.—	484,201,166.21
3. Bills of Exchange and Promissory Notes :—			
Foreign promissory notes (Rembursa)			83,146,805.72
4. Cheques			321.95
5. Securities :—			
(a) Own bonds, at par value DM 1,587,800.—		1,551,402.50	
(b) Other fixed-interest securities		1,368,700.—	
(c) Foreign securities		641,415,160.—	644,335,262.50
6. Debtors :—			
(a) Loans granted : to banks, for passing on	3,892,625,490.72		
to borrowers direct to borrowers	3,013,323,033.36	6,905,948,524.08	
(b) Interest : proportionate interest	9,737,202.23		
due interest	55,051,560.86	64,788,763.09	
(c) Other claims		2,187,503.68	6,972,924,790.85
7. Capital not yet paid up			850,000,000.—
8. Participations			10,015,000.—
9. Real Estate and Buildings			1.—
10. Office Furniture and Materials			1.—
11. Items for the purpose of distinguishing between separate Accounting Periods			14,241,929.38
12. Loans channelled to Borrowers on a Trust Basis :—			
(a) in our own name	311,010,461.30	1,509,776,691.22	
(b) in the name of others			
(c) other trust transactions in our own name		109,329,816.49	1,619,106,507.71
13. Customers' Liability on Guarantees	509,021,196.47		
			10,693,632,932.79

LIABILITIES	DM	DM	DM
1. Creditors :—			
(a) Federal Republic of Germany	5,277,295,646.91		
(b) Lands of the Federal Republic	373,300,000.—		
(c) Deutsche Bundesbank	4,397,225.—		
(d) Other lenders	721,792,926.67	6,376,785,798.58	
(e) Interest : proportionate interest	5,482,308.35		
due interest	89,081,826.18	94,564,134.53	
(f) Other liabilities		55,221,549.23	6,526,571,482.34
2. Promissory Notes			125,000,000.—
3. Bonds, etc., in Circulation :—			
(a) Bonded loans : 5½% Reconstruction Loan 1949	112,500,000.—		
3½% Housing Loan 1949	2,400,000.—		
6% Loan 1958	100,000,000.—		
5% Loan 1959	150,000,000.—		
6% Loan 1961	150,000,000.—	514,900,000.—	
(b) Medium-term notes : 4½% 3-year Notes 1959	10,000,000.—		
4½% 3-year Notes 1960	50,000,000.—		
4½% 3-year Notes 1961	20,000,000.—		
3½% 4-year Notes 1959	150,000,000.—		
4% 4-year Notes 1959	80,000,000.—		
4% 4-year Notes 1961	61,500,000.—		
4½% 4-year Notes 1960	150,000,000.—	521,500,000.—	
(c) Drawn bonds		38,086,800.—	
(d) Interest : proportionate interest	9,409,741.10		
due interest	9,805,279.—	19,215,020.10	1,093,701,820.10
4. Capital Funds :—			
(a) Capital		1,000,000,000.—	
(b) Reserve formed from resources of the ERP Special Fund		163,331,448.—	
(c) Legal Reserve		125,000,000.—	
(d) Special Reserve		21,593,831.59	1,309,925,279.59
5. Reserves for Special Purposes			12,321,760.10
6. Items for the purpose of distinguishing between separate Accounting Periods			7,006,082.95
7. Loans channelled to Borrowers on a Trust Basis :—			
(a) in our own name		1,509,776,691.22	
(b) in the name of others	311,010,461.30		
(c) other transactions in our own name		109,329,816.49	1,619,106,507.71
8. Liabilities in respect of Guarantees	509,021,196.47		
			10,693,632,932.79

PROFIT AND LOSS ACCOUNT FOR 1961

EXPENDITURE	DM	DM
1. Operating Expenses		5,918,565.60
2. Depreciation : on real estate and buildings	228,555.69	
on office furniture and materials	183,283.10	411,838.79
3. Allocation to Reserves for Special Purposes		200,000.—
4. Other Expenditure		7,201,521.86
5. Net Profit for 1961 (transferred to Legal and Special Reserves)		24,578,463.27
		38,310,389.52

RECEIPTS	DM
1. Interest received in excess of interest paid	31,014,746.31
2. Other receipts	7,279,112.75
3. Extraordinary receipts	16,530.46
	38,310,389.52

Frankfurt-on-Main, 12th March, 1962.

Reconstruction Loan Corporation
DR. MARTINI ROHDEWALD
DR. RIECK DR. GUTH BACHEM

According to the conclusive result of our audit, which was duly carried out on the basis of the books and records of the Reconstruction Loan Corporation as well as of the explanations and statements supplied by the Board of Management, the bookkeeping and the Annual Statement of Accounts as at 31st December, 1961, are in accordance with the provisions of the law.

Deutsche Revisions- und Treuhand- Aktiengesellschaft
(German Auditing and Trust Company)
DR. ADLER Certified Auditor
PROF. DR. BIRCK Certified Auditor

Frankfurt-on-Main, 30th March, 1962.

ASSOCIATED TELEVISION LIMITED

POLICY OF "REAL COMPETITION" ADVOCATED THROUGH ADDITIONAL COMMERCIAL TV CHANNEL

LOWER PROFIT FROM REDUCED REVENUE, GREATLY INCREASED COSTS AND DEVELOPMENT EXPENDITURE ON NEW SUBSIDIARIES

SIR ROBERT RENWICK CRITICISES ATTACK ON ADVERTISING

The seventh annual general meeting of Associated Television Limited will be held on September 26th at ATV House, Great Cumberland Place, London, W1.

The following is the statement of the chairman, **Sir Robert Renwick, Bt, KBE,** circulated with the report and accounts for the year ended April 30, 1962:

You will see from the Consolidated Profit and Loss Account that the profit of the Group before taxation is £5,038,204 as compared with £6,411,899 for the previous year. This profit is after charging all expenses including depreciation. The provision for depreciation of £439,986 shows an increase of £157,463 as compared with the previous year, due to the fact that this is the first year in which is charged a full year's depreciation on new equipment at our Elstree Studios.

After making allowance for taxation of £2,658,935 and the interests of outside shareholders, there is left a profit of £2,387,884 attributable to ATV.

The amount retained in subsidiary companies is £113,708 and the balance brought forward from last year is £1,859,608 making £4,133,784 available for appropriation.

An interim dividend of 20 per cent has already been paid and your Directors now recommend that a final dividend of 40 per cent be paid again this year. If this recommendation is approved, there will be left a balance of £2,424,909 to be carried forward in the Accounts of the Parent Company.

BALANCE SHEET ITEMS

Turning to the Consolidated Balance Sheet it will be noted that under the heading of Fixed Assets there have been increases both in Land and Buildings and in Plant, Equipment and Motor Vehicles. These are attributable to our new studios at Elstree which are now completed and fully equipped. Whereas the total of Trade Investments has not altered materially, it will be noted that Quoted Shares have increased and Debentures and Loan Stock have decreased. This is mainly due to the conversion into shares of the £500,000 Convertible Loan Stock in British Relay Wireless and Television Limited.

We already have in our Balance Sheet an investment reserve of £500,000. Taking our Trade Investments and Investments in Subsidiary Companies together, your Directors are satisfied that the present investment reserve is adequate.

FACTORS AFFECTING PROFIT

The reduction in Group Profit for the year is due to three main causes—greatly increased cost of operations, reduction in advertisement revenue and losses made by subsidiaries in early stages of development.

We believe that in time our subsidiaries will make a very useful contribution to the income of your Company. We have never stated, as I have seen reported, that our Company could maintain its present dividend from sources other than the profit which we make as television programme contractors. Our profit at present comes mainly from our operations as contractors for Saturday and Sunday in London and for the five weekdays in Birmingham and the Midlands. These two broken periods are economically far from ideal.

VALUE OF SEVEN DAY OPERATION

We advocate a policy of real competition in commercial television through an additional commercial channel. If we were to have a seven day operation, not only would there then be real competition, but we would be able to use to the fullest degree, both at home and through our export subsidiaries, the new studios which we have constructed at Elstree, which are the equal of any in the world.

Our purpose is to provide good television, and by ploughing back profits into the studios at Elstree we have supplied concrete evidence that we are making in the field of television production the sort of contribution which the Government must have believed in when we were appointed. Nevertheless it must be appreciated that though we have been able to improve programme standards by bringing into operation the new studios at Elstree with their complex and up-to-date equipment, this has not been achieved without at the same time increasing production costs. Similarly the awards which have been made as a settlement of the Equity strike are also contributing to increased day-to-day costs of putting programmes on the air.

Last year my predecessor in his statement said: "We confirmed to the Pilkington Committee that we accepted the recommendations of the Television Advisory Committee for the adoption of 625 lines as the British standard. In order to give effect to this we offered, on the days we were not broadcasting in London, to put out a new programme on 625 lines in the UHF band which would carry in addition one hour a day of 625 line colour broadcasting—all at our own expense. Surely this would be a great contribution, and something that would give encouragement to the scientists, the technicians, the script writers, the producers and all the many people who will benefit from an expansion of television broadcasting."

CONTRACTORS' PROFITS

There has been a great deal written about the profits which contractors have made. It is surprising to me that, when a contractor offers to divert a large slice of its profit and to plough it back into advancing the art of television broadcasting, as we proposed, this should not have been mentioned in the Pilkington Report. It seems to me that to use profits to expand the art of broadcasting and to make new programmes available is a better alternative than to force companies by penal taxation, to pass money to the Exchequer to spend on providing the public, not necessarily with what the public enjoys, but with what the Pilkington Committee thinks it ought to have.

I am not one to believe that we are called on to make any defence because of the profits we have made in recent years but I think it is a good thing to repeat what the Hankey Committee on Television stated in 1945:—

"It is quite clear that, until the television service is well developed, commercial interests would not be willing to incur large expenditure for this purpose, owing, for example, to the limited audience served. In the early stages, therefore, we could not expect sponsored programmes to provide a substantial contribution towards the cost of the television service. In these circumstances and without prejudicing the matter for the future, we feel it would be premature to come to a conclusion on this question."

I can say that, for several years before and after the war, the people concerned in promoting Commercial Television lost a considerable amount of money in financing the pioneering work and when eventually the Government agreed to set up a Commercial Television service it was far from easy to find sufficient sources of capital. This only confirmed the conclusions of the Hankey Committee.

PROVISION OF RISK CAPITAL

No sooner had the Independent Television operation started than the rate at which money was being lost became so alarming that it was extremely hard to get any new money. In our own company almost the entire original capital was lost in the first year, so that, far from having "a licence to print money," we found that we had a licence to lose money in millions. Yet a substantial number of the people who were original shareholders put their hands back into their pockets and produced further capital. Even so, it proved necessary to go outside the group for still further backing. It is easy to be wise after the event, but when one considers the risk involved in putting up money for what, on the best authority, was a very long-odds chance, I cannot agree that the criticisms of large profits are warranted.

It should not be forgotten that, if risk capital had not been put up six years ago, we would not have had commercial television. We would still have the low standard of television broadcasting which existed at that time. Occasions are bound to arise when it may be necessary to depend on voluntary risk capital if the many projects and services of the future are to be developed. If

the Government undermines the confidence of the investor it will make it impossible to get the financial support which will be required if we are to bring many new inventions to the light of day.

The most important objective in the day-to-day existence of your Company is the creation and production of programmes. In London we have Saturday and Sunday. These are the two days when the great mass of our people have time off from work and look forward to relaxation and pleasure. The daily drudgery of any worker can be lightened considerably if great care is given to filling periods of relaxation during the weekend by presenting the right sort of entertainment for ordinary people. We have tried to achieve this by giving pleasure while at the same time maintaining balance in our programmes.

ADVERTISING AN HONOURABLE PROFESSION

I do not intend in this statement to deal with the Pilkington Report in any detail. I feel that the ordinary people will decide the answer and not the extraordinary people. I would only point out the many references, often of an offensive character, about advertising which have been made in discussions about the Report. Advertising is an honourable profession. Its standards in this country are recognised as high throughout the world. The Government is constantly calling for more and more exports. Now there is no weapon in this job of selling so important and vital to its success as advertising. Is it a crime to advertise?—it cannot be right to do it in one place and wrong to do it somewhere else. It is certainly wrong to attack advertising in the way it has been attacked, and then to say "but it will be all right as long as the advertising is sold and handled by a state enterprise."

Many shareholders have written to me about the effect of the Pilkington Report and I can only say to every one of them "You have made an investment in an undertaking which was permitted and promoted by the Government, and you have all the rights and all the freedom to take any legitimate steps you wish to protect your investment." In the same way, I say to any and all of our viewers—"We are an adult people and each one of us individually has been entrusted with taking political and national decisions of enormous importance, but the Pilkington Committee has made it quite clear that there is one issue we are apparently not mentally capable of deciding, and that is the sort of programmes the majority of people want to see on their television screens."

SUCCESSES ABROAD

One of our more important subsidiaries, Incorporated Television Company Limited, continues to be the biggest producer and exporter of British television programmes. Following the network success in the United States and Canada of the "Danger Man" series, a further series "Sir Francis Drake" is being transmitted this summer on the NBC network. During the year, the "Supercar" series, using new techniques with animated puppets, was completed and has been equally successful both here and on the American Continent.

Four film series, "Man of the World," "The Saint," "Fireball XL5" and "Broadway goes Latin," were about to go into production when

the strike commenced and as a result of this over six months were lost. However, production is now in progress and we can only hope that there will be no interruption during the coming year; but of course the interruption in our production will affect our sales throughout the world during the present year.

Incorporated Television Company distributes the Group's products in the Eastern Hemisphere and supplies these programmes to our American subsidiary, the Independent Television Corporation, for distribution in the Western Hemisphere. To date over 10,000 hours of programmes have been sold to 32 countries in the Eastern Hemisphere, covering Australasia, Scandinavia, Western Europe, Eastern Europe, Middle East, Far East, India and Africa.

Very few British series have achieved a network showing in the United States of America and our American management have to be congratulated on their achievement.

POSITION IN AUSTRALIA AND CANADA

Last year we referred to our investment in Australia where we have holdings in seven commercial radio stations including stations in Sydney, Melbourne, Adelaide and Canberra, and we are partners in the Australia-wide McQuarrie Radio Network. In commercial television we have interests in eight stations, including Sydney, Adelaide and Brisbane, which are firmly established and are now showing satisfactory returns. Of the remaining five stations, one is in Canberra and four are in important country centres but these stations only commenced transmission in 1962. In addition, we operate a radio programme production company which has a large market for its programmes overseas as well as in Australia.

Last year Australia suffered a severe income recession. I am glad to say we now see definite signs of recovery and look forward to much improved results in the future.

We continue to sell a substantial amount of material in Canada through the Independent Television Corporation. In addition, we have a capital investment in two Canadian Television Stations, one in Halifax and one in Vancouver. We were reconciled to the fact that it would take some time before these companies had expanded to the stage of income being able to carry the expenditure. One of the companies has already got into a profit position and the other is now likely to achieve profits at an earlier date than we originally expected.

PLANNED MUSIC LIMITED

Our subsidiary, Planned Music Limited, which promotes the distribution of suitable background music programmes in public buildings, offices, factories, etc, is gradually approaching a period of consolidation. In the last few years the expenses incurred in preparing the groundwork in this particular business were heavier than we had anticipated. During the build-up period the time taken to get GPO lines laid down and contracts completed is a much longer operation than one would expect, and the shortage of certain Post Office lines has, to some degree, continued. A policy of developing in the known profitable areas, with good administration, will, I believe, bring us to a profit making stage within the next two or three years.

Pye Records Limited, in which we have a substantial interest, progresses according to plan and, although large sums of money are required to establish a records business, we have been making profits for the last three years.

BRITISH RELAY WIRELESS AND TELEVISION LIMITED

Shareholders will know that for a considerable time we have had a substantial holding in British Relay Wireless & Television Limited. This is one of the leading line networks for bringing programmes into people's homes and has been in existence for many years. In fact, the original company, Link Sound & Vision Services Ltd., was the first company in this country to operate successfully a system of transmitting television programmes by wire, and consequently doing away with the difficulties of interference and weak signal strength.

Because of the lack of public demand for new television sets, caused by the state of uncertainty while everyone waited for the Pilkington Report, the company has undoubtedly suffered during the last two years. It has nonetheless continued to build and extend its networks, confident that the added complexities of ultra high frequency broadcasting and colour would lead to a greatly increased demand for wire reception. British Relay's networks are worth many millions of pounds, and we know that, if the maximum effect is given to the White Paper recommendations on the number of channels, well over 80 per cent of the company's existing cables will be able to take all these new programmes including colour, with practically no capital cost. The future of British Relay is extremely bright and we will do everything possible to help it to become a great success.

In addition, in the field of Pay Vision, British Relay Wireless & Television Ltd., has a system which in my opinion is technically equal to any other, and certainly from the economic point of view has a great many advantages. I believe that Pay Vision is one of the certainties of things to come and in due course will be available to viewers in this country.

TRIBUTE TO STAFF

I would like to bring a personal note into my concluding remarks. The strike put a great strain on your company. A large number of our employees had to spend some months in comparative idleness; this not only cost a great deal of money but was a soul-destroying period for everyone concerned. Yet, in spite of the frustration caused by enforced inactivity among staff who love their work, our people supported us wonderfully in that difficult time and were a great encouragement to my fellow directors who are responsible for the day-to-day management of the business.

With the strike at last settled, but almost before we could get back into our production stride, the Pilkington Report was published and more unsettlement was created.

Broadcasting depends on creative people—script writers, producers, directors, actors and technicians—and all of these were thrown into a well of doubt and despondency. It is quite clear to your Board that, if we have to go through a long period of uncertainty about the future this will do irreparable harm to British broadcasting.

We can only say to our staff that we appreciate their great loyalty and we shall do everything in our power to restore a sense of sanity and stability into the commercial side of British broadcasting which is recognised as being unequalled throughout the World.

I.B.E. LIMITED

RECORD YEAR

The thirty-fourth Annual General Meeting of I.B.E. Limited was held on August 30th, **Mr Robert Montgomerie,** the chairman, presided. The following is an extract from his statement:

It gives me considerable pleasure to present to you the accounts, because this was, by a substantial margin, the most successful year in our history. Last year, I indicated that our earnings were then near the record established in 1952, when our profits before taxation reached the figure of £122,668. However, the comparable figure for the year under review was £176,190, which represents an increase of nearly 44 per cent over our previous record and an increase of 51 per cent over the figure for 1961.

Our current activities can be broadly divided into three main groups, road-making materials, including ancillary services connected with their use and application, paints and specialised building products, and it is true to say that the section concerned with the production of bitumen emulsions constitutes no more than one half of the total.

Trading operations in all these main spheres of interest this year gave us every reason to be satisfied, although not complacent.

So far as roads were concerned, our companies in that field made excellent progress and there are very real signs that, by sheer determination, hard work and the production of first-class materials, they are steadily overcoming the difficult trading conditions which have persisted since 1957.

The paint trade is still highly competitive but we are proud of the quality of our products, and in the past year our own companies have shown material advancement, both in the volume of business obtained and in their contributions to the Group's results.

Specialised building materials, marketed under the trade mark Plycol, have contributed substantially to the all-round improvement this year. Expanding sales, increasing good will, and the acceptance of our products in a constantly widening field have led to a number of interesting developments, many of which resulted from inquiries by customers anxious to find materials suitable for their particular needs.

The business of our subsidiary company in Pakistan also showed a marked improvement. Owing to currency restrictions, however, it has not yet been possible to arrange for the profits to be remitted.

In South Africa the operations of our associated company have again been most gratifying and the further improvement in their profits is reflected in the increased dividend received from that source.

Current reports from some of the trades with which we are most closely concerned, notably paints and the building industry, suggest that conditions generally in those trades are not very encouraging at this time. Although, in viewing our prospects for the current year, I do not anticipate the expansion we enjoyed during the past two years, I have no reason to feel despondent, and the news from our own companies for the first three months' trading, indicates that our position at this time is being maintained.

The report and accounts were adopted.

THE CEMENTATION CO. LTD.

IMPROVED RESULTS

The forty-second Annual General Meeting of The Cementation Company Limited will be held on September 25th in London. The following are extracts from the circulated statement of the Chairman, **Sir Frederick Pile:**

The consolidated Profit and Loss Account for the year to March 31, 1962, shows a trading profit of £653,635 compared with a loss of £202,274 for the previous year, an improvement of £855,909. After tax, mostly incurred by our Companies and Branches overseas, the profit this year is £317,513 compared with a loss last year of £434,903. During the year the Group's overdraft position improved by over £800,000. We are now in a position to take the fullest possible advantage of new business on offer.

LAST YEAR

Civil engineering here at home continued to be intensely competitive throughout the year and there was little new mining or drilling work on offer. However, there was a good deal of activity in the UK in our other specialist fields.

The group of UK manufacturing and selling subsidiaries had a successful year, though, like our contracting activities, they were running into a period of generally reduced business activity towards the end of the period.

The results of our companies in South Africa were better than expected.

Elsewhere overseas the year turned out much as I envisaged in my last annual statement, though business conditions in New Zealand worsened markedly towards the end of the year (our establishment in that country has consequently been much reduced) and, in the face of its trading record and future prospects, it was decided to close down altogether our contracting operations in Brazil.

THIS YEAR

The Group's order book at the beginning of the financial year was not so satisfactory as it was in March, 1961, and great efforts are being made to reverse this trend. As I have already pointed out, we now have adequate finance to enable us to deal with the situation.

At home, the reduced profitability, to which I referred in my letter to shareholders of May 2nd, continued during the early months of the year as did the intense competition. The level of activity in some of our specialist fields has been reduced, but I am hopeful that this will prove to be a passing phase of short duration, with the exceptions of mining and drilling. In the case of those two activities we must face the fact that the home market will be substantially smaller than hitherto for some years to come.

I expect the level of operations and profits of the South Africa Group of Subsidiaries to be roughly similar to those of 1961-62, but business activity in Rhodesia is at a low ebb.

Work is still scarce in New Zealand. In Australia our subsidiary company is expanding and prospering. I have no doubt that a sound and substantial business will have been built up in Australia by the end of this year where a useful profit should be earned.

In India our business is continuing to expand and should make a reasonable contribution to our profits for the year.

DOWTY

GROUP LIMITED

CHELTENHAM

Extracts from Sir George Dowty's Statement to Shareholders

MOST SUCCESSFUL YEAR

•

IMPORTANT DEVELOPMENTS IN HYDRAULIC TRANSMISSIONS AND AUTOMATIC MINING

•

	Year 1961-1962
Group Profits	**£3,213,000**
Available Profits	**£1,779,000**
Capital and Reserves	**£13,399,000**

Dividend for year 10½% net

THE PURNELL GROUP

(Printing, Packaging and Publishing)

A YEAR OF PROGRESS

PROVISION OF ADDITIONAL CAPITAL FORESHADOWED

The twenty-eighth Ordinary General Meeting of Purnell & Sons Limited will be held on September 28th in London.

The following is the circulated statement of the Chairman and Managing Director, **Mr W. Harvey:**

In December 1961 your Company was able to add sufficient Ordinary Shares to its holding in British Coated Board & Paper Mills Limited to secure control of that Company, and the profit in respect of the nine months to December 31, 1961, together with the profit of Waterlow & Sons Ltd. for the year to December 31, 1961, are reflected in the Group Trading Profit of £2,126,473, which shows an increase over the previous year of £702,498.

The Net Profit before Tax, but after providing additional Depreciation in respect of Initial and Investment Allowances of £287,920, is £1,177,462, an increase of £414,820 over the previous year. After providing for taxation the balance of Profit for the year is £668,534, an increase over the previous year of £296,914.

SUCCESS OF BOARD'S POLICY

During the past few years your Company has purchased, in the open market, shares in concerns where the business has been complementary to our own, and where it was felt that a merger of interests would be to the advantage of all concerned. The success of this policy is now evident as I am able to report that during the current year offers have been made to acquire the balance of the Deferred Shares in Waterlow & Sons Limited, the balance of the Ordinary Shares in British Coated Board & Paper Mills Limited, and the balance of the Issued Shares in Raphael Tuck & Sons Limited. I am pleased to be able to report that all these offers have been successful and your Company now hold or are in process of acquiring under the provisions of Section 209 of the Companies Act, 1948, the whole of the Deferred Ordinary Shares in Waterlow & Sons Limited, and the whole of the Ordinary Shares in British Coated Board & Paper Mills Limited, and have acquired over 90 per cent of the Preference and Ordinary Shares in Raphael Tuck & Sons Limited. I am confident that the merging of these interests will be to the benefit of your Company and also to the benefit of the former holders of the shares in these Companies who, by accepting Purnell & Sons Limited shares in exchange for their former holding, have acquired an interest in your Company.

The Issued Ordinary Share Capital of your Company after these exchanges have been made will be approximately 8,700,000 5s. Ordinary Shares, and, with the exception of some 500,000 £1 Preference Shares and 200,000 £1 6½ per cent Preferred Ordinary Shares, the whole of the Share Capital of the Subsidiaries and their proportion of Reserves and Surplus applicable thereto standing in the Balance Sheet at £2,710,082 will belong to your Company.

The Investments in the Balance Sheet at £491,710 will, I anticipate, realise, in due course, slightly in excess of £1,000,000.

CAPITAL PROGRAMME

In my last year's Report I stated that your Company was committed to a large capital programme, and the photographs accompanying the Accounts show the progress of some of these extensive projects. When these are completed your Company will be equipped to provide for its own publications and those of its customers one of the most comprehensive and up-to-date printing services in the country.

All our extensions and installations are allied to the printing, paper, packaging and publishing industries with which your Company has been associated since its formation some thirty years ago. The training and recruitment of our personnel have kept pace with the introduction of modern equipment, and our craftsmen are among the most efficient in these industries, with an exceptionally wide range of experience.

Your Directors have continued to pursue a policy of ensuring that the Group's products are such that they can be produced as far as possible from the raw material to the finished goods within the Group. We have, for example, recently completed a most up-to-date ink factory capable of supplying ink to satisfy our own needs and those of our customers.

We have continued to build up our publishing interests with particular emphasis on general education, and during the past few months we have launched another weekly publication, *Understanding Science,* which has been well received by the public both at home and abroad, and we are contemplating further weekly and monthly publications in the very near future.

You will observe from the Accounts that we have Forward Contracts in respect of Capital Expenditure amounting to £2,149,645 which, when completed, will, I am sure, add greatly to the profit of your Company. To finance this expenditure and place your Company in a liquid position we propose at a very early date to raise further Capital either in the form of a Rights Issue or Loan Stock with Conversion Rights; such additional Capital will be offered in the first instance to our Shareholders.

CURRENT TRADING

Before I conclude you will be interested to know about the current year's trading, and I am pleased to state that our turnover is now over £15,000,000 and continues to grow steadily, and our profits for the year, subject to any unforeseen circumstances between now and the end of the year will be at least equal to those of 1961.

Your Directors have recently appointed to the Board Messrs. Bertram Clarke and William J. Harvey, who have been associated with the Company in all its activities for some twenty years or more.

An Extraordinary General Meeting of the Company is being convened on the same date as the Annual General Meeting to seek the authority of the Members to increase the maximum number of Directors to twelve. Should this increase be confirmed it is the intention of the Board to appoint as additional Directors of the Company Messrs. Peter Lavington and A. C. Grant, who have also been associated with the Company for many years.

During the past year your Company has made great progress in all its activities, and I am quite sure that all Members would wish me to convey our sincere thanks to my colleagues and all employees for their devoted services which, at times, have been long and arduous in order to bring to fruition some of the many and varied projects we have on hand.

MOTOR IBERICA S.A.

Avda. Capitán López Varela, 149, BARCELONA (5), SPAIN

Distributors of Ford Products in Spain and Andorra

Manufacturers of Ebro Tractors, Trucks and Engines

The Annual General Meeting of MOTOR IBERICA S.A. was held in Barcelona on May 12th, and the following are details of the report presented by the Board of Directors:

REVIEW

The total sales volume in the year 1961 rose to a far higher figure than that obtained in 1960. The number of tractors sold recorded a 28 per cent increase as compared with that of the previous period whilst the truck sales figure was four times that of 1960.

New types of tractors, farming implements and trucks have been developed. Some of these have already been introduced whilst the launching of others is now going through preliminary stages. The Company's plant is undergoing considerable expansion and alteration, and participation in the capital of other companies within the motor or allied industries was increased during the year.

PROFIT AND DIVIDEND

Profit for the year totalled Ptas. 255,088,770. It was accordingly proposed to distribute this amount as follows: to Income Tax Ptas. 69,500,000; to allocate to the Legal Reserve Ptas. 19,535,660 to confirm the 8 per cent interim Dividend, taxable, against Coupon No. 13, declared in October, 1961, Ptas. 22,386,048; to declare a 10 per cent complementary dividend, taxable, against Coupon No. 14 Ptas. 27,982,560; to distribute, gratis, as additional Dividend, taxable, and against Coupon No. 15, new shares, one for every 22 shares held, Ptas. 12,719,400; to allocate to the "Motor Iberica S.A. Social Welfare Foundation fund" Ptas. 8,000,000; to allocate to the Company's personnel house building scheme Ptas. 2,000,000; to transfer to the "Provision for Capital Investment" (Law 26-12-57) Ptas. 40,000,000; and to transfer the balance to the Reserve Fund Ptas. 52,965,102.

The report, the accounts, and the proposals put forward by the Board were adopted.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:

The Company Meetings Department,
The Economist,
22 Ryder Street, S.W.1.

COMPANY AFFAIRS

Equities have again had a slack week on the London stock market, but whereas in the previous fortnight the low level of business did not lead to lower prices this week prices have fallen. The Economist *indicator lost 7.3 points from 335.8 to 328.5. Any benefit that the gold reserve figures for August brought to prices was limited to gilt-edged stocks ; equity prices were more influenced by the disappointing retail trade figures for July and the dullness on Wall Street. Gilt-edged prices continued to rise. The new £500 million tranche of 5½ per cent Treasury 2008-12 triggered off extensive switching among long dated stocks, but undated stocks tended to ease.*

Steel Dependents

In differing degrees, the fortunes of Davy-Ashmore and Wellman Smith Owen depend upon the pace of investment in the steel industry in this country and overseas, and their results, as the table shows, both point in the same direction. Each has had to work on lower profit margins and each is affected by the end of the steel investment boom in this country. But Davy-Ashmore is much the bigger of the two and appears to be more dependent than Wellman on big-scale developments in the British steel industry such as Newport and Ravenscraig. Both have tried to diversify their activities as capital goods producers ; but since it acquired Incandescent Heat Wellman may have secured a broader range of interests than Davy-Ashmore. Davy-Ashmore's profits will be substantially lower this year and its dividend will be cut, though not by "grievous proportions." Does this mean 25 per cent, against 27½ per cent, or something lower? Wellman, on the other hand, has orders on hand worth £13 million—Davy-Ashmore does not say what its orders are worth but its turnover in 1961-62 amounted to £40 million—and it expects to earn profits close to those in 1961-62. Its dividend, effectively raised through a scrip issue from just under 22 to 25 per cent, does not appear to be in danger.

Year to March 31	Davy-Ashmore 1961	Davy-Ashmore 1962	Wellman 1961	Wellman 1962
Trading profit	5·0	5·3	2·1	2·0
Gross profit	4·1	4·0	1·9	1·7
Net equity earnings	3·0	2·9	0·8	0·8
Retained cash flow	2·7	2·7	1·0	1·0
Net fixed assets	9·3	10·2	2·6	2·6
Net current assets	7·5	7·8	2·6	2·5
Net liquid assets	2·3	Dr 1·0	1·3	0·8
Net equity assets	12·3	13·4	4·4	4·7
Ordinary earnings, per cent	65·3	61·4	48·3	46·3
Ordinary dividend, per cent	27·5	27·5	21·9	25·0
Gross profit/net equity assets	33·3	29·9	43·2	36·2
Net earnings/net equity assets	24·4	21·6	18·2	17·0

In the short term, Wellman's 5s. shares at 20s. 3d. and yielding nearly 6¼ per cent appear a safer investment than Davy-Ashmore's 5s. shares at 18s. 6d. and yielding nobody knows quite what—particularly as there is no guarantee that Davy-Ashmore's steadier earnings record over the last decade (based on the expansion of the British steel industry) will be repeated in the next. But Wellman is not immune from the influences on profits that Mr M. A. Fiennes so fairly puts before Davy-Ashmore shareholders in his statement. Some part of its business, though possibly a smaller part than Davy-Ashmore's, will be affected by the pause in steel investment in this country while other parts are just as dependent as Davy-Ashmore's on higher steel output. As capital goods suppliers, both need economic growth in this country to revitalise their profits. And more than ever both have to look abroad for new orders—ranging beyond steel plant and equipment—and thus are concerned with the flow of aid to the developing countries and upon the provision of export credits. Sir Peter Roberts, the chairman of Wellman, would no doubt agree with Mr Fiennes that the next year or two will be difficult. Both companies will have to live in a tough, competitive world.

Fitch Lovell

The remarkable growth of Fitch Lovell, the wholesale and retail provision merchants, has been based on the acquisition of smaller businesses. It has so captured the imagination of investors that the 2s. 6d. shares at 14s. 3d. are close to their high point for the year. Immediately, this faith is difficult to fault. The group's turnover in 1961-62 amounted to nearly £110 million ; gross profits rose by 32 per cent, though the increase comes down to 16½ per cent if the contribution of new acquisitions is excluded ; the dividend was raised from 15 to 16½ per cent ; and the customary capital bonus of one per cent was repeated. Trading in the first months of the current financial year, the chairman, Sir Ambrose Keevil, says, has shown a "good all-round improvement" and he hopes at least to maintain the dividend at 16½ per cent on the capital as increased by the one-for-ten scrip issue, though the small capital bonus may be dropped. The indicated yield is thus 3.2 per cent, presumably again covered about 2½ times.

But expansion at Fitch Lovell's speed has its cost. This first appears in its bank overdrafts. Admittedly, these are based on

quickly moving stocks and are the equivalent of only slightly more than a normal week's trading. But there is a hint in the revaluation of the group's freehold and long leasehold properties (which, Sir Ambrose says, leaves the company, "well placed for arranging additional finance") that a funding operation may be on its way. It could take the form of a debenture or leasing-back arrangements, and it would thus raise the gearing on an already highly-geared equity. The price of expansion is also revealed in the decline in the return on capital employed. Like other grocers, Fitch Lovell trades on a low profit margin on a big volume of sales. To push up the return on capital employed it must keep its costs down and fight against fierce competition for increased sales. To do this, the admirable objectives of policy laid down by Sir Ambrose have to be translated into hard facts ; they include automation in the factories, mechanical aids in warehouses and offices, the development of supermarkets and self-service stores, a "new and different approach" in retail display and service and a streamlining of the organisation with a view to the "gradual integration" of its various functions. All this costs energy, time and money. And while it is being achieved Fitch Lovell's competitors will not be standing still. Does the current yield make sufficient allowance for the fact that Fitch Lovell has to consolidate the ground it has already won?

Years to end-April	1958 £ mil.	1959 £ mil.	1960 £ mil.	1961 £ mil.	1962 £ mil.
Trading profit	0·8	1·5	1·8	2·1	2·9
Gross profit	0·6	1·0	1·2	1·4	1·9
Net equity earnings	0·2	0·5	0·5	0·6	0·9
Retained cash flow	0·3	0·7	0·8	0·9	1·2
Net fixed assets	1·7	4·4	5·4	7·6	11·7
Net current assets	0·7	2·3	3·5	3·8	2·9
Net liquid assets	0·2	Dr 1·5	Dr 1·2	Dr 1·5	Dr 2·4
Net equity assets	1·9	3·9	6·1	8·6	13·4
Ord. earnings, per cent	40·8	39·9	34·9	33·0	37·9
Ord. dividend, per cent	11·0	13·25	15·0	15·0	16·5
Gross profit/net equity assets	31·6	25·6	19·6	16·3	14·2
Net earnings/net equity assets	10·5	12·8	8·2	7·0	6·7

Monsanto Chemicals

Monsanto's trading record is poor. In boom years it has not done as well as its competitors and in slack years it has done noticeably worse. In its investments in chemicals and plastics, it has sometimes followed the fashion rather than taking its own line in looking for products and markets which would be less affected by price-cutting and dumping by the international giants when the going got tough. It exports about two-fifths of its output and its dependence upon overseas markets has proved to be a source of weakness in the chemical price war without being a source of great vitality in the boom years. In the end, the blame must rest on the managers, though how far the distant control of the American parent has added to their problems is a matter on which only they could pronounce.

The best that can be said about a profit of £77,000 on sales of £9.9 million in the first half of this year (compared with a profit of £796,000 on sales of £10.7 million in the first half of 1961) is that it is slightly better than the profit earned in the last half of 1961. The figures exclude the results of the Australian subsidiary (which has made an "encouraging recovery," though the company is small) and investment income (which will be lower this year). Like other chemical companies, Monsanto expects some "measure of recovery" in the current half of the year.

But the interim dividend has been cut from 5 to 3¼ per cent and Sir Miles Thomas says that the repetition of last year's dividend of 10 per cent (which compares with 15 per cent in 1960 and 1959) depends upon the degree of recovery which is attained. On a 10 per cent dividend the 5s. shares at 14s. would yield about 3½ per cent and on a 7½ per cent dividend about 2¼ per cent. The only justification for so high a price is that the American parent might decide to buy out the minority shareholders. It would need some considerable confidence in the long run outlook to do so.

Joseph Lucas

Whether or not Britain enters the EEC, it is logical for Joseph Lucas, the biggest manufacturer of motor accessories in this country, to seek some protection against the fluctuations in the British motor industry by investing in plants on the Continent. Its foothold in the Commonwealth is secure ; but its Continental investments are no more than a few months old. They include an association with the French company, Roto-Diesel, which makes distributor-type Diesel pumps ; a newly acquired 40 per cent interest in Ducellier, the biggest manufacturer of electrical accessories for the French motor industry ; and plans for building a factory in Coblenz where Girling brakes for the German motor industry will be made. With its low geared capital structure, Joseph Lucas rightly intends to raise fixed interest finance for these investments—£10 million in a long-term debenture issue in this country before the end of the year and £4.2 million on a medium term loan in Switzerland early in 1963. These loans will more than cover the £3 million outstanding in bank overdrafts in this country and £2 million in bank loans in Switzerland. This is a big operation for Joseph Lucas, which in the last decade has financed developments of nearly £30 million without coming to the market ; but it has to be seen in the perspective of an annual turnover of about £120 million on a net asset base of about £45 million. The operation requires an alteration in the directors' borrowing powers ; these will be raised to £40 million and as compensation for their loss of control over borrowing the holders of the small preference share issue are offered an increase in income.

ATV

Although Associated Television has extended its interests, it remains heavily dependent on commercial television. The fat years, as the table shows, are coming to an end.

The chairman, Sir Robert Renwick, says that the fall in gross profits in the year to April 30th from £6,412,000 to £5,038,000 had three principal causes: greatly increased costs of operations, a fall in advertising revenue, and losses of subsidiaries in the early stages of development, Sir Robert says that these subsidiaries will in time make a "very useful contribution to the income" of the group. But he refutes the suggestion that the group could maintain its dividend from income from sources outside commercial television. This dependence explains the stock market's assessment of ATV: the 5s. ordinary "A" shares now stand at 20s. 6d. and yield nearly 15 per cent. Shareholders are confronted with two major questions. First, how much will television profits shrink? Secondly, what contribution can the other activities of the group make, and how soon? Until the government decides the future of commercial television, the first question cannot be answered. On the second, Sir Robert points to the prospect of higher profits in some of the smaller subsidiary companies, such as a television station in Canada and commercial radio services in Australia ; but Planned Music Limited is not going to earn profits for the next two or three years. Sir Robert says that British Relay Wireless and Television has an extremely bright future ; it must account for a large part of the quoted investments of £3 million shown in the balance sheet. But in all, to buy the shares is to gamble on the readiness of the government to extend commercial television much as it is.

Years to April 30	1958 £ mil.	1959 £ mil.	1960 £ mil.	1961 £ mil.	1962 £ mil.
Operating profit	4·1	4·9	5·8	6·9	5·6
Net profit	2·0	2·6	2·7	3·2	2·4
Ord. earnings, per cent	94·3	98·8	94·1	110·5	83·4
Ord. dividend, per cent	15	50	50	60	60

THE ECONOMIST INDICATOR (1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
Aug. 1	312·8	5·50		
" 8	317·6	5·41		
" 15	336·5	5·09		
" 22	335·1	5·13	364·4 (Jan. 17)	310·3 (June 27)
" 29	335·8	5·11		
Sept. 5	328·5	5·21		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Aug. 30	279·4	5·59	5·65	9,976
" 31	279·5	5·59	5·67	9,823
Sept. 3	280·0	5·57	5·68	11,808
" 4	278·8	5·60	5·68	9,727
" 5	277·2	5·63	5·67	9,150

High, 310·2 (Jan. 19). Low, 252·8 (June 25). † July 1, 1935=100.

Dowty Group

The report and accounts of the Dowty Group reinforce the pleasing change, shown in the preliminary profit figures, from the rather depressing news which the market has come to expect from firms supplying the British aircraft industry. Dowty's 27 per cent rise in gross profits from £2,527,000 to £3,213,000 owes little to Boulton and Paul, whose gross profits were virtually unchanged at £400,000. Tax relief relating to prior years doubled to £167,000 and net profits rose by 37½ per cent from £1,331,000 to £1,832,000. The tax free ordinary dividend, raised from 9½ to 10½ per cent, is covered almost 2½ times by earnings before tax rebates.

Pleasing as this performance is, the most welcome part of the report lies in Sir George Dowty's statement that nearly all the companies of the group have full order books and that a further improvement in profits is expected for the current year. In large measure this can be attributed to the success of the group's policy of diversification since the war ; although slightly more than half of its sales go to the aircraft industry the group has applied its specialist knowledge of hydraulics to mining equipment (where sales last year reached a new peak), hydraulic controls and marine equipment. It has also done well abroad, where it sells about a third of its aircraft equipment ; most British firms lamented the adoption of the American F-104G as the standard NATO fighter aircraft, but Dowty went out and won contracts for its equipment. Sir George reckons that the group's aviation order book should keep it occupied for about 2½ years. Backed by this kind of enterprise, the 10s. ordinary shares yielding 5 per cent at 35s. 9d. seem reasonably valued.

Rhodesian Selection Trust

The three-week strike on the Copperbelt in May reduced production of the three Rhodesian copper producers in the RST group in the final quarter of the financial year to June 30th. Mufulira's output fell from its peak of 31,000 tons in January-March to 28,000 tons in April-June—only 1,000 tons or so above its level before capacity was raised sharply by the Mufulira West extension. Roan Antelope, which became a subsidiary in March, suffered only a slight fall in output in the June quarter, but the drop in production at Chibuluma was very steep, and costs rose sharply from about £171 to £198 a ton in the final quarter ; over the year Chibuluma's gross profit fell from £1,047,000 to £623,000. Roan's costs continued to go up, reducing the gross profit to £36 a ton in the final quarter of 1961-62. Though the realised price of copper has remained steady at about £231 a ton over the past two years, the 3½ per cent reduction in Roan's output and the increase in costs led to a fall in its operating

Continued on page 966

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: ITALY: BELGIUM: SWEDEN: NORWAY:

Prices, 1962 High	Prices, 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price Aug. 29, 1962	Price, Sept. 5, 1962	Net Red. Yield, Sept. 5, 1962§	Gross Red. Yield, Sept. 5, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½% 1962	100.6.8	100.6.1	—	3 13 5
99 3/16	96 5/16	Exchequer 3% 1962–63	99 3/16	99 3/16	2 11 0	4 1 6l
100 11/16	98½	Conversion 4¾% 1963	100⅝	100⅝	1 10 8	3 18 1
97⅜	93 3/16	Exchequer 2½% 1963–64	97 3/16	97⅜	2 18 10	4 2 4l
100 23/32	97 1/16	Conversion 4½% 1964	100⅝	100 23/32	1 19 6	4 0 9
95 21/32	90 11/32	Savings Bonds 3% 1955–65	95 15/32	95 21/32	3 7 5	4 11 10l
101⅞	98 3/32	Exchequer 5½% 1966	101 13/16	101⅞	2 16 6	4 18 5
89 9/16	85	Savings Bonds 2½% 1964–67	89 9/32	89 9/16	3 18 6	5 0 10l
100½	98	Exchequer 5% 1967	100¼	100½	3 1 11	5 2 6
89⅛	83 5/16	Funding 3% 1966–68	88⅝	89⅛	3 19 1	5 4 5l
90 5/16	84⅞	Conversion 3½% 1969	89½*	90	3 18 3	5 7 2
88¾	82⅝	Funding 3% 1959–69	88¼	88¾	3 18 3	5 5 0l
97	92¼	Victory 4% 1920–76	95⅛*	95½	3 2 11	4 15 0‡
84 13/16	78 15/16	Savings Bonds 3% 1960–70	84⅜*	84¾	4 2 1	5 7 9l
97⅜	90 9/16	Conversion 5% 1971	96⅝	97⅜	3 9 4	5 9 7
103⅜	97¼	Conversion 6% 1972	102⅞	103⅜	3 5 8	5 11 8
98½	91⅛	Conversion 5¼% 1974	97⅞	98½	3 8 11	5 11 3
92½	87¾	Funding 4% 1960–90	91⅜	92⅜	3 6 1	5 0 0l
77⅛	70 7/16	Savings Bonds 3% 1965–75	76⅛	77 1/16	4 3 2	5 10 6l
76⅝	69 3/16	Treasury 3½% 1977–80	75¼	76⅜	4 1 3	5 14 1l
75⅜	68 5/16	Treasury 3½% 1979–81	74⅜	75⅜	4 1 3	5 13 10l
97 9/16	90 3/16	Funding 5½% 1982–84	95⅞	97 9/16	3 11 4	5 15 3l
90½	82⅜	Treasury 5% 1986–89	88⅝	90½	3 13 10	5 17 0l
61⅞	54	Redemption 3% 1986–96	61½*	61⅞*	3 17 0	5 9 4l
66¼	56 15/16	Funding 3½% 1999–2004	65⅞	66¼	3 15 4	5 12 10l
94⅝	84⅛	Treasury 5½% 2008–12	94¼*	94⅜*	3 12 3	5 16 11l
67¾	58¼	Consols 4% .... after Feb. 1957	67⅝	67¾	3 12 7	5 18 9
61 5/16	52 1/16	War Loan 3½% ....after 1952	61	61¼	3 10 8	5 16 1f
59 15/16	52 5/16	Conv. 3½% ....after Apr. 1961	59⅜*	59 7/16*	3 12 0	5 17 4f
52½	44⅞	Treasury 3% ....after Apr. 1966	52½	51⅜*	3 11 4	5 16 3f
44⅝	38⅛	Consols 2½%	44 5/16	44⅛*	3 9 3	5 12 10f
43 9/16	38 1/16	Treasury 2½% ....after Apr. 1975	43¼*	43⅜*	3 10 5	5 14 10f
95½	89 15/16	British Electric 4½% 1967–69	94 15/16	95½	3 10 6	5 6 9l
80 11/16	74⅜	British Electric 3% 1968–73	79⅝*	80 5/16*	4 2 11	5 9 1l
75⅛	69	British Electric 3% 1974–77	73 13/16*	75*	4 2 10	5 10 5l
84½	79 1/16	British Electric 4¼% 1974–79	83⅛*	84¼*	3 17 3	5 13 9l
77 5/16	70⅜	British Electric 3½% 1976–79	76⅛	77 5/16	4 0 10	5 13 8l
88¾	82¾	British Gas 4% 1969–72	88 3/16	88¾	3 17 0	5 10 7l
86⅜	80 9/16	British Gas 3½% 1969–71	85 13/16*	86¼*	3 19 6	5 9 0l
63 3/16	53 13/16	British Gas 3% 1990–95	62⅛	63 3/16	3 17 4	5 10 3l
80 11/16	74⅜	British Transport 3% 1968–73	79⅝*	80 5/16*	4 2 11	5 9 1l
83 13/16	77¼	British Transport 4% 1972–77	82 13/16	83¾	3 18 5	5 13 9l
64 15/16	56½	British Transport 3% 1978–88	63⅞	64 15/16	4 1 3	5 12 8l

Prices, 1962 High	Prices, 1962 Low	DOMINION AND CORPORATION STOCKS	Price, Aug. 29, 1962	Price, Sept. 5 1962	Net Yield, Sept. 5, 1962
					£ s. d.
84⅞	79½	Australia 3¼% 1965–69	84¾	84⅝	5 19 0l
100¾	96	Australia 6% 1974–76	100¼	100¾	6 2 0l
66	52	Ceylon 4% 1973–75	52¾*	54	10 13 0l
99¼	94¼	New Zealand 6% 1976–80	98¾	99⅛	6 1 0l
77	62½	Rhodesia and Nyasaland 6% 1978–81	76	77	8 11 0l
90½	82	South Africa 3½% 1965–67	90½	90½	6 2 0l
60½	48	Southern Rhodesia 4½% 1987–92	60	60½	8 0 0l
85¾	77¾	Agricultural Mortgage 5% 1959–89	85½	85¾	6 0 0l
90¾	86	Birmingham 4¼% 1967–70	90⅝	90¾	5 15 0l
93½	88⅝	Bristol 5% 1971–73	93½	93½	5 17 0l
93¾	88	Corporation of London 5¼% 1976–79	93¾	93¾	5 18 0l
49⅝	43	L.C.C. 3% ....after 1920	49⅛	49⅝	6 0 0f
90¾	84	L.C.C. 5% 1980–83	90	88⅝*	5 18 0l
93	87	Middlesex 5¼% 1980	92*	92⅜	5 18 0l

NEW YORK PRICES AND INDICES

	Aug. 29 $	Sept. 5 $		Aug. 29 $	Sept. 5 $		Aug. 29 $	Sept. 5 $
Atch. Topeka	22⅛	21½	Boeing	40⅝	39¾	Int. Harvester	46⅞	46⅜
Can. Pacific	20⅝	20½	Celanese	36½	34⅞*	Inter. Nickel	60½	61⅜
Pennsylvania	11⅜	11½	Chrysler	54⅞	58⅛	Inter. Paper	26⅜	25⅞
Union Pacific	30⅛	30⅛*	Col. Palmolive	39¾	40½	Kennecott	68½	68
Amer. Electric	62¾	63⅛	Crown Zeller	42⅛	40*	Monsanto	38⅜	38
Am. Tel. & Tel.	111½	110⅞	Distillers Seag.	40¼	39⅝	Nat. Distillers	24¼	24¼
Cons. Edison	77	75	Douglas	24⅝	23¾	Pan-American	19¼	18⅛
Int. Tel. & Tel.	41⅞	41½	Dow Chemical	48	48⅛	Procter Gamble	68¾	66¼
South'n. Nat. Gas	43½	43	Du Pont	198¼	198¼	Radio Corpn.	48	46½
United Corpn.	7½	7⅛	East. Kodak	100¾	99⅝	Sears Roebuck	73⅛	73⅛
Western Union	28	27½	Ford Motor	43⅝	42⅞	Shell Oil	33⅛*	31
Alcoa	59½	59⅝	Gen. Electric	67½	65⅜	Socony-Mobil	51⅛	51¾
Aluminium	22⅞	22⅜	General Foods	69	69¼	Stand. Oil Ind.	44⅝	44⅜
Amer. Can	43½	43⅞	General Motors	52⅝	53	Stand. Oil N.J.	52	51⅞
Am. Smelting	51½	52⅝	Goodyear	29½	28⅞	Union Carbide	89⅝	89¼
Am. Viscose	54⅝	54½	Gulf Oil	36½	35	U.S. Steel	43¾	42¼
Anaconda	41⅝*	39¼	Heinz	46	43¼	West. Electric	27¾	27½
Beth. Steel	31⅜	31	Int. Bus. Mach.	391	383	Woolworth	68¾	67¾

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 8	60·20	3·58	27·67	5·83	56·17	3·65	89·01	3·98
" 15	61·48	3·50	28·00	5·76	56·85	3·61	89·12	3·95
" 22	62·67	3·44	28·49	5·66	57·78	3·55	89·64	3·92
" 29	61·38	3·51	28·35	5·69	57·38	3·58	89·43	3·94
Sept. 5	60·76	3·54	27·98	5·77	57·23	3·59	89·33	3·95

425 Industrials:—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 29, 1962	Price, Sept. 5, 1962	Yield, Sept. 5, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays £1	86/3	85/9	3·03	...
83/6	61/-	...	...	District £1	82/3	81/9	3·06**	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	57/9	58/-	3·28	...
25/6	20/-	7 b	7 a	Martins 5/-	24/3	24/6	3·06	...
101/-	80/-	7½ b	7½ a	Midland £1	88/3	87/6	3·43	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	84/3	84/9	3·30	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B' £1	86/-	87/3	3·05	...
48/3	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	43/6	46/3	5·19	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. £1	36/6*	36/6	4·57	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£19 3/16	£18 9/16	3·66	...
35	27¼	8 c	9 c	Bank of New S. Wales £20	34	34¼	4·20g	...
39/-	32/6	8 b	5 a	Barclays D.C.O. £1	37/9	37/9	5·30	...
58/6	53/-	7½ b	7½ a	Chartered £1	57/-	57/9	5·19	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. $25	£17¾	£17½	4·29	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. 10/-	54/3	54/-	3·06	...
£29 7/16	£21	$2·37½ c	$2·50c	Royal Bk. Canada $10	£23 5/16	£22 15/16	3·61	...
45/3	37/6	5 a	10 b	Standard Bank £1	44/-	44/-	6·82	...
54/4½	38/3	7½ a	15 b	Hambros 5/-	40/9	41/3	2·73	...
99/9	72/-	5 b	2½ a	Schroders £1	77/-	75/6*	1·99	...
61/9	53/-	6¼ b	6¼ a	Union Discount £1	61/6	61/-	4·10	...
14/1½	10/-	18 c	Nil c	Bowmaker 5/-	11/9	11/7½	...	...
14/3	10/3	5 a	5 b	Lombard Banking 5/-	12/3	12/-	4·17	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit 5/-	12/3	12/10½	2·91	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. 5/-	32/6	31/6	4·21	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	15/1½	14/7½	3·76**	2
14/10½	12/10½	...	...	Charrington United 5/-	14/9	14/7½	4·10**	1¾
44/-	31/-	8½ b	6 a	Distillers 10/-	32/-*	31/1½	4·66	1¾
51/6	42/4½	14 b	8 a	Guinness 10/-	44/6	43/6	5·06	1¾
34/-	22/6	3⅓ a	10⅔ b	Harveys 5/-	24/-	24/6	4·29	2½
15/7½	11/10½	...	8 b	Ind Coope, T.A. 5/-	12/9	12/3	4·90**	1½
29/-	21/3	12 b	6 a	Watney Mann 5/-	24/4½	24/1½	3·73	2
42/4½	31/9	9 a	21 b	Whitbread 'A' 5/-	37/-	37/-	4·05	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½ b	Associated Portland £1	55/10½	54/4½	3·49	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd. 10/-	25/4½	24/7½	5·08	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/-	18/1½	17/4½	4·60	2¾
13/7½	10/6	16·9c	5 a	Crittall Mfg. 5/-	12/4½	12/7½*	6·69**	2
14/1½	9/10½	6 a	16½ b	International Paints 4/-	12/6	12/6	7·20	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	58/6	58/6	2·14	3¼
24/6	18/1½	11⅔ b	5 a	Wall Paper 5/-	20/4½	19/10½	4·19	2¼
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson 5/-	24/7½	23/3*	4·30	2
19/3	13/11¼	11½ c	5 a	Borax Defd. 5/-	15/-	15/-	3·83	2½
43/3	25/6	11 c	4 a	Fisons £1	30/9	28/6	...	1
58/-	47/6	6¼ a	7½ b	I C I £1	52/1½	49/7½	5·54	1
18/6	12/-	10c	3¾ a	Monsanto 5/-	14/3	13/9*	...	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug 5/-	29/4½	28/-	2·14	2¼
33/9	18/9	5 b	2 a	Montague Burton 10/-	23/6	22/6	3·06	2¼
59/6	42/9	13⅓ b	5⅚ a	Debenhams 10/-	49/9	49/-	3·92	1½
65/-	51/1½	12½ a	27½ b	G.U.S. 'A' 5/-	61/6	60/3*	3·32	2
40/3	28/9	13⅓ a	16⅔ b	House of Fraser 5/-	35/-	34/3	4·38	1¼
16/6	12/9	7½ b	5 a	Lewis's Invest. Tst. 4/-	14/2¼	13/9*	3·64	2
100/6	79/6	15 a	32½ b	Marks & Spencer 'A' 5/-	83/7½	81/6	2·91	1½
52/6	39/6	10 a	20 b	United Drapery 5/-	45/9	43/3	3·47	1¾
53/-	44/-	25 b	10⅚ a	Woolworth 5/-	48/1½	46/4½	3·86	1¼
				OIL				
38/4½	30/6	‡2·78a	†7 1/12 b	British Petroleum £1	35/9	34/6	9·32	2
40/-	30/6	†2½ a	†7 11/12 b	Burmah Oil £1	38/1½	37/6	9·07	1¼
£14 9/16	£12 5/16	11¼ a	15 b	Royal Dutch ....20 fl.	£14 5/16	£14 3/16	3·67	2½
35/-	27/-	†10 a	†15 b	Shell Transport 5/-	33/9	33/-	6·18	2½
32/9	20/6	...	...	Ultramar 10/-	23/6	24/-	...d	...

FOREIGN AND OVERSEAS STOCKS

	Aug. 29	Sept. 5		Aug. 29	Sept. 5		Aug. 29	Sept. 5
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,165	1,162	A.E.G.	398	393	A.K.U.	363½	363
Banque de Paris	510	518	Bad'che. Anilin	393	388	Bijenkorf	815	830
Citroen	183·5	189·5	Bayer	459	449	Heinekens	457	470
C. F. Petrole	280·1	286	Commerzbank	410	410	Interunie (Fl.50)	Fl.180·5	Fl.180
Cie. G. d'Elect.	1,265	1,271	Deutsche Bank	448	443	K. N. Hoogoven	553½	553
Machines Bull	500	500	Hoechst Farb.	392	387	Kon. Zout-Ket.	718	718
Pechiney	246·9	245	Kundenkredit	374	373	Philips (Fl.25)	Fl.153·8	Fl.154
Printemps	517	539	Lowenbrau	890	800	Robeco (Fl.50)	Fl.206	Fl.206
Rhone-Poulenc	425·1	422	Mannesmann	219	217	Rotterdam Bk.	353	359
S.I.M.	364	368·8	Siemens	372	366	Thomassen & D.	683	680½
Saint-Gobain	372·9	368	Thyssen-Huette	184	185	Valeurop	Fl. 72·4	Fl. 72
Usinor	205	191	Volkswagen	513	502	Zwanenberg	885	872
Index (Dec. 30, 1960=100.)	98·0	98·6	Herstatt Index (Dec. 31, 1959=100.)	87·25	86·59	Index (1953=100.)	329·5	332
ITALY	Lire	Lire	**BELGIUM**	Frcs.	Frcs.	**SWEDEN**	Kr.	Kr.
Ass. Generali	138,700	140,900	Arbed	28,000	27,950	Asea	238	245
Breda	5,740	5,670	Bqe. Nat. de Bel.	10,600	10,750	Elektrolux	123	124
Edison	3,800	3,845	Bque. Soc. Gen.	3,115	3,150	Ericsson B. Kr.35	136	136
Fiat	2,850	2,842	Cockerill-Oug.	2,750	2,715	Separator B.	292	303
Finsider	1,326	1,304	Esperance Long	5,600	5,450	Skand. Banken	221	219
La Centrale	11,430	11,420	Hoboken	17,800	16,850	Sv. Cellulosa	188	186
Montecatini	3,022	3,025	Innovation	6,490	6,290	Sv. Handelsbank	213	214
Motta	32,200	32,255	Photo Gevaert	2,815	2,835	Tandstk. B Kr.50	162	164
Olivetti	7,970	7,962	Sidro	990	988	Index (Dec. 29, 1956=100.)	171·62	172·3
Pirelli S.p.A.	6,050	6,040	Soc. Generale	14,150	14,125	**NORWAY**	%	%
Rinascente	750	740	Sofina	8,000	8,090	Bergens Priv'bk.	217½	217½
Snia Viscosa	5,410	5,430	Un. Miniere I/10	1,272	1,293	Borregaard	211¼	210½
Index (1950=100.)	673·24	670·78	Index (May 9, 1940=100.)	409·7	411·1	Norsk Hydro	305	297½

* Ex dividend. † Tax free. ‡ Assumed average life, 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 29, 1962	Price, Sept. 5, 1962	Yield, Sept. 5, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
32/6	23/-	5 a	5 b	A.E.I. £1	31/3	31/6	6·35	1
12/6	9/-	...	15 c	Brit. Electronic Inds. 5/-	10/10½	10/1½	7·41	¼
66/3	51/9	4 a	9½ b	B.I.C.C. £1	59/9	60/-	4·50	2
13/4½	11/6	6·8 b	4·6 b	Crompton Parkinson 5/-	12/6‖	12/4½‖	4·61	2½
89/6	63/-	23⅓ c	7½ a	Decca 10/-	75/6	73/-	3·20	1¾
45/6	33/9	12½ b	5 a	E.M.I. 10/-	35/6	35/-	5·00	2
54/6	39/-	5 a	9 b	Elliott-Automation 5/-	45/9	45/-	1·56	2
27/9	20/9	5 b	3 a	English Electric £1	25/9*	25/3	6·34	1½
35/3	26/-	3 a	7 b	General Electric £1	34/-	35/-	5·71	¾
59/3	34/6	4⅜ a	8⅛ b	C. A. Parsons £1	46/3	45/9	5·46	2
47/9	38/6	3¼ a	6½ b	A. Reyrolle £1	46/-	46/6	4·19	2½
82/-	58/-	25 c	27½ c	Thorn Electrical 5/-	78/6	80/-	1·72	3½
				ENGINEERING				
35/-	20/3	9 c	9 c	Babcock & Wilcox £1	33/6	33/-	5·45	1½
38/3	27/3	3·2 a	7 b	John Brown £1	34/9	34/9	5·87	2¼
6/-	4/3	3 a	7 b	Cammell Laird 5/-	5/-	5/-	10·00	1
29/-	21/10½	20 b	10 a	Internat. Combust. 5/-	28/4½	29/-*	5·17	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/1½	4/3	...	...
38/4½	26/-	2½ a	9½ b	Swan Hunter £1	29/3	29/3	8·21	1¾
17/-	10/6	5 a	10 b	John Thompson 5/-	17/-	16/9	4·48	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/-	32/-	32/3	4·43	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	63/6	63/6	4·63	2
49/-	33/9	5 a	10 b	Allied Ironfounders £1	45/6	43/-	6·98	1½
99/9	67/9	5 a	10 b	Averys 10/-	76/3	77/3	3·88	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/-	13/-	12/6	9·34	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/-	9/7½*	9/7½	6·75	1¾
33/-	16/9	10 a	17½ b	Davy-Ashmore 5/-	20/1½	18/1½	...	2¼
81/10½	64/1½	5 a	11 b	Guest Keen £1	73/4½	70/4½	4·55	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	19/9	17/6	4·57	2½
85/6	67/-	5 a	7 b	Metal Box £1	76/-	76/-	3·16	2¼
18/-	13/4½	10 b	4 a	Ransome & Marles 5/-	15/10½	16/1½	4·34	3
48/-	34/-	3 a	7 b	Renold Chains £1	37/-	37/3	5·37	1¾
64/10½	43/1½	7 b	7 a	Tube Investments £1	54/4½	49/7½	5·64	3
31/1½	23/6	2½ a	7½ b	Vickers £1	27/3	26/-	7·69	1
71/6	54/-	10 b	3¾ a	Ward (Thos. W.) £1	61/6	62/6	4·40	3
20/6	12/3	5 a	16 b	Woodall-Duckham 5/-	16/6	17/-	6·18	1¾
				FOOD & TOBACCO				
26/3	19/9	10 c	10 c	Allied Suppliers 10/-	25/9	25/6	3·92	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods 1/-	10/-	9/3	2·43	2
61/3	39/3	8 b	4 a	Bovril £1	46/3	45/3	5·30	1½
12/9	10/9	$3·9b	†1·7a	Brooke Bond 'B' 5/-	12/4½	12/3	3·73	3½
15/10½	11/10½	2½ a	10 b	International Tea 5/-	14/9	15/3	4·10	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A' £1	70/9	70/6	4·49	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	34/-	33/6	4·18	...
13/7½	10/10½	7½ b	2½ a	Spillers 5/-	12/4½	11/10½	4·21	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	47/9	47/3	5·08	2¼
18/-	14/3	5 a	9 b	Unigate 5/-	14/10½	14/3	4·91	2
63/9	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. 10/-	58/3	58/9	6·25	3
41/3	28/3	5 a	15 b	Gallaher 10/-	32/9	32/6	6·15	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	56/3	56/3	8·00	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	6 1/16*	5 5/16	3·66	...
68/-	50/-	20 a	25 b	Commercial Union 5/-	54/6	53/3	4·23	...
35 15/16	21½	†41·17c	†62·74c	Equity & Law Life 8/6	27⅞	27⅜	1·59	...
109/3	69/-	10 a	20 b	General Accident 5/-	81/3	77/9	1·93	...
60/6	42/9	...	...	Guardian 5/-	50/6	49/6	2·69**	...
48¾	32½	80 a	110 b	Legal & General 5/-	37⅜	36⅜	1·31	...
180/-	138/9	8½ a	12½ b	Northern & Empl. £1	161/3	156/10½	2·68	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/-	13 1/16	12 11/16*	3·22	...
29¾	21⅞	†208⅓ c	†208⅓ c	Prudential 'A' 4/-	25½	25	2·72	...
47/10½	35/10½	...	...	Royal 5/-	38/4½	36/7½	4·10**	...
127/9	96/-	7½ a	11¼ b	Royal Exchange £1	109/3	107/9	3·48	
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor 5/-	14/1½	14/1½	7·08	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	74/6	73/4½	1·36	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	27/1½	26/7½	6·01	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' 4/-	5/8¼	5/6¾	2·88	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	78/3	76/6	5·23	...
17/7½	13/10½	8 a	5½ b	Bristol Aeroplane 10/-	16/-	17/-	7·94	2
25/-	19/3	5 a	6 b	Hawker Siddeley £1	22/10½	23/10½	9·21	1¼
36/9	25/9	†4 a	†6½ b	Dowty Group 10/-	33/3*	36/-*	4·76	2½
39/-	27/3	5 a	15⅚ b	Dunlop Rubber 10/-	31/6¾	30/10½	5·13	1¾
77/-	62/1½	11¼ b	2½ a	Joseph Lucas £1	69/10½	68/-	4·04	2¼
22/-	12/-	5 c	9 a	Pressed Steel 5/-	15/6	14/-	1·79	...
39/-	31/1½	5 a	10 b	Triplex Holdings 10/-	35/-	34/7½*	4·33	2
				MINES				
178/1½	136/3	40 a	50 b	Anglo-American 10/-	177/6	174/7½	5·15	1¾
73/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	69/3	69/6	7·19	2½
125/-	81/10½	15 a	20 b	General Mining £1	121/3	125/-	5·60	2
71/-	46/6	†26 a	†74 b	Union Corporation 2/6	68/6	69/6	5·87	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	18/9	19/-	21·05	1¼
132/6	81/10½	100 b	70 a	Free State Geduld 5/-	130/-	128/6	6·61	1½
70/6	50/6	60 b	60 a	President Brand 5/-	68/9	70/3	8·54	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	88/9	89/4½	6·94	1¾
45/6	34/-	...	...	Western Deep 'A' £1	42/-	42/9	...	...
161/3	117/6	210 c	105 a	Western Holdings 5/-	157/6	158/9	6·61	1¼
20/4½	15/3	6 b	5 a	Winkelhaak 10/-	20/1½	20/4½	5·40	3
56/9	42/6	13⅓ a	36⅔ b	Chartered 15/-	49/-	50/6	14·85	1½
57/9	47/-	60 b	20 a	Rhod. Anglo-Amer. 10/-	55/6	57/3	13·97h	1¾
37/4½	24/-	...	6 a	Rhod. Selection Tst. £1	30/-	30/-	12·00**h	...
21/9	14/9	32½ c	Nil a	Tanganyika Cons. 10/-	16/9	17/-	...	1¼
180/-	135/-	100 a	180 b	De Beers Defd. Reg. 5/-	178/9	178/9	7·83	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ....n.p.v.	$112	$111	2·57	...
18/9	13/1½	7½ a	30 b	London Tin 4/-	14/10½	14/10½	10·08	1¼
16/9	15/3	...	...	R.T.Z. 10/-	16/3	16/-	9·38**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	23/6	23/6	13·83	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	5 a	10 b	Daily Mirror 5/-	11/10½	12/-	6·25	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A' £1	78/-	79/-	3·29	2
24/9	13/9	10 a	14 b	Thomson Org'n. 5/-	16/4½	16/4½	7·33	1½
47/3	32/-	5 a	8¾ b	Bowater Paper £1	35/-	35/3	7·80	1
45/-	35/-	5 a	11 b	Albert E. Reed £1	43/-	43/3	7·40	1½
43/9	33/6	4 a	8½ b	Spicers £1	42/6	43/-	5·81	1½
55/-	44/-	4 a	10 b	Wiggins Teape £1	54/3	54/6	5·14	1¾

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 29, 1962	Price, Sept. 5, 1962	Yield, Sept. 5, 1962	Cover
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	21/6	22/-	6·82	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	19/-*	19/6	15·38	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	41/5¼	38/9	3·87	1¾
39/4½	30/9	3⅓ a	6⅔ b	British Match £1	32/-	30/-	6·67	2
16/3	11/6	6⅔ b	4 a	British Oxygen 5/-	13/-	12/-	4·44	1¾
9/10½	7/6¾	3 a	7 b	British Ropes 5/-	8/2¼	7/9¾	6·40	1½
43/3	30/1½	...	...	De La Rue 10/-	41/6	43/3	3·18**	2
42/-	27/1½	5⅝ a	9⅜ b	Gestetner 'A' 5/-	38/-	37/-	2·03	3¾
55/9	41/6	15 c	7½ a	Glaxo 10/-	45/6	44/-	3·41	3¼
49/-	42/6	3 a	12 b	Harrison & Cr. Defd. £1	48/9	48/9	6·15	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	36/6	35/6	3·52	1¾
23/3	16/-	12½ b	5 a	Ilford 5/-	17/6	17/3	5·07	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	98/6	94/9	2·37	2½
52/9	40/6	12½ c	12½ c	National Canning £1	47/9	45/3*	5·52	1½
41/3	33/-	6 a	12 b	Powell Duffryn 10/-	34/-	33/-	5·45	1¾
40/6	32/3	17½ b	5 a	Radio Rentals 5/-	36/9	37/9	2·98	2¾
37/-	24/6	15 b	7½ a	Rank Organisation 5/-	29/6	29/3	4·27**	...
38/-	24/6	16½ b	7½ a	Schweppes 5/-	27/9	26/9*	4·49	1½
35/3	26/6¾	25 c	25 c	Sears 'A' 5/-	32/10½	31/8¼	3·94	2
32/1½	23/-	5 a	11 b	Steetley 5/-	27/1½	27/1½	2·95	3
29/10½	21/9	8½ a	11½ b	Thomas Tilling 4/-	25/9¾	26/-	3·08	2
64/-	44/-	8 b	4 a	Turner & Newall £1	53/6	53/6	4·49	2
47/3	32/6	9·47a	15·32b	Unilever 5/-	34/6	34/-	3·65	3
11⅝	7½	8 a	13 b	Unilever N.V. ....12 fl.	8 3/16	8⅛	3·05	3
18/9	13/6	10 b	5 a	United Glass 5/-	14/6	14/7½	5·13	...
33/3	23/-	†4⅙ a	†10⅚ b	United Molasses 10/-	26/3	25/9	9·51	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/-	26/4½	26/4½	7·58	1
18/3	15/3	6 c	Nil c	Cunard £1	16/6	16/3	...	...
21/6	16/9	7 c	7 c	France Fenwick £1	21/6	21/6	6·51	1½
31/6	21/-	10 c	8 c	Furness Withy £1	22/6*	21/9	7·36	...
9/7½	5/-	...	...	London & Overseas 5/-	5/-	5/-	...	...
31/-	17/6	3 a	3 b	P & O Defd. £1	20/3	20/3	5·93	...
12/1½	7/7½	2½ c	2½ c	Reardon Smith 10/-	7/7½	7/7½	3·28	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/9	9/7½	...	...
				STEEL				
48/4½	27/4½	16 c	5 a	Colvilles £1	29/9	28/4½	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	19/6	18/3	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel £1	28/1½	28/3	7·79	3
21/4½	11/-	10 c	Nil a	South Durham £1	13/6	12/3	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	27/7½	26/4½	7·58	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	33/7½	31/10½	9·41	2
51/10½	39/6	9 b	6 a	John Summers £1	49/6	48/4½	6·20	2
42/4½	25/9	12·3c	4 a	United Steel £1	33/3	31/-	...	1½
41/-	30/9	8¾ b	4 a	Whitehead £1	32/-	31/6	...	2
				TEXTILES				
32/-	25/4½	5 a	7½ b	English Sewing Cotton £1	30/1½	30/1½	8·30	1
26/4½	18/9	5 a	7½ b	Fine Spinners £1	23/-	22/4½	11·17	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	38/3	38/3	...	1¼
47/9	37/10½	3¾ a	8¾ b	Courtaulds £1	47/9	46/9	5·35	1½
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris 4/-	6/3	5/10½	9·08	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	69/-	69/6	6·04	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	23/3	23/9	8·42	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	18/4½	18/4½	6·53	1
13/3	8/7½	13¾ b	7½ a	Calico Printers 5/-	11/6	11/3	8·89**	3¼
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B. £1	41/9	40/4½	6·19	1¾
10/9	8/-	13 c	1½ a	Jute Industries 10/-	8/-*	8/0¾	...	2¼
27/1½	20/10½	10 c	10 c	Tootal £1	22/4½	22/4½	8·94	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/-	23/6	22/6	2·78	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	48/6	48/6	5·15	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	15/9*	15/10½*	3·15	1½
71/9	54/3	31⅔ c	10 a	City Centre Props. 5/-	59/3	60/9	2·09**	...
89/-	69/9	3½ a	8½ b	City Lond. Real Prop. £1	78/9	78/-	3·08	1
95/-	62/6	7·04a	9·04b	Hudson's Bay £1	70/-	72/6	4·44	2½
38/6	22/6	4 b	2 a	Land Securities 10/-	28/6	29/3	2·05	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	35/3	35/-	3·81	1
				TEA & RUBBER				
46/6	38/-	†2½ a	†12½ b	Cons. Tea & Lands £1	40/6	40/6	12·10	2
36/9	30/9	†11 b	†3 a	Jokai (Assam) £1	36/9	36/-	12·10	2½
9/6	7/6	...	7½ c	Nuwara Eliya £1	8/3	8/3	18·18	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/6¾	5/7½	14·81	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic 2/-	4/8¼	4/9	16·84	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	70/3	72/10½	12·35	1½

THE ACTUARIES' INVESTMENT INDEX

(December 31, 1957=100)

GROUP	Price Index Aug. 29, 1961	Price Index Aug. 28, 1962	Average Yield per cent Aug. 29, 1961	Average Yield per cent Aug. 28, 1962
FINANCIAL :—				
Banks	246·7	293·0	3·74	3·17
Investment trusts	243·6	248·9	3·38	3·43
INDUSTRIALS :—				
Electrical engineering	140·7	146·8	5·67	5·06
Engineering	160·5	148·5	4·95	5·33
Steel	208·3	146·0	6·74	7·52
Breweries	243·5	317·0	4·60	3·99
Chain stores	233·3	210·4	2·86	3·26
Cotton and rayon textiles	167·6	167·9	8·15	8·49
Wool textiles	180·4	161·7	6·51	7·19
Chemicals	190·6	166·9	4·55	4·92
Oil	123·3	153·4	6·90	6·46
Shipping	98·1	63·7	5·62	4·55
All classes combined	179·5	179·6	5·44	5·43
Total—*Capital goods*	160·9	146·8	5·63	5·92
Total—*Consumption goods*	233·3	238·8	4·95	4·98

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Calico Printers, 20%. Charrington United, 12%. City Centre Props., 25⅓%. De La Rue, 13¾%. District Bank, 12½%. Guardian, 26⅔%. Ind Coope, T.A., 12% *on merger terms*. R.T.Z., 15%. Rank Organisation, 25%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%.

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profits from £3,746,00 to £2,804,000 in the year to June 30th.

Mufulira's production was stepped up by 13,000 tons to 114,000 tons. Though costs were slightly higher in the final quarter, over the year the extension at Mufulira West and other improvements brought down costs by nearly £9 a ton, widening the gross profit margin to £68 a ton. Hence Mufulira's gross profit went up from £6,355,000 to £7,486,000. The parent company, RST, which holds about 65 per cent of Mufulira's and Chibuluma's capital has reported a fall in its net profits from £9,722,000 to £9,167,000 in the year to June 30th.

Mufulira is now capable of producing 150,000 tons of copper a year. But in July the Rhodesian companies agreed to cut back either production or sales by a further 5 per cent. The RST group has elected to cut production, not sales, to achieve this. The copper producers have been heavy purchasers of copper in London this year in order to stabilise its price. Mufulira's bigger capacity should raise the RST group's combined output this year despite the bigger cutback, and the producers' support for copper prices has been impressively resolute. RST has also gone ahead with development of the Chambishi mine in which it holds a 64 per cent stake. The first copper should be available from the new mine in about three years' time. RST's £1 shares at 30s. yield 12 per cent net of Rhodesian taxes on the forecast dividend of 18 per cent after tax.

Murex

This year has disappointed all the metal producers. Fabricators of some of the more specialised metals have recently seen some improvement in business, but the improvement does not yet appear to have been fed back to the refiners and extractors of specialised metals like tungsten, molybdenum, tantalum and niobium. In his review, the chairman of Murex, Mr H. J. Penn, says that turnover has not improved since the early months of the year. The tailing off in demand this year led to a fall of 17 per cent in net profits over the full year to April 30th, compared with 10 per cent in the first six months. The prospect for the current year is therefore none too promising. The dividend for 1961-62 was trimmed from 13 to 12 per cent, resulting in a net saving of £23,000 which presumably owes more to the board's apparent policy of holding the distribution at almost precisely half the available profit than to the contribution it will make to self-generated investment.

In spite of more difficult trading conditions, Murex is still pushing ahead with its development programme. On the average level of capital expenditures over the last five years, this implies a further reduction in its liquid assets (which fell from £544,000 to £201,000 in the year to end-April). The board is prepared to borrow from the banks if the need arises and that need might occur this year. An increase in demand would however quickly alleviate the pressure by adding to profits and reducing stocks. Their growth is unavoidable at the onset of a fall in demand as the intake of raw materials is not cleared through the group's works for many months. This lag partly explains the sharp increase in stocks held by Murex from £2.9 million in 1960 to £3.8 million in 1961 and to £4.5 million by the end of last April.

Sales of the group's metallurgical powders and chemicals were maintained last year, and turnover in welding electrodes rose. But sales of welding plant fell, reflecting the poorer prospects of the metal-using and construction industries. But a revival in demand for metals will eventually occur and Murex will be especially well placed to exploit it. The emphasis in its development schemes is upon semi-finished and complex fabricated products and this could point to more stable profits in the future. The current price of 34s. and the yield of 7.1 per cent, covered twice by earnings, may be a little unflattering in view of the specialised nature of Murex's activities.

Mercury Securities

The thin yields on merchant banking shares reflect the tightness of their market; they also owe something to the belief that the City of London in general, and the merchant bankers with Continental connections in particular, will gain if Britain enters the EEC. But the price of £15⅝ and the yield of 2.3 per cent for Mercury Securities, the holding company of S. G. Warburg and Company, also reflect the energy and ability with which this firm of merchant bankers handles its affairs, and its *causes celèbres,* such as British Aluminium and Fairey. The fees accruing from what Mr S. G. Warburg describes as "special finance transactions" vary appreciably from year to year and the income of other firms within the group is vulnerable to changes in commodity markets. Thus the fall in profits for the second successive year —gross profits down from £2,128,000 to £1,651,000 and net profits from £1,047,000 to £741,000—may not be so upsetting to hopes as a similar report from an industrial company would be. The dividend has been maintained at 35 per cent and is covered about 2¼ *times*; but the yield is looking to growth, not to stability.

Furness, Withy

The full report from Furness, Withy *offers little relief for the bad results* for the year to April 30th announced last month. The combined effect of unsatisfactory trading conditions, rising costs and flag discrimination cut the group's shipping profits from £4,380,000 to £3,430,000, which thus failed to cover depreciation of £3,818,000. Equity earnings were thus entirely dependent upon the income from trade and other investments, which fell from £774,000 to £695,000, and though the ordinary dividend was cut from 10 per cent to 8 per cent, there are no genuine earnings for it.

Nor is there hope of an early recovery. There has been no improvement in the Mediterranean trade, though the group is trying to rationalise its sailings there, and the principal subsidiary, the Shaw Savill Line, is faced with a fall in freight both in and out of Australia and New Zealand; the directors regard any improvement in that trade as "very speculative." Hopes for Air Holdings, through which the group has a minority interest in British United Airways and Silver City Airways, have also been checked. Only half BUA's applications to operate a bigger number of scheduled services have been approved by the Air Licensing Board, and most of these are still subject to appeal by BEA. The £1 ordinary shares at 22s. 3d., stand at only a quarter of their net asset value, and yield 7.2 per cent on the smaller dividend.

Purnell and Sons

The sharp increase in profits for 1961 announced by Purnell and Sons, the printers, was expected; an improvement had been forecast and the latest results included nine months' profits from British Coated Board and Paper Mills, of which Purnell gained control at the end of the year, and much better results from the Waterlow subsidiary, which turned a loss of £8,000 into a profit of £273,000. Consolidated trading profits rose from £1,423,000 *to* £2,126,000 and net profits, after deducting substantial minority interests, rose by nearly a third from £378,000 to £494,000. The ordinary dividend has been maintained at 20 per cent, the minimum forecast on the capital as increased by acquisition issues, and is covered 1.9 times.

The stock market was pleased with the results and marked the 5s. shares up by 6d. to 20s. 3d., close to their high point for the year. The yield of about 5 per cent is not high for a paper share and reflects the group's growth potential. The chairman, Mr W. Harvey, says that the consolidation of the group's interests originally acquired by buying in the open market will benefit the group. Purnell now has complete control of the equities of Waterlow and British Coated Board and Paper and it has acquired over 90 per cent of the preference and ordinary capital of Raphael Tuck and Sons. In the current year therefore minority payments should fall but the tax charge on Waterlow will probably rise. The group's own printing and publishing ventures continue to expand, and capital commitments at the end of last year were as high as £2,150,000. Mr Harvey says that the group will raise fresh capital at a "very early date" and that profits this year will be "at least equal to those of 1961."

Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 1, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £2,405,000 compared with a deficit of £20,924,000 in the previous week and a deficit of £27,299,000 in the corresponding period of last year. There was a net expenditure "below-line" of £41,919,000 leaving a total cumulative deficit to date of £361,085,000 compared with £442,683,000 in 1961-62.

£'000	Estimate 1962–63	April 1, 1961, to Sept. 2, 1961	April 1, 1962, to Sept. 1, 1962	Week ended Sept. 2, 1961	Week ended Sept. 1, 1962
Ordinary Revenue					
Income Tax	2,790,000	680,726	727,030	46,421	50,391
Surtax	188,000	38,600	42,900	800	1,100
Death Duties	264,500	114,500	113,300	3,700	4,500
Stamps	95,000	46,000	42,200	1,500	1,400
Profits tax, EPT and EPL	374,000	141,800	159,800	5,300	11,500
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,021,626	1,085,230	57,721	68,891
Customs	1,653,000	676,589	691,465	32,834	32,491
Excise	1,077,000	437,150	463,230	23,390	30,855
Total Customs and Excise	2,730,000	1,113,739	1,154,695	56,224	63,346
Motor Duties	150,000	27,218	42,043	...	...
Broadcast Lic's.	41,000	11,200	11,500	...	...
Miscellaneous	165,000	116,917	67,814	...	1,245
Total	**6,797,500**	**2,290,700**	**2,361,282**	**113,945**	**133,482**
Ordinary Expenditure					
Debt Interest	600,000	333,450	297,286	10,484	5,625
Payments to N. Ireland Exch.	100,000	34,655	37,822	...	...
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	3,979	4,073	24	160
Supply Services	5,611,650	2,114,018	2,256,056	126,098	120,415
Total	**6,323,650**	**2,486,102**	**2,595,237**	**136,606**	**126,200**
Sinking Funds	41,000	16,272	17,236	4,638	4,877
"Above-line" Surplus or Deficit	**211,674**	**251,191**	**27,299**	**2,405**
"Below-line" Net Expenditure*	231,009	109,894	52,854	41,919
Total Surplus or Deficit	**442,683**	**361,085**	**80,153**	**39,514**
Net receipts from:				
Tax Reserve Certificates	93,236	70,283	34,021	8,427
Savings Certificates	−10,300	−1,000	−1,600	100
Defence Bonds	20,992	5,724	−957	−1,984
Premium Savings Bonds	17,750	15,100	700	1,200
Total	**121,678**	**90,107**	**32,164**	**7,743**

* Net repayments of £10 million to the Civil Contingencies Fund in 1962–63 compared with net repayments of £5 million in 1961–62.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
Sept. 2	3,260·0	1,855·3	239·4	...	5,354·8
1962					
June 2	2,960·0	2,299·9	230·7	1·5	5,492·1
,, 9	2,970·0	2,307·8	233·6	...	5,511·5
,, 16	2,980·0	2,314·5	287·2	0·8	5,582·5
,, 23	2,990·0	1,936·1	250·9	2·8	5,179·8
,, 30	2,990·0	2,013·4	264·2	2·3	5,269·8
July 7	2,990·0	1,980·0	230·3	6·3	5,206·6
,, 14	2,990·0	2,015·7	230·0	2·5	5,238·2
,, 21	2,980·0	2,018·0	218·4	2·0	5,218·4
,, 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·5	227·3	...	5,219·9
,, 11	3,000·0	1,983·6	225·1	0·3	5,208·9
,, 18	3,000·0	2,009·3	240·1	5·5	5,254·9
,, 25	3,000·0	2,053·1	203·8	0·3	5,257·1
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4

THE MONEY MARKET

At the bill tender on Friday of last week the syndicate of discount houses raised its bid by a further 1d. to £99 1s. 3d. and the average rate of discount fell by 4.08d. to £3 15s. 0.42d. per cent. Total applications rose by £7 million to £397 million and the allotment of bills was cut by £10 million to £230 million, but the market still received the satisfactory quota of 45 per cent, although this was slightly down on the previous week's 48 per cent.

The unchanged Bank rate on Thursday was no surprise to the market—a cut before the IMF meeting is out of the way seemed unlikely and the authorities had reinforced this view on Tuesday by forcing six or seven houses to borrow a moderate amount from the Bank of England at Bank rate. Credit was also tight on Friday and Wednesday, and the authorities helped the market by special bill purchases.

The flow of funds into gilt-edged securities has contributed to tight conditions at the short end of the local authority mortgage market, and the seven-day rate has remained at 4½ per cent. The longer rates have, however, eased this week, and mortgages for any period are quoted at 6½ per cent—which is ½ per cent below the recently reduced PWLB rates.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	**Market discount rates** (3 months):	
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	3 15/16–4
Discount houses	2½–2¾	Fine trade bills	5 1/2–6
Local Authorities	4½	**Euro-dollar deposits:**	
Call money:		7 days' notice	3⅛–3⅜
Clearing banks' minimum	2⅞	3 months' notice	3⅝–3⅞
Day-to-day	2⅞–4	**Forward cover** (3 months):	
		Annual interest cost, US dollar	11/16

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11.8.60)	3	**Treasury bills:**	
		August 27	2·806
		Sept. 3	2·834

BANK OF ENGLAND RETURNS

(£ million)	Sept. 6, 1961	Aug. 29, 1962	Sept. 5, 1962
*Issue Department**:			
Notes in circulation	2,326·3	2,315·9	2,313·2
Notes in banking dept.	24·1	59·4	62·1
Govt. debt and securities*	2,349·0	2,374·0	2,374·0
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	11·0	11·5	11·0
Special deposits	214·7	159·6	158·7
Bankers	224·9	242·2	239·9
Others	66·9	74·6	69·3
Total	537·5	487·9	479·0
Securities:			
Government	427·3	370·1	359·4
Discounts and advances	84·1	55·5	54·9
Other	19·7	20·4	20·1
Total	531·0	446·0	434·4
Banking department reserve	25·0	60·3	63·0
"Proportion"	% 4·6	% 12·3	% 13·1

* Government debt is £11,015,100, capital £14,553,000. *Fiduciary issue* reduced by £50 *million* to £2,375 *million* on August 22nd.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	91 Day: Average Rate of Allotment	91 Day: Allotted at Max. Rate †
	91 day		s. d.	%
1961 Sept. 1	250·0	379·8	134 0·50	48
1962 June 1	240·0	417·3	75 7·98	43
,, 8	240·0	421·0	75 0·28	47
,, 15	240·0	423·5	74 4·01	40
,, 22	230·0	370·2	76 11·84	42
,, 29	230·0	365·3	78 5·03	45
July 6	230·0	405·4	78 0·63	49
,, 13	230·0†	404·5	77 9·32	23
,, 20	220·0	382·1	78 7·14	29
,, 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
,, 10	230·0	396·1	75 8·84	54
,, 17	230·0	368·1	75 8·35	53
,, 24	230·0	390·4	75 4·50	48
,, 31	240·0†	397·1	75 0·42	45

* On August 31st tenders for 91 day bills at £99 1s. 3d. secured 45 per cent, higher tenders being allotted in full. The offer for this week was for £240 million 91 day bills.
† Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: September 5	Market Rates: Spot: August 30	August 31	September 1	September 3	September 4	September 5
United States $	2·78–2·82*	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/8–1/4
Canadian $	...	3·01 13/16–15/16	3·01 13/16–15/16	3·01 3/4–7/8	3·01 3/4–7/8	3·01 11/16–13/16	3·01 5/8–3/4
French Fr.	13·622–14·027	13·72 1/2–73	13·72 5/8–7/8	13·72 5/8–7/8	13·72 5/8–7/8	13·72 3/8–5/8	13·72 1/2–3/4
Swiss Fr.	11·94–12·54 7/8	12·11 1/8–3/8	12·11–11 1/4	12·11–11 1/4	12·11 1/4–1/2	12·11 1/4–1/2	12·10 3/4–11
Belgian Fr.	137·96–142·05	139·35–40	139·35–40	139·35–40	139·35–40	139·35–40	139·35–40
Dutch Gld.	9·98 3/4–10·28 1/2	10·09 7/8–10 1/8	10·09 7/8–10 1/8	10·09 7/8–10 1/8	10·10–10 1/4	10·09 3/8–5/8	10·09 1/4–1/2
W. Ger. D-Mk.	11·037–11·365	11·20 1/2–3/4	11·20 3/4–21	11·20 3/4–21	11·20 3/4–21	11·20 3/4–21	11·20 3/4–21
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1738 3/8–7/8	1738 1/4–3/4	1738 1/4–3/4	1738 1/4–3/4	1738–38 1/2	1738 1/4–3/4
Swedish Kr.	14·27 1/2–14·70	14·42–42 1/4	14·42 1/4–1/2	14·42 1/4–1/2	14·42 1/2–3/4	14·42 3/4–5/8	14·42 3/4–43
Danish Kr.	19·06 1/2–19·62	19·39 1/4–1/2	19·39 1/2–3/4	19·39 3/8–7/8	19·39 1/8–3/8	19·30 1/8–3/8	19·38 3/4–39
Norwegian Kr.	19·71–20·30 1/2	20·03–03 1/4	20·03–03 1/4	20·03–03 1/4	20·03 1/8–3/8	20·03 1/8–3/8	20·03 1/8–3/8
	* Official Limits	**One Month Forward Rates**					
United States $		3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm
Canadian $		3/8–1/2c. dis	3/8–1/2c. dis	3/8–1/2c. dis	1/4–1/2c. dis	1/4–1/2c. dis	3/16–5/16c. dis
French Fr.		1–1/2c. pm	1–1/2c. pm	1–1/2c. pm	1–1/2c. pm	1–1/2c. pm	7/8–1c. pm
Swiss Fr.		15/8–1 5/8c. pm	1 1/2–1 5/8c. pm	1 1/2–1 5/8c. pm	1 1/2–1 5/8c. pm	1 1/2–1 5/8c. pm	1 5/8–1 3/4c. pm
Belgian Fr.		20–10c. pm	20–10c. pm	20–10c. pm	20–10c. pm	20–10c. pm	20–10c. pm
Dutch Gld.		2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm
W. German D-Mk.		1 1/2–1pf. pm	1 3/8–7/8pf. pm	1 3/8–7/8pf. pm	1 1/2–1pf. pm	1 1/2–1pf. pm	1 1/2–1pf. pm
		Three Months Forward Rates					
United States $		1/2–3/8c. pm	1/2–3/8c. pm	1/2–3/8c. pm	1/2–3/8c. pm	1/2–3/8c. pm	1/2–3/8c. pm
Canadian $		11/16–13/16c. dis	11/16–1c. dis	11/16–1c. dis	1–1 1/4c. dis	7/8–1 1/8c. dis	3/4–1c. dis
Swiss Fr.		4 5/8–4 7/8c. pm	4 1/2–4c. pm	4 1/2–4c. pm	4 1/2–4c. pm	4 5/8–4 7/8c. pm	4 5/8–4 3/8c. pm
W. German D-Mk.		3 3/8–3 1/8pf. pm	3 1/2–3pf. pm	3 1/2–3pf. pm	3 3/4–3 1/4pf. pm	3 3/8–3 3/8pf. pm	3 1/2–3pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250 8 3/4	250 8 3/4	...	250 8 1/2	250 8 3/4	250 9 1/4
,, ($,, ,,)		35·12 1/2	35·12 1/2	...	35·12 1/2	35·12 1/2	35·13

Manpower and Output

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

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

BRITISH

Prices and Wages......... Aug. 25th External Trade........... Sept. 1st
Manpower and Output.... This week Industrial Profits.......... July 14th

OVERSEAS

Western Europe.......... Aug. 13th United States............. July 21st

	Unit	Midyear or averages 1959	1960	1961	1961 June	July	August	1962 April	May	June	July	August
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,145	24,436	24,650	24,650	24,723	24,757	24,723	24,786	24,809	24,857	...
Men	,,	16,137	16,239	16,325	16,325	16,362	16,364	16,370	16,391	16,400	16,413	...
Women	,,	8,008	8,197	8,325	8,325	8,361	8,393	8,353	8,395	8,409	8,444	...
Armed Forces	,,	565	518	474	474	469	464	443	444	442	442	...
Civil employment:												
Total	,,	23,197	23,628	23,925	23,925	23,975	24,000	23,877	23,957	23,995	24,035	...
Manufacturing industries	,,	8,477	8,811	8,928	8,928	8,931	8,963	8,897	8,904	8,885	8,881	...
Employees:												
in engineering (2)	,,	3,545	3,741	3,799	3,810	3,797	3,818	3,823	3,820	3,810	...	...
in consumer goods industries (3)	,,	3,101	3,153	3,170	3,177	3,175	3,192	3,160	3,170	3,166	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	,,	475·2	360·4	340·7	265·9	258·6	305·2	438·8	423·8	397·2	400·4	464·4
Temporary	,,	30·7	14·5	28·6	11·1	9·1	8·2	32·2	26·2	25·0	20·3	18·9
Wholly unemployed (5)—total	,,	432·8	337·2	304·8	253·6	244·5	264·9	402·8	388·7	368·4	370·6	391·8
,, ,, *Seasonally adjusted*	,,	...	...	...	*292·9*	*297·2*	*308·9*	*387·2*	*394·8*	*407·5*	*424·3*	*436·6*
Over 8 weeks	,,	243·4	187·6	157·1	140·1	136·4	137·9	215·5	210·5	202·4	195·9	208·7
By regions (4):												
Great Britain	%	2·2	1·6	1·6	1·2	1·2	1·4	2·0	1·9	1·8	1·8	2·1
London and South Eastern	,,	1·3	0·9	1·0	0·8	0·7	0·9	1·2	1·2	1·1	1·1	1·3
Eastern and Southern	,,	1·5	1·2	1·1	0·8	0·7	0·9	1·5	1·3	1·1	1·1	1·1
South Western	,,	2·2	1·7	1·4	1·1	1·0	1·2	1·8	1·8	1·4	1·4	1·6
Midland	,,	1·5	1·0	1·4	0·8	0·9	1·1	1·6	1·5	1·6	1·6	1·8
North Midland	,,	1·5	1·1	1·0	0·8	0·7	0·9	1·3	1·3	1·2	1·2	1·4
East and West Ridings	,,	1·9	1·2	1·0	0·8	0·8	0·9	1·5	1·5	1·4	1·4	1·7
North Western	,,	2·8	1·9	1·6	1·4	1·3	1·6	2·4	2·4	2·3	2·3	2·8
Northern	,,	3·3	2·8	2·5	2·0	1·9	2·3	3·4	3·5	3·2	3·2	3·7
Scotland	,,	4·4	3·6	3·1	2·8	2·7	2·9	3·7	3·5	3·3	3·5	3·8
Wales	,,	3·8	2·7	2·6	2·1	1·9	2·1	3·0	2·9	2·6	2·7	3·1
VACANCIES												
Unfilled vacancies: Total	'000s	224	314	320	383	395	360	239	245	252	251	225
,, ,, *Seasonally adjusted*	,,	...	...	...	*354*	*343*	*326*	*229*	*235*	*219*	*200*	*192*
STOPPAGES OF WORK												
Working days lost: Total ..... M	'000s	439	252	254	268	174	121	246	204	107	65	...
in engineering (2) (15) industries ... M	,,	80[14]	121	122	193	90	63	173	110	47	19	...
INDUSTRIAL PRODUCTION												
Index:												
All industries	1958=100	105	112	114	118	110	96	113	119	116	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*115*	*116*	*115*	*114*	*116*	*117*	...	...
Mining and quarrying	,,	97	94	93	97	84	71	93	102	94	...	...
Construction	,,	106	111	120	121[13]	...	122[9]	...	...	...	...	...
Gas, electricity and water	,,	103	110	116	100	95	92	122	116	101	...	...
Manufacturing, total	,,	106	115	115	121	112	94	114	120	118	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*117*	*117*	*116*	*114*	*116*	*118*	...	...
Engineering and electrical goods	,,	105	114	121	133	121	94	119	125	129	...	...
Shipbuilding	,,	94	85	86	84	82	84	90	88	87	...	...
Vehicles	,,	109	118	109	118	111	80	112	122	113	...	...
Chemical trades	,,	111	122	124	129	119	112	126	132	...	...	...
Textiles, leather and clothing	,,	107	113	111	111	107	92	105	109	103	...	...
Basic material production:		M/W averages										
Coal (7) (8) ..... W	'000 tons	3,963	3,725	3,663	3,792	3,275	2,732	3,713	4,077	3,712	3,397	2,834
Pig iron ..... W	,,	242	303	284	297	277	265	265	272	267	262	...
Steel, ingots and castings ..... W	,,	388	467	425	447	380	338	410	430	404	367	...
Sulphuric acid ..... M	,,	202·3	225·1	221·8	221·7	221·0	203·9	216·7	230·8	225·9	...	...
Newsprint ..... W	,,	12·87	14·25	13·70	14·74	11·06	11·45	12·50	12·81	13·31	...	...
Electricity (7) (11) ..... M	mn. kwh	8,764	9,904	10,631	8,817	8,515	8,306	11,281	10,964	9,051	...	...
Gas (12) ..... W	mn. therms	53·5	55·7	55·7	47·8	45·0	40·8	60·3	54·6	47·6	...	...
Textile production:												
Cotton yarn, single ..... W	mn. lb.	14·58	14·44	13·21	12·08	11·77	12·40	11·21	12·84	11·06	...	...
Worsted yarn (6) ..... M	,,	19·34	20·40	20·52	22·38	19·78	14·96	17·61	21·21	17·30	...	...
Rayon and synthetic fibres ..... M	,,	42·89	49·33	47·47	49·33	50·76	41·95	46·57	55·15	55·30	53·60	...
Cotton cloth, woven ..... W	mn. yds.	25·7	24·9	23·8	25·7	16·1	23·1	20·3	22·3	20·7	...	...
Wool fabrics, woven (6) ..... M	mn. sq. yds.	30·4	30·6	29·3	32·8	29·5	23·3	22·6	30·4	26·0	...	...
Engineering production:												
Passenger cars and chassis ..... W	'000s	22·88	26·01	19·31	23·19	24·58	11·49	23·63	27·67	25·33	15·79	...
Commercial vehicles and chassis ..... W	,,	7·13	8·81	8·85	9·61	9·30	5·36	7·52	8·35	8·42	5·57	...
Merchant ships (1) ..... M	'000 gr. tons	116	109	116	113[13]	...	100[9]	...	94[13]	...	...	...
Internal combustion engines (6) ..... M	'000 BHP	468	577	587	645	547	445	626	...	...	...	...
Metal-working machine tools (6) ..... M	£'000	6,564	7,911	9,643	10,078	9,917	7,289	9,402	11,504	...	...	...
Television sets ..... M	'000s	238·6	178·4	104·7	97·2	93·0	64·2	111·0	132·7	...	...	...
Permanent houses completed (10):												
Total ..... M	'000s	20·78	22·44	22·40	24·38	22·16	21·92	20·95	24·22	24·12	24·55	...
For local housing authorities ..... M	,,	8·29	8·60	7·74	8·39	7·47	6·98	6·97	8·96	9·03	9·84	...

(1) Vessels of 100 gross tons and over completed. (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink, and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Excluding school-leavers. (6) Deliveries. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for third quarter. (10) England and Wales. (11) Generation for public supply. (12) Total available at gas works. (13) Average for second quarter. (14) On 1948 Standard Industrial Classification; later figures on 1958 classification. (15) Also including metal manufacture.

APPOINTMENTS

Central Electricity Generating Board Headquarters

A SYSTEM ECONOMICS ENGINEER

is required to take charge, under the System Planning Engineer, of the Economics and Mathematics groups of the System Planning Branch of the Planning Department at Headquarters, London, S.E.1.

The work will be principally directed towards forecasting the optimum broad pattern of development of the Board's generation and transmission system in a three-fuel economy and determining the sensitivity of such forecasts to variations in the basic assumptions. It will require the development and application of new or improved mathematical or statistical techniques for estimating the future operating regime and fuel consumption of existing and prospective generating stations of diverse types; for studying factors affecting reliability of supply, including load forecasts, plant margins and strength of interconnection; and for arriving at the relevant economic assessments. Excellent computing facilities are available.

This is a new appointment, essential qualifications for which are logical thinking, management ability, a good understanding of engineering economics and of the operation of a complex electricity supply system, and ability to present clear and concise reports. Experience in the employment of digital computing techniques in the solution of scientific problems would be an advantage.

● **Salary within the range £3,330 to £3,575 per annum.**

Applications stating age, qualifications, experience, present position and salary to the Appointments Officer, 24/30, Holborn, London, E.C.1, by 17th September. **Quote Ref. ECO./441.**

STATISTICIAN

We wish to appoint a chief statistician to our Market Research Department, which is located at our Head Office in the City of London. Responsibilities will include Statistical Control, Design and Testing of Research Techniques, and overall control of Desk Research.

Applicants, who may be male or female, should be in the age range 25 to 40 years, and in possession of a good degree in Mathematics or Statistics, possibly with post graduate qualifications. While previous experience in Market Research would be advantageous, that obtained in other fields would also be acceptable. The person appointed will have an enthusiastic approach to the problem of reviewing and selecting the most advanced techniques to ensure that we constantly employ the best available methods. This appointment is permanent and a first class pension scheme operates.

Please write stating full details in strict confidence to:—

The Personnel Manager,
The Nestlé Company Limited,
St. George's House, Wood Street,
London, E.C.2.

ESSEX

MID-ESSEX TECHNICAL COLLEGE AND SCHOOL OF ART,
Market Road, CHELMSFORD

ASSISTANT LECTURER GRADE "B" IN ECONOMICS required as soon as possible. Applicants should have a degree or professional qualification and have had teaching or professional experience. Ability to teach banking or an allied subject would be an advantage.

Salary: Within scale £770 to £1,350 (further scales apply for approved training and graduate qualifications). Increments above scale minimum for War/National service and previous recognised teaching/professional experience.

Application forms (which should be returned by 20th September) and further particulars from the Clerk to the Governors.

THE UNIVERSITY OF NOTTINGHAM

DEPARTMENT OF INDUSTRIAL ECONOMICS

Applications are invited for a TEMPORARY LECTURESHIP in the above Department, tenable for 2 years from January 1, 1963. Salary within the scale £1,050 to £1,[illegible], plus membership of the Superannuation System for Universities and Children's Allowance. Conditions of Appointment and form of application to be returned by Wednesday, September 19, from the Registrar.

UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

RESEARCH ASSISTANT. Applications are invited from graduates to work in the field of economics, pure and applied. Some knowledge of statistics or mathematics desirable. The appointment may be full-time or part-time. The full-time salary will be [illegible] qualifications and experience [illegible] £[illegible] 50.

Applications [illegible]

MARKETING RESEARCH MANAGER

A leading food manufacturer, with headquarters in the Home Counties west of London, requires a Manager to start up a new service.

He will be responsible for collating and interpreting to the Marketing Director all information required to develop the Company's marketing policies and to control their execution.

Candidates, aged about 30, should be Honours graduates, with Economics as a major subject. They must have at least 3 years' responsible experience in marketing research for consumer products, preferably in the food industry.

Initial remuneration: dependent on experience, in the range £2,000-£2,500. Pension scheme.

Applications, in confidence, should be sent to Urwick, Orr & Partners Ltd., who are advising the Company on this appointment at 14, Hobart Place, London, S.W.1, quoting reference CJ 1670 on the envelope.

D.S.I.R., Industrial Operations Unit, State House, High Holborn, London, W.C.1, requires ASSISTANT INFORMATION OFFICER to write/edit reports of investigations relating to productivity in industry and commerce. Previous writing experience, preferably in technical or management journals is essential. A background of management or production engineering would be necessary. QUALS.: A good general education with an interest in current affairs and a wide general knowledge is expected. SALARY: £677 (age 21)-£850 (age 25 or over)-£1,200. Application form from Manager (PE/5449), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Closing date September 28, 1962.

MINISTRY OF EDUCATION
STATISTICIAN

Applications are invited for a post of Statistician in the Ministry's HQ in London. Applicants must be at least 28 years of age on July 1, 1962. They should have had wide statistical experience and preferably a first or second class honours degree in statistics, or in mathematics, economics or other appropriate main subject combined with statistics. Other graduates with specially suitable statistical experience will be considered.

The Ministry's Statistics Branch comprises a small professional staff and an executive and clerical staff of 45 under the direction of the Chief Statistician. The Branch is responsible for the collection, analysis, publication, and interpretation of the statistics of the education service (including schools and further education). It participates in planning and forecasting work concerned with such subjects as school and technical college populations, and the demand for and supply of teachers and scientists. New sample surveys are in prospect on, for example, the school curriculum and the deployment of teachers in schools. Preparations are being made for the installation of an electronic computer, which will in due course process most of the Ministry's statistics.

Salary scale £1,904-£2,634. The appointment will be on an unestablished basis initially with prospects of establishment to a permanent and pensionable post.

Write to or telephone the Ministry for an application form, which must be returned to the Establishment Officer before September 24th, at Curzon Street House, Curzon Street, London, W.1. (HYDe Park 7070, Extension 514).

UNIVERSITY OF GLASGOW

DEPARTMENT OF SOCIAL AND ECONOMIC RESEARCH
ASSISTANTSHIP IN APPLIED ECONOMICS

Applications are invited for an Assistantship in Applied Economics. Salary scale: £900-£1,050 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (3 copies), with the names of three referees, should be sent not later than September 25, 1962, to the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

UNIVERSITY OF SYDNEY

SENIOR TUTORSHIP IN GOVERNMENT AND PUBLIC ADMINISTRATION

Applications are invited for the position of Senior Tutor in Government and Public Administration.

The salary for a Senior Tutor is within the range £A1,820 x 105-£A2,360 per annum, plus cost of living adjustments (at present £A42 per annum) and will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members' Housing Scheme, in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

Further particulars and information as to the method of application should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on October 29, 1962.

BBC requires Research Assistant in Projects and Developments Section of Audience Research Department. Duties include design and supervision of special surveys and analysis and tabulation of results: preparation of attitude scales, tests and questionnaires and administration of these to experimental groups, writing reports. An Honours degree, preferably in Psychology, and knowledge of statistical methods desirable. Practical experience of social surveys, market research or similar work an advantage. Salary £905 (possibly higher if qualifications exceptional) rising by five annual increments to £1,155 max. p.a. Requests for application forms (enclosing addressed envelope and quoting reference 62.G.347 Ect.) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

INDUSTRIAL RELATIONS

A vacancy has arisen in the Manpower Survey section of the National Coal Board's Industrial Relations Department at London Headquarters. This section carries out field investigations into current problems of Industrial Relations, particularly those relating to manpower.

The successful candidate will investigate, report and make recommendations on these problems in the coalfields. He must be capable of working quickly and accurately and of expressing himself clearly and concisely. A degree and research experience would be advantages but are not essential.

The appointment is superannuable and the salary, dependent on qualifications and experience, will be between £1,250-£1,600. Please write for application form to Headquarters Staff Manager (N.2608/2D), N.C.B., Hobart House, Grosvenor Place, S.W.1.

A CAREER IN MARKETING

A MARKET RESEARCH OFFICER

A Market Research Officer with a good level of education and capable of clear thinking and concise expression is required by the manufacturers of Bird's Custard Powder and Maxwell House Coffee.

We offer a starting salary of not less than £1,000 (it could be more), pension, life assurance and sickness benefit schemes, canteen [illegible] service. Furthermore, there is the opportunity of developing a rewarding career in the [illegible] marketing department of one of the leading manufacturers of branded food [illegible]. The Company rates the market research function very highly and previous [illegible] in this field is imperative. [illegible] the initiation and interpretation of consumer and standard research services, such as Nielsen, interest you and if you [illegible] to understand and control general statistical and economic information [illegible] write to us.

PERSONNEL MANAGER,
ALFRED BIRD & SONS LIMITED
DERITEND, BIRMINGHAM, 12.

[illegible] education and previous experience [illegible]

BRITISH TECHNICAL ASSISTANCE

AGRICULTURAL ECONOMIST FOR MALAYA

The Department of Technical Co-operation invites applications from AGRICULTURAL ECONOMISTS for a technical assistance appointment in the Federation of Malaya.
DUTIES: To make a detailed survey and analysis of land use among aborigines.
QUALIFICATIONS: Candidates, preferably under 40, must be agricultural economists with experience in tropical agriculture and have a genuine interest in the problems of developing countries.
TERMS: Appointment will be for two years with salary £2,500 p.a. (subject to British tax) and a tax-free overseas allowance of £1,600 (married) or £875 (single). Additional allowances payable in respect of dependent children. Free passages for officer and family. Free furnished accommodation. Free medical and dental treatment.
Applicants should send their full name and brief particulars of their qualifications and experience to Director of Recruitment, Department of Technical Co-operation, Sanctuary Buildings, Great Smith Street, London, S.W.1, quoting RC 213/87/02.

THE Marketing Division of The Economist Intelligence Unit Limited is making additional appointments to its staff because of further expansion. Applicants preferably should have degrees in economics, psychology or statistics and have experience of consumer research, marketing, sales administration or market research. Knowledge of European languages an advantage. There are vacancies at junior and senior levels and applications should be addressed to the Marketing Division, The Economist Intelligence Unit Limited, 5, Bury Street, London, S.W.1.

THE UNIVERSITY OF HULL

CENTRES FOR SOUTH ASIAN STUDIES

Applications are invited for appointment to either a Senior or Junior Research Fellowship tenable for three to five years from January 1, 1963, or as soon as possible thereafter. The fields of research will cover Economics, Geography, Politics, Social Anthropology or History and candidates must hold good qualifications in one of these subjects.
Salary scales: Senior Fellow £1,750 x £75-£2,050; Junior Fellow £1,150 x £50-£1,350 with F.S.S.U. and children's allowances.
Applications (five copies) should be sent to the undersigned not later than October 20, 1962.

W. D. CRAIG,
Registrar.

For other appointments see page 969

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

LECTURER IN DEPARTMENT OF COMMERCE AND APPLIED ECONOMICS

Applications are invited for appointment to the above post. Duties to be assumed on January 1, 1963, or as soon as possible thereafter.
The salary will be according to the scale R2520 x 120—R3600 (£1,260 x 60—£1,800). A commencing salary above the minimum notch may be paid on the grounds of special qualifications or experience. In addition the University is at present authorised to pay an annual vacation savings bonus of up to R120 in September each year.
Preference will be given to a candidate qualified to lecture in Business Organisation and Technique, Marketing, Industrial Fluctuations and a course in business organisation entitled "Accounting Theory."
Intending applicants are advised to obtain a copy of the information sheet giving full details of the vacancy and other activities of the Department from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Applications close in South Africa and London on *October 15, 1962.*

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The impact of the Common Market on world commodity problems and agreements. Two-day conference, September 27th and 28th at the Connaught Rooms, London, W.C.2. For further details apply to the Secretary, Federal Trust, 10 Wyndham Place, London, W.1. Tel.: PADdington 6070.

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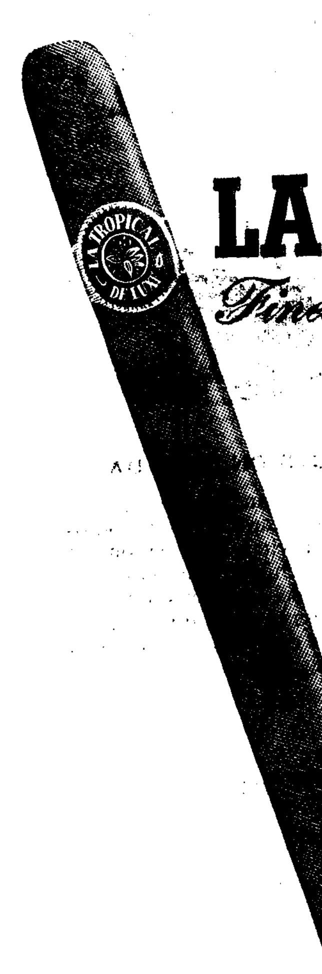

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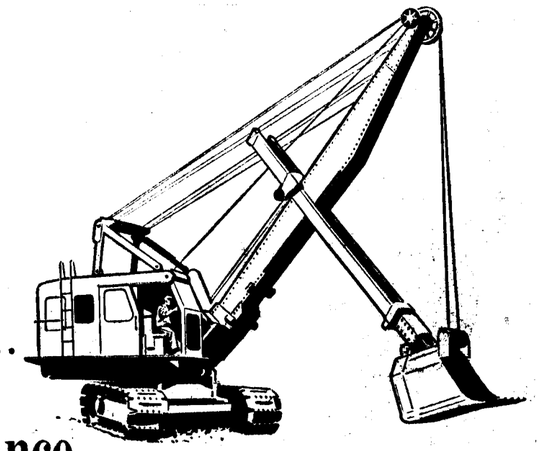

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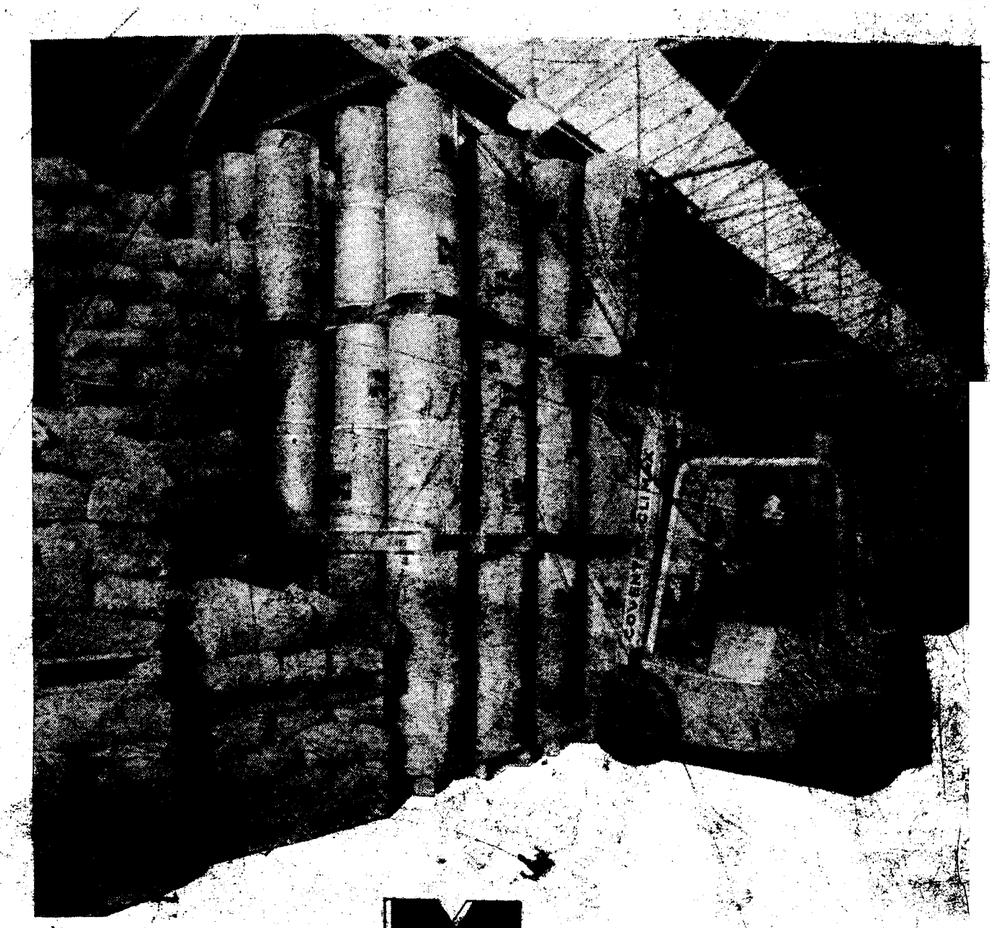

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Some facts worth remembering: 1. The most spectacular feature of the new Forth Road Bridge is the method of suspension: the cables are each made up of 11,618 parallel wires of galvanised high tensile steel only 0.19" thick. The lubricant they are packed in is supplied specially by Shell-Mex and **B.P. Ltd. 2.** Shell-Mex and B.P. Ltd., through their associates, **Scottish Oils and Shell-Mex Ltd., also supply** the Contractors,* The A.C.D. Bridge Company, with all the other lubricants and fuels needed on this project.

* "The bridge is being constructed for the Forth Road Bridge Joint Board." "The Consulting Engineers are Mott, Hay and Anderson with whom are associated Freeman, Fox and Partners." "The Contractor for the superstructure is The A.C.D. Bridge Company, a consortium comprising: Sir William Arrol and Company Limited, The Cleveland Bridge and Engineering Company Limited, The Clevedon Long (Bridge and Engineering) Limited."

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The Economist this Week September 15, 1962

EUROPE

Fencing

Mr Gaitskell, having pushed the Labour party off the fence into opposition to the Government's European venture, is now trying to prop it back up again. If he fails, he will condemn his party to the loss of the support of the new radical left (p. 989).

For lack of a leader, the **Tory right** has not yet produced its anti-European insurrection (p. 997).

The **Liberals,** in their quest for a progressive theme at the annual assembly, could not do better than fire off their European guns as loud as possible (p. 997).

What Europe, with Britain included, can reasonably be expected to offer the Commonwealth—and what the **Commonwealth** wants (p. 991).

Campaigning

General de Gaulle has won the hearts of the **German people**—but their heads still seem to be inclined towards bringing Britain in (p. 1017).

After the General, who? (p. 1019).

The **French** attitude to Mr Maudling's proposals at the **International Monetary Fund** meeting in Washington is as well known as the proposals: they see no reason for change (p. 1036). The other Europeans will be milder, but probably not much more helpful (p. 1037).

Trinidad would like to be an associated state, attached to Europe (p. 997).

Investing

The collapse of Herr Schlieker's interests arouses doubts about the future of **German shipbuilding.** What with a revalued mark, rising wages, and the need to re-equip, shipbuilders have little room for competitive manoeuvre (p. 1035).

A report from Germany shows how **German banks'** foreign investments are distributed (p. 1042).

Scoring pointless victories over **the Russians in Berlin** now may mean reaping pointed rebuffs later—on ground of Russian choosing (p. 996).

OFFSHORE ISLAND

Self-improvement

Grouse-shooting, Britain's most patrician sport, is also an important industry in the poorest area in the British Isles (p. 994).

A new brand of tourist comes to Britain to learn the language of world trade: from many private schools they will return disappointed (p. 1013).

Self-interest

A professor at Manchester makes such shocking remarks about **incomes policy** as to fit him for a seat on Nick (p. 1001).

The latest **Bank of England bulletin** tells rich men how to earn a safe 16 per cent on their money (p. 1046).

Those responsible for **hall-marking precious metals** would do well to polish up their decorative traditions (p. 1015).

Self-exposure

Their annual congress over, **trade union leaders** are setting off to see how their brothers abroad set about their problems (p. 1001).

Television cameras at the Blackpool Trades Union Congress made a strong case for their own admission to Parliament (p. 1002).

The Economist, too, faced the cameras this week (p. 1002).

Constituency Labour parties, by the resolutions they present to their annual conference, show themselves to reflect with surprising accuracy the preoccupations of ordinary people (p. 1014).

ELSEWHERE

Hemisphere

The outlook in the **United States** is for a stormy autumn as far as **foreign affairs** are concerned (p. 1025).

President Kennedy is having to settle for much less **tax revision** than he wanted this year (p. 1026) and he may have to settle for less free trade as well (p. 1027).

American capital investment is going up at home, although not enough, but it is falling off abroad (p. 1026).

The summer has ended with the **American economy** doing a balancing act (p. 1028).

American farmers are striking for the same reason as trade unionists do—to get a bigger and more stable return for their work (p. 1027).

New Hampshire's Republican primary was a free-for-all (p. 1028).

How America left Britain (p. 1004).

NEWS: **President Monroe is dead** (p. 996).

Whole World

The future of the **United Nations** depends largely upon what happens in the **Congo** in the next week or two—and for what happens there, Britain has a heavy share of responsibility (p. 993).

The meeting of major **world airlines** in Dublin this week has been a gloomy affair, marked by tears for present losses and mutual recriminations over massive, and illegal, discounts. Before they all put their fares up, they might get rid of some waste and inefficiency (p. 1033).

The Far Elsewhere

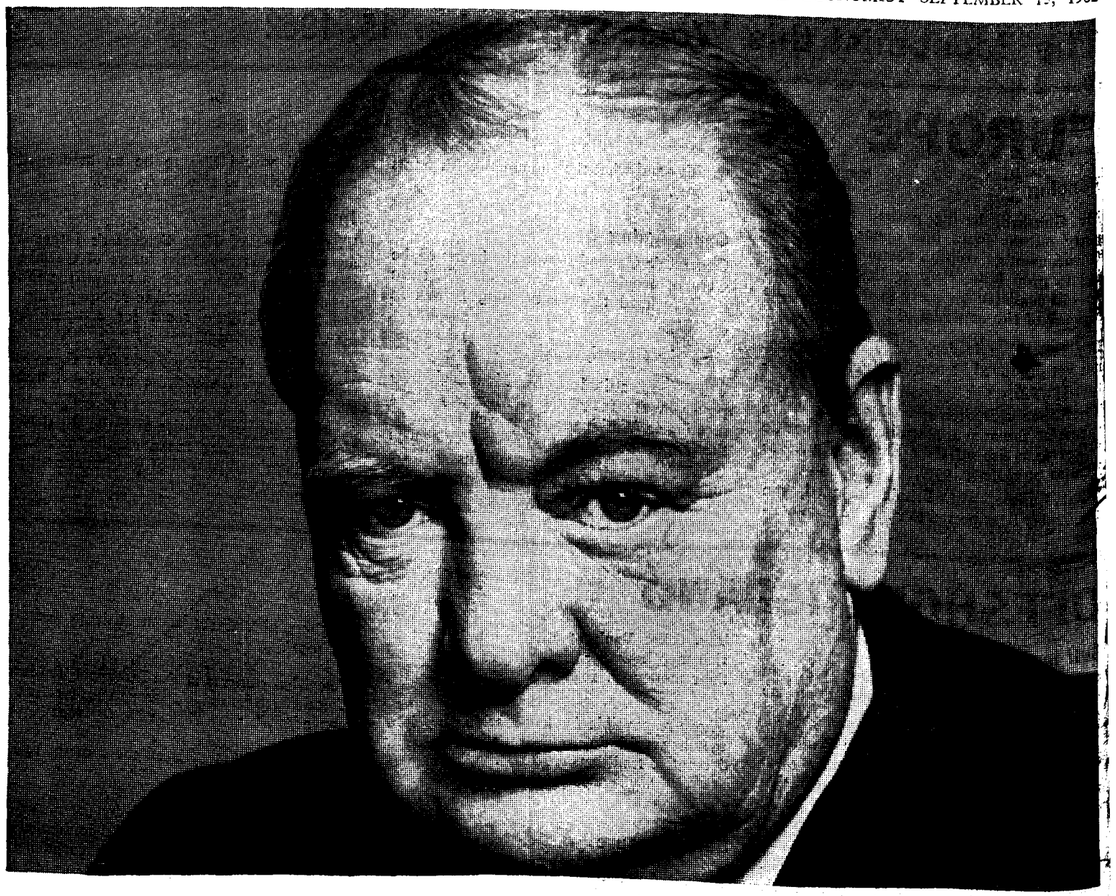
China: The Chinest communist government may be resolved to avoid any further discord with Indonesia, now that the friendship between the two countries has been patched up (p. 1020).

India: The real issue at the trial of Sheikh Abdullah, former prime minister of Kashmir, is whether a Kashmiri leader is to be allowed to put Kashmir's interests before India's (p. 1018).

Morocco is after the Spanish enclaves on its coast (p. 1001).

Ghana: What are the avenues open to dissenters? (p. 998).

Detailed contents on page 989



"WE UNANIMOUSLY ADOPT THE IDIOTIC SUGGESTION OF THE MINISTER OF PRODUCTION"

Who could be angry with such a man? Certainly not the Minister of Production himself—Lord Chandos—even though he found his ideas not always immediately acceptable to the P.M. Indeed, in this week's extract from his memoirs, Lord Chandos tells us that the famous bulldog expression went (sometimes somewhat reluctantly!) hand in hand with a genuinely magnanimous nature.

The portrait of Sir Winston Churchill in the Sunday Telegraph gives us some delightful and unexpected glimpses of the wartime leader—and written as it is by someone who was both a member of the Cabinet *and* a personal friend, it makes the most intriguing reading. Don't let Sunday go by without reading the Sunday Telegraph.

COMING SOON Other features to be published during the next two months include "Renoir, my father" by Jean Renoir, and "To Katanga and back" by Conor Cruise O'Brien.

SUNDAY TELEGRAPH

FEATURES THE BEST IN SUNDAY READING

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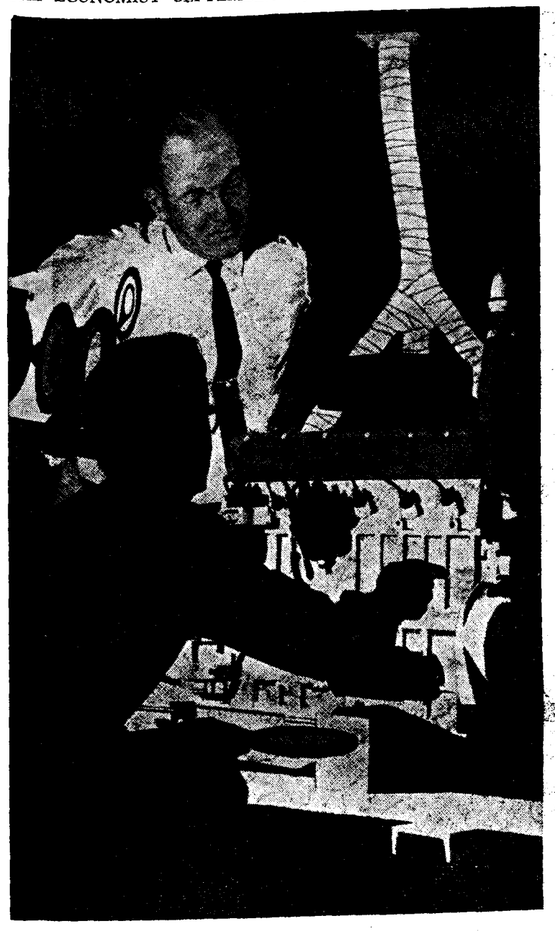

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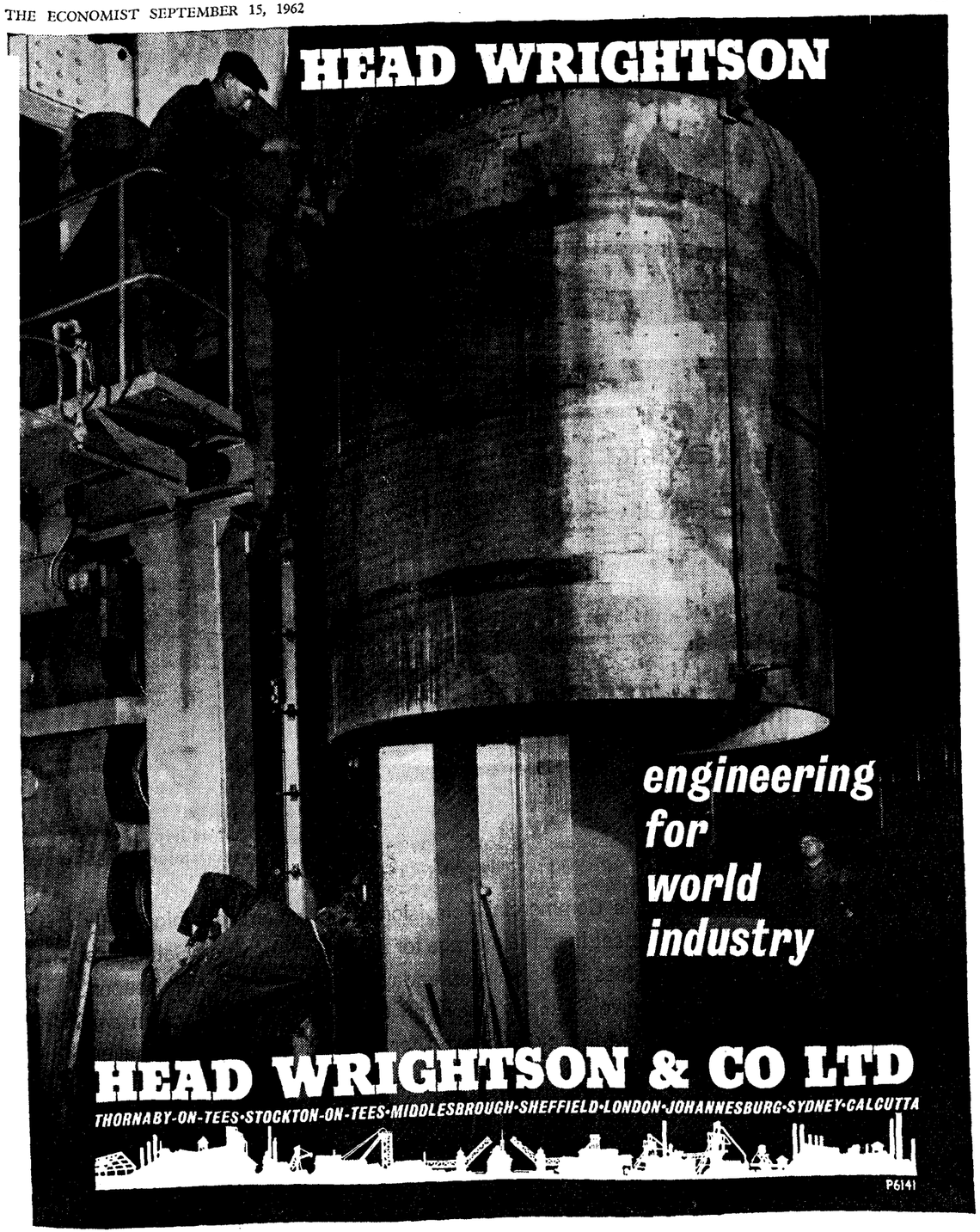

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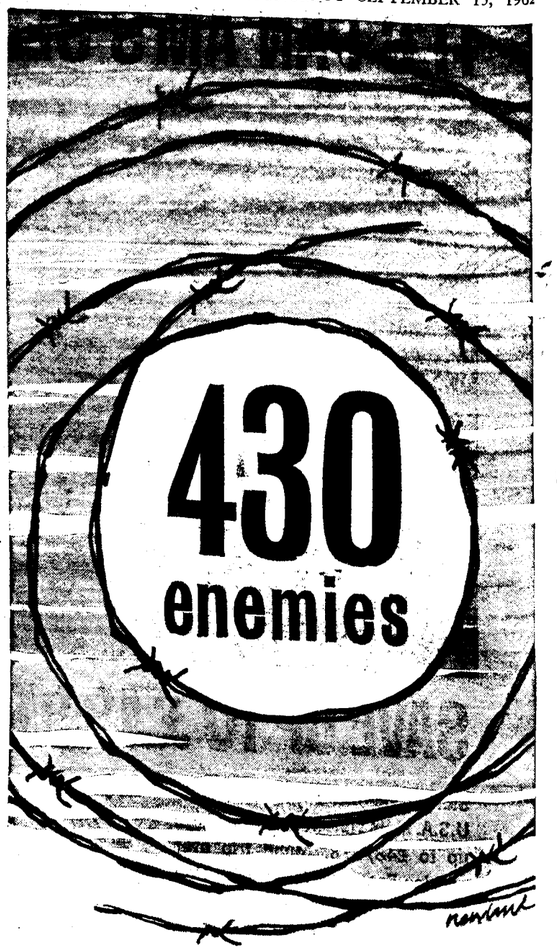

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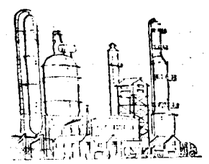

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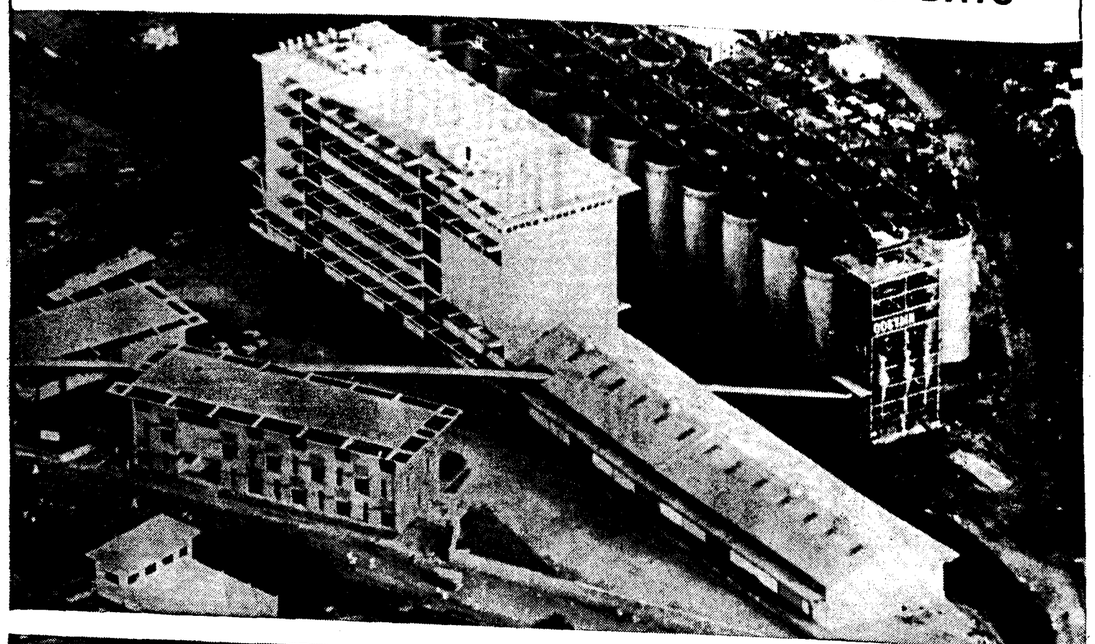

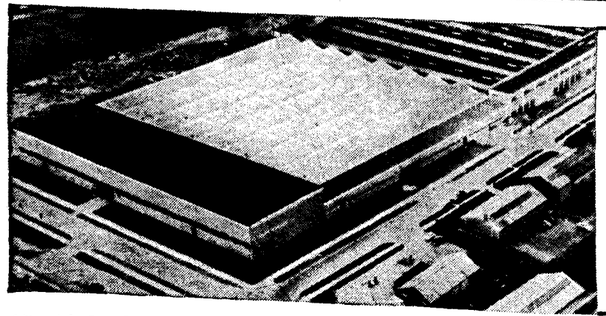

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The Economist

SEPTEMBER 15, 1962

For Gaitskell and the Empire? 989
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For Gaitskell and the Empire?

LAST Saturday Mr Gaitskell brought the Labour party off the fence against the common market ; he has spent the next few days trying nervously to push it back on again. It is almost unbelievable that so experienced a politician should not recognise the clang of finality that necessarily seemed to reverberate through his most publicised first statement ; he said that Britain should not enter the common market unless it secured detailed extra concessions for the Commonwealth which everybody knows that it will not in fact be able to get. Or rather it would have been almost unbelievable if Mr Gaitskell had not been the man he is: a man, that is, who genuinely did not foresee the political boomerang that was bound to swoop back at him when he issued his statement, at the moment calculated to be of maximum mischief to Britain's European aspirations, and after getting into cahoots with leaders of Commonwealth Labour parties—among whom his duty should have been to act as a moderator for Britain instead of as a pure porte-parole for them.

Now that the boomerang has swooped back—with a blunt assault from Labour's most important and vivacious newspaper ally, the *Daily Mirror*, in the fore—Mr Gaitskell is trying to get out from under it. It is possible that he might eventually find an escape route by pretending that any further concessions which Mr Heath secures at Brussels are much bigger than they will in fact be ; in this event last week's statement may still prove to be only about a nine weeks' wonder, and probably no lasting damage to Mr Gaitskell's reputation as a national leader will have been done. But if reasons of face prevent him from reversing course, an entirely new political situation in Britain will have emerged.

In examining why Mr Gaitskell issued his statement last weekend, only rather cursory attention need be paid to the reason which he himself adduced for it: namely, that he considers the terms which Mr Heath has so far secured to be less good than those he had hoped for. Nobody should question Mr Gaitskell's fine personal idealism about the newer parts of the independent Commonwealth, but only his seeming inability to raise himself from the role of counsel for it to that of counsellor to it. For the blunt truth is that the terms offered at Brussels so far are slightly better for the white Commonwealth, and very much better for the coloured Commonwealth, than anybody dared to expect a year ago (which is not to deny that, in Europe's own freer-trading interests, it would be wise for the Six to make the terms for both better still). The paradox that the older dominions have recently been slightly (well, very slightly) moderating their outcry against the common market, while the newer dominions have started to react much more fiercely against it, is simply explained: by the fact that the man in Tanganyika genuinely is less sophisticated in assessing such economic opportunities than the man in Whitehall. Unfortunately, there is a strange emotional streak in Mr Gaitskell's character which would make him regard it as imperialist arrogance to recognise this, and it has helped to still in him the voice of his former economic commonsense. For some reason he always regards it as progressive to speak out for Mr Nehru, even when his economic training may tell him that Mr Nehru is wrong.

A second emotional factor last week was Mr Gaitskell's anger at what he regards as the "unfair" way in which the Government is handling the common market issue. While Labour cannot make up its mind about policy and has

hitherto been saying so, Mr Gaitskell plainly believes that the Government has made up its mind but is still saying that it hasn't. There is increasing evidence that he is right. With three possible exceptions (of whom Mr Sandys is not one), one's guess is that the Cabinet has fairly unitedly decided that it will be in Britain's interests to enter Europe on the terms that now appear to be broadly available—and provided that internal political forces allow. The reason why ministers have not been saying this more openly is that they are afraid that, if they did, it would be impossible for Mr Heath to wring any further concessions at Brussels (and some further concessions, to repeat, are what we all want). Indeed they may fear that, if Britain were to become too open a wooer, the Six might be even more sticky when the time arrives for hammering out the last details than they have so far been in helping to sketch the broad outline.

One can see possible moral and tactical grounds for criticising this Government attitude, but Mr Gaitskell's own criticisms of it have been, to say the least, mixed. On the one hand, perhaps justly, he appears to regard the Government as too devious in thus disguising its real attitude of mind from the British people; on the other, he has publicly criticised the Government for "making it so obvious that they want to go into Europe," with the result that Mr Heath "has been asking for concessions at Brussels on his knees"—in other words, his criticism has been that the Government has not been devious enough.

OVERLAYING Mr Gaitskell's statement last week, however, were two more prosaic political calculations. First, he believes that a new tide of opinion is rising in the country against Britain's integration with Europe; and some of his lieutenants have told him that he has a great opportunity to collect votes for the Labour party from among it. Secondly, and for him most enticingly, some people have been saying that by coming out against the common market now Labour might be able to force the Government into an earlier general election. Both these assumptions require to be looked at in more detail.

It is clear that there has been a movement of opinion against the common market in recent months. In April, National Opinion Polls Ltd. reported in the *Daily Mail* that 47.1 per cent of the Britons they questioned were in favour of joining the market, 25.0 per cent were against, and 27.9 per cent didn't know; now it reports only 37.8 per cent in favour, 52.2 per cent against, and 10.0 per cent don't know. But the poll's breakdown of this opinion is fascinating. There is a definite differentiation as between age groups: a sizeable majority of those aged between 21 and 45 are in favour of entering, and a rather bigger majority of the over 45s are against. There is also a clear distinction between income groups: most white collar workers and a large majority of those earning over £1,250 a year are in favour of joining, and a sizeable majority of unskilled workers are against. Other soundings that have been taken—including some taken by political parties themselves—suggest that the biggest distinction of all may be between educational groups; the majority of those who have enjoyed full-time education past the age of 16 during the last twenty years are in favour of entering the market, while the majority of other people are against.

The sort of internal British opinion that has recently been moving against the common market seems, in short, to be very like one large segment of the opinion that reacted so violently against Mr Gaitskell himself at the time of the Suez crisis: an alliance of the elderly upper classes and the blunt old traditionalist unskilled labourer class—the sort of people who instinctively believe that "wogs begin at Calais." (Moreover, this time they are not supported by many of the brash younger executive class—many of whom, undoubtedly if sadly, were firmly on Sir Anthony Eden's side at the time of Suez.) This is a mad sort of army for Hugh Gaitskell to think of leading into an election, even if he thinks that he might thereby be able to cause the election's date to be advanced.

WOULD a political fight over the common market cause the general election to be held next year instead of in 1964? Perhaps the best argument of those who say that it would springs from consideration of the probable timetable for the negotiations. Even if the Government can introduce the legislation required some time during the coming session of Parliament—say from about February—there will have to be some gap between this legislation and the date when it and any Brussels Treaty come into effect. Many people therefore think that the most probable date for actual entry into Europe will now be some time around January 1, 1964. So far, most commentators have assumed that the most probable date for the general election will be May, 1964. If the date for actual entry into Europe is January 1, 1964, this election would then be only four months after a British Government had taken the most portentous step in peacetime history. An election in October, 1963, on the other hand, might well be fought between the passing of the necessary legislation and the actual entry into force of the assumed treaty.

Some people, including some sincere Tories, would say that, if Labour opposed entry into the common market, to hold an election then—in October, 1963—would be the right thing to do. But—surely Mr Gaitskell's spies have told him this?—one is coming increasingly to believe that the Prime Minister would not. The signs are multiplying that Mr Macmillan regards it as his duty, as the thing that will send his name down into history, to lead Britain into Europe; if and when he gets in, he seems more than likely to want to defer the general election until the first results of the union have begun to appear. In fact, the delay in the Brussels negotiations may well have increased the probability that the election will not take place until the last possible date—in October, two years hence; the political and constitutional arguments against such a delay are less weighty than most commentators assume.

Nothing is certain in politics; that goes for the success of Mr Macmillan's efforts to get Britain into Europe during the present negotiations—and obviously, even more, for the achievement of the tentative target timetables suggested here. But it does now lie in the logic of history that Britain is likely to enter the common market some time during the next decade, and the probability is still pretty strong that it will happen in the next eighteen months. If it does, the party that opposes entry will find itself opposed by a majority of the young people, a majority of the educated people and a majority of the unjingoistic people in the country; it looks as if it will be supported among national daily newspapers only by the *Daily Worker* and the *Daily Express*. When Mr Gaitskell took over the leadership of the Labour party seven years ago, there was much speculation where he would lead it; not many people forecast that he would lead it to this.

Moreover, he must know that many of the strange new allies in the electorate that his stand against the common market might immediately attract to him are likely to melt away very quickly. The softly traditionalist anti-marketeers would melt away as soon as we actually joined Europe, for being pro-market would then become the softly traditionalist thing to be. Most of the brusquely jingoistic standard bearers would not be inclined to carry their banners behind Mr Gaitskell's leadership into an actual general election; one of the nicest things one can think to say of him this week is that he is not immensely beloved by them. Perhaps, when he has realised this, he will wisely, if undignifiedly, hurry back on to his former fence. But what a tragedy it is that the leader of what is supposed to be the radical party of the left has now destroyed all chance that he might ever go right over to the other side of the fence, and start marching just a little ahead of the Tories towards the most progressive and radical challenge of our time.

The Sound and Fury

The Commonwealth prime ministers' protests analysed

AS the smoke disperses after the broadside which the Commonwealth prime ministers fired off at Mr Macmillan on Tuesday—a series of blasts that must have stirred grave doubts about the European common market in many British breasts—it is important to see what the ministers actually said. How many of the shots were fired over the heads of the Government? How many were aimed to kill the whole idea of British membership of the common market altogether? The objections can be divided roughly into three categories. First come some valid demands concerning the untied ends of the negotiation which Mr Heath and his colleagues in the Six meet again in October to tie up; some of these may even be satisfied. Next come the requests to reopen matters already agreed in Brussels; these would be much harder to satisfy without jeopardising the whole negotiations. Finally, there was a streak of root and branch opposition to the whole idea of British membership of the common market; this kind of opposition can and should be brushed aside. The following review of what the different prime ministers said attempts to separate what was reasonable from what was not, and to assess which of their demands deserve attention.

Holyoake: Moderation

As so often in the past year, the one Commonwealth country that could run grave economic risks through British membership—New Zealand—took up a position both calm and rational. Alone of the speakers on the stormy second day of the conference, Mr Holyoake gave proper attention to the useful results that British membership might produce in Europe itself. He had faith that the Commonwealth could survive "even the radically new state of affairs" to which British membership of a European political community would give rise. Just as the best friends of the Commonwealth in Britain are rarely found among those who shout the loudest, so New Zealand's attitude is a reminder that Britain's most loyal friends in the Commonwealth are not the most importunate.

Properly enough, Mr Holyoake also insisted that what had been agreed in Brussels so far about temperate agriculture was too vague for him. New Zealand needs harder guarantees for its main exports, butter, beef and lamb. Fortunately, the outlook here seems relatively fair. The Six agreed in principle last month to special arrangements for New Zealand, in addition to the general agricultural arrangements. Working out the details will be an early point on the autumn agenda in Brussels. Of the three main commodities, mutton and lamb need not cause problems, for there are no serious continental competitors with the New Zealand producers. Beef should benefit from growing consumption in Europe. Butter may be more difficult to settle. But at least the French have already offered New Zealand "comparable earnings" for their butter, if not "comparable outlets." There seems ground for cautious hope that New Zealand's main fears can be allayed.

Diefenbaker: Root and Branch

Canada also has some "untied ends" in the negotiations. Indeed, even Mr Heath would scarcely quarrel with Mr Diefenbaker's detailed trade demands—that tariffs on aluminium, lead and zinc, newsprint and canned fruits should be reduced. The requests, which the British themselves put forward last October, are due to be dealt with when the ministers resume their talks, and some kind of compromise seems inevitable.

But Mr Diefenbaker's main objections were more fundamental and less acceptable. He sees, or seems to see, British membership of the common market as a political threat to the Commonwealth idea and at times his arguments sounded a bit wild. Britain would continue to make its weight felt in the world inside or outside the common market, he said at one point. A moment later he wanted to know whether

Britain, in a European union, might not dwindle to a stature comparable with that of a Canadian province or an American state. He added a veiled threat that, if Britain joined, Canada might be drawn even closer into the magnetic field of the United States.

All this shows little sign of serious thinking about either Canada's future, or Britain's. The pull of the United States on Canada is a many-sided thing, exerted through many channels of life, and not, in the main, by one government upon the other. Who seriously supposes that the fact of it will be conjured away by keeping Britain out of the European Community? On the contrary, one would think that if there is a hopeful path for Canada in its continuing search for a national identity, it can open up only if Britain can first resolve its relationship with Europe. Thus, one would hope, a cause for dissension between communities of British and French origins might be removed; and Europeans and Americans would be given a chance to get their relations, in turn, in better order.

Nor is it surprising that Mr Diefenbaker should have been so reluctant to disclose his loudly hailed (indeed, not unobtrusively announced) "alternative" to British membership of the common market, for it appears to consist of little more than the suggestion that there should be liberal trade agreements, and more tariff negotiations through the General Agreement on Tariffs and Trade. President Kennedy and his advisers are well aware that their trade proposals—which offer the best hope of world-wide tariff cuts—depend in part on British membership of the common market. Nor can tariff talks in Gatt resolve the political problem Britain faces in Europe.

Menzies: A Pinch of Salt

Mr Menzies seems to have taken up position somewhere between Mr Holyoake and Mr Diefenbaker. He recognised that Britain might see a balance of advantage in joining, but he had some cutting things to say about the price Commonwealth countries might have to pay. Were they to pay most of the price, and indeed make out a blank cheque to the British at this meeting? Further meetings of some kind (he did not specify quite what kind) would be needed to weigh up the final terms.

The request for a later meeting is not unreasonable; what is doubtful is whether it will prove either practicable or sensible to have another grand gathering, soon, of all the Commonwealth prime ministers at once. Mr Menzies's plea on behalf of Australia's unfinished business in the negotiation was fair enough. Canned fruit, for what that is worth, still has to be settled; hard guarantees on cereal prices (affecting Australia's soft wheat) are desirable. Whether Australia's economic problem requires the weighty anxiety Mr Menzies is bestowing on it is another question. The moral for the British Government seems to be to press hard for better terms for the Australians, but to take the shouting from down under with a pinch of salt.

Asia asks for more

The most unexpected volume of opposition of all came, not from the old dominions, but from Asia and Africa. In the last analysis it was based less on economic considerations than on a deep suspicion, indeed in some ways a hostility, towards a united Europe. Mr Nehru expressed this in one form when he said that unity in western Europe might increase tension between East and West, instead of reducing it. The argument can be heard on British Labour lips as well. But can it be seriously held, even in Asia, that the reconciliation of France and Germany is a bad thing in the long run, a thing unconducive to peace? Even if it could, the common market exists, the reconciliation is a fact and its consequences will go on unfolding. One would have supposed Mr Nehru aware that British membership of the common market would be more likely to strengthen the party in western Europe that favours policies designed to ease the east-west tension.

Both Mr Nehru and President Ayub Khan of Pakistan (a man sympathetic to the political aims of the European community) also put the familiar argument, often voiced very emphatically by *The Economist* itself, that markets must be provided for their countries' industries, and that without such markets the task of getting the struggling Asian economies on their feet would be made unnecessarily hard. The terms offered in Brussels, they both complained, were not enough.

Is this true? In negotiation Mr Heath has succeeded in obtaining two main guarantees for these countries. The community has promised to maintain, and indeed gradually to expand, its imports of cotton textiles, and to take immediate remedial action if they fall. The Six have also promised to negotiate long-term agreements to promote an expansion of trade. These agreements obviously ought to be negotiated quickly, and the fine principles given practical meaning. European countries, including Britain, are still a great deal less liberal towards the new emulators of Japan than they should be. But at least the terms agreed in Brussels recognise the need in theory and seem unlikely to make things any worse, in practice, than they are today.

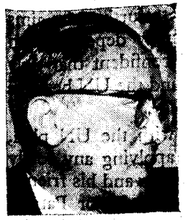
Africa: Anti

Mr Goka, of Ghana, could hardly be expected to speak well of the European community, which he regards as a ganging up of former colonial powers. His reported threat to leave the Commonwealth if Britain joined, later denied, was also hardly a surprise. Whether the common market really has any relevance to Ghana's attitude to the Commonwealth club is another question. Ghana will stay in so long as it finds membership useful, and no longer. Certainly Ghana's hostility to the common market owes more to its own inner compulsion to be rid of all non-African influences than to anything the common market has done, or will do.

More actively a matter for regret is Nigeria's refusal to entertain the idea of association with the common market. The advantages are tangible—free entry to the whole of western Europe, together with the right to put tariffs on European goods at will, and the possibility of some increase in economic aid. They have been turned down, on the ground that links with Europe are neo-colonialist.

The difficulty is that alternatives for African countries are hard to find. Association is not really a political link; in the main it is a device to enable the preferences it embodies to get past the General Agreement on Tariffs and Trade. There is another baffling point. Sensibly, the Nigerians are interested in an African common market as an end of policy. How can they expect to get it, when the ex-French countries of Africa, with which they hope to work, are associated with the European common market, which Nigeria shuns? It has to be said that the apparent Nigerian hope—to get equal economic terms with the present associates, without accepting the status that they have accepted, looks as idle as the similar hopes cherished by the British turned out to be in 1958. A faintly hopeful sign is that the African states did, after all, decide to sit in the sub-committee on association starting work on Thursday.

This week's debate seems to point to the conclusion that if the Commonwealth is to be led to look to the future, and to set about moulding the new pattern of relationships that the common market is bound to precipitate, instead of leaving it all to others, then Britain must go on forcing the pace. The process of regional grouping that is spreading out from Europe is not going to be stopped. The Commonwealth could have played, indeed can still play, a most valuable part in it. But this will happen only if its members wish it. It will not happen if they choose to go on living in 1932.



U Thant

Between Troika and Tshombe

The problems that face the United Nations as its 1962 Assembly meets—finance, the Congo, the secretary-generalship—are inseparable parts of a whole

A YEAR to the day after Mr Hammarskjöld was found dead in the Rhodesian bush, the United Nations Assembly will sit down on Tuesday for its seventeenth regular session. A frieze of question marks hangs over the future of the organisation itself. Its finances are still imperilled by the failure of many members to pay their shares of the costs of its military operations in the Congo and Sinai. This assembly has also to tackle the problem of the secretary-generalship, which is not merely a matter of continuing U Thant in office (his present term will expire next April) but one of resisting the Soviet wish to destroy the office altogether. And there is no sign that the assembly is likely to moderate the pressure on colonial positions in Africa that led the British Foreign Secretary to announce "a crisis of confidence in the United Nations" at the end of 1961.

The seventeenth session no longer looks like having to withstand another personal assault by Mr Khrushchev in the grand manner of 1960; but there can be no question of this assembly proving a quiet one. In duration, it may not in the end match up to the marathon 1961 session, which, twice extended into this year with resumed debates in February and June, lasted altogether for five months. That gruelling experience moved the 1961 president, Mr Mongi Slim, to publish last May some proposals for abbreviating the procedure of debate which now appear as an agenda item, sponsored by Tunisia, on the long list for the coming session. There will be widespread support for this move to restrain the verbosity of a gathering which now numbers 104 delegations, and which will presumably be up to 109 very shortly, with the admission to membership of Rwanda, Burundi, Jamaica, Trinidad and Tobago, and Uganda. To cut the length of debate will in no way reduce its intensity; the effect may be to heighten it.

On the eve of the session, the financial outlook may be eased by the final passage through the United States Congress of the long-delayed bill permitting the Administration to buy United Nations bonds. Since U Thant launched the bond issue in December, 49 other governments have undertaken to buy a total of $73 million worth, of which $27 million have actually been paid for. With the costs of the Congo operation running at their present high level, however, the whole $200 million bond issue is no more than a short-term stopgap. The larger task of getting all members to contribute to special operations such as the Congo and the Middle East remains in question. (Arrears on the basic budget are negligible in scale.) Here, matters have been improved by the advisory opinion that the International Court gave in July, to the effect that the Congo and Unef (Middle East force) costs constitute UN expenses within the meaning of Article 17(2) of the Charter, which means that member states are legally bound to pay the assessments decided by the assembly. But the dissenting votes of the French, Soviet and Latin American judges of the Court were a clear pointer to the inevitability of a further sharp clash when the assembly reaches this item on its agenda.

Is a public clash over the secretary-generalship equally inevitable? At present, that is up to the Russians; and they have been holding their cards close to their chests. At the end of August U Thant rounded off his series of visits to European capitals by going to Moscow and also to Yalta, where Mr Khrushchev, holidaying at his Black Sea residence, took him boating—a ritual entertainment accorded to Mr Hammarskjöld, in similar circumstances, not long before the Soviet leader decided that the late secretary-general was a political criminal, and his concept of a "dynamic" UN a political anathema. The day Mr Thant reached Yalta, his staff issued his personal introduction to his annual report, a characteristically plain-spoken statement in which he directly endorsed Hammarskjöld's "dynamic" approach. Mr Khrushchev, for once anything but plain-spoken, seems to have kept mum, in his private talk with U Thant as in his public utterances, about both the renewal of the acting secretary-general's term and the still theoretically maintained Soviet demand that the single head of the UN secretariat must be replaced, for good and all, by a "troika" team which would give Russia a direct veto on all UN executive action.

The Soviet leader's dilemma is apparent. Unwilling to countenance any more freedom for the UN executive to act without Moscow's approval, he is at the same time reluctant to collide directly with the Asian and African countries' strong

resistance to any cutting back of UN authority. It is logical enough that he should have held his hand as long as possible; hoping, perhaps, that U Thant would prove willing to pay some price for an assurance of Soviet backing; perhaps, that the Burmese secretary-general would take some false step that alienated even his Asian and African friends.

MR THANT has not obliged—in either way. He firmly underlined his insistence on the independence of his office when, invited to record a statement for Moscow radio, he put into it these blunt remarks:

> Let me be candid. When Soviet foreign policy did concern itself with what was happening in the rest of the world—for instance, in the Congo—it did so out of fear and suspicion. . . . I beg to be excused for saying that the Russian people do not fully understand the true character of the Congo problem. . . . If only they have the means of knowing all facets of the problem, they will certainly revise their opinion of the nature of the UN involvement in the Congo, and decide to shoulder their share of the heavy responsibilities now being undertaken by the world organisation. . . . I am not a believer in honeyed words.

Needless to say, although Moscow broadcast this passage in English, it was cut out of the version presented to the Soviet home public. But censorship does not spare Mr Khrushchev and his senior colleagues the painful realisation that they have a painfully honest man on their hands.

It is hardly surprising, then, that the Russians have stepped up their thinly veiled criticism of U Thant's Congo policy, just when its chances of succeeding look greatest. Last week an official Soviet government statement was devoted to attacking an alleged American-British-Belgian-French plan, the aim of which was said to be "to strengthen Tshombe's position, to prevent the reunifying of the Congo." The statement, although couched in the form of a reply to U Thant's appeal for support for his own latest proposals, carefully made no mention of those proposals as such, but sought to mislead its readers into seeing in him, and in the whole United Nations, mere tools of the "colonialists" in the Congo.

Whether this kind of misplaced ingenuity is well-aimed enough to weaken U Thant's position, and improve Russia's chances of trotting out the "troika" again, must largely depend on the course of events in the Congo in the next week or two. It ought to be pretty clear, before the assembly has sat for more than a few days, whether Mr Tshombe's outward acceptance last week of the new UN plan is genuine or merely another instance of the practice, shrewdly summed up by the blunt Thant in his annual report, by which Mr Tshombe and his backers "make gestures of reconciliation, leading to no practical results, whenever the pressure builds up, while at the same time seeking to further the aims of secession." And this in turn is crucially dependent on the extent to which the secessionists feel confident that they can go on defying the Congo government and the UN because they can count on British benevolence.

Officially, Britain has associated itself with the UN plan, but it has openly deprecated all idea of applying any really effective pressures to ensure that Mr Tshombe and his friends accept it; and the eye-catching inclusion of Major Patrick Wall, a prominent parliamentary champion of the Tshombe regime as well as of the Portuguese record in Angola, in the British delegation at the coming assembly, may be widely interpreted as a straw defiantly streaming against the UN wind. It should not be necessary to rehearse here once more the full tale of the consequences of a policy that seems to present Britain to the world as the principal sustainer of the Katanga secessionists. What is directly relevant is that the swift settlement of the Congo problem is now vital to the UN, both because of its financial difficulties and because of its need to develop an effective executive arm—the development which the Soviet "troika" was designed to prevent. British ministers, in shaping their next moves in regard to the Congo, need to be clearly aware that these questions are now of one piece, and that, for the UN, a further setback in the Congo must mean a falling back along the whole line.

No Grouse Grumbles

A look at the industry which covers perhaps one half of the area of Scotland

IT usually seems to be in late July and August that the season for international crises opens: Berlin crises, currency crises, common market crises, cabinet crises. Twice in the last fifty years it was in August that the world moved into or towards a war. This is rough on statesmen who, like everyone else, want to get away for a bit of a summer holiday. But Britain, for as long as the Tories are in power, is lucky. Most top Conservatives do not spend the dog-days lolling about on sunny Mediterranean beaches; they can usually be got hold of not too far from Whitehall, shooting away at small but delicious birds.

The mass execution of grouse driven over a line of concealed gunmen is Britain's favourite patrician sport. Like so many other time-hallowed traditions, it was made fashionable by Queen Victoria herself and has been kept in fashion by her descendants. The sport, like the process of British imperialist expansion, rests solidly on the achievements of Victorian technology—the quick-firing breech-loading gun and the spread

of the railways into the remoter regions. It retains its air of leisured ease, and the Twelfth of August, when the season opens, provides a gossip-columnist's field-day.

Grouse shooting is fated to remain an exclusive sport, for the red grouse is a pretty exclusive bird. Unlike the other game-birds—the pheasant (originally Chinese, reputedly introduced to Britain by the Romans) and the partridge—grouse thrive only in Britain, and in Britain the only country they really like is the desolate moorland and mountain stretching from Derbyshire right up to the north of Scotland. Grouse—again unlike the other game-birds—cannot be artificially reared for shooting; or, if they are so reared, they only wander off to the neighbouring estate. All that can be done is to encourage the young heather which is their natural food by burning off the old growth, and to keep down their natural enemies, foxes and crows. (Their worst foes, eagles, hawks, and gulls, are protected by law: keepers would dearly love to have a go at them, and perhaps they sometimes do on the quiet.)

THE best grouse country is on the moors of Yorkshire and Westmorland (where Mr Macmillan generally goes for the Twelfth): the record bag of all time was made in Yorkshire when eight guns slaughtered 2,929 birds in a day. But that was in 1915, a peak year for powder and shot on all counts. Nowadays birds are scarcer, and the Nature Conservancy is running an inquiry into the causes of the decline. It seems most probable that the burning of heather, while it improves the young growth in the short run, is inclined in the long run to impoverish the soil. A dearth of grouse can be a serious matter for some parts of Scotland, which draw such prosperity as they have from the spending by outsiders (usually from the south of England) on the allied Highland bloodsports of grouse-shooting, deer stalking and salmon fishing. There are horror-stories around in the Highlands of how landlords have had to return the rent to tenants dissatisfied with their poor bags.

A typical Highland grouse-moor, with shooting for eight and a lodge for some of them to stay in, might fetch around £2,500 a year in rent; usually the expense is shared among the members of the syndicate who rent it. A peculiarity of grouse-shooting is that there is no conceivable means of increasing the available acreage devoted to the sport (perhaps already about half the extent of Scotland). In fact, it is feared by some that, as the plantations of the Forestry Commission spread across the Highlands, the shooting area will get smaller. New entrants, ambitious for the glamour and the genuine pleasure of the sport, are constantly trying to get into the act. Prices are shooting upwards. Last year a large estate of 80,000 acres in Ross and Cromarty, including salmon fishing, stalking and grouse country, was sold for £420,000. Money is pouring into the Highlands not only from American sportsmen—or reputedly from American firms established in Europe, seeking a way of not repatriating their profits—but also from entrepreneurs such as the Swiss businessmen who recently bought an estate on Royal Deeside.

The sport itself is a pretty spartan affair. Its devotees spend much of the day crouching in butts—holes in the ground that sinisterly remind any ex-serviceman of fox-holes—hiding partly from being spotted by the driven birds, partly from being ravaged by the tearing wind, and partly from being peppered by reckless neighbouring shooters. The beating in many parts of the Highlands is traditionally a perk of whisky distillery workers during the seasonal lay-off for the dry summer: they will probably ask £2 a day. Elsewhere there are no distilleries, and the job will be done by up to forty schoolchildren, at £1 a day. A sinister recent trend is that children have begun to threaten to strike for the odd five shillings; one can see their point, as they earn their money well by walking for 25 miles or so over steep heathery slopes.

Once on the wing a grouse, with the wind behind it, can reach 60 miles an hour by the time it gets over the guns: plenty of cartridges—at 7d. a bang—are wasted. The wiliest birds refuse to fly over the guns at all, and escape backwards over the line of beaters. Keepers and landlords are quietly delighted when this happens, or when they have a particularly inaccurate group of shooters: it means a good breeding stock for the next year. The whole present trend in the sport, in fact, is to try to think up new rules in favour of the grouse. Landlords are well aware of what has happened in the United States, where over-efficient shooters armed with repeating shot-guns have made it necessary to ban duck-hunting in some areas altogether, for fear that the ducks might be totally exterminated.

There is, however, one day when the incentive to bag as many birds as possible is strong. On the Twelfth of August birds can fetch up to £1 each; they are dispatched by jet to Scots exiles—and gourmets—all over the world. Scotsmen think it absurd that the Savoy or the Waldorf-Astoria should pride themselves on offering grouse to diners on the night of the Twelfth itself, since an old grouse does not really taste very good without being hung for ten days, and a tender young bird is practically tasteless early in the season anyway: but they are not averse to the income they provide (and they are apt to be resentful of the unfair competition from Yorkshire birds, nearer to the southern market). Later in the season birds fetch only around 17s. 6d. a brace: one man in charge of a Highland shoot calculated that he makes just about enough by the sale of birds to pay his beaters for a whole month of sport.

THIS still leaves grouse shooting as a pretty expensive way of spending a holiday. One City man estimated that he spends around £500 a year on taking his family of four to the Highlands for three weeks in August (he shoots: the children spend their time fishing for trout in the lochs, messing around by the sea, and generally enjoying the country). And there are other expenses on top of this: Land-Rovers and weird, warm clothes are absolutely necessary to face the rigours of a windy Scots summer. A good retriever can do marvels for his master's prestige, and is needed for finding birds that may fall beyond a hill. A pair of hand-made guns can cost well over £1,000—but then this can be amortised over a long period. It is not at all unusual for a man to use his grandfather's 60-year-old 12-bore; and those perfectionist craftsmen, the gunsmiths of London and Birmingham, rely more and more on their impeccable reputation abroad.

In all this luxury spending lies the patriotic Scotsman's dilemma. It is obviously annoying to see Sassenachs and other foreigners throwing their money about in the poorest area of the British Isles, suffering at once from depopulation

and unemployment. But then what else can be done with the land devoted to grouse? Sheep are sometimes profitable—but the demand for the coarse wool of the only breeds that can thrive on high ground has a most uncertain future. Cattle-ranching (which is incompatible with grouse-shooting, as it demands the replacement of heather by grass) has succeeded in a few glens, but only in those that have enough lowland to provide grazing during the months of snow. Anyway, unlike grouse-shooting, it has to be subsidised by the Exchequer.

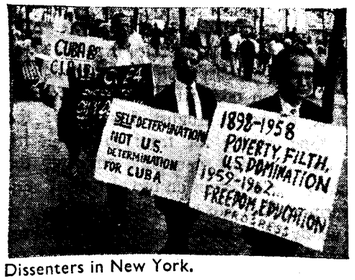
Forestry is spreading as fast as the capital can be made available: most planting is still replacing the timber cut down during the war, and is not yet inimical to grouse. The growing sport of skiing takes place above the height where grouse live, and gives jobs in the winter to some of the men who work for the shooters in the summer. Tourism of a humbler kind sometimes conflicts with shooting—especially when hikers with dogs walk across the moors just before a drive, or in the early summer when the birds are nesting. But the Highlanders are well aware that most tourists never leave their buses, and that those who choose to tour on foot are unlikely to spend a fraction of the money put down by sportsmen. The three months of the shooting season do provide some jobs in the Highlands (ideally, eight workers are needed for each gun): and for the privileged—such as keepers—the tips are high even when the pay is low. And the carting away of the corpses also provides a bare minimum of traffic for Dr Beeching's least profitable railways. All in all, Scotland has no cause to grouse about the grouse.

NOTES OF THE WEEK

MONROE DOCTRINE

Times Change

"OUR policy in regard to Europe . . . is not to interfere in the internal concerns of any of its powers. To consider the government, *de facto*, the legitimate government for us." This, though some Americans may not recognise it, is part of President Monroe's historic doctrine—though not the part currently in favour. Monroe's successor, Mr Kennedy, has been under pressure from sections of American opinion, since the arrival of Russian military instructors in Cuba, to invoke quite another part of the doctrine: the part that forbade the European powers to extend their political system to any portion of North or South America.



Dissenters in New York.

This pressure on Mr Kennedy (discussed more fully on page 1025) should not be underestimated. The demand for enforcement of the Monroe doctrine, or at least the convenient bit of it, comes from part of the Democratic party, as well as from many Republicans. Since it was Mr Kennedy who in the presidential election in 1960 accused his opponent, Mr Nixon, of having "presided over the communisation of Cuba," the demand touches a sensitive spot in this new election year.

And yet—may it be said?—the world has changed somewhat since the Monroe doctrine was formulated 139 years ago. Then the American insistence that the European powers keep out of the western hemisphere had a counterpart: an American determination to keep out of the tangled affairs of Europe. Things are different now. The United States stations its forces, conventional and otherwise, along the boundary of the communist world (in one case, Berlin, inside that boundary: the east Germans, among others, might well wonder about that undertaking "to consider the government *de facto*, the government for us").

Without this American readiness to interfere in its affairs, Europe would be in a bad way. But an awkward question is bound to arise, and seems to be arising now. Can the United States expect successfully to enforce, without any exceptions, one part of the Monroe doctrine, when it has abandoned the attitude to world affairs that underlay the doctrine? The United States government, aware of the hostages it has given to fortune in Berlin and elsewhere, may not need to have this pointed out; but many Americans have not seen it yet. Mr Khrushchev may even say one day (he hinted at it in his statement on Tuesday) that his attitude to the western presence in Berlin depends on the American attitude to the Russian presence in Cuba.

BERLIN

Another Famous Victory?

NOT only in its Cuba policy, but also in Berlin, Mr Kennedy's Administration is much favoured just now with exhortations to firm action. One result is the attempt to stop the Russians using armoured troop-carriers to convey their ceremonial guard across the sector boundary to their war memorial in the Tiergarten—a short walk from the Brandenburg Gate, but a good deal farther from the nearest crossing-point now that the gate is walled up. From the building of the wall until last month, the Russians sent their guard reliefs in ordinary buses. But on three days from August 18th to 20th their buses were attacked with stones by an angry west Berlin crowd.

When the Russians thereupon started to use the armoured carriers, their action was seen in west Berlin as demonstrative, offensive to local feeling, and a danger to west Berlin's morale. After an interval the western commandants insisted that the Russian reliefs should take a shorter route, using a different crossing point which happens to be on the British, instead of the American, sector boundary. On September 4th, the Russians complied. Next came a western demand that buses should once more be used instead of the armoured carriers. On Tuesday the British, apparently not wholly convinced of the advantages of a display of firmness for its own sake, put this demand in the form of a request, to the annoyance of some American press commentators who have been urging a show of force.

Berlin seems to be another topic on which some reflection about the premises of western actions would do no harm. On the face of it, the Russians were justified in using armoured carriers by the series of attacks on their buses. Whether they should be keeping a guard at all on their memorial in the western sector is another question, but it has the sanction of long custom and none of the occupying powers, so far as is known, has questioned it. If they are allowed to send the guard, then the guard would seem to be entitled to protection from stone-throwing.

If, as is likely, the Russians give way to this demand, the result will doubtless be

hailed as a vindication of policies of "firmness." Rightly, or wrongly? The Russians would be foolish to clash head-on with the West on western ground, when they can so richly repay the West on ground of their own choosing: it might be in the air over Berlin, or on the long road from Helmstedt. The West should be seeking workable arrangements in Berlin, not sham victories. And where

A British request.

does this idea come from that the morale of the Berliners depends on their being sheltered from reminders of the Russian military presence all around them? That presence, as well as the history that gave rise to it (of which the ugly Russian war memorial itself is a not unsalutary reminder) are the facts that Berlin has to live with. One would think it more healthy that the facts should be visible than that they should be muffled.

CONSERVATIVES

Still No Revolt

CONSERVATIVE backbenchers must have suffered from some acute anxieties this week, as they read the assiduously-leaked reports of the speeches of the visiting Commonwealth statesmen, and as the implications of Mr Macmillan's new, tougher and more committed tone of voice about the common market began to sink in. But, in so far as one can possibly gauge at a time when the House is not in session, there are no signs of a real backbench revolt.

The potential insurgents are still lacking any true leadership. Lord Salisbury is the only right wing Tory of national status and he, as a good imperialist, is a supporter of Britain's joining Europe. The appeal of Mr Robin Turton, Sir Derek Walker-Smith, and Lord Sandwich is severely limited, to say the least. In the Commons the nucleus of their strength remains the ten or so Tory irreconcilables who have lingered on since Suez. To these might be added, at the outside, a further thirty dissidents, only some of whom are expected ever actually to vote against the Government. In fact the chances of Conservative members going into the No lobby have been much diminished by the hardening of Mr Gaitskell's attitude against the common market. To be found in the same stable as the official Opposition is not a fate which even the most rabid Tory anti-marketeer would welcome. In any case the voting record of the right in Parliament has not been an heroic one. Snarky and undebated motions, saying one thing but meaning another, are the weapons they prefer to use. As the House was not sitting this week, no such motions could go down.

When the Commonwealth conference is over, the Prime Minister—presuming he is still determined to press on into Europe—should now make up his mind to sound a clarion call in the country and at the party conference. His difficulty all along has been to strike an emotionally responsive chord in his followers, but he may now have found one in his emphasis of the need to avoid a third European conflict. By this emphasis he has managed to turn the most appealing of the pro-Commonwealth arguments inside out. Another profitable line of approach for the conference may be to present Britain's entry into the market as part of that return to national greatness which is always near the Tory heart. But thirdly, and most important of all, the Prime Minister should be able to use what Lord Kilmuir once called the Tory party's secret weapon—loyalty. At heart the Conservative party is still a deferential party and likes to follow its leaders. Moreover the Llandudno conference seems likely to take place at just about the time when Mr Heath may be in the middle of another session of sitting up all night, and nobody wants to be beastly to him.

LIBERALS

With Sails Unfurled?

THE Liberals at their conference next week at Llandudno will have their greatest opportunity for many years to capture the imagination of the country. Whether they do so or not will depend largely on themselves. They can either seek to pick up every possible protest vote by whatever means, or they can genuinely attempt to put themselves at the head of the new political currents that are flowing through the country. This is not the moment to try to appear politically clever (which is why some of their tentative new industrial policies should be quietly buried), but to appear wise and courageous about the one overwhelmingly important issue that now lies before the country.

The keynote message which Mr Grimond should send ringing forth is that there will be no, repeat no, trimming of Liberal sails on the common market issue despite the anti-market protests which have been echoing this week round Marlborough House. To trim now would be a fundamental error, since the point that the Liberals were the first party to come out in favour of the market is the one fact about them that really has penetrated the consciousness of the average man. The Liberals can justly claim that if their advice to negotiate had been heeded earlier the conditions for Britain's entry would have been better than Mr Heath can get now; they should certainly make clear their opinion that Europe would be wise to offer better terms than it is doing; but they should also say that, on the terms so far offered, the Liberal party believes that the clear balance of advantage is on the side of going in.

To say this boldly and outspokenly would not only be to say what the Liberal leaders believe, but would also be to take the course best calculated in the long term to pay off in political dividends. Mr Grimond should learn from Mr Gaitskell's mistake. To start wobbling on the common market issue for the sake of picking up a few votes from the farmers of Chippenham or the colonels of South Dorset would shake the whole foundations of the Liberal revival. They are now at the stage where they can afford (indeed should welcome) being attacked for their outspokenness, but cannot afford to be sneered at for any vacillation.

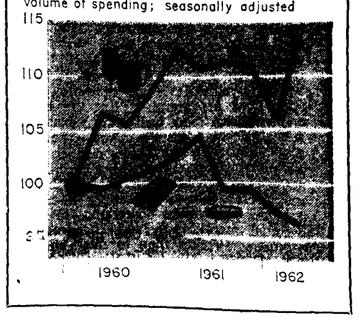
WEST INDIES

Europe in the Caribbean

AS befits the two youngest members of the Commonwealth, Jamaica and Trinidad have, in their very different ways, illuminated the dusk of the prime ministers' conference with flashes of clear-eyed originality. With an old trouper's instinct for timing, Sir Alexander Bustamante, the prime minister of Jamaica, emerged from Tuesday's fervid meeting remarking with limpid fatalism that there was no need for a multiplicity of words since Britain was going into Europe no matter what was said or who was

WORRIED?

Still less spending on tobacco and a leap in spending on alcoholic drink in the second quarter. Has the report of the Royal College of Physicians (March 7, 1962) disturbed the smokers enough to curb their indulgence? Are they turning to drink to soothe their shattered nerves?



hurt. On Wednesday, Dr Eric Williams, Trinidad's leader, carried this argument a long stage further by not only accepting, but welcoming, Britain's step. A weak Britain, he said, was no use to his country; he saw both Trinidad and Britain strengthened by the European connection.

Sir Alexander's eyes are turning towards North America (though those of Mr Sangster, a likely successor, are not). Dr Williams is "European" in his outlook and his hopes. Trinidad, with its economy based on oil, sells to the Six as well as to Britain; some of its best customers in the Caribbean are the non-British territories of Curaçao, Surinam, Guadeloupe and Martinique. But Dr Williams's imagination ranges beyond the immediate effect on his own country: he sees in European unity, including Britain, the inspiration and the instrument that might one day bring order and integration to the scattered mosaic of Caribbean islands.

The malaise that lingers on after the slow death of federation makes it improbable that in the short run any of the smaller British West Indian territories (with the possible exception of Grenada) will accept Dr Williams's invitation to join Trinidad and Tobago in a unitary state. Until these insular passions subside, Trinidad is off on another tack, working its way towards a more extensive, but less binding, form of Caribbean unity. Guadeloupe and Martinique are already associated with the European Economic Community through their dependence on France; Trinidad would come in, it seems, on the heels of the British.

Dr Williams makes the point that these territories, together with Surinam (self-governing, but still effectively attached to Holland) might do better economically, and on more acceptable political terms, if they could present the united front of a Caribbean economic community. A movement in this direction has already started. Economic experts from Trinidad and Surinam have paid visits to each other, and Dr Williams hopes to meet the prime minister of Surinam in Europe. The French government, according to Dr Williams, agrees in principle with the suggestions concerning Guadeloupe and Martinique. If a Caribbean economic community comes off, it will be open to all countries—except those going in for state trading. This effectively excludes Cuba.

At present Trinidad sells much more to the other Caribbean territories than it buys from them, and Dr Williams hopes that any association between the two communities would allow Trinidad a protected market in the Caribbean. There are possibilities for expanded inter-island trade; Surinam, for instance, could sell more aluminium and more rice to Trinidad. But Dr Williams gets his real impulse from the need to bring order to a disordered region. If the European common market is the lever for this, then, he says, thank God for the common market.

The Economist

SEPTEMBER 13, 1862

DISTRESS IN LANCASHIRE

¶ There is scarcely any more baffling problem in practical life than how to distribute charity so as to relieve distress, without doing as much harm as good—especially where the charity is boundless and the distress extensive and unquestionable. The more it is seen and known, the more perplexing does the work become to a conscientious labourer in the field of benevolence. "People are starving: give liberally," cries the bystander or the casual visitor, "and all will go well. It is no time now to be scrupulous or careful." But the humane and inquiring man, well-informed as to the state of his district, and thoroughly acquainted with the habits and characters of the people among whom he lives, is often made aware that to give liberally is in too many cases only to multiply distress, to paralyse individual exertion, to fatten habitual mendicancy, and encourage easy supineness, rather than to meet and mitigate the privations of the really suffering and needy. . . . The fact is, the case [of Lancashire] is one of singular difficulty, and we must proceed with great caution if we do not wish to repeat among a far worthier population all the consummate errors and mischievous follies of the Irish famine. There need be no *starvation*, as in that case; and there will be none, unless the administrators of legal and voluntary charity should be goaded by "sensation" writers to gross mismanagement and recklessness. There is food enough to be had, and to be had at reasonable prices; there is property enough to meet any rate; and there is benevolence enough to provide ample funds for the sustenance of those who ought not to come upon the parish. The essential points to be watched are, that too lavish and too early a distribution of eleemosynary aid do not sap the spring of individual exertion, and that too ignorant and indiscriminate relief do not permit the lazy vagabond and the professional beggar to intercept the stream of bounty designed for the struggling and respectable artisan.

GHANA

Dangerous Insurance

ASSASSINATION is a deplorable way of destooling a chief, or getting rid of a ruler, but, in the absence of elections, it tends to present itself to young revolutionaries as the only way. The Ghanaians have never been given any reason to doubt Dr Nkrumah's intention to remain firmly in charge of his country for as long as he possibly can. To many of them, including the sympathetic crowds outside his palace, this may seem no bad thing. Ghana is, after all, the most go-ahead country in black Africa. More Africans are in positions of responsibility in Ghana than in neighbouring countries; and the whole purpose of the revolution initiated by Dr Nkrumah is to put Africans in charge of affairs all over their continent.

But men in charge, even when black, must expect dissent. Dr Nkrumah has rejected dissenters; he surrounded himself with sycophants. It must be at least partially as a result of this that he is experiencing a series of attempts upon his life, the latest of which was a a bomb explosion outside his official residence on September 9th. In this case at least two innocent bystanders were killed, and several injured. One way to steer dissenters clear of the path of violence is to give them an opportunity to speak at least within the governing party if not outside it. Given no such opportunity, the most responsible men, respecters of peaceful, constitutional methods, might pause before vetoing revolutionary kinds of opposition. What will such men make of the unanimous vote taken in Ghana's parliament on September 7th to keep the Osagyefo as president for life? Or the vote that followed on September 11th, calling, by an overwhelming majority, for the introduction of a one-party system? These measures may be challenged in Ghana's courts as unconstitutional; but Dr Nkrumah might ask himself what he, in his days as a non-violent fighter against the British, would have done if the courts themselves had seemed to be loaded directly against him?

ALGERIA

Before the Elections

THE problem of the Kabyles, said Mr ben Bella at a recent interview with the Tunisian weekly *Jeune Afrique*, will not be hard to settle; their leader, Mr Belkacem Krim, will be offered the job of deputy leader in the new government. It would be fine if all Algeria's problems, including this one, could be solved so airily; as things are, it is still hard to see how Mr Belkacem Krim and Colonel Boumedienne, chief of the regular army, will fit easily into the same picture. Colonel Boumedienne provided another demonstration of his presen ascendancy by refusing to be cheated of hi victory march into Algiers, even though th city had been demilitarized under the term of last week's truce. After a series of urgen consultations between Mr ben Bella and th colonel, a "token" force of 4,000 me entered the city at the weekend.

This arrangement with Colonel Boume dienne has at least given Mr ben Bella chance to turn to his country's frightenin

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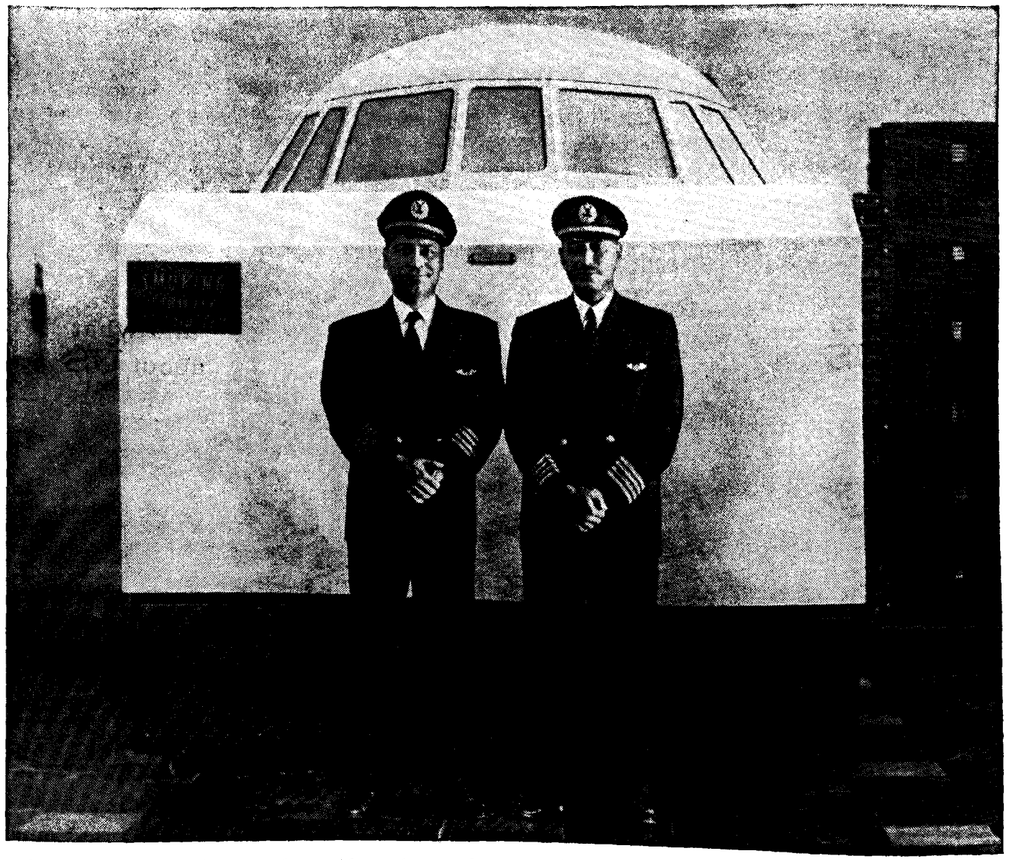

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economic troubles. The elections for a constituent assembly, now to be held next Thursday, will, in effect, be a vote of confidence in Mr ben Bella ; the electorate has only to accept or refuse a single list of 196 names. The political bureau, which is now reduced to Mr ben Bella and four of his supporters, is to have the task of providing "political orientation" for the new government. In pre-election style, Mr ben Bella has spoken of land reform and new jobs in the towns ; his more immediate problem is to crank up the dying mechanism of administration. Financial help has been coming in from various outside sources, principally from the United States, and the French government has been doing what it can to keep the public utilities working ; it has been uphill going since most of the French civil servants left for France. Mr ben Bella claims that the French are starting to return to Oran and other areas ; he may have encouraged some returns by his threat to confiscate property not claimed within a month. One of the tests will be whether the teachers come back in time for the beginning of the school term on October 1st. After the Bizerta incident last year, the French teachers left the Tunisians in suspense until the very last moment ; nobody knows what they will do this time.

TRADES UNION CONGRESS

Mr Woodcock's Excursion

DIRECTLY the Trades Union Congress ended last week Mr George Woodcock, the general secretary, set about packing his bags for Israel, on the first of his voyages of exploration to see how trade union leaderships abroad manage their affairs. What he sees should certainly confirm him in his presumed objective of trying to reform Britain's straggling trade union structure. It is particularly encouraging that he is to take along with him on the trip to Sweden the strongest possible team of top general councillors. In Sweden they will find a social-democratic trade union federation that is not only unimpeachably anti-bomb and pro-underdeveloped-country but also extremely strong on economic realism—a combination that should have a particular appeal for Mr Frank Cousins, and that could reinforce the alliance between him and Mr Woodcock that some people believe began to burgeon at Blackpool.

But perhaps the TUC will argue that what goes on in Sweden in the way of agreement to limit wage increases is made possible by the fact that successive social democratic governments have seen that increases in national prosperity are fairly shared out among all classes. If so, let them be specific about what features of Sweden's taxation or other policies they consider should be repeated here ; let us have a hard and specific report in terms of such things as what proportions of the national income wages and profits take in Sweden compared with Britain—and why. So far the TUC's mutterings about its willingness to co-operate with some sort of national incomes policy, but not with Mr Maudling's, have been as hard to pin down as Mr Diefenbaker's remarks about alternative possibilities for expanding Commonwealth trade if the common market negotiations fail ; it is not surprising that they have therefore carried just as little conviction.

NATIONAL INCOMES COMMISSION

Waiting for Nick

ONE of the most balanced analyses yet made of "The Uses of Nick and Neddy" appears in an article in the latest issue of the *District Bank Review* by Professor C. F. Carter of Manchester University. Without raising extravagant hopes, he believes that these two bodies "have a logical and potentially useful part to play in changing the institutions and loosening the assumptions which bind the British economy." Neddy's task should be to try to influence the civil service and establishment forces to be more in favour of growth, while Nick's should be to influence wider public opinion to be less in favour of abstract principles of "fairness" (the sort of "fairness" which says that if wages go up in industries that need labour, they must also go up in industries that don't, even though that leads to a rise in prices which is then held to justify everybody else getting another increase to start the spiral moving again).

The experiment of Nick, says Professor Carter bluntly,

> will fail if public opinion accepts the old principles of justice, or devises some new inflationary principles for itself (such as that the conduct of nurses in *Emergency—Ward* 10 is relevant to the fixing of nurses' pay). Therefore the National Incomes Commission must, to succeed, speak with a convincing voice, showing why an unjustified award of 10 per cent is equivalent to robbing one's fellow-citizens. . . . What is needed here is a body acceptable to people in their capacity as consumers. . . . It will be a task of formidable difficulty to create such a body, but the attempt is worth making.

And, says Professor Carter with a touch of left-wing asperity, the present day "assumptions of the owners of capital or property are just as much in need of questioning, and of setting against the general public interest." He would like to see a separate commission (which might, perhaps, impinge into the field of making recommendations about taxation ?) set up to consider them.

Last month some newspapers reported that Nick was being slow to get off the ground because several people who had been asked to be members of it had hastily refused. These stories were quite untrue. Up to a fortnight ago, at any rate, the Government had not seriously approached anybody, perhaps partly because it had not yet made up its mind what sort of a body Nick should be: whether it should be the old tripartite sort of committee in which retired trade unionists and employers politely tone down what each other wants to say, or whether it should be a commission of outsiders picked for qualities of blasphemous candour. The latter is what is needed ; the right sort of choice, on the evidence of this article, might well be Professor Carter himself.

MOROCCO

African Pinpricks

FRICTION about the Spanish enclaves in Morocco is flaring up again, as it has done periodically since 1774, when the Moroccans attacked the *presidios* of Ceuta and Melilla. King Hassan's government, having unilaterally extended Morocco's territorial waters from six miles to twelve, has been sending out patrol boats to exploit the consequent opportunity to harass Ceuta's fishing fleet. Spain has sent half a dozen warships to protect the fishermen, and Spanish spokesmen have been expressing concern at Moroccan imports of Soviet arms.

The current campaign in the Moroccan press, calling for the liberation of these Spanish-held coastal towns, as well as of Ifni and the Spanish Sahara, is strident but not unexpected. In recent months, Mauretania, which the Moroccans also claim, has been consolidating its independence ; among Mauretania's African friends, the Moroccans have found themselves outnumbered. The remaining points of Spanish power in north Africa are a more promising target, in that the African and Asian members of the United Nations could be expected to approve their "liberation," even by force, just as they approved India's seizure of Goa. It is true that the "Spanishness" of the *presidios* is beyond argument ; they have been Spanish cities since the fifteenth century. But ethnic composition and sovereignty do not invariably coincide, as the Europeans of Oran are learning, and as Morocco's irredentist minister for Islamic affairs, Mr Allal el-Fassi,

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well knows. It may be assumed that the American embassies in Madrid and Rabat are busy with soothing advice, which may, for the present, have its effect.

SYRIA

Civilians on the Ladder

SYRIA, the first Arab country at the time of the Suez crisis, in 1956, to break relations with France, is again the leader in restoring the formal link. On September 9th, Syria resumed diplomatic relations with France (economic and cultural relations were fully revived some years back), and Jordan and Saudi Arabia followed suit soon after. Lebanon is the one Arab country that never broke with France in the disasters of 1956. It is tempting to see in the Syrians' decision to mend their breach with France at this time an attempt to project their obsessive quarrel with the United Arab Republic into the international field. But, at least for the time being, they are trying to keep that dispute on home ground. The Arab schisms that are tearing at the weak guts of their own league will, it is hoped, be kept beneath the surface when the United Nations assembly meets again next week.

Criticism of the way in which Syria's leaders have handled relations with Egypt is one of the reasons behind the growing pressure for a change of government. The present cabinet has the army's blessing, and the army's hand on its shoulder, but it is lamentably hamstrung by the fact that it represents no political party or group. Although economically Syria is doing well, its government's lack of confidence has led to a number of muddled and contradictory situations. But the army has made clear its reluctance to imperil the present stability by allowing back the heterogeneous elements of the national assembly it dissolved in March. As a compromise, it is now being suggested that Mr Khaled Azm (probably Syria's most formidable politician) should preside over a new government that would have the double job of preparing for elections and enabling the old assembly to disband itself in a more constitutional fashion.

The plan, with which it is hoped to appease the army, is that the assembly should meet only to reinstate, with certain changes, the 1950 constitution; it would then allow itself to be dissolved. But, when it comes to the point, it is doubtful whether the deputies, who have been missing the salaries they earned in the golden months between December and March, would allow themselves to be liquidated again so quickly or so easily. If they once get back, they may well try to sit it out until elections are held, in perhaps a year. In the meantime, Mr Khaled Azm would try to steer Syria out of its present confusions and firmly to the right. One of his chief aims is to woo back the money that the Syrians themselves have been investing outside the country. But whether Mr Azm will be given the chance to try his hand depends, at the moment, on the army stifling its qualms.

POLITICS ON THE SCREEN

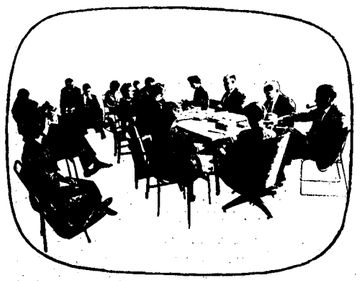
Cathode Ray Conference

THE Trades Union Conference was the scene of an experiment that could be as important as a reform of the union organisation itself; for the first time ever television viewers in the north could watch the whole proceedings, unedited, on their screens, the occasional gaps being filled in by comments from experts (or other observers) and by interviews with the main personalities. Granada Television, who have long been the most enterprising independent television company, will also be televising in full the Liberal and Conservative annual conferences at Llandudno, while Southern TV will televise the Labour conference at Brighton. It is expected that the party conferences will be available to the whole nation outside London, where the local contracting company is apparently unwilling to risk boring its customers for the public good, even during these off-peak daytime hours.

Practically nobody but a masochist would want to watch a party conference all the time, and only a few may want to watch it for some of the time; but it is a breakthrough in education for democracy that people should have the chance. The televising of these conferences should give some clues whether other debates of public importance—from planning inquiries to Parliament—should also be televised live. The first reaction after seeing the TUC under the electronic eye is an enthusiastic Yes.

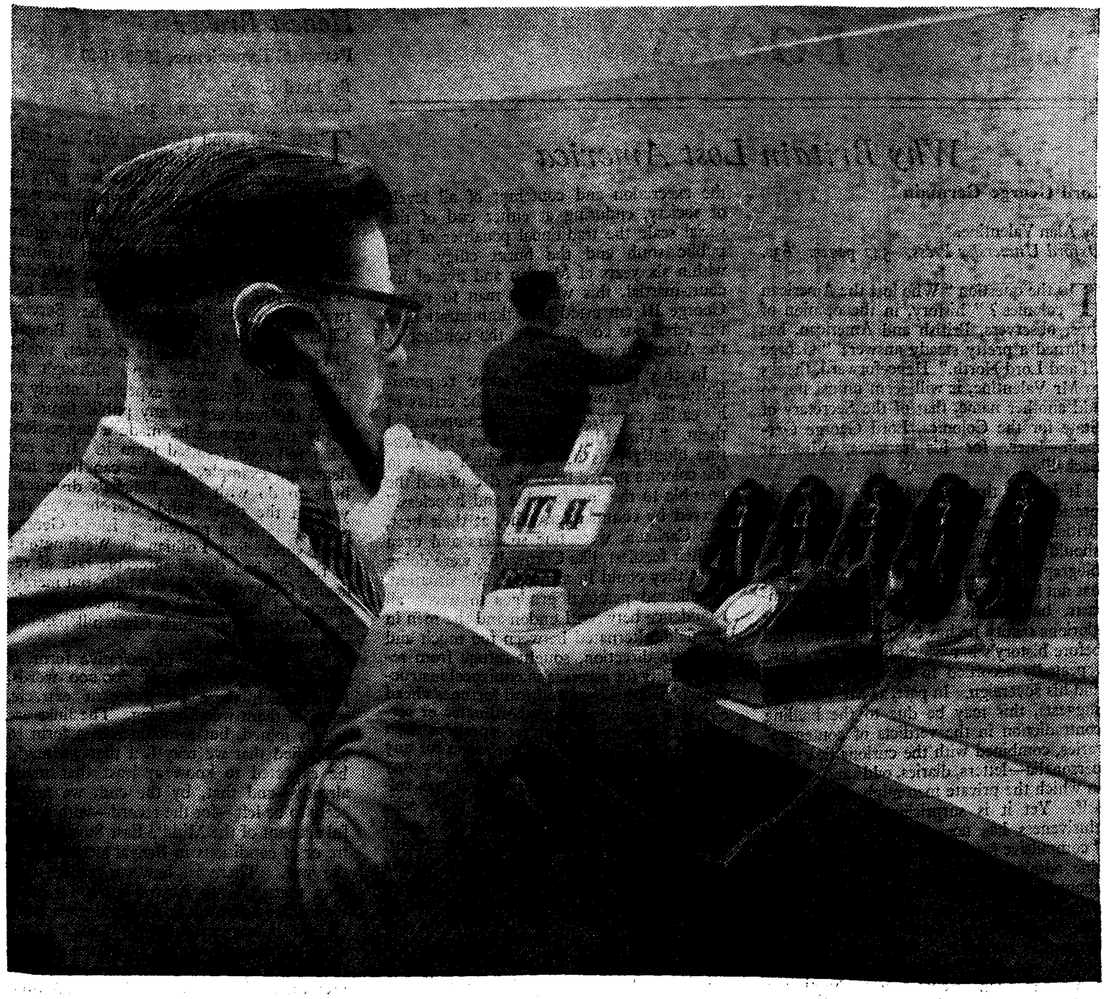
The traditional objection to televising debates has been that the speakers might be distracted, and the proceedings transformed from an exchange of views into a public circus. But at Blackpool the cameras, despite the irritation of arc lamps blinding straight into the chairman's eyes, were soon forgotten. The buffoons and exhibitionists were in no way encouraged to show off, nor were the shy inhibited. (When one speaker made a blue joke some viewers complained to Granada, but delegates took it in their stride.) It has become obvious that many of those who say they fear that the quality of debates will be changed mean that the quality will be raised, and their own performances correspondingly devalued—or alternatively that their absences will be more generally noted. But it must be said that the cameras at Blackpool did not noticeably change the numbers of those snoozing or slipping out for cups of tea at selected dull moments. Parliament will (and should) certainly have to allow the television cameras to come and look at its most important debates before many years are out; hitherto one had supposed that it might only be prepared eventually to allow selectively edited films, but it now seems likely that politicians may be quite quickly conditioned to being televised live.

THE ECONOMIST



THE odd drawing above has an odd origin. It is one of the props used in a BBC television programme by *The Economist* last Monday (the fourth by British weekly journals of opinion) and represents the editorial conference deciding what to put into the week's paper. Deciding what to put into Monday's programme was a novel and nervous exercise. It was easy to decide that the thread should simply be the editorial staff discussing the themes of the week in politics and business, at home and across the world. The difficulty is that conferences are not what is called good television. There is no reason why they should be: the mumbling, the cross-talk and the non-sequiturs and allusive half-sentences that make up conversation are all right among friends and colleagues; journalists, after all, have to be read, not seen or heard. So the truthful portrait of the paper's staff talking things out has to be touched up; it has to be staged without making it stagey (which the BBC did patiently well on Monday), and even then some of the best lines will be lost because that's how the speaker speaks.

The alternative is to fake the portrait: to drop out of the programme all those, however important in the paper's running and thinking, who do not "come over" well and put on only the televisual members of staff and outside contributors; obviously, if the purpose of the programme was not (as on Monday) to present the paper as it is, but simply some of its ideas, this would be the right contrivance. In time, maybe, every paper will have to have a duplicate staff, from editor downwards, just for television; or, less expensively, nobody will be put on the staff unless he passes the screen test. This indeed is now the universal danger of the television age: that nobody in any job over a frighteningly large range of the nation's life and work will be regarded as being any good at his job unless he is good at television, too. All in all, this series of programmes (which were designed to fill the gap while the BBC's own "Panorama" of current affairs was on holiday) has been a thought-provoking experience which put the pen-pushing reputations of all of the journals that took part very much at risk.



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By the simple act of dialling O and asking for the appropriate number, the controller at the South Western Electricity Board in Bristol can operate any one of three Proteus-powered Bristol Siddeley 3,000-kW turbo-generators. These sets are located at Princetown, Porlock and Lynton, in buildings smaller than the average semi-detached house. At times of emergency or during peak-load periods, each set reaches full power within one minute from cold.

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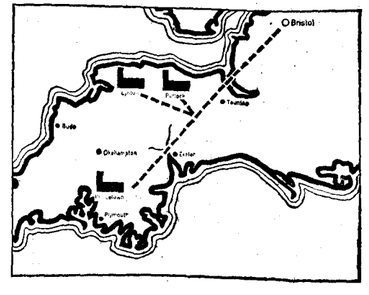

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BOOKS

Why Britain Lost America

Lord George Germain

By Alan Valentine.
Oxford University Press. 542 pages. 63s.

To the question "Who lost the American colonies?" history, in the opinion of most observers, British and American, has returned a pretty steady answer: "George III and Lord North." Henceforward, thanks to Mr Valentine, it will seem unjust not to add another name, that of the Secretary of State for the Colonies, Lord George Germain—later, for his services, Viscount Sackville.

It is odd that a figure who so directly presided for so long over the decline of British rule and arms in North America should have had to wait so long for his biographer. Lord George, then and since, has not lacked for critics, or even for encomiasts, but as the Third Man of an inglorious trinity he has evaded that full trial before history's bar which biographers have repeatedly accorded to his prime minister and his sovereign. In part, as Mr Valentine suggests, this may be due to the baffling contradiction in the verdicts of contemporaries, combined with the curious dearth of personalia—letters, diaries, odds and ends—in which the private man might reveal himself. Yet it is surprising that this very elusiveness has not earlier exercised that "compulsive fascination" which Mr Valentine admits finding irresistible. There is about Lord George and his long secretaryship so much that cries out for explanation that one is tempted to say that no one can grasp the quiddity of eighteenth century politics unless he has understood how such a man, in such circumstances, could hold such an office for so long. The explanation owes something to *Namierismus*, but more to an understanding of the eighteenth century English mind and society.

It is Mr Valentine's triumph that, returning to historical scholarship relatively late in life, he has got inside the mind of the age and of his particularly "period" subject so well that the Lord George who takes shape in his pages becomes a credible as well as a fascinating figure. The career he narrates is indeed an extraordinary one. Born a Sackville, rising rapidly through the conventional channels of politics and influence to the position of "Commander-in-Chief of all His Majesty's forces on the lower Rhine," Germain had attained by the age of forty-three to the highest post of active command in the British Army. All this he jettisoned on the battlefield of Minden by an inexplicable and flagrant disobedience of orders, for which he reaped the execration and contempt of all levels of society, enduring at either end of the social scale the traditional penalties of the public snub and the burnt effigy. Yet within six years of Minden and five of his court-martial, this was the man to whom George III entrusted the administration of the rebellious colonies and the conduct of the American war.

In this position of pervasive responsibility, so far from redeeming the errors of his earlier career, he positively compounded them. "Under his direction," as Mr Valentine bluntly puts it, "the British cause in the colonies moved from the decent and the possible to the indefensible and hopeless." Served by commanders who, at their best, like Carleton, were fine soldiers and even at their feeblest, like Cornwallis, were doing what they could in an impossible situation, he allowed personal grudges to wreck all confidence between London and the men in the field, alternated between too much and too little direction, sought refuge from responsibility for reverses in equivocal instruction, placed his own political fortunes ahead either of justice to his subordinates or service to his country, and yet—perhaps most extraordinary of all—did not atone for any of these errors of administration by any triumphs as a parliamentarian; it was seldom that Germain, for all his crass self-assurance, was able to produce even a good debating defence in the House of Commons. Even after Saratoga, when his failure was self-evident, he remained in office, though the King would willingly have been rid of him; persisting beyond Yorktown, he was able to extract from his royal master as the price of an overdue resignation a viscountcy which one of the most stubborn of British monarchs had repeatedly vowed never to confer.

All this, in its intricate and revealing detail, Mr Valentine makes explicable in terms of Lord George's own personality and the attitudes of an oligarchic society and a corrupt political system towards a colonial revolution which was simultaneously feared and despised. The incredible self-confidence in ruin, the untiring persistence in error were in equal degree dominant traits in Lord George's personal make-up and reflections of deep structural flaws in eighteenth century society. The Germain failure-in-success story, as laid bare by Mr Valentine's sharp but fair scalpel, tells one more about why Britain lost the colonies than any study of George III's obstinacy or Lord North's ineptitude. A fascinating biography, this book is also an important key to the understanding of an old but still crucial chapter in Anglo-American history.

Honest Broker

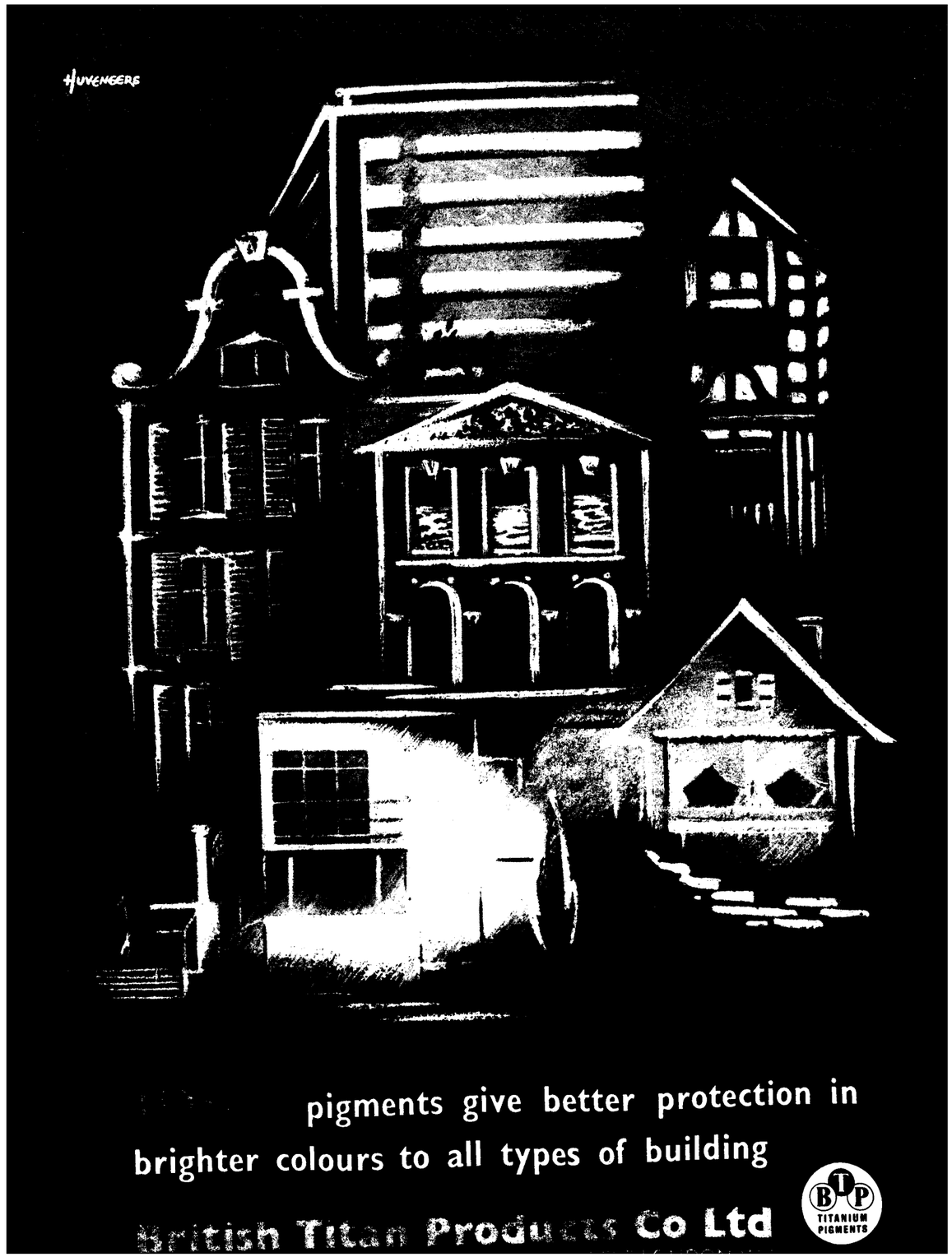
Personal Experience, 1939-1946

By Lord Casey.
Constable. 267 pages. 30s.

This slight and pleasant book is easily read, neatly fulfilling its author's modest intention "to fill in a few gaps in the record." "Wild horses" would not now drag from Casey what he "would have done differently" in his three widely dissimilar wartime appointments: Australian Minister in Washington, 1940-42; British Minister of State in Cairo "in the twilight zone between the politicians and the Service Chiefs"; then, Governor of Bengal, 1944-46. So the book is discreet, unobtrusively in a minor key, although its author may scarcely be expected entirely to avoid the tendency of any public figure to imply that because he made a suggestion, what followed resulted from it. It is evident, for example, that he can have had little to do with Hore-Belisha's dismissal, yet, on the other hand, that he was the positive agent in preventing Lloyd George from succeeding Lothian in Washington; or that he had the disagreeable task of relieving General Dobbie in Malta, but merely concurred in Auchinleck's supersession in the Middle East, which Churchill handled in person.

The book, mainly in narrative form, is based on diaries of over 700,000 words, from which there are frequent extracts, some of them worth having. The links are crisply joined, but sometimes in a form so simplified that we may feel that we might be expected to know at least that much already—and that, by the end, we might seem to be left—for the record—with a useful account of the Middle East Supply Centre or of conditions in Bengal at the end of the war. There is, however, more to it than that. As an Australian, if far from typical (he had been at Cambridge with the Chief Minister in Calcutta), "Dick" Casey saw affairs from a contributive angle, understanding but not always sharing the prejudices of "the abstraction called London", able at the same time to get alongside Americans such as Adolf Berle or Harry Hopkins more easily than those Englishmen about whom they had their preconceptions or who could not give their first thoughts to Pacific matters, anyway. Irritated by their arrogant possessiveness over the word "British" or their infuriating habit of talking of "spring" and "autumn" as if all the world shared their extraordinary climate, he could help explain them to Americans and explain Americans to them, Hopkins and Churchill, for example, most helpfully; or Cordell Hull and Halifax, two shy men.

Lord Casey's quiet noticingness, the breadth of his interest in the unexpected and his eagerness to go see for himself were accompanied, it would seem probable, by considerable administrative gifts which may scarcely be revealed autobiographically. Full of sound advice (though Auchin-



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leck can scarcely have appreciated being told how to use his tanks), knowledgeable without being too knowing by half, he was to prove a natural, by nationality, by training, and by temper, for the task of honest broker in the particular stretch of history which he has described with characteristic competence.

Garibaldi Undefined

The Lion of Caprera

By John Parris.
Arthur Barker. 352 pages. 30s.

MR PARRIS'S publishers are wrong in claiming that this new life of Garibaldi could be definitive. In spite of the new material that the author has used, and his patient diligence in checking facts, "The Lion of Caprera" is merely a popular biography that all too often descends to being pop. A brief verdict on it would indicate that Mr Parris has made available to a wider public some of the conclusions arrived at since the second world war by revisionist students of the Risorgimento, but that he has at the same time failed to assimilate all the material and failed therefore to paint a balanced portrait of his sitter.

It is all very sad, because it is possible to see that Mr Parris might well have succeeded, and has, in places, done so. His researches into Garibaldi's youth, into the "marriage" in South America, into the first encounters with Mazzini and the complicated relations with Cavour have all clearly been conducted with sense and care (though he does not quite prove his allegation that Cavour plotted Garibaldi's murder in 1860). In his exposition of Saint-Simonism and its effect on Garibaldi Mr Parris displays real insight. Furthermore, his heart is in the right place. He is not hypnotised by Garibaldi's legend, and is quite ready to puncture the balloon when necessary; but his sense of the absurdity of some of the hero's antics never leads him to forget that Garibaldi was indeed a hero. His genius for action often proved wiser than Cavour's cunning, and, naïve though he was, he understood the needs of Italy and what the Italians could achieve better, perhaps, than any of his contemporaries.

But Mr Parris strains and finally destroys the reader's tolerance by his extraordinary faults. He cannot resist sexual gossip, and the result is that not only does he devote the greater part of a chapter to the amusing but entirely irrelevant activities of the much-bedded Countess of Castiglione (successively the mistress of Victor Emmanuel II and Napoleon III); he also prints almost every letter ever written by Garibaldi to the tiresome and insignificant "Speranza" von Schwarz, one of his mistresses, and devotes more space to this trivial association than to Garibaldi's relationship with Mazzini. Nor is it just a lack of sense of proportion that produces this distortion: Mr Parris has clearly found it easier to use Speranza's memoirs than Mazzini's papers, just as he found Dumas *père* a more manageable source of information on the conquest of Naples than solider authorities. Mr Parris's exaggerated dislike of the Roman church should also be mentioned. Pio Nono was an indifferent pope and a ruler whose unfitness shaded off into wickedness, but it is absurd to call him impertinent for establishing an English hierarchy in 1849; and it was wisdom, not superstition, in Victor Emmanuel to hesitate before taking Rome from the papacy by force. The legacy of suspicion that the 1870 seizure left behind still poisons Italian life.

Why, moreover, did Mr Parris set out to write about Garibaldi without equipping himself to judge the great irregular's military talents? It was, after all, as a commander of men that Garibaldi earned his immortality, and one would like to know how he did it. Lastly it may be observed that, for one who so firmly and often rebukes other historians for slips, Mr Parris is too lavish of small errors. He revives the canard that Napoleon III was not a Bonaparte, although it has been disproved beyond all reasonable doubt. He writes "Venezia" throughout when he means "il Veneto". He has invented an English brewery called Barclays and Perkins. He thinks that Cardinal Wiseman was an ex-Anglican. The proof-reading is execrable throughout the book; and there is only one map—a bad one. Mr Parris's grammar is often faulty.

Secret Practices

The Law of Trade Secrets

By A. Turner.
Sweet and Maxwell. 550 pages. 6 gns.

A GOOD idea can be worth a mint of money. In industry and commerce today, the value of a simple but original selling gimmick, like the development of a cheap but efficient piece of machinery, can be immense. The growth of the mass market and the increasing dependence on gimmicky titillations for selling hardware or entertainment, and the fast pace of technical progress, seem to ensure a vigorous expansion of the free market in know-how, novel themes and even half-baked ideas that can be refined into an exploitable form. These assets are not priceless; they are indeed usually readily assessed and valued by the interested parties. But the rather ill-defined law of trade secrets and confidential disclosure might leave many parties to these transactions unclear about their rights and the commitments into which they might enter as a result of a deal.

The protection of a valuable trade secret is necessarily imprecise. Some potential sources of difficulty are immediately obvious. What part does an individual's skill and experience play in developing a process? What part of that process is a novelty, to whose exclusive benefits the employer is fully entitled? What use can an employee make of useful information carried away in his memory from his previous place of employment? A person, for instance, who was employed in digesting technical papers and making reports on them cannot keep copies of those reports. But he can use what he could remember of them.

British and American practice in these elusive matters has been clearly set out in Mr Turner's book. He assembles all the relevant case law into well chosen compartments, which should enable businessmen as well as lawyers and patent agents to use the book as their source of reference without difficulty. The volume is also well-indexed and contains a table of cases. It discusses remedies and suggests a procedure for the disclosure and receipt of information of this type. Though this book is itself an extremely useful pioneering work, a clear exposition of European practice in the handling of trade secrets might now be of even greater interest to businessmen.

Morphemes without Tears

The Use of English

By Randolph Quirk.
Longmans. 341 pages. 12s. 6d.

PROFESSOR QUIRK has written a stimulating book. He is an expert in the modern science of linguistics; but he is kind to the amateur and lets nothing of his hidden art protrude. What appears on the surface is common sense. The book is based on a series of broadcast talks and shows signs of its origins: it is a collection of essays rather than a coherent whole. Clarity of style, different usages for different purposes (the best passage in the book), the use of dictionaries, poetic language (not so good) and many other topics find their place. Each chapter ends with a well-designed set of exercises. Nine-tenths of the book or more is about the written language; but what most distinguishes it from the spate of intelligent books on the subject that are appearing just now is a long, clear and interesting supplement by Mr A. C. Gimson on the phonetics of contemporary English. This is much to be recommended to all of us Jourdains who do not know what phonemes issue from our mouths. A further short supplement by Mr J. Warburg attacks once again the deathless fallacy that there are absolute standards of language, as distinct from generally accepted usage.

Only at one point do the authors depart from their calm and objective acceptance of the language as it really is spoken. They get hot under the collar at the concept of an upper class idiom. Education, they say, is now widespread—and so it is, partly thanks to Miss Mitford. But when Professor Quirk says that standard English means something different to the educated Scot, and Mr Gimson says that what he prudishly calls "Received Pronunciation" is no longer the exclusive property of any particular social stratum, they are straining the facts to fit their social prejudices. What they say may be true a few decades hence;

but everyone knows that, inside the class of educated men, accent is still a most effective shibboleth, used as such day by day, with no permissible regional variations inside these islands. It has less and less practical significance; more and more educated men speak with what used to be called a vulgar accent and never suffer from it. But the continued existence of this particular standard is a social and linguistic fact of the greatest interest, and should be recorded and analysed, not glossed over or wished away.

Hindu of the West

Rabindranath Tagore

By Krishna Kripalani.
Oxford University Press. 417 pages. 35s.

EVERYBODY knows that Tagore received the Nobel Prize for literature, the first Asian to be thus honoured. But few can have read the whole works of the poet-author-dramatist since only a small percentage of his gargantuan output has been translated; and this has, from all accounts, lost much of its flavour in the process. Mr Kripalani's biography of his grandfather-in-law is a good substitute for reading him. It provides a complete synopsis of Tagore's innumerable works, and shows us Tagore the universal man, as prolific with his pen, his brush and his ideas as he was with his songs. It also places the poet in the background of his own society, at the crossroads of Hinduism and westernisation, a crossroads jammed with contradictions. Tagore campaigned against child marriage and untouchability; but he himself was married off when he was twenty-three to a girl of ten who was poor, ugly and uneducated because she belonged to the same untouchable brahmin sub-caste; and in his turn he married his own daughter off when she was only eleven. In his own educational institution he enforced segregation on untouchable students, to Gandhi's dismay, on the plea that social reform must not anticipate social awakening.

This is the more puzzling in that in many ways Tagore was ahead of the Mahatma. A moderniser within his own tradition he used western experience to create a Hindu rural university; he founded the community project approach to rural development and insisted that culture cannot be acquired but must spring from the soil; and to prove this he created Santiniketan. He entered into open controversy with Gandhi over spinning and self-sufficient villages because he was a man of progress. Tagore, like most forerunners, was doomed to remain all his life an outsider at loggerheads with everybody. His own people did not approve of the fairmindedness with which he was prepared to give the West its due, just as the West was angry at the manner in which he supported Indian independence and allowed himself to be used by totalitarian regimes in Italy, Germany and Russia.

Mr Kripalani tells the truth and makes no excuses; his hero is naive, unworldly, vain—"Praise shames me for I secretly beg for it"—profoundly humble at the same time and always honest with himself. Tagore's childhood was surrounded by a jungle of geniuses; everybody in his large family was so talented that his own genius took a long time to be noticed. He was deeply in love with his brother's wife and she committed suicide when he was married off. Mr Kripalani's description of this period of Tagore's life is the best part of the book, for it evokes an age gone by and makes Bengal come to life, with all its eccentricities and its cultural wealth, more vividly than anything this reviewer has seen. In addition, in his synopsis of Tagore's work one can sense the great Hindu poet-moralist, in the best Mahabharata and Bhagavad Gita tradition. Tagore was a man whose genius like a banyan tree shot out master branches in every direction, but like a banyan tree he always remained firmly grounded in the soil of his native land. This biography should be read by those who want to understand the mind of India in transition.

The Forerunner

Marshal of France: *The Life and Times of Maurice de Saxe.*

By John Manchip White.
Hamish Hamilton. 314 pages. 35s.

JOHN MANCHIP WHITE has left the exotic corruption of his Conradesque story "The Mercenaries" for the cynical sophistication of the eighteenth century in which a mercenary became a marshal of France. This biography should encourage other novelists to cultivate those colourful characters whom our donnish historians seem afraid to meet. But they will need equally good equipment: unflagging interest in research, the selective skill of a painter, the subtlety of a face-to-face interviewer, a style that illuminates and warms; and a publisher who provides first-class paper, print, maps, tables and illustrations.

Maurice, born in 1696, was one of the three hundred and fifty-five illegitimate children of the Elector Augustus of Saxony who was deservedly nicknamed "the strong." His mother was Aurora Countess von Konigsmarck; his maternal great-grandfather "Old Konigsmarck," a Brandenburger who commanded an army for Gustavus Adolphus; one of his uncles loved the wife and was murdered by the mistress of our George I; a genealogy which promised, as Mr White felicitously remarks, unusual potentialities "in bed and battle."

Battle was, however, the natural medium for Maurice's genius. His amorous propensities earned notoriety; but his creative brilliance in the theory and practice of war has given him a place among the great captains. He started as a cadet-musketeer in the Saxon contingent serving under Marlborough at Malplaquet. From Marlborough's school he passed to that of Eugene, under whom he served as a volunteer against the Turks at Belgrade. The reputation he gained for courage and initiative, added to his personal charm (and Aurora's persistent importunity), induced Augustus to include Maurice among the six electoral bastards to whom titles and properties were awarded, and to conscript an heiress for his wife. But by 1720 the young Count de Saxe, having run through her fortune and got rid of her by an easily arranged Lutheran divorce, left Dresden for Paris and service in the army of Louis XV.

After a short spell in a minor appointment he badgered the indulgent Augustus into buying him a regiment—an expensive military investment, but soon to become one of the most efficient in France. Its training inspired many of the theories he tested later on a larger scale. Meanwhile his life had its lighter side: he enjoyed a prolonged affaire with the actress Adrienne Lecouvreur, and a briefer, if more exacting, one with Peter the Great's eccentric niece, Anna, during a serio-comic attempt to win a dukedom in Courland. But by 1732 he was ready; he might have said, like Napoleon seventy years later, "if I always seem to be prepared it is because I have meditated long."

His meditations had generated his "Reveries" perhaps the most influential military textbook ever written. But its effect was postponed till after his death. Publication in Saxe's lifetime would have been suicidal. Throughout his professional life he had to fight two enemies—the commanders on the other side, and the jealousy and obstinacy of court favourites or obstructive veterans on his own. His reputation rose rapidly in the Wars of the Polish and Austrian Successions; but not till two years after Fontenoy was he, as Marshal-General, able to initiate any reforms. His victory at Fontenoy is consequently less impressive than the relentless determination and skill of the feints and thrusts by which he confused, alarmed, unbalanced, and finally separated and defeated the Anglo-Austrian armies between 1745 and 1748.

He was only fifty-four when he died. But considering that dropsy had compelled him to ride in a wicker carriage at Fontenoy, that he shocked his opponents (and his more conservative colleagues) by campaigning in the following winters, and that his life in retirement at Chambord, with his own court and private army, was a fantastic mixture of drill and debauchery, it is surprising that he lasted so long. Three years later, in 1753, his "Reveries" were published. They are used by Mr White as an epilogue and an obituary. In a sense they were a legacy more important than his hero's life—daydreams which became the doctrines preached (and to some extent practised) by the men who taught the young Bonaparte. It is an historical fact, rather than a picturesque metaphor, that Maurice de Saxe was Napoleon's forerunner on the road to glory.

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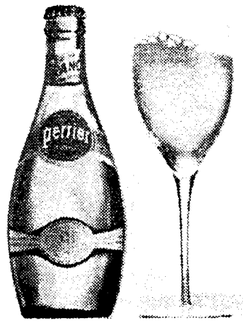

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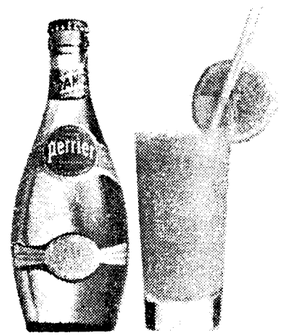

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BEAT LITTLE PERRIER

Biblical Archaeology

The Crescent and the Bull; *A Survey of Archaeology in the Near East*

By Erich Zehren. (Translated by James Cleugh).
Sidgwick and Jackson. 375 pages. 36s.

READERS with a taste for archaeology now have plenty of books to choose from. For light reading, they can relax in company with Leonard Cottrell; if they prefer to keep the civilisations of the ancient world in watertight compartments, Professor Sabatino Moscati will oblige; those who would rather visit the dig and be present at the unearthing can do so with Leonard Woolley or Seton Lloyd; any who relish decipherment can work stage by stage on cuneiform or Linear B. Given this wealth of approaches, there is now room only for good books on the subject, and Herr Zehren's (translated from the German) is not well enough arranged to rank in that class.

His title in the original German—more illuminating than that in English—was "The Mounds of the Bible", and he aimed only at covering biblical archaeology. But, to simplify this huge subject for the common reader, some form of chronology was required. Herr Zehren has preferred a geographical arrangement, and, as he plods from the Bosphorus to Sinai and beyond, skips back and forth in the history both of the ancient world and of the science of archaeology in a way that supplies too few signposts to the centuries. As he cannot forbear to leave out a single mound (he throws in Troy and the Monastery of St Catherine on Sinai as he passes by) he is apt to overdose with information. The line drawings are adequate at the price of the books, but the whole would have been greatly improved by a table of comparative chronology.

OTHER BOOKS

PLANNING. Papers read at the Business Economists' Conference, April, 1962. *Eyre & Spottiswoode.* 43 pages. 6s.

Two of the four papers in this booklet on economic planning are by active planners—the heads of the planning organisations in France and the Netherlands. The other two represent the academic thinking of Professors Frank Paish and Tom Wilson.

HUNGARY: *A Short History.* By C. A. Macartney. *Edinburgh University Press.* 271 pages. 21s.

This is the sort of "short history" that one would like to see more of. Dr Macartney, the foremost authority writing in English on the history of Hungary, succeeds in describing both the wood and the trees of his subject. His book spans the whole range of Hungarian history from the 9th century AD to 1956. He packs it with information on both Hungary's political and economic development, while standing back from time to time to describe the basic issues and problems, and to give his own assessment of men and policies. The book is attractively produced with pictures and maps; all that it lacks is a short bibliography.

LETTERS

Liberals and Industry

SIR—Your description of the Liberal Industrial Committee Report as "undesirable" can be accepted as unexceptionable though highly subjective comment, but I would caution you against the use of the adjective "amateurish." The group included a director of an international company, a professor of industrial relations, an economist/engineering works manager, a shop steward, and a trade union official. You thoroughly misunderstand this subject.

1. It is quite clear that under our proposals the government of the day would have the power to appoint a "Dr Beeching" to the board of a nationalised industry (see page 42) in an emergency, but it would in effect have to justify the appointment to the House of Commons beforehand. We should therefore be spared the undignified picture of a government leaving one of its paid servants to fight its political battles with his own subordinates.

2. The introduction of new capital, or takeovers, need not be affected, and employees would have no control over the disposition of shares by those who own them. However, employees would be in a position to ensure that their interests were not ignored when major changes in the ownership of the share capital took place.

3. The proposals which we make have nothing to do with the selection of managers, which will, as now, be the duty of the board. The revised annual meeting would be very much more competent than is the present one (if it takes the trouble) to approve or otherwise the proposed board appointments, and, odd though it may seem to you, merit receives recognition even at shop floor level. It might be a little more difficult, say, to replace the late Sir Allen Clark and his colleagues by Lord Kilmuir, Mr Watkinson, and Lord Harding rather than by someone who had a clue about the business, but what do you suppose this sort of appointment does to the promotion prospects which you cherish? Outsiders should need to be justified.

4. Efficiency will be promoted when in a competitive economy directors know that they are vulnerable at the end of the year if profits and earnings do not come up to expectations. It is the self-perpetuating old boy oligarchies, immune from formal attack by unorganised shareholders and employees, which breed inefficiency.—Yours faithfully,

PETER MCGREGOR
Chairman, Liberal Party Committee on Industrial Affairs
London, NW9

Crisis of Irresponsibility

SIR—Your sprightly review, reflecting the emphasis expressed in Mr Bennett's excellent though controversial book on the financial crisis of 1931, levels the charge of irresponsibility at Germany, the United States and Britain in turn but excuses France from the general condemnation. Why? As we are still living with the distant consequences of the Treaty of Versailles and the economic slump of the 1930s the question may not simply be of academic significance. The key passage expressing Mr Bennett's interpretation (which your reviewer seems to share) is as follows:

> France failed to offer Germany any voluntary concession and insisted on her reparations privileges. She tried to use her financial strength to coerce other countries, and displayed a monomania of her own, an almost blind veneration for the Versailles *status quo*. France and Germany seemed to be haunted, in different ways, by the contrast between their respective positions as laid down in the treaties, and their respective economic and military potentials. It appeared that the treaties represented an unrealistic effort to establish an artificial French superiority.
>
> But the peace settlement had been the result of a real victory, even though a close one. It was a victory of the Allies, not France alone, and reflected the preponderance of Allied over Austro-German power. Ultimately the peace as laid down could only be maintained if all the Allies supported it. But some of the Allies, principally Britain and the United States, did not do this, and it was largely their irresponsibility which left France in a state of nervous anxiety and exposed Germany to delusions of potential grandeur.

As the first paragraph implicitly recognises, France was quite as prepared to use Germany's financial weakness to block any move towards revision of the Versailles treaty as Germany was to exploit the financial crisis to push the cause of revision. It was the French who were most insistent on a harsh treaty at Versailles and who dug in their heels about reparations. With her manpower bled white in the Great War, her fear of the rebirth of a strong Germany is understandable. But, sixty years later, there was still something of the spirit of revenge for 1871 in the French attitude. Can the other powers really be described as irresponsible in seeing, as the French would not, that strict adherence to the treaty of Versailles was doing more harm than good? Surely, the French attitude held up the search for a broader solution of the financial crisis through a revision of reparations (or through a customs union) and played at least some part in prolonging and deepening that crisis. France may have deserved "help and understanding" but if she had displayed a more accommodating spirit she might have got them—and might have merited them. In diplomatic history, it is perhaps better to avoid the charge of

irresponsibility, for like guilt it can be a sword with two edges ; but once it is made, I for one cannot see on the evidence presented in Mr Bennett's book why France should be judged blameless.—Yours faithfully,

G. CHARLES

Shoreham, Kent

Nurses' Pay

SIR—Your comment criticising the industrial court's award of an interim 7½ per cent increase for nurses, plus a directive to the Whitley Council to negotiate bigger increases by March 31st, shows little knowledge of the background to the nurses' claim. That claim was for a far-reaching reconstruction of the present outdated and hopelessly inadequate grading structure, combined with a review of differentials between those exercising the highest levels of skill and responsibility and their juniors. It called for increases of 33 per cent overall —and of as much as 60 per cent for some grades.

The claim was supported by an impressive weight of evidence—of inadequate recruitment and widespread wastage, leading to the present shortage of 26,000 nurses (the minister's estimate) ; of a drastic fall in the proportion of qualified to unqualified staff ; of the heavier demands made on nurses by the recent revolutions in treatment of mental, surgical, and medical illness ; of the rising birthrate threatening imminent breakdown of both the hospital and domiciliary midwifery services ; and of the certainty that the nursing force had no hope, in present circumstances, of manning the additional beds required under the hospital rebuilding plans. To this evidence, the ministry's spokesman made no reply. He confined himself to unsupported generalisations that salaries and staffing were adequate, that the shortages were "local," and that Government policy limited the minister to a ceiling of 2½ per cent.

The court did not "bow to popular emotional impulses," since none were displayed. It heard the hard facts—and, having heard them, it agreed that "the level of salaries and training allowances is in general too low and . . . should without delay be increased." In doing that, it was doing what the Whitley Council itself should have done months and years ago—and would have done had the dead hand of the Ministry of Health not prevented it, continuously since 1950.

Nurses have been denied economic justice for many years—and the hospital service (and hospital patients) have suffered in consequence. So far from being "incoherent" and a sign that the court is "unable to do its job" therefore, the award marks at long last a recognition that, sometimes, facts can triumph over ministerial blindness and negation.—Yours faithfully,

W. C. ANDERSON

General Secretary, National and Local Government Officers Association

London, NW1

Twin Towns

SIR—In the article "Perils of Twinning," which appeared in your issue of April 7th, 1962, your correspondent states that: "Soon after Mr Bortman's visit (1955) certain of M. Bressand's Franco-American *jumelages* were lured away fom *Le Monde Bilingue*."

This creates the impression that York, Pennsylvania (the only American city named in the article) has been "lured away." Permit me, therefore, to make our position clear:

(a) Despite M. Bressand's part in the initial stages of our twinning with Arles, and our correspondence with him, we never entered into an affiliation with *Le Monde Bilingue* or its United Towns Organisation. Thus we could have not been enticed to leave *Le Monde Bilingue* since we never joined this organisation.

(b) We decided to stop corresponding with M. Bressand even before we met Mr Bortman, members of the Civic Committee, or any one connected with the People-To-People Program. (The date of our last letter to M. Bressand was March 3rd, 1958 —which was not "soon after Mr Bortman's visit in 1955.")

(c) Never did Mr Bortman (since we met him) or any one of the Civic Committee or of any other committee of the People-To-People Program discuss or even mention to me or any other member of the York-Arles Twinning Committee either M. Bressand or his *Le Monde Bilingue* or its United Towns Organisation.

(d) The reason for our decision to stop corresponding with M. Bressand was the disillusionment we began to face regarding the idealism of *Le Monde Bilingue*. Previously we believed it to exist and therefore eulogised it in our "Story of the Twinning of York, Pennsylvania and Arles, Bouches-du-Rhône, France."

M. Bressand's letter to us, which finally "broke the camel's back" revealed a bitterness against American foundations, who refused to support his organisation financially, and an obnoxious attitude of prejudice and suspicion we could no more tolerate.—Yours faithfully,

MOSES N. FRIEDMAN

York-Arles Twinning Committee, Inc.

York, Pennsylvania

Supersonics

SIR—Your article on the supersonic airliner did not make the point clear that the airlines' reluctance to buy propeller turbine aircraft was to a large extent a question of their operating economy. It was originally intended that these aircraft would have a substantial advantage in operating costs over the jets and would open up new markets in air travel. In the case of the longer haul aircraft, this margin was largely eroded between the time of the go-ahead decision and their entry into service, because the cost of aircraft manufacture and of flight crews grew while the price of fuel fell. This tended to favour the faster jet aircraft which spreads its capital and crew costs over a greater product in seat miles performed than its slower counterpart, though burning more fuel. On shorter routes, on which the cost advantage of the propeller turbine aircraft is greater, operators are often prevented by international agreement from charging lower fares than those for jet aircraft.

Surely the lesson of this is that one can only sell a slower aircraft against a faster one, available concurrently, if the advantage in cost per seat mile is substantial and if the fare differential made possible can be used to attract profitable loads.

I do not consider that your article's suggestion that the airlines may not buy a Mach 2 aircraft in the early seventies because of the prospect of a Mach 3 aircraft in the late seventies really follows from the history of propeller turbine aircraft, or that, whatever the arguments for or against the supersonic airliner may be, one can reach useful conclusions regarding the relative merits of steel or light alloy construction in this way.—Yours faithfully,

P. J. DETMOLD

Godalming, Surrey

Vertical Take-Off

SIR—"Crude little beast" (*The Economist*, September 1st, page 827). Dear, dear, dear! Only years ahead of the rest of the world.—Yours faithfully,

EDWARD BOWYER

Society of British Aircraft Constructors

London, SW1

"Australasia"

SIR—In the first leader of your issue of September 1st when discussing the Common Market problem you refer to "the Canadians and Australasians."

New Zealanders, while conceding that the term "Australasia" may have some vague geographical connotation, are unanimously opposed to its use in a political context. Their view is reinforced by the recent conclusion reached at Brussels that New Zealand's position requires special consideration—a conclusion with which we hope *The Economist* agrees.—Yours faithfully,

A. T. CAMPBELL

New Zealand High Commission

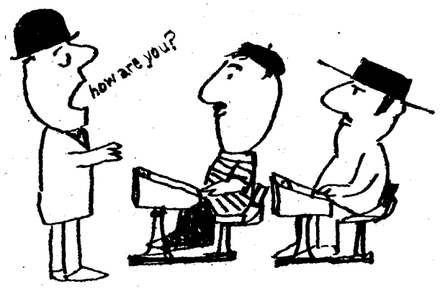
London, WC2

[No offence intended. Mr Campbell can call us in this country Europeans if he likes.]

Appointments, Business and Personal notices and other Classified Advertisements pages 1056 and 1063

HOME REPORT

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



As She is Spoke

FROM A CORRESPONDENT

AUGUST and the tourist season end together: but a steady, though diminished trickle continues of Britain's newest type of foreign visitor. According to recent sample surveys undertaken by the British Travel and Holidays Association, about 200,000 visitors from the common market countries and Scandinavia claimed to come to England last year to brush up their business-letters, if not their Shakespeare. If one adds to these another 50,000 foreign workers and 15,000 *au pair* girls for language courses, the total market is well over a quarter of a million. Teaching English to foreigners is an expanding business.

Some people have already recognised this. In the London "classified" directory for 1951, 11 institutions teaching English and other languages were listed. Today, apart from those of the LCC, there are at least 52 other schools in London offering instruction in English. In the country as a whole there are at least 100 private schools of English, about a quarter of which are "recognised" by the Ministry of Education. Almost all these schools are concentrated in London and the south-east, the old university cities and the south coast resort towns being especially popular.

Much of this increase results from the general boom in the travel trade. Since 1951 the number of visitors from France has doubled, and those from Germany have increased by almost 500 per cent. Of these French and German tourists, almost 40 per cent claim to come here to learn English. The increase in the long-term students, however, is more probably explained by the growing popularity of the *au pair* idea (14,912 last year), the increasing employment of Continental workers (1951: 32,632 : 1961: 51,775), and the growing wish of prosperous Continental parents to "finish" their children's education in a pleasant, and useful, manner. Many schools cater for these students by offering sessional courses of about three months. Some schools, in addition to this, offer short summer "vacation" courses, of from two to four weeks, with three or four hours daily tuition and visits to "places of interest." Accommodation is frequently arranged with nearby families, and the inclusive cost varies from about £10 to £14 a week.

In London, where most of the visitors, *au pair* girls and many foreign workers stay, the schools are mainly in four areas; 17 within a half-mile radius of Oxford Circus, another 15 in the Bayswater-Kensington area. A further half-dozen are in Hampstead. The fourth group, less expectedly, are in south-east London, near Herne Hill and Dulwich, a factor largely explained by the prevalence of many-roomed Victorian houses with lower rates and a local population willing to act as hosts whilst at the same time supplementing the family income. Two student visitors might bring in £40 a month.

School premises run the whole gamut of size, suitability, cleanliness and decoration, from the specially-built, 27-classroom block, accepting over 5,000 students a year, to the drab two rooms over a dingy shop, with perhaps 12 students at a time. The average school seems to have from three to eight rooms, frequently occupying the top two or three storeys over a shop or office premises, and might have between 12 and 60 students. During the summer these numbers may expand considerably ; one seaside school was so crowded last month it had to work three 4-hour shifts a day. Another in Kensington overflowed into a neighbouring basement.

FEES on long-term courses range from about 8 to 10 guineas a month for 15 hours weekly tuition in a class of some 10 to 15 students. In the summer this number might jump to 25. The schools probably get teachers of the quality they can pay for ; throughout June and July one school advertised in a national weekly for "Tutors in English for Continental students. 15 hours weekly for £5." The prospectus of this school, the inclusive board and tuition fees of which are almost £11 a week, refers to teaching by "fully qualified English tutors." At another institution where, according to the brochure, "every member of the staff is a qualified specialist in the teaching of English to foreign students," one prospective teacher inquired about teaching vacancies. With no inquiry into his name, qualifications or experience, he was asked to come the same evening to lead a conversation group. The rate was 6s. an hour. "After all," it was explained, "you only have to talk with them." Although some rates are as low as 3s. 6d. per hour, the hourly average for the larger schools seems to be about 10s. to 12s. 6d. The LCC rate for a two-hour session is £2 8s. 6d.

Teachers employed at this price vary. Some are grateful research graduates who, on the whole, probably give good value for money. Others might be returned expatriates with a smattering of languages but no teaching experience. The foreign student, in a strange country and unsure of his case, rarely complains outside his own immediate circle, especially if he is only here for a fortnight.

Caveat emptor might be good advice for the prospective student. But how far can he rely on the prospectus ? That of one school (recently closed), referred to "our fully qualified staff . . . specialists in the teaching of English to foreign students" ; the school was owned, taught and administered by one unqualified person. "Beginners must not be worried," states another prospectus, "if they seem to understand very little in the first few lessons. Even if they seem to understand nothing, they are still learning unconsciously." Another school in a somewhat less than fashionable suburb, accommodating over 200 students with neighbouring landladies, refers to families "chosen for their purity of language and excellent manners."

Whatever happens about the common market, more and more people are going to want to learn English. In particular, American investment in Europe pushes up the demand. Already, many Continental students are sent here at their firm's expense. Some countries give tax concessions for course expenses. In February, 1963, new British Travel publicity is aiming to attract visitors to specific kinds of "Holidays in Britain" and one of these will be the Study Holiday with the accent on learning English. Printed in seven languages, this publicity is aimed at 250,000 readers, and it will probably reach double that number. However many may come, it is important, from all points of view, that they return better satisfied with the tuition they receive than do many students in private schools of English.

Party Militants?

FROM A CORRESPONDENT

ACTIVE members of British political parties are treated with scant respect in most writing about British politics; the general tendency seems to be to suggest that such products of radical ideology should not exist. Party leaders take note of these people rather as they take note of certain groups of MPs—in order to avoid them. Academic students of politics have devoted much time and energy to noting the existence of activists—only to call for their relegation to the most menial of roles. As a result, people who might be thought to be practising a duty of citizenship by upholding party standards in their community often appear in the press as atypical if not unbalanced, psychologically as well as politically. Now at least one academic researcher has sprung up to stigmatise this practice as quite unfair.

The definitive study of local party organisations will probably not be done until the Ford Foundation decides that Britain, like the Afro-Asian nations, is at least potentially a developing country. But while waiting for American largesse and American research techniques to invade this isle, a recent academic article* by Mr Richard Rose of Manchester University has argued that there were broadly four contrasting kinds of attitudes which local parties showed in the resolutions that they submitted for their annual conferences between 1955 and 1960. This article will apply Mr Rose's four classifications to the 441 resolutions that were offered in the agenda for the Labour party conference at Brighton next month.

(1) The first group comprises the constituency parties that are **somnolent,** rather than militant. This year more than one-third of local Labour parties are not offering any advice to party leaders. This is an average showing for Labour, although well below the standards of Conservative conferences, where annually upwards of half the parties do not presume to rise above their station and give advice to Her Majesty's ministers.

(2) The largest single heading in the classification of resolutions for Brighton is—perhaps surprisingly—**non-partisan.** Fifty-five per cent of the resolutions for Brighton express views which appear to be derived from the concerns of pressure groups, or from the sentiments of a cross-section of society, rather than from long meditation upon the eternal principles of socialism; they might appear as much on a Conservative or Liberal agenda as on a Labour one.

This tendency is particularly marked among those concerned with education, local government and pensions, where the cry is for "more money" rather than for "more socialism." For instance, of 26 resolutions dealing with education, none mentions comprehensive schools or the abolition of the public schools. Instead, Scottish parties press for more education for Scotland, South Kensington seeks more university places and Aylesbury asks for better care for the physically and mentally handicapped. Resolutions about local government are primarily concerned with the burden of rates. From places as different as Salisbury and Bradford South come pleas for the Government (not Labour's national executive) to do something to help finance local authorities. About 10 per cent of the resolutions are miscellaneous. Idiosyncrasy, rather than ideology, presumably accounts for the desire of the militants in the Guildford Labour Party for a great Labour crusade to prevent young people from driving motor-cycles of more than 125 cc until they are 18.

MANY of this year's Brighton resolutions against entry into the common market can be called non-partisan, in Mr Rose's sense of the word. Slightly less than half of the 51 resolutions oppose the common market on partisan grounds, as a threat to building socialism. A few propound a left-wing alternative. But more than half make no open reference to Labour's economic doctrines, and some resolutions base their objections on a concern for the Commonwealth. Partisan feelings may explain why the bulk of resolutions are against the common market; after all, a Conservative government has proposed it. But this does not explain why so many resolutions opposing the common market do so in arguments and phrases identical with those of a number of Conservatives.

(3) About one quarter of the resolutions from Labour constituency parties this year can justly be called **partisan** but not extremist. That is to say, they are drawn in terms sufficiently broad to appeal to all Labour Party members and few Conservatives. This is particularly noticeable in fields such as housing and economic affairs. Sometimes, socialism and self-interest are nicely intertwined, as in the resolutions from constituency parties in depressed areas, asking that industry be directed to their doors by the next Labour government. The efforts of the Campaign for Democratic Socialism in constituency parties may account for the production of a number of resolutions on multilateral disarmament so skilfully and selectively drafted as to meet with the approval, even if only grudging, of all wings of the movement.

(4) Finally, the voice of **left-wing** extremists is heard in only 22 per cent of the resolutions for Brighton. According to Mr Rose, the hard core of consistently extremist parties, numbering about 100, are found in all kinds of constituencies; he denies that they are all bunched in hopeless Labour seats like Hampstead and Bath. For instance, there are 15 left-wing resolutions this year complaining that a purge mentality is beginning to show itself in *Transport House*; of these, nine come from parties with Conservative MPs, and six from those with Labour MPs, about the national proportion.

It is in foreign affairs that left-wing views seem disproportionately concentrated in middle-class areas this year. Of 32 CND-type resolutions from Labour parties, 24 come from those with Conservative MPs. Over a six-year period, Labour parties in middle class areas which Labour will never win (the dispensable tonsils, rather than the backbone of the movement) are slightly more extremist than those in safe working-class seats. The difference is statistically significant, but not politically significant; over a period of 12 years it represents the difference between a local party filing four extremist resolutions rather than three.

The resolutions for Brighton suggest that active workers in local Labour parties cannot be glibly type-cast. Some may join because they wish to spread the gospel of socialism, but others may join the party because they are joiners, or because they like the Christmas party, or perhaps because they hope for a headship in a local school. The bulk appear to acquire many opinions outside the Labour party, from pressure group connections, as in the case of the trawlermen of Grimsby, or from sentiments of goodwill common to Englishmen of all parties and none. By containing a section of extremists, as well as partisans and those with few partisan feelings, the local Labour parties, in conjunction with their Conservative counterparts, do not deny British public opinion; they reflect it.

*"The Political Ideas of English Party Activists," *American Political Science Review*, June, 1962.

Jersey Fills the Gap

THE States of Jersey, without a murmur of dissent, in April abolished one of the few statutes remaining to it from the reorganisation of the island's government in 1771 (*The Economist*, May 5th): the limit on interest rates, so long set at 5 per cent (because that was where it was at the end of the Royal Court's authority) was erased from the book in the apprehensive hush which followed Mr Selwyn Lloyd's decision to tax English money tucked away in real property abroad to evade death duties. Of such money, owing to a quirk of nomenclature in its laws, Jersey had had a good deal of the benefit, in spite of the 5 per cent rule. It did not expect to get any more on those terms, and wisely, therefore, decided to try to fill the vacuum in the normal way.

The royal assent to the abolition is expected shortly; and when it is given, the first building society the island has known will begin to fight the prejudices natural among people who have, hitherto, been able to lay hands on as much money as they liked at rates which were seldom higher than half what a sensible lender would consider economic. Nor is that the only disadvantage: the Jersey Savings and Loan Corporation Limited will have an initial fund of £150,000, little more than a hundredth of the money which was freely on offer through agents before April 5th. The corporation will charge 6½ per cent on loans, pay 5 per cent on investments, and pay no dividend for the first five years at least—none of which can look very attractive to island borrowers used to accepting large sums at 2 or 3 per cent and reinvesting them immediately at 6 or 9 per cent on the mainland.

On the other hand, there is certainly a market for even relatively expensive money in Jersey among people whose genuine desire to borrow in order to build houses for themselves, and to settle their debts over periods of years without the continuous risk of a six-month notice of foreclosure, was previously frustrated in the feverish conditions of the island's private finances. The new venture has been backed by one of the Big Five banks and by a solid insurance business.

Farewell to Hallmarks

FROM A CORRESPONDENT

ONE of Britain's most ancient industries received the gentlest possible push towards the twentieth century last month, when the Chester assay office closed down on August 24th. This has so far been the only tangible consequence of the radical report of a departmental committee which in March 1959 proposed a reform of the system for hallmarking—and thus guaranteeing the quality—of gold and silver articles. From the fourteenth and fifteenth centuries the right and duty of certifying articles of precious metal has been entrusted to the guilds of goldsmiths in large cities.

To this day there survive five completely autonomous assay offices, at Birmingham, London, Sheffield, Edinburgh and Glasgow. The Birmingham Assay Office Act, 1824, placed the control of that office, now the largest in Britain, in the hands of a board of 36 guardians. These must live or own property in Birmingham or within 30 miles of it. Not more than nine or fewer than six of them can be goldsmiths or silversmiths. The guardians are appointed for life and choose their own successors. At Sheffield, the guardians number 30 and of these not more than 10 or fewer than six may be silversmiths. They must live or own property in Sheffield or within 20 miles. They are elected for a period of five years and may be re-elected for further periods. The London assay office is controlled by the Goldsmiths Company of London: more than a quarter of its court of assistants is connected with this trade. The Edinburgh assay office is maintained by the Incorporation of Goldsmiths of the City of Edinburgh, which is known to include trade members although its complete membership is not made public. The Glasgow assay office was established by an Act of 1819 and has a board of about 30, all of them gold or silversmiths. These must reside in Glasgow or "within forty miles to the west and south thereof."

Each of these five hallmarking authorities has statutes peculiar to itself and restricted to its own district. Some general hallmarking statutes apply to the whole of Britain, while others apply to England only or to Scotland only. It is no wonder that this statutory hotch-potch caused Lord Justice Denning (in *Westwood v. Cann*, 1952) to remark: "I would observe that in 1856 and 1879 select committees said that the law as to hallmarking was uncertain owing to the number of statutes in which it was found to be: and they expressed the opinion that the consolidation and amendment of the law should be carried out without further delay. Now 73 years later, in 1952, I may, perhaps, be permitted to express the same opinion."

A Board of Trade investigation in 1887 reported in the following expressive terms: "In certain Offices the results are not systematically controlled by 'check assays': the furnaces closely resemble those described and figured by the early metallurgical writer Biringuccio in 1540, and the balances are hardly more delicate than those of which illustrations were given by Lazarus Ercker in 1580, and by the author of *A Touchstone for Gold and Silver Wares* in 1675."

Nowadays general standards of assaying are on a higher level, but with each assay office under independent control, with differing financial resources, without uniform rates of pay or conditions of service or standardised training, it cannot be expected that the efficiency of all the offices should be the same. Another relic of the past is that although the manufacture of gold and silver articles in Britain is virtually confined to England, yet Scotland has two assay offices to handle perhaps 2 per cent of the total British output. As with some other Scottish industries, any suggestion that economy and efficiency demand the closure of even one of the Scottish offices rouses an intimidating sound of clashing claymores.

THE hallmarking system of the future should no longer be fixed immovably to certain towns. The central authority, whether it be a statutory corporation or a department of the Board of Trade, should have power to open an assay office where one is needed and to close it when the need has passed. Even mobile assay offices in vans should be considered. Recently such a one would have proved its worth at Coventry when it was discovered that a 5 cwt silver cross in the new cathedral had not been assayed or hallmarked. Mobility could even provide a nice little export trade: the Swiss have asked Britain to open an assay office at Berne, while the United States possesses no hallmarking system and a number of British assay offices established there would meet a marked American liking for *British hallmarks*.

In modernising the administration, it must not be overlooked that the hallmark itself is in need of modernisation. At present a hallmark consists of no less than four separate marks. There is the mark of the maker; the mark of the assay office; a date-letter altered each year; and the standard mark which indicates the quality of the gold or silver. Of all these, the only essential one is the standard mark which certifies the quality of the precious metal. The others are confusing and irrelevant: when stamped on to small or intricately-worked articles they can easily cause damage. The time-honoured marks of the old corporate bodies will survive as long as the beautiful objects they adorn. But it is really time for this tradition to pass into history.

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THE WORLD OVERSEAS

After General de Gaulle's Triumph

FROM OUR BONN CORRESPONDENT

AFTER apotheosis, anticlimax. President de Gaulle is back in France and Dr Adenauer has set off on a three weeks' holiday in Italy; lesser mortals are left to hold the ethereal baby the great men have left behind, and to quieten the neighbours. Still, it would be churlish and crass to belittle what has been achieved. The French President made a brilliant personal appearance—the product in part of the authority of his own prestige and style, and in part of the German people's long abstinence from pageantry and hero-worship. General de Gaulle's success was the reward, too, of attention to detail. Without a trace of condescension, the president adapted himself imaginatively to his varying audiences on the Rhine, the Ruhr, the Elbe, and in the south. Having gone to the trouble to brush up for the occasion the smattering of German he learned while he was a prisoner at Ingolstadt in the first world war, he was able to talk intelligibly to the crowds at each stage of his journey. He told them they were great. And of course they loved it. No American, British or Soviet leader who has visited Germany since the war has wooed the German public so handsomely.

This fascinating performance has set much of the German political world searching the president's every word and gesture for hidden secrets. The publicity-mongers of the various political parties, who have to make do with leaders of lesser stature, are brooding wistfully over the general's conquest in the hope at least of picking up a useful wrinkle or two. It has been spotted that the only member of the cabinet, other than the chancellor, with whom President de Gaulle talked when he arrived at Bonn airport was Herr Krone, the former parliamentary leader of the Christian Democrats and now minister without portfolio. The reason for Herr Krone's being singled out in this way, it is being put about, is that he is the man whom the chancellor would like to see step into his shoes in the autumn of next year, and that President de Gaulle knows it and approves.

IT has been noted further that the president twice took aside Herr Brandt, the governing burgomaster of Berlin, presumably to help keep him in good spirits. The encounter does not seem to have made the burgomaster altogether happy. Forty-eight hours later, in a weekend speech in aid of the Social Democrats' bid for power in the Schleswig-Holstein Landtag elections (polling is on September 23rd), Herr Brandt appealed to France not to forget that there were seventeen million inarticulate Germans east of the Elbe. He deprecated any fostering of a "Little European solution." France and the German federal republic, he observed, were not Europe; "we must now clasp England's hand as warmly as we have clasped the hand of France."

Such reservations as these were drowned at the time in the applause of the Bavarian and Swabian crowds. The cheers were not for the prodigious visitor alone. They were as much for the idea he brandished of a new era of practical and inviolate Franco-German association. In such a context, who could be against it? But precisely what it means has been left largely to others to interpret, and maybe to accomplish. General de Gaulle himself spoke at Hamburg of closer military co-operation, and at Schloss Ludwigsburg of the cultivation of a rich variety of contacts between the young people. The "now quite natural solidarity" of Germany and France, he declared, "must of course be organised. This is a task for the governments." Neither German nor French official spokesmen have since been able to throw more light on what is to happen next. Speaking for the Bonn government, State Secretary von Hase has been falling back this week on such handy evasions as "a new impulse" in Franco-German relations, and "the necessity for practical measures for increased co-operation between the two countries." He has reiterated that no new exclusive "institutions" are to be set up.

The enthusiasm of the German crowds was genuine and understandable, but it could be misleading. The Munich correspondent of *Die Welt* reported that when the president spoke of "the two great nations" together facing the menace from the east, an old man near by was heard to mutter: "Fine; but unluckily we're not all that great any more." One of the streamers flourished beneath the French president's nose ran "Long live de Gaulle. Long live Europe—but with England." There is, in short, no evidence of President de Gaulle having swung a majority of German opinion away from belief in the advantages of a European Community embracing England over a more limited association dominated by Germany and France. An unconfirmed report that President Lübke, with characteristic frankness, put this point of view sharply to his guest, is being approvingly circulated. Simultaneously, the Commonwealth conference is being fully reported in the German press, and Mr Macmillan's difficulties are being sympathetically explained to German readers. Not, of course, that Mr Heath and his team are considered disarmingly modest bargainers. As Herr Krone has put it since President de Gaulle's departure: "When I say we are ready to include England, I must add that one doesn't buy a pig in a poke. The English are cool reckoners. So are we."

Sheikh Abdullah on Trial

FROM OUR CORRESPONDENT IN INDIA

NINE years after he was deposed and arrested, Sheikh Abdullah, former prime minister of Kashmir, with 25 other accused, was on August 31st finally allowed to plead not guilty to the charge of conspiring against the government of Kashmir in order to facilitate its annexation by Pakistan. The prosecution was due to open its case on Thursday, September 13th.

Sheikh Abdullah, a tough, able and arrogant man, once a close confidant of Mr Nehru, was the leading Kashmir nationalist before 1947. He played a large part in securing the state's accession to India when Pakistani tribesmen invaded it after independence, and became its first prime minister. But from 1952 he began to criticise discrimination against Moslems in India and to suggest, once in public, that Kashmir should be independent. In May, 1953, a committee of leading members of his ruling National Conference party—among them Bakshi Ghulam Mohammad, the present prime minister—decided to press for a plebiscite, with independence as a third choice. Bakshi, however, urged the alternative of an autonomous buffer state consisting of the Kashmir valley, leaving the north and west to Pakistan, and Jammu, the largely Hindu southern portion of the state, to join India.

On August 9, 1953, Sheikh Abdullah was abruptly deposed and Bakshi took his place. Abdullah was detained until January, 1958, released and rearrested the same April. He was only committed for trial in January, 1962. If it is allowed to run its full course, the "Kashmir Conspiracy Case" will be a long trial. The committal order fills more than 1,000 typed pages. The prosecution has over 200 witnesses. Mr Dingle Foot, QC, is leading the defence, aided by several Indian lawyers.

ALL the accused are charged with conspiring to overawe the Kashmir government by force, or the show of force. They are alleged to have obtained funds, posters, arms and explosives for this purpose with Pakistani help. At the last moment the prosecution added the charge of conspiracy to "wage war" against India, a technical term for which, with unwitting appropriateness, they quoted precedents in British prosecutions of Indian patriots. A curiosity about the charges is that they relate only to the period between Sheikh Abdullah's first arrest and his second, for nine-tenths of which time he was in prison. He is alleged to have master-minded the whole conspiracy from his jail, where his conditions of detention were not exactly onerous. The earlier actions that supposedly justified his removal from office have been forgotten. In particular, the charge that he was intriguing with the United States to make Kashmir a cold war base has long since passed into limbo, together with the "unimpeachable" evidence that his opponents once claimed to hold for it.

Another curious thing about the charges, which he has pointed out, is that the prosecution evidence shows that the government knew about the conspiracy by 1955. Begum Abdullah at least was deeply involved from the beginning, and, as the prosecution emphasises, she would hardly have been acting without her husband's knowledge, if not orders. Yet he was unconditionally released in January, 1958. Unfortunately, he will not be able to testify to his version of the truth. Kashmir passed a law in 1956 amending the criminal procedure code to allow an accused to give evidence in his own defence; but the amendment was to come into force on a day appointed by the state government. That day has not yet dawned.

Meanwhile, Kashmir is going through a political crisis, directly though not obviously related to the trial. Bakshi stands on one side, with his education minister, Ghulam Mohammad Sadiq, and a substantial part of Indian official opinion on the other. The dispute centres on Kashmir's relationship with India; the corruption of the Bakshi regime and the lack of normal democratic liberties are also under attack. Kashmir is integrated in most respects with India. But it still has its own constitution, flag, prime minister and head of state. Sadiq, a left-winger, wants the Indian constitution amended to put Kashmir on the same footing as any other state. Bakshi, and most of the National Conference, do not. For the time being, Mr Nehru has said, the amendment will not be made. But New Delhi suspects Bakshi of being a little too independent, indeed, of hankering after the ideas that led Sheikh Abdullah to jail. Earlier this summer he was privately urging that Abdullah should be released. He himself has been offered a place upstairs in the Indian cabinet, but has refused it.

Simultaneously, though probably not by coincidence, there has been considerable public criticism in India of Bakshi's government, whose faults till now have been discreetly passed over. According to an impeccably patriotic commentator, his administration is "riddled with corruption" and "blatant nepotism." An anti-corruption act was passed this summer, apparently under direct pressure from Mr Nehru, who visited Kashmir twice within a few weeks. The first victims of any serious clean-up, one is told, would be Bakshi's relatives. Bakshi has continued the tradition of suppressing civil and political liberties that was inaugurated by Sheikh Abdullah. It is not only the pro-Pakistanis or Abdullahites who are repressed, but also the pro-Indian opposition parties, based mostly in Jammu. They allege that their supporters are blackmailed and beaten by the "peace brigade" (National Conference strong-arm squads, another inheritance from Abdullah) and their candidates kidnapped on the way to the nominations.

These charges may be partly discounted as the common coin of frustrated opposition. But Indian observers admit that the atmosphere they describe is substantially correct. As long as Sheikh Abdullah is imprisoned political normality is impossible. He claims to have been several times offered release and the premiership if he would accept Kashmir's status as part of India; he has always refused his freedom on these terms, and if he is released the whole business of Kashmiri independence will start up again.

The real issue at the trial is whether a Kashmiri leader is to be allowed to put Kashmir's interests before India's. Abdullah, who is still widely, though covertly, popular in Kashmir, believes that the Kashmiris are being sacrificed to provide fuel for the cold war between India and Pakistan. As he told the court on August 31st, "This is a political trial. I and my friends have been detained over many years, and we are here today, because of the principle for which we have stood, the right of the people in Jammu and Kashmir state to be masters of their own destiny."

The saddest feature of the trial for those who value Indian democracy is the clamorous silence that surrounds it. Just as there is no serious discussion, in India or Pakistan, of a solution to the Kashmir question, because there is no serious reporting of the real situation, so there is no serious public discussion of even the most elementary principles involved in Sheikh Abdullah's case. Hardly a voice has been raised to suggest that it could be in any way shameful that he should have spent almost as long in prison without trial as, in the course of nine trials, did his former brother in arms, Pandit Jawaharlal Nehru.

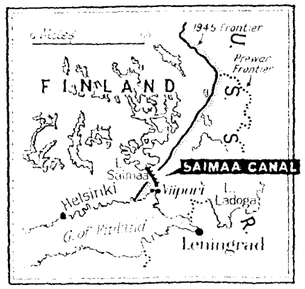
Finland's Controversial Canal

FROM A CORRESPONDENT IN HELSINKI

AN agreement to lease to Finland for fifty years the Soviet section of the Saimaa canal, as well as an island port on Soviet territory, was initialled on August 27th and will be discussed by the Finnish parliament soon after it reassembles next week. The project for the lease was first agreed upon when President Kekkonen went to Moscow in December, 1960. Since then many doubts have been raised in Finland about the cost and the wisdom of the project.

The main pressure behind the agreement has come from the Agrarian party, which dominates the present government coalition. The leading papers of the conservative groups in the coalition have strongly criticised the agreement on the ground that the project will not be profitable, in spite of the government's calculations to the contrary. It will take five years to carry out the extension and repairs that are necessary before the canal can be used for traffic. The statisticians who present figures on the profitability of the canal almost seem to have conjured away the undeniable fact that during this five-year period the waterway will swallow at least 15,000 million marks (about £17 million) before the first ship has paid the first dues. Some of the strongest critics have mentioned a much larger initial expenditure and maintain that it will be decades before the canal shows a profit. They argue that Finland, whose yearly budgets are balanced by high government loans, cannot afford to invest in the canal, especially as the present tense relations between East and West may not encourage the international traffic that the Finns hope for.

In the agreement initialled last month the Russians insist that the passage of any warship and the transport of troops and military equipment on ships of third nations shall be forbidden. This is understandable. But they also insist that Soviet laws should be in force in the canal area leased to Finland, and that the Soviet Union shall have the right to forbid the entrance of third-nation ships should their presence in the Soviet part of the canal be considered incompatible with Soviet security interests. This may affect the Finns' expectations of the extent to which foreign shipping will use the canal. West German and Dutch shipping have been mentioned in the discussion as possible users of the canal. But Nato countries may not care to risk their shipping in the canal (nor may the Russians allow them to do so) when there is tension in the Baltic area. Furthermore, others besides the Finnish Seamen's union may feel that the thirty-metre-wide zone on both sides of the canal (at locks and bridges it goes up to 200 metres) is not enough to guarantee the security of ships' crews, or to protect stranded seamen from the suspicion of undesirable activities.



The Saimaa canal, which, if a number of lakes are included, is about 57 kilometres long (33.8 kilometres of which is through Soviet territory), runs from Finland's south-east lake district to an inlet of the Baltic sea just north of the former Finnish city of Viipuri at the end of the Gulf of Finland. During the war there was little traffic through the canal, and under the 1944 armistice an important part of it was included in Soviet territory. The big companies who had used the canal for shipping their products from the interior of Finland reorganised their transport system and took part in building new harbours. They have shown no great desire to go back to using the canal.

During the five-year period when the canal is going to be enlarged and dredged, locks repaired, bridges built and other constructions carried out (all of which Finland will pay for), Finland will also pay Russia a total of 600 million marks (about £670,000) as compensation for the Soviet-owned canal area and for the lease of the area. Finally, when the canal is ready for use, the annual lease will amount to 64.3 million marks if the goods transported fall below one million tons; the amount of the lease will increase according to a fixed scale and will be 95 million marks when a volume of two million tons or more of goods is carried through the canal. A Finnish commission has estimated that the first year's volume of goods traffic will be one million tons and the income from canal fees will be 230 million marks. The annual cost of running the canal is estimated at about 100 million marks.

The government has argued that the Saimaa project will do much to help to develop the economic life of south-east Finland. But one cannot help wondering whether the large investments in the canal project will not use up a disproportionate amount of the government's capital and lead to economic stagnation elsewhere. A study carried out not many years ago reached the conclusion that the canal was unprofitable. Many critics of the project feel that south-east Finland would benefit more from an extended network of roads and railways and from investment in new industries. This chorus of politicians and financial experts, who doubt the wisdom of reviving the canal after more than twenty years of disuse, will continue to hold forth. But once the agreement is signed there will be nothing else to do but hope that it will not become too heavy an economic or political burden on Finland.

After Me, the Void?

FROM OUR PARIS CORRESPONDENT

IN Gorki's play, "Lower Depths," one character collects complicated words in the hope of finding a magic formula that will save the world. This delusion can be found in more sophisticated versions. There are jurists for whom political harmony is merely a question of a nicely balanced constitutional law. France has many such learned men, despite the fact that so many French constitutions, after being received with enthusiasm, ended in the dustbin. The disputations about the virtues of the constitution of the Fifth Republic are puzzling if one knows with what frequency and ease it has been violated since its introduction in 1958. But the discussion is now more heated than ever. The bullets that missed General de Gaulle by inches, at Petit-Clamart on August 22nd, drew attention to the institutional void that is usually hidden by the president's towering figure. And now the persistent rumours of constitutional change have been confirmed.

In a broadcast next Thursday General de Gaulle will tell the French people that they are going to be called to the polls again towards the end of October; the purpose of the referendum will be to alter the method of electing the president. Hitherto French presidents have been elected by a limited corps of electors consisting largely of parliamentary deputies and local councillors. To increase the power and prestige of the office, it is now proposed that the president should be elected not by 90,000 or so *notables*, but by universal suffrage.

The suggestion that the president should be elected by a popular vote is being supported in some quarters by the argument that

France is moving towards an American system of government. To demonstrate the absurdity of this thesis, and the difference between the two systems, it is enough to imagine the power that President Kennedy would have if he could dissolve a recalcitrant Congress. In the gaullist system, parliament is subordinate to the president. The president, elected for seven years, has all sorts of special powers, including the power to dissolve the National Assembly; but the assembly, elected for five years, cannot touch the president.

True, in the gaullist constitution the president is supposed on paper to be an arbitrator, and the government is supposed to govern, "to determine and conduct the policy of the nation." Yet nobody supposes that President de Gaulle would let his prime minister decide any major issues. The few who suffered from this misapprehension while M. Debré was prime minister have dropped it since M. Pompidou took over.

If a suit is made to measure, its wearer may get it altered if it creases in the wrong places. That the 1958 constitution was made to General de Gaulle's measure is understood by all. The puzzle is what he hopes to gain through the projected change. A popular vote will not increase his prestige. In fact, it is assumed that the new system of election would be applied only after the end of his current mandate (that is, only in 1966). As to the general's successor, the question for him will be one of power rather than prestige; it is not at all certain that the struggle for the succession would be fought in a constitutional framework.

Under the present law, if the presidency becomes vacant its functions are provisionally carried out by the leader of the Senate (at present, M. Monnerville) and a new election must take place within 20 to 50 days. To eliminate this dangerous interregnum, it has been suggested that a vice-president, who would succeed automatically, should be elected. Various names—ranging from the faithful M. Debré to the pretender to the vacant French throne, the Comte de Paris—have been advanced as the general's likely choice. But if the vice-president is to be elected at the same time as the president, there are two difficulties. First, General de Gaulle would have to face the electors once again and run the risk of losing votes, particularly through his association with his deputy; second, a vice-president carried by his chief might lack the independent status to maintain his position once the general has gone. If the vice-president were to be elected separately, on the other hand, General de Gaulle's candidate would risk defeat. In view of all these snags it is not at all certain that this idea will be carried into practice. It may merely turn out to have been a source of jokes about Joan of Arc's troubles with the Dauphin.

THE would-be assassins of Petit-Clamart realised how much the French political system rests on one man. They hoped that in the upheaval after General de Gaulle's death they could repeat the sequence of events in 1958, revive the bogey of a popular front and call the army in to "preserve law and order." Who would be the general in this new performance? What would be the attitude of the army and the reaction of the other political forces? These questions cannot be answered in advance, but the Secret Army Organisation has accurately grasped that its main chance lies in the political vacuum surrounding General de Gaulle. The rubber-stamp assembly elected in 1958 has managed the extraordinary feat of discrediting parliamentary institutions still further. If the new assembly to be elected next year has a majority intent on carrying out its own policy, the conflict between president and parliament, inherent in the make-up of the Fifth Republic, may have to be fought to a finish. This the government wants to avoid.

But the political void seems to be self-perpetuating. General de Gaulle may parley with military officers, or even give ground to trade unions, if their pressure is serious. But he does not want to share power with parties, parliament or other organised bodies; thus he has been led to accumulate enormous powers in his hands. Personal popularity, carefully fostered, has made it unnecessary for him to use these powers to the full as yet. Yet the weapons are there, should the mood change or a less popular successor take over. The gaullist system, so centred on one man, is not designed to produce a successor who can match the general's popularity. His court has room for feudatories and able, obedient technocrats; there is none for men who could catch the public imagination. When the moment of succession comes, whether through natural or other causes, the choice will depend on the balance of political forces in the country rather than on the constitutional changes that are going to be debated with increasing vigour in the coming weeks.

Gold Medal for "Bung Karno"

FROM OUR HONGKONG CORRESPONDENT

THE beautiful friendship between China and Indonesia, so grievously strained two years ago, with unworthy words on both sides, was affectionately consolidated last month on the playing fields of Djakarta. The Asian Games—held in a Russian-built stadium for visitors who stayed in a Japanese-built hotel and who travelled in Australian-aid buses along a highway built with American aid—may not have enhanced Indonesia's reputation for sportsmanship. But the chicanery which resulted in the exclusion of Nationalist China was a ringing reaffirmation of renewed trust and understanding between President Soekarno and Chairman Mao. "Bung Karno" ("Big Brother" Soekarno) certainly earned a gold medal from Peking.

There is no hard evidence here to indicate whether Peking or Indonesia took the initiative in excluding Formosa, whether Peking used strong pressure from the outset, or whether the Indonesians, in their anxiety to please, anticipated Chairman Mao's wishes.

On the record, it was about time for President Soekarno to make a gesture of sorts to Chairman Mao. Since the uproar about overseas Chinese in Java and Peking's subsequent retreat, the Chinese Communists have been both generous and gracious to Indonesia. It requires an effort now to recall that only two years ago relations between Indonesia and China were as bad as relations between India and China today. Dr Soekarno's anti-Chinese directives, mirroring the customary south-east Asian resentment against the local influence and success of hard-working Chinese traders and storekeepers, had caused much hardship and loss to the Chinese in Java. Peking spoke angrily of "vicious discrimination" as the Indonesian army and police banned Chinese from retail trading in rural areas and began forcibly to evict Chinese from their homes. Peking, it is clear in retrospect, overplayed its hand by urging the Chinese in Indonesia to defy and even resist the Indonesian government.

Mr Huang Chen, the Chinese ambassador, and his staff addressed meetings and intervened between evicted Chinese and the Indonesian authorities, who, in a characteristic Indonesian reaction, at once responded with tougher methods, culminating in the Tjimahi incident, in July 1960, when two Chinese women were shot to death. At the same time, Peking recklessly invited all Chinese who were suffering hardship in Indonesia to return to the motherland and "take part in the glorious work of socialist reconstruction." This invitation was an embarrassing success; 40,000 were repatriated in five months, and tens of thousands more applied. Peking, lacking sufficient shipping to carry the repatriates and enough food and accommodation for them on arrival, quietly applied its own discrimination and accepted only skilled technicians or students.

The powerful Indonesian Communist Party (PKI) was in despair. Compelled to go along with Chairman Mao, it found itself compromising its close association with Indonesian nationalist aspirations. Its suspicious and formidable critics, including army leaders, were able to argue that the disloyal communists were conspiring with Chinese aliens and with the Peking government against the Indonesian people and government. The secretary-general of the PKI, Mr D. N. Aidit, made anguished representations to Peking to drop a lost fight and improve relations with Indonesia at all costs.

Peking's flexibility in crisis can be very realistic. Suddenly in 1961, discord was forgotten; the affable foreign minister, Mr Chen Yi (who had been invited in 1959), arrived in Indonesia; the glorious indestructible friendship of the Chinese and Indonesian peoples was joyously affirmed. China, it transpired, was enchanted with President Soekarno's "dual nationality" formula for discrimination against Chinese aliens. A Sino-Indonesian friendship treaty was signed; China pledged economic aid, and Chairman Liu Shao-chi himself was invited to visit Indonesia. Then, in June last year, President Soekarno revisited Peking, where he dismissed the previous unpleasantness as "a small dispute between brothers" and deftly applied the screws to translate aid promises into fact. China is now committed to a $30 million programme of technical aid for Indonesian textiles on the liberal terms of two per cent over 12 years.

It may be assumed that, having managed to extricate themselves from one dangerous contretemps, the Chinese communists are resolved to avoid any further discord with Indonesia, since discord can serve only to benefit Soviet comrades and western enemies. Asia is China's zone of communist influence, and Soviet aid, even if it cannot be matched, can at least be partly offset. According to private diplomatic reports from Peking, China will be expanding its economic aid to Indonesia on the pattern of its current assistance for Indonesian textiles, which, apart from political considerations, does represent a reasonable investment repayable in sterling or other convertible currency.

Mr Liu Shao-chi has yet to fulfil his formal acceptance of the 1961 invitation to visit Indonesia. If he comes, it will not only be his first venture outside the Sino-Soviet block, but also the first visit by a Chinese communist head of state to a non-communist country.

New Paths for Comecon

NEW epoch, new era, new stage—these expressions recur in recent Soviet analyses of the international economic situation. The Russians started taking European integration in earnest roughly when it became obvious that Britain was making a serious bid to join the common market. Since then, their interest has grown considerably. In the last few weeks, an international marxist conference has been held in Moscow, with European integration on its agenda, and Soviet publications have been filled with lengthy articles on the same topic. Naturally, the attitude towards the common market remains hostile, but the analyses have become more complete, better documented and more sophisticated. On August 26th *Pravda* published theses, prepared by the Institute of World Economics and International Relations, which can be taken as the official Soviet view on the common market; they reflect the mixed feelings of the Russian leaders on this subject. Satisfaction at the "contradictions within the imperialist camp" is tempered by the feeling that the tilting of the Atlantic balance in Western Europe's favour is unlikely to work to Russia's advantage.

If the Russians are still pondering how best to react to the complex and changing situation in the western world, they have already drawn one domestic conclusion. They have decided to hasten the long delayed integration of their own block or, rather, of its European part. In this respect, Mr Khrushchev's lengthy essay on "Topical Problems of the Development of the World Socialist System," published in the last issue of *Kommunist*, is a most important and revealing document.

Mr Khrushchev accepts Lenin's conception of a communist "world co-operative" as the ultimate objective. He recognises, however, that the countries of eastern Europe are still very far from it. He puts the blame for the relatively slow progress of their economic collaboration almost exclusively on "capitalist vestiges." The economies of the non-Soviet members of the block were, he argues, entirely geared to exchanges with the West, and they were so backward that it was necessary first to broaden their industrial base. While condemning the search for self-sufficiency, particularly in small states, Mr Khrushchev forgets to add that this creation of a constellation of self-sufficient little Russias was Stalin's idea. In any case, he now proclaims that individual autarkic tendencies are a luxury the communist block cannot afford. The stage has been reached when frontiers should no longer be allowed to distort the location of industry or limit the size of economic enterprises.

Between 1950 and 1961 foreign trade among the countries belonging to the Council for Mutual Economic Aid (Comecon) increased about 3.5 times, roughly as fast as industrial production. Trade in raw materials increased more rapidly than in industrial products. Left to itself, this trend would continue. According to current forecasts, Comecon's output of machinery is intended to rise by 50 per cent between 1960 and 1965, and trade in machinery by 45 per cent. But according to Mr Khrushchev things will not be left alone. Radical measures will be taken to ensure that exchanges between Comecon countries rise much faster than production. Co-ordination of investment is to be the crucial step on the road to combined planning. Each member country is still to decide the proportion of its national product earmarked for investment, but since major investment projects in all key industries are to be thought out on the scale of the block as a whole, investment policies will, in practice, have to be elaborated collectively.

MR KHRUSHCHEV claims that communist planners now have the statistical and theoretical equipment to embark on these collective policies. At the Comecon meeting in June, the organisation's statutes were strengthened; Mr Khrushchev claims that Comecon now has the powers to put the new policy into practice. Two reforms are foreshadowed, the absence of which has always astonished outsiders. In the first place, exchanges within the block are to be shifted from a bilateral to a multilateral level. A clearing bank, a sort of communist European Payments Union, is to be set up. Secondly, the setting up of an international communist bank is envisaged; its primary purpose would be to finance combined projects within Comecon (and, possibly, common ventures outside). To stimulate trade between communist countries, Mr Khrushchev also contemplates the introduction of special export subsidies as a temporary measure until trade channels are sufficiently expanded.

Communist planners can boast that they are already working on several combined projects, the most famous of which are the European electricity grid and the international pipe-line. They can claim as well that they have co-ordinated fuel and power targets for 1965 and are preparing combined objectives for 1980. Mr Khrushchev disclosed that it is planned to increase the combined Comecon output of fuel from 970 million tons (of hard coal equivalent) in 1960 to 3,400 million in 1980. The figures for electric power are, respectively, 407 billion kWh and 3,500 billion kWh; and for steel, 86 million tons and 330 million tons. If the Soviet figures are deducted from this total, the steel output of other members of the block should increase from 21 to 80 million tons and electricity generation from 115 billion kWh to around 650 billion kWh. But what is now foreshadowed is more than a number of combined targets. It is the common elaboration of joint blueprints for entire branches of industry, starting with basic materials, heavy engineering, chemicals, trans-

port and agricultural equipment and spreading to light industry. It is a gradual, but in Mr Khrushchev's view rapid, transition to joint planning, to a *Gosplan* for the whole block.

What will be the reaction of Russia's partners to such a drastic transformation? Once bitten by stalinist practices, are they not twice shy of co-operation with Moscow? Two factors seem to indicate that the moment for action was well chosen. First, the June conference in Moscow, which accelerated the process, was, apparently, held at the demand of Poland, the least orthodox of members. Secondly, worries caused by the prospect of the external tariff of the common market will tend to throw communist countries in Europe together. There remains the problem of China.

Most of Mr Khrushchev's article is taken up with Comecon. Outer Mongolia, admitted to membership in June, is the only Asiatic country in the organisation. In one cryptic passage the Soviet leader suggests that although all countries did not start on the socialist road together, the progress of Comecon should help them to make a collective advance. In another passage, also obviously directed at the Chinese, he attacks the "so-called Marxists" who misunderstand the "Leninist" doctrine of peaceful co-existence and underestimate the chances of communist victory through superior economic growth. Is he suggesting that if the Chinese accepted his doctrine, they would be entitled to greater aid from the European members of the block? In any case, Mr Khrushchev's internal initiatives cannot be dissociated from his assessment of the international situation.

Lee Out-Generals Them

FROM A CORRESPONDENT IN SINGAPORE

UNDER Mr Lee Kuan-yew's leadership, the Singapore government persuaded its electorate to vote for federation with Malaysia on September 1st by a campaign that was politically mature, strategically consistent and tactically resourceful. This success was achieved against the grain of communalist feelings in the Chinese majority of the population, and against the most sustained political campaign ever mounted by the Malayan Communist party. In spite of criticism, the government decided that only a referendum could kill the accusation that it was "selling out" to the Malays of the Malayan federation to the north, and could prevent the opposition from claiming that it wanted, and could get, better terms for Singapore. It was a necessary struggle, not a "pointless poll."

The turning point in the battle came when the Malayan government agreed that the Malaysian citizenship recommended by the Cobbold commission for the three British territories in Borneo could be extended to the population of Singapore. This destroyed the charge that Singaporeans would be "second-class citizens" in Malaysia. It enabled Mr Lee Kuan-yew to mount a powerful campaign in the press and (decisively) on the radio on behalf of alternative "A" on the ballot paper—equal citizenship, plus autonomy for Singapore in education and labour matters. When the Chinese chamber of commerce and the Chinese teachers' union came out in support of alternative "A," the tide had palpably turned.

Nine-tenths of the electorate went to the polls under the system of compulsory voting introduced for the 1959 elections. Of the 561,559 votes cast, 70.8 per cent were for the government's proposals, and three per cent for the other two proposals. The blank votes called for by the opposition in protest against a "sham" referendum accounted for a quarter of the total. Thus the result was clear and decisive, with a majority larger than the two-thirds required for fundamental constitutional changes. One of the most bitterly criticised clauses of the Referendum Bill provided that blank votes should be counted as supporting the majority view. A decision based on these blank votes would have been politically vulnerable; but there has been no need to call on them.

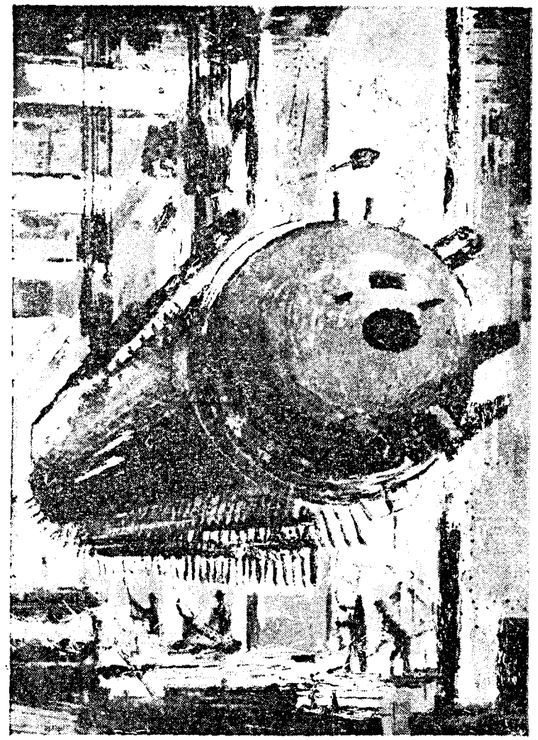
Singapore's present provisional constitution, with its vestigial traces of colonial rule, has thus fulfilled its purpose of giving the people the opportunity to decide the pattern of their independence —whether chauvinistically Chinese, parochially Singaporean or nationally Malaysian. The only state in the world that has both a Chinese majority (78 per cent of the electorate) and a free constitution has voted to submerge its independence in a larger state in which the Chinese will be in a minority, and in which compromise between the various communities is the condition of survival.

Not less important is the fact that most of the Malayan 12 per cent of the electorate—who might have been expected to vote for alternative "B," which provided for a more restrictive form of citizenship and did not give autonomy to Singapore—have in fact voted for the alternative that gives special rights to the Chinese. This, with the welcome which Malays in the rest of the federation have given to the results of the poll, augurs better for the future than the bitterness of the past fifteen months might have led one to predict. Moreover, the Singapore result will make it easier for realistic Chinese in the Borneo territories to resist the communalism preached by the dominant extremists in the Sarawak United People's party.

What of the future of Singapore's internal politics? Mr Lee Kuan-yew's People's Action Party (PAP) has won a famous victory, but this will not necessarily benefit the PAP itself. The 140,000 blank votes represent the half of the PAP poll that it lost through the secession of its left wing in 1959. To the half of the "old PAP" vote that stayed with the government have been added 250,000 votes cast on a national issue. Will these people go on looking to the PAP to fulfil in Malaysia the hopes behind their votes? Or will they look to the group led by Mr Lim Yew-hock, who keeps politically close to the federation government? These two men may just possibly work together in the Malaysian framework. At least both realise that at this stage it is only in co-operation with the ruling party in Malaya that they can maintain the communal harmony achieved in the referendum.

As significant as the cause that has won is the cause that lost. Not all the blank votes were communist. Mr Ong Eng-guan, the former mayor of Singapore who is now in opposition, and Mr David Marshall, a former chief minister, have staked their claims to the blank votes. Nevertheless, the defeat of the communists in their most determined political campaign is almost as significant as their military defeat in the Emergency. The myth of their invincibility has been exposed within their own community. The dominant feature of the banner of the Barisan Socialis group is the red star, and it has stood for a heady brew of Chinese chauvinism laced with communism. Mr Lim Chin-siong, the group's secretary-general and the focus of the turbulence of 1955 and 1956, has talked in terms of a "twenty-year struggle" beginning with the fall of Singapore in 1942. Just as the people had defeated the Japanese and the "Ang Mos" (red-haired devils) of colonialism, so, he said, they would defeat Mr Lee Kuan-yew.

A pattern has been found for the containment of communism as an internal threat, provided that the promise of "honourable" co-operation between the communities is fulfilled, and provided that the unity of the referendum is not splintered later. The external threat remains, both from the Indonesian communist party and from Peking, which regards Malaysia as a bastion of the South-East Asia Treaty Organisation. But as long as the opposition is conspicuously alien, the external threat too can probably be held in check—long enough, that is, for the non-communists to try to prove that the Malaysian dream can yield real benefits.



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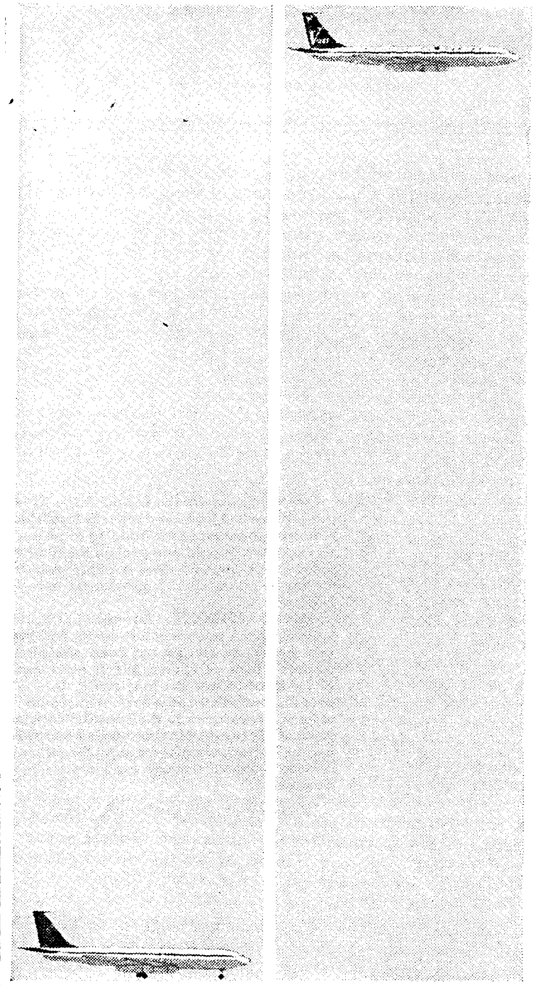

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President **John F. Kennedy, Telstar news conference, July 23, 1962**

Q—Mr. President, the United States has reportedly invited Japan and other industrialized countries to invest in the building of plants in this country. Would you explain the thinking behind that, sir, and does it imply also that we are discouraging U.S. investment overseas in plants?

THE PRESIDENT: As you know, the United States investment overseas has been very heavy. In fact, it has been one of the matters which, of course, affects our balance of payments. Over the long run it does not, over the immediate run it does. We are anxious to have others invest in the United States, and particularly to invest in those areas where there may be higher unemployment, so this program is being operated through the Department of Commerce.

Presidential news conference, July 5, 1962

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All This— and Cuba Too

WASHINGTON, DC

IT looks like being a rough autumn for President Kennedy and perhaps for everyone else. When the Russians unveiled their build-up in Cuba, American attention was on Berlin and Americans had begun to give up hope that Mr Khrushchev would have enough sense not to let the East Germans mishandle the situation there into a crisis. Prolonged probing had turned up no evidence of any Soviet ardour for a deal on disarmament or atomic testing or even for one on avoiding a proliferation of nuclear weapons—to which the Administration attaches great and growing importance. In these circumstances the latest developments in Cuba have made Mr Kennedy look like a man with not one, but two, Achilles heels. The Democratic party, whether Mr Khrushchev intended it or not, is impaled on the horns of its old painful dilemma: either it will be accused of being soft towards communism or it will be reproached as the war party.

Mr Khrushchev's probes are seen to be crueller and appear to be more effective than the patient searching of Mr Dean Rusk, the Secretary of State. This week's Russian statement may well constitute a clumsy retreat being carried out under a smokescreen of bluster. But the bluster creates some risk that pressure may be put on the Administration by angry Senators and others to call Mr Khrushchev's bluff. The Soviet Union chose a bad week in which to tell President Kennedy to put up or shut up over Cuba. Americans are suffering from the all too familiar affliction of frustration. They think that they were ineffectual in dealing with the Berlin wall and they fear that the Administration is going to be ineffectual again in dealing with Cuba.

Inevitably these feelings reflect on Mr Kennedy, whose popularity was in any case going through a downturn in the cycle of public opinion. It is recalled that, in the 1960 presidential election campaign, he advocated direct action against Dr Castro (but later stumbled into the Bay of Pigs). If he actually calls up any military reserves there are fairly sure to be cries of anguish. Meanwhile, the President is also criticised for merely reacting to both the Russians and the Republicans instead of showing that he is in possession of the initiative. This makes some people speculate aloud and in print about what is called Mr Kennedy's imbedded vein of indecision. To say that Soviet weapons in Cuba seem to be only for defence but that steps will be taken if they turn out to be for other purposes is regarded as being much the same as saying that there is no real trouble but that bloodshed will ensue if it does not stop.

Perhaps the Republicans would be more than human and much more than politicians if they did not try to make a little hay out of such a situation only two months before the elections. That is how sapient observers view the Republican proposal to give the President authority which he does not need to use troops in an invasion of Cuba which he does not wish to launch. The Republicans are seen as proposing in effect to hand Mr Kennedy a dagger in order to discover whether or not he is as infirm of purpose as they suspect he is.

However, even before he had a chat with the President, General Eisenhower was quick to announce that the Republicans would be wrong to make a campaign issue out of Cuba or out of any other aspect of the country's foreign policy. Senator Dirksen, the Republican leader in the Senate, gave a similar assurance—though he had just been criticising the Administration for not squeezing more propaganda advantage out of the Berlin wall. But for foreign policy to be bipartisan does not, it seems, mean either a halt to heated debate or any sharing of responsibility. Both parties are preparing political moves. Mr Kennedy's request to Congress for standby authority to call up military reserves in case of need trod heavily on the heels of the Republican proposal to authorise his use of troops. It might seem, therefore, like a complementary step but in fact it is regarded almost universally as a political counter-stroke. The Democrats are combing feverishly through the Republican record on Cuba to be ready to prove if they have to that it is the Republicans' fault that there is a Cuban problem at all.

Mr Rusk is not expected to persuade the Latin American foreign ministers to agree to new sanctions against Cuba and the United States is unlikely to go it alone. Unless nuclear weapons were used, the conquest of Cuba would probably take at least a little longer than some of those who urge an immediate attack are prepared to admit. Others acknowledge that an armed invasion of Cuba would mean the deaths of thousands of Cubans and of an untold number of Americans. And yet a danger exists of events taking charge of men. There could be—or there could be thought to have been—a Cuban attack on the Guantanamo naval base. There could be other provocations that might be deemed equally intolerable. Not totally precluded are landings by anti-Castro Cubans, avoidance, this time, of a Bay of Pigs disaster and the start of serious guerrilla warfare. Almost everyone is perfectly aware of the dangers of Cuba becoming the scene of another Spanish civil war, in which Russians as well as Cubans would no doubt kill and be killed.

PERHAPS the chief restraining factor on bitter American impatience is that action by the United States against Cuba, including a naval blockade, might tempt Mr Khrushchev to snap shut the trap in which Berlin finds itself. Senator Dirksen has pointed this out. But another Republican, Senator Keating, suspects the Administration of meditating a "deal" with the Russians about Berlin and Cuba. Others say that, if the United States fails to deal, in a different sense, with Soviet-armed communism only ninety miles from American soil, Mr Khrushchev will be convinced that the United States will not defend Berlin.

Meanwhile, there is some irritation both with the Latin American countries and with the European friends of the United States. The former are held to be laughing up their sleeves at American "weakness" over Cuba, while fiddling their private funds by the billion into Swiss banks and other safe sanctuaries as their own countries totter. Senator Dirksen has declared that Soviet supplies are being taken to Cuba in British, west German, Norwegian and Greek ships and has encountered no resounding denials. There is a growing consciousness in America that it is not just in Cuba that Soviet trade, especially in oil, and Soviet aid are rapidly increasing but in many parts of the free world. American pro-

tectionists who oppose the European common market seize the occasion to cry that the countries in that market compete with the United States, yet let it continue to provide the lion's share of the cost of their defence; thus they contribute, it is alleged, to the continued dribbling away of American gold which adds to the profits of European bankers. Even staunch friends of the common market are afraid that in the present lowering atmosphere the initial American enthusiasm for the market could degenerate into irritated impatience if Europe fails to react quickly and decisively to problems which it shares with the United States.

Yet the Administration's own view of the world remains essentially unaltered. It is still thought that Mr Khrushchev will not in fact risk a third and final world war over Berlin; that, whatever happens there, he still has his own difficulties and that one of them is that his own country is changing, on the whole for the better; and that an eventual easement of tensions through disarmament and bans on nuclear tests is in Russia's interest as well as the West's. Recent events suggest, however, that Mr Khrushchev, having grasped the fact that general war has become impossible, is tempted as a result to be more rather than less provocative.

In Germany the American expectation is that on the whole there will be a continuation of the present Soviet tactics, aimed at a separate peace treaty which, Mr Khrushchev hopes, will merely confirm what will by then have already been achieved. The United States intends to continue resisting this. In Cuba Mr Khrushchev is suspected of having imitated an American bad habit and of having gone out of his way to acquire a weak ally to whom he has now had to give military aid. Both militarily untenable west Berlin and militarily unviable Cuba create serious problems. Nevertheless, it is hoped that, with luck, the current Russian exhibitionism may expend itself in mere flares and shrill whistles of propaganda. But nerves ought to be steeled for the noises may be very loud and they may come as well, this year, out of China—and be not just outraged cries about U-2 reconnaisance aircraft, but the long-anticipated big bang of Chinese atomic fireworks.

Tax Revision Revised

WHEN the Senate approved its greatly watered-down version of the tax revision Bill last week, President Kennedy appeared to be ready to accept what his Secretary of the Treasury called "a significant first step toward the reform of our outmoded tax laws." It is a much shorter step than was asked for originally, but it does offer Mr Kennedy what he considers vital. This is the tax credit of 7 per cent for investment in new plant and equipment which is counted on to give a much-desired stimulus to capital spending by businessmen and to encourage them to create more jobs at home and to compete more successfully abroad.

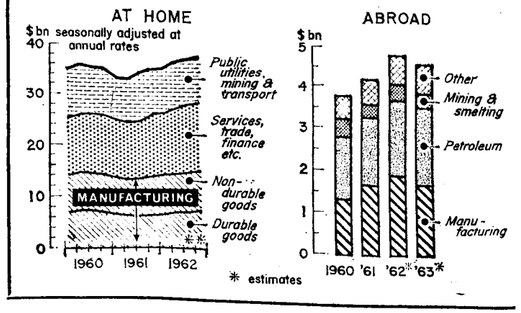
Perhaps in all the circumstances the President had reason to be satisfied. To win his majority of 59-24 Senator Kerr of Oklahoma, the Democrat who piloted the Bill through the Senate, had to beat down the opposition of a curious coalition between liberal Democrats and the usual combination of Republicans and conservative Democrats, led by Senator Byrd of Virginia. Both groups argued that the tax credit provided an unnecessary windfall for businessmen. Mr Byrd and his friends objected to the deficit in the Budget which would result from this loss of an estimated $1.2 billion in revenue. The liberals wanted to make this good, as the Administration had originally planned to do, by restoring the 20 per cent withholding tax on income from dividends and interest which the House of Representatives had approved, but which the Senate replaced with a mere requirement that such income be reported. Estimates of the financial effects of the Bill vary, but all agree that the Senate version adds up to a substantial deficit, even though it does provide for increased taxation of savings and loan associations, mutual savings banks and co-operatives, for new taxes on certain foreign earnings and for the tightening up of deductions for business expenses.

Few of these go as far, however, as the Treasury had urged or as the House had approved. Nevertheless, the Administration offered its liberal supporters in the Senate no encouragement in their efforts to strengthen these provisions. It does not intend apparently to insist that the important withholding clauses be restored to the compromise Bill which will be worked out by a conference between representatives of the House and the Senate. Mr Kennedy dare not risk losing the whole measure and with it the investment credit. One thing which he was not prepared to accept, however, was Senator Dirksen's amendment allowing self-employed persons to deduct from their tax base payments towards their retirement pensions. Senator Kerr removed this last-minute spanner from the works by promising to deal with the matter in a separate Bill. This passed the Senate next day but only in a modified form of the version which the House had already approved.

Capital Spending

The latest survey, made by the Department of Commerce in August, shows that American businessmen need a stimulus of the kind provided by the tax Bill if they are to increase their outlays for new plant and equipment in the United States at the rate which the lagging economy requires. The total amount of spending for this purpose planned for the rest of this year showed no change from earlier surveys made in February and May. While this is encouraging evidence that confidence in the economic outlook has not been shaken by the recent behaviour of the stock market, it is disappointing that plans have not yet been stepped up as a result of the tax concessions for new business investment announced by the Treasury in July.

The final tax Bill, unlike the original version, will have little if any effect on outlays by American businessmen for new plant and equipment abroad, but in fact this is probably about to fall off in any case. On a percentage basis capital investment overseas has been growing much faster in recent years than it has at home, although total spending is much less. A levelling-off in this hectic expansion appears to be coming next year, however, according to a recent survey of business intentions by the Department of Commerce. This shows an actual turndown in 1963 although the McGraw-Hill Department of Economics does not expect this until 1964. American businessmen seem to be consolidating their foreign operations, partly because these are no longer the bargain they once were now that wages are going up, especially in Europe, partly because there is a feeling that the Administration will probably succeed eventually in its aim of stiffening taxation on investment abroad.



Farmers on Strike

FROM A CORRESPONDENT IN IOWA

SINCE September 1st members of the National Farmers Organisation have been withholding their cattle, hogs, sheep, maize and soya beans from market in the hope of forcing food processors to bargain with the organisation for higher, stable prices in the same way as they bargain with trade unions over wages; some processors have had guaranteed contracts of this kind with individual farmers for some years. The decision to start this "all-out holding action" was made a few days earlier at an unprecedentedly large meeting of 20,000 farmers and their wives in Des Moines, Iowa. Mr Oren Lee Staley, the 39-year-old Missouri farmer who is national president of the organisation, told the meeting not to expect results for at least two weeks since it would take that amount of time to exhaust processors' reserves and winnow the withholding farmers down to those determined to make a real test.

The National Farmers Organisation has been working up to this test ever since it was founded in southern Iowa in 1955. Farm strikes were discussed at several early meetings with an organiser from the packinghouse workers' trade union. Memories of how farm "holidays" had failed in the depressed nineteen-thirties caused this strategy to be laid aside for a time in favour of petitioning Washington for high support prices for livestock. Congress has wrangled interminably ever since about agricultural subsidies but has never come close to giving the organisation what it wants. In 1958 it began a new approach, asking farmers to sign agreements designating the NFO as their bargaining agent with the processors. Other farm groups have had some success with such an approach when dealing with fruits and vegetables where the supply is concentrated and with high-quality livestock, but the NFO got nowhere. To back up this bargaining, during the past three years it tried brief, partial 'holding actions" to test its strength, with inconclusive results.

In the first days of the 1962 holding action, smaller quantities of livestock were put on the market than a week or a year before, prices went up, both at the wholesale level and in at least some retail shops, and processors began to lay off workers. There were a number of complaints of violence: stones were thrown at the windscreens of farm lorries bound for market; shots were fired at tyres; NFO men crowded the aisles of livestock auction barns, making bids on the stock themselves and shouting down the bids of others. To begin with, the strike was certainly more effective than expected. But the question is whether, now that prices are up, farmers will continue to keep their produce off the market until the organisation gets its long-term contracts.

THE NFO's tactics seem unlikely to work unless they bring the organisation wider public support than it has at present. Outsiders are mostly hostile and the NFO has not divulged the number of its members since 1958 when it claimed 43,000 (15,000 of them in Iowa, where the NFO was then torn by factional strife). There are thought to be many more now and the NFO claims to be the fourth largest farm organisation in the country after the Farm Bureau with 1.6 million families, the National Grange with 800,000 members and the National Farmers Union with 750,000. The NFO also claims that its members control 25 to 30 per cent of agricultural production; few outsiders believe this. And even if the NFO should succeed in cutting market receipts drastically for some weeks and forcing prices up sharply, the effects are unlikely to be lasting; if they are, non-members will probably reap the benefits too.

But it would be a mistake not to take seriously the zeal and indignation of these farmers. The NFO now includes many large operators and good managers, not just marginal farmers who are in danger of being squeezed out by costs which mount faster than receipts even with bountiful crops and admirable efficiency. And the NFO has just got results from threatening reprisals against the Sears Roebuck Company, the Ford Motor Company and the Standard Oil Company, all large suppliers of farmers' requirements, whose executives had signed the recent report of the private Committee for Economic Development; this recommended lowering agricultural price supports to zero within a few years and taking steps to help another 2,000,000 farmers to move off the land, a proposal which aroused the indignation of the NFO. The Ford Company has now announced that it does not support the report and that its vice-president was acting solely as an individual when he signed it.

The NFO movement contains many skilled organisers; in 1958 it had 45 full-time field men signing bargaining agreements with farmers and in 1959 250 "farmer-reporters" in livestock markets and sales barns were observing the effect of its first small holding action. In the village of Cascade, Iowa, this summer it sent three local teams of farmers down Main Street, asking for contributions to pay for an advertisement to go in the village weekly, headed: "You Bet! We're mighty proud of NFO . . . Here's what Cascade merchants say about NFO . . ." Many of these merchants were unhappy when they saw the statement in print or when anti-NFO customers blamed them for the fulsome praise.

Members of the organisation feel that the normal market mechanisms have failed to assure them of survival as farmers and that, whichever party is in power, both Congress and the Administration have let them down. They see no way out except high-pressure tactics like those of trade unions and oligopolistic business enterprises which manage to set their own prices. Whatever they may think of the NFO's policies Democrats are hoping to channel some of the members' dissatisfaction and some of their organising ability into political channels during this autumn's elections.

Trade in Cotton Wool

WITH the tax Bill out of the way the Senate Finance Committee has returned to work on the trade expansion Bill, which would enable tariffs to be reduced, and there is a danger that the same sad story may be repeated. Once again the House of Representatives has given the President practically everything he wants and once again the Senate looks like wrecking much of the Bill. Delay has allowed the protectionists time to get their second wind and they have been emboldened by the concessions with which Mr Kennedy bought them—or some of them—off earlier. As he was warned that they would, they are now asking for more and there have been hints that they will get it from Senator Kerr, who is managing this Bill too and who is himself linked closely with the protectionist oil interests.

"Just One More—"

Another important protectionist group which President Kennedy tried to appease

earlier was the textile industry and the delay on the Bill has also meant that his efforts to save these manufacturers from foreign competition have come unstuck. This scheme included an appeal to the Tariff Commission for a ruling that the farm programme was being disrupted by cheap cotton textiles coming from abroad and that an import fee of 8½ cents a pound should be put on these in addition to the present duty of 14 cents a pound. This fee was to offset the difference between the price at which manufacturers abroad can buy raw American cotton and that which American manufacturers have to pay because the domestic price is supported at a level far higher than that of the world market. The government subsidises the export of its surplus stocks of cotton and 700,000 bales are said to be coming back this year as imported fabrics. But the Tariff Commission, very sensibly but rather surprisingly, considering its usual protectionist attitude, has now refused to help the American textile industry in this way.

President Kennedy rushed to denounce the "burden" which the inequity of the two-price system imposes on cotton manufacturers and promised to ask Congress to do something about it at the next session. Presumably he hopes that this will keep the Senate from adding the import fee to the trade expansion Bill. But if it does add it, another part of the President's textile scheme may come unstuck. For exporting countries such as Japan might then refuse to ratify the international pact under which the United States sets quotas for imports of various types of cotton goods from various countries; frequent use has been made of these powers recently to curb imports. One importer is now challenging the Administration's authority to do this in the courts and others are fighting the suggestion that a similar pact should be negotiated for wool textiles.

Republican Free-for-all

WITH ten states holding primary elections this week the season was drawing to a close for these contests in which the parties choose their candidates for November's general election. But in New Hampshire, the state which attracted most attention this week, the contest was really for control of the Republican party machine. This had been left without a head by the death of Senator Styles Bridges last November and this summer's fighting to fill the vacancy has been so bitter and disruptive—Tuesday's voting did not settle the matter—that the Democrats hope for some success in what has until now been the most solidly Republican state in the country.

The trouble began when Governor Powell, who owed his political career to Mr Bridges, refused to appoint the Senator's widow to fill the temporary vacancy in Washington. This alienated the influential publisher of the state's leading newspaper, the *Manchester Union-Leader*, and many of Mr Bridges's other sympathisers. Mr Powell added insult to injury by choosing a young *protégé* of his own, a Mr Murphy from a Roman Catholic, Democratic family. No one would have minded if Mr Powell had taken the Senate seat for himself but he had his eye on another place in Washington—the White House. He is the only Republican who has admitted to being a candidate for the Presidency in 1964—but now he is one Republican who will certainly not be chosen. Anxious to prove his superiority and his vote-getting ability, he ran for an unprecedented third term as Governor but, with a recent heart attack as an excuse, he refused to demean himself by campaigning for the Republican nomination. His record in office was not above criticism and as a result of this, of his dictatorial approach and of the way in which he had alienated many of his old supporters, he was roundly defeated on Tuesday by an attractive member of the State Legislature, Mr John Pillsbury.

Mr Pillsbury is nearly, if not quite, as conservative a Republican as Mr Powell but the Senate nomination has been won by a middle-of-the-road Republican and this in New Hampshire is the equivalent of being left-wing. There were four candidates but the battle was between Mrs Bridges, as reactionary as her late husband, and Representative Bass, who won by a narrow margin. He had to give up his seat in the United States Congress to run and so did another of the senatorial candidates—the fourth was Senator Murphy—so that the Republican nominations for both New Hampshire's seats in the House of Representatives in Washington were at stake on Tuesday. There were eleven candidates for these two vacancies, nearly all of them extremely right-wing, and it looks as if correspondents who are suggesting that the Republican party in New Hampshire is moving away from its traditional conservatism may be guilty of wishful thinking.

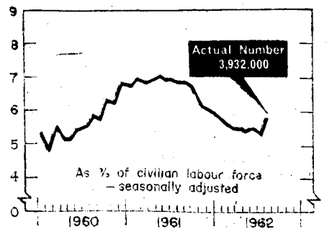
Economy on a See-Saw

AMERICANS came back to work after Labour Day, supposedly followed by an upturn in business activity, to find the economy on a see-saw. This at least is the inconclusive conclusion to be drawn from the latest movements of key economic indicators. Exerting mild upward pressure are personal incomes and corporate profits. The former rose by $1 billion in August, to an annual rate of some $443 billion, while earnings of corporations in the second quarter were slightly higher than in the first. This was a surprise—they were expected to be lower—and so pleased the Secretary of Commerce that he released the total figure of some $50.9 billion at annual rates without waiting for the usual supporting details to be ready.

But swinging lower are certain other indicators of no less significant weight. In August, retail sales were down and unemployment up—in terms of the metaphor a depressing phenomenon. The slight decline in retail trade to a seasonally adjusted rate of some $19.6 billion was caused by a falling off in sales of durable goods—those of non-durable goods were higher—as the demand for new cars dropped below the improved July level; even so this August was one of the best for Detroit in several years. Factory layoffs there for the change-over to new models, and other special features, contributed to a contra-seasonal rise last month in the proportion of the labour force which was out of work. Therefore this is not considered serious; it is of more concern that in August the average working week in factories declined for the fourth month in a row, to 40.2 hours. Employment rose, also contra-seasonally, to an all-time high of 69,800,000—a seeming paradox explained by the fact that the number of jobs is growing, but not as fast as the labour force.

In spite of these contradictory trends, the mild upturn is still expected to continue. To help it on its way, Congress has just authorised an emergency public works programme to promote large scale federal spending on public buildings, hospitals, streets, sewers, in parts of the country where unemployment is chronic. This is an echo of the President's programme of last spring when Mr Kennedy asked for $600 million immediately for public works and stand-by power to spend another $2 billion if a recession seemed imminent. Congress has refused him the stand-by authority but has voted up to $900 million, which is probably more than its Appropriations Committees will actually sanction.

UNEMPLOYMENT



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Connecting with Addicts

FROM A CORRESPONDENT IN NEW YORK

A WHITE HOUSE conference is to be held later this month on one of the most stubborn, complex and far-reaching social problems in the United States today: that of drug addiction. The exact number of victims is not known. It is generally put at about 60,000, but in California a recent report estimated the number of addicts in that state alone at 20,000 and a report to Mayor Wagner has stated that there are probably 90,000 in New York City. Even the conservative figure of 60,000 is large enough to give the United States the highest rate in the western world.

Drug addiction is responsible for a tremendous amount of petty crime. A capsule of heroin bought on the black market costs about $2 compared with about 2 cents if it is obtained legally for medical purposes. Addicts usually begin by spending $4-$5 a day on drugs. Gradually but inevitably they must increase the dosage to obtain euphoria until they are spending $50, $60, $75 or even $100 a day. In New York City about one-half of all crimes against property are committed to get money for drugs.

In America, unlike Great Britain, addiction to drugs is directly linked with deep-seated social ills and is rife among the economically deprived groups in the big city slums—racial and religious minorities and recent immigrants. Moreover, to an extent not commonly realised, the narcotics trade in the United States is controlled by the criminal underworld. It centres in New York City's East Harlem. There every major importer congregates to pick up the drugs brought in from the docks. These are hidden for a while, then shipped out to "retailers" or pushers, most of whom are addicts themselves. From there the "connection" is made with the addict, in one of the more sleazy chemists' shops, in a deserted park or an amusement arcade.

Illegal imports of drugs are controlled rigidly by a syndicate. These top men, and their lieutenants, reap most of the industry's profits, which are estimated at $180-$350 million a year. (Ironically, whenever there is a big drive against trafficking in drugs, profits shoot up even further while the "junk" is diluted even more than usual.) Members of the syndicate are extraordinarily hard to convict, because they never come near the drugs. Most of them are thought to belong to a Sicilian dynasty whose code of family loyalty effectively prohibits "squealing" on one another. The authorities feel, however, that they are getting closer to the top.

Some experts want to eliminate the criminal element by making it legal, as it is in Britain, for doctors to supply addicts with the drugs which they need. But the federal government believes that this step might reduce crime only at the price of increasing addiction. Instead the government and many states have steadily raised the penalties both on traffickers and on those found in possession of drugs. In 1955 the Narcotics Control Act raised the minimum sentence for "receiving, concealing, buying or selling" drugs to 5-10 years and the maximum penalty for selling drugs to minors became death. In 1956 the Boggs-Daniel Act eliminated probation, suspended sentences and paroles for drug pedlars.

The federal government has rejected emphatically the idea of clinics to treat addicts, as has the American Medical Association. Instead both advocate putting addicts in hospital where their access to drugs can be regulated completely. Unfortunately, there are only two such federal institutions, one in Lexington, Kentucky, and the other at Fort Worth, Texas, with a combined capacity of only 1,450 patients. Often the waiting lists are so long that addicts desperately seeking treatment are forced to steal to get drugs and land in prison instead. In New York City, which has almost half the cases in the country, the situation is proportionately even more acute. The total facilities available to adults for humane withdrawal from drugs amount to 165 hospital beds. For addicts under 21 there is an additional hospital with 181 beds. The rate of relapse among those leaving all hospitals is more than 95 per cent.

THE champions of clinics for addicts cite this recidivism as proof of the utter bankruptcy of confining treatment to hospitals. Others, who are more moderate, argue that both hospitals and clinics are needed. Diagnosis, study and withdrawal of the addict from drugs would take place in hospital. Then the clinic, to be set up first on a strictly limited and experimental basis, would help the patient to deal with his personal and family problems, give him guidance on how to find and keep a job and assist in overcoming his educational shortcomings. The confirmed addict would be supplied with sufficient drugs for his needs so that he would not have to patronise the illicit pedlar.

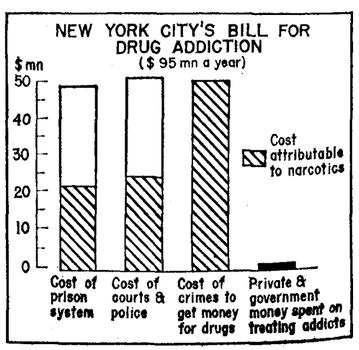
Exactly how clinics would deal with the problem of increasing tolerance and how they would prevent the addict from supplementing his legal dose is not clear. But the experiment might be worth trying, not only because it would help to determine how effective rehabilitation can be outside the walls of an institution, but also because it would go far toward answering the basic question of whether clinics could eliminate the illicit traffic and reduce drug addiction. It would also prove whether or not a confirmed addict, when provided with the drugs he needed, could live a relatively normal and productive life. Several states, notably New York and California, are doing pioneer work in rehabilitating addicts.

One result of the poverty of government facilities has been the emergence of voluntary agencies on the community level. In New York, in both East Harlem and Greenwich Village, clergymen, psychologists, social workers and ordinary citizens have set up informal centres which are often the one place to which the addict, at odds with his family and society, can turn for help. Over a friendly cup of coffee he can discuss his problems and receive guidance.

These centres also serve as the "half-way houses" so desperately needed by the addict newly released from hospital who often has no money, no job, no home and only his old drugged cronies as friends. Furthermore, amid the dearth of research on narcotics, at least one centre is keeping careful records which should prove invaluable. In addition, the Salvation Army's Narcotics Anonymous, following the same quasi-religious approach as Alcoholics Anonymous, is doing a remarkable job in bringing together former addicts and those presently "hooked" so that the one may help the other. Of all the traditional welfare agencies, only the YMCA, YWCA and the Salvation Army have given house-room to the addict.

In spite of the wide range of opinion on drug addiction, there is growing unanimity on several points. Perhaps most important is the agreement on the need for more facilities for treatment. Most authorities also feel that there must be more research into all phases of addiction, including the effect of the present laws. For example, the Supreme Court has taken the position that the legality of doctors' relationships to addicts must be determined case by case, presumably through a trial. This makes doctors unwilling to treat such sufferers. Finally, many experts feel that there should be some kind of campaign to educate the public on the nature of narcotic addiction.

There are other promising signs. New York State has just passed enlightened legislation which permits the addict to choose treatment instead of a prison sentence; if his treatment is successful the charges of illegal possession are dropped. Mr Henry Giordano, the new Commissioner of the federal Bureau of Narcotics, has a less rigid approach than his predecessor, Mr Anslinger. Finally, the White House conference will provide a meeting-ground for the differing viewpoints and, it is to be hoped, a catalyst for government action.



The High Cost of Dying

FROM A SPECIAL CORRESPONDENT

EACH year 1,600,000 Americans die and about $1,500 million is spent on burying them. Simple division suggests that the average cost of a funeral is $940 and other estimates bear this out, although obviously many funerals are much less expensive and some cost a great deal more. In the last decade the average charge for a burial has gone up by over 40 per cent, while living costs have risen by only 15 per cent. By any standard the present cost of a funeral is high, even when it includes such extra charges as clothing, flowers, additional cars, grave-digging, newspaper notices and the clergyman's fee, and by most standards it is excessive. For the price of an average funeral in the United States it is possible to buy a television set, a washing machine, a clothes dryer, a dishwasher and a refrigerator.

Contrary to the teachings of economic theory the number of funeral directors (the title "undertaker" is abjured passionately) has increased as steadily as have the prices charged. The latest official total for the country is 20,767. The explanation is that the market is inelastic and fixed while the social customs attaching to death prevent price competition. The Funeral Directors' Association denies that higher volume would reduce costs; it maintains that expenses at funeral homes increase with volume and that more business does not lower costs except in establishments with very few funerals.

One reason why costs have risen so rapidly is the widespread habit of embalming, a process not commonly used outside of the United States and Canada; it is not required by law in any of the fifty states except when the body must travel a considerable distance before being buried. Embalming has led to other American funeral practices, such as cosmetology, a process designed to give the corpse a life-like appearance by means of various make-up

The works—at $1,200

techniques. From cosmetology came the custom of "viewing the remains" and this in turn required an expensive plush casket so that everyone could pay their respects with due admiration. After that a concrete vault became standard housing for the fine coffin. All of this was a "shot in the arm" for the industry and it looks down contemptuously on the simple, inexpensive funerals common in many other countries.

Acceptance of such costly procedures was accelerated by the fear of social disapproval and there were other reasons why prices became inflated. Industrial insurance was introduced to help the low income groups who suffer most from the high cost of being buried. Part of these benefits was to pay for the deceased's funeral and part to give financial assistance to the widow and children. Very often, however, the full value of the insurance has become the exact cost of the funeral. In 1947 there was a coal mine disaster in Centralia, Illinois—111 miners were killed—and some funeral directors charged the grief-stricken widows as much as $1,178.50 for burial services. This incident shocked the public into action and a Senate Investigating Committee was amazed to learn from the head of the largest undertaking concern in the Washington area that he could embalm an elephant for $1.50.

Attempts have been made with some success by church groups, trade unions and consumer co-operatives to secure a reasonably-priced funeral on an organised basis. In California the East Bay Area Funeral Society reduced burial costs 70 per cent by bargaining collectively with three local morticians. The oldest such organisation is the People's Memorial Association in Seattle, organised in 1939; it now has a membership of more than 7,000 families in Seattle and seventy-eight nearby communities. Similar societies exist in about fifteen American and Canadian cities. When a member joins he chooses a funeral from the many available types; it has a set price and the member pays for it on the instalment plan. In Chicago the average cost of a member's funeral has been about a quarter of the average for all funerals in the area.

Direct control of the funeral industry itself as a means of checking costs has proved almost impossible. The licensing of undertakers and embalmers is done by the individual states and thus restrictions vary widely, in an inverse relationship to the power of the funeral industry's lobby in that state. The industry naturally looks down on cremation; in the whole of the United States there are only 200 crematoria and it usually costs as much as 80 cents a mile to take a body to one. But the co-operative associations usually recommend it and they are growing in size and importance as the American citizen seeks a less expensive way of taking his leave of this earth—even though one mortician is reported to have condemned such societies as "alien to the American way of life."

SHORTER NOTES

The potentiality of the Food-for-Peace programme to win goodwill for America abroad is underlined in the latest semi-annual report on this project from the White House. This shows that some 35 million children in 86 countries are now getting school luncheons under the programme, an increase of ten million, or more than one-third, compared with a year ago. In addition, 14 countries are using commodities provided through this channel to help to pay workers who are building roads, schools, or hospitals and four countries are receiving grain to expand their production of poultry and livestock.

* * *

This month Mr John Henry Faulk is returning to the Columbia Broadcasting System for a series of guest appearances after five years off the air. He is the New York radio and television performer who was recently awarded $3,500,000 for damages from libel—believed to be the largest such compensation in legal history—because his career had declined after he had been labelled pro-communist. The defendants were the publication, *Aware, Inc.*, Mr Vincent Hartnett, one of its vice-presidents, and the late Mr Laurence Johnson, a supermarket owner from Syracuse, New York, who died the day before the jury reached its verdict. The New York State Supreme Court has since upheld the award, declaring that, even were it uncollectable, its magnitude would deter others from similar offences. In 1955 *Aware* accused Mr Faulk of having entertained at "communist front" events. Mr Johnson was said to have distributed the bulletin to advertisers and to have ordered his supermarkets to bar any products sponsored on Mr Faulk's shows.

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THE BUSINESS WORLD

Air Fares Going Up

FROM OUR SPECIAL CORRESPONDENT IN DUBLIN

THE world's major airlines have just ended the most critical meeting in the history of the International Air Transport Association in a mood as grey and chill as the Dublin weather. They arrived to a clear warning from this year's president, the general manager of Aer Lingus, that unless the worldwide wave of under-the-counter fare cutting was stopped, IATA might cease to exist and "I may not be talking to you at all next year." They broke up with a feeling that fare increases were inevitable and unavoidable—perhaps up to 15 per cent across world routes as a whole, but as much as 20 to 25 per cent on certain routes. The business of arguing these increases in detail starts in Arizona later this month—against the predictable last-ditch opposition of lines such as Pan American.

Is this the way to fill empty seats? Is it the way to encourage more people to fly, when many previous newcomers to the air have been enjoying discounts of up to 30 per cent on the face value of their tickets? The permanent officials of IATA would probably say it is not. For the second year running, Sir William Hildred, the director-general, reminded airlines that the way to stimulate traffic was by low, low fares. But after the worst financial results on record, entailing a probable total loss of £50 million, airlines are in no mood to take the long view. They are less worried, if one can use such a phrase, by their empty seats than by their empty exchequers. Something, they feel, must be done to increase revenues—and done quickly. The only sure means they can think of is to raise fares. Airlines do not need their critics to remind them that while the phenomenal growth in air traffic since the war has been based on judiciously timed fare cuts at intervals of three to five years, the industry's own abysmal ignorance of its market means that the outcome of any cut in fares is wholly unpredictable. A cut will certainly increase traffic, but will this be big enough to offset the loss in revenue per passenger carried? No one knows, and in their present plight, the airlines are in no mood to take chances.

The mess in which they find themselves is not so very new. Airlines have been accused of buying too many jets as if managements blithely shopped around for aircraft at £3 million apiece without giving the matter a little careful thought beforehand. Aviation is possibly the worst managed of modern industries but it is still not as badly managed as that. But it is suffering from the rapid pace of development in aircraft design. Aircraft costs go down as size goes up and the huge power of the jet's engine has made it possible for manufacturers virtually to double the number of seats in a single machine, with dramatic results. But an indirect consequence is that many a medium-sized airline wanting to maintain, say, a minimum service of one flight a day across the north Atlantic, finds itself obliged to buy a great many more seats than it really needs. Where by happy chance the capacity of the jets happens more or less to match their traffic, the airlines do very well indeed, as the north Atlantic experience of even such small operators as Aer Lingus and El Al will testify. But in far too many cases, airlines find themselves with equipment much too big for them, and this begins to create a pool of surplus capacity that hits not only them but every other airline on the same route.

The cold truth is that many airlines are too small, and will always be too small for the big jet business. The trend was at work long before the jets came, but by doubling the size and cost of equipment overnight, the jets have rocked aviation to its foundations. If the next generation of jet airliners are supersonic, as they well might be, only the biggest airlines will be able to buy them. Hence the long and anguished debates that have taken place in Dublin this week about the economics of supersonic jets—although the delegates were perfectly aware that you cannot really discuss the non-existent economics of a non-existent aircraft.

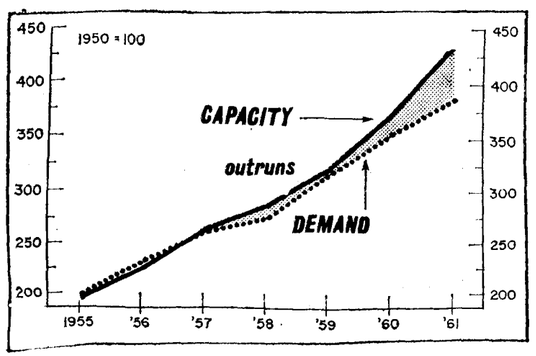
IN his report on the state of aviation, Sir William Hildred tried to re-assure the airlines that the worst was over, but they were in no mood to listen to him. He pointed out that most of the jets on order will have been delivered by the end of this year, so that the number of seats will remain more or less fixed until the next big round of re-equipment. He explained, with considerable eloquence and an impressive array of statistical evidence, that the industry was in nothing like so bad a state as it thought it was. He pointed out that where losses had been made, and where traffic growth had slowed down, was in the domestic traffic and not in international traffic. International traffic was actually growing at close to the ordinary (or extraordinary) rate of 15 per cent a year which has been the average since the war. This means that the brunt of the losses was incurred inside the United States, and it is interesting in this context to note that in this country, British European Airways made a profit on its international services but a £2.7 million loss on its domestic routes, where it has been cutting fares to compete with British

Railways. Will Dr Beeching find one load lifted off his shoulders by sharp future rises in Britain's internal air fares ?

If Sir William thought by this to allay the panic that seems to have gripped some of the big international airlines, he was mistaken. During the past two years, but especially during this last summer, one international airline after another appears to have decided that any revenue, however small, is better than an empty seat. Something amounting to a Dutch auction in air tickets appears to have developed. When governments agree to the establishment of air services between their two countries, it is invariably on the written understanding that both airlines will charge fares agreed by IATA. A scale of penalties, with a maximum fine of $25,000, is laid down for any infringements detected by IATA, and price maintenance had in general been the rule in the air, with the exception of one or two regions where the tradition of bargaining is strong, such as the Middle East and South America. But under the pressure of empty seats and multi-million pound deficits, discipline among the airlines has begun to slip.

AIRCRAFT are flying on average half-empty, but no-one can guess how many of the passengers who occupy the remaining half of the seats have paid the normal fare. The average rate of discount appears to range between 20 and 30 per cent, but there are reports of passengers who fly to New York for the normal one-way fare, plus 10 dollars for the return leg of the trip, of passengers who appear in the returns as children qualifying for half-price tickets. The situation is exacerbated by jockeying for position among the potential member-airlines of Air Union in Europe. If and when Air Union comes into being, the share of the traffic allocated to each member will be decided by its past performance. Some European airlines are therefore sweeping the highways and by-ways for passengers whom they are prepared to carry at almost any price in order to increase their totals in this, the base year for Air Union calculations. (The ordinary innocent aloft may wish he ever felt the swish of their competitive brooms, but there are quite a number of cool customers who know how little they can fly away for.)

Fare-cutting does not appear to have hit London to the same extent as New York and the chairman of British Overseas Airways Corporation, who may find himself in the embarrassing position next month of announcing a loss of nearer £20 million than £15 million, electrified one of the preliminary meetings by producing evidence of cut-price tickets bought by his agents on other airlines. (One airline that expected to be accused by Sir Matthew Slattery, but was not, is said to have had a similar collection of cut-price tickets on BOAC in its delegate's pocket.) Sir Matthew, and his stable companion Lord Douglas, had the meeting's general support only because airlines find that the process of fare-cutting has gone so far that they are laying themselves open to blackmail by passengers and travel agents, and what was begun as a lure to the marginal traveller is in some danger of becoming the standard fare. They are also alert to the Aer Lingus warning that IATA would cease to exist if its main function, the fixing and policing of fares, fell any further into disrepute. They all know that the alternative to IATA is fare fixing by Government negotiation, which would remove from the airlines the control of their own destinies.



But might not the airlines in fact reduce fares by 20 per cent or more, a move that would certainly cut the ground from beneath the discounters ? Some airlines argue that this could and should be done, particularly if it were accompanied by a ban on charter flying which is tapping off an ever-increasing volume of traffic at fares between 50 and 70 per cent of normal. On purely statistical grounds, one would think that a fare cut on long-range jet services was certainly possible, for the big jets start to show profits on loads between 50 and 55 per cent at present fares. Efficient airlines could almost certainly show a profit on fares well below today's levels, provided that their loads could be relied on to improve sufficiently under the stimulus of cheaper tickets. But these are a regrettably small minority, as last year's financial results for the aviation business show. In spite of a world loss of £50 million before allowing for interest, some airlines broke even and a few actually made profits. Bearing in mind what Sir William Hildred said about the state of international, as opposed to domestic, air traffic, rather more should have made a profit than actually did so.

The key to the airlines' bad performance lies in the structure of the aviation business. Perhaps only 20 per cent of an airline's costs are under its own full control. Its product is sold at a fixed price which is agreed in advance for two years at a time (admittedly by the airlines' own cartel). The cost of aircraft, the rate of amortisation, the cost of fuel, and landing fees are beyond most individual lines' power to influence ; and wages, which account for as much as half the total running costs, are set largely by very powerful craft unions. Rates of interest, which are playing a steadily increasing role in airline costs, are beyond the management's day-to-day control, although some succeed in financing new purchases much more cheaply than others. The most that the airline can try to control is the size of its staffs and the cost of administration. Here, European airlines tend on average to carry conspicuously more fat than American airlines.

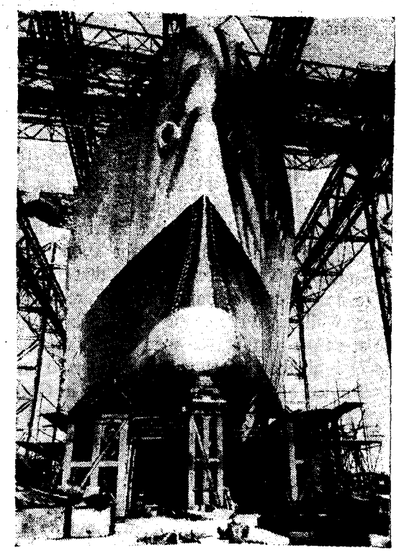
LORD BRABAZON was loudly cheered by the meeting for the most cuttingly unkind and insulting speech made to the airline industry for years—just because he is Lord Brabazon and it amuses the airlines to treat him as a father figure. The same words from a younger and less honoured speaker might have penetrated further beneath the skin, particularly the acid comment that among airlines, " few give the impression of living in the red." Lord Brabazon's tilt at palatial airline offices in expensive sites was followed up by members of the IATA secretariat who attacked the grandiose airports with their gilded knobs and marble staircases which airlines demanded of governments and for which they now object to paying. Carrying the argument nearer home, why does it take nearly three Englishmen to do the work of one American executive or one American pilot ? No one has suggested that American air crews are over-worked.

Unless air passengers are resigned to fares going up rather than down, they should rise now in a body and demand two things. One is an overhaul of airline management and the other an overhaul of the fares structure. Airlines that consistently make a loss are abominably run and there is no reason why the taxpayer here or in any other country should be expected to tolerate this. On rates, Sir William Hildred himself asked if fares for special groups were really the right way to get new travellers into the air. He could have said much more. Is it right, for example, to kill long distance first-class travel by charging twice the fare for 10 per cent more amenities ? Might not lower first-class fares bring in more revenue and offset at least in part any fare cuts at the other end of the scale ? Might not a little more market research and a little less striking of attitudes designed to impress other airlines teach operators something about their customers and their potential customers that they obviously do not know today ? One can only ask.

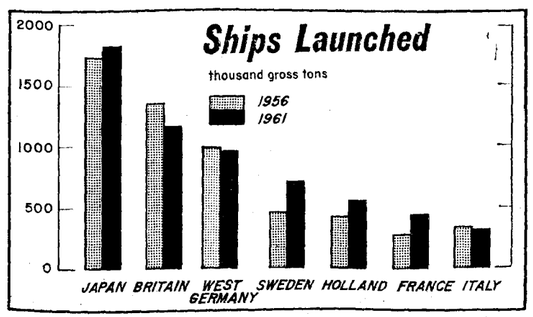
Shadows over German Shipyards

FROM A CORRESPONDENT IN DÜSSELDORF

HERR WILLY SCHLIEKER, the self-made magnate of the German steel trade, steel production and shipbuilding, seems for the moment to have disappeared from German business. In spite of all the efforts of well-meaning business circles in Hamburg and elsewhere, it has been impossible to find new investors willing to invest capital in his big insolvent shipyard. Official bankruptcy had to be declared ; the 3,500 men of his shipyard's labour force have begun to disperse ; construction has practically stopped (all material being requisitioned by his suppliers and creditors) and the neighbouring Blohm & Voss yard will finish the ships which Schlieker was building on American orders. Inevitably, the Schlieker case has revived uncertainties about the general situation of German shipbuilding industry. Was Schlieker only a special case ? Or is his plight a symptom of some underlying crisis awaiting the whole German shipbuilding industry ?



Complaints from German shipbuilders are not new. They began in 1961, when on top of a general slackening of the shipbuilding boom of the fifties came the revaluation of the D-Mark. The effects of this revaluation have been a topic of discussion in German industrial circles ever since, but there is no doubt that shipbuilding and shipping have been the great losers. These were the two branches of German industry in which international competition was sharpest, and their tenders were already based on very small profit margins.



Immediately after revaluation orders from abroad began to slacken, and most foreign customers refused to go on accepting the D-Mark as a basis for calculation. Then the Federal Government intervened and granted the shipbuilders a credit ceiling of DM 400 million (about £35 million) at a cheap interest rate of 5 per cent, 1½ per cent below the normal German rate. This was meant to enable them to accept export orders that were not financed in advance (as had been usual in former years) even if these were not directly profitable. More and more often, orders began to be accepted that were 10 to 20 per cent below the level of the shipyards' own costs. These were accepted to maintain stability of employment and to keep shipbuilders in business.

At the end of 1961, the financial state of the industry was, therefore, somewhat gloomy. Though the total turnover of the whole industry had risen from DM 2,593 million in 1960 to DM 2,705 million in 1961, turnover on ships built for export declined from DM 1,564 million in 1960 to DM 1,275 million in 1961, the lowest point since 1956. The number of ships built for export came down from 116 in 1960 to 101 in 1961 with a total tonnage of 705,000 tons gross, compared with 899,000 tons gross in 1960. Only higher orders on home

account staved off a major crisis. These rose from 93 ships in 1960 to 126 ships in 1961, and from 254,000 to 355,000 tons gross respectively. But the situation was further aggravated at the beginning of this year when wages rose by about 6 per cent and the working week came down to 42½ hours, effectively increasing wages still further. The result was an increase in the wage charges in German yards of 10½ per cent, while in competing countries wages rose mostly in the order of only 3 to 5 per cent.

From the beginning of this year, German orders began to slacken, because depressed freight-rates and the tighter financial situation prevented many shipping companies from replacing or renewing their fleets. In the period from May 1, 1961, to April 30, 1962, new orders were little more than half the rate of deliveries. It was natural that under these circumstances this shipbuilding industry should compare these conditions with the conditions it believes exist abroad; what shipbuilder anywhere does not? German shipbuilders complain that many of their competitors are subsidised in some form or other, directly or indirectly, by their governments.

Though the Rome treaty requires that shipbuilding subsidies be gradually abolished, this principle has been ignored in practice. German shipbuilders argue that in Italy subsidies seem even to have been raised in the past year. In France they appeared in the budget for 1962 at the equivalent of £21 million. The Germans argue that this means that in Italy up to 27 per cent of building costs are borne by the government, while in France the average building subsidy works out at 23 per cent, and in special cases up to 35 per cent. On top of it all the French turnover-tax paid on export business is refunded to the shipbuilders, while in Germany, out of the 7-7½ per cent turnover-tax in the total costs of a new ship only 3 per cent is refunded. Outside the EEC, too, there are a good many indirect aids for shipbuilders. Japan, the world's biggest shipbuilding country, has no turnover-tax, and 80 per cent of the export profit or 5 per cent of export turnover can be deducted from company tax. In addition, the shipbuilding firms can convert 35 per cent of their annual profit tax-free into capital reserves. The Japanese Export-Import Bank gives credits to the shipbuilders at rates of 4-5 per cent, about half of normal interest rates there. Recently in Argentina, German tenders were 37.4 per cent higher than the Japanese. The United States, hampered by exceedingly high wage rates, gives subsidies to American firms placing orders in the American shipyards of up to 50 per cent of the building costs. Great Britain has no turnover-tax, to refund or not, and provides cheaper industrial credits than do the German financial institutions, while its shipowners get a bigger tax relief on investment than the rest of industry; from Hamburg, this looks as much like subsidy as some German practices often have looked from the Clyde. The Scandinavian countries, again, provide cheaper credits for their shipbuilders and generous income-tax allowances.

If one takes the year 1956 as 100, German tonnage launched in 1961 stood at 97 and Italian at 92, while French shipbuilding rose to 150; Britain's output index, on that basis, would be 86. However, if one compares the tonnage of ships under construction, Germany has (at July 1, 1962) maintained its third place with 936,000 tons gross, behind Japan with 1,491,000 tons and Great Britain with 1,292,000 tons. Close behind come Sweden with 773,000, France with 674,000, the Netherlands with 636,000, and Italy with 604,000. The United States has only 445,000 tons of ships building and Poland, the biggest shipbuilding country of the Eastern block, has 346,000 tons.

It is not so much their present circumstances that are worrying German shipbuilders as the general trend. In the years of a seemingly boundless shipping boom all the German yards expanded their capacity; now they are determined at all costs to maintain the national capacity intact. Competition not only in shipbuilding, but also on the shipping market itself, has become stiffer, and the bigger and faster ships are mostly the better placed in the race. This involves the necessity for re-equipment and further aggravates the financial position of shipbuilders in general. And German builders, having lost their room to manœuvre as a result of rising wage costs, and alarmed by the Schlieker failure, feel the pinch of the situation even more sharply than some yards elsewhere—though they naturally claim that Schlieker was a special case in many respects and is not the beginning of a general catastrophe.

BUSINESS NOTES

MAUDLING PLAN

Snub from Paris

Paris

POLITE indifference is all Mr Maudling can expect from the French delegation for the proposals he intends to present at the meeting of the International Monetary Fund next week. "All is for the best in the best of monetary worlds . . . or very nearly"—that will be the approximate position taken up by M. Giscard d'Estaing, France's minister of finance. The position is an inoffensive one only in appearance: the French intend to use it in order to bury quietly the proposals attributed to Mr Maudling for the creation of an eventual pool of reserves. In order to be quite sure of not having to reply in precise terms to British suggestions, the French minister of finance will take the floor on Wednesday before his English colleague—and will then return forthwith to Paris. He will leave in his place M. Calvet, deputy governor of the Bank of France, whose functions do not in any way authorise him to take a position in the name of the French government.

The French attitude is founded on two basic propositions. The first is that, contrary to Mr Maudling, official circles in Paris do not see any problem of international liquidity in the medium term, and perhaps not even in the long term. Secondly, they consider that if such a problem did nevertheless emerge, there would be plenty of time to find a solution. In the meantime, the agreement made last year at Vienna and sealed in Paris provides the means to meet difficulties if they present themselves: the equivalent of $6 billion could theoretically be put at the disposal of

the IMF by the ten signatories of the agreement. The French wish has been throughout that this eventuality will never come about. In this respect, the improvement in the balance of payments in the United States and in Britain has been viewed with much satisfaction in Paris.

Doubtless, French financial circles, through national pride, somewhat exaggerate the virtues of the agreement of last December, in the settlement of which M. Baumgartner (the previous minister of finance) took a prominent part. But in Paris the restrictive clauses placed on the calling up of the famous $6 billion are seen as having a constructive role, despite the criticisms: they offer some remedial virtues to the eventual borrowing governments, preventing them from succumbing to a monetary *laissez-aller*.

Besides displaying this rather hostile reserve, what will the French say in Washington? They will undoubtedly encourage the reference of Mr Maudling's proposals to the experts, for study by the IMF. It is also expected that M. Giscard d'Estaing will show himself favourable to the idea of increasing the resources of the International Development Association, but remain more discreet about the dates and the means that have his preference. Finally, it may be that on this subject the French minister of finance will revive the idea, thrown out in 1955 by one of his predecessors, of an aid plan in which the contributions by western countries would be proportional to their resources. The minimum percentage of one per cent of national income can be put forward the more easily by France since, as computed in Paris, its existing aid for under-developed countries already amounts to 2½ per cent of its national income.

What Support Elsewhere?

REACTIONS of other Continental countries to British proposals for wide ranging reforms are unlikely to be as sharply antagonistic as the French, but, as in Vienna last year, it will probably be on this complacent side of the fence that France's common market partners are likely to come down. Reports from Frankfurt suggest that the German delegation will have little sympathy with arguments predicated on a shortage of international liquidity, and will point rather to the recent lessening of the imbalance between Britain and America on the one hand and Continental Europe as an indication of the adequacy of the existing system. The Americans themselves seem likely to rest on the small piecemeal innovations they have been developing over the past year or so. Mr. Robert Roosa, under-secretary of the US Treasury, this week spoke of these co-operative arrangements as "the most comprehensive restructuring of international liquidity arrangements" since the IMF was founded, and referred to further impressive acts of co-operation yet to be revealed.

The improvement in the balance of payments between the main industrialised countries is also strongly stressed by Dr Per Jacobsson, managing director of the Fund, who has for some months been pointing to the "natural" forces making for equilibrium through a sharp relative upward movement in prices and costs on the Continent in relation to the United States—and is now sensibly advising the United States to be less edgy about its gold losses. But Dr Jacobsson is not given to complacency, and he may be expected to play his part in stirring up the conservative continentals. In an eve of conference address to the Advertising Club of Washington, Mr Jacobsson is reported to have said that deflation may have become as great a danger to the world as inflation was a few years ago; and specifically, that financial policies should now attempt to prevent declines in commodity prices "of a deflationary character." This, Dr Jacobsson intimated, would be one of the main themes of the meetings. The other will be this big question of easing the strains on the reserve currencies, in which Mr Maudling and Mr Roosa have evidently a much more active interest than the audience they are appealing to.

Meanwhile Mr Maudling sets off with a somewhat muffled supporting call from his own central bank. The September issue of the Bank of England *Quarterly Bulletin* notes the present economic contrast between the problem of under-employment in North America and the growing problem of rising costs in Europe. This contrast itself "suggests that the main payments disequilibrium is on the way to solution." At the same time, the Bank recognises that if Europe tries to attack its cost problem by restricting demand, this will make it more difficult for America to end its under-employment; and that the result may be "some approaching restraint upon the growth of world trade, at a peculiarly inopportune time for the United Kingdom." So what is the way out? The tortuous concluding sentence is a rather sorry reflection of the highest common factor of agreement between Threadneedle Street and Whitehall:

> It is the task of international economic co-operation, highly developed as it is, to minimise any adverse change in the growth of world trade; and if this task were made too difficult by doubts about the adequacy of exchange reserves and international credit facilities, it would be for international discussions to resolve them.

Would be—or is?

EXCHANGES

Two Strong Dollars

THE exchange markets have this year maintained their calm until the very eve of the IMF meeting. For a moment on Tuesday it looked as though last-minute nerves might be developing, as there was a sudden increase in demand for gold on the London market and the price rose to $35.13 an ounce. But this seems to have been attributable to a special order, for demand subsequently died down. On Wednesday indeed the dollar staged a notable advance against all currencies. It recovered to 4.3210 against the Swiss franc, rose back to parity against the mark, and nearly reached parity against sterling—the rate of 2.80\frac{1}{16}$, at which the Bank of England is believed to have provided some support, is the lowest rate for sterling for a year. The Bank of England now confirms that the inflow of private funds seems to have stopped "after May"; it shows that the fall in sterling balances of non-sterling countries in the second quarter was entirely attributable to official holdings, which were being drawn down largely for "ordinary trading transactions."

This week's further strengthening of the dollar was attributed in the London market to two main influences—Dr Jacobsson's speech telling the United States administration it could justifiably itself show more confidence in the dollar; and the passing by the House of Representatives of the bill allowing higher interest rates to be paid by banks in the United States on deposits of foreign official institutions—though still not of private holders. This bill must still pass the Senate.

The other strong currency of the moment is the Canadian dollar, which is being held down (at 92.86 US cents, just above the parity of 92½ cents) only by continuing purchases of US dollars by the Bank of Canada. In August these purchases added US $216 million to the reserves, bringing the total to $2,330 million, and the total increase since the June low point to $580 million, net of the large special credits. Canada has thus regained some three-fifths of the earlier drain of over $900 million from the beginning of the year; in fact the true movements of funds in both directions were larger still, being partly disguised by official operations in the forward market. The clear recovery of market confidence encouraged the Bank of Canada to allow a guarded reduction from 6 to 5½ per cent in its Bank rate at the end of last week; but, despite the heavy reflux of exchange, Canadian financial circles still believe that the government has made arrangements for a loan in New York, of perhaps $250 million, to repay part of the short term credits extended by the IMF, the Federal Reserve and the Bank of England. The rationale of such an operation is not easy to follow—and one wonders how it would be received by Mr Dillon.

OVERSEAS INVESTMENT

Quicker Returns

LAST July, Mr Lloyd added to the already great complexity of considerations that govern the size of remittances from profits earned overseas a call for consideration towards Britain's balance of payments. The overseas territories in which

these profits are earned have their own methods, formal and informal, of putting pressure on firms to reinvest a large part of these profits within their own borders. From figures for British subsidiaries operating overseas—excluding oil and insurance—published by the Board of Trade this week, it seems fairly clear that Mr Lloyd gained the ascendancy in the ensuing tug-of-war. Because of the economic setback in many areas, profits earned by these overseas subsidiaries declined by £6 million to £151 million. But dividends remitted to Britain increased by £5 million to £77 million, so that for the first time since a record of these transactions began to be compiled in 1958 the proportion of remittances exceeded 50 per cent of earnings.

The whole of the improvement in overseas earnings by subsidiaries of British companies since 1958 has been remitted in dividends. Unremitted earnings in 1961 were £74 million—precisely their level in 1958—while dividends to parent companies have expanded from £50 million to £77 million. Although it is impossible to generalise about the causes of this shift in the balance between earnings and remittances, profits have been getting harder to earn in most countries, prospects for primary producers have been dimmed by the fall in commodity prices and investment throughout the free world is not being pursued with the vigour of earlier years. Direct investment by British firms overseas, including retained profits, contracted sharply last year from £239 million to £168 million, mainly because of a fall of £57 million in investment in the overseas sterling area.

Remittances from profits of overseas subsidiaries operating in the United Kingdom show the same trend towards repatriation of a greater proportion of profits. The earnings of foreign subsidiaries in Britain fell marginally last year, but remittances increased sharply. The reduced liquidity of many parent companies caused by the squeeze on profits has presumably increased the incentive to remit. This year overseas earnings by British companies have improved, but the continued depression in industrial profits in Britain reduced profits and dividends earned by foreign companies.

REMITTANCES BY BRITISH SUBSIDIARIES OVERSEAS*

(£ mn.)

	1958	1959	1960	1961
Earnings	124	149	157	151
Dividends remitted	50	56	72	77
As percentage of profits	*40*	*38*	*46*	*51*
Unremitted earnings	74	93	85	74

REMITTANCES BY FOREIGN FIRMS FROM BRITAIN

	1958	1959	1960	1961
Earnings	85	125	125	122
Dividends remitted	41	49	58	82
As percentage of dividends	*48*	*39*	*46*	*67*
Unremitted earnings	44	76	67	40

* Excluding oil and insurance.

NEW FORD

The Cardinal Disrobed

NEWS of the Ford Cardinal has been leaking out over the months and years more extensively even than is now usual in this decade of sales strip-tease; now it is revealed, under the lay title of Taunus 12M, as an unusually original design for an American company—even if it is to be made in Germany. The main features had become familiar enough—a V-four engine driving the front wheels of a car slightly bigger and a good deal more powerful than the Volkswagen, but otherwise intended to share that car's appeal—with its price of £476 only £31 above that of the VW de luxe in Germany and £23 above the Opel Kadet. The engine is almost the same capacity—1,183 cc to 1,192—and it also has a low enough compression ratio to allow it to run on commercial grade petrol; but it develops 50 bhp compared with 40 bhp for the VW. As the extra body space of the 12M means 200 lbs more weight (1,863 lb), the gain in acceleration is slight; but Ford claims a maximum speed of 78 mph, six mph faster than the VW. Again like the VW, the 12M is so high geared that its top speed can also be its cruising speed.

The advantages that the 12M has over the VW are no more than one would expect from a new design intended to match the unique appeal of a 25-year old; but they also bring it into the market at which the new generation of bigger British and French small cars is aimed—the Morris 1100 and the awaited Ford equivalent (which is not related to the 12M); the Renault R8 and the Simca 1000; to say nothing of the Opel Kadet. In export markets the Cardinal will be a formidable competitor and yet another factor pushing the export prices of British cars down to unprofitable levels. Having originally intended that the car should be sold in the United States as well as Europe but that some parts should be made only in Europe, Ford has tooled up for production on a massive scale in its new factory at Cologne, with the most modern production techniques, and it can only be on the expectation that output will be higher than that of any British small car that Ford can have set its price competitive with that of the VW.

But it is not only by tooling for high output that Ford has kept down costs; the design of the 12M shows many marks of ingenious simplicity. No engine fan is fitted, for example; but an interior heater is a standard fitting, and its electric fan is brought into use—exhausting on to the road on such occasions, not over the feet of the passengers—if the engine should overheat. This simplification saves the power needed to drive a fan and the noise it produces. Where most cars now have their clutch operated hydraulically, the Taunus uses a cable in a plastic sleeve; and the flywheel housing forms part of the final drive unit. The springs are the simple leaf type, transverse for the independently sprung front wheels and half-elliptic with a rigid axle at the back. But weight saving has not been so rigorously followed as on some new models, perhaps because robustness was sought more than performance—and the designers may have thought that simplicity of line and structure would save more than attempts to reduce the amount of metal needed by employing complex structural forms. Now the Americans are in the European small car market, the 12M shows how hard the locals will have to try if they are to keep up—and locals include Volkswagen.

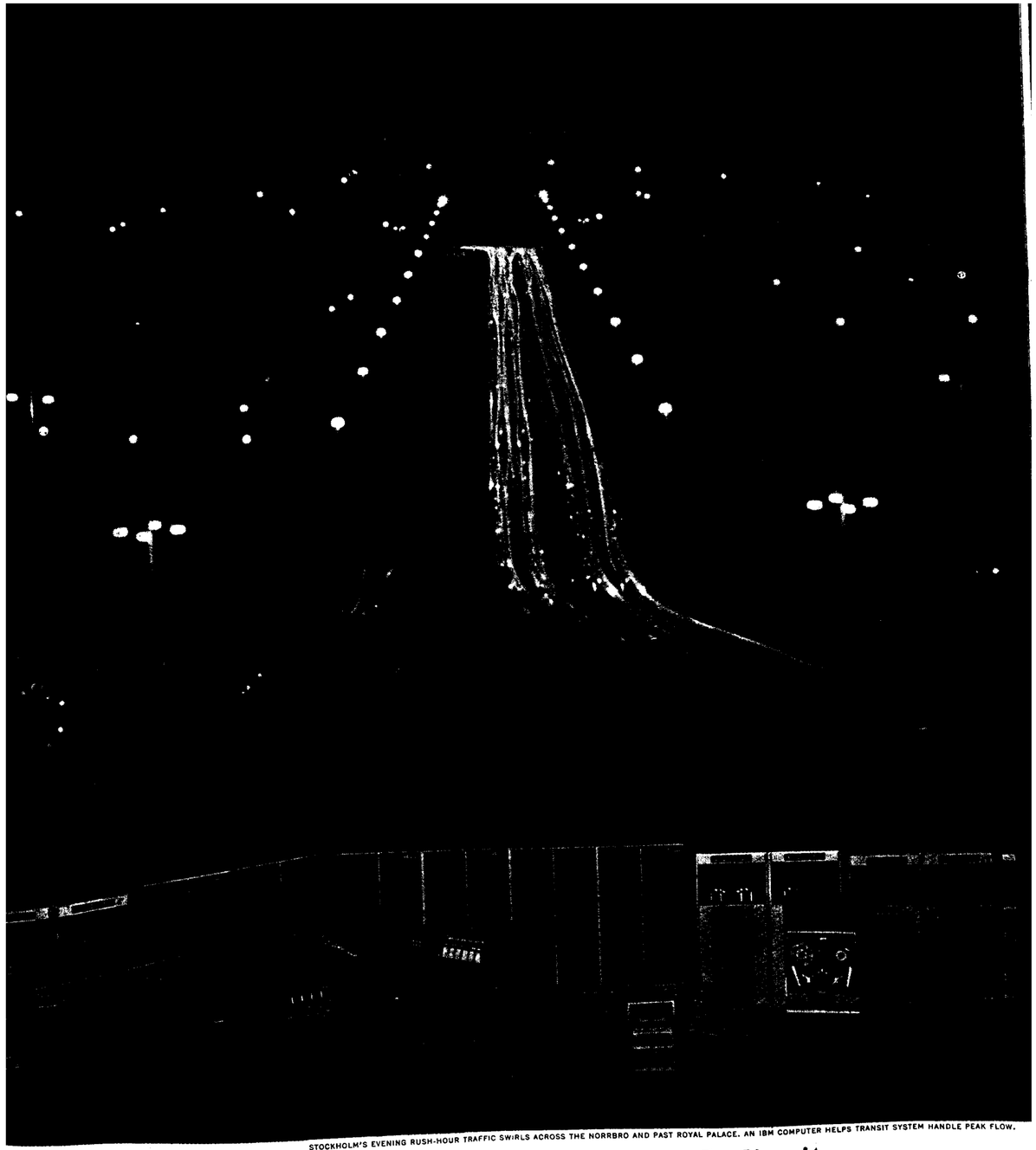
COTTON TEXTILES

Haven in the South

MILL closures in Lancashire are nothing out of the ordinary, though after the cotton industry's Government-assisted contraction, the rash of additional closures this year has been particularly dispiriting. Each closure is a tragedy of its own, but together they are just crosses along the hard trail that the industry has been forced to follow. Opening up mills abroad is no new departure for British cotton manufacturers either. English Sewing Cotton, Calico Printers, David Whitehead, and, less happily, Smith and Nephew among others have participated in what seems an inevitable drive towards self-sufficiency in textiles in many overseas markets. But this week, Cyril Lord, the carpet and textile manufacturing group, has linked its participation in a new mill in South Africa with the shutting down of two of its cotton mills in Lancashire—one of which is already out of production—and appears to have invited publicity for the move, which could not in any event have failed to cause a stir.

The threat of switching production to low cost areas abroad has already been used in the propaganda campaign waged by the industry against cheap imports. But the intended irony of the Cyril Lord move is that the company plans to pack up part of its British plant and to trek with some of its workers to the hospitable, protectionist climes of South Africa. State aid is said to be lavish and it must be a comforting thought that South Africa appears dedicated to the elimination of imports of textiles, in happy contrast with the lack of sympathy shown to the protectionist cause in Britain.

In partnership with the state sponsored Industrial Development Corporation, Cyril Lord intends to establish a £750,000 integrated plant for producing fine cotton fabrics at East London on the borders of the Bantustan African reserves, thus qualifying for special Government assistance. It is planned to have the new plant in production at the beginning of 1964 and to increase output eventually to 20 million yards of cloth and 800,000 lbs of yarn. South African imports of cotton piece goods amounted to about 180 million yards last year and imports of yarn to 6 million lbs



STOCKHOLM'S EVENING RUSH-HOUR TRAFFIC SWIRLS ACROSS THE NORRBRO AND PAST ROYAL PALACE. AN IBM COMPUTER HELPS TRANSIT SYSTEM HANDLE PEAK FLOW.

To work and home again in Birger Jarl's city

You might say that pirates are at the root of Stockholm's traffic problems. To block sea raiders seven centuries ago, old Birger Jarl founded his city on an island between lake and sea. As it has grown, the Swedish capital has leaped from island to island to mainland until its traffic patterns are everywhere fragmented by gleaming waterways.

To get island-hopping commuters to work on time and home again requires a precise yet flexible transit system. Daily passenger and vehicle mileage, periodical tallies of 1,500,000 passengers, travel habits of 10,000 families are tabulated and studied.

To translate this unwieldy information into timetables, an IBM data processing system analyses millions of facts and prints out reports that help schedule bus, tram, and tube traffic. In its spare time, the computer keeps the books, makes job assignments, figures salaries and pensions, and even sends vehicles to overhaul.

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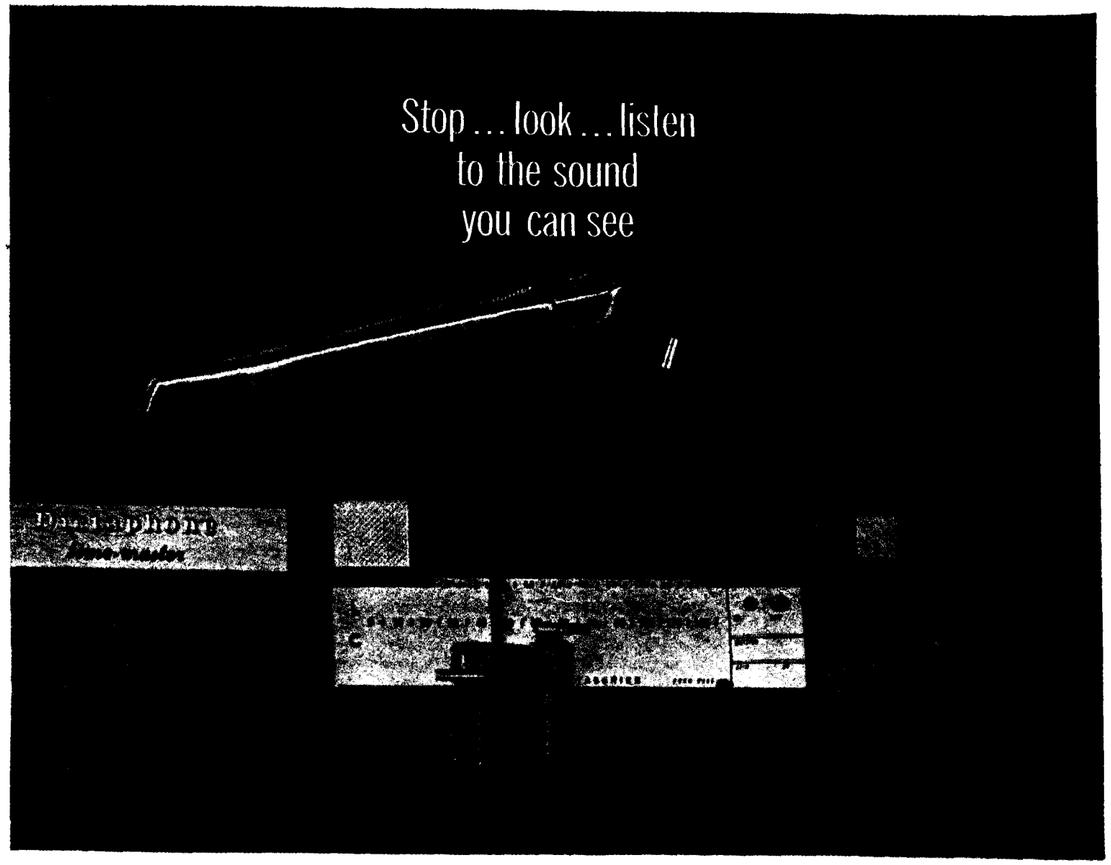

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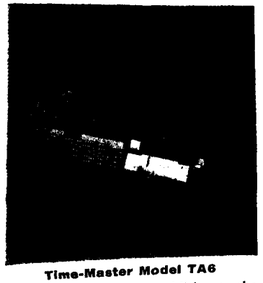

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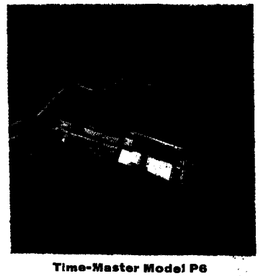

Time-Master Model P6

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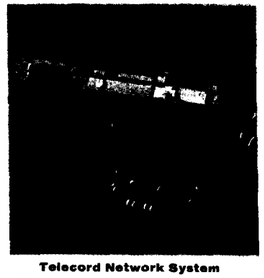

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IN THE MARKETS

Autumnal Tints

THERE was a hint of autumn, a touch of frost in the air, in the references that Mr Per Jacobsson and the quarterly bulletin of the Bank of England made about the course of world trade. Mr S. G. Warburg, the chairman of Mercury Securities, was even more explicit when he referred to a "salutary" downward trend of the trade cycle. But having evoked a spectre, he made it less frightening by defining it as "a period of squeezed profit margins in industry and trade with consequent repercussions on banking." The London market, though Wall Street was steadier, took the hint and, made increasingly cautious and anxious about the outcome of Britain's negotiations with the EEC by the Commonwealth Prime Ministers' conference, saw no reason to buy equities. *The Economist* indicator slipped back by 1.9 points to 326.6 and the *Financial Times* index by 2.3 points to 274.1 over the week to Wednesday's close.

These are not big movements but they are symptomatic of a lack of faith in equities in a market where buyers appear to be interested only in gilt-edged and other fixed interest securities. After some initial hesitancy, reflecting doubts about the speed at which interest rates would be allowed to fall, fresh buying pushed up gilt-edged prices, especially in the medium and short dated range, even though the market expects no change in monetary policy until after the end of the IMF meeting. Inevitably, this movement found its echo in higher premiums on recently issued corporation stocks. The Bank of England bulletin does not comment directly on the present state of the gilt-edged market; but the parallels which can be drawn between now and the experience of the market in the April-June quarter, when £187 million net of stocks was sold by the authorities (including £67 million to private investors, who were switching out of Treasury bills) are clear for all to see. Then, the issue of a new tranche of the 1986-89 stock slightly above the market price "could be, and was regarded as an indication that some continuing fall in long term rates would not be opposed." Does the Bank want investors to interpret the recent issue of a tranche of the 2008-12 stock, again above the market price and coming on top of a quarter of almost certainly bigger sales of stock than took place in April-June, in the same way?

STEEL

Restful August

STEEL production fell more than usual in August, as the industry made the most of the holiday season: with little sign of a recovery in demand, most plants shut down for a prolonged period of relaxation. Output was therefore 13 per cent less than in July and eight per cent lower than in August last year; and the effect of this long holiday makes it difficult to reach any very precise conclusions about the industry's position from the production figures. Use of the seasonal adjustment calculated by *The Economist* on the experience of past years suggests a sharp fall in production in August following an increase in July; but if the two months are taken together, one gets a weekly rate of 401,000 tons, little less than the adjusted figure for May and June. So the conclusion seems to be "little change."

The Iron and Steel Board estimates that output this year should be 20¼ million tons, 1¼ million tons less than last year; so far this year output has been at an annual rate of 20,338,000 tons, but the last quarter is usually a good period for demand. This rate represents, the Board states, the use of only 76 per cent of existing capacity; it adds: "This figure would of course be higher if the older and less efficient capacity, which, in the Board's view, it is no longer essential to retain had been eliminated more quickly." To have done so would no doubt have provided a more agreeable figure for the utilisation of capacity, but it is rather doubtful whether it would have improved the financial position of the companies. The saving on maintenance when plant is scrapped rather than just left idle is hardly big enough to make much difference; and when capital charges are taken into account, the old plant may often prove little more costly than the new. Where the biggest losses lie is in the new and costly plants that are ready for use but under-utilised.

The Board confirms its provisional estimate that steel consumption in the second quarter was 7½ per cent less than a year earlier, and reiterates the industry's view that a "firm recovery" in steel production next year depends on further measures to stimulate the economy.

CONSUMER PROTECTION

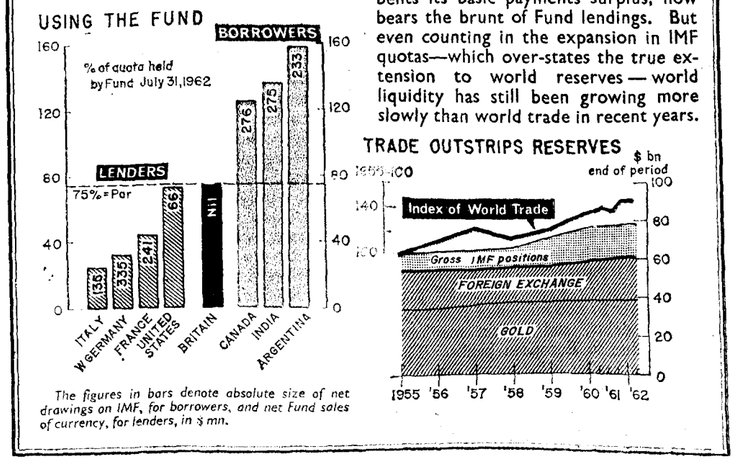
Whose?

"A STRUGGLING orphan . . ." was the verdict of the Moloney Committee on Consumer Protection on the British Standards Institution's "Shoppers' Guide." The committee saw no way of helping it nor a better home to consign it to; no alternative, in fact, to leaving it where it was. The sickly child seemed certain to waste away but, in true Dickensian fashion, kindly foster-fathers have been found at the last minute. Mr Labowitch and Mr Heseltine, owners of the Cornmarket Press which publishes the magazines "About Town" and "Topic," have reached an advanced stage of negotiations with the BSI for taking over "Shoppers' Guide" and injecting new life into it.

They say they hope to form a non-profit-making organisation, perhaps called Consumers' Advisory Trust Ltd, which would take over the running of the magazine. Editorial policy would be supervised by an editorial board consisting of 12 people: eight supplied from the BSI's Consumer Advisory Council, which presently runs the magazine, and four nominated by Mr Labowitch and Mr Heseltine, although subject to the BSI's approval. The present editor has been asked to continue in the job.

Washington Backcloth

Britain is back exactly to parity in its transactions with the International Monetary Fund, and continental Europe, as befits its basic payments surplus, now bears the brunt of Fund lendings. But even counting in the expansion in IMF quotas—which over-states the true extension to world reserves — world liquidity has still been growing more slowly than world trade in recent years.



The figures in bars denote absolute size of net drawings on IMF, for borrowers, and net Fund sales of currency, for lenders, in $ mn.

Cornmarket Press would provide publishing services (including, presumably, push) for which it would receive a management fee. Just how its new owners would hope to widen the appeal and increase the subscriptions of the magazine is not said, but judging from the success the group has had with its own publications their ideas may be arresting.

The puzzle is, why? Mr Labowitch and Mr Heseltine have been extremely successful in enlisting the advertisers' support upon which their publications are mainly dependent. It is hard to see where a magazine from which they would draw no profits and whose *raison d'être* is primarily to cast a sceptical eye on the kind of claim that most advertisements make could fit into their scheme. A new "Shoppers' Guide" would presumably hope to offer the same sort of comparative testing as "Which?" does, but these are expensive: "Which?" spends £150,000 a year on testing alone. Do "Shoppers' Guide's" prospective backers intend to foot the bill for enlarging such activities, until readership can be built up sufficiently to wipe out the "Guide's" present deficit? Half a million pounds a year from the 320,000 subscribers of "Which?" points to quite a sizeable source of circulation revenue that might be tapped eventually, but to whose benefit?

ARGENTINA

Refinancing the Debt

PARIS now has two "clubs." The older and lesser known of the pair, which concerns itself with the financial problems of Argentina, has this week been meeting Senor Alsogaray, the Argentine Minister of Economy, in Paris to consider a further request for the rephasing of Argentina's debts to European creditors. After the main meeting on Wednesday Senor Alsogaray seemed optimistic on two counts. First that it would take Argentina only a year to eighteen months to solve its present financial problems—reserves are now down to $170 million, equal to about six weeks' imports. And secondly, that Argentina was practically certain to get the co-operation for which it was asking, namely a debt moratorium covering a year to eighteen months. There are unconfirmed reports, however, that Senor Alsogaray originally asked for three years' relief.

This "Paris club" comprises the main west European countries and Japan; observers from the United States, Finland and the IMF also attended the meeting. The size of the amounts involved is, as always, uncertain, but reports from Paris suggest the discussions concern $270 million of pre-1956 debts over $1,000 million of post-1956 stabilisation debts, and certain medium-term debts due to European banks. The United States has let it be known that it is no longer prepared to put money into Latin America that is then used to repay European creditors. In future American policy will be to offer the Argentinians the same terms as to the Europeans. Argentina's total official foreign debt now amounts to $2,620 million; of this $384 million falls due in 1963, and $460 million in 1964. Some $545 million is owed to the United States and perhaps three times as much to West European countries. On top of this are large private debts. Recently the central bank announced that there were also $284 million of private foreign debts due for repayment before June 30, 1963—$85 million to the United States and $172 million to Western Europe.

BUILDING SOCIETIES

How Revolutionary an Idea?

HAVING said that building society interest rates must come down and that his own society was giving serious consideration to a reduction in its own, Mr Lewis Cohen, the chairman of the Alliance Building Society, gave support this week to the idea, discussed in these columns last week, that the societies should in place of the "recommended" rate of the Building Societies Association be left more free to fix their own rates. He thought that the bigger societies should pay less to their depositors and charge less to their borrowers. The "recommended" rate of the association is not mandatory and not all member societies follow it. To dispense with it therefore might not even be so "revolutionary" an idea as Mr Cohen seems to think it is.

To try to counter the suggestion that societies should have greater freedom to compete in interest rates by the argument, put up by some commentators this week, that the demise of the "recommended" rate would destroy one of the prime purposes of the association, raises more questions than it answers. Is the association simply a cosily protective trade alliance?

GERMANY

Where Euro-Dollars Are Held

Frankfurt

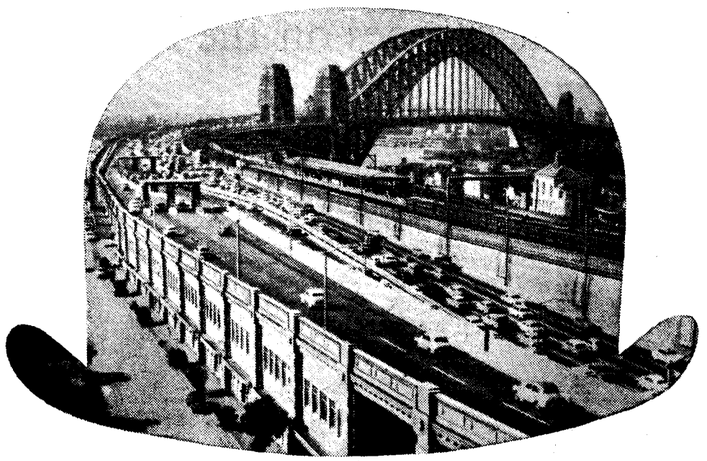
JUST at the time that the German financial authorities are becoming less anxious to encourage their commercial banks to put large funds in foreign short-term investments, they have released a mass of information about those investments—information that throws new light on the international money markets. At the end of 1958 the German banks, after an interval of more than 25 years, began once again to play a part on foreign money markets. This move was instigated by the Bundesbank which provided facilities for forward exchange cover. The aim was to neutralise the large exchange surpluses. Under the impetus of these measures, short-term foreign investments by German banks (assets with foreign banks, foreign money market paper and short-term credits granted to foreigners) rose to 7.3 billion D-marks by the end of February last.

At this point, in view of the trend which had meantime set in towards a return to balance in the Federal Republic's external finances, the Bundesbank changed tack. It no longer actively encouraged the outflow of short-term funds, and increased the cost of forward cover. At the same time it raised interest rates on the internal money market. This induced the banks to reduce their short-term foreign investments to DM 5.5 billion by the end of June, 1962. A detailed survey carried out by the Bundesbank and published in its August report now shows that some 865 million marks, that is 16 per cent of the total, was invested in Britain. Of this, 103 million marks was in the form of sterling, a similar sum in marks, and a small amount in Swiss francs. But the major share of the investments maintained in London was in Euro-dollars, at 650 million marks. This accounted for nearly half the entire amount of German Euro-dollar investments of some 1.4 billion marks. The other half was distributed mainly between France (267 million marks), Italy (238 million) and Belgium (91 million).

The short-term commitments of German banks in Britain, mainly in the form of short-term credits, amounted altogether to DM 774 million in mid-1962, somewhat below the corresponding figure for London assets. Of the liabilities, the equivalent of 27 million marks was in the form of sterling, 356 million in dollars, and 365 million in D-marks. Since the mid-year, short-term investments abroad have declined further: at present they are estimated to be no higher than 4 billion marks. A further decrease is expected, since the return flow of deposit money has not yet ceased but rather, since the beginning of August, has accelerated.

In the meantime the Bundesbank has made further adjustments to the altered circumstances of the German foreign exchange balance: it has decided to admit bills of German exporters for private discount as first class bank acceptances at Privatdiskont. This special institution, established a few years ago, has hitherto taken bills only for finance of import and transit transactions. Since interest rates on prime acceptances are lower than on bank credit, this in effect reduces the cost of short-term export finance. The German authorities, at least in the central bank, have for years been seeking to strengthen the passive rather than the active side of their balance of payments. Their latest step seems to signal the inception of an era of active encouragement to exports. Corresponding measures in the field of long-term export financing might well follow.

PLANNING BUSINESS DOWN UNDER?



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English cargoes on the Rhine

PRIBSH

Up and down the Rhine goes the inland shipping of half Europe, as it has for centuries, fetching and carrying a hundred different kinds of cargo between Basle and the open sea. Swelling this familiar traffic is a growing new element — tankers carrying petrochemicals. These are the exciting new materials out of which ingenious chemical engineers will produce polyester fibres for glamorous clothes, hard-wearing synthetic rubbers for shoe-soles, supple plastics for car upholstery.

Here and there among the flags at the mastheads is one bearing a symbol that is becoming more and more familiar to European industry—the I.C.I. trade mark. From I.C.I.'s petrochemical plants—the largest in Europe—cargoes are now finding their way across the North Sea and deep into the heart of Europe. In the years ahead these cargoes will be augmented by the products of new I.C.I. plants to be built near Rotterdam, at the mouth of the Rhine itself. In the petrochemicals sphere, as in so many others, from colour chemistry to crop-protection, the name I.C.I. has come to mean quality, service, experience.

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Or is it there to create mutual trust and confidence between the societies and their members? The association, in protecting the good name of building societies and putting the principles and methods of their operations before the public, has done much good work and there is still much for it to do. But in the end it could do more harm than good to itself and its members if it argues that its *raison d'être* is the "recommended" rate. How revolutionary would it be for the movement to brush the cobwebs away and let some fresh air blow in through the windows?

POLISH BACON

Fifty Years On

POLISH pigs first came to market in Britain fifty years ago, and last year bacon accounted for about 30 per cent of Poland's exports to this country. But the value of bacon exports has been contracting while Poland's total exports to Britain have risen steeply. In 1958, bacon accounted for over 40 per cent of trade with Poland, while in the first half of this year bacon's share has been cut to 25 per cent: Poland's quota for bacon exports to this country has been held at 48,500 tons for several years, and the decline in bacon prices has eroded its value. The price of bacon dropped to an extremely low level in the third quarter of 1961, recovered, then slumped again. In line with the general market movement, Polish bacon fell 12 per cent in price in the first half of the year and is now 220s. a cwt, precisely the same as the depressed price of a year earlier.

It must be irksome to Polish producers to know that if larger imports of Polish bacon were allowed, they would find a ready market in Britain. They were once the second biggest suppliers to this market and they are now the fourth. British pig producers would, in fact, like to see imports cut, though their pressure has been resisted. British farmers were warned in July by the Minister of Agriculture that they must either check the growth in the British pig population or accept cuts in pig subsidies. But, as happened with butter before all imports were subjected to quotas, exporters of bacon have become dissatisfied with the prices they obtain in the British market. But they have no alternative outlet; their production has been designed to satisfy British tastes. The Wiltshire cure has been adopted by these suppliers and the bacon industry in many countries, including Poland, was originally developed from British stock. But unlike butter, where British production is still relatively small, home produced bacon now accounts for more than one-third of total supplies. Home production in the first seven months of the year rose by 8 per cent. At the same time heavier shipments from Denmark raised imports by 5 per cent.

RUBBER

Softly, Softly

RUBBER has recently acquired another useful property that should help it resist pressure from the synthetic substitute—imperviousness to political shock. President Kennedy's request for powers to recall reservists to the colours made only a fleeting impression on rubber prices, as did the repeated crises over Berlin which preceded it. Spot supplies of RSS1. momentarily regained a level of 22d. a lb in London, but immediately slipped back a fraction of a penny to about the lowest point for this year. The price of rubber has now been low and stable for about a year; manufacturers who have in the past been disconcerted by the elasticity in rubber prices could hardly ask more.

This becalmed rubber market, however, understates the strength of recent demand for rubber. Although shipments of rubber from Malaya to Western Europe have lagged so far this year, exports to the United States, where production of tyres expanded by more than a fifth in the first half of the year compared with a year earlier, have helped to balance the decline. A further increase in exports to Russia raised total shipments in the first half of 1962 to a higher rate than in 1961. But a large part of American purchases bypasses the ordinary market and is forwarded direct from the packing stations of the big American manufacturers. Russia has also been buying more rubber in the East rather than through London.

This tilt in the pattern of purchases has helped to rob rubber markets of some of their customary bustle and vitality, but the persistent drag of stockpile releases that fill in gaps between production and consumption appear to have have had a still more dispiriting effect. Consumers have let their stocks dwindle and cannot be persuaded by slight changes in the balance of the market to rush to rebuild them. Rubber fell below 23½d. a lb in May, and this price, under the revised rules for stockpile sales, has turned off the tap for ordinary releases. But physically deteriorating rubber has continued to be sold at a rate only 300 tons a month below the 1,000 tons level for British releases which is meant to apply in the price range 23½d. to 27d. a lb. The United States augmented its scheduled sales of stockpile rubber by earmarking extra supplies of rubber for foreign aid programmes from the beginning of July. In both July and August American disposals exceeded 5,000 tons.

But rubber has not weakened as sharply as might have been expected earlier this year. Stocks in producing countries have risen, but are not particularly high. The low level of exports from Malaya in August might be offset by the larger carryover of shipments into this month. Heavy rain in Malaya has hindered production, though the leeway will be made up later. So while rubber is depressed in price the tone of the market is steady and forward supplies command a reasonable premium.

FORTE'S

Catering for the Public

FROM the moment that merger negotiations between Mecca and the catering organisation of Mr Charles Forte were broken off at the end of last year, the stock market reckoned that a public quotation for Forte's was a lively possibility. Now a public issue of preference and ordinary shares in the company is on its way. Two major obstacles stood in the way of a Mecca-Forte merger. The first was the difficulty in valuing the shares in Forte's, which is one of the biggest private companies in this country, and the second was the difficulty in reconciling the interests of major and controlling shareholders in the two companies. Having built up his empire from tiny beginnings by his own energy, Mr Charles Forte will naturally be reluctant to give up control, and this he can retain by offering only a minority of the ordinary shares for public subscription. But the public quotation of these shares will make it easier for him to raise new capital for any developments he has in mind and will provide a firm value for the shares either for estate duty purposes or for any future merger negotiations. If Mr Forte is so minded, the quotation will make it easier for him to consider the possibility of merging with another company of equal stature such as Mecca or of taking-over other, smaller concerns.

But as Mr Forte is believed to have plans for further expansion of his empire in mind, notably in motels, the primary object of this issue appears to be to secure greater access to the capital market. The prospectus will be studied with care, for though the names of the companies in which Forte's is interested are well known—Fullers, Slaters and Bodega, Café Royal, the Waldorf Hotel, Quality Inns, the "Talk

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of the Town" theatre-restaurant and so on—the size of the organisation and its record of growth in assets and profits are as much a matter of speculation as Mr Forte's own private fortune. The sponsors, Ocean Trust, can plan the issue in the knowledge that the general public is curious about the organisation and that investors are likely to be attracted by the magic of success which surrounds the man and the company. Forte's, in fact, has all the makings of a "glamour" stock—which is not always an unmixed blessing.

IDLE MONEY

From Mattress to Deposit

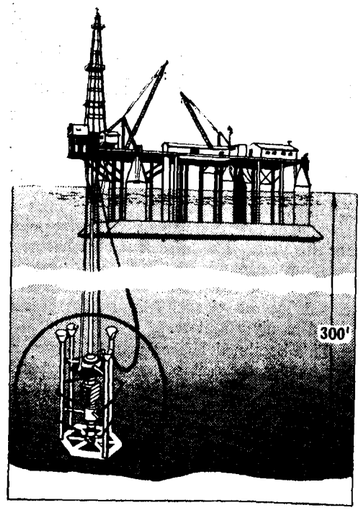
A SPECIAL article in the Bank of England bulletin discusses the withdrawal of the old (fatter) £1 note from circulation this year. When the announcement of withdrawal was made last February there were 253 million old £1 notes outstanding, and by mid-June some £210 million had been handed in. But of this total only £120 million were actually changed for the new notes; of the balance the Bank thinks that some £50 million went into the deposits of the clearing banks and £40 million was invested in various other ways, in particular in National Savings. So it has not taken much to bring cash hoards into bank tills. The clearing banks, having had their deposits boosted so effortlessly, must be eagerly awaiting the end of its partner the old 10s. note. The upshot of this was that the note issue actually fell by £20 million between mid-March and mid-June, against the expected seasonal increase of £50 million.

OIL DRILLING

In the Depths

OFFSHORE drilling has become an increasingly popular exercise among the oil companies as all the more likely oilfields on land get thoroughly perforated; but the limitation of the conventional drilling platform is that it rests on legs on the seabed, with the drilling equipment mounted upon it, and so cannot operate in more than about 200 feet of water. Now, by placing the actual well head and much of its equipment on the seabed and controlling it remotely from a floating platform, Shell Oil and the Blue Water Drilling Corporation of New Orleans claim that they can drill wells in up to 600 feet of water and later perhaps 1,000 feet—with greater ability to withstand rough seas. So the open sea now becomes an oilfield. Four wells have been drilled in the Gulf of Mexico this year; the deepest was in 300 feet of water. During the winter the platform operated in waves up to 28 feet high.

The platform gains seaworthiness from having its buoyancy chamber 40 feet below the surface, where wave action is slight, while the platform itself rides high enough above water level to be well above the waves. The "bottles" at each corner can contain air or water in different proportions, automatically varied to maintain the



trim of the platform as loads change. But it is the underwater drilling equipment and its control apparatus that is most intriguing and must have taken most of the $7 million that Shell has spent on development. The drilling derrick is mounted on the platform, with the pipe on which the bit is mounted running down to the well head on the sea floor: the flexibility of a long steel pipe takes up any movement of the platform. The well head carries two blow-out preventer units, hydraulically operated through a flexible hose from the platform, and there are two television cameras to let the operators see what is happening.

Setting up the equipment on the seabed without using divers is the most improbable part of the operation, and it is slower than starting a well from a conventional offshore platform. A single tube is first driven into the bed, and then a large hexagonal base plate carrying five vertical columns is locked on to it: the columns each carry a line that is used to guide a part of the control equipment to its place on the bottom. Meanwhile more holes are drilled and cement is poured down pipes to secure the base structure rigidly to the seabed. Then the blow-out preventers and the drill bit itself can be lowered, and once all is connected, drilling can start. Then the operators sit back and watch their television screens.

UNIT TRUSTS

A Good Summer

ALTHOUGH the holiday period usually coincides with a falling away in most forms of saving and investment and the behaviour of the stock markets has been uncertain, net sales by the unit trusts for the June-August period have reached the good figure of £4,780,000 comparing with £672,000 and £1,148,000 for the corresponding periods in 1961 and 1960. Moreover, there were no block offers in the 1962 period, compared with three in each of the same periods in 1960 and 1961. There were, however, a number of block offers earlier in the year which helped to stimulate sales so that for the first eight months of 1962 the movement has attracted net saving of £19.7 million, against only £1.6 million in the same period last year.

This steady growth seems likely to be maintained, for the favourable response of investors is now encouraging trusts to come out with further block offers. The Unicorn Trust has, for example, offered 1 million units at 6s. 9d. each to offer a yield of just under 4 per cent. The newest recruit to the Association of Unit Trust Managers, New Issue Unit Trust, is expected to make an initial offer of units later this month and there are several others in the pipeline. One of the most encouraging factors in the present growth of the movement has been the very sharp increase in the number of regular savers, who now number over 50,000 compared with just over 35,000 at the end of 1961. But savings by these investors still represent no more than about 7 per cent of the total inflow of funds to the movement. And perhaps a more important factor in the sharp rise in sales this year has paradoxically been the prevailing uncertainty in the stock market. This has made investors more aware of the advantages of expert management and the spreading of risks.

RECORD OF GROWTH

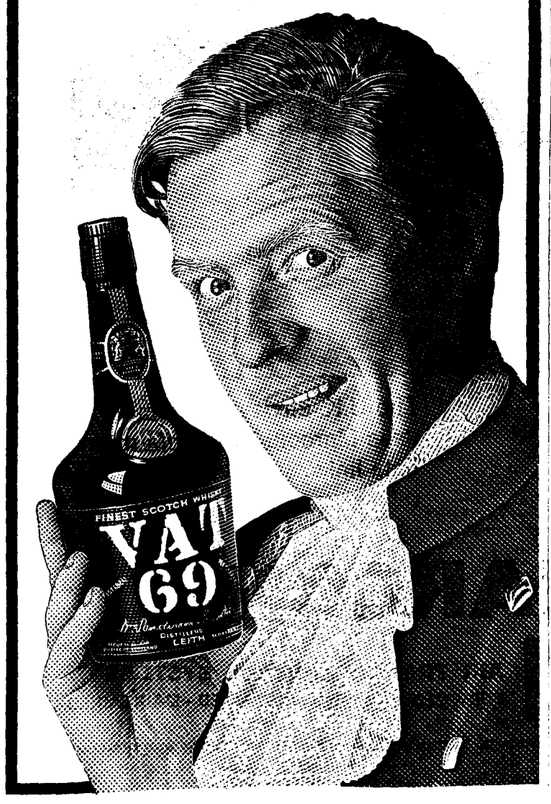
Month	Net Saving 1961 £'000s	Net Saving 1962 £'000s	Total Value 1962 £ mn.
January	− 295	+2,079	239·0
February	− 188	+2,976	243·8
March	− 360	+2,374	245·3
April	− 47	+2,817	264·2
May	+1,779	+4,615	250·8
June	+ 225	+1,531	237·5
July	+ 178	+1,791	235·5
August	+ 269	+1,477	252·4
Total	+1,561	+19,660	

LOMBARD BANKING

Sea of Troubles

LOMBARD BANKING'S "smaller fleet of better ships"—the phrase used by Mr E. G. Spater last April to describe the reorganisation of the group—does not seem to have improved the company's performance. The interim dividend of this banking and hire purchase finance group has again been pruned, this time to 2½ per cent, following last year's cut in the interim from 9½ per cent to 5 per cent. The board makes little effort to explain from which quarter the rough weather continues to come, while the veiled forecast that the interim "should not be taken as any indication of the total for the year" leaves the poor shareholder facing both ways at once. Does this mean

ONE SCOTCH STANDS OUT
VAT 69



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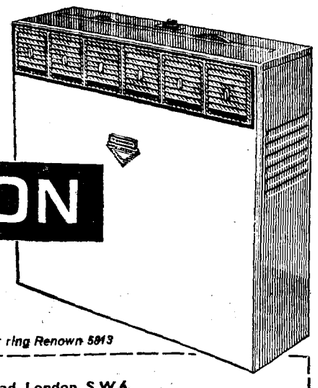

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that the final will be maintained or cut?

A company that has cut its dividend ought in fairness to shareholders give some indication of the trend in its affairs and the outlook for the future. The Lombard directors say that "the group is currently operating profitably." That at least is some relief, but "profitably" can mean anything from just beating the break-even point to the best year ever. Finally, "the board consider additional provisions are necessary in certain companies." This could mean the final winding-up of old bad debts or it could mean a batch of new ones. The board does not say which. The stock market had its own view, marking the shares down by 2s. to 10s. on Thursday.

POTATO CRISPS

Waiting for the Crunch

THE British are said to munch their way through £20 million-worth of potato crisps in a year (equal to 1,200,000,000 4d. packets), some two-thirds of which are consumed at the time of purchase at pub, pier or street corner. Believers in the further potentiality of this market, who are many, pin their faith on the forecast that crisp eating, like so many other social habits, will become increasingly based on the home—preferably as part of a meal, on the American pattern. This view has now encouraged Oxo to enter a market in which other recent challengers to the dominating Smiths' share (still believed to be more than half) include Imperial Tobacco, who last year acquired the Golden Wonder Crisp Company; the Sunpat-Marmite subsidiary Branded Foods launched in August; and the American Fryto-Ley, who sell $160 million of crisps a year and last April bought a controlling share in the British firm Crimpy Crisp. Mars, too, now sell their own crisps in the north of England.

Smiths' sales went up by only 3 per cent last year but are still continuing to rise, with the help of £95,000 worth of television advertising in the first six months of this year and—so the company feels—a share of the helpful publicity attendant on the launching of rival brands. A fair slice of the market is, however, taken by unbranded crisps sold by chain stores: Meredith and Drew, for example, make them for Marks and Spencer. A Garfield Weston subsidiary, Walters Biscuits, makes potato puffs out of potato flour.

Two occupational headaches trouble crisp-makers—the perishability of their product and the fluctuating price of potatoes. Both are felt most acutely in July and August, the time of peak demand and of peak potato prices. Strange as it may seem, however, last year's record potato prices of up to £80 a ton may have had something to do with encouraging new manufacturers, for when potatoes are at their most expensive in the shops crisps are more likely to be used as a mealtime alternative.

Smiths' elaborate and costly distribution system—still virtually the only nationwide one in the business—is geared to the fact that packets of crisps, even if stored in tins in the shop, only keep their quality for about a month. Packaging can improve this only partly, though Oxo makes a great point of the fact that its 6d. plastic coated packet can be displayed in the open without harm for about 6 weeks which should help the firm's heavy point-of-sale publicity and facilitate self-service. In flavouring the product with Oxo the newcomer to the market is following Cristo, and other manufacturers who use their own flavours. Smiths, from the height of its 40 years' experience, prefers to regard flavoured crisps as a passing fashion, but does not mind admitting that its own cheese and onion variety is doing well.

MANAGEMENT COURSES

Aim in the Fog

UNCRITICAL acceptance is the worst service that can be done to the cause of management training in this country. Nevertheless, to judge from a report published today by the Acton Society Trust*, it is too often the attitude of those who should be most exacting in their demands on it—namely, the firms who pay large fees to send members of their staff on management courses. Though in the United States several courses have closed through lack of support, in this country it seems that "any course whatever, no matter how extraordinary or expensive, will attract enough takers to keep it going." It is suggested, too, that the organisers of these courses are often insufficiently particular about whom they take, for fear of losing custom.

The report criticises industry for being far too vague about what it expects to gain from having its managers trained: firms talk in the general terms that are in fact the clichés of the management text books, about qualities like leadership and organising ability which, as the authors remark, could apply equally well to a bishop or a general. Many of the courses have only the most tenuous connections with industry (those run by management consultants being the notable exceptions) though in some fields the university courses benefit from their access to research. But only one course (presumably that of the Glacier Institute) is closely connected with research into management problems. The result is a great variation in the type of syllabus offered, with academic courses concentrating on subjects like economics and psychology and the consultants' syllabuses more on "tool" subjects such as work study and operational research. There is a shortage of properly qualified teachers in this type of technical subject, and this often leads to group discussions being preferred to lectures. The most original and distinctive feature of management courses is their development of group techniques—though, as this study points out, in actual practice many more decisions are made by individuals than groups.

"What does a manager do that he can be trained to do better" is the $64,000 question asked by the authors, though they do not go further towards a reply than to summarise the answers—mostly far too abstract to be of practical use—given by the standard pundits. They feel doubtful whether the answer, if given precisely, would be sufficiently the same for different types and sizes of firms to justify the existence of a general management course intended to suit everybody.

Yet another question is whether the improvement in efficiency when a polished-up manager returns from a course is sufficient and immediate enough to justify the expense. No follow-up from a fee-paying training course in this country has been published, but the evidence from abroad and from firms who run their own schemes is that there are proven results, such as a more analytical approach to problems and a better appreciation, at least for a time, of the effect of decisions on other people. Whether such transformations are worth 30 or 300 guineas is a managerial problem that some course might try to solve.

* *Training Managers*, by Michael Argyle and Trevor Smith. 87 pp., price 10s. 6d.

SHORTER NOTES

All bids were rejected for the first 200 tons of tin offered under the new disposal programme from the United States stockpile. All bids submitted were below prevailing market prices. Rejection of the bids caused a recovery in tin in world markets. The Singapore price rose £5¾ a ton, and the London spot price gained £2¼ to £855¼ a ton.

★

The international cotton textile committee, which is responsible for the five-year scheme to regulate world trade in cotton manufactures due to come into force next month, has adjourned until September 26th without agreeing the size of the increase in import quotas for EEC countries.

★

The Board of Trade is considering an application for anti-dumping duties on the import of lithium hydroxide and lithium carbonate from the United States and west Germany.

COMPANY AFFAIRS
Comments on pages 1057 and 1060 on:
Bowater Paper · General Electric
Rank Organisation · Robinson Rentals
Dimplex · Radio Rentals
Camp Bird

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 1058 and 1059

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1061

MANNESMANN AKTIENGESELLSCHAFT

DÜSSELDORF, GERMANY

SLOWER PACE OF OUTPUT RISE: DIVERSIFICATION AN ASSET

LOWER PRICES, HIGHER COSTS PARTLY OFFSET

The Annual General Meeting of MANNESMANN AG was held in Düsseldorf on July 4, and the following are details of the report presented by the Board of Directors:

TURNOVER

During the year under review production continued to rise, although at a slower pace than during the preceding year. During the last quarter the downward trend in the economic cycle led to falling turnover figures for the year as a whole in some of the Company's sectors of activity, particularly in the steelworks and rolling mills. The situation in the mining sector deteriorated as well, while the tube mills maintained their position. The remaining processing works continued to develop favourably. Once again the Company's diversification proved an asset.

Total turnover of the MANNESMANN Group, including foreign subsidiaries, amounted to DM 4,619m. External sales rose by 1.7 per cent to DM 3,596m.

Total sales of the consolidated German MANNESMANN companies reached DM 4,113m., while sales to outside customers amounted to DM 3,225m. as against DM 3,174m. in 1960.

Export turnover fell by 0.9 per cent to DM 875m. as a result of lower prices. At the end of the first quarter export prices had to be cut by app. 5 per cent as a result of the revaluation of the D-Mark, and since May cheaper imports of thin sheet, electric sheet, zinc and lead-coated sheet, strip steel, wide strip and semi-finished goods had an adverse effect on the Company's prices of these products.

These price reductions could not be offset on the cost side. The drop in price for foreign orders of app. 5 per cent as a result of the currency revaluation was more than absorbed by higher prices demanded by the Company's suppliers. Moreover, wage increases led to a considerable rise in personnel expenditure.

Lower prices and higher costs could only partly be offset by the Company's long-term rationalisation measures. Despite the slightly higher turnover figures the earned profit for 1961 was therefore slightly below that for 1960.

DIVISIONS

The following are details of developments in the various sectors of the MANNESMANN Group:

A. Mining

Coal output at *Essener Steinkohlenbergwerke AG* was up by 2.1 per cent and reached 6,508,000 metric tons despite a fall in labour employed in the pits. In view of falling sales figures, coke production at the company's carbonisation plants including the central coking plant at Huckingen was reduced by 2.6 per cent and output amounted to 2,180,000 metric tons.

Pit-head stocks of coal and coke increased from 372,000 metric tons to 501,000 metric tons.

Output in the German MANNESMANN ore mines at 379,000 metric tons was slightly higher than in 1960. Eighty-five per cent of domestic production went to Huckingen steel works and the remaining 15 per cent were sold to steelworks outside the Group.

B. Steelworks and Rolling Mills

Crude steel output in the Federal Republic fell by 1.9 per cent during the period under review. Production at the German MANNESMANN works fell by as little as 0.6 per cent and amounted to 2,354,000 metric tons. The Company's share of crude steel production in the Federal Republic rose from 6.9 per cent to 7 per cent. Output of open-hearth steel dropped by 7.7 per cent to 1,514,885 metric tons, while production of basic Bessemer steel rose by 2.9 per cent to 633,230 metric tons. Output of basic oxygen steel rose by 109 per cent to 97,046 metric tons and that of electric steel by 63.9 per cent to 108,344 metric tons. Production of rolled steel at 1,412,000 metric tons was 7.6 per cent lower than in the previous year.

No decisive changes occurred in the raw materials situation. Iron ore supplies again totalled 2,7m metric tons with a share of home-produced ore of 900,000 metric tons. The Company's own mines in Brazil produced 6.5 per cent of foreign ores. In order to safeguard continued supplies of iron ore, the Company acquired a 2 per cent interest in Wabush Mines, an international joint venture to exploit iron ore deposits in Labrador. First deliveries are expected in 1965/66.

C. Tube Plants

Production of steel tubes in the Federal Republic rose slightly to 2,349,000 metric tons during the year under review.

Tube production of the German MANNESMANN companies, i.e. of the plants of the Parent Company itself and of those of its German subsidiaries, including *Röhrenwerke Bous/Saar GmbH*, fell by 2.2 per cent to 952,000 metric tons. Output of seamless tubes dropped by 3 per cent to 631,000 metric tons and that of welded tubes of up to 318 mm diameter by 5.5 per cent to 157,000 metric tons. By contrast, production of welded large-diameter tubes rose by 4.9 per cent to 164,000 metric tons.

Including the MANNESMANN foreign subsidiaries in Canada, Brazil and Turkey, which produced altogether 136,000 metric tons of tubes, the overall Group total amounted to 1,088,000 metric tons against 1,110,000 metric tons during 1960.

Incoming orders for tubes and tubular products—excluding large-diameter tubes—at the Company's German subsidiaries at 770,000 metric tons were 11.3 per cent lower than during the previous year. The position in oilfield tubes continued to be unsatisfactory. The high order volume for precision steel tubes and alloyed tubes, production of which was further increased, dropped in the course of the year by about one third.

SUBSIDIARIES

A. Steel Processing

Röhrenwerke Bous/Saar GmbH, Bous/Saar.

Output of seamless tubes remained at the level of last year. The new electric steelworks was taken into service in February, 1961, and its monthly output at present amounts to 4,500 metric tons.

Kronprinz AG, Solingen-Ohligs.

Output of seamless precision tubes, which had already increased considerably during 1960, once again rose by 10 per cent. By contrast, production of welded tubes dropped by 5 per cent. In the wheel sector the high production figures of the previous year were maintained. Production of hot strip, which had gone up considerably during 1960, fell to the level of 1959, mainly on account of reduced strip deliveries to the Company's tube plant in Turkey. The turnover level of the previous year was again reached. At the end of the year under review a 2,500-ton hydraulic tube extrusion press for the production of tube blanks for high alloy steel tubes was taken into service at the Immigrath works. A fully automatic continuous extrusion mill for passenger vehicle wheels came into service at the Ohligs works in the spring of 1962.

Kammerich-Werke AG, Brackwede.

Tube output was up by 32 per cent compared with the previous year, after capacities had been considerably expanded at the end of 1960. The company's turnover increased by 15 per cent. The volume of orders on hand, which had risen steeply as a result of insufficient capacities during the previous year, dropped but still guarantees adequate employment.

Grossrohrwerk Mannesmann-Hoesch GmbH, Duisburg.

Production and turnover in 1961 were still slightly above the previous year's figures, but the employment situation, particularly during the second half of the year, was unsatisfactory. As a result of new orders received, the year 1962 promises to be considerably more successful.

Mecano-Bundy GmbH, Heidelberg.

At 52m. metres tube production almost reached last year's level. By contrast, production of thermostats and vibration dampers, which had risen by 40 per cent during the previous year, fell by 25 per cent. The company's turnover, which had increased by 35 per cent in 1960, therefore dropped by 7 per cent.

Mannesmann-Stahlblechbau GmbH, Düsseldorf.

As a result of large-scale deliveries of oil tanks and transport containers for liquified gases turnover rose by 18 per cent. In August, 1961, production of oil tanks was taken up in the newly built Wolnzach works in Bavaria.

Mannesmann-Rohrleitungsbau GmbH, Düsseldorf.

Turnover rose by app. 11 per cent compared with 1960. The first section of the 720-mile pipeline in Assam (India) in the laying of which the company is participating with a share of 50 per cent was finished in the spring of 1962. At the same time the water conduit from Derna to Tobruk in Libya was taken into service. The order book increased by 10 per cent and employment for a full year is guaranteed.

Tube and Boiler Head Mill of Hüttenwerk Huckingen.

The delivery in 1959 of a pressure vessel for the atomic power station at Kahl resulted in another substantial order for a reactor vessel. The British Atomic Energy Authority ordered a pressure vessel for the high-temperature reactor "Dragon" at Winfrith which is to be built by EURATOM and the British Atomic Energy Commission in co-operation with a number of other

European countries. The very complex vessel, which is 60 feet long and weighs 65 tons, was delivered at the beginning of the year.

Mannesmann-Meer AG, Mönchengladbach.

Turnover, which had risen by 44 per cent in 1960 as a result of the completion of the large-diameter tube plant in Rourkela (India), dropped by 14 per cent in 1961. Production performance corresponded to that of the previous year so that capacities were again fully utilised. Orders on hand, half of them originating from abroad, have risen by 7 per cent and guarantee full employment for a year.

Porsche-Diesel-Motorenbau GmbH, Friedrichshafen/Lake Constance.

Production of tractors increased from 13,000 units in 1960 to 17,000 units in 1961. As a result of good sales figures of the newly developed tractor types *Standard Star* and *Standard T* the company's turnover increased by 42 per cent. The export ratio amounted to 29 per cent.

B. Coal Chemistry and Plastics

Ruhrchemie AG, Oberhausen-Holten.

The situation continued to improve in 1961 as a result of rigorous rationalisation measures, taking up new lines and full utilisation of capacities. While turnover for nitrogen and refinery products was slightly lower than during the previous year, that for oxo-alcohols and polyethylene was considerably higher. The plant for the production of polyethylene and the oxo works were further expanded.

Süd-West-Chemie GmbH, Neu-Ulm, Donau.

Turnover was slightly higher than in 1960. Good progress was made in the development of new moulding compounds and resins.

Mannesmann-Plastic GmbH, Düsseldorf.

The general slackening of sales of plastic tubes, in connection with considerable price losses, led to a downward development of production and turnover. While deliveries dropped only negligibly, turnover by value fell by 22 per cent after increasing by 64 per cent during the previous year.

C. Trade and Shipping

Turnover of the MANNESMANN tube and steel selling companies in Berlin, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich and Nuremburg rose by 3.6 per cent during the year under review.

Mannesmann-Export GmbH, Düsseldorf.

Turnover remained 9 per cent below the record figures reached in 1960. The tube business remained at the level of 1960 seen on an average for the whole year, but turnover figures fell towards the end of the year. Despite the general weakness of the market, turnover in rolled steel rose considerably. By contrast, in the case of steel sheet, last year's turnover figures were not reached, partly on account of the downward price trend. The company's order book was slightly down.

D. Foreign Activities

Mannesmann Tube Co. Ltd., Sault Ste. Marie/Ontario (Canada).

Production rose during the second half of 1961 and amounted to 75,400 short tons, a slightly higher figure than last year. As a result of increased demand the entire production could be sold and moreover stocks reduced to a normal level. The company's balance sheet for the year shows a profit.

Companhia Siderúrgica Mannesmann, Belo Horizonte (Brazil).

Crude steel production increased by 9 per cent to 122,300 metric tons during 1961, rolled steel output was up by 5 per cent to 111,000 metric tons and tubes advanced by 22 per cent to 54,300 metric tons. In the spring of 1961 the second tube press and in the autumn of that year the third electric steel furnace were taken into service.

Companhia Siderúrgica São Caetano, São Paulo (Brazil).

Total output of the company's mill for rolling small sections of structural and high quality steel rose by 46 per cent to 23,000 metric tons after last year's increase of 50 per cent. Further modernisation of the works is under way.

Mannesmann Mineração S.A., Nova Lima (Brazil).

Apart from ore deliveries to the steelworks of *Companhia Siderúrgica Mannesmann*, 100,000 metric tons were shipped to the Huckingen steelworks during 1961. With a view to further increasing output, production is being further automated. In the spring of 1961 the company acquired a further ore deposit of 100 million metric tons.

Construçoes Tubulares Mannesmann S.A.; São Paulo (Brazil).

The company's production programme was further expanded by the inclusion of supporting frameworks and building-site hoists. Turnover remained unchanged compared with last year.

Mannesmann-Sümerbank Boru Endüstrisi TAS, Izmit (Turkey).

After the Turkish elections in October, 1961, the country's economy experienced a revival in the course of which the company was able to reduce its stocks to a desirable level. Annual production, which had amounted to 25,000 metric tons in 1960, only reached 13,000 metric tons and corresponded to the figure achieved in 1959. Sales reached a figure of 16,000 metric tons. The result was satisfactory.

During 1961 MANNESMANN AG acquired a 26 per cent holding in the share capital of 60m. Austrian Schillings of *Jenbacher Werke AG*, Jenbach, Tyrol, Austria. The company produces diesel compressors, diesel locomotives of all sizes and other diesel units from 10 to 3,000 HP.

PERSONNEL

The number of employees of MANNESMANN AG and its German subsidiaries increased to 77,415 during 1961. This increase is mainly due to shorter working hours and the resulting need to recruit more labour in the Company's steelworks and tube mills. By contrast, employment figures in the mining sector continued to fall. Foreign labour increased to 3,940 which represents 5.1 per cent of MANNESMANN'S German employees. Employees abroad rose to 6,279.

PROFIT AND DIVIDEND

Net profit for the year amounted to DM 81,554,745.55 which, added to the balance of DM 928,029.43 brought forward from the previous year, produced a total of DM 82,482,774.98 available for distribution. It is accordingly proposed to distribute a dividend of 14 per cent, equivalent to DM 81,112,101.35, and to carry forward the resulting balance of DM 1,370,673.63.

The report, the accounts, and the proposals put forward by the Board were adopted.

Copies of the Annual Report are now available in English and can be obtained from Mannex (London) Ltd., Universal House, 60 Buckingham Palace Road, London, S.W.1.

The following table gives details of turnover and labour at MANNESMANN'S foreign subsidiaries during 1961:—

	North America	South America	Other foreign countries	Total
Total turnover (in DM '000)	157,376	107,681	83,549	348,606
External sales (in DM '000)	83,749	89,610	41,016	214,375
Labour force	543	4,710	1,026	6,279

SUPERVISORY BOARD

(*Aufsichtsrat*)

Dr Wilhelm Zangen, Chairman; Professor Dr Karl Hax, Deputy Chairman; Walter Arendt; Franz Berensdorf; Ferry von Berghes; Dr Hans Constantin Boden; Professor Helmut Duvernell; Dr Dr Friedrich Haas; Rudolf Hahn; Dr Rolf Hanschmann; Dr Paul-Ferdinand Hast; Rudolf Nungesser; Heinz Pohl; Bernhard Potthast; Dr Hans Reuter; Professor Dr Carlo Schmid; Dr Eduard von Schwartzkoppen; Dr Hermann von Siemens; Heinrich Sträter; Franz Heinrich Ulrich; Franz Westhoff.

BOARD OF DIRECTORS (*Vorstand*)

Dr Hermann Winkhaus, Düsseldorf, Chairman; Hans J. Braune, Essen-Bredeney; Dr Walther Eisenbraun, Düsseldorf; Heinz Hufnagel, Düsseldorf; Peter Keller, Hösel near Düsseldorf; Adolf Klein, Ratingen near Düsseldorf; Heinrich Müller, Kettwig/Ruhr; Ulrich Petersen, Düsseldorf; Günter Vogelsang, Düsseldorf.

BALANCE SHEET AS AT 31st DECEMBER, 1961 (SUMMARY)

LIABILITIES	1961 DMm.	1960 DMm.
Capital Stock	580	580
Reserves	268	253
Welfare Funds	2	2
Interests of Minority Stockholders	15	15
Reserves for Special Purposes	150	156
Adjustments	202	208
Amount set aside towards the Capital Levy	60	60
Other long-term provisions	305	301
Long-term liabilities	637	541
Capital Liabilities	2,219	2,116
Accounts payable for goods received and services accepted	136	135
Bills payable	178	179
Other liabilities including provisions	559	467
Net Profit	82	82
Current Liabilities	955	863
	3,174	2,979

ASSETS	1961 DMm.	1960 DMm.
Fixed Assets including Assets in course of construction and Prepayments for capital additions	1,318	1,213
Investments and Interests in the nature of investments	342	306
Other investments including long-term receivables	272	301
Capital Assets	1,932	1,820
Stocks	595	554
Accounts receivable for goods supplied and services rendered	397	414
Other current Assets	250	191
Current Assets	1,242	1,159
	3,174	2,979

ALITALIA

Italian Airlines S.p.A.—Rome

CAPITAL LIT. 25,000,000,000

ANNUAL GENERAL MEETING

The Annual General Meeting of ALITALIA was held on June 26, 1962, at the Company's headquarters at 92 Viale Maresciallo Pilsudsky, Rome, **Count Dr Nicolò Carandini** taking the chair. The balance sheet at December 31, 1961, was adopted.

The Annual Report of the Board of Directors points out that for the international air transport industry as a whole, 1961 was a difficult year. This was due to the large increase in capacity offered which was not matched by a proportionate increase in the volume of traffic. It is against the background of this critical situation that the results achieved by ALITALIA assume an encouraging significance.

During 1961 the process of standardising the Company's fleet continued, and delivery was taken of three new DC-8 as well as six Caravelle jet aircraft. A further stage will be completed in 1962, and in fact, during the first few months of the current year, the remaining three DC-8s and the last four Caravelles were delivered on schedule. At the same time, steps have been taken to dispose of six DC-6Bs and six Convairs.

The following are details of the composition of the Company's fleet at December 31, 1960 and 1961, and as envisaged at December 31, 1962:

Type of Aircraft	1960	1961	1962
DC-8	4	7	10
Caravelle	4	10	14
Viscount	14	14	14
DC-7C	3	3	3
DC-7F	2	2	2
DC-6B—DC-6	11	5	—
DC-3	4	4	4
Convair	6	—	—
Total	48	45	47

This fleet enabled the Company to achieve the following output during the year under review:

The table also shows the 48 per cent increase in the number of seats offered, and the 39 per cent rise in the number of passengers carried. The volume of freight reflected an outstanding growth of 52.2 per cent, but the increase in ton/kilometres of freight carried at 82 per cent was even more substantial.

Table II covers increases in production and sales and demonstrates in figures the notable productive effort made by ALITALIA during the year.

TABLE II.—INCREASE IN PRODUCTION AND SALES OVER PRECEDING YEARS

	Production (ton/km. offered)	Increase over preceding year %	Sales (ton/km. flown)	Increase over preceding year %
1956	45,917,954	22·5	25,542,164	23·7
1957	71,295,108	55·4	40,712,120	59·4
1958	157,306,037	121·4	82,332,759	102·2
1959	210,051,218	33·3	114,718,788	39·3
1960	267,389,880	27·2	148,575,063	29·5
1961	413,193,618	54·5	211,066,343	42·1

New routes were opened during 1961 to Dakar (new stage on the South American routes), Accra (Ghana), Lagos (Nigeria), Bangkok (Thailand), Darwin and Sydney (Australia). During the first few months of the current year the African routes were strengthened by a new service to Johannesburg via Leopoldville; services to the Far East were augmented by a new stop at Singapore and a new route which extends beyond Bangkok to Hong Kong and Tokyo; services to South America were increased by an extension to Santiago de Chile; and finally the North American route was supplemented by the extension to Chicago via Canada.

* * *

The Report thus reviews the efforts made in every sector of the Company's activities in order to achieve the results obtained. It also outlines the obstacles encountered, which were overcome by the united efforts of the staff, numbering 6,409 people at the end of the year, and records the Board's appreciation of these efforts.

In the engineering sector the organisational problems resulting from the transfer of the Company's services to Fiumicino airport, where the maintenance workshops have been installed, have been solved. Work has also begun at Fiumicino on two additional large hangars and on workshops to house the inspection services that are still at Ciampino.

In the operational sector attention was mainly paid to the training of flying personnel. The ALITALIA Training Centre inaugurated on June 7, 1961, and equipped with flight simulators for DC-8, Caravelle and Viscount aircraft, has completed its training programme for flying personnel, and as many as 932 people have already attended 96 different courses. The building for the Catering Services is also about to be completed at Fiumicino; it will be one of the best equipped establishments of its kind.

The problems of over-capacity, as well as keener international competition and the growing difficulties involved in obtaining traffic rights, had to be faced in the commercial sector during the year. The Company's network of agencies abroad was considerably strengthened by the opening of new offices (Accra, Alexandria, Bangkok, Colombo, Dakar, Lagos, Lima, Madras, Melbourne, Sydney) and improved working arrangements in others.

A number of co-operation and pooling agreements was concluded during the year, and ALITALIA also pursued its negotiations with Air France, Lufthansa, and Sabena on setting up the Air Union organisation.

The Company's administrative services stood up to the growing pressure on them thanks also to the use of the IBM-7070 electronic computer. The organisation and individual fields of responsibility were further decentralised during the year, partly by the efficient application of the "control and balance" system.

The Safety Committee, set up to study and investigate the problems inherent in flight safety, continued to function during the year, and another committee was established recently to look into the health problems of flight and ground personnel.

* * *

June 8, 1961, marked the expiry date of the agreement concluded in 1946 between the Italian Government and the British BEA company. As from that date the latter terminated its holding in ALITALIA, and Lord Douglas of Kirtleside resigned as the Company's Deputy Chairman and member of the Board.

* * *

The Report, after outlining the extensive activities of S.A.M. (Società Aerea Mediterranea) and Elivie (Società Italiana Esercizio Elicotteri), its associated companies, goes on to illustrate the Company's economic progress.

Results on intercontinental routes were encouraging, and progress on international routes was even more satisfactory.

The operation of internal routes once again registered a particularly substantial loss, owing to excessively low fares, uneconomic working on certain routes, and the increases in airport charges.

TABLE I.—SUMMARY OF OPERATIONS IN 1960 AND 1961

	1960	1961	Increase %
Kilometres flown	37,629,333	43,390,646	+15·3
Flight hours	93,507	88,288	− 5·6
Passengers	1,099,668	1,528,175	+39·0
Passengers pass./km.	1,338,812,912	1,864,467,890	+39·3
Seat/km. offered	2,321,710,546	3,436,358,305	+48·0
Mail carried kg.	3,984,889	4,311,568	+ 8·2
Mail carried ton/km.	6,645,322	7,107,625	+ 6·9
Freight carried kg.	12,062,241	18,360,615	+52·2
Freight carried ton/km.	19,864,761	36,156,116	+82·0
Total ton/km. carried	148,575,063	211,066,343	+42·1
Total km. offered on scheduled flights	267,389,880	413,193,618	+54·5
Total km. offered including charter flights	271,593,434	417,769,703	+53·8
Passenger load factor %	57·7	54·3	− 5·9
Overall load factor %	55·6	51·1	− 8·1
Growth of network at Dec. 31, 1961 km.	110,533	144,879	+31·1

Traffic returns, made up of foreign currency to the extent of 73.17 per cent, increased over the preceding years as shown in the following table:

GROSS TRAFFIC RETURNS

	1956	1957	1958	1959	1960	1961
In Lit. m.	8,134	12,986	26,138	35,033	44,481	59,275
Increase %	29·6	59·6	101·2	34·0	26·9	33·2

Expenses increased in proportion. Altogether the business results achieved in 1961 can be considered satisfactory, as operating results substantially balanced expenditure.

As a result of the very conservative policy previously followed by the Company in the field of fleet depreciation, and owing to favourable market conditions, the sale of DC-6B and Convair piston aircraft produced a surplus sufficient to cover the losses suffered in previous years.

The Report summarises the Profit & Loss Account for 1961 as follows:

Traffic returns	Lit.	59 275 253,361
Miscellaneous returns	„	3,324,317,863
Total returns	Lit.	62,599,571,224
Management and general expenses	„	54,178,270,413
Balance	Lit.	8,421,300,811
Depreciation	„	6,770,302,744
Profit	Lit.	1,650,998,067
which at the Annual General Meeting it has been resolved to allocate as follows:		
—to cover the losses of previous years	„	1,644,246,730
Balance	Lit.	6,751,337
—to transfer to reserve	„	337,567
—to be carried forward	Lit.	6,413,770

Investments rose to approximately Lit. 33,000m. during the year. The "Fleet" account increased as a result of the purchase of the three DC-8s and six Caravelles previously mentioned, and decreased on the other hand by the appropriate amounts following the disposal of six DC-6Bs and six Convairs. "Depreciation" accordingly registered the decrease resulting from the reduction in investments effected during the year as well as the increase represented by the annual percentage in respect of the present fleet and other fixed assets.

The Report concludes by expressing its sincere appreciation of the help given to the Company during the year by the Ministries of Defence, Foreign Affairs, and State Holdings, as well as by other Public Authorities—and both administrative and financial bodies. Thanks are due especially to IRI which was as always generous with its help, advice and support.

After the adoption of the balance sheet the Annual General Meeting proceeded to nominate the new Board of Directors and the Auditors for the three-year period of 1962-1964.

At its meeting after the conclusion of the Annual General Meeting, the Board of Directors approved:

as Chairman: Count Dr Nicolò Carandini;
as Deputy Chairman: Gen. S. A. Aldo Urbani;
as members of the Executive Committee: Dr Ercole Agosta; Count Dr Nicolò Carandini; Dr Franco Giazotto; Ing. Bruno Velani.

KENTAN GOLD AREAS LIMITED

The Annual General Meeting of Kentan Gold Areas Limited was held on September 11, 1962, at The Chartered Insurance Institute, EC2, **Mr E. F. O. Gascoigne** (Chairman) presiding.

Mr Gascoigne referred to the Board's intention to recommend to shareholders proposals for a merger with Rhodesia-Katanga Company Limited, subject to the capital reconstruction of that company becoming effective. Details of the proposals, which the Board considered to be greatly in the interests of shareholders, would be posted in due course.

He emphasised the dependence of the company on its interest in Tanganyika Concessions Limited and hence in the establishment of a satisfactory solution to the problem of Katanga and the Congo. In this connection the acceptance by Mr Adoula and President Tshombe of the United Nations plan for the reintegration of Katanga into the Congo was encouraging, but in the meantime it was impossible to hazard any forecast of the company's future earnings.

The consolidated accounts at March 31, 1962, showed a profit for the year of £136,778 and after bringing forward the previous year's balance, and allowing for adjustment of taxation of the previous year, a balance of £761,752 remained available for distribution. An interim dividend of 1s. 6d. per share (7½ per cent) had been paid on March 16, 1962, and it was proposed to recommend a final dividend of 1s. 0d. per share (5 per cent), making a total dividend for the year of 2s. 6d. (12½ per cent), as compared with 3s. 0d. (15 per cent) for the previous year.

The Report and Accounts were adopted.

AMALGAMATED ANTHRACITE HOLDINGS

MR P. E. HOLDEN'S STATEMENT

The thirty-eighth Annual General Meeting of Amalgamated Anthracite Holdings Limited was held on September 11th in London, **Mr P. E. Holden, FCA,** chairman, presiding.

The following are extracts from his circulated statement for the year ended December 31, 1961:

The trading profit totalled £1,171,000 compared with £1,025,000 in the previous year. The net profits available come out at £349,000 compared with £384,000 in 1960, and there is a taxation windfall of £73,000 which raises the available figure to £422,000 for 1961. The board are recommending a final dividend of 12 per cent, making a total of 18 per cent for the year.

1961 as a calendar year, was difficult for retail coal, but the overall results of the coal and transport sections of our business were slightly above those of the previous year, and hold out promise for 1962.

Our engineering companies, which are versatile, covering general engineering, chemical, electrical, and electronics, have produced overall a useful contribution.

Our substantial building supply interests had quite an active year and improved their results.

I hesitate to forecast a result for 1962 because of the width of our activities and the imponderables of the weather, and the Government's rather erratic economic policies. All I can say is that for the first six months of 1962 we are ahead of the same period in 1961 and unless we suffer some serious reversals which are not yet apparent, I feel 1962 will be a satisfactory year.

The report was adopted.

This announcement appears only as a matter of record.

September 11, 1962

$5,000,000

Eurofima

European Company
for the Financing of Railroad Equipment

Promissory Note due 1967

This financing has been arranged privately in the United States by the undersigned.

Smith, Barney & Co.

THE UDDEHOLM GROUP

UDDEHOLMS AKTIEBOLAG, UDDEHOLM, SWEDEN

Extracts from a survey of the Company's activities as presented by the Board at the Annual General Meeting June 2nd, 1962

MAIN ACTIVITIES

UDDEHOLM is situated in the west of Sweden and its main activities are based on the natural resources of the region – iron ore, timber and water power. The business includes the production of iron and steel, hot-rolled and forged, cold-rolled and drawn; sponge iron; ferro-alloys; and tungsten carbides. Its finished metal products include hot-rolled, cold-rolled and drawn tubes; carriage springs and other springs; wire ropes, etc. Among its forestry products are sawn and planed timber; sulphate and sulphite pulps and by-products; paper and board. Electro-chemical products also feature in the Group's output.

The Company's main activities are centred on its own mines in Värmland; the steel works at Hagfors, Nykroppa and Degerfors; the cold rolling mills at Munkfors; the tube mills at Storfors; the wire rope plant at Blombacka; the saw mills, pulp mills, paper mill and chemical plants at Skoghall. UDDEHOLM also holds a majority interest in the Tuolluvaara mines in Lapland.

The sales organisation of UDDEHOLM comprises offices and service plants in leading cities of Europe and America; London, Birmingham, Paris, Brussels, Dusseldorf, Solingen, Stuttgart, Nuremberg, Copenhagen, New York, Cleveland, Los Angeles, Toronto, São Paulo and Rio de Janeiro. UDDEHOLM is also represented by agents in almost every country in the world.

REVIEW

There was a good demand throughout the year for the Company's products, but in view of increasing competition and the resulting price decrease, the future should be regarded with caution.

Output of iron and steel products increased by about 10 per cent. A slackening off in the pulp industry was evident throughout Sweden with decreased exports and price reductions. Following an agreement between the Scandinavian pulp manufacturers to reduce production, the sulphite factory at Skoghall was closed down in December.

On the other hand, production of sulphate pulp rose and paper production remained stable.

Capacity was fully utilised at the chemical plant at Skoghall, but prices dropped slightly. As in 1960, ample rain during the year was favourable for power supply.

IRON AND STEEL

Demand for UDDEHOLM steel products was very good in late 1960/early 1961, but during the year under review a slight decrease was noticeable, particularly towards the end of the year. This was first noticed on the markets for tubes, sheet and plate iron. Sales of stainless material, especially stainless steel sheets, also declined towards the end of the year following strong foreign competition, including Japan's entry into the European markets. On the other hand, the market for tool steel, cold-rolled drawn steel and cold-drawn material has remained more stable and the number of orders received was virtually unchanged.

The Company expanded its production of steel products quite considerably during 1961 and output increased, in both quantity and value, by over 10 per cent. A new electro-steel furnace at the iron works at Hagfors came into production at the beginning of 1962 and production of tool steel and stainless steel rose as did production of semi-finished materials, intended for further treatment at the Concern's other mills. Production of stainless and acid resisting steel castings also increased. Output of cold-rolled strip and various kinds of drawn steel wire at the Munkfors steelworks increased by 15 per cent., and at Storfors, where production reached a record level despite personnel difficulties, the tube mills operated at full capacity throughout the year. Following rationalisation measures, production at the Persberg sponge iron works rose by 30 per cent.

FORESTRY AND FOREST INDUSTRIES

Deliveries to industry remained practically unchanged during the year under review, but deliveries from the Company's own forests decreased by about 2,118,900 cubic feet. Transport conditions were favourable during the first part of the felling season but deteriorated later, following long thaw periods starting early in the year. Rationalisation of forestry activities continued to include the construction of new forest roads. Favourable weather conditions facilitated the planting of ten million saplings during the year under review.

The Company was able to sell the planned quantity of wood products (sawn and planed goods) which exceeded last year's figure by 2,000 standards.

The equilibrium between production and demand for market pulp which characterized 1960 did not prevail during 1961. In order to stabilize the market pulp industry the Scandinavian manufacturers late in 1961 agreed to restrict production by about one million tons in the 12 month period following 1st December 1961. The total deliveries were increased by over 4,000 tons to almost 102,000 tons.

The market for kraft paper was firm in the beginning of the year but later gradually weakened partly due to the deteriorating prices for market pulp. The paper sales rose by about 2% in both value and quantity.

Timber production rose to the record level of 27,000 standards.

Sulphate pulp production rose by more than 11,000 tons to 113,000 tons.

Output of paper remained unaltered but production of paper sacks, which are only sold on the Swedish market, increased considerably.

The Company's chemical plants have been run to capacity.

Continuous production was introduced at the CMC plant late in the year.

The investments in plant and machinery at the Skoghall works which have been made lately have resulted in increased production with a decreasing number of workers.

HYDRO-ELECTRIC POWER

Rainfall in Värmland was above average in 1961, but still below that of 1960. Following these favourable conditions, the Company's power requirements could be met almost completely by water power alone. Total energy available amounted to 1,140 m. kWh, of which 80 per cent. was consumed by the UDDEHOLM Group.

PRODUCTION FIGURES

	1961	*1960*
Electric power (1,000 kWh)	986,000	1,040,000
Timber from Company forests (cu. ft.)	24,297,779	26,403,083
Iron ore (tons)	76,793	84,623
Dolomite (tons)	17,766	19,160
Steel ingots (tons)	338,196	338,834
Sawn timber (stds.)	27,099	24,863
Sulphate pulp (tons)	113,246	101,785
Sulphite pulp (tons)	65,898	68,965
Paper (tons)	70,482	71,058
Chemical products (tons)	112,053	110,204

GROUP SALES

	Kr.m.	Kr.m.
Iron and steel products	353.6	319.1
Timber products	212.7	203.6
Other products (incl. chemicals)	31.9	29.3
Total	598.2	552.0

PERSONNEL

The average number of people employed by the Parent Company and its wholly-owned Swedish subsidiaries in 1961 was 15,167. Wages paid to workers and other employees amounted to Kr. 211.4 m., an increase of 11 per cent.

ALLOCATION OF PROFITS

The Board and the Managing Director propose that the profit for the year of Kr. 18.0 m., and the balance of profits remaining from previous years of Kr.14.7 m., should be allocated as follows:

—to shareholders a dividend of Kr.8 per share against Coupon No. 69: Kr.16,500,000;
—to balance carried forward: Kr. 16,200,000.

The report, the accounts, and the proposals put forward by the Board were adopted.

BOARD OF DIRECTORS

Alf Lindahl; Sven Schwartz; Erik Lundh; Age Lundström; K-G Ljungdahl; Carl A. Jacobsson; Oskar Akerman; Wilhelm Ekman (Managing).

SOME OF THE WAYS IN WHICH UDDEHOLM PRODUCTS ARE USED IN BRITAIN:

***Cold rolled strip steel** for—Razor blades, band saws, springs of every type, printers' rules, camera shutters.*

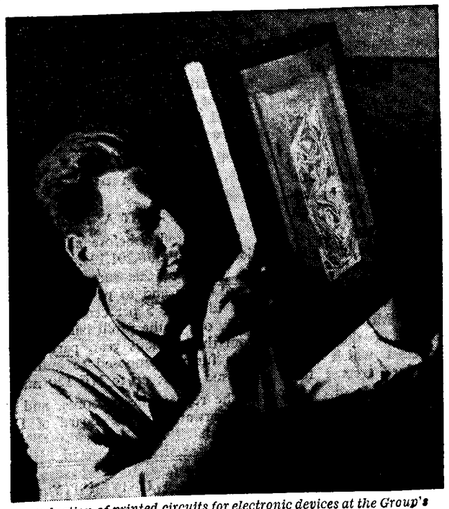
***Hot rolled and hammered steel** for—Press tools, die-casting tools, plastic moulds, drop forging dies. Also for—Piano wire, valve springs, needles, wire ropes.*

***Stainless steels** In sheets, bars, tubes or rods for—Food processing equipment, chemical apparatus.*

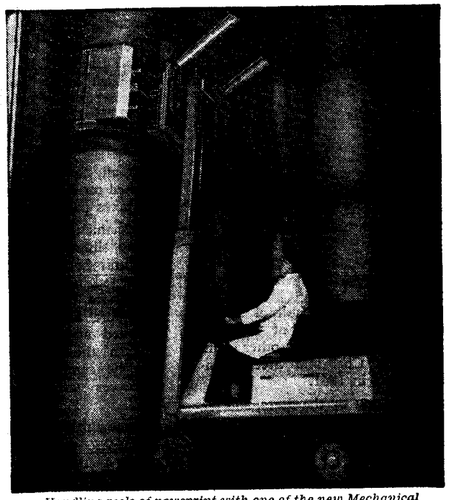
***Seamless tubes** for—Condensers, heat exchangers, cooler tubes. Lighting masts. Steam boilers, oil cracking and refining equipment.*

***Welded constructions** for—Atomic energy equipment, high pressure tanks, distillation columns.*

***Drill steels** and other equipment for mining.*



Production of printed circuits for electronic devices at the Group's factory in Douai



Handling reels of newsprint with one of the new Mechanical Handling attachments

Oldham Group's steady progress

'Company shaping and adapting its resources to take full advantage of future opportunities'

—MR. JOHN OLDHAM, O.B.E.

The Annual General Meeting of Oldham & Son Ltd., the Denton (Manchester) battery, electrical, mining and mechanical handling engineers was held on September 12th.

THE Group profit before Taxation was £584,070, an increase of £68,019 over the previous year. The turnover of the Group as a whole shows a gratifying increase. Final dividend was the same as last year.

In his statement, the Chairman—Mr. John Oldham, O.B.E., made the following comments:

COMMON MARKET. Shareholders will no doubt expect me to enlarge upon long-term tendencies, and particularly on the possible effects of Britain's entry into the Common Market, which in view of our geographical distribution is a matter of direct concern to the Group. I have frequently expressed my strong belief in the continued existence and welfare of the Commonwealth, and in the world's need for Britain's moral and technical leadership in this age of rapid change and development. To this I have also added my conviction that Britain's advent into the Common Market is essential if she is to continue strong and stable enough to remain the centre of a powerful Commonwealth and community of nations. The two systems are not in my view necessarily competitive, or mutually incompatible. The design and development of your Company's present trading pattern is well adapted to such circumstances through the present operations of its Subsidiary Companies in both the Commonwealth and the Common Market.

AUTOMOBILE BATTERIES. The Company's trading in the automobile and commercial vehicle battery sections increased during the period under review.

MECHANICAL HANDLING. In the field of mechanical handling, as represented by the supply of batteries and electric chargers for shop and fork-lift trucks, the Company has continued to make further steady progress.

ATTACHMENTS. A new line of mechanical handling attachments has recently been added to the productions of your Company, which offers the prospect of further increasing the diversification and use of this Division's productions.

This development has a significance greater than the mere addition of another set of equipment to the Company's range of products. It is a fundamental break-through from our previous policy of concentrating on the battery and electrical side of the industry, into what our American associates would describe as part of the "hardware" of the Mechanical Handling equipment.

MINING. The period to which I am referring has been marked by increasing competition at home and overseas. Notwithstanding these conditions, I am pleased to report that the volume of business in the Mining Division has been well maintained.

EXPORT. On the Export side, the challenge to maintaining your Company's high export levels has been very severe. I am gratified, however, to be able to say that the Company has in fact maintained that level.

OVERSEAS COMPANIES. Speaking of the Group's overseas subsidiaries, Mr. Oldham reported that "the Australian Subsidiary has more than held its own, whilst its sister company Dunlop-Oldham has now established itself on a profit making basis".

During the year the Indian Company has continued to expand and develop its sales and service concerned with the supply of miners' lamps, and the prospect is now offered for the overseas diversification of the Company's activities!

The affairs of the South African Subsidiary continue to develop satisfactorily and a further expansion of its business is to be reported. Important development concerns the introduction by the South African Subsidiary Company of its automobile batteries to the South African Market.

The production of the French Company has now been extended into the manufacture of batteries for commercial vehicles and mechanical handling equipment. Another interesting development concerns the manufacture at Douai of safety equipment, involving the production of electronic equipment, printed circuits, etc., the first time such work has been undertaken anywhere in the Group.

THE FUTURE. Looking to the future, and the challenge which it offers, I feel that shareholders can have confidence that the Company is shaping and adapting its resources to meet that challenge, and to take full advantage of the opportunities offered.

Over the years, your Company has been successful in taking a variety of such eventualities in its stride. I am confident that as it approaches its centenary in three years' time, events will show that it is properly equipped to continue its development in the rapidly changing circumstances of this latter half of the twentieth century.

OLDHAM & SON LIMITED

Denton, Manchester; France; Africa; India; Australia

DE WENDEL ET CIE

SOCIÉTÉ ANONYME

(Iron & Steel)

Paris

The Annual General Meeting of DE WENDEL ET CIE S.A. was held on May 26, 1962 under the chairmanship of Comte Emmanuel de Mitry. The following is a summary of the report published by the Board of Directors:

REVIEW

The report notes that as a result of slower economic expansion, the activity of the iron and steel industry in France and the other countries of the European Coal and Steel Community fell considerably in 1961.

Following on destocking by the users, shorter delivery periods, and increased imports, steel production was adjusted to the new levels of demand.

Despite these less favourable conditions, DE WENDEL ET CIE S.A. maintained production at a high level. In particular, 7,502,223 tons of ore were extracted, 2,361,264 tons of pig iron and 2,759,625 tons of steel were produced, including the Company's share in the output of *SOLLAC*.

In all, 2,156,175 tons of semi-finished and finished products were sold and turnover, including taxes paid, amounted to NF 1,670,460,249.

Investments increased to NF 183,260,521. A second sintered products line was built. The first unit in a new blast furnace division was completed, and a second is under construction. A mill for broad-flanged beams was installed. The port installations on the Moselle were extended and adapted in view of the work to turn the river into a canal which will soon be completed. Houses were erected for employees and an apprentices' school was built.

Those subsidiaries of DE WENDEL ET CIE whose operations are connected with the Company itself achieved satisfactory results on the whole in 1961, especially in the case of *Société Lorraine de Laminage Continu SOLLAC* which produced 1,785,000 tons of steel and 2,093,000 tons of hot-rolled strip. This Company continued to build a new cold-rolled strip mill and a new electrolytic galvanising production line.

DE WENDEL ET CIE invested NF 10,268,835 in new share issues by subsidiaries.

PROFIT AND DIVIDEND

Gross profits, before allowance for depreciation, are NF 170,201,124. It is proposed to set the whole of this sum against depreciation of fixed assets, and to pay, as from June 7, 1962, a dividend of 5 per cent or NF 2.5 per share, partly out of the profit balance brought forward from the previous year, partly out of reserves. It is further proposed to authorise the Board to issue bonds up to NF 120 million.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

EDUCATION AND COURSES

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

A series of ten lectures on THE COMMON MARKET will be given fortnightly during the Michaelmas and Lent Terms, 1962-63, on Tuesdays at 5 p.m. beginning on October 9. So far the following have accepted invitations to speak:—

Europe in the Making. M. P. O. Lapie.
Machinery of Government. Professor Max Beloff.
Legal Aspects. Professor O. Kahn-Freund.
Labour Problems and Social Policy. Mr. Robert Cox.
Problems of the Association of Oversea Countries. Dr. J. J. Van der Lee.
Tariffs and Trade. M. J. Royer.
Industrial Repercussions, especially the problems of particular industries in individual countries. Lecturer to be announced.
Agriculture. Mr. H-B. Krohn.
Decartelization: The Rules of Competition in the E.E.C. Treaty and in the participating countries. Dr. L. Günther.
Money and Finance. Professor S. Posthuma.
Admission free without ticket.

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.Econ. (three, if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London University B.Sc. Economics Exams., 1950-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus, (education examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

WOLSEY HALL, OXFORD

SECRETARIAL Training for Women, especially graduates and older students, six-month and intensive 14-week courses.—Write Principal, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

Employers are invited to write to:

The Director,
City of London College,
Moorgate, E.C.2

for details of an

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IN
BUSINESS STUDIES

which will commence in January, 1963

This is a **Three-Year 'Sandwich' Course** suitable for well-educated entrants to commerce and leading to a **Higher National Diploma in Business Studies.**

NORTHAMPTON COLLEGE OF ADVANCED TECHNOLOGY

ST. JOHN STREET, LONDON, E.C.1.

DEPARTMENT OF MANAGEMENT AND SOCIAL SCIENCES
Lecture and Discussion Series 1962-1963

14 lectures, fortnightly on Wednesdays (10 a.m. to 5.0 p.m.) from 17th October, 1962, to 8th May, 1963, entitled DIRECTION AND LEADERSHIP OF SCIENTIFIC & ENGINEERING PERSONNEL. Fee 50 gns.

10 lectures, weekly on Mondays (2.30 to 5.0 p.m.) from 8th October, 1962, entitled THE MANAGEMENT OF MEN AND RESOURCES. Fee 5 gns.

8 lectures, weekly on Thursdays (2.30 to 5.0 p.m.) from 27th September, 1962, entitled MARKETING MANAGEMENT. Fee 5 gns.

10 lectures, weekly on Tuesdays (2.30 to 5.0 p.m.) from 9th October, 1962, entitled CHANGING INDUSTRIAL RELATIONS. Fee 5 gns.

4 lectures, weekly on Thursdays (2.15 to 5.0 p.m.) from 15th November, 1962, entitled RAPID AND INTENSIVE READING. Fee 3 gns.

15 lectures, weekly on Thursdays (6.30 to 8.30 p.m.) from 25th October, 1962, entitled PATENT LAW AND ADMINISTRATION. Fee 10 gns.

12 lectures, weekly on Tuesdays (7.0 to 8.45 p.m.) from 25th September, 1962, entitled COMMUNICATION IN MANAGEMENT. Fee 3 gns.

10 lectures, weekly on Fridays (7.0 to 8.30 p.m.) from 28th September, 1962, entitled EFFECTIVE SPEAKING. Fee 3 gns.

12 lectures, weekly (6.0 to Tuesdays 7.30 p.m.) from 25th September, 1962, entitled EFFICIENT READING. Fee 3 gns.

Further particulars on request.

NORTHAMPTON COLLEGE OF ADVANCED TECHNOLOGY

LONDON, E.C.1.

DEPARTMENT OF MANAGEMENT AND SOCIAL SCIENCES
Diploma in Management Studies
(Approved by the Joint Committee and the Ministry of Education)

A course for this Diploma will begin on the 5th November, 1962. Students attend College on one day a week for three years. There is a period of two weeks in residence at the beginning of the course and two weeks each year thereafter. Students can specialise in Production, Marketing, Finance or Industrial Relations. Applications should be made before 12th October. Further particulars on request to Head of Department, at St. John Street, London, E.C.1.

B.Sc. (ECON.)

LONDON UNIVERSITY

U.C.C., founded in 1887, successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts.—Prospectus, giving details of Courses for other London Degrees, G.C.E., Law Exams., etc., from Registrar, University Correspondence College, 60 Burlington House, Cambridge.

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BRUNEL COLLEGE

WOODLANDS AVENUE, ACTON, W.3

The Department of Management and Production Engineering will include the following course in the programme for the academic year from September, 1962.

ORGANISATION AND METHODS FOR MANAGEMENT

A course in O. & M. Techniques which comprises:—
Report Writing.
Work Study and Office Procedure.
Ergonomics and Psychology in Industry.
Computer Programming.
Punched Card Techniques.
Operational Research Techniques.
One day (Wednesdays) each week during term from September 26 to November 28, 1962.
Fee: £21.
Reservations and enquiries on this course should be made to the Department at the College. Telephone ACOrn 6601.

BUSINESS AND PERSONAL

A FOREIGN LANGUAGE in a few months for yourself or your staff, with the easy ASSIMIL way. You assimilate the language and acquire the accent naturally by listening to the living language on gramophone records with an illustrated book to guide you. Preliminary and Complete Courses in French, German, Italian, Russian and Spanish. A Pitman follow on course available for technical and commercial expressions. Details from ASSIMIL, 79, Farncombe, Godalming, Surrey.

WANTED: "The Times"; "Palmer's" and "Official Index to The Times"; early "Economist"; Trans. and Procs. of the Royal Society; Journal of the Roy. Statistical Soc.; "Annual Register"; "English Catalogue of Books"; "British National Bibliography,"; "New Statesman"—runs; "Economist" runs; "Illustrated London News"; and almost any learned and scientific periodicals.—H. Pordes, 138 New Cavendish Street, London, W.1. MUSeum 5250.

APPOINTMENT REQUIRED

PUBLIC SCHOOL MAN, mid-forties, commercial manager, requires progressive post Far East. Sixteen years' trading experience West Africa, present resident Sierra Leone. Good knowledge French and German.—Box 1655.

ECONOMICS Graduate, consultancy experience in Work Study, Stock Control and Production Scheduling, seeks position in small firm.—Box 1656.

APPOINTMENTS

THE UNIVERSITY OF SHEFFIELD

Applications are invited for a post of LECTURER or ASSISTANT LECTURER in MATHEMATICAL ECONOMICS, to begin duties on January 1, 1963, or such earlier date as may be arranged. Initial salary according to qualifications and experience on the scales: Lecturer, £1,150 x £50-£1,500 x £75-£1,950; Assistant Lecturer, £900 x £50-£1,050, with F.S.S.U. provision and family allowance. A grant towards removal expenses will be made. Further particulars may be obtained from the Registrar, to whom applications (4 copies) including the names and addresses of three referees should be sent by October 1, 1962.

THE ECONOMIST INTELLIGENCE UNIT requires a sub-editor/writer for its Press and Publications department. Experience of publishing is desirable, knowledge of economics an advantage, ability to put over facts clearly is essential. Write, giving qualifications, experience, age and salary, to: Press, E.I.U., 5 Bury Street, London, S.W.1.

STAFF ENGAGER. Griffin & Spalding Ltd., Nottingham, have a vacancy for a Staff Engager and Manager. Will women with suitable qualifications please send details of their career to the Managing Director, Lone Row.

UNIVERSITY OF GHANA

INSTITUTE OF PUBLIC EDUCATION

Applications are invited for
(a) SENIOR RESIDENT TUTOR/PRINCIPAL in the Institute of Public Education for Sekondi-Takoradi Workers' College,
(b) RESIDENT TUTORSHIPS or
(c) ASSISTANT RESIDENT TUTORSHIPS in the Institute of Public Education.

Candidates for Senior Resident Tutor/Principal must hold a good honours degree and have considerable administrative experience, preferably, in an educational institution. Experience in Adult Education an advantage. Candidates for Resident Tutorships or Assistant Resident Tutorships must be honours graduates with qualifications in Mathematics, Geography and Trade Union Studies.

Salary Scales: (a) Senior Resident Tutor/Principal, £G1,750 x £G75—£G2,200 per annum. (b) Resident Tutor, £G1,050 x £G30—£G1,400 x £G75—£G1,850; £G1,900 per annum. (c) Assistant Resident Tutor, £G900; £G950 per annum. In each case 20 per cent. addition for non-Ghanaian. Entry at appropriate point. Appointment normally five years in the first instance.

Outfit allowance £G60. Car allowance £G150 per annum. Family allowance for non-Ghanaians for each child in West Africa, £G50 per annum or, if under 21 and being educated outside West Africa, £G100 per annum (maximum five children). Part-furnished accommodation at charge not exceeding 7.5 per cent. of salary. F.S.S.U. policies maintained if already held, or superannuation on similar basis.

Passages for appointee and family on appointment and normal termination. Annual leave with three overseas return passages in every four years for non-Ghanaians and one every three years for Ghanaians.

Applications (six copies) with full details of qualifications, experience, etc., and naming three referees, to be sent before October 15, 1962, to the Registrar, University of Ghana, Legon, Accra, or to the Assistant Registrar (Overseas), University of Ghana, 15 Gordon Square, London, W.C.1, from either of whom further particulars may be obtained.

UNIVERSITY COLLEGE OF SWANSEA

Applications are invited for the following posts:—
(i) LECTURER IN SOVIET POLITICAL INSTITUTIONS.
(ii) LECTURER IN RUSSIAN HISTORY.
Salary Scale: £1,150-£1,950.
Commencing salaries will be according to the age, qualifications and experience of the successful candidates.
F.S.S.U. Benefits and Family Allowances.
Further particulars may be obtained from the Registrar, University College of Swansea, Singleton Park, Swansea, to whom applications (six copies) must be sent not later than *Saturday, October 13, 1962.*

For other appointments see page 1063

THE UNIVERSITY OF HULL

CENTRE FOR SOUTH-EAST ASIAN STUDIES

Applications are invited for appointment to either a Senior or Junior Research Fellowship tenable for three to five years from January 1, 1963, or as soon as possible thereafter. The fields of research will cover Economics, Geography, Politics, Social Anthropology or History and candidates must hold good qualifications in one of these subjects.

Salary scales: Senior Fellow £1,750 x £75-£2,050; Junior Fellow £1,150 x £50-£1,350 with F.S.S.U. and children's allowances.

Applications (five copies) should be sent to the undersigned not later than October 20, 1962.

W. D. CRAIG
Registrar.

COMPANY AFFAIRS

In the London stock market equities have again been dull this week and there has been no follow through to last Friday's rally. This was based on hopes of early moves by the government to stimulate the economy, but this week sentiment has been affected by the tone of the Bank of England's economic review and by statements by Mr S. G. Warburg here and by Mr Per Jacobsson in Washington. Uncertainty over the common market was a further factor restraining buyers and over the week The Economist *indicator fell by 1.9 points to 326.6. Once again interest has centred on gilt-edged, particularly among the short and medium dated stocks. The new Manchester loan got off to a good start and rose to a premium of 1⅜.*

Bowater Paper

THE new chairman of Bowater Paper Corporation, Sir Christopher Chancellor, and his fellow directors have many problems to face in the months ahead. Not the least of these will be to decide what final dividend they should declare for 1962. The interim dividend has been maintained at 5 per cent and in his statement accompanying the results for the first six months which was prepared shortly before his death, Sir Eric Bowater wrote that he did not believe it possible now to express an opinion about the rate of the final dividend but when the time came the directors would take into account not only past results but also future prospects.

This would seem to hold out some hope that the total dividend will be maintained at 13¾ per cent even though there is the possibility that this payment will not be fully covered by earnings. For the first half of 1962 earnings were running at an annual rate of just under 11 per cent. A further decline in profits has taken place but sales, though lower than in the first six months of 1961, were £2 million higher than in the second half of 1961. The home market has remained weak and as yet there is no sign of any material improvement in the demand for newsprint and magazine papers. But there has been some recovery in packaging papers, which presumably in part reflects some revival in the demand for consumer durables. This is one favourable pointer to the current half-year's results as is the bringing into production of new plant for coated printed papers. Moreover, higher earnings from North America will once again cushion the fall in profits in the home market to some extent. But the overriding problem of over capacity in the paper industry still remains and Bowater like other paper manufacturers will have to accept slim profit margins for some time to come. It has been estimated that the gap between demand and capacity will not narrow much in the next two or three years. If this is the case can the directors risk paying a dividend not completely covered by earnings? The other factor which will no doubt have some influence on the directors' decision is whether or not Britain joins the EEC. If she does, the British paper manufacturers may be less exposed to Scandinavian competition. But whatever happens it is clear that the dividend is in the balance and this is reflected in the 8.2 per cent yield offered by the £1 shares at 33s. 7½d.

Six months ended	Dec. 31, 1960 £ mn.	June 30, 1961 £ mn.	Dec. 31, 1961 £ mn.	June 30, 1962 £ mn.
Sales	76·7	75·6	72·8	74·7
Trading surplus	12·5	11·1	10·8	10·2
Gross profit	6·6	5·1	4·9	4·0
Net profit	2·8	2·2	2·6	1·5
Gross profit/sales %	8·6	6·8	6·7	5·4
Net profit/sales %	3·7	2·9	3·6	2·0

General Electric

AT the end of last week the £1 shares of General Electric touched a new high for the year of 37s., which compares with a low point of 26s. and which brought the dividend yield down to 5¼ per cent. The latest rise in price was sparked off by the speech that Mr Arnold Lindley, the chairman, made at the annual meeting. Mr Lindley expects a further advance in profits in the current year. This forecast is based partly on the "significant economies" that should result from the reorganisation of the group and the introduction of new trading policies. The difficulties in the group's domestic equipment and radio and television businesses have now apparently been overcome and the telecommunications business holds out substantial prospects of growth in the years ahead.

This cannot be said, however, of the heavy electrical engineering division, where profit margins are low and which still remains the prime "area of difficulty." Another serious problem still facing GEC is its short-term debts, which including acceptance credits amounted to £11½ million at the end of March even though numerous investments and properties had been sold. Since then the overdraft has risen again, though this in part reflects the higher level of business activity within the group. If the chairman's forecast of a rising trend in profits is realised the capital problem will be eased, while the sale of Magnet House should bring in some much-needed cash. But Mr Lindley says that the group "must continue to seek suitable opportunities to expand business" and clearly in several directions it will have to spend heavily on development and research. Thus while GEC's trading prospects are brighter than for some time past the group is unlikely to be able in the immediate future to pass on to shareholders much of the benefit that may arise from reorganisation. But shareholders will recognise that without the reorganisation a regular dividend of 10 per cent would have been impossible. The shares have fallen back to 35s. this week and yield 5.6 per cent.

Rank Organisation

WITH the profits and the dividend for the year to June 30th last already forecast, both at the time of the issue of £5¾ million convertible debentures and of the acquisition of Murphy Radio by Bush Radio, the preliminary report of the Rank Organisation was not expected to produce any surprises. As forecast, a dividend of 25 per cent, against 22½ per cent, has been declared, but in fact profits are much better than had been indicated. Before tax and interest charges profits at £6,617,000 compare with £6,451,000 in 1960-61 and with a forecast of approximately £6 million. Reflecting the highly geared capital structure, net profits at £1,906,000 are about 20 per cent more than the forecast of £1,550,000. No reason is given in the preliminary statement why the Rank Organisation did so much better than it had been expected but it seems that the chairman, Lord Rank, who retires from that office after next month's annual meeting, will be able to sign off on an optimistic note by holding out the prospect of further increase in profits in the current year.

Where will this improvement come from? There seems little sign that the group's cinema interests, which still account for nearly three-quarters of total profits, will again do little more than hold their own. The directors may look for better results from manufacturing interests, whose profits have fallen from £1,532,000 in 1959-60 through £1,148,000 in 1960-61 to £728,000 in 1961-62. In their earlier forecasts the directors had not expected bigger profits from Rank's miscellaneous and much publicised activities such as bowling alleys, ballrooms, television relay and rental companies and Bingo to offset the fall in manufacturing profits. But this is what happened, for miscellaneous profits rose from £325,000 to £972,000. The directors may be counting on some further growth in profits from these sources.

Continued on page 1060

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: CANADA: AUSTRALIA: JAPAN.

Prices, 1962 High	Prices, 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 5, 1962	Price, Sept. 12, 1962	Net Red. Yield, Sept. 12, 1962§ £ s. d.	Gross Red. Yield, Sept. 12, 1962 £ s. d.
100 15/16	100 9/32	Treasury 5½% 1962	100.6.1	100.5.6	—	3 12 10
99 9/32	96 3/16	Exchequer 3% 1962–63	99 3/16	99 9/32	2 8 3	3 19 6 l
100 11/16	98½	Conversion 4¾% 1963	100 5/8	100 19/32	1 9 10	3 18 6
97 27/32	93 3/16	Exchequer 2½% 1963–64	97 3/8	97 27/32	2 13 1	3 16 9 l
100 23/32	97 1/16	Conversion 4½% 1964	100 23/32	100 23/32	1 18 11	4 0 8
96 5/32	90 11/32	Savings Bonds 3% 1955–65	95 21/32	96 5/32	3 3 9	4 8 2 l
102 7/32	98 3/32	Exchequer 5½% 1966	101 7/8	102 7/32	2 14 1	4 16 3
90½	85	Savings Bonds 2½% 1964–67	89 9/16	90½	3 13 10	4 16 2 l
101¼	98	Exchequer 5% 1967	100½	101¼	2 19 0	4 19 8
89 7/8	83 5/16	Funding 3% 1966–68	89 1/8	89 7/8	3 16 4	5 1 7 l
90 7/8	84 7/8	Conversion 3½% 1969	90	90 7/8	3 15 3	5 4 2
88 15/16	82 5/8	Funding 3% 1959–69	88¾	87 7/8*	3 18 5	5 3 0 l
97	92¼	Victory 4% 1920–76	95½	95 5/8	3 2 8	4 14 10‡
85½	78 15/16	Savings Bonds 3% 1960–70	84¾	85 7/16	4 0 1	5 5 8 l
97 7/8	90 9/16	Conversion 5% 1971	97 3/8	97 7/8	3 8 2	5 8 5
103 7/8	97¼	Conversion 6% 1972	103 3/8	103 7/8	3 4 7	5 10 7
98 7/8	91 1/8	Conversion 5¼% 1974	98½	98 7/8	3 8 4	5 10 8
92 7/8	87¾	Funding 4% 1960–90	92 3/8	92 7/8	3 5 1	4 19 0 l
77 3/8	70 7/16	Savings Bonds 3% 1965–75	77 1/16	77 3/8	4 2 7	5 9 10 l
76 11/16	69 3/16	Treasury 3½% 1977–80	76 3/8	76 5/8	4 0 11	5 13 9 l
75 11/16	68 5/16	Treasury 3½% 1979–81	75 3/8	75 5/8	4 0 11	5 13 6 l
97 7/8	90 3/16	Funding 5½% 1982–84	97 9/16	97 7/8	3 11 0	5 14 11 l
90 5/8	82 3/8	Treasury 5% 1986–89	90½	88 7/16*	3 14 7	5 16 6 l
62	54	Redemption 3% 1986–96	61 7/8*	62*	3 16 11	5 9 3 l
66¼	56 15/16	Funding 3½% 1999–2004	66¼	66¼	3 15 5	5 12 11 l
94 5/8	84 1/8	Treasury 5½% 2008–12	94 3/8*	94	3 12 8	5 17 7 l
67¾	58¼	Consols 4% .... after Feb. 1957	67¾	67¼	3 13 2	5 19 10
61 5/16	52 1/16	War Loan 3½% ....after 1952	61¼	60 5/8	3 11 5	5 17 5 f
59 15/16	52 5/16	Conv. 3½% ....after Apr. 1961	59 7/16*	58 13/16*	3 12 9	5 18 8 f
52½	44 7/8	Treasury 3% ....after Apr. 1966	51 3/8*	51*	3 11 11	5 17 3 f
44 3/8	38 1/8	Consols 2½%	44 1/8*	43 5/8*	3 10 1	5 14 3 f
43 9/16	38 1/16	Treasury 2½% ....after Apr. 1975	43 3/8*	42 7/8*	3 11 4	5 16 4 f
95 13/16	89 15/16	British Electric 4½% 1967–69	95½	95¾	3 9 10	5 6 3 l
80 11/16	74 3/8	British Electric 3% 1968–73	80 5/16*	80 7/16*	4 2 9	5 8 11 l
75 11/16	69	British Electric 3% 1974–77	75*	75 5/8*	4 1 8	5 9 1 l
85	79 1/16	British Electric 4¼% 1974–79	84¼*	84 7/8*	3 16 3	5 12 8 l
77½	70 3/8	British Electric 3½% 1976–79	77 5/16	77½	4 0 7	5 13 6 l
89 1/8	82¾	British Gas 4% 1969–72	88¾	89 1/16	3 16 4	5 9 11 l
86 7/8	80 9/16	British Gas 3½% 1969–71	86¼*	86 7/8	3 17 10	5 7 4 l
63¼	53 13/16	British Gas 3% 1990–95	63 3/16	63 1/8	3 17 6	5 10 6 l
80 11/16	74 3/8	British Transport 3% 1968–73	80 5/16*	80 7/16*	4 2 9	5 8 11 l
84½	77¼	British Transport 4% 1972–77	83¾	84½	3 17 0	5 12 4 l
65	56½	British Transport 3% 1978–88	64 15/16	64 7/8	4 1 6	5 12 11 l

Prices, 1962 High	Prices, 1962 Low	DOMINION AND CORPORATION STOCKS	Price, Sept. 5, 1962	Price, Sept. 5 1962	Net Yield, Sept. 12, 1962 £ s. d.
85	79½	Australia 3¼% 1965–69	84¾	85	5 18 0 l
101	96	Australia 6% 1974–76	100¾	101	6 2 0 l
66	52	Ceylon 4% 1973–75	54	54½	10 11 0 l
99 3/8	94¼	New Zealand 6% 1976–80	99 1/8	99 3/8	6 1 0 l
78	62½	Rhodesia and Nyasaland 6% 1978–81	77	78	8 8 0 l
90¾	82	South Africa 3½% 1965–67	90½	90¾	6 1 0 l
62½	48	Southern Rhodesia 4½% 1987–92	60½	62½	7 15 0 l
86	77¾	Agricultural Mortgage 5% 1959–89	85¾	86	5 19 0 l
91	86	Birmingham 4¼% 1967–70	90¾	91	5 15 0 l
94	88 5/8	Bristol 5% 1971–73	93½	94	5 17 0 l
94 3/8	88	Corporation of London 5¼% 1976–79	93¾	94 3/8	5 18 0 l
49¾	43	L.C.C. 3% ....after 1920	49 5/8	49½	6 0 0 f
90¾	84	L.C.C. 5% 1980–83	88 5/8*	89½*	5 16 0 l
93	87	Middlesex 5¼% 1980	92 3/8	92¾	5 18 0 l

NEW YORK PRICES AND INDICES

	Sept. 5 $	Sept. 12 $		Sept. 5 $	Sept. 12 $		Sept. 5 $	Sept. 12 $
Atch. Topeka	21½	21 5/8	Boeing	39¾	40 7/8	Int. Harvester	46 3/8	45 5/8
Can. Pacific	20½	20½	Celanese	34 7/8*	35½	Inter. Nickel	61 3/8	61¾
Pennsylvania	11½	12	Chrysler	58 1/8	58½	Inter. Paper	25 7/8	26 5/8
Union Pacific	30 1/8*	30 3/8	Col. Palmolive	40½	39½	Kennecott	68	66¾
Amer. Electric	63 1/8	64½	Crown Zeller.	40*	43	Monsanto	38	40
Am. Tel. & Tel.	110 7/8	111½	Distillers Seag.	39 5/8	39	Nat. Distillers	24¼	24 1/8
Cons. Edison	75	76½	Douglas	23¾	24	Pan-American	18 1/8	19¾
Int. Tel. & Tel.	41½	41½	Dow Chemical	48 1/8	52	Procter Gamble	66¼	67½
South'n. Nat. Gas.	43	43 3/8	Du Pont	198¼	205 7/8	Radio Corpn.	46½	50 5/8
United Corpn.	7 1/8	7 3/8	East. Kodak	99 5/8	100½	Sears Roebuck	73 1/8	73
Western Union	27½	28	Ford Motor	42 7/8	44 1/8	Shell Oil	31	33½
Alcoa	59 5/8	59 7/8	Gen. Electric	65 3/8	67 5/8	Socony-Mobil	51¾	52
Aluminium	22 3/8	22¾	General Foods	69¼	70 7/8	Stand. Oil Ind.	44 3/8	46¾
Amer. Can	43 7/8	43 7/8	General Motors	53	54¼	Stand. Oil N.J.	51 7/8	52¾
Am. Smelting	52 5/8	54 3/8	Goodyear	28 7/8	28¾	Union Carbide	89¼	92 3/8
Am. Viscose	54½	55¼	Gulf Oil	35	36	U.S. Steel	42¼	42¾
Anaconda	39¼	38¼	Heinz	43¼	43½	West. Electric	27½	27
Beth. Steel	31	30¾	Int. Bus. Mach.	383	383 5/8	Woolworth	67¾	66½

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 15	61·48	3·50	28·00	5·76	56·85	3·61	89·12	3·95
" 22	62·67	3·44	28·49	5·66	57·78	3·55	89·64	3·92
" 29	61·38	3·51	28·35	5·69	57·38	3·58	89·43	3·94
Sept. 5	60·76	3·54	27·98	5·77	57·23	3·59	89·33	3·95
" 12	61·62	3·50	27·95	5·78	57·38	3·59	89·43	3·94

425 Industrials :—High, 75·22 (Jan. 3). Low. 54·80 (June 26).

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Sept. 5, 1962	Price, Sept. 12, 1962	Yield, Sept. 12, 1962	Cover
				BANKS, DISCOUNT & HP				
105/-	79/9	6½ b	6½ a	Barclays £1	85/9	83/9	3·10	...
84/3	61/-	...	...	District £1	81/9	84/3	2·97**	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	58/-	57/6	3·30	...
25/6	20/-	7 b	7 a	Martins 5/-	24/6	24/3	3·09	...
101/-	80/-	7½ b	7½ a	Midland £1	87/6	87/6	3·43	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	84/9	84/3	3·32	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B' £1	87/3	85/3	3·12	...
48/3	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	46/3	46/-	5·22	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. £1	36/6	36/9	4·54	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£18 9/16	£18 15/16	3·59	...
35	27¼	8 c	9 c	Bank of New S. Wales £20	34¼	34¾	4·14g	...
39/-	32/6	5 b	5 a	Barclays D.C.O. £1	37/9	37/9	5·30	...
58/6	53/-	7½ b	7½ a	Chartered £1	57/9	57/3	5·24	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. $25	£17½	£17¾	4·23	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. 10/-	54/-	53/9	3·07	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£22 15/16	£23 7/16	3·54	...
45/3	37/6	5 a	10 b	Standard Bank £1	44/-	44/3	6·78	...
54/4½	38/3	7½ a	15 b	Hambros 5/-	41/3	41/-	2·74	...
99/9	72/-	5 b	2½ a	Schroders £1	75/6*	73/-*	2·05	...
61/9	53/-	6¼ b	6¼ a	Union Discount £1	61/-	60/9	4·12	...
14/1½	10/-	18 c	Nil c	Bowmaker 5/-	11/7½	11/7½	...	...
14/3	10/3	10 c	2½ a	Lombard Banking 5/-	12/-	12/-	...	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit 5/-	12/10½	13/1½	2·86	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. 5/-	31/6	31/-	4·27	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	14/7½	14/3	3·86**	2
14/10½	12/10½	...	4½ a	Charrington United ..5/-	14/7½	14/9	4·07**	1¾
44/-	30/6	8½ b	6 a	Distillers 10/-	31/1½	30/6	4·75	1¾
51/6	42/4½	14 b	8 a	Guinness 10/-	43/6	43/6	5·06	1¾
34/-	22/6	14 c	5 a	Harveys 5/-	24/6	24/6	4·29	2½
15/7½	11/10½	...	8 b	Ind Coope, T.A. 5/-	12/3	12/3	4·90**	1½
29/-	21/3	12 b	6 a	Watney Mann 5/-	24/1½	23/1½	3·89	2
42/4½	31/9	9 a	21 b	Whitbread 'A' 5/-	37/-	37/9	3·97	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½ b	Associated Portland ...£1	54/4½	53/7½	3·54	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd. ..10/-	24/7½	24/4½	5·13	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/-	17/4½	16/10½	4·74	2¾
13/7½	10/6	16·9c	5 a	Crittal Mfg. 5/-	12/7½*	12/6*	6·76**	2
14/1½	9/10½	6 a	16½ b	International Paints ..4/-	12/6	12/3	7·35	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	58/6	57/9	4·33	3¼
24/6	18/1½	11⅔ b	5 a	Wall Paper 5/-	19/10½	19/6*	4·27	2¼
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson ...5/-	23/3*	23/-*	4·35	2
19/3	13/11¼	11½ c	5 a	Borax Defd. 5/-	15/-	15/-	3·83	2½
43/3	25/6	11 c	4 a	Fisons £1	28/6	27/6	...	...
58/-	47/6	6¼ a	7½ b	I C I £1	49/7½	48/7½	5·66	1
18/6	12/-	10 c	3¾ a	Monsanto 5/-	13/9*	13/9*	...	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug 5/-	28/-	27/6	2·18	2¼
33/9	18/9	5 b	2 a	Montague Burton ...10/-	22/6	21/9	3·16	2¼
59/6	42/9	13⅓ b	5⅚ a	Debenhams 10/-	49/-	49/3	3·90	1½
65/-	51/1½	12½ a	27½ b	G.U.S. 'A' 5/-	60/3*	59/6*	3·36	2
40/3	28/9	13⅓ a	16⅔ b	House of Fraser 5/-	34/3	33/3	4·51	1¼
16/6	12/9	7½ b	5 a	Lewis's Invest. Tst. ...4/-	13/9*	13/4½*	3·74	2
100/6	79/6	15 a	32½ b	Marks & Spencer 'A' .5/-	81/6	81/-	2·93	1½
52/6	39/6	10 a	20 b	United Drapery 5/-	43/3	42/1½	3·56	1¾
53/-	44/-	25 b	10⅚ a	Woolworth 5/-	46/4½	45/3	3·96	1¼
				OIL				
38/4½	30/6	‡2·78a	†7 1/12 b	British Petroleum £1	34/6	36/3	8·87	2
40/-	30/6	†7 11/12 c	†2½ a	Burmah Oil £1	37/6	38/6	8·84	1¼
£14 9/16	£12 5/16	11¼ a	15 b	Royal Dutch ....20 fl.	£14 3/16	£14½	3·58	2½
35/-	27/-	†10 a	†15 b	Shell Transport 5/-	33/-	33/9	6·05	2½
32/9	20/6	...	...	Ultramar 10/-	24/-	24/4½	... d	...

FOREIGN AND OVERSEAS STOCKS

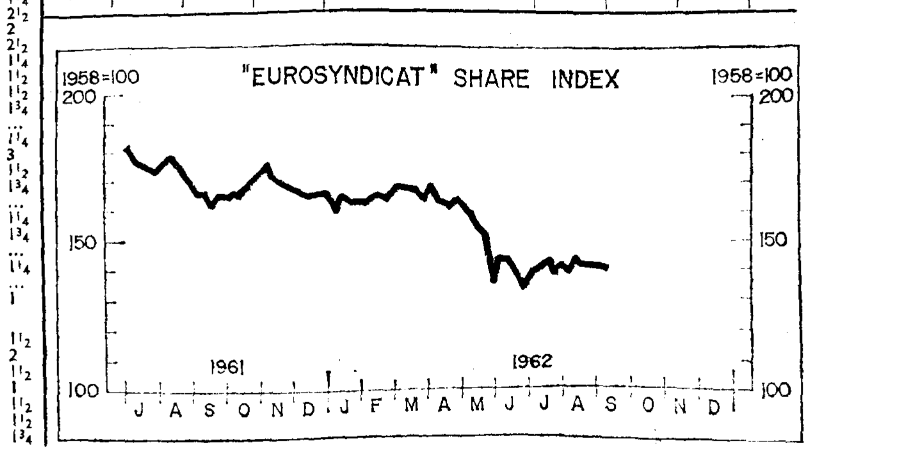
FRANCE	Sept. 5 Frcs.	Sept. 12 Frcs.	GERMANY	Sept. 5 %	Sept. 12 %	HOLLAND	Sept. 5 %	Sept. 12 %
Air Liquide	1,162	1,135	A.E.G.	393	395½	A.K.U.	363	360¾
Banque de Paris	518	507	Bad'che. Anilin.	388	385½	Bijenkorf	830	855
Citroen	189·5	181·1	Bayer	449	445½	Heinekens	470	465
C. F. Petrole	286	295	Commerzbank	410	407	Interunie (Fl.50)	Fl.180	Fl.180
Cie. G. d'Elect.	1,271	1,225	Deutsche Bank	443	439	K. N. Hoogoven	553	550
Machines Bull	500	485·2	Hoechst Farb.	387	382	Kon. Zout-Ket.	718	711
Pechiney	245	237	Kundenkredit	373	372	Philips (Fl.25)	Fl.154·1	Fl.150·8
Printemps	539	533	Lowenbrau	900	890	Robeco (Fl.50)	Fl.206	Fl.205
Rhone-Poulenc	422	417	Mannesmann	217	216¼	Rotterdam Bk.	359	349
S.I.M.	368·8	365·5	Siemens	566	568½	Thomassen & D.	680½	682½
Saint-Gobain	368	356	Thyssen-Huette	185	186	Valeurop	Fl. 72·2	Fl. 72·0
Usinor	191	197	Volkswagen	502	498	Zwanenberg	872	880
Index	98·6	97·0	*Herstatt index*	86·59	86·34	Index	332·4	329·6
Dec. 30, 1960=100.			*Dec. 31, 1959=100.*			*1953=100.*		

CANADA	Sept. 5 $	Sept. 12 $	AUSTRALIA	Sept. 5 £A	Sept. 12 £A	JAPAN	Sept. 5 Yen	Sept. 12 Yen
Abitibi Pr. & P.	45½	44½	Ampol Pet.	11/6	11/5	Ajinomoto	382	370
Aluminium	24	24½	Ass. Pulp & P.	29/-	30/-	Fuji Iron	44	44
Bel Tel.	51¼	49½	Aust. Con. Inds.	61/-	59/6	Hitachi	78	72
Can. Brewer's	9½	9 3/8	Aust. Oil & Gas	52/6	57/-	Honda Motor	346	330
Can. Imp. Bank	55 5/8	57	Brit. Tobacco	24/9	24/9	Kirin Brewery	340	337
Can. Pac. Rly.	22 1/8	22 1/8	Broken Hill Pty.	53/3	52/6	Mitsub. Chem.	64	62
Hiram Walker	53½	51 5/8	G. J. Coles	12/10	13/1	Mitsub. Elect.	67	65
Imperial Oil	44½	43¼	Felt & Textiles	7/5	7/11	Mitsub. Heavy	77	74
Noranda Mines	29¼	29 3/8	I.C.I. A.N.Z.	39/6	39/9	Nippon Elect.	309	287
Shawinigan Wtr	24	23½	Myer Emporium	29/11	29/3	Sony	700	676
Steel of Canada	17	16¾	Ready Mix Con.	13/-	12/5	Toyo Rayon	125	123
Trans.Can.Pipe	20	20¾	Woolworth	14/1	14/-	Yawata Iron	49	48
Toronto Ind. Index	552·10	546·88	Sydney Indust. Index	288·03	286·51	Dow Jones Average	1380·20	1329·61
1933=100.			1937/39=100.					

* Ex dividend. † Tax free. ‡ Assumed average life, 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Sept. 5, 1962	Price, Sept. 12, 1962	Yield, Sept. 12, 1962	Cover
				ELECTRICAL & RADIO				
32/6	23/-	5 a	5 b	A.E.I. £1	31/6	31/3	6·40	1
12/6	9/-	...	15 c	Brit. Electronic Inds. ..5/-	10/1½	9/4½	8·00	¼
66/3	51/9	4 a	9½ b	B.I.C.C. £1	60/-	60/9	4·44	2
13/4½	11/6	6·8 b	4·6 b	Crompton Parkinson .5/-	12/4½‖	13/3¾‖	4·28	2½
89/6	63/-	23⅓ c	7½ a	Decca 10/-	73/-	71/6	3·26	1¾
45/6	33/9	12½ b	5 a	E.M.I. 10/-	35/-	35/-	5·00	2
54/6	39/-	5 a	9 b	Elliott-Automation ...5/-	45/-	44/8¼	1·57	2
27/9	20/9	5 b	3 a	English Electric £1	25/3	25/6	6·27	1½
35/3	26/-	3 a	7 b	General Electric £1	35/-	35/3	5·67	¾
59/3	34/6	8 1/8 b	4 3/8 a	C. A. Parsons £1	45/9	45/6	5·49	2
47/9	38/6	3¼ a	6½ b	A. Reyrolle £1	46/6	47/3	4·13	2½
82/-	58/-	25 c	27½ c	Thorn Electrical 5/-	80/-	80/-	1·72	3½
				ENGINEERING				
35/-	20/3	9 c	9 c	Babcock & Wilcox £1	33/-	33/-	5·45	1½
38/3	27/3	3·2 a	7 b	John Brown £1	34/9	35/3	5·79	2¼
6/-	4/3	3 a	7 b	Cammell Laird 5/-	5/-	5/9	8·70	1
29/9	21/10½	20 b	10 a	Internat. Combust. ..5/-	29/-*	29/6*	5·08	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/3	4/-	...	...
38/4½	26/-	2½ a	9½ b	Swan Hunter £1	29/3	28/9	8·35	1¾
17/-	10/6	5 a	10 b	John Thompson 5/-	16/9	16/9	4·48	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/-	32/3	33/-	4·33	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	63/6	63/6	4·63	2
49/-	33/9	5 a	10 b	Allied Ironfounders ...£1	43/-	42/6	7·06	1½
99/9	67/9	5 a	10 b	Averys £1	77/3	77/-	3·90	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/-	12/6	12/3	9·53	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/-	9/7½	9/7½	6·75	1¾
33/-	16/9	10 a	17½ b	Davy-Ashmore 5/-	18/1½	17/4½	...	2¼
81/10½	64/1½	5 a	11 b	Guest Keen £1	70/4½	71/3	4·49	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	17/6	18/3	4·38	2½
85/6	67/-	5 a	7 b	Metal Box £1	76/-	74/9	3·21	2¼
18/-	13/4½	10 b	4 a	Ransome & Marles ...5/-	16/1½	16/6	4·24	3
48/-	34/-	3 a	7 b	Renold Chains £1	37/3	36/9	5·44	1¾
64/10½	43/1½	7 b	7 a	Tube Investments £1	49/7½	50/6	5·54	3
31/1½	23/6	2½ a	7½ b	Vickers £1	26/-	25/6	7·84	1
71/6	54/-	10 b	3¾ a	Ward (Thos. W.) £1	62/6	65/-	4·23	3
20/6	12/3	5 a	16 b	Woodall-Duckham ...5/-	17/-	17/-	6·18	1¾
				FOOD & TOBACCO				
26/3	19/9	10 c	10 c	Allied Suppliers 10/-	25/6	25/3	3·96	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods ..1/-	9/3	9/6	2·37	2
61/3	39/3	8 b	4 a	Bovril £1	45/3	43/9	6·63	1½
12/9	10/9	$3·9b	†1·7a	Brooke Bond 'B' 5/-	12/3	12/3	3·73	3½
15/10½	11/10½	2½ a	10 b	International Tea 5/-	15/3	15/9	3·97	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A' £1	70/6	70/6	4·49	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	33/6	33/-	4·24	...
13/7½	10/10½	7½ b	2½ a	Spillers 5/-	11/10½	11/4½	4·40	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	47/3	47/3	5·08	2¼
18/-	13/10½	5 a	9 b	Unigate 5/-	14/3	13/10½	5·05	2
63/9	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. ..10/-	58/9	59/9	6·15	3
41/3	28/3	5 a	15 b	Gallaher 10/-	32/6	32/3	6·20	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	56/3	56/3	8·00	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	5 5/16	5 13/16	3·35	...
68/-	50/-	20 a	25 b	Commercial Union ..5/-	53/3	51/6	4·37	...
9	5 3/8	...	...	Equity & Law Life ...5/-	27 3/8	6 9/16	1·66**	...
109/3	69/-	10 a	20 b	General Accident 5/-	77/9	74/9	2·01	...
60/6	42/9	...	...	Guardian 5/-	49/6	46/3	2·88**	...
48¾	32½	80 a	110 b	Legal & General 5/-	36 3/8	35 3/8	1·34	...
180/-	139/9	8½ a	12½ b	Northern & Empl. £1	156/10½	150/7½	2·79	...
13 11/16	10 5/8	†70 b	†30 a	Pearl 5/-	12 11/16*	12 1/8*	3·37	...
29¾	21 7/8	†208⅓ c	†208⅓ c	Prudential 'A' 4/-	25	24¼	2·81	...
47/10½	35/10½	...	...	Royal 5/-	36/7½	37/7½	3·99**	...
127/9	96/-	7½ a	11¼ b	Royal Exchange £1	107/9	105/3	3·56	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor 5/-	14/1½	14/0¾	7·11	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	73/4½	70/9	1·41	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	26/7½	25/9	6·21	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' ...4/-	5/6¾	5/4½	2·98	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	76/6	77/3	5·18	...
17/7½	13/10½	8 a	5½ b	Bristol Aeroplane ..10/-	17/-	17/-	7·94	2
25/-	19/3	5 a	6 b	Hawker Siddeley £1	23/10½	23/3	9·46	1¼
37/3	25/9	†4 a	†6½ b	Dowty Group 10/-	36/-*	36/9*	4·67	2½
39/-	27/3	5 a	15⅚ b	Dunlop Rubber 10/-	30/10½	30/9	5·15	1¾
77/-	62/1½	11¼ b	2½ a	Joseph Lucas £1	68/-	66/10½	4·11	2¼
22/-	12/-	5 c	9 a	Pressed Steel 5/-	14/-	14/6	1·72	...
39/-	31/1½	5 a	10 b	Triplex Holdings ...10/-	34/7½*	34/10½	4·30	2
				MINES				
178/1½	136/3	40 a	50 b	Anglo-American 10/-	174/7½	172/6	5·22	1¾
73/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	69/6	68/6	7·30	2½
125/-	81/10½	15 a	20 b	General Mining £1	125/-	122/6	5·71	2
71/-	46/6	†26 a	†74 b	Union Corporation ..2/6	69/6	68/6	5·96	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	19/-	18/9	21·33	1¼
132/6	81/10½	100 b	70 a	Free State Geduld ...5/-	128/6	127/9	6·65	1½
71/-	50/6	60 b	60 a	President Brand 5/-	70/3	70/6	8·51	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	89/4½	88/9	6·99	1¾
45/6	34/-	...	...	Western Deep 'A' £1	42/9	42/9	...	...
161/3	117/6	210 c	105 a	Western Holdings ...5/-	158/9	157/6	6·67	1¼
20/4½	15/3	6 b	5 a	Winkelhaak 10/-	20/4½	20/4½	5·40	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/-	50/6	50/6	14·85	1½
58/3	47/-	60 b	20 a	Rhod. Anglo-Amer. 10/-	57/3	57/9	13·85h	1¾
37/4½	24/-	...	6 a	Rhod. Selection Tst. ...£1	30/-	30/-	12·00**h	...
21/9	14/9	32½ c	Nil a	Tanganyika Cons. ...10/-	17/-	16/6	...	1¼
180/-	135/-	100 a	180 b	De Beers Defd. Reg. 5/-	178/9	176/3	7·94	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ...n.p.v.	$111	$112½	2·54	...
18/9	13/1½	7½ a	30 b	London Tin 4/-	14/10½	14/7½	10·26	1¼
16/9	15/3	...	...	R.T.Z. 10/-	16/-	15/9	9·52**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	23/6	23/9	13·68	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	5 a	10 b	Daily Mirror 5/-	12/-	11/10½	6·32	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A'. £1	79/-	78/-	3·33	2
24/9	13/9	10 a	14 b	Thomson Org'n. 5/-	16/4½	16/4½	7·33	1½
47/3	32/-	8¾ b	5 a	Bowater Paper £1	35/3	33/6	8·21	1
45/-	35/-	5 a	11 b	Albert E. Reed £1	43/3	43/6	7·36	1½
43/9	33/6	4 a	8½ b	Spicers £1	43/-	43/3	5·78	1½
55/-	44/-	4 a	10 b	Wiggins Teape £1	54/6	54/3	5·16	1¾

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Sept. 5, 1962	Price, Sept. 12, 1962	Yield, Sept. 12, 1962	Cover
				MISCELLANEOUS				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	22/-	22/6	6·67	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	19/6	21/6	13·95	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	38/9	39/-	3·85	1¾
39/4½	30/9	3⅓ a	6⅔ b	British Match £1	30/-	31/9	6·30	2
16/3	11/6	6⅔ b	4 a	British Oxygen 5/-	12/-	11/9	4·54	1¾
9/10½	7/6¾	3 a	7 b	British Ropes 5/-	7/9¾	7/8¼	6·50	1½
43/3	30/1½	...	...	De La Rue 10/-	43/3	42/9	3·22**	2
42/-	27/1½	5⅝ a	9⅜ b	Gestetner 'A' 5/-	37/-	34/6	2·17	3¾
55/9	41/6	15 c	7½ a	Glaxo 10/-	44/-	43/6	3·45	3¼
49/-	42/6	3 a	12 b	Harrison & Cr. Defd. £1	48/9	48/9	6·15	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	35/6	33/1½	3·77	1¾
23/3	15/10½	12½ b	5 a	Ilford 5/-	17/3	16/4½	5·34	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	94/9	91/9	2·45	2½
52/9	40/6	12½ c	12½ c	National Canning £1	45/3*	44/9*	5·59	1½
41/3	33/-	6 a	12 b	Powell Duffryn 10/-	33/-	34/-	5·29	1¾
40/6	32/3	17½ b	5 a	Radio Rentals 5/-	37/9	34/9	3·24	2¾
37/-	24/6	7½ a	17½ b	Rank Organisation ...5/-	29/3	30/-	4·17	...
38/-	24/6	16½ b	7½ a	Schweppes 5/-	26/9*	26/9*	4·49	1½
35/3	26/6¾	25 c	25 c	Sears 'A' 5/-	31/8¼	29/3¾	4·26	2
32/1½	23/-	5 a	11 b	Steetley 5/-	27/1½	26/6	3·02	3
29/10½	21/9	8½ a	11½ b	Thomas Tilling 4/-	26/-	25/10½	3·09	2
64/-	44/-	8 b	4 a	Turner & Newall £1	53/6	52/-	4·62	2
47/3	32/6	9·47a	15·32b	Unilever 5/-	34/-	33/3	3·73	3
11 5/8	7½	8 a	13 b	Unilever N.V. ....12 fl.	8 1/8	7¾	3·22	3
18/9	13/6	10 b	5 a	United Glass 5/-	14/7½	14/10½	5·04	...
33/3	23/-	†4⅙ a	†10⅚ b	United Molasses 10/-	25/9	24/6	10·00	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/-	26/4½	26/7½	7·51	1
18/3	15/3	6 c	Nil c	Cunard £1	16/3	16/-	...	...
21/6	16/9	7 c	7 c	France Fenwick £1	21/6	21/6	6·51	1½
31/6	21/-	10 c	8 c	Furness Withy £1	21/9	21/6	7·44	...
9/7½	5/-	...	...	London & Overseas ..5/-	5/-	5/-	...	...
31/-	17/6	3 a	3 b	P & O Defd. £1	20/3	20/9	5·78	...
12/1½	7/7½	2½ c	2½ c	Reardon Smith 10/-	7/7½	7/10½	3·17	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/7½	9/9	...	...
				STEEL				
48/4½	27/4½	16 c	5 a	Colvilles £1	28/4½	27/7½	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	18/3	17/6	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel £1	28/3	29/1½	7·55	3
21/4½	11/-	10 c	Nil a	South Durham £1	12/3	12/-	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	26/4½	26/10½	7·44	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	31/10½	31/4½	9·56	2
51/10½	39/6	9 b	6 a	John Summers £1	48/4½	48/4½	6·20	2
42/4½	25/9	12·3c	4 a	United Steel £1	31/-	32/1½	...	1½
41/-	30/9	8¾ b	4 a	Whitehead £1	31/6	31/-	...	2
				TEXTILES				
32/-	25/4½	5 a	7½ b	English Sewing Cotton £1	30/1½	30/1½	8·30	1
26/4½	18/9	5 a	7½ b	Fine Spinners £1	22/4½	21/4½	11·70	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	38/3	37/4½	...	1¼
48/1½	37/10½	3¾ a	8¾ b	Courtaulds £1	46/9	47/7½	5·25	1½
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/-	5/10½	5/7½	9·48	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	69/6	69/-	6·09	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	23/9	23/9	8·42	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	18/4½	17/7½	6·81	1
13/3	8/7½	13¾ b	7½ a	Calico Printers 5/-	11/3	11/3	8·89**	3¼
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B. £1	40/4½	39/-	6·41	1¾
10/9	8/-	13 c	1½ a	Jute Industries 10/-	8/0¾	8/6	...	2¼
27/1½	20/10½	10 c	10 c	Tootal £1	22/4½	22/1½	9·04	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/-	22/6	22/3	2·81	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	48/6	48/-	5·21	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	15/10½*	15/9*	3·17	1½
71/9	54/3	31⅔ c	10 a	City Centre Props. ...5/-	60/9	60/6	2·09**	...
89/-	69/9	3½ a	8½ b	City Lond. Real Prop. £1	78/-	78/-	3·08	1
95/-	62/6	7·04a	9·04b	Hudson's Bay £1	72/6	73/9	4·36	2½
38/6	22/6	4 b	2 a	Land Securities 10/-	29/3	29/-	2·07	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	35/-	34/9	3·84	1
				TEA & RUBBER				
46/6	38/-	†2½ a	†12½ b	Cons. Tea & Lands £1	40/6	41/-	11·95	2
36/9	30/9	†11 b	†3 a	Jokai (Assam) £1	36/-	36/6	12·52	2½
9/6	7/6	...	7½ c	Nuwara Eliya £1	8/3	8/3	18·18	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/7½	5/9	14·49	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic 2/-	4/9	5/3	15·24	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	72/10½	72/10½	12·35	1½



** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Calico Printers, 20%. Charrington United, 12%. City Centre Props., 25⅓%. De La Rue, 13¾%. District Bank, 12½%. Equity & Law Life†, 26⅔%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. R.T.Z., 15%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%.

(*Continued from page* 1057)

The group's policy of keeping in step with the changes of fashion in entertainment has been amply justified but it would be unwise to expect miscellaneous profits to rise as rapidly in the future as they did in 1961-62. The 5s. Ordinary and the 5s. "A" shares yield 4.3 and 4.5 per cent respectively and further benefits arising from the redeployment of assets appear to be well discounted.

Television Rentals

The television rental companies have enjoyed boom conditions for several years past but there are signs that their growth is not likely to be so rapid in the future. Nevertheless they are likely to find a steady source of new subscribers among those who bought sets in the early and middle fifties and now when they are thinking of acquiring a new set are somewhat bewildered by the welter of confusion surrounding the proposed change over to 625 line transmission and the introduction of colour television. This is the view of the latest of the rental companies to come to the stock market—**Robinson Rentals,** which is ranked about fifth or sixth in size in this country. It again brings into prominence Mr E. K. Cole whose company (of the same name) merged with Pye late in 1960 to form British Electronic Industries from which he resigned as a director a year later. He has recently been appointed chairman of Robinson Rentals, but the founder and main shareholder of the business is Mr David Robinson, who with his family will hold about 70 per cent of the 4s. ordinary shares after the offer for sale. Hambros Bank is offering to the public 825,000 shares at 30s. each, to yield 4 per cent on the forecast dividend of 30 per cent. This is nearly a full point more than the current return on Radio Rentals and the offer is likely to go well. By the end of August Robinson's branches numbered 92, widely spread throughout England ; of these more than 40 had been opened in the last two years. Profits before depreciation, which amounted to £397,000 in 1958-59, are estimated at about £1,550,000 for the year to end-September; this represents almost a fourfold increase in the past three years. For almost all this period Robinson Rentals has had an agreement with Thorn Electrical to purchase from it the television and radio sets it rents out. As with all other rental companies depreciation is an important factor for an investor to take into account. Robinson is now changing its depreciation policy so that its sets will be written off over five years with 75 per cent of the cost written off in the first three. Thus of the estimated profit of £1,550,000 no less than £1,014,000 will be absorbed in depreciation ; this substantial cash flow should help to finance further expansion, for at the end of August bank overdrafts amounted to £703,000, while loans from finance companies, mostly secured on batches of rental agreements, amounted to £1,900,000.

If rental companies are to experience some falling away in business then paradoxically shareholders are likely to see higher earnings and possibly bigger dividends. This is evident from the figures given by Robinson Rentals which show the highly inflated depreciation charge in the early years of a set's life. But if business falls off the depreciation charge will be much less and will be set against a relatively unaffected gross income. A slowing down in new business seems to be implied in the estimate of **Radio Rentals'** profit given in the formal offer for Dawes Radio, for depreciation in the year to August 31st last is only £189,000 higher at £4,310,000. Gross profits before depreciation are estimated at £6,810,000, against £6,497,000. The dividend is forecast at "not less than" the previous year's 22½ per cent and shareholders will have to wait until December to discover whether the company will in fact continue its unbroken record of dividend increases since 1950-51. This in itself is no bad recommendation for a new share in a similar type of company.

Dimplex

Householders in Britain are well aware of the various type of heating available to them. In some areas change has been forced upon them by the introduction of smokeless zones but more often than not it has been the steep rise in the price of coal which has attracted them to less dirty and more convenient forms of heating. A more modern approach to housebuilding has also played its part in this fireside revolution. All this has produced good business for the manufacturers of different types of heaters, and their success in achieving a rapid growth in sales and profits is reflected in the high rating given to their shares by the stock market. The 5s. shares of Dimplex have, for example, been yielding less than 2 per cent for many months and this week's results did nothing to alter the market's high opinion.

Dimplex's profits before tax, which in 1960-61 had risen by 75 per cent, rose in the year to June 30th last by 27 per cent from £555,000 to £706,000. The dividend of 40 per cent compares with an equivalent of 21 per cent after last year's two-for-three scrip issue. Now there is to be a two-for-five scrip issue and the shares are to be split into 1s. units. Dimplex is best known for its oil filled radiators but recently it has introduced a range of coal and log effect infra red fires, which bring it into close competition with Berry's Electric Magicoal. Dimplex's sales in 1961-62 were much higher but profit margins were reduced slightly by higher overhead costs. By contrast Berry's profit margins were unchanged even though it had reduced some selling prices. But while the directors of Berry's have said that sales have now levelled off the Dimplex directors report that orders received so far in the current year materially exceed those for the corresponding period in 1961-62 and that production was stepped-up in the summer in anticipation of a further increase in demand. This statement, coming on the back of excellent trading results, pushed the shares up by 8s. 7½d. to 82s. 4½d., to yield just under 2½ per cent, covered 2¼ times. This is discounting a good deal of future growth, though the strong earnings cover enhances the prospect that the 40 per cent dividend will be maintained after the scrip issue. Happy as they must be with Dimplex's record, investors must watch out to see whether greater competition will flaw the circuit.

Camp Bird

Next month's meeting of shareholders in Camp Bird should be a well attended and a lively affair and in their account of stewardship to shareholders the directors will have a lot of explaining to do. At the formal annual meeting in April, the chairman, Mr John Dalgleish, who now has only Mr C. Maxwell Norman as a fellow director, forecast "not unsatisfactory" results for the 22 month accounting period to February 22nd last. In fact a loss before tax of £888,000 was recorded, compared with a loss of £136,000 for the previous twelve months. The trading loss amounted to £533,000, of which Camp Bird Mine contributed £247,000, Cold Forging Process £23,000 and other trading interests (which have now been largely sold) £262,000. But this is struck before administration expenses of £227,000 and bank and debenture interest of £101,000.

The balance sheet also makes depressing reading, with the ordinary capital of £2.4 million only partially covered by net equity assets down from £3 million to £2.8 million. But even this figure is open to question, for the auditors, Price Waterhouse & Company, in their report say that they are unable to express an opinion about the values of "development expenditure" shown in the balance sheet at £637,000, and "rights and licences" at £373,000, which both relate to the cold forging business, or about the value of "pre-production costs" of £675,000 at Camp Bird Mine. Not surprisingly the 10s. shares have fallen to a new low of 2s. 6d.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
Aug. 8	317·6	5·41		
,, 15	336·5	5·09		
,, 22	335·1	5·13		
,, 29	335·8	5·11	364·4 (Jan. 17)	310·3 (June 27)
Sept. 5	328·5	5·21		
,, 12	326·6	5·25		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Sept. 6	276·4	5·64	5·67	9,038
,, 7	278·4	5·60	5·69	9,286
,, 10	277·1	5·62	5·72	11,316
,, 11	275·3	5·65	5·72	10,086
,, 12	274·1	5·69	5·72	9,448

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935=100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 8, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £2,621,000 compared with a surplus of £2,405,000 in the previous week and a deficit of £6,655,000 in the corresponding period of last year. There was a net expenditure "below-line" of £24,116,000 leaving a total cumulative deficit to date of £387,822,000 compared with £461,142,000 in 1961-62.

£'000	Estimate 1962–63	April 1, 1961, to Sept. 9, 1961	April 1, 1962, to Sept. 8, 1962	Week ended Sept. 9, 1961	Week ended Sept. 8, 1962
Ordinary Revenue					
Income Tax	2,790,000	704,802	748,937	24,076	21,907
Surtax	188,000	39,500	44,000	900	1,100
Death Duties	264,500	117,900	117,500	3,400	4,200
Stamps	95,000	47,400	44,000	1,400	1,800
Profits tax, EPT and EPL	374,000	148,100	170,000	6,300	10,200
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,057,702	1,124,437	36,076	39,207
Customs	1,653,000	707,835	724,065	31,246	32,600
Excise	1,077,000	441,570	467,735	4,420	4,505
Total Customs and Excise	2,730,000	1,149,405	1,191,800	35,666	37,105
Motor Duties	150,000	27,584	42,181	366	138
Broadcast Lic's.	41,000	11,200	11,500	...	...
Miscellaneous	165,000	117,862	70,830	945	3,016
Total	**6,797,500**	**2,363,753**	**2,440,748**	**73,053**	**79,466**
Ordinary Expenditure					
Debt Interest	600,000	342,403	303,709	8,953	6,423
Payments to N. Ireland Exch.	100,000	37,821	41,333	3,166	3,511
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	3,998	4,108	19	35
Supply Services	5,611,650	2,179,918	2,326,956	65,900	70,900
Total	**6,323,650**	**2,564,140**	**2,676,106**	**78,038**	**80,869**
Sinking Funds	41,000	17,942	18,454	1,670	1,218
"Above-line" Surplus or Deficit	218,329	253,812	— 6,655	— 2,621	
"Below-line" Net Expenditure*	242,813	134,010	11,804	24,116	
Total Surplus or Deficit	**461,142**	**387,822**	**18,459**	**26,737**	
Net receipts from :					
Tax Reserve Certificates	94,100	71,903	864	1,620	
Savings Certificates	− *11,500*	− *1,000*	− *1,200*	...	
Defence Bonds	20,994	6,140	2	416	
Premium Savings Bonds	18,550	15,400	800	300	
Total	**122,144**	**92,443**	**466**	**2,336**	

(In the last seven rows the four figures stand under the columns April 1, 1961, to Sept. 9, 1961; April 1, 1962, to Sept. 8, 1962; Week ended Sept. 9, 1961; Week ended Sept. 8, 1962.)

* Net repayments of £10 million to the Civil Contingencies Fund in 1962–63 compared with net repayments of £5 million in 1961–62.

FLOATING DEBT
(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961 Sept. 9	3,240·0	1,886·4	221·4	...	5,347·9
1962 June 9	2,970·0	2,307·8	233·6	...	5,511·5
,, 16	2,980·0	2,314·5	287·2	0·8	5,582·5
,, 23	2,990·0	1,936·1	250·9	2·8	5,179·8
,, 30	2,990·0	2,013·4	264·2	2·3	5,269·8
July 7	2,990·0	1,980·0	230·3	6·3	5,206·6
,, 14	2,990·0	2,015·7	230·0	2·5	5,238·2
,, 21	2,980·0	2,018·0	218·4	2·0	5,218·4
,, 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·5	227·3	...	5,219·9
,, 11	3,000·0	1,983·6	225·1	0·3	5,208·9
,, 18	3,000·0	2,009·3	240·1	5·5	5,254·9
,, 25	3,000·0	2,053·1	203·8	0·3	5,257·1
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4
,, 8	2,990·0	1,637·9	211·6	...	4,839·4

THE MONEY MARKET

The discount market continues to press down the bill rate against the apparent wishes of the authorities. At the Treasury bill tender on Friday of last week the market raised its agreed bid by a further 2d. to £99 1s. 5d., and the average rate of discount fell by 7.87d. to 74s. 4.55d. per cent. The bill rate is now virtually back to its low-point in mid-June, when the market was expecting an early cut in Bank rate to 4 per cent. Total applications last week rose by £42 million to £439 million—their highest this year—but the discount houses received a quota of 48 per cent compared with the previous week's 45 per cent.

The authorities eased the tight credit conditions on Thursday and Friday of last week by special bill purchases, but on Tuesday, when six or seven houses were due to repay a moderate amount, further borrowing was necessary at Bank rate.

In the local authority loan market the rate for 7-day money has eased slightly to 4⅛ per cent, but the general tightness in the discount market, where call money has gone as high as 4 per cent on occasions, has prevented any further fall. With the end of the quarter approaching mortgage rates are now expected to harden.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	**Market discount rates** (3 months):	
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	3 15/16–4
Discount houses	2½–2¾	Fine trade bills	5½–6
Local Authorities	4⅛	**Euro-dollar deposits:**	
Call money:		7 days' notice	3¼–3½
Clearing banks' minimum	2⅞	3 months' notice	3⅝–3⅞
Day-to-day	2⅞–3⅞	**Forward cover** (3 months): Annual interest cost, US dollar	⅝

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** September 3	2·834
		,, 10	2·789

BANK OF ENGLAND RETURNS

(£ million)	Sept. 13, 1961	Sept. 5, 1962	Sept. 12, 1962
*Issue Department** :			
Notes in circulation	2,318·3	2,313·2	2,305·9
Notes in banking dept.	32·0	62·1	19·4
Govt. debt and securities*	2,349·0	2,374·0	2,324·0
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department : Deposits :			
Public accounts	11·9	11·0	10·0
Special deposits	219·4	158·7	158·7
Bankers	257·1	239·9	253·4
Others	69·1	69·3	68·8
Total	557·4	479·0	490·9
Securities :			
Government	448·9	359·4	415·9
Discounts and advances	74·4	54·9	52·9
Other	19·7	20·1	20·4
Total	543·0	434·4	489·2
Banking department reserve	32·9	63·0	20·3
	%	%	%
"Proportion"	5·9	13·1	4·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on September 12th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	91 Day: Average Rate of Allotment	91 Day: Allotted at Max. Rate *
	91 day		s. d.	%
1961 Sept. 8	260·0	441·6	132 10·81	60
1962 June 8	240·0	421·0	75 0·28	47
,, 15	240·0	423·5	74 4·01	40
,, 22	230·0	370·2	76 11·84	42
,, 29	230·0	365·3	78 5·03	45
July 6	230·0	405·4	78 0·63	49
,, 13	230·0†	404·5	77 9·32	23
,, 20	220·0	382·1	78 7·14	29
,, 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
,, 10	230·0	396·1	75 8·84	54
,, 17	230·0	368·1	75 8·35	53
,, 24	230·0	390·4	75 4·50	48
,, 31	240·0†	397·1	75 0·42	45
Sept. 7	240·0	439·3	74 4·55	48

* On September 7th tenders for 91 day bills at £99 1s. 5d. secured 48 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills.
† Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits September 12	Market Rates: Spot September 6	September 7	September 8	September 10	September 11	September 12
United States $	2·78–2·82*	2·80⅛–¼	2·80⅛–¼	2·80¼–¼	2·80 1/16–3/16	2·80 1/16–3/16	2·80–80⅛
Canadian $	...	3·01⅝–¾	3·01⅝–¾	3·01⅝–¾	3·01⅝–¾	3·01⅝–¾	3·01 9/16–11/16
French Fr.	13·622–14·027	13·72⅝–⅞	13·72⅝–⅞	13·72½–¾	13·72½–¾	13·72½–¾	13·72¼–½
Swiss Fr.	11·94–12·54⅞	12·11–11¼	12·10⅞–11⅛	12·10⅝–⅞	12·10⅜–⅝	12·09⅞–10⅛	12·10⅛–⅜
Belgian Fr.	137·96–142·05	139·37½–42½	139·37½–42½	139·37½–42½	139·32½–37½	139·32½–37½	139·32½–37½
Dutch Gld.	9·98¾–10·28½	10·09⅝–⅞	10·09½–¾	10·09⅜–⅝	10·09½–¾	10·09⅞–10⅛	10·09⅞–10⅛
W. Ger. D-Mk.	11·037–11·365	11·20⅝–⅞	11·20⅛–⅜	11·20⅛–⅜	11·19⅝–⅞	11·20⅛–⅜	11·20¼–½
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1738⅜–⅞	1738¼–¾	1738¼–¾	1738⅛–⅝	1738⅛–⅝	1738–38½
Swedish Kr.	14·27½–14·70	14·43¼–½	14·43¼–½	14·43¼–½	14·43⅛–⅜	14·43⅛–⅜	14·43–43¼
Danish Kr.	19·06½–19·62	19·39¼–½	19·39⅜–⅝	19·39⅜–⅝	19·39⅜–⅝	19·39⅜–⅝	19·39¼–½
Norwegian Kr.	19·71–20·30½	20·03⅛–⅜	20·03⅛–⅜	20·03⅛–⅜	20·03⅛–⅜	20·03⅛–⅜	20·03⅛–⅜
	Official Limits	**One Month Forward Rates**					
United States $		3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm
Canadian $		3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	⅛–¼c. dis	⅛–¼c. dis
French Fr.		⅞–⅜c. pm	⅞–⅜c. pm	⅞–⅜c. pm	⅞–⅜c. pm	⅞–⅜c. pm	⅞–⅜c. pm
Swiss Fr.		1⅝–1⅛c. pm	1⅝–1⅛c. pm	1⅝–1⅛c. pm	1¾–1¼c. pm	2–1½c. pm	2–1½c. pm
Belgian Fr.		20–10c. pm	20–10c. pm	20–10c. pm	20–10c. pm	18–8c. pm	18–8c. pm
Dutch Gld.		2½–2c. pm	2½–2c. pm	2½–2c. pm	2⅝–2⅛c. pm	2¾–2¼c. pm	2¾–2¼c. pm
W. German D-Mk.		1½–1pf. pm	1½–1pf. pm	1½–1pf. pm	1½–1pf. pm	1½–1pf. pm	1½–1pf. pm
		Three Months Forward Rates					
United States $		½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	7/16–5/16c. pm
Canadian $		¾–1c. dis	¾–1c. dis	¾–1c. dis	¾–1c. dis	11/16–15/16c. dis	11/16–15/16c. dis
Swiss Fr.		4⅝–4⅛c. pm	4⅝–4⅛c. pm	4⅝–4⅛c. pm	4¾–4¼c. pm	5–4½c. pm	4⅞–4⅜c. pm
W. German D-Mk.		3¾–3¼pf. pm	3¾–3¼pf. pm	3¾–3¼pf. pm	3¾–3¼pf. pm	3¾–3¼pf. pm	3¾–3¼pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/9½	250/9	...	250/9¼	250/9¾	250/10½
,, ($,, ,, ,,)		35·13	35·13	...	35·12½	35·13	35·13½

The United States

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

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

BRITISH			
Prices and Wages	Aug. 25th	External Trade	Sept. 1st
Manpower and Output	Sept. 8th	Industrial Profits	July 14th
OVERSEAS			
Western Europe	Aug. 18th	United States	This week

PRICES, WAGES AND HOURS

	Wholesale prices			Consumer prices					Stock prices Composite index 1957–59 = 100	Average weekly earnings in manufacturing		Weekly hours of work in manufacturing Seasonally adjusted
	All commodities	Farm products	All industrials	All items	Food	Clothing	Housing	All services		At current prices	At 1961 prices	
	1957–59 = 100									$		
1953	92·7	105·9	90·0	93·2	95·6	97·7	92·3	87·5	51·9	70·47	78·83	40·5
1960	100·7	96·9	101·3	103·1	101·4	102·0	103·1	105·6	113·9	89·72	90·72	39·7
1961	100·3	96·0	100·8	104·2	102·6	102·7	103·9	107·6	134·2	92·34	92·34	39·8
1962, April	100·4	96·9	100·9	105·2	103·4	102·7	104·6	109·2	138·0	96·56	95·60	40·8
„ May	100·2	96·2	100·9	105·2	103·2	102·7	104·7	109·4	128·2	96·80	95·84	40·6
„ June	100·0	95·3	100·7	105·3	103·5	102·8	104·8	109·5	114·3	97·27	96·21	40·5
„ July	100·4	96·5	100·8	105·5	103·8	102·9	104·8	109·8	116·0	96·56	...	40·4[9]

PRODUCTION AND MANPOWER

	Gross national product Seasonally adjusted annual rate	Total industrial production	Manufacturing production						Building New construction: seasonally adjusted annual rates	Civilian employment		Unemployed as per cent of labour force; seasonally adjusted
			Durable goods			Non-durable goods				Total labour force	Total employment	
	$ billion	1957 = 100; seasonally adjusted							$ billion	thousands		
1953	365·4	91	96	100	86	87	94	80	37·0	63,815	61,945	2·9
1960	503·4	108	104	90	102	113	115	118	55·6	70,612	66,681	5·6
1961	518·7	109	103	88	97	117	116	123	57·4	71,603	66,796	6·7
1962, April	552·0[6]	117	113	100	110	122	122	131	58·3	70,969	66,824	5·5
„ May		118	114	91	113	124	123	134	60·7	71,922	68,203	5·4
„ June		118	114	86	109	124	125	137	62·5	74,001	69,539	5·5
„ July	...	119	115	86	113	125	124	138	61·7	73,582	69,564	5·3
„ August	...	...	...	...	...	...	...	...	...	73,695	69,762	5·8

TRADE

	Personal consumption annual rates	Wholesale		Retail		Imports for US consumption			Exports of US merchandise[5]		Volume of trade	
		Sales	Stocks[1]	Sales	Stocks[1]	Total	Industrial materials	Finished goods	Total	Finished goods	Imports	Exports
	$ billion; seasonally adjusted					$ million					1957–59 = 100	
1953	232·6	9·8	10·5	14·1	22·7	898	441	183	1,012	614	80	90
1960	328·5	12·3	13·2	18·3	27·2	1,251	539	438	1,617	877	109	108
1961	338·1	12·6	13·5	18·2	26·9	1,219	520	423	1,652	911	107	107
1962, February	350·2[7]	12·7	13·6	19·0	26·9	1,208	519	416	1,691	987	108	108
„ March		12·8	13·7	19·3	26·8	1,369	586	486	1,761	1,036	123	112
„ April		13·1	13·7	19·6	26·9	1,326	555	483	1,775	1,074	...	...
„ May	354·9[6]	13·4	13·8	19·4	26·9	1,399	573	510	1,866	1,074	...	...
„ June		13·2	13·9	19·1[8]	27·0	1,321[10]	560	490	1,872[11]	1,086	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit[1]		Banking statistics[2]		Budget expenditure[3]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds[4]	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1953	288·3	204·1	13·3	31·39	23·01	78·1	67·6	74·3	− 9·4	1·931	2·94	3·20
1960	400·8	282·3	12·0	55·76	42·59	80·3	114·2	76·5	+ 1·2	2·928	4·02	4·41
1961	416·4	290·2	13·1	57·14	43·16	88·5	121·1	81·5	− 3·9	2·378	3·90	4·35
1962, March	435·2	304·3	12·9	55·68	42·70	91·4	123·8	7·7	+ 1·4	2·719	4·01	4·39
„ April	438·3	307·5	12·8	56·65	43·29	90·5	124·4	7·3	− 1·5	2·735	3·89	4·33
„ May	439·7	308·3	12·8	57·59	43·89	91·6	124·5	7·2	− 0·2	2·694	3·88	4·28
„ June	440·7	309·3	12·8	58·28	44·56	93·4	125·5	8·0	+ 3·6	2·719	3·90	4·28
„ July	442·0	310·2	12·8	58·52	44·97	91·7	125·7	7·3	− 3·7	2·945	4·02	4·34

(1) End of period. (2) All commercial banks. (3) Annual figures are totals for the fiscal years ended June 30th. (4) Bonds due or callable 10 years and after (except 1953 : due or callable after 12 years). (5) Excluding Mutual Security Programme shipments. (6) Second quarter. (7) First quarter. (8) July, 19·5. (9) August, 40·2. (10) July, 1,328. (11) July, 1,604.

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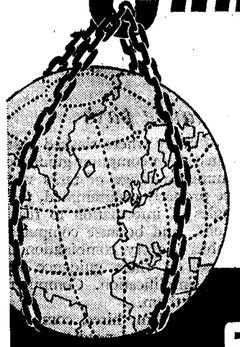

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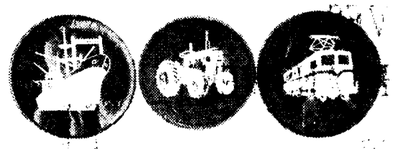

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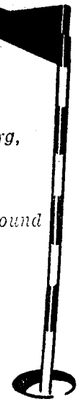

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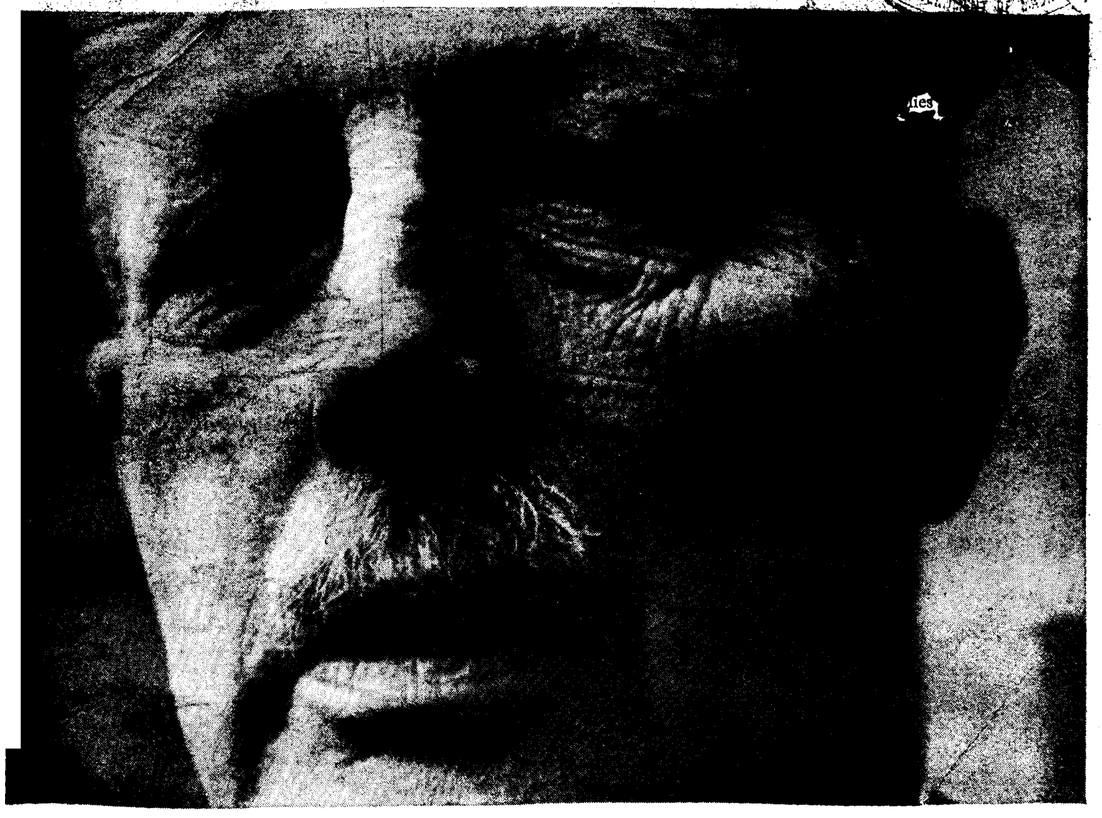

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BOAC: PROFIT MUST COME FIRST

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The Economist this Week October 13, 1962

HOME

FAIR OF FACE

The Conservative par has lifted Mr Macmillan over his polital European hurdle: Mr Gaitskell's carelly planted electoral time-bomb could alblow up in his own face (p. 113).

But even their Europan enthusiasms could not make the Torie assembled at **Llandudno, anything butull (p. 147).**

Sir Roy Harrod agait the common market (p. 146).

FULL OF GRAC

The **Trades Union Cgress** has had an unrivalled opportunitythrust upon it—and seems to be graspii it with both hands (p. 128).

But the **railwaymen** :d the London **busmen** are both teetering ı the brink of hasty strikes (p. 121).

FULL OF WOE

Sir Matthew Slatterhas correctly assessed the condition of **BAC's** financial set-up; the next step is to put his crazy house in order (p. 161).

Britain's balance of payments might have reached a high-water-mark in the first half of 1962 (p. 165).

The Government may be going to legislate on **the care of children:** proper attention should be paid to preventing as well as curing the family ills afflicting the young (p. 122).

FAR TO GO

The new Minister of **Defence** must pick up the pieces of his predecessors' half-policies: in the long term he must sternly choose whom to be interdependent on; in the short term he can make the forces contribute to the technical progress of the nation (p. 118).

The gas **industry** is treading the long road towards its financial objectives (p. 173).

More development is needed before **hovercraft** can provide a practical service (p. 174).

On the latest taking of industry's pulse there is no sign of a quickening tempo (p. 169).

LOVING AND GIVING

Bankers are ready to lend more freely—and the authorities are ready to let them do so; but a big expansion in **advances** will not necessarily follow (p. 163).

The release of some **post-war credits** is certainly a way of pumping cash into the economy—but are there not some better, and more socially welcome, methods in this funny world? (p. 125).

HARD FOR A LIVING

Tough bargaining lies ahead before the **National Coal Board's** position within an enlarged **European Coal and Steel Community** is finally settled (p. 170).

New provisions to help **the disabled** back to active life would not be pure philanthropy—they could usefully add to the labour force (p. 126).

The grim cities of the English north-east are working to develop a cultural gloss as well as an economic structure (p. 148).

INTERNATONAL

GREAT WHITE ATHERS

Charles the Tall: eneral de Gaulle may be doing his best tout an end to his reign. But his opponents ve still to wait on what he may do next (p.14).

• The constitution crisis in **France** adds a new touch of uncerinty to **Britain's** negotiations with the comon market (p. 120).

Francisco the Fat General Franco has the opportunity of guidg Spain into the modern era of western-styl prosperity (p. 116).

Mac Coeur de Lyn: Mr Macmillan has grasped at the opptunity of guiding Britain into a prosperous urope (p. 120).

Tito Through the Tulips: The **Jugoslavs** are tiptoeing throh the difficulties of surviving in a Euro that contains both the common market and its communist counterpart (p. 133).

Dief the Deft: Th shaky **Canadian government** headed b Mr Diefenbaker has collected curious, but indefinitely useful, support from the Social Credit party (p. 129).

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Congo: Britain is faced with a clear responsibility (p. 122).

India: Has determined on a test of **China's** intentions in the Himalayas (p. 125).

Mr Nehru can do little, however, for the million stateless **Tamils** in **Ceylon** (p. 125).

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Yemen: Our special correspondent describes the cautious demeanour of the revolutionary leaders (p. 130).

FOUNDING FATHERS

The current state of the union:

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President Kennedy dived into the election **campaign** this week (p. 141).

Cuba is becoming a perilously important campaign issue (p. 138) but the Republicans are also making grist out of the **crisis in Mississippi** (p. 141).

In **Idaho** it's all a gamble (p. 142).

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Civil servants have received two last-minute presents from Congress and letter-writers will have to pay for one of them (p. 141).

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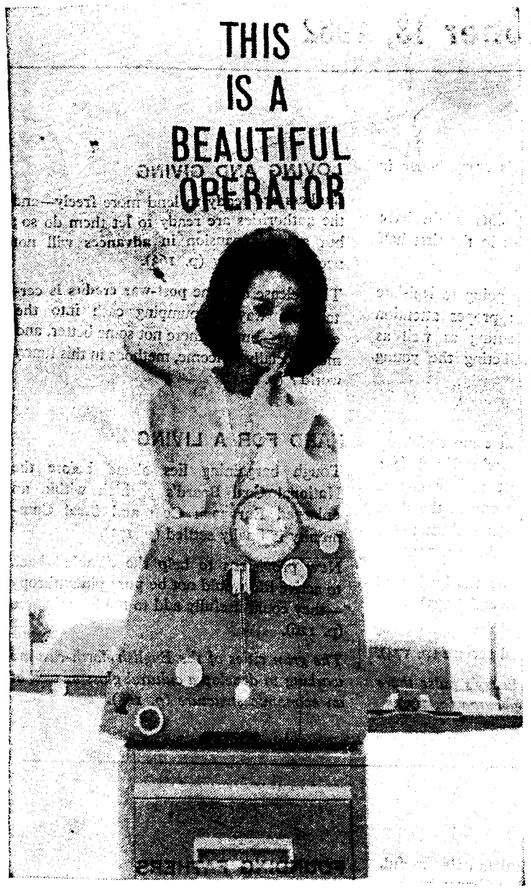

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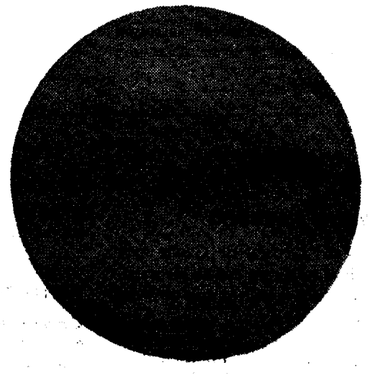

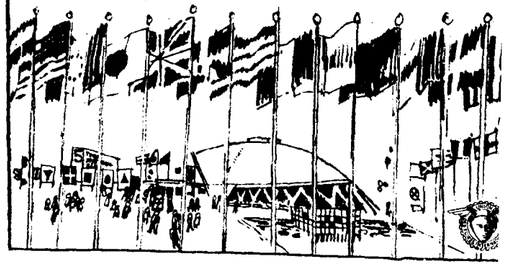

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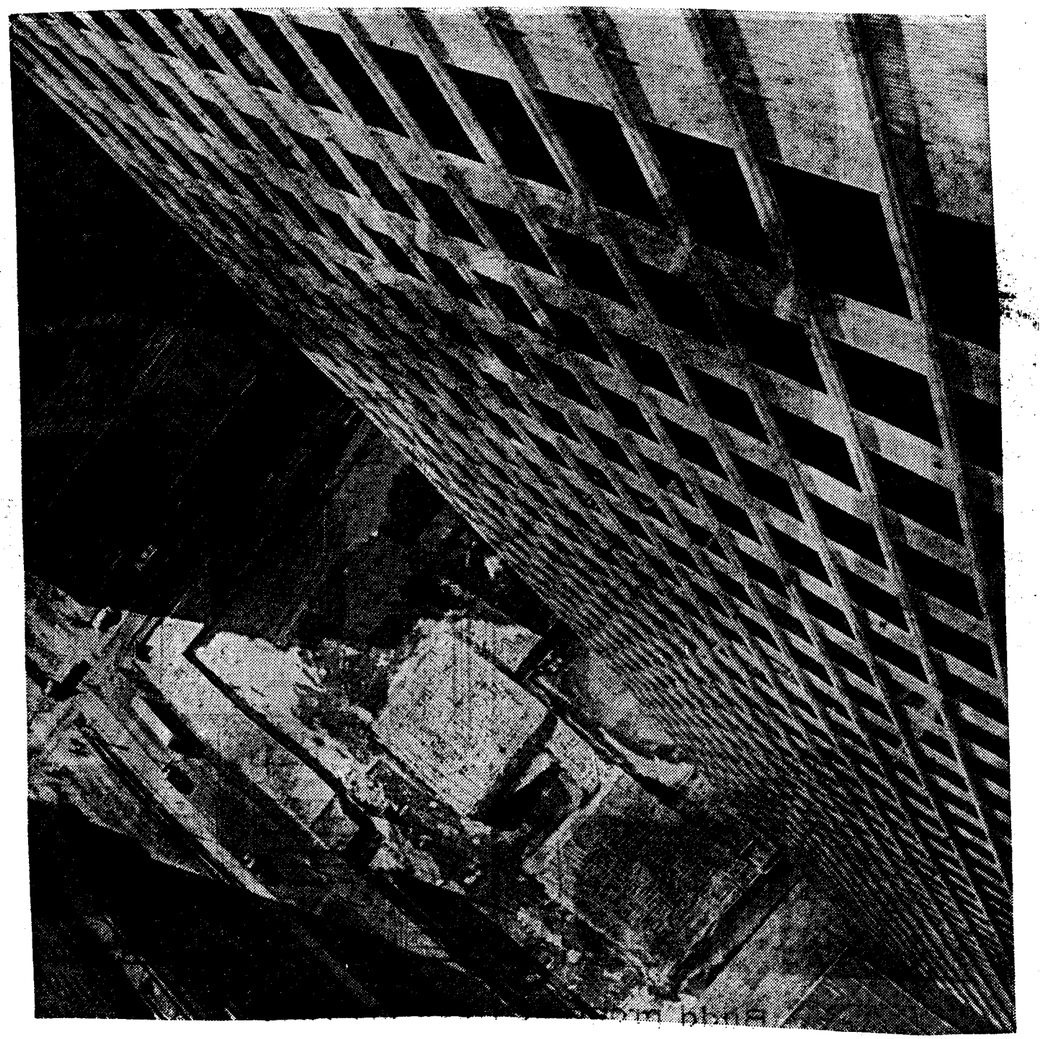

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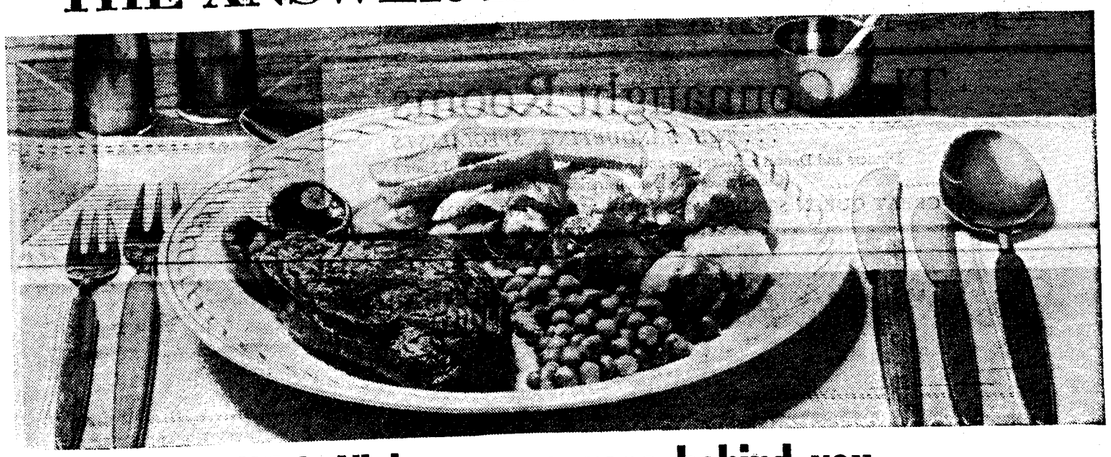

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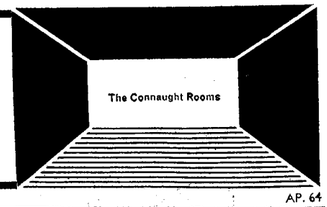

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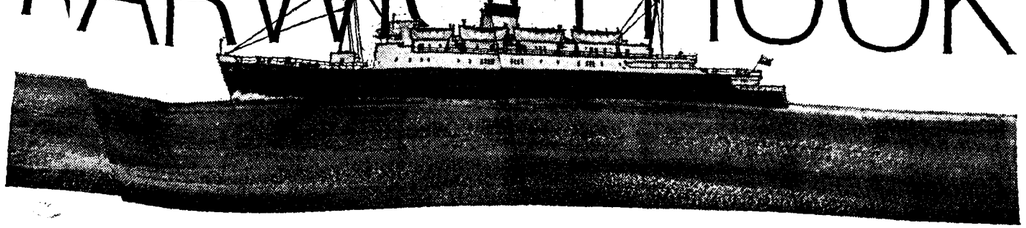

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Investment in subsidiary companies	6,720,496
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The Economist

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VOLUME CCV - NUMBER 6216

Over Llandudno's Hurdle

THE first political hurdle into Europe has been cleared, with almost derisory ease. The Conservative party conference at Llandudno on Thursday made it clear that the party's stalwarts were not going to block the road forward which the Government has now so plainly determined to take. It may be that the force which swayed many of the most conservative hearts in England this week was political calculation rather than visionary love for a European brotherhood. Not to follow their leader now, the older Conservatives told each other, would land their party in the electoral soup. But political calculation has been at least as strong a factor in causing many in the Labour party to follow Mr Gaitskell on to the backwater side of the fence, as it has now been in impelling their counterparts in the Conservative party to follow Mr Macmillan on to the side of welcoming change. And the spectacle offered at Llandudno this week—of a supposedly tired and worn out Government, eleven toiling years old, flexing itself for such a bravely historic venture as this—rightly carried a real sense of exhilaration with it. At Brighton last week exhilaration was a difficult emotion to feel.

The vote at Llandudno is important because of the effect it is likely to have on any eventual vote in Parliament. The number of Conservative MPs who will refuse to follow Mr Macmillan in voting for the market now looks as if it may actually be less than the number of Labour MPs who may refuse to follow Mr Gaitskell in voting against it; even if it is not, the Prime Minister's parliamentary majority on this issue seems secure. That being so, there now seems to be only one internal political event that could still keep Britain out of the common market: namely, if Labour succeeds in forcing and winning a general election before Britain's signature of the Treaty of Rome comes into effect. Whether there are any circumstances in which Labour will be able to force such an early general election is doubtful; but obviously discussion is now going to centre more and more on the one way in which some Labour sympathisers think it might be done. This is if Mr Gaitskell drops what has been called his H-bomb: namely, if he announces that a future Labour Government would feel itself free to repudiate a Conservative Government's signature on the treaty.

It is becoming increasingly clear that this is what the hidden struggle at the Labour conference at Brighton last week was really about. The evidence is mounting that at the beginning of last week Mr Gaitskell was starting the preliminary count-down for his nuclear explosion: the button was not to be pressed until the final terms became known—in several months' time—but in the meanwhile Mr Gaitskell was hoping to get certain impediments out of the way. Specifically among those impediments—there is no point in being mealy-mouthed about this—was Mr George Brown; Mr Gaitskell's expectation was that, thanks to what he himself had said in the opening speech of Labour's common market debate, Mr Brown's closing speech to that debate would be booed. The most significant feature of this year's Labour conference was that Mr Brown's speech was not booed; and following it a number of big trade union leaders, realising what was being prepared, have rallied strongly to Mr Brown's side.

The need now is not to preach more moral sermons at Mr Gaitskell; it is to appeal to his sense of political calculation. If he did set off the weapon of threatened repudiation, and if Mr Macmillan still pressed on with the negotiations, one of three things could happen. First—and this is what the Tories

themselves expect to happen—the Government and the other countries of Europe might simply ignore the threat. Mr Macmillan might sign his treaty, and carry on governing until October, 1964; by that time Britain would be so far integrated into Europe that many people believe that Mr Gaitskell, even if he returned to power, would not in fact be able to revoke.

Secondly, the threat might cause such a split in the Labour party (and, possibly but not at all surely, such spontaneous revulsion throughout the country) that the public opinion polls might swing violently against Labour; in that event Mr Macmillan would no doubt be only too eager to call an election, probably between the treaty's signature and its coming into effect—say, a poll in October, 1963. But it would then be Mr Gaitskell's own party that would have been blown up by his H-bomb.

Thirdly—as those around Mr Gaitskell are insistently telling him—the Six themselves might conceivably insist on a general election in Britain before any new Treaty of Brussels came into effect; so that the Tories might have to go to the country while the polls were still in Labour's favour, and Mr Gaitskell might come to power. But he would do so in circumstances where his election campaign would have caused cold fury in the Kennedy administration as well as deliberate insult to the Six; he would rule over a British government initially divorced from all its allies, deplored, distrusted, written off by those allies as a weak deserter (but an increasingly unimportant one) from the cause of free world union, bickered at, suspected, outcast and alone. This would be the worst possible result for Britain; it would also be the unhappiest possible personal result for Hugh Gaitskell himself.

It may seem unfair to anti-marketeers to point out these alternatives; they are in effect being told that their stout fight for Britain's independence is gravely hampered because *Britain is already not really independent. But the political* difficulties originally lay wholly against those who advocated this huge change of Britain's entry into Europe. If the difficulties have now moved against the other side, this may be partly because members of that other side have been clumsy and tardy in their political manoeuvring; but it is mainly because they are by now fighting against the reality of a historical trend. The truth about this year's two main party conferences seems to be that Mr Macmillan has got himself over a hurdle, and Mr Gaitskell has got himself over a barrel. The next few months will show how far he really intends to go on trying to pull the country down on to that barrel with him; he must not think that other spokesmen in the country are being unjust if they shout at him that he shouldn't.

(A report from our special correspondent at Llandudno appears on page 147).

Gaullism versus Politics

General de Gaulle has gone out of his way to unite his opponents. Can they unite themselves?

LITTLE need to recapitulate in how many ways France has bettered its position in the world in the four and a half years since it submitted itself, with a sigh of relief, to General de Gaulle's authority. He has sufficiently reminded the French nation of them himself, most recently in his radio and television address on October 4th, the day Parliament and Presidency in the French state went openly to war. A France in "the full flight of prosperity and social progress"; a solid franc, a balanced budget, a favourable balance of trade; the last big stage of colonial withdrawal accomplished; it is all true.

Even General de Gaulle's assertion (to quote his broadcast again) that France's "weight and radiance are recognised throughout the world" keeps safely this side of absurdity. Whether all the credit goes to the institutions of the Fifth Republic, as he will have it, is a question that can be argued about. The parliamentarians will be arguing it out during the referendum campaign and the election campaign that will occupy them between now and the last week of November. Here it is not necessary to carp. Another question is more germane and more pressing: how is it that the brilliant achievements registered under the Fifth Republic have been accompanied by no reform, no realignment, no revival, no consolidation of France's political life? For this is the deadly fact brought home by the present political and constitutional crisis. As M. Fauvet put it in *Le Monde*:

> It is not right to say that we are going back to the Fourth Republic. We are there already—and by the fault of the Fifth. By his analysis, which is hard to refute, French political life has derived no sort of renewal from the Gaullist experiment. It has merely enjoyed a moratorium, and now that the chief occasion of the moratorium—Algeria—has been sloughed off, the old structure is stirring into life and the old laws are working again. The bitterest enemy of those laws and that structure is General de Gaulle. Serenely operating, as he still does, the levers of power, he has done nothing to change what he hates for the better; nor has he considered coming to terms with it. Watching the constitutional crisis unfold has been like watching a Greek tragedy. General de Gaulle has courted the conflict with the parliamentary parties, and in courting it has spared no contemptuous word or gesture that could sting them, indeed force them, to unite and resist him effectively. As it would seem, he has not been counting consequences but simply obeying, with pride, the laws of his nature that have made him what he is. To tell the general,

as many old admirers have been telling him, that such a course must end badly seems not only embarrassingly banal, but, in a ludicrous way, impertinent; he can hardly not know.

It was as such admirers, one by one, from M. Paul Reynaud and ex-president Coty to the MRP (Christian Democrat) leaders who withdrew only in May from the Pompidou government, came out against General de Gaulle's latest referendum that it became clear, in the course of last week, that the moment of collision had come. The Senate made its feeling plain by the demonstrative manner of its re-election on October 2nd of M. Gaston Monnerville, a root-and-branch opponent of General de Gaulle's constitutional ideas, as its president. In the Assembly, all five groups (six, if the handful of Communists is included) other than the Gaullist union (UNR) itself united behind a motion to censure not the president directly, but the government of M. Pompidou which shared the responsibility for the president's referendum.

EVEN so, not a few members in the alliance of opponents would have been prepared to give General de Gaulle the substance of what he wanted, the election of future Presidents of the Republic by direct popular vote, provided he had been prepared to seek it in a constitutional way, consulting Parliament. What they could not stomach was the recourse to a plebiscite to change the constitution without any reference to Parliament at all. It was the unconstitutional procedure, and not the substance of the change, that united an opposition vote of 280 deputies (39 more than the quorum) behind the motion of censure at 4.40 a.m. on October 5th.

What followed was full of the irony of contrast between the institutional working of the Fourth and Fifth Republics. General de Gaulle had sensibly gone to bed, leaving orders not to be disturbed. He got up early and set out for a day in the Champagne, watching the army manœuvres; M. Pompidou could not get to see him till Saturday, and then well on in the morning. Accepting M. Pompidou's resignation, the President asked him to carry on the government until the next National Assembly had met; he had decided to dissolve the existing one.

Thus, under the Fifth Republic, a parliamentary vote of censure produces not a new government, but a new Parliament. The referendum, fixed for October 28th, will go ahead, and the constitution will presumably be changed *de facto* against the juridical protests, as well as the political objections, of both chambers, leaving a rich field of constitutional dispute and uncertainty for some future time. By and large the French electorate is not expected to resist the flattering invitation to take over from the present electoral college the job of electing future heads of state. All the same, the voting figures will be anxiously watched, since this referendum will be treated as yet another personal vote of confidence in General de Gaulle; he has intimated that that is how he will regard it.

Next, in the latter half of November, will come the general elections to the new National Assembly. If he had wanted a working majority in the Assembly for the government that functions under his wing, General de Gaulle might have done better to order these elections last April, after the Algerian settlement. Many people at that time expected that he would, but instead he chose to install M. Pompidou and to make his life impossible. This time, for all that General de Gaulle may win his referendum, his chance of a working majority in the next Assembly looks thin. Suppose the next government is censured like M. Pompidou's: then it, too, has to resign, but the Assembly cannot, in its first year of existence, be dissolved. Thus the president must either find a government acceptable to the Assembly (which, one has to suppose, would be a government unacceptable to him), or he must invoke Article 16 and govern without parliament, through emergency powers (which can hardly be what he wants); if he will do neither, the only way open seems to be the road back to Colombey-les-Deux-Eglises.

NO WONDER the word is going round in Paris that the reign of Charles the Tall has virtually come to its end. The word is premature. Referenda have been so frequent, and so unnecessary, under the Fifth Republic that one can only conclude them to be in some way a psychological necessity for its towering president. A big enough majority in this one, on October 28th, may give him reassurance, and if he determines to go on governing he still has many a shot left in his locker. As for the opposition, its locker is full of shot but its rigging is bare of sail. The republican parties, as one must once again call them, are united in opposition to General de Gaulle's insufferable contempt of Parliament. Are they united in anything else? The issues of the recent past—Algeria, economic and social policy, the schools—divided them just as under the Fourth Republic; so that although a majority could always be said to exist, it was a different majority on each subject. Even now they are not wholly united in opposing General de Gaulle's plan for the Presidency, only in opposing his indefensible way of putting it through.

Just conceivably, it might be possible to piece a working anti-gaullist majority together on a programme of European integration, coupled with a new policy of co-operation with the United States and support for the Atlantic alliance: an attempt to hold the real gains of gaullist foreign policy while dropping its more overweening pretensions. If this were to happen, it would have interesting implications for the British, who would then have every inducement to make haste into Europe, but who would no longer be able to deceive themselves that European political union was a chimera, rejected by General de Gaulle and therefore not to be worried about. But it is a shape on the horizon, no more.

One further vast uncertainty remains, and General de Gaulle may yet see a way to use it to hold his opposition in check. The Fourth Republic was overthrown in 1958 not by force, but by the fact that when the soldiers withdrew their obedience from it, its leaders allowed power to drop from their hands. General de Gaulle has, to put it bluntly, cheated the soldiers of what they stood out for in 1958. Their last overseas position gone, they are now virtually thrown back on metropolitan France as the last field in which to discharge what sense of national mission they still feel. General de Gaulle has worn them down and outmanœuvred them, using as his one weapon the singular presumption that he alone incorporates France.

His personal "assumption" of power (his own word) has, by a narrow margin, been triumphantly effective. But, with this one man taken away, where will power in France rest? The political parties may hope that it will revert to them. But

can they be sure? If they are not sure, they can still be outmanœuvred. This is not to deny the genuineness of the change of feeling among the parties that makes last week's parliamentary debates a landmark. The parliamentary correspondent of the *Berry Républicain*, M. Rouanet, commented last week on the note of sincerity in the utterances of their leaders on the constitutional question—"a note one had not heard for four years." This is accurate. A sense of political responsibility is in the air; France's normal political leaders once more feel themselves to be representative men. The weakness of the gaullist system is that it has never quite allowed for this development.

The Next Economic Miracle?

The next country to break through into a massive economic advance may well be General Franco's (or his successors') Spain

ALL the signs suggest that the next "economic miracle" in Europe ought logically to be a rapid and massive advance in the economy of Spain. The infrastructure for such an advance exists. At present 42 per cent of Spain's labour force is still scraping a bare living in agriculture (where it supplies only 27 per cent of a gross national product which is still less than £100 a year per head); but when Spaniards have emigrated as modern industrial workers to other countries, such as Germany, they have proved to be both industrious and easily trained. The scope for domestic industrial change in an underemployed European society of this sort ought now to be very large indeed. Besides this underutilised labour force, the country has an able and ambitious managerial class, a settled financial community and a most fortunate geographical position on the periphery of western Europe's booming market. What has so far held Spain back is that the Spanish government seems to have repeated in the 1950s all the errors of economic policy which the rest of Europe perpetrated in the late 1940s; now in the 1960s, unless new economic errors intervene, it might well start to do something of what much of the rest of continental western Europe did in the 1950s.

If one remembers that it marched through the cycle of economic clumsiness a decade late, the parallels between the Spain of the 1950s and the Europe (or for that matter the Japan) of the late 1940s look almost spookily exact. After having remained isolated from its neighbours, largely for political reasons, during the first five postwar years (so that by 1950 its national income per head seems still to have been below the depressed pre-civil-war level of 1935) Spain started in the early 1950s to reflate internal demand. In this new policy it had some statistical success (between 1951 and 1958 industrial production increased by about 75 per cent), but it made the same errors as many more left-wing European governments had made between 1946 and 1950; it pumped in the fresh demand against a dam of inflexible physical controls that seemed almost designed to divert the country's productive effort into all the wrong places.

The Spanish government's economic policy in this period was one of Daltonism and Crippsism plus. Throughout the 1950s, price controls prevented any growth of a healthy market economy. Rigid import restrictions and allocation controls on raw materials protected the inefficient, making it impossible for firms to grow according to their profitability, but only according to what ration of raw materials or other scarce resources they were permitted to have. A featherbedding labour law made it impossible for overstaffed concerns to dismiss any of their redundant workers for "economic" (as distinct from "disciplinary") reasons without prior permission from the Ministry of Labour. The tax system discriminated between different enterprises, not according to efficiency but according to status in official favour.

An extensive system of subsidies, which took the form partly of specially favourable prices between state enterprises and partly of concessionary interest rates, piled further distortion upon further distortion. Rigid controls were maintained on any enterprise that wanted to undertake new investment. Throughout the 1950s about half of the nation's fixed investment was undertaken by a gaggle of 1,600 autonomous organisations within the public (i.e., government) sector of the Spanish economy; many of these operated on no known grounds of economic principle, but largely on principles of bureaucratic prestige or pull, with a persistent tendency towards approving projects that were showy rather than those that were profitable. (There are still groups of the underpaid Spanish civil service whose earnings depend on the volume of investment projects that their departments start, because of the professional fees and other special charges that are then allowed.) Even when investment patterns were not determined by distortions as grossly personal as this, autarky was one of the aims of the whole system of "controlled" investment, so that particular concessions were granted towards (e.g.) those electric power projects that were based on the mining of expensive and inefficient Spanish coal.

The result was that the newly created monetary demand did not lead merely (or even mainly) to an upsurge of production in the most efficient growth industries; instead it poured itself out into a series of raging inflationary whirlpools in narrow favoured sections, while everywhere else the growth of which the economy was by now capable was held back by physical controls. There was therefore—as in Britain during Daltonian days—an inevitable excess of demand over this absurdly strangled supply; and with this came the usual concomitants of a rapid inflation of prices and a large deficit in the balance of payments. In 1959 Spain reached its 1949; the peseta was devalued and the Spanish government set afoot a period of "economic stabilisation" and moderate deflation. The questions then were whether

(a) the devaluation would swiftly put the balance of payments to rights; whether

(b) the disinflationary stabilisation programme would cause money—and thus economic efforts to earn it—to mean something again; and whether

(c) Spain would thereafter proceed not merely to reflate demand again, but simultaneously to make a dash for freedom from controls and from bureaucratic distortions.

If Spain achieved all these things, it could lay much the same foundation for an economic miracle as Germany, Japan and Italy did in the early 1950s; most of the other pre-requisites for such a big economic advance seem to be in place, including even—and this is important for so Roman Catholic a country—a fall in the birth rate compared with prewar days.

So far the signs of burgeoning reform in the last three years are very hopeful. Questions (a) and (b) have already been satisfactorily answered; the balance of payments is back in surplus and price inflation has been largely checked. Admittedly, this has been achieved only at the expense of a standstill in production from 1958 to late 1961, but the check to production seems at last to have been permitted to impinge most sharply on the most inefficient sectors. (That, indeed, is largely why Spain has run into labour troubles in some of its least efficient industries, troubles which have caught its government politically on the hop.) Since late 1961, the government has started to re-expand demand again. Most important of all, during and since the "stabilisation period" bureaucracy has begun to remove some of its most crippling physical and other controls. The still too stately Spanish equivalent of a dash for freedom is on; and last week saw the publication of the document that might do most of all to hurry the process up. It was in March of last year that a team of seventeen experts from the International Bank for Reconstruction and Development, under the leadership of Sir Hugh Ellis-Rees, arrived in Spain at the invitation of the Spanish government. Their report, which has been in the hands of General Franco's government for some time, has now been published to the world.*

THE report is a fascinating document, not merely for the future history of Spain, but in the history of the advice given by international bodies of this kind as well. Unfortunately, a large part of it is written in world bankers' English, which is hardly a pellucid literary style. But the main recommendation is clearly stated, again and again. "The principal measure that the Government can take to establish an environment that is conducive to rapid industrial growth," declares the mission, "is to remove the controls which continue to hamper the free working of the economy." The mission runs its eye over the history of Spain's internal investment controls, of its allocation and rationing systems for industrial materials and of its price controls; all of these controls have been considerably whittled down in the last three years, but too many (price controls, in particular) still exist. "We are persuaded," declares the mission flatly, "that general economic conditions are now such that these controls can be removed." The same medicine is recommended, although a bit more guardedly and with some temporary exceptions, for import controls and export controls. The mission then plunges into a survey of the jungle of state subsidies which take the form of special prices between state enterprises and concessionary interest rates; always it recommends that these distortions should be whittled down, and usually that they should be virtually swept away.

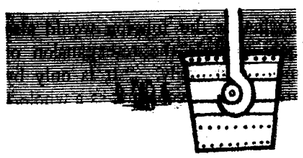
This recipe of free market liberalism from the bank was to be expected, although it is good news that the Spanish government seems more than half-inclined to swallow it. What was less certain was whether the mission would also be progressive in its attitude towards the re-expansion of demand. The answer comes out happily. "It is only by a policy of stimulating the growth of the economy as a whole," declares the World Bank mission, "that a general solution can be found to the problems caused by disequilibrium in employment, income and regional development." It is true that the mission rears a bit awkwardly when it realises that this advice might logically lead it into the still unspeakable sin (to world bankers) of recommending that Spain develop on the basis of unbalanced budgets. But it recovers its equilibrium admirably. Spain, it thinks, should be able to plan its policies on the basis of expecting "an annual growth rate of 5 per cent per capita . . . over an extended period." "Taking the rate of growth of national income proposed above and assuming the same relation between the growth of income and of fiscal receipts that has existed in the past," says the mission, "the increase in public revenues that can be forecast would make it possible . . . to carry out over the next five years . . . development proposals. . . ."

In other words, by assuming that it will have an increase in tax revenue as a result of assuming that it will have an increase in national income, the Spanish government is told to engage in the reflationary policies from which a more strictly orthodox system of budget estimating would have held it back. This system of reflating demand while pretending that it isn't happening is the one that has worked so enormously successfully in Japan and Germany and other expansionist economies in the past ten years.

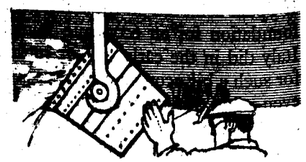
This article may have been too optimistic in its assumption that the sauce that has proved so successful for other golden geese may now be about to be applied equally successfully to the Spanish gander; it is a bit odd to base optimism for the future of the Spanish economy so largely on the fact that the recent mismanagement of that economy has seemed to be so unrepeatably ghastly. But, as the mission says, the foundations for growth appear to be there; Spain already has a wide range of industries, even such modern ones as consumer durable industries, although necessarily most of them are still working on a tiny scale. The dynamic could now well be set alight by the opening up of the economy to freer market forces, a process in which Spain's application to be associated in some way with the European common market could play a big subsidiary part. And if this happens none should welcome it more than those who so rightly deplore the unhealthy and undemocratic features of Spain's present political system.

If Spain does now go forward economically into something more like a west European standard of life, this will surely bring new attitudes and new sorts of men into positions of influence which will ensure that its governing classes cannot go on looking backward politically for ever. There is, after all, a proud past history on which this country can build. "Methinks I see in my mind a noble and puissant nation rousing herself like a strong man after sleep, and shaking her . . . locks. Methinks I see her as an eagle mewing her mighty youth, and kindling her undazzled eyes at the full midday beam. Methinks . . . ." Well, it is rather fun to find oneself moved to quote Milton after reading a report from the International Bank for Reconstruction and Development.

* "The Economic Development of Spain." International Bank for Reconstruction and Development. 352 pages.



Steelmen Unstuck



The Trades Union Congress must follow up its victory for common sense in South Wales

THE dispute between two trade unions that, until Tuesday afternoon, was threatening to bring a large part of the British steel industry to a halt, has followed a too-familiar pattern. The intervention of the Trades Union Congress, leading to a truce and to agreement by both unions to submit to arbitration, could set a new and infinitely more sensible standard for the future. This time the squabble over who-does-what has been between the Amalgamated Union of Building Trade Workers (83,030 members, several hundred in steelworks) and the Iron and Steel Trades Confederation (112,321 members): the bone of contention is the right to the job of lining with heat-resisting material the converters in which molten metal is transformed into steel. This has traditionally been done by ISTC members, but when the steel companies decided, instead of a lining of tar-like composition rammed into place, to use 90-lb prefabricated blocks of a similar substance, the AUBTW chose to claim that these blocks are bricks and should be laid by its own men.

In August the bricklayers stopped work at Corby in Northamptonshire, where the work has since been carried on by non-union volunteers from the company's staff; last week, having endangered the commissioning of the new integrated steelworks of Richard Thomas and Baldwins at Llanwern (and threatened other works on its way westwards) the dispute reached RTB's older plant at Ebbw Vale. There the management promptly (and not entirely convincingly) threatened to close the whole plant down—which would have meant catastrophe for the valley, 10,000 of whose men work there. Urged on by the local Member of Parliament, Mr Michael Foot himself, and by the local council, the TUC stepped in. After a 4½-hour meeting the bricklayers' union agreed to order its members back to work (many of them had been vocally reluctant to come out anyway in a strike that seemed to involve their union's prestige rather than their own jobs). The carve-up of work is still not resolved, but the AUBTW was persuaded to accept the verdict of an arbitrator —the ISTC having accepted arbitration from the start.

Of course there is more to this quarrel than meets the eye. The bricklayers fear that their jobs in the steelworks could fade away as new processes take the place of open-hearth operations: the open hearth, as big as a house, reconstructed every three months and built entirely of brick, has always been put up by craftsmen bricklayers. And the ISTC has for long been suspected by the craft unions whose members do specialist jobs in steel—electricians and engineers as well as building workers—of wanting to squeeze them out. The steelworkers' leader, Mr Harry Douglass, is a tough-minded right-winger who gets results for his members, in the form of high pay, sensible redundancy payments and so on, without too much truck with verbal militancy or formal delegate conferences; he does not lack critics to say that he is undemocratic, dictatorial and what you will (but not to his face). The latent conflict between the craft unions and Mr Douglass's quasi-industrial union has been simmering for a long time; just a year ago it came to the boil during another thoroughly avoidable strike, also of bricklayers, at Port Talbot, also in South Wales.

But whatever the underlying reasons for the obduracy of the bricklayers' union—and, however much one may be surprised to find Mr Lowthian, the AUBTW's level-headed general secretary, mixed up in so stupid a business—there must be a warm welcome for the outcome. The great disappointment of this year's Trades Union Congress at Blackpool was the lack of a sense of urgency about union reform, even in the speeches of those who most clearly see the need for it. This week, however, Mr George Woodcock was faced with an inter-union dispute that clearly cried out for TUC intervention, and the publicity that the dispute got (and that union leaders and the local Labour council saw that it got) forced the building workers into a position where they had to accept arbitration, however poorly it may turn out for them. A couple of decisive TUC actions could do more to reinforce its prestige with its own constituents, and with the public, than any number of speeches.

Key in the Door?

British defence policy has to be adapted to the needs of a new western alliance — and to the new British society

DEFENCE planning always looks a mess: if it looks even more of a mess this year, at the time when decisions on next year's estimates begin to loom large, this need not be an unmitigated disaster. Mr Thorneycroft has inherited the almost concurrent collapse of two policies: of Mr Sandys's strategic bias toward going-it-alone (the Blue Streak philosophy which still has its carry-over in the irrelevant claims of political independence for the V-bomber-Blue Steel-Skybolt force); and of Mr Watkinson's worthy but ill-rewarded trust in the interdependence of the *Otan des patries* (from which the tactical missile, Blue Water, has been the chief, but not the only, sufferer). Now Mr Thorneycroft has got to pick up the pieces.

There are three jobs to be done. The first is to integrate the existing British forces into a more cohesive structure of western strategy. Primarily this means using the remaining bargaining power that the V-bomber force represents in allied councils to encourage the marriage of American and European

interests in the joint control of the nuclear deterrent: there are several British options here. The second job is to gear future defence production (which means the British participation in the next generation of weapons systems) to the degree of economic and technological integration that can be expected both in Europe and in the North Atlantic area as a whole. In the absence of any political infrastructure on which to base a co-ordinated western pattern of defence production, how far dare an economy like Britain's now go in developing the weapons that will be needed after 1970? And Mr Thorneycroft's third job is to make the most efficient use of the armed forces he has got: to see that they have the capability to fulfil their Nato role, and their continuing role east of Suez; that they have the right equipment; and that they have the right kind of men. Here, too, there are decisions piling up.

Western nuclear strategy is enmeshed in two issues. Immediately, there is the American (and British) desire to get President de Gaulle's *force de frappe* into the harness traces of the alliance as a whole. There is a timetable here. The French deterrent does not exist now; if President de Gaulle has his way it will exist as a weak, dangerous and expensive force from 1964 onwards; if the pace of American and Russian technology keeps up, the French force, like the British, will cease to count at all after 1970. The French factor is therefore likely to be a more transient one than most people have recognised. It cannot now be discouraged from emerging by scrapping the British force; but its owner may (and only may) be more amenable to accepting the kind of joint target system that the V-bombers already share with the American Strategic Air Command if the French nuclear ambition is accepted in the United States as an objective fact. It is the Kennedy administration's responsibility to interpret the degree of French nuclear knowledge according to the revised terms of the McMahon act permitting co-operation with advanced nuclear allies. There are signs that Mr Thorneycroft encouraged his hosts to look at France in this light during his visit to Washington last month.

Atlantic symbol: Fylingdales missile radar.

But the major problem is to integrate western Europe as a whole in an effective share of political control over the western deterrent. The perennial European fear that American policy on this side of the Atlantic may become dependent on Chicago's willingness to accept a Russian nuclear bombardment has not been wholly assuaged by the reality of the present American commitment to the alliance. Britain and France have expressed their fears by building, for good or bad reasons, their own attempts at a deterrent; west Germany is still at the stage of words. There is a military choice now for Mr Thorneycroft to make. He could still, conceivably, do no more than keep the V-bombers, armed with Skybolt, in being up to 1970 as a small fraction of the American effort, and plan to contract out of any subsequent major weapons system altogether. This would be at odds with the political attempt to enter Europe. Or he could disperse his V-bombers throughout western Europe with the French Mirage bombers and fall in with the Europeans in calling this deterrent politically independent of Washington. The logical next step, if the governmental infrastructure existed, would then be for the Europeans to join in producing their own post-1970 deterrent-of-a-kind. If this were a local version of the Polaris or Minuteman systems (both relatively cheap, inter-generation weapons) Europe might be able to afford it. But this would be a wasteful duplication of American weapons that are already in existence; and the European deterrent would still be likely to have as little credibility, compared with the next generation of Russian defences, as the V-bombers possess now.

OR there is a third option. Mr Thorneycroft can try to get into Europe, call the resultant Anglo-French force as independent as he thinks convenient, but then use this key to unlock the door to a joint Atlantic system. The balance of military and economic, as of political, advantage is overwhelmingly behind this course. Up to 1970 Europe will thus have a deterrent (and a say in deterrent policy) that depends on the American Skybolt for the V-bombers and on the American refuelling aircraft that are needed to get the Mirage bombers beyond Brest-Litovsk. This is not independence, although it might pass as such politically. But in this period the need is to develop the Nato nuclear committee from an educatory into an advisory and then into an authoritative body. At the same time a separate international force, directly under the Supreme Allied Commander, Europe, can be built up to supply tactical nuclear firepower. The existence of such a force, by itself, implies a political authority to decide on whether or not to extend a battlefield as far east as the Polish border. Within an established context of this kind Europe could then expect (and North Atlantic military and economic necessity could well dictate) a European share in the development, construction and manning of a sophisticated strategic, probably orbital and certainly post-Polaris and post-Fylingdales, weapons system. This is the reverse of the third force concept. On no account should Mr Thorneycroft's entry into Europe be in pursuit of that already obsolescent military idea.

Immediately, therefore, Mr Thorneycroft should stamp heavily on those defence planners who (simply because this is what they are paid to do) are now pressing for Britain to develop the semi-obsolescent strategic weapons that the British economy, or the European economy, could just about hope to sustain. This includes Polaris, either the true underwater (i.e. European-financed) Polaris or the cut-price (i.e. independent British) variety that would be stuck into surface ships. This is, in fact, the year of all years when political and military uncertainties make it impossible for anyone in London to lay his hand on his heart and say that British expenditure on such-and-such a prospective post-1970 weapon would be justified. The lead-times for such weapons are already becom-

ing a problem, but only after Mr Thorneycroft has got into Europe and can begin his second job of co-ordinating defence production can concrete decisions of this magnitude be risked. This reality should show up in next year's estimates.

THE third job, of making the best of what exists, is one that occupies all defence ministers but is one which Mr Thorneycroft, arriving in office with the actual achievement of all-regular forces, should consider of exceptional importance. By ploughing the savings on Blue Water into conventional arms the minister has shown that he has grasped at least one of the glaring weaknesses in the British defence posture in Europe and outside it. But in the very success of the army's recruiting drive in the past year there lurk two dangers—which add up to a major opportunity. There is the danger that professional armies grow apart from the societies that produce them: this can be particularly serious in relation to the prestige, and the efficiency, of the technical and supply services on which modern forces are utterly dependent. There is the second danger that any upturn in the economy, and a belated increase in the civilian technical training facilities for school-leavers, may in the future deprive the services of the kind of recruit they most badly need.

The Economist has argued in the past that the services should be given funds specifically to turn themselves into model educators and employers of technical personnel; even if they lose 80 per cent of their trainees to civilian employment after an initial period of service, this would still be all gain to the economy at large. This argument did not find favour with the Admiralty (which has had little or no recruiting problem, partly because it does provide good technical training and has given its technical grades, up to wardroom level, a proper status); nor did it find favour with the army which, desperately short as it was, could not afford to release skilled personnel as instructors and preferred to try to get half its tradesmen in from outside. The success of recruiting in making up sheer numbers may help to reduce some of the army's objections. For this is, in fact, the time for all the services to look ahead towards the type of educationally-superior entrant that they, like everyone else, will need in the later 1960s. It may be the last chance to capitalise on the failure of the educational system as a whole to cope with 16-year-olds of good potential.

The services ought to be expanding their own training facilities dramatically; they should be encouraged to play a part, with their own sandwich courses, in new technical colleges; and they could, by demonstrating the practicality of vocational training well above existing apprenticeship standards, become unexpected catalysts in overhauling ordinary industrial practice. The services have got to gear themselves to the new society in every way they can. This is one central role that Mr Thorneycroft, among his other preoccupations, should insist that they play.

NOTES OF THE WEEK

EUROPE

MacMarket

AT last the Government's long-awaited campaign in favour of British membership of the common market has begun. Following up his firm speeches at the Commonwealth conference and on the television, the Prime Minister has now committed himself in print to wholehearted advocacy of British membership of the common market. His pamphlet "Britain, the Commonwealth and Europe," published by the Conservative Central Office on October 7th, wastes no words on the terms of an agreement or the possibility of failure to agree. The case for joining is put without qualification.

Conservative morale should be stiffened, too, by the loud support ministers have been giving to the Prime Minister. In the fortnight before the party conference Mr Thorneycroft, Mr Macleod and Mr Maudling all put the European case forcibly. Thus the rumour, sometimes heard in the constituencies, that Mr Macmillan is riding a private hobby-horse into Europe without cabinet support has been firmly squashed. Mr Maudling's voice should carry a special message for waverers. The man who had the misfortune to be responsible for both the luckless free trade area and the European Free Trade Association has spoken with convincing moderation of the economic advantages of joining the common market.

The Prime Minister's own pamphlet covers ground familiar enough to readers of *The Economist*. It is wrong to suggest there is a choice between Europe and the Commonwealth, he stresses. Rather, if Britain is to serve the Commonwealth as it should, it must have a place in the new centre of power, Europe. The idea that sovereignty will be "sacrificed" is also false, he suggests, in an age when not even the giant powers, Russia and America, are fully independent in defence and foreign policy.

The Prime Minister's tract is not an inspired, crusading document. But its solid style and argument should be persuasive within his party. Perhaps the most intriguing passages are at the end, when the Prime Minister permits himself a flash of idealism:

> We want to see Britain . . . working towards the unity of the world which is the ultimate vision of mankind. The European Community is a signpost to that future and we must play our part.

This follows a plea for speed in the Brussels negotiations. The Government has realised that uncertainty about the outcome of the negotiations has done as much damage in the country as the arguments of the anti-marketeers.

Waiting for France

DO the other Europeans share the British Government's wish for speed? There have been signs, since the Commonwealth conference and Mr Gaitskell's efforts at Brighton, that most of them do. Any doubt Mr Gaitskell may have sown about Britain's reliability as a future partner seem to be matched by a new awareness on the Continent of the Prime Minister's determination to get Britain into Europe, and by an enhanced sympathy with his difficulties. As Mr Heath learnt during his European mil round last month, five governments, at any rate, feel that from the community's point of view, as well as Britain's, the sooner uncertainties are resolved, the better.

But what of the sixth? The French have never shared their partners' anxiety for speed as far as getting the British in is concerned. M. Couve de Murville was in New York this week for the United Nations Assembly, and Mr Heath was not able to see him in Brussels as he had hoped. The French representatives at the ministerial meeting in Brussels (described on page 131) argued that it would not be wise to arrange meetings of ministers this autumn in close succession. Officials, they suggested, would not have enough time to work out technical details in between.

The French constitutional crisis adds a new element of doubt. It is true that M. Pompidou's government has temporarily recovered from the bite; it was the National Assembly that died. Still, a period of uncertainty has opened and is not likely to end before December. It all means that concern for the French political future is likely, for a time, to take precedence of the British negotiation in French minds. For this reason few French observers now expect Mr Heath's hope of agreement by Christmas to be realised.

What of the further prospect, if the French Parliament asserts itself and a government of parliamentarians takes over? Such a government could hardly fail to be more interested in European integration than any chosen by General de Gaulle. It might, at the same time, be more tender towards French vested interests, and the difficulties for Britain of reaching agreement with it, though they would be different from those of negotiating with M. Couve de Murville, would not be negligible. Most probably such a government would want to get on with the negotiation with Britain. But this would not be all it wanted. A new French government based on a parliamentary coalition would almost inevitably be committed to an effort to get European political union moving, a matter the British Government has found it convenient so far to leave vague. The British might have to make up their minds more quickly than was comfortable; or they might get left behind again.

STRIKES AHEAD?

Railing at Fate

THE National Union of Railwaymen's post mortem on the one-day strike on October 3rd has cleared the air, even if it has not given the hoped-for prospect of peace. Mr Greene, the general secretary, has at last made it perfectly clear that the union's protest is not so much against the way in which the British Transport Commission is carrying out the process of cutting down on unprofitable bits of the railway system, as against the Government's whole transport policy. The rail strike, then, must be seen as a political act—and like all such political strikes in British history, its objectives, and still more its possible consequences, have clearly not been visualised by the strikers. The NUR's executive reflected this inconclusiveness by declaring its intention to call a further stoppage, but passing on the decision of when it would be and what form it would take to a special sub-committee; thus leaving itself at once in a militant posture but with a large freedom of manœuvre.

The other conclusion to be drawn from the NUR's behaviour is that Mr Marples was right to appeal to the union to have a further word with Dr Beeching (although wrong to imagine that this was the way to stop last week's strike). The union has greatly weakened its own case by appearing to be absolutely opposed to even such obviously necessary measures of rationalisation as the closure of carriage-works designed for the repair of obsolete wooden vehicles; but nevertheless it has some legitimate points to make in protection of its own members—not just to secure less stingy severance payments, but also to see about future employment prospects in that minority of areas where other industries are not eagerly awaiting the chance to snap up railway workers once they are freed (broadly speaking—and this ties up with altogether larger economic issues—things are all right in the south but not in the north). It is also in Dr Beeching's interest that the BTC should appear to have the interests of its staff at heart. If the NUR's subcommittee can manage to dither usefully over its tactical decision about the strike, the two sensible adversaries could yet find themselves making a concerted approach to the Government over a social problem that concerns them both.

The case of the craft unions with members in railway workshops is a tougher one. They have this week been urging rough tactics—a one-week strike—on the railwaymen, thus strengthening the hand of the wilder men with whom Mr Greene has to contend in his own union. It may be fortunate that the craft unions chose to put so much weight on piffling questions of procedure—their main cause for anger seemed to be that Dr Beeching had specified whom he wanted to meet, and not left the choice of his interlocutors to the unions—which might ensure that they do not get as much public sympathy as the railway staffs themselves have, and in some cases deserve.

Go for Broke

THE long-standing struggle by the London Transport Executive to persuade its bus drivers and conductors to change their ways is at a crucial, but still indecisive, stage. While the LTE complains that it cannot get men to operate its services, the men themselves seem determined to obstruct any attempt to save labour. On Monday a delegate conference of busmen refused to accept a package deal offered by London Transport: this included the introduction of larger buses, of one-man buses on some uneconomic suburban routes, and of a new kind of continental-type bus with more standing passengers on some short-trip routes, plus a speed-up on country routes with 40 mph speed limits instead of the old 30 mph limit. (The delegates were also angry at the LTE's intention to suspend for the winter some under-used weekend services on which the men had been making regular extra overtime money.) In exchange, the busmen were offered a share of the extra profit. The men, however, claimed both that their share should be larger and that it should be given more in the form of time off (meaning, perhaps, extra overtime at higher rates of pay) than in cash. They refused to consider the "standee" buses. In the face of this opposition the LTE once again postponed the introduction of its new large buses on routes that were due to get them.

London Transport, in fact, is in the throes of one of its fairly regular barneys with the tight group of bus workers who have persistently made difficulties for everyone who has to deal with them—even, on occasion, for Mr Frank Cousins himself. It is wholly certain that the public would have no sympathy at all with them if they did try to strike or go slow in opposition to the LTE's reasonable measures of modernisation: and the unofficial strikes planned for some routes this weekend, in protest against the cutting of services for the winter on some busmen's "favourite" routes, should be negligible. It is hard, too, to be entirely convinced that the majority of drivers and conductors—many of them immigrants and women—are really the doctrinaire, militant bunch that they are painted by their delegates to conferences like last Monday's. This is an occasion when the employers should get, and stay, tough.

TURKEY

Mr Inönü's Respite

MR INÖNÜ, it seems, has been given a respite from his mounting political troubles. In recent weeks the Turkish prime minister has again been faced with an ugly crisis over the question of an amnesty for some or all of those imprisoned after the Yassiada trials. It was this same question that precipitated the protracted government crisis early this summer, and when Mr Inönü formed his new coalition in June he undertook to introduce a partial amnesty by October 29th.

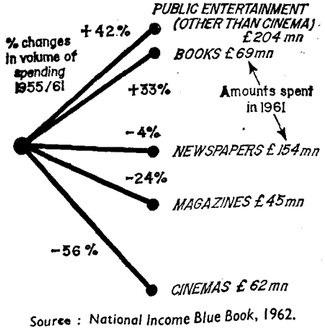
Since then the opposition Justice party has been ceaselessly and insidiously agitating for a complete amnesty; it has even tried to create the impression among the uneducated voters that an amnesty would somehow have a magical effect on the country's economic troubles. The army and the students, on the other hand, are hostile to any amnesty at all. On two occasions last week there were violent student demonstrations in Ankara, directed principally against the Justice party and its newspapers; the demonstrators appear to have enjoyed the tacit acquiescence of the army.

On Tuesday the government at last announced its amnesty terms; these would have the effect of releasing at once all those

with sentences up to six and a half years, and reducing all other sentences by four years. Unlikely to satisfy the opposition, the amnesty nevertheless provoked angry student demonstrations in Istanbul. In Ankara, however, the Justice party, suddenly and most surprisingly, turned right round and on Wednesday announced their fervent support for Mr Inönü. Presumably, at the secret session of parliament earlier this week, someone must have told them pretty forcibly where they got off. How long the lesson will stick is very doubtful; the Justice party's obsession with the past will not be easily overcome. But if there really is a lull on the political front in the feuding over the fate of Mr Menderes's supporters, one hopes that the government will seize the chance of pressing on with its economic and social reforms; at present the new five-year plan is jeopardised by a disagreement between the government and the planners over how to finance it.

IN PURSUIT OF LEISURE

Since 1955 the combined amount spent on public entertainments and reading matter (when adjusted to remove the effect of price changes) has remained almost constant and as a proportion of total consumer spending it has fallen from 3.6 per cent to 3 per cent. Within these groups, however, there have been considerable changes. Cinemas, which in 1955 took nearly half the spending on public entertainment, in 1961 attracted only one-fifth. In reading matter, books have gained at the expense, particularly, of magazines.



Source: National Income Blue Book, 1962.

UNITED NATIONS

Warming Up

After a quiet start, the United Nations Assembly reached a livelier stage this week with a personal appearance by Mr ben Bella, a committee vote on Southern Rhodesia, and a rowdy reaction in the public galleries to a two-hour anti-American diatribe by President Dorticos of Cuba. About twenty Cuban refugees had to be forcibly ejected from the Assembly hall on Monday before Dr Dorticos could go on with a speech which departed altogether from the usual conventions about visits to the UN by heads of state, and which, it was noted, drew diminishing applause from the delegates (except for the loyal Soviet block).

The admission of Algeria to UN membership on the same day evoked a series of welcoming speeches which were remarkable for the many expressions of admiration and goodwill for France that came from unexpected quarters. Of all people, Mr Shukairy of Saudi Arabia was heard by a startled Assembly raising his voice in praise of President de Gaulle. Meanwhile M. Couve de Murville had taken the opportunity to be the first French minister to engage in private talk with Mr ben Bella; and on Tuesday the Algerian prime minister made a forceful speech in which he pledged his country to fulfil the Evian agreements with France.

Against this background of lively and sometimes surprising events, there was something rather flatly predictable about the fourth committee's vote, 68 to two (Portugal and South Africa), for a resolution that called on Britain to act to secure the release of Mr Joshua Nkomo and the lifting of the ban on his Zapu party. The British delegation, sticking to the argument that London cannot interfere in Southern Rhodesia's politics, did not take part in this vote; and 25 other delegations found reasons for not being present in the committee room at the time.

Over the head of an Assembly which is still only warming up there now hang three question marks. One is Katanga. Another is the widely canvassed possibility of the arrival of Mr Khrushchev around the middle of November. The third is the question of the secretary-generalship, which is not formally before the Assembly as yet. If agreement can be reached to invite U Thant to accept a full term of office, this recommendation will come to the Assembly from the Security Council with the battle already fought and won. At the beginning of this session, however, Mr Gromyko, assisted by *Pravda*, wheeled out the "troika" again, for the first time this year. If the Russians cannot be induced to push it back into its shed, the UN may have to face a full-scale showdown on the whole question whether there is to be a secretary-general at all. U Thant's firm public adhesion to the Hammarskjöld doctrine of an expanding executive role for the UN has not fired the Russians with enthusiasm; but it has enlarged his stature in the eyes of the great majority of member countries.

CONGO

Britain to Move

Mr Tshombe, of Katanga, is still waiting to see which way the lion jumps. The British Government is in a special, perhaps a key, position to influence the course of events in the Congo: if it says it will support action against Mr Tshombe, the threat of that support will probably be enough to keep him in line. But he will remain obdurate so long as he believes that economic sanctions against him would not work (because the British Government would not make them work) or that force would not be used (because the British Government would not allow it). The British attitude needs to be reconsidered now that the situation in Katanga seems to be hotting up once again.

The familiar signs are all there. Mr Tshombe is stalling, in an attempt to nullify his acceptance on September 3rd of the United Nations plan to reintegrate his province with the rest of the Congo. The acting secretary-general of the United Nations, U Thant, was to meet his Congo advisory committee on October 12th; on Tuesday, October 9th, United Nations troops encircled two buildings in Elisabethville, and Mr Robert Gardiner, UN chief of operations, reported evidence of increased Katangese air strength. Mr Tshombe's hired white soldiers, Mr Gardiner said, were still there in strength.

There is, therefore, some danger of renewed fighting between the United Nations troops and Mr Tshombe's; there is a worse danger that he will keep talking for so long that a bankrupt United Nations will have to withdraw from the Congo, leaving its work unfinished. Such a victory for Mr Tshombe would be a defeat for almost everyone else: the world would be back where it started when, in June, 1960, the United Nations went into the Congo, and all the dangers that the United Nations has succeeded in staving off would come crowding in again.

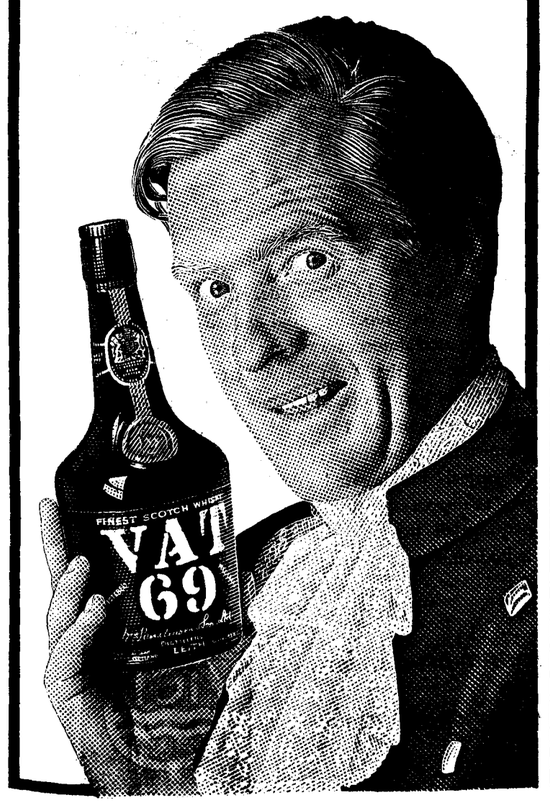
This can still be avoided if the British Government brings itself to help put Mr Tshombe in his place as provincial prime minister in a united Congo. (America's active concern for a settlement has been shown in the talks that the Under-Secretary of State, Mr McGhee, has held in Katanga and Leopoldville this month.) Two explanations for Britain's unwillingness are white Rhodesian pressure and anxiety about British financial interests in Katanga. But if there is an African nationalist victory at the polls in Northern Rhodesia (across the Katanga border) on October 30th, succumbing to white Rhodesian pressure will make even less sense than it does now.

NEGLECTED CHILDREN

New Powers for Prevention

When the Home Secretary first announced that a departmental committee on children and young persons was to be set up (in 1956), the original intention was apparently to confine its terms of reference to juvenile courts, approved schools, etc., and to the existing statutory provisions under which parents could be prosecuted for cruelty to children or for exposing them to moral and physical danger. These terms of reference were immediately recognised

ONE SCOTCH STANDS OUT
VAT 69



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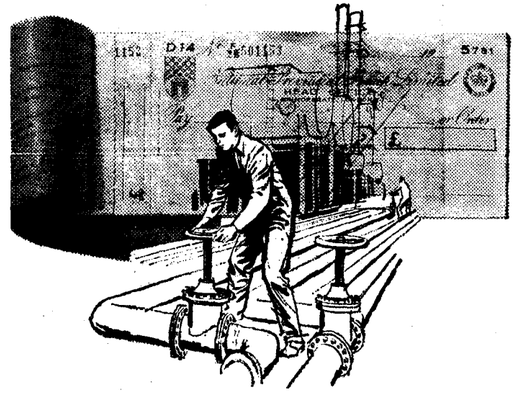

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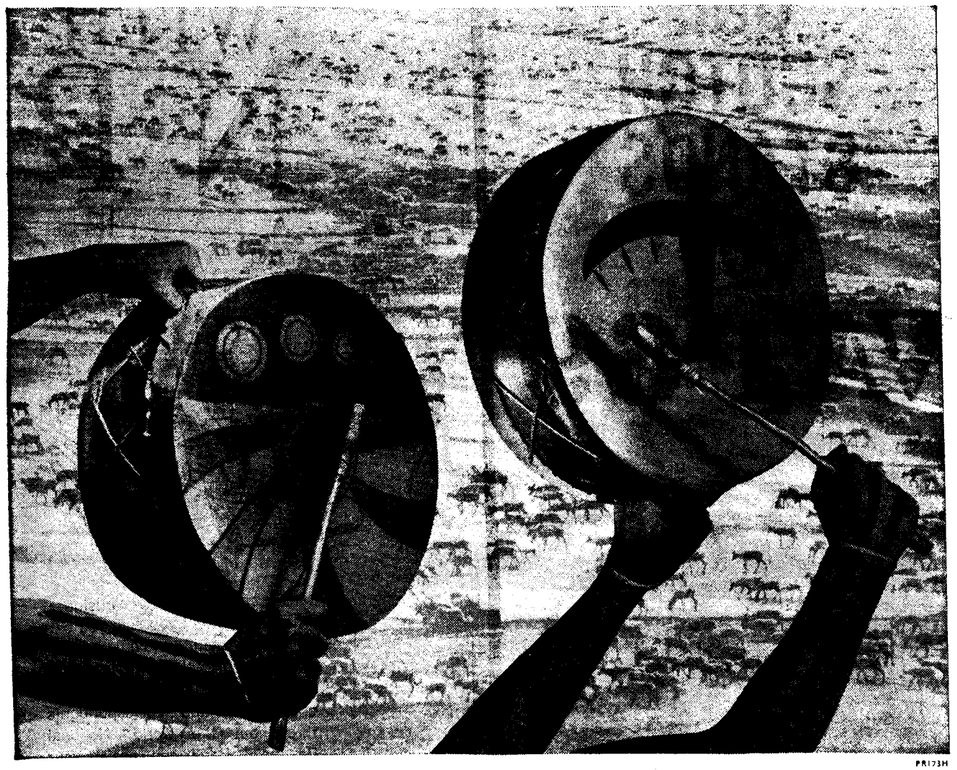

PR173H

Under the midnight sun of Canada's far North-West, a line of barges creeps into Yellowknife—a gold-mining settlement on the desolate shore of a great lake. Their load—cyanide in drums—is prosaic, perhaps; but it has completed an adventurous journey that started 10,000 miles away at an I.C.I. factory in England: by sea across the Atlantic and through the Panama Canal to Canada's Pacific coast; down-river by barge, overland again for many a rugged mile, down-river once more to the waters of the lake itself.

Such odysseys are not uncommon for I.C.I. chemicals, and least of all for I.C.I. cyanide. Known for 50 years as the key for unlocking gold and silver from their ores, it is used almost everywhere these precious metals are mined—in the Australian deserts, in the rolling hills of Southern India, in the mountains of Colombia and the uplands of Fiji. And, like so many I.C.I. chemicals, it is no stranger to the world's engineering industries. Cyanide case-hardening salts from I.C.I., as well as degreasing solvents and metal pre-treatments, play a part in the production of everything from hypodermic needles to agricultural machinery.

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by people interested in child care as far too restricted. Was it not better, it was urged, to see if more could not be done to help families with problems, and "problem families," in order to prevent children from appearing before the courts at all, whether as delinquents or in need of care and protection?

In the end the terms of reference of the Ingleby Committee were widened to take in this aspect of the child and his family, and it is now reported that the Queen's Speech will contain a reference to legislation on the lines of the committee's recommendations on prevention. The committee pointed out that a multiplicity of official and voluntary agencies may be concerned with families in trouble, but that, so far as local authorities are concerned, their powers are derived from legislation like the National Health Service Act and the Education Acts, which are not primarily concerned with neglected children. Even under the Children Act of 1948 the statutory powers of local authorities as regards prevention are limited.

The result has been a lot of services concerned with the child, and a lot of people running about, once things have gone wrong, but nobody with a statutory obligation and powers to prevent them from going wrong; and, in spite of governmental exhortations to co-ordinate and confer, the Ingleby Committee decided that there was, nevertheless, a great deal of inter-service rivalry. It thus recommended that a general duty should be laid on local authorities to prevent or forestall the suffering of children through neglect in their own homes, that they should have powers to do preventive casework and to provide material needs that cannot be met elsewhere, and that no committee should be specified to carry out these powers. Further, there should be a statutory obligation to submit schemes for detecting families needing help; for investigating what sort of help is needed—the investigating centre should be in charge of an officer responsible to the clerk of the authority, not to a committee; for providing the appropriate help; and for making the services known to the public. In 1960-61 there was an average of 61,000 children in the care of local authorities because of some sort of family breakdown, at an average cost in local authority homes and hostels of nearly £9 a week. Many of these cases could have been prevented by timely assistance, and it will presumably be the purpose of the new bill to ensure that it can be given.

POSTWAR CREDITS

Strangely, No Outcry

It is surprising that Mr Maudling's releases of postwar credits have not been more violently attacked from the left. The people who have accumulated the biggest credits necessarily tend to be those who paid most income tax, because they were earning most money, between 1941 and 1946. At first sight, it is not easy to say that these are the people who most obviously deserve to be given more purchasing power now.

When the credits were first introduced—in the great budget speech which Sir Kingsley Wood delivered (and Maynard Keynes wrote) in 1941—they arose out of Keynes's fear that the Treasury might still be too orthodox to unbalance the budget during any postwar slump; they therefore pumped these £765 million of permitted tax repayments into the fiscal system, with the idea that any slumptime releases from these "funds" below the line might prove to be administratively less controversial than unbalancing the budget. In the event, the device proved an unnecessary one. Still, once the Government had accepted the obligation of the postwar credits, they had to be honoured. The aim should have been to move towards a scheme which would marry these obligations to some socially useful object. The best compromise scheme seemed to be the one towards which the authorities were moving just before 1959; it envisaged releases to creditors when they reached retirement age (so that the credits became a sort of retirement bounty, for which there is some social case) and earlier releases in case of hardship (for example, to any creditor who became unemployed for more than 26 consecutive weeks).

The two further releases in 1959 and 1962, which now allow women to cash the credits at the age of 55 and men at the age of 60, have no such social justification behind them; the recipients now get them at a time when they are still earning, sometimes indeed at the height of their professional earning power, and often just after their family obligations have run down because their children are now earning too. These measures have been decided upon almost solely because they are a convenient "once-for-all" release of purchasing power; women between 55 and 58 and men between 60 and 63 will draw an extra £42 million this year, but thereafter releases from the credits will relapse to £18 million a year or so as before. Alternative measures could have been to make £42 million a year of tax reliefs now, but with a plain warning that the taxes might well have to be put back up again later; or even to give out £42 million as a once-for-all Christmas bounty in 1962 to, say, old age pensioners or those on national assistance. The objection to these latter suggestions is that, if ever the poor had been given a special Christmas bounty, there might have been immense political and moral pressure to repeat the bounty each year. Probably there would have been. But what a very unmoral story this has become. One dare not give a bounty to poorer people now, for fear of having to give another one to them later; so the new release of purchasing power goes instead in the form of an earlier-than-expected-hand-back to those who paid most taxes 20 years ago.

INDIA AND CHINA

Marching as to War?

The clash of arms reported this week between Indians and Chinese at the eastern end of the border looks like a natural outcome of the latest verbal hostilities between Peking and Delhi. On October 3rd, a Chinese note proposed border talks in Peking ten days later, but observed that India's stipulation that Chinese troops should first be withdrawn from the area was "absolutely unacceptable". Three days later, India repeated its pre-condition and added, for clarity's sake, that until the Chinese withdrew across the McMahon Line—the rightful eastern border, in Indian eyes—there could be no question of discussions about the western section of the frontier in Ladakh.

The latest clash has a more ominous ring than previous ones. Each side has been complaining of a military build-up on the opposite side. According to reports from Tibet, which are evidently taken seriously in New Delhi, the Chinese have been building airfields capable of servicing jet aircraft within 60 miles of the newly disputed area. It is doubtful whether the Chinese have aircraft that compare in quality with the half-squadron of Russian Mig fighters, equipped with the Soviet version of the American "Sidewinder" homing missile, that India is now to receive. But these are not expected until next month.

The Indians seem, however, to have decided to put Chinese intentions to the test, especially in the McMahon Line region. This is probably the significance of the transfer of Lieutenant-General B. N. Kaul from his post of chief of staff to take over the Eastern Command, together with a new corps to be formed there. What nobody knows yet is whether the Indians will prove an irresistible force, or the Chinese an immovable object.

INDIA AND CEYLON

Floating Non-Voters

Trouble is brewing again over the million "stateless citizens" who make up ten per cent of Ceylon's population. They are Tamils of south Indian origin, but born in Ceylon, whither their fathers and forefathers migrated to work on the tea estates. They have remained a self-contained community in the tea-growing uplands, quite distinct from the other million Tamils who populate the north and east of the island and represent a much earlier wave of migration. Years of haggling between Ceylon and India have left the stateless million still stateless. Their relative job security and good living conditions on the tea plantations have aroused envy among the Sinhalese, and now Mrs Bandaranaike's government has started to insist that priority

must be given to Ceylon citizens when the plantations have vacancies for employment. Voteless and thus politically voiceless, the estate Tamils now foresee a steady worsening of their already shaky position.

Mr Nehru, who is due in Ceylon on October 13th for an outwardly non-political visit, may not be able to offer them much more than sympathy. India is certainly in no position to provide the whole community with an equivalent livelihood if it returned to Madras, and any pleas from Delhi to Colombo on behalf of the stateless Tamils have to be phrased cautiously, lest the hapless million should suffer at the hands of Sinhalese enraged by signs of interference from India. Some of the plantation Tamils are now being wooed by envoys from the Federal party, which represents the Ceylon Tamils of the north and east. The tea workers' more cautious leaders have warned their people against getting involved with the Federalists, who have their own bitter quarrel with the Bandaranaike government. Similar warnings have come from Madras. But it will ultimately depend on the Ceylon government itself whether the stateless community is driven into the ranks of its declared opponents. It cannot be simply relegated to a kind of political limbo.

REHABILITATION

Steps against Steps

SOME of the thought which is being given to proper housing for the disabled is apparent from an admirable exhibition currently running in London, sponsored jointly by the Central Council for the Care of Cripples and the Royal Society of Health. But even if homes can be adapted, the inaccessibility of large numbers of public buildings and public transport remains a problem. A lot of trouble is taken by the health and rehabilitation services to get a person back to working capacity, but often all this is frustrated because of sheer physical obstacles. Can anything, sensibly, be done about this? Professor Nugent of Illinois University told a London audience this week that the answer was most definitely yes; he showed pictures of conveniently designed doors, lavatories, desks, cafeterias, telephones and, above all, ramps —short, long, straight and zig-zagged—as a result of which over two hundred severely, permanently, physically disabled students took full part last year in university life at Illinois. Old buildings have been modified, new ones built; all provide facilities designed to deviate as little as possible from what is normally accepted so that they can be used by everybody. There is no segregation of the halt and the blind—and none of the amendments, it is claimed, involved significant extra cost.

On the basis of research carried out under Professor Nugent's direction, approval has been given in the United States to standard specifications for buildings and facilities with the disabled in mind, and already five states have made them compulsory for new buildings financed out of state funds. There are no such standards in Britain, which is still far behind the United States—and Scandinavia—in its outlook on this matter. According to Professor Nugent, about one out of every seven persons has a permanent physical disability. Many disablements, however, must be only a manifestation of old age and, to look at the problem with hard economic eyes, the elimination of architectural barriers could probably do no more than add a half or, at most, one per cent to the numbers employed. Nevertheless, this possible addition is not to be sneezed at: after all, the growth forecast for Britain's working population over the next ten years is no more than 4 per cent.

COMMUNIST WORLD

A Setback for Peking

IN their joint communiqué issued in Belgrade on October 4th at the end of Mr Brezhnev's visit, the Soviet and Jugoslav presidents gave a remarkable demonstration of turning the other cheek when they declared it to be "intolerable" that communist China should still have no seat at the United Nations. They can, however, hardly have expected any thanks from Peking. Forced by their economic difficulties to back-pedal on the domestic front, the Chinese seem determined to assert themselves and their views in the rest of the communist world. Moscow's cordiality towards that arch-revisionist, Marshal Tito —who is to visit Russia before the end of the year—is likely to make them even more assertive. Relations between Peking and Belgrade have reached a new low, after the particularly violent attack on Jugoslavia by Marshal Chen Yi, the Chinese foreign minister, at the National Day parade in Peking on October 1st.

To Peking, the Soviet-Jugoslav rapprochement must be an irritation. The Jugoslavs may have been disappointed that they did not get a more hearty slap on the back from their Soviet guest than a reaffirmation of the joint Soviet-Jugoslav declaration of June, 1955, in which Mr Khrushchev acknowledged the Jugoslav road to socialism; but, for the Chinese, this reaffirmation was a definite snub. Moreover, it may lead to a greater diffusion of Jugoslav revisionist ideas throughout eastern Europe; a high-level Jugoslav delegation, led by Mr Bakaric, is now in Poland, while the Bulgarians, who have been noticeably wobbly in their attitude to the Jugoslavs, have sent a delegation to Belgrade to discuss closer economic co-operation.

When others have fled, the Albanians remain staunchly on the Chinese side. Their latest gimmick was to launch last Sunday, after some understandable delay, an Albanian-Soviet friendship month. The chief speaker at the opening ceremony declared that the friendship of the two peoples would not be broken by the "unprecedented outbursts and anti-Marxist activities of N. Khrushchev and his followers." Even worse, he dragged in repeated, complimentary references to Stalin. Moscow has not deigned either to send a delegation, or take any notice of this curious celebration.

ACCIDENT PREVENTION

Value for Money

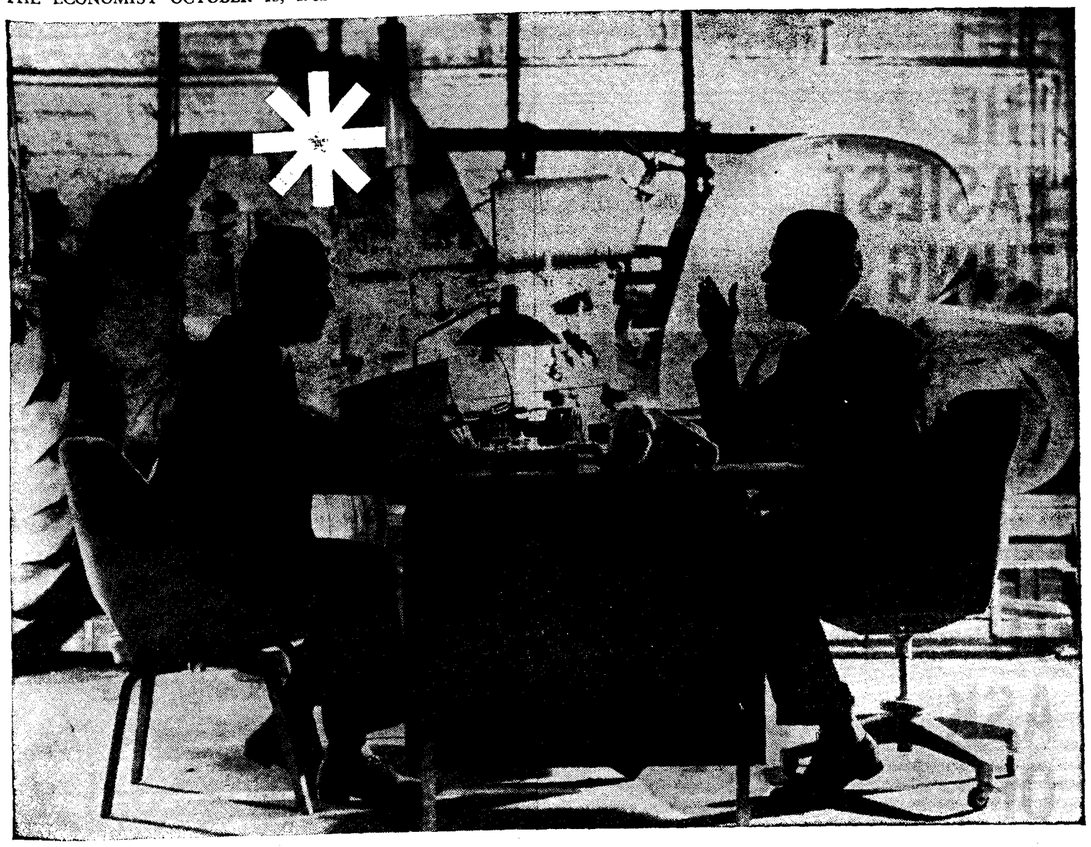
FOR the first time in its history, the Royal Society for the Prevention of Accidents has found itself with less money at the end of the year than it had at the beginning: its schemes of instruction and propaganda last financial year consumed all the £257,000 it secured by grant, subscription, the sale of posters and publications—and £23,000 from its reserves besides. (It spent another £119,000 in work for various central government agencies, but for this it was reimbursed directly.)

Has its work been effective? There is no doubt that matters have improved somewhat on the roads of Britain: road traffic has increased steadily at about 5 per cent a year, yet there was a fall of 3 per cent in the total of road casualties in the first seven months of this year from the already improved level of January to July, 1961; and there were 6 per cent fewer deaths. Several things have contributed to the improvement (notably a decrease in motor and pedal cycle traffic of about 16 per cent, and a consequent reduction of casualties among these classes of road user—13 per cent in total, and nearly 30 per cent in motor cycle deaths): RoSPA modestly hopes that its propaganda has been one of those things. Since a rough computation of the annual cost of road accidents to Britain produces the extraordinary answer that they probably cost £230 million a year in financial terms alone, everybody must share that hope—and hope, too, that the Ministry of Transport might try to test its validity by offering RoSPA more money in the motoring field (it now gives £10,000 a year).

Pious exhortation, however, is obviously not enough; perhaps RoSPA's best hope of success is in its practical training of the young, particularly the very young (25 per cent more children under five were killed in 1961 than in 1960). And with Government backing similar schemes to those designed for road training in schools might be developed for use in industry, for instance, where the accident rate among young people was 17 per cent up in 1961.

CORRECTION

The National Gallery was founded in 1824, not 1924, as misstated on page 30 of *The Economist* of October 6th.



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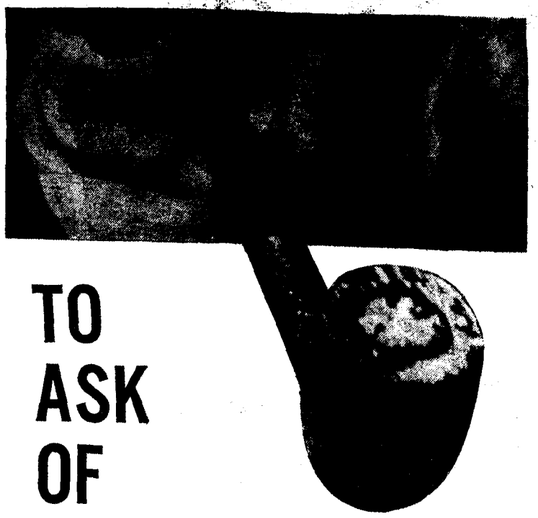

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THE WORLD OVERSEAS

Beginners in Parliament

FROM OUR CANADIAN CORRESPONDENT

MR DIEFENBAKER'S government has survived four votes of confidence in the first ten days of the 25th Parliament, and most observers now expect it to last at least until next spring. Its survival depends on the votes of 26 parliamentary novices from Quebec and four from Alberta bearing the label of Social Credit. Why the Social Crediters are supporting the government so doggedly no one quite understands—least of all the Social Crediters, if one may judge by the contradictory statements of their spokesmen. In the opening debate on the address on October 1st, in reply to the Speech from the Throne, Mr Pearson, as leader of the major opposition party (with 100 Liberal seats against the government's 114) had the right of moving the first major amendment. He deliberately adopted the traditional form, regretting that " your excellency's advisers no longer command the confidence of this house," without specifying particular grievances which might have alienated either the 30 Social Credit members or the 18 members of the New Democratic Party. It fell to Social Credit, as the second largest party, to move the first sub-amendment ; and when the Social Credit leader, Mr Robert Thompson, announced its terms, the whole House dissolved into gales of laughter, led by Mr Diefenbaker himself. The Social Credit sub-amendment was bold enough to declare that the government lacked the confidence of the House because " it had failed to pursue economic and financial policies based on Social Credit principles." Having thus established a position which no other party could support, the Social Crediters registered their votes against the combined forces of the Conservative, Liberal and New Democratic parties, and then proceeded to support the government against an NDP sub-amendment which the Liberals supported, and against a Liberal amendment which the NDP supported.

As to why they did this, their spokesmen disagree. Their leader, Mr Thompson, acknowledged that their sub-amendment had been devised to make the Liberals support the government. Their number two man from Quebec, Dr Guy Marcoux, in the absence of M. Real Caouette, took the opposite view. He said the words " Social Credit " should have been taken out of the sub-amendment so that the Liberals could have supported it. It was all a mistake, he declared in the House, because the Social Credit members were still green.

In spite of these contradictions, or perhaps because of them, all the other parties now feel convinced that the Social Credit party will go on supporting the government simply because its wily leaders do not want an early election for which they have no funds. Mr Pearson, who carries increasing conviction in his expressed determination to beat the government as soon as possible, may yet trap the Social Credit vote with a motion involving their fundamental opposition to tight money. But the impression persists that they will wriggle out if they can.

Meanwhile, the sense of moral indignation, which has obviously been growing in Mr Pearson for several years past, has focused on Mr Diefenbaker's pre-election speeches up to and including his last telecast on June 14th, just four days before polling day and ten days before the announcement of emergency measures to save the fixed exchange rate of 92½ cents established on May 3rd. On June 14th Mr Diefenbaker assured Canadians that all was well with their economy and that devaluation would bring them a host of additional blessings. He gave no hint that the exchange rate was insecure, although most of the financial community and some newspapers were already openly discussing the crisis ahead. Mr Pearson's charge that this represented a deliberate fraud on the Canadian people evidently stung both Mr Diefenbaker and Mr Fleming, who was finance minister until his replacement in mid-August by Mr George Nowlan. They say that the run on the dollar was still unforeseen as late as the crucial day of June 14th, when Mr Diefenbaker made his last rosy telecast, and that it started to develop only on Friday, June 15th, and to reach crisis proportions in the following week. In support of this thesis, Mr Diefenbaker revealed partial details of exchange fund operations in June which are normally under statutory secrecy. He chose the date of his telecast, a Thursday, as a dividing line and revealed that exchange losses from June 1st to June 14th were $128 million. From June 15th until June 22nd (when emergency measures had already been promised) he said they came to $270 million.

These partial figures have already led to a Liberal demand for the complete disclosure of exchange losses day by day. This is unlikely to be granted, nor is it really necessary to the debate. The argument is essentially between the sophisticated, who well knew what would happen as soon as the election was over, and the unsophisticated, who may be impressed by Mr Diefenbaker's claim that the loss of confidence resulted from Liberal predictions of doom and would have been erased by a clear Conservative victory on June 18th. Mr Pearson now seems unlikely to let go of this promising election issue, though this week he switched the Liberal attack to import surcharges and the doubtful legal basis ingeniously devised by officials to replace the more normal Order-in-Council powers which Mr Diefenbaker had repealed in a grand political gesture.

THE debate about the past is unquestionably lively and may be useful. But it does not help to expedite the " positive and constructive programme " which Mr Diefenbaker has promised and has left Mr George Nowlan to define. Present signs suggest that Mr Nowlan, with influential backing from Senator Wallace McCutcheon and the business-orientated trade minister, Mr George Hees, may have a new budget policy which deserves to be called constructive. But he is obviously in no hurry to produce it in the midst of these turbulent political arguments. He appears to be reserving his fire until both his friends and his enemies have tired of their sharpshooting and he may have some chance of putting in a shot where it can do most good.

For the next six months or so, Canada's credit rating should not depend primarily on parliamentary skirmishing. Far more important will be Mr Nowlan's failure or success in winning cabinet support for comprehensive fiscal and economic policies which may transcend the vote-getting proclivities of some of his most influential colleagues. Mr Nowlan, unlike his predecessor, is a man who can compromise without capitulating. He knows where he wants to go and, unlike Mr Fleming, is ingenious in finding ways around any obstacle. If the Diefenbaker government survives the winter, as now seems likely, Canada's foreign credit rating will largely depend on what Mr Nowlan can do with his colleagues.

Yemeni Outlook

FROM OUR SPECIAL CORRESPONDENT LATELY IN YEMEN

THE fighting on the borders of Yemen, now admitted by Brigadier Abdulla Sallal, the Yemeni prime minister, may or may not be important. According to refugee royalist sources, it is concentrated in the Marib area facing the British protectorate of Baihan and in the region vaguely called "the north." Marib is the ancient capital of the Sabaan rulers and the site of the famous

Meeting the press: Brig Sallal (right) and Dr Baidhani.

dam which fell into disrepair in the pre-Muslim era ; Baihan is the domain of Sharif Husain, minister of the interior in the government of the South Arabian federation and a strong supporter of the royalist cause. Husain has said he has no doubt that Prince Hassan will succeed in asserting his rights, or possibly those of Imam Muhammad Badr in the event of the latter emerging from the predicament in which he now finds himself.

The frontier district between Yemen and Baihan is part mountainous, part desert, suitable only for operations by mobile, lightly armed tribesmen—and, of course, aircraft of which the Sanaa government has the monopoly. The northern frontier with Saudi Arabia is equally, if not more, difficult. No one should know this better than King Saud, who led the Saudi forces in this area when his father attacked Yemen in 1934. While his younger brother, Faisal, swept all before him in his drive along the coastal plain and seized Hodeida, Saud's offensive stalled in the mountains. The royalist cause, therefore, is likely to make little progress unless the Yemeni tribesmen in the area rise in force, while the absence of movement in the coastal plain suggests that King Saud has not yet decided on full-scale intervention.

The coastal plain of Tihama is, indeed, the only region in which a major offensive is feasible. It is inhabited by Sunni Muslims of the Shafei sect who are traditionally hostile to the Shia Zaidis of the highlands, co-religionists of the Imam. They welcomed the Saudi forces when they attacked the Zaidi Imam, but are unlikely to do so now that a revolutionary regime has replaced the imamate. Another factor that might deter King Saud from overt hostilities is the spectacular defection of two Saudi aircraft to the United Arab Republic while on a mission to deliver arms to the royalists in Yemen, and of a few Saudi officers stationed in Asir, the Saudi province on Yemen's northwest border.

All the Arab republics, except Iraq, have recognised the new government in Sanaa. According to both Abdulla Sallal and Abdul Rahman Baidhani, the deputy prime minister, minister of economy and senior civilian in the cabinet (he obtained a doctorate in economics at Bonn University on the side while serving five years as Yemeni minister to west Germany), General Qasim is waiting to see what attitude the Sanaa government will take on the Kuwait issue. Both the prime minister and his deputy are emphatic that the Yemen is in no shape to take sides in inter-Arab disputes and is prepared to let matters take their course. Their standpoint, they say, is comparable to that of Algeria, which in its concentrated struggle for independence refused to dissipate its energies in Arab feuds.

The same caution is discernible in Sanaa's approach to the problem of Aden and the protectorates. Baidhani, while appreciating the eagerness of the Yemenis in Aden to rejoin their homeland, is firmly opposed for the time being to foreign adventure. He hopes that friendly negotiation with the British will be possible when the revolutionary government has established itself and obliterated all traces of the imamate. "Why fight when we can negotiate ?" The more sophisticated Yemeni nationalists in Aden accept this situation, though their rank and file may not take an equally philosophical attitude.

In Sanaa's view, Jordan and Saudi Arabia are committed to a hostile attitude, but the leading figures in the Yemeni government believe that the kingdoms of Morocco and Libya will accord recognition after a decent interval to mark their disapproval in principle of regicide. They suspect that the opposition to the regime in the south is nourished from across the border. So far as the British colonial authorities are concerned, this suspicion is groundless, though the same cannot be said of the ultra-conservative rulers of some protectorates. Although they nominally take British advice in all matters affecting foreign policy, there is nothing to prevent them from slipping arms and men across the open frontier. For this reason alone, the revolutionary government is anxious to secure western, and specifically British, recognition. Failing that recognition, the Sanaa government must rely heavily on Cairo and, to a lesser extent, on communist support. Egyptian officers and men in smart fatigue dress have arrived in Sanaa ; their number is obviously kept secret, but Saudi allegations that "thousands" are already in Yemen can be safely dismissed.

Brigadier Sallal insists that they are instructors and technicians only, but some carry heavy kit which suggests that their duties are more directly connected with the defence of the revolution. That is not all. The Sanaa government has asked Egypt for 52 experienced civil servants to help Yemen to create an administration—a modern invention virtually unknown in the imamate. It has also asked for, oddly enough, exactly the same number of Egyptian school-teachers and eight high school experts to study university problems in the Yemen.

After the revolution.

Whatever the situation in outlying areas may be, the two capitals of Sanaa and Taiz appear to support the revolution by an overwhelming majority. Within hours of the proclamation of the republic, a new flag appeared on buildings, vehicles and camels with a horizontal green band replacing the dreaded sword of the imamate. Portraits of Brigadier Sallal and President Nasser side by side are seen everywhere both in the Yemen and Aden (the Aden government is one of the few in the Middle East which permits the free display of President Nasser's smiling features, and people take full advantage of it). The flag was hastily improvised, like everything else in Yemen, and has now been replaced by an official one with horizontal bands of red, white and black and a green star. It is identical with the Egyptian and Syrian flags, except that Egypt has two stars and Syria three. Thus Yemen has chosen the emblem that is proudly symbolic of the country's alignment with modern trends of Arab nationalism. But Brigadier Sallal is well aware that he has far to go before aspiration becomes reality.

Back in the Market Place

FROM OUR CORRESPONDENT IN BRUSSELS

MR HEATH'S report on the Commonwealth conference was the chief feature of last Monday's meeting in Brussels when the common market negotiations were resumed with the ministers of the Six—more accurately, with some of them. The French foreign minister, M. Couve de Murville, was paying one of his rare visits to the UN General Assembly ; Dr Luns, the Dutch foreign minister and present chairman of the negotiations, was in the same place. Without Dr Luns's forceful presence, the session got off to a quiet start, very unlike the excitements and alarums of the last meeting before the summer recess.

If the Six had wondered whether Mr Heath might now feel the presence of critics, such as Mr Gaitskell, peering over his shoulder, they must have had their answer within the first hour. Mr Heath, by all accounts, has never appeared more master of himself, of his brief or of his audience, seen or unseen, since his epoch-making initial speech in Paris just a year ago. Two points stood out ; one was Mr Heath's desire not to shut the door of association, or of some alternative to association, on those African countries which *prima facie* have rejected it—Ghana, Nigeria and Tanganyika. The other was his request that the misgivings of India and Pakistan about the solution provisionally agreed in the summer should be sympathetically considered.

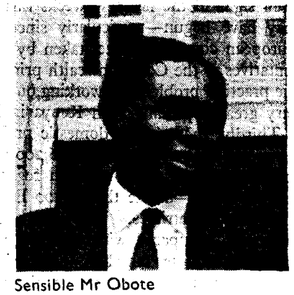
In July and August it was proposed that comprehensive trade agreements should be reached by 1967 between the enlarged European Economic Community and these Asian countries, and that from the date of its entry Britain should begin edging gently towards the common external tariff. India and Pakistan, said Mr Heath, were impressed by the offer of trade agreements but wanted negotiations for them to begin as soon as Britain joined. This should raise no great problems. The Six, however, may have more hesitation about the second Indian and Pakistani request, that Britain should make no move towards the Community tariff before the trade agreements are concluded. Mr Heath did not formally ask for a reopening of negotiations on this point, but merely for a declaration by the Community that tariffs should be suspended for a reasonable period while comprehensive agreements were being worked out.

Mr Heath stressed that the desire of the developing countries of the Commonwealth to benefit from an expansion of world trade was shared by Australia, New Zealand and Canada, which also feared that the common market might grow more self-sufficient with its own success. In his reply, the Dutch chairman made it clear that the Community aimed at an expansion of world trade. He also pointed out that the EEC tariff had been lowered and that Community trade with the outside world had increased. Among themselves, the Six feel confident that given a little time they can resolve the dilemma of liberalising their trade without losing the cohesiveness that is essential to their enterprise—a dilemma that Britain's application has forced them to face very early in their joint history.

The requests of the Asian countries, with the question of zero duties and the outstanding problems of British agriculture, will be discussed at the next ministerial meeting fixed for October 25th. Further three-day sessions are planned for November and December with the possibility of two additional ones before the end of the year. The Six, like Britain, seem to want to push on and get the long uncertainties resolved. Inevitably, there will be storms ahead—for instance, over agriculture and over the European Free Trade Association. But as warm autumn weather welcomed the delegates back to Brussels this week it looked as if there might be an Indian summer after all.

Looking for Uganda

FROM OUR CORRESPONDENT IN KAMPALA



Sensible Mr Obote

A NATIONAL balance-sheet for Uganda, which became independent on Tuesday, shows credits outweighing debits—but only just. After sixty-eight years of British rule, independence has been achieved painlessly: no Uganda leader is a prison graduate, though some have gone through exile, either abroad or in the remoter parts of the country. Lack of a convincing enemy has made it difficult for Uganda to achieve the necessary minimum of national unity. The grip of local loyalties is still strong ; only five weeks before independence day yet another minor secession movement sprang up, when Bamba and Bakonjo tribesmen living on the slopes of the Ruwenzori Mountains in western Uganda demanded their own district, separate from the kingdom of Toro in which they are now included.

Uganda's constitution has already had to provide scope for the fiercely individualistic ambitions of four tribal kingdoms and twelve districts. The solution adopted is for Buganda and the other three kingdoms, plus the territory of Busoga, to have a federal relationship with the central government—"federal" being rather narrowly interpreted so that the powers devolved from the central government are not very extensive. The positions of the traditional rulers and their governments in the federal areas are guaranteed, but sufficient power remains with the central government, which controls the security forces and most revenue, to run the country.

Political stability has been achieved by means of an alliance between the Uganda People's Congress (originally an anti-Buganda party) and Kabaka Yekka (an almost all-inclusive Baganda movement). In April this year these two parties won Uganda's second general election and Mr A. M. Obote became prime minister at the head of a coalition government. The present party strengths in Parliament are: UPC, 44 and KY, 23 ; and the opposition Democratic party, 24. The coalition has held together remarkably well, and it is even possible that if a split should now develop inside the Kabaka Yekka—as it might, between nationalists and neo-traditionalists—Mr Obote could draw a good number of Baganda MPs into the UPC, and so preserve the association of Buganda with his government. The prime minister has also managed to stifle the "lost counties" dispute between the kingdoms of Buganda and Bunyoro, which six months ago appeared to threaten a Congo-situation in Uganda. Yet one wonders whether, in the excitement of winning these tactical victories, Mr Obote has had time to plan his long-term strategy.

Three diverse examples indicate the importance of unresolved problems. The explosive issue of Uganda's head of state has been shelved. The Queen is Queen of Uganda still and the last British

Governor, Sir Walter Coutts, has become Governor-General. This is presumably a temporary expedient, and rumour strongly suggests that Mr Obote contemplates the appointment of the Kabaka of Buganda as governor-general, or even head of state. This would please the Baganda, but it would have to be very skilfully put across to the rest of the country, and there would need to be a careful separation of the roles of Kabaka of Buganda and head of Uganda.

Another long-term problem is that of Uganda's attitude towards East African federation and towards the wider world. There have been signs in the last few weeks that progress towards federation may have begun—particularly since the joint stand against the European common market taken by the three East African representatives at the Commonwealth prime ministers' conference. But the practical problems of working out a federal arrangement remain very great, especially with Kenya in its present condition.

Thirdly, there is the domestic problem presented by Uganda's Asian population. There are 76,200 Indians, Pakistanis and Goans in Uganda, and many of them regard the country as their permanent home—unlike the 11,700 Europeans, who think of themselves as expatriates. The Asian community is not all that numerous, compared with 6½ million Africans, but it occupies a key position—its members predominate in commerce and are conspicuous in the professions, the middle ranks of government service and the skilled artisan class. Remembering the anti-Asian trade boycott in Buganda in 1959-60, and observing what treatment the Asians in Tanganyika have received, Uganda's Asians are afraid for their future. They have been partially reassured by a fairly liberal citizenship law, and by the government's recent adoption of the term "Ugandanisation" in place of "Africanisation." But Uganda's African politicians have not yet faced up to the prospect of integrating the Asians into an African country, nor have they decided just how much political power this economically important community can be allowed to enjoy.

MANY big economic problems lie ahead of independent Uganda. Economic expansion in recent years has been offset by unfavourable world prices for cotton and coffee, and by the insidious growth of population at a rate of 2.5 per cent a year. As a result, per capita income remains lower than £23. The World Bank Report on Uganda in 1961 emphasised the need to increase and diversify agricultural production; and a more recent survey suggests that Uganda has an industrial future too—if it concentrates on processing local raw materials and sells its goods in the big African market surrounding Lake Victoria, thus overcoming the disadvantage of being so far from the sea.

Development prospects depend, of course, upon elusive finance. Uganda has received from Britain a going-away present of loans and gifts totalling over £6.5 million in the period to mid-1964, together with substantial aid for paying civil service compensation, pensions and expatriate allowances up to 1966. But when this and all other sources of finance have been taken into account, there is still a gap of about £22 million to be bridged before the finance for the World Bank's £54 million development plan is found. Nor is the problem simply that of financing development—it is also that of galvanising the population into profitable economic activity. Too many peasant farmers are still content with a standard of living a little above subsistence level. It will obviously take time to change social patterns that inhibit economic progress. In this connection it is worth mentioning that though Uganda spends 27 per cent of its budget on education, only seven children in every 1,000 of secondary school age are actually at school.

Altogether, Uganda's economic targets look harder to attain even than continued political stability. Mr Obote is a notably sensible politician, but he will have an almost superhuman task if he is to achieve the welfare state that he has promised the people of Uganda, and he may not have counted its political cost.

Break-up in Kerala

FROM OUR CORRESPONDENT IN INDIA

THE resignation last Sunday of the two remaining Praja Socialist ministers from the Kerala cabinet marked the final collapse of the anti-communist front in India's south-western state. The coalition had limped along since the surprise resignation on September 25th of the Praja Socialist chief minister, Pattom Thanu Pillai. Now the Congress party is on its own, several members short of an absolute majority in the state assembly, though in little danger of defeat.

The chief minister's removal was a stunning, if not particularly creditable, piece of political fixing by Congress. The 77-year-old Praja Socialist had been chief minister of Kerala since the 1960 state elections, when the Communists were defeated by a joint front of Congress, Praja Socialists, and the Muslim League. The previous Communist government, elected in 1957, had been dismissed in the wake of a civil disobedience agitation, partly popular, partly stage-managed, in 1959. Presidential rule was imposed, and at the ensuing elections, the Communists won less than a quarter of the assembly seats.

The first break in the three-party coalition came last autumn, when the Muslim League was pushed out by Congress as being a communal party. That left some fifteen Praja Socialists allied with 62 Congressmen in an assembly totalling 127. By midsummer these two parties were already at loggerheads, notably over refusal of permission to open private, that is, church managed, primary schools. (The Praja Socialists are dominated by the Nair community of Hindus.) Mr Pattom's Congress colleagues hotly resented his autocratic ways, and understandably began to feel that the tail was wagging the dog.

The home minister, Mr Lal Bahadur Shastri, was sent from Delhi to unravel the Kerala tangle. Declaring that the coalition would stand, he set out to undermine it. The first price Mr Pattom asked for his own resignation was a place in the national cabinet. Reluctantly convinced that there was no place there for an elderly Praja Socialist, even under a new party label, he settled for the governorship of the Punjab. A central cabinet minister who had already been named for this post conveniently discovered an unwillingness to quit active politics. Without a by-your-leave to the Kerala Praja Socialists or the national leadership of his party, Mr Pattom was appointed.

The deal stunned and infuriated the Praja Socialists. Their leader, Mr Asoka Mehta, spoke of a breach of faith. Their national executive, meeting last Sunday, denounced the abuse of the presidential power of appointment and "facile disregard of healthy democratic practices". "Denuded of its consent and trust, the coalition in Kerala has ceased to be a reality," they said, and pulled their men out.

The new Congress ministry, strengthened by the hasty return of nine members who were being morally rearmed at Caux in Switzerland when the crisis broke, can probably survive. Some independents and Praja Socialist members are expected to defect to it. The Praja Socialist party has promised "responsive co-operation," and did not support a Communist no-confidence motion on Wednesday.

But the deal raises two issues. First, just how far can Congress decently go in using presidential patronage to nobble its opponents? Second, and more important, what about communism in Kerala? The failure of the coalition marks also the failure of the attempt to defeat the Communists by groupings formed solely for that purpose. The Communists' strength in the assembly was slashed in the 1960 elections, but their share of the popular vote actually rose, to almost 40 per cent. The national parliamentary elections this year suggested a further increase of support in Kerala for Communist or Communist-supported candidates. Assuming it can last its full term, the Congress government has only two and a half years to prove itself a better choice.

Between Brezhnev and the Six

FROM OUR SPECIAL CORRESPONDENT

AN uninformed tourist arriving last week in Belgrade might have been surprised to find himself greeted by red flags with the hammer and sickle all the way from the modern airport, past the tall buildings of the new city, right up to the centre of the old town. But the Russian flags were not in celebration of any startling realignment between Jugoslavia and the Soviet Union, but simply in honour of the Soviet president, Mr Brezhnev, who was returning the visit that Marshal Tito had made to the Soviet Union in 1955. This long-delayed return visit has in the end been paid at an interesting time, when Belgrade is perturbed by the prospect of the growing economic division of Europe. And on September 26th, two days after his arrival, the United States Congress amended the foreign trade bill in such a way as to deprive Jugoslavia (as well as Poland) of most favoured nation treatment. Indignant Jugoslav officials were quick to point out that the United States was thus unilaterally abrogating one of its oldest treaties (it had been signed with Serbia in 1881). Privately, they added that from Mr Brezhnev's point of view, Washington could not have invented a better send-off for his Jugoslav journey.

President Brezhnev went back to Russia on October 4th, and the red flags were taken down. The final communique spoke of the "major contribution" that had been made to Soviet-Jugoslav relations, but one suspects all the same that both sides may have been a little disappointed. Mr Brezhnev did not push the Jugoslavs into any closer alignment on international issues; the Jugoslavs did not extract any warmer blessing for their form of socialism. In short, the visit produced no startling change in Jugoslavia's position.

That position is less likely to be affected in a spectacular way by the speeches of important visitors than by the slower and more prosaic working of economic forces. With internal economic difficulties and three bad harvests in succession, with heavy foreign debts and an unfavourable balance of payments, with ambitious plans for the expansion of exports in order to wipe out trade deficits, the Jugoslavs are naturally perturbed by Europe's dual economic integration. They would like to solve their problem by increased trade with the uncommitted world, but realise that this is not a practical solution for quite a time to come. Last year nearly 46 per cent of Jugoslavia's exports went to Western Europe, and more than 30 per cent to the Soviet block. With the United States accounting for nearly 8 per cent, the share of the rest of the world was limited to a mere 16 per cent. In imports, the western share was even bigger (western Europe together with the United States accounted for more than 70 per cent of total shipments to Jugoslavia). No wonder that the question of how an uncommitted economy can survive in Europe between the common market and the Council for Mutual Economic Aid (Comecon) is hotly, if rather vaguely, debated in Belgrade.

The main preoccupation is with the common market. Just how big is it going to be? How quickly, and with what strictness, will the Rome Treaty be implemented? The Jugoslav equation depends on answers to these and similar questions. When outlining their foreign trade programme for 1965, the planners are anticipating losses and difficulties in west European markets not only for their foodstuffs (mainly meat and canned foods) but also for such industrial goods as furniture, textiles and the products of the electrical and metal processing industries. Their tactics will be changed according to the course of events. For the moment, it is hoped to overcome some difficulties by bilateral deals with important trade partners like Italy. An approach to Brussels is also envisaged at some stage, not to seek membership or association, but to see whether some awkward provisions cannot be altered. The hopes are not too sanguine, since it is generally believed that an exclusive club involves privileges for members only.

Blunders in Brussels, or in Washington, may provide Mr Khrushchev with an opportunity. In Belgrade one hears two complaints about trade with Russia. One is that Jugoslavia is given only second-rate treatment, priority being reserved for Comecon members and hard-currency western countries. The second is that the Russians sometimes "tie" their exports, selling scarce commodities only if other items are included in the bargain. But the Jugoslavs do not seem worried by the prospect of increased economic difficulties with the Soviet block. In the past they have made unsuccessful soundings with the object of getting observers admitted to Comecon meetings. Now there is apparently a possibility that they may be allowed seats on some of the Comecon committees. This, if it proved true, would be specially significant just now when the Soviet block is speeding up its economic integration. Increased sales resistance in western Europe might thus eventually lead to a shift in the balance of Jugoslav trade.

But the situation should not be over-dramatised. The numerous little Fiat 600s—which are produced under Italian licence and are the dream of every Jugoslav with a little money saved up—are a reminder of the extent to which the Jugoslav economy is geared to the western markets and dependent on western supplies of equipment. Besides, it cannot seriously be argued that the country's current difficulties are the result of European integration. The succession of bad harvests has made the problem of food imports a more urgent matter than the problem of putting more life into the export trade. The deflationary measures and the export drive are apparently yielding results in industry. This year's exports are expected to be 17 per cent higher than in 1961. Though the biggest increase is in exports to under-developed countries, shipments to western Europe have been rising faster than to the Soviet block. It is only when they are contemplating the more distant future that the Jugoslav planners foresee, short of an accommodation with the common market, a substantial shift in their country's pattern of trade. And they need not be Marxists to assume that such an economic change might have political consequences. Jugoslavia reminds the newcomer now of Poland, now of Italy. A country can be both Slav and Mediterranean. But can it also stay uncommitted in an increasingly divided Europe? This is harder.

Clash Over Latin in Italy

FROM A CORRESPONDENT IN ITALY

OF any language, dead or alive, Latin is probably the most liable to be judged on its associations rather than its own exact qualities. One of its associations is certainly class—the power to set apart a man who knows it—and just how strong the feeling of class remains in Italy was shown during the final stages in the Senate last month of the conflict between the Christian Democrats and their Socialist allies on whether Latin should be taught in the new secondary schools. The inevitable compromise ended a clash of principles which was beginning to look embarrassingly like a political argument, conducted in one ancient and one modern language with neither side able to grasp what the other meant.

The controversy arose out of the government's bill to introduce the new type of state secondary school which children will be obliged to attend until they are fourteen. Since 1947 the Constitution has enshrined the principle of compulsory education up to

the age of 14 for all children, but no law has yet come into force applying this aspiration in practice. The existing system for providing compulsory education ends when a child finishes the fifth class of the elementary school, as a rule at the age of eleven. There is no need for him to continue—or, indeed, as far as sanctions go, even to arrive at that stage. If he goes on to post-elementary schooling he either enters an ordinary secondary school or goes to another form of state school where the training is more technical. In the education bill the two types of institution are amalgamated in general post-elementary schools at which children will be obliged to remain until they are fourteen. Those who mean to go on to higher education will need Latin, and the quarrel in the Senate was at what point the teaching of Latin should begin. The Socialists maintained that no Latin of any kind, compulsory or optional, should be taught during the three obligatory years of secondary schooling; they were backed by the lay Left and the Communists. The Christian Democrats—particularly their right-wing—wanted Latin to be compulsory, or at least optional. They were backed by the Right, including the neo-fascists.

The Socialists claimed to detect a danger of discrimination. A working-class child would have little chance of higher education because its parents could not afford it. If Latin were obligatory it would waste much of the working-class child's time which could better be spent on more useful subjects. If optional, the children from prosperous homes would choose to start it at once because they expected to go on to a university and a career. Latin, in other words, would stamp the class-rooms with the mark of class differences. It could easily be regarded as the language of the rulers—not for the first time in its history but just when the experimental left-of-centre government is attempting to show a break with the old ways. Latin is also the language of the priests. The Socialists made quite clear that they suspected clerical pressure on the Christian Democrats. In fact even left-wing Christian Democrats could be heard to say that their more conservative colleagues were pressing for the retention of Latin because they thought it would please the Pope.

THEY also knew that it would embarrass their Socialist allies, another attractive prospect for the right-wing of the Christian Democrats who are far from being convinced that the present centre-left government experiment should be allowed to continue. Some obviously sincere arguments were also put forward that Latin was a help in the formation of character and that all that was really necessary was a reform of the way in which it was taught. The right wing also alleged that the Socialists' fears showed that Marxists and Roman Catholics can never effectively unite. The Socialists claimed that their real object was to let some fresh air into the ancient—and admittedly failing—system. They also pointed out that the country suffered from having far too many people seeking to enter the professions and far too few technicians and scientists. They were in favour of introducing another course, which could lead to a university degree and would be based entirely on modern studies. As far as the government's bill was concerned they threatened to vote against the whole measure if the article retaining Latin was left as it stood.

The importance of not knowing Latin had passed beyond an academic difference of opinion to a revelation of the wide difference in approach over a broader field between the two coalition partners. Those who supported the bill appeared, in the eyes of their opponents, to be rapidly reassuming their clerical and hopelessly reactionary qualities; those who opposed the bill were, in the view of their opponents, no better than Communists. It gave the measure of the uneasiness of the coalition. It also showed that in a country where society is swiftly changing and ordinary life adopting more modern aspects, the strength of tradition and of conservatism at the political level is remarkably resilient. Both sides were inclined to expand their factual objections into statements of full metaphysical systems, but on the whole it is difficult not to allow a good deal of weight to the Socialist view.

Left-wing and much independent opinion urged that the government should courageously sweep away Latin until the three years of obligatory post-elementary schooling were over. The conservatives and extreme right remained firm. Surprisingly, a compromise was found. For the first year there would be no Latin. Some elements of Latin would be introduced into Italian lessons during the second year in order to give the pupil "a first idea of the affinities and the differences between the two languages." In the third year it would be a fully fledged but optional subject.

The Right was disgusted; "the language of civilisation," observed the neo-fascist press, had been "repudiated." Some of the government's customary supporters struck shocked attitudes; the Rome newspaper *Il Messaggero* suspected a "grievous lack of principles" in educational policy. The Communists shrugged off the compromise as confused and complicated; better rather to have left the original proposal which, if nothing else, had the virtue of clarity. A Liberal senator lamented, in the final meeting of the commission before the compromise went to the Senate, that "no one would now be able to decline *rosa, rosae,* etc" an observation which no doubt will turn out to be quite accurate. At least the Christian Democrats and Socialists had agreed. But the quarrel had shown that without much difficulty they could behave as though they were worlds apart. Of the two, the Socialists possessed rather more of the Latin virtue of clarity; they certainly made certain that the size of the real problem—the fact that more than 800,000 children between the ages of 6 and 14 attend no school at all—was brought to the public eye.

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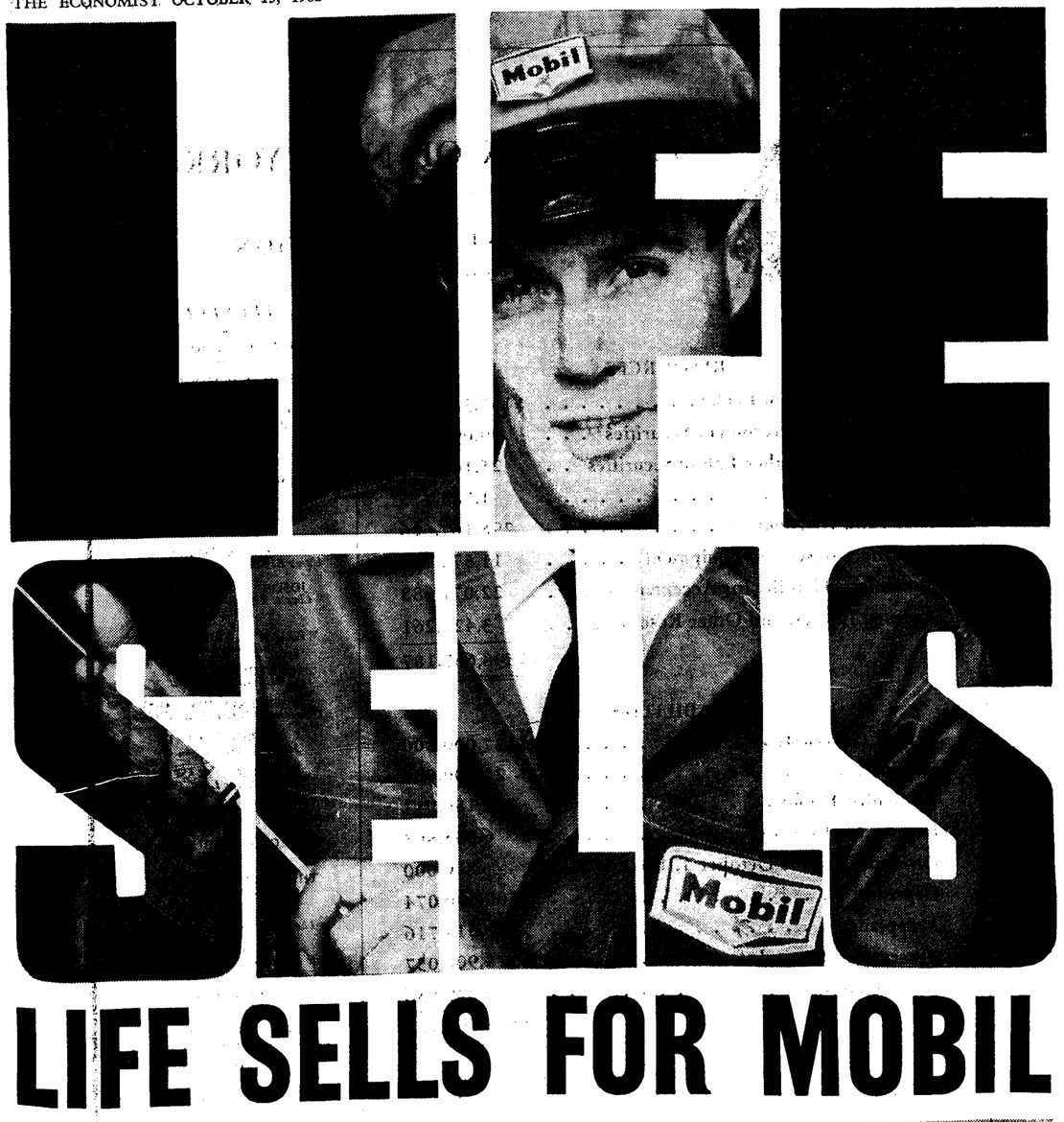

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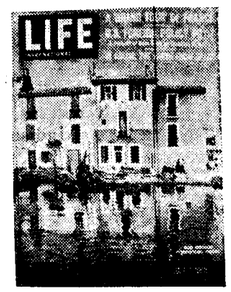

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Banking Houses and Equipment	11,572,712
Customers' Liability for Acceptances	22,071,688
Accrued Interest and Other Resources	3,422,261
	$598,667,187

LIABILITIES

Capital (270,000 Shares—$100 Par)	$ 27,000,000
Surplus	20,000,000
Undivided Profits	12,186,911
Reserve for Contingencies	6,335,893
Dividend Payable October 1, 1962	810,000
Deposits	500,690,074
Acceptances	23,514,716
Reserve for Taxes, Interest, etc.	4,900,057
Other Liabilities	3,229,536
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New Slums for Old?

WASHINGTON, DC

In the elections to be held in November, it will be more than ever necessary for political candidates outside the South to take some sort of public stand on the question of racial segregation and to propose methods of combating it. The increasing importance of the Negro vote cannot be ignored. But because of what has happened in Mississippi, President Kennedy may put off until after the elections the fulfilment of the promise he made as a candidate in 1960. This was to issue an executive order that by a stroke of the pen would bring the end of racial discrimination in all federal housing programmes, including private housing which receives federal assistance. The President has been chided frequently for his delay in fulfilling this promise. But some nervous Democratic candidates are said to be begging for a further postponement, to give the South time to cool off.

Earlier this year the National Association of Home Builders warned the White House that an official ban on racial discrimination in housing which received federal aid would cut $6 billion a year off the private funds going into construction. This attempt to play the fat boy and make the President's flesh creep might have been more effective but for his knowledge that thirteen states and thirty-four municipalities already prohibit racial discrimination in urban renewal projects and publicly-assisted housing developments. Nine of those states also prohibit it in private housing that is not assisted.

The extremely rapid growth of suburbs after the war was stimulated immensely by federal loans and guarantees but few if any of the fifteen million suburban homes built since 1945 are available for Negro occupation. The *Washington Post* recently accused the federal government of being the indispensable partner of residential segregation. Washington, DC, with its environs poses the dilemma in its most extreme form. The plight of Negroes in the area round the capital is underscored by the steps taken by the Department of State on behalf of African and Asian diplomats. Such diplomats find it difficult to obtain accommodation because of their colour; the State Department recently said that only nine out of over two hundred blocks of flats would accept them. One excuse given is that if coloured diplomats were accepted, American Negroes would seek to get a foot in the door. Some Africans and Asians have been requested to "wear native costume," so as not to be mistaken for Americans.

About half of the two million people in subsidised public housing in the United States are Negroes. But neither Negroes nor other Americans look on public housing as the main solution of the country's housing problem. In the land of opportunity, there is marked reluctance to remain longer than is absolutely unavoidable in housing that is stamped as "low-income." The programme for the provision of subsidised public housing began twenty-five years ago. There are now about half a million subsidised dwelling units, mostly flats, and there are plans for another 160,000 such units. Meanwhile, however, fourteen or fifteen million Americans are still living in dilapidated "sub-standard" private housing. The hope is that in time they will be shifted to improved private housing.

There is a close and growing connection between urban renewal —which in practice often amounts to no more than slum clearance —and racial integration. Full-blown segregation exists only in the South, but Negroes in northern cities live for the most part in what are virtually ghettoes. The massive migration of Negroes from South to North has swollen these ghettoes and has also speeded up the flight of whites from the cities into the suburbs. This flight has several roots, but its most striking fruit has been the determined founding of new communities of homogeneous "all-right"—and all-white—residents.

Flight from old to new environments is nothing new in America. On the contrary, it has been the prevalent pattern. Americans are natural nomads. And what has frequently precipitated flight has been a strong desire to get away from new and unwelcome neighbours. The clearest case, perhaps, is Boston, where the Protestants fled from the Irish immigrants, the Irish from the Italians and the Italians from the Greeks and Poles. Hitherto, however, the middle-class vacuum caused by the departure of one group has been filled quickly by the latest arrivals simply becoming a new home-owning class themselves. But residential segregation is preventing the most recent newcomers to the cities from becoming the latest home-owning middle-class because they are Negroes.

Urban renewal also confronts other problems. Land that has been cleared of slums, usually at vast expense, is sold to private developers who may build luxury flats and office buildings; these please city governments by yielding higher rates but they do not help the ejected slum-dwellers. Moreover, as a well-informed trio* has just pointed out, some local agencies obtain federal funds for one urban renewal project, then move on towards the same objective in a second, third and fourth project, meantime setting the first one aside because of lack of staff—or will—to carry it out. A third problem is the need for some control over the dispersal which has occurred and which continues to do so. The successive flights of the middle-class from Boston, for example, led to the creation of forty incorporated municipalities—with

* Thomas F. Johnson, James A. Morris, and Joseph G. Butts. Renewing America's Cities. The Institute of Social Science Research, Washington, DC. 130 pages. $5.00.

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A decision to do business abroad

President on the Stump

CONGRESS has not stayed in Washington so long in an election year since 1942, though what was holding up adjournment this week was not any matter of national concern but a peanut laboratory for Georgia, a dam somewhere else—in short the "pork barrel" out of which come the tidbits that members like to bring home to their constituents. Democratic members, moreover, had the consolation that the President was already hard at work on their behalf and that he means to spend every weekend until the election on the campaign trail. No other President has ever made so strenuous an effort to reach the voters in an off-year election (when he himself is not standing).

The obvious reason for Mr Kennedy's weekend forays is that he needs more Democrats in Congress—more progressive Kennedy Democrats—if his domestic programme is not to be ham-strung for two more years. Normally the party in power in Washington loses seats at the mid-term election and this is particularly true of the Democrats. They are in the majority throughout the country but they fall into apathy more easily than the more highly disciplined, better educated and richer Republicans. It was no mere coincidence that brought Mr Kennedy to Michigan for the last days of the Democrats' drive to get their members to register. To convince the voters that even in a non-presidential year a great deal is at stake the President has been attacking the Republicans as the party which says "no" to progress; as the party which is obstructing faster economic growth; and as the party which countenanced stagnation and do-nothingism for eight years. This has touched General Eisenhower to the quick, as it was, perhaps, meant to do; his attacks on the President's "callow youth" have provided the campaign with its first real drama.

The states where Mr Kennedy is campaigning show, however, that he has the presidential election of 1964 in mind as well as next month's congressional races. On his visiting list are the three where his possible rivals two years from now are standing for Governor: Mr Romney in Michigan, Mr Rockefeller in New York, Mr Nixon in California. But the President is also campaigning in most of the other big states where a Governorship is at stake, such as Pennsylvania, Ohio and Minnesota. Massachusetts is an exception but there there may already be a surfeit of Kennedys. Evidently the Administration fears that Mr Kennedy's re-election in 1964 may be imperilled if the Republicans seize control this year of the machinery and patronage in the populous states where presidential elections are often decided.

Mississippi's Price

IN Mississippi this has been a week of waiting; on Friday, after *The Economist* has gone to press, the federal court of appeals at New Orleans is to decide whether Governor Barnett has purged his contempt of the court's orders. In Washington, meanwhile, minds are turning to the price which the Democrats may have to pay for enforcing respect for the Constitution in the most "southern" state of the once solidly Democratic South. The Republicans, who were already mounting their most ambitious drive below the Mason-Dixon line, hope that southern resentment will find expression at the polls next month.

There are no Republicans standing in Mississippi but in the ten other states of the Confederacy, plus Kentucky, there are two-party races for 62 of the 113 congressional seats, compared with only 35 in the last non-presidential year, 1958, and 53 in 1960. Republicans are also contesting, though more feebly, all of the seven Senate seats at stake and three of the six Governorships. Behind this impressive effort stand revitalised Republican organisations run by aggressive young businessmen interested in winning votes; the traditional southern Republican cared only for the patronage he could obtain when a Republican President was elected by the votes of the North and West. (In North Carolina one of these new men was so successful that his picture was published in *Time* magazine—to his undoing, for it led to the revelation that he had a second family in Virginia.)

Most of this new breed of southern Republicans are even more conservative than the Democrats they seek to replace and, except in Georgia, most of them are fiery segregationists ready, in spite of their party's traditions and the present winds of change, to exploit the bitterness left by events in Mississippi. In South Carolina, one of the two states where the colour bar is still unbroken, Mr William Workman, who is given an outside chance to defeat Senator Olin Johnston, is as much of a segregationist as the incumbent and much more right-wing. South Carolina may also send a Republican to the House of Representatives, the first in this century, but the party's main hopes of adding to its nine southern Congressmen lie in Florida and Texas.

No one imagines, however, that even with federal troops occupying Oxford, Mississippi, the Republicans will make more than marginal gains in the South this year. And on the other side of the equation, the President's stand will pick up votes for his party in the North and West—chiefly among the 8 million Negroes who live in the electorally important big cities there and, unlike the 10 million in the South, vote in large numbers. Most of them, however, vote Democratic already. But will such support be enough two years hence if the South gives its presidential vote either to a Republican or to some regional candidate? Mr Kennedy could not have won in 1960 without the help of the South.

Incentives for Civil Servants

PRESIDENT KENNEDY'S legislative programme scored more last-minute pluses last week when Congress pushed through two measures designed to strengthen the attractiveness and efficiency of government service. One Bill brought to success a movement begun in 1960 to replace with a single consistent set of rules America's makeshift and antiquated conflict-of-interest laws. Loopholes opened by the changing role of government over recent decades have been closed. Prohibitions against former civil servants representing private interests in "claims" against the government have been broadened to include any matter of public interest—such as applications for licences, approval of sites for hydro-electric projects and the like. At the same time, the new Bill very sensibly relaxes these restrictions in cases where the employee, while in service, has had no direct concern with the matter. The Bill goes even further in removing what President Kennedy termed the "wholly unnecessary obstacles" to the recruitment of part-time advisers and experts, allowing these men the greatest possible latitude to carry on their private businesses.

Another of Mr Kennedy's long-standing programmes implemented by Congress last week—if in a characteristically watered-down form—was a major reform of the government's pay policies. The so-called Johnston Bill provides substantial increases for 1.6 million federal employees and more generous pensions for retired civil servants. It embodies two fundamental principles: that government salaries should be competitive with those paid in private enterprise and that the various federal pay schedules should be inter-related, with differences in pay reflecting differences in responsibility and performance. Unfortunately, the specific provisions of the Bill tend to dilute these principles. True, it abolishes pay increases based solely on length of service and permits greater flexibility in awarding achievement and in bidding for scarce skills. However, Congress proved less than sympathetic to the President's aim of upgrading high-level executives, whose salaries have suffered from the greatest lag, although it invited him to repeat this request next year, when increases for civil servants, Cabinet officers and "those under other federal schedules" (i.e., members of Congress) could be considered all "at one time."

The pay reform got through even though tied to the controversial scheme for raising postal rates in order to combat the Post Office's chronic deficit—a priority item on Mr Kennedy's list of must legislation for this Congress. Despite some toning down of the Administration's proposals, higher postal charges, mainly for letters, are expected eventually to bring in $603 million a year, only slightly less than requested.

New Instrument

THE Trade Expansion Act of 1962 is certainly a great success for President Kennedy and for Congress but it is only a beginning. It does not itself reduce tariffs; it merely gives the President power to negotiate with other countries for such reductions, to be introduced in five equal annual instalments, in exchange for reciprocal concessions. Under the most-favoured-nation treatment all non-communist countries will share in these concessions but Jugoslavia and Poland will no longer be regarded as non-communist for this purpose. The Act's authority for lowering duties will not necessarily be used to the full and the President has power to raise tariffs in retaliation against any country which puts "unreasonable" or "unjustifiable" restrictions on imports from the United States. Certain classes of goods are reserved from negotiation—those which have already been given special protection or which are the subject of an international marketing agreement, cotton textiles, for example.

Nevertheless the legislation gives a welcome stability to American tariff policy. It does not have to be renewed for five years. Negotiations can now cover broad categories of goods instead of having to deal with individual items separately. When a domestic industry suffers as a result of increased imports under the Act, it should not now be necessary to restore the tariff since an alternative method of dealing with this situation is provided: adjustment assistance taking the form of advisory services, loans and tax relief for firms which have been injured and of special unemployment, retraining and removal allowances for workers in such firms.

The Act also broadens greatly the President's power to reduce tariffs. Any duty may be cut by 50 per cent from present levels and those that are now at a rate of less than 5 per cent may be eliminated altogether. So may duties on articles in which 80 per cent of world trade is accounted for jointly by the United States and the European Economic Community; this clause only becomes important if Britain joins the common market. Tariffs on various agricultural commodities may also be reduced or eliminated under certain conditions. Before bargaining begins the Tariff Commission must hold hearings and advise the President on the economic effects of any proposed reductions. This replaces the old "peril point" procedure which set a limit below which duties could not be cut. For this and other reasons it will be about a year before the United States opens formal negotiations with other countries under the new Act.

State of the Betting

FROM A CORRESPONDENT RECENTLY IN BOISE

IDAHO will probably not become a gambler's paradise but punters with luck or judgment should be able to clean up on the results of the various political races now being run. So much seems clear about the current election campaign in this state but all else is obscure. One of the most important reasons for this is that four of the ten major candidates are still detained in Washington by congressional duties so that the campaign has not jelled yet. The candidates on the spot are unable to feel out and attack their opponents' weak points and the two Senators and two Representatives are unable to counter-attack effectively. But one factor above all explains the uncertain shape of the struggle in Idaho: the emergence as the dominant issue of a proposal to make gambling legal as it is next door in Nevada and thus to give Idaho a share in the prosperity generated by this activity.

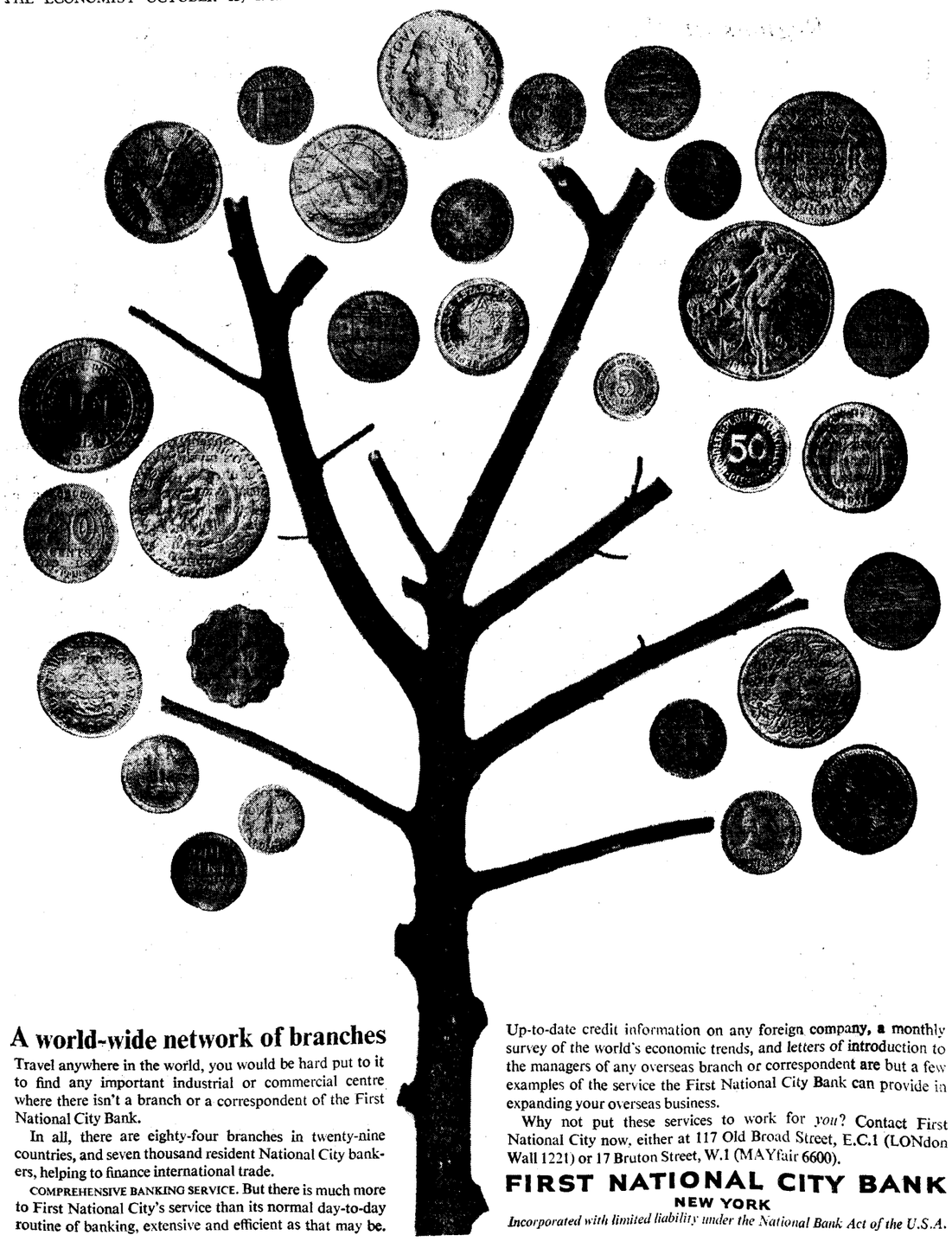
The churches are strong (especially that of the Mormons, to which more than a third of the people belong) and they have launched an all-out attack on the proposal and on its author, Mr Verdon Smith, the Democratic candidate for Governor. As a result the able Republican incumbent, Governor Smylie, is heavily favoured to win a third four-year term and all other local issues and campaigns are eclipsed. National issues are nowhere, as both parties discovered when testing reactions on such things as Cuba and medical care for the aged. It is not felt that the promised intervention of such luminaries as General Eisenhower and Vice President Johnson will change this. Idahoans go their own way. This is not to say that such visits are necessarily without effect. Mr Truman paid a visit to Idaho Falls in September during which, while declaring that he wanted to help all Democrats, he nearly scuppered Mr Smith.

> Legalised gambling is the worst thing in the world. . . . If you want to be like Nevada that's your business. Nevada is the one black spot on the United States government, so go ahead and do what you damn well please.

The Republicans have since tried to oblige by linking Senator Church, a Democrat running for re-election, and Representative Harding, who is in the same position, with the party platform that includes the gambling proposal. How much success they will have is not known. Senator Church carried 42 of the 44 counties in 1956; he is young and handsome, "with a corncob full of teeth when he smiles," and he has a good record as a hardworking Senator. But his record is also a conspicuously liberal one: he fathered the Wilderness Bill, which would have carved three million acres out of Idaho to make a national park, and supported the Trade Expansion Bill, which may damage Idaho's already semi-depressed lumber and mining industries (they suffer from Canadian competition).

The Republicans are doing the best they can to rouse the public against him for this and for his support of a proposal to extend the operations of the federal Bonneville Power Administration into southern Idaho. They do not have the same openings with the Democratic candidate for the other Senate seat, Representative Pfost, although she also advocates electricity undertakings handled by the government. It was she who, as chairman of the House Subcommittee on Public Lands, emasculated the Wilderness Bill and she has always fought for the interests of Idaho. To beat her the Republicans rely on their traditional strength in the popu-

Continued on page 145



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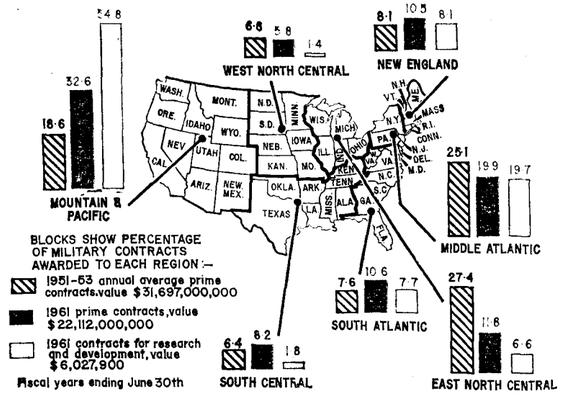
Regions at War

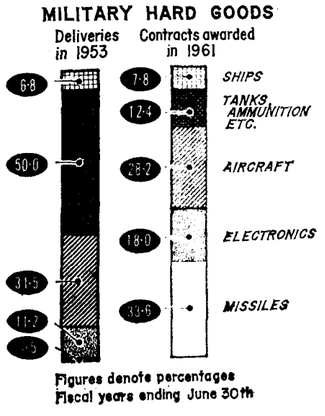
To the numerous chores which members of Congress have traditionally performed for their constituents, the cold war has added a new one: seeing that their states get a fair share of the $50 billion a year which the United States spends on defence. Last summer the worst suspicions of the Middle West were confirmed when the Department of Defence issued a survey on "The Changing Pattern of Defence Procurement." This showed that in the ten years since the Korean War the middle-western states have lost their predominance in defence business, which now goes primarily to the states on the eastern and western coasts. But the spokesmen for California and the other states which are doing well out of such contracts insist, as might be expected, that their good fortune is due, not to favouritism or politics, but to sheer merit.

Not subject to debate is the fact, illustrated by the accompanying charts, that in the decade since Korea, Michigan, Indiana, Ohio and other states of the Middle West have ceased to be the main arsenal of America and that this title has passed to California, with other nearby states profiting as well. The shift reflects a radical change in technology dictated by the new importance of missiles and space developments and the trend is continuing, although in the current fiscal year its impact is being mitigated by increased buying of equipment for the Army.



At the time of the Korean War military purchases were weighted heavily in favour of tanks, lorries and conventional weapons and the tools to fabricate them—all things which mass production factories in the Middle West could turn out easily. Now that the first line of defence has shifted to the upper atmosphere, the emphasis is on the products of the aircraft industry and its aerospace derivatives, including those of the all-important and continually expanding electronics business. The heart of this sophisticated industry is in California and New England is also a major centre. The expanding part played by the mountain states is due to such developments as the concentration of testing and tracking facilities for missiles and rockets in their desert areas.

The figures showing the geographical distribution of prime contracts do not include the huge volume of supporting subcontracts for assemblies, systems and components, of which the Defence Department does not and cannot attempt to keep track. Undoubtedly, a great many subcontractors are in the Middle West, both because of the area's skills and resources and because of the national policy of dispersing defence work as widely as is possible provided this is consistent with efficiency and economy. Moreover, the region may do better in the future if more pressure is put on to the Department of Defence to give priority, as it is supposed to do when allocating contracts, to areas with a chronic surplus of labour.



The real bone of contention seems to be the RDT and E (Research, Developmental, Testing and Evaluation) contracts, which are concentrated in the two coastal regions to an even greater extent than prime production contracts. California and the eastern seaboard states from Massachusetts to Maryland have about 75 per cent of the research and development contracts between them, while 38 of the 50 states share a mere 10 per cent. The two coasts have also been awarded the bulk of all basic research for defence, which is done primarily by universities and non-profit organisations. In the past, the importance of these trends has gone far beyond the actual sums involved since a company which has assembled, or had access to, the experience and talent needed to carry out research and development work on a new system of weapons has been admirably placed to compete for the follow-on production contracts and for new developmental contracts. A recent ruling by the Defence Department tries to prohibit this sequence, to avoid conflicts of interest, but regions already endowed with facilities, talent and experience have an inescapable advantage.

Senator Lausche of Ohio has charged Mr McNamara, the Secretary of Defence, with maligning the Middle West by saying that the coastal regions were getting the lion's share of all research and developmental work because the brains were there. If this is true—and the Middle West does not admit it—Senator Lausche and other spokesmen for the area think that the explanation is that California has "pirated" the scientists trained at middle-western universities. But the Defence Department is quite uncompromising. The survey which stirred up the hornet's nest declared it to be "self-evident" that certain institutions, communities and companies had been the most alert, active and effective in their quest for research contracts and that, unless the others changed their ways, they would go on being left out.

Unquestionably the record of the fortunate states owes much to the existence and enterprise of their research institutions and the industrial complexes that have grown up around them. Massachusetts, with its famed Institute of Technology, Harvard University and the research and industrial facilities along Route 128, which encircles Boston, received not far short of 30 per cent of the total of $431 million awarded to all universities and other non-profit institutions for research and development work during fiscal 1961, considerably more than any other state. Ranking second and third respectively were California, which besides an outstanding Institute of Technology possesses Stanford University, the Rand Corporation and the Aerospace Corporation, and Maryland, the home of Johns Hopkins University. The process seems to be cumulative; brainpower attracts more brains. Moreover, in California, at any rate, the climate and living conditions are an added attraction.

What can the middle-western states do? Political pressure might accomplish something—the influence of Vice President Johnson is credited with having brought the new Space Centre to Houston, Texas—but this is a game which all can play and California's political power is formidable and growing. Since the Defence Department is not likely to depart from its policy of placing research and development contracts where it knows there are the brains to tackle them, the best hope for the "have not" states would seem to be to bestir themselves to publicise their undoubtedly impressive and possibly neglected capabilities; to improve their universities and research facilities; and to go more aggressively after the business. It might be better, too, if they worked together, as Missouri's Commerce and Industrial Development Commission has proposed, instead of competing against each other. All this was presumably pointed out when Defence Department officials met mid-western leaders this week to discuss their complaints, one of a series of such briefings.

Continued from page 142

lous Second Congressional District (Mrs Pfost is conceded to be invincible in the First, northern, district, which she has represented for ten years) and on the fact that their candidate, Senator Jordan, was Governor from 1950 to 1954. He is thus known all over the state and has had time to outlive any enmities he incurred while in office. He also has the advantage, for what it is worth, of having been appointed by Governor Smylie to fill the seat of Senator Dworshak, whose death in July explains the occurrence of two simultaneous Senate elections.

Old Ties to Silver

NEW YORK

ALTHOUGH speculative activity in silver has been intense, there is no doubt that the metal has lost its old political glitter. Congress is adjourning without giving any consideration whatsoever to the Administration's requests for changes in the laws affecting silver. The fact is that the metal is no longer an issue, politically or economically, even though its price has soared since President Kennedy directed the Treasury, late last year, to suspend its sales of "free" silver—the stock not needed for the coinage or as backing for currency. In less than a year and at a time when the price of most other commodities was falling, silver rose from below 93 cents an ounce to over $1.21. Recently, the price has dropped, partly because of speculative profit-taking, partly because of fears that the Treasury would re-enter the market and sell silver in order to maintain orderly conditions. The Treasury will remain an important factor in the market until its special relationship with silver is finally severed once and for all by Congress. This may happen next year but it is far from certain.

Last November, when the President suspended sales of silver because the heavy demand, largely for growing industrial uses, threatened to deplete the Treasury's stocks, he requested Congress to repeal the silver purchase laws; these require the Treasury to buy all newly mined domestic silver offered to it at a price of 90.5 cents an ounce. He also requested power to withdraw from circulation all Treasury $1 silver certificates and to replace them with Federal Reserve notes, something he had already ordered to be done for all $5 and $10 silver certificates. These moves would end the official floor under the price of the metal, something which has usually been opposed by the silver mining interests in the western states. But their traditional noisy opposition was not forthcoming because silver is fetching such a high price in the market. The real complaints about the price of silver are beginning to come from industrial users in the East, who feel that they are being victimised. The Treasury has said nothing but it is anxious for early action.

If the Administration gets its way the Treasury would continue to issue coin and would buy the necessary amounts of silver at the prevailing market price, but the Federal Reserve System would be responsible for issuing all paper money. This would simplify a somewhat confusing monetary arrangement in which two agencies, the Treasury and the central bank, are jointly responsible for issuing paper money. In addition, the change would save money by making available for coinage the bullion which must now be held as backing for silver certificates.

Substituting Federal Reserve notes for silver would have an adverse effect on the country's "free" gold supply. Federal Reserve notes must be backed by a 25 per cent reserve of gold certificates. The substitution would thus require a substantial increase in gold certificates to back the existing supply of currency. But there has been no suggestion that worries about further drains on the declining stock of gold had any part in persuading Congress to hold its hand. On the contrary, while it is recognised that silver has had its day, there is a certain reluctance to celebrate the last rites, particularly when the matter does not seem urgent.

The present silver laws reflect the economic concepts of a bygone era. They go all the way back to the period after the Civil War, when deflation-plagued debtors linked arms with the hard-hit silver miners in an attempt to force Congress to reinstitute free and unlimited coinage of silver. Nevertheless, prices of commodities continued to fall until nearly the end of the century; farmers had to pay off mortgages which had been incurred when maize was selling for $2 a bushel with receipts from maize selling at 77 cents a bushel. The hardships created were abominable and a cry went up for reflation—for raising commodity prices—by increasing the supply of money relative to the supply of goods. If gold was insufficient to provide the needed monetary expansion, the argument ran, then supplement gold with silver. There had always been a silver tradition in the United States and in the late eighteen-nineties it had the emotional appeal of a panacea for the economic ailments of the day.

But the debtor and silver interests were never able to persuade Congress to allow free coinage of silver, although between 1878 and 1893 various laws were passed calling for the purchase of silver in varying prescribed amounts. In 1900 the United States went on a pure gold standard, silver being purchased only for subsidiary coins. Silver did not go down without a fight. In the nineteen-thirties Congress, under pressure, adopted the Silver Purchase Act of 1934 as part of its programme to mitigate the depression. Once again the Treasury was required to buy silver at fixed prices, even though it had no use for the metal. This requirement is still on the books, although it is generally recognised that the purchase of silver would be of infinitesimal value in fighting a recession. But it will take more effort than the Administration has yet applied to overcome the passive resistance to breaking the tie to silver.

SHORTER NOTES

Last week the *New York Times* became in fact what it has long been in practice, a national newspaper, when it began publishing a western edition. Printed in Los Angeles from type set by a machine fed by a perforated tape which is the duplicate of one coded in New York and transmitted across the continent by electronic impulses at the rate of 1,000 words a minute, the west coast edition, like the present European one, will be virtually the same as the New York paper; it will be distributed, mainly by post, in thirteen states, on six days a week but not on Sundays.

* * *

A strike which began over eight years ago and which cost the trade union involved over $10 million has been settled at last by a one-year contract with the Kohler Company, which made plumbing fixtures—and continued to make them with non-union labour.

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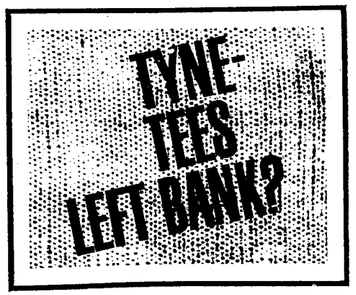
marketeers might have mobilised their forces with a hitherto unsuspected degree of behind-the-scenes efficiency. With the country said to be split about fifty-fifty on the virtues of the common market, it might, some people began to say, be too much to hope that Tory delegates would vote really overwhelmingly in its favour. The conference organisers were accused by some of having been quixotically generous in allowing the most eloquent anti-marketeers a special dispensation of time in which to speak. Moreover, it was whispered at a lower level, *sotto voce*, Mr. Butler was to speak for the Government in the middle of the debate. If he felt the mood of the conference running more strongly than expected against the market, he might not be the strongest prop on whom Mr Heath could lean.

As it turned out the fears disappeared in the first twenty minutes. Of the two relatively small claques in the hall, the anti-marketeers were scattered and isolated and made to look absurd. The pro-marketeers were larger, noisier and in their early heckling of their opponents quite often unfair. By the time Mr Butler rose, the applause even from the more silent centre rolled out at phrases like " this great adventure." By the time Sir Derek Walker-Smith summed up for the anti-marketeers in a speech much more eloquent than last year's, he was heard largely in embarrassed silence. So, it must be admitted, was Mr Heath's dully technocratic dissertation which ground on above his audience's head, desperately eager though the conference was to cheer him. But the Conservative party knew where it was going all right. As the thin trickle of hands went up against the Government, followed by the great forest of voting in the Government's support, the noise in the conference hall suddenly hushed some way below the level of historic events. Not with a bang, but with a reedy giggle of sympathy for the crushed minority, Tory opposition to the European venture died its death on Llandudno pier.



FROM A CORRESPONDENT IN DURHAM

WHILE the North-East Development Council is trying to dispel the impression that the region consists largely of slag heaps and grime in order to attract new people and industries, the year-old North-Eastern Association for the Arts is trying to crack that other image of the region which has hearty barbarians, rolling their " r's " and blowing crude pipes, as its main constituents. It is intended to prove that culture has not died in the north-east, both by propaganda and, more sensibly, by giving financial encouragement to new activity in music, opera, ballet, drama, painting, sculpture, and writing.

Apart from its intrinsic ambition and possible wider effects (there has been no genius of the " New Wave "—yet—from the north-east) the association is interesting because its organisational shape is one favoured by the Arts Council and so could become a pattern for similar regional associations elsewhere. Its membership includes industries, trade unions, university art societies, and ordinary people: but it is principally an association of local authorities able to raise its funds through regional effort —and to do this before asking for grant aid, which is the feature that endears it to the Arts Council, on whom the burden of supporting provincial ventures weighs heavily. The association has high hopes therefore for the success of its application for backing, to the extent of £1 grant for each £1 raised regionally.

So far, 38 local authorities in the north-east have signed up as members of the association, and most are to devote a farthing rate to the project. If all 88 local councils signed up, £43,000 a year would come in from this source alone, but Mr Arthur Blenkinsop, the acting secretary of the association, agrees that it is most unlikely that every rural district council in the region will be sufficiently keen on self-improvement to pay good money for it. But he does expect the number of local authority members to rise to 50 next year, and from these and other sources to raise £40,000 compared with this initial year's £26,000: even if the Arts Council does not feel able to double that, it is likely to make a significant grant.

In addition, the Gulbenkian Foundation has given £9,000 over three years, to pay the salary of an "arts officer." Actually the foundation will probably get some of its money back, because the association will offer an annual salary of only about £2,000, which is what it will be able to afford itself when the " Gulbenkian years " are over.

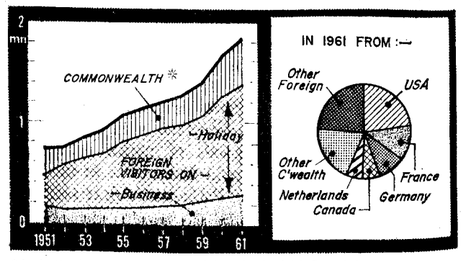
THE first task of the arts officer will be to survey the virgin territory of the region's existing cultural activity, and then to submit detailed proposals for the future. The function of the association will be largely that of a grant-aiding body, and one of the knottier problems still to be worked out in detail is how its income should be divided between the various artistic activities. It is already clear that music will receive a lion's share: the Northern Sinfonia, for instance, has 25 permanent professional musicians touring the north-east, and it is not a money-making venture. If, as is likely, the association takes over as its financial support, it hopes that the contributions from local authorities and the private donations, which at present keep the orchestra in being, will be diverted to the association's funds.

Most money will be spent on encouraging native talent; but some will go in introducing established talent from outside as well. Famous performers rarely include the area on their visiting lists at present, and it is not on the usual circuits of national exhibitions. Efforts will be made to extend exhibitions of painting and sculpture, including work by local artists, throughout the region; a half-yearly magazine on the arts in the north-east will be published, and an annual literary award may be offered for the best published and unpublished work by north-east writers.

All this activity will be within the region, and, apparently, aimed primarily at people within the region, but it is significant that the association has been given office space by the North-East Development Council and that, when published, the half-yearly magazine will be sent out by the council together with its own publicity material aimed at industrial prospects.

They Came to Britain

Over the last ten years the number of visitors to Britain (excluding those from the Irish Republic) has more than doubled, according to the latest report of the British Travel and Holiday Association. In 1961, around 25 per cent of the total number of visitors from most foreign countries were on business trips. Two notable exceptions were the United States (13 per cent) and the Netherlands (38 per cent).



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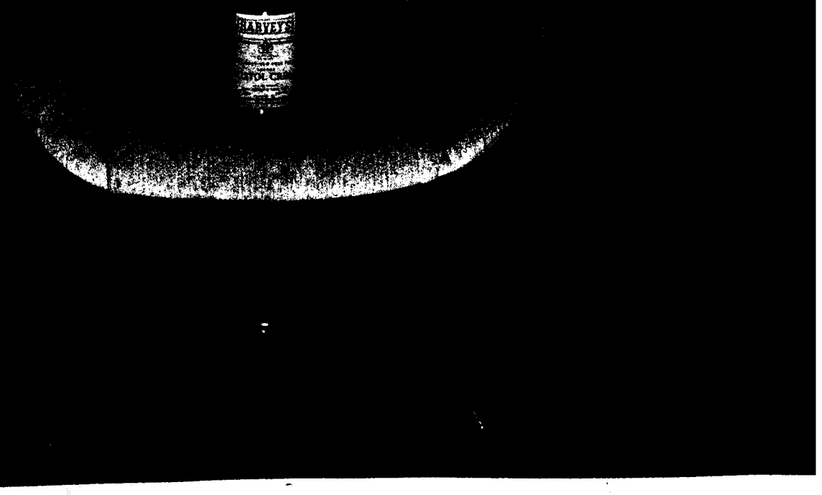

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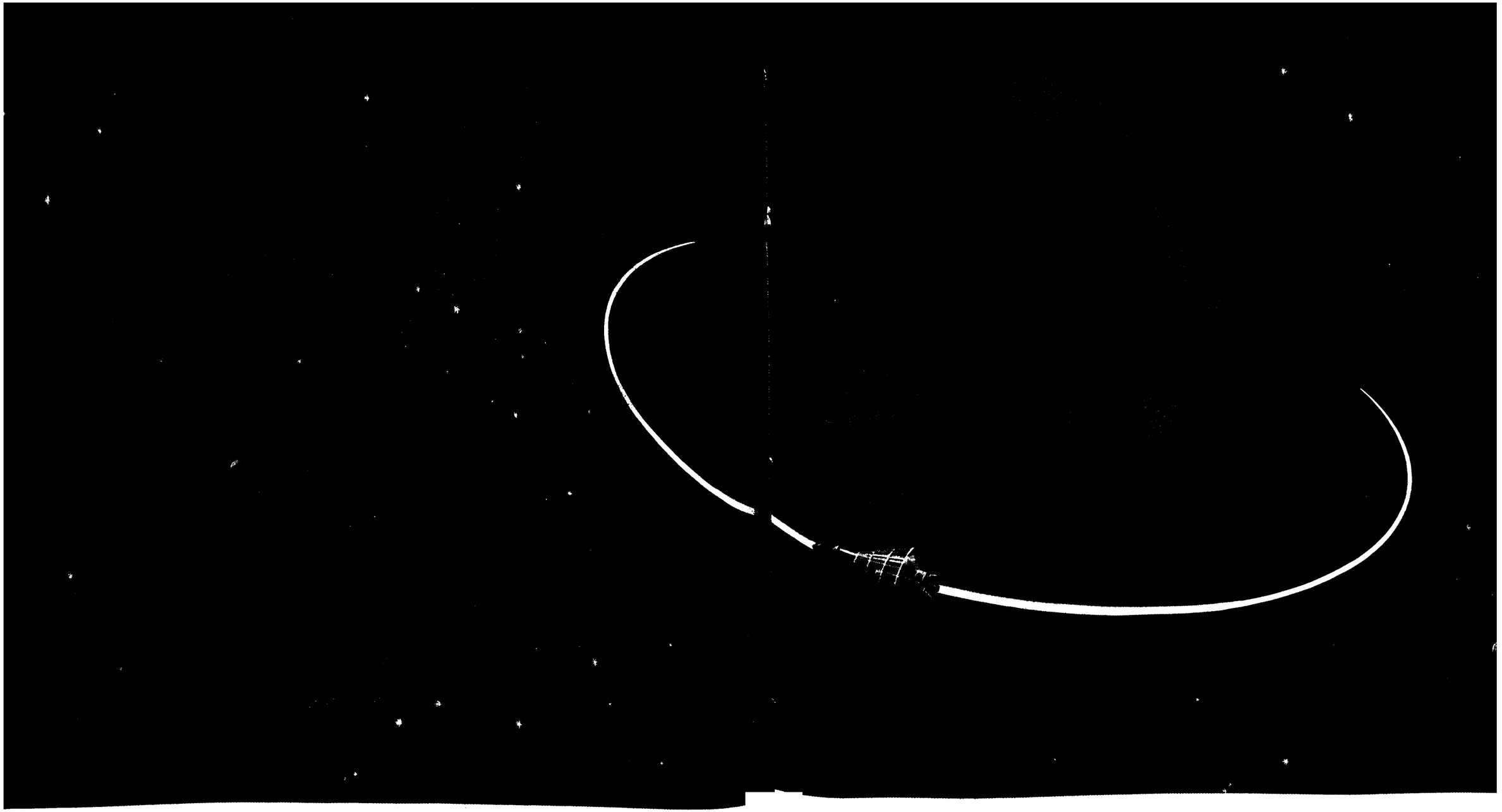

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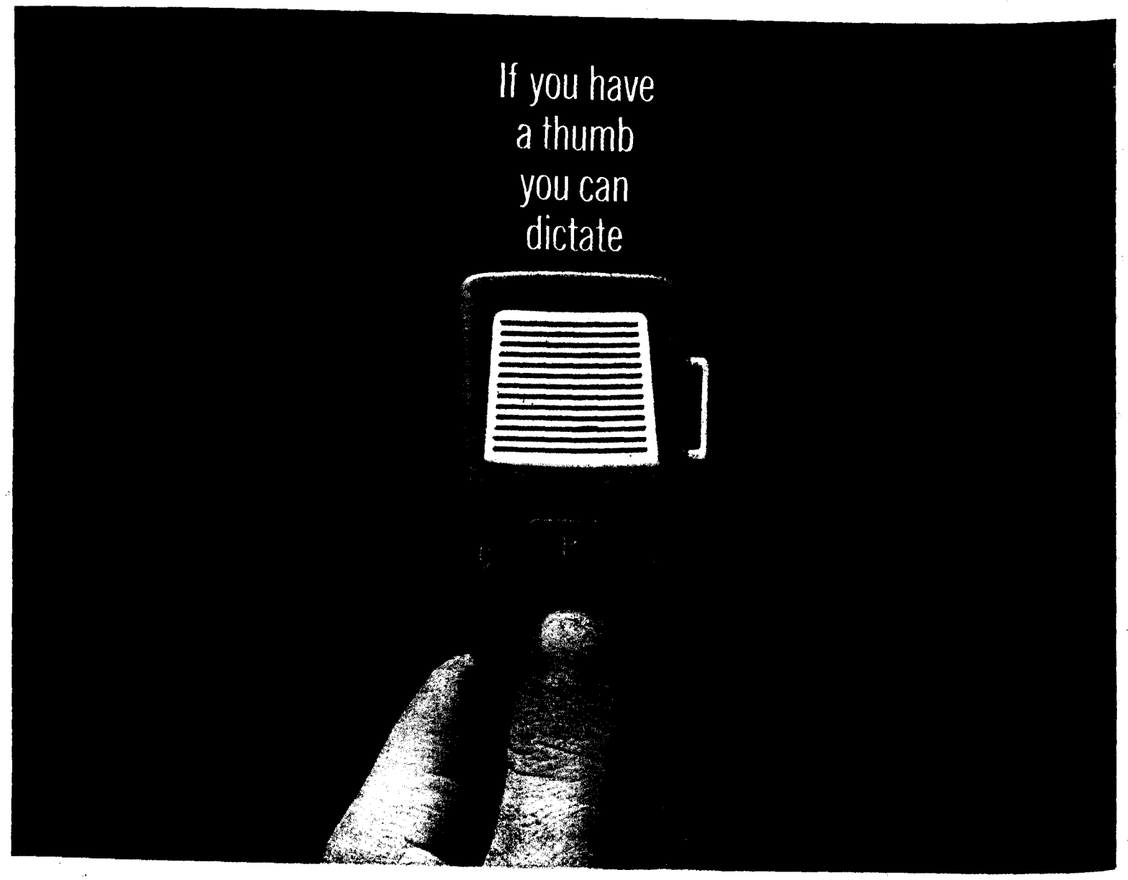

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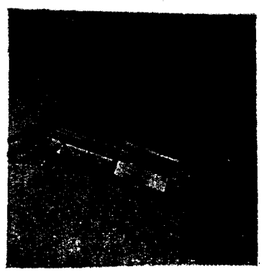

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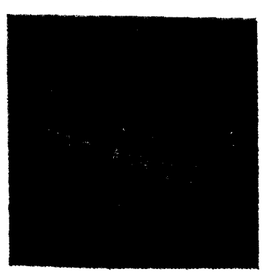

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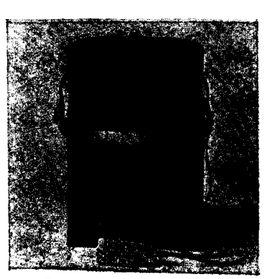

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BOOKS

Full and Empty Purses

Income Distribution and Social Change
By Richard M. Titmuss.
Allen and Unwin. 240 pages. 25s.

ANARCHARSIS the Scythian observed that laws were like cobwebs, where the small flies were caught and the great broke through. After 2,500 years, the fiscal laws, at least, are still partial. The difference is that now it is unnecessary for the wealthy to break the law; the benevolence of the courts and the ingenuity of tax consultants make it easy for them to avoid taxation legally. The principal technique, used increasingly in recent years, is for the individual to arrange his spending power so that less of it is recognised and recorded by the Inland Revenue as a single income. The wage or salary earner, taxed on PAYE, has less incentive and no opportunity to manipulate his resources in this way. The theme of Professor Titmuss's latest book is that largely as a result of the spread of tax avoidance among the rich, the official statistics of income distribution, which make no allowance for this development, have become progressively more unrealistic as measures of the actual spending power of different sections of the community.

There have been many studies of income distribution in Britain published in the last decade. All the previous authors relied, more or less uncritically, on data from the reports of the Inland Revenue and not surprisingly they all came to the same conclusion—that there had been a substantial levelling up in incomes since the late 1930s. Professor Titmuss ends the unanimity. The main part of his book is a careful examination of the reliability of the official statistics of personal income before tax and, in effect, his only conclusion on changes in the income distribution is that the figures are too shaky to support any conclusion. He does imply, however, that the apparent levelling up in incomes could be partly, or even wholly, explained by the bias in the Inland Revenue's figures.

The bias arises mainly from the increase in tax avoidance and many pages are devoted to an anatomy of this devious and fascinating subject. It is shown how through covenants, trusts and other arrangements an individual can split up his income among his family or spread it over his retirement. Alternatively, he can turn income into capital through the formation of a private company or take remuneration in the form of fringe benefits or income in kind and so escape taxation that way.

It has long been recognised that death duties are largely optional taxes. Professor Titmuss has now indicated the degree to which the payment of taxes on large incomes is also voluntary. Surprisingly, he does not discuss at any length tax dodging among the lower income groups; and yet it could plausibly be argued that the gulf between those who cannot avoid taxation and those who can lies not so much between the rich and the poor as between those who pay tax on Schedule E and those who pay, or avoid paying, on Schedule D. Small traders in aggregate may be responsible for quite as much avoidance and evasion of tax as the wealthy subjects of the professor's exposure.

This book is not easy to read. The meandering argument is difficult to follow. It is further slowed down by too many examples, the effect of which is sometimes to overwhelm, rather than to support, the points made. Too often the sentences are clogged with figures. On page 112, for example, there are 26 numbers (five with seven or more digits) and 18 dates. But any book which makes many earlier studies redundant and requires many more to be rewritten is important. This one will be useful as a work of reference as well. It brings together a mass of information on income distribution and tax avoidance previously scattered among specialist journals from many subjects. But perhaps the book's greatest contribution will be its effect on policy discussions. It demonstrates the need to obtain much more information on the dispersal of income and wealth. It suggests that tax avoidance may be more extensive, and therefore require more urgent attention, than was thought. Above all, the book challenges the assumption that there is a trend towards a more equal distribution of income which justifies a move towards regression in Government taxation policies (i.e. towards levying less taxes on the rich) whatever the arguments for such policies on other grounds.

The Clash of Interests

The Nature of Politics
By J. D. B. Miller.
Duckworth. 296 pages. 30s.

PROFESSOR MILLER has written an interesting, stimulating and eminently readable analysis of the nature of politics, which is mercifully free from the jargon (although there are some blemishes) that so often disfigures this type of book. He is an unrepentant follower of Heraclitus. For Professor Miller politics is in a perpetual state of flux and there are few fixed points, only a constantly changing spectrum of interests. In making interests the basis of his political approach Professor Miller is writing in the tradition of Bagehot, to whom politics was first of all a species of business. The perpetual clash of these interests is the very stuff of politics, and it is this tendency to disagreement, says the author, which is natural to man, not a drive towards an ideal agreement, as Rousseau would have us believe. Conflict, says Professor Miller, lies at the very heart of politics:

> Politics, then, is about disagreement or conflict; and political activity is that which is intended to bring about or resist change, in the face of possible resistance. It is not necessary to suggest that people engaged in politics never agree, or that open and flagrant disagreement is necessary before we can see politics going on; what is important is that we should recognise that conflict lies at the heart of politics. In a world of universal agreement, there would be no room for it.

In other words (which Professor Miller would certainly not use) politics, like literature, is one of the more agreeable consequences of original sin.

This picture of politics as a perpetual clash and struggle is true up to a point, but perhaps Professor Miller carries it too far. At times he is painting with the brush of Hobbes when the lighter strokes of Locke would seem more appropriate. He comes near to rejecting the proposition that there is any general interest in politics at all either in the Thomist sense of a general direction of government by reason, or the Platonic notion of the need to subordinate the parts to the whole, or even a general interest arising from the mere fact of living together in society. While his insistence on the connection of politics with the social structure of a community is welcome, it is surely going too far to say that a common concern is no necessary part of society and will sometimes be found and sometimes not. It is true that the common concern will alter. It is not the same in a society of national states as it was in the Roman Empire, or is likely to be in the more united world of the future, but the fact that it changes does not mean it does not exist.

Nor does Professor Miller give nearly enough weight to the continuity of moral ideas and their influence in politics. One misses in his reflections the synthesising mind of Burke. Yet in English politics, to take a parochial example, there is a direct moral connection between the medieval idea of the essentially limited power of the state and the modern political system we enjoy today. It is the same on the continent of Europe, although there violent breaks and oscillations between different moral traditions have obscured the norm. In his chapter on "The Effect of Ideas", the author does not of course deny that ideas have political effects, but he maintains that for the most part they are heavily national in character and subordinate to actual interests. This is too narrow a view of European political development and Professor Miller may be somewhat myopic here because he is an Australian and Australian politics are very much the flux of interests.

These criticisms, which are based on a rather different view of politics from that of the author, should not however be allowed to obscure the undoubted merits of this well written and thoughtful book.

Swinging on Hanging

Capital Punishment and British Politics

By James B. Christoph.

Allen and Unwin. 202 pages. 25s.

FLOGGING has dropped out of the picture at this year's Conservative conference. Does this mean that the Tory rank and file has been converted to the view that brutality should have no place in penal policy? And does it therefore also indicate a possible weakening in the traditional Tory support of capital punishment?

In this careful and well-written analysis of the abolitionist campaign, culminating in the Homicide Act of 1957, Professor Christoph, of Ohio State University, shows that there has definitely been a weakening of the retentionist position. Capital punishment is still supported by a majority in the country as a whole; but the majority is significantly smaller than it was in 1948. More important, there has been a real change in the attitude of the two groups, abolitionists and retentionists. In 1948, when the latest abolitionist campaign began, with the attempt to add the suspension of capital punishment to the Criminal Justice Bill, its supporters were on the defensive: they were expected to prove that abolition would not lead to more murders. In the fifties they had moved over to the attack, and it is the retentionists now who feel the need to justify their point of view. Although the Homicide Act is an unsatisfactory compromise, which produces border line cases that rouse strong public emotion, the fact that it was passed, when another Government compromise had been laughed out by the House of Lords in 1948, is a tribute to the increased strength of the abolitionist cause.

Professor Christoph discusses the reasons for this partial success. He describes the respective parts played by the Howard League for Penal Reform and the two organisations that attempted to influence public opinion directly—the National Council for the Abolition of the Death Penalty, which in 1948 merged with the Howard League, and then the National Campaign for the Abolition of Capital Punishment. He points out the difference between pressure groups of this sort, which attempt to change attitudes, and the sectional groups, like trade unions, which can apply sanctions. Essential factors in the swing in opinion, he emphasises, were beyond the power of the organisations to bring about: a series of murders, followed by executions, that pricked people's consciences—the Bentley case, the Evans/Christie case and the Ellis case.

The author also raises the point whether the issue of capital punishment should be left to a free vote of the House of Commons. To do so means that a government that is responsible for maintaining law and order and for penal policy may find, as in 1948 and 1956, that an important part of its responsibility has passed beyond its control, and it then has to backpedal and negative a free vote. So far when this anomaly has arisen governments, of whichever party, have always as a body been retentionists. If a government wished to abolish the death penalty, and allowed a free vote but was defeated, what would it do then? What indeed will a Labour government do if it is returned to office with only a small majority at the next election?

Confidence Trick

Ouvrard: *Speculator of Genius 1770-1846*

By Otto Wolff. Translated by Stewart Thomson, with an introduction and notes by T. A. B. Corley.

Barrie and Rockliff. 253 pages. 30s.

"THE only treasure which is never exhausted, which grows and multiplies, is credit." Gabriel Julien Ouvrard practised what he preached: his credit was astonishingly resilient. His buoyant eloquence inspired confidence; his intuitive weather-sense kept him afloat—even when his passengers went overboard. The son of a paper-manufacturer, he gambled on the French Revolution's appetite for proclamations, pamphlets, songs and lists of suspects; and at nineteen made his first pile by cornering paper in Nantes, whose civic slogan in 1789 was 'business even more lucratively than usual'—till the arrival in 1793 of Carrier, sent from Paris to turn war-profiteers into patriots or corpses. Whereupon Ouvrard prudently enlisted as a clerk in the local military HQ, maintained his commercial contacts by mislaying lists of the proscribed, and then evaded the *noyades* by drafting himself to the western army. In the months before Thermidor his bold impudence secured him substantial compensation for war damage to the family paper mill, and a marriage to the daughter of a rich merchant whose release from prison he claimed to have arranged. She subscribed liberally to his speculations and submissively tolerated his liaisons.

One of these was with Therézia Cabarrus, Tallien's ex-mistress, popularly canonised as "Our Lady of Thermidor" for her part in Robespierre's downfall. She introduced him to Barras and the crowd of adventurers, political, military, and financial, who formed Directory 'society.' The author believes that Ouvrard tried to stabilise France's collapsing economy; but most contemporaries (and historians) emphasise his success in expanding his own. Between 1794 and 1799 he amassed a huge fortune. The events of Brumaire did not worry him. Whether he ostentatiously supported the deserted Barras by breakfasting with him, or backed Bonaparte by buying bonds, is immaterial. Probably both—he knew when to hedge.

The author seems shocked by Napoleon's indifference to Ouvrard's over-prompt offers of advice and money; he wonders if it was due to fear of the financier's friendships with ex-Terrorists and of his attentions to Josephine. But it was not the bogus-revolutionary or the lady-killer whom Napoleon mistrusted, but the richest of the contractors whose operations in the Italian campaign had been far more dangerous than those of the Austrians. This mistrust justified Napoleon's relentless exaction of loans and his lack of enthusiasm for the fantastic complications of Ouvrard's attempts to smuggle Spanish-Mexican treasure through the British blockade. It explains, too, why Napoleon arrested him in 1810 for his collaboration with Fouché in secret discussions with enemy bankers. The author's regret that Ouvrard was not released to organise the commissariat of the Moscow campaign seems odd. It is as if a biographer of Horatio Bottomley were to complain that he was not made Minister of Munitions.

On Napoleon's abdication in 1814 Ouvrard rushed with offers of help to Louis XVIII; reinvested in the Emperor during the Hundred Days; but sold Bonapartes and bought Bourbons after Waterloo; and in 1816 operated as a contact-man in the raising of foreign loans to pay the indemnity due to the Allies. In 1823 he reappeared in his old role—as chief contractor for Louis XVIII's military promenade into Spain. He bought lavishly on a cost-plus basis for a long campaign, but was in trouble over his accounts when it became a short one. An official investigation, which lasted three years (followed by three years' imprisonment for refusing to pay one of his creditors), did not finish him; for in 1830 he fought an unprofitable stock market battle with the Rothschilds. But from then till his death in 1846 he lived in a prosperous placidity only once disturbed—by an unsuccessful legal action against a swindler who was sharp enough to get the better of him.

This biography, though historically sketchy, is an entertaining study of the age as well as of the man. But it takes Ouvrard's pretensions too seriously. His favourite aphorism—that credit increases a man's resources, adds to his wealth, and so benefits the state—is quoted as portentously as if it were an axiom of Keynesian economics; and not, as it was in Ouvrard's career, a useful formula for a life-long confidence trick.

Victory and Splendid Defeat

The Battle of Arnhem

By Christopher Hibbert.

El Alamein

By Michael Carver.

Batsford. 224 and 216 pages. Both 25s.

ON Sunday, September 17th, 1944, the leading brigades of the British 1st Airborne Division landed on Dutch soil a few miles west of Arnhem; by midnight, about 500 parachutists were at the north end of the bridge over the lower Rhine that

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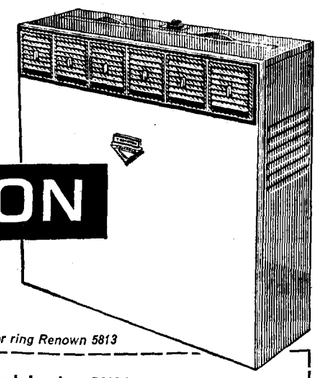

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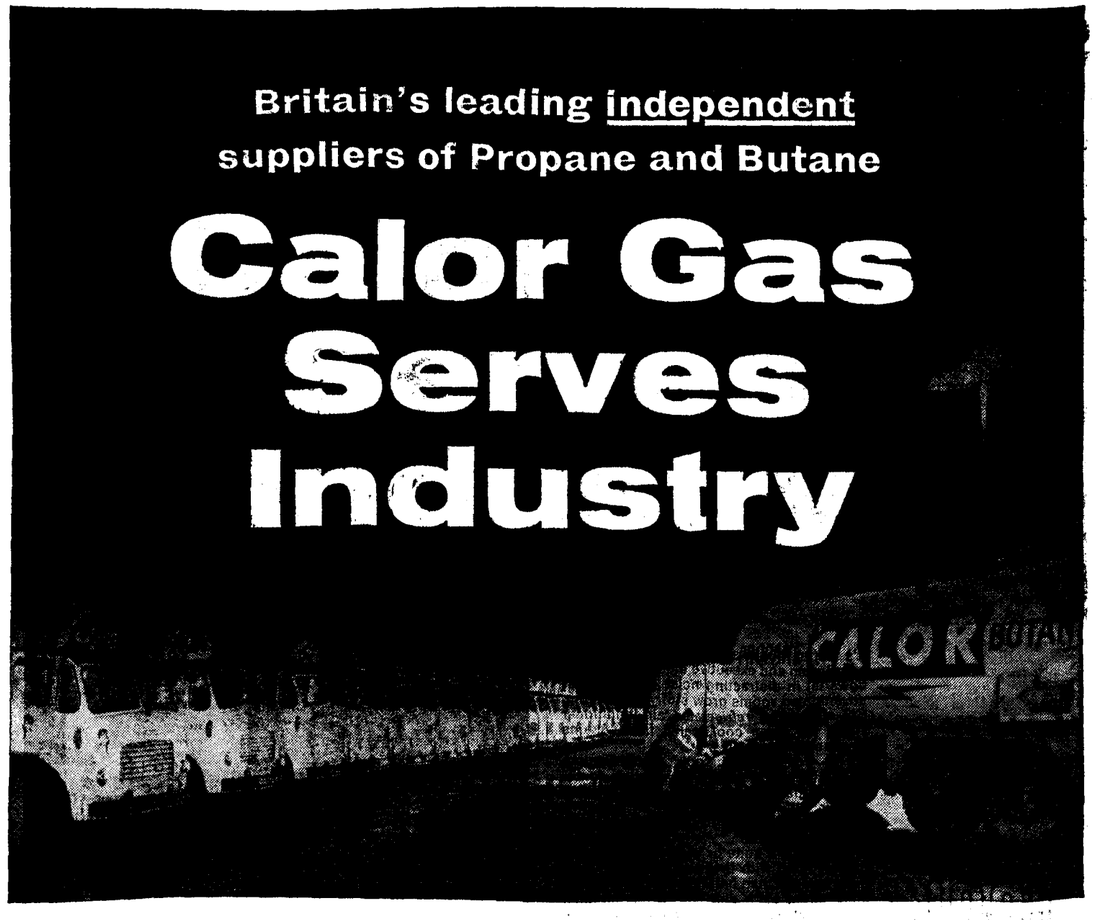

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the division was confidently expecting to seize. The one intelligence officer with the intelligence to predict the presence of much German armour in the neighbourhood had been told he was overwrought and sent home. As it turned out there were the better part of two German SS armoured divisions close by; and the Germans were on top from the start in everything but fighting enthusiasm. Bad weather, bad signals, and bad luck combined to deprive the British of air support to reinforce their light artillery, and to condemn the airborne troops to watch pilots of impeccable gallantry dropping the food and ammunition they depended on straight into enemy hands through a holocaust of anti-aircraft fire. They had expected relief in two days and prepared to hold on for four. After eight—eight days' fighting, with little to eat, less to drink, and practically no sleep at all—the survivors were still hanging on to about a square kilometre of Holland, and still fending off heavy tanks with hand-held weapons and untameable skill. The last of them were withdrawn across the river that night.

Mr Hibbert has written a short, clear, and moving account of this astonishing feat of arms. He has seen many participants, and quotes freely from narratives written down nearer the time. He conveys sensitively the feel of the battle, and the relentless pressure that drove hitherto brave men into screaming surrender, while it turned hitherto quiet men into heroes. At this distance in time from the event, he can be compassionate about the causes of the failure, of which the principal one was that these élite troops were frantic to get into battle again before the war was over. Three-quarters of them became casualties that week.

★

BRIGADIER CARVER'S informed, detailed and unimpassioned picture of the battle of El Alamein provides in a most valuable form the evidence necessary to answer the query: how far did Field Marshal Montgomery bungle the battle? Brigadier Carver, who served at Alamein, on the whole comes out solidly in favour of the Field Marshal. Despite all the complications and setbacks, Montgomery achieved successfully his main objective. This was to draw the enemy's tanks into a fight of attrition in which our superior artillery and airpower could grind them down. This, says Carver, "may have been expensive and unromantic, but it made certain of victory, and the certainty of victory at that time was all important."

He also disposes effectively of the argument that Montgomery's success in the earlier action at Alam Halfa was due to a plan he took over from Auchinleck. Whether Montgomery took such a plan over or not, he certainly modified it in its most important aspect, by bringing forward 44 Division from Cairo. And, though brand new to the desert, he fought the defensive phase of the battle most skilfully.

Brigadier Carver also makes one very important point which has escaped the notice of Montgomery's detractors—the degree to which he improved the quality of the 8th Army by intensive training between Alam Halfa and the main battle in October. In retrospect, this may emerge as one of Montgomery's greatest strengths—as the neglect of training in the past may prove to have been the real weakness of his predecessors.

But Brigadier Carver finds the case generally proven against the Field Marshal for having bungled the pursuit, and also for having claimed in his Memoirs that the battle went according to plan, when it certainly did not. Indeed Montgomery, by claiming too much, has helped to diminish the credit due to him for what was unquestionably a great victory. What is needed now is to judge him by what he did, rather than what he said he did. It is the merit of Brigadier Carver's book that it enables us to make just this judgment. Though marred in places by military jargon, it is an honest, informed, thoroughly professional study of what was above all a professional soldier's battle.

Wilson and Mexico

The United States and Pancho Villa: *A Study in Unconventional Diplomacy*

By Clarence C. Clendenen.

Cornell University Press, for the American Historical Association. London: *Oxford University Press*. 366 pages. 46s.

THE decade 1912-1922 was marked by the high tide of those appearances by United States marines in the Central American and Caribbean republics, the memory of which affects relations between the United States and Latin America to this day. Into Cuba they went in 1912 and again in 1917. Elsewhere they went in without benefit of the Platt Amendment—into Nicaragua in 1912, into Haiti in 1914 and 1915 and into the Dominican Republic in 1916.

Superficially these moves seemed to represent only a further stage in United States expansionism towards Latin America, of which the Mexican War of 1846, United States ambitions to possess Cuba and Theodore Roosevelt's midwifery at the birth of Panama had been previous and prominent features. In fact they were mainly tokens of the failure of a new policy in Washington; for they mostly took place only after Woodrow Wilson, who had firmly repudiated dollar diplomacy, had failed in his attempts to bring stability to his southern neighbours by advice rather than by military or other pressure. Nowhere did Wilson make such an attempt more patiently and more carefully than in Mexico between 1913 and 1915, and it is with this largely forgotten but significant chapter in the story of the United States and Latin America that Colonel Clendenen is concerned in this excellent book.

At Wilson's inauguration the situation in Mexico contained all the usual ingredients for armed intervention by the United States in defence of its interests. Taft had first been sympathetic to Madero, but had soon found that he intended no favours for United States capital. His ambassador, Henry Lane Wilson, thereupon advised Washington to station 100,000 troops on the Rio Grande on the ground that Madero could not maintain order, supported the seizure of power by Huerta and reported that "a wicked despotism has fallen."

Despite pressure from United States and European interests, Woodrow Wilson refused to recognise Huerta. Failing to persuade him to withdraw, he lifted the embargo on the supply of arms from the United States in favour of the Constitutionalists led by Carranza, a *hacendado*, and Villa, a former bandit. This book is the record of the relationship thus established between Washington and Villa, and of its subsequent collapse.

Villa (his real name was Doroteo Arango) was impelled by a robust if cloudy faith in reform and had early joined the revolutionary forces, in which he first became Carranza's chief commander, with an army of 40,000 men. His establishment of relatively well-ordered government over a large area of northern Mexico contiguous to the United States convinced Wilson that he was "a factor to be reckoned with in the determination of major policies." Regular and frequent contacts were therefore established with Villa through special agents in Mexico and Villa's own men in Washington. But the course of the revolution was to lead to Villa's decline and Carranza's consequent

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ascendancy, and thus the latter was recognised by Wilson after the most careful consideration and inquiry. This development, the resultant re-imposition of an embargo on his supplies, and United States support of Carranza against him, infuriated the hapless Villa. He regarded these actions by Wilson as a poor return for his success in preventing the union of all Mexican factions against the United States when, in 1914, Wilson had sent marines to Vera Cruz to teach Huerta a lesson. In their wrath Villa and his followers first killed 17 Americans and then raided the border town of Columbus. Only then did Wilson agree to intervention—in the form of a punitive expedition under Pershing, whose object of capturing Villa was largely frustrated by Carranza.

The basis of Wilson's Mexican policy was his concern for the common people. Unmoved by considerations of the material interests of the United States, he sought only for a government that would bring law and order, and social and economic justice. That his patient idealism was largely disappointed does not argue against the possibility that relations between the United States and Latin America might be more healthy today if some of his successors in the White House had been inspired by his example.

The Young Swift

Swift: *The Man, His Works, and the Age.* By Irvin Ehrenpreis. *Methuen.* 305 pages. 35s.

In this, the first instalment of a projected full-length biography in three volumes, Professor Ehrenpreis deals with Swift's childhood and youth, and the years in the household of Sir William Temple at Moor Park, both before and after his ordination. As the title indicates, this is not purely a biographical study, though it is based on primary sources and includes some new or little known material on Swift's family and social background. The sub-title, "Mr Swift and his contemporaries", further illustrates the author's intention of placing him firmly in the settings and among the people that had a formative influence on him; the angle of investigation is historical rather than psychological. But there is literary appreciation too: two chapters are devoted to the early poems—more space, perhaps, than they warrant; three to an interesting assessment of "A Tale of a Tub," and one to "The Battle of the Books".

Whether he is narrating events, describing characters or elucidating texts, Professor Ehrenpreis writes soberly and judiciously. His previous book, "The Personality of Jonathan Swift," was an attempt to look coolly at that extraordinary man, around whom so many speculations have been woven. During the years covered by the present study, Swift displayed an unusually acute intelligence (though not in his university work), in other respects behaving like a normal enough young man. His latest biographer is certainly at pains to make him appear so. He makes out a good case for the strong and lasting impression which Temple, as a retired statesman of high integrity and culture, made upon his young Irish secretary, pointing out that Swift not only knew the man as he was in his retirement but, through editing his papers, became acquainted with him as he had been in his hey-day too.

Reinforcing the chapter on Trinity College, Dublin, is a fascinating account of some of the transactions of the Dublin Philosophical Society. Their experiments in astronomy, meteorology and physiology find echoes in the third book of "Gulliver's Travels," and an episode in the Story of Lilliput is foreshadowed by the demonstration of Sir William Petty's toy navy:

> He has a fleet of ships in little models of about one and a half and two feet long, more than the King of France, and with these in a great broad trough of water he performs wonders.

Professor Ehrenpreis comments that someone as order-loving as Swift would have little use for such "miscellaneous enthusiasms of half-baked experimenters"—not that Petty was half-baked; he was a true virtuoso—and he makes it clear how great the attractions of Moor Park were for the undistinguished young man who was to become so powerful and enigmatic a figure in English letters.

OTHER BOOKS

HITLER: A STUDY IN TYRANNY. By Alan Bullock. *Penguin.* 848 pages. 8s. 6d.

For the Pelican edition of what was recognised from the first moment of publication ten years ago as an outstanding contribution to the history of the Third Reich and to the art of biography, Mr Alan Bullock has thoroughly revised his text. The passage of time has not only permitted him to incorporate new material (he now, for instance, makes much use of Hitler's "table talk" to expose the workings of an extraordinary, warped and evil mind) but also to set the biography, notably where it is concerned with the events leading up to the outbreak of war, in a longer perspective. But there has been no substantive change in Mr Bullock's view; indeed time has enhanced rather than diminished it, just as it has the virtues of the book itself. There can be no better bargain in publishing today than this volume.

THE PROVINCE OF EAST NEW JERSEY, 1609-1702. By John E. Pomfret. *Princeton University Press.* London: *Oxford University Press.* 421 pages. 80s.

With this companion volume to his "Province of West New Jersey, 1609-1702," the director of the Huntington Library completes his history of New Jersey during the seventeenth century. Beginning life as part of New Netherland, the present state was presented by its royal proprietor, James, Duke of York, to Carteret and Berkeley. This volume mainly concentrates on the period after 1674 when Berkeley sold his portion and East New Jersey began twenty-six years of separate existence. Scholarly, detached, lucid and full, the author's treatment sticks close to contemporary records, and, while paying most attention to government and politics, also contains much valuable information on social and cultural developments.

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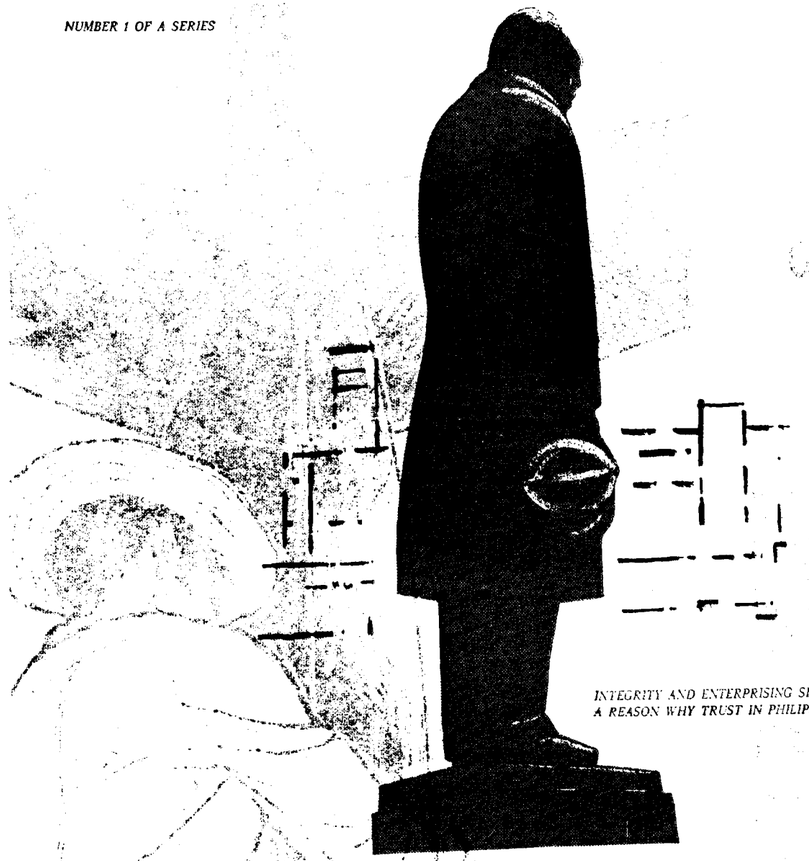

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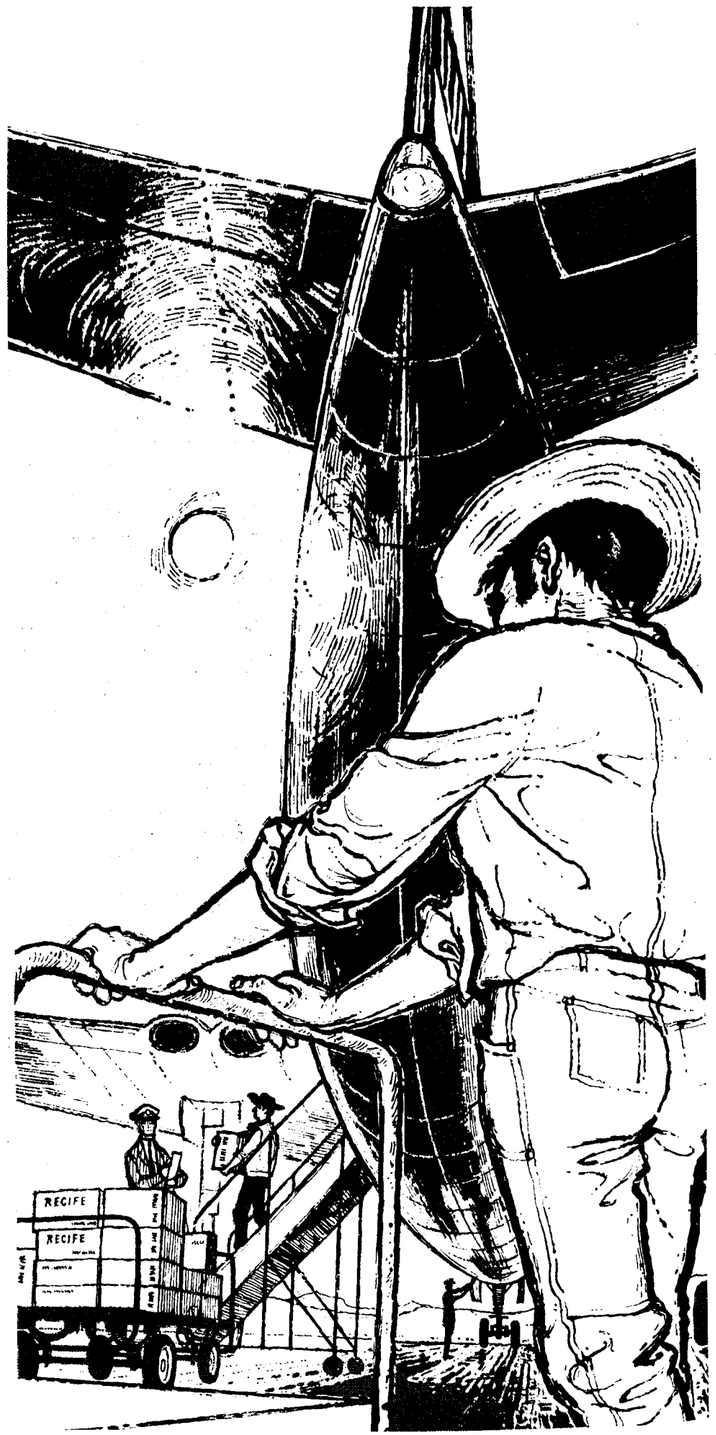

THE BUSINESS WORLD

BOAC: Profit Must Come First

SIR MATTHEW SLATTERY, chairman of the British Overseas Airways Corporation, has described his airline's financial structure as "crazy." Few would wish to contradict him. Last year, 1961-62, BOAC lost £14 million on its revenue account, or roughly £14 on every ticket sold. This is quite probably the biggest loss incurred by any one airline in the history of aviation but it was, as it turned out, only the tip of the iceberg. Below the waterline and out of sight lurked the fact that for many years the corporation has persistently and optimistically overvalued its assets, mainly its fleet of 68 aircraft. In the accounts published this week, the rose-tinted spectacles were laid aside and many of these aircraft were seen for what they really are—hunks of metal that no other airline would be prepared to buy and fly. Their value has now been written down by £33 million more than had been set aside in the corporation's normal provision for depreciation.

There appears to have been some argument about how to treat this once-for-all adjustment of balance sheet values to the actual saleable worth of assets. Some £5½ million of it has been charged to the operating account for 1961-62, which was already £5 million in the red. In its total accounting, BOAC showed a deficit last year of £21 million after paying interest. The remainder of the special obsolescence has been loaded on the deficit accumulated from previous years. However the account is struck, the inescapable fact remains that this, a vigorous growth industry, has accumulated a deficit for the ten years since subsidies ceased of £67 million, £50 million of it in 12 months. If the subsidies of previous years are added, BOAC can be said to have cost the taxpayer £93 million making a profit in only four out of its years of existence. Is there another Dr Beeching in the house?

Sir Matthew wants permission to wipe off the whole of the accumulated deficit and with it the burden of interest payments that have to be found out of current earnings; and to start again with a clean slate—a kind of British Railways operation for an industry a century younger. Then, he suggested on Monday, BOAC could show a profit in two years!

This might be true only, one would think, on the basis of assumptions that Sir Matthew does not appear prepared to make. BOAC's troubles fall into two groups. The swinging capital loss taken this year on its aircraft fleet may be, as Sir Matthew argues, the result of yielding to government and other pressure to buy British airliners that are too expensive to fly and that no-one wants to buy. But it belongs to history. It cannot be undone and regrets or recriminations are so much waste of time—though many other enterprises, public and private, have to go on paying debts incurred in early mistakes. There is something to be said for allowing BOAC to close the door on the past and write off the accumulated deficit as a dead loss (which it is) and make a fresh start—but on one condition only. This is the absolutely clear understanding that the board of the corporation is expected to be master in its own house; if, at some future date, the government wants the corporation to help the British aircraft industry by placing orders for new aircraft that BOAC neither likes nor wants—which might easily arise in the case of the projected supersonic airliner—then the minister should issue a written directive to the corporation to do so. Then everyone will know where he stands.

At present nobody knows where the corporation stands. Does BOAC really want the 35 VC-10s on order? Or was it, as BOAC's report provocatively suggests "necessary initially to order no less than 35 aircraft before the manufacturer would undertake production"? Does this phrase mean that four or five years from now, the chairman of BOAC will be once again explaining excess capacity and a heavy fleet write-off by saying that the government pushed the corporation into ordering the VC-10? It would be better to cancel unwanted aircraft on order, and pay compensation, than to allow skilled men to break their hearts on building unwanted aircraft. BOAC cannot expect that excuses about government pressure will be accepted in future.

When Sir Matthew's suggestion is stripped to its essentials, it emerges as a book-keeping transaction that does nothing to attract one single extra passenger into the corporation's half-empty aircraft. A quite separate set of troubles turn on BOAC's appalling operating results, which are more serious, in terms of its continuing future, than these once-for-all capital losses. In the previous year, 1960-61, BOAC made a profit of £4 million on its flying operations (before charging interest). Last year it made a £5 million loss, despite nearly £5 million more revenue. There is nothing to suggest that this current year's results will be significantly better.

The corporation's plan for meeting this crisis is a simple one and runs as follows: aviation is a growth industry; last

year's bad results were caused by a temporary check to the rate of growth which has persisted into this year. It happened to coincide with the big heave of a five-year expansion plan in which BOAC aimed at more than doubling capacity, so the set-back hit the corporation worse than most. In two years' time, however, traffic should have caught up with the capacity that BOAC has on offer. If the line can again fill 55 per cent of its aircraft, instead of the 45 per cent it has filled in the past eighteen months, the corporation will be out of the red. It is only a question of waiting for the traffic tide to rise sufficiently to float leviathan off the beach.

The country has a right to expect a more dynamic policy than this. It is not at all certain that other airlines are going to let the tide flow BOAC's way. This week's report, a sweet-sour mixture of realism and wishful thinking, draws attention to a permanent change in the pattern of traffic that bodes ill for BOAC. London, it points out, has ceased to be the gateway for Europe now that jets have the range to fly between North America and the major European cities non-stop. The result last year was a levelling-off in air traffic between Britain and the United States, although air traffic across the North Atlantic as a whole rose nearly 8 per cent in the same period. Did the corporation's planners foresee this when they put 60 per cent of BOAC's considerable capacity on to the Atlantic? If not, why not? More important, what are they going to do about it?

According to Sir Matthew, nothing at all. He concludes his report in remarkable words:

> This is not the moment to turn back. To do so would mean not only a drastic reduction in the size and world-wide image of the corporation and in the contribution it can make to the nation's overseas earnings; it would mean abandoning many routes . . . cancelling many British aircraft now on order . . . dismissing very large numbers of staff. These immense penalties, with their grave economic and social implications, would produce no compensating financial advantages for many years and indeed, the short-term position would be immensely worsened by the large capital losses that would inevitably be entailed.

Someone should tell Sir Matthew that the "economic and social implications" of losing £21 million in 12 months with no prospect of improvement are also grave. The economy of this country cannot afford the luxury of an airline whose financial performance is so outstandingly worse than that of its competitors. Pan American, with a route network that compares closely with that of BOAC, has as many faults as a colander has holes; yet PAA made a profit, after tax, of more than £3 million last year—admittedly a ludicrously low rate of about 2 per cent on turnover, but a profit nevertheless. Other airlines as different as Swissair and Qantas, Aer Lingus and the Colombian Avianca managed to keep out of the red, sometimes by a hair's breadth. But more relevant perhaps to BOAC's case is what has been happening to other airlines that also recorded multi-million pound losses in 1961. Trans-World Airlines, for example, found itself in a plight that has many parallels with that of BOAC: with a staff demoralised by rapid management changes, aggressive competitors taking traffic on all sides, and a large fleet of obsolete, over-valued aircraft. In 1961, TWA showed a loss of very nearly £14 million, £8¼ million of which represented the drastic writing-down of propellor aircraft. There followed an administrative shake-up and a sales drive that was big even by American standards. TWA is now showing a profit on its international services—where it most closely resembles BOAC. It may, with luck, break even this current year and should certainly do so in 1963. In Scandinavia, where new management was brought in to cure an SAS loss of more than £6 million in two successive years, the airline is on the road to recovery and is expected to break even by next year. In Holland, the Dutch airline, KLM, is going through the same treatment. Why does BOAC think it should be any exception? Why, when every other airline meets losses by attempts to re-organise for greater efficiency, does BOAC alone believe that its administrative and management structure is beyond any significant improvement?

This is not a carping question. Administrative costs are the only ones directly under an airline's own control; the prices of all its other expenses, aircraft, fuel, engineering and landing fees, are fixed for it by other agencies. If some airlines make a profit and others in the same year, under similar conditions, make a loss, the inference is that the former group have tighter control over their administrative costs than others. The perceptive and experienced men who guide BOAC's destinies must be aware of this. How then can they argue that it is essential to keep a staff of about 20,000 to do half the work that TWA does with precisely the same numbers?

Can it be that BOAC's management is caught in a trap of its own making, where relations between management and unions have deteriorated to a stage where unions lead management by the nose, where every minor reorganisation has to be preceded by a strike costing perhaps £3 million and where pilots' rotas, laid down in the dim past, mean that BOAC pilots do approximately one-third the work—in terms of miles flown—as those of Pan American? Ironically, the men who work at airports are among the most intelligent, rational and responsible of tradesmen. Will time show that ultimately the sickness that besets BOAC—and not, one must note, other British airlines—is fundamentally one of human relations? This could and should be one of the biggest and finest airlines in the world, in the vanguard of traffic expansion and not, as today, begging for a further 10 per cent rise in fares at the air fares conference now in progress in Arizona (and prepared, if its public statements are any guide, to settle for 5 per cent). If BOAC alone and unaided cannot set its house in order, what is the Government doing to goad or assist it?

COMPANY AFFAIRS

Comments on pages 184, 185 and 188 on:
Forte's (Hldgs). Mecca. Debenhams
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Interim Results

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 186 and 187

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 189

PROFITS

A statistical analysis of the results for the third quarter of 1962 on pages 190 and 191

£400 Million More Bank Loans?

The unknown quantity in Mr Maudling's otherwise unexciting reflationary package is the effect of allowing the banks and insurance companies to lend exactly as they wish. It is widely said, and certainly true, that there can be no second expansion on the scale of 1958-60. But in 1958 itself most leading bankers and monetary analysts poured scorn on the possibility of a dramatic upsurge. What they forgot was the size of the pent-up demand for bank facilities by borrowers for whom a bank overdraft is cheaper by a very wide margin, perhaps as much as one-half, than their next available source. To this extent a rise in bank borrowing may represent no more than a switch from borrowing elsewhere; but it may also represent a net increase in borrowing by people who are disinclined, logically or not, to pay what they regard as extortionate rates elsewhere.

Where can advances now be expected to rise? Little, plainly, is to be expected from industry at large, in the old "priority" sectors. The banks have been receptive to borrowers in this category at least since May, when the first release of special deposits was made and when liquidity was clearly more comfortable. In a number of cases these borrowers have arranged larger overdraft limits, involving the banks in larger contingent provisions, but in general such credit has not been drawn. Advances in this category are almost bound to follow the trend of business confidence and of business investment—which both look just about as stagnant now as they did in mid-1958.

The direct impact of last week's official freeing of bank lending falls on the sectors previously under special restraint. This was sharpest on property and speculation but also covered in a residual way personal borrowing for "consumption." The property business is not booming quite so indiscriminately as it was, and some observers believe that the banks will therefore not be faced with many very large projects which they can acceptably finance. But there is other evidence showing that a number of big projects are waiting at the gates; and it is worth remembering that, properly arranged and with the right backers, a property proposition can fall much more satisfactorily within a bank's traditional preference for self-liquidating finance than can most "national interest" advances for heavy capital goods.

A still bigger question mark hangs over the course of bank borrowing by individuals. It seems likely that all the big banks have informed their managers that they can now resume the expansion of lending which they so reluctantly halted in 1960-61; at the same time, head offices have stressed that the size of bank resources will not permit the expansion to go forward too fast. Just what effect this saver will have on local managers bursting to press forward remains to be seen. Memories of the bad risks picked up in the earlier drive will no doubt have some restraining effect, but bad debts have been nowhere near so significant for the banks as in the hire purchase trade. The banks' troubles were often confined to a handful of branches, and could accordingly be put right without great difficulty. Having learned from mistakes, the banks are in a better position to go selectively ahead now than they were four years ago.

On Wednesday, at any rate, the Midland again made the first opening move. It cut its rate on personal loans from 6 per cent flat (implying a true rate of almost double that on the diminishing balance) to 5 per cent, the rate at which the scheme was launched by this bank in 1958. The Midland had already resumed lending under this scheme in a quiet way after May, so that repayments have no longer been running above new lending. Now net lending under this scheme should expand a good deal more, with perhaps a larger emphasis on household improvements such as central heating. Other banks are making no immediate reduction. They prefer not to make any public move that could attract the wrong kind of custom; and the Midland itself is likely to give preference to existing customers. But no bank will want to be left behind in personal lending, and those that still abjure the supposedly usurious "personal loan" proper are in practice likely to subsidise their personal borrowers at the expense of their large business accounts.

Demand for bank lending may not, therefore, be so insignificant after all. What scope is their for meeting it? With an average ratio at the London clearing banks of 33.7 per cent last month, liquidity is comfortable without leaving too much in hand at this time of year. The recent build-up of investment portfolios provides some leeway. At 16.3 per cent of deposits the average ratio here compares with a minimum of 13.9 per cent in July, 1961—to which it had been reduced from 23 per cent in 1958. The advances ratio is now just under 47 per cent, two points under the July peak last year and comparing with a mere 30 per cent in 1958 and less before. Scope for switching from investments to advances now may be perhaps three points on the ratios, which would bring advances to hard on 50 per cent, and investments a shade below their mid-1961 low point. Many bankers would resist going beyond that. A switch of this order would release some £225 million in advances. But if, as would be likely, the authorities again helped the banks in making this switch, by buying their investments from them, the scope for advances would be increased by an additional factor—the extra Treasury bills pumped into the system to finance the authorities' purchases of gilt-edged from the banks. The bill issue is also likely to be increased by next year's expected revival of the Public Works Loan Board. And there is, finally, the remaining £75 million or so in special deposits, which the authorities would probably think it right to release before they started buying the banks' gilt-edged. In sum, there could be scope for an expansion in advances of perhaps £400 million. One can easily think of numbers—this or some other. But there are signs that the authorities would accept an expansion on this scale as a reasonable one—which is not to say that they are yet certain that it will materialise.

LONDON CLEARING BANKS

		Advances £ mn.	Advances %	Investments £ mn.	Investments %
July	1958	1,910	29·9	2,193	32·9
July,	1959	2,580	38·6	1,811	26·0
July,	1960	3,236	46·3	1,340	18·5
July,	1961	3,550	48·8	1,049	13·9
July,	1962	3,465	47·1	1,214	15·9
Sept.,	1962	3,428	46·9	1,235	16·3

Note.—Advances shown net of extraneous items, which are, however, included in ratios of deposits.

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BUSINESS NOTES

BALANCE OF PAYMENTS

High Interest Rates or High Surplus?

THE first half of 1962, a period in which buoyant world markets were receptive to Britain's exports while a running down of stocks at home was keeping down imports, almost certainly marked the zenith of the improvement in the balance of payments which has gathered pace since 1960, when almost precisely the opposite conditions at home and overseas temporarily produced a large basic deficit. This year's further improvement in visible trade—the gap between exports and imports on a true payments basis narrowed from £115 million to £16 million between the first half of 1961 and 1962—was not continued in July and August; the trade returns due next week will help to show whether this was a momentary pause or a change of trend. But the improvement in the current balance as a whole, from a deficit of £60 million in the first half of 1961 to a surplus of £96 million a year later, also reflected a strong recovery of invisible income. These broad trends were shown in the quarterly figures discussed in these columns three weeks ago. Now the detailed semi annual white paper on the balance of payments* shows that the most important contribution here came from a long awaited recovery in overseas earnings of oil companies—these being far the most important constituent of "other credits" in investment income, which rose from £149 million to £196 million between the two half years.

CAPITAL EXPORTS OFFSET
(£ million)

Private Investment	1960	1961	1961 Jan.–June	1961 July–Dec.	1962 Jan.–June
Abroad (net of disinvestment):—					
Direct	−247	−218	−127	− 91	−110
Other	− 65	−120	− 73	− 47	− 60
Total	−312	−338	−200	−138	−170
In Britain (net of disinvestment):—					
Direct	+135	+233	+168	+ 65	+ 73
Other	+ 86	+173	+ 16	+157	+ 83
Total	+221	+406	+184	+222	+156
Private investment (net)	− 91	+ 68	− 16	+ 84	− 14

* Excluding oil and insurance.

On the capital account, the white paper also shows that despite the falling off in inward portfolio investment in the first half of this year, the balance of private investment was still only just on the debit side—actually a little better than in the first half of 1961 when the net debit of £16 million was kept down by the special inflow of £131 million for Ford. But in the second quarter of this year the inflow of portfolio investment had already stopped and the capital account was back in the red. The Treasury seems to see this as restoring the pattern to which it was accustomed before high interest rates began to pull in long term as well as short term funds in mid-1960. In fact the big swing in the balance of long term capital under the influence of high interest rates provides one of the few really successful examples of Britain's balance of payments responding to official policy; and if this support were now to be dropped the Treasury would logically be bound to fall back on hopes of a current payments surplus of a size that proved impossible to reach in the past and will certainly be no easier in Britain's first years inside the common market.

There are some signs that the responsible officials in the Treasury may now be coming round to a recognition of this constructive role for interest rates as an offset for Britain's gross capital exports; but other elements in Whitehall, which some say include the National Economic Development Council, maintain their natural predilection for low interest rates as a stimulant to investment. If Ned does prove to have come down on this side—its first global assessment is to be considered by the Council next Wednesday—then it will be interesting to see how it squares the external problem.

* Cmnd 1837. 2s. 6d.

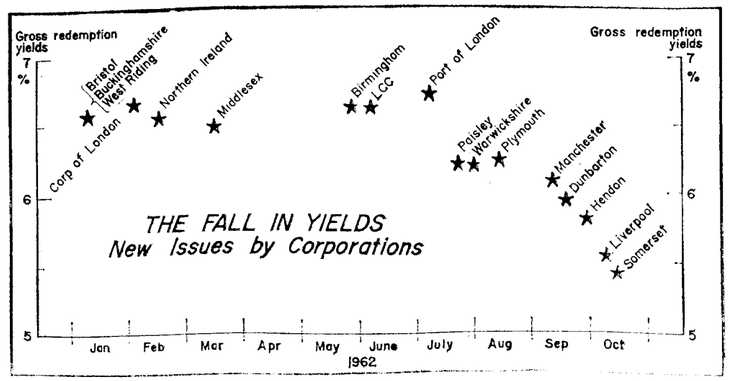
IN THE MARKETS

New Tactics in Gilt-edged?

THE long rise in the gilt-edged market was checked and partly reversed at the beginning of this week; but the market's new found resilience was quickly reflected in a recovery on Wednesday and Thursday, which in many cases made good the earlier losses. This week's new issue of £7 million for Somerset, with a coupon reduced by a second ½ per cent within a month to 5 per cent, was nevertheless oversubscribed, by about a half. The check to gilt-edged seems to have had little to do with either the general economic outlook (which has not changed) or the effect of the capital gains tax now that six months have passed since the first operative day, enabling profits to be taken tax free: for how many people are supposed to have chosen to buy on that first day? The check can be explained much more easily, first by the very rapid pace of the earlier advance, especially in the medium dates, which had carried with it some open bull speculation and had reduced yields sufficiently to have a marginal effect on income comparisons with equities (or the yield gap).

Secondly, one must not overlook the huge scale at which the authorities have been feeding the gilt-edged market. Apart from the now regular weekly corporation loan, the market last week genuinely subscribed £100 million to the government issue of 4 per cent Treasury 1965s. The setback in prices at the beginning of this week therefore reflects first an element of sheer exhaustion and secondly a correction of some over-extended positions. The medium dated stocks were affected also by a slight change in the government broker's tactics. The authorities have taken advantage of the lull in the market to push up the price of the long tap stock (2008-12), by ⅝ on Wednesday and again by ¼ on Thursday.

By doing this at a time that the market as a whole is pausing, they have succeeded in narrowing the gap between gross redemption yields on this stock and the rest—at under 5¼ per cent this is now 6s. rather



than 8s. above the yield on 1982-84s. But the truly medium dates, in the early seventies, remain the strongest section of the market, buoyed up by the support not only from the banks but also from other institutional and private investors who, despite the sacrifice in yield and despite the new investment climate, still prefer to hedge their bet with a ten-year bond rather than an irredeemable or a forty year eternity.

Equity Mirror

THE advance in equity prices which took place before Mr Maudling spoke at the Mansion House ten days ago was based on nothing more than hope and though it was maintained for a couple of days after the Chancellor spoke, it petered out, since the measures he put forward were not radical enough. There are too many unknowns about—the future strength or otherwise of the American and British economies and the outcome of the common market negotiations among them—for investors to formulate any confident short term view of the market. Those interested in the long term can still pin their faith on high quality management, picking their way through the good, bad and indifferent in the now well-mixed bag of company results; but they are not willing to pay fancy prices for the popular stocks of yesterday (where the yields are still thin) and are looking for dividend yields of between 4½ and 5½ per cent. Thus, when the gilt-edged market was shaken by a temporary spasm of nerves, it was not surprising that the nervousness communicated itself to equities, which took a tumble at the beginning of the week. Some shares were also affected by anticipation of tax selling to establish losses (which can be carried forward to set against capital gains) before the end of the six months' period. Equities did not steady themselves until the gilt-edged market had recovered its poise. The end-result of these movements was that over the week to Wednesday's close *The Economist* indicator was practically unchanged at 334.2 and the *Financial Times* index, having dipped to 275.8 on Tuesday, was slightly down on the week at 278.0.

There has been no movement in Wall Street or on the Continental bourses sufficiently strong either to give heart to the British market or to explain the rise in the premium on investment dollars, to 4¼ per cent. Here, the explanation seems to be that the pool has been drained slightly by the use of investment dollars for direct, as opposed to portfolio, investment and fresh demands for them have pushed up their price.

One significant aspect of this year's markets is the success with which unit trust sales have stood up to all the doubts and uncertainties. Helped by two block offers, net investment in new units in September amounted to £3.5 million, against £1.5 million in August. Net investment in the year to end-September amounted to an impressive £28.6 million, against £3.2 million in the previous twelve months. Over these periods, purchases by unit holders rose from £18.3 million to £39.0 million while sales by them fell from £15.1 to £10.4 million. Clearly a fall in the markets and hence the possibility of a capital loss has made unit holders more reluctant to sell; but the figures also suggest that they see some advantages in risk diversification and in equity averaging through regular purchases of units.

GERMANY

Dr A and the Budget

Düsseldorf

THE measures of stabilisation for the German economy that Dr Adenauer announced this week are largely promises of future action: only restraint on the building boom is being exerted immediately. The specially generous write-off provisions for speculative builders are to be suspended (though houses built for owner-occupiers will not be affected); and government subsidies for building local authority housing are to be reduced, for a time, by 20 per cent. The other measures are only vaguely outlined. Anti-cartel legislation is to be "tightened up"; since the Federal Republic already has what could in theory be the most stringent laws of this kind in Europe but does not enforce them very strongly, this could be a matter of administration rather than legislation. Retail price maintenance might be partially abolished; and state backing is to be given to consumer product testing. If the unions and employers do not reach "sensible" wage agreements rather than inflationary ones, the German government will think (again) of "new patterns of negotiating wages and conditions." These are vague; but the suggestion that the German turnover tax might be revised, where it seems to be penalising export industries such as steel, shipbuilding and motors, could be more important.

In the budget itself, the draft of which has now emerged from the Cabinet, there is to be no rigid anti-cyclical financial policy and no rigorous credit restriction. But at any rate Dr Starke, the minister of finance, who secured the support of Dr Erhard and Herr Blessing, president of the Bundesbank, in the famous meeting on the Tegernsee, has succeeded in establishing the principle that currency stability is a political object of primary importance and that the government, before all, has to give an example of restraint.

However, the new budget is to balance at the record sum of DM 56,800 million (about £5,000 million)—which is DM 2,800 million more than the budget for 1962. This is a rise of about 5 per cent compared with an increase in the national product of 3½ to 4 per cent; nor is it much compared with increased demands in such fields as defence, development aid, social adjustments, and coal subsidies—DM 5,400 million in all. So DM 2,600 million has to be spared in other fields, and in view of the slow depreciation of the D-Mark this was certainly no easy performance.

On the income side, there are several uncertain factors, above all the DM 2,000 million that is to come in through an increase of the Federal Government's share in the revenue of income tax and company tax. So far, the *Land* governments have stubbornly resisted all demands to go beyond the modest concessions they made this year. Another uncertain factor is the DM 1,800 million that Dr Starke hopes to borrow from the capital market. This sum is too modest to put a real squeeze on the private capital market. A 6 per cent loan announced on Tuesday was for only DM 250 million. The government's popularity on the German capital market has never been very high, and it does not possess any legal means to gain precedence over private loan issues which in the course of this year have closely followed each other. Whether Dr Starke can keep his promise of no tax increases is therefore still uncertain. What is certain, however, is that he does not want to use the instrument of taxation to damp a prosperity which has in any case shown signs of flagging.

A Warning Signal

THE apprehension about lagging prosperity has again been expressed in the monthly review of the Bundesbank, published a few days ago. According to the Bundesbank the growth in the national product slowed down in the first half of 1962: the increase at current prices was 8 per cent, compared with 9.3 per cent in the second half of 1961, but allowing for price rises the increase was only 3.5 per cent compared with 5.3 per cent in the second half of 1961. This slower rate of growth was due to a reduction in actual working hours by 2.8 per cent. The further increase in the numbers of the working population, mostly provided by foreign labour, was more than offset by the steady reduction in working time.

Even more serious is the changing pattern of demand. A greater share has gone into consumption, a smaller share into investment and into export. The absolute growth of investment has been smaller, and the surplus of visible and invisible exports over imports was smaller also. In contrast, private incomes have risen by 9.5 per cent compared with 1961, but private savings have diminished.

The whole picture revealed by the

Continued on page 169

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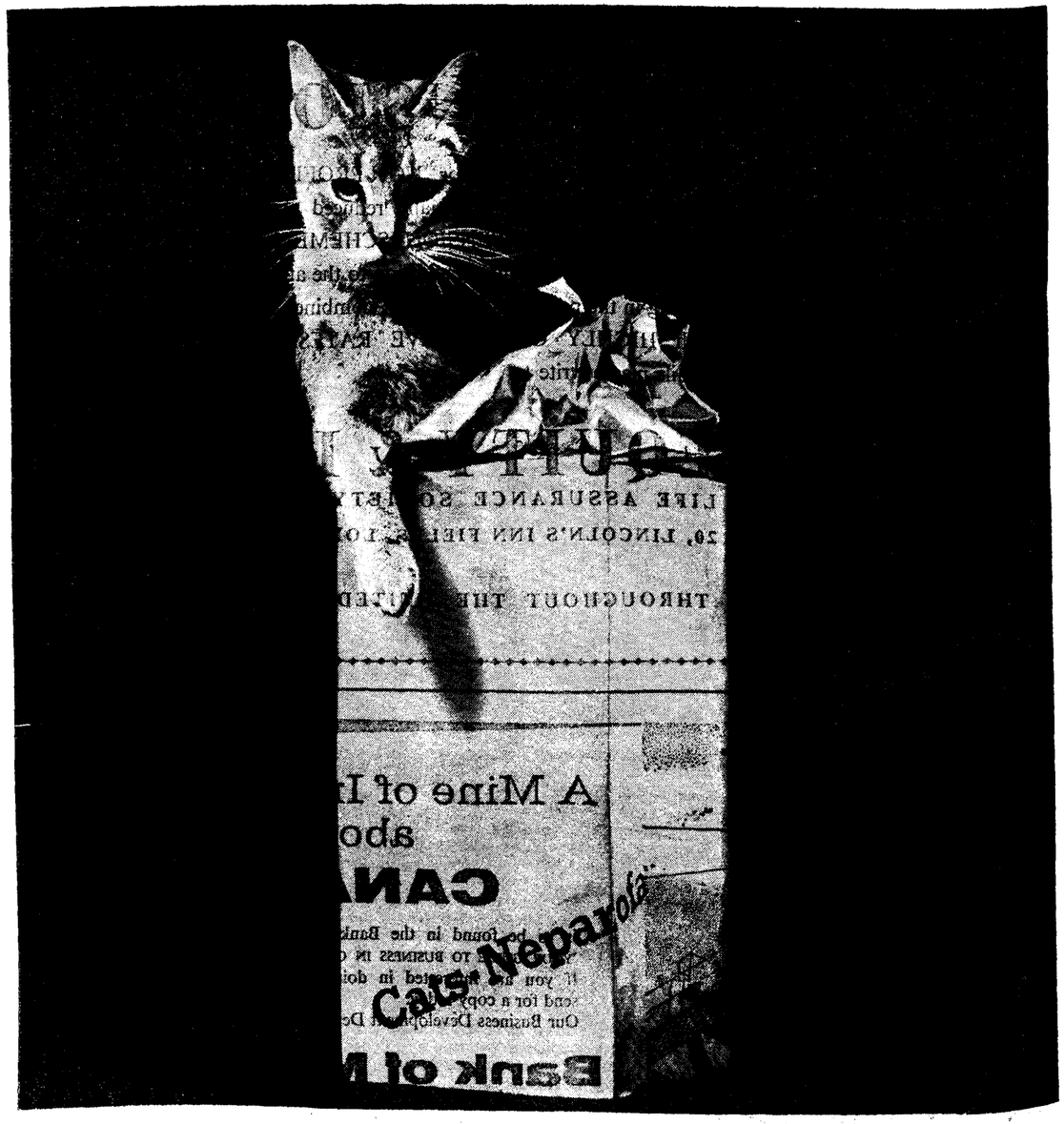

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FLEXIBLE PACKAGING MATERIALS

Continued from page 166

Bundesbank review can give little comfort to the triumvirate Erhard-Starke-Blessing. It shows that in Germany as well as elsewhere the tendency to live better, to work less and to save less has increasingly been asserting itself, with all its uncertain consequences for the maintenance of capital investment and, in the long run, for the chances of maintaining prosperity at the present high level.

THE ECONOMY

Sentiments Unchanged

NOTHING in the latest survey of business opinion taken by the Federation of British Industries smacks of expansion. As the federation itself puts it: "the overall situation emerging from these results is little different from that reported in June." Out of the 697 firms responding to the questionnaire, exactly the same proportion as before, 19 per cent, felt more optimistic about the general business situation than they did four months ago. Practically as many reported a fall in output as reported a rise, and 66 per cent of them said they are now working below capacity compared with the 64 per cent who gave the same answer four months ago. Only one in ten, however, now mentions shortage of skilled labour as a limiting factor compared with one in seven in June.

In some respects this latest sounding of business opinion is less cheerful. Despite optimism in June about the future rate of new orders, a majority of firms (and a slightly bigger majority) has again reported a downward trend. On the export side, the general upward movement appears to be slackening a little, the upward balance of opinion being less with regard to both the level of deliveries and the rate of new orders. Prospects in both the Common Market and EFTA countries seem to be still improving. But the balance of business opinion that thinks so is smaller than last time; and for the first time since June, 1960, when the federation introduced the export part of its inquiry, a balance of firms report declining prospects in Latin America.

These returns were made before Mr Maudling announced his further dose of weak stimulants. The moves on postwar credits and public investment, however, will not remove the federation's concern about "the further indications of a continuing decline in manufacturing industry." About 45 per cent of firms expect to authorise less expenditure on buildings and plant and machinery in the next twelve months, against the 15 to 20 per cent who expect to authorise more.

BALANCE OF UPS AND DOWNS*

	Past four months to :— Oct., 1961	Feb., 1962	June, 1962	Oct 1962
Level of output	+ 7	− 4	Nil	+
Level of export deliveries	+ 7	+10	+17	+12
Length of order books				
Total	−18	−27	−19	−23
Rate of new orders :				
Total	− 9	−14	− 6	− 8
Exports	− 5	+ 2	+10	+ 6
Stocks of finished goods	+ 6	+16	+ 6	+ 4

* The excess (+) or shortfall (−) on the percentage of those answering "Up" over those answering "Down."

Passing on Costs

SINCE 1954 wage rates in Britain have increased by 38 per cent (and earnings by 50 per cent), while the prices of materials, after a surge in 1955-57, have come back almost to 1954 levels. The Purchasing Officers Association, looking at these figures and considering their own professional activity, which is to buy things economically for industry, recently constructed from the statistics an "estimated price curve." This was based on the assumption that of the cost of a manufactured article 40 per cent represents labour cost, 40 per cent material, and the rest overheads and profits; and that the effects of changes in wages and materials prices were passed on to the consumer direct without any change in profit or overheads. The association thus came up with a notional curve of how prices, in such circumstances, would have behaved. On comparing this with the actual curve of prices of manufactured goods, it found that the two coincided very closely. How prices would have behaved by passing changes in direct costs straight on to the consumer, that is to say, was just about how the prices had behaved.

"What happened to productivity?" asked Mr J. M. Grammer of the National Coal Board, president of the association, talking about this to purchasing officers this week. Output and employment figures suggested that during the years since 1954, productivity in British manufacturing had gone up by 15 per cent. Some of this will have gone to profits, some to overheads, and labour has had improvements in conditions over and above increases in wage rates. "But one thing is certain: this average increase in productivity for the country does not seem to have gone to help the price position for the eventual customer."

Mr Grammer was convinced that before long prices of materials used in manufacturing would rise again—and not convinced that there was any cushion in present profit margins by which this further increase could be absorbed. His own professional concern was not with detailed ways of cutting costs, but with the purchasing officers' job of preventing rises in costs from being passed on, simply by harder bargaining over the price of the manufactured product. Buyers as well as manufacturers, he said, should be getting together with their opposite numbers inside Europe. Expert industrial buyers spend perhaps £10,000 million a year, he said; they ought to be in a position to insist that some of the cost savings being achieved are "shared with the customer." The question here, however, is "Who whom?" Do all the enterprises on whose behalf he and his colleagues buy, in their turn, pass on savings in these intermediate prices to the ultimate customer?

AIR FARES

Up

Chandler, Arizona

THE international airlines closeted in Arizona since late September have now tentatively agreed the level of air fares for the next two years, although they are still haggling over points of detail. They have settled in principle for a five per cent rise in fares across the world as a whole, with the possibility of much bigger increases still to be agreed in certain parts of it, notably Europe. Few things in aviation are as simple as they sound; the way the airlines intend to get their increase is not by a flat rise across the board but by halving the present 10 per cent discount on return tickets. Thus a return ticket across the North Atlantic which has stood for the past three years at £173 13s for a jet flight, economy class, will go up by nearly £10. The one-way single fare, however, will stay at £96 6s.

Many airlines went to Arizona wanting a much bigger increase than this; BOAC originally asked for a 10 per cent increase although its public utterances suggested that the corporation was ready to settle for five, and Air France would have liked a rise of 20 per cent. Only the Dutch and the Germans actually suggested fare reductions; the majority were in favour of holding the line. As a sweetener for the low fare lobby, the airlines seem likely to extend the present tremendously popular 17-day £125 North Atlantic winter excursion ticket in two ways. One is to extend the period when it can be sold. This now runs from October to March and the period may well be stretched by another four weeks to the end of April. The other is to extend the ticket's period of validity from 17 days to three weeks. But there is a strong suggestion that the price of this concession should be a new ruling making the ticket ineffective for stays of less than 14 days. This, presumably is aimed at discouraging what is virtually a mass switch of business traffic during the winter from the normal fares to these special rates, since few business visitors want to spend longer than 17 days away from base. It is doubtful how many of them want to spend as long as 14 days; will the airlines never learn that these footling restrictions are no way to encourage mass travel in the air, without which they will be out of business?

Some even more fiddling changes seem likely in first class fares, a moribund form of air travel, with a strong move towards ending the serving of free drinks (except on services to Portugal, a civilised country where the law requires free wine for diners). The most important issue now is not over

passenger but over freight rates. Air freight has rocketed in the past year under the stimulus of a new, low, and simple scale of charges which gave considerable and steadily rising discounts for really big loads of one ton and upwards. There are signs that some airlines regret this, and are fighting strongly to end these concessions for the biggest loads and to re-design a scale of charges that will encourage much smaller ones, more suitable for the cargo holds of passenger jets (which need at least a ton of freight on every flight to break even).

EUROPEAN ENERGY

Room for the Coal Board?

PRESUMING that Britain joins the European Coal-Steel Community in Luxembourg, some of the powers of the Iron and Steel Board here will have to be abandoned, whether or not the Government decides to keep on the board itself. (Its last indication was that it may.) What about the powers and responsibilities of the National Coal Board? When questioned on such points in the Commons, Government spokesmen have always replied with absolute assurance that entry into the European club would make no difference whatever to the way Britain runs its nationalised industries. When appearing as a candidate for entry before the club committee, however, this was one of the questions that Mr Heath himself asked the Council of Ministers of ECSC; and one of the issues on which last week they gave Britain their preliminary answers.

Under Article 83 of the Treaty of Paris which governs ECSC, the Council of Ministers agreed, the system of ownership of any country's mining industry was not to be prejudiced; Britain's, after all, would not be the only nationalised coalmines in the community. But the treaty also opposes the use of a dominant position to ends contrary to the objectives of ECSC, and the number and size of mines grouped under the Coal Board do, the ministers feel, raise problems of a special nature. (A similar question has been raised in the European parliament, by a German deputy, about the nationalisation of Italian electricity.) Other ECSC producers, understandably, are uneasy about an industry that would constitute a single management and joint selling organisation for by far the largest coal industry in the enlarged community. They are uncertain whether the system of price lists for individual mines, and publication of transport charges, could be applied fairly within so large an organisation—though the National Coal Board is confident that it can fit their rules.

On the question of publishing transport charges, about which Mr Heath affected to feel satisfied on his return to London, he sounds to have got little change out of the ECSC countries. British suggestions that [illegible] transport policy to which British Railways should adhere for coal and steel transport might be the one that the Common Market Commission is trying to devise for European transport as a whole were firmly turned down. Moreover, ECSC wants maritime freight rates, which would affect all coal and steel trade between Britain and the other countries concerned, to be brought into the same system of published pricing.

There thus remain a certain number of issues on joining ECSC about which some knotty argument may still have to come; but neither side is in doubt that these are negotiable. The Council mentioned that the Treaty of Paris itself might be in process of revision during these negotiations with the British, and that possible changes in it would have to be taken into account. But the subsequent confused argument over energy policy for Europe suggested that on this account, at least, revision of the Treaty will be in no hurry.

PROFITS AND DIVIDENDS

What Sort of Corner?

ABOUT four-fifths of the 480 companies reporting in the September quarter made up their accounts on or after March 31st. Their results, analysed in detail on pages 190 and 191, might be said to be encouraging were it not for the unpleasant awareness of unused capacity in the capital goods industries which will be reflected, for instance, in the profits of the steelmakers when they appear later this year. The rise of nearly 3 per cent in the trading profits of the 480 companies as a whole reflects higher profits in such statistically weighty groups as engineering and electrical manufacturing.

This compares favourably with the fall in profits recorded in the three preceding quarters. But joy based on blithe forecasts that profits are turning the corner should be confined. First, the advance in electrical manufacturing profits owes a great deal to the inclusion of the results of General Electric and other nuclear power contractors, which are just tottering back on their feet after a number of shaky years, and also of those of such companies as Dimplex and Berry's Electric Magicoal, which after several years of remarkable growth may find the going harder in the future. Secondly, the rise in engineering profits owes a good deal to companies which benefited from the last dying phase of the steel investment programme. Thirdly, these advances have to be set against lower profits in such industries as iron and steel and textiles and practically stationary profits in miscellaneous manufacturing; indeed, the real crumb of comfort for investors in these results is that the profits of industries closely in touch with consumers continue to hold up well. Finally, the rise in trading profits has not been reflected in equity earnings or in an improvement in rates of return on capital employed. Higher depreciation charges and the increase in profits tax have reduced net equity earnings; these now cover slightly bigger dividends 1.8 times, against twice. These companies, moreover, have been investing more in fixed and working capital—net fixed assets have risen by over £160 million and stocks and debtors by over £90 million—so that the gross return on capital employed has fallen from 15.4 to 14.1 per cent. Such results and gloomy outlook for future profits do not wholly support the sentiment that equities in London are undervalued. It seems more likely that earnings prospects are in some cases still overvalued.

PROFITS AND RETURNS

480 companies reporting July–September, 1962	Change in trading profit %	Gross return on net assets: Previous year %	Gross return on net assets: Latest year %	Net return on net equity assets: Previous year %	Net return on net equity assets: Latest year %
Breweries, etc.	+ 6·7	19·5	15·5	11·3	8·5
Building	+11·7	16·1	16·6	8·0	8·5
Paper and Packaging	− 4·8	21·3	16·6	14·7	9·6
Chemicals and Paint	+10·8	16·9	16·5	9·7	9·1
Clothing and Footwear	+ 8·5	23·9	23·3	13·5	13·1
Electrical manufacturing	+ 5·9	12·1	11·1	6·5	6·3
Engineering	+ 3·1	12·5	12·7	6·2	6·1
Entertainment	—	19·6	17·6	14·3	12·7
Property	+15·3	11·1	11·0	6·3	6·1
Food and Confectionery	+ 5·8	13·5	12·7	8·1	7·3
Iron and Steel	−24·2	12·8	6·8	7·8	2·5
Motors, etc.	+11·0	20·0	19·1	11·2	10·6
Newspapers and Printing	+ 6·1	17·5	16·6	10·0	9·1
Oil	+23·9	17·7	19·6	8·1	9·5
Shipbuilding	− 2·2	12·1	10·6	6·7	5·1
Shipping	−22·9	3·1	0·5	2·5	0·1
Shops and Stores	+ 3·3	20·3	19·5	11·7	10·9
Cotton	−37·1	12·8	5·6	7·7	1·9
Silk, Rayon and other Textiles	...	16·0	13·9	9·9	7·5
Wool	− 4·6	19·0	17·2	10·4	8·6
Miscellaneous manufacturing	+ 0·9	16·6	15·9	9·6	8·7
Miscellaneous others	+ 2·0	13·7	12·8	7·5	7·2
All groups	+ 2·9	15·4	14·1	8·8	7·7

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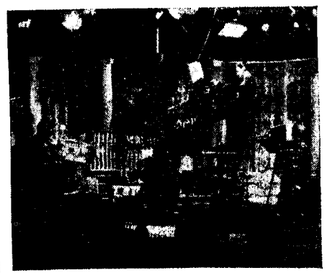

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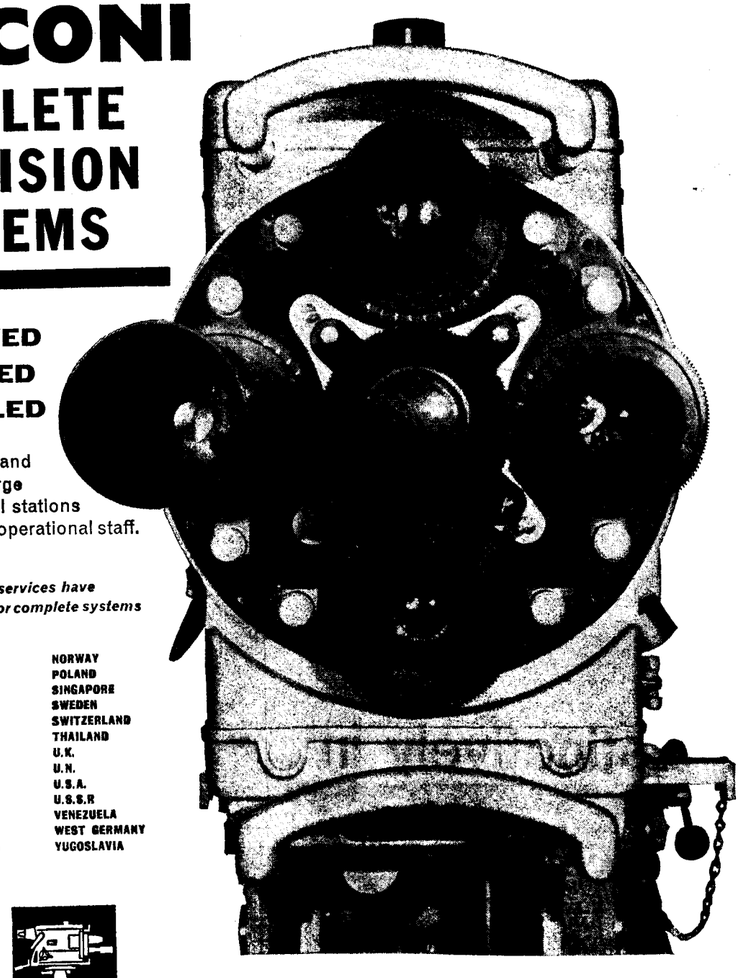

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Uncommon Policy

JUST how completely or finally the same Council of Ministers, having answered the British in one morning, then proceeded in a two-hour afternoon session to come out against the proposed common energy policy for Europe, is now a matter of argument in hindsight. In Paris, the next morning, the press perhaps expressed the mood of the French government in describing the policy on which MM. Lapie and Marjolin, of ECSC and EEC, had spent so much ingenuity, as "in the wastepaper basket." By this week, the civil servants in Luxembourg and Brussels were composed enough to argue that at most the policy was on the shelf. But certainly all the hopes about rapid progress towards agreement on a common energy policy (or a common market in energy) for Europe, which have been high since the spring, were down in the dumps again.

The reactions to the Lapie-Marjolin policy of "cheap energy from secure sources" which ministers of the individual countries expressed at last week's meeting, were not that much more sour than one might have expected; France's was the sourest, as was to be expected. But the lack of voices in support of the energy policy—save Italy's, whose definition of cheap energy goes to the logical extreme of Soviet oil—was surprising. The High Authority of ECSC, which had gone as far as preparing a draft revision of the Treaty of Paris to accommodate certain proposals such as the subsidies for coal contained in the energy policy memorandum, may then have made a mistake in tactics. Its president, Signor Malvestiti, intervened to ask the ministers to make a decision quickly about this revision, adding that anyway the High Authority could not go on operating some present relaxations of Treaty rules without it.

The ministers reacted vehemently to being put in their place by a supra-national official, and finally the meeting broke up in confusion, with some vague instructions to the inter-executive commission that put up the draft policy to look again with government officials at various elements of energy policy before putting it up to the Ministers again. This policy is clearly not going to be adopted as it is, though even on the shelf it will exert some influence on further discussions, as indeed has M. Lapie's earlier proposal of a "guidance price." But any early progress towards the elements of a common energy policy seems likely to be achieved at best piecemeal—and perhaps for a time by the different communities in their own fields rather than together?

STEEL

More Confidence?

STEELMAKERS resumed output after the holidays at about the same rate, allowing for seasonal fluctuations, as in June; not quite up to the May level, that is, but better than throughout the twelve months before then. The actual level in September, 421,800 ingot tons a week, was 5 per cent more than a year before, but 12 per cent lower than in September 1960. In spite of the rise in output, the utilisation of capacity was about the same as a year before, at 76½ per cent: capacity has risen as much as production. And actual consumption of steel is unlikely to have changed nearly as much as output figures would suggest. There was heavy de-stocking about this time last year; today consumers are still probably running down stocks, but by much less.

Britain has managed to hold its steel exports up fairly well this year, in spite of sharp price competition abroad. Indeed, British exports into Europe have caused some producers in the common market to complain about price-cutting in answer to which the ECSC High Authority reasonably pointed out that they use double-pricing themselves to get exports. Total exports this year have been only slightly below the record levels of 1961. Britain is exporting just about as much steel (some 240,000 tons of finished steel a month) as in 1960; but our imports, at 52,000 tons a month, have been cut to half what they were then.

STEEL PRODUCTION BY QUARTERS
('000 tons)

	1960	1961	Fall per cent in 1961	1962	Fall per cent in 1962
Crude Steel :—					
First quarter	6,240	6,210	½	5,220	16
Second quarter	6,146	6,007	2	5,405	10
Third quarter	5,604	4,813	14	4,751	1½
Fourth quarter	6,315	5,056	20	...	...
Total year	24,305	22,086	9	...	...

GAS

Outlook Sanguine

IN common with the other nationalised industries, the gas industry has been set certain financial objectives by the Government: over a five year period starting with the current year, it has to earn an average gross return on net assets of 10 per cent and a total surplus after paying for the five years of £54 million. The report for the year ending March 31st shows how far the industry will have to improve itself if it is to meet them; last year the surplus was £3.3 million, only about a third of the target figure. Even so, it represents an advance over past years: £1.3 million more than the year before with depreciation provisions £1.3 million up too. Every area gas board, moreover, showed a surplus, where the year before four showed deficits—one for nearly half a million pounds.

These advances are the result of a process of streamlining: more attempts are being made to sell gas; production is being concentrated in fewer, larger, more efficient plants; and administration costs are being cut wherever possible. The industry hopes to be entirely self-financing within a few years—perhaps by 1966, if Ned's 4 per cent rate of growth is achieved. (The proportion of capital provided internally has risen from half to more than 80 per cent in four years.) Sir Henry Jones, chairman of the Gas Council, said that the extra revenue would come from reduced costs and the benefits, not yet apparent, of increased tariffs. He did not think that gas prices will be further increased for some years.

Sales of gas rose by nearly 3 per cent over the previous year to 2.7 billion therms. Most of the increase, however, came from domestic users (up by 4 per cent), driven to their fires by colder weather. Industrial users took only 0.6 per cent more than in the year before. Expansion of the market for gas is now looked for mainly in the domestic field—in contrast to ideas a few years ago. Newly-designed gas fires have sold well; sales of gas-fired central heating plants increased by a half; and it is unlikely that the convenience of cooking with gas will be surpassed. But in the end, this market may be the industry's chief limitation.

ICE CREAM

Triple Cornet

THE merger of Lyons' ice cream interests with Neilson and Eldorado makes sense in an industry with high distribution costs and more slack factory capacity this year than it cares to talk about. Big manufacturers with expensive plant and fleets of refrigerated vans have more to lose by a bad summer: this year's sales may be 10 per

cent lower than the £70 million estimated for 1961. The new combine is thought to represent nearly a third of total sales, putting it in the same bracket as Walls.

Rationalisation of resources is the reason given for the merger; details of the arrangements and the price paid by Lyons are still undisclosed. Brand names will remain unaltered but this is not inconsistent with reorganising the location of production and the distribution of different categories of ice cream. Some cutting down of varieties can be expected, since the new Lyons subsidiary will have over 50 main lines under its wing.

The Eldorado link will reinforce Lyons' dominance of the cinema trade, and add to its catering outlets a contract with Butlin's holiday camps. The new group has its factories mainly situated in and around London, with two at Liverpool and one in Cornwall, evidence of the concentration of sales to holidaymakers. If, as the industry hopes, more and more ice cream will be sold for consumption in the home, some resiting of production may prove necessary. Walls's largest factory, opened earlier this year, is at Gloucester.

ATOMIC ENERGY

The AEA Opens Shop

THE Atomic Energy Authority's decision to close roughly two thirds of its Capenhurst diffusion plant because of falling military demand for uranium warheads—for this in effect is what the dismissal of a further 1,500 workers in addition to the 500 already under the axe will mean—coincides with the start of its first-ever advertising campaign to get work for its production plants, including Capenhurst, where capacity was put in for combined military and nuclear power crash programmes that never materialised. The AEA is moving a great deal more slowly and timidly in this direction than some of its members—and its critics—would like, but it is moving. There are signs that the authority has faced up to the impossibility of disposing of its uranium stocks at anything approaching the price paid for them, and has mentally written them down from their original price of $12 a pound to the price agreed recently with the Canadians for a further 12,000 tons, namely $5 a pound. This means that in its fight for foreign business, the authority's production group is able to quote prices of about £14,000 a ton for manufactured, natural uranium fuel for power stations, a price that won them a contract in Italy in the face of strong competition from other countries. So far, Sir Christopher Hinton has failed to wring the same concession from the authority for fuel supplied to the Central Electricity Generating Board, but he must be trying hard. For the uranium content at present accounts for roughly half the price he pays for manufactured fuel, around £17,500 a ton.

The authority is also beginning to pay considerable attention to the way its production plants are planned and costed. In order to get long production runs, and an ultimate price, some day, of £10,000 a ton for fuel, discounts of £1,000 a ton are offered to customers who order "standard" fuel elements—which in effect are the same as those used in the Bradwell power station, rather than specifying their own special design. Industry does not like being forced into this strait jacket, since fuel design is one of the ways of improving a reactor's performance, but a discount of this size spread over a fuel charge of several hundred tons is too big to ignore. The authority has in past years received more kicks than carrots, but this is one field where it is showing a most commendable enterprise that can yield dividends not only to the AEA itself, but to nuclear power in general, since the services that it is now advertising make up a significant part of its costs.

HOVERCRAFT

Rough Summer

HOVERCRAFT did not find everything smooth going during their experimental—publicity-seeking is the ruder description—services this summer but the result has been the learning of some salutary lessons. The weather was no kinder to them than to anyone else, preventing the service run by British United Airways with the Vickers VA-3 from operating on 14 of the 57 days for which it was scheduled to make the crossing from Hoylake to Rhyl. More serious as indication of the need for further development before hovercraft can be put into commercial service is that 18 days were lost because of mechanical trouble, so that the service actually operated on fewer than half the days that it should have done. Sensitivity to weather is something to be expected with a small machine like the VA-3, which can be overcome once bigger machines are developed; but the troubles with its engines raise doubts about the suitability of aircraft units for use in what is virtually a speedboat.

The VA-3 uses four Blackburn Turbo 603 engines, a small and simple gas turbine that should be reliable, if not particularly economical of fuel. The chief reason for using such an engine is that it is light; and perhaps the fact that the designers of hovercraft are aircraft men has given them a leaning towards aero engines. But these engines are themselves relatively new to regular service in Britain, so the operators were gaining experience of them as well as hovercraft—and under particularly arduous conditions. The Denny sidewall type hovercraft uses diesel engines, appropriate to a machine that more closely resembles a boat in concept, and this might be a more suitable unit for the bigger machines to come.

The Saunders-Roe hovercraft that operated a limited service across the Solent seems to have suffered much the same troubles as the Vickers machine, though the less ambitious nature of the service it was offering made the results less embarrassing. Though these lessons from the first regular operations of hovercraft may seem disappointing, and must postpone the day when orders will appear, they were only to have been expected from a novel means of transport. More development, with more emphasis on marine experience, seems to be the next stage.

INTERNATIONAL BANKING

Schroders in Paris

CITY people will still argue generally that the best way to do more financial business in Europe is to make friends there rather than to branch out on one's own—which is more likely to make enemies. But direct representation is not being universally rejected. Perhaps half a dozen leading stockbrokers are now seriously considering taking advantage of their new freedom to open branches abroad. And this week J. Henry Schroder Wagg has opened a representative office in Paris, jointly with J. Henry Schroder Banking Corporation. The office will be in the charge of Mr V. Lada Mocarski, who has been closely involved in the bank's European affairs. The Schroder group already has offices in Frankfurt and Zurich, and it will be no stranger to Paris, as it had an office there between the wars. But, understandably enough in view of the cool reception which is generally given to foreign banks in continental centres, the Schroder group is confining itself to a representative office, which will not itself conduct banking business.

At the same time another London merchant bank, M. Samuel, has improved the London market in the shares of Banque de Paris et des Pays-Bas, by issuing deposit receipts for its shares. These consist of units of one twentieth of the bearer shares of a nominal 100 new francs, or 37s. at the current price compared with £37. Dealings started on Thursday. The shares were introduced to London in June, 1961 at a price of £44½; the fall of 15 per cent compares with a net rise in British bank shares in this period, but it is a good deal less extensive than the fall in the French bourse as a whole.

DOCUMENTARY CREDITS

Uniform Practice

A NEW and almost universal code for dealing with documentary credits, which are used extensively in financing international trade, has been successfully drawn up by an international committee of bankers. Banks in about 50 countries

Chemicals for Anywhere

... and Susan Yeoman's questions

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Helpful father, Henry Yeoman. When Susan asks what they make in Italy, he doesn't just say 'spaghetti'. Yet Henry himself could learn more about what is made where—particularly where the Albright & Wilson Group is concerned. In Italy, for instance, a company of the Group makes chemicals for the shampoo and detergent industries; in India, other companies make flavouring materials and perfumery compounds.

Italy, India . . . in many places throughout the world, in fact, there are companies of the Group, supplying some hundred countries with thousands of different chemicals. Phosphoric acid, phosphates, oil additives, sulphuric acid . . . plasticizers, silicones, cement . . . essential oils, flavours, perfumery compounds . . . chemicals for agriculture, metal treatment, textile finishing . . . the variety is impressive.

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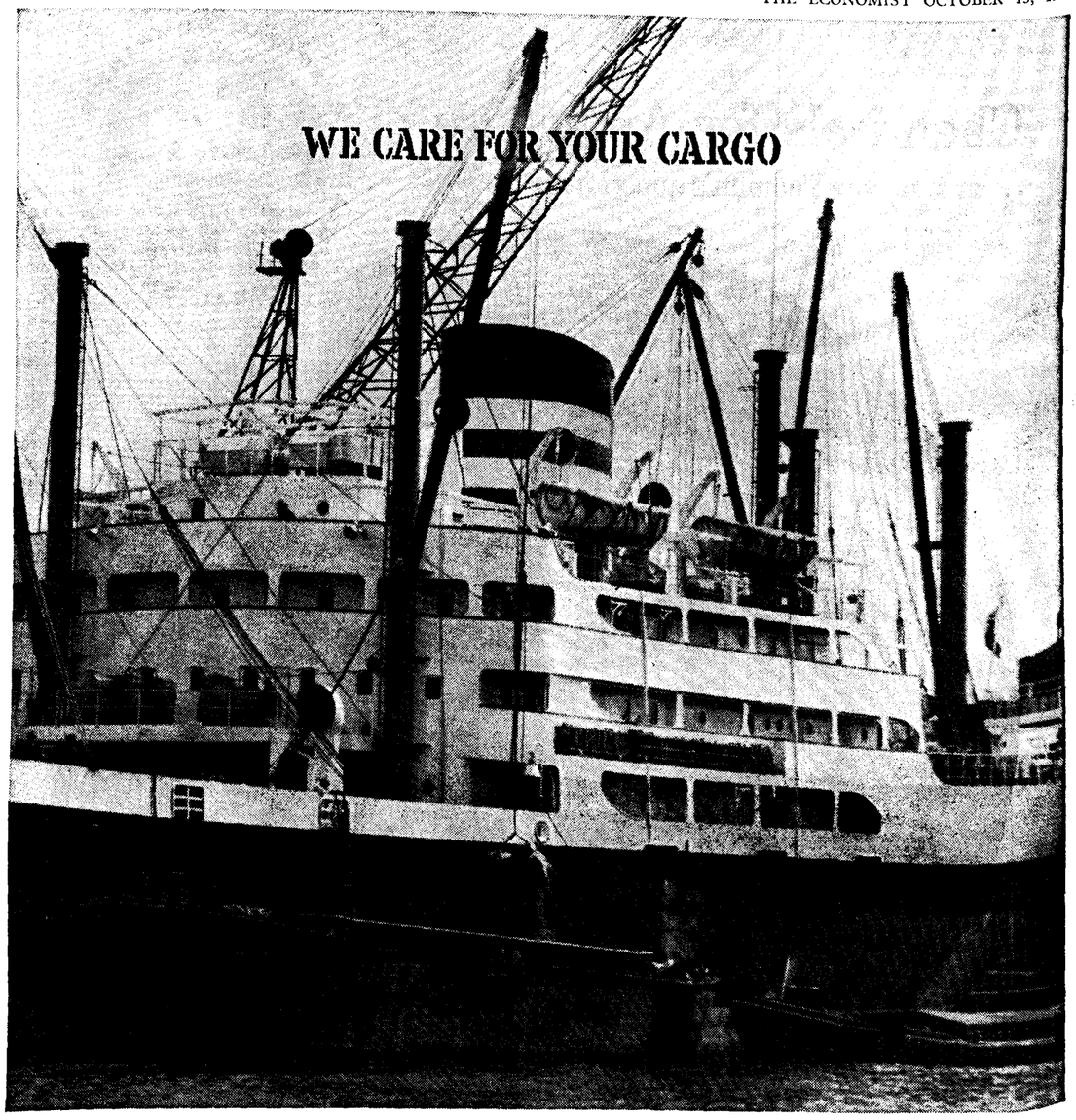

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throughout the world, including the United States, have in the past decade handled documentary credits according to a code laid down by the International Chamber of Commerce in 1951. But London banks and banks in the Commonwealth which follow British banking practice closely have never adopted this code. Until last year British banks have been merely observers at the meetings of committees responsible for the ICC code. In their view, which was respected by foreign bankers, the flexible British practice gave the customer a better opportunity of obtaining the particular service he needed, and the practice was so well understood that it did not cause confusion. It was also claimed that the international code was too imprecise.

Last autumn, however, the British banks agreed to play a full part in the revision of the international code decided upon in 1958. English, Scottish and Irish banks, the eastern exchange banks and banks operating in other parts of the Commonwealth have joined the discussions, so that if a satisfactory code could be negotiated, it was likely to be accepted in most countries of the free world. The principal reason for the change in the British attitude is the emergence of new banks in developing countries which need a published code for guidance. The revised code, which will be submitted to the Council of the ICC for approval, meets the demand by British bankers for greater precision. Uniform practice for dealing with documentary credits is therefore likely to be adopted soon.

TRAINING ARCHITECTS

Call for Realism

THE architectural profession is taking its self-criticism seriously. Among the shortcomings revealed by the RIBA enquiry into architects' offices, published in April, was a serious lack of practical skill, or even interest, among young school-trained architects. Now the RIBA has adopted in principle the proposals made by Mrs Elizabeth Layton for the improvement of the practical training which, from this year, is to total two years instead of only one in addition to the five years of school training.

With this extra margin—which some may think is still too small when compared for

Appointments, Business and Personal notices and other Classified Advertisements pages 183 and 192

instance with a young doctor's curriculum—there is scope for varying the content as well as the timing of the practical training. Mrs Layton's most important suggestions are that this should include work inside some other branches of the building industry—such as manufacturers, contractors and quantity surveyors, rather than simply in an architect's office, and that a useful part of this should take place before the final examination. Students should keep a logbook of their practical experience which would help examiners to make really certain that candidates have a reasonable grasp of working conditions, in place of the largely theoretical yet unrealistically complete ability to cope which a pass is at present supposed to imply. The schools should make much more effort to relate academic and practical training and could themselves pay more attention to teaching essential "tool" subjects such as cost control. Architects are notoriously bad organisers of their own work, and training in basic office techniques should not be despised.

Mrs Layton also points out that even after the full seven years, including practical training, required for qualification, a young architect can hardly be fit to practise entirely on his own though at present he can and sometimes does. Some further period before qualification for individual practice would bring us more in line with other countries, such as the United States and Germany. These are not simply the household reforms of a single profession, but an important step towards breaking down some of the curtain walls between the different sections of the building industry. New techniques and materials must influence but not necessarily set the pace for changes in design; to make the most of all three designers must be able nowadays to talk to technicians in their own language.

CHURCH COMMISSIONERS

Mites and Millions

BY shrewd investment policy, the Church Commissioners, who provide over three-quarters of the clergy's total income, have added substantially to stipends in the last decade. An analysis made in November, 1961, showed that only one-third of all clergy now received from all sources less than £800 a year, net of rates and mortgage repayments; and, as a result of further allocations made by the Commissioners, stipends have been further increased by £100 per annum from April this year. The Commissioners do not intend to make any general additions to stipends in the coming year; instead they are concentrating on permanent improvement of the pensions of clergy widows. They are to pay £165,000 annually to increase the clergy widow's pension right from one-third to one-half of her husband's pension; and in addition they are allocating £550,000 from general reserve so that the Church of England Pensions Board can provide a minimum income for every widow from all sources of not less than £350 a year.

These decisions follow a further increase in the Commissioners' income—though less sharp than in recent years—of £623,000 to £16,388,000 in the year to end-March. Just under £9 million was earned on stock exchange securities. The relatively small increase of £220,000 in portfolio income reflects reduced dividends on 33 of the 277 industrial holdings; higher dividends were paid on 95 industrial holdings and on 70 of the 125 investments trust, bank and property holdings. Falling stock market prices are reflected in the decline of £17 million to £187 million in the market value of the portfolio and the Commissioners kept their new purchases down to £1.2 million last year, divided between fixed interest stocks and equities. Rights issues absorbed more than the available money involving some sales of existing holdings (but not of Courtaulds). The Commissioners turned to Treasury bills and short-term local authority loans and invested £27½ million in bills and loans over the year to produce £438,000.

The spread of the Commissioners' assets is likely to change substantially in the next year or two for they are now extending in a new growth field—property development—

THE CHURCH'S PORTFOLIO*

	March 31, 1962			
	Book value†	Yield, per cent	Market value	Yield, per cent
Stock Exchange Investments:—	£ mn.	£ s. d.	£ mn.	£ s. d.
Fixed Interest—				
Gilt-edged	25·3	4 19 8	20·3	6 4 1
Debentures	15·6	6 1 8	14·3	6 13 0
Preference	5·8	6 6 2	5·1	7 4 1
	46·7	5 10 4	39·7	6 9 10
Equities—				
Commercial and Industrial	76·4	7 2 8	125·1	4 7 1
Investment Trust	5·4	7 3 4	12·3	3 2 2
Finance and Property	5·0	6 16 11	10·1	3 7 8
	‡86·7	7 2 4	147·5	4 3 8
Stock Exchange Total	133·5	6 11 2	187·2	4 13 6
Shares in CEDIC	Nominal	Nominal	3·7	2 9 4
Property	69·7	6 3 7	80·0	5 6 7
Mortgages and Annuities	32·1	5 6 6	32·1	5 6 6
Total	235·3	6 5 7	303·0	4 17 9

* Excluding short-term loans. † At April, 1957 with subsequent additions at cost. ‡ Original cost, £67·5 million.

which, it is hoped, will prove as rewarding as their earlier switch from gilt-edged stocks to equities. The vehicle for the bulk of these property developments is the Church Estates Development and Improvement Company; this has 27 subsidiary companies, in which the Commissioners have total commitments of about £24 million, which are jointly controlled with leading property developers and builders. Some new blocks of flats and houses are being undertaken in London, but the main emphasis is still on developing commercial properties, which already yield about three-quarters of the Church's income from real estate. The Commissioners confined their earlier development to their own estates; now they are investing in outside developments.

With assets of over £300 million (and most of their property carried in the books at 1957 values) the Commissioners have a wide field of choice in raising £24 million over the next two years, without affecting the fund's income. To raise part of the sum they are stepping up their sales of properties let on long leases at fixed rents; they have sold 44 properties in London and the provinces this year for £3 million and 40 more properties with a much higher rent roll will come under the auctioneer's hammer in the next few months. The Commissioners also plan to sell about 65,000 acres of agricultural land which will still leave them with over 140,000 acres. After these sales about £10 million will still be needed for the property commitments and this will come from the sale of securities, posing the question whether the Commissioners will reduce their gilt-edged holdings further or undertake a more vigorous pruning of their equities.

FISONS

End of a Policy?

FISONS recently opened new extensions in Loughborough at the plant of its chemical subsidiary, Whiffens, including new laboratories and pilot plant facilities that will be available to other Fisons' subsidiaries. They also include a plant for making a new range of chemicals based on cyanuric acid. This marks the end of improvements to Whiffens, which have cost £500,000 over three years. Its range of chemical products has been drastically revised, allowing concentration on a few specialist lines. Setbacks in the chemical industry over the last two years have shown the wisdom of this approach.

The completion of these extensions marks the beginning of a new existence for Whiffens; it also marks the end of Fisons' old policy of diversification. Even before the war Fisons recognised the dangers of dependence on agricultural chemicals. After the war the company attempted to build up a side to its business at least comparable in size to its fertiliser interests. The most recent manifestations of that policy were the attempts to add to its food interests (Genatosan) by buying Crosse and Blackwell, and to its drug interests (Bengers) by buying British Drug Houses. Both attempts failed, and the recently-acquired food firm, Pickering and West, far from compensating for the abortive take-overs, has lost money. No moves outside agricultural chemicals have been made since last year, and it is clear that Fisons has now accepted the overwhelming predominance in the future of its agricultural side.

Although no plans have been announced, it is hard to see what alternative there is for Fisons to expanding its interests abroad. (It cannot expand in Britain indefinitely.) Even expansion abroad will require new initiatives since the present disposition of its foreign interests is not the best possible. Fisons has gone abroad where the tariffs led it, to what are now politically unstable Commonwealth countries and poor markets for fertilisers. It has no stake in the best markets: Western Europe, the USA and Japan, which together account for 80 per cent of the world market. It is therefore fair to assume that Fisons' next moves can be expected to correct this imbalance, certainly abroad; probably into Europe.

AIR ACCIDENTS

What Compensation?

THE compensation paid, under international agreement, by airlines to the families of those who die in air accidents is likely to be doubled soon from the ludicrously low figure of £3,000 to the ungenerous one of £6,000. Twenty-six countries, including Britain, have now ratified the change and only another four signatures are needed before it takes effect: these are expected any day. The United States is not, however, one of the signatories, nor is it expected to be for the sensible and compassionate reason that a level of compensation which strikes airlines from undeveloped countries as placing an extravagantly high value on human life is wholly inadequate in American eyes (as indeed it is in British, for it seems to bear no relation to the probable earning capacity of many air passengers).

Nevertheless, it would be deeply embarrassing for the United States, not to say awkward for American airlines, to withdraw altogether from the Warsaw Convention under which these levels of compensation are agreed—as well as other important questions of an airline's legal liabilities towards its passengers (and their lost or damaged baggage) and towards other airlines. A correspondent in the United States writes that the State Department is likely to introduce a bill next year which will require all US international airlines to take out insurance cover to the tune of £18,000 per passenger, after which the United States could ratify the amended Warsaw convention with a clear conscience. This legislation would mark another step forward by obliging the airlines to tell passengers the maximum compensation they can expect—most of them fly today in blissful ignorance of the true meaning of the small type on their tickets. But American airlines are expected to fight the plan, since insurance already bulks high in their costs.

SHORTER NOTES

Final figures put out by the Board of Trade show that the rise in the volume of manufacturers' stocks and work in progress in the second quarter of the year was rather more significant than the provisional estimate had suggested. Allowing for seasonal factors, the increase was 0.2 per cent; this followed a fall of 1 per cent in the previous quarter. Final estimation puts the fall in the volume of manufacturing capital expenditure in the second quarter at 1 per cent.

*

A further cut in lending rates by the Public Works Loan Board from 6½ to 6¼ per cent at the end of last week still leaves them on the high side in relation to the market. On Wednesday the Agricultural Mortgage Corporation reduced its lending rate from 7 to 6½ per cent.

*

According to the Central Statistical Office's revised figures the decline last year in consumer expenditure at constant prices, seasonally adjusted, was a little less than had been thought. By the first quarter of this year total spending had recovered most of the drop of the previous three months. It rose again in the second quarter, this time by over 1 per cent to a record level: this was the result of increased purchases of drink, durables and miscellaneous services.

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COMPANY MEETINGS

JAMES HOWDEN & COMPANY

(Specialists in design and manufacture of Air and Gas Handling Plant)

GROUP SALES AGAIN INCREASED

CONTINUING HIGH LEVEL OF ACTIVITY

The fifty-sixth annual general meeting of James Howden & Company Limited was held on October 10th in Glasgow, **Mr Crawford W. Hume, MRINA** (the chairman), presiding.

The following is his circulated statement:

It is with deep regret that I have to record the death last July of Mr P. H. N. Ulander, Technical Director for many years. He joined us 38 years ago from Swedish associates when he was a young man, but he was then already an experienced and highly trained engineer. Great engineering and administrative ability together with an outstanding personality quickly earned him a directorship of our Subsidiary, James Howden & Co. (Land) Limited, followed three years later, in 1934, by a seat on the main Board. He will be very much missed by his many friends.

Mr John D. Young, who joined the Company in 1937 and became a Director in 1957, has intimated his intention to retire. I should like to pay a special tribute to his valued services. We will all greatly miss his kindly manner and wise counsel. We wish him health and happiness in his retirement.

The accounts of the Parent Company and the Group are presented in the usual form for the year which ended on April 30, 1962.

The total sales of the Group, which are once more an increase on the previous year, amounted to £9,534,421, of which the Parent Company effected £7,276,401 and the Subsidiaries £2,258,020. The trading profit of the Group at £943,382 compares with £989,165 for the previous year. These figures in all the circumstances, and particularly in a year of restriction, are not unsatisfactory, but the profit before taxation of £661,972 compared with £802,642 is disappointing, although this is partly explained by the increase of about £22,000 in depreciation and about £64,000 in interest.

The group profit of £661,972 has been hard hit by taxation this year amounting to £382,535 because a loss by the Canadian Company has had to be carried by the taxed profits of the other Companies of the Group.

SUBSIDIARIES' ACTIVITIES

The Subsidiaries have done well, with the exception of the Canadian Company which has been a great disappointment. Last year the immediate and long-term prospects in Canada appeared to be bright. After careful consideration it was decided to increase the manufacturing facilities of the Canadian Company—a decision which we think was right and will bear fruit in the future. Thus, a new bay was added last winter at a cost of $500,000 to provide an additional 30,000 square feet of floor space. However, because of the changed economic situation in Canada, industrial orders did not materialise and electricity power station extensions were postponed, with the result that our operations in that country have shown a loss of £120,467.

I still believe that the long-term prospects of the Canadian Subsidiary are good, but I find it difficult to give you any hope that this Subsidiary will show a profit during the current year. Everything possible is being done by our Canadian Management to improve the situation.

The necessary finance was found in Canada by the issue of $1,500,000 6¼ per cent First Mortgage Bonds. The balance of $1 million has been used to reduce indebtedness to the Parent Company and to the Canadian Bank. The Parent Company has guaranteed the Bonds.

Our other overseas Subsidiaries in South Africa, Australia and Holland earned a total profit before taxation of £278,040.

In South Africa, business has continued to be very good and the two operating Subsidiaries made a profit of £153,980.

In Australia we have had a good year, the profit being £60,192. The current year's trading may be slightly reduced due to a fluctuation in demand, but the immediately following years should be very good.

In Holland our new Subsidiary has had a satisfactory result, earning a profit of £63,868.

In France our Subsidiary has only recently been formed. It should afford advantages which will increase the substantial business we have enjoyed there during the past few years.

In the Parent Company's accounts, the profit before U.K. tax, taking into account the Australian taxed dividend received from our Australian Subsidiary, amounts to £539,633. After deducting taxation of £297,821 and adding the balance carried forward from last year there remains a balance of £435,387 for allocation and appropriation. £30,000 has been transferred to General Reserve, bringing this to £1,900,000. The Group General Reserve will now be £2,589,604.

If the recommended dividend of 20 per cent is approved, there will be a balance to be carried forward of £196,371 in the Parent Company's accounts. The Group balance to be carried forward will then be £88,330.

£14M ORDER BOOK

I hope and believe that the present period of restraint may not require to continue much longer and subject to this and no unforeseen circumstances arising, I feel that, with a substantial order book amounting to some £14 million and taking into account the current rate of orders, we should be assured of a high level of activity for some years to come.

The reduction in the profit of the Parent Company as compared with the last year is disappointing as the total sales value was again higher than in any previous year. The reduced profit margin resulted mainly from increased costs of production not being matched by increased prices and by our flow of production being put out of balance by sales of certain products being lower than expected.

In our ordinary way of business our uneven flow of production of large units on long delivery is balanced by the receipt of many small orders for quick manufacture and delivery. The steps taken by the Chancellor of the Exchequer last year to correct the economic instability of the country had an immediate effect on these orders and many projects were postponed. At the same time, the running down of marine business, which fortunately for us was a small proportion of the total, has nevertheless been noticeable and has contributed to the lack of balance. Measures have been taken to minimise the effect wherever possible.

The orders booked during the year under review were substantial and in excess of the output, but a large proportion is for long delivery and we are missing the quick turnover industrial work as a result of the postponement of development plans in industry to which I have just referred.

CAPACITY GEARED TO MEET INCREASED DEMANDS

It would appear that the Central Electricity Generating Board and South of Scotland Electricity Board requirements for conventional coal or oil burning power plant have been increased, and these may be of great benefit to us. Our capacity is geared to meet such increased demands.

A recovery in industrial spending on capital goods should also be of great value to us.

General export business is good, but often made difficult in the case of our heavy capital goods by dollar or other foreign loans made on condition that the plant is bought complete in the lending country.

I have pleasure in thanking the Boards of the Subsidiary Companies and all the employees at home and abroad for their loyalty and service.

The report and accounts were adopted.

IN his Statement for the 53 weeks ended 30th June, 1962, The Lord Rank said that the past year had been one of the most significant in the Group's history. The complete financial merger of The Rank Organisation Ltd. with Gaumont British Ltd. had taken place, which had greatly simplified the administration and financing of the Group.

THE FINANCIAL RESULTS

Group trading profits before charging interest and taxation amount to £6,617,026, as compared with £6,450,805 for the previous year. The estimate of 1962 Group profits given at the time of the Convertible Loan Stock Issue had been £6,000,000.

After providing for interest payable, taxation and outside shareholders' interests, the net profit had been estimated at £1,550,000. The actual net profit was £1,906,132.

THE DIRECTORATE

As previously announced, Lord Rank was retiring as Chairman and was being succeeded by the Deputy Chairman and Chief Executive, Mr. John Davis. Lord Rank would continue as a Director with the title of President. Mr. Kenneth Winckles had been appointed Managing Director.

THE FUTURE

In company with many other businesses, the Group experienced difficult trading conditions last year, not only in the traditional cinema business, but in connection with its manufacturing activities. Taking this into account, the Organisation had done well to increase its profits as compared with last year. The Board was recommending an increased Ordinary dividend of 25% as forecast, which was adequately covered by profits.

During the year the Organisation had been strengthened in several directions, including the simplification of the financial structure, the provision of essential finance for development, and the complete re-organisation of the management structure on Divisional lines.

Further shrinkage in theatre attendances might lead to some reduction in profits, but this should be fully compensated by increased profits from the 'Miscellaneous Activities'.

Under current economic conditions few Chairmen found it possible to make any firm forecast for the future. However, said Lord Rank, I am hopeful that the Group will increase its profits in 1962/63 in the absence of unforeseen circumstances.

FILM ACTIVITIES

Exhibition. We believe that our Theatre interests, as now rationalised, will continue to be an important contributor to our overall profits provided that there are sufficient films available, particularly from America. Flexible booking policies, covering 70mm. presentations, extended runs, mass releases, etc. will play an increasing part in the "new look" of film exhibition. The theatres playing the Rank Release have by and large held their own. By flexibility of approach we hope to keep the 40/50 theatres of the so-called "Third Release"—for which the supply of product has largely disappeared—in operation.

While rationalising our activities, we have been spending substantially over £1,000,000 a year on major modernisation schemes.

Film Distribution. Despite the rate of national theatre closures, the U.K. operation continues to secure contracts on individual films which are only 10% less than in the peak period of 1957. Overseas, the operation is highly efficient.

Film Production. The challenge of changing public taste has been met with fair success, despite the alarming rise in costs. Earnings overseas account for 41% of the total.

The Film Processing Division has more than held its own. Colour film printing facilities have been extended to all types of film sold to amateurs.

The Rank Film Library, the most important in this country, had a successful year.

LEISURE SERVICE ACTIVITIES

The greatest potential in this area is **Tenpin Bowling** and our experience has satisfied us that this is a potential profit earner in our overall activities.

The Group operates 25 **Ballrooms.** We have laid down an expansion programme which will take five years to mature, by which time we anticipate that we shall be one of the leading operators.

Dance Studios are being developed and turnover is increasing.

We have secured contracts for **Service Areas** on the M.2 and M.6 and now run our first **Motor Hotel**, near Dublin.

The **Relay Activities** have been integrated with the **Retail Shops** under common management and now trade under the name of **Top Rank Home and Leisure Service.** It is our aim to expand into the major shopping centres throughout this country.

Southern Television. The future of this Company, in which we hold a 37½% interest, is bound up with the decisions of Parliament. Considerable thought will have to be given when new contracts are being negotiated as to the possibility of making a reasonable profit in what must always be a speculative business.

The Pilkington Committee recommended against Pay-TV but the Government has reserved its decision. We hope our Associated Company, **Choiceview,** may be permitted a field trial.

MANUFACTURING AND MARKETING ACTIVITIES

We concluded that **Bush** would find increasingly competitive disadvantages unless it could increase its manufacturing capacity, and in June we acquired Murphy Radio. Rationalisation will take time. We look for some benefit in the current year, and greater benefit subsequently. Colour research and development is moving much faster than we anticipated. We have secured substantial contracts from the B.B.C. and G.P.O. for equipment.

Rank Cintel, our highly specialised electronic Division, has been materially re-organised.

Rank Precision Industries Ltd. has been faced with problems in areas where it manufactured for the film industry. Also, difficult conditions developed when open import licences were granted to Japanese cine and photographic products.

The **Cine and Photographic Division** successfully launched the new 16mm. Bell and Howell sound projector. The amateur market, however, has been dislocated through heavy competition.

50% of the **Rank Taylor Hobson Division's** output was sold overseas, which represents 50% of Britain's exports in this field. The expansion of the measuring instrumentation lines has been increased. We are still expanding in Europe, and have set up a direct operation in Germany.

The long-term project of the Xeronic Computer Printer has been helped by two successful installations during the year.

Rank XeroX Limited, in which we are proud to be in partnership with the Xerox Corporation of America, is one of our most important growth activities. Turnover has increased by 425% in three years. The output of the 914 Office Copier in 1961 was 1,750 machines and in 1962/63 will be of the order of 4,000. Demand for the Copyflo machine has also developed well. I hope that in 1962/63 we shall receive a dividend from Rank XeroX for the first time.

THE RANK ORGANISATION

COMPRISES THE FOLLOWING DIVISIONS

ADVERTISING FILMS · BALLROOM DANCING · BUSH RADIO · CATERING · CELLULOID PRODUCTS · CINE & PHOTOGRAPHIC · FILM PROCESSING · FILM PRODUCTION · FILMUSIC · KERSHAW · RANK CINTEL · RANK FILM LIBRARY · RANK KALEE · RANK TAYLOR HOBSON · RANK XEROX · TENPIN BOWLING THEATRE · TOP RANK HOME & LEISURE SERVICE · TOP RANK MOTORWAY SERVICE WHARFEDALE WIRELESS WORKS · WORLD FILM DISTRIBUTION OVERSEAS · WORLD FILM DISTRIBUTION U.K.

This is a condensation of the Chairman's Statement. If you would like a copy of the full Statement, with the Annual Report and Accounts and illustrated Survey of the Group's activities, write to The Secretary, The Rank Organisation Limited, 38 South Street, London, W.1.

AMALGAMATED TIN MINES OF NIGERIA

LARGE CAPITAL EXPENDITURE PROGRAMME

PROBLEM OF RISING COSTS

SIR DOUGLAS WARING ON CURRENT YEAR'S PROSPECTS

The twenty-third Annual General Meeting of Amalgamated Tin Mines of Nigeria Limited will be held on November 2nd at 55-61, Moorgate, London, E.C.2.

The following is the Statement by **Sir Douglas Waring, CBE,** the Chairman, which has been circulated with the Report and Accounts for the year ended March 31, 1962:

Before dealing with the results for the year I would like to welcome the appointment to the Board in December last of Mr W. T. Dunne. Mr Dunne is well known in Malaya where he practised as a consulting mining engineer for many years before taking up residence in this country. His experience in opencast mining and exploratory work should prove especially beneficial to an undertaking such as ours and I am pleased to say that he has already visited the properties and consulted with the management in Nigeria.

THE YEAR'S OPERATIONS

The output of tin concentrate for the year was 4,645 tons. This is 163 tons less than the previous year but was achieved in spite of serious rationing of electric power. At the beginning of November an average ceiling of 4,200,000 units per month was imposed by the Nigerian Electricity Supply Corporation Limited, representing a drop of approximately 20 per cent. Power was also restricted in April and May, 1961.

Our sales of tin concentrate for the year totalled 4,730 tons compared with 4,788 tons in 1960-61, but the average price of metal covering these sales was £952 as against £814.

We have not been so fortunate in our sales of columbite, though I did give an indication in my Statement last year that this was to be expected. Our output increased to 884 tons concentrate against 722 tons, but sales were lower at 545 tons compared with 1,371 tons. Development of pyrochlore projects elsewhere in the world appears to be responsible for the present lack of demand for Nigerian columbite but with the assistance of the British Metal Corporation we are doing everything possible to stimulate further interest.

The profit for the year was £721,162 which is after charging a substantially higher depreciation charge than previously as I warned shareholders last year. Taxation amounting to £289,000 has to be deducted and the sum of £100,000 has been placed to General Reserve. The interim dividend of 10 per cent paid in March took £119,437 and the final dividend of 17½ per cent now recommended will absorb £209,016 leaving £3,709 to be added to our carry forward.

The Company's contribution to the Nigerian Government's proportion of the second Buffer Stock has been assessed at £375,156 and this amount has been set off against £422,703 being the refund of contributions and surplus arising on the first Buffer Stock. The Company's share of the surplus was £72,557 and this has been shown in the Balance Sheet as a deduction from our contribution to the second Buffer Stock.

CAPITAL EXPENDITURE

Capital expenditure on the new earth-moving equipment programme, as part of our overall estimate of £1,000,000 spread over five years, was £445,000 (of which about £326,000 was in respect of a new dragline) and this approximates to the estimate I gave last year. In addition to this we spent some £150,000 for usual replacements on other capital items.

Capital expenditure for the two years to March 31, 1964, is currently estimated at around £600,000 of which some £200,000 will be in respect of our earth-moving equipment programme and which will see us through three years of our five-year plan. It will thus be evident that although the liquid position is strong, our cash balances will be needed to meet future capital commitments. Our stores show at an increased figure but this is largely due to spares for our new earth-moving plant and items of capital equipment received but not installed at the date of the Balance Sheet. I hope that by making use of local purchasing facilities, which show some improvement compared with the past, we may be able to effect a reduction in the current year.

The erection on site of the new dragline is now nearing completion and when this is finally ready in a month or two it is the intention to mark the occasion with an opening ceremony at which the Premier of the Northern Region, Alhaji Sir Ahmadu Bello, KBE, has kindly agreed to officiate.

PARTICIPATION IN LOCAL ENTERPRISE

During the year we acquired a Trade Investment of £12,500. This represents a participation in the capital of the new Makeri Smelting Company near Jos to which our tin concentrate has been delivered since December 1, 1961. The smelter, which is functioning well, represents a contribution towards Nigeria's aims in economic advancement and your Board felt that it was important to participate in this local industrial enterprise.

INCREASE IN COSTS

I visited Nigeria in June for the purpose of discussing problems with Mr Farrington, the General Manager of A. O. Nigeria Limited, and his staff. Since the commencement of the current financial year there has been a considerable increase in costs, consisting largely of items outside the control of the management. As from April 1st last, the price of electricity has been put up by no less than 28 per cent of our previous charge, taken on average, which will mean an increase of approximately £72,000 on our annual bill, based on the previous year's consumption. In addition, the special diesel fuel rebate for industrial consumers hitherto granted by the Northern Region Government has been cancelled. Therefore, both our sources of power have become more expensive simultaneously. The Nigerian Government budgets this year also involve increases in duties on oil, petrol, and in fact most imports.

In an effort to offset this general rise in costs, the management has revised the operating programmes and instituted economies in various directions, all of which were discussed on the spot at the time of my visit.

It is appropriate that I should record that there has been the fullest co-operation by all concerned to adapt the organisation to meet existing circumstances, but it is not possible to go all the way to offset the general increases in mine charges which have all occurred at the same time.

NIGERIANISATION

There is a growing desire to accelerate Nigerianisation throughout the supervisory staff of the minesfield generally. This is understandable in the case of all newly independent countries, but our efforts to speed up the process are largely frustrated through lack of basic education of aspiring candidates to qualify for entry to technical institutions and mining schools, in spite of sponsorships which the Company has granted. For the moment it is necessary to go further down the line and try to assist in primary and secondary education and to ask that patience be exercised during this transition stage. The management on its part gladly welcomes the entry of Nigerians to fill the senior posts at present held by Europeans on an equal status and remuneration, on the understanding that this basis of equality applies in the same manner to the qualifications and capability of those Africans appointed to assume the very responsible positions attached to mining in particular. On the administrative side, progress has already been more rapid and, in conformity with the policy adopted by the larger commercial and trading organisations in Nigeria, the opportunity is being given to enable selected African staff to gain experience in the United Kingdom, by means of a visit to this country, involving a short-term course in subjects relating to their duties on the minesfield.

LABOUR AND WELFARE

In regard to Labour, we have always enjoyed a reputation, second to none on the Plateau, for our attention to Housing and Welfare. The obligations represent a considerable item in our Capital and Revenue budgets but I am sure that it is essential to pay particular attention to such matters at the present time and I made it a point to cover this subject very fully on my recent visit. I am quite satisfied that the enlightened attitude of the management towards this important feature is the right one and that if political agitation seeks to exploit isolated cases where conditions are not what they might be, we for our part are co-operating fully with the Nigerian Government in setting a high standard in this direction.

CURRENT YEAR'S PROSPECTS

It is always difficult to forecast prospects for a mining company owing to the variable factors and the uncertain elements in any undertakings of this nature. By comparison with conditions

prevailing in the year under review I have to point out that the price of tin is now relatively static at around the £850 mark as against an average price for the year 1961-62 of £952 per ton as reflected in our sales. Furthermore, the price for the remainder of the current year is no longer subject to the usual economic influences of supply and demand because of the anticipated releases of the U.S. stockpile which produce an entirely artificial element whereby the policy and attitude of the American authorities is the deciding factor. Taking account of the fact that costs have risen for reasons which I have already dealt with it must be apparent that, unless there is a revival of interest in columbite, our results for the current year will not measure up to the profits for the year to March 31, 1962, and that we shall have to trim our sails in distributions to shareholders accordingly. Nevertheless, at this stage we are half-way through our new financial year, and the results so far should permit us to give a reasonable return to our members, even if conditions are less favourable than last year.

In conclusion may I record that M. Mohamed Tukur, OBE, The Emir of Yauri, has joined the Board of A. O. Nigeria Limited in place of the Hon. P. S. Achimugu who resigned on his appointment as a Provincial Court Judge. I also have to point out that arrangements have been made during the year so that all residents in Nigeria can more easily participate in the profits accruing from our mining undertaking on the Plateau through the purchase in Nigeria of Security Deposit receipts covering shares in our Company. A quotation in the Company's shares has also been obtained on the Lagos Stock Exchange.

Finally, on behalf of the Board I would wish to pay particular tribute to all our managerial staff in Nigeria and to our labour force, for their loyalty and attention to duty during the past year. Their lives are largely concerned with the prosperity of the Company for which they are working, and I have the fullest personal knowledge of the impact which this has upon them and to what extent favourable or adverse conditions influence their happiness and wellbeing.

CITY CENTRE PROPERTIES

LIMITED

The Annual General Meeting will be held on 7th November, 1962, and the Report and Accounts for the NINE MONTHS ended 25th March, 1962, shows :—

Issued Capital: 21,189,832 Ordinary Shares of 5/- each	£5,297,458
Capital Reserves	£7,172,469
Gross Income of the Group	£6,016,404
Net Income for the period (after taxation)	£726,022

Dividends of 22½ per cent. for the nine months are equivalent to a rate of 30 per cent. per annum.

FIVE YEARS' PROGRESS

Years ended March 25th	1958	1959	1960	1961	1962
	£ '000	£ '000	£ '000	£ '000	£ '000
TOTAL INCOME	**966**	**1,175**	**2,306**	**5,724***	**8,021***
PROFITS BEFORE TAXATION ...	**126**	**289**	**369**	**645***	**751***
PROFITS AFTER TAXATION (and adjustments relative to development expenditure)	**128**	**185**	**337**	**881***	**1,060***
DIVIDENDS AFTER TAXATION ...	**70**	**163**	**297**	**605**	**730**
PROPERTIES AT BOOK VALUES	**8,145**	**9,681**	**25,052**	**53,529**	**66,600**
INVESTMENTS IN ASSOCIATED PROPERTY COMPANIES AT COST	**357**	**190**	**2,603**	**5,921**	**5,968**

* *Calculated to indicate approximate annual rate.*

Copies of the Report and Accounts can be obtained from the Secretary, City Centre House, 9 Park Place, St. James's, London, S.W.1.

THE UPPER ASSAM TEA COMPANY

RECORD OUTTURN IN CENTENARY YEAR

The one hundredth annual general meeting of The Upper Assam Tea Company, Limited, was held on October 9th in London.

Mr H. C. Bannerman (the chairman) presided and, in the course of his speech, said:

In common with the general experience of other producers in 1961, the average sale prices realised for the Company's crop failed to reach the levels obtained in the previous year, either in London or Calcutta, although auction prices during the latter part of the selling season proved better than seemed likely earlier on. The overall selling price works out at 4/3.79d. per lb. compared with 4/7.29d. in 1960. I am pleased to say, however, that the Company's outturn established a record, exceeding five million pounds for the first time, and representing an increase of 13 per cent over 1960. The cost of producing the crop fell from 3/8.65d. to 3/6.27d. per lb. so that despite a reduction of 1d. per lb. in the gross margin to 9½d., the Company was able to earn a crop profit some £2,000 higher at £198,848.

The final dividend of 15 per cent, free of tax, now recommended, together with the interim dividend of 2½ per cent, also free of tax, paid in January last, maintains once again a total of 17½ per cent for the year. In addition, your Directors recommend the payment of a special dividend of 2½ per cent, free of tax, to mark the important occasion of the Company's centenary.

With regard to prospects for the current season, the outturn to date has not quite reached last year's record figures to the same date. The crop at the end of September amounted to 3,519,040 lbs. compared with 3,609,600 lbs. a year earlier. Given satisfactory weather conditions for the remainder of the season, I am not without optimism that a reasonably good crop may be achieved. Sale prices so far for quality teas of the type produced by your Company compare favourably with those realised up to the same time last year.

Turning to the figures of world supply and absorption prepared by the International Tea Committee, which is the only authoritative source, these show that the 1961 world supply exceeded world demand by about 30 million lbs. This was much more favourable than it was at one time anticipated and was undoubtedly due in large measure to the considerable increase in India's internal consumption which rose from about 274 million to about 305 million lbs.

The latest figures for the current year show that outturn from the major producing countries is slightly less than the 1961 figure and it may well be that India's internal consumption will again progressively increase.

We must, however, view with some anxiety the desire of governments of all the producing countries vastly to increase both production and exports. In the case of India alone, under the target which they have set of 900 million lbs. per annum at the end of the current five-year plan, the desired figure of exports is about 170

million lbs. above the present-day figure. With increased production from what might be termed the newcomers, that is to say Africa and other new sources of supply, it is apparent that if over-supply is to be avoided, world consumption must be steadily increased. With intensification of propaganda this may be possible but unless equilibrium between supply and demand is maintained, we may well face difficulty in coming years. On the other hand a measure of optimism may be based on the fact that in the past 10 years world demand has increased from approximately 1,200 million to over 1,600 million lbs. annually and production within the same period rose approximately from 1,160 million to 1,650 million lbs. Let us hope therefore that consumption and production figures will continue in reasonable balance.

The report was adopted.

BEKOH CONSOLIDATED RUBBER ESTATES

SATISFACTORY CROP

The forty-second annual general meeting of Bekoh Consolidated Rubber Estates Limited was held on October 10th in London, **Mr A. A. Estall** (Chairman) presiding.

The following is an extract from his circulated Review:

The Accounts for the year ended March 31, 1962, show a profit of £67,785 before taxation and provision for replanting and upkeep of immature areas. This is £3,567 greater than that for the preceding year and, bearing in mind the much lower prices realised for the crop, is most satisfactory. It will be noticed that cost of production is also less than for the previous year despite the larger crop harvested. Taxation is provided for in the sum of £18,749 as compared with £17,865 last year.

An interim dividend of 2½ per cent less Income Tax was declared and paid on May 21, 1962, and your Board now recommend a final dividend of 7½ per cent less Income Tax, making a total distribution for the year of 10 per cent, absorbing £21,384, and to carry forward to Profit & Loss Account the balance of £35,554.

During the year a crop of 2,689,500 lbs. was harvested, against an estimate of 2,592,000 lbs. which is indeed satisfactory. For the current year, to March 31, 1963, we have estimated for a total of 2,743,000 lbs., and to the end of August 1,018,500 lbs. have been harvested. It is confidently expected that our estimate will be attained.

The report and accounts were adopted.

THE KETTON PORTLAND CEMENT CO. LTD.

The thirty-fourth Annual General Meeting of The Ketton Portland Cement Co. Ltd., was held on October 11th at Albion Works, Sheffield. The Chairman, **Mr H. W. Secker, OBE,** presided and in his report, already circulated, said:

Mr Erik Elmquist, a member of the Board since its inception, decided to retire at the end of the financial year. It would be difficult to give adequate expression to the great assistance and benefits received from his good counsel. I am sure you will join in wishing him good health and happiness in his retirement.

Your Directors appointed Mr J. A. Eadon to succeed Mr Elmquist. He is well known to your Company and is Group Consulting Engineer for Thos. W. Ward Ltd.

INCREASED PROFITS

Despatches were 331,278 tons, compared with 326,506 tons in the previous year, and this is the second highest tonnage obtained by the Company. Profit, before tax, is £487,926, compared with £440,090 last year, an increase largely contributed to by an increased return on investment in Ribblesdale Cement Ltd., and a slightly higher profit margin on our own cement sales.

Charge for depreciation at £118,065, is £15,902 more than for the previous year and a full year's charge on new equipment in next year's accounts will considerably increase the total charge.

Taxation at £101,000 is £95,000 less than for the previous year owing to the influence of investment and initial allowances. The profit after tax is £386,926, compared with £244,090. In addition, we have brought back £5,000 in respect of tax previously over-provided.

Your Directors feel justified in proposing a final dividend of 17½ per cent on the ordinary shares making, with the interim dividend of 5 per cent already paid, a total of 22½ per cent less tax—an increase of 2½ per cent. Holders of 7½ per cent Participating Preference Shares will be entitled to the half-year's dividend of 3¾ per cent and an additional participation of £7 8s. 0d. per cent in accordance with the terms of issue.

It is considered prudent to allocate £200,000 to General Reserve (compared with £150,000 last year) bringing the total to £700,000. Additions to fixed assets amounted to £1,105,810, the bulk of which relates to the new unit.

The heavy capital expenditure is reflected in the Company's liquid position. At the end of the last financial year current assets exceeded current liabilities by £956,000; the excess is now £152,000. When the outstanding capital commitments have been extinguished the liquid position will, of course, gradually improve.

NEW PLANT IN OPERATION

Your Company's busy and rewarding year was concluded by bringing into operation the 5th unit which it is hoped will add 150,000 tons per annum to the works' capacity.

Buildings, plant and machinery have been maintained in good order, and we are constructing additional cement storage accommodation to give increased facilities for the despatch of bulk cement. Our road transport fleet has been further extended.

Ribblesdale Cement Ltd., jointly owned by The Tunnel Portland Cement Co. Ltd., has continued to operate at full pressure, and its subsidiary, The Horrocksford Lime Co. Ltd., has also been fully employed.

The report and accounts were adopted. Mr J. A. Eadon retired in accordance with the Articles of Association, and was re-elected. The retiring director, Mr D. F. Walton, was also re-elected.

APPOINTMENTS

LANCASHIRE COUNTY COUNCIL

RESEARCH ASSISTANT required in the Planning Department at PRESTON. Commencing and maximum salary according to qualifications and experience within range £670-£1,360 per annum.

Applicants should possess a good honours degree in economics, geography, sociology or related subjects and should be interested in problems of industry, population and housing.

Disturbance allowances and removal expenses to a maximum of £125 will be granted in approved cases.

Applications giving age, qualifications, present appointment, experience and two referees to the County Planning Officer (G), East Cliff County Offices, Preston, by the 30th October, 1962.

NIGERIAN INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

UNIVERSITY COLLEGE, IBADAN, NIGERIA

Applications are invited from Economists for appointment as RESEARCH FELLOW. Appointment on contract for three years. Salary scale: £1,200 x £75-£1,650 (bar); £1,725 x £75-£2,175 per annum. Entry according to qualifications and experience. Passages paid on appointment, approved overseas leave and termination, where applicable, for member of staff, wife and up to five children under 11 years. Children's and car allowances. Part-furnished accommodation at rent not exceeding 7 per cent of salary. F.S.S.U. Detailed applications (6 copies) naming three referees by November 15, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

UNIVERSITY OF EDINBURGH

CHAIR OF ECONOMIC HISTORY

The University Court invites applications for the *Chair of Economic History*, which has become vacant in consequence of the appointment of Professor A. J. Youngson to the George Watson's and Daniel Stewart's *Chair of Economic Science*.

The salary of the Chair will be not less than £3,000 per annum. The terms and conditions of appointment may be obtained from the undersigned, with whom applications (TEN copies) giving the names of two referees and including any testimonials or evidence the candidates may wish to offer, should be lodged not later than October 31, 1962. A candidate from overseas may submit one copy of application.

CHARLES H. STEWART,
Secretary to the University.

September, 1962.

UNIVERSITY OF NEW ENGLAND

Armidale, New South Wales

ASSOCIATE PROFESSOR OR SENIOR LECTURER IN ECONOMIC HISTORY

Applications are invited for the above-mentioned position. The successful applicant will be expected to accept responsibility for work in Economic History at the University and for its extension and development.

The salary for an Associate Professor is £A3,300 and for a Senior Lecturer £A2,550 x 95-£A3,000. Cost of living allowances are payable in each case amounting to £A42 at present. Provision is made for superannuation, travel and removal expenses and assistance in buying or building a house. Grants are made for sabbatical leave and for research.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on *1st November, 1962.*

NOTTINGHAM & DISTRICT TECHNICAL COLLEGE

BURTON STREET, NOTTINGHAM

Principal: D. A. R. Clark, M.Sc.Tech., M.I.Mech.E.

Applications are invited for the post of SENIOR LECTURER IN ECONOMICS.

Staff are expected to conduct research work. Consultancy work is allowed.

Salary in accordance with the Burnham Technical Scale as follows: £1,800 x £50—£2,000 per annum. A salary above the minimum may be paid in approved cases.

Further particulars and form of application may be obtained from the Principal to whom completed forms should be returned not later than October 21, 1962.

UNIVERSITY OF QUEENSLAND

SENIOR LECTURER IN ECONOMICS

The University invites applications for the above-mentioned position. Applicants should have high academic qualifications in Economics and some years experience in teaching at University level and/or economic research. The successful applicant will be required to teach in either Pure or Applied Economics, according to his qualifications.

The salary range for Senior Lecturer is £A2,520-4 x £100, 1 x £80-£A3,000. The successful applicant will be entitled to F.S.S.U. type superannuation, Housing Assistance, Study Leave and Travel Grants.

Additional information on the conditions of appointment, staffing and activities of the Department, together with application forms will be supplied upon request to the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in London and Brisbane on *17th November, 1962.*

UNIVERSITY OF KHARTOUM

Applications are invited for the PROFESSORSHIP OF GEOGRAPHY.

Salary scale: Professor—£S2,760 per annum. Generous allowances payable. Passages for appointee and family on appointment, termination and annual leave. There is a superannuation scheme, and arrangements can be made to maintain F.S.S.U. policies. Direct appointment on contract normally for 5 years (with possibility of renewal (secondment welcomed if possible). Unfurnished accommodation provided at rent (excluding rates) up to 7½ per cent of salary.

Applications (10 copies) detailing qualifications and experience and naming three referees by November 18, 1962, to Registrar, University of Khartoum, c/o Inter-University Council for Higher Education Overseas, 29, Woburn Square, London, W.C.1.

For further appointments and other classified advertisements see page 192

UNIVERSITY OF EXETER

LECTURER IN AGRICULTURAL ECONOMICS

Applications are invited for the post of Lecturer in the Department of Economics, tenable at the Provincial Agricultural Economics Centre at Newton Abbot, Devon. Applicants should possess good honours or higher degrees in Economics and/or Agriculture with Economics, and should have some experience in research in the field of agricultural economics. The successful applicant will be required to undertake advisory work and should be familiar with the use of all farm management advisory methods.

Salary scale £1,150 x £50-£1,500 x £75 (efficiency Bar) x £75-£1,950. Starting salary according to qualifications and experience.

Further particulars may be obtained from the Secretary of the University, Northcote House, The Queen's Drive, Exeter, to whom applications (6 copies—overseas candidates—1 copy) should be sent by October 31, 1962.

COMPANY AFFAIRS

Prices of both gilt-edged and equities went into reverse in the London stock market early this week with investors uncertain as to the effect on prices now that the first six month period of the capital gains tax is up. But by Wednesday fears of heavy selling on that score had diminished and buyers returned to the market. Gilt-edged on Wednesday and Thursday met a strong demand and prices recovered most of their earlier falls. In equities, too, prices made good headway and THE ECONOMIST *indicator was slightly up over the week to Wednesday's close at* 334.2.

Leisure Steps Out

THE sun has shone brilliantly for Mr Charles Forte. Even before the details of the package offer of one £1 preference share and one 5s. ordinary share at 20s. each in **Forte's (Holdings)** were issued, the magic of his name pointed to a massive oversubscription. Then, on the eve of the prospectus, another catering and entertainment group, Mecca, published excellent results. The man who has built up the business retains firm control of it through his ownership of 71 per cent of the ordinary votes, but this has not damped the enthusiasm of investors.

The prospectus is one of the biggest on record and contains details not only of Mr Forte's present empire but of the companies which he is now acquiring. Present activities include: popular catering, mainly in the London area, under such names as Forte's, Fuller's, Quality Inns, Pronto and Stewarts (though there is no connection with the seaside Fortes cafes); hotels and restaurants, including the Waldorf, the Criterion and the Cafe Royal; airport catering; fourteen licensed houses; bakery, chocolate, confectionery, ice cream and other foods; bulk catering; and such miscellaneous investments as a majority stake in the "Talk of the Town" theatre restaurant and a half-interest in the Newport Pagnell service area on the M1. Companies which will join the group this year include the "Mr Whippy" soft ice cream business and the Belle Vue (Manchester) amusement and catering centre. The consolidation of the profits of these acquisitions into the accounts for the year to January 27th next should, the prospectus forecasts, produce a gross profit for the group as a whole of just over £1 million and net equity earnings of just over £475,000. On that basis, the forecast dividend of 18½ per cent. will be covered 2¾ times; the dividend on the "B" ordinary shares is waived until January, 1966, but a payment of 18½ per cent on these shares would bring the cover down to 1⅞ times. The ordinary shares are being issued on a prospective dividend yield of 4⅝ per cent.

The issue proceeds of just under £3 million will be used to repay accumulated bank overdrafts of nearly £2.8 million. This will leave about £1.2 million outstanding in loans, debentures and mortgages over and above the £1.5 million in preference shares. This and the market quotation for the ordinary shares leaves Mr Forte with plenty of financial room for further expansion, on which his heart seems set. The only danger with this issue is that Forte's will be a "glamour" stock, which is not an unmixed blessing, and that once dealings begin the market in its enthusiasm will run the price up too quickly.

The **Mecca** statement includes only one profit figure—an increase of £337,000 to an unspecified figure in net trading profits. This is vague, but it does indicate that the growth in leisure spending and in profits made from it is not flagging. But satisfying the public's tastes can be a costly business and Mecca is to raise £4 million by a rights issue in order to expand its dance halls and the growing chain of Silver Blades ice rinks. The new shares being offered are non-voting "A" shares. This may deter some institutions but the terms are attractive—one-for-two at 16s.—and the rights issue is to be accompanied by a one-for-ten scrip issue in "A" shares. The interim dividend has been raised from 8 to 11 per cent in order to equalise the interim and final payments (which together amounted to 22 per cent for 1961). On 22 per cent, the "A" shares at 39s. 6d. offer a prospective yield of 3.7 per cent on an ex all price of 29s. 9d. For the ordinary shares the yield on an ex all price of 48s. 3d. is still only 2.2 per cent. The returns are low but they reflect a good showing in the past and the growth potential of a group which seems to be in tune with the leisure needs of affluent teenagers.

Debenhams

ON the maintained dividend of 19½ per cent, Debenhams 10s. shares at 48s. 6d. yield 4 per cent, covered 1½ times. The fall in the price this week was justified. Against the competition of the multiples and the chain stores, the department stores have difficulty in pushing up sales while their traditional organisation, based on a wide range of goods under one roof, does not lend itself readily to the more modern forms of retailing. The edge once given to Debenhams, the biggest group of department stores in this country, by centralised, bulk buying has been blunted and its record over the last decade has not been exciting. The year to July 31st was not an easy one for retailers, and trade, particularly in the fashion field, was difficult in the first half of this year. The trading results, though no worse than expected after an interim statement had reported a fall of 4¼ per cent in gross profits in the first half of the financial year, are not impressive: trading profits in the full year have fallen by 2 per cent, from £8,599,000 to £8,433,000; gross profits by 3¼ per cent, from £7,219,000 to £6,945,000; and net profits by 5 per cent, from £3,564,000 to £3,387,000. Expenses, the directors say, are still rising but turnover since August has shown signs of improving.

The food division has been reorganised and the directors propose to expand in the "variety chain field." The 4 per cent yield still anticipates some tangible benefits from such policies of re-organisation and integration and could be expecting too much from the economies that can be secured. It also seems to expect a lot of the group's property potentialities. The directors are exploring these, but so far the results are limited to the sale of two small properties, apparently at a good profit. They have, however, opened discussions with a big property company about the re-development of two of Debenhams' bigger sites though these schemes cannot be "productive" for between three to five years.

Redland Holdings

DETAILS of the division of Eastwoods between Redland Holdings and Rugby Portland Cement have now been augmented by the issue plans of Redland Holdings which is paying just under £7 million in cash to Rugby for Eastwoods' non-cement interests, consisting of eleven brickworks and some sand and ballast pits, largely in the Midlands and the South, and 22 depots spread throughout England. These interests have accounted for a growing proportion of Eastwoods' profits, contributing about 70 per cent of its total attributable profits in 1961-62. Their acquisition will add about 50 per cent to Redland's profits and will be financed by a £4 million rights issue and a £3 million debenture (of which the details will be announced later).

One new 5s. share at 7s. each for every one already held is offered to Redland's ordinary shareholders. The directors forecast a dividend of 14 per cent on the bigger capital. With the existing shares standing at 28s. 6d. this will produce an effective increase in the yield from 3.6 to 4 per cent. This return compares favourably with the yields offered by other leading companies in the building industry, particularly as the deal will make Redland one of the biggest manufacturers of bricks in this country. Redland's profits were well maintained in the first five months of the current year and Eastwoods' turnover is higher.

Capital and Counties

LIKE most other property companies, Capital and Counties is still in the early stages of its development programme and its chairman, Mr L. Marler, says that precise dividend calculations from year to year are virtually impossible. For the current year, however, a dividend of 20 per cent (against 18 per cent) has already been forecast on the capital as increased by the one-for-seven rights issue. This raised £3.4 million, which practically covered the net increase of £3½ million in the group's holdings of freehold and leasehold properties in the year to April 30th. Bank overdrafts were cleared off and the group is well placed to add to its reserve of sites for future development. The directors' policy is to build up such a reserve of "developable areas" rather than pay inflated prices for "immediately developable" sites which in their view leave little or no room for profit. The immediate increase in profits from recently acquired properties will not, therefore, be large.

In the longer term much is expected from the Knightsbridge Green development project, on which a decision from the Minister of Housing is expected soon. Finance for this and certain other developments has already been arranged with the Norwich Union and the Prudential. In all this amounts to £18.3 million, of which £3¼ million had already been advanced by April 30th. The insurance companies will have the right to convert 20 per cent of this loan into the ordinary shares of Capital and Counties in such a way as to produce for them a gross yield of 6 per cent. At the moment the 5s. shares at 44s. 9d. offer an indicated yield of only 2½ per cent on a forecast 20 per cent, but the arrangements with the insurance offices look six or seven years ahead, when the dividend will have to be around 50 per cent to meet the stipulated yield on conversion.

Interims Up to Scratch

APART from Mecca the latest batch of interim reports and results from various sides of industry have done little to excite the market, for they mainly fulfil forecasts made earlier in the year.

Thus it was hardly surprising that **Dunlop Rubber's** profits fell in the six months to end June following the chairman's warning last May that certain factors were adversely affecting the group at home and abroad. The directors now say that although there was some improvement in trading in this country in the latter part of the period, trading overseas became more difficult. The volume of sales has been maintained but lower selling prices together with higher wage costs have more than offset the benefits of increased efficiency and

DUNLOP'S SALES AND PROFITS
(£ million)

Six months to	Dec. 31, 1960	June 30, 1961	Dec. 31, 1961	June 30, 1962
Sales	139·0	133·0	132·0	131·0
Gross profit	12·05	11·88	12·92	10·45
Net profit	3·37	3·24	3·84	2·26
Gross profit/sales	% 8·7	% 8·9	% 9·8	% 8·0

lower raw material prices so that profit margins are lower. Shareholders' disappointment with these results may be alleviated by the forecast of better results for the second half of 1962 but the directors do not expect profits to reach the record level achieved in the second half of 1961. This did not impress the market and the 10s. shares fell 2s. 4½d. to 28s. 9d.

As expected, the interim results from **British Insulated Callender's Cables** show a welcome improvement in profit margins but the chairman, Sir William McFadzean still regards the margins as inadequate in view of the group's heavy capital requirements. He attributes the improvement primarily to the benefits of the group's reorganisation programme over the last few years, rather than to bigger sales. Apart from those sections supplying the radio, television and consumer durables trades, profits from all BICC's operations at home and overseas have improved and Sir William expects profits in the second half to be about the same as those in the first half. This points to a bigger profit for the whole of the year than in 1961 while investment income, the bulk of which accrues in the second half, is likely to be unchanged.

A year ago **Babcock and Wilcox** gave the stock market a shock by passing its interim dividend and then surprised it pleasantly in April by keeping the full year's payment at 9 per cent with a final of that amount. Profits too were much better than seemed possible at the time of the interim statement and the chairman in his statement took a cautiously optimistic view of future prospects, pointing out that full provision had been made for losses on nuclear power contracts and that the expansion programme of the CEGB was expected to produce its fair share of orders for the group. The resumption of a 4½ per cent interim, the same rate as that paid two years ago, suggests that this view still holds.

With Bowater Paper's final dividend still in the balance shareholders of **E, S, & A. Robinson (Holdings)**, the makers of paper and containers, will be relieved by the directors' assurance that profits for the year to end-February should justify the same total dividend as the 17½ per cent paid for 1961-62. Profits of the home companies are lower but this has been partly offset by higher profits overseas.

Venesta also has a big interest in the container field and its directors hope to maintain the total dividend for 1962 at 17½ per cent. But they warn shareholders that profits will show a "marked reduction," and say that the chairman's forecast that less adverse factors would bear less heavily on profits in the second half of 1962 is not yet being realised. In the glass container industry trading is also difficult and **Rockware Glass** shocked the market by cutting its interim from 5 to 4 per cent; for 1961 it paid 14 per cent, covered almost twice. **United Glass** is holding its interim at 5 per cent,

BICC'S SALES AND PROFITS
(£ million)

Six months to	Dec. 31, 1960	June 30, 1961	Dec. 31, 1961	June 30, 1962
Sales	69·0	75·0	76·0	77·0
Gross profit	2·85	3·32	3·19	3·64
Net profit	1·90	1·91	2·03	2·05
Gross profit/sales	% 4·1	% 4·4	% 4·2	% 4·7

but the directors say that profits, which this year will include those from Key Glass, will be below those for 1961. Both companies say that sales have fallen away.

There is better news, however, from **Sunday Pictorial**, which is raising its interim from the equivalent of 6¾ per cent to 7½ per cent. In June the chairman, Mr Cecil H. King, forecast that the record profits of 1961-62 were unlikely to be repeated, but while trading profits in the six months to end August fell by 4½ per cent there was a sharp increase in dividends from trade investments so that profits before tax at £1,005,000 were almost 11 per cent higher.

In the office equipment field, **Gestetner** has maintained its interim dividend at 7½ per cent after the one for three scrip issue—an effective increase of 1⅞ per cent. But this is in sharp contrast to the full year's results from **Ronco, which** bear out the chairman's warning of six months ago. Its ordinary dividend for the year to June 30th has been cut from 17½ to 14 per cent and trading profits have fallen by just over 25 per cent to £641,000.

If industrial profits are hard to earn at the moment the reverse is true for the discount houses, where the steady fall in interest rates has meant that the houses are earning such favourable margins on their holdings of short bonds that they can take the recent squeeze in bill profits well in their stride. This is reflected in the increase of the interim dividend of **Smith St Aubyn** from 7½ to 10 per cent; last year the total was 17½ per cent. The shares, which now stand at their 1962 peak, are to be split into 5s. shares, making them less "weighty." The biggest discount house, **Union Discount,** also forecasts an effectively higher dividend for with the announcement of a one-for-eight scrip issue the directors forecast an unchanged final dividend of 6¼ per cent on the bigger capital.

PRICES AND YIELDS

	1962 High	1962 Low	Oct. 11	Div. %	Yield %
Dunlop (£1)	39/-	27/3	28/11½	15·8	5·6
BICC £1	66/3	51/9	63/9	13½	4·2
Babcock & Wilcox (£1)	35/-	20/3	34/9	9	5·2
Venesta (£1)	68/6	36/3	56/6	17½	6·2
Rockware Glass (5/-)	12/10½	7/10½	9/6	14	7·4
United Glass (5/-)	18/9	13/6	14/-	15	5·4
Sunday Pictorial (5/-)	18/6	13/6	18/6	20	5·4
Ronco (5/-)	20/9	10/6	11/9	14	6·0
Gestetner 'A' (5/-)	42/-	27/11½	35/9	15	2·1
E. S. & A. Robinson (£1)	78/6	69/-	70/-	17½	5·0
Smith St Aubyn (£1)	106/3	70/-	106/3	17½	3·3
Union Discount (£1)	65/9	53/9	64/6	12½	4·4

STOCK PRICES AND YIELDS

LONDON : NEW YORK : FRANCE
GERMANY : HOLLAND : CANADA
AUSTRALIA : JAPAN

Prices, 1962 High	Prices, 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 3, 1962	Price, Oct. 10, 1962	Net Red. Yield, Oct. 10, 1962§	Gross Red. Yield, Oct. 10, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½% 1962	100 15/32	100.3.8	3 9 8	3 9 8
99⅜	96 3/16	Exchequer 3% 1962–63	99 11/32	99 5/16	2 5 11	4 0 9l
100 11/16	98½	Conversion 4¾% 1963	100 9/16	100½	1 5 3	3 19 6
98 3/16	93 5/16	Exchequer 2½% 1963–64	98 3/16	98 1/16	2 17 1	3 15 7l
100 13/16	97 1/16	Conversion 4½% 1964	100 11/16	100⅝	2 9 3	4 2 2
100 15/32	100 15/32	Treasury 5½% ....Asst'd. (m)	100 15/32	100.3.8	2 14 4	4 4 2
99 25/32	99 21/32	Treasury 5½% ....Asst'd. (n)	99 25/32	99 21/32	2 14 7	4 4 5
99 17/32	99 7/16	Treasury 4% 1965	99½	99 7/16	2 13 9	4 5 2
96⅞	90 11/32	Savings Bonds 3% 1955–65	96 13/16	96 17/32	3 0 11	4 6 0l
103 11/16	98 3/32	Exchequer 5½% 1966	103 15/32	103 5/16	2 6 3	4 9 0
92⅞	85	Savings Bonds 2½% 1964–67	92 13/16	92 13/32	3 7 2	4 7 3l
103⅞	98	Exchequer 5% 1967	103 13/16	103½	2 10 7	4 11 5
93 13/16	83 5/16	Funding 3% 1966–68	93 11/16	93¼	3 3 9	4 8 11l
94 13/16	84⅞	Conversion 3½% 1969	94 13/16	94½	3 2 11	4 11 6
92¼	82⅝	Funding 3% 1959–69	92*	92*	3 4 2	4 8 6l
98⅜	92¼	Victory 4% 1920–76	98	98⅜	2 14 9	4 6 9‡
90 1/16	78 15/16	Savings Bonds 3% 1960–70	90	89½	3 7 11	4 13 2l
103 3/16	90 9/16	Conversion 5% 1971	103	102¾	2 16 0	4 15 7
109	97¼	Conversion 6% 1972	108⅞	108⅝	2 13 10	4 19 2
105 3/16	91⅛	Conversion 5¼% 1974	104 13/16	104¾	2 16 10	4 18 1
95 13/16	87¾	Funding 4% 1960–90	95 11/16*	95⅜*	2 17 11	4 9 7l
83 7/16	70 7/16	Savings Bonds 3% 1965–75	83¼	83⅛	3 10 2	4 16 6l
82 7/16	69 3/16	Treasury 3½% 1977–80	82¼	81¾	3 12 0	5 3 9l
81⅜	68 5/16	Treasury 3½% 1979–81	81¼	80¾	3 12 3	5 3 8l
102¾	90 3/16	Funding 5½% 1982–84	102 11/16	101⅞	3 5 10	5 9 0e
93⅜	82⅜	Treasury 5% 1986–89	93 5/16	92⅝*	3 9 8	5 10 6l
66	54	Redemption 3% 1986–96	65¾	65¼	3 12 7	5 3 11l
69⅛	56 15/16	Funding 3½% 1999–2004	69	68½	3 12 10	5 9 7l
96⅜	84⅛	Treasury 5½% 2008–12	96	96⅜	3 10 9	5 15 0l
69¾	58¼	Consols 4% ......after Feb. 1957	69⅛	68⅜	3 12 2	5 18 4
62¾	52 1/16	War Loan 3½% ......after 1952	62⅛	61¼	3 10 11	5 16 9f
61⅜	52 5/16	Conv. 3½% after Apr. 1961	61	60¼	3 11 3	5 16 5f
52¾	44⅞	Treasury 3% ......after Apr. 1966	52½*	51¼	3 11 9	5 17 2f
45½	38⅛	Consols 2½%	45*	44⅜	3 9 1	5 12 10f
44½	38 1/16	Treasury 2½% ....after Apr. 1975	44	43½	3 10 6	5 15 2f
100¾	89 15/16	British Electric 4½% 1967–69	100⅝	100⅝	2 15 5	4 11 3l
86	74⅜	British Electric 3% 1968–73	85¾	85½	3 10 3	4 15 9l
81¼	69	British Electric 3% 1974–77	81 1/16	80⅞	3 11 2	4 17 9l
90⅞	79 1/16	British Electric 4¼% 1974–79	90 11/16	90⅜	3 7 3	5 2 6l
83 9/16	70⅜	British Electric 3½% 1976–79	83⅜	81¾*	3 11 4	5 1 8l
95¼	82¾	British Gas 4% 1969–72	95⅛	94⅞	3 2 2	4 14 11l
92⅛	80 9/16	British Gas 3½% 1969–71	92	91¾	3 4 10	4 13 9l
66 3/16	53 13/16	British Gas 3% 1990–95	66*	65⅝	3 12 11	5 3 10l
86	74⅜	British Transport 3% 1968–73	85¾	85½	3 10 3	4 15 9l
90⅝	77¼	British Transport 4% 1972–77	90 7/16	90⅛	3 7 0	5 1 2l
69 9/16	56½	British Transport 3% 1978–88	69¼	68 15/16	3 15 3	5 5 7l

Prices, 1962 High	Prices, 1962 Low	DOMINION AND CORPORATION STOCKS	Price, Oct. 3, 1962	Price, Oct. 10, 1962	Net Yield, Oct. 10, 1962
					£ s. d.
88½	79½	Australia 3¼% 1965–69	88½	88¼	5 7 0l
103¼	96	Australia 6% 1974–76	102¾*	102¾*	5 12 0l
66	52	Ceylon 4% 1973–75	56	56½	10 4 0l
104	94¼	New Zealand 6% 1976–80	104	103½	5 13 0l
81	62½	Rhodesia and Nyasaland 6% 1978–81	80¼	81	8 2 0l
91	82	South Africa 3½% 1965–67	90½	90¾	5 14 0l
68½	48	Southern Rhodesia 4½% 1987–92	67½	68½	7 2 0l
90½	77¾	Agricultural Mortgage 5% 1959–89	89¾	90	5 14 0l
96½	86	Birmingham 4¼% 1967–70	95¾	95¾	5 0 0l
100	88⅝	Bristol 5% 1971–73	100	98¼	5 7 0l
100½	88	Corporation of London 5¼% 1976–79	100½	99¾	5 8 0l
52	43	L.C.C. 3% ....after 1920	51¾	50¼	5 19 0f
95½	84	L.C.C. 5% 1980–83	95	95	5 8 0l
100	87	Middlesex 5¼% 1980	99½	98¾	5 7 0l

NEW YORK PRICES AND INDICES

	Oct. 3 $	Oct. 10 $		Oct. 3 $	Oct. 10 $		Oct. 3 $	Oct. 10 $
Atch. Topeka	20¾	21⅞	Boeing	37	39	Int. Harvester	45½	46¼
Can. Pacific	19⅝	19¾	Celanese	33⅛	33	Inter. Nickel	55⅛	55⅜
Pennsylvania	10⅝	11	Chrysler	53⅜	56¾	Inter. Paper	25¼	25⅝
Union Pacific	30	30	Col. Palmolive	38½	39¼	Kennecott	61⅛	62½
Amer. Electric	62⅞	64¾	Crown Zeller.	41⅝	43⅛	Monsanto	41½	42½
Am. Tel. & Tel.	108	108⅛	Distillers Seag.	38	39¼	Nat. Distillers	22⅞	22¾
Cons. Edison	73½	75	Douglas	21¼	21⅞	Pan-American	17¾	17¾
Int. Tel. & Tel.	36⅝	38	Dow Chemical	48⅜	50⅛	Procter Gamble	61¾	63
South'n.Nat. Gas	43⅜	44⅛	Du Pont	198½	202½	Radio Corpn.	46	49⅝
United Corpn.	7¼	7¼	East. Kodak	94⅝	96¼	Sears Roebuck	69⅛	69⅝
Western Union	24⅝	24½	Ford Motor	41⅜	42½	Shell Oil	30¼	30⅜
Alcoa	51¾	54	Gen. Electric	64½	66⅞	Socony-Mobil	51¼	51¾
Aluminium	19¼	20⅜	General Foods	70¼	71⅛	Stand. Oil Ind.	43⅜	44
Amer. Can	41½	43	General Motors	53⅜	54¼	Stand. Oil N.J.	51½	52¾
Am. Smelting	54	53½	Goodyear	27¼	27¼	Union Carbide	89½	90
Am. Viscose	51⅝	51¾	Gulf Oil	34¼	35¼	U.S. Steel	41	40⅝
Anaconda	36⅛	36⅞	Heinz	37½	39½	West. Electric	26⅛	26⅜
Beth. Steel	29¾	29⅞	Int. Bus. Mach.	348½	359⅛	Woolworth	61⅝	61⅝

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

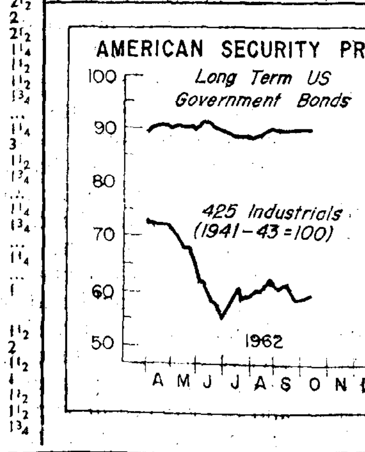
1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Sept. 12	61·62	3·50	27·95	5·78	57·38	3·59	89·43	3·94
" 19	61·72	3·49	27·61	5·85	57·68	3·57	89·54	3·93
" 26	58·62	3·67	27·04	5·91	55·77	3·70	89·54	3·93
Oct. 3	58·60	3·67	26·94	5·95	55·61	3·71	89·85	3·90
" 10	59·74	3·62	27·53	5·82	56·99	3·62	89·85	3·90

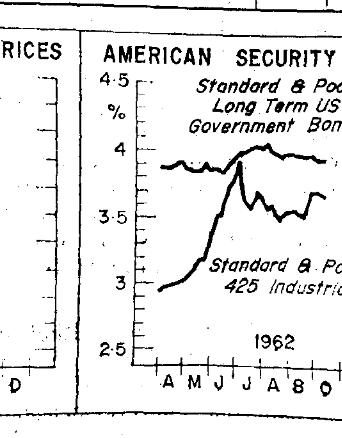
425 Industrials :—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 3, 1962	Price, Oct. 10, 1962	Yield, Oct. 10, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/–	79/9	6½ b	6½ a	Barclays £1	85/–	84/6	3·08	...
100/–	61/–	...	...	District £1	97/6	97/–	2·58**	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	56/9	57/6	3·30	...
25/9	20/–	7 b	7 a	Martins 5/–	25/3	25/3	2·97	...
101/–	80/–	7½ b	7½ a	Midland £1	85/–	86/3	3·48	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	80/6	80/9	3·47	...
97/9	71/–	6⅔ b	6⅔ a	Westminster 'B' £1	82/–	82/9	3·21	...
48/3	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	47/3	47/–	5·11	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. £1	36/6	36/9	4·54	...
£25 9/16	£17½	$2·05 c	$2·05 c	Bank of Montreal $10	£18 11/16	£19	3·58	...
35¾	27¼	8 c	9 c	Bank of New S. Wales £20	35¾	35¾	4·03g	...
39/–	32/6	5 b	5 a	Barclays D.C.O. £1	38/–	38/–	5·26	...
58/6	53/–	7½ b	7½ a	Chartered £1	55/9	55/3	5·43	...
£19¾	£16	10/– b	5/– a	Hongk'g. & Shang. ...$25	£17¾	£17½	4·29	...
62/–	49/–	9 b	7½ a	Nat. Com. Bk. Scot. ..10/–	52/9	52/6	3·14	...
£29 7/16	£21	$2·37½ c	$2·50 c	Royal Bk. Canada $10	£23 9/16	£24 1/16	3·45	...
45/6	37/6	5 a	10 b	Standard Bank £1	45/–	45/3	6·63	...
54/4½	37/9	7½ a	15 b	Hambros 5/–	37/9	37/9	2·98	...
99/9	68/–	5 b	2½ a	Schroders £1	68/–	68/6	2·19	...
65/9	53/–	6¼ b	6¼ a	Union Discount £1	62/–	65/–	4·33	...
14/1½	10/–	18 c	Nil c	Bowmaker 5/–	11/–	12/10½	...	...
14/3	9/9	10 c	2½ a	Lombard Banking 5/–	10/–	10/–	...	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit 5/–	12/6	12/7½	2·97	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. ..5/–	30/–	30/6	4·34	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/–	14/7½	14/4½	3·83**	2
14/10½	12/10½	...	4½ a	Charrington United ..5/–	14/3	14/1½	4·25**	1¾
44/–	30/6	8½ b	6 a	Distillers 10/–	33/–	33/10½	4·28	1¾
51/6	42/4½	14 b	8 a	Guinness 10/–	45/3	45/–	4·89	1¾
34/–	21/9	14 c	5 a	Harveys 5/–	22/–	21/9	3·22	2½
15/7½	11/10½	...	8 b	Ind Coope, T.A. 5/–	12/1½	12/–	5·00**	1½
29/–	21/3	12 b	6 a	Watney Mann 5/–	24/6	23/9	3·79	2
42/4½	31/9	30 c	10 a	Whitbread 'A' 5/–	34/3	34/9	4·32	1¾
				BUILDING, PAINT, Etc.				
61/–	50/6	3 a	6½ b	Associated Portland ...£1	56/–	55/1½	3·45	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd. ..10/–	25/3	25/6	4·90	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/–	16/10½	17/4½	4·60	2¾
13/7½	10/6	16·9 c	5 a	Crittal Mfg. 5/–	12/10½	13/6	6·26**	2
14/1½	9/10½	6 a	16½ b	International Paints ..4/–	12/3	12/3	7·35	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/–	57/3	57/7½	2·17	3¼
24/6	18/1½	11⅔ b	5 a	Wall Paper 5/–	20/1½	19/7½	4·25	2¼
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson ...5/–	23/7½	24/1½	4·15	2
19/3	13/11¼	11½ c	5 a	Borax Defd. 5/–	14/9	14/6¾	3·95	2½
43/3	25/6	11 c	4 a	Fisons £1	30/6	31/9	...	...
58/–	47/6	7½ b	6¼ a	I C I £1	52/1½*	54/1½*	5·08	1
18/6	12/–	10 c	3¾ a	Monsanto 5/–	12/6	12/9	...	1½
				DRAPERY & STORES				
35/3	25/3	8 b	4 a	Boots Pure Drug 5/–	26/9	26/–	2·31	2¼
33/9	18/9	5 b	2 a	Montague Burton ...10/–	22/6	24/9	2·78	2¼
59/6	42/9	5⅚ a	13⅓ b	Debenhams 10/–	53/–	51/–	3·76	1½
65/–	51/1½	12½ a	27½ b	G.U.S. 'A' 5/–	63/9	62/–	3·23	2
40/3	28/9	13⅓ a	16⅔ b	House of Fraser 5/–	34/–	33/–	4·55	1¼
16/6	12/9	7½ b	5 a	Lewis's Invest. Tst. ...4/–	13/10½	13/7½	3·64	2
100/6	79/6	15 a	32½ b	Marks & Spencer 'A' .5/–	83/4½	82/7½	2·88	1½
52/6	39/6	10 a	20 b	United Drapery 5/–	44/–	45/6	3·30	1¾
53/–	44/–	25 b	10⅚ a	Woolworth 5/–	47/1½	46/4½	3·86	1¼
				OIL				
43/6	30/6	†9·84 c	†3⅓ a	British Petroleum £1	41/9	43/6	7·39	2
44/6	30/6	†7 11/12 c	†2½ a	Burmah Oil £1	41/3	44/6	7·64	1¼
£15⅛	£12 5/16	26¼ c	13 a	Royal Dutch ....20 fl.	£14⅝	£15⅛	3·44	2½
36/6	27/–	†25 c	†11⅔ a	Shell Transport 5/–	35/1½*	36/6*	5·59	2½
32/9	20/6	...	...	Ultramar 10/–	22/–	23/9	...	...

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 3, 1962	Price, Oct. 10, 1962	Yield, Oct. 10, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
34/6	23/–	10 c	3¾ a	A.E.I. £1	34/6*	33/9*	5·93	1
12/6	9/–	...	15 c	Brit. Electronic Inds. .5/–	9/7½	9/4½	8·00	¼
66/3	51/9	9½ b	4 a	B.I.C.C. £1	65/9	63/10½	4·23	2
14/3	11/6	6·8 b	4·6 b	Crompton Parkinson .5/–	14/3	14/1½	4·04	2½
89/6	63/–	23⅓ c	7½ a	Decca 10/–	73/–	76/–	3·07	1¾
45/6	32/3	5 a	12½ b	E.M.I. 10/–	34/–	35/3	4·96	1¾
54/6	39/–	5 a	9 b	Elliott-Automation ...5/–	44/7½	44/6	1·57	2
27/9	20/9	5 b	3 a	English Electric £1	27/6	26/3	6·10	1½
37/–	26/–	3 a	7 b	General Electric £1	35/9	36/–	5·56	¾
59/3	34/6	8⅛ b	4⅜ a	C. A. Parsons £1	50/6	50/–	5·00	2
50/6	38/6	6½ b	3¼ a	A. Reyrolle £1	50/6	50/–	3·90	2½
83/9	58/–	25 c	27½ c	Thorn Electrical 5/–	81/9	83/9	1·65	3½
				ENGINEERING				
35/–	20/3	9 c	4½ a	Babcock & Wilcox £1	31/9	34/1½	5·27	1½
38/3	27/3	3·2 a	7 b	John Brown £1	34/–	34/3	5·96	2¼
6/–	4/3	7 b	3 a	Cammell Laird 5/–	5/3*	5/1½*	9·76	1
30/6	21/10½	20 b	10 a	Internat. Combust. ...5/–	29/9	30/6	4·92	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/–	4/1½	4/1½	...	...
38/4½	22/6	9½ b	2½ a	Swan Hunter £1	23/3*	22/6*	8·89**	...
17/–	10/6	10 b	5 a	John Thompson 5/–	16/3	16/3	4·62	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/–	31/6	31/6	4·54	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	63/6	62/6	4·70	2
49/–	33/9	5 a	10 b	Allied Ironfounders ...£1	47/9	47/6	6·32	1½
99/9	67/9	5 a	10 b	Averys £1	71/6	73/–	4·11	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/–	15/3	15/3	7·65	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/–	9/10½	10/–	6·50	1⅝
33/–	15/9	10 a	17½ b	Davy-Ashmore 5/–	16/–	16/3	...	2
81/10½	64/1½	5 a	11 b	Guest Keen £1	69/3	69/1½	4·63	2¼
21/–	14/3	4 a	12 b	Head Wrightson 5/–	17/9	17/3	4·64	2½
85/6	67/–	5 a	7 b	Metal Box £1	73/9	70/3	3·42	2¼
18/–	13/4½	10 b	4 a	Ransome & Marles ...5/–	16/9	16/6	4·24	3
48/–	34/–	3 a	7 b	Renold Chains £1	39/9	40/6	4·94	1¾
64/10½	43/1½	7 b	7 a	Tube Investments £1	52/9	52/1½	5·37	3
31/1½	23/6	7½ b	2½ a	Vickers £1	24/6*	24/6*	8·16	1
71/6	54/–	3¾ a	10 b	Ward (Thos. W.) £1	65/6	63/6	4·33	3
20/6	12/3	5 a	16 b	Woodall-Duckham ...5/–	17/6	17/6	6·00	1¾
				FOOD & TOBACCO				
28/6	19/9	10 c	10 c	Allied Suppliers 10/–	28/6	27/3	3·67	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods ..1/–	10/6	11/–	2·05	2
61/3	29/3	8 b	4 a	Bovril £1	41/3	41/9	5·75	1½
12/9	10/9	†3·9 b	†1·7 a	Brooke Bond 'B' 5/–	12/–	11/9	3·89	3½
16/4½	11/10½	2½ a	10 b	International Tea 5/–	16/–	15/9	3·97	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A' £1	72/–	74/6	4·25	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/–	33/–	32/7½	4·29	...
13/7½	10/10½	10 c	3 a	Spillers 5/–	12/4½	12/4½	4·04	2¼
50/9	43/3	12 c	8 a	Tate & Lyle £1	49/6	49/6	4·85	2¼
18/–	13/10½	5 a	9 b	Unigate 5/–	15/7½	15/3	4·59	2
65/3	52/–	†22½ c	†5⅚ a	Brit. Amer. Tobac. ..10/–	64/9	62/3	5·90	3
41/3	28/3	15 b	5 a	Gallaher 10/–	31/6*	30/6*	6·56	2
63/9	57/–	14 b	8½ a	Imperial Tobacco £1	59/3	57/–	7·89	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7 c	38·3 a	Britannic 5/–	5 15/16	6 3/16	3·15	...
68/–	50/–	25 b	20 a	Commercial Union ..5/–	53/4½	53/3	4·23	...
9	5⅜	...	...	Equity & Law Life ...5/–	6½	7	1·56**	...
109/3	69/–	30 c	12½ a	General Accident 5/–	75/3	77/3	1·94	...
60/6	42/9	...	...	Guardian 5/–	46/9	49/–	2·72**	...
48¾	32½	80 a	110 b	Legal & General 5/–	35⅜	36⅞	1·29	...
180/–	138/9	8½ a	12½ b	Northern & Empl. £1	152/6	161/3	2·60	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/–	11 5/16	11⅝	3·51	...
29¾	21⅞	†208⅓ c	†231¼ c	Prudential 'A' 4/–	24*	25⅛*	3·01	...
47/10½	35/10½	...	15 a	Royal 5/–	37/4½*	38/1½*	3·93**	...
127/9	96/–	11¼ b	7½ a	Royal Exchange £1	100/9*	100/9*	3·72	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor 5/–	14/9	14/5¼	6·93	¾
85/3	60/–	20 c	20 c	Jaguar Cars 'A' 5/–	72/6	71/9	1·39	8
41/6	23/1½	5 a	3[illegible] b	Rolls-Royce £1	26/3	27/3	5·87	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' ...4/–	5/1½	5/0¾	3·16	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	77/9	78/–	5·13	...
17/9	13/10½	13½ c	5 a	Bristol Aeroplane ..10/–	17/9	17/10½	7·55	2
25/–	19/3	5 a	6 b	Hawker Siddeley £1	21/11¼	23/1½	9·51	1¼
37/3	25/9	†4 a	†6½ b	Dowty Group 10/–	36/3	37/–	4·64	2¼
39/–	27/3	5 a	15⅚ b	Dunlop Rubber 10/–	31/6	31/2¼	5·08	1¾
77/–	62/1½	11¼ b	2½ a	Joseph Lucas £1	67/–	67/4½	4·08	2¼
22/–	12/–	5 c	9 a	Pressed Steel 5/–	17/–	16/4½	1·53	...
39/–	31/1½	5 a	10 b	Triplex Holdings ...10/–	35/3	36/–	4·17	2
				MINES				
178/1½	136/3	50 b	40 a	Anglo-American 10/–	173/9*	175/–*	5·14	1¾
73/–	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	68/9	67/6	7·41	2½
125/–	81/10½	15 a	20 b	General Mining £1	121/3	120/–	5·83	2
71/–	46/6	†26 a	†74 b	Union Corporation ..2/6	68/9	67/6	6·05	2½
20/9	16/9	40 b	40 a	Daggafontein 5/–	18/6	18/6	21·62	1¼
134/4½	81/10½	70 a	110 b	Free State Geduld ...5/–	134/4½	132/–	6·82	1½
74/3	50/6	60 a	70 b	President Brand 5/–	72/6	72/3*	9·00	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/–	88/9	87/6	7·09	1¾
45/6	34/–	...	...	Western Deep 'A' £1	44/9	44/9	...	...
161/3	117/6	105 a	135 b	Western Holdings ...5/–	155/–	153/9	7·80	1¼
20/4½	15/3	5 a	6 b	Winkelhaak 10/–	19/7½*	18/7½	5·91	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/–	51/–	51/3	14·63	1½
59/3	47/–	20 a	60 b	Rhod. Anglo-Amer. 10/–	58/6	58/6	13·68h	1¾
37/4½	24/–	6 a	15 b	Rhod. Selection Tst. ...£1	29/9	31/3	13·44h	...
21/9	14/3	Nil a	7½ b	Tanganyika Cons. ...10/–	14/3	14/6	5·17	1¼
188/9	135/–	180 b	100 a	De Beers Defd. Reg. 5/–	186/3*	187/6*	7·47	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ...n.p.v.	$101	$102½	2·79	...
18/9	13/1½	7½ b	30 b	London Tin 4/–	16/1½	15/10½	9·45	1¼
16/9	14/9	...	...	R.T.Z. 10/–	14/9	15/7½	9·60**	...
35/–	21/3	65 c	25 a	Tronoh 5/–	23/6	23/3	13·98	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	5 a	10 b	Daily Mirror 5/–	11/10½	11/10½	6·32	1½
83/–	62/6	4 a	9 b	W. H. Smith & Son 'A' .£1	75/–	75/–	3·47	2
24/9	13/9	10 a	14 b	Thomson Org'n. 5/–	16/7½	18/9	6·40	1½
47/3	32/–	8¾ b	5 a	Bowater Paper £1	34/–	34/6	7·97	1
45/–	35/–	5 a	11 b	Albert E. Reed £1	43/–	43/3	7·39	1½
43/9	33/6	4 a	8½ b	Spicers £1	42/–	42/3	5·92	1½
55/9	44/–	4 a	10 b	Wiggins Teape £1	54/9	54/6	5·14	1¾

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 3, 1962	Price, Oct. 10, 1962	Yield, Oct. 10, 1962	Cover
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/–	21/–	21/–	7·14	2¾
33/3	18/–	20 a	40 b	Assoc. Television 'A' 5/–	21/–	21/3	14·12	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/–	38/1½	37/6	4·00	1¾
39/4½	29/10½	3⅓ a	6⅔ b	British Match £1	33/–	32/6	6·15	2¼
16/3	11/6	6⅔ b	4 a	British Oxygen 5/–	12/3	12/1½	4·40	1¾
9/10½	7/6¾	7 b	3 a	British Ropes 5/–	7/6¾*	7/6¾*	6·61	1½
44/–	30/1½	...	...	De La Rue 10/–	40/6	42/6	3·24**	2
42/–	27/1½	15 c	7½ a	Gestetner 'A' 5/–	34/3	35/6	2·11	3¾
55/9	41/6	7½ a	8⅓ b	Glaxo 10/–	47/3	47/4½	3·38	3
49/–	42/6	3 a	12 b	Harrison & Cr. Defd. £1	47/6	47/6	6·32	2½
41/3	29/–	20 b	5 a	Hoover 'A' 5/–	31/–	30/–	4·17	1¾
23/3	15/7½	12½ b	5 a	Ilford 5/–	15/10½	15/7½	5·60	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	88/6	90/9	2·48	2½
47/11¼	36/9¾	12½ c	11·4 c	National Canning £1	44/10½‖	44/4½‖	5·14	1½
41/3	32/6	6 a	12 b	Powell Duffryn 10/–	37/–	36/3	4·97	1¾
40/6	32/3	17½ b	5 a	Radio Rentals 5/–	34/3	34/6	3·26	2¾
37/–	24/6	7½ a	17½ b	Rank Organisation ...5/–	29/–	29/3	4·27	2
38/–	24/6	16½ b	7½ a	Schweppes 5/–	26/6	26/–	4·62	1½
35/3	26/6¾	25 c	25 c	Sears 'A' 5/–	29/9	29/3	4·27	2
32/1½	23/–	11 b	5 a	Steetley 5/–	28/7½	28/10½	2·77	3
29/10½	21/9	11½ b	8½ a	Thomas Tilling 4/–	23/9	23/10½	3·35	2
64/–	44/–	8 b	4 a	Turner & Newall £1	50/–	50/6	4·75	2
47/3	32/6	9·47 a	15·32 b	Unilever 5/–	34/–	34/9	3·57	3
11⅝	7½	8 a	13 b	Unilever N.V. ......12 fl.	7 15/16	8	3·12	3
18/9	13/6	10 b	5 a	United Glass 5/–	15/1½	14/–	5·36	...
33/3	23/–	†4⅙ a	†10⅚ b	United Molasses 10/–	24/–	23/6	10·42	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/–	27/3	27/10½	7·17	1
18/3	15/3	6 c	Nil c	Cunard £1	15/3	15/4½	...	...
21/6	16/9	7 c	7 c	France Fenwick £1	21/–	20/6	6·83	1½
31/6	20/–	10 c	8 c	Furness Withy £1	20/6	20/6	7·80	...
9/7½	4/6	...	...	London & Overseas .5/–	4/6	4/6	...	...
31/–	17/6	3 a	3 b	P & O Defd. £1	22/3	24/6	4·90	...
12/1½	7/4½	2½ c	Nil a	Reardon Smith 10/–	7/4½	7/7½	3·28	...
12/9	7/6	5 c	Nil c	Royal Mail £1	8/7½	9/3	...	...
				STEEL				
48/4½	25/7½	16 c	5 a	Colvilles £1	28/9	28/3	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	17/9	17/6	...	2¼
34/–	21/10½	7½ b	3½ a	Lancashire Steel £1	28/3	27/1½	8·11	3
21/4½	11/–	10 c	Nil a	South Durham £1	12/–	12/6	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	26/6	25/3	7·92	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	31/6	31/–	9·68	2
34/7½	26/4½	6 b	4 a	John Summers £1	29/6‖	28/9‖	6·96	2
42/4½	25/9	12·3 c	4 a	United Steel £1	32/6	30/9	...	1½
41/–	29/6	8¾ b	4 a	Whitehead £1	30/–	30/–	...	2
				TEXTILES				
32/–	25/4½	10 b	5 a	English Sewing Cotton £1	26/10½*	27/7½*	9·05**	1
26/4½	18/9	5 a	7½ b	Fine Spinners £1	20/7½	20/7½	12·12	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	32/9	33/3	...	1¼
48/1½	37/10½	3¾ a	8¾ b	Courtaulds £1	46/6	46/6	5·38	1½
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/–	6/–	5/9	9·27	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	70/6	70/3	5·97	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	22/9	22/9	8·79	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	16/7½	16/7½	7·22	1
13/3	8/4½	7½ a	12½ b	Calico Printers 5/–	9/3*	8/4½*	11·94	1¾
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B. £1	40/6	39/6	6·33	1¾
10/9	8/–	13 c	1½ a	Jute Industries 10/–	9/3	8/10½	...	2¼
27/1½	20/10½	10 c	7½ c	Tootal £1	20/10½	20/–	7·50	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/–	21/3	21/6	2·91	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/–	45/–	47/–	5·32	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/–	14/9	14/10½	3·36	1½
71/9	54/3	10 a	12½ b	City Centre Props. ...5/–	60/–*	59/9	2·51**	...
89/–	69/9	3½ a	8½ b	City Lond. Real Prop. £1	78/9	79/–	3·04	1
95/–	62/6	9·04 b	7·04 a	Hudson's Bay £1	70/–	70/–	4·59	2½
38/6	22/6	4 b	2 a	Land Securities 10/–	27/–	28/3	2·12	1
39/–	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/–	33/–*	32/6*	4·10	1
				TEA & RUBBER				
46/6	38/–	†2½ a	†12½ b	Cons. Tea & Lands £1	41/3	41/9	11·73	2
37/6	30/9	†3 a	†10 b	Jokai (Assam) £1	33/9*	33/6	12·67	2½
9/6	7/6	...	7½ c	Nuwara Eliya £1	7/9	7/9	19·35	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/–	5/8¼	5/7½	14·81	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic 2/–	5/3	5/3	15·24	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	73/9	73/9	12·20	1½





FOREIGN AND OVERSEAS STOCKS

FRANCE	Oct. 3	Oct. 10
	Frcs.	Frcs.
Air Liquide	1,085	1,040
Banque de Paris	502	485
Citroen	189	187·2
C. F. Petrole	300	293
Cie. G. d'Elect.	1,185	1,129
Machines Bull	404	399
Pechiney	220	213·2
Printemps	533	524
Rhone-Poulenc	395·2	384
S.I.M.	360	346
Saint-Gobain	341	322·5
Usinor	192·5	189
Index (Dec. 30, 1960=100)	95·7	91·2

GERMANY	Oct. 3	Oct. 10
	%	%
A.E.G.	370¼	350
Bad'che. Anilin.	369	359
Bayer	417½	399
Commerzbank	358	350
Deutsche Bank	420	392
Hoechst Farb.	365	354
Kundenkredit	375	362
Lowenbrau	820	730
Mannesmann	205¼	199
Siemens	539½	494
Thyssen-Huette	178	173
Volkswagen	456½	445
Herstatt Index (Dec. 31, 1959=100)	81·82	78·88

HOLLAND	Oct. 3	Oct. 10
	%	%
A.K.U.	353¼	349⅞
Bijenkorf	760	802
Heinekens	441¼	448
Interunie (Fl.50)	Fl.174	Fl.175
K. N. Hoogoven	530	524½
Kon. Zout-Ket.	710	693½
Philips (Fl.25)	Fl.137·7	Fl.139·3
Robeco (Fl.50)	Fl.198	Fl.199
Rotterdam Bk.	357	358
Thomassen & D.	671	674
Valeurop	Fl. 69·4	Fl. 68
Zwanenberg	835	815
Index (1953=100)	317·7	316·4

CANADA	Oct. 3	Oct. 10
	$	$
Abitibi Pr. & P.	40¾	40⅝
Aluminium	20⅞	21⅞
Bell Tel.	49	48½
Can. Brewer's	9⅜	9¼
Can. Imp. Bank	55¼	56
Can. Pac. Rly.	21¼	21⅛
Hiram Walker	50	49½
Imperial Oil	43¼	43¼
Noranda Mines	26½	27
ShawiniganWtr	24¼	24½
Steel of Canada	16½	16
Trans.Can.Pipe	19⅝	19⅝
Toronto Ind. Index (1933=100)	530·13	533·25

AUSTRALIA	Oct. 3	Oct. 10
	£A	£A
Ampol Pet.	10/11	11/–
Ass. Pulp & P.	29/6	30/–
Aust. Con. Inds.	61/6	60/–
Aust. Oil & Gas	57/3	57/6
Brit. Tobacco	26/6	26/6
Broken Hill Pty.	53/–	53/–
G. J. Coles	12/11	13/–
Felt & Textiles	7/9	7/11
I.C.I. A.N.Z.	38/9	38/6
Myer Emporium	30/6	29/6
Ready Mix Con.	11/9	11/5
Woolworth	13/9	13/10
Sydney Indust. Index (1937/39=100)	284·69	282·62

JAPAN	Oct. 3	Oct. 10
	Yen	Yen
Ajinomoto	344	354
Fuji Iron	40	40
Hitachi	63	63
Honda Motor	328	353
Kirin Brewery	320	345
Mitsub. Chem.	56	58
Mitsub. Elect.	57	56
Mitsub. Heavy	62	55
Nippon Elect.	286	314
Sony	700	784
Toyo Rayon	115	120
Yawata Iron	40	41
Dow Jones Average	1240·16	1302·48

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo. (m) To be assented into Treasury 4% 1965. (n) Assented into Treasury 4% 1965.

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Charrington United, 12%. City Centre Props., 30%. De La Rue, 13¾%. District Bank, 12½%. English Sewing Cotton, 12½%. Equity & Law Life, †26⅔%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. R.T.Z., 15%. Royal Insurance, 30%. Swan Hunter, 10%.

Hallmark Securities

HALLMARK SECURITIES is linked with Sun Life Assurance and as a result it has recently concentrated its developments on commercial and shop property. The chairman, Mr Sydney Bloch, says that the fruits of this association are now being harvested. This, however, was not the case in the year to end April when gross profits rose from £721,000 to £873,000. This increase was largely offset by sharply higher interest charges so that net profits rose by only £25,000 to £313,000. Earlier this year the 1s. shares fell back to 18s. on reports of some slowing down in house sales along the South Coast. But now the shares are back to 23s. 4½d., for if the trading results were none too impressive there is plenty of compensation in a dividend of 67½ per cent (against the equivalent of 49.6 per cent). Moreover, this is supplemented by a special payment of 7½ per cent as compensation for dividend restraint in 1960-61. The ordinary capital is to be doubled by a one-for-one issue to over £1 million, one necessary qualification for trustee status. On the doubled capital Mr Bloch forecasts a dividend of not less than 33¾ per cent, but with the shares currently yielding only 2.9 per cent, covered 1.7 times, there will be disappointment if this forecast is not surpassed. Hallmark may well achieve better results in the current year. Apart from any benefits arising from the Sun Life link, interest charges should not be so heavy and with mortgages easier to obtain Mr Bloch sees signs of an upturn in demand for houses.

Copper Dividends

THE highlight of the Rhodesian copper company results for the year to June 30th is the unexpected increase to 7s., before Rhodesian taxes, in the dividend of **Rhodesian Selection Trust.** A dividend of 6s. had been forecast at the time of the merger with Roan Antelope. After falling early in the year, copper shares are now about 13 per cent above the low point touched in June. Even so, RST gained a further 1s. 6d. to 31s. 3d. following the dividend announcement and now yield 13.4 per cent, net of Rhodesian tax. Including £2,970,000 from Roan, RST's gross profit has risen from £7,742,000 to £12,352,000. The net profit of **Mufulira,** reflecting expanded production at lower cost, rose from £4,194,000 to £4,969,000 and its dividend has been raised from 6s. to 8s. 6d. a share. RST holds about 65 per cent of **Mufulira's** capital.

In the Anglo American group **Rhokana** has maintained its dividend at 7s., net of Rhodesian taxes. Its gross profits were practically unchanged at £9,617,000, against £9,507,000, but its investment income fell because Mufulira and Bancroft reduced their 1960-61 payments. Rhokana's net income was therefore slightly lower at £10,767,000 against £10,956,000. The agreed curtailment in Rhokana's sales affects profits in the same way as a straightforward cut in output, as stocks are brought into the accounts at cost and it looks as if expanded capacity has offset this restriction of sales. At 47s. 9d., Rhokana yields 14¾ per cent.

Bancroft produced the shock of the dividend season by halving its payment to 4½d., net of Rhodesian tax. The mine pays no tax and therefore the sharp drop in operating profits, from £2,745,000 to £2,122,000, is fully reflected in equity earnings. The capital expenditure appropriation has been maintained so that the cut in earnings is borne entirely by ordinary and participating preference shareholders. Bancroft's units dropped to a new low point of 7s. 9d. after the results.

Rhodesian Anglo American, whose income will be affected in the current year by the cut in Bancroft's payment, reported an increase in net profits from £9,356,000 to £9,514,000 and has maintained its payment at 8s. a share, net of Rhodesian tax. The net yield at the current price of 58s. 3d. is 13¾ per cent. Because of the hitch in the payment of dividends by Union Minière, the net profit of **Tanganyika Concessions** in the year to July 31st slumped from £3,296,000 to £875,000 and its dividend has been cut from 3s. 3d. to 9d. per share.

Wright's Biscuits

THE name of Wright's Biscuits is now something of a misnomer for while the company owns two modern biscuit factories its real strength lies in its retail grocery interests. The group had 750 shops at the end of June; in addition, it has a 36 per cent holding in Moores Stores, which following its merger with Thrift Stores and the earlier acquisition of 102 Mence Smith stores from Timothy Whites now owns about 1,100 stores. Mr W. P. Webster, the chairman, says that the integration of Thrift Stores into the Moores group should bring considerable advantages for Wright's. The stake in Moores is worth about 20s. per Wright's share, now standing at 32s. 6d.

This puts only a modest value on Wright's trading prospects. In the year to June 30th Wright's trading profits after depreciation rose from £508,000 to £663,000 and the chairman expects continuing progress in the current year though not at such a rapid rate as in 1961-62. In the longer term the improvements now being made to manufacturing plant and to retail shops should add to profits. These will include the conversion of stores to self-service as well as three supermarkets. But in view of the capital expenditure involved and of evidence in some parts of the country that supermarkets are running ahead of customers Wright's penetration into this branch of retailing is likely to be cautious. Only 31 of its stores had been converted to self-service by June this year. The company's profit record and the market's assessment of the shares, which puts them on a yield of 3¾ per cent, suggest that the right balance between adventure and caution has been attained.

Greenall Whitley

BREWERY take-over prospects are much fewer than they were two years ago, before Mr E. P. Taylor's brewery group, Charrington United, swallowed so many of them. Greenall Whitley would fit Charrington United's quest for new outlets for it trades largely in Lancashire and Cheshire, where Charrington United is weak. Rumours of a possible bid gained fresh currency last week on the resignation of Mr Edward Greenall from the board. The Greenall and Whitley families together could block any unwelcome take-over attempt, for they hold the bulk of the £300,000 of "A" ordinary capital carrying some 24 million votes, compared with 14.2 million votes controlled by £3.6 million of ordinary capital. The possibility of a bid has brought the 5s. ordinary shares up this year from 24s. 1½d. to 39s., which includes the 2s. 3d. gained this week on the preliminary results of a property revaluation.

Early publication of these results may reflect the wish of the directors to justify the high price of the shares and possibly to deter any would-be bidder. The surveyor's report values the 1,800 public houses at £25½ million, compared with a written down value of £10 million. The surplus is equivalent to about 20s. per ordinary share and brings their break-up value up to 35s. But it is a surplus that can only be effectively released by a bid. And the yield of 2¼ per cent is not justified unless Mr Taylor or someone else is prepared to pay what looks like a high price for further trading outlets. Mr Taylor has paid high prices before.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
Sept. 5	328·5	5·21		
,, 12	326·6	5·25		
,, 19	326·1	5·28		
,, 26	325·1	5·29		
Oct. 3	333·8	5·16	364·1 (Jan. 17)	310·3 (June 27)
,, 10	334·2	5·16		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Oct. 4	278·7	5·59	5·58	8,748
,, 5	279·6	5·57	5·60	10,978
,, 8	279·4	5·58	5·66	13,859
,, 9	275·8	5·65	5·71	11,926
,, 10	276·0	5·61	5·64	10,794

High, 310·2 (Jan. 19). Low, 252·8 (June 25)
† July 1, 1935=100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended October 6, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £7,463,000 compared with a deficit of £45,729,000 in the previous 8 days and a surplus of £7,900,000 in the corresponding period of last year. There was a net expenditure "below-line" of £9,924,000 leaving a total cumulative deficit to date of £526,700,000 compared with £644,242,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to Oct. 7, 1961	April 1, 1962, to Oct. 6, 1962	Week ended Oct. 7, 1961	Week ended Oct. 6, 1962
Ordinary Revenue					
Income Tax	2,790,000	815,022	883,952	27,621	38,238
Surtax	188,000	44,200	48,900	1,300	1,100
Death Duties	264,500	136,500	133,600	3,600	3,800
Stamps	95,000	52,800	49,600	1,500	1,700
Profits tax, EPT and EPL	374,000	183,000	209,900	5,400	8,000
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,231,522	1,325,952	39,421	52,838
Customs	1,653,000	833,499*	857,934	35,317	32,725
Excise	1,077,000	483,135	510,275	6,250	7,830
Total Customs and Excise	2,730,000	1,316,634	1,368,209	41,567	40,555
Motor Duties	150,000	31,600	49,851	446	595
Broadcast Lic's.	41,000	14,200	15,200	...	...
Miscellaneous	165,000	132,929	84,806	11,532	8,369
Total	6,797,500	2,726,885	2,844,018	92,966	102,357
Ordinary Expenditure					
Debt Interest	600,000	396,362	343,834	...	...
Payments to N. Ireland Exch.	100,000	45,067	48,920	3,352	3,512
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	4,153	4,362	13	22
Supply Services	5,611,650	2,596,344	2,783,284	80,500	105,500
Total	6,323,650	3,041,926	3,180,400	83,865	109,034
Sinking Funds	41,000	19,991	20,489	1,201	786
"Above-line" Surplus or Deficit	—	335,032	356,871	7,900	7,463
"Below-line" Net Expenditure*	—	309,210	169,829	Cr. 38,790	9,924
Total Surplus or Deficit	—	644,242	526,700	46,690	17,387
Net receipts from:					
Tax Reserve Certificates		137,172	91,843	30,496	14,853
Savings Certificates		*13,800*	*1,200*	*1,300*	200
Defence Bonds		18,261	7,440	2	633
Premium Savings Bonds		21,600	18,300	400	600
Total		163,233	116,383	29,598	16,286

* Net repayments of £10 million to the Civil Contingencies Fund in 1962-63 compared with net repayments of £5 million in 1961-62.

FLOATING DEBT
(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961 Oct. 7	3,240·0	1,998·1	207·2	...	5,445·3
1962 July 7	2,990·0	1,980·0	230·3	6·3	5,206·6
,, 14	2,990·0	2,015·7	230·0	2·5	5,238·2
,, 21	2,980·0	2,018·0	218·4	2·0	5,218·4
,, 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·5	227·3	...	5,219·9
,, 11	3,000·0	1,983·6	225·1	0·3	5,208·9
,, 18	3,000·0	2,009·3	240·1	5·5	5,254·9
,, 25	3,000·0	2,053·1	203·8	0·3	5,257·1
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4
,, 8	2,990·0	1,637·9	211·6	...	4,839·4
,, 15	2,990·0	1,683·6	226·2	...	4,899·8
,, 22	2,980·0	1,699·2	220·2	...	4,899·4
,, 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct. 6	3,020·0	1,572·9	220·5	...	4,813·5

THE MONEY MARKET

IN anticipation of a higher demand for bills from the banks following Monday's release of special deposits the discount market was clearly anxious not to run down its portfolio, and at last Friday's Treasury bill tender it again raised its bid—by 1d. to £99 1s. 11d. The average rate of discount fell a further 4.29d. to £3 12s. 4.13d. The market's allotment, however, fell from 51 to 37 per cent and only £220 million of the £250 million of bills on offer were allotted. The reduced allotment reflected the full market subscription of the 4 per cent Treasury Stock 1965. Total applications for bills rose by £8 million to £415 million.

Credit continued tight in Lombard Street at the end of last week with heavy calling from the banks as a result partly of the delayed effects of the rail strike and partly of the subscriptions to the Treasury and Liverpool issues. But the authorities were prepared to give a very large amount of help both on Thursday and Saturday. On Monday the release of the first half of special deposits helped the market and credit was in ample supply. The authorities sold back a small amount of bills to absorb surplus funds. Since then houses have continued to be comfortably placed.

MONEY RATES

LONDON

Bank rate (from 5%, 26/4/62)	4½	**Market discount rates** (3 months):	%
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	3 13/16–15/16
Discount houses	2½–2¾	Fine trade bills	5¾–6½
Local Authorities	4⅛	**Euro-dollar deposits:**	
Call money:		7 days' notice	3⅜–3¾
Clearing banks' minimum	2⅞	3 months' notice	3¾–4⅛
Day-to-day	2⅞–3⅞	**Forward cover** (3 months): Annual interest cost, US dollar	23/32

NEW YORK

Official Discount rate: (from 3½%, 11/8/60)	% 3	**Treasury bills:** October 1	% 2·752
		,, 8	2·760

BANK OF ENGLAND RETURNS

(£ million)	Oct. 11, 1961	Oct. 3, 1962	Oct. 10, 1962
*Issue Department**:			
Notes in circulation	2,307·3	2,301·9	2,301·6
Notes in banking dept.	18·1	23·5	23·8
Govt. debt and securities*	2,324·0	2,324·0	2,324·0
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	10·2	10·0	11·3
Special deposits	230·3	158·7	118·4
Bankers	243·0	238·1	256·0
Others	68·3	69·9	73·4
Total	551·9	476·7	459·2
Securities:			
Government	474·9	396·8	403·9
Discounts and advances	56·3	54·3	28·3
Other	19·3	19·8	20·0
Total	550·6	470·9	452·2
Banking department reserve	18·9	24·4	24·6
" Proportion "	% 3·4	% 5·1	% 5·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on September 12th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Amount (£ million) Applied for	91 Day Average Rate of Allotment	91 Day Allotted at Max. Rate *
1961	*91 day*		s. d.	%
Oct. 6	260·0	397·9	122 5·80	57
1962				
July 6	230·0	405·4	78 0·63	49
,, 13	230·0†	404·5	77 9·32	23
,, 20	220·0	382·1	78 7·14	29
,, 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
,, 10	230·0	396·1	75 8·84	54
,, 17	230·0	368·1	75 8·35	53
,, 24	230·0	390·4	75 4·50	48
,, 31	240·0†	397·1	75 0·42	45
Sept. 7	240·0	439·3	74 4·55	48
,, 14	230·0	388·0	73 11·97	44
,, 21	250·0	406·1	74 0·01	40
,, 28	250·0	407·5	72 8·42	51
Oct. 5	250·0‡	415·2	72 4·13	37

* On October 5th tenders for 91 day bills at £99 1s. 11d. secured 37 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills.
† Allotment cut by £10 million. ‡ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits October 10	Market Rates: Spot October 4	October 5	October 6	October 8	October 9	October 10
United States $	2·78–2·82*	2·80 1/16–3/16	2·80 1/16–3/16	2·80 1/16–3/16	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/8–1/4
Canadian $	...	3·01 7/16–9/16	3·01 3/8–9/16	3·01 3/8–1/2	3·01 7/16–9/16	3·01 7/16–9/16	3·01 3/8–1/2
French Fr.	13·622–14·027	13·72 3/8–5/8	13·72 3/8–5/8	13·72 1/4–1/2	13·72 3/4–7/8	13·72 3/4–73	13·72 5/8–7/8
Swiss Fr.	11·94–12·54 7/8	12·11 1/2–3/4	12·11 5/8–7/8	12·11 5/8–7/8	12·11 7/8–12	12·11 7/8–12 1/8	12·11 1/2–3/4
Belgian Fr.	137·96–142·05	139·30–35	139·30–35	139·30–35	139·32 1/2–37 1/2	139·35–40	139·37 1/2–42 1/2
Dutch Gld.	9·98 3/4–10·28 1/2	10·07 5/8–7/8	10·07 1/2–3/4	10·07 1/4–1/2	10·07 3/4–08	10·08 1/2–3/4	10·09 1/4–1/2
W. Ger. D-Mk.	11·037–11·365	11·21 1/2–3/8	11·21 1/4–1/2	11·21 1/4–1/2	11·21 1/2–3/4	11·21 7/8–22 1/8	11·21 7/8–22 1/8
Portug. Esc.	1725–1775	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	14·27 1/2–14·70	17391 1/4–3/4	17383 1/4–391/4	17383 1/4–391/4	17391 1/4–3/4	17391 1/4–3/4	17391 1/4–3/4
Swedish Kr.	19·06 1/2–19·62	14·42 3/8–7/8	14·42 3/8–7/8	14·42 1/4–1/2	14·42 5/8–7/8	14·42 7/8–43 1/8	14·42 3/4–43 1/4
Danish Kr.	19·71–20·30 1/2	19·38 1/4–39	19·38 1/4–39 1/8	19·38 1/4–39 1/4	19·38 7/8–39 1/8	19·39–39 1/4	19·39 3/8–5/8
Norwegian Kr.		20·02 3/8–7/8	20·02 3/8–7/8	20·02 3/8–7/8	20·02 3/8–7/8	20·02 3/4–03	20·02 1/4–03
	* Official Limits	**One Month Forward Rates**					
United States $		1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm
Canadian $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
French Fr.		1–1 1/2c. pm	3/4–1/4c. pm	3/4–1/4c. pm	3/4–1/4c. pm	3/4–1/4c. pm	3/4–1/4c. pm
Swiss Fr.		2–1 1/2c. pm	1 7/8–1 3/8c. pm	1 7/8–1 3/8c. pm	1 7/8–1 3/8c. pm	1 7/8–1 3/8c. pm	1 7/8–1 3/8c. pm
Belgian Fr.		20–10c. pm	20–10c. pm	18–10c. pm	17–12c. pm	17–12c. pm	23–18c. pm
Dutch Gld.		5/8–1/4c. pm	5/8–1/4c. pm	5/8–1/8 pm	3/4–1/2c. pm	1 1/8–7/8c. pm	1 1/4–1c. pm
W. German D-Mk.		1 1/2–1pf. pm	1 1/2–1pf. pm	1 1/2–1pf. pm	1 1/2–1 1/4pf. pm	1 3/4–1 1/2pf. pm	1 3/4–1 1/2pf. pm
		Three Months Forward Rates					
United States $		1 1/2–3/8c. pm	1 1/2–3/8c. pm	1 1/2–3/8c. pm	1 1/2–3/8c. pm	1 1/2–3/8c. pm	1 1/2–3/8c. pm
Canadian $		11/16–15/16c. dis	11/16–15/16c. dis	11/16–15/16c. dis	11/16–15/16c. dis	11/16–15/16c. dis	11/16–7/8c. dis
Swiss Fr.		4–3 1/2c. pm	3 7/8–3 3/8c. pm	3 7/8–3 3/8c. pm	3 1/2–3c. pm	3 1/2–3c. pm	3 3/8–3 1/8c. pm
W. German D-Mk.		3 1/4–2 3/4pf. pm	3 1/4–2 3/4pf. pm	3 1/4–2 3/4pf. pm	3 1/4–2 7/8pf. pm	3 3/8–3 1/8pf. pm	3 5/8–3 3/8pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/91 4 35·13	250/10 35·13 1/2	... ...	250/93 4 35·13	250/91 4 35·13	250/93 4 35·13 1/2
,, ($,, ,, ,,)							

Industrial Profits and Assets

The tables below continue the analysis of company balance sheets and profit and loss accounts which was introduced in *The Economist* of January 22, 1949; the figures are discussed on an earlier page in this issue.

Comparative analysis of 480 profit and loss accounts published July - September, 1962 (£'000)

Industry	Breweries, Distilleries and Wine		Building		Paper and Packaging		Chemicals and Paint		Clothing and Footwear		Electrical Manufacturing		Engineering		Entertainment	
No. of Companies	(17)		(47)		(2)		(9)		(16)		(22)		(75)		(13)	
	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	53,209	56,800	25,248	28,194	1,538	1,464	3,338	3,699	4,173	4,529	24,910	26,375	38,048	39,215	30,030	30,026
Investment and other income	3,016	3,413	720	657	8	4	119	149	70	87	522	556	1,332	1,285	2,191	2,635
Total income	**56,225**	**60,213**	**25,968**	**28,851**	**1,546**	**1,468**	**3,457**	**3,848**	**4,243**	**4,616**	**25,432**	**26,931**	**39,380**	**40,500**	**32,221**	**32,661**
Depreciation	5,554	7,623	6,801	7,569	251	281	717	853	526	598	5,928	6,870	8,143	8,686	5,412	6,094
Directors' emoluments	801	868	1,417	1,497	153	85	198	223	268	294	670	730	2,309	2,402	486	494
Other charges	349	1,183	1,307	1,180	9	145	7	41	151	111	2,840	2,462	3,568	2,342	916	966
Loan interest	1,642	1,907	340	381	33	69	37	54	122	119	1,512	1,718	982	1,038	1,219	1,456
Profit before tax	**47,879**	**48,632**	**16,103**	**18,224**	**1,100**	**888**	**2,498**	**2,677**	**3,176**	**3,494**	**14,482**	**15,151**	**24,378**	**26,032**	**24,188**	**23,651**
Income tax	18,535	18,399	7,021	7,448	386	349	957	988	1,258	1,309	5,366	4,953	10,201	10,877	8,653	8,090
Profits tax	5,265	6,563	1,900	2,335	110	118	288	342	382	491	1,821	2,199	3,032	3,679	2,492	2,639
Minority interests	576	36	252	355	...	...	...	52	5	14	337	339	192	267	1,221	451
Preference dividends	540	568	290	298	19	19	13	14	66	39	388	394	419	435	408	527
Net equity earnings	**22,963**	**23,066**	**6,640**	**7,788**	**585**	**402**	**1,240**	**1,281**	**1,465**	**1,641**	**6,570**	**7,266**	**10,534**	**10,774**	**11,414**	**11,884**
Less Ordinary dividends	11,448	13,204	3,160	3,542	248	235	637	653	542	652	2,525	3,081	6,413	6,747	4,619	5,154
Plus Non-recurring credits	892	151	813	542	2	21	58	29	301	23	317	488	1,072	1,936	140	329
Retained earnings	**12,407**	**10,013**	**4,293**	**4,788**	**339**	**188**	**661**	**657**	**1,224**	**1,012**	**4,362**	**4,673**	**5,193**	**5,963**	**6,935**	**7,059**
Dividend Cover	2·0	1·7	2·1	2·2	2·4	1·7	1·9	2·0	2·7	2·5	2·6	2·4	1·6	1·6	2·5	2·3

Industry	Property		Food and Confectionery		Iron and Steel		Motors, Cycles and Aircraft		Newspapers and Printing		Oil		Shipbuilding		Shipping	
No. of Companies	(42)		(21)		(10)		(16)		(14)		(3)		(3)		(7)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	13,999	16,137	33,364	35,294	12,439	9,423	8,146	9,038	10,127	10,741	1,885	2,336	6,453	6,309	5,715	4,404
Investment and other income	6,177	6,818	349	321	149	83	102	85	409	423	150	16	418	493	1,036	948
Total income	**20,176**	**22,955**	**33,713**	**35,615**	**12,588**	**9,506**	**8,248**	**9,123**	**10,536**	**11,164**	**2,035**	**2,352**	**6,871**	**6,802**	**6,751**	**5,352**
Depreciation	2,077	2,213	8,430	9,318	3,474	3,704	1,438	1,584	2,147	2,579	500	510	1,183	1,494	4,405	4,713
Directors' emoluments	345	350	1,092	1,162	404	469	356	374	580	597	70	81	109	126	176	176
Other charges	1,262	1,448	790	1,019	303	352	115	188	235	338	48	16	14	230	74	69
Loan interest	2,879	3,524	764	819	913	926	73	131	152	187	122	202	...	...	65	65
Profit before tax	**13,613**	**15,380**	**22,637**	**23,297**	**7,489**	**4,055**	**6,266**	**6,846**	**7,422**	**7,463**	**1,295**	**1,543**	**5,565**	**4,952**	**2,031**	**329**
Income tax	5,213	5,846	8,216	8,285	2,490	1,932	2,427	2,552	3,141	2,819	554	726	2,237	2,078	345	84
Profits tax	1,064	1,443	2,587	3,145	857	683	746	961	809	1,160	153	81	594	669	42	9
Minority interests	448	390	242	208	39	32	Dr. 1	3	420	509	...	1	122	119	131	72
Preference dividends	285	285	702	742	58	58	152	82	143	143	...	...	88	109	98	98
Net equity earnings	**6,603**	**7,416**	**10,890**	**10,917**	**4,045**	**1,350**	**2,942**	**3,248**	**2,909**	**2,832**	**588**	**735**	**2,524**	**1,977**	**1,415**	**66**
Less Ordinary dividends	4,974	5,658	5,127	5,749	1,829	1,244	1,271	1,379	1,252	1,316	550	590	1,094	1,010	798	653
Plus Non-recurring credits	452	820	845	971	144	1,216	163	235	93	132	210	275	...	137	180	648
Retained earnings	**2,081**	**2,578**	**6,608**	**6,139**	**2,360**	**1,322**	**1,834**	**2,104**	**1,750**	**1,648**	**248**	**420**	**1,430**	**1,104**	**797**	**61**
Dividend Cover	1·3	1·3	2·1	1·9	2·2	1·1	2·3	2·4	2·3	2·2	1·1	1·2	2·3	2·0	1·8	

Industry	Shops and Stores		Cotton		Silk, Rayon and other Textiles		Wool		Tobacco		Miscellaneous Manufacturing		Miscellaneous—Others		TOTALS ALL GROUPS 480 Companies	
No. of Companies	(14)		(8)		(15)		(13)		(–)		(72)		(41)			
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	41,977	43,358	4,497	2,828	6,857	6,850	4,172	3,979	...	...	45,133	45,548	25,877	26,391	401,135	412,938
Investment and other income	447	570	68	81	138	129	119	101	...	...	972	1,067	2,405	2,399	20,917	22,320
Total income	**42,424**	**43,928**	**4,565**	**2,909**	**6,995**	**6,979**	**4,291**	**4,080**	...	...	**46,105**	**46,615**	**28,282**	**28,790**	**422,052**	**435,258**
Depreciation	3,438	3,909	942	1,055	1,402	1,539	504	544	...	...	8,282	8,986	6,187	7,027	78,041	87,749
Directors' emoluments	558	639	214	198	486	487	336	347	...	...	1,981	2,128	1,266	1,392	14,275	15,119
Other charges	790	861	87	108	88	262	199	99	...	...	759	1,030	1,223	1,405	15,139	15,495
Loan interest	1,174	867	76	68	87	63	5	5	...	...	680	659	260	258	13,137	14,516
Profit before tax	**36,464**	**38,052**	**3,246**	**1,480**	**4,932**	**4,628**	**3,247**	**3,085**	—	—	**34,403**	**33,812**	**19,046**	**18,708**	**301,460**	**302,379**
Income tax	14,795	15,008	1,157	704	1,827	1,773	1,287	1,256	...	...	13,226	12,901	7,675	7,050	116,967	115,427
Profits tax	4,480	5,380	349	183	629	707	409	463	...	...	3,880	4,636	1,763	2,050	33,652	39,996
Minority interests	534	495	24	43	17	50	15	11	...	...	441	521	726	668	5,751	4,626
Preference dividends	559	571	130	181	181	39	39	...	...	...	579	599	526	526	5,683	5,857
Net equity earnings	**16,096**	**16,598**	**1,586**	**420**	**2,278**	**1,917**	**1,497**	**1,316**	...	...	**16,277**	**15,155**	**8,346**	**8,414**	**139,407**	**136,463**
Less Ordinary dividends	8,271	8,694	774	628	888	961	836	845	...	...	8,303	8,452	4,047	4,418	69,606	74,865
Plus Non-recurring credits	1,749	2,703	92	326	38	63	49	16	...	...	727	831	940	405	9,277	12,297
Retained earnings	**9,574**	**10,607**	**904**	**118**	**1,428**	**1,019**	**710**	**487**	...	...	**8,701**	**7,534**	**5,239**	**4,401**	**79,078**	**73,895**
Dividend Cover	1·9	1·9	2·0	0·7	2·6	2·0	1·8	1·6	...	...	2·0	1·8	2·1	1·9	2·0	1·8

Comparative analysis of 480 balance sheets published July - September, 1962 (£'000)

Industry	Breweries, Distilleries and Wine		Building		Paper and Packaging		Chemicals and Paint		Clothing and Footwear		Electrical Manufacturing		Engineering		Entertainment	
No. of Companies	(17)		(47)		(2)		(9)		(16)		(22)		(75)		(13)	
	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	184,133	238,634	100,943	111,972	7,010	7,664	12,802	15,286	9,414	11,189	95,454	106,214	144,973	157,456	159,115	174,256
Less depreciation	44,697	49,968	42,483	47,229	1,659	1,879	5,518	6,222	3,628	4,167	38,680	43,066	53,787	59,289	41,560	45,762
Net fixed assets	**139,436**	**188,666**	**58,460**	**64,743**	**5,351**	**5,785**	**7,284**	**9,064**	**5,786**	**7,022**	**56,774**	**63,148**	**91,186**	**98,167**	**117,555**	**128,494**
Trade investments	19,556	21,065	4,546	5,504	...	...	606	436	503	222	4,927	6,393	8,709	8,512	13,247	17,899
Intangible assets	2,541	1,215	1,324	1,316	...	...	1,063	1,062	491	815	338	7,403	3,741	3,817	10,782	11,428
Stocks	112,700	125,139	48,130	51,559	1,339	1,283	4,532	5,021	7,795	8,550	99,285	110,387	103,184	107,425	22,559	23,334
Debtors	42,248	44,513	52,991	62,132	1,495	1,660	5,938	7,078	4,558	5,525	61,558	69,424	76,504	85,555	17,094	18,409
Gilt-edged	491	500	577	585	...	...	106	106	29	29	24	24	384	253	356	356
Cash	10,518	33,135	8,272	8,534	310	267	2,468	2,574	1,435	1,509	5,540	6,146	14,588	11,492	14,837	12,394
Other investments	1,354	1,154	1,149	1,189	...	...	129	123	...	17	228	144	2,569	1,980	103	29
Creditors	24,826	27,269	43,090	49,959	1,139	983	4,307	4,977	3,737	4,481	46,003	52,856	53,606	52,466	22,336	22,508
Other current liabilities	20,443	22,560	9,123	10,540	676	743	1,063	1,074	1,555	1,924	9,828	15,032	16,198	17,115	13,980	12,180
Bank overdrafts and loans	3,019	3,629	15,643	17,988	835	29	1,289	1,886	1,693	1,961	22,264	27,232	18,020	24,278	12,372	13,436
Net current assets	**119,023**	**150,983**	**43,263**	**45,512**	**494**	**1,455**	**6,514**	**6,965**	**6,832**	**7,264**	**88,540**	**91,005**	**109,405**	**112,846**	**6,261**	**6,398**
Total net assets	**280,556**	**361,929**	**107,593**	**117,075**	**5,845**	**7,240**	**15,467**	**17,527**	**13,612**	**15,323**	**150,579**	**167,949**	**213,041**	**223,342**	**147,845**	**164,219**
Financed by :—																
Reserve for future income tax	19,744	20,239	7,084	7,271	658	654	1,190	1,232	1,256	1,336	6,353	5,961	12,158	12,375	12,144	12,238
Capital reserves	31,741	75,687	8,567	11,239	101	106	1,515	2,044	985	1,677	18,705	25,881	26,571	29,083	19,904	9,557
Revenue reserves	39,823	47,102	35,586	39,006	1,572	1,756	4,529	5,166	4,050	4,780	49,343	51,457	66,563	70,264	39,203	47,304
Minority interests	6,220	5,418	2,618	3,207	...	...	532	604	101	134	2,056	4,122	2,137	2,302	17,640	9,174
Loan capital	34,978	48,539	7,430	7,006	673	1,883	646	1,288	320	304	30,525	30,967	17,259	18,209	24,675	29,867
Preference capital	15,807	16,500	7,943	7,943	531	531	377	386	1,109	980	10,927	10,944	12,726	13,140	13,823	19,598
Ordinary capital	132,243	148,444	38,365	41,403	2,310	2,310	6,678	6,807	5,791	6,112	32,668	38,617	75,627	77,969	20,456	36,481
Scrip Issues made during year	17,737	1,020	1,996	1,212	262	...	964	60	1,062	70	1,766	650	3,471	2,058	416	13,459

Industry	Property		Food and Confectionery		Iron and Steel		Motors, Cycles and Aircraft		Newspapers and Printing		Oil		Shipbuilding		Shipping	
No. of Companies	(42)		(21)		(10)		(16)		(14)		(3)		(3)		(7)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	173,821	200,261	179,614	201,121	74,622	81,773	22,076	25,920	40,414	46,734	13,640	14,156	30,504	32,019	67,178	71,016
Less depreciation	10,700	11,037	57,677	64,839	27,851	30,860	6,979	8,542	16,179	19,149	6,091	6,476	11,793	12,877	3,724	3,904
Net fixed assets	**163,121**	**189,224**	**121,937**	**136,282**	**46,771**	**50,913**	**15,097**	**17,378**	**24,235**	**27,585**	**7,549**	**7,680**	**18,711**	**19,142**	**63,454**	**67,112**
Trade investments	16,880	20,629	1,070	1,138	477	594	520	593	1,710	2,088	52	43	2,951	2,781	2,551	2,638
Intangible assets	3,038	3,260	20,267	24,830	2,592	2,543	544	600	3,680	3,876	303	349	2,223	2,646	25	25
Stocks	3,556	4,505	71,423	68,037	21,513	18,732	16,746	20,831	11,879	13,005	1,248	1,004	14,773	13,834	1,348	1,285
Debtors	7,307	7,407	38,362	42,669	18,370	15,899	13,714	15,848	14,262	17,113	2,828	3,768	11,321	10,644	7,749	9,055
Gilt-edged	192	210	238	218	2	2	295	292	314	10	291	314	4,130	3,809	4,130	3,809
Cash	5,138	7,003	5,956	6,475	598	1,426	1,333	1,262	5,601	4,183	948	1,131	11,935	11,926	5,673	3,722
Other investments	22,852	23,472	2,391	2,219	241	643	115	35	687	949	2	2	704	715	5,181	4,956
Creditors	7,681	8,200	40,378	45,460	11,427	10,346	8,008	9,489	9,971	11,201	1,800	2,119	10,856	9,339	12,389	14,618
Other current liabilities	13,276	14,966	13,525	15,075	3,596	3,345	2,033	3,426	3,914	3,926	790	953	5,363	5,151	7,358	7,098
Bank overdrafts and loans	19,857	15,929	26,262	23,275	3,971	4,369	4,742	6,118	3,093	5,954	574	518	361	289	4,576	8,263
Net current assets	**Dr. 1,769**	**3,502**	**38,205**	**35,808**	**21,730**	**18,640**	**17,420**	**19,235**	**15,742**	**14,483**	**1,872**	**2,315**	**22,153**	**22,340**	**Dr. 242**	**Dr. 4,152**
Total net assets	**181,270**	**216,615**	**181,479**	**198,058**	**71,570**	**72,690**	**33,581**	**37,806**	**45,367**	**48,032**	**9,776**	**10,387**	**46,038**	**46,909**	**65,788**	**65,623**
Financed by :—																
Reserve for future income tax	1,242	1,200	8,804	8,845	4,586	3,674	2,956	2,929	2,930	2,915	64	139	2,993	2,620	1,246	1,098
Capital reserves	42,742	51,231	32,661	40,600	11,253	16,370	3,362	4,552	5,368	5,426	422	434	9,381	6,932	6,913	7,064
Revenue reserves	17,212	19,440	45,223	49,085	19,299	15,721	10,952	12,907	11,398	12,518	2,516	2,974	14,463	15,547	31,360	31,217
Minority interests	9,186	9,472	3,533	3,053	211	227	63	63	6,321	6,924	6	6	1,642	1,620	4,050	4,047
Loan capital	58,384	76,340	13,549	14,137	13,218	13,165	2,221	1,962	3,063	3,061	2,462	2,527	56	64	1,078	1,076
Preference capital	7,538	7,538	21,029	22,126	1,439	1,439	2,031	2,271	3,956	4,004	...	...	3,880	3,880	2,996	2,996
Ordinary capital	44,966	51,394	56,680	60,212	21,564	22,094	11,996	13,122	12,331	13,184	4,307	4,307	13,623	16,246	18,125	18,125
Scrip Issues made during year	1,209	3,613	3,527	250	...	80	526	551	556	702	...	...	...	2,623	...	...

Industry	Shops and Stores		Cotton		Silk, Rayon and other Textiles		Wool		Tobacco		Miscellaneous Manufacturing		Miscellaneous—Others		TOTALS ALL GROUPS 480 Companies	
No. of Companies	(14)		(8)		(15)		(13)		(–)		(72)		(41)			
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	113,620	121,399	25,894	26,379	26,267	30,031	10,531	11,463	...	...	145,144	158,530	111,150	124,621	1,748,319	1,968,094
Less depreciation	22,528	24,778	9,298	9,712	12,461	14,125	4,247	4,652	...	...	53,264	56,082	43,444	49,540	518,248	574,155
Net fixed assets	**91,092**	**96,621**	**16,596**	**16,667**	**13,806**	**15,906**	**6,284**	**6,811**	...	...	**91,880**	**102,448**	**67,706**	**75,081**	**1,230,071**	**1,393,939**
Trade investments	4,450	3,994	158	476	488	581	78	94	...	...	6,320	5,215	12,376	12,896	102,175	113,791
Intangible assets	2,206	2,080	246	392	548	573	29	41	...	...	29,805	23,477	5,396	5,337	91,182	97,085
Stocks	60,461	64,012	11,882	11,463	15,064	16,725	10,811	11,164	...	...	80,492	86,761	41,716	44,047	762,436	808,103
Debtors	98,944	97,478	7,063	6,989	9,241	10,932	4,587	4,638	...	...	66,883	70,980	84,047	86,928	647,064	694,644
Gilt-edged	105	57	13	12	12	11	10	10	...	...	837	1,129	4,033	3,810	12,135	11,726
Cash	20,050	22,464	1,605	926	1,458	1,203	1,736	2,065	...	...	15,590	15,182	13,231	12,347	148,820	167,366
Other investments	2,223	2,577	566	580	1,371	1,345	785	628	...	...	3,703	2,841	3,072	2,958	49,425	48,556
Creditors	43,156	44,257	4,885	4,728	4,991	6,394	3,282	3,258	...	...	42,741	45,482	55,766	57,821	456,375	488,211
Other current liabilities	30,856	31,374	4,126	2,990	2,615	2,641	1,439	1,609	...	...	18,419	17,607	12,585	13,482	192,761	204,811
Bank overdrafts and loans	12,081	5,774	1,570	1,373	2,040	3,401	2,036	2,278	...	...	15,457	20,338	21,618	21,693	193,373	207,011
Net current assets	**95,690**	**105,183**	**10,548**	**10,880**	**17,500**	**17,780**	**11,172**	**11,360**	...	...	**90,888**	**93,466**	**56,130**	**57,094**	**777,371**	**830,362**
Total net assets	**193,438**	**207,878**	**27,548**	**28,415**	**32,342**	**34,840**	**17,563**	**18,306**	...	...	**218,893**	**224,606**	**141,608**	**150,408**	**2,200,799**	**2,435,177**
Financed by :—																
Reserve for future income tax	16,697	17,370	507	318	2,079	2,170	1,306	1,285	...	...	13,484	13,400	7,575	8,363	127,058	127,632
Capital reserves	44,995	46,030	5,300	6,199	2,455	2,972	942	1,147	...	...	25,907	20,375	26,805	28,289	326,595	392,895
Revenue reserves	50,991	60,246	7,574	7,647	11,151	11,407	6,391	6,914	...	...	66,131	72,586	46,420	48,468	581,770	633,512
Minority interests	9,901	9,767	210	215	101	128	298	305	...	...	5,293	6,490	8,084	8,374	80,202	75,652
Loan capital	14,068	12,431	2,284	1,787	1,609	1,500	441	416	...	...	11,850	11,954	2,792	4,560	243,581	283,043
Preference capital	15,644	16,058	3,977	3,977	5,526	5,526	1,073	1,073	...	...	17,876	17,844	12,527	12,610	162,785	171,364
Ordinary capital	41,142	45,976	7,696	8,272	9,421	11,137	7,112	7,166	...	...	78,352	81,957	37,355	39,744	678,808	751,079
Scrip Issues made during year	1,281	4,054	49	300	...	1,078	443	...	...	...	4,473	2,440	666	1,578	40,404	35,798

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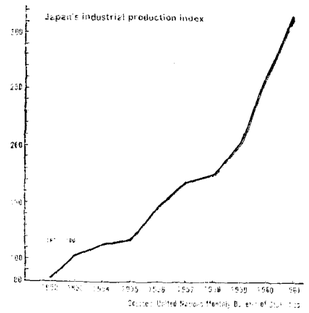

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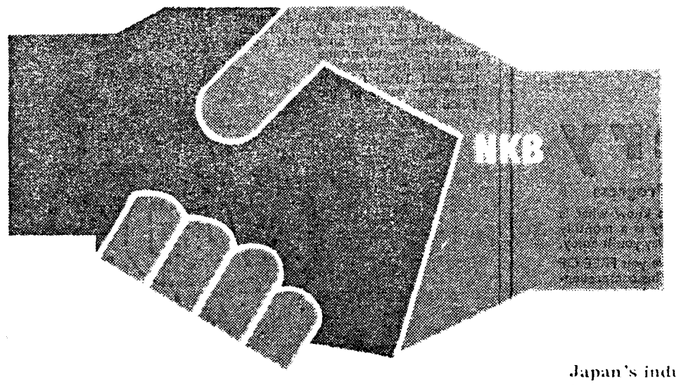

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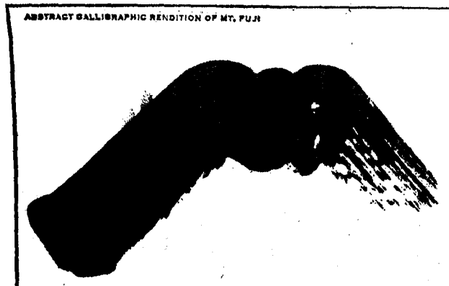

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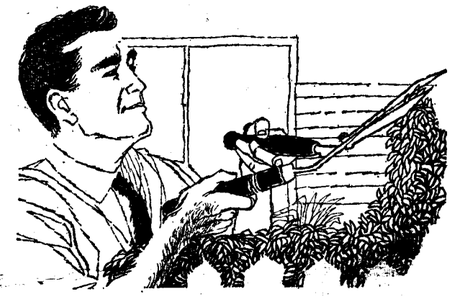

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THE ECONOMIES: FLAT OR DOWN?

No Afro-Asians

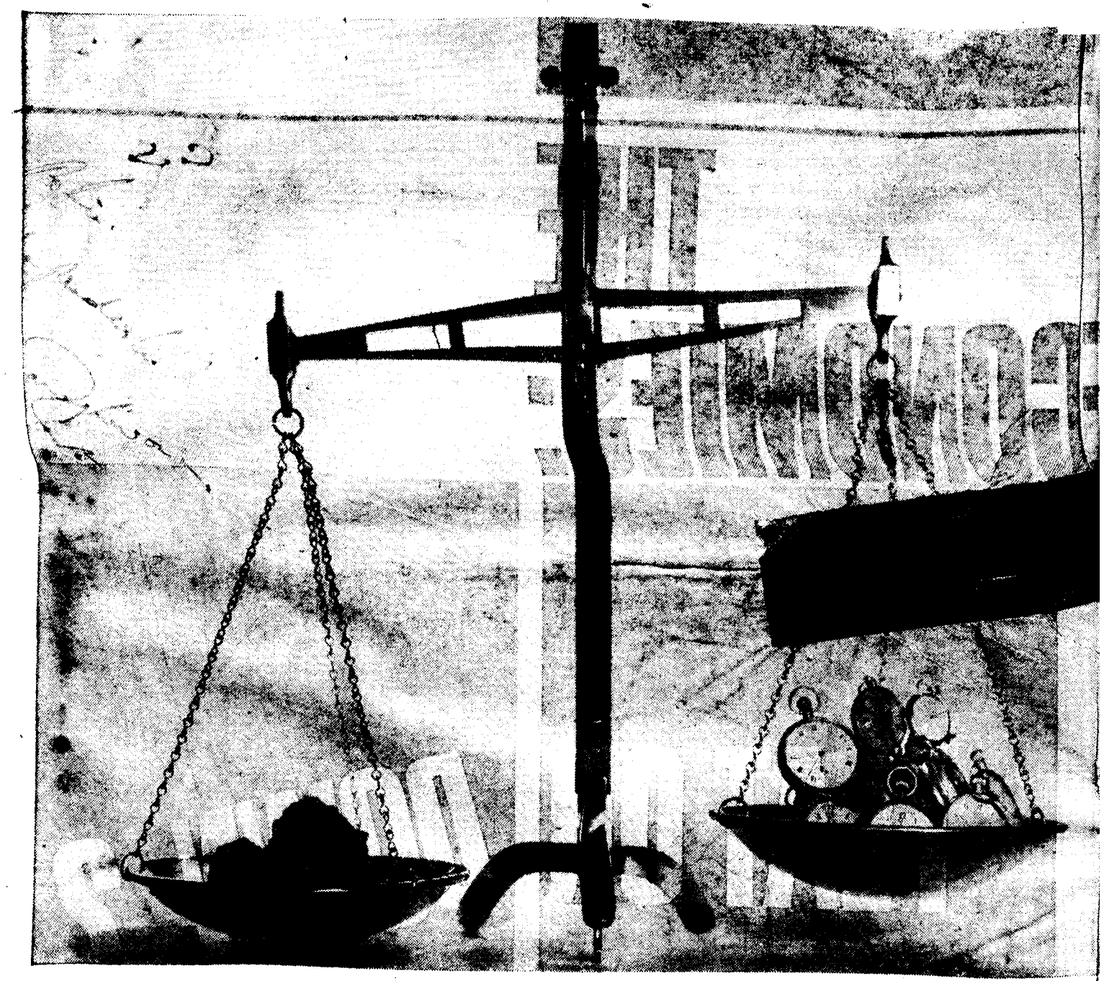
Consult the People? By what means should the common market issue be taken to the country?

Cities and the Car: Motor Survey pages 261-280

The Economist . 22 Ryder Street . St. James's . London . S.W.1.

Guide to contents See over

WHICH COSTS YOU MORE EARTH OR TIME?



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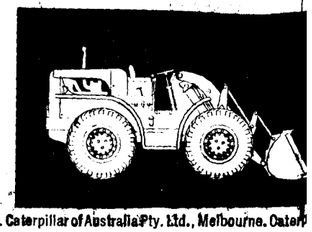

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The Economist this Week October 20, 1962

HOME

MONEY TALKS . . .

World deflation is an unpleasant possibility. Will the western economic managers recognise it as soon as it appears; and will they dislike it enough to stop it? (p. 283).

- The **National Economic Development Council's** first published thoughts are hopeful, but may not mean much yet in real terms (pp. 216 and 284).
- **Exports** are no longer rising, but **imports** now are (p. 290).

The reform of **local authority finance** will centre on Exchequer borrowings: a correspondent suggests an alternative approach (p. 285).

Tourism is Britain's **seventh largest** export earner, and no mean spinner of native cash, either: with a little self-improvement, it could do better still (p. 214).

Choosing the decimal unit: first round to the pound (p. 299).

PEOPLE SAY . . .

The demands now being made in Britain for *the mounting* of a **referendum**—or a **general election**—on the issue of the entry into Europe should be treated seriously—and then rejected (p. 211).

Public opinion on the **party conferences** has been less favourable than the parties hoped—and perhaps expected—it would be (p. 216).

All three parties are hanging on the results of the *five pending* **by-elections**, which may be a better pointer than usual to the outcome of any imminent general election—and one particular result may make all the difference to its imminence (p. 216).

More readers' thinking on the common market (p. 224).

MAN PROPOSES . . .

Dr Beeching may be planning to sap the **railwaymen's** wrath with pay rises, instead of using the extra money to ease the lot of the redundant men they are angry about (p. 218).

Mr Gaitskell's new posture on the common market fence has led him to press for more on behalf of the **Commonwealth** than the Commonwealth needs—or perhaps wants (p. 223).

An advisory council has turned down a scheme for training **young offenders** without locking them up (p. 223).

Matchmakers play the numbers game (p. 299).

WHO DISPOSES?

There is a **pressing need** for some overall regional control in the wastelands of the **Liverpool-Manchester** complex: both authorities are trying hard (p. 255).

The task set to Selwyn Lloyd—to report on the **Conservative Party's** organisation—may be less harmless to the party than the party thinks (p. 220).

The arts were better cared for in Britain this year: but the provinces have done less well than London (p. 260).

CITIES NEED RELIEF

The Economist Motor Survey, 1962

pages 261—280

INTERNATIONAL

AFRO-ASIAN DISUNITY

At the United Nations:

The **Afro-Asian** block is often pictured as a massive *monolith*, single-mindedly bent on attacking European interests. On closer look, this image falls apart (p. 209).

On Home Ground:

Ripples from **Yemen's** revolution wash against Arabia's ramshackle edifice of kingdoms, sheikhdoms and British proconsuls (p. 212).

Under a banner of anti-Nasserism, Syria's leaders are trying out their own version of democracy (p. 243).

Mr Nehru is responding to Chinese infiltration across India's frontier with Churchillian talk and disclaimers of Churchillian action (p. 237).

China, meanwhile, is working to isolate India from its Himalayan neighbours (p. 217).

Sir Hugh Foot's resignation brings home the British Government's dilemma in **Southern Rhodesia** (p. 218).

Mr Tshombe goes on stalling (p. 218).

Was it wise of Britain to sell Buccaneer aircraft to South Africa? (p. 217).

EUROPE'S BATTLEFIELDS

General de Gaulle's political campaign has the professional gloss of a military training (p. 238).

Dr Adenauer's journey to Washington is a chance for the dogged Chancellor to show that anything his juniors can do, he can do too (p. 237).

Mr Khrushchev still procrastinates over his peace treaty with east Germany, but his terms do not get any better for the West (p. 217).

Flemings and Walloons in **Belgium** persist in finding it hard to coexist (p. 220).

The floods in **Catalonia** took a greater toll in human lives than in human property (p. 241).

AMERICA'S CAMPAIGN

This year's gubernatorial contest in **New York** may be a dress rehearsal for the presidential election in 1964 (p. 245).

In **Illinois**, President Kennedy has to campaign against a Republican Senator who has been helpful to him (p. 246).

Unemployment shows no sign of ceasing to be a long-term problem (p. 248).

Mr Khrushchev is taking part in this year's election (p. 246).

PREVENTING THE WAR

Two new books on the nuclear arms race suggest a proposition that might, just might, help to keep the peace (p. 229).

Detailed contents on page 209

REGISTERED TRADE MARK

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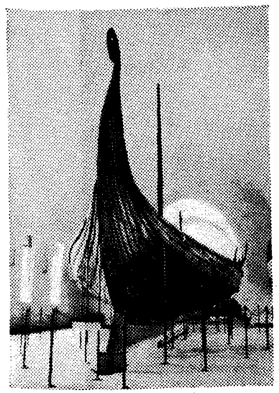


The Oseberg Viking ship, Bygdøy, 9th century A.D.

CALL FOR STEEL Looking like a giant hair-dryer, this new phone booth at Stavanger houses telephone equipment manufactured by Standard Telefon A/S. This company also makes deep-freezers and refrigerators and uses sheet steel from The Steel Company of Wales.

THE CITY OF STEEL SELLS TO NORWAY

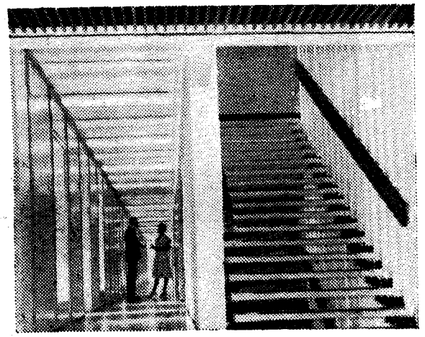
Norway, in area the fifth largest country in Europe, has a population of 3,601,000 almost equally divided between urban and rural areas. At least 4/5ths of the country is more than 500 ft. above sea level. The economic development of the country is rapidly progressing. Living standards are among the highest in the world and in the last four years wages have increased by 20%.

There is full employment in Norway and by far the largest groups are those working in industry and mining (25%), agriculture (17.2%) and commerce (10.8%).

In order to maintain her living standard Norway needs to participate in foreign trade. In 1959 her total imports and exports amounted to approximately £212 per inhabitant. Only eight other countries in the world were ahead.

The Steel Company of Wales exports sheet steel and tinplate to Norway for her industries. Last year the total *world* exports from 'The City of Steel,' the Company's vast steelworks at Port Talbot, amounted to £34 million. This included 54.7% of Britain's sheet steel and 72.8% of her tinplate exports, and these figures were achieved in the face of heavy competition.

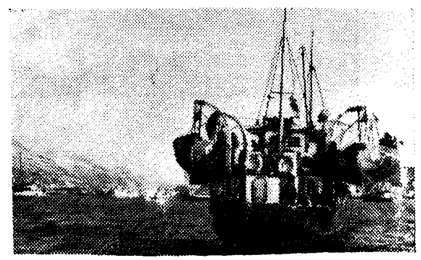
Visitors gaze at the Henrik Sørenson theme-mural in Oslo City Hall.



BRIGHTER OFFICES—WITH STEEL The steel partition walls in this building of the firm of Gustaf Aspelin Co. at Alnabru were supplied by Høvik Verk, a customer of The Steel Company of Wales.

OSLO GOES UNDER ▶

Like most world capitals Oslo has traffic problems. Here is Karl Johans Gt. in the city centre. By 1964 a new underground railway will be in operation, relieving the city's congestion. Passenger coaches are now being made by Strømens Verkstad, using sheet steel imported from The Steel Company of Wales.



NORWAY'S MARITIME WEALTH The catch from these fishing vessels will go to one of the Norwegian fish canners, many of whom are users of tinplate from The Steel Company of Wales.

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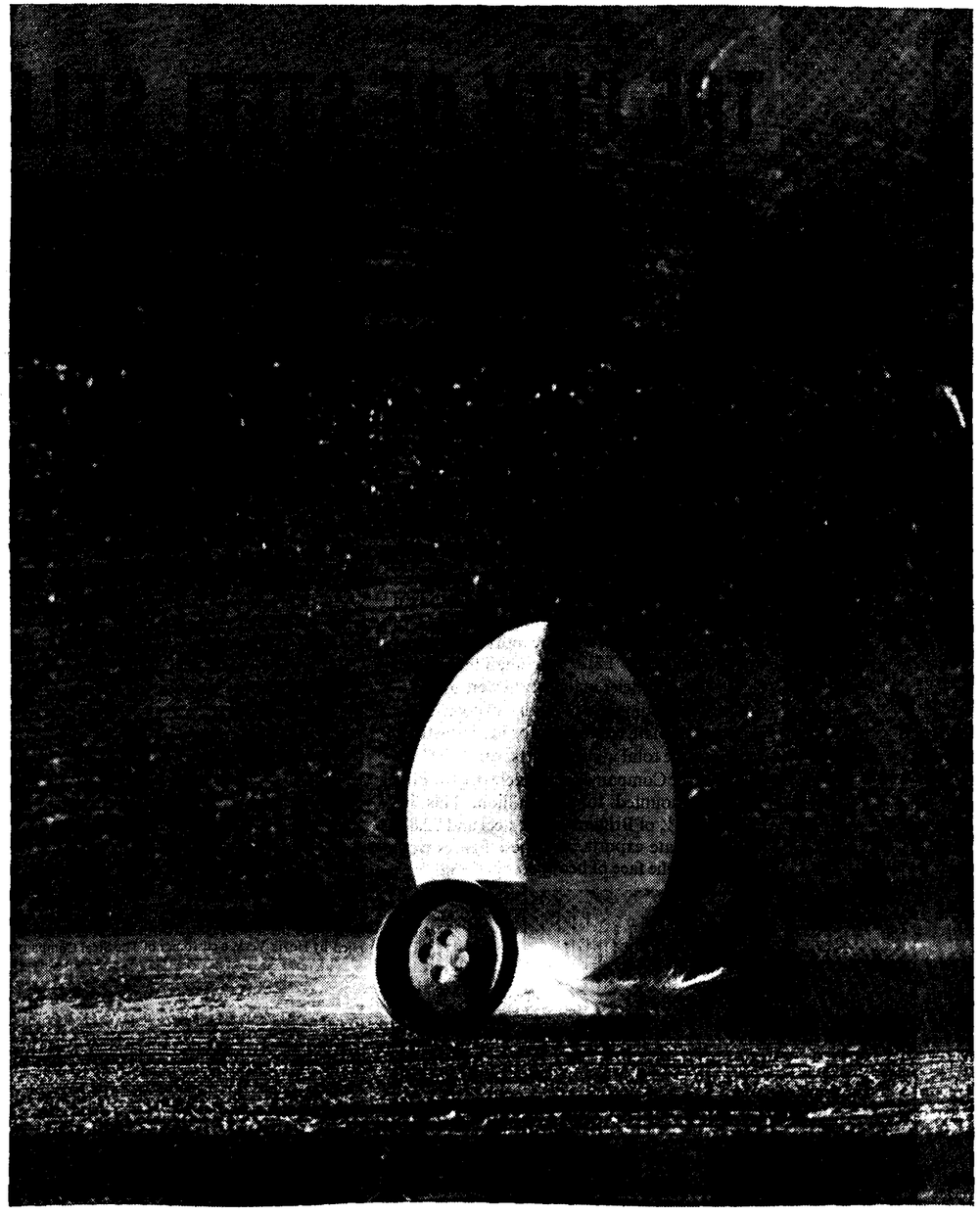

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The Trinidad Hilton
SAN JUAN, PUERTO RICO
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Why Kofi Asare moved house

Kofi Asare grew up in the quiet Ghanaian fishing village of Tema; going out in the boat every day with his father and brothers. Until two years ago he lived in a reed hut—like the rest of the villagers. But today, Kofi is a man with a promising future! With the building of the new £27,000,000 harbour at Tema (Africa's largest man-made port) his whole way of life has changed. Kofi now lives in a house in the new township of 40,000 people, and works as a leading hand on one of the modern fishing vessels operating out of Tema. His children attend a new primary school and his wife shops in modern surroundings. Ghana's Tema harbour has brought a new standard of living to Kofi and to thousands of others like him.

Atlas Copco compressed air equipment and Sandvik Coromant drill steels and bits were used extensively in the construction of the harbour and its connecting roadways. Tema harbour is only one of the many large engineering projects in which Atlas Copco and Sandvik Coromant equipment have played an important role. Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.

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The Economist

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No Afro-Asians

WHEN newly independent Uganda is admitted to membership of the United Nations, as it is expected to be next week, the total membership will rise to 110 states. Exactly half of them, 55, will be Asian and African states. The change that has affected the United Nations since it was set up in 1945 with only twelve Asian and African members out of a total of 51 founders is sweeping. A visitor to this year's Assembly session in New York has only to glance up at the presidential podium to see what looks like a neat bit of symbolism. In 1960 it was Mr Boland of Ireland who sat high above the ranks of delegates, and he was flanked by Mr Hammarskjöld and Mr Andrew Cordier of the secretariat: two Europeans and an American. Today, it is Zafrulla Khan who presides, flanked by U Thant and Mr Narasimhan: a Pakistani, a Burmese and an Indian. And the only other serious contender for the presidency this year was a Ceylonese.

Asia and Africa have not attained a representation in the UN Assembly to match their predominant share, about two-thirds, in the world's total population. There is no possibility of the Assembly's Afro-Asian members ramming through a decision in the teeth of other members' solid opposition; for an Assembly resolution on any matter of substance requires a two-to-one vote in favour. The west European and American countries command forty votes, and could block any move that made them feel they must close ranks, even if it was being pushed by the Soviet block as well as by the entire Afro-Asian membership. Theoretically, the admission to the UN of another dozen emerging African states could bring it within sight of an automatic two-thirds majority in favour of any resolution solidly backed by the Asians and Africans and by the Russians. But in practice there has never been a line-up on such a sharply defined basis, and there is not likely to be. This is the significant point, and one too often overlooked by everybody.

It is, in fact, rare to find all the Asian and African states taking up the same attitude to a contended issue, either in the United Nations or outside. When they do, they are not alone. For instance, the plenary resolution on Southern Rhodesia on October 12th, which asked Britain to secure the release of Mr Nkomo and the lifting of the ban on his Zapu party, was carried by 84 votes to 2 (Portugal and South Africa). Twenty west European and American countries voted for it. In the last Assembly a series of resolutions on African issues were carried by majorities of between 90 and 99; some of them had the support of almost all the European members.

The notion, reflected in some recent utterances by British ministers, that in these matters the Afro-Asians are often led by the nose by the Russians, is not borne out at all by the record. On the contrary, a recurring pattern in the Assembly in the last few years has been the firm rejection by the Afro-Asians of Soviet proposals which Moscow had taken some pains to tailor to provide the maximum appeal to anti-colonial feeling. Considering that it is one of Russia's persistent aims to appear as the true champion of all struggles for national liberation, it is remarkable how often it has seen its supposed protégés set its drafts aside in favour of their own. It is equally noteworthy how consistently the Afro-Asians have tailored their own texts with an eye to attracting support among the western countries, instead of seeking a head-on collision with them.

Even to speak thus of "the Afro-Asians" is liable to mean putting misleading

emphasis on their unity. Faced with a question like that of Portugal's African colonies, it is natural and easy for them to unite. It is the common experience of European domination that binds together peoples as diverse and remote from each other as Indonesians and West Africans. But Afro-Asian solidarity, being so largely a European creation, can thrive only in soil fertilised by European efforts to hold on to positions of domination and privilege. The diehards of southern Africa are now the main prop and stay of that solidarity; where would it be without them?

Platform symbols: U Thant, Zafrullah Khan, Mr Narasimhan

The common struggle for economic development might be assumed to give all Asia and Africa a basic unity, regardless of political orientations. In practice, brotherhood in poverty is a fragile bond. Naturally Asians and Africans, with Latin Americans and others, are joined in pressing at the United Nations and other diplomatic centres for more generous economic aid from the advanced countries, for stabler commodity prices, for better terms for their own exports. But they are rivals as much as comrades in these struggles. It is perhaps here that their achievements of solidarity in the UN are most artificial in character, for the Assembly and the UN's economic organs are well suited to the airing of common grievances, while the silent in-fighting about the distribution of such concessions and aid as are available goes on elsewhere. According to each underdeveloped country's individual circumstances, its needs and hopes of succour from advanced nations may lead it to adopt a political posture best calculated to bring it economic advantages. The common urge can have strongly divisive effects.

There is much else that divides. It is too often assumed that the Asian and African countries can be simply classified according to their military links. At one extreme, the West's allies and associates in defence agreements: Turkey, Persia, Pakistan, Siam, the Philippines, Formosa-China, Japan, South Korea; at the other, communist Mongolia, China, North Korea, North Vietnam; between the two, the great mass of the "non-aligned," some of them shading penumbrally toward one extreme or the other according to their degree of dependence on supplies of arms from Soviet or western sources, their readiness to provide bases on their soil, or their recourse to one great power or another for training missions or places at staff colleges. Another, and just as over-simple, approach has been to classify the Afro-Asians by their acceptance of economic aid from Russia, the West, or both. Neither formula does any justice to the kaleidoscopic variety of these countries' political positions.

One has only to look at the UN voting records to see how divided the Asian and African countries show themselves on issues that range from the Congo to the Chinese seat and the financing of the organisation itself; how the lines of division change in each case, and sometimes change with time too. Similar divisions, less formalised but just as telling, emerge when Asian and African leaders forgather outside the UN—for example, at last year's Belgrade conference. They underlie and explain the fact that the first Afro-Asian "summit" meeting, held at Bandung in 1955, has never been repeated, although Indonesia has long been canvassing a repetition.

The supposed Afro-Asian "block," so often pictured as a vast and menacing monolith, is in fact criss-crossed with rifts. As the number of new independent states has increased, the rifts have multiplied. Old leaderships have been challenged; new feuds have broken out. Quarrels among the Arab states have long been famous. The African estrangement between the "Casablanca" radicals and the "Monrovia" moderates is already familiar. Less commented upon, as yet, have been the simmering ill-will between India and Indonesia, and the ripples of speculation spreading through the African and Arab worlds as the appearance on stage of a newly sovereign and tough-minded Algeria portends the remaking of established patterns of influence.

A NUMBER of these alignments among the non-aligned have, in the past few days, revealed their interplay in an embarrassingly open fight for the seat on the UN Security Council that Egypt will vacate at the New Year. Precedent allots this seat to an Arab or Middle Eastern country, and Morocco was an early candidate for it, backed by the Casablanca group. As the only other Afro-Asian on the Council is Ghana, another Casablanca state, the Monrovia group would not accept Morocco; and, after a confused interlude during which Ethiopia and Mauretania offered their services, the Monrovia states found a more formidable candidate in Nigeria. The elections, which had been fixed for October 11th, had to be postponed to give time for private parleying.

But this delay, far from enabling the disputing factions to reach a compromise, yielded a third candidature, that of Persia. After two ballots, Morocco won the seat on Wednesday. These votes are secret, but the shifting line-ups clearly reflected not only the unhealed breach between Casablancans and Monrovians, but also divisions of opinion about how to meet emergent Africa's claims to more representation, about the proper balance between Africa and Asia, and about the changed status of the Arab group, which was the original nucleus of the greater Afro-Asian group in the UN. A further complicating factor was the established convention that the Council should always have one Commonwealth member, but not more than one: to put Nigeria in alongside Ghana would have breached this rule. Particularly significant was the fact that Persia's last-minute intervention showed that there was no simple rallying of "pro-western" ranks in order to keep Morocco out; when Persia was eliminated, most of its backers swung to Morocco.

Such an episode is worth noting for the light it sheds on the real nature and workings of the Afro-Asian group. The lesson that needs to be drawn is that Asia and Africa neither constitute a solid "anti-western" block nor do they, even in the private fights which show how little of a block they are, divide up neatly into pro-westerners and others. It is all a great deal more complicated than that—for them as well as for us.

Consult the People?

How cogent is the case for a referendum or a general election before Britain enters the European common market?

ANYBODY who joins in intelligent political discussion nowadays soon finds that there are many people who still feel in their bones that before Britain enters the European common market there ought to be some form of plebiscite, either by a general election or (as at least one of the country's leading political scientists has now flatly recommended) by a straight national referendum. Those who (like *The Economist*) are in favour of joining the market have a duty to engage in honest debate on this matter.

Honest debate can fairly begin by stating what most people will recognise as a constitutional fact, however undemocratic it may at first sound. Major political decisions in this country are generally taken when there is a balance of agreement among a majority of establishment opinion, of civil service opinion and of other informed opinion that it is time to move in a certain direction; and, indispensably, when the government of the day manages to persuade its own party supporters and Members of Parliament that the move is desirable. An intellectual oligarchy of this sort is very often resistant to change. That is why, in cases when establishment forces are standing fast against popular opinion in defence of the *status quo* (say, in supporting the continuance of public schools or of an economic policy based upon maintaining inequalities of income), radicals should constantly query whether "informed opinion" is really being mainly influenced by force of argument instead of by mere traditional prejudice. But when informed opinion has swung round to supporting so huge a change as British entry into the common market, the balance of prejudice can fairly be the other way round; there is then more ground for presuming that only a very strong force of argument can have pushed the staidest minds in the country into this remarkable new position.

This does not mean—fortunately it could not mean—that everybody should then abdicate from all opposition on the matter. But it does make it reasonable that governments should generally carry through the reforms which they and the balance of informed opinion believe to be advisable, and then go to the country only when the new policies carry with them the advantage of being already part of the new *status quo*. Many (perhaps most) progressive reforms in this country, from the abolition of hanging for sheep stealing to the adoption of the Keynesian economic policies of unbalanced budgets, have been made possible only because a majority of official opinion has led on just a little ahead of a majority of ballot-box opinion in this way.

Those who say that this analysis should not apply in the case of the common market usually base themselves on two arguments. First, they argue that joining the market would be a peculiarly irrevocable step; this does not seem to be a particularly strong argument, since everybody knows that Mr Gaitskell is at present deciding whether he thinks it will be to his party's and the country's advantage to state specifically that a Labour government would in fact revoke it. Secondly, the critics say that while the Government and establishment opinion may seem to have been converted to support of the common market by a gale of change, it is plainly standing fast against the novel device of a referendum mainly because of prejudice and tradition. With the spread of education, the critics may claim, informed opinion should now be regarded as being much more nearly nation-wide; and in these new circumstances referenda may have become a respectable instrument of national policy-making. There is, frankly, a certain attraction for modern radicals in this argument, But it is necessary to consider how far the argument is real, and how far specious.

GENERALLY, four arguments are advanced against referenda. First, it is said that they are not a traditional part of the British constitution; this is a very poor argument indeed, since in constitutional as in other matters change should often be welcome and innovation acclaimed. Secondly, it is sometimes said that the result of a referendum could depend on the exact way in which the question at issue was phrased. This is not a strong argument in the present case, since everybody would know in his heart what he was really voting about.

Thirdly, there is the argument—stated, among others, by Dicey—that a referendum is a device for transferring "the government of the country from the rule of intelligence to the rule of ignorance"; this is, largely, the argument that has just been discussed above. It may have lost some of its force in modern conditions, but radicals should note that referenda are still generally devices which support reaction (witness the Swiss, who rule themselves largely by referenda, and still refuse women the vote). Again, left wingers should note that Labour governments who ruled over a Britain where referenda had become fashionable might conceivably never be allowed to nationalise anything again.

This leads, fourthly, to the most cogent argument of all against referenda. A referendum is, in essence, a device for keeping a government in power but not allowing its members to follow the policy which they feel convinced is right. It would be as absurd in present circumstances to keep Conservative ministers in office and tell them that they must not go into Europe, as it would be to put a Gaitskell government into office and tell it by referendum that it must go into Europe. Rule by referenda would be a device for ensuring that the government of Britain would have to be undertaken by time-servers, instead of by men who will resolutely express their opinions and try to put them into effect.

The Economist, for one, feels his fourth argument against a referendum to be overwhelming. One is left, then, with a general election as the only logical way in which a national vote can be taken. Since an election is bound to be held within two years anyway, the real question now is whether it should be morally obligatory for it to be held before ratification of the Treaty of Rome, as the Opposition demands, or whether it could take place after ratification if the Government so desires. There are two arguments against dictating to the Government on this matter. One of them has already been

mentioned already: as part of the normal political process, as part of the normal mechanism for ensuring that governments can sometimes implement policies of change which they believe will be more popular in the long term than in the short, it should normally be the right of a Prime Minister to decide when in any five-year period a general election should be held. A Government in office is inevitably more likely to pile up resentments against itself than an Opposition which is basking in a pleasant lack of responsibility ; the right to decide the timing of an election is a legitimate right to redress this imbalance, and to give governments the elbow room in which to govern instead of constantly to electioneer.

Secondly, any early general election, even if nominally fought on the issue of the common market, would not really be fought on that issue alone. Until recently, at least, it seemed most likely that in any early general election Labour might win something close to the 44 per cent of the popular vote which it marked up last time ; the other 56 per cent or so would presumably go overwhelmingly to the two parties who are in favour of the common market, the Conservatives and the Liberals. But, as the Liberals might well take around 15 per cent of the vote, a Labour government might then be returned to power—although it had nominally lost the plebiscite on the market issue by over five to four. The fact that many of those who had voted for the two pro-market parties might in their hearts be against the market, while many who had voted for Labour might in their hearts be in favour of it, would not make this sort of election-plebiscite more democratic ; it would merely make it more absurd.

The right course, therefore, is surely to abide by the normal British constitutional practice, interpreted and swayed—as it inevitably and properly tends to be—by the wiles of leading politicians and by the pressure of events upon them. Once again the present indications suggest that those who say that this traditional system usually works in the end may be going to have the last laugh over those who reject it. One way in which Mr Gaitskell might force an early general election might be by saying that a Labour government would repudiate any Conservative signature on the Treaty of Rome. He is hesitating to do this at the moment, because he fears that it might cause a split in his own party. But that is a recognition of the obvious fact that a large number of people in the Labour party believe that the Government's policy on this issue is right ; it is a perfectly proper democratic check. The Government, for its part, has always believed that there would in the end be a major swing in favour of the common market both by some of its own former rebels and by the country at large. It has been proved right in the first forecast, and there are increasing signs it may be going to be proved right in the second ; if so, it may be able to hold and win an election earlier than it had previously dared to hope. In that event, it will deserve its victory. If this does not happen, if at no time before the end of this Parliament can the Government persuade the electorate that it has served it well, by its common market policies or by the sum of its other policies, then it will in due course be thrown from power. That is how democracy works ; one cannot see why the historic issue of the common market should necessarily change its ground rules.

Arabia Felix

With the Yemeni revolution, all Arabia may have come to the end of a long sleep

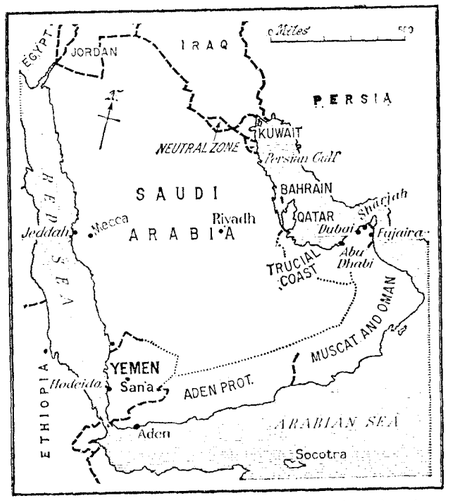
UNTIL something is done about the lacework of British protected states that festoon the eastern and southern coasts of the Arabian peninsula, the Arab portrait of Britain is indelibly adorned with the horn and tails of an old-fashioned proconsul. The 11 sheikhdoms and sultanates on the Persian Gulf ; the 25 states of the Aden Protectorate (11 of which have now formed the South Arabian Federation) share a feudal outlook and the benefit of British "advice." The states blessed with oil (Kuwait, Qatar, Bahrain, Abu Dhabi and, maybe, the Qaiti sultanate in the Eastern Aden protectorate) are much too rich, in fact or in prospect, for their own safety ; those without oil scrape the sand and British subsidies for an exiguous living. Tidy-minded people who groped towards a more contemporary, and permanent, decor for this messy frieze of principalities found their visions bumped down to earth by the uninviting and uninspiring gloom of the setting. Dreams of federation, union or any sort of general tidying-up were cut short by the thunderous pre-condition: major changes in the Arab peninsula, and, in particular, Britain's own retirement, had to wait upon the emergence of more enlightened and, in a modern context, more durable forms of government in Saudi Arabia and Yemen.

Unexpectedly, it is Yemen that has opened the first crack in what seemed a blind alley. Shrouded behind the heavily beaded curtains of its feudalism, Yemen had become to outsiders a joke kingdom of mediæval curiosities, seeming to offer little except a plunge into some of the nastier habits of the past. Now the new foreign minister, Mr Mohsin al Aini, has reminded a New York audience that Yemen was known to the ancients as "Arabia Felix." In antique days it was respected as the only part of the huge Arabian peninsula that was not a desert ; he judged it necessary to tell his audience that his country was still largely green and fertile, sustaining six million people. Arabs still refer to it as "happy Yemen"; the revolutionaries have set out to strip the phrase of its irony.

How severe the hazards, how effective the counter-revolution itself, how material the aid or opposition coming from outside are still altogether speculative. Fighting goes on in the north and east of the country ; the Zeidi tribes may still regard the Imam (but which one ? The "dead" Imam now seems to have been on the wireless) as their ruling monarch as well as the spiritual head of their sect. The revolutionary government, under the prime minister, Brigadier Abdullah Sallal, has tended to play down the fighting as "skirmishes," although he accuses the counter-revolutionaries of getting help from King Saud in the north and from the Sharif of Beihan in the east. A louder war goes on over the Arab radios where Jordan and Egypt charge each other freely with supplying massive aid to, respectively, the revolution and the counter-revolution. But the notable fact is that this revolutionary

government, against the noisy background of shooting and transmitter battles, has, with resounding confidence, declared its intent to plunge into the modern whirlpool of planning and progress.

Whether these brave aspirations succeed or run into the sand, their echo is sure to rebound throughout Arabia. King Saud's decision, on Wednesday, to change his government, may have been precipitated by anxiety about Yemen. In Aden the repercussions have been loud and clear. Even when Yemen was still the dark imamate, there was a movement in Aden colony urging federation, and its supporters were not confined to the 80,000 Yemenis who work in Aden. The British decision to latch Aden on to the South Arabian



Federation gave the movement a lively shot in the arm. Moderate men turned disillusioned from what they sincerely believe to be British fast practice to look wanly at the possible alternatives offered by Yemen. Those alternatives have been made immensely more real and inviting by the revolution.

WITHIN three days of the revolution, photographs of Brigadier Sallal and of Dr Abdurahman Baidhani, his deputy, appeared miraculously all over Aden colony. They were peddled by small boys in the streets, used by cab-drivers on their windshields as stickers, produced from the pockets of waiters and lift-boys. Pictures claimed to be "exclusive" were offered at premium prices. The People's Socialist party (the political body of the Aden Trades Union Congress) which had been the mouthpiece for co-operation with Yemen, felt itself gloriously vindicated. Mr Abdullah Asnag, the president of the TUC, adopted the Yemeni revolution as his own. With the imamate out of the way, his aim is now clear-cut: the union of Aden colony and the Aden protectorates with Yemen, under the Yemeni flag.

The boisterous camaraderie with which the Yemeni revolution has been welcomed by Aden workers has not been echoed at San'a, the Yemeni capital. The Imams, whose foreign policies were uncomplicated and whose chief worries at home were self-survival, would steamily reiterate their claims to Aden. Brigadier Sallal, who is concerned with transforming his country as well as with surviving himself, has spoken much more discreetly. When asked about his policy towards Aden by a British correspondent, he gave a meticulously correct reply:

> We have to realise the fact that we have designed our revolution here within this area governed by the late Imam. Our intention for the time being is to develop this area and get it to stand up. . . . The aspirations of the people there in Aden are decisive.

Brigadier Sallal can afford to pitch his voice low. His revolutionary message will not be quarantined, even if he does not trumpet it. In Arabia, where tribal families wander back and forth across the largely undefined frontiers, no movement is isolated for long. The agitation that has been aroused in Saudi Arabia and in some of the Aden protectorates is intensified by the fear of regicidal ideas seeping through the tribes that live on both sides of the disputed frontiers with Yemen. The danger for King Saud is that this interaction at tribal level could, in time, work its way into his army, whose loyalty, like that of most arab armies, is split between country and tribe.

But this is not how revolutions start, though it may be what helps them to succeed. Gusts of revolutionary infection will be bellowed out over Arabia not by the discreet brigadier but by Egypt, his less scrupulous, and less vulnerable, patron. Yemen's infant revolution has been lustily and joyously taken up by the old hands in Cairo. Certainly, Jordanian and Saudi Arabian propagandists have grossly exaggerated the amount of military aid that Egypt has already given the new government ; on the other hand, there can be no doubt that Egypt will do what it can to ensure that the revolution survives in Yemen—and spreads throughout Arabia. Cairo has unearthed a pact signed by Egypt, Yemen and Saudi Arabia in April, 1956, at Jeddah which set up a joint command and committed the signatories to come to the aid of any one of them that was attacked. Saudi Arabia's part in this bond is being conveniently forgotten.

Whether or not Egypt finds it necessary to fulfil its carefully selected obligations under the Jeddah pact, Egyptian goods and technicians are arriving in Yemen as fast as Dakotas and frigates can carry them. There has been talk in Cairo of re-establishing the short and little blessed union between the two countries that was dissolved in 1961. Probably both parties would prefer to wait a time: Egypt in order to calculate the strength of the new regime ; Brigadier Sallal, perhaps, to see whether he can manage without so much help—and interference. The Yemeni government has gratefully accepted the United Arab Republic's quick and unquestioning support ; but there is no evidence that the young men at San'a want to abdicate any of their control over the exciting momentum of a new revolution.

Egypt's speed and vigour in taking up the Yemeni cause manœuvred the other Arab republics into a quandary. Syria and Iraq, deeply involved in their own campaigns against President Nasser, recognised the new government only after considerable delay, and even then hedged their commitment with pious expressions of distaste for interference of any kind. Iraq, in particular, hesitated for ten days, during which pro-Yemeni demonstrations in Baghdad showed how awkward it was for any Arab republic to be caught lurking on the side of the "reactionary" kings.

Syrian, Jordanian, Saudi and other spokesmen persistently claim that President Nasser's influence in the Arab world has sunk to a nadir. The inevitability with which the young Yemeni revolutionaries recognised Nasser as their patron, though not their sponsor, shows how fallible this judgment is. Syria's experience has undoubtedly made all Arab politicians think twice about linking their countries tightly with Egypt; it has not prevented the rebels and potential rebels in all Arab countries from looking to Egypt for inspiration and succour. It was as natural for the dissident Saudi Arabian princes to set up their exile group in Cairo as it was for Mr Mohsin al Aini to make Cairo his first call after his sudden appointment as foreign minister.

If the light of a more modern world spreads over Arabia, it will be all to the good. But the flashes of light, especially if Cairo controls the lamp, will show up the anomalies, the anachronisms and the patchy attempts to bring them up to date. Brigadier Sallal has spoken civilly of Britain, although he naturally looks for recognition of his government and, more important, for a restraining hand on the agitated protectorates. But the flaws in the British Government's attempt to give security to the base at Aden by forcing through a federation that the majority of Adenis do not want are bound to be floodlit by the new ideas from Yemen. This need not be unhelpful; it was the calm which seemed to prevail before all this that was deceptive.

Holidayland

Tourism in Britain pays off well for the national economy; but it could pay still better

THE tourist industry is Britain's seventh largest export earner, taking in £205 million last year; if the £93 million paid by foreign visitors in fares to British ships and aircraft is added on, tourism rises to fourth in the export league table below only machinery, vehicles and chemicals. In fact this country, according to the latest figures from the Organisation for Economic Co-operation and Development, earns more from its visitors than any other European country except Italy. For a small and damp island it is a pretty staggering success.

Is it likely to last? So far this year, the latest figures show that visitors from the United States have risen by 9 per cent (after a fall of 1 per cent in 1961) and those from Europe by 7 per cent. But the number of British holidaymakers going abroad is now rising faster still; their spending abroad exceeded foreign tourists' spending here by £21 million in 1961, and by £17 million in 1960. Even so, this deficit on tourism is little enough beside, say, the west German deficit of £140 million. Although Englishmen have always regarded themselves as lordly travellers, waited upon as of right by menial continentals, it is just as well for the Chancellor of the Exchequer that most Britons are home-bodies at heart. Of the 30 million who do actually take a holiday beyond their own back gardens each year, 26 million still scorn to set foot on foreign soil. A Channel bridge for the growing car ownership (nearly 50 per cent of British holidaymakers now travel by car) could, of course, change all that. Or could it?

Britain's hotels and boarding houses are still catering predominantly for a large and not particularly well-off home market, with an average holiday expenditure of £16 a head. By and large, except in London, the holiday trade contrives to segregate this market from that of the 1.8 million comparatively big spenders who come here annually from overseas. The Americans, who contribute a quarter (£48.4 million) of British tourism's foreign earnings, generally stick to a familiar, largely antiquarian and generally profitable round: they sleep in London, Edinburgh, Stratford, Glasgow and Oxford. The younger west Europeans who arrive here are distinctly poorer, and seldom show much inclination to penetrate north of the Thames valley. The bulk of the trade still comes from the Commonwealth (£89 million last year), chiefly families from the white dominions, Canadians predominating, often set on staying 3-4 months to look up relatives, with short trips to the continent increasingly *de rigueur*.

The biggest question facing the industry is how rapidly it can jack up its standards of service (the major complaint that foreigners lodge with their travel agents) and accommodation, and thus equip itself to meet increasing competition. More and more British people can be expected to go to Europe for at least part of their holidays; the North American globe-trotting trade (or at least the more lucrative parts of it) may be lured increasingly towards the exotic Far East. So far the economics of a local industry geared to two peak months (July and August) have left little scope for investment in the kind of improvements that Britain needs to hold its own.

The Board of Trade now subsidises the industry directly to the extent of £1.4 million a year. There is no financial help for hotel construction, except in Northern Ireland; and also no equivalent of the Swiss *kurtaxe* on visitors (although some people in Scotland would like one to raise capital for local improvement schemes, saying that at 6d. a night on each visitor to Scotland the levy would bring in £500,000 a year). The Government's money goes instead to meeting the greater part of the annual budget of the British Travel and Holidays Association. The BTHA itself is principally an overseas publicity organisation; and, despite the critics who say its sales line damages the image of British manufacturing industry, it knows perfectly well that the main assets it has to plug are history and scenery. Americans still flock to Britain's "prettiest village" but not to Basildon new town. Antiquities are what many of Britain's new car families are after, too, so that with Stonehenge and the Tower already showing maximum throughput what is needed is more ancient monuments, not less emphasis on them by official publicity. (Thus the Ministry of Works believes that there are potentialities, if the right roads and hotels existed, in the monument-cluttered zone between York and Edinburgh.)

In its other job, that of trying to set British producers to rights, the BTHA has gone distinctly warily. Its predicament is obvious enough: if it really were, with much justification, to lambast British hotel service, menus and catering hours, it would get all its publicity where it least wants it. Its main hopes now seem to lie in encouraging the development of purposeful local associations to cajole the 1930s-oriented sectors of the industry into new life.

AT long last the motel (variously defined) is beginning to sprout: there are now over 30 in Britain and the BTHA expects to see 20 more opened shortly. But the British motel is not on the classic, and cheap, early-American lines. For some time to come it looks as if the country hotel, with extra garage and parking space, will remain the most practicable arrangement for the new carriage trade; in many areas it is the only place where one can get anything to eat after 6 p.m. So far the boom in motorised holidays in the home market has chiefly helped the licensed hotel and the very primitive caravan site. It may be that as holiday spending goes up there will be a growing demand for better accommodation than the trailer camp: motels, particularly in the heavily-motorised West Country, should then come into their own. For the present, however, the best bet for new investment may be the motor hotel in good country within easy driving distance of the big urban centres, which has a chance to draw regular custom from the dowdy Victorian establishments in city centres, where trade already falls off ruinously at weekends. The pattern that one group is aiming at is to attract both the mid-week commercial trade and the better-off family weekenders.

The west end of London apart, the return on new hotel construction in British cities is still too small to attract developers. Britons without expense accounts (and often even more with them) are not yet prepared to pay for the room-with-bath accommodation that North American visitors take for granted: year-round home trade is thus not great enough to justify expanding peak-period export capacity. If there were more first-class hotel rooms at the height of summer, travel agents say, there might be a hope of filling more of those BOAC seats. In the countryside, too, the very short season is a major handicap; winter closure can make ends meet, but it means starting again each spring with a scratch staff—not the way to improve the quality of cooking or service. Small owners have too little capital to risk improvements like extra bathrooms. If the bottom ever fell out of coach tours (which has not happened yet, although a decline is visible) a number of smaller country hotels in the remoter districts would be in trouble. They need to spread ordinary bookings at each end of the summer, but here again some owners are unwilling to pay commission to travel agents who have the power to steer traffic their way. The result is that the agents stick to the established, and increasingly crowded, circuit.

The need for greater year-round occupancy of all rooms is a hoary problem. Until it is tackled, development like the Coventry venture (which went through sticky years subsidised by shop rents) is bound to stay stifled. American visitors, predominantly middle-aged, are now being attracted by off-season fares, but the home market of family holidays is still jammed into two months. Moving the August bank holiday from the beginning to the end of August is one only slightly plausible suggestion; the growing trend towards taking spring and autumn weeks off—as a supplement to the normal two-week summer holiday—should help; but the real solution depends on arranging a school year that takes rational account of the months when the sun actually shines.

In stark truth, Britain generally has too little sun and too little snow to make tourism an easy business. One small gleam in the north, however, is the emergence of the winter ski-ing trade in the Cairngorms, where investment in such aids as ski-lifts and a new road is bringing in a significant addition to the normal summer takings. Elsewhere, however, there is little enough to tempt the native, let alone the overseas, visitor. It may, however, become increasingly profitable to keep holiday camps (with indoor entertainments) open at Christmas-time, if only for the publicity this earns.

THE adaptation of the British tourist industry to modern society still has a long way to go. But, slowly, things are beginning to move. Multi-purpose holiday investment, as at Towyn on the Welsh coast, is starting up, on the principle that the people who are beginning to buy or rent their holiday chalets are going to want swimming pools, restaurants and children's playgrounds right on their doorstep. Local councils like Brighton's have grasped that the family car is upon them and will impose a new structure on the holiday trade. The most antiquated licensing laws (including Sunday observance in Scotland and Wales) are being improved. Even the casino-bingo movement may help to keep Britons contentedly on their own island when the Channel is bridged. But there are still other trends that need to be exploited. The growth of fully international spectator sports like football or motor racing could help some provincial centres (as arts festivals have helped others). New York actually imports European soccer teams for a summer tournament—why not Manchester or Sheffield? The small-boat craze is catching on: the next stage may be a rash of "boatels" in the warmer estuaries. But the family car will predominate. Catering for it will entail the designation and construction of scenic drives, particularly along the coast and in the north-west, with the appropriate camping sites and perhaps cheap, timber-built summer accommodation on the motel pattern. Local authorities and, better still, regional authorities should be thinking in terms of dividing the countryside between the car and the more sedentary holiday maker. The era of the seaside landlady is dying slowly; to replace her only a specialised and highly efficient holiday industry will do.

Appointments, Business and Personal notices, and other Classified Advertisements: pages 303, 310 and 311

NOTES OF THE WEEK

AFTER LLANDUDNO

By Europe Alone?

Both the Liberal and Labour party conferences this year made a less favourable impact on outside public opinion than those who attended them originally expected. It may be that this will prove to be true of the Conservative conference as well. For the second year running the Conservative rank and file shone on the Thursday with a genuinely progressive glow; one has still not got over the strange exhilaration of seeing all those young Tory men (and an astonishing number of older Tory women) marching into the common market debate flaunting the one word "Yes" from their buttonholes. But this was the single pearl in Llandudno's oyster. In all other fields except Europe, minister after minister, from Mr Maudling downwards, sounded as if he was allowing himself to be much more impressed by the difficulties of his job than by its opportunities. Aside from the European adventure, there was no obvious sense of dynamism about this Government at Llandudno. One's main and most significant thought while watching Mr Macmillan on Saturday was how noticeably older he now is than any other member of the cabinet ranged alongside him.

All three parties will be hanging breathlessly on the trend shown in the by-elections immediately ahead. The Tories feel confident that they have begun to recapture votes as a result of the common market issue, and certainly Labour is terrified that it has begun to lose them; that is why Mr Gunter and other Labour pro-marketeers have begun another brave effort to pull Mr Gaitskell back away from his instinctive anti-Europeanism towards the depopulated fence. But the Government is in danger of forgetting that the by-elections will not be fought on the common market issue alone. They may also be fought in an atmosphere of mounting uneasiness about the possibility of world recession, and of complacency about Mr Maudling's apparent disinclination to start Britain re-expanding more quickly. And they will take place shortly after the announcement of a legislative programme in the Queen's Speech which—for all the promises about contracts of service and compulsory severance pay (reconfirmed by Mr Macmillan on Saturday)—looks like being quite ghastly dull.

BY-ELECTIONS

Bogeys for By-Elections

It is now generally expected that the by-elections for the five vacant Conservative seats will all be fought on one day next month, possibly November 15th or November 22nd. Labour's near-marginal seat of Colne Valley—which has become vacant through the death of Mr Glenvil Hall last weekend—will presumably be fought over later. The net swings which Labour would need to win the five Tory seats at issue would be: Glasgow Woodside 3.1 per cent, South Northants (which is especially vulnerable, because it is the only seat of the five which had no Liberal candidate in 1959) 7 per cent, South Dorset 7.6 per cent, Central Norfolk 7.8 per cent, and Chippenham 10.6. It follows that all the seats would in fact be captured by Labour if it marked up the sort of 12.3 per cent swing which it secured at Middlesbrough West last June. Indeed, with an exact repeat of the Middlesbrough swing, the Conservatives would be thrown into third place in three or four seats out of the five, with Labour and the Liberals fighting the main battles for first place.

Up to a few weeks ago one suspected that the Conservatives might be going to lose the whole nap hand. Now, however, there are signs that Mr Gaitskell may have scared some Tories back to their former fold. The Conservatives therefore exude a new-found confidence that the Government should hold all except Glasgow Woodside, and some Tories even assume that they might hold it. They may well be being too optimistic (they often are); but it is worth pointing out that if they are not—if by any chance the Tories should hold all five seats, including Woodside—then this cluster of by-elections could conceivably become really historic.

In order to win the next general election Labour must secure an average swing of 3.5 per cent across the country; it follows that Glasgow Woodside (swing needed 3.1 per cent) is one of the seats which Labour would normally expect to win on its way to even the narrowest of national majorities. The statisticians will say that an average Labour swing of 3.5 per cent would usually be compounded of below-average swings in seats (like Woodside) where Liberals fought last time, and of above-average swings where there were new Liberal appearances; but this is probably cancelled out by the belief that Scotland should be a better-than-average area for Labour just now. In very general terms, therefore, as Woodside goes next month, so might the country be expected to go in any immediate general election. If the Tories should manage to hold it, together with the rest of the famous five, then—and probably only then—Mr Macmillan might conceivably wave away the chocks, take a quick look at some economists' forecasts of a world recession before the end of 1963, and roar off down the runway for an early "common market" general election.

THE ECONOMY

Don't Let Poor Neddy Starve

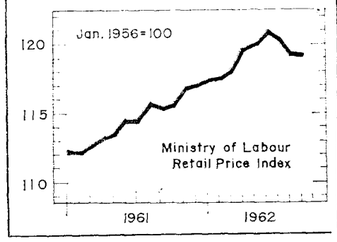
It is still quite unclear how far the National Economic Development Council is going to succeed in making itself into a really effective national force. On Wednesday it tabled a paper setting out its guesses about how much might reasonably be expected to go respectively to consumption, investment, exports and government expenditure if Britain manages to increase its gross domestic product by 4 per cent a year between 1961 and 1966. The figures are discussed on page 284. They are fairly conventional guesses, not obviously different from those which many other economists might have suggested, impromptu, long ago. They are not necessarily any the worse for that.

So far—and quite rightly—all the work has been done by the "office" of full-time experts under Sir Robert Shone and Sir Donald MacDougall; the trade unionists and industrial leaders and other dignitaries on the council itself seem to have done little more than give a nod of approval to them. The "office" will now proceed to draw up recommendations for inclusion in Ned's end-year report about various new policies which it would favour on such matters as training more skilled workers, improving redundancy schemes, providing more incentives for exports and investment, and so on. At that stage, the trade union leaders and others on the council will presumably have more to say, probably often in the form of the one word "No". The danger is that Ned's proposals may then become no more than an interesting series of economic essays, with any ideas that are regarded as too contentious edited out of them.

But the real question underlying all this is whether those parts of Ned's plan that are agreed by the council, including the statistical paper published this week, are going to exert a real influence on the Government. Ned's programme for 4 per cent growth envisages that Britain's gross domestic product ought to increase by £1,150 million each year, in real terms, between 1961 and 1966. In the first year of the plan, between 1961 and 1962, it is already clear that gross domestic product will have risen by no more than about £400 million, if by that. The idea should therefore presumably be being burned into the Chancellor's consciousness that, if he is to make up this leeway and get back on target next year, the total of demand exerted upon British production ought to be some £1,900 million higher next year, during calendar 1963, than it has been during calendar 1962. So far, there is no sign that such an idea has even occurred to Mr Maudling in the policies which he has put in train.

INFLATION HELD?

In the first half of this year food prices rose by nearly 7 per cent, but two-thirds of this increase was accounted for by seasonal increases, particularly exaggerated this year in the case of potatoes by shortage. Potato and vegetable prices have since come down and the general level of all retail prices (see chart) was lower in August than in any month since March.



BERLIN

Str-e-t-c-hing

Once again, for the umpteenth time in the four-year-old Berlin crisis, Mr Khrushchev has stretched yet another inch or two of elasticity out of his promise to sign a separate peace treaty with east Germany. It is quite true that, when he recently offered to put off his next move on Berlin until after the American elections on November 6th, he did not say that this next move would be the signing of the treaty. But that is how most people in Washington read his meaning; and the sheer cumulative force of all the repeated Russian talk of signing it "in the very near future" gave solidity to their fears. On Tuesday, however, he told Mr Kohler, the American ambassador in Moscow, that what he had in mind was more negotiations—which might include a meeting with Mr Kennedy (it might be at the United Nations Assembly in New York). The slogans adopted for next month's celebrations of the Russian revolution do not specify this year that action on the peace treaty must be "speedy." And, to rub home the point, the Polish leader, Mr Gomulka, touring east Germany, talked on Tuesday about the communist powers' patience on the subject. East Berlin papers, please copy.

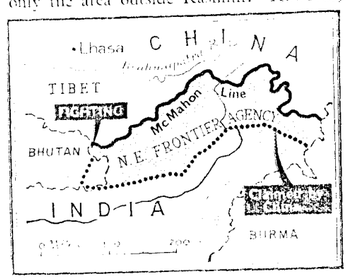
If Mr Khrushchev is extending yet again the deadline he originally set for 1959, it may be a reflection of the failure of Russian diplomacy to persuade any non-communist states to agree to attend a "peace" congress and sign such a treaty. But it must also mean that he sees the signing of the peace treaty as a very serious step indeed. For there is no evidence that the next round of negotiations is likely to get any nearer a solution than the last. The talk between Mr Gromyko and Mr Rusk in New York on October 6th confirmed that the Russians will not extend their blessings to the western garrison in Berlin in return for the creation of an international body to control the access routes to the city (the point of this international body being that it would give some measure of western recognition to the east German government). But the allies cannot raise the price they might offer, in terms of acknowledgment of the existence of east Germany, because west Germany will not let them. And the presence of the western garrison is quite simply and rightly not negotiable.

That Mr Khrushchev is now ready to plunge into this tangle again shows that the separate peace treaty with east Germany—if and when it ever comes—is likely to be no mere formality. One's guess is that it will not simply mean east Germans politely waving allied convoys down the road, instead of Russians. Herr Ulbricht is probably insisting that he must be allowed to rub home his sovereignty over the access routes on, and above, east German soil. If this is what a peace treaty means, the western powers, and west Germany in particular, ought to be prepared to go a bit further in negotiating before that elastic snaps in Moscow.

CHINA AND INDIA

Himalayan Isolation

Peking's diplomacy, rarely brilliant, is currently attempting a flourish in the Himalayas. As the border dispute with India (discussed in an article on page 237) flares up into mountain warfare, the Chinese are trying to isolate India diplomatically from its Himalaya neighbours. The latest move came at the end of last week when a Pakistani delegation arrived in Peking to settle "the boundary between Sinkiang (China, that is) and the areas where defence is under Pakistan's control." Pakistan at first suggested that the talks should cover only the area outside Kashmir. However,



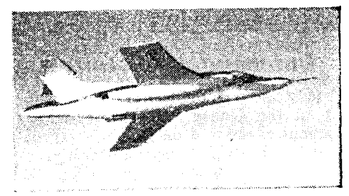
it seems that the fear of further Chinese intrusions into north-eastern Kashmir, together with the Pakistanis' hope of getting Chinese recognition for their claim to the whole of Kashmir (and the hope of scoring points off India) have led Pakistan to discuss the whole of the border, Kashmir and all.

At the other end of the mountains, China and Burma were in dispute about their border for many years after the Chinese communists came to power and Burma became independent. This was quite natural; administration on the ground never entirely coincided with the lines on the maps. But by 1960 Peking had reduced its more inflated claims, recognised Burma's "traditional boundary"—a continuation of the McMahon Line, which China will not accept in the case of India—and agreed to minor exchanges of territory. The *People's Daily* made China's point when it said that the 1960 agreement "was a good example of how other Asian countries could reach a reasonable settlement."

To complete the attempted isolation of India, Peking has put to its own good use the King of Nepal's resentment of India's traditional meddling in his country's affairs. The king especially dislikes India's support for Nepalese rebels who are trying to remove him. In a well-timed speech on October 4th, Marshal Chen Yi, the Chinese foreign minister, promised Chinese support if Nepal were ever attacked. When Mr Nehru offered similar support two years ago he was told that it was neither needed or wanted.

SOUTH AFRICA

Taking Sides?



The Government has agreed that a British firm may sell thirty Buccaneer naval aircraft to South Africa. The contract is reported to be worth about £30 million. The Buccaneer was designed for use from aircraft carriers; South Africa has no carriers, but it is indicated that it will use these aircraft for shore patrol operations. From the point of view of the British aircraft industry, which has found few likely takers for this expensive type of aircraft despite its acknowledged qualities, the deal is a good one. But it has inevitably prompted some questions, and may prompt some more when Parliament reassembles.

It is contended that the South African government would have plumped for some cheaper and perhaps slower type if its real intention was to strengthen its arm still further against the violent internal upheaval

which many people regard as inevitably lying in wait for Dr Verwoerd's republic, and which its armed forces have already been drastically reshaped to meet. On the other hand, there is no doubt that the Buccaneers would be an effective, if needlessly over-elaborate, weapon in any such struggle; and there has already been some speculation about the possibility that they may have been chosen because South Africa found Britain reluctant to sell it aircraft more obviously suited to the repressing of rebellion.

To many South Africans there now seems no alternative to an eventual violent conflict between the government and the majority of its subjects. The tale of repressive acts continues to mount. Mrs Helen Joseph, a white liberal and believer in non-violence, has just been put under house arrest. Mr Nelson Mandela, a moderate African leader, is now on trial on charges of incitement and illegally leaving South Africa; his defence lawyer could not appear at his trial in Pretoria on Monday because the lawyer was himself confined to Johannesburg by a restrictive order. In London a radical African leader, Mr Porlako Leballo, has given warning that South Africa will soon face a violent uprising; and on Monday night members of the "Sword of the Nation" organisation had another amateur go at the use of explosives, and two transformers in an electric sub-station near Johannesburg were severely damaged. To picture British arms being used against a subject people that has been driven to violence by the closing of all other channels of redress is a dark thought. Is it wise even to act—with whatever motives—in such a way that this kind of picture can take shape in men's minds?

SOUTHERN RHODESIA

Independent Colony?

SIR HUGH FOOT, the British representative on the *United Nations Trusteeship* Committee, resigned on October 11th because he felt unable to defend British policy in Southern Rhodesia. By making the reasons for his resignation clear (although he declined to go into the substance of them in public), Sir Hugh acted in an indelicate manner for a civil servant. But this was an indelicate situation. The point of view Sir Hugh could not continue to defend was that Britain could do nothing about Southern Rhodesia. To a certain extent this is true. The white Southern Rhodesians on the spot possess the military and administrative power; Britain is deterred from attempting to use its reserved powers by the expectation that the attempt would be resisted, and by a repugnance to consider force.

But, of course, Britain can do something about Southern Rhodesia. It can put considerable political and financial pressure upon Sir Edgar Whitehead to speed up the pace of reform and give Africans more than a token say in the government of the country. There may be a case for not doing this right now, when a general election is expected by the end of the year and Sir Edgar's right-wing opposition is growing. But over the past year Sir Edgar's arm might well, and profitably, have been twisted. For that matter, so might that of the African leader, Mr Joshua Nkomo.

Let there be no mistake about Southern Rhodesia, however. Unlike South Africa (where there are three million whites)

Sir Hugh: bringing it home

Southern Rhodesia can hardly claim to be a white man's country, or even a multi-racial country. It has only 220,000 whites, many of them immigrants from South Africa and many of the rest Britons who have gone out since the war. There are three million blacks. It is, by mathematics, their country; if their representatives, when they have some, govern it badly, the remedy will lie in their hands. Meanwhile, right is overwhelmingly on their side; even Sir Edgar's lowering of the colour bar in social matters has not spread much beyond showplaces in Bulawayo and Salisbury. Putting blacks in power in southern Africa will certainly not bring the millenium, but that does not make it defensible for Britain to support the whites in an attempt to maintain their power indefinitely. Sir Hugh's resignation may have the effect of bringing this home to the British Government.

CONGO

Throwing the Bones

THE ruler of the Congo's breakaway province of Katanga, Mr Tshombe, is adept at offering crumbs of hope to those who want to reunite the Congo. In hopes that excessive delicacy on the part of the British Government and others will allow him a victory by default, he is stringing things along by making a series of minor concessions. On September 3rd he accepted a United Nations plan for reunifying the country. Since then he has offered $2 million to the central government in Leopoldville (last year he received $42 million, legally due to Leopoldville, from the Union Minière company). He has accepted the reopening of telephone and telex communications and the rebuilding of an essential bridge on the copper-route railway line to Leopoldville. If a cease-fire agreement comes into force between the central government forces and the Katangese gendarmerie, some of his senior officers may swear oaths of allegiance to the President of the Congo, Mr Kasavubu.

But how much does this mean? According to a United Nations report published on October 8th, the air power of Mr Tshombe's forces has been considerably strengthened. The UN has photographed "at least" five new Piper aircraft, three Klemm aircraft, and seven Harvards; it strongly suspects that twelve Harvards armed with rockets and guns, four hundred 120 mm. rockets, and an unspecified number of P-51 Mustangs have been bought. In addition there are unconfirmed reports that aircraft are being assembled at the Union Minière factories at Kolwezi.

It seems plain that Mr Tshombe will go on stalling so long as he thinks that the British Government would veto economic or military action against him. The testing time will be the coming weeks, when the new constitution prepared in Leopoldville by Mr Adoula (with American advice and support) is presented to the provinces. This constitution is federal, but keeps strong powers (including power over the armed forces and police) in central government hands; it also divides Katanga into two separate provinces. Mr Tshombe's good faith may now be judged by how far he goes towards accepting the gist of this constitution, and, in the long run, divesting himself of his newly acquired arms—and the foreign soldiers who will presumably operate them.

STRIKES

Rough and Smooth

WHEN *The Economist* went to press on Thursday, the executive of the National Union of Railwaymen had not yet decided whether to accept Dr Beeching's new "peace proposals" as a basis for negotiation. This note is therefore having to be written when it is still uncertain whether Mr Greene will succeed in persuading his executive not to call another strike; and when the details of Dr Beeching's proposals on Thursday morning are still unknown.

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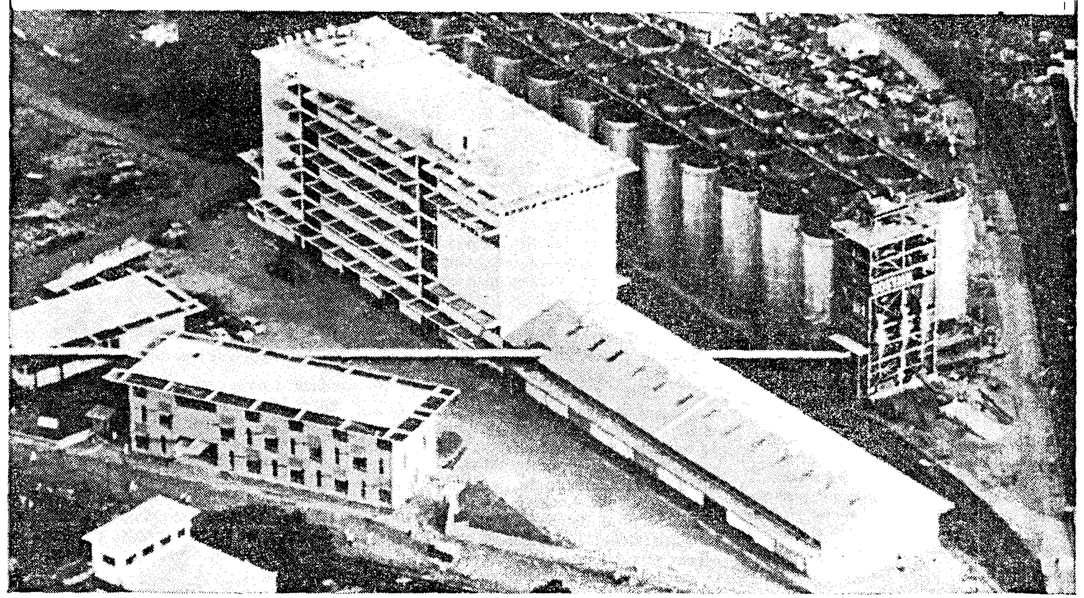
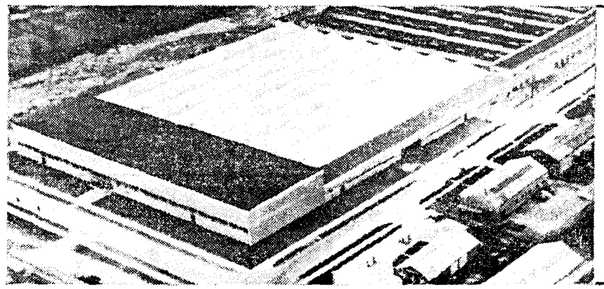
APAPA FLOUR MILLS, NIGERIA CONSTRUCTED IN 197 DAYS





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But one widespread report was that the transport commission may now offer to give sympathetic consideration to a new pay rise (which, incidentally, it more or less promised for the autumn when the railwaymen got their last rise in the spring) in exchange for a more pliable attitude over redundancy. Dr Beeching is thought to be a high-wage man, believing that the way to get results is with a small but contented labour force—and in the long term he is certainly right. But the question here is one of priorities. If the railwaymen get, say, another 5 per cent wage rise, this one concession would cost around £20 million a year, or £60 million spread over the next three years; the cost would actually be the same as giving a once-for-all severance payment of £13,300 to each of the 18,000 railway shopmen who in these three years are due to be sacked, and whom the present crisis is meant to be about. Nobody is suggesting that there should be a complete wage freeze on the railways during the period while they are run down, but the contrast between the cost of wage rises and of decent redundancy provisions is obvious. In these next few years, it would be wiser and juster to give generous treatment to the men who have to be sacked, even at the expense of at last keeping in check pay rises for those who stay on. It would be a mistake for Dr Beeching to play for popularity with the unions by pitching his offers the other way round. The miners agreed in principle on Thursday to redundancy payments based on the earnings of the man affected.

Meanwhile London Transport has suffered a few tiny strikes in some bus garages, has dropped part of the package deal on modernisation that it was presenting to the unions, but is to go ahead next Wednesday with the introduction of the new Routemaster buses on selected routes. There are already cries of protest from some militant busmen's "delegates"—but there are also signs that the militancy of those whom they claim to lead is diminishing, if indeed it has ever been high. It is a pity that London Transport did not decide to fight its battle outright over a complete set of modernising measures.

MR SELWYN LLOYD

Appeasement by Hot Potato

THERE are several obvious advantages in Mr Selwyn Lloyd's appointment by the Prime Minister to conduct the Conservative party's inquiry into its own organisation. It will help to assuage bruised feelings. It can provide a stepping stone for Mr Lloyd's eventual return to some departmental office (like that other ex-Chancellor, Mr Thorneycroft) if Mr Lloyd wants it, although almost certainly not back to really top leadership. It is a job which Mr Lloyd will do as competently as anyone else could. But has anybody paused to ponder what sort of things he should eventually say?

This inquiry sprang originally from a complaint by constituency Conservatives that their views on policy were not "getting through" to the party's leaders. So long as the Tories remain in office, any idea of giving the Tory conference more say in the planning of policy is not likely to be effective; ministers will run their own bailiwicks. If the Tories went into opposition, the idea could become more effective—and singularly unfortunate. If the Tories had to rebuild their policies in the wilderness between, say, 1964-1967, one would much prefer the job to be entrusted to Mr Macleod (following Mr Butler's brilliant example in 1946-50) rather than to some new machinery for collating pressure groups' policies handed in from lower down.

In the more prosaic field of purely organisational efficiency—in improving canvassing techniques, propaganda, etc.—every British political party has a lot to learn, although the Tories less so than the others. It would be easy to think up several ways in which they could draw in still more money from business interests who support them. In putting over their image, they (and all other political parties) would certainly gain from relying still more on professional public relations consultants. The main sort of advice given by Messrs Colman, Prentis and Varley to the Conservatives just before the 1959 election is shown by the fact (quoted in the last Nuffield study on "The British General Election of 1959") that Tory propagandists:

> never used the slogan frequently attributed to them, "You've never had it so good," because it was negative and because it was looking backwards. Instead . . . an election poster . . . read "You're having it good. Have it better. Vote Conservative."

This latter slogan was "forward-looking," and the whole burden of the p.r. men's advice was that everything the party's spokesmen said must "emphasise the party's interest in the future." Mr Gaitskell might do well to take note of such counsel. But, even if the Tories' most efficient course now would be to rely on still more professional methods of both fund-raising and p.r, one is not entirely sure that it would be good public relations to publish a Selwyn Lloyd report openly saying so. It looks as if the balm now applied to the ex-Chancellor may have consisted of handing him a peculiarly hot potato.

BELGIUM

Tribal Troubles

A CURRENT Brussels joke about the quarrel between Flemings and Walloons has one Congolese saying to another: "A nice country, Belgium, but the Dutch and French gave it independence a little too soon." The perennial strife between the two linguistic groups in Belgium is at best undignified; at its worst, it calls the existence of a Belgian nation in question. The demonstrations last Sunday, when some 60,000 Flemings marched on Brussels to demand wider use of their language and larger parliamentary representation, went off relatively peacefully. Police intervened whenever clashes with the local French-speaking people threatened to get out of hand. All the same, the signs of growing embitterment are alarming. This is the second mass Flemish march on Brussels in just over a year.

The demonstrators had four main demands. They want the "linguistic frontier,"

On the linguistic frontier

which determines whether the official language in a given area is French or Flemish, to be adjusted in their favour. They want the heads of firms employing Flemings to be obliged to speak their language, and the Flemish element in Brussels to play a greater part in the life of the city. Above all, they want representation in the national assembly to reflect, exactly, the linguistic balance in the country (55 per cent Flemish).

Reasonable as it may look at a glance, this last demand would be fraught with risks in application. A rigid, arithmetic, division in the Belgian parliament would sharpen and exacerbate a division which most non-committed people would rather see blurred. What Belgium needs is an effort of reconciliation of the tribes and a concentration on other tasks, national and European, which will put the language difference in

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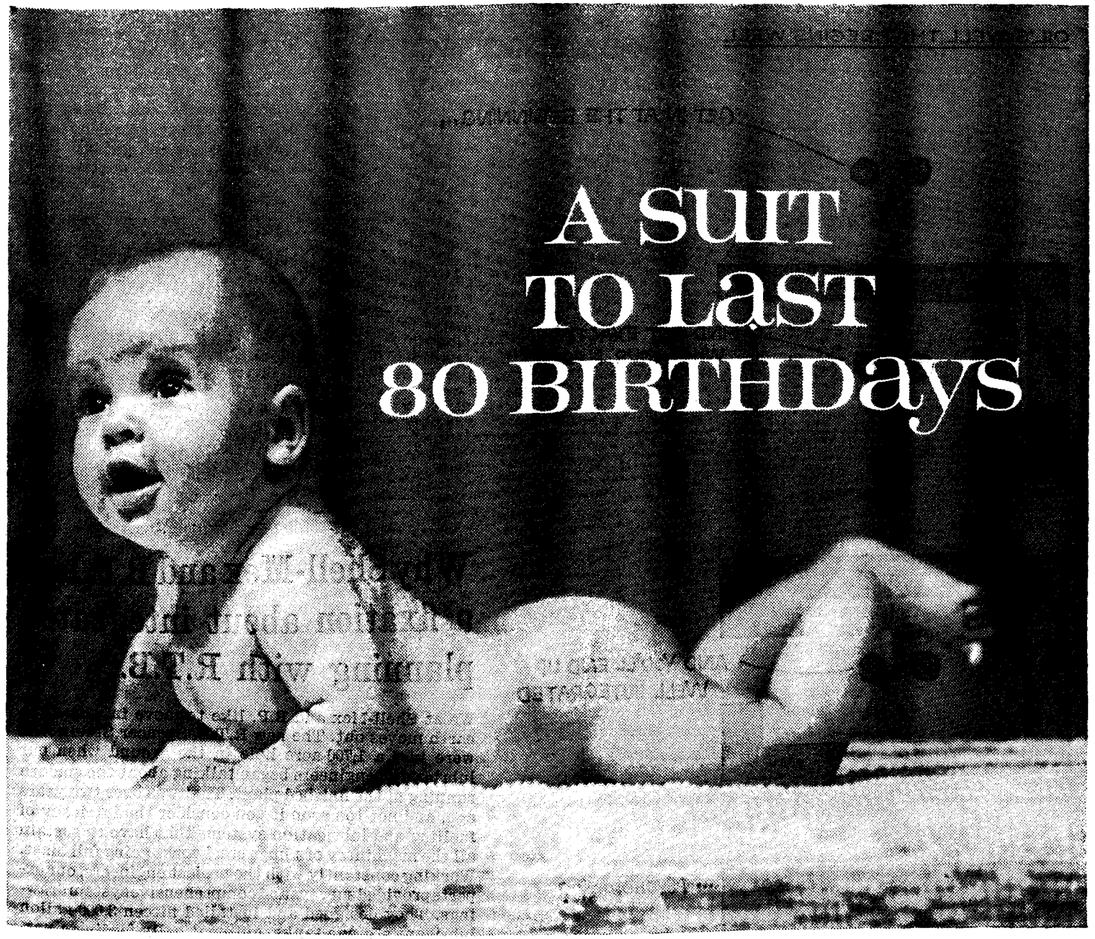

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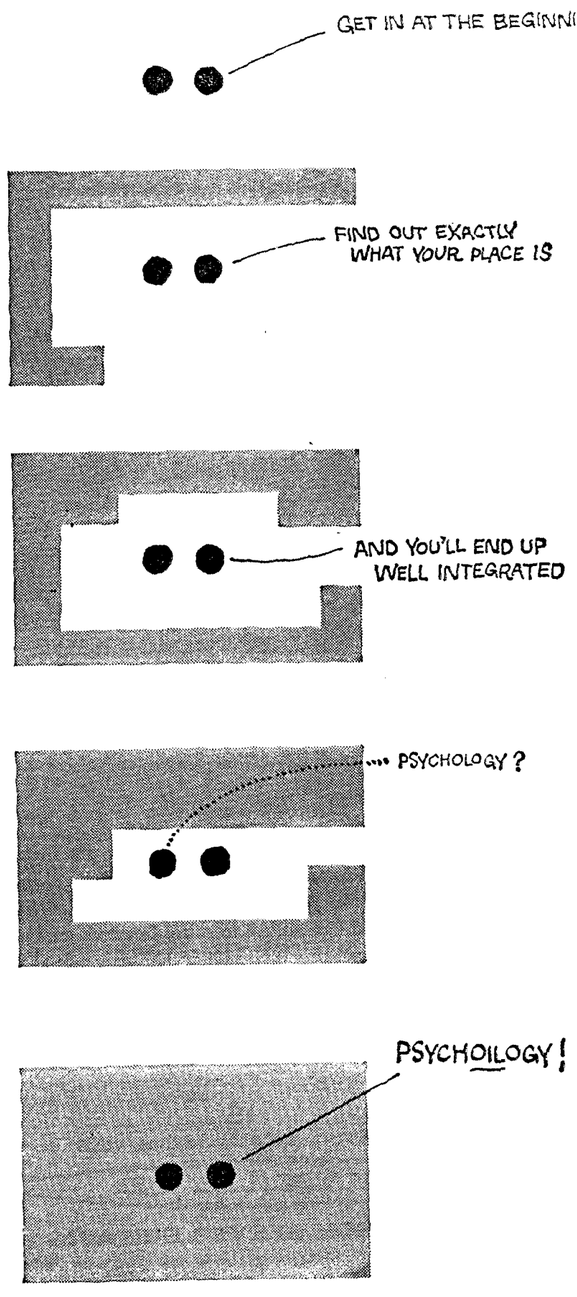

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proper perspective. In parliament, where the minister of the interior, M. Gilson, has recently introduced three bills for the regulation of the "language frontier," there has been some cooling of tempers lately: in consequence the Flemish socialist and liberal organisations did not take part in the weekend march. But in the country, as the demonstration showed, hotheads are still plentiful.

COMMON MARKET

More Commonwealth than Commonwealth

MR ROY JENKINS'S warning at the Labour party conference that the Labour party was in danger of becoming more pernickety about certain Commonwealth interests than the Commonwealth itself is already coming true—over the first Commonwealth issue to be raised by Mr Heath in Brussels.

With the good wishes, no doubt, of all the British political parties, Mr Heath and his team have been pressing for improvements in the terms for India and Pakistan. On October 8th he asked that negotiations on their proposed trade agreements with the community should be begun as soon as Britain has joined and not left until later, and he resurrected the Asians' request that the common tariff should not be imposed on their exports until the trade agreements are complete. There are no European objections to the first idea (an early negotiation) but the second (putting off the common tariff) raises big problems, and officials who have been discussing the matter in the past fortnight have referred it back to the ministers for a political decision.

One main difficulty is the familiar problem of the "bridge." If the common tariff is not to be introduced until after the trade agreements are sewn up, India and Pakistan, the Six point out, might simply drag out the talks and put off the common tariff indefinitely. One answer might be to fix a definite period of grace for the negotiation of the trade agreements, at the end of which the new tariff would be applied whatever happened.

Mr Gaitskell goes further. In his television broadcast on September 22nd he suggested that the trade agreements should be negotiated now, before Britain joined. It is here that he differs from the Indians and Pakistanis. They want the trade talks to be held after Britain is in the community, so that Britain can influence the agreements in a liberal direction from inside. Some Indians even feel it might be wiser to postpone the completion of the agreements until the opening of the third and last phase of the transition period of the common market. In that phase, majority voting would ensure that one protectionist country could not stand in the way of the (presumably liberal) majority. Thus the need, which Mr Gaitskell would deny, to get Britain into the community so that it can help shape it from within, has begun to make its impact in the Commonwealth.

YOUNG OFFENDERS

No Training Centres

WHEN the last Criminal Justice Bill was passing through Parliament two years ago, an attempt was made to insert amendments in it to establish "training centres" for young delinquents in Britain, on the lines of the Citizen Training Group experiment in Boston in the United States. The Government resisted these amendments (which had been sponsored, outside Parliament, by the late Sir Basil Henriques). But it agreed to ask the Home Office's advisory council on offenders to consider the scope for "new methods of non-residential treatment for offenders under 21."

The essence of the Boston scheme is that boys between 12 and 17 may, as a condition of probation, be required to attend the group for two hours on five afternoons (3.30 to 5.30 p.m.) a week for twelve weeks. The week's programme consists of crafts, physical training, group discussion and visual education; and the boys are medically examined, psychologically tested and referred for psychiatric treatment where necessary. The attendance is followed by six months' supervision by a probation officer. In Britain, the only provision at all comparable is the attendance centre. At such a centre, which is usually in the charge of a police officer, a boy generally attends for two hours every other Saturday afternoon, and is made to do physical training, some sort of craftwork and listen to a talk on some form of citizenship. The minimum age for attendance has recently been lowered to ten, and the maximum number of hours of attendance is twenty-four.

The purpose of the attendance centre is "punishment by deprivation of leisure." There is no after-care, and the boys who are sentenced to attendance are not at the stage of delinquency that would justify treatment at a Boston-type training centre. The training centre, in fact, would be an alternative to detention centres, approved schools or borstals. But in its report (HMSO, 1s. 9d.) the advisory council turns the idea down. It declares that only about 5 to 10 per cent of offenders under 21 now committed to residential training could be left at home were new methods of non-residential training available, and that it would be difficult for a court to identify them at the time of sentencing. Thus the provision of training centres would not relieve the overcrowded approved schools and borstals; they might well divert the services of skilled staff from schools, youth clubs and other forms of social service among the young. Even more important, they might encourage delinquency, because young offenders would be herded together in a group but without the constant supervision of a residential institution. The last argument sounds convincing; but it leaves the advisory council with nothing new to propose save worthy recommendations that the existing youth services should be strengthened, and that more should be done to get delinquent youths to join clubs or evening classes, preferably voluntarily but if necessary as a condition of probation.

The Economist

OCTOBER 18, 1862

RELIEF IN LANCASHIRE

Sir,—I have for some time past been a good deal engaged, in connection with a Local Relief Committee, in the work of investigating and relieving the distress unhappily now prevalent in most districts of manufacturing Lancashire. I regret to say that my experience in this work has driven me to the very unwelcome conclusion, that the organisation of Relief Committees, independent of the regular parochial authorities, has been a great and lamentable mistake. . . . The most serious evil is the encouragement of the idea that it is less degrading to receive aid from charitable funds than from those upon which those out of employ have a legal claim, and towards which they themselves have been regular contributors. . . . Now the poor's rate is in some sense a Mutual Insurance fund in the case of that deserving class who have always contributed to it, and who never will touch a penny of it except under circumstances of unavoidable emergency like the present; and it is precisely these people who are now genuinely thankful, willing in all simplicity to receive aid from the parish if need be, and who in many instances have stipulated in receiving it that they shall be allowed to consider it as a loan to be repaid in full on the return of better times. I am now quite convinced that the independence and right feeling of the operatives would have been much less subjected to injury had we left the whole matter to be dealt with by the regularly constituted authorities, whilst many other serious evils would have been avoided. To meet the pressure, Committees of influential ratepayers, such as those who now act independently, might have been appointed to aid the Guardians, without creating that division of responsibility which now exists. And as regards funds,—any general subscription that might have been raised would have been applied to prevent the poor rate in any township rising beyond the fixed limit. It would not in that case have gone one whit more directly to save the pockets of ratepayers than it is now doing, whilst the rate of relief in various districts, and the point at which public charity came in aid of the ratepayers, would have been infinitely more uniform. No one can appreciate more highly than I do the generous outburst of sympathy which has provided so liberally for the mitigation of this distress. But I am bound to add that I think it ought never to have been called for in this shape. . . . I am, Sir, your obedient servant, L.C.M.

LETTERS

Airline Profits

SIR—Your headline last week—" BOAC: Profit must come first "—expressed an opinion to which, of course, you are entitled. The white paper on the " Financial and Economic Obligations of the Nationalised Industries " lays some stress on the desirability of all nationalised industries having a strong profit motive but makes some reservations in its concluding paragraphs. It is for the Government, not the corporation, to decide this fundamental issue—an issue that will no doubt be decided in the coming months.

I was somewhat disappointed to find that in writing on such an important issue a publication of your standing should have spoilt an otherwise good contribution to thought by including statements which may well be open to question. In particular, you state that BOAC pilots do approximately one-third of the work, in terms of miles flown, as those of Pan American. You do not indicate in any way the basis of this calculation and it would indeed be interesting to know how you arrive at such a conclusion.

The article also referred to the size of BOAC staff and compared it with that of TWA. A comparison of this kind can be highly misleading, which is why, in my annual report, I pointed out that no satisfactory criterion has yet been established for the measurement of productivity in our industry, so that output per employee is an index of very limited validity. BOAC has some 5,000 employees overseas, mostly local nationals. At 29 stations we handle aircraft for other operators, including the RAF, and for reasons often explained the practice of airlines at overseas places differs widely, not least in the use of agents or sub-contractors instead of staff. Thus it is clear that any comparison of output per man employed is not necessarily a sure index and a much more reliable guide is the cost per capacity ton mile. On that basis BOAC does not appear to be out of line.

You refer in your article, coupled with some gratuitous insults, to the results of our good friends Pan American and to the fact that they made a profit last year. This is true—but if you examine their accounts you will find that their operating revenue contained an item, " non-transport incidental revenues—*net* $7,435,000 ", which is slightly more than half the airline's net income before taxes. Their dividend was $5,311,000 and they increased their retained earnings by about $2,000,000. It is plain that this " non-transport activity " went a long way towards paying their dividend. In short, our friends made a profit but not, it would seem, wholly out of operating an airline.

With regard to the other airlines you mention, I would also ask you whether an organisation that does not have to service its capital either by way of dividends or interest on loans can be said strictly to be keeping itself out of the red? Perhaps the hair's breadth to which you refer is a split hair's breadth.

By what right do you infer that " BOAC alone believes that its administrative and management structure is beyond any significant improvement "? We certainly do not think so, and it is for this reason that we have made considerable use of management consultants. There are currently two teams at work. Moreover, it is nonsense and mischievous to suggest that relations between our management and trade unions have deteriorated to a stage " where unions lead management by the nose ". Relations between management and the unions are by no means unsatisfactory.

BOAC's prime need is to have its aims and purpose clearly defined by the nation and, when this has been done, for its financial structure to be put on an appropriate basis.—Yours faithfully, M. S. SLATTERY, Chairman,

British Overseas Airways Corporation
Hounslow, Middlesex

Common Market

SIR—May I add a little to Sir Roy Harrod's comments in your columns last week on your article of the previous week entitled " Much More than Fifty-Fifty "? I am delighted that after eighteen months you have unfolded your economic argument for the UK joining the common market, but am not surprised, having read it, that you were so coy about it.

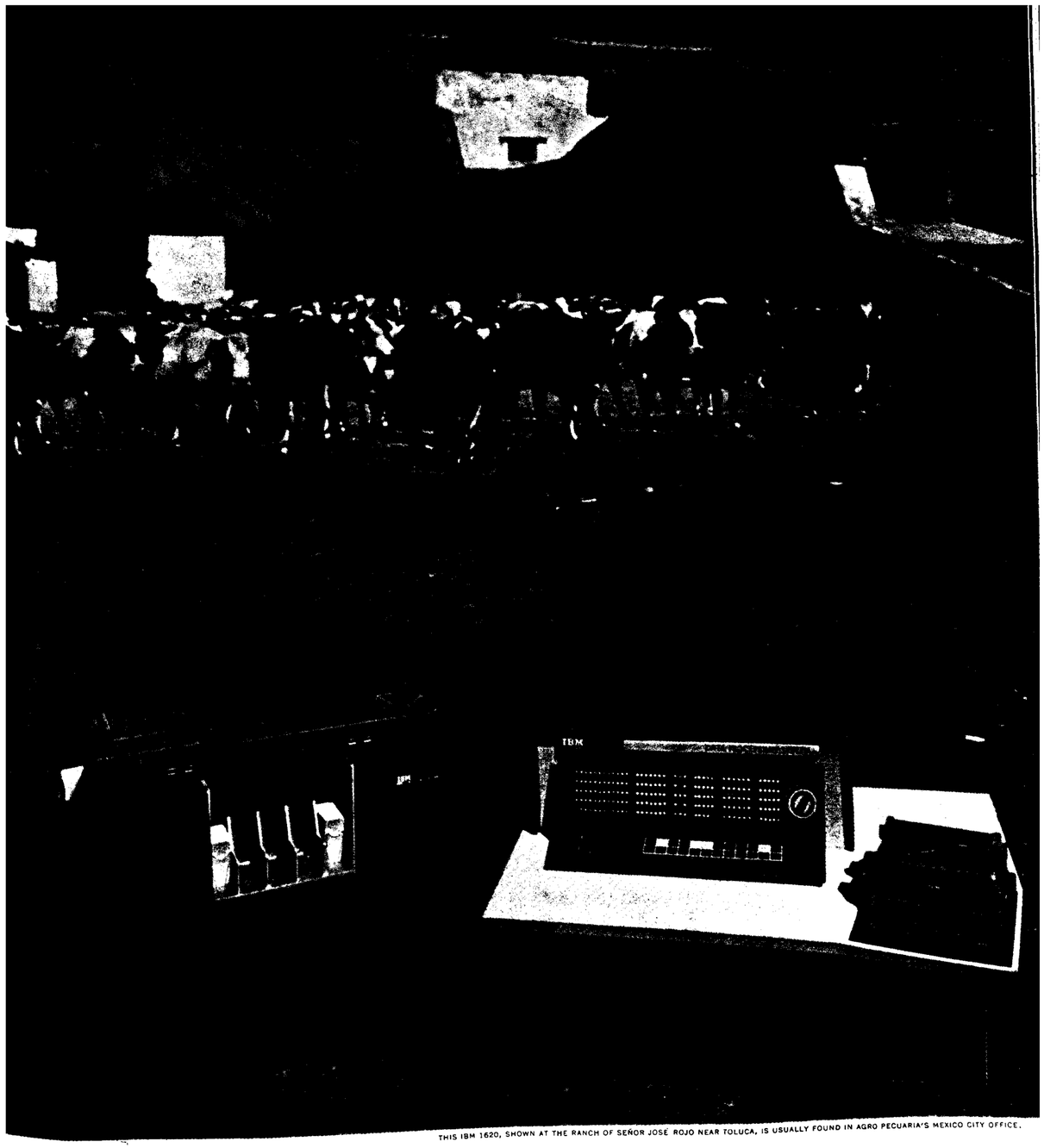
You admit that joining on the proposed terms might add £300 million to our import bill and cost of living. You then virtually admit, and certainly do not try to answer, the contention that little, if any, rise in exports on balance can be expected from joining. We now know that, for two years, UK exports to the Six have been rising as fast as the Six's exports to one another without our signing the Rome Treaty (a crucial fact you constantly ignore). Taking this into account, and the loss of other exports, and the chance offered by the US Trade Expansion Bill, I do not see how anyone can seriously argue that we should gain exports materially on balance. I think we should lose. But, on your own argument so far, imports are dearer; exports not materially higher; and imports from Europe have increased.

Then you suggest that all these arguments (not to mention damage to the new Commonwealth) are offset by the prospective economies of large scale. But you astonishingly fail to see a glaring gap in your own logic. If we do not materially increase our exports, as a result of joining the Six, we do not reap material advantages of scale. The evidence that we should not gain exports weakens not merely the " great expanding market " claim but the argument about scale. Economies are achieved by increasing the scale of output, not by merely hoping to.

But let us ignore this, and examine your thesis that a " market of over 50 million " (of course we have a world market anyway) is vital to modern industry. Here the expert evidence is against you. To mention the more serious studies, L. Rostas (" Comparative Productivity in British and American Industry," National Institute of Economic and Social Research, 1948) concludes that the size of the market theory is much exaggerated since, outside a few industries, " there does not appear to be a close inter-relationship . . . between productivity and the size of the market." Comparing productivity in the UK to Sweden and Holland, he finds that " relative productivity is in no way relative to the size of the market. This points to the fact that the optimum plant (or firm) and specialisation can be achieved within the limits of a smaller market."

This study has been brought up to date by M. Frankel in his paper " Anglo-American Productivity Differences; their Magnitude and Causes " (American Economic Review 1955, Papers and Proceedings, pages 103-7). In a wide survey he finds " no regular relationship between differences in market size and differences in productivity." He recalls E. Rothbarth's finding that in 1870 the US market as a whole was probably smaller than the UK market. Yet it appears that US productivity in some industries was even then significantly greater. Frankel concludes that " 50-60 million potential consumers should offer as great or almost as great an opportunity for gains from specialisation and mass production as one of 150-160 million."

Of course there are important economies of large-scale organisation; but the issue is whether these can mainly be won by a market of over 50 million. Clearly the expert evidence is against this. At the very best it is unproven. You try to argue that the potential gains are particularly large in the case of modern sophisticated products. Is there any evidence that (apart from aircraft) this is widely true? You also completely ignore one crucial point. Most of these economies are from large-scale *organisation*, not manufacture. Few would say that our plants are too small. Mr Paul Chambers last winter argued that it was large-scale research and management which would work wonders (but Courtaulds did not agree even with this). But these economies can already be gained by the technique



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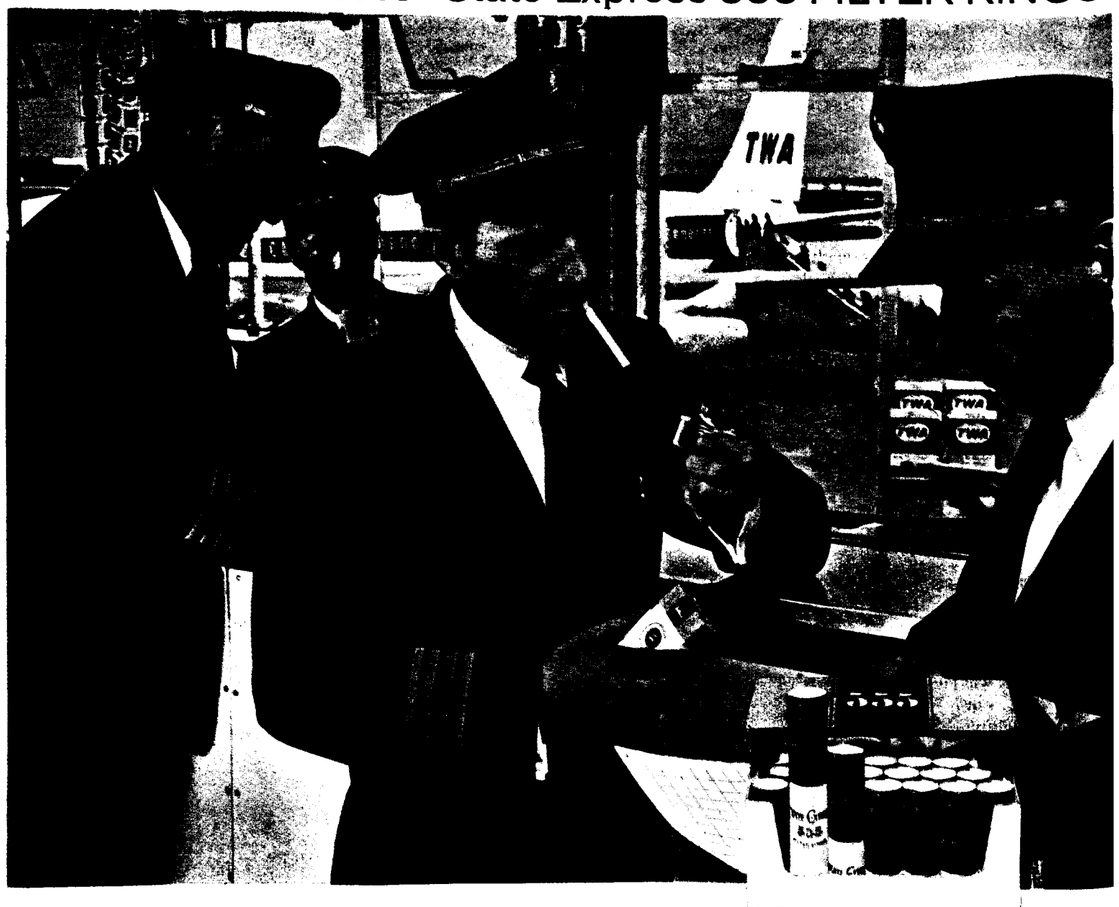

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of a parent holding company and subsidiaries manufacturing within tariff areas, which is now normal in British industry.

Whatever the exact truth on economies of scale, therefore, it cannot really be seriously argued that they are so clear and large as to justify the UK in damaging the Commonwealth, our Parliamentary institutions, and our balance of payments.

Incidentally, on a lower level, you argue that "all the overseas Commonwealth countries . . . are building up new secondary industries which Britain already has," and you imply that we should therefore sell instead to Germany and France which already have them too!—Yours faithfully,

DOUGLAS JAY

House of Commons, SW1

Britain and Europe

SIR—Sir Roy Harrod's argument last week against entry into the European Common Market, so far as it applies to strictly British economic self-interest, rests on two counts. Entry will do us no good, he says, because international specialisation in what he calls "science-based industries" will work in our favour whether Europe has a tariff up against us or not. On the other hand, it will harm us by causing some of our imported food to cost more.

On the second point the question is clearly one of quantity: how much of our existing cheap supplies of food from the Commonwealth (but also deriving from such places as Denmark and Holland) will have to be given up to make way for more expensive consignments from the common market? We do not know the full answer yet. But we do know that the Government has got the outline of an arrangement which will permit continuing imports on a large scale from New Zealand; and that it has also extracted a promise from Brussels that the community will pursue a policy in fixing internal prices which will provide "reasonable opportunities" for other Commonwealth exporters of temperate foods in Europe. I suggest that what this means is that an enlarged European community (with Britain inside it exercising its influence directly in the fixing of target prices) will not readily be able to push up domestic prices to the point where high-cost European producers flood the British market with grain and dairy produce, at the expense of the Commonwealth. Other EEC members, notably France and Holland, have a common interest with us in keeping prices low enough to encourage the Germans to produce less. That indeed is precisely what some British farmers fear.

But even if the extra cost of food does not turn out to be very onerous, it will still be a net loss against which Sir Roy is unable to see any offsetting gain. His point about the increasing division of labour among the advanced industrial countries is a crucial one, and it was of course the purpose of securing the maximum advantage from this division and specialisation in a period of unusually rapid technological advance which supplied the main economic argument for European integration. We see again and again that it is not just a matter of achieving economies of scale in the simple traditional sense. A market of fifty million certainly seems large enough for that. It is the *time-scale* which is all important, when international trade in advanced manufactured goods consists increasingly of the exchange of new products with a short life and early technical obsolescence. In such a world the speed of innovation is decisive. Unless a nation is equipped to carry out research and development in industry on something approaching the scale of the United States—currently of the order of ten times the British total—it must either lag behind or specialise.

That means that it must deliberately set out to import more from other specialists; otherwise it will be slower than its competitors in achieving the latest advance in industrial quality or productive power. My contention is that the issue of the speed of innovation affects a very wide range of economic activity—including, e.g., railways and electric power—not just "certain sectors of highly science-based industries," as Sir Roy suggests. If that is so, then the greatly increased bill for industrial imports which I am proposing can only be faced if there is the clear assurance of a free run for the sale of British exports on a scale much larger than exists now or is in prospect. That is the economic justification for joining the common market. It is wrong to concentrate exclusively on the tariff issue; there are subtler and often more effective forms of discrimination against foreign goods. What the common market set out to do is to guarantee that within the area the imports from its members will, for all time, receive the same treatment as domestically produced goods. Such a guarantee provides a quite different basis from anything available at present for the planning of long-term investment in new products with a large potential market abroad.—Yours faithfully,

London, SW3 ANDREW SHONFIELD

Cuba and America

SIR—Viewed from here, the leading editorial in your issue of October 6th on Cuba looks eerie indeed. I feel I must comment upon it, expressing an entirely personal opinion, since it seems to outline a view widely held in the United Kingdom. Its prevalence does not make it more valid to me as an Englishman living and working in the United States.

I came away from my last visit to Cuba a month ago—the tenth of a series in which I have seen Dr Castro's revolution bloom, wither, and finally be given artificial resuscitation by an alien, self-seeking gardener—convinced of several facts. The predominant one is that Mr Khrushchev will now go as fast and as far in Cuba as the United States will allow. He is on one of the most venturesome "dares" of his career and I feel sure that if he can be faced with no alternative but to abandon Cuba he will do so without resorting to nuclear war, despite his bluster. The Americans will certainly not start an atomic war over Cuba and Mr Khrushchev will not start one until he is certain he will win it, which is not yet.

I do not by any means advocate direct American intervention to oust him and I have no precise formula for outmanœuvring him there. One might suggest that the present policy of containment be pursued to its limit; that every possible help be given to Cubans seeking to liberate their country; that some kind of international anti-communist brigade be set up within the hemisphere; that the United States offer to Cuba the terms of a new relationship which will wipe out memories of exploitation in the past and give real attraction to a Cuban-American future; and that every political and diplomatic device, anything short of war, be used against Castro and Khrushchev.

Too much nervousness is being shown in and out of the United States, in my opinion, about the effects upon Latin American feelings of any American action about Cuba. Fairly regular acquaintance with events in Central and South America over the past ten years leads me to think that the United States will be much more respected there in the long run if she disposes of Mr Khrushchev in Cuba than if she lets him go on defying and goading her there. Even as I write, the *New York Times* announces that Radio Havana has begun to broadcast a "Radio Free Dixie" programme beamed at the negro population in southern states. . . .

One final word. I ask Britons who support the recommendation of passive containment of communism within Cuba if they would take the same calm and detached line if circumstances were to work to make it possible for Mr Khrushchev to set up a handy base for himself in Eire?—Yours faithfully,

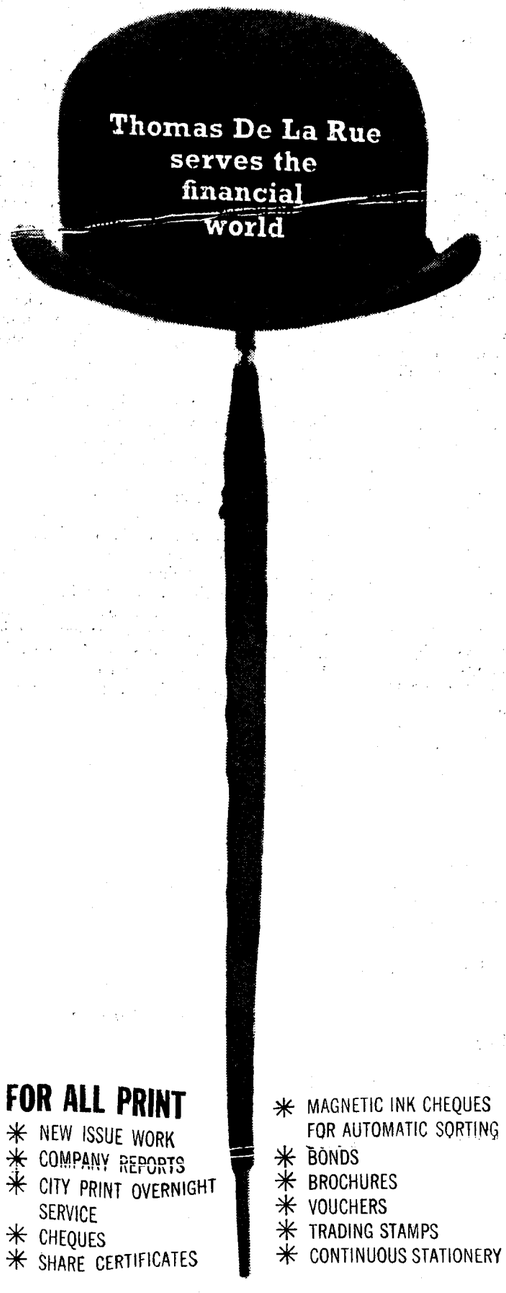
EDWIN TETLOW

New York

Not So Angry

SIR—Reading your admirable review of Sir John Wheeler-Bennett's life of Lord Waverley in your issue of October 6th, it occurs to me that the answer to the enigma it raises as to "what made the man tick" may be answered by reference to two old adages; familiar enough to us older ones, and certainly to Lord Waverley, but less so, maybe, to the "angry young men" mentioned at the end of your review. Namely that great affairs are best conducted in the light both of Spinoza's "sub specie æternitatis," and of the old Greek philosopher's μήδεν ἄγαν.—Yours faithfully,

The Athenæum, London, SW1 A. H. T. CHISHOLM



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BOOKS

The Case for Hoping

On the Prevention of War
By John Strachey.
Macmillan. 334 pages. 40s.

The Spread of Nuclear Weapons
By Leonard Beaton and John Maddox.
Chatto & Windus (for the Institute of Strategic Studies). 227 pages. 18s.

In the last two or three years the literature of the nuclear arms race has become so fragmented and specialised that it is a rare pleasure to find two books, published within a week of one another, which not only see at least one part of the problem whole, but also complement each other. Different though these two books are in purpose—Mr Strachey's aim is to build up a thesis, Messrs Beaton's and Maddox's to knock down a misconception—their effect, taken together, is to leave a coherent proposition about our nuclear future in the reader's mind; and a faintly hopeful—no more—proposition at that.

The proposition is as follows. So long as the rival blocks of power continue to possess nuclear weapons, it is unlikely that war can be staved off for ever by what Mr Albert Wohlstetter called "the delicate balance of terror"; sooner or later the balance is likely to break down (when one side discovers a defence against missiles, for instance) or a political miscalculation will set off the nuclear exchange. But experience suggests that there is no hope of getting rid of nuclear weapons as long as the world remains divided into sovereign nations—since disarmament appears to require a world authority, superior to mere sovereignties, to make sure that nations really disarm. The only hope, then, until and unless such a world authority comes into being, is for the powers that possess nuclear arms to come to a working arrangement (a) not to let other countries get possession of these weapons and (b) to keep their own quarrels this side of an atomic conflict. Such a working arrangement might itself be the first step towards a world authority.

So far the argument is Mr Strachey's; now the Beaton-Maddox book takes up the thread. The United States and the Soviet Union seem to be beginning to understand their common interest in imposing a *pax Russo-Americana* on the rest of the world; but one's fear is that before they have finally groped their way through to an understanding, the chance will have been lost because the proliferation of nuclear weapons will have passed the point of no return. In fact, Mr Beaton and Mr Maddox present a powerfully argued case for thinking that the number of countries likely to acquire a nuclear armoury is neither so large, nor so rapidly expanding, as most of us have tended to assume. The practical difficulty of building bombs and (even more) delivery vehicles is such, they suggest, that, together with moral scruples, it may prevent the nuclear club from expanding significantly for several years to come. In other words, we may have more time than we thought to work out ways of keeping the nuclear beast under restraint.

One reservation has to be entered about this second half of the argument. Hitherto a number of countries capable of making atomic arms have refrained from doing so because (among other reasons) they have felt themselves protected in one degree or another by one of the super-powers; this applies to Canada, and to a lesser extent to Sweden and Switzerland. But suppose China gets a nuclear armoury. This might crack several countries' inhibitions. India would very probably feel obliged to follow suit (which would cause some interesting reactions in Pakistan); so might even Japan. The crack having been opened, the other technically qualified powers might well conclude that restraint was no longer sensible. Mr Beaton and Mr Maddox suggest that in fact China may be farther away from nuclear status than the pessimists have feared. (The argument is that the irradiated fuel from the famous Peking reactor probably has to be returned to the Soviet Union, and is thus not available to make bombs.) The fact remains that, when China does go nuclear, as one day it undoubtedly will, the atomic club is liable to suffer a sudden expansion as others rush in too.

This reservation apart, it is hard to fault the Beaton-Maddox work; tightly argued, and full of facts, it is a remarkably useful eighteen bobs' worth. One's judgment on Mr Strachey's book is more complex. It has its flaws. There is one passage near the middle, dealing with communist attitudes towards the cold war, which amounts to little more than generalisations of the "by and large it is true to say" sort. Mr Strachey also appears to underestimate the case for keeping tactical nuclear arms in the Nato front line in central Europe. (The case is that forward deployment of these weapons, by making any fighting almost automatically nuclear, enables the West to wring the last few drops of credibility out of the doctrine of massive retaliation.)

But in the end this is not important. Neither of these passages is central to Mr Strachey's main theme; and on the question of tactical nuclear arms he is probably right in his conclusion, even if he does not give the other side full credit for the strength of its case. It is for its main theme—as set out above—that Mr Strachey's book deserves to be greeted as one of the most sensible and stimulating contributions to the nuclear debate in the last few years. It has already been pointed out that one of his virtues is to have digested recent American and Russian works bearing upon the likelihood of a nuclear war, and the probable consequences of one, and then to have presented their arguments in a more readily understandable form than the originals. An even greater achievement, in fact, is to have set this discussion in its proper diplomatic context—that is, in the context of the present (very tentative) Russian and American attempts to keep their antagonisms within tolerable bounds.

The relative moderation of Mr Kennedy and Mr Khrushchev—against the opposition of more militant people in their own countries, and among their allies—is probably going to be pointless in the long run if its only object is to avoid war on a day-by-day, crisis-by-crisis, basis. To make peace reasonably stable, it is necessary for the nuclear super-powers to work towards a mutual understanding—no matter how rough and ready—to use their unrivalled strength to keep the rest of the world in order. The moderates in both camps are starting to grasp this; others are not. Mr Strachey, lucidly, helps to spread the word.

Cassandra

My Yesterday, Your Tomorrow
By Lord Boothby.
Hutchinson. 279 pages. 25s.

Lord Boothby has gathered together a number of speeches, lectures and articles written since the war on politics, economics, people and literature. There are two themes to the book. One, which is recurrent and fascinating, but needs no further mention, is Scotland. The other, more contentious, is that he was always ahead of his time, and warned the nation in vain of dangers which later befell us. The record is astonishing: appeasement, prewar deflation, the American settlement, the need for economic expansion, European union, the need for organised international liquidity, Suez; everything is there, and Cassandra's warnings always turned out right (did he also warn us against dangers which came to nothing? It is ungenerous to ask, and admittedly such speeches would not be worth reprinting). What is more, there was nothing of Cassandra's sibylline words; Lord Boothby is a model of clarity and his style is delightful.

Why was he not heard? Why did they not make him Chancellor of the Exchequer? It is a question which he often asks, and the obduracy of the establishment still astonishes him—most of all the obduracy

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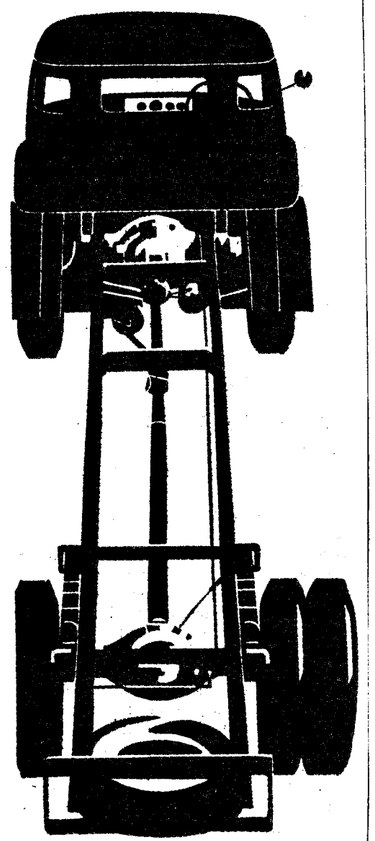

of Sir Winston Churchill as soon as he became Prime Minister. Yet the answer is clear, and he gives it himself in an introduction: Lord Boothby is a prophet by nature, not a member of the Sanhedrin. He hates power, but will not accept subordination; and he is a radical. He has never descended to the field of daily compromise; he sees the shape of the wood clear, but he has not battled through the trees, half-blinded by undergrowth and the back-lash of unruly boughs. He has kept a clear view at the cost of renouncing the responsibility and corruption of power. Nor is it certain that his remedies would have worked as well as he thinks, particularly when their sharp edge had been blunted by practical application. The man who has held power must be judged by his fruits; the man to whom it was denied does not run this risk. Lord Boothby is a little too resentful of his own exclusion from power to be generous to the smudged record of those who held it.

Long may we continue to have such prophets as Lord Boothby; may the world's slow stain never touch him; and may he put his regrets on one side. It is a delight to read again some of his political speeches; yet, at least between hard covers and after the event, one rather prefers the pieces untinged with regret and resentment, which means, in effect, his non-polemical writings. Best of all is his Rectorial Address at St Andrews, a noble and passionate speech in favour of reason and tolerance.

The Spy

The Secret War

By Sanché de Gramont.

Deutsch. 515 pages. 30s.

STUDENTS of history have long recognised the validity of Clausewitz's famous doctrine that war is the continuation of political relations by other means. The same, and this is Mr de Gramont's message to us, is true, *mutatis mutandis*, of espionage, which in his very last sentence he neatly describes as "an organic branch of foreign relations and foreign policy." Indeed, this role is given formal recognition by the major participants in the cold war—therein, for instance, lies the true import of the 1960 U2 incident. All this is a far cry from the day in 1928 when a celebrated American Secretary of State, Henry L. Stimson, could close down his department's cryptographic bureau, saying, in pious outrage, "Gentlemen don't read other people's mail."

Today, just as the political leaders of a democracy are accountable for failures in foreign policy, so too they are made answerable for the often inevitable and all too much publicised mishaps to intelligence operations—an obligation which, if they had the option, they would unquestionably renounce. Their diffidence is understandable. The secrecy of intelligence operations and the open character of democratic politics are hard to reconcile. Intelligence operations are often likened to the iceberg: the public only sees the smaller, visible part (and the failures at that). How can we be sure that the largest, invisible, part is any more successful?

Mr de Gramont tries to take us some, if only a little, of the way behind the scenes. Between thoughtful first and last chapters on the implications of espionage today, he sandwiches a substantial meaty filling on the doings of the American and Russian intelligence services (not forgetting the syllabus of the Moscow School of Seduction), adds some savouries about Britain and Germany, and garnishes the whole with titbits, probably from official sources. But at the end of the feast there is a feeling of anti-climax; really, we have learned precious little that an intelligent reader of the press could not have gleaned anyway. There may be some fresh disclosure to the British reader on Gordon Lonsdale or George Blake, but even this, like news about royalty, will probably not be news to readers of continental or American papers. Though we are told that Colonel Abel was "the master Soviet spy of the 20th century," and there is a fascinating account of his character and personality, of his actual achievements and his real value to his masters, we learn little. Quite the reverse: Mr de Gramont, almost in contradiction to what has gone before, states emphatically in his summing-up that Colonel Abel and George Lonsdale "did not send any sensational revelations to the center in Moscow." For, as he explains, the problem of communications for agents is an age-old one, and it is easy mistakenly to equate a successful communications system—the best that Phillips Oppenheim can offer—with a commensurately good intelligence end-product. Nor does a successful cover-story, in which the Russians specialise, necessarily make a good spy. Thus, Boris Morros (Hollywood and the Federal Bureau of Investigation) is quoted as saying of the late Dr Soblen's brother, Jack Soble, whose cover was a flourishing bristle-business, that he was more interested "in milking Moscow of its espionage funds . . ." than anything else.

None of this is to suggest that in this golden age of ideological treason and master professional spies, espionage can be laughed off. Mr de Gramont shows that it is not only the West that has its problems. Democracy's most serious source of defection has been among scientists, but to the Russians it is in their own intelligence services that defections are continuous and among the most eminent. Of the two, this may be the more critical problem. As scientific instruments, for instance satellites, take over on all sides from the human observer, this golden age may become the last age of intelligence services. But defections from the Soviet intelligence network strike at something else: at the vitals of Soviet society. Mr. de Gramont can therefore finish on an optimistic note; if the Central Intelligence Agency is by nature a "freak in a democratic society," the Soviet intelligence system is the "core of the régime, and its disappearance could lead to the end of Communist dictatorship . . . as we have known it."

Anglo-Saxon Attitudes

Anglo-Saxon England and the Norman Conquest

By H. R. Loyn.

Longmans. 430 pages. 30s.

THIS is the first volume of a new series, which is to cover the social and economic history of England in nine volumes. As the general editor, Professor Briggs, explains in an introductory note, the series seeks to avoid narrow specialisation. The various volumes will make a point of dealing with social as well as economic developments, and will draw on demography and sociology as well as historical geography. They are also designed to avoid what the editor regards as the dangers of this *genre* of history—the tendency to write in impersonal terms and to concentrate on categories rather than on flesh and blood human beings. To fulfil these admirably liberal intentions Professor Briggs has gathered a very strong team, a judicious mixture of "old hands" like W. G. Hoskins and Charles Wilson, and of younger scholars like the author of the present volume. If Dr Loyn's book is a representative sample, the series will be highly successful.

The period covered by the volume—from the withdrawal of the Roman garrisons to the aftermath of the Norman Conquest—provides unusual opportunities for the writer of a general survey. In a real sense these centuries saw the making of England; they have also attracted the energies of some of the finest scholars, from Maitland and Vinogradoff to Chadwick, Stenton and Lennard; and since the surviving evidence provides little scope for the indulgence of the historian's appetite for the minutiæ of political manœuvre, a large amount of attention has been concentrated on the economic and social history of the period. And knowledge of the main developments is still being extended, for example by the study of river-names and by numismatics. On the other hand the period is still a minefield of explosive controversies, on the course and nature of the Anglo-Saxon settlements, the extent of Roman survivals, the origin of the manor and on many other issues. Dr Loyn handles these complicated matters in a judicious and well-balanced way, though never with such an excess of scholarly caution as to disguise his own views on where the weight of the evidence points. He places the early English economy in a European setting and he deals not only with the mundane details of land-tenure, agricultural techniques and trade, but also with kingship and the nobility, and with the Church, learning and literature. The argument is at times necessarily technical, but it is invariably lucid, and the layman will not feel, as he is apt to do when reading works on so remote a period, that he has strayed into a colloquium of experts discussing obscure and unimportant problems in the secret language of their guild. This is not only a book for the student, but also for anyone who is curious about the origins of England and wants an expert and intelligible account of current views in this field.

A "Natural Oligopoly"

The Price of Middle East Oil

By Wayne A. Leeman.

Cornell University Press. London: *Oxford University Press.* 292 pages. 40s.

THE early story of Middle East oil is beginning to attract the attention of economists. The more distant it becomes the more clearly recognisable are its contours; though, with time marching on and so much having changed already, what set out to be a fighting analysis tends to become nothing but a postmortem. Professor Leeman's book is only the first of the studies of the subject that are to be published in the near future, and one of its merits lies in the fact that its content goes well beyond the scope of the title. The book is in fact a very readable account of some of the economic aspects of what happened; writing it must have been as difficult as it was necessary, for there are so many elements of straight power politics involved (to say nothing of the legal and taxation aspects) that the economics of the case have so far failed to be noticed in their proper context.

Another positive feature of the book is its general approach: analytical in his methods and critical of some features of the industry, the author is not an apologist for the oil companies; on the other hand, he is not (as were some others) patently allergic to the oil companies as they happen to have developed.

Professor Leeman deals with the legal wrangle between the United States Government and some American oil companies whether the latter had overcharged the Marshall Plan (ECA) agency—the Queen's Necklace affair of international oil—and also with the so-called "Cartel Case." He describes how and why the oil companies came out almost unscathed from these ordeals, and then gets down to first principles: he establishes that the oil companies are not monopolists, that they have not since the war had any explicit cartel-like agreements, but that they have lived up to the fact that Middle East oil is—or at least was for some time—a "natural oligopoly." Since the entry into that sphere was originally open only to the biggest international operators, their behaviour was almost inevitably determined by the motives of oligopolists. They would compete vigorously in some spheres, such as research, products quality, service, sales outlets and advertising, but would shy away from straight price

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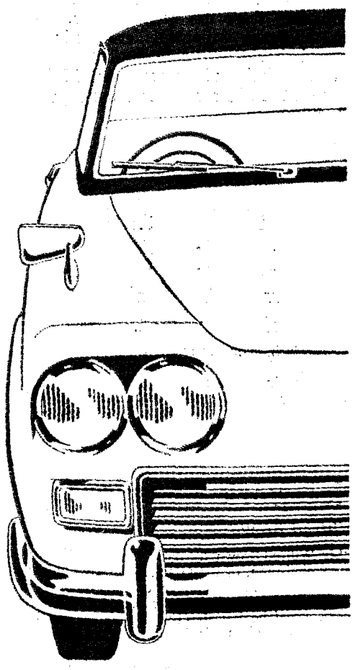

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competition, partly because of its self-defeating character in the circumstances. But such a situation tends to lead to a certain sluggishness, and thence to a rigidity; following American doctrines, Professor Leeman asks whether some obvious advantages of this kind of "stability" are not outweighed by its drawbacks. He traces the trend of Middle East oil prices since the war, and agrees on the whole with Mr W. J. Levy's noteworthy analysis of the range of prices within which Middle East oil is likely to move in the course of its co-existence with other sources of supply. Like Mr Levy, however, Professor Leeman considers "Middle East oil" or "Caribbean oil" as one competitive unit, without querying how competition among operators in each area might affect the picture. Some close attention to this problem would have given more strength to his misgivings that Middle East prices have been, on the whole, too high.

Professor Leeman goes on to trace the positions of the several parties interested in Middle East oil—producer countries, oil companies and consumer countries—and sees some divergence of interests which he would like to see tackled in a more business-like manner, and with more open competition than there has been hitherto. But his conclusion is hopeful: everybody concerned should have sufficient interest in a rational solution of the problems of Middle East oil to make a common sense approach possible.

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Polar Explorer

Sir Hubert Wilkins: *His world of adventure.*

By Lowell Thomas.
Arthur Barker. 284 pages. 25s.

SIR HUBERT WILKINS was one of the most remarkable men in a profession that attracts few who are not in some way remarkable. Explorers can hardly fail to have adventures, and Wilkins, a quiet, rather retiring man, had more than most. His explorations are fully recorded in his own writings and the narratives of his various expeditions. A biography in such a case can do two useful things: link-up and re-tell the adventures, and, more important, explain the motive.

This biography is the second to come out in as many years. The earlier one was by Mr John Grierson, a polar flier like his subject. That did the first job very well, but left us not much the wiser on the second count. Mr Lowell Thomas does not, unfortunately, provide the complement. His book reads very easily, and he tells the story well, but he debars himself from telling us anything really interesting by his chosen method of presentation. His book is written as if it were by his subject —it is apparently based on an unfinished autobiography of Wilkins's—so that no comment on his subject is possible. Furthermore, since there is no indication which parts of the book come from the original manuscript and which have been added by Mr Thomas, the reader must not draw any conclusions from what he may think are self-revelatory remarks. The worst of both worlds is thus ensured.

When Mr Thomas does, very occasionally, risk a footnote, it is not always specially helpful. The story of the air exploration of Graham Land in 1928, for instance, draws an explanatory comment that a feature on the ground is now named after Wilkins—and another after Lowell Thomas. It would have been more useful to call attention to the fact that the major discovery of the flight, that Graham Land was an island and not a peninsula, was later found to be wrong.

Important areas of Wilkins's life are not touched at all. His profoundly religious nature is not mentioned, nor is his great interest in thought-transference. Furthermore, a book largely about geographical matters can be hard to get the hang of if it is totally without maps. In short, this is a good book for a nephew's birthday, but it does not add much to our knowledge of a fascinating and complex character.

Essays on Novels

Scholars of the Heart

By S. Gorley Putt.
Faber. 239 pages. 30s.

MR GORLEY PUTT is the Penn of literary journalism. When he was at Cambridge he was converted by Dr Leavis, and he remains openly faithful to his principles. But years of writing for the *Times Literary Supplement*, coupled to a generous temperament, have taught him courtly manners. The essays in this book are based on articles which he has written for many journals. They are all smooth and pleasant reading; and behind the smoothness lie both sense and sensibility. A few of them are a little light; admirable when the book which inspired them had just appeared, still readable, but hardly worth putting between stiff covers. However, most of them are worth preserving.

Much the best of the essays is one on Mr Gerhardi—witty, amusing and just. It was Mr Gorley Putt who not long ago reminded the reading public that one of the cleverest and oddest of English novelists is still in our midst, strangely neglected. Bringing back the half-forgotten is rather his forte: there are essays on Forrest Reid, on Anthony Hope (a most valuable guide which takes one through all his works and tells one which to avoid as well as which to read), and a rather dispiriting one on Maria Edgeworth, which does not give enough weight to her wit and knowledge of the world.

The book ends with a long section of musings on Henry James, in that curiously ruminant style which the master imposes on his admirers: little use to those who do not already read him, but stimulating to those who do.

A Planned Economy

Central Planning in Poland

By J. M. Montias.
Yale University Press. 425 pages. 60s.

POLAND is a country of special interest for those wanting to understand the nature of Soviet-style economies, and indeed to obtain an insight into planning problems in general. Polish economists include some very eminent and courageous individuals, with experience of the West, capable of expressing the special problems and difficulties of their country in a language which their western *confrères* can (or should) understand. Moreover, since 1956 these economists, and others, have been able to express their views with a degree of freedom hardly known elsewhere in the communist world. This freer atmosphere has also facilitated research by western scholars into the Polish economy, which sufficiently resembles that of other communist countries for any lessons to be of more than purely Polish relevance.

Dr Montias knows Poland, has met and talked with Polish economists and planners. He has also studied Soviet Russia and the economies of several other communist countries. He is therefore well qualified for his task, and he has written a most informative and stimulating book. It should be read by anyone interested in Poland, or in planning. After a most useful and subtle discussion of "planning in theory and practice", the author launches into a detailed survey of the development of the system down to 1956, with chapters on the political background, output planning and the allocation of in-

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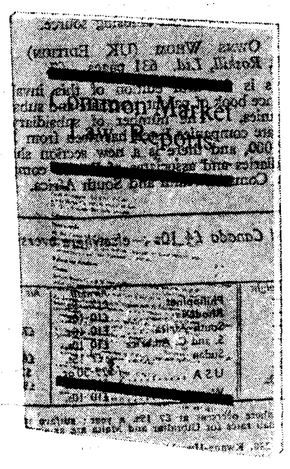

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puts, incomes policy, long-term planning and investment; he deals also with the socialist enterprises and prices. Dr Montias says much of interest on each of these inter-related themes, the more so as he presents us with a most judicious mixture of the institutional pattern and reality, of model and practice. For example, in discussing "efficient" solutions to planners' problems, he loses sight neither of the theoretical difficulty of defining what is to be maximised nor of the practical snags of ensuring the required collection and processing of information. There is a valuable survey of the place of foreign trade in the planning process, of vital importance to a country so dependent on imports. Events since 1956 are analysed in one of his best chapters, in which an account is given of the fascinating discussions on the "Polish model"; these dealt with the theoretical basis of pricing, the role of market forces, possible relationships between the central plan and local and enterprise autonomy, and other issues of fundamental importance. We are also told about the practical reforms that followed the events of 1956, and their consequences. This chapter has unfortunately to be followed by one entitled "counter-reforms", because there has been a trend towards renewed centralisation, for reasons that receive careful and dispassionate analysis.

It is a pity that Dr Montias did not devote more space to the relationship between the state sector and the still predominantly individual peasantry. As he points out, the government is unwilling either to allow the emergence of large private farms, or to impose collectivisation, and cannot effectively tax the peasants or persuade them to increase off-farm sales. His arrangement of his material is open to the criticism that 1956 and its aftermath is dealt with in detail in chapter 9, although the consequences of the 1956 reforms are also discussed under various heads in several earlier chapters. But these are minor criticisms of a book which, beyond any doubt, significantly enlarges our understanding of planned economies.

Blue Funnel

A Merchant Fleet in War: ***1939-1945***

By S. W. Roskill.

Collins. 352 pages. 25s.

THE merchant fleet described in this book is the Alfred Holt organisation, in which the principal company, the Ocean Steam Ship Company, is generally known as the Blue Funnel line, though the ships of another subsidiary are distinguished by their red funnels. When the control of the fleet was taken over by the Admiralty and the Ministry of Transport a week before war was declared, 87 ships were involved, of which 52 were lost during the next five years. Some, such as the fast modern ships of the Glen Line, which performed such admirable service in the Mediterranean, served under the white ensign; the rest suffered the same hazards of war as did the 9,400 ships sailing under the red ensign at that date.

The company is fortunate in securing the services of a distinguished naval historian to record its war efforts. By collating company records, the testimonies of survivors and British and German official documents, Captain Roskill has described the activities of a particular shipping line in the context of the whole war at sea. Such a book is, of course, primarily of interest to the company concerned, but it is also of value in providing a convincing justification for the strategy of convoy, which is now accepted as having provided the key to victory. This was far from the case before the war, and convoy continued to be disliked by members of both the Royal Navy and the Merchant Navy for a long time after hostilities had begun. Convoys are difficult to organise, and before 1942 they were far from efficient on account of the shortage of escort craft and weapons. If more books like the present one had been written about shipping experiences in the first war, such shortages might never have existed, because the protection of trade would have had a higher priority in naval thinking. As Captain Roskill points out, the Japanese never learned the lesson, and because they squandered their merchant marine by refusing to provide adequate protection, they lost the war.

When the heroic endurance of those engaged in the Battle of the Atlantic is recalled, as it is here, and when the holocaust of shipping in the China and Indian oceans during the first period of the Japanese war is faithfully recorded, who can blame the masters of cargo ships for so frequently asking: what is the Navy doing? Kept in ignorance of the demands of grand strategy, they found themselves re-routed or deserted by their exiguous escorts to face the constant danger of torpedo and mine. What this book really does is to justify the ways of naval officers to their comrades in the merchant service, and to pay well-deserved tribute to the stoutness of the ships and the staunchness of spirit and sound seamanship of the men of the Holt line.

OTHER BOOKS

METTERNICH AND HIS TIMES. By G. de Bertier de Sauvigny. *Darton, Longman and Todd.* 315 pages. 32s.

This book is the fruit of much browsing through the vast mass of documents that Metternich left behind him, principally in the state archives in Vienna. It is not a biography or study of Metternich, but rather an anthology of his writings, assembled under different subject headings and linked together by explanatory comments. The first part of the book discusses Metternich's character, as revealed by himself, his ideas and his diplomatic methods. The second part describes his attitude and policies towards different countries and their rulers; in this English edition of the book the chapter on Britain has been considerably enlarged. This is not a book to be read in isolation; but for anyone interested in the period it is a useful, stimulating and often amusing source.

WHO OWNS WHOM (UK EDITION) 1962. *O. W. Roskill, Ltd.* 631 pages. £7.

This is the fifth edition of this invaluable reference book of parent, associate and subsidiary companies. The number of subsidiary and associate companies listed has risen from 19,000 to 22,000, and there is a new section showing subsidiaries and associates of British companies in the Commonwealth and South Africa.

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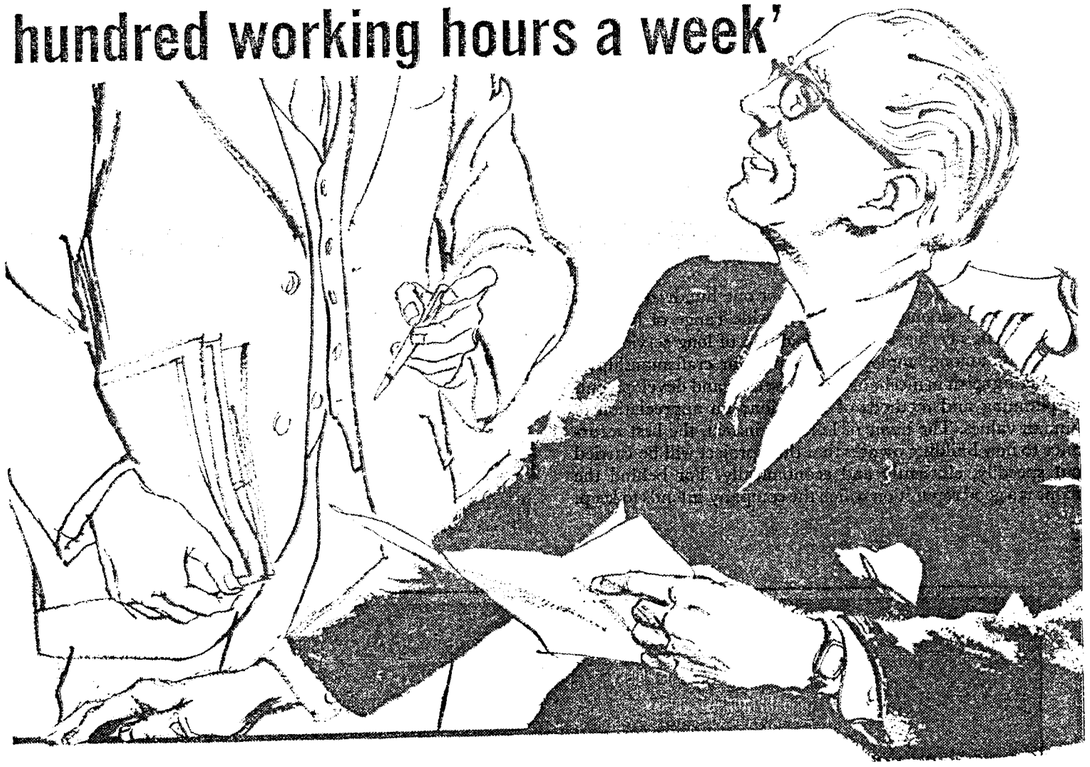

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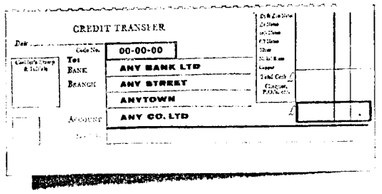

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THE WORLD OVERSEAS

Himalayan Mists

FROM OUR CORRESPONDENT IN INDIA

For the first time since the Sino-Indian border dispute began the Indian people knows where it stands. After months in which New Delhi has blown hot and cold in successive breaths, one could almost feel the relief that greeted Mr Nehru's flat statement on October 12th that the army had been ordered to push the Chinese out of their latest foothold in the North East Frontier Agency. He followed it next day with an appeal to the people to back the troops in the front line "with discipline and increased production." No ifs, no buts. It was as if Chamberlain had given way to Churchill.

More sophisticated observers are not so sure. The "appeal to the people," at least, was largely the work of reporters demanding a message before Mr Nehru left for Ceylon, and of the sub-editors who played it up. The army has its orders—which is a good deal—and the government is committed not to negotiate unless "this particular aggression" is vacated, which is more. But if the job proves difficult, how long will the government retain the courage of the people's convictions?

The job may well be difficult. So far as one can tell through the fog of New Delhi's habitual half-truths and, till now, indecision (which, rather than ill intent, is the reason for most of the half-truths), the position is this. The Indians mean what they say about pushing the Chinese out; in the North East Frontier Agency, unlike Ladakh, terrain and logistics, though difficult, are relatively favourable to the Indians; they have at least 50,000 men deployed under a new and energetic, but not battle-tried, corps commander, General B. M. Kaul, who was moved two weeks ago from leadership of the army staff to take charge in the North East Frontier Agency, which till then had been combined with Nagaland and the East Pakistan frontier. Though Delhi denies it, the creation of a new corps for the agency was the logical accompaniment of heavy troop reinforcements for that area.

It is at the tactical level that the difficulties appear. The present fighting seems to be confined to the frontier just east of the tri-junction of Bhutan, the North East Frontier Agency and Tibet. The Chinese have come over the Thagla (Tang La) ridge, which according to the Indians marks the MacMahon line, and are dug in on the southern (Indian) side at a level of 13,000 to 14,000 feet, higher than India's Dhola post. Winter is coming on. The Chinese have ostentatiously proclaimed that their forces include veterans of Korea. They have substantial reinforcements at their main base, only twelve miles behind the ridge, and two airstrips within fifty miles. The Chinese have reacted very sharply to Mr Nehru's statements. A Note last Sunday accused India of making "preparations for war," and gave a warning that "Indian aggressors must bear full responsibility for the consequences of their crimes." Chinese troops are ready to strike "resolute counterblows."

What, precisely, is happening today? Here the fog descends in earnest. Official spokesmen remain convinced that the best news is no news, and uncertain whether their job is to love India more, or peace. Hence all movement and all firing must be initiated by the other side. One day perhaps they will face the fact that a sitting aggressor can only be removed by shooting at him, and begin to call things by their names.

It seems pretty certain that the initial incursion in early September was by the Chinese. But the first serious incident, near the Dhola post on September 20th, offers an example of the difficulties facing the unbriefed and distant interpreter. The Indian version was that two Chinese soldiers crept up and threw grenades at an Indian post. The Indians fired Verey lights, and saw a substantial force of Chinese a few hundred yards away, on whom they fired. Why, asks the armchair tactician, would a large and presumably attacking force obligingly announce its arrival with grenades while still several hundred yards away? Perhaps it was the two Chinese who were stationary and the Indians who were on the move? Maybe, answers the soldier, but in this kind of war, is not this just the kind of muddle that happens? It is on such slender threads that any detailed speculation hangs.

In general, though, it is certain that the Indians are starting to hit back. The reported casualties of the latest incident (100 Chinese and 17 Indians, according to both Peking and New Delhi) hardly suggest an Indian attack uphill against dug-in troops. But they do suggest at least a pitched battle, in which, it appears, neither side gained ground. Did the Chinese attack, and get a bloody nose? Last Sunday's Note, which among other things suggests that the Indians have been dropping paratroops—a remarkable achievement in this kind of country—bears every sign of real alarm in Peking.

The most intriguing uncertainty is whether the area really is south of the MacMahon line at all. The Chinese do not recognise the line, but they allege that in any case the Indians are north of it. Having originally charged the Indians with attacking "Chedong," whose co-ordinates, undoubtedly north of the line, appear to have been those of an unrelated place called Le, they then decided that "Chedong" was where the Indians say Dhola is, i.e., latitude 27° 46.5′ north. In this area, they say, the original 1914 Simla Convention map shows the line at 27° 44.5′ north—two minutes of arc, slightly more than two miles, south of "Chedong." Further, they say, correctly, that the Indian officials who discussed the border question with the Chinese in 1960 said the line ran east from a point thirteen miles south of the Mela Pass at 27° 57′ north: which would make the line run at 27° 45.5′ roughly—still south of Chedong. The Indians say, equally correctly, that their officials later expanded their statement to indicate that the line was running east from a point at 27° 48′ north—a mile and half north of Chedong. They explain the discrepancy with their original statement by saying that the thirteen miles were intended to be measured along the international frontier. Presumably a look at the original Simla map, which was on a scale of one inch to eight miles, could settle the question—if anyone cared to produce it.

Dr Adenauer Stops the Clock

FROM OUR BONN CORRESPONDENT

It will be no great hardship to Dr Adenauer to fly to Washington for his third conference with President Kennedy on November 7th. In the Chancellor's calculations the trip will provide him with a timely opportunity to demonstrate that when it comes to hopping the Atlantic he is just as nimble as the vice-chancellor, Herr Erhard, the foreign minister, Herr Schröder, the defence

minister, Herr Strauss, the development aid minister, Herr Scheel, the governing burgomaster of West Berlin, Herr Brandt, and all the rest who these last few weeks have made the fashionable pilgrimage. Nobody here doubts that Dr Adenauer is hoping against hope to convince the country of his unflagging powers and continuing indispensability. If the political promises of yesteryear are more enduring than the snows, the Chancellor has just twelve months left before he is due to make way for a successor—who, as envisaged in the by now dog-eared coalition agreement of 1961.

Many west Germans, probably the majority, think it would be better for all concerned were Dr Adenauer to go now. Yet this autumn sees him exerting himself to persuade parliament and public that his active influence on state affairs should be prolonged. Encouraged by a few blindly faithful disciples, Dr Adenauer has disclosed that he is toying with the idea of remaining at the head of the government until 1964 and then standing for the office of federal president—a consummation that would keep him at the head of the state for the following five years, by the end of which he would be 93.

With the object of confounding the critics who observe that the old man is gradually, and in the course of nature, losing his grip, the Chancellor made some theatre at last week's reassembling of the Bundestag out of a long exposition of the government's domestic and foreign policy, solicitously devoting, for once, the greater part of his attention to home affairs, particularly the nagging worry of persistently rising wages and prices. If on this occasion his light did not shine as brightly as he had hoped it would, it was partly because he had chosen a moment when there was little new for him to say. He was disappointed by his reception. But next month's sortie to Washington, he may well reckon, will help to polish up the tarnishing image of energy and usefulness.

OTHERS might suppose the journey to be superfluous. The west German foreign minister, Dr Schröder, has been in Washington this week; what further business is there that could not be settled by telegraph, telephone and ambassadors? The paramount purpose of the present German-American exchanges is clear, even though it is not easy to accomplish. This is, first, to reach as close agreement as possible about the limits to which the West could go to accommodate Mr Khrushchev should he bring the Berlin issue to a head after the Congressional elections on November 6th; and second, to reach a similar accord about the joint action the western powers should take against this or that possible trespass on their rights in or around Berlin. An increased financial contribution by Germany to Nato, and Britain's entry into the common market, are less urgent subjects of discussion.

But there are other considerations on each side. For Dr Adenauer, in addition to the chance, as he must hope, of bolstering his prestige at home, the visit will give him an opportunity once again to pronounce his anathema on any concessions to the Russians, and to correct any impression Herr Schröder may have been giving of the federal government's willingness to take a more conciliatory line. For President Kennedy the meeting will be an occasion to allay the Chancellor's immense suspicion of United States policy, and to explore the meaning of one of Dr Adenauer's more hopeful remarks about west Germany's relations with the east German regime. This was in the "government declaration" which Dr Adenauer read to the Bundestag on October 9th. As had to be expected, he first restated the familiar thesis that the signing of a peace treaty between the Soviet Union and east Germany would be a brutal act of power politics. The Hallstein doctrine, he reiterated, remained valid; the Federal Republic would regard diplomatic recognition of the east German regime as an unfriendly act, tantamount to blessing the permanent partition of Germany. Yet, although Dr Adenauer wholly ignored recent talk of the possibility of establishing west German trade missions in the east European communist states, he went on to make the following remark:

> I declare again that the government is ready to discuss many things if our brothers in the zone can organise their lives as they would like to. Here human considerations play on even bigger part than national ones.

Such a course has been advocated before; but what would it mean? What would he be ready to discuss? The long-term credits for which the hard-pressed east German regime has been asking? Recognition of the Oder-Neisse line? Presumably Mr Kennedy would like to know.

In the meantime, the Bonn government keeps up an unyielding appearance. The German ambassador to the Vatican, Herr van Scherpenberg, lost no time on Monday in seeking confirmation or denial of Polish newspaper reports that the Pope, in an address to the Polish bishops now assembled in Rome for the Vatican Council, had spoken of "the Polish western territories" that had been "recovered after centuries." (Herr van Scherpenberg was told that there had been no change in Vatican policy.)

An unedifying feature of Dr Adenauer's saddening efforts to hold back the clock in the Palais Schaumburg is his disparagement, direct and indirect, of the man who is waiting to step into his shoes. While addressing the Bundestag on the present perils of the German economy, the Chancellor made no mention of Herr Erhard, who had been the first to raise the alarm and to advocate the policies Dr Adenauer is now recommending. But Herr Erhard's popularity with parliament and the public has so far survived the Chancellor's petty crabbing. At a meeting of the Christian Social Union in Nuremberg last Sunday, Herr Erhard was demonstratively hailed—among others by the defence minister, Herr Strauss—as the Chancellor's heir.

Herr Erhard is respected on all sides for his constant decency and honesty amid the political hurly-burly. He does not shrink from saying unpalatable things when he believes they should be said. Thus he told his admirers at Nuremberg that if every worker put in only two more hours a week, some 800,000 persons would be released for industries in urgent need of their help. At the same time he deplored the flamboyant and pretentious way of living of many west German business men. Having reminded the Bundestag that hourly wages in industry had risen by 36 per cent since 1959, while production had increased by only 12 per cent, Herr Erhard recommended that the June 17th holiday, celebrating the anniversary of the east German rising of 1953, should be abolished and everybody devote his earnings on that day to a national fund.

There can be little doubt that, were the seat to fall empty now, Herr Erhard would be elected Chancellor. But while he is waiting a rival of increasing stature is emerging. In Washington this week Herr Schröder has been quietly adding to his already growing prestige at home and abroad.

General versus Parties

FROM OUR PARIS CORRESPONDENT

GENERAL DE GAULLE'S dogged attendance at army and navy manœuvres during the French government crisis is not without its bearing on the political outlook. His new political campaign appears to be based on rules of military strategy. It is now possible to piece together this *Kriegsspiel* that is designed to crush the existing political parties. One golden rule of the game is not to fight your main battle on the ground most favourable to your opponent. Since the political parties feel at their best during a general election, and since one was to be held before next spring, it was tactically advisable to defeat the political parties beforehand. If the parties

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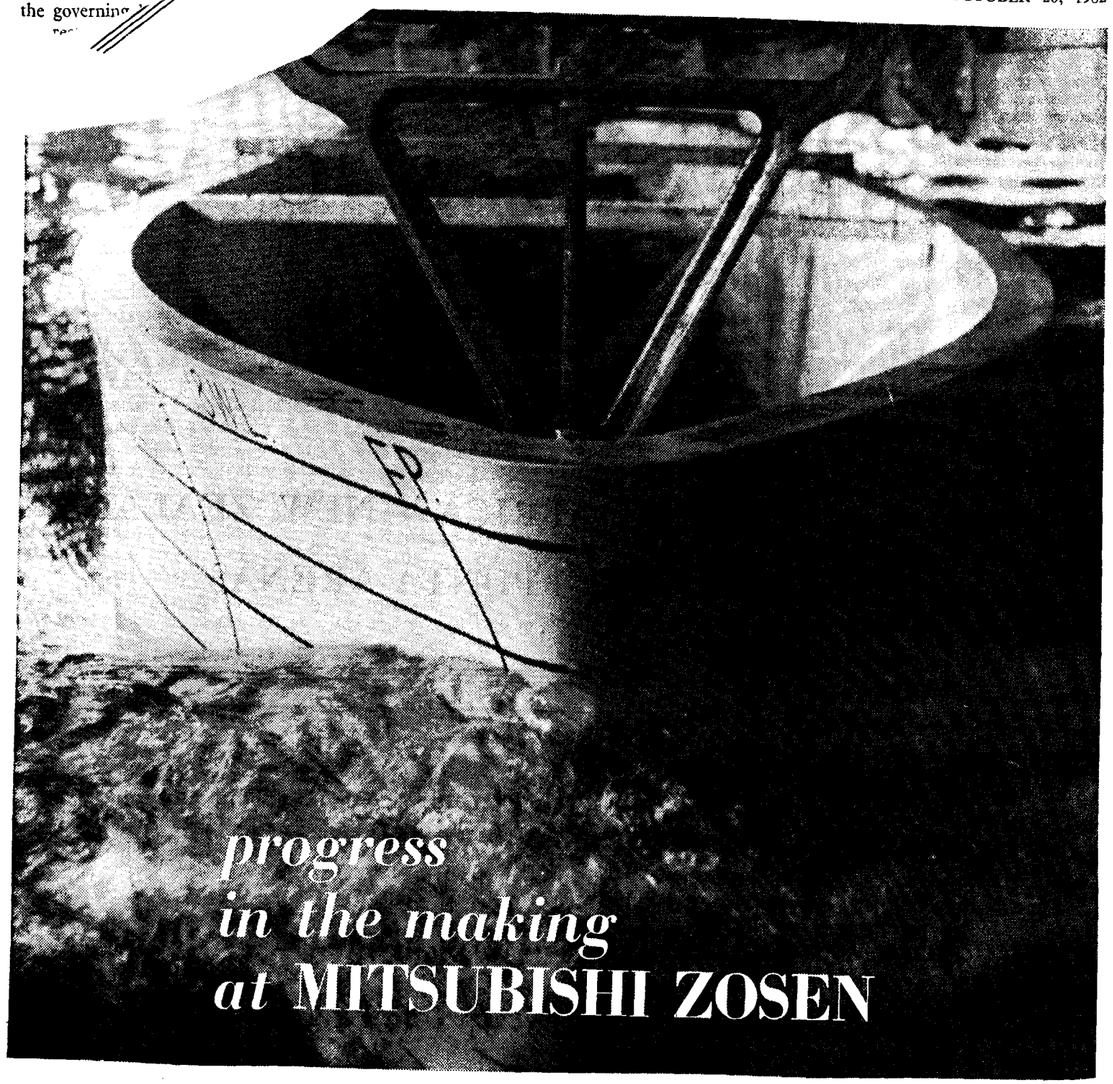

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are knocked out in the referendum (on October 28th) they will still be groggy by election time (the two ballots are on November 18th and 25th). In any case this second electoral round will lack the importance of the first.

Such considerations explain the general's sudden passion for the electoral system by which his successor is to be chosen. Indeed, as the campaign gathers momentum, the problem of the succession is almost entirely forgotten by the gaullists. The chief slogan of the official propagandists is that if you don't give General de Gaulle your vote, he will turn his back and go, and you will be left to your dreadful fate.

General de Gaulle's preventive coup makes strategic sense. When the frightened leaders of the Fourth Republic surrendered in May, 1958, and fetched the general back from Colombey they secretly hoped that he would be an absolute ruler only for the duration of the crisis, and would then accept the mantle of a constitutional monarch. But their exception was to be the general's rule. The compromise lasted until the Algerian war was ended. The bogey of the Secret Army could have kept the parties quiet for still longer, but—short of an officers' coup a year—the deputies were bound at some stage to claim a share of power. In this context it is irrelevant whether the parliamentary leaders were actually preparing an offensive on more favourable ground. Logic demanded that they should rebel sooner or later. The general decided to strike first in order to establish that the president is the undisputed master, and to get his version of the situation endorsed by a massive popular vote. What present could be more flattering for the electors than a constitutional change requiring that the president be directly elected by the people?

Most commentators here maintain that the plan was more ... than he ... parliament altogether, the general spurred the ... into action. Revealing only too clearly his anti-parliamentary purpose, he pushed all parties into opposition—all, that is, with the obvious exception of the disciplined troops of the gaullist UNR. Yet what has happened is not necessarily the outcome of a miscalculation. If the purpose of the whole operation is to emphasise the vanity of parliament and the impotence of the parties, it may have seemed clever to show that the general could beat them all single-handed.

General de Gaulle, who brought the Algerian war to an end, has plenty of assets. The first electoral largesse is being distributed ; on Wednesday, the government decided to increase minimum wages and family allowances. The state apparatus of propaganda is getting into its stride. The bias of the French radio is almost too notorious to be mentioned. The television screen ("les étranges lucarnes" as they are called here in Saint-Simonian language) provide a prince president with a weapon that Louis Napoleon could hardly have dreamed of. But the general's principal asset is the weakness of the patchwork opposition which has failed to use the four years in the wilderness to renew its men and produce an alternative programme.

From Pinay's conservatives to Mollet's Socialists, the very names of the anti-gaullist coalition remind French people of the vagaries of the past. It is easy for official spokesmen to argue, with sarcasm, that the gravediggers of the Fourth Republic are hardly qualified to expound the virtues of parliamentary democracy. The opposition weakens its position still further by refusing to make a frontal attack on the general. With the qualified exception of the Communists—who are anyway outside the block—no party in the coalition says plainly what it would do in case of a parliamentary victory and the general's departure. The situation has reached the farcical stage at which the followers of the general proclaim that he will go if the constitutional project is rejected, while his opponents plead that it is his democratic duty to stay in office. (His broadcast on Thursday suggested that he would go if not supported by at least half the nation.) An unsophisticated voter may, in these circumstances, be forgiven if he concludes that if the general is so precious, it is better to vote for him.

This does not necessarily mean that General de Gaulle is assured of a resounding triumph in the referendum. For years observers have been writing about the political apathy of the French people and the diminishing audience vouchsafed to the parties. Now comes the moment for testing how deep is the apathy and just how reduced the audience. In 1958, after the humiliating collapse of the Fourth Republic and with threats of civil war in the air, the triumphant general obtained 80 per cent of a high poll. But at that time, of all the big parties, only the Communists dared to oppose him. Now the situation is reversed with only the UNR standing faithfully behind General de Gaulle. How much will this shift be reflected in the referendum figures ?

It is generally assumed that the Communists, and to a lesser extent the Socialists, will carry the bulk of their followers with them. The extreme Right—as was seen in the last referendum—has little electoral following. The big question is whether the parties of the centre and the traditional Right (the Radicals, the wavering MRP and the Independents) can bring many of their followers to vote against the President. If General de Gaulle once again polls more than 70 per cent of a fairly high vote, the *Cartel des Non*, which in any case will find it difficult to translate its pact into electoral alliances, will collapse under the shock. The general will either get a docile Assembly or, strengthened by his popular success, will treat any recalcitrant with contempt. If he polls between 60 and 70 per cent of a fairly high vote, both sides will claim a victory and the next round will be more complex. But should he get less than 60 per cent of those voting, which, it is calculated, would mean in practice less than half the total electorate, the anti-parliamentary operation will have failed. Unlike a player in the *Kriegsspiel*, he will not be able to put the pawns back in their starting positions. He would then have to revise his strategy and produce his secret weapons. The future course of the struggle between the general and the parties will thus be determined by the referendum.

Catalonia Counts the Damage

FROM OUR CORRESPONDENT IN BARCELONA

THE damage done by the floods of September 26th in the Barcelona region was heavier in human suffering than in property destroyed. The human tragedy was very great: over a thousand dead or unaccounted for (and local people say this is an underestimate). Many have lost relatives, their homes and all they possessed. The material damage, so far as can yet be assessed, was not remarkable by the standard of other floods in Spain. An estimate based on provisional figures collected from the local authorities a few days after the disaster put industrial and com-

mercial losses at 2,250 million pesetas and agricultural losses at 136 million ; but insurance circles put the figure a good deal lower —about 1,000 million for industry (the main loser) and 100 million for agriculture (168 ptas = £1).

But the essence of the economic damage is the crisis produced in the Spanish wool textile industry by the destruction of dyeing and finishing plants. Some 80 per cent of the wool textile industry of Spain is concentrated in the two Catalan towns of Sabadell and Tarrasa, which received the first impact of the storm and floods. The dyeing and finishing plants stood close to the rivers from which they drew their water supplies. Three-quarters of those in Sabadell and many of those in Tarrasa were swept away and wrecked (Rubí, the other town that suffered the worst casualties and damage, was an industrial dependent of these two). All this happened just when woollen manufacturers were about to deliver cloth for the winter season, and large stocks of highly priced goods awaiting despatch were destroyed or buried in the mud. The immediate problem is how to get the existing goods, let alone future production, finished and delivered to wholesalers before winter buying starts. Manufacturers may be forced to have some finished abroad.

The cotton industry was not hit in the same way, although considerable damage was done to cotton mills, particularly at Ripollet, south of Sabadell, where three large mills were flooded. The cotton weavers send their goods for finishing to Barcelona, which suffered relatively little from the storm.

There remains the problem of rebuilding and repairing the factories and replacing the machinery. The damage to factory buildings, equipment and machinery in Sabadell alone is estimated at 500 million pesetas. Measures announced by the government include the declaration of the losses as a "disaster risk," to be met by the funds created for this purpose by the consortium of insurance companies ; exemption from taxation for a year ; the waiving of customs duties on imported machinery ; and the granting of a long-term credit of 1,000 million pesetas through the Bank of Spain, 300 million of which has already been handed over. Manufacturers believe that, with this assistance, the industry will be working normally again in a year's time. The government has also taken steps to ensure that the workers thrown out of employment receive adequate unemployment relief, and expects them to be re-absorbed into industry within six or eight months. Some are being kept on the payroll of their former employers and are helping to repair the factories ; others are being offered work by rival firms, as there is a shortage of labour nowadays in Catalonia.

Congress in Cordoba

FROM A CORRESPONDENT

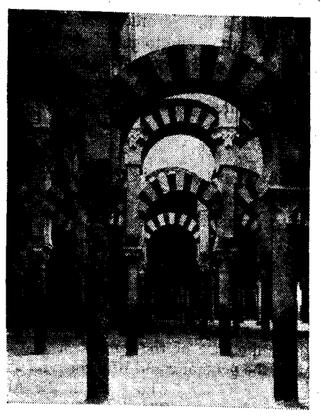
In Madrid today it is officially held that Spain is proud of its Arab past. But if you talk to a Basque or an Asturian you will probably quickly learn that this sentiment is not universal. Whoever you are talking to has very likely never been to Andalusia ; he dislikes both Arabs and the *cante flamenco,* which is rather doubtfully claimed as part of the Arab heritage of modern Spain ; and prefers to go for his holidays to any Nordic land rather than the southern half of his own country. A great many other Spaniards, however, do feel a sentimental attachment to the Arab past of their country. Manuel Machado, for instance, a poet with a wide popular appeal, began one of his poems by emphasising his kinship with the people "who coming to my country first won and then lost everything" and then went on to affirm that his "soul was impregnated with the fragrance of the Spanish Arab."

During the last hundred years interest in Spain's Arab past has been spread by the creation of a great school of Arabic studies. Founded by Francisco Codera, it was nourished by Julian Ribera and Asin Palacios, carried on by Gonzalez Palencia, who unhappily died prematurely in a motor accident, and is now represented at its best by Emilio García Gomez, the scholar and litterateur (Señor García has recently—it is to be hoped only temporarily—forsaken his professorial duties to become his country's ambassador, first in Baghdad and then in Beirut).

In the critical years between the end of the second world war and the beginning of the cold war, when Spain was semi-blockaded by the victorious powers and badly needed allies, the possible political uses of the Arab connection became clear to the Spanish foreign ministry. The way had been prepared at the end of the civil war when the government introduced in the Spanish zone of Morocco a distinctly more liberal policy than that followed in the French zone. Teaching in Arabic was allowed and the links between the Spanish zone and the Arab world in the east were encouraged.

Some five years ago a further step was taken when an Hispano-Arab Institute for the encouragement of cultural relations between Spain and the Arab countries was started under the ægis of the foreign ministry ; it was put under the direction of García Gomez with another distinguished Arabist, Father F. M. Pareja, as his second. The Spanish government hopes that these connections will help to smooth away the difficulties caused by the Spanish enclaves in Morocco.

Meanwhile, at the Moscow meeting of the International Orientalist congress in 1960 the unwieldiness of these congresses, which now cover the whole of Africa as well as the whole of Asia, led a number of eminent Arabic scholars to form a separate, perhaps two-yearly, international congress devoted entirely to Arabic studies. The Spanish government was glad to act as host to a congress of this kind, and in the middle of last month the First International Congress of Arabic Studies assembled in Córdoba. Señor García was, unfortunately, absent and a



number of other Spanish professors of Arabic also stayed away. Even so, the attendance, which it was originally hoped to limit to some 60-100 experts on Muslim Spain, rose to nearly 150, including observers. Scholars from western Europe and the United States were present, but there were very few Arab professors, probably because Arabic was not made one of the official languages of the congress.

The setting and the hospitality could hardly have been better. The Alcalde of Córdoba and the director of the Real Academia proved themselves fully aware of the traditions of their Muslim predecessors. The excursions, the parade of thoroughbred Arab horses, the display of flamenco dances, and the final banquet in the Alcazar of the Christian kings were not unworthy of the entertainment which in the 10th century the great Abderrahman III provided for his visitors from the barbaric north.

The rehousing of the homeless will probably be accomplished with reasonable speed in view of the priority given to it. A large proportion of the sufferers were poorly housed labourers—many of them had built their own dwellings, often by the river bank—who can be rehoused quickly, and a good deal better than before, in cheaply built blocks of flats. But many small farmers had their fruit and vegetable crops ruined and their plots rendered unusable by the flooding of the rivers Llobregat and Besós. The government is to provide credits and to undertake the cleaning of the land.

The effect of the disaster on public opinion has not been too adverse to the government. People are not inclined to blame the authorities, central or local. It is true that human fecklessness does much to make these natural disasters worse in their effects than they need be. These riparian industrial settlements had been allowed to grow up without much precaution against a rush of water from the mountain streams, or even against the fairly frequent flooding of the Llobregat and the Besós. The devastated towns were mushroom growths along the river beds ; foresight in the siting of industry and of housing could have made them less appallingly vulnerable. But the negligence belongs to the past, and criticism is stilled by the fact that the storm was quite exceptional. General Franco's prompt visit to the stricken areas, and the holding of an emergency cabinet meeting in Barcelona, have made an impression on Spanish opinion. But the outstanding effect has been the revelation to the Catalans themselves of the strength of their solidarity. The response of the people of Barcelona and other towns to the news of the disaster was remarkable. It was shown not only in the rush to subscribe to relief funds and deliver blankets, clothes and anything else for the homeless, but in the numbers of volunteers who went out to recover bodies and clear up the devastation.

Syria's Fashion Show

FROM A CORRESPONDENT LATELY IN DAMASCUS

Syria, who first set the fashion for military regimes in 1949, now has the chance to encourage a general movement towards representative government. The free play of political forces in Damascus, and the formation, on September 17th, of Mr Khaled el-Azm's coalition cabinet are of more than local interest. If some form of democracy, however imperfect, can be seen to work in Syria, it cannot fail to influence, by example, the monolithic regimes of Cairo and Baghdad.

But there are flaws in the present Syrian model. Such is the weakness of party organisation and the strength of local factors that Syrian elections are a poor guide to the political forces confronting each other in the capital. Non-party men, whether landowners, businessmen, tribal and minority leaders or the heads of the largest and most powerful families, are regularly returned in great numbers, swamping the small groups who actually make policy and set the pace.

Only the exigencies of the current struggle with the United Arab Republic have allowed Syrian political leaders to step clear of the trammels of a traditional parliament and arrive at a working agreement that more closely reflects the active political trends. Three days after he formed his cabinet Mr Azm dissolved the assembly and secured special powers to rule by degree until new elections are held within a year. Despite its claim to legitimacy, the government is less a parliamentary coalition than an *ad hoc* alliance of the principal political forces and pressure groups in the country—both parliamentary and extra-parliamentary.

One of these forces is the army: the commander-in-chief, General Zahreddin, sits in the cabinet as minister of defence, and a former general is minister of the interior. To have sought to exclude the army altogether would have been to invite its more direct intervention. In view of the history of the last twelve years, the Syrian army cannot be expected to return overnight to its barracks ; it must be recognised as one force among several on the Syrian political scene, domesticated only by being intimately associated with the political process.

How then does the situation differ from the ungovernable nineteen-fifties ? And what chance has Mr Azm's coalition of being both durable and effective ? For one thing, Syria is no longer a cold war battlefield as in the immediate pre-union years: the Right no longer looks to the West for support against a Left in league with the Soviet Union. With the great powers out of the ring, domestic differences seem less irreconcilable.

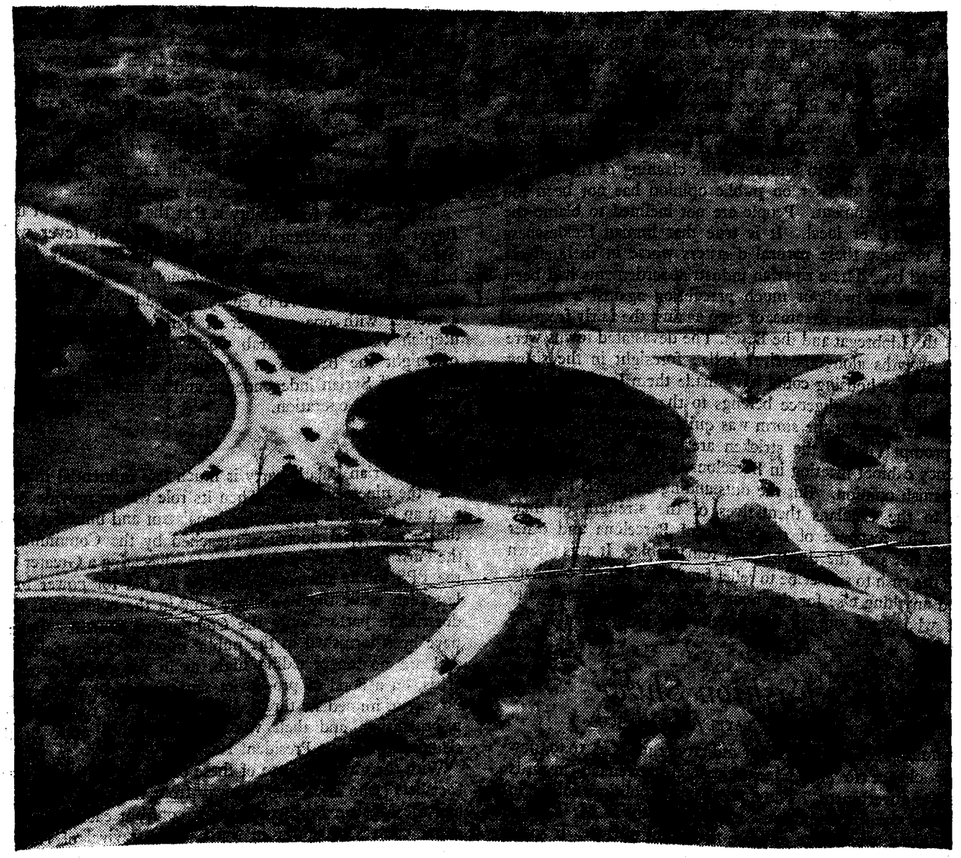
Another factor for stability is that the three years of union with Egypt have momentarily stilled the pan-Arab fever with which Syria was traditionally consumed. In the past, few Syrians believed in the future of their country as an independent unit outside some larger Arab entity. Salvation was thought to lie in a merger with one or other of Syria's neighbours. Today, the utopian vision of an Arab world miraculously united, enjoying overnight the benefits of socialism, has given way to a fierce defence of Syrian independence and to more modest objectives of inter-Arab co-operation.

The Syrian Ba'ath party is much less influential than it was in the nineteen-fifties. Then its role was to provide Arab youth with an ideal of a progressive, renaissant and united Arab world in the face of rival doctrines preached by the Communists and by the *Parti populaire syrien,* the party advocating a Greater Syria. But the PPS finally destroyed itself by its bid for power in Lebanon last year, while the Ba'ath are now in the wilderness. Of all the doctrinaire parties, only the Communists remain. But they too, have been tarnished in the public mind by their violence in Iraq, and are no longer riding high, as in the period after the Suez crisis, on a flood of pro-Soviet sentiment. As yet they constitute no sort of immediate threat, although they are thought to be busily re-organising, and their voice is heard once more in the press clamouring against President Nasser.

With the virtual eclipse of these old rivals, Mr Akram Haurani's socialists (who have broken away from the main Ba'athist group) and the Moslem Brotherhood now confront each other as the two major centres of power in Syria. The revival of Haurani's fortunes in the last year has been remarkable. He realised that if Syrian independence was to be assured, President Nasser's legend must be destroyed, and that if his own reputation was to recover from his responsibility for union in 1958, he must lead the attack in person. He has thus broadened the base of his support, formerly limited to peasantry in the Hama area and to his socialist henchmen ; he has won the somewhat incredulous admiration of many.

But of all the changes, the resurgence of the Moslem Brotherhood is perhaps the most striking. It is a reminder that the Arab masses, particularly in Damascus, can still be rallied in the name of religion. Islam, contrary to what many young Arab intellectuals would have one believe, is not yet a spent force. The present revival is, in part, a mass return to familiar roots in a moment of crisis ; in part, a regrouping of traditional forces to fill the vacuum caused by the disintegration of the old conservative National and People's parties. It is also a personal triumph for the Brotherhood's spirited supreme guide, Issam al-Attar, at 35 the only newcomer to hold his own among the veterans.

Opposition to President Nasser is the cement that binds Syria's coalition government together. At its head, Mr Khaled Azm, subtle and authoritarian, faces the greatest challenge of his career. He is perhaps the only Syrian leader acceptable to all factions and strong enough to mould them into a working team. The right wing are reassured by his *grand bourgeois* background, the left wing recognise in him a former ally, while to the general public he is known as a champion of Syrian autarky and an early opponent of union with Egypt.



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AMERICAN SURVEY

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

New York's a Stage

FROM A CORRESPONDENT IN NEW YORK

THIS year's election in New York State ought on its merits to be a quiet and one-sided affair, but it has taken on unique importance as a dress rehearsal for the 1964 presidential campaign. The Republican Governor, Mr Nelson Rockefeller, is a heavy favourite to gain a second four-year term; he is also generally expected to be his party's candidate against President Kennedy two years from now. Therefore he wants not only to win but also to increase his majority in order to show the Republican professionals in other parts of the country that he is, indeed, the right man for the presidential nomination. This means that he must improve on the quite handsome majority of 573,000 votes which he obtained over the politically inept Mr Averell Harriman in 1958. Last summer the task seemed easier than it has done since the Democrats chose as their nominee Mr Robert Morgenthau, a political unknown who has proved to be an unorthodox but surprisingly attractive candidate.

President Kennedy and his brother, the Attorney General, who is the Administration's chief political strategist, are in their characteristically long-headed and alert way doing everything within their power to reduce Mr Rockefeller's majority and—hopefully—to defeat him. They hand-picked Mr Morgenthau on the advice of Mr Louis Harris, a public opinion pollster upon whose assessments of political sentiment they rely greatly. Local party leaders, having no candidate of their own of star quality once Mr Wagner, the Mayor of New York City, refused to run, assented to the President's choice but the party convention ratified this decision only after angry protests from some of the rank-and-file.

The Harris analysis of past voting statistics and present sentiment spotlighted middle-class Jewish voters in the city and its suburbs as the critical floating group in the electorate. In 1958 Mr Rockefeller ran only slightly better than routine Republican candidates in his party's upstate strongholds but he made a personal impact in the city, particularly on Jewish voters who are traditionally liberal and independent. This analysis resulted in the prescription that what the Democratic party needed was "a Herbert Lehman-type candidate," referring to the former Governor and United States Senator who is the revered elder statesman of New York Democrats. The political witch-doctors succeeded remarkably well in filling this prescription.

Mr Morgenthau, aged forty-three, is a great nephew of Mr Lehman, the son of Franklin Roosevelt's Secretary of the Treasury and the grandson of Woodrow Wilson's Ambassador to Turkey; he exemplifies the tradition of the old German Jewish families which have played a prominent part in New York's business and civic life. A successful lawyer and a loyal Democrat, he entered active politics in 1960 when he served as one of the local chairmen of the Citizens for Kennedy organisation and was rewarded by being appointed United States Attorney, a major patronage plum. As the chief prosecutor in all cases involving violation of federal law in metropolitan New York, he gained a reputation for vigour and high professional competence. Like his father, whom Roosevelt used to call "Henry the Morgue," the Democratic candidate for the Governorship is reserved and diffident and a mediocre public speaker. The attempt of the press to popularise him as "Morgy" adds a diverting footnote to the campaign.

To strengthen Mr Morgenthau in his difficult assignment, the Democrats nominated their customary "balanced ticket" of candidates designed to appeal to all elements in their complex racial and religious coalition. Those chosen to run for the other offices which are voted on by the electorate of the whole state include three Roman Catholics, two of Irish and one of Italian ancestry, a Jew and a Negro, thereby excluding no one except the newest minority, the Puerto Ricans, and the oldest, the white Protestants. Mr Edward Dudley, the Negro Borough President of Manhattan who was nominated for State Attorney General, is the first of his race to be designated for an important state office in New York by one of the major parties. He is accustomed to breaking fresh ground since he was the country's first Negro Ambassador to Liberia in 1948. The selection of Mr Dudley represents an attempt to increase political activity among the Negroes, who usually vote 3 to 1 for the Democrats when they bother to vote at all, which barely half of them do.

At first glance Mr Morgenthau would seem to pose no challenge to the fluent, self-confident Governor who has taken to politics with remarkable gusto and flair. The Democratic strategy is for Mr Morgenthau to point a contrast between himself and Mr Rockefeller rather than to attempt to compete with him in his own style. Unlike Mr Harriman, who tried four years ago to outdo Mr Rockefeller in marathon bouts of hand shaking and eating blintzes and frankfurters, Mr Morgenthau hopes to win support from voters with a taste for understatement.

THERE are virtually no issues in the campaign. Mr Morgenthau accused Mr Rockefeller of intending to ask for increased taxes, a charge which the latter has vehemently denied and which seems improbable on its face if the Democrats' other charge that the Governor has his eyes only on 1964 is true. Governors who hope to move to the White House do not normally begin their forward march by increasing the electorate's tax bill. Mr Morgenthau has also complained that Mr Rockefeller has failed to attract new industry to areas of chronic unemployment, has provided insufficient aid for education and has enlarged the loopholes in New York City's programme of rent-control. But these are fairly mouldy bricks which the outs have been throwing at the ins for several elections.

Mr Morgenthau's only chance of winning, which is slight but exists, is to convert the election into a plebiscite in support of President Kennedy and his policies. In New York as elsewhere the great imponderable of the election is how much of Mr Kennedy's personal popularity, which is very high, can be translated into votes for his party's candidates. Mr Rockefeller is not only the President's putative opponent in 1964 but he has also, in the past, made searching criticisms of Mr Kennedy's handling of foreign affairs, notably in the nuclear disarmament negotiations; here Mr Rockefeller argues that the United States has gone too

far in yielding to the Russian point of view. Mr Morgenthau stresses his own support of Mr Kennedy. The President has made two appearances in the state on his behalf and is to make a third before the campaign ends.

Recently the Governor has tried to minimise the plebiscitary quality of the election by speaking exclusively on state issues. He has refused to debate with his opponent on the sound premise that such encounters would only serve to make Mr Morgenthau better known. Democrats have twitted Mr Rockefeller for this calculated avoidance of his opponent as well as for what appeared to be an uncharacteristic lack of graciousness in refusing even to pose for photographs with Mr Morgenthau when they attend the same function.

One "issue" which is never mentioned in public but which is behind much of the political interest in this contest is how much the Governor's unexpected divorce last year after thirty-one years of marriage hurt him with the voters. There is no doubt that it damaged his image somewhat; previously this had been of rock-like moral solidity. New Yorkers as a group are urbane about matters of this kind but politicians will have their antennae out to detect even small shifts in the voting pattern of urban Catholics and conservative, small-town Protestants.

The election will provide a test of strength for the politically resurgent right-wingers who in New York have organised themselves as the Conservative party and are running their own candidates. The Republican party has finally abandoned the strenuous efforts to get the Conservatives ruled off the ballot on various legal technicalities; it is now reconciled to the view that they will not do the Governor serious harm. Although the Conservatives have criticised Mr Rockefeller occasionally for his social welfare programmes, the real target of their wrath is Mr Jacob Javits, the most liberal of the Senate's small block of progressive Republicans. But Senator Javits is so far ahead of his Democratic opponent, Mr James Donovan, the lawyer who is negotiating the release of the anti-Castro invaders held prisoner in Cuba, that nothing the Conservatives do is likely to impede Mr Javits's triumphant re-election.

At one time Mr Rockefeller had hoped to make up for any losses among the Republican party's right wing by an electoral alliance with the Liberals, New York City's durable third party, which is financed by the trade unions in the garment industry. But the Liberals, as is their custom, put their interest in the Democrats' national programme ahead of their admiration for the Governor and renewed their traditional alliance with the Democrats. Mr Rockefeller has, however, obtained endorsements from several other influential trade unionists who normally support Democrats. He is likely to do equally well with the rank-and-file of the Liberal party, a development which would not greatly surprise or distress that party's leaders despite its official protestations on behalf of Mr Morgenthau.

Visit Washington Week

LAST week's "Visit USA" campaign seems to have had a more striking impact on Bonn and Moscow than it did on London. This week the Russian Foreign Minister is calling on President Kennedy in Washington to tell him, so it is thought, that Mr Khrushchev will be coming to the United Nations in New York during November. In any case Dr Adenauer has ensured that he will get in first, by announcing that he will be in Washington on the day after the congressional elections; the German Foreign Minister is already there. For the Administration all this is welcome reinforcement for its present rather ostentatious insistence on the need to be ready for another serious crisis in Berlin before Christmas. This insistence is designed partly to convince Mr Khrushchev that the United States is determined to resist any further encroachment in Berlin, partly to stiffen the western allies and to recapture the interest which has been concentrated on the bargaining over the common market and partly to give the American public something to worry about beside Cuba.

President Kennedy argues that the Russians are interfering in Cuba in order to divert attention from their much more dangerous plans for Berlin. But it is difficult not to feel that he himself is building up a sense of imminent emergency in Berlin in order to distract American voters from the Republican allegations that he has failed to cope with Dr Castro and that his foreign policy has been a constant backing down in the face of threats. The present stream of visitors to Washington certainly gives Mr Kennedy an answer to the charge that he has not provided leadership. Nevertheless his efforts may rebound against the Democrats since a growing number of Americans seems to agree with the officials in other countries who think that the Berlin crisis is being exaggerated and that Mr Khrushchev has no intention of bringing it to a head this year. His reported readiness to meet Mr Kennedy and to open a third round of negotiations over Berlin will strengthen this view. In Washington the chief fear is that Mr Khrushchev will again organise some unanticipated shock, if not along the lines of last year's Berlin Wall, then in another form.

Illinois Accent

CHICAGO, ILLINOIS

PRESIDENT KENNEDY is visiting Chicago and Springfield this week to support a man with an almost perfect pro-Kennedy voting record in Congress. Mr Sidney Yates, whose actual score is 97.6 per cent, is leaving the safe seat in the United States House of Representatives which he has held for fourteen years, in an attempt to replace Senator Dirksen, the Republican leader with a voice like tarnished silver whose throaty oratory is familiar to millions of television viewers. Mr Yates needs all the help he can get. People are saying already that he is more likely to find himself appointed to the judicial bench, as a reward for faithful service, than elected to the Senate and that Mr Kennedy may succeed only in stirring Republican voters out of the apathy which is Senator Dirksen's only real problem.

For a long time it was whispered that Mr Kennedy would not campaign for a Democrat in Illinois because he wanted Mr Dirksen to continue in the Senate so that, as minority leader, he could go on being helpful about foreign policy; it is now said that by campaigning against Senator Dirksen the President is endangering bipartisan unity. But whatever Mr Dirksen may have thought it desirable to do in Washington, he is now telling the voters in Illinois that Mr Kennedy is to blame for the mess in Cuba and that in the talks at Geneva with the Russians about a ban on atomic tests his mistaken policy has been "retreat, retreat, retreat." Mr Yates has preferred to attack Senator Dirksen on his domestic flank, saying that the Senator tried to "sabotage" the legislation for stricter control of the distribution of medicines which was passed after the sensation about thalidomide and also that he has always opposed hospital insurance for the elderly—there are a million people in Illinois over 65. But "medicare" does not seem to be quite the burning issue in Illinois, or elsewhere, that the Democrats persist in supposing it to be.

Mr Yates is a Congressman from Chicago and in the rural areas of the state he carries two handicaps. One is that he is a leading member of Americans for Democratic Action, which the farmers suspect of being a very left-wing organisation that wants to manacle them all on collective farms. The other handicap, one of quite

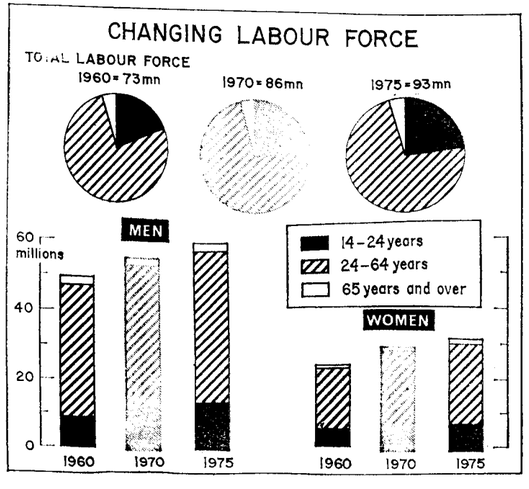
a different sort but no less serious, is that Mr Yates is widely regarded as having been hand-picked by, and of being helplessly dependent on, the Democratic "machine" of Cook County, of which Mr Richard Daley, the Mayor of Chicago, is boss. Illinois already has one Senator from Chicago and in the opinion of many rural voters one is quite enough.

This lakeside metropolis is expected to continue stoutly Democratic, because of the votes of organised labour and of its racial minorities, particularly the Negroes, who are said to control nine of the city's fifty wards and to be pressing hard for more equality. And Chicago continues inexorably to be itself in other ways. Beer barons still appear in court, charged with evading income tax, and are still slain in gang wars. The city is dynamic yet decays as fast as it rebuilds itself and, despite its art treasures and blocks of flats built like lighthouses, resembles its famous Loop which makes an immense roaring noise and goes round in a circle.

Well Off but Workless

THE September employment figures showed what the industrial production index for the month has now confirmed, that the economy is stuck in its groove of prosperity, "hanging high" as one official says of the number out of work. This was again 5.8 per cent of the labour force and unemployment is not likely to go below 5.5 per cent during the winter. With the seasonal stepping up of activity in the motor factories and the opening of the school year there were 400,000 fewer people actually without jobs than in August; long-term unemployment, lasting for more than six months, and the number of areas of "substantial unemployment" both went down to the lowest level for over two years. But the number of people at work declined more than usual for the time of year and the proportion of Negroes, women, young people and other unskilled workers who were jobless continued to be far above the average for the labour force as a whole. Therefore it is good news that the new programme for retraining unemployed workers has made a fast beginning. But it is bad news that Congress refused to approve an extension of unemployment benefits for those who have exhausted their rights under the existing scheme.

Another supposedly good sign, that in September the work week in factories had gone up for the first time since April, was disturbing because it suggested that manufacturers were so uncertain about future demand that they preferred to pay extra wages rather than hire new workers; this process is potentially costly as a result of the pensions, supplementary benefits and so on to which employers are committed. The generosity of such schemes is the main reason why older people are retiring earlier than they used to do. This explains why the latest projection of the labour force (shown in the chart) forecasts rather smaller increases than were estimated a few years ago. In addition there is a growing and welcome tendency among young people to stay longer in school or to go to college instead of entering the labour market. This may mitigate the coming impact of the flood of post-war babies who are now reaching working age. Nevertheless by 1970 there will probably be 10 million more people wanting jobs which can only be provided in sufficient quantity if economic growth is speeded up in the United States.



Every Man His Own Borgia?

NEW YORK

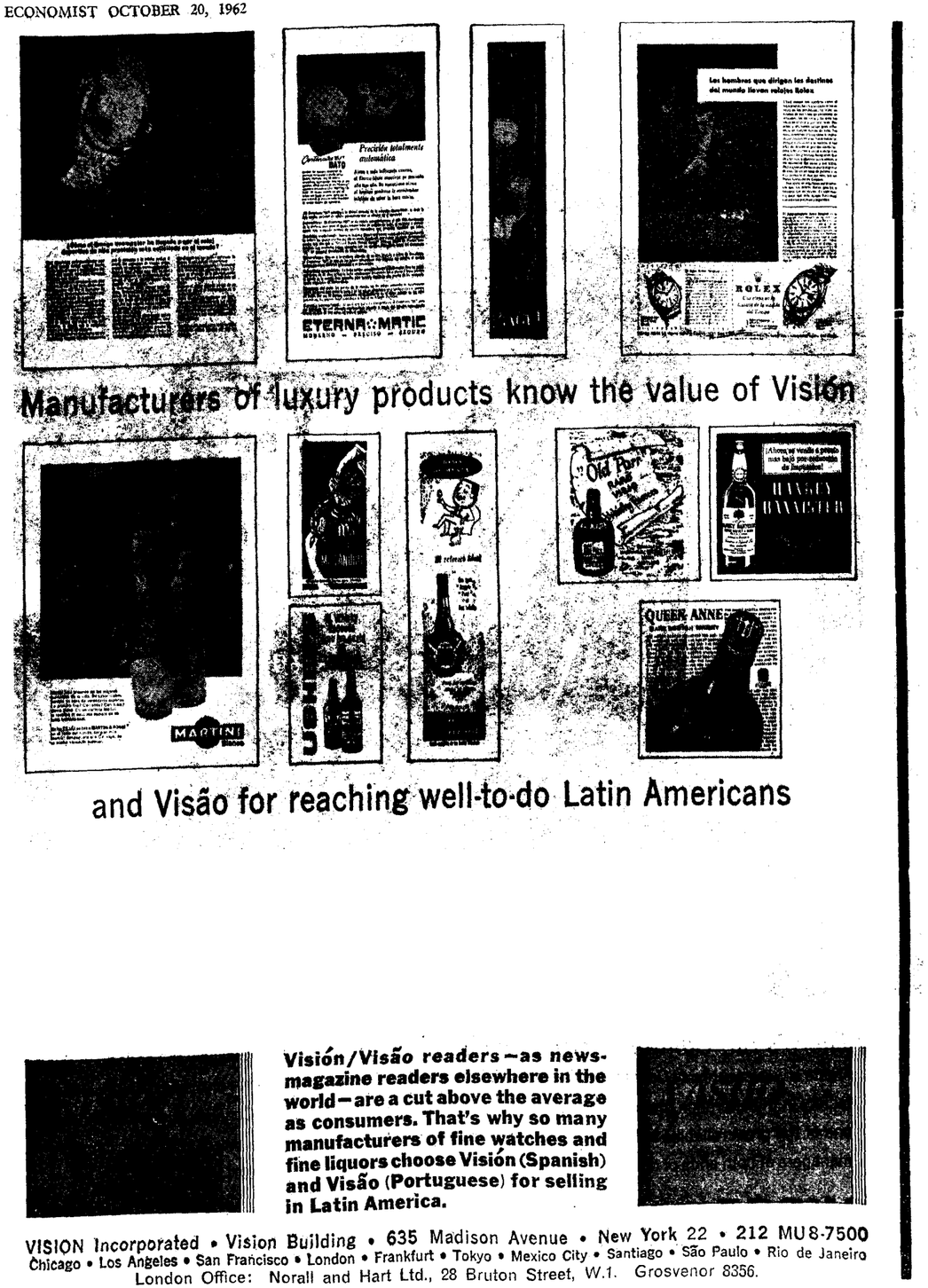
THE American manufacturers of agricultural chemicals do not yet know whether they have been injured or merely insulted by Miss Rachel Carson. But in private they are bemoaning the formidable literary powers which have been turned against their insecticides and pesticides, a $300 million a year industry, and the enthusiasm with which the public has embraced Miss Carson's new book,* a diatribe against the poisoning of man's environment by "substances nature never invented." In their counter-attack the chemical companies and their associations are mustering battalions of public relations officers to explain how the new industry, which has not looked back since DDT was released for public sale at the end of the war and since methods were discovered of making agricultural chemicals from oil, has helped each American farmer to produce enough food for twenty-six people. In pre-pesticide 1940 he could feed only ten.

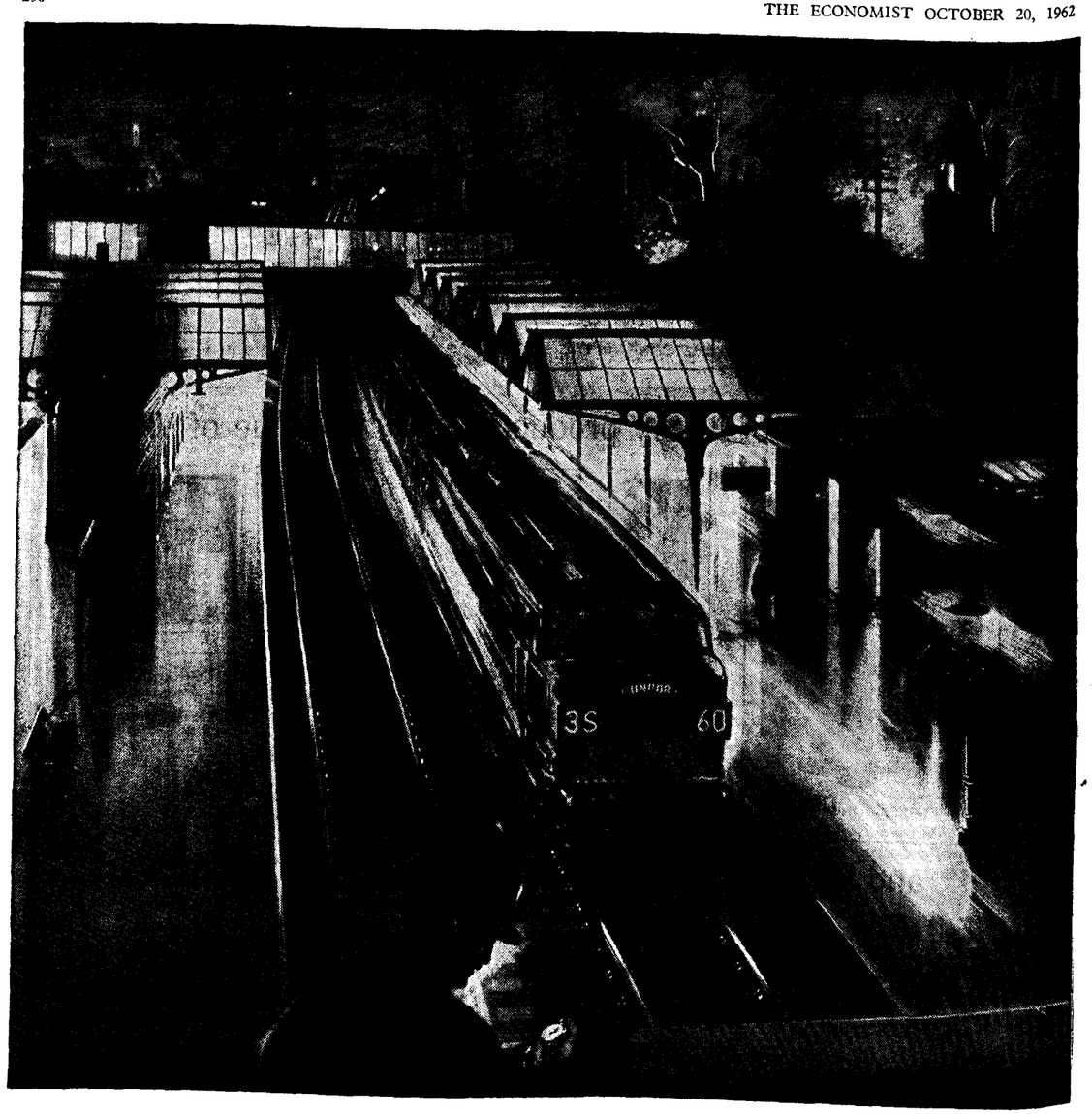
The industry does not expect to suffer serious financial loss as a result of the attack by Miss Carson, a biologist highly respected for an earlier book, "The Sea Around Us," although her gloomy prophecies are destined for wide distribution through the book clubs, paper-bound editions and magazine serials (one of which alarmed readers of *The New Yorker* magazine in the summer). Agricultural chemicals account for only one per cent of the annual $30 billion worth of sales by the chemical industry as a whole. Moreover, those who may now decide to forswear Miss Carson's "elixirs of death" are householders and amateur gardeners, who provide only one-sixth of the market for weed and pest controls. Professional farmers—on whom both the industry and the Department of Agriculture work constantly to eradicate the conviction that if one dose of insecticide is good, two are better—are not likely to become converts to Miss Carson's belief in "natural" control of unwanted forms of life.

Nonetheless, the manufacturers, who include many reputable firms such as the Monsanto Chemical Company and the du Pont Company, which pride themselves on public spiritedness, feel that they have been unfairly accused of ignoring the safety of the people out of a desire for profits. They believe that in reality they have been more than vigilant in pointing out the risks of accident and in teaching proper methods of applying their products, whose enormous benefits they had felt patently to outweigh the dangers. One of their real fears is that public anxiety may force Congress to pass regulations concerning the use of pesticides on food crops even stricter than those which have been observed since the pesticide amendment was added to the federal Food and Drug Act in 1954.

Certainly Miss Carson presents a frightening case. Traces of

* The Silent Spring. By Rachel Carson. *Houghton Mifflin Company, New York.* 368 pages. $5.





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the chlorinated hydrocarbons, such as DDT, and of the even more toxic organic phosphates, such as parathion, manage to find their way into the body ; some tend to accumulate in fatty tissues. Since these substances are new, no one can know what they may do to humans over a long period (although an experiment conducted in Atlanta, Georgia, by the US Public Health Service found that convicts who volunteered to eat for over a year 200 times the amount of DDT absorbed by the average person suffered no ill effects). If the two groups of insecticides kill insects by damaging the central nervous system, though in different ways, will they not harm people similarly ? Miss Carson also makes propaganda play with the fact that 11 per cent more Americans died of cancer in 1959 than in 1900. Moreover, apart from the danger to human life, she can foresee a kind of chemical devastation of the soil and wildlife such as has been described until now only by the most pessimistic Cassandras of nuclear holocaust. There could be a " silent spring," she says, in which the only living creatures might be those strains of cockroaches, mosquitoes and flies which had adapted themselves to the omnipresent poison.

THE Department of Agriculture, the journal of the American Medical Association and a committee of the National Academy of Sciences have recently reminded the public that pest control is necessary to maintain the food supply, and that there is still no clear evidence that insecticides, used properly, have caused illness or death. Officials of the Food and Drug Administration are taking the attack stoically, although it discounts to a large extent their work in guarding the public's safety. The FDA is constantly testing pesticides for toxicity ; it establishes upper limits—tolerances—for the amount of pesticide which may remain on food transported across state lines. There is no tolerance for DDT in milk, for example ; on unlinted cotton seed, a food for dairy cows, the limit for the insecticide chlordane at the time when the crop is sold is only .2 parts a million.

The FDA is also on guard in farm areas ; when a heavy rain brought an infestation of red spider mites to lettuce fields in California just before the harvest, the FDA heard that a desperate farmer had illegally sprayed his crop with dieldrin (similar to but 40 times more toxic than DDT). Samples of the lettuce were taken and analysed and the entire crop was seized when it reached its market in New York. The great cranberry scare of 1959 cost the growers $40 million worth of their crop because they had sprayed the bushes before, rather than after, harvest with aminotriazole, a weedkiller which had produced cancers in rats. The threat of such losses is felt to stay the farmer's hand. FDA methods are not foolproof ; there are only 600 inspectors for the whole country, enough to sample only a minute fraction of the food reaching markets. Moreover, although most states adopt the FDA's limits of tolerance for pesticides, there are some in which the Legislatures, heavily weighted by representatives from rural areas, many of them farmers, soften the intra-state restrictions to favour growers.

From her crusade Miss Carson may have achieved a pyrrhic victory. She has frightened the public, whose delight in insect bombs and spray guns has made it the most dangerous user of pesticides. Her epitaph for dead robins, meadowlarks and wildflowers will undoubtedly give pause to communities which have unthinkingly ordered large spraying campaigns against mosquitoes or elm disease, for example. But with her extravagant language, " we are in little better position than the guests of the Borgias," her unscientific use of italicised innuendo (" *Today, more American school children die of cancer than from any other disease* "), her pantheism (" Nature fights back ") and her disregard for the studies of the problem by her fellow-scientists in industry, the universities and government service, Miss Carson may have damaged seriously her professional reputation as a reliable scientific journalist.

Give and Take

IN the most comprehensive survey of foreign direct investment in the United States since 1941, the Department of Commerce has revealed that the stake of foreigners in American business has more than trebled to reach a book value of $7.4 billion at the end of 1961. This total is still dwarfed by foreign holdings of United States shares and other portfolio investments, which have grown even more rapidly to exceed $14 billion. Four-fifths of the increase in direct investments—mainly reinvested earnings of $2 billion and capital inflows of $1.6 billion—has taken place during the last decade. Europeans have contributed a predominant and rising share of this investment ; reasserting their prewar eminence, they now account for 70 per cent of the book value of all foreign direct investment in America. Keeping pace, British investors have retained the lead. Indeed, United Kingdom holdings alone account for one-third of the total. Not surprisingly British investment in the United States remains particularly important in insurance and petroleum. The United Kingdom's holdings in finance and insurance are second to none and represent almost half of all foreign investments in this field. Its holdings in petroleum are outdistanced only by those of the Netherlands and still account for almost one-third of the total. The remaining British investments are widely spread. Altogether, at the end of 1961 their total book value was nearly equal to the value of direct investments which American companies have made in their turn in Britain.

BOOK VALUE AND EARNINGS OF FOREIGN DIRECT INVESTMENTS IN THE UNITED STATES

(Millions of dollars)

Area and Industry	1950 Total Investment	1950 Net Earnings	1961 Total Investment	1961 Net Earnings
All areas, total	3,391	344	7,392	435
Petroleum	405	100	1,325	118
Manufacturing	1,138	131	2,754	154
Finance and Insurance	1,065	82	2,025	132
Other industries	784	31	1,286	31
United Kingdom, total	1,168	114	2,484	130
Petroleum	95	36	381	39
Manufacturing	337	22	750	39
Finance and Insurance	554	43	1,091	37
Other industries	182	13	260	15
Other Europe, total	1,060	129	2,645	189
Petroleum	254	63	744	61
Manufacturing	332	41	958	69
Finance and Insurance	316	20	599	42
Other industries	158	5	344	17
Canada, total	1,029	98	1,989	106
Petroleum	56	1	194	18
Manufacturing	468	68	975	44
Finance and Insurance	153	18	274	47
Other industries	352	13	546	−3
All other areas, total	134	4	274	10
Manufacturing	1	1	71	2
Finance and Insurance	42	2	61	6
Other industries	92	1	142	2

Although the British and American stakes in each other's economies are roughly comparable, the Americans have continued to earn far more than their British counterparts. Figures published by the Board of Trade in Britain, which exclude data on oil and insurance, indicate that the annual earnings of United States investments in this country have averaged some $270 million during recent years. In contrast, earnings of British investments in the United States (excluding an estimated $1.4 billion in oil and insurance) have averaged only some $50 million a year. This is not by any means a phenomenon confined to the British case. Total foreign earnings on direct investments in the United States have risen very little during the past decade and in 1960 were equivalent to not much more than one-tenth of the earnings of American companies on a total of investment abroad just five times higher. The Department of Commerce advances no reason for this discrepancy. However, one aspect of the nature of foreign invest-

ment in the United States highlighted by the survey suggests a partial answer. Almost 80 per cent of the value of this investment is still accounted for today by firms acquired or established by 1941. Presumably American investment abroad, which has grown far more rapidly during the postwar years, has been directed to a larger extent towards newer and more dynamic industries. Despite the relative sluggishness of the earnings of foreign-owned companies in the United States, however, the income remitted to foreign countries has on average exceeded the flow of new capital to American from these sources by $50 million a year.

Over the Pork Barrel

In most election years members of Congress are panting to leave Washington. But last week, although many individuals had slipped away, making the finding of a quorum difficult, Congress seemed almost to have lost the trick of adjourning. One reason for hanging on was a Bill, disliked by the Administration, which authorised tax deductions for doctors, lawyers and other self-employed people who are outside the social security system and wish to make private provision for their old age. If Congress had gone home, the President could have administered a pocket veto; in fact, finally he signed the Bill. But for three more days Congress lingered, unable to extricate itself from disputes between the Senate and the House of Representatives over "pork."

Pork is the generic name for the tasty morsels of federal spending—usually on rivers, harbours and flood control—which a member of Congress likes to bring back to his constituents. But last week, in each case, it was the House—all of whose members must stand for re-election this year—which dug in its toes against last-minute additions to spending proposed by the carefree Senate. Even so, Congress appropriated in all at this session about $101 billion, a record for peacetime. About $94 billion of this is for the present financial year which began in July. Revenues are put at about $87 billion, pointing to a deficit of some $6 billion.

The growing bitterness between the House and the Senate over money matters is a question of prestige as well as economic principle. When the Senate added millions of dollars worth of politically useful spending to the agricultural appropriations Bill, the House pointed out in a chilly note that under the Constitution only the House can originate revenue Bills; over the years this has come to include appropriations. In the Senate Mr Russell of Georgia threatened to keep Congress in session till Christmas to prove that the Senate is the equal of the House but in the end—consoled by a handful of agricultural research laboratories strategically placed to help needy Senators—he had to give in. So did the mighty Senator Kerr when conferees from the House flatly refused to accept the addition by the Senate of $1.7 billion to the authorisation of $2 billion for work on rivers and harbours. By Saturday even the House was fed up and out-manœuvred its high priest of economy, Mr Cannon, to clear the way to adjournment. But the quarrel, which held up the whole appropriation process for weeks earlier in the session, seems certain to flare up again when Congress comes back in January.

The Big Fight

FROM A CORRESPONDENT IN NEW YORK

With a detective on one side and a prison chaplain on the other, Mr "Sonny" Liston, the new world heavyweight champion, has sworn that he has also won a moral fight and is a new man. His past includes convictions for armed robbery and the mauling of an unfortunate policeman in St Louis; he has also been associated with Mr Frankie Carbo, the underworld boss of boxing, who is now in Alcatraz serving a 25-year prison sentence, and with Mr Frank "Blinky" Palermo, another gambler and racketeer, who is at large on bail of $100,000 while he appeals against a 15-year sentence for conspiracy and extortion. These associations are the concern of the New York State Joint Legislative Committee on Boxing which has been investigating the influence of the underworld over the sport and which is considering whether or not it should be banned. The State Boxing Commission has belatedly recognised Mr Liston as the champion but neither New York nor California will give him a licence to fight.

The promoters may suffer if Mr Liston cannot get a licence to box in New York, a city with large stadia and the home of wildly enthusiastic fans who will pay anything to attend a big fight—though they usually expect more for their money than the two minutes of spectacle which they got last month. But the takings at the ringside are becoming less and less important and the sale of ancillary rights, particularly closed-circuit television for showing in cinemas, looms larger all the time. Of the $2 million involved last month, a tidy sum though less than the $5 million expected, under $700,000 was paid at the gate. These sums do not include the huge gambling business which flourishes under the counter.

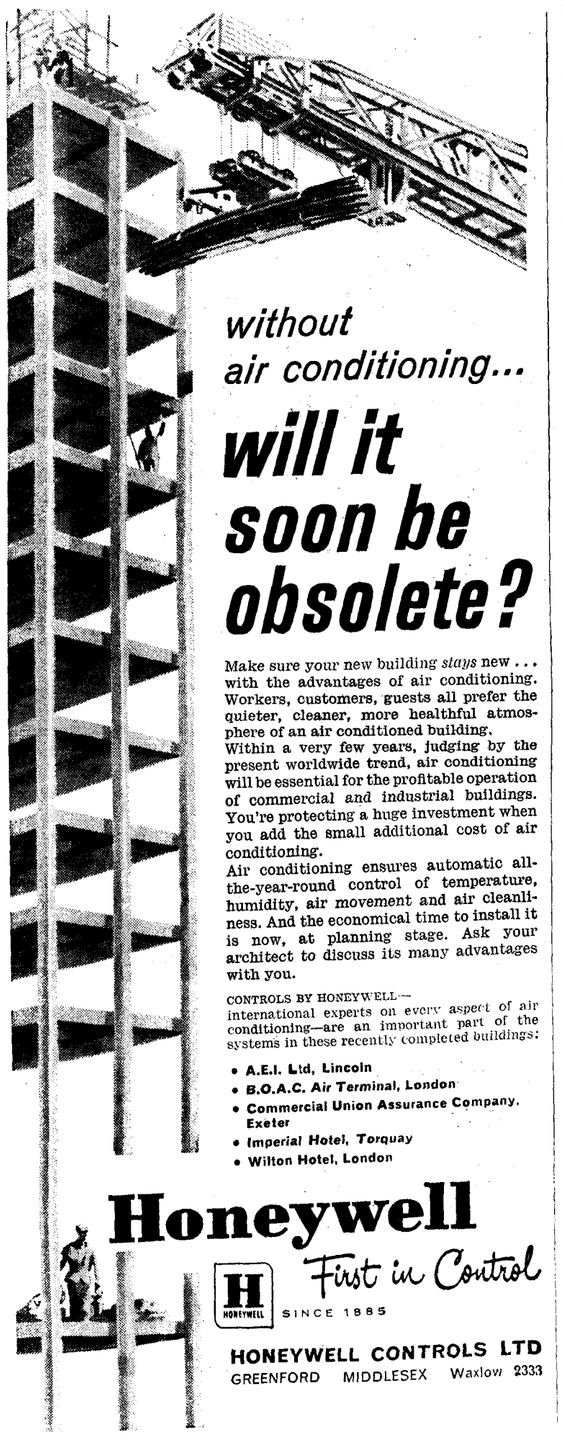
Foreign Aid Warned

The substantial cut in funds for foreign aid is proof—were any needed—that far-reaching changes are required if Congress is to agree to the United States continuing to carry the heavy burden of these programmes. It is true that the Senate, with a marked lack of enthusiasm, performed its usual rescue operation but, most unusually, the House was the victor in the final conferences over the amount to be appropriated. Last year the money for Latin America was dealt with in a separate Bill. If it is included in last year's totals for foreign aid—as it is in the table—about $600 million less was appropriated this year than last year, over half of the cuts falling on the category of economic aid. The harshest blow is the failure of Congress to live up to its promise last year that it would honour its authorisation of up to $1.5 billion a year for four years for the development loan fund. By comparison supporting assistance, for countries carrying too great a military burden, has come off comparatively well in spite of its supposed unpopularity. The appropriations for the various programmes are as follows:

($ million)

	Approp. 1961–62	Requested 1962–63	Approp. 1962–63
Economic Aid :—			
Development Loans	1,112·5	1,250	975
Development Grants	296·6	335	225
Alliance for Progress	600	600	525
International Organisations	153·5	148·9	148·9
Contingency Fund	275	400	250
Supporting Assistance	425	481·5	395
Admin. and Other	52	245·9	85
Total	2,914·6	3,461·3	2,603·9
Military Aid	1,600	1,500	1,325
Total Aid	4,514·6	4,961·3	3,928·9

President Kennedy himself appeared to lose heart at the last moment, although he may have acquiesced in certain cuts to obtain some flexibility over aid to Poland, Jugoslavia and countries trading with Cuba. The final version of the measure prohibits assistance of any kind to countries which furnish military supplies to Cuba or allow these to be carried in their ships but, if the supplies provided or transported to Dr Castro are non-warlike, the President has discretion to waive the ban on economic aid. Military aid to countries conducting ordinary trade with Cuba is not affected but none is allowed to any communist country. Mr Kennedy may, however, permit economic assistance for Poland and Jugoslavia if he considers that this is in the interest of the United States.



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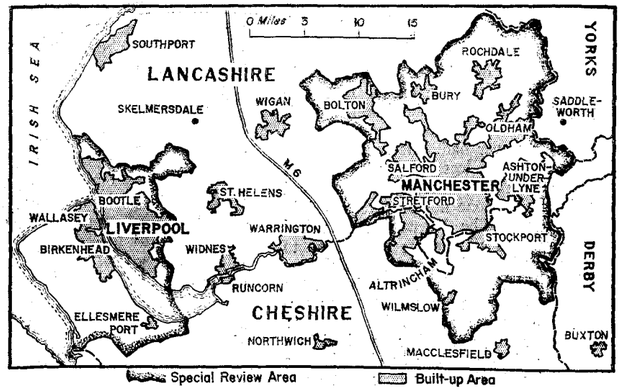
HOME REPORT

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

Lancastrian Imperialists

FROM OUR SPECIAL CORRESPONDENT



THE case for redrawing the local authority boundaries in the two vast conurbations of south Lancashire is obvious to everyone who does not live there. The need is quite simply to give some authority the power to replan the endless square miles of decrepit housing, inadequate roads and (despite some recent progress) obsolescent factories that sprawl out around the two central cities of Liverpool and Manchester. The present situation in local government is a ludicrous and inefficient mess, inherited from a day when separate towns really were separate. Now the islands of brick have merged, so that no outsider can tell when he steps from the realm of one town hall to that of another. Even where the towns have not, in all but name, merged, their regeneration depends for its success on the use of land outside the formal city limits—in new developments or, ideally, in real new towns.

Industrial decline—in cotton and textiles, but not only in these old staple activities—is the spectre that haunts the region: but government subsidies to Merseyside (including money for a new crossing of the estuary) far greater than are already being granted can only, in the long run, go to waste in the absence of a coherent plan for the regeneration of the whole complex that surrounds and depends on Liverpool. Manchester, far better off, still shows the scars and gaps of war and of neglect. But Lancastrians obstinately —and in a curious way admirably—insist that they are citizens of St Helens or of Salford rather than of the conurbations of which these boroughs form part.

From the centres, however—from Manchester and Liverpool themselves—things look rather different. Any formal conurbation formed around the cities would obviously take the name, and contribute to the glory, of the centre. And, more important, they would contribute financially to the regional services that the cities already provide. The Local Government Commission, which has now got round to the job of considering what is to be done in its two special review areas around Liverpool and Manchester (shown shaded on the map), is likely to find the burgesses of the two cities its best allies in the attempt to impose logic on the region. Both city councils have been considering reports from their sub-committees this week that go even further towards ruthless elimination of the traditional borders than was suggested by the commission's terms of reference.

Not content with the limits of the review area, Manchester corporation is considering a plan from a sub-committee embracing fifty small local authorities on top of the fifty-three within the special review area. A suitable local government structure for the region, said the committee, would consist of nine new boroughs based on existing units (Bolton, Oldham, Ashton-under-Lyne, Bury, Rochdale, Salford, Stockport and Stretford as well as Manchester itself). The minimum population for these boroughs would be 200,000 (twice the size of the minimum English county borough, although in line with the Herbert commission's proposals for London). The area they would cover contains 2½ million people, and stretches out into Cheshire, Derbyshire and Yorkshire beyond the Lancashire border, as far as Buxton and Saddleworth; and a new county authority with overall responsibility for this area—possibly something like the Greater London Council or the "continuous county" concept on Tyneside, whose planning, transport and overspill housing responsibilities will interlock with those of the individual boroughs—would be created from scratch.

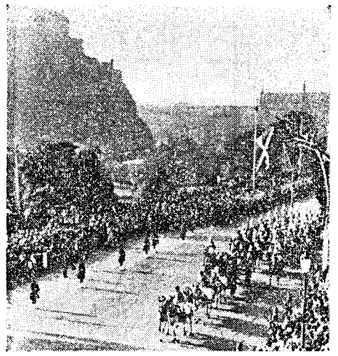
LIVERPOOL corporation approved on Thursday an equally bold proposal from its finance committee: once more the idea is for a two-tier system of government, with 2 million people and an area stretching from the Ribble estuary in the north—almost up to the boundary of Preston—down to take in Southport, Skelmersdale new town, St Helens, Widnes, Runcorn (together with its rural district) and finally embracing the whole of the Wirral peninsula, Hoylake golf course and all.

Both these projects rest on the same commonsensical assumption—that the fate of the towns and of their peripheral countryside is bound up together; and that it is possible to combine the traditional "intimate" structure of local government with the existence of a strong overall planning authority in close contact with that traditional structure. Both have been received with howls of rage and indignation from local conservatives (with a small c: such temperamentally Tory bodies as the Liverpool Chamber of Commerce have come out in strong approval of the idea of regional government, without necessarily committing themselves to these ambitious ideas). A representative view is that attributed to the chairman of Bootle's finance committee: "These are ridiculous proposals. They really have a gargantuan municipal appetite."

It has long been apparent that to get a rational local authority structure the Local Government Commission will have to ride roughshod over objectors of all kinds—industrialists wanting to hold on to locally prestigious jobs, farmers wanting to maintain their stock of subsidised cows, suburbanites wanting to retain their fancied social exclusiveness. This is the context within which the imperial ambitions of the two great cities (for no one can doubt that Liverpool and Manchester would dominate any regional organisation within which they are placed) are so welcome. It is uncertain to what extent the commission would in fact be able to adopt a plan stretching so ambitiously outside its terms of reference (and the example of the London County Council raises all sorts of questions such as the possible need to pay people for doing jobs as important and as time-consuming as membership of the proposed authorities would need to be): but even if the two committees have set their opening bids too high, they deserve the encouragement that should greet properly radical initiatives.

Too Parochial?

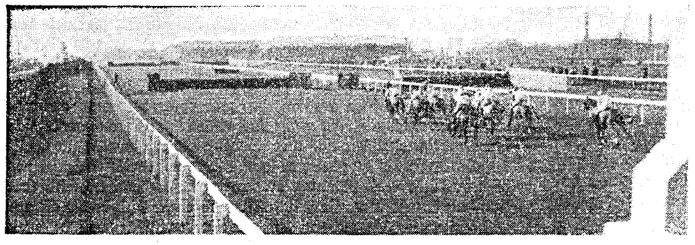
KING OLAV of Norway has been in Scotland this week on the first state visit of the kind that Edinburgh (which produced a crowd of 100,000 on Tuesday morning) has ever had. Its success makes the previous neglect of an unrivalled backdrop even harder to understand—and why should someone not be entertained in Cardiff, too? The Norwegian idea had been to give an affectionate recognition to the part Scotland played as the chief base for the exiled Norwegian forces during the war. In the event the visit took on unexpected overtones of Nordic solidarity: monarchs returning, after a judicious interval, to old dominions are invariably a hit. Edinburgh citizens, whose first parochial thought had been for the extra charge on the rates, visibly began to enjoy themselves and even to mutter about "the Norwegian example": not all of them, however, were inclined to recall that the Highland Panel, in a report published last July, reserved most praise for Norway's persistent readiness to subsidise rural industries.



But the visit also contrived to touch some exposed nerves. On Wednesday the *Guardian* took the opportunity to emphasise that for Britain to join the common market without Norway and Denmark would be "hard to swallow." There have certainly been signs of a growing political reluctance in some circles in Europe to accept too many small (and, incidentally, liberal and Protestant) countries into the community. But the Norwegian government (a Labour one) is insisting that it will negotiate only on full membership, and it is still outwardly confident that it can solve the much more important economic problems involved, particularly those surrounding a common fisheries policy (which the Six have not yet worked out for themselves) and its effect on Norway's desire to uphold its 12-mile fisheries limit. Whether Norway and Denmark will enter the community at the same time as Britain now looks doubtful but there is no cause to write them off.

King Olav's arrival was nothing if not written off in the London papers (a touch of chagrin, perhaps?). Tuesday's *Evening Standard* gave his drive through Edinburgh two column inches on an inside page; the *Evening News*, in its late extra edition, refused to admit that he was in the country at all. No insult was intended, of course: the late King Haakon paid a state visit to London in 1951 which was suitably reported, but Norwegians may need to be reminded that there's nowhere more parochial than the capital of Britain.

Houses for Courses



FROM OUR SPECIAL CORRESPONDENT

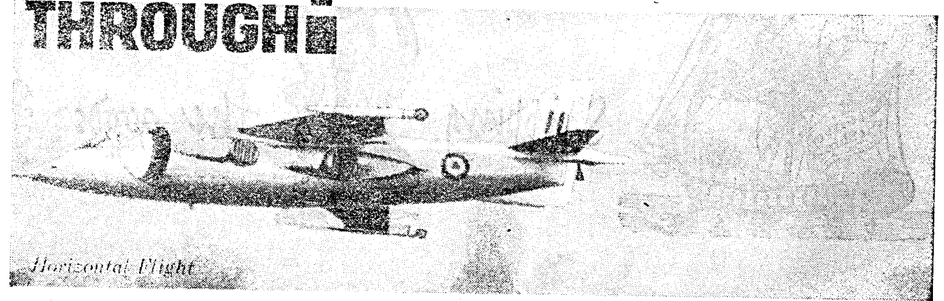
A WREATH was left at Hurst Park racecourse last week. It did not mark the passing of an unfortunate punter but the closing of the course itself: a housing estate is to be built on 54 of Hurst Park's 120 acres—although those jockeys and mounts who found the turf to their liking can take consolation from the fact that some of it is being transplanted at Ascot. Hurst Park is only the second major course to be shut down since the war (Gatwick was the other) but it seems likely that it will now be followed by others: two bids have already been made for Manchester racecourse, which customarily closes the flat racing calendar with the November handicap, while its directors also plan to develop the course.

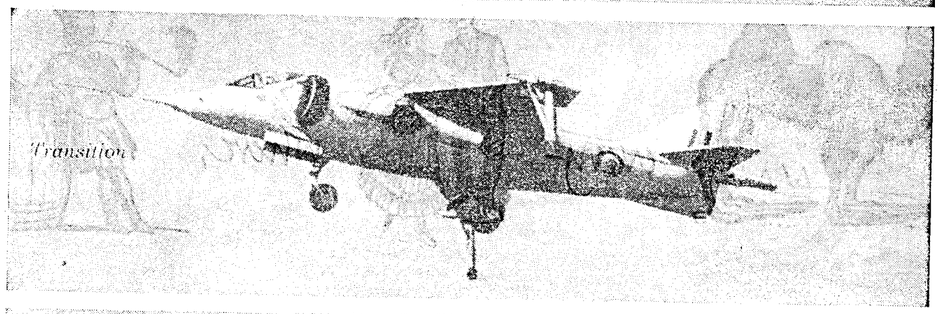
There is precious little cause for anyone to shed tears. There are still some 70 courses left in this country, usually holding at the most four or five meetings each so that racing probably takes place on no more than 20 days in the year. This is hardly enough to make it an efficient operation and many courses have had to be heavily subsidised, first by the Tote and now by the Levy Board which will have upwards of £3 million to spend from its levy on bookmakers. The board (set up under the Betting Levy Act of 1961) has announced its intention to bolster the prize money of British races by £1½ million a year, but it seems clear that a major part of its funds will be used to improve the amenities of racecourses, thus making them slightly less vulnerable to the attention of developers. But before it sinks too much capital the board should take a hard commercial look at courses like Hurst Park which could be used for housing development (particularly those courses close to towns) or even, as unintentionally suggested by the Hurst Park racegoers, as cemeteries—if this released sites nearer the city centre.

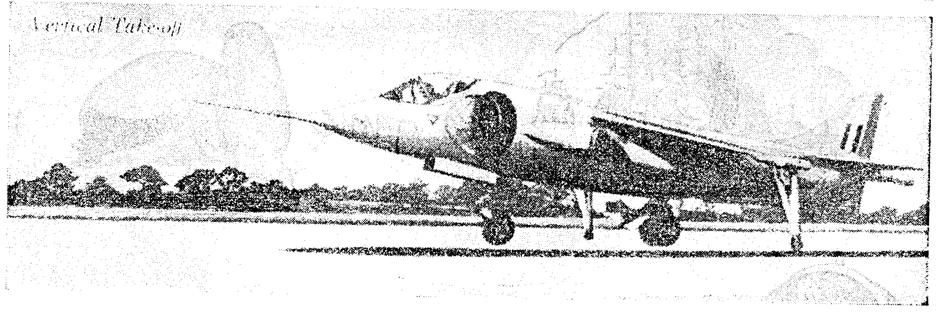
Paradoxically the injection of new funds into horse racing stems partly from the decline in attendances which has resulted from the growing popularity of betting shops (whose annual turnover is now put at around £100 million) and the widespread coverage of races by television. The racing authorities are drawing a useful income from the television companies and would hope to increase it still further if a third channel were opened. Clearly the board should use its funds to promote more and better meetings at popular courses rather than keep alive a number of smaller tracks as has been done in the past. Racing, like football, badly needs to adapt itself to the new society. Plenty of courses will remain: many are privately owned by horsey enthusiasts; Ascot itself is on royal property; others are in green belts.

Some courses are now investigating the possibility of making a fuller use of their sites and this is one of the proposals put up to the Manchester racecourse for a joint participation in an "all the year round amusement and entertainment centre" with the race course remaining an integral feature. This is on similar lines to the plans of several greyhound racing groups, which have seen a steady and persistent fall in attendances since the postwar boom years, accentuated by the advent of betting shops, from about 25 million annually to what looks like being little more than 12 million this year. Gambling casinos and bowling alleys are among the attractions planned and their sponsors no doubt look wistfully to the sharply rising profits of the major leisure groups, Butlins, Mecca and Forte. It has yet to be proved, however, that diversification will pay off in this field.

BREAK-THROUGH







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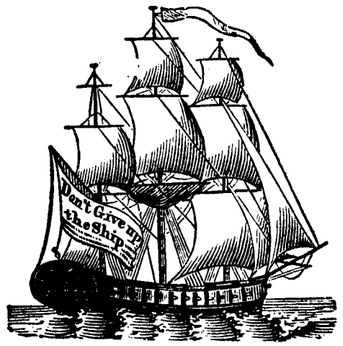

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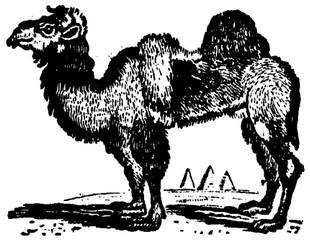

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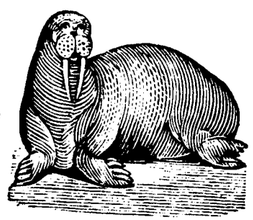

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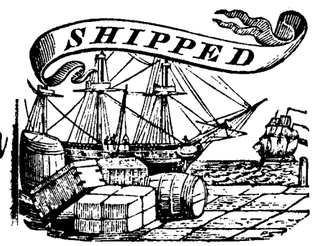

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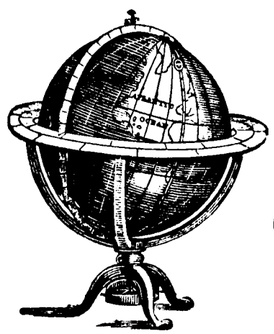

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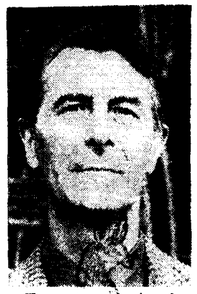
"We are much indebted to Mr Selwyn Lloyd," writes Sir William Emrys Williams in his introduction to the Arts Council's seventeenth report,* in tribute to the extra £445,000 obtained from the Treasury this year. A third of this additional money has gone to hard-pressed repertory companies and this beneficence has apparently already persuaded many local authorities to follow suit. In addition, old theatres continue to be bought up by local authorities, as in Hull, Darlington and Sunderland, and new ones opened, as in Torquay, Chichester and (next month) Croydon.



Treasury preacher?

The spreading of municipal support for the theatre owes much to the hard work put in by Sir William himself, whose last report this is. When he retires shortly, the twelve years in which he has been secretary-general of the Arts Council will go on record, by many measures, as successful ones for the arts in Britain. The Treasury grant to the Arts Council has increased fourfold and the subsidy to the largest recipient, Covent Garden, is now based on a proportion of receipts without imposing any upper limit. The green light has been given to the National Theatre project and the South Bank developments. Outside the concern of the Arts Council, the National Gallery and the Tate have purchase grants which are no longer hopelessly inadequate in size and extensions are planned for the housing of the two major art collections. Altogether, the outlook in London seems fairly bright.

But in the provinces, despite all the improvements, there is still a good deal to be done for the arts; only in a few places, notably in the north-east, is the problem being tackled in a balanced way. Throughout the country, large numbers of Victorian buildings need, at the very least, an interior reconstruction. Some new concert halls and much increased local support are essential if permanent orchestras are to be maintained outside London. In national and civic expenditure on theatres and opera houses, Britain comes tenth in a list of fourteen European countries, three places lower than Bulgaria, according to a recent investigation carried out by the International Theatre Institute. In the end, it comes down to money. And money leads on to the fact that between them ratepayers sustain the arts only to the extent of one-eighth of what taxpayers do through the Arts Council; the burden amounts to less than one-tenth of a penny rate. Sir William has given a splendid start to the job of stirring up local councils; it is left to his successor, Mr Nigel Abercrombie, to devise an acceptable formula for sharing the costs of the arts between central and local funds.

Some critics suggest it may prove to be a handicap that Mr Abercrombie is a civil servant. It seems much more likely, however, that his knowledge of how the wheels turn at the Treasury should be no bad thing. The only doubt may be whether Whitehall equips somebody to get out and about to preach the gospel. For Mr Abercrombie's prime task must be to make a personal assessment of the needs of the arts in different parts of the country and, by personal contacts, stimulate the civic pride of local dignitaries.

* "A Brighter Prospect." 2s. 6d.

WHO PAYS FOR THE ARTS?

(1961-62 provision for Arts Council beneficiaries)

Box office receipts.....Over £3½ million
Local authorities subsidies.....£250,000
Independent Television, Gulbenkian Foundation and Pilgrim Trust.....Over £80,000
Arts Council expenditure £1,745,000

Distributed as follows—

	to London	to rest of Great Britain
Opera	£448,000	£292,000
Ballet	£164,000	£66,000
Music	£27,000	£220,000
Drama	£92,000	£164,000
Visual art	£32,000	£49,000
Festivals, poetry, arts centres and clubs	£1,500	£47,500
Administration	£50,000	£93,000
Totals	£814,000	£931,000

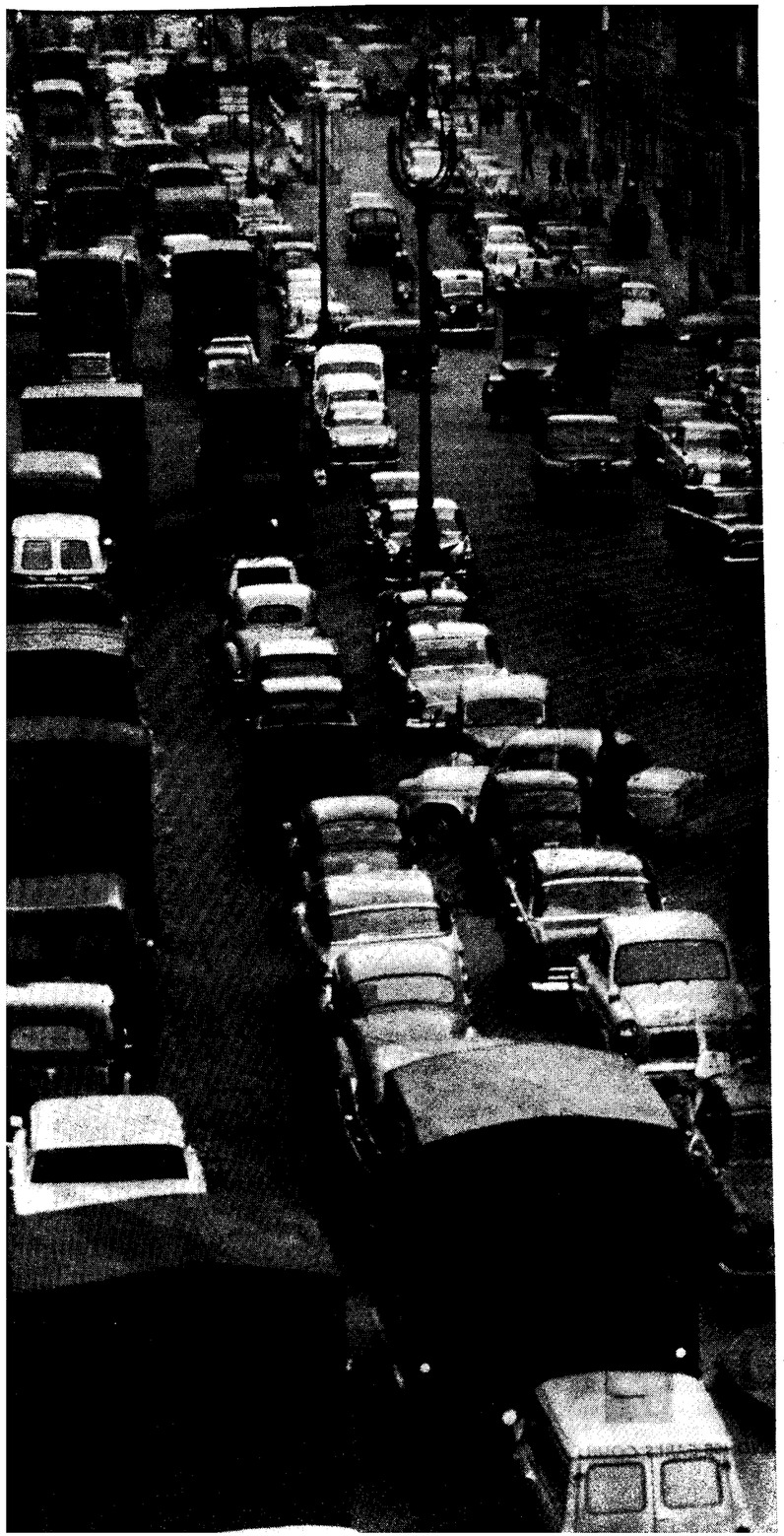
Nitrogen Farm

The Aesopian view of anybody who thinks the grass is greener on the other side of the fence is one of greyly smug wisdom; but heard on a small farm at Crewkerne in Somerset it is merely the expression of the formidable agricultural expertise which ICI has employed to confute the grey, smug wisdom of the ancients of British dairy-farming. On two farmlets, each of 51 productive acres, the firm has set out an elegant five-year experiment to prove, in figures and hard cash, what most laymen have always believed to be true—that cows can thrive and produce milk on grass, helped along by good management and liberal dressings of fertiliser.

The two farms are as identical as nature allows—the same size, on the same soil, under the same crop (grass) supporting the same animals (cows): they differ only in that one is dressed with potash and phosphate and the other with both of these and nitrogenous fertilisers as well. Each was run, during the experiment (which ended in April this year), by one man, neither having any advantage in equipment or buildings. Yet one of them carried more than half as many cows again as the other, produced more than twice as much profit and nearly three times the return on capital to the tenant after the landlord had taken his cut of 6 per cent on his capital. This profitable farm was fed on nitrogen.

The experiment was designed so as to keep each cow's milk yield, and the feed additional to grass given in the winter, as near as possible equal on the two farms; and to use the extra growth on the nitrogen farm to carry more animals (between 32 and 39, compared with 22 on the no-nitrogen farm). This has been done with a remarkable degree of accuracy, leaving one figure for comparison as an index of the performance of the nitrogenous fertiliser—the acreage required to support one cow: it was 1.4 on the nitrogen farm, 2.3 on the other. This difference was bought at the price of doubling, on the nitrogen farm, the feed and fertiliser bill on the other (£24 an acre—some on extra feed for the extra cows, most on the fertiliser—as opposed to £12); a price justified in the lower cost of a gallon of milk from the nitrogen cows (under 2s.) and the higher price it fetched (because there was more of it in winter), of 3s.

On both farms the main feed was grass, either grazed direct or taken as a particularly evil-smelling molasses-enriched silage, of which there was sometimes not enough on the no-nitrogen farm to allow the cows to feed themselves. On the nitrogen farm there was always enough: the annual number of crops off a single enriched field was seven or eight, but only four or five from the fields without nitrogen. Even this reflects a tremendous degree of management skill, confirmed in the profit of £15 an acre from the deliberately "impoverished" farm, which is above the national average. It reflects, too, an interesting light on the ability of dairy-farmers everywhere to cut their costs and raise their production—and to do it without (as food-faddists may like to assert) the impoverishment of the soil or "unnatural" treatment of the animals. Fertility on ICI's farm has actually improved over the experimental period and the cows (to the tune of 1,100 gallons of milk and a calf every thirteen months) are in the best of contented health.



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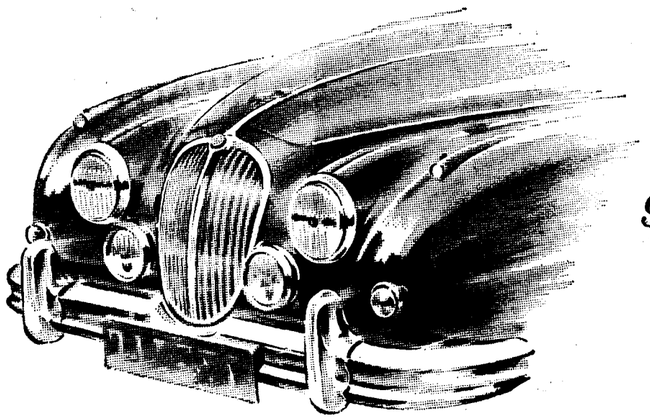
FITTING THE CAR TO THE TOWN

The Cars in Our Lives
Planning for Traffic
Cars for Cities

THE ECONOMIST MOTOR SURVEY 1962



grace...

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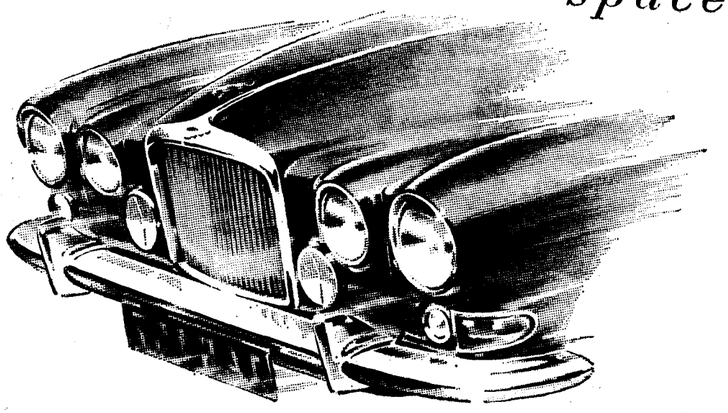
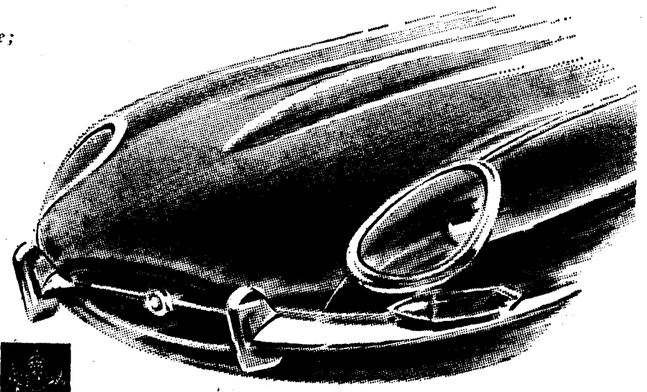


pace

Three basic models constitute the Jaguar range; the Mark 2, the Mark 10 and the "E" Type. Each is endowed with its own individuality, each is outstanding in its performance and, together, they satisfy every requirement of those motorists who, however diverse their needs, have a common aspiration—to enjoy a special kind of motoring which no other car in the world can offer.



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The Cars in Our Lives

MAKING the motor car part of your ordinary life cannot leave the other parts just as they were. For the individual, the balance of plus and minus is almost entirely net gain; for the community, the adjustments are more complex, and it is not so easy to hold on to the net plus. As car ownership has grown, with this personal transport accepted (and afforded) as a right of every family, so the physical pattern of every Western community has to be stretched or pierced to make room for the motor car. And this is a means of transport that needs a lot of room—both for manœuvre and at a standstill.

No community has yet managed this adjustment to the motor car to its complete satisfaction—partly because the multiplication of motoring is nowhere yet complete. In the United States, farthest along the road to motorised living, the postwar euphoria with swirling freeways and coiling cloverleaves as a panacea for all traffic problems seems generally to have dimmed. Traffic authorities cannot cease their multiplication of traffic lanes, as construction tries to keep pace with the demand for motor circulation; but any confidence that this is a sufficient solution seems generally to be ebbing. The return to public transport systems for motorised American cities is so far largely a matter of traffic engineers' despairing suggestions, rather than of physical construction or even of city authorities' firm decisions. But the widespread discussion of this course reflects a feeling that perhaps cities cannot, after all, hope to make room for all the personal transport that their citizens and visitors choose to use and leave about there.

One cannot assume, at least from any statistical evidence, that even the United States has yet reached any saturation point of cars to population. In Western Europe, where "car density" is as yet far short of the American—and where, perhaps as important, most countries have never anyway had anything like the sheer space per person that American communities still have—the pressure of mass motor ownership within cities, where most Europeans are tending to live, is only now being faced. It will inevitably build up—or seize up—faster from now on.

Fitting cars into cities requires more forethought than the other adjustment to the motor car upon which the Western European countries have already begun—fast motor roads between cities. Constructing a motorway calls basically for readiness to take firm decisions about investment; though economic criteria for estimating priorities for and return on such projects are now being worked out, the decisions can still be taken fairly arbitrarily with a good chance of achieving a worthwhile investment. But sheer energy, and a readiness to spend money, are simply not enough for motor movement inside cities; they can sometimes result in intensifying the problems they set out to solve. Moreover, there is a shifting frontier of convenience between motor transport and the other activities that go on in cities. Even when traffic measures or the rerouteing of roads does achieve a net improvement in traffic convenience inside and on the edges of the city, they may make inroads upon the convenience of business and shopping and the comfort of residence in cities. Yet motor transport, by common consent, is also essential to all of these. Could the modern city work without it?

ONE thing is certain: the Western citizen is not going to give up the right to own and use his car. (Mr Khrushchev thinks the Soviet citizen can, as well as should, be deprived of personal motoring; but how long will that doctrine stand if Russia should ever come within a mile of American standards of living?) The European motorist can be influenced to make do with a smaller and more manœuvrable car (though not a slower one); he will accept the logic of paying for street parking and taking elaborate and roundabout one-way approaches to his destination; there are degrees of inner city congestion that may deter him from car commuting into big cities. But solutions that ask the motorist to forgo any large part of the convenience and flexibility of motor transport, however technically, ingeniously, æsthetically pleasing, or economically neat, are probably just not on. The sheer expression of individuality involved in driving one's car wherever one wishes is an extension of consumers' choice; public transport systems, however efficient for the mass delivery of bodies, are necessarily standardised. As the property-owning democracies prosper, more and more people gain such opportunities for self-expression, and one of the main justifications for free capitalism would be gone if they could not.

Making room for our motor cars would not be simple if the town planners and traffic engineers were simply building new towns. In fact, they are seeking to improve flow through and access to every part of huge aggregates of city capital. But this does not indefinitely block the planning task: these aggregates of business building, in any case, are in process of constant renewal. For both the planners and the engineers, the exercise is twofold, making the best use of what for the present cannot be changed in city layout and ensuring that change, as and when it comes, conforms to the margins of mobility that one can at least roughly outline. Master plans of city development for traffic would attract more confidence if the outsider were sure that these different kinds of experts could agree on what principles ought to be followed for cities. But there is no reason to assume that ways through the traffic maze cannot, inherently, be found for society; there may even be some short cuts. Motorists, travel hopefully. . . .

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Planning for Traffic

IF you could rebuild all Britain's cities, or on the other hand change all the British people's habits of motoring, the country's traffic problems might be a straightforward —though still a prodigious—job. You cannot. So the problems attract two classes of specialist: the traffic engineer who seeks to get the traffic moving as fast as possible through the existing streets, and the planner who wonders how or whether this traffic can be accommodated in a town without destroying its character as a place for civilised life—and what sort of an ideal city might make this possible. The two approaches are not exactly opposed, but they are separate and can conflict. Speculation about dream towns, either car-happy or carless, has become a hunting-ground for architects and sociologists, but the results are still pretty fragmentary and decidedly contradictory. Little is really known in detail about the purposes for which most motor vehicles are in fact being used in towns; for example, lorries obviously carry goods, but from where to where? So the extent to which traffic could be reduced, even theoretically, by making it still more difficult or expensive to drive into the centre of a town is virtually unknown: what is the average car in a city worth, in use, to its owner? Operating in a vacuum of ignorance, planners spin their theories and present a utopia of the city made peaceful for pedestrians or utterly free for speed as their inclinations lead them.

But the need to do something about both aspects of the problems has led Britain's Ministry of Transport to equip itself with two types of adviser, one for the short-term and the other for the long-term. The first derives from the (relatively) old-established Road Research Laboratory and the engineers already at the Ministry, which provided the staff for the London Traffic Management Unit; the other is the Urban Road Planning Group under Mr Colin Buchanan, which is preparing a report for the Minister on the planning of towns for traffic. While the former is sending the buses pouring down Gower Street and Pall Mall in a successful attempt to keep the traffic from coming to a halt, the latter is thinking how to keep traffic away from just that sort of district. So the Minister may find himself faced with conflicting advice.

The difference in the approach of the two types of adviser comes out in two papers recently published by Dr Smeed,* deputy director of the Road Research Laboratory, and by Mr Buchanan†—both looking, as it happens, at the long-term. Dr Smeed, a traffic engineer, looks at the effect of changes in the sort of road system used in a town on the number of commuters who can travel in by car. Mr Buchanan, an architect, considers how a town can be laid out to keep traffic away from where people live, work or shop, and how the amount of traffic that is compatible with pleasant town life can be estimated.

Dr Smeed's most interesting conclusion is that the amount

* "The Effects of Some Kinds of Routeing System on the Amount of Traffic in Central Areas." Read to the Institution of Highway Engineers, September, 1962.

† "Towns and Traffic." Read at the Annual Conference of the Royal Institute of British Architects, July, 1962.

of traffic that can come into a town centre is greatly increased if it follows a ring road around the circumference of a central area until it reaches a road leading in to its destination. Using certain standardising assumptions, he suggests that in a town where 20 per cent of the central area is devoted to roads or parking space (14 per cent of central London is so used), in the form of six-storey garages, about a million people could travel in to work by car (assuming an average of 1½ persons per car) if they followed a ring road, 100,000 if they followed a direct route, but only 50,000 if they drove first into the centre of the town and then out again to their destination. The great gain in capacity provided by the ring route comes from the reduction in traffic at the centre if this is only being approached and not driven through—though it also assumes that the ring road itself can be of a huge traffic capacity, able at any point to carry a quarter of the traffic entering the central area in an hour.

The problem, as Dr Smeed admits, would be to make people use the ring road. The difference between speeds on it and in the town would determine the extent to which it was used voluntarily, and if traffic could keep moving three times as fast on it as inside the city, perhaps half the traffic might use it—which should encourage those who unsuccessfully advocated a ring road for Oxford with such arguments.

So in practice, unless traffic was forced to use such a ring road, the gain in capacity from building one would be less than the simplified figuring would suggest. Dr Smeed has deliberately limited his analysis to commuter traffic, leaving out of account the local and goods traffic that forms a large though not yet precisely measured proportion of the total. For this reason, again, the effect of a ring road on traffic at the centre could not be as dramatic as a superficial reading of Dr Smeed's figures might suggest. He shows that with commuter traffic following a ring road, traffic near the centre would not be more than a fifth of that produced when it followed a direct route. But given the inevitable simplifications in a mathematical study, Dr Smeed has shown that ring roads are the most efficient means of reducing congestion in the centre of a town, to the extent that this is caused simply by traffic entering it; and the best way of increasing the number of vehicles that can enter any town.

MR BUCHANAN might not be interested in allowing more commuters to travel by car, but he would be attracted by any means of reducing traffic in the town centre. For some time he has been developing ideas on how to separate traffic from living and working areas in town. In this recent paper he suggests that a town could be divided into "precincts" separated by roads carrying through traffic—which would only be able to enter the "precincts" at a few points, and thus could not travel through them in the way that traffic now takes short cuts through residential streets, or is diverted along them by traffic engineers. Within each such self-contained area, therefore, traffic would be limited to vehicles going to or coming from the buildings in that district. And, Mr Buchanan argues, this traffic ought to be kept down to the amount that is compatible with maintaining reasonable living standards, just as the number of people living in a house is limited by health regulations.

He comes to this conclusion by analysing traffic at any place and time as a combination of vehicles passing the area on their

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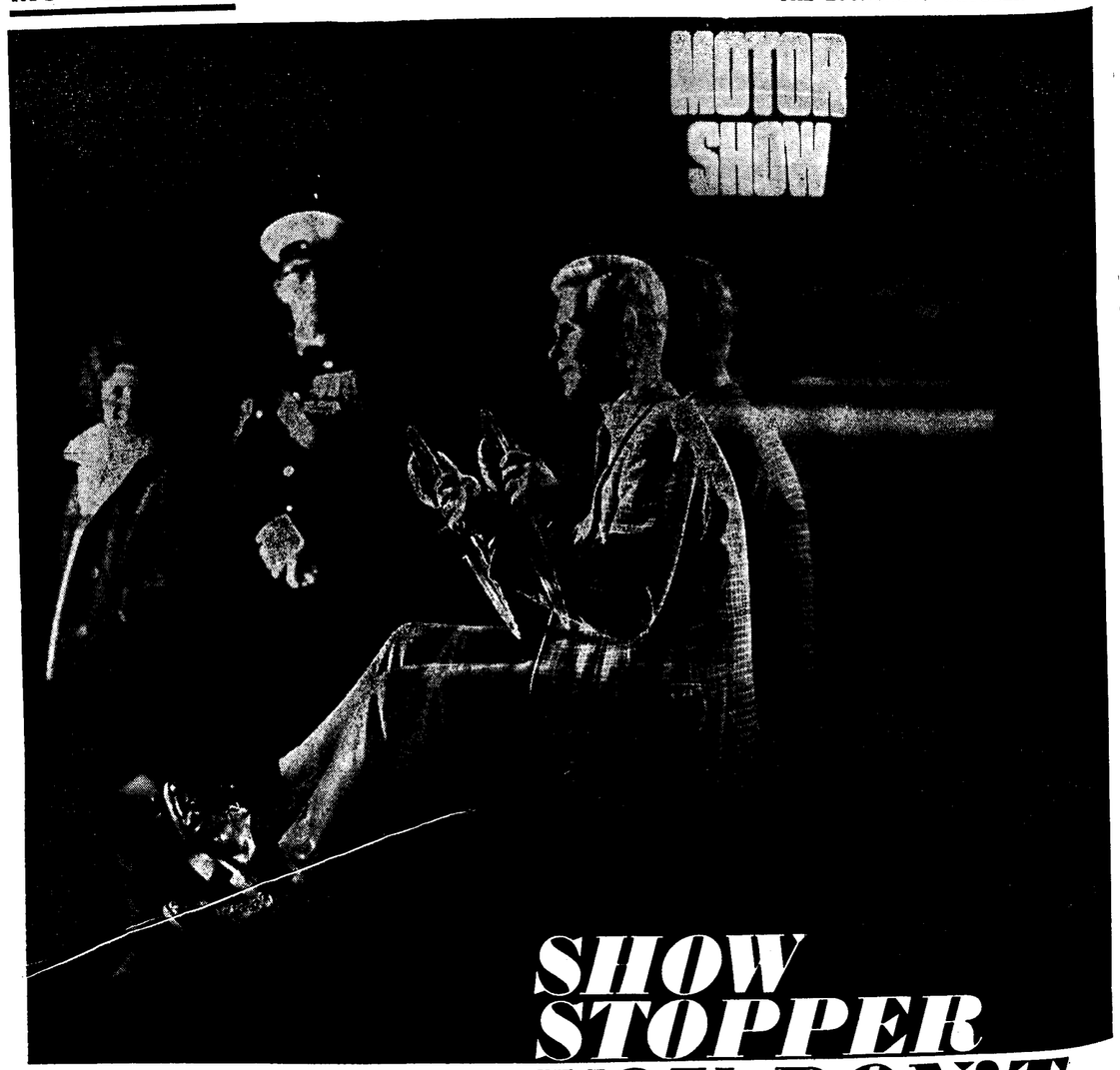

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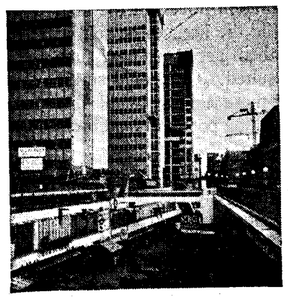
way from one place to another, even if only a mile or so apart, and of vehicles seeking to stop at their destination in this vicinity. The first, he suggests, should travel on roads designed only for traffic and giving no access to buildings. But cars should stop, and their drivers reach the buildings, only after entering the "precincts." The capacity of the network of through roads should be related mainly to the demand for travel created by the activities in the "precincts," and this would mean creating a new pattern of motor roads through existing town centres.

One attraction of Mr Buchanan's suggested layout is that it could be applied to existing towns without complete rebuilding, so long as the traffic capacity sought was not too high. Some of the through routes in London could be transformed into the sort of motor road Mr Buchanan visualises, for the main traffic streets already divide the town into the sort of areas Mr Buchanan visualises as "precincts." But many of the existing through roads, such as Oxford Street, Regent Street and Piccadilly—which form the boundaries, with Park Lane, of what might become a Mayfair "precinct"—are now a combination of through routes and shopping streets. To become what Mr Buchanan wants, traffic would have to be separated from the shoppers, and in so congested an area this might mean putting the roads and the pedestrian on different levels. "Vertical segregation" is already being applied in the centre of Cumbernauld new town in Scotland, and it was also a feature of the plan for the abortive new town at Hook in Hampshire.

The application of Mr Buchanan's principles would therefore also be expensive, and involve the reconstruction of existing town centres. And in the meantime much of the road work carried out or planned—such as the Hyde Park underpass and the rebuilding of Piccadilly Circus—will increase the amount of traffic feeding into the shopping streets of Piccadilly, Regent Street and Knightsbridge. So while the Minister of Transport is awaiting Mr Buchanan's report, he may be taking decisions that could prove incompatible with carrying out the policy Mr Buchanan seems likely to recommend.

TRAFFIC capacity can thus be related to investment. But how is the traffic flow to be related to capacity, as Mr Buchanan suggests it must be if amenities are to be preserved? Some economists concerned with the study of transport, notably Mr G. J. Roth, Dr M. E. Beesley and Mr M. Foster, have suggested that various means might be employed to charge drivers directly for the use of roads in central areas. They think electronic apparatus could detect cars as they pass the entry points of the central area, each car being fitted with a device that gave off a call sign of its own, so that the owner could be presented with a bill every month for the time his car had spent in the central area. An alternative and more elaborate system advocated by Mr Foster calls for cables to be laid beneath all the streets, so that the charge for using any road at any time could be directly related to the degree of congestion. And there already exists the simpler mechanical-cum-economic regulator of the parking meter, which is gradually reducing the number of cars that can be parked in central London.



One thing is certain: if owners were made to pay the full social cost of using vehicles in cities, motoring would become an expensive means of transport once again. But electronics seem a rather unnecessary complication when it is so simple to charge for parking; how often do cars enter the centre of a town unless they want to stop there? The present meter system, however, is far from ideal. It is based on the comfortable but probably quite retrograde assumption that off-street parking spaces should be built with the profits of the meters to provide for long-term parking, while the meters serve only the vehicle that wants to stop for a short time. In practice the meters provide far more parking space than short-term parkers want, and the new garages that are planned are not related to the capacity of the streets for traffic.

So the long-term effect of carrying on from installing meters to building new car parks might be to nullify the benefits that meters have recently brought. And the assumption that meters will and should only be used for short-term parking seems rather unrealistic—unless one decides that for aesthetic reasons, cars ought not to be there on the streets. As Mr Roth has suggested, the limit of two hours on parking at a meter has no more than nuisance value (indeed it worsens traffic congestion in meter districts by sending parkers off every two hours in search of a new meter). Varying the charges is a more effective means of controlling the demand for parking space. While it is cheaper to park at a meter than in a garage, cars will not go off the streets. And the time limit makes the position of residents pretty impossible.

In the long term, however, meters hardly seem the thing to fit into the more beautiful towns that Mr Buchanan would like to see; if the effect they produce had been generally appreciated before they were installed, one wonders if people would have accepted them so readily. The alternative of paying for a licence to park, or to use a car in the town centre, just as one pays for a licence to use the roads, is a system that has to be considered. The main difficulty is perhaps that once a motorist had paid it, possession of this (expensive?) licence might become an incentive to make use of the special privilege it offered, just as having paid the price of a car one does not reckon depreciation on every mile run but feels that driving does give some value out of owning it. Should one limit the number of such licences to the number of vehicles one felt the city could accommodate parked and moving, multiplied by some factor of probability (the chance that X decides to go to London?)—and then put the licences up to auction?

Entry to one city, or to all cities ; different prices for the first, second, and third leagues? Or should the licences be sold at first *ad lib*, for a short term, and then jacked up next time according to the congestion that resulted? One could surely achieve the same economic result more simply by flexible charging for the available space and telling potential road users when this is full.

The amount of parking space provided inside a city, on or off the street, ought to be related to the flow capacity of however much of the city area one plans eventually to devote to carriageway for moving vehicles—and also to the capacity of approach roads. And providing parking room for more cars than the roads can handle would be a worse error than providing less. Relating the city's room for vehicles at a standstill to its room for vehicles on the move, and the speed and number of stops that drivers want to achieve, is an exercise that still requires the far greater information Mr Buchanan would like about what traffic is actually doing inside a city. But in the meantime, there might be an advantage in keeping possible motoring entrants to the city continuously informed, by broadcasting, about the extent to which parking room is filled up and the degree of congestion at major intersections.

But more traffic than most of us realise—though how much nobody has ever steadily measured—originates and has its destination within cities, from residents and businesses inside or on the fringe of the outer ring. Ought all the motor vehicles that are regularly kept inside towns to be garaged? Aesthetically the answer is yes, but the cost is so high and the scale of rebuilding needed to provide garage space so great that it may be impracticable, certainly in the short run. Would it be feasible to insist that every such house or flat should have its garage or car-park when to provide one adds substantially to the cost? But the provision of garages for residents in a city is unlikely to increase the amount of traffic in nearly the same proportion as providing them for commuters, where the chance of getting into a garage could have a direct effect on the number of vehicles entering a town in the rush hour. So from the traffic control aspect, it is a much more desirable activity to build garages for residents than for commuters.

The lack of plans to make cities compatible with traffic is the worst condemnation of the present town planning system. The opportunity presented by bomb damage has by now largely been lost, so that future rebuilding will have to start mostly on established sites. And the cost of road building and of rebuilding between roads will therefore be frightening, quite probably frightening enough to cause yet more postponement of decisions. But if one wants life in city centres to become more mobile and yet not more unpleasant, money will have to be spent, in proportion to the desire to segregate traffic and to allow it into town centres. As Birmingham's experience shows, relatively small units like the Bull Ring can be redeveloped one at a time, each producing a miniature "precinct" that may eventually be linked with others to provide larger traffic-free areas in the centre of a town. In this example the building of a new inner ring road provided the stimulus for redevelopment by private capital. Perhaps this shows how public authorities can best stimulate the process—but they must decide first on what kind of city they want.

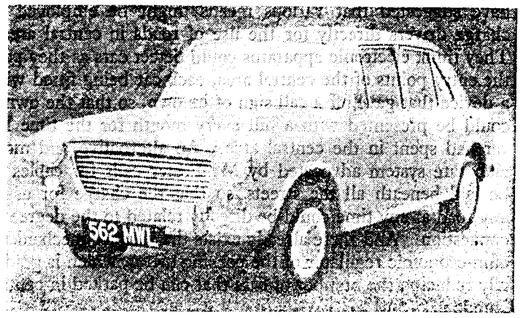
Cars for Cities

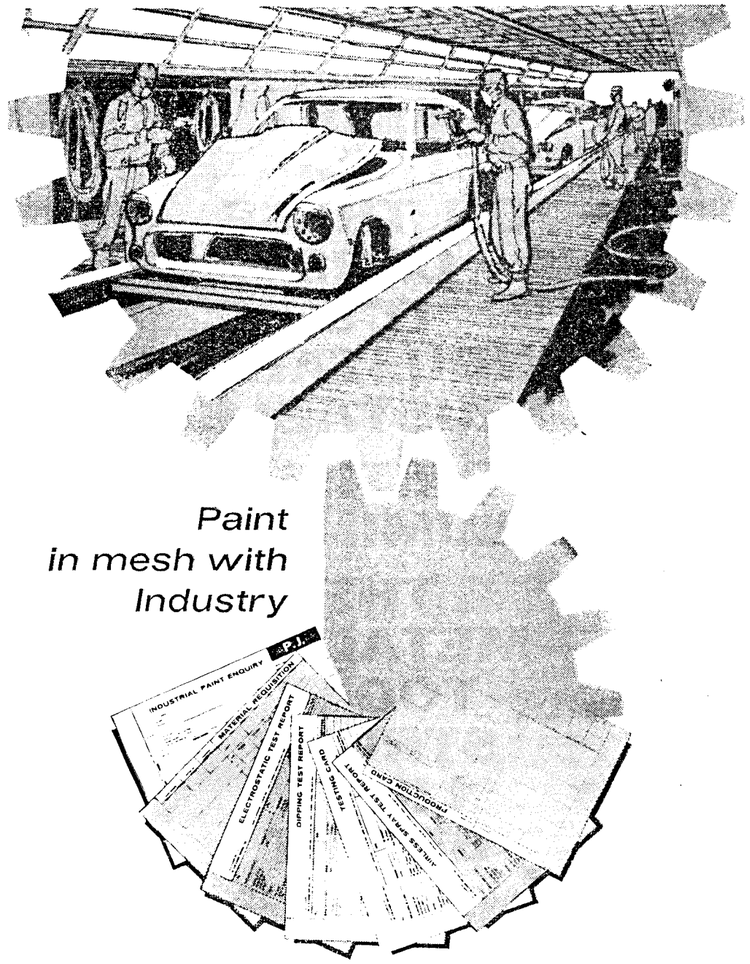
The more crowded roads get, the smaller the car it is logical to drive. But people don't get any smaller—indeed, they keep on growing bigger. So inner pressures push cars out, and external pressures force them in: designers have to try to balance these forces as one part of the compromise of design. This year they have produced a whole new variety of answers, trying to offer more space and performance within the price range and usually within the external dimensions of the normal small car—not really an unexpected development, though a little surprising in its simultaneity. But it does give the chance to compare the answers of British, French, American and German engineers to the same problems, for they are expecting to compete in a common market.

The Morris 1100 and Ford Cortina in Britain, the Ford Taunus 12M and Opel Kadett in Germany are the best examples of small cars with "internal expansion," roughly in this order of spaciousness ; the Renault R8 has a narrower body but a higher performance. The Renault offers the sort of performance that could only be obtained in a 1½-litre car a year ago, while Morris, Ford and Opel provide as much—or nearly as much—internal space. How have they managed to do it?

The Morris and the Taunus have used some unconventional methods, the Cortina and Opel conventional ones ; and Renault has stuck to what is normal to it. What the Morris gains by putting the engine across the frame is smaller external dimensions (though this could mean lower weight, it does not). The Taunus shares its front-wheel drive and uses a V-four engine to save space, though locating the gearbox conventionally behind the engine makes the unit in fact little shorter than one with four cylinders in line. The toeboard comes no farther forward than it does on the Cortina, on which it is placed about six inches farther back than that of the Morris ; to compensate, the Cortina has five inches and the Taunus six inches more on the wheelbase. But the Morris still has 1½ inches more leg room than the Cortina, which has almost exactly the same dimensions as the Taunus. The Kadett is fractionally shorter on "lounge room" than the Cortina, but the R8 is about the same. Thus the Morris has 67 inches of usable seating space, from the pedals to the rear seat backrest, the Cortina and 12M have 65½ inches, the Kadett 64¾ inches

Morris 1100





MOTOR INDUSTRY

On Show this month are Britain's cars, and the first impression at Earls Court is of sparkling colour. The traditional high standard of finish is maintained, on automated production lines, using paint materials tailored to fit. Extensive PJA research goes into the development of vehicle finishes and specialised paints for components and accessories.
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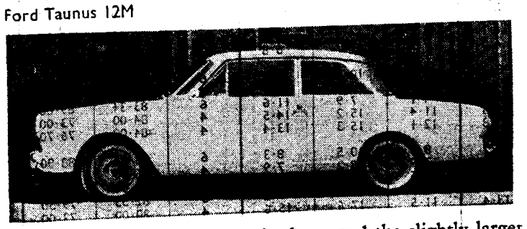
and the R8 66 inches. The Kadett gets this amount of space despite seven inches less wheelbase than the Cortina by pushing the toeboard farther forward and the rear seat squab farther back. The Morris comes only half an inch behind so much bigger cars as the Austin A60/Morris Oxford in "lounge room," though lower seats make the real difference rather more than this, while the next three new cars mentioned above are comparable with the Hillman Super Minx and rather roomier than the old Minx. Compared with the Anglia and Minis, they have 2-3 inches more "lounge room." The Cortina is slightly wider than the Morris or the Taunus, but all the cars will really seat only four people.

Where the Fords and Kadett gain over the Morris is in luggage space; the Fords have boots each of 21 cubic feet in capacity, while that of the Morris is only 9½ cubic feet. To obtain this, they have about eighteen inches more overhang at the rear than the Morris, making them two feet longer. They are thus much less the true compact traffic car than the Morris, with 17 per cent more length to fit into parking spaces—though the uniform 18 feet provided by meters does mean that where these have come into operation, drivers gain virtually nothing where parking is concerned from owning a shorter car. And the greater impression of size that the Fords present may well prove to be one of their best selling points; there are still many buyers who like the car that looks biggest for their money. The Opel, 12 ft. 10 in. long, and the slightly larger Renault are the standard size for 1,000 cc cars.

Ford Taunus 12M



WHILE the Morris weighs rather more than one would expect of a car twelve feet long (its most English feature) and the Taunus and R8 are about average for cars of their external dimensions, the Cortina and Kadett are decidedly light. As there are no obvious signs of weight-saving in their construction, such as the use of thinner steel than is normal, one can only assume that the careful study that Ford and General Motors have made of the stresses on a car's body has shown that one can save on the amount of metal normally used to reinforce the structure, now that no separate chassis is used.

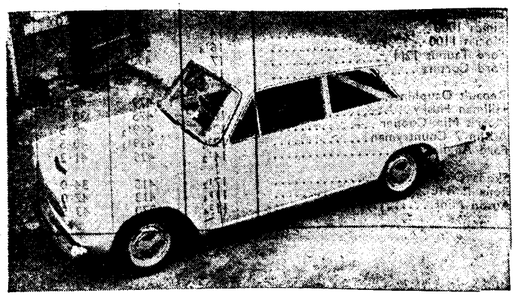
The engine is the other possible source of increased efficiency; and all these cars but the Taunus 12M have units giving rather more power for their size than has been normal practice with small economy cars. With the Morris and the Cortina, this reflects the scope for development in the Mini and Anglia engines, already exploited in the Mini-Cooper and Ford Classic: the 1100 engine is nearly as highly tuned as the Cooper, having "hotter" camshafts and bigger valves than the Mini though retaining a single carburettor. The Cortina has the same camshafts as the Classic, to give slightly more power than the increase in engine size alone would provide. The R8's engine is virtually a new design, though having a close family resemblance to the Dauphine's power unit and using the same gearbox and final drive unit. It is the only one of these cars to have a five-bearing crankshaft, which ensures smoothness at high engine speeds, and it develops about as much power in relation to its capacity as the Morris 1100 unit. Its most unorthodox feature is that, like other Renault engines, it has no oil filter.

The new cars have contrasting engines: the Kadett's unit is conventionally modern, with a family resemblance to other General Motors designs—four cylinders in line, where they are mostly V-eights, moderately over-square dimensions, overhead valves with a high-mounted camshaft and no rocker shaft. But it has a lower compression ratio than American engines, allowing it to run on commercial-grade petrol, and its output of 40 bhp is moderate for 1,000 cc. The Taunus 12M has an even less highly stressed engine, for it also develops 40 bhp but from 1,200 cc. But it has adopted a V-four layout with the cylinders at an angle of 60 degrees, when existing engines, like the Lancia, place them at an angle of less than 20 degrees.

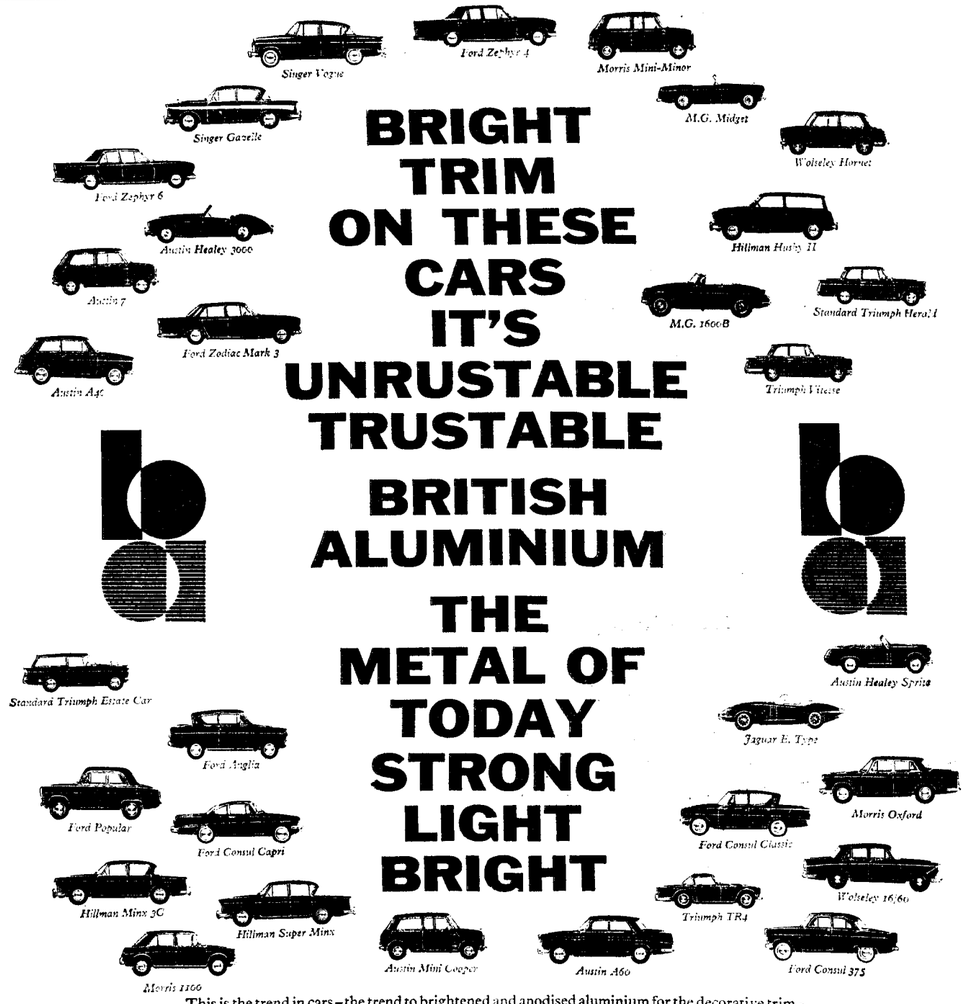
The big attraction of the V-four is shortness; the disadvantage, increased by using a wide angle layout, is poor engine balance. With the 12M, the only benefit that Ford gains from the V-four is that the engine protrudes less beyond the front wheels, so that the overhang at the front can be kept to normal proportions. An in-line engine would add about nine inches to the car's length. But to secure this, Ford has had to go to considerable trouble; offsetting the poor balance of the engine involves using a shaft driven by the crankshaft but rotating in the opposite direction, and one wonders whether the extra design effort is worth this small advantage. Mounting the gearbox in line with the engine, behind the wheel centres, means that the bonnet is as long as that of a conventional car, so the benefit of front-wheel drive to the passengers is only a flat floor. As with the Kadett, the compression ratio is low enough to make the use of commercial-grade petrol possible, and the low specific power output gives scope for future development—as well as helping to give longer life, a characteristic of the Volkswagen that Ford is anxious to reproduce.

Suspension is the feature on which the designers have the most varied ideas, ranging from the "Hydrolastic" system of the Morris to the leaf springs of the Fords and Opel. But the profound difference in design between the Morris and the others does not produce an equally great difference in riding comfort. BMC is at the beginning of the development of rubber-hydraulic springing while the other companies are at

Ford Cortina



MOTORS 1962



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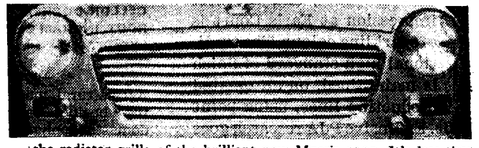
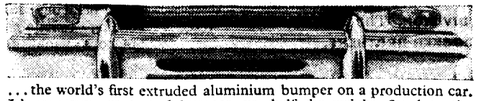


...the radiator grille of the brilliant new Morris 1100. It's less than half the weight of a steel grille and can never rust or flake—an appropriate choice on a car that's revolutionary in several ways and...



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Current Cars Compared

Grateful acknowledgment is made to "The Motor" for the use of this table of technical

MODEL (In descending order of price)	Kerb Weight (cwt)	Price in U K (excluding PT) £	Touring Fuel Consumption mpg	Max. Speed mph	Max. Gradient in Top Gear 1 in	ACCELERATION Top Gear 10–30 mph secs.	Top Gear 40–60 mph secs.	0–50 mph through Gears secs.	ENGINE No. of Cylinders	Bore mm	Stroke mm	No.
Rolls-Royce Silver Cloud*	40½	4,565	13·0	112·3	7·1	2·4	5·4	7·9	V–8	104·14	91·44	1
Bristol 407*	32½	3,525	17·5	125·2	5·0	...	6·2	6·8	V–8	98·55	84·07	2
Aston Martin DB4 Saloon	27½	2,800	17·7	139·3	7·1	8·2	8·4	7·2	6	92·00	92·00	3
Daimler Majestic Major*	37¾	2,113	16·9	122·3	7·6	...	7·9	7·1	V–8	95·25	80·01	4
Alvis 3-litre	31	1,995	20·2	102·3	9·5	9·2	10·6	9·3	6	84·00	90·00	5
Facellia F2 4-seater	22½	1,900	26·9	105·6	13·1	12·8	14·8	9·4	4	82·00	78·00	6
Mercedes-Benz 220S	26	1,887	26·4	105·4	9·7	9·8	10·9	9·7	6	80·00	72·80	7
Porsche Super 75	17½	1,707	36·0	106·6	12·0	...	12·9	9·1	4	82·50	74·00	8
Ford Galaxie Town Sedan*	35¼	1,590	15·5	98·5	6·4	3·9	10·2	11·8	V–8	101·6	83·70	9
Chrysler Valiant Station Wagon*	26¼	1,568	21·8	92·3	7·5	3·9	8·6	12·6	6	84·40	79·40	10
Jaguar E-type	24	1,513	21·3	149·1	5·0	5·6	5·4	5·6	6	87·00	106·00	11
Lancia Flavia	23¼	1,499	30·0	92·6	14·3	16·1	18·8	13·2	4	82·00	71·00	12
Rover 3-litre	33½	1,379	22·0	108·0	8·6	8·8	10·1	10·1	6	77·80	105·0	13
Lotus Elite	13¼	1,375	40·5	111·8	9·7	12·3	11·3	8·0	4	76·20	66·60	14
Citroën DS19	24½	1,263	31·0	93·3	20·3	...	19·2	12·8	4	78·00	100·00	15
Jaguar 3·4-litre Mark 2*	30¼	1,210	19·0	119·9	8·1	3·4	5·6	9·0	6	83·00	106·00	16
Humber Super Snipe	31	1,120	24·6	94·7	7·8	...	15·5	12·1	6	87·30	82·50	17
Humber Hawk Estate	29¼	1,095	24·6	84·9	8·9	...	16·9	13·9	4	81·00	110·00	18
Ford Falcon Fordor	21¾	1,075	27·0	85·9	11·1	11·1	14·2	13·7	6	88·91	63·50	19
Daimler SP250 Sports	20	1,055	25·0	123·7	7·5	7·3	7·7	6·8	V–8	76·20	69·85	20
Fiat 2300	25	1,045	24·0	99·6	8·2	8·8	10·2	10·1	6	78·00	79·50	21
Volvo 122S	21	940	26·7	89·3	12·7	12·1	14·8	11·9	4	79·37	80·00	22
Austin A110*	30¾	920	20·5	98·8	11·4	4·1	7·9	11·6	6	83·34	89·00	23
Peugeot 404	20½	915	30·0	84·0	11·8	11·4	15·2	14·5	4	84·00	73·00	24
Ford Taunus 17M 4-door	20¼	895	31·0	78·8	10·8	12·1	15·3	13·4	4	84·00	76·70	25
Austin-Healey 3000	22¾	870	23·5	112·9	6·9	8·8	10·5	8·3	6	83·34	88·90	26
Triumph TR4	19½	827	28·7	109·4	7·8	7·9	8·2	7·9	4	86·00	92·00	27
Fiat 1500	19¼	785	27·6	92·3	9·1	10·5	10·4	9·8	4	77·00	79·50	28
Ford Zodiac Mark III	25	778	22·6	100·9	8·9	8·6	10·9	9·2	6	82·55	79·50	29
Peugeot 403B	20	775	34·0	82·4	13·4	11·5	17·6	15·6	4	80·00	73·00	30
Volkswagen 1500	16⅞	752½	33·6	76·3	13·5	17·6	18·3	16·5	4	83·00	69·00	31
Sunbeam Rapier Series III	21¼	747	31·0	87·7	11·1	11·6	13·1	12·9	4	81·50	76·20	32
Riley 4/72*	22¼	745	26·5	81·3	9·3	...	16·8	13·2	4	76·20	88·90	33
Sunbeam Alpine Series II	20	695	31·0	98·6	9·1	...	15·9	9·9	4	81·50	76·20	34
Vauxhall VX4/90	19½	674	30·0	88·4	11·4	11·6	13·8	11·9	4	79·37	76·20	35
DKW 800S	13¾	634	35·9	72·2	16·0	...	23·9	16·3	3	70·50	68·00	36
Austin A60	21½	625	25·1	80·4	9·5	9·6	12·6	13·3	4	76·20	88·90	37
Saab 96	15¾	624	43·5	71·8	9·1	13·5	14·2	16·3	3	70·00	72·90	38
Ford Zephyr 4*	22½	622	27·2	78·9	8·9	...	20·7	14·7	4	82·55	79·50	39
Hillman Super Minx	21	615	27·9	80·0	11·7	12·0	15·1	14·3	4	81·50	76·20	40
Simca Aronde Monthléry	18¼	609	35·0	83·6	13·5	13·1	14·0	13·3	4	74·00	75·00	41
Riley One-Point-Five	18½	580	29·8	82·4	12·7	11·8	18·4	12·5	4	73·025	88·90	42
Ford Consul Classic 315	18½	565	35·8	78·4	12·0	12·5	15·5	14·0	4	80·96	65·07	43
Citroën Ami 6	12½	564	53·0	65·3	20·3	...	...	30·3	2	74·00	70·00	44
Renault R8	14	555	37·2	82·2	11·4	11·4	16·8	14·6	4	65·00	72·00	45
Vauxhall Victor Super	18¾	547	32·2	76·2	12·7	11·7	17·5	14·7	4	79·40	76·20	46
Triumph Herald 1200 Convertible	15⅜	531	34·0	75·4	12·8	11·0	17·3	15·0	4	69·30	76·00	47
Wolseley 1500	17¾	530	32·2	79·6	11·7	13·8	15·0	14·6	4	73·025	88·90	48
BMW 700	12¼	529	37·8	70·4	23·4	...	28·0	17·4	2	78·00	73·00	49
Volkswagen de Luxe	14¼	521	41·0	71·6	13·5	15·4	27·0	16·9	4	77·00	64·00	50
Hillman Minx IIIC	19¾	510	33·0	79·8	10·9	10·1	15·4	25·0	4	81·50	76·20	51
Simca 1000	14	508	40·0	73·8	13·9	16·5	20·3	16·9	4	68·00	65·00	52
Morris 1100	16¼	505	37·0	78·2	11·5	12·4	16·8	15·2	4	64·50	83·70	53
Ford Taunus 12M	17	490†	40·0	78·1	14·4	16·1	21·5	16·9	4	80·00	58·80	54
Ford Cortina	15½	484	31·8	74·8	14·9	16·7	20·0	16·6	4	80·96	58·17	55
Renault Dauphine	13	479	45·0	70·3	12·1	12·2	23·8	19·8	4	58·00	80·00	56
Hillman Husky	18¾	475	30·8	73·4	10·6	11·3	19·9	15·9	4	76·20	76·20	57
Morris Mini-Cooper	12½	469½	40·5	85·2	12·4	10·7	13·3	11·8	4	62·43	81·28	58
Austin 7 Countryman	12¾	439½	40·5	67·3	13·1	13·4	38·6	20·5	4	62·90	68·26	59
Ford Anglia	14½	425	41·2	75·5	13·5	14·3	21·6	16·7	4	80·96	48·41	60
Skoda Oktavia	17½	415	34·0	75·2	15·0	14·8	22·7	18·7	4	68·00	75·00	61
Renault R4L	11¾	413	47·0	60·3	13·1	14·2	...	34·2	4	54·80	80·00	62
Austin Mini	11¼	370	43·5	72·4	13·1	14·8	21·7	17·0	4	62·90	68·26	63

*Automatic transmission on car tested. † Price in Germany. ! Gross power.

Power, Price and Performance

performance data established in "The Motor's" authoritative road tests.

No.	ENGINE Cubic Capacity	Net BHP	At Revs. per min.	Comp. Ratio	BODY DIMENSIONS Dashb'd. to Rear Squab	Width at Front Seat	Front Seat to Roof	Width at Rear Seat	Rear Seat to Roof	LENGTH Wheelbase	Overall	Turning Circle	No.
	c.c.				ins.	ins.	ins.	ins.	ins.			feet	
1	6,230	...	4,100	9·0/1	74	54	40½	55½	39½	10′ 3″	17′ 9″	40¾	1
2	5,130	250	4,400	9·0/1	65	55½	41	53½	38½	9′ 6″	16′ 5½″	34½	2
3	3,670	240	5,500	8·25/1	58	55½	38½	49½	34	8′ 2″	14′ 9″	32½	3
4	4,561	220	5,200	8·0/1	73½	59	42¼	62	38	9′ 6″	16′ 10″	39¾	4
5	2,993	115	4,200	8·5/1	68	52½	41½	49	37	9′ 3½″	15′ 10″	44¼	5
6	1,647	115	6,400	9·4/1	59	50	38¼	45½	36	8′ 1″	13′ 7½″	43½	6
7	2,195	110	5,000	8·7/1	70	58¼	42	59	39	9′ 0¼″	16′ 0¼″	34¾	7
8	1,582	75	5,000	8·5/1	62¼	51½	41	...	...	6′ 11½″	13′ 1¾″	31	8
9	5,441	225!	4,400	8·9/1	74½	60¾	40½	62	36½	9′ 11½″	17′ 10¼″	40½	9
10	2,790	101!	4,400	8·5/1	68½	55	41	52	39½	8′ 10½″	15′ 3¼″	35	10
11	3,781	265	5,500	9·0/1	40½	56	39	...	...	8′ 0″	14′ 7½″	39	11
12	1,500	78	5,200	8·3/1	70	53¾	40	53	36	8′ 8½″	15′ 0¼″	34¼	12
13	2,995	121	4,800	8·75/1	75	58	42	58½	37½	9′ 3″	15′ 8″	40¼	13
14	1,216	75	6,100	10·0/1	21½	53	39	...	...	7′ 4¼″	12′ 4″	35	14
15	1,911	83!	4,500	8·5/1	64½	55½	43½	53¾	37¾	10′ 3″	15′ 7½″	36¾	15
16	3,442	210	5,500	8·0/1	66½	56	42	57½	38½	8′ 11½″	15′ 0″	36¾	16
17	2,965	121	4,800	8·0/1	70½	58⅜	41	60	36½	9′ 2″	15′ 5″	37½	17
18	2,267	73	4,400	7·5/1	68	59	41½	54¾	39¾	9′ 2″	15′ 4½″	34¾	18
19	2,365	90!	4,200	8·7/1	64½	56	41	56	36½	9′ 1½″	15′ 1½″	36¾	19
20	2,548	135	5,800	8·2/1	47	50	38½	37	...	7′ 8″	13′ 9¾″	31¼	20
21	2,279	105	5,900	8·8/1	69½	53½	38½	54	37¼	8′ 8″	14′ 8¼″	38¼	21
22	1,580	85!	5,500	8·2/1	64	52½	41	52¼	36	8′ 6½″	14′ 6″	31½	22
23	2,912	120	4,750	8·3/1	70½	58	41	58	36¾	9′ 2″	15′ 7″	38¾	23
24	1,618	72	5,400	7·2/1	68	54½	40½	55	38	8′ 8¼″	14′ 6″	30	24
25	1,608	60	4,400	7·0/1	68	46¼	40¼	52	37½	8′ 7″	14′ 4½″	35⅞	25
26	2,912	132	4,750	9·0/1	43½	56½	39	...	...	7′ 8″	13′ 1″	33¾	26
27	2,138	100	4,600	9·0/1	51¼	46½	36½	33	...	7′ 4¼″	12′ 11″	32½	27
28	1,481	80	5,200	8·8/1	67½	52	36½	51½	37½	7′ 11¼″	13′ 3″	32½	28
29	2,533	109	4,800	8·3/1	68	55	42½	57	38¾	8′ 11¾″	15′ 2″	35½	29
30	1,468	65	4,900	7·2/1	68½	56	41	55¾	38½	8′ 9″	14′ 8½″	28¾	30
31	1,493	48	3,800	7·2/1	62½	53½	42	54½	37	7′ 10½″	13′ 11″	32¼	31
32	1,592	75	5,100	9·1/1	66	51¼	41	50	36½	8′ 0″	13′ 6½″	33½	32
33	1,622	68	5,000	8·3/1	68½	55½	41	56½	36	8′ 4½″	14′ 10¼″	35¾	33
34	1,892	80	5,000	9·1/1	49	51½	38¼	...	...	7′ 2″	12′ 11½″	32	34
35	1,508	71·3	5,300	9·3/1	67¼	53	42	52¼	37½	8′ 4″	14′ 3¼″	34¾	35
36	796	34	4,000	7·0/1	63¾	49½	42	51½	37	7′ 1½″	13′ 1″	33½	36
37	1,622	61	4,500	8·3/1	66½	54	39½	54	37	8′ 4¼″	14′ 6½″	34¾	37
38	841	38	4,250	7·3/1	62	48	43½	56	36½	8′ 2″	13′ 2½″	35¼	38
39	1,703	68	4,800	8·3/1	66½	56¼	43	58	38½	8′ 11¼″	15′ 0½″	35½	39
40	1,592	62	4,800	8·3/1	69	51½	42½	50¾	38½	8′ 5¼″	13′ 9″	36	40
41	1,290	60	5,400	8·2/1	65½	48	39½	58½	36½	8′ 0¼″	13′ 8¼″	30½	41
42	1,489	60	4,800	8·3/1	61½	52	41	51	35½	7′ 2″	12′ 9¼″	32¾	42
43	1,340	54	4,900	8·5/1	64½	50	40	50¾	38½	8′ 3″	14′ 2¾″	32	43
44	602	22	4,500	7·2/1	67	49½	41¼	48	39	7′ 1½″	12′ 10¾″	34¾	44
45	956	42	5,200	8·5/1	65½	50	38½	51	35½	7′ 6″	13′ 1¾″	30¾	45
46	1,508	49·5	4,600	8·1/1	68½	53	41	52½	38	8′ 4¼″	14′ 3″	31¼	46
47	1,147	39	4,500	8·0/1	54	50½	40	38	34	7′ 7½″	12′ 9″	23¾	47
48	1,489	43	4,200	7·2/1	61½	53	42	51	36	7′ 2″	12′ 8½″	33	48
49	697	30	5,000	7·5/1	55	47½	40¾	48	36	6′ 11″	11′ 7¼″	33¼	49
50	1,192	34	3,600	7·0/1	59	46¾	42	52	36	7′ 10¾″	13′ 4½″	32¼	50
51	1,592	52·8	4,100	8·3/1	69½	51	42½	50	37	8′ 0½″	13′ 10″	34½	51
52	944	45!	5,000	7·8/1	62½	49	39½	50¼	37	7′ 4″	12′ 5½″	28¼	52
53	1,098	48	5,100	8·5/1	71	50¾	40	50½	37½	7′ 9½″	12′ 3″	32½	53
54	1,183	40	4,500	7·8/1	63	51	38	50½	36	8′ 3½″	14′ 2½″	33	54
55	1,198	48·5	4,800	8·7/1	63½	53	40	52½	37	8′ 2¼″	14′ 3″	31¾	55
56	845	31	4,200	7·75/1	60	49½	40½	50	36½	7′ 5½″	12′ 11″	28½	56
57	1,390	47·5	4,750	8·0/1	64½	51	42	51	38	7′ 2″	12′ 8″	32½	57
58	997	55	6,000	9·0/1	66	54	41½	52¼	35	6′ 8″	10′ 0½″	31¼	58
59	848	34	5,500	8·3/1	66	54	40¼	52¼	37	7′ 0″	10′ 10″	32	59
60	996	39	5,000	8·9/1	64	48½	40½	47	36½	7′ 6½″	12′ 9½″	31¾	60
61	1,089	40	4,200	7·0/1	64	48¼	41½	49	37½	7′ 10¼″	13′ 4½″	31¾	61
62	747	24	4,500	8·5/1	59	44½	41	41½	40½	7′ 11½″	12′ 0¾″	27¾	62
63	848	34	5,500	8·3/1	66½	54	40	52½	36	6′ 8″	10′ 0½″	32¼	63

*Automatic transmission on car tested. † Price in Germany. ! Gross Power.

Opel Kadett

the end of centuries of experience with leaf springs. The Morris is more comfortable than the Cortina, but its comfort is still far from absolute.

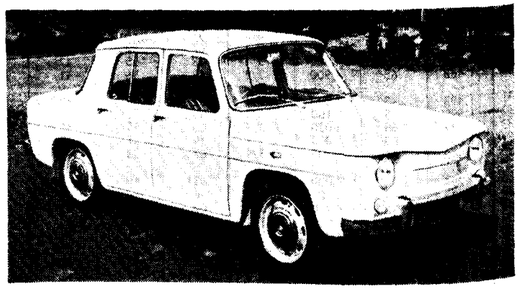
For all the apparent conventionality of their suspension, too, the Fords and the Opel have some innovations in detail. The Cortina has its rear suspension designed to minimise the amount of longitudinal movement on the propeller shaft, for the friction this produces can provide an unplanned stiffening of the rear suspension, and the front suspension, while basically similar to that of other Fords, is also designed to minimise friction. The Kadett has its rear axle located by a short torque tube, pivoting beneath the rear seat, so that the springs do not have to take brake or engine torque—and the transmission tunnel is kept low. The Kadett and the Taunus have a transverse leaf spring with conventional wishbone-type front suspension, though the spring forms the upper suspension arm on the Taunus—which also has the lower arms mounted on the engine, perhaps to simplify assembly, but making stiff engine mountings a rather embarrassing necessity. Its rear suspension follows other front-wheel drive cars like the Lancia Flavia in retaining a rigid axle and leaf springs: as there is no transmission unit for it to carry, the axle can be light, so that the advantages of independent rear suspension are less than they are for a rear-wheel drive car. BMC, however, believes these are worth having, especially as it is more simple to devise an independent rear suspension system when there is no transmission to worry about—so the balance between the two systems is much the same as it is for rear-wheel drive cars. Renault is the only other maker in this group to use independent rear suspension, but this is almost an essential with a rear engine. The swing-axle system used, with coil springs, is basically the same as that of the 750 that began the present Renault family some 20 years ago, only altered in having longitudinal arms to take the engine torque—desirable now that engine power has been doubled—while the front suspension remains virtually unchanged.

Renault is the only maker to have adopted disc brakes on all wheels, though the Morris has them at the front. When they carry 60 per cent of the car's weight, they do nearly all the braking, but on the Renault the front wheels carry only 38 per cent of the weight, so that braking effort is more evenly divided between front and rear wheels. The American-owned companies stick to drum brakes, like their parents—a more justifiable decision; for on cars of this weight a disc brake will only have obvious advantages when the car is driven fast. But it then provides an extra margin of safety that is worth the small addition to the car's cost.

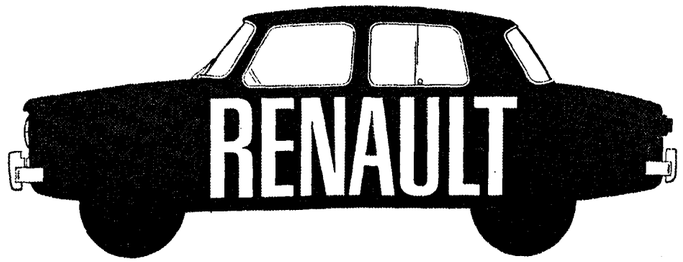
The performance of the Fords and the Morris is similar so far as top speed is concerned: they do 78 mph, but the Renault reaches 82 mph—and the Kadett has not been tested. There is much difference concealed within this similarity, more in top gear acceleration than in acceleration through the gears; the 12M with its high top gear is sluggish compared with the Morris, which can match the R8 in this respect. Indeed these two cars are little slower in top gear than the Vauxhall Victor and Hillman Minx, and all are comparable in maximum speed. Fuel consumption again shows a remarkable similarity: the Morris and Renault both returned a "touring fuel consumption" of 37 mpg in *The Motor's* road tests, and though the Cortina gave only 32 mpg it had apparently been somehow maladjusted—personal experience suggests its consumption is the same as that of the Morris. The 12M, as one might expect, is more economical to match its lower performance and gave 40 mpg. The Kadett remains an unknown quantity, but it should not differ much from the Morris and Cortina in acceleration and top speed; indeed, its low weight might give it better acceleration through the gears to 50-60 mph.

THIS batch of cars is now being released onto the European markets at prices that are often comparable—though the Morris tends to come above the others—and can match the price of that so far unbeatable best seller, the Volkswagen. Which will the public choose, and will the VW go under? Does the European buyer like the unknown or the known evils? The continental makers seem to lean pretty heavily to the view that the known is preferred, so the British Motor

Renault R8



Corporation is up against a tough commercial test if it is to show them that they are wrong. And it is again showing much courage in basing body design on logic, and keeping its dimensions to the minimum needed to contain the accommodation and mechanical parts. Size as they see it is still the criterion that many buyers adopt in choosing their car. Will congestion hand BMC the eventual victory? Renault will gain from the use of parts proved in the Dauphine, though lose from having less space to offer inside; Ford of Britain has the same advantage but not this disadvantage. Ford Germany can offer space inside and size outside, but a novel engine that is rough at tickover speeds; while Opel can provide conventional size, nearly as much interior space, and conventional if new mechanical parts. Backed by General Motors, it may well prove the short-term winner—pursued by the two Fords. The Morris may yet overtake them, though, if its price can come down to their level.



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Americans Seek Distinction

DETROIT

IF the sales figures that were piled up in the first nine months of 1962 can be believed, the US consumer has deviated from the bent for economy in his automobile, a leaning that prompted the introduction of so-called compact cars into the United States in 1960. Instead, this year's auto buyer is looking for something a lot more luxurious. That doesn't mean he is looking for a bigger car. In many cases, he is satisfied with one the size of the Rambler Classic, the Ford Falcon, or the Chevrolet Corvair. But he is ordering his car with bucket seats (for which he pays about $75 extra), power steering, power brakes, automatic transmission, and often air conditioning. Putting such an energy demand on the power plant—before the auto is even in motion—has forced the auto companies to fit bigger engines.

So far in 1962, Detroit's automakers are enjoying their second best year in history. If sales continue at the same pace for the last three months, the industry should sell 6.4 million cars. With sales of about 350,000 imported cars, US customers will buy a total of 6.75 million autos this year. The best year in history was 1955, when the industry delivered 7.2 million cars. It looks as if 1962 will rank second.

During the 1962 model year, which runs from the first of October to the end of September, the most striking feature was the surprising strength of General Motors divisions, which increased their share of the US market to 55 per cent, after having enjoyed a steady share around 47 per cent. Among themselves, automen agree that GM's success can be attributed mainly to its divisions' sensing the trend to sportier cars and more luxurious trappings. One Ford executive said bluntly, "GM was closer to the market than we were. Their divisions offered a lot of the fancier, sportier cars that buyers wanted."

A good part of GM's gain apparently came out of the Ford Motor Company's traditional share. Ford's share dropped from around 30 per cent to 24 per cent. Looking back, Ford officials admit there were several reasons why Ford sales have been a little disappointing. Ford's total sales—Ford Division and Lincoln Mercury—ran about 10 per cent ahead of 1961, a reasonable showing until you realise that the industry average was 25 per cent ahead and GM ran over 40 per cent ahead of last year.

Last year, Ford introduced two so-called in-between models, the Fairlane in the Ford line and the Meteor in the Mercury line. These were to have the roominess of a standard-sized car inside and the low price tag and economy of operation of the compacts. In size, they were in between the compacts and the standard-sized cars. Unfortunately buyers didn't appreciate this or understand it. Instead of bringing in new customers to Ford and Mercury dealers, these in-between cars pulled Ford customers away from other Ford cars. A lot of people who would have bought Falcons or Comets bought the in-betweens; and a lot more who normally would have bought big standardised Galaxies or Montereys also bought the in-betweens. As a result, although the new lines reached the marketing goals set by Ford—about 7 per cent of the market—it was at the expense of Ford's own compacts and standard-sized cars, whose shares of the market fell sharply.

At Chevrolet, Ford's traditional rival, the situation was quite different. It too introduced a new car last year, the Chevy II, but the newcomer was so different from Chevrolet's rear-engined Corvair or standard-sized cars—it is really a compact car in the style of the conventional and economical Ford Falcon—that it brought in new customers for Chevrolet. Another reason why Ford sales were not on a par with those of GM divisions was that Ford lacked some speciality models that were big sellers in 1962, like compact convertibles, low-priced hard tops, and a stripped down big car. For 1963, Ford has remedied these shortcomings with many additions to both the Ford and Mercury lines.

For 1963, Detroit companies will offer something for everybody, from stripped down compacts to luxurious pseudo-sports cars. The trend to more luxurious transportation is illustrated clearly by the large number of speciality vehicles that were introduced last month to compete in the distinctive market characterised by the Ford Thunderbird. These are cars that sell for from $4,000 to $5,700 each, and offer outstanding performance and luxurious interiors.

THIS demand for distinctive transportation has surprised many automen. For example, when the Thunderbird was first introduced as a luxurious two-seater sports coupe in 1954, Ford hoped to sell 12,000 a year. The company reached that number within two years and when Ford made the T-Bird a four-seater, sales mushroomed. Last year, 85,000 T-Birds were sold in the United States. In 1963, the most spectacular competition for the T-Bird is the new Buick Riviera, a low-slung luxurious four-seater auto

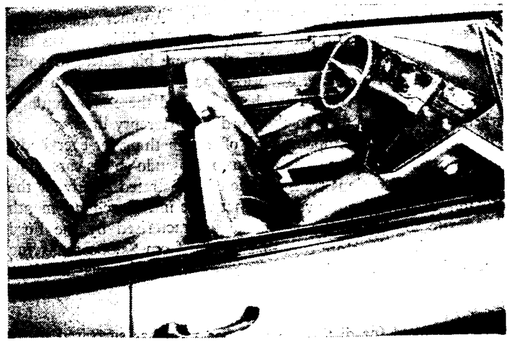
Chrysler New Yorker

whose price starts about $4,500 with state and Federal taxes. The Riviera was responsible for much of the new competition. It had started as a new corporation compact at General Motors. Pontiac, Oldsmobile and Chevrolet all wanted it for their own lines. When Buick won the Riviera, because of the excellence of the division's engineering plans, the other divisions decided to introduce their own entries into this market.

Pontiac, which last year marketed its most expensive car with a special interior as a Grand Prix, now has styled a speciality car under the same name. Oldsmobile did the same thing with its Starfire model. Last year, the Starfire was just a souped-up Oldsmobile 98 with bucket seats; this year it has its own distinctive exterior styling with a concave rear window as its most individualistic mark. Chevrolet came up with the most devastating competition: a completely restyled and redesigned Corvette. To compete more exactly with the Riviera, Chevrolet added a fastback hard top to the Corvette series (which used to be available only as a soft top though it was possible to buy a detachable hard top). And some of the biggest changes have been mechanical ones. Steel reinforces the plastic body so that more of the car's weight is over the rear wheels for better traction; a new suspension system (the rear wheels have independent suspension) gives better adhesion, necessary with up to 360 bhp available. The Corvette drives easily and smoothly at 125 mph.

On top of all this General Motors competition, Studebaker last April introduced a plastic-bodied sports car called the Avanti. It was styled by Raymond Loewy and offered at a price around

Individualised interiors



$4,500. After its introduction, Studebaker was swamped with orders for the new car and raised its production goal from 10,000 to 15,000 a year. But the company ran into serious production difficulties which have only been solved recently. Studebaker is having the plastic body, complete to seats and instruments, built by Molded Plastic Products in Ashtabula, Ohio; the body is dropped on a Studebaker chassis in South Bend. When production started, Studebaker found the body did not fit the chassis, and the plastic-reinforced-with-glass-fibre could not be hammered to fit. Finally, new dies had to be made. All this caused almost a four-month delay in getting cars into dealers' hands.

Edward O. Rollert, General Manager of Buick and a Vice-President of General Motors, estimates that there is a market for about 150,000 of these high priced sporty vehicles per year in the United States.

MORE proof of the move to more luxurious cars comes from the upgrading that is taking place in Studebaker's and Dodge's 1963 line. Studebaker has placed its economy compact Lark in the class that Detroit calls the luxury compact. The new Lark will have fancier interiors and a higher price than did the 1962 model. Dodge is doing the same thing. It has killed its Lancer economy compact and replaced it with a Dart compact which is six inches longer.

Styling changes in 1963 US cars are minor, except at American Motors, which has made its first major change since the Rambler appeared. AMC is offering a new unit side construction which, it claims, is stronger than a conventional side. With the new construction, 30 per cent fewer stampings are required to build a side, since it uses larger pieces. The new side construction is curved, bulging outward, and the glass in the side windows is also curved. This rounding has a pleasing effect on style, since it ties the roof line and belt line together neatly. Detroit rumours say that all General Motors Divisions are going to this same curved side construction in 1964 models. One fact is clear in styling for 1963. The roof line that was introduced on Ford's Thunderbird has now been adopted by every US automaker. This is a low roof line with the rear vertical sharp and slanting outward at the angle identified with the Thunderbird.

Engineering changes are slight, for the most part. Both Ford and Pontiac are offering transistorised ignition systems as options for the first time. In these, the traditional points of the distributor are eliminated. Contact is made magnetically, so there is no wear. The biggest advantage of the electronic system, however, is that it will not get out of adjustment. Once the timing is set, it will stay for the life of the engine. The transistorised ignition produces a stronger spark at high speed, a feature that appears desirable in engines whose horsepower is over 350. The

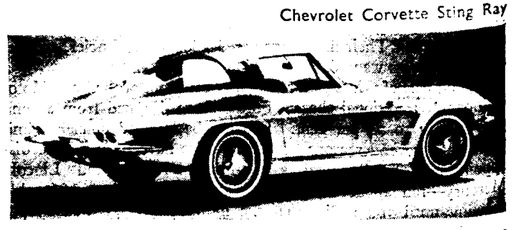
option costs about $75. All General Motors Divisions, except Chevrolet, are offering a steering wheel that tilts to seven positions to fit any driver (Cadillac's tilts to only six) as an extra cost option. Price: about $45. GM expects to equip 400,000 cars with the new accessory this year—further proof that the US consumer is splurging on his car. For 1963, all American models will have built-in crankcase air pollution devices which recirculate fumes from the crankcase back through the carburettor.

Warranties are longer for 1963 models, too. In these guarantees the auto company actually warrants through the dealer and it is the individual dealer who extends the warranty to a buyer. Chrysler is offering a standard 12-month or 12,000-mile warranty on all parts (except tyres and tubes) and a bonus warranty of five years or 50,000 miles on the components of the power train—the engine, drive shaft, transmission and rear axle. All other companies have extended their standard warranties to 24 months, or 24,000 miles. Last year, only Lincoln had such a long warranty; the rest had 12 months or 12,000-mile guarantees.

As the 1963 models go on sale, auto men will be watching two companies closely: Chrysler and American Motors. Chrysler, with new styling that is no longer out of the mainstream of US auto design, is expected to make a strong comeback. The company has had a falling share of the market almost for the past 12 years. Its 1962 sales were barely even with 1961, which was a disappointing year for the company. But Chrysler has more than new styling for 1963. Its new president has been in office long enough to have made some drastic changes in organisation and philosophy. Chrysler today is a lean operation, after having laid off 7,000 salaried employees to save almost $5 million a month and having closed four plants.

Chrysler's young president, Lynn A. Townsend, brought in a new Vice-President, Virgil Boyd, who had done an outstanding job at American Motors, to solve the company's most pressing

Chevrolet Corvette Sting Ray

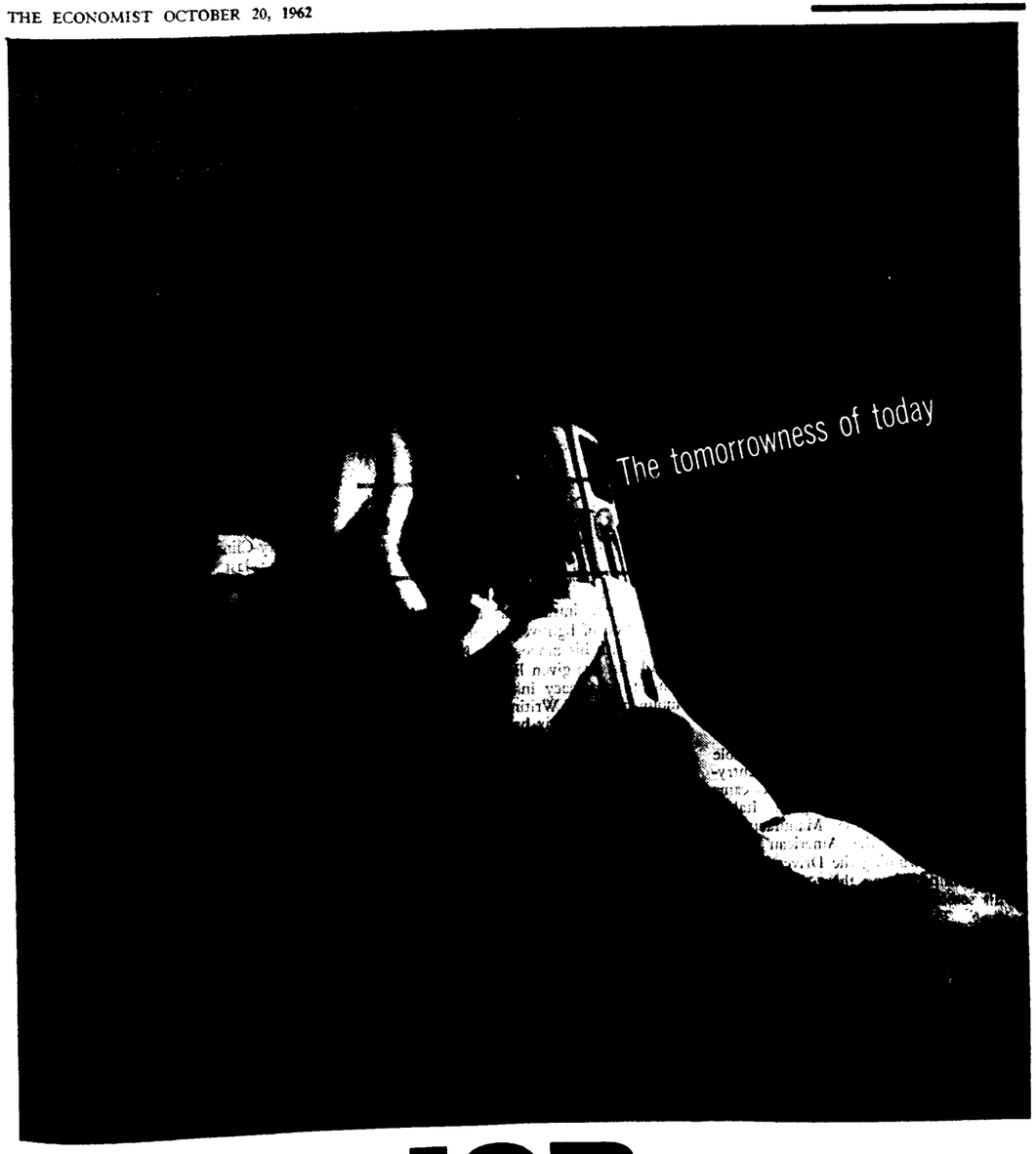


problem: rebuilding its distribution net. Since February, Boyd has been signing up new dealers, realigning dealerships where too many dealers have been serving too small a marketing area, and listening to the real and imagined grievances of dealers. Chrysler's dealer organisation went into the 1963 model year with enthusiasm and loyalty rare for that organisation.

American Motors is having problems as a result of its sales success. The 1962 model year was the best in history for AMC, with sales of over 440,000 units. For 1963, AMC is shooting for US sales of 550,000. But the company is learning that an organisation that sells 550,000 cars a year has to be a different organisation than when it sold 250,000. Briefly, AMC's profit has not kept pace with its sales. In fact, earnings have slid so that during the record year of 1962, profit ran only about three per cent on sales (while companies like General Motors and Ford were running seven to ten per cent). For one thing, the company is more an assembler of automobiles than any other US company. Since it buys most of its components from outside suppliers, it hasn't reaped all the advantages of increased volume. Too much of the

THE ECONOMIST OCTOBER 20, 1962

MOTORS 1962



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profits have gone into the hands of suppliers. And AMC's three plants are old and not as efficient as engineers would like. Its main plant, where all 440,000 Ramblers were assembled last year, is bulging with activity and had to work much overtime during 1962. With production running at full capacity, AMC lacks the flexibility to switch quickly to models that sell better.

Probably the biggest question in Detroiters' minds these days is whether the industry can put two over-six-million years back to back. The industry has never been able to do it before.

One factor automen watch closely is the reserve of retail credit. Since over 80 per cent of the cars purchased by US consumers are bought on instalments, the amount of credit available is a critical factor. During the somewhat dismal sales year of 1961, a great reserve of retail auto credit was built up as more consumers paid off their loans than started new ones. Despite the good sales of 1962, there still seems to be plenty of retail credit left in the reserve. Used car prices are a leading indicator that predicts how new car sales will go. Surveys show used car values are running almost at record highs. The scrap rate of autos is working in automakers' favour, too. It has been running at a rate of about four million a year. Now statisticians say it is increasing as cars sold during the big sales years immediately after World War II are going to the scrap heap. Most industry statisticians are predicting that five million cars will be scrapped in the US in 1963, a substantial base on which the industry can build sales.

On top of all this, US suburban living continues to increase the number of two- and even three-car families. In 1955, auto salesmen spoke respectfully of the million or so two-car families in the United States. Today, they reserve that tone for three-car families; there are over 10 million two-car families.

The one factor automen have the least control over is consumer confidence. Today it is strong. Surveys show that consumers are in a buying mood. But estimates for auto sales in the United States next year range from General Motors' optimistic seven million (for 1962, GM estimated 7.25 million, well over the 6.75 million expected) to Ford Motor Company's more realistic 6.4 million (for last year Ford predicted 6.8 million). Detroiters are expecting 6.5 million, including about 375,000 imports.

Motor Racing in 1962

NINETEEN-SIXTY-ONE saw the 1½-litre formula well established, with these new Grand Prix cars that the pessimists thought would be underpowered for their weight and dangerously unresponsive breaking lap records and winning the leading road races at higher average speeds than the 2½-litre cars they superseded. Britain, however, was hampered by having unsuitable engines, and its new V-eight Coventry-Climax and BRM racing power units came along too late for her to stop the Italian Ferrari from taking the Manufacturers' Championship and the American driver Phil Hill from winning the Drivers' World Championship, driving these cars.

This season Britain has been on top all the way. The new engines have proved successful in providing just that little extra power and torque that was required. The BRM, after some internal staff changes in Sir Alfred Owen's racing division, has proved reliable after years of dubious racing, and Colin Chapman of Lotus, after building ever smaller and lighter space-frame cars, introduced an entirely new conception of lightweight racing-car chassis design with his monocoque Lotus 25.

All this has given Britain almost unchallenged supremacy in the highest field of motor racing. Writing before the South African Grand Prix has been held, it seems obvious that the next World Champion driver must be Graham Hill of the BRM team or Jim Clark of Team Lotus. Ferrari, after the departure of several of his key engineering staff, which caused the uninitiated to forecast the end of motor racing for the little Modena firm, ran what were virtually last year's cars and never brought out its promised new models. Stronger opposition for British BRM, Cooper and Lotus cars came from the German Porsche Company, which was relying on a new air-cooled flat-eight cylinder engine.

Although British cars were superior to their Italian and German rivals, it is extremely satisfactory to find that no one make dominated the Grand Prix scene and that the new make of Lola, with motor cycle champion John Surtees at the wheel, was in the picture. In every case the successes gained by the British cars were won with Coventry-Climax or BRM V-eight cylinder engines; last year's four cylinder power units were quite outclassed. Ferrari continued to use a V-six cylinder engine and Porsche only made any mark after getting teething troubles out of its new flat-eight cylinder power unit. BRM employed fuel injection.

If Ferrari was outpaced in racing-car contests, his sports cars won Le Mans, the Nurburgring 1,000 kilometres, the Targa Florio and the TT at Goodwood.

Drivers who handle Grand Prix cars command good pay; and so Formula Junior contests are hard fought, because drivers who put up good performances in these second-string cars are well placed to step into the cockpit of a Grand Prix team car next season. Lotus have tended to dominate this class of racing with typically low, light and compact cars. As in Grand Prix racing, so in this FJ field, no one make is supreme; but for the most part Ford engines prevail.

One of the disasters of the 1962 season has been the accident to Stirling Moss. In the absence of Moss, Graham Hill has become the most successful British driver.

John Surtees

Graham Hill

Jack Brabham

Phil Hill

Jim Clark

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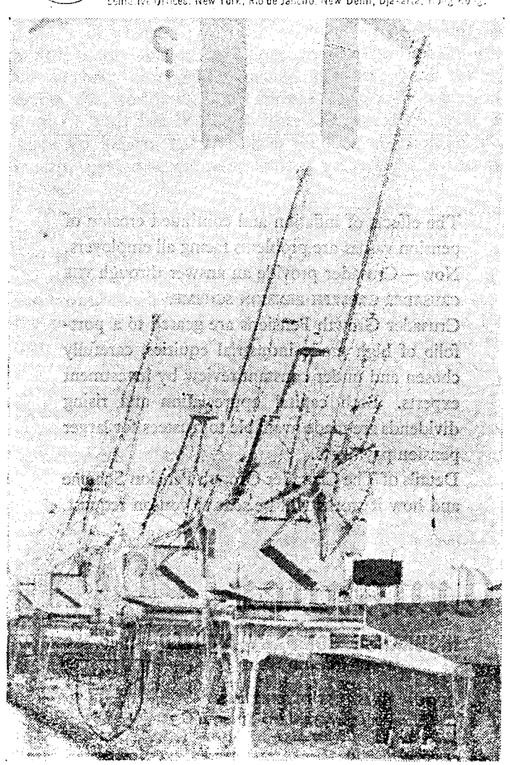

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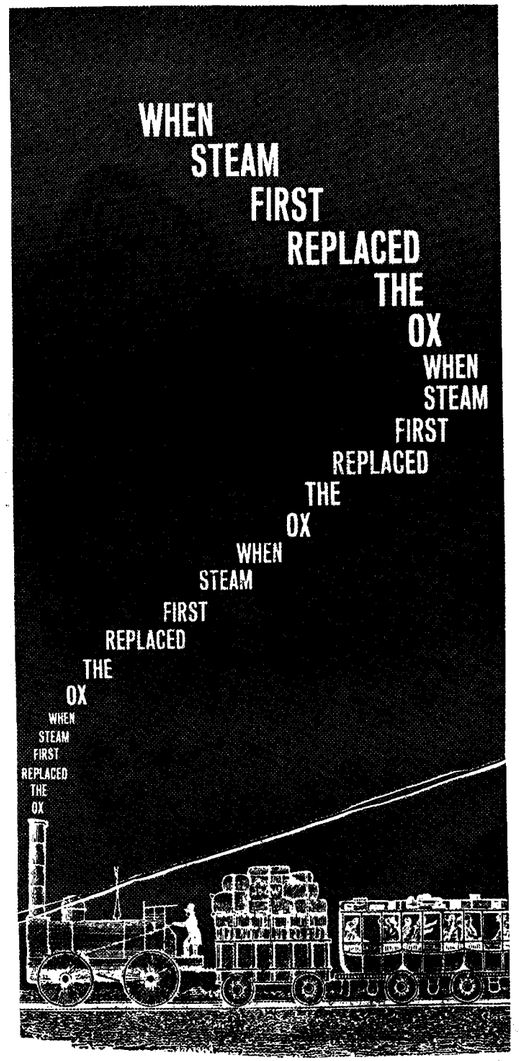

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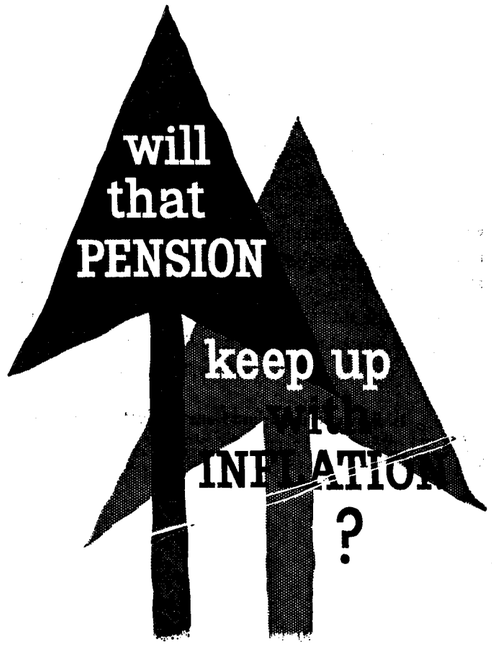

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THE BUSINESS WORLD

The Economies: Flat or Down?

Since the war there has been a great increase in the productive capacity of the industrialised countries. The problem now is to prevent this development from leading to deflation—declining employment, production and profits. The Western nations should act quickly to meet the threat of world-wide deflation. By the beginning of next year at the latest, more pronounced expansionary policies will be needed in the budgets and monetary controls of these countries.

Dr Per Jacobsson.

For a classical economist, faithful to the theory of cycles, it would seem that we are at the end of a boom. This is possible; but it seems to the Commission that one can actually envisage the future difficulties and examine here and now the remedies that it will be necessary to apply.... We are certainly moving into a less exuberant economic development; but after a period of relative stability, we could quite well have another phase of expansion without having to pass through a recession at all.

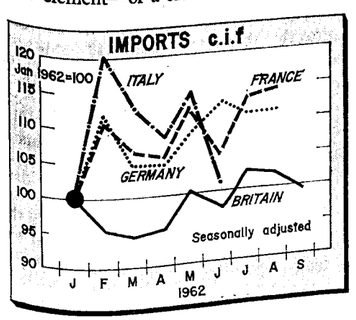
M. Robert Marjolin.

WARNINGS from the IMF, caution from EEC; against this new sobriety about recession, NED's first sketch of what faster growth might bring Britain may look a little oddly timed, even ingenuous. Has Britain woken up to how nice growth would be just about the time, across the world, that the springs of growth are running down? This has been a private uneasiness for some ever since Mr Selwyn Lloyd took to the idea of planning fifteen months ago; now the uneasiness is gathering and becoming public.

Dr Per Jacobsson would never be classed as an expansionist at any price; but he called the turn accurately on inflation two years ago, and of late his main concern has been with the danger of world deflation. This concern, incidentally, was shared much more generally in private discussion among the sound bankers gathered for the World Bank and Fund meetings in Washington last month than was obvious from some of their formal public utterances. Dr Jacobsson is clearly uneasy about the possible conjuncture of renewed recession in the United States, of the continued droop of commodity prices for the primary producing nations and—the new element—of a slowdown and perhaps a dip in the proud recent curve of West European growth. Developing simultaneously towards the back end of 1963, these could present the free world with a more real danger of recession than any that pessimists have sniffed at several times since the war, only to be confounded by renewed inflation.

M. Marjolin, perhaps the most distinguished official economist of a common market that has outrun the rest of the industrialised West for growth during recent years, sees the Western economies as having reached a stage where "one can hardly foresee whether what comes next is further ascent or a decline." The factors that he listed as signs of the end of a boom are:

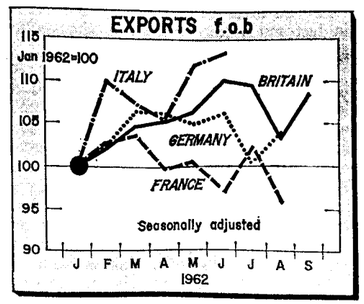
- the continued fall in commodity prices, limiting the buying power of the industrialised countries' traditional overseas customers;
- difficulties in some industrial sectors—chemicals, non-ferrous metals, and steel;
- the fact that recovery in the United States has been less marked than one had hoped;
- reductions in profit margins in some industries, implying recourse to other sources of finance;
- the slowdown in investment demand;
- falls on the stock exchanges, which if they got worse could have economic effects; and



INDUSTRIAL PRODUCTION

Percentage changes since January, 1962 (seasonally adjusted)

	May, 1962	Latest month available
Belgium	+1·4	+0·7 (June)
France	+2·1	+2·1 (June)
Luxemburg	−0·8	+2·3 (July)
Germany	+2·6	+1·0 (July)
Italy	+1·9	...
Netherlands	−0·6	−0·6 (July)
Britain	+4·5	+5·4 (Sept.)
United States	+3·5	+4·4 (Sept.)



the fact that almost the only driving force behind European expansion is " internal consumption " (plus building, much of which " is a factor of investment in name only ").

But against these factors he sets the fact that the European economy is becoming autonomous, which is one reason why the classical method of cyclical analysis may not apply. Another reason is the competence of the " management " of the Western economies today—governments, and regional planning bodies such as the European Economic Commission—to take action with a good chance of forestalling world recession before it happens.

THESE managers have some time—not much—in hand. Looking at the world from a vantage point inside America, Dr Jacobsson wants more expansionary policies by the beginning of next year at latest. From Brussels, M. Marjolin's consideration of the possible need for stimulus soon has to take account of a continued rate of growth within the common market that is still very respectable, and in one or two countries still quite rapid. The comparisons with last year, average to average, which the commission cites for individual countries in its latest quarterly report are rosier than the more recent run on seasonally corrected output during this year noted in the table on page 283 ; but certainly there is some, declining, momentum left in the common market boom.

There is some growth too in Britain. With the trade figures for September putting a possibly healthier complexion on the trade balance, and the industrial production index for August picking up a point of the two that it dropped in July, Mr Maudling has a plausible reason still for caution in stimulating home demand further. It is true that industrialists, as reflected in last week's survey from the Federation of British Industries and this week's from the National Union of Manufacturers, feel that production remains no more than stable, and show little optimism about any marked improvement in the near future. In the very short run, one would expect here some continued modest growth in personal consumption, public consumption ; and re-stocking ; some little rise left, perhaps, in exports, but private investment dipping enough, probably, to offset the continued rise in public investment. Confidence is lacking throughout the economy, and perhaps affecting consumption as well as business readiness to invest: the failure of hire purchase sales of cars and consumer durables to rise as much as might be expected from the completion of earlier contracts may not be unconnected with the growing uneasiness about redundancy that is beginning to percolate into many layers of British employment.

It is possible to assume, therefore, that the managers of the Western economies still have the time to forestall incipient deflation—providing they also have the inclination and the foresight. It is in this respect that the very existence of NED, figuring away at how happy it would be possible for us all to be if we could only be virtuous, is a good mark for the managers of the British economy. Mr Maudling has had borne in upon him, as all Chancellors soon have, the still pitiable margins of room for manœuvre that make it hard for Britain to say " Go " when sound opinion in the rest of the world is still only prepared to hear the word " Stop." But the existence of a state-appointed pressure group for faster growth, at a time when the danger is that growth will be getting slower, has at least the advantage of making acceleration respectable whenever it can be afforded.

Mr Maudling's experience in Washington—among the same bankers who were privately prepared to sound worried about a slowdown in world trade—was not encouraging for British initiative, or as an index of general readiness among Western nations to engage in the " more pronounced expansionary policies " that Dr Jacobsson is now counselling. Complacency at many levels in the United States, though perhaps not at the highest, is more than matched inside the European Economic Community, as witness the German budget proposals. Dr Blessing, this week, put most effectively the arguments of those who are still fighting the last war against inflation:

> I would think it wrong, in the interests of price stability, if measures were already to be taken now with a view to averting any cooling-off in economic activity. If, as some pessimists think, developments should really lead to a recession and not to a healthy toning-down, there would still then be time to take the appropriate measures. There still exist tendencies of price inflation, even though they may be less strong, and there is still an excessive demand on the labour market, with all the consequences this brings for internal stability. So long as this state of affairs continues I shall refuse to listen to those who demand measures to stimulate the economy.

The argument is well put, and entirely tenable. It is the attitude of mind behind it that gives cause for uneasiness. Will all the economic managers of the Western world recognise—and really dislike—deflation as soon as it may come?

Sketch for A Plan

GROWING at 4 per cent a year, where would Britain get to by 1966? The table, which roughs out the main aggregates of demand and supply as they might be after five years of such a rate of growth from 1961 onwards, summarises the NED office's first exercise with a statistical " model " of the economy. It presented this exercise—75 pages of it—to the NED council two weeks ago ; and this table, with a few notes, but no indication as to its methodology, to the public after the council met this week.

The figures that matter here are the rates of change of the components of demand and supply, and how they compare with the general assumption of 4 per cent growth. Imports are reckoned to rise somewhat more than the gross domestic product, so that the total resources available would grow by about 4.1 per cent. Personal consumption expenditure is assumed to grow less ; current consumption by public authorities (including defence) by less than the basic 4 per cent, though somewhat more than consumption. Investment as a whole would, according to this reasoning, need to grow much more than the economy as a whole ; and exports a good deal more.

This wisdom sounds conventional: accent on investment, export or die. It is in fact much less so than it chooses to appear.

This growth rate of 6.2 per cent a year in investment, for example, is a good deal lower than the planners would have come up with had they simply assumed that the relationships between investment and total output that have been operative in the British economy in recent years would have to continue. According to such ratios, investment might have had to grow by nearly 9 per cent a year, and constitute 24 per cent of GDP by 1966. That would have reduced the resources available for growth in other sectors of demand—notably consumption—to a level that Sir Robert Shone and his economists considered that people would simply not put up with.

1966—AFTER FIVE YEARS OF 4 PER CENT GROWTH PER YEAR

	1961 £ million	1966 Provisional £ million (at constant 1961 prices)	Increase per year 1961-66 per cent
Supply :			
Gross Domestic Product* at market prices	26,486	32,225	4·0
Imports of goods	3,998	4,990	4·5
Net imports of services	83	95	—
Total	30,567	37,310	4·1
Demand :			
Consumers' expenditure	17,336	20,280	3·2
Public consumption	4,570	5,460	3·6
Investment	4,798	6,470	6·2
Exports of goods	3,863	5,100	5·7
Total	30,567	37,310	4·1

* GDP, excluding net income from abroad, is here taken as total domestic factor incomes plus indirect taxes less subsidies (as distinct from the National Income Blue Book definition, which excludes indirect taxes on imports).

Bringing the investment figure down to a bearable level that they could still consider consistent with the total growth assumption (getting consistency in such figuring is the main intellectual technique of this economic model-making) made it necessary to assume a considerably better utilisation of—or return on—investment than we have had of late.

Within the 6.2 per cent growth figure for total investment, moreover, it is worth noting that the growth of stocks (even, once again, assuming slightly more economical management of these) is quite significant: and most people would assume that public investment, over the next five years, would be growing faster than private. So the emphasis on private industrial investment in this plan is probably much less than many expansionists would ordinarily assume.

The growth rate assumed for exports, again, which is nearly double the rate achieved in recent years, is postulated on the assumption that the balance of payments on current account improves to a surplus of £300 million by 1966 (some increase in net invisible earnings is also assumed). This means an improvement of say £50 million a year on the balance of trade over the current five years. So the growth assumption here allows for some increase in aid, in net investment of private capital overseas, and an addition to the reserves that should " help to remove the need for stop and go policies." (No benefit from continued improvement in the terms of trade is allowed for).

That last assumption, necessary but austere, has incidentally a significant effect upon the final result of this sketch for a plan upon personal consumption expenditure per head—which is, after all, the end in which all the other figures are met. This sketch of 4 per cent growth offers an increase of 2¼ per cent per year in consumption per head (allowing for population increase) ; in recent years, with much less distinguished performance, we have managed 2.1 per cent a year per head, partly through favourable terms of trade.

The first five years of four per cent growth, therefore, would fall somewhat short of Mr Butler's famous doubling of the standard of living in 25 years, which required 2.8 per cent a year. But there would be a good deal of " once for all " acceleration in this first five-year burst. Stocks, once the 4 per cent rate was achieved, should not need to rise more than in line with output as a whole, perhaps less. Investment probably would ; but would the current surplus, once attained, need to rise even as much as total output? So 4 per cent, eventually, should yield more jam tomorrow . . .

An Alternative to PWLB

Reform is coming to local authority finance. Will it be of the right kind? A correspondent thinks not—and suggests an alternative.

" I DO, however, recognise," said Mr Maudling on October 3rd at the Mansion House on the subject of local authority capital finance, " that if temporary debt is to be kept within reasonable bounds, we must make it easier for the authorities to meet part of their capital needs by borrowing from the Exchequer."

Why from the Exchequer? Is there no other way of making it easier for local authorities to borrow than to cause them to borrow from the Exchequer? Is it, indeed, desirable that local government—in addition to the public corporations—should become dependent on the Government for capital finance? Mr Butler thought not in 1955 when he withdrew from local authorities their hitherto unrestricted access to the Public Works Loan Board. Mr Heathcoat Amory thought not in 1959 when he rejected the Radcliffe committee's recommendation that PWLB loans at prevailing gilt-edged rates should again be made freely available to local authorities. And if Mr Selwyn Lloyd thought otherwise during his term of office he never said so. It is Government policy, often reiterated, that local government should be strengthened, not weakened. How is it then that in this matter of capital finance, local government cannot stand on its own feet? Perhaps with a little encouragement it could—to the benefit of taxpayer and ratepayer alike.

One of the weaknesses of local authority capital borrowing is that there are too many authorities competing for the available resources. One of its strengths is an ability to tap sources of supply of capital moneys which may not be available to the central government ; the local authority mortgage and temporary money market is an efficient organisation performing a useful function in this connection. And there does seem to be a way of keeping the virtues of direct access to the market without cluttering it up with an unmanageable number of individual borrowers.

The proposal is that the number of authorities charged with raising capital funds for local government should be considerably reduced ; that capital finance, in fact, should be raised on a regional basis. For example, in the proposed Greater London reorganisation the Greater London Council could be made responsible ; and the rest of England and Wales could be divided, for purposes of capital finance, into convenient regions, perhaps five or six in number, perhaps even fewer, each served by an *ad hoc* body comprising a panel of members appointed from among the elected representatives, and maybe senior officers, of the constituent authorities. Legislation would be required, of course ; but legislation is required in any case for the comprehensive rationalisation of local government, and local government areas, which is already in train. Indeed, a major opportunity for imaginative reform of local government capital finance now presents itself.

Public finance, national economic planning and local government are interdependent. It is accepted that the scarce capital resources of the country must be assessed, husbanded and allocated sensibly and methodically. Capital control, to be effective, must be national. But local government, to be effective, must be local. In the local government sphere, therefore, control of the expenditure of capital should rest with the individual local authority, subject, of course, to general

economic and planning control; while the raising of capital, though remaining unequivocally a local government responsibility, resting on local government credit, should yet be as sensitive to the essential national control, without leaning on Government credit, as is practicable. To raise and to manage local government capital finance regionally would conduce to this.

WHAT is suggested, shorn of technical detail, is that each regional body, responsible for the raising of the capital requirements of all local authorities within its area, should set up an all-embracing consolidated loans fund; a fund into which would be paid all loans raised, and from which would be paid all advances made to the participating local authorities; a fund which would be responsible for the ultimate repayment, and continuing replacement, of all capital debt including existing capital debt, and into which would be paid from time to time the loan charges and relevant expenses attaching to the advances made to the local authorities and to the capital commitments taken over from them. It would be convenient, and highly economical, for all capital accounts of the participating authorities to be kept centrally by the regional authority. The use of modern computer techniques in this process would achieve significant economies of time, of money and of expert staff—currently three scarce commodities.

Each regional authority, in raising capital finance, should be able to pledge the whole of the area's credit. It should, therefore, be empowered to issue a precept on the counties, boroughs and districts within its area for the loan charges and related expenses which would become due to it. This would both facilitate orderly finance and provide legal sanction in a manner less cumbersome, and less expensive, than the exchange of mortgages. The regional authorities' credit in the capital markets, so founded, would rank second only to that of the Government. The marketability of local authority stocks, so rationalised, would be enhanced: the yield differential relative to Government stocks would accordingly be reduced. Competition among individual local authorities for capital finance would be eliminated. Expertise in the management of capital finance would be concentrated and so strengthened. Control by the Treasury would be simplified. And the orderliness of the capital market, beloved of the Bank of England, would approach the ultimate. The benefits of the PWLB type of financing would be available to local government without, to repeat, local government leaning on Government credit and losing its sense of responsibility and self-reliance.

At the same time, additional flexibility should be accorded to local government's new capital finances by permitting the regional authorities to borrow, as local authorities did in the past, by the issue of Local Government bills. The regional authorities together might be empowered to issue a maximum of, say, £400 million of one- to six-month bills with characteristics otherwise similar to those of Treasury bills, marketed either direct by the regional authorities to the London money market or, if preferred by the authorities, by the Bank of England, following existing arrangements for Treasury bills. This would relieve the banking system of undue strain on advances, while providing it—and the money market generally—with an augmented bill market. And it would enable local authorities to be more flexible in their funding arrangements, ensuring adequate short-term finance at times when they preferred (as astute treasurers periodically should and will) to postpone incurring debt at long term. The Treasury, no doubt, will object to a loss of control over the liquid assets base. But the PWLB arrangements themselves involve an increase in Treasury bills—and why should the Treasury not adapt its arrangements to the interests of the local authorities?

The local authorities comprising each capital finance region should also be enabled to lend temporarily surplus revenue and other fund balances to the regional body, freely and at market rates. Conversely, the regional bodies should be empowered to lend to their constituent authorities against the receipt of revenues; and the regional bodies should be able to lend to, and borrow from, each other.

There will, no doubt, be objections from local government itself: there always are. This stems partly from the doctrine of *ultra vires* which inhibits innovation; and partly from the structure of local government, with its league table of authorities and its attendant promotion rivalries and jealousies. It will be objected that such a scheme as is here proposed would involve loss of "sovereignty" by the authorities which would lose their current responsibility for raising capital finance. But the control of expenditure is what really matters and that would still be theirs. Local authorities are already sharing in the use of organisation and methods teams and co-operating in the development of common building techniques. Why not in capital finance? They are combining and co-operating voluntarily in the use of computers, and that must surely involve agreement upon techniques and accounting procedures. In any case, is not the adoption of standardised accounting, long preached within local government, overdue?

It is not claimed that regional local government borrowing would be better in every respect for every authority than PWLB borrowing. But it should be for the ultimate health of local government generally to be self-reliant in capital finance rather than to be dependent on Government credit.

FUNDING HAS BEGUN

Figures published on Thursday of local authority borrowing in the second quarter of the year show that funding of temporary debt had then begun. Total temporary borrowing was reduced from its peak of £1,190 million by £15 million; and a larger portion of the temporary borrowing itself was at more than three months' term. Bank overdrafts were down by £19 million, but other advances by banks and discount houses rose by £7 million; other temporary borrowing fell by £7 million. The local authorities repaid £13 million to the PWLB but at the same time took £28 million from the new issue market—which has provided even more since then—and £120 million in other loans and mortgages. These were mainly in the one to five year period, with gross borrowings of £131 million.

LOCAL FUNDING BEGINS
NEW BORROWING BY LOCAL AUTHORITIES
(£ million)

	Net temporary borrowing*	Other mortgages and loans	Quoted securities	PWLB	Own superannuation funds	Total
1961 1st qtr...	88	51	6	−17	7	135
2nd	34	46	18	...	3	101
3rd	107	34	4	1	2	148
4th	37	65	3	− 4	−2	99
1962 1st qtr...	131	65	14	−12	3	201
2nd	−15	120	28	−13	−2	118

* Up to 364 days.

It is no doubt administratively easier, just now, to loosen the PWLB purse strings than to undertake the legislation and planning that would be required for a change to regional borrowing by local authorities. But administrative expediency is a siren that has lured many a good principle to its doom. If, nevertheless, the prospect of reorganising the capital financing of the whole of England and Wales in one operation is too daunting, an opportunity is at hand to try out such a scheme in London. A Greater London, comprising thirty or so London boroughs and an elected Greater London Council, is about to be created. Within a vast homogeneous area local government, inherently unresponsive to change, is to be excitingly rationalised. Could not capital finance be part of the master plan?

BUSINESS NOTES

STOCK MARKETS

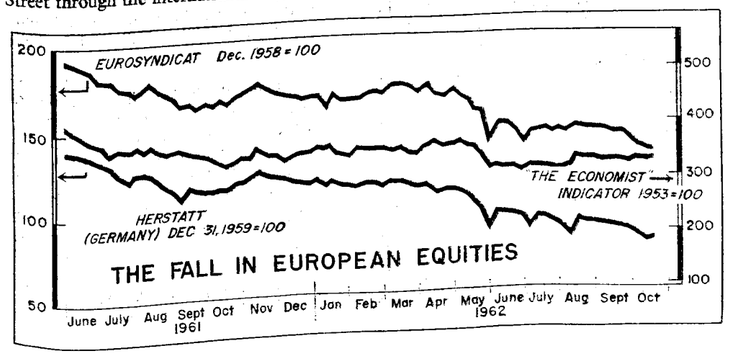
Caution the Watchword

THERE is too much evidence of slackening in economic activity in Europe and North America and too much talk of the possibility of recession in these areas late next year for any investor to have much confidence in the immediate future of equity prices. Prices in many of the European stock exchanges, notably in Britain, Germany and Italy, had begun their long fall before the collapse on Wall Street in the late spring and early summer. As Dr Abs, the chairman of the Deutsche Bank has said, the fall was an acknowledgement of the exaggerated height that prices reached in the feverish search for "growth" when buying was often based on the scantiest of statistical evidence. But it took the sharp fall on Wall Street to drive the lesson right home to investors that the behaviour of the American and European economies would not sustain the concept of automatic growth in equity values. Then it was realised this was a competitive world where profits would be hard to earn and that the immediate flow of dividends would be insufficient to justify the prices paid at the top of the boom.

But while British and American equities have rallied from their low points, prices on the Continental bourses have continued to fall. Except in Belgium (where the Congo has prevented any boom in equities) and in Holland (where prices tend to follow Wall Street through the international list), all the major Continental bourses touched new lows this month, with declines particularly marked in Germany and Italy. Prices have rallied a little this week, especially in Germany on hopes of an easing of tension in Berlin. Special factors are at work in these markets: in Italy, where the economy is still expanding, the bourse is worried about the attitude of the government towards business; in France the decline has not been particularly severe because the economy still appears to be healthy. But everywhere investors are openly acknowledging that the European boom is slowing down and are apprehensive about 1963.

Equities in London and Wall Street have in the meanwhile continued to mark time—around 275 on the *Financial Times* index and around 585-590 on the Dow Jones average. In London, almost all the buying has been concentrated upon gilt-edged stocks and the authorities have been encouraging investors to go longer. They have had almost an embarrassing success. Within six weeks the £500 million tap in the 2008-12's has run dry. A good part of the demand—perhaps as much as two-thirds—has represented switching out of other stocks, notably the 1982-84's and the 1986-89's but as soon as the tap ran dry on Thursday (when the 2008-12's rose by ⅝ to 97 5/16) dealers in the market began to wonder whether the authorities could possibly control the market through the stock they had taken in from the switches or whether they will issue a new stock in the long-medium or long range.

In neither London nor Wall Street are equities absolutely friendless and there has been some selective buying of "cheap" stocks. The massive oversubscription of Forte's in the British market (where the ordinary shares rose to a premium of 8s. 6d. on the issue price of 20s.) and the buying of the so-called "dull blue chips" with stable earnings records and good dividend yields on Wall Street are examples of this. But a quip is going round Wall Street that while there is considerable debate whether the American economy is suffering from "high level stagnation" there can be no doubt that the stock market, where the trading volume is less than three million shares a day, is afflicted with "low level stagnation." The last part of the sentence holds true for the British market and so, probably, does the Wall Street forecast that equity prices will continue to move sluggishly within a narrow range. It may be that the adjustment of ideas and prices in the Continental bourses has gone far enough to allow this prediction to be extended to them. M. Marjolin has already uttered the warning that if stock prices continue to fall there may be repercussive effects on business confidence and with so many warning lights flickering it is difficult to believe that the governments of the heavily industrialised countries will ignore Dr Jacobsson's plea for more expansionary fiscal and monetary policies.



FLAT STEEL

Capacity in Britain

DEMAND for flat steel is at present healthier than for any other group of steel products; at a time when the industry in general is producing to only about 76 per cent of capacity, the strip mills have been operating at 90 per cent or more. The Spencer Works at Llanwern near Newport will add only gradually to that capacity; it will be the end of next year before it is counted in for its whole initial 1.4 million ingot tons (of crude steel; some of its slabs will go to Ebbw Vale for rolling). Ravenscraig's cold reduction mill will be running

up during next year, too ; but at present the steel planners are happier about keeping this developing capacity well occupied than they are about almost any other types of steel capacity. They are accepting the motor industry's estimates that car output may go ahead 10 per cent or so next year, and feel that there may be some recovery in durables, too. Moreover, demand for tinplate remains very strong, and the use of flat steel in other products (sometimes at the expense of other kinds of steel) seems to be growing steadily.

For this kind of steel, therefore, there is little hedging of the estimates of demand in

Spencer Works, Newport

1965 made a few years ago (though for steel as a whole there certainly is). Some uncertainty arises over tonnage demand for tinplate ; here customers buy area and not weight, and there is an increasing shift towards lighter qualities. This can make a sizeable difference to the tonnage in a few years: against 108 lb per basis box of the thickness of tinplate still considered normal, the lightest, about six thousandths of an inch thick, can go down to about 50 lb, and increasing quantities of thicknesses weighing say 80 or 90 lb are being used. Thinning down the tinplate somewhat alters the pattern of work at the mills ; one needs more coating per ton of throughput, and the thinnest gauges of plate have to be rolled on a five-stand and not a four-stand mill.

At present, strip mill capacity in Britain amounts to nearly 3½ million tons of sheet and about 1,350,000 tons of tinplate. By 1965, sheet capacity is expected to reach 4½ million tons ; tinplate capacity hardly rises at all on present plans, being put at 1,400,000 tons for 1965. The industry's planners, on present showing, think the sheet capacity will be well utilised and the tinplate capacity could indeed be overstrained.

—and in the Six

By 1965, however, the steelmakers expect to be within Europe, and on the way to conforming fully with the competitive rules of the European Coal-Steel Community. And within the Six there is already no doubt that there will be quite a margin of surplus strip mill capacity.

The High Authority of ECSC reckons capacity for all flat steel products together, on the grounds that these mills can shift fairly flexibly between different products. Its present capacity for "sheet (including hot rolled coil for tinplate)" is about 13.7 million metric tons, and this is at present over 90 per cent employed. But its forward estimates of demand for flat steel indicate a "trend" figure of about 12.7 million metric tons, with a higher limit to their range of estimates of some 14 million tonnes by 1965. The capacity that it expects to have in being by then is about 16.7 million tonnes. For 1965, that indicates operations at only about 75-85 per cent of capacity.

Assuming that competition between Britain and these countries will be virtually open, with tariffs declining, by then, should one assume that the sharper competition certain on the Continent will make inroads into the sheet market that British strip mills are counting on? For the moment the British industry is prepared to concede that this may tend to depress or at any rate curb growth in prices of flat steel ; but they are expecting to gain at least as much in this freer trade as they need concede here and there. At one or two points, Continental

ITALIAN LABOUR

Recruiting in Reverse

Milan

Italy still has close to one million unemployed: yet the country is faced with a serious shortage of skilled labour. In the north, it is not rare for firms to tempt skilled labourers away from another firm by offering higher wages, or even expensive gifts. Nor do they stick to labour skilled in their own field. Motor companies, for example, are trying to hire pharmaceutical plant workers, arguing that it is easier to retrain any worker who is already skilled. The latest classification of labour statistics put out by Confindustria, Italy's confederation of trade associations, suggests that only 16.5 per cent of Italy's five million industrial workers are skilled and 40 per cent are semi-skilled.

One sign of the acuteness of the problem is ENI's attempt to persuade Italian skilled labour now in other countries to come back home. The state-owned gas and oil corporation agency is putting advertisements in Swiss and German newspapers with such slogans as: "Come back, your country needs you." Approximately 400,000 Italians work in Switzerland, and over 200,000 in Western Germany. Most of this Italian labour working elsewhere in Europe, however, had no craft or skill when they emigrated. Industry abroad trained them.

Unlike other common market countries, Italy has a chance of solving its skilled labour shortage problem, being the only EEC country with a surplus of total manpower. What was considered a serious Italian problem has now become an asset for the country. Italy can continue her industrial expansion without worrying about the manpower shortages that plague the other countries of Western Europe. Most of this pool of labour is in the rural areas of the south. From 1951 to 1961, Italy's industrial north absorbed over 600,000 new recruits, 60 per cent of them coming from the south. Nor does the flow of southern labour migrating to the prosperous Genoa-Milan-Turin industrial triangle show any sign of slowing down. The number arriving in 1961 was 50 per cent more than in 1960 ; the increase may be even higher in 1962.

The problem, therefore, is training this rich source of manpower to fit into Italy's rapidly developing industrial economy. Private industry, through on-the-job training programmes ; the government, through increased investment in public trade schools and special training courses set up by the Ministry of Labour ; and to some extent the labour unions are taking some action here. Specialised training courses offered in 1961-62 were organised in Italy for 471,353 trainees.

But under the Treaty of Rome, labour will be free to move across Europe ; and its partners in EEC are still recruiting, in spite of ENI's counter-propaganda. Among others, this year, Volkswagen and Regie Renault have hired respectively 4,000 and 1,000 southern Italians for their Wolfsburg and Paris plants. Between 1956 and 1961 more than 2 million Italians left their country to work abroad, and over 1½ million emigrated to European countries. According to the Italian ministry of labour, emigration from Italy to other countries reached 400,000 people by 1956-57, dropped to 275,000 people in 1959, and rose again to level off at about 350,000 a year in 1960 and 1961. Whether the Italian government and Italian industry can stem the tide of unskilled workers flowing to other countries depends simply on whether training can make a job to keep them at home more attractive than elsewhere in Europe.

?

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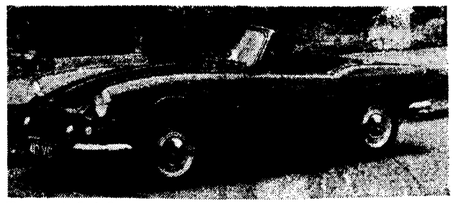
works may actually be closer to big customers for flat steel than British works (even Newport and certainly Ravenscraig) are; on the other hand, the British industry contains much less obsolete capacity, such as handmills, than some of the Continental industries.

There is no doubt that within ECSC there has been some extravagant investment in strip mills (though much of the money spent in recent years has been to balance up finishing capacity constructed in the immediate postwar years). The British industry is not looking to much further growth in direct exports (its exports of tinplate into the Six have recently drawn complaints about dumping from within ECSC). But it is reckoning on some extra growth in indirect exports of flat steel, from larger sales of British vehicles—and possibly of British durable consumer goods as well—when we enter Europe.

MOTOR SHOW

New Wine



Triumph Spitfire

NEW engines for old cars have been the main surprise of the Motor Show: the British Motor Corporation has put the 1100 cc version of its A series engine, with the improved gearbox, into the Minor 1000, Austin A40, Austin-Healey Sprite and MG Midget, while Ford offers the 1200 cc engine of the Cortina as an option for buyers of the Anglia de luxe. So these old models are all brought into the performance class of their makers' newer cars—indeed, as they are lighter, they should have an even livelier performance. BMC has added £10 to the price of the Minor and of the A40 basic model, but £20 to that of the A40 de luxe; the 1200 engine costs £27 10s. extra on the Anglia, while the Super model, fitted with the bigger engine and with de luxe equipment, costs as much as the A40 de luxe. But the Minor two-door model is about £35 cheaper than the 1200 cc Anglia, so this veteran again becomes a strong competitor in its class. The Minis are also being fitted with the improved gearbox, and now have seats that should not sag; their price rises by £10.

The only new car on show is the Triumph Spitfire, Standard-Triumph's entry in the small sports car market. Using the Herald chassis, the third model to do so, it has the 1200 cc engine tuned to develop 63 bhp and sells for £730 in Britain. This makes it £63 more expensive than the Sprite, but it has 8 bhp more than this model and a more comfortable body—with winding windows, a desirable fitting for a car that is aimed mostly at the United States market. Standard-Triumph International has now completed the range of cars planned before Mr Alick Dick left the company, giving it a spread over the speciality and sports car markets from two basic models; any more new models will reflect the opinions of the Leyland directors.

Rootes and Rolls-Royce are the other two makers showing the most significant changes to their existing models. Rootes has made rather more drastic alterations to the Super Minx and Vogue than one might expect after only one year of production; the engine is modified to improve fuel consumption, a higher axle ratio is fitted, disc brakes replace drums, greasing points are eliminated, the fuel tank repositioned to increase luggage space and different seats fitted—all of which are said to add more to the cost than the £30 put on the price. Rolls-Royce has also incorporated mechanical refinements in its range, such as a higher compression ratio to give seven per cent more power, while a concession to modern styling has been added in the form of four headlamps. And prices have again been raised—by £265.

Old Sentiments

THE Motor Show is becoming a rather gloomy occasion, timed as it is when car sales take their seasonal fall; this year it has followed hard on the news of the first short-time working, and some makers believe that it will become more widespread this winter than last. Stocks of new cars at the end of the summer were perhaps half as big again as they were last year, leaving less scope to increase them during the winter; and though sales in August and September were about 17 per cent higher than a year before, they were still 30 per cent below the average for May, June and July—with sales in September, unusually, slightly lower than in August. When exports are liable to fall as well, makers are almost bound to reduce output.

Ford is probably best placed, for the Cortina accounts for around 40 per cent of its car output while the 1100 forms barely a tenth of BMC's. And the way in which new cars attract the buyers makes the state of the makers relying on older models even less happy. The short time at Rootes, Pressed Steel and in some parts of BMC seems to reflect this problem: Rootes is probably worst placed of all makers, for its old Minx, which still accounts for the bulk of this Group's home sales, is most likely to be hit by the Cortina and 1100, as well as sales of the old-type Classic at a reduced price. Vauxhall has its new sixes to stimulate sales, and needs to build up stocks of them; it also found that sales of the Victor in September were higher than expected, despite the competition of new models. BMC, with its dispersed range, might be expected to have a similarly mixed experience, and much will depend on the extent to which mechanical modifications add to the appeal of its old models.

The widespread price increases, only eschewed by Vauxhall and S-TI, may often be partly justified by improvements, and probably all too necessary to make production profitable, though they are oddly timed: last spring or next spring would have been more appropriate. The makers may have hoped that the Chancellor would by now have reduced purchase tax, so that they could raise prices without the public paying more; and they remain hopeful, and anxious, for such relief. The decline in home sales over the last two years becomes of increasing concern to them as their expansion schemes get nearer completion.

OVERSEAS TRADE

Trend Still Adverse?

SEPTEMBER's overseas trade returns confirm that the sudden fall in Britain's exports in the previous month was temporary and non-recurring, possibly even the result of inadequate seasonal adjustment. But it appears also that exports are no longer on a noticeably rising trend, while imports now are. True, the monthly total of imports fell for the second time running. But at £378 million in September the total is still notably above the general level since the peak of late 1960—and this apparently before any large restocking movement has begun. Exports in September recovered from £309 million to £325 million season-

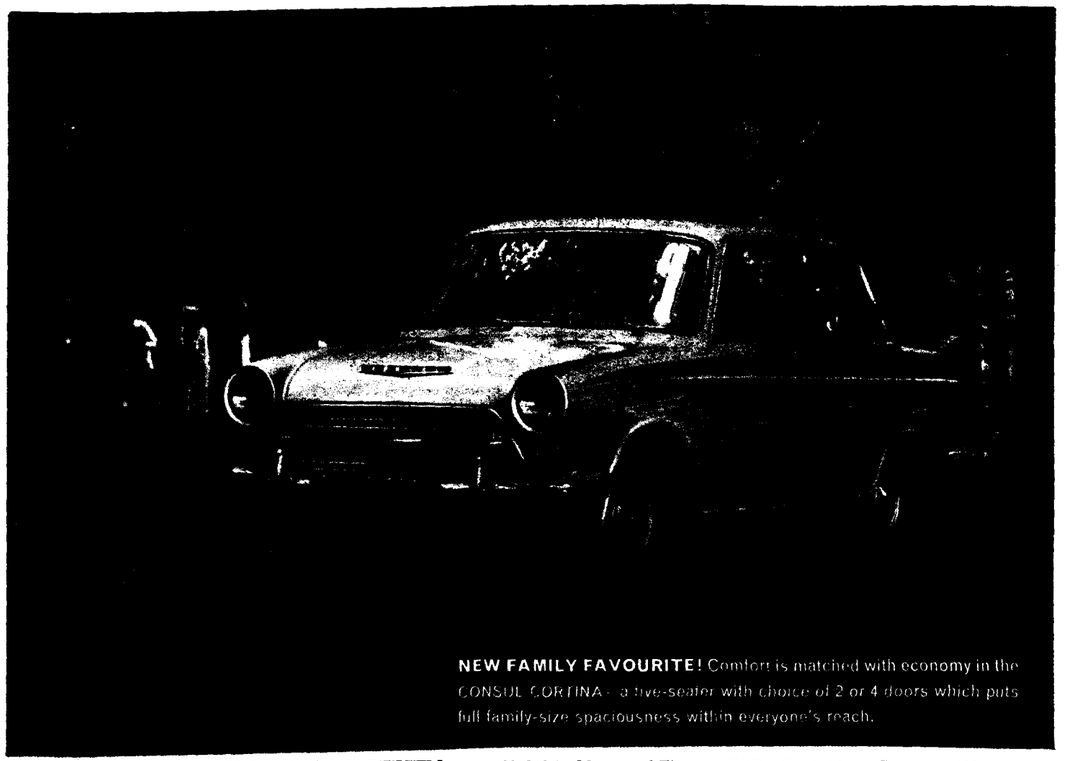
BRITAIN'S TRADE
(£ million a month, seasonally adjusted)

		Imports cif	Exports fob	Re-exports fob	Crude gap
1961	1st qtr.	384	309	12	63
	2nd ,,	362	305	14	43
	3rd ,,	358	309	15	34
	4th ,,	362	304	13	45
1962	1st qtr.	367	306	12	49
	2nd ,,	369	319	14	36
	3rd ,,	385	320	12	53
	July ...	390	327	14	49
	August.	387	309	12	66
	Sept. ..	378	325	12	41

ally adjusted, still below the June peak of £328 million. The upward trend that was shown in every month of the first half of 1962 now seems to have been broken, though the investigations of the Federation of British Industries then suggested some further rise in months ahead. In the third quarter as a whole exports were only marginally higher than in the second quarter.

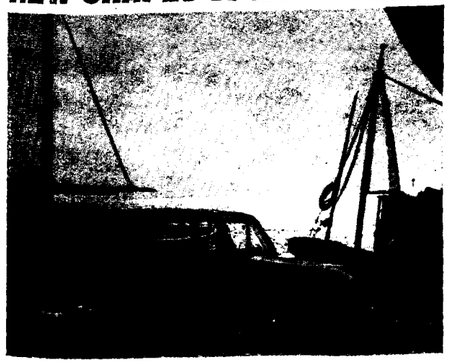
The balance of visible trade, on the basis of these unevenly valued customs returns

FOR PACE & PRICE CHOOSE FORD — BRITAIN'S NEWEST RANGE!



NEW FAMILY FAVOURITE! Comfort is matched with economy in the CONSUL CORTINA - a five-seater with choice of 2 or 4 doors which puts full family-size spaciousness within everyone's reach.

NEW SHAPES OF EXCITEMENT!



Besides the Standard and De Luxe Anglia (illustrated) and the Anglia Estate, there is a new sporty ANGLIA SUPER which offers a 1200 cc engine for extra performance, plus greater passenger comfort.

New Height of Luxury! The new ZODIAC MARK III offers over 100 mph with acceleration to match—plus comfort and fittings never before found on a car in this class. From £1,070.15.3 (tax paid).

New Statements of the Zephyr Formula! The surging ZEPHYR 6 gives sports-car performance plus big saloon-car roominess. Its sister, ZEPHYR 4, replacing the Consul 375, carries six in comfort—yet with real economy from its 4-cylinder engine. Zephyr 6 from £929.2.9. Zeyhyr 4 from £856.5.3 (tax paid).

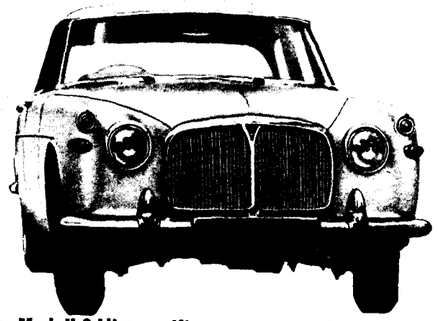
New Heart for the Pacemakers! Make the pace as never before in the CONSUL CLASSIC 1¼ LITRE and CAPRI 1¼ LITRE—both now have a new 1500 cc engine for extra power, with 5-bearing crankshaft for extra smoothness. All this—with no increase in price! Classic still from £722.17.9. Capri from £863.2.9 (tax paid).

Big News for all New Ford Owners! Besides their individual virtues, most new Ford models offer major improvements for better, safer, easier motoring:—(1) FULL SYNCHROMESH 4-SPEED GEARBOXES. (2) 12 MONTHS/12,000 MILES WARRANTY. (3) 5,000 MILES OR "TWICE-A-YEAR" SERVICING. Add these to the existing merits of buying Ford and you have a range which offers the finest value in family cars.

SEE THEM AT THE SHOW - SEE THEM AT YOUR FORD DEALERS

FROM FORD OF BRITAIN

Ford

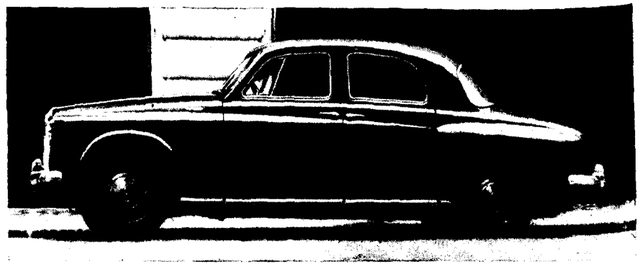


NEW — the sleek and stylish 3-Litre high-performance Coupé.
The Mark II 3-Litre Saloon: swifter version of a widely acclaimed car.
The 110: faster, more powerful replacement for the 100.
The 95: luxury six-cylinder motoring for the family.

One of the world's best engineered cars. In every Rover ever built there is a nicely calculated balance between performance and comfort, between power and handling qualities—a balance that is never upset. The new engine modification for 1963 is an example. Rover engineers have developed the two 3-Litre models and the 110 to give 17% more brake horse-power. And because of careful Rover planning this extra performance is achieved well within the cars' road-holding capacity. Balanced developments like this confirm the Rover claim to be one of the world's best engineered cars.

The Mark II 3-Litre—swifter version of an elegant car. For 1963, the famed Rover 3-Litre becomes a faster, even more luxurious car . . . the Mark II 3-Litre. Points to note: 17% more power; new stub gear lever; new sumptuous interior trim, immaculate new line. *Manual model £1,325 plus P.T. £497.17.9. Total £1,822.17.9. Automatic model £1,375 plus P.T. £516.12.9. Total £1,891.12.9.*

New Rover 3-Litre Coupé. The low and elegant shape is quite new. The controls and interior layout, with four deep bucket seats, are planned specifically for motorway driving. Under the bonnet, the new high output engine has been further developed to make this the fastest Rover in the range. And note the new stub gear lever. *Manual model £1,499 plus P.T. £563.2.9. Total £2,062.2.9. Automatic model £1,549 plus P.T. £581.17.9. Total £2,130.17.9.*



ROVER 1963
new coupé leads new more powerful range of swift and silent cars

The new 110—faster replacement for the 100. This new Rover has a performance that belies its deceptively quiet looks. The familiar Rover 100 six-cylinder engine has been given more power, so that the new 110 will quietly attain—and surpass—the magic 100 m.p.h. *Basic price £1,115 plus P.T. £419.2.9. Total £1,534.2.9.*

The new 95—luxury six-cylinder family motoring. The new 95 offers you six-cylinder Rover luxury, replacing the four-cylinder 80 for very little extra cost. Its advanced engine produces an abundance of silk-smooth power and there are front wheel disc brakes (as on all Rover models) to curb it effortlessly. Altogether the 95 is the ideal introduction for the family to swift, silent, and comfortable Rover motoring. *Basic price £998 plus P.T. £375.5.3. Total £1,373.5.3.*

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showed a seasonally adjusted deficit of £41 million last month; allowing for the built-in distortion this reflects broad balance on a payments basis. In the third quarter as a whole, however, there seems to have been a clear trade deficit, with an average crude gap of £53 million a month. For the second quarter, the balance of payments figures showed a small surplus, of £17 million over the three months together. But these payments figures, which are more meaningful in other ways, have so far not been seasonally adjusted; the Treasury hopes soon to issue an adjusted series, which will be more comparable with the monthly trade returns.

EXCHANGES

Euro-Dollars Will Survive

FOREIGN exchange markets continue to be reasonably stable, reflecting the better underlying balance that has been achieved in world trade and payments this year. Sterling has been in fairly good demand this week and the rate has remained at around $2.80¼. Demand for gold has reached moderate proportions at the daily fixing, but subsequent dealings have not been large and market activity is still well below speculative proportions. The dollar has weakened a little in the exchange markets, falling below 4.32 against the Swiss franc on Tuesday; but on Wednesday the decline was checked and the dollar was generally stronger on the continent. It remains at its support point in Paris, where the French franc was jolted only momentarily by the new political uncertainty. Almost unnoticed in the market has been approval by Congress of United States participation in the IMF Borrowing Scheme (the Paris lenders' club), which formally brings the scheme into being.

The most active topic of verbal speculation in the exchange markets is the effect on the Euro-dollar market of the new American law freeing banks in the United States from any restriction on the interest they pay on balances of foreign official holders. President Kennedy signed the bill this week, and New York banks are expected to raise their rates within a few days. In London the general view is that there will be no great drain from the Euro-dollar market. In the first place, the higher rates can be paid only to a restricted group of lenders—official bodies and those international institutions of which the United States is a member. This excludes a good number of international institutions which have large liquid funds to place, such as the Bank for International Settlements, the Coal-Steel High Authority and Euratom. And the weight of central banks in the Euro-dollar market is not nowadays very large. Some central banks may no doubt channel funds into the market indirectly, through commercial banks—but such funds are not eligible for the higher rates that may now be paid in New York. And some central banks, notably those behind the iron curtain, have special reasons for wanting to keep dollar deposits outside the United States whatever the terms.

The new rates to be offered in New York, moreover, are even now expected to be perceptibly below those available in Europe. Thus three months deposits are expected to be at 3½ per cent, compared with the current rate of 3⅝ per cent available in London. The big American banks are in fact not particularly anxious to attract funds at the moment. They are liquid enough, and can in any case acquire funds at the Federal Reserve at the re-discount rate of 3 per cent. Their participation in the Euro-dollar market, hitherto through their overseas offices, has sometimes been motivated by a desire to keep their hand in international banking rather than by any real need of additional funds. But other big American banks have begun to use the Euro-dollar market systematically as a supplementary source of funds. This limited modification of Regulation Q is unlikely to take much dollar business out of Europe: nor, *pace* Sir Charles Hambro, is it certain what effect a complete freeing would have. London bankers attending the Washington meeting of IMF last month were highly taken with a remark made privately by the most respected of international officials: "At last the most widely used currency in the world is in the hands of people who know how to use it."

WORLD BANK

The New President

CORRIDOR gossip in the Sheraton Park Hotel in Washington four weeks ago was rife about Mr Eugene Black's successor as President of the World Bank, but not a clue was vouchsafed, except that the announcement might have to wait until Congress had risen. So it has proved, and conceivably because the new president, Mr George D. Woods, was the subject of some Congressional controversy when he was proposed by the White House as head of the Agency for International Development a year ago. It is not that the World Bank appointment needs Congressional confirmation—as one American newspaper report has it, the Administration decided on Mr Woods as the US nominee (though only "after a long search and some internal tussling") thereby "assuring his selection by the bank's board of Governors."

If this is a somewhat stark way of describing the realities of Mr Woods's nomination, it would be equally relevant to add that this is not the boldest appointment among the *on dits* that were to be heard in Washington. Mr Woods has the needed banking background from his long connection with the First Boston Corporation, of which he is chairman. He has had an active role, too, in special missions on behalf of Mr Black, including the Anglo-Egyptian settlement after Suez. His appointment evidently assures continuity of policy, with little departure from the strict but necessary standards that Mr Black has laid down for the bank's business. But the bank is a youngster that has reached maturity already, as Mr Black showed so clearly in his leave-taking speech last month; his main text then was to find new resources for the International Development Association to take care of technically sound but "unbankable" projects in the developing countries.

To get this money in volume and to break individual donors of their addiction to bilateral aid will be a prodigious task for Mr Black's successors. It is unlikely that Mr Woods can do more than start it, notwithstanding his undoubted energy, for he is 61 and is bound to go in four years under the bank's rules. This explains why many observers had hoped for the appointment of a younger man with ten or fifteen years to give, as Mr Black has given, and of no less liberal outlook and banking equipment. It is naturally being suggested that Mr Woods is to act as a seat-warmer, perhaps for Mr Dillon. If this sort of thinking should gain currency among the bank's staff, it will not be for the good. The momentum that Mr Black gave to the bank now needs to be given to IDA. Mr Black's legacy is to have satisfied a series of investment risks by converting them into an impeccable bank portfolio. IDA's wide-open risks and the means of meeting them are bound to present an even greater challenge.

AIR FARES

The Last Hurdles?

Chandler, Arizona

IT seems that the conference on air fares here is likely to end next week. There are only two matters holding up agreement on passenger fares on the lines outlined on page 169 of last week's issue of *The Economist*. First Pan American and Scandinavian Airlines are still insisting on the need for a cut-rate fare for piston engined airliners to counter competition from Icelandic Airlines, with the object either of making life intolerable for Icelandic or forcing it into the IATA cartel. Although first reactions to this attitude were favourable, some European airlines have since had reservations, on the ground that the same weapon might later be used against them.

The second stumbling block is a proposal by several airlines to permit any three members of IATA to sell at a discount when necessary to meet competitive cutting of IATA rates by other operators. This idea is supported by the two British corporations, Pan American, Trans Canada and TWA. But it is opposed by a small group of airlines, led by Qantas, which fears the open rate competition that might result. Some compromise on both these issues seems likely, and the expectation is that the

intended fare increases will be approved and become effective next April.

There is, however, no hope of agreement on cargo rates, on which a second conference is expected later this year or early in 1963. There is a division between carriers who favour lower rates to attract new business and those who favour increased rates to squeeze more revenue from present customers. Seaboard wants to hold the line or to lower rates for larger shipments, particularly of 1,000 kilos and over. Pan American wants to lower the top weight dividing line to 500 kilos and to raise the rates for higher weight consignments. The object is to divert mores mall shipments from the consolidators, and into the belly compartments of jet airliners.

Much time has been taken up with airline malpractices and enforcement of IATA rules. Sir William Hildred lectured all the delegates in a long speech on this subject. Sir William has stayed aloof from discussion on fares and rates, but he has made it clear that the new czar to be appointed to replace the three-man commission that has hitherto dealt with breaches of the rules will sit in continuous session and have power to exact full penalties up to $25,000 and even to order expulsion from IATA. He also declared that the uses of airline "slush funds" have been rising as well as discount selling—the latter having reached "dreadful proportions in some parts of the world." Passengers and agents were being bribed and enforcement officers intimidated. It was notable that when Sir William finished his speech, some of the worst offenders were first on their feet to cheer.

HIRE PURCHASE

Financing the Financiers

The statistical fruits of the Radcliffe report of three years ago are still coming forth; the latest offering, included in the new and compendious monthly *Financial Statistics*, is an analysis of the financial structure of hire purchase companies, which also forms the basis of an article in this week's *Board of Trade Journal*. The new figures show that while the total of instalment credit itself was falling in the first half of 1962, the finance houses' other loans and advances rose slightly—from £108 million to £114 million. These advances are, probably mainly to finance dealers' stocks; but they also include loans for house purchase.

The finance companies' most important source of finance is deposits, which provide more than two-fifths of the total on average —and over three-fifths for the large companies. Future inquiries are to delve into the sources of these deposits. The biggest change in financing sources since the time of the Radcliffe inquiry has been the increased importance of discounted bills, which rose from £17 million in 1958 to £80 million at the end of 1961, but then dropped to £61 million in the next six months.

Another analysis shows the preponderant weight of the larger companies in hire purchase. This investigation covered 440 companies (and there are many more besides).

HIRE PURCHASE FINANCE
(£ million)

	End Dec., 1961	End Mar., 1962	End June, 1962
Certain assets:			
Instalment credit	674	652	652
Other advances	108	113	114
Trade investments	36	37	37
Other securities	5	4	8
Assets with other financial intermediaries	10	5	7
Total	833	811	818
Certain liabilities:			
Deposits	337	351	377
Bills discounted	80	72	61
Other (mainly bank) borrowing, net	179	165	152
Issued capital and reserves	148	148	148
Total	744	736	738

Of these, 236 had less than £50,000 of instalment credit outstanding in mid-1962, and they accounted for less than 1 per cent of the total debt. At the other end thirteen companies with assets of £10 million or more accounted for 76 per cent of the selected assets.

CHARITIES

Investment Pool

From the beginning of next year a common investment pool for charities, the Charities Official Investment Fund, will be established. It will work much like a unit trust. Participating charities will be allotted a number of "shares" in the fund proportionate to the value of the investments or cash they contribute to it. The fund has absolutely unrestricted powers of investment and a "growing future income" will be its aim. This implies that some switch out of fixed interest stocks contributed by the charities into equities (or real property) will be made and at the outset the charities may therefore experience a small reduction in income. How many will join is anyone's guess, but the Charity Commissioners expect an initial contribution of at least £5 million in investments and the fund may easily grow to £15 million in a short time. All charities can join the scheme but they can do so only by making their contributions through the Official Custodian for Charities. Charity trustees can put the whole of their trust funds into this pool (where they can, if they wish, arrange for any income to be reinvested) or they can put in part of them. In the latter case, the part so invested will be regarded as "special range" property for purposes of the Trustees Act; this will leave the charity trustees free to split the rest of their trust funds fifty-fifty between the "wider" and "narrower" range of trustee investments.

The fund will be run by those who already manage the funds of the Central Board of Finance of the Church of England and the Local Authorities Mutual Investment Trust. The charities fund is closely akin to the Central Board fund, which also has unrestricted powers of investments. It differs from LAMIT in two respects. First, LAMIT does not have completely unrestricted powers of investment. Secondly, the growth of LAMIT largely depends upon the flow of accumulating contributions to the local authorities' pension funds; the growth of the charities fund will largely depend upon the readiness of trustees to transfer investments to it and upon any future bequests to the participating charities.

WOLFRAM

Two-Pronged Pressure

In the case of wolfram, the bite of communist competition has proved worse than even its bark. Production in the West has been crippled almost before producers have been able to mount an effective campaign to persuade consumers of the alleged perils of relying on communist suppliers. The German and Austrian markets, for example, are said to have been lost almost entirely to Western producers without causing the protective reaction one would expect even for metals of far less strategic importance than wolfram, which is used in the manufacture of tungsten steels for armour plating and space missiles. But wolfram producers have no international mouthpiece through which to voice their warnings, and wolfram is a relatively small earner of foreign exchange for most producing countries.

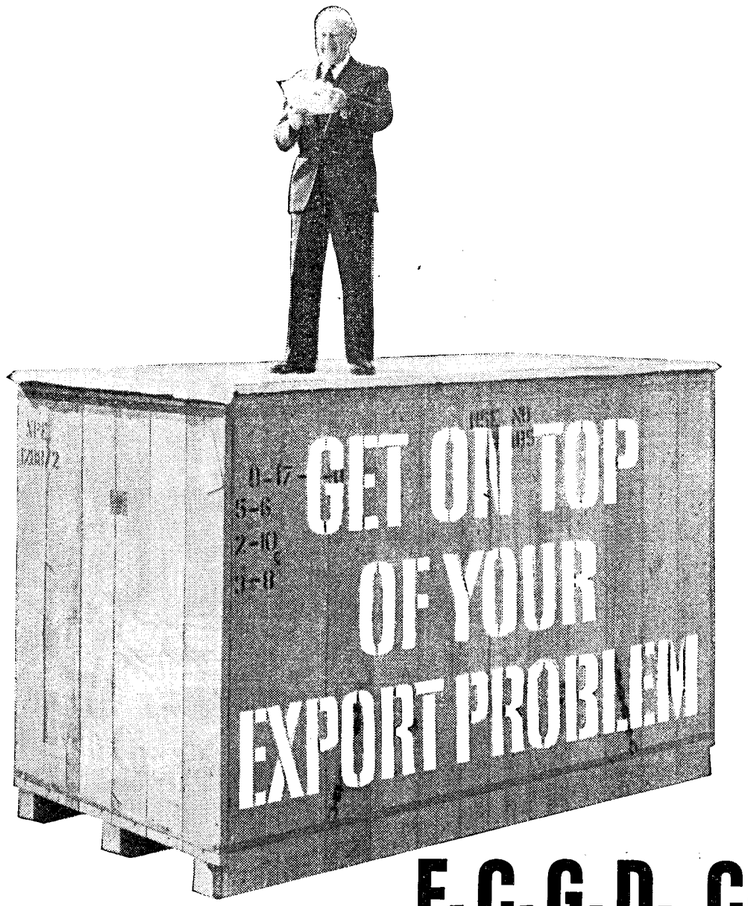
UK IMPORTS OF TUNGSTEN†
(tons)

	1960	1961	1962*
Western suppliers	5,719	5,479	2,923
Communist sources	1,078	1,148	1,107
Communist sources (per cent of total)	15·9	17·3	27·5

* January–August. † Ores and concentrates.

Government representatives from many Western producing countries recently met in London to discuss their problems, and this meeting could be the forerunner of a permanent international committee to watch over producers' interests. The slump in prices has cut Western mine production sharply, including that of Beralt Tin and Wolfram, which announced this week that one of the company's mines is to be closed and its whole mining output drastically curtailed. The slump is partly the result of recession in steel output, but though prices have fallen no further than in 1958, the relatively low prices throughout 1961 caused by communist competition have weakened Western producers and have removed the prospect of a swift recovery to a highly profitable level, though some mines are benefiting, and others hope to benefit, from reductions in export taxes.

Continued on page 298



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French Refrigerators Boil Over

Paris

THE discriminating customer for a refrigerator in France is in great danger of ending up with brain-fever.

Pleased with his Conord or Vedette washing machine, he decides on a refrigerator of the same brand . . . and becomes the owner of an Italian appliance sold under a French trade mark. More conservatively, does he settle for a Satan, an old-established French make, rejecting Frigeco of whose links with Thomson-Houston he is aware? A few details apart, he gets the same refrigerator. Is he a faithful customer of the department stores, with more confidence in their goods than in those shops specialising in household appliances? If he buys Frigal from Galeries Lafayette he is, without knowing it, buying the Pontiac refrigerator of Royal Corporation that he disdained elsewhere. There is a lower price on the label in the department store, but he can get a discount off the list price at the specialised shop; so the price, regardless of labels, works out the same.

The French refrigerator industry has developed in a curious manner in recent years: centralised at the production stage, diffuse at the distribution end. This diffusion is such, and the links between the actual manufacturers and the brands on the market are so numerous and fluctuating, that it is difficult to find one's way around. One thing, however, is certain: there are only three manufacturers of compressor units, the essential (and the only complicated) component of any compression refrigerator, and absorption refrigerators are disappearing in France. These three manufacturers are General Motors, Thomson-Houston and Claret-l'Unité Hermetique (Claret-Compressor Units). The first two, branches of big American companies, manufacture under their own licence. The third is an enterprise of modest origins, manufacturing the American Tecumseh design under licence. A fourth manufacturer, Kelvinator, whose components were previously manufactured in France, has now stopped production and will henceforth import compressors either from the United States or from Italy.

For a long time, General Motors and Thomson-Houston produced units for none but their own makes (Frigidaire and Frigeco respectively), while Claret supplied the rest of the market. But this has altered over the last six years. Before 1955, refrigerators were a luxury article, bought by people who set more store by a reputation for quality than by price. Since then, refrigerators have rapidly conquered the mass market and sales have enormously increased. French production since 1955 has soared in rapid development: 260,000 refrigerators in 1955, 375,000 in 1956, 575,000 in 1958 and 975,000 in 1961.

IT has not been the makes which have been longest established in France that have made this running, but rather the newcomers, playing for sales at any price. In the supply of compressors it is almost exclusively Claret which has benefited from this expansion: it now supplies three quarters of the French market. Not until two years ago did General Motors and Thomson Houston depart from manufacturing simply for their own use and decide to sell units for other brands of refrigerators. But their decision may have come too late.

Side by side with the traditional makes of refrigerator, new brands have rapidly expanded. Some are big household appliance firms which had previously sold not refrigerators but washing machines: Bendix (the Boussac group), Arthur Martin (cookers and heating appliances), and Conord (washing machines). These undertakings already had commercial networks in the household appliance field. On the other hand, firms outside the household appliance market, moved into it via the refrigerator: Frigeavia (a branch of the aeronautical company Sud-Aviation), Frimatic and Royal Corporation, for example. Some of these were financially strong enough to extend their activities to refrigerators without great risk: Bendix, Arthur Martin, Conord (which joined the CEM-Brown-Boveri group) and Frigeavia.

Others took risks. The outstanding example was Frimatic, a private company that expanded its factories to become the largest manufacturer of refrigerators in France (150,000 in 1960) cashing in on the feeling of affluence. While the market was expanding rapidly, all went well. But when a decline set in last year and was accentuated this year, the means gave out: three months ago the firm had to cease production. As Frimatic declined, Royal Corporation, a firm of similar structure, has expanded to become the biggest producer in France.

These meteoric rises and disappearances are one of the outstanding characteristics of the French market. A second is the great number of liaisons between makes. General Motors manufactures for Singer, Thomson for Electrolux, Royal Corporation for the various subsidiary brands sold in department stores.

The demise of Frimatic could set in motion a complete shakeup of the refrigerator industry in France. Claret, principal supplier and hence principal creditor, and also important shareholder (having been partially paid in shares), is taking over Frimatic. Is it doing so simply to reanimate the business and then sell it once it is afloat? Or with the idea of saving some of the money it is owed?

In taking over Frimatic, Claret has become the competitor of its customers. The commercial policy that it inherits requires a strong supply of ready money and continued expansion. Given the present state of competition on the French refrigerator market, will Claret succeed in re-establishing Frimatic without having to discriminate against its other customers for compressor units, some of whom are dangerous rivals of the make that it is trying to refloat? But if it discriminates, will it not drive certain of its customers towards other suppliers of compressors, especially Thomson Houston?

If Claret succeeds in refloating Frimatic, elevating itself to the same level as the three or four other big firms, competition between these may progressively eliminate the makers who do not produce their own compressor units. If it lacks the financial weight to support itself as well as Frimatic, it might come under the control of a big international household appliance enterprise. Finally, Claret may succeed in doing neither the one nor the other and pull out, abandoning its customers to the mercies—and profit—of the other manufacturers.

The problem is further complicated when seen in an international context. It is not so much the fact that General Motors and Thomson Houston are branches of American concerns: long-established in France, these act like French companies. But newcomers from abroad, importers such as Ignis from Italy and Bosch from Germany, or foreign investors such as America's RCA, and Philips, from the Netherlands, may take a hand.

The French administration, which always tries to avoid leaving any sector of the economy entirely under the control of companies whose basic decisions are taken abroad, consistently aided Frimatic and Claret to strengthen their position. Its first protégé has failed: but it may continue the policy. It could try to help Claret alone; the alternative might be attempts to bring that firm closer to the only French manufacturer that enjoys the support of a solid industrial concern (incidentally nationalised!), that is to say to Frigeavia (Sud-Aviation).

Continued from page 294

Communist exports to this country continued to rise in the first nine months of this year despite a further contraction in total imports of tungsten ores and concentrates. Their share of Britain's imports has risen from 16 per cent in 1960 to 17 per cent in 1961 and 27½ per cent so far this year. Russia appears to sell its own ore with a high manganese content, possibly keeping back Chinese ore which it is known to acquire for its own use. China has a selling agency in London, but supplies take about six weeks to arrive compared with a fortnight for Russian ore. But there has been an upsurge in imports of Chinese ore through Czechoslovakia which accounts for most of the recent communist gains in the British market. Wolfram has recently recovered from a low point of about 60s. a long ton unit to 84s. a unit. But demand is spasmodic for wolfram and business has faded once more. Communist sellers are as anxious as any to secure high prices for their exports, and Western production is now low, but the recent history of wolfram has been of rallies followed by renewed weakness.

AMMONIA

A Louder Whisper

WHEN the Dutch government announced earlier this year that large reserves of natural gas had been located in the province of Groningen, it was an open secret that they were much larger than stated. This has been confirmed: the reserves are now said to be 350,000 million cubic metres (equivalent to 450 million tons of coal) or more than twice the original estimate. The government has said that it does not intend to sell this gas cheaply to all customers and that only 25,000 m.cu.m. are being set aside to attract industries to Groningen which would not otherwise have been established there. One use for the gas could be as a raw material for petrochemicals, though the government has laid down that it would not in general be made available cheaply for this purpose. It has now been announced that an ammonia plant is being planned in Groningen.

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Two of the largest ammonia producers in Holland, Dutch State Mines and VKF in which Royal Dutch/Shell has a 40 per cent interest began to consider ammonia projects separately last July. More recently they have considered a joint project and have told the Dutch government that they would, in principle, be prepared to put up a plant. They have asked not to be included among the users of the special reserve, perhaps because ammonia production is such an obvious use for the gas that no inducement is required; perhaps, too, because the State Mines and Shell own, with Esso, the groups which discovered and will market the gas—there cannot be much advantage in buying the gas cheaply from themselves.

Dutch State Mines and VKF make a half and a quarter respectively of the country's ammonia production. According to "Nitrogen," this was 455,000 tons a year in 1961-62, of which 230,000 tons was exported. Any new plant must add enormously to this surplus; in order to achieve the necessary economies of scale, it would have to be of more than 150,000 tons a year capacity. Holland is already the best-fertilised country in the world (in terms of units applied per hectare); apart from land reclamation schemes there is little prospect of the market accommodating the new production. A new plant would therefore have to rely on exports, sold ultimately through the nitrogen export cartel, in a world market for nitrogen which is already extremely competitive and likely to become more so. Several companies are considering ammonia plants based on natural gas at sites between Morocco and Kuwait, and are rumoured to be talking of prices that will make the present depressed levels look fat.

DOMESTIC APPLIANCES

Holding Fire

SINCE Prestcold's surprise conversion to Rolls' direct selling methods the rest of the trade has been groping for appropriate counter-action. The retailers, directly threatened, are brandishing a proposed £100,000-worth of collective advertising, which looks a puny defence against the £1,750,000 which Mr Bloom plans to spend next year. It is the attitude of other manufacturers on which the dealers primarily rely: only Hoover has so far come out positively on their side, with a promise of "full co-operation in all aspects of aggressive sales activity"—though it would still rule out price cutting. Hotpoint last spring cut its dealers' margin from 25 to 22½ per cent and might not be sorry to see it forced down still further: at the moment, however, along with other manufacturers, it is sticking by conventional attitudes until the longer term results of the Rolls-Prestcold activities become apparent.

With Prestcold models selling 25-30 per cent cheaper than their equivalents, and an estimated 10,000 of them left in retailers' hands, other refrigerator manufacturers have little hope of pumping more into the still congested pipeline. A notoriously poor summer and the normal autumn withering of interest in refrigerators makes this anyway a poor moment for experiment. The real effects on the trade may not become apparent until next spring, by which time Mr Bloom may have launched his new model.

The seasonal improvement in washing machine sales has been less than was hoped for, though the experience of individual manufacturers varies considerably. Hotpoint is breathing hard down Hoover's neck and Rolls, with its overnight doubling of capacity, is an energetic third. Hotpoint reported greatly improved sales in August and September compared with last year, retail stocks having been thinned with the help of the reduced margin. Nevertheless the total number of machines sold at home by both manufacturers and retailers looks like being lower than in 1961. Exports in the first eight months of the year were worth 23 per cent more than in the same period of 1961, but the European market is tough on profit margins.

GAS TURBINE CARS

Will Chrysler Make It?

CHRYSLER has devoted more effort than any other company to developing a gas turbine that would be suitable for a car: and its experimental vehicle, as demonstrated at Silverstone last week, shows just how much nearer this goal the company has got than any British firm. It has sat down to think how a turbine can be made at a price competitive with a piston engine; concluded that this requires the use of cheaper metals and production techniques than are used for aircraft turbines; and then gone on to look for them. The result has been the discovery of three new alloys: two are based on iron, and though not containing expensive metals like cobalt, titanium and molybdenum, or large quantities of nickel, they are claimed to have the temperature resistance of alloys that do. One of these alloys is used for the combustion chamber and other parts made from sheet metal; the other for the turbine discs. The third alloy is said to acquire some characteristics of a ceramic at high temperatures and to need no lubrication; it is used for the seal between the hot and cold parts of the heat exchanger, in which the exhaust gas heats the air before it enters the combustion chamber.

So far as production techniques are concerned, Chrysler has made an equally startling development: it can cast the axial-flow turbines it uses in one piece, or cast the blades and the ring separately and weld them together. In neither case do the blades need machining. Axial-flow turbines are now produced by stamping out each blade separately, then mounting them on the ring. Chrysler estimates it can make a turbine for £8, compared with £40 by conventional methods; and if production was on a scale comparable to that of piston engines, the cost of the whole unit should be no higher and, eventually, might even be lower.

Improving the performance of the gas turbine is the other problem: it is slow to respond to the accelerator and has a high fuel consumption when running lightly loaded. Here again Chrysler seems to have made notable progress. Using variable-pitch stator blades at the stage before the power turbine has reduced the time lag between opening the throttle and obtaining full power from seven to 1½ seconds, and also improved part-throttle efficiency; and fitting a heat exchanger of 90 per cent efficiency has given a simple engine a fuel consumption comparable to that of a petrol engine—on full load. Chrysler quotes a consumption of 21 mpg at 52 mph, but is chary of giving figures relating to driving in traffic. The gas turbine now seems a commercial possibility for mass-produced cars, where it had previously appeared limited to sports or luxury vehicles. And Chrysler, whose share of the United States market has been falling over the last twelve years, has some incentive to risk launching this novel vehicle. Its smoothness, low maintenance costs, and ability to use a simple transmission and cheap fuels may be enough to establish its appeal even against the American V-eights.

DECIMAL CURRENCY

Pros for the Pound

GOG and Magog, resplendent and aloof at the back of the Guildhall, looked down last Friday on the conference on decimal coinage organized by the Chartered Institute of Secretaries. Their impassive air was reflected in the conference itself. This was no heated debate on whether Britain should or should not go decimal; the speakers accepted from the start the government position that some form of decimal coinage should be adopted unless the Halsbury Committee, due to report its findings early next year, discovers any serious practical or financial obstacles. The committee was not asked specifically to assess the intangible problems of a change in coinage—those of emotion, personal affections and prejudices, tradition and, not least important, the prestige of the pound symbol.

The main problem now is the selection of the most satisfactory coinage system. The 8s. 4d./penny system must be dismissed at once as unpracticable. Its only merit, as Mr A. H. Hughes pointed out in his discussion on the pros and cons of the various possibilities, is the exact transferability of prices at the twopenny breadroll, ninepenny ball-point level of purchase; and this is far outweighed by the inconvenience of converting all larger sums to pence, let alone multiplying by 2.4 every figure now given in pounds. The real contenders are the 10s./cent and the pound/cent system.

Currency and coinage in Britain cannot be a purely domestic affair, with so much of the world's business transacted in pounds sterling. The City has a strong case for retention of the pound; this was presented convincingly by Mr E. P. Jaggard, manager of the chief overseas branch of Martins Bank. Considering practical problems alone, the bother of multiplying by two all sums now in pounds cannot be disregarded. Most important, there would inevitably be some confusion and even cries of "devaluation," however misguided.

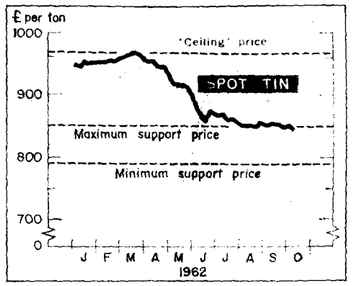
There is perhaps a growing feeling that, not only on the grounds of its indisputable international prestige and reputation, a system based on the pound has much to recommend it. At the practical domestic level the pound-based and 10s.-based systems have much in common. The 10s. system claims slight immediate advantage: greater ease in machine conversions and a smaller "smallest unit." In either case, however, an additional unit would need to be introduced temporarily as a fraction or decimal of the cent (worth either 1.2d. or 2.4d.). And apart from its traditional appeal, the pound may also be the best unit on the purely domestic side. The war and postwar drops in purchasing power have made a big difference here. If the housewife had to choose between the shilling or the pound, it might not be the "bob" which won the day.

TIN

Propped Up

SINCE the end of July, when the International Tin Council's buffer stock manager entered the tin market to stem the drop in prices, he has had to intervene with increasing frequency. As a result, spot tin settled at his upper support price of £850 a ton, while the fear that this price will not be maintained caused forward tin to fall to a discount. A similar stalemate has also occurred in copper, and zinc is thought to have been supported by producers. Three of the four metals traded on the London Metal Exchange have therefore been supported by producers or their agents, who have halted the decline in the price of these metals at a point some 10 per cent above their average in the previous recession year of 1958. Since the beginning of August, when tin was stabilised, the price of all four metals had scarcely altered until this week when the squeeze on readily available supplies caused by producer buying caused a sharp rise in zinc and spot tin which jumped to £856 a ton.

The drop in forward tin was touched off by last week's sale of American stockpile tin below $1.08 a lb. which some dealers had assumed might be the minimum price for successful tenders. However, the average of prices in the three principal world markets for tin was below that level, and the stockpile authorities sold a small quantity of tin at $1.07⅛ a lb to a buyer who pitched his bid up to the world level. The big steel companies are still content to place covering offers well below market prices in the cat and mouse struggle to obtain stockpile tin cheaply. Successive low bids by the important American manufacturers might possibly influence notions about future tin prices, and it will be difficult for tin to



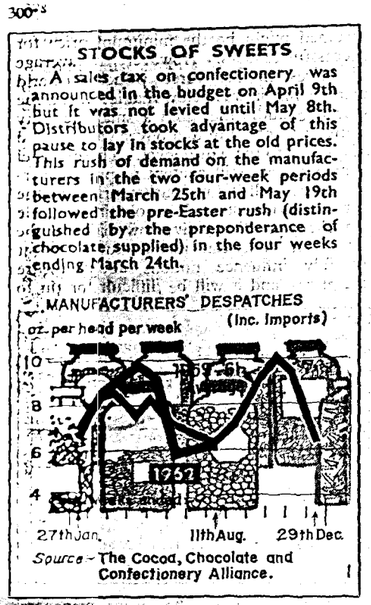
keep clear of the buffer stock managers' price prop so long as American consumers persist in their present policy.

Though stocks of tin have been run down in the first half of this year, demand and supplies in the second half might be nearly in balance. The availability of stockpile tin might be enough to forestall restocking. Production declined and consumption recovered in the first half of 1961 compared with the previous six months, when consumption was particularly weak and stocks of tin rose. Production in Thailand has been expanding steadily since the abolition of export quotas in 1960, but in Malaya output appears to have levelled out after its gradual climb in 1961. The big mining units in Malaya are influenced by potential prices several years ahead, and the sudden reverse in the price of tin might now be taking its toll. Production in Bolivia, Indonesia and the Congo declined after the end of 1961. But total production remained higher than in the corresponding period a year earlier, and since the end of export restrictions, output in the second half of the year has been higher than in the first half, particularly in Nigeria where there is a seasonal fluctuation caused by the high cost of conserving water used in tin mining through the dry season.

MATCHES

The Numbers Game

BRYANT AND MAY has increased its price from 2d. to 2¼d. (including 1d. excise duty) for a box of matches and made a slightly more than proportionate increase in the contents—from 38 to 48. Other members of the British Match Corporation



will soon follow suit. This means that instead of saving on matches, as in the past, the manufacturers are meeting rising costs by saving on boxes, labour and distribution: a more satisfactory solution for the consumer than the reduction in contents which has been the answer so far. The company itself felt that its customers' patience had been tried far enough when, after the surcharge introduced last year, the 40 matches in a box designed for fifty were cut down yet again, to a mingy 36. Only two more were added after the removal of the surcharge. The makers presumably feel free to start the numbers game again should costs continue to rise in the future. Timber and its transport have produced the biggest cost increases for the industry, but Bryant and May refuses to consider making what it regards as an inferior article, the Italian style waxed paper match.

The home market for matches is slowly declining, owing to the use of more permanent lighting devices; the decline was sharper than usual last year, when sales fell from 17.1 million units (of 7,200 matches each, a devious customs device) to 16.1 million. Imports were also affected but at 6.1 units were still the same in quantity, and therefore greater in proportion than they had been four years earlier. One favourite complaint is against the increased quotas permitted to Iron Curtain countries, which account for about a quarter of imports: their matches are said to be sold wholesale at less than the cost of British manufacturers' materials. Now the half-penny increase will give them a retail advantage too, in addition to the extra margin retailers have been able to take.

JUTE

Still Unsettled

JUTE has been chronically unstable because few countries produce the fibre and a volatile textile industry uses it. The main exporter, Pakistan, has in the past attempted to reduce jute acreage to obtain higher prices but has only exacerbated a famine which could have ruined the industry. But the low prices that have prevailed this year could produce a similar *imbalance in future seasons*. The new Pakistan crop is expected to be smaller than in the 1961-62 season, mainly because of reduced sowings, and next season's acreage might be lower still. Export prices are not necessarily reflected in the return to growers and if the new jute laws which came into force in Pakistan last month do no more than maintain internal prices at a level which more closely reflects export price levels they will benefit foreign consumers in the long run.

But currently these new laws are causing confusion. The leftovers of the previous crop can still be purchased below the more vigorously controlled export prices. In the middle of last season export price control was suspended, though minimum prices set for the season were maintained. But these minimums were raised in July, and the Pakistani authorities have reimposed export price control and are now making a determined effort to get higher prices. Jute manufacturers are extremely busy. In Dundee, orders on hand ensure a high level of production for several months ahead. Output has been high since May and is currently back to about the 1960 level. Demand has revived for all jute products. But reduced prices are thought to have induced buyers to replenish their stocks and it is not certain that the recovery will be enduring or that the high price of jute goods in 1960-61 have left no damage. Despite the high output in most jute manufacturing centres, therefore, doubts about the current level of raw jute prices persist. London Jute Association firsts have risen about £7 to £107 a ton since June, and manufacturers are anxious to see how effective the new laws, entailing stiff penalties for selling at less than authorised prices, will prove. There is currently no fear of a shortage of jute though Pakistan will not have a large surplus.

India has authorised the export of 200,000 bales of low-grade jute from last season though it normally has no surplus, but is asking prices equivalent to Pakistan export prices and so far has been largely unsuccessful in finding buyers. India is continuing to run its mills at maximum output though manufacturers' stocks are rising. So far Indian export prices for manufactures have also been maintained at a high level though they might now be lowered. Pakistan has doubled its consumption of jute in its new mills to about 1.6 million bales between 1957 and 1962 and is now breaking into the European market, particularly Germany, in competition with India.

MACHINE TOOLS

Cheapening Tape Control

THE Richmond tape-controlled drilling machine, introduced last month by Midgley and Sutcliffe, is claimed to be the cheapest numerically-controlled machine tool on the market: it sells for under £6,500, while the alternatives are said to cost around £11,000. This reduction in price has been obtained by using components of the standard Richmond drilling machine, itself a simple design, which are already in large-scale production, and adapting to them an existing tape-control unit—the British Airmec. The demand for this machine first arose in another company of the George Cohen group, making cranes: where production is in dozens, the conventional method of preparing a jig for each part that needs to be drilled is slow and costly—and the drill is only in action for about 25 per cent of the time. If it is tape-controlled, no jig is needed, saving the skilled labour used to make it and the investment it represents when stored for the production of further batches of the same part. And the drill can be in action for twice as long.

The attraction of the tape-controlled drill, in return for a cost about £4,000 more than that of a normal drill, is therefore that it saves skilled man-power and other investment where production in small quantities is concerned. The preparation for drilling is reduced to producing the punched tape that controls the drill, something within the abilities of a technician and comparable to the work of a draughtsman designing a jig; setting up the work on the machine requires little skill, and one piece can be put on the platform while another is being drilled. As the control system is non-electronic, the makers claim its maintenance is within the abilities of the average electrician.

SHORTER NOTE

Johannesburg Consolidated has applied to the Treasury for permission to transfer its residence for tax purposes from Britain to South Africa. In 1952 its application was turned down but earlier this year Union Corporation was successful on a similar reapplication.

COMPANY AFFAIRS
Comments on pages 304 and 305 on:
P & O — Decca
United Drapery — Charterhouse Group
Cammell Laird — Grayson Rollo
R. & W. Hawthorn — Leslie
British Electronic Industries
Astley Industrial Trust
International Distillers and Vintners

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 306 and 307

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 308

SAINT-GOBAIN

PARIS

(Glass, Chemicals, Paper, Petroleum, Atomics)

HIGHER GROUP SALES

The Annual General Meeting of Saint-Gobain SA was held on June 29th and the following are details of the report presented by the Board of Directors:

REORGANISATION

Two developments are particularly remarkable:

(1) Saint-Gobain absorbed those subsidiaries which were specialising in the hollow glass industry and which produced ware as separate companies until 1961.

(2) Since January 2, 1962, Société Produits Chimiques Pechiney-Saint-Gobain has been managing the chemical works of Saint-Gobain and of Pechiney.

TURNOVER AND CAPITAL

Turnover of Saint-Gobain's directly controlled units in France, Germany, Italy and Belgium amounted in 1961 to NF 1,214m. This turnover, less taxes and allowing for the alterations which took place in 1961, is about 7 per cent higher than the previous year and the turnover of the glass making units alone rose in 1961 to NF 790m.

The share capital of Saint-Gobain was increased from NF 387,597,075 to NF 521,950,800 in 1961. The capital was further raised to NF 626,340,900 in January, 1962.

Investments in new works amounted to NF 234.5m. and in shares and securities to NF 233.5m. Investments therefore totalled NF 468m. compared with NF 299m. in 1960.

Two new research centres were put into operation in France and two new laboratories were installed in Germany and Italy. Expenditure on research work amounted to NF 66.7m.

GLASS

The greatest increase in sales of polished plate glass took place in Spain, 31 per cent for polished glass and 48 per cent for "SECURIT" glass. The respective increases in France and Italy were 5 and 11 per cent.

As a result of transformation work and the temporary stopping of production units in France, window glass deliveries fell by 3 per cent, whilst production in Germany and Spain remained at about the same level and fell in Italy due to strikes. Important progress was made in cast glass: production rose in Germany by 20 per cent, in Spain by 15 per cent, in France by 12 per cent, in Italy by 10.6 per cent.

Sales of moulded glass also rose appreciably: in Italy by 43 per cent, in Germany by 20 per cent, in France by 8 per cent and in Spain by 9 per cent.

Glass insulation fibres made by the "TEL" process are meeting with increasing success amongst consumers. This welcome is proved by the increase in sales in Benelux of 30 per cent, in Italy of 25 per cent, in Germany of 23 per cent, in Spain of 20 per cent, in Switzerland of 17 per cent and in France of 4 per cent.

The new Isoverbel factory at Etten in Holland came into operation in the spring of 1962.

Exports amounted to 18 per cent of the turnover at the Rantigny works.

Saint-Gobain indirectly acquired a preponderant position in the German Company Grünzweig und Hartmann which is the most important producer of mineral fibres in Europe.

The French members of the Saint-Gobain group in the hollow glass industry increased their deliveries by 5.5 per cent while the Italian bottle works suffered from the effects of strikes during the last 4 months of the year.

REFRACTORIES, TELEVISION

Société Quartz & Silice, in which Saint-Gobain holds 61 per cent of the capital, achieved a turnover 9 per cent higher. Société Electro-Réfractaire, in which Saint-Gobain holds 53 per cent of the capital, raised its turnover by 37 per cent. Exports totalled 71 per cent of all shipments.

In the United States American-Saint-Gobain put into commission in May 1962 its glass works at Kingsport, Tennessee.

Compagnie Française de Télévision (common subsidiary of Saint-Gobain and C.S.F.) continued actively and successfully to develop the Secam television process.

CHEMICALS

Société Produits Chimiques Pechiney-Saint-Gobain, which for the past year has been responsible for the distribution and sales of chemical products made by the two mother companies, achieved an increase of 8 per cent in its turnover, whilst most of the various associated companies which manufacture chemical products made substantial progress.

ATOM, PAPER, PETROL

Société Saint-Gobain Nucléaire developed its activities considerably in research and other work, in particular at Marcoule, et La Hague and at Chinon. This company continues to co-ordinate the construction of the works at Mol in Belgium and to assist a Germany company at Carlsruhe in the construction of high radioactivity laboratories.

The paper-making group of La Cellulose du Pin, in which Saint-Gobain hold 57 per cent of the capital and at whose works at Facture the most important Kraft paper-making machine in France was installed, made remarkable progress and achieved an increase in turnover less taxes of 20 per cent over 1960.

Finally, the Compagnie de Raffinage Shell-Berre in which the subsidiary of Saint-Gobain, the Compagnie des Produits Chimiques et Raffineries de Berre, holds 40 per cent of the capital, refined 8.45m. tons of crude petroleum or 22.8 per cent of the total refined in France. Société de Pétroles Shell-Berre (in which Compagnie des Produits Chimiques et Raffineries de Berre holds 30 per cent of the capital) increased sales by 9 per cent to 5.38m. tons.

NET PROFITS

Net profits for the year 1961 amounted to NF 44,648,733 compared with NF 39,960,266 in 1960.

BANCO DE CREDITO DEL PERU

Head Office : LIMA

CONDENSED BALANCE SHEET 30th JUNE, 1962

ASSETS			LIABILITIES		
Cash and Funds available	S/.	1,042,525,691.81	Capital	S/.	100,000,000.00
Loans and Discounts	,,	2,543,660,465.68	Reserves	,,	175,374,028.73
Securities	,,	49,360,748.92	Deposits	,,	3,186,375,747.03
Securities held as Guarantee for Savings Deposits	,,	31,838,215.00	Exchange Operations	,,	627,111,206.59
Bank Premises, Furnitures and Fixtures	,,	71,800,001.00	Provisions and Sundry Creditors	,,	1,113,079,944.50
Exchange Operations	,,	629,817,187.16	Interest Collected, Commissions and other income	,,	199,024,821.34
Sundry Debtors	,,	841,758,158.91			
Interest Paid and Payable, Personnel Expenses, Taxes, etc.	,,	190,205,279.71			
Total	S/.	5,400,965,748.19	Total	S/.	5,400,965,748.19
Securities held as Collateral against Loans, and in Safe Custody	S/.	2,111,158,535.39	Deposits of Securities held as Collateral against Loans and in Safe Custody	S/.	2,111,158,535.39
Bills for Collection	,,	4,172,516,398.45	Deposits of Bills for Collection	,,	4,172,516,398.45
Mortgage Guarantees	,,	232,985,507.56	Mortgage Guarantees	,,	232,985,507.56
Debtors per Contra	,,	85,194,218.48	Creditors per Contra	,,	85,194,218.48
General Total	S/.	12,002,820,408.07	General Total	S/.	12,002,820,408.07

CENTRAL AND DISTRICT PROPERTIES LIMITED

The 28th Annual General Meeting was held on 12th October, 1962, in London, Mr. A. L. Ball, the Chairman, presided.

Summary of Results showing the continued and satisfactory growth during the past four years:

	1959 £	1960 £	1961 £	1962 £
ISSUED CAPITAL	2,895,616	4,798,516	4,798,516	4,798,516
NET ASSETS	6,792,960	7,885,263	8,257,313	9,206,934
NET RENTALS (less outgoings)	497,287	894,929	1,003,394	1,129,169
PROFITS BEFORE TAX	316,706	459,926	641,542	714,875
PROFITS AFTER TAX	172,343	268,459	371,299	441,768
NET DIVIDENDS	123,303	202,988	327,019	375,582

ACROW (ENGINEERS) LIMITED

ANOTHER RECORD YEAR

MR W. A. de VIGIER'S REPORT

The twenty-sixth annual general meeting of Acrow (Engineers) Limited was held on October 15th in London.

Mr W. A. de Vigier (the Chairman) presided and said:

It gives me great pleasure to be able to tell you that during the year under review your Company achieved new records in turnover and profits. Bearing in mind that these were achieved when the U.K. Engineering Industry's output was, to say the least of it, going through a very difficult and in many cases a declining period, our Executives and our staff are to be congratulated on their achievement.

From the accounts you will note that the consolidated trading profit for the year under review amounted to £910,626, an increase of £136,316 on the previous year. A final dividend of 23½ per cent on the Ordinary shares making 48½ per cent for the year is recommended by your Directors.

At a meeting to be held immediately following this one, your Directors will also recommend a bonus issue of one "A" share for every ten Ordinary or "A" Ordinary shares held.

By a determined effort—not without some loss of popularity—your Executives were able, for the first time in years, to hold rising costs. The result of this coupled with an intensive sales drive abroad is manifesting itself in the current financial year—our exports running already at 30 per cent above last year with a good prospect of a further increase.

Our best overseas customers have again been our Associated Companies which continue to make good progress except for Canada where we have decided to close the Works at Orangeville. Negotiations are afoot for Acrow Australia to become a Public Company. This will give our shareholders an opportunity to have a more direct stake in Acrow Australia. With regard to the Common Market, we are strongly placed irrespective of Britain's entry.

STEEL PRICES AND LOSS OF ENGINEERING EXPORTS

The rigid price policy of the British Steel Industry towards the Engineering industry is causing untold harm to British Engineering exports. It seems illogical that British steel producers are prepared to sell unfabricated steel at lower prices to foreign competitors than they are prepared to sell to engineering concerns in this country whose finished products could be exported thus producing more foreign currency and more work at home. Surely it should not be beyond the bounds of human ingenuity to devise a scheme whereby British Engineering Companies exporting finished products could be placed on an equal footing with their competitors abroad. It is incredible when the British Steel Industry is operating at only 75 per cent of its capacity that we should have lost substantial orders as a result of the inflexible price policy of British Steel producers.

To remain a step ahead of our competitors we are constantly striving to bring out new products of advanced design, mainly material and labour saving. There is not one of our fourteen divisions which is not going to bring out something new within the next six months. This has and is entailing your Company in considerable development expenses—a premium well worth paying as an insurance for the future.

During the year under review we suffered the loss of our Director, Brigadier Keith Thorburn, who has been on the Board since we became a Public Company, and whose guidance in the course of the years has helped us so much in our continued growth.

Except for unforeseen circumstances I see no reason why we should not have another record year and maintain at least the present rate of dividend on the increased capital.

The report was adopted and, at the subsequent extraordinary general meeting, the one-for-ten bonus share issue, as recommended, was approved.

THE ENGLISH, SCOTTISH AND AUSTRALIAN BANK

STEADY DEVELOPMENT OF WIDESPREAD ACTIVITIES

The seventieth annual general meeting of The English, Scottish and Australian Bank, Limited will be held on November 7th in London.

The following are extracts from the circulated review of the chairman, **The Hon David F. Brand:**

Australia's economic situation during the year under review has been passing through a period of uncertainty following the Government's restraint of the boom that had developed late in 1960 but the economy now appears to be recovering, even though slowly, aided by the Government's endeavours to inject a measure of growth and vigour to replace the general lack of confidence that had arisen.

Although Common Market negotiations have clouded the outlook, there are no signs of undue pessimism about the outlook generally in Australia. Excessive optimism has been tempered in the past year or two but progressive utilisation and development of natural resources and carefully planned expansion in many fields of national activity are fully expected to add strength to the Australian economy.

The Consolidated Profit and Loss Account shows the Group's profit for the year to be £691,639, the improvement of £164,850 being largely due to the increased earnings of our hire purchase subsidiary, Esanda Ltd., and the profitable operations of our newly formed subsidiary E.S. & A. Savings Bank Ltd., and of E.S. & A. Managed Investments Ltd. (formerly E.S. & A. Federal Trusts Ltd.).

Esanda's result for the year is considered to be satisfactory in view of the continued difficult trading conditions, with business offering being lower than could have been handled, throughout the year.

Our newly formed Savings Bank has been most successful and its results so far have exceeded our expectations.

During the latter half of the financial year, over-the-counter sales of "Scottie Units" were commenced at all offices of the Bank throughout Australia, and this convenient and speedy method of facilitating sales of units in the investment trusts managed by our subsidiary, E.S. & A. Managed Investments, Ltd., proved to be popular with our customers.

The net profit for the E.S. & A. Bank Ltd., itself was £346,216 compared with £356,385 for the previous year. The lower net profit reflects to some degree the effect on a full year's operations of the smaller margin between interest paid on term deposits and interest earned on overdrafts, following the sharp increase in term deposit rates in November, 1960.

From the Bank's profits, an appropriation of £62,000 has been made to cover the Bank's contribution to the Officers' Provident Fund and a further appropriation of £122,500 was made to provide for the interim dividend of 4 per cent., less United Kingdom income tax, paid on May 31, 1962. The Directors now recommend a final dividend of 5 per cent, less tax.

With the various subsidiaries, to which I have referred, the Group is now able to offer its customers a full range of every type of Bank and finance facility, and I look forward to the steady development of all these activities.

SCRIBBANS-KEMP LIMITED

The thirty-fifth annual general meeting of Scribbans-Kemp Limited was held on October 11th in London.

In his circulated statement the chairman, **Mr F. N. Martin, FCA,** said that the year to March 31st last turned out a good deal better than his forecast of a year ago. He was glad to say that the improvement was well maintained in the current year.

Mr Martin continued: A notable contribution to our profits is made by the Sugar Confectionery division. Unfortunately this side of the business fell a victim to the w 15 per cent purchase tax imposed in this yes budget. The effect was immediate and seve but our confectionery business proved resint and adaptable, and a good recovery is alrdy under way, but the tax is bound to affect t profits of the current year.

Mr Martin added that chdate business suffered even more severely, ing relatively high priced products. They foed a substantial proportion of their total buit sales and unfortunately had not so famade much recovery.

Their cake businesses sufferdfrom intense competition but there was a good improvement so far this year.

"Our two recent acquisitions, Budgetts of Bristol and Hughes of Liverpool," said Mr Martin, "both exceeded our expectations."

After commenting on the Group's retail and export trade, Mr Martin said: We should regard an entry by Britain into the Common Market as holding good possibilities for us and we are actively preparing to exploit them.

Mr Martin concluded: We feel we may be confident as regards the future—a confidence which the current year's results so far would appear to justify.

STERLING CABLE COMPANY LIMITED

MR JAMES S. CLARK ON HIGHLY COMPETITIVE CONDITIONS

The fourteenth annual general meeting of Sterling Cable Company Limited was held on October 18th in London, **Mr James S. Clark** (chairman and managing director) presiding.

The following is his circulated address:

Ladies and Gentlemen,

I have pleasure to submit the Report of the Directors and the Accounts of the Company for the year ended March 31, 1962.

The optimistic opinion expressed in November last year on trading results for the year ending March 31, 1962, proved to be fully justified.

THE YEAR'S RESULTS

The Group trading profit, before tax, was £171,455 (1961 £70,468) to which has been added exceptional credits of £10,807 (1961 £2,635). No provision has had to be made in this year's Accounts for United Kingdom Schedule "D" income tax since the Company has undertaken to make certain payments under a subvention agreement, with other members of the A. C. Cossor group, which will have the effect of cancelling out any assessment on Sterling's profits for the year to March 31, 1962.

The only tax charged to the Accounts is an amount of £1,032, under Schedule "A," after which the balance of £181,230 (1961 £40,613) is left for appropriation. Out oiis we have transferred £12,000 to a taxat equalisation reserve, paid £41,828 to other nbers of the Cossor group under the subventicrrangements referred to above, provided £5, for preference share redemptions and £5,9for the preference share dividend.

Your Directors are recommendan ordinary dividend of 7½ per cent less twhich will absorb a further £19,845 which /es £80,650 to be added to the unappprated profit brought forward from last yea The total amount then carried forward next year's account is £159,664.

DEVELOPMENT OF EXPORT RKETS

Our intake of orders continuedı high rate throughout the year and we insed output by more than 20 per cent. ; increase, coupled with greater efficiency, duced the improved trading results now befcou.

Our export turnover has expancn proportion and we fully expect to increais side of our business still further if the pıt negotiations with the Common Marketntries are satisfactorily concluded.

We have provided the cabling sary for a variety of sophisticated process cd projects in various parts of the world and continued experimental work in the field of ja-physics has met with considerable success.ders have been received from many countriesıding the U.S.A.

This is a continuously developndustry; the great chemical undertakings ıe world constantly bombard us with new ials each having characteristics, electrical or mechanical, which indicate an advance on their predecessors. The ability to take advantage of these advances depends on a constant rhythm of research and development which is increasingly expensive. Price and delivery, therefore, are not the only factors in world competition.

We are now undertaking a major plant development and I hope to be able to tell you next year of its successful completion.

CURRENT YEAR'S PROSPECTS

Whilst we have not entirely escaped the effects of the recent credit squeeze, we are quietly optimistic about the results of the current year's trading.

I would like to have reported that our industry had fully recovered from the chaotic conditions of 1959-60. Unfortunately, this is not the case. Profit margins still do not adequately reflect the great amount of effort and expenditure necessary to keep your Company in the forefront of cable making. In fact, certain types of cable in demand in the home market are sold at prices little, if anything, above cost.

I can only express the continued hope that common sense and goodwill will prevail in the long run, and so increase the profitability—greater amounts can then be spent on research and development.

I have great pleasure, once again, in expressing to my colleagues, our staff and operatives, my warm appreciation for the notable way in which they have demonstrated their efficiency and goodwill.

The report and accounts were adopted.

APPOINTMENTS

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for (a) Lectureships or (b) Assistant Lectureships in Economics. Appointments on secondment will be considered. Salary scales: (a) Grade I, £1,880 x £80 — £2,200 p.a.; Grade II, £1,450 x £70 — £1,800 p.a., (b) £1,200 x £50 — £1,350 p.a. Passages to Salisbury for appointee, wife and dependent children on appointment, with allowance for transport of effects. Installation grant of £100 in addition for persons recruited from outside Africa. Superannuation and Medical Aid Schemes. Unfurnished accommodation at rent of 15 per cent. of salary. Assistance given for triennial visits overseas. Detailed applications (six copies) naming three referees by November 16, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29, Woburn Square, London, W.C.1, from whom further particulars may be obtained.

MAKERERE UNIVERSITY COLLEGE—EAST AFRICA

Applications are invited for a Resident Tutorship in Department of Extra-Mural Studies. Appointee will work initially in Buganda, based on Kampala. Salary scale £1,350-£2,151 p.a., entry point determined by qualifications and experience. F.S.S.U. Child Allowance £50 p.a. per child (maximum £150 p.a.). Passages for appointee and family (up to five adult passages) on appointment, termination and leave (three months every 21 months). Part-furnished quarters at low controlled rental or housing allowance in lieu. Detailed applications (six copies) naming three referees by November 22, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

UNIVERSITY OF AUCKLAND

NEW ZEALAND

SENIOR LECTURESHIP IN ECONOMICS
SENIOR LECTURESHIP IN ECONOMIC HISTORY

Applications are invited for the above-mentioned posts.

The salary scale is £1,750 rising to £2,000 per annum, commencing salary being determined in accordance with qualifications and experience. An allowance is made towards travel and removal expenses.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in New Zealand and London on *November 30, 1962.*

UNIVERSITY OF BELFAST

LECTURESHIP OR ASSISTANT LECTURESHIP IN POLITICAL SCIENCE

The Senate of the Queen's University of Belfast invites applications for a Lectureship or an Assistant Lectureship in Political Science from January 1, 1963, or such later date as may be arranged. For a Lectureship it will be an advantage, but not essential, to have a special interest in Public Administration or the Government of Northern Ireland. Salary scales are £1,150 to £1,950 plus contributory pension rights under the F.S.S.U. for a Lectureship, and £900 x £50 to £1,050 plus F.S.S.U. for an Assistant Lectureship. Initial placing on the salary scale will depend on qualifications and experience. Applications should be received by *November 17, 1962.* Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary.

UNIVERSITY OF YORK

DEPARTMENT OF ECONOMICS

Applicatio invited for the post of Lecturer in ies, from October, 1963, to assist with radiate and undergraduate teaching pro. Interest in research into problems of finance, fiscal policy and related spec would be an advantage. Salary withiıecturer's scale according to experience alifications.

Four copiapplications, naming three referees, shosent by November 17th to the Registraersity of York, the King's Manor, York whom further details may be obtained.

For furtbointments and other classifiedtisements see pages and 311

UNIVERSOF KHARTOUM

Applicationvited for (i) Senior Lectureship or Lectin English and (ii) Senior Lectureship Ceship in German.

Salary Scales

Senior LecS2,052 x £S75 — £S2,127 p.a.

Lecturer, £: £S75 — £S1,977 p.a.

Generous es payable. Passages for appointee anc on appointment, termination and anm. There is a superannuation scheme. ngements can be made to maintain F.S.icies. Direct appointment on contract nfor five years with possibility of reteecondment welcomed if possible). Led accommodation provided at rent g rates) up to 7½ per cent. of salary.

Applicationspies) detailing qualifications and expnd naming three referees by November , to Registrar, University of Khartoum.er-University Council for Higher Educaseas, 29, Woburn Square, London, W.C

HERTFORD COLLEGE, OXFORD

The College proposes to elect an OFFICIAL FELLOW in ECONOMICS to take up his duties as from October 1, 1963. Applications and enquiries should be addressed to the Principal, and should reach him not later than Friday, November 30, 1962.

MONASH UNIVERSITY

MELBOURNE, AUSTRALIA

Monash University invites applications for appointment to the following positions in the Faculty of Economics and Politics:—

LECTURER OR SENIOR LECTURER IN ECONOMIC HISTORY

The courses offered in Economic History cover Australia, United Kingdom, U.S.A., Asia and Russia. The Faculty is particularly interested in applicants whose field of work includes Russian economic history and growth.

LECTURER OR SENIOR LECTURER IN ECONOMIC STATISTICS

Courses in Economic Statistics are given over all years of the degree and include most aspects of economic statistics.

Salary scales:—

Senior Lecturer: £A2,480-£A3,000 per annum.

Lecturer: £A1,660-£A2,450 per annum, with superannuation provision on the F.S.S.U. basis.

General Conditions of Appointment may be obtained from the Registrar of the University or from the Secretary, Association of the Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Enquiries concerning details of proposed courses should be addressed to Professor D. Cochrane, Dean of the Faculty of Economics and Politics.

Applications close in Australia and London on *November 30, 1962.*

COMPANY AFFAIRS

Apart from very heavy dealings in Forte's shares thLondon stock market has had a quiet and uncertain week. The large amount money tied up in the Forte's issue had some effect on the volume of trading ile company news has given little encouragement to investors. Over the week HE ECONOMIST *indicator fell by 4½ points to 329.7. After consolidating theirecovery last week gilt-edged stocks turned dull except for the long stock Treasy 5½ per cent 2008-12 but prices rose sharply on Thursday afternoon on the ne that the £500 million tap had come to an end. The P & O dividend statemt gave a much needed boost to shipping shares.*

P & O's Dividend Picy

FROM a low point of 17s. 6d. in August the £1 shares of Peninsular and Oriental Steam Navigation had risen to 24s. by the middle of this week, and on Thursday they gained a further 3s. 9d. Optimistic investors who disregarded the slump in profits, the dividend cut and the chairman's gloomy forecast but looked at the group's massive assets (equivalent to 112s. 8d. a share), have been proved right. For shareholders who may have doubted whether even the reduced dividend of 6 per cent could be held there is ample reassurance, for with a maintained 3 per cent. interim comes the forecast of a total dividend of 10 per cent for 1962.

This does not point to the end of the shipping slump; indeed profits for the current year are not expected to cover the expected depreciation charge of around £15 million. Rather it reflects the reinforcement of cash resources as the rebuilding programme nears completion. These resources together with the cash flow should in the directors' view enable P & O to maintain the 10 per cent dividend rate in the foreseeable future without "impairing the ability of the company to compete effectively and profitably in its shipping business when trading conditions improve." This policy, which the directors point out would allow stockholders "more benefit than they have now from the asset backing of their investment," will be welcomed, and it is one that other companies well-endowed with cash but facing similar difficulties might consider following. But if it can be introduced now, was it really necessary to cut the dividend so savagely back in February?

Shareholders are also told that the directors are considering the "profitable development of the company's activities outside shipbuilding where there is scope," but in view of recent speculation about the group's properties it is as well that they make it clear that this is "not a field where any substantial potential exists." The £1 shares, which on the forecast dividend offer a prospective yield of 7½ per cent, are in the view of the directors "substantially undervalued by any criterion except that of current return." Their new dividend polishould help to remedy this. But now thaie initial adjustment to a 10 per cent dend has been made, P & O must be seemply as an income stock. There will bo equity in it until there are clear si of a major revival in shipping.

Shipilding Shares

FACED wit scarcity of new orders and a sharp wth in excess capacity the shipbuildingustry may provide a fruitful field for thowho try to pick out future take-over prcts. This is suggested by this week's by Cammell Laird for its Merseyside shbour, **Grayson Rollo & Clover.** Thgotiations were kept a close secret and Grayson shares were close to their lowat of 2s. 9d. before the bid and improve 3s. 10½d. after it had been announced. e bid by Cammell Laird of one 5s. sh now quoted at par, plus 3s. 6d. in cor every two 2s. 6d. shares in Grayson orth 4s. 3d., compared with a peak of 6s959-60. Then the directors were payinfortably covered dividends of 15 per cut for 1961-62 the payment was cut to er cent and even this meant drawing oerves. As Cammell Laird has forecasaintained dividend of 10 per cent Grayshareholders are offered an increase of hird in dividend income and a cash pnt besides. Moreover, a holding inmmell Laird provides them with a wipread of interests—particularly in steough this is of limited worth at the mor Cammell Laird equity will be dilutedull acceptance will result in an additio14 per cent to its ordinary capital. Ie acquisition should produce economiesugh the merging of the ship-repairing sinesses, particularly as Grayson'syard has recently been extended andernised.

Anotheinder of the depression in shipyards from **R. & W. Hawthorn Leslie** ofside, whose net profits for the year t June were more than halved from £64 to £307,000 even though its shipyard arine engine works have both been "rbly busy." Thanks to the directorsservative dividend policy in more prds years the cut in dividend

has not been sharp and the payment of 20 per cent, against 25 per cent, is covered 1¼ times, against the earlier three to four times. But there must be some doubt whether this lower payment can be maintained in the future and the 10s. shares at 17s. 4½d. yield as much as 11½ per cent.

Decca

THE stock market was mistaken about the outcome of Decca's results for the year to end-March for on Tuesday ahead of the announcement dealers marked the 10s. ordinary shares down by 1s. 6d. and the "A" shares by 1s. They had to revise their opinions swiftly in face of a sharp increase in profits and a higher dividend of 25 per cent. The recent results of Pye and EMI may have raised some doubts; but these companies have a big stake in the depressed markets for television sets and domestic appliances while Decca still appears to be adding to its share in the highly competitive record market. As the table shows, the group's profit margins have risen, even though the results reflect no benefit from the rearrangement of purchase tax in this year's Budget. This could help the current year's margins, for not all the tax reduction was passed on to consumers by the record manufacturers.

Years to March 31	1960 (£'000s)	1961 (£'000s)	1962 (£'000s)
Sales	25,200	24,500	27,600
Trading profit	3,468	3,796	4,482
Depreciation	1,020	1,134	1,209
Interest	246	313	303
Taxation	928	1,083	1,448
Net profit	1,238	1,227	1,482
Ordinary dividend	601	601	643
Ordinary Dividend (%)	$23\frac{1}{2}$	$23\frac{1}{3}$	25
Trading profit/sales	13·8	15·5	16·2
Net profit/sales	4·9	5·0	5·4

Apart from gramophone records, whose total UK sales in the 12 months to end-March for the industry as whole rose from £15.1 million to £16.4 million, it seems likely that Decca's navigator and radar subsidiaries also earned higher profits. Now with the ordinary shares at 77s. and the "A" shares at 76s. 3d. the respective yields are no more than 3⅛ and 3¼ per cent. These are justified by the results but the going, at least in records, is likely to be tougher in the future.

British Electronic

AT last year's annual meeting of British Electronic Industries (formed by the merger of Pye and E. K. Cole two years ago) the chairman, Mr C. O. Stanley, was cautious about the outcome of trading in the year to March 31st last. The actual results came as a shock and if, as Mr Stanley claims, they were "very much in line with those anticipated" shareholders must wonder whether they were given adequate warning. The dividend has been cut from 15 to a nominal 2½ per cent; but this entails drawing on reserves, presumably

because the directors wish to maintain trustee status for the shares. After tax the group made a loss of £155,000, against a net profit of £492,000, while the loss attributable to BEI after payments to minority interests was £290,000, against a profit of £291,000. The depression in the television market is reflected in the fall in Pye's own net profit from £780,000 to £488,000 and in the increase in E. K. Cole's net loss from £438,000 to £768,000. The setback would have been sharper but for profits on BEI's non-domestic interests (which include scientific instruments, electronic equipment and telecommunications). These, Mr Stanley says, were well up to expectations and were more than enough to cover the "usual" dividend, which in 1960-61 absorbed £660,000 net. Income from trade investments (which include Associated Television and British Relay) was higher at £401,000 and the higher overseas tax charge of £227,000 points to profitable trading by some of BEI's overseas subsidiaries.

At the end of March, 1961, the group held over £19 million in stocks and its net bank overdrafts amounted to £8 million. The 1961-62 figures suggest that there has been little change in the level of overdrafts, for bank interest has fallen only slightly from £783,000 to £764,000, while other loan interest has risen sharply from £326,000 to £515,000.

The shock occasioned by these results is softened by the forecast of better prospects, based largely on the Government's decision to go ahead with 625-line television which, says Mr Stanley, has opened up a future of "enormous possibilities." After falling to a new low of 7s. 6d. the 5s. shares have recovered to 9s. to offer the nominal yield of 1½ per cent.

United Drapery Stores

AT 44s. 9d. xd the 5s. shares of United Drapery yield 3.4 per cent, compared with the 4.1 per cent offered by the 10s. shares of Debenhams. United Drapery's lower yield is justified by its superior profit record; while Debenhams' trading profits fell by 2 per cent in the year to end-July, those of United Drapery for the six months to that date rose by 5¼ per cent to £4,902,000. There is also the prospect of a "satisfactory increase" in its full year's profits for, as with Debenhams, the directors report higher sales in August and September. The interim dividend has been maintained at 10 per cent and the favourable forecast enhances the prospect of a higher final payment which was pegged at 20 per cent for 1961-62 in deference to the Chancellor's request for restraint.

Yet the interim results suggest that any increase in dividend may well be at the cost of reducing the earnings cover of 1¾ times. While trading profits rose by 5¼ per cent little of the increase filtered through to net

available earnings which were just over one per cent higher at £2,122,000. The directors say that expenses have continued to rise. Profits were also kept down by a smaller credit from hire purchase provisions and higher depreciation and interest charges. Unfortunately there is no indication with the interim statement whether Whiteley is now making profits again after its reorganisation. In all, there is nothing in these results to suggest that if a bigger final dividend is declared an appreciable rise in the shares would be justified.

Hire Purchase Shares

HAVING made a net loss of £94,000 for the year to end June and cut its dividend in two years from 16 to 5 per cent **Astley Industrial Trust** is looking forward to a "substantial improvement" in the current year. The chairman, Sir Stanley Bell, is "more than hopeful" about this but shareholders may be left wondering about his assertion that Astley has emerged from this period of "disastrous events" with a "clean slate." Sir Stanley puts the blame for the troubles of the past two years on the severe competition which followed the relaxation in controls in 1959, the fall in second hand car prices, difficulties in collecting defaulting accounts through the courts, the Treasury's tardiness in reducing Bank rate and the "greater entry of certain types of customers into consumer credit, particularly of vehicles." This has coincided, Sir Stanley says, with an "irresponsible attitude by increasing numbers of hirers to their obligations under agreements." The courts too come in for their share of blame for "decisions which indicate that however much it might apply to a cash buyer, the rule of *caveat emptor* has no fear for hirers."

Since these dreary results were published the 5s. shares have gained 2s. 3d. to 15s. 3d. xd but this rise has been inspired largely by hopes that if the National Provincial is successful in its bid for the District Bank it will in turn make a bid for Astley, in which District holds a minority interest of about 30 per cent.

Another indication that better things are in store for hire purchase companies has come from the **Charterhouse Group,** on whose profits the hire purchase subsidiary, Charterhouse Credit, has acted as a drag in the last three years. Last year the group paid a single dividend of 6 per cent but the interim dividend for 1962 has been restored to the 1960 level of 4 per cent and a similar final payment is forecast. The directors say that the hire purchase company will make a further loss this year but that it will be "substantially less" than in 1961 and forecast "materially greater profits" for the group as a whole. The prospects of recovery are reflected in the share price of 28s. 1½d., compared with a low point of 21s. earlier this year, to yield 5¼ per cent on the indicated dividend.

International Distillers and Vintners

GILBEY shareholders must be well satisfied with the short-term results of their association with the rapidly growing United Wine Traders group, for the forecasts made by the UWT directors at the time of the bid for Gilbeys have been well beaten. Not that these were conservative, for they pointed to a dividend increase from 60 to 100 per cent and a rise in profits before tax from £675,000 to £1 million. These were based on a full year's profits but the group, newly named International Distillers and Vintners, has brought forward the end of its financial year from June 30th to May 31st. So the latest results for 11 months show that UWT earned a profit of £1.2 million and is paying a dividend of 110 per cent (equivalent to an annual rate of 120 per cent). This reflects UWT's success in association with the Paddington Corporation in selling its J & B Rare whisky, in parts of the United States. It remains to be seen whether a sales campaign in other areas of the United States or in Europe will prove such a roaring success.

By contrast Gilbeys' profits performance is again disappointing, for against a forecast of "slightly in excess of £1 million" for the thirteen months to end January pre-tax profits amounted to £1.1 million in the 17 months to end-May. But the directors say that February to May are always poor trading months for Gilbeys and that £65,000 from the big pre-acquisition element in the profits has been written off. While Gilbeys' profits, which are made largely on gin, remain static they provide a useful base for the profits of the IDV group as a whole and if vodka drinking catches on in this country Smirnoff could perhaps do for Gilbeys what J & B Rare has done for UWT. With the results came the announcement of a massive capitalisation in which each 1s. share is to be written up to 5s. This is to be followed by a one for one scrip issue and the combined operation will raise the issued capital from £799,000 to £7,986,000. Having gained 2s. 9d. to 39s. 6d. the 1s. shares yield 3 per cent.

THE ECONOMIST INDICATOR

(1953 = 100)

1962	Indicator	Yield %	1962 High	1962 Low
Sept. 12	326·6	5·25		
,, 19	326·1	5·28		
,, 26	325·1	5·29		
Oct. 3	333·8	5·16	364·1 (Jan. 17)	310·3 (June 27)
,, 10	334·2	5·16		
,, 17	329·7	5·29		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Oct. 11	275·8	5·65	5·61	10,652
,, 12	275·5	5·65	5·58	10,948
,, 15	275·9	5·65	5·58	13,006
,, 16	275·0	5·67	5·60	10,678
,, 17	274·4	5·68	5·60	12,204

High, 310·2 (Jan. 19). Low, 252·8 (June 25)

† July 1, 1935 = 100.

STOCK PRICES AND YIELDS

LONDON : NEW YORK : FRANCE
GERMANY : HOLLAND : ITALY
BELGIUM : SWEDEN : NORWAY

Prices, 1962 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 10, 1962	Price, Oct. 17, 1962	Net Red. Yield, Oct. 17, 1962§	Gross Red. Yield, Oct. 17, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½% 1962	100.3.8	100.2.11	3 9 3	3 9 3
99⅜	96 3/16	Exchequer 3% 1962–63	99 5/16	99 11/32	2 4 6	4 0 4 l
100 11/16	98½	Conversion 4¾% 1963	100½	100 15/32	1 4 2	4 0 1
98 3/16	93 5/16	Exchequer 2½% 1963–64	98 1/16	98	2 17 11	3 16 9 l
100 13/16	97 1/16	Conversion 4½% 1964	100⅝	100 9/16	2 9 7	4 2 10
99 25/32	99 21/32	Treasury 5½% ......Asst'd. (n)	99 21/32	99 9/16	2 14 11	4 5 1
99 9/16	99 7/16	Treasury 4% 1965	99 7/16	99 7/16	2 13 6	4 5 3
96⅞	90 11/32	Savings Bonds 3% 1955–65	96 17/32	96 7/16	3 1 8	4 6 11 l
103 11/16	98 3/32	Exchequer 5½% 1966	103 5/16	103 3/16	2 6 8	4 9 8
92⅞	85	Savings Bonds 2½% 1964–67	92 13/32	92 7/32	3 8 2	4 8 4 l
103⅞	98	Exchequer 5% 1967	103½	101 9/16	2 13 6	4 11 2
93 13/16	83 5/16	Funding 3% 1966–68	93¼	93¼	3 4 0	4 9 3 l
95 1/16	84⅞	Conversion 3½% 1969	94½	94¾	3 2 2	4 10 11
92½	82⅝	Funding 3% 1959–69	92*	92¼	3 3 5	4 7 10 l
98¾	92¼	Victory 4% 1920–76	98⅜	98⅝	2 14 2	4 6 2‡
90⅛	78 15/16	Savings Bonds 3% 1960–70	89½	89⅝	3 7 9	4 13 0 l
103 7/16	90 9/16	Conversion 5% 1971	102¾	103⅛	2 15 2	4 14 10
109 5/16	97¼	Conversion 6% 1972	108⅝	109	2 13 2	4 18 6
105⅜	91⅛	Conversion 5¼% 1974	104¾	105	2 16 5	4 17 9
95 13/16	87¾	Funding 4% 1960–90	95⅜	95⅜‡	2 18 0	4 9 9 l
83⅝	70 7/16	Savings Bonds 3% 1965–75	83⅛	83¼	3 10 0	4 16 5 l
82 7/16	69 3/16	Treasury 3½% 1977–80	81¾	81⅞	3 11 11	5 3 8 l
81⅜	68 5/16	Treasury 3½% 1979–81	80¾	80¾	3 12 4	5 3 10 l
102¾	90 3/16	Funding 5½% 1982–84	101⅞	101½	3 6 6	5 9 10e
93⅜	82⅜	Treasury 5% 1986–89	92⅝	92⅜	3 10 1	5 11 1 l
66	54	Redemption 3% 1986–96	65¼	65⅛	3 12 10	5 4 3 l
69⅛	56 15/16	Funding 3½% 1999–2004	68½	68⅝	3 12 9	5 9 6 l
97⅜	84⅛	Treasury 5½% 2008–12	96⅜	97⅜	3 9 11	5 13 11 l
69¾	58¼	Consols 4% ......after Feb. 1957	68⅜	68¾	3 11 10	5 17 10
62¾	52 1/16	War Loan 3½% ......after 1952	61¼	62	3 10 1	5 15 5f
61⅝	52 5/16	Conv. 3½% after Apr. 1961	60¼	60⅞	3 10 7	5 15 4f
52¾	44⅞	Treasury 3% ......after Apr. 1966	51¼	51⅝	3 11 3	5 16 6f
45½	38⅛	Consols 2½%	44⅜	44¾	3 8 6	5 12 0f
44½	38 1/16	Treasury 2½% ......after Apr. 1975	43½	44 1/16	3 9 7	5 13 10f
100 13/16	89 15/16	British Electric 4½% 1967–69	100⅝	100½	2 15 2	4 11 1 l
86	74⅜	British Electric 3% 1968–73	85½	85¾	3 9 9	4 15 4 l
81½	69	British Electric 3% 1974–77	80⅞	81¼	3 10 6	4 17 1 l
90⅞	79 1/16	British Electric 4¼% 1974–79	90⅜	90⅝	3 6 11	5 2 2 l
83 9/16	70⅜	British Electric 3½% 1976–79	81¾	82	3 10 11	5 1 4 l
95¼	82¾	British Gas 4% 1969–72	94⅞	95	3 2 0	4 14 10 l
92¼	80 9/16	British Gas 3½% 1969–71	91¾	92	3 4 4	4 13 3 l
66 3/16	53 13/16	British Gas 3% 1990–95	65⅝	65½	3 13 2	5 4 1 l
86	74⅜	British Transport 3% 1968–73	85½	85¾	3 9 9	4 15 4 l
90⅝	77¼	British Transport 4% 1972–77	90⅛	90¼	3 6 10	5 1 1 l
69 9/16	56½	British Transport 3% 1978–88	68 15/16	68¾	3 15 8	5 6 11 l

Prices, 1962 High	Low	DOMINION AND CORPORATION STOCKS	Price, Oct. 10, 1962	Price, Oct. 17, 1962	Net Yield, Oct. 17, 1962
					£ s. d.
88½	79½	Australia 3¼% 1965–69	88¼	88¼	5 8 0 l
103¼	96	Australia 6% 1974–76	102¾	102½	5 13 0 l
66	52	Ceylon 4% 1973–75	56½	56½	10 5 0 l
104	94¼	New Zealand 6% 1976–80	103½	103¼	5 14 0 l
81	62½	Rhodesia and Nyasaland 6% 1978–81	81	80¾	8 3 0 l
91	82	South Africa 3½% 1965–67	90¾	91	5 13 0 l
69	48	Southern Rhodesia 4½% 1987–92	68½	69	7 1 0 l
91	77¾	Agricultural Mortgage 5% 1959–89	90	90¾	5 12 0 l
96¼	86	Birmingham 4¼% 1967–70	95¾	95½	5 2 0 l
100	88⅝	Bristol 5% 1971–73	98¼	98½	5 7 0 l
100½	88	Corporation of London 5¼% 1976–79	99¾	100	5 8 0 l
52	43	L.C.C. 3% ......after 1920	50¼	50¼	5 19 0f
96	84	L.C.C. 5% 1980–83	95	95⅜	5 7 0 l
100	87	Middlesex 5¼% 1980	98¾	99¼	5 6 0 l

NEW YORK PRICES AND INDICES

	Oct. 10 $	Oct. 17 $		Oct. 10 $	Oct. 17 $		Oct. 10 $	Oct. 17 $
Atch. Topeka	21⅞	22	Boeing	39	38½	Int. Harvester	46¼	46⅝
Can. Pacific	19¾	19⅞	Celanese	33	33	Inter. Nickel	55⅜	55¾
Pennsylvania	11	10⅝	Chrysler	56¾	58⅛	Inter. Paper	25⅝	24⅜
Union Pacific	30	29¾	Col. Palmolive	39¼	38½	Kennecott	62½	61½
Amer. Electric	64¾	64¼	Crown Zeller.	43⅛	42	Monsanto	42½	43⅞
Am. Tel. & Tel.	108⅛	107⅝	Distillers Seag.	39¼	39⅞	Nat. Distillers	22¾	22⅝
Cons. Edison	75	74⅜	Douglas	21⅞	21¾	Pan-American	17¾	17⅝
Int. Tel. & Tel.	38	37⅞	Dow Chemical	50⅛	49⅝	Procter Gamble	63	62⅞
South'n. Nat. Gas	44⅛	43⅛	Du Pont	202½	203½	Radio Corpn.	49⅝	48⅞
United Corpn.	7¼	7¼	East. Kodak	96¼	96¾	Sears Roebuck	69⅝	69⅞
Western Union	24½	23½	Ford Motor	42½	43	Shell Oil	30⅜	30¼
Alcoa	54	52¼	Gen. Electric	66⅞	66⅞	Socony-Mobil	51¾	52¼
Aluminium	20⅜	19⅞	General Foods	71⅛	72¼	Stand. Oil Ind.	44	44¼
Amer. Can	43	42¾	General Motors	54¼	54⅛	Stand. Oil N.J.	52¾	52¾
Am. Smelting	53½	52¼	Goodyear	27¼	26½	Union Carbide	90	91⅝
Am. Viscose	51¾	49⅝	Gulf Oil	35¼	34½	U.S. Steel	40⅝	39½
Anaconda	36⅞	36½	Heinz	39½	38½	West. Electric	26⅜	26⅝
Beth. Steel	29⅞	28¾	Int. Bus. Mach.	359⅛	361½	Woolworth	61⅝	61¾

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Sept. 19	61·72	3·49	27·61	5·85	57·68	3·57	89·54	3·93
,, 26	58·62	3·67	27·04	5·91	55·77	3·70	89·54	3·93
Oct. 3	58·68	3·67	26·94	5·95	55·61	3·71	89·85	3·90
,, 10	59·74	3·62	27·53	5·82	56·99	3·62	89·85	3·90
,, 17	59·39	3·64	27·43	5·84	56·52	3·65	90·06	3·88

425 Industrials :—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. || Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo. (n) Assented into Treasury 4% 1965.

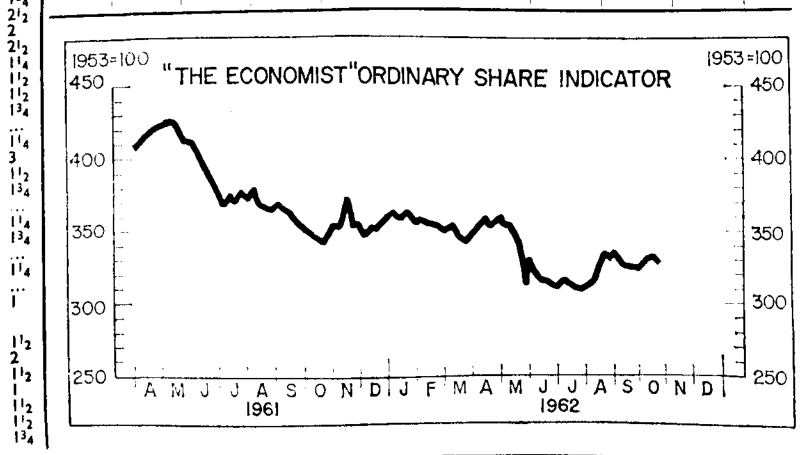
Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 10, 1962	Price, Oct. 17, 1962	Yield, Oct. 17, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays £1	84/6	84/6	3·08	...
100/-	61/-	...	...	District £1	97/-	98/3	2·54**	...
70/6	53/3	5·1b	4½ a	Lloyds £1	57/6	56/6	3·36	...
26/-	20/-	7 b	7 a	Martins 5/-	25/3	26/-	2·88	...
101/-	80/-	7½ b	7½ a	Midland £1	86/3	88/6	3·39	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	80/9	81/6	3·44	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B' £1	82/9	84/6	3·15	...
48/3	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	47/-	47/-	5·11	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. £1	36/9	36/6	4·57	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£19	£19 15/16	3·41	...
36	27¼	8 c	9 c	Bank of New S. Wales £20	35¾	36	4·00g	...
39/-	32/6	5 b	5 a	Barclays D.C.O. £1	38/-	38/-	5·26	...
58/6	53/-	7½ b	7½ a	Chartered £1	55/3	55/6	5·41	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. ...$25	£17½	£17¾	4·23	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. 10/-	52/6	52/6	3·14	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£24 1/16	£24 11/16	3·36	...
46/3	37/6	5 a	10 b	Standard Bank £1	45/3	46/3	6·49	...
54/4½	37/3	7½ a	15 b	Hambros 5/-	37/9	37/3	3·02	...
99/9	68/-	5 b	2½ a	Schroders £1	68/6	69/-	2·17	...
65/9	53/-	6¼ b	6¼ a	Union Discount £1	65/-	63/10½	4·40	...
14/1½	10/-	18 c	Nil c	Bowmaker 5/-	12/10½	12/9	...	1¼
14/3	9/9	10 c	2½ a	Lombard Banking 5/-	10/-	10/9	...	...
16/4½	10/6	2½ b	2 a	Mercantile Credit ...5/-	12/7½	13/-	2·61	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. ...5/-	30/6	31/-	4·27	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	14/4½	14/4½	3·83**	2
14/10½	12/10½	...	4½ a	Charrington United ..5/-	14/1½	14/4½	4·17**	1¾
44/-	30/6	8½ b	6 a	Distillers 10/-	33/10½	33/1½	4·38	1¾
51/6	42/4½	14 b	8 a	Guinness 10/-	45/-	42/6	5·18	2½
34/-	21/6	14 c	5 a	Harveys 5/-	21/9	21/6	3·26	1½
15/7½	11/10½	...	8 b	Ind Coope, T.A. 5/-	12/-	12/-	5·00**	1½
29/-	21/3	12 b	6 a	Watney Mann 5/-	23/9	23/9	3·79	2
42/4½	31/9	30 c	10 a	Whitbread 'A' 5/-	34/9	34/9*	4·32	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½ b	Associated Portland ...£1	55/1½	55/6	3·42	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd. ..10/-	25/6	26/-	4·81	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/-	17/4½	17/10½	4·48	2¾
13/8¼	10/6	16·9c	5 a	Crittal Mfg. 5/-	13/6	13/8¼	6·17**	2
14/1½	9/10½	6 a	16½ b	International Paints ..4/-	12/3	12/-	7·50	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	57/7½	59/7½	2·10	3¼
24/6	18/1½	11⅔ b	5 a	Wall Paper 5/-	19/7½	19/10½	4·19	2¼
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson ...5/-	24/1½	24/6	4·08	2
19/3	13/11¼	11½ c	5 a	Borax Defd. 5/-	14/6¾	14/6	3·97	2½
43/3	25/6	11 c	4 a	Fisons £1	31/9	31/3	...	...
58/-	47/6	7½ b	6¼ a	I C I £1	54/1½*	53/1½	5·18	1
18/6	12/-	10 c	3¾ a	Monsanto 5/-	12/9	14/-	...	1½
				DRAPERY & STORES				
35/3	25/3	8 b	4 a	Boots Pure Drug 5/-	26/-	25/6*	2·35	2¼
33/9	18/9	5 b	2 a	Montague Burton ...10/-	24/9	23/3	2·96	2¼
59/6	42/9	5⅚ a	13⅓ b	Debenhams 10/-	51/-	45/6*	4·22	1½
65/-	51/1½	12½ a	27½ b	G.U.S. 'A' 5/-	62/-	62/-	3·23	2
40/3	28/9	13⅓ a	16⅔ b	House of Fraser 5/-	33/-	31/9	4·72	1¼
16/6	12/9	7½ b	5 a	Lewis's Invest. Tst. 4/-	13/7½	13/3	3·77	2
100/6	79/6	15 a	32½ b	Marks & Spencer 'A'. 5/-	82/7½	81/6	2·91	1½
52/6	39/6	20 b	10 a	United Drapery 5/-	45/6	45/-*	3·33	1¾
53/-	44/-	25 b	10⅚ a	Woolworth 5/-	46/4½	45/3	3·96	1¼
				OIL				
43/6	30/6	†9·84c	†3⅓ a	British Petroleum £1	43/6	43/3	7·43	2
44/6	30/6	†7 11/12c	†2½ a	Burmah Oil £1	44/6	43/9	7·78	1¼
£15⅛	£12 5/16	26¼ c	13 a	Royal Dutch ......20 fl.	£15⅛	£14 11/16*	3·54	2½
36/6	27/-	†25 c	†11⅔ a	Shell Transport 5/-	36/6*	36/3	5·63	2½
32/9	20/6	...	...	Ultramar 10/-	23/9	22/-	...	...

FOREIGN AND OVERSEAS STOCKS

	Oct. 10	Oct. 17		Oct. 10	Oct. 17		Oct. 10	Oct. 17
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,040	1,042	A.E.G.	350	344	A.K.U.	349⅞	344⅞
Banque de Paris	485	482	Bad'che. Anilin	359	361	Bijenkorf	802	775
Citroen	187·2	181	Bayer	399	396½	Heinekens	448	401½
C. F. Petrole	293	306	Commerzbank	350	340	Interunie (Fl.50)	Fl.175	Fl.173
Cie. G. d'Elect.	1,129	1,118	Deutsche Bank	392	403	K. N. Hoogoven	524½	496½
Machines Bull	399	397·8	Hoechst Farb.	354	361	Kon. Zout-Ket.	693½	688
Pechiney	213·2	218	Kundenkredit	362	350	Philips (Fl.25)	Fl.139·3	Fl.135
Printemps	524	540	Lowenbrau	730	750	Robeco (Fl.50)	Fl.199	Fl.198
Rhone-Poulenc	384	387	Mannesmann	199	193½	Rotterdam Bk.	358	340
S.I.M.	346	330	Siemens	494	495	Thomassen & D.	674	650
Saint-Gobain	322·5	310·8	Thyssen-Huette	173	173	Valeurop	Fl. 68	Fl. 67
Usinor	189	182·5	Volkswagen	445	448	Zwanenberg	815	800
Index	91·2	92·1	Herstatt Index	78·88	79·17	Index	316·4	307·8
Dec. 30, 1960=100.			Dec. 31, 1959=100.			1953=100.		
ITALY	Lire	Lire	**BELGIUM**	Frcs.	Frcs.	**SWEDEN**	Kr.	Kr.
Ass. Generali	127,550	121,490	Arbed	26,000	26,425	Asea	195	192
Breda	4,780	4,650	Bqe. Nat. de Bel.	10,350	10,425	Elektrolux	120	120
Edison	3,380	3,280	Bque. Soc. Gen.	3,055	3,055	Ericsson B. Kr. 35	126	122
Fiat	2,592	2,510	Cockerill-Oug.	2,476	2,462	Separator B.	295	294
Finsider	1,231	1,200	Esperance Long	5,290	5,200	Skand. Banken	221	220
La Centrale	10,060	9,520	Hoboken	16,075	16,125	Sv. Cellulosa	178	176
Montecatini	2,650	2,518	Innovation	6,280	6,250	Sv. Handelsbank	216	216
Motta	28,600	27,320	Photo Gevaert	2,650	2,590	Tandstk. B Kr. 50	159	157
Olivetti	4,540	4,609	Sidro	956	954	Index	165·89	163·42
Pirelli S.p.A.	5,100	4,830	Soc. Generale	13,625	13,800	Dec. 29, 1956=100.		
Rinascente	663	631	Sofina	7,980	8,000	**NORWAY**	%	%
Snia Viscosa	4,801	4,550	Un. Miniere 1/10	1,124	1,222	Bergens Priv'bk.	215	215
Index	608·33	583·62	Index	400·1	400·4	Borregaard	200	187½
1950=100.			May 9, 1940=100.			Norsk Hydro	287½	272½

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 10, 1962	Price, Oct. 17, 1962	Yield, Oct. 17, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
34/6	23/-	10 c	3¾ a	A.E.I. £1	33/9*	33/6	5·97	1
12/6	7/6	15 c	2½ c	Brit. Electronic Inds. 5/-	9/4½	8/10½	1·41	...
66/3	51/9	9½ b	4 a	B.I.C.C. £1	63/10½	64/7½*	4·18	2
14/3	11/6	6·8 b	4·6 b	Crompton Parkinson 5/-	14/1½	13/10½	4·11	2½
89/6	63/-	7½ a	17½ b	Decca 10/-	76/-	78/-	3·21	2¼
45/6	32/3	5 a	12½ b	E.M.I. 10/-	35/3	34/9	5·04	1¾
54/6	39/-	5 a	9 b	Elliott-Automation ...5/-	44/6	44/6	1·57	2
27/9	20/9	5 b	3 a	English Electric £1	26/3	25/9	6·21	1½
37/-	26/-	3 a	7 b	General Electric £1	36/-	35/6	5·63	¾
59/3	34/6	8⅛ b	4⅜ a	C. A. Parsons £1	50/-	51/3	4·88	2
51/3	38/6	6½ b	3¼ a	A. Reyrolle £1	50/-	51/3	3·80	2½
85/3	58/-	25 c	27½ c	Thorn Electrical 5/-	83/9	85/3	1·61	3½
				ENGINEERING				
35/-	20/3	9 c	4½ a	Babcock & Wilcox £1	34/1½	34/6*	5·22	1½
38/3	27/3	3·2 a	7 b	John Brown £1	34/3	32/6	6·28	2¼
6/-	4/3	7 b	3 a	Cammell Laird 5/-	5/1½*	4/11¼	10·13	1
31/-	21/10½	20 b	10 a	Internat. Combust. ...5/-	30/6	30/-	5·00	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/1½	3/9	...	...
38/4½	22/6	9½ b	2½ a	Swan Hunter £1	22/6*	22/6	8·89**	...
17/-	10/6	10 b	5 a	John Thompson 5/-	16/3	15/9*	4·76	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/-	31/6	31/6	4·54	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	62/6	60/6	4·86	2
49/6	33/9	5 a	10 b	Allied Ironfounders ...£1	47/6	49/-	6·12	1½
99/9	67/9	5 a	10 b	Averys £1	73/-	73/6	4·08	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/-	15/3	15/3	7·65	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/-	10/-	10/1½	6·42	1¾
33/-	15/9	10 a	17½ b	Davy-Ashmore 5/-	16/3	16/6	...	2
81/10½	64/1½	5 a	11 b	Guest Keen £1	69/1½	65/7½	4·88	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	17/3	16/6	4·85	2½
85/6	67/-	5 a	7 b	Metal Box £1	70/3	69/6	3·45	2¼
18/-	13/4½	4 a	10 b	Ransome & Marles ...5/-	16/6	16/6	4·24	3
48/-	34/-	3 a	7 b	Renold Chains £1	40/6	40/-	5·00	1¾
64/10½	43/1½	7 b	7 a	Tube Investments £1	52/1½	50/7½	5·53	3
31/1½	23/6	7½ b	2½ a	Vickers £1	24/6*	24/1½	8·29	1
71/6	54/-	3¾ a	10 b	Ward (Thos. W.) £1	63/6	64/-	4·30	3
20/6	12/3	5 a	16 b	Woodall-Duckham ...5/-	17/6	17/3	6·09	1¾
				FOOD & TOBACCO				
28/6	19/9	10 c	10 c	Allied Suppliers 10/-	27/3	26/3	3·81	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods ..1/-	11/-	10/9	2·09	2
61/3	29/3	8 b	4 a	Bovril £1	41/9	40/3	5·96	1½
12/9	10/9	†3·9b	†1·7a	Brooke Bond 'B' 5/-	11/9	12/3	3·73	3½
16/4½	11/10½	2½ a	10 b	International Tea 5/-	15/9	16/-	3·91	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A' £1	74/6	78/-	4·06	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	32/7½	33/-	4·24	...
13/7½	10/10½	10 c	3 a	Spillers 5/-	12/4½	13/-*	3·85	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	49/6	50/6	4·75	2¼
18/-	13/10½	5 a	9 b	Unigate 5/-	15/3	15/-	4·67	2
65/3	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. ...10/-	62/3	61/3	6·00	3
41/3	28/3	15 b	5 a	Gallaher 10/-	30/6*	30/-	6·67	2
63/9	57/-	14 b	8½ a	Imperial Tobacco £1	57/-	56/-	8·04	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	6 3/16	6 1/16	3·21	...
68/-	50/-	25 b	20 a	Commercial Union ...5/-	53/3	51/6*	4·37	...
9	5⅜	...	...	Equity & Law Life ...5/-	7	6⅞	1·58**	...
109/3	69/-	30 c	12½ a	General Accident 5/-	77/3	76/9*	1·95	...
60/6	42/9	...	...	Guardian 5/-	49/-	47/6	2·81**	...
48¾	32½	80 a	110 b	Legal & General 5/-	36⅞	36⅞	1·29	...
180/-	138/9	12½ b	9½ a	Northern & Empl. £1	161/3	158/9	2·77	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/-	11⅝	11⅝	3·51	...
29¾	21⅞	†208⅓ c	†231¼ c	Prudential 'A' 4/-	25⅛*	24⅞	3·04	...
47/10½	35/10½	...	15 a	Royal 5/-	38/1½*	36/10½	4·07**	...
127/9	96/-	11¼ b	7½ a	Royal Exchange £1	100/9*	98/9	3·80	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor 5/-	14/5¼	14/4½	6·96	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	71/9	71/7½	1·40	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	27/3	26/6	6·04	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' 4/-	5/0¾	5/-	3·20	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	78/-	75/3	5·32	...
18/0½	13/10½	13½ c	5 a	Bristol Aeroplane ...10/-	17/10½	17/9*	7·61	2
25/-	19/3	5 a	6 b	Hawker Siddeley £1	23/1½	24/9	8·89	1¼
37/3	25/9	†4 a	†6½ b	Dowty Group 10/-	37/-	37/-	4·64	2¼
39/-	27/3	15⅚ b	5 a	Dunlop Rubber 10/-	31/2¼	27/10½*	5·68	1¾
77/-	62/1½	11¼ b	2½ a	Joseph Lucas £1	67/4½	69/1½	3·98	2¼
22/-	12/-	5 c	9 a	Pressed Steel 5/-	16/4½	15/3	1·64	...
39/-	31/1½	5 a	10 b	Triplex Holdings ...10/-	36/-	36/6	4·11	2
				MINES				
178/1½	136/3	50 b	40 a	Anglo-American 10/-	175/-*	170/-	5·29	1¾
73/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	67/6	65/6	7·63	2½
125/-	81/10½	15 a	20 b	General Mining £1	120/-	115/-*	6·09	2
71/-	46/6	†26 a	†74 b	Union Corporation ..2/6	67/6	66/6	6·14	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	18/6	18/3	21·92	1¼
134/4½	81/10½	70 a	110 b	Free State Geduld ...5/-	132/-	125/-	7·20	1½
74/3	50/6	60 a	70 b	President Brand 5/-	72/3*	70/9	9·19	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	87/6	86/3	7·19	1¾
45/6	34/-	...	...	Western Deep 'A' £1	44/9	42/9	...	...
161/3	117/6	105 a	135 b	Western Holdings ...5/-	153/9	147/6	8·14	1¼
20/4½	15/3	5 a	6 b	Winkelhaak 10/-	18/7½	17/7½	6·24	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/-	51/3	50/9	14·78	1½
59/3	47/-	20 a	60 b	Rhod. Anglo-Amer. 10/-	58/6	53/-*	15·09h	1¾
37/4½	24/-	6 a	15 b	Rhod. Selection Tst. ...£1	31/3	29/3*	14·36h	...
21/9	14/1½	Nil a	7½ b	Tanganyika Cons. ...10/-	14/6	15/3	4·92	1¼
188/9	135/-	180 b	100 a	De Beers Defd. Reg. 5/-	187/6*	177/6	7·89	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ...n.p.v.	$102½	$104	2·75	...
18/9	13/1½	7½ a	30 b	London Tin 4/-	15/10½	15/4½	9·76	1¼
16/9	14/9	...	...	R.T.Z. 10/-	15/7½	16/-	9·38**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	23/3	22/3	14·61	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	5 a	10 b	Daily Mirror 5/-	11/10½	12/6	6·00	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A'. £1	75/-	75/-	3·47	2
24/9	13/9	14 b	10 a	Thomson Org'n. 5/-	18/9	18/-	6·67	1½
47/3	32/-	8¾ b	5 a	Bowater Paper £1	34/6	34/-	8·09	1
45/-	35/-	5 a	11 b	Albert E. Reed £1	43/3	44/3	7·23	1½
43/9	33/6	4 a	8½ b	Spicers £1	42/3	42/3	5·92	1½
55/9	44/-	4 a	10 b	Wiggins Teape £1	54/6	54/6	5·14	1¾

Price, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 10, 1962	Price, Oct. 17, 1962	Yield, Oct. 17, 1962	Cover
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	21/-	21/6	6·98	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	21/3	21/3	14·12	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	37/6	37/1½	4·04	1¾
39/4½	29/10½	3⅓ a	6⅔ b	British Match £1	32/6	33/-	6·06	2¼
16/3	11/6	6⅔ b	4 a	British Oxygen 5/-	12/1½	11/6	4·63	1¾
9/10½	7/5¼	7 b	3 a	British Ropes 5/-	7/6¾*	7/5¼	6·72	1½
44/-	30/1½	...	...	De La Rue 10/-	42/6	42/-	3·27**	2
42/-	27/1½	15 c	7½ a	Gestetner 'A' 5/-	35/6	35/-*	2·14	3¾
55/9	41/6	7½ a	8⅓ b	Glaxo 10/-	47/4½	46/10½*	3·41	3
49/-	42/6	3 a	12 b	Harrison & Cr. Defd. £1	47/6	46/3	6·49	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	30/-	30/-	4·17	1¾
23/3	15/7½	12½ b	5 a	Ilford 5/-	15/7½	15/7½	5·60	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	90/9	85/6	2·63	2½
47/11¼	36/9¾	12½ c	11·4 c	National Canning £1	44/4½ ‖	42/9 ‖	5·33	1½
41/3	32/6	6 a	12 b	Powell Duffryn 10/-	36/3	36/6	4·93	1¾
40/6	32/3	17½ b	5 a	Radio Rentals 5/-	34/6	37/-	3·04	2¾
37/-	24/6	7½ a	17½ b	Rank Organisation ...5/-	29/3	29/6	4·24	2
38/-	24/6	16½ b	7½ a	Schweppes 5/-	26/-	25/3	4·75	1½
35/3	26/6¾	25 c	25 c	Sears 'A' 5/-	29/3	27/8¼	4·51	2
32/1½	23/-	11 b	5 a	Steetley 5/-	28/10½	29/10½	2·68	3
29/10½	21/9	11½ b	8½ a	Thomas Tilling 4/-	23/10½	24/7½*	3·25	2
64/-	44/-	8 b	4 a	Turner & Newall £1	50/6	49/3	4·87	2
47/3	32/6	9·47a	15·32b	Unilever 5/-	34/9	34/-	3·65	3
11⅝	7½	8 a	13 b	Unilever N.V. ...... 12 fl.	8	7¾	3·22	3
18/9	13/4½	10 b	5 a	United Glass 5/-	14/-	13/4½	5·61	...
33/3	22/3	†4⅙ a	†10⅚ b	United Molasses ...10/-	23/6	22/3	11·01	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/-	27/10½	28/6	7·02	1
18/3	15/3	6 c	Nil c	Cunard £1	15/4½	15/7½	...	...
21/6	16/9	7 c	7 c	France Fenwick £1	20/6	20/6	6·83	1½
31/6	20/-	10 c	8 c	Furness Withy £1	20/6	21/9	7·36	...
9/7½	4/6	...	...	London & Overseas ..5/-	4/6	4/6	...	...
31/-	17/6	3 b	3 a	P & O Defd. £1	24/6	24/-	8·33**	...
12/1½	7/-	2½ c	Nil a	Reardon Smith 10/-	7/7½	7/-	3·57	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/3	9/3	...	...
				STEEL				
48/4½	25/7½	16 c	5 a	Colvilles £1	28/3	26/3	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	17/6	16/6	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel £1	27/1½	25/10½	8·50	3
21/4½	11/-	10 c	Nil a	South Durham £1	12/6	11/6	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	25/3	24/6	8·16	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	31/-	28/9	10·43	2
34/7½	26/4½	6 b	4 a	John Summers £1	28/9 ‖	27/3	7·34	2
42/4½	25/9	12·3c	4 a	United Steel £1	30/9	28/6	...	1½
41/-	28/3	8¾ b	4 a	Whitehead £1	30/-	28/3	...	2
				TEXTILES				
32/-	25/4½	10 b	5 a	English Sewing Cotton £1	27/7½*	27/10½	8·97**	1
26/4½	18/9	5 a	7½ b	Fine Spinners £1	20/7½	20/4½	12·27	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	33/3	36/-	...	1¼
48/1½	37/10½	3¾ a	8¾ b	Courtaulds £1	46/6	46/1½	5·42	1½
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/-	5/9	5/10½	9·08	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	70/3	72/3	5·81	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	22/9	22/6	8·89	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	16/7½	16/4½	7·33	1
13/3	8/3	7½ a	12½ b	Calico Printers 5/-	8/4½*	8/6	11·76	1¾
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B. £1	39/6	39/6	6·33	1¾
10/9	8/-	13 c	1½ a	Jute Industries 10/-	8/10½	8/9	...	2¼
27/1½	18/10½	10 c	7½ c	Tootal £1	20/-	18/10½*	7·95	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/-	21/6	22/3	2·81	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	47/-	48/9	5·13	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	14/10½	15/7½	3·20	1½
71/9	54/3	10 a	12½ b	City Centre Props. 5/-	59/9	60/-	2·50**	1
89/-	69/9	8½ b	4 a	City Lond. Real Prop. £1	79/-	78/9	3·17	1
95/-	62/6	9·04 b	7·04 a	Hudson's Bay £1	70/-	70/-	4·59	2½
38/6	22/6	4 b	2 a	Land Securities 10/-	28/3	28/6	2·11	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	32/6*	31/9	4·20	1
				TEA & RUBBER				
46/6	38/-	†2½ a	†12½ b	Cons. Tea & Lands £1	41/9	41/6	11·80	2
37/6	30/9	†3 a	†10 b	Jokai (Assam) £1	33/6	33/9	12·58	2
9/6	7/6	...	7½ c	Nuwara Eliya £1	7/9	7/9	19·35	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/7½	5/4½*	15·50	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic 2/-	5/3	5/3¾	15·06	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	73/9	73/1½	12·31	1½



Yields based on assumed dividends :—Bass, Mitchells & B., 11%. Charrington United, 12%. City Centre Props., 30%. De La Rue, 13¾%. District Bank, 12½%. English Sewing Cotton, 12½%. Equity & Law Life, †26⅔%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. P & O Def'd., 10%. R.T.Z., 15%. Royal Insurance, 30%. Swan Hunter, 10%.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended October 13, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £3,370,000 compared with a deficit of £7,463,000 in the previous week and a deficit of £6,513,000 in the corresponding period of last year. There was a net expenditure "below-line" of £6,724,000 leaving a total cumulative deficit to date of £536,794,000 compared with £667,260,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to Oct. 14, 1961	April 1, 1962, to Oct. 13, 1962	Week ended Oct. 14, 1961	Week ended Oct. 13, 1962
Ordinary Revenue					
Income Tax	2,790,000	832,073	898,111	17,051	14,159
Surtax	188,000	45,800	50,400	1,600	1,500
Death Duties	284,500	140,200	137,200	3,700	3,600
Stamps	95,000	54,200	51,100	1,400	1,500
Profits tax, EPT and EPL	374,000	190,100	222,500	7,100	12,600
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,262,373	1,359,311	30,851	33,359
Customs	1,633,000	867,533	891,376	34,034	33,442
Excise	1,077,000	488,685	515,065	5,550	4,790
Total Customs and Excise	2,730,000	1,356,218	1,406,441	39,584	38,232
Motor Duties	150,000	36,104	55,980	4,504	6,129
Broadcast Lic's.	41,000	14,200	15,200	...	...
Miscellaneous	165,000	139,700	97,725	6,771	12,919
Total	6,797,500	2,808,595	2,934,657	81,710	90,639
Ordinary Expenditure					
Debt Interest	600,000	396,362	343,834	...	...
Payments to N. Ireland Exch.	100,000	45,068	48,920	1	...
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	13,000	4,168	4,381	15	19
Supply Services	5,611,650	2,684,044	2,877,084	87,700	93,800
Total	6,323,650	3,129,642	3,274,219	87,716	93,819
Sinking Funds	41,000	20,498	20,679	507	190
"Above-line" Surplus or Deficit	—	—	—	—	—
"Below-line" Net Expenditure*	...	341,545	360,241	6,513	3,370
	...	325,715	176,553	16,505	6,724
Total Surplus or Deficit	—	667,260	536,794	23,018	10,094
Net receipts from:					
Tax Reserve Certificates	...	138,482	92,340	1,310	497
Savings Certificates	...	*—14,000*	*—700*	*—200*	500
Defence Bonds	...	18,307	8,349	46	909
Premium Savings Bonds	...	21,900	18,600	300	300
Total	...	164,689	118,589	1,456	2,206

* Net repayments of £10 million to the Civil Contingencies Fund in 1962-63 compared with net repayments of £5 million in 1961-62.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1961					
Oct. 14	3,260·0	2,003·4	208·7	...	5,472·2
1962					
July 14	2,990·0	2,015·7	230·0	2·5	5,238·2
" 21	2,980·0	2,018·0	218·4	2·0	5,218·4
" 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·5	227·3	...	5,219·9
" 11	3,000·0	1,983·6	225·1	0·3	5,208·9
" 18	3,000·0	2,009·3	240·1	5·5	5,254·9
" 25	3,000·0	2,053·1	203·8	0·3	5,257·1
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4
" 8	2,990·0	1,637·9	211·6	...	4,839·4
" 15	2,990·0	1,683·6	226·2	...	4,899·8
" 22	2,980·0	1,699·2	220·2	...	4,899·4
" 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct. 6	3,020·0	1,572·9	220·5	...	4,813·5
" 13	3,010·0	1,598·3	215·2	...	4,823·6

THE MONEY MARKET

THE Treasury bill rate fell by a further 1.06d. at the tender on Friday of last week, and at 3⅝ per cent is now ⅞ per cent below Bank rate. Rates for day-to-day loans, however, still tend to open above this, at around 3¾ per cent. The syndicate of discount houses left its previous bid of £99 1s. 11d. unchanged at the tender. And although the bill allotment was cut by £20 million to £230 million, total applications fell by £28 million to £387 million and the market received a quota of 38 per cent compared with the previous week's 37 per cent.

On the final three days of last week and on Monday of this week credit was in fairly free supply and the authorities sold small amounts of bills on each day to mop up the credit surplus. On Tuesday credit conditions changed abruptly, largely as a result of the weekly tax transfers and six or seven houses were forced to borrow a fairly large amount at Bank rate from the Bank of England. The credit shortage persisted on Wednesday, but further borrowing from the Bank was prevented by large special purchases of bills by the authorities.

There has been plenty of short-term money on offer in the local authority mortgage market this week and the seven-day rate has eased from 4¼ to 3⅞ per cent.

MONEY RATES

LONDON

Bank rate (from 5%, 26/4/62)	% 4½	Market discount rates (3 months):	%
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	3 13/16–15/16
Discount houses	2½–2¾	Fine trade bills	5¼–6¼
Local Authorities	4	**Euro-dollar deposits:**	
Call money:		7 days' notice	3⅜–3⅝
Clearing banks' minimum	7/8	3 months' notice	3¾–4⅛
Day-to-day	7/8–3⅞	**Forward cover** (3 months):	
		Annual interest cost, US dollar	23/32

NEW YORK

Official Discount rate:	%	**Treasury bills:**	%
(from 31/12%, 11/8/60)	3	October 8	2·760
		" 15	2·757

BANK OF ENGLAND RETURNS

(£ million)	Oct. 18, 1961	Oct. 10, 1962	Oct. 17, 1962
*Issue Department**:			
Notes in circulation	2,305·4	2,301·6	2,287·6
Notes in banking dept.	20·0	23·8	37·7
Govt. debt and securities*	2,324·0	2,324·0	2,324·0
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	12·2	11·3	12·6
Special deposits	230·3	118·4	79·1
Bankers	263·2	256·0	278·9
Others	74·1	73·4	71·0
Total	579·9	459·2	441·5
Securities:			
Government	469·1	403·9	353·5
Discounts and advances	88·3	28·3	47·2
Other	19·4	20·0	20·0
Total	576·8	452·2	420·7
Banking department reserve	20·8	24·6	38·6
"Proportion"	% 3·5	% 5·3	% 8·7

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on September 12th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Average Rate of Allotment	Allotted at Max. Rate*
1961	*91 day*		s. d.	%
Oct. 13	260·0†	419·0	120 0·28	59
1962				
July 13	230·0†	404·5	77 9·32	23
" 20	220·0	382·1	78 7·14	29
" 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
" 10	230·0	396·1	75 8·84	54
" 17	230·0	368·1	75 8·35	53
" 24	230·0	390·4	75 4·50	48
" 31	240·0†	397·1	75 0·42	45
Sept. 7	240·0	439·3	74 4·55	48
" 14	230·0	388·0	73 11·97	44
" 21	250·0	406·1	74 0·01	40
" 28	250·0	407·5	72 8·42	51
Oct. 5	250·0‡	415·2	72 4·13	37
" 12	230·0	386·8	72 3·07	38

* On October 12th tenders for 91 day bills at £99 1s. 11d. secured 38 per cent, higher tenders being allotted in full. The offer for this week was for £240 million 91 day bills. †Allotment cut by £10 million. ‡Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	October 17	October 11	October 12	October 13	October 15	October 16	October 17
United States $	2·78–2·82*	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/8–1/4	2·80 3/16–5/16	2·80 3/16–5/16	2·80 3/16–5/16
Canadian $	...	3·01 7/16–9/16	3·01 7/16–9/16	3·01 7/16–9/16	3·01 9/16–11/16	3·01 7/16–9/16	3·01 7/16–9/16
French Fr.	13·622–14·027	13·72 3/4–73	13·72 3/4–73	13·72 7/8–73 1/8	13·73 1/2–1/2	13·72 7/8–73 1/8	13·72 7/8–73 1/8
Swiss Fr.	11·94–12·54 7/8	12·11 3/8–5/8	12·11 3/8–3/4	12·11 3/8–5/8	12·11–11 1/4	12·10 1/8–3/8	12·10 1/2–3/4
Belgian Fr.	137·96–142·05	139·37 1/2–42 1/2	139·40–45	139·40–45	139·42 1/2–47 1/2	139·42 1/2–45	139·40–45
Dutch Gld.	9·98 3/4–10·28 1/2	10·08 3/4–09	10·09 1/4–1/2	10·09 3/8–3/8	10·10 1/8–3/8	10·09 7/8–10 1/8	10·10 3/8–5/8
W. Ger. D-Mk.	11·037–11·365	11·21 3/4–22	11·21 3/4–22	11·22 5/8–7/8	11·22 5/8–7/8	11·21 7/8–22 1/8	11·21 7/8–22 1/8
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1739 1/4–3/4	1739 1/2–40	1739 3/4–40 1/4	1739 3/4–40 1/4	1739 1/4–3/4	1739 1/4–3/4
Swedish Kr.	14·27 1/2–14·70	14·43–43 1/4	14·43 1/4–1/2	14·43 1/4–1/2	14·43 1/2–3/4	14·43 1/4–1/2	14·43 1/2–3/4
Danish Kr.	19·06 1/2–19·62	19·39 1/2–3/4	19·40 1/8–3/8	19·40 3/8–5/8	19·40 3/8–5/8	19·40 1/8–3/8	19·40 1/2–3/4
Norwegian Kr.	19·71–20·30 1/2	20·02 3/4–03	20·03 1/8–3/8	20·03 1/8–3/8	20·03 1/4–1/2	20·03 1/4–1/2	20·03 1/4–1/2
	* Official Limits	**One Month Forward Rates**					
United States $		1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm
Canadian $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/16–1/4c. dis	1/8–1/4c. dis	3/16–5/16c. dis
French Fr.		3/4–1/4c. pm	7/8–3/8c. pm	7/8–3/8c. pm	1–1/2c. pm	1–1/2c. pm	1–1/2c. pm
Swiss Fr.		13/4–11/4c. pm	13/4–11/4c. pm	13/4–11/4c. pm	15/8–11/8c. pm	15/8–11/8c. pm	15/8–11/8c. pm
Belgian Fr.		22–17c. pm	21–16c. pm	21–16c. pm	17–12c. pm	17–12c. pm	18–13c. pm
Dutch Gld.		1 1/8–7/8c. pm	1 1/4–1c. pm	1 1/4–1c. pm	1 3/8–1 1/8c. pm	1 1/2–1 1/4c. pm	1 3/4–1 1/2c. pm
W. German D-Mk.		13/4–11/2c. pm	13/4–11/2pf. pm	13/4–11/2pf. pm	15/8–11/2pf. pm	11/2–11/4pf. pm	11/2–11/4pf. pm
		Three Months Forward Rates					
United States $		1/2–3/8c. pm	1/2–3/8c. pm	1/2–3/8c. pm	1/2–3/8c. pm	1/2–3/8c. pm	1/2–3/8c. pm
Canadian $		11/16–7/8c. dis	11/16–7/8c. dis	11/16–7/8c. dis	9/16–3/4c. dis	11/16–13/16c. dis	11/16–7/8c. dis
Swiss Fr.		31/2–3c. pm	31/2–3c. pm	31/2–3c. pm	31/4–23/4c. pm	3–21/2c. pm	25/8–21/8c. pm
W. German D-Mk.		3 5/8–3 3/8pf. pm	3 5/8–3 3/8pf. pm	3 5/8–3 3/8pf. pm	3 1/2–3 1/4pf. pm	3 3/8–3 1/8pf. pm	3 3/8–3 1/8pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/10	250/9 1/4	...	250/8 1/2	250/8 1/2	250/9 1/2
" ($ " " ")		35·13 1/2	35·13 1/2		35·13	35·13	35·13 1/4

Western Europe

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

BRITISH

Prices and Wages	Sept. 22nd	External Trade	Sept. 29th
Manpower and Output	Oct. 6th	Industrial Profits	This week

OVERSEAS

Western Europe	This week	United States	Sept. 15th

	Austria	Belgium	Denmark	France	Germany, West	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION (1) (1958 = 100)													
1956	93	106	90	88	92	84	99	90	98	95	96	...	100
1960	117	111	112	116	119	131	118	128	124	117	112	...	112
1961	121	116	...	122	126	137	128	140	126	125	116	...	114
1962, February	118	122	...	129	125	106	125[8]	146	133	136	119	...	117
" March	123	121	...	129	125	106	...	160	129	138	116	...	120
" April	125	123	...	130	134	114	...	148	129	123	118	...	113
" May	127	123	...	131	135	147	...	161	131	127	118	...	119
" June	127	...	...	131	136	...	...	145	128	135	114	...	117
" July	...	...	...	...	122	...	...	...	...	90	...	...	109[12]
VALUE OF EXTERNAL TRADE (2)													
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	mn. new francs	mn. D. marks	mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira	mn. £
Imports (c.i.f.)													
1956	2,110	13,635	755[3]	1,621	2,315	1,159	15·2	165	1,480	721[3]	953[3]	95·1	309·9
1960	3,068	16,488	1,039	2,582	3,537	1,755	18·9	246	1,435	871	1,251	184·5	366·6
1961	3,217	17,579	1,078	2,747	3,668	1,785	21·8	272	1,554	961	1,260	382·1	353·3
1962, April	3,229	17,957	1,199	2,976	3,739	1,689	21·9	297	1,460	871	1,191	492·5	334·9
" May	3,249	19,597	1,193	3,263	4,332	1,931	23·6	323	1,721	1,098	1,372	428·0	396·0
" June	3,189	19,100	1,131	3,030	4,117	1,578	22·0	293	1,593	975	1,234	457·3	356·5
" July	3,426	...	1,014	3,020	4,160	...	23·2	...	1,661	841	1,149	474·3	374·9
" August	...	...	...	...	3,920	...	...	...	...	...	...	...	371·6[10]
Exports (f.o.b.)													
1956	1,840	13,177	640[3]	1,325	2,571	475	9·0	112	906	472[3]	839[3]	71·2	261·9
1960	2,427	15,731	860	2,822	3,993	508	12·7	190	1,275	524	1,106	143·4	296·2
1961	2,605	16,352	885	2,967	4,246	558	15·0	218	1,309	553	1,181	260·4	306·9
1962, April	2,730	17,795	918	2,934	4,240	478	10·8	227	1,241	545	1,216	149·2	327·3
" May	2,850	17,959	927	3,020	4,664	445	13·5	250	1,369	531	1,388	301·7	337·6
" June	2,716	18,600	928	3,031	4,293	344	14·2	239	1,434	564	1,316	170·0	317·0
" July	2,833	17,800	...	2,940	4,480	...	14·4	...	1,288	547	1,170	171·0	327·8
" August	...	...	...	...	4,160	...	...	...	...	...	...	...	289·8[11]
COST OF LIVING (3) (1958 = 100)													
1956	97	96	96	85	96	96	92	93	91	79	94		
1960	103	102	103	110	102	104	100	102	103	102	105	133	102
1961	106	103	106	114	105	106	103	104	105	105	107	137	105
1962, March	110	103	...	117	108	105	...	107	108	109	111	144	108
" April	112	105	113	118	109	106	...	108	108	110	111	142	110
" May	113	105	...	118	109	105	109	108	107	110	113	142	110
" June	116	105	...	119	110	103	...	108	109	110	113	142	111
" July	114	105	113	119	110	103	...	109	108	112	113	142	110
" August	...	104	...	...	109	...	...	...	...	...	...	...	109[14]
EXPORT PRICES (4) (1958 = 100)													
1956	102	104	104	85	98	105	96	101	101	103	103	79	96
1960	100	98	101	114	99	89	102	96	99	98	98	161	101
1961	100	97	99	113	100	90	101	92	97	97	99	169	102
1962, March	...	...	99[8]	113[8]	99	91[8]	102	92	98	95[8]	96	172	103
" April	...	...	...	...	99	85	102	91	102	...	97	...	103
" May	...	...	...	...	100	88	104	90	99	96[9]	96	...	103
" June	...	...	...	...	99	...	...	...	99	...	96	...	103
" July	...	...	...	...	100	...	...	...	97	...	...	...	103[4]
GOLD AND FOREIGN EXCHANGE HOLDINGS (7) (mn. US dollars, end of period)													
1956	406	1,163	131·2	1,180	4,120	204·1	234	1,236	1,038	178·9	510	225	2,237
1960	697	1,422	255·1	2,070	6,737	223·5	268	3,080	1,742	282·7	490	252	3,231
1961	827	1,657	252·2	2,939	6,542	250·5	286	3,419	1,715	278·3	673	229	3,318
1962, May	863	1,636	227·3	3,492	6,082	274·1	278	3,204	1,786	237·8	737	229	3,525
" June	919	1,603	245·7	3,484	6,233	275·1	279	3,239	1,795	229·6	734	227	3,433
" July	992	1,631	218·2	3,332	6,209	271·0	286	3,152	1,866	239·4	749	253	2,915
" August	1,031	1,625	206·9	3,414	6,257	...	287	3,230	1,775	...	760	218	2,848[13]

(1) Denmark and Greece manufacturing production only. (2) Special trade (excluding re-exports) with the exception of Ireland. Denmark, Norway and Sweden, which cover general trade. Belgium includes Luxemburg. Italy includes Trieste. The Saar is included with France before July, 1959, and with Germany after that date. Turkey, beginning September, 1960; 9 liras per US dollar, previously, 2·8. (3) Special trade. (4) August, 103. (5) In capital cities for Turkey and for Greece prior to January, 1960: Denmark and Belgium exclude rent. Denmark includes direct taxes. (6) Index numbers of unit value which are influenced by changes in the composition of trade as well as price movements. Turkey index in terms of US dollars. (7) Holdings of the government and central bank. Norway and Sweden include foreign investments. Ireland includes some long-term British securities. (8) Average for first quarter. (9) Average for second quarter. (10) September, 334·9. (11) September, 284·9. (12) August, 100. (13) September, 2,792. (14) September, 109.

APPOINTMENTS

EXCEPTIONAL OPPORTUNITIES FOR YOUNG ACCOUNTANTS AND ECONOMISTS

Qualified Accountants and graduate economists, preferably within the ages 22-28, are offered unusually interesting openings in the finance staffs of Ford of Britain. Opportunities with Ford are exceptional as promotion and salary will depend entirely on merit.

Appointments will be made to both the central finance staff of the Company and to the decentralised financial controllers' offices in the manufacturing, sales and engineering divisions. Prospects are equal in all areas as the Company management development policy ensures that men of ability are detected and advanced as rapidly as their capacity can sustain.

Vacancies cover a wide variety of finance activities including practical cost control in manufacturing plants, accounting procedures and controls, operational accounting, product costing, internal audit, office systems and methods, data processing, budgetary control, profit planning and analysis, cash forecasting and management, capital expenditure analysis and control, price analysis, investment and economic studies.

Applications should be marked "SFT" and addressed to:

P. G. SLIP
RECRUITMENT AND PLACEMENT
FORD MOTOR COMPANY LIMITED
DAGENHAM ESSEX

WOOLWICH POLYTECHNIC

LONDON, S.E.18

Principal: Harold Heywood, D.Sc., Ph.D., A.C.G.I., Wh.Sch., M.I.Mech.E., M.I.Chem.E.

Applications are invited for the post of Lecturer in Government and Political Theory for B.Sc.(Econ.) Degree courses. Applicants should have a good Honours Degree; a Higher Degree and/or research experience are desirable. Salary: £1,600-£1,800 plus London Allowance £45-£60.

Particulars and application form from Clerk to the Governors, to be returned by November 9, 1962.

UNIVERSITY OF READING

DEPARTMENT OF AGRICULTURAL ECONOMICS

Applications are invited for two posts of ASSISTANT RESEARCH ECONOMIST. One post will be concerned with an investigation of changes in the structure of farms and estates, the other with the economics of horticultural production and marketing. The persons appointed should take up their duties at as early a date as can be arranged. Further particulars may be obtained from the Registrar (Room 22, O.R.B.), The University, Reading, by whom applications should be received not later than November 10, 1962.

Group Pensions Officer

RECKITT & COLMAN HOLDINGS LIMITED

wish to appoint a Deputy to their Group Pensions Officer with a view to succession.

The immediate duties will be to assist in supervising the Group's pension schemes, which include both self-administered schemes and schemes operated by insurance companies for employees in all parts of the world.

The man appointed should be conversant with Actuarial reports, with the handling of investments and with the conduct of meetings, and should, preferably, have some professional qualification.

The Company attaches considerable importance to the maintenance of good relations between the Pensions Department and all sections of employees.

PREFERRED AGE—35-40.

The salary offered will be appropriate to the qualifications and experience of the man appointed.

Those interested are asked to address their enquiries to:

The Personnel Adviser,
Reckitt & Colman Holdings Limited,
Dansom Lane, HULL, E. Yks.

MARPLAN LIMITED

Market Research Specialists

We are looking for a graduate to administrate our Statistical Unit. A degree in Statistics, a familiarity with statistical sources and experience of sampling techniques are required. A knowledge or interest in the application of computer techniques in the field of statistical analysis would also be an advantage.

Salary range £1,500 to £2,000 plus, according to qualifications and experience. Please apply in writing to THE GENERAL MANAGER, MARPLAN LIMITED, 2-3 Cursitor Street, London, E.C.4.

THE ECONOMIC RESEARCH INSTITUTE, DUBLIN

Research Officers

Applications are invited for posts on the research staff of The Economic Research Institute. Grades and salaries are as follows:—

RESEARCH OFFICER
Salary £2,200 increasing by £60 to £2,500 p.a.

ASSISTANT RESEARCH OFFICER
Salary £1,250 increasing by £50 to £1,500 p.a.

These posts are pensionable under a Superannuation Scheme similar to FSSU.

Essential qualifications are high academic attainment and experience in applied economic research.

Application Forms may be obtained from The Secretary, The Economic Research Institute, 73 Lower Baggot Street, Dublin 2, Ireland.

STATISTICAL ASSISTANT

The British Oxygen Company has a vacancy for a male statistical assistant, age 25-45, in its head office industrial sales department.

Applicants should have had a good experience of sales budget and statistical work.

Good staff benefits include a pension fund and an excellent dining-room.

Please write, in confidence, to:—

The Personnel Officer (F S005I),
THE BRITISH OXYGEN COMPANY LTD.
Hammersmith House, London, W.6.

VICTORIA UNIVERSITY OF WELLINGTON

New Zealand

LECTURER IN ACCOUNTANCY

Applications are invited for the above-mentioned post. The appointee should have had experience as an accountant in public practice. University training and teaching experience is desirable but not essential.

The salary for a Lecturer will be £1,250 per annum rising to £1,700 per annum, the initial salary being determined according to the qualifications and experience of the appointee.

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

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in New Zealand and London on *December 1, 1962*.

UNIVERSITY OF KHARTOUM

Applications are invited for (i) Senior Lectureship or Lectureship in Agricultural Economics and (ii) Senior Lectureship or Lectureship in Economics.

Salary Scales:—

Senior Lecturer, £S2,052 x £S75 — £S2,127 p.a.

Lecturer, £S1,077 x £S75 — £S1,977 p.a.

Generous allowances payable. Passages for appointee and family on appointment, termination and annual leave. There is a superannuation scheme, and arrangements can be made to maintain F.S.S.U. policies. Direct appointment on contract normally for five years with possibility of renewal; (secondment welcomed if possible). Unfurnished accommodation provided at rent (excluding rates) up to 7½ per cent. of salary.

Applications (10 copies) detailing qualifications and experience and naming three referees by November 18, 1962, to Registrar, University of Khartoum, c/o Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1.

BBC requires News Correspondent to be stationed in Aden, to be responsible for broadcasting and cabling news despatches and similar material to London for use in the BBC's External Services, particularly the Arabic Service. The area to be covered extends from Sudan to Persian Gulf including Somalia and the correspondent will be required to travel frequently within this area. First-class journalistic qualifications essential, preferably with experience of reporting on foreign affairs. Knowledge of Arabic, though not essential, a considerable advantage. Candidates should be able to convey political and economic information in easily understandable terms and to report interestingly on non-political matters. Salary between £1,725 and £2,200 rising by five annual increments to maximum between £2,225 and £2,750 p.a. according to qualifications and experience of selected candidate plus appropriate allowances while in Aden. Requests for application forms enclosing addressed envelope and quoting reference 62.G.405 Ect. should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

HOSPITAL STATISTICIAN required for work within the newly formed Clinical Research Department of the Royal Marsden Hospital and Institute of Cancer Research. Applicants should be graduates, preferably with biological or social medicine background and training in medical statistics. Appointment within the framework of the National Health Service: commencing salary £1,105 rising to £1,345. Appointment for three years in the first place. Duties will include advising clinicians about the statistical treatment of data and carrying out the necessary computing: collaborating in the design and execution of clinical trials, research based on hospital records and the compilation of Hospital Reports. Applications to the House Governor, Royal Marsden Hospital, Fulham Road, S.W.3.

General Manager

ITALY

A General Manager is required for a new Common Market subsidiary of a large U.K. Group which has just been formed in Turin.

This Company will specialise in capital equipment related to the Bulk Materials Handling industry, and applicants will preferably have had good commercial and selling experience in this field. A nucleus of high quality staff covering the sales and technical engineering fields has already been appointed, but the General Manager will be expected to take full and complete responsibility for promoting the future interests of the Company and also for all aspects of the day-to-day administration including purchasing, technical, engineering, office procedures, etc., and will report directly to the Board of Directors.

The applicant will be either an English National with fluent Italian or an Italian National with fluent English, and in either case should have a good knowledge of general Italian business procedures.

Salary by arrangement but not less than £2,500 per annum, and a bonus is contemplated relating to future profits.

Applicants should apply in writing, giving details of age, experience, present position and salary to—

The Secretary,
PRESSOTURN LIMITED,
Leam Terrace, Leamington Spa.

MEDICAL STATISTICIAN

A pharmaceutical company in the London area wishes to engage a full-time experienced Medical Statistician.

The successful applicant will be required to design field trials, analyse the results, and advise doctors within the company on all statistical matters. The scope and design of these trials will be such as to offer a challenge to a person with creative ability who wishes to find a stimulating atmosphere in which new ideas and techniques are encouraged.

Write, in strict confidence, to Staff Manager, Box 1662.

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1. Minimum age 25.
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4. Ability to draw, from data collected, practical conclusions and to explain these to Management at all levels.

Location: West London

Salary entirely dependent on qualifications and experience, but not less than £1,200 p.a.

Confidential applications should be addressed to Urwick, Orr & Partners, Ltd., at 5 Buckingham Palace Gardens, London, S.W.1, who have been asked to advise on this appointment, quoting reference SO/1683 on the envelope.

THE UNIVERSITY OF SOUTHAMPTON

Applications are invited for a research appointment tenable in the Department of Economics, University of Southampton. The successful candidate will be required to work on a project connected with the relative efficiency of industrial enterprises. An appointment may be made at either the Research Assistant or Research Fellow level. Salary will be according to qualifications and experience and within the range £800 to £1,250. Applications (three copies), giving brief curriculum vitae and the names of two referees, should be sent to the Secretary and Registrar, The University, Southampton, before October 31, 1962.

For other appointments see page 303

UNIVERSITY OF YORK

DEPARTMENT OF ECONOMICS

Applications are invited for the post of Lecturer or Assistant Lecturer in Economic History, from October, 1963, to assist with the graduate and undergraduate teaching programme. The person appointed will be expected to teach 19th and 20th century British, European and/or American Economic History. Salary within the Lecturer or Assistant Lecturer's scale according to experience and qualifications.

Four copies of applications, naming three referees, should be sent by November 17th to the Registrar, University of York, the King's Manor, York, from whom further details may be obtained.

ECONOMIST/STATISTICIAN

The Joint Iron Council wishes to appoint an Assistant in the Economics and Statistics Department. This post gives wide opportunity of experience in Applied Economics and is suitable for a graduate of one or two years experience.

A wide salary range commencing at not less than £900 is offered and the level of commencement will depend upon qualifications and experience.

Applications to Economics and Statistics Officer, The Joint Iron Council, 14 Pall Mall, London S.W.1.

BBC invites applications (men only) for a reserve of administrative staff to meet future commitments. Education: preferably University degree (or equivalent). Qualifications, training and at least three years' management or administrative experience at a responsible level in commerce, industry or public service. Age limits: twenty-five to thirty-five. Salary: initially between £1,000 and £1,380, with first permanent post on grade £1,380 rising by five annual increments to £1,780. Good prospects of subsequent promotion. Requests for further particulars and application forms (enclosing addressed envelope and quoting reference 62.G.315. Ect) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

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The University offers a number of Simon Fellowships for advanced study or research in the social sciences. This term is used in a wide sense to include not only Economics, Government, Sociology and Social Anthropology, Economic and Social Statistics, etc., but also fields such as the Organisation of Business, Education, Jurisprudence, Law, Social Administration and Social Medicine. The Fellowships will be tenable normally for one year from October 1st in the academic sessions 1963-64, 1964-65 or 1965-66. Values normally within the range of £1,200-£2,100 (Simon Research Fellowships) or within the range of £2,000-£2,500 (Simon Senior Research Fellowships) according to qualifications and experience. They are not confined to persons with academic experience. Applications, stating the Session in which the Fellowship will be taken up, should be sent by December 15, 1962, to the Registrar, The University, Manchester, 13, from whom further particulars may be obtained, and who will be pleased to answer any enquiries regarding the scope of the Fellowships.

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require a Junior Assistant in the Information Section of their Economic Research and Marketing Intelligence Unit. Education to G.C.E. Advanced Level and some experience of information work in special libraries would be an advantage. Please write, giving details of age, education, experience and salary required to:

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BRITISH ASSOCIATION GRANADA LECTURES 1962 on Communication in the Modern World. The third lecture is by The Hon. Dr. J. K. Galbraith, United States Ambassador to India, on leave from Harvard University, on "The Language of Economics," Guildhall, London, 8.30 p.m. on Tuesday, October 23rd. Limited number of tickets available.—Apply: B.A. Granada Lectures, 36 Golden Square, W.1.

COMMON MARKET IN OR OUT. Two-day Conference devoted to the expanding business activity of the European Economic Community and the prospects for Britain. To be held on November 7-8 at the Connaught Rooms, London, W.C.2. For further details apply to The Secretary, Federal Trust, 10 Wyndham Place, London, W.1. PADdington 6676.

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THE REBUILDING OF CITY CENTRES: Victor Gruen, the eminent American Architect, will address an open meeting of the Architectural Association at 8.15 p.m. on Wednesday, October 24th, in Congress Hall, Great Russell Street, W.C.1.

EUROPEAN MARKETING DATA & STATISTICS

The most comprehensive statistical background to the E.E.C. For the first time a single report providing vital information about France, Belgium, Italy, Germany, Netherlands. This is the only extensive marketing guide to the Common Market and covers all industrial, manufacturing and consumer products. Facts and figures covered in this unique publication include production, trade, consumption, trends and forecasts. The price per copy is £21 and is available from European Research Consultants Ltd., 125 Pall Mall, London, S.W.1.

DIRECTORS needing able office staff (m. and f.)—Consult Stella Fisher Bureau, 436 Strand, W.C.2. TEMple Bar 6644.

ROYAL DUTCH PETROLEUM COMPANY

With reference to their announcement dated September 27, 1962, regarding the INTERIM DIVIDEND for the year 1962 on the shares of Fls. 20 registered in the United Kingdom section of the Amsterdam Register, N. M. Rothschild & Sons are authorised by Royal Dutch Petroleum Company and by Nederlandsche Handel-Maatschappij, N.V., Amsterdam, the Transfer Agent, to announce that the rate of exchange fixed for the payment of the dividend is Fls. 10.09¾ = £1. The gross amount of the dividend will be £0 5s. 1.813d. per share and the amount of the 15 per cent. Netherlands Dividend Tax £0 0s. 9.272d. per share.

City Gate House, Finsbury Square, London, E.C.2. October 12, 1962

ANNOUNCEMENT

STATEMENT REQUIRED BY THE ACT OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, JULY 2, 1946, and JUNE 11, 1960 (74 STAT. 208) SHOWING THE OWNERSHIP, MANAGEMENT, AND CIRCULATION OF The Economist, published weekly at New York, N.Y., for October 1, 1962.

1. The names and addresses of the publisher, editor, managing editor and business manager:

Publisher Sir Geoffrey Crowther, 22 Ryder Street, St. James's, London, S.W.1, England.

Editor Donald Tyerman, 22 Ryder Street, St. James's, London, S.W.1, England.

Managing Editor Donald Tyerman, 22 Ryder Street, St. James's, London, S.W.1, England.

Business Manager, Peter Dallas Smith, 22 Ryder Street, St. James's, London, S.W.1, England.

2. The owner is:

The Economist Newspaper Limited, 22 Ryder Street, St. James's, London, S.W.1, England.

Stockholders owning or holding 1 per cent or more of total amount of stock are: Financial News Ltd., 10 Cannon Street, E.C.4; L. J. Cadbury, The Davids, Northfield, Birmingham; D. L. W. Gibb, Hayes Barton, Gerrards Cross, Buckinghamshire; R. L. Gregg, Oakdene, Parkfield Road, Altrincham, Cheshire; E. R. A. de Rothschild, City Gate House, Finsbury Square, London, E.C.2. The Executors of the late Lord Simon's Estate, Cheadle Heath, Stockport, Cheshire; H. Graham White, Mere Cottage, Birkenhead, Cheshire; David Layton, 47 Hampstead Way, London, N.W.11; G. C. Layton, Owls' Wood, Avon Castle Drive, Ringwood, Hampshire; M. J. Layton, 45 Westleigh Avenue, London, S.W.15; C. W. Layton, 40 Elmbank Gardens, Barnes, London, S.W.13; H. W. B. Schroder, 145 Leadenhall Street, London, E.C.3; Sir Geoffrey Crowther, 29 Dover Park Drive, Roehampton, London, S.W.15; B. M. Crowther, Westfield, The Marld, Ashtead, Surrey; R. St. John Mathews, Bouts Farm, Inkberrow, Worcestershire.

3. The known bondholders, mortgagees and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: none.

4. Paragraphs 2 and 3 include in cases where the stockholder or security holder appears upon the books of the company as trustees or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was 68,627.

P. DALLAS SMITH,
Business Manager

Sworn to and subscribed before me this fourth day of October, 1962.

WILLIAM E. PACK,
A Commissioner for Oaths

Abridged Particulars

Application has been made to the Committee of the Liverpool Stock Exchange for permission to deal in and for quotation for the whole of the Issued Share Capital of the Company.

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100,000 in 100,000 5% Cumulative Redeemable Preference Shares of £1 each	100.000
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£2,100,000	£1.600,000

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(2) Subject to unforeseen circumstances the Directors consider that the profits of the Group for the year ending 31st December, 1962, will not be less than £575,000 before taxation, in which event it would be their intention to pay a second interim or final dividend of 12 per cent. which with the interim dividend already paid would be equivalent to dividends in respect of that year totalling 17% on the present Issued Ordinary Share Capital of £1,500,000. This 17% distribution would be covered 1.68 times. The estimated Group profits before taxation of £575,000 include estimated investment and rental income of £270.000 (£58,988 of which rental income is receivable from other Companies in the Group), which, after deduction of profits tax where applicable, almost covers a dividend of 17 per cent.

(3) The book value of the net assets of the Group at 31st December, 1961, amounted to £2,074,594. A substantial part of the assets consists of quoted investments included at or under cost but the market value of these is considerably higher.

Copies of the Particulars required to be advertised in connection with the application to the Committee of the Liverpool Stock Exchange for permission to deal in and for quotation for the whole of the Issued Share Capital of the Company may be obtained from:—

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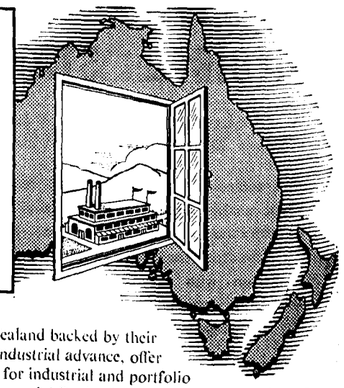

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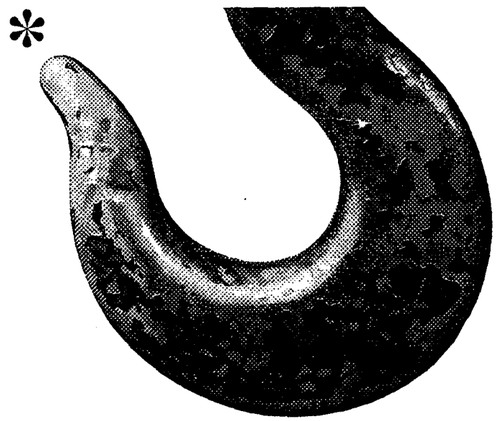

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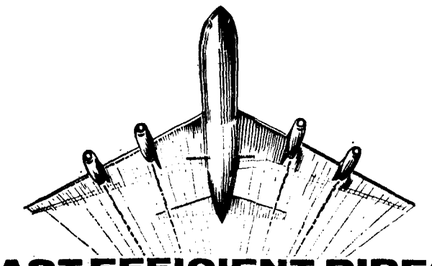

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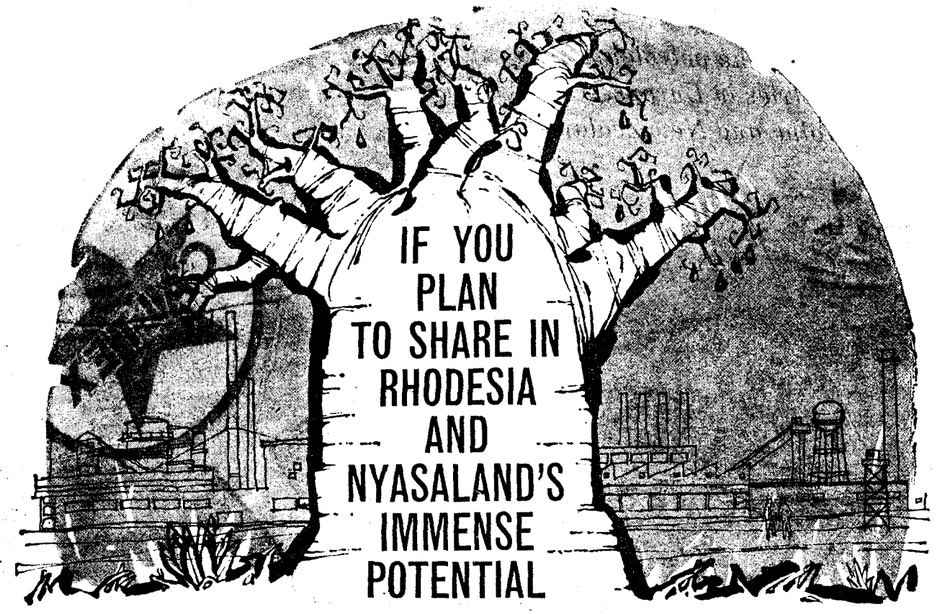

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***CONTACT** A. C. Bartrum, General Manager of IPCORN at Bank Chambers 76 Jameson Avenue, P.O. Box 134, Tel. 60830, Salisbury, Southern Rhodesia.

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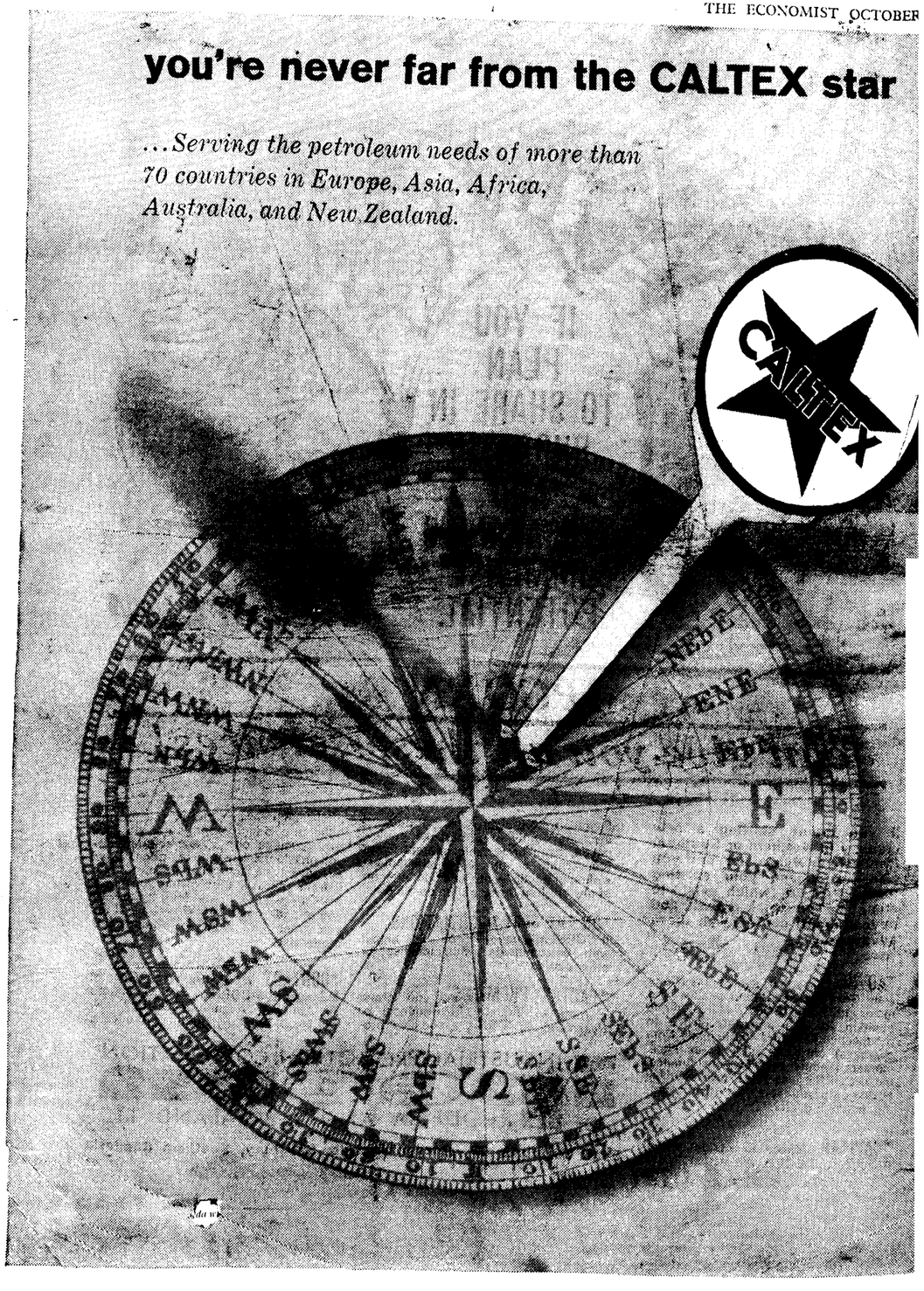

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The Economist

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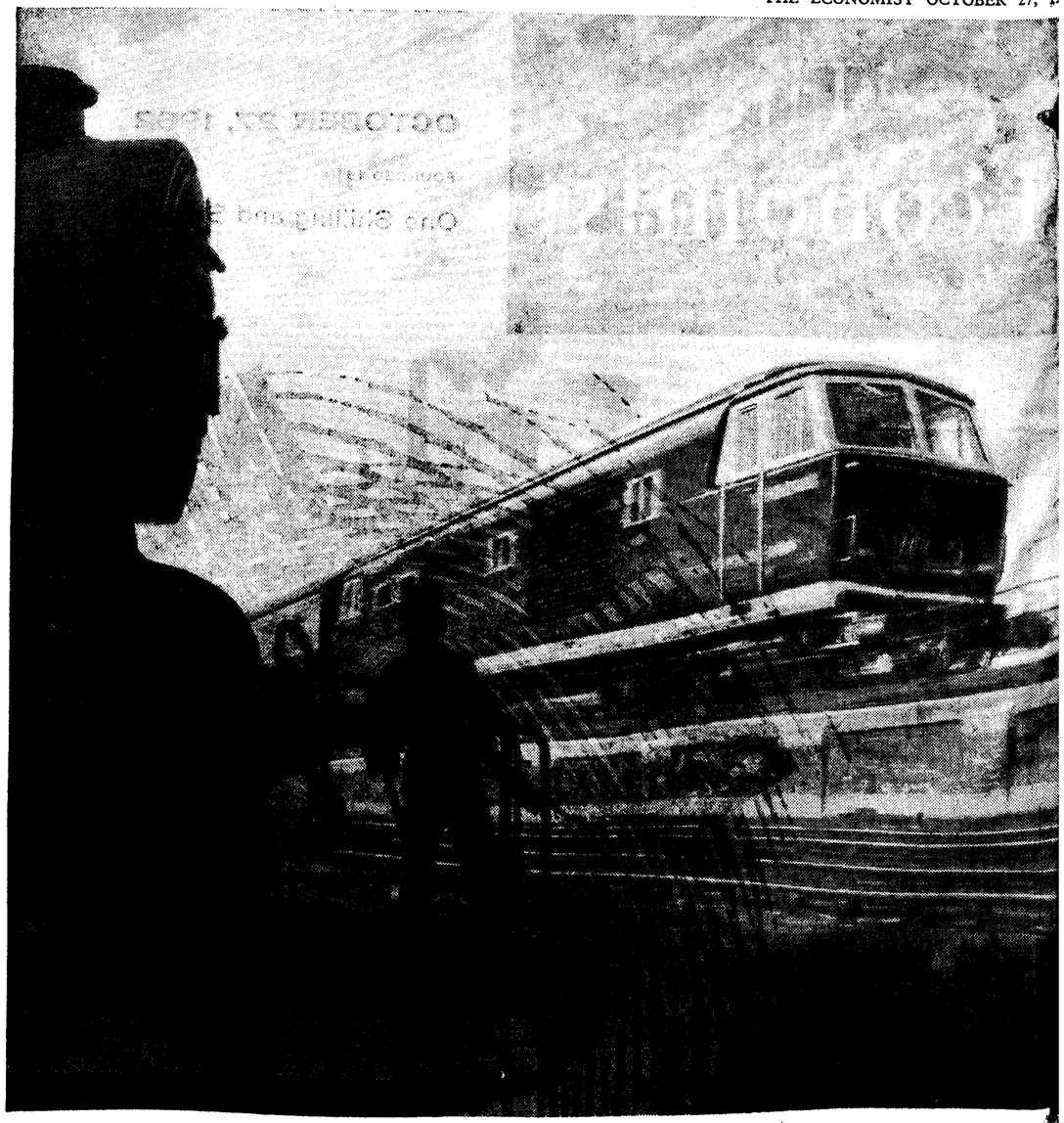

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The Economist this Week October 27, 1962

CYCLONE CUBA

If a breathing space has been won in the crisis over Cuba, it cannot mean that Mr Khrushchev is accepting defeat all along the line; at best, there may be a chance now to get negotiations going before he resorts to a counter-blow elsewhere (p. 327).

WASHINGTON is well aware of the dangers of its **Cuban blockade** but feels that this direct confrontation of the Soviet Union in "home waters" is unavoidable (p. 359).

The possibility of a **war economy** has improved the short-term economic outlook, but it has made the long-term one more cloudy than ever (p. 359).

LONDON: Mr Macmillan, rejecting separate initiatives "merely for the sake of appearing to do something," supports the good offices of the United Nations (p. 334).

BERLIN: Fears of Russia moving against the city in earnest have been given encouragement (p. 334).

The blockade is affecting not only arms shipments:—

The United States, with the dollar under strain, may also find itself under some financial constraint (p. 379).

Gold (p. 379), the exchanges (p. 387), the stock markets in London and New York (p. 386), money markets (p. 387), commodities (p. 387), marine insurance and shipping (p. 388) have noticed the changed international atmosphere.

INTERNATIONAL

AFRO-ASIAN MALADIES

India, for all its present problems, has no intention of losing its status by falling back on western support (p. 329). Our correspondent reports India's reaction to the shock of seeing the Chinese advance further into India instead of being thrown out (p. 369).

Yemen's prime minister has the honesty to say that he does not know where to start with reforms, but that diplomatic recognition would be useful—in asking for aid (p. 335). The sweeping changes in Yemen have heightened the **Adenis'** misgivings about joining a South Arabian Federation. **Britain** may have to look at the problem again (p. 336).

The **United Nations** and its members, now tied up in the latest tangle of international crises, can pay little attention to Mr **Tshombe**; **Congo** chaos is possible (p. 335).

King Hassan II of **Morocco**, having maintained so far an exquisite balance between autocracy and liberty, is looking for the next step (p. 370).

Northern Rhodesia's election results will be no guide for the British Government, but the breakdown of the voters' attitudes will provide one (p. 340).

PLANNING PROBLEMS

Europe's Six are trying to handle one thing at a time; they have made an effort to accommodate the proposed associates from **Africa** (p. 339), but are inclined to leave the question of fitting in the **Seven** until after **Britain** joins (p. 339).

Resigned to losing the referendum, the opposition parties seem too hopeful of trouncing President de Gaulle's followers in the **French general election** (p. 369).

Mr Khrushchev cannot keep all **the Kremlin's ghosts** locked up and stay at the top as well (p. 373).

Austria is trying to put its picturesque Alpine farms on sounder economic ground (p. 374).

Czech planning has produced better supplies of household goods, thus giving the people more time to queue for erratic food supplies (p. 375).

France is planning a larger role for its **capital market:** but for its own benefit and not—in spite of an abundance of foreign exchange—for America's balance of payments (p. 382).

Amid all the international difficulties Father Pire's personal university provides for peace and reflection (p. 376).

BEHIND THE LINES

Our Washington correspondent reported on some election campaigns in **the Middle West** before the Cuban crisis (p. 363).

Last week's reduction in required **bank reserves** does not necessarily mean an easing of credit in the United States (p. 364).

Congress has approved stricter controls on the marketing of **medicines** but more reforms are needed (p. 366).

HOME

HERE AND NOW

While waiting for the Godot of a common market—and worrying about Cuba—**Parliament** should set its mind to its large and detailed legislative programme (p. 333).

Ford Motors is engaged in the latest of a series of conflicts that could healthily reshape labour relations in **Britain** (p. 344).

In a refusal to reshape, Britain's biggest **white collar union** has democratically declined to join the Trades Union Congress (p. 336).

HERE AND THERE

The Hall committee on the **Northern Irish economy** disappointingly failed to agree on its main recommendations: but its doubts provide a useful stimulus to thought about **Britain's place in Europe** (p. 331).

Meanwhile, the other **Irish** are worrying about their chances of becoming full members of Europe (p. 339).

There are signs that the use of **atomic energy** may be creeping back into favour. The Dounreay reactor could help this process by urging the Atomic Energy Authority to find ways of using its plutonium (p. 380).

London's planners should start thinking about practical means of ensuring that tall buildings do not end up as sore thumbs (p. 347).

New rules for art exports (p. 340).

HERE TO ETERNITY

The sentencing of **a spy** to 18 years in jail leaves some questions that should be answered—and others that never can be (p. 335).

The renewal of Britain's dying **urban regions** must be a first national priority: and to remodel the techniques of **local planning** could speed the task (p. 336).

There should be second thoughts about cutting back **the Gurkhas** (p. 343).

Detailed contents on page 327

iNSTANT HOLLaND

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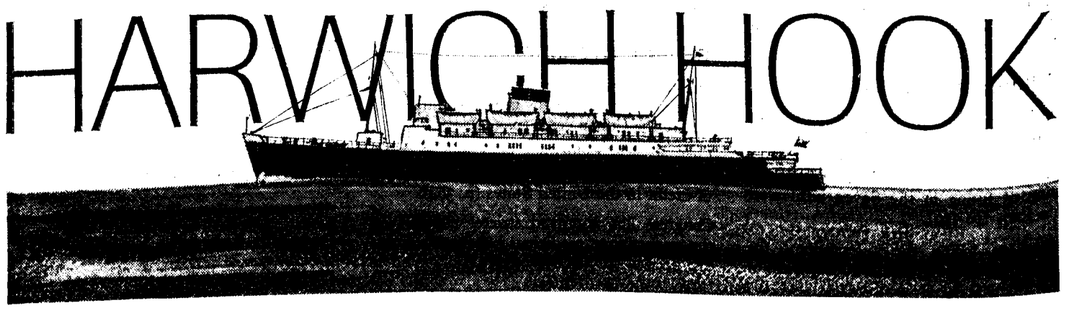
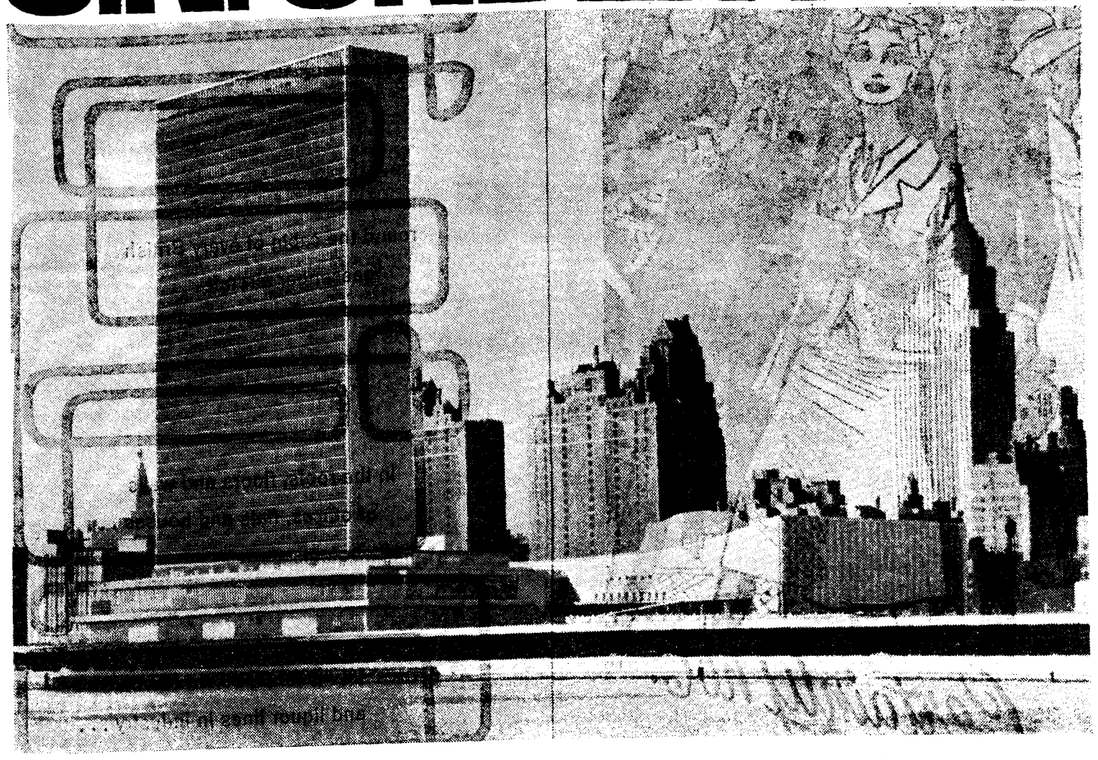


U.N. UNDER FIRE



CONOR O'BRIEN THINKS AGAIN

Last December Conor Cruise O'Brien wrote two articles in the Observer which created sharp controversy. He now says "In the Observer interpretation I went wrong for two reasons." What has made him change his mind? ■ Doctor O'Brien's book "To Katanga and Back" amounts to an important new assessment of the roles played by the United Nations Secretariat and by Hammarskjoeld himself, of whom he says: "He allowed the world to be given an official version which was so phrased as to conceal the reality of what had happened .... These words will make painful reading for Hammarskjoeld's admirers .... I think however that there is no escaping their truth." ■ The first of a series of extracts from this important work appears in the Sunday Telegraph this week.

SUNDAY TELEGRAPH
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ST. 39

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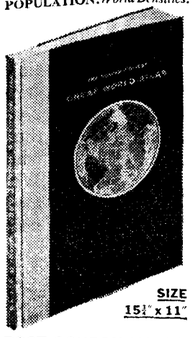

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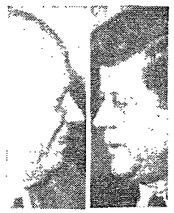
Cyclone Cuba



FOR the moment, though it is impossible to be sure that what is written on Thursday afternoon will continue to be true on Friday morning, the worst dangers that might have flowed immediately from President Kennedy's decision to impose a blockade on Cuba seem to have been averted, or at least put off. The acting secretary-general of the United Nations, speaking for practically every member of that body, has appealed to both the United States and Russia to steer clear of actions that could lead to the shot that would be heard around the world until they have had a chance to talk things over. Mr Khrushchev, in his sensibly worded message to Lord (Bertrand) Russell on Wednesday, has shown a keen awareness of the dangers the world is running, and an apparent willingness to negotiate with Mr Kennedy. So far there has been no clash in the Caribbean between Russian merchant vessels and American warships, and if the sense of Mr Khrushchev's remarks to Lord Russell has been transmitted to the Russian captains there may not be a clash—at least in the Caribbean, at least just yet.

Some Americans, but we hope not Mr Kennedy, may be tempted to interpret these developments in what could well be a dangerously wrong way. They may be persuaded that by forcing a showdown over the shipment of Russian arms to Cuba the United States has publicly and triumphantly made Mr Khrushchev back down ; in other words, that the United States had achieved that decisive victory in the "contest of wills" which the extremists of both East and West have been pursuing, like a will o' the wisp, for years past. If this interpretation were adopted by Mr Kennedy, certain conclusions would inevitably be drawn in Washington. The Americans would decide that they could press ahead with their demand that the Russian missiles already in Cuba must be dismantled, and if necessary enforce their will by military action. They might also reason that, having bent Mr Khrushchev's will over Cuba, they no longer needed to fear a showdown in, say, Berlin, on the principle that one backing down by the Russians would inevitably lead to another.

This could be perilous reasoning. For one thing, the possibility of the fatal spark being struck in the Caribbean has not yet vanished, or even seriously diminished. Mr Khrushchev's feeling that he cannot make a "confession of weakness" (how it twists the heart to hear these identical phrases tripping from American and Russian tongues alike) may yet lead him to try to push a ship or two through the blockade to Cuba ; just as the western powers would probably feel obliged to push a convoy or two up the Berlin autobahn if the Russians imposed a blockade there. There is also the ominous possibility, mentioned by our Washington correspondent on page 359, that the blockade does not mark the end of American plans for action against Dr Castro's island. If Mr Kennedy is really as alarmed as he says he is by the arrival of Russian missiles in Cuba, the reports that he would like to winkle out those that got there before the blockade was imposed may yet receive a grim confirmation.

But let the very best be assumed for events in and around Cuba. Take it that Mr Khrushchev will realise that he does not possess sea and air power enough to maintain his position in the Caribbean, and that he will back down from his commitment to Dr Castro rather than face a conflict on the Americans' home ground. The real weakness of the theory that the Russians, once humiliated, will be twice shy of causing trouble either in the Americas or anywhere else lies

in the metaphor Mr Khrushchev used to Bertrand Russell on Wednesday: "If one tries to mollify a robber by giving him first one's purse, then one's coat, the robber will not become more merciful, will not stop robbing." One can reject this interpretation of the Americans' policy in Cuba, while still recognising the extraordinary similarity between these words and the feelings that led Mr Kennedy to act last Monday night. Neither East nor West, in short, can expect the other to keep on backing down in a series of encounters. If one of the antagonists backs down in one place, it simply increases the chance that he will seek compensation somewhere else.

IF a momentary breathing space has been won, as seems possible, the real conclusion to be drawn is not that Mr Khrushchev is acknowledging a general defeat (he cannot) but that he is now making up his mind whether to negotiate seriously over the whole tangle of issues—Cuba, Berlin, and other matters as well—or to prepare a counter-blow. The aim of those who prefer settlements, even partial and uneasy ones, to showdowns should clearly be to steer the course of events towards the first of these alternatives: negotiation, at whatever level is necessary, involving compromise if need be, before a counter-blow calls forth a counter-counter-blow.

"We cannot give ground to force, for that would be a confession of weakness"; thus Mr Khrushchev to an eminent Belgian interviewer, Mr Raymond Scheyven, in an interview published this week in a range of western European newspapers. Mr Khrushchev was talking in the context of Berlin, where the deployment of physical force favours him. With the challenge transferred to the Caribbean, where it does not favour him, what sensible course can he take but to back down? But, if back down he must, it will involve him in abandoning a chosen ally and willing disciple in circumstances as directly and obviously humiliating as they can be made to be. No point for him, after that, in pursuing the long, laborious dialogue (Thompson and Gromyko; Gromyko and Rusk; Adzhubei and Kennedy; McCloy and Khrushchev; Gromyko and Kennedy) that has been, with all its limitations, the most notable contribution of the Democratic Administration to East-West diplomacy. The theory that represents Mr Khrushchev as needing only to be convinced of American willingness to go to war, and he then will negotiate in earnest, is too facile. Without doubt he has been aware of that willingness for long enough. Being aware of it, he has gone very, very slowly with his own plans for Berlin and east Germany. He is not going to regard undignified defeat in Cuban waters as a promising point of departure for a further attempt at an accommodation with the United States.

CUBA

Aspects of the Cuba Crisis discussed on other pages are . . .

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Only with great good luck will the international hunt for a compromise that is now on yield such a point of departure. If it does not, Mr Khrushchev would seem compelled to do something else to restore the balance of humiliation. Where? Mr Kennedy's broadcast clearly anticipated that it might be in west Berlin, to whose "brave people" he gave a particular assurance that American action would meet any move against them. So it may be. Berlin's closeness to the central field of east-west conflict, which is still in Europe, speaks for that possibility; so does the obvious fact that the normal functioning of Berlin under western protection depends not only on communist tolerance but, in various fields of administration and communications, on active communist co-operation. Thus the communists can, if they choose to be resolute and circumspect, render the western position in Berlin difficult (and even, perhaps, humiliating) while still leaving it to the West to take, or to draw back from, the step into war. Some possibilities there are discussed on page 334.

EVENTS may soon show whether Berlin is to be the next point of conflict. But the West cannot take it for granted that it will be; to do so may be to underestimate the fundamental character, in strategic terms, of the issue upon which Mr Kennedy has chosen to throw down the gauntlet. The basic American challenge is contained in Mr Kennedy's assumption, restated in the American resolution before the Security Council and by Mr Adlai Stevenson in submitting it, that a ground-to-ground missile sited with Soviet connivance in the western hemisphere is "offensive" and an intolerable threat, whereas an American-controlled missile sited in the eastern hemisphere is a normal defensive precaution, which the Russians must live with.

The fact that most people in western Europe and North America would heartily concur in both these propositions is not really to the point. The two propositions express, the one the Monroe doctrine of excluding European intervention from the western hemisphere, the other the Truman doctrine, the military containment of Soviet power along the periphery of the communist world. Mr Walter Lippmann wrote on Monday that the United States was not now omnipotent, and could not therefore enforce both doctrines at once, one in each hemisphere. It needs to be remembered that in 1947, when the Truman doctrine was adopted, the monopoly of nuclear weapons, added to its overwhelming economic preponderance, made the United States more nearly omnipotent than any modern power, at any rate, has ever been.

This is so no longer. The Americans still possess preponderant military power, but that is not the same thing; to make their will effective, they have had to resort with increasing frequency to the threat of war. It is not a threat to be used too often in too many places, as the Russians doubtless see. Berlin's best hope of an undisturbed winter may lie in the possibility that the Russians will see in an assault on the system of containment the most appropriate response to this week's enforcement of the American protectorate over the western hemisphere. They may prefer to attack containment where it is weak and extended, somewhere along the southern borders of the Soviet Union from, say, the Bosphorus to Pakistan. This is a region where military and political means might, without great difficulty, be combined and the onus of resort to the ultimate weapons left to the West.

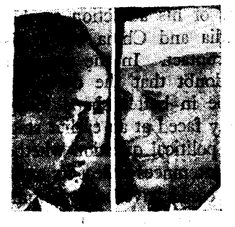
WHAT practicable alternative exists to a spiralling outward from the Caribbean storm centre? If one can be found, it must take the shape of a device that enables the disputants, whose prestige is now as heavily involved as their military interests, to back away from their perilous confrontation without having to eat dirt and with some element at least of reassurance to take the edge off their immediate and most pressing fears.

Whether anything of the kind is possible depends primarily on two questions. First, do the parties mean everything they have said about facing a decisive showdown, or have they really been drawn by miscalculation into more extreme postures than they would have wished? If the latter is the case, their public show of resolution may conceal a real preference for a form of disengagement. Second, can they be spared the appearance of surrender? Neither of the great powers can be expected to yield simply at gunpoint. A less undignified backward bowing can be achieved only by bringing in the element of persuasion by third parties. Mr Kennedy seems committed to maintaining the "quarantine" until UN inspection teams report Cuba clear of nuclear arms; Dr Castro has apparently rejected all idea of international inspection. Are these positions absolute? Might America conceivably accept a control that left Cuba with an armament sufficient to deter an American attack but not capable of devastating the United States? Would Castro really repel an inspectorate that turned out to be manned mainly or wholly by the non-aligned countries with whom he proudly associated himself at the Belgrade conference last year?

Whatever the possibilities, it became clear within a few hours of the onset of Cyclone Cuba that the place to seek them was the United Nations. And there, as on earlier occasions—the Lebanon-Jordan crisis of 1958, which set a somewhat similar problem in disengagement, comes to mind—they are more to be sought in the anxious activity behind the scenes than in the clash of public debate (the interruption of which for a UN Day concert on Wednesday was perhaps all for the best). The likely transfer of the formal proceedings from a Security Council in which Russia can veto any American move, but cannot hope to carry its own proposals, to the 110-member Assembly, in which neither the American nor the Soviet-Cuban case can be expected to win resounding support, will not alter this essential point.

Already the acting secretary-general, U Thant, has offered his personal good offices to the disputants, and has appealed directly to Mr Kennedy and Mr Khrushchev to suspend, respectively, the blockade and the shipping of arms to Cuba, for a period of two weeks that would permit of negotiation. A large group of non-aligned states has been discussing a draft resolution which would ask all parties to do nothing to aggravate matters and to consult with U Thant at once. But as a source of such de-fusing initiatives, effective or not at first shot, the United Nations was never more urgently needed than it is this week. If it did not exist, it would now be necessary to invent it—if there was time.

India's Ring of Troubles



The temptation to gloat over India's present predicament should be resisted

INDIA's difficulty is a beguiling opportunity for some of its critics in the West. The sight of Mr Krishna Menon declaring that "We will fight to the last man and to the last gun" is bound to evoke, if not gibes, at least some dry smiles. In the years when the Atlantic allies were closing ranks against the Soviet military power which they saw threatening western Europe, Mr Nehru's government emerged as the most vocal—and thus, to the allied countries, the most irritating—apostle of non-alignment. Western leaders, preoccupied with evidence of the communist powers' expansionist aims and bad faith, detected a blend of hypocrisy and folly in India's insistence that its relations with those powers were firmly based on the famous *Panch Shila*: the five principles of trustful co-existence that were first framed in the 1954 Tibet agreement between India and China, and later elevated to a near-universal dogma. Now, with the Chinese army relentlessly driving through India's Himalayan defences, various voices are raised to say, in effect, "We told you so."

The Chinese action of the past week is discussed in more detail on page 369. Mr Menon has branded it as "naked and large-scale aggression." It is not the only factor (though it is, of course, much the most serious) in India's present predicament. There is trouble, quite literally, on every side. An exchange of fire has taken place this month across the Pakistan border, where there has also been renewed movement of refugees and expellees. In Kashmir, ominous rifts have appeared in the state government even while the long-delayed trial of the deposed leader, Sheikh Abdullah, recalls old dangers and evokes new murmurs. Raids into Nepal by exile groups that support its imprisoned ex-premier, Mr Koirala, have resulted in counter-raids into India as well as in a sharp worsening of India's relations with King Mahendra's government. Along the Burma border, the "pacification" of the rebellious Nagas has stretched out for seven years in spite of repeated official assurances, only too reminiscent of Algeria, that the revolt had reached its "last quarter of an hour." In the south, the Tamil separatist movement is still making slow but disturbing headway. Mr Nehru's visit to Ceylon this month has not, as some expected, opened a way to the solution of the problem of the large Indian "stateless" community there.

Delhi's troubles are naturally gratifying to Peking, which has gone out of its way to publicise them through broadcasts and press services distributed internationally, and to exacer-

bate them by ostentatious gestures to Nepal and Pakistan. For westerners to find satisfaction in them, on the other hand, would be short-sighted as well as small-minded. Pakistan is allied to the western powers, but their true interest lies in seeing Pakistan and India reconciled with one another, whereas China has every reason to foment ill-will between them and to keep their disputes unresolved. Likewise, the West has no conceivable interest in bad blood between India and Nepal, and its refusal to take sides in their present quarrel, however disappointing to King Mahendra's hopes of getting Britain and America to put pressure on Delhi, has been wise.

WITHOUT any doubt, India has made some serious mistakes. It has mishandled the Nagas tragically, and failed to take due account of Nepalese sensibilities. Faults may be found in plenty, and on both sides, in the tangled record of its feud with Pakistan. Britain's share of responsibility for the creation of the original imbroglio must be frankly admitted by anybody in this country who ventures to comment on the present problem; but, having done that, one may fairly argue that India, as the larger, stabler and better equipped of the two who make this quarrel, has a special obligation to show more than its share of forbearance and generosity.

Has Delhi committed a fatal error, on the other hand, in showing too much forbearance toward China? Many of Mr Nehru's critics, inside India as well as elsewhere, would say so. Now that the prime minister speaks of "five years of continuous aggression," he is receiving embarrassing reminders of his earlier persistence in playing down the threat to India's northern frontier, of his addiction to the theme that friendship between India and China was indissoluble after millennia of peaceful contact. In the purely military sphere, there seems little doubt that the defences of the Himalayan frontier would be in better shape today if the danger had been more frankly faced at an earlier stage. But it is less easy to answer the political question whether India as a whole (and Mr Nehru's utterances reflect its moods quite as much as they shape them) could have been galvanised into vigorous action against the Chinese before they showed their hand as plainly as they are now doing.

Physical geography plays its part here. Faith in the Himalayas as an "impassable" protective barrier long rested on impressive evidence. But the political atmosphere of newly independent India in its first years was surely more important. Inevitably, the most intense suspicion was reserved for anything that smacked of an attempt to undermine the new-won independence by attaching India to western policies. The very creation of Pakistan, although recognised as inevitable by the Congress leadership, was suspect as a possible "divide and still, somehow, rule" gambit; and suspicion deepened when Pakistan was wooed and won over to alliances with the West which some of its leaders plainly regarded less as bulwarks against communist expansion than as devices for strengthening their hand against India. Westerners resented the "holier than thou" of India's disdain for military precautions which they deemed vital. They tended to overlook the fact that the Indians were still involved in the psychological struggle to resist the appeal to "loyalty" that lingered from the days of the British Raj. The circumstances of India's achievement of independence made this struggle a more complex and painful business for them

than it was for, say, the Indonesians or the Burmese.

Each warning against China that came from a western source—and India was given many such warnings—tended, therefore, to set up a contrary reaction. Was not China standing up boldly and impressively against western domination? In India, admiration for the new Peking regime's achievements was not by any means confined to communists and their fellow-travellers. Disenchantment came slowly, for any Indian who returned from China with eye-witness evidence about the darker side of Mao's moon was vulnerable to the charge that he was toadying to western hopes of setting the two great Asian countries against one another. The idea that Indian reluctance to think ill of China has been solely due to sinister machinations perpetrated by Mr Krishna Menon takes no account of this widespread attitude among Indians of many shades of political belief: an attitude of more significance in this context than the Gandhian gospel of non-violence, which, it should be remembered by those inclined to mock India when it defends itself as readily as they would do if it failed to defend itself, was never accepted either by Mr Nehru or by Congress as a whole as an all-embracing philosophy.

THE angry rallying of national sentiment which China's new onslaughts have evoked is a reminder that *ahimsa* is not the only thread in Indian political tradition. Was Peking itself misled by too great a faith in Indian attachment to non-violence? If, as has been suggested, the Chinese aim is now to humiliate India and serve warning that it is foolish for anyone in Asia to oppose himself to Mao's might, it is nevertheless surprising that Peking did not foresee that such a course would stiffen Indian resistance. In the earlier stages of Chinese encroachment in the Himalayas, there were awkward rifts between those Indians who demanded a vigorous response and those who urged caution. Now the ranks have abruptly closed. The crisis should ease Delhi's perennial task of restraining the many forms of separatism that plague the huge country. Already Mr Menon has publicly rated China's offence as much more serious than Pakistan's. Confusion is now confined to the unhappy ranks of the Indian Communist party, whose heightened dilemma has been reflected in Moscow's decision—at least until this week—to spare Soviet newspaper readers the pain of reading about the Himalayan fighting.

Obscure though Peking's aims are, it hardly seems that it can profit China to drive India into such massive anger, and to alienate, in varying degrees, the non-aligned countries as a whole; unless, that is, it is really part of the Chinese plan to expose and discredit India in the eyes of those countries by forcing it into the arms of the western allies. Even if this somewhat far-fetched assumption were valid, there would seem not the slightest hope of such reasoning being proved justified. India's leaders have made it very plain that, while seeking the military equipment they need wherever it is to be found, they are not going to throw themselves into the West's embrace. They have also, be it noted, thanked Mr Khrushchev politely for his suggestion, made last Saturday, about negotiating a settlement with Peking, and firmly restated that there can be no negotiation under duress. India, with all its troubles, is not going to be easily budged from its independent stand.

Split over Ulster

How far does Northern Ireland's unemployment problem spring from the fact that it cannot pursue a more independent economic policy?

THERE are two good reasons why everybody in Britain should pause to consider the economy of Northern Ireland. First, this is a part of the United Kingdom which has had a persisting unemployment rate in the last decade of between 6 and 10½ per cent, and it would be appalling to assume (as in places some of the widely split signatories of the Hall report, Cmnd 1835, come near to assuming) that almost nothing can be done about it. Secondly, Ulster's story is full of economic lessons for Great Britain itself—among other things, lessons about how far economic integration between Britain and Europe should be allowed to go if Britain enters the common market.

The Hall committee (composed of Northern Irish and English civil servants, but with a recently retired Economic Adviser to the British Government as outside chairman) is crystal clear about Ulster's economic disadvantages: they are "remoteness, a small domestic market, and a lack of home supplies of raw materials and fuel." If Ulster is to be competitive with the rest of the United Kingdom, therefore, "other elements of cost (i.e. costs other than those of transport and material, and to some extent costs related to economies of scale) should be lower than they are in Britain." The cost of new capital in Ulster is in fact lower; thanks to the province's extensive schemes of capital assistance (largely subvented by the British taxpayer), businessmen sometimes have to pay less than one-third of the real gross cost of the new investments that they undertake there. But wage rates—which clearly ought to be lower in a country with heavy unemployment—are approximately the same as in Britain though earnings work out 10-20 per cent less. "This is mainly because 80 per cent of the organised workers in Northern Ireland belong to unions based on the mainland," and their wages are often determined under settlements covering the United Kingdom as a whole.

THE committee permits itself a snort of protest at this absurdity, which helps to keep total costs per unit of output in underemployed Ulster so uneconomically high. (The point, incidentally, ought also to be noted by those economists who say that there is no such thing as wage push inflation, and who aver that the only thing that keeps costs high in Britain is excessive demand for labour). But, because all the committee's members have accepted as part of their given terms of reference that the existing degree of economic integration between Ulster and Britain must stay inviolate, the only weapons they can suggest for aiding Ulster are further increases in the subventions already given to it by the British taxpayer. The essence of the Hall report was that some members of the committee (perhaps sometimes the radicals, but probably often merely the Northern Irishmen) kept recommending new ways in which these subventions might be increased, in order to push particular costs in Ulster lower; other members, who now seem to have been supported by the British Government on all matters but one, kept on objecting.

On the six main recommendations fought over in the report, *The Economist* finds itself twice on the side of the objectors, twice on the side of the Northern Irish, and twice uncomfortably on the fence. It may be best to deal with these six specific matters first—before going on to ask the central question, which is whether the existing degree of integration between Northern Ireland and Britain may not be entirely the wrong mixture.

(1) The objectors are probably right to resist the suggestion that there should be a large new subsidy for freight services to and from Northern Ireland; this would favour manufacturers of bulky goods, probably the least economic sort of manufactures for Ulster to encourage. The main disadvantages in the fact that goods have to be transported to and from Ulster's factories "by sea and land rather than by land alone" do not seem to arise simply from heavy freight charges. They "arise mainly from delays, handling and consequent breakages, pilferage and the difficulty of tracing components. Many firms appear to find, in consequence, that they have to maintain larger stocks. . . ." (The more one reads this part of the report, the more one becomes convinced that a Britain-in-Europe should press forward with plans for building a Channel tunnel.)

(2) It was surprising that the committee could not reach united agreement on the need to change Ulster's system of fuel subsidies. Until now the use of coal imported from Britain has been subsidised, while fuel oil (as in Britain) has been taxed. This has discouraged conversion to oil, although—because the transport costs of carrying crude oil to Ulster are approximately the same as of carrying it to Britain—oil "appears to be the more economic fuel" for Ulster's special circumstances. Obviously, if fuel subsidies are to continue at all, it would be in Ulster's interests to subsidise all fuels equally; the British Government has accepted this, and fuel oil is now to get the subsidy too.

(3) The objectors are probably right in opposing any increase in the already massive capital grants which are made available in Northern Ireland to individual firms for re-equipment or new investment. One suggestion before the committee—that firms should be able to claim depreciation allowances on the whole cost of any piece of capital investment, instead of only on the amount contributed by the firm—could have reduced the net cost of an investment undertaken by a new business to less than one-tenth of its gross cost. One doubts if the most economic forms of new industry really would come into Northern Ireland when nine-tenths of the cost of any new investment would be paid by somebody else.

(4) The Northern Ireland representatives on the committee wanted new investors in Ulster to be given an option: instead of taking the capital grants as now, they could opt for a new system under which they might be allowed a "tax holiday" on their profits for up to seven years—provided that the maximum amount of tax remitted was not more than twice the amount of the capital grants for which the firm would otherwise have qualified. The firms that would opt for the new arrangement would presumably be those which considered (rightly or wrongly) that they could establish themselves

quickly in Ulster and make large profits there ; just the sort of investors that Northern Ireland needs. One would have liked the British Government to have probed this suggestion more deeply before apparently concurring with the British members of the committee who (largely because of a protest from the Board of Inland Revenue, which spoke of "difficulties of administration and serious risks of abuse") turned the idea down.

(5) Except for a proposal to step up the housing programme, the committee has recommended against mopping up Northern Ireland's unemployment by an enlarged programme of public works, on two grounds. First "public investment in roads, water and sewerage, hospitals, local authority health and welfare services and education is already proportionately higher than in Great Britain." What this amounts to saying is that the appropriate internal Keynesian policy in Northern Ireland would not be a policy of public works, but might be one of stimulating consumption through monetary expansion and budget deficits ; since Northern Ireland "has no separate currency or central bank" (and also no genuinely independent budgetary system), the report says she cannot undertake such stimulation. Secondly, however, the committee would in any case be opposed to pumping more internal demand into Ulster (by more public works or other means) because "a large part of the additional demand would be spent on increased imports from other countries, especially Great Britain." In the face of this relapse into balance of payments deficit, Northern Ireland would be helpless, since under the present system the country cannot check a rise in "imports by appropriate tariff or exchange rate policies."

The Economist

OCTOBER 25, 1862

A BANK'S TRUE ASSETS

We publish today, in our half-yearly SUPPLEMENT, the accounts of the Joint Stock Banks of the United Kingdom as far as they are made known to the public. The information which they give is very various ;—some tell much and some tell little. . . . The forms of account in banking, if exact and explicit, are necessarily somewhat elaborate, but their essence is very simple. They have only two simple things to state—what money has been in the custody of the bank, and what the bank has done with such money: in technical phraseology, the first is the account of liabilities, and the latter the account of assets. . . . If a reader of bank accounts will bear these remarks in mind, he will be much better able to judge of what he reads than he would otherwise be. But he should also be warned not to place too exclusive a confidence in figures. There is one large item in every bank account, the true nature of which no figures can thoroughly represent. In every account there must be a line on the assets side, "Loans to customers, bills discounted, &c.," and the value of these may be the value at which they are set down, and it may also be *nil*, and it may be anywhere between the two. The goodness of these assets depends entirely on the good judgment and knowledge of business of the managers of the bank, and these no balance sheet can indicate or exhibit. One guide to them is the general estimation of the public: the banks which are thought to be very good generally are very good. But the public is not absolutely unerring. It *has* made great blunders. The best single rule is, that in a bank where the shareholders are respectable and wealthy, the managers will generally be intelligent and capable. Those who have much to lose by a bank's failure, and who are educated enough to know how and why a bank fails, are more likely than others to take the keenest and wisest precautions for its safe management. This principle is not infallible, but it is the best which is applicable to the subject in hand.

(6) There remains the most important proposal which was sponsored by the Northern Irish members of the Hall committee, fully supported by their government. This was the proposal for a wages subsidy:

> A grant of 10s. per week (equivalent to about 4 per cent of the average weekly wages paid to adult employees in manufacturing industry) in respect of all employees in firms qualifying for aid under the Capital Grants to Industry Acts, i.e. to productive industry. The number of workers affected would be approximately 215,000 out of an insured population of 480,000. The cost would be about £5.6 million a year.

The British members of the committee opposed this suggestion, partly on the conventional grounds that it would set an awkward precedent for "other less prosperous regions of the United Kingdom," but with one genuine economic argument which they believed was in Northern Ireland's own interests as well. The main benefit of a wages subsidy would go largely to the old, declining and often labour-intensive industries (like textiles and shipbuilding) on which Northern Ireland is already far too heavily dependent. The objectors suggest that they much prefer schemes for encouraging the development of modern growth industries in which labour costs per unit of output tend to play a less predominant part.

THIS last argument surely brings one to the nub of the matter. A wages subsidy—like a fuel subsidy and a transport subsidy—would really be a scheme for bringing part of the undoubted benefits that Northern Ireland could secure if its currency were devalued to below parity with the British pound sterling ; the trouble is that all these partial subsidies work in a clumsily discriminatory way. And the Hall committee itself admitted that one of the reasons why it refused to recommend a Keynesian restimulation of internal demand within Northern Ireland was because the country could not check any consequent increase in imports by "exchange rate policies" or other means.

There are by now awkwardly strong reasons for believing that the best way out of Northern Ireland's present mess would be to have a separate Northern Ireland pound, and a devalued one. At two stages in its report the Hall committee comes near to admitting this, but then hastily dismisses the idea as one of several possibilities that is not "even theoretically possible for Northern Ireland." "Theoretically impossible" here means politically impossible, given that the present state of union exists. Since Northern Ireland is bearing the burden of an overvalued currency unit as one of its penalties for remaining so fully integrated within the United Kingdom, many observers would say that other parts of the United Kingdom have a duty to help in giving it some aid ; possibly, even, the argument for a wage subsidy in Northern Ireland is one that should now be accepted and put into effect. But the troubling story of Ulster does provide a cautionary tale for other unities like United Europe which are about to be built up from scratch. One of the forms of progress against which a Britain-within-Europe should definitely drag its feet is any idea of precipitate progress towards a common currency between high cost peripheral members of the common market and lower cost centre-of-the-market members. Apart from anything else it is still quite uncertain—until some sort of sense is brought into wages policies here—which sort of a member of Europe the United Kingdom (including Northern Ireland) is itself going to be.

Bills in Prospect

Some points to watch for—and prepare to criticise—in the Government's legislative programme for the coming parliamentary session.

EVEN apart from the Cuban crisis, many question marks hang over the new session of Parliament which the Queen will open next week. One is whether the session will run its ull course. Mr Macmillan might decide to call a general election efore next summer if either (*a*) next month's by-elections swung o unexpectedly far towards the Conservatives that he thought he ould win an early poll ; or if (*b*) France made it clear that it /as going to block further effective negotiations at Brussels until n election had removed the fear that a Labour government might epeal any signature by Mr Macmillan of the Rome Treaty.

Some Labour strategists have argued that there is another way n which Britain's entry into Europe might be blocked until after in election. "The Government," they say, "would not be able o force through during the fag end of this coming session all he complicated legislation that will be needed before Britain can oin Europe, if Labour were to fight the legislation line by line, noving crippling amendments at every point."

This Labour view is almost certainly a delusion. If by late spring it became evident that Britain could join the European common market from, say, January 1, 1964, then this might be made legal by the introduction around next May of one **Common Market Bill** of some seventy clauses ; it might be made up largely of regulations adapted from the Treaty of Rome, with accompanying directives—and might even be in a form, like a Consolidated Fund Bill, where the Opposition's power to move detailed amendments was circumscribed. There would have to be a lot of tidying-up legislation later, but this might conceivably be done in the next session (or the next Parliament ?) when Britain was already inside Europe.

In the early months of the session Parliament will be largely waiting for this Godot of a common market bill. The purpose of this article is to offer some brief but specific advance comments on the earlier bills that appear to be in prospect. The programme announced in the Queen's Speech will include legislation to lay down a **statutory minimum period of notice** for sacked workers and to provide each employee with a **written contract of service.** The sensible course will be for this legislation to come into effect only at some forward date, so that employers and trade unions will have time to make separate arrangements in each industry not less favourable than (in fact, preferably, usually much more generous than) the new minimum rule. The new legislation will be really effective only if it succeeds in spreading fairly generous private redundancy-insurance-schemes throughout industry—in the same way as the Government's "graduated pensions scheme" (a poor scheme in its own right) has partially succeeded in spreading private pension schemes among firms that wished to contract out of it. One point which Parliament should discuss is how far workers who break their contracts—for example, by going on lightning strike before some agreed negotiating procedure has been exhausted—should risk losing their accumulated rights under the new written contracts of service ; it is perfectly reasonable that they should stand to lose them.

The Government is committed to introduce legislation in the new session to implement some of the proposals of the Molony report on **consumer protection.** The right course here would be to go beyond Molony in at least three respects. Instead of just being a generalised propaganda body for consumers, the new Consumer Council should be allowed to undertake prosecutions under the Sale of Goods Acts in the criminal or civil courts. The new **Weights and Measures** legislation should be more brutally specific than Molony recommended (for example, there is not the least reason why manufacturers of packaged products should not be obliged to state on their packets how much the consumer is paying per pound for each product). And the Molony recommendations on **hire purchase** law were an attempt to patch up a system that really needs much more radical reform, by putting hire purchase contracts on a personal loan basis.

AN early bill in the session will be the Government's long-promised Factory Act-type legislation for **shops, offices and other non-industrial premises,** laying down the number of cloakrooms and so forth that employers of white-collar workers must provide. Here the Government should be urged to avoid the age-old trap of first issuing an impossibly draconian preliminary list of suggested requirements that would drive many small employers out of business—and then having to withdraw the more ridiculous of these, amid a loud outcry that it is giving way to vested interests. And backbenchers should oppose "crown privilege" in this matter ; the new office inspectors should be allowed to inspect insanitary government office accommodation, just as much as private office accommodation.

There will be another early Pensions (Increase) Bill to give help to **public service pensioners** (ranging from postmen to retired generals) whose pensions from the state have been eroded by inflation. The accompanying table shows, for some representative groups, how far present-day octogenarians who retired in 1939 fall below their successors who are retiring today ; in terms of the living standard they expected when they retired they are worse treated still, because for the higher ranks (though not for the lower ones) the real value even of today's pensions for the newly retired is below the expected real value of 1939 ones. Most of the men who retired before the great inflation began have slowly died off as the years have passed, but the story has been a sorry one ; the bill should be pushed through quickly and backbenchers should urge that it apply to former colonial service officers as well.

	Pensions paid on retirement in 1939, with purchasing power in terms of 1962 £		Paid in 1962 to those retired in 1939 £	Paid on retirement in 1962 £
Civil servants :—				
Postman	91	(260)	182	289
Clerical Officer	175	(500)	303½	412
Senior Executive Officer	428	(1,222)	624	942
Assistant Secretary	725	(2,855)	1,003½	1,702
Permanent Secretary	1,500	(4,285)	1,989	3,502
Armed Forces :—				
Major (34 years' service)	407½	(1,164)	598	930
Colonel (34 " ")	750	(2,142)	1,037	1,450
General (34 " ")	1,300	(3,714)	1,743	2,800
Teachers :—				
2-year trained assistant	165	(485)	287	518
4-year trained graduate	240	(685½)	392	594
Head, low group school	180	(514)	311	612

A white paper setting down some of the Government's further thinking about the future of television will appear fairly shortly ; but the nature of the Pilkington report has not made it easy to introduce a new **Television Bill** before the 1963-64 session. If the Postmaster-General feels able to take any new step before then he should be urged to authorise an early experiment in pay-as-you-view television. Presumably the parts of the Shawcross report on the **press** which suggested a curb on newspaper magnates' holdings in commercial television could best be implemented in the eventual Television Bill of 1964.

Another proposal in the Shawcross report—for setting up a special court to inquire into proposed newspaper amalgamations—is by itself difficult to sustain. Prior inquiry into major **business mergers** as a whole would be a different matter, but present indications are that the Government is not minded to set up courts for this. However, it is known that the Government has been considering a review of the whole present state of monopolies and restrictive practices legislation; it is frankly impossible—at least within the scope of a short article—to offer crisp suggestions about this until some hard new Government proposals are available for comment.

The nature of the Jenkins report on company law did not make it likely that any new general new company legislation will be introduced this session. **Protection for depositors,** and control over solicitation of deposits by various forms of companies, is probably the most urgent problem here; but this was not looked at by the Jenkins committee in detail.

THE Government should certainly be urged to press forward this session with legislation to prepare the way for election of a Greater London Council and to reorganise the **government of London,** as recommended in the Herbert report of 1960. This is a hot political potato, because Labour is furious at the idea that the GLC (unlike the existing Labour-controlled London County Council) will contain sufficient plush suburban electors in its domain to make it probable that the new council will initially be elected as a Conservative one; while many of the existing Conservative councillors in those plush suburbs are equally furious at the idea that a Greater London Council should have power to initiate some large-scale redevelopment and planning schemes which will be designed to benefit, not so much their existing suburbanites, but Londoners from less fortunate areas. But the Government has a duty to drive forward past the protests of these strange bipartisan bedfellows of obstruction and reaction. (For further discussion, see out note on "Speeding Renewal" on page 336.)

The other bills generally expected to be in prospect will hardly set the Thames at Westminster afire. The Government should introduce new legislation on **water conservation;** here again the emphasis should always be on efficiency, and never merely on the placating of existing interests. This year's row at Winchester may lead to the introduction of a bill about **underground gas storage** (a subject on which the Gas Council should not be blocked, but should be told to behave better). There are said to be two or possibly three technical Scottish bills due to be introduced (where the parliamentary task of the new Secretary of State for Scotland will not be made any easier by the fact that the Conservatives now have no Scottish legal officer in the Commons). Now that the three main international airports—London Airport, Gatwick and Prestwick—are within sight of paying their way as a group, the Ministry of Aviation is expected to present its long-awaited bill to put them under the control of an **independent airport authority,** something that it was, sensibly, unwilling to do while they needed a subsidy. Thus the Government intends to get out of the controversial business of day-to-day airport management; the smaller provincial airports at present run by the Ministry should then either be taken over by local authorities or closed down, although special agency arrangements have been promised for the handful of "social service" airfields (many of them little more than strips of sand in Scotland and the Scilly Isles).

NOTES OF THE WEEK

BRITAIN AND CUBA

England for U Thant

A STUDIED calm, broken only by the cries of youthful demonstrators and the fall and rise of share prices, has been London's ostensible reaction to the sudden Cuban crisis. No British military moves were being made, said the Ministry of Defence on Wednesday. The ineluctable disquiet that a maritime blockade was being imposed in peace time, and that Britain's principal ally, in imposing it, informed but did not consult the British Government, was reflected in the (generally speaking, moderate and unexcited) statement by the Labour party national executive on Wednesday; but its place in Government utterances was marked by silences and omissions, not by words.

Mr Macmillan sustained this reticence when he met the Commons on Thursday for the prorogation. For the American blockade measures he had an excuse and a defence: they were designed to meet a "situation without precedent," and they were "studiously moderate" granted the American contention, which he accepted, that the Russians were turning Cuba into a base for a nuclear attack on the United States. This was a "deliberate adventure" on the Russians' part; and Britain was supporting the American resolution presented to the United Nations Security Council when the blockade was announced.

Beyond this assurance of solidarity with the United States on the substance of its case against Russia, he refused to take up hasty positions. He discouraged any expectation of a British initiative, such as a trip to Washington or an effort to get a summit meeting under way: he would not take an initiative "merely for the sake of appearing to do something." But he reported U Thant's proposals of Wednesday to the House in full, commended the secretary-general's approach, and said that the United Nations was the best instrument to use just now. Of that "crisis of confidence" in the UN that eminent members of the Government were suffering from not long ago there was, this week, no sign; not even a memory.

CUBA AND BERLIN

The Retaliation Cycle

IF Mr Khrushchev decides to retaliate for Cuba at a place and in a manner of his own choosing, and if the place he chooses is Berlin, there are broadly two different things he might do. One would be to slap a blockade of his own around west Berlin. The merit of this, from his point of view, is that it would draw the parallel with Cuba as pointedly as possible. The east Germans, after all, have long complained that the city is used as a base for offensive operations against them, even though these operations are not the military kind the Americans say they fear from Cuba. It would then be open to Mr Khrushchev to offer to lift his blockade if Mr Kennedy lifted his.

The disadvantage of this method of retaliation, on the other hand, is that it would immediately face the Americans with the necessity of deciding whether or not to try to break the Berlin blockade, and (if they tried and failed) whether or not to counter-retaliate with nuclear weapons. It is the all-or-nothing method. The pressure on Mr Khrushchev to choose this method will, however, be increased if the Americans

follow up their blockade of Cuba with a military attack aimed at removing the missiles already in the island—as reports from Washington on Wednesday said they might.

The alternative is for Mr Khrushchev to speed up the signing of his separate peace treaty with east Germany. That this peace treaty is not designed to be a mere formality was confirmed in an interview Mr Khrushchev gave on September 18th to M. Raymond Scheyven, a Belgian member of parliament, details of which were given in the Cologne *Deutsche Zeitung* on Monday. Mr Khrushchev explained that the peace treaty would declare west Berlin to be a "free city," and would "liquidate the Nato military base" there. Some action to enforce these claims can almost certainly be expected to follow the putting of pen to paper on the treaty. But the range of possible actions would be considerably wider than the sudden, all-or-nothing, imposition of a blockade. The communists might start, for instance, with a simple demand that American convoys going to and from Berlin should submit to east German, instead of Russian, inspection.

For the last four years it has been the aim of western diplomacy to persuade Mr Khrushchev to keep on putting off the moment when the West might be obliged to choose between accepting a major humiliation (the surrender of west Berlin, or—for those who regard this as a humiliation—the acknowledgment of east German sovereignty) and beginning military action. But the American action over Cuba may very likely have the contrary effect of hastening this fearsome moment. If Mr Khrushchev is obliged to climb down over Cuba, the chances that he can be persuaded to climb down over Berlin as well are pretty small; each side can perhaps be expected to put up with one serious loss of face, but neither can really expect the other to put up with two. The effect of pushing things to this point might thus be either, in effect, an exchange in which the West would get the worst of the bargain; or war.

CONGO

Chaos is Come Again?

THE slow and patient work done by the United Nations and the Americans in the Congo may all soon crumble to nothing, leaving the country in chaos once again and Katanga a victorious separate entity. The first reason for believing this is the apparent instability of the central government in Leopoldville, where the prime minister, Mr Adoula, seems to feel forced to placate his left wing by not appearing too soft on Mr Tshombe, the leader of Katanga. Thus when Dr Ralph Bunche, of the United Nations, arrived in Leopoldville on October 22nd, he found a belligerent-sounding Mr Adoula, a man apparently unwilling to accept a compromise formula for the patching-up of relations between the central government and Katanga. The truce agreed in north Katanga a week previously had been repudiated and Mr Adoula was explaining that he could not always argue successfully against the more impatient members of his cabinet. Thus there seems to be an increased danger that Mr Adoula's government might founder; no one can say how long it would take to gather together another government from the disparate elements of Congolese politics.

Leopoldville's troubles apart, things seem generally to be working in favour of Mr Tshombe. Most of the United Nations troops in Katanga are Indian, and it cannot be certain that the Indian government will allow them to stay, or fight, while hostilities between India and China continue. Again, by diverting world attention (and United Nations time) from the issue, the Cuban crisis is working for Mr Tshombe. There is a belief abroad—especially in Leopoldville—that the American government is wavering in its determination to bring Mr Tshombe to heel. If this is so, it may be that President Kennedy felt that it would be as much as Washington could do to concentrate on Cuba and its side-effects, without simultaneously putting economic pressure on Katanga against the real wishes of its British and Belgian allies. Finally, a dangerous theory seems to be gaining ground in Britain: that Katanga is best kept under Mr Tshombe in the interests of strengthening "multi-racial" (i.e. white-influenced) government in central and southern Africa. This theory might be exploded by an African nationalist victory at the polls in Northern Rhodesia on October 30th.

For all these reasons the United Nations plan for the Congo, announced by the acting secretary general, U Thant, on August 2nd, has apparently flopped. None of Mr Thant's conditions have been met by Katanga, although his time-limits have run out. The threat to enforce compliance by Katanga by means of economic sanctions has not been carried out. The repercussions may be felt in Leopoldville—and all the Congo—soon.

SPY CASE

Quis Custodiet?

IT is a bit hard on the security services that they always come in for a newspaper drubbing whenever they actually catch a spy. Inevitably, however, the latest case—the sentencing of another Admiralty clerk to 18 years' imprisonment for passing secret information to the Russians—raises many questions, only some of which can be answered satisfactorily by the three-man committee of civil servants which has been set up to inquire into the case. The answerable ones will concern, presumably, the responsibility for any neglect of standard security procedure among those for whom William Vassall worked. The unanswerable ones have been asked by most newspapers, and will also be asked in Parliament: why are the British so complacent that nobody thought twice about a £700 a year clerk, a homosexual who had worked in Moscow, who was living in a Dolphin Square flat where he must have been spending more than £700 a year. To this might perhaps be added a further question: how did it come about that a man of 38, acting as personal assistant to the Deputy Director of Naval Intelligence, with access to important secret documents (and the concomitant burden of responsibility), earned only £700 a year—less than a good typist in the commercial world?

Inevitably, after this case, some influential, if unofficial, quarters, are suggesting again that the present security system—whereby each office takes care of its own arrangements (a system "effective within its limits" according to the Radcliffe committee)—ought to be scrapped and replaced by a centralised system operated by the security service. This would surely be a mistake, not merely because of the dangers of abuse in such a big brother system, but because such remote control would almost certainly be inefficient. Presumably there is some sort of overseer security system in the British Embassy in Moscow; but it was there that this particular tragedy began. Someone ought to give more thought to the strains on junior and clerkly men in uninspiring posts in embassies abroad, where the sometimes rather hierarchical system of embassy friendships, the round of official receptions, routine paperwork and empty strolling among the native population, far from being "the envy of any bachelor in England," is only too liable to lead them to look for excitement and companionship in dangerous places: the beastly story of Vassall's framing and subsequent blackmailing by the Russians shows that the Soviet spy service certainly has thought about those strains, and capitalised on them.

SOUTH ARABIA

Yemen Hopes

YEARS of solitary confinement in the Imam's dungeons have helped Brigadier Sallal, the prime minister of Yemen, to grasp the essential without, it seems, impairing his humour. While his ministers have been attacking Britain, "the real enemy of the Yemeni people," for the tribal skirmishes on the frontier between Yemen and the Aden protectorate, the brigadier has commiserated with London for being stuck with an embarrassing responsibility towards the "merchant" Sherif of Beihan. A month after the coup, Yemen's revolutionary regime seems to be in sufficient control of its territory for Britain to exercise its customary criterion for the recognition of new governments. So far, west Germany is the

only western country to recognise the regime. It would be a pity if the incident on October 22nd, when a Yemeni aircraft bombed a village in Beihan, killing a child, and the subsequent movement into Beihan of troops of the South Arabian Federation army (led by British officers), results in a further delay before Britain decides to recognise that the Yemen revolution has come to stay.

Fighting in the north of Yemen has died down, and Brigadier Sallal has invited foreign correspondents to visit the area—if, that is, they could face the journey. The Yemenis, who now, according to Cairo, have the help of "an effective Egyptian striking force," claim to have scattered the counter-revolutionary reinforcements that came over the frontier from Saudi Arabia. But Imam Mohammed Badr (Prince Hassan gracefully abdicated his claim to the imamate when the evidence showed that his nephew had really risen from the presumed dead) is intent on rallying the loyalist tribes, and Mecca radio relays his messages from "somewhere in Yemen." While it is highly improbable that he will succeed in overturning the new regime, the uncertain security adds to the turbulence of change.

The prime minister does not disguise his bafflement before the towering load of problems facing a reformer in Yemen. When he was asked about his plans at a press conference on October 21st, he replied simply that he did not know where to begin. Diplomatic recognition was needed as a preliminary to asking the western governments for technical aid. He expressed his friendship for Britain and his respect for the present frontiers; it was up to his "brethren in the south," he reiterated, to determine their own destiny.

Aden Doubts

But it is the belief that their destiny is being decided for them that distresses so many of the brigadier's brothers in Aden. A queue of worried men have been arriving in London to put different points of view before the Colonial Secretary. The first to arrive, early this month, were three ministers from the South Arabian Federation. They discussed the implications of the Yemeni revolution but insisted, on their return to Aden, that there could be no going back from the proposed merger between the colony and the federation. They were followed by the colony's minister for education and information, who came to London ostensibly to discuss television but seems to have stayed on to talk about more controversial affairs. Finally, Sir Charles Johnston, the governor of Aden, spent last weekend in consultations with the Colonial Office.

The merger has been accepted by the South Arabian federal council and by Aden's legislative council. It has still to pass through the British Parliament, and it is this process that may provide an opportunity for second thoughts. The issue at stake is not whether British politicians think the merger a good idea (which it basically is) but whether the Adenis themselves should, first, be given a say. The present legislative council is not, because of boycotts and a restricted franchise, representative; the elections that were due in December have been strategically postponed for a year. It is this suspicion of fast practice that, more than anything else, led to the wave of disturbances and strikes in the colony, and has made several Aden ministers, who formerly supported federation, uneasy about the consequences.

These doubts have been greatly augmented by the changes in Yemen. The revolutionary ideas blowing out of San'a have freshened Aden's aspirations for self-determination—and independence. If a referendum about the merger, on its present terms, were now held in Aden colony, it would certainly be turned down. This might seem lamentable to the planners who recognise the wisdom of joining the port with its hinterland. But, in the long run, it would be more of a calamity to force a federation on an unwilling Aden. The British Government has already had sad experience of unpopular federations—and also of the futility of maintaining military bases in a country once it has become hostile to British interests.

NALGO

Keeping Out

The National and Local Government Officers' Association, in defiance of the quietly confident forecasts of its leaders, has voted against affiliation to the Trades Union Congress. To the simple question—to join or not to join—put to them by their executive, 117,312 members voted No and 111,489 voted Yes; over three quarters of the total membership of around 296,000 took part in the ballot. So the largest white collar union in the country is to remain on its own; and the chances that such other middle-class bodies as the National Union of Teachers will join the TUC are diminished. This is a pity—not just because the TUC will be weaker without the white collar men; there are plenty of people who don't want a stronger TUC—but because the arrival within the TUC of the cool-headed, modern-minded, adequately paid men who lead these unions could do a great deal to help the TUC to bring itself up to date.

The most surprising thing about the vote, however, is the extent to which the leaders of Nalgo were wrong about their members' mood. Four times since 1946 the union's membership has been asked to vote on this issue. Each time, as expected, the pro-TUC vote has risen. It was expected that the recent influx of new members, and the (supposedly general) white collar resentment against the pay pause, would be enough this time to conquer the town hall men's fear that the TUC is damagingly linked with the Labour party. (At this year's congress at Blackpool the white collar unions within the TUC secured the adoption of a resolution emphasising that affiliation did not involve a party attachment; they objected unsuccessfully to part of an important resolution which called for the return of a Labour government, but there was never any suggestion that they need be bound by this). It is now apparent that even in unions as well run as Nalgo there can be significant differences between the leaders and the militants on the one hand and the solid and much more conservative rank-and-file on the other. In this case, they may have been too conservative; but it is at least a welcome example that the decision was reached by a genuine poll, in which there was participation by so high a proportion of the members.

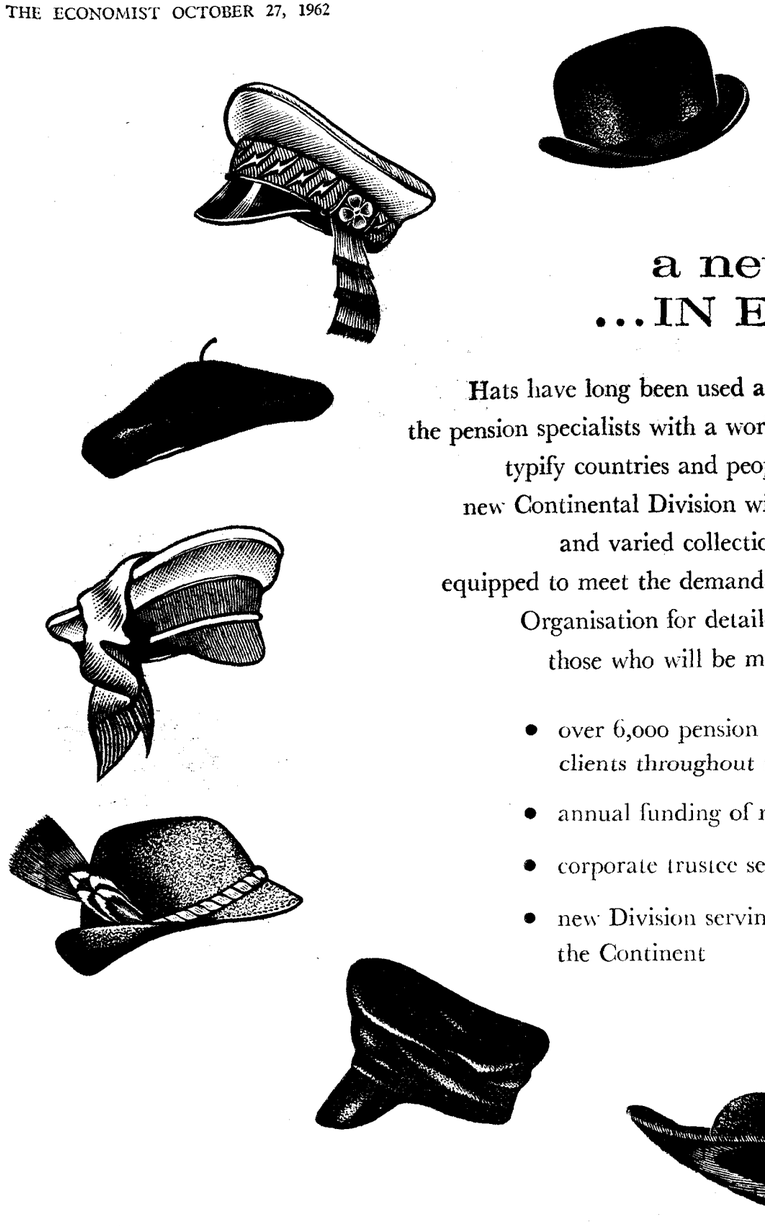
TOWN PLANNING

Speeding Renewal

How and how fast should the blighted parts of Britain's cities be renovated or cleared? Speaking to the Town and Country Planning Association's conference this week, Sir Keith Joseph again promised that the pace of slum clearance (currently about 60,000 dwellings a year in England and Wales) would soon be doubled or even trebled in the areas of greatest need. But the Minister of Housing also recognised that there are two million obsolescent dwellings over 100 years old not covered by the present clearance programme, with another two million dwellings over 70 years old also deteriorating fast. Only a small proportion of these old houses are receiving the palliative of improvement grants, and it seems all too probable that the Ministry's current researches into housing conditions are going to show that slums are developing faster than they are being demolished.

Only a much faster rate of housing replacement — probably something like 200,000 dwellings a year—can prevent the vast legacy of late Victorian housing from continuing well into the twenty-first century; and this is something that an affluent society ought surely not to contemplate. Sir Keith's present intentions do not go beyond considering what form redevelopment might eventually take in the obsolescent near-slum areas (the Fulhams, Hackneys and Islingtons and their more widespread northern equivalents). But the right ideas, legislation, and machinery for dealing with them ought to be produced quickly.

This is a peculiarly tough problem since most of the redevelopment in these areas will inevitably fall to local authorities and will be extremely expensive. Yet it ought to be possible to get private developers to play an increasing part also if—and it is a crucial if—the present dreary environment (the clogged shopping arteries, monotonous street patterns, absence of trees, grass, or



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DAILY MIRROR

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playgrounds) is simultaneously reshaped. To prepare the way for this vast task two steps are necessary. One is the reintroduction of Exchequer grants for the comprehensive redevelopment of blighted areas—excluding, however, city centre schemes which should not need support. (In America one of the very few Federal grants to cities is for urban renewal—a just recognition of the importance of this task and of its unequal incidence.) The second necessary step is for local authorities to be large enough to be capable of initiating large redevelopment schemes and of redistributing population over a fairly wide area to minimise "overspill." The Minister hopes that current local government reorganisation plans will have this effect—but they will do so only if the new Greater London and Tyneside bodies are given powers enough (a point of much doubt), and if Manchester and Merseyside get similar treatment.

And Renewing Plans

THE town planners' conference also heard from Mr Lewis Keeble and others a dreary tale of effort wasted on ineffective and outdated local plans. Ironically the liveliest local councils (Bedford is an example) seem to push through their redevelopment schemes without the benefit—or burden—of a statutory planning scheme at all. The reasons are twofold. First, a detailed formal plan crystallises opposition and blights property values in ways that can be avoided if the local authority skilfully feels its way. Secondly, the Ministry of Housing takes so long to approve those plans that must be produced (the local development plans) that the quinquennial review becomes due before the plan takes effect—thus increasing uncertainty and putting a premium (from the local authority's view) upon uninformative plans.

The standard ministerial defence is that it is better to get the plans right than to be in a hurry; but with conditions changing fairly fast, and plans anyhow needing review, this defence is not at all persuasive. It is time that the ministry cut down its function of approving plans—and that of hearing planning appeals also—to the volume of work which it can efficiently and expeditiously handle. If this means giving more discretion on some matters to local authorities, the risk should be taken. But still more important is a new inquiry into what kind of plans are really most useful. Some of the present ones seem pointless, abstract exercises—while important creative tasks like redevelopment get too little planning.

EUROPE

Time and the Seven

THE European Free Trade Association has been many things to the British—a stick to beat the Six, a club of loyal friends, at times of late an awkward obligation. Recently it has been assuming another characteristic, that of a source of anti-common market rumours about the intentions of Britain and the Six. The Six, it has been said, are becoming increasingly reluctant to accommodate even Denmark and Norway as full members; the British, so talk has had it in Brussels and London, have no intention of honouring their obligation to the Efta countries.

The meeting of ministers from the seven countries, which took place in Oslo on Monday, had the task of sitting firmly on the rumours. They had evidently not been taken seriously by the ministers themselves. But public opinion in some of the small countries was in need of reassurance.

Fortunately there is no need to interpret the odd airing of doubts as evidence that the Six are in fact opposed to membership for Denmark and Norway. The "neutral" countries have all along posed tricky problems. And many influential minds on the Continent are exercised by the problem of fitting a large number of countries into a European political union. But none of this implies that membership of the Economic Community is to be limited to the Six and Britain.

The Six, however, are in no hurry to tie up the negotiations with Britain's small friends. They have their hands full, as it is, working out the manifold implications for their policies of British membership. Then, once the British negotiation is complete, a good deal more time will be needed to sort out the problems of the Seven. The time factor could make trouble for Mr Macmillan when he comes to put the common market terms to the country. He may not wish to wait so long. Efta countries might in the end get better terms in negotiation with a community of which Britain is a member, than they could if Britain holds back. But the Conservative party, and British opinion generally, will want to see the terms for Efta sewn up before Britain joins.

EUROPE AND AFRICA

Outward Bound

MANY African and Asian politicians speak of the European common market as a rich white man's club designed to keep the poor coloured nations poor. This is an unfortunate image, as Mr Spaak, the Belgian foreign minister, probably reminded the ministers of the six common market countries in Brussels on Wednesday. Mr Spaak's talk to the ministers came in the middle of negotiations between the 18 (mainly African) countries associated with the common market, and the Six themselves, on the vexed question of how generous Europe is prepared to be.

Mr Spaak was, it seems, effective. Negotiations between the Six and the 18 ended in an atmosphere of some bitterness in July, when the offer of aid made by the Six fell somewhat short of the demands made by the underdeveloped countries. When the negotiations began again on Tuesday, it seemed that they would once again get nowhere. But after Mr Spaak's address the European offer was raised by $30 million to $730 million; this did not meet the original African demand for $810 million, but it was at any rate accepted. Mr Spaak was not the only comfort in Brussels: the new chairman of the 18, Mr Gustav Anguille, of Gabon, was far more conciliatory than his predecessor had been in July.

Will this happy new atmosphere last? The present time-table for signing the new terms-of-association agreement includes talks in November and, hopefully, lays down mid-December as the date for initialling. Even so, the agreement will probably not be in working order by January 1st when the present agreement lapses; the present agreement may have to be extended. What happens next may depend partly upon how outward-looking the Six now decide to be. It was agreed in principle on Wednesday that the common market countries shall be given tariff preferences in the associated states, but the details of this agreement were left vague—partly to mollify those African ministers who protested that they thought there were no strings attached to the giving of $730 million of aid. Mr Spaak may have to speak again.

IRISH REPUBLIC

Ireland into Europe?

Our correspondent in Dublin reports:

IT must be many years since the deliberations of the Conservative party were followed with such interest in Ireland. But after the decision at Llandudno, it is now being assumed here that the United Kingdom will join the European common market. The next question, then, is whether Ireland will also be admitted, and on what terms. Mr Lemass has made a round of the capitals of the Six, beginning with the Benelux

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countries and ending with General de Gaulle and Dr Adenauer. His statements have been optimistic; in some people's view, a great deal more optimistic than can be justified by reports from Brussels which suggest that association might be as much as the Republic can hope for. Association might be better than nothing, but it would be accepted with disappointment. The present mood is set towards a total acceptance of the Treaty of Rome, on which there are probably fewer mental reservations in Ireland than anywhere else. It would be a great pity if this outward-looking spirit were to be rebuffed; and if the Irish application for full membership were to be rejected, not so much on its demerits as on account of the community's policy towards the smaller states.

On the economic front, the year has seen a continued advance, though the pace has not been as rapid as in the recent past. The economy has not had any luck with the weather; there have been four bad harvests in the last five years and better weather came too late this year. The cattle trade, although it has recently improved, has been running below last year's level. Much the same is true of the tourist season. On the other hand, industrial production continues to grow. The trade figures for the first three quarters of the year are not as good as those for 1961, but they are a great deal better than was feared. Exports are down by £6 million to £127 million, which reflects lower cattle exports; imports are up by £3 million to £199 million; but external assets have again increased, which must reflect continued foreign investment. There is nothing in this situation to weaken confidence.

It will be interesting to see if Mr Lemass will now proceed to an overall reduction in tariffs as a token of Ireland's ability to live in the common market. Hitherto, he has refrained from any such step (apart from the proposed relaxations in favour of Northern Ireland producers) lest it would not be taken into account after admission. That danger remains; but there seems a lot to be said for an initial reduction soon. It might be a good ploy to use at Brussels; and it would certainly bring home to Irish producers that the time of excessive protection is running out.

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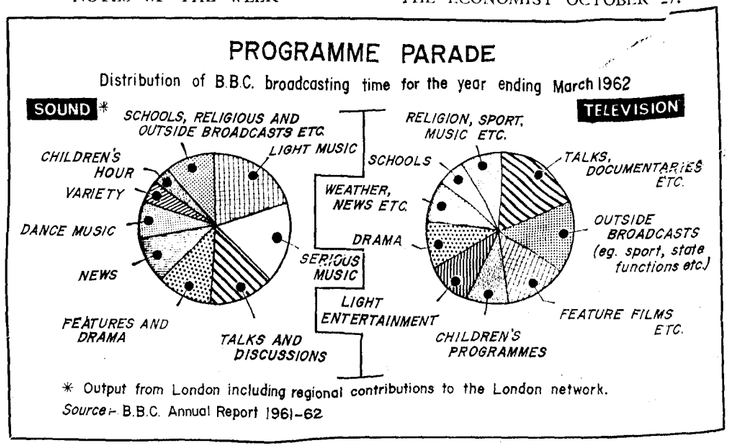

ART SALES

Bottomless Pool?

THE latest hornet's nest in the field of art exports was stirred up by the case of the Rubens modello. This painting, which belonged to Earl Spencer, was offered, at a price unstated, to three public collections. One of them, the National Gallery of Scotland, wished to buy it; but failed to get the necessary Treasury support. The dealers, acting for the owner, then found a private American collector prepared to pay £70,000 for it. They applied for an export licence. The matter was referred to the reviewing committee on the exports of works of art which recommended the withholding of an export licence (as it did in only three other cases last year), in order to give the National Gallery of Scotland another chance to hammer at the Treasury doors. This was of no avail and eventually the picture crossed the Atlantic, but only after a great deal of inconvenience had been caused to all concerned.

This incident has provoked the reviewing committee to recommend in its latest annual report that, in future in similar circumstances, its opinion should be called for as soon as Treasury support is being sought. If such support is not forthcoming, no objection should be raised to an export licence within the following twelve months. This seems sensible enough. The committee's more contentious recommendation is that a fund of £1,000,000 should be set aside by the Treasury to finance grants, where necessary, for purchasing works within the export control. This fund might be expected to last "for not less than three years," but the committee thinks that it should be replenished automatically when it falls below £500,000. Almost simultaneously, the Government announced that the reviewing committee, with four co-opted members, would look into the procedure governing the sale for export of major works of art by public or semi-public bodies. The whole set of rules, therefore, seems in the melting pot.

Before any Government should even consider making available a largish reserve pool, it should demand answers to at least three questions. How many works of art are there in this country outside public collections on which there is widespread agreement that it would be wicked to let them go? What are the important gaps in the nation's combined collections? Is it impossible for the galleries to raise some money for the proposed fund themselves, by selling pictures by artists who are over-represented in their collections? The standing committee on museums and galleries is due to report this year on the provincial collections. This should form the basis of a wider assessment. The easy persuasion of the argument that art is such a limited commodity that it must be bought as available should not prevent some sensible stock-taking.

NORTHERN RHODESIA

Counting Heads

ON October 30th the four main parties in Northern Rhodesia will fight an election under one of the most complicated constitutions ever cooked up. The complications are so vast that it is worth saying now—before the election is held—that only a count of actual votes won by each faction will mean anything afterwards. The seats won will, of course, dictate which party or combination of parties is called upon to form a new government; but unless the new government can demonstrate, by count-

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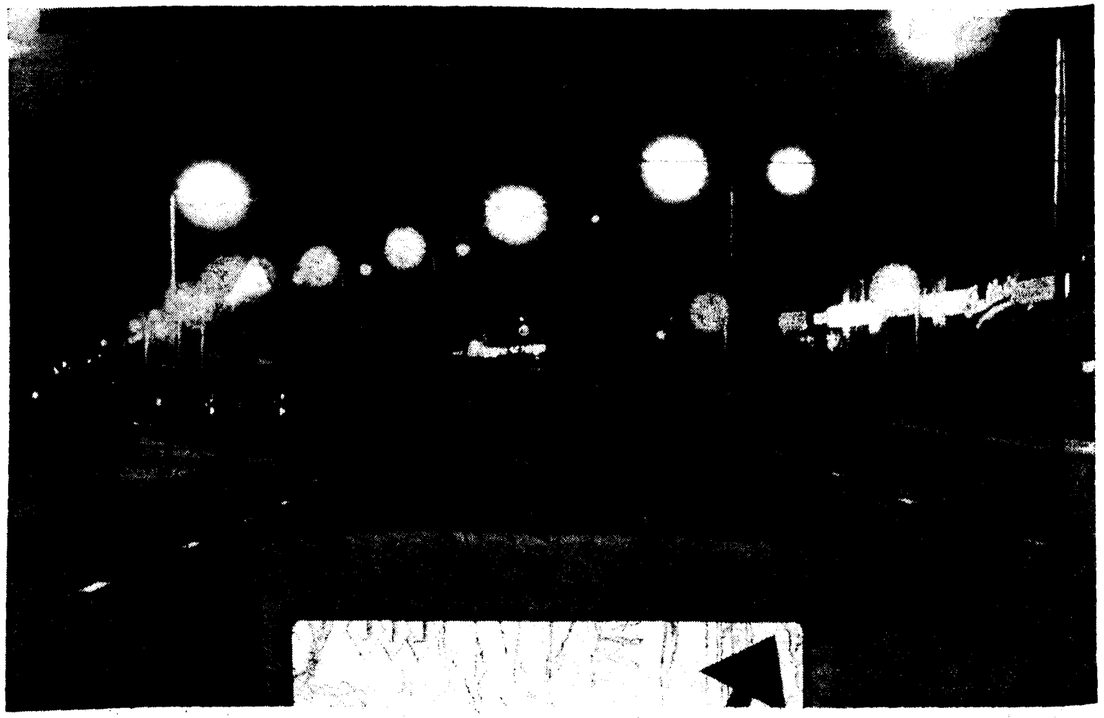

60 MILES OF COPPER ALLOY HEAT THE HAMMERSMITH FLYOVER

How to keep traffic moving safely along icy roads is a major problem. The new way to solve it is under-road heating. And London's Hammersmith flyover is a spectacular example of the technique in action. The whole half-mile of this key road section is weather-proofed by sixty miles of electric heating cables laid under the road surface. These cables have copper alloy conductors.

Why copper? Because copper alloys produce the high resistance materials which are essential for heating large outdoor surfaces such as roads and sports grounds. And because of their high copper content these alloys can be easily drawn into cables thinner than a cigarette with a ductility which enables contractors to handle them without fear of breakage. The lighting of the flyover depends on copper too—as does every other road-lighting system in the country. Pure copper's electrical conductivity makes it the first-choice metal. Even the cars that use the flyover depend on copper, for their wiring and their radiators. Copper doesn't rust and has excellent thermal conductivity. No teething troubles with copper! No other metal is so adaptable to advanced techniques—and so reliable. It keeps teething troubles to a minimum and makes service and maintenance easier. Copper is often the most economical as well as the most technically satisfying answer.

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ing heads, that it has a solid basis of support in the country, then its tenure of office is certain to be exceedingly brief.

The first figures to look for, then, are those that will show whether or not the African nationalist voters are united. If an overwhelming majority of African votes are won by Mr Kenneth Kaunda's United National Independence Party (Unip) then the British Government will plainly have to set Unip on the short road to office and responsibility so successfully traversed by Dr Banda's Malawi party in Nyasaland. But if a large minority, or a majority, of African votes are cast for the opposition African National Congress, the next move will be far harder to decide. The ANC is closely allied to Mr Tshombe of Katanga: an ANC-governed Northern Rhodesia might link its fortunes with Katanga's. This would cause disunity within Northern Rhodesia (since many Africans there oppose Mr Tshombe) and it would call down the curses of the African and Asian world.

The ANC maintains close relations with Sir Roy Welensky's United Federal Party—and the two parties are each leaving certain seats to the other. Because of the complexity of the constitution this could lead to a substantial block of ANC-UFP seats in the new legislative council. If the two parties governed jointly, they might ally Northern Rhodesia with Katanga: this would be especially dangerous if an ANC-UFP government were not supported by a majority of Northern Rhodesians of all races.

The figures to look for next are those that might (computers aside), show white nationalist feeling. If, as is expected, most whites vote UFP (or, where instructed, ANC) it will mean that white resistance to genuine African nationalist control will continue for as long as possible. If there are many votes cast for the extreme right-wing fringe parties, it will mean that this resistance may be tougher than is expected; if the white-led Liberal party or, miraculously, Unip, won many white votes the opposite might be expected. These figures should enable the British Government to see how easy or difficult it will be to push ahead with the conclusions based on the first figures—those that show African thinking.

Finally, most votes are sure to be cast against the continued existence of the federation of Rhodesia and Nyasaland—since only the UFP is for the federation. On this point, the British Government should find clear guidance on October 30th. But no decisions should be made by talking to any shaky government that might scrape in through the opportunities of a fancy franchise. In such an event, a better constitution ought to be brought in and Northern Rhodesia allowed to try again.

GURKHAS

Whitehall Kukri?

In spite of Mr Profumo's assurances to his questioners in the House of Commons last May—that no hasty action would be taken, nor any "tampering" done, with the future of the British Brigade of Gurkhas—it is now fairly certain that Sir John Smyth's fears of a 50 per cent cut in the brigade's strength were not unfounded. Mr Thorneycroft is said to have approved a plan for the elimination of four of the eight Gurkha battalions at present serving—mainly in Malaysia—with the British Army.

Why? Two of the reasons being suggested sound too silly to be true. One is the Treasury's alleged disturbance over the drain of the brigade on foreign exchange; even Whitehall must know that the greatest of Britain's external problems is not its balance of payments with Nepal, and that it would hardly be an obvious economy to maintain expensive British soldiers in many places abroad when cheaper Gurkhas were available. The other is the suggestion that now the army has got more British recruits some senior officers might prefer to dispense with the Brigade of Gurkhas altogether, in order to stop anybody suggesting instead that there should be any further amalgamations of Britain's too numerous home infantry regiments. At a time when many British infantry battalions are still below operational strength, and when some national service conscripts are still being kept in the army for longer than originally intended, this sort of insular thinking would be inexcusable.

There are two other arguments that may have more substance. There can be some doubt about where Gurkhas could best be

stationed when Britain's rapidly-diminishing commitments in South-East Asia finally disappear. There is an acknowledged difficulty in using Gurkhas in action against other brown or black men in the Middle East or Africa; there would be even stickier implications in using them against white men in a black country, if Britain ever had to come to that. There is the further possibility that the Gurkhas, among the world's finest foot-soldiers in the type of war the world has known heretofore, may not have quite the same stature in the electronic and mechanical jungle of the nuclear army as they did in more familiar forests. But, if and when any decision to wield the Whitehall kukri is announced, Parliament should certainly be ready to question it hard.

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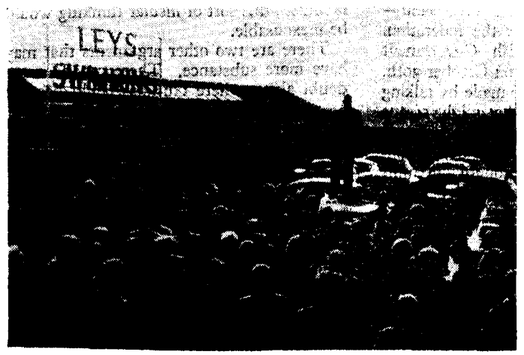
HOME REPORT

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



Fords in the Frying Pan

FROM OUR SPECIAL CORRESPONDENT

THE dreary landscape of Dagenham—one of the most depressing, even though prosperous, industrial suburbs in the country—has been the setting this week for a dreary conflict between Ford Motors and a persistent group of their 32,000 workers. Most reports of the action, as always in these unofficial strikes that plague the motor industry, have necessarily been wildly inconclusive: journalists, hanging wearily about outside strike meetings from which they were excluded, have heard wafting over the wall such gems of shop-stewardry as an appeal "to stand by the fundamental principle that we meet again on Thursday at two." But the atmosphere, despite all the irrelevancies, has been unusually decisive. This looks like a fight to the finish.

Fords have announced that, if the men do not go back to work, part of the plant will have to close—with the rather doubtful implication that export work can just as well be done in Germany. The company has also announced that the labour force will in any case need to be cut as a result of the strike. The strikers' leaders, on the other hand, proclaim their intention not to start work again until the left-wing shop steward, Mr Francis—whose sacking, after he had called an unauthorised meeting on factory premises, sparked off the dispute—is taken back on the payroll. They also demand that the national officials of their unions, who, on October 12th, reached a new agreement with the company, come down to Dagenham and explain just what that agreement said. One influential steward, hoarse from addressing a meeting of around 1,000 men—some of them strikers, some idle because of the strike—assured your correspondent that he had not seen a national official of his union (the Amalgamated Engineering Union) for six months.

The essence of the new agreement was to grant a pay rise of around 3½ per cent (the average manual worker at Fords gets over £20 a week: this award will cost £1½ million a year, which the company said it could not afford) in exchange for a promise of union co-operation to reduce manpower inefficiencies at Fords. In the eyes of both the company and the official unions such co-operation must include an endeavour to eliminate the petty unofficial strikes that have notoriously beset the Dagenham plant; on average, there has again this year been a petty stoppage of some sort every other day. The meeting which led to the sacking of Mr Francis was held to consider a switch of men on the production line making the Classic car, where there had for some weeks been dissatisfaction with the men's performance. The meeting was not, as the company originally seemed to claim, in working hours, but in the lunch break; it was unconstitutional for being held inside the plant itself. The stewards understandably claim that the only convenient way of getting their members together is during breaks in work. Outsiders may comment that one of the most ridiculous aspects of the system which divides responsibility for negotiations at Fords between 22 unions is that there is no "official" provision enabling all those who work in a particular workshop to discuss its special problems.

The strike leaders claim that the sacking of Mr Francis is a direct consequence of the agreement of October 12th; they see the new efficiency drive as a direct attack on their now traditional powers to call a strike at the drop of a hat; and they take the company's warning that it will not take everybody back afterwards as a threat to "victimise" the militants by getting them out of the plant. They are probably dead right on all counts: the difference in emphasis being that all these things might well be regarded as beneficial both by the company and by the more sensible of the national union leaders (as well, perhaps, as by at least some of the workers).

In fact this disruption falls too patly into a pattern for outsiders not to indulge in some speculations about it. The motor show, taking place this week and last, is a favourite period for shop stewards to try to twist the industry's arm: with new orders and fixed delivery dates, the companies are especially vulnerable at this time. Since the show began last week there have been small strikes at the British Motor Corporation, at an important Birmingham component plant, and even at Vauxhall's, where there had not been a stoppage for 25 years. There are suspicions that these troubles have been co-ordinated by somebody somewhere. On the employers' side the likelihood of collusion in resistance is even greater. Last year at motor show time the Rootes Group bravely stuck out through a wildly expensive three-month strike at one of their plants in north London: Pressed Steel, who make bodies for several large car manufacturers, have also stood firm against a disruptive strike. Outside the motor industry, both the Steel Company of Wales and Richard Thomas and Baldwins have ridden out uprisings that, a few years ago, might have won their inflationary effect almost without comment.

THE official trade unions, too, have—with varying degrees of determination—failed to give comfort to their members when they have acted unconstitutionally. The unions at Fords are going farther; when the new agreement was announced, they also revealed that contact between the local shop stewards and the national union officials is to be greatly strengthened—and that the stewards are to be drawn into the stream of official company-union contacts by regular meetings with executives. (It is, of course, fantastic that nobody ever did this before: and it is equally absurd that the unions' joint negotiating committee declared itself unable to issue proper credentials to the stewards as that remains a job for the individual unions.)

This week's battle, then, may be seen as a last throw by the left-wing stewards to keep their old status, unanswerable to anyone. According to the company only 1,500 men have directly followed them (6,000 men are also not working, but because the strike has deprived them of their jobs). Some meetings called by the strike leaders have collapsed through lack of support; attempts to spread the strike to other parts of the plant have failed; and the mood even of those strikers who have attended meetings has seemed to be one of waiting to see which way the cat jumps.

MEET JOHN MARVIN

We have a new Editor. His name is John Marvin. In all probability you will already have met him, perhaps without knowing it. Either in the financial columns of the Daily Telegraph, or in the City pages of the Economist or—perhaps in the editorial chair of the Financial Mail of Johannesburg.

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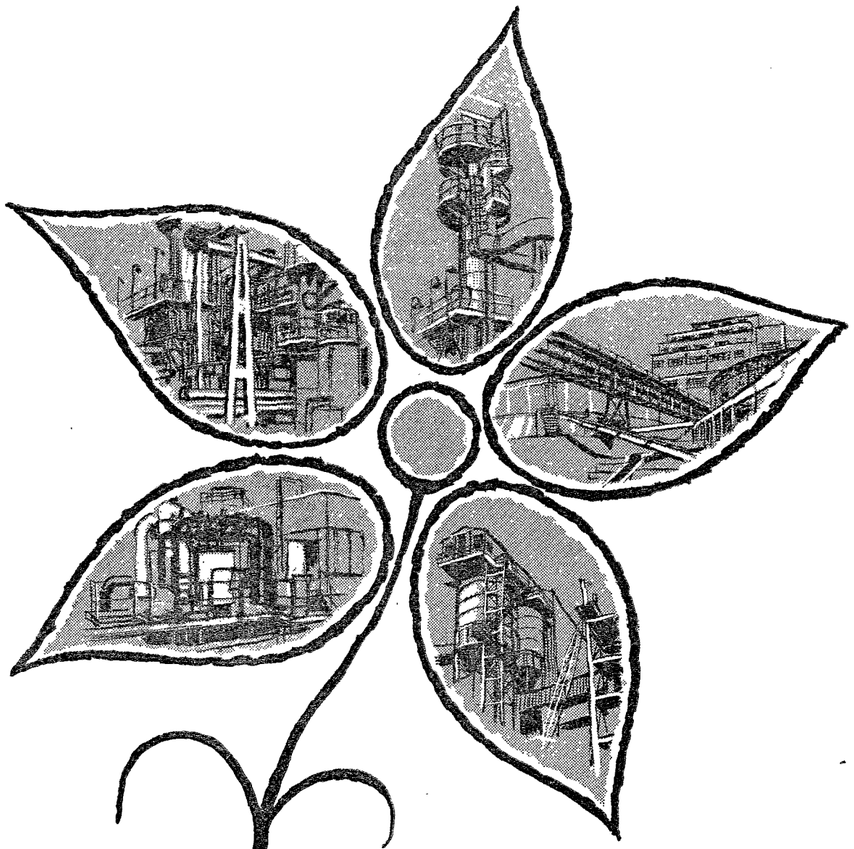

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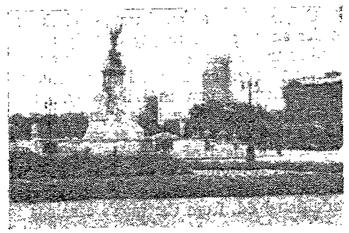
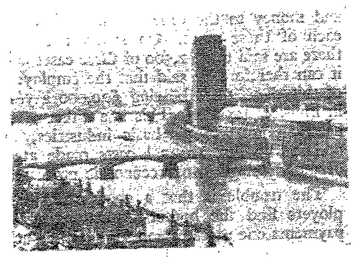


Building High

FROM OUR SPECIAL CORRESPONDENT



LONDON has acquired a skyful of surprises. The 380-foot Vickers building leaps boldly up-river from Westminster and, from Piccadilly, looms ghostlike behind St James's Palace. The Hilton Hotel at Hyde Park corner, Thorn House in St Martin's Lane, Portland House near Victoria Station unexpectedly demand attention from a multitude of unlikely places in central London. These beanstalk phenomena, natural growths from the decision to free London from the sixty-year-old 100-foot ceiling which cramped ground space and deadened the skyline—and from the desire of big business for a prestige position in the capital—are bound to shock. The thing that matters is that they should do so dramatically but not painfully, and, to ensure this, their total effect on the townscape should not come as an unforeseen surprise to the people whose hands, however loosely, govern London planning.

The rules about plot ratios prevent a new building in London having more floor space than the site previously possessed, apart from the awkward 10 per cent cubic addition permitted to offices by the famous Third Schedule to the 1947 Town and Country Planning Act. The higher a building goes the slimmer it must get and the more space, light and air it can have around it—all excellent reasons for preferring it to a squat dense block. The planners' question with regard to high buildings has become not "if" but "where": above all it is a problem of siting.

The London County Council recognised this in its high buildings policy adopted in 1956. In July of this year, after it had become painfully obvious that some irreparable howlers had got through (though over two, Portland House and the Hilton, the LCC was overruled by the Government), the policy was revised and reinforced, but mainly on negative lines. What has emerged is an attitude perhaps more non-committal than was in fact intended; but it is important to ask whether, in view of the practical, financial and political forces which generally work against the best possible solution, the planners should not have the courage to arm themselves with the strongest weapons within their grasp.

The LCC still believes that it is best to consider applications for high buildings—of which it has received 500 and approved 250 since 1956, though only 8 over 200 feet have so far been permitted in the central area—on their individual merits, against a set of stock principles. These refer to the appearance and amenities of the immediate neighbourhood, the relationship to other tall buildings and to buildings of interest and merit, and the effect on views from the open spaces which are such an important part of London's character. A tall building, being looked at more than most, should be more than usually worth looking at. LCC officials, who do daily penance at the sight of their outsize neighbour and ground tenant, Shell Centre, now stipulate that the design and finish of a high building should be of "exceptionally high standard" instead of merely "sufficiently high quality."

IT remains to be seen how ruthlessly buildings will be judged in future. Total rejection of an application for a high building on grounds of appearance alone is so far unknown. Alterations are often demanded, but it is anyway doubtful how much any number of aesthetically well-qualified committees can do to a design that is not on the right lines to begin with (Castrol House, much improved at committee stage, was amenable). The best way for the LCC to encourage the sort of high buildings which it will be a pleasure to look at is to make it clear that it is not, on principle, against building into the sky. This, unfortunately, is not the tenor of the revised policy, which puts the onus on the developer to prove "substantial advantages to the public interest" from a high building before it can be preferred to one of conventional height.

Again, though the LCC was probably right to avoid a rigid system of height zoning, more suitable for smaller cities of unified character like Oxford, there seems no adequate reason for its refusal to adopt the proposal of the Royal Fine Arts Commission that it should indicate areas in which high buildings would be encouraged, or at least give examples of such areas. Though it may have been anxious to avoid stirring up protests, or to introduce yet another distorting factor into property values, this is surely shirking the duty of a planning authority by failing to give potential builders a legitimate and effort-saving piece of guidance—which in time might have the effect of producing at least some high buildings in the right places.

On the defensive side, one suggestion recently put forward by Mr Tim Rock, in a talk to the Town and Country Planning Association, is that certain parts of London, considered of national rather than local importance, should be declared Areas of Special Control in which proposals for high buildings would be treated with particular care—to be preserved from the wrong new buildings and embellished with the right ones. One way of determining these areas in central London might be simply the tourist's eye view—from picture-postcard viewpoints such as the Mall, and Westminster, Waterloo and the Serpentine bridges, the eye's area of vision would determine the region of control. This would, for example, take into account such unexpected effects as the overshadowing of Buckingham Palace by the proposed 280 to 400 foot buildings on Knightsbridge Green, or the distractingly uncomfortable effect on the view of St Paul's from Waterloo Bridge by the high slab to be erected in Paternoster Row by no other people than the Church Commissioners themselves—a building whose good manners were considered in relation only to the immediate precinct of the cathedral.

Finally, all available tools should be used to obtain an accurate idea at an early stage of the effects, near and far, of proposed high buildings. Sections of at least certain key areas should be prepared. The fiasco of the Shell site balloon, which refused to stay put at the proposed height, should not bring into disrepute this simple and cheap planning aid. Far from cheap, but in the long run invaluable, as has been proved in Prague and other cities, would be a scale model of the whole central area into which models of new schemes could be fitted—the LCC is already doing this for certain districts. No practical and positive aid should be ignored: sore thumbs cannot be converted into sights for sore eyes simply by feeling hurt about them.

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LETTERS

Cuba

SIR—As an American "obsessed by Cuba" (your issue of October 6th) permit me to challenge your comments. Firstly, your posture hardly qualifies you as an "outsider." Aside from the controversial aspect of British shipowners engaging in the Soviet/Cuban trade, your Commonwealth partners have aggressively sought and obtained, and hope to maintain, a goodly percentage of the US sugar quota formerly supplied by Cuba. Canada has adopted an "all that the traffic will bear" attitude in dealing with the "Red Little Island." Needless to say all these dealings come on top of heavy exports of agricultural surplus by Canada and Australia to Red China.

But the fact that you are heavily "inside" does not enable you to ignore the facts on Cuba, which is an armed camp where 6 million people are living under a wave of terror. Neighbour is turned against neighbour, child against parent, religion is ridiculed. Illiteracy is abolished in order to indoctrinate the people against the western world and its traditional values. Thousands are imprisoned without recourse to judicial proceedings. In essence all human liberties have been suppressed. How to restore their freedom is the primary problem. How to prevent this system from spreading its philosophy is a secondary but important problem. That their intention is to do just this has been echoed by Castro *et al* many times. Raul Castro on September 13th of this year stated, "The question of Cuba . . . is not a strictly Cuban question . . . it is a vital question to 200 million Indo-American brothers. Today more than ever we have blind faith in the victory of our cause, first in Cuba and later throughout the world, because the happy moment for humanity undoubtedly must come."

Yes, we are "obsessed," obsessed with the burning desire to return freedom to our Cuban neighbours. This is the same freedom for which our soldiers are dying in Laos and for which so many of your countrymen died in preventing the world conquest of Hitler. We will not repeat the mistakes, in the Caribbean, that enabled Russia to devour eastern Europe.

In proving, before it is too late, that we are champions of the free world it is, I am sure, the hope of every American, that our English ally will rally around us with that fervent spirit that enabled the allies to emerge victorious in the second world war.—Yours faithfully, ROGER A. COE

Flushing, N.Y.

Common Market

SIR—It would be presumptuous of me to cross swords with Mr Douglas Jay in economic argument, although I am bound to say that I find it difficult to follow his reasoning that because our exports to the Six have been rising they will not continue to do so as tariffs and other obstacles are reduced.

I write, however, to support from my own knowledge of the electrical industry your contention that we have large potential gains in the export of modern sophisticated products. It is in the newer and growing sectors of the electrical industry that Britain clearly stands to gain from membership of the common market, in particular domestic appliances and electronic equipment which rely on quantity production and mass consumption and are closely associated with rising standards of living.

These large mass markets are on our doorstep; they will not be subject to violent fluctuations, such as changes in purchase tax or import duties and the rising incomes in Europe will give us a chance to plan large scale production and secure benefits of scale far beyond those available outside Europe.

Of course, there will be two-way traffic, but through rationalisation and specialisation this could well prove one of the long-term benefits of the common market. As I see it the important thing is to be ready to get off the mark quickly and the only way to do this is for industry to assume that we are going in and prepare accordingly.—Yours faithfully,

STANLEY STEWARD

Director, British Electrical and Allied Manufacturers' Association

London, WC2

Maintenance Orders

SIR—I would like to raise a small matter which has wider implications.

Some people lead rather untidy lives, and as a result find themselves in court and are landed either with a maintenance order to pay so much a week to their wife, or with an affiliation order to pay so much a week to the mother of their child. Not unexpectedly they are not very good about paying these amounts regularly, and soon accumulate arrears. They are then brought back into court and find themselves in the end facing the alternative of paying up or going to prison. Sending people to prison is remarkably expensive. The direct, marginal costs are high enough as the food bill for a prisoner is about £5 a week, but the full rolled up cost of sending somebody to prison for a week must be well over £200. It is typical that we don't know what the full cost is. It has, however, been sufficiently high, and the whole situation was sufficiently untidy for a sensible piece of legislation to be put through in 1958—the Maintenance Orders Act.

Under this a magistrate's clerk can order an employer to pay directly to him, and so to the woman, any excess of a man's earnings over an assessed minimum, and this system is now in full swing. From many points of view it is a most sensible thing to do as deductions at source are an effective method of collection, but it puts the work of running the welfare state on to the employer, who is allowed to deduct an additional 6d. from the man's earnings for each payment to cover his costs. As, however, he has to pay 2d. on his cheque and 3d. for the stamp sending the letter, he is in fact paying an extra 5d. tax and getting only 1d. for his work. My estimate is it costs an employer at least 4s. a week in work to deduct these payments, and the employer is therefore being taxed in kind and money to the tune of 4s. a week for each of these cases. On south Tees-side there are said to be 2,500 of these cases and it can therefore be said that the employers of this district are bearing £20,000 a year in invisible taxation. This is a direct overhead on the nation's basic industries, an addition to our national costs made at a very early stage in our economic processes.

The trouble is that a good many employers find the bother of making these payments one more reason for sacking such a man. This means that both the families for which he is responsible end up on national assistance, and so once more up go the national costs. It would be a refreshing and surprising change if there was somebody in the Treasury or anywhere in the system who had the wit to see that the sensible course is to pay employers five shillings a week for doing the state's job, thus giving them a small incentive to keep on these people. There is the small matter that everybody would probably be happier that way.

The essence of this letter is that there is apparently nobody in the whole of our system who is responsible for the national cost of any act of government, the fully rolled up national cost of what we do, and in fact there appears to be nobody in the Treasury with the sort of mind that understands that we have in fact got a national cost system and that what matters in any costing system are the side effects. The result of any discussions with a ministry is the impression that they neither know or nor are interested in what other ministries do, and in particular with the work they place on industry.—Yours faithfully,

Saltburn-by-Sea, Yorks. N. CHARLTON

Off Limits

SIR—I very much doubt whether there is such a word as "demarcationism" (page 1182, September 29th) and if you have invented it you ought to be bloody well ashamed of yourself.—Yours faithfully,

Prestbury, Cheshire W. G. BATTERSBY

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Hot Metal

SIR—Having read with interest and appreciation your article on the future of the printing trade I would like to take issue with you on one point alone, namely your statement that automation of typesetting "has for its end the use of unskilled labour." I think this is wrong on two grounds, firstly because typographic skill will have a valuable part to play in automated typesetting and secondly because the unionised labour which prints and finishes the product cannot be expected to collaborate in the brusque elimination of their old-time colleagues from a developing field of typesetting.

What is urgently needed to allow the printing trade to take its place creditably alongside contemporary industry is that skilled union labour will be given the opportunity and will accept the obligation to produce competitively against all comers even though in doing this established practice and craft methods must be discarded.—Yours faithfully, ADAM MAITLAND
St. Clement's Press, E.C.4

Adenauer and Erhard

SIR—In your issue of October 6th (page 29) you publish an article on the question of Dr Adenauer's probable successor in the course of which you state that Dr Adenauer himself initiated the programme for budgetary retrenchment, thereby once again successfully out-manœuvring Herr Erhard. This does not fully coincide with the facts: what actually happened was that Dr Adenauer had resisted pressure in his cabinet on this very issue as long as possible but had in the end been out-manœuvred himself by the leaders of the group pressing for budgetary retrenchment: Herr Erhard and Herr Starke. This is one of the rare instances where he has been successfully forced to do something against his will by anyone within or outside his party.

What then happened was merely a political trick employed by Dr Adenauer to cover up his defeat. Finding himself alone in opposition, he suddenly turned about and claimed to have championed the measure all along. Your report is probably founded on this incorrect statement.— Yours faithfully, KONRAD VON MOLKE
Munich

Dutch Courage

SIR—May I contribute to the mutual understanding of the nations and sum up for your readers the expressions of the Dutch language in which the word English is used in a special, perhaps unpleasant, sense.

"To write an English letter" means "to take a nap"; "English done" is "underdone" (not cooked, baked enough); "done with the English turnscrew" is said when a screw has been driven in with a hammer; "English disease" means the rickets; the expression nowadays not often heard: "he talks English" echoes time immemorial: "he is very rich."—Yours faithfully,
Arnhem, Holland G. VAN WOERKOM

BOOKS

Not to the Aid of His Party

Aneurin Bevan. Volume 1: *1897-1945*
By Michael Foot.
MacGibbon and Kee. 536 pages. 45s.

MR MICHAEL FOOT has written a tribute in a polemic. The tribute, deeply felt, finely said, and sensitively (and uncommonly) restrained, is to Aneurin Bevan himself; the polemic is against, not the Tories, but the Labour party. Mr Foot can write so well about Mr Bevan because for a generation they thought alike: the workers and the unemployed were let down before the war not so much by Ramsay MacDonald and the other Labour deserters to the National coalition as by all the other Labour leaders who stayed but would not fight for them; the anti-fascist cause before the war was undermined not so much by the inevitable reluctance of the "reactionaries" in power as by the weak-kneed compromises of the "progressive" Opposition itself; the indispensable function of parliamentary criticism during the war fell upon Mr Bevan and a handful of others because the Labour leaders were only too willing captives of the Coalition. No doubt the next volume of this remarkable and dramatically readable biography will stick to the same thesis and go on to show that the Labour government of 1945-1951 itself sapped its own strength, and sacrificed Mr Bevan, for the same reason: that Labour had not the courage of Mr Bevan's (and Mr Foot's) convictions.

Aneurin Bevan died tragically too soon. His career had no climax. The riddle remains whether he could have become both a successful politician, which he never was, and a statesman. "It remains therefore," he said eighteen years ago, "for British Labour to show the way." His theme was—Europe: "an organic federation of the western European nations, like France, Holland, Belgium, Italy, Spain, the Scandinavian nations along with a sane Germany and Austria, and a progressive Britain, is the only solution likely to lay the foundation for peace and prosperity in Europe." Would he then now be backing Mr Macmillan as only five years ago he bravely and bluntly backed Mr Gaitskell on the bomb?

The answer, presumably, is No. The key to his European prophecy is the word "progressive." The purpose of his federation was to prevent western Europe from becoming "a ground of contention between Russia on the one side and American and British capitalism on the other"; and "America and Britain, with their present policy of reaction, will be unable to bring it about." He would have applied the same test between "progressive" and "reactionary" to western Europe's present rulers. It is the test that he applied to Baldwin and Chamberlain in the thirties when he was unwilling to trust them with the arms they needed to have (and were themselves too slow to get) to stand, as he demanded, against Hitler and Mussolini.

In fact, Aneurin Bevan trusted nobody in authority, in his own party any more than anywhere else. He was born to be, and bent upon being, the voice crying truth in the wilderness. His pride in thought and talk as he educated himself was to pluck his own answer from everything that came his way, and to put it into his own vivid words. He minted his ideas for himself, and wore them always with a difference. And to him other people's ideas, and policies, were mostly secondhand—and so secondrate. More often than not, as Mr Foot fairly shows, his intuition and insight did touch the right spot, in economics or industrial relations or foreign affairs or even the concentration of force in war; most often he stopped there, fastidiously sure of the rightness of his diagnosis but unable, or unwilling, to devise or press successfully upon others a prescription that would work. By the test of a politician, which is to get things done by persuading others to do them, he fell far short of his great gifts; and his life had no last chapter, as Winston Churchill's has had, to bring in a late harvest.

It is not by any means enough to explain Aneurin Bevan's sad short-fall, as Mr Foot seems to do, simply by blaming the stupidity and envy of the Labour establishment. Even among the so-called Bevanites after the war he was not a Bevanite; he was, in politics, a lone wolf, not by his choosing but by his style—or, as Mr Foot might insist, by principle. Personally, he was gregarious and truly civilised, the best of good friends, magnanimous and gay, hating and worrying about the discord with his colleagues. Politically, he was a puritan, who did not think it possible he might, in the bowels of Christ, be mistaken.

Yet the seeds of greatness were surely there in this astonishing and astonishingly courageous man: the biggest man in his party, usually a nuisance but never squalid. It will be Mr Foot's next task, when he lights up Aneurin Bevan's last truncated fifteen years in his second volume, to look again at the great expectations that were dashed. There was a moment, at the Brighton conference in 1957, when Mr Bevan seemed

to believe that he had found his statesman's mission at the centre, not on the fringes, of his party and the nation ; to save the peace as Labour's next foreign secretary. But his life flickered out too soon—and Labour never came back. If Mr Foot can give us the fourth and fifth acts of this political tragedy with the sweep and depth of understanding of these first three from boyhood and the pits (all admirably told) to Parliament and office, the work will match the man it is about.

Our Fathers' War

The First Battle of the Marne
By Robert B. Asprey.
Weidenfeld and Nicolson. 224 pages. 21s.

1916: *Year of Decision*
By James Cameron.
Oldbourne. 240 pages. 18s.

1918: *The Last Act*
By Barrie Pitt.
Cassell. 332 pages. 30s.

IT is now as fashionable to write about the first world war as the second. The fashion is easier to date—Mr Alan Moorehead was the pioneer in "Gallipoli"—than to explain. It may be that today's strategic stalemate has made us more conscious and more willing to analyse yesterday's military deadlock. It may simply be part of the vogue of military history, which is more exciting and more dramatic to read than political history, and that publishers and authors alike, sensing that until more papers are published there is little fresh or startling to say about the 1939-45 war, have turned to the more richly documented years, 1914-18. Even here, not all the evidence is published ; but there is plenty of material to permit reconstruction, and enough time has elapsed to allow the sons to indulge in judgment on their fathers. There were more than enough casualties to arouse emotion ; enough squabbles between the brass and the frocks to create drama ; and enough stupidities to license virulence or irony.

We can now, in fact, kick the stones away and see the life, some of it exceedingly unpleasant, beneath them. In time the second world war may be similarly exposed, and the Tizard-Cherwell conflict suggests that we may not like everything that we will then see. Nevertheless, the feeling that the politicians and the military conducted themselves more honourably and intelligently in 1939-45—that, indeed, the war was better managed—than in 1914-18 is inescapable. Set against the number of deaths they caused, there is something mean, petty and blindly self-seeking in the manner in which men in command then conducted themselves. But in 1914-18 the problems associated with a world at war—co-operation between allies, the relationship between political direction and military execution, and the permissible area of political and economic freedom—were new. Our fathers may have fumbled the problems badly ; but we need to mix sympathy in with the condemnations.

None of these three authors lacks sympathy or ability. Yet none of their books is really illuminating. The book on the Marne is interesting simply because it has been written by a young American and because it attempts to rehabilitate Joffre. Unfortunately, it is unconvincing. One might just forgive the silly slip that describes the Lebel rifle as muzzle-loading ; but when a mass of evidence about the genesis of the battle is ignored, and when that which is paraded is twisted to present a case rather than to support it logically or conclusively, forgiveness is stretched to breaking-point.

Mr Cameron writes easily, fluently and almost lightly about that terrible year when Britain's great volunteer army was slaughtered on the Somme. The year is seen, as it were, across the Cabinet table. But the balance of the book is odd. Little is said about the military operations ; the guns in France are the rumbling bass in the background. Nothing new, apart from a few stray anecdotes, is said about the political conflict in Whitehall. Too much space is devoted to political trivia and too little to answering the question why men behaved as they did. This is a quick, facile and inconsequential sketch in water colours.

Mr Pitt is more plodding—a carpenter fashioning a utilitarian chest of drawers. His is the most useful book of the three. He says little about the political or strategic direction of the last year of the war, contenting himself with a detailed description of the operations on the Western Front. The first part of the book where he has some sensible, though not particularly fresh, things to say about morale and where he analyses the German offensive in March with great skill, is better than the latter part where the sudden German collapse seems almost to bewilder him.

The sense of bewilderment is compounded by the notions he entertains about some of the field commanders. He admires Pétain's common sense, but so much so that he ignores the streak of pessimism that in 1918 came close to defeatism. He sees the charlatan in Foch and scorns his displays of rhetorical fireworks, but, in doing so, misses the part that Foch's will and energy played in keeping the attack going. He sees the toughness and ambition in Haig but not the man who was armoured against the world by a sense of aristocratic, egotistical rectitude. Mr Pitt, indeed, avoids judging this mixture of solidity and limited intelligence by describing Haig as an "enigma." He admires Ludendorff, but never properly answers the question why Ludendorff's nerve cracked in August. In the spring, Haig's did not and neither, for all his agonised fumblings, did Joffre's in 1914. This may simply represent the difference between a staff-trained, hair-triggered mind and those which were essentially duller but, at the point of crisis, more stable. Mr Pitt's and the other books would have gained had they recognised that these men were not heroes and titans—but neither were they knaves and fools.

Contrast in Black and White

The Economics of the Political Parties
By Seymour E. Harris.
The Macmillan Company, New York. 53s. 416 pages.

THE professor of economics at Harvard is also adviser to President Kennedy, and his topic is the differences in economic approach of Mr Kennedy and Mr Eisenhower. And Professor Harris's own approach to this topic is rather like that of the old-fashioned Western film, or "horse opera." That is to say, there are only "goodies" and "baddies." By his simple casting system, Eisenhower is the dim-wit, Nixon and Mr George Humphrey the bad men, and Kennedy the hero.

Professor Harris is a Keynesian and the Republican Party is not. Republican Party economic policy therefore merits such adverbs as absurd, nonsensical, tragically mistaken, and fearful. The Democrats on the other hand are the party of the strong President and the adequate

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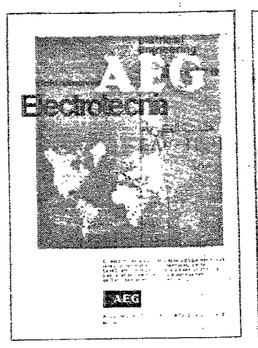

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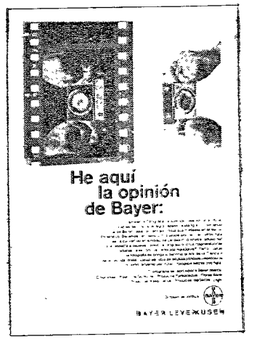

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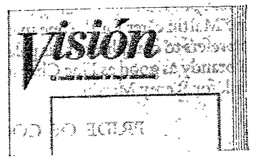

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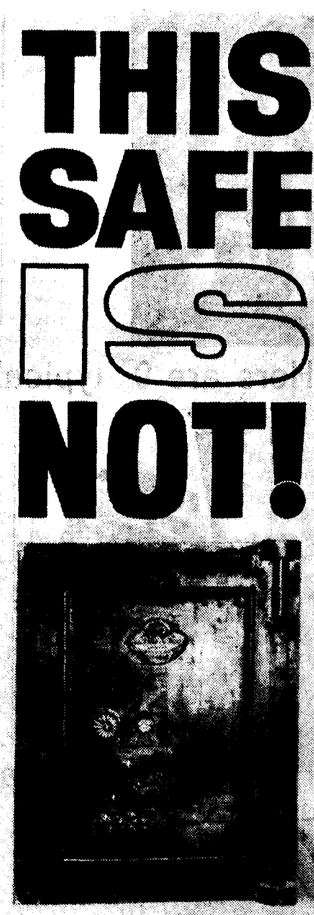

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budget, the party that will mobilise all weapons to deal with a recession, stimulate growth, and provide maximum employment and minimum unemployment. And Mr Kennedy correspondingly is politically astute and in all other ways highly intelligent, while Mr Eisenhower is merely the dupe and tool of the businessmen.

Professor Harris makes some telling points in support of his thesis. The Eisenhower Administration not only practised thrift by stealth, fearing to boast of it lest this led to demands for looser purse-strings; it also kept budget expenditures from rising very much by using trust funds to which less public attention was paid. In much of this, Professor Harris seems to detect the hand of Mr George Humphrey, President Eisenhower's first Secretary of the Treasury. (By contrast, Mr Dillon, though a Republican, is hailed by Professor Harris as promising to become "the Alexander Hamilton of the twentieth century".) Mr Nixon "persistently" voted against or opposed advances in housing, health, social security and education.

Towards the end of a long book, Professor Harris concedes that the 1960 platform of the Republican party was a little more enlightened than all this would suggest, but explains the change as reflecting the views of Mr Nelson Rockefeller, whom he regards as being practically a Democrat anyhow; and, despite it, he concludes that the Republicans "accept a philosophy of individual selfishness, and suppose that in some mysterious way this will assure the national welfare." Mr Eisenhower is described as veiling the cynicism of business self-interest with his own moralism; but Mr Kennedy is excused from being a good economist (in the event that after all he spends too little) because after all he has to think of Congress.

Perhaps the only thing that Republicans would agree with is Professor Harris's prediction that the real test for Mr Kennedy would come in 1962 and would be his success or failure in bringing unemployment down to four per cent. Prediction can indeed be hazardous when given semi-permanency in cold print: his book reveals Professor Harris as apparently still thinking that Mr Eisenhower was "completely misinformed on the United States missile lag because his staff had given him an incomplete picture of the crisis."

A Group at Work

Autonomous Group Functioning: *An Exploration in Behaviour Theory and Measurement*

By P. G. Herbst.
Tavistock Publications. 279 pages. 36s.

THE starting point for this book was a group of miners who formed into a team to take over completely the various operations involved in mining at the coal face. (This was known as composite working.) There were no fixed jobs or rules, and the men organise themselves to cope with the tasks involved. Wages were not paid individually, but to the team, on the negotiated price per ton of coal which the team were able to produce. During the three months that the men worked as a group the author, Dr Herbst, was able to study them intensively.

The first short section of the book summarises his findings. These saw, for example, that while the group had worked extremely well under a variety of difficult conditions, the arrival of a new member had very adverse results; all performance rates declined, and the output rate sank to a low level. According to Dr Herbst this was because the main energies of the group were concerned in absorbing the new member. News that the team might not be able to continue working together in the same way for a further three months again had an adverse effect; absenteeism went up immediately and technical hitches increased. As was to be expected the advantages of team work showed themselves in the very good results the group achieved. But the author was concerned to probe deeper than usual, and one very interesting point to emerge was connected with stress—defined as any external event or object that interfered with the purposes of the group. He found that while stress tended to interfere with many of the characteristics of the group that normally contributed to high output, the actual rate of output was higher under conditions of stress than under conditions of minimum interference. This runs completely counter to many theories of industrial psychology, which advocate a reduction of any kind of interference to the lowest level possible. Dr Herbst suggests that the reason for this increase in output is to be found in the fact that the group compensates for the disturbance by an all-round increase in activity.

Certainly today, when so many of the satisfactions from craftsmanship have vanished, and so much of work is mere routine—a means of buying leisure—the more we can learn of the ways production can be stepped up by increasing the involvement of the men the better, and studies that reveal the unexpected confirm that simple common sense is not enough. However, Dr Herbst's main aim was not simply to outline his findings but rather to discuss in theoretical terms the various ways of handling and analysing the data that such a study provides, and the main body of the book is taken up with just this. The book is therefore rather hard going, and is not really suitable as bedtime reading for the go-ahead managing director who likes to keep up to date with developments in industrial psychology. This is a pity, for in between the formulae some very valuable points are made. Unfortunately, social scientists, eager to demonstrate their scientific pedigree, are often tempted to concentrate too much on improving their tools of enquiry and thus sacrifice all their findings to this end; whereas in the long run it is the facts not the formulae that will prove to be more valuable.

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Writer by Trade

William Hazlitt

By Herschel Baker.
Harvard University Press. London: *Oxford University Press.* 544 pages. 60s.

WRITING was Hazlitt's trade; he never thought of it as his chosen vocation. He would rather have been a painter or a philosopher, but showed no great aptitude in either of these directions, and instead produced enough journalism, political and literary, to provide twenty-one volumes in the centenary edition of his collected works. He had no exalted opinion of his own work, though he rightly prided himself on being no hack, hypocrite or timeserver. His reputation as a critic does not now stand high and, though he was a good essayist, belles lettres are at present out of favour; but to anyone interested in English Romanticism he is a fascinating figure, and Mr Herschel Baker has written a very good book about him.

The life story, so full of frustrations, is unfolded against a carefully studied panorama of the events and ideas that formed Hazlitt's mind, and of the men—writers and artists in particular— whom he knew. This comprehensive method has resulted in some repetitiousness, for Mr Baker sometimes draws on later writings to illuminate an earlier phase, and then treats them in greater detail when he comes to assess them in their chronological place. By the time we reach the final retrospective summary, we have already encountered most of the author's critical comments on Hazlitt. But he writes without pedantry, and his energy carries us along. He is good on the dissenting, radical background that determined Hazlitt's uncompromising and opinionated temper; good, too, in his analysis of the principles underlying his art-criticism. Mr Baker does not attempt to make the man less disagreeable than he appeared to most of his contemporaries, but he succeeds in conveying his extraordinary capacity to feel and convey enthusiasm:

> The secret of his power as critic was his plastic, supple mind that, as it were, went out to meet experience. He thought that a sympathetic identification with the objects of perception was the ripest kind of knowledge, and that 'feeling', rather than the constructs of discursive reason, was the highest kind of truth.

This book, American in origin, is beautifully produced, but a few minor errors of fact might be noted: Wisbech is consistently misspelt, Burleigh House is not in Leicestershire, and it was not the Samaritan but the publican who prayed, "Lord, be merciful to me, a sinner."

1984 and all that

From Utopia to Nightmare

By Chad Walsh.
Bles. 191 pages. 15s.

THIS entertaining book springs from a set of lectures, and retains the light touch of a witty man's spoken word. But the subject is serious, and so is Professor Walsh, who is a lifelong protestant theologian as well as a literary critic. However, his protestantism is so liberal that one does not have to share his religious views to profit by his book. His problem is this: from Plato onwards, men have written utopias; but towards the end last century, and still more in this, they have tended to run out and the most noteworthy books written within this framework have been dystopias, showing utopias gone wrong. The prime English examples are "Brave New World" and "Nineteen Eighty-Four."

What does this signify? Professor Walsh goes into the question at some depth, without adding very much to what one had already guessed: that we now have many of the material trappings of earlier utopias without seeing any perfection of human nature; that the events of this century have given a harsh blow to the concept of moral progress by human effort; and that Freud has undermined the easy hope of growing rationality. This theme is well developed, with enough but (thanks to Professor Walsh's restraint) not too many examples from the ample literature of Utopia. A very readable book.

Chinese Facts

Contemporary China IV: *1959-60*

Edited by E. Stuart Kirby.

Hong Kong University Press. London: *Oxford University Press.* 379 pages. 37s. 6d.

AN annual review of contemporary China by experts is welcome in the hope that it will provide much information and some informal conclusions. As far as one can generalise about a collection of separate papers, the leading theme of "Contemporary China IV" is the food problem and agricultural production. Sources of information are scanty and diverse, and a lot of deciphering and processing must be done before even such basic economic and social studies as make up "Contemporary China" can be presented. For readers expecting such prepared but at the same time very detailed information here is a copious bibliography, a day-by-day chronology of events between January 1 1959 and June 30 1960, and for the first time in "Contemporary China" a section of seven tables of statistics covering the period 1958-59. These are divided into absolute and relative figures. It is gratifying to have, but difficult and brave to give, absolute figures, albeit with gaps, when official Mainland figures are nearly always relative. The sources quoted are *People's Daily, China Reconstructs,* New China News Agency, and the Government Report on the final state accounts for 1958 and the draft budget for 1959.

For more analysed information there are the papers, and introducing the statistical tables is a reprint of the report on the draft 1960 National Economic Plan by Li Fu-ch'un, Chairman of the State Planning Commission. An increasing concern with agriculture can be discerned in it and a tendency to play down the importance of industry and to stress its role in supporting agricultural production. According to Li Fu-ch'un, it is normal for the pattern of economic development in China to be U-shaped, going from balance to imbalance, to balance, and the period covered was at a point of imbalance. There was a food shortage; in relation to this, in a very informative paper, T. C. Lee discusses the problems of deciding the ratio of land given to producing for consumption to that given to producing for industry. In another paper K. Lee more dramatically describes how people had to eat less than before (this is a bit open to doubt) so that consumer products could be exported in order to balance industrial imports. Both make the interesting point that industrial production was found to depend directly on the previous year's harvest.

These are valuable papers and it is therefore a pity to find among and sometimes in them emotionally heightened comments or one-sided articles on subjects that are well known to be, to say the least, controversial.

OTHER BOOKS

THE IDEA OF PRE-HISTORY. By Glyn Daniel. 171 pages. THE GREEKS. Edited by H. Lloyd-Jones. 274 pages. ECONOMIC PHILOSOPHY. By Joan Robinson. 150 pages. All at 15s. *Watts.* The New Thinker's Library.

This small new hard covered series by highbrows for middlebrows is supervised by Mr Raymond Williams. Part of the contents of these first three titles is salvaged from lectures and broadcasts already delivered.

THE AUTOBIOGRAPHY OF THOMAS WHYTHORNE. *Modern Spelling edition.* Edited by J. M. Osborn. *Oxford University Press.* 257 pages. 30s.

This is an edition in modern spelling of the autobiography of Thomas Whythorne, Elizabethan poet and musician, which was published in its original spelling last year. It is claimed to be the earliest autobiography in the English language.

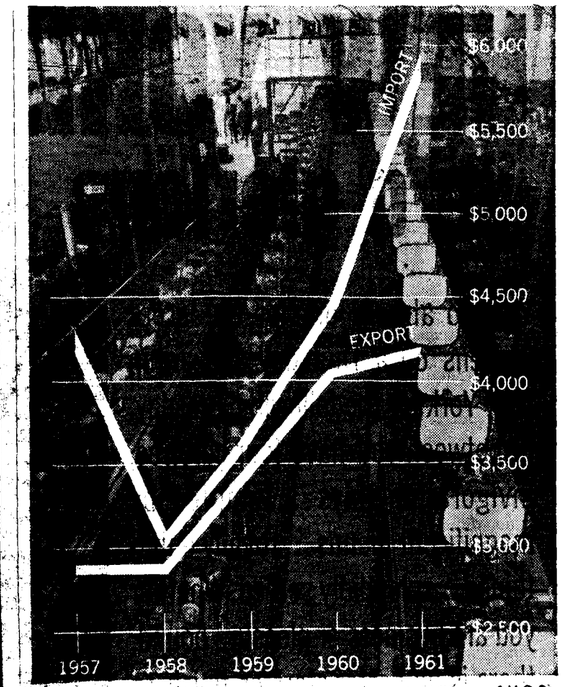
CONGO MY COUNTRY. By Patrice Lumumba.

This book, which was reviewed in our issue of September 29, is published by Pall Mall Press with Barrie and Rockliff.

HENRY II: *The Vanquished King.* By John T. Appleby. *Bell.* 367 pages. 35s.

It is a pity that for most people Henry II is the man who ordered the murder of Becket. This incident, although good theatrical material, is peripheral to the main achievements of Henry's reign, which are his work as an administrator and "the creation of the Common Law and its Courts." It is therefore unfortunate that Mr Appleby announces in his preface that Henry's legal reforms are so far-reaching that "a biography . . . is hardly the place for a detailed examination of his great enactments. . . ." so the reader is referred to Pollock and Maitland. Since Mr Appleby describes English law before Henry's reign as "little more than a set of tribal customs," perhaps this is just as well; but it does not make for an authoritative stimulating biography.

There is so much contemporary material on Henry that it would be impossible to write an uninteresting book. Mr Appleby has at least gathered together the facts in a readable if oversimplified form. But with a reign as vital as this one, it is a pity not to have something more.



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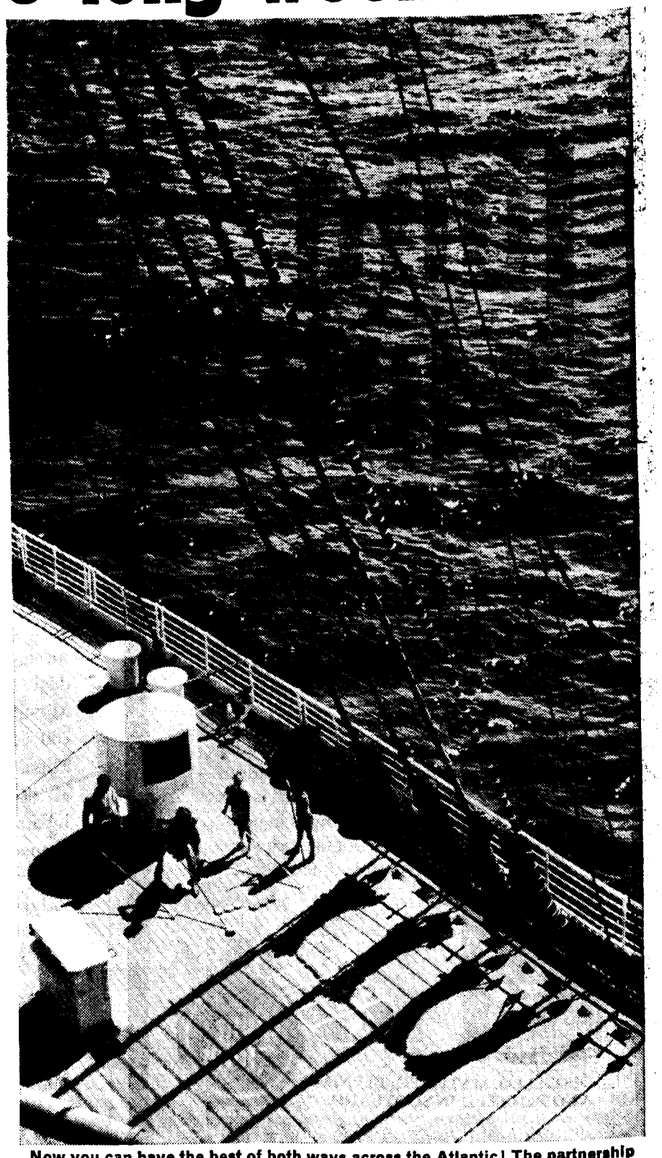

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AMERICAN SURVEY

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

Confrontation in the Caribbean

WASHINGTON, DC

NEITHER talk about a summit meeting between President Kennedy and Mr Khrushchev nor the latter's amiable assurances to Lord Russell seem likely to divert the United States from its insistence that Russian missile installations in Cuba must be dismantled speedily and satisfactorily. An American invasion of Cuba primarily for this purpose remains a distinct possibility in the future even though the President is reported to have rejected sharply Senator Russell's demand for an immediate invasion, made when congressional leaders were rushed back to Washington last Monday from their electioneering to be briefed on the Cuban situation. Proposals such as U Thant's suggested compromise—that the United States should lift the blockade and the Soviet Union should agree to dispatch no more "offensive" weapons to Cuba—are highly unlikely to be entertained by the American Administration before November 7th, when the election will be safely over, and after that they are sure to be rejected unless they are accompanied by arrangements for inspection of the sort which Dr Castro has already refused to consider. Rigorous inspection will also certainly be attached, as a condition of American acceptance, to any proposal for dismantling North Atlantic Treaty Organisation installations, say in Turkey, in return for the abandonment of its Soviet missiles by Cuba.

Mr Khrushchev's motives for placing in Cuba the missiles which he appears to have withheld from other satellite countries remain alarmingly obscure. Mr Kennedy's motives for acting and speaking as he did this week seem clearer but have been criticised, notably by Mr Walter Lippmann who argues that the President should have warned Mr Gromyko of what was coming when he saw him last week and thus have given the Russians a chance to withdraw without publicity. Mr Kennedy has been very aware of the danger of tumbling into a Berlin bunker through stubbing his toe on an obsession with Cuba. In September he said that Cuba was not a military threat and this month he rebuked sternly those calling for action that would lead to war. But he listed six specific factors which could make him change his mind:—

If the Guantanamo base were threatened;
If passage of the Panama Canal were threatened;
If American activities at the Canaveral missile testing station were interfered with;
If lives of American citizens in the United States were threatened;
If force were used or threatened by Cuba against any country in the western hemisphere;
If Cuba attempted to become an offensive military base for Russia.

What has perturbed the Administration greatly is that in its view Mr Khrushchev has pressed every one of these six panic buttons, particularly the last, and has done so apparently quite deliberately in the full knowledge that the move was bound to be detected.

When Mr Kennedy had to eat his September words, he chose to do so against the black velvet curtains of a sudden grave national emergency, the exact nature of which was kept secret until the President announced it on a stage which was ablaze with tension and excitement. Even though the crisis means that neither the President nor members of his Cabinet will take any further direct part in the election campaign, the drama was certainly played for its maximum effect on a domestic political situation in which Mr Kennedy's alleged "softness" on Cuba had become an important factor. With a mixture of relief that at last something has been done against both Dr Castro and the Russians and doubtful hope that this may not mean war, the country has of course rallied overwhelmingly behind the President. The voters are now probably disposed to show their approval by sending Democrats back to Washington. But the Republicans seem far from disposed to permit the President to get the political jump on them over Cuba when they thought that there they had it on him. General Eisenhower has indicated that bipartisan support for the President in this crisis abroad does not involve the abandonment of all political criticism at home.

Mr Kennedy warned Americans to expect weary months of tests of will-power and patience rather than atomic annihilation. The United States may find itself trying simultaneously to enforce one blockade while attempting to break another, for trouble over Berlin is by no means ruled out. Some people even speculate that Cuba is Mr Khrushchev's mousetrap and that the missiles there are cheese supplied precisely to strengthen the Russian hand in Berlin. On this reading of the situation an American invasion of Cuba would not necessarily disconcert Mr Khrushchev; rather it would give him a welcome chance of exploiting American "provocation" in the Caribbean. The Administration's view seems to be that in Cuba Mr Khrushchev grasped a golden opportunity to improve his inferior ability to deliver a nuclear strike against the United States. As this is a field in which Washington has announced that it will never accept parity, it was decided to grapple with this Caribbean bid to close the Russian missile gap by a direct confrontation between the United States and the Soviet Union rather than by a "proxy war" with Cuba.

Economy Blown Off Course

NEW YORK

PRESIDENT KENNEDY'S blockade of Cuba brings with it the possibility of a war economy, complete with controls over wages, prices and production, something which had not entered into the calculations of economic forecasters. They are taking refuge in the standard claim that all bets are off should there be a war and that the Cuban crunch has the same effect. Previous crises in the cold war have served frequently to salvage the reputation of economic prophets; last year, for example, the deterioration in the Berlin situation produced a sizeable increase in military outlays which helped to accelerate the recovery. But there is no telling what lies ahead now and any shift in government spending beyond the normal range needed to deal with a normal crisis—a Suez or a Berlin, for example—would upset even the most flexible forecast.

The Cuban "quarantine" is the latest shock to an economy which has already been subjected to a series of rude surprises this year. But, unlike the dispute with the steel companies and the crash on the stock market, ultimately it should not have a depressing effect. In fact it should bring to a fairly early end the pause which has spread through the economy for the third time in twelve months. Everyone has had a finger in the air tryin

to determine whether the winds that followed the lull would be fair or foul. The Administration's own forecasters were predicting that the rise would be resumed once more, although they added that a tax cut would be needed to sustain this more favourable climate. Washington's official optimism, however, has been met with scepticism elsewhere. On Wall Street the general expectation was that the present lull would be followed by a storm—and most businessmen and economists were inclined to agree. Forecasts made last week by the Business Council, a government-sponsored group of top corporate executives, and at a business outlook conference at the University of Pittsburgh suggested that the blow would be exceedingly mild, but a growing number of economists had been veering to the view that the coming decline would be the most severe of the postwar era.

Now, increased expenditures on defence may well help to stimulate activity but any sizeable addition to government outlays will probably end all hopes for the tax cut which has been considered essential if any improvement is to be maintained. The government, which had hoped for a small surplus in the Budget for the current fiscal year, is already facing a deficit of at least $6 billion. Indeed, the President's warning that sacrifices are in order may mean a rise in taxes; the Secretary of the Treasury advised this during the Berlin crisis last year. On the other hand, a war-like economy would mean the end of the sluggishness in the rate of growth which has been afflicting the economy for the past several years—though this is hardly, to say the least, a desirable way of dealing with this problem.

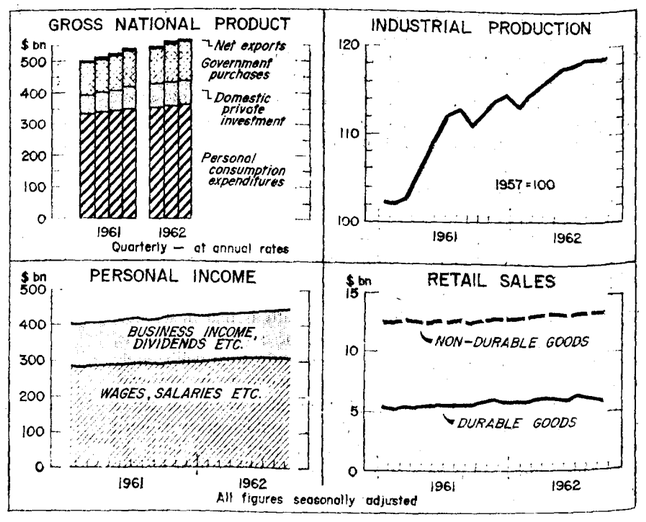
BUT in fact, the economy might have come out of the pause with renewed momentum in any case, even though most economists did not regard this as likely. Their generally sombre mood did not actually represent a worsening of sentiment. Their gloom was even more pronounced, at least in private, just after the hurricane which swept through Wall Street in May and June. Many who had voiced the standard forecast, which was for a rise throughout the year, as well as the Administration's economists, who took a super-standard position, shifted then to the view that a recession was on the horizon and that only a tax cut could forestall it. No tax cut was voted, yet economic activity managed to advance without it. Admittedly, the pace slowed down and at present the upward movement is almost imperceptible but the performance since the stock market crash has not been unimpressive, considering the buffeting which that gave to the confidence of both businessmen and consumers. As a result, the forecasters had recovered some of their poise and before the Cuban crisis they were conceding that a downturn might not be coming immediately even though the economic indicators were showing the advance signals of a recession.

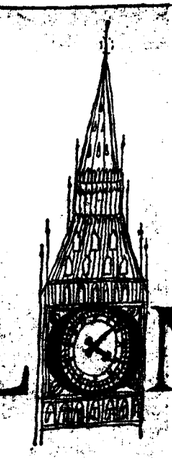
In justice to the forecasters the economic currents have been extremely tricky and hard to chart. The lull is most obvious on the surface. It is evident, for instance, in the sluggish rise in gross national product, which between June and September showed the smallest quarterly increase since the recovery began in early 1961. The lull is also apparent in the Federal Reserve Board's index of industrial production and in the stability of personal incomes. Unemployment, stuck at 5.8 per cent of the labour force, is another sign of stagnation. But many of the currents seem to be flowing in opposite directions. In September, for example, new construction showed a gain but there was a decline in the number of new houses started. Retail sales dropped for the second month in a row yet hire purchase buying registered a big increase. Manufacturers' sales of hard goods held steady but new orders rose and average hours worked increased for the first time since April, while average hourly earnings in manufacturing climbed back to their old peak. The reception accorded to the 1963 automobiles has been unexpectedly good; in the first ten days of October sales established a new record for the period.

Business activity, then, is not robust but neither can it be considered feeble. Certainly the yardsticks do not support the claim made in some circles that a recession has already begun; industrial production has not declined as yet, as it did in the lulls of September, 1961, and January, 1962. If the expansion is in fact topping out, there is nothing in the way of hard fact to suggest that the ensuing decline will be prolonged or steep. Such predictions are clearly based on factors which are not susceptible to measurement and suggest that the black clouds of pessimism which appeared during the summer have not lifted entirely. Those who have been predicting dire days ahead are going by feel rather than by fact.

However, it has not been possible to dismiss these forebodings, if only because the uncertain and quixotic economic climate has induced businessmen and consumers to take an extremely cautious attitude. Pessimists can also point to some other disquieting symptoms, particularly the softness in prices in most basic industries. This is evidence of intensified competition and excessive industrial capacity which would normally disappear with an acceleration in business activity. But if controls of any kind are now decided upon there may well be a run on goods and on production lines. There is thus a possibility of an immediate rise in purchases, at all levels, but no provisions will be made for long-term needs until the extent of the crisis is clear.

Before Cuba erupted businessmen seemed to be preparing to brave the elements. Stocks of goods had been trimmed back so far that any rise in demand would have triggered an expansion in purchases and corporations were planning to increase their capital outlays. Evidently businessmen who had been lukewarm towards the Administration's schemes for encouraging such spending with revised depreciation allowances and tax credits were having second thoughts. Apparently they felt that, even though excess capacity existed, the need to cut costs and maintain a competitive position demanded increased investment in new plant and equipment. Profits might not be all that had been hoped for, yet they were sufficient to support an expansion in capital expenditures. In fact corporations were generating a very high level of internal earnings





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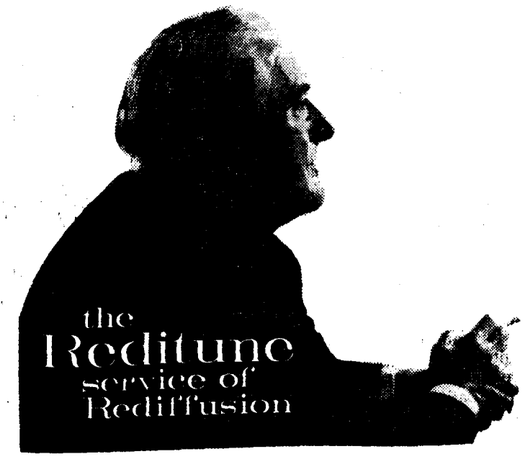

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and if they kept to their spending plans then a recession was neither imminent nor inevitable.

This was the official view in Washington before the Cuban crisis. The Administration had not seen fit to press for the powerful and overt stimulus of a general reduction in taxes, largely because Congress would not accept this, but it had been furnishing some fairly substantial tonics. The tax credits and new depreciation allowances seemed to be having some effect. In addition, government spending had been stepped up by a modest amount and this, combined with the failure of tax revenues to come up to earlier estimates, had produced a deficit in the Budget. This may not provide any new momentum but it will serve to cushion any decline. The same can be said of the central bank's monetary policy, which has been designed to keep credit readily available. Its latest move in reducing the reserves which commercial banks are required to hold (discussed on page 364) is not necessarily a move towards still easier money but psychologically it implies that, if there is any shift, it will be in that direction. Moreover, the pledge that there would be a tax cut next year was beginning to be taken seriously even though there was plenty of room for doubt about what Congress would do on this score.

But now it is doubtful whether the Administration will ever press for the tax cut and the economic outlook is anyone's guess. The short-term prospects have improved but the long-term outlook is murkier than ever. For the country needs a major change in fiscal policy in the form of lower taxes to assure a powerful and prolonged upturn. Economic activity may increase as a result of this week's events, but it will be the sort of upsurge which will add to problems rather than resolve them.

Midwestern Circuit

Our Washington correspondent, who has been travelling in the Middle West, reports on the climate of opinion there before President Kennedy moved to blockade Cuba.

I—Communist Bogies

MILWAUKEE, WISCONSIN

THE people of the Middle West have always tended to distrust the Easterners, those city slickers with smooth tongues who inhabit the seaboard which faces and trades with Europe. Now, inflamed by Cuba—for when it comes to communism the area is the reverse of isolationist—many mid-westerners seem to fear that President Kennedy is showing his true colours as an effete Bostonian appeaser. Communism and Cuba are playing a part in the politics of Wisconsin and Minnesota and in both states are producing a fine, confused brew.

McCarthyism may be dead in Wisconsin, its birthplace, but still it refuses to lie down. The Democratic Governor, Mr Gaylord Nelson, recently felt impelled to go to the defence of Mr Wilbur Renk, a moderate Republican who had hoped to run for Governor. Mr Renk was defeated for the nomination after 15,000 copies of a circular hinting that he was supported by local communists were quietly inserted one Sunday by persons unknown behind the windscreen wipers of the parked cars of churchgoers. Mr Renk lost, by 50,000 votes, to Mr Philip Kuehn, who says that he will not decline the support of members of the extremist right-wing John Birch Society who want to vote for him for Governor next month. Mr Kuehn's Democratic opponent is Mr John Reynolds, a liberal who would like to see taxes in Wisconsin bear more hardly on the rich and less heavily on the poor because he believes that lack of purchasing power is what is wrong with capitalistic society. He also calls Wisconsin Republicans the most fanatically right-wing group in the nation.

Governor Nelson is not seeking re-election, preferring to run for the Senate against Senator Wiley. Senator Wiley, a Republican who is 78 and has been in the United States Senate almost a quarter of a century, has called Mr Nelson "a nitwit" who tells "damned lies." Mr Wiley was angry because it was suggested that his campaign managers had asked doctors in Wisconsin to contribute $50,000 to show their appreciation of his vote against governmental hospital insurance for the elderly. The doctors' organisation did not deny that it was prepared to be grateful to the Senator to at least that amount.

But it is communists who really rouse Senator Wiley. He claims that Wisconsin is full of communists, who have succeeded in infiltrating everywhere, including chambers of commerce. And he warns that it is no good expecting resistance to them to come from Washington, because "things are pretty foggy down there too". Wisconsin has to watch out for itself. In spite of these opinions, Senator Wiley is not, in the view of Americans for Conservative Action, a completely reliable anti-communist. This right-wing group says that he has "slipped substantially away" from constitutional conservatism and now has a rating of only 33 out of a possible 100. This puts him below Wisconsin's other Senator, Mr Proxmire, who is a Democrat. Senator Wiley is expected, however, to beat Mr Nelson, even if only narrowly.

In neighbouring Minnesota the leading anti-communist, Mr Walter Judd, the Republican Congressman from Minneapolis, is also expected to win, though in his case also the race will probably be close. Mr Judd's Democratic opponent, Mr Fraser, a strong supporter of the President's welfare plans, has Mr Kennedy's endorsement. But Mr Judd has received encouraging words not only from Senator Javits, a liberal Republican, but also from Senator Dodd, a conservative Democrat, and even from the Secretary of State, Mr Dean Rusk, who praised him warmly as a "workhorse for us on foreign policy." Mr Judd is the key Republican on the Foreign Affairs Committee of the House of Representatives and has very strong views on Cuba, which he says represents a state of affairs "worse than Pearl Harbour." A former medical missionary in China, where he was imprisoned by the communists and set free by the Japanese, he claims that his experience constitutes "unique preparation for this moment of crisis." More dubiously, he has hailed as a "kindred spirit" Mr Fred Schwarz, the crude evangelistic fervour of whose "Anti-communist Crusade" only promotes sales resistance in most people. But such extravagances do not much dilute the respect and affection in which Mr Judd is held and even the drastic redrawing of his electoral district which the Democrats imposed on the Republican Congressman is not expected to give Mr Fraser victory.

II—States in Stalemate

DETROIT, MICHIGAN

IT takes only a few minutes to fly over Lake Erie from Detroit, in Michigan, to Cleveland, in Ohio. In next month's elections, the Republicans hope to capture the Governorships of those two important adjacent states in America's industrial heartland. The Republicans already control both the State Legislatures and both the Democratic Governors complain bitterly that nearly all their legislative proposals are stalled by relentless Republican obstruction. Now the Republicans are suggesting to voters grown weary of these stalemates that the way to break them is to put in Republican Governors whose policies the State Legislatures will support, not thwart. The Democrats beg the voters not to compound a felony but instead to support efforts to put an end to the over-weighting of rural votes which gives the Republicans their political stranglehold on both states; it is said, for instance, that in Michigan the cows outvote the people. But the Democratic voice tends to sound either muffled or too shrill. In Ohio the Democratic party is so riven with factions that it can scarcely be said to exist as a statewide entity. In Michigan it is suspected of being a dog that is wagged by its trade union tail.

Detroit's big labour vote is being sought energetically by Mr George Romney, the motor-car manufacturer whose compact reply to the challenge of small foreign cars began a new fashion in American automobiles. Mr Romney has pursued this labour vote fearlessly, even into trade union rallies. That he should do so indicates a startling change from the quite recent times when the motor industry refused to recognize the trade unions, bloody gun battles were fought at factory gates and union organisers like Mr Walter Reuther and his brother Victor were attacked by hired assassins. Mr Romney offers to create new jobs for Michigan and to wipe out the state's deficit of about $75 million by deploying the qualities of dynamic leadership which transformed the American Motors Corporation (of which he was president) from a money-losing company into one which pays bonuses to its workers. If he is elected Governor of Michigan next month in place of Mr John Swainson, the Democrat who is running for re-election, Mr Romney is expected to turn his masterful gaze more ardently towards the White House. The recapture of the Governorship of a state where labour is powerful by a Republican businessman, after fourteen years of Democratic rule, would be a serious blow to the Administration. Mr Romney's election could also be the signal for fresh tensions in a state which is a cockpit for powerful trade unions and powerful industrialists.

The Democrats suspect Mr Romney of having some very reactionary ideas despite his professions that he is a moderate who dislikes Big Business as well as Big Labour. These suspicions distress Mr Romney, who was a Mormon missionary in his youth and still prays ostentatiously for divine guidance before making difficult decisions. He protests that he really meant nothing serious when he called former President Truman a socialistic fellow-traveller, wondered aloud about the "Americanism" of a leading Michigan Democrat and said that communists had held important positions in the Democratic party and in Democratic Administrations.

The Republican candidate for Governor of Ohio, Mr James Rhodes, has made a Churchillian pledge that "as Governor I do not intend to preside over the decline and fall of Ohio". Like Mr Romney in Michigan, he too says that if elected he will supply new,

A Diversity of Democrats

dynamic leadership and create more jobs. He has put the Democrats and the Democratic Governor, Mr DiSalle, on the defensive. They have tried to suggest that Mr Rhodes, who is State Auditor, borrowed Republican campaign funds for personal purposes and that therefore his income-tax returns ought to be investigated, but this has failed to divert public attention from a scandal apparently involving state-run liquor stores and Democratic officials. The Democrats are also suffering from self-inflicted wounds sustained when three factions were locked in a death struggle over who was to be nominated as Mayor of Cleveland in place of Mr Anthony Celebrezze, President Kennedy's new Secretary of Health, Education and Welfare. The acting Mayor, Mr Ralph Locher, won but some of his disgruntled opponents are talking of throwing their support to the Republican.

The only Democrat in next month's election in Ohio whose success is regarded as assured is Senator Frank Lausche. As a leading Democrat and probably Ohio's best known politician Mr Lausche has President Kennedy's personal endorsement, even though he has opposed publicly almost every Kennedy proposal except federal hospital insurance for the elderly. When Ohio University students demanded tougher action over Cuba, Governor DiSalle could only murmur that nobody should criticise the Administration without knowing all the facts. But Senator Lausche is just as full-blooded as the students in his demand for sterner deeds and fewer words; even his Republican opponent, Mr Briley, is said to have commented that Senator Lausche behaves as if Dr Castro were sailing up Lake Erie.

Nautilus Torpedoed?

THE proposed sale to France of a Nautilus atomic-powered submarine represents a last attempt to head the French away from large-scale production of atomic weapons and of the enriched uranium needed for this purpose; presumably the uranium to fuel the submarine was included in the bargain. The offer, which President Eisenhower tried to make four years ago, is almost certainly too late but it was hoped that it would improve relations with the French; these have been soured by American reluctance to help France to become even a token member of the atomic club. Incidentally the sale would provide a useful offset to the $250 million a year which defence costs in France add to the deficit in the American balance of payments. All these hopes have now been jeopardised by Mr Holifield, the chairman of Congress's Joint Committee on Atomic Energy, who has not only repeated his long-standing opposition to any proliferation of atomic weapons but has also given gratuitous offence by his remarks about unstable countries which cannot be trusted to keep atomic secrets.

Under American law such a transfer requires congressional assets, but it had been understood that this would be forthcoming for an early model such as the Nautilus which carries no ballistic missiles. It now appears that not only Mr Holifield but also other members of the committee are either flatly opposed to the sale or sceptical about it; Senator Anderson, for example, fears that the transfer might set a precedent for sales to other countries as they reach France's state of nuclear knowledge. If the President certifies that no unreasonable risk is involved—as he must under the law if the sale is to go through—Congress may yet give him the benefit of the doubt. But evidently this will be done grudgingly and probably only after lengthy delay. The proposal must be presented to the committee while Congress is in session—which it will not be until January unless the President recalls the legislators—and must then lie before Congress for sixty days unless this provision of the law is waived.

Monetary Tightrope

AGAINST a backdrop of sluggish domestic economic activity and continued concern over the deficit in America's international balance of payments, the Federal Reserve Board has announced a reduction in the reserves which banks belonging to the Federal Reserve System are required to hold against savings and time deposits. The reserve requirements represent a specified percentage of customers' deposits which the banks must hold in cash or on deposit with the Federal Reserve System. The reduction, to 4 per cent from 5, will release funds sufficient to back an expansion of $4.6 billion in bank credit. In practice, however, most of the easing of bank positions produced initially by the cut

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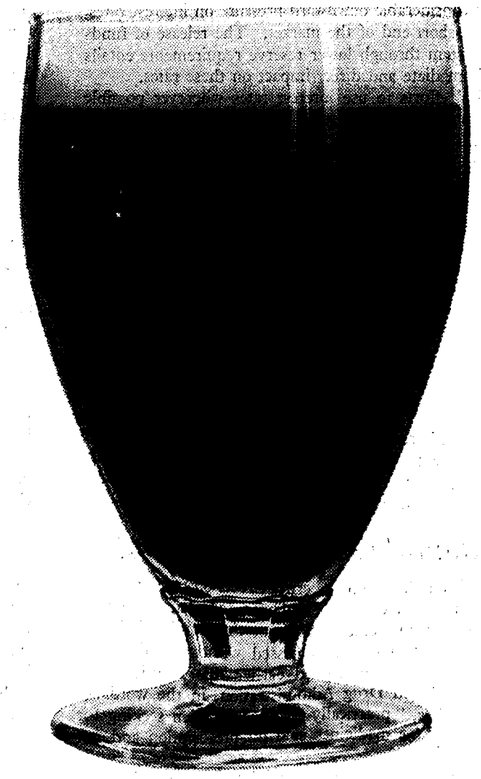
The Doctor who wrote this letter has given us special permission to publish it.

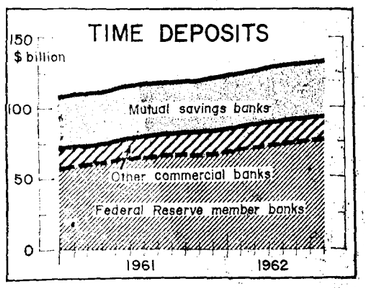


will probably be offset during coming weeks by reduced purchases of government securities in the open market by the Federal Reserve authorities. Indeed, the central bank made it quite clear that the measure was intended not as a further relaxation of its already easy monetary policy but as a "technical adjustment" to enable the banks to meet the heavy seasonal demands for credit in the weeks before Christmas. The easing may prove more psychological than real.

The monetary managers in the United States usually act to meet bulging seasonal demands for credit by stepping up their open-market purchases of government securities. Their decision at this juncture to lower reserve requirements instead was dictated by several considerations. One was the desire to relieve pressures on the banks caused by the rapid growth of savings and time deposits since last January, when the ceiling was raised on the interest which could be paid on these deposits. Another may have been the opportunity to move towards the eventual elimination of reserve requirements against these deposits—a reform strongly urged by many experts. Clearly, however, the controlling factor guiding the board's decision was its concern over the country's balance of payments difficulties.

Throughout the 1960-61 recession and the subsequent painful recovery the United States authorities have striven to pump a ready supply of loanable funds into the domestic economy and, at the same time, to prevent a decline in short-term interest rates which could induce an outflow of funds to overseas money markets. For this dual purpose the lowering of reserve requirements is an attractive weapon. Substantial purchases of government securities by the Federal Reserve System in the open market have tended in the past to place considerable downward pressure on interest rates, particularly at the short end of the market. The release of funds to the banking system through lower reserve requirements entails no comparable immediate and direct impact on these rates.

The authorities' efforts to use interest rates wherever possible to stem American losses of gold were highlighted further by the signing into law last Monday of a Bill exempting the time deposits of foreign governments and international institutions in United States banks from federal ceilings on interest rates for three years. With the major New York banks setting the pace, rates offered are expected to rise substantially on deposits of 90 days or less—to a range of 2¾-3 per cent from the range permitted under the suspended ceilings of 1-2½ per cent. Little change is anticipated on longer deposits.



Thalidomide's Silver Lining

THALIDOMIDE is a sedative but its cruel effects on unborn babies woke the United States up to the need for stricter controls over the flood of new medicines. Without thalidomide it is unlikely that the Bill which Congress passed without a dissenting vote and which the President signed earlier this month would have given the Food and Drug Administration, in the words of one of its own officials, "practically all we have been seeking for years"—though only for medicines sold on prescription and not for all of them.

The new amendments to the Food and Drug Act provide that no new medicine can be put on the market without the affirmative approval of the FDA; manufacturers must show that it is both safe and effective. Up to now sales have followed automatically unless the FDA found a medicine unsafe. Moreover, the FDA can require the withdrawal of any medicine which it considers hazardous without going through the long and difficult business of proving this conclusively. Manufacturers and packagers must register and will be subject to more effective inspection to ensure purity and quality; batch-by-batch testing will be required for all antibiotics for human use, not just a handful of them as in the past. The generic name of medicines must be printed on their labels and a summary of their possible adverse effects must be included in all advertising aimed at doctors. None of these provisions are a guarantee that there will never be a repetition of the thalidomide case, but even before the law was passed the FDA was drawing up fresh regulations to govern the testing of new medicines on animals and on human beings.

The FDA may be well satisfied with its new powers but many critics are far from satisfied with the FDA or with the way in which it may use them. The industry, though it feels that it can "live with" the new law—particularly now that it contains nothing about reducing the prices of medicines—fears that the emphasis on safety may inhibit the development of new drugs. In Congress, which is about to undertake two parallel investigations of the FDA, one under Senator Humphrey and one under Mr Fountain, the fear is much more that the FDA lacks the vigour and the scientific competence and integrity which it ought to have. Long ago in hearings before the Kefauver subcommittee it was alleged that officials of the agency fraternise too much with the industry which they are supposed to regulate; Mr Larrick, its head, is under fire for failing to set a sufficiently high and effective standard of supervision. Partly, of course, this is due to the enormous growth, in the past decade, of the field which the FDA polices. But a year ago a committee of outside experts was appointed to determine what reforms are needed; its report—said to be highly critical—is expected at any moment.

Bomb-shell for Democrats

FROM A CORRESPONDENT IN MARYLAND

ON October 10th President Kennedy came to Baltimore to urge the election of all the Democrats running for statewide office and for Congress in Maryland. Six days later a federal grand jury indicted one of those thus endorsed, Representative Johnson, on charges of conspiracy and illegally accepting $24,918 to influence a case of postal fraud involving savings-and-loan associations, which correspond to Britain's building societies. Also charged in what is billed as the first simultaneous indictment of two members of Congress are Representative Boykin of Alabama, Mr Kenneth Edlin, a Florida financier who has just served a prison sentence for postal fraud in his savings-and-loan operation, and one of his business associates. Mr Boykin, who is not standing for re-election, was charged just as he was leaving to receive a medal from grateful constituents at a $25-a-plate dinner.

Until this bomb burst most Marylanders, unlike the national commentators, had believed that the Democrats would do well in the state, if only because the Republicans had assembled a team largely devoid of popular appeal. Those who know the web-footed rustics who make up the bulk of Mr Johnson's constituents on the Eastern Shore still say that his troubles need not cost him his seat. The case cannot come to trial before Election Day and too many of his supporters live on the borderline of illegality, ranging from the pirating of oysters to violation of the federal game laws, to find an indictment very shocking. Moreover, the Democrat is "one of ours" while his opponent, Mr Roger Morton, the brother of Senator Morton of Kentucky, has lived on the Eastern Shore for only ten years.

But the urban areas of Maryland may be more squeamish. Recently the savings-and-loans scandals which made Maryland notorious have seemed to be pretty much of a dead issue. Now they are very much alive again and old charges are being revived to stand beside the new ones. The voters are being reminded that other prominent Democrats who have not yet appeared in court were nevertheless deeply involved in dubious aspects of the savings-and-loan industry and that some of them are up for election again. Doubts generated by Mr Johnson's indictment may rub off, not only on this group of politicians, but also on Maryland's Democratic candidates as a whole. In the larger aspect, the presidential habit of blanket endorsement of party candidates, already considered of questionable efficacy, is called further in question by Mr Kennedy's support of Mr Johnson. If the charges are proven, they might burn holes in the presidential coattails on which minor candidates often ride to victory.

All's Fair in Seattle

FOR reasons which became clear on Monday night, President Kennedy could not visit Seattle, as he had planned to do, to turn over to a non-profit corporation the star attraction of its World's Fair, the beautiful and exciting Science Pavilion provided by the federal government. But this disappointment aside, the fair closed its six-month run in a blaze of congratulations, all the greater because of the doubts which were once felt over whether Seattle was capable of mounting a successful enterprise of this kind. It is the only World's Fair in the United States to have made money since the one in Chicago in 1933-34; about 10 million people visited the Century 21 exposition, about a million more than were needed to make it a financial success.

Shopkeepers, hotels and restaurants benefited; so did other nearby attractions like national parks. But the real reward for those who worked so hard on the fair is that it brought many people to the Pacific North-west for the first time and that it leaves the city of Seattle not only the science exhibit—said to be the finest in the world—but also a whole complex of civic buildings: an opera-house, a theatre, a display hall and a coliseum, in addition, it seems, to the monorail which carried visitors to the fair ground from the centre of Seattle. The privately owned 600-foot-high space needle, with a restaurant on top and wonderful views of the mountains and Puget Sound, will also remain and so will part of the British Pavilion, which is to be used as a civic museum. It is no wonder that other places have been impressed and have been seeking Seattle's secret; even New York City, which is planning a much more ambitious fair for 1964, is interested.

The prospect of endowing Seattle with a civic centre was the main reason why the city and the State of Washington invested about $25 million in the enterprise. Like all fairs, it had its tawdry side but these sideshows seem to have done conspicuously badly. The great attractions were the space needle and the Science Pavilion. This, which includes the Boeing Spacearium, is now leased to the Pacific Science Centre Foundation and will continue to enthrall and educate even the non-scientifically minded. It is also hoped to use it for meetings of scientists and educators from all over the world.

Mournful Numbers

FROM A CORRESPONDENT IN SAN FRANCISCO

SINCE 1958 the American Telephone and Telegraph Company has been quietly substituting figures for the letters in telephone numbers all over the country—MUrrayhill yielding to 68, YUkon to 98. The purpose of All-Number Calling (ANC) is to postpone the day, which was just around the corner in such centres of telecommunication as New York City, when existing telephone areas would have to be split up because all possible permutations of the two-letter, five-number designation were exhausted. At first, this gradual revolution proceeded without incident. The citizens of Wichita Falls, Texas, did not contest the loss of their old exchanges four years ago and some 21 million of the country's 79 million telephones have since given up their letters peaceably. But this year there have been rumblings in the press, even *Time*, no radical journal, calling ANC "a numerological nightmare." And when "the numbers explosion" reached San Francisco, where the poetry of life is cherished beyond anything possible in Texas, protests took an organised form: the Anti-Digit Dialing League embarked on the congenial task of badgering the world's biggest corporation, AT & T (28 & 8, as perhaps it should now be called).

The League grew from a small notice in the classified advertisements of a San Francisco newspaper, which invited the public to voice its feelings about ANC—if it had any. Over 3,500 people had and ADDL was soon launched as a non-profit-making corporation. The League has had a friendly press. Even the *New York Times* gave its editorial blessing, predicting that an Anti-Digit Dialing Party would eventually capture the White House unless the telephone company could find a way to restore HYacinth and MAgnolia to the country. Such strong feelings seem to puzzle AT & T; one official said sadly: "The arguments these people use are not logical, they're emotional." The opposition is not wholly sentimental, however. ADDL's psychologists assert that seven numbers are harder to remember than two letters plus five numbers; the State of California introduced letter-number combinations on its motor-car licence plates for just this reason.

The company responds that people cannot spell HYacinth or even YUkon and also that, while it is more difficult to remember an unbroken series of numbers for a long time, it is easier to learn it for the few moments required to get from the telephone book to the telephone. The company also appears to be using a subtle form of brainwashing, removing from directories all but the first two letters of the names of its old exchanges; the inquiries operator no longer says that a number begins "YUkon," but only that it is "Y-U," etc. No estimates are available of the company's expenditure in fighting ADDL-minded critics but, since the defence has included full-page advertisements in leading newspapers and vast mailings to telephone subscribers, the cost must be considerable.

The California State Public Utilities Commission has entered the fray by announcing an investigation "into the rates, tolls, rules, charges, operations, practices, contracts, services and facilities of the Pacific Telephone and Telegraph Company." The League intends to testify before the commission and the issue will probably be referred to the Federal Communications Commission in Washington as a national question. If the FCC hears AT & T versus ADDL, the cause of alphabetism will at least enjoy a Götterdämmerung before numbers prevail and we head for 1-9-8-4.

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THE WORLD OVERSEAS

Plain Tales from the Hills

FROM OUR CORRESPONDENT IN INDIA

WHEN the fog cleared, the Chinese were right there behind it. It is now evident that the Indian government had massively miscalculated Chinese strength and determination on the northern border. What seemed signs of alarm in Peking were only signs that China took the Indian military efforts seriously enough to feel that they must be smashed.

Smashed they have been. At this writing it is still uncertain whether the Chinese objectives extend beyond that. In Ladakh, the Chinese have already overrun most of the advanced posts pushed forward by the Indians during the spring and summer; but they are not yet beyond what they claim is their territory. In the North East Frontier Agency (NEFA), at the western end, the Chinese attack has reached slightly beyond their version of the McMahon line, some four miles south of the Thagla ridge, which the Indians say is the line. The Chinese have also violated the line near the Burma tri-junction in the east. In this area an attempt by the Chinese to occupy the full extent of their claims would bring them almost to the Brahmaputra valley, which could only end in full scale war.

The Chinese attack was heavily supported with trucks and artillery and, in the Pangong lake area of Ladakh, even with tanks. The crisis found the Indian defence machine, which was ready enough for this summer's policy of forward probing, materially and to some extent mentally unprepared for major operations. The defence minister, Mr Krishna Menon, explained the Chinese artillery superiority in NEFA by saying that this was a war "for which the Chinese had prepared for a long time." What, one wondered, had the Indian defence ministry been doing? A still more remarkable reminder of the days of *panch shila* was the statement of an official spokesman on Monday, which is worth quoting verbatim: "I categorically state here that no air force aircraft of an offensive type has flown in this area. It is only transport planes which are being used." Before he spoke, two such peaceable Indian planes—helicopters for evacuating casualties—had already been shot down.

Even before these statements were made, some of Mr Menon's habitual critics had seized on some unwise phrases in a speech to charge him with being less determined than he ought to be. But the general feeling in India is that the time for recriminations is past. The last few days have seen a massive and moving rallying of the nation round its leaders. Opposition politicians have promised full support. The Congress chief minister of Orissa has suggested an all-party government. Workers have pledged higher production and no strikes. Five hundred Bihar youths sent a pledge signed in blood to work for the defence of India. The only division is in the Communist party of India, which is split from top to bottom. After long argument, the Communists had achieved a facing-both-ways resolution on the Chinese attack. Important nationalist sections of the party at once denounced it outright.

Mr Nehru's broadcast on Monday caught the national mood in displaying complete determination to defeat "the greatest menace that has come to us since independence." India must abandon the slow moving methods of peacetime, he said, and "build up our military strength by all means at our disposal." He called on the people to prepare for a long struggle. It was a sad speech too. As Mr Nehru recounted India's efforts to live peacefully with China, it was evident that whatever illusions he may have had about Chinese intentions have been irretrievably destroyed.

His speech contained two important statements of policy. India would not abandon the third five-year plan or reduce any important element of it, Mr Nehru said; nor would it give up the policy of non-alignment. Economists here are frankly sceptical about the first of these objectives. Resources to beat the Chinese have to be diverted from somewhere. Unless there is substantial extra foreign aid, where can these resources come from except from development expenditure? The economy has no great reservoir of consumer goods production. The government might, of course, lay hands on private gold hoards. Gold prices have risen sharply as investors got out of shares into something more solid.

As for non-alignment, this is credible enough. Mr Nehru argued that is was the best possible way of meeting the crisis. The Russians are being pressed to exercise a restraining influence on China, and it is feared that open acceptance of western help might make this impossible. But there are signs of some public rethinking.

United They Fall?

FROM OUR PARIS CORRESPONDENT

AT midnight this Sunday, October 28th, the day of the referendum on constitutional reform, the lists will be closed for November's general election. The two battles are obviously linked. The political parties, half-resigned to a victory for General de Gaulle in the plebiscite, are already thinking of sweet revenge at next month's polls, where they hope to massacre the faithful troops of the gaullist party, the UNR. They may be rejoicing too soon; it may be the parties themselves that are massacred.

Why did all the parties unite to oppose the general on the difficult issue of whether future presidents should be elected by popular vote? When a former admirer, like M. Paul Reynaud, or a once useful servant, like M. Mollet, turns against the French president there can be no question of spite or mere tactical error. The answer is that the political leaders have grasped the fact that in the "guided democracy" envisaged by General de Gaulle there will be no place for political parties unless they follow the UNR rule of unconditional obedience. The manner in which the general has run his campaign has confirmed their view that his objective is to subjugate parliament and vanquish the traditional parties.

So the parties came to the aid of parliament. Once they had

united in defence, the non-communist leaders insisted on the common denominator of opposition to gaullist foreign policy on the ground that it was too nationalist both in Europe and in the Atlantic alliance. In the sixty minutes of radio time allocated to all the parties on Monday and Tuesday (the president, his defeated ministers and their juniors can use the radio and television at will until polling day), five out of the six party spokesmen pleaded emphatically for *non*. This determination at the top is echoed with a vigour that varies according to party and region.

Starting from the Right, the conservative Independents can be subdivided into three unequal groups. One small group seeks revenge for the general's betrayal of his *Algérie Française* pledges. The largest section is stirred, as is M. Reynaud, by a mixture of parliamentary instinct and a conviction that the Atlantic alliance must be fostered. The third group of these conservatives, looking forward to the new regime and an alliance with the UNR, ignores the party whip. As is natural, the conservative ministers in M. Pompidou's government belong to this last faction.

The MRP (Christian Democratic party) has found the referendum issue particularly awkward. Many Christian Democrats favour some sort of presidential system. When there was talk of a vice-president, M. Pflimlin, the last prime minister of the Fourth Republic, was strongly tipped for the job (possibly as a reward for services rendered in May, 1958). It was only the way in which the general has organised his scheme as an anti-parliamentary campaign, together with pressure from their younger members, that drove the MRP into opposition. In the constituencies of former gaullist ministers, such as M. Pflimlin and M. Maurice Schuman, the local parties have chosen neutrality, and tell their supporters to vote how they will.

Other parties are less divided. The Radicals are now in their element. It is no accident that the most moving defender of parliamentary institutions has been their spokesman and the president of the senate, M. Monnerville. M. Mollet is driving his Socialists into battle. He is already busy forming electoral alliances with the Right and the Centre, worried as he is lest the logic of the anti-gaullist struggle lead his troops into electoral alliances with the Communists.

Such a left-wing coalition, with a minimum common platform, had been proposed by the Parti Socialiste Unifié. This small party, founded by former Socialists, Communists and Mendèsistes, has in M. Mendès-France an almost awkwardly eminent member but, as yet, little electoral following in the country. Its proposal, rejected by M. Mollet, never had any chance of success. The Communists are, at this stage, parading in republican, nationalist and moderate clothing. They turn the other cheek after each new slap by M. Mollet, thinking, apparently, that the referendum, followed by next month's elections, offers them a splendid chance to escape from political isolation.

All the parties are intent on the electoral battle. They have not tried to offset the government's radio advantage by holding mass meetings but have relied on leaflets, on personal canvassing and on the influence of local leaders. By these methods they hope to undo the damage of their almost certain defeat in the referendum. But the damage could be heavy. Everything seems to be working against the parties: the fact that the general's personal position is at issue, General de Gaulle's prestige (undisputed by his opponents), the parties' lack of a programme; even the Cuban crisis can now be used as an argument in favour of stability. The very width of the coalition is a disadvantage. It is idle to argue that the 1958 constitution had also been sponsored by a strange alliance that ranged from Massu (or Soustelle) to Mollet. The pre-referendum confusion does not help the electors to grasp that neither M. Mollet's merits nor the general's resistance record are the issue, but rather the future of France's parliamentary institutions.

Previous Referendum Results

	Abstentions % of registered voters	Ayes % of votes cast	Ayes % of registered voters
September, 1958	15.4	79.25	66.41
January, 1961	23.5	75.26	55.91
April, 1962	24.4	90.70	64.86

Morocco the Eclectic

FROM OUR SPECIAL CORRESPONDENT

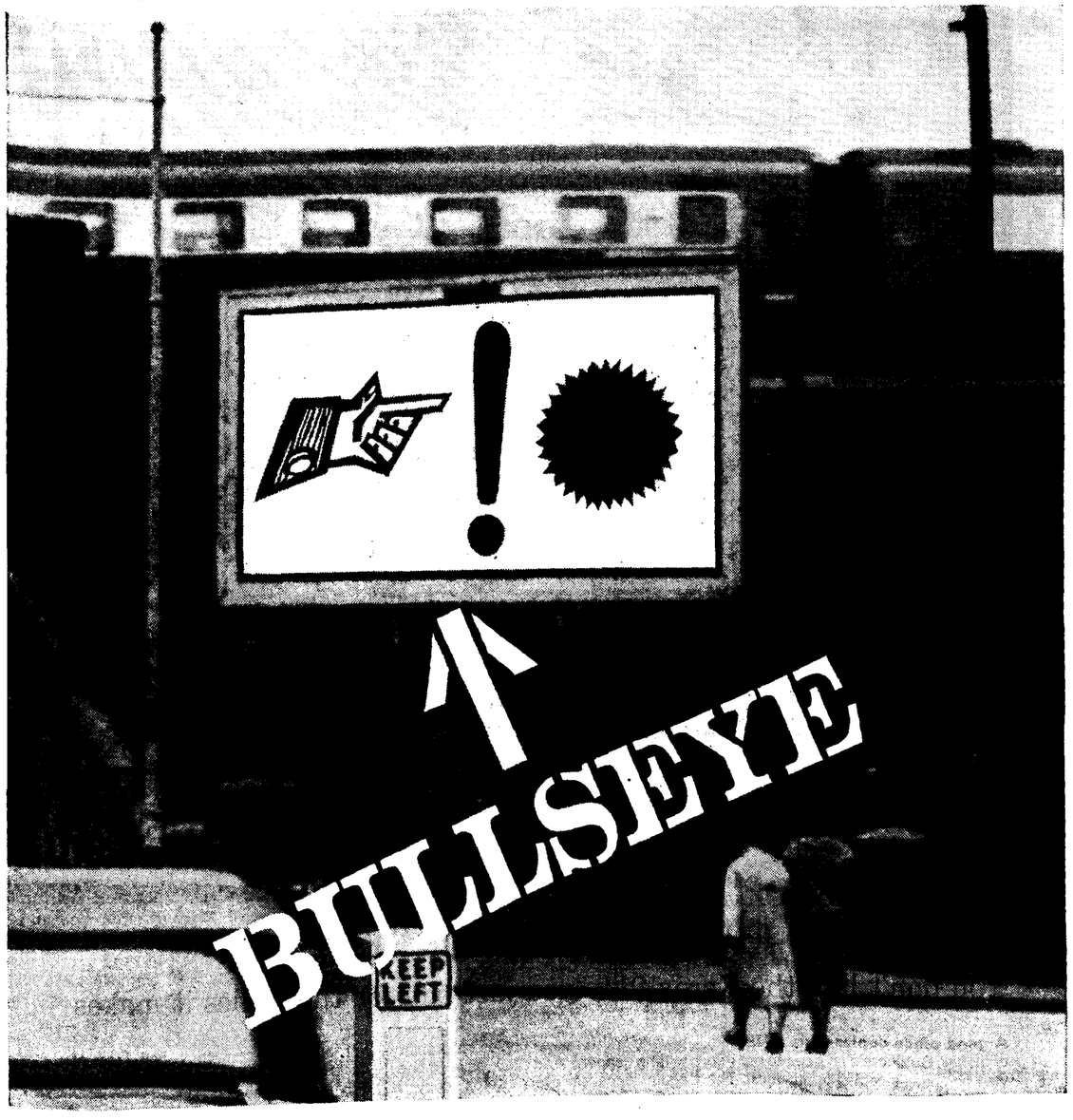
IN Rabat's modern shopping centre a large car parks itself neatly and its driver, a veiled woman, glides impersonally into the street. In any other Arab state this woman would either not drive a car or, if she did, would unveil herself. But not in Morocco. This is a country with a talent for having its cake and eating it, taking what suits it best from every possible world.

In a continent of young republics Morocco upholds a three hundred year old dynasty. Its young king, Hassan II, is brisk, direct, modern-minded. But the ritual of his court has lost little of the colour that the early Alaouites gave it. He still rules as an absolute monarch, with neither constitution or parliament. Yet probably nowhere in any other Arab country is there greater liberty of political expression. Opposition is conducted openly. Parties and press are free. There are no political prisoners. Though the throne draws strength from a sizeable, well-disciplined army, the soldiers do not meddle in politics. In most of the larger towns the mayors belong to the UNFP (*l'union nationale des forces populaires*, the main opposition party), a consequence of municipal elections held freely two years ago. From a huge Casablanca skyscraper the UMT (*l'union marocaine du travail*) operates one of Africa's largest trade union movements. The communists, although alone in having their party suppressed, still jog along and issue their news sheets openly. Even the Istiqlal (government party) press frowns primly from time to time on corruption among officials, while that of the opposition has almost exhausted its expletives—not excluding dark comparisons with revolutionary Yemen—in attacking "autocratic rule."

Some complacent members of the government are inclined to think that this balance between two extremes—autocracy and liberty—is something exquisitely Moroccan, which, having been artfully arrived at, should not be departed from. But the king himself is aware that the sun will not stand still for him. Freedom without opportunity cannot be sustained for long. The Algerians are setting new fashions in social and political deportment. And he has, anyhow, promised Morocco a constitution by New Year, 1963.

This promise may not be ill-timed. Discussion of the constitution ranges far and wide in Morocco, but the swelling tide of expectation is not running against the throne. In the rank and file of all parties plain men, who yesterday were absolute monarchists or absolute republicans, are striking their hearts and declaring themselves "constitutional monarchists." A constitution, cheerfully given, might thus reinforce the monarchy. The problem is less how to give it than how to make it acceptable.

The king is reputed to have a constitution ready made. But the UNFP are indignant at the prospect of being offered an article straight off the palace peg. They point to Algeria, where an elected constituent assembly is tailoring a constitution, and say they want one like that one—with the hall mark "made by the people." That



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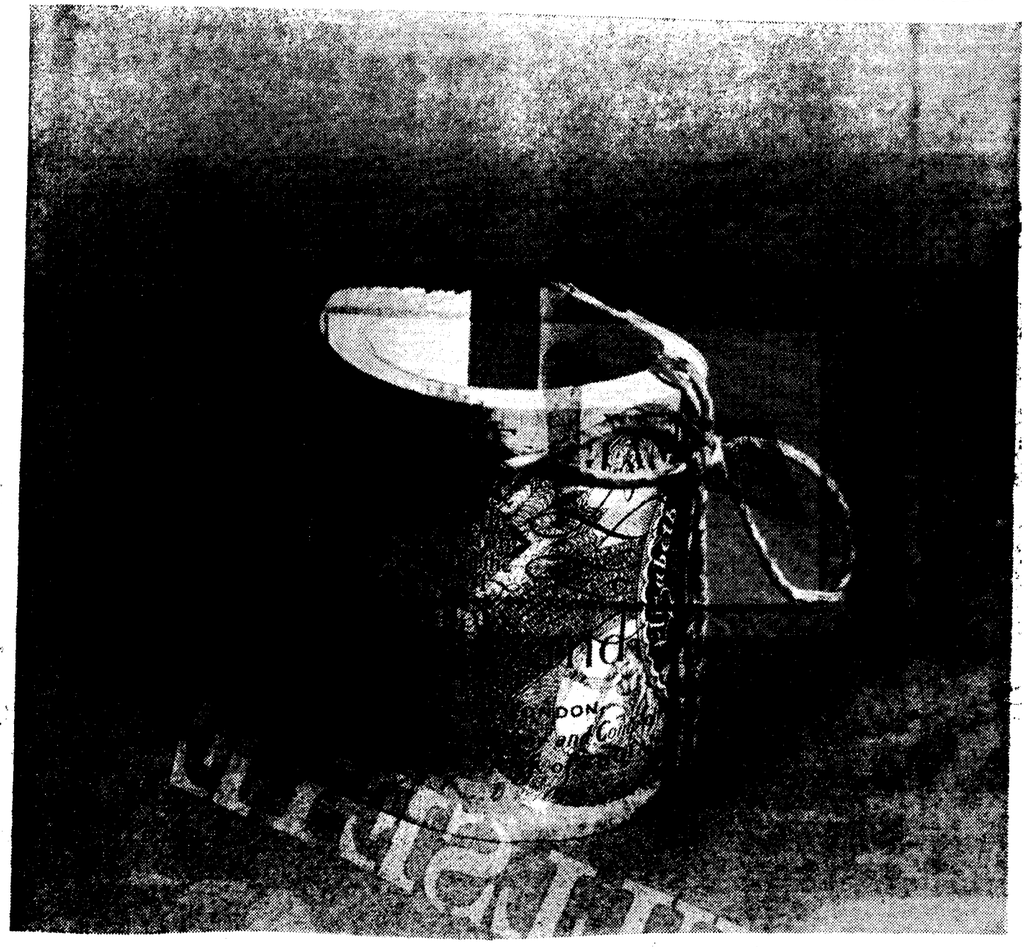

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Algeria's single list elections did not represent all the people does not at all dismay them. Mr ben Bella, they say, will be nobody in two years time.

Many people believe that Morocco's genius for compromise will find a way out of what seems a procedural wrangle. Some argue that if, as hoped, the ready-made constitution provides for free parliamentary elections, the parliament so elected can gradually amend any clauses of the constitution it does not like. These terms are of course all relative. Nobody is under the illusion that anywhere in Africa today free institutions can flourish without some manipulation. But constitutional government is seen by most Moroccans as a necessary status symbol, and any sort of parliament as better than none.

KEEPING up with the Algerians poses new social problems, not least that Algeria bases its whole revolutionary ethic on land reform. Agrarian reform does figure in the Moroccan government's plans for developing the country and for providing its underemployed population with a future livelihood. But hitherto industrial expansion has been given much greater prominence. The Istiqlal is credited with wanting to concentrate on industry, while the UNFP carries the banner for land reform. But these distinctions are becoming a trifle blurred. After scoring a notable success with his pet scheme, the *promotion nationale*, by which many unemployed peasants have been set to work, clearing land, planting trees and building roads and dams, each group in its own district, the king appears to be ready to accelerate land settlement plans.

This is bound to be a long story in a country where 40 per cent of the rural families are landless. (The rural population numbers roughly eight million out of Morocco's total of nearly twelve million, and the total is increasing by 300,000 a year.) The government has earmarked more than four million acres of land for setting up peasant co-operatives and this will affect the big French estates, which occupy more than a million acres of the richest land. Because they are so beautifully farmed and do at least employ peasant labour, the Moroccan government has hesitated to disturb them; it has repossessed itself of only 50,000 acres. But new entrenchments are foreseen. Wherever dispossession becomes necessary Morocco will look to France to facilitate the compensation of any outgoing Frenchmen. Since this will be small beer compared with what France is committed to do in Algeria, under the Evian agreements, such assistance is not likely to be grudged.

Although Morocco leans heavily on France economically, a galaxy of foreign interests is reflected in the aid it is getting and in its industrial growth. The United States outstrips France in the value of its loans and relief grants. Russia sends shiploads of arms, but nobody knows where they go. Only the twelve Migs, delivered two years ago with thirty Russian instructors, have been seen in public again. The Chinese have been a disappointment; they tried to introduce tea-growing, but gave up with the first setback, and have been criticised for not persevering; Moroccans drink a lot of tea. Both western and eastern undertakings are active in Morocco's industrial programme, which calls for much foreign investment. Morocco has the mineral wealth, the world's biggest phosphate deposits, and the best roads, ports and airfields in all north Africa. But it lacks the money and the experts.

Foreign firms team up with BEPI (*bureau d'études et de participations industrielles*) to form joint companies. France and the United States are prominent in by far the biggest enterprise, a chemical complex based on phosphates. And the United States and Italy are in projects already in full swing (oil refinery, car assembly, tyre making). Britain is coming in to manufacture tractors. Poland got the contract for machinery for a sugar factory, for which the World Bank will finance the new sugar-beet cultivation. A Russian study for a shipyard in the bay of Tangier, overlooking Gibraltar, has had a mixed reception. Morocco would like impoverished Tangier to pick up some ship repair work, but wants to avoid enterprises with political overtones.

Amidst all this foreign activity, France provides the main key to progress in sending out men with the know-how to Morocco's government departments—19,000 technicians (9,000 of them teachers)—and missions to the army and air force. It is largely upon their loyal service and readiness to teach Moroccans to take over from them reasonably quickly that a happy future depends. Some Moroccans are anxious lest in this generous French forcing house, they lose some of their Arab identity. This seems extremely unlikely. Few nations possess a more pronounced national character or less interrupted traditions; and their talent for taking what suits them, and quietly discarding what does not, shows no sign of running dry.

Ghosts in the Kremlin

"As long as Stalin's heirs are on earth it will seem to me that Stalin is still in his mausoleum."
Yevtushenko in *Pravda*, October 21, 1962.

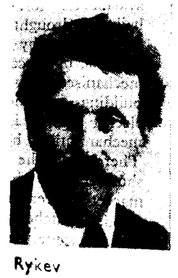
HALF-TRUTHS will not last; or so the Russians are finding in their efforts to rewrite Soviet history, leaving out the most obvious Stalinist falsehoods, yet providing a version that would not undermine the present leadership or the party monolith. But one truth and another are links in a chain and in this case it is the good coins that drive bad ones out. The issue of *Pravda* which contained Mr Yevtushenko's anti-Stalinist poem also had a lengthy article on the party's seventh congress, held in 1918. This article coincides with the publication of the stenographic report of the seventh congress. The *Pravda* writers maintain that the Soviet regime was saved at the time of the Brest-Litovsk negotiations by wise, stern leadership from Lenin, in the face of Trotsky's treachery, the "factional activity" of left-wing Communists and Stalin's own "wavering." This condemnation of factions and of their "hysterical" outbursts is understandable. A Russian reader of the verbatim report is bound to contrast the lively controversies of Lenin's time with the rule of unanimity prevailing under Mr Khrushchev.

Until quite recently the posthumous rehabilitation of Stalin's victims was limited to two groups. Marshals, such as Tukhachevsky and Blucher, were rehabilitated first, probably under military pressure at a time when Marshal Zhukov was still influential. The other group consisted of good Stalinists, like Kossior and Chubar, who had served their master as faithfully as Mr Khrushchev or Mr Malenkov did; yet he had them executed. Towards Stalin's true opponents the official attitude has been more ambiguous. It was his method of eliminating rivals, not the fact of their elimination, that was being condemned.

On October 17th, however, the Moscow correspondent of the Jugoslav newspaper *Politika* revealed that last summer, without

Radek

Bukharin


Rykev

Problems of Alpine Farming

FROM OUR CORRESPONDENT IN VIENNA

A THREE-DAY conference on alpine agriculture opens at Vienna on November 7th with delegations from Austria, Switzerland, Germany, Italy, and France, which supplies the chairman, Professor Zépède. These delegations form the alpine subsection of the *Conféderation européenne d'agriculture*, which meets every two years or so under the auspices of the Food and Agriculture Organisation to exchange information and, where possible, to co-ordinate policy.

The chronically defensive position of the alpine farmer, living from generation to generation only very little above subsistence level, has led to a gradual withdrawal from the highlands, which the governments concerned wish to stem. The following review of the problems as they apply to Austria is also, in many ways, relevant to the whole alpine area.

About half the population of Austria earns its living on 432,000 farms, about a third of them alpine or sub-alpine. An average mountain farmer will own, say, 25 acres of productive land plus 50 acres of standing timber. If he owns no forest land he will usually have annually accruing timber rights, and will own an alpine pasture or have grazing rights. Clearly, to talk of an "average" farmer is deceptive. There are those who own 80 or more head of cattle, and there are the subsistence holdings that provide grazing for no more than six cows, a couple of heifers and a pig. All are in varying degrees menaced by the forces of nature: avalanches, torrents, floods, landslides, hail and drought. They are placed at a disadvantage by their distance from the markets, by inaccessibility (particularly to mechanised transport), by dilapidation of buildings and the impracticability, where electric power is available, of carrying mechanisation beyond a certain point. There is the ominously increasing shortage of labour, and the old-time market for certain handicrafts (copper or wooden kitchenware) has gone. This gloomy scene, so far removed from the romantic idea of the gay, yodelling peasantry, provokes the question: why keep up the unequal struggle? In view of the labour shortage in all areas, why pump money into marginal undertakings?

The Austrian ministry of agriculture and forestry gives these answers:

1. Austria's greatest asset is its forests. More than half the total forest area is shared out among the farming community, who not only work on their own ground but provide the main labour force in the mountain forest areas. It is vital for the smallholder to find local employment at times when his farm work slackens off, and equally important to the national interest that he should be available. Imported labour housed in temporary barracks is not suited to Austrian forestry practice which avoids large-scale felling.

2. The tourist trade today calls for an alternative to crowded, noisy resorts. There is a growing demand for quiet and seclusion, for accommodation in farms and small inns in the setting of normal country life. The artificiality of a luxury hotel dumped down in an alpine desert would be a negation of this contemporary trend.

3. Alpine stockbreeding is a vital factor in the maintenance of high quality in the lowlands. Some 373,000 head of cattle spend on an average 100 days a year on the high pastures, in addition to 14,000 horses, 243,000 sheep, 36,000 goats and 24,000 pigs. It is calculated that these pastures, lying between the tree line and the perpetual snow, enable the highland farmers to keep in all about 130,000 more animals than they could if confined to their home ground. Life at a high altitude means a harsh climate with minimal protection, rarefied air and alpine sun rays. These combine to produce a tough, self-sufficient, fertile and long-living breed of cattle with a high resistance to disease. Similarly, the mountains provide healthy areas for disease-free potato cultivation.

4. Owing to labour shortage, lowland farmers are slowly abandoning milk production and concentrating on crops, such as cereals or beet.

The ministry's policy may be summarised as follows:

Road and track building: wherever possible all farms are to be rendered accessible by mechanised vehicles. This has first priority. **Mechanisation:** there are still 14,000 alpine farms, mostly on the highest levels, without electricity. Where electricity is available, cable lifts have been built, and ploughing, hoeing, transport of manure and fertilisers are, to a large extent, carried out by means of rope winches. It will not be long before electricity has been brought to all but the most remote farms. Road-building and electrification are financed by the federal, *Land* and local governments jointly.

Amalgamation of land: separate plots of land, often far distant from the farmhouse and from one another, are gradually being reallocated on a majority agreement basis among the farmers themselves. For this a simple majority is enough. **Reafforestation** of under-productive land is being undertaken and will provide the owner with a valuable asset instead of poor grazing. The ministry hope to induce the state forest authority to relinquish certain small areas to individual farmers to prop up their holdings.

A complete **Land Register** of all alpine farms, which will facilitate the work of the ministry and the farmers' unions, is at last nearing completion. This is already paying for itself as vague estimates give way to exact statistics, and policy can be better co-ordinated and waste avoided. Since 1953, **milk transport costs** have been pooled so as to secure equal profits for all irrespective of distance between producer and market. **Tariffs** protect the farmer against cheap imported cattle food and beasts. A high and increasing percentage of young farmers attend **agricultural schools:** the ministry claim to have proved that the profit earned on a farm is in direct ratio to the educational level of the farmer.

Housing: the smaller, picturesque but often squalid farmhouses are disappearing fast; the larger ones built of stone or stone-and-timber will, one hopes, remain. Owners of these highland farms are being encouraged to modernise their buildings in order to take in visitors.

This modernisation on all sectors of the farm is being done by means of grants and loans. Loans, at three per cent and repayable over ten years, are available to farmers whose means of subsistence is reasonably well established. A man who can show that, though capable and hard-working, he is struggling against great odds can now receive a grant of up to 60 per cent of the capital investment required to put his farm on its feet. "In the end," said a ministry official, "you're up against one unknown quantity: the man himself."

any publicity, the families of some men sentenced at the great Moscow trials of the nineteen-thirties were informed of their posthumous rehabilitation. True, this surreptitious rehabilitation refers to the criminal charges and not to the political reproaches against these men—Bukharin, Rykov, Tomsky, Pyatakov and Radek. Of these, Nikolai Bukharin is the most famous. Lenin, in his testament, described him as the party's "favourite" and a most valuable theoretician despite "scholastic" tendencies. At the time of Brest-Litovsk, towards the end of the first world war, he was one of the leaders of the so-called left Communists who rejected the German peace in the name of socialist ideals and in the hope of a European revolution. When that revolution failed to materialise and Russia started to "build socialism in a single land," Bukharin became a leader of the right wing, preaching slow industrialisation and advocating concessions for the peasants. (The dialectical causes of this seemingly strange conversion are explained in Mr Deutscher's biography of Trotsky.)

It is in this second role, as the protector of the peasants, that Bukharin is best known. Together with Alexey Rykov, who had succeeded Lenin as head of government, and Mikhail Tomsky, who led the trade unions, he was Stalin's indispensable ally in the Politbureau until the start of collectivisation. Then came defeat and disgrace. Their recantations bought them breathing space, but no more. Only Tomsky, by committing suicide, escaped Vyshinsky's prosecution and the firing squad.

Bukharin and his allies represented the Right in the struggle with Stalin. Through Yuri Pyatakov, one of the organisers of Soviet heavy industry, and Karl Radek, the most brilliant and biting of Communist pamphleteers, the finger of history points Trotsky's way. The time may yet come for a revision of his case. Indeed, the documents now being published make it increasingly difficult to play down the part played in Soviet history by either Trotsky or the Bolshevik old guard. It is not only a question of the men themselves. The issues discussed—the pace of industrialisation, the attitude towards the peasants, the amount of freedom to be allowed within the party—though altered by circumstances, are more topical than ever.

Since the anti-party group was eliminated in 1957, and attacked ever since, the Soviet public has never heard the case for the defence, only its parody presented by the prosecution. Learning from documents about these past controversies, the new Soviet generation will ask questions about the present. No wonder, in these circumstances, that rehabilitations are carried out surreptitiously and that the documents are accompanied by a host of explanations.

"We have thrown Stalin out of the mausoleum, but how shall we sever him from his heirs," writes Yevtushenko. Mr Khrushchev's anti-Stalinist supporters are becoming awkwardly radical. They are demanding the rapid elimination of the vestiges of Stalinism and, by the same token, the rehabilitation of the victims. *Le mort saisit le vif*, say French jurists to explain the continuity of the legal personality in inheritance. In the Kremlin the ghosts of Stalin's victims are haunting his living heirs, forcing their hand and threatening the party structure.

Czech Economic Strains

BY A CORRESPONDENT LATELY IN CZECHOSLOVAKIA

THE scene is Brno, Czechoslovakia's second largest town. The time, an unusually warm day at the end of September. A green lorry draws up in front of a shop and unloads three sacks of potatoes on to the street. Before the manager has time to deal with the delivery, a group of casual passers-by has already formed a disciplined queue. Barely five minutes' walk away, what is proudly claimed to be the leading international engineering fair in Europe is in full swing. Visitors are admiring the impressive array of Czech machinery in the spacious halls, and in the improvised offices businessmen from around the world are daily concluding deals to the value of millions of pounds.

Those two scenes are in many respects characteristic of present-day Czechoslovakia. Shortages, particularly of meat, but also of dairy products, and bottlenecks in the supplies of a wide range of consumer goods, are being felt throughout a country that is still regarded by western visitors as the shopwindow of the Soviet block, and by jealous Communist neighbours as the "bourgeois in the socialist family of equals." Long queues form in the early morning outside every butcher and every greengrocer in many villages and in nearly every town; but there is plenty of meat in the better restaurants. Despite the irritating scarcities, the 14 million Czechs and Slovaks live considerably better and have incomparably more consumer goods, particularly of durables, than the people in any other Soviet block country. But while the Hungarians and the Poles have some tangible proofs that their (admittedly, lower) standard of living is steadily rising, the Czechs have not. The angry official outbursts against the "schnitzel patriots," who compare the relative prewar prosperity of their country with the present state of affairs, and the Czechs' blunt criticism of the unpopular party leadership to foreigners, suggest that ordinary people are becoming increasingly fed up with the persistent economic difficulties.

MANY political jokes and remarks made to this correspondent reflect the opinion of the non-Communist majority that the economy has been overstrained by the lavish handing out of aid to the underdeveloped countries. As the manager of a large hotel put it to me: "Our trouble is that we are giving those countries too much too quickly. But this is the policy of our government, and we can do nothing about it. . . ." Popular bitterness has been heightened by western broadcasts. According to American calculations, the Czech contribution to Soviet block aid schemes amounts to $47 a head, or three times as much as the comparable Soviet figure in the period up to December, 1960. Even so, excessive foreign aid alone could hardly have plunged this highly developed country into its worst postwar economic crisis.

One gets the impression that structural disproportions are causing the economy to strain at the seams. The government's recent decision to abandon the current five-year plan, due to end in 1965, and after an interim one-year plan to embark on a seven-year plan for 1964-70, was really a confession of the gravity of the crisis. Lagging farm output is undoubtedly one of the major factors in what Mr Simunek, the deputy premier now in charge of his country's contribution to the economic integration of the Soviet block, has recently described as "the circle of mutually dependent problems." Whereas consumption of food, particularly of meat, has sharply risen since the war, agricultural production during the past four years has failed to show any progress; in fact, it is believed to be lower than it was twenty-five years ago. The relative stagnation of agriculture stems from disproportionately small investments compared with the other branches of the economy, the uneconomic price structure and ruthless collectivisation. The results of peasant hostility and the lack of incentives can be seen in the latest statistics; during the first three-quarters of this year planned deliveries of meat fell short by 20,000 tons, of poultry by 3,000 tons, of eggs by 163 million and of milk by 55 million gallons. With plenty of jobs available in industry, and collective farm incomes reaching less than half of industrial wages, it is difficult to see how the large-scale migration to the towns

can be halted and the level of agricultural development raised to that of industry by 1970, as is required by the central committee's directives for the forthcoming party congress.

As it is, food imports last year were nearly a fifth of all imports and cost the state some £130 million (at the official rate of 20 crowns to the £). They are likely to be substantially higher this year. The heavy strain on the balance of payments is made worse by serious shortcomings in such key industries as metallurgy, heavy engineering and building. Czechoslovakia, for all its limited home market, is still producing a range of engineering products that cover perhaps 70 or 80 per cent of the varieties contained in the world's engineering assortment. But about 30 per cent of its miscellaneous engineering products are manufactured on the basis of blueprints ten years old. The industrial growth rate dropped from an average of 11 per cent in the years 1958-60 to 8.9 per cent last year, and to the equivalent in the first half of 1962 of an annual rate of only 6.7 per cent, though the plan originally projected a target of 9.4 per cent for this year. Productivity also shows a marked tendency to fall off. Instead of the planned 7 to 8 per cent, it has risen by a mere 3.2 per cent this year.

As a result of "loose" planning, continued production of obsolete models and wild investments by local authorities, large funds are frozen in accumulated stocks and big unfinished investment projects. Meanwhile, despite the acute labour shortage, the ponderous bureaucratic apparatus encourages labour hoarding and stimulates the senseless drive for "global fulfilment" of the planning targets, regardless of damage to quality—which, this year, is expected to cause a loss of £20 million in metallurgical rejects.

Several important external factors have also combined to aggravate the country's economic plight. Military expenditures are said to have been raised considerably since the beginning of 1962. Trade with China has abruptly fallen from £70 million in 1960 to an estimated £20 million this year; this makes necessary some painful adjustments in imports. Finally, the economic rivalry and lack of co-operation within the Council for Mutual Economic Aid have had widely felt repercussions in Czechoslovakia.

Father Pire's University

BY A CORRESPONDENT

ARMED with his Nobel prize award of £28,000, Father Dominique Pire has planted on the banks of the Meuse in his home town of Huy, in Belgium, the nucleus of what he hopes will be a "University of Peace." Some two hundred students from all parts of the world came there to attend courses in the past summer.

Father Pire is a Belgian Dominican monk, based on the monastery of La Sarte at Huy, who for the last fifteen years has been establishing "European villages"; he now has seven of these in various parts of the continent. He populates them with "unwanted" refugees, whom he calls the discards of life. Hundreds of people are now happily settled in these villages, and he returned not long ago from Pakistan, where a similar movement is starting.

In his office at Huy, Father Pire's files are packed with names of such people. He comes down from the monastery every day to deal with correspondence from all over the world. Now that his "European villages" are a going concern, and have developed a local community life, he is specialising in establishing contacts between individuals through correspondence. He seeks by these letters to break down the isolation of lonely people, and to open up what he calls a "fraternal dialogue."

Out of this experience in dealing with people of all races and religions—which won him the Nobel Prize in 1958—Father Pire has come to his idea of a "University of Peace" where young people can learn to understand one another's point of view. He claims that, in dealing with different kinds of people, he has learned to respect a basic humanity in everyone, and that this is relevant to the problem of international relations. Claiming that it is easy to rouse people and governments to relieve physical suffering (he gets a steady flow of money and materials to assist his refugee work), he is now concerned with the "fraternal dialogue" in men's minds.

Father Pire's university is a very modest affair that has so far been paid for out of his Nobel prize money. It is a simple quadrilateral of glass and concrete, still unfinished and only partly furnished, with rooms for 80 students. The first set of buildings is called the Gandhi International Centre; the second may well be named after Albert Schweitzer, for these two men have been the dominant influences in Father Pire's life. He does not count himself as an orthodox pacifist. Everything he does must be "pro-human." "I fight against barriers, against prejudices and stereotyped social ideas. I am not interested in converting people to Roman Catholicism. My aim is to build a bridge of light and love across the turbulent waters of imperialism, anti-imperialism and racial hatred."

This spirit he hopes to encourage in the students who come for fortnightly courses under his guidance. The students are fed, but must otherwise pay their own way. Lecturers from different parts of Europe teach history, geography, economics and philosophy. To look at the summer programme is, at first glance, to see a familiar enough assembly of world problems. It might be any summer school of world citizenship. But Father Pire hopes that his students will carry on the "fraternal dialogue" of good will when they get home. He expects them to do things that unite people rather than things that divide them; he sits an Arab alongside an Israeli, a black African alongside a white one.

This approach is symbolised by the drawing on the letter paper Father Pire uses. It is a globe cleft into two sections, with a heart at the centre; the phrase he uses is "heart open to the world." Father Pire is impressed by the idealism of young Asians and has invited many of them to Huy this summer. He has avoided anti-communists as much as anti-nuclear campaigners, saying that he is not anti-anything, just pro-human. He makes no great claims for his little embryo-university, and he is aware that many may come sceptically, or for fun. But from the letters he has received, as the result of last year's initial course, he hopes that in the next ten years he can encourage some hundreds of young people to understand his approach to the problem of peace.

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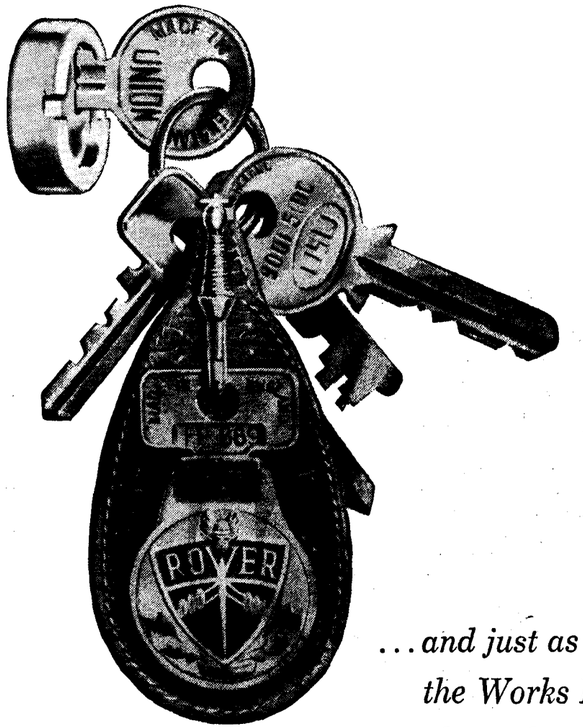

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THE BUSINESS WORLD

Twenty Billion Dollar Question

BUSINESS reactions to the Cuban crisis have been bewildered rather than considered, for the good reason that no considered view is possible. The ultimate uncertainty of the nuclear age, parodoxically, itself removes the rationale of panic of the kind which accompanied the threat of less cataclysmic war. Some investors still respond instinctively to the standard maxim at such times of "Go liquid, go home"; but far more have simply sat tight and sensibly refused to embark on fanciful hypothetical prognostications which would have little relevance even if they turned out right. Thus while the immediate impact of the crisis on the stock markets, the exchange markets and the commodity markets was quite sharp, it produced no speculative spiral; and by Wednesday afternoon the markets were already showing signs of steadying.

At one point, however, the disturbance has been considerably more serious. There has been large switching out of paper money and paper securities into gold—gold coins by the smaller fry and gold bars by the rich. Sterling has been affected by these movements, as it always is; but this time sterling is not in the front line. The big movements have been out of the mark, and the dollar itself. Demand for gold on the London market on Tuesday was estimated in some quarters at 20 tons or more (roughly the same in millions of dollars), and it looked as large again on Wednesday. Buying on this scale probably exceeds even that of the gold rush exactly two years ago. But the market now is under strict control, so that instead of soaring as it did then to over $40 an ounce in a market devoid of sellers, the gold price has risen only gently, from $35.13 to $35.20, as the Bank of England has been a ready supplier at prices of its choosing. So far, therefore, central banking co-operation has withstood the strain without any outward sign of difficulty. This is a considerable tribute to the improved co-operation of recent years, which was designed to meet just such tests as this. On Thursday, moreover, speculative activity ceased abruptly, as the prospect of a diplomatic solution to the crisis improved. Market operators were waiting on the sidelines, their eyes fixed firmly on the Russian ships reported to have changed course.

But the real test could still lie ahead. What has happened so far is that the Bank of England, and perhaps other European central banks under the gold pool arrangement for controlling the London market, have been meeting the demands of private buyers by selling them gold in exchange for dollars. The big question, which so far as is known the gold pool agreement has never faced, is what these central banks will do with the dollars if the speculative movement into gold does not fairly quickly reverse itself. The "gold pool" was originally believed to be of the order of $250 million when it was set up in the early months of this year. It was soon increased by some quiet purchases of gold in the markets, particularly when Canada was selling; then it was drawn on quite heavily to meet the speculative wave that followed the Wall Street crack after the end of May; and, just possibly, it may have been rebuilt in a small way in the quieter markets that have prevailed since President Kennedy's assurance via Telstar in late July. But if the pool could run to or near extinction earlier in the summer, it is plainly still less adequate to cope with the pressures that could continue to bear on the dollar now, if on the one hand the Cuba blockade simply maintains tension or if it adds a continuing burden to United States defence expenditure, and so to its balance of payments.

If the stability of the exchange structure is to be defended, therefore, new international defences for the dollar may be needed. And the broad effect they have to take seems pretty clear—agreement, in one form or another, among European central banks not to present for conversion into gold in New York the dollars they are taking from their private citizens. Moves for an agreement of this kind, perhaps embodying standard ratios for the holding of gold, dollars and other currencies in national reserves, had already been mooted before. Mr Roosa's schemes for extending the area of *ad hoc* financial co-operation now become urgent. Under the pressure of immediate events, there can be little doubt that the western central banks will rally round; and the European members of the Paris Club would no doubt do their part to enable the United States to draw up to its whole quota of $4,125 million from the International Monetary Fund if the need were to arise. But if they are to secure the co-operation they want and need, the United States authorities must revise some of their ideas. Defence of the dollar has this year been emotionally charged with a kind of "go it alone" nationalism that now becomes harder to sustain. It is

DOLLAR BALANCE SHEET

Reserves end-August	($ million)	Liabilities* end-July	
Gold	16,140	Official	10,974
Foreign exchange	420	Commercial Banks	5,500
		Other holdings	2,540
Total	16,560	Total	19,014
IMF Quota	4,125		

* Short-term dollar balances classed by holder and excluding international institutions.

ironical that a mere month ago Mr Maudling's scheme for international deposits in an IMF mutual currency account, which would in fact admirably serve the dollar's present need, was received with such aloofness by American officials. Now, if they are to induce other countries to hold more dollars than they really want for any length of time, they may well be brought directly to the question of a value guarantee on those balances, so that the helpful creditor is not faced to carry the whole risk.

The United States, for the first time, stands exposed internationally on the political and financial fronts at the same time. The two can, as Britain well knows, interact. Sir Anthony Eden himself judged that perhaps the biggest single influence forcing his cease-fire at Suez was pressure on the pound. The parallel with the Americans' position over Cuba is not close—on the one side the reserve backing for the dollar is itself much stronger, and on the other the reactions of other western countries to their unilateral action is nothing like so hostile. But some financial constraint exists; and to secure the financial support that it needs, the United States cannot be indifferent to the reasonable demands which its supporters make upon it for consultation and co-operation, financial as well as political. In their own interests, the American authorities need to make more gestures in this direction. And they must never show signs of losing patience. Any suggestion that the pressures of policy in the Caribbean might be made the occasion for a gold embargo—and such suggestions are already being bandied about in the markets—have to be immediately quashed. And that means providing convincing alternative arrangements by which pressure on gold, if it grows, is to be met.

Calder Hall to Dounreay

There are signs—small but unmistakable—that atomic energy is coming back into favour

IT is some considerable time since Sir Christopher Hinton, atomic knight turned chairman of the Central Electricity Generating Board, made one of his redoubtable and justly dreaded attacks on the economics of nuclear power stations. In Europe, proposals for experimental atomic plants that have been gathering dust have been taken down from the shelves. Contracts are being discussed in Asia, not only in India but also in Pakistan. The heads of international atomic agencies report a quickening of interest in the countries under their purview. Euratom is beginning to flex its muscles. . . .

This slow thaw is inspired by nothing so firm (or so fallible) as a favourable re-assessment of nuclear power economics. It seems to draw much of its inspiration from an uneasy feeling among electricity producers about the long-run price stability of other fuels. An electricity producer designing a station now has to consider its costs for the 20-30 years that begin in, say, four years' time. He knows indigenous coal prices are likely to rise; he may be unsure about American coal prices if he accepts American forecasts about demand there, even on the best assumptions about freight rates. Oil, today, can be imported much cheaper than American coal; but no company will yet make contracts over as long a term as power station operators might desire, even while short-term forecasts suggest the oil surplus will remain for quite a long time yet. And with OPEC breathing down the oil companies' necks, their customers may well reckon that for the seventies the safest bet is that oil prices will move up into line with those of imported coal.

What does this imply for the generating costs of a fossil-fuel-powered generating station built now? In these circumstances, atomic power seems worth a second look. It is still not competitive if it is measured by the performance of Bradwell or Berkeley in this country and Dresden or Yankee in the United States. Bradwell and Berkeley, for example, look like producing electricity for 1d. a unit against ½d. for a good coal-fired station. But this is not the comparison that counts. What matters is the accumulating evidence that suggests that engineers are getting better at building atomic power stations. This is being proved true in Britain, where ten atomic power contracts have been or are being placed, all for the same natural uranium, Calder Hall type of power station but each showing engineering improvement on its predecessor. And some of these improvements are of major importance, as in the change from steel to concrete pressure vessels. It is also being proved true in the United States, where the equally simple boiling water reactor developed by General Electric has emerged as the only other potentially commercial system of nuclear power, and is gaining great popularity in Europe. The engineering "stretch" being shown by both designs is encouraging and exciting, but the message is that such rewards are open only to those who build atomic power stations and are prepared to learn from their mistakes. This accounts for a tendency among potential customers, particularly in highly industrialised countries, to be less affected by guesses about costs—which can be made very much to taste—and more interested in potentialities for development.

This change of view is not likely to lead to a spate of nuclear power programmes on the British scale—not unless the oil-producing countries strike attitudes that really worry Western markets about the prospective price of imported fuel. But if it leads, as well it might, to a gentle increase in nuclear power station construction across the world and in western Europe in particular, it will expose one of the fundamental weaknesses of nuclear power, as it has been developed so far. This is the fact that engineers, and indeed the scientists whose work precedes theirs, can still offer what is at best only half a nuclear programme.

ALL atomic power stations built today, with the single exception of the Canadian system, produce some plutonium as a by-product. During its life in the reactor, this plutonium ages and becomes partly non-fissile: it is therefore unusable for weapons. But it could be immensely valuable as an atomic fuel—were there any reactor system capable of exploiting its potentiality. No such system now exists; nor is there any certainty that one will be developed. This is why the once-sizeable credit allowed for the by-product value of plutonium in calculating the cost of atomic electricity has since been reduced to a point where it makes a barely significant difference to these cost estimates. So long as any atomic power network is producing plutonium and failing to use it, therefore, it is in the position of oil wells that burn off their natural gas—wasting what could be a golden egg.

The reasons why plutonium is so intractable a fuel compared with uranium are still imperfectly understood. It may be that scientists at the Atomic Energy Authority and all over the world are to be blamed for insufficient effort to tame this man-made material which does not appear in nature and to combine it with uranium as a fuel for present-day nuclear power stations. The Calder Hall type of station does in fact consume a good deal of plutonium as it is produced, and the Canadians are attempting to develop this characteristic to a stage where anything still contained in the spent fuel that comes out of their heavy water reactor will not be worth recovering. This is one feature that makes the Canadian line of atomic development so interesting. But most scientists would answer that only one type of nuclear reactor is suited to use plutonium; this is the "fast breeder," a system on which much work has been done all over the world and of which the biggest working version has been built by the Atomic Energy Authority at Dounreay.

THIS, without doubt, is the most important project the authority has tackled since the last concrete was poured at Calder Hall; and it is many times more difficult and dangerous. Nearly eight years of work have been needed to bring the Dounreay experimental reactor up to power. Design changes put back the date when it could start operating by about eighteen months, and it has taken three years since then to coax and coddle this malevolent little installation from the point of just ticking over up to half-power, giving 30 megawatts of heat (and a bonus of 3 megawatts of electricity as some compensation for past bad behaviour), against its designed capacity of 60 megawatts. The authority has spent £25 million on this reactor and its ancillary services, and is now contemplating another £20 million on a power station prototype.

There are those who see Dounreay as the AEA's biggest folly. But to argue this is to overlook the blunt fact that between 20 and 30 tons of by-product plutonium will have been stockpiled at Britain's nuclear power stations by 1970 and will continue to accumulate from then on at the rate of 5 tons a year—more if more nuclear stations are built. The need to find a way of using plutonium is more acute for Britain and the authority than it is for other countries less heavily committed to nuclear power. The AEA would be open to censure were it not seeking the answer. If one could find a way of using this plutonium, it would do the work of 6½ to 10 million tons of coal, and would be worth between £30 and £50 million.

The next stage will be to incorporate the lessons already learnt at Dounreay (which still works on uranium) in a pilot power station; the present reactor is too small and its design would be wrong for this purpose. But here the AEA's task is complicated by the pace of development on the generating side of the electricity industry. A reactor is basically a special kind of furnace providing heat to raise steam; and although the electricity industry is prepared to tolerate sub-standard steam and generating sets of low thermal efficiency in its present nuclear power stations, it will not do so indefinitely. Nuclear power stations of the 1970s will need to work with the same size of set and the same steam conditions as coal- or oil-fired stations if they are to be competitive.

WHAT size will this be? The answer that the Generating Board has given to the Dounreay designers is startling. The CEGB has advised them to think in terms of reactors that can be matched to 750 megawatt generating sets using steam under super-critical temperature and pressure. This is the kind of advice that evokes a long, low whistle from anyone contemplating the engineering problems of producing a generating set of this size, although it is in line with the trends of the past few years, which have seen generating sets jump in size from a standard 60 megawatts to 500 megawatts. It is also 50 per cent bigger than the 500 megawatt set that the AEA had had in mind as the commercial target for a plutonium-burning power station, and it raises new doubts about the right size of pilot power station that should be built if its results are to be extrapolated safely to a monster 750 megawatt installation. The answer comes out somewhere between 100 and 200 megawatts of electrical output, the equivalent of quite a big modern power station. An undertaking of this size is very different from the AEA's previously modest experiments in electricity generation; and it may well be asked whether the AEA should embark on the generation of electricity on this scale.

But what is the alternative? This is no easy experiment; reports that the Russians are cutting back their work on similar systems suggest the great technical difficulties—and the cost. No other country except the United States has

DOUNREAY DEFINED

The terms **"fast"** and **"breeder"** apply to two different features of the reactor. The first defines the speed of the neutron particles that cause fission: **"fast"** neutrons travelling at up to 14 million metres a second, much the same as the speed at which they burst from the atom, are specially suited for use with plutonium, as distinct from the **"slow"** neutrons of present-day reactors which are deliberately moderated to speeds of not much more than 2,000 metres a second, by the vast quantities of graphite or water put into the reactor for this purpose.

The term **"breeder"** indicates that there is a substantial balance of these neutrons in hand to produce fresh fuel. All reactors manufacture some new fuel while they are running; only the **"breeder"** does this at a faster rate than it is running down its own fuel charge. So Dounreay, over time, would convert, and burn a far greater proportion of the basic uranium ore that is the starting point for all forms of nuclear power than any other system known.

tackled fast breeder design on this scale, and it cannot be seriously suggested that the CEGB could order a fast breeder power station now without going through the pilot stage proposed by the Authority.

The AEA is aiming at a commercially attractive system that could be built for about £70 a kilowatt and would need, in the authority's view, to generate electricity at something less than 0.4d. a unit to be competitive. An initial inventory of 4 tons of plutonium would be required for each 750 megawatt station, including fuel in the pipe-line, which would for some years be provided by the first chain of nuclear stations. By the time these were approaching the end of their useful life, the fast breeders would be producing sufficient extra fuel from their "breeding" operations to provide the initial charge for successive reactors. This is the original British view of nuclear power and still, economically, the most promising. The two types of reactor are complementary—more, they are interdependent. Generation from plutonium may be only a dream. But if it is, Britain will be left with the hind legs of a nuclear programme.

France in Search of a Capital Market

France is planning a larger role for its capital market —but French industry, not America's balance of payments, is the intended beneficiary

FROM A PARIS CORRESPONDENT

WITHIN a few days two official reports have discreetly attracted the attention of specialists to changes in the financial structure in France that are called for in order to maintain the expansion of the French economy. The first of these is the "Economic and Financial Report," which underlies the draft budget for 1963. The second, still confidential, is the report on the execution of the Plan, reviewing the final stages of the third plan (1958-61) and tracing the inception of the fourth (1962-1965).

In the two texts the necessity for "an extension of the *circuits financiers*" (*vide* report on the plan) in order to satisfy "the strong increase in the need for long-term capital loans" (*vide* draft budget) is brought out in very similar terms. There is nothing astonishing in this, since these reviews are drawn up by the same high officials of the *Comptabilité Nationale*, of the Treasury and of the Plan, and all three come under the authority of the finance ministry.

But the coincidence of these remarks has attracted the attention of informed observers—all the more since M. Giscard d'Estaing in a farewell statement to the press after the fall of the Pompidou government slipped in a sybilline remark on the desirability of reform of the capital market.

Why so much persistence, combined with so much discretion, in setting out facts or announcing plans? The answer is not simple; but shortly it is that while the force of events may necessitate an extension of the financial markets, neither the outgoing government nor any of its experts have laid down the internal means of doing so, or foreseen its external repercussions. Hence their discretion over a development which appears to them inevitable.

The pressure to extend the capital market in France, it must be said at the risk of offending the partisans of classical liberalism, does not rest on doctrinal reasons. If Paris currently favours a "return to the past" in the financial field, it is from the pressure of necessity and because international economic competition, as well as budgetary limitations, leave no choice.

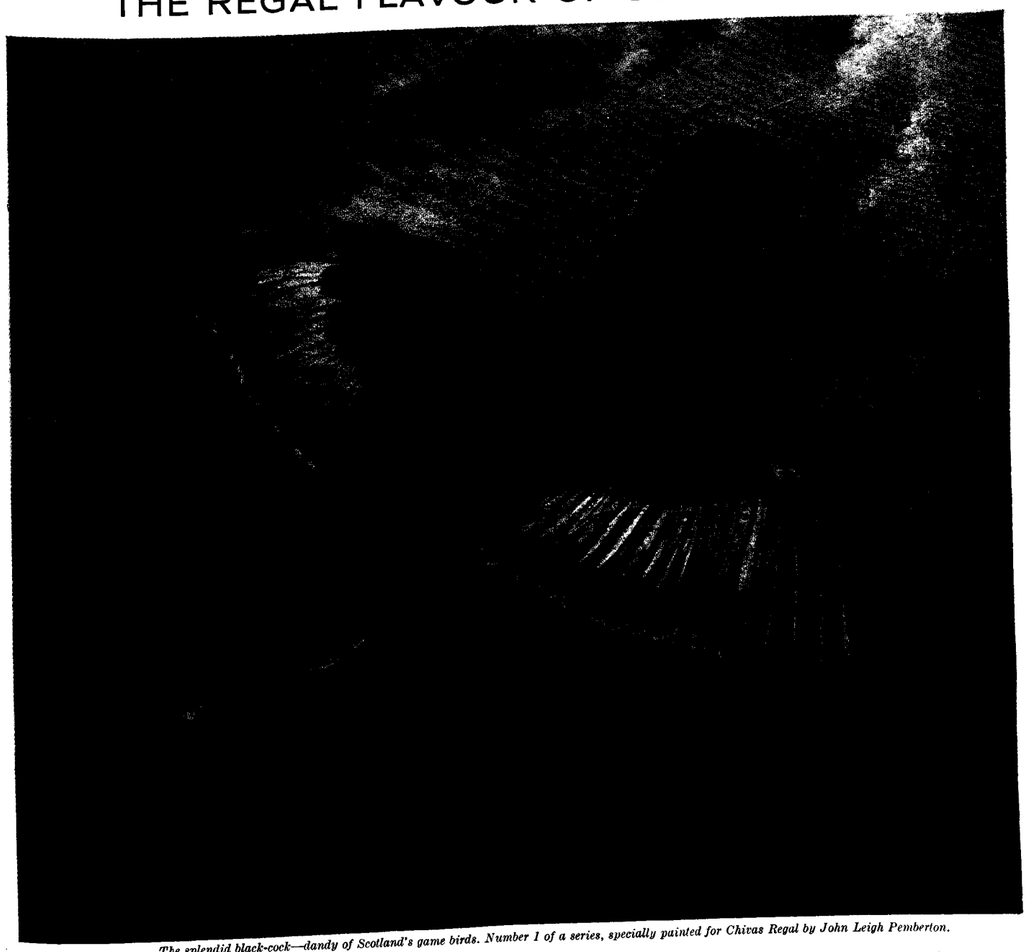
Since the war, investment in French business has for the most part been supplied either internally, by reinvestment of profits, or by official credits. Self financing has generally represented much more than half of business investment and sometimes more than three-quarters. In this respect rising prices, long supported by the inflationary climate, constituted a powerful source and stimulant. The remaining investment funds came, essentially, from state loans—directly through the budget or indirectly through specialised public institutions such as the *Crédit National*, the important *Caisse des Dépôts et Consignations*, and the *Crédit Hôtelier*. This concern, indeed, formed the origin and objective of the French plans after the war: to furnish to the sectors accorded priority the financial means for reconstruction and later for their development. Shortly after the liberation, these public or semi-public loans represented the greater part of the reconstruction resources of undertakings; their share in total business investment has been decreasing ever since.

Now both sources of finance are drying up. Internal financing is suffering from world competition, reinforced by the common market: industrial prices are virtually static while costs are rising, because of increasing wages (at the annual rate of some 9 per cent over the last three years) and of the increasing cost of servicing previous loans. As a result the savings of enterprises actually diminished in 1961, and this year have increased only by 3.5 per cent, at constant prices, against an annual rate of growth in the whole economy of 5.6 per cent.

At the same time, for budgetary reasons, the state is reducing its own investment loans to business enterprises. Unable to finance everything at once—the nuclear striking force and the salaries of civil servants, farmers' subsidies and aid to different forms of investment—it has settled on priority for strictly public investment (such as schools, hospitals, roads, cheap housing . . .) which has meant smaller aid for business investment and even for nationalised industries. In 1962 and 1963, for example, budgetary aid to nationalised undertakings such as coalmines, railways and airports will be lower; and even more severe cuts will be applied to budgetary support for private firms.

Hence these undertakings will have to find elsewhere the capital they require to expand according to the Plan (a national growth of 24 per cent over the next four years). Last year issues of shares provided firms with less than 9 per cent of their investment resources, and fixed interest obligations even less. Including medium-term credits obtained here and there from banking institutions, the financial markets furnished less

THE REGAL FLAVOUR OF SCOTLAND...



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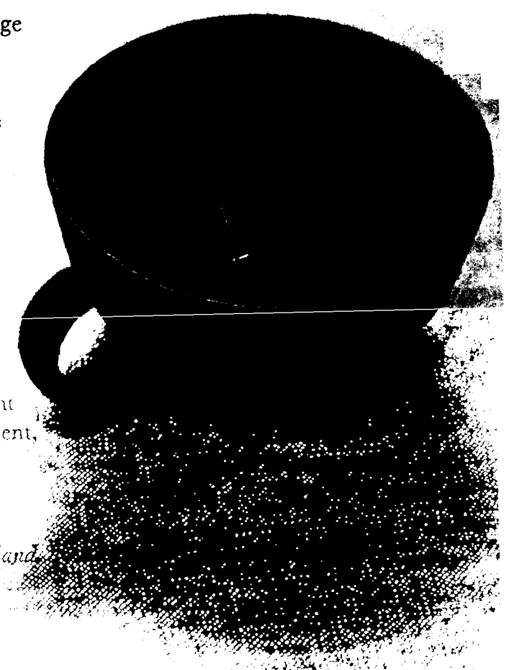

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than a fifth of the capital necessary for business development. This share must now be increased, as the previous sources of finance are drying up.

Dollars too precious . . .

SIMULTANEOUSLY, a similar pressure for a wider capital market arises from the abundance of foreign exchange in France. Formerly so short of dollars, France is now overflowing with them—with $1 billion in dollar balances in addition to $2½ billion of gold. And this is in spite of large-scale repayments of foreign loans; $500 million has already been repaid since the beginning of the year, $475 million in advance.

Everything points to the likelihood that this influx of foreign exchange will continue. The French balance of payments has shown a surplus of the order of $50 million during the first six months of 1962, and it is expected that, in view of the excellent balance of trade, the excess over the year will exceed $1,000 million. Since, however, France's foreign debts now amount to no more than $1,170 million (38 per cent of what they were four years ago), there is no longer much scope for major foreign repayments. What, then, is to be done with all these dollars?

It is not only abroad that this question has been put: France, too, is beginning to wonder about the answer. In a widely noted paragraph of its recent report on France, the Organisation for Economic Co-operation and Development declared:

> The restoring of an important role to the capital market would, moreover, provide greater opportunities for foreign borrowers and enable France once again to play its part as a major developed country in the international financing of investment.

This appears, *a priori*, an attractive idea, since it would reconcile the need of French industry for a more extensive capital market with the wish of other countries to have access to France's external reserves.

. . . to be lightly spent

IT would, however, be wrong to imagine that such a scheme will rapidly come to pass. There are three main obstacles:

(1) It is considered in Paris that the accumulated store of external reserves is still relatively small compared to the American and German reserves: 3.5 billion dollars against, respectively, 16 and 6.5. For a country whose imports—without even counting those of the rest of the franc zone—reach some 6 billion dollars a year, this represents a relatively moderate margin of safety. Though there may be no cause for alarm, neither is there any reason for throwing the dollars out of the window. The "hot money" argument (300 million dollars, it is said in Paris, might disappear at any minute) is there to calm the enthusiasm of the optimists.

(2) A political motive works in the same direction. M. Giscard d'Estaing came back from the meeting of the International Monetary Fund convinced that a prosperous country could make itself heard in international bodies. Why, then, deprive oneself of such an asset so long as the policy of international prestige, dear to the heart of General de Gaulle, requires of French ministers that they make their mark in international counsels? After all, the success of M. Baumgartner, who last year managed to impose his terms on the international agreement finally signed in Paris, proves the efficacy of this technique; better, therefore, to speak of the money one has and promise to lend it in case of need, than risk losing it immediately through the play of a capital market open to all comers.

(3) Finally, and again in the same direction, the *patronat* invokes a commercial argument. France must employ its dollars where they will bring most profit. Repayment of foreign debts, in this view of the industrialist, is not very useful. To risk letting foreigners borrow France's money on a free market is still less so; the loss of investments made before 1914 in Russia is nowhere forgotten. Business opinion advocates, rather, a drive for direct and selective capital exports. France should pick countries where an important commercial effort would be profitable; and it should then utilise its monetary reserves on market research, guarantees of export credits, and public and semi-public loans to responsible organisations in these countries. On this point the industrialists fall in with the wishes of the planners who prefer concerted and concentrated commercial initiatives to the hazards of the market.

All these considerations, although not necessarily admitted in public, make the government reticent about allowing foreigners free access to the French capital market. For the last two years the procedure for both the entry and export of capital has been slightly eased; but there has been no question of altering the general policy of control.

Priorities for the Surplus

FRANCE will proceed only slowly along the road towards liberalisation of capital movements which it is obliged by its common market obligations to take. The only political consideration that might induce a large-scale export of capital would be a direct call for help from the United States or from Britain; but these two countries are now in better financial health.

The order of priorities for the utilisation of the French monetary reserves at the present juncture, as seen in Paris, is more or less as follows:

(a) To continue to repay foreign debts—in advance, if need be—in such a way as to economise on interest payments and, above all, to aid the United States, France's principal creditor.

(b) To participate in international agreements (such as the Paris lenders' club, or the "Argentine club") providing for concerted action to deal with disruptive movements of capital or with the threatened breakdown of certain economies; participation in such agreements is less costly in foreign exchange than direct aid.

(c) To invest capital, in a prudent and selective manner, in countries chosen for the value of the outlets they offer the French economy; the present exhibition in Mexico, after that of Moscow, illustrates this technique. France has indeed just arranged a credit of $150 million to build up Mexico's petrochemical industry.

(d) If surplus funds remain, to allow French reserves of gold and foreign exchange to increase moderately.

In these conditions, how is the government's resolve to create the extensive capital market which French industry needs to be reconciled with the caution that exists about opening the market for external use? Plainly, by maintaining the separation of the market accessible to French borrowers from that open to foreigners.

The French capital market will certainly [illegible] The means will include less resort to loan[illegible] strongest fiscal encouragement to saving; simplification of their strategic and lending procedures. But access to only copper, which has will remain difficult for foreign borrowers, shows any advance who do not fit into the comprehended even more calmly. and the planners. In sugar, with its special Caribbean con- for a time, remain connection, has risen by £2 10s. to £29 10s. cautiously to the All commodities after showing an entirely Realism, the predictable panic increase on the day after even the ultimatum, were quickly checked as

BUSINESS NOTES

Markets all over the world have been dominated by the Cuban crisis this week. On Tuesday, when fears were at their height, market movements were violent, though in most centres still short of panic. Subsequently, as the danger of a conflagration seemed to recede a little, the markets regained their poise. Even so, by the end of the week markets remain tender and sensitive to hour-to-hour changes in the political confrontation.

STOCK MARKETS

Well Short of Panic

In London the stock market showed the classic reaction to an international crisis—a sharp initial fall in prices on Monday and Tuesday, a calmer period of reflection on Wednesday followed by a recovery when the international dangers seemed to ebb a little on Thursday. The speed of the decline earlier in the week when in two days the *Financial Times* ordinary share index tumbled by 13.7 points to 264.4 was partly exaggerated and was out of proportion to the volume of selling. The jobbers cut their prices and widened their quotations right at the outset; but nevertheless, the pressure of small selling persisted, particularly on Tuesday. The falls were widespread but oil shares were among the weakest; while the threat in India rather than Cuba sparked off some heavy selling of Indian Tea shares. At the end of last week equities had been looking much steadier although there seemed little incentive for an upward movement in prices. But as a result of this week's falls *The Economist* indicator over the week to Wednesday was 16.2 points down at 313.5. However, some investors take the view that price levels are already discounting bad news and even before Thursday's rally there had been some "cheap" buying of equities. Others who feel that the fall has been overdone have been taking out "call" options to be exercised in three months' time.

But it has been the gilt-edged market which had risen so strongly before, that has proved particularly vulnerable to the Cuban crisis. Investors were quick to close speculative positions, which had been numerous, and foreign investors in particular unloaded their stocks. On Tuesday prices fell by over 2 points, and by Wednesday medium dated stocks showed losses of up to 3 points on the week and War Loan was 2¼ points down at 59. Thursday saw some recovery. Cuba apart, it was apparent that gilt-edged prices were likely to come under pressure, for the end of the long dated "tap" in Treasury 5½ per cent 2008-12 touched off, as it happened, substantial profit taking sales. The authorities showed no haste to support the market at first on Monday and Tuesday, but later in the day they were prepared to take stock at lower prices. Some of the main speculative positions had been built up in corporation loans and prices fell sharply. The weak market left almost all of the £2 million new Belfast issue with the underwriters. Even in a better market its terms seemed no more than adequate and only 99 applications were received for £112,500 of stock. Issued at 98 with a 5½ per cent coupon the stock opened on Thursday at 2 discount, and closed at 1½.

The European bourses, like London, have been very much the mirror of Wall Street and only Belgium failed to touch a new 1962 low this week. After last week's rally, prices in Germany fell sharply again in response to new fears about Berlin. In Italy the easing of local credit restrictions softened the blow while in France, where business was very quiet, the impact of Cuba was slight. All these markets, however, showed good gains on Thursday.

Wall Street's New Spur?

A New York correspondent cables:

The Cuban crisis ended Wall Street's doldrums with a bang, generating a huge increase in trading volume and big gyrations in prices. The mounting tension on Monday saw the Dow Jones average break through what technicians considered a resistance level at 570, which touched off a wave of selling with the volume reaching 5,600,000 shares. On Tuesday, selling increased, particularly at the close and the Dow Jones index fell over 10 points to 558, with 6,100,000 shares changing hands.

Wednesday's market churned wildly until the last few minutes when a mighty wave of buying, including short covering, took place after the first reports of Mr Khrushchev's readiness to talk. The Dow Jones index jumped over 18 points to 576 and the volume increased to 6,700,000 shares. Weary brokers who had been largely idle for the past few months seemed to think that the revival will continue with considerable buying if Russian ships do not test the blockade—but that a new wave of selling must be expected if they make the challenge. There are still enough uncertainties to justify Thursday's mixed opening.

Although the averages regained on Wednesday all the ground lost in the previous two sessions, the complexion of the market has shifted radically. Oil, chemical, and consumer stocks (including those in the leisure field) were hard hit and recovered only part of their losses. Hard goods issues associated with military spending, like aircraft, missiles and machinery fared well. So did railroad stocks, on hopes of benefit from increased military movements. The depressed steel stocks were also supported as beneficiaries of any advance in military procurement—even Bethlehem and US Steel, though they are expected to cut their dividends. Commodity futures which had been all but dormant attracted renewed interest and a speculative rush ensued for sugar company shares. On the other hand utility issues, including American Telephone, declined steeply, since they might be subject to new taxes and a clamp-down on rate increases if wartime mobilisation should take place.

Institutions which have been shifting partially into fixed income securities were evidently sellers on balance during the first two days, particularly of consumer goods stocks. But individuals were back in the market in volume for the first time since the spring, some forced in because of margin calls and some anxious for liquidity. Technically the market was in a very strong position after Monday's drop since a big short position already existed but fear of a shooting war brought more selling and short selling. The Wednesday rebound was sparked by short covering but it also embraced institutional purchases of issues that had come within their buying range and individual purchases aiming at a quick profit.

Plenty of money is available for investment but there is a good deal of hesitation about making commitments, both on the part of individuals and institutions. Certainly the immediate reaction to the crisis was to dump equities but the quick turnabout suggests that equities may come back into fashion much faster than had been expected recently on Wall Street. The crisis has ended Wall Street's private recession and it could become the spur, as it was during the Korean war, to a new rise in stocks.

HOW THE MARKETS REACTED

	1962 Jan. 2	May 29	Oct. 18	Oct. 22	Oct. 23	Oct. 24	Oct. 25	Change on week
Exchequer 3% 1962/63	96 3/16	98 11/32	99 11/32	99 5/16	99 3/16	99 5/32	99 5/16	1/32
Savings 2½% 1964/67	84 9/16	87 19/32	92 2/16	91 3/4	90½	90 1/16	90 7/8	19/16
Conversion 5½% 1974	91 25/32	91 15/32	103 5/32	102 1/4	99 23/32	99 27/32	100 1/16	33/32
Funding 5½% 1982/84	90 5/32	91 3/16	100¾	100 7/32	98 7/32	98 3/16	98 15/16	1 13/16
Treasury 5½% 2008/12	83 3/16	89	97¼	96 3/32	93 13/16	93 5/16	94 1/16	3 1/16
War Loan 3½%	51 3/4	55¼	61½	60 19/32	58 27/32	58 23/32	59 9/32	1 27/32
AEI	31/3	23/9	33/3	32/9	30/11½	30/11½	31/6	1/9
Brit. Petroleum	32/9	30/6	43/3	41/3	38/3	37/9	39/9	3/6
City Centre	60/–	60/3	60 –	58/10½	56/3	56/3	58/3	1/9
Distillers	37/6	37 1½	33 4½	33/6	32/11½	32/11½	33/3	1/3d
Guest Keen	78/9	70/11½	65 7½	65/–	63/10½	64/10½	65/7½	...
ICI	57/–	48/3	53/9	52/9	52/9	53/–	54/3	+6d
Marks & Spencer 'A'	99/9	86/9	82/–	80/8¼	79/–	79/3	81/–	1/–
Thorn Electrical	67/9	76/–	84/9	83/3	78/9	77/6	81/–	3/9
Tube Investments	63/6	47 7½	50/7½	50/–	49/4½	49/4½	50/6	1/3d
Unilever	46/9	33/–	33/–	32/–	31/–	30/10½	32/3	9d
United Steel	39/–	26/10½	29/–	28/9	27/7½	27/7½	29/–	...
Whitbread 'A'	36/–	35/–	34/9	34/–	32/–	32/–	33/–	–1/9
Midland Bank	89/6	86/–	89/–	89/–	86/3	85/3	87/6	–1/6
Legal & General	40¼	39½	36⅞	36⅜	35	34½	35¾	–1⅛
F. S. Geduld	94/4½	101/6	126 10½	126 6	124 4½	122 –	126/3	–7/3d
FT Ordinary Share Index	*307·1*	*261·3*	*276·0*	*272·2*	*264·4*	*263 7*	*270·7*	*–5·3*

Gilt-edged prices are shown net.

EXCHANGES

Sterling Stays Neutral

Seen from the City of London, the outstanding feature of this international crisis has been the mildness of its impact on sterling. It has sometimes seemed in the past that sterling is plagued to bear the burden of any and every international upheaval; it is not so long ago since alarums over Berlin brought the strange accompaniment of sales of pounds in favour of marks. But the impact of a political upheaval on the currency markets, it is now clear, does depend a good deal on the underlying, ex-crisis, influences: what the crisis mainly does is to exacerbate these. That is why, this time, the two main subjects of attack have been the mark and the dollar. The effect on sterling may have been no worse than neutral—there are no signs that the Exchange Equalisation Account lost any dollars on balance on Tuesday and Wednesday. The recipients of the flight money were reduced to those hard core repositories in times of trouble, gold and the Swiss franc. The movement into Switzerland was to a substantial extent out of Germany, and the mark also weakened sharply against the dollar itself to 4.01, the lowest rate since revaluation in March, 1961. But the dollar was being sold against other Continental currencies, as well as against gold. The rate in Switzerland quickly fell to the intervention point of 4.31½. On Thursday, however, came the first signs of an ebbing of the movement out of dollars, which were in demand both in Switzerland and Holland.

This has been an appropriate week for the announcement of two further additions to extensions of American credit arrangements—though both remain on a distinctly modest scale. In Switzerland the United States Treasury has taken loans in Swiss francs equivalent to $73 million from the Swiss Confederation and the Swiss National Bank, for terms of five to fifteen months. These credits, which are distinctive because they are not on a swap basis, are for more than three months and are straight loans in local currency (thus disposing of any complications on exchange guarantees) are presumably designed partly to deal with the maturing of the three months swap arrangement made between the Federal Reserve System with the Swiss National Bank and Bank for International Settlements in July. The Federal Reserve was reported to have drawn $110 million of the $200 million available, but before the latest strain began it had already succeeded in accumulating part of the Swiss francs needed for repayment. The new credit will clearly not be sufficient to repay the remainder and cope with any large new strains. Secondly, the Federal Reserve has now arranged one of its standard $50 million three months swap arrangements in Italy, where the US Treasury had already been active on its own account and had taken up a credit line of $150 million in lire with the Italian Exchange Office. The dollar has nonetheless remained almost continuously at its support point against the lira.

MONEY MARKET

Bill Rate Rises

Pressure on the dollar has led to strong demand for Euro-dollars, as speculators seek to take short positions in dollars by borrowing them and switching the proceeds into gold or Swiss francs. Equally, offers of Euro-dollars have tended to dry up, and rates in London have hardened by ⅛ to ¼ per cent, taking the seven-day rate to 3½ per cent and the three months rate to 4⅛ per cent. No parallel rise has taken place in lending rates on external account sterling quoted in Paris, which have rather edged down a shade, to 4⅜ per cent on three months term.

Nor, although a crisis usually sends hot money spread around the world scuttling home, was there any such rush out of London in the two days after the announcement of the blockade. In the local authority loan market, foreign banks withdrew some small amounts, which were easily replaced by domestic money. The seven-day rate hardened by ⅛ per cent to 4 per cent, but this was put down to end of month influences rather than to foreign withdrawals. Rates for mortgages up to 10 years at 5¼ per cent are still below the Public Works Loan Board rates, even though these were cut for the fifth time this year at the end of last week. Rates on loans up to 15 years were cut by a full ⅜ per cent to 5⅝ per cent, and on longer loans by ¼ per cent to 6⅛ per cent. However, the sharp turn in the gilt-edged market has now narrowed the differential between gilt-edged yields and local loans.

Lombard Street itself felt no constraint from the international crisis. It took a full day for the activity in other London markets to work through to the money market; and on Wednesday the previous day's selling of gilt-edged and equities produced a surplus of credit which continued into Thursday. Rates on call loans by clearing banks fell to the minimum of 3½ per cent, while outside funds were offered at as little as 1 per cent in some instances.

The Treasury bill rate, by coincidence, had already begun to move up at the tender before the Cuban flare-up. The syndicate of discount houses recognised that there was little chance of a further reduction of Bank rate in the near future and reduced the common bid by 8d. to £99 1s. 3d. per cent, so that the Treasury bill rate rose sharply by ⅛ per cent to just under 3¾ per cent. With its average money cost at around 3⅜ per cent the market is once more earning a profit on bills, though it has suffered some sharp reverses in bond values from this week's setback. Even so the bond book must still look good. While the international situation remains tense any reduction in Bank rate is clearly less likely, and a rise cannot be ruled out. The feeling in mid-week was that the Treasury bill rate would again rise on Friday.

COMMODITIES

No Blaze

Commodities have been living so long with their own worries that they seem to have lost their quickness of response to crisis. Certainly, the blockade announcement put commodities better but did not set the markets ablaze, as the table below shows:

	Jan. 2nd	Oct. 18th	Oct. 23rd	Oct. 25th
Copper	£229	£234	£236	£234
Tin	£947	£857½	£862	£860
Wolfram	104/–	80/–	80/–	80/–
Zinc	£72	£67	£69	£68
Sugar	£21½	£27	£29	£29½
Rubber	24d	23½d	24½d	24d
Jute	£128	£107	£107	£107

Metals as a group show the strongest gains, which is natural given their strategic importance; but only copper, which has been so long depressed, shows any advance over the beginning of the year. Other commodities have responded even more calmly. But sugar, with its special Caribbean connection, has risen by £2 10s. to £29 10s. All commodities after showing an entirely predictable panic increase on the day after the ultimatum, were quickly checked as

speculators took their profits and hed edgy down, though markets have ...ew days of the and erratic. ... threat of full-scale

Compared with ...g, this week's reactions Korean war, ...ered by the present sur- war sent most commodities. When the have ...ar began commodities were scarce. ...read, tin and zinc more than doubled ...r price; rubber increased by more than three times. Suez was on a smaller scale, and less likely to lead to a world war. And the succession of little crises since have moved the markets so little that perhaps only the threat of a total war could jerk them out of their preoccupation with surpluses and stockpiles.

SHIPPING

Freight Rates Unaffected

THE "quarantine" had no immediate effect on tramp shipping freight rates. Nor was any to be expected, so long as the cargoes affected are purely military, for arms and missiles would not be carried except in Russian flag ships. In the longer term a tense political and quasi-military situation could lead to a build up of stocks of food and raw materials as happened in the Korean war and the Suez Canal crisis. A sharp rise in commodities could be followed by a sympathetic rise in freight rates, but the large cushion of laid-up tonnage will tend to minimise any increase in voyage rates. Any general effect on freight rates would probably first be noted in an increase in long-term time charter rates.

Certain British shipping firms have ships on charter to Russia, notably Mr Mavroleon's London and Overseas Freighters, some of whose tankers have been used to move Soviet oil to Cuba. Other British ships have been trading to and from Cuba during the year. There is little likelihood that any of these, including the freighters on long-term charter to the Russians, will have been used to move "offensive military equipment." But if the American ban were widened to include materials of strategic importance, oil could easily become involved. And all these vessels will be affected by the other restrictions on shipping to Cuba that the United States has lately been discussing with other shipowning nations.

Marine insurers' reaction to the blockade was swift and involved an amendment by the war risks rating committee of the Institute of London Underwriters to the war and strike, riot and civil commotion shipping risk schedules for Cuba. Until now the basic rate for cover on Cuban cargoes has been 9d. per £100 but now the rate is "held covered," which means that there is no fixed rate, and that ships will have to negotiate rates independently.

THE ECONOMY

Employment Dips

THE most up-to-date economic indicator of what is happening in Britain's economy shows that unemployment rose more between mid-September and mid-October than between any other monthly unemployment counts since the upward drift started in June, 1961. In the five weeks to October 15th the number wholly unemployed rose by 48,000 although the usual seasonal increase is only about 26,000. Vacancies have continued to get fewer and the seasonally adjusted series showed that by October there were five unemployed for every two jobs on offer.

Although unemployment in Britain has been rising almost continuously since the middle of last year, apart from seasonal fluctuations there has not been much change in the figures of people actually employed. Gradual expansion of the working population, that is to say, has been largely offsetting the increase in numbers unemployed. It is much less easy to allow for seasonal variations in employment than in unemployment, owing to revision of the basic figures, which are estimates. But it looks as if there was a small dip in employment at the end of last year; and between August and September it may have gone down more than seasonally again. At any rate, between mid-August and mid-September the numbers employed fell by 20,000; and for the first time this year there were fewer people employed than a year before. In manufacturing industries

THE MANPOWER SITUATION
(Employment, Thousands)

	Nos. at mid-Sept., 1962	Change since end-Sept., 1961
Engineering and electrical goods	2,172	− 9
Vehicles	888	−13
Metal manufacture	603	−26
Shipbuilding & marine engineering	230	−13
Metal goods	563	− 7
Chemicals	526	−10
Textiles	811	−29
Clothing and footwear	588	+ 1
Food, drink and tobacco	858	+11
Other manufactures	1,672	+ 2
Agriculture, forestry, fishing	950	− 7
Mining and quarrying	708	−18
Construction	1,626	+ 3
Gas, electricity and water	390	+ 7
Transport and communication	1,683	− 7
Distributive trades	3,332	+ 3
Financial, professional, etc., services	5,165	+89
National and local government	1,283	+11
TOTAL civil employment	24,048	−12

as a group, the decrease over the twelve months was 93,000 or 1 per cent. This was nearly balanced by the increase in employment in the financial, professional, scientific and miscellaneous group of service industries.

BANK CREDIT

Freedom's Prize

BANK advances have responded immediately to the ending of official credit restraint. In the four weeks to mid-October —a period for which there has been no clear seasonal trend in recent years—net advances rose by £44 million, compared with a fall of £34 million in September and £3¼ million in August. The October period covered both the release of a further £75 million of special deposits and, on October 3rd, the end of the remaining restraints on bank lending. Since the latest figures cover only two weeks of freedom they seem to confirm that there were a number of proposals on the banks' books merely waiting for the removal of the restraint on property, personal, and hire purchase lending. Whether or not this rise in borrowing also contained a significant industrial element is less clear, but the banks hint that engineering had been prominent among the new borrowers. However there is no clear reason why industrial borrowing should suddenly revive when it has been free of restraint since last May.

LONDON CLEARING BANKS
OCTOBER 17, 1962

	£ mn.	%	Changes on: Month £ mn.	Year £ mn.
Gross deposits	7,752		+160	+317
Net deposits*	7,227		+ 96	+260
Liquid assets	2,596	33·5	+ 37	− 4
Cash	645	8·2	+ 22	+ 30
Call money	735	9·5	+ 43	+ 96
Treasury bills	943	12·2	− 25	−163
Other bills and "liquid credits"	273	3·6	− 3	+ 33
Special deposits	75	1·0	− 75	−143
Risk assets:				
Gilt-edged	1,206	15·6	+ 84	+221
Other market investments	117	1·5	+ 5	+ 4
Advances*	3,472	46·6	+ 44	+223
(To State Boards)	58		+ 3	− 4

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

After the previous release of special deposits in May the banks became heavy buyers of gilt-edged, taking up £74 million in the five weeks to mid-June. This time the banks once more entered the gilt-edged market in strength and took up a further £84 million. A good part of this increase was certainly in the new issue of Treasury 4 per cent 1965 stock which was oversubscribed at the beginning of this month. The ratio of investments to gross deposits is now 17.1 per cent compared with a low point of 13.9 per cent in July 1961.

The rise in both advances and investments was sufficient to reduce the liquidity ratio slightly, from 33.7 per cent in September to 33.5 per cent. The banks feel that, although this figure is well below last October's 35 per cent, it is nonetheless about right for this time of the year. The Westminster has been particularly active this month, accounting for a quarter of the total

Caerphilly Castle was built in 1267 by Gilbert de Clare. This large and extremely strong castle was equipped with the most elaborate defence system of any fortress in Britain, and was so scientifically constructed that it was impregnable. It was the fore-runner of the concentric type of castle known as the "Edwardian".

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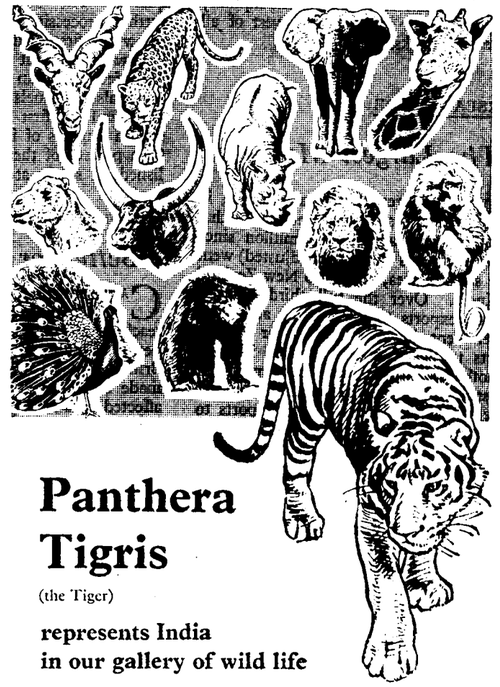

Panthera Tigris

(the Tiger)

represents India in our gallery of wild life

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increase in investments and nearly half of the rise in advances. As a result its liquidity ratio at 31.2 per cent is the lowest of all the clearing banks.

OVERSEAS TRADE

The Largest Market

THE full figures for Britain's trade in September issued this week show that half of the increase of £16 million since August in exports (seasonally adjusted) went to the sterling area, mainly to New Zealand and India. Over the full third quarter, however, exports to the sterling area were 4½ per cent lower than a year earlier. Exports to the Common Market, in spite of another slight decrease in September, were still 21 per cent higher than last year in the whole third quarter and exports to all Western European countries were up 15 per cent. A notable landmark was that for the first time, over a full quarter, exports to Western Europe exceeded those to the sterling area.

On a commodity classification, the recovery in exports in September was due mainly to increased deliveries of road vehicles, bringing the third quarter average up to the level so far maintained this year and well up on last year. Machinery and instruments also made a good recovery in September and the third quarter total maintained the high level reached in the second quarter. In this category during the last six months office machinery (£17 million) and machine tools (£21 million) show impressive increases over last year. Deliveries of ships and aircraft have been as erratic as usual. After a rise in the second quarter these fell again, bringing the nine months' total for ships to £28 million compared with the exceptionally high total of £73 million in the first nine months of 1961, and for aircraft to £31 million compared with £49 million.

One of the most notable features of the third quarter was the increase in exports of refined oil: in the first six months their value was 13 per cent above the same period in 1961, in the first nine months it was up 26 per cent. Most of this increase went to the Netherlands and West Germany; comparing the first nine months of 1962 with 1961, exports of fuel to these two countries have more than doubled. At the same time, there has been a matching increase in imports of fuel, particularly crude oil from Kuwait.

Total imports in September were valued at £376 million, seasonally adjusted, £11 million lower than in August. Food imports have been at a high level for most of the year but now appear to be past their peak. The seasonally adjusted value in September of £128 million for food, beverages and tobacco was £10 million lower than in August.

Imports of basic materials, having been falling in value since their peak at the beginning of 1961, rose slightly in the third quarter. The value of goods imported for further processing has also remained well below the first quarter of 1961, but in the last two quarters it has started rising again. Manufacturers ran down their stocks of materials and fuels in the last quarter of 1961 and the first half of this year. The rise in imports of industrial materials may be a portent of the figures, yet to be published, of stocks at the end of September.

MOTORS

Better for the Big Two

CAR production in September was twelve per cent higher than in August, reaching 26,390 a week, which made it 30 per cent higher than a year before. The British Motor Corporation and Ford both made more cars: Ford's output had been affected by a strike in August, but September was a strike-free month for this company, so that it was able to increase production by about 1,400 a week—half the total increase. BMC's output seems to have risen rather more than Ford's, perhaps as much as 2,000 a week; the smaller companies would seem to have cut production—notably Rootes, which went onto a four-day week in October, and Vauxhall, which was changing its six-cylinder range. The reason for the contrast in fortune presented by the bigger companies is, for Ford, simply the Cortina; with the launching date September 22nd, it was anxious to make as many as possible last month—and indeed still is. Only a part of BMC's increase in output, however, seems attributable to the introduction of the 1100; there was also a rise in output across the whole range, as the company sought to increase stocks that were, for some models, inadequate at the end of the summer, and to meet export demand.

Exports recovered from the holiday slump in August, but they remained about ten per cent below the level they had maintained during the first seven months of the year. Europe continued to be the best market, with shipments to the United States and Canada falling slightly as a result of the disappointing sales there this year. Orders reported from the Motor Show this year for next year's shipments to America are generally smaller than last year's—which in many cases have proved greater than demand justified and so have not been fully taken up. But with sales in Europe continuing high if unprofitable, and likely to be stimulated by the new small cars, the industry is more confident about its prospects abroad than at home. The total for this year should not be very far behind the 570,000 exported in 1960.

HIRE PURCHASE

Looking for Trouble

THE members of the Finance Houses Association have decided to modify their voluntary "Code of Practice" by reducing the minimum deposit they accept on new car business from 25 to 20 per cent. There is, however, a proviso: [illegible] deposit will be available only for the more trustworthy customers. This means that for these people the FHA rules are now the same as the statutory minimum—20 per cent down and 36 months to pay.

The reason given by the FHA for this relaxation is that many members found that they were turning away customers who, while of "outstanding creditworthiness," could not find the necessary 25 per cent for the deposit. There seems little doubt that the move is designed to improve the competitive position of members as against non-members—the smaller finance houses and self financing motor dealers—who are reported to be increasing their share of a market that has conspicuously failed to expand despite the many predictions to the contrary.

With the losses and lessons of the past in mind there are a number of questions that the FHA members ought now to be asking themselves. How do they intend to discover who is and who is not a first class credit risk while their proposal forms are still as sketchy as ever and their credit rating service is still in its infancy? As it is, the people on whom they do have credit information will probably be trading in an old model, worth a good deal more than 25 per cent of the purchase price of a new car. Paradoxically about the only guide that the finance houses have to a customer's creditworthiness is the size of the deposit he is willing to put down. Equally, now that the banks have relaxed their squeeze on personal loans, anyone who is "exceptionally creditworthy" can probably get the money he needs at a lower rate of interest from his bank. Even so, are the FHA members sure that they will be able to confine this lower deposit to selective cases? Dealers are not going to like losing potential customers because they are forced to say: "Sorry, but your creditworthiness will not permit a 20 per cent deposit," knowing full well that the customer will go down the road and get the very terms he has just been denied. But most important of all, if on past experience the FHA was right in deciding that 25 per cent was the lowest possible deposit compatible with safety, then the smaller companies taking business on 20 per cent deposits are heading for trouble. So why join them?

This is not to deny that finance houses ought to be selective in their dealings with hirers, basing terms and charges on the client's credit rating. They should be; but they cannot hope to be, with any success, until they have established an efficient credit rating system. Until then the big national companies will always be undercut by the small local companies with an intimate knowledge of the area in which they operate, and the big companies should not try playing a game the smaller companies are likely to win.

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COTTON

Advice on Parting

Good advice is something the cotton industry never lacks, even if it seems able to resist it as well as a silicone-proofed (cotton) raincoat can repel rain. Lord Rochdale, who has just ended five years of proffering good advice in his capacity as chairman of the Cotton Board, gave the industry a parting homily at the board's annual conference last Sunday. The industry should, he told it, be concentrated into fewer, vertically-integrated firms, so that the producing sections should be in close enough contact with the customer to be better able to influence or adapt themselves to changes in demand—and to avoid some of the present violent fluctuations caused by adjustments to stocks. What Imperial Chemical Industries thought would be good for it should be good for the cotton industry, too. But vertical integration, successful though it has proved in some cases, is only a means of increasing resilience, not of ending the bumps ; and it places a greater strain on management, probably Lancashire's weakest point. It would give the greatest benefit to the industry if it brought in some new, commercially-hot blood from the consumer end of the business.

Re-equipment is what the industry has most been urged and bribed into doing, and Lord Rochdale was able to report that the final total of applications for aid under the Government's present scheme has reached £116 million, much more than expected—though actual outlay has so far been only £18.3 million, and if the equipment is to be installed before the scheme ends in July, 1964, it might already be too late to place orders. So the Government's commitment in subsidy may prove substantially less than the £29 million that an investment of £116 million would involve.

Fear of imports is the excuse the industry has offered for postponing re-equipment, just as it has been used to justify most other weaknesses it shows. Lord Rochdale does not feel much sympathy for this attitude: he told the industry that those who predicted the destruction of the industry by a flood of imports were themselves contributing to its downfall, and that such activities put cotton in a needlessly unfavourable public light. But the complaint of uncertainty at least no longer holds, until the end of 1965 ; the Government has assured the industry that if Pakistan continues to refuse to limit its exports voluntarily, it will impose a limit on them similar to that accepted by India and Hong Kong. Imports from these three countries will continue to be subject to the present ceilings for cloth and made-up goods, while yarn imports cannot exceed those in 1961.

AIR UNION

General de Gaulle Votes 'Yes'

Paris

General de Gaulle has finally handed down his decision. After long months of doubt and hesitation, the French government has agreed to France's joining "Air Union." Air France and the private French airline TAI-UAT will be joining the Belgian airline Sabena, the German Lufthansa, and the Italian Alitalia airlines. These four, all of whom supported the Air Union idea from the beginning, have decided to pool their receipts and their running expenses, and pursue a common commercial policy. And, most important, they have decided to allocate shares in traffic on the basis, not of current business, but on forecasts for 1970, in order to allow for growth of the "junior" associates, Alitalia and Lufthansa.

In finally giving the green light, the French Government has introduced an important "European" modification in the initial scheme ; it has stipulated that what began as a purely commercial organisation shall be fitted into a political framework—that is to say, a body that will contain representatives not only of the airlines but also of the member states. The necessary diplomatic negotiations to set up this quasi-Civil Aeronautics Board are not likely to cause difficulties and Air Union may therefore see the light of day in a few months' time.

It may come as a surprise that since Air France was to play a leading role, and since the institution of Air Union was in line with the French "European idea" it has taken four years to put this scheme into effect and that the most obstinate objections have come from the French government. In fact, these hesitations have sprung from two sources. First, Air Union has been opposed by those who sincerely fear that so powerful a group will override the individual states and dictate a European air transport policy which will take no account of other obligations. The creation of the European "CAB" stipulated by France is designed to appease these doubts.

But it does not see that this political argument played anything like so large a part in holding up agreement as quarrels between Air France and the French private airlines.

France's air transport network is divided between internal, North African, and purely international traffic in varying proportions and with unequal commitments and obligations. On internal flights, the creation of a joint company by Air France and the railways, with a monopoly of scheduled air services, has solved possible friction between them. All that is left for the private airlines is charter work. Over the rest of the network, however, Air France and the private airlines (TAI and UAT who have since merged), meet and compete with varying success. Air France, the national carrier, is obliged to undertake commercially unprofitable services with North Africa and in the world at large, while TAI-UAT, on the contrary, can limit its network to commercially attractive routes.

Participation in Air Union seems to have been a way for French private interests to buy a share in Air France's traffic. Agreement seems finally to be taking shape on an allocation which will exclude TAI-UAT from the international scheduled traffic and bar Air France (at least partially) from traffic with or within North Africa. In short, thanks to Air Union, private airlines have swopped uncertain routes for an established network.

It is true that there is no guarantee that the French flag will long retain the African monopoly. It is also true that the losses Air France will sustain from giving up these routes will be offset by the better general distribution of business which its entry into Air Union should afford.

DRUGS

End of the Road

Distillers can be shedding few tears over the sale of its drug- and antibiotics-making subsidiary, Distillers Biochemicals (DCBL), to Eli Lilly, the American drug company. Not because of the difficulties which thalidomide caused for the company—though that must be hard to bear—but because it was a poor investment for Distillers and would almost certainly have become worse. DCBL's main products are antibiotics based on penicillin and streptomycin, both of which it makes ; it also makes vitamins, animal feedstuffs supplements and a small number of other drugs. Eli Lilly has been established in the UK since 1934, mainly as a compounder of ethical drugs. The acquisition, if approved by the Treasury, will give it antibiotics manufacturing facilities and research laboratories.

It is becoming increasingly hard these days for small drug companies to survive. While they may valiantly spend large proportions of their incomes on research, the amount of money (hence the amount of research carried out) must be small, and the chances of discovering commercially-successful drugs and fully exploiting them even smaller. Eli Lilly spent £8 million on research last year ; Distillers spent £2½ million, of which only a small part was on drugs. On this count alone, DCBL might be a candidate for swift extinction unless it carried a steady line of proprietary medicines—which it does not—or managed

to get a licence for some vital new one. It did, but what it got was thalidomide.

It was doomed twice over: it was too small, and it made the wrong products. Distillers went into drug-making in 1945 at the invitation of the Ministry of Supply. Its experience of fermentation processes made it an obvious choice to run the penicillin factory at Speke which, in 1947, it bought. Later it made streptomycin, by a similar process, and these have remained its two main products. By the mid-fifties penicillin manufacturers, their numbers enormously swelled, were in trouble: in 1947 the price of penicillin was 13s. 4d. a mega unit, 4s. 4d. in 1950, and 1s. 9d. in 1954. At the moment it is 1s. 0½d. DCBL contributed less than 1 per cent to Distillers' profits last year. It is unlikely that it will be much missed.

GREEK BONDS

Prodigal's Return

THE agreement between the Greek Government and the Foreign Bondholders Protective Council of the United States on Greece's pre-war dollar debts should mark the prelude to a settlement with other debtors—and, one must hope, the end of a vexatious question that has often proved more of an embarrassment to the British and American Governments than to the Greeks themselves. Until last week Greece was the only non-communist country not to have reached some agreement with the holders of its pre-war external debts. This put Greece completely out of court as far as the World Bank was concerned, and although a number of individual countries relented and advanced money to Greece—the common market countries agreed in 1961 to advance $125 million over five years—the British Government has stood firm and last July refused to join a Greek aid consortium set up by the Organisation for Economic Co-operation and Development.

The Greek Government stopped payment on its external bonds, amounting to about £70 million ($190 million) of which perhaps half is thought to be held by Greek residents, in April 1941, and the accumulated interest payments now stand at around £80 million. The agreement with American holders covers $36 million, or 19 per cent of the total external debt. The actual issues involved are the 7 per cent Refugee Loan, 1924, the 6 per cent Gold Stabilisation and Refugee Loan, 1928, and the 4 per cent (formerly 8 per cent) Waterworks Gold Loan, 1925. Under the New York agreement, the face value of the bonds remains intact but the gold clause provision has been abolished. Interest repayments will begin next year starting at 2 per cent on the 6 per cent bond, 2.35 per cent on the 7 per cent bond, and 1.34 per cent on the 4 per cent bond. The rates will increase gradually to reach a maximum of 3 per cent on the 6 and 7 per cent bonds and 2 per cent on the 4 per cent bond by 1967. About $51 million of the $55 million of interest arrears on the dollar loans will be annulled and the balance capitalised on the surrender of dividend coupons for the years up to 1962. The holder of a $1,000 7 per cent bond, for example, will receive an additional bond of $136.

The bonds will no longer carry a fixed maturity but will be redeemed through a sinking fund over 42 to 45 years. The sinking fund may be used either to purchase bonds in the market or to redeem them at par. At the moment this is a temporary agreement and the Greek Government has the right to convert it to a final settlement any time before July 1, 1967. If other holders of Greek external bonds manage to negotiate more favourable terms, then such terms will be extended to the dollar bonds.

It is laudable that the Greek Government should wish to rehabilitate its international credit standing but the method used was not the best and fairest. Such negotiations ought to be on a multilateral basis with all debtors. Sterling bonds, amounting to some £55 million, form just under 80 per cent of the pre-war external debt, and although relations between Greece and Britain were erupting over Cyprus when negotiations with the Americans first began five years ago, there was little excuse for not bringing in British bondholders at a later stage. As it is, the Council of Foreign Bondholders now expects to be presented with a *fait accompli* with little chance of negotiation.

It so happens that on this occasion it may not matter too much since the terms are much the same as the British Council of Foreign Bondholders had been expecting for some time. However many investors were expecting something a little more generous and their announcement brought a sharp fall in the price of Greek bonds in London. Anyone getting ready to howl in protest at the terms should remember, however, that the Greek Government has decided to settle its domestic public debt at a mere 5 per cent of its nominal value.

GERMANY

Herr Krages Baulked

Düsseldorf

HAS the tide turned against Hermann W. Krages, the timber merchant of Bremen who, up to now, has enjoyed the reputation of being one of Germany's most successful stock exchange speculators?

With good instinct and boundless optimism Herr Krages began, soon after the German currency reform of 1948, to buy shares at a time when the shadow of dismantling and decartelisation still hung over German industry, when everybody else preferred to hoard goods, and when shares were sold at ridiculously low quotations. The steady rise of all shares in the [illegible] showered enormous profits on him, which remained exempt from any taxation owing to the German system that makes profits from speculation tax free if the shares remain for at least six months in one portfolio. But the dream of his life, to enter the charmed circle of the captains of German heavy industry on the Ruhr, was not fulfilled. In a series of lawsuits he fought in vain against this closed circle which, often by legally doubtful amendments to company statutes, foiled his attempts to get control of one of Germany's biggest concerns, the Gelsenkirchner Bergwerks AG.

Krages therefore shifted [illegible] interest to other sectors of the stock market. But the steady slump on the stock exchange in recent months seems to have brought him into difficulties. It was known that his share portfolio was considerably burdened by bank credits which, in May, 1962, were estimated at about DM 200 million. So every time sales on the exchange became hectic, rumour had it that Krages had to sell to reduce his obligations—usually followed by a *dementi* from him. But in the course of last week, he admitted having parted with two big packets, his shares in Chemieverwaltung and of Gelsenkirchner Bergwerks. The Dresdner Bank's name appeared as buyer.

But the more details of this transaction that became known, the gloomier the picture became for Krages. In the summer of 1960, Chemieverwaltung stood at 1,100; but Krages had to sell at 225, the lowest quotation for many years. So it can hardly be denied that Krages had to sell under pressure and that the Dresdner Bank, as his main creditor, was in a position to turn the screws somewhat.

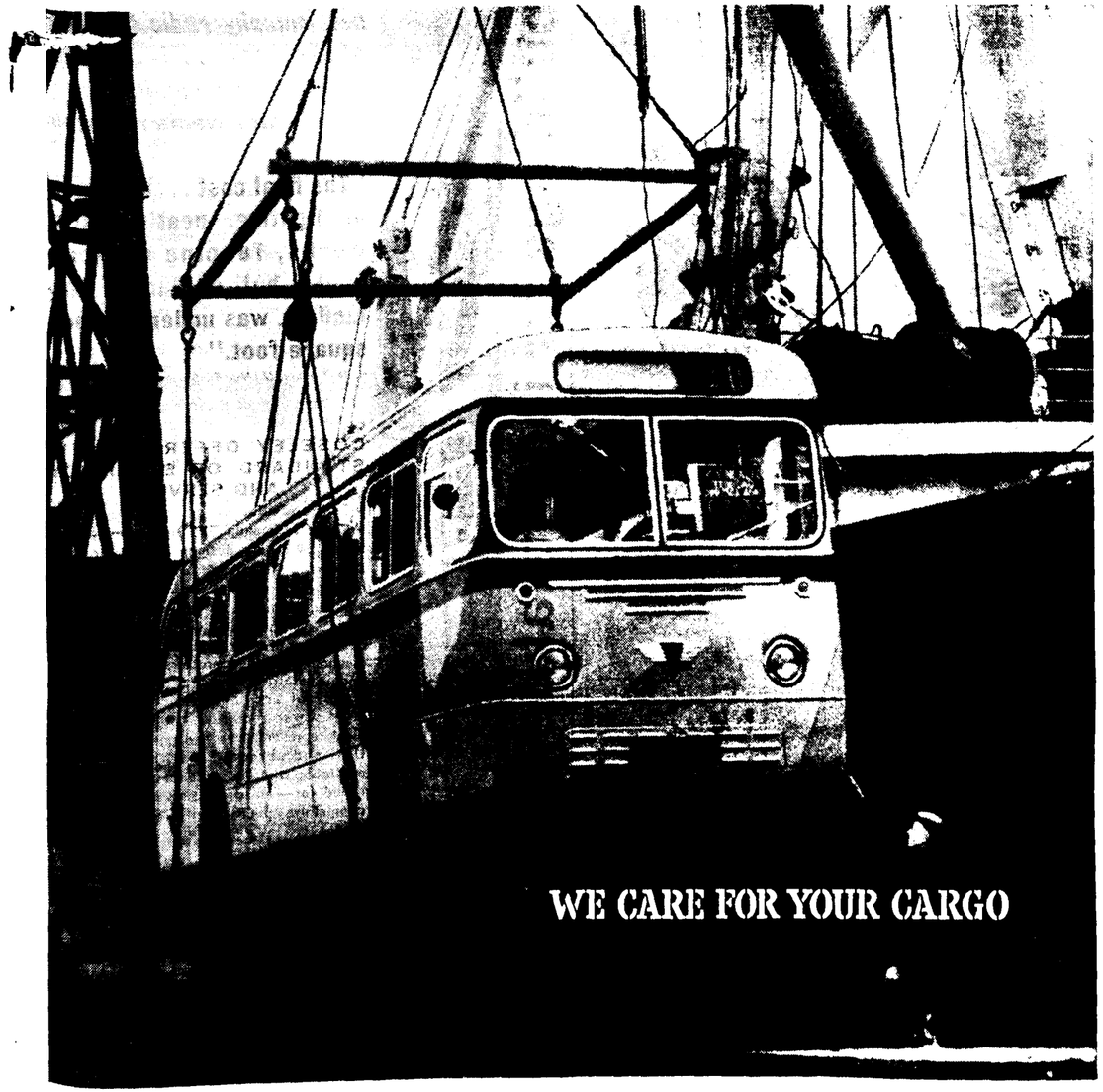
The Krages case is certainly no second Schlieker case. The timber merchant is far from being ruined, and his personal fortune still enjoys a rather high estimate. But another of Germany's most sensational success stories in the field of the "economic miracle" has run into an anti-climax.

AIR FARES

End in Sight

Chandler, Arizona

THERE were signs, as this issue of *The Economist* went to press, that the international meeting on air fares was about to end, unhappily and inconclusively. The private vendetta that Pan American and the Scandinavian SAS have been conducting against Icelandic Airlines, a non-member of the International Air Transport Association which runs cut-price piston engined services across the Atlantic, may yet win North Atlantic passengers a reprieve from the proposed 5 per cent increase in return fares, simply because at least three other North Atlantic airlines refuse to go along with the Pan American-SAS proposal for an "open



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ie., uncontrolled, rate for piston powered aircraft on this route. Should these two airlines feel strongly enough about Icelandic competition to throw the book at IATA, an interesting situation could develop. A failure to reach unanimous agreement on any set of routes means, theoretically, that all existing agreements lapse and airlines are free to charge what fares they like. In practice, governments step in to freeze rates at whatever happens to be their existing level, as the airlines well know when they try this ploy. But if PAA and SAS promised to restrict the free-for-all to piston aircraft, might they this time get away with it? It looks very much as if they intend to try, unless the IATA Director General, Sir William Hildred, can find an acceptable compromise formula.

Not all Sir William's diplomacy has been able to get agreement on freight rates. In spite of the tremendous boost given to freight traffic by the new low rates introduced last year, airlines are still stubbornly pressing for an increase. Discussions at Arizona have suggested an increase of about 2s 2d a kilo on the present rate of 15s 9d a kilo for small shipments between London and New York, with progressively smaller increases for larger consignments, tailing off to an extra 2d a kilo on half-ton loads. But airlines like Air France were protesting with such vehemence during the week that "breakpoints [for large consignments] were still too high and rates too low generally" that the only certain fact to emerge from Arizona is that freight rates will go up, leaving a second conference to decide by how much.

REFRIGERATORS

France Seeks a Safeguard

TURMOIL in the French refrigerator market, discussed in an article in *The Economist* last week, has now reached a stage where the French government is considering the "isolation" of its internal market from the European common market as a whole. This would be possible under an article of the Treaty of Rome which permits such a safeguarding escape clause from common market obligations where imports are accepted to be leading to a "substantial disruption" of any country's home market and industry.

France's main complaint seems to be against Italy, from which large numbers of refrigerators have of late been imported, some of them to be sold under French trade marks. The industry appears to have persuaded the government that these imports now amount to dumping; the government is investigating this, and may seek to invoke the relevant article of the treaty.

Refrigerators are not the only products that France argues are nowadays being sold in its home market by foreign firms at lower prices than these producers sell them at home. France is already complaining about British steel exports at low prices, and apprehensive about the possible inroads of British coal when Britain joins the European Coal-Steel community. Industrial countries everywhere are encountering the fact that for highly-capitalised industries in markets enjoying some degree of protection dumping, to some degree, becomes entirely logical behaviour. Everybody does it; it is only when higher tariffs in one country than another make it difficult for the dumped-upon to retaliate that the protests and calls for government action begin.

ENGINEERING

Flattening Out

THE engineering industries saw a slight increase in orders from the home market during July and August compared with the earlier part of this year, but export orders were rather lower. Home orders remained four per cent lower than a year before; with export orders down by about one per cent, there was a fall of three per cent in the total orders received. Deliveries continue to be higher than last year, though the increase was less than two per cent: exports were eight per cent higher, but deliveries to the home market were unchanged. The result was that the industry's order book continued the slow if unsteady decline that has lasted since May 1961, when the boom in home orders passed its peak; it is now two per cent smaller than in April this year, but as big as it was last January. So the investment recession seems, so far as the engineering industries are concerned, to be proceeding in slow motion. And the cushion of orders on hand still seems fat enough to maintain output at its present level for some time to come.

WAGES

Regional Differentials

FOUR weeks ago in these columns some new figures were discussed of men's actual wage earnings in individual industries region by region. The Ministry of Labour has now combined the results to produce figures of average regional earnings. The table shows that in April this year in manufacturing industries as a whole men in the

MEN'S WEEKLY WAGE EARNINGS
(In manufacturing: April, 1962)

Region	£ s. d.	Per cent increase from April, 1960
London & South-Eastern	17 3 3	12·6
Eastern & Southern	16 19 9	9·6
Wales	16 17 7	7·5
Midlands	16 15 5	8·2
Northern	15 14 1	9·7
North-western	15 9 11	10·2
South-western	15 7 8	13·4
Yorkshire & Lincolnshire	15 6 9	9·0
Scotland	14 13 9	8·5
Northern Ireland	12 18 8	7·3
United Kingdom	16 3 10	9·3

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London and South-Eastern region earned about £2 10s. a week more than those in Scotland and over £4 a week more than those in Northern Ireland.

SHIPBUILDING

Touching Bottom

THE British shipbuilding industry can hardly see demand fall lower than it did in the third quarter of this year: the orders it received amounted to only 34,000 tons, compared with launchings of 307,000 tons, and orders for 160,000 tons in the same quarter of 1961. Though the order book of British shipyards still totals 2,147,000 tons, it has dropped 650,000 tons in the past year, and according to the Shipbuilding Conference some yards now have no orders and others are working on their last contracts. Only 840,000 tons of the total order book remains to be started, with 798,000 tons on the berths and 526,000 tons fitting out. So if the present rate of ordering continues the industry will come virtually to a standstill during the next year or so. And with the demand for shipping remaining so depressed, there seems little prospect that shipowners will feel inclined to order heavily, least of all from a country with a reputation for slower building than most of its rivals.

One attempt to meet these objections to building in Britain has already been made by Swan Hunter, which introduced its first standardised 10,000/12-000-ton freighter last summer and has now followed it with a standard bulk carrier of 22,000 tons. Cammell Laird is working on similar lines but more ambitiously: it now offers six standard designs, ranging from a 3,150-ton short-distance freighter to 56,000/57,000-ton tankers and bulk carriers. Its prices for these ships will, it says, be substantially lower than those for a custom-built vessel and comparable to those quoted by Japanese shipyards, while buyers will be offered up to ten years in which to pay. Bold measures like these, made possible by modernising shipyards, should at least allow British companies to fight for a share of the business available; but when there is so little to get, in the short run the fight may avail them little. Swan Hunter has received no orders for its standard freighter, though many shipowners have shown their interest in it.

CHEMICALS

Optimism in Spain

ONE *firm* plan has at last emerged from the tangle of rumour that surrounds INI's (Instituto Nacional de Industria) refinery project at Puertollano. ICI has agreed with the Spanish oil organisation, Empresa Nacional Calvo Sotelo, and Sociedad Anonima Cros to form a company to make and sell polythene. A plant will be built at Puertollano to make 30,000 tons a year of low density polythene, using an ICI process; the ethylene feedstock will be supplied from Calvo Sotelo's olefines plant.

Alcudia, the new joint company, is by no means the only company with foreign interests considering investment in chemicals in Spain: Philips Petroleum is also planning to make petrochemicals with Calvo Sotelo at Puertollano; INI is said to have signed an agreement with Montecatini to make a range of petrochemicals which includes polythene and polypropylene; Dow Chemicals has formed a company with the chemical firm, Unquinesa, also to make plastics and other petrochemicals.

These projects have more than their products in common: they have a profound optimism, as the market in Spain for the suggested products hardly yet exists. They include several products suffering most from the present conditions of world oversupply and it seems unlikely that production on the scale suggested for some of them would be economic—even less so without tariff protection.

SHORTER NOTES

New "commercial" policies (as opposed to "national interest" policies) issued by the Export Credits Guarantee Department in the third quarter of 1962 amounted to £221 million—a new peak and 16 per cent up on the same quarter last year. Of this total some £45.8 million was for policies involving more than six months' credit. So far the Department has issued two Financial Guarantees but sixteen more have been approved in principle.

*

Manufacturers' home deliveries of television sets improved sharply in August from the extremely low level of the previous four months. The total of 115,000 was the highest monthly figure since December, but the year's total deliveries up to the end of August were still 22 per cent below those for the same period of 1961.

*

Norwich Union and its subsidiary, Scottish Union and National Insurance, are withdrawing their companies from active business in the United States and the business will be transferred to one of the Continental Insurance companies.

*

Brick production and deliveries in September were slightly lower than a year earlier, allowing for seasonal factors, while cement production, at 1,151 tons, was 3 per cent higher (seasonally adjusted) and home deliveries nearly 5 per cent higher than in September, 1961.

*

Vickers has announced that its development programme on hovercraft will continue, following the experimental service operated last summer from Wallasey to Rhyl. The mechanical troubles with the engines lay in their bearings, and most cancellations because of bad weather were caused by westerly winds producing large waves in the open sea part of the route. The trials proved that a hovercraft can operate off crowded beaches and cross rutted sandbanks; but Vickers emphasises that ferry services will account for only a small proportion of likely hovercraft services. They should find their main uses over land or rivers where normal transport is not now available.

*

The Royal Bank of Scotland is to raise £6.9 million by a rights issue of one new share of 72s. 6d. for every five shares held. The shares now stand at 85s. 6d. to make the rights worth 2s.

*

In the article "French Refrigerators Boil Over," in last week's issue, the Compagnie Francaise Thomson-Houston was inaccurately described as belonging to the American Thomson-Houston group. In fact, this is an entirely independent French-owned company.

*

The new Bank Leumi "A" shares offered in the four-for-five rights issue have a subscription price of about 6s. for UK residents after taking into account the premium on investment dollars. The new shares now stand at a premium of 2s. 6d.

*

The Treasury has given permission for Dominion Tar and Chemical Company of Canada to make a share exchange offer for Hendon Paper Works of Canada. Until now the Treasury has always insisted on cash for bids from overseas companies.

COMPANY AFFAIRS

Comments on pages 403 and 406 on:

Plessey	Brooke Bond
Rover	Carreras
Tootal	*Daily Mirror*
Wall Paper Manufacturers	Robeco
Starkey, Knight and Ford	

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 404 and 405

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 407

COMPANY MEETINGS

ENI

ENTE NAZIONALE IDROCARBURI - ROME

Laying the Central Europe Pipeline, about 1,000 kilometres long, which will link Genoa with the Po Valley, Switzerland and southern Germany. This pipeline, with a flow capacity of 18 million tons, will double the volume of traffic in the port of Genoa.

OPERATIONS IN THE 1961-62 FINANCIAL YEAR

Exploration and production.—AGIP MINERARIA and its associated companies engaged intensively in oil and gas exploration and development in Italy and abroad, employing, amongst other equipment, 62 drilling rigs and 5 offshore drilling platforms. A total of 308,789 metres was drilled in Italy and 145 wells were completed, 66 of them exploratory. Besides this 6,667·9 million cu. metres of natural gas were produced in Italy, representing 97·2% of the country's output, plus 558,177 tons of liquid and liquefiable hydrocarbons. There were fresh discoveries of natural gas in Basilicata, Sicily and the Po Valley. Operations abroad were very active in the exploration areas in Morocco, Tunisia, Libya, Egypt, Sudan, Somalia and Iran, and oil was struck in Libya. A preliminary agreement was signed in the United Arab Republic, where in 1961 COPE's output of crude from its Sinai fields was about 2½ million tons, for exploration concessions in the Nile Delta and Khalique-el-Zeit areas. Agreement was reached in Iran for the commercial exploitation of the field brought to light in the Persian Gulf which is expected to yield some 2 million tons of crude oil per annum from 1963 on. An extensive exploration area was obtained in Nigeria.

Transport.—The natural gas pipeline network in Italy was 4,557 kms long at the end of 1961. Towards the south SNAM started building a trunk line in Apulia, with branches to Bari and Monopoli, and also began planning the pipeline through Abruzzo, with branches to Terni and Rome, in the central regions. The first stretches of the Central Europe Pipeline were laid in the Po plain and Switzerland. The Group's fleet was expanded. Three turbo tankers of 49,000 dwt went into service in 1961 and two motor tankers were launched early in 1962. When the building programme is complete ENI's fleet will have a tonnage of 470,000 dwt altogether.

Refining.—In Italy, work began on ANIC's refinery at S. Nazzaro de'Burgondi (Pavia), with a throughput capacity of 4 million tons of crude oil per annum, and IROM's refinery at Porto Marghera (Venice) was extended. Abroad, SAMIR's refinery at Mohammedia (Morocco) was completed and the refineries at Ingolstadt (Germany), Bizerta (Tunisia) and Tema (Ghana) were started. The refineries in which the ENI group holds an interest processed 6·5 million tons of crude in 1961, yielding 6·1 million tons of products.

Marketing.—AGIP added to its number of roadside filling stations and considerably expanded its sales of all products. Compared with 1960 the growth was 30·4% for gasoline, 16·2% for gas oil, 19·7% for fuel oil and 30·9% for lubricants. Sales by AGIP's associates in Europe made steady progress in Austria, Germany, and Switzerland, and are just about to start in England. In Africa, business proceeded in Libya, Ethiopia and Somalia and began in Morocco, Tunisia and Sudan. Filling stations

were built in Ghana, Kenya, Tanganyika and Uganda and new petroleum products sales companies were set up on the Ivory Coast, in Togo, Dahomey, Nigeria, and Cameroun. Agipgas (liquefied petroleum gas) sales rose in Italy (+7·1% compared with 1960) as well as in other countries such as Argentina, Greece and Lebanon.

Petrochemicals.—In July, 1961, ANIC began the work of building a petroleum chemicals plant at Pisticci (Matera) to make plastics intermediates, solvents and synthetic textile fibres. Output of rubber and fertilizers in the Ravenna plant, and of carbon black and polyvinyl chloride by ANIC's associates, reached a high level. ANIC GELA continued building the petrochemicals plant at Gela (Caltanissetta), and the first production lines will start in 1962. Early in the year a majority holding was acquired in LANEROSSI enabling, by this integration of ANIC's activities with textile manufacture and marketing, the synthetic fibres from the Pisticci plant to be usefully employed.

Nuclear energy.—AGIP NUCLEARE, in conjunction with the Italian Nuclear Energy Committee, continued with the programme for irradiating uranium alloy samples in the Ispra reactor, with building a 30 thermal MW organic-moderated prototype reactor, and with studies on gas-graphite reactors. Work began on building an "Argonaut" research reactor at Bologna University. The construction of the Latina nuclear power plant reached a very advanced stage. SOMIREN continued its search for radioactive minerals in Italy.

Engineering — Design — Erection.—NUOVO PIGNONE's output of equipment for the oil and petrochemical industry went ahead and many orders were received from abroad. The Vibo Valentia (Catanzaro) works is in the completion stage and will soon be in operation. The PIGNONE SUD factory at Bari is already working. FUCINE MERIDIONALI, formed at Bari by NUOVO PIGNONE and Finanziaria Breda jointly, will turn out iron and steel and special alloys. Besides the work SNAM PROGETTI and SAIPEM carried out in Italy designing and erecting refineries, petrochemical plants and nuclear power stations, they also developed foreign projects and, among them, the Aigle refinery in Switzerland, the Bizerta refinery in Tunisia, the Tema refinery in Ghana, the oil pipeline connecting Nahorkatiya and Barauni, with branches going to Calcutta and New Delhi, in India, development wells drilled for the state-owned corporation Yacimientos Petroliferos Fiscales in Argentina (410 wells completed by the end of 1961) and the gas pipeline from Santa Cruz to Buenos Aires, 1,700 kms long ordered by Gas del Estado from the SAIPEM-Siderexport consortium.

Personnel.—The number of employees in ENI and the Group companies rose from 24,060 at the end of 1960 to 47,804 at 31st December, 1961.

406,000 MILLION LIRE TURNOVER

ENI GROUP ECONOMIC AND FINANCIAL RESULTS FOR 1961

	Million		Million
Turnover	Lit. 406,000	Interest and dividends paid outside the Group	Lit. 27,600
Added value	,, 141,000	Property, plant and equipment	,, 148,800
Labour costs	,, 54,600	Depreciation of property, plant and equipment	,, 41,300
Payments to the State :			
indirect taxes	,, 117,600		
direct taxes	,, 9,700		
net increase pertaining to ENI	,, 7,800		

MAIN ITEMS IN ENI'S BALANCE SHEET AT 30th APRIL, 1962

	Million		Million
Shareholdings	Lit. 118,000	Endowment fund and reserves	Lit. 49,200
Financing to subsidiary companies	,, 149,100	Loans and bonds	,, 228,700
Other assets	,, 108,000	Other liabilities	,, 91,000
		Profit for the year	,, 6,200
	Lit. 375,100		Lit. 375,100

According to Art. 22 of the law establishing ENI, the profits for the year were allocated as follows :

	Million
Treasury	Lit. 4,000
Ordinary reserve	,, 1,300
Scientific and technical research and professional training	,, 900

LONDON MERCHANT SECURITIES LIMITED

The following are extracts from the Directors' Report and Mr Max Rayne's circulated Review of the Ninetieth Annual General Meeting of the Company.

CONTINUED PROGRESS: The successful development of the Company's interests has continued during the year under review and substantial increases in both net income and asset values are again recorded.

SCRIP ISSUE: It is proposed to apply a portion of the reserve to paying up in full 3,600,000 new Ordinary Shares of 5s. each, to be allocated to shareholders as a free scrip issue in the proportion of one new share for every three held.

DIVIDEND: A dividend of 10 per cent is recommended on the capital as increased by the previous scrip issue of one share for each two held.

PROPERTY DEVELOPMENTS: Yet another happy association has been achieved in the conclusion of the arrangements with the New River Company Limited. There are encouraging possibilities of other joint undertakings—both in the United Kingdom and overseas—while our existing property companies continue successfully to develop and extend their activities. The completion and revaluation of property now under construction will produce further substantial revenue and capital increments.

THE INVERGORDON DISTILLERS LIMITED: It is estimated that a total of 2,850,000 proof gallons will be produced during the calendar year 1962 and firm orders for the whole of this output have already been received. The steadily increasing demand for Invergordon Scotch Grain Whisky has necessitated expansion of the distillery and steps have been taken to increase production capacity to 120,000 proof gallons per week. Although the initial pioneering operations resulted in a deficit for the period under review, the current year's activities and future prospects provide ample grounds for confidence.

ARMSTRONG EQUIPMENT LIMITED

The twenty-seventh annual general meeting of Armstrong Equipment Limited was held on October 22nd in London, **Mr William Armstrong, BSc, AMIMechE, AFRAeS** (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

It is pleasing to report that the Consolidated Profit shows a considerable increase as compared with last year (£461,000 against £354,000) and in view of this your Directors feel justified in proposing a Dividend of 27½ per cent. Further, it is proposed to capitalise the bulk of the Share Premium Account by means of a one-for-two Bonus Issue.

Besides the growing activity of our Overseas Companies, our direct Exports of Shock Absorbers and other Equipment continue to increase with particularly gratifying results and prospects in Europe both in the Six and the Seven. Our Licensees in France continue to manufacture a record volume of our Shock Absorbers under licence and in India production is on the increase, although this is clearly a long term market.

Both our British Factories at Beverley and York are very fully occupied and it looks as though this situation will continue for the rest of the financial year and the foreseeable future.

Overall I feel that the present situation both at Home and Overseas gives grounds for confidence in the future.

The report was adopted and the Bonus Issue approved.

PIFCO HOLDINGS

FURTHER PROGRESS

The fiftieth annual general meeting of Pifco Holdings Limited was held on October 23rd in London, **Mr A. D. Webber,** chairman and managing director, presiding.

The following is an extract from his circulated statement for the year ended April 30, 1962:

Despite the many difficulties of the past year, I am happy to report further progress in turnover and trading profits.

In my previous review I referred to the problem of a continued rise in costs and intensive competition in the field of Electrical Appliances. We have endeavoured to avoid price increases and, with very few exceptions, we have achieved this. We have relied on increased turnover to maintain our level of profitability.

The Group Profit for the year before providing for Taxation amounted to £255,051 as compared with £253,128 for the preceding year, which I trust you will agree with me is a satisfactory result. The liquid position of the Company is strong and adequate for all requirements. Your Board recommends a final dividend of 12½ per cent less income tax which makes a total of 20 per cent for the year.

No doubt you will expect an indication of the outlook for your Company in the current year. It is difficult to forecast in present conditions with so many factors which are outside our control, but turnover and profits to date show no contraction, and the order book is at a satisfactory level.

We have an attractive range of Electrical Appliances for the home and its popularity is based on technical excellence, good presentation and popular prices.

The report and accounts were adopted.

MEDIOBANCA

PAID UP CAPITAL LIRE 10,000,000,000 - RESERVE LIRE 3,000,000,000
HEAD OFFICE: 10, VIA FILODRAMMATICI, MILAN (ITALY)

The Shareholders' Annual General Meeting, held in Milan on October 23th, 1962, approved the following

BALANCE SHEET AS AT JUNE 30th, 1962

LIABILITIES

Capital	L.	10,000,000,000
Reserve Fund	»	3,000,000,000
Time deposits:		
– Savings Books	»	97,524,532,737
– Current Accounts	»	145,455,390,012
Mediocredito: Transactions under Public Law N. 955 of December 22nd, 1953 and N. 635 of 5th July 1961	»	6,385,105,608
Deposit Pledged in favour of Holders of Option Warrants issued abroad	»	382,591,440
Sundry Creditors	»	1,812,129,700
Staff Leaving Fund	»	220,427,124
Unearned Discount, Interest	»	4,927,069,930
Profit Brought Forward	»	24,545,308
Balance of Profit and Loss Account	»	1,944,321,494
	L.	271,676,113,353
Customers for amounts at their disposal under existing contracts	»	49,182,663,172
Debtors for uncalled subscribed capital	»	128,750,000
Stock issues underwritten	»	11,342,187,500
Creditors for guarantees	»	2,117,000,000
	L.	334,446,714,025
Contra Accounts	»	186,037,869,629
	L.	520,484,583,654

ASSETS

Current Assets:		
– Cash	L.	110,382,218
– Balances with Banks	»	43,991,196,737
– Treasury Bonds	»	11,092,877,500
– Government Bonds and Securities with Government Bond Status	»	2,080,598,015
Loans against Stocks	»	14,978,676,740
Discounts	»	19,877,141,754
Loans	»	160,538,140,372
Securities:		
– Bonds	»	5,213,345,750
– Shares	»	12,265,988,455
Investments	»	75,000,001
Bank Premises	»	1
Furniture and Fixtures	»	1
Sundry Debtors	»	384,869,057
Accrued Interest Receivable and Prepayments	»	458,896,752
	L.	271,676,113,353
Amounts at the disposal of customers under existing contracts	»	49,182,663,172
Uncalled subscribed capital	»	128,750,000
Participation in underwriting syndicates	»	3,780,729,166
Debtors for participations in underwriting syndicates	»	7,561,458,334
Debtors for guarantees	»	2,117,000,000
	L.	334,446,714,025
Contra Accounts	»	186,037,869,629
	L.	520,484,583,654

The Shareholders' Meeting decided:

– to allocate Lire 800 millions to «Reserve Fund»;

– to allocate Lire 75 millions to devaluation of the item «Investments»;

– to allocate Lire 150 millions to securities devaluation fund;

– to pay a dividend of 9% on capital, i.e. Lire 900 per share, encashable from 24th October 1962.

CAWOODS HOLDINGS LIMITED

The fortieth Annual General Meeting was held on October 19th in Leeds; **Mr E. W. Towler,** the Chairman, presiding.

The following is an extract from his circulated Statement:

The Group Trading Profit for the year under review is £653,320 (£274,078), after Depreciation £248,889 (£193,832). Capital and Reserves increased from £1,688,971 to £2,354,197; the net current assets amount to £1,248,657. The Directors recommend a dividend of 2s., less Income Tax, per Stock Unit.

The record Group Profits included a full year's profit from the Heaton and Thrutchley Groups, and record profits from our quarrying group.

Opencast and coal tonnage to steelworks was down, as well as our exports to Scandinavia as a result of competition from oil and low Polish and Russian coal prices. Our Skelton Grange Power Station contract for coal by barge is now running satisfactorily.

In the inland industrial distributive trade, competition from oil has intensified, and is expected to increase. Despite the efforts of the N.C.B., with whom we collaborate to the full, the demand for oil continues to increase, and our Group profits are now steadily benefiting from the national organisation we have developed, primarily to sell and deliver Regent Fuel Oils; also from the Thrutchley Group who are Esso Authorised Distributors.

On quarrying, the Essex Group showed record outputs and profits; developments continue in association with Ready Mixed Concrete Limited.

The Blackwall Lane Block Works last year produced and sold good outputs at reduced margins.

Plans for the development of Mulberry Wharf on general wharfage are being considered in view of its proximity to the Purfleet tunnel; the kiln at the high duty refractory grog works at Mulberry is to be extended, though profitable operation is not expected to be attained for some time yet.

Group profits, so far this year, compare favourably with the corresponding period of last year, and subject to unforeseen developments, it is anticipated that we shall be able to recommend next year the distribution in dividend of at least the same aggregate amount as this year.

An Extraordinary General Meeting held immediately after the Annual General Meeting approved the capitalisation of £750,000 of the Reserves, and the allotment of Three Ordinary Shares of 5s. each for every Two Ordinary Stock Units now held.

GRAFTON INDUSTRIAL SECURITIES LIMITED

YEAR OF SATISFACTORY PROGRESS

The Annual General Meeting of the Company was held on October 18th in London.

The following are extracts from the Report and Accounts and the statement by the Chairman, **Mr. Gordon Heynes, C.A.** for the year ended June 30, 1962.

	1962	1961	1960	1959
	£	£	£	£
Group Profit before Tax	**124,179**	**122,076**	**63,126**	**88,090**

In his statement the chairman said that the year 1961-62 had been one of satisfactory progress. Emphasis continued to be on improved methods, the introduction of new lines and increased turnover.

Reporting on the subsidiaries' activities he said that Quicktho Engineering Limited, after a period of uncertainty, had emerged with a considerably increased profit. The order book was showing a very satisfactory upswing with a number of substantial contracts under active negotiation.

Peak Engineering Company Limited had had a highly successful year, quite contrary to the general trend of the section of the engineering industry in which it operated. Turnover was an all-time record and although profit margins had been lower a very satisfactory net profit resulted.

Air Engine Services Limited earned a record profit and the board had every confidence that the company would continue to produce good profits.

Concluding his statement, the chairman anticipated that the general trend of progress would continue in 1962-63. Long term prospects, he said, continued to be excellent and the financial position was strong.

Copies of the full accounts are obtainable from the Secretary, 5 Grafton Street, London, W.1.

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Binding cases for The Economist *are available from* Easibind Ltd. *The cases are in stiff, dark blue cloth covers, and are gilt-lettered on the spine; they provide an extremely effective and firm binding and will hold 13 issues of the normal edition together with the quarterly Index, or 26 issues of the air edition with two quarterly Indexes. The year can be stamped on the spine. The cost per case, post free throughout the world, is 17/6. Orders, stating requirements clearly and enclosing a remittance, should be sent,* **not** *to* The Economist, *but to—*

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Comprehensive eight-week instructional courses beginning in February and April, 1963. Details from Secretary, London School of Public Relations, 57 Duke Street, London, W.1.

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Every member will participate in a Study Group and an Application Group, and will take part in an Inter-Group Exercise. All groups will have the services of a staff consultant. There will be a series of lectures and other plenary sessions open to all members.

Fee for Course, 75 gns.

A prospectus may be obtained from

The Course Secretary, TAVISTOCK INSTITUTE OF HUMAN RELATIONS, 3 Devonshire Street, London, W.1

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THE COMMON MARKET

Week-end Course November 23-25th. Somerset Residential College for Adult Education. Speakers: Roger Falk, W. Russell Lewis, George Wyndham. Fee £3 7s. Full details from The Warden, Dillington House, Ilminster.

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EUROPE

English Company with surplus resources in Germany, including a factory on the Rhine with space, services and capital available, would like to participate jointly in new manufacturing projects.

Companies considering extending their interests to Germany are invited to write to Box 1665.

APPOINTMENT REQUIRED

COMMON MARKET and Japan. Experienced trader/economist, B.Com., A.C.I.S., fluent German, adequate French, wishes to return to commerce after short spell in public employment. Min. salary £2,000 p.a.—Write Box 1664.

APPOINTMENTS

THE ROYAL COLLEGE OF NURSING

Applications are invited for post of ASSISTANT SECRETARY in Labour Relations Department. Applicants should hold a qualification in law, economics or industrial relations, and preferably have administrative experience.

Salary scale, £950-£1,200 (5 x £40+1 x £50), starting point according to experience; the post is superannuable. Particulars and application form from General Secretary, Royal College of Nursing, Henrietta Place, Cavendish Square, London, W.1. Closing date for applications, November 12, 1962.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

DIRECTOR, RHODES-LIVINGSTONE INSTITUTE

Applications are invited for post of Director of Rhodes-Livingstone Institute, Lusaka, Northern Rhodesia. Appointee will be of professorial status and full-time member of the College staff, but will be stationed in Lusaka. He will be the responsible administrative officer at the Institute, and will be expected to direct staff research activities, plan further research and generally stimulate social and economic research in Central Africa. Sound academic training in one of the social sciences and broad interest in the others essential. Salary scale: £2,700 x £100—£3,000 p.a. Passages to Salisbury for appointee, wife and dependent children on appointment, with allowance for transport of effects. Installation grant of £100 in addition for persons recruited from outside Africa. Superannuation and Medical Aid Schemes. Partly furnished accommodation at rent of 15 per cent of salary. Overseas passage for appointee every second year. Detailed applications (eight copies) naming three referees, by November 26, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

HERTFORD COLLEGE, OXFORD

The College proposes to elect an OFFICIAL FELLOW in ECONOMICS to take up his duties as from October 1, 1963. Applications and enquiries should be addressed to the Principal, and should reach him not later than Friday, November 30, 1962.

AUSTRALIAN NATIONAL UNIVERSITY

INSTITUTE OF ADVANCED STUDIES

Applications are invited for the CHAIR OF POLITICAL SCIENCE within the Research School of Social Sciences, Institute of Advanced Studies. The Chair has become vacant by the death of Professor L. C. Webb. Salary of the Chair is at present £A4,700. Reasonable travel and removal expenses are payable. One year's study leave, with travel allowance, will be granted after each three years' service. Financial provision is also made for field work.

The Professor will be Head of the Department of Political Science. It will be his duty to conduct and to organise research within his Department, and to supervise the work of a small number of post-graduate students proceeding to the Ph.D. degree. The establishment of the Department consists at present of the Professor, two Readers, one Fellow, three Research Fellows and three Research Assistants. Research recently in progress within the Department includes work on political institutions and movements, political theory, comparative political studies and public administration. The University does not wish to prescribe in advance the field of work of the new Head of the Department. There is a separate Department of Political Science in the School of General Studies within the University, and a Department of International Relations within the Research School of Pacific Studies.

Further particulars should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on *December 31, 1962*. Notwithstanding this advertisement, the University retains the right to fill the Chair by invitation at any stage.

VICTORIA UNIVERSITY OF WELLINGTON

New Zealand

SENIOR LECTURER OR LECTURER IN COMMERCIAL LAW

Applications are invited for the above-mentioned appointment in the Department of Accountancy. Although his primary responsibilities will be in this Department, the appointee will become a member of, and may have some teaching duties in, the Faculty of Law. Experience of law practice is a necessary qualification: university training and teaching experience is desirable but not essential.

The salary for a Senior Lecturer will be £1,750 per annum rising to £2,000 per annum and for a Lecturer £1,250 rising to £1,700 per annum. The initial salary will be determined according to the qualifications and experience of the appointee.

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

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in New Zealand and London on *December 1, 1962*.

BRADFORD INSTITUTE OF TECHNOLOGY

DEPARTMENT OF INDUSTRIAL ADMINISTRATION

Applications are invited from Social Science or Economics Graduates for the post of RESEARCH ASSISTANT IN THE DEPARTMENT OF INDUSTRIAL ADMINISTRATION to participate in a projected Social-Economic Survey of the Yorkshire Industrial Area.

Salary Scale for honours graduates, £770-£1,490. Initial salary according to training and experience.

For other appointments see pages 409 and 410

VICTORIA UNIVERSITY OF WELLINGTON

New Zealand

LECTURER IN SOCIOLOGY

Applications are invited for the above-mentioned post. Applicants must be graduates in Sociology. Knowledge and interests in a specialised field, such as demography or small group theory, could be an additional advantage.

The salary will be £1,250 per annum rising to £1,700 per annum. The initial salary will be determined according to the qualifications and experience of the appointee.

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

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in New Zealand and London on *November 30, 1962*.

COMPANY AFFAIRS

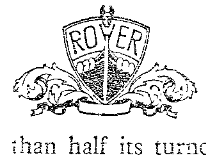
In the London stock market this week prices fell sharply in reaction to the Cuban crisis. The falls were the sharpest since the Wall Street slump last May. All sections of the market were affected but selling was particularly heavy in the gilt-edged market and on Tuesday losses ranged up to 2¼. Among equities oil shares showed heavy falls; over the week to Wednesday The Economist *indicator fell by 16.2 points to 313.5. On Thursday, following Wall Street's sharp rally and with signs of some easing of international tension, prices in London showed a general advance.*

Plessey

THE sharp fall in the price of Plessey shares this year followed board room disputes after the death of the chairman, Sir Allen Clark, who had been the driving force behind Plessey's recent impressive record of growth. These resulted in the resignation of three long serving directors and their replacement by Lord Kilmuir, Mr Harold Watkinson and Field Marshal Lord Harding. These resignations raised some doubts about the group's trading results although the new chairman, Sir Harold Wernher, who was the chairman of Ericsson Telephone when it and Automatic Telephone merged with Plessey a year ago, said that the clash was one of "personalities and not of policies."

The results for the year to June 30th, which include eight months profits from the two telephone subsidiaries, are certainly up to best expectations, for profits before tax are £6½ million compared with £4 million for 1960-61. In a full year, Automatic Telephone and Ericsson were expected to add about £2 million to gross profits and clearly Plessey's wide spread of interests in telecommunications and electronics has helped it to weather the recession in the television and domestic appliances trades for which it supplies many components. The results also suggest that economies in production and research resulting from the merger of the telephone companies may already have played their part. The dividend of 15 per cent is as forecast at the time of the merger and for original Plessey shareholders this compares with the equivalent of 12¾ per cent. Now at 38s. 6d. against a 1962 peak of 49s. 1½d. the 10s. shares yield just under 4 per cent.

Rover



ROVER not only makes cars; it builds the specialised commercial vehicle, the Land-Rover, which accounts for more than half its turnover. This does much to explain the unexpectedly good profits earned by the company for the year ending August 4th. Trading profits fell less than £200,000, to £2,826,000; an increase of £315,000 in depreciation was offset by a sharp fall in the tax charge from £1,007,000 to £603,000, to leave net profit only £119,000 down at £1,071,000. The maintained dividend of 9½d. a share is still more than twice covered by earnings thanks to tax relief resulting from the present high rate of capital spending.

The company has made substantial changes to its car range for the current year, improving the performance of the 3-litre, which must be its biggest seller, to compete better with the Jaguar; but it still relies on the basically thirteen-year-old 95 and 110 for the lower-priced section of its range. Rover's expansion programme will greatly increase its capacity for making cars as well as Land-Rovers, and new models will be needed to fill it. So the longer-term outlook for the company depends on the success it may achieve with new designs, as well as its ability to continue to fight off the British Motor Corporation in the go-anywhere vehicle market—two factors which add some uncertainties to the prospects of what seems for the moment a share with a stable dividend; at 14s. it yields 5.6 per cent.

Brooke Bond

DESPITE the qualification of the Brooke Bond directors, their decision last April to maintain the interim dividend on the capital as increased by a one-for-five scrip issue had been generally regarded as an indication that the final payment would also be unchanged. In fact the tax free dividend has been set at 2½d. against 2¾d. per share on the smaller capital so that the total dividend for the year to June 30th has been raised from the equivalent of 3⅓d. to 3¾d. a share. In face of an increase of 30 per cent in gross profits to £5,231,000 (or of 38 per cent if allowance is made for non-recurring items) this may seem a niggling decision, but in fact a sharp rise in the tax charge (which takes 59 per cent of gross profits) has caused the increase in profits to evaporate at the net level where profits were £100,000 lower at £2,073,000. The rise in British tax from £541,000 to £1,406,000 was particularly sharp, largely as a result of bigger remittances from overseas subsidiaries and exceptional expenses and losses not allowable.

But the unusually high tax charge should not be allowed to mask an impressive trading performance. The group's turnover was £6 million higher at £113½ million, mainly due to bigger sales of packet teas at home and overseas. This has been backed up by excellent crops from Brooke Bond's plantations interests (although Doom Dooma profits have not had a material effect on group profits) while margins on packet teas have improved as a result of adequate supplies at "satisfactory prices." Although there seems little scope for increased consumption of tea in the home market (where Brooke Bond continues to improve its sales presumably at the expense of other merchants) there is clearly ample potential for expansion in overseas markets, but this is fairly well discounted in the 4½ per cent yield offered by the 5s. "B" shares at 11s. 6d.

Carreras

AT 5s. 7½d. the 2s. 6d. "B" shares of Carreras yield 4¾ per cent, well below the yields on Gallaher and Imperial Tobacco and clearly postulating a further swing towards filter tip cigarettes which now account for 90 per cent of Carreras' production for the home market. In the year to June 30th its sales of filter cigarettes increased by 20 per cent, gross profits rose from £2.6 million to £2.9 million and the ordinary dividend was raised from 9 to 11 per cent. Statistics in the Carreras report suggest that there may indeed be scope for higher consumption of tipped cigarettes here for their share of the home market is no higher than 25 per cent, compared with 55 per cent in the United States, 75 per cent in Australia and 85 per cent in South Africa. Exports, too, were higher last year and the Basildon plant accounted for about 40 per cent of all British cigarettes sold abroad, compared with 30 per cent in 1960-61.

Further extensions are now planned at Basildon and new factories are to be built in Northern Ireland and Jamaica. This could mean calling on the shareholders for fresh funds, for stocks had risen by £2 million to £13½ million at the end of June and net overdrafts were £2¼ million higher at £5¼ million; the net cash flow is running at about £1¼ million. The chairman, Mr J. H. Hansard, looks for continued progress, although competition will remain severe; sales of the new Piccadilly tipped brand are going well and the introduction of this 3s. 10d. range should give Carreras another opportunity in the expected expansion of the filter cigarette business.

Continued on page 406

STOCK PRICES AND YIELDS

LONDON : NEW YORK : FRANCE GERMANY : HOLLAND : CANADA AUSTRALIA : JAPAN

BRITISH FUNDS AND GUARANTEED STOCKS

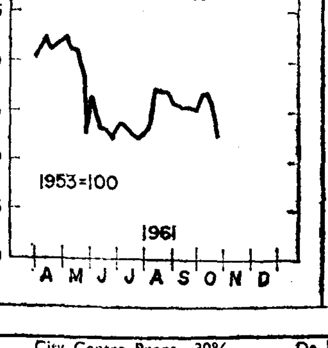
Prices, 1962 High	Prices, 1962 Low	British Funds and Guaranteed Stocks	Price, Oct. 17, 1962	Price, Oct. 24, 1962	Net Red. Yield, Oct. 24, 1962§ (£ s. d.)	Gross Red. Yield, Oct. 24, 1962 (£ s. d.)
100 15/16	100 9/32	Treasury 5½% 1962	100.2.11	100.2.1	3 10 1	3 10 1
99⅜	96 3/16	Exchequer 3% 1962–63	99 11/32	99 5/32	2 10 0	4 7 1l
100 11/16	98½	Conversion 4¾% 1963	100 15/32	100⅛	1 12 10	4 10 7
98 3/16	93 5/16	Exchequer 2½% 1963–64	98	97¼	3 8 2	4 7 4l
100 13/16	97 1/16	Conversion 4½% 1964	100 9/16	100⅛	2 14 10	4 8 8
99 25/32	98⅛	Treasury 5½% ......Asst'd. (‖)	99 9/16	98⅛	3 7 9	4 18 5
99 9/16	98⅛	Treasury 4% 1965	99 7/16	98⅛	3 5 5	4 17 8
96⅞	90 11/32	Savings Bonds 3% 1955–65	96 7/16	94 15/16	3 13 2	4 18 11l
103 11/16	98 3/32	Exchequer 5½% 1966	103 3/16	101⅜	2 17 4	5 1 0
92⅞	85	Savings Bonds 2½% 1964–67	92 7/32	90 1/16	3 19 3	4 19 10l
103⅞	98	Exchequer 5% 1967	101 9/16*	99⅝*	3 2 0	5 0 3
93 13/16	83 5/16	Funding 3% 1966–68	93¼	90	3 17 5	5 3 4l
95 1/16	84⅞	Conversion 3½% 1969	94¾	91½	3 14 4	5 3 9
92½	82⅝	Funding 3% 1959–69	92¼	88¾	3 16 7	5 1 7l
98¾	92¼	Victory 4% 1920–76	98⅝	96¼	3 1 9	4 14 4‡
90⅛	78 15/16	Savings Bonds 3% 1960–70	89⅝	86¼	3 18 8	5 4 7l
103 7/16	90 9/16	Conversion 5% 1971	103⅛	99¾	3 4 2	5 4 8
109 5/16	97¼	Conversion 6% 1972	109	105¾	3 1 0	5 7 3
105⅜	91⅛	Conversion 5¼% 1974	105	101¾	3 3 1	5 5 4
95 13/16	87¾	Funding 4% 1960–90	95⅜*	92¼*	3 4 7	4 17 1l
83⅝	70 7/16	Savings Bonds 3% 1965–75	83¼	79¾	3 17 11	5 5 1l
82 7/16	69 3/16	Treasury 3½% 1977–80	81⅞	79	3 17 2	5 9 9l
81⅜	68 5/16	Treasury 3½% 1979–81	80¾	77¾	3 17 8	5 10 0l
102¾	90 3/16	Funding 5½% 1982–84	101½	99¾	3 9 0	5 12 10l
93⅜	82⅜	Treasury 5% 1986–89	92⅜	89¾	3 13 5	5 15 4l
66	54	Redemption 3% 1986–96	65⅛	62¼	3 16 11	5 9 6l
69¼	56 15/16	Funding 3½% 1999–2004	68⅝	66¼	3 15 9	5 13 8l
98	84⅛	Treasury 5½% 2008–12	97⅜	94	3 13 0	5 18 5l
67⅞	58¼	Consols 4% ......after Feb. 1957	68¾	66¾	3 14 1	6 1 7
62¾	52 1/16	War Loan 3½% ......after 1952	62	58⅜*	3 13 2	5 19 2f
61⅝	52 5/16	Conv. 3½% after Apr. 1961	60⅞	58½	3 13 6	6 0 2f
52¾	44⅞	Treasury 3% ......after Apr. 1966	51⅝	50	3 13 8	6 0 5f
45½	38⅛	Consols 2½%	44¾	42¾	3 11 9	5 17 4f
44¾	38 1/16	Treasury 2½% ......after Apr. 1975	44 1/16	42½	3 12 3	5 18 1f
100 13/16	89 15/16	British Electric 4½% 1967–69	100½	97¼	3 6 1	5 2 11l
86	74⅜	British Electric 3% 1968–73	85¾	82½	3 18 3	5 4 6l
81½	69	British Electric 3% 1974–77	81¼	77⅞	3 17 7	5 4 11l
90⅞	79 1/16	British Electric 4¼% 1974–79	90⅝	87¼	3 12 9	5 8 11l
83 9/16	70⅜	British Electric 3½% 1976–79	82*	79*	3 16 6	5 7 8l
95¼	82¾	British Gas 4% 1969–72	95	91⅝	3 10 8	5 4 3l
92¼	80 9/16	British Gas 3½% 1969–71	92	88¾	3 13 7	5 3 2l
66 3/16	53 13/16	British Gas 3% 1990–95	65½*	63*	3 16 9	5 8 8l
86	74⅜	British Transport 3% 1968–73	85¾	82½	3 18 3	5 4 6l
90⅝	77¼	British Transport 4% 1972–77	90¼	87¼	3 12 6	5 7 6l
69 9/16	56½	British Transport 3% 1978–88	68¾	66¼	3 19 8	5 11 0l

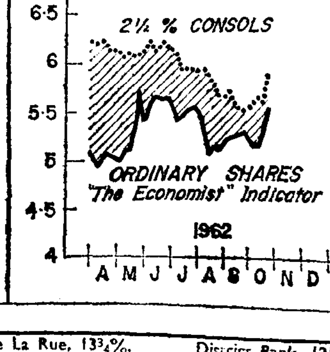
DOMINION AND CORPORATION STOCKS

Prices, 1962 High	Prices, 1962 Low	Dominion and Corporation Stocks	Price, Oct. 17, 1962	Price, Oct. 24, 1962	Net Yield, Oct. 24, 1962 (£ s. d.)
88½	79½	Australia 3¼% 1965–69	88¼	85½	5 17 0l
103¼	96	Australia 6% 1974–76	102½	101	5 17 0l
66	52	Ceylon 4% 1973–75	56½	56½	10 5 0l
104	94¼	New Zealand 6% 1976–80	103¼	101	5 19 0l
81	62½	Rhodesia and Nyasaland 6% 1978–81	80¾	78	8 10 0l
91¼	82	South Africa 3½% 1965–67	91	89	6 5 0l
69	48	Southern Rhodesia 4½% 1987–92	69	68½	7 2 0l
91	77¾	Agricultural Mortgage 5% 1959–89	90¾	87½	5 16 0l
96¼	86	Birmingham 4¼% 1967–70	95½	92	5 13 0l
100	88⅝	Bristol 5% 1971–73	98½	95¾	5 16 0l
100½	88	Corporation of London 5¼% 1976–79	100	95½*	5 11 0l
52	43	L.C.C. 3% ......after 1920	50¼	48	6 4 0f
96	84	L.C.C. 5% 1980–83	95⅜	92½	5 12 0l
100	87	Middlesex 5¼% 1980	99¼	96½	5 11 0l

ORDINARY STOCKS

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		Ordinary Stocks	Price, Oct. 17, 1962	Price, Oct. 24, 1962	Yield, Oct. 24, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays £1	84/6	79/9	3·26	...
100/-	61/-	...	...	District £1	98/3	95/-	2·63**	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	56/6	54/3	3·50	...
26/-	20/-	7 b	7 a	Martins 5/-	26/-	25/3	2·97	...
101/-	80/-	7½ b	7½ a	Midland £1	88/6	85/3	3·52	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	81/6	79/-	3·54	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B' £1	84/6	78/9	3·38	...
48/3	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	47/-	46/6	5·16	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. £1	36/6	35/3	4·73	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£19 15/16	£18 15/16	3·59	...
36¼	27¼	8 c	9 c	Bank of New S. Wales £20	36	36¼	3·97g	...
39/-	32/6	5 b	5 a	Barclays D.C.O. £1	38/-	36/6	5·48	...
58/6	53/-	7½ b	7½ a	Chartered £1	55/6	54/9	5·48	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. $25	£17¾	£17	4·41	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. 10/-	52/6	49/9	3·32	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£24 11/16	£22 15/16	3·62	...
46/3	37/6	5 a	10 b	Standard Bank £1	46/3	44/3	6·78	...
54/4½	35/9	7½ a	15 b	Hambros 5/-	37/3	35/9	3·15	...
99/9	68/-	5 b	2½ a	Schroders £1	69/-	68/3	2·20	...
65/9	53/-	6¼ b	6¼ a	Union Discount £1	63/10½	62/9	4·48	...
14/1½	10/-	18 c	Nil c	Bowmaker 5/-	12/9	12/1½	...	1¼
14/3	9/9	10 c	2½ a	Lombard Banking ...5/-	10/9	10/1½	...	...
16/4½	10/6	2½ b	2 a	Mercantile Credit ...5/-	13/-	12/7½	2·97	...
44/1½	23/6	4 a	22½ b	United Domins. Tst. ...5/-	31/-	29/-	4·57	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	14/4½	13/6	4·07**	2
14/10½	12/10½	...	4½ a	Charrington United ..5/-	14/4½	13/7½	4·40**	1¾
44/-	30/6	8½ b	6 a	Distillers 10/-	33/1½	32/1½	4·51	1¾
51/6	41/-	14 b	8 a	Guinness 10/-	42/6	41/-	5·37	2½
34/-	20/4½	14 c	5 a	Harveys 5/-	21/6	20/4½	3·44	1½
15/7½	11/7½	...	8 b	Ind Coope, T.A. 5/-	12/-	11/7½	5·16**	2
29/-	21/3	12 b	6 a	Watney Mann 5/-	23/9	22/6	4·00	1¾
42/4½	31/9	30 c	10 a	Whitbread 'A' 5/-	34/9*	32/-*	4·69	
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½ b	Associated Portland ...£1	55/6	54/6	3·49	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd. ...10/-	26/-	26/1½	4·78	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/-	17/10½	16/6	4·85	2¾
13/9¾	10/6	16·9c	5 a	Crittal Mfg. 5/-	13/8¼	13/4½	6·32**	2
14/1½	9/10½	6 a	16½ b	International Paints ..4/-	12/-	11/-	8·18	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	59/7½	57/-	2·19	3¼
24/6	18/1½	5 a	12 b	Wall Paper 5/-	19/10½	18/6	4·59	2¼
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson ...5/-	24/6	23/3	4·30	2
19/3	13/-	11½ c	5 a	Borax Defd. 5/-	14/6	13/-	4·22	2½
43/3	25/6	11 c	4 a	Fisons £1	31/3	30/3	...	...
58/-	47/6	7½ b	6¼ a	I C I £1	53/1½	53/-	5·19	1
18/6	12/-	10 c	3¾ a	Monsanto 5/-	14/-	13/3	...	1½
				DRAPERY & STORES				
35/3	24/-	8 b	4 a	Boots Pure Drug 5/-	25/6*	24/6*	2·45	2¼
33/9	18/9	5 b	2 a	Montague Burton ...10/-	23/3	22/-	3·13	2¼
59/6	42/9	5⅚ a	13⅓ b	Debenhams 10/-	45/6*	43/9*	4·39	1½
65/-	51/11½	12½ a	27½ b	G.U.S. 'A' 5/-	62/-	56/11¼	3·51	2
40/3	28/9	16⅔ b	13⅓ a	House of Fraser 5/-	31/9	30/-	5·00	1¼
16/6	12/6	7½ b	5 a	Lewis's Invest. Tst. 4/-	13/3	12/6	4·00	2
100/6	79/-	15 a	32½ b	Marks & Spencer 'A' .5/-	81/6	79/3	3·00	1½
52/6	39/6	20 b	10 a	United Drapery 5/-	45/-*	43/-	3·49	1¾
53/-	42/6	25 b	10⅚ a	Woolworth 5/-	45/3	42/6	4·21	1¼
				OIL				
43/6	30/6	†9·84c	†3⅓ a	British Petroleum £1	43/3	37/9	8·51	2
44/6	30/6	†7 11/12 c	†2½ a	Burmah Oil £1	43/9	38/9	8·78	1¼
£15⅛	£12 5/16	26¼ c	13 a	Royal Dutch ......20 fl.	£14 11/16*	£13 9/16	3·83	2½
36/6	27/-	†25 c	†11⅔ a	Shell Transport 5/-	36/3	32/9	6·23	2½
32/9	20/6	...	...	Ultramar 10/-	22/-	20/9	...	...
				ELECTRICAL & RADIO				
34/6	23/-	10 c	3¾ a	A.E.I. £1	33/6	30/1½	6·64	1
12/6	7/6	15 c	2½ c	Brit. Electronic Inds. .5/-	8/10½	8/7½	1·45	...
66/3	51/9	9½ b	4 a	B.I.C.C. £1	64/7½*	63/3*	4·27	2
14/3	11/6	6·8 b	4·6 b	Crompton Parkinson .5/-	13/10½	13/10½	4·11	2½
89/6	63/-	7½ a	17½ b	Decca 10/-	78/-	74/-	3·38	2¼
45/6	32/3	5 a	12½ b	E.M.I. 10/-	34/9	33/3	5·26	1¾
54/6	39/-	5 a	9 b	Elliott-Automation ...5/-	44/6	39/4½	1·78	2
27/9	20/9	5 b	3 a	English Electric £1	25/9	24/1½	6·63	1½
37/-	26/-	3 a	7 b	General Electric £1	35/6	33/3	6·02	¾
59/3	34/6	8⅛ b	4⅜ a	C. A. Parsons £1	51/3	49/3	5·08	2
51/3	38/6	6½ b	3¼ a	A. Reyrolle £1	51/3	49/9	3·92	2½
85/9	58/-	25 c	27½ c	Thorn Electrical 5/-	85/3	77/6	1·77	3½
				ENGINEERING				
35/-	20/3	9 c	4½ a	Babcock & Wilcox £1	34/6*	33/-*	5·45	1½
38/3	27/3	3·2 a	7 b	John Brown £1	32/6	30/4½	6·72	2¼
6/-	4/3	7 b	3 a	Cammell Laird 5/-	4/11¼	5/-	10·00	1
31/-	21/10½	20 b	10 a	Internat. Combust. ..5/-	30/-	29/6	5·08	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	3/9	3/6¾	...	...
38/4½	20/4½	9½ b	2½ a	Swan Hunter £1	22/6	20/10½	9·58**	...
17/-	10/6	10 b	5 a	John Thompson 5/-	15/9*	14/7½*	5·13	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/-	31/6	30/7½	4·67	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	60/6	58/3	5·05	2
49/6	33/9	5 a	10 b	Allied Ironfounders ...£1	49/-	48/-	6·25	1½
99/9	67/9	5 a	10 b	Averys £1	73/6	73/6	4·08	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/-	15/3	14/1½	8·26	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/-	10/1½	9/9	6·67	1¾
33/-	15/9	10 a	17½ b	Davy-Ashmore 5/-	16/6	15/10½	...	2
81/10½	62/10½	5 a	11 b	Guest Keen £1	65/7½	64/10½	4·93	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	16/6	15/3	5·25	2½
85/6	67/-	5 a	7 b	Metal Box £1	69/6	67/3	3·57	2¼
18/-	13/4½	4 a	10 b	Ransome & Marles ...5/-	16/6	16/-	4·38	3
48/-	34/-	3 a	7 b	Renold Chains £1	40/-	40/3	4·97	1¾
64/10½	43/1½	7 b	7 a	Tube Investments £1	50/7½	49/4½	5·67	3
31/1½	22/10½	7½ b	2½ a	Vickers £1	24/1½	22/10½	8·74	1
71/6	54/-	3¾ a	10 b	Ward (Thos. W.) £1	64/-	62/6	4·40	3
20/6	12/3	5 a	16 b	Woodall-Duckham ...5/-	17/3	16/3	6·46	1¾
				FOOD & TOBACCO				
28/6	19/9	10 c	10 c	Allied Suppliers 10/-	26/3	23/6	4·26	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods ..1/-	10/9	9/4½	2·40	2
61/3	29/3	8 b	4 a	Bovril £1	40/3	38/6	6·23	1½
12/9	10/9	†2 1/12 a	†4⅙ b	Brooke Bond 'B' 5/-	12/3	11/-	4·64	...
16/4½	11/10½	2½ a	10 b	International Tea 5/-	16/-	15/3	4·10	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A' £1	78/-	74/-	4·28	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	33/-	31/6	4·44	...
13/7½	10/10½	10 c	3 a	Spillers 5/-	13/-*	12/9*	3·92	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	50/6	49/3	4·87	2¼
18/-	13/10½	5 a	9 b	Unigate 5/-	15/-	14/1½	4·96	2
65/3	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. ..10/-	61/3	58/9	6·25	3
41/3	28/3	15 b	5 a	Gallaher 10/-	30/-	28/4½	7·05	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	56/-	53/6	8·41	1¾
				INSURANCE				
8 5/16	5 11/16	†47·7c	38·3a	Britannic 5/-	6 1/16	5¾	3·39	...
68/-	48/9	25 b	20 a	Commercial Union ..5/-	51/6*	48/9*	4·62	...
9	5⅜	...	...	Equity & Law Life ...5/-	6⅞	5¾	1·89**	...
109/3	69/-	30 c	12½ a	General Accident 5/-	76/9*	70/9*	2·12	...
60/6	42/6	...	11⅔ a	Guardian 5/-	47/6	42/6	3·14**	...
48¾	32½	80 a	110 b	Legal & General 5/-	36⅞	34½	1·38	...
180/-	138/9	12½ b	9½ a	Northern & Empl. £1	158/9	146/3	3·01	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/-	11⅝	11½	3·55	...
29¾	21⅞	†208⅓ c	†231¼ c	Prudential 'A' 4/-	24⅞	23⅝	3·20	...
47/10½	35/3	...	15 a	Royal 5/-	36/10½	35/3	4·26**	...
127/9	95/6	11¼ b	7½ a	Royal Exchange £1	98/9	95/6	3·93	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor 5/-	14/4½	13/6	7·41	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	71/7½	67/-	1·49	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	26/6	24/3	6·60	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' ...4/-	5/-	4/3¾	3·71	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	75/3	72/7½	5·51	...
18/0½	13/10½	13½ c	5 a	Bristol Aeroplane ..10/-	17/9*	16/7½*	8·12	2
25/-	19/3	5 a	6 b	Hawker Siddeley £1	24/9	23/-	9·57	1¼
37/6	25/9	†4 a	†6½ b	Dowty Group 10/-	37/-	35/-	4·90	2¼
39/-	25/3	15⅚ b	5 a	Dunlop Rubber 10/-	27/10½*	25/8¼*	6·16	1¾
77/-	62/1½	11¼ b	2½ a	Joseph Lucas £1	69/1½	68/1½	4·04	2¼
22/-	12/-	5 c	9 a	Pressed Steel 5/-	15/3	13/7½	1·83	...
39/-	31/1½	5 a	10 b	Triplex Holdings ...10/-	36/6	35/6	4·23	2
				MINES				
178/1½	136/3	50 b	40 a	Anglo-American 10/-	170/-	165/7½	5·43	1¾
78/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	65/6	63/6	7·87	2½
125/-	81/10½	15 a	20 b	General Mining £1	115/-*	112/6	6·22	2
71/-	46/6	†26 a	†74 b	Union Corporation ..2/6	66/6	65/6	6·23	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	18/3	18/-	22·22	1¼
134/4½	81/10½	70 a	110 b	Free State Geduld ...5/-	125/-	122/-	7·38	1½
74/3	50/6	60 a	70 b	President Brand 5/-	70/9	69/6	9·35	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	86/3	85/-	7·29	1¾
45/6	34/-	...	...	Western Deep 'A' £1	42/9	41/-	...	...
161/3	117/6	105 a	135 b	Western Holdings ...5/-	147/6	146/3	8·21	1¼
20/4½	15/3	5 a	6 b	Winkelhaak 10/-	17/7½	16/10½	6·52	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/-	50/9	48/-	15·63	1½
59/3	47/-	20 a	60 b	Rhod. Anglo-Amer. 10/-	53/-*	52/-*	15·38h	1¾
37/4½	24/-	6 a	15 b	Rhod. Selection Tst. ...£1	29/3*	27/3*	15·41h	...
21/9	14/1½	Nil a	7½ b	Tanganyika Cons. ...10/-	15/3	14/6	5·17	1¼
188/9	135/-	180 b	100 a	De Beers Defd. Reg. 5/-	177/6	172/6	8·12	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ...n.p.v.	$104	$101	2·83	...
18/9	13/1½	7½ a	30 b	London Tin 4/-	15/4½	15/10½	9·45	1¼
16/9	14/9	...	5 a	R.T.Z. 10/-	16/-	15/7½	9·60**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	22/3	22/3	14·61	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	10 b	6 a	Daily Mirror 5/-	12/6	12/-	6·67	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A' £1	75/-	74/-	3·51	2
24/9	13/9	14 b	10 a	Thomson Org'n. 5/-	18/-	17/9	6·76	1½
47/3	31/6	8¾ b	5 a	Bowater Paper £1	34/-	31/6	8·73	1
45/-	35/-	5 a	11 b	Albert E. Reed £1	44/3	42/-	7·62	1½
43/9	33/6	4 a	8½ b	Spicers £1	42/3	41/-	6·10	1½
55/9	44/-	4 a	10 b	Wiggins Teape £1	54/6	53/9	5·21	1¾
				MISCELLANEOUS				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	21/6	19/9	7·59	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	21/3	21/3	14·12	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	37/1½	35/6	4·23	1¾
39/4½	29/10½	3⅓ a	6⅔ b	British Match £1	33/-	32/-	6·25	2¼
16/3	11/-	6⅔ b	4 a	British Oxygen 5/-	11/6	11/3	4·74	1¾
9/10½	7/2¼	7 b	3 a	British Ropes 5/-	7/5¼	7/2¼	6·96	1½
44/-	30/1½	...	...	De La Rue 10/-	42/-	38/6	3·57**	2
42/-	27/1½	15 c	7½ a	Gestetner 'A' 5/-	35/-*	33/-*	2·27	3¾
55/9	41/6	7½ a	8⅓ b	Glaxo 10/-	46/10½*	44/6*	3·60	3
49/-	42/6	3 a	13 b	Harrison & Cr. Defd. £1	46/3	47/6	6·74	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	30/-	30/6	4·10	1¾
23/3	15/1½	12½ b	5 a	Ilford 5/-	15/7½	15/1½	5·79	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	85/6	82/9	2·72	2½
47/11¼	36/9¾	12½ c	11·4 c	National Canning £1	42/9‖	39/-‖	5·85	1½
41/3	32/6	6 a	12 b	Powell Duffryn 10/-	36/6	36/9	4·90	1¾
40/6	32/3	17½ b	5 a	Radio Rentals 5/-	37/-	35/9	3·15	2¾
37/-	24/6	7½ a	17½ b	Rank Organisation ...5/-	29/6	28/-	4·46	2
38/-	24/-	16½ b	7½ a	Schweppes 5/-	25/3	24/-	5·00	1½
35/3	25/-	25 c	25 c	Sears 'A' 5/-	27/8¼	25/7½	4·88	2
32/1½	23/-	11 b	5 a	Steetley 5/-	29/10½	28/1½	2·84	3
29/10½	21/9	11½ b	8½ a	Thomas Tilling 4/-	24/7½*	22/7½*	3·54	2
64/-	44/-	8 b	4 a	Turner & Newall £1	49/3	47/-	5·11	2
47/3	30/10½	9·47 a	15·32 b	Unilever 5/-	34/-	30/10½	4·01	3
11⅝	7 3/16	8 a	13 b	Unilever N.V. ...... 12 fl.	7¾	7 3/16	3·47	3
18/9	12/10½	10 b	5 a	United Glass 5/-	13/4½	12/10½	5·83	...
33/3	21/7½	†10⅚ b	†4⅙ a	United Molasses 10/-	22/3	21/7½	11·32	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/-	28/6	29/-	6·90	1
18/3	15/3	6 c	Nil c	Cunard £1	15/7½	15/7½	...	...
21/6	16/9	7 c	7 c	France Fenwick £1	20/6	20/9	6·75	1½
31/6	20/-	10 c	8 c	Furness Withy £1	21/9	22/3	7·19	...
9/7½	4/6	...	...	London & Overseas ..5/-	4/6	4/6	...	...
31/-	17/6	3 b	3 a	P & O Defd. £1	24/-	26/6	7·55**	...
12/1½	7/-	2½ c	Nil a	Reardon Smith 10/-	7/-	7/3	3·45	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/3	9/6	...	...
				STEEL				
48/4½	25/1½	16 c	5 a	Colvilles £1	26/3	25/4½	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	16/6	16/1½	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel £1	25/10½	24/7½	8·93	3
21/4½	11/-	10 c	Nil a	South Durham £1	11/6	11/-	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	24/6	24/10½	8·04	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	28/9	28/1½	10·67	2
34/7½	26/4½	6 b	4 a	John Summers £1	27/3	28/3	7·08	2
42/4½	25/9	12·3 c	4 a	United Steel £1	28/6	27/7½	...	1½
41/-	27/3	8¾ b	4 a	Whitehead £1	28/3	27/3	...	2
				TEXTILES				
32/-	25/4½	10 b	5 a	English Sewing Cotton £1	27/10½	26/6	9·43**	1
26/4½	18/6	5 a	7½ b	Fine Spinners £1	20/4½	18/6	13·51	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	36/-	36/6	...	1¼
48/1½	37/10½	3¾ a	8¾ b	Courtaulds £1	46/1½	43/3	5·78	1½
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/-	5/10½	5/9	9·27	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	72/3	74/3	5·66	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	22/6	22/-	9·09	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	16/4½	14/9	8·14	1
13/3	8/1½	7½ a	12½ b	Calico Printers 5/-	8/6	8/4½	11·94	1¾
48/6	37/4½	3¾ a	8¾ b	Coats, Patons & B. £1	39/6	37/4½	6·69	1¾
10/9	8/-	13 c	1½ a	Jute Industries 10/-	8/9	8/3	...	2¼
27/1½	17/4½	10 c	7½ c	Tootal £1	18/10½*	17/4½*	8·63	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/-	22/3	21/-	2·98	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	48/9	45/7½	5·48	1½
17/9	13/3	10 c	5 c	Cable & Wireless 5/-	15/7½	15/9	3·17	1½
71/9	54/3	10 a	12½ b	City Centre Props. ...5/-	60/-	56/3	2·67**	1
89/-	69/9	8½ b	4 a	City Lond. Real Prop. £1	78/9	76/3	3·28	1
95/-	62/6	9·04 b	7·04 a	Hudson's Bay £1	70/-	63/9	5·04	2½
38/6	22/6	4 b	2 a	Land Securities 10/-	28/6	26/3	2·29	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	31/9	31/6	4·23	1
				TEA & RUBBER				
46/6	38/-	†2½ a	†12½ b	Cons. Tea & Lands £1	41/6	39/-*	12·56	2
37/6	30/9	†3 a	†10 b	Jokai (Assam) £1	33/9	31/6	13·48	2
9/6	7/6	...	7½ c	Nuwara Eliya £1	7/9	7/9	19·35	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/4½*	5/2¼	16·06	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic 2/-	5/3¾	5/3	15·24	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	73/1½	72/4½	12·44	1½





NEW YORK PRICES AND INDICES

	Oct. 17 $	Oct. 24 $		Oct. 17 $	Oct. 24 $		Oct. 17 $	Oct. 24 $
Atch. Topeka	22	21½	Boeing	38½	38⅞	Int. Harvester ..	46⅝	44½
Can. Pacific	19⅞	19¾	Celanese	33	32	Inter. Nickel ...	55¾	56¾
Pennsylvania	10⅝	10¾	Chrysler	58⅛	58¼	Inter. Paper ...	24⅜	23⅞
Union Pacific	29¾	29⅛	Col. Palmolive ..	38½	35¼	Kennecott	61½	63
Amer. Electric ...	64¼	59	Crown Zeller. ..	42	39	Monsanto	43⅞	40½
Am. Tel. & Tel. ...	107⅝	106¼	Distillers Seag. ..	39⅞	38	Nat. Distillers ..	22⅝	21⅜
Cons. Edison	74⅜	70⅛	Douglas	21¾	22¾	Pan-American .	17⅝	16⅝
Int. Tel. & Tel. ...	37⅞	36¼	Dow Chemical ..	49⅝	47½	Procter Gamble	62⅞	60⅝
South'n. Nat. Gas.	43⅛	41	Du Pont	203½	205	Radio Corpn. ..	48⅞	49¼
United Corpn.	7¼	7¼	East. Kodak	96¾	94¾	Sears Roebuck .	69⅞	67¾
Western Union ...	23½	22¾	Ford Motor	43	41⅞	Shell Oil	30¼	29⅜
Alcoa	52¼	50⅝	Gen. Electric ...	66⅞	67	Socony-Mobil ..	52¼	49
Aluminium	19⅞	20⅜	General Foods ..	72¼	69⅜	Stand. Oil Ind. .	44¼	41⅞
Amer. Can	42¾	41⅞	General Motors.	54⅛	52¾	Stand. Oil N.J. ..	52¾	51¼
Am. Smelting	52¼	50¼	Goodyear	26½	26½	Union Carbide .	91⅝	89¼
Am. Viscose	49⅝	47¼	Gulf Oil	34½	32¾	U.S. Steel	39½	41⅛
Anaconda	36½	38	Heinz	38½	35	West. Electric ..	26⅝	26⅞
Beth. Steel	28¾	30¾	Int. Bus. Mach. ..	361½	340	Woolworth	61¾	56¼

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Sept. 26	58·62	3·67	27·04	5·91	55·77	3·70	89·54	3·93
Oct. 3	58·68	3·67	26·94	5·95	55·61	3·71	89·85	3·90
„ 10	59·74	3·62	27·53	5·82	56·99	3·62	89·85	3·90
„ 17	59·39	3·64	27·43	5·84	56·52	3·65	90·06	3·88
„ 24	57·76	3·74	27·59	5·81	53·77	3·84	90·06	3·88

425 Industrials:—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

FRANCE	Oct. 17 Frcs.	Oct. 24 Frcs.	GERMANY	Oct. 17 %	Oct. 24 %	HOLLAND	Oct. 17 %	Oct. 24 %
Air Liquide ...	1,042	1,006	A.E.G.	344	327	A.K.U.	344⅞	321
Banque de Paris	482	461·5	Bad'che. Anilin.	361	342	Bijenkorf	775	750
Citroen	181	176	Bayer	396½	372	Heinekens	401½	375
C. F. Petrole ..	306	293	Commerzbank.	340	340	Interunie (Fl.50)	Fl.173	Fl.165
Cie. G. d'Elect.	1,118	712*	Deutsche Bank.	403	380	K. N. Hoogoven	496½	459
Machines Bull.	397·8	388	Hoechst Farb. ..	361	343	Kon. Zout-Ket.	688	656
Pechiney	218	215·5	Kundenkredit .	350	350	Philips (Fl.25) ..	Fl.135	Fl.120
Printemps	540	525	Lowenbrau	750	730	Robeco (Fl.50) .	Fl.198	Fl.189
Rhone-Poulenc	387	377	Mannesmann ..	193½	187	Rotterdam Bk. .	340	324
S.I.M.	330	340	Siemens	495	473	Thomassen & D.	650	621
Saint-Gobain ..	310·8	315	Thyssen-Huette	173	159	Valeurop	Fl. 67	Fl.64·2*
Usinor	182·5	180	Volkswagen ...	448	415	Zwanenberg ..	800	750
Index	92·1	89·3	*Herstatt Index*	79·17	76·04	Index	307·8	292·4
Dec. 1961=100.			*Dec. 31, 1959=100.*			*1953=100.*		

CANADA	Oct. 17 $	Oct. 24 $	AUSTRALIA	Oct. 17 £A	Oct. 24 £A	JAPAN	Oct. 17 Yen	Oct. 24 Yen
Abitibi Pr. & P.	40½	40	Ampol Pet.	11/5	10/10	Ajinomoto	341	348
Aluminium ...	21½	20⅞	Ass. Pulp & P. ..	30/6	31/-	Fuji Iron	39	39
Bel Tel.	48¾	47⅜	Aust. Con. Inds.	64/3	62/-	Hitachi	62	65
Can. Brewer's.	9¼	9⅛	Aust. Oil & Gas	56/6	55/-	Honda Motor ..	338	323
Can. Imp. Bank	57¾	55	Brit. Tobacco ..	28/6	26/3	Kirin Brewery.	333	332
Can. Pac. Rly. .	21⅜	21⅜	Broken Hill Pty.	54/3	51/6	Mitsub. Chem. .	55	53
Hiram Walker	49¾	48¾	G. J. Coles	13/2	12/10	Mitsub. Elect. ..	55	56
Imperial Oil ..	41⅞	41½	Felt & Textiles .	8/3	8/6	Mitsub. Heavy ..	53	55
Noranda Mines	27	26¼	I.C.I. A.N.Z.	40/-	41/-	Nippon Elect. ..	299	304
Shawinigan Wtr	24⅝*	23¼	Myer Emporium	29/6	28/9	Sony	775	716
Steel of Canada	15¾	16¼	Ready Mix Con.	11/11	10/6	Toyo Rayon ...	113	114
Trans.Can.Pipe	19⅝	18¼	Woolworth ...	13/9	13/7	Yawata Iron ...	40	41
Toronto Ind. Index	531·13	526·00	Sydney Indust. Index	291·14	285·99	Dow Jones Average	1245·52	1243·86
1933=100.			*1937/39=100.*					

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (ll) Assented into

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Charrington United, 12%. City Centre Props., 30%. De La Rue, 13¾%. District Bank, 12½%. English Sewing Cotton, [illegible] Equity & Law Life 26⅔%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. P & O Defd., 10%. R.T.Z., 15%

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Tootal

SHAREHOLDERS in Tootal, whose 1961-62 dividend has been cut from 10 to 7½ per cent, will find little consolation in the statement of their chairman, Mr T. A. Fairclough. Following the sharp fall in pre-tax profits from £570,000 to £234,000 in the year to end June, he now warns shareholders that the difficulties, particularly in the textile trade, are "ever more intense" and that the first few months of the current financial year compare unfavourably with conditions of a year ago. This suggests that Tootal may be strained to maintain even this lower rate of dividend which was only covered in the past year by virtue of a very low tax charge arising from allowances in respect of new machinery. On a normal tax charge earnings for 1961-62 would have been no more than 4½ per cent.

Apart from the well-known difficulties of the cotton textile trade which made their full impact on Tootal's earnings, heavy expenditure has also been incurred in launching the new Tootal shirt in a highly competitive market. Exports fell sharply and the combination of reduced turnover and lower prices involved much writing down of stocks which still stood at £4.7 million at the end of June. Tootal's policy is to reduce its stocks and improve its liquid resources: the balance sheet now shows a net overdraft of over £400,000. The group has derived little benefit from diversification outside the textile industry, for the plastics division made a loss while the paper subsidiary, Yates Duxbury, showed lower profits. Here too the immediate outlook shows no sign of improvement and for any consolation shareholders must look to possible benefits from Tootal's new "no need to iron" process. At 17s. 7½d., their lowest level for some years, the £1 shares yield just under 8½ per cent.

Daily Mirror

THE Daily Mirror group has a large stake in the Sunday Pictorial and terms for a complete merger of the two newspaper groups are being examined by the merchant banks, S. G. Warburg and J. Henry Schroder Wagg. Earlier this month the Sunday Pictorial raised its interim dividend and it was no surprise when the Daily Mirror followed suit, raising its payment from 5 to 6 per cent. While the trading profits of the Sunday Pictorial fell slightly in the six months to end-August those of the Daily Mirror rose from £5.2 million to £5.7 million. But like the Pictorial there was also a sharp increase in income from trade investments, which doubled to £1.4 million primarily as a result of its holding in Albert E. Reed, so that profits before tax at £6.9 million were 21 per cent higher.

The directors say that profits were helped by "more buoyant" advertising in the newspaper field and by benefits arising from the merger of women's magazines. But they do not expect such good results for the second half of the year when group spending on publicity for its magazines is particularly heavy. Thus, trading profits for the six months to end February are expected to be close to the level of £3.9 million for the corresponding period in 1961-62, which would mean a fall of over 30 per cent in profits over the two half-years. Nevertheless, earnings for the full year should show a useful increase and the increased interim suggests that a total payment of 18 per cent against 15 per cent is possible. On this basis the 5s. shares at 12s. 4½d. would yield just over 7½ per cent but it seems likely that before the final payment is due a merger between the Daily Mirror and the Sunday Pictorial will have been arranged.

Wall Paper Manufacturers

ALTHOUGH the results from Wall Paper Manufacturers prove to be a little better than the directors indicated in their interim statement they are still unimpressive. Attributable profits before tax for the year to end-June amounted to £5,657,000 against £5,160,000, but, after a substantially higher tax charge, net profits were only £40,000 higher at £2,506,000. The dividend of 17 per cent compares with the equivalent of 16½ per cent. In these comparisons, moreover, the profits of 1960-61 were sharply affected by the two-year cycle of decorators' pattern books and it was hoped that the past year would bring a much stronger demand for wallpaper as in 1959-60 when profits before tax amounted to £6,078,000 and net profits to £2,724,000. In addition, the latest profits include a full year's earnings from the two major paint and wallpaper manufacturers, K. L. Holdings and Smith and Walton, acquired early in 1961 and which together in 1959-60 made pre-tax profits of £975,000. Finally, last year's £10 million rights issue should have resulted in a considerable saving in interest charges.

It would seem, however, that the gain in profits resulting from these factors has been partially offset by the increasing pressure on margins, particularly in the group's paint and paper divisions. There is little sign of any slackening in competition in either of these industries and with profits again likely to suffer from customers reducing their wallpaper stocks the immediate outlook is unexciting. The 5s. shares are down from 24s. 6d. to 18s. 7½d. but still yield only 4½ per cent on the twice covered dividend.

Robeco

THE net asset value of Robeco shares had fallen from Fl 252 at the end of December to Fl 206½ at the beginning of June and at October 1st it stood at Fl 197. This reflects the general weakness in world stock markets over that period and particularly in Wall Street for in 1961 this big Dutch investment trust had been building up its dollar portfolio and American stocks now represent about 35 per cent of its total holdings. In recent months it has been buying South Africa gold shares again and its purchases in this field amounted to £2½ million between June and October. The managers say that they have returned to them (the previous holding of Africa shares had been sold by early 1961) partly on account of their attractive yields and partly as a hedge against "a possible change in currency relationships."

British companies now account for just under 5 per cent of Robeco's portfolio and investors who are thinking that the shares of Marks and Spencer are beginning to look attractive at their current price will endorse its recent purchase of 20,000 "A" shares. At the current price of £20 the Fl 50 shares yield just over 4½ per cent and their attraction to English investors is primarily as a means of obtaining a stake in common market securities.

Starkey, Knight and Ford

THE bid by Whitbread for Starkey, Knight & Ford is the fourth it has made in the past eleven months for a company already under its "umbrella." Based at Bridgwater, Starkey has about 430 houses in the West country, an area where Whitbread is well represented, and the merger is expected to provide opportunities for rationalisation. With Whitbread "A" at 32s. its offer of five "A" shares for each of Starkey's 465,000 £1 ordinary shares is worth about 160s. which is close to their pre bid price but nevertheless the shares are being valued on an earnings yield of under 6 per cent. Both the Starkey 6 per cent cumulative and non cumulative preference stock have voting rights and for every £100 of these stocks Whitbread is offering £112 10s. and £110 respectively of its 6 per cent third preference stock. The bid is recommended by the directors who with Whitbread hold more than one third of the votes which should ensure its success. However, few of the ordinary shareholders are likely to oppose an offer which will bring them a 50 per cent increase in income.

THE ECONOMIST INDICATOR
(1953 = 100)

1962	Indicator	Yield %	1962 High	1962 Low
Sept. 19	326·1	5·28		
,, 26	325·1	5·29		
Oct. 3	333·8	5·16		
,, 10	334·2	5·16	364·1 (Jan. 17)	310·3 (June 27)
,, 17	329·7	5·29		
,, 24	313·5	5·55		

FINANCIAL TIMES INDICES

1962	Index†	Ord. Yield	2½% Consols Yield	Bargains Marked
Oct. 18	276·0	5·65	5·54	11,652
,, 19	278·1	5·60	5·54	11,663
,, 22	272·2	5·73	5·65	14,412
,, 23	264·4	5·89	5·88	14,629
,, 24	263·7	5·91	5·88	10,883

High, 310·2 (Jan. 19). Low, 252·8 (June 25)
† July 1, 1935 = 100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended October 20, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £3,072,000 compared with a deficit of £3,370,000 in the previous week and a surplus of £4,577,000 in the corresponding period of last year. There was a net receipt "below-line" of £313,000 leaving a total cumulative deficit to date of £533,409,000 compared with £643,584,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to Oct. 21, 1961	April 1, 1962, to Oct. 20, 1962	Week ended Oct. 21, 1961	Week ended Oct. 20, 1962
Ordinary Revenue					
Income Tax	2,790,000	852,100	920,490	20,027	22,379
Surtax	188,000	46,900	51,700	1,100	1,300
Death Duties	264,500	145,000	141,500	4,800	4,300
Stamps	95,000	55,600	53,000	1,400	1,900
Profits tax, EPT and EPL	374,000	197,300	229,700	7,200	7,200
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,296,900	1,396,390	34,527	37,079
Customs	1,653,000	900,808	926,110	33,275	34,734
Excise	1,077,000	496,430	523,630	7,745	8,565
Total Customs and Excise	2,730,000	1,397,238	1,449,740	41,020	43,299
Motor Duties	150,000	39,718	58,261	3,814	2,281
Broadcast Lic's.	41,000	19,100	19,900	4,900	4,700
Miscellaneous	165,000	148,650	99,048	8,950	1,323
Total	6,797,500	2,901,606	3,023,339	93,011	88,682
Ordinary Expenditure					
Debt Interest	600,000	396,362	343,834	...	...
Payments to N. Ireland Exch.	100,000	45,068	48,920	...	...
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	4,182	4,402	14	21
Supply Services	5,611,650	2,771,754	2,961,984	87,710	84,900
Total	6,323,650	3,217,366	3,359,140	87,724	84,921
Sinking Funds	41,000	21,208	21,368	710	689
"Above-line" Surplus or Deficit	336,968	357,169	+ 4,577 Cr.	+ 3,872 Cr.	
"Below-line" Net Expenditure*	306,616	176,240	19,099	313	
Total Surplus or Deficit	643,584	533,409	+ 23,676	+ 3,385	
Net receipts from:					
Tax Reserve Certificates	140,905	92,844	2,423	504	
Savings Certificates	16,400	1,000	— 2,400	300	
Defence Bonds	18,506	9,386	199	1,037	
Premium Savings Bonds	22,700	19,600	800	1,000	
Total		165,711	120,830	1,022	2,241

* Net repayments of £10 million to the Civil Contingencies Fund in 1962-63 compared with net repayments of £5 million in 1961-62.

FLOATING DEBT
(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961 Oct. 21	3,270·0	1,987·8	183·1	...	5,450·9
1962 July 21	2,980·0	2,018·0	218·4	2·0	5,218·4
,, 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·5	227·3	...	5,219·9
,, 11	3,000·0	1,983·6	225·1	0·3	5,208·9
,, 18	3,000·0	2,009·3	240·1	5·5	5,254·9
,, 25	3,000·0	2,053·1	203·8	0·3	5,257·1
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4
,, 8	2,990·0	1,637·9	211·6	...	4,839·4
,, 15	2,990·0	1,683·6	226·2	...	4,899·8
,, 22	2,980·0	1,699·2	220·2	...	4,899·4
,, 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct. 6	3,020·0	1,572·9	220·5	...	4,813·5
,, 13	3,010·0	1,598·3	215·2	...	4,823·6
,, 20	3,020·0	1,595·6	204·1	...	4,819·7

THE MONEY MARKET

THE flare-up over Cuba had little direct effect on the London money market although the increase in liquidity produced very easy market conditions on Wednesday and the authorities sold a large number of bills to absorb the surplus credit. At the Treasury bill tender on Friday of last week, before the blockade was announced, the syndicate of discount houses reduced its bid by 8d. to £99 1s. 3d. and the the Treasury bill rate rose by ⅛ per cent to £3 14s. 8.22d. per cent. This trend is expected to be repeated at this Friday's tender. With its money costing, on average, 3⅝ per cent the market is once more earning a profit on its new bills. Total applications rose by £10 million to £397 million and the market received a quota of 38 per cent, the same as in the previous week.

Foreign banks withdrew small amounts from the local authority loan market this week, but these were easily replaced from domestic sources. However the seven day rate, on end-of-month influences, did harden slightly by ⅛ to 4 per cent. The supply of Euro-dollar deposits tended to dry-up on the Cuban news, and with many dealers keen to go short of dollars, the rates hardened by ⅛ to ¼ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	**Market discount rates (3 months):**	
Deposit rates (7 days' notice):		Treasury bills	3 15/16
Banks	2⅛	Bank bills	3 15/16–4 1/16
Discount houses	2½–2¾	Fine trade bills	5 1/2–6 1/2
Local Authorities	4	**Euro-dollar deposits:**	
Call money:		7 days' notice	3¼–3⅜
Clearing banks' minimum	2½	3 months' notice	3¾–4⅛
Day-to-day	2–3¾	**Forward cover (3 months):** Annual interest cost, US dollar	7/16

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** October 15	2·749
		,, 22	2·742

BANK OF ENGLAND RETURNS

(£ million)	Oct. 25, 1961	Oct. 17, 1962	Oct. 24, 1962
Issue Department:			
Notes in circulation	2,300·4	2,287·6	2,280·9
Notes in banking dept.	25·0	37·7	44·4
Govt. debt and securities*	2,324·0	2,324·0	2,324·0
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coun.	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	13·8	12·6	12·4
Special deposits	230·3	79·1	79·1
Bankers	259·7	278·9	269·1
Others	70·1	71·0	69·1
Total	573·9	441·5	429·8
Securities:			
Government	481·7	353·5	341·9
Discounts and advances	64·8	47·2	39·7
Other	19·3	20·0	20·6
Total	565·8	420·0	402·2
Banking department reserve	25·9	38·6	45·3
"Proportion"	% 4·5	% 8·7	% 10·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on September 12th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Average Rate of Allotment	91 Day Allotted at Max. Rate *
	91 day		s. d.	%
1961 Oct. 20	250·0	416·1	118 5·35	51
1962 July 20	220·0	382·1	78 7·14	29
,, 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
,, 10	230·0	396·1	75 8·84	54
,, 17	230·0	368·1	75 8·35	53
,, 24	230·0	390·4	75 4·58	48
,, 31	240·0†	397·1	75 0·42	45
Sept. 7	240·0	439·3	74 4·55	48
,, 14	230·0	388·0	73 11·97	44
,, 21	250·0	406·1	74 0·01	40
,, 28	250·0	407·5	72 8·42	51
Oct. 5	250·0‡	415·2	72 4·13	37
,, 12	230·0	386·8	72 3·07	38
,, 19	240·0	396·9	74 8·22	38

* On October 19th tenders for 91 day bills at £99 1s. 3d. secured 38 per cent, higher tenders being allotted in full. The offer for this week was for £240 million 91 day bills.
† Allotment cut by £10 million. ‡ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: October 24	Market Rates: Spot: October 18	October 19	October 20	October 22	October 23	October 24
United States $	2·78–2·82*	2·80 3/16–5/16	2·80 3/16–5/16	2·80 3/16–5/16	2·80 3/16–5/16	2·80 1/16–3/16	2·80 1/16–3/16
Canadian $	...	3·01 7/16–9/16	3·01 7/16–9/16	3·01 7/16–9/16	3·01 3/8–1/2	3·01 3/8–1/2	3·01 5/16–7/16
French Fr.	13·622–14·027	13·72 7/8–73 1/8	13·72 7/8–73 1/8	13·73–73 1/4	13·72 7/8–73 1/8	13·72 1/4–1/2	13·72 1/8–3/8
Swiss Fr.	11·94–12·54 7/8	12·10 7/8–11 1/8	12·11 1/8–3/8	12·11 1/8–3/8	12·10 7/8–11 1/8	12·09 5/8–7/8	12·08 1/2–3/4
Belgian Fr.	137·96–‡	139·45–50	139·45–50	139·47 1/2–52 1/2	139·45–50	139·40–45	139·37 1/2–42 1/2
Dutch Gld.	10·98 3/4–11·02 1/2	10·10 3/8–5/8	10·10 3/4–11	10·10 7/8–11 1/8	10·10 7/8–11 1/8	10·09 5/8–7/8	10·09 1/4–1/2
W. Ger. D-Mk.	11·037–11·365	11·22 1/8–3/8	11·22 1/4–1/2	11·22 1/8–3/8	11·22 1/8–3/8	11·21 7/8–22 1/8	11·23 5/8–7/8
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	17391/4–3/4	17391/4–3/4	1739–39 1/2	1739–39 1/2	1738–38 1/2	1738–38 1/2
Swedish Kr.	14·27 1/2–14·70	14·43 3/4–44	14·43 7/8–44 1/8	14·43 7/8–44 1/8	14·43 7/8–44 1/8	14·43 1/4–1/2	14·43–43 1/4
Danish Kr.	19·06 1/2–19·62	19·40 1/2–3/4	19·40 1/4–1/2	19·40 1/4–1/2	19·40 1/4–1/2	19·39 7/8–40 1/8	19·39 5/8–7/8
Norwegian Kr.	19·71–20·30 1/2	20·03 1/4–04	20·03 1/4–04	20·03 1/4–04	20·03 1/4–04	20·03 1/4–04	20·03 1/4–7/8
	* Official Limits	**One Month Forward Rates**					
United States $		1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	3/16–1/16c. pm	3/16–1/16c. pm	1/8c. pm–par
Canadian $		3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	1/8–5/16c. dis	1/8–5/16c. dis	1/8–3/16c. dis
French Fr.		1–1 1/2c. pm	1–1 1/2c. pm	1–1 1/2c. pm	7/8–1 3/8c. pm	7/8–1 3/8c. pm	3/4–1 1/4c. pm
Swiss Fr.		1 1/4–1 1/2c. pm	1 1/4–1 1/2c. pm	1 1/4–1 1/2c. pm	1 1/4–1 1/2c. pm	1 1/4–1 1/2c. pm	1 1/4–1 1/2c. pm
Belgian Fr.		22–17c. pm	22–17c. pm	22–17c. pm	22–17c. pm	22–17c. pm	26–15c. pm
Dutch Gld.		1 3/4–1 1/2c. pm	2–1 3/4c. pm	2–1 3/4c. pm	2 1/8–1 7/8c. pm	2–1 3/4c. pm	1 5/8–1 3/8c. pm
W. German D-Mk.		1 1/2–1 1/4pf. pm	1 1/2–1 1/4pf. pm	1 1/2–1 1/4pf. pm	1 3/8–1 1/8pf. pm	1 3/8–1 1/8pf. pm	1 1/2–1 1/4pf. pm
		Three Months Forward Rates					
United States $		1 1/2–3/8c. pm	1 1/2–3/8c. pm	1 1/2–3/8c. pm	7/16–5/16c. pm	3/8–1/4c. pm	5/16–3/16c. pm
Canadian $		1 1/16–7/8c. dis	1 1/16–7/8c. dis	1 1/16–7/8c. dis	7/8–11/16c. dis	3/4–11/16c. dis	9/16–3/4c. dis
Swiss Fr.		2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–3c. pm
W. German D-Mk.		3 3/8–3 1/8pf. pm	3 3/8–3 1/8pf. pm	3 3/8–3 1/8pf. pm	3 1/4–3pf. pm	3 1/8–2 7/8pf. pm	3 3/8–3 1/8pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/9 1/2	250/9	...	250/9 1/2	251/1	251/3 1/4
,, ($,, ,, ,,)		35·13 1/2	35·13 1/2	...	35·15	35·18 1/2	35·18 1/2

Prices and Wages

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

BRITISH

Prices and Wages.....	This week	External Trade	Sept. 29th
Manpower and Output....	Oct. 6th	Industrial Profits	Oct. 13th

OVERSEAS

Western Europe.....	Oct. 20th	United States.....	Sept. 15th

	Unit	1959	1960	1961	1961			1962				
		mid-June			Oct. 10	Oct. 17	Oct. 24	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23
WORLD PRICES												
Commodity Price Indicator:												
All items	1958=100	96·8	98·3	95·3	92·5	92·4	91·8	91·5	91·2	90·8	91·0	92·4
Food	,,	95·8	93·0	93·0	89·3	89·5	88·6	89·3	88·5	87·8	88·0	89·8
Fibres	,,	95·3	98·7	104·4	100·2	99 3	99·2	97·5	97·7	98·3	98·3	98·3
Metals	,,	113·0	122·4	115·0	113·0	113·5	112·8	110·6	110·9	110·6	111·0	112·5
		Monthly averages			1961			1962				
BRITISH WHOLESALE PRICES		1959	1960	1961	July	August	Sept.	May	June	July	August	Sept.
Materials used in:												
All manufacturing industries	1954=100	101·7	101·8	100·6	100·6	100·7	100·2	100·9	100·0	100·3	99·0	99·2
Mechanical engineering	,,	124·5	126·2	128·1	128·6	128·7	128·7	130·4	130·1	130·2	130·2	130·1
Electrical machinery	,,	115·6	116·9	118·3	118·9	118·9	118·9	120·3	120·1	120·2	120·1	120·1
Construction	,,	113·4	115·1	118·2	118·8	118·9	118·8	120·5	120·5	120·6	120·6	120·6
House building	,,	111·0	114·0	118·0	118·6	118·6	118·6	120·2	120·2	120·3	120·4	120·4
Products of:												
All manufacturing industries	,,	111·5	113·0	116·0	116·1	116·9	117·1	118·3	118·5	118·7	118·7	118·8
Chemicals and allied trades	,,	106·6	106·0	105·1	104·7	105·2	105·0	104·7	104·1	103·9	104·4	104·7
Iron and steel	,,	129·0	128·5	129·7	130·2	130·2	130·2	133·9	133·9	133·9	133·8	133·8
Textile industry (11)	,,	96·0	100·8	103·3	103·5	103·2	103·2	102·5	102·5	102·5	102·4	102·4
Food manufacturing	,,	106·9	106·9	107·2	107·2	107·2	107·1	110·5	110·9	111·5	111·2	111·6
New construction (8)	,,	113	114	118	...	117[12]	...	122[9]	...	...	...	...
Commodities:												
Cotton, raw	,,	68·6	75·0	74·8	74·3	73·7	73·9	73·8	73·4	72·8	72·5	71·9
Wool, raw	,,	76·6	76·3	76·2	77·8	78·6	77·2	78·0	77·9	77·7	74·5	74·5
Rubber, No. 1 RSS, one month future	,,	148·1	158·0	122·8	123·4	125·0	126·7	116·2	111·3	111·4	110·4	109·5
Softwood, imported	,,	95·4	104·9	107·3	107·0	106·9	106·8	103·9	103·8	103·8	103·8	103·8
Copper, ex-warehouse	,,	95·6	99·0	92·3	92·4	92·9	92·2	94·2	94·2	94·2	94·2	94·2
Coal	,,	135·4	137·4	144·9	142·5	142·5	142·3	150·4	150·7	150·8	150·9	150·8
General chemicals	,,	106·7	105·0	103·9	103·7	103·7	103·7	101·7	101·7	101·6	101·6	102·0
UK RETAIL PRICES	Jan. 17,											
All items (1)	1956=100	109·6	110·7	114·5	114·6	115·7	115·5	120·1	120·9	120·4	119·4	119·3[10]
Food	,,	108·2	107·4	109·1	110·7	109·9	108·5	115·9	117·8	115·8	112·8	111·9
All items	1938=100[2]	273	276	285	285	288	288	299	301	300	298	298
Food	,,	285	282	287	291	289	285	305	310	304	297	294
Housing	,,	180	186	194	195	195	196	205	206	206	207	207
Clothing	,,	268	271	276	276	276	277	284	285	285	285	286
Fuel and light	,,	284	291	309	302	303	304	323	324	325	326	327
Household durable goods	,,	300	300	305	305	307	308	310	310	313	313	313
Drink	,,	261	256	274	265	277	279	282	282	283	282	284
Tobacco	,,	428	444	467	455	491	491	491	491	491	491	491
Purchasing power of £ (based on all consumer spending)	1938=100	35·7	35·4	34·4	34·5	34·2	34·2	33·0	32·7	32·8	33·1	33·1
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	98	99	97	97	95	95	95	96	95	95	...
Food, drink and tobacco	,,	98	97	94	92	91	91	94	96	95	94	...
Basic materials	,,	93	96	95	97	96	95	91	91	90	90	...
Fuels	,,	104	98	96	96	93	95	96	94	95	95	...
Manufactured goods	,,	104	107	107	107	106	106	104	104	104	105	...
Export prices:												
All items	,,	109	111	112	112	112	112	113	113	113	113	...
All manufactures	,,	111	114	115	115	115	115	116	116	116	116	...
Metals	,,	115	118	118	118	119	117	120	120	119	120	...
Engineering products	,,	117	120	122	121	122	123	123	123	124	124	...
Textiles (excluding clothing)	,,	98	102	106	105	107	106	106	106	105	105	...
Terms of trade:												
Ratio of import to export prices	,,	90	89	86	86	85	85	84	85	84	84	...
SHIPPING FREIGHTS												
Tramp shipping freights	1960=100	96·9	100·0	106·8	105·8	107·2	110·6	97·9	84·4	78·4	79·4	81·0
UK WAGES												
Normal weekly hours:	Jan. 31,											
All workers	1956=100	99·6	98·0	95·9	95·9	95·8	95·8	95·1	95·1	95·1	95·1	95·1
Weekly wage rates (5):												
All workers (3)	,,	117·0	120·0	125·0	125·1	125·2	125·4	129·1	129·3	130·3	130·6	130·7
Men	,,	116·8	119·7	124·6	124·6	124·7	124·9	128·6	128·7	129·8	130·1	130·2
Women	,,	117·0	120·8	125·3	125·8	126·1	126·4	129·7	130·2	131·2	131·3	131·6
Juveniles (4)	,,	119·0	123·2	130·3	130·8	130·8	131·1	135·0	135·2	136·2	136·5	136·8
All workers	Sept., 1939=100	304	312	325	325	325	326	336	336	339	339	340
Changes in weekly wage rates:												
Workers affected by increases	'000	392[6]	927	6547	801	439	644	1,503	450	3,575	1,978	660
Net increase in weekly wage bill (5)	£'000	104	359	343	182	146	249	499	123	969	440	188

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general males under 21 and females under 18 years of age. (5) Weekly earnings are surveyed in April and October. April figures are: Men, 1960: 282s. 1d.; 1961: 301s. 4d.; 1962: 312s. 10d. Women (full time), 1960: 145s. 0d.; 1961: 152s. 7d.; 1962: 157s. 2d. Youths (under 21), 1960: 123s. 1d.; 1961: 135s. 9d.; 1962: 141s. 3d. Girls (under 18), 1960: 93s. 1d.; 1961: 99s. 11d.; 1962: 104s. 6d. (6) 18,000 workers had a net decrease in wages over the year. (7) 25,000 workers had wage cuts in November, 1961, but over the whole of 1961 no worker had a net decrease. (8) Index of building costs. (9) Average for second quarter. (10) Using the revised retail price index based on January, 1962=100: September, 101·5. (11) Revised figures from 1961. (12) Average for third quarter.

British Transport Commission

Economist

Applications are invited for a senior post in the Economics Division of the Finance Department. The successful candidate will probably be aged between 30 and 40 and have a good academic qualification in economics and statistics. His judgment will have matured from practical experience of management problems, preferably in a large and diverse organisation, while retaining a critical and imaginative approach. In particular he should have experience of some or all of the following management activities: price policy, investment decisions, receipts and expenses budgets, collation and assessment of market data of all kinds. The ability to write and talk about management problems without recourse to economic jargon is important. A fluent knowledge of French or German would be an advantage.

The qualifications and experience of the selected candidate will determine the starting salary, which will be between £2,000 and £3,000 a year.

Contributory Superannuation scheme, certain travel facilities, medical examination.

Applications stating age, present salary, qualifications and experience to

Director of Establishment, British Transport Commission, 222 Marylebone Road, London NW1 within 14 days.

CIVIL SERVICE COMMISSION, DUBLIN

VACANCIES OF INTEREST TO UNIVERSITY GRADUATES AND OTHERS

A competition for 4 posts as ADMINISTRATIVE OFFICER will be held, commencing with the written examination on December 4, 1962. The competition is open to men and women who, on November 1, 1962, were 20 years and under 26 years and

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

(b) who have passed a degree examination with FIRST OR SECOND CLASS HONOURS (these candidates will have to have their degrees conferred later); or

(c) who are ESTABLISHED CIVIL SERVANTS with certain service.

Pay: £800 rising to £1,265 (woman or unmarried man) or £1,580 (married man). Plus children's allowances.

Prospects: Promotion guaranteed after 7 years if certified suitable.

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

Intending candidates should write to Civil Service Commission, 45, Upper O'Connell Street, Dublin, 1. The latest time for the acceptance of completed application forms is 5 p.m. on November 13, 1962.

A further competition will be held in the Autumn of 1963. Details will be announced in due course.

For other appointments see pages 402 and 410

D.S.I.R.

ROAD RESEARCH LABORATORY, Harmondsworth, Middlesex

requires ASSISTANT EXPERIMENTAL OFFICERS or EXPERIMENTAL OFFICERS in the Tropical Section.

DUTIES: Research in the fields of TRAFFIC ENGINEERING and TRANSPORT ECONOMICS in developing countries normally involving visits to countries in tropical and sub-tropical regions (usual Foreign Service Allowances).

QUALIFICATIONS: A degree in a science subject, engineering, economics (if with some scientific qualification) or mathematics, and an interest in the life and economy of tropical countries.

SALARY (NATIONAL): Assistant Experimental Officer, £671 (at age 22), £833 (age 26 or over), £1,022; Experimental Officer (minimum age 26), £1,130-£1,389.

The Laboratory will be moving to new accommodation at Crowthorne, Berks., in about four years' time. A London Weighting of £35-£50 is payable on the above salaries at Harmondsworth, but not at Crowthorne.

Application forms from Director at above address quoting RRL. 40 BCF. Closing date: November 26, 1962. (5)

UNIVERSITY OF ABERDEEN

DEPARTMENT OF POLITICAL ECONOMY

Applications are invited for the post of LECTURER. Salary on scale £1,150-£1,950, with placing according to qualifications and experience. F.S.S.U., child allowance and removal allowance.

Further particulars should be obtained from the Secretary, The University, Aberdeen, with whom applications (eight copies) should be lodged not later than November 19, 1962.

FINANCIAL CONTROLLER

Important United Kingdom subsidiary of large and progressive American manufacturing company requires controller who will be based in Scotland. Initially he will be required to administer the various departments of the finance division. This post is a responsible one, carrying excellent prospects of early advancement in the management of the company, and only applicants of outstanding qualifications and personality will be considered. Starting salary not less than £3,000 per annum. Reply, giving full details and present salary, to Box 1663.

IBM

needs a SCIENTIST or ENGINEER

with experience in the application of computers to industrial control systems and general scientific problems.

He will be expected to assess the total market requirements in these areas and to consider products under development and their effectiveness. His work will directly affect new products developed by the company and will involve liaison with laboratories and planning staffs in the U.K. and overseas. Contact with potential customers will also be required.

This is a highly responsible post and applications are invited from those with experience in this field, with a degree or professional qualification, able to work on their own initiative in the planning and carrying through of projects.

This post carries a high salary and presents opportunity for advancement.

Please write to Mr. W. M. R. Jeffreys, Manager of Personnel Selection, IBM United Kingdom Limited, 101 Wigmore Street, London W.1, quoting reference HO/EC/529.

CRC175

RTB

OPERATIONAL RESEARCH

Several of our senior staff have recently been appointed to management posts in the Company. To meet the strong demands of O.R. studies of policy and planning, control systems and general operations, some of them at the new Spencer Works, we are recruiting to all levels.

— For those with O.R. experience —

ASSISTANT MANAGER for Research, Education and Methods

Our widening areas of O.R. application and the development of methods and techniques now require the appointment of a senior man to look after education within the Department, to provide a high level of technical guidance for project teams, and to carry out research. High academic achievement must be coupled with good practical O.R. experience.

ASSISTANT MANAGER, Projects

We need a man to take charge of an O.R. team of about 10 men being built up for a large integrated steelworks. He should have at least 4 years' O.R. experience and a total post-graduate experience of about 10 years.

SENIOR PROJECT LEADERS, and PROJECT LEADERS

We need men with several years' post-graduate experience, including 3-5 years in O.R., capable of leading large and medium size project teams. (Preferred age range 25-32.)

These vacancies will particularly appeal to O.R. men looking for an opportunity to apply their ability and experience in a most favourable environment.

— For those without O.R. experience —

(or with 1 or 2 years in O.R.)

PROJECT STAFF

We invite applications from men with good honours degrees in Science subjects and with some post-graduate experience.

We are particularly looking for PHYSICISTS, MATHEMATICAL ECONOMISTS and MATHEMATICAL STATISTICIANS. These are needed for such work as the development of economic analogues for company planning and of adaptive process control systems respectively. They would be appointed at a level appropriate to their experience.

Many first class scientists, after successful work in their own disciplines, have transferred to the broader field of O.R. with excellent results. They find the work intellectually challenging and its practical applications stimulating.

The Department is based mainly in Monmouthshire amid a unique combination of the Welsh mountains, the Usk and Wye Valleys and the Bristol Channel. Cardiff and Bristol are within easy reach and London is only 2½ hours away by train.

All staff attend university short courses from time to time as part of their training, and one or two are selected each year for one-year post-graduate courses.

Competitive salaries will be offered.

For fuller details of the Department and its activities, of the vacancies and of careers in O.R. generally, please write to:—

The Manager, Operational Research Department,
RICHARD THOMAS & BALDWINS LIMITED,
33/34 Commercial Street, Newport, Mon.

UNIVERSITY OF ST. ANDREWS

Applications are invited for the post of LECTURER in MODERN SOCIAL AND ECONOMIC HISTORY in QUEEN'S COLLEGE, DUNDEE. Present salary scale: £1,150 x £50 to £1,500 x £75 to £1,950 (efficiency bar, £1,500). Placing according to qualifications and experience. *F.S.S.U., family allowance, grant* towards furniture removal expenses. Applications (*six copies*), *containing* the names of three referees, to be lodged not later than November 23, 1962, **with the Secretary of the University at Queen's College, Dundee, from whom further** particulars may be obtained.

UNIVERSITY COLLEGE OF NORTH WALES BANGOR

Applications are invited for the post of LECTURER in AGRICULTURAL ECONOMICS in *the Department of Agriculture.*

The person appointed will be required to take over existing courses and develop new courses in his subject. He should have a degree in Agricultural Economics or in Economics or Agriculture with post-graduate experience in Agricultural Economics.

The salary scale is £1,150 x £50—£1,500 x £75—1,950 and in addition there are F.S.S.U. benefits and family allowances.

Two copies of the application should reach the Registrar, from whom further particulars may be obtained, NOT LATER THAN NOVEMBER 19, 1962.

VACANCY FOR A

STATISTICIAN

In the Central Statistics Office, Dublin. Salary Scales: (A) women and unmarried men £800 x £17—£1,270 x £41—£1,603 and (B) married men £800 x £60—£1,580 x £48—£1,835. Higher entry salary in certain circumstances up to £1,129 on Scale A and £1,220 on Scale B. Special increment after eight years' service: Up to £182 on Scale A and £210 on Scale B, subject to certain conditions. **Maximum Age Limit:** 35 years, with an extension in certain circumstances. ***Essential:*** (i) First or Second Class Honours Degree (or equivalent) in Mathematics or Mathematical Physics or Mathematical Statistics; or (ii) First or Second Class Honours Degree (or equivalent) in Economics with aptitude for Mathematics; or (iii) First or Second Class Honours Degree (or equivalent) with aptitude for Mathematics and adequate experience in practical statistical work.

Note: A person awaiting conferring of his degree will be admitted.

Application forms, etc., from Secretary, Civil Service Commission, 45 Upper O'Connell Street, Dublin, 1. **Latest time for receiving completed application forms: 5 p.m. on NOVEMBER 14, 1962.**

KODAK LIMITED

have a vacancy in their

OPERATIONAL RESEARCH DEPARTMENT

at Harrow

Applications are invited from men between 30 and 45 with direct experience in the development of planning and control projects. Preference will be given to candidates with wide knowledge of, and considerable interest in, systems analysis, mathematical statistics *and economics. The position can be* classified as permanent, progressive and pensionable. Commencing salary according to qualifications *and* experience.

Write full details to
Personnel Department (TRW)
KODAK LIMITED (FACTORIES),
Wealdstone, Harrow, Middlesex

THE UNIVERSITY OF LEEDS

DEPARTMENT OF SOCIAL STUDIES, GRANADA TV RESEARCH UNIT

Applications are invited for appointment to the Granada Television **Research** Fellowship recently held by the late Dr. J. Trenaman. The Fellowship, which will be tenable from as early a date as can be arranged, will be of a value of between £1,500 and £2,500 a year, and will be for a period of up to five years in the first instance. The Fellow will be expected to undertake research into the public impact of television over as wide an area of enquiry as *practicable.* The *Granada* TV Research Unit at present includes a Research Assistant and a Clerk, and provision has been made for the *payment of additional expenses arising in the* course of the research. Applications (three copies), stating date of birth, qualifications and experience, together with the names of three referees, should reach the Registrar, The University, Leeds 2 (from whom further particulars may be obtained) not later than 19th November, 1962.

UNIVERSITY OF EDINBURGH

DEPARTMENT OF SOCIAL ANTHROPOLOGY: LECTURER OR ASSISTANT LECTURER

Applications are invited for the post of LECTURER or ASSISTANT LECTURER *in the* Department of Social Anthropology. Salary Scales: Lecturer £1,150 x £50 to £1,350. Bar: £1,400 x £50 to £1,500 x £75 to £1,950 per annum. Assistant Lecturer £900 x £50 to £1,050 per annum. Placement on the scales will be according to qualifications and experience. The posts are subject to superannuation, and family allowance is payable where applicable.

The successful candidate will be expected to take up duty on January 1, 1963.

Candidates should have conducted research in some aspect of modern society in addition to possessing qualifications in either Social *Anthropology or Sociology.*

Further particulars may be obtained from the undersigned with whom applications (six copies), giving particulars of qualifications, including publications, and the names of two referees, should be lodged not later than November 14, 1962.

CHARLES H. STEWART,
Secretary to the University.

September, 1962.

Another Worthwhile Job

available for an

ECONOMIST

interested in a career as a lecturer and tutor to adult students attending full-time, sandwich, revision and part-time courses for intermediate and final professional and diploma examinations to start on January 7, 1963.

Salary range on appointment as Assistant Lecturer Grade B from £815 to £1,730 according to age, qualification and experience.

Candidates with appropriate educational and business experience could be considered for Lecturer scale from £1,645 to £1,860.

Application forms and further particulars from the Principal.

(HE.4/C/2507/10)
Balham & Tooting College of Commerce, Tooting Broadway, S.W.17

PEP INVITES applications for the post of RESEARCH ASSISTANT to undertake economic analysis for a study of Attitudes in British Industry. Applicants should be under 30 and have a good honours degree in Economics or a related subject. Salary according to experience. Apply: Director, PEP, 16 Queen Anne's Gate, London, S.W.1, in writing.

UNIVERSITY OF BIRMINGHAM

DEPARTMENT OF ECONOMICS AND INSTITUTIONS OF THE U.S.S.R.

Applications are invited for a Research Associateship £750-£1,000 or Senior Research Associateship (£1,000-£1,350) in the Department of Economics and Institutions of the U.S.S.R. Candidates should have a knowledge of Russian, and a University degree or experience in research in any field of social science. The duties will be to handle the collection of research material and to assist with the Department's research work. The initial appointment will be made in the range £750-£1,150.

Applications (2 copies), naming two referees, should be sent by November 17, 1962, to the Assistant Registrar (Commerce and Social Science), The University, Birmingham, 15, from whom further particulars can be obtained.

For further appointments and other classified advertisements see pages 402 and 409

AUSTRALIA

THE UNIVERSITY OF NEW SOUTH WALES

Applications are invited for appointment to the position of

SENIOR LECTURER OR LECTURER IN ECONOMICS
NEWCASTLE UNIVERSITY COLLEGE

Salary: Senior Lecturer, £A2,592 range £A3,042 per annum.
Lecturer, £A1,772 range £A2,477 per annum.

Commencing salary according to qualifications and experience. These salaries are under review.

Applicants for appointment as Senior Lecturer should have a higher degree and lecturing or research experience. For appointment as Lecturer, applicants should have a good honours degree. Special interest in economic statistics would be particularly valuable.

Successful applicant will be eligible, subject to passing a medical examination, to contribute to the State Superannuation Fund.

First-class fares to *Sydney* of appointee and family will be paid.

Four copies of applications (including the names of two referees) should be lodged with the Agent General for New South Wales, 56-57, Strand, London, W.C.2, and a copy forwarded to the Appointments Section, The University of New South Wales, Box 1, Post Office, Kensington, N.S.W., Australia, by airmail to reach there before November 19, 1962.

Mobil

MOBIL OIL COMPANY LIMITED

wishes to appoint a

PENSION FUND OFFICER

This is a senior position in the Company's self administered pension fund which is expanding rapidly. Applicants should be aged 30/40 with considerable experience in administering Pension Funds for U.K. and overseas employees. The Company offers an attractive starting salary and extensive employee benefit policies.

Please write quoting 458 *with full details to*

P. J. Murray, Mobil Oil Company Limited, Caxton House, Westminster, London, S.W.1.

BLYVOORUITZICHT GOLD MINING COMPANY, LTD.

(Incorporated in the Republic of South Africa)

Extracted from the Annual Report for the Year ended 30th June, 1962.

Ore Milled 1,684,000 tons. Slime treated for Uranium Oxide 1,704,910 tons.

Gold yield oz. fine	Gold yield dwt. per ton	Uranium Oxide yield lb.	Uranium Oxide yield lb. per ton
1,047,152	12.436	635,313	0.373

				Per ton milled
Gold				
Total Working Revenue		R26,222,548		R15.57
Total Working Expenditure		10,473,488		6 22
Working Profit		15,749,060		R9.35
Uranium and Sulphuric Acid Working Profit		1,566,000		
Total Working Profit		17,315,060		
Sundry Revenue, *less* Expenses		248,094		
		17,563,154		
Taxation (R6,906,653) and Mineral Lease Consideration (R1,571,584)		8,478,237		
Profit after Taxation and Mineral Lease Consideration		9,084,917		
Balance of Income and Expenditure Account at 30th June, 1961		5,531,851	R14,616,768	
Dividends—No. 32 of 13c and No. 33 of 14c per share		6,480,000		
Transfers to Capital Reserve:				
Repayment on account of capital portion of uranium and acid loans	R1,158,033			
Net expenditure on mining assets and trade investments	2,999,490			
	4,157,523			
Less: Interest-free loan	670,000			
		3,487,523		
			9,967,523	
Balance of Income and Expenditure Account at 30th June, 1962			R4,649,245	

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

ASSETS
£580,100,000
LIQUID FUNDS
£99,810,000
RESERVES
£19,350,000

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HEAD OFFICE: ZURICH, Bahnhofstrasse 45

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Reserves .... Swiss Francs 250,000,000

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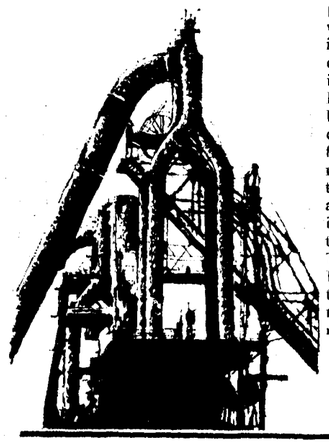

Our Bank specializes in supplying leading industries with long-term capital and is authorized to issue bank debentures for this purpose in accordance with the Long-Term Credit Bank Law. In addition, we operate various businesses facilitating long-term financing such as guaranteeing loans from domestic and foreign banks and acting as trustee in connection with secured bonds. Through such activities our Bank plays a vital role in the development of Japanese industries.

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CANADA

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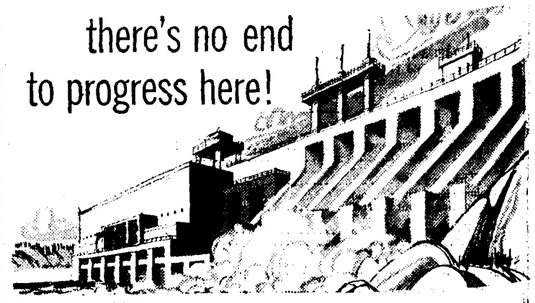

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Let's assume that you are an efficient man, accustomed to getting value for money. As a specialist in your own field, you expect equal expertise in others. How, then, would you ensure the success of your next luncheon? You would do well to choose the Connaught Rooms, which is not an hotel but an establishment which specialises in banqueting, and is situated in the very heart of London. There you have the choice of several rooms, separately or in suites, for the entertainment of any number of guests—from 8 to 800. Whatever you ask for . . . soup with snow eggs . . . closed circuit TV . . . you get, quickly and with pleasure. And the reasonable cost will surprise you.

Connaught Rooms will arrange and organise everything exactly as you want it. A word from you will bring immediate action. Helpful suggestions, advice and estimates are equally forthcoming.

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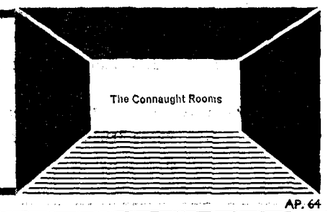

AP. 64

NOMURA

INVESTING IN JAPAN HOW TO BEGIN

It's a well established point that investments in Japan are good investments. Phrases like "exceptional growth" and "high yield" are used daily during discussions about the stock market in Japan. But, how can you get started in an investment programme in Japan?

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1. Send us a power of attorney to satisfy the government requirement.
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Three simple steps to becoming one of the growing number of investors in Japan. There are other details regarding taxes, dividends, sales and other transactions. We can't explain them all here, so we've prepared a pamphlet, "How to Invest in Japanese Securities", which covers them. It contains up-to-date information concerning the recent changes in the investment laws in Japan.

To receive your free copy of this pamphlet, send your name and address to Nomura Securities. There is no obligation, of course.

THE NOMURA SECURITIES CO., LTD.

Head Office: Nihonbashi, Chuo-ku, Tokyo, Japan Cable Address: NOMURASHIN, TOKYO
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Highlights in the November

Discovery

The Magazine of Scientific Progress

THUNDERBOLTS AS THE 'X' WEAPON *C. M. Cade*
An astonishing article describing work now going on to develop artificial ball lightning into an anti-missile weapon.

RADIATION AND PLANT LIFE *Professor R. B. Platt*
A subject of vital importance. How does radiation affect the delicate balance of nature? What will happen to plant life after a nuclear war?

THE LINEAR MOTOR *Dr. E. R. Laithwaite, Manchester Univ.*
The author gives technical details of this revolutionary advance in motive power. The reader c[an] be able to suggest new applications in his own field since all use[s] of this new-type motor are far from being fully explored.

THE NEUTRINOS *Melvin Schwartz, Columbia University*
A leading American physicist describes investigations into these mysterious fundamental particles. A definitive article written by one of the foremost authorities in the world.

THE RADIO SUN *Dr. Anthony Hewish, Cavendish Laboratory*
The new science of radio astronomy is bringing us vital knowledge about the sun that cannot be obtained by optical telescopes. Well illustrated.

Buy this important issue TODAY

ON SALE NOW 2/6 at your newsagent

If you have any difficulty, send 2/6d. to **DISCOVERY**, 103-119, Waterloo Road, London, S.E.1.

The Importance of Good Counselling

The present trend of moderation in the phenomenal growth of the Japanese economy is attributed to the Government's policy of controlled capital investments. In portfolio management, proper counselling is just as important, if not more so, during this period of readjustment. Nikko . . . adviser to the U.S. Japan Fund . . . offers you complete data on Japanese stocks gained through experience and comprehensive research. Your nearest Nikko office will be pleased to give you up-to-date market information.

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New York Branch: 1 Chase Manhattan Plaza,
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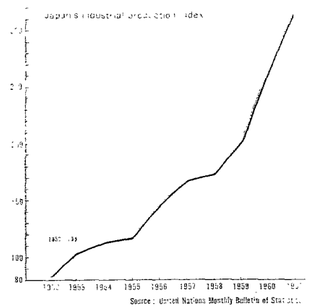

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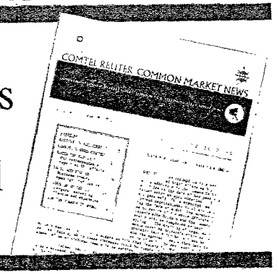

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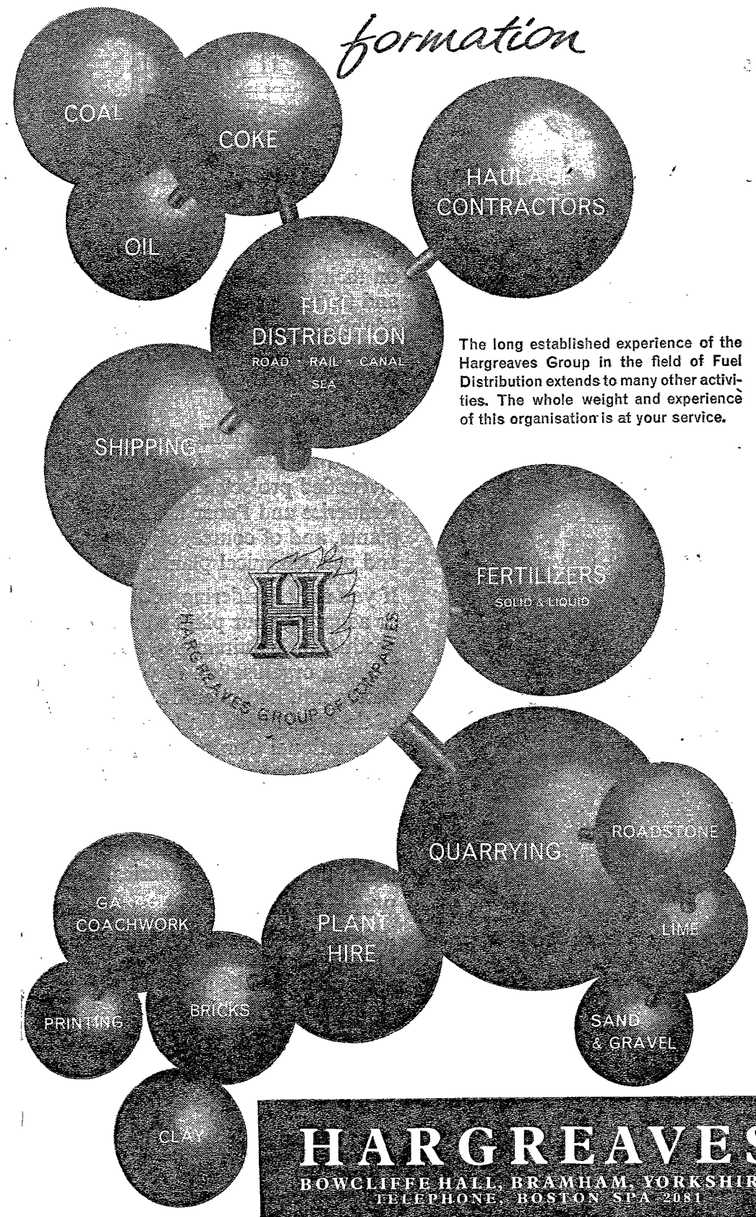

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Reliance Garage Co., (Brighouse) Ltd., Brighouse.

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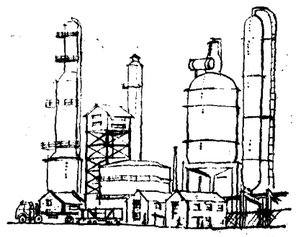
ADAPTABILITY



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US ELECTION SURVEY pages 458-464 | AUTUMN BOOKS pages 477-492

Guide to contents : see over

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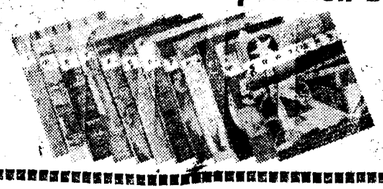

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The Economist this Week November 3, 1962

CUBA

The Fright of Our Lives

One view of the cold war is that it is lamentable, abnormal, and perilous, but likely to ease eventually when the Russians learn that it is in their interest to behave. Another assumes a life-and-death, annihilate-or-be-annihilated struggle. Last week's events make the second view plausible ; but, in fact, things are not so simple (p. 431).

The Fright of Their Lives?

Soviet policy may often be, like other people's policies, very largely the creature of circumstance. The next set of circumstances will not necessarily favour the West (p. 432).

The Fight for Its Life

The **Cuban revolution's** ability to survive will continue to depend on the strength of the Soviet disposition and determination to give it economic backing (p. 434).

Survival Notes:

The *gold* and *foreign exchange* markets weathered the storm smoothly (p. 501).

The *stock markets* weathered the storm, but not smoothly (p. 500).

The *money market* faces a problem (p. 501).

EUROPE

EUROPE AS ONE

The latest uncomfortable round of common market negotiations, including the explosive issue of farmers and their incomes, contains a complex of dangers; the real ones must be sorted out from the scarecrows (p. 435).

The managers of **the European commission** in Brussels are anxious to appear as tough with British farmers as European farmers think Britain is being with them (p. 447).

The European proposals on monetary policy deserve to be introduced to Mr Maudling's ideas on world finance : the two could have a lot to talk about. Inside Europe, the purists of the commission plump for central planning, whatever name they may give it (p. 495).

EUROPE AS MANY

. . . France

General de Gaulle's little victory in the referendum on Sunday does not give him the new lease of power he was expecting ; rather it raises doubts about his future (p. 446).

The **steel industry** is worried about the dangers of over-expansion: and its leaders are determined that Britain, once in Europe, should abide strictly by the strict community rules for steel (p. 497).

With an eye to the coming elections the government has pushed up **minimum wages** (p. 509).

. . . Germany

The **Gestapo-like swoop** on the proprietor, editor, and several staff members of the iconoclastic magazine *Der Spiegel* has raised fears within Germany about the frailty of democracy in that country—fears expressed by the trade unionists' unwillingness to allow the government to take emergency powers of any kind (p. 442 and p. 451).

The **coal mines** are not getting the federal aid they were promised to pay their workers more (p. 505).

. . . Italy

Signor Mattei's death will have large repercussions in Italian politics—and even larger ones in **international oil** (p. 499).

THE REST

DEMOCRATIC TARGET

The Cuban crisis has given the American congressional elections—voting is next Tuesday, November 6th—a much-needed focus and it has improved the already hopeful prospects of the Democrats. This and other aspects of the campaign in various parts of the country are dealt with in a special election survey beginning on page 455.

DEMOCRATIC ASSISTANCE

By coming swiftly to **India's** aid in its "undeclared war" with China, the West, which has attached no strings to its help, is fostering genuine friendship (p. 437).

Some other supposed friends of India are behaving oddly (p. 437).

DEMOCRATIC TIDE

The sweep of events will not allow Sir Edgar Whitehead the fifteen years he wants to spend improving his black **Southern Rhodesians** before opening the door to their authority (p. 439).

In **Northern Rhodesia,** the elections on Tuesday were marred by the racial approach of the white **United Federal Party's** campaign (p. 451). What can be done, by quicker educational reforms and a more adaptable constitution, to face the future popular facts there? (p. 440).

and in Britain

The most interesting new **Government thinking** is not for Parliament at all (p. 437).

Mr Brown and Mr Wilson join battle for the **deputy** leadership of the **Labour Party** (p. 438).

A new direction for the **national health services** is proposed by those who work in them (p. 442).

A new **teaching machine** is winning acceptance from education authorities—and from teachers, who could find it their strongest ally yet (p. 467).

The **new towns** have proved their financial, as well as their undoubted social, success (p. 443).

and Scotland

The government may at last be coming to make special arrangements for subsidising **transport in the Highlands** (p. 440).

The honourable crafts of **the music hall** have, in the non-sassenach north, survived the English innovations of nudity and bankruptcy (p. 468).

Detailed contents on page 431

GO FASTER · ARRIVE FRESHER · BACK SOONER

THAT'S THE BIG speed-up!

Now winter services take up the speed-up. The new faster *trains, saving over an hour between* Edinburgh and King's Cross, go into winter service. Journeys are shorter, more comfortable. King's Cross to Edinburgh and the main intermediate stations—it's the winter speed-up.

New locos—new track New powerful diesel locomotives have made these new timetables possible. New long welded track gives you a smoother ride at over 60 mph for mile after mile. And up-to-date carriages and restaurant cars add comfort to your journey.

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7.45 a.m.	7.20 p.m.	King's Cross	10.5 a.m.	8.42 p.m.
10.30 a.m.	10.5 p.m.	Sheffield	7.20 a.m.	5.42 p.m.
7.15 a.m.	5.25 p.m.	King's Cross	10.30 a.m.	8.42 p.m.
11.2 a.m.	8.40 p.m.	Leeds	7.30 a.m.	5.29 p.m.

See your timetable for full details.

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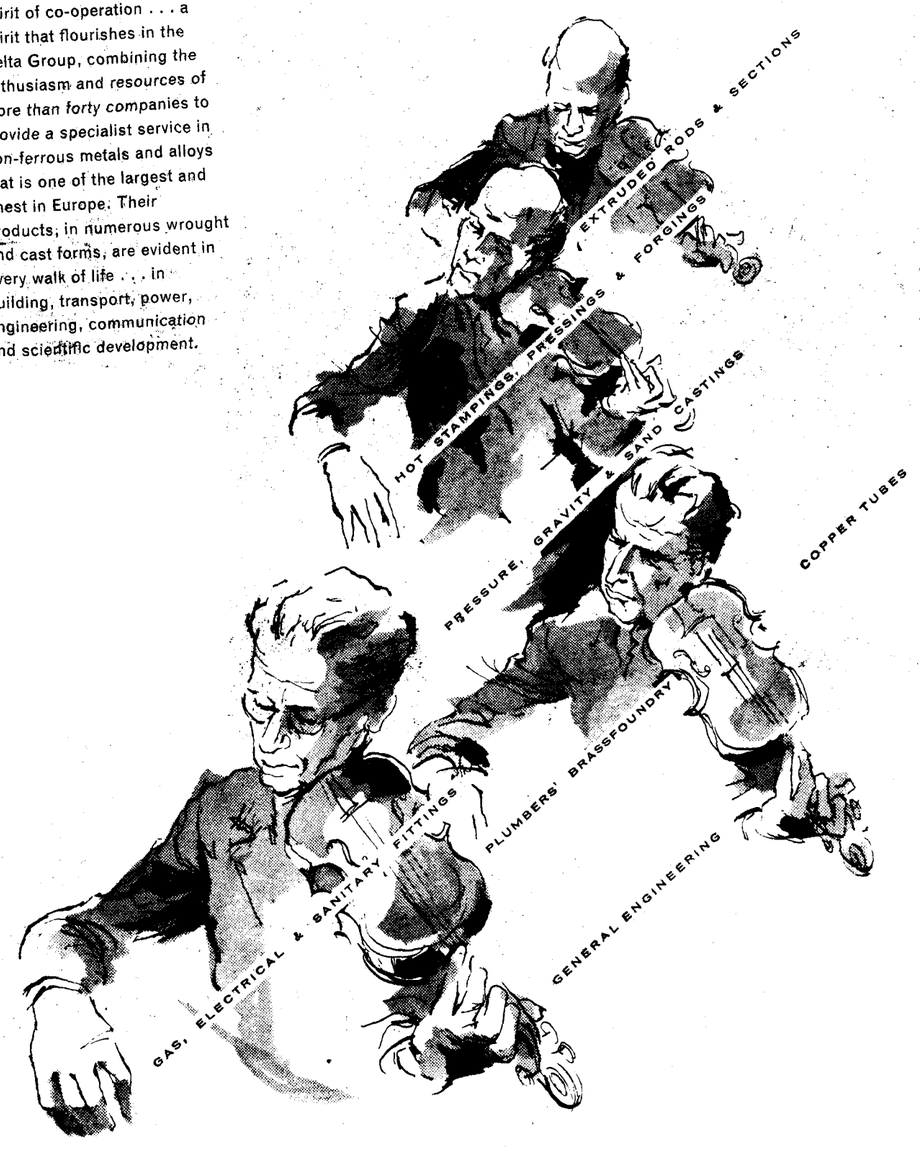

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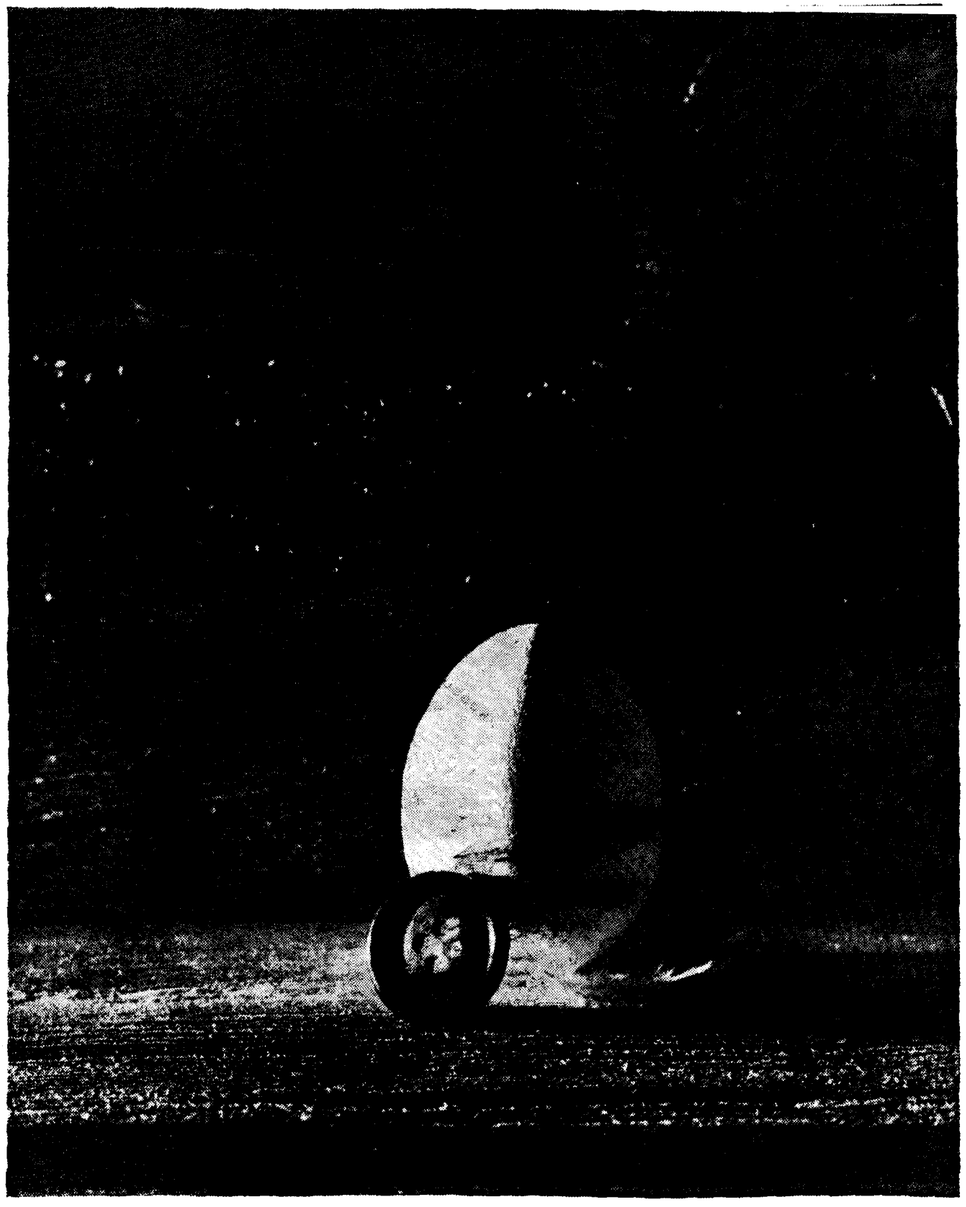

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Two very ordinary unrelated items. And yet when you put AMF in the picture they have much in common. Both have benefited from AMF's versatility in the field of research, engineering and manufacturing. Take the egg. Hens lay eggs when it's light. So the longer *it's light the more eggs will be laid.* AMF Paragon makes time switches for industry. They even make time switches that control poultry house lighting! With these automatic timers chickens get up earlier, have longer 'daytime' to lay more eggs and the poultryman can stay in bed a little later. Everybody's happier. And the button? *AMF makes an* automatic button stitching machine that duplicates the most skilled hand stitching — only better, more economically — and almost three times faster. Stepping up production is every day work for AMF machinery. In many lands, in many fields, problems are being solved with unique products—thanks to AMF International.

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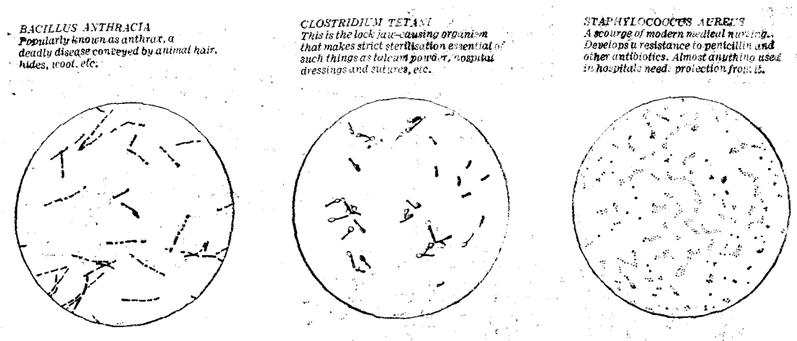

These are the problems

Irradiation Sterilisation is the new answer for hygiene

Effective sterilisation of raw materials and other industrial merchandise medical and otherwise, has always been difficult and found to cost a nation more than almost anyone imagined.

This is largely because sterilisation has had to rely entirely on the human element, and has had to be carried out before packaging, thus wasting highly skilled hands on what should properly be a mere routine. To this problem one answer is supplied by Vickers-Armstrongs: sterilisation in bulk by exposure to the cobalt-60 radio-isotope.

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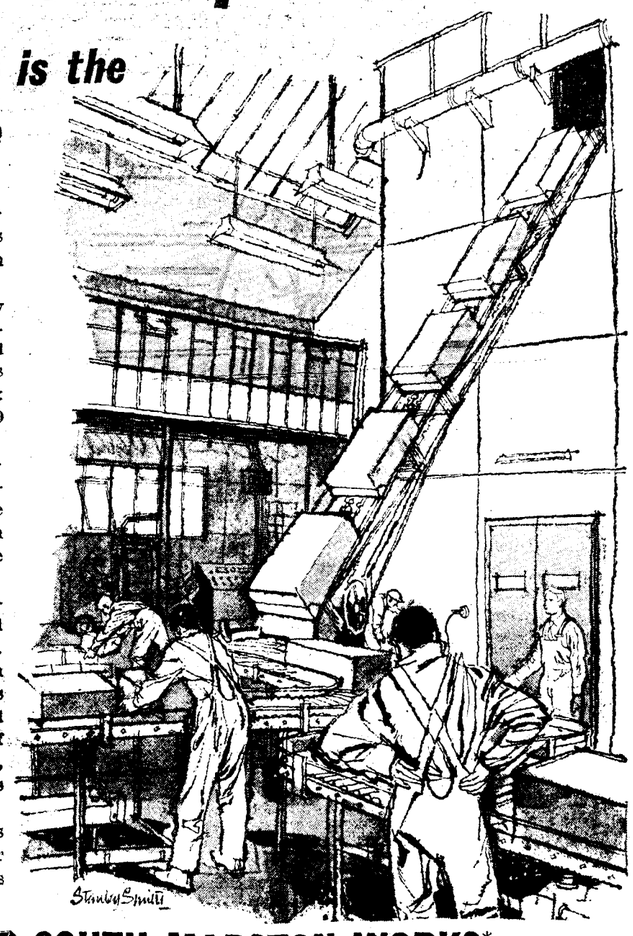

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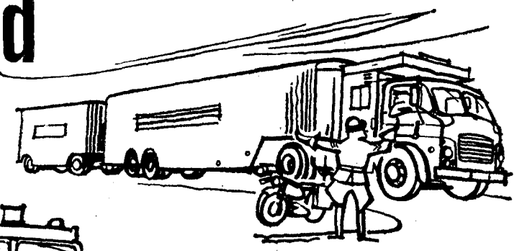

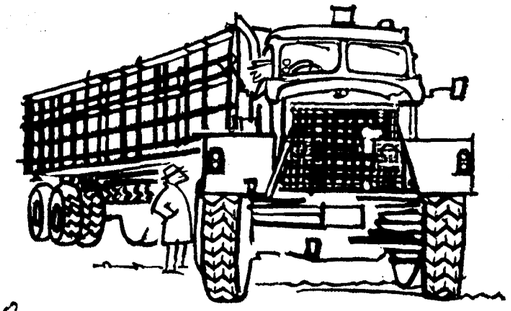

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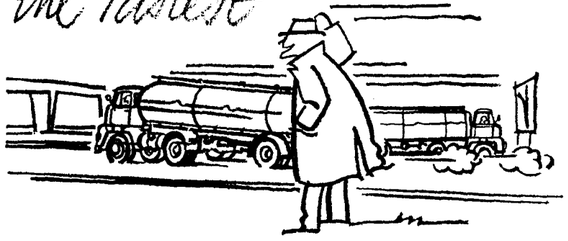

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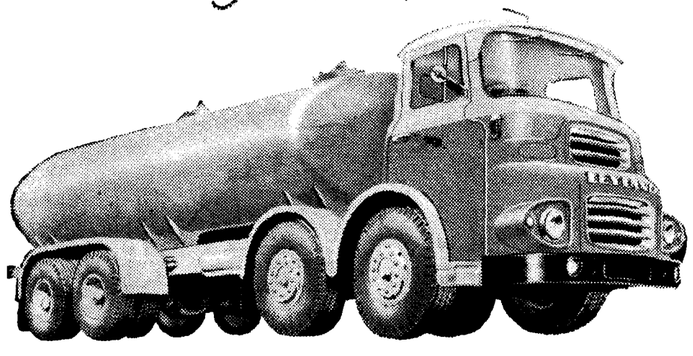

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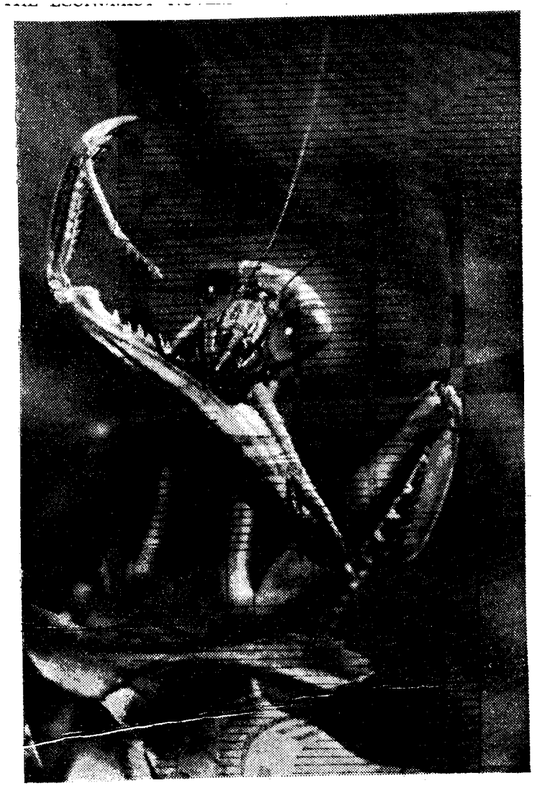

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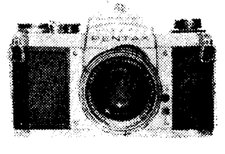

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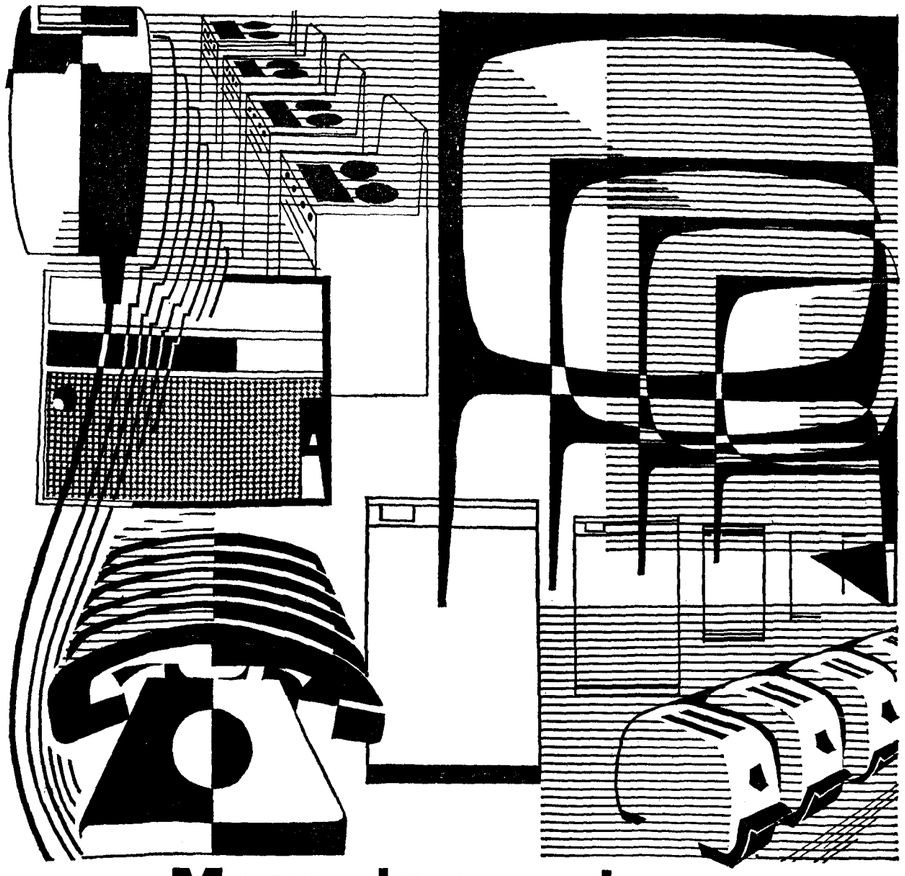

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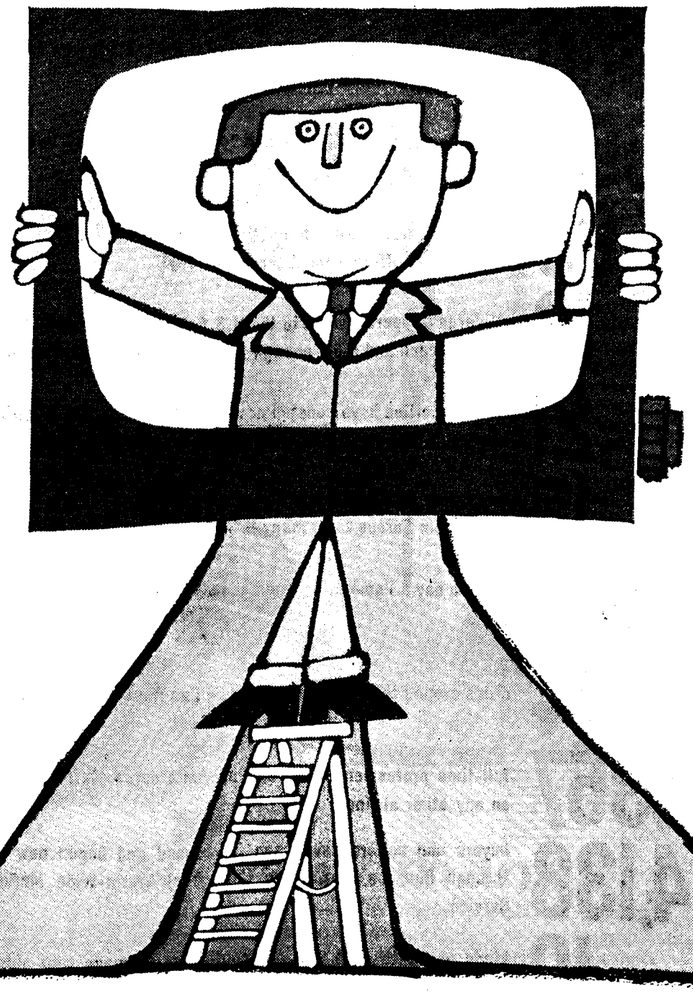

Putting the small man in the picture

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Argentina's most important exports are the products of cattle rearing and agriculture—meat, wool and hides, wheat and maize. Britain is her chief export market for these commodities, in 1961 approximately £75 million worth being sold here.

In return Argentina imports from the United Kingdom. The Steel Company of Wales is one of the British companies represented in this extensive market.

Last year the total of world exports from 'The City of Steel,' the vast steelworks at Port Talbot, was over £34 million, accounting for 54.7% of Britain's sheet steel and 72.8% of her tinplate exports. These figures were achieved in the face of heavy competition.

"Gauchos," the men who handle the great cattle herds, in typical costume

CORNED BEEF ON THE HOOF The Argentines exported 84,546 tons of canned meat in the first eleven months of last year. Here are some of their cattle en route to a beef packing station. Much of the meat is canned in tinplate made by The Steel Company of Wales—the biggest single supplier of tinplate to the Argentine.

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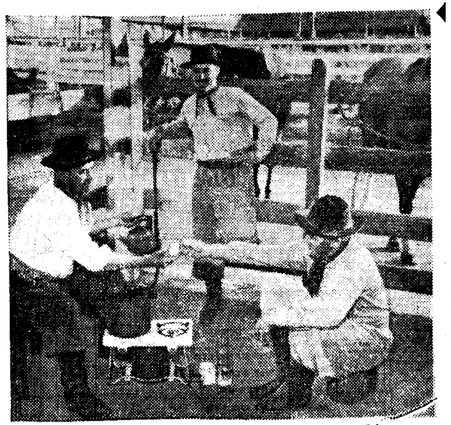
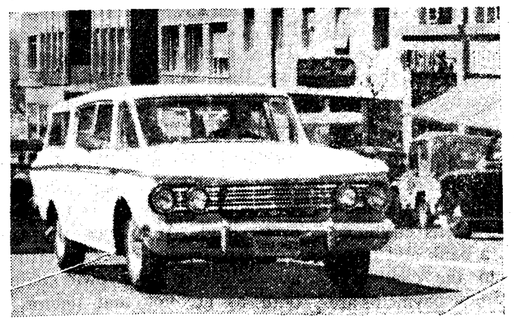


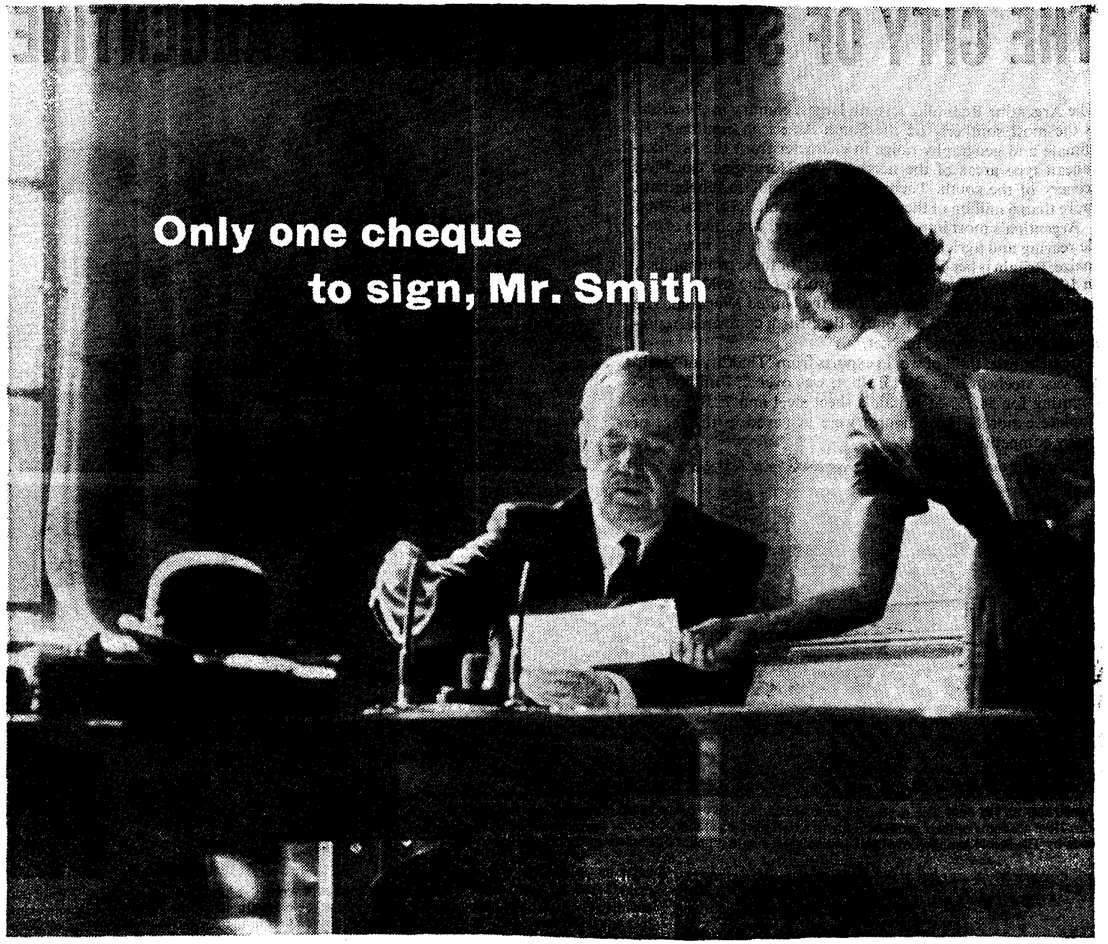
BREW UP—ARGENTINE WAY Cowboys make *mate*, the special tea of the country. They use a gas heater made by Longvie S.A. and a pot and kettle from Capea. Both companies are importers of sheet steel from Port Talbot.



STREET SCENE This Rambler station wagon, on the Calle Cordoba, one of the main streets in downtown Buenos Aires, is one of the cars produced by Industria Kaiser Argentina using sheet steel from Port Talbot.

Steel for the World from Wales

THE STEEL COMPANY OF WALES LIMITED



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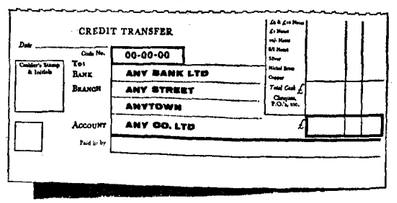
Ask your bank about
CREDIT TRANSFERS



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After Cuba

FOREIGN policy has been likened to a game of chess—wrongly, as Mr Hamilton Fish Armstrong points out in the fortieth anniversary number of *Foreign Affairs*, looking back on the whole dizzy period in which the United States has learnt to live with the responsibilities of world power. "There is no fixed book of rules to say that a certain move will be successful or that a contrary one will fail." The board is a patch of fluid afloat on the waters of time; the pieces, the vehicles of power, change their attributes without proper notice; and no contestant ever sees all of the board.

From many quarters, in the past twelve days, the Russians have been bitterly upbraided for the stealth of their action in deceitfully setting up missile bases on Cuba (as if it were in the rules that such an action should be advertised). What we must all hope is that they are upbraiding themselves mercilessly for the folly of it. Once they had done it and been found out, their position was irretrievably weak. Mr Kennedy, in the tense six days that began with his broadcast on October 22nd and ended last Sunday with Mr Khrushchev's promise to withdraw the offending weapons—"Both you and I understand what kind of weapons they are"—from Cuba, was playing from strength.

He played his hand as a strong hand should be played: the bid called exactly, the moves unhesitating, the objective, once stated, adhered to. Some people hoped, and many more in the world feared, that he would try to exceed his bid, perhaps by allowing the blockade of Cuba to become indiscriminate, perhaps by a direct blow to overthrow the Castro regime. Statements coming out of Washington last weekend did suggest that direct action against Cuba was very close. In the last phase of the crisis the pace was becoming hot, and the hours precious: as Mr Kennedy wrote to Mr Khrushchev last Sunday when it ended, "You and I . . . were aware that developments were approaching a point where events could have become unmanageable."

Perhaps only this can explain the astonishing speed and (within the limits of the matter at issue) the completeness of the Russian retreat. Mr Kennedy thereupon showed that he knew not only how far to go, but precisely where to stop. His acceptance of Mr Khrushchev's retreat was unreserved and handsome. His conditional offers made the day before—to call off the blockade, and to give assurances against an invasion of Cuba were at once reaffirmed as "firm undertakings." There was not a touch of the intoxication that confuses success with victory, not a sound, in this final moment, from the demon of generalisation who tempted Woodrow Wilson and Franklin Roosevelt. The Russian retreat from the western hemisphere was made as easy as it could, in the circumstances of an essentially brutal confrontation of material force, be made.

Mr Kennedy's Administration has, indeed, of its own choice taken on a restrictive commitment, not to invade Cuba, which it was far from accepting a few months ago when the placing of Russian strategic weapons there had not been thought of. Nothing short of a lethal military threat could have justified the invasion, but there was reason to fear that it might be undertaken in a bout of ideological spring-cleaning. The United States is right to have renounced it, and the allies, who never [illegible] an assault upon Cuba a reasonable way for the United States to use its power, can be reassured. It is for all of us to acknowledge that the promise can be, in the prevailing American political climate, an irksome one to have made, and to give unstinted credit for it.

These considerations matter if the United States and its western allies are to end up, after the Cuba crisis, understanding each other better, not worse, than before. By and large, people in western Europe have been watching to see not only that the United States succeeded in what it set out to do (and they are heartily glad for the success) but also to see what use the Americans would make of their success, once achieved. Here, too, President Kennedy showed a swift awareness of what was at stake. Sunday night's reports from Washington already indicated that he saw the outcome of the crisis as an honourable accommodation, not as a great victory; and that one conclusion that might have been feared—namely, that the only way to deal with Moscow is to be tough all the way—was being rejected.

The point is a sensitive one in American relations with, among others, Britain, for there is a latent difference. It is not merely that the British have never seen Cuba as a very important country about which they ought to concern themselves acutely. Nor is it merely that they do not find it odd or unusual that a country should have a hostile neighbour separated by no more than 90 miles of water; they have often had hostile neighbours much closer. (Thus the emotional quality of American feeling about Cuba, a feeling that arises from the special way in which Cuba has been interwoven with the history of America's national emergence as a great power, leaves them untouched.)

A DIFFERENCE does exist, in a more general way, and if only potentially, about the way the conflict with the Soviet Union should be conducted, because there are different attitudes about what the conflict is. As a matter of fact both attitudes are to be found in each country. Very often, and especially at moments of drama or high tension, both can be found in one individual, struggling for mastery. But it is probably true that the instinctive and typical attitude of the British is that the cold war is a temporary, unfortunate, and abnormal thing. After the last war, the feeling runs, the Soviet Union behaved intolerably badly and forced the West to organise itself in resistance; thus Nato, the doctrine of containment, and the West's emergency military effort were born. The problem, we tend to suppose, is basically to get the Russians to accept proper standards of international behaviour; and when they see that it is in their interest to do so, it should be possible for defence and diplomacy together to return to normal, and for a more pacific relationship to be restored.

But there is, of course, an opposite attitude, which, by and large, has provided for many years the assumptions of American political, diplomatic, and military life. Perhaps the different attitude comes most naturally to the people who are most actively engaged in the struggle and who live with the fearful responsibility for its success or failure. By this reckoning, the cold war is a life and death struggle, in which the defeat of the antagonist—by his unconditional surrender—is the only alternative to one's own extinction; and it is assumed that that is how the antagonist, too, looks at it. Obviously if one holds this view of world relations it is easier to think that if the antagonist is faced with the threat of force and compelled to back down, then the situation has been improved. It is much easier, too, to convince oneself that force is the only argument he understands. On the face of it, last week's events can be taken to confirm this second view. The moral might be drawn that if Mr Khrushchev is confronted with force again he will, once more, back down; and that if he is offered concessions he will interpret them as weakness and start using his elbows again.

In fact, as Mr Kennedy himself plainly appreciates, the actual outlook for western policy is much more complicated. Cuba and the Caribbean are places where the strategic factors are heavily stacked against the Russians. Perhaps if they had been ready, whether psychologically or materially, to enter a world war, then the choice of arena would not greatly have mattered. It is evident that, whether physically or psychologically, they were not ready for that. That being so, they did not have to consider a choice of advantage, between retreat and hanging on to the dubious asset of being able to threaten the United States from Cuban soil: they merely had the choice between retreat and defeat. Retreat was obviously the preferable course. The only room for surprise was in the celerity and openness with which Mr Khrushchev took it.

None of this tells us much about what the Russians will do in another place and in other circumstances. The next clash may happen somewhere where they are better placed to stand their ground without risking general war, or in a place where they feel that their vital interests are so engaged (as they were not in Cuba) that the risk of general war will have to be faced. They may be drawing the conclusion that the arena for the next clash must be more carefully chosen, so that they are not caught at a local disadvantage; or that it had better be deferred altogether until they are better prepared for war, and that therefore they must lie low and get on with rearmament. There is even a third possible conclusion for them—that it is worth while to explore seriously what negotiation will do to make both these courses unnecessary. Mr Khrushchev, who has never yet been seen to commit himself irrevocably to any single course of action, is perfectly capable of acting on two, or all, of these conclusions concurrently. Certainly the West will have to be prepared for all three.

Soviet Brinkmanship

Why did the Russians do it?

NEITHER an idiot nor a devil, Mr Khrushchev has extricated himself, with the loss of a certain amount of skin, from a position that proved untenably brinkmanlike. Although the air is ironically full of tributes to his restraint and magnanimity in ordering the removal of the Soviet rockets that he had put into Cuba, a defensive note has already been struck in the commentaries of the Moscow press. *Izvestia,* on Tuesday, was concerned to explain that the pull-out was the only course of wisdom. It did not identify the critics whom it was clearly addressing. But Peking was notably not in the front rank of those capitals of the communist world that hastened to hail Mr Khrushchev's decision; and the Chinese press and Albanian radio tersely cited verdicts in western newspapers that American diplomacy had won a "victory." Neither Mr Kennedy's wise refusal to boast of a victory, nor the barrage of loyal tributes to Mr Khrushchev's "highly humane and noble step" (to quote a Bulgarian commentator), can wholly cleanse the Soviet leader of the taint of retreat under duress.

It seems clear enough why he had to sound the retreat so precipitately, and at such a cost. He expected, not later than the beginning of this week, a direct American assault on Cuba. Whether the assault would be limited to the destruction of the still uncompleted rocket bases, or extended to amount to a bid to shatter the whole Castro regime, made little difference to Mr Khrushchev. In either case, he would be revealed as having no means of saving his Cuban protégé except by taking on the United States directly in full-scale nuclear war. His diplomatic advisers may have warned him that Russia would sustain a grave loss of international influence if, in such circumstances, it sat back while Dr Castro was punished for entrusting his fate to it. His military advisers must have reminded him that Russia has nothing like the first-strike capacity required to cripple America by a surprise attack and avert massive retaliation upon Russia itself. His political colleagues doubtless expressed doubts about the willingness of the Soviet public (or, rather, of its effectively articulate sectors) to face obliteration for the sake of a marginal stake in Cuba. He had to cut his losses quickly, before they mounted.

But if these perspectives could become so clear and cogent last week, were they not discernible in Moscow at an earlier stage? The question how Mr Khrushchev came to find himself on the brink is less easily answered than that of his motives in pulling back from it.

In any analysis of this kind, it is wise to begin by discounting extremes. One extreme hypothesis, which underlies some western reactions to Soviet moves, depicts Russia as being simply and uninhibitedly devoted to "giving trouble" wherever in the world there are possibilities of doing so. If one follows this approach, there is no need to look for subtlety or even logic in Soviet tactics, and the prescribed counter to them is simple too—a sturdy poke in the nose. At the other extreme is the assumption that the Russians ("the world's finest chess players") invariably work out all the conceivable implications of any action before taking it, and are tirelessly engaged in laying traps of diabolical ingenuity to ensnare the innocent West. Neither of these schools makes allowance for the possibility that Soviet policy may often be, like other people's policies, very largely the creature of circumstance.

In this case, Mr Khrushchev may have felt impelled by some fairly powerful considerations to take the very obviously risky step of sending rockets to Cuba. He was not only publicly and solemnly committed to underwriting Dr Castro, but also under some necessity to show his own activists (not to mention the Chinese) that his proclaimed faith in peaceful co-existence did not really imply any flabbiness in prosecuting the world struggle for the triumph of communism. There may have been a convergence upon him of two groups of military lobbyists, one concerned particularly with the fate of Cuba, the other more with the whole Soviet strategic posture.

The argument about the extent to which the placing of rockets in Cuba would transform the general American-Soviet nuclear equation is a complex and still controversial one. The argument centred on the defence of Cuba itself may have been couched in simpler terms. Rockets in Cuba would make it possible to deter, or respond to, an American attack on the island with purely local means—that is, without invoking intercontinental nuclear hostilities; at the least, the agony of deciding whether to enlarge the struggle into an intercontinental one would be laid upon the United States.

All depended, of course, on getting the rockets set up for firing with the least possible delay. Hence, presumably, the absence of any attempt to camouflage them; speed was essential, and it may have been assumed that no camouflage could effectively prevent American intelligence detecting the hectic construction work on the launching sites. It is hard to accept the suggestion that there was a deliberate intention to catch Washington's eye, for it was precisely while construction was incomplete that the whole project ran the greatest risk of foundering.

DID Moscow assess the risks correctly, yet feel constrained to take them, or did it seriously underestimate them? Probably there was a real and grave miscalculation about the speed and skill of Mr Kennedy's inevitable reaction. The Russians may have counted on securing a period of grace while Washington dithered wretchedly between the alternatives, both abhorrent, of inaction and invasion; a period that would suffice to complete the installations and transform the military equation. The President chose, instead, to launch at once a coldly modulated design of deploying maximum force while resorting to minimum bloodshed. Inside four days this forced Mr Khrushchev to go into reverse; his still unpublished message to Mr Kennedy on October 26th appears to have incorporated an offer to remove his rockets from Cuba without any such *quid pro quo* as the removal of American rockets from Turkey, and his ineffective Turkish bid the next day—coolly ignored by Mr Kennedy in his half of the exchange of messages—looked like a mere smoke-cloud, possibly intended to obscure the naked realities of the situation to the eyes of watchers inside the Soviet world as much as to watchers outside it.

How successfully the new American promise not to attack Cuba can now be presented as a worth-while, if residuary, achievement of the Soviet adventure is hard to assess. Peking calls it a "hoax"; but Mr Khrushchev has grasped it with both hands and publicly declared that it is in itself enough to remove all reason for the installing of Soviet missiles in Cuba. Dr Castro does not seem to agree; his conditions, stated on Sunday, and discussed in the immediately following article, have been presented in the Chinese press as "absolutely necessary," but have been played down in Russia. The Soviet press greeted them with nothing more than "understanding." Moscow has an obvious motive for not concentrating attention on them, since they cast doubt on the validity of the one item that Mr Khrushchev can claim to have salvaged from his venture. Nor have Soviet commentators seemed in any hurry to take up the argument that the Cuba crisis has enabled Moscow to broach the general question of liquidating military bases in foreign countries.

Whether or not Russia's aims in its hazardous Cuban sally included the strengthening of its bargaining position over other bases, or over Berlin, the present outcome of the affair

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has evidently forced Moscow at least to pause and take stock of the newly revealed limitations to its field of manœuvre. Such a stocktaking could, however, yield a decision to concentrate the next effort on an area in which Russia would be playing on its "home ground"—and in which it would be the American nuclear deterrent, not the Soviet one, whose credibility would be under test.

Castro's Morning After

How does he keep afloat now ?

At the height of the "Cuban crisis," no Cuban voice was heard or listened for. The island's identity vanished behind the storm. But as people blink their way back into the light, it is relevant to wonder in what shape Dr Fidel Castro and his men have survived the diplomatic battering that has been going on over their heads.

The mortification of the Cuban leaders at being demonstrably passed over while the decisions that mattered were being made has been taken for granted, perhaps too glibly. Certainly there is more than a smack of frustrated self-assertion in Dr Castro's brandishing of a set of new and, in the context, unrealistic conditions at a time when all, bar this sort of shouting, seems to be over. But face can be lost and won again, words eaten and forgotten, faster and more easily than logical minds suppose. The analogy with Egypt's victorious emergence from the Suez Canal crisis of 1956 is worth a tentative probe. Although the circumstances were very different, both leaders were powerless to control the events that thundered around them. Yet President Nasser was able to emerge not only with honour but with triumph. The Cuban government is bound to deplore the fact that Russia's readiness to go to war to defend its foothold in the western hemisphere has been tested and shot down ; on the other hand, only the suicidally bent would have welcomed a war that must, in the first instance, have obliterated their own country. It could even come to pass that, in some parts of the world, Dr Castro's name and Mr Khrushchev's may yet be bracketed as the twin super-statesmen who saved the world for another day.

Exerting authority in speech if not in action, Dr Castro has said he is not prepared to go back to the situation that existed before the bases were erected—and detected. His position has, in fact, changed in two respects. Through the Kennedy-Khrushchev exchange, he has been given an assurance that the United States will not, if the bases are dismantled, invade Cuba. Dr Castro's immediate reaction was cynical. He argued that the assurance was worthless unless a number of conditions were fulfilled—the most unlikely of which was the evacuation of the American naval base at Guantanamo. His other demands, without being unreasonable in themselves—an end to the economic blockade and to the subversion and pirate attacks organised from United States soil—are untimely. While Dr Castro is clearly unable to stop the Russians taking their weapons away again, he has been able to make it awkward for the United Nations to send the inspectors that Russia and America have agreed upon. U Thant, who spent Tuesday and Wednesday in Havana with a group of advisers carefully selected for their nationalities, failed to leave any of them behind, as he had intended. Mr Mikoyan, who on Thursday was on his way to Cuba, may be able to persuade Dr Castro that the time, and mood, are not propitious for bargaining hard with the United Nations as well as defying the United States.

The desire to raise his own voice above the din encouraged Dr Castro to make his unseasonable demands. If this were all, his face-saving act of bravado could be given its fling and ignored. But there is a more serious reason for Cuban disquiet. The siege mentality that has developed inside Cuba is not something that can be dispelled at a puff of reassurance. The Cubans have grown convinced that the United States intended in one way or another to attempt the overthrow of their regime, and this conviction (reinforced by the warlike noises that have, in recent weeks, been blown across that famous 90 miles of water) will not quickly subside. That the Cubans should have welcomed the possession of nuclear deterrents (even if they were not, as Mr Khrushchev soothingly said, allowed to handle them) is, perhaps, as understandable as it is intolerable. The understanding, and the overwhelming dismay, would be the same if Israel, another country that sees itself under constant threat of annihilation, were to acquire a similar power of retaliation. From the Cuban point of view, the technically "offensive" weapons were defensive ; where the Cubans made their mistake was in thinking that their point of view mattered.

A horrified reaction to the spread of nuclear weapons is not, by itself, a sign of slavish obedience to the rules of the cold war. The unanimous backing that the Latin American countries gave to President Kennedy's action was not necessarily the great swerve in opinion that it has been made out to be. Those governments whose tactics for self-preservation have become linked to their hopes for Castro's downfall were stalwart in their support, even, in some cases, proffering their ships or their ports in the American cause. The governments, notably Brazil, Mexico and Bolivia, whose attitude in the Cuban-American dispute more closely reflects Latin American opinion, tried to express their total (and entirely genuine) disapproval of the presence of nuclear weapons in Cuba without endorsing the principle that the United States would be right to use armed force to get rid of them. In the muddle of a hastily called meeting of the Organisation of American States on October 23rd this entailed the paradoxical business of supporting a whole resolution with one breath, and abstaining on one of its sections with the next. A stern letter from President Lopez Mateos of Mexico to Dr Castro, and Brazil's restatement of its plan for zones free of nuclear weapons in Latin America and Africa, suggest the strength with which these two governments believe Fidel Castro to have grossly misjudged the lengths to which he can carry his defence.

But the Castroist, and communist, opposition in Latin America has been able to interpret the OAS vote as evidence of their governments' subservience to the voice and will of the United States. The Latin American governments can play at an independent foreign policy, so runs their argument, but on any issue that fundamentally matters to the United States they are at once brought to heel. There is, of course, something in this ; power is power, as even Mr Khrushchev, off his home ground, has had to recognise. The consequent wave of left-wing protest is believed to be very much more serious than the newspaper reports would suggest. The blowing up of four power stations belonging to the Creole Petroleum Corporation in Venezuela (an impetuous act of destruction that recalls Syria's reaction to the Suez Canal crisis) was a major incident, but not an isolated one. In Chile, where the left-wing parties are well organised and full of fire, riots are believed to have ended with many casualties.

This freedom, or lack of freedom, of Latin American countries to pursue an independent foreign policy marks the second change in Dr Castro's position. The Cuban prime minister has had brusquely brought home to him the confines within which he can operate. The Cubans have to live with the knowledge that, although they have been thrown out of the Latin American system of treaties, consultations and economic co-operation, they still have to abide by some of the rules governing international action. One limit beyond which it is neither safe nor possible to defy the United States has been defined.

The corollary to this restriction on foreign policy might, in a less agitated world, be the more pacific acceptance of Dr Castro's domestic policy. But the United States Administration has been at pains to stress that the deal it has made to get rid of the bases has not made it any more resigned than it was before to the existence of a communist state in the western hemisphere. So the battle goes on, even if the major weapons of attack are barred. When the talk of deterrents and invasion has died down, the Cuban revolution's ability to survive will depend, as before, on the strength of the Soviet determination to give it economic backing. Mr Mikoyan's journey to Cuba suggests that Russia's quick-footed retreat from a grossly miscalculated military move will be matched by an energetic advance on the economic front. If this is so, Cuba's leaders may be able, soon, to throw off the hangover from an unwise and reckless night.

Dangerous Corner

The exceedingly disappointing negotiations in Brussels last week are discussed on page 447 of this issue : the exceedingly important new memorandum on European Economic policy from the European Commission on page 495. The article below discusses the attitude Britain's negotiators should take at this dangerous juncture

In the latest round of negotiations at Brussels Mr Heath and his team were faced by an attitude from the Six that seemed to be compounded of three elements. First, they faced (or, equally important, felt that they faced) a situation in which some of the Six's negotiators assumed, from the enthusiasm for Europe shown at the Conservative party conference, that Britain was now prepared to go in at any price. Secondly, and allied to this, they felt that some international civil servants in the European Commission had become more awkwardly doctrinaire in their negotiating attitude ; there seems to be an increased determination at the commission to make Britain observe the Rome Treaty meticulously, perhaps partly because at this stage it thinks it can force us to do more easily than it can force its own members. Thirdly, Mr Heath's team was made increasingly aware of an argument used by some of Britain's best friends at Brussels. Things are now moving so fast towards a new integration and reshaping of economic policies in Europe, they were told, that it is important for Britain to get into the market quickly ; the shape of these newly integrated policies will be decided by the widest common denominator of agreement between existing members of the community, and in order to become a part of that common denominator Britain should be ready to cut some short corners in the remaining negotiations before entry—instead of going on to argue about peripheral matters so interminably that we miss this moving bus.

There is a great deal in this last argument ; but so there is in the British Government's increasingly determined argument that it must not—indeed cannot—beat a constant retreat in the remaining bouts of bargaining before entry. In the atmosphere after Llandudno, the Six must not now think that it can win every trial of strength. Somewhere between the difficulties set by these two opposing arguments, Mr Heath needs to take a very tricky stand.

The important point—and the one that needs careful re-emphasis this week—is surely that Britain should never allow its attitude towards any supposed trial of bargaining strength to become an emotional one, but should always see that it is a closely reasoned and practically based one: what is needed, as each problem arises, is a clear differentiation between the camels which we should not swallow, and the gnats which we should not be too furiously straining at.

Throughout this debate on Europe, the cloud that has been shaped most like a large camel has been the fear that economic and monetary policies in Europe might become so integrated that we could lose our powers of independent anti-cyclical action: that shortly after entering Europe we might find ourselves obliged to solve *any* balance of payments difficulties by an unnecessarily harsh degree of deflation or stagnation, at some central authority's behest. Inevitably, this fear has been raised again by the memorandum on a proposed "programme for action" in 1962-65, which was submitted this week to the European Council of Ministers by the civil servants on the European Commission, and which is discussed on page 495.

It would be wrong to exaggerate this danger. Many of the commission's ideas fit in fairly well with *The Economist's* own expansionary ones. Moreover, these immense if tentative new proposals—for progress towards a common monetary policy, a more common planning policy, a swifter dismantling of intra-European tariffs, for some changes in taxation policy and company law and transport policy and capital market policy—are not going to slide through the mesh of the six common market governments themselves in anything like a matter of months ; if they were, Britain would need to worry actively about the present lack of an opportunity to participate in the discussions which will influence how they turn out.

The commissariat camel, when all is said an' done
'E's a devil an' a ostrich an' a orphan child in one.

But it would be unfortunate for Britain if it did not, in the end, get a share in the exorcising of any devilment it finds in these proposals, in mitigating any ostrich-like qualities it espies in them, and in acting as one of the orphan child's guiding foster-parents.

The European Commission is under pressures of its own which have impelled it to lose no time in bringing forward these proposals; yet it should recognise that many people would be aggrieved to see too much haste to implement them in advance of Britain's entry. The implication for Britain is even plainer. In order to be able to participate in discussions about these proposals, it should press through the remaining negotiations as quickly as possible; certainly, the argument that it would be "just as easy to join Europe in two years' time as now" stands revealed as one of the silliest of all the statements made by some politicians during the summer silly season.

THE next question raised by the past week is whether the Six's new proposals on agriculture (which are discussed with proper asperity on page 447) are another camel that we should not swallow, or one of the gnats at which we should not strain. It is beguilingly easy to make a case for saying that they are the latter. The disagreement last week was not about the ultimate aims of United Europe's agricultural system after 1970, but about the transitional arrangements to be followed by Britain until 1970 (or until 1971 or 1972, if Mr Heath succeeds in his aim of stretching out Britain's transitional period that far). The British team and the Six in effect came to dangerous loggerheads about which of two ramshackle temporary systems Britain should adopt directly after entering the market, before beginning immediately to paper this temporary system off anyway and throwing it in the wastepaper basket within six or seven years.

Again, the main agricultural point that Britain was supposed to be plugging in these negotiations was that Europe should not coddle its farmers so excessively that the community would become self-sufficient in food, thus leaving no room for imports of more economically-produced food from the Commonwealth and elsewhere. In so far as the Six had a respectable reason for objecting to Mr Heath's proposals of last week, it was because they might in some respects coddle Britain's farmers too much, and thus set up further political pressures from European farm lobbies for the Six to feather-bed their producers a bit more too.

Possibly, too, there is some element of exaggeration in the British Government's protests about the "administrative impossibility" of moving suddenly from the present deficiency payments system to something like the system proposed by the Six in (presumably) about twelve months' time, before going on to a third and entirely different system in 1970 or thereabouts. Civil servants often do overstate the difficulties of doing a complicated job of work; and one of the Six's suggestions against which Britain has reacted most sharply—namely, that we could reintroduce a complex mechanism of consumer subsidies in order to mitigate the effect of the Six's proposals in raising the British cost of living by perhaps up to 3 or 4 per cent—was clumsily supposed to be designed to help us.

There ought to be some scope for a compromise whereby market prices here might rise more quickly than Mr Heath wished, albeit more slowly than the Six last week asked for, thus allowing the burden to be taken on to the cost of living without consumer subsidies being introduced at all. Nevertheless, it plainly was unreasonable that the Six last week should ask Britain to go through awkwardly large convulsions of policy in order to fit in with a European agricultural system which they themselves have not yet really got working anyway. When this disgruntled thought is added to resentment at the way in which France last week entered sudden reservations about last summer's promise of special treatment for New Zealand, and to disappointment at the niggling answer given to Mr Heath's requests for particular tariff concessions for India and Pakistan (see page 447 again) the British team's exasperation was entirely understandable.

To Britain, the thing to say now is that it would be wise to keep this exasperation under control. There is, in spite of the Brussels setback, a fund of goodwill to be drawn on; witness Signor Piccioni's insistence, in the Italian chamber of deputies on Tuesday, on the paramount importance of helping Britain to get in. There are three really indispensable things that the Government needs to secure during the last rounds at the negotiations. First, Britain should somehow be allowed a say in the new bout of economic policy-making in Europe now being set afoot. Secondly, as a matter of honour, Mr Heath is bound to insist on reasonably generous treatment to New Zealand and to Britain's partners of the European Free Trade Association. Thirdly, as a matter of hard economics, he needs to urge that the Commonwealth countries in Africa which have so foolishly rejected association with the common market should still be given many of the benefits that they would otherwise have secured from it; if the 70 million people in underdeveloped countries who were originally offered association could still be permitted rights of free entry for their produce into Europe, this would provide the best possible assurance that Europe in future years would have no incentive to be timidly protectionist towards imports from other underdeveloped countries either.

If concessions could be secured on these major fronts, it really would not be sensible to worry overmuch about the duty on carpets or coir mats, and it might even be sensible not to strain too hard at the gnat of the Six's suggested interim agricultural absurdity.

To the Six, the things that need to be said are more stark. Many candid friends of Europe in this country—including ourselves—are afraid that the Six's attitude last week may mean that the Brussels negotiations might be seriously obstructed when other and more vitally important matters are reached. Nobody in Europe should underestimate the agonising reappraisal which the British Government might still make if this happened, nor should anyone in Brussels suppose that Mr Heath last week was merely striking attitudes in advance of the coming clutch of partly rural by-elections. The present Government can honestly be acquitted of any desire to play politics in these negotiations; indeed the only effect that politics are having just now is that the Government is finding it convenient to tone down public expression of its private resentment at last week's disappointments, for fear that Mr Gaitskell should say "I told you so." The negotiations have now reached a dangerous corner.

NOTES OF THE WEEK

INDIA AND CHINA

The War That Is On

"UNDECLARED war" is now a fair enough description of the extraordinary state of relations between India and China. The Indian government has announced more than 2,000 casualties in the Himalayan fighting and has proclaimed a national emergency; but diplomatic relations had not been broken off at the time of writing. The Peking government continues to proclaim itself devoted to the cause of peace and of unity between Asian countries, while publicly instructing its army commanders (somewhat retrospectively) that they need no longer have inhibitions about advancing south of the McMahon line.

While Indian Communist leaders line up, red-faced, behind their government in condemning Chinese aggression (an attitude which, according to the British Communist party's political committee, is one of "fantastic hypocrisy"), the Chinese leaders depict the fighting as caused solely by unprovoked Indian violations of their borders. It is odd that, in spite of this posture of injured innocence, Peking has been staging mass indignation rallies this week, not about the supposed invasion of its own territory, but about Cuba. It is less odd that India once more voted this week (as did Britain) for the transfer to Peking of the Chinese seat in the UN. India again explained (as Britain did) that it simply wanted to see China represented by the government that actually rules it—and whose continued exclusion from the UN does not make it any easier to induce it to behave less belligerently.

Reports on Wednesday suggested an easing of the Chinese pressure which had forced India to give up the roadhead at Towang, just east of Bhutan; and the Indian command was said to be more confident of holding the invaders now that their line of communications had become strained by their rapid advance. Whether or not the check was a true one, it came too late to save Mr Krishna Menon. On Wednesday Mr Nehru took the defence ministry into his own overfull hands. Mr Menon retained his cabinet seat and the post of minister of defence production—a post which may give him scope, against the background of military emergency, for scarifying the "private sector"; but his forced departure, in the tattered garb of an Ethelred the Unready, from the defence ministry, the principal base which he had been using for his own political advancement, indicates a real shift in the balance of power among the potential successors to Mr Nehru.

Public anger at the revelations of his ministry's inadequate preparedness has spurred the Indian government's desperate search for defence supplies throughout the western world. Credit should be given to the American, British, Canadian and other governments that have not only responded swiftly to these urgent approaches but have made it clear that they will not try to exploit India's need by tying strings on to their help. That this is the way to foster real friendship, as opposed to securing an uneasy lien on a client state, has already been underlined by appreciative comments in the Indian press.

Ambivalent Attitudes

INDIANS have been quick to note the contrast between the ready response they have met in the West, and the evasions and tokens of malice that their hour of trial has evoked among some of their neighbours and supposed friends. Moscow's ambivalent stand, although predictable enough in view of the severe embarrassment the Sino-Indian conflict has caused Mr Khrushchev, has lost it a visible amount of ground in India (and hardly gained it any in Peking).

Some Soviet military supplies have continued to come through the pipeline; but the promised Mig aircraft suddenly seem a long way off, and Indian pilots have been recalled from Mig training courses in Russia. Bitter things are already being said in India about the fence-straddling attitudes of some of the other "non-aligned" governments that India associated itself with at last year's Belgrade conference. Several of these have contented themselves with appeals to India and China to negotiate a settlement—appeals which, like the Soviet one, are too close to China's proposal for negotiations without any real withdrawal of troops to be acceptable to Indian opinion. Marshal Tito in particular seems to have got the worst of both worlds, by appearing offensively partial to Chinese eyes and offensively impartial to Indian ones. And Indians will be bound to ask why President Nkrumah went out of his way, on Wednesday, to deliver a needless attack on Mr Macmillan for voicing sympathy with India.

Some of these ambivalent attitudes seem blended out of sheer indifference, timid (and improbably effective) propitiation of the Chinese dragon, and malice toward India. The element of malice, however, is not confined to the non-aligned. It has emerged, more openly if more understandably, in some Pakistani reactions. The Karachi press has tended to publicise the Chinese version of the fighting and to gloat over India's tribulations. (Undoubtedly, if the Chinese attack had happened to be aimed at Pakistan, certain Indian newspapers would have revelled in a similar gloat; the folly is equally unjustifiable either way round.) Some of the first reported Pakistani responses to the British and American appeals for timely restraint and reassurance on the Indo-Pakistani "front" were hardly calculated to strengthen confidence in Pakistan's will to make sacrifices in order to stave off the communist threat from the north—the threat that inspired the alliances of which it is a member. But a more constructive, if not too explicit, posture may yet be hoped for in Pakistan.

PARLIAMENT

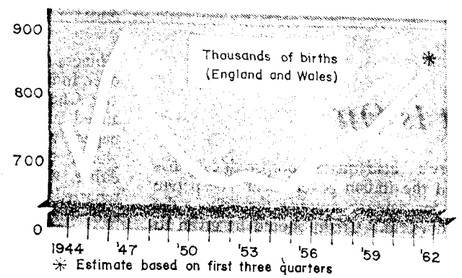
Back Again

THE glittering splendour of the state opening of Parliament by the Queen did something to soothe the wounded feelings of members of both Houses, who felt that in the recent Cuban crisis Parliament in general and the Government in particular had been able to contribute little. During most of the week that has been called the most dangerous in the history of mankind, Parliament had sat in recess; but perhaps, in view of the things that some members would have been saying last week, it is a mercy for some reputations that it did.

Obviously, the common market, on which a two-day debate has been arranged for next week, must be expected to lie in the centre of controversy this session; but so far few MPs have woken up to the fact of how ticklish the latest stage of the Brussels negotiations was. At the moment a more immediately explosive issue on the Tory benches actually looks like being Rhodesia. Among cabinet ministers, Mr Butler may therefore have most at stake. Up to now, as Minister for Central Africa, he has been able to win many golden opinions, but some time during the session he will have to do something, and could become as much a focus of controversy as was Mr Iain Macleod. The minister with least to lose is probably Mr Heath, who may come to be regarded as the deserved hero of the party whatever happens at Brussels. The minister with most to gain could be Mr Maudling if he extends the Conservative recovery by a vigorous policy of economic expansion. But is he going to do so? At present, the Tory rank and file are refreshed and reinvigorated by their holidays. The friendly messages of the latest opinion polls and the tonic air of Llandudno have done much to revivify the failing spirits of last July. The new euphoria could, however, soon be dis-

Another Bulge—or Steady Rise?

Unless there is a sudden change in the current quarter, about 840,000 babies will be born this year in England and Wales, the highest level since 1947. The persistent increase in the birth-rate has caught out the demographers once again. With the 1961 figures to go on, their population forecasts assume 820,000 births between mid-1961 and mid-1962 and an average of just over 800,000 until 1967.



sipated by a setback in the common market negotiations, or in the by-elections which are now to take place on November 22nd. Cynics will remember the élan generated by the Brighton conference of 1961, and the disasters which nevertheless overtook the party within a few months.

The Opposition does not seem to have been inspired by its own Brighton conference; and indeed a slight reaction seems to have set in against Mr Gaitskell's extremist anti-market line. Now that the cheering of the frenzied delegates has died away, the pro-Europeans are seen to be not quite the negligible factor they may have appeared at Brighton. Mr Gaitskell himself seems to have been distracted by Cuba from his anti-market obsession; and this, together with the hardening of the attitude of the pro-Europeans, means that the wording of the official opposition amendment to the Government common market motion, which is to be debated next week, may be ambiguous enough to enable everybody in the party to vote for it. But the shape of this session of Parliament is still principally dependent on events in Brussels. They may well be such that a session which has opened quietly will end with a bang.

LABOUR PARTY

Who's for Deputy?

MR WILSON'S decision to oppose Mr Brown for the post of deputy leader of the Labour party is in itself convincing evidence that his chances of success are not negligible. Only one thing is needed to be elected deputy leader of the party—a majority of the votes of Labour Members of Parliament—and Mr Wilson presumably would not have stuck out his neck if his canvassing had suggested that he would get a drubbing. He can rely on a solid vote from the 70 members of Labour's left wing, which will be augmented by the ballots of the not inconsiderable number of members whom Mr Brown has irritated or been rude to on one occasion or another. Mr Brown has also been weakened by the trivial incident of his contract with the *Daily Mirror*, by his clash with Mr Gaitskell over the common market, and by the fact that some middle-of-the-road Labour MPs want their organisation to be run by an astute fox instead of an elephant.

Against this, and against Mr Wilson's studied flexibility, Mr Brown can oppose courage, steadfastness, loyalty and inherent likeableness. His strength of character, which came out again in his Brighton speech on the common market (where incidentally he showed an adroitness which few had suspected him to be capable of), should appeal to the solid block of trade union MPs, despite a few anticipated defections. These members are not keen on the establishment of Messrs Gaitskell and Wilson as a donnish dyarchy leading the party; to them Mr Brown's basic strength is that he is rooted in the trade union movement and looks it, whereas Mr Wilson looks and sounds middle class despite his proudly proclaimed proletarian origins.

Furthermore Mr Wilson's election would place some strains on Labour's unity. The MPs who could hardly bear to have him as crown prince are generally precisely those pro-European MPs who are not at present feeling very loyal to the leadership. This point cannot be lost on Mr Gaitskell, who is nowadays very touchy about the obvious fact that his own recent speeches helped to put Mr Brown in his present plight, and who for personal reasons is indebted to Mr Brown but for the same reasons hardly indebted to Mr Wilson. Moreover Mr Gaitskell cannot really feel happy about the sort of Labour party that would emerge if Mr Wilson were first in line for the succession, and if anything physical or political were then to happen to himself. Perhaps the most comfortable result from Mr Gaitskell's point of view, though he is at present officially staying neutral, would be the re-election of Mr Brown with a smallish majority. But between now and Thursday of next week, when the ballot will be completed, one or other bandwagon could start to roll.

The Economist

NOVEMBER 1, 1862

THE PRACTICE OF BLOCKADE

English statesmen have long held a most decisive and distinct opinion as to the maritime law which was most for the interest of England. Our ships have long been first upon the ocean, and we have constantly and energetically supported those rules of war which enlarged the ascendancy of a superior fleet. . . . On this point Mr Cobden takes issue. He says,—'The interest of England now, if not formerly, is that the rules of maritime warfare should be relaxed as much as they can be. We are the nation which has the greatest imports and the greatest exports—which is most dependent upon foreign commerce. . . .' But the discussion of what is for our interest does not settle the international question. . . . There can be little question, or rather none at all, that the enforcement of a blockade is among the most effectual of hostile acts; it tends more to bring a war to a conclusion than any other act. . . . Whatever may be our interests or our wishes, we cannot expect that so great an instrument of war will be soon or easily relinquished by the world at large. . . . Nor would it be dignified in England to ask for a change of international law merely because her interests have changed; she would weaken her influence by selfish arguments as much as by selfish policy. It is true that the present state of the world suggests the reconsideration of many parts of international law, and that the effect of war on commerce is precisely the point at which the new influences are most potent, and where reconsideration is especially requisite. We think that the present time is one which should especially suggest a more full and careful consideration of *limits* within which a blockade is endurable by neutrals than any previous period. . . . In actual life, the limits must be vague, for they are so throughout international law, and indeed in all politics whatever. The limits of tyranny, the limits of liberty, the precise details of a *casus belli*, are all matters of which no mathematical definition is possible, and of which a judgment must be formed at the moment by the parties interested as well as they can. Similarly, we think it should be laid down as a canon of international law that as soon as a blockade becomes vitally dangerous to a neutral, as soon as it threatens the fundamental well-being of the body politic, the neutral is justified in breaking the blockade by the supreme duty of self-preservation; and that it is for the neutral to judge when this limit is passed or reached. The elements of judgment are vague, and the result of the deliberation is of the first magnitude; but a great nation passes its life in the consideration and decision of questions both important and undefined.

LEGISLATION

No Surprises

THE fifteen bills mentioned in the Queen's Speech comprised two that will be politically controversial (on television, after a white paper in two or three weeks' time, and on London local government); seven that are worthily social and had been long forecast (written contracts of employment, consumer council, weights and measures, shops and offices, water conservation, child care, increase in public service pensions); two that were not forecast here last week (the Colonial Development Corporation is rightly to be allowed to lend to independent ex-colonies now that so few dependent colonies are left; and the Government needs additional money to keep up its grants for farm development); one bill about Malaysia and three about Scotland (on criminal justice, local authority grants and education). The programme is thus being kept sufficiently trimmed (nothing about underground gas storage, no new measures of company law) to make room for a common market bill or bills some time in 1963 if Mr Heath's negotiations succeed. While waiting for something to sprout from Brussels, Parliament will be chewing over a modest, if nourishing, diet of suet pudding.

Perhaps the two most interesting features of the Government's new programme, as announced on Tuesday, have nothing to do with legislation. Mr Enoch Powell, at the Ministry of Health, is to bring out a ten-year plan for the development of local health and welfare services to match his ten-year hospital development plan; and Mr Geoffrey Rippon, at the Ministry of Works, is to take over responsibility for the future of Government building operations, complete with a new Director of Research and Development charged to try to spur the whole building industry into what another minister has called an impending "breakthrough in building techniques" by prefabrication of larger components in the factories. This last development has some affinity with the ideas of those Labour [illegible]rists who have said that individual nationalised firms in inefficient industries could act as pacemakers for new industrial techniques. Governments of all hues have had a large section of the building industry under contract to the public sector for many years, but they have not hitherto inspired prodigies of efficiency in it.

PENSIONS BILL

Still Behind

THE first major bill to be published straight after the Queen's Speech was the Pensions (Increase) Bill, the sixth of its kind that has been necessary since the end of the war to keep public service pensions panting desperately after rises in the cost of living. Just under 500,000 retired civil servants, local government officials, teachers and policemen will benefit this time; when corresponding increases are given to 112,000 retired regulars from the armed forces the cost of the measure in a full year will be £22.1 million, of which £5 million will bear on local authorities. Two features of the bill are particularly welcome. A graduated scale of increases, ranging from 2 per cent to 12 per cent, gives most help to pensions awarded before April, 1956; in addition, since the worst-off are those who are most elderly, the 70-year-olds in this category will get a flat-rate age benefit of £20. Secondly, the bill provides for British-paid supplements to certain pensioners of colonial and ex-colonial governments, subject to residence qualifications. The Secretary for Technical Co-operation is to determine what these supplements should be, over and above any increases granted by the overseas governments themselves, to bring these pensions into line with equivalent British rates. This is an entirely sensible, and overdue, gesture to a small group of people who have been particularly badly hit in the past.

If there is criticism of the bill it will be because it is not sufficiently heavily weighted in favour of those who retired in the 1930s and 1940s when (as explained in *The Economist* of October 27th, page 333) there were legitimate expectations of a distinctly more comfortable retirement than most of the recipients have experienced in the past decade, and when, especially in the lower grades, there were fewer opportunities for individuals to make reasonable extra provision for themselves in their old age. The additional £55 a year now given to the £295 pension of a clerical officer aged over 70 who retired in 1948 is only one example of how meagre, in terms of present-day wage rates, these new increases are to couples eking out an existence. The least that Parliament can now do is to give this relief promptly, so that the first bonuses can be paid out soon after January 1st.

SOUTHERN RHODESIA

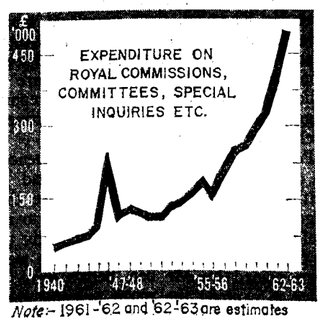
Brave Sir Edgar

WHEN it comes to Southern Rhodesia, it is sometimes hard to tell on which side of the looking-glass one is standing. Speaking as "the distinguished representative of the United Kingdom," the prime minister of Southern Rhodesia, Sir Edgar Whitehead, defended his country's policies before the trusteeship committee of the United Nations on Tuesday. But Sir Edgar does not represent the United Kingdom; if he did, the British Government would presumably be in a position to control how Southern Rhodesia is run, and this is a thing both he and the British Government tirelessly repeat cannot be done. Nor is it clear how Sir Edgar can simultaneously deny the UN the right to interest itself in Southern Rhodesia and appear before the UN to defend the policies of the Southern Rhodesian government.

Such confusing reflections are perhaps best left alone. There are still two principal questions for the British Government to answer. The first is, should Britain intervene in Southern Rhodesia?—the second, can it? Sir Edgar's speech to the trusteeship committee seems to give the answer "no" to both questions. But is this right? Like many African politicians, Sir Edgar talks well; like most of them he makes sense only in a world seen through his eyes. In such a world it would be possible to keep

ROYAL COMMISSIONS

The estimated cost of Royal Commissions, committees and special inquiries in 1962-63 is £494,000. Of this £100,000 has been set aside for "Ned" and £57,000 for the Civil Service Pay Research Unit. Annual expenditure has quadrupled in the last ten years. The early peak in the chart reflects the high cost (about £200,000 spent mainly in 1945-46) of the Commission on Population which sat from 1945-49. By 1955-56 the Commission on Awards to Inventors was completed: £7-9,000 had been spent on this annually since 1949.



Note:- 1961-62 and 62-63 are estimates

DIVISION OF 1960-61 EXPENDITURE

	%
Ancient Monuments, etc.	37
Royal Fine Arts	3
Scottish Savings	30
Civil Service Pay Research Unit	16
Council on Prices, Productivity and Incomes	1
Commission on the Police	4
Treasury Pool of Shorthand Writers	6
Other	3

COSTS OF RECENT COMMISSIONS

	£
Commission on the Press	40,190
Pilkington Committee on Broadcasting	45,450
Radcliffe Committee on Monetary Reform	18,000
Commission on the Police	49,370
Rochdale Committee on the Docks	8,899
Molony Committee on Consumer Protection	4,561

the peace in Southern Rhodesia for long enough to permit the gradual absorption of moderate black politicians into the white Establishment, which they could then take over. This, Sir Edgar rightly feels, would keep Southern Rhodesia's economy in its present modern, progressive shape.

The real weakness of this view is that the time Sir Edgar wants before blacks rule Southern Rhodesia (15 years) is simply not available. A British Conservative MP, Mr Humphry Berkeley (with whom most Tories are, on this issue, out of step), has recognised this and in a speech on October 28th regretted having voted for the present Southern Rhodesian constitution, since it "is wholly inadequate to meet the aspirations of even the most moderate of the African nationalists." This would probably be so even if Sir Edgar's self-defence were made to seem more realistic by a massive expansion of secondary education designed to get more than a handful of Africans qualified to vote on the upper roll. Sir Edgar may well move in such a direction—and even widen the franchise qualifications themselves—if he wins the elections on December 14th.

For this reason the British Government may be wise not to do anything between now and the elections that might frighten white voters away from Sir Edgar. But after that, every opportunity to press Sir Edgar on should be used. This is the only possible policy while Britain continues to carry the can at the United Nations for policies made in Salisbury. The alternative, to give Southern Rhodesia independence under white control, would earn the disapproval of most of the world. Suspending the constitution and cancelling the elections, as the United Nations General Assembly urged (by 81 votes to 2) on Wednesday might produce violent white resistance. To do nothing at all might result in bloodshed between Africans and Europeans in Southern Rhodesia. The minister for central Africa, Mr Butler, might do worse than fly to Salisbury around Christmas to initiate talks between Sir Edgar and the African nationalists. Perhaps U Thant will step through the looking glass with him.

NORTHERN RHODESIA

Still a Colony

On Thursday morning the results of the elections held in Northern Rhodesia on Tuesday were incomplete, but it was possible to draw two early conclusions. The first is that an overwhelming majority of Northern Rhodesia's voters clearly want their country taken out of the federation of Rhodesia and Nyasaland. Virtually all the white voters supported the United Federal party, which wants the federation to carry on, but virtually all the other voters supported parties opposed to the existence of the federation. The UFP's 30,000 white voters are heavily outnumbered by the 100,000 non-white voters. This verdict against federation accords with the verdict of the Nyasaland electorate. The British Government has repeatedly promised that it will not do anything in central Africa against the popular will: it is now more clear than ever that this will dictates the break-up of the federation.

The second conclusion is that Northern Rhodesia needs a new constitution, and very soon. The present constitution, designed to produce something like a stalemate between black and white political parties, seemed on Thursday morning to have done just that. The whites stuck together: the early results gave the UFP 13 of the 15 upper roll seats, with two to be declared. The blacks voted solidly for nationalist parties; the first results gave the United National Independence party 11 of the 15 lower roll seats, with 3 to the African National Congress and one result to come.

The third section of the results, in the "national" seats (to be decided by arithmetic) were expected late on Thursday. The new legislative council will at any rate not reflect the massive popular vote given to the Unip, the major African nationalist party which, fancy franchises apart, should have been the clear victor.

The next constitution must be designed to allow the party with the most support to win the elections. This can be done; unlike Southern Rhodesia, Northern Rhodesia is still a colony, under the direct control of the British Government. Even in setting up a government under the present constitution the Governor of Northern Rhodesia can instruct the six civil servant members of the legislative council to vote with the party of his choice; he can also nominate as many extra members as he pleases. What he does do should be guided not by the results of a cooked constitution, but by the clear expression of the majority will.

ALGERIA

American Rift

One casualty (one hopes, not fatal) of the Cuban crisis last week was the Algerian-American discussions about American aid to Algeria. These began after Mr ben Bella had visited President Kennedy (October 15th) and were suspended on October 23rd. The Algerians seem to think that Mr Khemisti, their impulsive young foreign minister, who was in the United States with the Algerian economic delegation, broke off the talks as a gesture of solidarity with Cuba. But American reports suggest that it was the State Department itself that decided to pack in.

Possibly the Americans were influenced in this by the difficulty they had in getting a positive Algerian assurance that Algeria would not lend its airfields to refuelling any Russian aircraft that might try to fly arms to Cuba. They had, as well, been pained by Mr ben Bella's want of grace in capping the warm welcome their president gave him by a riotous trip to Havana (October 17th). To embrace Dr Castro was one thing; but to out-Castro Castro, as he did, in shouting down all things American, on the brink of an international crisis in which no other unaligned country quite so fervently sided with Cuba, showed a lack of common sense. In such matters Mr ben Bella might learn something about discretion from his exemplar, President Nasser. Egypt's president spoke only for peace when the Cuban crisis blew up; he takes buckets of American aid (mostly wheat for his hungry people) without losing an inch of his stature as a revolutionary neutralist.

For Algeria to forfeit American aid would be a serious matter. Already since its independence Algeria has received, through various American agencies, relief that is reckoned, all told, to have been feeding more than two million Algerians a day. A programme of aid for the future, as envisaged in the New York talks, was also to be helpful politically in giving Algeria some fallback from its reluctant dependence on France. The alternative—to use the communists as a third economic force—is not seen by many Algerians as promising to be effective. Eastern help tends to be too irregular unless (and often, even if) a country lists over and takes the whole communist treatment. But that is another story. Even Algeria's extreme Left would hesitate to lose its freedom of choice.

HIGHLAND TRANSPORT

One Authority?

Transport in the Scottish Highlands is more heavily subsidised than anywhere else in the country. Few, if any, stretches of railway north of Aberdeen and Perth pay their way; some of the routes, particularly to the west coast, were plainly sited in the wrong places from the outset. British European Airways are said to have lost over £500,000 in their operations to the islands last year. MacBraynes steamer services now cost the taxpayer £260,000 a year, and the Orkney and Shetland boats another £30,000. If the new and energetic Secretary of State for Scotland, Mr Noble, is to come to terms with Lord Douglas of Kirtleside—and, even more, to persuade Dr Beeching to keep some of his Highland lines open for social reasons—he will need to produce some bright ideas very shortly. He may be helped by the findings of the latest Highland transport inquiry, which are expected to be published by the middle of this month.

Plainly the island air routes would lose much less money if they were run as "bush services" (which in reality they are) without the full complement of administrative, servicing and fire brigade staffs that are now employed. If BEA cannot bring itself to operate in this way there is a strong case for giving the franchise to a company that will. But how best can subsidies be apportioned between air, rail and rural bus services? There are signs that the old idea of a Highland transport authority, with executive powers, may be finding official

in a changing world

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favour again. Its initial authorisation should preferably be for not more than seven years, after which the redistribution of the population and the further growth of private transport could produce a new situation in some areas. The authority should not be a pressure group for more subsidies, but should be given a certain annual sum from the outset; and then told to try to cut this sum down each year by seeking the most economic way of running a cohesive transport system throughout the region. The bulk of the authority's funds would have to come under the Scottish Office vote, but the principle of some local contribution from rates (which the Jack committee recommended for rural buses) ought not to be lost sight of. Since the crofting counties depend heavily on the equalisation grant to run their affairs at all, any new burden on their ratepayers would be almost non-existent. But the need, particularly in better-off regions, is to bring home to everyone exactly what this kind of social service costs. That is what the establishment of an authority of this kind would do.

GERMANY

Mirror on the Wall

OUR Bonn correspondent outlines on page 452 the facts of the judicial and police action unleashed in the night of October 26th against the weekly *Der Spiegel* ("The Mirror"). A good deal in this affair is still obscure: all the same, it does seem that there is a looking-glass here in which the west German state can learn something about itself. *Der Spiegel* is the kind of tough, unsqueamish paper that would cause any government frequent discomfort. However, since its life to date has virtually coincided with the long reign of Dr Adenauer and of the Christian Democratic Union, it is they who have most reason to hate and fear it. There have been exposures, scandals, malicious titbits, embarrassing lawsuits, ruthless criticism, and in at least one case that of the defence minister, Herr Strauss, a sustained campaign of vilification.

One need not defend all the paper's methods and mannerisms to want to see it treated fairly in the disputes that arise between it and the west German authorities. Last week saw its offices seized in a night raid just as it was going to press, on a complaint against matter published 18 days earlier. The files and the photographic library, instruments on which an illustrated weekly depends heavily for its editorial production, are under sequestration while security officers comb through them—for what? There were attempts to pre-censor next week's issue. The suspicion arises that one object of the operation was to force the paper to stop publication; if it has failed, this is largely because of the warm-hearted way the Hamburg press has rallied round and helped. The owner, Herr Augstein, and several of his senior staff have been kept under arrest; one of them—at whose request?—was picked up on holiday in Spain. All this seems pointless from any judicial point of view.

Who ordered these actions, and who decided the arbitrary and oppressive manner in which they were carried out? The answers affect the nature of coalition government in west Germany, since it turns out that in two ministries that were concerned (the federal ministry of justice, and the North Rhine-Westphalia ministry of the interior) a Free Democrat minister was kept in the dark, while his Christian Democrat state secretary was told. They also affect the nature of the federal form of government. Police powers in west Germany are supposed to rest with the *Länder*: what say, one would like to know, has the *Land* government of Hamburg had in the use of its police in an action ordered from Karlsruhe and, as it seems, politically inspired from Bonn?

Taxes for Britain

the impact of the Common Market

How will British taxes change if we join the Common Market? Will income tax be reduced and taxes on spending increased? What kind of indirect taxes will the Common Market adopt? Should the man in employment be allowed more deductions for expenses? Why is a reform of company taxation needed? These are some of the issues dealt with in a new 40-page booklet written for the non-expert in taxation; it deals with both the changes that entry into the Common Market will probably bring about and those which are desirable in any case.

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JAPAN AND CHINA

Just a Little More

MR TAKASAKI, an influential figure in Japanese politics and formerly minister of international trade, has been expected in Peking this week with a semi-official trade delegation. Nostalgic Japanese will think of the "good old days" of flourishing Sino-Japanese trade and all that; Japanese socialists will hope for closer links with kindred Chinese souls and a chance of jabbing at less kindred American ones; many politicians, especially in America, will find little joy in either prospect. But, when looked at a little more closely, both the hopes and the fears about Sino-Japanese relations crawl back towards the less spectacular mean.

Since the 1958 fiasco, when China broke off trade mainly over the question of Japan's not granting diplomatic recognition, Peking has come to realise that as yet it cannot compensate Japan for antagonising the United States and Formosa—two of Japan's good customers—in this sensitive matter. In addition, the Chinese need credit. On September 19th Marshal Chen Yi, China's foreign minister, went so far as to say that Peking "fully realises Japan cannot sever relations immediately with Nationalist China."

Recently such leading figures in Japanese government circles as Mr Yoshida, Mr Kishi and Mr Ikeda (the present prime minister) have come to favour trade with China. Britain, Germany, Italy and Australia—which are also America's allies—have been expanding their trade with China, in part by granting credit. To the Japanese, China at present is neither a promising nor a reliable market, but times may change and the Japanese have no wish to be left out.

The proposals Mr Takasaki prepared for Peking carefully avoid the question of diplomatic recognition. Trade, he will suggest, should be carried out under a five year barter arrangement which would allow the Chinese to make small deferred payments, but trade must balance by the end of the period. Japan will offer iron, steel, agricultural equipment and vehicles. Ammonium sulphate fertiliser had to be removed from the list when Nationalist China threatened to cancel large orders of this fertiliser if it was offered to the communists on deferred terms—which are not given to the Nationalists. Since Peking insists on barter terms but has little to offer besides soya beans, iron ore and a little coking coal, Japanese officials do not expect trade to rise above $200 million a year, which is about double the current figure and about equal to Japan's trade with Formosa and the Soviet Union. With Japan's foreign trade now totalling about $9,500 million a year, the proposed agreement with China hardly seems a frightening prospect.

HEALTH SERVICES

Administrative Upheaval?

THE national health service, as is emphasised in a report* out this week, is only a part of a huge web of services concerned with the health of the people. In addition to the Ministry of Health and the Scottish health department, nine other Government departments provide health services of one kind or another; and the national health service itself is divided among three administrative spheres. These are the local executive councils, which are agents of the Ministry of Health and are responsible for the running of the general medical services; the hospital boards; and the local authorities, which are responsible for social, preventive and environmental services.

The new report comes from the Medical Services Review Committee, set up by the royal colleges of Great Britain, the Society of Medical Officers of Health, the College of General Practitioners and the British Medical Association. It was thus a

* A Review of the Medical Services in Great Britain. *Social Assay*. 18s.

thoroughly professional body and, as is only to be expected, the professional point of view and the importance of professional representation are emphasised throughout. But though there is nothing revolutionary in the report's recommendations about the "terms and conditions of service" of individual practitioners—the capitation fee is, for instance, regarded as the least undesirable form of paying family doctors—it does come out with some fairly radical proposals for reorganising the whole structure of administration of health services in the country.

Briefly, the Porritt committee suggests that as far as possible responsibility for the various health services should be concentrated in one Government department and that the Minister of Health should always be a member of the Cabinet. Lower down, it recommends the establishment of area health boards, directly responsible to the Minister of Health, which through subsidiary councils should organise the three existing sections of the national health service and the occupational health services in industry and commerce. Doctors, and all other health service workers, would be under contract with this one authority. The report is rather vague both on the size of the areas the boards would be responsible for and on how they would be constituted; pilot schemes should be started to determine the best size.

But in any case is there any chance that any government would even consider such an upheaval of organisation? Now that local government boundaries are under review, the present is perhaps as favourable as any for putting the plan forward. On the other hand, as was mentioned in the Queen's Speech, the local health authorities are to produce their ten-year plans for community services this year, and these are expected to promote integration with the hospital and general medical services less drastically than would be involved by the Porritt committee's proposals.

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NEW TOWNS

In the Black

THE record of the dozen new towns in England and Wales in 1961-62 should encourage Sir Keith Joseph to push on with creating more of them in the 1960s. Most of them are now not merely a social, but also a reasonable financial success. Nine of the existing new town corporations showed a surplus on their general revenue accounts for the year ended March 31st, amounting to a total of £725,000 (to which the two major successes, Stevenage and Harlow, contributed over two-thirds). The three others showed a total deficit of £165,000 for the year; the chief strugglers are Basildon, which has found the clearance of a rural slum domain unduly costly, and Peterlee in the Durham coalfield.

Despite rents that are considerably higher than most local authorities', the new towns in the south have become pockets of industrial affluence. Bracknell reports a serious problem over car parking and garage facilities, which the postwar planners had not anticipated. Harlow has now employed a large private contractor to build (without Government subsidy) three-bedroom semi-detacheds for renting at £4 a week—an interesting experiment which will deserve to be very closely watched. Sir Keith should be exploring how best to associate private enterprise on a bigger scale in building better houses for rent in the next new towns.

It is a healthy sign that a previous minister's remarks on "new town blues" have drawn vehement and substantiated denials from the spot. Leisure facilities have been greatly improved, and, despite sociological criticism of the breaking up of working-class families, Hemel Hempstead roundly claims that "whole clans have re-established themselves" in their new surroundings. The main worry of a town like Crawley (with 80 per cent of its population under the age of 44) is how to expand to cope with the next generation of newmarrieds. This factor, and the emergence of the family car in town centres, suggest that to tack on more overspill to existing towns, as the Ministry has been hinting, would be much less satisfactory than starting afresh on new sites—provided the operation is planned from the start in keeping with the motor age and modern income levels.

CORRECTION

In the table included in the leading article "Bills in Prospect" of last week, the 1962 purchasing power of the pension of £725 paid to an assistant secretary in 1939 should have read £2,070; not £2,855. The 1962 purchasing power of the £165 paid, in 1939, to a two-year trained teacher, is £471; not £485.

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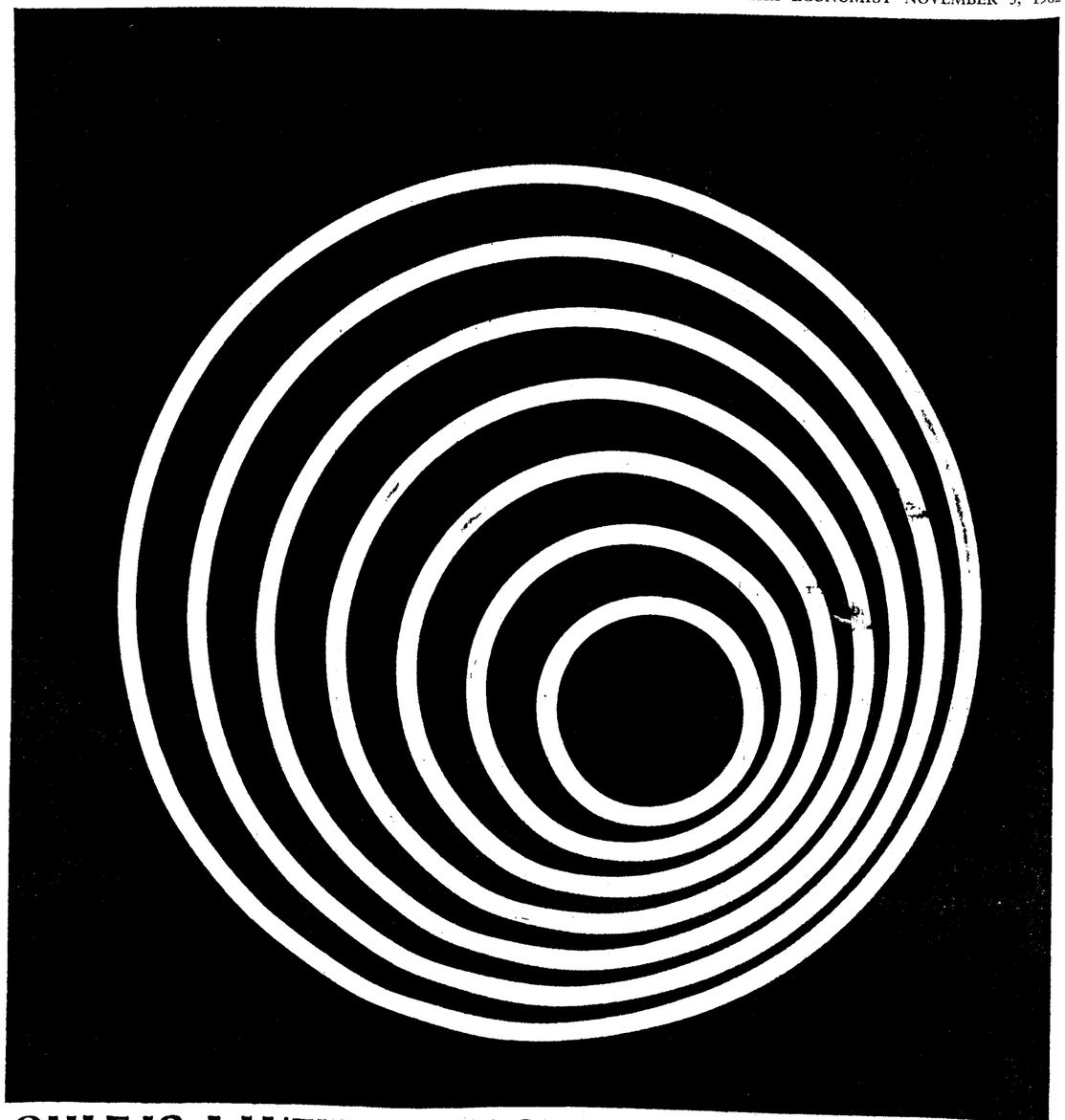

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THE WORLD OVERSEAS

Defeat in Victory

FROM OUR PARIS CORRESPONDENT

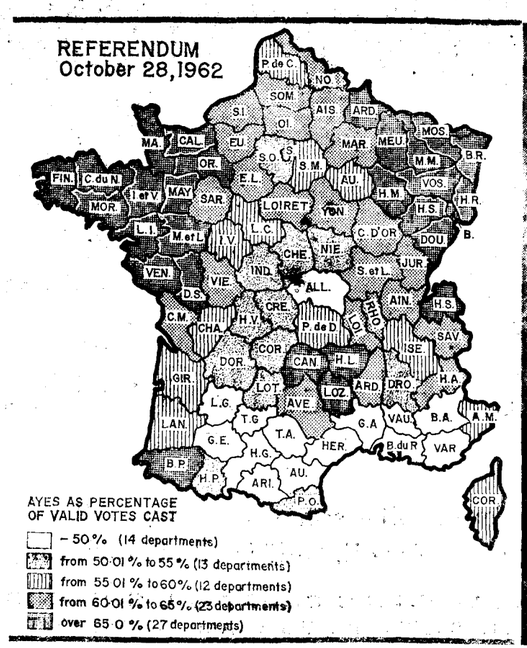
GENERAL DE GAULLE'S blitzkrieg against parliament did not come off. The political parties, as was expected, lost the day on Sunday. But General de Gaulle did not gain the conclusive victory that was to decide the conflict once for all. The judgment of Paris is that he has won the referendum but lost the plebiscite. 61.76 per cent of valid votes cast is, by normal French standards, quite a comfortable majority. The constitutional amendment proposing that future presidents should be elected by direct universal suffrage has thus been approved by the French electorate. The method of presidential election, however, was to have been merely a convenient ground on which to stamp out the revival of the political parties, shatter their attempt at a coalition and so prove that the French people want to be ruled by their "guide" and not by parliament and party politicians.

Despite the general's pressing appeals for a massive vote, echoed by the state's propaganda machine, and despite his threat to resign should support for him prove lukewarm, the number of abstentions rose from 15.1 per cent in 1958 to 22.75 per cent, and the gaullist vote slumped from 17.7 million to 12.8 million. (This comparison with the 1958 constitutional referendum is the fairest one.) Until polling day, inspired voices were swearing that the president would resign if he did not obtain the votes of at least half of the total electorate. But he polled only 46.21 per cent of those entitled to vote. Courtiers' pledges are not binding; they serve, however, as an indicator that the results fell short of official expectations and played havoc with gaullist strategy.

The strategy is fairly obvious. On Sunday, as soon as the count ended, M. Frey, the minister of the interior, putting a good face on a disappointing outcome, produced the arithmetic that, in the original plan, was to have proved devastating. The "noes" had collected seven million votes, or 38.24 per cent of the votes cast. After attributing about 20 per cent to the Communists and a fraction to the diehards of French Algeria, the minister left less than 15 per cent to be shared among the other parties, ranging from M. Pinay's conservatives to M. Mollet's socialists. There is an element of truth in this arithmetic. (The other gaullist argument, about the influence of the Algerian refugees, must be dismissed outright. Their 250,000 or so votes were drowned in an electorate of 27.6 million.)

But for the calculation to have been really effective, the "yes" vote should have been bigger. The political parties are bound to do much better in the general election on November 18th and 25th than they did in this personal popularity vote. They can also claim that, in addition to swelling the number of "noes," they contributed to the increase in abstentions and therefore to the drop in the gaullist vote. The purpose of the whole operation was to show that the nation, following its guide, was almost entirely united in its condemnation of the parliamentary parties. The outcome is to show that Gaul stands, politically and geographically, divided.

The classical distinction between stagnating France south of the Loire, and expanding France north of it, is not quite adequate to explain the geographical distribution of the votes. Brittany, where the "yes" vote was massive, is not an area of dynamic expansion. Indeed, what happened in Brittany suggests the other explanation, the social and historical one. The Breton West, and the East bordering on Germany, are the two regions where the plebiscite was really triumphant. They are also traditionally conservative areas, where the influence of the church is great. The South, on the other hand, which provided 13 of the 14 departments where the noes had a majority, is anti-clerical, has radical roots and a



Popular Front tradition. This re-emergence of the *Midi Rouge* confirms the general impression that the anti-gaullist opposition is backed, predominantly, by the Left.

Conservative and Catholic (or Popular Republican) politicians, whose strongholds are in the northern half of France, either avoided taking sides or were deserted by a great number of their traditional supporters. The drop in the gaullist vote, though general, was uneven. In the smart districts of the capital the ayes still had a very comfortable majority. In the Red Belt of Paris they were reduced to a minority. Similar examples could be multiplied. The only partial exception to this rule lies in the industrial region of northern France. There, the general gained a fairly comfortable victory in areas where communists and socialists combined have a majority. Yet this is a region where the gaullist movement has been strong in the past, where television is now widespread and where communists and socialists have been feuding bitterly for years.

The general election has suddenly regained significance. The parties, defeated on points at the referendum, expect to make a come-back. Short of a miracle, the faithful battalions of the general's UNR will not return to the chamber in anything like their 1958 strength. The objective of the referendum was to prevent the election of a hostile chamber—or, more exactly, to render parliamentary opposition irrelevant.

His original, ambitious, plan of campaign having failed, how will the general adapt his strategy? Though he ruled out resignation on Wednesday, the things he can do are many. One would be to take a more active part in the electoral campaign, in an effort to transform Sunday's ayes into a parliamentary majority. The venture would be risky. The electoral arena is familiar to the parties, and the semi-success of the referendum could be turned into decisive defeat. The general is more likely to carry on campaigning by proxy. On Tuesday the faithful M. André Malraux, now minister of culture, launched the Association for the Fifth Republic, which is to distribute certificates of good gaullist behaviour to candidates, and not just UNR ones. Logic should drive the government to seek the support of understanding conservatives and M. Pflimlin's wing of the Popular Republicans. The climate is favourable for such a reconciliation. The reddish colour of the "no" vote is worrying the leaders of the anti-gaullist coalition, and fear of a Popular Front favours the idea of appeasement even among M. Mollet's socialist entourage. Coalition, however, means compromise; and it is concessions to the parties that the general wanted to avoid. Still, he may resign himself to a temporary truce and, though with greater reluctance, bargain with the politicians—as he bargained with the officers in Algeria—until a more opportune moment comes to strike.

There is no doubt that General de Gaulle has still many weapons in his arsenal. To resign and get re-elected by universal suffrage, at a good moment, is the most obvious. He can argue that his relative failure on Sunday would not affect his prospects in such an election. But, for the moment, the general is tasting the bitter fruit of his limited victory. Sunday's vote was to have given him a new lease of power. In practice, it has given rise to doubts about his future.

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Brussels Seismograph

FROM OUR BRUSSELS CORRESPONDENT

OBSERVERS of Mr Heath during his visits to Brussels have established their own seismic register of how the common market negotiations are going by seeing how much the Lord Privy Seal's shoulders shake when he laughs. Last Saturday, October 27th, the shoulders were notably still, and the laughs notably absent, as Mr Heath reported the clashes between himself and the Six, this time over questions of India and Pakistan, and British agriculture, in the previous three days of negotiation.

The present dispute on agriculture exclusively concerns the transition period. Both sides agree that by the end of that period Britain will fully adopt the European Community's common agricultural policy. But the British wish to taper off their present system of deficiency payments during the transition period, while the Six wish them to abandon it immediately on entry, on the ground that to retain it would give the British farmer a price guarantee for a few years that his continental counterpart does not enjoy. They fear strong demands from their own farming lobbies for something like the British system, in preference to the community's newly adopted plan which exposes the farmer to some degree of market fluctuations—although on one main item, cereals, a guarantee is provided by the device of the "intervention" price, below which farm prices are not allowed to fall.

What the Six propose for Britain is that in cases where the British guaranteed price is below the community price—that is, chiefly in cereals—it should rise to the lowest community level (from around £20 to around £32 per ton) immediately on Britain's entry. Where it is above the community level it should move down gradually to the community price, the gradualness being assured if necessary by tapering subsidies to the producer. In both instances the price to the consumer would move gradually upwards to the community market price, the gradualness in this case being ensured by tapering subsidies to the consumer.

Neat as this blueprint may be, the British have dismissed it as totally unrealistic. It would mean changing a system which the British Government is pledged to continue throughout its present mandate. It would mean administering a new, complex and unfamiliar system during a short period before changing again to the permanent one. It might have quick repercussions on Commonwealth trade, and it would cause lack of confidence among farmers because their guarantees would be cut earlier than they expected (even though it is likely that they would not need them). Above all, it would mean forcing on the farmer, on Parliament, on the civil service and on the general public an upheaval that in scale would be far beyond anything required of the six common market countries, and for which the British firmly say they do not see the necessity. In terms of the purely material interests of the British farmer, one can see the possibilities in the Six's proposals. The common market's economists claim, probably correctly, that under their scheme the British farmer would do as

well as at present. But the Six can fairly be blamed for ignoring political and psychological realities in their presentation of their case. They appeared genuinely surprised last week at the strength of Mr Heath's reaction. There is already some sign that they are willing to modify their blueprint, though the going will not be easy when Mr Heath returns to Brussels on November 15th.

The Six's lack of awareness of how their proposals appear to onlookers was illustrated also in the discussions on India and Pakistan. Three elements of the Asian question had been settled in August, when the community proposed that the present 18 per cent duty on tea should be abolished, that Britain should only gradually apply the common external tariff on textiles and other exports and, above all, that comprehensive trade agreements should be worked out between India and Pakistan and the enlarged community. Last week the Six refused the request for a delay in Britain's application of the tariff for a "reasonable period" while the agreement is being negotiated. Moreover, they rejected Mr Heath's plea for the abolition of tariffs on industrial products important to India and Pakistan. All they offered were small reductions in the present high tariff levels—for instance, 28 per cent instead of 32 per cent on carpets.

THIS is a niggardly offer. The Six justify it on several grounds. They say that nil tariffs might give unfair advantages to British industry, and that each item in question is of special interest to some member country: the Belgian carpet industry, for example, is now in dire straits because of its recent loss of sales on the American market, and cannot afford new rivalry from a low-cost country. Moreover, they remind India and Pakistan that not only will the common external tariff be lowered in the next round of tariff negotiations with the United States, but that a further reduction is envisaged as part of the comprehensive trade agreement which is to begin within three months of Britain's entry. There is little doubt that the Six are aware of the economic and political problems of India and Pakistan and sincerely intend to help. The present arrangement is meant to be no more than an entracte played out against the backdrop of the Treaty of Rome, filling the interval between British entry and the comprehensive trade agreements. But their attitude is tinged, too, with lingering memories of the still quite recent days when they themselves were on the breadline, at the receiving end of aid. They need a little time to play themselves into the role of the rich man with the rich man's responsibilities. They should not be surprised if, while they are earnestly studying their parts for the next act, they are criticised for the slightly skinflint figure they cut in this one.

The other news on the common market front this week is the publication of the EEC commission's action programme, a 125-page document in which the word *communautaire*—unloved by General de Gaulle and the French Academy—occurs sixty-three times. With some caution and occasional deliberate vagueness, the document sets out the goals of common policy for the second four-year stage of the common market under eleven headings that range from energy to development aid, from monetary policy to administration and finance. It points out that the European community represents not merely a customs union nor even an economic union, but "a political union in the economic and social fields."

The programme's timing, coming as it does during a sticky phase of negotiations with Britain, may seem somewhat tactless; British officials in Brussels apparently found copies hard to come by, and those only in French. But it would probably be a mistake to see the commission's programme as a move to force the pace on Britain. The passage last January to stage two of the transition period means that common action, and therefore the role of the commission, begin to come more to the fore. The six governments had asked the commission for a programme of proposed work. Last month, in Strasbourg, it was criticised by the European parliament for not having taken the initiative more often in filling out the framework of the Treaty of Rome.

More than this, however, the commission and other community circles have been growing aware that progress towards economic union has been slow on matters that, unlike tariff-cutting, are not likely to offer quick material returns. The action programme is no doubt intended to stimulate a real start on the more difficult parts of the treaty while the community still enjoys the euphoria of its early success. The common transport and energy policies are proving tricky; so are cartel questions, in which so far a multitude of firms appear to be dragging their feet about complying with regulations, hoping that the commission's administrative resources will be insufficient to find them out. Clearly the commission is wary of leading too fast where governments and powerful organisations are slow to follow it; the unhappy experience of the Coal and Steel Community's High Authority over the coal crisis is too recent for that.

The power of the communal institutions is in fact now facing its first big practical test, in the application of the agricultural regulations begun at the end of July. German, Belgian and French farmers have already made public protests. This probably helps to explain the commission's stand on the British agricultural question; no doubt it is anxious to show itself prepared to be as tough with the British farmer as the Community farmers imagine it is being with them.

Samson at the UN

FROM A SPECIAL CORRESPONDENT AT THE UNITED NATIONS

MR MIKOYAN has hastened to Havana either to sweeten Dr Castro's pill by assurances of continued Soviet economic aid, or to bolster the Cuban ruler in some different fashion. Meanwhile, despite U Thant's assurance that he was "reliably informed" during his visit to Havana that the dismantling of the Soviet missiles and installations was in progress and would be completed by Friday, Mr Kennedy has been under fire from angry or apprehensive Congressmen, and other Americans, demanding to know what Dr Castro and the Russians are really up to and how much they may get away with after all. At the United Nations, Mr Kuznetzov, whose appearances usually signal fairer Soviet weather, has been busily attempting to allay American suspicions with amiable words, and has also had kind words for the Indians.

However, the United Nations appears to some Americans as a Delilah of whom a United States that has just successfully flexed its muscles ought to be afraid. Uncle Samson, in their view, must resist all attempts to lull him to sleep, especially eschewing protracted slumber-inducing discussions such as have characterised former armistices and arms withdrawals in which communist states were involved. These Americans would regard as much too sanguine the UN estimate that the entire job of removing and shipping out the missiles could be done in three weeks at the comparatively trifling cost of $250,000. They believe that dismantling and removal is only half of the necessary total operation. The other half ought be a painstaking scrutiny of the entire island on the ground and from the air, undertaken, if desired, by neutrals, but ensuring beyond all doubt that no missiles had been hidden away. They add that the Russians ought to be made to pay for this more thorough and costly operation since the Russians put the missiles there in the first place. Other questions calculated to give headaches to politicians as well as to international lawyers may be raised before this exercise is over, concerning, for instance,

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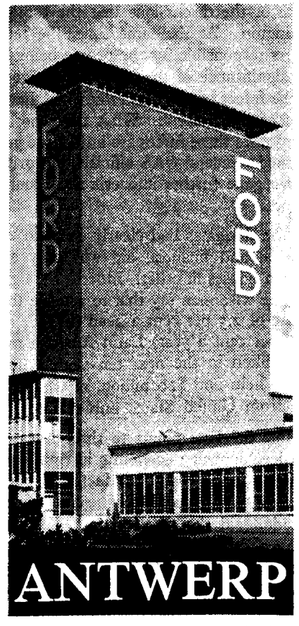

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YOUR KEY TO THE EUROPEAN COMMON MARKET

Cuba's sovereignty and UN assurances of its security that would be binding on the United States. Long-range missiles are undoubtedly offensive weapons, but what of Soviet military jets?

All Americans are agreed that the first imperative is to get the Soviet missiles out of Cuba; but behind that there would appear to be considerably less unanimity. Some Americans favour casting the whole problem "into the UN," but others dread this course. Those in favour now see some hope of a breakthrough on such vital matters as an agreement to end atomic tests, disarmament by inspection, and a ban on the proliferation of nuclear weapons. They feel that Mr Khrushchev, if properly managed, might be induced to boast to his people about having successfully initiated the "disencirclement" of Russia by a deal with the United States on bases, instead of being moved, if handled less carefully, to take a tough line about Berlin. This school of thought positively desires Mr Khrushchev to come to the United Nations and bask in the approval of the world as the great peacemaker—a part, incidentally, which about seventy per cent of all delegates at the UN would this week be prepared to concede to him. This very admiration of Mr Khrushchev, which it views as shallow and unthinking, is of course one reason why the opposing school of thought is distrustful of the United Nations.

There are also two schools of thought about Dr Castro among highly placed Americans. None admire him, all detest him. Nevertheless some feel that what they think must surely be his bitter disenchantment with Russia may proffer an opportunity to try, even now, to reverse the policy of shoving him even deeper into the Soviet embrace. Alternatively, they hope that Dr Castro himself might now be brought down by the deep Latin American sense of nationalism that his becoming a despised Soviet dupe must have outraged. There is even speculation that Dr Castro or another might in time be induced, like earlier revolutionaries in Mexico, to engage in discussions about compensation for confiscated American properties in Cuba. But in all this the greatest enigma remains not Cuba but Russia, and, until Russian intentions are clearer, the Cuban question must remain a cliffhanger.

Latin Alliance in the Rain

FROM OUR CORRESPONDENT IN MEXICO

THE Cuban crisis burst like a cold morning shower over the heads of the finance ministers of 18 Latin American countries and the United States who had gathered at Mexico City for a six-day meeting that began on October 22nd. They had come, as members of the Inter-American Economic and Social Council, to review the first year of the Alliance for Progress and plan for the future. Cuba, expelled from the Organisation of American States, was absent; Bolivia, which has been boycotting OAS activities because of a frontier dispute with Chile, attended the last session.

President Kennedy's dramatic broadcast announcing a "quarantine" of Cuba came during the first session and not unnaturally proved a far stronger attraction to most of the delegates than any of the opening speakers. The next day Mr Douglas Dillon, the chief United States delegate, was recalled to Washington. He was rapidly followed by the senior American newspaper correspondents who had been sent to Mexico to cover a meeting regarded as crucial to the alliance. The conference was overshadowed by the threat of war, and much of the enthusiasm, generated during the previous three weeks of talks between economic experts, evaporated.

The effect of President Kennedy's action on the conference is worth recording because of what had been expected of this particular meeting. The confident excitement that existed when the charter of Punta del Este was signed in August, 1961, has long dissolved into cynicism. As many delegates pointed out, the alliance has been misunderstood in both North and South America. People in the United States tended to think that though the taxpayers' money was to be distributed in larger quantities than ever before, a new way had been found of bringing prosperity and democracy quickly to Latin America and so stopping the spread of communism. Latin Americans, if they did not actually oppose the alliance, saw it, to quote one report, "not in its true perspective as a multilateral co-operative effort in which self-help plays the main role, but as a vast plan of aid by the United States." It was hoped that last week's conference would clear up what the alliance really stood for, and re-kindle the drive and enthusiasm that had been seeping away. The hope was that it should have as much impact as the original Punta del Este conference itself. So it was bad luck that the wind was so effectively taken out of its sails right at the start.

ALL the same, something was achieved. Probably the best work was done by the experts who met on October 1st and broke up before the Cuban crisis. It took them a week to warm up, but they then surprised themselves and everyone else by indulging in some frank self-criticism almost unprecedented for Latin American government representatives. Mr Teodoro Moscoso, the co-ordinator of the alliance and acting chief of the United States delegation later described this as one of the most hopeful aspects of the conference.

Their frankness was probably induced by an unusually outspoken report produced by the "nine wise men", a panel appointed to review the past year and make recommendations for the future. The report openly admitted that the alliance's call for peaceful revolution and reform "is looked upon with scepticism and incredulity by broad sectors of the Latin American population" because of their past relations with the United States. It also boldly criticised "the nature of the discussions that the foreign aid act provoked" in Washington. At the same time, the report holds Latin American leaders responsible for the people being "unaware of the revolutionary significance of the alliance," and admits that in many countries "the forces opposed to reform . . . have initiated a powerful campaign of resistance". What the report does not specify is that in many cases these forces are in fact the government of the country concerned. Several OAS officials said privately that the report should have gone further and criticised countries, and governments, by name.

However, most of the delegates had clearly come to understand that American technical and financial aid was only a guide to help them put their own houses in order. Indeed, the figures speak for themselves: the nine wise men say that to achieve the planned annual income increase of 2.5 per cent a head (in face of a population increase of 2.6 per cent a year) Latin America must invest something like $150 billion in the next ten years. The United States has promised to help find $20 billion, of which about half is expected to come from United States public funds.

The charter of Punta del Este points to three lines of action: economic and social development; economic integration; and the stabilisation of the price of basic export products. Export earnings are, perhaps, the key to the whole problem. The chief Brazilian delegate, Dr Celso Furtado, said that Brazil has had to increase its volume of exports by a quarter during the past decade just to maintain the level of its imports. The new international coffee agreement, signed in August, has therefore been warmly welcomed, but there was sharp criticism of the United States for reducing the subsidised prices of its sugar imports. Much concern was also expressed at the favoured treatment of African and Asian competitors in the European Common Market—a problem which, it was pointed out, would become much worse if Britain joined.

The conference passed many sensible, practical resolutions on streamlining the alliance machinery, improving consultation, encouraging private enterprise and launching a vast publicity campaign. But the kernel of the problem is that time is being wasted while the alliance beats against the wall of anti-Yanqui nationalism and the resistance of the privileged few. Nationalism, as Dr Furtado pointed out, is closely tied to the forces demanding change in Latin America. The alliance has yet to find out how to prove to the ordinary Latin American that the United States is with these forces, and not against them.

Special Powers and the Spiegel *case*

FROM OUR BONN CORRESPONDENT

THE suspicion that the roots of German democracy may still be perilously frail is as widespread in Germany as elsewhere. Assembled at Hanover last week for its triennial conference, the west German trade union federation declared itself opposed to legislation that would invest the government with special powers in a national emergency. War, and an attempted communist coup, are the disturbing possibilities uppermost these days in the west German mind. But who, it was serenely asked under the threatening clouds then spreading from Cuba to Berlin, could be sure that the government of some evil day might not use its special powers to suppress the trade unions? One delegate raised an unintended laugh by anticipating that an alarming drop in exports might provide a wicked Chancellor with just the excuse he would be looking for.

In the world outside the smoke-filled conference hall there was much shaking of heads over the intransigent trade unionists' old-fashioned fears. But only until, scarcely 48 hours later, the federal public prosecutor's office at Karlsruhe came unwittingly to their support. On the night of Friday, October 26th, acting on orders from Karlsruhe, the security police sealed and began to search the offices of the weekly news magazine *Der Spiegel* in Hamburg and Bonn; they arrested the proprietor and editor-in-chief, Herr Rudolf Augstein, along with several members of his staff, and ransacked their homes down even to the mattresses on the children's beds. In a hotel at Torremolinos, near Malaga, in the early hours of Saturday morning, Spanish policemen, acting on a nod from Germany, arrested Herr Conrad Ahlers, one of the magazine's assistant editors, who with his wife had just arrived on holiday there. Still more remarkable, the minister of justice, Herr Stammberger, was not informed about these goings-on in his bailiwick until the following Monday. Herr Stammberger is a Free Democrat. The state secretary in his ministry, Herr Walter Strauss, who is a Christian Democrat, did know, but he did not tell his chief. On Wednesday the minister tendered his resignation to Dr Adenauer, who had still, on Thursday, to decide what answer to make. Herr Stammberger was encouraged in his action by his party leaders, who were all the more incensed because the Free Democratic minister of the interior of North Rhine-Westphalia (who is ultimately responsible for action taken by the Bonn police) had also been kept in the dark by a Christian Democratic state secretary.

This Gestapo-like swoop had been made, Karlsruhe explained, because *Der Spiegel* had published reports "in which important questions of national defence had been handled in such a way as to endanger the existence of the federal republic and the security and the freedom of the German people." Subsequent official statements indicate that the issue of the magazine that had given particular offence was that dated October 10th (and actually put on sale on October 8th); and the authorities were investigating whether the magazine had received any of its information from officers in the ministry of defence. In the course of a characteristically rambling article on General Foertsch, inspector-general of the Bundeswehr, *Der Spiegel* of October 10th discussed the findings of the inquest into the exercise "Fallex 62" carried out by the Nato forces last September. According to *Der Spiegel*, such chaos had been caused by a simulated Soviet nuclear attack that normal communications were almost wholly disrupted, the medical services unable to cope with the casualties and the proud new Bundeswehr had earned no better a Nato "efficiency rating" than "fit for defence in limited circumstances" (the lowest rating of four). The Russians, the magazine conjectured, could have reached the Rhine with ease within their own estimate of seven days. The arrested men, except for one or two since released, were evidently chosen as bearing some responsibility for this painful article.

All this week the government has been subjected to a barrage of angry public questioning about the *Spiegel* affair. It is not that anyone is surprised to hear that this professionally iconoclastic magazine is in trouble again. It is the circumstances of its latest skirmish with authority that have excited so much concern and earned *Der Spiegel* an unaccustomed sympathy. These circumstances disquietingly recall a former arbitrary resort to force to break opposition, and the penalty the German people paid for failing to resist it. It is being asked how this nocturnal police swoop could have been necessary 18 days after the offending publication; and whether the continuing police obstruction on the magazine's premises is not tantamount to a censorship. Above all, it is being asked whether it was purely a coincidence that the law struck at *Der Spiegel* only 24 hours after the Bundestag had exonerated Herr Strauss from charges of seeking advantage for himself and some of his friends out of building contracts for the American forces in Germany. *Der Spiegel* first brought these charges against Herr Strauss, and hammered away at them week after week. Was this the defence minister's, or the government's, revenge? If not Herr Strauss, who inspired the public prosecutor's office to act against the minister's most troublesome political adversary? Unhappily for the authorities, public confidence in the federal judicial organs has not recovered from the disclosure in July that the chief federal prosecutor appointed in April, Herr Fränkl, had been an eminent judicial accomplice of the Nazi regime. (Herr Fränkl has since been retired. A successor has not yet been appointed.)

It was in this unpropitious atmosphere of public misgiving, and with none of these questions satisfactorily answered, that the cabinet approved on Wednesday a bundle of draft laws to invest the Bonn government with special powers in the event of a national emergency. Some of these laws—relating mainly to civil defence—will go through parliament virtually unopposed. But the heart of the legislation, the law that would authorise the government to rule to some extent by decree, entails a constitutional change and consequently the approval of two-thirds of the Bundestag; this the government cannot take for granted. Until last week the Social Democrats seemed to be ready to give the government conditional support. They have learnt since that a majority of trade unionists (the voting at Hanover was 276 to 138) expect them to oppose letting the government have emergency powers of any kind. The *Spiegel* case has aggravated their dilemma.

Fuzzy-Wuzzies in Northern Rhodesia

FROM OUR CORRESPONDENT IN CENTRAL AFRICA

CELEBRATION in Northern Rhodesia of the ninth anniversary of the Federation of Rhodesia and Nyasaland was a little perfunctory. Last Monday, at the capital's main hotel, the federal minister of posts stood up at a sundowner party with a conspicuous number of army officers and simply asked everyone to " drink to the federal state." Farther north, at the railway town of Broken Hill, Sir Roy Welensky reminded an eve-of-poll election meeting that Britain had created the federation. Earlier the director of elections of the United National Independence Party (Unip), Mr Nalumnio Mundia, observed the anniversary by telling a press conference that his party would regard the total votes in Tuesday's elections as a referendum, and that if a majority of the 100,000 African and 30,000 European voters supported Unip or the Liberals it would be taken as a mandate to break up the federation.

Sir Roy's United Federal Party (UFP) has fought hard to prevent the continued existence of federation from being debated as a central issue. The party has produced some statistics in favour of federation ; but the UFP manifesto prefers to counter-attack rather than defend, and it praises the federation as " a rampart against pan-Africanism." It gives warning that " if the link with Southern Rhodesia is severed Northern Rhodesia will become the pawn of the pan-African movement, to be pushed hither and thither until chaos and anarchy finally engulf her."

This is the measure of the UFP's understanding of what is happening further north. It has nevertheless proved effective in frightening European voters with its frequent references to " the evil forces of barbarism " and " the savage fist pounding at the door." Pan-Africanism by UFP definition means extreme racialism, preventive detention acts (" the last straw," said Sir Roy, presumably forgetting that Southern Rhodesia has one of its own), repressive legislation against trade unions (this to alarm the Copperbelt white miners), intimidation of opposition parties and swift debasement of European standards. UFP speakers have traced the advance of pan-Africanism from Ghana through Tanganyika to Unip headquarters and claimed that it is mostly financed by " their masters in Moscow." For weeks they have sounded the bugle call to muster all the whites into a tight little square to face the charge of the modern fuzzy-wuzzies.

Throughout the two years of lobbying and crisis here and at Westminster which ended with this twice-amended constitution being reluctantly accepted by all, Mr Macleod and Mr Maudling both tried to make it impossible for a party to win without gaining substantial support from both European and African voters. They realised that nearly all the 15 upper roll seats would go to the UFP on European votes, and that nearly all the 15 lower roll seats would be filled by Unip with purely African support. They therefore devised a most complicated set of percentage qualifications for candidates for the 14 " national " seats. As a result returning officers have been struggling with seven different types of ballot paper and forms which make common market calculations look elementary.

They have, however, failed to use the device of " national " seats for the purpose that was claimed for it, to bring the races together. The UFP candidates, realising that they would never on their own gain the qualifying minimum of 10 per cent of African votes cast, determined that Unip should lose the chance of gaining the equivalent number of European votes. They attacked Unip as a party of thugs, arsonists and intimidators. All propaganda stops were pulled out in a concentrated campaign of vilification. It included leaflet raids over mining townships, smear posters flatly stating " Unip burns schools," and pamphlets published under the name of a maverick African politician putting together the dozen most immoderate statements Unip leaders have made in four years. The pamphlet's title is " You have been Warned." A platoon of UFP leaders marched up from Southern Rhodesia in support and the former federal finance minister said that any European who voted for Unip would be " a traitor to his brethren."

Against this assault, the attempts by Mr Kenneth Kaunda, the Unip president, to reassure European voters have not had the success they deserve. Mr Kaunda spent most of the six-week campaign patiently trying to remove European misconceptions. He answered abusive questions with grave courtesy. He explained that the party's funds came not from Moscow but from unobjectionable sources such as Sweden and a committee headed by a Tory peer, Lord Hemingford. Each time the murder of Mrs Burton was recalled he apologised deeply for the Unip men who ran wild two years ago. He promised that the mines would not be nationalised, that trade union rights would be respected, and that as far as pan-Africanism was concerned he would always put the interests of Northern Rhodesia first. He attracted large and attentive European audiences and had them laughing and sometimes clapping. But with the UFP alarmism buzzing in their ears few, it seems, could bring themselves to shake his hand or accept his nationalism.

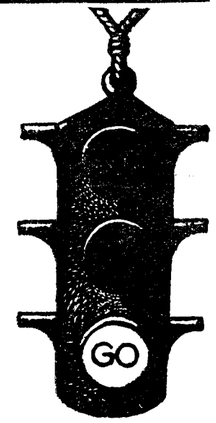
MR KAUNDA has suffered as well from a failure to reach agreement with Sir John Moffat's Liberal party. The Liberals demanded a clear run in the national seats in return for joining with Unip in a coalition government. Unip wanted the Liberals to disband and accept two or three safe seats for their leaders. The two parties ended by fighting each other in nearly every seat and dividing the progressive European support between them. They have few policy differences beyond where to build new railways, and at what age to start school integration. But the Liberals insist there must be a further period of transition while more African leaders get government experience under Liberal tutelage. When Unip rejected this paternalism the Liberals joined the UFP in dubbing Unip a party of extremists that needed purging. It looks like a sad end to the Liberal party. During the past 20 months, three Liberal leaders have been in the government, and quiet reforms in African agriculture and education have been introduced. The Liberals might have been useful as junior partners to Unip in a government charged with more dynamism.

It may now take six weeks to form a new government. The UFP leaders reached polling day on Tuesday confident of winning several national seats because of the arrangement they had made with the faltering African National Congress led by Mr Harry Nkumbula. Few believe that their present alliance will carry these parties, so fundamentally opposed over the federal issue, into a lasting government coalition. The alliance is hailed by its supporters as an example of racial harmony. But most Northern Rhodesians see it as a survival pact.

The gloom of watching the white UFP and the multi-racial Liberals spurn the chance of racial harmony has been lightened only by Mr Kaunda's model restraint and by the patience of nearly all his supporters, who have been calm under what they see as heavy provocation. They have clung to calmness in the hopes of being rewarded with an African majority government (one step short of internal self-government), an early end to federation, and a chance to secure for the 3 million Africans some of the revenues from the mines. Mr Kaunda has promised to accept the election results whatever government they produce ; but his supporters may yet feel differently.

TODAY

GREEN FOR GREECE



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President John F. Kennedy, Telstar news conference, July 23, 1962

Q—Mr. President, the United States has reportedly invited Japan and other industrialized countries to invest in the building of plants in this country. Would you explain the thinking behind that, sir, and does it imply also that we are discouraging U.S. investment overseas in plants?

THE PRESIDENT: As you know, the United States investment overseas has been very heavy. In fact, it has been one of the matters which, of course, affects our balance of payments. Over the long run it does not, over the immediate run it does. We are anxious to have others invest in the United States, and particularly to invest in those areas where there may be higher unemployment, so this program is being operated through the Department of Commerce.

Presidential news conference, July 5, 1962

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Cuba on the Ballot

WASHINGTON, DC

THE crisis over Cuba had much the same effect on the American electoral scene as a howling sandstorm has on a particularly dull desert. The drearily flat and lifeless landscape was suddenly transformed into topsy-turvy confusion. Candidates and their campaign managers were tumbled head over heels, like desert travellers whose cosy tents have been ripped apart and who find themselves bowling briskly along the ground, following their scattered and wind-propelled baggage into the heart of the storm. The air is still filled with sand but there is hope that nothing more lethal will be flying about when the elections are held next Tuesday. With due allowance for the obscurity of the view, it looks as if Mr Kennedy's dramatic course on Cuba will pull into the polling booths numbers of voters who might otherwise have sat this election out; and as if most of them will use their votes to support the President.

This likelihood raised questions in some suspicious minds about the timing of Mr Kennedy's Cuban move. But only the Republican congressional campaign committee and a few others dared to speculate aloud that the entire crisis had somehow been manufactured with an electoral victory for the Democrats in mind. The theory has no support from either fact or logic. The Democrats were in little danger and had no need to build up a scare about menacing foreign missiles; there was little chance of the Republicans gaining control over the House of Representatives and none that they would win the Senate.

On the other hand, it seems doubtful whether the crisis has altered the normal shape of mid-term congressional elections, when the Presidency is not itself at stake, enough to enable the majority (Democratic) party to increase the number of seats which it now holds. Even if the total vote is larger than was expected before the Cuban crisis and even if most of the extra votes are Democratic ones, the Republicans still look like doing well in some important states. They may capture the Governorships in Michigan and Ohio, and perhaps in Pennsylvania and California, and may increase their already comfortable majority in New York. Nevertheless, the Democrats are almost certain to retain their ample leads in both houses of Congress. Should the Democrats lose some seats, these are more likely to be vacated by liberal Democrats who support almost all President Kennedy's policies warmly than by conservative southern Democrats who, with varying degrees of stubbornness or fervour, have opposed nearly every domestic reform that Mr Kennedy stands for. It will be surprising if the crisis enables the President to achieve his object, expressed long before Cuba became a really burning issue, of getting enough "pro-Kennedy" Democrats elected to the Eighty-eighth Congress to ensure passage of some of his deeply cherished measures.

Until Mr Khrushchev bounced on-stage in his familiar part of father of lies and author of evils, the election had failed to produce an issue. The Democrats, including Mr Kennedy, sounded less than convincing to many voters when they insisted that only Republicans stood in the way of giving the country improved welfare, better education and more jobs. A Republican speaker in California unconsciously expressed a truth of wider application when he declared that the people who said that they did not like Mr Nixon but could not explain why ought rather to say that they did not like Mr Nixon's opponent, Mr Brown, and could say why. Confronted for the most part by totally uninspired candidates, the voters were tempted to show distaste, not admiration.

At the same time, what seemed at first sight to be good issues tended disconcertingly to sputter and fizzle like damp squibs. The Billy Sol Estes case, of which at one time the Republicans entertained high hopes as a first-class farming scandal embarrassing to the Administration, was regretfully put aside once it seemed clear that its roots were firmly planted in the soil of the Eisenhower years. A lot of money was lost on the stock exchange when share prices fell, but much of it belonged to Republicans who will vote against the Administration anyway. Grumbles about high taxes are endemic but voters appear sceptical about promises by either party to alleviate their tax burden and almost certainly the Cuban affair has deepened this scepticism.

The Republicans played for all it was worth their criticism of President Kennedy's earlier handling of Dr Castro. But opinion polls showed that the public was dubious about the merits of direct action. People knew what they would like done about Cuba but did not want to pay the price of a Korean-type war, still less of a world war. When Mr Kennedy revealed that the Russians had put missiles into Cuba, which the Republicans had long alleged was the case, his prompt response turned to cheers the boos which otherwise might have greeted his about-face.

Mr Kennedy's handling of this crisis took most of the stuffing out of General Eisenhower's attack on his "dreary record." On the other hand, Democrats like Senator Clark of Pennsylvania, who stoutly supported Mr Kennedy's former stand and dismissed Republican warnings over Cuba as scaremongering, seem to be having a harder time living it down. (Former Senator Pepper, running for a congressional seat in Florida, ducked out from under his awkward reputation as a flaming liberal by calling cannily for an air and sea blockade of Cuba before the President produced his quarantine.) Naturally Republicans like Senators Keating of New York, Capehart of Indiana and Dirksen of Illinois, who had talked most about a build-up of missiles in Cuba, feel vindicated. Perhaps the only politically-conscious part of the United States which has remained relatively unaffected by the events in the Caribbean is Massachusetts. The spell cast on voters there by the President's brother, Mr Edward Kennedy, who is seeking a seat in the Senate, has continued to hold them in thrall regardless apparently of anything happening elsewhere.

CUBA apart, the parties have been battling mainly for the votes of the suburbs and of the farming mid-West. The Democrats hold the cities and the South firmly. Suburbanites, with $25,000 homes and swimming pools, often vote Democratic nevertheless because in spite of affluence they feel themselves to be "little people" in need of protection from the government. But businessmen, most of whom also live in suburbs, generally vote Republican because they are against "big government"; many of them think, also, that Mr Kennedy acted too sluggishly over Cuba. The midwestern farmers, although dissatisfied with the Administration's farming programmes and inclined therefore to stay with

the Republican party, are a dwindling band of voters, because of the growth of the cities of the plains. The most talked-about tenth of the American nation, the Negroes, must weigh what the Administration has done for Mr Meredith in Mississippi, and what it wants to do for old people with medicare, against heavy unemployment among Negroes and the job discriminations practised against them by trade unions whose white leaders are almost entirely Democratic.

The Administration's much discussed proposal for financing hospital care for the elderly through social security payments seems to have left most voters curiously untouched. But this may be less because they dislike the proposal than because they seem thoroughly bored with almost all the candidates, many of whom have been risking vocal rupture amid an immense unflattering indifference. Their loudest shouts have been devoted to shrill charges and counter-charges about whose hand has been found in the till. They were therefore caught on the wrong foot when the real issue of the election, and one in which voters were prepared to take considerable interest, suddenly became the firmness of the hand which holds the tiller.

The sad truth is that from Massachusetts to Texas, and from coast to coast, the general standard of candidates is deplorably low. Such candidates are known in the trade as "turkeys." There have been times in these elections when the sum of all their campaigns has sounded like one vast gobble. A mass of mediocrity has been leavened here and there by such energetic exceptions as Mr Romney and Mr Scranton, the Republican candidates for the Governorships of Michigan and Pennsylvania. But by proving the rule such instances serve merely to cast cheerless light on the status of politicians in the United States. Mr Romney is a gifted amateur in politics. He and Mr Scranton are wealthy, successful businessmen. Most successful American businessmen prefer to have nothing to do with politics apart perhaps from buying themselves a politician.

For the Democrats the best hope of gaining seats seems to lie in California. For the Republicans, New York holds out similar promise. But in both places the parties' hopes have sprung largely from more or less unashamed gerrymandering. This year's mid-term elections may turn out to be the dullest as well as the costliest in recent American history. The Democrats hope to reap an extra harvest from the voters' response to the President's act of leadership which the Republicans could only support. But the new Congress seems only too likely to resemble in almost every unsatisfactory particular the one that ended before Cuba became a Soviet base.

The 1962 Elections

Polling Day—Tuesday, November 6th

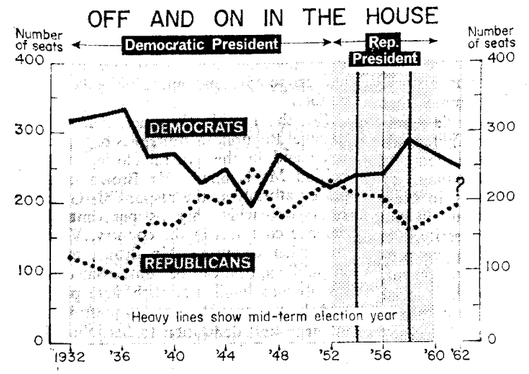
THE most sensational—and the most unlikely—thing that could happen next Tuesday would be for the Republicans to gain the 44 additional seats which they need to control the House of Representatives. In fact, if they pick up as many as a dozen or so (when losses have been set off against gains) they will be doing well and the prestige of the President and his party will suffer. On the other hand, the Democrats will be happy if they do no more than retain their present majority of 89 and will count it a real victory if they show a net gain of only a very few seats. This is because the party in power normally loses strength in off-year elections in which the Presidency itself is not at stake.

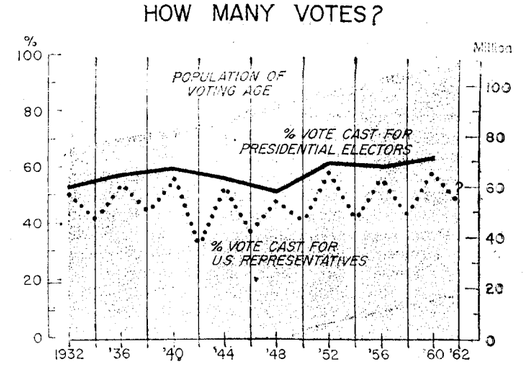
The Democrats are particularly likely to be affected in this way because the number of voters going to the polls falls off when there is no presidential contest to stimulate interest and a high proportion of those who cannot be bothered to cast their ballots come from the poorer, less educated classes which vote Democratic if they vote at all. This year there are about 110 million people in America of voting age—over 18 in Georgia and Kentucky, over 19 in Alaska, over 20 in Hawaii, over 21 everywhere else—but it is estimated that only some 83,500,000 are actually qualified to vote; the rest are aliens, criminals, lunatics or have failed to satisfy state requirements regarding length of residence, registration and so forth. One of the main purposes of the energetic campaign, unprecedented for a President in an off-year, with which Mr Kennedy was blanketing the country was to shake Democratic voters out of their apathy. Now that all election speeches by the President and by the members of his Cabinet have been called off because of the emergency over Cuba, Democratic candidates may suffer. On the other hand, they may benefit from the desire of the voters to support the President in this crisis.

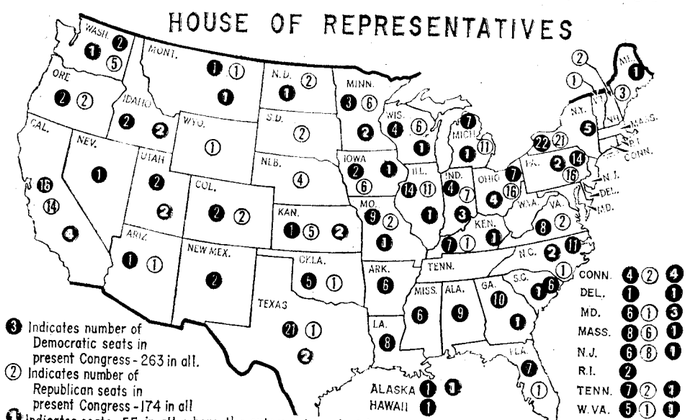
The most recent—and semi-final—survey by Dr Gallup showed 56 per cent of the people who are "most likely" to vote supporting Democratic candidates. This is only slightly less than the percentage which actually voted for Democrats in 1958, the last off-year election, giving that party a majority of 152 in the House of Representatives. The Democrats' best chance of picking up seats in the House this year are in California and Florida in the new constituencies which have been added as a result of increases in population—and where the new boundaries have been drawn by Democratic majorities in the State Legislatures to favour their own party. The Republicans, however, may win the new seat in Texas and their hopes are even higher in Michigan, where the inability of the Republican Legislature to agree with the Democratic Governor on how to redistrict the state has resulted in candidates for the new seat running "at large"—that is, being chosen by a state-wide vote. The Republican contender, Mr Bentley, is an extreme and extremely rich conservative who has long been demanding a blockade of Cuba, an idea which has been castigated as warlike by his opponent, a well-known professional Democrat, Mr Neil Staebler. Now the President, whom Mr Staebler supports so whole-heartedly, has probably ensured that his opponent will win.

In the Senate the Republicans would have to gain 15 seats to obtain a majority and there is no chance of this; indeed they will do well if they manage to avoid a net loss. The Republican incumbent, Senator Thruston Morton, is being particularly hard-pressed in Kentucky by a liberal Democrat, the Lieutenant Governor, Mr Wilson Wyatt. The Democrats may also pick up an unexpected seat in New Hampshire, where a bitter internal quarrel has divided the Republican party. Few independent observers now give the Republican, Mr George Cabot Lodge, any chance of beating the President's brother, who has fought a competent, expensive and well-organised campaign, in Massachusetts. But just possibly Mr Van Zandt may be pulled ahead of Senator Clark in Pennsylvania by the coat-tails of the Republican gubernatorial candidate, Mr Scranton, should the latter do exceptionally well, as he may, against the Democratic Mr Dilworth.

It is in the gubernatorial contests that the Republican prospects are brightest—although the squabble in New Hampshire may mean an unnecessary loss there. If, as is very possible, California, Ohio, Michigan and Pennsylvania, all of which now have Democratic Governors, are won by the Republicans, they will then control all the leading industrial states—the Republican Governor of New York, Mr Rockefeller, is sure of re-election—and these will be the key states in the 1964 presidential contest. Moreover, one of these gubernatorial candidates will probably be the Republican nominee for the Presidency in two years' time.



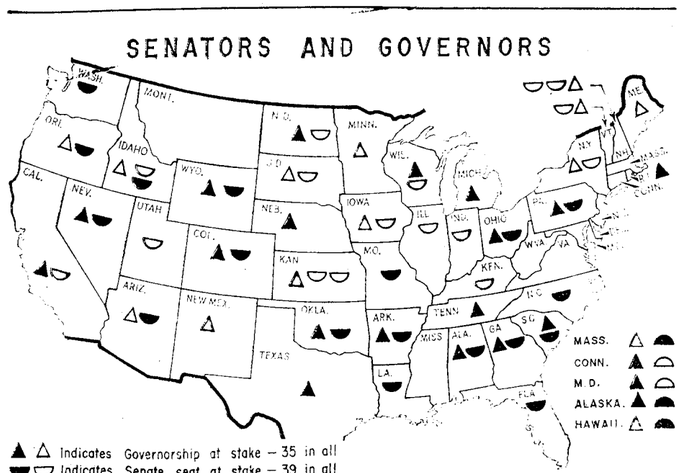




3 Indicates number of Democratic seats in present Congress - 263 in all.
2 Indicates number of Republican seats in present Congress - 174 in all
1 Indicates seats, 55 in all, where the outcome is anybody's guess, according to *Congressional Quarterly*. There are 184 seats which are safely Democratic, 44 which lean towards the Democrats, 38 which lean towards the Republicans and 114 which are safely Republican.

The total number of seats in the House of Representatives to be chosen this autumn reverts to 435 and they have been reapportioned among the states to allow for the changes in population which were revealed by the 1960 census. Nine states gain seats, sixteen lose them, as shown on the list below :—

Alabama	−1	Kansas	−1	Nebraska	−1
Arizona	+1	Kentucky	−1	New Jersey	+1
Arkansas	−2	Maine	−1	New York	−2
California	+8	Maryland	+1	North Carolina	−1
Florida	+4	Massachusetts	−2	Ohio	−1
Hawaii	+1	Michigan	+1	Pennsylvania	−3
Illinois	−1	Minnesota	−1	Texas	+1
Iowa	−1	Mississippi	−1	West Virginia	−1
		Missouri	−1		



▲ △ Indicates Governorship at stake — 35 in all
◒ ◓ Indicates Senate seat at stake — 39 in all
Solid symbol shows that incumbent is a Democrat, hollow symbol that he is a Republican.
Red symbol indicates that the outcome of the race is anybody's guess, according to *Congressional Quarterly*. Its latest assessments are shown below :—

	Governors	Senators
Safe Democratic	5	8
Leaning Democrat	4	12
Doubtful	18	8
Leaning Republican	6	5
Safe Republican	2	6

Present position for whole country

	Governors	Senators
Democrats	34	64
Republicans	16	36

Duel to the Death

FROM A CORRESPONDENT IN CALIFORNIA

WHATEVER else the Cuban crisis may do to Californian politics this year, it has already propelled Senator Kuchel, the Republican whip, safely back to his Washington post. Once his summons came on October 22nd and he flew off in a naval aircraft to join other congressional leaders in a presidential briefing at the White House, his victory in next week's election over Mr Richard Richards, a State Senator who is a protégé of the leftish California Democratic Council, was assured. No such conclusive assistance towards re-election has come to the Democratic Governor, Mr Edmund (Pat) Brown. His campaign against the former Vice President of the United States, Mr Richard Nixon, was to have received a final boost from President Kennedy whose scheduled visit to California last week was cancelled because of the Cuban situation. The boost was needed to get out the vote, particularly in southern California where 40 per cent of the electorate lives.

Without the stimulus of a presidential visit, to match the lift given to Mr Nixon by former President Eisenhower's appearances on his behalf, California's Democrats are on their own. Their problem in the last days of the campaign is to mobilise their party's vote in support of the President, with the particular object of winning as many as possible of the eight new congressional seats allotted to California this year. If they can succeed in this, they expect also to be able to hold Governor Brown's Democratic support and to win for him many of the independents who comprise an important part of the electorate in the state.

All Californian elections are characterised by the lack of strong party discipline. Nevertheless numbers are important. There are now 7,531,211 registered voters; of these 4,289,997 are nominally Democrats and 3,002,038 Republicans. The perennial problem of Republican candidates in California is that they must hold their own party's voters and must attract bipartisan support in addition. Senator Kuchel is the one remaining legatee of the bipartisan tradition established in California by Chief Justice Warren when he was Republican Governor. Mr Nixon, who won over Mr Kennedy in California in 1960 by 35,000 votes, has also proved his ability to attract Democratic votes in large numbers.

The sharply altered focus of political interest away from state issues and towards Washington has distracted Californians from one of the most apathetic and least edifying campaigns in their history. It became plain early in the summer that personalities rather than issues would dominate the contest for Governor. California's problems today are those of expansion; its growing population is approaching 17 million, and it is about to outstrip New York as the most important state in the Union. With its great prosperity, its balanced budget and its progressive programmes for statewide water development, increased educational facilities and social welfare all provided by the joint efforts during the last four years of Governor Brown and a bi-partisan group in the State Legislature, it has been difficult for the Republicans to find anything to argue about.

Therefore Mr Nixon has been challenging Mr Brown's own competence, his choice of staff, his "extravagance" and finally his alleged "softness on communism." Mr Nixon's plea has been that he could run the state better than Mr Brown on less money and with abler assistants. The Republican candidate has promised to save $50 million by eliminating abuses in the welfare system, economising on state buildings and reducing the size of the state bureaucracy.

Mr Nixon has also revived the old question of communism in California, suggesting that it should be dealt with more positively through legislation and through explanatory courses in the schools. He has not called Mr Brown, who is a devout Roman Catholic, a communist; he has simply indicated that the Governor is not countering communism aggressively enough.

Even here, however, it has been difficult for Mr Nixon to separate what he would do from what he would not do. Thus he is in agreement with Mr Brown that a proposed amendment to the State Constitution, to be voted on next week, which would empower a grand jury, the attorney-general or any federal marshal to designate individuals and organisations as communist without legal process, is unconstitutional and self-defeating. Similarly Mr Nixon has condemned the excesses of the reactionary John Birch Society. In taking a rational stand on extremism, however, he has alienated the extreme element in his party in California.

To win conservative and right-wing support Mr Nixon has again accepted the services of the controversial strategist of past Republican campaigns, Mr Murray Chotiner of Los Angeles, and a familiar pattern has developed of attack by innuendo against the state's Democratic officials. This was capped recently by a series of apparently faked photographs showing Governor Brown, for example, in an attitude of deference to Mr Khrushchev. Democratic efforts to involve Mr Nixon in a loan given to his brother by a defence contractor in the past did nothing to elevate the tone of the campaign.

Mercifully, all of this diversionary sniping has now been drowned out by events. Mr Nixon hastened to make a long television statement supporting the President on Cuba and reminding Californians that he himself had proposed a quarantine publicly in September.

But the President's action deprived the national Republican strategists of the Cuban issue and in the general closing of ranks behind Mr Kennedy Mr Brown takes his place naturally as the responsible Governor of a state which has 25 per cent of the defence contracts in the country. What the somewhat colourless Mr Brown may lack in public appeal can be compensated for by his obvious familiarity with state problems and the fact that there is no question of his integrity and dedication to his job. If Mr Brown is not a great asset to his party at least his victory on Tuesday would be the key to saving California for the Democrats in 1964 and a death blow to Mr Nixon's hopes of a presidential future.

Candide for Governor

NEW YORK

IT would be understandable if Mr Robert Morgenthau should succumb to the paranoiac delusion that the entire Cuban crisis has been staged in order to relieve the Democrats of the embarrassments of his forlorn campaign for the Governorship of New York. For now President Kennedy and Vice President Johnson have been freed from their promise to return to New York before the election to do better by the gentle Candide to whom the Panglosses of the New York Democratic party have assigned the most hopeless of all political tasks, that of trying to unseat Mr Nelson Rockefeller, the present Republican Governor. Moreover, as a Morgenthau campaign aide lamented, "our candidate has been pushed off the front pages." In his place appeared reassurances by Governor Rockefeller that the state's civil defence programme was ready to shelter New Yorkers of all parties in the event of a nuclear attack.

The enormous pity and fascination with which New Yorkers have followed Mr Morgenthau's daily humiliations is not the sort of publicity which Democratic leaders crave. During the President's visit to New York on Columbus Day much fun was made of the contrast between the wan

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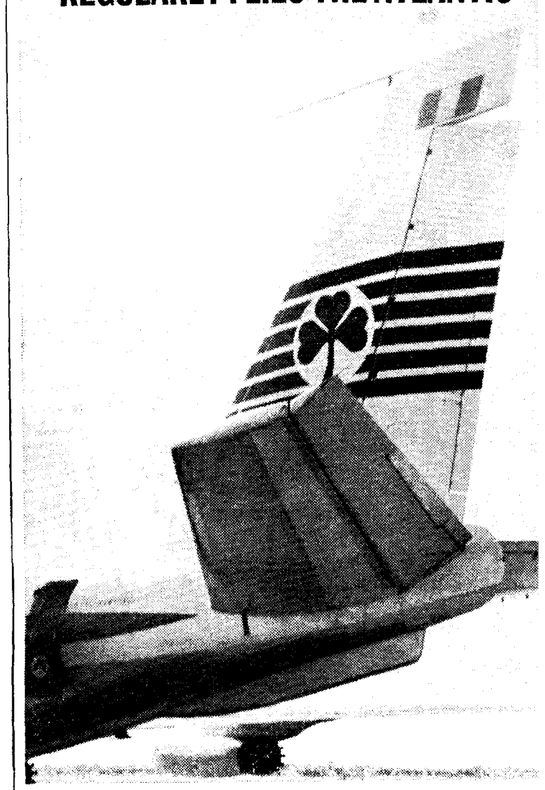

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WHY HEINZ USE CANS

Reason number one—cost. Heinz believe they have a duty to the housewife in offering her baby foods that are pure, safe, nutritious, *and* at the lowest possible price. Cans help keep costs down as can be seen, dramatically, from a price increase of *only 2d. in 25 years!*

WHY CANS LEAD

Safety is vital. Heinz like cans because they are safe in the factory, in transit, in the shop, in the home. Another reason is that new standards are always being set—of safety, hygiene control, higher food values. This partnership with Metal Box in constant, forward-thinking research is helping to keep Heinz's lead in baby foods.

THE RETAILER'S-EYE VIEW

Nearly half Britain's food shops sell canned baby foods. In supermarkets alone, canned baby foods are big business. Since it is estimated that, by 1965, 4 out of 5 women will shop in supermarkets, let us hear Mr. Sydney Ingram, Chairman of the Anthony Jackson chain. He says: "We make a special feature of these canned baby foods. We encourage women to take 3 or 6 at a time, because they need the variety, and these little cans are light to carry. Our displays are moving 25,000 cans a week!"

CHILD NUTRITION

Child nutrition is a joint interest of Heinz and Metal Box. Together, they plan far ahead with new ways to improve productivity, food standards and consumer benefits. Metal Box, for instance, have introduced an extra safety factor—a new high-velocity cold-air cooling system for cans emerging from the sterilisers. They also clean all baby food cans before delivery. These are but a few of the services Metal Box offer every customer. They are ahead in food technology, engineering, design and research. With all this, cans are often the cheapest way to pack food products. Could cans improve *your* product?

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novice and the President who, flushed with the exhilaration of his return to campaigning, found himself smiling more often at a more photogenic co-star, Governor Rockefeller. Vice President Johnson was widely credited with political shrewdness when, during his visit to New York, he failed to emerge from his hotel room to accompany Mr Morgenthau, who was waiting in the corridor, on a tour of Harlem; Mr Johnson explained later that there had been a misunderstanding. Local Democratic leaders themselves have been unable to muster the conventional enthusiasm when trying to introduce Mr Morgenthau whose nomination was preceded by intra-party warfare.

The delusions of health which enliven consumptives in the final acts of Italian operas seem to have kept Mr Morgenthau going. He believes that he has a chance of winning—even though Mr Rockefeller, in 1958 when he was relatively unknown, defeated Mr Averell Harriman by nearly 600,000 votes. Mr Morgenthau thinks (and even the *New York Times*, which supports Mr Rockefeller, admits) that the Governor's refusal to debate with the Democratic candidate on the grounds that he is unfamiliar with state issues may seem arrogant to voters. Mr Morgenthau is even more hopeful that the electorate will not relish Mr Rockefeller's scarcely veiled ambition to be something more important than Governor. Mr Morganthau has even gone so far as to imitate the campaign techniques of his rival who, with his surprisingly earthy New York accent and rugged good looks, thrives on mingling with crowds. One day Mr Morgenthau shook hands for 14 hours, from Harlem to Chinatown—a feat which even his most idealistic admirers, such as former Governor Lehman, fear may be damagingly out of character.

Supporters of Mr Morgenthau have clung to a more scientific shred of hope: the same polling organisation which guided President Kennedy, Mr Edward Kennedy and New York's Mayor Wagner to their respective successes has maintained that the Democratic candidate's election is not impossible. Yet it has been clear that the party's leaders, especially the President, have not exerted themselves fully for the man who laid down his job as federal attorney on their behalf. One public speech by Mr Kennedy urging Mr Morgenthau's election would have been infinitely more valuable than the two-minute television commercials which were prefabricated during the President's visit to New York.

Now, while the Democrats' hope of diminishing, if not demolishing, Mr Rockefeller before the Republican national convention of 1964 has been almost obliterated, they will at least be spared too strong an identification with the candidate who, according to less beneficent psephologists, may lose an election by one million votes.

West of the Mississippi

In the western half of the country broad economic issues lie beneath the surface sound and fury of individual contests. In the farming states the great question is how to maintain agricultural income without excessive regimentation. Elsewhere the problem is how best to develop the resources and diversify the economies of the arid mountain states and of Texas, where a real two-party system is struggling to emerge. Washington may be far-off but its largesse—and its interference —are central issues in the elections.

Republican Harvest?

FROM A CORRESPONDENT IN MINNESOTA

THIS is no year to be campaigning as a Kennedy liberal in the farm states—and, in fact, few Democrats are. Mr Nixon did well in these states in 1960 and the Republicans made big gains in the House of Representatives. In Minnesota, Wisconsin, Iowa, Kansas, Nebraska, South Dakota and North Dakota the events of the past two years have generally reinforced the Republican position. The redistricting which followed the 1960 census cost these states four seats in Congress and has left the area with an underlying feeling of alienation from a national government attuned to the growing importance of the urban areas.

In the past two years right-wing groups have also been active to some extent in Wisconsin and Minnesota and to a great degree in Nebraska and North Dakota. They have been attacking the federal government as increasingly bureaucratic and urging the people to "work out their own solutions" to their problems. So has former President Eisenhower. "You do it!" he exhorted in Minneapolis in October. "Take back your faith in yourself—don't let one man make your decisions for you."

Nowhere does this feeling show up more clearly than in the reaction to the "supply management" concepts embodied in the original Kennedy farm plan. This proposal, with its prospect of permanent controls over the production of wheat and feed grains and, for the first time, of dairy products, was opposed by every Republican from the area but one. Iowa's Democratic Congressman, Mr Neal Smith, voted against the Administration's proposal and Mr E. B. Smith, the capable professor who is running against the incumbent Republican, Mr Hickenlooper, for the state's Senate seat, is less than enthusiastic about it.

In North Dakota, where the Farm Bureau is small but aggressive, it has been arguing persuasively that the principal effect of the federal wheat programme has been to reduce the state's ability to produce its natural speciality; this year farmers in North Dakota approved the marketing quotas through which the programme is implemented by the smallest margin ever. In the country as a whole the referendum barely managed to get the required two-thirds approval. Turkey growers, who are especially strong in Minnesota, soundly defeated

a proposed federal marketing scheme advocated by the Department of Agriculture. Finally, the movement this summer to withhold farm commodities from the market is seen as an important indication of the farmers' basic uncertainty about the new supply management concepts and of their willingness to look for long-range solutions to their price problems which do not depend on the government.

All over the area, the farm programme is being debated more in terms of "regimentation" and "controls" than in terms of its effect on prices and farm income. A key test will come in the huge new district in western Kansas, where a first-term Republican, Representative Dole, is using this line of attack in his close race with Mr Breeding, the Democratic chairman of the House agriculture subcommittee on wheat and a defender of the Kennedy programme.

Only two Senate races are drawing much attention: that in South Dakota, where Mr George McGovern, the former director of Food for Peace, is opposing the Republican appointed to fill the vacancy created by the death of Senator Francis Case; and that in Wisconsin, where the Democratic Governor, Mr Gaylord Nelson, is running strongly against a veteran Republican, Senator Alexander Wiley. Mr McGovern, who represented the eastern and more urban half of South Dakota in the House from 1957 to 1961, has been closely identified with the Kennedy Administration. The President has come to the state to speak for him but Mr McGovern has an uphill fight. Governor Nelson had been thought to be a little ahead in Wisconsin until the Cuban crisis but this called attention to Mr Wiley's position as the senior Republican member of the Foreign Relations Committee and also mercifully forced the 78-year-old Senator to suspend his embarrassingly inept campaign appearances and return to Washington. The race is now a toss-up.

No important shift is foreseen in the area's balance of Republicans and Democrats in the House of Representatives. The seven Congressmen from North Dakota, South Dakota and Nebraska—all Republicans and all solidly conservative—seem virtually assured of re-election with one

possible exception. The only race of really national interest is taking place in Minnesota between Representative Judd, a veteran Republican, and a highly-regarded state legislator, Mr Donald Fraser. Mr Judd, who felt himself badly treated by a redrawing of constituencies which gave him the normally Democratic northern half of the city of Minneapolis in order to create a safe suburban district for an attractive first-term Republican, announced at first that he would not run again. He is back, however, barn-storming with the same evangelistic style he displayed as keynoter of the 1960 Republican convention. Mr Fraser, who planned a campaign centred on domestic issues and particularly on the Administration's medical care Bill which Mr Judd, a physician, opposed, has found the ground slipping away under his feet with the public's concentration on Cuba.

The races for Governor are dominated by local issues: taxes in Wisconsin, liquor in Iowa, the problems of the depressed iron ranges in Minnesota, an administrative scandal in Kansas. Republicans may well take control in North Dakota and Nebraska, where Democratic Governors won in 1960 against unusually weak Republican candidates in normally Republican states. In Nebraska, particularly, Mr Fred Seaton, a former White House assistant and Secretary of the Interior during the Eisenhower Administration, is given a good chance.

How the West is Won

FROM A CORRESPONDENT IN COLORADO

The eight mountain states are a region which wears no party's permanent brand. Twice it voted overwhelmingly for Mr Eisenhower and in 1960 it supported Mr Nixon. Mr Kennedy squeaked through only in Nevada and New Mexico. Yet twelve of the area's sixteen Senators and nine of its sixteen members of the House of Representatives are Democrats. On the other hand five of the eight Governors are Republican. Six Governorships are at stake this year, three of which are held by each party; seven Senate seats, five of them now Democratic; and all the present House seats —of which nine are held by Democrats— plus a new one in Arizona.

In years when the Senate is closely divided, which it is not at present, Senate contests in the mountain states are usually hard-fought. Each party's command thinks the region, with its small state populations, as a hunting-ground for Senate seats on the cheap. The eight big states, which cover nearly 900,000 square miles, contain only 7 million people in all, or less than half as many as California alone. Yet they elect sixteen of the country's hundred senators. In the House, however, their fifteen, soon to be seventeen, Representatives are lost in the total of 435.

The basic politics of the mountain states can be understood best in terms of a love-hate relationship with the federal government. Of their 900,000 square miles two-thirds are either owned outright by the federal government or are controlled by it as Indian or military reservations. The Secretaries of the Interior and of Agriculture, who administer most of this vast domain, are more potent than any elected officials. Without the billions of federal dollars poured into land reclamation projects during the past sixty years, the region would still be largely desert but there remains a feeling of frustration, particularly over the slow growth of local industries.

Normally election campaigns consist of boasts by those in office of what they have been able to get out of Washington for the state without sacrificing its freedom and of claims by the outs that they can do better on both counts. It would be a bold—and losing—candidate who came out against federal aid. Indeed some of these states like to keep a Senator of each party in Washington building up his influence, so that the state's interests will be safeguarded whichever party is in power there. For example, Senator Goldwater of Arizona, a Republican, constantly inveighs against big government and high federal taxes and spending but Arizona's Democratic Senator, Mr Hayden, is sure to be re-elected because he can continue to get nice things for the state.

In Colorado Senator Carroll and Governor McNichols, both Democrats, benefit because they did so much to persuade Congress to authorise the $170 million Frying Pan water project for Colorado. The state receives far more in federal spending than it returns in federal income taxes. Yet Mr Dominick, a freshman Congressman running against Mr Carroll, says that if Colorado could retain half of what it pays in federal income taxes, it could have a "fantastic boom." Since its income has grown by 13 per cent in two years, outdistancing every state but California and Arizona, Democrats want to know what more Mr Dominick expects.

Mr McNichols, a "darned good Governor" according to *Time* magazine, has been in office six years and is opposed by a political novice, Mr Love, who uses his name as his main slogan. But Mr McNichols is suffering from that exposure to fiercely fought local issues which makes the political life-expectancy of Governors so much shorter than that of Congressmen and Senators. Nevertheless he should win, if only narrowly. Another Democrat, Representative Aspinall, is being blamed by zealots all over the country for strangling a Bill to preserve part of America's wilderness. But this is a help to him with his own constitutents, who want new industries, not the chance to wait on "dudes" in new recreational areas. This is also a key issue in Utah where Governor Clyde and Senator Bennett, both Republicans, are expected to win. Both oppose the creation of a huge new national park in south-eastern Utah. In Wyoming this sort of issue is also potent, along with others promising well for the Republicans. If the Democrats are to lose a Governorship and a Senator, Wyoming is the most likely place. But they may also lose a Senate seat in Idaho. In Nevada both the Democratic incumbents are expected to be re-elected.

New Mexico, like Montana, has no senatorial contest but its senatorial circumstances figure, a trifle morbidly, in its hot race for the Governorship. Both Senator Chavez and Senator Anderson are in ill health and New Mexicans speculate frankly that the next Governor may be able to appoint successors to one or both. According to one observer the loss of two Senators of experience and seniority might result in a cut of 20 per cent in federal expenditures in New Mexico.

Phoenix Infrequent

FROM A CORRESPONDENT LATELY IN ARIZONA

In Arizona small and active groups to left and to right would like to astonish the world by a new departure and their candidates reflect this. But the incumbents, whether Democratic or Republican, are on the whole the sort of prudent persons whom prudent persons like and they will probably be re-elected. Although Arizona's most famous politician is Senator Goldwater, the darling of the Republican Right who is not up for re-election this year, the state's political tradition is Democratic. The venerable incarnation of that tradition is the senior Senator, Mr Carl Hayden. He has been in Congress since Arizona became a state in 1912 and in the Senate since 1927. By now he has amassed more seniority than any other Senator.

During that period, they say in Washington, where Senator Hayden figures less on the floor than he does in committee, "he has smiled his way through more money than any man in history." Arizona receives nearly $1 billion a year from the federal treasury, more than twice what it pays in federal taxes. The results are plainly depicted on the Senator's campaign poster, which shows him beaming over a landscape full of dams, roads, schools and irrigation ditches, under the simple slogan "Carl Hayden—Arizona's Greatest Asset!" It is difficult for his right-wing opponent, Mr Mecham, to counter this straightforward and fairly truthful appeal to self-interest. He has spent a lot of money and his slogan runs: "Your future is *his* concern"—a not very tactful allusion to Senator Hayden's eighty-five years. But Arizonans, it is felt, know when they are well off—even though many of them were either under age or not Arizonans at the last election (the state's population has been swollen by young people coming in to work in the new industries and by old ones coming to enjoy the warm winters).

Rather more doubtful is the outcome of the race for the Governorship. Mr Fannin, the incumbent who is a moderate Republican, has been challenged with unexpected vigour by the Democratic candidate, Mr Goddard, a businessman and lawyer of liberal views from Tucson. Mr Goddard's campaign has at least alarmed the Republicans into most strenuous efforts to defeat him. They are weakened by two new factors of untried strength in the state's politics. The first is a challenge to the hitherto dominant, right wing press tandem, the *Arizona Republic* and the *Phoenix Gazette,* which are owned by Mr Eugene Pulliam, a fervent conservative. Their new rival, the *Arizona Journal,* is devoted single-mindedly to the defeat of Senator Goldwater, Mr Pulliam, and all they stand for. The Republicans' other weakness is the property tax, which is now higher than ever before in the state's history, and hurts particularly the numerous class of small householders. This tax is the only issue to have excited the electorate in an otherwise quiet campaign. But public placidity is such that the hopes of liberals and of the John Birch Society alike seem certain to be dashed. In Haydenland no avatar.

New Star in Texas

FROM A CORRESPONDENT IN HOUSTON

There must have been times, during his long weeks of hard campaigning, when Mr John Connally has wished that he could run for Governor of Texas as a Democrat without being challenged to defend President Kennedy at every crossroad. But his Republican opponent, Mr Cox, an aggressive conservative wedded to the far-right philosophy of Senator Barry Goldwater, never lets Mr Connally off. Although a Governor has no power to deal with such national issues, Mr Cox has campaigned against high federal spending, "no-win" foreign policy and other familiar targets of the far right. Recalling his opponent's service in the Kennedy Administration as Secretary of the Navy (1961-62) and his long association with the Vice President, Mr Lyndon Johnson, Mr Cox has tagged Mr Connally repeatedly as little better than a New Frontier socialist. In conservative Texas it looked for a time as though these tactics would pay off. But suddenly Mr Connally appears to be home, now that President Kennedy is doing something about Cuba.

Nevertheless Mr Cox can lose this election and still, in a sense, emerge the winner. Republicans in Texas have a double mission. To elect candidates, they must have a party. Far-seeing strategists among them, who have worked hard in precincts—wards in Britain —and on county committees for several years, assign a slight priority to party-building. Although President Eisenhower carried Texas twice, although Mr Nixon lost it in 1960 by a scant 46,233 votes out of 2,289,631 and although Texas sends a Republican Senator (Mr Tower) and a Republican Representative (Mr Alger, from Dallas) to Congress, votes cast for Republican candidates have generally been expressions of protest, not of loyalty. The Republican chiefs, most of them ex-Democrats like Mr Cox, believe with missionary fervour that they can make membership in the party acceptable in the westernmost state of the Confederacy. They have worked effectively, enlisting housewives, young business executives, professional people and a smattering of Democratic relics fond of the ancient

Texan tradition of being against—almost anything.

In this long-range effort, Mr Cox's part is to be a rallying-point. He talks emotionally of national issues, because local issues revolve around such prosaic matters as creating a favourable climate for new industry, badly-needed in a state whose lopsided economy has depended too long on oil, cattle, cotton and timber, and the pressing need to put vitality into the educational system, too long preoccupied with winning football games, the rudiments of farming and comfortable mediocrity.

While Mr Cox bellows about the national debt and intrigue at the United Nations ("Get the US out of the UN and the UN out of the US", his followers chant) Mr Connally slogs patiently along stressing the needs of Texas. He points to the promise that it will occupy a place in the space-age, exemplified by the National Aeronautics and Space Administration's Manned Space Flight Centre in Houston. He stresses the need for better staff, higher standards and more academic freedom in Texas's sometimes excellent but usually just average colleges and universities. He promises to reform the ungainly and inefficient State Constitution. He is determined to run the state government with crisp efficiency, drawing on a lifetime of political experience and on tough administrative ability to prod a balky and notoriously corrupt Legislature into constructive action.

There are still wide open spaces, diamond-studded oil millionaires and laconic cowboys in Texas, but the state has shaken loose from its legend. Well over 60 per cent of its 9.5 million people live in cities. In Dallas, Houston, Fort Worth and San Antonio the problems of an industrial economy and its concentrated population are like those faced by cities everywhere. Yearning for the departed days of rugged individualism, when there was no meddling government, sounds delightful on a campaigner's platform. The day after the election, it makes less sense, whoever wins.

Mr Connally knows this. He is speaking on the issues and although he is careful to preserve his credentials as a moderate conservative, he will win most of the considerable labour, Negro and Latin American vote in Texas. Party machinery in the rural counties is overwhelmingly in the hands of his supporters. All of Texas's 21 Democratic Representatives in Congress are for him. So are practically all state office-holders—usually men of standing and influence in their home communities.

The result, when Texas votes on November 6th, still hinges on factors that cannot be predicted accurately. There is a hard core of about 450,000 Republican votes. Should the turnout on election day prove light, because of bad weather or because voters have been beaten into apathy by the barrage of propaganda from both sides on television, radio and hoardings, Mr Connally would suffer. In addition if President Kennedy meets an unexpected reverse in his get-tough foreign policy, Texas's large colony of warhawks would revenge themselves on Mr Connally. Otherwise a million to a million and a half voters will give Mr Connally a comfortable majority next Tuesday and with it the prospect of a promising political career.

Questions of Colour

I—SOUTHERN POINTERS

Among cities in the deep South, Atlanta, Georgia, is outstandingly enlightened but this year, under the impact of court decisions on the proper size of electoral constituencies, it is being positively sensational. It is already certain that a new district created in Atlanta is to send a Negro to the State Senate for the first time in over fifty years. In the Republican primary to choose a candidate for the district, whose population is mainly coloured, a Negro was unopposed and in the Democratic primary another Negro far outdistanced three white candidates.

Reapportionment, as it is called, has already cost the seat of Atlanta's conservative and arch-segregationist Congressman, Mr Davis, long a reactionary force on the government of the District of Columbia. He lost the Democratic nomination last month to Mr Weltner, a moderate progressive—something which would not have happened if Georgia's old county-unit rule had still been in force. Twice before Mr Davis had failed to win a popular majority but had been saved by the state's unfair method of counting the votes. The 40,000 or so Negroes who vote in Atlanta turned out in force to retire Mr Davis. The question is whether they will stick with Mr Weltner next week or back the Republican as they usually have in Atlanta. He is Mr

O'Callaghan, who is giving Atlantans the thrill of their first really close two-party race. As neither man is a segregationist and Mr Weltner will vote for President Kennedy's social programme in Washington the Democrats may win most of the Negro vote; Georgia's "big mules"—the financial interests—seem likely to support the Republican.

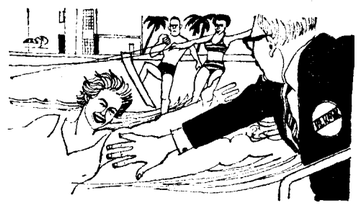
Representative Davis's seat is one of the eight which the Republicans hope to add to the nine which they already hold in the southern and border states. But one of these nine is in danger nearby in the south-western corner of North Carolina. Here Representative Jonas was swept in on the Eisenhower tide of 1952 and his extreme conservatism has been very popular with the growing business community of Charlotte. But when North Carolina lost a seat after the 1960 census the State Assembly rearranged the districts so that Mr Jonas is having to fight for survival against another incumbent, Mr Kitchin. Mr Kitchin makes much of being a Democrat, but the truth is that he is only slightly less conservative than Mr Jonas. The voters of Charlotte have a choice but it is one of labels rather than of substance. The 10,000 or so Negro voters in the district may, however, decide that the Democratic label has some value.

II—PINEAPPLE POLL

WHILE the world's attention has been riveted on Cuba, in the islands several thousand miles from the other coast of the United States Hawaiians have been conducting a freewheeling senatorial campaign in the best American style. Standing for the Republicans is Mr Benjamin F. Dillingham II, the epitome of the moderately conservative, solid businessman. Mr Dillingham springs from a well-known civic-minded family, one of the islands' oldest and wealthiest—with extensive interests in the state's construction industry and a variety of other enterprises. And he is proud of it.

> I want to reinvest some of the privileges, some of the advantages that we have had. I want to build and I want to serve. I have a tradition—a family tradition—to uphold.

Although a newcomer to the national scene, Mr Dillingham has been active in Hawaiian politics since 1946 and in that period he never lost an election. But now his time may have come. Ranked against him on the Democratic side is a much more flamboyant figure—38-year-old Representative Daniel K. Inouye, a much-decorated war hero, leader of Hawaii's important Japanese-American constituency and the most popular vote-getter in the state. He was elected Hawaii's first Representative in the United States Congress in 1959 by the largest vote ever cast for a candidate in the islands and was re-elected in 1960 by still more votes, 74.4 per cent of the total.



Well aware of the odds against him, Mr Dillingham has tackled this election venture with a thoroughly business-like approach—complete with heavy financial backing and the expert guidance of the Californian public relations firm, Whitaker & Baxter, which is something of a household word among American political managers. Mr Dillingham's campaign has centred on attacking Mr Inouye as a "rubber stamp" for President Kennedy. Singled out for special attention has been the Representative's support of the Trade Expansion Act—which Mr Dillingham contends could hurt the islands' pineapple trade—and of the President's programme for "medicare" for old people. This line of attack met with only lukewarm response from the voters during the early weeks of the campaign and now seems likely to backfire completely. The Cuban crisis has made the label of being a "Kennedy man" easier than ever to wear.

Prodigal Son

FROM A CORRESPONDENT IN CONNECTICUT

NEITHER the visits of President Kennedy and General Eisenhower nor all the glory of the autumn foliage have been able to save the campaign in Connecticut from a certain dullness. The trouble seems to lie both in personalities and in issues—or the lack of them. The Democrats have been in power in the state for eight years but have committed no sins major enough to warrant a general house-cleaning. Taxes have gone up but both Democrats and Republicans voted for the rise. "Turn the rascals out" can be a slogan for almost any election but this time no striking rascality has appeared.

As for the personalities, they suffer on both sides from the cult of the inoffensive "nice guy." The top posts to be fought for are major ones—the Governorship, one senatorial seat, all six seats in the House of Representatives—but the characters in the fights are most of them minor. At present the two senatorial places are divided between the parties but the Republican incumbent, Mr Prescott Bush, decided not to stand for re-election and the Democrats would like to capture his seat.

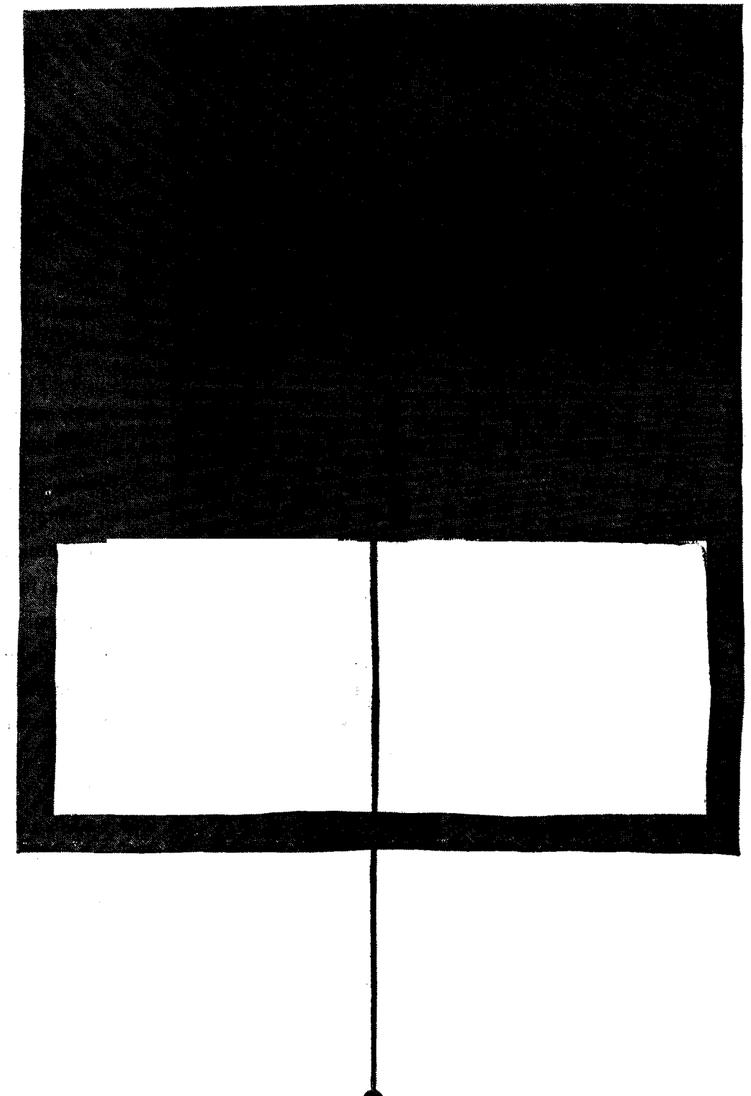
Composed as it is of busy industrial cities with heavy foreign populations which tend to vote Democratic and quiet rural regions which traditionally vote Republican, Connecticut is one of those states which stay securely in the pocket of neither party. Its registered voters are distributed almost evenly between the two, with the Democrats having a slight edge at the moment. But there are 400,000 unregistered voters who hold the balance of power.

In the Governorship, the Democratic incumbent, Mr John Dempsey, would like to succeed himself. He is opposed by Mr John Alsop, the quiet brother of two famous columnists who has long been a power behind the scenes in the Republican party. He has never before run for public office but Mr Alsop is quoted as feeling that his services to the party merit his election; whether enough voters agree with him remains to be seen. Mr Abraham Ribicoff, President Kennedy's first Secretary of Health, Education and Welfare, has come back from Washington for the Senate race but this would be livelier if the Republicans had not passed over Mr John Lodge, also a former Governor of Connecticut and recently Ambassador to Spain.

Mr Lodge, who has both charm and wit, made it known that he would be willing to run either for the Governorship or for the Senate, but the Republican powers declined both offers in favour of two rather mousey individuals with small experience in winning votes and less claim to personal fame. The common explanation is that after his return from Madrid Mr Lodge kept acting like an ambassador rather than a politician and failed to win a preliminary election in his own town.

After carrying his state for Mr Kennedy in 1960 Mr Ribicoff, who had been regarded as an excellent Governor, resigned to take a Cabinet post—a gesture attributed to devotion to the President and the Democratic party. But once in Washington he is said to have expected appointment to the Supreme Court (a job for which he had few visible qualifications), to have criticised the composition of his own department without taking effective steps to correct its deficiencies and to have made ill-advised speeches on education. How far his influence with Mr Kennedy has faded and whether he would do better as a politician in Congress than as an administrator are subjects of debate. However, two resignations from major posts in rapid succession make Democratic leaders question what it is that Mr Ribicoff really wants, or thinks he can get, and causes people to wonder how much of this in-and-out process the voters will approve.

Mr Ribicoff's opponent is Mr Horace Seely-Brown, who has served three terms in the House of Representatives and whose most important campaign gesture thus far has been the handing out of pot-holders to his feminine admirers, or rather those whom he hopes will admire him enough to vote for him.



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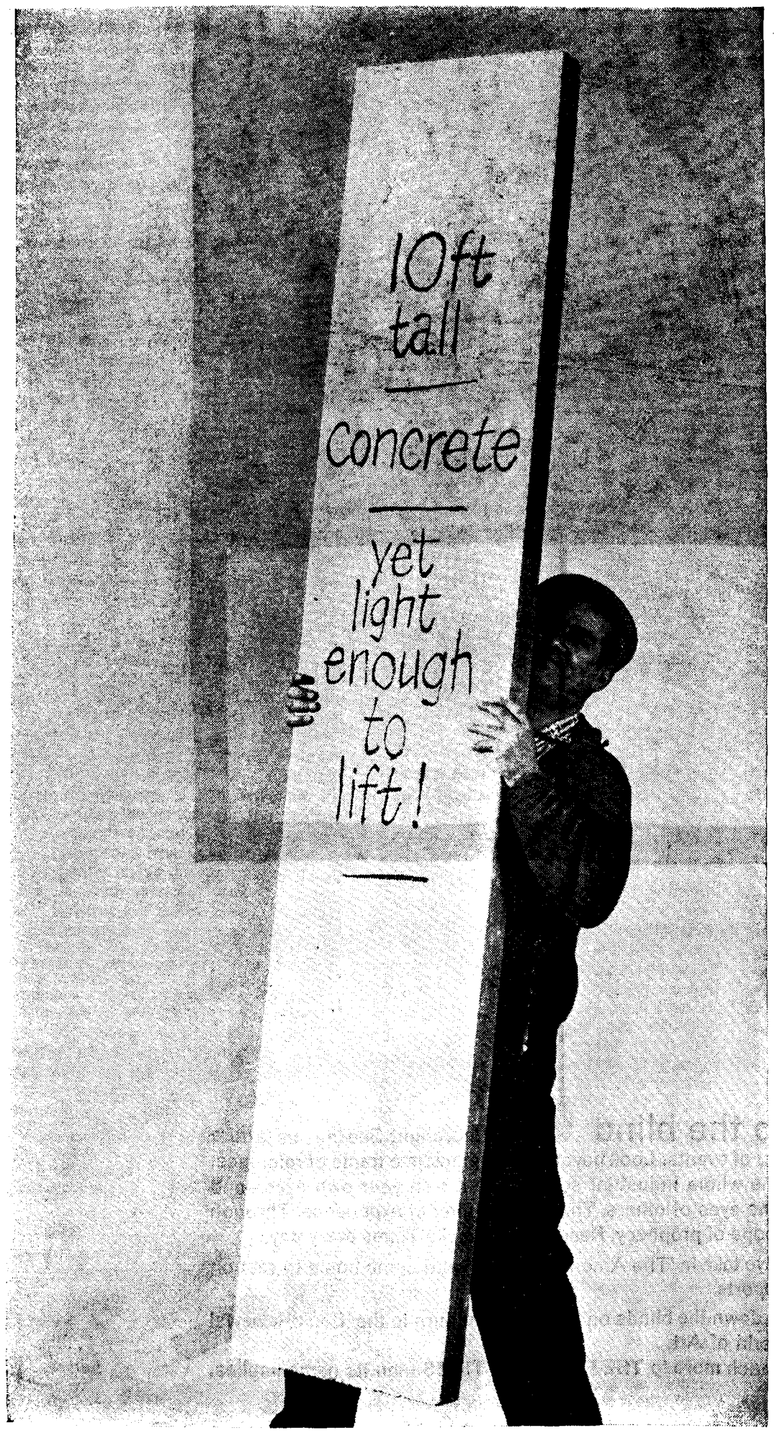

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HOME REPORT

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

Magister ex Machina

FROM A CORRESPONDENT

GONE are the days when the art of school-teaching depended on the teacher's prowess with chalk and talk. There is now a wealth of mechanical, visual and aural aids on the market for any school or local education authority which cares and can afford to buy them. Well-handled teaching aids can stimulate learning, turning the good teacher into a first-class one and improving the standard of the mediocre. The epidiascope, wireless, television set and tape recorder are commonplace in many schools, notably those run by LEAs. The independent schools still attach rather less weight to such aids, perhaps out of conservatism, but more because their highly-qualified graduate staff have to follow rigid examination curricula which may not correspond to the BBC and ITV schools broadcasts. However, the BBC, with an eye on the acute shortage of graduate mathematicians, has introduced a series of experimental television programmes with direct teaching for sixth form specialists.

Apart from this latest innovation, most visual and aural aids are meant merely to assist the teacher. They are used by him, or in his presence, and have not been designed to replace him. But this summer the first British "teaching machine" has come on the market, rejoicing in the name of the "Grundytutor." The manufacturers, International Tutor Machines, claim that their machines could provide the answer to the shortage of teachers.

The Grundytutor is about the size and shape of a small television set, with a flat ground glass screen. Various subjects are recorded on standard 35 mm. microfilm. At the flick of a switch the screen lights up and a particular problem is explained and discussed. Then a question is asked and several answers are listed. One of these is selected by pressing one of ten buttons. The student is then told if his answer is correct; if so he receives more information and a further choice of answers; if not he is told why his answer is wrong and he presses the "return" button which gives him another opportunity to select the right answer from the original frame. The large number of available alternatives minimises guesswork, one of the usual snags of "multiple choice" questioning. The machine follows what is called the "intrinsic system," i.e., it will teach the same subject differently to students of different levels of intelligence. It gives the poorer pupils more explanation by means of "remedial subsequences," which are brought into play when answers are incorrectly selected. Brighter children are led directly to more advanced levels. The quality of the "teaching" obviously depends on the standard of the microfilm programme. The great advantage of the machine is that it takes account of the individual, each pupil learning at his optimum rate. A boon for any supervising teacher is the elimination of much marking by means of an "error-counter."

The concept of programmed learning was evolved in the United States and the machine is similar to American models already on sale in this country. The price, however, is approximately half that of its competitors. The cost of a single machine is £230; discounts of up to 20 per cent are given according to the numbers bought; machines may also be hired. Nonetheless, the cost of a class full of 30 such machines could be a formidable £5,520 with the 20 per cent discount.

Each machine is infinitely adaptable. All subjects ranging from algebra to zoology can be programmed. It can teach at every level from primary schools to universities; all that is required is that the pupil should be able to read.

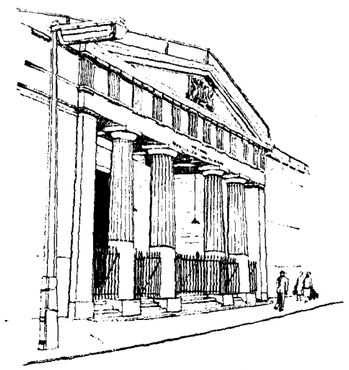
British interest in teaching machines is quickening. The Ministry of Education has recently given a three-year grant to examine the value of machines in the teaching of mathematics. A new department at Sheffield university is now doing research into programmed learning. Enfield college of technology has bought 10 machines for research. Bulk orders for the Grundytutor have been received from LEAs as well as orders for small quantities for trial periods. It is significant that the most vigorous and expanding sector of education, the colleges of technology, has been quickest off the mark.

One of the Grundytutor's chief selling points is that its use can mean an economy in teachers who are in such short supply at the moment. (Shortage of places at training colleges caused 1,000 qualified girls to be turned away this year.) The machines could undoubtedly help in sixth forms where the pupils are keen to learn, in schools where there is a staff shortage and in small rural all-age schools where the teacher has several groups of children of different abilities and ages in one class. Even in a well-staffed school it could be of great use for senior pupils who wish to study subjects outside the normal school syllabus, or for children who have missed work by absence.

So far the teachers' reaction has been cautious but not unsympathetic. There has been no outcry that this incipient automation is the beginning of common room redundancy. After all, staff will be needed to mind the machines as well as the children. Though it is claimed that "the Grundytutor has no human failings" (certainly it never tires and can teach morning, afternoon and evening classes all through the week), it nevertheless lacks some human assets. It certainly cannot wield the cane on rebels in the "D" stream; it may be infinitely patient yet it cannot be sympathetic; though it may interest the pupil it will rarely inspire him or realise when he is getting tired.

The programme in a machine is certainly more interesting than its equivalent in book form, though its gimmick may soon pall. Initially the novelty of the machine will assist learning. (With television in the evening and a teaching machine in the daytime children may rapidly get tired of looking at boxes.) Used sensibly it can relieve the teacher of large classes of much drudgery and repetitive work and allow him to concentrate on individual pupils, and it may fill some gaps in sixth form staff and syllabuses. Like every machine, the Grundytutor is capable of development and refinement; one looks forward to the time when it will get a voice.

Hard Bargain in Exeter



WHEN that most prolific and diligent of town planners, Thomas Sharp, devised a new shape for the shattered city of Exeter after the late unpleasantness, he may have had some hope that at least the main theme of his grand design would be realised in the works ultimately carried through by the city council; and if that hope has not been wholly disappointed, it takes a nicely discriminating eye to distinguish the desired formal grace among the brash new-town brick, dingy Victorian stucco and genuinely delightful mediaeval and Georgian jumble of what could have been a lovely city on the Exe. City councils are less often inspired by idealism than by practical compromise, and the new portion of the town centre is a mess, a grave decline from the tremendous solidity of the mediaeval and the delicacy of the Georgian, and hardly an improvement on the Victorian.

Perhaps it is this air of bathos which has inspired in many Exeter people a passionate attachment to the prime example of Victoriana there, the Higher Market, due for early demolition in the interests of the development of the block of near-derelict old building in which it stands: champions of truth and beauty have sprung to the side of pure commercial interests in defence of this monstrous neo-classical façade and squalid arcade which, from a distance—supposing the intervening blocks of building (which include the university) were razed—might look like the Parthenon. Much strength has been invoked on the preservers' side: a petition which failed to soften the city council's heart carried 9,000 signatures; nevertheless the market closed for the last time (for the second time in its history) at the end of September.

The Higher Market developed out of the old pannier market, and was built in the Greek style in the early years of the last century. By the beginning of this century it had developed into a collection of shops under a roof, and so remained until the twenties, when part of it was carved out to make a civic hall. The remaining shops carried on, paying a low rent for what were, perhaps, not bad premises. When a new civic hall was planned, in 1935, the Exeter Corporation Act empowered the city to demolish the market and the surrounding land and building it had acquired, and this was almost accomplished: in 1938 the traders were transferred to the modernised Lower Market, a quarter-mile away, without much fuss.

The war stopped plans for demolition—fortunately, as it turned out, because in 1942 the Lower Market was burnt out and the traders had to be transferred back to the Higher Market as an emergency shopping centre. After the war the traders, joined by several small branches of great multiple stores, continued to enjoy the low rent and rates of the Higher Market, not minding that it was grey, dirty, an anomaly in the centre of a crowded city and a thorn in the flesh of the city council, who were rebuilding the Lower Market after their fashion. On its completion this year, the traders were given notice to quit the Higher Market and to rent their stalls (at a considerably increased rate) in the Lower Market. They complained: the Lower Market was too small, too expensive, too out of the way, bad all round (which last judgment would probably be echoed by most critics). The Civic Society joined battle: the Higher Market was a splendid heritage, useful, delightful to see and a unique example of neo-classical fake. Power was lent to these thrusts by the inability of the new market to accommodate eight of the traders who had enjoyed the facilities of the old one.

Once the move had been accomplished, it might have been expected that the row would die down. It has not: indeed, it has become one of the sharpest and bitterest controversies in the south west. Delaying actions have been instituted and overcome. The Conservative-dominated council has found its Liberal members taking the delayers' side, and there is a strong whiff in the bland Devon air of the fuses burning down to the next explosive—this time the contention of the preservers that the Higher Market is protected by a Royal Charter, and can be closed only by act of Parliament. To this the council has not replied, resting its case on its own parliamentary activities of 1935, and maintaining strict silence in the presence of strangers together with a security check on other sources of solid information about the controversy that would do credit to the Admiralty.

This mystifying tendency to sealed lips, or bluster, at mention of the affair is, possibly, assumed in the hope that it will eventually be forgotten by the most committed of the council's opponents. Its effect is to stir in the mind of the dispassionate questioner the suspicion that something is being hidden—a suspicion no doubt unfounded—and to make him examine more carefully the testimony of the common Exonian in the letters column of the local paper. Alas, there is nothing there: his first impression was the right one, confirmed by every subsequent look at the Higher Market's façade. It is an eyesore; it ought to come down, and its neighbouring dilapidations with it; it is a pity the new market is no better an example of Britain in the sixties than it is, but it cannot fail to be better than the old one. Now it can only be hoped that the new civic development which will replace the Higher Market will fill some of the capacious room for improvement left by the phantom ugliness of what rebuilding has already covered the scars of war.

Last of the Halls

FROM A THEATRICAL CORRESPONDENT

APART from the Leeds City Varieties, music hall in England is dead, and even at Leeds, straight music hall is confined to television broadcasts; for weekly stage consumption it has to be laced with a couple of nudes. But in five Scottish towns as many fullblooded, rorty music halls are still going strong, just as if Archie Rice had never keened variety's wake. Moreover, these are inland towns. On the Scottish coast there are summer shows at such tiny places as Girvan, North Berwick, and Montrose—while Southport, one of England's major resorts, did not have a single live show this summer.

There are two sorts of theatre in Scotland, the English theatre and the Scottish. The English theatre is represented by Scottish bridgeheads of the two major English circuits, Moss Empires and Howard and Wyndham. After its returns dwindled and dwindled, Moss finally sold their Edinburgh Empire to Mecca, who plan a future for it of bingo and horsey-horsey. Their other Empire at Glasgow started to become a problem, wrinkling up its nose at stock English variety stars, and even reacting violently to attempts to feed it with nudes and pop singers. This summer, business rocketed back with a tartan show headed by Andy Stewart, the little Scots comic, who, like

The brave new world of Borgo a Mozzano

You saw the name first on a small painted sign just off the main road. But to visit the hamlets and farms which make up the commune of Borgo a Mozzano, you left the main road to drive along narrower ones, which finally petered out into mule tracks. Somewhere along these roads the twentieth century also petered out. And, staring down into a valley dotted with a thousand tiny farms, you looked upon a way of life that had been unchanged for centuries.

How do you change a way of life?

For Borgo a Mozzano in the hills of Tuscany was typical of farming communities in many parts of the world. Cut off from modern techniques by lack of roads and their own attitude to change, the people lived at subsistence level—expecting little from the land, obtaining even less. Their standards of living remained low.

Shell Italiana decided to experiment by sending an agronomist into Borgo a Mozzano—a young man chosen as much for his patient, approachable manner as for his agricultural knowledge.

His task was a difficult one; he would study the farmers and their methods to see whether his knowledge could help them; then came the much harder job of persuading them that the new techniques were better and economically possible.

Ask the 'dottore'

It was a long job, and the first changes were small. The young man persuaded them to grow hybrid maize which gave them a fourfold yield increase; advised them on the treatment of their olive trees, and the fermentation of their wine. After these successes, the villagers named him 'the doctor' and brought their problems to him.

Borgo a Mozzano was the prototype; today, young agronomists are granted scholarships to study there. They drive along the roads the villagers have built from mule tracks, inspect the new crops, and taste the wine.

And the people? They are proud of themselves as they pose grandly for 'the doctor' and his camera. It was *they* who made the decisions, stood the costs and achieved the results—for the 'dottore' was wise enough only to *suggest* what could be done.

Now farming communities all over the world are learning from Borgo a Mozzano. And Shell have proved their point; that the best way to help a community is to give it the faith and knowledge to help itself.

YOU CAN BE SURE OF SHELL

Harry Lauder before him, has sung rather than clowned his way into Scottish hearts at home and in exile.

Unfortunately, "A Scottish Soldier" seems to have fought too late to save the Glasgow Empire from the property developers. No doubt, when the Empire closes, some other theatre in the city will be glad to grab Stewart, perhaps the Alhambra. For Scottish variety has been a splendid aid to Howard and Wyndham, who own the major straight theatres in Edinburgh and Glasgow. Both the Glasgow Alhambra and the Edinburgh Kings play expensive and popular Scottish pantomimes for three or four months, and then spectacular shows called "Five Past Eight" throughout the summer. This relieves the bookers for most of the year of the necessity of finding attractions that will not offend the social taboos of Scottish playgoers. You can't be too careful if you're an upper middle class Scottish theatregoer; it's fine enough laughing at Jack Milroy now he's a star at the Edinburgh Kings, but it would never do to admit seeing him, much less laughing at him, seven years before at the Edinburgh Palladium.

Edinburgh Palladium, Dundee Palace, Glasgow Pavilion and Aberdeen Tivoli are all defiantly working-class theatres. Their packed, smoky auditoriums are cheerful anachronisms from the time of Collins', Islington, and Attercliffe Palace. And they show no sign of dying. Ayr Gaiety did, indeed, burn down a few years ago, but it was promptly and expensively rebuilt, at a time when most English music-hall proprietors would have given anything for their bricks and mortar conveniently to catch alight.

The Glasgow Metropole, which gave Howard and Wyndham Jimmy Logan, but hung on to the rest of his large family, was also recently burnt. It did not prove possible to rebuild it, but Mr Alex Frutin, the proprietor, promptly bought the Empress, another variety theatre which had just been involved in a surprising, expensive and wholly abortive attempt to establish an arts centre. Mr Frutin has modernised the building, rechristened it the New Metropole, and opens it this autumn with a show headed by Gracie Clarke, a sort of Glaswegian Hylda Baker. Imagine the London headlines if somebody reopened the Camberwell Palace.

All the shows on this circuit are built round comedy stars who would be unintelligible south of Carlisle: Clarke and Murray, Lex Maclean, Dave Willis, Johnny Victory, Alec Finlay, Johnny Beattie. The north of England and London have also thrown up their comedy stars of strong local appeal, but neither Frank Randle nor Frank E. Franks could save the northern halls, and the Met., Edgware Road, is silent in spite of Max Miller. In these Scottish theatres, English artists are accepted in the supporting cast mainly as instrumentalists of specialities, but on the rare occasions when an English touring revue has essayed a week on its own, it has died, swiftly and surely, on its feet.

Touring weeks are rare, because the Scottish shows stay eight or ten weeks, with a change of programme weekly, which saves the management on fares, cartage, and printing, but runs the artists hard on material. This type of resident revue hardly existed in England, apart from the last days of strip, when Pauline Penny reigned at Birmingham's Aston Hippodrome and the theatre was retitled "La Maison de Striptease." Mr Andrew Foley, manager of Aberdeen's Tivoli, which has mid-Victorian cherubs painted on its domed ceiling, says that one reason his theatre has survived is because it has never played a nude.

The management's saving of travelling costs is more than outweighed by their large companies and the heavy production expenditure. When "Grin And Bare It" and "Taking Off Tonight" were doing their last rounds, putting up the shutters at Halifax and Wigan, their casts were often only eleven including chorus, and they played against drapes that would pack into two baskets on Saturday night. The Scottish shows have casts of twenty, and, if they want to take you to a Highland glen, they have a scenic artist to do it with cloths, cuts, and wings, and they seldom think twice about throwing in a waterfall and a troop of pipers.

SCOTTISH producers cannot resist tartans, and it is the producers who have saved these theatres. The English No. 2 revue was thrown together by the principal comic and the manager in a week's sketchy rehearsals, and it then toured for a year. The Scottish resident shows, unsophisticated though they may be, at least show the ever-present touch of a producer's hand. The artists are rehearsing every day under direction. They also learn versatility. The rock'n'roll groups have to speak lines in the sketches, and have learned how to move in ensembles. Sometimes they have even learned how to sing.

The audiences range from apprentices, to whom the vocal groups are a concession, to middle-aged working folk with their wives, and it is to them that the comedy is angled. The sketches are a saga of Scots working-class domestic comedy, a sort of Glasgow Andy Capp, etched with a dry wit that contrasts sharply with the unashamedly sentimental patriotism of production scenes entitled "Hail Caledonia" or "The Star Of Rabbie Burns." Johnny Victory, whose father was Harry Lauder's chauffeur and who has recently bought Lauder's Rolls-Royce, is not ashamed to finish his own spot speaking sentimental monologues with homely moralising, backed by the orchestra.

MUSICALLY, when the shows are not "Whae-haeing," they are American —about the period of Gershwin. In four out of five productions this summer, your correspondent saw vocalists finish their acts with "Sonny Boy." Both musically and choreographically they owe a lot to the American musical films of the thirties, as though the producers had soaked up their ideas sitting through endless prewar, unemployed matinees in the cheaper Gorbals cinemas.

Scotland is still probably more attuned to the thirties than the rest of Britain. The affluent society and its status symbols are not so much in evidence there, while rising unemployment figures are. This may be one reason why artists and audiences are obstinately locked together, perpetuating an old, individual, and perhaps even nationalistic, tradition of entertainment.

The middle-class straight theatre audience is equally set in its ways. Just as Mannofield and Morningside look askance at the Tivoli and the Palladium, they are equally confident that Aberdonian trawlermen will hesitate to set foot in Her Majesty's and Edinburgh keelies will keep out of the Lyceum. The middle class is not anxious to find the working classes sitting beside it; and on the stage it prefers a lounge hall in Sussex to the kitchen sink.

What with the Royal Court playwrights and these new actors, who won't wear ties, from Salford, it is becoming increasingly difficult to find plays for non-festival Edinburgh. Even Agatha Christie is too much every week. So it may be as well that the Lyceum, the city's principal play theatre, has been sold by Howard and Wyndham and is to come down. Even if it survived, it would be no use Mr Arnold Wesker looking there for his vital new working-class audience. The Scottish working classes know their place—round the corner at the Palladium. Wesker against tartan blackcloths twice-nightly—there's a thought for Centre 42.

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LETTERS

Super-Powers

SIR—The first three articles in your issue of October 20th show such excellent judgment that it comes as something of a shock later to read the review of two books on nuclear armaments and the letter on Cuba from an Englishman in New York who appears "more American than the Americans." Both of them, though on widely different subjects, reflect the super-power bias which vitiates so much contemporary writing on international affairs by western authors. Your reviewer shows extraordinary misjudgment in asserting that:

> To make peace reasonably stable it is necessary for the nuclear super-powers to work towards a mutual understanding . . . to use their unrivalled strength to keep the rest of the world in order.

This sort of illusion comes partly from an undue specialisation on "strategic studies," which, in the main, assume that armed power is the only form of power that exists, and partly from lack of direct and prolonged experience of the worlds of Asia, Africa, and Latin America, the emergence of which to international political consciousness is the outstanding development of our time. Your reviewer's and Mr Strachey's proposals for a new Holy—or some would say Unholy—Alliance to maintain the *status quo* would clash head on with the immensely powerful demand of the emerging and reawakening peoples for the same degree of political independence as the western peoples claim, and would substitute for the old "cold war" a new cold war between the two superpowers, with such satellites as they could intimidate, and the rest of the world. This is not the road to world peace. Events in the few days since October 20th confirm that it is the super-powers and not the smaller powers that must be "kept in order" if world peace is to be preserved. This country's interests lie in strengthening its links with Europe and the emerging and reawakening countries, while loosening without severing its links with the United States. International peace will never be achieved by setting up an international aristocracy, particularly when it consists of the two most imperialistic powers in the world.—Yours faithfully, E. F. PENROSE
London, SW1

Cuba

SIR—When you suggest that a Cuban defeat for Khrushchev must entail his insistence on victory elsewhere, I believe you distort Soviet reality. Surely the Soviet leader will insist only if you and enough others tell him that he has a sort of right openly to win a piece on the chessboard in exchange for the one he nearly sneaked down his sleeve?

The trouble about so much European (but fortunately less American) analysis of Soviet behaviour is that it is forever attributing to *homo sovieticus* the qualities of *homo occidentalis*, the latter dated somewhere around 1912. Thus Khrushchev and his colleagues can be humiliated, lose their self-respect and suffer other outraged feelings. This, of course, is what the Russians, who have always been excellent spies and diplomats, would have us believe. To this end they contrive little "leaks" such as Khrushchev's remark to his recent Belgian interviewer which you quote: "We cannot give ground to force, for that would be a confession of weakness." But the Soviet leader's climb-down Note to Kennedy on Cuba is itself evidence of a total inconsistency and opportunism, with its smarmy acknowledgments of the American case and "dumping" of his whole Cuban policy.

It is certainly true that the Soviet Union has its own vital interests, of which one is the maintenance of its key European ally, the east German republic. But let us not assume that, in Soviet eyes, this can *only* be served by the takeover of Berlin. Nor must we allow ourselves to be talked (for instance by the unaligned countries who very naturally dislike the prospect of extermination without representation) into withdrawing from Berlin on the ground that the Russians now deserve a good turn for having behaved so well. To do this in Europe would be to waste President Kennedy's magnificent week.

Connected, moreover, with the "prestige-theory" of Soviet international relations is the strange Anglo-English belief that Khrushchev must be *preserved* as the "best Soviet Prime Minister we've got." He is nothing of the kind, for the reason that there is no such thing. After last week it would be very nice indeed if he fell and if the Party again went into flux. Stability is what we want at this stage of the cold war, but political diarrhoea should be our objective within the Soviet Union.—Yours faithfully, CHARLES JANSON
London, SW3

Planning for Traffic

SIR—"How is the traffic flow to be related to (road) capacity?" you ask in your thoughtful article of October 20th. Road space is a scarce resource and the obvious answer of an economist to your question is that an effort should be made to relate flow to capacity by making a charge for the use of congested road space. A number of charging methods have been proposed in addition to those requiring electronic apparatus; these include differential fuel taxes, meters on vehicles and licences to enter congested areas. Each of the methods proposed so far has advantages and disadvantages, and it is impossible without detailed technical investigation to determine which method—if any—would be appropriate in any particular situation.

You suggest that a satisfactory answer might be found in charging for parking. There is obviously a strong case for raising parking charges (both on and off the street) to the point at which the full costs—including rental costs—are paid for by the users. But in really congested areas these measures would not in themselves bring traffic flow into balance with road capacity, because under congested conditions vehicles are not charged enough for the use of road space (they pay their own costs but not the costs imposed by their presence on the rest of the traffic). The logic of your proposals would require vehicles to pay a tax on parking, i.e. to pay *more* than the costs of providing parking facilities. Such a tax would favour through traffic at the expense of stopping traffic and would also be very unjust to those who park but cause no congestion —residents who use their cars only at night, for example. In the context of the road-rail problem, any policy of encouraging through traffic at the expense of local traffic would be undesirable, to say the least. If your proposals were applied in London, traffic to the docks (for example) would receive additional encouragement to go by lorry rather than by rail.

The fundamental weakness in the proposal to control traffic flow by restricting parking facilities is in the assumption that the amount of parking space in a city can determine the traffic flow on its roads. Not all vehicles using city roads also park in the city, and success in forcing some vehicles off the road system by parking restrictions would *in itself* make the area more attractive to through traffic.

If you wish to restrict the consumption of whisky you should tax whisky. A tax on whisky glasses might deter the fastidious but would merely drive others straight to the bottle.—Yours faithfully, G. J. ROTH
University of Cambridge

Distributive Variables

SIR—Your handsome review (September 29th) of the book "Distribution in Great Britain and North America" by Margaret Hall, John Knapp and myself, raised a point of wide technical interest, and I would like to carry the discussion further.

In the book we studied the patterns of variation of several variables important in distribution in different parts of the United States, Canada and Great Britain, such as size of shop. We attempted to relate these variables to the environment in which the distributive system has to operate in each region, at least so far as this environment can be expressed by such quantities as income per head and rate of growth of population. Your reviewer states that there is an obvious case for multiple regression (the "normal" method) and criticises us for relegating "this powerful instrument" to an appendix. Instead our main analysis relied on three-dimensional models, and we have taken

much trouble in trying to represent these effectively in the book.

In practice many people working on industrial or economic problems, have become dissatisfied with simple equation fitting (which your reviewer has in mind when he refers to multiple regression) as the sole method of analysing or presenting data. For one thing, towns or regions cannot necessarily be described adequately by two or three variables. The investigator must have a way of keeping note of the behaviour of individual regions, so that he can check from his general knowledge of such regions that the variation explained by one set of variables could not equally well be explained by others.

Nor is the description of trends always simple. We cannot assume all trends are straight lines or planes: many in the data we analysed could not be. But what functional form should then be fitted? How confident should we be that some simple algebraic function fits the whole range of the data? This point was especially important in our analysis, since conditions in Britain only partly overlap with those in North America, so that the comparison might be very sensitive to the type of equation fitted.

The method we used, which presents the data in a comprehensive yet analytic way, allows the reader to take account of these difficulties, where the equation fitting approach, in its present stage of development, tends to conceal them. There are times when the simple approach is the more scientific one. I urge your reviewer to try out both methods next time he carries out this type of investigation—I think he will gain much more insight into his subject than by using only the methods he advocates.—Yours faithfully, CHRISTOPHER WINSTEN

Imperial College,
London, SW7

Common Market

SIR—Mr Stanley Steward, in replying last week to my letter expressing scepticism about large-scale economies in the common market, says that at any rate Britain stands to gain "clearly" in the "newer and growing sectors of the electrical industry," particularly "domestic appliances and electronic equipment which rely on quantity production. . . ."

I would not profess to know more about Mr Steward's own industry than he does. But "The Times Review of Industry" for August says this: "The electronics industry differs from most others in that knowledge and production capabilities can be the same for the small man as the big; they depend on skills and do not always demand expensive plant or a large volume of raw and finished materials. . . . Contrary to general economic tendencies, whereby as an industry progresses, it tends to concentrate into larger and larger units, the electronics business (where mergers and take-overs are just as common as anywhere else) still seems to have more firms in it every year."

In both the US and UK there are a large number of small but successful electronic firms. Serious doubt thus exists even about this small relic of the argument from economies of scale which *The Economist* advances as the main economic case for the UK joining the EEC. So far from being "clear," this whole argument is at best very uncertain and debatable. It comes nowhere near to being sufficiently firm or clear to support sweeping conclusions about the whole political and economic future of the UK and Commonwealth.—Yours faithfully,

DOUGLAS JAY

House of Commons, SW1

Gurkhas

SIR—Your cautionary note last week on the proposal to reduce the Gurkha infantry in the British Army rightly stresses the military value of this outstanding arm. Top quality "in-fighting" infantry are exceedingly difficult to find and to train. The Gurkha is born into this tradition. If any reduction is to be made in our Gurkha contingent, it should be in the other arms and services. These, if returned to their country will readily find employment, particularly the sappers and MT drivers, and will be of value in its development.

There is another factor, a pressing one at this time. In 1947, when in India, I wrote regarding the probable Chinese attack on India's north-east frontier after we had left: "Disgruntled, frustrated by India and deserted by Britain, a confused Nepal can produce for India a frontier problem . . . which in times of war would lead to the collapse of India, and her division between Communist China and Russia. . . . India has a few years to spare but only a few" to prepare her frontier defence. Our Gurkha contingent is the symbol of our link with Nepal, and of the sympathy by which we can influence her attitude. Monarchic or democratic, this is no time to incur her resentment by sending disbanded infantry back to her to kick their heels in the mountain villages where live the most stable element in her country.—Yours faithfully,

Falmouth, Cornwall F. S. TUKER

Southern Rhodesia

SIR—Your correspondent (*The Economist* October 6th) refers to "people whose only experience of Sir Edgar's festival is a not so mock battle with their white partners turning the 25-pounders on them." Perhaps he will reveal the occasion on which artillery fire has been directed against Africans in Southern Rhodesia—or perhaps he will admit that he has been guilty of a deliberate and malicious attempt to create a totally false impression.—Yours faithfully,

NORREYS DAVIS

Kitwe, Northern Rhodesia

[There is no suggestion that these unsuitable weapons have been used. Our correspondent was being metaphorical, not malicious; we much regret the misleading impression given to some readers.]

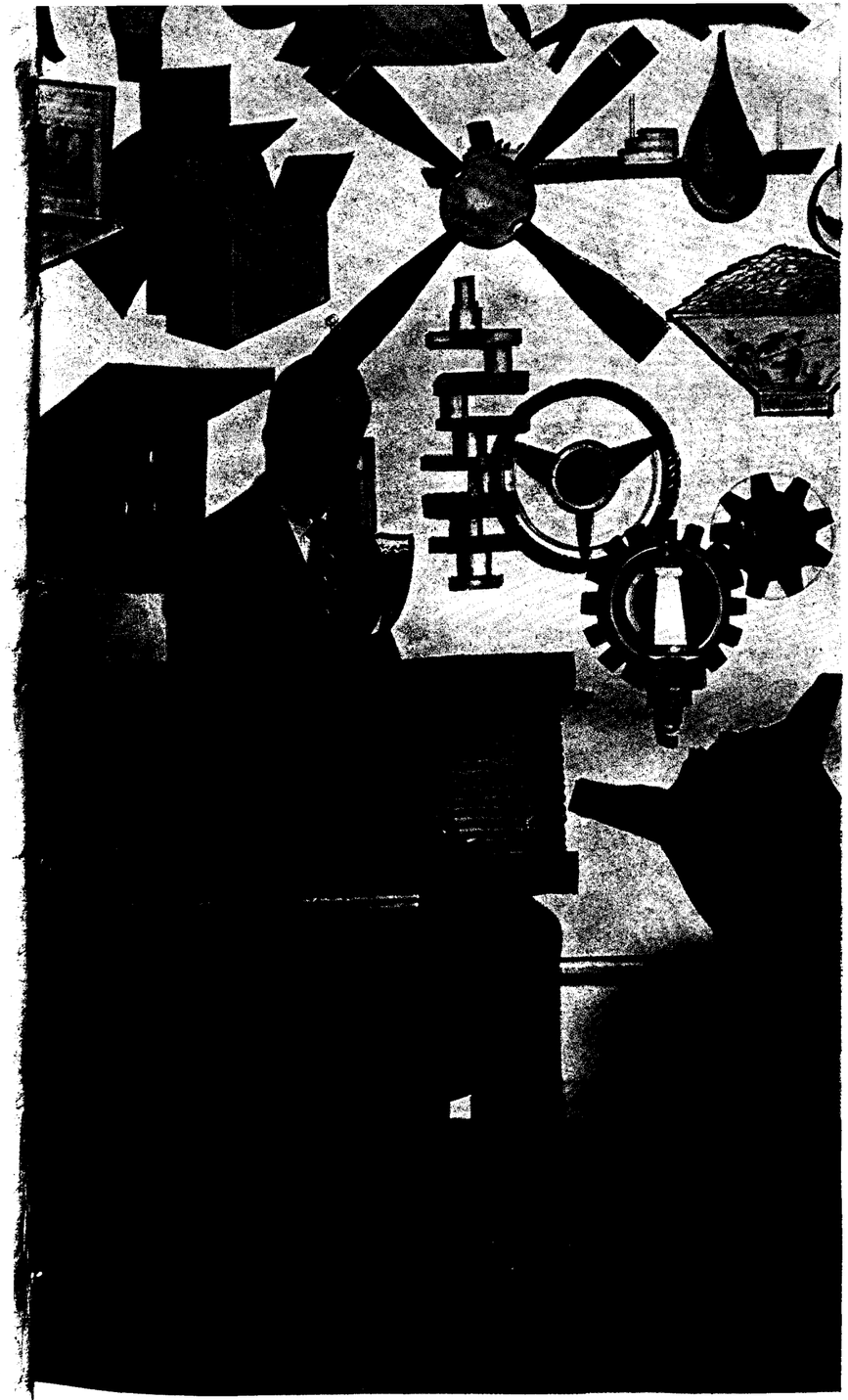
University Expansion

SIR—You state in your Notes of the Week of October 6th that those of us who are affronted by the current makeshift suggestions for university expansion have not grasped what a crash programme for higher education means. Many of us in the universities are less impressed by the so-called programmes than we are disturbed by the prospect of the crash that will inevitably follow if they are implemented.

For the last decade and a half the universities of this country have already been living through a period of chronic expansion, in which the much publicised academic calm and seclusion have become things of the past. To the continued accompaniment of building noises off, increasing numbers of students have had to be taught, often in over-crowded lecture rooms and laboratories, while immense demands have been made on the time of academic staff in preparing detailed plans for further expansion which they are then compelled to scrap and replace because the hoped-for funds are not available. Now, after we have grown weary of warning those concerned of the impending crisis, and dispirited by the endless postponement of our carefully laid plans both for teaching and research, we have the crowning frustration of being told that it is high time we gave up our non-existent leisure and worked as hard as other men do, to educate the unfortunate offspring of a generation to which many of ourselves also belong.

The statement that research and teaching go hand in hand has become a cliché, but it is none the less true on that account, and any further diminution of the time available for the former will result in a catastrophic decline in both. No doubt there is some dilettante research, but it represents a small if unavoidable price to pay for the freedom without which sound research cannot flourish, and the answer to poor research is not less research but more good research. Likewise there are some lecture rooms which are never full, but these are rarely in the subjects for which the demand is greatest, and I can hardly believe that *The Economist* is advocating either the direction of students into subjects which they do not wish to study, or the closing down as uneconomic of the few but academically no less valuable departments which still have vacant places. The critical problem in further expansion is shortage not of lecture rooms but of staff, and any gains which might conceivably be made by forcing two shifts of students through alternative halves of an extended academic year would be more than offset by the exodus of staff, who simply could not continue to do proper university work if they were to be immediately bundled out of their departments every time the end of term whistle had blown.—Yours faithfully,

The University, Sheffield C. A. FISHER



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ONCE THERE WAS a port that was not like other ports. It was stand-offish and arrogant. The other ports were jealous. 'What's so special about you?' they asked. 'Family background,' answered the arrogant port. The people who make *me* make nothing else *but* port.'

COCKBURN PORT: A chapter the history books leave out

2

PEOPLE WHO spend their whole time making port obviously know *how* to make port,' he said. 'They take more trouble. Blend in smaller batches. Actually, I think blending in large batches is terribly *gross*.' (The other ports were furious.)

3

As a result of my superior upbringing, and the single bottle, I have something known as *age*. I am a true, virile port, and not a soothing syrup.' 'He wants us to ask his name,' said the other ports. 'But don't let's.'

4

I HEARD YOU, and the name is Cockburn.' said the proud one. 'Rather a fine old family of ports, actually. With connections in Portugal. You've heard of us, I expect.' Silence fell. The others watched in envy, as the arrogant port just went on and on, glowing with pride.

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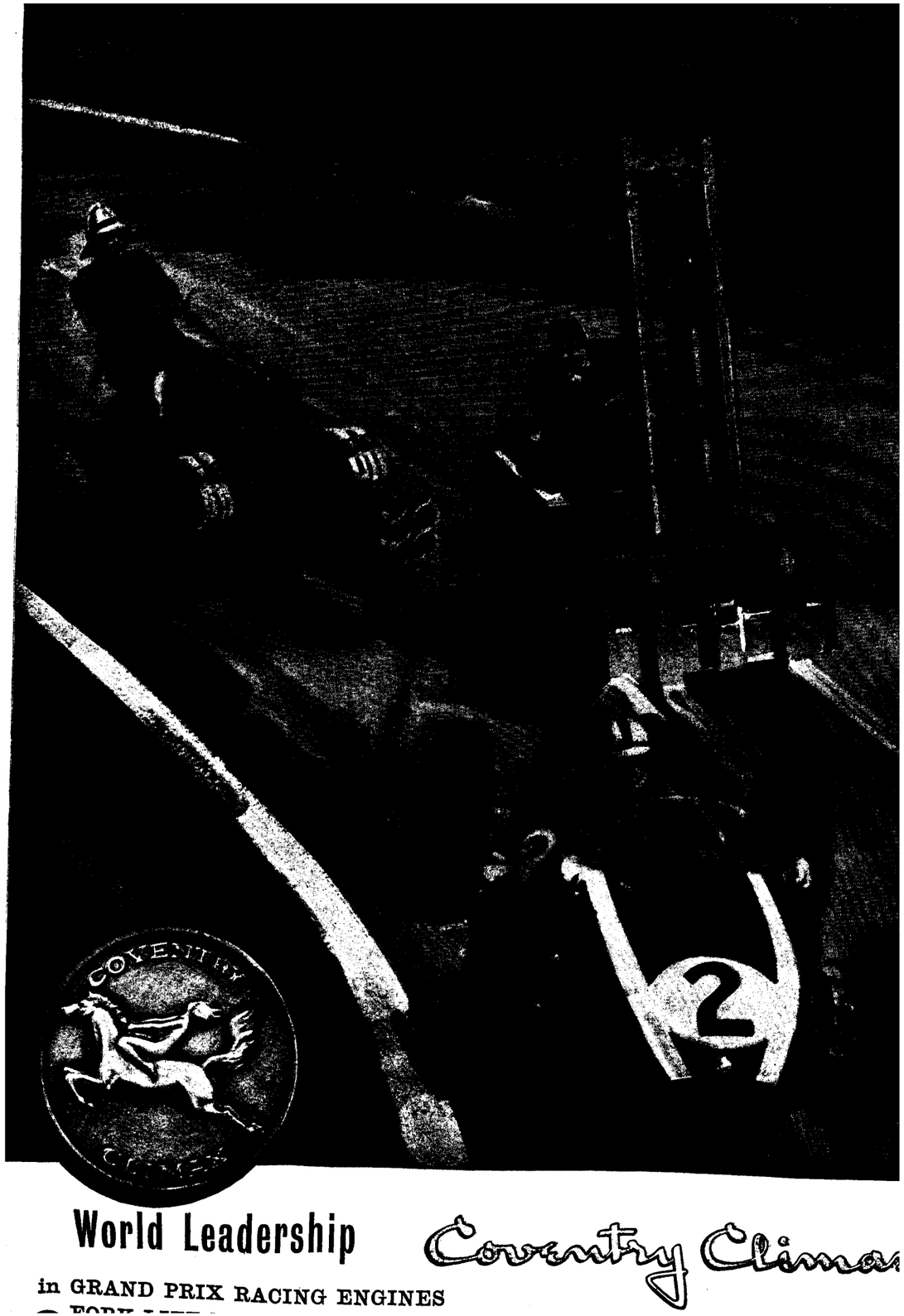

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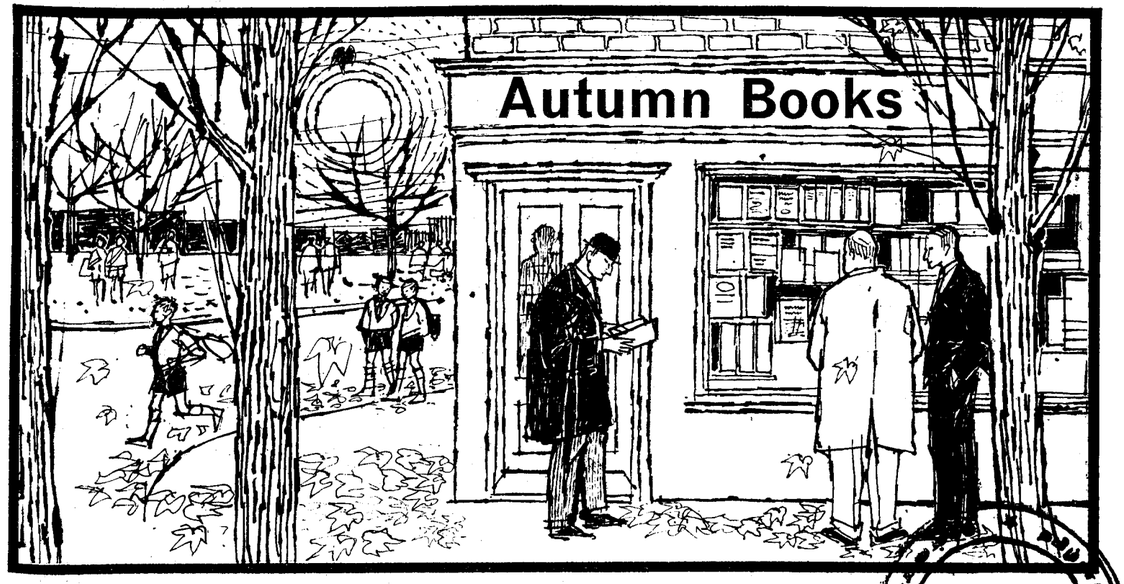

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On Penguin Island

How political an animal is the Penguin? An earnestly, trustingly, bemusedly radical one, by all the signs. The Penguin Special, that bright but in the past invariably undernourished-looking member of the flock, has now grown stouter, glossier and distinctly more numerous, befitting the comfortable suburban life of the Span flat and *Panorama* belt. Or so it seems. The most avidly awaited Penguin Special is certainly a decent sociological study of Penguin Books. From superficial observation the Penguin culture now appears essentially well found (despite the mortgage), anxiously in the swim (did not the Liberal revival begin with "Lady Chatterley"?), and still restless enough in all those open-plan living-spaces to exercise a sporadic social conscience. There must be a whole folklore yearning to be uncovered here. Perhaps it is the Penguin Special, tucked into the Twickenham-bound briefcase, which provides the last furtive link that the renegade Bruddersford grammar school lads retain with their working-class past on the other side of the nylon curtain. Perhaps there really were floating voters in Surbiton and Didsbury and Solihull who doggedly read through "The Conservative Case", "The Labour Case" and "The Liberal Case" before going to the polls in 1959. (Query: Will Penguins invite Mr Roy Jenkins to write "The Labour Case" again?) Perhaps this is really Penguin Island that we live in after all.

But if it is Penguin Island it is all the more important that we should be alert to what the Emperor Penguins are trying to tell us. When they start a series (as they have just done) on "Britain in the Sixties" it may well be that their idea of Britain is not ours. There is no harm at all in that; just as there is no harm in, say, Mr Eric Wigham writing a separate Penguin Special called "What's Wrong with the Unions?" that may not wholly coincide with Mr Frank Cousins's opinions, or Mr Edward Behr writing another on the Algerian war that many Frenchmen would still get very angry about. But a series, any series, invites questions (as even the Oxford History of Modern Europe discovered) about its purpose, about the way it tackles the issues, about the effect that is meant to be created, even about the seriousness with which it is intended to be taken at all. Emperor Penguins are such amiable birds that they will not take this amiss. For the first four books of "Britain in the Sixties" are a peculiarly opinionated bunch.

Thus Mr Raymond Williams on "Communications" is very properly aware of the danger inherent in monopoly control of the mass media; he warns us against the influence of advertising; he gives as lucid an explanation of why the *News Chronicle* folded as any witness before the Shawcross Commission. He is also a born controller, a super-Pilkingtonian, a believer in the rule of committees as the best answer to every harsh fact. All this is well-intentioned; in some quarters it is a highly fashionable expression of opinion; but as an indication of "the lines along which reforms are required" (as the Emperor Penguins put it) this is rather less than half of the argument. It was entirely predictable that a commentator of Mr Williams's intellectual persuasion should reach such conclusions. The question is whether this is quite the best way to present the issues of the 1960s in a professedly popular form. Is the series an educative or a political one? If Mr Gollancz were the publisher the dialectics might be more acceptable, simply because they would be less covert.

Or read Mr Ronald Fletcher on "The Family and Marriage." This is a very sprightly taking-to-task of the fuddy-duddies (religious and high Tory) who blame current criminality and what is to fuddy-duddies immorality on the decline of family standards. Mr Fletcher invites all good Hammond men and true to consider what could possibly be the standards of rural and industrialised working-class families of the early nineteenth century. It is a familiar left-wing, and in its context a valid, argument. But it is certainly not the whole story: the conventional morality of British life today is not simply an unwanted hangover from the Victorian

Autumn Books

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bourgeoisie. But then Mr Fletcher is not a "committed Christian," and he has, in fact, precious little time for Christian (or Jewish) ideas of marriage and morality. One doubts, however, whether every Penguin sociologist, however uncommitted religiously, would so lightly dismiss the impact of these ideas on our present society. Given Mr Fletcher's approach it may be logical for him to support the view that

> petitions for divorce should be clearly distinguished, and differently treated, in accordance with whether or not the marriage is childless. If there are no children to a marriage, there seems no reason why divorce should not be by mutual consent . . . But when there are children to the marriage, the parents are responsible for the fulfilment of duties to their children whatever may have happened to their own personal relationship, and it is arguable that divorce here should be made very difficult indeed.

This is perilously close to allowing the state of marriage to become, in itself, a light obligation, increasingly lightly entered into. One assumes, of course, a continuing desire among the majority of couples to secure some official recognition that they have in fact embarked on a marital relationship; but for Mr Fletcher's judges it will be biological chance (more than intention) that really ties the knot. On this criterion it is not too difficult to foresee a state of affairs in which easier divorce, for the children's sake, would be socially preferable to Mr Fletcher's slamming of the prison doors. Are Penguin Island marriages to be merely a few words to see people over the weekend?

Life on the island is clearly a matter of enthusiasms. Mr John Vaizey's "Education for Tomorrow" (reviewed in *The Economist* of May 12, 1962) is the work of a convinced and highly knowledgeable expansionist, who is content to present his case here with the blunt strokes of the propagandist. Although one can readily agree with Mr Vaizey in desiring a greater proportion of the national income to be devoted to education, is writing at a propaganda level the real purpose of the exercise? Penguin Specials outside the series still manage to avoid it.

Mr Stanley Alderson's "Housing" is in many ways the most acute and enthusiastically radical of the four. He wants, as his own peroration puts it,

> to abolish subsidised rents; abolish rent control; restore Schedule A to its full value; introduce a complicated new system of housing allowances; impose regional authorities on the local authorities; deprofessionalise the architects; professionalise the estate agents; and nationalise the building societies.

It is a mixed, if occasionally promising, field. The most dubious horse in the ring is, naturally, the "complicated new system of housing allowances." Although Mr Alderson's preference is to push the Labour party into this particular saddle, his plan is almost visibly non-political since no party could be persuaded to implement it. But it is put forward for what it is: a way to get rid of anomalies, to encourage much more building for rent and to underwrite the renovation of the Victorian cities by disholder (or at least to "every householder earning below a certain income") to the tune of £3,000 each—with incentives for stepping up the householder's contribution as well. It is pre-eminently a book to start discussion. Mr Alderson is candid enough to admit that he would rather people voted on other issues than his housing plan. They very probably will.

One does not know how the series will be continued, how many other portfolios will be revealed and who the next Penguin Ministers will be. Could there conceivably be a Leader of the Opposition as well (or is that left to reviewers?), or a Treasury spokesman, or an advocate for economic union with Pelicanland? (Mr Jenkins might oblige there.) As of now the island is simply full of noises, some of them pretty rum ones.

For Sea Passengers Only

Three-Dimensioned Darkness

By L. Lee.

Allen and Unwin. 157 pages. 25s.

Do not be deceived by Captain Lee's poker-faced tour round the flight deck into thinking this is just another account of My Life As A Pilot. It is a quite devastating book not recommended for nervous air passengers, with a scorpion's sting that could easily be missed by quick, too casual reading. Watch an airline captain pad down the cabin with a facile smile and wary eyes and then read what his job involves, in terms of technical skill, physical strain, pay, mental worry about early retirement, and vulnerability to others' incompetence (and his own). And then understand, possibly for the first time, why air accidents happen—on take-off, on landing, en route into a mountain. Captain Lee has had long, lonely hours to ponder these things; his thoughts have been distilled to such a point of dryness that the first impression, like the first sip of a Martini, is flat—until the reaction sets in.

It is not often that the technician's view of aviation gets heard, be he crew member, engineer or air traffic controller; indeed Captain Lee says bluntly that because air traffic controllers are civil servants censorship is exercised in this country on any serious discussion of a good many vital questions affecting the lives of those who fly. The points he makes are valid, serious and deserve, if not an answer, then at least close reading by those who plan aviation policy and run airlines. It is a pity, therefore, that he should have omitted one important subject, the handling qualities of modern airliners. Perhaps this would have been stretching the tolerance of his employers, British Overseas Airways Corporation, too far. Unlike at least one pilot who landed at the wrong airport, Captain Lee is probably not yet in the market for a farm. But a few more books of this kind, showing

Ireland's Two Nations

Brendan Behan's Island

By Brendan Behan and Paul Hogarth.

Hutchinson. 192 pages. 25s.

West Briton

By Brian Inglis.

Faber. 223 pages. 25s.

The Northern Ireland Problem

By Denis P. Barritt and Charles F. Carter.

Oxford University Press. 170 pages. 25s.

For sheer literary productivity there is nobody to beat the Irish. Of course they are very interesting people who inhabit a very interesting country; and they have no tiresome doubts on this score. It is fair to add that the rest of us agree with them. Books by Irishmen about Ireland are among the staples of English publishers. Mr Behan's volume, in fact, gives somewhat the impression of being a publisher's creation. There are ample jolly songs to fill a page or two, some of them original Behan and others traditional bar-room stuff; there are what would appear to be tape-recorded descriptions of various towns in Ireland (or rather of bars in various towns in Ireland); there is one exquisite short story, "The Confirmation Suit." And there are pages of spare drawings by Mr Paul Hogarth that by themselves (although the photographic reproduction does not entirely do justice to the originals) make this a remarkable 25-shilling Christmas present.

Mr Behan, of course, has his profitable Irish vein which sells well in Britain. The Irish middle classes, he says: "will say, as they have said of me, that I write to please English audiences—when they'd stand on their hands to please any English audience themselves." But Mr Behan is far more than a mere ham. On Irish politics, he has some penetratingly left-wing things to say. For him, the "tweedy frugalities of Eamon de Valera" won Irish freedom only to subject the country to a greater bondage.

The national revolution in Ireland was accompanied by no political revolution: Mr Behan's heart-cry is: "If only Jim Larkin [the labour leader] had learnt Irish—or Collins [the political liberator] had studied Leninism!" Whether in Northern Ireland or in the Republic: "they could swap governments and nobody would notice the change—none of the workers would, at any rate." Within this frame of reference Mr Behan is understandably impatient with the religious feuding that has so effectively split down the middle any chance of creating in either of the two Irelands a proletarian political mass movement such as the Labour party used to be in Britain. A member by origin of the working class of Dublin, he fails to recognise that in a peasant society the urban working class is a minority just about as small as that which he castigates as the Anglo-Irish Horse-Protestants. Which is where Mr Inglis

Off the Falls Road, Belfast

managerial class left behind by the British in the Republic—that he sprang.

Mr Inglis's origins, along the bay from Dublin in the respectable golfing suburb of Malahide, lay as far from those of most Irishmen as do those of the average Nairobi businessman's son from a Kenyan African: the Paddies and Bridies with whom he came into contact were servants, by definition loyal, incompetent and "amusing". From this environment, under the benign influence of a job on the *Irish Times*, Mr Inglis escaped; in order to assert a new identity he plunged into politics, seeking a niche where he could be accepted as an individual Irishman and not as a member of a community all too often regarded as alien. But the niche never opened to receive him.

Socialism could not provide the place: faced with the opposition of the hierarchy "To have advocated nationalisation would have damned us irrevocably, but there was little incentive to do so, as there was little left to nationalise". Eventually Mr Inglis came to recognise his place as an inside outsider: "what the Irish needed was . . . sharp reminders that countries, like individuals, cannot continue to live indefinitely in the past". This task, finally, became too much. For lack of a cause, and for a monthly cheque, Fleet Street's gain was Ireland's loss. But it is not a melancholy book: Mr Inglis knows how to place his characters. His fear about the talented Mr Behan was that "he would succumb to the occupational disease of his kind in Dublin—gregariousness".

After these two passionately involved southern Irishmen it is something of a jolt to come up against two non-Irish Quakers looking compassionately from outside at Ulster. But their choice of title itself proves, if proof were needed, that they are discussing the same country. For any other

Autumn Books

CAMBRIDGE BOOKS

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W. K. HANCOCK

The Sanguine Years, 1870–1919, is the first volume of the life of Smuts, based on the Smuts Archive. It traces his career as far as his part in the Versailles Peace Conference and his succession as Premier of South Africa. 52*s.* 6*d. net*

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ALLEN & UNWIN

be trouble enough ; but the problem here is quite different—and is probably regarded by most Ulstermen as the main one facing their province. Mr Barritt and Mr Carter were commissioned by the Irish Association to make a study of religious conflict in the six northern counties. This they have done with charity and diligence: everything from allegations of gerrymandering to the absurdities of discrimination in sport, is duly listed.

Their one fault, as befits Quakers—and, more justly, as befits men setting out to smooth out conflicts rather than to stir them up—is that they find a disinterested motive for everything. Mr Behan says that "in money matters there are very few Northerners who are off their heads". It is, indeed, in the cause of healthy economic self-interest that most progress is likely to be made towards doing away with the strange bigotry (on both sides) described by Mr Barritt and Mr Carter—and with the heritage of religio-social conflict described by Mr Inglis. Could the common market bring together what Christianity has put asunder?

James Finds Himself

Henry James: *The Conquest of London 1870-1883*

By Leon Edel.
Hart-Davis. 528 pages. 63s.

BETWEEN the publication in 1953 of "The Untried Years", the first volume of his biography of Henry James, and this second volume of a projected four, Leon Edel delivered a most interesting series of lectures at the University of Toronto, published as "Literary Biography" (*Hart-Davis,* 1957). These lectures not only expounded his thesis that anyone who writes the life of a writer should himself be literary critic as well as historian ; they revealed some of the peculiar difficulties confronting the biographer of Henry James, who so much disliked the idea of his private life being ransacked that he deliberately wove webs of mystification to perplex future investigators. The thousands of letters, preserved by his correspondents and read by Professor Edel, are often masterpieces of commentary, exquisitely phrased ; but they are the utterances of an exceptionally cautious man—one who never gave himself away except unconsciously or through the alchemy of his art. Nevertheless, the life of Henry James is copiously documented ; for his whole literary output—travel essays, criticism, fiction—is as essential to Leon Edel as the factual records and the letters by means of which his movements may be traced. He is an absolutely first-rate biographer, exemplifying in his practice all that his theories demand. He knows all the Jamesian material inside out, and has the critical imagination to relate actual experience to fictional reconstruction ; to recognise the transmutation of people met, places seen, episodes observed, into the fabric of the novels and stories.

Since Henry James knew no other lasting, driving passion than that of literary creativity, it is extremely valuable to be shown the interrelation of his inner and outer lives. The years recorded in this volume have great interest as a social chronicle. We see James in Paris, getting to know Turgenev ; in London, quickly establishing himself as a diner-out, theatre-goer, club-man ; revisiting Italy ; and all the time writing with tireless energy, determined to win fame and fortune too. But Professor Edel never loses sight of the way in which experience modified James's character and vision ; it is the significance to the artist of his various encounters that is so brilliantly brought out in this volume. The narrative is handled with great skill and elegance. An unwieldy mass of material has been so thoroughly assimilated, so tactfully and beautifully arranged, that Henry James himself would surely have commended his biographer's style.

Readers of the first volume, remembering the tension of Henry's home life and his hypochondriacal tendencies while he was still too closely attached to his family, will be struck by his normality, once he could plan his own independent career. Not that he ever seems to have overcome his fears of being passionately involved with another human being. His devoted, dominating mother had much to answer for. But his unwillingness to entangle himself as a man may have enabled him to observe women, young and old, with an unusually fruitful kind of detachment, for his novels abound in sensitive studies of women, delightful, intelligent, innocent, formidable, all extraordinarily alive.

The Henry James pictured here is an active, ambitious man, who easily endeared himself to his associates ; an artist to whom social success was invaluable, because it provided him with the material he needed for his cosmopolitan novels.

The Complete Tales of Henry James.

Volume 3, 1873-1875 ; Volume 4, 1876-1882

404 pages and 522 pages. 35s. each.

Simultaneously with the second volume of Professor Edel's biography of James, the publishers have brought out the next two volumes of the "Complete Tales", which are edited and introduced by Professor Edel. This publishing venture was universally praised when the first two volumes appeared last April. All one can now do is to welcome this instalment, out in time for Christmas, and to call attention to the fact that volume 4 contains "Daisy Miller", the story of "the American girl" confronted with Europe, "the tale", says Professor Edel, "with which James established his enduring fame".

Looking for a Home

Paid Servant

By E. R. Braithwaite.
The Bodley Head. 219 pages. 15s.

THIS looks a simple book ; but it is deceptively simple, and it is so easily written that the reader may overlook the important questions raised by Mr Braithwaite's narrative. After nearly nine years' experience as a teacher, which he described in "To Sir, With Love", Mr Braithwaite was seconded to the London County Council's department of child welfare, to help with the problems of immigrant families and especially with the fostering or adoption of illegitimate or unwanted coloured children ; this book describes his work among them.

His secondment raises the first question. Mr Braithwaite is a Negro, from British Guiana, and was therefore regarded as particularly well fitted to deal with coloured immigrants. It is quite clear from this book that he was indeed well fitted to undertake the task, but he himself insists that colour should be irrelevant to successful casework among immigrants. He argues convincingly that they should not be singled out by having a Negro to look after them ; white welfare workers ought to be able to adjust themselves to do the work equally well. Mr Braithwaite believes that

> there was never any special need in Britain for black Welfare Officers, any more than there is a special need for black judges, bank clerks, fishermen or policemen, or doctors.

His book nevertheless shows that, however sympathetic, welfare workers regard their coloured clients as a special problem ; they have an underlying prejudice that becomes apparent when the placing of a coloured child in a white family is being considered.

Secondly, the book reveals all the difficulties that beaucracy makes for itself, even with the best will in the world, when it comes to finding a child a foster or adoptive home—or even returning him to his own. All the red tape is, of course, manufactured in the interests of the child, but there could hardly be a clearer instance of the best being the enemy of the good than in the official adoption of children. Do the parents want to adopt a little girl of four to replace a loved daughter who has died? They may be regarded as obsessed with grief and therefore unstable. But if, being white, they say they would like a coloured child, that, too, may be regarded as neurotic—or at least distinctly odd. And then, when a satisfactory (in official eyes) fostering family is found, it may live in the area of another authority, with a different scale of maintenance payments ; while the high-ups argue this out, the child languishes in a children's home. Incidentally, Mr Braithwaite also raises the important question whether maintenance payments should be so low as to ensure that the foster parents are altruistic and not profit-seeking ; he considers that this principle prevents many admirable people from taking in a child.

Lastly, the book raises the tricky question of involvement. Social workers are trained to remain detached from their clients, and not to get emotionally involved with them, whereas Mr Braithwaite found himself "caring". Possibly this was one of the reasons for his successful handling of intractable cases ; yet he himself shows how unfortunate can be the consequences when a "house mother" becomes too fond of a small child. Mr Braithwaite, however, is certainly right in regarding his clients as human beings, not cases, and in preferring the concept of service to officialdom. No one surely can question this.

High, Low and Middle

English Country Life 1780-1830

By E. W. Bovill.
Oxford University Press. 278 pages. 30s.

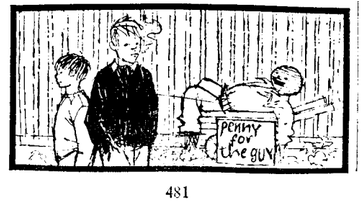
John Constable's Correspondence: *The Family at East Bergholt 1807-1837*

Edited by R. B. Beckett.
HM Stationery Office. 342 pages. 45s.

MR BOVILL'S delightful book follows his own taste, which is sporting, humane and rather conservative. His methods are descriptive, not statistical. Nor does he try to be comprehensive ; he describes his book as "a mosaic of fragmental studies sufficiently related to give in broad outline a picture of English country life between 1780 and 1830." This, with one important exception, is a fair enough description, if one accepts his deliberate omission of economic history and agricultural technique, as subjects that have been fully studied elsewhere.

He starts with an excellent description of the effects of enclosure, first on the landscape and then on men. From the miseries of the peasantry he switches to the squires and the aristocracy, how they ran their houses, and what happened below stairs. So much for introduction ; then he comes to his main topics: the rise and fall of coaching (a fascinating account, which all non-experts should read if they want to make full sense of the writings of the time) and the development of shooting and hunting.

Shooting is an unhappy story. The miseries of the Game Laws rested on the survival of barbarous laws which the eighteenth century would hardly have passed for itself and which were not grossly oppressive in the old days of unorganised shooting, with primitive guns, over largely unenclosed land. But they were there to hand ; and their full weight was felt when



SCHOOL LEAVERS

their aspirations and expectations

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THE SUNLIT YEARS
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shooting habits changed, guns were improved and the massive battue was developed at a time when farmers were bringing more and more land under the plough and the peasants needed game for food more than ever before. Foxhunting is as pleasant a story as shooting is barbarous: the latter was based on a tradition of exclusive rights enforced by penal laws; the former on co-operation, subscription, a reliance on consent in the absence of legal right and (for the times) a singular absence of class exclusivity.

As one reads Mr Bovill's book, one feels more and more the weight of a curious omission. His rural scene is populated by wealthy landowners and impoverished peasants, with a few farmers and shopkeepers in the background. Where is the rural middle class? The answer is given in Constable's correspondence, which has been edited by Mr Beckett, with admirable narrative and notes, for the Suffolk Records Society and published jointly by them and the Historical Manuscripts Commission. The title is a little misleading. The letters given are nearly all to Constable from his family, with very few of his own; and they are wholly confined to family news and gossip from East Bergholt, since the selection is designed to illustrate middle-class life in rural Suffolk. Constable's family were fairly well off millers, educated worthy, pious and affectionate; high tories; related to the clergy, the services and London merchants. A visitor said of Constable's brother "still the miller, yet a gentleman," and that is fair. It was a solid and admirable society, contented with its place and untroubled by class feelings: the people in between, at that time, did not look underdone and harassed. Their main fault was a constant worry about money, and particularly about legacies. With appearances to keep up and so much bankering for security in an economically unsettled period, small wonder that so many of them did not manage to get married. One understands why the nineteenth century abounded with bachelors and spinsters, as did the Constable family. The letters are good, dull reading. There is not a moment of excitement, but, the farther one goes, the more they grow on one.

The Wicked Lowlanders

The Trial of Patrick Sellar

By Ian Grimble.

Routledge and Kegan Paul. 184 pages. 28s.

PATRICK SELLAR was the Scottish factor (agent, to use the English term) of the Marquess of Stafford and his wife Elizabeth, Countess of Sutherland. In 1816 Sellar was tried in Edinburgh for the culpable homicide of an old woman during the eviction of the Countess's tenants from Strathnaver in the north of the county. He was acquitted by a court which, according to Mr Ian Grimble, was misdirected by the judge and packed with anti-Celtic east coast landowners.

Mr Grimble's book is neither an account of the trial nor a history of the Sutherland evictions (the author has not, for instance, examined the relevant documents in Dunrobin Castle). It is rather a vivid presentation of certain "high-lights" of the brutal clearances effected in the second and third decades of the nineteenth century by the "Great Lady of Sutherland" and her fabulously rich English husband (later the first duke). Mr Grimble, in telling, acidulated style, gives the reader the views of the champions of the oppressed clansmen: for instance, General Stewart of Garth, who published his classic work on the Highlands in 1822; a Mr Thomas Bakewell, one of the Duke's Staffordshire neighbours; the Swiss social scientist, Sismondi, and, in the United States, Harriet Beecher Stowe. (Mr Grimble mentions Karl Marx's interest in the Sutherland evictions, but for some reason—perhaps a Celtic aversion to bad prose—does not quote the passage in "Capital" in which the Red Prussian really goes to town.)

The book, which is introduced by Mr Eric Linklater, manifestly tries to revive a sense of horror and indignation at the actions or inaction of a pair of absentee metropolitan landowners who could allow the forcible displacement of their own clansmen. In this it succeeds very well. But, above all, the story is a vehement indictment of the Lowland Scot who, in the author's view, always plotted steadily against the surviving speakers of the Celtic languages. The two factors, Sellar and his successor, James Loch, are for him symbols of this bullying conquest of Gaeldom, as much as deceitful *arrivistes*, who preached the gospel of agricultural progress while practising what was virtually theft of land and livestock.

What, however, perhaps puts Mr Grimble's work in a better intellectual perspective is his own final remark. "Sellar, Loch and the Countess-Duchess appear at this distance in time as the end-products of a long historical process, whatever their private motives may have been." That gradual process (the absorption of Gaels by Lowlanders) should, surely, at least have been sketched into a book which sentences almost the whole northern Establishment of 1816, proprietors, factors, officials and ministers of the Kirk, to ignominy as a bunch of unutterable sycophants and quislings. But then so cautious an approach would have spoilt Mr Grimble's fun. As it is, he has given us, as it were, a first-class film script, magnificent material for a Wild Northern; but one in which the bad men always win.

Blood Saves Ground

The Price of Glory

By Alistair Horne.

Macmillan. 382 *pages.* 35s.

ONE of the adages of infantry training in the last war was "sweat saves blood, brains save sweat." The lesson of the Great War, in which a cynic might say "blood saved ground," had been learnt, and in the whole of the battle of El Alamein the British army suffered 13,500 casualties, compared with nearly 60,000 on the first day of the battle of the Somme alone. But it was at Verdun even more than on the Somme that the self-defeating policy of attrition went mad. Started deliberately by Falkenhayn to bleed France white, it became a matter of honour and pride for France to defend every inch of the "sacred soil." How blind can men be? Every yard of soil, pitted with shell holes and threshed by machine gun fire, cost lives and the more lives that were lost the more it became a point of honour not to cede ground and more men were hurried forward to be ripped to shreds by gunfire.

The German army lost nearly as heavily as the French, not least because Falkenhayn wavered indecisively at the moments of crisis, and because at his elbow was an *éminence grise*, Knobelsdorf, who was obsessed with the idea of attrition and nothing but attrition. Verdun was not taken and, if one is cold blooded enough to forget its horrors, this was a drawn battle. But in a sense never anticipated by Falkenhayn, whose frustrated purpose was to knock the French army out of the war for good, the battle did bleed France white. Because of the French system of rotation, more Frenchmen experienced the terrors of this one battle than of any other. They carried its physical and mental scars for the rest of their days. It led directly to the mutinies in 1917 and more than any other battle opened the running wound in French morale that led to the defeat in 1940. Time may have diminished its furies, but the consequences of its heroic glories linger on; as Mr Horne so rightly says, Dien Bien Phu began a "fatal symbol" of the honour of the French army, because it was still conscious of its stand at Verdun, and it is something more than verbal coincidence that one of the slogans of the colonels of Algiers was "De Gaulle ne passera pas."

All this and more is captured in one of the most brilliant books that has been written about the Great War in the last few years. Recent books on that war have often failed because the writers lack the imagination and sympathy to relive the feelings and emotions of the time. They are too much concerned with attacking or defending reputations to see and to understand. Mr Horne joins the notable and honourable exceptions. The narrative moves easily from the details of fighting in this trench or that fort to the political and strategic arguments (or lack of them) at headquarters. The intrigues, the weaknesses and the follies are exposed: but the whole of the book is shot through with compassion, not simply for the *poilus* in their agony but for the generals grappling with a fury that was too big for them to control. The judgments on these men, which, Mr Horne frankly and modestly admits, tally closely with those passed by Captain Liddell Hart thirty odd years ago, are sound and fair. The great virtues of Pétain, for instance, are exposed but in such a way as to reveal the seeds of self-destruction within them; the clue of the man lies in a phrase of Serrigny's quoted by Mr Horne: "You think too much about the French and not enough about France." There was a feeling of love and compassion in this austere man for his fellow countrymen (though not for other nations) which Verdun and the mutinies brought to the surface. It is just that we should be reminded of it, and that the tragedy of a battle can have fatal consequences for a nation as well as individuals, by a man so understanding as Mr Horne. His is a book of skill and insight.

The Bakers of the Nile

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By Samuel White Baker.

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WITH this plea, *The Economist* ended its welcome for the publication just a year ago of a handsome reproduction of Richard Burton's "Lake Regions of Central Africa," and here now is the equally welcome and handsome response. Alan Moorehead, whose lucid and lively pen, sense of history and adventure, and feeling for places and people have been largely responsible for the rediscovery of those discoverers on the Nile, calls Baker's 96-year-old story "the most readable of explorers' books."

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Or, in Baker's own words, "I must beseech my fair readers to reflect that the pilgrim's wife followed him, weary and footsore, through all his difficulties, led, not by choice, but by devotion; and that in times of misery and sickness her tender care saved his life and prospered the expedition." The two of them made Africa their home as they travelled, and the expedition did indeed prosper: at the end, Baker "had imported something new into the Central African scene; he had made it comprehensible."

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Forty Years On

The Autobiography of Margot Asquith

Edited and with an Introduction by Mark Bonham Carter.

Eyre and Spottiswoode. 379 pages. 30s.

NOWADAYS, England expects the telly interviewer to peel the protective clothing off living celebrities, but the habit was not common when these memoirs were first published forty years ago. The King set the tone when he remarked, on learning that Mrs Asquith was about to be serialised in *The Sunday Times*, that "people who write books ought to be shut up." He could and did rebuke a Field Marshal (Haig in 1919) for publishing war memoirs, but he had no hold on the wife of an ex-Prime Minister. So controversy raged with, on the one side, *The Times* chastening the author not merely for indiscretion but for "vanity and self-love," and, on the other, Privy Councillors applauding her style and the historical value of her work; C. F. G. Masterman called it "a book not 'of the day,' or the week, but for the centuries." It lives up to his verdict, for this is its third major rendering.

The first was published in 1920 and 1922, and caused the furore; the second came out in 1936 when, as a Penguin—two volumes, unabridged, at 6d. each—it was real value for money and was lapped up by the generation now in its fifties that was too young to have tasted the original savour. Mr Bonham Carter, who is Margot Asquith's step-grandson, cannot add more than a touch or two—mostly nursery memories—to a well-known portrait, and, as in 1936, the chief interest of a reprint lies in the impact that it will make on readers too young to remember its predecessor.

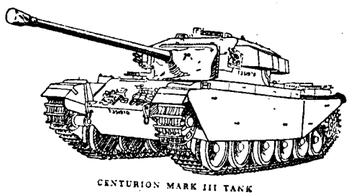
In order to produce a single volume of reasonable size and price, Mr Bonham Carter has sensibly cut chunks of the political comment; even the Concise Dictionary of National Biography finds room to say that Margot—"unteachable and splendid"—was politically a "potential liability," and in this field her impassioned judgments do not make history. But as a social and human document her book is as alive as ever. Even readers who deplore the enamelled splendour of the high society in which she lived must enjoy the warmth and vigour of the Tennant home; the give and take between the sisters never palls. Of equally permanent interest are the terse, unflagging comments on great men of the day; the context in which Balfour's detachment is "insolent," Hartington "gives a great wheezy guffaw at all the right things" or Jowett describes his love as "violent . . . very violent" is well worth thirty shillings, and the only drawback to an autobiography that is everlastingly important and funny is that, being a self-portrait, it does not do justice to one of its author's chief gifts, which was for repartee. Margot Asquith, full to the brim with certain brands of good sense, knew that the wit who repeats his or her own brilliant remarks does not live for ever.

Words and Things

Oxford Illustrated Dictionary

Edited by J. Coulson, C. T. Carr, L. Hutchinson and D. Eagle (text) and H. M. Petter (illustrations).

Oxford University Press. 1,000 pages. 50s.



CENTURION MARK III TANK

THE supplement to the 13-volume Oxford English Dictionary is still being compiled. In the meantime, as a sort of curtain-raiser, the publishers have produced a new volume, half dictionary and half encyclopædia, illustrated with some 1,700 drawings. As a dictionary, the volume is based upon the vocabulary of the Concise Oxford Dictionary, though with new definitions and additions. "Disinflation," for instance, appears for the first time and is defined as "policy designed to remove or offset the inflationary elements in a country's economic situation without incurring the bad effects of DEFLATION." On the whole, however, economics and statistics are not very well represented; as might be expected in an Oxford publication, the dictionary is not so strong on the science side as on the arts—those mysterious chemicals DNA and RNA, for instance, which perhaps contain the very stuff of life, are omitted. The whole common market complex is also virtually ignored. OEEC is there, but it has now been displaced by OECD; this would, of course, allow the compilers to retort that this example shows the dangers of being too up to date—a word can be superseded while the dictionary is in the press.

They have, in any case, given us a great deal to be thankful for. Famous men and places appear—Gretna Green gets an inch and a half of text; and wherever an explanation requires an illustration, it has been given one (see example above). Appendices give such varied information as Roman and Holy Roman Emperors, Presidents of the United States, Popes, Prime Ministers, Kings and Queens of England, counties and county towns, the states of America and their capitals, the chemical elements, British and metric systems of weights and measures. And all for fifty shillings.

Camera Portrait

Renoir, My Father

By Jean Renoir.

Collins. 416 pages. 36s.

TO anyone familiar with Jean Renoir's films, it will come as no surprise that this portrait of his father is full of warmth and sympathy. Nor that the author's own personality is felt throughout: the camera goes backwards and forwards in time; no scene is allowed to become stale before it is replaced; nor is the hero allowed to occupy the centre of the stage all the time. The result is spontaneity, gaiety and tenderness.

Jean Renoir was wounded in the first world war, as a result of which he spent some considerable time alone with his father in Paris, where "as a fair exchange for my war stories, Renoir entertained me with recollections of his youth." The father's reminiscences a few years before his death in 1919 at the age of seventy-eight and the son's impressions of him—left, curiously, in cold storage for nearly half a century—are set down in a way best described by this quotation from the book: "In Renoir's words, the most trifling recollections were as important as the revelation of his deepest feelings. This led to a certain disorder in his reminiscences, which I shall try to respect here." The result offends sometimes in literary style, lapses occasionally into repetitiveness, but is never boring.

There is not much new, however, for the art historian. The mystery of a change in a style of painting lies in the fact that artists adopt it simultaneously, but separately, before they come together to influence each other. A point seems to be reached in the development of art when change seems inevitable. The way Renoir painted was the way he felt it necessary to paint. "'One is merely a cork,' he said; 'You must let yourself go along like a cork in the current of a stream'." A purpose in life was foreign to his nature; he was no intellect but revelled in the triumph of instinct over reason. "He looked at the world with continual astonishment" his son writes. He thought it unnecessary to explain art. "'You don't talk about paintings: you look at them'." Nevertheless, he did express views and contradictory views at that. His reactions, according to his son, depended on the people he happened to be with, just as he was torn between subjectivism and objectivism, between Ingres and Monet. His "cork theory" allowed him to change his technique in painting whenever he felt like it and to turn from Impressionist landscape painting to more fashionable portraiture, which gave him a more comfortable living than some of his contemporaries.

There are no delights for scandalmongers in this book, no horror other than that conjured up by the crippling arthritis of the painter's later years, years in which he nevertheless continued to paint masterpieces, including the Louvre's "Les Grandes Baignaises." Nor is this a typical film concept of an artist. Renoir was a more orderly man and had a more sober enthusiasm for life than might be supposed: he believed, for instance, in the ritual of meals, kept his palette and brushes scrupulously clean, and enjoyed the rich and cultivated world without feeling envy for it. There are many details, however, for biographers to fall on: for instance, this record contradicts another biographer's statement that, unlike Corot, Renoir never touched up or overpainted a fake picture ascribed to him.

But, for the most part, this is an intimate family story, relating the turbulence and neighbourliness of life in Paris flats, Saturday evening pot-au-feu dinners, comforting warm days in the Midi and the painter's reliance on his wife with the "cat-like" face, identifiable now throughout the world as the Renoir face. A sentimental tribute, yes, but an enjoyable one.

Oliver Lyttelton Remembers

The Memoirs of Lord Chandos

The Bodley Head. 462 pages. 36s.

OLIVER LYTTELTON was one of the remarkable group of men whom Mr Churchill brought into office from outside political life in the critical days of 1940—the group that included Beaverbrook, John Anderson, Bevin, Woolton, Leathers. He held his own easily in that company. He brought to the diverse public offices which he held—President of the Board of Trade, Minister of State in Cairo, Minister of Production during the war, Colonial Secretary in 1951-1954—outstanding gifts of experience, intelligence and competence. He moved easily in the worlds of fashion, sport and business. He was an aristocrat; Eton, Cambridge and the Guards were the forcing ground; he married a duke's daughter. He had shown superb physical courage in the war of 1914-1918; he was to show equal moral courage at critical moments during the second world war and in his period as Colonial Secretary. He had had a long and successful business career in the highly competitive world of non-ferrous metals ("I took you up out of some bucket shop in the City a few weeks ago, and what can you know about politics or public opinion?" Mr Churchill was to say in exasperation at the prospect of clothes rationing). As a Minister he never really caught the note, or the ear, of the House of Commons. But to problems of policy and administration he brought not only a long, disenchanted, intuitive knowledge of markets and men, but also qualities of high intelligence, (he was not a friend of Keynes for nothing) resolution, resilience, and also an infectious gaiety and insouciance that enlivened many a dreary meeting and dark hour. He could fairly say at the end of his public life: "I have done the State some service, and they know it".

How much more will they know of it, and of Oliver Lyttelton, from these

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memoirs? The answer must, unhappily, be somewhat qualified: the book does not measure up to the man. It is ill-balanced and uneven in quality, with patches of poor and perfunctory writing, which reveal the onset of boredom and scarcely transcend the level of journalistic gossip. There are only rare traces of the imaginative perception and artistic sensitivity which, as his friends know, are to be found co-existing with the worldly wisdom and the hard high spirits. The judgments on men and affairs—there is a separate chapter on Churchill, and sketches of Eden, Bevin and John Anderson—are always shrewd and penetrating as far as they go. But they lack subtlety and depth.

Nevertheless the book is never dull, commands respect, and gives pleasure. There are three vivid and remarkable chapters describing life as a Guards officer at the front during almost the duration of the 1914-1918 war. The passages about the period which the author spent as Minister of State in the Middle East, and about his relations with General de Gaulle, though they break no new ground, have a refreshing candour. The defence of his policies as Colonial Secretary, especially the almost desperate measures needed to restore order in Malaya and Kenya, and to bring about the beginnings of federation in Nigeria, reveals a certain innate lack of imagination, but is nevertheless a timely reminder of the extraordinarily difficult problems that preceded the "wind of change", and the courage and hardihood needed to deal with them. And the book has both flashes of admirable insight and an authentic flavour of someone who, whatever his burdens and responsibilities, has never cared to "look too good or talk too wise" and who has never been able to resist a good story or a joke. Fortunately he has not tried to do so at all in this book. It is full of them, and the best are very good indeed.

Stature Regained

Newman: Light in Winter
By Meriol Trevor.
Macmillan. 673 pages. 50s.

THE first volume of this biography was rightly praised by the reviewers. This second volume is still better. It elevates the whole work into a biography of distinction, at once readable and profound.

The first volume left Newman at his lowest point, the sordid Achilli trial. This takes him through all the frustrations to his recovery of national stature by the publication of the "Apologia pro vita sua," and at last to the serene and secure grace and influence of the Cardinalate and his dying years. With the aid of the archives we are taken behind the scenes in the pathetic waste of his time in the university at Dublin; his denunciation to Rome as a heretic; the depressed years when he was filled with self-pity and yearned nostalgically (but not religiously) after his former Anglican friends; the fight with Kingsley, which turned him into a figure of such reputation that he could stand up to Manning and the Roman Curia combined; the battle for an Oxford education for Catholics, which he lost to Manning, and the battle for the Cardinal's hat, which his friends won against Manning—narrow, parochial, ecclesiastical controversies in one sense, yet at the European level part of an agonising contest to prevent the Roman Catholic Church of the nineteenth century putting itself altogether out of the running in the struggle for educated minds. The strength of the book is in its portrait. It shows Newman's fascinating personality in a new depth of light and shadow, the public figure in an intimate background of private life, of holidays and friendships and priestly duty. No previous writer has penetrated so near to Newman's soul.

Such a book, which will be influential, deserves serious criticism. Miss Trevor is no pious hagiographer, she discloses the evidence of warts, she holds back nothing. But it is a question whether that sympathy and understanding may not also have led her to be less than fair to Newman's enemies. She talks about the "legend" of his sensitiveness. But his prickliness peeps out from many pages; he spent hours listing hostile acts against himself, brooding over slights real or imagined; he had a sense, though not a complex, of schemers at work, plotting against him. The truth is that Newman could be exceedingly thorny if he took offence, and that he easily took offence. A bigger man would have brushed off the hornets and the gadflies and gone his way. But then a bigger man would have accepted Kingsley's poor apology and shrugged him off with contempt, and the "Apologia" would have been lost to history and to literature.

Kingsley accused him of playing with words, and wrongly thought him therefore dishonest. Newman convinced the world of his honesty, and Miss Trevor therefore acquits him of playing with words. It is one of the tangles in Newman that his undoubted integrity was accompanied by a habit of juggling with arguments, a habit that in anyone else would be called sophistry. Just before the definition of papal infallibility, his famous private letter, denouncing Manning's party as "an aggressive and insolent faction," was leaked in Rome. The letter appeared erroneously as "an insolent and aggressive faction": and Newman promptly wrote to the press denying that he had used the published phrase. He afterwards explained that when he looked at the draft of the letter he had not observed the phrase in it. Miss Trevor accepts the explanation, perhaps rightly. But there is something about Newman's attitude to occasion a qualm whether the incident was as wholly naive as he claimed.

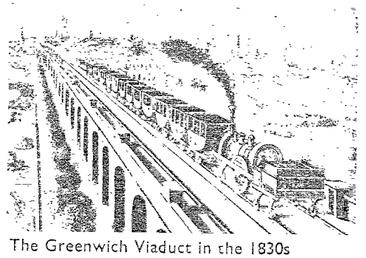
It will therefore not be wise to regard this book as a perfectly fair account of Newman's critics, from Manning and Faber downwards. But as the portrait of a man, of a Victorian, and of an English Catholic priest, it is brilliant.

Web of Steel

London Railways
By Edwin Course.
Batsford. 280 pages. 35s.

NOW that most of the news about railways is of shutting down, pulling up, and redundancy, it is a pleasant change to read a book about railway building and of extensions, additions and expansion—even though financial problems loomed up then. Mr Course's book is for enthusiasts, and it is immensely detailed in its description of track layouts and of the historical reasons for the complex "tangles" at New Cross and Battersea.

But even for the inexpert the book, which has plenty of illustrations and plans, provides much enjoyment. There is a splendid description of the building of the viaduct to Deptford and its gas-lit boulevards alongside. *The Times* of March 12, 1835, stated that "the number of people who paid 1d. each to walk on the footpath of the London and Greenwich Railway on Sunday last amounted to upwards of 3,000." The modern commuter, who daily travels along the now vastly widened viaduct, vainly trying to read, would find his journey far more interesting if he soaked himself in the



The Greenwich Viaduct in the 1830s

history of the line, but he will not find any explanation of why, to this day, the bottleneck over Southwark market has never been eliminated.

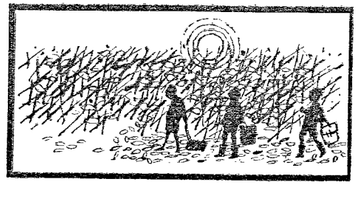
Others, rolling down that steep hill from the river into Victoria, can ponder the luck of their ancestors who, a hundred years ago, were able to arrive there on broad gauge lines from Southall via Kensington and Clapham Junction or from Barnet via King's Cross, Farringdon and Brixton. (The tube lines naturally do not count as proper railways, and there is therefore little about them in this devoted book.) There must still be a lot of nephews who like trains. This would be a meaty book for them, and the uncles could then borrow it back.

Between Wars

The Familiar Faces
By David Garnett
Chatto & Windus. 236 pages. 25s.

THE third volume of Mr Garnett's autobiography runs from the early twenties to the first months of the war: it starts when he is established in life as an author and father of a family, and ends with the death of his first wife in 1940. There are two themes; one is the brilliance and achievement of the intellectual life of England during that much-maligned period, and most of all during the twenties; the other is a series of deaths, many premature, which narrowed the circle of his friends during the thirties, a period made still more painful for him by the slow advance of his wife's cancer; all this against the blackening political horizon. Hence the title—"All, all are gone, the old familiar faces"—and hence a list, at the beginning of the book, of dates of deaths.

To anyone who lived through these years, the whole book is fascinating; but the earlier part, devoted to happiness and success, is largely anecdotal and will probably not say much to a younger generation,



though an exception must be made for a fascinating passage on George Moore. The later part, where the scene is more sombre, counts for more. It is a generous book, with more said in praise than in criticism, and with a constant sense of loss from those who died too soon. Lytton Strachey is singled out as one whose intelligent sanity, if he had survived, might have influenced for good a whole generation that lacked that particular impulse. There is a very interesting passage on T. E. Lawrence: Mr Garnett has done so much for his memory that it is well to be reminded that he came to know Lawrence late and never counted him among his close friends. There is much about some men and women of talent who are beginning to be forgotten, but revive in Mr Garnett's words, such as the Tomlin brothers, Carrington, Dorothy Edwards and Julian Bell.

The person about whom least is said is Mr Garnett, except on the plane of chronicle. This is a pity, but perhaps inevitable. In his first volume he had a wonderful picaresque story to tell; his second showed the development in wartime of a not wholly likeable young man; his third shows a mature man who accepts a greater measure of discretion as he approaches the present, a novelist, book-seller and journalist who is not caught up in history during this period and who has rather little (though that interesting) to say about his writing. He appears as the good-mannered friend of many who does not impose and only half reveals himself. But whatever he writes, as always, is good reading.

Autumn Books

Industry, Income and Investment
F. W. G. Benemy
The author shows in this book that economics can be interesting and simple to understand. For this reason it will make an immediate appeal to students and general readers. By the author of *Whitehall-Townhall* (2nd imp.) 18s.

An Introduction to Industrial Administration
F. R. J. Jervis and W. F. Frank
This book is primarily intended to cover the requirements for the papers in industrial administration set by the Institute of Mechanical Engineers. "Almost encyclopaedic in scope"—*Electrical Review.* *Illustrated.* 42s.

British Commercial Institutions
Peter F. Payne
"This is a manual for those who want a ready reference to the shape of industry. It is clearly written and, to its great advantage, illustrated with plenty of examples of companies in the fields discussed."—*Financial Times.* 15s.

How to Read Statistics
I. R. Vesselo, M.ED., B.SC.
The aim of this book is to present the elements of statistical method in such a manner as to induce a critical attitude towards the conclusions drawn from numerical and graphical data. "Very readable and reasonably priced, deserves a wide circulation."—*British Book News.* *Diagrams.* 12s. 6d.

HARRAP

Everyman's Ark
Ed. by **SALLY P. JOHNSON**
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Flower of Cities All

London Perceived

By V. S. Pritchett and Evelyn Hofer

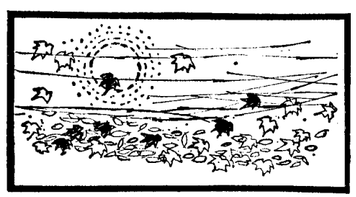
Chatto & Windus and *Heinemann.* 110 pages and 119 photographs. £4 4s.

At first sight the collaboration over this book between an English literary critic and a foreign photographer seems strange. In fact, the mixture is quite right. A stranger brings a fresh eye to a Londoner's too familiar scene, and can see and record the qualities peculiar to his city: the bricks, the plane trees, the pubs and the muffled misty thin light of a winter's afternoon. And London as we know it now, still so predominantly made up of eighteenth and nineteenth century buildings, can be better perceived and fully comprehended if one listens to what writers—Johnson, Defoe, Pepys, Dickens and many more—have had to say of it and of life in it.

Mr Pritchett has been ambitious; he has tried not only to catch the essential flavour of London but has also set himself the daunting task of capturing and setting down the characteristics of the Londoner himself. In chapters on the river, the City, the eighteenth century, Westminster and the Victorians he adroitly avoids the labels of a tourist, historian, architectural critic and spokesman for the British Travel and Holidays Association. His account is learned and, at the same time, easy flowing and very readable. The picture of the Londoner, however, is dated. It might have been true forty or even thirty years ago, but Mr Pritchett's quarry has now well-nigh vanished. The welfare state, affluence, television, suburban sprawl and slum clearance in the inner suburbs have made the Londoner archaic. The Billingsgate porter in that funny hat, the bowler-hatted City gent in that Victorian pub, and the waterman may all borrow garden tools from each other on a Sunday morning in Welling, and there is little to distinguish them from their cousins in Birmingham, Basingstoke or Bedford. The individual savour of an inhabitant of the Elephant district who had never in her life been across the river—not a rarity thirty years ago—must by now have evaporated.

Miss Hofer's pictures are delightful and capture the atmosphere of the Town. They are all full page and sometimes double page, and a fair quota are in delicate colour. They complement and often illustrate Mr Pritchett's discourse, which flows along on the opposite page. Many of them are genre portraits of policemen, market-porters, apprentices, ticket-collectors, and customers of pubs, but there are few that illustrate ordinary life or the ordinary Londoner in office, cinema, restaurant, shop or bus.

The book is lavishly produced, as befits the price. Only two errors spring to notice. Surely the hotel in Gravesend is named after Clarendon not Clarence, and can it be that in one paragraph Mr Pritchett has confused Caxton Hall with the Central Hall, Westminster?



A Champion Editor

Problems of an Editor

By Linton Andrews.

Oxford University Press. 191 pages. 25s.

Yorkshire cricket lore is spicy with stories of Robinson and Rhodes thumbing the pitch during the tea interval, in order to tell their amateur captain when to declare the innings closed and put the other side at most disadvantage with the bat. Sir Linton Andrews, who edited famous Yorkshire papers for more than a generation, is Robinson, Rhodes and the captain at one and the same time—with just the difference that he has always been a professional himself.

This book, in its modest, reflective, knowledgeable and experienced way, is both the apotheosis of the golden age of good provincial newspapermanship and the right, shrewd "commonplace book" for all aspiring journalists as well as for editors. Sir Linton, before he retired two years ago, became chairman of the newspaper industry's own much less potent MCC, the Press Council, and has his own sympathetic but still principled views about the way in which the modern press is going; but the chief virtue of him and of his book is that he sees as a single professional—and vocational—whole the entire process of making and editing a newspaper, from reporting and sub-editing to presentation and propriety in the choice, display and policy-making of its news and opinions.

He says little that is new, but much that is true, from a lifetime of honest, skilled and (if the word can be allowed nowadays) dedicated work. Sir Linton does not pretend to be a prophet, and his views about current trends in the press are characteristically fair and tentative. It could be, however, that his book may be remembered precisely for a prophesy, perhaps hardly intended: "It would not surprise me", he writes, "if in the near future we had in London a Labour evening paper". Is he pointing to one, perhaps the only possibly profitable, escape from Mr King's promise to keep the *Daily Herald* going? At any rate prophecy apart—and Sir Linton would not claim the mantle—this is a book that most journalists and many newspaper readers will like to read.

One Race, One Man, One Leader

Three Continents

By Field Marshal Montgomery.

Collins. 256 pages. 25s.

"There is but one race under Heaven which could stand between the western world and destruction [if a world war broke out] . . . the Anglo-Saxon people. It is the conquering race of the earth . . . Would it not be a glorious task for a man of our race so to unite the Anglo-Saxon peoples that they stand as a solid barrier of invincible manhood before which the flood of barbarism would dash itself to pieces like cloud-waves against the granite summits of eternal hills? . . . May Heaven aid us to find the man to carry it out". Such is Lord Montgomery's conclusion.

His earlier remark that "President Kennedy may well prove to be the leader we need in the West" is misleading. In later chapters it becomes clear that Mr Kennedy will not do. For one thing, Lord Montgomery has not met him. The President has not attained the same state of grace as the other Top People assembled in these pages, the message of which might be summed up, using Mr David Low's formula, as: "Gad, Sir, Lords Mao, Nehru, Verwoerd, Castro, Somoza and Diefenbaker are right".

Only Mr Albert Luthuli, of all those questioned, is found wanting. He is not on Top. He "claims to be a Zulu Chief"; but Lord Montgomery, no fool, checks up with the Paramount Chief of Zululand and learns from this high source that Mr Luthuli is no true African leader.

When one moves in a world of paramount chiefs, the quest for political truth becomes a fairly simple matter. Truth is revealed at the summit and brought down in tablet form. What if some rumour from among the grubbers at lower levels reaches Lord Montgomery's ears, say, about a rift between Russia and China? The Top People of Peking deny it; and "one would have to go to Moscow for a quiet talk with Mr Khrushchev to get at the truth". As for the "somewhat confused situation on the China-India frontier", the confidant of both Mao and Nehru would be ill-mannered to say more than that "this will need to be cleared up before the 2 nations can be said to be the best of friends".

Compliments flow both ways at these lofty levels. The field marshal finds all his hosts honest, sincere and likeable. Mao tells him: "You are very enlightened". Lord Home writes him "a very nice letter of thanks". General Ydigoras and his Guatemalans hail him as Britain's only real gentleman, and as a hero of Ireland's struggle for independence to boot.

Although "it is captaincy that counts", and Lord Montgomery does not shrink from informing a rather bashful Mao that "the all-important person was the leader; the people didn't always know what was best for them", the masses are not completely ignored. They are disposed of in crisp summaries. Africans are "indolent", and those in South Africa are "contented with their lot". "All Chinese" are heavy cigarette smokers. More universally still, we are told that it "must be realised" that

> wherever one goes in the world one finds people of all races and colours desperately anxious to see things develop in the way they want.

The West, having had "17 years with no aim", is now at last presented with a simple twofold political aim: to make friends with China, and to get all armed forces back to their homelands, "without weakening the defence posture of the Western Alliance". It "need have no fear" of the growing power of China. It must urge India, Australia and all the countries between them to form "a solid block against military aggression or Communist intrigue." "There will be no difficulty" in securing absolute freedom for West Berlin once the Oder-Neisse line and the East German government are recognised. "We must withdraw our army from Germany at once". Nato must be made into "a true alliance". Western political unity is "the first fundamental need". Britain must not get "entangled in the political systems of Europe". American air force precautions against surprise attack are "the greatest obstacle towards the reduction of tension". Britain's Bomber Command "*must maintain a high state of preparedness; if Russia thought she could hit us without our being able to hit back, we would be open to all sorts of pressures!*" (the italics are Lord Montgomery's).

Outside Europe, "the whole Commonwealth must be closely allied with the United States; that is fundamental". The under-developed countries must be urged "to follow the neutral course which all their instincts urge them to take". "India is needed in the Western camp". Pakistan's allotted role is to weld the Arabs into a "non-aligned group". "Africa is essential to Europe and to the Western alliance". Communism, which has contributed little to "the landslide in Africa", must be kept out of Africa by the joint efforts of "the Arab block in the north, and of the Republic in the south". "Nothing will satisfy the African but control of his own political life and destiny". The United States is much to blame for having caused "the decline of the Dutch, French and British Empires, which should all have been stabilising influences". "The Commonwealth is destined to be the corner stone of the free world. But alas! it is not what it used to be when I was a boy".

Right. That's clear enough, isn't it? Any questions?

The Great Bore

The Tunnel Under the Channel

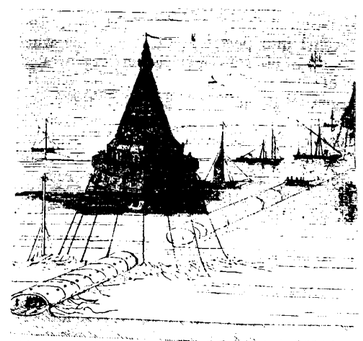
By Thomas Whiteside.

Hart-Davis. 133 pages. 16s.

Cheerfully adding the bard to the long list of signatories to the petition it published in 1882 against the evil undersea works of Sir Edward Watkin, the greatest and most practical exponent of the dream which has obsessed unEnglishmen for a century and a half, *Nineteenth Century* solemnly sang:

> . . . the silver sea,
> Which serves it in the office of a wall
> Or as a moat defensive to a house,
> Against the envy of less happier lands;

and most of the nineteenth century sang with it. The embryonic Channel Tunnel died of the petition, Sir Garnet Wolseley and the Board of Trade; and has been resuscitated in the minds of men only briefly and intermittently since. But times change: it is quite an English thing, now, to be a European; and there is room for hope in the never-failing breasts of protunnellers that the near future will see their dream realised—and if the hope is somewhat tempered by the extraordinary generosity demanded of French and British governments for that realisation, it is correspondingly raised by the vociferous opposition of certain military men, happily retired, to whom the violation of England's maidenhead (to paraphrase Lord Randolph Churchill) is anathema as black and fatal as the common market itself. Mr Whiteside is an American and is therefore unaffected by passions which ran as high, in their day, as those of the current European debate; his neutral history of this fascinating and not unfantastic project is clear, amusing and instructive—and perhaps a little shaming to the closed insular mind which has damned its fellows for so long to the horrors of the channel sea-passage.



Hector Horeau's tunnel scheme of 1851

The Glory of Persia

Iran: *Parthians and Sassanians*

By Roman Ghirshman. Translated by Stuart Gilbert and James Emmons. Edited by André Malraux and Georges Salles.

Thames and Hudson. 347 pages. £6 15s.

As the science of archaeology develops, so the technique of dating becomes more precise and generates a new inquiry: how far was the art and literature of each region indigenous, and how far derived under the influence of conqueror or trader. This magnificent book deals with a period well within the range of recorded history, but is a model for all study of the influence of one civilisation upon another.

Roman Ghirshman is a French archaeologist famous for field-work in western and central Asia and, in recent years, in Persia. English readers know him for his Penguin "Iran," and English travellers for his personal kindness to the passing visitor to his sites, where he is a byword for making the past live again.

In this book, he first surveys the five and a half centuries that separate Alexander's conquests from the rise of the Sassanids—the people whose arts most people envisage when they think of Persia. During this lapse of time the Parthians, more vigorous than the overstretched Greeks and Macedonians on the high plateau of Iran, drove a wedge between the Greek kingdom of the Selucids in the west and the Greek kingdom of Bactria in the east, and reintroduced pure Iranian art forms; but, living in amity with Greek colonies in their midst, they did so under Greek influence. The Sassanid dynasty, with its greater artists, therefore "came into power at the very time when the art of Iran was being regenerated, achieving stability and harking back to the racial tradition." So that when the Sassanians, chiefly through the medium of the Islamic conquests, came to disseminate Iranian art forms as far west as Ravenna and Germigny-sur-Loire, and as far east as Japan, the art they spread was of Greco-Iranian descent.

As one expects from an expensive art book, the letterpress and the superb illustrations are beautifully mated, so that the book informs mind and eye without any unnecessary turning back and forth. It is so lavishly illustrated, and some of the illustrations from private collections are so rare, that it is not dear at its price. Its third part consists of a glossarial index that is useful in any context, and the list of illustrations includes—a valuable asset—many indications of the size of the object photographed. Many of the plates are in colour, which is of special advantage in the section on textiles that was prepared with the help of the French mediaevalist, Madame Clemence Duprat. Professor Ghirshman pays suitable tribute not only to her but also to the many fellow archaeologists—notably Schlumberger and Rostovtzeff—who have helped him to his conclusions.

Queen of the Iceni

The Rebellion of Boudicca

By Donald Dudley and Graham Webster

Routledge and Kegan Paul. 179 pages. 28s.

BOADICEA, queen of the ancient British tribe of the Iceni, is known to most of us only as a half-legendary figure who fought the Romans in a war chariot. This book sets out to tell the story of the historical Boudicca, and to assess the significance of her rebellion in AD 60 in the light of the extensive studies in Romano-British history which have been carried out in the last fifty years.

Only brief accounts of the revolt are given by Tacitus and the less reliable Dio Cassius. The authors have therefore had to look beyond British horizons for their accounts of Roman colonial government and military organisation, which put their story in its proper perspective. The tale they tell is of a disaster resulting from a conquest pressed too far too rapidly, and without sufficient attention to local conditions. The Romans had started as the friends of the Iceni, but lost their allegiance through their high-handed behaviour and their hostility towards the British religious leaders, the druids. The harsh taxation of the Roman procurator roused fierce resentment; and the pre-occupation of the Roman military governor with his campaign in Wales gave Boudicca her chance. In the summer of AD 60 she rose at the head of a great confederation of southern British tribes. Colchester and London were sacked, and only good fortune and the tenacity of the Roman commander, Suetonius Paulinus, saved the situation.

This is a workmanlike account of the first hazardous years of Roman occupation in Britain. Its authors have paid special attention to recent archaeological discoveries, and have included some excellent illustrations and maps. They have successfully put the story of Boudicca into its historical context, without losing touch with the drama of the events of AD 60.

Second Instalment

Last Letters to a Friend

By Rose Macaulay.

Collins. 288 pages. 25s.

OPINIONS were sharply divided among readers and reviewers about the publication, last year, of letters from Rose Macaulay to Father Hamilton Johnson, a distant cousin and a Cowley Father, to whom she wrote intimately on spiritual and other matters at the time when she resumed the full practice of her religion. Some deplored what looked like a breach of trust or, at least, a lapse of good taste. Others thought that the letters, themselves wise as well as witty, would be helpful to other people seeking the way back into the Church or doubtful about its value. Others again, for love of Rose Macaulay, were happy to have anything that she had written.

This second instalment will do nothing to move the objectors from their standpoint, for though these letters are in no way embarrassing, they are essentially meant for the eyes of one particular friend. The exchange of churchy chit-chat and comments about Latin collects no doubt was a source of pleasure to both correspondents; but the parochialism discernible in the earlier letters is more marked here, especially in the tone of impatient contempt whenever the Church of Rome is mentioned. Though the period covered includes the journey to Turkey which foreshadowed "The Towers of Trebizond", the travel letters are sketchy, and the others have little value either as literature or as Anglican propaganda.

Sicilian Legacy

Two Stories and a Memory

By Giuseppe di Lampedusa. Translated by Archibald Colquhoun.

Collins with *Harvill Press.* 128 pages. 18s.

ANY further writings, however fragmentary, by the author of "The Leopard" are bound to be eagerly awaited and sympathetically received. And although this small book would have made its mark without any advance publicity it gains an added fascination from the light it throws on the background of the Prince of Lampedusa. Early in the memoir, "Places of my Infancy," Don Giuseppe remarks how much he would like to emulate Stendhal's "remarkable attempt" in "Henri Brulard," "to sweep away accumulated memories and reach the essence." Most readers will feel that he has succeeded.

Don Giuseppe's success is of course principally due to his skilful craftsmanship as a writer (and the book is excellently translated into English). But it is also due partly to the fact that he was a boy who loved solitude and "liked the company of things more than of people," so that the gardens, rooms, furnishings and so on of his childhood homes were particularly well imprinted on his memory; and partly because the destruction during the war of the old Palazzo Lampedusa in Palermo, which he loved "with utter abandon" and which he never ceased to mourn bitterly, gave to his writing a sort of nostalgic vividness that it might not otherwise have had.

Don Giuseppe also describes the vast house (about a hundred rooms) at Santa Margherita Belice, which was his family's favourite country house. The house was "a kind of eighteenth century Pompeii, all miraculously preserved intact." The author describes the house, the garden, the church, where every Sunday the family heard mass "without excessive fervour," the theatre and its visiting players, the neighbours and his parents' social round with an adult sophistication that is repeatedly shot through with revealing and

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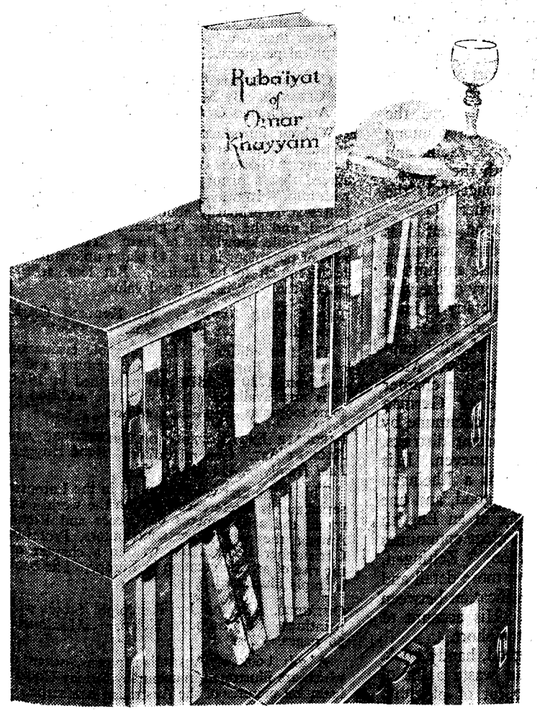
CONSTABLE

publishers of Barbara Tuchman's "August 1914"



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amusing glimpses of the things that struck him as a child. There was, for instance, the "nasty surprise" that he had had one day in the garden when he crushed the bright berries of a castor-oil shrub, not realising what they were, and "recognised upon the air the smell of the oil that, at that happy age, was the only real shadow on my life."

The two stories, one complete in itself, the other the opening chapter of an unfinished novel, although not as distinguished as the memoir, make one hope that some more of this strange, withdrawn Sicilian aristocrat's manuscripts may yet be discovered at the back of some desk.

Distorted Record

Roman Women

By J. P. V. D. Balsdon.

The Bodley Head. 351 pages. 30s.

MR BALSDON says that there is no work of deep scholarship in any language on this obviously attractive subject, and no work of any kind—including books of *haute vulgarisation*, such as this—which covers so wide a range. This last is perhaps not so surprising, since Mr Balsdon has really given us two books in one. The first is an account of the part played by women in the history of Rome, from the foundation to the end of the Empire; and the second is a general description of women's life in the Roman world.

The main fact about Roman women is that they were never negligible. Their social functions changed enormously over the history of Rome, but they never seriously overlapped with those of men—there was no feminist movement, and no one suggested that they should have the vote. But they were not kept in purdah; they were trained to be strong-minded; no one after Cato suggested that they could be kept in subjection. Therefore they make a real subject for Mr Balsdon. His trouble lies—as he emphasised—in the distorted nature of his evidence. There were never many women authors in Rome with fragmentary and negligible exceptions, no literary evidence survives except from the pen of males; and those who had most to say about women—Ovid, Martial, Tacitus and Juvenal—were little better than caricaturists; but Tacitus and Juvenal at least were writers of such brilliance that at critical points Mr Balsdon, quite rightly, can do no better than hand the theme over to them, and then correct the record as best he can.

The book, within its inevitable limits, is a success. The historical section is necessarily bitty, and at its best when Tacitus has command. It is a series of stories of historically important, therefore untypical, women. The descriptive part is interesting and informative, but leaves one astonished to see how little we know of the ordinary Roman woman.

Worry about Wine

German Wines and Vines

By Alfred Langenbach.

Vista Books. 190 pages. 30s.

BOOKS about wine, leaving aside technical treatises, tend to be of three kinds; the bibulous-poetic, the thinly-disguised advertisement, and the book about wine. Mr Langenbach's book belongs to this third, useful category. An elder of the trade, he has put his business on one side to set down the kind of facts and judgment on German wines that the young men now coming into the trade need to know, so that they do not, in their desire to be helpful, tell the customer a lot of nonsense, or get laughed at by the grower and come home with the wrong stuff.

German wine is not a big industry but it is an exceedingly complex study, perhaps the most complex of all. Whether it will remain, in area or production, even as big as it is looks doubtful. Only high quality can justify such high-cost production: but the quality, in this northern zone, fluctuates wildly from one pocket of land to the next and from one year to another, so that the output over a period of years is bound to contain a large quantity of commonplace stuff which, one would suppose, must sooner or later be driven out of commerce by bulk wine grown more easily in more southerly parts of the European common market. Germans of a certain age have a taste for their Riesling even when it is sour, and are not going to give it up for *aligoté*. But if the young prove less faithful and the market for the commonplace part of the output shrinks, can the industry keep going on its high-quality wine alone? Here the question becomes serious indeed, for among the best growths of the Rhine, Main, and Moselle are to be found (with the greatest respect to everybody else concerned) the finest white wines grown anywhere.

Mr Langenbach touches upon, but does not lose himself in, these dark economic problems. He offers a modest amount of geography, a good deal of history of the vine in Germany, enough simple botany to indicate the difference between one vine and another, and a good account of what happens in the vineyard and the cellar. Most useful to most readers will be his chapter explaining the nomenclature of German wines and his detailed survey, commune by commune, of the most important districts. Here the amount of detail is uneven. It is plain that Mr Langenbach is a Rheingau man. On the Moselle he is good, and one appreciates his tribute (rare in an English book) to Piesport, but the great communes below Bernkastel—Wehlen, Zeltingen, Erden and Uerzig—deserve more detail and more of an attempt at classification between one growth and another. His account of Franconia is sketchy and too short.

All the same, this is a good, handy book. People who buy wine can waste a lot of money or they can get a lot of pleasure. To buy poor German wine in England has not much point; you can get wine cheaper, and no poorer, from countries with more sun. But you can waste just as much money by snobbish buying; there is an automatic cult of special growth labels like Spätlese and Auslese, words that should be used with reticence, while Beerenauslese and so on, showpieces made in tiny quantities, are really best forgotten about.

Age is another pointless cult where German wine is concerned; the year matters, how long ago it was does not, provided it is not so long ago that the wine will be dead. The English worry too much about what food they are going to drink the stuff with; it is best drunk with itself, slowly, and without too many people about. These and other preconceptions, misconceptions, and irrelevancies mean money wasted and pleasure lost. Mr Langenbach provides in digestible form the basic data for an understanding of German wine.

OTHER AUTUMN BOOKS

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A CONCISE HISTORY OF PAINTING FROM GIOTTO TO CEZANNE. By Michael Levey. The World of Art. *Thames & Hudson.* 324 pages. 35s.

Without introduction, theories or frills, the assistant keeper at London's National Gallery begins: "Giotto's contemporaries would have agreed that a history of painting should begin with him." Informative but informal, this excellent text is primarily about the paintings illustrated, and the reader is given the benefit of a considerable knowledge of them. The faithfulness of the colour in the 549 plates unfortunately leaves much to be desired. But look at the price: the book is still good value.

THE GOTHIC REVIVAL. By Kenneth Clark. *John Murray.* 248 pages. 25s.

The first edition of this enjoyable evaluation of taste in England during the century and a half from 1720 to 1870 was published in 1928. It is now available again, with the addition of some footnotes, in its third edition.

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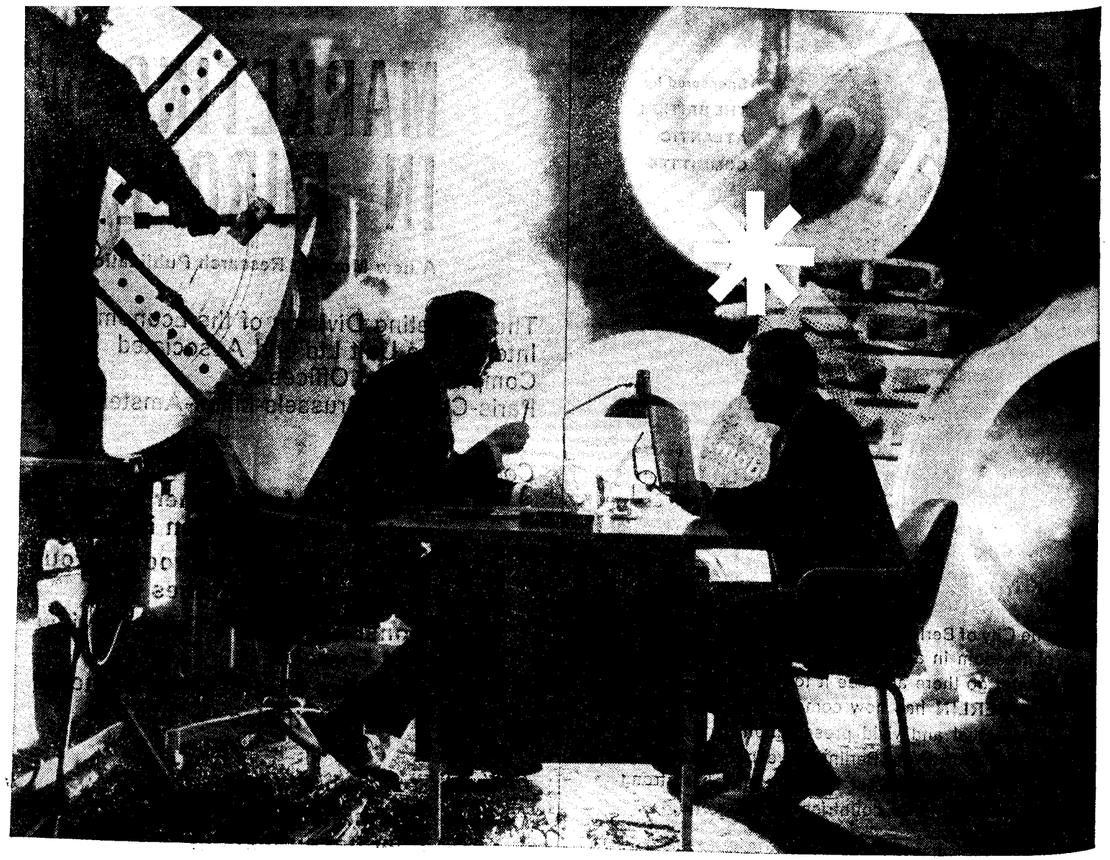

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THE BUSINESS WORLD

Nineteen Sixty Seven

THIS week's issue of *The Economist* attempts to assess, in no fewer than three separate places, the significance of the "programme of action" proposed by the European Economic Community's Commission in Brussels for consideration by the Council of Ministers. For reasons suggested by our common market correspondent in Brussels, the programme is surprisingly early and comprehensive—and it gathers up the proposition that economic programming by the Six (" planning " not yet being a received word) argues the existence of a degree of political integration that needs no further emphasis. There are embarrassments for a candidate for entry, as Britain is, in the discovery that extensions of the EEC rules and objectives are being pursued much more vigorously than are the immediate conditions for British entry under the existing rules—a leading article on page 435 looks at some of the implications for our negotiation. It is true that what the Brussels commission proposes will by no means be either promptly or automatically endorsed by the ministers of the still sovereign six governments ; but the recommendations of such an international administrative élite (even though they rest considerably on the views of M. Robert Marjolin, who may soon be leaving Brussels for French politics) must be treated with the seriousness of, say, a British White Paper. It is imperative to know what is proposed, and to take some measure of the consequences, for the Six and indeed (one still very much hopes) for a Seven with Britain in.

One Money for the Six?

THE programme falls into two main parts—monetary policy, which would have wide international repercussions, and planning and fiscal measures to secure expansion, more exclusively the concern of the Six. On monetary policy, the commission's views are as conclusive as is their judgment about political integration. Monetary policy no longer exerts its former directive power over the economy, though it can be a factor in economic equilibrium as a brake against inflation. But the European common market, having achieved economic integration, will evidently call for fixed rates of exchange (within narrow tolerances) among all the member currencies ; individual devaluation would wreck the community's worried efforts to secure an agricultural common market. And fixed exchange rates, properly fortified, provide the essentials of a monetary union, since one community currency is then as well esteemed as any other. True, says the commission, all six are members of the international monetary system, but the " programme of action " prefers not to discuss the merits of this—" it is no exaggeration to say that it exhibits a certain fragility." It claims, indeed, that the emergence of a European reserve currency would contribute materially to international monetary co-operation and to the reform of the present system.

A monetary gap has long been apparent in the Treaty of Rome ; a common commercial policy was more or less spelled out but never a common monetary policy. Britain entering the community would profoundly affect the factors in the European monetary equation, but the commission is convinced that its proposals thereby lose none of their significance and importance. It wants to get ahead fast with building up the authority of the monetary committee of the Six.

In summary form, the monetary policy proposals are these:

(i) Common market central bankers should meet, for the specific monetary purposes of the community and for the discussion of general monetary problems viewed from the angle of the Six, in a council of central bank governors of the Six. The meetings of the Bank for International Settlements in the past have been most advantageous, but now it is a question of a monetary policy for the Six.

(ii) This would embrace advance discussion of all important monetary decisions affecting monetary creation, interest rates, minimum reserves, advances by central banks to governments and modifications of exchange rates (" which one cannot exclude completely during the transition period "). All this, the commission admits, would be most delicate, but not, it thinks, impossible to keep secure.

(iii) The building up of a system of prior consultation by the middle of next year could develop into a system of recommendation, telling member countries what they ought to decide to do—as the monetary committee of the Six in some sense now does.

(iv) In external monetary policy, the commission adopts the view of the monetary committee, that before a member country seeks assistance from the International Monetary Fund, there should be consultation within the European community. In general, the commission thinks that a common attitude should be defined in all important decisions, involving members of the Six or outsiders, that come before the international institutions. It also argues for the harmonising of policy by central banks responsible for reserve currencies.

(v) An inter-governmental agreement should lay down the mutual aid that each member country would be ready to provide, with escape arrangements for any committed member which itself ran into difficulty. These credits should represent a given proportion of gold and currency reserves held by the central bank in each community country, with due regard for the requirements of each member country for international liquidity.

(vi) As these objectives are progressively secured, such capital

movements as are now prohibited or limited should be freed.

None of this, the commission avers, is inimical to the right of member governments and central banks to choose (after the appropriate consultations) the policies that best serve their own national interest. But these new arrangements and procedures will take matters beyond the stage of co-ordination and into centralised direction of decision. In short, what is here proposed is the creation of a monetary union by the Six—at the remarkably early third stage of the common market's development. It conceives that ministers of finance of the Six, joined in council, would decide on their own budgets and their financing, together with the community budget. And the central bank governors could become the central organ of a federal central bank system serving the Six.

Here one has in outline the biggest monetary venture since the creation of America's Federal Reserve system. One can have plenty of reservations about the (still academic) proposals—the inward-looking character of the exercise ; the failure to spell out the potential relations of a third reserve currency with the other two ; the possibilities of abounding argument between the central bankers (who are well equipped to fight their own governments on occasion) and the commission, which tends to regard them as another species of high-ranking public servant whose purpose can be bent to serve community interests. But there is also a great deal to support—a new pooling of reserves, even if a localised one ; a new opportunity for making monetary policy serve economic ends as a workhorse *in esse,* not as a longstop *in posse*. Certainly, it will not come to pass just as the commission has laid it down, any more than Mr Maudling's Washington initiative in the wider monetary field is likely to be accepted in its present outline. Sometime, somewhere, the two ought to be introduced and get on speaking terms. There is a lot to talk about.

What, No Planning?

Inside Europe, the commission plumps for centrally co-ordinated planning of the economies, until such time as these cease to be plural and become one economy. And it sees this central co-ordination—which it calls "programmation" because some of its member governments bridle at the term "planning"—as its own job. What it has in mind, though developing from studies and consultation already started, goes well beyond anything specifically envisaged in the Treaty of Rome. But this, like the common monetary policy, the commission justifies as fulfilling the spirit of the treaty—"progress from the opening of markets to the fusion of public responsibilities in economic matters within the Community."

It divides these economic responsibilities between policies concerned with economic development, both short and long-term, and those concerned with the structure of the economy. This, the commission admits, is not a perfectly logical division—but more useful in action, it thinks, than the usual division between short- and long-term planning.

Brussels has already begun upon policy for the short- and long-term development of the European economies. It produces annual economic forecasts ; carries out regular *konjunktur* (i.e. FBI-style) surveys on the same basis for five of the six countries ; has made some specific recommendations to certain governments and some general recommendations to all six about policies to avert a recession ; and is studying the techniques of economic management used in the different economic ministries. In particular, it has also this autumn begun to receive from the governments draft "economic budgets" (in uniform national accounting terms) for the coming year, and is planning the "confrontation" of these.

Where does the commission go from here ? First, it says, it will push all of the above somewhat farther : in particular, making its *konjunktur* surveys more detailed on industrialists' investment intentions and consumers' expectations of demand, and "perfecting its draft economic budgets to the point where one can talk of a single economic budget for the whole Community." It is also planning to complement the memorandum that it recently sent to governments about anti-recession policy with one on the avoidance of excessive "tensions" on the labour market during period of rapid growth.

But going beyond what it has already begun, the Commission proposes to

- reinforce the anti-cyclical weapons at the disposal of governments ;
- reinforce "global" forecasts with forecasts for major sectors of the economy ;
- improve co-ordination of policy between authorities who affect the economy—national, regional, and local ; and
- reduce delays in preparing, approving, and carrying through measures of short-term economic policy.

These intentions, here and there, go deep into what member governments might consider their national business. The objective is to go deeper, towards a Community economic policy where national policies mainly affect the draft economic budgets, and where each autumn consultation between the commission and the members' economic ministries on the content and the potential effects of these budgets throws up any "corrections that it may be advisable to apply to them." This co-ordination of short-term economic management would eventually be supplemented by a similar procedure regarding national budgets of public revenue and expenditure (i.e. the traditional half of an annual budget as we have it in Britain). This would enable the commission "to penetrate deeper into the play of economic mechanisms and eventually to act on them more effectively."

So much for day-to-day running of the economies, or later, the one economy. But it is for the longer term that the commission really takes to "programmation." Before mid-1963, it will put to the EEC Council of Ministers detailed proposals for this. Broadly, it envisages

- putting national forecasts together into a long-term perspective (on the lines that one committee under M. Pierre Uri has already followed in forecasts for the community up to 1970);
- "confronting" (EEC's favourite activity) the plans and long-term forecasts of member states ;
- preparing the "technical and political bases of a consolidated policy."

The first consolidated long-term programme would be for 1964-68, or any other period that member states and others that may be in by then may decide. It would be concerned with

- the desirable and possible course of economic activity, in terms of growth of national product ;
- long-term projections of state and other public revenues ("only indicative, and not trenching upon the sovereign power of parliaments to vote credits and impose taxes each year . . .")
- forecasts of development of national and community "domestic product" by the main sectors (leaving more detailed breakdowns till later) ;
- tentative forecasting of the manpower balance as between major sectors of the economies ;
- forecasts of the supply of finance available for private investment (within which the pattern is expected to shift in coming years); and
- forecasts of the external balance of trade of the Community as a whole with the outside world, globally and by regions.

The commission also wants to discuss with governments ideas on incomes policy, and to link this with a study of prices in parts of the economy where perfect competition does not obtain, or a few big companies have "dominant positions." It would expect to discuss all this "programmation" with the vested interests concerned, and in the European Parliament.

By "structural policy" the commission means what in Britain would be generally described as development area policy. It wants to set up three working parties ; one to study the acceleration of development in backward, peripheral regions ; a second to think of measures to restore "dynamism" to areas where industries are in decline ; the third to study financial incentives to favour regional development, taking care that these do not conflict with EEC's policy towards competition. It is also proposing some specific case studies of particular areas affected by such structural problems ; will take note of regional development needs in formulating its policies on agriculture, transport, and energy ; and will prepare "manpower balances" for the major socio-economic regions of Europe to facilitate not too painful movement of resources.

These are the outlines of what the commission has not described in any detail before. They are linked, in its programme of action, with the acceleration of the dismantling of the remaining restrictions on trade within the common market—all to be complete by 1967. The commission also lays emphasis upon the development of a common transport policy already in train) ; of an energy policy (where it blandly repeats all the proposals that the ECSC council of ministers practically threw out a month ago) ; and above all of a policy towards competition (where in the field of mergers and dominant positions it explains its policy more than ever before, and shows a notable emphasis upon the scrutiny of administered prices).

All these details—work for a myriad of Eurocrats—follow from a conviction that progress towards an economic union is at the same time progress towards political union :

> It is contrary to reality to consider that there is on the one side the "economic"—which can be brought into common within the framework of the Community—and on the other side the "political," for which a similar task remains to be accomplished in essence through a "political union."

There, impatiently, speaks Professor Hallstein—to Britain as well as to some of his present member governments. The commission's programme, deliberately, is presented at a time when

> other states, too, who are seeking to participate in the common task or to attach themselves to it more or less organically, can legitimately ask to know more precisely what the realisation of the economic union prescribed by the Treaty means, and in what forms and over what timetable this must be done if the Treaty is to be correctly implemented according to its letter and its spirit.

So now we know.

Steely Gaze from France

Our Special Correspondent has taken a look at French Steel and makes some British comparisions

At the moment the French steel industry is working at about 90 per cent of its annual capacity of 19 million metric tons. With surplus capacity for heavy plates, wire rods and flat products emerging throughout Europe, the days of high summer left for the French steel industry are numbered. In comparison with the British industry, working at 75-80 per cent of capacity, French steel is still earning a comfortable margin of profit. But while the latest phase of steel development in Britain is virtually complete, French steelmakers still face heavy further commitments in their fourth steel plan, which is designed to raise capacity to 24½ million metric tons by 1965. They are not sure they can find the capital to finance this ; nor are they confident that once installed the capacity will be kept busy enough to service that capital.

The fourth steel plan was based on the assumption that a rise of 7 per cent in steel production would be needed to sustain a growth of 5½ per cent per annum in France's gross national product. But even the most optimistic of the planners recognised that not all of the 24½ million metric tons could be fully employed in 1965 ; steel expansion, anywhere, has to go up in steps. Home demand, the industry has calculated, may reach between 18 and 19 million metric tons in 1965 while some imports will be replaced by domestic production. At a press conference last week M. Jacques Ferry, the vice-president and delegate general of the French steel federation, spoke in terms of an output of steel of between 22 and 23½ million metric tons in 1965 (between 90 and 95 per cent of the planned capacity), but he has been known to speak of an output under "average trading conditions" of just over 21 million metric tons (85 per cent of capacity). Even that estimate could be optimistic. First, if all the investment plans within ECSC come to fruition, the Six should have something like 98 million metric tons of steel capacity by the end of 1965—between 5 and 10 million tons more than the generally expected level of demand. Secondly, this plan will raise the proportion of French capacity devoted to flat products, where the emerging surplus may be largest, from about 45 to 50 per cent. Thirdly, the plan envisages the net export of about 3 million metric tons of French steel in 1965 against 1¼ million tons in 1961. French steel prices were raised in August, but they are still below those in other ECSC countries, and the Lorraine producers hope to retain a competitive edge in their traditional export markets.

This may not be so easy if Britain joins the common market. One executive director of Sollac, the co-operative strip mill in Lorraine, put it that without Britain the emerging surplus might disappear by 1966 and with Britain by 1967. But even on such sanguine assumptions, someone in the French steel industry will feel the pinch in the next few years. The first will almost certainly be the older re-rolling mills; the second could easily be the most spectacular item in the fourth plan—the steelworks being built on the sand dunes of Dunkirk by Usinor. This is the Spencer works of France, with much the same ambitions and problems. By the middle of next year it will have a capacity of 1½ million metric tons, but the plating mill and the hot strip mill are being built to absorb far greater tonnages. (Usinor talks of 6½ million metric tons, eventually; Spencer has talked of 6-8 million long tons: both are eventual aspirations.) In the meantime, these heavily capitalised mills have to be run in and to gain a share of the European market for flat steel: it will take some time for either to be employed fully enough to produce an adequate return on their capital outlays (NF 150 milliard, as against £150 million). The Dunkirk works are built on a site shaped like a pistol. This pistol, which in a sense is aimed at Dagenham, may hang fire for some years.

THERE may have to be some postponements and deferments in the fourth plan, but it cannot, M. Ferry says, be "modified in substance." The French steel industry is too heavily committed to this plan to pull back now, though it may already entertain less starry-eyed visions of expansion after 1965 than it once did. The rigidities of a plan that was much of its own making are beginning to box the industry in.

DEVELOPMENT FINANCE
(NF million)

	1957	1958	1959	1960	1961
Sources :—					
Profit retentions	700	700	940	1,290	1,030
Share issues	124	39	136	61	230
Long-term bonds	224	364	406	384	435
Government loans	74	107	103	84	214
Medium-term and bank loans	89	84	11	86	188
Total	1,215	1,294	1,596	1,905	2,097
Uses :—					
Fixed capital investment	840	945	1,010	1,255	1,950
Capital repayments	170	149	186	225	277
Ancillary investments	45	50	60	75	90
Liquid resources	160	150	340	350	—220
Total	1,215	1,294	1,596	1,905	2,097

The basic problem is financial. Profit margins are not sufficient to generate enough finance to give the programme the internal support it needs. As a result, the total of fixed interest debt as a proportion of turnover has risen above the "safety limit" of 45 per cent; it amounted to 51 per cent at the end of 1961 and will probably be not less than 60 per cent by the end of this year. Moreover, the amounts lent by the state to the industry (at rates known to be below the market's) are dwindling. The industry has to rely more and more on direct loans from the capital market (which, though the interest rates are not swingeing, carry capital repayment clauses that impose an onerous burden on the industry). And the industry, with its traditions of family ownership, is unwilling to widen its narrow equity base much further—even if the stock market (where the yield on Usinor is as low as 1.9 per cent) were prepared to take up the risk.

On prices and costs there is as little room for manœuvre as in capital finance. Having just secured an increase in prices, the French steelmakers are naturally reluctant to press for another one; they would probably get a dusty answer from the French government if they did. And clearly the Lorraine exporting producers do not wish to lose the competitive advantage of about 7 per cent that the present level of prices gives them. On costs, the new plants are technically efficient, but they need a big throughput to carry the burden of fixed costs. *Faute de mieux*, the French steel industry is therefore concentrating its fire upon the price of coal. British steelmakers who complain about Dunkirk's access to cheap American coal, for example, do not all realise that these imports are controlled by quota and moreover brought in by a state importing agency, ATIC, which resells the imported coal to the steelmakers at domestic prices. The French, like the British, envy the Italian steel industry, which gets imported coal as cheap as it can buy it. French steelmakers argue that a low tariff on coal imports (one or two per cent) would be preferable to the present system—particularly if the National Coal Board became an active exporter after Britain joined the common market. Cheap American or British coal might, for example, make all the difference to the tidewater works at Dunkirk. But these pleas are unlikely to make much headway against the equally loud cries for protection from the French coal industry.

In these circumstances, it is not surprising that the minds of the French steelmasters are running in well-worn protectionist grooves. Given the "unsafe" burden of debt, they must at the very least preserve their current profit margins. To protect these they must safeguard current prices and projected levels of domestic consumption and exports from outside interlopers. Their immediate concern is with British exports, but they are also keeping a wary eye on Austria and even Japan. The burden of their complaint is that while the British market enjoys the protection of tariffs averaging between 10 and 14 per cent, the external tariff of the common market averages between 6 and 8 per cent, so that they cannot make retaliatory raids on the British market. They admit that the tonnages of plate, sheet and tinplate sold by British concerns (where, they say, the merchants are simply aliases for the steel companies) are only marginal, but they argue that these sales are already threatening the current level of prices within the ECSC.

Their first concern with Britain's application for entry into the common market is therefore equality of tariffs within the shortest possible time: any suggestion from the British side that the transitional period should be as long as two or three years is likely to receive a cold welcome. Their second has to be inferred from the recent statement by the president of the French steel federation, M. René Damien:

> Speaking generally, other countries will without doubt follow Great Britain in requesting membership. It will be proper to consider these requests with care. It would be wrong that new members should increase the imbalance within the common market between production and consumption capacity.

One way of interpreting this, perhaps the only way, is to assume that the French steel industry would not welcome a form of association with the other countries of EFTA which brought, say, Austrian steel within the common external tariff.

These objectives are precise enough, but behind them seems to lie a twilight zone of French aspirations which the phrases of M. Jacques Ferry last week did nothing to illuminate. He will be talking to the British Iron and Steel Federation later in November and then the "confrontation," to use one of his favourite words, may be harder and more precise than it was with the visiting band of British journalists. To them, he said that he viewed "with sympathy the expansion of the club," but only if the British sat down at the same table "dressed as we are."

This is one theme favouring British entry that crops up quite often in Paris conversation—that it might be better to have Britain in a situation where it would at least have to observe club rules. The French industry is already "concerned and sometimes irritated" about the "too pushing spirit" displayed by some British exporters; M. Ferry left the hint hanging in the air that unless Britain played the game according to the rule book of the ECSC (as interpreted by the French steel industry) she would not be welcome. He also returned, more than once, to the need for "disciplined prices" and "disciplined markets" and to the theme that there were "limits in competition" which must not be exceeded. These are familiar concepts in many French industries. If all that M. Ferry meant by these phrases was that Britain should abide by the conditions imposed by the ECSC treaty on such matters as basing point pricing and the publication of transport charges, then there is little room for misgiving. If they meant, bluntly, a cartel, that would raise more misgivings among journalists than among British steelmakers; it is not only France that has established positions to defend. In fact, as other members of the common market have already found, the words probably mean something in between: something any Frenchman can define in that language of limpid purity from which only the meaning seems sometimes to have been distilled out, but which the crude foreigner can interpret as "Damn you, Jacques. . . ."

ENI minus Mattei

JUST how great or how sinister a man Enrico Mattei was will long remain the subject of passionate debate: put him in somewhere between Deterding and Kreuger (who in the postwar world, remember, might never have needed, or been allowed, to fail). But it is difficult to think of any other man in world oil or in Italy, the areas where Mattei cast the longest shadow, whose abrupt subtraction from the scene might make as much difference to either.

Ente Nazionali Idrocarburi, the nationalised gas-and-oil complex whose initials Mattei wrote in a fine Italian hand across a wider map than Italy's, enjoyed under him several carefree years as a maverick, *épatant les bourgeois* of the world oil industry. But clouds of responsibility were visibly beginning to gather about it, even before the comprehensiveness of the (literally) "global" deal that Mattei was discussing with the Standard Oil Company of New Jersey began to leak out, after his death last weekend. Jersey was not the first of the major oil groups to seek, *sub rosa*, an accommodation with ENI. But it habitually carries a longer spoon than most; it is the most coldly realistic and least conservative of what Mattei called the "Seven Sisters" when seeking its ultimate advantage; and it was prepared to throw more into the bargain.

It would be fascinating but futile to speculate about the quids pro quo of that deal; whether even Mattei's lieutenants knew all of what was in the air with him seems uncertain. The prospect of a working agreement between Jersey and Mattei in a world oil market in which both, for different reasons, might have favoured more open price competition, might have suited other major companies more than the working arrangement he had with the Russians; but in other ways the prospect could have made their blood run cold. But fascinating or frightening, that deal was with Mattei: it was Mattei who breathed the fire from the ENI brand image. Would Jersey bother to offer the same deal to an ENI run by anyone else?

And who else is in the running? Businessman, bureaucrat, or politician? In Rome this week, the guessing was that while the Government decided who might pick up this largest of hot potatoes, it would leave in Professor Marcello Boldrini, vice-president of ENI, as interim incumbent. From Italian business, one name mentioned as a possibility is Vincenzo Cazzaniga, chairman of Esso Standard Italiana, who was a personal friend though a business rival of Mattei. But the implication of a takeover by international oil might be hard to dispel from such an appointment; and it is difficult to think of many other Italian businessmen of remotely requisite calibre who would ideologically be prepared to step across into nationalised management. For a non-political appointment, the name of Professor Pietro Sette has been mooted. He is chairman of Breda Finanziara and a member of the ENI board, and recently negotiated two 50-50 agreements between Breda and ENI; Professor Sette is said to have been Mattei's own choice for the succession, in one of those "Lenin's testaments" that are inevitably conjured out of the air at times like this.

Only one of the political names that have been mooted—that of Ferrari Aggradi, a former minister of state shares—seems more than an aspiration: he is perhaps the favourite candidate of any. This is not the only appointment of its kind to be made: ENEL, the new nationalised electricity concern, will need a boss too, and the two appointments will provide another issue for conflict between the Dorothean, moderate section of the Christian Democrats and the left. Mattei before his death, oddly enough, is said to have been putting his weight behind the moderate wing and against the Fanfani government. The elections next spring would have coincided with the time when his own appointment came to be renewed; and he was said to favour a much weaker, more centrist Christian Democrat government. Though himself a man of the left centre, he reckoned that a strong left-centre government, with an articulated planning programme, might automatically have limited his own freedom of initiative (*sc.* arbitrary power).

Mattei's death thus politically reduces the opposition to Fanfani and the group of planners associated with his "opening to the left" government, Moro, Riccardo Lombardi, and la Malfa. ENI had already clashed with la Malfa's planning

ambitions ; now its future structure and disposition may be largely in his hands. If so, it seems unlikely that the wholesale break-up of the widely-diversified group some have prophesied (which indeed may have encouraged the appetites of the Milan Bourse on Monday as much as the *détente* over Cuba) will come to pass. La Malfa had already argued with Mattei that some of ENI's foreign ventures (for example, refining in Argentina) might be cut back in order to concentrate its investment at home and reduce Italian exports of capital. But these planners, the socialist Riccardo Lombardi in particular, have no wish to cut down ENI's political drive, its contacts with Russia (in spite of American diplomatic pressure), or its penetration of African markets ; or to see it reduced at home to a gutless state enterprise like the old IRI. Some hiving off of certain extraneous economic (or uneconomic) interests that ENI acquired or sprouted during the Mattei era—for example, nuclear power and perhaps some of the group's engineering interests—might be logical too.

Whoever takes on the management of the gas and oil complex will inherit some problems, national and international. Gas output from the Po valley—which provided the original profit base of ENI expansion—has passed its peak ; nor have the fields found elsewhere in Italy sufficient reserves to support much further growth. ENI's contract with Russia, at a very cheap though not necessarily an uneconomic price for Russia, runs out in 1965, and though there is provision for renewal, a lesser man than Mattei might not politically be able to renew it. (Jersey would no doubt be ready to supply—but at the terms, comparable to those of the Russians, that Mattei would probably have been able to exact ?). ENI's needs for crude oil are mounting ; and on its own new production in the Persian Gulf it is committed to make do with a profit margin much smaller than its competitors there are presently left with.

The balance of advantage in the world oil market between bargaining for crude at arm's length, developing one's own, and entering complex arrangements for supplies with companies that compete with ENI elsewhere, is growing trickier. Mattei still seemed to relish it ; by nature he could keep more balls in the air than most men. Not all men of calibre have the same zest, or are driven by such a daemon. His like, as the prototype of the nationalised boss with fire in his belly, we may see again ; but not all in all.

BUSINESS NOTES

STOCK MARKETS

On the Rebound

STOCK markets throughout the world greeted the Russian promise to withdraw from Cuba with a burst of enthusiasm on Monday in which the advances in equity prices were almost as dramatic as the earlier falls. British, German and other Continental exchanges did not wait for Wall Street before marking prices up ; indeed, only the Paris bourse remained quiet, but then it had the implications of the referendum to assess and it had been the least perturbed of all the stock markets in the earlier crisis. Given the sudden relaxation in tension, the recovery was predictable; but the gasp of relief, like that of a swimmer breaking surface, was violent, and it was not long before the markets were taking steadier and deeper breaths. In London jobbers admitted that Monday's rises were out of all proportion to the amount of stock changing hands. Markets soon sobered down and prices became little more than steady, and in a few instances turned down ; on the German bourses, for example, the effect of profit taking was accentuated by doubts about steel dividends and in Zurich the optimism which characterised the sharp rise on Monday quickly faded.

In London the initial rise in gilt-edged prices was as strong as that in equities (where the rally in oil shares, which earlier had been knocked off balance by the crisis, was extended on Mr John Loudon's forecast of a net income of £200 million for the Royal Dutch/Shell group this year). Both markets reacted a little on Tuesday, moved ahead again on Wednesday and became listless on Thursday. The day-to-day gyrations in gilt-edged prices have been particularly marked and this has served to emphasise the fact that the steady buying of the funds over the last few months has been accompanied by a good deal of short-term speculative activity. With *The Economist* indicator up to 330.2 (against 313.5 a week earlier) and the *Financial Times* index at 276.4 (against 263.7), equity prices are almost exactly where they stood before the Cuban crisis broke. The market, having suffered a political upset, is confronted with the same set of economic realities that has held equity prices in check for many months while its vulnerability to the political turns has been exposed for all to see. One crisis has passed. That is all.

Wall Street Looks at Yields

A correspondent cables:

WALL STREET took the expected dividend cut by US Steel in its stride and fresh buying sustained the advance in equities which began in the middle of last week at the first hint that the Cuban crisis might be resolved. In the week to Wednesday's close the Dow Jones average gained over 31 points to 590, or nearly 6 per cent, and brokers report that the interest in equities has not evaporated. The cut in US Steel's dividend was offset by the impressive earnings reported by General Motors, by the news of excellent automobile sales in October and by other indications that the economy is still far from a recession. Sentiment appears to be growing in the stock market that a downturn in business activity can be avoided and though selling for tax purposes may be heavy it may well take the form of switching into other securities rather than outright sales for cash.

Consideration of current and prospective earnings led to a smart advance in automobile and space issues and some of the electronic stocks were supported, largely however by professional traders. But, as hopes of tax cuts gained fresh currency, utilities, which are generally regarded as "peace" stocks, also improved. Figures for the third quarter show that most mutual funds did more selling than buying of stocks but other institutions are now interested by the attractive yields offered by many issues. Republic Steel, for instance, yields over 7 per cent on its reduced dividend while many other equities, with good past earnings records, are selling at less than 15 times current earnings and offering yields of 4½ per cent or more. These include the stocks of machinery and equipment makers, which have been in the doldrums since the fall in May and which appear to be discounting a decline in production next year. Wall Street hopes that the war scare is over and that the renewal of confidence may lead to higher prices over the next few weeks.

GOLD AND EXCHANGES

As You Were

THE gold and the foreign exchange markets were quick to regain their equilibrium on Monday after Mr Khrushchev's Sunday message had turned everything to sunshine. The price of gold in London fell by 2¼ cents to $35.15⅝ at the Monday morning fixing and eventually closed at $35.13½—fractionally below the price on the Friday ten days before the blockade had been announced. The decline continued on Tuesday and gold closed at $35.12 on Wednesday, some 8 cents below the Cuba week peak. Sales of gold in London on the Tuesday and Wednesday of that week are now estimated at an enormous $50 million ; so far very little has returned.

It is a characteristic of gold that although enormous quantities are bought at times of crisis, it tends to stick with the buyers long after the original reason for buying has passed—these are disappointed bulls, but perhaps with better reason for holding on than some of their kind. At the same time while there is no forward gold market in London, many continental banks will buy gold spot for a customer who wants delivery in three months' time, charging the customer a commission and the cost of financing the operation. Decisions about this gold will not be made until late-January.

The reaction of the foreign exchange markets on Monday was to put the previous week's movements into reverse ; the US dollar and the D mark recovered and the Swiss franc weakened. These movements were short-lived, however, and by Wednesday the dollar was back down to 4.3160 against the Swiss franc after recovering to 4.3180, while the D mark fell from 4.0085 against the dollar to 4.0140. This pressure on the D mark was evident some weeks before the Cuban crisis, and is as much due to misgivings about Germany's economic future, despite reserves that still amount to well over $6,000 million, as to fears about Berlin. On the reverse side of the coin sterling has sailed through the Cuban crisis without an apparent ill effect—which must have gratified both the Treasury and the Bank of England since an international crisis usually puts sterling under heavy pressure whether or not it is directly involved.

The remarkable thing about the whole crisis is how little these markets were actually affected. The price of gold rose but its advance was minimal compared with the $40 an ounce reached in October, 1960. The reaction of the exchanges was far from wild and the movement of hot money was a bagatelle compared to the vast upheaval at the time of the revaluation of the D mark and guilder in March, 1961. The way in which the markets have weathered this particular storm says much for the measures of international financial co-operation that grew directly from these two earlier crises.

MONEY MARKET

Cuba's Bill Rate

THE collapse of the Cuban crisis has presented the money market with something of a problem. The reaction of the discount houses to the crisis was to argue that an early cut in Bank rate was most unlikely, and at the Treasury bill tender on Friday last week they pushed the bill rate up by a further ⅛ per cent to 3⅞ per cent—restoring the rate to a level last touched at the beginning of August. At 3⅞ per cent the bill rate is now on a more reasonable footing with 4½ per cent Bank rate, and the market, with its money averaging 3⅝ per cent, is once more making a useful margin on its bills. The problem now, with something like international calm restored, is to make some guess at the future of Bank rate and then act accordingly. The commercial banks continue to show a healthy appetite for bills and the discount market, their sole supplier, cannot afford to lose too many bills to outside bidders in the weeks ahead. Needless to say the market is once again trying to talk itself into believing that a cut in Bank rate is not too far away.

The rates for Euro-dollar deposits in London have remained firm this week, with the seven-day rate at 3½ per cent and the three months rate at 4⅛ per cent. Although the end of the crisis has increased the amounts on offer, demand has been reinforced by a new Italian banking regulation which now allows Italian banks to borrow abroad for domestic purposes.

RAILWAYS

Fighting Hopes

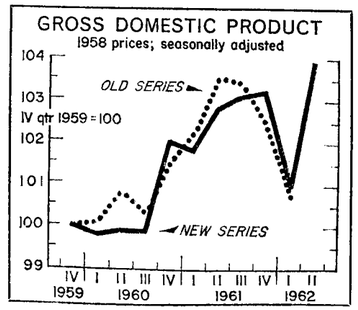
THERE is nothing half-hearted about British Railways when it comes to market research: to find out where the potential freight traffic lies, it has approached all the bigger users of transport in the country. This survey, carried out by the railways' district offices, has shown that 90 million tons of goods which are physically suitable for carriage by rail are now being carried by road ; and, as one might have guessed, most of this traffic is carried on the roads that parallel the busier railway lines. So the survey does not bring any hope of reprieve for those railways that were marked with ominously thin lines in the set of maps that British Railways distributed to show the course of present freight traffic. The lines that now carry most traffic will therefore carry any of the 90 million tons that the railways are able to win back from the roads—and they probably have enough spare capacity to do it.

Dr Beeching has given some indication of the means that he proposes to use to persuade shippers that rail transport will suit them best. Goods trains made up of flat cars, carrying detachable containers, will run to a regular schedule between the big towns, so that goods can be delivered without shunting and at a predictable time. The containers would be simply picked off the train and delivered to their destination on a railway lorry—or the customer's own lorry. Alternatively, trains could be operated for one company, painted in its livery as its lorries are now ; or trains could be chartered to companies, as a ship might be. If half the 90 million tons could be won, Dr Beeching estimates it would add £100 million to the railways' revenue. By supplying the speed and some of the incidental attractions of road transport, the railways may give themselves some more attraction to shippers ; but price remains to be considered, and if rates have to be published under the common market regulations, the railways can hardly gain an advantage over the road hauliers—these same draft regulations would make the use of company-owned lorries even more attractive than it is today. All these proposals for new types of goods train are literally futuristic: they depend on the construction of new rolling stock, the containers it is to carry, and the special lorries that will deliver them.

THE ECONOMY

Who Knows?

ACCORDING to the latest statistical findings of Great George Street, the British economy was going it quite fast in the spring of this year. The gross domestic product (at constant 1958 prices and seasonally adjusted) which had fallen by 2 per cent between the fourth quarter of 1961 and the first quarter of this year, "rose appreciably" in the second quarter. Reckoning from the expenditure side of the accounts, the rise is put at nearly 3 per cent, but it would be silly to stake much on this figure. The accompanying chart



shows the extent of the revisions in this series since its previous appearance in *Economic Trends*: the former expansion in the first half of 1960 has disappeared and so has any decline last year. Apart from the threat of revision, an income assessment suggests a smaller change in the gross domestic product between the two quarters: moreover, industrial production, which accounts for about half the total, rose only 2 per cent, according to the official index.

After correcting its seasonal adjustment

of spending on durable goods, following the lead given by the National Institute of Economic and Social Research, the Central Statistical Office reckons that total personal consumption rose by "more than 1 per cent" in the second quarter. This was despite the decline in retail trade, the extra spending being heavily concentrated on drink, cars and services. This was the largest quarterly increase in consumption since the end of 1959; the table shows, however, that in the two and a half years since then, the total increase is estimated at only just over 3 per cent, the same as the annual increase assumed in Ned's five-year plan.

	2nd qtr., 1962 £ mn.[s]	Change from 4th qtr., 1959 £ mn.[s]	Change from 4th qtr., 1959 %
Consumers' expenditure	4,211	+135	+ 3·3
Public current expenditure	1,058	+111	+11·7
Gross fixed capital formation	1,108	+103	+10·2
Increase in stocks and work in progress	25	− 75	...
Exports	1,358	+ 92	+ 7·3
Final expenditure	7,760	+366	+ 4·9
Less:—			
Imports	1,421	+130	+10·1
Adjustment to factor cost	770	+ 28	...
Gross domestic product	5,569	+208	+ 3·9

[s] At 1958 prices and seasonally adjusted.

The recent rise in consumption has been accompanied by an increase in borrowing from banks and on hire purchase. But the rise in personal disposable income seems to have accelerated in the second quarter of the year; in money terms, it was then 5.5 per cent above the first quarter of 1961 while spending was 6 per cent higher.

According to the figuring, total fixed investment, if it changed at all, rose slightly in the second quarter. Also the bottom point of the stock cycle seems to have been passed with the recorded figures showing a rise between the first and second quarter. But, because of the recovery in output, the level of stocks at the end of the second quarter is believed to have been lower in relation to the gross domestic product than in either of the two previous quarters.

NET BOOK AGREEMENT

Tradition in Triumph

THE Publishers Association had an irresistible moral weapon in their defence of the net book agreement in the Restrictive Practices Court: the cause of culture as opposed to crude commercial values. They won the case largely because nobody questioned effectively the relevance of this juxtaposition to the particular issue of price maintenance in the book trade. Giving judgement, Mr Justice Buckley said, "Inevitably we think the effects [of price freedom] would be most severe in the higher reaches of literature". He based his view on the acceptance of evidence—much of it necessarily speculative—that the exposure of stockholding booksellers to competition would create conditions of fear and uncertainty that would inevitably lead to smaller publishers' orders (particularly pre-publication orders) and reduced output, higher retail margins, and hence both higher prices and a smaller choice for the public.

Both sides were in agreement that the main effect of the publishers' joint undertaking to enforce their present individual right to maintain prices was to preserve stockholding retail bookshops from the possibility of price warfare. (Textbooks are not published with fixed prices, so educational booksellers would not be affected.) The Registrar's case was that booksellers have no unique claim to this type of protection, which does not in itself produce "specific and substantial benefits or advantages" to the public. The publishers' defence was to underline the exclusive power of a well-stocked bookshop to bring to the public's eye the huge variety of titles—which, because of their individuality, nearly all need to be seen to be bought—and to paint what certainly looked an alarming picture of the fate of "pedigree bookselling" in conditions of price freedom.

The lack of precise information of the most relevant kind—such as the proportion of turnover of the most broadly-based stockholding bookshops represented by the kind of books on which price-cutting might be expected—made it possible for the defence to lean heavily on a group of impressive and dedicated witnesses whose businesses, one suspects, were representative of only the top 10 per cent of the estimated 500 stockholding booksellers in the country. Cream of the cream by literary standards and often by efficiency as well, the character, service and trade of such shops could surely be expected to survive irrespective of price maintenance so long as there was a literary public to support them. With them would survive "the higher reaches of literature" so long as there were publishers who still preserved literary as well as commercial criteria—a balance which this business has always had to maintain and which would not vanish simply because of possible changes in selling and distribution patterns.

Need for Experiment

THE bookshops that might have been expected to disappear in the absence of the net book agreement might well nearly all have been those which even in present conditions are hanging on by the skin of their teeth and providing extremely ineffective outlets for publishers. There is however one serious threat to otherwise self-sufficient booksellers that price freedom could be expected to bring: the removal of such local library business as they handle through the ability of big library suppliers to compete in offering better terms than the 10 per cent discount at present fixed by agreement with the publishers.

Some good local bookshops depend on the library trade for a large proportion of turnover (19 per cent was an example given in court). No doubt, if booksellers chose, some of this business, at least, could be replaced through offering discounts to the public on sales above a certain value and quantity. But it is probably right to regard the library trade as the most important single benefit of the net book agreement to booksellers. The judge in his summary did not think that the gain to the libraries of lower discounts on books would constitute greater "public advantage" than the status quo, since he regarded such a change as inseparable from a situation in which publishers were under constant pressure from both booksellers and library suppliers to increase trade margins, which would in turn contribute to higher prices being paid by both libraries and public.

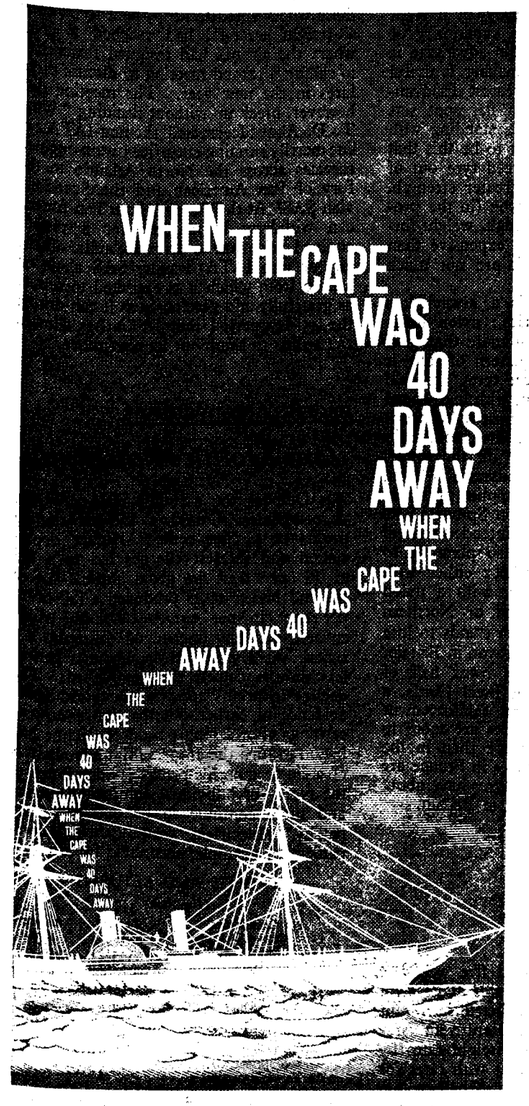
This argument ignores the fact that publishers are always under pressure to increase booksellers' margins, and indeed are doing so all the time. On the basis of evidence from Canada and the "apprehensions" of other witnesses, the Court also discounted the possibility that price competition would stimulate the sales of certain books sufficiently to keep down the general level of prices on all books. Fortunately, as Mr Justice Buckley pointed out, there is nothing in the net book agreement which in itself prevents publishers from finding new methods of selling books, or indeed obliges them to publish any book at a net price or keep one as a net book if they do not want to. Though traditional methods have been vindicated, for at least as long as resale price maintenance lasts, it is to be hoped that the book trade will not in future regard them as adequate.

MANMADE FIBRES

Plus . . .

BRITISH NYLON SPINNERS announced last week that it is planning "very substantial" expansion of its production of nylon yarn and staple fibre. The company has given no indication of the amount of fibre involved, nor has it said how much it will cost. Even if it had, comparison with the company's fixed assets—currently valued at just over £40 million—would give no clue to the size of expansion, since it will mostly take the form of modifications to existing plant, and new machinery, mainly for ancillary processes, to match increased spinning output. A substantial expansion in capacity will be achieved without heavy investment. ICI, which supplies the nylon polymer, will build up new nylon capacity to match the increased capacity. Again, this is to be achieved by modifying and extending existing plant, mostly at Wilton, at a cost of several million pounds. The extensions are expected to be in operation by the end of 1964.

No mention is made of plans to spin Nylon 6. (At present BNS only spins Nylon 66, supplied by ICI.) Yet one of the features of the ICI/Courtaulds battle was the argument about which company had the better process for making caprolactam, the raw material for Nylon 6. Presumably the main market in Britain for the capro-



IN 1862, when it took forty days to reach the Cape, the Standard Bank opened its first branch in Africa. A century later the Bank has over 900 offices throughout South, Central and East Africa. Behind this network is a forward-looking organisation making full use of new business techniques, and able to provide accurate and comprehensive advice promptly on all aspects of trade in the areas which it serves.

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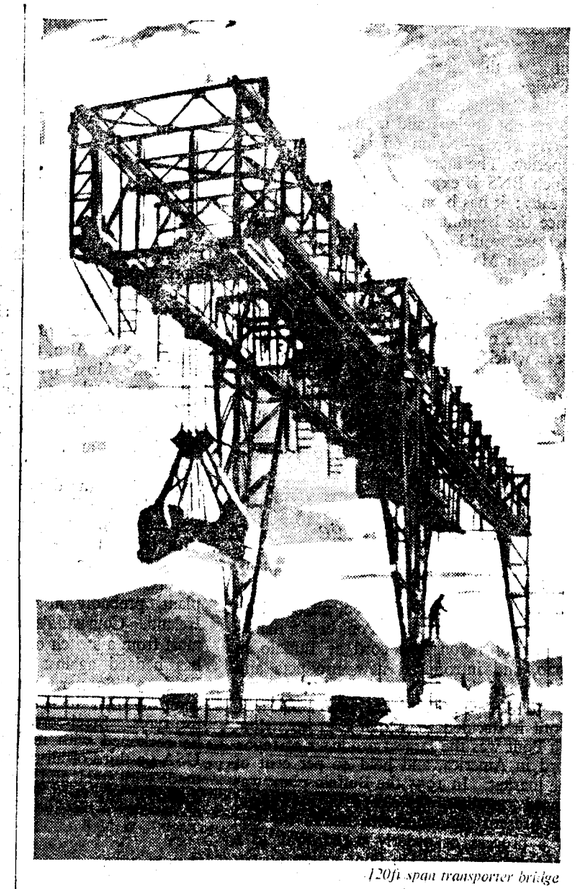

120ft span transporter bridge

Mitchells Handle Materials FAST at Newcastle, South Africa

Mitchells associates, Mitchell Engineering (Proprietary) Ltd, Johannesburg, supplied and erected this 120ft span transporter bridge for African Metals Corporation Ltd, at Newcastle, Natal. This transporter—one of the largest of its kind in South Africa, is used to off-load and reclaim iron ore, dolomite and coke at a designed rate of 450 tons per hour. Total length of travel for the whole process is 900ft. Mitchells have installed mechanical handling plants in Australia, Canada, India, Pakistan, Nigeria, New Zealand, Belgium, Turkey and Greece.

The group is also active in the fields of boiler design, cableways and ropeways, wagon handling, transporters and conveyors, cranes, mills, ship loading plant and nuclear power.

MITCHELL

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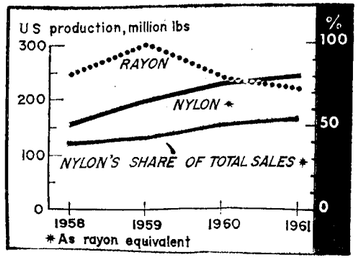
lactam plants which both companies announced (and later postponed) would have been BNS. Perhaps it decided that it need not go to the expense of spinning Nylon 6, in spite of the wide acceptance of this fibre on the Continent. Its advantages over Nylon 66 are not obvious and in at least one field —tyre cords—Nylon 66 is thought to be superior. The increase in demand for nylon which BNS is expecting has partly arrived already: it has been rationing its customers since the beginning of the year. A bigger increase would follow if Britain joins the Common Market. Increased production is needed to provide yarn for existing textile end-uses, such as stockings and warp-knit fabrics, but even more for new uses. Here the three most important are knitted outer wear, which can be expected to benefit from increased sales of "casual" clothes; carpets, in which the use of blended yarns (nylon/wool or nylon/wool/rayon) has suddenly won acceptance; and tyre cord, sales of which are expected to be 50 per cent higher this year than last.

. . . ça Change

DU PONT, the American chemical giant, has announced its intention of giving up the manufacture of rayon, all of which it sells as tyre cord. Du Pont began manufacture of rayon tyre cord at Buffalo in 1920, and introduced new products and techniques, the result of its research, which led to the general use of rayon in tyres. Until it decided to switch over to nylon, Du Pont was the largest producer of rayon cord in America, and held 40 per cent of the market. In 1955 the Buffalo plant was closed; another was closed in 1961; and the present announcement marks the end of a process of orderly withdrawal to a stronger position. Du Pont makes 60 per cent of the nylon tyre cord sold in the USA.

Nylon has been sold vigorously, both by its producers and by tyre manufacturers, for which it has provided a selling-point. For technical reasons it is used in all aircraft and "off the road" earth-mover tyres; 40 per cent of American trucks are sold with nylon tyres; and 70 per cent of tyres bought as replacements for motor cars are nylon. But the largest market, as original equipment with new cars, has so far resisted all sales efforts. The chart below shows how nylon has gained in America at the expense of rayon.



Advantages are claimed by both sides and tests have shown the superiority of each. Probably nylon's main advantage is its greater heat stability, making it useful in high speed tyres. Its greatest disadvantage is "flat-spotting": a flat spot sets into the tyre when it cools standing with weight on it. It is thought to be this that has kept the nylon-reinforced tyre out of Detroit. Because of its greater strength, less nylon is used than rayon (in the proportion of 5 : 8) and although, weight-for-weight, nylon is far more expensive than rayon, tyres made with it are not much more expensive.

In Britain, the market is, as always, less developed than in America: nylon holds about 10 per cent, against more than half in the USA. Also, the pattern of sales is different. Most nylon car tyres are sold here as original equipment with high speed cars (about 5 per cent); most nylon truck tyres are sold as replacements; and, as in America, all aircraft and "off the road" tyres are nylon. Further advance is being held back by the limited supplies presently available from British Nylon Spinners; its new expansions are partly intended to deal with this. Du Pont is also planning to enter the European market; either with exports from the USA or with a nylon plant, probably in Holland or Northern Ireland. Courtauld's, which stands to lose most from a switch out of rayon in Britain, has hedged against it: it owns half of BNS and 80 per cent of Steel Cords, a company that makes metal reinforcement for tyres. Steel-corded tyres are more to be reckoned with in Europe than in the USA: a third of all the tyres in France are made with steel, and these tyres have about a fifth of the truck market in Britain.

AIR FARES

Settled

THE airlines have ended five weeks of bargaining about air fares and freight rates along the lines predicted in recent issues of *The Economist*. Return air fares go up five per cent, basic freight rates by between 13 and 14 per cent with rates for bulk consignments of above half a ton rising in some cases by nearly 20 per cent. There are sweeteners, designed to attract the marginal traveller and the marginal freight; for example, something approaching the special holiday fare concessions that have boosted European air traffic are beginning to spread round the world in an attempt to get holidaymakers out of charter aircraft and into the empty seats on scheduled services. In freight, special bulk discounts are to be given to special types of cargo. The unexpected last-minute agreement on cargo rates was, in fact, the surprise of the conference. Deadlock between those who wanted to cut bulk discounts for loads of more than half a ton because these were eating into ordinary freight traffic and

those who wanted to keep them to fill their all-freight aircraft, had reached a point where the airlines had resigned themselves to calling a second meeting to discuss cargo fares in the new year. The meeting did, however, break up without deciding "What To Do About Icelandic," the non-IATA airline merrily running cut-price piston-engined services across the North Atlantic to the fury of Pan American and the Scandinavian SAS. At the eleventh hour Pan American withdrew its request for a piston-engined price war to drive Icelandic off the air (or into IATA) leaving SAS alone on a limb from which it is expected to retreat as gratefully and graciously as it can during the 45-day period that IATA has allowed the airline to think out its next move.

PROFITS AND DIVIDENDS

One Month's Patchwork

IN October the accounts of 110 public companies showed a fall in trading profits of 3¼ per cent. Higher depreciation and interest charges led to a fall of 8¼ per cent in gross profits before tax and higher taxes produced a fall of 16 per cent in net equity earnings, which covered virtually unchanged dividends 1.7 times. As a whole, the companies earned less on the capital they employed. The decline in profits appears to contradict the evidence of earlier months that industrial earnings after a long period of decline had begun to turn the corner. But any analysis of a single month's profits is very much at the mercy of individual companies' results and these continue to be extraordinarily patchy. Electrical manufacturing companies, for example, accounted for nearly a

PROFITS AND RETURNS

(£ million)

111 Companies reporting in October	Previous year	Latest year
Net equity assets	244·2	262·6
Trading profit	57·7	55·8
Gross profit	36·3	32·3
Net equity earnings.....	17·3	14·5
Net ordinary dividends..	8·6	8·3
Times covered	2·0	1·7
	%	%
Gross profit/net assets....	14·9	12·3
Net earnings/net assets...	7·1	5·5

quarter of the profits collated in October and here the higher earnings of Decca and British Relay more than offset the fall in profits reported by British Electronics. Property companies (including Capital and Counties and Hallmark) and engineering concerns (including Fairey and Stothert and Pitt) also reported higher profits. But textile profits (including those of Tootal and Calico Printers) were lower and more surprisingly so were those of the building group (which in October included Pickford Holland and Phoenix Timber) and of the food group (which included Union International). Investors can draw no firm conclusions from such a patchwork, except the continuing need for caution and selectivity.

THE RUHR

No Money for Coal

Düsseldorf

ANXIETIES of German coalmining in the Ruhr have often been a point of debate in German political life. The Christian Democratic Union this summer fought the elections for the Diet of North Rhine Westphalia partly with a slogan: to rescue German coal and to rescue the jobs of German miners from the dread competition of the international flood of oil. So when, just before the elections, the miners demanded a wage increase of 6 to 8 per cent—a demand which had no justification whatever in the economic situation of German coalmining—they were in a disagreeable impasse. This impasse, however, was solved by a generous promise by the Federal Government and by the Government of North Rhine Westphalia to contribute DM 200 million to the costs of this wage increase in the form of a special contribution to the miners' insurance fund.

Now, four months later, it appears that this promise has not been honoured. After a rather prolonged tussle the Government of North Rhine Westphalia last week refused to bear its share of the burden. The argument that major settlements in the field of economic policy are the responsibility of the Federal Government and that a financial contribution of a Land Government would create a bad example is valid in itself. But did not the Land Government itself create this bad example by dragging the coal question into the election struggle and promising the miners their wage increase?

To make things worse, the press service of the Social Democrat Party was able, recently, to publish a letter which Herr Blank, Federal Minister of Labour, had written to Herr Burckhardt, Chairman of the Mine Owners' Federation at the end of June. This letter contained a clear promise to shoulder the wage increase in the form mentioned above. But, pending the dispute with Düsseldorf (seat of the North Rhine Westphalian Government), the Federal Government too, so far, has paid not a D-Mark. It is no wonder that the mine-owners are asking whether they have not been the dupes of Bonn, manœuvred into shouldering a load that they cannot really carry unaided.

CURRENCY BOARDS

Keeping In Step

AS Africa grows to independence the currency boards of colonial days, automatically issuing and redeeming local currency on demand against sterling, no longer fit its needs. The East African Currency Board has been quick to meet these changing needs; by shedding the rigidity of the old style board it now provides the countries it serves—Aden, Kenya,

Tanganyika, Uganda, and Zanzibar—with the necessary rudiments of a central banking mechanism. The member countries continue to enjoy the advantage of a single currency, and the two independent states, Tanganyika and Uganda, have avoided the expensive business of setting up their own central banks.

Two years ago the board left London to settle in Nairobi, and representatives of the member countries, with the Bank of England as technical adviser on the side line, now make up the board. In its dealings with member countries the board treats each member as a shareholder according to the amount of currency it has in circulation. This formula applies to the sharing of the board's profits, to capital distributions, and also in the fixing of each government's share of the fiduciary issue. Until recently the board could hold only sterling securities; now it can hold local securities up to a total of £EA20 million. The board acquires local securities either by direct subscription, by purchase in the market, or by the rediscount of Treasury bills. The board's rediscount rate for local treasury bills is ½ per cent above the local tender rate which in turn is always ⅛ per cent below the London Treasury bill rate—the charge on the issue of local currency being ⅛ per cent.

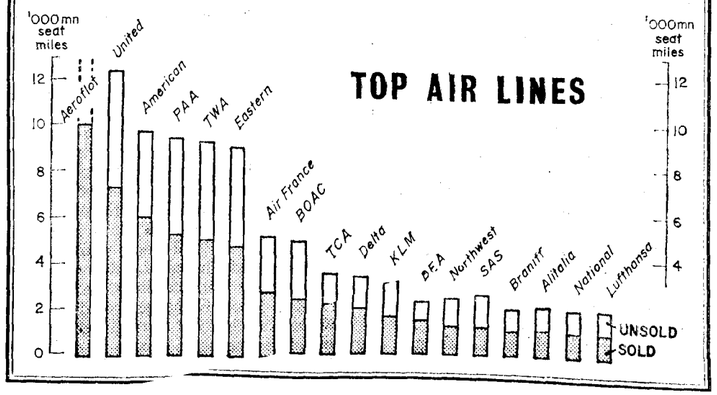
To ensure the adequate financing of export crops over peak harvest periods the board now lends for crop finance by the discount of commercial bills and by advances against security. The rates charged in both cases are at present 5½ per cent. The crop finance bill provides a useful addition to local money market securities, and to strengthen the local market the board insists on a larger margin for sterling securities when making advances than for local securities. Since May the board has been acting as a banker's bank by maintaining accounts for the commercial banks.

Aviation's Big League, 1961

FIGURES released in Moscow give for the first time some indication of how Iron Curtain airlines rank besides those of the West. Aeroflot emerges as unquestionably the biggest air carrier in the world, with nearly 50 per cent more traffic than the biggest of the American giants, United. Only the proposed Pan American-TWA merger could beat Aeroflot for size. The Russian figures do not give the capacity of the airline, as distinct from the proportion of seats that it managed to fill last year, but returns for its 93 members published by the International Air Transport Association do and an attempt has been made to show their ratio of full (shaded) to empty (white) seats on the chart.

On average, any airline that failed to sell at least 55 per cent of its seats was in for a bad time. In the big league, this included such giants as TWA, Eastern, Air France, BOAC, KLM, Northwest, the Scandinavian SAS (less than 50 per cent sold) Alitalia, National and Lufthansa—ten out of the 18 top names included in the table. It does not automatically follow that airlines selling more of their capacity managed to make a profit; BEA, with passenger loads of more than 63 per cent did not and Swissair, which sold only 51 per cent, did not come too badly out of the year. Freight is now beginning to play an important part in deciding an airline's profitability and big jets need to carry a ton of freight on each flight to break even. But of IATA's 93 members, 21, including the national airlines of India, Austria, Belgium, the Scandinavian countries and the United Arab Republic, filled less than half their seat capacity—a record that is bad for them and bad for aviation.

Of the 3,319 aircraft and helicopters owned by IATA members, 572 were jet and 234 of these were built by Boeing; another 604 were turbo-prop, 299 of them Viscounts. But the DC3 remains the most widely used of them all, accounting for one-sixth of the IATA-owned fleet with 568 in service.



This has greatly reduced the physical movement of cash and the commercial banks can now keep less in their vaults. So far the board has been able to carry out its new tasks without being seriously hampered by existing regulations ; but if it is to continue to develop its activities then it will need additional powers.

STEEL OF WALES

£25 Million Debenture Offer

THE Iron and Steel Holding and Realisation Agency is to sell the £25 million 5¾ per cent second debenture of the Steel Company of Wales to the public next week. This will leave ISHRA's cupboard practically bare, apart from the ordinary shares of Richard Thomas and Baldwins; but their sale is precluded by industrial, as well as political, uncertainties. The Steel of Wales stock is a second debenture (£40 million of a 5½ per cent first debenture was included in ISHRA's massive sale of steel prior charges in March 1961) and it has an unusually wide spread of redemption dates from 1964 to 1987 ; an attractive yield was called for and this confronts ISHRA with a big capital loss on the operation. With the issue price at £88½ (spread over in three instalments with the last one not due until July 1963) the offer should be fully subscribed, for it offers a running yield of £6 9s. 9d. per cent and a gross redemption yield to 1987 of £6 15s. per cent. The proceeds of the offer will amount to £22,125,000, against ISHRA's book cost of £27,025,000. ISHRA's remaining interest in Steel of Wales is an £18 million loan repayable by the company by the end of 1964.

With the offer came the announcement of a good but not unexpected recovery in the profits of Steel of Wales in the six months to end-September. Before all charges these amounted to £11 million, compared with £7½ million in the first half of the year when they were badly hit by the bricklayers' strike. After depreciation of £9 million but before interest and tax charges, profits for the full year are expected to be about £9.5 million, compared with £14.9 million for 1960-61 which, in turn, was sharply below the £22.3 million of 1959-60. Though the new strip mills of Colvilles and Richard Thomas and Baldwins have intensified competition in sheet products it can reasonably be assumed that profits are now running at a higher annual rate for Steel of Wales, which, together with John Summers, stood to gain most from last February's price increases.

Productivity (Sic)

DEFINITIONS of productivity are often highly misleading, as Mr M. Seaman, head of the Department of Industrial Engineering and Management at Loughborough College of Advanced Technology pointed out to the Institution of Production Engineers at their conference this week. To give 'a true understanding of the approach to modern negotiations and training,' Mr Seaman gave his definitions as follows:

1. '*Productivity is proportional to the level of Industrial Engineering and Applied Management multiplied by the capital power in production and services per operator of the population.*

2. '*Productivity acceleration is proportionate to investment in education and training and in research and development, multiplied by the level of industrial engineering and applied management multiplied by a capital power in production and service equipment per operator of the population.*

3. '*The maximum level of applied Industrial Engineering and Management is equal to the greatest product of technical and applied engineering management times the diversity of high level skills per head of the population.*'

Mr Seaman and people like him want a national drive for 1,000 students to study this sort of thing.

STOCK EXCHANGE

A Loose Federation

THE committee set up last March to consider the possibility of merging the various stock exchanges in this country has recommended that there should be a federation of the London, Associated and Provincial Exchanges under the control of an executive committee. This is one step forward in the fulfilment of proposals for a National Stock Exchange made by the chairman of the London Stock Exchange in March. It seems clear that in its deliberations the committee has found at least sufficient support for the idea of a National Stock Exchange to encourage it to suggest that some more formal grouping in which matters of common interest can be discussed should be established.

Among the important subjects that have to be thrashed out are members' qualifications, advertising, compensation funds and listing requirements. On all these the various exchanges have strong and sometimes conflicting views and it remains to be seen whether agreement can be reached. But the questions that are likely to prove the most difficult are dealings and commissions. In the provinces fears have been expressed that the main result of any complete merger would be more business for the London jobbers. While it is unlikely that dealings in local stocks would have to be channelled through London under any scheme for a National Stock Exchange the London Stock Exchange would probably dig in its heels about dealings between provincial exchanges in stocks in which the dealing price is effectively made in London. The federation may fail, in fact, to produce a complete merger, but it will be able to do useful work in establishing more uniform practices throughout the country.

SYNTHETIC RUBBER

Native Polybutadiene

THE plant that International Synthetic Rubber is building at Grangemouth will be the first to produce polybutadiene in Britain. This synthetic rubber is already being produced on a big scale in the United States, where there is capacity for about 120,000 tons, and in France and Italy. ISR has been importing it from Firestone's French plant for over a year, and other American-owned producers have been importing direct. The new plant, which will have the relatively modest capacity of 10,000 tons a year and cost £2 million, is intended to allow the company better to exploit the British market. The type of polybutadiene to be produced will be that developed by Firestone and sold under the trade name of Diene. Firestone claims that the molecular structure of its product gives greater resilience at low temperatures and allows a greater degree of oil-extension—that is, it can be diluted more with oil—and ISR's experience makes it back these claims.

Polybutadiene had been expected to find its main use in truck tyres, where its resemblance to natural rubber—especially its low heat build-up when flexed—would make it a suitable material. But unexpected technical problems have delayed its use here, and car tyres are now the biggest market. American and British companies still differ about its advantages for car tyres, however ; where the former are adopting a mixture of polybutadiene and the old standard synthetic, styrene-butadiene rubber, for car treads—Goodyear and Firestone are already using it in their British-made car tyres—on the grounds that it gives longer tread life. British tyre makers still maintain that polybutadiene gives little advantage under normal conditions. They prefer to use high-hysteresis forms of SBR in the tread to give a better grip on wet roads. It also has an advantage on price ; SBR now costs 21d. a lb. in Britain, while polybutadiene costs 24.85d. And while both prices may well fall, the margin may not widen much ; according to Mr W. E. Cake of the United States Rubber Company, the price needed in America to give a 10 per cent return on capital is 23.8 cents a lb. for SBR and 26 cents for polybutadiene—though this is a rather smaller difference than British manufacturers would expect.

The small capacity of ISR's plant seems a recognition of the over-capacity for polybutadiene that is likely to appear in the world over the next year or two—so that a large part of British requirements will continue to be met by imports. Shell has already postponed its plan to make the competing synthetic, polyisoprene, at its Carrington plant, and will rely for supplies on

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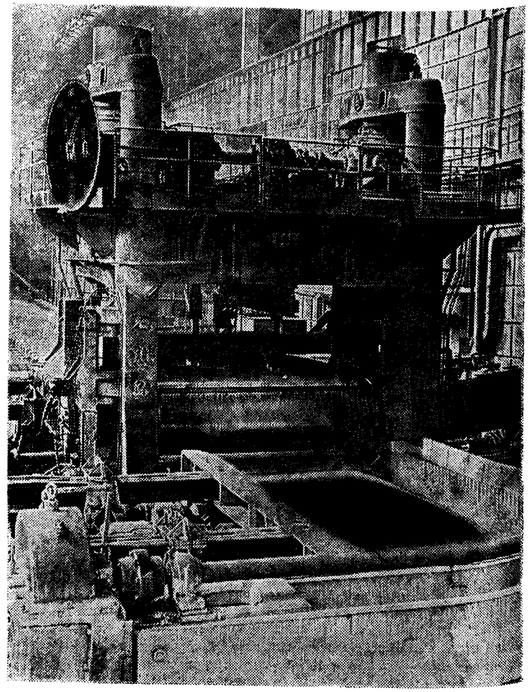

IHI's many-sided activities include the manufacture of all kinds of machinery used in the production of iron and steel—blast furnaces, rolling mills, slabbing and blooming mills, tube mills, cranes, etc. The quality of these products is guaranteed by IHI's century of experience and its long-standing policy of complete after-service. Increasing exports of IHI steel mill equipment abroad indicate widespread recognition of this engineering capability. For example, Brazil's Usinas Siderúrgicas Minas Gerais S.A. is now equipped with blast furnaces, a rolling mill, and other equipment from IHI.

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its American plants and that about to start production at Pernis, in Holland. And though tyres will probably be the biggest users of ISR's polybutadiene, it will have other uses as a rubber. It will also replace SBR in a big non-rubber application, reinforcing polystyrene to produce the high-impact varieties of this plastic.

GRAMOPHONE RECORDS

Hits Missed

SUMMED up as a business in which manufacturers have been increasing the value of their sales at twice the percentage rate of their output, the gramophone record business might sound to be contentedly reducing its stocks. This appearance is deceptive; it is true that one major cause of this, the expansion of the long-playing market through "cheap editions," is welcome to manufacturers such as Decca and Philips who, in contrast to EMI, went early and strongly into this field. But the other side of the story, the unexpectedly steep slump in demand for 45 rpm "pop" records in the first half of this year, is still a serious cause of worry to the industry, even though the recovery which is already well in evidence may prove to be equally steep.

Up to the end of August the 20 per cent increase in production of long-playing records accounted for virtually all the growth in output compared with the same period of 1961, but the increase in new titles, including short-playing pops, was undiminished. This, as in book publishing, is the trade's main problem—sharpened by the feverish urge to make the utmost out of the notoriously faddy and unpredictable teenage market which it has created. Most pop records are over-produced from the start, since few are successful but any of them might be, and manufacturers and dealers would rather risk waste than be caught hopping. Recording fees, promotion and distribution costs, and stocks do not therefore diminish in proportion to sales or even to total output.

Nothing is likely to change the fluctuating nature of the demand for short-playing popular records, nor make much difference to the dependence of the industry on these for probably well over half its total sales. Nobody now expects great rewards from stereo, which has proved to have mainly specialist appeal—though it has added to stock problems. Lower-priced LPs, both popular and classical, have certainly helped to stabilise as well as expand the market as a whole; possibly 60 per cent of all 33⅓ rpm records sold are now "cheap"—when compared with the retail price of 38s. (including 45 per cent purchase tax and 33⅓ per cent retail margin), still regarded as standard for a full size LP. The comparison itself is still regarded by the industry as a means of boosting low-cost re-issues, and while content to take lower profit margins on these it remains defensive towards the too-numerous full-priced LPs on which large recording fees have been paid. Yet would the public object to a smaller choice if this was a means of bringing down the prices of all records?

SPAIN

The importance of Being a Debtor

Madrid

THE ELMA (Argentine) shipbuilding tender, so much coveted by all big shipyards of the world before Spain took it from under their noses, is still hanging fire, at least in some aspects. It has been reported before that the German yards tendering were too expensive, that British yards failed because of the price in spite of favourable credit facilities, while Japanese shipbuilders were the cheapest, but not flexible enough in credit terms. Finally, in any case, the entire $50 million order ($42 million for 11 freighters and the rest for ancillary material) went to Spain, which had not put in the lowest bid (Japan was cheaper), but which offered the chance of a final liquidation of a 15-year-old wheat debt under the Franco-Peron Agreement of which some $17 million was still outstanding. So in mid-August the contract was signed, allotting the construction of the 11 freighters to the Spanish Shipbuilders' Union group with the proviso that the financial problems of the payment would be thrashed out between the two Governments within sixty days.

The first indication that everything was not plain sailing was a Buenos Aires announcement that looked very much officially inspired and which listed all Argentina's claims with the utmost frankness. These claims included the liquidation of the Franco-Peron debt, as well as the much older "Chadoypf" claims (from the time when Count Guadalhorce had built the Buenos Aires Underground, some of the shares of which were in Spanish hands), the Chade-Segba arrangement, payment for Underground carriages ordered in Spain, and a change from bilateral to multilateral trade. In fact, all the issues pending between Madrid and Buenos Aires were listed as linked with the shipbuilding deal. Any global settlement of these would have proved a formidable task.

For such a task, two months would have proved extremely short, even if full use had been made of them. But for some undisclosed reason both sides allowed things to drag. Even the Argentine Embassy in Madrid seems to have been taken by surprise when the list of claims was published; but all insistence on the urgency of sending a Spanish mission to Buenos Aires or an Argentine mission coming to Spain proved useless. It was not before the first days of October that the Spanish shipbuilding group sent its secretary to Buenos Aires, just one week before the two-month period reserved for financial discussions was due to expire.

Slow motion on the Argentine side may not be surprising in a country beset with serious political problems. On the Spanish side it would seem that the government itself has been divided on the issue. The departments most interested in exports and industrial development were very much in favour of accepting Argentine suggestions (although not without some minor modifications) so as not to lose so big an order. Financial departments, however, wondered whether such an order—based on the liquidation of old debts which would force the Madrid Government to finance the deal to a very large extent without much attractive foreign exchange—would not prove a price-boosting and inflationary factor; and wondered about the wisdom of exchanging the comfortable long-term position of a debtor for the equally long-term, but much less comfortable, situation of a creditor.

On October 16th—deadline day—a high official of the Spanish Government left for Buenos Aires to ask for an extension of the two months' negotiation term. If Argentina agrees to it, this will probably open another period of stubborn haggling over a complicated financial arrangement.

FRANCE

Pulling Up Wages

Paris

OVER the coming two months the French Government will introduce a series of social measures. The nearness of the legislative elections has clearly influenced events. On 1st November the minimum wage is to be raised by 4.5 per cent and, in Paris, will reach NF 1.80 an hour; as, at the same time, statutory deductions from wages in the provinces are being reduced, the minimum wage will, in most cases, be effectively raised by 5 per cent or more. This amount is exceptional; an increase of this size has only taken place once before, in January 1959, when it was intended to cushion the effect on the lower income groups of the devaluation of the franc. This time the French government is adding to the statutory increase of 1.7 per cent to compensate for the price rise this summer a further increase of about 3 per cent, as an anticipatory bonus on the expansion of the French economy (expected to be some 5.6 per cent in 1962). Never, until now, has the government conceded to the lower income groups such a right to share in the fruits of economic expansion. On 1st November, equally, family

Mobil Economy Service helps Richard Thomas and Baldwins

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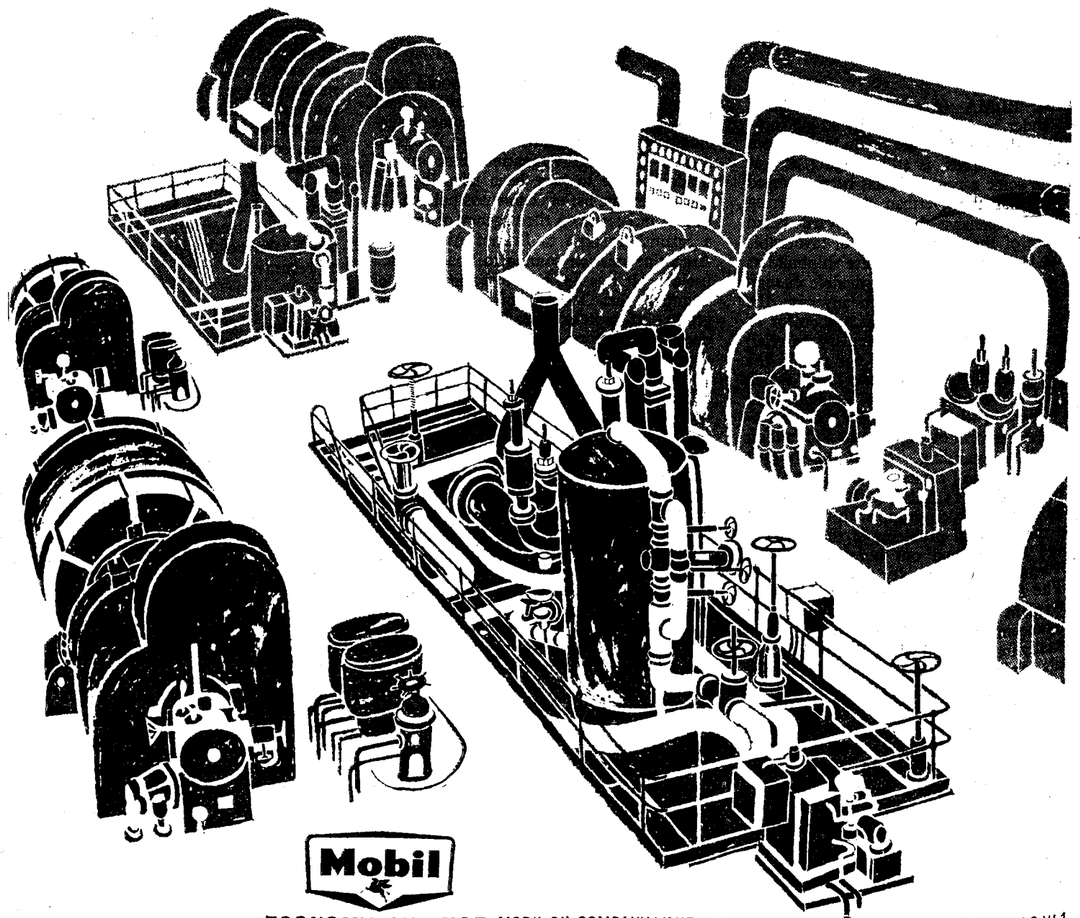
In the steel industry, Mobil Oil Company has long held a unique place: not only are we the biggest supplier of high quality lubricants to this industry, we have pioneered planned lubrication; saved our customers many thousands of pounds by introducing Mobil Economy Service; helped to set up special lubrication departments; and even trained our customers' resident lubrication engineers. The opening of Spencer Works, the largest and newest strip mill in Europe, recalls the first strip mill opened in this country—in 1937, also by Richard Thomas and Baldwins. During the intervening quarter-century, we have become a major supplier of lubricants to RTB, and they have become our biggest customer in the steel industry. All round the world, Mobil lubricants help industry to run more smoothly.



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allowances will be increased, effectively, by around 5 per cent. On January 1st, major salary increases will be introduced for civil servants and employees of nationalised industries. Finally, old people will receive a 10 per cent increase in their pensions, and widows will have their social security rights extended.

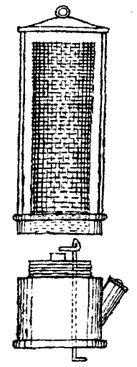
The cost of these reforms has not yet been worked out. But it is certainly to be reckoned in thousands of millions of new francs. The measures for civil servants and employees of nationalised industries alone will exceed 1,400 million francs. It is extremely likely, also, that the rise in the minimum wage, intended not to deprive the lower income groups of the benefits of expansion, will speed up the rate of wage increases, which in France currently amounts to more than 9 per cent per year. Employers are indeed anxious not to compress the income hierarchy, and to give the managerial grades—backbone of France's socio-capitalist structure—an increasingly favoured position compared with the lower income groups. The Government's decision, therefore, may well result in bringing the annual rate of wage increases next year up to 12 per cent or more.

These increases, at the same time, largely compensate a sharp rise in the prices of consumer goods this year (5.2 per cent from September, 1961). The unions, indeed, find them quite inadequate; they wanted increases of 30 per cent for the minimum wage, 6 per cent more for employees of nationalised industries, and 3 per cent more for civil servants. But they are accepting the present increases with good grace.

SAFETY IN MINES

The Lamp Still Burns

WHATEVER technical progress may have been made in the coal mines in the last 150 years, the invention of Sir Humphrey Davy is still a part of the miner's daily life. Though he relies on a battery-powered electric lamp for light, it is still the old safety lamp with which the mine deputy has a statutory obligation to check the presence of fire damp in a pit. So the impovement of the lamp for this duty is still a concern of the Safety in Mines Research Establishment; and in its report for 1961 the research laboratory describes modifications that it has been testing to make the lamp a more efficient means of disovering layers of gas near the roof of a mine. The lamp acts as a detector of methane because a "cap" forms on the flame when it is present, and an experienced miner can judge the approximate concentration of gas present from the character of this "cap." But it is obviously impossible to draw air into a normal lamp from above it, so the top six inches of air space in a mine cannot be tested.



The modifications to the lamps are all designed to test this layer of air: either by drawing air from it directly into the lamp, by arranging the air inlet at the top or fitting a "schnorkel" tube to draw air from above the lamp to the flame; or by using a rubber bulb to obtain a sample of gas from near the roof which can then be injected into the lamp—a technique suggested by Sir William Garforth in 1883. The world of modern science is beginning to catch up on detecting gas, however; the SMRE is developing an electrical gadget called a pellistor that can detect small quantities of gas. This consists of a heating coil embedded in a pellet; if the composition of the gas around the pellet changes, so does the temperature inside the pellet. This alters the resistance of the coil, which can be measured and indicates the changes in the composition of the gas. Pellistors are to be tested as gas-detector alarms on electrical machinery, but for the present, at least, the lamp will still be borne by the mine deputy.

PLASTICS

Toxic Boxes

MOST plastics are virtually inert, but some of the substances that are mixed into them to alter their properties are highly poisonous. This would only be a problem for those who make a habit of eating plastics if it were not that food can leach these chemicals out of them. To control this hazard several countries on the Continent have brought in legislation that severely, and in some cases perhaps unnecessarily, restricts the plastics industry. The second report of the toxicity sub-

Payments Sophistication

In their constant quest for refinements the Government's statisticians have for the first time placed the current account of the balance of payments on a seasonally adjusted basis. The intention is to assist in determining the underlying trend in the balance of payments by eliminating seasonal factors.

The figures suggest, comparing the last two columns of the table, that seasonal factors are favourable for the United Kingdom current account in the first half of the year and unfavourable in the second. The unadjusted figures indicate that the bulk of the improvement in Britain's current balance over the eighteen months to July 1962 occurred in the first half of 1962. The adjusted figures, however, suggest that the big improvement in fact occurred in the second half of 1961—the current balance rose by £97 million—and that the improvement in the first half of 1962 had lost some of its force with an increase of only £36 million. This half-yearly seasonal variation is mainly in invisible transactions, with the payment of the interest on the North American loans at the end of the year being the dominant factor. Seasonal influences on imports and exports in the first two quarters are about the same; both are seasonally high. In the third and fourth quarters the seasonal differences in trade cancel out; exports are seasonally low in the third quarter by some £25 million, but they pick this up in the Christmas quarter.

The statisticians issue a word of warning with these new figures. The seasonal adjustments are derived from series of payments figures that cover only a short run of years. They will improve as the series become longer, but at the moment these new figures should be interpreted with caution and treated as subsidiary to the unadjusted figures.

CURRENT ACCOUNT—SEASONALLY ADJUSTED
(£ million)

	Imports fob	Exports fob	Visible balance	Invisible balance	Current balance	Unadjusted current balance
1958						
1st qtr.	837	863	+ 26	+82	+108	+126
2nd qtr.	791	805	+ 14	+60	+ 74	+ 86
3rd qtr.	866	878	+ 12	+73	+ 85	+ 92
4th qtr.	863	846	− 17	+78	+ 61	+ 24
1959						
1st qtr.	864	827	− 37	+44	+ 7	+ 24
2nd qtr.	866	870	+ 4	+68	+ 72	+ 83
3rd qtr.	904	885	− 19	+67	+ 48	+ 24
4th qtr.	979	925	− 54	+38	− 16	− 20
1960						
1st qtr.	997	949	− 48	+14	− 34	− 40
2nd qtr.	1,015	923	− 92	+26	− 66	− 43
3rd qtr.	1,040	914	−126	+16	−110	−130
4th qtr.	1,048	921	−127	+36	− 91	− 88
1961						
1st qtr.	1,044	967	− 77	+19	− 58	− 44
2nd qtr.	1,004	964	− 40	+11	− 29	− 16
3rd qtr.	977	973	− 4	+16	+ 12	− 4
4th qtr.	981	959	− 22	+20	− 2	− 13
1962						
1st qtr.	985	960	− 25	+34	+ 9	+ 20
2nd qtr.	1,003	1,010	+ 7	+30	+ 37	+ 76

committee of the British Plastics Federation approaches this problem by seeking to establish standards of toxicity in plastics.

In this report, tests have been suggested which will measure the quantity of chemicals leached out by food; methods of analysis are given in detail. The toxicity of 214 chemicals commonly used in plastics manufacture is listed in "toxicity factors": from 1,000 for the least toxic to 2 for the most. The factors are intended for use with data on the amount of the chemical that might be extracted by food, to arrive at a "toxicity quotient," which must be below 10 if the plastic is to be used in contact with foodstuffs. None of the most commonly-used plastics, such as polythene, are toxic; and those substances which are toxic are used in small proportions and, for the most part, are resistant enough to leaching to make them less dangerous than the factor alone suggests.

The system provides manufacturers with standards against which to compare their products. Another committee is considering the situation on the Continent, where the difference in standards between the countries, and the increase in trade between them, makes agreement to cover the whole of Europe an urgent matter.

FUEL DEMAND

Think of a (Big) Number

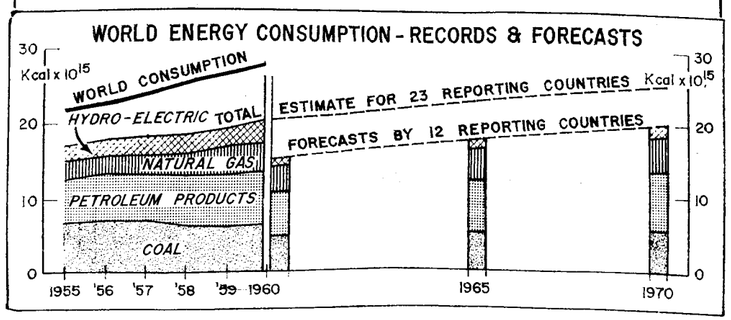
MAKING long-term forecasts about energy demand is less fashionable nowadays than it was some years ago. Only 28 of the 59 nations represented at the World Power Conference that began in Melbourne this week offered reports to the conference on the development of their own energy market and resources (covering perhaps half of world consumption); and of the 28 only 21 offered firm forecasts for the future.

The attached chart, prepared by the general reporter to the conference on this subject, shows how the forecasts for 1965 and 1970 of some of these forward-looking countries' forecasts add up, and rates their figures up to cover the other countries that provided detailed figures of what had been happening. But the reporter did not deduce from this any forecasts for world consumption of energy. Experience over the last decade has shown that the countries that do not go in for elaborate energy balances and forecasts—many of them underdeveloped—have been those in which demand has grown fastest.

Between 1955 and 1960, it appears, there was an annual growth of about 5 per cent in world energy consumption, but of only about 3 per cent in the 28 countries reporting on this at Melbourne; consumption among the rest grew much faster. Now they are forecasting a 3 per cent rate to continue during the period 1960-70; although some of these countries use most refined methods of energy forecasting, the aggregate result, in 1962 as in 1960, comes out not much different from straight extrapolation.

The World Power Conference expresses its estimates of energy consumption in calories; this is a logical shift from the old "coal equivalent" tonnage, but means mighty big figures. The figuring has to be in thousands of kilocalories x 10^{12}, or if one prefers it, kilocalories x 10^{15}. Energy statisticians are sorely in need of some new names for big numbers.

Between 1955 and 1960, on this reporting, there was a big shift in the pattern of different fuels used commercially; coal's share fell from nearly 40 per cent to under 30 per cent, while that of oil and natural gas rose significantly. But from 1960 to 1970 the forecasters are expecting less change; they show coal's share dropping from about 28 to about 26 per cent, oil's remaining stable at just over 40 per cent, and natural gas rising only from nearly 23 to nearly 24 per cent. This sample of forecasting countries—the ones who gave figures for both 1965 and 1970—is a small and probably biased one. But their figuring does raise the question whether the 1955-1960 switch was a once-for-all one—and now largely completed?



SHORTER NOTE

The Minister of Aviation has ordered an investigation into the financial affairs of the British Overseas Airways Corporation to be carried out by a company of chartered accountants who will report back to the ministry. The corporation itself is already employing two teams of management consultants.

*

Guest Keen and Nettlefolds has made an offer worth £6 million for the shares of Acton Bolt, which is controlled by S. Pearson Industries. A full acceptance of the offer (and more than an 80 per cent acceptance is already assured) will involve the payment of £357,000 in cash and the issue of 1,666,000 shares which at the current price of 67s. 9d. are worth £5,640,000.

*

In sharply contrasting results from the furniture industry Harris Lebus made a net loss for the year to July 13th and passed its dividend while Phillips Furnishing Stores achieved an advance in trading profits from £216,000 to £352,000 in the year to June 30th and has declared a dividend of 5 per cent—its first payment since 1957-58.

*

Amoniaco Espanol, a newly-formed company owned by Esso and Spanish interests, is to build a nitrogen fertiliser plant at Malaga. The plant is scheduled for completion in 1964 and will be built by the M. W. Kellogg company of New York. It will produce a variety of nitrogenous fertilisers based on ammonia from a 110,000 tons-a-year plant. The ICI steam-reforming process will be used to provide synthesis gas for the ammonia plant.

*

Investors will have an opportunity next week to take a stake in a new growth industry, betting shops, with the placing of 300,000 2s. shares in Mark Lane (Turf Accountants) which has shops in Dagenham and other parts of south-east Essex. About 200,000 shares will be available in the market at 2s. 7½d. each, to yield 9½ per cent.

COMPANY AFFAIRS
Comments on pages 519 and 522 on:
Courtaulds, Fisons, British Electronic, Simms Motor, Tube Investments, Pressed Steel, Hawthorn Leslie, Birmid Industries

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 520 and 521

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 523

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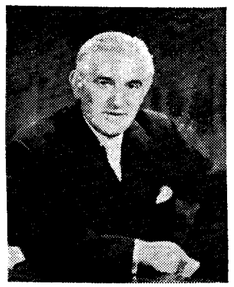


A YEAR OF SUCCESS

SIR ISAAC WOLFSON, BART., Chairman and Managing Director

THE GREAT UNIVERSAL STORES LIMITED

in his Statement for the year ended 31st March, 1962, said:

FINANCIAL RESULTS FOR THE YEAR. The trading profit, with other income, is in excess of £30 million, and the profit of £27½ million before taxation shows an increase of £1½ million, or nearly 6 per cent.

Without enlarging unduly on the problems which faced the business community in 1961/62, it will have been apparent that there was less buoyancy in the economy than previously. What amounted to two Budgets were considered necessary and these introduced fiscal changes which were intended to, and did, affect the level of public spending. It is therefore all the more satisfactory that our profits were not merely maintained but increased above the previous high levels.

DIVIDENDS, APPROPRIATION AND SCRIP ISSUE. We have decided to recommend a final dividend on the Ordinary and "A" Ordinary stock of 27½ per cent., less tax, for the year ended 31st March, 1962. This, with the 12½ per cent. already paid makes a total dividend of 40 per cent., less tax, for the year compared with 37½ per cent., less tax, declared for the previous year.

After this and the Preference Dividends nearly £8½ million is retained in the business. The Ordinary Dividend is therefore covered some 2.5 times by the net distributable revenue and some 2.1 times by the net profit for the year.

A scrip issue will be made by way of capitalisation of reserves of one new "A" Ordinary Share of 5/-d. for every three Ordinary or "A" Ordinary Stock Units of 5/-d. held.

EXECUTIVE AND STAFF. I take this opportunity of expressing my warmest thanks to all members of the Board, executive and staff for their loyalty and splendid efforts during the year.

CURRENT TRADING AND CONCLUSION. The first four months' trading is comparable with the previous year, and I am hopeful that the profits for this year will be as satisfactory as the year under review. Demand inflation is now over and we must do everything in our power to contain cost inflation, which would inevitably reduce profits standards.

No one would be foolish enough in this uncertain age to face the period ahead without some concern, but my confidence in the country and my hope for economic expansion with stability give me implicit faith in the future.

Comparative Figures 1953-1962

Year ended 31st March.	Group Profit before Taxation.	Taxation.	Net Dividends paid to Stockholders of G.U.S. Ltd.	Cash Flow (Profit retained in Business plus Depreciation).	Group Net Assets.
	£	£	£	£	£
1953 ...	10,198,721	6,746,550	792,615	3,210,628	25,649,539
1954 ...	14,273,393	9,197,490	1,408,646	4,192,062	33,420,756
1955 ...	17,491,253	9,634,158	2,927,438	5,981,728	50,433,226
1956 ...	18,429,784	10,377,993	3,438,170	6,133,592	56,987,120
1957 ...	19,734,019	11,207,282	3,620,915	6,594,614	66,549,234
1958 ...	20,685,340	12,034,818	3,950,579	6,761,576	75,531,767
1959 ...	21,705,494	11,326,755	4,506,935	7,366,593	81,650,092
1960 ...	24,272,995	12,312,456	5,445,887	9,131,365	98,252,685
1961 ...	26,066,113	13,913,448	5,665,224	9,767,855	106,592,324
1962 ...	27,589,426	15,092,872	6,023,113	10,575,095	116,243,857

THE GREAT UNIVERSAL STORES LIMITED

OPERATING 2,700 SHOPS AND DEPOTS THROUGHOUT THE UNITED KINGDOM AND OVERSEAS

HOSCOTE RUBBER ESTATES LIMITED

ISSUED CAPITAL £195,750 in 2s. SHARES

Directors
H. B. E. Hake, CBE (Chairman), T. H. Miller, G. M. Knocker, CBE, J. A. Clubb, MM, MSM

Secretaries and Agents
Harrisons & Crosfield, Limited

PROFIT & DIVIDEND: Year ended June 30, 1962.
The profit before tax was £95,571 compared with £98,526 for 1960/61. A dividend of 25 per cent is recommended (25 per cent including special bonus).

RUBBER CROPS & PRICES:

1961/62	3,605,300 lb.	21.24d. per lb. net.
1960/61	3,273,900 lb.	23.51d. per lb. net.

CURRENT FINANCIAL YEAR: Estimated crop is 4,109,000 lb. and programme provides for 172 acres replanting.

Annual General Meeting 12 noon Wednesday, November 28, 1962.

H. A. SAUNDERS LIMITED

(Car Distributors)

The twenty-seventh Annual General Meeting of H. A. Saunders Limited was held on October 30th in London. **Mr G. W. Saunders** (the chairman) presided and, in the course of his speech, said:

I am this year placed in a very difficult position. Firstly, I must report on a set of accounts which reflect a very good year's trading, during which profits have been made comparable to the preceding years, and more than adequate to give cover for the Ordinary Dividend. Secondly I have the less pleasant duty of advising Shareholders that the current unsettled business conditions have had an adverse effect on the retail moror trade. We have, however, not been altogether unsuccessful in our efforts during the first half of the current year.

The Austin Motor Company are now producing an unexcelled range of vehicles both in the private and commercial field, and it is our deliberate policy to stock a comprehensive selection of these and other B.M.C. models at all our depots.

Referring to the company's 50 per cent shareholding in Bristol Tractors Limited, the chairman said that a wholly owned subsidiary, Bristol Saunders Sales Limited, had been formed to increase the sales of Bristol Tractors both in the United Kingdom and throughout the World. Another wholly owned subsidiary, Bristol Saunders S.A.R.L., had also been formed in France to promote particularly the sales of machines in the Common Market area. In the first five months' trading a small profit had been made. The report was adopted.

"Saunders for your Austin."

THE TAP & DIE CORPORATION LIMITED

Salient points from the Statement of the Chairman, Mr. D. C. N. Lloyd-Lowles, at the Annual General Meeting on 25th October, 1962.

★ The year ended on 31st May, 1962, marks a definite stage in the growth of the Corporation. We have broadened the base of our business by completing the acquisition of the machine tool division of Smart & Brown at Biggleswade. I believe this has been an exceptionally good buy and results since acquisition have much encouraged us.

★ Whilst turnover in taps and dies again showed an increase and our total sales were higher, demand from the home market was lower. Exports, however, took up much of the slack.

★ Profits showed an increase from £827,181 to £854,096, or over 3%. We are very much beginning to feel our strength as a single unit and I see no reason to doubt a prosperous future.

★ Current trading shows the same trends as last year, but, given any reasonable improvement in the general economic and political situation, we would expect to maintain our profits.

★ We recommend a final dividend of 12½%, as last year, with a virtually unchanged cover on the increased capital.

REX TRUEFORM CLOTHING COMPANY

A VERY SATISFACTORY RESULT

The twenty-fifth annual general meeting of Rex Trueform Clothing Company Limited was held on October 31st at Salt River, Cape, Mr **Bernard J. Shub** (Chairman) presiding.

The following are extracts from his circulated statement:

The Group's trading profit for the financial year ended June 30, 1962, amounted to R540,811, which compares with R532,039 in 1961. This is again a very satisfactory result in view of the difficult trading conditions experienced during the year under review. The demand for the Group's products has continued to grow, and substantially higher sales in both the domestic and export markets have assisted in offsetting price increases in certain raw materials and partly absorbing the gradual rise in operational costs. We have furthermore, almost without exception, held our selling-price levels with the effect that such higher costs have not been passed on to our distributors and thus to the general public.

The Group's manufacturing units are working to capacity and at this stage orders for forward delivery indicate that this high level of production will continue. The financial requirements of the expanded volume of business necessitate a conservative dividend policy and the Directors have therefore recommended an unchanged dividend on the Ordinary and "A" Ordinary shares, namely 12½ per cent.

During the last few years there has undoubtedly been a pause in the rate of development of Commerce and Industry, nevertheless we share the confidence expressed by members of the Government as well as many industrialists and financiers that there is now scope and justification for an upsurge of economic activity.

CENTRALISATION OF OPERATIONS

The Company acquired an important site in Victoria Road, Salt River, which will enable it to extend its main factory building and thus to centralise and consolidate its manufacturing and administrative operations. This new building should be completed by the end of 1963, and the additional space will provide scope for meeting the demand for our internationally-known products, and will also enable us to render an even better service to customers everywhere.

The estimated total cost of the building extension programme is R460,000, and negotiations are under way to finance this project by means of a new issue of debentures, ranking *pari passu* with the existing debentures.

From the final accounts you will notice that an amount of R200,000 is transferred to General Reserve which now stands at R800,000. Also, an amount of R7,463 is transferred to the Plant, Vehicles & Equipment Replacement Reserve. In effect the entire Plant, Machinery, Vehicles, Fixtures and Fittings and Office Equipment, which cost R645,055, now stand in the accounts at R1.

The Company's development of the factory at Coatbridge, Scotland, is progressing satisfactorily, and there is a gradually growing acceptability in the United Kingdom for products bearing the Rex Trueform brand name. The Group's exports from the Republic have increased, and we are continuing to foster this development by all the means at our disposal.

The report and accounts were adopted.

EAST ASIATIC RUBBER ESTATES

The thirty-ninth annual general meeting of East Asiatic Rubber Estates, Limited was held on October 25th in London, **Mr H. T. Karsten** (the chairman) presiding.

The following is an extract from his circulated statement:

Although the crop for the past year fell short of the 1960-61 output by less than 1 per cent, sale proceeds were reduced by over £103,000 or some 5d. per lb., i.e. about 20 per cent. Some reduction in production cost has been achieved, and this, together with the lower export duties and the lower taxation provision, has held the total decline in earnings to some £31,000.

A further 535 acres were replanted during the past year and including the 540 acres scheduled and partly replanted during the present year, the total replacement of old seedling rubber will by the end of this year amount to some

64 per cent of the total planted area of our estates. For the present year our estimate is again some 4,610,000 lbs.

Commenting on the further decline in the price of natural rubber during the past year, the chairman said: this decline is, of course, mainly due to the increasing competition by the synthetic rubber industry. It is generally believed that values may drift still further, and though this possibility cannot be overlooked I am not too pessimistic as we are undoubtedly getting near the competitive level with synthetic rubber.

The report was adopted and a total dividend of 10 per cent approved.

SEAPORT (SELANGOR) RUBBER ESTATE

RECORD CROP

The annual general meeting of Seaport (Selangor) Rubber Estate, Ltd., will be held on November 22nd at 1-4, Great Tower Street, London, E.C.

The following is an extract from the circulated statement of the chairman, **Mr J. A. Clubb, MM, MSM:**

Our crop of 1,142,000 lb. exceeded last year's by 38,000 lb. and is the largest harvested by the Company. It represented a yield per mature acre of almost 900 lb. Having received during the year the fourth and final instalment of anti-inflationary cess amounting to £926, against £2,777 refunded in the previous year, and having set aside this year a larger sum for depreciation in keeping with present-day replacement costs, the profit after taxation was £32,260 (£39,327). From the balance available £865 has been transferred to Capital General Reserve and £8,699, equivalent to the year's replanting expenditure, to Replacement of Planted Areas Reserve. A dividend of 20 per cent less tax is recommended, the same as last year. We had the opportunity during the year of participating in a promising oil palm development project in North Borneo which I am glad to report has made a good start. Our total commitment is £50,000 and a balance of £37,500 remains to be called over the next four or five years.

In May this year we received notification that most of Seaport estate might be required by Government in connection with the new Kuala Lumpur airport. This does not necessarily mean that all or even part of the area concerned will be acquired and definite information is still awaited. During the year Government acquired an additional 13 acres for extending the airport approach road, making a total of 53 acres for which compensation has been received. Since the end of the year a further 11 acres, mostly old rubber, has been acquired for a similar purpose.

No further mining has been done on Seaport by Petaling Tin. Application has, however, been made to Government for renewal of the mining lease covering 94 acres which expires in October 1963. Your Board will pursue at an appropriate time the Company's application to Government for re-conversion to agricultural title of land held under mining lease.

The crop for the current year should be approximately the same as for the year just closed. For the three months to September 1962, 265,000 lb. has been harvested, compared with 321,000 lb. for the similar period in 1961. With some steadiness in the rubber price presently indicated Seaport should be able to report satisfactory results for the current year.

HALLMARK SECURITIES LIMITED

The Annual General Meeting of the Company was held on October 30th in London. The following are extracts from the statement by the Chairman, **Mr. Sidney Bloch,** circulated with the Accounts.

GROUP PROFITS INCREASED

The Group Profits (gross) amounted to £873,389 (*£721,564*). This substantial increase has been largely offset by increased interest charges. Net Profits (after Tax and minority interests) are £313,456 (*£288,227*).

FINAL DIVIDEND AND SPECIAL PAYMENT

The Final Dividend is to be 37½ per cent less tax (compared with forecast of 30 per cent) and makes a total for the year of 67½ per cent (*60 per cent*). In addition a special payment of 7½ per cent less tax is proposed to redeem the implied promise made last year that the final dividend would have been higher but for the Chancellor's plea for restraint.

BONUS ISSUE: ONE FOR ONE ORDINARY

Bonus issue proposed of one share for each Ordinary held. Estimates of profits for the current year are satisfactory, and in the absence of unforeseen circumstances, your Board expects to recommend dividends of not less than 33¾ per cent (less tax) on the Ordinary Share Capital as increased by the proposed Bonus Issue.

ASSETS, PROFITS AND DIVIDENDS

Total Assets exceed £10 million for the first time.

Figures for last five years are:—

	Total Group Assets	Profits after Tax	Ordinary Capital	Gross Dividend Distributed
1958	£1,900,000	£2,500	£67,028	—
1959	£4,500,000	£117,000	£69,528	£77,000
1960	£4,300,000	£137,000	£214,966	£115,000
1961	£6,300,000	£288,000	£287,579	*£198,000
1962	£10,300,000	£313,000	£347,970	*£235,000

*The special payment of 7½ per cent now being paid is included in the 1961 figure and is excluded from the figure for 1962. The increase in Gross Dividend for 1962 is equal to 18.2 per cent.

HOUSING

Sales of houses numbered 536 against 508 in 1961 and profits were also ahead of last year. There has been some slowing down in house sales during the summer due to high interest rates, restraint on demand generally and to difficulty of obtaining mortgages. With mortgages now easier to obtain there are definite signs of an upturn in demand. In recent weeks the Group's sales have been most encouraging.

SUBSIDIARIES

Barking Brassware Co. Ltd. maintained a full order book for the whole year and has again made a useful contribution to profits. Twentieth Century Banking Corporation Ltd. experienced heavy demand for funds and is operating on a sound and profitable basis. E. E. Reed & Co. (Builders) Ltd. (a housing subsidiary) is expanding its activities in the area west of London.

REVALUATIONS

Revaluations of developments to be retained will be undertaken when appropriate, but only of properties which are let and revenue-producing. A substantial surplus will, from time to time, arise as a result of these revaluations.

DIRECTORS

Sidney Bloch (*Chairman*)
Herbert Ashworth (*General Manager*)
P. N. Bower — I. R. Crammond
A. C. Draycott, F.R.I.C.S., F.A.I. — J. Hamilton
R. W. Matthews, F.C.A. (*Secretary*)

Registered Office: 26/27, Regency Square, Brighton, Sussex.

ISSUED CAPITAL

222,000 6½ per cent Cumulative Preference Shares of £1 each.
6,959,405 Ordinary Shares of 1/- each.
Ordinary dividend for the year to April 30, 1962:
67½ per cent (less income tax).
Ordinary Share price at October 30, 1962: 22/-.

ALEX. LAWRIE & COMPANY

The thirty-eighth annual general meeting of Alex. Lawrie & Company, Limited, was held on October 31st in London, **Mr G. W. Gemmell** (the chairman) presiding.

The following is an extract from his circulated statement:

In my preliminary report in August last I said that for the Group, with the exception of the East Africa interest, the year had been a satisfactory one.

The Parent Company were able to increase their net profit to £107,463, against £105,088 and as a result, notwithstanding the loss incurred by our East African subsidiary, in view of the Group's strong reserve position and general future prospects, we feel justified in recommending a final dividend of 7½ per cent, making a total of 12½ per cent for the year, the same as for 1961.

Regarding the Consolidated Accounts, the results from the year's trading show a less satisfactory picture than was presented in 1961 and this is entirely due to a reappraisal of the situation in which our East African subsidiary, Kettles-Roy & Tysons, find themselves due to deteriorating trading conditions in Kenya, Uganda and Tanganyika.

I would report, however, that for some time now we have been adopting a policy of shaping to size to meet the current potential. Our obligations have accordingly been reduced and this has resulted in the Parent Company recovering a considerable amount of the cash advanced to the subsidiary in the form of Bills; the position therefore in this respect is now much healthier.

The report was adopted.

SECOND BROADMOUNT TRUST LIMITED

CONTINUED GROWTH OF EARNINGS

The thirty-fourth annual general meeting was held recently in London. The following are extracts from the remarks of the Chairman, **Mr E. B. Montesole, JP.**

The death of our late colleague Mr G. R. Hall Caine, CBE, is recorded with deep regret; he will be greatly missed by all those who worked with him.

Gross receipts show an increase of £1,787 to £76,623 and after deducting expenses and taxation and certain non-recurring items, net revenue is £44,175 compared with £43,194. Dividends, totalling 25 per cent, or 3d. per Ordinary 1s. Share, are recommended. We have had to contend with a standstill in the dividends received from most concerns while a few have not fully maintained their distributions.

A valuation of the investments at September 14, 1962, amounted to £1,715,906 compared with a book value of £526,453. The character and class of these remain as before and consist mainly of carefully selected equities.

We are proposing to make a further free issue of ordinary shares in the proportion of one for ten ordinary shares. The Directors hope to be able to recommend maintenance of the interim dividend of 8 1/3 per cent and a final dividend of 16 2/3 per cent, both less income tax, on the increased Ordinary Capital for the year to September 14, 1963. The report was adopted.

CAPITAL & COUNTIES PROPERTY COMPANY

The twenty-eighth Annual General Meeting of Capital & Counties Property Company Limited was held on October 29th at St. Ermin's Hotel, Caxton Street, London, S.W.1, **Mr. Leslie Marler, OBE, TD,** chairman and managing director, presiding.

The following is an extract from his statement which had been circulated with the report and accounts to April 30, 1962:

Once again I have to report a record year of continued expansion and profit. Our rental income has increased from £1,202,404 to £1,491,279, our net profits after tax from £306,367 to £351,835 with a resultant increase in dividend and a carry forward of £249,871 against £157,581 brought in.

A Public Enquiry in connection with our Knightsbridge Green Development was held in April of this year by the Minister of Housing and Local Government. The result has not yet been published, but we have received a letter dated September 17, 1962, informing us that there is every likelihood that the Minister's decision would be issued within the next two months.

You will have observed that we have recently acquired properties which have been valued at just under £4m. More than half these properties have been acquired in connection with our long-term programme of redevelopment. It is, however, part of our policy to build up a substantial reserve of developable areas and as a result of this we are now able to programme for at least the next ten years. If any justification of this policy were needed, it is only necessary to consider the extremely high prices which are being paid today for immediately developable sites; prices which, in our opinion, leave little or no room for profit: we do not intend to enter contests of this nature.

The successful share issue made in June which raised £3,400,000 discharged the Bank overdrafts and will enable your Company to take advantage of any suitable opportunities to increase our reserve of developable areas. To this end a number of negotiations are now in hand in various quarters which could result in a very large increase indeed in our development programme over the years and ensure us a continually expanding supply of sites of the highest quality.

The report and accounts were adopted.

PRETORIA PORTLAND CEMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

The sixty-seventh Ordinary general meeting of shareholders will be held in Johannesburg on November 23, 1962.

The following is an extract from the circulated Statement by the Chairman, **Mr T. Reekie,** dated October 5, 1962.

The quiet conditions in the building and construction industries as reflected by the sale of cement continued with, however, evidence of some slight improvement during the last few months. The tonnage sold by the Company showed a small increase compared with last year. Despatches of Portland Blastfurnace Cement, however, increased substantially at the expense of Portland Cement, and this was a factor resulting in the profit for the year before taxation being R218,042 lower than that of the previous year.

Your Company has taken appropriate action to produce and market Portland Blastfurnace Cement, the sales of which have increased materially during the last few years, due principally to its lower selling price. It is by no means certain, however, that it will be possible to maintain indefinitely in favour of Portland Blastfurnace Cement the existing price differential. The advent of large tonnages of granulated slag for use in cement manufacture has a direct bearing on the scale of output of your Company's basic commodity, Portland Cement clinker. The major portion of the investment in cement producing plants is associated with the manufacture of clinker, and both cost of production and profitability are dependent largely on the volume of production and sale of clinker in the form of Portland Cement. With the expansion of the South African steel industry, larger quantities of slag will be produced, but while it may be considered desirable to market this by-product for use in cementitious material, there are, clearly, limits to the extent to which granulated slag can be absorbed by this market. The increased demand for Portland Blastfurnace Cement has necessitated substantial capital expenditure on our part.

The profit of Eastern Province Cement Company Limited, showed an increase compared with the previous year's figure due to a small increase in sales. Sales by the Cape Portland Cement Company Limited for the year were slightly below last year's level. Trading conditions in the Federation of Rhodesia and Nyasaland continue to be extremely unsettled, which has resulted in the Premier Portland Cement Company (Rhodesia) Limited operating at a lower sales level than in the previous year. The two companies manufacturing pre-mixed concrete in Johannesburg, in which your Company has a small financial interest, are in production, and this product is becoming increasingly popular.

IMMEDIATE OUTLOOK

Building plans passed do not indicate that a substantial increase in the demand for cement for building purposes can be expected. It is reasonable to expect that our overall tonnage of sales this year will be maintained at about the same level as last year. The new rail tariffs introduced on September 1st, together with the increases in price of coal and wages, will adversely affect the trading profit should selling prices remain unchanged.

THE JHANZIE TEA ASSOCIATION

The eighty-fifth annual general meeting of The Jhanzie Tea Association, Limited, was held on October 26th in London, **Mr G. A. Rainey** (the chairman) presiding.

The following is an extract from his circulated statement:

I am glad to be able to report a much better result for 1961 than those recorded in the recent past, the revenue profit of £148,849 being the highest achieved since 1956. This has been brought about by the satisfactory prices obtained at the auctions and an improvement in outturn of some 500,000 lbs. without, I would like to add, any ill effect on the quality of the teas; the increase in revenue expenditure was mainly attributable to the increase in crop. All your gardens returned higher crops, and it is reassuring to see that Boisahabi, owing to its greater outturn, has made a small profit. Seleng, regrettably, shows a loss, although considerably less than for the previous year.

Total profit, after taxation, is £92,327. Your Board recommends a final dividend of 7½ per cent making 10 per cent free of tax for the year, compared with 5 per cent for last year.

Having reported that good progress had been made in the clearing and preparation of virgin land, some of which had already been planted out, the chairman continued:

According to latest reports received from India prospects for the 1962 season are encouraging, particularly as both Seleng and Boisahabi are ahead of their 1961 outturn.

The report was adopted.

EDUCATION: BUSINESS AND PERSONAL

MERSEY DOCKS AND HARBOUR BOARD

PORT OF LIVERPOOL

INQUIRY

MASTER PORTERAGE

The Mersey Docks and Harbour Board have set up a Sub-Committee to consider in the light of present-day conditions all aspects of Master Porterage and related matters.

Any interested party wishing to submit evidence to the Sub-Committee is invited to do so in writing by December 31, 1962.

Communications to be sent to the Secretary, Master Porterage Sub-Committee, Mersey Docks and Harbour Board, Liverpool, 3.

Dock Office,
Liverpool.
October 31, 1962.

A FOREIGN LANGUAGE in a few months for yourself or your staff, with the easy ASSIMIL way. You assimilate the language and acquire the accent naturally by listening to the living language on gramophone records with an illustrated book to guide you. Preliminary and Complete Courses in French, German, Italian, Russian and Spanish. A Pitman follow-on course available for technical and commercial expressions.—Details from ASSIMIL, 79, Farncombe, Godalming, Surrey.

DIRECTORS needing able office staff (m. and f.).—Consult Stella Fisher Bureau, 436 Strand, W.C.2. TEMple Bar 0644.

FIRMS required who wish to open Branches or Factories, etc., in Israel, with a view to having a central position to export. Every support given.—Apply, Box 1644.

UNIVERSITY OF LONDON: The Stamp Memorial Lecture, entitled "Some Thoughts on Central Banking," will be delivered by The Rt. Hon. Lord Cobbold at 5.30 p.m. on Tuesday, November 13th, at the University of London, Senate House, W.C.1.
ADMISSION FREE, WITHOUT TICKET.
JAMES HENDERSON,
Academic Registrar.

THE ROYAL BANK OF CANADA.
DIVIDEND No. 301 and BONUS.
Notice is hereby given that a DIVIDEND of 90 cents per share upon the paid-up capital stock of this Bank has been declared for the current quarter and a bonus of 25 cents per share for the year ending November 30th, and both will be PAYABLE at the Bank and its branches on and after December 1, 1962, to Shareholders of record at the close of business on October 31, 1962.
By Order of the Board,
C. B. NEAPOLE,
General Manager.
October 25, 1962.

THE CHARTERED INSTITUTE OF SECRETARIES

Employers requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute (Dept. Ex. 14 New Bridge Street, London, E.C.4.

THE HUDSON'S BAY OIL & GAS COMPANY LIMITED

Hudson's Bay Oil & Gas Company, Limited and its subsidiaries had net income of $7,217,000 or 41 cents per share, for the first nine months of 1962 compared with $5,187,000 or 29 cents per share, earned in the comparable period of 1961. The company's nine month net income established a record for the first three-quarters of any year and it was 39.1 per cent. higher than the net earnings for the comparable period of last year, Wayne E. Glenn, President, said the Company's net income for the third quarter of this year was $3,157,000 or 18 cents per share, an increase of 50.5 per cent. over the $2,097,000 or 12 cents per share earned in the third quarter of last year. Gross operating income increased by $1,970,000 or 29 per cent., reflecting a continuation of record sales volumes and higher average selling prices. Total expenses were up 22.4 per cent. with almost two thirds of the increase due to greater exploration activities. Mr. Glenn said the Company's production of crude oil and natural gas liquids averaged 30,834 barrels per day for the third quarter of 1962, an increase of 3,655 barrels per day or 13.4 per cent. over production for the same period of 1961. Sales of natural gas averaged 84.4 million cubic feet per day, an increase of 27.8 million cubic feet per day or 49.1 per cent. Operation of the new West Whitecourt natural gas processing plant was a major factor in both of these increases. The Company's exploration and development drilling activities continued at a higher rate than in the prior year. During the third quarter 39 gross or 28.2 net wells were completed. This represented an increase of three gross or 7.3 net wells over the number completed during the same period of 1961. In its exploratory drilling programme the Company participated in the completion of one gross or 1.0 net oil well; two gross or 1.5 net natural gas wells and six gross or 3.8 net dry holes. The development drilling programme resulted in the completion of 15.6 net oil wells and 3.3 net natural gas wells.

DOMINION OF CANADA THREE-AND-A-QUARTER PER CENT. REGISTERED STOCK, 1956-63.
For the purpose of preparing the Interest Warrants due January 1, 1963, the BALANCES will be STRUCK at the close of business on December 1, 1962, after which date the Stock will be transferred ex-dividend.
For the Bank of Montreal, Financial Agents of the Government of Canada, in London.
JOHN H. F. TURNER,
Manager.
47 Threadneedle Street, E.C.2.
November 1, 1962.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.). Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2),
METROPOLITAN COLLEGE, ST. ALBANS
or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

A CAREER IN PUBLIC RELATIONS

Comprehensive eight-week instructional courses beginning in February and April 1963. Details from Secretary, London School of Public Relations, 57 Duke Street, London, W.1.

FRENCH
CORRESPONDENCE COURSES
(1) Cours de Langue et de Civilisation Françaises.
(2) Basic French for Conversation.
(3) Translation Courses.
Lesson-by-lesson coaching by French teachers. Easy payments. Send for prospectus.—Mentor, 11 Charing Cross Road, London, W.C.2.

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.(Econ.) (three, if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London University B.Sc. Economics Exams., 1950-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.
WOLSEY HALL, OXFORD

APPOINTMENTS

THE EDINBURGH & EAST OF SCOTLAND COLLEGE OF AGRICULTURE

Applications are invited for the post of ASSISTANT ADVISORY OFFICER, FARM BUILDINGS. Salary Grade IV, £718-£993. The appointment is pensionable.
Candidates should hold a Degree in Agriculture or Agricultural Economics or Economics or equivalent qualifications. Experience of, or especial interest in Work Study and the planning and use of farm buildings is desirable. Particulars and application forms may be obtained from the Secretary, The Edinburgh School of Agriculture, West Mains Road, Edinburgh, 9, with whom applications should be lodged within two weeks of this advertisement.
J. A. JOHNSTON,
Secretary.

WATFORD COLLEGE OF TECHNOLOGY

HEMPSTEAD ROAD, WATFORD, HERTS.
Required January 1st, LECTURER to teach LAW, ACCOUNTANCY and ECONOMICS to intermediate professional standard. Opportunities exist for more advanced work. Candidates should possess a degree or good professional qualifications with preferably teaching or good industrial experience.
Salary scale £1,600 x £40 — £1,800.
Application forms, returnable by November 12th and further details from the Registrar.

VICTORIA UNIVERSITY OF WELLINGTON
NEW ZEALAND
LECTURER IN PUBLIC ADMINISTRATION

Applications are invited for the above-mentioned post.
Lecturing in Public Administration within the School covers a wide range. Experience in one or more of the following fields would be desirable: organisation theory and practice; the history of administration; the behaviour of administrative groups; financial administration; local government administration; decision-making theory; the behaviour of pressure groups. Knowledge of and interest in comparative administration and/or the New Zealand administrative system, though not essential, would be an advantage.
The salary of a lecturer will be £1,250 per annum rising by annual increments of £75 to £1,700 per annum. The initial salary will be determined according to the qualifications and experience of the appointee.
Approved fares to Wellington will be allowed for the appointee, his wife and his dependent children. In addition actual removal expenses will be allowed within certain limits.
Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.
Applications close in New Zealand and London, on *December 1, 1962.*

LEADING firm of Stockbrokers requires experienced INVESTMENT STATISTICIAN preferably, but not necessarily, with professional or academic qualifications. Good prospects and working conditions.—Write, giving details of age, qualifications, experience and previous employment, to Box TE.159, c/o Hanway House, Clark's Place, E.C.2.

ECONOMICS and STATISTICS

Department of Marketing Consulting Company requires staff (male or female) for work involving statistical and economics research in a wide and varying range of industries and countries, and work on Clients' sales statistics.

Graduates preferred, but some relevant experience and aptitude and liking for figures more important than formal qualifications. Starting salary dependent on experience and qualifications, up to about £1,000.

Apply with full details to
MARKETING DEVELOPMENT CO. LTD., 12 Grosvenor Place, London, S.W.1.

UNESTABLISHED DISTRICT COMMISSIONERS
NATIONAL SAVINGS COMMITTEE

Several vacancies, mainly in the Provinces, for men or women with knowledge of economics, organising ability, preferably with experience of public speaking and voluntary organisations. University education an advantage. National salary £806 on entry (age 25 and over) rising to £1,487. Possible establishment later. Application forms from Manager (PE.59/B), Professional and Executive Register, Ministry of Labour, Atlantic House, Farringdon Street, London, E.C.4. Closing date for completed application forms December 3, 1962.

THE UNIVERSITY OF SHEFFIELD

Applications are invited for a post of LECTURER in ACCOUNTANCY to begin duties as soon as possible. Initial salary according to qualifications and experience on the scale £1,150 x £50 — £1,500 x £75 — £1,950, with F.S.S.U. provision and family allowance. A grant towards removal expenses will be made. Further particulars may be obtained from the Registrar, to whom application (four copies) should be sent by November 24, 1962.

For other appointments see page 525

AUSTRALIAN NATIONAL UNIVERSITY
INSTITUTE OF ADVANCED STUDIES
RESEARCH FELLOWSHIP IN GEOGRAPHY

Applications are invited for appointment as Research Fellow in the Department of Geography, Research School of Pacific Studies.
The present staff of the Department consists of: Professor O. H. K. Spate; Mr. J. N. Jennings, Reader in Geomorphology; Dr. H. C. Brookfield, Reader in Social Geography; Dr. Donald Walker, Reader in Biogeography; Dr. G. J. R. Linge, Fellow; Dr. R. G. Robbins, Research Fellow.
It is desired to strengthen the Department on the economic side, more especially in respect to quantitative techniques as applied to urban geography or the geography of transport, communications or industrial location.
The Research Fellow will be expected to supervise students working for post-graduate degrees and to carry out original research, preferably in the aspects indicated above; members of the Department's staff are encouraged to carry out their own research projects rather than to fit into a pre-conceived programme, though there may be a limited amount of assigned work.
The salary range for Research Fellows is £A1,656-£2,450 per annum (annual increments of £75; initial salary will depend on qualifications and experience. Appointment is for three years with possible extension to a maximum of five years. Superannuation is on the F.S.S.U. pattern. Reasonable travel expenses are paid and assistance with housing is provided.
Further particulars should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.
Applications close in Australia and London on *November 30, 1962.*

BENGUELA RAILWAY COMPANY

The following preliminary traffic results for the first nine months of 1962 compared with the first nine months of 1961 have been issued.

Kilometres run	1962 Tons	1962 Escudos	1961 Tons	1961 Escudos
Passenger Traffic:				
Journeys	—	12,075,000	—	9,307,000
Luggage	1,031	1,105,000	963	975,000
Local Traffic:				
Minerals	186,508—	21,494,000	315,894—	35,937,000
Other	484,184—	67,489,000	489,172—	63,267,000
Transit Traffic:				
Minerals	470,941—	255,579,000	454,660—	247,424,000
Other	107,438—	82,143,000	116,305—	86,830,000
Miscellaneous Receipts	— —	8,967,000	— —	9,731,000
Total	1,250,102—	448,852,000	1,376,994—	453,491,000
Working Expenses in Africa		255,759,000		243,155,000
Net Operating Receipts		193,093,000		210,336,000

Tanganyika Concessions Limited owns all the Debentures and 90 per cent of the equity of the Benguela Railway.

COMPANY AFFAIRS

With the easing of tension over Cuba, prices of both equities and gilt-edged have made a good recovery in the London stock market. In equities the falls have been fully recovered and with a jump of 16.7 *points to* 330.3 The Economist *indicator is now just above its level of October 17th before the crisis began. The recovery in gilt-edged has not been so complete and the* Financial Times *index at Wednesday's close was* 85.23 *compared with the pre-crisis level of* 86.90. *Among equities Courtaulds and Tube Investments achieved good rises after their results were published.*

Courtaulds

IT is all so different from a year ago. Then Courtaulds cut its interim dividend by 1d. to 9d. a share and reported a fall of £2 million in its gross profits for the half year. Now a year and many profit forecasts later, the directors have set the interim dividend at 1s. 1d., this time a penny more than was generally expected, and have announced profits which justify the directors' confident predictions that were so vital in staving off ICI's takeover bid earlier this year. As the table shows, Courtaulds' trading profit in the six months to September 30th has risen by 70 per cent compared with the same six months in 1961, though sales were barely 7 per cent higher. Compared with the six months to March 31st last sales were slightly lower but profits were 25 per cent higher.

These figures provide a full answer to those who had doubts about the extent of the benefits to be gained, particularly in viscose, from rationalisation policies and the integration of British Enka, which was acquired last November. The directors say that "cost reductions from rationalisation and better efficiencies" have been a major factor. But the improvement in profits has not been confined to viscose. Celanese and packaging are other divisions that are clearly gaining from a vigorous policy of rationalisation. It seems clear however that the paint division has found the going hard, while the poor summer weather cannot have helped the textile trade.

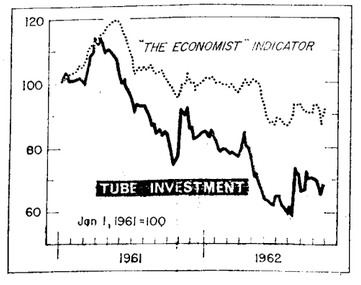
Six months to	Sept. 30, 1961 £'000s	March 31, 1962 £'000s	Sept. 30, 1962 £'000s
Sales	83,451	89,881	89,425
Trading profit	6,218	7,939	10,522
Investment income	1,368	2,181	1,950
Gross profit	7,586	10,120	12,472
Loan interest	—	—	1,385
Tax	3,135	4,265	4,619
Minority interest	385	338	591
Net attributable profit	4,066	5,517	5,877
Trading profit/sales	*7·5%*	*8·8%*	*11·8%*

For the full year the directors have forecast gross profits of £23 million but they now believe that this figure will be exceeded and if profits are no higher in the second half-year than in the first gross profits will be close to £25 million. On this basis equity earnings will be close to 23 per cent, which suggests that a higher dividend than the 13 per cent already forecast is possible. If the final dividend is maintained at 1s. 9d. a share the total payment would be 2s. 10d. a share (or 14½ per cent). This may not be too optimistic an assumption and on this basis the £1 shares, which gained 3s. 7½d. to 50s. 9d. on these results, yield 5½ per cent. ICI must be pleased with its investment.

Tube Investments

AS the chart shows the £1 shares of Tube Investments have fallen more steeply than the other shares included in *The Economist* Indicator in the last eighteen months. This accurately reflects the many difficulties facing the group in the past year, particularly in the aluminium, iron and steel cycle and electrical divisions. The interim statement in May was gloomy but the big earnings cover precluded a reduction in the dividend from 14 per cent.

Trading profits for the year to end July fell by over £5 million from £27.2 million to £22.1 million, with those of the British Aluminium group falling from £4.7 million to £2.8 million and those of Raleigh Industries from £1.8 million to £1.3 million. Higher depreciation and interest charges together with £548,000 charged against the "expense of concentration of production" left gross profits almost 25 per cent down at £15.9 million. Net profits (excluding tax and other credits) fell from £9.1 million to £7.3 million. A year ago the chairman, Sir Ivan Stedeford, forecast that results would not be "signicantly different" from those of 1950-60, when net profits amounted to £8.1 million. If account is taken of the exceptional charge, his estimate is seen to be not too wide of the mark.



Indeed the results were better than had been generally expected and the £1 shares were marked up by 3s. 6d. to 52s. 9d. They reflect in part the reorganisation and the rationalisation of the cycle and aluminium divisions, which should now be better placed to meet competition. The separate figures for British Aluminium and Raleigh Industries show the extent of the setback in these divisions. Most of the exceptional charge stemmed from Raleigh and as a result it showed a pre-tax loss of £101,000. On the electrical side TI should be enjoying better markets for its "Creda" products while the profits of the steelmaking companies should at least benefit in the current year from the price increases made in the Spring. Shareholders will hope that in his valedictory statement Sir Ivan will hold out better prospects for the future. A year ago he said that economic circumstances were not those "which might be expected to herald another record year." The same holds good in 1962-63 and it will need an expanding economy to lift TI's profits much above their present level. But the £1 shares, yielding 5.3 per cent, covered 2.4 times, hold out some scope for recovery at the first signs of more buoyancy in the economy.

Fisons

HAVING braced themselves for an expected fall of £1,250,000 in Fisons' pre-tax profits, it must have come as a pleasant surprise to shareholders that the fall in profits was somewhat less than the directors had forecast. In fact profits in the year to June 30th fell by £897,000 to £2,710,000. The "modest reduction" in the final dividend is indeed just that—a cut of one point from 7 to 6 per cent to make a total dividend of 10 per cent, against 11 per cent. The reasons for the fall in profits are well known; a drop in sales of compound fertilisers, price reductions and the effects of Fisons' "bargain basement" sales in the previous year.

The extracts from the group's balance sheet issued with the preliminary statement suggest that the day when Fisons will have to come to the market for new funds cannot be far away. In two years liquid holdings have been run down from £8¾ million to under £1½ million and with Fisons now going ahead on plans to spend £9.4 million on its new hydrogen products plant at Immingham commitments amount to £11¼ million. Such capital expenditure, even if spread over a number of years, is hardly likely to be covered by the cash flow, which amounted to £2.6 million in 1961-62. The £1 shares at 31s. 6d. stand at only about half their 1961 peak of 61s. 3d. and now yield 6.4 per cent.

Continued on page 522

STOCK PRICES AND YIELDS

LONDON : NEW YORK : FRANCE
GERMANY : HOLLAND : ITALY
BELGIUM : SWEDEN : NORWAY

Prices, 1962 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 24, 1962	Price, Oct. 31, 1962	Net Red. Yield, Oct. 31, 1962§	Gross Red. Yield, Oct. 31, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½% 1962	100.2.1	100.1.3	3 12 0	3 12 0
99⅜	96 3/16	Exchequer 3% 1962–63	99 5/32	99⅜	2 2 6	4 0 7 l
100 11/16	98½	Conversion 4¾% 1963	100⅛	100 13/32	1 1 10	4 1 3
98¼	93 5/16	Exchequer 2½% 1963–64	97¼	98¼	2 14 8	3 13 11 l
100 13/16	97 1/16	Conversion 4½% 1964	100⅛	100 7/16	2 10 2	4 4 4
99 25/32	98⅛	Treasury 5½% ....Asst'd. (m)	98⅛	99 3/16	2 17 5	4 8 2
99 9/16	98⅛	Treasury 4% 1965	98⅛	99 5/32	2 15 8	4 7 11
96⅞	90 11/32	Savings Bonds 3% 1955–65	94 15/16	96⅛	3 4 0	4 9 9 l
103 11/16	98 3/32	Exchequer 5½% 1966	101⅜	102 13/32	2 10 8	4 14 5
92⅞	85	Savings Bonds 2½% 1964–67	90 1/16	91 3/32	3 14 0	4 14 6 l
103⅞	98	Exchequer 5% 1967	99⅝*	100⅝*	2 17 11	4 16 2
93 13/16	83 5/16	Funding 3% 1966–68	90	91⅞	3 10 0	4 15 8 l
95 1/16	84⅞	Conversion 3½% 1969	91½	93	3 9 0	4 18 3
92½	82⅝	Funding 3% 1959–69	88¾	90⅜	3 10 9	4 15 7 l
98¾	92¼	Victory 4% 1920–76	96¼	98	2 16 5	4 8 10‡
90⅛	78 15/16	Savings Bonds 3% 1960–70	86¼	88	3 13 3	4 18 11 l
103 7/16	90 9/16	Conversion 5% 1971	99¾	101⅜	3 0 0	5 0 3
109 5/16	97¼	Conversion 6% 1972	105¾	107⅝	2 16 7	5 2 7
105⅜	91⅛	Conversion 5¼% 1974	101¾	103¼	3 0 2	5 2 1
95 13/16	87¾	Funding 4% 1960–90	92¼*	94	3 1 1	4 13 3 l
83⅝	70 7/16	Savings Bonds 3% 1965–75	79¾	81⅞	3 13 3	5 0 1 l
82 7/16	69 3/16	Treasury 3½% 1977–80	79	80¾	3 14 1	5 6 3 l
81⅜	68 5/16	Treasury 3½% 1979–81	77¾	79¾	3 14 3	5 6 2 l
102¾	90 3/16	Funding 5½% 1982–84	99¾	102	3 6 0	5 9 4e
93⅜	82⅜	Treasury 5% 1986–89	89¾	92¼	3 10 5	5 11 7 l
66	54	Redemption 3% 1986–96	62¼	64¼	3 14 2	5 6 0 l
69¼	56 15/16	Funding 3½% 1999–2004	66¼	68¼	3 13 4	5 10 4 l
98	84⅛	Treasury 5½% 2008–12	94	96¾	3 10 7	5 14 11 l
69⅞	58¼	Consols 4% ....after Feb. 1957	66¾	68¼	3 12 6	5 19 0
62¾	52 1/16	War Loan 3½% ....after 1952	58⅜*	60¼*	3 11 0	5 15 8f
61⅝	52 5/16	Conv. 3½% after Apr. 1961	58½	60¼	3 11 5	5 16 9f
52¾	44⅞	Treasury 3% ....after Apr. 1966	50	52	3 10 10	5 15 11f
45½	38⅛	Consols 2½%	42¾	44¼	3 9 5	5 13 6f
44¾	38 1/16	Treasury 2½% ....after Apr. 1975	42½	44	3 9 10	5 14 3f
100 13/16	89 15/16	British Electric 4½% 1967–69	97¼	98¾	3 1 3	4 17 10 l
86	74⅜	British Electric 3% 1968–73	82½	84¼	3 13 10	4 19 10 l
81½	69	British Electric 3% 1974–77	77⅞	80	3 13 3	5 0 2 l
90⅞	79 1/16	British Electric 4¼% 1974–79	87¼	89½	3 9 0	5 4 8 l
83 9/16	70⅜	British Electric 3½% 1976–79	79*	80¾*	3 13 4	5 4 2 l
95¼	82¾	British Gas 4% 1969–72	91⅝	93¼	3 6 8	5 0 0 l
92¼	80 9/16	British Gas 3½% 1969–71	88¾	90⅜	3 9 2	4 18 7 l
66 3/16	53 13/16	British Gas 3% 1990–95	63*	65	3 14 0	5 5 3 l
86	74⅜	British Transport 3% 1968–73	82½	84¼	3 13 10	4 19 10 l
90⅝	77¼	British Transport 4% 1972–77	87¼	89	3 9 4	5 4 0 l
69 9/16	56½	British Transport 3% 1978–88	66¼	68¼	3 16 7	5 7 3 l

Prices, 1962 High	Low	DOMINION AND CORPORATION STOCKS	Price, Oct. 24, 1962	Price, Oct. 31, 1962	Net Yield, Oct. 31, 1962
					£ s. d.
88½	79½	Australia 3¼% 1965–69	85½	86¾	5 14 0 l
103¼	96	Australia 6% 1974–76	101	101	5 17 0 l
66	52	Ceylon 4% 1973–75	56½	57½	10 1 0 l
104	94¼	New Zealand 6% 1976–80	101	101½	5 18 0e
81	62½	Rhodesia and Nyasaland 6% 1978–81	78	80	8 6 0 l
91¼	82	South Africa 3½% 1965–67	89	91	5 14 0 l
69	48	Southern Rhodesia 4½% 1987–92	68½	69	7 1 0 l
91	77¾	Agricultural Mortgage 5% 1959–89	87½	90½	5 14 0 l
96¼	86	Birmingham 4¼% 1967–70	92	93½	5 9 0 l
100	88⅝	Bristol 5% 1971–73	95¾	97½	5 10 0 l
100½	88	Corporation of London 5¼% 1976–79	95½*	98*	5 7 0 l
52	43	L.C.C. 3% ....after 1920	48	50¼	5 19 0f
96	84	L.C.C. 5% 1980–83	92½	94¼	5 9 0 l
100	87	Middlesex 5¼% 1980	96½	98½	5 8 0 l

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 24, 1962	Price, Oct. 31, 1962	Yield, Oct. 31, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays £1	79/9	82/-	3·17	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	54/3	57/3	3·32	...
28/3	20/-	7 b	7 a	Martins 5/-	25/3	28/3	2·65	...
101/-	80/-	7½ b	7½ a	Midland £1	85/3	88/3	3·40	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	79/-	80/9	3·47	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B' £1	78/9	80/3	3·31	...
48/3	40/6	8 b	4 a	Australia & N.Z. ..£1 p.p.	46/6	47/3	5·08	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. ..£1	35/3	35/3	4·73	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£18 15/16	£20 15/16	3·25	...
36¼	27¼	8 c	9 c	Bank of New S. Wales £20	36¼	35½*	4·06g	...
39/-	32/6	5 b	5 a	Barclays D.C.O. £1	36/6	37/3	5·37	...
58/6	53/-	7½ b	7½ a	Chartered £1	54/9	55/9	5·38	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. $25	£17	£17¾	4·23	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. ..10/-	49/9	51/6	3·20	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£22 15/16	£25 5/16	3·28	...
46/3	37/6	5 a	10 b	Standard Bank £1	44/3	45/-	6·67	...
54/4½	35/9	15 b	7½ a	Hambros 5/-	35/9	36/6*	3·08	...
99/9	68/-	5 b	2½ a	Schroders £1	68/3	69/6	2·16	...
65/9	53/-	6¼ b	6¼ a	Union Discount £1	62/9	62/9	4·48	...
14/1½	10/-	18 c	Nil c	Bowmaker 5/-	12/1½	12/7½	...	...
14/3	9/9	10 c	2½ a	Lombard Banking 5/-	10/1½	10/9	...	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit 5/-	12/7½	13/3	2·83	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. ..5/-	29/-	32/6	4·08	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	13/6	14/3	3·86**	2
14/10½	12/10½	...	4½ a	Charrington United ..5/-	13/7½	14/3	4·21**	1¾
44/-	30/6	8½ b	6 a	Distillers 10/-	32/1½	34/7½	4·19	1¾
51/6	41/-	14 b	8 a	Guinness 10/-	41/-	42/9	5·15	1¾
34/-	20/4½	14 c	5 a	Harveys 5/-	20/4½	21/4½	3·27	2½
15/7½	11/7½	...	8 b	Ind Coope, T.A. 5/-	11/7½	12/-	5·00**	1½
29/-	21/3	12 b	6 a	Watney Mann 5/-	22/6	23/6	3·83	2
42/4½	31/9	30 c	10 a	Whitbread 'A' 5/-	32/-*	34/-	4·41	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	6½ b	3 a	Associated Portland ...£1	54/6	57/6*	3·30	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd. ..10/-	26/1½	27/1½	4·61	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/-	16/6	17/6	4·57	2¾
13/9¾	10/6	16·9c	5 a	Crittal Mfg. 5/-	13/4½	13/9	6·15**	2
14/1½	9/10½	6 a	16½ b	International Paints ..4/-	11/-	11/3	8·00	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	57/-	60/3	2·07	3¼
24/6	18/1½	5 a	12 b	Wall Paper 5/-	18/6	18/4½*	4·63	2¼
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson ...5/-	23/3	24/3	4·12	2
19/3	13/-	11½ c	5 a	Borax Defd. 5/-	13/-	13/9	4·18	2½
43/3	25/6	4 a	6 b	Fisons £1	30/3	31/9	6·30	...
58/-	47/6	7½ b	6¼ a	I C I £1	53/-	55/9	4·93	1
18/6	12/-	10 c	3¾ a	Monsanto 5/-	13/3	14/3	...	1½
				DRAPERY & STORES				
35/3	24/-	8 b	4 a	Boots Pure Drug 5/-	24/6*	25/9	2·33	2¼
33/9	18/9	5 b	2 a	Montague Burton ...10/-	22/-	23/3	2·96	2¼
59/6	42/9	5⅚ a	13⅓ b	Debenhams 10/-	43/9*	45/-	4·27	1½
48/9	38/4½	9⅜ a	20⅝ b	G.U.S. 'A' 5/-	42/9‖	46/4½‖	3·23	2
40/3	28/9	16⅔ b	13⅓ a	House of Fraser 5/-	30/-	30/10½*	4·86	1¼
16/6	12/6	7½ b	5 a	Lewis's Invest. Tst. ...4/-	12/6	13/-	3·85	2
100/6	79/-	15 a	32½ b	Marks & Spencer 'A' .5/-	79/3	83/-	2·86	1½
52/6	39/6	20 b	10 a	United Drapery 5/-	43/-	43/9	3·43	1¾
53/-	42/6	25 b	10⅚ a	Woolworth 5/-	42/6	45/9	3·91	1¼
				OIL				
43/6	30/6	†9·84c	†3⅓ a	British Petroleum £1	37/9	42/-	7·65	2
44/6	30/6	†7 11/12 c	†2½ a	Burmah Oil £1	38/9	41/3	8·25	1¼
£15⅛	£12 5/16	26¼ c	13 a	Royal Dutch ....20 fl.	£13 9/16	£14 9/16	3·57	2½
36/6	27/-	†25 c	†11⅔ a	Shell Transport 5/-	32/9	35/10½	5·69	2½
32/9	20/6	...	...	Ultramar 10/-	20/9	20/9	...	...

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 24, 1962	Price, Oct. 31, 1962	Yield, Oct. 31, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
34/6	23/-	10 c	3¾ a	A.E.I. £1	30/1½	32/1½	6·23	1
12/6	7/6	15 c	2½ c	Brit. Electronic Inds. ..5/-	8/7½	9/4½*	1·33	...
66/3	51/9	9½ b	4 a	B.I.C.C. £1	63/3*	65/4½	4·13	2
15/-	11/6	4·6 a	7½ b	Crompton Parkinson .5/-	13/10½	15/-	4·00	2½
89/6	63/-	7½ a	17½ b	Decca 10/-	74/-	78/-*	3·21	2¼
45/6	32/3	5 a	12½ b	E.M.I. 10/-	33/3	33/9*	5·19	1¾
54/6	39/-	5 a	9 b	Elliott-Automation ...5/-	39/4½	43/10½	1·60	2
27/9	20/9	5 b	3 a	English Electric £1	24/1½	26/4½	6·07	1½
37/-	26/-	3 a	7 b	General Electric £1	33/3	35/1½	5·69	¾
59/3	34/6	8⅛ b	4⅜ a	C. A. Parsons £1	49/3	51/6	4·85	2
52/1½	38/6	6½ b	3¼ a	A. Reyrolle £1	49/9	50/3	3·88	2½
85/9	58/-	25 c	27½ c	Thorn Electrical 5/-	77/6	83/-	1·66	3½
				ENGINEERING				
35/-	20/3	9 c	4½ a	Babcock & Wilcox £1	33/-*	34/7½	5·20	1½
38/3	27/3	3·2 a	7 b	John Brown £1	30/4½	31/6	6·48	2¼
6/-	4/3	7 b	3 a	Cammell Laird 5/-	5/-	5/-	10·00	1
31/-	21/10½	20 b	10 a	Internat. Combust. ..5/-	29/6	30/1½	4·98	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	3/6¾	3/8¼	...	...
38/4½	20/4½	9½ b	2½ a	Swan Hunter £1	20/10½	21/10½	9·14**	...
17/-	10/6	10 b	5 a	John Thompson 5/-	14/7½*	14/6¾	5·15	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/-	30/7½	31/1½	4·59	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	58/3	59/3	4·96	2
50/-	33/9	5 a	10 b	Allied Ironfounders ...£1	48/-	50/-	6·00	1½
99/9	67/9	5 a	10 b	Averys £1	73/6	73/6	4·08	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/-	14/1½	14/3	8·19	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/-	9/9	10/1½	6·42	1¾
33/-	15/9	10 a	17½ b	Davy-Ashmore 5/-	15/10½	16/6	...	2
81/10½	62/10½	5 a	11 b	Guest Keen £1	64/10½	67/9	4·72	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	15/3	16/-	5·00	2½
85/6	67/-	5 a	7 b	Metal Box £1	67/3	68/9	3·49	2¼
18/-	13/4½	4 a	10 b	Ransome & Marles ...5/-	16/-	15/9	4·44	3
48/-	34/-	3 a	7 b	Renold Chains £1	40/3	40/7½	4·92	1¾
64/10½	43/1½	7 a	7 b	Tube Investments £1	49/4½	51/6	5·44	3
31/1½	22/10½	7½ b	2½ a	Vickers £1	22/10½	24/3	8·25	1
71/6	54/-	3¾ a	10 b	Ward (Thos. W.) £1	62/6	63/-*	4·37	3
20/6	12/3	5 a	16 b	Woodall-Duckham ...5/-	16/3	16/-	6·56	1¾
				FOOD & TOBACCO				
28/9	19/9	10 c	10 c	Allied Suppliers 10/-	23/6	25/9	3·88	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods ..1/-	9/4½	9/9	2·31	2
61/3	29/3	8 b	4 a	Bovril £1	38/6	40/-*	6·00	1½
12/9	10/9	†2 1/12 a	†4⅙ b	Brooke Bond 'B' 5/-	11/-	10/9*	4·75	...
16/4½	11/10½	2½ a	10 b	International Tea 5/-	15/3	15/9	3·97	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A' £1	74/-	77/6	4·09	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	31/6	33/3	4·21	...
13/7½	10/10½	10 c	3 a	Spillers 5/-	12/9*	13/-	3·85	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	49/3	50/3	4·78	2¼
18/-	13/10½	5 a	9 b	Unigate 5/-	14/1½	14/9	4·75	2
65/3	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. ..10/-	58/9	61/6	5·97	3
41/3	28/3	15 b	5 a	Gallaher 10/-	28/4½	29/6	6·78	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	53/6	55/6	8·11	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	5¾	6 3/16	3·15	...
68/-	48/9	25 b	20 a	Commercial Union ..5/-	48/9*	52/6	4·29	...
9	5⅜	...	...	Equity & Law Life ...5/-	5¾	6⅞	1·58**	...
109/3	69/-	30 c	12½ a	General Accident 5/-	70/9*	76/3	1·97	...
60/6	42/6	...	11⅔ a	Guardian 5/-	42/6	48/6*	2·75**	...
48¾	32½	110 b	80 a	Legal & General 5/-	34½	36⅝	1·30	...
180/-	138/9	12½ b	9½ a	Northern & Empl. £1	146/3	148/9*	2·96	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/-	11½	12	3·40	...
29¾	21⅞	†208⅓ c	†231¼ c	Prudential 'A' 4/-	23⅝	23⅞	3·16	...
47/10½	35/3	...	15 a	Royal 5/-	35/3	37/4½	4·01**	...
127/9	95/6	11¼ b	7½ a	Royal Exchange £1	95/6	98/3	3·82	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor 5/-	13/6	14/3	7·02	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	67/-	70/-	1·43	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	24/3	25/3	6·34	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' ...4/-	4/3¾	4/7½	3·46	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	72/7½	77/10½	5·14	...
18/0¾	13/10½	13½ c	5 a	Bristol Aeroplane ..10/-	16/7½*	17/9	7·61	2
25/3	19/3	5 a	6 b	Hawker Siddeley £1	23/-	25/-	8·80	1¼
37/6	25/9	†4 a	†6½ b	Dowty Group 10/-	35/-	36/10½	4·65	2¼
39/-	25/3	15⅚ b	5 a	Dunlop Rubber 10/-	25/8¼*	26/3	6·03	1¾
77/-	62/1½	11¼ b	2½ a	Joseph Lucas £1	68/1½	68/10½	3·99	2¼
22/-	12/-	5 c	Nil a	Pressed Steel 5/-	13/7½	12/10½	1·94	...
39/-	31/1½	5 a	10 b	Triplex Holdings ...10/-	35/6	36/-	4·17	2
				MINES				
178/1½	136/3	50 b	40 a	Anglo-American 10/-	165/7½	167/6	5·37	1¾
73/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	63/6	67/9	7·38	2½
125/-	81/10½	15 a	20 b	General Mining £1	112/6	113/9	6·15	2
71/-	46/6	†100 c	30 a	Union Corporation ..2/6	65/6	67/3*	6·07	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	18/-	18/3	21·92	1¼
134/4½	81/10½	70 a	110 b	Free State Geduld ...5/-	122/-	127/6	7·06	1½
74/3	50/6	60 a	70 b	President Brand 5/-	69/6	71/-	9·15	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	85/-	86/3	7·19	1¾
45/6	34/-	...	...	Western Deep 'A' £1	41/-	41/6	...	...
161/3	117/6	105 a	135 b	Western Holdings ...5/-	146/3	152/6	7·87	1¼
20/4½	15/3	5 a	6 b	Winkelhaak 10/-	16/10½	17/10½	6·15	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/-	48/-	50/6	14·85	1½
59/3	47/-	20 a	60 b	Rhod. Anglo-Amer. 10/-	52/-*	53/3	15·02h	1¾
37/4½	24/-	6 a	15 b	Rhod. Selection Tst. ...£1	27/3*	27/6	15·27h	...
21/9	14/1½	Nil a	7½ b	Tanganyika Cons. ..10/-	14/6	14/6	5·17	1¼
188/9	135/-	180 b	100 a	De Beers Defd. Reg. 5/-	172/6	181/3	7·72	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ...n.p.v.	$101	$106½	2·68	...
18/9	13/1½	30 b	7½ a	London Tin 4/-	15/10½	15/10½	9·45	1¼
16/9	14/9	...	5 a	R.T.Z. 10/-	15/7½	16/-*	9·38**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	22/3	22/9	14·29	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	10 b	6 a	Daily Mirror 5/-	12/-	12/7½*	6·34	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A' £1	74/-	75/-	3·47	2
24/9	13/9	14 b	10 a	Thomson Org'n. 5/-	17/9	18/3*	6·58	1½
47/3	31/6	8¾ b	5 a	Bowater Paper £1	31/6	34/9	7·91	1
45/-	35/-	5 a	11 b	Albert E. Reed £1	42/-	44/3	7·23	1½
43/9	33/6	8½ b	4 a	Spicers £1	41/-	40/-	6·25	1½
55/9	44/-	4 a	10 b	Wiggins Teape £1	53/9	55/6	5·05	1¾

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		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	19/9	21/9	6·90	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	21/3	21/9	13·79	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	35/6	36/9¾	4·07	1¾
39/4½	29/10½	3⅓ a	6⅔ b	British Match £1	32/-	32/7½	6·13	2¼
16/3	11/-	6⅔ b	4 a	British Oxygen 5/-	11/3	12/9	4·18	1¾
9/10½	7/2¼	7 b	3 a	British Ropes 5/-	7/2¼	7/5¼	6·72	1½
44/-	30/1½	...	...	De La Rue 10/-	38/6	41/-	3·35**	2
42/-	27/1½	15 c	7½ a	Gestetner 'A' 5/-	33/-*	35/6	2·11	3¾
55/9	41/6	7½ a	8⅓ b	Glaxo 10/-	44/6*	46/7½	3·43	3
49/-	42/6	3 a	13 b	Harrison & Cr. Defd. £1	47/6	43/9	7·31	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	30/6	31/-	4·03	1¾
23/3	15/1½	12½ b	5 a	Ilford 5/-	15/1½	15/1½	5·79	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	82/9	85/3	2·64	2½
47/11¼	36/9¾	12½ c	11·4 c	National Canning £1	39/-‖	41/-	5·56	1½
41/3	32/6	6 a	12 b	Powell Duffryn 10/-	36/9	36/9	4·90	1¾
40/6	32/3	17½ b	5 a	Radio Rentals 5/-	35/9	37/3	3·02	2¾
37/-	24/6	7½ a	17½ b	Rank Organisation ...5/-	28/-	29/9	4·20	2
38/-	24/-	16½ b	7½ a	Schweppes 5/-	24/-	25/-	4·80	1½
35/3	25/-	25 c	25 c	Sears 'A' 5/-	25/7½	28/-	4·46	2
32/1½	23/-	11 b	5 a	Steetley 5/-	28/1½	28/10½	2·77	3
29/10½	21/9	11½ b	8½ a	Thomas Tilling 4/-	22/7½*	25/-	3·20	2
64/-	44/-	8 b	4 a	Turner & Newall £1	47/-	49/3	4·87	2
47/3	30/10½	9·47a	15·32b	Unilever 5/-	30/10½	32/9	3·78	3
11⅝	7 3/16	8 a	13 b	Unilever N.V. .... 12 fl.	7 3/16	7¾	3·22	3
18/9	12/10½	10 b	5 a	United Glass 5/-	12/10½	13/9	5·45	...
33/3	21/7½	†10⅚ b	†4⅙ a	United Molasses 10/-	21/7½	22/9*	10·76	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/-	29/-	30/-	6·67	1
18/3	15/3	6 c	Nil c	Cunard £1	15/7½	16/-	...	...
21/6	16/9	7 c	7 c	France Fenwick £1	20/9	20/9	6·75	1½
31/6	20/-	10 c	8 c	Furness Withy £1	22/3	22/3	7·19	...
9/7½	4/6	...	...	London & Overseas ..5/-	4/6	4/9	...	...
31/-	17/6	3 b	3 a	P & O Defd. £1	26/6	28/3*	7·08**	...
12/1½	7/-	2½ c	Nil a	Reardon Smith 10/-	7/3	7/3	3·45	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/6	9/6	...	...
				STEEL				
48/4½	25/1½	16 c	5 a	Colvilles £1	25/4½	25/4½	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	16/1½	16/6	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel £1	24/7½	23/10½	9·21	3
21/4½	11/-	10 c	Nil a	South Durham £1	11/-	11/6	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	24/10½	26/-	7·69	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	28/1½	29/7½	10·13	2
34/7½	26/4½	6 b	4 a	John Summers £1	28/3	29/3	6·84	2
42/4½	25/9	12·3c	4 a	United Steel £1	27/7½	29/-	...	1½
41/-	25/9	8¾ b	4 a	Whitehead £1	27/3	25/9	...	2
				TEXTILES				
32/-	25/4½	10 b	5 a	English Sewing Cotton £1	26/6	27/1½	9·22**	1
26/4½	18/6	5 a	7½ b	Fine Spinners £1	18/6	18/10½	13·25	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	36/6	37/9	...	1¼
48/1½	37/10½	3¾ a	8¾ b	Courtaulds £1	43/3	47/2¼	5·30	1½
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/-	5/9	5/7¼	9·52	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	74/3	75/3	5·58	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	22/-	22/6	8·89	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	14/9	14/10½	8·07	1
13/3	8/1½	7½ a	12½ b	Calico Printers 5/-	8/4½	8/7½	11·59	1¾
48/6	37/4½	3¾ a	8¾ b	Coats, Patons & B. £1	37/4½	38/1½	6·56	1¾
10/9	8/-	13 c	1½ a	Jute Industries 10/-	8/3	8/9	...	2¼
27/1½	17/4½	10 c	7½ c	Tootal £1	17/4½*	17/4½	8·63	½
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/-	21/-	22/6	2·78	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	45/7½	45/3*	5·52	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	15/9	16/1½	3·10	1½
71/9	54/3	10 a	12½ b	City Centre Props. ...5/-	56/3	57/1½	2·63**	1
89/-	69/9	8½ b	4 a	City Lond. Real Prop. £1	76/3	77/9*	3·22	1
95/-	62/6	9·04 b	7·04 a	Hudson's Bay £1	63/9	72/6	4·44	2½
38/6	22/6	4 b	2 a	Land Securities 10/-	26/3	28/3	2·12	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	31/6	34/6	3·86	1
				TEA & RUBBER				
46/6	37/-	†2½ a	†12½ b	Cons. Tea & Lands £1	39/-*	37/6	13·06	2
37/6	26/-	†3 a	†10 b	Jokai (Assam) £1	31/6	28/-	15·16	2
9/6	7/6	...	7½ c	Nuwara Eliya £1	7/9	7/9	19·35	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/2¼	5/3	15·87	1½
5/5¼	4/5¼	7½ a	32½ b	London Asiatic 2/-	5/3	5/3¾	15·06	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	72/4½	72/9	12·37	1½

NEW YORK PRICES AND INDICES

	Oct. 24 $	Oct. 31 $		Oct. 24 $	Oct. 31 $		Oct. 24 $	Oct. 31 $
Atch. Topeka	21½	22⅜	Boeing	38⅞	38¼	Int. Harvester	44½	46⅜
Can. Pacific	19¾	21⅛	Celanese	32	32⅝	Inter. Nickel	56¾	57⅝
Pennsylvania	10¾	10⅝	Chrysler	58¼	58¾	Inter. Paper	23⅞	25⅞
Union Pacific	29⅛	30	Col. Palmolive	35¼	36⅞	Kennecott	63	62⅜
Amer. Electric	29½	31	Crown Zeller.	39	41¼	Monsanto	40½	44⅞
Am. Tel. & Tel.	106¼	109⅛	Distillers Seag.	38	39⅛	Nat. Distillers	21⅜	22
Cons. Edison	70⅛	72⅝	Douglas	22¾	21¼	Pan-American	16⅝	17
Int. Tel. & Tel.	36¼	37⅜	Dow Chemical	47½	51⅞	Procter Gamble	60⅝	63⅛
South'n. Nat. Gas	41	40⅞	Du Pont	205	212⅞	Radio Corpn.	49¼	48⅛
United Corpn.	7¼	7⅜	East. Kodak	94¾	94¾	Sears Roebuck	67¾	68
Western Union	22¾	23¾	Ford Motor	41⅞	41½	Shell Oil	29⅜	32½
Alcoa	50⅝	53⅜	Gen. Electric	67	67¾	Socony-Mobil	49	50⅞*
Aluminium	20⅜	19¾*	General Foods	69⅜	69½	Stand. Oil Ind.	41⅞	41⅛
Amer. Can	41⅞	40⅞	General Motors	52¾	54¾	Stand. Oil N.J.	51¼	51¾
Am. Smelting	50¼	50⅛	Goodyear	26½	28¼	Union Carbide	89¼	94½
Am. Viscose	47¼	50	Gulf Oil	32¾	33¾	U.S. Steel	41⅛	40¼
Anaconda	38	38¼	Heinz	35	37	West. Electric	26⅞	27⅛
Beth. Steel	30¾	27¾*	Int. Bus. Mach.	340	346	Woolworth	56¼	61¼

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 3	58·68	3·67	26·94	5·95	55·61	3·71	89·85	3·90
" 10	59·74	3·62	27·53	5·82	56·99	3·62	89·85	3·90
" 17	59·39	3·64	27·43	5·84	56·52	3·65	90·06	3·88
" 24	57·76	3·74	27·59	5·81	53·77	3·84	90·06	3·88
" 31	59·09	3·66	28·17	5·69	55·33	3·69	89·96	3·89

425 Industrials :—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

	Oct. 24	Oct. 31		Oct. 24	Oct. 31		Oct. 24	Oct. 31
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,006	1,038	A.E.G.	327	363	A.K.U.	321	343¾
Banque de Paris	461·5	481	Bad'che. Anilin.	342	386¾	Bijenkorf	750	784
Citroen	176	178	Bayer	372	424	Heinekens	375	408
C. F. Petrole	293	297	Commerzbank	340	362	Interunie (Fl.50)	Fl.165	Fl.172
Cie. G. d'Elect.	712*	743	Deutsche Bank	380	408	K. N. Hoogoven	459	479
Machines Bull	388	414·9	Hoechst Farb.	343	386½	Kon. Zout-Ket.	656	689½
Pechiney	215·5	218	Kundenkredit	350	353	Philips (Fl.25)	Fl.120	Fl.134·3
Printemps	525	543	Lowenbrau	730	780	Robeco (Fl.50)	Fl.189	Fl.193
Rhone-Poulenc	377	380	Mannesmann	187	204	Rotterdam Bk.	324	337½
S.I.M.	340	345·6	Siemens	473	525	Thomassen & D.	621	649
Saint-Gobain	315	328	Thyssen-Huette	159	175	Valeurop	Fl.64·2*	Fl.67·4
Usinor	180	169·5	Volkswagen	415	456½	Zwanenberg	750	770
Index	89·3	90·8	*Herstatt Index*	76·04	81·53	Index	292·4	305·1
Dec. 1961=100.			*Dec. 31, 1959=100.*			*1953=100.*		
ITALY	Lire	Lire	**BELGIUM**	Frcs.	Frcs.	**SWEDEN**	Kr.	Kr.
Ass. Generali	118,000	132,500	Arbed	26,300	25,800	Asea	184	189
Breda	4,480	4,960	Bqe. Nat. de Bel.	10,150	10,475	Elektrolux	112	117
Edison	3,210	3,600	Bque. Soc. Gen.	2,985	3,020	Ericsson B. Kr.35	116	123
Fiat	2,441	2,702	Cockerill-Oug.	2,404	2,460	Separator B	285	287
Finsider	1,183	1,245	Esperance Long	4,900	4,950	Skand. Banken	215	220
La Centrale	9,600	10,520	Hoboken	16,050	16,275	Sv. Cellulosa	168	171
Montecatini	2,472	2,799	Innovation	5,950	5,930	Sv. Handelsbank	214	216
Motta	26,000	30,300	Photo Gevaert	2,520	2,468	Tandstk. B Kr.50	151	155
Olivetti	4,375	4,920	Sidro	870*	890	Index	155·94	161·29
Pirelli S.p.A.	4,635	5,398	Soc. Generale	13,350	13,850	*Dec. 29, 1956=100.*		
Rinascente	618	684¼	Sofina	7,790	7,910	**NORWAY**	%	%
Snia Viscosa	4,330	4,825	Un. Miniere 1/10	1,178	1,140	Bergens Priv'bk.	210	210
Index	570·99	621·97	Index	389·9	396·3	Borregaard	185½	189½
1950=100.			*May 9, 1940=100.*			Norsk Hydro	263¾	270

UNIT TRUST PRICES

	October 31		Yield
Allied Investors :			
Elect. & Ind. D.	9/10½	10/7½	5·99
Metals & Mins.	14/6	15/5*	7·00
British Life Office :			
British Life Units	4/9	5/-*	4·08
Commonwealth Unit Trust Fund :			
A E & G Un. Tst.	14/8½	15/8½	3·35
Commonwealth	10/1	10/11½*	5·36
Orthodox Unit	13/8	14/8	4·69
Municipal & Gen. :			
Second M & G	9/1	9/7	4·82
M & G Gen. Tst.	11/7¾	12/3½	4·83
Mid. Ind. & Gen.	9/1½	9/7½	4·63
National Group :			
Nat. B.I.F.S.	6/9½	7/2¾	3·80
Domestic Unit Fd.	4/4½	4/8¼	4·60
Shield Unit Fund	4/3	4/6¾	4·23
P. Hill, Higginson, Erlangers :			
Brit. Shareholdrs.	12/9	13/8	4·28
B S International	9/6	10/2	4·75
Save & Pros. Gp. :			
Bank Insurance	7/3½	7/9½*	2·93
Bank Units	10/2½	10/10½	3·65
Consol'd. BITS	14/-	14/11	2·97
Capital Units	6/10½	7/4	3·39
Income Units	4/11½	5/3½	5·55
Insurance Units	16/8	17/9	2·26
Investment Trust	6/11½	7/5*	3·09
Scotbits	4/10½	5/2½	2·75
Scotshares	4/6	4/9½	4·88
Dillon Walker :			
Community Un.	2/11	3/1*	5·39
Falcon Trust	4/5½	4/10*	5·33
Intrust Fund	19/10½	20/10½	4·82
Unicorn Trust	6/3½	6/8½	3·93

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (m) Assented into Treasury 4% 1965. Japanese prices supplied by Daiwa Securities, Tokyo.

** Yields based on assumed dividends :—Bass, Mitchells & B., 11%. Charrington United, 12%. City Centre Props., 30%. De La Rue, 13¾%. English Sewing Cotton, 12½%. Equity & Law Life, †26⅔%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. P & O Defd., 10%. R.T.Z., 15%. Royal Insurance, 30%. Swan Hunter, 10%.

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Pressed Steel

HAVING cut the total dividend from 30 to 5 per cent for 1961, the directors of Pressed Steel have now passed the interim dividend for 1962. In 1961, the group made a net loss of nearly £2.7 million but at the time of its announcement the directors explained that the group had returned to profitable trading in the first quarter of this year. They now say that the hopes that they then expressed have not been fulfilled and that the profitable trading conditions then being experienced "have been affected by a falling off in business since mid-July and subsequent short-time working in the motor car body division." No appreciable improvement is expected before the new year. The Prestcold refrigerator division has had a "poor selling season" though the directors expect a "steady improvement" in the performance of this division following the agreement with Rolls Razor. The contribution of the railway wagon division is, reflecting a low volume of business, "relatively small" and there has again been considerable development expenditure on the range of Beagle aircraft. In all, the results for this year should be better than those for 1961 though the directors say they will still be "disappointing." If all this means is that Pressed Steel will make a smaller loss than it did last year there seems to be no point in anticipating any immediate recovery in the 5s. shares, now standing at 13s.

British Electronic Industries

A NET loss of £155,000, an unchanged bank overdraft of nearly £8½ million and a reduction in the ordinary dividend from 15 per cent to a nominal 2½ per cent, paid out of reserves, for the year to March 31st would not, it might be supposed, provide any grounds for confidence. Yet the chairman of British Electronic Industries, Mr C. O. Stanley, manages to be as ebullient as ever. The first reason for his confidence, which he describes as "more solidly based" than it was a year ago, is that while a big loss was made on television receivers both by Pye and Ekco the group's non-domestic interests, which include scientific instruments, electronic equipment and telecommunications, continued to earn satisfactory profits. Moreover, overseas subsidiaries, notably in Australia, did well and the income from trade investments (which include Associated Television and British Relay) was higher. Secondly, the group now has complete executive control of Ekco. The first sign of this new policy is the re-organisation of Ekco's factory at Southend. Thirdly, the decision to introduce 625-line television in this country opens up, in Mr Stanley's opinion, "enormous possibilities" for the television manufacturers.

Eventually, Mr Stanley says, every old television set will have to be replaced by a new one. BEI may have surplus capacity on its hands for some time. How much will it have to be reduced and what effect will this have on profits in the next year or so? How much in stocks of nearly £19 million represents 405-line-only television sets? And when sales expand again, may not the group have a financing problem on its hands? Mr Stanley's statement does not provide any answer to these questions, which are all pertinent to any consideration of the current price of 9s. 9d. for the 5s. shares and the nominal yield of 1.3 per cent.

Hawthorn Leslie

THE outlook for Britain's shipbuilders is bleak indeed. It is put squarely before the shareholders of the Tyneside shipbuilders, R. and W. Hawthorn Leslie, by the chairman, Sir Robin Rowell:

> Under the present circumstances, the prospects of profitable trading for the company are not bright and I can only forecast a period of diminishing profits.

In the longer term however Sir Robin believes that older ships will have to be replaced by more modern vessels. In many cases these will be bigger and more specialised so that initially only a few will be ordered but it is his view that "in the end there must be an ever increasing demand for this type of replacement tonnage." He describes British prices as now being fully competitive with unsubsidised shipyards overseas but subsidies he says are depriving British builders of orders which would normally be placed here by foreign shipowners.

Hawthorn Leslie had ploughed back a substantial proportion of its profits in its more fruitful years, distributing rather less than one third of available earnings. This has prompted the directors in the latest year, when profits were more than halved, to reduce the dividend by only 5 points from 25 to 20 per cent. Their view is that in the lean years shareholders should derive some benefit from reserves built up in more prosperous times. The 10s. shares stand at 16s. 3d. to yield 12¼ per cent. While shareholders seem certain to receive a "fair distribution" in the lean years ahead, the price reflects doubts whether this policy will be like that of P. & O. or whether the dividend each year will bear some relation to the company's trading experience.

Simms Motor and Birmid

THAT the suppliers of the motor industry are experiencing mixed trading conditions is shown by the results of these two companies. While **Birmid Industries** is able to report that its net profit for the year to July 31st was £17,000 higher at £1,377,177 and to leave its ordinary dividend unchanged at 20 per cent, **Simms Motor & Electronics** has halved its interim dividend from 5 to 2½ per cent, and reports that "the deterioration in profitability and general trading conditions . . . has continued." The two companies have in fact nothing in common except supplying the motor industry, and even here their markets are not identical, for Birmid sells to car and lorry makers, while Simms mostly supplies the commercial side of the industry. Birmid's main products are metal castings or forgings, mostly in light alloys; while Simms's most important product is fuel injection and electrical equipment for diesel engines.

In June, the chairman of Simms, Mr G. E. Liardet, told shareholders that the sharp fall in profits for 1961 resulted from reduced sales by Simms itself. When Simms is faced by competition from Lucas and its subsidiary CAV, also a maker of fuel injection equipment for diesel engines, Mr Liardet's remarks about the Government appearing to condone the domination of whole industries by vast organisations to the detriment of small or medium-sized firms take on a special significance. And it is probably competition from this quarter, combined with the fall in commercial vehicle production this year, that accounts for the present gloomy outlook.

By contrast Birmid's results were better than expected in view of the cautious tone of the interim statement when the directors reported "fairly well maintained" sales, lower profit margins and little sign of improvement in the remaining months of the year. In the event gross profits were just over 5 per cent lower at £2,852,000, but as a result of the smaller tax charge earnings were fractionally higher at 47¼ per cent, to cover the maintained 20 per cent dividend 2.4 times. The £1 shares have been marked up by 5s. 6d. to 71s., to yield 5.6 per cent. The 5s. shares of Simms are close to their low point at 13s. 6d. This compares with a 1961 peak of 32s. 4½d. after allowing for the one for six rights issue at 21s. 6d. per share made in May last year.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
Sept. 26	325·1	5·29		
Oct. 3	333·8	5·16		
,, 10	334·2	5·16		
,, 17	329·7	5·29		
,, 24	313·5	5·55	364·1 (Jan. 17)	310·3 (June 27)
,, 31	330·3	5·20		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Oct. 25	270·0	5·76	5·78	11,965
,, 26	270·1	5·77	5·83	10,392
,, 29	276·3	5·64	5·69	13,771
,, 30	275·8	5·65	5·72	11,464
,, 31	276·4	5·64	5·69	10,722

High, 310·2 (Jan. 19). Low, 252·8 (June 25)
† July 1, 1935=100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended October 27, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £38,283,000 compared with a surplus of £3,072,000 in the previous week and a deficit of £24,852,000 in the corresponding period of last year. There was a net expenditure "below-line" of £24,852,000 leaving a total cumulative deficit to date of £596,544,000 compared with £708,687,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to Oct. 28, 1961	April 1, 1962, to Oct. 27, 1962	Week ended Oct. 28 1961	Week ended Oct. 27 1962
Ordinary Revenue					
Income Tax	2,790,000	884,305	955,875	32,205	35,385
Surtax	188,000	48,200	53,100	1,300	1,400
Death Duties	264,500	149,800	145,900	4,800	4,400
Stamps	95,000	57,800	55,300	2,200	2,300
Profits tax, EPT and EPL	374,000	202,800	237,200	5,500	7,500
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,342,905	1,447,375	46,005	50,985
Customs	1,653,000	935,477	958,703	34,669	32,593
Excise	1,077,000	513,390	538,655	16,960	15,025
Total Customs and Excise	2,730,000	1,448,867	1,497,358	51,629	47,618
Motor Duties	150,000	39,718	58,261	...	...
Broadcast Lic's.	41,000	19,100	19,900	...	...
Miscellaneous	165,000	149,800	99,605	1,150	557
Total	6,797,500	3,000,390	3,122,499	98,784	99,160
Ordinary Expenditure					
Debt Interest	600,000	396,362	343,834	...	...
Payments to N. Ireland Exch.	100,000	48,961	52,994	3,893	4,074
PO Fund — Initial settlement	...	7,282	...	7,282	...
Other Consolidated Funds	12,000	4,835	4,429	653	27
Supply Services	5,611,650	2,901,138	3,095,065	129,384	133,081
Total	6,323,650	3,358,578	3,496,322	141,212	137,182
Sinking Funds	41,000	21,374	21,629	166	261
"Above-line" Surplus or Deficit	379,562	395,452	42,594	38,283	
"Below-line" Net Expenditure*	329,125	201,092	22,509	24,852	
Total Surplus or Deficit	708,687	596,544	65,103	63,135	
Net receipts from:					
Tax Reserve Certificates	160,538	94,220	19,633	1,376	
Savings Certificates	−16,900	−800	−500	200	
Defence Bonds	18,050	10,408	−456	1,022	
Premium Savings Bonds	24,000	20,800	1,300	1,200	
Total	185,688	124,628	19,977	3,798	

* Net repayments of £10 million to the Civil Contingencies Fund in 1962–63 compared with net repayments of £5 million in 1961–62.

FLOATING DEBT
(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961 Oct. 28	3,280·0	2,003·2	211·5	...	5,494·8
1962 July 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·5	227·3	...	5,219·9
,, 11	3,000·0	1,983·6	225·1	0·3	5,208·9
,, 18	3,000·0	2,009·3	240·1	5·5	5,254·9
,, 25	3,000·0	2,053·1	203·8	0·3	5,257·1
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4
,, 8	2,990·0	1,637·9	211·6	...	4,839·4
,, 15	2,990·0	1,683·6	226·2	...	4,899·8
,, 22	2,980·0	1,699·2	220·2	...	4,899·4
,, 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct. 6	3,020·0	1,572·9	220·5	...	4,813·5
,, 13	3,010·0	1,598·3	215·2	...	4,823·6
,, 20	3,020·0	1,595·6	204·1	...	4,819·7
,, 27	3,040·0	1,637·6	201·0	...	4,878·5

THE MONEY MARKET

THE discount market's reaction to the Cuban crisis was to reduce its agreed bid at the Treasury bill tender on Friday of last week by 7d. to £99 os. 8d., arguing that the crisis made an early reduction in Bank rate unlikely. The outsiders reduced their bids by a fraction more than this and the bill rate rose by ⅛ per cent, for the second week in succession, to £3 17s. 2.03d. per cent. At the same time, applications fell by £15 million to £382 million and the market's quota was 46 per cent compared with 38 per cent a week earlier. The market must now decide whether the end of the crisis also means the return of the possibility of a Bank rate cut. A wrong decision could mean low bill quotas.

Credit conditions changed abruptly this week. On two days last week the authorities sold very large numbers of bills to absorb the surplus credit; on Monday and Tuesday of this week the market's books were balanced only after very large bill purchases by the authorities.

Rates in the local authority market hardened to 4¼ per cent for seven-day loans but then eased to around 4 per cent following an inflow of money mainly from the building societies and merchant banks.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	**Market discount rates** (3 months):	
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	4 1/16–4 3/16
Discount houses	2½–2¾	Fine trade bills	5½–6½
Local Authorities	4⅛	**Euro-dollar deposits:**	
Call money:		7 days' notice	3⅜–3⅞
Clearing banks' minimum	2⅞	3 months' notice	3⅞–4⅜
Day-to-day	2½–3⅞	**Forward cover** (3 months)	
		Annual interest cost, US dollar	7/16

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** October 22	2·742
		,, 29	2·686

BANK OF ENGLAND RETURNS

£ million	Nov. 2, 1961	Oct. 25, 1962	Nov. 1 1962
*Issue Department**:			
Notes in circulation	2,305·2	2,280·9	2,287·7
Notes in banking dept.	20·1	44·4	37·6
Govt. debt and securities*	2,324·0	2,324·0	2,324·0
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	15·4	12·4	12·6
Special deposits	230·3	79·1	79·1
Bankers	248·9	269·1	274·3
Others	70·1	69·1	70·7
Total	564·6	429·8	436·7
ecurities:			
Government	467·5	341·9	351·1
Discounts and advances	74·8	39·7	44·4
Other	19·2	20·6	20·5
Total	551·5	402·2	416·0
Banking department reserve	21·0	45·3	38·5
" Proportion "	% 3·7	% 10·5	% 8·8

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on September 12th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Average Rate of Allotment	Allotted at Max. Rate *
1961	*91 day*		s. d.	%
Oct. 27	250·0	431·2	114 6·57	66
1962				
July 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
,, 10	230·0	396·1	75 8·84	54
,, 17	230·0	368·1	75 8·35	53
,, 24	230·0	390·4	75 4·50	48
,, 31	240·0†	397·1	75 0·42	45
Sept. 7	240·0	439·3	74 4·55	48
,, 14	230·0	388·0	73 11·97	44
,, 21	250·0	406·1	74 0·01	40
,, 28	250·0	407·5	72 8·42	51
Oct. 5	250·0‡	415·2	72 4·13	37
,, 12	230·0	386·8	72 3·07	38
,, 19	240·0	396·9	74 8·22	38
,, 26	240·0	381·8	77 2·03	46

* On October 26th tenders for 91 day bills at £99 0s. 8d. secured 46 per cent, higher tenders being allotted in full. The offer for this week was for £200 million 91 day bills and £60 million 63 day bills. † Allotment cut by £10 million. ‡ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits October 31	Market Rates: Spot October 25	October 26	October 27	October 29	October 30	October 31
United States $	2·78–2·82*	2·80 1/16–3/16	2·80 1/16–3/16	2·80–80 1/8	2·80 1/16–3/16	2·80 1/16–3/16	2·80 1/16–3/16
Canadian $	...	3·01 3/8–1/2	3·01 3/16–3/16	3·01 5/16–3/16	3·01 5/16–7/16	3·01 1/8–3/8	3·01 3/16–5/16
French Fr.	13·622–14·027	13·72 1/4–1/2	13·72 1/8–3/8	13·71 7/8–72 1/8	13·72 1/8–3/8	13·72 3/8–5/8	13·72 1/4–1/2
Swiss Fr.	11·94–12·54 7/8	12·08 3/8–5/8	12·08 3/8–5/8	12·08 1/8–3/8	12·09 3/8–5/8	12·08 3/4–09	12·08 7/8–09 1/8
Belgian Fr.	137·96–142·05	139·35–40	139·35–40	139·32 1/2–37 1/2	139·35–40	139·37–42	139·35–40
Dutch Gld.	9·98 3/4–10·28 1/2	10·10–10 1/4	10·10 1/4–1/2	10·10 1/4–1/2	10·10 7/8–11 1/8	10·10 3/4–11	10·11 1/8–3/8
W. Ger. D-Mk.	11·037–11·365	11·22 3/4–23	11·22 7/8–23 1/8	11·22 3/4–23	11·23–23 1/4	11·23 1/4–24	11·23 3/8–5/8
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1738–38 1/2	17375/8–38 1/8	1737 5/8–38 1/8	1738 1/2–39	1738 1/2–39	1738 3/8–7/8
Swedish Kr.	14·27 1/2–14·70	14·43–43 1/4	14·42 7/8–43 1/8	14·42 7/8–43 1/8	14·43 1/2–3/4	14·43 1/2–3/4	14·43 5/8–7/8
Danish Kr.	19·06 1/2–19·62	19·39 3/8–7/8	19·39 3/8–5/8	19·39 3/8–5/8	19·39 1/2–3/4	19·39 3/4–39	19·38 3/4–39
Norwegian Kr.	19·71–20·30 1/2	20·03 3/8–5/8	20·03 3/8–5/8	20·03 1/4–1/2	20·03 5/8–7/8	20·03 3/8–7/8	20·03 3/8–7/8
* Official Limits		**One Month Forward Rates**					
United States $		1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par
Canadian $		3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis
French Fr.		5/8–1/8c. pm	5/8–1/8c. pm	5/8–1/8c. pm	3/4–1/4c. pm	3/4–1/4c. pm	5/8–1/8c. pm
Swiss Fr.		1/2–1c. pm	1/8–7/8c. pm	1/8–7/8c. pm	1/8–7/8c. pm	1/4–3/4c. pm	1/4–3/4c. pm
Belgian Fr.		20–15c. pm	20–15c. pm	20–15c. pm	20–15c. pm	20–15c. pm	19–14c. pm
Dutch Gld.		1 3/8–1 1/4c. pm	1 3/4–1 1/4c. pm	1 3/4–1 1/4c. pm	1 3/4–1 1/4c. pm	1 3/4–1 1/4c. pm	2–1 1/2c. pm
W. German D-Mk.		1 1/2–1 1/4pf. pm	1 3/4–1 1/4pf. pm	1 5/8–1 1/8pf. pm	1 5/8–1 1/8 pm	1 5/8–1 1/8 pm	1 1/4–3/4pf. pm
		Three Months Forward Rates					
United States $		5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm
Canadian $		1/2–1 1/16c. dis	5/16–3/4c. dis	5/16–1 1/16c. dis	5/16–1 1/16c. dis	5/16–1 1/16c. dis	5/16–1 1/16c. dis
Swiss Fr.		2 3/4–2 1/4c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/4–1 3/4	2 1/4–1 3/4c. pm
W. German D-Mk.		3 3/8–3 1/8pf. pm	3 3/8–2 7/8pf. pm	3 3/8–2 7/8pf. pm	3 1/4–2 3/4pf. pm	3 1/4–2 3/4pf. pm	2 7/8–2 3/8pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		251/2 1/2	251/2	...	250/11 1/2	250/9 1/2	250/8 1/2
,, ($,, ,, ,,)		35·18	35·17 1/2	...	35·13 1/2	35·12 1/2	35·12

UK External Trade

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

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

BRITISH

Prices and Wages	Oct. 27th	External Trade	This week
Manpower and Output	Oct. 6th	Industrial Profits	Oct. 13th

OVERSEAS

Western Europe	Oct. 20th	United States	Sept. 15th

	Unit	Monthly averages 1959	1960	1961	1961 July	August	Sept.	1962 May	June	July	Aug.	Sept.
VALUE												
Imports:												
Total	£ million	331·9	378·4	366·5	350·2	358·8	343·1	411·6	369·9	387·2	382·2	343·4
Food, drink and tobacco	,,	126·5	128·1	123·6	114·5	113·9	123·1	153·1	131·7	133·4	126·3	117·3
Basic materials	,,	77·6	88·3	82·1	76·8	87·0	71·9	80·7	73·4	77·2	79·3	69·0
Fuels	,,	38·9	40·0	40·3	41·3	38·7	35·3	48·9	44·3	47·5	52·7	43·7
Manufactures	,,	87·6	120·5	118·9	116·1	117·8	111·3	127·7	119·1	127·5	122·5	111·9
Exports of U K produce:												
Total	,,	277·5	296·2	306·9	308·7	305·2	260·5	337·6	317·0	327·8	289·8	284·9
Manufactures—Total	,,	234·5	250·0	259·9	263·8	259·6	215·6	286·6	272·0	279·1	240·8	234·8
,, Metals	,,	37·8	39·3	39·5	40·8	35·9	30·7	43·6	38·0	41·2	36·0	36·0
,, Engineering products	,,	122·4	131·0	139·5	140·0	148·3	112·0	152·1	151·2	152·7	123·8	124·1
,, Textiles	,,	20·7	21·7	20·8	21·4	19·1	18·1	22·4	21·3	20·9	19·8	17·5
Re-exports	,,	10·9	11·8	13·2	14·4	13·4	12·5	15·6	13·4	12·3	10·6	10·5
Balance of trade (exports *less* imports)	,,	−43·5	−70·4	−46·4	−27·1	−40·2	−70·1	−58·4	−39·5	−47·1	−81·8	−48·0
VOLUME (1)												
Imports:												
Total	1954=100	122	138	135	...	128[6]	...	140[5]	...	...	138[6]	...
Food drink and tobacco	,,	118	121	121	...	115[6]	...	131[5]	...	...	...	...
Basic materials	,,	101	110	101	...	94[6]	...	96[5]	...	...	...	...
Fuels	,,	143	157	164	...	155[6]	...	178[5]	...	...	...	...
Manufactures	,,	150	201	196	...	187[6]	...	202[5]	...	...	...	...
Exports:												
Total	,,	116	122	125	...	119[6]	...	133[5]	...	...	122[6]	...
Manufactures	,,	117	124	127	...	121[6]	...	135[5]	...	...	...	...
BY AREA												
Imports:												
U S A	£ million	30·9	47·1	40·2	28·3	36·2	40·9	40·5	35·7	37·1	34·0	37·7
Canada	,,	26·0	31·2	29·1	29·4	31·5	27·5	32·9	30·1	31·8	34·7	25·9
Latin America	,,	26·8	25·8	23·2	24·2	21·8	18·4	31·7	25·6	29·8	28·8	17·4
West'n. Europe—Common Market	,,	46·6	55·1	56·5	57·2	56·3	53·7	63·3	66·3	59·0	58·6	55·3
,, ,, Free Trade Association (3)	,,	39·0	46·5	46·2	48·8	47·2	46·3	48·5	44·6	49·5	46·5	45·6
Soviet Eastern Europe	,,	9·7	11·6	13·0	13·5	16·7	14·9	10·3	14·4	13·9	15·8	14·6
Other Non-Sterling	,,	32·7	35·6	35·7	28·1	29·0	28·2	43·4	35·8	29·2	38·5	30·6
Sterling area	,,	120·2	125·5	122·6	120·7	120·1	113·2	141·0	117·4	136·9	125·3	116·3
Exports of U K produce:												
U S A	,,	30·0	27·1	23·4	23·3	25·2	23·7	30·3	26·1	27·4	25·9	25·9
Canada	,,	17·3	17·9	18·5	18·1	18·7	12·3	17·0	17·5	18·3	15·0	13·6
Latin America	,,	12·9	14·3	13·9	14·7	12·7	12·2	15·7	13·4	18·0	12·5	10·6
West'n. Europe—Common Market	,,	38·8	43·3	51·1	53·2	46·4	44·7	65·7	58·2	66·1	54·5	54·2
,, ,, Free Trade Association (3)	,,	32·0	35·9	40·1	40·3	34·2	36·8	46·6	40·9	41·8	37·0	39·2
Soviet Eastern Europe	,,	5·1	6·4	8·8	8·7	9·7	7·7	8·2	8·6	9·6	9·3	9·3
Other Non-Sterling	,,	29·6	32·2	34·3	36·6	33·9	28·6	37·8	37·4	34·1	32·2	29·5
Sterling area	,,	111·8	119·1	116·8	113·8	124·4	94·5	116·3	114·9	112·5	103·4	102·6
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 tons	356·3	342·0	327·5	323·0	350·6	269·1	374·9	364·0	330·7	371·6	243·5
Meat	,,	67·6	69·3	61·2	68·0	51·3	53·5	73·0	48·6	74·3	62·4	49·8
Sugar, unrefined	,,	201·8	183·3	172·4	140·2	172·1	148·2	228·4	192·9	161·9	114·1	152·7
Raw cotton (2)	,,	22·5	22·5	18·4	9·8	16·0	10·9	20·4	19·9	13·9	14·5	11·9
Raw wool, sheep's and lambs' (2)	mn. lb.	58·6	49·8	49·4	42·4	32·0	18·9	58·8	34·7	49·2	33·6	23·8
Rubber, natural and synthetic (2)	'000 tons	17·0	16·2	16·2	11·5	18·9	12·2	11·2	12·3	12·0	19·7	15·9
Softwood	'000 stds.	121·7	150·0	134·2	179·0	202·3	171·1	107·5	168·7	191·3	202·9	161·2
Woodpulp	'000 tons	185·4	225·4	215·1	161·4	193·0	196·3	214·8	189·4	186·9	215·4	201·6
Crude petroleum	mn. galls.	847	963	1,059	1,080	1,065	895	1,186	1,145	1,234	1,397	1,137
Exports of U K produce:												
Coal, including bunkers	'000 tons	343	455	475	493	382	469	389	348	500	405	354
Woven piece-goods—cotton	mn. sq. yds.	29	27	24	23	21	22	21	19	21	17	16
,, ,, ,, wool	'000 sq. yds.	8,536	8,089	7,528	8,387	7,964	6,211	6,895	8,269	7,807	8,385	5,677
Passenger cars and chassis	number	47,414	47,491	30,897	31,497	27,988	28,180	45,935	49,899	49,024	36,750	44,429
Commercial vehicles and chassis	,,	10,619	12,127	13,913	14,877	11,428	10,914	13,688	12,685	13,061	9,541	11,078
Agricultural tractors	,,	9,474	11,951	11,790	13,318	11,470	10,163	13,727	13,804	12,912	9,901	12,298
Machinery—electrical	£'000	5,706	5,257	5,506	5,729	4,758	4,199	5,943	6,351	5,814	6,141	4,442
,, other	,,	47,264	52,948	61,374	62,323	56,925	53,605	67,888	63,730	64,631	56,158	53,702
Chemicals, elements and compounds	,,	5,862	6,442	6,422	5,972	5,620	5,885	7,321	6,452	6,876	6,492	6,136

(1) Trade with the Channel Islands is included in the total import and export indices only. (2) Retained imports. (3) Including Finland. (4) Average for first quarter. (5) Average for second quarter. (6) Average for third quarter.

APPOINTMENTS

BROWN & POLSON

PRODUCTION PLANNING

Brown and Polson Limited, a part of an international group of industrial chemical and food manufacturers, requires an Assistant to the Group Production Planner at its Industrial Group Plant at Manchester, which is expanding its production.

The successful applicant will control a small production scheduling team which is responsible for the overall production of the Manchester Plant.

Candidates should be Graduates in the 21-25 age range with a knowledge of mathematics or statistics to at least G.C.E. Advanced level, which they should be capable of applying to production planning problems after a training period. It is also desirable that they should have an appreciation of industrial organisation gained from either practical experience or academic study. Preference will be given to applicants who have had experience of similar work in a continuous production chemical processing industry but this is not essential as a comprehensive training programme will be arranged to suit the needs of the successful candidate.

A good commencing salary will be paid and in addition the Company operate an attractive Profit Payment Scheme, Contributory Pension and Free Life Assurance.

Applications in writing, which will be dealt with in the strictest confidence, giving details of age, qualifications and experience, should be addressed to:

Personnel Adviser, Brown and Polson Limited, Trafford Park, Manchester 17.

NABISCO FOODS LIMITED

Welwyn Garden City, Herts.

invites applications for the position of

RESEARCH OFFICER

to be responsible to the New Products Manager for the direction and supervision of all research appertaining to the marketing of existing and new products.
Ideal candidate will have at least three years' market and consumer research experience including product testing, motivation research and pre- and post-testing of advertisements. He will be looking for a progressive career in industry and be equipped in personality and temperament to become a vital part of a young management team occupied with the task of widening and diversifying the Company's range of products.
Applicants invited to write, stating age, educational background, qualifications, experience, present position and present salary, to DIRECTOR OF PERSONNEL.

NATIONAL UNION OF BANK EMPLOYEES

Applications are invited for the appointment of Assistant General Secretary, National Union of Bank Employees. Commencing remuneration not less than £1,425 per annum.

Candidates should apply in writing before November 25, 1962, to the General Secretary, National Union of Bank Employees, 28 Old Queen Street, Westminster, London, S.W.1, and mark "AGS" on the top left-hand corner of the envelope.

For further appointments and other classified advertisements see page 518

STANDARD TELEPHONES AND CABLES LIMITED

MARKET RESEARCH

An Assistant is required by our Private Communications Equipment Division, with a minimum educational standard up to "A" Level and with a fairly good knowledge of economics, to undertake the full range of techniques associated with market research.

Some commercial experience would be most useful and a technical background would be desirable, although this need not necessarily be formal. A knowledge of the structure of industry, together with some experience of statistical and survey techniques, is essential.

The Division is located at Footscray, a pleasant residential district, only 13 miles from central London.

The Company operates a wide range of benefits, including a NON-CONTRIBUTORY Pension Scheme.

Apply, stating qualifications, experience and salary, to
W. J. YEOMANS, Personnel Manager,
Standard Telephones and Cables Limited,
Private Communications Equipment Division,
Footscray, Sidcup, Kent.

UNIVERSITY OF KEELE

Applications are invited for the post of Lecturer or Assistant Lecturer in Economics. Appointment to commence January 1, 1963, if possible. Salary in scale £1,150 x £50 — £1,500 x £75 — £1,950 p.a. (Efficiency Bar at £1,450) (Lecturer), or £900 x £50 — £1,050 p.a. (Assistant Lecturer), with F.S.S.U. and children's allowances. Applications should reach the Registrar, The University, Keele, Staffs., from whom further particulars and application forms may be obtained, not later than November 24, 1962.

AUSTRALIA (NEW SOUTH WALES)

THE NEWCASTLE INDUSTRIAL PROMOTION PANEL

invites applications for the position of

RESEARCH OFFICER

recently established by the Panel.
Recent graduates in Economics or Commerce or Arts, majoring in economics, will be considered for the position which will be for three years, subject to extension by negotiation.
The commencing salary is £A2,000 per annum.
The officer will work under the supervision of the Director of Research of the Hunter Valley Research Foundation and will be located at the Foundation's Research Centre in Newcastle. Through the Director of Research and the Town Clerk of Newcastle, he will be responsible to the Newcastle Industrial Promotion Panel.
The Industrial Promotion Panel is conducting a vigorous campaign to attract new industries to the Newcastle Region and to stimulate economic activity. Contact with a wide range of interested bodies has already been established.
Duties will include the collection, analysis and publication of data relating to the Newcastle Region of New South Wales, the presentation of industry studies and the investigation and analysis of costs and other factors bearing on the establishment of new industries in the Region.
Further particulars are available from:
The Town Clerk (Secretary to the Panel), Box 489F, P.O.,
Newcastle, 2N, N.S.W., Australia,
with whom applications close on November 30, 1962.

THE PIG INDUSTRY

DEVELOPMENT AUTHORITY

invite applications from graduates for a post as

STATISTICIAN / BIOMETRICIAN

Practical experience of statistical methods related to nutritional and genetic experiments with animals and experience with a Punch Card installation would be an advantage. The person appointed will be based on the London office. Commencing salary according to age, experience and qualifications on the scale £1,700 x £75 — £2,400. A contributory pension scheme is in operation.

Application forms, available from Establishment Officers,
15 Ridgmount Street, London, W.C.1, should be returned by November 24, 1962.

THE UNIVERSITY OF MANCHESTER

SIMON FELLOWSHIPS

The University offers a number of Simon Fellowships for advanced study or research in the social sciences. This term is used in a wide sense to include not only Economics, Government, Sociology and Social Anthropology, Economic and Social Statistics, etc., but also fields such as the Organisation of Business, Education, Jurisprudence, Law, Social Administration and Social Medicine. The Fellowships will be tenable normally for one year from October 1st in the academic sessions 1963-64, 1964-65 or 1965-66. Values normally within the range of £1,200-£2,100 (Simon Research Fellowships), or within the range of £2,000-£2,500 (Simon Senior Research Fellowships), according to qualifications and experience. They are not confined to persons with academic experience. Applications, stating the Session in which the Fellowship will be taken up, should be sent by December 15, 1962, to the Registrar, The University, Manchester, 13, from whom further particulars may be obtained, and who will be pleased to answer any enquiries regarding the scope of the Fellowships.

BRADFORD INSTITUTE OF TECHNOLOGY

DEPARTMENT OF INDUSTRIAL ADMINISTRATION

Applications are invited for the post of Lecturer or Senior Lecturer from graduates in engineering, or economics who have had managerial experience in industry. The selected candidate will be required to assist in the teaching of students in courses leading to the Post-Graduate Diploma in Management Studies and to Diplomas in Technology.
Salary scales:
LECTURER £1,600-£1,800 p.a.
SENIOR LECTURER £1,800-£2,000 p.a.
Further details and application forms, to be returned by November 24th, from the Registrar, Bradford Institute of Technology, Bradford, 7.

INVESTMENT ANALYST

The Joint Pension Fund of B.E.A. and B.O.A.C. requires an Investment Analyst in its Investment Department to assist in the management of Stock Exchange portfolio of investments. Duties will cover consideration of industrial trends and analysis of technical and financial data relating to companies.

Applicants should be under 30, preferably with an Honours degree in Economics and have ability to interpret statistical accounting and economic information.

Salary dependent upon age and qualifications but will be not less than £1,000 per annum. Extensive welfare facilities are available.

Applications to Secretary, The Airways Corporations Joint Pension Scheme, Kershaw House, Great West Road, Hounslow, Middlesex.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail, UK and Canada £4 10s; elsewhere overseas £5
By air see below

	Airmail	Air Freight
Australia	£12 5s.	—
Canada:—		
Quebec and Ontario Provinces	£10 10s. or $31·80	£8 5s. or $25·00
Other Provinces	£10 10s. or $31·80	£9 0s. or $27·25
Ceylon	£10 10s.	£7 5s.
China	£12 5s.	—
East Africa	£10 10s.	£7 10s.
Egypt	£7 15s.	—
Europe	£6 0s.	—
Ghana	£10 10s.	£6 10s.
Gibraltar, Malta	£5 0s.	—
Hongkong	£10 10s.	£8 15s.
India	£10 10s.	£7 10s.
Indonesia	£10 10s.	—
Iran and Iraq	—	£7 15s.
Israel	£7 15s.	—
Japan	£12 5s.	—
Jordan	£7 15s.	—
Lebanon	£7 15s.	—
Malaya	£10 10s.	—
New Zealand	£12 5s.	—
Nigeria	£10 10s.	£6 10s.
Pakistan	£10 10s.	—
Philippines	£12 5s.	—
Rhodesia	£10 10s.	—
South Africa	£10 10s.	£7 10s.
S. and C. America	£10 10s.	—
Sudan	£7 15s.	£6 15s.
U S A	$29·50 or £10 10s.	$25 or £9 0s.
West Indies	£10 10s.	—

NOTES: Air Freight is normally 24/48 hours slower than airmail. Proportionate Rates are acceptable for subscriptions for less than a year (minimum four weeks). H.M. Forces at official service addresses can enter Airmail Subscriptions in Europe at £5, elsewhere overseas at £7 15s. a year; surface mail rates and airmail rates for Gibraltar and Malta are as shown above.

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Ore Milled 2,357,000 tons. Slime treated for Uranium Oxide 2,122,600 tons.

Gold yield oz. fine	Gold yield dwt. per ton	Uranium Oxide yield lbs.	Uranium Oxide yield lb. per ton
954,587	8.1	915,804	0.431

Pyrites concentrate recovered ..... 33,523 tons
Sulphuric Acid produced ..... 36,093 tons

		Per ton milled
Gold		
Total Working Revenue	R23,903,239	R10.14
Total Working Expenditure	14,766,127	6.26
Working Profit	9,137,112	3.88
Uranium, Pyrites and Sulphuric Acid :		
Working Profit	3,757,353	
Total Working Profit	12,894,465	
Sundry Revenue, *less* Expenses	89,555	
Total Profit	12,984,020	
Provision for loss on Virginia-Glen Harmony railway line	80,000	
Profit before Taxation	12,904,020	
Taxation	3,880,872	
Profit after Taxation	9,023,148	
Balance of Income and Expenditure Account at 30th June, 1961	5,158,141	R14,181,289
Dividends declared Nos. 11 and 12, each of 14c per share	R5,040,000	
Transfer to Capital Reserve :		
Expenditure on mining assets and trade investments	R2,094,518	
Repayment on account of capital portion of uranium, pyrites and other loans	1,818,065	
	3,912,583	
Less Interest free uranium loan	634,000	
	3,278,583	8,318,583
Balance of Income and Expenditure Account at 30th June, 1962		R5,862,706

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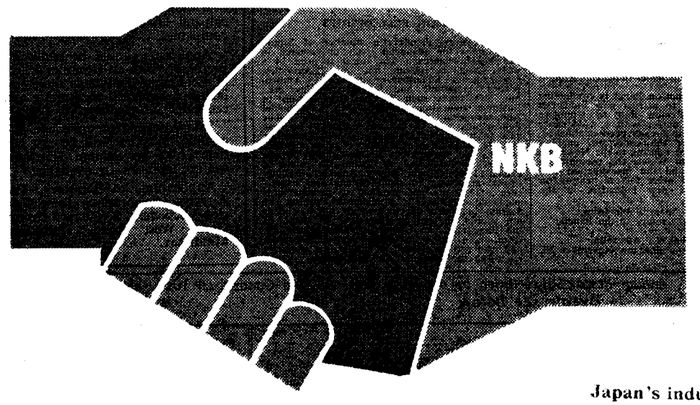

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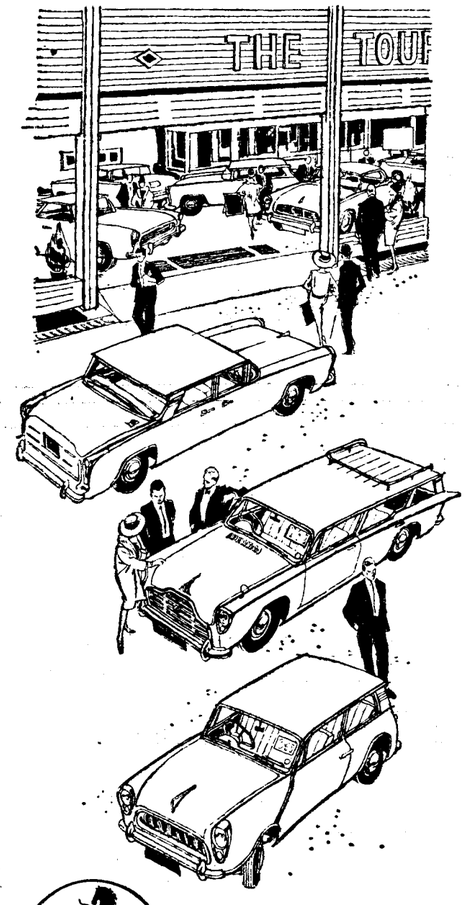

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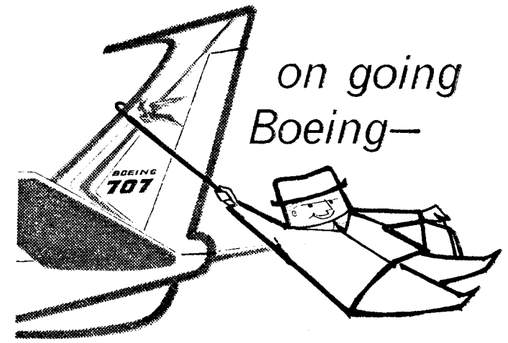

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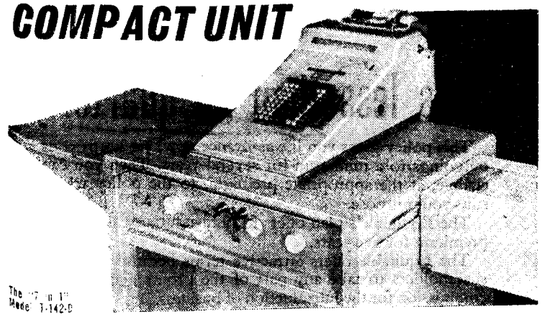

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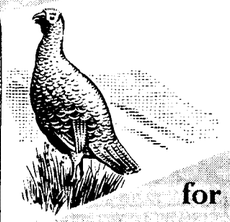

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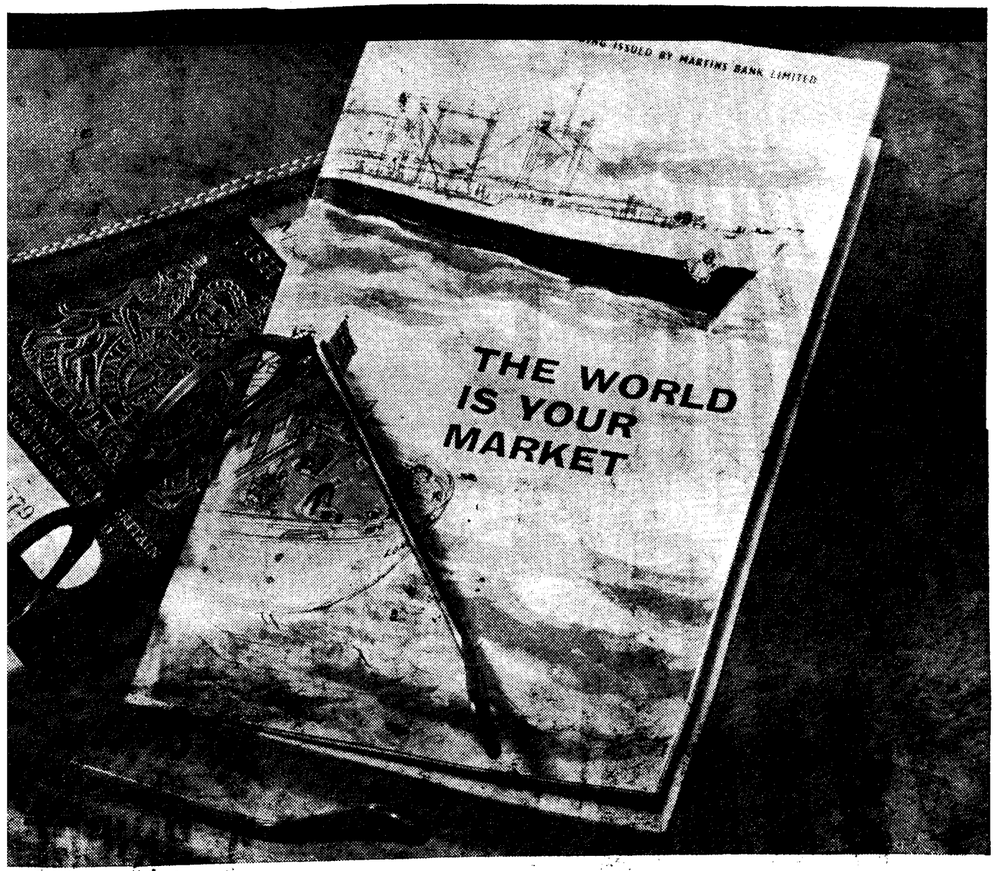

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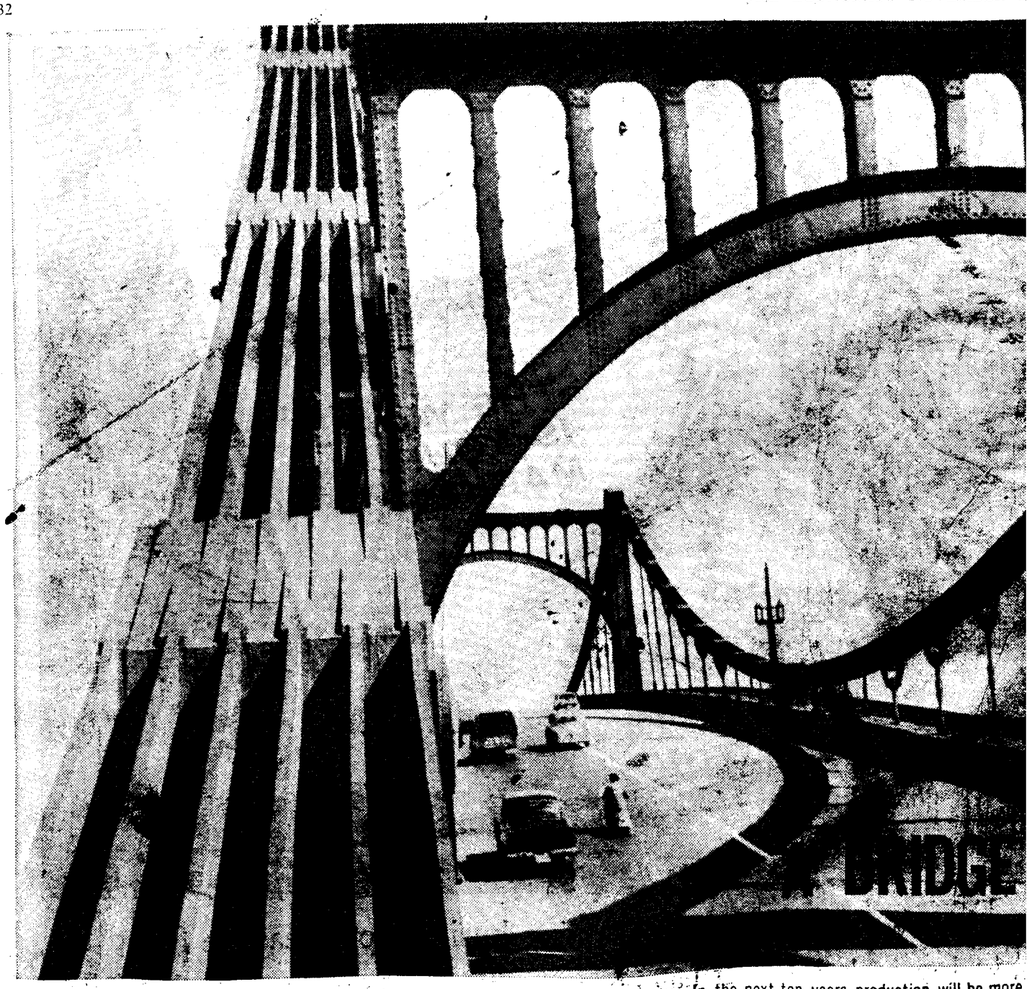

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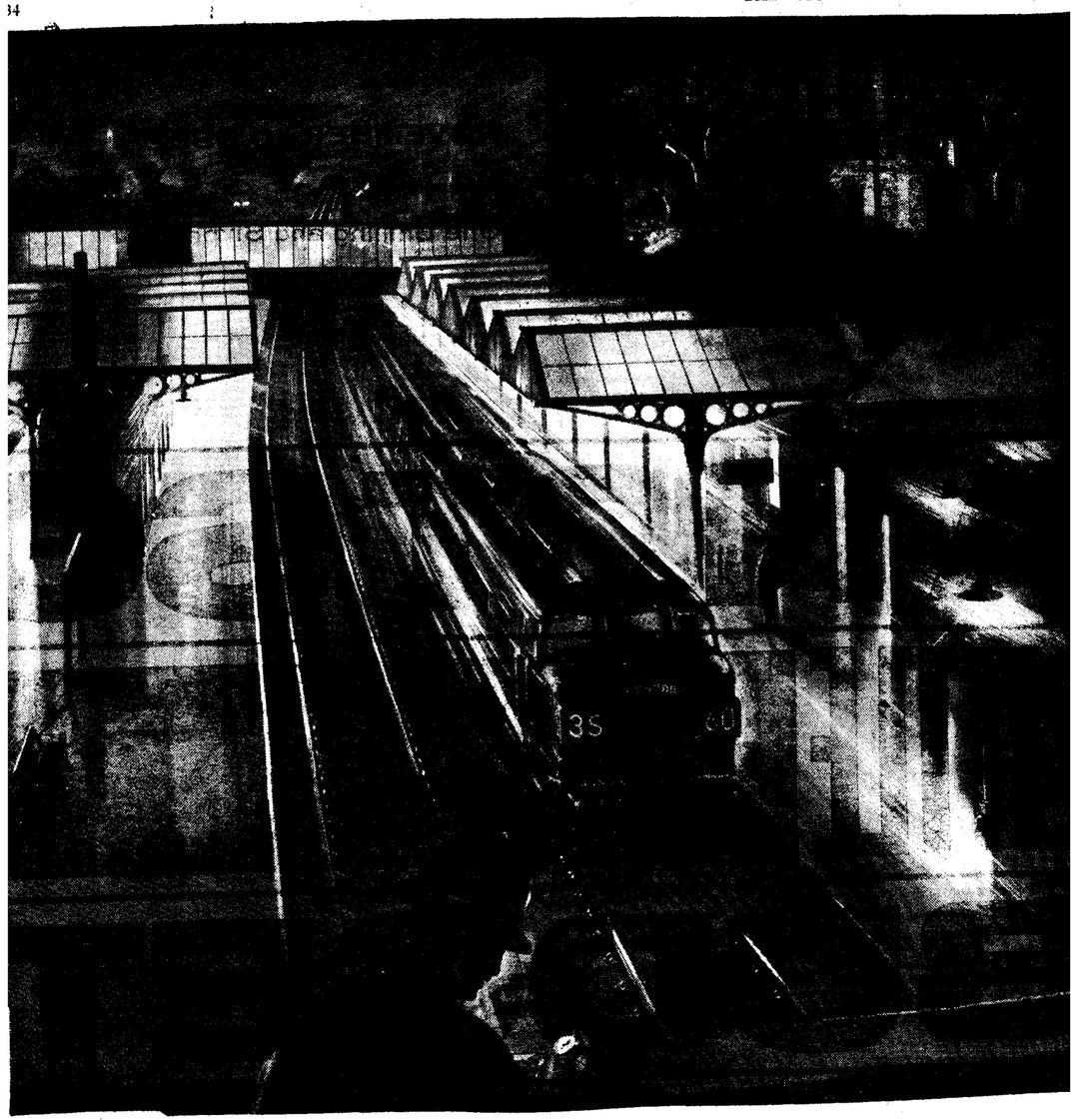

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HOME

FIREWORK MUSIC

A cracker under the economy: Mr Maudling's Guy Fawkes unbudget is a welcome if lopsided *feu de joie*. Industry may be better disposed to investment expenditure; engineering will be given an all-round boost; but so far there has been no sign of fire in Throgmorton Street (pp. 543, 589).

Damp squib: The membership and terms of reference of the **National Incomes Commission** promises no explosion (p. 545).

SQUIBS AND ROCKETS

Mr. Galbraith, former Civil Lord of the Admiralty, has been hunted from the Government—although his published correspondence with the **spying Admiralty clerk,** William Vassall, is totally innocuous (p. 550).

Dr Beeching's offer of a six per cent pay rise to his **railwaymen,** far from defusing an explosive situation, will only fuel their resentment at his economies (p. 550).

Both sides in the endemic **strife at Fords** have contributed to the friction which has again flared into a strike (p. 550).

A recommendation to merge two **Scottish** electricity boards has, wrongly, incensed those Highlanders who looked on one of them as a social security service (p. 559).

An outline scheme for compensating **victims of violent crime** is to be welcomed, and ought to be acted upon (p. 555).

The shrinking cycle industry thought a **better bicycle** could not be built—but a new miniature may prove them wrong (p. 601).

SOMETHING FOR THE GUYS

The Anglo-Japanese trade treaty is likely to show a firm resistance to the extreme demands of the **wool industry** (p. 593).

Unemployment is rising most seriously in areas where it has always been a problem, and from which the drift to the crowded south-east begins; the old answers to this question no longer work; a more purposeful approach to regeneration has to be found (p. 558).

The expected **clash on Europe** did not develop in Parliament, and the situation simmers as before: as before, too, the real sparks were struck in Brussels (p. 549).

The spate of by-elections has offered quick release from their service to dissatisfied soldiers (p. 552).

Shop and office workers will achieve parity with their industrial colleagues under a new bill to protect them (p. 552).

Estate agents plan to band themselves together by statute—which could too easily be too restrictive (p. 555).

Sir Isaac Wolfson and Mr Bloom face each other across the washing machines (p. 599).

Merchant bankers buy up trade debts—at a price (p. 600).

Public investment has a strong tendency to grow at any time: now it is particularly welcome (p. 595).

Mr George Brown is still the most acceptable deputy leader that Labour's got (p. 557).

INTERNATIONAL

Onward and Upward

Mr Khrushchev's position after Cuba is worth watching, and is being watched—by the Chinese, the Americans and the Russians themselves (p. 547).

• **Dr Castro** has some stake in the game too, and is betting heavily on a weak hand (p. 549).

• But those who know how close we all came to war two weeks ago are hoping for an end to such games (p. 549).

• But the great game continues; the latest report on the east-west **missile race** (valid for only one year) is on p. 557

The **European common market** carefully goes its own way, now with a new tax proposal for the Six that would mark another step towards political unity if adopted (p. 551).

Dr Banda and **Nyasaland,** in their inimitable way, move closer to independence, somehow retaining their cheerful nonconformist regard for the individual and human rights (p. 572).

"Working party Three" of the Organisation for Economic Co-operation and Development plans to reconcile **growth** and **financial stability,** as America urges financial co-operation on the continental countries (p. 594).

Central Africa offers little hope for anyone pursuing a centre position. The problem may be an African one, but the burden and the responsibility will rest with Westminster (p. 556).

Racing Backwards

India now acknowledges that its conflict with China may be long and difficult. It raises some illuminating questions for Asians and Africans on the subject of **non-alignment** (p. 545).

Mr Nehru on the home front is encountering a peculiar blend of Indian strife and unity (p. 571).

The high risks of east European political life seem to have cost **Bulgaria** a prime minister (p. 555).

Australia, aware that neighbours may menace her one day, is thinking of increasing her defence budget (p. 574).

British Guiana continues to race against itself (p. 556).

Yemen has become not only a battleground but a playing field as well for a number of its Near Eastern big brothers (p. 555).

Standing Still Rapidly

This week the American voters registered approval for President Kennedy's programme but with qualifications—and Cuba seems to have had little effect on their decisions (p. 563.)

The American Administration is maintaining an attitude of vigilant caution towards **Cuba** in particular and the **Russians** in general (p. 564). To facilitate this it has been restricting **access to the news** (p. 568).

The American **balance of payments** did not fare very well in the third quarter (p. 566).

Nor did the American **steel industry** (p. 568).

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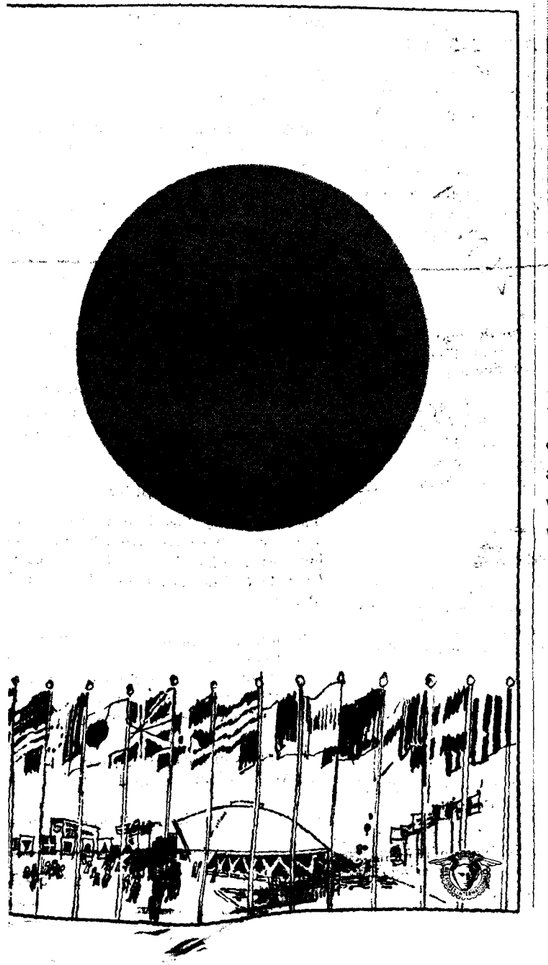

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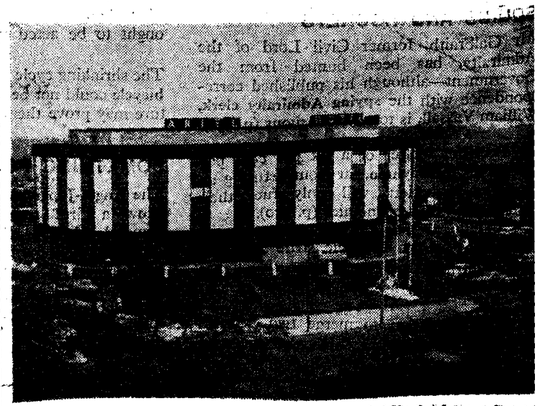

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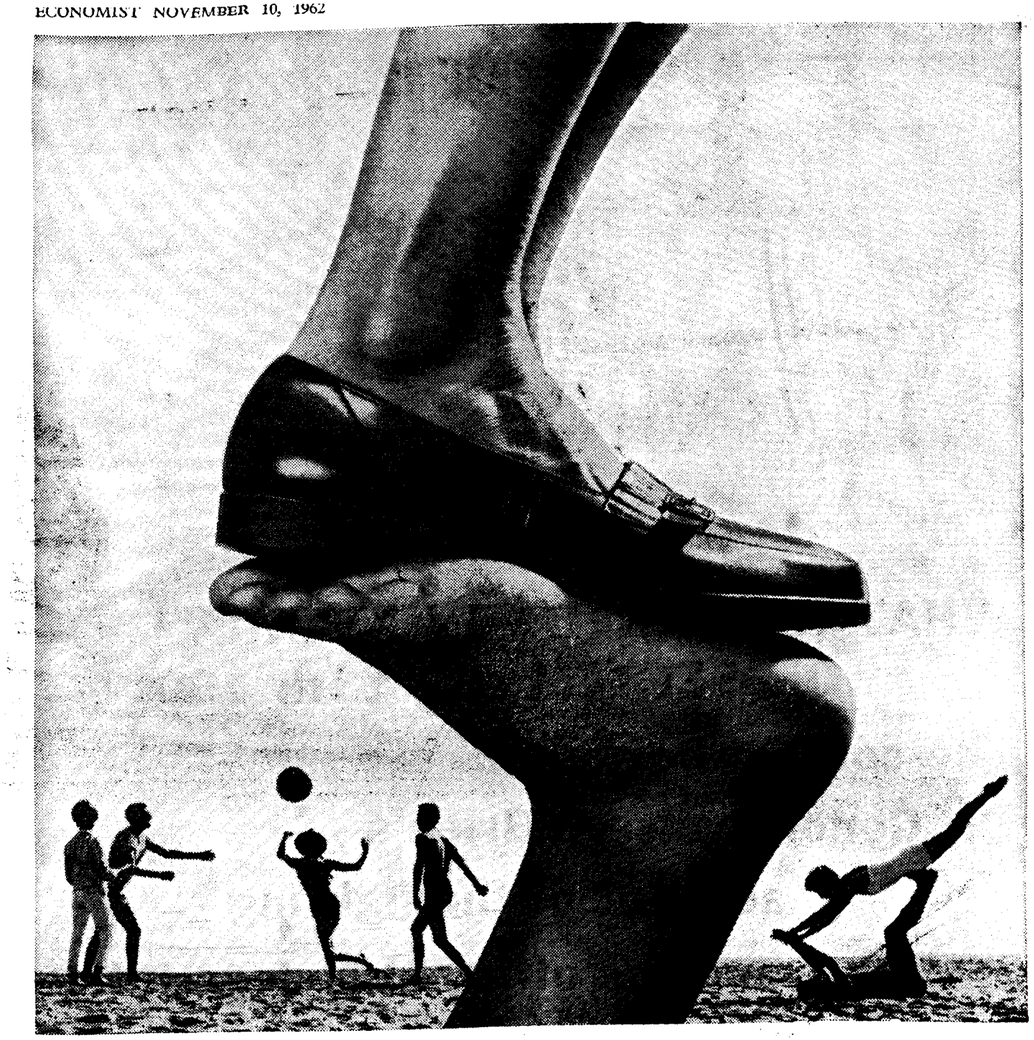

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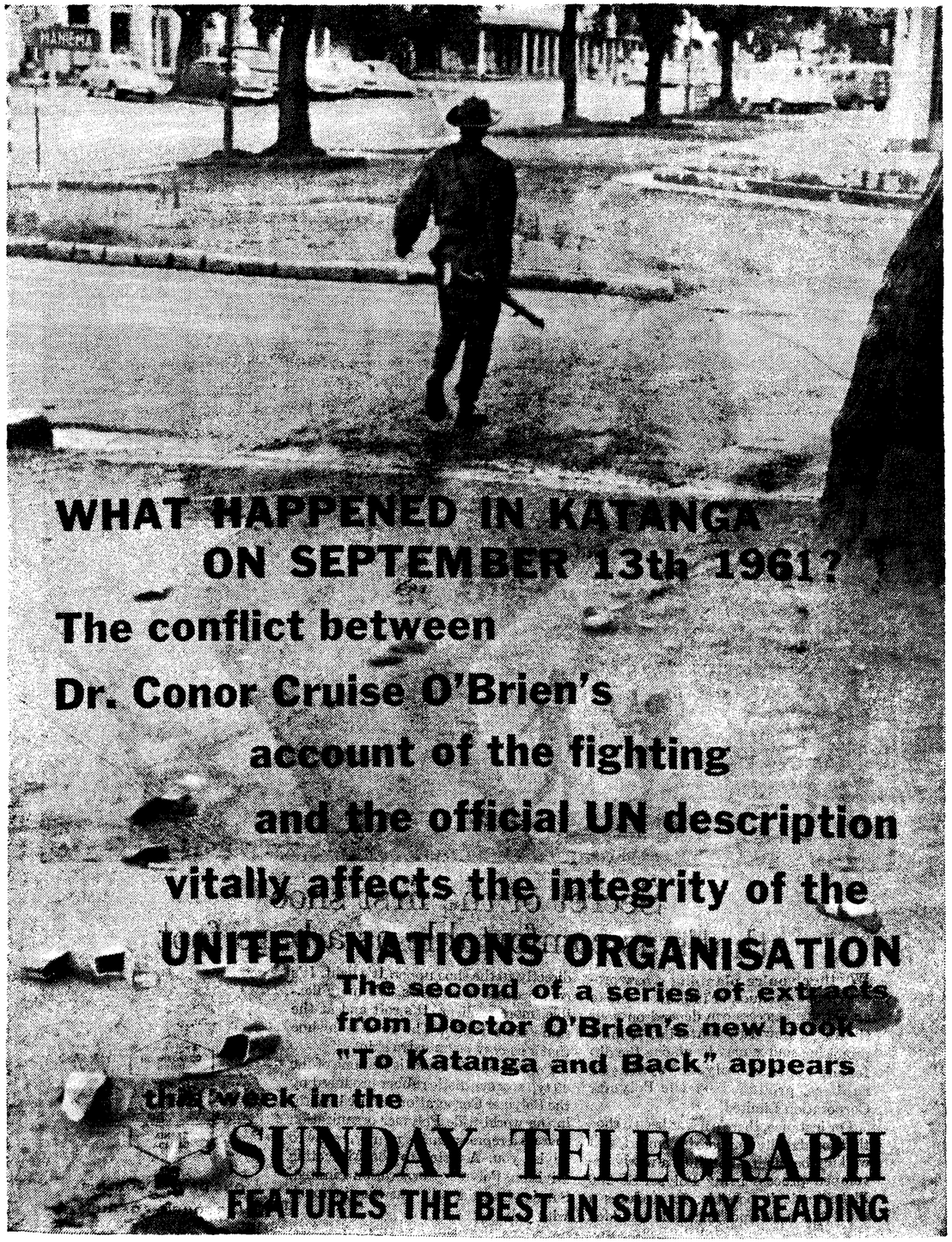

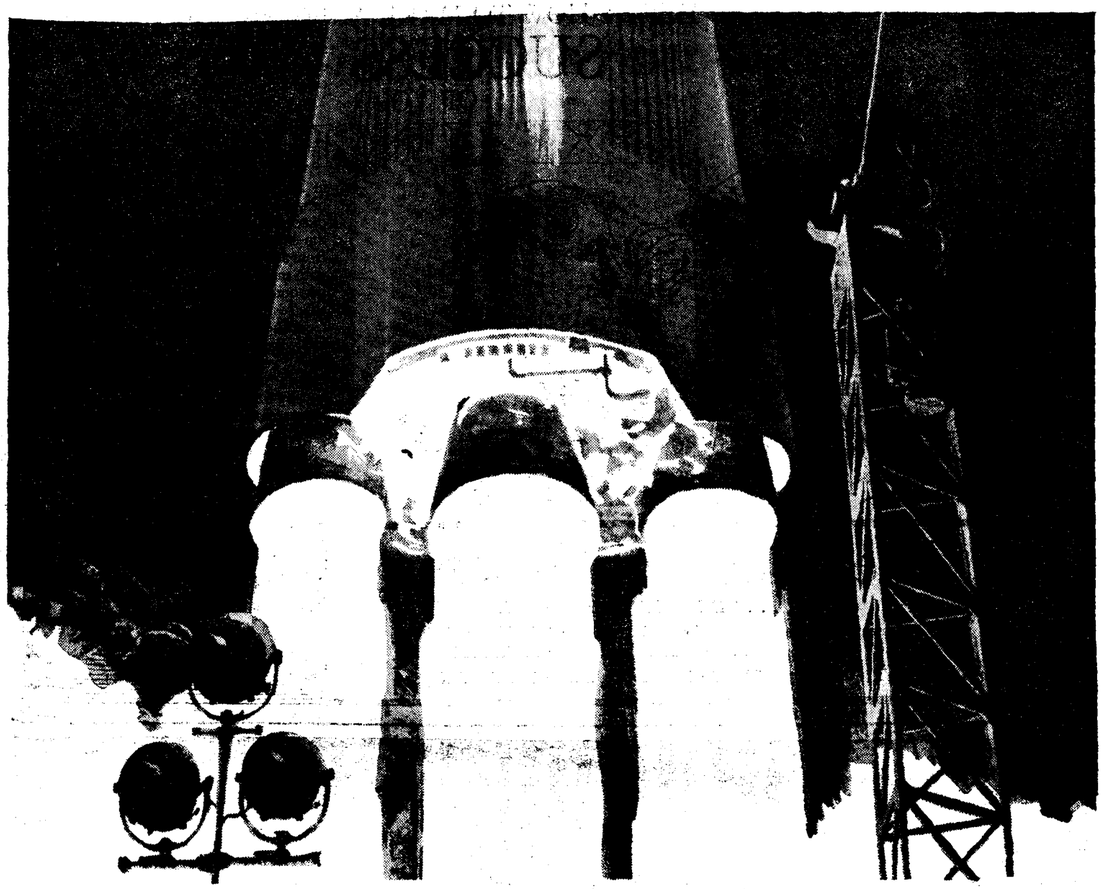

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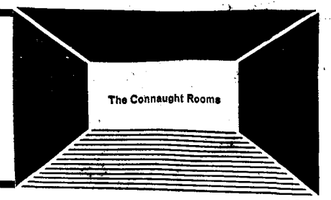

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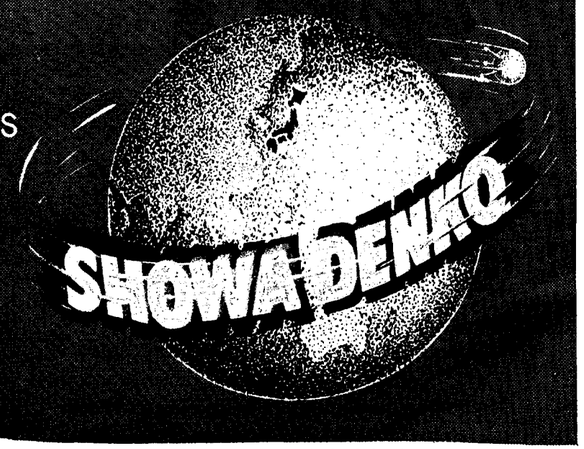

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A Not So Little Budget

THE least apposite description of Mr Maudling's activities this autumn is to say that he has introduced a little budget ; in two rather untidy dollops, produced within almost exactly a month, he has in fact introduced a pretty big one. Following his £112 million worth of measures announced at the Mansion House banquet on October 4th (£42 million to postwar creditors, £70 million on to public investment but spread over eighteen months), the Chancellor of the Exchequer has now taken between £55 and £60 million a year off motor car purchase tax and has permitted bigger allowances and speedier write-offs for new investment in a way that will eventually (some time in the second half of the 1960s) cost the Exchequer a full £100 million or more a year. The effect of these capital allowances in propping up private investment next year is extremely difficult to guess, but in the later months of 1963 at least most past experience suggests that it could be quite noticeable. The net "reflationary" impact in 1963 of the Mansion House and Guy Fawkes day measures combined could therefore possibly be something around £200 million: the equivalent, say, of having introduced an autumn budget and lopped a full shilling off the standard rate of income tax. Next only to Mr Amory's pre-election budget in 1959 and to Dr Dalton's immediate postwar budget of 1945, this could in fact be called—with only a little verbal cheating—the third largest sudden injection of tax reliefs in British fiscal history.

The next questions to ask, therefore, are whether Mr Maudling has given away too much or still too little, and whether he has distributed his reliefs in the right way. The best yardstick of his scope for adding to demand is presumably to be found in the National Economic Development Council's recent programme for 4 per cent annual growth between 1961 and 1966. This programme in effect suggested—although Mr Maudling barely mentioned poor Ned on Monday—that the total of real demand exerted upon British production ought to be pushed between £1,150 million and £2,000 million higher next year than it has been allowed to reach this year. A rise of £1,150 million would be required to achieve 4 per cent growth between 1962 and 1963 ; a rise of nearly £2,000 million would be required to achieve 4 per cent annual growth for the whole period between 1961 and 1963, and thus make up for the short fall of growth in 1962 itself. Even when allowance is made for the rise in consumption that already seems to be in train—and for the multiplier effect of Mr Maudling's new measures themselves—most economists would calculate that the growth of demand in 1963 still looks like being only somewhere around the smaller of these figures, and certainly well below the larger of them.

The Chancellor can therefore be accused of releasing too much total demand only by those who believe that Ned's aspirations are all nonsense anyway ; or by those who argue that there are some special factors relating to manpower costs, imports, exports or the general trend of the world economy which make it inappropriate to start expansion rolling straight away. It is difficult to see what these special factors can be. The argument that a "shortage of man-power" makes it impossible to increase production has now begun to lose much of its force ; indeed there is increasing evidence that there was some mis-reading of how much force it ever had. British industry installed a lot of labour-saving machinery during the investment boom of 1959-61, but then emolliently proceeded not to save labour, with the result that by the middle

1961—just at the time when Mr Selwyn Lloyd's advisers were saying that he must slow down production because of a grave shortage of manpower—most factories' labour forces were in reality overmanned. That is why in Britain, as earlier in America, this year's rise in production has so far been achieved by an increase in productivity, not by an increase in employment; with the bulge of more school-leavers becoming available, unemployment figures have therefore been moderately rising. Similarly, it is difficult to ascribe the continuing rise in wage costs to an excessive demand for labour, especially as the biggest wage offer this autumn (Dr Beeching's 6 per cent to the railwaymen) has just come in an industry which is desperately trying to get rid of a surplus supply of it. The railway offer and the disappointing watering down of the terms of reference of the National Incomes Commission (discussed in the following article) give cause for concern that Britain is once again entering a period of attempted expansion without having devised a wages policy, but they are not in themselves convincing arguments against re-expansion itself.

Another cause for worry is that there may well be a sharp rise in imports as demand re-expands, because stocks of imported raw materials are currently low; but the short-term burden of import restocking is one that would have to be shouldered some time anyway, and there is no obvious reason for preferring later to sooner. The Government's previous argument that any increase in home demand would be likely to divert goods from exports has now been stood rather breathlessly on its head: on Monday Mr Maudling said that one of his main reasons for increasing home demand for cars was his belief that this would help car exports by enabling "the industry to strengthen even further its competitive position abroad."

It is right to regard the new argument with as much suspicion as the old. The real truth is surely that, while a depressed level of general profitability may inhibit firms from taking risks in searching for new export outlets, a sudden large burst of new home demand can sometimes cause them to divert goods from existing ones. Possibly (but not certainly) the very large boost now to be given to domestic car sales may have this latter effect on the motor industry—which would provide a just criticism of the way in which Mr Maudling has concentrated his reliefs so heavily on this one special case, but not of the total amount of added demand that he has generated.

Finally, some cautious people will say that it is risky to increase home demand just now because demand in America and Europe may be going to slow down; these are the apostles of what Mr Selwyn Lloyd called last April a policy of "laying a foundation for sound growth," which turned out to mean introducing a deflationary budget just as the world was teetering along the approach road towards a real danger of recession. One much prefers Mr Maudling's prescription of trying to persuade all the big industrial countries to re-stimulate their demand together; he will be urging this strongly at the Organisation for Economic Co-operation and Development meeting in Paris at the end of this month. After that, it may even be right for him to try to reflate the British economy still further: either by further reductions in indirect taxation in January when Christmas shopping is over; or else in next April's budget (although, now that the promise about capital allowances has been added to the promise about ending Schedule A, that budget is already the most heavily mortgaged one in history).

All in all, therefore, Mr Maudling cannot easily be accused of having gone forward too fast. Indeed, it may be a fairer criticism to say that he is still proceeding too spasmodically step by step, although the degree of slack he has inherited is at present permitting each step to be in the nature of a pretty large leap. The direction of the reliefs he has chosen is a different matter. This question is discussed in detail on pages 589 to 592. Only two general points will be made here.

FIRST, the increases in investment allowances that he has granted have the disadvantage, as a fiscal weapon, of looking pretty makeshift; they will do nothing to dispel businessmen's present assumption that tax allowances for investment are likely to go on being as changeable as a chameleon (or as the Chancellorship). They also have the disadvantage, as a stimulatory device, that nobody can really be sure after what time interval they will induce their main effect. They may serve to increase investment next year, as Mr Maudling hopes; or their real effect may be delayed until much later, perhaps even until after business confidence has been restored by a (still very hypothetical) Conservative victory at the next general election—which may not be at all the time when a great new upsurge in investment will be needed. There is by now increasing reason for doubting the familiar economic assumption that special temporary inducements or disincentives to more investment are a sensible way of dealing with downturns or upturns in the economy. Mr Maudling would have done better to seize this opportunity to put tax allowances for investment on a more settled-looking if more generous and radical new basis; in particular, he need not really have been so scared of the so-called "costs" of allowing industry to take its depreciation allowances as and when it chooses. Thereafter the way would have been cleared to rest future anti-cyclical policy more specifically on measures to revive or restrain consumption, which can generally be expected to work much more quickly and smoothly.

Secondly, the particular reliefs for consumption that Mr Maudling has chosen really do look rather odd. If he had been drawing up a genuine budget, with an estimated £100 million to give away to consumers for the coming year, nobody would really suppose that he would have decided to give it all to 60-63 year old men and 55-58 year old women (as in the Mansion House speech) and (as in this week's speech) to people who happen to want to buy motor cars. He would have chosen his mixture for consumers from a much wider field, including both direct and indirect taxation. No doubt part of Mr Maudling's explanation would be that he was not introducing a genuine budget. But why didn't he? It is not really a very good excuse to say that the need to get Parliament to enact a small-scale additional Finance Bill would have disrupted the rest of the legislative timetable; there were several measures in the Queen's Speech that could easily have been pushed further back in the queue.

It is hard not to suspect that the real reason was that Mr Maudling had already publicly stated that he did not expect to introduce an autumn budget, at a time when he was still trying to persuade the Treasury that he was not really going to be a too radical new broom. Mr Maudling's difficulty from the outset is that his job has been to reverse the policies of his predecessor, while all the time pretending that he was not doing so. From this polite pretence has sprung both the untidy timing of his successive dollops of measures, and their frankly rather lop-sided effect. The engine thereby seems to have been restarted with an awkward splutter rather than a smooth and purposeful hum.

No Help from Nic?

Mr Geoffrey Lawrence

THE membership and terms of reference of the National Incomes Commission are extremely disappointing. To assist Mr Lawrence, QC, who is to be Nic's chairman, the Treasury has appointed a professor of industrial relations with extensive previous experience as chairman of several wages councils and as a member of the old industrial disputes tribunal (that is to say, a leading figure in precisely the old sorts of arbitration body whose modes of thinking the new system was originally supposed to reverse); *plus* a chartered accountant who has recently retired from long-standing service as a full-time member of the London Transport Executive (that is to say, from precisely the body that has been most widely criticised for its retreats before trade union pressure—as witness its agreement in this last week that labour-saving Routemaster buses should not be allowed to save labour); *plus* a solicitor who has been secretary of the association of municipal corporations (where he must have got used to public salaries chasing arbitrationally after private salaries) for the last eighteen years. It is no disrespect to these distinguished and seasoned sexagenarians to apprehend that for them to become the spokesmen for a revolutionary new policy of determinedly resisting inflation-by-arbitration would involve a rough departure from the dutiful habits of thinking of a lifetime.

Moreover, their terms of reference specifically discourage them from making any such departure. The Government has apparently abandoned any intention of asking Nic to comment on any wage claims while negotiations on them are still in progress, unless the parties involved specifically agree. Sometimes the Government will ask the parties to be kind enough so to agree, but it will have no power to say that Nic must have a right of immediate free speech if the unions concerned object. When an inflationary settlement has been reached, the Government will be able to ask Nic to say retrospectively how frightful it was; but even this right will not apply to inflationary settlements that have been reached through arbitration—which seems to destroy most of the limited potential usefulness of this sort of post-dated critique. Finally, the Government will be able to ask Nic to pronounce in advance on the wage claims of workers in the public service (but not in the nationalised industries), and even here only on those claims that are not referred to other forms of arbitration.

In making its *ex cathedra* or other pronouncements, Nic will be adjured to look to two of the right criteria—namely, to the "manpower needs" of the industry concerned and to the guiding light of the "long-term rate of increase in national production." It is also asked to tell the Government whenever it thinks that profits are going too high, and to advise it in those circumstances to raise profits tax. But an additional and separate factor to which it is told to pay regard in judging any wage award is "the desirability of paying a fair reward for the work concerned." It is precisely this reasonable-sounding principle that has been the main breeding ground of arbitrational wage inflation in recent years. It has almost invariably been taken to mean that people in industries and areas where more workers are not needed must be given the same wage increase as people in industries and areas where more workers are needed. The industries that do need more workers have then had to raise their wages further to restore the previous labour-attracting differential. It is thus that cost inflation (and the recurrent need to stop industrial expansion) gets set in train.

At a moment when Mr Maudling is rightly starting to re-expand the economy, it is depressing news that these terms of reference to Nic and the latest wage offer on the railways (see page 550) suggest that the whole idea of a coherent national incomes policy has been abandoned. Once again we drive off with an accelerator and a brake, but it has been regarded as politically and administratively too difficult to have a steering wheel as well.

India Invaded

China's push south must force some hard rethinking upon others as well as upon the Indians

"THIS is no longer a border issue with small skirmishes on the mountains, but an invasion of our country," said Mr Nehru on November 2nd. On this one point, Chinese and Indians are agreed. The Peking press writes of "India's invasion of China" (and of "close blood bonds between the Indian expansionists and the British imperialists"). The Chinese premier, Mr Chou En-lai, said on November 4th that India was buying arms in order to "launch a new large-scale attack," and defiantly proclaimed that, if India was bent on using force, China would not succumb to it. True, in the Chinese version there is an odd absence of the usual accompaniments of a tale of unprovoked and ruthless aggression. Peking has published no photographs of refugees driven from their homes by advancing Indian "aggressors." Organised indignation in China is still curiously concentrated on the perils that threaten Cuba, half a

world away, rather than on those that have, allegedly, actually materialised on China's own soil. Nor has Peking troubled to provide any serious explanation why India should have decided to carry fire and sword into peace-loving China. No doubt these deficiencies will be made good in due time.

In outline, the stages of development of what is now a war in all but name are already reasonably clear. Although China has for years maintained theoretical claims to very large areas —roughly the size of Britain—at both ends of its frontier with India, and to smaller areas north-east of Delhi, its physical encroachment on Indian territory had, until last month, been on a large scale only in north-east Kashmir. There, in the desolate tundra area in Ladakh known as Aksai Chin, between the Karakoram and Kunlun ranges, the Chinese built their now famous military road, running for a hundred miles across territory to which India had a long-established claim dating from pre-British treaties. The fact that it took the Indian government several years to find out what the Chinese had been up to in this remote, empty corner lent a certain plausibility to China's case: clearly, Aksai Chin was not being effectively administered, or even patrolled, by India. But Indian indignation was fired by the deceptions that China had practised (Mr Chou had repeatedly reassured Mr Nehru that the maps published in Peking showing these areas as Chinese were nothing to worry about, they would be revised).

When Indian patrols probing toward Aksai Chin found their way barred by a chain of strong Chinese military posts, the gloves began to come off. Shots rattled between patrolling parties in the vast silences of Ladakh; diplomatic notes of increasing sharpness rattled between Delhi and Peking. Indian opinion rallied to the simple, if impracticable, slogan "Throw the Chinese out." Peking talked no more of revising maps, and its studied reticence suggested that it too had a simple, but unspoken, slogan: "What I have I hold."

At this stage it was arguable that China's only serious interest was the Aksai Chin road, which is of real military value to it as a means of moving troops and supplies from bases in Sinkiang into troubled Tibet. Such local pressures as China applied further east along the 2,000-mile frontier were, then, merely reminders to India that it had better renounce the lost areas of Ladakh if it wanted its other borders to be left in peace. Certainly Peking gave several indications that, if Delhi would back down over Ladakh, the Chinese claims at the Assam end of the frontier would be quietly abandoned—as the related claims on Burma were dropped in 1960.

It is difficult, however, to explain the scale of China's present activities as still being aimed only at inducing India to leave Aksai Chin alone. China's army is the largest in the world, and the phalanx of marshals in Peking is doubtless as formidable a lobby as its counterpart in Moscow. But are the military top brass so unchallenged in China that their wish to secure a useful but secondary line of communications should have swung their country's foreign policy on to a course that is having a cathartic impact not only on India but also on world opinion?

True, the Chinese depict themselves, and to some degree perhaps even regard themselves, as merely reacting to the limited but vigorous attempts that the Indian army made during the spring and summer to turn back their glacier-like encroachments in Ladakh. When, in early September, the Chinese began to move at the Bhutan end of the McMahon line, it seemed conceivable that they only meant to show India that they, too, could make trouble. But in October came the heavier onslaughts that have brought the Chinese to Towang, at the Bhutan end of the line, and Walong at the Burma end; and the pause that followed has been broken, as our correspondent in India notes on page 571, by news of fresh movements in Ladakh that indicate an advance by the Chinese across the line they themselves claim as the border.

It is their attack in the extreme east that now has the most menacing look, although it is still on a small scale. Winter must make campaigning virtually unthinkable in bleak and lofty Ladakh, where, moreover, the main Himalaya range still lies between the Chinese forces and the Indian plains. The threat to the Brahmaputra valley, and particularly to the oilfields around Digboi, is much more direct. Already the Chinese spearheads here are over the main range and penetrating into areas which, although wild and sparsely inhabited, are not a mere desolation like Aksai Chin. Fear of a Chinese bid to seize the whole of Assam—which in past centuries has experienced other Chinese invasions—and thus to encircle Burma and drive a wedge between India and south-east Asia, has gripped many Indian minds. Assam is not easily defensible, and its valley could become a trap for its defenders.

Whether or not the Chinese have thus enlarged their aims, their new action has forced not only Indians but people in many other countries to think urgently about the implications of invasion. First reactions, which in general were pretty crude, have been followed by second thoughts. In the non-aligned Afro-Asian world, news of the sharper conflict at first set off a number of naive appeals to India and China to kiss and make friends. This suited Peking, which naturally was willing to start the bargaining from the position of "actual control" of territory; equally naturally, it annoyed Delhi, which feels it is already making a big enough concession by offering to negotiate if the Chinese retire only to their positions of early September. But Indians have been heartened by subsequently receiving warm assurances of support and sympathy from such figures as President Makarios, the prime ministers of Malaya and Nigeria, and nationalist leaders in East Africa (where Mr Kenyatta's parliamentary secretary, Dr Kiano, has commented that "China will lose whatever sympathy she might have gained in Africa"). President Nasser, who began by taking a formally "neutral" but in effect pro-Chinese stand, has shifted in India's favour; only Dr Nkrumah has clung to the pro-Peking limb that he had unaccountably crawled out on to.

Some commentators have been quick to announce the death of non-alignment; not only as a policy for India, but as a force in the world. They argue that the Cuban and Himalayan conflicts have been two simultaneous and clinching demonstrations of the use of naked power, in utter contempt of "uncommitted opinion." There is no doubt that some who claimed too much for "moral pressure" have been sobered. There is equally little doubt that China's actions have destroyed the already wan prospect of Asian-African solidarity on a "Bandung" basis—that is, of a common front between non-aligned and communist states. If India had found no backing among the other non-aligned countries represented at last year's Belgrade conference, the Belgrade grouping would also have been destroyed, for without India it would count for little in the world; and then it might indeed have been time to speak of non-alignment as dead. To do so now would be premature.

Non-alignment may, indeed, emerge purified and toughened from the experience. The real casualty in the Himalayan fighting has been the communist powers' attempt to use the non-aligned as a weapon against the West. Russia's successive veerings, first to a stand distinctly favouring Peking, then back to a thoroughly uncommitted one, may or may not reflect the impact and ebb of the Cuban crisis, but they certainly show how embarrassing the whole India-China clash is to Mr Khrushchev as well as to the luckless Indian Communist party. On the other hand, Pakistan's predictable but unhelpful attempts to exploit India's difficulty have not embellished the image of western-orientated alliances in Asian and African eyes. The ousting from office of Mr Krishna Menon, who on Wednesday was forced to quit even his residual position as minister of defence production, may make for better prospects of some accommodation between India and Pakistan; but at present it seems that the older Kashmir quarrel still bars the way to any closing of ranks against the new intruder in that area.

For the Chinese and their friends, it is now an obvious gambit (indeed, the only one open) to depict India as having thrown itself into the West's arms, sacrificing Mr Menon to appease the "imperialists" and letting itself become a pawn in a plot to set Asian against Asian. The only thing lacking about this argument is some connection with fact. It is only too painfully obvious that India neither sought war, nor even got ready for it; that it turned to the West for arms only when dire necessity left it with no alternative; and that the United States and its allies have—so far—been as scrupulous in taking no advantage of India's need as they have been ready to help meet it.

The challenge to them now is to continue on a well-chosen course. When the first shock of crisis is over, it may be less easy to hold western policy steady on this line. One can hear in the mind's ear the coming rumbles of complaint at the idea of continuing to lend power to Mr Nehru's elbow without exacting some political price. Delhi is now bracing itself for a long struggle. If it does prove a long one, there will be need for some more searching rethinking about the role of non-alignment in world affairs—not only in India, not only in Asia and Africa, but in the West too.

Khrushchev after Cuba

Are Mr Khrushchev's colleagues and friends awarding him the dove, or the umbrella?

Cloaked in the mantle of saviour of the peace, Mr Khrushchev has presided this week over Moscow's celebrations of the 45th anniversary of the October revolution. Signs suggest that this has not been the serene, triumphant occasion that Soviet propaganda would have it. It was preceded by the hurried visits of the east European leaders (Mr Novotny, Mr Gomulka, Herr Ulbricht, Mr Zhivkov, and last of all Mr Kadar) for urgent bilateral talks. Mr Mikoyan, the chief Soviet diplomatic and commercial traveller, was away in Havana, trying to obtain Dr Castro's blessing for Mr Khrushchev's deal with Mr Kennedy over Cuba. In Moscow, the aged, disgraced and often humiliated Marshal Voroshilov had to be picked from the dustbin of history to proclaim in *Pravda* mankind's gratitude to Mr Khrushchev for his performance. The Soviet press would not need to harp on the theme of success if there were no critics in the Soviet Union to judge Mr Khrushchev's exercise in brinkmanship as a failure; the sterner ones would award Mr Khrushchev not the dove of peace, but the umbrella of appeasement.

That the Cuban crisis has divided the communist world, and will continue to do so, is obvious enough. The events of October in the Caribbean have brought out with the greatest possible drama all the crucial points of division that have marked the communist world during the last three years. These divisions are summed up, for the sake of simplicity, as the Sino-Soviet controversy about coexistence. Mr Khrushchev's version, after his escapade of putting nuclear arms into Cuba, is still, and perhaps more soberly, that since the only alternative lies in nuclear suicide, it is necessary to coexist with the Americans. To come to terms with them on, for instance, disarmament would release scarce economic resources within the communist block. This coexistence need not, in his view, be static. The ultimate victory of communism will be assured by its superior rate of growth; it can expect to spread to the underdeveloped countries undisturbed under the protection of the nuclear stalemate; and the Cuban adventure, frustrated though it was, shows that all the time strategic advantage will be seized where it can be got.

Ever since the failure of the Paris summit meeting in May, 1960, Mr Khrushchev has been compelled to put an increasingly dynamic interpretation on his doctrine. Far from shifting resources to civilian use, he has in fact reversed the downward trend in the defence budget and spent more both on nuclear and on conventional forces. The Soviet public has experienced the consequences of this action through such unpleasant measures, introduced this year, as putting up the prices of meat and butter and postponing the abolition of income tax.

Mr Khrushchev also had to yield ground on the subject of communist action in the uncommitted third of the world. At each successive intra-communist compromise, he had to attack the United States more violently as the "international gendarme" and to pledge increasing communist support for revolutionary movements of Asia, Africa and Latin America. By such concessions to the critics he was able to preserve the practical essential, the right to seek a dialogue with the American President. For a time Cuba served Mr Khrushchev as an invaluable argument in the internal communist controversy. Dr Castro was the living proof that the policy of

coexistence did not prevent communism from spreading up to the very frontiers of the United States.

How much in the Cuban rocket bid was preconceived design, how much miscalculation and improvisation, to what extent Mr Khrushchev acted under pressure and to what extent of his own accord, are still altogether uncertain. The Soviet leader's various voltes-face between October 26th and 28th led even the Soviet press into embarrassing discrepancies. The crisis was too swift and too sudden, the decision too important for Mr Khrushchev to have brought the cumbersome central committee into play. He must, on the other hand, have consulted the party presidium ; and he will have used the permanent staff of the central committee, which carries out party policy under the supervision of the secretariat, to inform himself of the general mood, including the mood of the soldiers.

The Russians have now to assess the consequences of the Cuban peace. A perusal of the Soviet press shows along what lines they can best be construed in Mr Khrushchev's favour. He did not give in (the construction runs) on the essential question of Cuba's independence: on the contrary, he has won for the Cubans an official American pledge not to invade. At the same time, he claims the gratitude of mankind for preserving it from nuclear disaster. These were the kind of claims made for him by Mr Kosygin in his moderately phrased speech on Tuesday. If he believes in the existence of this fund of gratitude, one may expect him to try to exploit it: perhaps using the forum of the United Nations Assembly, where, borrowing arguments from the American book, he might plead once more for the abolition of all missile bases on foreign soil. But he may prefer not to stir up more controversy in public so long as the chance exists of useful talks with President Kennedy on disarmament, Berlin, and other matters ; and, rightly or wrongly, he may think that this chance has been improved. On this theory the Cuba crisis may not mark the bankruptcy of the Khrushchev line at all ; it could inaugurate his vindication.

There are plenty of communist voices to question this hopeful view. When Peking protests loudly that Dr Castro is right, and the American pledge no more than a scrap of paper, it is Mr Khrushchev who is being attacked. The Peking communists have seized on this opportunity to represent themselves, to the detriment of Russia, as the true and foremost friend of brave foreign revolutionaries under imperialist threat. The pro-Cuba demonstrations in Peking were organised in a big way and sustained long after the crisis was, in Moscow's version, past ; tens of thousands of people marched past the Cuban embassy in Peking on three successive days last weekend. The *People's Daily*, on October 31st, called the American promise not to invade Cuba "nothing but a hoax." This is the persistent theme of Chinese comment, and the direct antithesis of the Russian claim that Mr Khrushchev, in getting Mr Kennedy's assurance, has done well for the Cubans.

ECHOES of the Chinese dissent are audible at many points in eastern Europe, and the rapid succession of communist leaders' visits to Moscow may be connected with the misgivings that have been aroused. Popular relief is all very fine ; but these leaders will be wanting to know whether the Soviet nuclear deterrent has not lost something of its credibility,

both in the minds of uncommitted governments and in the eyes of Washington. Criticism on these lines has had no encouragement from Mr Kennedy, but a good deal from the American press. In Moscow there will be Russian advocates of conventional forces to plead for money on the ground that nuclear weapons will never be used. The nuclear lobby will be demanding funds to rehabilitate Marshal Malinovsky's reiterated, but now hollow, boasts of Russia's superior striking power. (The Marshal sounded more subdued in his anniversary utterance on Wednesday.) Both groups may press for a showdown on more favourable ground to redress the balance and restore the credibility of the Soviet military machine. The fact that Mr Khrushchev thought it worth while to seek Marshal Voroshilov's sanction suggests a genuine anxiety in the Kremlin about a potential alliance between discontented generals and sympathisers of the "anti-party" group.

A TEMPORARY coalition between the soldiers and the pro-Chinese wing would not be so absurd ; it has always been the gist of the Chinese accusation that, in cultivating its own garden, Moscow fails in its revolutionary task in the world and, secondly, that a deal with the United States can be, at best, an unholy alliance for the preservation of the *status quo*. A strong attack on dogmatists in the latest issue of the international communist journal *Problems of Peace and Socialism* is one indicator of the argument that evidently goes on. This was published on November 4th ; though presumably written before the Cuban crisis, it suggests that opposition to a peaceful accommodation with the west has not been silenced. The article complains that, although the dogmatists do not oppose peaceful coexistence in principle, as soon as "concrete actions" for peace are needed they begin "moaning" about a "retreat from principles" and "fear of capitalism."

Naturally, Mr Khrushchev need not yield to the pressure on his left (if that is the right word for it), any more than Mr Kennedy is at the mercy of his right. He may even seize this crisis as an occasion to show the Chinese that their scattered European supporters carry no weight. But the days have gone when criticism within the communist block could be wholly silenced. Dr Castro is not falling into line without a murmur, as a satellite would have done in the good old days. Mr Khrushchev admitted to journalists on Wednesday that, unlike the Russians, the Cubans do not trust the American pledges. Should they prove right, he added, it would mean war.

Peking will see to it that its point of view remains articulate. The criticisms will not be too hard to handle if the Cuba settlement does work out fairly well from Dr Castro's point of view, if coexistence prospers and the Khrushchev line pays dividends, particularly economic dividends at home. But should Dr Castro fall, should the United States overplay its present strong hand, or should the east-west tension build up again, then the least that could happen to Mr Khrushchev would be a radical, and enforced, change of line. It is to that extent, oddly enough, in President Kennedy's hands whether the Soviet leader can turn his miscalculated risk into a success, or whether the Caribbean adventure marks the end, if not of Mr Khrushchev, then of the policies, or at any rate, attitudes associated with his name.

NOTES OF THE WEEK

CUBA

Please, Fidel

BACK from the brink himself, Mr Khrushchev can scarcely relish the sight of Dr Castro still waggling his toes over the edge. On Thursday afternoon, six days after Mr Anastas Mikoyan arrived in Havana to begin the coaxing of Castro, the Cuban leader had still not been eased back on to solid ground. It had, indeed, been agreed that the United States could count departing missiles on ships that had left Cuba, and that the International Red Cross could inspect ships heading for Cuba to make sure that no more missiles were going in. But the undertakings Mr Khrushchev has made to Mr Kennedy (and which, according to one report, he repeated through Mr Kuznetsov, his special representative in the United States, on Sunday) go further than this. Mr Khrushchev said in his letter of October 28th that "representatives of the United Nations may verify the dismantling"

Good-bye Missiles?

of those weapons "which you call offensive." This left it up to the Americans to decide what they thought was offensive ; they have included the twenty or so Il-28 light bombers that reached the island before the blockade was screwed down.

Dr Castro, however, trying to salvage something from the wreck of his nuclear alliance with Russia, was still clinging on Thursday to the five demands he had put to Mr Kennedy. There is no call to be piously shocked about this ; Dr Castro would obviously like to get a guarantee, not just against outright invasion, but also against all the other measures by which his regime might be weakened or subverted. Whether he can really hold out for such a guarantee is another matter. Mr Mikoyan, mindful of the explicit promises made by Mr Khrushchev, and of the fact that Russian ships have already turned back from one blockade, is unlikely to risk another—doubtless a stiffer one this time, covering, say, shipments of oil as well as weapons—in the dim hope that the Americans will politely agree to evacuate Guantánamo. It is even less likely that he is drawing things out while missiles and bombers are stuffed into Cuban caves, to pop out again later when the Americans are not looking.

The risk Dr Castro is taking is that, if he refuses to be inspected at all, he will forfeit even the American promise not to invade. Perhaps Mr Mikoyan and Dr Castro are still hoping to get President Kennedy to agree to some minimal condition for UN inspection: for instance, an undertaking that the United States will not train anti-Castro guerrillas on its territory. This would be a pretty limited sort of promise ; it might be worth making, and accepting, if it got UN inspectors into Cuba without the complications that would be involved in further American action.

How Close It Was

ONE very good reason why Mr Kennedy and Mr Khrushchev may choose to tie up the loose ends of the Cuban affair as amicably as possible is their knowledge of just how close to war they were two weeks ago. There is evidence that the progressive mobilisation of each side's nuclear striking forces came fairly close to the point at which it might have been judged better to send them into action than to hold them back. The Strategic Air Command—the force of 1,500-odd long-range bombers that carries the bulk of American nuclear weapons—normally keeps half of its planes on the runways ready to take off at fifteen minutes' notice, and a handful up in the air on "airborne alert." It is now reported that, during the crisis, the number on airborne alert was increased, and virtually all the rest were put at 15-minute readiness. Some were dispersed to civil airfields to improve their chances of escaping a surprise attack.

These American measures were undoubtedly precautionary ; their purpose was to guard SAC against the possibility of a Russian first strike, and there is no evidence that the United States was planning to strike first itself. But Mr Khrushchev, who must certainly have known of these preparations, was not to know for certain what their purpose was ; nor can he have been sure what, for example, Mr Kennedy's Polaris submarines were up to. If he had panicked, he might have ordered his own nuclear forces into action for fear that they were about to be destroyed on the ground. Even short of this, however, he must have felt obliged to heighten his own state of readiness. These Russian moves, in turn, might well have pushed the Americans a stage further. For instance, any sign that the Russian missiles in Cuba (against which the United States has no real radar coverage) were being prepared for firing might have precipitated a pre-emptive strike against them, which could well have been mistaken for the outbreak of general war. In 1914 the mobilisation machinery of the powers, once set in motion, carried Europe inexorably, perhaps unnecessarily, to its fate. Today's machinery of nuclear mobilisation works in hours and minutes, not days ; two weeks ago it began clanking before, praise be, it was stopped.

PARLIAMENT

Commons on the Market

BY the end of the first day of this week's common market debate it was clear that this parliamentary occasion would not produce the long-awaited crunch between Government and Opposition. Indeed the whole debate so far has been befogged by the political manœuvres of both parties. The Government is intent on playing it cool. However much Llandudno may have braced Ministers at home, it has been something of a liability for them in Brussels, where the impression has been created that the highest authority in the Tory party has instructed the Prime Minister to get into Europe and not to count the cost. In opening the debate, Mr Heath had the difficult task of disabusing the Brussels delegates of this illusion, while at the same time showing himself warmly sympathetic to community aims. He acquitted himself admirably, once again showing himself complete master of his brief and even displaying some emotion when he came to deal with Mr Gaitskell's Brighton speech. Several times he sharply rebuked the Leader of the Opposition, principally for his refusal to recognise the magnitude of some of the concessions that the Government has obtained for other Commonwealth countries. Mr Heath also made it plain, in the nicest possible way, that the Government had no intention of accepting the Six's demand for an immediate abolition of agricultural deficiency payments on Britain's entering the market, and that he still intends to obtain real and detailed guarantees for New Zealand. These are the only two points on which it now seems that

a major revolt could be mounted within the Tory party.

For his part Mr Gaitskell has somewhat modified the tone of voice in which he speaks about the common market, although his basic position remains unchanged. For an Opposition party the form of words adopted in their amendment is not unreasonable, namely to welcome Britain's entry into the common market but to claim that Labour could have got more satisfactory terms. Unfortunately Mr Gaitskell paid only the most parenthetical lip service to the European ideal, and concentrated most of his speech on demanding concessions from the Six (sometimes sweeping ones, sometimes pettifogging ones) which he must know are unobtainable.

Basically, despite the verbal camouflage, the position of the two major parties remains unaltered. The Government is still determined to take Britain into the market at the earliest possible moment, provided the terms it can get are in any way tolerable. Short of some miraculous intervention, these terms will not be acceptable to the Leader of the Opposition, who will range his party against British entry. There will be dissidents on both sides, but to judge by the mood of the Commons this week they will be in a small minority on whichever side of the House they are found.

VASSALL INQUIRY

Ships or Sealing Wax?

THE published letters that passed between Mr Thomas Galbraith, the former Civil Lord of the Admiralty, and the spy William Vassall proved to be so laughably innocuous that those Labour MPs and newspapers who set up the hullabaloo over their existence are now under the strongest of moral obligations to explain and, where necessary, excuse their own behaviour.

Now that Mr Galbraith has seen fit to give them his head on a platter, his interpretation of honourable conduct appears visibly superior to theirs. The inquiry into the Vassall case has not gone far enough for any final conclusions to be drawn by outsiders about the state of security within the Admiralty at the time in question. Whatever may yet have to be said about that, the McCarthyite hounding of an individual minister (who has not even had a chance, so far, to give his evidence to the inquiry) on so insubstantial a basis as has now emerged runs clear contrary to the conduct of parliamentary or public life. Heaven forbid that any man's notes to his clerk on office carpets, crockery, paper clips and the North Pole should be deemed evidence of a questionable relationship. Mr Galbraith may be thought to have suffered a socially pressing and plausible junior colleague, which was how Vassall struck other officials at the Admiralty, too gladly (is that such a fault for a junior minister?), but to read any neglect of state security into these trivial missives is ridiculous. It seems an unnecessary sacrifice.

RAIL PAY

The Old Story

THE British Transport Commission's decision on Wednesday to bump up their offer to the railway unions by one per cent, to a total of six per cent, followed the script of an old familiar story. On Monday Dr Beeching had offered 5 per cent —which should already be enough to make some redundant railwaymen even keener to keep the jobs which it is vital that they be persuaded to leave. Of course, this offer (following an earlier 3 per cent rise for railwaymen last April) made nonsense of the Government's wages policy; of course, when making any wage offer at this time, Dr Beeching should have insisted on regional differentiation between the areas where railway labour is scarce and those where it is in large surplus; of course, the idea is moonshine that, in gratitude for his pay offer, the railway unions will also co-operate in accepting his axe. Still, in the tactical confusion surrounding the present struggle for the rational reorganisation of the railways, these absurdities were hastily allowed to pass.

The rail unions followed up with one of their ritual war-dances and claims for even more—designed, it seemed to outside observers, more to placate their militant executive members than actually to get even more. This was promptly followed by Wednesday's further concession, bringing the total cost of the wage increase to £18 million a year as opposed to Monday's £15 million. The commission added, dubiously, that this need not lead directly to fare increases.

The background to all this was a promise from the Treasury to stand £10 million worth of extra pay out of taxation: the rest is supposed to be found through savings in operating costs. So it would seem that an extra £3 million worth of losses will have to be eliminated as a result of Wednesday's settlement, which presumably means that the unions, in exchange for their rise, should be asked please to agree to the sacking of yet more railwaymen yet faster. One absolute need, however, is for proper compensation to be paid to those sacked; and thanks to Wednesday's decision there is now £3 million less to give them. It is a strange way to run down a railway.

But it is no stranger than the position into which London Transport have got themselves with their new large buses. They are now to be put on the road with no reduction in the frequency of services, and with no extra pay for the staffs who are to operate them, as a result of the refusal of the Transport and General Workers' Union to accept that their introduction should lead to economies which would be shared with the drivers and conductors. Is Ned Ludd really dead, or does he still live on in nationalised transport?

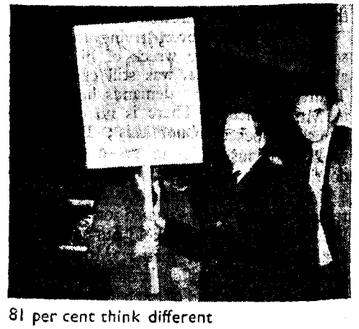
FORD STRIKE

Whose Past Record?

ON Monday, just as Mr Maudling was making his tax cuts on cars, it was announced that at the end of next week all Ford motor workers at Dagenham would be called out on official strike. On Wednesday, a National Opinion Poll in the *Daily Mail* reported that 81 per cent of the population of Dagenham—which must include very many Ford workers and their wives—disapproved of the unions' call. The issue at stake is the re-employment of seventy people, including twelve shop stewards, who have been listed by the company as "troublemakers." The trade unions insist that all those laid off during the unofficial strike that ended last week should be taken back—with the sole exception for the time being of Mr William Francis (the shop steward whose dismissal led to last week's strike). Mr Joe O'Hagan, acting chairman of the committee of the 22 unions represented at Fords, has claimed that if men are to be sacked for misconduct (and nobody could deny that there has been misconduct at Dagenham) it should be done for particular actions: "I do not think there is any court of justice in the world which can condemn a man on his past record."

But condemnation for past records is precisely the verdict that many people would pass on all concerned in this dispute. The company stands condemned (at least until its latest firm stand) for letting anarchy thrive, and for failing to improve its supervisory standards in the days when car profits were money for old rope. The 22 unions with members in Fords stand condemned for failing, over the years, even to try to bring the shop-floor representatives in the Dagenham plant into the mainstream of official discussions with the management. And many of the men threatened with the sack have a dreadful record of (often politically inspired) disruption.

It would be absurd if the unions failed to see that their interests and those of the company lie together here (even if they make some angry noises to dispel the effect of this truth on their militants). Fortunately it looks as though wisdom may be creeping in, through the delaying tactics of the Amalgamated Engineering Union towards



81 per cent think different

the strike. Even before the opinion poll, it cannot have failed to penetrate some of the more sensible union leaders that the real rank and file workers at Fords—which does not mean the rank and file as defined by the shop stewards—had grown heartily sick of recent disruption. For this reason it is at least possible that an official strike call is one that, for once, a good many of them might ignore. After the way in which their members voted against a national strike on their wage claim earlier this year, the AEU cannot relish the prospect of another rebuff from the increasing number of their members who are gradually acquiring a more middle class outlook along with their middle class living standards.

EUROPE

Tax Turnover

WITH or without the presence of Great Britain, the political integration of the European Economic Community in the field of economic policy continues to be debated and advanced among the Six themselves. The publication last week of the European Commission's programme of action, urging long-range economic planning and a common European monetary policy, was bound to antagonise west Germany's leading exponent of the free and open market system, its minister of economics, Herr Erhard. Indeed the very next day (November 1st) in Paris he attacked the system "of the French planners." If the French (and, by inference, the French vice-president of the European Commission, M. Marjolin, now electioneering in another role at Moulins) believe that their economic recovery is the product of judicious planning, so Dr Erhard is convinced that west Germany owes its recovery to the free market economy which he instituted in Germany some thirteen years ago.

Without pausing to take up the argument, the commission followed up its action programme with a proposal submitted to the Council of Ministers on November 5th calling for the harmonisation of turnover taxes in the common market countries. The proposal aims at an eventual single system of tax in this field, one very like the added value tax now in operation in France. Its primary intention is to eliminate the discriminatory effects of the varied systems of sales or turnover tax now used in the common market countries. But its wider and deeper implications are equally clear. Taxes affect national budgeting as well as national policy; if the economic programmes and budgets of the member states are to be aligned with a central, or community, economic policy, then these taxes need to be aligned as well.

One expects to hear not only from Dr Erhard on this proposal, but also from the industrial interests in the common market. The cumulative system of turnover tax (which exists in one form or another in most of the countries) offers an advantage to the large, vertically integrated corporation. By contrast, the added value system not only distributes the share of the tax more equally, according to the factor of risk involved in production, but also provides a rather sharp check against tax evasion, since each industry will check, in its self-interest, on the tax paid in the earlier stages of production.

It is a major proposal on the part of the commission, and will mean another large and concrete step in the direction of political integration via the route of economic

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EUROPE'S SICK MAN

We are tired of urging that the very same policy of resistance to foreign intervention which induces us to oppose the aggression of Russia, should induce us to abstain sedulously from interfering ourselves between the Suzerain and the dependency. Our principle is, that nations know their own political wrongs and wants the best,—that no external Government has any right to prejudge them. The only possible exception to this rule is in a case like that of Mexico, where the native population seems unable to establish anything like a salutary Government,—a case which we ought always to regard as mere possibility till it is proved to be a fact. But in the case of the Turkish dependencies there is another unanswerable reason for not strengthening Turkey against the effects of their possible imbecility,—that no Government they could form for themselves could well be more utterly powerless to maintain itself than the Porte. There may be a *show* of plausible reason in sacrificing arbitrary liberty for the sake of Government,—but to do so for the sake of the mere appearance of Government,—the sceptre without the power to wield it, is indeed a work of supererogation. Lord Russell would say, we suppose, that the Turkish Government must be propped up, not so much for any good purpose it effects in the Sclavonic and Rouman dependencies, but to prevent a general scramble. . . . "Wherever the carcass is, there shall the eagles be gathered together," and if we want to avoid a new war between France, Austria, and Russia, we must do our best to prolong the life of the present sick tenant of the throne. Now, in answer to this, we assert that as regards the Christian dependencies of Turkey this policy is necessarily temporary and makeshift;—next, that the example which we are setting of authoritatively regulating the relations of the Porte with its disaffected subjects is the worst possible preparation for restraining France, Austria, and Russia from more active intervention whenever the crisis may come;—lastly, that considered as a mere question of time, then, if the crisis be ripe or nearly ripe now, there could not be a more favourable moment for effectually barring the interference of any of the great Powers.

policy. It is also a proposal that requires a unanimous vote on the part of the Council of Ministers. This is another example of the kind of far-reaching decision that the British will want to have a share in making —and therefore another reason, one of many, why the Six as well as the British should try to get the negotiations for Britain's entry over soon.

JAPAN

Consider Europe

PERHAPS later than most of his countrymen, Mr Ikeda, the Japanese prime minister, feels that the time has come to call in the old world to redress Japan's dependence on the new; his present round of the common market capitals and London is to make sure that Europe does not forget Japan.

Mr Ikeda said on October 30th, before he left for Europe, that Japan's policy of looking only to the United States was "lopsided." This lopsidedness in questions of defence and diplomacy has made political life very difficult for Mr Ikeda's Liberal-Conservative party; his idea of looking to Europe seems to have met with the approval of the Japanese Socialists, who usually disagree with the government as a matter of principle. From the point of view of trade, America has been a large customer, taking about a quarter of Japan's exports; but with the American market offering Japan little future promise, there has been an incentive to look elsewhere. While trade has expanded with Russia, and Mr Takasaki has been making "good progress" in his talks in Peking, the Japanese realise that the prosperous markets of western Europe offer greater promise for Japan's new and sophisticated technical products. Although the Six and Britain together take about 9 per cent of Japan's trade, the volume would be much larger, Mr Ikeda says, if these countries would not use Article 35 of the General Agreement on Tariffs and Trade to restrict Japanese exports by means of quotas. But the Japanese are also worried that the common market's tariffs are liable to restrict access to this lucrative market. To improve their negotiating position they have been liberalising their own import restrictions—although their "90 per cent liberalisation" is a long way from being all that it seems. The west Germans, who have a favourable balance of trade with Japan, have shown sympathy for the Japanese case. The Japanese rely on Britain's entry into the common market to make western European trade policies more liberal.

Explorer in Europe

The problems of a European country trading with Japan have been reflected in the six years of intermittent, and at times hard, negotiating for the Anglo-Japanese trade treaty which Mr Ikeda is expected to sign on November 14th (and which is discussed further on page 593). Britain has been unwilling to renounce the protection of Article 35 of GATT until there is some guarantee that Japanese exports will not be subsidised (because this undermines British competition with Japanese goods in the markets of third countries) and that each country's "sensitive" products can be protected against disruptive competition. This has been the subject of hard bargaining and many producers in both Japan and Britain will believe themselves let down when they find that their products are not on the list.

OFFICES BILL

Mod Cons

THE new Offices, Shops and Railway Premises Bill has so far become a subject for only mildly gleeful comment in this nation of over seven million office and shop workers. But it will probably lead to loud complaints in time, both from employers who think it goes too far, and from critics who will complain that some of the Government's proposals fall short of the minima that interested organisations had demanded. Thus the 40 sq. ft. of floor area that is to be every office worker's right seems to include furniture and fittings, which can be quite solid occupiers of space; the clause may not be the total safeguard (or prodigious demand for lebensraum?) that some people have supposed it to be. There may also be some dispute over the required minimum temperature, after the first hour, of 60 deg. Fahr.; there have been champions of 65 deg. (It is certainly surprising that when the Meteorological Office is converting the country to think in Centigrade a new bill should now lay down the law exclusively in Fahrenheit.) Probably the heating clause, backed by the compulsory provision of thermometers on each office floor, is the one that will cause managements most trouble. Strikes in excessively cold factories are not unusual; office workers can henceforth invoke full statutory protection.

The provisions about drinking water may also shake some leisurely managements, even in otherwise good premises; the bill declares that when drinking water "is delivered otherwise than in a jet from which persons can conveniently drink" (not just a running tap) there must be a supply either of paper cups, to be thrown away or of other vessels which can be rinsed in drinking water. It is in providing this kind of facility that British premises are too often at fault, even when other expensive efforts have been made to improve on Bob Cratchett's surroundings. The basic sanitary provisions are obviously welcome: there is very little to be proud of in the folklore which proclaims that so many successful firms began with a bucket in the basement. Equally welcome is the decision that most parts of the bill should apply to Government offices as well as to private ones. The overcrowding provisions are to become effective five years after the bill is passed: some parliamentary critics may argue that this should be reduced to three years at the most, but those who do cannot sensibly protest at the same time that too many new offices (and not enough new houses) are being built.

SERVICE CANDIDATES

Elections, Release for

SEVEN private soldiers and airmen have applied for release to fight at this month's parliamentary by-elections (four of them at Chippenham alone)—a sudden burgeoning of political ambition in the barrack room that has struck Mr Macleod as "rather ingenious" and brasshats as distinctly reprehensible. These men, however, are only following their officers' lead; three officers stood at by-elections earlier this year, at least two of them with no apparent policy except to get themselves out of the army. Any soldier who is over 21, not a peer of the realm and has not been guilty of corrupt electoral practice in the past can use this system of cancelling his long-term regular engagement with the colours—provided he can also raise the required by-election deposit of £150.

There are nice calculations of advantage involved. Officers do not buy themselves out: they are normally allowed to resign their commissions. Those, however, who have been to Sandhurst or gone on certain senior courses have had to give an undertaking that they would not resign for five years thereafter. If they then change their minds, a quickening of the political pulse may be a useful argument to put to the colonel. Other ranks have no prescriptive right to buy themselves out once the standard three-month option (£20) for recruits has passed; but buying-out is allowed on compassionate grounds, the scale of self-purchase varying with the amount the services have invested in each individual in terms of training and past pay. Most other ranks can still expect to get out for something under £150, although the figure is usually enough to deter them (or any prospective employer) from taking the step without good reason. But highly-skilled service tradesmen. who may have signed on for nine or twelve years, might be asked to stump up as much as £250, the agreed all-service maximum. For them parliamentary candidacy is obviously more economic, besides the universal advantage of immediate release—within a matter of days or weeks—to mount the hustings. Any incidental expenses (e.g., a personal appearance in the constituency to hand in nomination papers) can probably be offset by television performance fees.

If this dodge really catches on, the obvious course for the services is to give men unpaid leave to fight any by-election campaign, but to introduce legislation saying that only if they actually become MPs will their contract with the army be cancelled. The idea of having even a communist candidate at an election who is still in essence a Private Smith, not just a Mr Smith, might give some army traditionalists the willies; but it need not worry anybody else.

SOUTH AFRICA

Call for a Boycott

ON Tuesday the United Nations Assembly recommended (by 67 votes to 16, with 23 abstentions) that all member states should break off diplomatic relations with South Africa, and apply economic sanctions against it. This was one of the rare cases in which the African and Asian states lined up almost solidly, and with very few supporters apart from the Soviet block. The effect of the resolution is thus doubtful, since most of the states supporting it either have already severed commercial and other ties with South Africa, or scarcely trade with it anyway. But it is significant that there was much more support than last year, when the Africans could not even rally the Asians to a boycott resolution.

Britain's position in regard to a boycott of South Africa is obviously unique, if only in that a boycott would cost Britain more than any other participating state; an export market worth £150 million a year, and investments worth £1,000 million, would be jeopardised. Supporters of the boycott proposal would, of course, argue that this is also a reason why British participation is crucial, since it would hurt Dr Verwoerd's regime more than anything else could. They would also dismiss the Government's argument that the African population would suffer most, pointing to the fact that it is from the political leaders of that population that the call for a boycott has repeatedly come.

Any nation, such as Britain, that relies on world-wide trade is rightly reluctant to take part in politically directed boycotts; the British have shown a similar reluctance when urged to cut off trade with communist states. Why should South Africa be made an exception? One answer given is that its particular offence of racial oppression is now almost universally condemned as no other political system is. Ultimately, the decision must take account of the horrid prospect of a revolution in South Africa in which the black insurgents might be armed and backed by the communist powers, the whites by the West. Sales of arms to South Africa might well be the first link that will have to be cut; it is a link that the United States has already cut.

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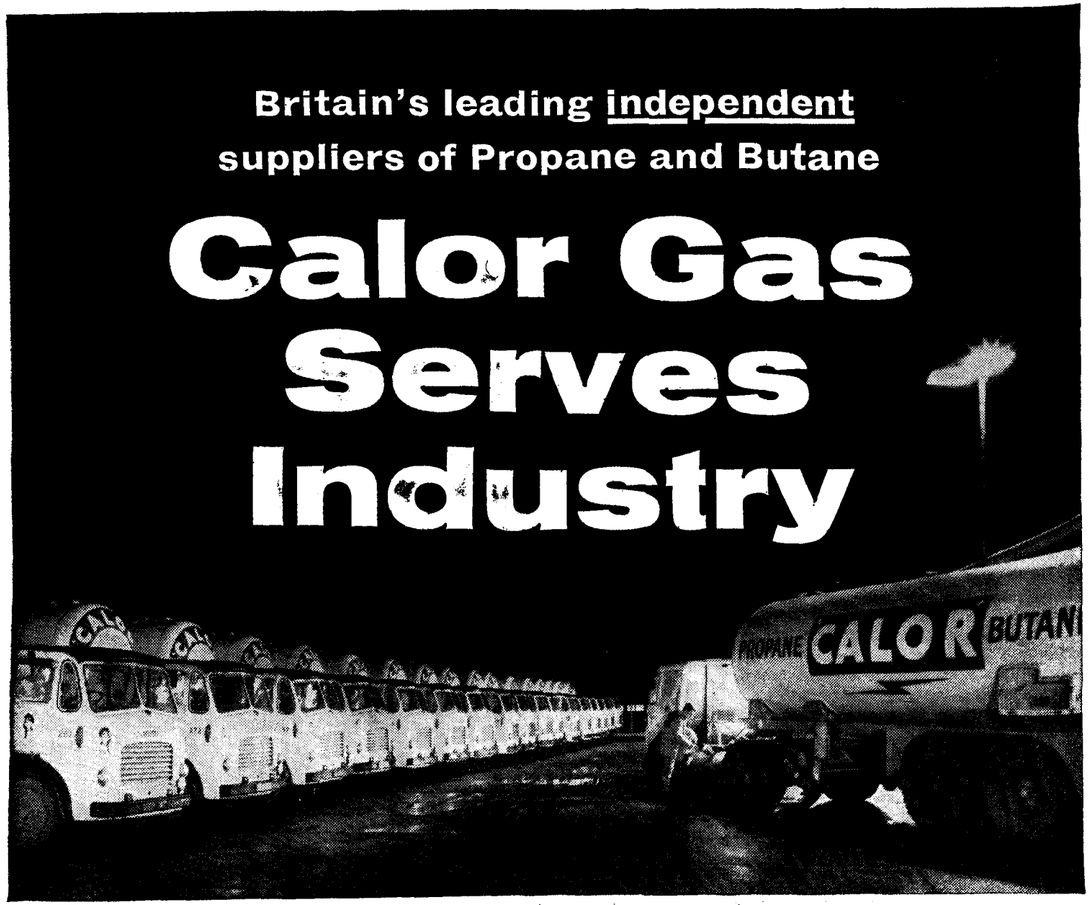

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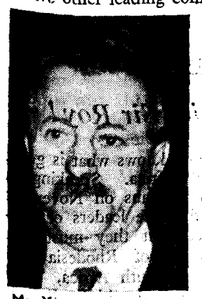
BULGARIA

Mr Zhivkov on Top

EVEN prime ministers, in communist countries, have slight hope of political survival if they get on the wrong side of a more powerful party boss. Even so, when Mr Zhivkov, the party secretary, announced at the Bulgarian party congress in Sofia last Monday that Mr Anton Yugov had been expelled from the central committee and dismissed as prime minister, the assembled delegates must have felt that their congress had started with a bang.

Five other leading communists were also sacked from the central committee and from their jobs. They included Mr Georgi Tsankov, who was minister of the interior from his appointment in 1951 by Bulgaria's "little Stalin," Mr Vulko Chervenkov, until last March when he had to give up this key post for a deputy premiership. Mr Chervenkov himself received the harshest treatment; he was expelled from the party as well as from the central committee, thus completing his long slide from power which began six years ago. It has always been suspected that Mr Chervenkov was struggling hard to keep his footing on the slippery slope; this was confirmed on Monday by Mr Zhivkov when he said that Mr Chervenkov, had "stubbornly opposed" the party's efforts to eliminate the personality cult.


Mr Yugov: no room at the top

Significantly, most of the disgraced men have at some time held high office in the ministry of the interior; all of them are accused of "flagrantly violating socialist legality." An outsider might consider that on that count there is not much to choose between them and their accuser. But evidently Mr Zhivkov had the sense to realise that he would get the edge over his rivals if he gained Mr Khrushchev's backing. In this he seems to have succeeded; during his visit to Sofia last May, Mr Khrushchev treated the Bulgarian leader with marked friendliness. Whether the decision to push out Mr Yugov was sudden or premeditated—and it may be significant that his successor was not announced on Monday—it clearly has Russian approval. Mr Zhivkov himself paid a flying visit to Moscow last week, and on Tuesday Mr Suslov, in his address as chief Soviet delegate to the Bulgarian congress, referred to the "capable leadership of Todor Zhivkov." He also promised "substantial Soviet help" for Bulgaria's new 20-year economic plan. The regime is faced with mounting economic difficulties, and this promise, if implemented, should help to reconcile disapproving Bulgarian communists to Mr Zhivkov's success in the internal struggle for power.

YEMEN

Big Brothers Take Over

SELECT your smoke cloud and believe what you will of the fighting in Yemen. Jordan and Saudi Arabia—and Israel—speak of heavy Egyptian losses; Cairo laments the death of 3,000 Arab soldiers dispatched to Yemen by Kings Saud and Hussein. The Yemeni republicans talk of carrying the battle into Saudi territory; the Saudi and Jordanian governments have invited foreign correspondents to see for themselves that the Imam is still fighting fit. Only two things seem sure: that fighting still goes on in northern Yemen and that the Yemeni forces—republican and loyalist—have become overshadowed by their respective protectors. Saudi Arabia's decision on Tuesday to cut off diplomatic relations with the United Arab Republic underlines the point (although the fact that, up till now, the two countries maintained official relations is almost as odd as the diplomatic link between India and China).

Probably the fighting has gone beyond the plans of either protector. If so, there should be a chance that the appeal for peace, made by President Kudsi of Syria on Tuesday, will have some effect. But Egypt, having rushed to the aid of the Yemeni revolution, is clearly determined to leave its impress. The reshuffling of Brigadier Sallal's government is, perhaps, the first sign of Egyptian influence. The brigadier has made himself president as well as prime minister; several army officers have been brought into the cabinet; the former foreign minister, a Ba'athist, has been sent off to represent the revolutionary government at the United Nations. But Brigadier Sallal's acceptance of Cairo's advice is unlikely to be limitless; the Egyptians are not the most tactful of advisers.

The Saudis, meanwhile, have made their own gesture to show that they are catching up. On the same day as he broke with Egypt, the prime minister, Prince Faisal, promised to do away with slavery and to introduce some form of representative government. Mecca radio has also started putting out feelers that might lead to the resumption of diplomatic relations with Britain, broken off in 1956. This is to be welcomed in itself. But it would be a pity if the chance to renew relations with Saudi Arabia delayed even further British recognition of Yemen's republican regime. The regime may change again, but the British Government would be in an invidious position if it started insisting on hard-as-rock evidence of stability among the shifting loyalties of the Arab south.

ESTATE AGENTS

Restrictive Register?

PARLIAMENT should be urged to look somewhat quizzically at the proposed Estate Agents (Registration) Bill. This will not be a popular thing to say. "Buying and selling a house," declares a memorandum issued by the main professional organisations who are sponsoring the bill, "is for many people the most important financial transaction of their lives." A good estate agent ought to be able to give advice to his clients on "(among other things) valuation, building construction, rating, taxation, rent control, tenancies, mortgages, contracts, compulsory purchase, and town and country planning." Their bill therefore seeks to forbid estate agents to practise unless their names are entered upon a statutory register. This register would be policed by a representative council of the most respectable people in the profession. The council would require that new entrants to the profession should pass certain examinations; it would draw up a code of rules about "touting and advertising"; and it would be empowered to strike off any estate agents who had been found guilty of fraud or unprofessional conduct.

All of this sounds fine—but MPs who are asked to sponsor this private bill should pause to consider the difference between a statutory monopoly and a sensible voluntary professional organisation. Nobody could have any objection to a voluntary body which demanded that all its members must possess certain qualifications, and which provided positive baits to persuade wise purchasers to deal only with them (such as setting up a compensation fund to relieve any losses suffered by clients defrauded by registered—but not by unregistered—estate agents). But a statutory body of estate agents, unlike a voluntary one, would obviously have to start by allowing in everybody who is practising already; Parliament would not dare to say that thousands of unqualified estate agents up and down the country should be obliged promptly to pack up shop (which is why the sponsors of this bill do not suggest that). Moreover, a professional body of this kind nearly always goes on to impose restraints on competition in price as well as in advertising; and the Restrictive Practices Court is not allowed to inquire into restraints imposed by statutory monopolies or by associations engaged in the sale of services (as distinct from in the sale of goods). Would the bill's sponsors agree that—as a special case—all rules formulated by the proposed council that related to the suppression of competition would require to be justified before the Restrictive Practices Court? If so, one might be inclined to favour this measure; otherwise, not.

CRIMES OF VIOLENCE

Compensation for Victims

COMPENSATION for victims of crimes of violence is the subject of continuing public debate. A valuable contribution to the discussion has now been made by the report of the Justice committee which was formed last October under the chairmanship of Lord Longford to consider the whole matter. (Stevens: 7s. 6d.) It proposes that

a Crimes of Violence Compensation Board should travel the country, like judges on circuit, hearing claims ; ordinary court procedure, it says, would be too slow and cumbersome, and victims might be deterred from applying to a court for fear of the expense involved. The board, states the report, should have a legally qualified chairman, a doctor, and a J.P. (including one woman) as members. The schedule of offences to which compensation would apply should include some sexual offences, but exclude motoring offences resulting in injury (since these are already covered by compulsory insurance). The advantage of a schedule is that it could be adjusted as the board gathers experience.

In assessing the actual amount of compensation to be paid to crime victims, the report is eminently practical. It rejects common law damages, or benefits under the Industrial Injuries Scheme, as being inappropriate ; instead it wants to see a special scheme based on the needs of the victim and the nature of his injuries. First aid benefit should be available straightaway, to be followed by reviewable weekly payments for loss of earnings, based on the principle of reparation not subsistence. For non-gainfully employed victims there should be lump sum compensation. Dependants of the victim would also be able to make claims. The committee estimates that the cost of its scheme would be about £1,250,000 a year, responsibility for which would be assumed by the state, although the criminal should also be required to contribute. It emphasises, however, that this payment from the criminal should be made only if economically practicable and only to the extent that it would not impede his rehabilitation. This report deserves a warm welcome. The Government, taking it into account, should now come forward with proposals of its own.

BRITISH GUIANA

Sticks on the Bonfire

HOWEVER keenly the British Government may look forward to the day when British Guiana, with its racial animosities and impossible geography, becomes independent Guyana, the flags for independence have had to be put back in store. After two weeks of sour squabbling, the British Guiana independence conference in London broke up on Tuesday without making even a dent in the problems that obstruct the country's advance from a self-governing colony to full independence. A thoroughly dismal outlook is faintly illuminated by the chance that the Colonial Secretary's threat to impose a solution on the colony if, " after an interval," the three political leaders fail to produce a plan of their own may push the Guianese politicians towards some form of compromise. As things are, an imposed solution could be a match dropped on a bundle of fireworks.

At all pre-independence conferences, minority groups have struggled for more constitutional safeguards than they have been able to get. The trouble with British Guiana, as at the Zanzibar conference earlier this year, is that the political divisions are so evenly matched that the weaker faction cannot be safely overruled. The issues are straightforward. Dr Cheddi Jagan, the prime minister, wants to maintain the present electoral system of single-member constituencies, not to hold elections before independence, and to lower the voting age from 21 to 18. The two opposition leaders want to change to proportional representation, elections before independence, and to keep the voting age as it is. Dr Jagan's proposals would keep him in power; the opposition's proposals would probably turn him out.

Dr Jagan in power has been an unlucky leader, not a bad one. The riots in Georgetown last February showed how vulnerable he was. The two opposition leaders, Mr Burnham, the African leader who once supported Dr Jagan, and the tub-thumping Mr d'Aguiar, who heads a middle-class faction including most of the Portuguese in the colony, have been able to create a bonfire of racial and political suspicions. Of British Guiana's half-million people, about half are Indian and about a third African, and voting is roughly along racial lines. This is a bad beginning for a unified state but not insuperable (Trinidad, after all, is faced with the same sort of situation). What makes it much more incendiary is Dr Jagan's persistent marxist talk which can, and has, been turned by people like Mr d'Aguiar into the imminent threat of a communist take-over.

An unfair consequence of the failure of the talks is that the British Government is bound to come under fire for having let Dr Jagan down because he is some sort of communist. Dr Jagan himself has already blamed the Government for the breakdown. Certainly the United States will not shed any tears at the postponement of independence. But the British, this time, have not been exploiting a colony's divisions ; the desire for a decent withdrawal from a difficult colony is, and should continue to be, their prime motive.

CENTRAL AFRICA

Well Said, Sir Roy!

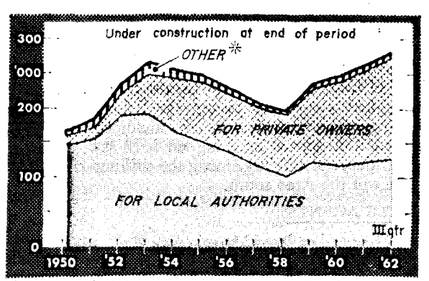
SIR ROY WELENSKY knows what is going on in central Africa. Speaking in Pretoria to South Africans on November 2nd, he asserted that the leaders of pan-Africanism believed that they must first crack the Federation of Rhodesia and Nyasaland to get at South Africa, " and they are busy trying to do this." But all was not lost. If South Africa, the federation, Angola and Mozambique could survive the present surge of the pan-Africanist movement for the next three to five years, " then we will have saved southern Africa from its evil consequences." This was no idle boast, said Sir Roy. Pan-Africanism was largely a force of words and propaganda ; it had neither budget nor army except what it could extract from the United Nations by dint of propaganda. Its only cement was the desire to rid Africa of the white man and all he stood for.

The balance of power between the southern whites and the blacks to the north will be decisively affected by decisions that must be made in London by Mr Butler, as minister for central Africa, during the winter. On Monday Dr Banda, of Nyasaland, will come to Marlborough House to ask for internal self-government (which he is almost certain to get) and a date for independence outside the federation (which he has been all but promised, but may not get). This is the first pan-Africanist crack at the federation ; its likely effects on Nyasaland are discussed on page 572.

By-elections will be held on December 10th in the ten " national " constituencies in Northern Rhodesia which could not be filled at the elections on October 30th because neither race could muster the support of a tenth of the voters of the opposite race. So far Sir Roy's white voters have given his party one more seat than Mr Kenneth Kaunda's black voters have given him. Sir Roy described this in South Africa as a rejection of the " extremists." In fact the 80 per cent of votes cast against keeping Northern Rhodesia in the federation is almost as overwhelming as the 95 per

Houses for Whom?

" Despite all that has been done," the Minister of Housing and Local Government told the Commons, " we still have a large and continuing housing task in front of us." One of the Minister's new concerns is to urge local authorities " to step up their pace." In the short run, he promises " at least some increased building next year and more the year after."



* Housing associations and government departments

England and Wales

sent of votes Dr Banda won on the same issue in Nyasaland ; Mr Butler can no more keep Northern Rhodesia in the federation against its will, without breaking repeated British Government promises, than he can Nyasaland. If he puts a white government in power in Northern Rhodesia by instructing his officials to support Sir Roy's party, he will be coming down on the white side in the continental struggle Sir Roy describes. Whatever happens on December 10th, Mr Butler should announce an immediate new constitutional conference for Northern Rhodesia, designed to eradicate fancy franchises.

Southern Rhodesia, on the other hand, is best left alone until its (predominantly white) voters have safely returned Sir Edgar Whitehead's government on December 14th; unless they do, the chances of coming to terms with the " force of words and propaganda," by some newly-devised transitional arrangements, will be even less than they are now. Finally, since the federation cannot last, Mr Butler might as well clarify things now by saying that what was put together at Westminster will be pulled apart at Westminster.

EAST-WEST

Your Gap, Comrade

FOUR years ago it was the Americans who were nervous about a " missile gap ". They feared that by the early nineteen-sixties (that is, now) the Russians would have won a dangerous, perhaps even fatal, lead in intercontinental missiles—some people said a lead of three to one, others of ten to one. As things turned out, the fear was groundless, for the two countries would still be roughly equal in these weapons even if President Eisenhower, and later President Kennedy, had not ordered American production to be increased. But increased it was ; with the result that in the last year the missile gap has gone skittering like the bubble in a spirit level to Mr Khrushchev's end of the balance.

The latest annual review of the east-west military balance by the Institute for Strategic Studies, out this week,* shows how rapidly the gap has moved. At the beginning of this year the estimates gave the United States 63 intercontinental missiles, against the Russians' 50 or so. Early next year the Americans are expected to have getting on for 500, against the Russians' 75 or so. The gap probably widens further if one counts the nine American Polaris-carrying submarines now in service, with sixteen missiles apiece, since the Russians have lagged behind the United States in developing missiles that could be fired from under water.

Since Russians are human, there were doubtless worriers in Moscow who insisted that these figures (and the overwhelming American superiority in long-range bombers) made it essential to plug the gap with Cuban bases. The attempt failed, and Mr Khrushchev is stuck with his inferiority. Next year he will have a chance to restore the balance when a new, smaller and altogether handier intercontinental missile is expected to come into service in the Soviet Union. But can he spare the funds that the Americans are lavishing on their favourites, the Minuteman and the Polaris ? There may be a moral in this for both sides. With missiles, as with the sheets on the matrimonial bed, it is almost as bad to get too much on one's own side as too little. The result is liable to be heavings on the other side, a testy grab for equality, and general bad temper in the grey dawn.

* The Communist Bloc and the Western Alliances: The Military Balance, 1962-1963. The Institute for Strategic Studies. 28 pages. 5s.

Taxes for Britain

the impact of the Common Market

How will British taxes change if we join the Common Market? Will income tax be reduced and taxes on spending increased? What kind of indirect taxes will the Common Market adopt? Should the man in employment be allowed more deductions for expenses? Why is a reform of company taxation needed? These are some of the issues dealt with in a new 40-page booklet written for the non-expert in taxation; it deals with both the changes that entry into the Common Market will probably bring about and those which are desirable in any case.

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NEW SCIENCE

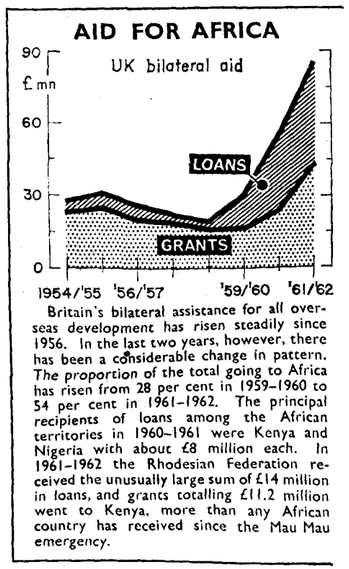
Practitioner of Ideas

THE journalist, it was said by one editor of *The Economist*, thinking particularly of the weekly kind, should aspire only to be " the general practitioner of ideas ", interpreting " the scientist to the public " and " the public to the scientist ". Percy Cudlipp, who died on Monday aged only 57, had edited both the *Evening Standard* and the *Daily Herald*, but his brightest feat of editing, and the one in which he rightly took largest pride, was his last. This was the successful establishment of the *New Scientist*, most contemporary of weekly journals in its attempt to communicate to a wider readership the sort of scientific happenings and ideas that mould the world today. Percy Cudlipp, who was a patient, gay, civilised man of character, could get this translation done so well—and he was always saying himself how far his new paper had still to go—because, though no scientist, he was one of the few best of a generation's journalists.

LABOUR PARTY

Mr Brown's Victory

MR BROWN'S re-election as deputy Leader of the Opposition by 133 votes to 103, is a triumph against considerable odds, many of which were self-imposed. It also has some political significance. First it preserves the balance in the party between the trade union and intellectual wings, a precarious equilibrium which Mr Wilson's election would have to some degree upset. It also maintains the *status quo* in the present struggle between Labour's pro- and anti-Europeans. Mr Brown's election certainly does not mean that the Labour party will now turn round and come down in favour of British entry, but it should affect the form which any final opposition to the market will take. Secondly, there is little doubt that more floating voters would have been alienated by a Labour party which had Mr Wilson in the second seat of power than by one which still has Mr Brown. Mr Wilson has lately made great efforts to widen his support within the parliamentary Labour party from the left to include stalwarts of the centre and the right ; he had not succeeded in doing the same thing in the country, where he is still generally regarded by too many people as being too much of an ambitious politician to be as successful as his shrewd wit and high intellectual qualities could easily make.



Britain's bilateral assistance for all overseas development has risen steadily since 1956. In the last two years, however, there has been a considerable change in pattern. The proportion of the total going to Africa has risen from 28 per cent in 1959–1960 to 54 per cent in 1961–1962. The principal recipients of loans among the African territories in 1960–1961 were Kenya and Nigeria with about £8 million each. In 1961–1962 the Rhodesian Federation received the unusually large sum of £14 million in loans, and grants totalling £11.2 million went to Kenya, more than any African country has received since the Mau Mau emergency.

HOME REPORT

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

Merseyside goes to town

Guiding the Drift

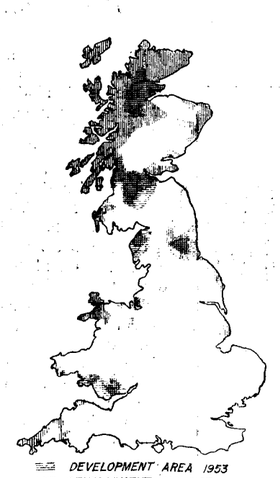
THE autumn's bout of unemployment—the figure has now crept up over the half-million mark—is having one completely predictable effect: those areas which, since the war, have persistently lagged behind the rest of the country in its bumpy ride towards affluence are lagging still further. The Labour party, in Monday's censure motion in the Commons, rightly stressed this: but the Government's omission to reply (save by indirection) to this criticism does not mean that they are not thinking about the matter. It has at long last become clear that something far more audacious is needed than the piecemeal subsidisation of the existing Local Employment Act or the building (announced on Thursday by the President of the Board of Trade) of a few ready-made speculative factories in the north-east and in Scotland. Equally, something far more audacious is needed than the old nostrums, still trotted out by some Labour stalwarts, of direction of industry and subsidies for worn-out occupations.

What is now beginning to be thought out is a whole new attack on the problem of how to diminish the gap between Britain's new extremes; the extreme of congestion and high-cost inefficiency in the vast conurbations (which means, in fact, London and Birmingham) and the opposite extreme of sluggish inefficiency in the cities that once, with cotton and coal, shipbuilding and railways, provided the nation with its industrial sinews. The question sprawls across all the disciplines of politics, economics, geography, administration and everything else: a good new pamphlet* written for Political and Economic Planning by Mr Michael Chisholm usefully pursues some of these lines of attack towards three minimum objectives: limiting the biggest conurbations, promoting growth outside them by encouraging the development of large urban centres and, thirdly, reducing pockets of unemployment either by bringing new industry into them or by encouraging long-distance commuting (surely not a good aim), or by emigration.

On the straightforward question of reducing unemployment—which has obstinately persisted in afflicting the same regions for a very long time—it is as well to face these alternatives squarely. This profoundly emotional subject bedevils all advanced economies, with a bitterness that grows proportionately greater with the age of a country's industrial development (the Borinage and West Virginia make Fife's coal crisis look puny). And it is something that will quite inevitably recur again and again: when a more rational form of personal transport than the internal combustion private car is invented, Coventry will need to see how Lancashire has gone about getting out of cotton. If an area has developed because coal is there, or because its harbour was well placed to catch the trade winds, the cost of maintaining its position after its objective advantage has become a historical, rather than an economic, fact, becomes too high. Migration is the only answer. Mr Chisholm observes that the claims of some areas of high unemployment to offer "social capital" in the form of housing, schools and so on, is often false: "A great deal of this social 'capital' has outlived its time and is, in fact, often a liability." This sentence should be graved on the soft hearts of those pleading for Fife coal (despite the new project for a power station there), for the Hartlepools, for parts of Merseyside.

Migration within Britain, of course, is an accomplished fact—mainly in the form of the famous "drift" into the south-east. In the past ten years the population of England south of a line from the Humber to (roughly) Shrewsbury grew by 1,969,000, including a net immigration of 713,000: north of this line, and in Scotland and Wales the population grew by only 427,000, thanks to a net emigration of 612,000 people. And the reconversion of "declining" areas into new activities (including the shift off the land) is a far faster process than is often thought. This may be checked by the present lack of employment: but the period 1959 to 1961 was not particularly brilliant either from the growth point of view. But from 1959 to 1961, to take Scotland as an example, the labour force in agriculture, forestry and fishing went down from 103.9 thousand to 98.2. All forms of mining declined from 101.5 thousand to 89.3. But all engineering and electrical trades (in the Standard Industrial Classification) increased from 146.8 to 167.6 thousand: within this group of trades the manufacture of productive equipment employed 97 thousand people in 1959 and 109.9 thousand in 1961. Not just drift but healthy reconversion is going on, helped by the Board of Trade's development aid.

There are two remarks to make here: one is that far too much internal migration—not undesirable in itself—is towards one bit of the country. The other is that the reconversion of declining areas, while far more rapid than is often realised, is yet not nearly rapid enough. The Local Employment Act (under which the spending of £75 million has been authorised since 1960) is itself partly to blame for this. Despite some grumbles—notably from the north-east, where they say they have only had £438,000 of aid—there is not nearly enough dissatisfaction with this misconceived piece of legislation. The idea behind it is to draw lines round those pockets where unemployment is over 4½ per cent (or where it is likely to be soon, as at Darlington, where the railway workshops are to close). Not only may this concentrate its administrators' attention on small towns where the percentage is high but the numbers low: it also prevents them from having a true regard, with the best will in the world, for encouraging potential growth points that may be only half an hour's journey away—or for the genuine possibility that an area's period of usefulness may be at an end.

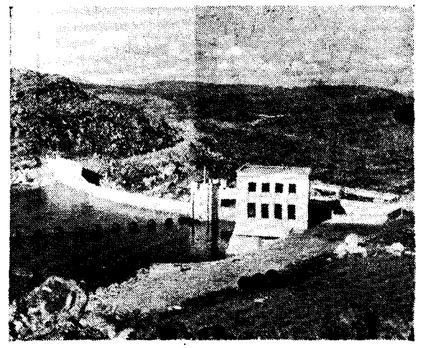


What is needed is something far more purposeful in the way of a choice of priorities for spending: the Government's new decision to speed up the road-building programme in the north-east of England is worth more than a great deal of direct aid to industry as far as the prospects of long-term growth are concerned (and thus for the chances of attracting a really worthwhile investor). For the job of renewing the non-prosperous conurbations, the first hope lies with the Local Government Commission and its attitude to urban counties: only with a central power will Tyneside or the Manchester or Liverpool built-up areas be able to take that long, hard look at themselves—and then perhaps to ask the Government for what they really need. For the opposite task of trimming the prosperous conurbations to size, two things are needed—a fiscal power to control office employment, and, if necessary, a more general local tax on employment designed both to push firms out and to finance new regional authorities like the Greater London Council.

For the rest, the aim must be to guide those prevented from drifting into the south-east—and perhaps some of those persuaded to drift out of it—into places where it is actually beneficial to themselves to go. New towns are, perhaps, the ideal answer: expanded towns could be as good if the problems of reconversion are adequately approached (the Ministry of Housing is now to see whether Ipswich, Peterborough and Worcester are suitable candidates for doubling in size). But most growth points are still basically London- or Birmingham-centred towns—and they will become more so when a Channel bridge or tunnel weights the south-east even more heavily towards prosperity. The course for future success must be in developing new centres of urban economic attraction, rather than in attempting to shore up the old, disfigured as they are by a century's backlog of heavy industry and cheapjack housing. It is a good sign that the brightest agencies in the declining areas have already alerted themselves to take advantage of those sections of the Treaty of Rome that assist regional development.

* Location of Industry. PEP. 5s.

Highland Revolt?



FROM OUR SPECIAL CORRESPONDENT

THE North of Scotland Hydro-Electric Board has become so prized in the Highlands that its primary purpose, in its champions' eyes, has long been changed from the generation of electricity to the provision of social welfare throughout the crofting counties. The recommendation by the Mackenzie committee, in its report on Electricity in Scotland (Cmnd 1859), that the board should now be merged with the South of Scotland Electricity Board, which was hived off from the British Electricity Authority in 1955, has set up loud warnings (in the Gaelic and Liberal tongues) of impending disaster.

Not all of this need be taken too seriously south of Inverness. The committee has, in fact, deliberately softened the blow both by declaring "economically acceptable" the addition of 400 megawatts to the hydro system by 1975 (which is not very much out of line with what the North board wanted) and by recommending an interest-free loan of £8 million to the new joint board chiefly to provide submarine cables to carry power from the mainland to the major island groups—except Shetland.

It will be difficult for the Secretary of State for Scotland (even for one whose estates saw a private pioneering development of hydro power) to reject the Mackenzie advice on a merger; since Mr Noble has little or no chance of introducing legislation in this session he may be content to keep his own council until the fiery cross has burned out. The North board has managed its affairs with considerable success (connecting with over 92 per cent of all potential consumers in a scattered population covering one-quarter of the land area of Britain) and, considering the original local resistance to its dams and power lines, has earned remarkable popularity; its compensation to landowners has rarely been less than handsome.

But at the heart of the North board's balance sheet lies its ability to sell surplus power to the South board—which the South is obliged to buy, sometimes even when it could be using its own existing generating capacity. The Mackenzie committee calculates that in the six years 1956-61 there was a combined saving of £3 million in generating costs under this arrangement, but at the expense of the South having to pay the North £3.4 million more than it would have cost to produce the same power in thermal stations in the South.

The committee says acidly (and rightly) that control and dispatching staffs in the two regions should be able to take export-import decisions solely on the economic merits of each case, without looking over their shoulders at the rival managements behind them. It comes down firmly in favour of future economies of scale (neither South nor North has the incentive under the present system to instal the large new sets of 550 megawatts now being constructed for the Central Electricity Board in England). It believes it would be quite wrong, and a serious disadvantage to Scotland as a whole, to have duplicate nuclear planning and operational staffs in the two regions. And although the committee's major task has been to produce a formula for assessing the comparative costs of future hydro and thermal stations, it points out that, without a merger, any comparison would be seriously prejudiced by the very fact that it would have to be made across system boundaries.

Highland feelings prompt much less cogent arguments. The hydro board's power is not cheap, but for years its very promise has sustained local hopes of attracting new industry—a development which, except for the aluminium complex at Fort William, has never materialised. Great popular emphasis has always been placed on the board's "social clause," but the North board itself puts its total expenditure under this head at no more than £300,000 since it began in 1943. Its real value to the Highlands has been in giving light and heat to the countryside (at a capital expenditure of £200 million) and paying out £50 million in wages. The needs of the region in the next decade would quite certainly be better

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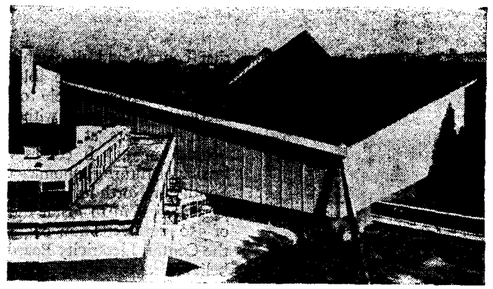
served now by expenditure on other services, particularly communications.

For the South of Scotland, now painfully engaged in rejuvenating its industrial structure, the report has a much more important message. It says that Scotland will need to double its electricity supply by 1975, and that a decision on a new thermal station of up to 2,500 megawatts in the South is urgent. It appears to have been half convinced by the National Coal Board that the Fife and Clackmannan pits can supply the coal for this, giving permanent employment to 10,000 miners. But here, too, it is Scotland's misfortune that this will not be cheap coal; at present transport costs make the carriage of coal from the nearest high-productivity field—Yorkshire—look uneconomic. But, as the committee points out, the increased prices now charged by the Scottish division of the NCB are required to cover only its production costs: the capital charge on the Scottish pits is carried by the more economic fields, including Yorkshire.

Imperialism Rehoused

FROM OUR SPECIAL CORRESPONDENT



While the fevered finishing touches were being put to the inside of the Commonwealth Institute's new building a few days before the Queen opened it on Tuesday, the sprightly, but homely, figure of Mr Henry Moore could be seen following the labyrinth of coloured signposts to the art gallery, for all the world as if he were enjoying a treasure hunt. At the end of the trail, in the place of honour in the centre of the gallery, stands the latest of Mr Moore's works to be seen in London, a massive standing bronze figure, over nine feet high, on which he started work last year. Crying out for the open, demanding to be set against the sky and resentful at having been taken from Mr Moore's garden, the majestic, enigmatic figure only draws attention, alas, to the badly overcrowded display of this inaugural exhibition and takes the eye up irresistibly to the fussy, coffered, top-lighting system which, with all due respect to Unilevers who paid for it, has not come off as has the plastic-sheeted ceiling in the new Queen's Gallery.

Apart from Moore, the only British artists represented in this selection of contemporary paintings and sculpture from twenty-four Commonwealth nations are Victor Pasmore, by two constructions, and Graham Sutherland, by two oils. For the rest, Australia is poorly represented and there is little from the older dominions to give particular delight; the charm is in some of the simpler art of countries like Nigeria and Trinidad. But, for the most part, it seems a pity that the exhibits obscure the best feature of this gallery: the panoramic view of Holland Park from its northern window.

The art gallery, however, is only a small part of the new building, which has as well an enormous exhibition hall with dark blue walls, an office block, restaurant, cinema and library. If some of the design seems a mistake, if it is not great architecture, nevertheless hats off to something new, to the hyperbolic sweep of the roof to this blue and white concrete building which at least strikes a challenging note in the High Street, Kensington, and is a marked change from the previous quarters behind the Albert Hall. The institute is, after all, mainly for young people, and not just for sophisticates. Founded in 1893 as the Imperial Institute, this body does a great deal of educational work and it would be an unimaginative schoolchild or student who did not react to Mr James Gardner's arrangements in the main hall of the colourful exhibits of some Commonwealth products.

Who pays for it all? The institute is financially dependent on an endowment fund and on grants from the British Treasury and other Commonwealth governments. The Exchequer paid some £220,000 for the lease of the new site, about £850,000 on the new premises and its fittings, and its annual grant for running expenses is currently £110,000. Commonwealth countries and private donors contributed some £200,000 towards the new building.

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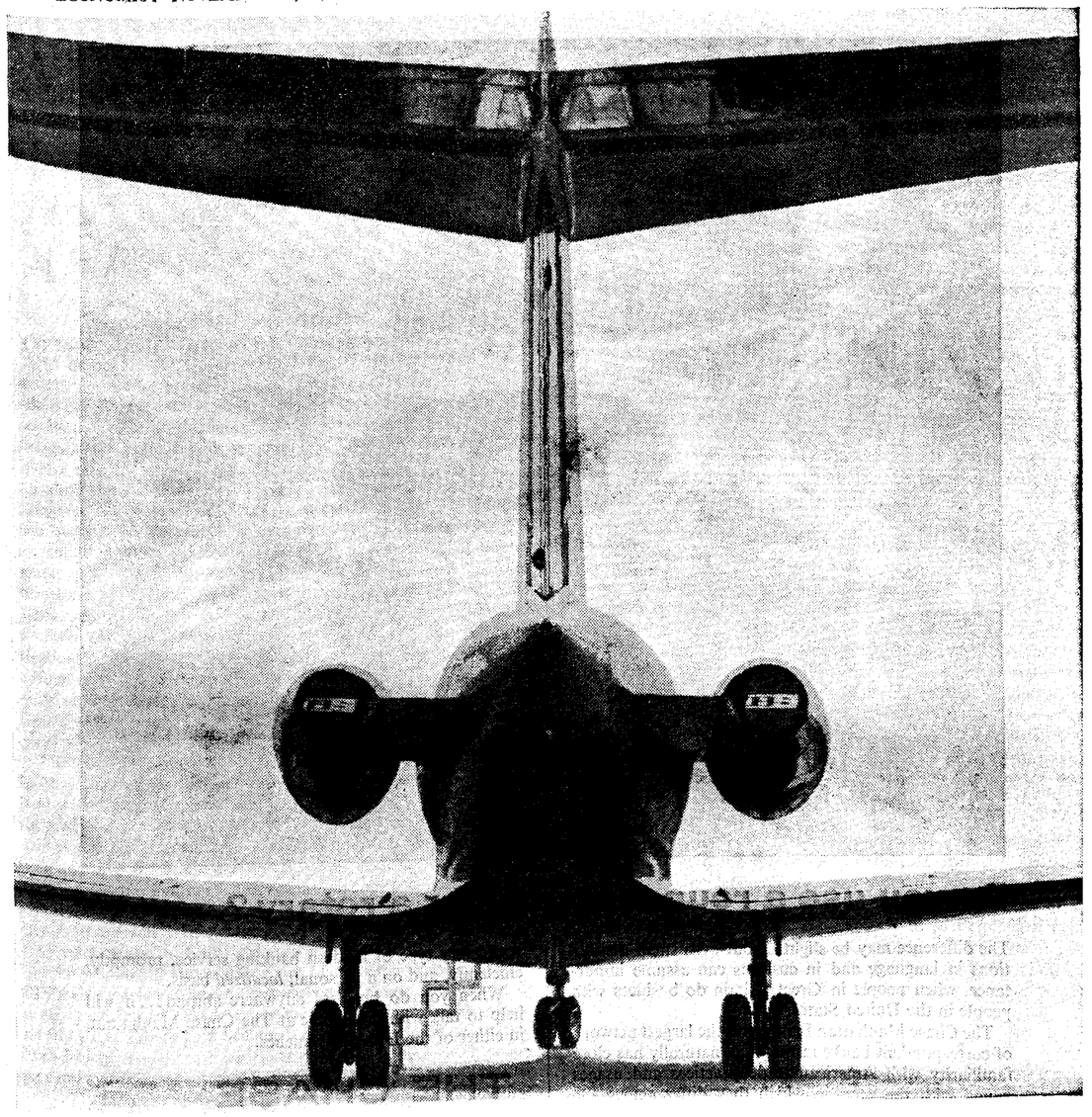

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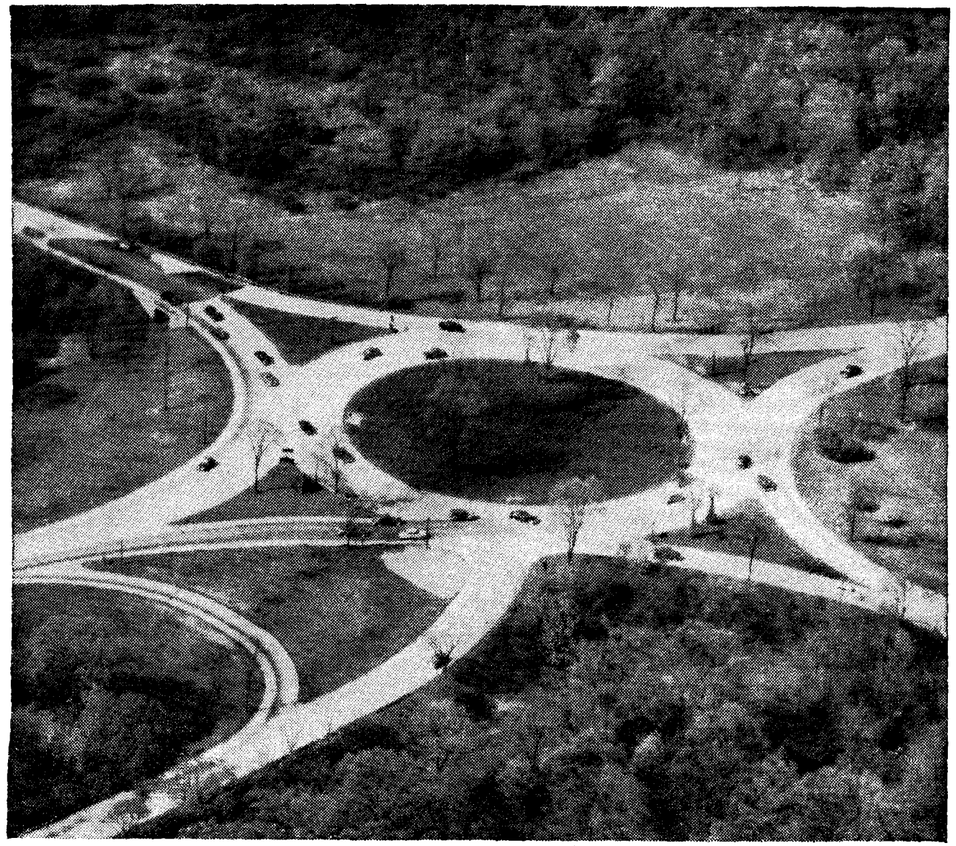

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AMERICAN SURVEY

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

Half Steam Ahead

WASHINGTON, DC

WHILE Mr Nixon, apparently embittered by his defeat in the battle for the Governorship of California, was upbraiding newspapermen for being unfair to him, President Kennedy at the other end of the country was declaring himself heartened by the results of Tuesday's election. They showed what he called a clear net gain in support for his programme. The verdict of the voters is probably not a full endorsement for that programme but it is certainly not a condemnation of it. Perhaps the Eighty-eighth Congress will permit Mr Kennedy to proceed with it at at least half steam. As the fingers of one hand are more than sufficient for counting either the Democratic losses in the House of Representatives or the Democratic gains in the Senate, there may not seem much to cheer about even though this means that the Democrats retain their 60 per cent of the seats in the House and over 60 per cent of the seats in the Senate. But in mid-term elections, in which the Presidency is not at stake, it has become normal for the President's party to lose seven or eight Senate seats rather than gain any and to lose between thirty and forty House seats. This comparison is a truer measure of the Democrats' victory in this election.

The poll was much heavier than usual for mid-term elections. Bravely the voters endured exasperations such as those in Maryland where there were seventy-four names on the ballot and where they were also required to render their opinions on a change in a county charter, five proposed amendments to the State Constitution and five important referenda. The evidence suggests that such local issues and not Cuba, not Mississippi and not even television coverage or the candidates' "talkathons" were the deciding factors in many or even most districts.

Developments in Cuba did not prevent Senators Clark and Church winning in Pennsylvania and Idaho, although events in the Caribbean seemed to make their earlier pronouncements, scoffing at any need for a blockade or anything like it, look foolish. Conversely Cuba did not keep Senator Capehart or Representative Judd from losing, though both had loudly demanded some such action as President Kennedy was finally forced to take. Mr Judd, the leading Republican spokesman in the House on foreign policy, was beaten by a young Minnesotan State Senator, Mr Fraser, who is an ardently pro-Kennedy liberal Democrat. A similar candidate in Indiana, Mr Bayh, beat Senator Capehart.

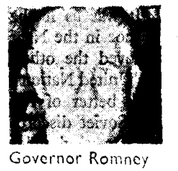
The federal government's intervention on behalf of a Negro, Mr Meredith, at the University of Mississippi did not snatch victory from southern Democratic Senators. Mr Fulbright of Arkansas and Mr Olin Johnston of South Carolina are safely back in Washington. But it may have helped to defeat Mr Wyatt, Mr Adlai Stevenson's former campaign manager, who was challenging the Republican Senator Morton in Kentucky, and may also have been responsible for Senator Hill's narrow squeak in Alabama. Senator Monroney of Oklahoma retained his seat but his state elected the first Republican Governor in its history and in Florida, Kentucky, Texas and Tennessee the Republicans picked up seats in the House of Representatives. Of the sixty-four candidates whom they put up in the South fifty-two were defeated but the South seems less solid than ever before, though the Republicans who won there are of course as conservative as the Democrats whom they replace.

The Democrats did least well with State Governorships. While they retain about twice as many as the Republicans have, their gains in states like New Hampshire, Vermont, Iowa and New Mexico scarcely balance the Republicans' gains in Pennsylvania, Michigan and Ohio or even in Colorado and Wyoming. The voters of Pennsylvania and Michigan made the difference between narrow victory and certain defeat for Mr Kennedy in 1960 and their recapture is significant for the Republicans who have had a majority in Congress for only four years since 1932 and have not held even half the Governorships since the first half of the nineteen-fifties. The Republican victories in the industrial and heavily populated states of the heartland might well form a sound foundation for their party's resurgence in 1964.

To achieve this the Republicans would probably have to find a better platform. But as a first step towards this they have at least got rid of some of their old men of the sea like Senators Wiley and Capehart. Even Mr Nixon's eclipse serves to clear the air, although Governor Rockefeller now has two new rivals for his presidential ambitions in the new Governors of Michigan and Pennsylvania, Messrs Romney and Scranton—and did not himself win as resounding a victory in New York as he had hoped. But what is significant is that all three are liberal Republicans, or claim to be, and America's mood is more liberal-conservative than ultra-conservative; the elections bruised the right-wing extremists heavily and though Mr Nixon strained every mental and facial muscle to appear as a broad-minded and even jovial anti-communist non-reactionary, apparently he left on the voters' retinas only the image of an inquisitorial scowl.

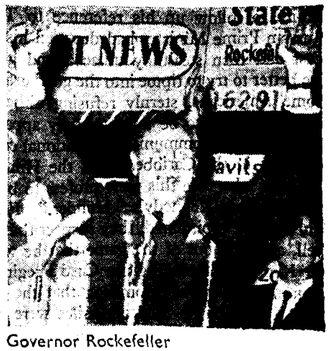
Too many hidden events lie between now and 1964 to make prognostication remotely possible. Republican gains in industrial states with large labour and Negro votes do not mean that the Republicans are well on their way to recapturing the Presidency in two or even six years. Nevertheless these Republican gains compel the Democrats to reflect. Currently the trade unions are somewhat lukewarm towards the Democratic party, for failing to get through Congress some of the things that labour wants passed.

Republicans for 1964



Governor Romney

Governor Scranton



Governor Rockefeller

This was not exactly Mr Kennedy's fault but measures, such as tax revision, which he hopes to get through Congress next year may add to labour's disillusion.

New men like Mr Fraser in the House of Representatives and Mr McGovern of South Dakota in the Senate will strengthen the Democratic liberals in Congress but Mr Kennedy still has his saurians, especially among the chairmen of committees. Such cherished Kennedy policies as health care for old people and aid to education may scrape through Congress next year but there is no certainty about that. Basically the conflict is over even broader and bolder programmes for encouraging growth at home and progress abroad. To achieve these the Administration's supporters want more "standby" authority for the President—and power to plan over longer periods than congressional sessions or annual budgets allow. Such proposals are viewed with horror by the Republicans as being socialism and an unhealthy concentration of political power. But liberal Democrats regard such steps as essential if America is to stay ahead in the race with Russia in an evolving world as well as in outer space. Such basic issues were not really to the fore in this week's elections—though General Eisenhower tried to suggest that they ought to have been. They probably will not come to the fore until late in the Eighty-eighth Congress's two-year life, if at all. What, however, may be attempted next year is some lubricating and renovating of Congress's creaking machinery. Long-winded Senators could be curtailed with advantage; so could the excessive powers of committee chairmen. In this task Democrats could well join hands with Republicans for able men in both parties are thinking along such lines.

Caution over Cuba

WASHINGTON, DC

BOLD Jim Hawkins has compelled the pirates to strike their colours. The flag bearing the skull and crossbones has been hauled down. The pirate chief, displaying unwonted meekness, not only has offered no resistance, but also appears willing and even eager to help to sail the vessel into safer waters. Can it really be true, or must there be a catch somewhere? Is a knife hidden in a coil of rope on the deck, well within the crafty old pirate's reach? Until Jim has some assurance that he knows the right answers to these questions, it behoves him to stay on the alert.

Such, given an acquaintance with the plot of Robert Louis Stevenson's "Treasure Island," would be a typical American view of the international situation in the wake of the Cuban cyclone. Americans have applauded the resolution that was shown by their President but they cannot help worrying about what may yet ensue. They strain their eyes around a still darkened horizon and wonder where the next blow may fall. Berlin, or somewhere now quite unsuspected? They remain perplexed by Mr Khrushchev's failure to follow up his reference to Turkey. It was as if the Russian Prime Minister had dropped his famous shoe in the Near East and then stealthily unlaced and gently removed the other, the better to try to tiptoe into the good graces of the United Nations. Some Americans, sternly refusing either to think better of Mr Khrushchev or to be impressed by apparent Sino-Soviet discord, simply see the communist international conspiracy at work double-jointedly in the Caribbean and the Himalayas.

Those who take this view profess to be perturbed by what they call President Kennedy's "blunder." Far from thinking that Mr Khrushchev capitulated, they suspect that he may have done rather well, after all, out of the game that he was playing. They accuse Mr Kennedy of offering the Castro regime what is in effect a life insurance policy, by promising that the United States would not invade Cuba if the Soviet missiles were dismantled and removed. This offer is interpreted as letting Mr Khrushchev have something for nothing, since he would still have his missiles and Dr Castro, his puppet, would still be in power in Cuba. Mr Kennedy's guarantee would be a net gain to Mr Khrushchev.

The argument does not overlook entirely the fact that Mr Khrushchev has further weakened Dr Castro's ties with the other Latin American countries. The President of Mexico, Mr Mateos, and the Brazilian left-wing (and anti-American) leader, Mr Brizola, censured Dr Castro severely for permitting himself to become a Soviet puppet and for allowing the dreaded instruments of nuclear war into the hemisphere. But the Americans who are criticising Mr Kennedy are really not much impressed by Latin American opinion. What they favoured was an American invasion of Cuba, or at least an American-sponsored (and this time adequately supported) "War of National Liberation," the sort of thing which Mr Khrushchev himself favours. But this one would have been aimed against him for a change.

Americans who thought that an invasion for the purpose of overthrowing Dr Castro and freeing Cuba from communism would have been morally all right, but who shrank from the risks and the inevitable loss of life that it would have entailed, believe on the whole that President Kennedy chose a wiser course. But some doubts have succeeded in creeping into their minds also. Patently they have not enjoyed such ironies as the United States seeming to hope that communist influence in Cuba would prove strong enough to make Dr Castro obey Mr Mikoyan—assuming that the latter's intention was to try to get him to be reasonable. There has been uneasiness about Russian hints that the United States ought to reciprocate the "reasonableness" of Mr Khrushchev by making concessions to Dr Castro, for instance by removing from Cuba the recently strengthened American base of Guantanamo.

Conscious of its critics, but more conscious of its enormous responsibilities, the American Administration is exercising a two-edged caution. At one edge it is backing away from suggestions that it managed to secure a Soviet capitulation. Mr Kennedy is a resolute man but he shows no disposition to beat his chest and claim to have triumphed over Mr Khrushchev. No member of the President's close-knit inner team appears to be giving any encouragement to such notions as that now it is America's turn to get tough.

The other edge of the Administration's caution is a sensitive awareness that the United States and the world are not yet out of the wood. Total failure to secure verification of the removal of missiles from Cuba would return the United States to its taut mood of a fortnight ago, when it did not really expect to receive satisfactory assurances and was ready to act accordingly. Since the missile sites have been dismantled, such total failure seems unlikely. But if the United States decides to accept something short of inspection of the sites, this will agitate the Administration's critics further. Many Americans fret about the possibility that missiles may be dismantled but hidden away in caves for later use. Such fears are increased by the frantic haste with which Soviet ships are embarking missiles to avoid inspection of them.

NEVERTHELESS, the Administration seems to be fairly confident that it knows what arms there are in Cuba and that it can check how many are removed. Part of this confidence derives from the steadily maintained surveillance from the air. But this has its inconveniences, dangers and contradictions. More American fliers may be shot down and yet the United States has said that it has no objections to Cuba possessing surface-to-air missiles for defence—though it wants removed the Ilyushin "28" bombers, which are subsonic but have a radius of action of 700 to 800 miles and could carry nuclear weapons. Air surveillance infringes Cuban sovereignty and seems to revive the doctrine, which President Eisenhower abandoned, that flights over other countries were undertaken by American U-2 aircraft for the defence of the free world.

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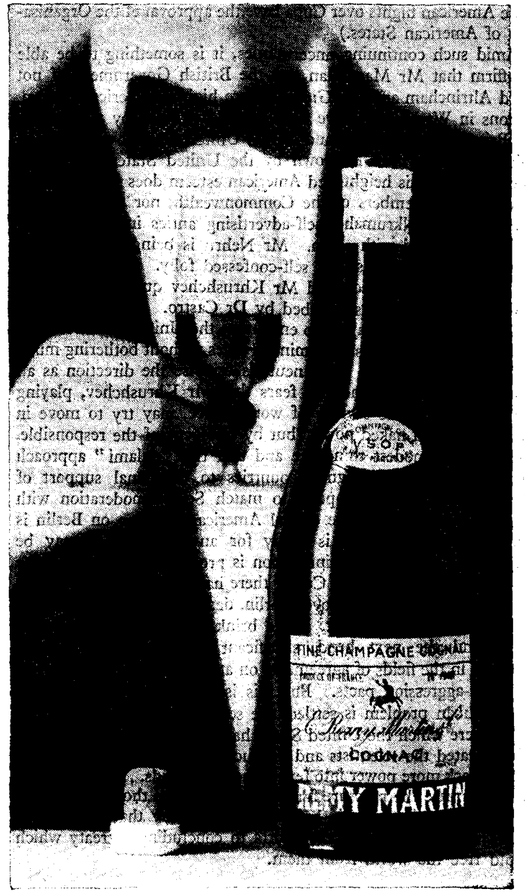

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(The American flights over Cuba have the approval of the Organisation of American States.)

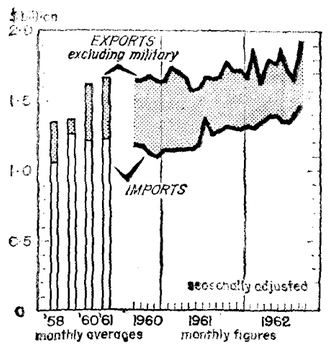
Amid such continuing uncertainties, it is something to be able to affirm that Mr Macmillan and the British Government, if not Lord Altrincham and the *Guardian*, are high in American esteem. Britons in Washington have been warmly thanked by taxi-drivers for Britain's decision to stand by the United States over Cuba, in spite of having been let down by the United States during the Suez crisis. This heightened American esteem does not, however, extend to all members of the Commonwealth, nor to the United Nations. Mr Nkrumah's self-advertising antics in the name of peace are viewed with scorn. Mr Nehru is being helped but is seen as a victim of his own self-confessed folly. It is also noted that, while Mr Kennedy and Mr Khrushchev quickly achieved a dialogue, U Thant was snubbed by Dr Castro.

The consequence may be to encourage the United States to walk with its closest and most like-minded allies without bothering much if the Afro-Asians and other neutrals criticise the direction as all wrong. There are American fears that Mr Khrushchev, playing his new part as the saviour of world peace, may try to move in Berlin, not with naked power, but by the tactic of the responsible, level-headed, modest thin slice and that this "salami" approach may provoke the unaligned countries to emotional support of Russia and to tearful appeals to match Soviet moderation with western concessions. The official American position on Berlin is that the Administration is ready for any action that may be required of it. The Administration is probably heartened by the official British response on Cuba; there had been American doubts about British resoluteness over Berlin, despite British reassurances.

The broad hope is that, if the brink is now in the past and not round the next bend, significant break-throughs may be achieved in the fields of agreements on atomic testing, disarmament and non-aggression pacts. But this is still only a hope. Even if the Cuban problem is settled, the series of nuclear tests in the atmosphere which the United States has now concluded apparently reinvigorated the scientists and produced shiny new notions about how to pack more power into fewer nuclear pounds. Such developments increase the pressure for further tests even though President Kennedy promised in his broadcast on Sunday that the United States would devote its best efforts to concluding a treaty which would free the world from them.

Deficit Behind Schedule

THE optimistic predictions of the Kennedy Administration that the deficit on America's external payments would drop by 40 per cent from 1961 to only $1.5 billion this year have been badly upset by a dramatic increase in the estimated deficit in the third quarter—a jump which raised the seasonally-adjusted gap for January-September to an annual rate of $1.9 billion from one of $1.4 billion in the first six months of the year. While disappointed by these figures, however, Treasury officials declare themselves confident that the deficit for 1962 as a whole will be held to $2 billion and that by the close of 1963 America will be out of the international red altogether.



* Under new statistical procedures September imports are estimated to be 2 per cent higher than they would have been under the old ones.

Much of the deterioration in the United States balance of payments during the third quarter was due to special factors. Most important were the measures adopted by Canada and Japan to combat their own difficulties; these measures must have contributed significantly to the decline in American exports during July and August. While exports recovered strongly in September—when they were probably stepped up to some extent because of the maritime strike which was threatened for October—they remained below their high levels of the first half of the year. On the other side of the balance, imports continued to rise in response to the recovery in the domestic economy. As a result, the surplus in the trading account on a seasonally-adjusted basis dropped in the third quarter to $4.8 billion from $5.1 billion in the second quarter. The total deficit for the third quarter was also swelled by the reversal of inflows of speculative capital from Canada and by the continued record level of American economic aid abroad.

While there is little hope of any significant improvement in the trade figures in the fourth quarter, Administration officials look forward to a smaller deficit on the total calculation as a result of scheduled repayments of debt, possibly more prepayments and some reduction in outflows of private capital. To counteract the recent widening of differentials in short-term interest rates in favour of London and other overseas money markets, this week the Treasury is marketing a special $1 billion issue of bills. At the same time, the Administration has asked foreign governments to try to make borrowing abroad less essential and attractive to their nationals. The French government, under a residual currency-control regulation, is reported to have dissuaded a number of French firms from planned borrowings in New York.

Looking ahead to 1963, Washington officials expect a resurgence of exports. This expectation is based on rosy assumptions about the prospects for continued growth in Europe, recovery and the relaxation of special restrictions in Canada and Japan and the success of export promotion measures at home. Officials also hope that accelerated economic growth in the United States will attract more capital from abroad and discourage outflows of investment funds from America. However, as President Kennedy's top economic adviser, Mr Heller, pointed out this week, measures to stimulate America's flagging domestic market are likely to worsen the country's payments position in the short run by boosting imports even more. Nevertheless, with the dollar continuing to show amazing strength in the markets, it is to be hoped that the Administration will not put the American economy in a straitjacket for the sake of being precisely on schedule in its battle to eliminate the deficit in the balance of payments.

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Three Rs—and Two

FROM A CORRESPONDENT IN SAN FRANCISCO

As if the political races and no less than twenty-four propositions for the voters to decide were not enough, Californians have been concerned this autumn with an absorbing battle—the first for seventeen years—for the office of State Superintendent of Public Instruction, a non-party post. The two contenders were Dr Ralph Richardson, Associate Professor of Speech at the University of California at Los Angeles, and Dr Max Rafferty, former superintendent of schools in a suburb of Los Angeles. Both favour a renewed emphasis upon academic subjects, frankly and clearly delineated as such, to replace such modern hybrids as "language arts" or "social studies." To the professional educators, who would have preferred a third candidate, Dr Richardson appeared to be a lay outsider, while Dr Rafferty was suspect as the author of "Suffer, Little Children," a book which preached a return to "the three Rs" with intemperate invective that sent chills down many spines besides those of the educators. But they supported Dr Richardson, as the more moderate.

If victory this week had depended upon approval by educational organisations, Dr Richardson would not have had to lift a finger; he was backed by nearly all of them. But this support, while valuable, had its price. Dr Richardson was now open to the charge of being "the pedagogues' candidate." Paradoxically, Dr Rafferty coupled this accusation with criticism of his opponent's lack of orthodox experience in the schools. Indeed, during the campaign Dr Rafferty talked a bit less ferociously about the professional educationists. In debates before large crowds all over the state, Dr Richardson quoted from his opponent's earlier pronouncements to show his extremist and reactionary tendencies; Dr Rafferty then looked pained, deprecated "quotation out of context" and implied that "Suffer, Little Children" was mostly written a long time ago—though it came out in April, nicely timed for the campaign for nominations to the post.

Each man charged the other with political partisanship. Dr Rafferty attacked "togetherness and democratic socializing" and stressed his opponent's ties with the Democratic party—he served for a time as Planning and Research Secretary to Governor Brown. Dr Rafferty also appealed to conservative dislike of federal aid to education, which his opponent favours. Dr Richardson retaliated by pointing to his Republican rival's associations with well-known members of the extreme right-wing John Birch Society and to some of his rather ominous statements about the need to indoctrinate children with Americanism and with hatred for "the filthy menace of communist corruption." Whoever has won, policy-making will remain in the hands of the State Board of Education and local autonomy will probably remain considerable. But the importance of the Superintendent's post will be increased by the mere fact of its having been sought so strenuously this autumn.

Invisible Empire

FROM A CORRESPONDENT IN ANNAPOLIS

A DRIVE of twenty minutes from Washington reveals gambling without parallel except in Nevada. Bars, eating places and shops resound with the crash and tinkle of gambling machines, known locally as slots. Housewives in curlers play them on their way to market, schoolchildren risk their lunch money during break and ratings from naval bases swarm in on pay days. Tourists and lorry drivers have a flutter as they travel Route 301 and day trippers from Washington flock to the casinos on the Chesapeake and Potomac beaches. Slot machine gambling is legal under local option in four counties of southern Maryland, whose reputation as "Little Nevada" has become a political issue.

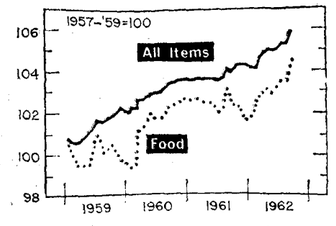
Maryland has an odd tradition that counties may obtain exemption from state laws, though not from state taxes, and until recently most politicians accepted the theory that gambling (including gigantic bingo parlours) was an issue for the counties alone to deal with. This theory has been reinforced powerfully by the willingness of slot machine interests to provide cash for any and all political campaigns—contributions which are the harder to trace because no one knows what the annual take of the slots really is. The federal government licenses 5,700 machines in the four counties as well as another 3,600 machines elsewhere in Maryland which are illegal under state law. At the most conservative estimate, Maryland's machines take in $48 million a year.

The gambling question entered the campaign last spring as one of the chief talking points of a Democratic candidate for Governor, Mr David Hume. An eccentric liberal without organised backing, Mr Hume ran a good third to two familiar figures in the primary at which Democrats chose their nominees and with the aid of civic groups came second in the slot machine counties. His vote was large enough to make his support useful to the incumbent Governor Tawes who, after prodding by Mr Hume, publicly changed his mind about slots being a purely local concern and promised to work for their abolition.

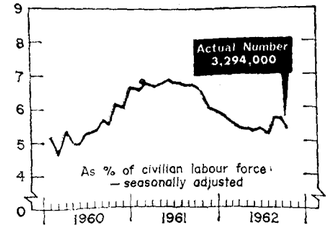
There will be resistance, for county officials maintain that revenues from slot machines, totalling about $400,000 a year, are important to county budgets while small businesses, from grocery shops to barber shops, which have machines on the premises split the take with the proprietors. Critics of the slots, including churchmen of all creeds, say that gambling siphons off money which could be used more productively, that its moral influence is bad, that slots bring undesirable people into the counties and that the profits all too frequently are used to corrupt public officials. Maryland, unlike Nevada, has no state supervision of gambling.

Now that Mr Tawes has been re-elected, the stage is set for a first-class legislative fight against the "invisible empire." The pro-slot forces are trying, as a diversionary move, to link horse-race betting with the anti-gambling drive; this is certain to cause a furore in a racing state. Unlimited money is available to back the slots in the Legislature and may do much to offset the work of a special committee appointed to recommend the best way of eliminating gambling machines. Mr Hume's supporters may have provided the reform vote which Mr Tawes thought he needed to win; whether Mr Tawes in turn can deliver the reforms is another matter.

CONSUMER PRICES



UNEMPLOYMENT



At first sight the chart on the left suggests that the United States is sickening for a bout of inflation and the one on the right that it is recovering from its chronic unemployment. Neither suggestion is true, according to the official diagnosis. While the cost of living went up in September by more than in any month since early in 1958, this was due mainly to a temporary increase in meat prices. While the decline in unemployment in October was greater than expected for that month and the number of people out of work was the smallest for three years, much of the improvement was because many potential members of the labour force, particularly women, had given up looking for jobs altogether. The rate of unemployment is still uncomfortably high and is likely to remain so during the coming months.

Printed to Fit?

A TWELVE-MEMBER "executive committee"* of the five-member National Security Council met at least once a day during the Cuban crisis to advise the President. This "inner group" has been in existence for months but it was made official on October 23rd. Its deliberations were kept absolutely secret, something which is unusual in Washington and which helped the United States to astonish Mr Khrushchev and to keep control of events in the President's hands. Understandably, Mr Kennedy himself held no press conferences during the crisis; unfortunately, before it began, he had not held one for over a month, the result no doubt of the pressure of weekend election campaigning.

All this added up to a feeling of frustration on the part of the press but this did not burst into flames until the information officer of the Defence Department, Mr Sylvester, chose to comment in a few ill-chosen words. In the kind of world we live in, he said, news generated by the actions of the government becomes "part of the weaponry"; it was important that the press should speak with one voice; and the results justified the means. This looked like a sinister inversion of "all the news that's fit to print"—the famous slogan of the *New York Times*—and the newspapers rushed into battle, many of them charging that they had been used deliberately to misinform the public as part of the scheme for misleading the Russians. This charge is not easy to substantiate.

Some officials who talked, in the days just before the President announced the blockade, about the missiles in Cuba being purely defensive did not, it seems, know the truth themselves though others, it seems, did. Some journalists feel that their attention was drawn ostentatiously to the possibility of an invasion of Cuba or of a bombing of the missile-sites to produce headlines which would put the screws on Mr Khrushchev. The reach of the missiles in Cuba may have been exaggerated. Mr Sylvester himself insists that there was no distortion of the truth but simply consideration of timing and effect. Mr James Reston, who takes a drier and more realistic view than most of his colleagues and even than his own paper, the *New York Times*, thinks that never have journalists been told so much about delicate matters. Even so, this was not perhaps the ideal moment for the Departments of Defence and of State to announce new controls, however innocuous, over the outflow of news, including the requirement that officials who speak to journalists must report the fact. The whole issue will be given an airing in January by a congressional subcommittee which conducts a running fight—largely successful—with government departments over their information policies.

No Profit in Steel

THE news that the huge United States Steel Corporation had reduced its quarterly dividend—to 50 cents a share from 75 cents—for the first time since 1938 and that even so earnings between June and September had fallen short of this payment by 12 cents a share brought to a climax the gloom in this basic industry. Several of the other leading steel firms have also cut their dividends and only one—the Inland Steel Company—earned enough in the quarter to cover its payments to shareholders. Output has now gone up a little but it is still running stubbornly around 60 per cent of capacity and there is little prospect of any substantial improvement. With automobile production booming the motor industry's long-heralded increase in demand shows signs of materialising at last but now this will be offset by the seasonal declines in demand for steel from the food processing and construction industries.

Even so steel companies are still spending money on expanding and modernising their facilities, feeling that only thus can they reduce costs, meet competition and increase profits. They are in effect making the shareholders pay for these capital outlays since the President refused to allow them to be covered by higher prices. It is thought that in present circumstances the Administration would be less opposed to price increases than it was last spring but in present circumstances the companies are hardly able to raise prices. Indeed, the tendency is to lower them, particularly for stainless steel. And on the west coast the local producer, the Kaiser Steel Corporation, always a maverick, has cut all its prices by an average of $12 a ton; thus practically eliminating the historic differential for the region west of the Rocky Mountains. Other companies which sell there are being forced either to follow suit, by absorbing freight costs, for example, or to withdraw from this market.

Kaiser was able to cut its prices because its modern facilities keep its costs low and its excuses were that it wanted to encourage the expansion of steel-using industries on the west coast and to meet foreign competition which, in its case, is mainly from Japan. Eastern companies are trying another method of dealing with imports of steel, which were equal to nearly 6 per cent of American output last year. Six firms have filed a formal complaint with the Treasury that the anti-dumping laws are being violated by foreign producers of wire rods and they have let it be known that this complaint may be extended to other imported products.

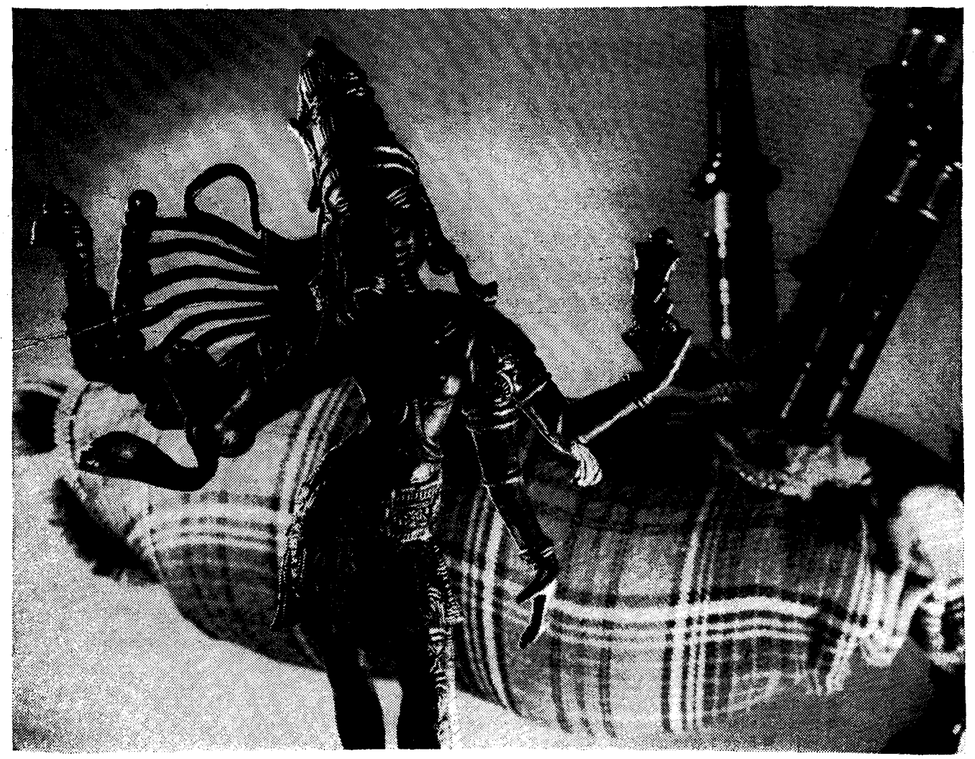
New York without the News

ALTHOUGH the *New York Daily News*, with a daily circulation of about 2 million, the largest in the country, was closed last week by a strike, New Yorkers have not had to do without the news entirely. The Newspaper Guild, the journalists' trade union, chose to strike only against the *News* when its contracts with the seven major dailies expired on October 31st partly because labour relations there have been the most bitter; the *News* does not, for example, automatically deduct union dues from pay-packets as the other papers do. Moreover, it is financially one of the strongest and gains wrested from the *News* can then be demanded from the weaker brethren. The Guild is anxious to give no excuse for a general lock-out which would be costly to its members; it made no objection to the printing of the *News* (a shadow of its former self, with no advertising) on other presses but this lasted only one day.

The publishers of the other papers, which include the *New York Times* and the *Herald Tribune*, are almost certainly relieved that this restraint absolves them from implementing their "strike one, strike all" agreement. But what they say is that they are postponing "joint action" in deference to the intervention in the dispute of Mr Wirtz, the Secretary of Labour. This is the first time since he took office on September 1st that he has intervened personally to settle a strike and his announced intention was to do so far less frequently than his predecessor, Mr Goldberg. But it is no secret that the White House has been extremely concerned lest there might be a general suspension of publication which would have left 8 million New Yorkers without the written word about the international crisis and the election campaign. Four years ago the newspapers shut down for nineteen days. This cost them about $25 million in advertising and circulation—another good reason for hesitating in the bumper pre-Christmas season for advertising. Several of the papers could not afford a repetition. Finally it is not certain that a general lock-out would be approved by the courts and by the National Labour Relations Board. The board is still considering whether the lock-out in 1958 was illegal, as the trial examiner concluded recently that it was.

* Its members are the Secretaries of State and of Defence, Vice President Johnson (all of whom are statutory members of the NSC), Mr Robert Kennedy, the Attorney General, General Taylor, the chairman of the Joint Chiefs of Staff, Mr Ball, the Under Secretary of State, Mr Gilpatric, the Deputy Secretary of Defence, and two of the President's assistants, Mr Sorenson and, last but not least, Mr McGeorge Bundy.

Highland fling in North-East India



When the occasion calls for celebrations at Gomia, in the Indian state of Bihar, Scottish reels sometimes alternate with stately classical dances. For this remote tract of jungle, where leopards prowl and the summer shade temperature reaches a shimmering 110°F., contains India's first blasting explosives factory—designed and set in operation by experts from I.C.I.'s explosives factories in Scotland, who have helped to train the Indian operatives.

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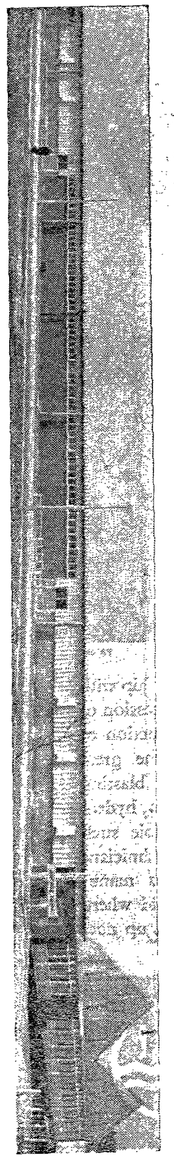

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THE WORLD OVERSEAS

Indian Strife and Unity

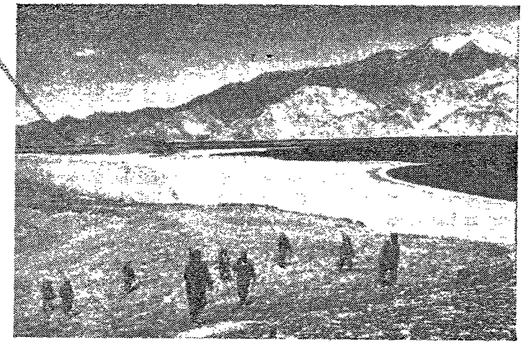
FROM OUR CORRESPONDENT IN INDIA

A combination of Mr Nehru's loyalty and Mr Krishna Menon's vanity threatened this week to fog the singleminded sense of purpose that the Chinese invasion had thrust upon India. Mr Menon's retention of the defence production portfolio and of a Cabinet seat had already dismayed those who believed he had proved his incompetence for either. They were roused to fury when on November 1st, the day after his first demotion, he flew to the North East Frontier headquarters at Tezpur and declared that "nothing is changed." By this week, the savage press and political battle that had been momentarily quelled by his removal was raging again. While conservative papers called for his total banishment from office, the Bombay *Free Press Journal*, for instance, thundered against "the threat from the Right," charging right-wingers with exploiting the crisis to discredit Mr Nehru's policies of socialism and non-alignment. They were "as much anti-national as the communists" it said.

The Communist party of India, flaunting new patriotic plumage, joined the fray. Public and party pressure and, still more, tactical necessity had forced the Communists to come off the fence last week with an outspoken resolution denouncing the Chinese as aggressors, upholding the validity of the McMahon line, refuting Chinese charges against Mr Nehru as an imperialist agent, and even approving the import of arms on commercial terms "from any country." The resolution also charged the Chinese with strengthening right-wing reactionary parties in India. This line was enthusiastically adopted by local party units. The cries of "Save India" that rent the air were almost matched by cries of "Save socialism," "Save non-alignment," and "Save Krishna Menon." But on Wednesday Mr Menon went.

There is a danger now that three weeks of unity may break up into a party dogfight. The Communists' attempt to gain admission to the new all-party National Defence Council and local citizens' councils are also already arousing anguished protests from the right wing. Yet the curious thing to an outsider is not how much political capital the rightists have tried to make, but how little. There is no serious attack on the planned economy, and surprisingly little in responsible quarters—the public is less restrained—on non-alignment. The "threat from the Right" looks suspiciously like an Aunt Sally invented by the Left.

National purpose is also clouded by uncertainty over Chinese motives. The virtual lull in the fighting in the North East Frontier Agency (NEFA) has been interpreted as a pause by the Chinese to regroup and bring up supplies over the roadless territory that now lies behind their spearheads before the next attack. But is it? Perhaps their aim now is political, to offer a *quid pro quo* in NEFA in exchange for recognition of their claims in Ladakh. No one knows, and most probably no one is intended to know. The Chinese offer to withdraw twenty kilometres from "the line of actual control" had been left deliberately vague as to the meaning of the quoted phrase. The psychological effect of the sudden pause just as the Indian public had braced itself for war has been unsettling. Long memories are recalling Hitler's tactics before the war.



On patrol in Ladakh

These tactics have been only partly successful, however. New Delhi's revelation on Monday that Daulatbeg Oldi, the post at the foot of the Karakoram Pass, had been abandoned "several days" earlier, cleared up the last doubt whether the Chinese were prepared to stick within their claims in Ladakh. This strategic post, whose capture opens the way for the Chinese to their claims also in Pakistan-occupied Kashmir, is acknowledged even by Peking to be on Indian soil. Coming after several days of little news from the front, the announcement hardened wavering public opinion. Simultaneously confidence has been tremendously boosted by the arrival of British and American arms.

These concrete proofs of friendship have also led to an astonishing wave of pro-western and particularly pro-British sentiment. The newspapers are full of reports of the generous British attitude and the comparative absence of cold war-ism and "we told you so." Mr Macmillan's masterly snub to President Nkrumah was also welcomed. At the same time, reports from the non-aligned capitals are better than they were. President Nasser now seems to have reached a position near to that of New Delhi. Other African countries and some Asian ones seem to be swinging India's way. The waiflike feeling that was evident here in the first few days of the crisis is vanishing.

On the home front, donations to the national defence fund are still pouring in. There is to be rifle training for all able-bodied men in border areas, and civil defence schemes in several frontier states. The work of recasting the third five-year plan is beginning, though there is still little public evidence of any realisation in New Delhi just how much is involved. The only gloom has been in the stock markets. The Bombay market, which sets the lead for the others, panicked on Monday and was closed after forty minutes of plummeting prices. It was to reconsider the position on Friday. There was gloom also among gold smugglers after the finance minister's announcement of gold bonds, subscriptions to which would be valued at the international price of gold. He also forecast measures to make the selling of smuggled gold impossible. Internal gold prices, which are more than double the international price, promptly fell ten and in some centres twenty per cent.

Dr Adenauer Sweeps Up

FROM OUR BONN CORRESPONDENT

IT looks as though the affair of *Der Spiegel* is in for a long run, possibly to the edification of the principal players and the German public, certainly to the aggrandisement of the magazine's circulation and sundry lawyers' earnings. The minister of justice, Herr Stammberger—his face saved by the dismissal of his presumptuous state secretary, Herr Walter Strauss—has initiated an inquiry into the circumstances of the police action launched without his knowledge against the magazine on the night of Friday, October 26th. These are still so opaque, and apparently so many persons would like them kept so, that the investigation will probably take a long time. So will the digging of the public prosecutor's office into the files seized in *Der Spiegel's* offices at Hamburg and Bonn. And, should it then come to a treason trial before the supreme court at Karlsruhe, it would be one fought at every stage.

It has been fortunate for Dr Adenauer that the trip he intended to make to Washington this week was postponed at President Kennedy's request until November 14th. The postponement has given the Chancellor an opportunity to give his mind to the latest little local difficulties, particularly to the ruffled feathers of his political allies, the Free Democrats, who already before the slight of the *Spiegel* affair had been complaining that their views on social and financial legislation were being largely disregarded. In order to keep his disjointed coalition glued together, with himself still functioning as head, the Chancellor has placated the Free Democrats for the time being by seeming to discipline two Christian Democratic state secretaries.

Herr Walter Strauss was relieved this week of his work at the ministry of justice just when, after thirteen years in the same post, he was looking forward anyway to an agreeable transfer in the near future to European duties. Herr Volkmar Hopf, of the ministry of defence, was sent simultaneously on indefinite leave —in the course of which he can be expected to toy fondly with the idea of following the example of his predecessor, Herr Rust, who preferred the consolations of a job in industry to the vicissitudes of a state secretaryship under so exacting and controversial a chief as Herr Franz-Josef Strauss. Yet neither of the dislodged state secretaries is merely a scapegoat. Both self-admittedly ignored their obligation to the departmental minister responsible to parliament and the electorate. Their fall from grace, gentle as it has been, may discourage others prone to exploit the possibilities of government by civil servant—from Herr Globke, the powerful state secretary at the chancellery, downward.

The government spokesman in Bonn, Herr von Hase, and the legal authorities at Karlsruhe reiterated testily this week that there was ample *prima facie* evidence to justify the authorities' stern pounce on *Der Spiegel*. In the Bundestag on Wednesday, Dr Adenauer anticipated a conviction by remarking, "We are faced with an abyss of treason in the country when a publication practises it systematically for the sake of gain." At the time of writing, the proprietor and editor of the magazine, Herr Rudolf Augstein, was still in custody, along with four members of his staff. So was Colonel Adolf Wicht, a Bundeswehr intelligence officer, who, Karlsruhe alleged on Tuesday, had warned *Der Spiegel* on October 18th that trouble was brewing. No one had yet been granted bail.

The parallel inquiries of the opposition (which includes the surviving members of the staff of *Der Spiegel*) are naturally being concentrated on the part that may have been played in the affair by the defence minister, Herr Strauss. After the mauling he has received from the magazine over the past two years, Herr Strauss's personal interest in its muzzling is so great that he cannot but be suspected of active connivance. Even should he be officially cleared of this charge, enough suspicion will linger in the mind of the German public to dim still further his once bright hopes of eventually becoming Chancellor.

Banda Bomb

FROM OUR CORRESPONDENT IN CENTRAL AFRICA

THE pattern is clearly set for Dr Banda's Nyasaland, whose next constitution will be debated at Marlborough House from Monday. Having controlled the legislative council for a year and the executive council for six months, his Malawi Congress party is reasonably demanding internal self-government and a promise of a date for complete independence. The party sees no need for another conference before independence. At the same time Dr Banda is asking Mr Butler as minister for central Africa for "independence from the federation" (of Rhodesia and Nyasaland).

Mr Butler should have little difficulty in granting the first two wishes. The country is as united behind Malawi as it was when the electorate gave it 95 per cent of the votes in the elections in August, 1961; indeed, more so, since the white planters and traders who shuddered then at the thought of an African majority have since been cheered by the realisation that life continues pleasantly in the lovely hills. Full internal self-government involves the replacement of the last three official ministers, and Britain may argue that the finance minister should remain even if the chief secretary and attorney-general go. This would be desirable, Mr Butler may suggest, both because Malawi has recently tragically lost Mr Dunduzu Chisiza, who had been marked out for the post since his days in political prison, and because Britain is likely for several years to buttress the budget, to judge from this year's estimated recurrent deficit of £1.5 million. But Dr Banda can retort that Mr Gichuru became Kenya's finance minister when prospects there were bleaker, and that there will be time to groom Mr Chisiza's replacement, Mr John Tembo, before the constitution takes effect with elections in, say, April.

It is the third request, for "independence from the federation," which will test Mr Butler's dexterity with his constitutional wand. The United Federal party delegates will correctly point out that the conference being concerned with the territory's advance and nothing broader, the issue of federation should not be discussed. Probably Mr Butler will observe this point to the letter and confine the conference proper to territorial matters, while still satisfying Dr Banda by issuing, during the period of the conference, a statement about how and when Nyasaland might secede from the Rhodesias. This matter, after all, requires no more discussion. Mr Butler has read the report of his trio of private advisers on the consequences of Nyasa secession, and all the delegates have

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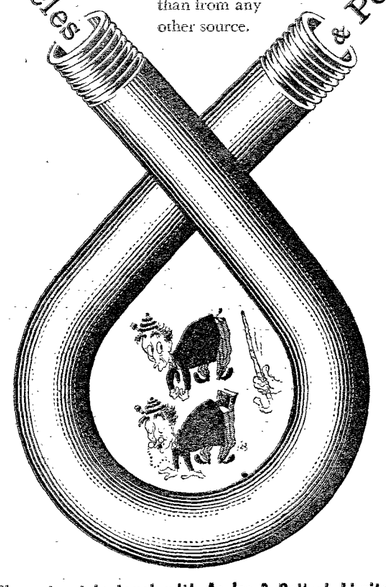

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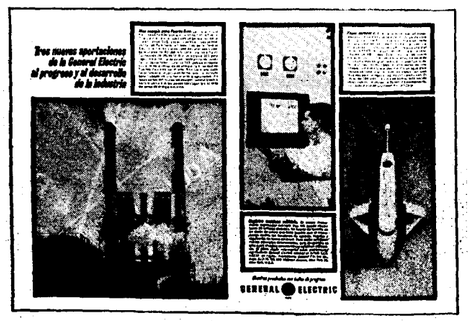

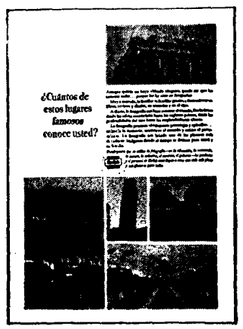

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be fighting side by side with its allies in fulfilment of its treaty obligations. The government rejected the idea of trying to develop a capacity to fight alone.

This fact has been stated from time to time in parliament, but bland ministerial language makes no impact, and the public did not take it in. It came as a shock to learn of the extent of Indonesia's military build-up, including the delivery of a 19,200 ton cruiser of the Sverdlov class and the promise of another. It should not have been a shock, for the news has been trickling through for about four years; but it has taken on a new and sinister significance now that Indonesia is to share a frontier in New Guinea with Australia. Until recently, in Australian eyes, Indonesia was a nation of poor struggling "boongs" (a slang word which in its narrowest sense is applied to the natives of New Guinea), a people to whom Australia in Christian charity gives locomotives and tractors. Now suddenly it has the aspect of a potential enemy equipped with weapons of a quantity and modernity which Australia has considered beyond its own means.

The growing anxiety on this score has been canalised in a series of six well-informed articles in the *Sydney Morning Herald*. These raise doubts about the Anzus treaty between the United States, Australia, and New Zealand, which has lulled Australia's fears since the decline of British power in south-east Asia. There seems no doubt that if there were an Asian invasion of the Australian mainland (the potential invaders in the minds of the signatories in 1951 were the Japanese), the United States would come to Australia's aid. But can anyone imagine such an invasion taking place unless the United States and Britain had a nuclear war on their hands and so were unable to help? In any case American willingness to divert resources to Australia would depend on Australia's having earned that help by its own contribution to the common cause of resisting communism in south-east Asia; and Mr Dean Rusk, during a visit to this country in May, made it clear that he did not think that Australia was doing enough. It has not escaped the notice of Americans that whereas they themselves are spending 11 per cent of their gross national product on defence and Britain is spending 6 per cent, Australia is spending a mere 2.8 per cent.

As for the possibility of an Indonesian attempt, by infiltration rather than invasion, to take over east New Guinea, the affair of west New Guinea has left no doubt how the Americans feel about supporting a white colonial power. The prospect is perhaps that in due course there will arise in east New Guinea an indigenous movement, supported from across the border, demanding that the Australians go. It would be fantasy to suppose that the Anzus treaty, which was designed to still Australian fears about a "soft" peace treaty with Japan, could be invoked to put down a movement of this kind.

The conclusion to be drawn is that American help would be forthcoming neither in the only conceivable circumstances in which the Australian mainland would be invaded, nor in the only conceivable circumstances in which Australian New Guinea would be in jeopardy. There has thus been a marked spread of opinion, which was evident on both sides of the House of Representatives in last month's defence debate, that Australia ought to be better able to defend its territory alone. But the new three-year programme announced on October 24th, provides for an expenditure of only £A650 million over the three years—hardly any increase in terms of constant prices, and none at all in expenditure per head.

The government's dilemma is easy to understand. With a majority of two it does not want the odium of putting taxes up. Still less does it wish to seem to be arming against Indonesia. The minister of defence, Mr Townley, tried to make his little programme sound like a substantial increase without actually being one. Unhappily it will take more than words to allay the anxieties that have been aroused.

The Gimo at 75

FROM OUR FAR EAST CORRESPONDENT

CHIANG KAI-SHEK, the durable and brooding exile on Formosa, was 75 on October 31st. He seems to be in good health and to have recovered briskly from a recent prostate operation. He delivered the customary speech on October 10th, the "Double Tenth" anniversary, with his accustomed verve and the usual pledges of a return to the mainland, but he did not stand in the glaring sun for the traditional two-hour military parade, which, for whatever reason, was sensibly cancelled this year.

His presidential reception was notable for the long procession of ebony delegates from those new African states that, refusing to conform to communist hopes for a docile Afro-Asian front, have bestowed diplomatic recognition on the Nationalist cause. Hard invasion prospects—despite the hoarse and habitual certitude of the garrison leaders—droop and moulder as limply as ever. But the Nationalist seat at the United Nations never looked safer. All Taipeh's official black limousines are gratefully whisking the government's beaming black friends on VIP errands, escorted under strange and brilliant national flags by motor-cycle outriders. With President Kennedy's support reaffirmed, the Indian frontier war is also serving to reinforce this ebullient diplomatic mood.

Durable exiles

Economically, Formosa has been thriving under the fertilising influence of American aid, which, in military and non-military form, has totalled a munificent $3,000 million in the last 13 years. Land reform was a spectacular success, and the industrial growth rate has been averaging approximately 14 per cent a year. But population is increasing at a headlong bat of 3.5 per cent a year, food has to be imported, and a crushing proportion of the secret national budget—probably $200 million a year—is devoted to the huge idle military machine.

Then, to the irritation of the Americans and the despondency of the able Nationalist planners, the Generalissimo decided to celebrate his 75th birthday year by slapping heavy surtaxes on all incomes in order to squeeze an additional $62.5 million into his "invasion" reserves by July next year. As a result, the economics minister, Mr Yang Chi-tseng, has given a warning that vital foreign investment is slackening, that unemployment is increasing and that the trade deficit for the past six months was $73 million—or nearly $15 million more than the aggregate of American private investment which has so far been attracted to the island.

This economic drift has had sharp and poignant interest for Washington, which wants to persuade Chiang to cut back military spending and is also changing the basis of aid from charitable handouts to low-interest loans. Hence the importance of President Kennedy's appointment of a strong and salty ambassador, Admiral Alan Kirk, to Taipeh. No Chinese invasion-peddler can try to pull rank on Ambassador Kirk, who covered the Normandy landings; no Chinese traditionalist can try to pull age on him because he is only a vigorous two years younger than the "Gimo."

Speculation that 1962 would be the year of decision for Chiang because of his 75th anniversary, and rumours that that decision might take the shape of a suicidal landing and a committed ally's plea for American succour, have all proved unfounded. Crafty General Park was able to hoodwink the trusting American commanders with his sneak coup in Korea, but, even if Chiang had reached a point of desperation, the secret training of attack troops and the clandestine assembly of landing craft for a reckless sally across the Formosa straits would be out of the question.

Medical opinion expects that, in the continuing *status quo*, the austere living "Gimo," at 75, should still outlive his 65-year-old vice-president, the more human Chen Cheng. Chiang's logical and lineal successor, even if not in name at the outset, will in normal circumstances be his elder son, General Chiang Ching-kuo, who runs the secret police and directs the oriental cloak-and-dagger war against Peking. As chairman of the vocational assistance commission for retired servicemen and director of the Chinese youth anti-communist and national salvation corps, Ching-kuo also controls both the past and future generations of Chinese in exile. He is tough and intelligent; he is Russian-trained and has a Russian wife. Judicious Americans see no valid reason to believe that he would try to make a deal with Peking, at the sacrifice of American support. On the contrary, they think that if his personal ambitions are strong, they will tend to lead him to direct Chinese Nationalist policy to building up a Formosan state independent of China.

Turkey's Radical Plan

FROM OUR CORRESPONDENT IN ANKARA

TURKEY'S five-year plan has now been laid before the Grand National Assembly. In outline, the plan seems full of enlightened ideas, and has the approval of most of the western experts who have studied it. But drastic reforms, and in particular tax reform, will be needed if Turkey is to afford its own share of financing the plan. The issue at stake is whether the carrying out of these reforms would endanger the life of the shaky coalition government—and might even threaten the whole concept of a parliamentary regime.

There was an uneasy curtain-raiser at the end of September, when the four top men on the state planning board, the organisation that drew up the plan, resigned in a body after differences with the government. They did not say publicly why they did it, but, in fact, everybody knew. They had resigned because the government had declined to accept their recommendations for financing the plan, and for the reorganisation of the Turkish administration. Many people concluded from these resignations that the government had already decided to water the plan down. As drafted, the plan admitted a gap in domestic financing of about £48 million for the first year (1963), and estimated that this gap would rise to some £88 million by 1967, the last of the first five years. (Three five-year plans are envisaged.) The only way this gap could be closed, stated the plan, was by levying substantial new taxes, in particular an agricultural tax. It also demanded a drastic reorganisation of the sector of industry run by the state, which has been losing money for years, and said flatly that without this reorganisation the plan could not reach its declared target of economic growth, 7 per cent a year.

The question of an agricultural tax has been constantly debated. It is peculiar to Turkey that, though the country is still primarily an agricultural one, no farmers, however rich, pay any income tax at all. The immensely wealthy cotton magnates of the Cilician plain, the richest area of Turkey, not only evade the little tax levied on the production of their mills, they pay no tax, even in theory, on their extensive plantations. There are reckoned to be at least half a million farmers in Turkey with gross incomes of more than £2,000 a year who pay no income tax at all. Politically this issue is explosive. The rich and the feudal acquired tremendous influence during the Menderes era, when the government depended on their support. The new parliament has not yet proved very different. These same powerful interests survived the military coup of 1960 almost untouched, and retain a firm grasp on all of the five political parties represented in parliament. Many of the deputies, from all parties, are themselves big farmers or come from wealthy landed families.

The five-year plan has a strong left-wing bias. It lays down that the "improvement of the distribution of incomes is one of the major long-term targets . . . in compliance with the principles of social justice." It envisages "a comprehensive social security system" with a health service apparently modelled on the British, and urges the importance of cheap housing, birth control (delicately referred to as "population policy"), universal education, land reform, and tax reform. This is strong stuff, though few impartial observers would not agree that it is exactly what Turkey needs. But it is difficult to see the present regime putting it through.

THE immediate and crucial problem is the tax reform needed to finance even the first year of the plan. During the discussions between the government and the four planners who resigned it became clear that the prime minster, Mr Ismet Inönü, was not prepared to endanger his coalition by bringing up the question of tax reform now. The detailed financial proposals of the planners were therefore taken out of the body of the plan and reduced to the level of a few pious wishes. The whole Turkish responsibility for financing was left in the air, dependent on a tax reform bill to be introduced at some unspecified time in the future.

This is an unsatisfactory situation for the nine nations of the aid consortium (composed of the United States, Canada, Britain and the six common market countries). The plan laid down that Turkey was to provide 14 per cent of its gross national product from internal resources towards the plan. In foreign aid for the plan, Turkey had asked for about four per cent of its GNP, and had also asked for money to cover the servicing of its vast foreign debt, interest on which amounted to more than $115 million this year. The consortium agreed to this in principle provided the Turks ensured their own share of the finance for the plan. It is unlikely that the consortium countries will agree to make up for what the Turks themselves do not produce; they are more likely to scale down their assistance in proportion.

The only vigorous reformers among the 637 members of the two-chamber parliament are the twenty-two former officers of the military junta (now kicking their heels impatiently in the senate), plus a handful of young radicals on the left wing of the Republican People's party. In the government itself, Mr Inönü, at 80, can hardly be expected to become a crusading reformer, while the chief deputy prime minister in charge of the plan, the minister of finance, and the minister of industry—three key ministers in the plan's implementation—are all well known for their extremely conservative views. In effect, a right-wing government and parliament is oddly saddled with a left-wing programme.

Turks believing in reform are to be found outside government and parliament, among the young, the intellectuals, and, especially among the younger officers in the armed forces. The plan, being fairly general and non-controversial, is expected to be voted through parliament, and even in its early stages should do something to help the commercial stagnation and unemployment that afflict Turkey. Trouble will come when such radical measures as tax and land reform are brought up, and there will be an increasing tendency during the resulting crises for outside influences to be exerted on parliament.

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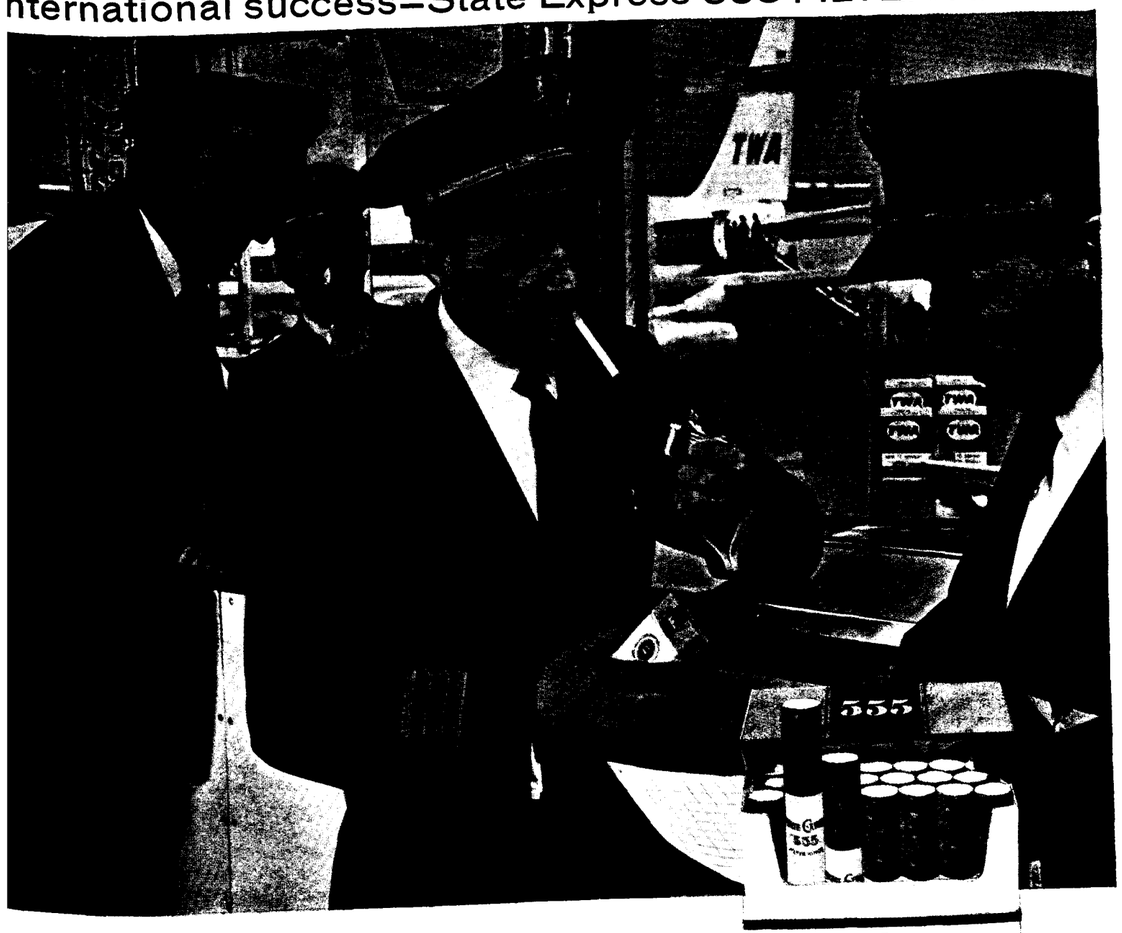

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LETTERS

Cuba

SIR—You observe in your American Survey on October 27th that "the drama was certainly played for its maximum effect on a domestic political situation" relating to Mr Kennedy's alleged "softness" on Cuba.

Clearly you have for some time grossly misjudged the nature of the military threat to the United States and Latin America—hence to the West—posed by the Russian-Cuban relationship.

Whether your misreading of this situation is attributable, as Hans J. Morgenthau declares in the current (November) issue of *Commentary* to a "stubborn refusal to look unpleasant facts in the face" typical of that "which dominated British political thinking in the 30s" or whether its explanation lies elsewhere is beside the point.

The particular mischief of your approach is that having apparently ruled out the possibility that you could have been wrong in your conclusion that the presence of Russian troops and weapons was without military significance and that President Kennedy could have been alerting his countrymen to what he sincerely believed to be a clear and present danger requiring immediate action, you fell back upon a somewhat cynical and superficial analysis of American policy: that a significant factor in its determination was the coming November 7th elections.

Little that happens in our very political American society, from a change of coiffure by the President's wife to the welfare of household pets (remember Fala?), does not have some political consequence or implication. To say this is quite different from your suggestion that President Kennedy handled this crisis, with its potential for nuclear catastrophe, with an eye to the gains it might yield in a by-election in which he is not even a candidate.

There comes a point where this kind of cynicism verges on the brink of irresponsibility. One hopes *The Economist* will forgo this brand of brinkmanship.—Yours faithfully, MAURICE S. SPANBOCK
New York

★

SIR—May I, as an Englishman living in New York, comment on Mr Coe's letter (October 27th) on Cuba? He repeats an assertion which is quite common here—that all six million Cubans are slaves to Castro's regime. I wonder what his authority is for this statement? It flies in the face of the reports of most journalists who have been in Cuba recently.

The pretence that Americans are "obsessed with the burning desire to return freedom to our Cuban neighbours" is another of the spectacularly silly notions currently held. *Return* freedom? Which freedom is this? That of the Spanish rule, or the American trusteeship, or the Batista regime? And where was this "burning desire" when Batista was imprisoning, torturing and killing Cubans by the thousand, in short when he was creating the conditions which nurtured Castro?

What the majority of honourable Americans want to do in Cuba is to sweep it clean of communism. What happens after that is not a matter for widespread thought here.

I wonder if it really shocks Mr Coe to know that there are anti-Castroites who are suspicious of American motives? What these people fear is what a minority of unscrupulous Americans desire: that Cuba shall become again a centre for highly profitable business activities, and that a coveted gambling and vice empire be rebuilt. That's what we shall be "returning" to the Cubans. I hope and trust that, allowed a choice, they will turn it down and find true freedom through their own efforts.—Yours faithfully, PAUL M. GARDNER
New York

Urban Counties

SIR—The case for the creation of urban counties over the conglomeration of towns in the Merseyside and Manchester areas is, at the very least, a strong one. Your correspondent, in common with the recent report to the Liberal party on local government, rightly stresses the need for one unified planning authority in conurbations capable of dealing comprehensively with the location of industry, new roads and, one would hope, the creation of new towns to accommodate over-spill. The stimulus of something less tangible than government subsidy yet in the long run more creative is certainly needed to relieve the unemployment, congestion and the slums of northern towns. The desperate housing need, in particular, has for too long depended upon unimaginative advice, lack of initiative and the vacillations of rigid political rule.

Yet the conflict remains between economic arguments for larger authorities and democratic arguments for small. If one believes in the right of a body of electors to determine their own level of government, when is it right for a higher form of government to interfere with that determination? What emphasis does the Boundary Commission really place upon the desires of local electors and how much on arguments of efficiency usually measured, sometimes mistakenly, by size?

The electors of smaller county boroughs will gain little by "two tier" government in terms of the personal services. They will distinctly lose electorally for there is a duplication both of representation and of administrative responsibility. If, in order to solve the problems of the impersonal service, "two tier" government is right in great urban areas, then it is surely essential that the second tier is given the greatest degree of devolution both in the control of policy and administration; the first tier reserving only extremely limited overall executive powers and exercising no administrative duties. It is also essential that the second tier be as small as efficiency permits yet as large as community interest allows. New boroughs of 200,000 population and upwards may satisfy the former but rarely the latter. Locality tradition and geographical situation are not unimportant. Intimacy between elected and elector is a worthy ideal in a democracy. Wards of not more than 7,000 enable councillors to be approached easily and in which their personality and personal calibre can be judged.—Yours faithfully, PETER HOWELL WILLIAMS
Liverpool 2

Dresdner Bank

SIR—In your issue of October 27th (page 394) you published an article under the heading "Herr Krages Baulked" in the course of which you report "... that Krages had to sell under pressure and that the Dresdner Bank, as his main creditor, was in a position to turn the screws somewhat."

We would like to draw your attention to the fact that the Dresdner Bank neither granted credit to nor maintained an account relationship with Mr Krages. We are sorry to note that obviously incorrect information has led you to draw a conclusion unwarrantable in the light of the actual facts.—Yours faithfully, ERNST MATTHIENSEN
HERBERT HENZEL
Frankfurt Dresdner Bank AG

Fife

SIR—Mr Maudling announces measures to stimulate industrial expansion and increase the competitiveness of British industry. His colleague, the Secretary of State for Scotland, is still committed to imposing further costs on industry through unnecessary tolls at the new Forth road bridge. Is this a continuation of "stop-and-go" by other means?—Yours faithfully,
J. MCWILLIAM
Convener,
Crossgates Fife County Council

Municipal Finance

SIR—Your note on the capital financing of Dutch municipalities was most interesting and demonstrated the ways in which a central government went to the help of its municipal partners when it found it necessary to place some restrictions on their short-term borrowings.

Cities in the United States of America also receive favourable treatment for raising loans for approved capital purposes in that their bonds are free of Federal and State income tax. This makes their bonds a much sought-after security by the large investor. Cities are able to offer substantial amounts for tender and the whole amount is usually taken up by a single finance house which may re-sell to the public. This results not only in a favourable rate of interest, so that "first-class" cities like San Francisco and Philadelphia pay a shade over an average of 3 per cent for bonds with lives up to 20 years, but the costs of issue are kept to a minimum.

A reformed Public Works Loan Board could do much to help local authorities to deal with their capital developments, all of which have some measure of approval from the central government.—Yours faithfully,

Civic Hall, Leeds — H. HAYHOW, City Treasurer

Tourist Attractions

SIR—Your article on the British tourist industry (October 20th) raises the familiar complaint about the lack of rooms with private baths in hotels in this country. One wonders why our hoteliers do not discover the shower, which is about all that American tourists would want, anyway.

I was recently in what I assume is one of Glasgow's best hotels. There was an agonising lack of toilets, and, at great distances, an occasional vast hall which contained two compartments with baths (each bath, let alone the compartment, about the size of a bathroom in a suburban semi-detached house), and, leading to them, a vestibule or anteroom which could have taken a double bed. This seemed an extravagant use of space, when a shower could have been installed in the corner of each bedroom without cramping the occupants at all.

The price of a room in this hotel, with breakfast, was of the order of £3 a night. For £1 or 30s. in Germany and Italy a shower, and often a private toilet, is standard. And the result is certainly more refreshing than the effect of being boiled in a badly-ventilated bathroom.—Yours faithfully,

REGINALD E. DUNSTAN

New Barnet, Herts.

The Church and Suicide

SIR—Referring to your issue of October 6th I assume the victim of a murderer, or of a homicidal car-driver, is deemed to have died "by the will of God" and allowed the full privileges of Christian burial. It was, by supposition, God's will that the hand of the murderer or car-driver was not stayed.

Will an appropriate authority explain why it is not equally God's will that the hand of the suicide is not stayed?—Yours faithfully,

Rottingdean, Sussex — L. PATRICK

BOOKS

Lone Wolf

Smuts: *The Sanguine Years, 1870-1919.* By W. K. Hancock.

Cambridge University Press. 631 pages. 52s. 6d.

THIS is a book to which many have been looking forward for some time, and they will find themselves, one fancies, at once very well served yet curiously dissatisfied. Control of his sources, a capital sense of architecture, a wide, almost unique, historical range and a hardwrought gift for clear, sometimes vivid exposition, together with a disciplined imaginative insight, all these have marked Sir Keith Hancock's writings since his earliest books, and may be seen most especially in his masterly "Survey of British Commonwealth Affairs." Yet somehow he seems to have failed to capture the essence of Smuts, who has carried his inscrutability successfully beyond the grave. Others come alive more readily: Wolstenholme, Smuts's Cambridge tutor; or John X. Merriman, who may appear to lose the battle in correspondence with Smuts but who captures the reader's heart in a way Smuts himself somehow fails to do; or Olive Schreiner, Emily Hobhouse, that exasperatingly excitable saint, and above all, Botha. But Isie Krige, whom Smuts married, and Smuts himself do not reach out of the book towards us in the same glow. One comes to feel that this is a study not of J. C. Smuts growing from lonely prig to world statesman by way of Cambridge, Commando and Cabinet, so much as an account of "Old Global" (as he was called in the United Nations at the end of his long life of prodigious public service) when young—if he ever was young for very long.

Sir Keith once or twice reminds us that he is writing biography not history and spells out for us in our ignorance the difference between them; even so, the book is, in essence, another history, another and most masterly survey of British Commonwealth affairs with Smuts as its centre-piece. There is perhaps in humaneness an arrogance which can either slip into a sort of superiority, a snobbery of the soul, or, in the greatest, deepen by way of magnanimity into selfless compassion. Perhaps neither subject nor therefore author quite attains to that level of greatness. Again, more than once and for extended periods Smuts became perforce, and one guesses enjoyably, a man of action. Perhaps the author is not quite able to catch or give us the feel of this aspect of him. We all remember him as "General" Smuts but we had better go back (as Sir Keith himself has wisely done) to Deneys Reitz to get the tang of Smuts in the saddle.

Botha told him, no doubt in jest (since he knew of his East African command), that "you and I know you are no general," but it is evident that Smuts thought he was, toyed with Lloyd George's suggestion of the Palestine command (as we know from L. S. Amery) and even offered himself in command of the American armies in France, an astonishing piece of imperceptive arrogance for one confessedly aware from his own bitterest experiences of the touchiness of national prestige. This demand for action, to be back literally in the saddle, is maybe an underestimated aspect of the story. Is it true, one wonders, that "despite his ardour in the field, grand strategy was his true bent"?

All this said—that the book in a way misses, does not quite come off—there is still very much to be grateful for, not only in the fullness of the account, its tremendous expository passages, but in certain substantial contributions to history itself: over the Gandhi controversy, for example, or, more particularly, the creation of the Royal Air Force. And it makes clear, what one had often suspected, that Smuts did not have the knack of getting people alongside each other, perhaps because he could not get alongside them readily himself—save in writing to good women. His aim to improve racial (by which he meant Anglo-Boer) relations in South Africa was not matched in the end by a significantly personal contribution to the problem, since to the Afrikaaner he would seem to have been got at by the old enemy and to those of English stock too "slim" for them to know where they were with him. As for the relations between white and black and "native policy," it was clearly Smuts himself who made the amendment to the peace terms presented by Milner and Kitchener that was to prevent Africans from receiving the franchise in the Transvaal and the Free State and ultimately therefore in the Union, which Smuts strove so hard and so subtly to bring about. The legacy of the sanguine years is today's Republic.

Imagine this extraordinary ex-enemy being brought into the war counsels of Great Britain in 1917; yet he stays warily away from Milner or more obviously from Lloyd George's insidious breakfasts. He preferred Quakers and Asquithians, but he remained a lone wolf with everybody, and though willing, sometimes lavish, with advice by way of memoranda, nevertheless kept his cards close to his chest (some of them maybe in case he saw them himself). Even his letters to his wife have a curious tucked-up reticence; perhaps she knew him well enough, despite his long absences, to be able to read (as we cannot) between the lines.

Of such a clever man it is difficult not to suppose that he usually knew what he was doing, and, as one example, his anguish about the Versailles Treaty must be taken alongside the vindictive addition to reparations that emerged from his own draughtsmanship. "I only wish," Patrick Duncan had written to Lady Selborne in 1908, "I thought that his fine sentiments were more intimately hitched on to the springs which govern his actions. They do sometimes get turned on but they spend much of their time in the cupboard of his soul." Or, as Sir Keith puts it, "Smuts himself had a passionate heart but he also had a cool head"; moreover, "he was temperamentally attracted to the centres of power."

Professor Hancock implies that his book cannot be regarded as definitive. In the sense that we now penetrate into Smuts with the fullest understanding, maybe not; but as a superb account (superbly produced) of his life and times it is surely destined for endurance.

Murder in Marylebone

The Cato Street Conspiracy

By John Stanhope.

Cape. 190 pages. 18s.

TO most of us the Cato Street Conspiracy is merely something on which we had to write in an O-Level examination a brief note stating the what, when, where, and why of it. Indeed, in outline, the affair is simple enough. The conspirators were about to leave their headquarters, a hired stable, to kill the Cabinet, burn the Mansion House, seize the Tower, and unleash the dogs of loot, when they were surprised by a detachment of Footguards and a body of Bow Street officers, one of whom was killed. This was, in the words of the caption of Cruikshank's colourful cartoon, "on the memorable night of the 23d. of Febry. 1820." The stable still exists and the street is still Cato—though for a short time the Borough of Marylebone apologetically renamed it Horace "at the inhabitants' own request."

Why the Sikes-like ruffians "faithfully represented" by Cruickshank, and immortalised in portraits and autographed "last words" collected by their solicitor Mr Harmer, concocted such criminal folly, and how they were trapped, tried and executed is told by Mr Stanhope in a story that would do credit to a seasoned crime reporter. The conspiracy was an inconsequent epilogue to the years of unrest between Waterloo and Peterloo; and though its leaders persuaded themselves that it would ignite a revolution, they refused to see that the bloody antics of the yeomanry at Peterloo had convinced the clear sighted champions of Parliamentary Reform that their cause could be won only by patiently organised propaganda, not by the oratorical inflammation of mass meetings of Luddites and Blankereers.

The political and social isolation of the Cato Street *sans-culottes* was much more complete than Mr Stanhope's picture suggests. Their feeble attempts to enlist provincial support had failed (notably in Manchester) long before "the memorable night." Their leader Thistlewood, self-appointed head of the "Provisional Government" which was to replace the defunct Cabinet, was a bankrupt whose failures in military and civil life only strengthened his belief in his mission to restore the Golden Age in England by starting a Reign of Terror on approved French lines—"the People" would rise in London and the North as soon as heads appeared on pikes Indeed, the ramshackle armoury in the stable-loft included a large knife with which Ings, an unemployed butcher, was to remove those of the Ministers, and a bag for him to carry them in. Yet it is clear that, despite Thistlewood's rhetoric, the fanaticism of the "Jacobin" Watsons, and the ferocity of Ings, most of the "Committee of Public Safety" hoped for little more than pillage.

The atmosphere in Cato Street was not conducive to cool, well-concealed planning. In fact the conspiracy was betrayed by carelessness before the arrest, as well as by the sudden scruples of those who turned King's evidence afterwards. The author's criticisms, supported by new proof of the Government's use of spies (invariably said by the accused to be *agents provocateurs*) is historically exciting, but judicially almost irrelevant; for no informer was needed to clinch the case against these miserable men whose wild talk of "vengeance on tyrants" had ended in the panic-inspired murder of a policeman.

Britain Under Pressure

British Foreign Policy: *The Process of Readjustment, 1945-1961*

By F. S. Northedge.

Allen and Unwin. 341 pages. 38s. cloth, 25s. paperbound.

DR NORTHEDGE says of the period reviewed in this valuable book that it "may be the last in which she [Britain] could be described as having an independent foreign policy." There is a touch of sadness in this opening judgment as well as in the last sentence of the book:

> Britain would return to Europe, of which she had geographically once formed a part and from which, in the past at least, had come much sorrow and little joy.

One would imagine from this that Britain's connection with the European continent had really been confined to the occasional bout of warfare with, in between, the blissful enjoyment of freedom of action in the wide open spaces of the world. It is a somewhat stylised view of British history, and implies a special British concept of what independence means. The unexpected thing is that Dr Northedge does not allow it materially to hamper or distort his analysis of these sixteen years of British foreign policy from the end of the war to the application to join the European common market.

He does allow it to limit his scope, in the sense that Britain's relations with India, say, or South Africa, or Cyprus, are disregarded as falling outside the scope of foreign relations. This may not make for logical completeness, but it is a not inconvenient way of limiting the subject matter; and one of the great merits of the book is that the plethora of events is treated selectively, a specific theme being picked out as representative for each phase, so that there is a continuity of argument as well as, roughly, of chronology.

Each phase of the analysis, in one way or another, teaches much the same thing: that Britain's external actions through this period have been squeezed inexorably into patterns never wholly of British choosing, by forces beyond the control of the men who were trying to shape foreign policy. Those men were "independent" in the sense that it was perfectly open to them to behave, for as long as they could get away with it, as if those forces did not exist. They could press on with the dismantling of German industry (a folly for which Dr Northedge gives the British and the Americans too little discredit) for a while after the cold war had broken out. They could give up the Indian Empire, and doggedly go on building Naafi shops and married families' quarters as if the imperial military system still existed. Some colonies were given up

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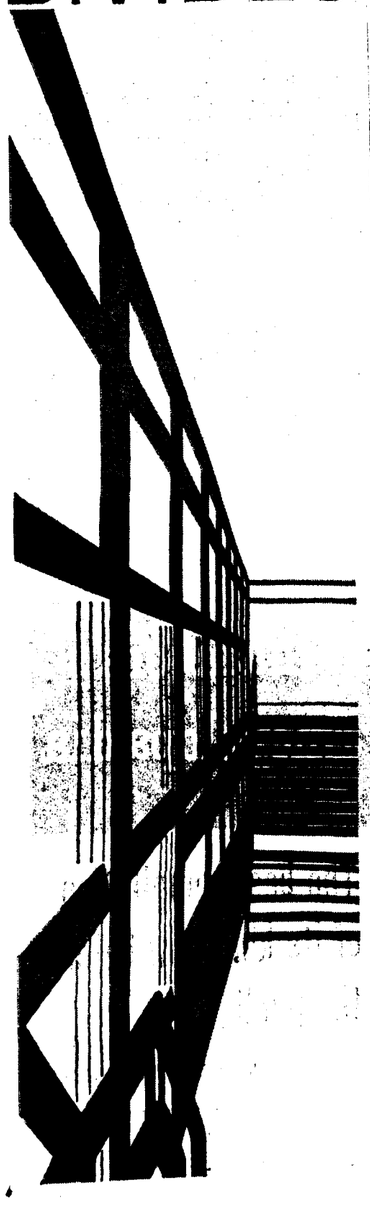

with a light heart; others, as if picked blindfold with pins off the map, fought for bitterly. Dr Northedge's sixteen years of British foreign policy are full of patient and ingenious adaptation to the importunate pressures of the day, but, naturally enough, they are not free from attempts to prevent what had happened from happening. An independent country can try this on if it chooses; the Suez intervention, which Dr Northedge condemns, was a reaction against the existing facts.

National attitudes are rarely quite as constant as we imagine them to be. Britain's attitude to Europe has still not finished being tempered. One does not know what will come out at the end: for the moment, it is pleasant to be reminded of Mr Attlee, in 1939, saying "Europe must federate or perish," or of Mr Crossman and Mr Michael Foot, eight years later, leading the *Keep Left* rebels into combat for European unity against Ernest Bevin. Dr Northedge is illuminating about the perplexities of the British on this subject and the way their European attitudes have gradually been brought face to face with the facts. Why the present Government made its choice to try to enter Europe is brought out with lucidity and comprehension. How, and even when, the choice was made is, by contrast, left more obscure than is strictly necessary. Dr Northedge seems to put the decision in 1961, when it was announced and made formal. But it must be apparent in retrospect that the intention was formed not later than the summer of 1960. The Commons debate of July 25, 1960; Mr Macmillan's reshuffle of his Government two days later, which first put Mr Heath in charge of Britain's relations with the European communities; and Mr Macmillan's dramatic reconciliation with Dr Adenauer on the following August 10th—all point the same way.

Persian Spells

World War in Iran

By Clarmont Skrine.

Constable. 291 pages. 42s.

In contrast to ancient Persia, or modern Egypt, modern Persia is the subject of few or no good books. This account of the involuntary part played by the Persians in two world wars is therefore specially interesting and valuable; though a personal record, it amounts to a work of reference as its author has an eye to western Asia as a whole, and interlards his own narrative with adequate summaries of events elsewhere.

Sir Clarmont Skrine was a servant of the Government of India. For more than a century before the Indian Independence Act of 1947, that government shared with London responsibility for British policy in Persia, handling the eastern half of the country while London handled the western half and the capital. Now and then this odd arrangement led to inter-British friction, but often it worked well enough thanks to the commonsense of the officials on the spot. For decades, however, British behaviour in the eastern half was tinged with more panache than that in the west; consuls trotted about their business with an escort of Central India Horse lancers. Neither end took much notice of Persian nationalism, or the dismay with which the Persian constitutionalists had received the Anglo-Russian partition of their country into spheres of influence in 1907, and according to Skrine, British consular officials of the day shared the illiberal attitude:

> I must regretfully admit that at this stage in my career I had little sympathy with Persian aspirations to modernity and regarded them, if anything, with disfavour.

But he changed with the times. The bulk of the book covers two shortish periods of his life, separated by a gap of a quarter of a century; the first was a term of service at Kerman from 1916 to 1918, the second a spell as Consul-General at Meshed from 1942 to 1945. By the latter period, Skrine, whatever his personal preference for the good old days, was aghast at the selfishness and short-sight of a Persian aristocracy and bureaucracy that spent its time planning how to turn shortages and rationing to its own account; he was also aware that the nation would have had better chance to get rid of such social scourges had it not had to expend so much thought and energy on evading the pressures exercised by Great Britain and Russia. His account of his dealings with what he calls "the Gang," and of the successive failures of "anti-gangsters" who continue to fail to this day, is at the same time sympathetic to limitations imposed on Persia from outside, and severe on the lassitude that causes Persians to blame all their troubles on other people. In the interval between his two spells of service, Persia too had changed, but chiefly in physical matters such as communications. There was not, in 1945, much evidence of change in other respects.

The book is very well written. Accounts of terrifying storms and exquisite gardens, bandits waiting at narrow corners and hoaxes perpetrated upon the author are all given with gusto. So are strange errands such as that on which he escorted Reza Shah into exile, or crossed the Iron Curtain (which was then, in the Turcoman SSR, a strip of ploughed earth stretching out of sight on either hand); he walked backwards so as to worry the next visiting inspector of Soviet security. A jaunty and discerning author also deserves praise for nearly forty superb photographs, all of which he took. Between them, they suggest not only the climate and the physical features of the country, but also the character and preoccupations of its inhabitants whether rich or poor, friendly or fanatical. The most affectionate is one of the Persian nobleman to whom the book is dedicated, who is caught in his garden against a background of larkspur and cascading roses, and who happens to be the father of Persia's present Prime Minister.

Finer Air

English Literature in the Earlier Seventeenth Century 1600-1660
(*2nd Edition revised*)

By Douglas Bush

Oxford University Press. 689 pages. 45s.

For the last fifty years, no period in English literature has had so much scholarly and critical attention focused on it as the first six decades of the seventeenth century. Professor Douglas Bush's volume, one of the finest in the Oxford History of English Literature, originally came out in 1945. It does not deal with the drama, but even on non-dramatic topics there has been such a steady flow of books, articles and essays that the once admirable bibliographies have become inadequate. These have now been overhauled and expanded, and a few minor authors earn for the first time an individual bibliography. But of more interest to the general reader are the alterations and expansions in the critical text. The chapters on the metaphysical poets and on Milton have, not unexpectedly, come in for considerable revision. Donne the preacher gets fuller treatment than before, Carew is given more attention, and everywhere there are signs of vigilant awareness of what has recently been published in this field.

The longer perspective has added wisdom and assurance to what was already a remarkably fine survey; and though Professor Bush does not now make invidious contrasts (as he occasionally did before) between the literature of his period and that of the inter-war years, there will be many to agree with his final comment that modern lovers of the earlier seventeenth century "can at least live part of their lives in a finer air than their own."

The Soldier Politicians

The Role of the Military in Underdeveloped Countries

Edited by John J. Johnson.

Princeton University Press. London: *Oxford University Press.* 435 pages. 68s.

One of the most striking—and in some respects, depressing—developments of the past few years has been the proliferation of military regimes from Asia Minor to the Far East. Depression is indeed the natural reaction of the affluent and reasonably well governed Westerner, who deplores the failure of civilian politics. One source of consolation is that in nearly all cases—whether in Turkey or in Burma, in the Sudan or in South Korea or in Pakistan—the high army officers who seized power did so in the name of progress and in a spirit of disgust at the politicians' capacity for corruption. But depression returns with the thought that armies, once in, are hard to dislodge. True, General Ne Win of Burma kept the promise he made after his coup in 1958 to return power to the civilians; but this year he staged a second coup and this time made no promises. Being arbitrary, military rule tends to be self-perpetuating.

This valuable and timely symposium looks at the problem of soldier politicians both from general and from specific viewpoints. In an introductory article, Edward Shils draws attention to the phenomenon of military power in static societies without a martial tradition and of its absence in nations, such as Germany, that are usually regarded as militaristic. Although this is a useful generalisation, the origin and practice of military power are diverse and vary greatly in Latin America, the Middle East and South-East Asia, and in individual countries in each area. In Latin America, as John J. Johnson points out, militarism "is a cultural residue of the wars of independence (1810-1825) and the subsequent civil disorders." In the Arab countries, the military has tended to rush in to fill a political vacuum and hasten the advent of modern statehood (Israel, which is only in some respects an underdeveloped country, has managed to keep government in the hands of civilians, despite constant pressure on its borders). In Pakistan and South-East Asia, the manifest failure of the politicians to safeguard law and order—and control expenditure—has provided a powerful excuse for military intervention (though Siam's *coups d'état* are more akin to Latin America's).

One of the most interesting contributions in a collection of high merit is that of Guy J. Pauker, on the role of the military in Indonesia. Professor Pauker caused a stir some years ago by arguing that the army in certain countries—including Indonesia—was a progressive force and would probably, in the right circumstances, rule better than the civilians. In this contribution, however, he withdraws, in effect, his confidence in Indonesia's soldiers, perhaps because they failed to seize power when it might have done some good. For better or worse, however, the soldiers who did seize power elsewhere seem in for a long stay.

OTHER BOOKS

THE PLANETS. By Patrick Moore. *Eyre and Spottiswoode.* 198 pages. 21s.

Indefatigable Mr Moore recast his earlier Guide to the earth's solar companions and added new material. Of the latter an appendix telling amateur astronomers what to look for is as excitingly new as the rest. It is a most useful book, whether you can get access to a telescope or not. The tables and illustrations are good value, and the writing is clear.

THE REVOLUTIONS OF ANCIENT ROME. By F. R. Cowell. *Thames and Hudson.* 228 pages. 21s.

The author of the Penguin "Cicero and the Roman Republic" and Batsford's "Everyday Life in Ancient Rome" here usefully concentrates on the persistent revolutionary strain in Roman politics down to the decline and fall. Dr Cowell, a former British civil servant, draws intriguing comparisons and contrasts with more modern politics, and performs miracles of compression without obscurity. He emphasises the Romans' bequest of respect for a rule of law to modern Europe and America, and ably traces its eclipse in the later empire. Good homework for angry young—or old—moderns.

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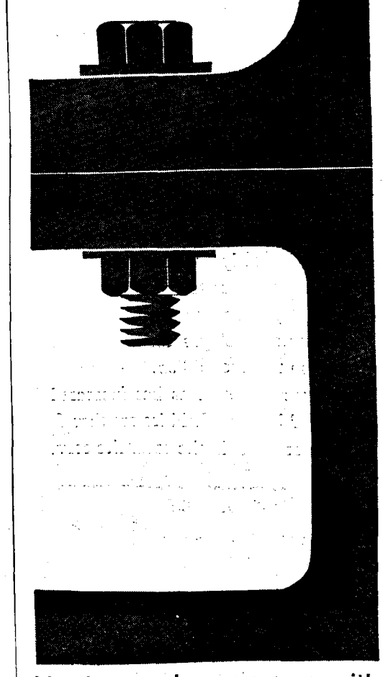

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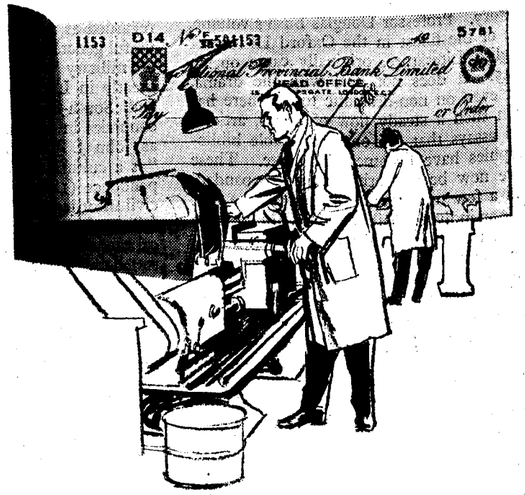

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THE BUSINESS WORLD

Mr Maudling's Measures

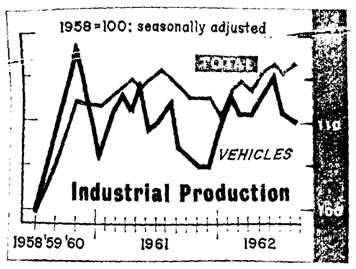
FIVE weeks ago at the Mansion House dinner the new Chancellor of the Exchequer announced reflationary stimulants decidedly weaker than most people, guided by the usual official noises, had been led to expect. Last Monday he produced a second instalment that in turn surprised most people—and not least his predecessor who bought a car that very morning—by its size and scope. What happened in October to change Mr Maudling's mind? In the domestic economy, only one significant thing: the rise in unemployment in October to 2¼ per cent, seasonally adjusted, bringing the prospect of a rise in total numbers out of work at the new year seasonal peak towards 600,000. Externally, the Chancellor may also have seen a new reason for greater venturesomeness in Dr Per Jacobsson's public pleas for more expansionary policies in the western world; and he may even have been encouraged by the slight improvement in the September trade figures, following the poorer July-August returns which prompted caution at the Mansion House. Finally, as an explanation of this bigger and surprising second dose, is the sheer passage of time, making it politically easier for the new Chancellor's natural predilections to be translated into policy.

Such seems to be the rather complicated rationale of an untidy and, as it has turned out, confusing episode in economic management. Mr Maudling went out of his way to present his changes as definitive ones. He professes his dislike of using tax investment rules as a cyclical regulator (having done it just this once more); while the reduced purchase tax rate of 25 per cent for cars seems "reasonable treatment for them in the long term." But the Chancellor's analysis does not suggest that official intervention in the economy will henceforth diminish: indeed if, as he in effect implied, the economy has really to be kept within the range of 2-2¼ per cent unemployment (the remnants of the Paish doctrine at one end of the scale and the supposed political limits on the other?) then the alteration of stop and go might have to become still more frequent. Since, quite sensibly, Mr Maudling declined to use the surviving general regulator invented by Mr Selwyn Lloyd—under which changes have to be made at a uniform scale in indirect taxes that are themselves disparate and discriminatory—he may still have to introduce his own. Mr Maudling need not look far. If he is really to make good his hopes of avoiding past disruptions to particular industries and yet keep the economy within the narrow tolerances he has set, the only effective instrument may be a regulation of disposable incomes, through variations in employees' insurance contributions. To maintain growth in a way that is commercially possible for Britain may need as much political courage as to prevent it.

For the immediate months ahead, meanwhile, Mr Maudling may now have set the economy on the hoped-for 4 per cent escalator. The latest economic prognosis by the National Institute of Economic and Social Research, which went to press immediately before the Chancellor announced his new plans, estimated that the economy was then running at a rate of expansion of around 3 per cent a year; now the Chancellor has given a further push towards the 4 per cent target. That target, from a position of definite under-employment, ought not to be difficult to reach. The real test will come at a more awkward stage of the trade cycle, and it is for then that Mr Maudling ought now to be shaping new and bolder instruments.

MR MAUDLING's particular contribution so far, apart from hastening the timetable of re-expansion, has been to move away from the global financial control which was fashionable in the fifties, and to act instead (which is much more his own personal intellectual style) at specific selected points. The new words that are being repeated in the Treasury, suitably reorganised for the new approach, are "real resources." It is this approach that has encouraged the expansion of public investment in areas of particular underemployment, such as north-east England and the Celtic fringes; in the same way, and most commendably, the Chancellor has laid aside any political or financially traditionalist inhibitions and has taken the brakes off public investment as a whole. This, as detailed figures on page 595 show, is now scheduled to rise by 7¾ per cent in the current financial year and by some 10 per cent in 1963-64: under a Conservative government, unexpectedly, public investment—and in particular social investment—has become the most strongly expansionary force in the economy. Mr Maudling would also like, guardedly, to apply the "real resources" criterion to overseas aid and to export credits—to offer, beyond the help that Britain can afford in free or nearly free money, specific products such as ships that could clearly be produced without strain.

In his general fiscal changes announced on Monday the Chancellor would also claim to have been properly selective, rejecting the general boost to consumption because of the reasonable strength of retail trade, but concentrating instead on the weak spots, investment and car sales. At this last point, however, there are grounds for criticising the Chancellor as



having turned the selectivity clock back too far. Certainly, help for the car industry was the easiest way of giving a general boost to engineering as a whole. But help on this scale, reducing the duty to less than half the rate of 55 per cent from which it had already been reduced in April? The hard-pressed television and radio industry, left unhelped at 45 per cent, has reason to feel aggrieved. It may fear in particular a further postponement of public buying in advance of the next budget—presumably not before April. There must be doubts, too, about so sudden and so large an alleviation of the tax on new cars. On the one hand, manufacturers who have succeeded in pushing up their share of world export markets from 18 per cent in the first half of 1961 to 25 per cent in recent months, largely by selling at a loss, could temporarily face too large temptations from a so much more profitable home market. One wonders, too, whether the Government has adequately considered—as with its new emphasis on real resources and indirect costs it clearly should—the longer-term implications of a sudden cheapening in the cost of motoring in Britain. These include not only heavy costs in congestion and roadbuilding but also still greater dependence on a single, and now awkwardly seasonal industry.

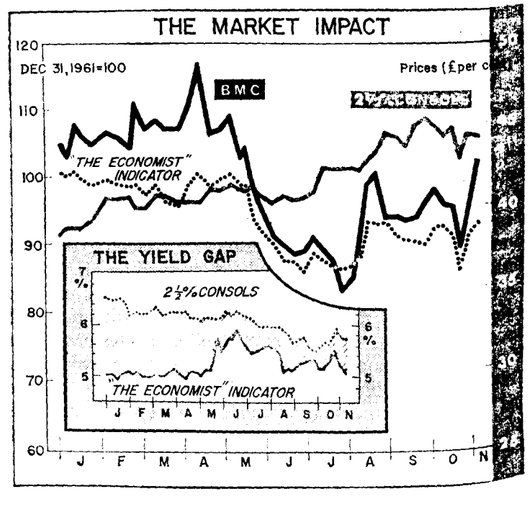
Stimulus from Capital Allowances

STIMULUS, said Mr Maudling on Monday, should be of a nature that can endure and directed especially towards investment. Without overrating the effect of Government action in encouraging manufacturing industry to invest more when it is not making good money on much of its recent investment, Mr Maudling is presenting a package that will immediately set industry's mind thinking more favourably about new expenditures and will powerfully increase them as soon as expansion and improved profits come within prospect. The Chancellor clearly recognised the difference between working with and against the tide in stimulating investment and his changes in capital allowances have, as he demanded, a more permanent look than earlier action in this field.

So Mr Maudling is seeking to modernise the capital allowances—a complicated job for the next Finance Bill, but one that he is anticipating for capital expenditure on new assets "due and payable" after November 5th. He looked at the system (which the Swedes have used) of giving businessmen complete choice when to take the tax allowances—all in the first year if they wished—and though "much struck" with it rejected it on the argument that it might cost the Revenue £700 million in the first year, on which the fairest thing to say is that the figure is almost certainly excessive and the argument irrelevant. So Mr Maudling decided against venturesomeness and came down for an increase in the investment allowances, and a revision of the annual depreciation rates.

Mr Maudling was anxious to rebut the criticism that investment allowances (as distinct from initial allowances) constitute a subsidy for new capital expenditures. But the criticism cannot be escaped and, without pursuing pedantry to outrageous point, it is relevant to the ambition that one used to credit to conservative Chancellors to reform the whole basis of corporate taxation. Profits tax and investment subsidies may be reconcilable by some far-out fiscal theorists, but the simple facts are that the one reduces and the other increases industry's cash flow and that increases in profits tax were made in conservative budgets in 1960 and 1961. The Royal Commission on Taxation said of investment allowances that "in the result some part of the profit is absolutely exempted from taxation." This part is now increased by raising the investment allowances for plant and machinery from 20 per cent to 30 per cent and for industrial buildings from 10 per cent to 15 per cent. The cost to the Revenue will emerge only slowly—£8 million in 1963-64 and £50 million in 1964-65, with a further increase thereafter depending on the level of investment. The result of this change is that industry will be given 10s. 9d. in the £ on £30 of every £100 it spends on new plant; in other words it will buy £100 of new assets for £83 17s. 6d. In the case of buildings and plant for research, the whole of the expenditure will be dealt with in the first year, by allowing such assets to be written off 100 per cent with the benefit of the increased 30 per cent investment allowances on top. This specific encouragement to research may cost £4 million in the first full year, but Mr Maudling will be happy if the cost goes higher.

Whatever may be said for or against the system of investment allowances, there is no doubt that Mr Maudling was on altogether firmer ground in his projected revision of the annual depreciation rates, the broad intention of which is



to reduce substantially, and in some cases by more than half, the nominal working lives of industrial plant, some of which extend up to 45 years. For many industrial plant staples, including engines and electric motors, the annual rates are 5 or 7½ per cent, and they have always been regarded as wear and tear allowances related as closely as may be to physical, not necessarily economic, lives of particular items of plant. Mr Maudling promises a minimum annual allowance on the reducing balance of 15 per cent (equivalent to 12 per cent on a straight line basis); it follows that the total tax allowances in Year I will be 55 per cent, 30 per cent investment allowance, 10 per cent initial allowance, and 15 per cent annual allowance. By the end of five years, 91 per cent of the investment will have been allowed for tax; in 10 years, 113 per cent; and after 14 years only 10 per cent will remain to be set against tax.

The cost of this change, which applies only to new plant and machinery bought from November 6th, in the first year (1963-64) will be small; in the second year £15 million; and in "some years' time" £55 million. This change is as far-reaching, and could prove more enduring, than the increase that the Chancellor has made in the investment allowance. Annual allowances have had a notably permanent (too permanent) look about them; raising them is entirely justified but they will not be open, in all probability, to any sporadic or general changes for some time after next year's revision. These changes mean that on the example above the full cost of new plant may in future be set against untaxed profits in seven years; under the old system, with investment allowance of 20 per cent, initial allowance 10 per cent and annual allowance, say, 5 per cent this would have taken 30 years, and 15 years on a 10 per cent wear and tear allowance.

Over time, these changes are capable of having a powerful effect; indeed, boardroom discussion of new projects in coming months will be increasingly swayed by Mr Maudling's promises. Their impact effect will give immediate assistance to industry's cash flow and in a short space of time a big increase in the interest-free revolving fund that the Exchequer provides to industry in the form of these allowances. Greater determination to root out old equipment and replace it with new at a 16 per cent discount is to be expected even on the part of those who have hitherto been sluggish in exploring the potential savings in prime costs from installing new plant. And those industrialists who look at net margins after charging depreciation and tax will feel that Mr Maudling has given them something important to go for.

Special Favour for the Car Industry

PURCHASE tax cut to 25 per cent was more than the motor industry had dared to hope from Mr Maudling; now it is trying to estimate the extent of its good fortune. Early guesses are that home sales next year might be between 900,000 and one million, compared with rather under 800,000 this year and 745,000 in 1961—an abrupt increase, but less startling if one takes the 805,000 sold in 1960 as the starting point for the 10 per cent annual increase that some forecasters in the industry were then hoping for, and using to justify the expansion schemes that are now nearly finished. The fall in sales last year and this year is thought to show that many car owners have postponed replacement because used car prices have fallen; now new car prices have dropped by 12 per cent the industry hopes that they will be tempted to buy—even though the value of their old cars will have fallen yet again.

The size of the increase in demand for new cars really depends on whether car owners are influenced more by the drop in the value of their present car or by the fall in new car prices. The fall in used car values will not be sharper than the fall in new car prices; most big dealers seem to have marked down their one- or two-year-old cars by 10-12 per cent, though the prices realised at one auction held by Southern Counties Car Auctions on Tuesday showed a maximum fall of about 10 per cent on nearly-new cars, fading away until the prices of the oldest cars were virtually unaffected. Prices of one- and two-year-old cars had already fallen by 7 to 15 per cent between January and October this year. Prices of older cars had fallen by around five per cent. So the gap between new and used prices seems to have narrowed, especially for the owner of a five-year-old car. And, more fundamentally, the cost of cars has fallen in relation to that of other goods; so they have more attracting power over consumer's expenditure than at any time since 1939.

If buyers were to calculate the effect of the tax cut in a strictly economic manner, they would find that they were saved the difference between the fall in the price of their car and that of a new car—which, taking a new car costing £800 and a fall of 10 per cent in used car prices, would mean a saving of £36 to the owner of a one-year-old car. But even if prices do settle down with a fall of no more than 10 per cent, dealers may well lower their part-exchange allowances by more than this if there is a sharp rise in demand: their profits on new car sales have been sorely squeezed this year between falling used car prices and the stronger bargaining position of the new car buyer when he knows his custom is urgently wanted. Manufacturers will also want to raise their own prices, for the British Moror Corporation will not be alone in showing lower profits for this year. The remarkable prescience shown by Ford on Monday makes it the admiration and envy of the industry. Higher profits in the home market, makers argue, should allow them to subsidise exports better, as they maintain the Germans can.

Though there may thus be opportunity to raise prices, higher output should reduce costs—or at least help to prevent them rising yet more as the expansion plans bear fruit in new capacity, delayed though their completion has been. The industry was operating at rather less than 70 per cent of its capacity of about 1,900,000 cars a year in September, and output fell a little in October—apart from the Ford strike. By the end of next year capacity could have risen by more than 40 per cent, so even if home sales reached one million and exports 650,000, the industry would be working at only 60 per cent of capacity by then—so having good reason to slow the pace of expansion, and to export all it can. The only bottleneck that might delay a rapid increase in production is labour—in its application to work as well as possible shortages—but with the slack winter season just starting, the industry should have a breathing space in which to build up output.

The size of the purchase tax cut brings a double benefit to the industry; there is now little reason for buyers to fear a substantial cut in price as a result of the budget, so the annual wait for the budget will no longer accentuate the tendency to buy in the summer. Next year the buying rush may well start in January (since the habit of valuing cars by year of registration still dies hard). As the industry has got nearly what it has so long been demanding, a sales tax comparable to that applying in the common market countries—the rate in France is about 28 per cent, in Germany about 15 per cent, and in Italy about 12 per cent—there is little chance that the tax will be cut again. In Britain cars are now taxed equally with domestic appliances with only radio and television sets now regarded by the Treasury as justifiably taxed at 45 per cent like that other mark of human vanity, cosmetics. Perhaps their makers should migrate to Scotland.

Two Cheers in the Stock Market

ARE equity prices on the turn at last? This was the first question asked in the stock market on Tuesday morning. The answer after three days' cogitation was favourable. Late on Monday, the immediate response to the cut in purchase tax on cars was, predictably enough, a sharp rise in motor shares but the initial gains were not fully held on the following days. Dealers admitted that the effect of the changes in depreciation allowances upon individual shares was difficult to gauge but they could not be anything but pleased with measures designed to encourage more investment by British industry. Hence much of the buying on Tuesday was concentrated upon engineering, steel and other capital goods shares that are likely to benefit from any increase in private capital formation—as well as directly from the more generous capital allowances. Motor component shares and such blue chips as ICI and ICT were also bought. But this activity was not maintained on Wednesday when prices drifted down a little. Then the market was jerked away from contemplation of what Mr Maudling's measures might mean for the future to the present-day reality that John Summers, often rated in the stock market as the strongest of the steel companies, is to work short time. On Thursday, however, equities rose again, so that while *The Economist* indicator gained 6.2 points to 336.4 in the week to Wednesday's close, the *Financial Times* index rose by 9.8 points to 285.3 in the four days' trading to the close on Thursday.

These are useful gains and the stock market, having recovered from the Cuban setback and having been encouraged by the tone and content of Mr Maudling's speech, is now more confident than it was only a few days ago. But Mr Maudling has not set Throgmorton Street on fire—as yet. It takes time for the implications of any change in Government policies to be absorbed by the stock markets and it is asking too much of investors, with the economy prosperous but not progressive, to throw off habits of caution and reserve overnight. Nevertheless, there is more reason for hope.

In the United States, talk about the prospect of a recession has diminished for a time and Wall Street, where the Dow Jones average advanced to 615 on Wednesday, is more confident. At home, the Chancellor's measures show that the Government is in earnest in its endeavours to inject more growth into the economy, and hopes to do so without damage to the balance of payments and sterling and suggest that if production and unemployment worsen in the winter the Government will be prepared to take further counter-measures.

How much farther the Government will be prepared to go in monetary policies is still a matter of debate. Part of special deposits have already been released and interest rates have been brought down. An early reduction in Bank rate is surely less likely, not more, after the Chancellor's unexpectedly large stimulus in other ways. The authorities will hardly want to lower their exetrnal defences at this time—and Lord Cromer himself spoke at the Mansion House of Britain's short-term rates being compatible with other countries'. More likely than a Bank rate move is still another, and final, release of special deposits, which Mr Maudling said specifically would be granted if necessary—and bank advances may clearly rise more rapidly now.

Faster, and just possibly a little risky, expansion could not be expected to boost gilt-edged, which thrive rather on obstacles to growth. Not surprisingly, therefore, the gilt-edged market, having taken a bad knock during the Cuban crisis, has remained quiet. But on Thursday prices moved up again. A reasonably firm tone in the gilt-edged market, even if it is not accompanied by the sharp rises that characterised dealings in the autumn, could be of some help to equities in the winter months. Investors may well wait for definite signs that production and capital expenditures are picking up again before going back to equities in any great number. And having learnt about the fallacy of automatic growth the hard way they are unlikely to buy equities with blind abandon. All that Mr Maudling may have done this week is to prompt the question in investors' minds whether it is still wise to stay on the sidelines or whether it would be better to give some consideration to a cautious and selective policy of buying equities again. If that has happened, then, after many months of uncertainty and even, on occasions, despondency, a significant shift in thinking has taken place.

	1962							Change on week
	Jan. 2	April 10	May 29	Aug. 23	Nov. 2	Nov. 6	Nov. 8	
BMC	15/9 3/4	17/6	13/9	15/11 1/2	14/3	15/6	15/5 1/4	+1/2 1/4
Jaguar 'A'	85/11 1/2	85/3	70/4 1/2	74/6	69/4 1/2	73/7 1/2	74/11 1/2	+4/11 1/2
Leyland Motors	92/3	89/10 1/2	81/10 1/2	78/6	77/10 1/2	79/10 1/2	80/3	+2/4 1/2
Rootes 'A'	6/3	6/7 1/2	4/11 1/4	5/03 1/4	4/4 1/2	5/7 1/2	5/6	+10 1/2d
Dowty Group	31/10 1/2	31/7 1/2	27/–	32/6	36/3	37/11 1/2	36/10 1/2	...
Dunlop	29/11 1/2	33/–	27/9	32/3	26/3	27/9	28/–	+1/9
J. Lucas	63/9	72/9	66/3	69/10 1/2	69/7 1/2	70/–	70/–	+1 1/2d
AEI	31/3	29/6	23/9	30/9	32/6	33/6	34/3	+1/10 1/2
British Relay	27/3	24/9	21/3	23/3	23/–	24/6	23/6	+6d
ICT	110/7 1/2	120/6	98/9	97/9	84/6	87/6	86/3	+1/9
Radio Rentals	33/–	39/–	35/–	38/3	37/3	38/11 1/2	37/4 1/2	+1 1/2d
Relay Exchanges	25/–	22/4 1/2	19/3	20/4 1/2	23/7 1/2	25/11 1/2	24/6	+10 1/2d
Thorn Electrical	67/9	76/–	76/–	77/–	83/–	83/6	83/6	+6d
Guest Keen	78/9	81/4 1/2	70/11 1/2	72/7 1/2	66/4 1/2	69/–	68/7 1/2	+1/9
SCOW	29/6	31/3	22/6	27/7 1/2	24/11 1/2	26/–	26/9	+2/1 1/2
John Summers	43/4 1/2	50/–	41/6	48/7 1/2	28/9	30/3	29/9	+9d
Tube Investments	63/6 1/2	64/11 1/2	47/7 1/2	55/3	52/7 1/2	54/3	55/4 1/2	+2/6
ICI	57/–	57/3	48/3	53/6	56/8 1/4	58/–	58/11 1/2	+1/4 1/2
Marks & Spencer 'A'	99/9	99/6	86/9	85/–	82/3	83/4 1/2	84/11 1/2	+1/7 1/2
Unilever	46/9	41/9	33/–	34/7 1/2	33/–	34/7 1/2	35/–	+2/3
Exchequer 3% 1962-3	96 3/16	97 9/16	98 11/32	99 3/16	99 3/8	99 7/16	99 7/16	+1/16
Funding 5½% 1982-4	90 9/32	90 5/8	91 3/16	94 27/32	100 5/32	100 1/8	100 29/32	+23/32
War Loan 3½%	51 3/4	54 23/32	55 1/4	58 23/32	60 1/8	60 3/32	60 27/32	+19/32
FT Ordinary Share Index	307·1	306·6	261·3	283·8	286·3	281·9	285·3	+9·1

Gilt-edged prices are shown ent.

British Wool on the Defensive

The industry's vital interests will be fully protected—*Mr. Macmillan*. The interests of the industry are indivisible—*Mr Birkenshaw* chairman of the Wool Textile Delegation

AFTER a six-year odyssey, officials are almost home and dry with a commercial treaty between Britain and Japan. Hitherto a straitjacket of annual quotas has encumbered trade between the two countries, except for items that have been accorded specific permission for free entry. Moreover, a relatively limited range of merchandise was covered even by these arrangements. It follows that this severe restraint of trade cannot be lifted without causing a certain alarm and despondency, and nowhere has this been more vocal than in the Bradford wool industry. One would not get the impression from all this noise that slipping off the quotas is likely in fact to be a decorous, if not timorous, business. It is expected that the new agreement, due for signature next Wednesday, will arrange for quotas on a long list of "sensitive" items, which both parties will retain as a pretext for protection if unfettered trade between them were to cause—or be thought to cause—real hurt to a vital interest. In the formal terminology of the General Agreement on Tariffs and Trade, Britain will stop discriminating against Japan under Article 35 of that code and the net effect of the changeover should be considerably to enlarge trade between the two countries. Japanese goods will enter Britain on a "most favoured nation" basis, lifting them at one heave out of the restrictive rut of a quota system most used, and most useful, for regulating trade with communist countries into a status approaching parity with established members of the Western trading club.

Many manufacturers are welcoming the opportunity to expand their exports that the Anglo-Japanese trade treaty should offer. The vocal hostility mounted by the British wool textile industry should not be allowed to drown the cheers for a good liberal arrangement that the Japanese themselves seem intent on making work. It seems extreme for a single industry, even of wool's past pre-eminence, to throw itself under the hooves of the inevitable. To struggle stubbornly to impose conditions on Japan can only have the purpose of frustrating all attempts to get a treaty; it has erupted in slanging of the Government by spokesmen for the wool industry and rejoinders from the Board of Trade as caustic as the proprieties permit.

In fact, the treaty is likely to show that the wool industry has been rebuffed and its extreme demands brushed aside. Imports of some wool textiles from Japan are likely to be controlled after the treaty is signed, but not all. In 1961, total imports of wool tops represented only one per cent of British output and yarn imports amounted to a mere two per cent of home production; but Britain exported nearly £6 million of tops and yarns to Japan last year. These categories are expected to be freed from control. Cloth is expected to be on the "sensitive" list—and therefore remain controlled—under the treaty. One would never discern through the Yorkshire fog that last year Japan was this country's fourth largest market for wool cloth.

In 1961, imports of wool cloth represented about 8 per cent of British production, but none came from Japan. Not until this year were Japanese wool textiles allowed to enter Britain, with a quota of £150,000 for Japanese wool yarns and piece goods—no more than a token, or perhaps a deliberate pipe opener. Even this tiny quota caused a furore when it was granted, which stole some of the thunder from the far bigger fuss the wool industry is mounting against signing a full treaty with Japan. But the industry takes its stand of total intransigence on a point of principle that has nothing to do with the quantities involved. It maintains that Japanese competition is unfair, not because Japan's exports are cheap but because Japanese exporters enjoy special incentives. It alleges that Japanese exporters are unfairly encouraged by cheap export finance; by exceptionally high profit levels in their home market; by tax remissions on export profits (which Japan is ready to drop, though not until 1964); and by linking the proportion of his machinery that each manufacturer is permitted to use to his export performance. The alleged power of the large Japanese corporations to control the volume of imports is a source of unease. And Japanese exporters still stoop occasionally to petty deceits such as attaching misleading labels to their merchandise.

British wool interests contend that all imports of Japanese wool textiles should be controlled until the practices to which they take exception are modified, when, they claim, they would have no further objections to free competition from Japanese manufacturers. In the meantime, they demand that no part of the industry should be exposed to "unfair" competition because, they assert, there is such a high degree of interdependence within it. In this way, they have developed a remarkable doctrine that the interests of the industry are indivisible, which gives comfort to those who believe that the slightest chink in its armour could let through a mortal blow.

The British Government does not agree that such all-embracing protection is necessary: if it did, it would not have wasted its time on negotiating a treaty, for Japan could not accept such conditions. If Japanese competition "disrupts" any business interest it is possible to invoke a safeguard in the treaty which permits the re-imposition of quotas. Even this does not ease the suspicions of the wool manufacturers, for they doubt the effectiveness of such provisions, even though in the context of international commercial treaties they appear to afford a quite exceptional safeguard. The industry does not, in fact, expect a crushing burst of imports following the scrapping of controls; it expects a stealthy, though to it no less deadly, infiltration. Japan has shown obvious willingness to co-operate should trading difficulties arise, but Bradford is quite unable to trust this co-operative spirit.

IN part, the intense opposition to the Anglo-Japanese trade treaty is a reflection of the severe reverse that British wool has suffered in the United States as a result of the inroads

made by Japanese exporters into what used to be a predominant British market. And apart from Japanese competition in the American market, British exporters complain of the crippling American import tariff which, with the additional duty on the raw wool content, amounts to nearly 50 per cent of the value of some articles. British exporters, whose specialised trade, they say, is no menace to American producers, have been hit by this sharp American defence against Japanese imports.

The reaction of the British wool industry to Japanese imports is inevitably affected too by the increasing protection granted to domestic manufacturers in many markets and by the founding of new industries based on domestic raw wool, particularly in the Commonwealth countries. This has tilted the British industry into greater dependence on its home market. British wool goods abroad retain immense prestige, but against all the hindrances to trade, prestige cannot guarantee the large export market that is essential. Despite reverses abroad, British manufacturers have so far been virtually unscarred by international competition in their home market apart from the recent upsurge in imports of cheap woollen cloth from Italy. It regards its home market as a priceless asset, particularly if Britain enters the European common market, and not one to risk for no certain advantage.

British wool is in better shape than its protests might suggest and the industry would certainly profit from assured access to a large and prosperous common market. It has paid for extensive re-equipment out of its own purse and shows every intention of taking full advantage of innovations that are revolutionising wool processing machinery that had remained largely unaltered for a century. The expensiveness of wool, the high cost of machinery and the high output required to run much of it efficiently make established wool textile manufacturers less vulnerable to competition from developing countries than manufacturers of most other textiles.

That does not mean that the British industry has been allowed to put on excess fat. The multiple tailors, for example, have proved a hard taskmaster for one section of the trade, and close prices demanded at each stage of manufacture have kept most of the many branches of the industry on their toes. Joining the European common market will probably cause increased pressure on margins as the area of competition widens. Already the cosy prosperity that enfolded wool textiles after the war has worn thin. A new awareness of styling and of sales promotion have brought about a considerable shake-up within the industry backed by significant changes in its structure. Since the 1959-60 textile boom ended, profits of wool companies have been falling persistently and this has accelerated the regrouping within the industry. The pace is likely to be quickened by an influx of Japanese wool textiles. Life is not going to be easy for Bradford; but surely it has not lost the will to live efficiently.

BUSINESS NOTES

ECONOMIC CO-OPERATION

The West's Self-Confidence

Paris

No very optimistic impression emanated from the simultaneous meetings being held this week at the Château de la Muette in Paris by the Economic Policy Committee (comprising the 20 countries of the Organisation for Economic Co-operation and Development) and of the sub-committee on monetary policy, the more compact "Working Party Three," where only the nine principal member countries are represented. It is becoming apparent that the expansion target set a year ago by the twenty—to increase their gross national product by one half in ten years' time—has little chance of being attained at the present rate of progress. Several experts spoke, indeed, of the risks of a fairly generalised deflation in 1963—and notably the American delegates, who echoed Mr Jacobsson's recent warnings. But adherence to the objective fixed a year ago appears all the more indispensable since, as everyone is convinced since Cuba, it is in the economic field that the East-West match is to be played out.

How, then, are the two elements of growth and financial stability to be reconciled? By aiding the countries chiefly menaced by stagnation—particularly the United States—to master their financial difficulties without having recourse to the classical deflationary measures. This is the point stressed by the American delegation, in asking the continental countries to increase their efforts in economic and financial co-operation with the United States and Britain. In particular, the Americans asked France to open up its capital market. To this the French delegate replied on the lines indicated in these columns two weeks ago—that at the present time France's external reserves, as also the insufficiency of its savings and the relative height of its interest rates, hardly permitted it to comply rapidly with the American request.

Nevertheless it is expected that the communiqué to be submitted to the twenty OECD Ministers on November 27th will insist on the need for this indispensable co-operation. No doubt it will underline the responsibilities of the European countries as much in the battle for the defence of the dollar and of the pound (with delicate points for clarification on their attitude towards purchases of gold) as in the programme of aid for under-developed countries. It will probably also recall the resolution of the European countries to practise a firmly expansionist policy if the risk of recession were to materialise. Here is a reflection of the views dear to the European Commission in Brussels.

Will the positive role which a moderate budgetary deficit can play in stimulating expansion be brought up in this connection? Certain indications seem to suggest that the American administration would not be sorry to be persuaded to employ a technique which has proved a success in so many European countries, but which Congressmen across the Atlantic still view with suspicion. It is not yet known what will come of this idea.

In any case it is likely that the communiqué being prepared for the ministerial meeting on the 27th must proclaim the West's self-confidence. It is considered that this document should underline the recovery in the American and British balance of payments and point to the fact that the risks of inflation have decreased in many OECD countries. Is it possible to be more optimistic? The difficulties reported above, as well as the persistent disagreements in monetary matters, make this improbable.

ENI

Mattei's Real Successor

Rome

The Italian government has acted quickly in appointing the succession to Enrico Mattei. Professor Marcello Boldrini and Dr Eugenio Cefis are the new president and vice-president of ENI. The first is a mild, elderly professor of statistics who has been vice-president of ENI since its foundation. The second is a forty-two-year-old businessman with all the toughness and aggressiveness that get a man to the top of the executive ladder in his early thirties. Dr Cefis will be the real boss of ENI. Until a year ago he had been closely associated with Mattei—the connection goes back to partisan days—and in the capacity of deputy manager of the four main groups of ENI industries he was virtually Mattei's "Foreign Minister." He negotiated ENI's deals with the Soviet and Chinese governments and the contract with Argentina. He represented Mattei on ceremonial occasions like the anniversary of the Communist revolution in Peking. On the home front he handled Mattei's latest sortie into textiles which brought 15,000 more workers under ENI's roof. When he left ENI to direct a big private business, some said he had quarrelled with Mattei, others that he believed the politicians would never allow him to take on the succession. The motives that have induced the government to recall him are hard to pierce, but it is known that his nomination was canvassed by the Prime Minister against other candidates. The government asserts that its choice of Professor Boldrini and Dr Cefis is meant to stress its determination to carry on Mattei's policies and programme. Continuity is the watchword at ENI, but in fact some adjustment will be necessary; Mattei himself would have had to trim his sails pretty soon.

By and large, it is safe to assume that the government will maintain all, or nearly all, Mattei's commitments in Africa. The policy of buying Soviet crude, so long as the price is attractive, also corresponds to a fundamental Italian political directive. But the government would probably be happy to hive off some of ENI's more outlying commitments such as the venture in Argentina which it is thought might land Italy with some bad debts. Payments difficulties had always been the practical limitation on Mattei's expansion.

Despite the long association of Dr Cefis with ENI, the Italian business world has always looked on him as one of its own. Partly, but not wholly, for this reason his appointment has been favourably received in Italian oil circles, which take it to imply that in future there will be little or no direct political interference with ENI and that men of talent and capacity inside the group will have more scope and responsibility. This does not mean that the Italian representatives of the big oil companies expect a softening of ENI's attitude towards them in the near future. But in the long run it may be expected that Dr Cefis will work for a *modus vivendi* with the companies on terms which Mattei himself would probably have considered advantageous for his group.

TURNOVER TAXES

Brussels Chooses TVA

Paris

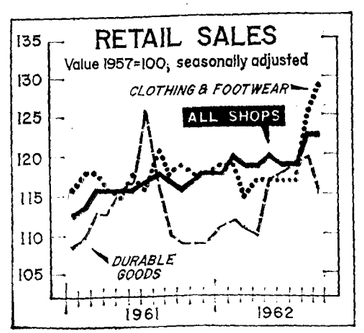
Another important memorandum has been made public by the European Economic Commission in Brussels, for submission to the Council of Ministers. It is concerned to bring about, within a few years, a big step to fiscal unity in the common market. With the progressive abolition of internal tariffs between the Six, the differing fiscal structures in the member countries will increasingly influence the location of industry; and in order to obviate this artificial distortion of competitive conditions, the Commission in Brussels proposes, as a first stage, to abolish the cumulative indirect taxes (*taxes en cascade*) which are levied flatly at each point of sale. Such taxes, which are used in Germany and elsewhere, penalise specialised enterprises, encourage mergers into giant integrated units and, for exports, give rise to arbitrary and complicated rebates. The commission urges, as expected, that these taxes should be replaced by the *taxe à la valeur ajoutée* (tax on added value) of the kind applied in France. Taxes on retail business, with no effect on external trade, would be left unchanged.

The first move to integration would be for all member countries to adopt this form of turnover tax. At a later stage, the procedures for applying these taxes would be harmonised; finally, the actual rates would be unified. It is thought that this scheme will give rise to long discussions. The French, in particular, have reservations, even though it is their scheme that is being adopted.

CONSUMER SPENDING

September Promise

September was just as good a month for retailers as a whole as August had been. The clothing traders did even better, with 5 per cent more business than in September last year. But they were helped by bright weather, bringing fashion-conscious buyers into their stores, and clothes-buying seems to have quietened down considerably since. Among other trades, sales of both food and durables seem to have slackened a little in September, after taking seasonal factors into account. The credit business of household goods shops also fell away a little in September, which suggests that the stimulus given on June 5th by the reduction in minimum deposits had lost some of its force.



Outside retail trade, the hire purchase statistics show that new credit extended by finance houses, a large part of which is for cars, fell a little more in September than might be expected seasonally. Nevertheless, there was a marked increase compared with last year in new credit for both new and used cars. In October, according to Hire Purchase Information, the level of car business improved and contracts for new cars, at 13,901 were half as many again as in October, 1961. What conclusion should be drawn is not easy to judge because the seasonal pattern of car sales has recently been changing. According to the estimates of the National Institute, for neither cars nor household appliances was there any significant further expansion in sales in the third quarter. However, helped by the buoyancy in clothing sales, the volume of consumer spending as a whole in these months is thought to have been about half of one per cent more than in the previous quarter and not quite 2 per cent more than in the last quarter of 1961.

PUBLIC INVESTMENT

The New Upsurge

It would be nice to think that the sharp increase in public investment in the current financial year that is now expected over 1961-62—an increase of 7¾ per cent which at constant prices would come down to perhaps 6 per cent—was the swift result of the Government's sensible decision to remove the brakes of 1961 and take advantage of the present slack in the economy. Actually only £15 million, or less than one per cent, is expected to result from the recent relaxation, which set in motion additional work to a total of £70 million. The fact is that public investment has a strong tendency to grow at any stage of the cycle; at this stage the tendency is a welcome one.

Almost the whole of this year's expected increase, which is set out with admirable clarity in the annual white paper (Cmnd 1849), is in "public service investment," rather than in investment by nationalised industries and public corporations. This year's big increases are for roads—up 23 per cent—and for education, hospitals, housing, water and sewerage, and the miscellaneous category, from prisons to police stations. Indeed every single category of this social investment is up this year. In

the commercial public sector, by contrast, the usual big rise in electricity is partly offset by a futher substantial drop in investment by the Transport Commission.

Next financial year, 1963-64, public investment will be stepped up still further, by a rate of up to 10 per cent in real terms; the government will try to concentrate the additional building investment on "those parts of the country where the pressure on resources is least." This period is expected to see a further run-down in investment in railways, and also some reduction in atomic energy and coal; but the post office and the

SOCIAL INVESTMENT'S TURN

£ million	1960–61 Actual prices Out-turn	1961–62 Actual prices Estimated out-turn	1962–63 March, 1962 prices Forecast out-turn	1963–64 March, 1962 prices Present Estimate
Investment by nationalised industries				
Coal Board	94	93	90	83
Gas	43	46	56	64
Electricity	336	378	422	438*
Air Corporations	47	37	37	50
Transport Com.	205	184	160	153
Atomic Energy	36	35	35	28
Post Office	100	119	123	139
Other	6	10	8	10
Total (rounded)	865	905	930	965*
Public Service Investment:				
Roads	98	108	133	149
Education†	142	164	188	198
Housing‡	279	296	317	348
Water and sewerage	79	88	99	105
Hospital and local health and welfare services	43	56	65	78
Other Investment:				
Central Govt.	39	49	52	60
Local Authorities	99	124	146	158
Total (rounded)	780	885	1,000	1,095
Grand Total (rounded)	1,645	1,790	1,930	2,060*

* Excluding up to £70 million more for distribution facilities by Area Boards. † Including university investment financed by the University Grants Committee. ‡ Local authorities, new towns and housing associations.

air corporations are now expected to increase their investment—while electricity could jump by a further 20 per cent to over £500 million if a much needed strengthening of distribution facilities goes through. In social investment another big increase is projected for housing, which is receiving so much political attention now, and a large proportionate increase for investment in hospitals, which at £78 million compares with £43 million three years earlier. In sum, total social investment on the white paper valuation will be £1,095 million next year, just two-fifths larger than three years before—though the real rate of increase would be about a third. Investment by the corporations, which in 1960-61 was £85 million larger than social investment in total, is expected next year to be £60-130 million smaller.

GOLD AND EXCHANGES

Gold Falls Further

THE gold and exchange markets have now fully regained their pre-Cuba surface calm, which is not to say that the episode has had no effect on the markets' deeper anxieties. This week the dollar has weakened no further on the continent, except in Germany, where the dollar has fallen from its recent peak of 4.01½ to 4.00¼. But this strengthening of the mark is believed to have been entirely the result of intervention by the Bundesbank, which may have used large amounts of dollars for the purpose; paradoxically, its return for the latest return shows an inflow of foreign exchange of $22½ million in the week to October 31st, but this presumably reflects a switching of dollars from the hands of the commercial banks as former swap arrangements are run off.

Gold has continued to fall, to $35.09¼ an ounce in mid-week—actually 4 cents below its level on the eve of the Cuba crisis. The fall in prices in India, reported in a later note, is believed to have been partly responsible. In any case, the market ignored last week's fall of $40 million in the United States gold stock, carrying it below $16,000 million, and also this week's indications that the net monetary deficit for 1962 may after all reach $2,000 million—the American authorities were earlier talking about $1-1½ billion. Meanwhile, one aspect of Mr Roosa's hints of further extensions of monetary co-operation is coming into the light—the funding of some short term, three months borrowings into credits of up to fifteen months maturity. The first move on these lines was taken in Switzerland, and it has now been repeated for a United States $150 million credit in Italy.

Sterling, meanwhile, is holding up well. In October, the reserves rose by £11 million, and for once there were no large distorting influences, making this the best true increase since May—when seasonal influences were still favourable. The repayment by Canada of half the $100 million stabilisation credit granted by the Bank of England in June apparently had no effect on the figures as the credit, unusually, was not deducted from Britain's reserves at all. Canada has also repaid half the $250 million loan from the Federal Reserve. At the same time it has credited half the loan of $250 million raised on the New York market, as well as obtaining some $30 million in advance debt payment by Holland. Canada's reserves in October rose by $169 million to $2,614 million, and without the official transactions would have risen by a further $20 million

DRUG TESTS

A Watching Brief

THE Minister of Health announced on Tuesday that close thought is being given to the idea of an expert body to watch out for reports of toxic effects from new drugs. The special committee set up to inquire into ways of avoiding another thalidomide disaster has told the Minister that laboratory tests (which include tests on animals) must remain the responsibility of the individual manufacturer and that it is "neither desirable nor practicable" to transfer this kind of testing to a central agency. Mr Powell has accepted this view. But the committee then goes on to explain that however careful laboratory tests may be, drugs that are safe on animals are not necessarily safe for man—or may be safe for some people and not for others.

Any danger in apparently harmless compounds comes to light only with time and unhappy accident; alternatively, some drugs known to be harmful have a real medical value when they cure illnesses so grave that their toxic side-effects are acceptable. What is needed, said the committee, is a body that can hold the scales between these two extremes—to keep a continuous watch on evidence of toxic effects, particularly from new and relatively untried drugs, and warn doctors about them. It is now thinking how such a body should be organised. Some would argue that the Ministry should go further than this, and consider turning this advisory body into a reporting and collating centre to which doctors would automatically send information about odd and unexpected side-effects noticed in their patients. Such an organisation would not have prevented thalidomide babies from being born, but it might have meant fewer than 385 of them.

BOAC

Mr Amery and the Airlines

THE terms used by the Minister of Aviation on Tuesday night (when he asked Parliament to extend the borrowing powers of the two air corporations) to describe the plight of the British Overseas Airways Corporation leave little doubt that time is running out for the corporation's present management and that Mr Amery means and intends to get action. Mr Corbett, the accountant whom he appointed in July to investigate BOAC's affairs, is expected to complete his report by the spring; "Once I have the facts," said the Minister, "I can get down to the business of trying to decide what should be done." In the meantime, Mr Amery specifically rejected a number of claims made by the chairman of BOAC in his annual report, among them one that pressure from the government was a contributory factor to the corporation's deplorable financial showing. He accused the management of ignoring, over a period of years, the fact that its own commercial policy was shortening the active life of a large part of its fleet and that provision should be made for this when calculating the rate of depreciation. He rejected Sir Matthew Slattery's plea to be allowed to write off the corporation's accumulated capital losses. "I sympathise with him. I have

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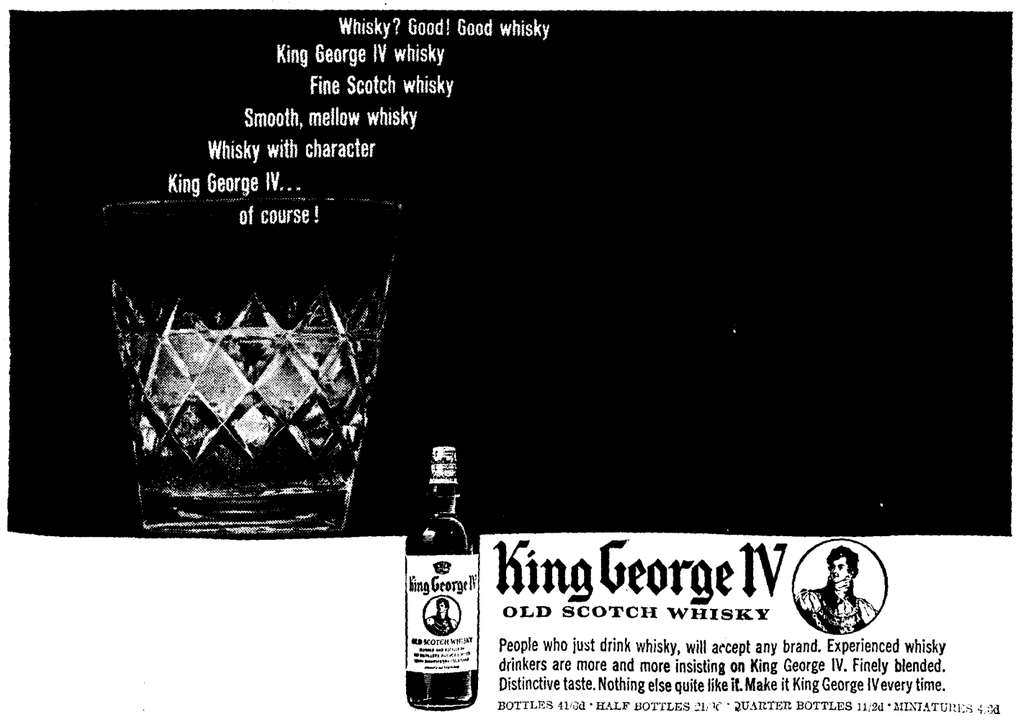
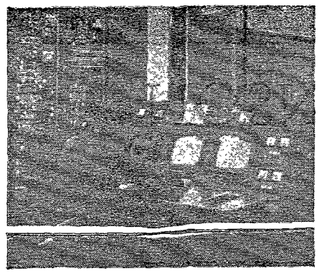
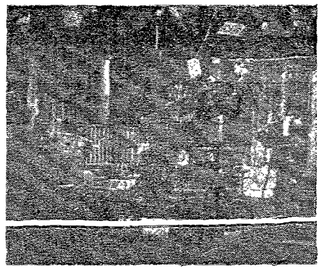
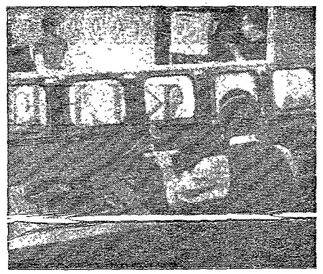




The Marconi equipped B.B.C. London Transmitting Station at Crystal Palace.



A Marconi equipped studio at the B.B.C's new television centre White City.



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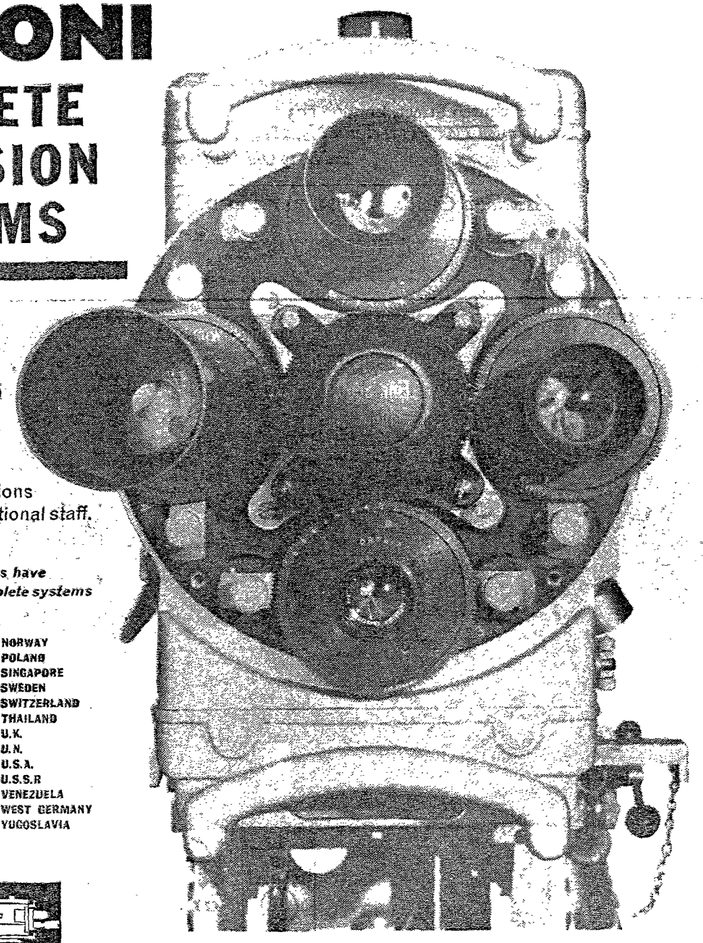

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often felt the same way when I have reckoned up the interest charges on my overdraft but I cannot see any good reason why the corporation should be specially exempted from the servicing of its borrowed capital. This is a charge which every other business has to meet."

Finally, he put his finger on the corporation's basic weakness, the fact that it has not only lost a great deal of money in the past, but is also continuing to lose substantial sums on its day to day operations. "This is, in my view, much the most serious side of the picture, because it arises not so much from decisions taken many years ago as from current policies and it also casts a long shadow into the future."

It is a long time since the House of Commons has heard the performance of a nationalised industry described by a responsible minister in such cold terms. British European Airways is also expected to make the disconcertingly large loss of £4 million this year, but Mr Amery was prepared to accept BEA's estimate that by the following year the airline should again be out of the red. He is unlikely in his present mood to listen to anything BOAC has to say until he has Mr Corbett's report. This is not a happy state for the airline to be in and its effect on morale can be imagined; but an accumulated deficit of £67 million and a loss on current account of £21 million is not a happy state for any business to find itself in, and the corporation must take what comfort it can from the knowledge that the Ministry has at last—and almost as late as BOAC itself—become alive to the seriousness of the situation.

STEEL PRICES

How Should They Be Fixed?

THE Iron and Steel Federation has become bolder in its campaign against the methods employed by the Iron and Steel Board to set prices since the latter's director moved into the wider sphere of planning, and it has now moved into the medium of public debate. Last week it published an article in the *Steel Review* in which it argued that the effects of the present recession in demand could be met with more equanimity by the steel producers "if the pricing policy of the Iron and Steel Board had been sufficiently flexible to allow them to lay up a store of 'fat' in good times. If the industry has to adjust all its other arrangements to cope with a return to wider fluctuations in the course of trade, there appears no reason why pricing policy should be excluded from such overhaul." To which the Iron and Steel Board replied by arguing that the nine biggest steel companies since de-vesting had increased their assets value by £250 million more than the new capital they raised on the market—and that this increase must therefore have come from retained profits, or "fat," that its prices allowed the companies to store.

Desirable though flexibility in pricing may be, one wonders whether the Steel Federation would like to see prices fall in times of low demand as well as rising when demand is high. And does it consider whether the alternative to prices set by the board might have been competition, that unfamiliar state, which would probably mean lower prices now even if it had allowed higher prices in the past? Its arguments all lead to a system of pricing that guarantees profits, which only a monopoly can have—and this industry, which has many of the attributes of monopoly, might do worse than submit to a board that is charged with the duty of supervising its prices, and keep to private rather than public argument.

AIRCRAFT ORDERS

BAC's Three Dozen

ONE bright little star shines through the generally discouraging cloud that blankets the British aircraft industry—the slow but steady sale of the British Aircraft Corporation's short-range One-Eleven jet. The seventh order (for three) was signed last weekend; all but one of the customers are foreign airlines, the fact that sales total only 36 shows that they are predominently small buyers. But with the market for big aircraft saturated (and those already sold, flying half-empty) the only designs expected to sell in quantity for the next few years are medium to short-range aircraft to replace Viscounts, Convairs and other hang-overs from the golden, propeller-driven 1950s.

The interest of foreign airlines at this formative stage in the aircraft's development could make BAC's fortunes. British manufacturers have suffered, commercially, in the past from working closely for the British air corporations whose requirements were not always those of an international market. The discipline of manufacturing from the outset for foreign—and particularly American—customers, who are accustomed to take a hand in the actual aircraft design, could teach the British Aircraft Corporation a lesson that can be learnt in no other way. The best thing that could happen to the One-Eleven from this point of view would be an order for at least 12 machines from one of the really big United States airlines. If BAC continues to have the market for this class of jet to itself, as, surprisingly, it has to date, this could yet happen.

WASHING MACHINES

Prices and Profits

ROLLS RAZOR'S interim results confirm that Mr Bloom has been selling his washing machines profitably as well as cheaply. On the 59 guinea model his cash profit must be as great and often much greater than that retained by other manufacturers on considerably more expensive models sold through retailers. The growing tendency to reduce retail margins—Hotpoint is no longer alone here—gives some room for manufacturers to breathe more freely if they wish. But it is hard to foresee much in the way of profit margins for anyone seeking to meet Rolls Razor on its own ground of the under-60 guinea twin tub machine, with heater, through the usual channels of distribution.

There is growing acceptance in the trade of the view (which has some market research support) that Rolls machines and methods appeal primarily to working-class households, and are tapping a market quite distinct from that of the more luxurious and expensive automatic models. It is belief in the continued growth potential of the cheap market that has encouraged Great Universal Stores to undercut Mr Bloom with a scaled-down model of an existing twin tub machine—made by Acme and sold jointly in GUS outlets under the Challenge mark—that will cost 57 guineas. Acme will also sell at the same price through other retail outlets, at a 25 per cent margin. The 15 guinea saving on the existing model has been achieved partly by the use of a simpler agitator and other minor modifications, but the maker's margin has been pared severely too. Similar profit reductions can be expected from English Electric and AEI-Hotpoint, who are also being lured by the "utility" market to make cheaper models which will be introduced shortly: prices are likely to be under 60 guineas.

How far can manufacturers alone meet the demands of the cheap end of the market? At present they are committed to a more whole-hearted defence of traditional retailing than most of them wish for, just at a time when many small retail outlets are drying up and resale price maintenance is increasingly regarded as a burden rather than an asset to manufacturers. There are grumbles about the Area Electricity Boards, who insist on maintained prices for all the makes they stock. An indication of the way the bigger manufacturers are thinking is the fact that English Electric has also been having talks with GUS about the marketing of its washing machines. The GUS group sells domestic appliances not only through its 650 shops but also by direct mail; door to door salesmen/hire purchase collectors, too, will be carrying washing machine brochures. The company will probably adopt Mr Bloom's method of sending a model for demonstration when asked.

Direct selling is more difficult for large and heavy automatic machines, but makers are becoming aware of another kind of threat at this end of the market. This is the enormous variety of fully automatic Italian machines, with no ready outlet at home, which without duty could be very competitive indeed. At least two of the main makes have already found distributors in this country. With the example of the French refrigerator industry before them, British

washing machine makers realise they may not have long to prepare for some really heavy competition against their most advanced products.

INDIA

Bonds for Bangles

INDIA'S foreign exchange reserves now total 93 crores, or $195 million. They have never been lower, and amount to no more than five weeks' imports. Even with the addition of the Reserve Bank's statutory gold holding, equivalent to $247 million, this is no adequate bedrock on which to face the invading Chinese.

The paradox is that while India is starved of gold and foreign exchange, its citizens may conceivably have 100 million ounces of gold, worth $3,500 million at the official price, tucked away in safe deposits or fastened on the wrists and ankles of their wives. The pressing aim of Mr Morarji Desai, the finance minister, is to get some of this gold into the official reserves. This week he announced an issue of bonds, in exchange for gold, the gold being valued at the international price of Rs.53.58 per 10 grams. The bonds carry interest of 6½ per cent for 15 years; they will be exempt from both wealth tax and capital gains tax—holding gold is a standard way of tax dodging in India; and no questions will be asked about the origin of the gold.

But the internal market price of gold in India has been over twice the international price; and the fact that the bonds are repayable in cash and not, as was at first supposed, in gold, must surely mean that any applications for these gold bonds, if they can be called that, will rest solely on a patriotic response in the present crisis. The authorities, however, may not have said their last word. The sharp fall in the gold price from Rs.119 per 10 grams to Rs.105 after the announcement of the bond issue is a sign that gold dealers are worried about the possibility of further official moves—possibly some form of confiscation, once the application lists close next February. But even this fear seems unlikely to bring in the gold on such unrealistic terms.

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CANADA The government's latest legislative proposals designed to promote the economy's resilience are considered against the changing backcloth of Canada's external economic relationships. The exchange reserves' swift recovery from June's crisis, and the beneficial effects of devaluation and additional import duties have temporarily brightened the economic outlook, but the Review sounds a cautionary note for 1963.

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DISCOUNTING DEBTS

Factoring-Minus

AN increasing number of London's merchant bankers are financing the sale of manufactured goods at home and for export by buying trade debts. They have modernised that oldest of professions, invoice discounting. Wm. Brandt's Sons, S. Japhet, Hambros, and M. Samuel are already in the field; now Philip Hill, Higginson, Erlangers has entered by purchasing from Guardian Insurance a controlling interest in London Bridge Finance, a small company that for the last three years has been developing a new system that is somewhere between factoring and invoice discounting. It is called "undisclosed non-recourse finance."

This, broadly, is the financial side of factoring stripped of the sales accounting element. Nowadays this type of financing is always without recourse against the seller—that is what distinguishes it from invoice discounting—but the advertised advantage of this new system is that it is "undisclosed" to the buyer. The manufacturer, instead of selling goods directly to his customer, first sells them, for cash, to London Bridge Finance; and then, acting as the agent of the finance company, he resells the goods on credit to the buyer. The manufacturer then collects the payments for the goods on behalf of London Bridge Finance. The fact that the buyer never knows that there is a financial intermediary between him and the seller, it is argued, prevents any possible loss of goodwill from the suggestion of straitened finances.

A more persuasive advantage of the scheme may be its concentration on finance rather than on a sales accounting service. In factoring proper the finance is provided by the purchase, at a discount, of invoices rather than of the actual goods, and the factor also takes the manufacturer's sales accounting and debt collecting off his hands. The main emphasis in factoring is, indeed, on this second part of the operation. While it is impossible to get finance from a factor without the service, it is possible to have the service without the finance. Factors admit, however, that most of their prospective clients are usually more interested in the finance than the accounting services. This is what the Philip Hill group will now be providing. It might pay factoring firms to start mixing this new idea with their existing business.

Obviously this new scheme will be cheaper than factoring proper; it offers less. London Bridge Finance says that the cost of borrowing "will rarely be greater than 10 per cent per annum and may be as little as 7 per cent." A full factoring service would probably cost a manufacturer somewhere between 12 and 15 per cent per annum. Neither service is cheap.

FRANCE

Surplus Unchecked

Paris

THE surplus in the French balance of payments shows little sign of diminishing. In the second quarter the basic surplus reached $330 million, up from $248 million in the first quarter, though a little below the surplus of $351 million in April-June of 1961. Once again the main strength has been in the trade balance; and there has been a further orientation of French trade to other countries of the common market, which in the second quarter provided 42.1 per cent of French imports and took 46 per cent of French exports. At the same time, partly as a result of official action to offset the impact of the strong current surplus on the exchanges and the reserves, the balance of capital movements swung into deficit, of $40 million in the second quarter, compared with a surplus of $68 million a year before. This turn-round results not only from the official prepayments of foreign debt but also from a big rise in purchases by French investors of foreign securities, from $7 million to $66 million, though the fall on Wall Street involved a nominal disinvestment of $37 million.

The latest figures show that the rise in France's gold and exchange reserves is also continuing; an increase of $86 million in October took them to $3,616 million.

SWITZERLAND

Absorbing the Cuban Wave

Geneva

THE sharp but temporary pressure on the dollar in Switzerland in the week of the Cuban crisis appears to have been taken up largely by special credit arrangements, new and existing ones. The speculative movement was the largest since the revaluation of the mark in March, 1961. In two days the Swiss National Bank had to take $60 million from the market, and the amount would have been larger but for the dollars used by private operators to buy gold. The National Bank remained in close contact with the American authorities and it was decided to use the swap agreements of July, 1962, which had been renewed in mid-October for a further three months.

These agreements, involving the Bank for International Settlements as well as the Swiss central bank, provide for maximum credits of $200 million. It seems that a net $90 million had been taken up when the Cuban crisis broke—$50 million with the Swiss National Bank and $40 million, net of repayments, with the BIS. The Swiss National Bank has now used the agreement to swap (in effect to guarantee) $30 million of its new offtake from the market. At the same time, the bank has made a new swap arrangement with the BIS—of Swiss francs against gold. The amount of gold it has got from the BIS has been kept secret, but is thought to be around $20 million. This purchase refinances a sale of gold by the Swiss National Bank to the United States, which in turn was made against Swiss francs which the United States Treasury acquired in mid-October by two borrowing operations in Switzerland.

The first borrowing involved a total of 220 million francs or $51 million in American Treasury bonds denominated in Swiss francs and issued to the Swiss Confederation. But this was needed largely to meet maturities already held by the Swiss Confederation (in dollar bonds secured by swap operations against Swiss francs or gold); the effect of this operation was to extend the debt to January and March of 1964. At the same time, however, the Swiss National Bank passed on to the American Treasury just over half the 400 million Swiss francs that it had drained from the Swiss market in October, 1960. The Swiss authorities, since they pay their own banks interest at 1.2 per cent on these frozen deposits, were glad of the opportunity to earn 2 per cent on Certificates of Indebtedness of the US Treasury, again denominated in Swiss francs, and maturing in April and July of 1963. As the Swiss National Bank is not allowed by its statutes to have foreign treasury paper of more than three months' maturity, the certificates have been made redeemable at two days' notice. Through these various credits and special operations, the impact of the "Cuban wave" on the Swiss market has been almost entirely neutralised: the statement of the Swiss National Bank for the week to October 31st showed no change in its gold reserve and a rise of only $6½ million in its holdings of foreign exchanges.

CYCLE SHOW

Miniaturisation

EVERYTHING is shrinking about the cycle and motor cycle industry: after falling production come the miniature models. The novelties of the industry's show that opens at Earl's Court on Saturday are the fairy-cycle-like Moulton bicycle and the 50 cc and 75 cc motor cycles from the Birmingham Small Arms group. The Moulton, with its 16 in. wheels, is startling, for the bicycle has remained essentially unchanged this century. It is claimed to be far more comfortable than a conventional bicycle because it has springs—rubber, as one would expect when its designer and manufacturer, Mr Alex Moulton, also designed the springing system of the BMC Minis and the Morris 1100. As the springing allows the tyres to be inflated hard without giving an uncomfortable ride, the rolling resistance is said to be reduced, while the smaller wheels are also said to give quicker acceleration. They provide a lower centre of gravity and take up less space, so bigger carriers can be fitted. The bicycle is being made by a company formed by Mr Moulton with private finance, Moulton Bicycles, which is building a factory in Bradford-on-Avon. Cycle manufacture is largely a matter of assembling bought-out parts, so when an innovator does appear it is not difficult for him to go it alone if established makers prove unreceptive to new ideas. The Moulton's price, £26, makes it more costly than conventional machines. It adds one to the manufacturers in an industry that consists of Tube Investments—owning Raleigh—and a few small makers of sports bicycles or machines for sale by chains like Halfords.

The baby motor cycles from BSA, the 50 cc Ariel Pixie and 75 cc BSA Beagle, are the first British entries in a market that is now dominated by the Japanese—whose biggest manufacturer, Honda, is showing its 50 cc motor cycles in London for the first time, and is planning to market them on a big scale in Britain. These tiny machines, which have four-stroke overhead-valve engines instead of the two-stroke units used on most small motor cycles and scooters, bring back the qualities of lightness and economy to the motor cycle, which it had largely lost in its development since the war; and, to judge from the popularity of the small Japanese machines, these are qualities that many buyers still want. It is a market rather similar to that for scooters, but there is still something about a motor cycle that gives it a distinct appeal. And the price of these machines is lower than that of even the smaller scooters; the Ariel costs £79 10s. and the BSA £92 10s., so they come between the price of a moped and a scooter—while having nearly the performance of the latter and the economy of the former.

ARGENTINA

Fifty-Fifty

THE Paris Club of Argentina's creditors has finally agreed to refinance half of the $270 million of official and private commercial supplier's credits due for repayment in 1963 and 1964. The Argentine delegation had hoped to get the whole debt rephased. The refinancing will take the form of direct governmental loans totalling $135 million granted to Argentina by its principal west European creditors on the understanding that the foreign exchange received is supplied to the Argentine debtors due to make repayments. The loan will be repayable between 1965 and 1970 and Britain's share will amount to £8-£10 million. The detailed terms of the agreement are subject to bilateral negotiations between Argentina and the creditors involved. This is the first time that this particular group of debts has been the subject of a refinancing agreement. The Americans have responded to the agreement by offering to refinance $72 million of similar debts due from Argentina to the Export-Import Bank in 1963-64.

The Paris Club has also agreed to extend from 1963 to 1966 the due date for $15 million of the Argentine debts consolidated under agreements made in 1957 and 1961; Britain's share of this amounts to £875,000. The whole arrangement is dependent on the International Monetary Fund approving the progress of Argentina's latest economic plan and the release of the third $25 million of the $100 million standing credit granted in June.

TELEVISION ADVERTISING

Reappraisals

THE slowing down in the rate of spending on television advertising which has been apparent throughout this year was in fact even greater in the third quarter than the available statistics suggest, owing to increased use of the "guaranteed audience rates" offered from July up to early September. Associated-Rediffusion and Granada, the two biggest programme companies, rely most on this space-filling technique. Although more space was sold by both of them in the usually slack month of August than in the normally busier month of September this is no guide to the amount of revenue actually collected. The present state of demand for television time does not suggest, either, that most advertising budgets for this medium have done much

more than mark time in recent months compared with the same period of last year.

Scepticism about the value for money of A.B.C.'s rates, reflected in the company's consistently lower bookings this year, evidently continues to blunt advertisers' keenness. The 11 per cent tax has certainly encouraged questioning, if nothing else, though no new answers about the value of their medium are yet available from the contractors, who have appointed a market research firm to conduct "aided recall" interviews to supplement the TAM figures.

Most research into the effectiveness of media is carried out by advertising agencies or companies associated with them, and where part of a client's service a fee is generally charged. More and more of this work is being required just at a time when the agencies' 15 per cent commission on space booked is being effectively reduced by the payment of television tax without any corresponding increase in advertising budgets. It is no new thing for an agency to be put in the position of recommending action which cuts its own commission, the hopeful view always being that a satisfied client will eventually come back for more. But at a time when total advertising expenditure is slowing down it becomes difficult to sustain this attitude: the present difficulties through which many agencies are passing may indeed encourage a reappraisal of their system of remuneration.

SUGAR AND LEAD

Two in Harmony

Two important commodities, sugar and lead, whose respective international supervisory bodies have proved not quite up to preserving the balance between demand and supplies appear to have struggled through to better things. Last month the international lead and zinc study group did not consider curtailment of production of either metal in 1963; moreover, it dropped its customary spring meeting so that the market will have no study group to lean on for the next year. In fact, the curtailments agreed at the March meeting of the study group for this year had at last brought about an improvement in the lead surplus. These curbs, together with the remarkable expansion (for a year of depression like 1962) of 5 per cent in lead consumption and the absorption of about 25,000 tons of metal by the American stockpile caused an apparent shortfall in production of about 75,000 tons below demand this year.

Though consumption is not expected to rise as rapidly next year as in 1962, the study group believes that supply and demand in the first half of 1963 will be in approximate balance. Spot lead started the year at the depressed price of £60 a ton, and fell to £50 before recovering to its current price of £53⅛ a ton. The steep drop in the price of lead has, no doubt, hastened the restoration of equilibrium between production and demand, though the move towards greater protectionism, as in Germany, which it has sparked off might bring more problems for lead in the future.

After export controls through the International Sugar Agreement were suspended at the end of 1961, sugar dropped to below £20 a ton in the free market. Because of the high degree of protection enjoyed by many sugar producers and the limited impact that lower world prices have on consumption, this year's low prices can have had little to do with the estimated close balance between supplies of sugar next year and world requirements. Following the earlier recovery the Cuban crisis did in fact push the price of sugar back to its 1961 peak of about £30 a ton and so far only £1 of that gain has been given up.

The expected fall in sugar production is mainly fortuitous. Though European sugar-beet crops have recently improved, output in western European countries is still expected to fall about 500,000 tons short of last season's level. The Cuban crop next year will probably be relatively small. Transactions within the communist block might explain the apparent reduction in requirements of the free market in 1963 reported at last week's meeting of the International Sugar Council. Free market requirements in 1963 are estimated to be 11,523,000 metric tons, compared with a revised estimate made last March of 11,815,000 tons for 1962. Estimated requirements by the United States from foreign sources were also reduced from 4,015,000 tons in 1962 to 3,630,000 tons for 1963. The council discussed the negotiation of a 1963 International Sugar Agreement to succeed the largely inoperative 1958 agreement after its expiry at the end of next year, and agreed that the matter should be further discussed at its next meeting.

COMPANY REPORTS

Designed To Inform

COMPANY reports and accounts are far less dreary to read than they once were. The annual awards by *The Accountant* have helped to raise standards and there are many pressures on a company, from inside and outside, to project itself to the world. The big companies, conscious of the importance of public relations, have led the way, as is shown in a display of company reports and accounts in a "British Printing" exhibition now at the Design Centre.

Forty-five reports, chosen by the organisers "on the basis of excellence of graphic design and presentation coupled with a high standard of printing," cover a wide range of industries with the paper industry, with four representatives, the most prominent. Most of these reports have been prepared for a wider audience than shareholders. A growing number of companies distribute their reports to employees and to politicians and public. They are well designed and packed with information. Most of those on view include a 5 or 10 year record, a breakdown of profits among various divisions, an analysis of sales, a list of subsidiaries and the geographical location of factories and plant. Such companies are not afraid of saying a good deal more about themselves, their profits and their products than the law requires. The laggards might find this exhibition both instructive and challenging.

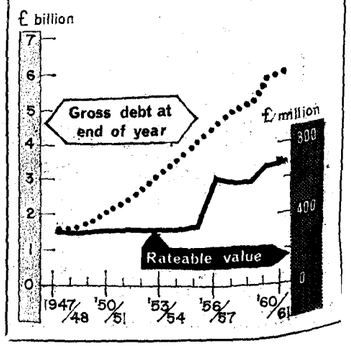
STOCK EXCHANGE

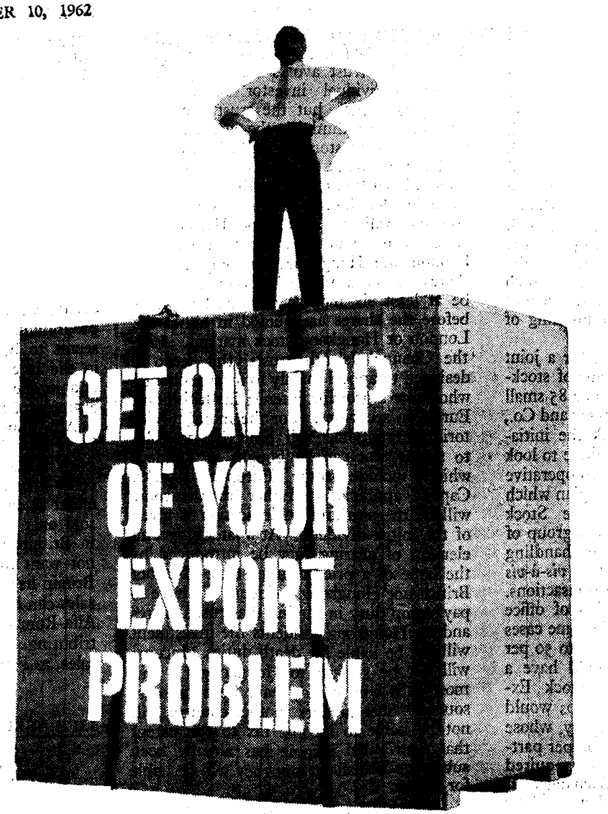
Brokers United

AT the moment the stock exchanges of this country are buzzing with ideas of amalgamation, federation and closer co-operation. Following the recommendation that there should be a federation of the London, Associated and Provincial Exchanges under the control of an executive committee, the chairman of the London Stock Exchange, Lord Ritchie of Dundee, has shed some light on how this is to be set up and what matters might fall within the province of the executive committee. The secretaries of the three exchanges have been instructed to produce a plan for a federation for discussion at the next meeting of the joint committee on December 6th. In a letter to members of the London Stock Exchange Lord Ritchie suggests that the powers of the executive committee might

LOCAL RATES and LOCAL DEBTS (England and Wales)

The enormous growth in local authority debt over the past decade pinpoints the painfully slow growth in rateable values over the same period. There is a limit to the extent that authorities can force up their poundages on rateable values. Next April the new valuations, the first on domestic property since 1939, come into operation; they should allow local authorities to bring the different elements in their revenue into better balance.





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cover such matters as a common standard of requirements for quotation and possibly membership, the administration of compensation funds and public relations. The chairman says that it is thought that these powers might gradually be extended. Speaking to members of the Cardiff Stock Exchange on Monday he reiterated the need for the various exchanges to have a uniform standard of practice and to "speak with one voice." This could, Lord Ritchie suggested, lead to "the extension of the scope of the share and loan department" and to the "central clearing of securities." Such matters will have to be taken into account when a start is made on the rebuilding of the "House" next year.

In London meanwhile a plan for a joint service company for smaller firms of stockbrokers has been circulated to some 85 small broking firms by Longman, Towsey and Co., a four-partner firm which took the initiative in the setting up of a committee to look into the possibility of some co-operative effort to reduce overheads. The plan which has the outline approval of the Stock Exchange Council would enable a group of brokers to act independently in handling their clients' affairs but as one firm *vis-à-vis* other member firms in settling transactions. It provides for the centralisation of office work involved in dealings and in some cases the savings in costs would amount to 50 per cent. The group of firms would have a corporate membership of the Stock Exchange and the various partnerships would be members of the service company, whose resources would amount to £5,000 per partner—the margin of solvency now required under the rules of the Stock Exchange. It remains to be seen whether there will be sufficient response to the scheme to enable it to be put into practice; but the economies could clearly be substantial.

COMMONWEALTH TRUSTS

South and East

THIS year the merchant banks have been particularly active in launching new investment trusts, most of them well received by investors keen to buy management. This week brings two more. The British Australian Investment Trust is managed by Samuel Montagu, with the Development Finance Corporation in Australia as its investment advisers. This is a specialist trust almost entirely concerned with shares in Australian registered companies or companies with their principal trading interests "down under." The offer of six million 5s. shares at par is opportune, for the Australian economy shows signs of expanding again after the easing of the credit restrictions imposed in 1960-61. With firm applications already accepted for 4 million shares the offer was oversubscribed on Thursday. So far Australian share prices have responded cautiously and the Sydney share index stands at 293.3, against this year's high of 325.0 and a peak of 348.5 in 1960 before the index fell sharply to 267.7. The 5s. shares offer the modest prospective yield of 3½ per cent. An investment in the trust avoids the complexities for the individual investor of claiming double tax relief, but the trust's low net UK rate must diminish the attractions of the shares to investors paying little or no tax.

Hambros Bank is sponsoring Victoria International Investment, with its registered office in Hongkong. An offer for sale of 999,498 ordinary shares of HK$8 each (10s.) at par will be made next week in London and Hongkong, but only 200,000 shares will be available in London. It will be at least six months and maybe a year before the shares are quoted in either the London or Hongkong stock markets. Like the Channel Islands trusts, this trust is designed to appeal mainly to local residents, who show a growing interest in British and European securities. For the moment Victoria International will limit its portfolio to shares that can be bought in London, which include some European stocks. Capital appreciation rather than income will be the aim and no indication is given of the initial dividend. At a later stage, an element of gearing may be introduced by the issue of a prior charge stock. Neither British nor Hongkong residents will have to pay stamp duty in buying the trust's shares and for Hongkong residents the investment will not be liable for death duties. Income will not be subject to Hongkong tax but most of it will already have been taxed at source. Shareholders in this country will not be liable to income tax to the extent that distributed income has already been subject to British tax but they will be liable for surtax.

CARS IN ITALY

Importers' Festa

THE Italian car market is the fastest growing of any of the car manufacturing countries of Europe. It absorbed 381,000 cars in the first eight months of this year, 26 per cent more than a year before. But this vitality attracts rival manufacturers, and the sales of foreign cars have risen by 150 per cent to account for 14 per cent of total sales. Despite the 40 per cent import duty that they have to pay, British Ford has been the most successful importer; the 12,000 cars it sold up to the end of August put it just ahead of Volkswagen, and well ahead of the third biggest importer, Simca, which sold nearly 7,000. Ford accounts for nearly all British imports, selling 7,500 Anglias and 4,500 Classics; but 10,000 Austin A40s assembled by Innocenti were also sold, though they count as Italian-built. Rootes has now arranged for the Milan coachbuilders, Touring Superleggera, to assemble the Super Minx as a means of reducing costs in Italy. And Standard-Triumph International has made Ducati, the engineering firm, its distributor for Italy.

The competition from importers is hardly welcomed by the Italian industry, especially when cars are so obviously being sold far below net home prices as the British Fords are. But Fiat has not suffered any fall in sales, retaining 67 per cent of the market—though its decision to give the old 1100 a facelift and a 1,221 cc engine, while cutting £17 off the price, looks like a counter to competition from the Anglia and Volkswagen. Fiat has also taken £30 off the price of the 1500. With its total output running at 3,200 vehicles a year, close to its capacity of 3,500, Fiat will soon have to decide whether to set a second expansion programme in train. At the moment it seems to be following a policy of caution in the face of strong competition at home and in the rest of Europe, and it has the example of the British industry before it.

Alfa-Romeo and Lancia seem to have been the chief sufferers from the rise in imports; the former's sales fell by 22 per cent—mostly the Dauphines it assembles under licence from Renault—while Lancia sold only two per cent more. Italian sales in Britain are still insignificant; Fiat does not want to launch a big sales drive until Britain has entered the common market and sales can be made on a profitable basis. But Alfa-Romeo has recently set up its own distributing company for Britain to help its sales, as Fiat and Lancia had done long ago.

LIFE ASSURANCE

Pensions Surge Ahead

PENSION schemes and the group life benefits that are associated with many of them made the running in last year's new records of the life assurance offices. The rate of increase of new sums assured by individual policies in the ordinary branch was the lowest since 1957. Industrial branch new business, on the other hand, continued to rise. New sums assured at home and abroad in 1961 totalled £3,190 million, up by 17 per cent; this included £415 million industrial life assurance, compared with £396 million in 1960. Annual premium income from new policies—a more meaningful yardstick—amounted to £137 million last year, compared with £121 million in 1960 and £124 million in 1939.

Last year's big increase in assured pensions was stimulated by the introduction of graduated state pensions. Any misgivings about the impact of the extended state scheme upon this important part of the life offices' business have proved groundless and they have been hard pressed with the modernising of existing schemes and the establishing of new ones. Self-employed (Millard Tucker) pension policies have continued to sell slowly. Only 18,800 of these policies were issued last year, compared with 21,300 in 1960 and nearly 50,000 in 1957, the first full year after the long overdue concessions in the 1956 Finance Act.

EMPLOYEES' BENEFITS
(Under pension and life assurance schemes)

	1957 £ mn.	1958 £ mn.	1959 £ mn.	1960 £ mn.	1961 £ mn.
In force:					
Lump sum on death before retirement ...	2,182	2,573	2,884	3,260	3,820
Annual Pensions:					
Future*	487	564	619	684	779
Current	10·6	12·9	15·6	18·4	21·8
Premiums	165	182	198	218	243
Employees covered ('000s)	3,011	3,302	3,493	3,769	4,494
New Business:					
Lump sum on death before retirement ...	500	621	585	715	951
Future annual pensions*	116	126	118	126	173
Yearly and single premiums	41·3	48·0	45·0	53·2	63·5
Employees covered ('000s)	534	573	552	615	934

* Based on current salaries.

TOTAL LIFE OFFICE INVESTMENTS

	1957 %	1958 %	1959 %	1960 %	1961 %
Mortgages	15½	15½	15½	16	17
Gilt-edged	28	26½	25	24	22½
Other fixed interest	22	21	21	20½	20
Equities	17½	19	20½	22	22½
Real property, ground rents and other investments	17	18	18	17½	18

Aggregate life and annuity funds rose in 1961 by £521 million to £6,163 million, of which industrial life assurance accounted for £1,488 million. The stake in equities rose less rapidly than in earlier years—to 22½ per cent of total invested assets—but life office holdings now represent about one-tenth of the total ordinary share capital of British companies. The proportion of life office assets in gilt-edged stocks fell faster than ever. It remains to be seen whether the sharp set-back in equities last spring and the recent boom in the gilt-edged market are affecting life office investment policy.

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LIGHTWEIGHT CANS

Thick and Thin

METAL BOX is using tinplate reduced by a third in thickness and weight to make cheaper cans. Though still in the stage of development and of experiment by canners, it is clear that bulk prices can be reduced sufficiently to make at least a marginal difference to canners' rising costs—only last April Metal Box raised its prices for ordinary cans by nearly 5 per cent—if not enough to lower the price of a single tin to the consumer. One large customer is, for instance, buying lightweight tins about 2 per cent cheaper than the conventional article.

The Steel Company of Wales makes the light tinplate—the only English company to do so, though Richard Thomas and Baldwins has produced it experimentally in the past. Steel of Wales uses conventional methods of tinplate manufacture, simply rolling out the steel base, which makes up nearly all the weight, 33⅓ per cent thinner and adding the usual amount of tin coating. They are able to prevent a corresponding reduction in the rigidity of the tinplate partly with the help of their new continuous annealing plant, which fines the grain of the metal, but the resulting product is still an awkward one to handle, more likely to bend and buckle in sheet form than the thicker plate or to become distorted when being made into cans. Until or unless these problems can be overcome this means higher wastage and handling costs, which partly explains why prices do not fall in proportion to the reduction in steel used per sheet. Metal Box and its customers are still being very cautious, possibly overcautious, about its substitution for thick tinplate for most normal uses; playing safe, they are at present mainly talking in terms of using the thin material for the ends of cans only except in small sizes, though the future would seem to lie more with a can strengthened by corrugation.

It looks as though it will take some time for light tinplate to gain the wide acceptance here that it has in the United States, where by the end of this year it may comprise one-fifth of tinplate deliveries. The steel industry there has gone into it much more wholeheartedly, partly because of competition from aluminium. By re-rolling the plated steel—the double-reduction process—leading American producers are making "thin tin" two-thirds or even one-third the thickness of SCOW's lightweight product.

SHORTER NOTES

After nearly thirteen years as senior government broker Mr W. J. H. de W. Mullens is to step down from this post at the end of the year. He will be succeeded by Mr P. A. Daniell, who has throughout been at Mr Mullens's side as second government broker. The firm of Mullens & Co., with which the Daniell family has long been associated, has acted as broker to the National Debt Commissioners since the eighteenth century, and now also acts for the government and the Bank of England.

★

The Tongaat consortium of sugar companies has acquired more than 50 per cent of the voting shares of Sir J. L. Hulett and Sons and this seems to be the end of South Africa's biggest take-over battle. It began with rival bids for Natal Estates, which Huletts now controls. The consortium's offer of 1.50 Rands for Hulett preference and 4 Rands for Hulett ordinary will be made unconditional.

★

The Government has appointed a committee under the chairmanship of Sir Harold Banwell, "to consider the practices adopted for the placing and management of contracts for building and civil engineering work, and to make recommendations with a view to promoting efficiency and economy." This carries out the recommendation made by Sir Harold Emmerson in his study of organisation in the building industry for the Minister of Works published earlier this year. It has also been announced that the Minister of Public Building and Works will be responsible for co-ordinating all Government building research with the help of Sir Donald Gibson as Director General of Research and Development; and that the Building Research Station is to undertake a three-year study into the skills needed in modern building operations.

★

Bristol Street Motors, one of the biggest main Ford dealers, has offered four 4s. shares for every five 5s. shares in Car Mart. With Bristol Street shares at 22s. 6d. the bid is worth 18s. against a pre bid price of 13s. 3d. and values Car Mart at over £2 million.

COMPANY AFFAIRS
Comments on pages 613, 614 and 615 on:
BMC, S. Smith & Son, Wall Paper Manufacturers, Marks and Spencer, Rolls Razor, Firth Cleveland, Royal Dutch Shell, Fisons, Norvic, De La Rue, Simon Engineering, Butlin's, Paper Companies
STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 616 and 617
MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 618

COMPANY MEETINGS

LORAINE GOLD MINES, LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

A copy of this review by **Mr B. L. Bernstein** *on the company's operations for the year ended September* 30, 1962, *will be posted to members on or about November* 8, 1962. *The full report and audited accounts will be circulated to members on or about January* 3, 1963.

During the year under review underground development was concentrated mainly on Elsburg reef north and south of No. 3 shaft, and exploration by means of underground prospecting holes was started to obtain more information about the Basal reef. I propose to deal with the various aspects of operations at your mine under separate headings.

ELSBURG REEF BETWEEN NO. 2 AND NO. 3 SHAFTS

Within the area about 85 per cent of the haulage and crosscut grid required to exploit all zones of the Elsburg reef has been completed. About 1,000 feet on the 54th main haulage and about 4,000 feet on the 56th haulage (the bottom level) still have to be advanced northwards to bring them both to the limits of their usefulness, at a position which is expected to be about 1,000 feet north of borehole TV.2. Main haulages on the 50th level have been connected. Development to reef overlying this grid is now proceeding on all levels and reef development in the form of raises and winzes is taking place on all zones of Elsburg reef where promise of payability exists.

An analysis of the sampling results of the progressive footage on the various zones of the Elsburg reef between the two shafts was given to shareholders at the annual general meeting last March. This information is now brought up to date as at the end of September, 1962, in the following tabulation, from which it is clear that the EA (or top) zone continues to be the zone of predominant economic importance:—

Zone	Footage Sampled	Payable Footage	Percentage Payable	Channel width inches	Inch-Dwt.
EA	34,905	22,270	63·8	33·9	771
EB	1,635	1,220	74·6	38·1	914
EC	410	190	46·3	37·5	530
ED	3,860	2,055	53·2	29·5	630
Totals and averages	40,810	25,735	63·1	33·8	765

In the area between the two shafts the EA zone carries consistent payability over the full strike length of 15,000 feet, with the exception of some 3,000 feet in the vicinity of borehole TV.2, where the reef is poorly developed. The 12,000 feet of consistent values includes from one to five, and on average two, payable reefs, which can be stoped independently. Exploration to date has indicated that reefs in the EB zone carry high values in limited areas within 2,000 feet of No. 3 shaft. Beyond that point this zone is of little economic interest. Present information also indicates that no economic importance can be attached to reefs in the EC zone and that payability in the ED zone appears to be confined to the southern half of the area.

Occurrences of composite reefs in the EA zone and of a succession of superimposed payable bands in the EB zone, to which reference has previously been made, have proved in all areas so far developed to be of a sporadic nature and confined to comparatively small blocks of faulted ground.

With regard to the extent of payability in an east to west direction, work done during the year continues to indicate that the eastern limit of payability does approximate to the axis of the syncline (or trough formation) and that little or no value is located in the east limb. It will be remembered that the western boundary of the syncline is formed by the sub-outcrop of the Elsburg reefs against the overlying Ventersdorp conglomerates parallel to the axis of the syncline.

It is probable that Elsburg reef between No. 2 and No. 3 shafts will virtually be fully explored by the end of 1963, although considerable reef development will still remain to be done to facilitate the exploitation of small blocks of ground in severely faulted areas. In many instances, as a result of the prevalence of strike faulting, reef raises in a north to south direction, as well as in an east to west direction, are required.

ELSBURG REEFS SOUTH OF NO. 3 SHAFT

Satisfactory progress has been made with the main exploratory headings being advanced on the 48th level, which at the end of September, 1962, had reached a position about 6,000 feet south of No. 3 shaft, over halfway between the shaft and the southern boundary. It was in one of these headings that the notable record was achieved of advancing a single end 2,317 feet during the month of May, 1962. Delays have since occurred due to the intersection of water bearing fissures. These headings are planned to help evaluate the prospects of the southern area of the mine and are positioned to give access to the overlying EA zone of the Elsburg reef. It has, therefore, been possible to obtain a limited amount of reef development in this zone for sampling. Up to the end of September, 1962, 850 feet were sampled and 70.6 per cent. proved payable at an average value of 572 inch dwt. These results are confined to reefs of the EA zone developed from several cross-cuts within a distance of 3,000 feet south of the shaft. At 4,700 feet south over a distance of 40 feet a highly payable reef intersection was obtained in the 48th south haulage and at 4,800 feet south payable reef was intersected in the EA zone in an underground borehole. Both these results were published in quarterly reports. No payability in development or in underground borehole intersections has so far been encountered in the lower Elsburg zones (i.e., the B, C and D zones) south of the shaft. However, only half the distance to the southern boundary has been covered and in surface borehole ERK.1 on the boundary high values were obtained in the ED zone, about 150 feet below the 48th level horizon.

Although the east-west dimension of payable areas on the EA zone measured on the plane of the reef tends to decrease in a southerly direction, the volume of mineable tonnage per foot of strike to be expected from this zone in the area so far entered by the 48th level south haulages approximates to that found north of No. 3 shaft. The width from east to west, south of the shaft, varies from 400 to 700 feet, as compared with widths of 500 to 1,000 feet between No. 2 and No. 3 shafts.

It is expected that the 48th haulage can be advanced to the southern boundary within the next twelve months. The 50th level has been advanced 1,200 feet south of the shaft and the 46th haulage south, which was stopped temporarily at 2,300 feet south of the shaft, will be continued to provide a return airway for stopes above the 48th level. Haulages south on the lower levels must await further structural information, to be obtained in due course from drilling on the 48th level haulage. Stoping south of No. 3 shaft is unlikely to be required before the end of 1963.

LIMITATIONS OF PAYABLE TONNAGE ON ELSBURG REEFS

At last year's annual general meeting I had occasion to remind shareholders that limitations of tonnage on Elsburg reef could well prove to be the salient factor in assessing the mine's life. Development since then has served to confirm this warning. Although the value of last year's pay development on Elsburg reef, compared with the previous year, increased from 838 inch-dwt to 882 inch-dwt, the percentage payability dropped from 67.9 to 58.5 per cent. It must further be remembered that Elsburg reef development during both years has been selective to the extent that it has been largely confined to the EA zone, which of necessity has to be mined ahead of the lower zones. The contribution to total pay tonnage made by the lower Elsburg zones has so far been comparatively small and no worthwhile extension of payability to the east of the synclinal axis has been found. Shareholders will appreciate that the only information available concerning the most southerly 6,000 feet of the lease area is that derived from surface drilling, and that when the southern boundary is reached on the 48th level it will be possible to obtain a more complete picture of the total tonnage potential on the Elsburg reef.

BASAL AND OTHER REEFS

Arising from the need to supplement Elsburg reef tonnage, the investigation of Basal reef, which could be mined from the existing shaft system, has been started. Results have so far been disappointing. Exploratory drilling from the 54th and 56th levels has shown that, although

Basal reef is present above the 56th level horizon about 1,500 feet west of No. 3 shaft, dipping almost vertically in conformity with the steeply dipping Elsburg reefs, it is too poorly developed to warrant cross-cutting to reef from either 54th or 56th haulage. The area so far tested on these horizons extends for 3,000 feet north of No. 3 shaft. Specialised drilling for valuation of Basal reef below the 56th level has been done with the object of supplementing information obtained from the original surface boreholes which intersected payable Basal reef in the vicinity of No. 3 shaft at depths of about 6,500 feet. Basal reef intersections, which have not been very encouraging so far, have been obtained at various depths extending up the western limb of the syncline. Results to date of this drilling, which is not yet completed, have been published.

Of greater economic importance at present are the improved prospects for continuing to mine significant tonnages of "B" reef from the No. 2 shaft area. Last year I told shareholders that, following an increase of available stoping face on Elsburg reef, tonnage drawn from "B" reef stoping would reduce towards the end of this year to about 25 per cent of the tonnage milled. The figure for September, 1962, was 25.4 per cent, but the grade of ore stoped, which was expected to decline, has increased during the year from 4.9 dwts to 5.9 dwts. During the same period the value of total reef development on "B" reef, amounting to 2,660 feet, has increased from 287 to 371 inch-dwt. These results are considered to be sufficiently encouraging to warrant extending "B" reef development at No. 2 shaft from the 52nd level downwards to the 57th level, a distance of about 1,240 feet on the plane of the reef. The existing No. 2 sub-incline shaft is being deepened and equipped to serve the 57th level and the rate of development on "B" reef is being increased to about 1,200 feet per month in order to maintain the present rate of stoping.

STOPING, RECOVERY GRADE AND ORE RESERVES

A position has now been reached where the mine's current stoping requirements from Elsburg reef are being met. Throughout the year the mill operated to capacity and, compared with last year, tonnage milled increased by 13,000 tons. Recovery grade increased during the year under review from 5.43 dwts to 7.22 dwts. The steady increase in recovery grade over the past two years results from a continuous transfer of stope tonnage, initially from Basal reef, and later from "B" reef, to the Elsburg reef. This upward trend can be expected to level off now that the proportion drawn from Elsburg reef is becoming stabilised at about 75 per cent of the total tonnage milled. However, some further increase in grade can be anticipated during the first half of the current year, while progressively increasing tonnages are being drawn from new ore reserves created by last year's development which was above average value.

At September 30, 1962, the total ore reserve was 2,055,000 tons at an average value of 9.81 dwts per ton, a net increase of about 700,000 tons and 0.58 dwts over the corresponding figures for the previous year. Elsburg reef comprises 77 per cent of the total reserve at a value of 10.85 dwts compared with 6.31 dwts for "B" reef. In total some 1,300,000 tons of ore reserve have been created during the year and the total development footage advanced was 91,500 feet of which some 24,000 feet of development was of an exploratory nature south of No. 3 shaft and as such has not yet contributed to ore reserves.

VENTILATION

The problem of providing adequate ventilation facilities for stoping the central area between No. 2 and No. 3 shafts south of the Weltevreden fault has previously been mentioned as a factor limiting the scale of operations in the area. This limitation is now being removed by the provision of an underground refrigeration plant sited at No. 3 shaft to utilise the large volume of return air available in the shaft for transferring heat to surface. Chilled water will be carried in insulated pipes to any area underground where cooling is required and used in heat exchangers to cool hot intake air for immediate use in adjacent stopes. One refrigeration unit, rated at 350 ice tons capacity, will be commissioned at the end of December, 1962, and an identical second unit three months later. The capital cost of the installation, including two units, is estimated at R320,000.

Such a cooling system has the virtue of extreme flexibility and can readily be switched to serve the area south of No. 3 shaft in due course. Indeed, it is calculated that, if the area of payability between No. 3 shaft and the southern boundary continues to be confined to a relatively narrow strip of ground, and provided that the mine's present production rate is not increased, the addition of two or three further refrigeration units of No. 3 shaft would enable the whole area to the boundary (12,000 feet south) to be mined without the assistance of another shaft for ventilation purposes.

As I have previously stated, a decision regarding a new shaft must await further development work south of No. 3 shaft. Development to date has not yet established that a sufficient volume of pay tonnage exists in the southern area at elevations which will warrant the expense of a further shaft, nor has sufficient evidence accumulated of increased mineable tonnage to justify an increase in the present rate of production.

WATER

The intersection of underground water has not seriously affected operations, although some delay has been occasioned in development ends advancing south. It has been found preferable to allow water bearing fissures encountered in cover holes to drain themselves rather than to resort to cementation. This results in a fluctuating pumping load, but the daily average pumped to surface has only been 1.45 million gallons this year compared with 0.85 million gallons per day last year.

WASTE SORTING

The rate of manual surface sorting has been kept at about 15 per cent of ore sent for milling. Tests conducted at a pilot plant on the Hartebeestfontein Mine have indicated that radiometric sorting of Loraine ore is feasible and that compared with manual sorting an extra 5 to 10 per cent of waste can be discarded at a slightly reduced discard value. However, the economics of radiometric sorting are such that the capital expenditure involved can not be recommended at this stage.

FINANCIAL MATTERS

Working costs have shown an upward trend during the past year, increasing from R7.08 per ton milled in the first quarter to R7.30 in the last quarter, a rise of about 3 per cent. It is estimated that this rate of increase will continue throughout the current year. Among the increases anticipated in working costs are railage rates and additional contributions to the employee pension funds amounting to approximately 10 cents per ton milled. Due to an increase in the amount of development found necessary to replace depletion caused by current stoping, there will be an increase in the proportion of development footage chargeable to working costs, which in turn will raise working costs by about a further 20 cents per ton milled. There will be an equivalent reduction in the development footage charged against capital.

Capital expenditure during the financial year totalled R2,061,746, approximately half of which was spent on underground development. During the year ending September 30, 1963, capital expenditure is estimated at R2,000,000, including the main items of underground development, refrigeration and electric power supply and the contributions towards the capital cost of joint uranium plants.

The unaudited accounts show that working profit from gold production was R1,989,252 for the financial year compared with R353,633 in the previous year, and that profit from uranium amounted to R854,091 compared with the last year's figure of R810,613. The combined working profit of R2,843,343, together with non-mining income of R62,032, is sufficient to provide for all capital expenditure, interest charges of R361,808, building society loan repayments of R12,772, the first of four annual instalments amounting to R273,314 in redemption of the 6 per cent Registered Unsecured Notes, and to meet the deficit of R174,317 from last year, leaving an unappropriated balance of R21,418.

More detailed information on the results obtained during the year will be given in the Technical Adviser's Report, which will be sent to members, together with the Directors' Report and Audited Accounts, in January, 1963.

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HARRISONS & CROSFIELD, LIMITED

MR J. F. E. GILCHRIST'S REVIEW OF WIDESPREAD INTERESTS

The Annual General Meeting of Harrisons & Crosfield, Ltd., will be held on December 5th in London.

The following are extracts from the circulated Statement of **Mr J. F. E. Gilchrist, OBE**, the Chairman.

The Group Profits for the year, after charging £886,091 for taxation, amounted to £685,820, a reduction of £23,772 compared with the previous year. The Directors recommend a Final Dividend of 13 per cent on the Deferred Ordinary Stock making 16 per cent for the year, an increase of 1 per cent.

A feature of the year has been the slow but almost unbroken decline in the price of most raw materials. The reduction in the purchasing power of producing countries has increased competition for the reduced business offering, and margins have been under attack all over the world. Activity throughout the Group continued high, and turnover at some £65 million, exclusive of sales of produce of the Plantation Companies for whom we act, represented a higher volume at rather lower prices than 1961. Our operations being international tend to reflect prosperity or otherwise on a world basis, improved conditions in one sector counterbalancing difficulties elsewhere.

The Company does not seek diversification for its own sake, but where business can be extended in directions which integrate well with existing lines we are always interested.

Wilkinson Rubber Linatex Limited again show record sales and profits. Home sales were slightly lower, but more than offset by a rise of no less than 50 per cent in exports to Europe and other overseas markets.

TEA

Production and Prices.—The tea market can usually be relied on to do the unexpected and 1961 was no exception. By the end of November crops from the main producing countries outside China were some 112 million lb. ahead of those at the same time in 1960, and with the expectation of over-supply, prices declined. Early this year, however, it became apparent that the excess production was being well absorbed, particularly in North India where a good proportion of the increase was in the form of Dust for internal consumption, and also that pipe-lines, denuded through the reduced supplies of the previous year, were capable of absorbing increased quantities. In London, prices in the early months of the year showed a material recovery. Even so, the London average for all tea sold from July 1, 1961 to June 30, 1962 was a little more than 4¼d. per lb. lower than during the corresponding period of 1960/61.

Record crops were harvested during 1961, totalling 1,658 million lb. Excess of supply over absorption was only 28 million lb., a small figure in relation to the total production.

In Calcutta, assisted by support from Russia, the average price of all tea sold to date this Season is substantially above last year, though the improvement has been confined to Assam and Darjeeling, all the other districts showing a decline.

The better Assam teas have also received strong support in London and some high prices have been registered though there have been ample supplies of plainer sorts to be used as "fillers" and the total average price in London for the first nine months was slightly lower than last year.

In Ceylon the average price to end September is 3d. or so per lb. below last year. The best of the teas produced in the quality period sold well and in some cases record levels were established.

Consumption.—Imports into the United Kingdom for domestic consumption remain at about 500 million lb. The off-take in the U.S.A. and Canada showed little change from that of the previous year, and with Russia also taking approximately the same amount, 45 million lb., there appears to have been little change in consumption in the main markets of the world.

Prospects.—The pattern of production for the first nine months of 1962 has changed with a reported total of 1,015 million lb., 4 million lb. less than in 1961. With North India and Pakistan, owing to inclement weather conditions, showing a fall of 30 million lb., only in South India, Ceylon and East Africa are crops going ahead. It appears unlikely that the shortfall in North India and Pakistan will be made up, but as it is virtually counterbalanced by the increased production in other countries, the total available is likely to be about the same as last year. The urgent problem remains that of expanding existing markets or finding new markets for the increased total which will undoubtedly be forthcoming in the future.

The internal market in India is at present apparently well supplied, and though the market there is capable of almost unlimited expansion, the policy of the Government of India is still directed firmly to the encouragement of exports.

Now the future is clouded by the Chinese aggression.

RUBBER

In the long term there is a general consensus of opinion that increasing demand for all rubbers over, say, the next decade is so promising that although synthetic, which has spare capacity, may take much of it, every pound of natural will be absorbed at a competitive price. That price may well be governed by the production cost of the new stereo rubbers, especially as the American stockpile will be eager to take advantage of any upward movements. The task remains unchanged and the Natural Rubber Industry must depend on itself. So long as we have an unrivalled material at a fighting price, we can face the future, but there must be no relenting on production and research. Higher yielding trees and better quality rubber at a cheaper price, backed by basic research, will enable any challenge to be faced from any quarter.

PROSPECTS

In a business such as ours and operating as we do in so many parts of the world, forecasting is always hazardous. There are too many incalculables. The picture today is that the results for the early months of the current year are broadly in line with the corresponding period last year.

THE BRITISH LINEN BANK

Statement to Stockholders by the Governor, Lord Airlie

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

Notwithstanding the less buoyant conditions of the economy there has been no diminution in the demand for the Bank's services and, despite lower average rates of interest and continuously rising overhead costs, profits have run at the previous year's level. The year has therefore been another one of successful achievement.

The net profit is £424,132 and, with the sum of £275,653 brought forward from last year, there is now available for distribution £699,785. Of this, the sum of £76,563 has already been utilised in payment of an interim dividend at the rate of 10 per cent less tax and it is now proposed to declare a similar dividend, making an unchanged rate of 20 per cent less tax, for the year. Allocations of £130,000 and £100,000, as before, are being made to Staff Pension Fund and Contingencies Account respectively and there is left in the Profit and Loss Account a surplus of £316,660—an increase of £41,007.

It will be observed from the Balance Sheet that the Reserve Fund has been increased to £3 million. This has been done in pursuance of your Directors' previously expressed intention to augment the published funds of the proprietors as opportunity offers.

In line with the general run of monetary statistics, our Notes in Circulation at £14.57 million show a small decrease.

Deposits at £95,015,000 are up by £1¼ million. While it is gratifying that we can report yet another increase, the rate of expansion falls short of that shown in the previous year, despite the fact that the number of our account-holders continues to increase satisfactorily.

Turning to the Assets side of the Balance Sheet, it will be observed that liquid items—consisting of cash, cheques on other banks in course of collection, short money and bills discounted—aggregate £34,890,000, giving a ratio of 31.8 per cent to the combined total of our Deposits and Notes in Circulation.

A reduction of just over £3 million in the value of our holdings of British Government securities, now standing in our books at £23,549,000, reflects realisations necessitated by the rise in our Advances. The market value of these investments is in excess of the book figure. Advances which continue to be very well spread have increased by £4.85 million to £50,798,000 and now represent 46.35 per cent of liabilities to the public in the shape of Deposits and Notes.

The only other item in the Balance Sheet calling for comment is the reduction of £400,000 in the Special Deposit with the Bank of England. Since September 30th last a further repayment has been made leaving £500,000 outstanding. I need scarcely say that we welcome these releases of Special Deposits. Combined with the recent removal of official restrictions upon our lending policy, they will give us somewhat greater scope to take advantage of the opportunities and to meet the challenges of the year upon which we have just entered.

We have pleasure in announcing the formation of

Wood, Gundy (Bahamas) Limited

Rawson Square

P.O. Box 1141 Nassau, Bahamas

Telephone 94126

Resident Director, I. S. A. FRASER

Wood, Gundy & Company
Limited

Toronto Montreal Winnipeg Vancouver Halifax
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COBALT DEVELOPMENT INSTITUTE

The Cobalt Development Institute held its seventh Annual Meeting in Brussels on October 23, 1962, under the chairmanship of **Mr J. H. Lascelles,** Resident Director of Rhodesian Selection Trust, Ltd.

The members unanimously approved the report on the activities and the financial management in 1961 of the executive organisation of the Institute, the "Centre d'Information du Cobalt" (C.I.C.), whose head office is in Brussels and whose branch offices are located in the United States, Great Britain and Germany.

The results obtained in C.I.C.-sponsored research in the first half of 1962 and the research programme for 1963 were then commented by Mr V. Van Vinckenroy, Managing Director of C.I.C., and extensively discussed by the Assembly. Items of particular interest were: the industrial tests on the new heat- and wear-resisting cobalt-base alloy UMCo-50, tests which, this year, led to the recognition of the alloy's superiority in several applications, including parts for heat-treating facilities in the steel industry, and to its definite adoption by one large Belgian steelworks; the progress made in the research on the catalytic combustion of automobile exhaust gases, a problem that is still unsolved and in which cobalt oxide may well play an important part; the increased effort in applied research on cobalt-containing permanent magnet materials, which will counterbalance the termination, in December, 1962, of the three-year fundamental investigation on the magnetic properties of cobalt ionic compounds. The more important findings in the latter research formed the subject of a publication recently issued by C.I.C. The volume, which was widely circulated to interested persons and organisations, has met with very favourable comments.

After approving the budget proposal for 1963, the Assembly proceeded to elect its board for another two-year period. Dr H. Schackmann, outgoing Vice-Chairman and President of the Board of Duisburger Kupferhütte, was elected Chairman; Mr Ch. Piedboeuf, a Manager of Union Minière du Haut-Katanga, was re-elected as Vice-Chairman, the second Vice-Chairmanship being conferred upon Mr H. G. May, Liaison Engineer at Rhokana Corporation, Ltd.

Fisons big capital programme to reduce costs and expand turnover

Continuing increase in exports

Sir Clavering Fison

The following is an extract from the Statement by the Chairman, Sir Clavering Fison, which has been circulated with the Report and Accounts for the year ended 30th June 1962.

Group sales were £54,512,000 against £54,576,000 last year and profit before taxation was £2,710,000 compared with £3,607,000. The net profit after tax was £1,504,000 against £1,860,000. This result is somewhat better than the reduction in profit forecast at the time the interim dividend was announced in May.

Since the end of the financial year the Board have authorised capital expenditure of £9,350,000 which provides for the erection of nitrogen product plants and for considerable extension of phosphoric acid capacity at Immingham. As a result, our current capital commitments are of the order of £12 million. We expect to carry out this programme from the cash flow of the business supplemented by short-term finance, which has already been arranged.

Fertilizers

Trading conditions in the fertilizer industry have been difficult, sales of compound fertilizers were lower than in the previous year, and this has resulted in lower profits. Certain costs beyond our control continue to rise, whilst fertilizer prices have been reduced progressively over a period of years, and indeed have been further reduced in the current year.

After an extensive survey of the world nitrogen market, we have now concluded a long-term agreement with ICI for supplies of ammonia. ICI will manufacture additional ammonia in the UK to meet the expanding requirements of both companies. Each company will maintain its complete independence and will continue to operate and compete as before.

Chemicals and Other Interests

The progress made by Fisons Pest Control Limited during the past few years continued, and record sales and considerably increased profits were achieved both in the UK and overseas. Benger Laboratories Limited had a satisfactory year, and improved its position against a background of intensifying competition. Genatosan Limited experienced continuing heavy competition in the fields of the two major proprietaries, 'Sanatogen' and 'Sebbix' shampoo. Trading profits of Whiffen & Sons Limited were a little above last year's and exports are now 39 per cent of turnover.

Fisons Overseas

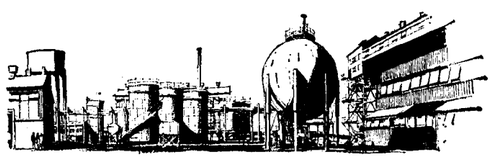
Overseas sales have increased and our investment interests abroad have prospered. In addition, important steps have been taken in the consolidation of these interests, particularly in South Africa and India, which should lead to growth, largely self-generated, in the years to come.

Exports expanded by 36 per cent, and this strong upward trend is continuing. In Europe, progress has been made despite tariff disadvantages and increasingly competitive conditions.

The Future

While the considerable benefits from the fertilizer projects at Immingham will not begin to flow until the year 1964-65, we can look forward in the meantime to benefits upon the completion of other capital projects, including the modernisation of our granulating plants, which will provide significant reductions in costs.

Sir Clavering Fison, who has been Chairman since 1929, will retire after the Annual General Meeting this month, and will be succeeded by Lord Netherthorpe.



THE JOKAI (ASSAM) TEA

The eighty-second annual general meeting of The Jokai (Assam) Tea Company, Limited was held on November 2nd in London, **Mr G. A. Rainey** (the Chairman) presiding.

The following is an extract from his circulated statement:

I am glad to report that results have proved better than forecast in the interim statement sent to you in February. Though the revenue profit was some £146,000 less than that attained in 1960, it exceeded the 1959 figure by £69,000, and I think the season's working can be considered satisfactory.

Prices realised in both the London and Calcutta markets compare unfavourably with 1960, but, owing to the unusual firmness of the markets from January onwards, they improved towards the end of the season and the final averages were better than anticipated.

When the 1960 adjustment, the investment income and interest are added to the revenue profit and the provision for taxation is deducted, it will be seen that there remains a profit, after taxation, of £380,470, compared with £499,410 last year. Transfers have been made to the Renewals and Replacements Account, Development Rebate Reserve and General Reserve, totalling £202,200, and your Board recommend a total dividend of 13 per cent for the year, free of tax.

Following a record last season, crop prospects for 1962 also appear good. It is however too early in the season to make a forecast with any certainty.

I am able to report that British African Tea Estates Ltd. has experienced another good year.

The report was adopted.

BROOKE BOND & CO. LTD

extracts from the statement dated 24th October, 1962, of the Chairman

Mr. JOHN BROOKE

circulated to Shareholders on November 7th, with the Report and Accounts for the year to June 30, 1962.

Group Net Profit after tax for the year to June 30, 1962, is £2,146,144. Last year it was £2,210,825. Group profit before tax is a record £5,231,031. Last year's profit before tax was £4,061,878. Reasons for improved profits were:

(*a*) sales rose by £6m. to £113½m.;
(*b*) from our tea-growing companies came the most bountiful harvest ever gathered.
(*c*) stable tea market prices enabled our selling forces at home and abroad to earn more profits.

The unusually high tax provisions in relation to profits this year were due to:

(*a*) increased rates of taxation on profits in the U.K., East Africa and India.
(*b*) exceptional expenses and losses not allowable for tax purposes, including adjustment of £163,829 for unrealised profit on inter-company trading.
(*c*) larger dividends from overseas subsidiaries, causing an increase in tax compared with last year of £105,000.

U.K. Sales brought home the main share of the increased turnover of £6m. in the face of a static market and against doughty competitors. We continue to expand our trade with the multiple shops, whilst in no way neglecting the independent grocer, who is still the mainstay of our business. Young and old alike are taking a keen interest in our picture cards (one in every packet of Brooke Bond Tea and two in every tin of Coffee). Our picture card albums, selling now in millions a year, help to spread a knowledge of Natural History.

Overseas Sales companies also had a rewarding year. Brooke Bond India continues to gain trade in a rapidly expanding internal tea market. India is fortunate in having this splendid local outlet for her tea-growing industry, and the healthiest backing for a big export trade is a large and flourishing home consumption of the same commodity.

Packing and Transport sides of the business have matched the rising sales, and we have benefited from a full year's working of the new tea factory at Redbourn. We started two medium-sized building projects—one the rebuilding of the last of the bomb-damaged sections of our London factory, and the other a further 45,000 sq. ft. extension to our original tea warehouse at Manchester.

Tea Plantations A record crop. Brooke Bond tea bushes have seldom enjoyed such favourable treatment from the 'forces of nature,' though they are accustomed to being tended with consistent care by the hand of man.

Development of new areas continues in India and in East Africa. Despite the uncertainties caused by Britain unburdening herself of colonial responsibility, Africans continue to work well in all the jobs they undertake for us. We are giving positions of responsibility to more Africans with rewarding results. British members of our East Africa Staff and their wives have shown outstanding spirit and adaptability in weathering pre-Independence difficulties. Opportunities for promotion are being firmly grasped by people who understand that a profitable group of Tea estates will depend largely on European management with African support for a great many years to come.

Prospects This year we have again got away to a flying start with continued impetus from good sales and good crops. With cautious optimism we may hope for a good year, but we do not expect a bumper one (we never do).

It is well known by now that profits do not accrue evenly in the Tea Trade. In this country, we have held our packet prices unchanged since May, 1957, and have taken our chance for profits on the 'ups and downs' of the Tea markets.

Brooke Bond & Co. Ltd

ANGLO-ASIAN RUBBER PLANTATIONS LIMITED

MR P. B. L. COGHLAN'S REVIEW

The twenty-eighth Annual General Meeting of Anglo-Asian Rubber Plantations Limited will be held on November 13th in The Queen's Room, The Baltic Mercantile & Shipping Exchange Limited, 14-20, St. Mary Axe, London, E.C.3.

In his circulated Review, the Chairman (**Mr P. B. L. Coghlan**) comments on the Accounts for the year ended March 31, 1962. During this period, the price of rubber had continued to fall and a difficult position could have arisen for the Company but for large-scale reorganisation carried out during recent years. This had enabled the Company to achieve a reduction in costs which, combined with a marked increase in output, had helped to offset the fall in price.

A further step in reorganisation had been taken by sales, since March 31, 1962, of old rubber areas for a price of over £75,000. The proceeds from these sales were being used to boost the Company's modernisation programme and, with further sales of old rubber now contemplated, it was hoped to accelerate replanting. In the meantime, the centralisation of the Company's Estates, resulting from policies carried through in recent years, was assisting towards efficient administration and economic working. Mr Coghlan continues:

"Earlier this year I paid a visit to the Company's properties in Malaya and was able to make a thorough inspection of each Estate. I can say, without hesitation, that great strides have been made in the last few years and that, with very few exceptions, the young replantings are growing well and are in first class order. Some of the clonal seedling areas are coming into production at only five years after planting and show promise of excellent yields. With the large areas of replantings now coming into bearing, the Company is steadily regaining its position as one of the leading rubber producers."

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:

The Company Meetings Department,
The Economist,
22 Ryder Street, S.W.1.

BERALT TIN AND WOLFRAM

SIR CHRISTOPHER BULLOCK ON THE DUMPING OF TUNGSTEN CONCENTRATES FROM BEHIND THE IRON CURTAIN AND ITS DANGERS

The thirty-fourth Annual General Meeting of Beralt Tin and Wolfram, Limited, was held on November 6th in London. **Sir Christopher Ll. Bullock, KCB, CBE,** the chairman, presided and, in the course of his speech, said:

A number of factors have contributed to the present unsatisfactory situation in the wolfram market. Supply and demand do not yet seem to be in balance, due largely to increased production by the Communist or Sino-Soviet bloc, and in particular by Russia, China, and North Korea. According to estimates by the United States Bureau of Mines, in 1957 those three countries produced the equivalent of just under 28,000 short tons of 60 per cent concentrates. For 1961 the corresponding estimate is 38,500 short tons—an increase of 10,500 tons. As a result, whilst in 1957 the free world's share of total world production was 58 per cent, by 1961 it had fallen to 48 per cent.

Now, if the Sino-Soviet bloc was in a position to absorb its increased production, the impact on the market would not, in my opinion, have been serious; but, unfortunately, this appears very far from being the case. It has been reported that in 1961 the U.S.S.R. took no less than 18,300 metric tons of tungsten concentrates from China. With Russia's domestic production estimated at 11,000 tons in that year, it is clear that she must have had a large surplus of which to dispose, whether of her own or Chinese concentrates; and this surplus has, in fact, been pressed on the markets of Free Europe, either directly or indirectly, for the most part at substantial discounts—on occasion as much as 7s. 6d. per unit. Perhaps I may illustrate by some further figures the extent to which, as a result of these Russian and other Sino-Soviet offerings, Europe has been increasingly permeated by supplies of tungsten from these sources.

In the case of the United Kingdom, imports into this country from the Sino-Soviet bloc have risen very steeply as follows:

(Figures in long tons)

(1) Period	(2) Imports from Sino-Soviet bloc	(3) Total imports from all sources	(4) Column (2) as percentage of (3)
1957	5	4,692	0·1%
1958	110	4,886	2·2%
1959	268	5,238	5·1%
1960	1,078	6,797	15·9%
1961	1,221	6,658	18·3%
1962 (first half)	989	3,108	31·8%

So much for the United Kingdom. But the tonnage imported into certain other European countries this side of the Iron Curtain in recent years is, in total, substantially larger. It appears that these countries took over 4,000 metric tons from the U.S.S.R. alone in 1961, which represented about 40 per cent of their total imports. Allowing for their imports from Iron Curtain countries other than the U.S.S.R., and the United Kingdom imports in 1961 given in the Table, it seems reasonable to assume a total of at least 6,000 metric tons of Sino-Soviet tungsten concentrates imported into Free Europe last year, much more than enough to upset the whole balance of the market as it stood a few years ago. And this 6,000 tons might easily be an under-estimate. In my opinion the continuing growth of these communist imports into Free Europe (including the United Kingdom) has been the most serious single factor in the weakness of the market, and it is fraught with grave future dangers.

THE DANGERS INVOLVED

What countries have been the victims of this glut of tungsten supplies from the Sino-Soviet bloc and its repercussions on the market? Countries such as Argentina, Australia, Bolivia, Brazil, Burma, Peru, Portugal, South Korea, Spain, Thailand and even Uganda. Mine after mine throughout the Free World has been compelled to close down or is carrying on under very grave difficulties.

You will see that it is fellow-members of the Commonwealth such as Australia, and our friends and allies (some of them members of N.A.T.O. or S.E.A.T.O.) and the neutrals who have been allowed to go to the wall. Many of them are poor countries which were already struggling against serious economic difficulties. This state of affairs seems to me (to say the least) highly anomalous, particularly when it is borne in mind that tungsten remains an important *strategic* material, e.g., for rockets and other missiles, armour-plate and armour-piercing shells.

How long is this situation to be allowed to continue and (it might well be) go from bad to worse until Free Europe becomes almost wholly dependent on the Communist world for its tungsten? It seems to me that there is a strong *prima facie* case for Free Europe to consider, for example, import restrictions by way of the fixing of quotas for supplies from the Iron Curtain countries. And it is greatly to be hoped that the wolfram-producing countries will consult together with a view to joint action. There have recently been indications of some first tentative steps in this direction.

The reports and accounts were adopted.

THE PERAK RIVER HYDRO-ELECTRIC POWER COMPANY

CONTINUING INCREASE IN DEMAND

WORK ON NEW PLANT INSTALLATIONS COMMENCED

The thirty-sixth annual general meeting of The Perak River Hydro-Electric Power Company, Limited, was held on November 7th, in London, **Mr Hugh G. Balfour** (the Chairman) presiding.

The following is an extract from his circulated statement:

The demand for electric power in the Company's concession area continued to increase during the year ended July 31, 1962, although at a slower pace than in the previous financial year when the tin export control regulations under the International Tin Agreement were ended. The total number of units generated during the year to July 31, 1962, was 537 million compared with just over 480 million in the previous year, an increase of 12 per cent, while the maximum system peak load was 87.3 mW. as compared with 81 mW.

All the Company's generating plant and equipment continued to operate satisfactorily during the year. The transmission systems serving Tapah and Prah are being converted from 22 kV to 66 kV and considerable extension and replacement work on substations is in hand to deal with the increasing demand for electric power. In addition to bulk supplies of electricity given to our Subsidiary Company mentioned below, the Company supplies 37 tin mining dredges, and 206 gravel pump mines, while town, village and sundry consumers supplied directly by the Company now number 117.

NEW GENERATING SETS

During the year the necessary authorisations were received from the Malayan authorities for the installation of the Malim Nawar Power Station of the two new generating sets, each of 20 mW capacity, and three 130,000 lb. per hour boiler units, with ancillary plant, to which I referred last year. Orders have been placed with British manufacturing firms, and satisfactory arrangements have been entered into for financing the purchase of the new plant out of the Company's own resources on extended credit terms. Work on the site has commenced and the new plant is expected to be operating in the first half of 1964. The total cost of the new 40 mW extensions, including the considerable capital expenditure in Malaya on foundations, new buildings, substation modifications and reinforcement of the distribution system will amount to some £3 million, or about 25 million Malayan dollars, over the next five years.

SUBSIDIARY'S OPERATIONS

The subsidiary, The Kinta Electrical Distribution Company, Limited, sold 21,293,584 units during the year ended July 31, 1962, which was about 5 per cent more than in 1961, but the gross profit of £87,236 showed a decrease of nearly 4 per cent due to higher costs. Consumers number 33,968 compared with 31,729 previously, excluding consumers in the twelve Government villages which the Company also supplies. The Company operates 16 small diesel power stations, and 122 substations which take a bulk supply from the Parent Company. The Government of the Federation of Malaya has instituted, and is actively supporting, a vigorous programme of rural electrification under its

second Five Year Plan, in which the Kinta Company is co-operating fully in its area of supply. By the end of the calendar year 1962, 45 projects for rural electrification will have been completed, and the estimates prepared for 1963 cover an enlarged programme with expenditure of upwards of £250,000, which includes substantial grants from Government.

THE ACCOUNTS

The total revenue for the year was £2,047,403 which is £206,366 or about 10 per cent more than in the previous year. Malayan operating expenses, including the charge for depreciation, total £1,237,280 as compared with £1,107,480, some 10 per cent higher than last year which reflects the increasing load on our system. Your Directors recommend the payment to the Ordinary Shareholders of a final dividend of 11 per cent requiring £147,383 net, making a total distribution on the Ordinary Share Capital of 15 per cent (the same as last year).

The Balance Sheet at July 31, 1962, again reflects a strong liquid position, excess of current assets over current liabilities and provisions (including £354,000 set aside for Malayan taxation in 1963) being £1,164,540, an increase of £146,401 over the previous year. In view of our heavy capital commitments over the next few years to which I have referred, it is essential for substantial sums to be retained by the Company against these liabilities and future contingencies. Capital commitments as at July 31st last were estimated at £2,400,000.

The report and accounts were adopted.

SUN REAL ESTATES

CONTINUED GROWTH ENVISAGED

The annual general meeting of Sun Real Estates Limited was held on November 2nd in London, **Mr John Gaul** (the Chairman) presiding.

In the course of his circulated statement the Chairman referred to the Debenture Finance which had been arranged during the year and said it would be apparent that there was no benefit in the accounts under review from the money raised by the Debenture Issue although Interest has been paid.

He continued : One complete year's Interest due to the Debenture Holders would have been £22,750 but since that money could not be turned into income producing (and thus dividend producing) revenue simultaneously, I so arranged that the total sum of £350,000 was paid in three instalments and thus—for the year ended March 31, 1962—the Interest payable was reduced to £15,021. Since the gap has progressively closed over recent years between the cost of borrowed long-term funds on the one hand, and the net income procurable from ready-made property investment purchases, we were obliged in common with the majority of other property investment Companies to move into the field of pure development, i.e., the purchase of building sites and arranging for income producing buildings to be erected thereon.

I hope you will share my considerable gratification that the new Debenture Interest charge for the past trading year was almost exactly equalled by the increased income procured by your Board by our usual process of re-negotiating tenants' leases in those cases where the reversion fell in, and we thus emerge with practically the same income available for dividend purposes, even after taking into account the increased profits tax payable. It automatically follows that the results for the current year will be increased by (a) the employment of most of the Debenture funds in income producing buildings which, by March, 1963, will be practically finished and (b) the reversionary increases which will be available for the equity holders and not needed to service the Debenture Stock. Indeed, important further reversions have accrued already in the current trading year thus adding to the preceding two items.

To maintain the pattern of increasing dividends I propose—this year only and as an exceptional gesture—to waive the final dividend on 467,985 Ordinary shares in my control. The sum saved thereby when added to last year's carry forward produces an additional availability of 10 per cent, half of which, with your approval, I propose to add to the dividend ordinarily available, thus making a total for the year of 60 per cent and the other half to be carried forward so that next year (for the reasons set out above) we may all look forward to a further appreciable increase.

The report was adopted.

JOHN I. THORNYCROFT & CO., LIMITED

"IMMENSELY STRONG FACTORS"

MR JOHN W. THORNYCROFT'S STATEMENT

The sixty-first Annual General Meeting of John I. Thornycroft & Co., Ltd., will be held on November 28th in London.

The following are extracts from the Statement by **Mr John W. Thornycroft, CBE, MINA, MIMechE,** Chairman and Managing Director, circulated with the report and accounts:

There is no doubt that your Company is now facing a double challenge, firstly that imposed by the social and economic problems of industry in the world today, but particularly in Southampton, and secondly by the strong indication of the increased importance that the coming years may bring to Southampton as a major commercial port.

Your Company, as my statement has, I hope, made clear, is endeavouring to provide itself with the finest tools and facilities. We already have first class management, highly qualified technical staff, and first class skilled workmen.

What remains is to weld these immensely strong factors into an organisation that will be unequalled in the Port of Southampton, or even the whole country.

This will require skill and knowledge and a great effort in co-operation at all levels, including of course the most important, the leaders of organised labour.

If we fail in our combined efforts then not only will the very large sums of money that are being spent to improve the facilities and equipment of our Yards be wasted, but the future will indeed be bleak and even the natural advantages of Southampton will be of no avail.

If, however, by combined effort we are able to make our prices competitive, still earn a proper margin of profit, and still keep our high standard of workmanship, the future will be set fair, and the prices will be long term continuity of employment, and the opportunities to improve even further our equipment and facilities.

EDUCATION : BUSINESS AND PERSONAL

DIPLOMA IN ADVANCED STUDIES IN MANAGEMENT
at the
COLLEGE OF ADVANCED TECHNOLOGY, BIRMINGHAM
Duration : 6 months full time.
Commencing : 7th January, 1963.
Entry Qualifications : Minimum age 26 years. Degree, Dip.Tech. or professional qualification. Diploma in Management Studies or evidence of some formal tuition in management studies to satisfy the Head of the Department. Exceptionally, mature entrants may provide evidence of experience in the main areas of management activity as an alternative.
Fees : tuition 60 guineas.
Residential accommodation can be arranged.
Further details may be obtained from the Head of Department of Industrial Administration, College of Advanced Technology, Gosta Green, Birmingham 4.

THE RUSSIAN LANGUAGE
An intensive course in the Russian Language will be held at Hughes Hall, Cambridge, from January 19 to March 15, 1963, under the auspices of the University Department of Slavonic Studies and the Board of Extra-mural Studies. The course is intended both for those who are already engaged in teaching Russian but wish to teach it at a more advanced level, and for those who wish to take it up with a view to teaching it from the beginning with a view to learning the language to G.C.E. "O" level. In addition the course will be of value to managers and others in industries that have trade relations with the U.S.S.R. and who wish, therefore, to acquire a working knowledge of Russian.
Application forms and details may be had from the Secretary, Board of Extra-Mural Studies, Stuart House, Mill Lane, Cambridge.

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Comprehensive eight-week instructional courses beginning in February and April, 1963. Details from Secretary, London School of Public Relations, 57 Duke Street, London, W.1.

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TAXATION AND THE COMMON MARKET. Two-day conference on problems of taxation in relation to the Common Market to be held on November 22-23, at the Connaught Rooms, London, W.C.2.—Further details from The Secretary, Federal Trust, 10, Wyndham Place, London, W.1. PADdington 6670.

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APPOINTMENT REQUIRED

SWISS, resident in Switzerland, 30, Economist, with university study, banking experience. Very good background, experience in the food-metal and textiles trade. Technical minded, speaking fluently German, French, English, Italian and interested in broadcasting, is looking for a position as Assistant to the Manager in cultural organisation or industry.—Write details to Box 1066.

APPOINTMENTS

UNESTABLISHED DISTRICT COMMISSIONERS
NATIONAL SAVINGS COMMITTEE
Several vacancies, mainly in the Provinces, for men or women with knowledge of economics, organising ability, preferably with experience of public speaking and voluntary organisations. University education an advantage. National salary £806 on entry (age 25 and over) rising to £1,487. Possible establishment later. Application forms from Manager (PE.5980), Professional and Executive Register, Ministry of Labour, Atlantic House, Farringdon Street, London, E.C.4. Closing date for completed application forms December 3, 1962.

THE UNIVERSITY OF SHEFFIELD
Applications are invited for a post of LECTURER in ACCOUNTANCY to begin duties as soon as possible. Initial salary according to qualifications and experience on the scale £1,150 x £50—£1,500 x £75—£1,950, with F.S.S.U. provision and family allowance. A grant towards removal expenses will be made. Further particulars may be obtained from the Registrar, to whom applications (four copies) should be sent by November 24, 1962.

COMPANY AFFAIRS

In the London stock market sentiment has been helped by Mr Maudling's measures and The Economist *indicator rose by a further 6.2 points to 336.4, its highest level since mid-August. Motor shares were the centre of attraction along with those of motor component manufacturers and car distributors. Sheet steel, electrical, engineering and rental companies were also well to the fore. Prices marked time on Wednesday but then moved further ahead on Thursday when "Shell" Transport touched a new 1962 peak following its third quarter's results.*

BMC

THE British Motor Corporation did better than the pessimists had expected in the year to end-July ; though trading profits fell by more than a third to £10,083,000, the company has maintained the dividend at 20 per cent (covered by earnings of only 12¼ per cent) by drawing on the dividend equalisation fund. But this is quite a sorry enough performance for a company that made nearly £32 million two years ago and is in the middle of a costly expansion scheme. To meet the dividend out of reserves is more understandable when the cut in purchase tax holds out the hope of more profitable trading next year, but it must weaken the company's liquid reserves at a time when many other calls are being made upon them.

Production last year totalled 600,000 vehicles, almost the same as in 1960-61, though a change in works' holidays meant three fewer working weeks in the year. But this is still a disappointing result as the company had got through the winter with little short-time working and output represents only about 75 per cent of capacity. Production was disrupted abnormally by model changes last autumn, and partly as a result of strikes it did not rise as quickly as the company had hoped in the summer. Higher utilisation of capacity, as the company may be able to attain next year, should help to make for higher profits, as will the introduction of the Morris 1100 ; but the price increases announced last month are hardly big enough to make a substantial difference and the commissioning of new plant will add substantially to capacity. Shareholders in BMC look like having to be patient for a return to really big profits, for their directors seem to be following a long-term plan to make the company dominant in the British motor industry—and to get sales high enough to justify the expansion in capacity. At 15s. 4½d. the 5s. shares yield 6½ per cent.

S. Smith and Sons

WITH the motor and aircraft industries as its main customers S. Smith and Sons has found the going hard and in successive years its gross profits have fallen from £4,191,000 through £2,660,000 to £2,226,000. The latest fall of almost 17 per cent in the year to August 4th is no worse than expected in view of the warning last May of profits "materially less" than the £3 million forecast by the chairman in November, 1961. As expected the dividend is maintained at 20 per cent, but it is now covered only 1.6 times and the 4s. shares at 14s. 6d. yield 5½ per cent. Earlier this year they touched 12s., only half their 1961 peak, and it remains to be seen whether the chairman's statement with the full accounts will suggest that the present price of the shares takes too gloomy a view of future prospects. Clearly the Chancellor's measures should boost sales of motor components by the company ; but much will continue to depend upon the state of its order book for aircraft instruments, sales of which in 1961-62 were expected to exceed the earlier peak level of 1958-59. Bigger sales of clocks and watches—a side of the business that looks vulnerable if Britain joins the common market—were also expected. In all, S. Smith's sales rose by over £2 million to £40½ million, but the sharp fall in profits clearly shows how strong the pressure on margins has been.

Royal Dutch/Shell

AFTER about three years of neglect, oil shares are steadily coming back into favour. Because of the low net UK rate of tax of the oil giants, the attractions of the shares for gross funds are small. But the yields may be attractive to private investors who did not stuff their portfolios with shares in the oil rush in 1957 and 1958. Royal Dutch/Shell and other companies have cut back their investment programmes and are therefore prepared to pursue more generous distribution policies. In the nine months to end-September, for example, Royal Dutch/Shell's capital expenditures amounted to £256.4 million (against £268.8 million in the comparative period of 1961) and on September 30th its liquid holdings amounted to £475.9 million (against £413.1 million a year earlier). "Shell" Transport has already raised its interim and the smallest total payment that can be expected this year is 1s. 4d. tax free (against 1s. 3d.) and guesses that it may amount to 1s. 6d. tax free may not be all that wide of the mark. On the first assumption the 5s. shares at 37s. 10½d. yield 5.7 per cent and on the second 6.5 per cent. With possibly even bigger dividends to come in future years, such yields cannot be ignored.

SALES AND INCOME
(£ million)

	1961 Quarter (iii)	1962 Quarter (i)	1962 Quarter (ii)	1962 Quarter (iii)
Sales :—				
Including duties	715·6	721·9	741·8	760·5
Excluding duties	498·0	531·5	525·8	530·0
Gross income	82·5	95·7	95·3	99·4
Net income	43·9	47·9	47·3	50·1
Gross income/sales*	16·5	18·0	18·1	18·8
Net income/sales*	8·8	9·0	9·2	9·5

* After deducting sales taxes, excise duties, etc. from turnover.

The accompanying table shows that a further improvement in margins took place in the third quarter and there has been another rise in the volume of sales. As Mr J. H. Loudon explained to the New York Society of Security Analysts, the potential over-supply of oil has not yet disappeared, tankers are still in surplus, newcomers are adding to the pressure of competition and Russian oil is a continuing threat. But demand for oil is still growing and the giants have pruned their operating costs as well as their capital programmes. And there are signs of a firmer tendency in oil prices. All this led Mr Loudon to predict that the group's net income this year could "well be around £200 million." As it amounted to £146½ million in the first nine months, an excellent fourth quarter appears to be assured for the group.

Fisons

IN spite of indications to the contrary, Fisons sees no need to come to the market for new funds to enable it to carry out its investment programme. Capital commitments at £12 million are dauntingly large compared with the cash flow, amounting to £2.3 million in 1961-62, and liquid assets have been reduced to less than £1½ million. But the company has been advised that it will be able to meet its commitments out of the cash flow, supplemented only by short-term loans. The most obvious result of this decision, as far as it affects shareholders, is that Fisons can be expected to follow a conservative dividend policy over the next few years.

Sir Clavering Fison gives in his statement the reasons for the discrepancy between the

	1958 £ mil.	1959 £ mil.	1960 £ mil.	1961 £ mil.	1962 £ mil.
Sales	41·7	40·9	45·6	48·3	48·0
Trading profit	4·3	4·8	6·2	5·0	4·3
Gross profit	3·6	3·1	4·5	3·6	2·7
Net equity earnings	1·5	1·7	2·7	1·7	1·4
Retained cash flow	2·1	2·1	2·8	2·4	2·3
Net fixed assets	13·4	22·1	21·4	22·3	24·0
Net current assets	11·9	12·6	15·6	13·0	10·9
Net liquid assets	1·3	1·7	0·8	0·6	0·8
Net equity assets	13·5	22·2	23·1	23·8	24·2
Ord. earnings (per cent)	15·6	15·9	19·5	17·1	14·6
Ord. dividend (per cent)	7·5	9·0	11·0	11·0	10·0
Gross profit/sales	8·6	7·6	9·9	7·5	5·6
Gross profit/net equity assets	23·2	14·0	19·5	15·1	11·2
Net earnings/net equity assets	9·7	7·7	8·2	7·1	5·8

Price (£1 shares) : 32s. 6d. Earnings yield : 9%
Dividend yield : 6·2%. Equal to 11·1 years' earnings.

drop in profits of £1¼ million forecast in May and the actual fall of £900,000: the food and fertiliser companies did what was expected of them—that is, not very well—but the other companies did far better—particularly Fisons Pest Control which benefited from weather conditions favourable to its business. Commenting on the results of the first four months of this financial year, the chairman says that they "do not compare unfavourably" with last year's results. But two-thirds of the company's turnover is still accounted for by sales of fertilisers and by far the greater part of its new investment is in fertiliser plant; about 80 per cent of current capital commitments is accounted for by the nitrogen products plant at Immingham alone. No improvement in profits from fertiliser sales is expected in the immediate future and the new plants thus seem to have a defensive nature. But they may be necessary if Fisons is to hold on to its share of the market in the face of threatened overcapacity and the improved economies resulting from new techniques. Clearly, Fisons will have to make a determined effort in overseas markets to produce any dramatic improvement in its profits.

Wall Paper Manufacturers

THE report and accounts of Wall Paper Manufacturers are well illustrated and presented and, up to a point, informative. They include a ten year profit record and a breakdown of shareholdings, which shows that, as a result of the share split earlier this year, the number of ordinary shareholders has risen sharply from 8,000 to 14,300. But the chairman's statement leaves many questions unanswered. Mr Ivan C. Sanderson fails to explain in detail, for example, where the advance in profits in 1961-62 came from. Would it not be possible to give some breakdown of profits for the trading divisions so as to establish their relative importance?

In the year to end-June the group's pre-tax profits rose from £5.2 million to £5.8 million and presumably some of the improvement resulted from a full year's contribution from the two new acquisitions—K.L. Holdings, which had an "excellent year," and Smith and Walton, which earned only a "modest" profit. In wall paper, new biennial pattern books were introduced early this year and Mr Sanderson reports a record volume of trade. The paint division has been hit by over-production and severe competition and WPM's retail outlets had a less profitable year as a number of shops were being modernised.

In the immediate future Mr Sanderson expects "very competitive conditions" in the wallpaper business and "insufficient profitability" in the paper making division. But there are signs that the paint industry is beginning to shed some of its excess capacity and Mr Sanderson detects a spreading of the "do it yourself" movement into the higher income groups (which could help the retail outlets). On balance, however, the prospects suggest that the 5s. shares are more fairly valued at the current level of 18s. 9d. xd to yield 4½ per cent than they were earlier this year when they stood at 24s. 6d.

The Week's Interim Results

THE mixed interim results published this week have generally been in line with stock market expectations. The biggest surprise would have come had the interim payments of Unilever, been increased, but following the decline in profits disclosed by the half yearly statement in August the NV dividend has been left at Fl. 1.60 (8 per cent). The equivalent dividend under the equalisation agreement for Limited is 5.70 pence, exactly 9½ per cent. The corresponding payment last year was equivalent to 9.47 per cent and the rounding up results from a slight variation in the rate of exchange between the £ and the Dutch guilder.

Marks and Spencer.—This company's unchanged interim dividend of 15 per cent coincided with the Board of Trade's figures of retail sales for September, maintained at the high level of August. Demand has been particularly strong for clothing and footwear and this must have played a part in the increase of 4.7 per cent from £84¼ million to £88¼ million in Marks and Spencer's sales in the six months to end September. It compares with an increase of 6 per cent in sales in the first half of the financial year to March and an increase of 3½ per cent for the year as a whole. Once again the interim statement says nothing about profits, but the sales figure suggests that Marks and Spencer is withstanding keen competition. Profits will probably be higher this year but perhaps not so well up as sales. Scope for major improvement in Marks and Spencer's profit margins is limited, for most of the growth is coming from the expanding food section, where margins are usually lower than on clothing.

Paper Companies.—After the gloomy statement from Bowater Paper in September, little cheer was expected from the other papermakers. But ordinary shareholders in Wiggins Teape and Spicers are likely to get the same dividend and those in Albert E. Reed perhaps a slightly higher payment following the one-for-twenty scrip issue in compensation to the voting ordinary shareholders for votes for the "A" shareholders. One result will be that Reed will not become a subsidiary of the combined Daily Mirror-Sunday Pictorial group (the terms of this merger are still awaited). The voting power in Reed controlled by the Daily Mirror and the Sunday Pictorial will be reduced from just over 50 per cent to 43 per cent, effective control still but without the necessity

REED'S SALES AND PROFITS

Six months to	(£'000s) Sept., 1961	March, 1962	Sept., 1962
Net sales	47,339	47,685	45,539
Trading profit	5,355	6,435	5,801
Depreciation	2,081	1,945	2,090
Tax	1,471	2,164	1,795
Net profit	1,803	2,326	1,916
Trading profit/sales	% *11·3*	% *13·5*	% *12·7*

of consolidating Reed's results with those of the Daily Mirror and the Sunday Pictorial combined. The interim results are surprisingly good for while sales in the six months to end-September fell from £47.3 million to £45.5 million trading profits rose from £5.4 million to £5.7 million and net profits from £1.8 million to £1.9 million. The devaluation of the Canadian dollar exaggerates the fall in the value of sales and, consequently, the improvement in profit margins, but Reed's economy measures at home must have been important in adding to profits.

Much of the improvement in Reed's profits probably took place in the three months to end-September, for Wiggins Teape, in the six months to end-June showed a fall in profits before tax and depreciation, but after a much higher interest charge, by 12½ per cent, from £2.6 million to £2.2 million; but profits in the three months to end-September are above those for the same period in 1961, and total profits for 1962 are likely to be below those for 1961.

In Spicers the merchanting and mill agency divisions, rather than paper making, are the biggest earners. Falling demand for paper products here and in Australia has hit profits. After a 7 per cent fall in pre-tax profits in 1961, profits in the first six months of 1962, at £405,000, were 10 per cent lower than those for the first half of 1961. An unchanged dividend seems assured but the directors say that the expected recovery in trade in the second half of the year has been slow.

De La Rue.—These interim figures confirm the good impression made by the first quarter's results, though the directors again emphasise that comparisons between individual quarters can be misleading since they may be influenced by the completion of big contracts or by the costing of a series of lean contracts. Profits in the second quarter

PRICES AND YIELDS

	1962 High	1962 Low	Nov. 8	Div.* %	Yield %
Butlin's (1/-)	21/10½	14/10½	20/-	75	3·8
De La Rue (10/-)	44/-	30/11½	43/3	133/4	3·2
Firth Cleveland (4/-)	24/6	13/6	14/7½	32	...
Marks & Spencer 'A' (5/-)	100/6	79/-	84/1½	47½	2·8
A. E. Reed (£1)	47/6	35/-	47/9	16	6·7
Rolls Razor (1/-)	36/3	18/3	27/3	100	3·7
Simon Engineering (5/-)	33/7½	21/3	21/6	27½	...
Spicers (£1)	43/9	33/6	39/9	12½	6·3
Unilever (5/-)	47/3	30/10½	35/-	24·8	3·5
Wiggins Teape (£1)	55/9	44/-	54/3	14	5·2

* Indicated or past full year's payment.

were below those for the corresponding period in 1961 but this was more than offset by the sharp increase in profits recorded in the first quarter. Moreover there is a seasonal element in the figures; this can probably be attributed to the Thomas Potterton group which makes gas and oil fired heaters for which demand rises in the second half of the year.

DE LA RUE'S SALES AND PROFITS

	28 weeks ended Oct. 14, 1961 (£000's)	24 weeks ended Mar. 31, 1962 (£000's)	28 weeks ended Oct. 13, 1962 (£000's)
Sales	10,408	11,501	12,338
Gross profit	1,005	1,594	1,124
Net profit	281	551	404
Gross profit/sales	*9·7%*	*13·9%*	*9·1%*

Growing interest in newer types of heating should now be helping Potterton and in his statement in July the chairman, Mr B. C. Westall, expected Potterton profits to begin to climb again. The group's total sales at home rose by 16 per cent in the first half of 1962-63 but once again it is the group's overseas business that makes the greatest strides with sales up by 27 per cent to £4 million. There is no improvement in gross margins; profits of the Formica subsidiary must still be feeling the effects of the depression in the furniture trade and this is reflected in a further fall in profits attributable to minority holders (which include American Cyanamid with a 40 per cent stake in Formica). But the directors expect the final results to show a "reasonable increase" over those for 1961-62.

Rolls Razor.—The interim report from Rolls Razor follows an unprecedented statement from the company's brokers, offering an "authoritative denial of rumours affecting Rolls Razor." The brokers said:

> We are glad to be able to tell our clients that the chairman of Rolls Razor (Mr Reader Harris, MP), the chairman of Pressed Steel (Mr Alex Abel Smith) and the chairman of Drages (Sir Isaac Wolfson) authorise us to say that Rolls Razor has operated and is operating successfully, that it is entirely solvent, that all its creditors are being and have been paid in the normal way, and that all its salesmen are, and always have been, expressly forbidden to attempt switch selling.

This statement might have come better from the company itself but, together with this week's interim statement, it may help to arrest further sharp fluctuations in the shares. The interim dividend is 40 per cent (against a forecast of 30 per cent) and the directors' forecast of the total for 1962 is revised from 80 to 100 per cent. The managing director, Mr John Bloom, who owns about 2 million of the 5 million shares, has waived his interim dividend. Trading results for the first ten months of the year indicate that the full year's profits will "materially exceed" the prospectus forecast of £650,000 made in May. The directors disclose that the agreement with General Guarantee Corporation (a subsidiary of Drages) provides for hire purchase credit facilities of up to £10 million. This agreement is in the form of a 10-year contract with five year's notice of cancellation. Rolls Razor's prospects in the war with other washing machine and refrigerator manufacturers are discussed in an earlier Business Note.

Simon Engineering.—On Monday, when Mr Maudling announced measures to stimulate private capital investment, Simon Engineering made its own commentary on the state of trade among the capital goods producers by cutting its interim dividend from 10 per cent to 7½ per cent. The group's business largely depends on the investment plans of the coal, steel, chemical, electricity and food industries; the recession through which some of these industries have been passing has slowed down or postponed their investment programmes, and so affected Simon's flow of work, making trading progressively more difficult. The final dividend will be considered in the light of the profits for 1962 (which are likely to be much lower than those for 1961) and prospects as they appear next April. The Chancellor's measures may brighten the outlook for Simon Engineering to some degree. In 1961 the total dividend of 27½ per cent was covered by earnings of nearly 50 per cent.

Firth Cleveland.—This industrial holding company has also cut its interim dividend. In June the chairman expected this year's profits at least to be equal to those of 1961 (which were below those for 1960) but with the cut in the interim from 12 to 8 per cent the directors now say that "even the 1961 profits will not be maintained in 1962." The trade of the group's principal engineering companies has, apparently, "held up reasonably well" but the steel and retail subsidiaries have been affected by rising unemployment and short time working in the motor and other industries they serve. Profits of the radio and television retail subsidiary, Broadmead, have also been affected by the sharp increase in the rental business which has had the effect of pushing up the depreciation charge. The 1961 dividend of 32 per cent was barely covered by earnings of 37 per cent, so there is little doubt that the final will have to be cut—if, like the interim, by a third, the total payment for 1962 will be 21½ per cent.

Butlin's.—There is nothing slow about the growth of catering for leisure and Butlin's is to issue a £4 million debenture next month to finance further extensions. It has forecast a rise of more than £2½ million—nearly 25 per cent—in gross revenue for 1962. A new camp at Minehead has helped to bring about this sharp improvement in business but some part of it must go in higher costs. The directors seem to take a cautious view; raising the interim dividend from 15 to 25 per cent, they forecast a final of "not less than 50 per cent." This could be consistent with a reduction of 5 per cent in the final payment and a total of 75 per cent against 70 per cent for 1961. The stock market was disappointed but when the directors decide the final next June they will have a shrewd idea of the trend of bookings for 1963. Might it not be better for Butlin's and other holiday camp companies to close their financial years in September to coincide with the end of the holidays season?

Norvic Shoe

THE past year has been difficult for shoemakers and retailers in contrast with the two preceding years of boom. The poor weather in the spring and summer affected buying of new fashion lines and retailers were left with substantial stocks on their hands, sometimes of shoes that had gone right out of fashion.

Despite these difficulties Norvic added nearly two per cent to its sales in the year to June 30th but higher costs (including purchase tax increases that had to be absorbed for a time) left trading profits almost 6½ per cent lower at £587,000. The dividend has been maintained at 15 per cent after the one for five rights issue but it is now covered only 1.4 times and the 5s. shares at 11s. are close to their low for the year and yield 6¾ per cent. The price compares with the rights issue price of 12s. and a peak this year of 15s. 7½d. There is thus some scope for recovery in the shares. The latest Board of Trade figures show a good improvement in sales of footwear in August and September and the chairman of Norvic, Mr W. A. Royce, confirms that trade has improved and that retail stocks are now much lower.

Norvic's profits in the current year will include the results of the B.G. Group in South Africa. Earlier Norvic had a 17 per cent stake in this company but in March this was hastily increased to a controlling interest of 63 per cent after it was learnt that another company had taken an option on a substantial block of shares. Its pre-tax profits last year amounted to £113,000 and plans are in hand for the erection of a new tannery, which will treble production when it is completed in 1964.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
Oct. 3	333·8	5·16		
,, 10	334·2	5·16		
,, 17	329·7	5·29		
,, 24	313·5	5·55	1364·1 (Jan. 17)	310·3 (June 27)
,, 31	330·2	5·26		
Nov. 7	336·4	5·16		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Nov. 1	276·2	5·64	5·70	10,230
,, 2	275·5	5·65	5·71	10,478
,, 5	279·0	5·58	5·71	13,470
,, 6	281·9	5·53	5·71	14,175
,, 7	282·2	5·52	5·71	12,600

High, 310·2 (Jan. 19). Low, 252·8 (June 25)
† July 1, 1935=100.

STOCK PRICES AND YIELDS

LONDON : NEW YORK : FRANCE
GERMANY : HOLLAND : CANADA
AUSTRALIA : JAPAN

Prices, 1962 High	Prices, 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 31, 1962	Price, Nov. 7, 1962	Net Red. Yield, Nov. 7, 1962§	Gross Red. Yield, Nov. 7, 1962
					£ s. d.	£ s. d.
99 7/16	96 3/16	Exchequer 3% 1962–63	99⅜	99 13/32	3 1 1	4 0 10 l
100 11/16	98½	Conversion 4¾% 1963	100 13/32	100½	2 7 8	3 18 5
98⅜	93 5/16	Exchequer 2½% 1963–64	98¼	98 7/32	2 15 2	3 14 8 l
100 13/16	97 1/16	Conversion 4½% 1964	100 7/16	100 15/32	2 9 3	4 3 10
99 25/32	98⅛	Treasury 5½% ....Ass'd. (m)	99 3/16	99¼	2 16 5	4 7 4
99 9/16	98⅛	Treasury 4% 1965	99 3/32	99 9/32	2 14 3	4 6 10
96⅞	90 11/32	Savings Bonds 3% 1955–65	96⅛	96⅛	3 4 1	4 9 11 l
103 11/16	98 3/32	Exchequer 5½% 1966	102 13/32	102½	2 9 9	4 13 9
92⅞	85	Savings Bonds 2½% 1964–67	91 3/32	91⅛	3 14 0	4 14 6 l
103⅞	98	Exchequer 5% 1967	100⅝*	100 11/16*	2 17 11	4 16 3
93 15/16	83 5/16	Funding 3% 1966–68	91⅞	91 15/16	3 9 11	4 15 9 l
95 1/16	84⅞	Conversion 3½% 1969	93	92⅞	3 9 8	4 19 1 l
92½	82⅝	Funding 3% 1959–69	90⅜	90 9/16	3 10 3	4 15 2 l
98⅞	92¼	Victory 4% 1920–76	98	98	2 16 7	4 9 1‡
90⅛	78 15/16	Savings Bonds 3% 1960–70	88	87 15/16	3 13 8	4 19 5 l
103 7/16	90 9/16	Conversion 5% 1971	101⅜	101⅛	3 0 10	5 1 3
109 5/16	97¼	Conversion 6% 1972	107⅝	107⅜	2 17 4	5 3 6
105⅜	91⅛	Conversion 5¼% 1974	103¼	100⅞*	3 1 10	5 1 10
95 13/16	87¾	Funding 4% 1960–90	94	93⅞	3 1 5	4 13 9 l
83⅝	70 7/16	Savings Bonds 3% 1965–75	81⅞	81¾	3 13 8	5 0 7 l
82 7/16	69 3/16	Treasury 3½% 1977–80	80¾	79½*	3 14 6	5 5 6 l
81⅜	68 5/16	Treasury 3½% 1979–81	79¾	79⅞	3 14 2	5 6 11
102¾	90 3/16	Funding 5½% 1982–84	102	101⅞	3 6 3	5 9 9e
93⅜	82⅜	Treasury 5% 1986–89	92¼	92¼	3 10 5	5 1 8 l
66	54	Redemption 3% 1986–96	64¼	64⅛	3 14 4	5 6 4 l
69¼	56 15/16	Funding 3½% 1999–2004	68¼	68⅜	3 13 3	5 10 3 l
98	84⅛	Treasury 5½% 2008–12	96¾	96 9/16	3 10 10	5 15 4 l
69⅞	58¼	Consols 4% ....after Feb. 1957	68¼	68¼	3 12 6	5 19 2
63⅛	52 1/16	War Loan 3½% ....after 1952	60¼*	60*	3 11 4	5 16 3f
61⅝	52 5/16	Conv. 3½% after Apr. 1961	60¼	60	3 11 9	5 17 5f
52¾	44⅞	Treasury 3% ....after Apr. 1966	52	51¾	3 11 3	5 16 7f
45½	38⅛	Consols 2½%	44¼	44⅛	3 9 8	5 13 11f
44¾	38 1/16	Treasury 2½% ....after Apr. 1975	44	43⅞	3 10 1	5 14 8f
100 13/16	89 15/16	British Electric 4½% 1967–69	98¾	98⅝	3 1 10	4 18 7 l
86	74⅜	British Electric 3% 1968–73	84¼	84⅛	3 14 4	5 0 5 l
81½	69	British Electric 3% 1974–77	80	79⅞	3 13 8	5 0 8 l
90⅞	79 1/16	British Electric 4¼% 1974–79	89½	89½	3 9 1	5 4 10 l
83 9/16	70⅜	British Electric 3½% 1976–79	80¾*	80¾*	3 13 6	5 4 4 l
95¼	82¾	British Gas 4% 1969–72	93¼	93⅛	3 7 2	5 0 7 l
92¼	80 9/16	British Gas 3½% 1969–71	90⅜	90⅛	3 10 0	4 19 7 l
66 3/16	53 13/16	British Gas 3% 1990–95	65	65	3 14 0	5 5 4 l
86	74⅜	British Transport 3% 1968–73	84¼	84⅛	3 14 4	5 0 5 l
90⅝	77¼	British Transport 4% 1972–77	89	89	3 9 5	5 4 2 l
69 9/16	56½	British Transport 3% 1978–88	68¼	68¼	3 16 8	5 7 5 l

Prices, 1962 High	Prices, 1962 Low	DOMINION AND CORPORATION STOCKS	Price, Oct. 31, 1962	Price, Nov. 7, 1962	Net Yield, Nov. 7, 1962
					£ s. d.
88½	79½	Australia 3¼% 1965–69	86¾	86½	5 15 0 l
103¼	96	Australia 6% 1974–76	101	100¾	5 18 0 l
66	52	Ceylon 4% 1973–75	57½	57½	10 2 0 l
104	94¼	New Zealand 6% 1976–80	101½	101½	5 18 0 l
81	62½	Rhodesia and Nyasaland 6% 1978–81	80	79½	8 7 0 l
91¼	82	South Africa 3½% 1965–67	91	91	5 15 0 l
69	48	Southern Rhodesia 4½% 1987–92	69	69	7 2 0 l
91	77¾	Agricultural Mortgage 5% 1959–89	90½	89¾	5 15 0 l
96¼	86	Birmingham 4¼% 1967–70	93½	93¾	5 9 0 l
100	88⅝	Bristol 5% 1971–73	97½	98¼	5 8 0 l
100½	88	Corporation of London 5¼% 1976–79	98*	98*	5 7 0
52	43	L.C.C. 3% ....after 1920	50¼	50*	5 18 0f
96	84	L.C.C. 5% 1980–83	94¼	94	5 10 0 l
100	87	Middlesex 5¼% 1980	98½	98	5 9 0 l

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 31, 1962	Price, Nov. 7, 1962	Yield, Nov. 7, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/–	79/9	6½ b	6½ a	Barclays £1	82/–	83/–	3·13	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	57/3	57/9	3·29	...
29/7½	20/–	7 b	7 a	Martins 5/–	28/3	27/3	2·75	...
101/–	80/–	7½ b	7½ a	Midland £1	88/3	90/–	3·33	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	80/9	81/9	3·43	...
97/9	71/–	6⅔ b	6⅔ a	Westminster 'B' £1	80/3	82/–	3·24	...
48/3	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	47/3	48/–	5·00	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. £1	35/3	35/3	4·73	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£20 15/16	£20½	3·32	...
36¼	27¼	8 c	9 c	Bank of New S. Wales £20	35½*	35½*	4·06g	...
39/–	32/6	5 b	5 a	Barclays D.C.O. £1	37/3	38/6	5·19	...
58/6	53/–	7½ b	7½ a	Chartered £1	55/9	55/3	5·43	...
£19¾	£16	10/– b	5/– a	Hongk'g. & Shang. $25	£17¾	£17¾	4·23	...
62/–	49/–	9 b	7½ a	Nat. Com. Bk. Scot. ..10/–	51/6	51/6	3·20	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£25 5/16	£25¼	3·29	...
46/3	37/6	5 a	10 b	Standard Bank £1	45/–	45/3	6·63	...
54/4½	35/9	15 b	7½ a	Hambros 5/–	36/6*	37/3*	3·02	...
99/9	68/–	5 b	2½ a	Schroders £1	69/6	71/–	2·11	...
65/9	53/–	6¼ b	6¼ a	Union Discount £1	62/9	65/3	4·31	...
14/1½	10/–	18 c	Nil c	Bowmaker 5/–	12/7½	12/9	...	...
14/3	9/9	10 c	2½ a	Lombard Banking 5/–	10/9	10/9	...	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit 5/–	13/3	13/6	2·78	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. ..5/–	32/6	33/9	3·93	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/–	14/3	14/6	3·79**	2
14/10½	12/10½	...	4½ a	Charrington United ..5/–	14/3	14/1½	4·25**	1¾
44/–	30/6	8½ b	6 a	Distillers 10/–	34/7½	34/4½	4·22	1¾
51/6	41/–	14 b	8 a	Guinness 10/–	42/9	43/3	5·09	1¾
34/–	20/4½	14 c	5 a	Harveys 5/–	21/4½	21/6	3·26	2½
15/7½	11/7½	...	8 b	Ind Coope. T.A. 5/–	12/–	12/1½	4·95**	1½
29/–	21/3	12 b	6 a	Watney Mann. 5/–	23/6	23/9	3·79	2
42/4½	31/9	30 c	10 a	Whitbread 'A' 5/–	34/–	36/6	4·11	1¾
				BUILDING, PAINT, Etc.				
61/–	50/6	6½ b	3 a	Associated Portland ...£1	57/6*	57/6*	3·30	2¼
27/9	20/10½	4 a	8½ b	British Plaster Bd. ..10/–	27/1½	27/6	4·55	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/–	17/6	18/–	4·44	2¾
13/9¾	10/6	16·9c	5 a	Crittal Mfg. 5/–	13/9	13/7½	6·20**	2
14/1½	9/10½	6 a	16½ b	International Paints ..4/–	11/3	11/6	7·83	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/–	60/3	61/3	2·04	3¼
24/6	18/–	5 a	12 b	Wall Paper 5/–	18/4½*	18/9*	4·53	2
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson ...5/–	24/3	24/7½	4·06	2
19/3	13/–	11½ c	5 a	Borax Defd. 5/–	13/9	13/6	4·26	2½
43/3	25/6	4 a	6 b	Fisons £1	31/9	32/–	6·25	...
58/3	47/6	7½ b	6¼ a	I C I £1	55/9	57/9¾	4·76	1
18/6	12/–	10 c	3¾ a	Monsanto 5/–	14/3	14/3	...	1½
				DRAPERY & STORES				
35/3	24/–	8 b	4 a	Boots Pure Drug 5/–	25/9	25/6¾	2·35	2¼
33/9	18/9	5 b	2 a	Montague Burton ...10/–	23/3	23/9	2·89	2¼
59/6	42/9	5⅚ a	13⅓ b	Debenhams 10/–	45/–	44/3	4·34	1½
48/9	38/4½	9⅜ a	20⅝ b	G.U.S. 'A' 5/–	46/4½‖	46/3‖	3·24	2
40/3	28/9	16⅔ b	13⅓ a	House of Fraser 5/–	30/10½*	31/9*	4·72	1¼
16/6	12/6	7½ b	5 a	Lewis's Invest. Tst. ...4/–	13/–	12/10½	3·88	2
100/6	79/–	32½ b	15 a	Marks & Spencer 'A' .5/–	83/–	83/6	2·84	1½
52/6	39/6	20 b	10 a	United Drapery 5/–	43/9	43/9	3·43	1¾
53/–	42/6	25 b	10⅚ a	Woolworth 5/–	45/9	45/6	3·94	1¼
				OIL				
43/6	30/6	†9·84c	†3⅓ a	British Petroleum £1	42/–	41/–	7·84	2
44/6	30/6	†7 11/12 c	†2½ a	Burmah Oil £1	41/3	41/–	8·30	1¼
£15⅛	£12 5/16	26¼ c	13 a	Royal Dutch ....20 fl.	£14 9/16	£14⅞	3·49	2½
37/4½	27/–	†25 c	†11⅔ a	Shell Transport 5/–	35/10½	36/9	5·55	2½
32/9	20/6	...	...	*Ultramar* 10/–	20/9	21/–	...	...

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 31, 1962	Price, Nov. 7, 1962	Yield, Nov. 7, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
34/6	23/–	10 c	3¾ a	A.E.I. £1	32/1½	33/6	5·97	1
12/6	7/6	15 c	2½ c	Brit. Electronic Inds. ..5/–	9/4½*	9/1½*	1·37	...
67/3	51/9	9½ b	4 a	B.I.C.C. £1	65/4½	67/3	4·01	2
15/6	11/6	4·6 a	7½ b	Crompton Parkinson .5/–	15/–	15/6	3·87	2¼
89/6	63/–	7½ c	17½ b	Decca 10/–	78/–*	79/–*	3·16	2
45/6	32/3	5 a	12½ b	E.M.I. 10/–	33/9*	34/3*	5·11	1¾
54/6	39/–	5 a	9 b	Elliott-Automation ...5/–	43/10½	44/6	1·57	2
28/–	20/9	5 b	3 a	English Electric £1	26/4½	28/–	5·71	1½
37/–	26/–	3 a	7 b	General Electric £1	35/1½	36/3	5·52	¾
59/3	34/6	8⅛ b	4⅜ a	C. A. Parsons £1	51/6	52/–	4·81	2
52/1½	38/6	6½ b	3¼ a	A. Reyrolle £1	50/3	49/9	3·92	2½
85/9	58/–	25 c	27½ c	Thorn Electrical 5/–	83/–	83/3	1·65	3½
				ENGINEERING				
35/–	20/3	9 c	4½ a	Babcock & Wilcox £1	34/7½	34/9	5·18	1½
38/3	27/3	3·2 a	7 b	John Brown £1	31/6	31/4½	6·50	2¼
6/–	4/3	7 b	3 a	Cammell Laird 5/–	5/–	5/–	10·00	1
31/–	21/10½	20 b	10 a	Internat. Combust. ..5/–	30/1½	30/–	5·00	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/–	3/8¼	3/5¼	...	...
38/4½	20/4½	9½ b	2½ a	Swan Hunter £1	21/10½	22/7½	8·84**	...
17/–	10/6	10 b	5 a	John Thompson 5/–	14/6¾	14/6	5·17	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/–	31/1½	31/10½	4·48	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	59/3	61/9	4·76	2
50/–	33/9	5 a	10 b	Allied Ironfounders ...£1	50/–	49/–	6·12	1½
99/9	67/9	10 b	5 a	Averys £1	73/6	73/4½	4·09	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/–	14/3	13/1½	8·89	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/–	10/1½	10/7½	6·12	1¾
33/–	15/9	10 a	17½ b	Davy-Ashmore 5/–	16/6	18/–	...	2
81/10½	62/10½	5 a	11 b	Guest Keen £1	67/9	68/4½	4·68	2¼
21/–	14/3	4 a	12 b	Head Wrightson 5/–	16/–	17/6	4·57	2½
85/6	67/–	5 a	7 b	Metal Box £1	68/9	68/6	3·50	2¼
18/–	13/4½	4 a	10 b	Ransome & Marles ...5/–	15/9	15/6	4·52	3
48/–	34/–	3 a	7 b	Renold Chains £1	40/7½	41/6	4·82	1¾
64/10½	43/1½	7 a	7 b	Tube Investments £1	51/6	54/3	5·16	3
31/1½	22/10½	7½ b	2½ a	Vickers £1	24/3	24/4½	8·21	1
71/6	54/–	3¾ a	10 b	Ward (Thos. W.) £1	63/–*	64/–*	4·30	3
20/6	12/3	5 a	16 b	Woodall-Duckham ...5/–	16/–	15/6	6·77	1¾
				FOOD & TOBACCO				
28/9	19/9	10 c	10 c	Allied Suppliers 10/–	25/9	25/6	3·92	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods ..1/–	9/9	9/9	2·31	2
61/3	29/3	8 b	4 a	Bovril £1	40/–*	40/–*	6·00	1½
12/9	10/7½	†2 1/12 a	†4⅙ b	Brooke Bond 'B' 5/–	10/9*	10/10½*	4·69	...
16/4½	11/10½	2½ a	10 b	International Tea 5/–	15/9	15/9	3·97	1¾
82/6	62/9	10⅚ b	5 a	J. Lyons 'A' £1	77/6	76/9	4·13	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/–	33/3	33/3	4·21	...
13/7½	10/10½	10 c	3 a	Spillers 5/–	13/–	13/–	3·85	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	50/3	49/9	4·82	2¼
18/–	13/10½	5 a	9 b	Unigate 5/–	14/9	14/6	4·83	2
65/3	52/–	†22½ c	†5⅚ a	Brit. Amer. Tobac. ..10/–	61/6	61/6	5·97	3
41/3	28/3	15 b	5 a	Gallaher 10/–	29/6	29/6	6·78	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	55/6	56/3	8·00	1¾
				INSURANCE				
8 15/16	5 11/16	†47 7c	38·3a	Britannic 5/–	6 3/16	6 7/16	3·02	...
68/–	48/9	25 b	20 a	Commercial Union . 5/–	52/6	51/–	4·41	...
9	5⅜	...	...	Equity & Law Life .. 5/–	6⅞	7 5/16	1·49**	...
109/3	69/–	30 c	12½ a	General Accident 5/–	76/3	76/–	1·97	...
60/6	42/6	...	11⅔ a	Guardian 5/–	48/6*	47/–*	2·84**	...
48¾	32½	110 b	80 a	Legal & General 5/–	36⅝	37⅝	1·26	...
180/–	138/9	12½ b	9½ a	Northern & Empl £1	148/9*	146/3	3·01	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/–	12	12 3/16	3·10	...
29¾	21⅞	†208⅓ c	†231¼ c	Prudential 'A' 4/–	23⅞	25⅜	2·98	...
47/10½	35/3	...	15 a	Royal 5/–	37/4½	35/7½	4·21**	...
127/9	95/6	11¼ b	7½ a	Royal Exchange £1	98/3	95/9	3·92	...
				MOTORS & AIRCRAFT				
18/3	12/6	7½ a	12½ b	British Motor 5/–	14/3	15/4½	6·50	¾
85/3	60/–	20 c	20 c	Jaguar Cars 'A' 5/–	70/–	73/9	1·36	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	25/3	26/9	5·98	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' ...4/–	4/7½	5/6	2·91	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	77/10½	79/6	5·03	...
18/0¾	13/10½	13½ c	5 a	Bristol Aeroplane ..10/–	17/9	17/6	7·71	2
25/9	19/3	5 a	6 b	Hawker Siddeley £1	25/–	25/9	8·54	1¼
37/6	25/9	†4 a	†6½ b	Dowty Group 10/–	36/10½	36/10½	4·65	2¼
39/–	25/3	15⅚ b	5 a	Dunlop Rubber ...10/–	26/3	27/7½	5·73	1¾
77/–	62/1½	11¼ b	2½ a	Joseph Lucas £1	68/10½	69/10½	3·94	2¼
22/–	12/–	5 c	Nil a	Pressed Steel 5/–	12/10½	14/3	1·75	...
39/–	31/1½	5 a	10 b	Triplex Holdings ...10/–	36/–	36/7½	4·10	2
				MINES				
178/1½	136/3	50 b	40 a	Anglo-American 10/–	167/6	167/6	5·37	1¾
73/–	52/6	6¼ a	18¾ b	Consolid. Gold Fields £1	67/9	68/9	7·27	2
125/–	81/10½	15 a	20 b	General Mining £1	113/9	113/9	6·15	2
71/–	46/6	†100 c	30 a	Union Corporation ..2/6	67/3*	67/6	6·05	2½
20/9	16/9	40 b	40 a	Daggafontein 5/–	18/3	18/6	2·16	1¼
134/4½	81/10½	70 a	110 b	Free State Geduld ...5/–	127/6	129/4½	6·96	1½
74/3	50/6	60 a	70 b	President Brand 5/–	71/–	71/–	9·15	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/–	86/3	85/–	7·29	1¾
45/6	34/–	...	...	Western Deep 'A' £1	41/6	41/3	...	...
161/3	117/6	105 a	135 b	Western Holdings ...5/–	152/6	152/6	7·87	1¼
20/4½	15/3	5 a	6 b	Winkelhaak 10/–	17/10½	18/4½	5·99	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/–	50/6	53/–	14·15	1½
59/3	47/–	20 a	60 b	Rhod. Anglo-Amer. 10/–	53/3	54/9	14·61h	1¾
37/4½	24/–	6 a	15 b	Rhod. Selection Tst. ...£1	27/6	27/4½	15·34h	...
21/9	14/1½	Nil a	7½ b	Tanganyika Cons. ...10/–	14/6	14/6	5·17	1¼
188/9	135/–	180 b	100 a	De Beers Defd. Reg. 5/–	181/3	186/10½	7·49	1¾
$151½	$98½	$1·50c	$1·60c	Internat. Nickel ...n.p.v.	$106½	$113	2·53	...
18/9	13/1½	30 b	7½ a	London Tin 4/–	15/10½	15/7½	9·60	1¼
17/3	14/9	...	5 a	R.T.Z. 10/–	16/–*	17/3*	8·70**	...
35/–	21/3	65 c	25 a	Tronoh 5/–	22/9	22/9	14·29	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	10 b	6 a	Daily Mirror 5/–	12/7½*	12/10½*	6·21	1½
83/–	62/6	4 a	9 b	W. H. Smith & Son 'A' £1	75/–	74/6	3·49	2
24/9	13/9	14 b	10 a	Thomson Org'n. 5/–	18/3*	17/7½*	6·81	1½
47/3	31/6	8¾ b	5 a	Bowater Paper £1	34/9	35/9	7·69	1
47/6	35/–	11 b	5 a	Albert E. Reed £1	44/3	47/6	6·74	1½
43/9	33/6	8½ b	4 a	Spicers £1	40/–	39/6	6·33	1½
55/9	44/–	10 b	4 a	Wiggins Teape £1	55/6	54/3	5·16	1¾

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 31, 1962	Price, Nov. 7, 1962	Yield, Nov. 7, 1962	Cover
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/–	21/9	21/3	7·06	2¾
33/3	18/–	20 a	40 b	Assoc. Television 'A' 5/–	21/9	22/6	13·33	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/–	36/9¾	37/3	4·03	1¾
39/4½	29/10½	3½ a	6⅔ b	British Match £1	32/7½	31/6	6·35	2¼
16/3	11/–	6⅔ b	4 a	British Oxygen 5/–	12/9	13/9	3·88	1¾
9/10½	7/2¼	7 b	3 a	British Ropes 5/–	7/5¼	7/6¾	6·61	1½
44/–	30/1½	...	5 a	De La Rue 10/–	41/–	43/–	3·20**	2
42/–	27/1½	15 c	7½ a	Gestetner 'A' 5/–	35/6	36/–	2·08	3¾
55/9	41/6	7½ a	8⅓ b	Glaxo 10/–	46/7½	47/4½	3·38	3
49/–	42/6	3 a	13 b	Harrison & Cr. Defd. £1	43/9	43/9	7·31	2½
41/3	29/–	20 b	5 a	Hoover 'A' 5/–	31/–	29/9	4·20	1¾
23/3	15/1½	12½ b	5 a	Ilford 5/–	15/1½	15/1½	5·79	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	85/3	86/–	2·62	2½
47/11¼	36/9¾	12½ c	11·4 c	National Canning £1	41/–	40/–	5·70	1½
41/3	32/6	6 a	12 b	Powell Duffryn 10/–	36/9	37/3	4·83	1¾
40/6	32/3	17½ b	5 a	Radio Rentals 5/–	37/3	37/9	2·98	2¾
37/–	24/6	7½ a	17½ b	Rank Organisation ...5/–	29/9	30/–	4·17	2
38/–	24/–	16½ b	7½ a	Schweppes 5/–	25/–	24/9	4·85	1½
35/3	25/–	25 c	25 c	Sears 'A' 5/–	28/–	28/10½	4·33	2
32/1½	23/–	11 b	5 a	Steetley 5/–	28/10½	29/1½	2·75	3
29/10½	21/9	11½ b	8½ a	Thomas Tilling 4/–	25/–	24/6¾	3·26	2
64/–	44/–	8 b	4 a	Turner & Newall £1	49/3	53/6	4·49	2
47/3	30/10½	15·32b	9·5 a	Unilever 5/–	32/9	34/3	3·62	3
11⅝	7 3/16	13 b	8 a	Unilever N.V. ....12 fl.	7¾	7 15/16	3·14	3
18/9	12/10½	10 b	5 a	United Glass 5/–	13/9	14/–	5·36	...
33/3	21/7½	†10⅚ b	†4⅙ a	United Molasses 10/–	22/9*	23/–*	10·65	1
				SHIPPING				
32/3	22/9	13½ b	6½ a	Brit. & Com'wealth. 10/–	30/–	31/–	6·45	1
18/3	15/3	6 c	Nil c	Cunard £1	16/–	15/10½	...	...
21/6	16/9	7 c	7 c	France Fenwick £1	20/9	20/9	6·75	1½
31/6	20/–	10 c	8 c	Furness Withy £1	22/3	21/9	7·36	...
9/7½	4/6	...	...	London & Overseas ..5/–	4/9	4/6	...	...
31/–	17/6	3 b	3 a	P & O Defd. £1	28/3*	27/9*	7·21**	...
12/1½	7/–	2½ c	Nil a	Reardon Smith 10/–	7/3	7/3	3·45	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/6	9/6	...	...
				STEEL				
48/4½	24/10½	16 c	5 a	Colvilles £1	25/4½	27/–	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	16/6	16/9	...	2¼
34/–	21/10½	7½ b	3½ a	Lancashire Steel £1	23/10½	23/9	9·26	3
21/4½	11/–	10 c	Nil a	South Durham £1	11/6	11/3	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	26/–	26/–	7·69	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	29/7½	29/10½	10·04	2
34/7½	26/4½	6 b	4 a	John Summers £1	29/3	29/9	6·72	2
42/4½	25/9	12·3c	4 a	United Steel £1	29/–	28/–	...	1½
41/–	23/9	8¾ b	4 a	Whitehead £1	25/9	24/9	...	2
				TEXTILES				
32/–	25/4½	10 b	5 a	English Sewing Cotton £1	27/1½	27/10½	8·97**	1
26/4½	18/6	5 a	7½ b	Fine Spinners £1	18/10½	18/7½	13·42	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	37/9	37/9	...	1¼
52/–	37/10½	12½ c	5 5/12 a	Courtaulds £1	47/2¼	52/–	5·00**	1½
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/–	5/7½	5/7½	9·48	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	75/3	74/9	5·62	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	22/6	22/3	8·99	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	14/10½	15/4½	7·80	1
13/3	8/1½	7½ a	12½ b	Calico Printers 5/–	8/7½	9/1½	10·96	1¾
48/6	37/4½	3¾ a	8¾ b	Coats, Patons & B. £1	38/1½	38/10½	6·43	1¾
10/9	8/–	13 c	1½ a	Jute Industries 10/–	8/9	9/–	...	2¼
27/1½	17/1½	10 c	7½ c	Tootal £1	17/4½	17/4½	8·63	½
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/–	22/6	22/9	2·75	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/–	45/3*	45/9*	5·46	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/–	16/1½	15/9	3·17	1½
71/9	54/3	10 a	12½ b	City Centre Props. 5/–	57/1½	56/6	2·65**	1
89/–	69/9	8½ b	4 a	City Lond. Real Prop. £1	77/9*	78/–*	3·21	1
95/–	62/6	9·04 b	7·04 a	Hudson's Bay £1	72/6	72/6	4·44	2½
38/6	22/6	4 b	2 a	Land Securities 10/–	28/3	28/10½	2·08	1
39/–	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/–	34/6	35/–	3·81	1
				TEA & RUBBER				
46/6	37/–	†2½ a	†12½ b	Cons. Tea & Lands £1	37/6	38/–	12·89	2
37/6	26/–	†3 a	†10 b	Jokai (Assam) £1	28/–	28/3	15·03	2
9/6	7/6	...	7½ c	Nuwara Eliya £1	7/9	7/9	19·35	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/–	5/3	5/3¾	15·69	1½
5/5¼	4/5¼	7½ a	32½ b	London Asiatic 2/–	5/3¾	5/3	15·31	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	72/9	72/6	12·41	1½

THE ACTUARIES' INVESTMENT INDEX
(December 31, 1957=100)

GROUP	Price Index October 31, 1961	Price Index October 30, 1962	Average Yield per cent October 31, 1961	Average Yield per cent October 30, 1962
FINANCIAL :—				
Banks	260·7	288·4	3·54	3·30
Investment trusts	242·5	240·7	3·40	3·57
INDUSTRIALS :—				
Electrical engineering	133·2	146·9	6·07	4·37
Engineering	144·1	135·8	5·12	5·74
Steel	193·2	127·3	7·31	8·59
Breweries	267·2	298·5	4·18	4·26
Chain stores	241·2	203·1	2·77	3·39
Cotton and rayon textiles	153·2	144·4	8·94	9·55
Wool textiles	175·5	161·4	6·75	7·28
Chemicals	172·0	163·2	5·06	4·80
Oil	118·0	164·3	7·37	6·17
Shipping	87·4	65·8	6·25	4·44
All classes combined	172·5	175·0	5·74	5·52
Total—*Capital goods*	148·2	138·8	6·13	6·02
Total—*Consumption goods*	233·9	229·3	5·01	5·22

NEW YORK PRICES AND INDICES

	Oct. 31 $	Nov. 7 $		Oct. 31 $	Nov. 7 $		Oct. 31 $	Nov. 7 $
Atch. Topeka	22⅜	23¼	Boeing	38¼	38	Int. Harvester	46⅜	46⅞
Can. Pacific	21⅛	21½	Celanese	32⅝	34⅜	Inter. Nickel	57⅝	61½
Pennsylvania	10⅝	11	Chrysler	58¾	63⅝	Inter. Paper	25⅞	27½
Union Pacific	30	31¾	Col. Palmolive	36⅞	37½	Kennecott	62⅜	63½
Amer. Electric	31	32¼*	Crown Zeller.	41¼	42	Monsanto	44⅞	47⅛
Am. Tel. & Tel.	109⅛	111⅜	Distillers Seag.	39⅛	41⅝	Nat. Distillers	22	22¾
Cons. Edison	72⅝	74	Douglas	21¼	26¾	Pan-American	17	18⅛
Int. Tel. & Tel.	37⅜	39½	Dow Chemical	51⅞	54¾	Procter Gamble	63⅛	66½
South'n. Nat. Gas	40⅞	42¼	Du Pont	212⅞	224	Radio Corpn.	48⅛	53¼
United Corpn.	7⅜	7⅜	East. Kodak	94¾	100¾	Sears Roebuck	68	70½
Western Union	23¾	24⅛	Ford Motor	41½	43¼	Shell Oil	32½	32⅛
Alcoa	53⅜	53¼	Gen. Electric	67¾	69¾	Socony-Mobil	50⅞*	51⅞
Aluminium	19¾*	21⅛	General Foods	69½	70½	Stand. Oil Ind.	41⅛	42⅞
Amer. Can	40⅞	42⅞	General Motors	54¾	56⅜	Stand. Oil N.J.	51¾	53⅞
Am. Smelting	50⅛	52¾	Goodyear	28¼	31⅛	Union Carbide	94½	100½
Am. Viscose	50	54⅜	Gulf Oil	33¾	35⅝	U.S. Steel	40¼	41⅞
Anaconda	38¼	40	Heinz	37	39½	West. Electric	27⅛	28⅞
Beth. Steel	27¾*	28⅜	Int. Bus. Mach.	346	361¼	Woolworth	61¼	64⅛

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 10	59·74	3·62	27·53	5·82	56·99	3·62	89·85	3·90
„ 17	59·39	3·64	27·43	5·84	56·52	3·65	90·06	3·88
„ 24	57·76	3·74	27·59	5·81	53·77	3·84	90·06	3·88
„ 31	59·09	3·66	28·17	5·69	55·33	3·69	89·96	3·89
Nov. 7	61·48	3·50	29·24	5·48	56·78	3·62	90·06	3·88

425 Industrials :—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

	Oct. 31	Nov. 7		Oct. 31	Nov. 7		Oct. 31	Nov. 7
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,038	1,054	A.E.G.	363	370	A.K.U.	343¾	346⅞
Banque de Paris	481	490	Bad'che. Anilin.	386¾	394	Bijenkorf	784	795
Citroen	178	180	Bayer	424	433	Heinekens	408	428
C. F. Petrole	297	296·8	Commerzbank	362	367	Interunie (Fl.50)	Fl.172	Fl.173·5
Cie. G. d'Elect.	743	748	Deutsche Bank	408	418	K. N. Hoogoven	479	492½
Machines Bull	414·9	418	Hoechst Farb.	286½	394	Kon. Zout-Ket.	689½	706
Pechiney	218	219	Kundenkredit	353	348	Philips (Fl.25)	Fl.134·3	Fl.132·3
Printemps	543	551	Lowenbrau	780	805	Robeco (Fl.50)	Fl.193	194
Rhone-Poulenc	380	390	Mannesmann	204	203½	Rotterdam Bk.	337½	Fl.341½
S.I.M.	345·6	349	Siemens	525	530	Thomassen & D.	649	673½
Saint-Gobain	328	330	Thyssen-Huette	175	178	Valeurop	Fl. 67·4	Fl. 67·4
Usinor	169·5	166	Volkswagen	456½	459	Zwanenberg	770	790
Index	90·8	91·4	*Herstatt Index*	81·53	82·88	Index	305·1	306·1
Dec. 30, 1960=100.			*Dec. 31, 1959=100.*			*1953=100.*		
CANADA	$	$	**AUSTRALIA**	£A	£A	**JAPAN**	Yen	Yen
Abitibi Pr. & P.	39¾	40½	Ampol Pet.	11/6	11/5	Ajinomoto	343	366
Aluminium	21½	22⅝	Ass. Pulp & P.	32/–	31/6	Fuji Iron	39	41
Bel Tel.	48⅞	50	Aust. Con. Inds.	65/–	64/9	Hitachi	69	75
Can. Brewer's	9⅝	9⅞	Aust. Oil & Gas	55/–	55/–	Honda Motor	335	338
Can. Imp. Bank	58¼	59	Brit. Tobacco	27/9	27/9	Kirin Brewery	333	345
Can. Pac. Rly.	22⅞	23¼	Broken Hill Pty.	52/9	53/–	Mitsub. Chem.	53	65
Hiram Walker	49¾	51¾	G. J. Coles	13/3	13/2	Mitsub. Elect.	60	68
Imperial Oil	43⅞	43½	Felt & Textiles	8/8	8/5	Mitsub. Heavy	60	68
Noranda Mines	27½	28⅝	I.C.I. A.N.Z.	43/6	43/–	Nippon Elect.	304	316
Shawinigan Wtr	24	24⅝	Myer Emporium	29/6	29/8	Sony	753	758
Steel of Canada	16¾	16⅞	Ready Mix Con.	11/–	10/9	Toyo Rayon	124	139
Trans.Can.Pipe	18¾	19½	Woolworth	13/10	13/9	Yawata Iron	43	46
Toronto Ind. Index	536·13	550·00	Sydney Indust. Index	294·47	292·38	Dow Jones Average	1259·52	1371·63
1933=100.			*1937/39=100.*					

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (m) Assented into Treasury 4% 1965. Japanese prices supplied by Daiwa Securities, Tokyo.

* Yields based on assumed dividends :—Bass, Mitchells & B., 11%. Charrington United, 12%. City Centre Props., 30%. Courtaulds, 13%. De La Rue, 13¾%. English Sewing Cotton, 12½%. Equity & Law Life, †26⅔%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. P & O Defd., 10%. R.T.Z., 15%. Royal Insurance, 30%. Swan Hunter, 10%.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 3 1962, there was an "above-line" surplus (after allowing for sinking funds) of £27,960,000 compared with a deficit of £38,283,000 in the previous week and a surplus of £14,712,000 in the corresponding period of last year. There was a net expenditure "below-line" of £43,682,000 leaving a total cumulative deficit to date of £612,266,000 compared with £721,145,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to Nov. 4, 1961	April 1, 1962, to Nov. 3, 1962	Week ended Nov. 4, 1961	Week ended Nov. 3, 1962
Ordinary Revenue					
Income Tax	2,790,000	915,415	996,555	31,110	40,680
Surtax	188,000	49,500	54,600	1,300	1,500
Death Duties	264,500	154,000	150,500	4,200	4,600
Stamps	95,000	59,700	57,200	1,900	1,900
Profits tax, EPT and EPL	374,000	210,600	245,400	7,800	8,200
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,389,215	1,504,255	46,310	56,880
Customs	1,653,000	966,656	982,209	31,179	23,506
Excise	1,077,000	557,610	592,309	44,220	53,654
Total Customs and Excise	2,730,000	1,524,266	1,574,518	75,399	77,160
Motor Duties	150,000	39,718	58,805	...	544
Broadcast Lic's.	41,000	19,100	19,900	...	...
Miscellaneous	165,000	150,876	103,525	1,076	3,920
Total	6,797,500	3,123,175	3,261,003	122,785	138,504
Ordinary Expenditure					
Debt Interest	600,000	403,600	343,834	7,238	...
Payments to N. Ireland Exch.	100,000	48,961	52,994	...	...
PO Fund — Initial settlement	...	7,282	...	...	...
Other Consolidated Funds	12,000	4,850	4,764	15	335
Supply Services	5,611,650	3,000,258	3,204,314	99,120	109,249
Total	6,323,650	3,464,951	3,605,906	106,373	109,584
Sinking Funds	41,000	23,074	22,589	1,700	960
"Above-line" Surplus or Deficit	— 364,850	— 367,492	+ 14,712	+ 27,960	
"Below-line" Net Expenditure*	356,295	244,774	27,170	43,682	
Total Surplus or Deficit	721,145	612,266	12,458	15,722	
Net receipts from:					
Tax Reserve Certificates	172,219	105,856	11,681	11,636	
Savings Certificates	— 16,500	700	400	1,500	
Defence Bonds	17,782	12,195	— 268	1,787	
Premium Savings Bonds	25,600	22,000	1,600	1,200	
Total	199,101	140,751	13,413	16,123	

* Net repayments of £5 million to the Civil Contingencies Fund in 1962–63 compared with net repayments of £5 million in 1961–62.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
Nov. 4	3,280 0	2,063·7	201 1	0·8	5,545 5
1962					
Aug. 4	2,980·0	2,012·5	227·3	...	5,219 9
,, 11	3,000·0	1,983·6	225·1	0·3	5,208·9
,, 18	3,000·0	2,009·3	240·1	5·5	5,254·9
,, 25	3,000·0	2,053·1	203·8	0·3	5,257·1
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4
,, 8	2,990·0	1,637·9	211·6	...	4,839·4
,, 15	2,990·0	1,683·6	226·2	...	4,899·8
,, 22	2,980·0	1,699·2	220·2	...	4,899·4
,, 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct 6	3,020·0	1,572 9	220·5	...	4,813·5
,, 13	3,010·0	1,598·3	215·2	...	4,823·6
,, 20	3,020·0	1,595·6	204·1	...	4,819·7
,, 27	3,040·0	1,637·6	201·0	...	4,878·5
Nov. 3	3,060·0	1,620·7	205·3	...	4,886·1

THE MONEY MARKET

THE Treasury bill rate fell slightly at the tender on Friday of last week, by 2.55d. to 76s. 11.48d. per cent, after rising by a full 5s. over the two previous weeks. The syndicate of discount houses raised its bid at this tender by 1d. to £99 0s. 9d., but its allotment of the 91-day bills on offer fell to 32 per cent compared with the previous week's 46 per cent. The offer was £40 million lower at £200 million but total applications were only £18 million lower at £364 million. Also on offer were the first £60 million of the seasonal 63-day bills of which the market received an allotment of 66 per cent.

On the first three days of this week credit was very short and the authorities made large special bill purchases on each day to relieve the pressure. On Monday, however, this help was insufficient and two or three houses borrowed a very small amount from the Bank of England at Bank rate.

The United States Treasury bill rate rose sharply this week from 2.689 to 2.841. The cost of three months' forward cover remains at $\frac{1}{16}$ per cent, so that there is still an arbitrage margin of just over $\frac{1}{2}$ per cent on a covered swap from US to British Treasury bills.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	**Market discount rates** (3 months):	
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	4 1/16–4 3/16
Discount houses	2½–2¾	Fine trade bills	5½–6½
Local Authorities	4⅛	**Euro-dollar deposits:**	
Call money:		7 days' notice	3½–3⅜
Clearing banks' minimum	7/8	3 months' notice	3 7/8–4 3/8
Day-to-day	2 7/8–3 7/8	**Forward cover** (3 months): Annual interest cost, US dollar	7/16

NEW YORK

	%		%
Official Discount rate: (from 31/2/60)	3	**Treasury bills:** October 29	2·686
		November 5	2·841

BANK OF ENGLAND RETURNS

£ million	Nov. 9, 1961	Nov. 1, 1962	Nov. 8 1962
Issue Department:			
Notes in circulation	2,313·8	2,287·7	2,298·5
Notes in banking dept.	61·6	37·6	26·8
Govt. debt and securities*	2,374·0	2,324·0	2,324·0
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	12·2	12·6	9·5
Special deposits	232·7	79·1	80·8
Bankers	249·2	274·3	261·2
Others	68·4	70·7	68·6
Total	562·5	436·7	420·1
Securities:			
Government	400·4	351·1	342·1
Discounts and advances	98·2	44·4	47·7
Other	19·3	20·5	20·4
Total	517·9	416·0	410·3
Banking department reserve	62·4	38·5	27·7
	%	%	%
"Proportion"	11·1	8·8	6·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on September 12th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered: 91 day	63 day	Applied for	91 Day Average Rate of Allotment	Allotted at Max. Rate *
				s. d.	%
1961 Nov. 3	200·0	60·0	412·7	100 6·10	63
1962 Aug. 3	240·0		402·7	76 5·05	60
,, 10	230·0		396·1	75 8·84	54
,, 17	230·0		368·1	75 8·35	53
,, 24	230·0		390·4	75 4·50	48
,, 31	240·0†		397·1	75 0·42	45
Sept. 7	240·0		439·3	74 4·55	48
,, 14	230·0		388·0	73 11·97	44
,, 21	250·0		406·1	74 0·01	40
,, 28	250·0		407·5	72 8·42	51
Oct. 5	250·0‡		415·2	72 4·13	37
,, 12	230·0		386·8	72 3·07	38
,, 19	240·0		396·9	74 8·22	38
,, 26	240·0		381·8	77 2·03	46
	91 day	63 day			
Nov. 2	200·0	60·0	443·8	76 11·48	32

* On November 2nd tenders for 91 day bills at £99 0s. 9d. secured 32 per cent, higher tenders being allotted in full. The offer for this week was for £200 million 91 day bills and £60 million 63 day bills. † Allotment cut by £10 million. ‡ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits November 7	Market Rates: Spot — November 1	November 2	November 3	November 5	November 6	November 7
United States $	2·78–2·82	2·80 1/16–3/16	2·80 1/16–3/16	2·80 1/16–3/16	2·80 1/16–3/16	2·80 1/8–1/4	2·80 1/8–1/4
Canadian $	...	3·01 1/4–3/8	3·01 1/4–3/8	3·01 1/4–3/8	3·01 5/16–7/16	3·01 5/16–7/16	3·01 5/16–7/16
French Fr.	13·622–14·027	13·72 3/8–5/8	13·72 3/8–5/8	13·72 3/8–5/8	13·72 1/2–3/4	13·72 3/8–7/8	13·72 1/2–3/4
Swiss Fr.	11·94–12·54 7/8	12·08 1/2–3/4	12·08 1/2–3/4	12·08 3/8–7/8	12·08 3/4–09	12·08 7/8–09 1/8	12·08 7/8–09 1/8
Belgian Fr.	137·96–	139·32 1/2–	139·35–	139·32 1/2–	139·32 1/2–	139·32 1/2–	129·32 1/2–
	142·05	37 1/2	40	37 1/2	37 1/2	37 1/2	37 1/2
Dutch Gld.	9·98 3/4–10·28 1/2	10·11 1/8–3/8	10·11 1/4–1/2	10·11 1/4–1/2	10·11 1/8–3/8	10·10 3/4–11	10·10 3/8–5/8
W. Ger. D-Mk.	11·037–11·365	11·24–24 1/4	11·24–24 1/4	11·24–24 1/4	11·24 1/8–3/8	11·24 1/8–3/8	11·23 1/2–3/4
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1738 1/2–39	1738 1/2–39	1738 1/2–39	1738 7/8–39 1/8	1739 1/8–5/8	1739–39 1/2
Swedish Kr.	14·27 1/2–14·70	14·43 3/4–44	14·43 7/8–44 1/8	14·43 7/8–44 1/8	14·44 1/8–3/8	14·44 3/8–5/8	14·44 5/8–7/8
Danish Kr.	19·06 1/2–19·62	19·38 3/8–7/8	19·38 3/8–39	19·38 3/4–39	19·39–39 1/4	19·38 7/8–39 1/8	19·39 1/4–1/2
Norwegian Kr.	19·71–20·30 1/2	20·03 1/4–1/2	20·03 1/4–1/2	20·03 1/4–1/2	20·03 1/4–1/2	20·03 1/4–1/2	20·03 1/4–1/2
	* Official Limits	**One Month Forward Rates**					
United States $		1c. pm–par	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm
Canadian $		3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
French Fr.		5/8–1/8c. pm	5/8–1/8c. pm	5/8–1/8c. pm	5/8–1/8c. pm	5/8–1/8c. pm	3/4–1/4c. pm
Swiss Fr.		1–3/4c. pm	1–3/4c. pm	1–3/4c. pm	7/8–3/8c. pm	1 1/8–3/8c. pm	1–1/2c. pm
Belgian Fr.		18–12c. pm	17–12c. pm	17–12c. pm	17–12c. pm	17–12c. pm	17–12c. pm
Dutch Gld.		1 3/4–1 1/2c. pm	1 3/4–1 1/2c. pm	1 3/4–1 1/2c. pm	1 3/4–1 1/2c. pm	1 1/8–7/8c. pm	1 1/8–7/8c. pm
W. German D-Mk.		1 3/8–7/8pf. pm	1 3/8–7/8pf. pm	1 1/4–3/4pf. pm	1 3/8–7/8pf. pm	1 3/8–7/8pf. pm	1 1/2–1pf. pm
		Three Months Forward Rates					
United States $		5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	5/16–7/16c. pm
Canadian $		9/16–11/16c. dis	9/16–11/16c. dis	9/16–11/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis
Swiss Fr.		2–1 3/4c. pm	2–1 3/4c. pm	2–1 1/2c. pm	1 7/8–1 5/8c. pm	2–1 3/4c. pm	2–1 1/2c. pm
W. German D-Mk.		2 7/8–2 3/8pf. pm	2 7/8–2 3/8pf. pm	2 3/4–2 1/4pf. pm	2 7/8–2 3/8pf. pm	2 7/8–2 3/8pf. pm	2 7/8–2 3/8pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/8 3/4	250/9	...	250/8	250/6 1/4	250–6
,, ($,, ,, ,,)		35·11 1/2	35·12	...	35·11	35·10	35·09 1/2

Manpower and Output

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

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

BRITISH

Prices and Wages	Oct. 27th	External Trade	Nov. 3rd
Manpower and Output	This week	Industrial Profits	Oct. 13th

OVERSEAS

Western Europe	Oct 20th	United States	Sept. 15th

	Unit	Mid-year or averages 1959	1960	1961	1961 August	Sept.	October	1962 June	July	August	Sept.	October
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,145	24,436	24,650	24,819	24,830	24,873	24,809	24,857	24,952	24,923	...
Men	,,	16,137	16,239	16,325	16,408	16,398	16,424	16,400	16,413	16,473	16,453	...
Women	,,	8,008	8,197	8,325	8,411	8,432	8,449	8,409	8,444	8,479	8,470	...
Armed Forces	,,	565	518	474	464	464	461	442	442	439	436	...
Civil employment:												
Total	,,	23,197	23,628	23,925	24,062	24,060	24,076	23,995	24,035	24,068	24,048	...
Manufacturing industries	,,	8,477	8,811	8,928	8,973	9,004	9,001	8,885	8,881	8,894	8,911	...
Employees:												
in engineering (2)	,,	3,545	3,740	3,810	3,828	3,850	3,845	3,810	3,798	3,801	...	...
in consumer goods industries (3)	,,	3,101	3,154	3,177	3,198	3,198	3,207	3,166	3,175	3,185	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	,,	475·2	360·4	340·7	305·2	317 0	365 7	397·2	400·4	464·4	465·1	501·4
Temporary	,,	30·7	14·5	28·6	8·2	26·4	43·2	25·0	20·3	18·9	26·1	33·8
Wholly unemployed (5)—total	,,	432·8	337·2	304 8	264·9	276·1	318·3	368·4	370·7	392·3	406·8	455·7
,, ,, *Seasonally adjusted*	,,	...	...	...	*308·9*	*307·4*	*322·7*	*407·5*	*424·3*	*436·6*	*438·9*	*461·4*
Over 8 weeks	,,	243·4	187·6	157·1	137·9	134·2	143·9	202·4	195·9	208·7	217·4	223·2
By regions (4):												
Great Britain	%	2·2	1·6	1·6	1·4	1·4	1·6	1·8	1·8	2·1	2·1	2·2
London and South Eastern	,,	1·3	0·9	1·0	0·9	0·9	1·0	1·1	1·1	1·3	1·2	1·4
Eastern and Southern	,,	1·5	1·2	1·1	0·9	0·9	1·2	1·1	1·1	1·4	1·4	1·5
South Western	,,	2·2	1·7	1·4	1·2	1·2	1·5	1·4	1·4	1·6	1·6	1·9
Midland	,,	1·5	1·0	1·4	1·1	1·4	1·7	1·6	1·6	1·8	1·8	2·1
North Midland	,,	1·5	1·1	1·0	0·9	0·9	1·0	1·2	1·2	1·4	1·4	1·5
East and West Ridings	,,	1·9	1·2	1·0	0·9	1·0	1·1	1·4	1·4	1·7	1·8	1·8
North Western	,,	2·8	1·9	1·6	1·6	1·7	1·7	2·3	2·3	2·8	2·8	2·8
Northern	,,	3·3	2·8	2·5	2·3	2·3	2·5	3·2	3·2	3·7	3·8	4·3
Scotland	,,	4·4	3·6	3·1	2·9	2·8	3·0	3·3	3·5	3·8	3·8	3·9
Wales	,,	3·8	2·7	2·6	2·1	2·2	3·5	2·6	2·7	3·1	3·2	3·4
VACANCIES												
Unfilled vacancies: Total	'000s	224	314	320	360	328	289	252	251	227	201	176
,, ,, *Seasonally adjusted*	,,	...	...	...	*326*	*322*	*296*	*219*	*200*	*192*	*191*	*181*
STOPPAGES OF WORK												
Working days lost: Total	M '000s	439	252	254	121	188	381	107	69	132	132	...
in engineering (2) (15) industries	M ,,	80[14]	121	122	63	101	249	53	29	53	65	...
INDUSTRIAL PRODUCTION Index:												
All industries	1958=100	105	112	114	96	116	118	117	109	100	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*115*	*114*	*113*	*117*	*116*	*117*	...	...
Mining and quarrying	,,	97	94	93	71	95	99	94	87	73	...	...
Construction	,,	106	111	120	122[9]	...	120[16]	123[13]	...	...	...	...
Gas, electricity and water	,,	103	110	116	92	102	116	101	98	97	...	...
Manufacturing, total	,,	106	115	115	94	118	120	119	109	98	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*116*	*114*	*113*	*118*	*116*	*117*	...	...
Engineering and electrical goods	,,	105	114	121	94	130	127	131	118	98	...	...
Shipbuilding	,,	94	85	86	84	86	86	87	86	85	...	...
Vehicles	,,	109	118	109	80	108	108	120	90	100	...	...
Chemical trades	,,	111	122	124	112	124	128	132	124	...	...	...
Textiles, leather and clothing	,,	107	113	111	92	120	119	103	101	90	...	...
Basic material production:		M/W averages										
Coal (7) (8)	W '000 tons	3,963	3,725	3,663	2,732	3,708	3,938	3,714	3,400	2,842	3,851	4,058
Pig iron	W ,,	242	303	284	265	261	248	267	262	243	271	...
Steel, ingots and castings	W ,,	388	467	425	338	400	382	404	367	319	422	...
Sulphuric acid	M ,,	202·3	225·1	221·8	203·9	208·3	225·4	225·9	226·8	212·3	...	...
Newsprint	W ,,	12·87	14·25	13·70	11·45	13·06	13·39	13·32	11·10	8·01	...	...
Electricity (7) (11)	M mn. kwh	8,764	9,904	10,631	8,306	9,148	11,022	9,051	9,038	9,063	10,142	...
Gas (12)	W mn. therms	53·5	55·7	55·7	40·8	46·3	53·9	47·5	45·5	41·8	49·1	54·5
Textile production:												
Cotton yarn, single	W mn. lb.	14·58	14·44	13·21	12·40	12·41	13·58	11·06	9·36	10·53	...	...
Worsted yarn (6)	M ,,	19·34	20·40	20·52	14·96	21·66	22·11	17·29	18·11	14·59	...	...
Rayon and synthetic fibres	M ,,	42·89	49·33	47·47	41·95	45·40	52·75	55·34	53·65	42·50	53·90	...
Cotton cloth, woven	W mn. yds.	25·7	24·9	23·8	23·1	23·0	25·0	20·7	13·7	18·8	...	...
Wool fabrics, woven (6)	M mn. sq. yds.	30·4	30·6	29·3	23·3	31·1	31·8	25·9	28·0	21·5	...	...
Engineering production:												
Passenger cars and chassis	W '000s	22·88	26·01	19·31	11·49	20·18	18·84	25·33	15·79	23·49	26·39	...
Commercial vehicles and chassis	W ,,	7·12	8·81	8·85	5·36	9·00	8·73	8·42	5·57	7·74	8·71	...
Merchant ships (1)	M '000 gr. tons	116	109	116	100[9]	...	123[16]	94[13]	...	...	...	...
Internal combustion engines (6)	M '000 BHP	468	577	587	445	559	575	711	596	...	...	...
Metal-working machine tools (6)	M £'000	6,564	7,911	9,643	7,289	9,922	10,347	11,139	11,669	...	...	...
Television sets	M '000s	238·6	178·4	104·7	64·2	124·2	155·3	110·5	110·6	81·1	...	...
Permanent houses completed (10):												
Total	M '000s	20·78	22·44	22·40	21·92	22·36	25·44	24·12	24·55	23·72	22,66	...
For local housing authorities	M ,,	8·29	8·60	7·74	6·98	7·01	8·45	9·03	9·23	8·42	8·23	...

(1) Vessels of 100 gross tons and over completed. (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink, and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Excluding school-leavers. (6) Deliveries. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for third quarter. (10) England and Wales. (11) Generation for public supply. (12) Total available at gas works. (13) Average for second quarter. (14) On 1948 Standard Industrial Classification; later figures on 1958 classification. (15) Also including metal manufacture. (16) Average for fourth quarter.

APPOINTMENTS

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• THE successful applicant will be responsible for the supervision of the staff and the department's activities generally, and in particular for submission of proposals to a Committee and for the implementation of decisions.

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MINISTRY OF TRANSPORT

The Ministry of Transport is shortly setting up two Road Accident Investigation Teams, one based in Birmingham and the other in Southampton. Applications are invited for the posts of Heads of these teams.

Each team will consist of five or six people and its task will be to study road accidents in its area (Warwickshire and Hampshire), to consider remedial techniques and, in conjunction with local authorities, to promote proposals for dealing with accidents and to assess results. Much of the work is likely to be experimental, and successful results may be applied for the national benefit. The Heads must possess imagination, drive, a real interest in road safety, the *ability to deal with practical problems* and a talent for organisation. They will be expected to reside within their areas.

The appointments will be unestablished (i.e. non-pensionable) and will be for a period of two years with the possibility of an extension. The salary will be in the range £2,000-£2,500.

Applications and enquiries should be addressed to the *Establishment Staffing Division*, Ministry of Transport, Room 8/170, St. Christopher House, Southwark Street, London, S.E.1, not later than November 21, 1962.

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Appointments are being made in the above field within the internal management consultancy organisation of this fast-growing diversified holding company. The work, mainly based on London office, entails projects for subsidiary companies involving market surveys, forecasting, budgeting, and sales planning and covers consumer and industrial products.

Applicants, preferably in their twenties, should have some or all of the following qualifications: relevant university or professional background, relevant operating or consultancy experience, knowledge of statistics or O.R. There are excellent prospects of advancement both within the team and to management positions in the subsidiaries.

Full details should be sent to Mr. A. S. Ninian, Grampian Holdings, Ltd., 1 Newton Place, Glasgow, C.3.

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EALING TECHNICAL COLLEGE
St. Mary's Road, Ealing, W.5.
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C. E. GURR, M.Sc., Ph.D.,
Chief Education Officer

NATIONAL FOUNDATION FOR EDUCATIONAL RESEARCH IN ENGLAND AND WALES

RESEARCH OFFICERS (TWO). Applications are invited from graduates for two positions in a research team being set up to investigate *Streaming in the Primary School.*

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Candidates should have conducted research in some aspect of modern society in addition to possessing qualifications in either Social Anthropology or Sociology.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving particulars of qualifications, including publications, and the names of two referees, should be lodged with the undersigned not later than 14th December, 1962. (Extended date).

CHARLES H. STEWART,
Secretary to the University.
September, 1962

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BP require at its Head Office in London two ASSISTANTS *for posts in the* Economics and Information Sections of its Planning Division. Applicants, aged 25-30, should have *a good degree in economics and ability to handle* statistical material. Some experience in applied economics, market analysis and forecasting also desirable. Salary according to age and experience. Non-contributory Pension Fund. Assisted House Purchase Scheme. Removal expenses and settling-in allowance payable in certain cases. Luncheon club.—Write, giving full *particulars, quoting reference* H.5967, *to* Box 7148, c/o Hanway House, Clark's Place, E.C.2.

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For further appointments and other classified advertisements see pages 612 and 620

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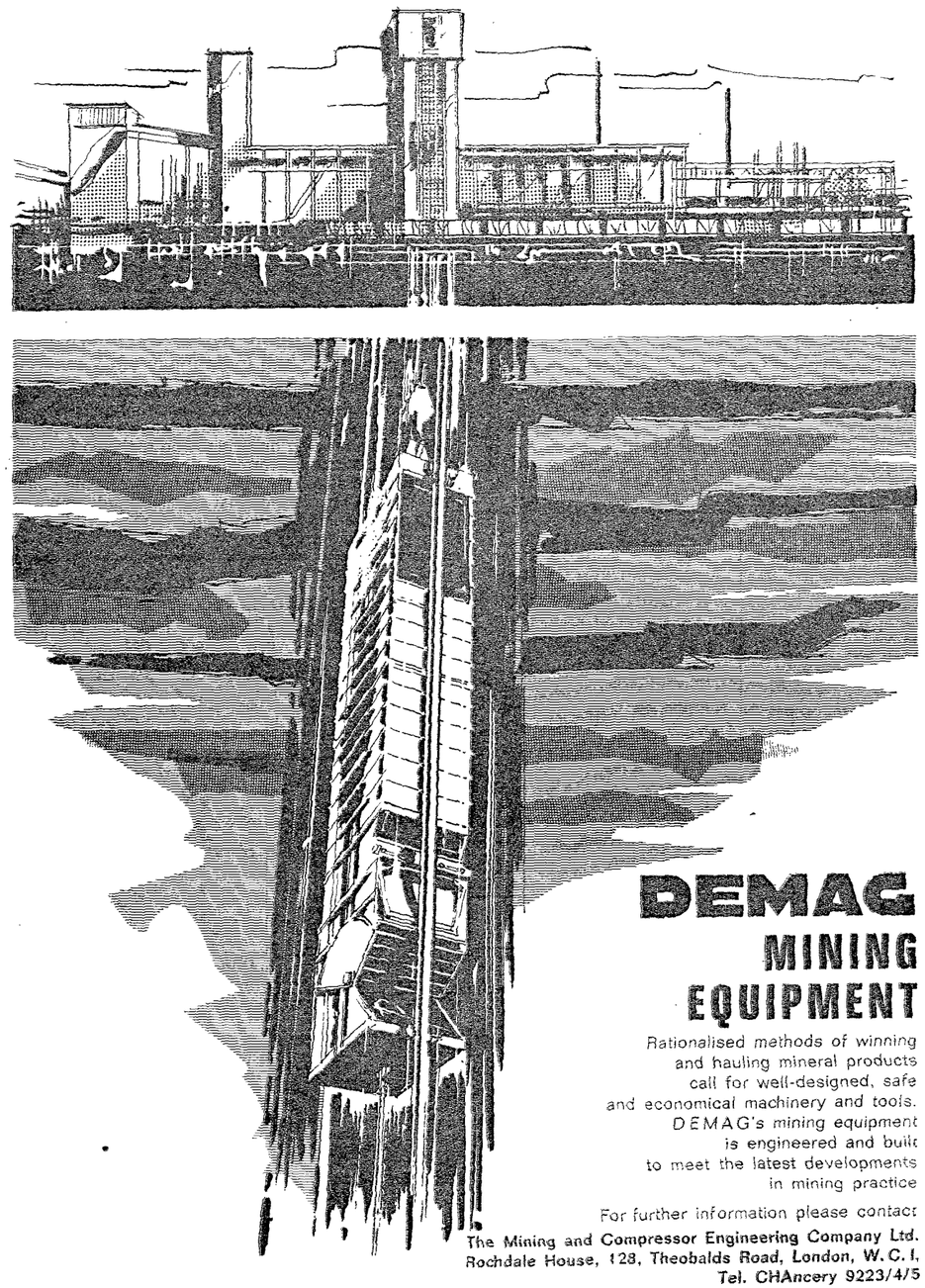

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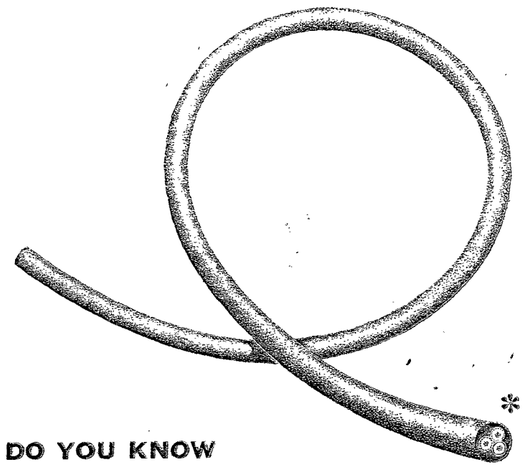

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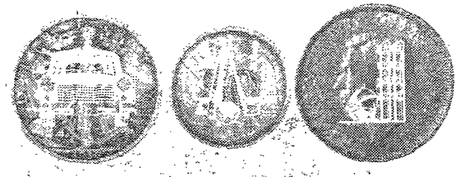

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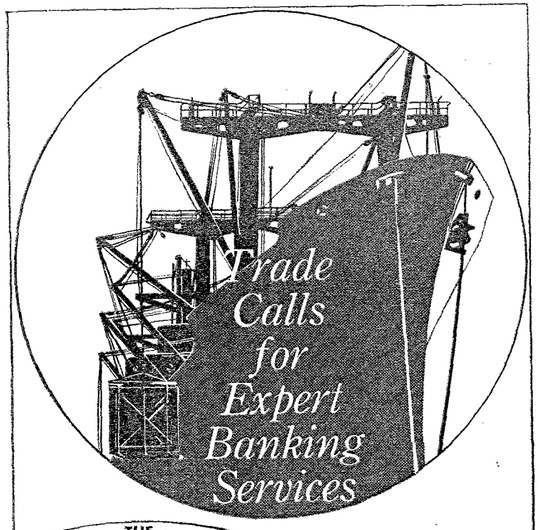

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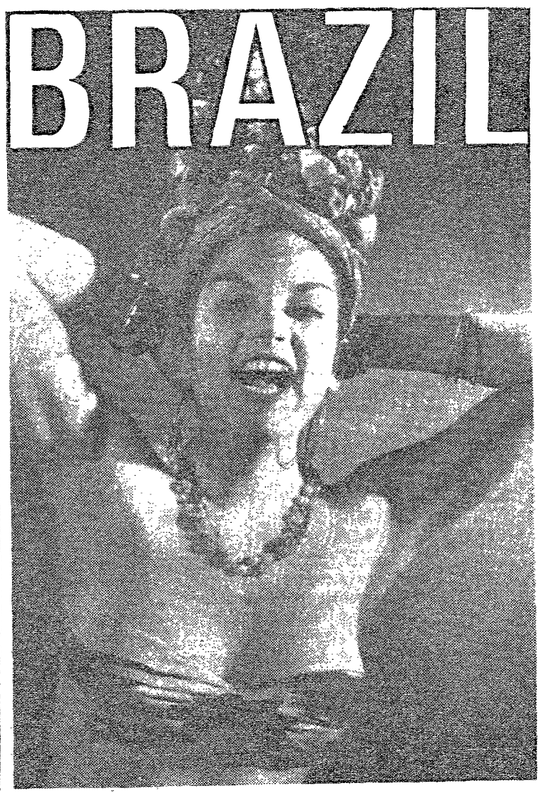

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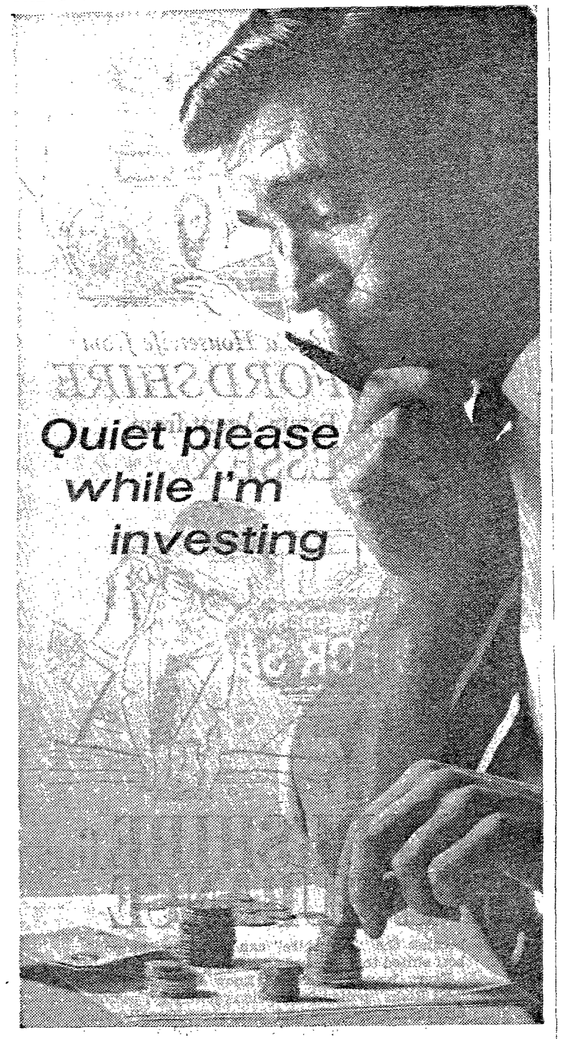

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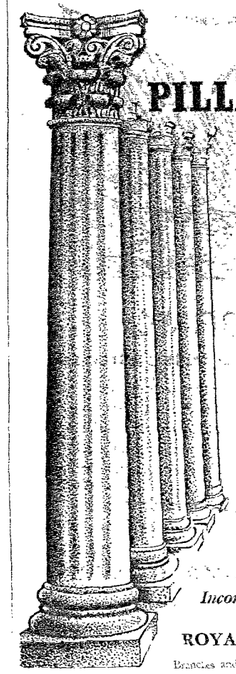

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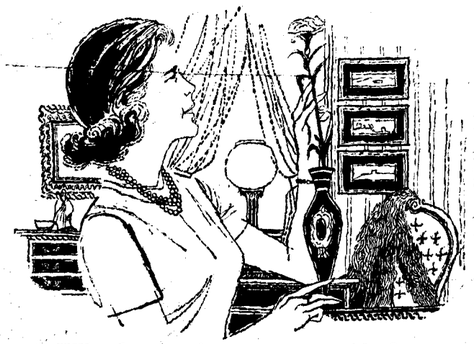

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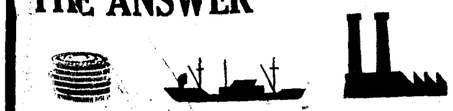

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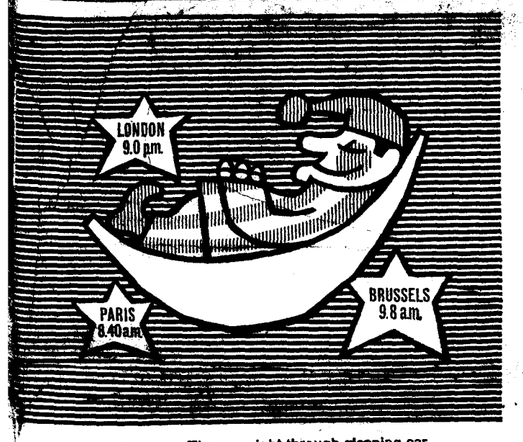

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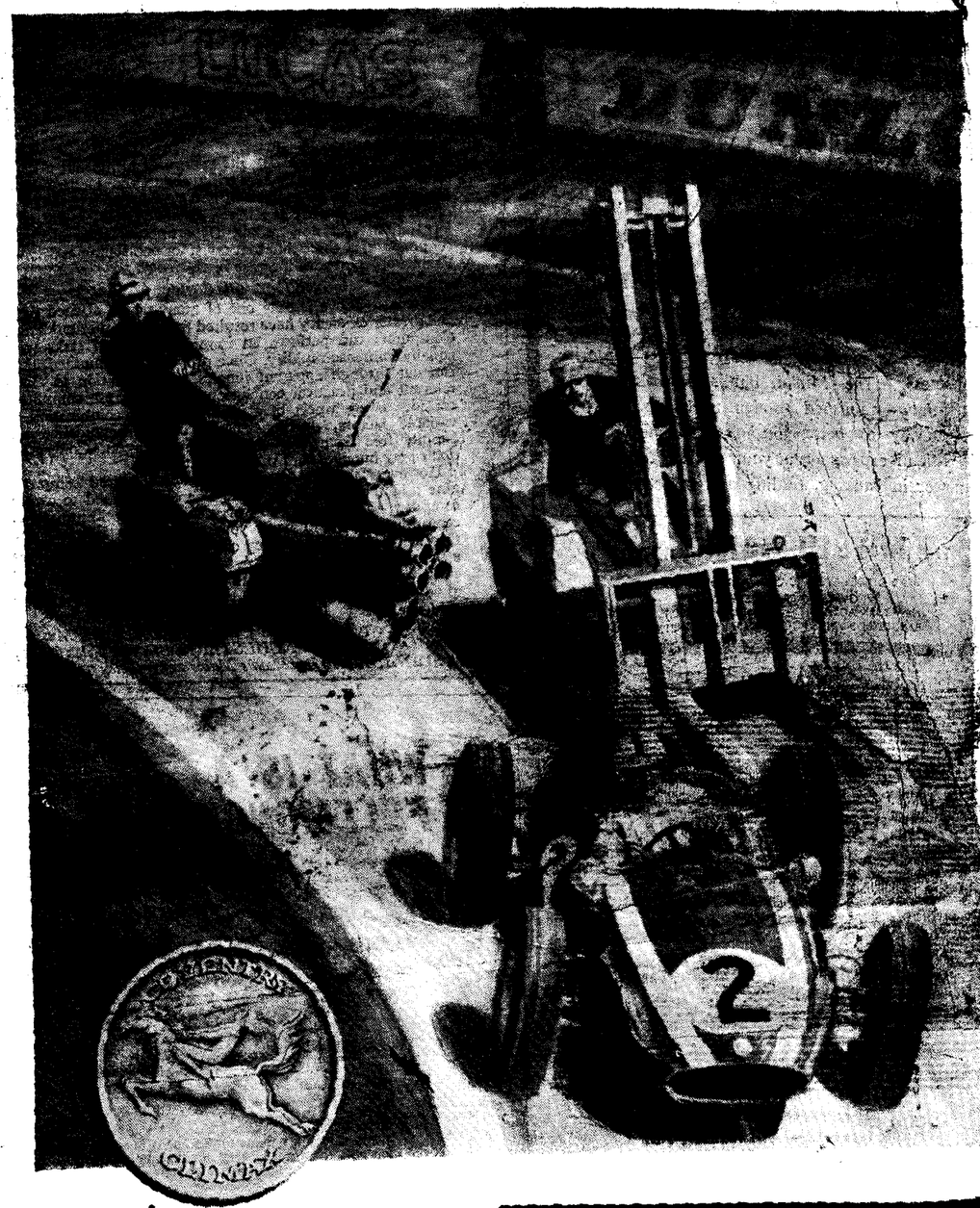

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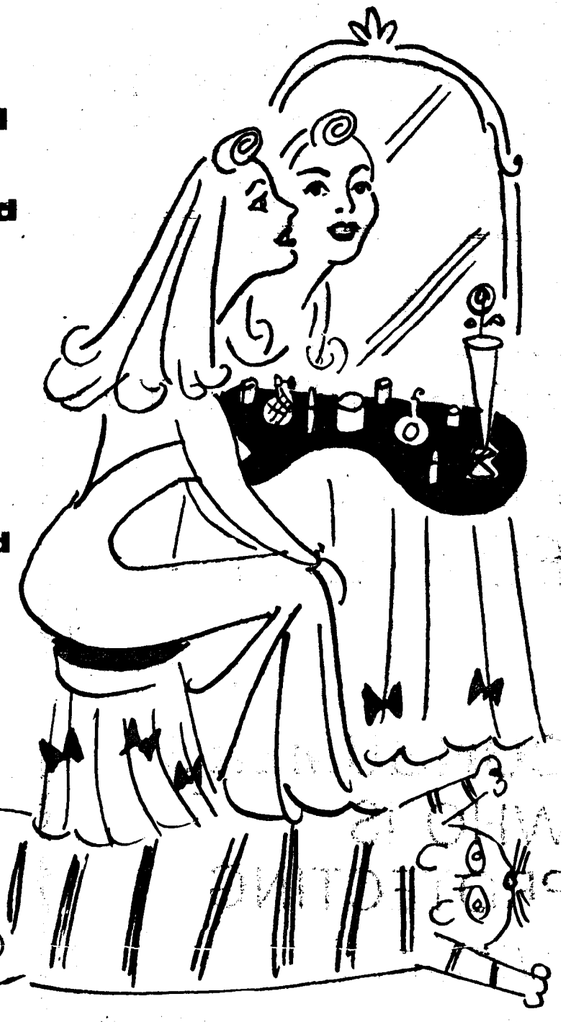

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BRITAIN

MINISTERS AFTER RIGHTEOUSNESS

The Prime Minister's decision to appoint a judicial tribunal to deal with the ramifications of the Admiralty spy case looked only deftly like retreat before the Opposition attack; now Admiralty, Opposition and the press are in much the same boat (p. 642).

The Board of Trade has learnt little, and forgotten nothing, in the past century: **shoppers** need real protection from the shabby artifices of vendors and not the meretricious gestures promised in the draft Weights and Measures Bill (p. 693).

Of the five **by-elections** to be decided next Thursday, two, at **Woodside** and Norfolk Central, are of special interest (p. 683): new rules for their coverage by television seem to be restrictive for restriction's sake (p. 656).

A recent Board of Trade decision about a **monopoly** is hard to justify on the evidence available (p. 698).

THE POOR IN SPIRIT

The **aged poor** have not yet benefited from a change in the emphasis of welfare from institutions to the community (p. 684).

Members of Parliament are not overrewarded: there is no case for denying them their post-ministerial directorships—or, provided it is not on their own inflationary terms, their claim to a pay rise (p. 648).

Dr Beeching's magnanimity to his **railwaymen** is already having its foreseeably overgenerous effect outside the railways (p. 647).

The death of a beneficial marketing council has followed on **horticulturists'** apathy towards it: the replacement they have suggested should be rejected (p. 656).

THE PEACEMAKERS

Ford workers have, at the last moment, drawn back from the brink of their conflict with the management, and there is some hope of future co-existence: but both sides will have to work hard (p. 647).

Objections to open trading with **Japan** have been overruled by the Government (p. 705).

Mere size is no advantage in the world of **motor traders**: which makes it difficult to understand the enthusiasm behind recent take-over bids (p. 706).

SUFFER LITTLE CHILDREN

The Liège acquittal of a mother who killed her **drug-deformed baby** raises grave problems of morals and law for Britain (and other countries) no less than for Belgium (p. 643).

The Lord Chancellor has knocked on its infant head a notably healthy proposal for a British **ombudsman** (p. 653).

The Government's **Children and Young Persons Bill** incorporates some desirable reforms, but omits others no less urgent if rather more contentious (p. 653).

The new university of Warwick, welcome in itself, will add to the staffing troubles of the less fashionable **universities**: and a flat 30 per cent general pay rise, as demanded by university teachers, will not help the most needy (p. 648).

THE WORLD

OF MARX AND EMPIRE

The view of the world that has made China a threat to India shows a remarkable continuity with China's imperial past (p. 641).

● While China and India struggle in the Himayalas, **Pakistan** takes on a curious look of non-alignment and India that of a bulwark against communism (p. 647).

● **Inside China** it seems that a group of planners may have quietly triumphed over a group of doctrinaires (p. 648).

Eastern Europe's communist leaders have different views of how to sail in a wind of change (p. 644).

The **Cuba** question has *not* been settled finally for Mr Khrushchev, or for Mr Kennedy (p. 646).

Russian sales of gold have helped to relieve the drain on the western gold pool (p. 701).

OF PLEBS AND CAESARS

If President de Gaulle is not provided with an obedient assembly in the **French elections** (first round on Sunday) a long political battle is likely. Our Paris correspondent illustrates from the present electioneering in the French provinces the problems facing the parties (p. 669).

Austria's coalition government may well be disrupted by the results of the next election (p. 677).

Yemen's revolution has become an international affair; and Britain is once again getting cast in the role of reactionary (p. 645). With revolution next door, **Saudi Arabia's** king has no wish to be called Canute; he is allowing the breezes of change to stir a little (p. 670).

Italy's new economic clothes are being planned to have a discreet socialist cut (p. 677). Italy's central bank is doing its part in arranging the supply of **finance** for the country's **expansion** (p. 696).

Agricultural politics make the going at **Brussels** uphill (p. 646).

Fear of the wind of change has made for hysteria in **South Africa** where liberalism has become confused with communism (p. 674).

OF AUGURS AND ORACLES

In spite of Britain's squib in Nevada, the noise of nuclear tests is temporarily dying down. Disarmament's post-Cuba setting is giving encouragement to some unorthodox ideas (p. 639).

With the elections over, **the United States** is realising that there has been *no real change* either abroad or at home—particularly the latter (p.658).

Dr Adenauer, now in Washington, has allowed himself just a flicker of mobility about Berlin (p. 673).

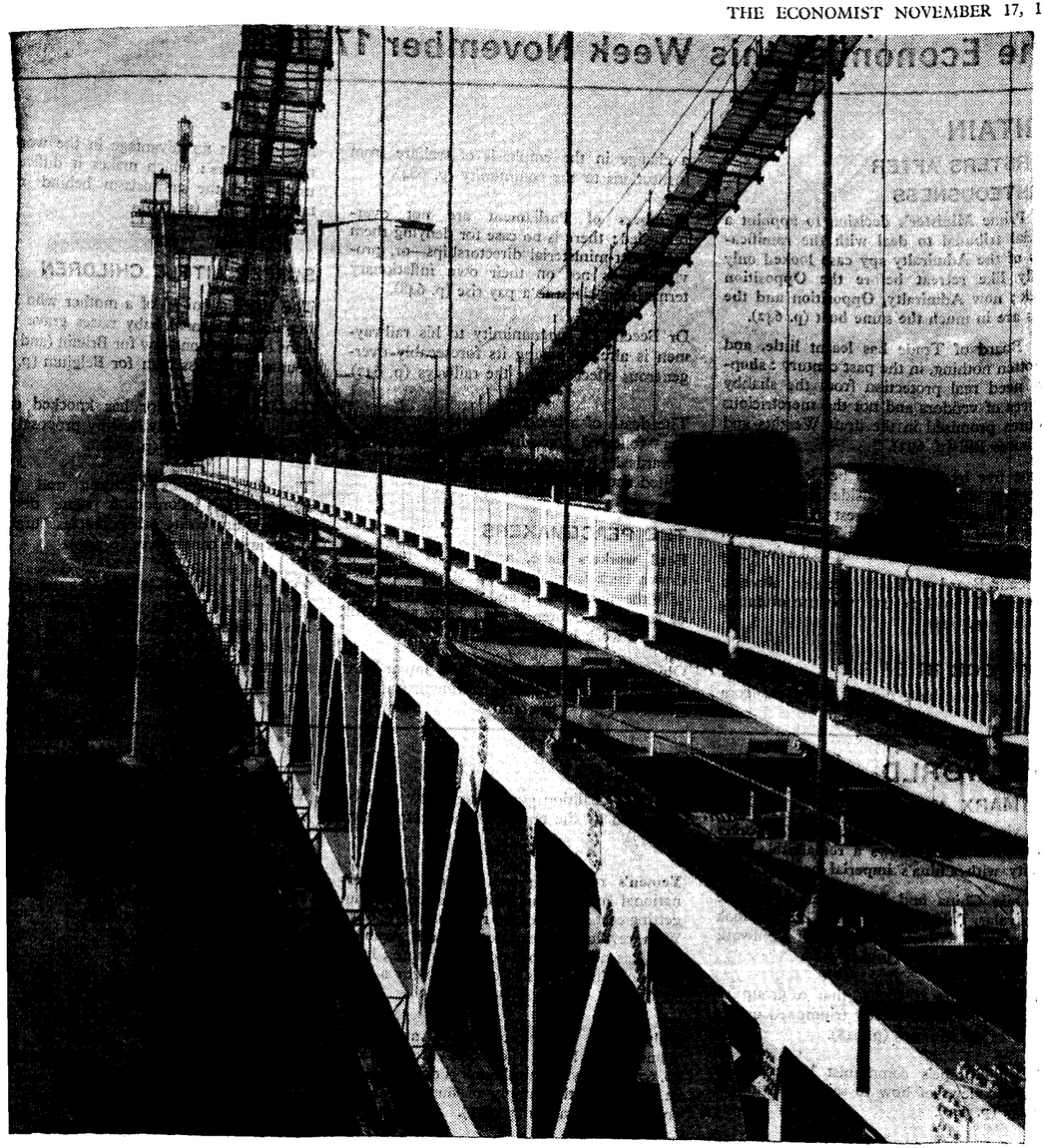
Bechuanaland has asserted its right to grant asylum to those discontented with South Africa (p. 650).

Mr Tshombé [illegible] the United Nations are preparing for [illegible] pleasant eventualities (p. 653). Mr Conor O'Brien's book on his part in **Katanga** is reviewed on page 687.

In America: The Republican challenge in the South may make the Democrats there more conservative (p. 660). Negroes did well in the elections and are doing well in the government also (p. 660). The latest statistics make it clear that if a recession is coming at all it is not coming yet (p. 660). The deficit in the Budget is expanding because the economy is not (p. 662).

Washington's supersonic airport (p. 665).

Detailed contents on page 639



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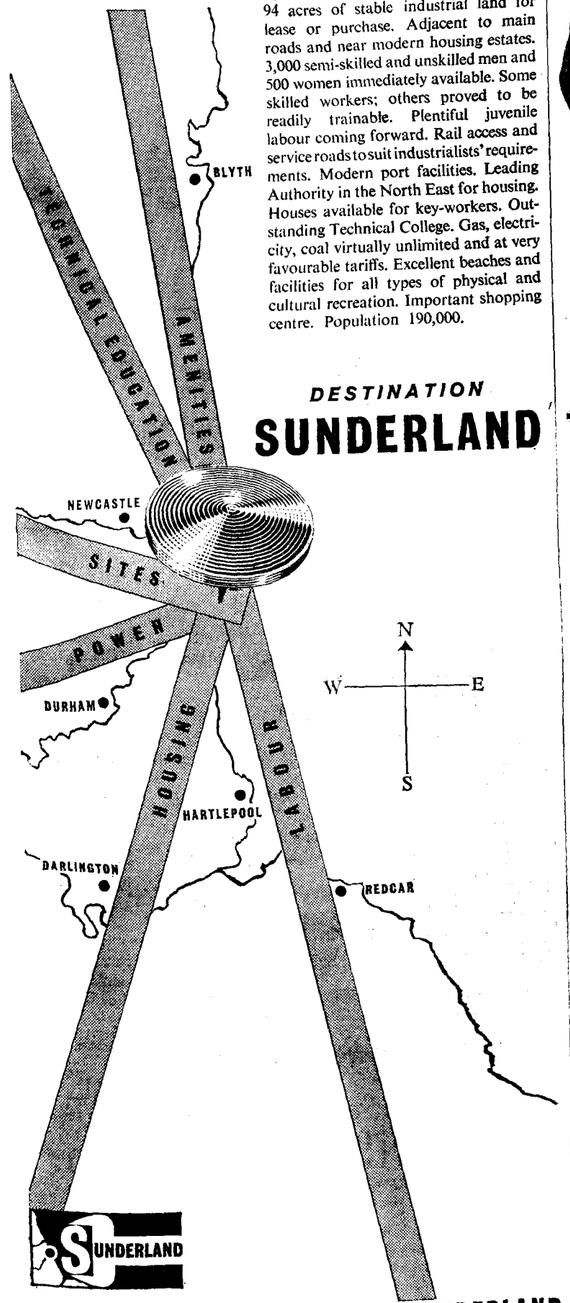

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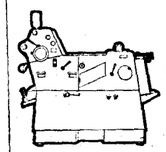

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"The thoughts of youth are long, long thoughts, Son."
"The gap's a long one too, Dad; and M. R. & D. are trying to close it even though it won't yield to scientific treatment; you see, it's largely a problem of human shortcomings, Dad."
"Tell me more, Gamaliel."
"Oh! come off it, Dad. All right then, it's a mixture of human reluctance to change, communication barriers between differing disciplines, the fact that the nation's intelligence distribution is fixed and that more ideas can be generated by research than there are executives to commercialise them . . ."
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"Well, Son, they've certainly indoctrinated you, haven't they?"
"By the time, Dad, you've been introduced to solid state physics chemistry, micromeritics, anisotropic materials . . ."
"Anne who, Son?"
"Anisotropic, Dad; Greek for whiskers."
"Cave Old Squirt, Son!"
"And they've shown you how comprehensive their activities ar mental and applied research, materials development, engineering, chemical and structural analysis, physical experimental engineering, instrumentation, recording . . ."
"I should say they got you taped all right, Son."
"Very funny, Dad. Well, just to finish the play-back, they've own Library, deal with patents and trade marks; translations; abs indexing and retrieval of data from all sources . . ."
"They're all set to bridge the gap, then, Son."
"Yes, Dad. You remember the fifth proposition of Euclid Volume
"Er—just, Son. *Pons asinorum* it was called in my day. The asso ideas is hardly flattering to your holiday employers, though, So
"Oh! but it is, Dad. It was Euclid who built the bridge—he was r
"So that, Son, leaves you, it seems, Q.E.D."

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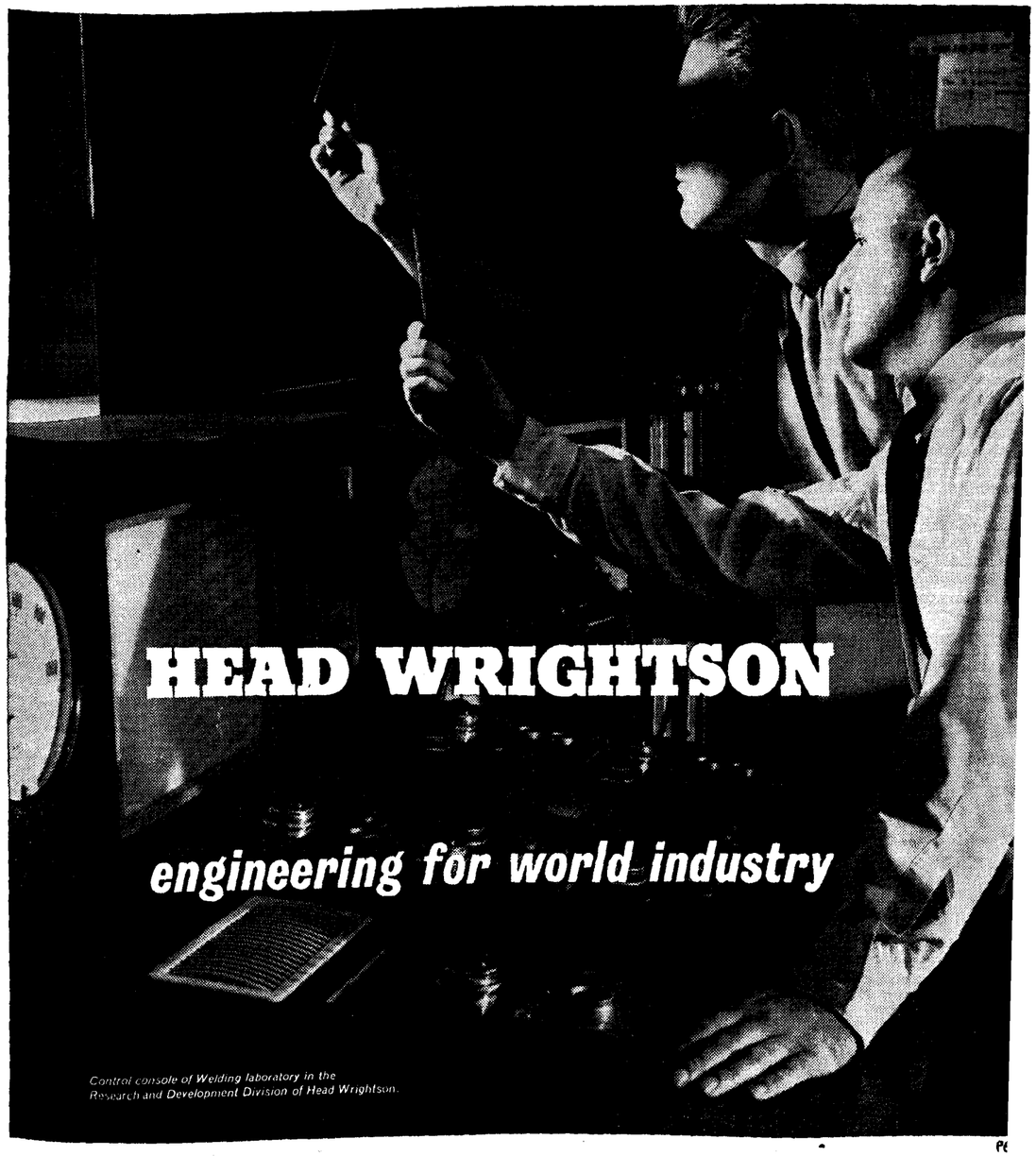

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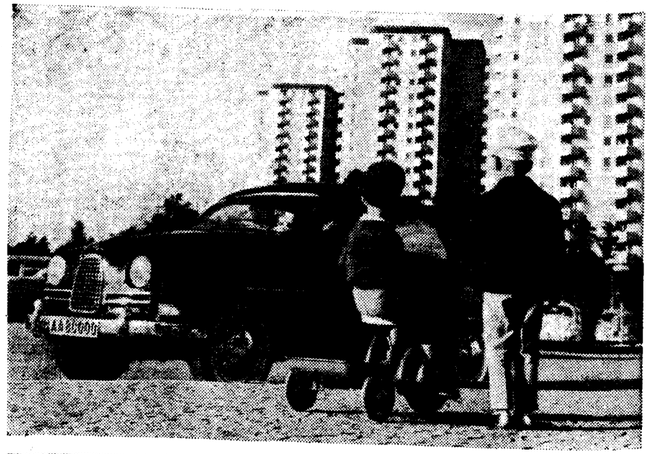

NATION ON WHEELS Every second family with children has a car. Perhaps a Saab, seen above in the new town of Farsta, or a Volvo. Below, is the Volvo 122S. Both Swedish car firms import high-quality sheet steel from The Steel Company of Wales. ▼

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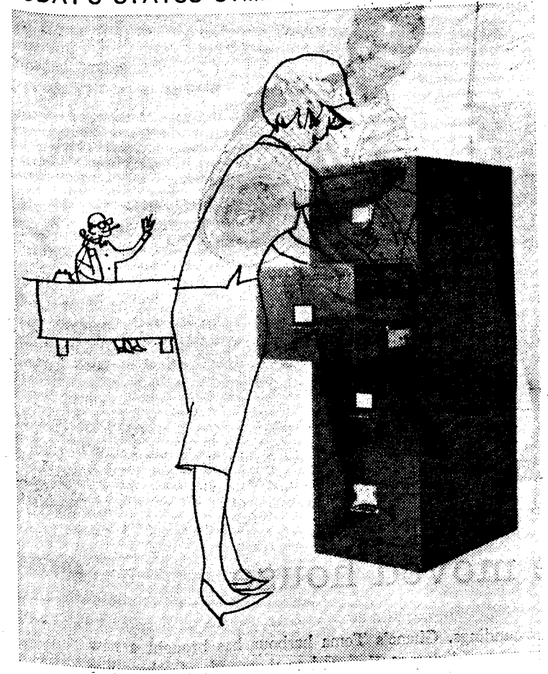

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E373/2

Why Kofi Asare moved house

Kofi Asare grew up in the quiet Ghanaian fishing village of Tema; going out in the boat every day with his father and brothers. Until two years ago he lived in a reed hut—like the rest of the villagers. But today, Kofi is a man with a promising future! With the building of the new £27,000,000 harbour at Tema (Africa's largest man-made port) his whole way of life has changed. Kofi now lives in a house in the new township of 40,000 people, and works as a leading hand on one of the modern fishing vessels operating out of Tema. His children attend a new primary school and his wife shops in modern surroundings. Ghana's Tema harbour has brought a new standard of living to Kofi and to thousands of others like him.

Atlas Copco compressed air equipment and Sandvik Coromant drill steels and bits were used extensively in the construction of the harbour and its connecting roadways. Tema harbour is only one of the many large engineering projects in which Atlas Copco and Sandvik Coromant equipment have played an important role. Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.

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SALES AND SERVICE IN OVER ONE HUNDRED COUNTRIES

The Economist

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Fizzle and Ferment

BOTH Mr Thorneycroft's announcement, on Monday, of one more British nuclear test, and the Opposition's sharp reaction, may have betrayed a touch of anglocentricity. Although the end of the present Soviet and American series of tests does now seem to be in sight, it is questionable whether the fitting in, among their last fizzlings, of a single British squib is of the intrinsic importance claimed for it by either side. Its muffled echo from a hole underneath Nevada may not even be the very last noise before the expected big hush. True, whatever the motivation for the Minister of Defence's strange timing of the announcement, the decision to incur international odium at this moment, for the sake of some refinement of an "independent" British nuclear arm whose value is increasingly doubtful, does not suggest the clearest grasp of this country's real interests. But most probably the world will little note nor long remember this footnote to the resounding statement of Soviet and American nuclear power that has deafened it this year.

What the world is watching for is agreement on a test ban between the two nuclear super-powers, now that they seem near to the end of their spectacular 1962 season and have been given, by the Cuba crisis, not only a salutarily alarming view of the nuclear abyss but also some refreshingly new angles from which to view it. The air is full of assumptions that, with or without a formal treaty, the nuclear powers are likely to observe the deadline of January 1st, now formally set in the United Nations Assembly resolution of November 6th, as a full stop to testing. But a real full stop, as opposed to a mere few dots indicating the natural pause while the national nuclear lobbies argue their case for further series of tests and then prepare for them, still seems a highly uncertain prospect. The UN resolution was admittedly carried "unanimously" by a show of hands, with no contrary votes. Nobody, however, likes to go out of his way to vote against the cessation of what the majority clearly regards as sin. The significant thing about this particular vote was that all four nuclear powers were among the 21 states that abstained. The coolness of the western powers was the more noteworthy because the sponsors of the resolution—mainly non-aligned states—had incorporated in it an Anglo-American clause requiring "assurances for effective detection and identification of seismic events by an international scientific commission," as a condition for suspending underground tests.

The Russians have now brought into the open, after privately canvassing since early September, the ingenious "black box" proposal which they see as a means of giving the West some satisfaction on the seismic front without having to face the, to them, spine-chilling prospect of a few "neutral" scientists occasionally entering Soviet territory to report on borderline cases of unidentifiable tremors. Basically this idea, which emerged during the last "Pugwash" talks among scientists in London, is that recording instruments should be sealed in containers under the eyes of a mixed group of scientists at some "neutral" world centre, then taken away to agreed places in the countries concerned by their own officials, and periodically brought back to the centre for general inspection. The Russians claim that "forgery" would be impossible; a seismograph's record would clearly show, they say, whether it had really been operating at the place it was earmarked for. There are snags. One is the time-lag: "black box" evidence would not be available until the boxes came back to be

another is the question, unanswered by the Russians, of what happens if the "black box" instruments do record a dubious "event," the nature of which can be cleared up only by the same on-site inspection that Russia abominates. But the idea merits thrashing out by experts. So far, the Russians have refused to let them thrash together: a refusal that casts doubt on the sincerity of their new enthusiasm for the idea.

The "small gap" which, as the Prime Minister said at Guildhall on Monday, has still to be bridged to get agreement on a full test ban, is thus now entirely a problem of verification, and a minimal one at that. The western governments have progressively and drastically planed down their verification requirements, but have as yet found no answering Soviet readiness to relax even fractionally Russia's clam-tight and seemingly pathological secretiveness. In this respect nuclear tests provide a true sample of the broader problem of disarmament on a more general scale. When Mr Macmillan said on October 30th that the Cuban crisis had at least led Russia to "acceptance of the principle of independent verification," he was, unfortunately, making an empty claim. Russia has often accepted the principle; it is the practice that it rejects.

The record of the Cuba affair exemplifies this neatly. Mr Khrushchev felt free to agree with Mr Kennedy on October 28th "that representatives of the UN may verify the dismantling of these weapons" (the Soviet nuclear rockets at Cuban bases). In practice, Dr Castro flatly rejected any UN inspection on Cuban soil. Nor has the idea of co-opting Red Cross observers borne any fruit yet. If Washington is now prepared to express its confidence (a confidence not shared by such vocal sceptics as Dr Adenauer) that Russia has indeed removed the rockets, this is partly the result of the American navy dancing a slow minuet round eastbound Soviet ships whose skippers coyly unveiled only the tips of their cylindrical deck cargoes; partly the product of American "sky spying," of the very kind that Mr Khrushchev found outrageous enough to justify the torpedoing of the 1960 "summit" talks, but for which he now has good reason to be grateful.

BUT the Cuban clash has encouraged a more general ferment of ideas in the disarmament field (a ferment which may account for Dr Adenauer's reluctance to be convinced about the Cuba rockets). A project which Brazil had been canvassing for some time, for the barring of all nuclear arms from Latin America, has won wider support and is now before the UN Assembly in the form of a resolution. This in turn has helped to re-open the question of other "nuclear-free zones." (The African states secured an Assembly resolution last year urging that their continent be treated as such a zone.) The Rapacki plan, which would bar nuclear arms from Germany and its immediate neighbours in the east, is sufficiently back in the air to evoke parliamentary questions about it; these drew a firm rebuttal from Mr Heath on Monday. Less precise, but perhaps of more immediate significance are the indications of new American thinking about some sort of self-denying ordinance in regard to the spread of nuclear weapons. One widely circulated version of what is projected has it that a "bargain"—implicit rather than explicit—is now shaping up between America and Russia, the hard core of which would be an undertaking by both sides not to introduce nuclear arms into any more geographical areas, or let control over them pass into any more hands. On the Soviet side, this implies the refusal of such arms to China; on the American, it would be understood that the Thor and Jupiter missiles now poised in Britain, Italy and Turkey, which will soon rate as obsolescent, will not be replaced as they "run down," and that the American nuclear arms in Europe will stay under American control. President Kennedy is said to be asking Dr Adenauer, in Washington this week, to add a pledge not to seek such weapons from anyone to Bonn's existing promise not to make any itself. There is enough self-interest in these items to make the notion of an implicit bargain plausible, whatever the public, and no doubt literally veracious, denials may say.

Upsetting though this kind of talk may be to those who prefer to think of their "nuclear stalemate" as something comfortably rigid and unchanging, and unsatisfactory as it may seem to disarmament whole-hoggers, whether of the unilateral or multilateral persuasion, it is undoubtedly going to circulate pretty widely in weeks to come. It cannot be unwelcome to the many governments, of both alliances and of neither, that see the future darkened by the continuing spread of nuclear arms. In Cuba, it would seem, so far as the present evidence goes, this spread was for the first time halted—by desperate measures—and indeed actually turned back. On the Himalayas, China has simultaneously provided a timely cue for thought about the dark perspectives that would (will?) be opened up by Peking's emergence as a nuclear power. Is there not a fruitful element of common interest here, which at the very least may inject fresh life into the 17-nation disarmament talks suspended at Geneva in September and now about to resumed?

The Economist

NOVEMBER 15, 1862

GOVERNMENT AND INDUSTRY

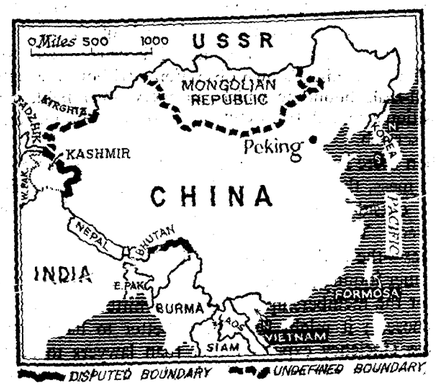
The Frenchman wants to be governed; he expects from the State much more than the wildest of English demagogues would think of asking from it, and in return he submits to and even welcomes an amount of interference which would drive Englishmen to the verge of rebellion. The interference of the Administration is constantly invoked to redress this trade grievance, or to prevent this or that mischievous error; the Administration comes to the *rescue*, and acting as only it can act, by the institution of fixed and rigid rules, it remedies the evil in hand, at the cost of imposing fetters which permanently inconvenience a whole trade; prevent the improvement of its processes, increase its expenses, diminish its production, and so cripple the manufacturer or the merchant as to give him an irresistible claim for protection against his unfettered foreign competitor,—a protection for which the consumer must pay. We know how earnestly in this country the assailants of each of the Excise duties on manufactures pressed the argument that the return to the Exchequer bore no proportion to the loss entailed on the producer by the fetters imposed on him in order to protect the revenue; we know how fully, in some cases, that argument has been borne out by the rapid development of those branches of industry which have been relieved from Excise duties. . . . When we remember that until recently the price of meat in Paris was regulated by law; that to this day the rate of interest which may be charged on mortgage is limited by law; that the thickness of boiler plates is determined by law; that not a foundry can be established without an official permission, we wonder not that the trade of France progresses less rapidly, but that it makes any progress whatever, and we begin to understand how formidable might be the rivalry of our French competitors, if they were but freed from the cruel kindness of their Government, and allowed "a *fair* field *and no favour*."

A Dragon with Memories

China's view of its position in the world, now being appraised in Peking with a flock of ambassadors recalled for consultation, could threaten others besides India—but not yet

THE dragon breathing fire across the Himalayan passes is potentially a hydra-headed, many-limbed beast with claws and nostrils in reserve for use elsewhere It is not necessarily, however, as indiscriminate a danger as might be thought on reading the chronology of communist China's "thirteen years of aggressive activity" lately issued by the United States Information Service. Nor is the fact that China happens to be under communist rule as relevant as many suppose (though communism does indeed add an extra dimension to the Chinese problem); Generalissimo Chiang Kai-shek's government in Formosa has reminded the world that though he disapproves of the methods used by the Chinese communists, he no more accepts the McMahon Line, or any other frontier disputed by China's present rulers, than they do.

Plenty of evidence suggests that, when it comes to drawing China's frontiers on the map, Mao Tse-tung and his colleagues are Chinese first and communists second. What is



obscure is just what, in the minds of the men in Peking, China's frontiers are. Any number of definitions could find support in China's long history. Imperial China at its greatest included not only Tibet but also most of what is now Vietnam; Korea was a Chinese possession before it was a Japanese colony; the Mongols, like the Manchus, were outer "barbarians," to be subdued and civilised by the Han Chinese. Some authorities, such as Professor G. P. Fitzgerald, hold that deep in his heart every Chinese believes that any territory that was once ruled by China remains for ever Chinese. A more extreme theory argues that any country or people that once absorbed Chinese culture is residually Chinese—a concept that would embrace Japan but exclude Tibet.

Probably all these competitive ideas co-exist in the minds of Chinese leaders, whether they sit in Peking or in Taipeh. But it does not follow that all will be acted upon in the foreseeable future, or at all. In certain important senses, China is still feeling its way in foreign affairs. Traditionally, the mere idea of relations with foreign powers has been alien to Chinese thought. The Chinese have had a foreign ministry only since 1901, when they set one up under British pressure. China's relations with non-Chinese peoples used to be handled by an unimportant branch of the ministry of court duties, charged with determining whether gifts offered by vassal states were worthy of the Emperor's attention. China was the Middle Kingdom, whose natural tendency was to expand outward as the troublesome barbarians on its fringes were subdued; should the barbarians turn the tables and advance into China, as the Manchus did, then nothing was lost, for China would inevitably absorb them.

THE imperialist pressures of the nineteenth century, especially Britain's, dented China's ethnocentric image without entirely shattering it. The Chinese, as practical people, were forced to acknowledge the existence of other centres of power; as superior people, they resented—not without reason—the humiliations that were inflicted on them. The expansion of Tsarist power into Siberia and the rise of Japan provided other lessons, such as the view that China ought never to quarrel simultaneously with the land power to the north and west, and with the sea power to the east.

These ideas and events are highly relevant to the present conduct of foreign affairs in Peking. When the Chinese communists came to power in 1949, they faced the problem of recovering their unredeemed territories: Outer Mongolia and Tibet, Hongkong and Formosa. All, including Outer Mongolia, which had been a republic under Soviet protection since 1924, were regarded as integral parts of China. On grounds of realism, Tibet was the only one that could be taken back with impunity, and it was. The time had not come to get the British out of Hongkong; Formosa was saved, first by the inadequacy of communist China's sea and air power, and later by President Truman's decision to protect the Chinese Nationalist government. Outer Mongolia was saved by Mao's decision to "lean" to the Soviet side in the world power struggle and by China's reluctance to take on a continental power (Russia) and a sea power (America) at the same time.

It would be delusive, however, for the Russians—or the Mongolians—to imagine that the Chinese communists have abandoned their claim to what is now the People's Republic of Mongolia. They did recognise the republic's "independent status" in an exchange of notes accompanying the Sino-Soviet treaty of 1950, but the frontier between Outer Mongolia and China's own Inner Mongolia has never been demarcated to Peking's satisfaction. Indeed, Peking's maps have shown varying areas of the Mongolian Republic—according to the date and the degree of pressure exerted by Moscow—as Chinese. Nor do the Soviet maps of the region where China meets Afghanistan, Soviet Tadzhikistan and Kirghizia coincide with China's, even now.

The Sino-Soviet quarrel about tactics and ideology has brought Peking dangerously close to the prospect all Chinese must want to avoid—that of having a continental enemy as

well as a maritime one. In one way the military attack on India would have made sense if it had forced Mr Khrushchev to come off on Peking's side of his precarious neutral perch between Peking and Delhi. There is no sign of this happening, and the Chinese are showing anger that it has not. All the same, it would be wrong to suppose that the Chinese leaders will press their latent claims on border regions under Soviet rule or protection, at least in the near future. India is fair game ; Russia is not, as yet.

Perhaps the most reasonable assumption to make about China's foreign policy in the present phase is that those who make it want to use communism as a weapon to restore China to its historic place as the centre of the world. This is far from saying that their communism is insincere ; indeed, their doctrinal challenge to Moscow is consistent both with sincerity and with the view that Peking is, or ought to be, the natural leader of the block. It is also a fair assumption that the Chinese leadership will continue, whenever it seems expedient, to "take back" territory that was once China's. So long as countries like Vietnam and Korea remain at least partly in amenable hands, they are unlikely to be attacked, though this situation could change if the anti-communist side in either country gained the upper hand.

China's population problem may also, in the further future, present a danger to its neighbours. For the present, however, there are plenty of empty spaces within China's present boundaries, to be pioneered and made productive. In the light of China's economic problems, the notion that the Chinese would like to take over all India—whose problems are painfully similar—seems grotesque. If and when *Lebensraum* does become an issue, the choice will lie rather between the underpopulated Soviet Far East and the fertile rice bowls of south-east Asia. Chinese expansion would then take on a different pattern ; but that time still looks remote.

Tribunal of Honour

The issues before the new Radcliffe inquiry

THE Vassall spy case is now *sub judice* on the issues of fact concerning the behaviour of individual ministers, civil servants and naval officers during the period of Vassall's activities, and the behaviour of other politicians and newspapermen after it. This is the right sort of tribunal to deal with the buzz of rumour and allegation which had arisen: an inquiry at which witnesses can be put on oath, and sued for perjury if they tell untruths. The journalist's principle of professional secrecy in protection of sources really does not apply to sources of stories suggesting *sotto voce* that somebody or other may perhaps be a homosexual traitor. It was obvious from the Prime Minister's demeanour on Wednesday that he personally believed that he was now hitting back against a campaign of innuendo ; it was equally obvious when the Labour benches sent up their jubilant shout on Tuesday, after Mr Macmillan had announced the supercession of the civil servants' inquiry, that they had curiously little foresight that this must be what he hoped to do.

Mr Macmillan now means to have brought into the full light of day both the alleged dinner conversation of a leading journalist on November 8th spreading a story which if repeated would be bound to force an action for criminal slander, and the report in the *Daily Express* of November 9th that the presence of another spy (eventually found to be Vassall) in the Admiralty was known to the First Lord and his service chiefs after the Portland case 18 months ago. What has happened overnight, to Labour's surprising consternation, is that the hounders of Lord Carrington and Mr Galbraith are being constrained to justify themselves no less than the Admiralty is—and ought to be.

Mr Gaitskell's answer on Wednesday was that if the Prime Minister had set up the kind of inquiry that Labour wanted there would have been no rumours or innuendoes at all. This is a total misunderstanding of what should be the criterion for deciding the precise form of any specific inquiry into security (or other) matters. Security is a subject on which outsiders always have an itch to pontificate at great length, but—although newspapers and opposition spokesmen never admit this—necessarily, as a rule, without any real background knowledge whatever. Because the security services have to work in secret, they are the one branch of the civil service whose organisation and management it is usually right to leave to the Prime Minister's own discretion—without the righteous and full-scale hounding which, in every other field, it is the Opposition's first duty to engage in to keep the Government up to scratch.

When there is clear evidence that the whole security system is in a mess, then it may be right for the Prime Minister to call in outside experts to advise on how it should be reorganised. That, in effect, was the purpose of two earlier inquiries—the Radcliffe inquiry this year and (to some extent) the Romer inquiry last year. One can have legitimate doubts whether the membership of those committees was necessarily well chosen ; it might have been better to have appointed business efficiency experts rather than lawyers to advise on what was primarily an organisational task. But the Government accepted these committees' reports ; and it really does not seem very sensible to say that Britain's security arrangements should be overhauled every time a spy is actually caught. The Prime Minister's decision after the Vassall case —to ask three eminent civil servants to find out for him what actually happened, and to promise that he would thereafter "exercise any responsibility that falls to me"—seemed therefore, up to this week, to be *prima facie* right. What has still to come from the Labour party and the newspapers who took up the case are the substantial grounds on which they judged the decision to be wrong. The press will strongly object to disclosure. But—provided always that whichever party comes best out of the inquiry does not go on trumpeting that this proves that its opponents are always rogues—it was obviously the right action for Mr Macmillan to take. It is for this reason that both political parties and (still more) journalists and (still more) any retailers of private gossip will be, in effect, on a trial of honour before this new tribunal.

The Mercy Killers

The acquittals at Liège raise grave legal and moral problems

THE Vandeput case, in which a mother, her doctor, and others were acquitted of murder after she had killed her eight-day-old thalidomide daughter, born without arms, became front page news all over Europe. Certain features of the case were peculiar to Belgium. Under Belgian law, a verdict of guilty would have required a minimum sentence of three years' imprisonment, with only the possibility of a royal pardon. And the wild scenes of popular rejoicing which greeted the acquittal owed at least something to the militant battle between the Roman Catholic Church and anti-clericalism which is one of Belgium's (and especially Liège's) favourite forms of political engagement. But there is not the least doubt that if some British mother, in the same tragic position as Mrs Vandeput, were to seek the same solution to her problem, she would attract much of the same popular sympathy. Already some newspapers which have dared to express a sense of apprehension over this have been inundated with protests that they are making a "plea for the preservation of any monstrosity, repugnant alike to emotion and reason." The verdict at Liège, they are being told, is a resounding victory for common sense.

It is therefore important to start thinking about what public attitudes should be if the same thing were to happen here. The basic medical facts to remember are that each year in England and Wales many thousands of deformed babies are born ; in 1961 congenital malformations of one sort or another resulted in 3,973 deaths of children under the age of five, and they disabled very many more. Each year about 1,000 mongol babies and another 1,000 spastics are born. By contrast, in the two and a half years between 1960 and August, 1962, the number of surviving babies who were born deformed in England and Wales after their mothers may have taken thalidomide during their pregnacy was 302. They included 244 of the 652 living babies born in this period with congenitally defective limbs, and 146 of the 232 cases of this type with really gross deformities—the heartrending ones, looking in photographs like broken dolls.

The thalidomide horror is therefore only a relatively small part of a continuing problem. Moreover, it is not a part that is likely to be relevant to any future deformed birth in this country. Because the drug was withdrawn from circulation a year ago, no thalidomide babies should have been born in Britain after August of this year. If Mrs Vandeput's action is imitated here, it will presumably be by some mother whose baby's deformity will not be due to thalidomide. That does not mean that the deformity need necessarily be any the less horrible for that, but it does re-emphasise the point that the killer will herself be deciding what form of deformity is intolerable. To approve of mercy-killing under such circumstances would be to approve a transfer of the right to decide between life and death, which is allowed only to the state under the most rigid conditions, to private individuals with no limiting conditions at all.

The second basic fact to note is a legal one. In Britain, in the circumstances of the Liège case, the charge against Madame Vandeput would be more likely to have been infanticide than murder ; since there would then have been no legal question of a murder having been committed, her accomplices would also have been charged with aiding and abetting infanticide. Infanticide is a modern felony, created by statute in 1922, after a series of cases in which mothers had been sentenced to death for killing their children, but had then naturally and rightly been reprieved. The 1922 Act provides that if a woman puts to death her newly born child (later extended to mean child under a year old), at a time when the balance of her mind was disturbed from the effect of giving birth to the child, she should be punished as if she had committed manslaughter. Sentence for manslaughter is within the discretion of the judge. If the killing of the child is done by someone other than the mother, a charge of murder has to be brought. On such a charge, however, the jury can always return a verdict of manslaughter. In 1960 an English officer, Major George Johnson, killed his three-year-old mongol son. He was acquitted of murder, but found guilty of manslaughter, and sentenced to twelve months' imprisonment.

To a large extent, therefore, the answer to the question "what would happen if there were a Vandeput case in Britain ?" is that Britain has had a recent Vandeput case: just over two years ago, in the tragedy of Major Johnson's mongol son. But because the word thalidomide had barely been heard of, the case did not arouse worldwide attention. There must be, and always will be, the most desperate sympathy for any parent who finds himself or herself in this position. It is easy to say emotionally that there are certain sorts of baby who could not possibly lead a normal life. But the medical truth is that experience has shown that even the most grossly deformed babies of the thalidomide sort—those that have at least two limbs missing—can achieve a considerable amount of independence, provided training in the use of artificial limbs is started early enough and coincides with the child's normal process of development. (The main question here is whether the provision of artificial limbs in this country, sheltered as it has been by the monopoly given by the health service, has kept up to date. A former pioneer of limb provision in this country—the firm of Desoutter—had to give up in 1948 because it could not carry on on the Ministry of Health's terms.)

If, in the wave of emotion after the Vandeput acquittal, there were soon to be another mercy killing case in Britain, nobody would want to see the killers vindictively pursued. Conviction by the law and a light or suspended sentence would be the desirable solution in the first place. But the fact should also be faced, and the unpopular opinion restated by all who have not been overawed by the awful word "monster": were the practice of killing deformed children at birth to spread, penalties which were rather more than nominal should once again have to be enforced. Nobody can possibly tell, in the present state of medical knowledge, which human being is necessarily always going to be unhappy.

Neighbours in Central Europe

Communist rulers in Europe find different ways of meeting the winds of change

JUST a year after the whole communist world was startled by the 22nd Soviet party congress, the communist parties of eastern Europe are entering on a round of congresses which should reflect their own considered response to the proceedings in Moscow. The Bulgarian inquest has just ended; the Hungarian congress will open on Tuesday, and the Czechoslovak one is due to begin early next month. The Bulgarian congress seems to have been an unusually lively affair; not only did the delegates witness the abrupt and unexpected dismissal of their prime minister, Mr Yugov, by his rival, Mr Zhivkov, but also the blunt strictures of the Chinese delegate, both on Mr Zhivkov for his attitude towards the Albanians and on Mr Khrushchev for his handling of the Cuban crisis, brought into the congress hall resounding echoes of Peking's quarrel with Moscow.

The Hungarian and Czech party congresses, less preoccupied with a crude struggle for power and presumably less immediately involved in the emotions aroused by the Cuban crisis, are unlikely to produce such fireworks. They may, however, shed more illumination on the differing trends in the communist world. The customary soul-searching, inquest-holding and general cerebration that precede communist party congresses have shown clearly enough that both Mr Kadar in Budapest and Mr Novotny in Prague are meeting some opposition to the line that each wants to follow. These are not identical. While Mr Novotny is criticised by some of his party members for getting stuck in the same old groove, Mr Kadar has upset some of his by showing what they consider a dangerous predilection for innovation and change. These different policies result from different personal and national characteristics and from the different ways in which the two regimes have developed.

The Czech communists have ignored, as much as they dared, the winds of change that have been swirling through the communist world ever since the 20th Soviet party congress nearly nine years ago. There has been no break in continuity between the present regime and its origins under Stalin's colleague, President Gottwald—whose body, incidentally, was belatedly removed from its mausoleum last month. Some of those persecuted during Gottwald's rule have been quietly rehabilitated, but not Rudolf Slansky, the most important victim. Writers and artists have been kept on a short rein. Access to dangerous western thoughts has been closely guarded. A relative material prosperity has helped to reconcile the Czechs to their circumscribed situation. And when economic difficulties arise—there have been persistent food shortages all this year, and the current five-year plan has had to be scrapped—Mr Novotny's instinct, on the political front, seems to be to turn inward and to concentrate on turning the party into a better and more efficient instrument for pushing Czechoslovakia along the road towards full-blown communism.

The Hungarian regime was rendered different by the cathartic experience of the 1956 revolt. Although that revolt was crushed, its influence persists. In obscure and subtle ways it has coloured the outlook of the Kadar regime and led it to try, more obviously than any other east European communist regime, to reach a genuine, mutually acceptable *modus vivendi* with the people over whom it rules. All this year Mr Kadar has been pushing the slogan that all who are not against us are with us. He has been insisting that party membership carries no special privileges, that communist and non-communist must learn to get on together, that all jobs, except specifically party ones, must be open to everybody on the basis of efficiency first, and that although they have a one-party system, the communists "have to work as if there were twenty parties, and elections every day."

THE new Czech and Hungarian party statutes, which have, it seems, occasioned some quite lively debates in each country, provide interesting clues to the way the wind is blowing inside each party. Both are modelled on the Soviet party statutes adopted last year after the 22nd Soviet party congress, but the Hungarian statutes keep more clearly to the spirit of the Soviet ones. Their tendency is to make it easier both to get rid of unsatisfactory party officials and to increase the inflow of new blood into the party administration. The Czech statutes, on the other hand, restrict the possibilities of influencing, or changing, the membership of party posts by popular processes; there is no mention of secret elections as in the Soviet and Hungarian statutes; the chances of new men attaining positions of influence and power inside the party are curtailed rather than strengthened.

For Mr Novotny the question of establishing any real *rapport* between party and people does not enter seriously into his calculations. He evidently believes that no basic changes of policy are required; if a little more flexibility and realism are needed, especially in economic matters, that is all the more reason for strengthening discipline inside the party so that nobody is led astray. Since he is against change, he is naturally against making it easier for those disillusioned with the present leadership, who may want to branch out in new and more liberal directions, to gain positions of influence inside the party. That these people not only exist, but have been troublesome during the pre-congress discussions, is clear from press comment and the statements of party leaders. Some party members seem to have been a little unnerved by the country's economic difficulties and their effect on the public. They are denounced as "egotistic, individualistic careerists and wavering elements, people who are red on the surface but white inside."

Whether this dissatisfaction has enough hold in the top leadership to threaten Mr Novotny is not clear. But the rumours of his imminent downfall current during the summer have not, so far, been borne out. His most dangerous rival was disposed of in April, when Mr Rudolf Barak, the former minister of the interior, was convicted of embezzlement and sent to prison for fifteen years. In dealing with his party opponents, Mr Novotny has some way to go before catching up with Mr Kadar's comparatively civilised methods.

When the Hungarian communist party was re-formed after the 1956 revolt, it naturally lacked attraction for many of the better-type, more intelligent and more flexible communists. In recent months Mr Kadar has been gradually getting rid of some of those whose habits of mind, or past associations with the Rakosi regime, stultify his efforts to give the party a new and more attractive image. He obviously wants to attract into the party the sort of people who will sympathise with his ideas, and who may themselves perhaps be regarded more favourably by the country as a whole. The expulsion from the Hungarian party in August of Mr Rakosi himself and of his collaborator Mr Ernö Gerö was primarily symbolic, since neither had more than a very remote chance of staging a comeback.

Whether the expulsion of Mr Marosan, Mr Kadar's chief colleague, from all his party offices (but not from the party itself) which was announced on October 14th, fits into the same pattern, is not clear. A former Social Democrat and a very unpopular figure, Mr Marosan's equivocal and devious career has been distinguished chiefly for its successful opportunism. What seems certain is that, for one reason or another, he openly disagreed with Mr Kadar. His downfall suggests that Mr Kadar feels strong enough to brook no opposition to his chosen policy; it will certainly have been well-received by the general public. Naturally enough, however, Mr Kadar's ideas have not been warmly welcomed by everyone inside the party. In the opinion of many party members, too high a price can be paid for popularity and efficiency—particularly if the price includes transferring one's own comfortable job to less deserving hands.

This analysis offers no moral. Nor is it intended to suggest that, while Mr Novotny is bent on consolidating a regime that has little use for liberalisation, Mr Kadar's policies will end by transforming Hungary into a bourgeois social democracy. It is much more complicated. The Czech communists, ruling over an advanced, western, bourgeois people, are already disturbed and influenced by the general loosening-up of the communist world. But the process of loosening up inside Czechoslovakia may be slow and gradual. In Hungary, Mr Kadar's efforts to popularise his regime are bound to be circumscribed by his determination not to jeopardise either his own dominance in the party or the party's dominance in the country. One suspects that his efforts to get on better terms with them are regarded by the Hungarian people with a certain detached, cynical and wary amusement. A general amnesty for those imprisoned after the 1956 revolt might make them take him more seriously, but, even after six years, Mr Kadar might find it hard to get the remaining diehards in his party to go as far as that.

Behind the well-drilled proceedings of the party conferences it should be possible to detect some hints of how far and how fast these two central European rulers consider it judicious to pursue their differing tacks. Although there does not seem all that much to choose between the Bulgarian contenders for power, some people have interpreted Mr Yugov's downfall as a sign that Mr Khrushchev intends to push for more liberalisation throughout eastern Europe. If this is true, then Mr Novotny may be the next to trim his sails; while Mr Kadar may be able to hoist some more canvas.

Crowded Arabia

Yemen's revolution has become an international affair

YEMEN, a few weeks ago, was as peripheral to the Arab world as Cuba, a few years ago, was to the Latin Americans. Now Yemen has lurched after Cuba to the centre of the stage. True, this is an analogy that can be nibbled away until only its bones remain. But when Arabs, as well as Latin Americans, examine these bones they come up against the fundamental issue of whether a violent upheaval of the social structure is the most effective, or the most destructive, pathway to a more modern way of life. Neither Cuba nor Yemen is tackling its problems in isolation; the heavyweights from outside have been swung into dangerous confrontation with one another. The Cuban revolution has drawn the world powers into its conundrums; Yemen's infant revolt is, as yet, an exclusively Arab affair. But the belligerent participation of the United Arab Republic on the republican side, and of Saudi Arabia and Jordan on the royalist side, increases the likelihood of the Yemeni battle spilling over into the Arabian peninsula—and further. The evangelist character of revolutions makes them hard to put in quarantine.

Alive and smiling: Imam Mohammed Badr with supporters

The political commitment of Egypt, Saudi Arabia and Jordan in the Yemeni revolution is not weakened by the fact that their military commitment has probably been exaggerated. None of the participants cares to admit that it is fighting Yemenis; for this reason Cairo and San'a speak of Arab "mercenaries," while Mecca, Amman and the Imam Mohammed claim formidable "Egyptian" losses. So far as sense can be made out of a situation that all the principal performers are trying to keep fuzzy, Egypt has come to the aid of the Yemeni republicans with pilots, paratroop and commando units, probably some thousands in all, while the Saudis and Jordanians are giving the Imam some limited logistical support, but, in the main, the money that might tempt independent-minded Yemeni tribesmen to his side. The complicating factor is the suspect loyalty of national armies in the Arab world. The notable example of this was the defection of the chief of the Jordanian air force to Cairo on Tuesday. But Cairo, too, is vulnerable. Its soldiers are battling on unfamiliar terrain against guerrilla fighters more committed, and more ready with the knife, than themselves. Egyptians tend to join their army in the expectation of regular

meals, not of encounters with throat-cutting Yemenis.

It is improbable that the poorly armed and ill-organised royalist tribesmen can make effective headway against the republicans with their military, and political, advantages. On the other hand, it is bound to take time before the republicans can dislodge the royalists from their strongholds. The main danger for the new Yemeni government is less the continued fighting inside Yemen than the possibility, now increasing, that President Sallal may be tempted to over-extend his revolution. When he first took over, the revolutionary leader said, with resounding good sense, that he had quite enough to worry about in his own country without looking for trouble outside. As the fighting became less of a local affair, his pragmatic approach began to disappear behind the new-found zeal of a missionary. To what extent Cairo's hand can be detected is a matter of guesswork, but by November 12th President Sallal was declaring the formation of a Republic of the Arabian Peninsula, and heralding a "holy march" of liberation.

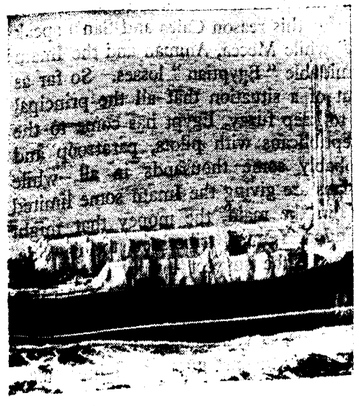
Against this background, the British Government has reaffirmed its determination to carry on with the unpopular merger between Aden colony and the Federation of South Arabia. The Government's reasoning is that the union of port and hinterland is in the true interests of the people of Aden, and if the Adenis were not being intimidated from outside, they would recognise this for themselves. Given the volatile state of south Arabia, this is a curiously rash judgment. President Sallal's liberating aspirations now stretch north to Saudi Arabia, south and east to Aden. Having waited in vain for "ageing and tattered Britain" to recognise the new Yemeni government, the president is turning instead to the friends he knows, "headed by the Soviet Union and the UAR." The pieces are falling into a wearily familiar pattern: on the one side, Russia, Egypt and "progress"; on the other, the Arab monarchies, Britain and "reaction." The sad thing is that immediately after the San'a revolution, it looked as if Britain's position in the pattern might have been more comfortable, and more up to date.

NOTES OF THE WEEK

CUBA

Cui Bono?

MR KHRUSHCHEV, it is pretty clear by now, does not want to carry out to the full the undertaking he gave to Mr Kennedy on October 28th. This said that the Russian weapons in Cuba "which you call offensive" should be dismantled under the eye of United Nations representatives. But that was at another time, the Russians are now arguing, and anyway the wench is dead: the missiles have left, and it is claimed that the undertaking never applied to the IL-28 bombers on the island, the removal of which was said on Thursday to be subject to a number of conditions unacceptable to the Americans. The proposal submitted to U Thant on Tuesday by the Russian and Cuban representatives at the United Nations apparently assumes that dismantling is no longer a live issue; the Russo-Cuban plan is reported to provide merely for some kind of watching brief to be held by a group of neutral ambassadors in Havana. The Americans, who want an assurance that Cuba is now militarily inoffensive, are unlikely to regard the ambassadors as sufficiently eagle-eyed.



Missiles go home

Mr Kennedy's problem is whether the exaction of the unfulfilled portion of Mr Khrushchev's undertaking is important enough to justify the action that will be needed to bring it about. The Department of Defence is satisfied (unlike Dr Adenauer) that the 42 sheathed objects seen on Russian ships leaving Cuba are in fact the missiles that were photographed on the island. Neither the IL-28 bombers that remain, nor the handful of undetected missiles that might just conceivably have been stowed in Cuban caves, can be represented as a decisive threat to American security. The United States has made no objection, after all, to the Russian fighters on the island, some of which could in theory be fitted with A-bombs.

Doubtless the Americans feel some residual anxiety. If Mr Kennedy decides that it is really essential to know exactly what arms Cuba does, and does not, possess, he can almost certainly force Dr Castro to accept inspectors by means of a selective blockade of the island's fuel and, perhaps, food imports. Whether or not he does so turns in the end on his judgment of Mr Khrushchev's position. The Russian leader, by pulling out his missiles, has accepted one defeat in Cuba, at the cost of laying himself open to attack from his opponents in the communist world. If another defeat were forced upon him, who would gain most?

COMMON MARKET

Politics of Agriculture

POLITICS, in common market terms, is the art of the economically possible. France's part in the negotiations between Britain and the Six is a case in point. It is not so much that France has decided to "humiliate us" and "kick us around," as Lord Boothby exclaimed with some heat in explaining his startling letter published in *The Times* on November 12th.

Rather, France seems to have convinced the council of ministers in Brussels of the need to unite, and present a solid front, in their negotiations with Mr Heath. The result tends to be, on each subject, an opposition aligned on the position of the most intransigent member. This is why, as the negotiations began again on Thursday in Brussels, there was little reason to expect a sharp break in policy or principle from either side.

All this may be part of the French "game", but the action is motivated by something more tangible than mere anti-British sentiment. France, as the major agricultural producer in the common market, is resigned to lower customs barriers and an open market for industrial goods; but only in return for the security of a highly-protected farm programme. Indeed the irony is that, as the Six move away from restrictions in industrial trade, their agricultural arrangements get more protectionist.

France's protection rests with the controversial European Agricultural Guidance and Guarantee Fund, the kitty produced by the levies that are imposed on farm imports from outside the common market. Up to now, most of these levies go into the national treasuries; a sixth is allocated to the agricultural fund at the end of this year, a third at the end of next year, and a half the year after. The net effect will be first, to support the protected price system for farm products within the community, and second, to assist farm exports with subsidies, when necessary; which is to say when surplus produce must compete against the international market price. The programme itself has run into opposition among the Six (particularly on the part of Germany and Holland) and still requires parliamentary ratification by all six members.

In fact the impasse is a familiarly national one. Agricultural programmes in industrial countries are usually no more than partial successes. Through one or another elaborate scheme of subsidies the state attempts to redress the existing balance of economic power, adverse to agriculture, within the country. The French are attempting to adjust such a balance in the European community before it has been struck. They need an ally; they cannot afford another strong industrial opponent. For Britain to state its position (beyond accepting, as it has done, the general terms of the financial regulation) before it is a member of the community may be rash and undiplomatic. But it looks as though the art of the economically possible will have to be practised in some way or other if the negotiations are to move ahead.

RAILWAY PAY

The Beeching Inflation

THE unhappy repercussions that were to be expected from last week's 6 per cent increase in railwaymen's pay have begun already. All railway workshop employees—the precise people whose superfluity caused a one day strike on the railways last month—were on Tuesday given a 6 per cent increase as well. These men are represented not by the three railway unions but by the conglomeration of craft and general unions within the Confederation of Shipbuilding and Engineering Unions—who now find that the basic pay of their members in railway workshops is higher than that in the engineering industry generally. It is true that average earnings in railway workshops are still below those in engineering: wage drift has for long protected British industry from the wilder excesses of illogic that could flow from national wage bargains. But this 6 per cent will do its substantial bit to close the desirable earnings gap between industries into which labour should be moving and an industry from which it should be drifting away.

Even more serious is the prospect that this uncovenantedly large rise for one section of their membership may push the shipbuilding and engineering unions into submitting another general wage claim. This they had, exceptionally, decided not to do this year. The more level-headed union leaders had decided that their immediate aim should be to secure increases for certain grades, and in particular to eliminate some of the absurdly low nominal rates of pay at the bottom of the scale, without shoving up those at the top. As these bottom rates are paid to very few of their employees—to the people who sweep out the floor of their factories and so on—the employers had seemed reasonably ready to accept this. The danger now is that the hand of those trade unionists who would prefer to put in the usual inflationary claim for all engineering workers will be strengthened; and that the chance of reforming the whole wages structure will thus be lost.

The next unhappy result, no doubt, will be a wage claim by London Transport busmen to match the 6 per cent that the underground train staffs, following other railway staffs, are likely to get this Friday. It could be hard for London Transport—after the example set by so exalted a personage as the chairman of the British Transport Commission—then to refuse this rise, even to men who have behaved so impossibly as the busmen did over the introduction of modern buses. Dr Beeching's chummy decision to raise his railwaymen's wages may once again be going to drag the whole economy into a familiar inflationary morass.

FORD STRIKE

Blind Man's Brink

THE leaders of the unions which were to have called an official strike at Fords this weekend have now sensibly and quickly backed away from a situation which had become both dangerous and absurd for them. The company still stands by its right to sack the famous seventy "trouble-makers" (with perhaps now some latitude for discussion of individual cases). Officially, the unions still stand by their principle of "no victimisation", but they have been persuaded by their strongest leaders, Mr Cousins and Mr Jack Cooper, not to back their stand with force at this stage. Their decision could mark another important milestone in the slow story of the advance towards modernity in British trade union attitudes. The unions knew perfectly well that the old trade union battlecry of "no victimisation" has not gained the sympathy of most of their own members, when it was applied to shop stewards who have acted as disruptively as those at Dagenham; there was even some danger that an official strike call might have been only partly supported, thus exposing the true weakness of trade union militancy at Dagenham. The unladylike anti-strike demonstrations by Dagenham ladies this week were, however comical, indicative of a real unwillingness to face a seemingly interminable loss of wages just before the Christmas shopping spree, merely for the sake of the beautiful eyes of some thoroughly unpopular shop stewards.

The best outcome now would be if talks between unions and management over the sacked seventy were to drag on until most of them have found jobs elsewhere: there is no sign at all of unemployment in Thames-side Essex. The company has played at brinkman's buff with the astuteness of a Kennedy—thus doing something to redeem its past record of ghastly dithering over labour relations. No doubt the Chancellor's reduction of purchase tax on cars will make it yet more anxious to get things moving again. But the really vital need now is for the unions, which have faced and flinched away from the prospect of a long strike in support of men who have done their best to undermine the unions' own position, to bang into shape their own unwieldy and impersonal organisation at Fords. There are no precedents for the tide of local resentment which seemed to be mounting against them in the past few weeks—which means that there is also no precedent that should keep the Trades Union Congress itself from lending an Olympian helping hand in this task of co-ordination between 22 of its constituent unions.

INDIA AND PAKISTAN

Which is Which?

A LIST was published in Delhi a week ago of more than forty countries whose governments had by that time condemned China's attack on India and offered India their sympathy and support. The omissions were interesting. Among Commonwealth countries, South Africa and Ghana were conspicuous absentees. Jordan was the only Arab country on the list. It was not, in fact, a complete list. Ireland, for instance, was omitted, although Mr Lemass had taken India's part in no uncertain terms in the Dail three days earlier. But among the omissions that were not accidental were the names of all India's immediate neighbours except Ceylon.

The reticences of Burma and Afghanistan may be sufficiently explained by the natural prudence of small countries that are China's direct neighbours. In the case of Nepal, there is the further factor of the tense relations between Delhi and Katmandu arising from the Nepalese emigrés' activities from Indian territory against King Mahendra's government. There remains the very special case of Pakistan. Other Asian states that are allied with the West—Persia, Siam, the Philippines—have declared for India in the present conflict. Pakistan has broken ranks with its fellow-members of the Seato and Cento groups in this matter, and has even induced Turkey to hold back arms of American origin that it was on the point of passing on to India.

Distinctions should be made between the attitudes of Pakistan's newspapers, most of which have revelled openly in India's woes and all but cheered the Chinese invaders

on; of certain of its political figures, who have hastened to urge that Pakistan should bluntly exploit India's difficulties by insisting on self-determination for Kashmir as the price for benevolent neutrality; and of more responsible leaders, who have stressed arguments that deserve serious attention. One such argument is the prospect that, if and when the Chinese are dealt with, India may be left with a new wealth of modern arms supplied by the West and may then loom over Pakistan more hugely than ever.

But all these attitudes have in common a striking disregard for the fact that Pakistan is pledged by its alliances to resist any southward pressure by the communist powers to the north. Pakistani emotions, not in themselves hard to understand, have created a paradoxical appearance that the two feuding neighbours of the subcontinent have switched roles. While the Peking press gloatingly (and, even in these circumstances, oddly) claims that "India's policy of non-alignment is nearing bankruptcy," Pakistanis seem to be wallowing happily in the new joys of—surely there is no better word for it?—non-alignment.

CHINA

Away from the Wall

PEKING'S economic horizon looks a little brighter this year; so China's leaders, who have had their backs to the wall during three years of calamitous harvests, are hoping once more to get the country moving along the road to sustained economic growth. This time, however, expansion is to be achieved not by a great leap forward, using millions of men and women toiling without modern equipment, but by backing muscle power with machines and thought.

The *People's Daily* announced on November 9th the appointment of seven new deputy chairmen to the State Planning Commission. The paper also outlined a new farming programme, based on the realisation that agriculture must have the benefit of machines and scientific research if China is ever to feed its population or build up a food surplus for buying industrial equipment abroad. The new programme brings together many strands of policy that have been evolving during the last couple of years, when China's leaders have been compelled to fend off disaster with policies of "readjustment" and "consolidation." At the end of last year Mr Po I-po, the chairman of the state economic council, talked at length of the need to mechanise agriculture. Mr Chou En-lai, the prime minister, followed this lead at the National People's Congress in March when he gave agriculture priority over light industry and even over heavy industry.

Although the change has been gradual, it can hardly have pleased Mr Mao Tse-tung and Mr Liu Shao-chi, the main exponents of the great leap forward. The return to careful planning is in a way a triumph for Mr Chou En-lai and his plan-minded associates. And yet they have by no means been given a free hand; in fact, the new appointments suggest a careful balancing of points of view, resulting from hard bargaining in the politburo. The planning commission is still headed by Mr Li Fu-chun, a talented planner from the politburo who criticised the great leap forward and kept his job. His commission's importance has been increased by the placing on it of seven politburo members as deputy chairmen. Three of these new deputy chairmen supported the great leap forward. But it is probably more than coincidence that the other four (including Mr Po I-po, one of the politburo's top planners, and Mr Yang Ying-chieh, who was dismissed from the planning commission in 1959) criticised the "blind advance" that was unsuccessfully attempted in 1958.

MPS' PAY

Jobs and Rewards

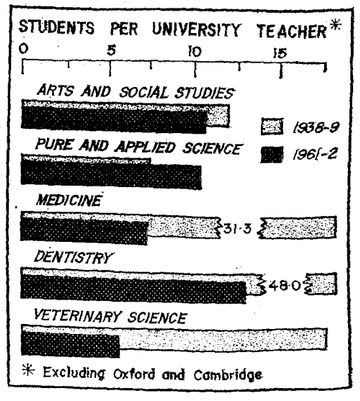
ANYBODY who goes into the business of politics at present must expect a relatively poor salary, frantic insecurity, no severance pay and only a bare pension. If, in addition, those who have reached ministerial rank were not allowed to take up jobs in outside industry after they retired, there could be a real diminution in the number of able men willing to accept office in any government. That is the short answer to those who have complained because some of the senior ministers who left the cabinet last July have since then accepted directorships in firms which have had some Government contracts. In one's more suspicious flights of imagination, one can see dangers in this stocking of boardrooms (or, equally, of other industrial jobs such as advisory posts) by men who have exercised ruling power in Whitehall. But in practice there is not the slightest sign that either the anticipation of future jobs by current ministers, or supposed pressures along the old boy network by ex-ministers, have affected the placing of a single Government contract, and in these circumstances the nation would lose more by imposing new restrictions than by trusting to the high standards of honour which still prevail.

Having said this in defence of ex-top politicians' standards of life, it may seem a bit hard to object to one feature of the pay claim for ordinary backbenchers that has just been submitted to the Prime Minister by a group of all party MPs (but mainly Labour and Liberal ones). It is time that MPs were given a rise above their present £1,750 a year (£750 of it tax-free). But it is not time to support the revived idea that their pay should now be carefully equated with that of an assistant secretary in the civil service (present salary scale £2,650 to £3,350 a year), and should rise automatically thereafter whenever civil service pay increases. MPs like this suggestion because it would save them in future from the embarrassment of asking for and justifying pay increases. That is precisely why other people should object to it. The whole aim of the Government's incomes policy for ordinary workers is supposed to be to get away from the doctrine of "fair comparability," and to get back to the principle of supply and demand. The case for giving MPs more money is that the quality of candidates for Parliament may suffer unless emoluments are raised; the state of supply and demand for civil servants of assistant secretary standard has nothing to do with the matter, and it would be another small surrender to inflationary thinking to pretend that it has.

UNIVERSITIES

The Needy

THE new University of Warwick (at Coventry) made a slightly belated bow on Tuesday with the appointment of Mr J. B. Butterworth, bursar of New College, Oxford, as its vice-chancellor. A development appeal, £1 million of which will be for halls of residence, is to be launched early next year. Warwick will aim at the



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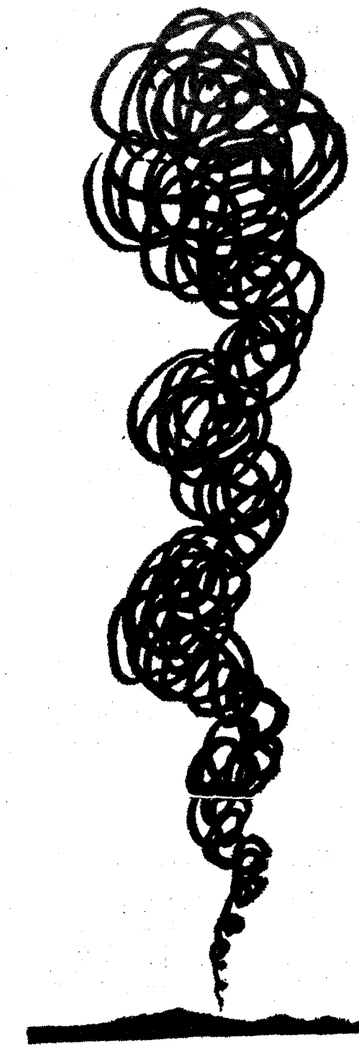

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There's much more to **THE FINANCIAL TIMES** than its name implies.

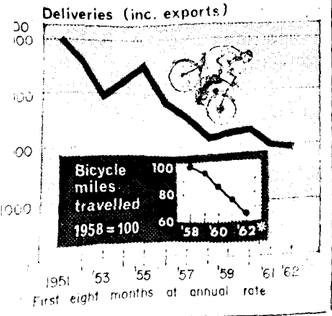
e target for growth as the university of undergraduates after ten
s. One of its most promising innovations
be a graduate school in management
dies. Like the other new universities,
rwick should have little difficulty in
acting teaching staff of the calibre that
vants. The real problem is that every
ght new institution (and there will be
re after the Robbins committee on higher
ication has reported) increases the head-
es of the older and rather duller civic
versities, where expansion is jeopardised
a shortage of good staff, particularly of
ior and assistant lecturers.

The University Grants Committee, in its
ort for 1960-61 (Cmnd 1855), has just raised the alarm over this general shortage of staff, most noticeably in the pure and applied sciences. The accompanying chart shows that, while the ratio of students to staff in arts faculties has improved since 1938-39, in the sciences it has deteriorated by some 37 per cent. (The greatly improved ratios for medicine, dentistry and veterinary science reflect the rise in full-time staff during this period, and are exceptional.) The need to encourage recruitment to the old-fashionable universities (Leeds is one of the few that has owned up to its difficulties) and to reinforce the growing points of science and technology should be paramount in the Government's response to the 2½ per cent pay claim submitted to the

Coventry

THE DOWNHILL RUN

The downward trend in British pedal cycle production seems unlikely to be reversed this year. Even steeper has been the decline in the use of bicycles. If the present rate continues, by 1970 the distance travelled by bicycle will be less than a quarter that of 1958.



UGC by the Association of University Teachers.

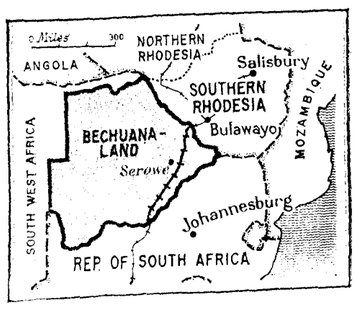
The Dons' Claim

In making this claim for a 30 per cent rise, the Association of University Teachers has taken particular exception to the rises of up to 33 per cent given to technical college teachers last year, because their scale is related to the Burnham agreement, while similar university grades got a flat rise of only 3 per cent. But the biggest single problem in the rapid expansion of all education from the sixth form upwards is going to be the deployment of a severely limited number of people to cover the growth points where they are most needed. If it is contended (so far without convincing statistical evidence) that there has been a massive drift from university teaching, the remedy is, first, to apply the highest, discriminatory increases in precisely those grades and faculties where competition from the outside world is most evident; and, secondly, to allow particular universities which have most difficulty in attracting staff (because they are in less exciting surroundings) a block sum out of which they should pay discriminatorily higher salaries than other universities to lecturers in faculties which they wish to make their specialty. The wrong course is to tie, as the AUT wants, all university salaries to those of civil service grades. This is pre-eminently a case (like the MPs discussed above) for the Government to apply a rational wages policy.

BECHUANALAND

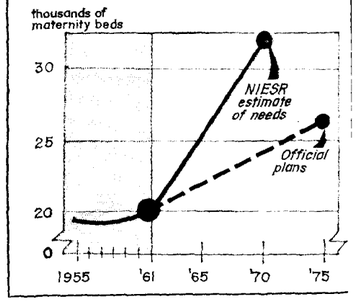
Rescue Operation

In southern Africa, the British Government must of necessity tread warily, but it is not always necessary to be timid. It is an area in which the South African, Portuguese, and Rhodesian federal governments command the real economic and military power, while the black African states to the north, tenuously linked in spirit to the three protectorates of Basutoland, Swaziland, and Bechuanaland, represent the force that desires nothing less than to overthrow the white power.



HOW MANY HOSPITAL BABIES?

New hospital building aims at increasing the number of maternity beds in England and Wales by nearly a third, or about 6,500, between 1960 and 1975. An article in the current "National Institute Economic Review" suggests that a more appropriate target might be an increase of nearly 60 per cent, or 12,000, by 1970. This forecast assumes a much higher birth rate in 1970 than the official estimates and an increase in the proportion of births in national health service hospitals from the present 60 per cent to some 80–85 per cent (which may, of course, be an over-assessment).



On November 7th, acting with a certain amount of courage, one of the weakest and most vulnerable of the protectorates, Bechuanaland, took advantage of the fact that the railway linking South Africa to Southern Rhodesia passes through Bechuanaland territory. Protectorate police rescued three non-white South Africans from a train in which they were being taken in handcuffs and leg chains, from Southern Rhodesia to South Africa. The men had left South Africa without passports to take up bursaries in America; the Southern Rhodesians had put them in jail and were sending them back to the Republic, where on November 7th, Mr Nelson Mandela was sentenced to two years' imprisonment for escaping without a passport. The protectorate government's action had an immediate effect. On November 9th a further batch of prisoners, this time 28 students on their way to Tanganyika, free of handcuffs and leg-chains, were sent through Bechuanaland without escort. They declined to use up their tickets to Mafeking, in South Africa, and got off in the protectorate. The Bechuanaland government, in permitting them to do so, thus rightly upheld the principle usually (if not always) defended by British Governments.

This sort of action ought to acquire merit for the British Government—not least at the United Nations, where Major Patrick Wall, Britain's delegate on the trusteeship committee, has been having a hard time. Major Wall said on Monday that apartheid as practised in South Africa was "morally abominable, intellectually grotesque, and spiritually indefensible." The effect of this statement was spoiled for most of his audience by the defence of British sales of arms to South Africa that followed it.

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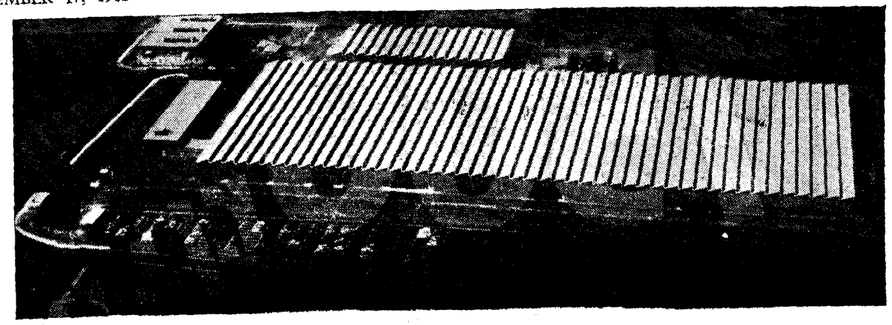

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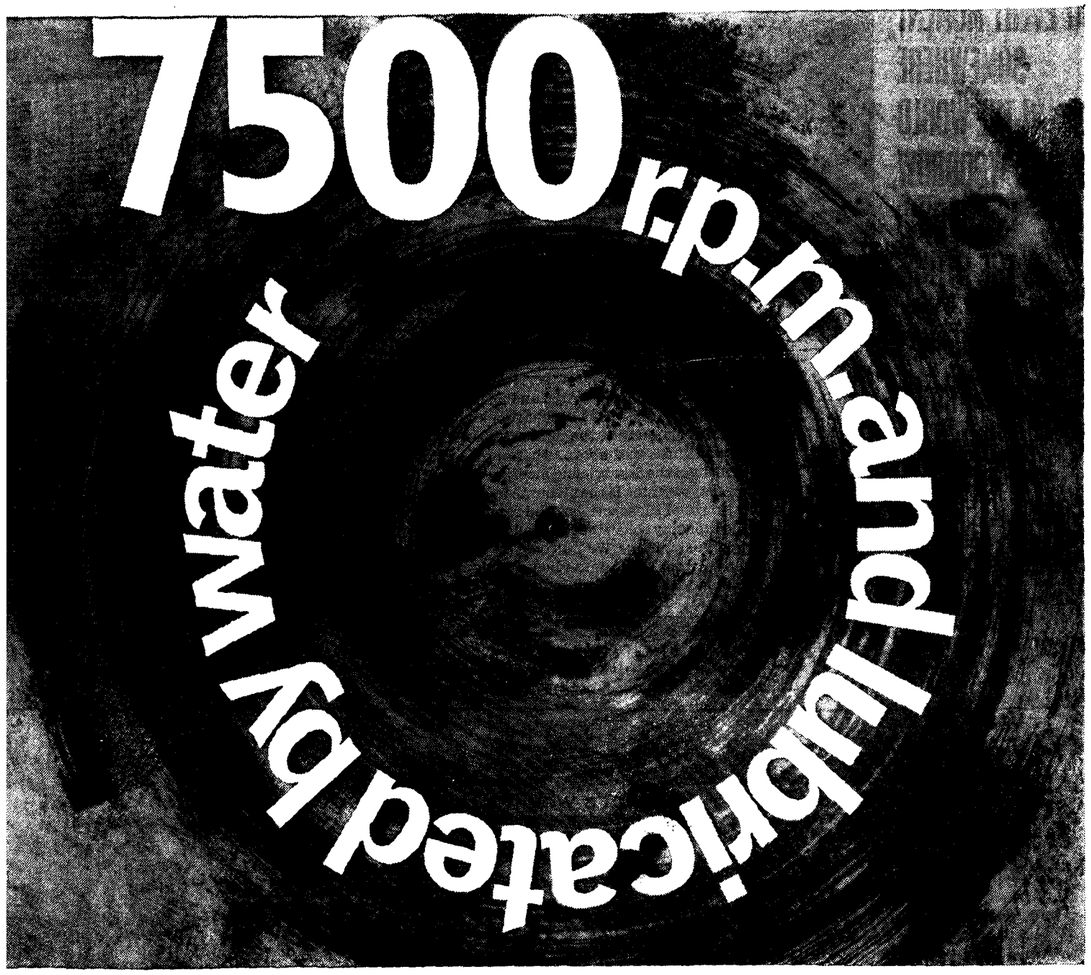

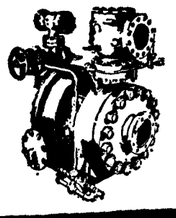

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CONGO

Tired Tragedy

REHEARSALS for the next Congo upheaval are in full swing. On Monday United Nations officials in Leopoldville published "fairly reliable" reports that south Katanga bombers had dropped about 70 bombs in north Katanga: the reports came from national army units (which oppose south Katanga) stationed in north Katanga. Mr Tshombe's man in New York was reported as saying on Tuesday that he had telephoned Mr Tshombe and that the bombing had in fact taken place. The United Nations officials said that the UN was ready to "react immediately" to any Katangese air offensive; the south Katangese themselves must have reflected that UN capacity to do this is dwindling. since the Indian forces are to be called home to fight the Chinese and the first to go will probably be airmen. And, according to all reports, between 20 and 50 new aeroplanes have been bought by Mr Tshombe's government this year, with an equal number of white pilots and technicians to run them. It is also reported that several hundred paid white soldiers have been recruited; these, it seems, pose as technical workers, while sitting in Elisabethville waiting for war to break out.

By Thursday no war had broken out, but the familiar song and dance routine was being heard. Mr George McGhee, United States under-secretary of state, saw the Foreign Secretary, Lord Home. in London on Wednesday; he flew to Brussels on Thursday morning and was planning to fly to the Congo next. Mr McGhee's travels make the pressure now being applied by U Thant, acting secretary-general of the United Nations, seem credible. U Thant's admonitory letters to both Mr Tshombe and the Congo prime minister, Mr Adoula, called for replies by Thursday. The implication is that if Mr Tshombe goes on refusing to move towards Congolese unity, economic sanctions will be applied against Katanga. This refrain has been heard before, but Mr McGhee's trip seems like a fresh attempt by the American government to round up support in Brussels and London for the sanctions plan. If Mr Tshombe thinks this he will, by his past performance, at least make a gesture of giving way.

It now seems that if Mr Tshombe did fall into line the Congo might be put on its feet again fairly rapidly: one report suggests that the country has not run down so badly in the two years since independence as has been imagined.

CHILDREN'S BILL

Protection, Procedure, Parents

THE Government's new Children and Young Persons Bill is one of those casserole measures into which bits and pieces of recommendations from various reports are dropped to provide a dish that gives general satisfaction without being in the least exciting. Most of it is based on the report of the Ingleby committee, which appeared two years ago. But it omits the most far-reaching, and also most contentious, of that committee's recommendations: that the minimum age of criminal responsibility should be raised from eight to twelve; and that a child under that age who commits an offence, and all children now deemed to be in need of "care or protection" or "beyond control," should be brought before the court as being in need of "protection or discipline." The new bill leaves the age of responsibility untouched, which is a pity; but it assimilates the present criteria for court proceedings, when the child is not charged with an offence, into one phrase—"*in need of care or control*"—and, following the Ingleby committee's proposal, abolishes the parent's power to bring a child to court as being beyond control. Instead, the parent will have to ask the local authority to bring the proceedings; if it refuses the parent can then apply to the court for an order directing it to do so, but the child will not be present at the hearing of the application. All this is very laudably intended to prevent a child from hearing his parent publicly reject him.

But clearly it would be better still if things were not allowed to come to this pass. Thus the first clause of the bill puts into effect the committee's recommendation that local authorities should be obliged to undertake casework, and if necessary give assistance *in kind* "or, *in exceptional circumstances. in cash*," to prevent a child being taken into care or brought before a court as in need of care or control. *This means* that they can pay a family's rent rather than allow it to be evicted, broken up and the children taken into care. It is to be hoped that local councillors will realise how much cheaper it is to do so.

Other clauses require both parents to attend a juvenile court when their child is charged with an offence; increase the maxi*mum* fine a magistrate can impose in a cruelty to children case from £25 to £100; and, in committal proceedings in a magistrate's court relating to a sexual offence, provide for the evidence of a child under 13 to be given in writing unless the defence object. The second part of the bill also aims at protecting the child by reducing the hours when he can be employed and by tightening up the restrictions on child actors and entertainers. It should be noted that if the first clause here goes through, a newspaper boy will not be allowed to start his round before 7 a.m., so that many people will not have their papers delivered before they leave for work.

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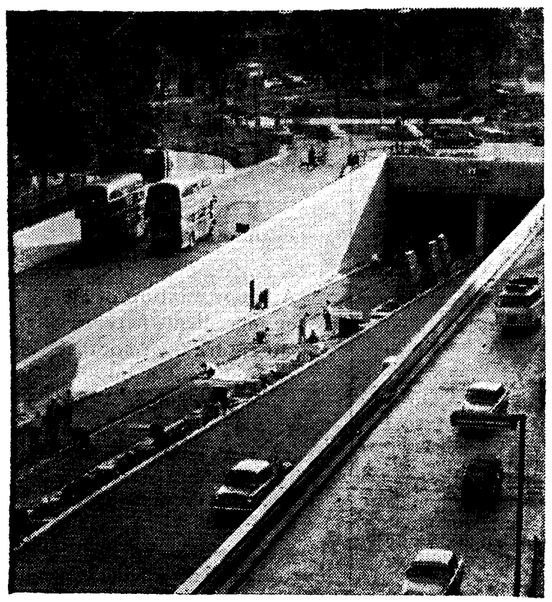

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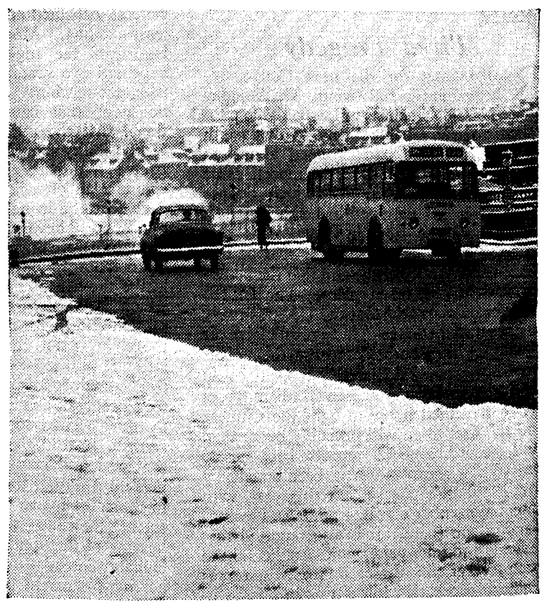

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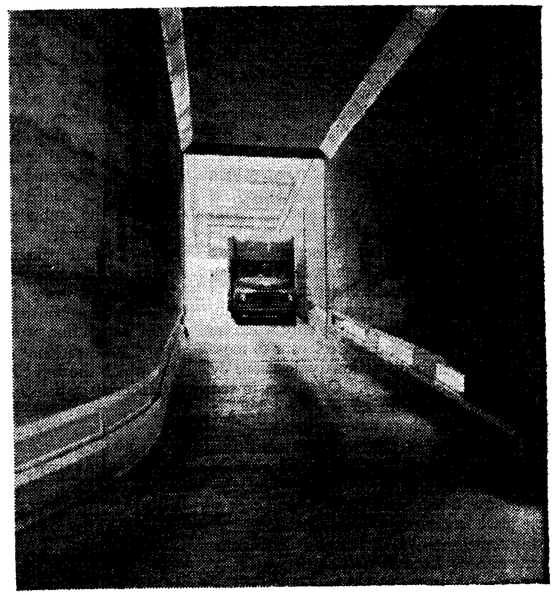

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British branch of the International Commission of Jurists, that Britain needs an equivalent to the Scandinavian Ombudsman, comes as no surprise. *Justice* has immediately struck back with a memorandum (prepared in intelligent anticipation) countering government objections, and has circulated it to all MPs.

The Lord Chancellor's first point, which has a certain magnificent complacency. is that the private citizen can always obtain redress of any grievance without an ombudsman poking his nose into state papers. Few people will share this opinion. Of the traditional means of redress, recourse to the courts is expensive, uncertain, adopted by the ordinary man only when he is really desperate, and not relevant to most grievances against discretionary decisions by the bureaucracy anyway. Questions in the House are limited in effectiveness by the pressure on the short time available and by the enthusiasm or pertinacity of the individual Member of Parliament, which is a very variable quantity. Debates on the adjournment are even more limited ; they take place late at night when most MPs and many representatives of the press have gone home to bed. Lord Dilhorne's next point—that an ombudsman would supplant MPs—is flatly contrary to the Whyatt report's recommendation that, at first, reference of complaints to the ombudsman should be made only by MPs. Furthermore the ombudsman would be able to help MPs in their investigation of grievances by providing facilities for research (including research into ministerial files) which the ordinary private member cannot possess.

Ministerial responsibility, the third argument invoked by the Lord Chancellor, also has no relevance to the issue. Ministers' constitutional responsibility for the policy and actions of their civil servants would not be altered in any way. They would still have to answer to Parliament. Indeed the informal investigations of the ombudsman, keeping MPs informed about dubious administrative practices and penetrating the iron curtain which often exists between MPs and ministries, would make it much more effective. The ombudsman, as the *Justice* memorandum points out, would be concerned with maladministration, " exactly the class of acts for which the full rigour of the doctrine of ministerial responsibility is relaxed."

HORTICULTURE

Farm Follies

THE fruit, flower and vegetable industry does more complaining, more vocally, about the lack of official aid than any other comparable business. Its grievances should receive less sympathetic attention after the events of the past two weeks. The Horticultural Marketing Council was set up in May, 1960, to bring together growers, wholesalers (including importers) and retailers in an attempt to improve the notoriously chaotic marketing and distribution of fruit. vegetables and flowers. It was given £250.000 for its first three years' work. After that it was supposed to finance itself by a system of charges on the industry. It prepared a scheme for raising £114,000 from retailers, about the same from wholesalers, and £74,000 a year from growers. Each section of the industry, however, has now failed to agree to produce the cash, so the HMC is to close down.

This is a pity. The council was not to be one of those statutory marketing boards that have introduced so many rigidities into Britain's heavily subsidised farming industry: its main function was to carry out research into matters such as packaging, grading, freezing and the mechanics of selling. Under its aegis had been set up the Fruit Traffic Organisation. which could have helped to improve efficiency both in markets and at the docks for foreign fruit. It will, indeed, leave a legacy of technical reports and studies that could be valuable either to a successor body or to specialist firms in the industry. Those in whose interests this was done have declined to provide such services for themselves, perhaps because they cannot see where their individual profit might lie, or perhaps because they do not want any even moderately efficient eyes looking at themselves. The HMC certainly cannot be replaced by the National Farmers' Union's new horticultural marketing plan—which is unlikely either to secure the co-operation of the distributive side of the industry, or to be specially keen on keeping prices down. Cynics will say that the industry had just one valid reason for not wanting a real research organisation: the first fact that real research would reveal is that the British climate is not suitable for growing many of the fruits, vegetables and flowers that, under massive tariff or other protection, are in fact grown here. The final absurdity will be if Britain's entry into Europe is held up by lengthy efforts to secure uneconomic safeguards for an industry as ripe for contraction as this one.

TV AT ELECTIONS

Wait For It

THE Home Secretary's new rules on how television cameras may (or rather, may not) cover the count at parliamentary elections adhere strictly to the mumbo-jumbo concept of what actually happens when votes are totted up. It is reasonable enough to ensure that undue heat or glare from television lights should not impede the counters, and even that revealing shots of individual ballot papers should be forbidden (although the revelation to the viewers would merely be of a wholly uninformative voter's number). But what possible damage is done by a shot of the running count, which shows how the candidates are placed at any one time ? The polling stations are already closed ; no one can change his vote ; nothing the camera does can alter the result. There is no magic about it. Yet the illusion persists in some anti-democratic minds that it was positively wrong for viewers to spot the way the Orpington count was going before the returning officer had had his brief moment of publicity. In (admittedly bigger) counts in America it is regular practice for announcements to be made on the state of the voting, the audience being assumed to be sophisticated enough to be told. The Home Secretary's veto is part and parcel of the unnatural suspicion with which paternalists regard anything to do with the telly. By contrast, Tuesday's suggestion by Mr Kenneth Adam, director of BBC television, that if permission could be got to provide a televised version of " Today in Parliament," the BBC's second channel would be the place for it, is at least a passing glance in the right direction.

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AMERICAN SURVEY

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

Back to the Daily Round

WASHINGTON, DC

AFTER the tension over Cuba and the excitement of the elections, the United States returns to the comparative tedium of normal life rather in the spirit of a man going back to his work after a weekend spent partly in hunting house breakers and partly at the races. There is a feeling that the world will never be quite the same again, if only because of the disappearance from active politics of Mr Nixon. But there is also a surprised and reproachful feeling that not much has been changed: the blind date with Armageddon did not have to be kept after all, but the cold war seems very likely to go on as before. At home the old, familiar, nagging problems of persistent unemployment, racial discrimination, juvenile crime and farm surpluses still await solutions. After the new Congress meets in January, it will doubtless have to turn its attention to most if not all of these once again, no matter what Mr Khrushchev, Dr Castro and the Chinese may then be doing.

The United States is like a householder who, with nerves still tingling from a narrow escape from death in a motor smash, sits down to a deskful of correspondence and bills and tries to force himself to attend to these and other domestic chores. A study of the shape of the new Congress does not alleviate this let-down feeling much. The Democrats are perfectly entitled in the light of precedents to call their tiny net loss in the House of Representatives and their small net gain in the Senate a victory over the Republicans. But the real brake on the President's programme in Congress is not a heavily outnumbered Republican opposition; it is the existence of a huge Democratic tail which drags the dog to a standstill, especially when the Republicans add their weight to it.

Of the 259 Democratic Representatives who will take their seats in the Eighty-eighth Congress, almost a hundred will be from the southern states. The South, which inhibits the Democrats from being as progressive in some vital matters as they would like to be, is a temptation to the Republicans to stay more conservative than the reality of the general situation might otherwise dictate. Bold Democrats toy with the idea that it might be all to the good if Republican gains in the South went far enough to rid Congress of some obstructionist chairmen of important committees, provided that the Republicans remained the political underdogs in the country as a whole. But more nervous Democrats wonder if this year's strengthening of the Republicans' southern beachhead may not mark the onset of an erosion which could in time transform the Democrats into the minority party.

The continued prominence of the southern influence on the Democratic party in Congress, and the replacement of some reactionary southern Democrats by some even more reactionary Republicans, has been offset to a limited extent by an influx of more broad-minded Democrats and by the ascendancy of moderate-seeming Republicans over the more iron-sided, or Goldwater, wing of their party. These men appear to be more attuned to the modern America of suburbs and supermarkets than are either southern negrophobes or rugged individualists from Arizona. Mr Nixon, over whose political head and angry protests the water of this election closed with perhaps deceptive finality, was the archetypal small-town American. The America of Main Street and Babbitry now seems to be passing along with the rural America whose twin symbols were an angular model T Ford and a plough; the symbol of suburban America is the sleek compact motor car. Suburbia is not Utopia and, like voters everywhere, American voters tend to want contradictory things—more public amenities but also fewer and lower taxes, for example. This human longing for the humanly unattainable apparently accounted for the fate of almost a dozen State Governors, both Democrats and Republicans, who paid the penalty of dismissal for failing to keep taxes down, while providing more but not enough schools and roads and trying, but not always with success, to reduce unemployment.

The biggest problem of the United States, everyone seems agreed, is its sluggish economic growth. But, in the eyes of some people at least, President Kennedy is likely to be damned more if he increases the public debt and the cost of government than if he fails to get the economy moving again. The rate of unemployment has not been as low as 4 per cent of the labour force for nearly six years and in that period the gross national product has grown by only 2¼ per cent a year—and it looks like slowing down still further in 1963. President Kennedy's economic advisers would like to try to improve the situation by a tax cut but powerful voices may be raised against this unless it is accompanied by cuts in government spending. Moreover, less affluent Americans grumble that lower federal income taxes will not help them much; they are affected mainly by state and local taxes. These cannot, however, be lowered without impairing the quality of education, which is provided locally, and plunging the states into even deeper financial waters than those in which many of them are drowning already.

Democrats incline to interpret the election results as a defeat

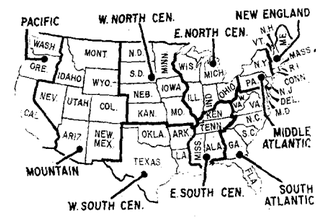
On the occasion of Mrs Roosevelt's 70th birthday in 1954

for the American Medical Association in its tug-of-war with the Administration over financing the hospital bills of elderly Americans through social security payments. It is said that the battle over "medicare" brought the defeats of Republicans who supported the doctors' opposition to the plan. Consequently, and with bland disregard of the awkward fact that some very influential Democrats were just as against it as was any Republican, it is hoped to get some form of the plan through both chambers of Congress in the session which starts in January. Mr Kennedy is also anxious to get Congress to allow the federal government to give more financial help to locally administered educational systems. A severe shortage is looming of doctors and dentists and of scientific workers as well as the long-standing shortage of ordinary classrooms for normal instruction. The link between juvenile unemployment, juvenile crime and juveniles who drop out before finishing school is obvious. Yet in both sessions of the last Congress federal aid to education was defeated not by anyone's stinginess but by Roman Catholics and southern Baptists and others who objected to the legislation on religious and constitutional grounds which were understood perfectly by theologians and lawyers even if not by over-crowded school children or under-paid school teachers.

President Kennedy does not need to seek the approval of Congress to put an end to racial discrimination in much of the country's housing. All that is required is his signature and this "stroke of the pen" which has been promised for so long may be forthcoming before the new Congress assembles. But Negroes are also discriminated against in colleges, polling-booths and jobs and, if persistent unemployment did not affect whites as well as Negroes the race problem would probably be regarded as the biggest issue in the United States. Southern Democrats are unlikely, however, to alter their well-known attitude. Those who are chairmen of congressional committees will probably be more conservative than ever, to demonstrate to the South that they, rather than conservative Republicans, are its best (and last) hope of blocking dreaded change.

The new Democratic and Republican moderates in Congress cannot oust racial and economic reactionaries from the committees because the general rule is that newcomers take their places at the foot of the table while survivors from the previous Congress move up to more senior positions. What Republicans might do, however

AFTER THE ELECTIONS



	Democrats	Republicans
House of Representatives*	259 (loss of 4)	176 (gain of 2)
Senate	68 (gain of 4)	32 (loss of 4)
State Governors	34 (no net change)	16

* There are 435 seats in the Eighty-eighth Congress, two less than in its predecessor.

	House of Representatives		Change	Senate (*Italics indicate seat not at stake this year*)	Change	State Governors	Change
New England							
Maine		2R	x −1R	D,R	—	R	—‡
New Hampshire		2R	—	D,R	+1D	D	+D
Vermont		1R	—	R,R	—	D	+D
Massachusetts	7D,	5R	x −1D, −1R	D,R	—	D	+D
Rhode Island		2D	—	D,D	—	D	—‡
Connecticut	5D,	1R	+1D, −1R	D,D	+1D	D	—
Middle Atlantic							
New York	20D,	21R	x −2D	R,R	—	R	—
New Jersey	7D,	8R	o +1D	D,R	—	D	—
Pennsylvania	13D,	14R	x −1D, −2R	D,R	—	R	+R
E. North Central							
Ohio	6D,	18R	o −1D, +2R	D,D	—	R	+R
Indiana	4D,	7R	—	D,D	+1D	D	—
Illinois	12D,	12R	x −2D, +1R	D,R	—	D	—
Michigan	8D,	11R	o +1D	D,D	—	R	+E
Wisconsin	4D,	6R	—	D,D	+1D	D	—
W. North Central							
Minnesota	4D,	4R	x +1D, −2R	D,D	—	R	—‡
Iowa	1D,	6R	x −1D	R,R	—	D	+D
Missouri	8D,	2R	x −1D	D,D	—	D	—

	House of Representatives		Change	Senate	Change	State Governors	Change
W. North Central							
North Dakota		2R	—	D,R	—	D	—
South Dakota		2R	—	D,R	−1D‡	R	—
Nebraska		3R	x −1R	R,R	—	D	—
Kansas		5R	x −1D	R,R	—	R	—
South Atlantic							
Delaware	1D		—	R,R	—	D	—
Maryland	6D,	2R	o +1R	D,R	+1D	D	—
Virginia	8D,	2R	—	D,D	—	D	—
West Virginia	4D,	1R	x −1D	D,D	—	D	—
North Carolina	9D,	2R	x −2D, +1R	D,D	—	D	—
South Carolina	6D		—	D,D	—	D	—
Georgia	10D		—	D,D	—	D	—
Florida	10D,	2R	o +3D, +1R	D,D	—	D	—
E. South Central							
Kentucky	5D,	2R	x −2D, +1R	R,R	—	D	—
Tennessee	6D,	3R	−D, +1R	D,D	—	D	—
Alabama	8D		x −1D	D,D	—	D	—
Mississippi	5D		x −1D	D,D	—	D	—
W. South Central							
Arkansas	4D		x −2D	D,D	—	D	—
Louisiana	8D		—	D,D	—	D	—
Oklahoma	5D,	1R	—	D,D	—	R	+R
Texas	21D,	2R	o +1R	D,R	—	D	—
Mountain							
Montana	1D,	1R	—	D,D	—	R	—
Idaho	2D		—	D,R	—	R	—
Wyoming		1R	—	D,R	+1R	R	+R
Colorado	2D,	2R	—	R,R	+1R	R	+R
New Mexico	2D		—	D,D	—	D	+D
Arizona	2D,	1R	o +1D	D,R	—	R	—
Utah		2R	−2D, +2R	D,R	—	R	—
Nevada	1D		—	D,D	—	D	—
Pacific							
Washington	1D,	6R	−1D, +1R	D,D	—	D	—
Oregon	3D,	1R	+1D, −1R	D,D	—	R	—
California	25D,	13R	o +9D, −1R	D,R	—	D	—
Alaska	1D		—	D,D	—	D	—
Hawaii	2D		o +1D	D,R	—	D	+D

As a result of the 1960 census states marked **o** have gained a seat or seats in the House of Representatives this year, states marked **x** have lost one or more; this explains the large changes in representation in states such as California, Florida, New York, Pennsylvania, etc.

‡ *Indicates results which are still in doubt.*

—which is not to say that they will—is to store up credit for themselves by working to get measures like medical care for the aged and aid to education passed in suitably amended form, instead of opposing them flatly. And both Democrats and Republicans might support proposed reforms of congressional procedure such as compelling committees to disgorge Bills to the floor by putting a twenty-one-day limit on the Rules Committee's power of withholding them or by requiring that petitions for their discharge need be signed by only 150 Representatives rather than the 218 which are required now. It has even been proposed that chairmen of committees should retire when they reach seventy (which would eliminate three powerful Senators at once) or be chosen not by seniority but by secret ballot (which might eliminate at least three more). But admirers of President Kennedy may have to wait until his second term of office for his programme to be implemented properly, if not until the inevitable day when the reapportionment of voting districts ends the present grip on modern America of dwindling groups of obsolescent farmers, cowboys and cotton growers.

South by Another Name

FOR the first time since 1954 the Republicans gained congressional seats in the thirteen southern states in last week's elections—five of them, bringing their total to 14 out of 119 in the region—and thus confirmed that the two-party system in the South had emerged from its lengthy infancy into at least the crawling stage. But the real significance of this is not so much that the South is going Republican as that it is staying conservative—particularly on racial matters.

The clearest illustration was in Alabama ; there was no Republican victory there but a right-wing Republican came within a sensationally few thousand votes of unseating Senator Lister Hill, a respected and well-established liberal (for the South) who has usually supported President Kennedy—although not, of course, when the federal government intervened on behalf of the Negro, Mr Meredith, at the University of Mississippi. The Republicans did win the Governorship of Oklahoma, for the first time in the state's history, again with a conservative candidate—although he was helped by the voters' discontent with the way in which the Democrats had been running the state and by divisions in the Democratic party. The Republican Senator Morton held his Kentucky seat easily against what had looked like a very strong attack from Mr Wilson Wyatt, who had the full backing of the Kennedy Administration ; so had Representative Burke who was beaten by a right-wing Republican, Mr Snyder, in the same state. Most of the other Republican gains in congressional contests in the South were also at the expense of liberals—in the new Cape Canaveral constituency in Florida, in Tennessee and in Texas (although there the Democratic incumbent was linked to the Estes scandal). The fifth gain, in North Carolina, was partly, if not entirely, because the boundaries of the district had been redrawn in order to put more Democrats into the neighbouring district, to secure the defeat of a Republican incumbent there—an attempt which failed.

Throughout the South Republican candidates did better than ever before and they scored in contests for State Legislatures and local government posts—winning two seats in the Georgia Senate, for example. The chief reason for this was that the party worked harder than ever before. But another factor was resentment against interference, notably on behalf of Negroes, from the Democratic Administration in Washington in what are considered to be purely state affairs. While this development of a genuine political challenge in the South is healthy in itself, it may have the unhealthy effect of encouraging southern Democrats, both in and out of Congress, to accentuate their reactionary approach to national issues.

Negroes for the Jobs

LAST week the four Negroes in the House of Representatives were joined by a fifth, from California—the first to be elected from a constituency west of the Mississippi. A number of Negroes also did well in local races, two of them winning elections for state offices in New England. Most Negroes, however, will be even more inclined to celebrate a ceremony which is due to take place at the White House this week ; about 100 of the 131 trade unions affiliated to the American Federation of Labour and Congress of Industrial Organisations are to sign pledges not to practice or to tolerate racial discrimination in jobs. They represent a large majority of the labour group's 13.5 million members and some of the unions are strong in the South.

This is a voluntary pledge—a companion-piece to the pressure being applied to employers by the President's Committee on Equal Employment Opportunity—but the labour movement, which disowned discrimination in theory in 1890, has had the National Association for the Advancement of Coloured People breathing down its neck with increasing force in the past year or two. Recently the NAACP has been trying to deprive certain trade union branches of their legal right to represent workers because the branches are alleged to discriminate against Negroes ; some trade unions and their employers have been haled into court. Mr Hill, the white labour secretary of the NAACP, says openly that certain of the skilled craft unions are the greatest existing bar to Negro progress. He and Mr Meany, the head of the AFL-CIO, are now on shouting, rather than speaking, terms. Privately Mr Meany must wish that he had taken a bold stand for Negro rights years ago ; today, with so many white trade unionists, with many years of seniority, out of work, justice for the Negro will not be easy to command.

Where government contractors are concerned the President's Committee has powers which it lacks over trade unions, but in general it has preferred persuasion, particularly where it is a matter not so much of ending outright discrimination but of encouraging an active search for Negroes qualified to hold responsible posts. The Administration has given an admirable lead. Postmasters who refuse to promote Negroes have been disciplined ; there is a continuing drive to find able Negroes better places in the civil service. Just this autumn a Negro was appointed to the Federal Trade Commission—though his youth and lack of experience in its complicated work make it doubtful whether he was the best man for the job. It is a growing complaint that qualified Negroes are hard to find—a result, of course, of inferior educational opportunities and long exclusion from the middle and higher ranks of business and administration. Ironically, in some of the states which have gone the farthest to bar racial discrimination, it is illegal to advertise for a Negro or even to request one from an employment agency. In the past the federal government itself, out of the best motives, has forbidden the race of its employees to be recorded and it is now having trouble finding those Negroes who may deserve promotion but have been passed over.

Recession Put Off

NEW YORK

THE American economy has faltered more than once this year but its upward climb has yet to be stopped. Indeed, the latest readings of the economic barometers cast fresh doubt on forecasts of impending recession. In October there was an improvement in the figures for both employment and unemployment while retail sales went up by 2 per cent over September, largely because of the record demand for new automobiles. Another answer to those who forecast a decline is contained in the latest McGraw-Hill survey of corporate plans for spending on new plant

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and equipment, which reveals that such investment is scheduled to climb by 3 per cent from this year's estimated total of $37.16 billion to $38.15 billion in 1963. Admittedly, this is a very moderate increase, but usually advance plans for investment, whether for adding to outlays or for cutting them back, underestimate the actual trend so there is a good chance that the increase will be more substantial in the end. The current survey was taken before the Cuban crisis, which seems to have had an encouraging effect, at least psychologically; even so, McGraw-Hill's findings reflect an improvement over the last government survey, taken after the Wall Street crash. In reporting that businessmen were planning no change in their plans for 1962, that survey implied that a downturn was probable in 1963.

It is evident that corporations are being influenced by the new tax credit for capital spending and by the more liberal depreciation allowances now available, as well as by the need to modernise their facilities. According to the McGraw-Hill survey, industry is operating at 83 per cent of capacity; this is a little above the level of a year earlier but no better than the level which prevailed at the beginning of this year. Meanwhile, industrial production has increased by about 5 per cent, which indicates that productivity has been rising. The emphasis on the need to improve productivity is apparent from a new compilation of spending on automated equipment; in 1963 this will account for 19 per cent of manufacturers' capital outlays compared with 12 per cent in 1959. Even though existing capacity is still not being used as fully as they would like, manufacturers are modernising their plant in order to hold on to or to improve their competitive positions. The steel industry, for example, is suffering from shrinking profits and stagnant output, yet it plans to increase its investment by 13 per cent in 1963.

Industry expects a rise of 4 per cent in the total volume of sales in 1963, without taking into account the possibility of stimulating reductions in taxes. Retail trade is already doing well and can be expected to continue rising through the balance of the year. This strength in consumer demand will influence those corporations which are still undecided about their future spending. It should also lead to an increase in stocks which are now at comparatively low levels. So, if businessmen stick to their plans, the recession will probably continue to be postponed.

Deficit Brought On

THE economy may still be expanding but it is still not expanding as fast as the Administration expected at the beginning of the year. Then the gross national product for 1962 was put at $567 billion; now it is estimated at only $554 billion. This means that corporate profits and personal incomes will both be substantially less than was forecast last January. This means, in turn, that tax revenues will be much lower in the 1963 fiscal year than was calculated when the Budget was first presented. Expenditures, on the other hand, will be about $1.2 billion higher, partly because of emergency public works to spur the economy but mainly because Congress delayed increases in postal charges and refused to deal as drastically as the President had hoped with farm surpluses. The Cuban crisis has cost about $100 million so far, but this has not brought any net increase in outlays because it has been set off against the sum allowed for the civil defence programme which has now been shelved—for this year at least.

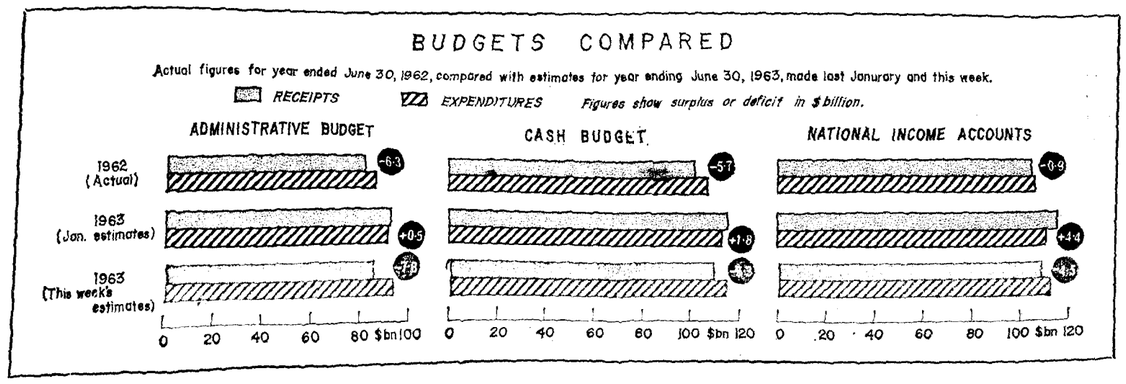
As a result of all this, the deficit on the administrative or conventional Budget when the current fiscal year ends next June is likely to be the second largest in peace time; the 1959 deficit was over $12 billion. Substantial deficits also appear when the national accounts are calculated by the other methods shown in the chart; these give a clearer idea of the immediate impact which government transactions have on the economy. Under present conditions, with that economy needing encouragement, the Administration is not at all concerned about this deficit. Unfortunately, members of Congress are always concerned about a deficit and this one is likely to confirm their reluctance to reduce taxes without compensatory reductions in government spending. The Administration has repeated its pledge to ask the new Congress for tax cuts, to be accompanied by tax reforms.

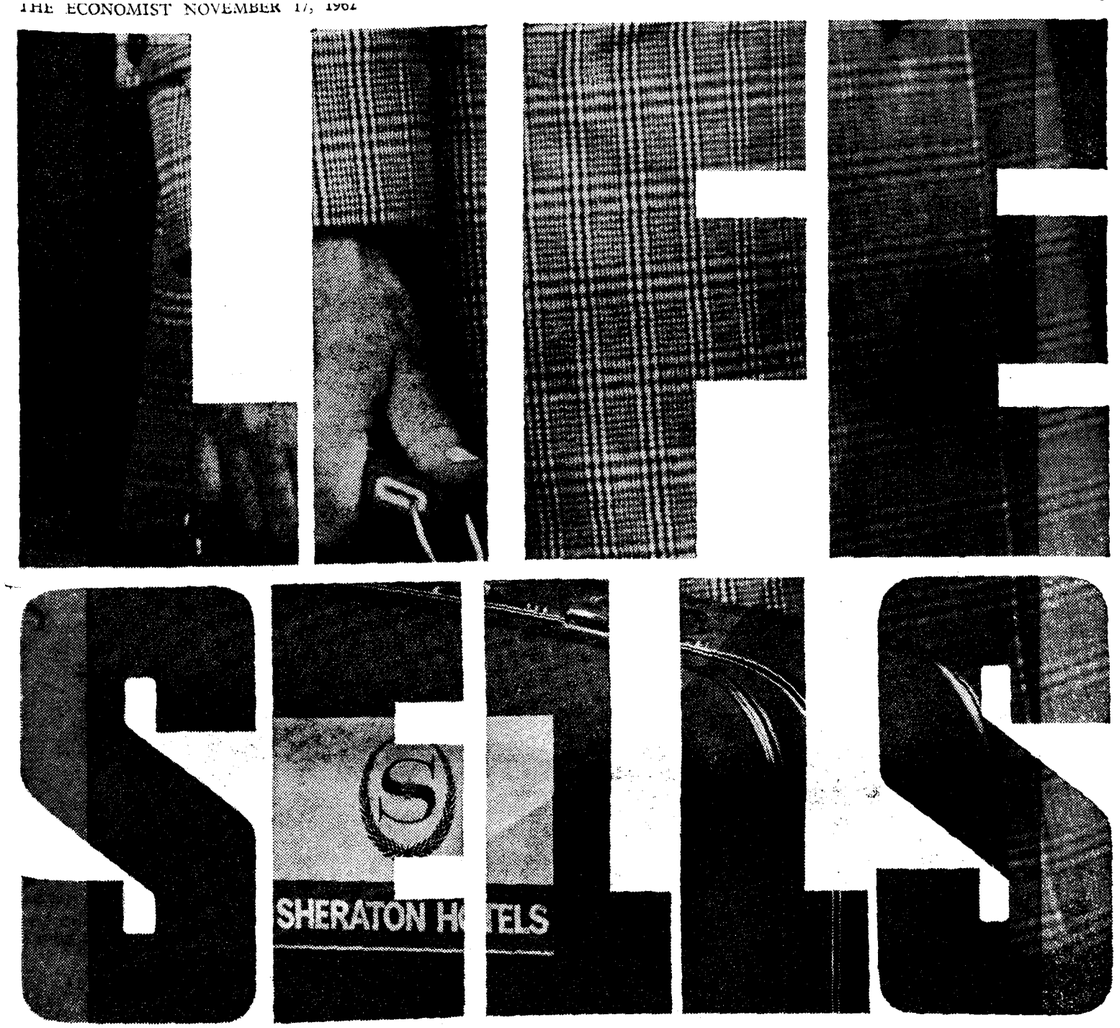
Since the reforms are sure to be controversial, it has been suggested, by the Secretary of Commerce and others who think that the immediate stimulus of lower taxes is needed to counter recessionary tendencies, that the tax cut should not wait for the reforms. But both are needed to put the economy on a soundly expanding basis and neither the Treasury nor the Congressmen who will be responsible for the measure are willing to separate them. It is now reported, however, that both reductions and reforms may be introduced in one package but by stages, with the first reductions, which will affect both corporate and income taxes, being implemented before the first reforms.

Beyond the Political Fringe

IN last week's mixed bag of electoral results one major point was clearly underlined—the American voters' distaste for political extremists. The right wing had a particularly discouraging round. True, the more conventional brand of hard-core conservatives, while bemoaning the loss of such right-minded servants as California's Mr Nixon, Indiana's Senator Capehart and Minnesota's Representative Judd, also scored some gains. A prime target of

Continued on page 666





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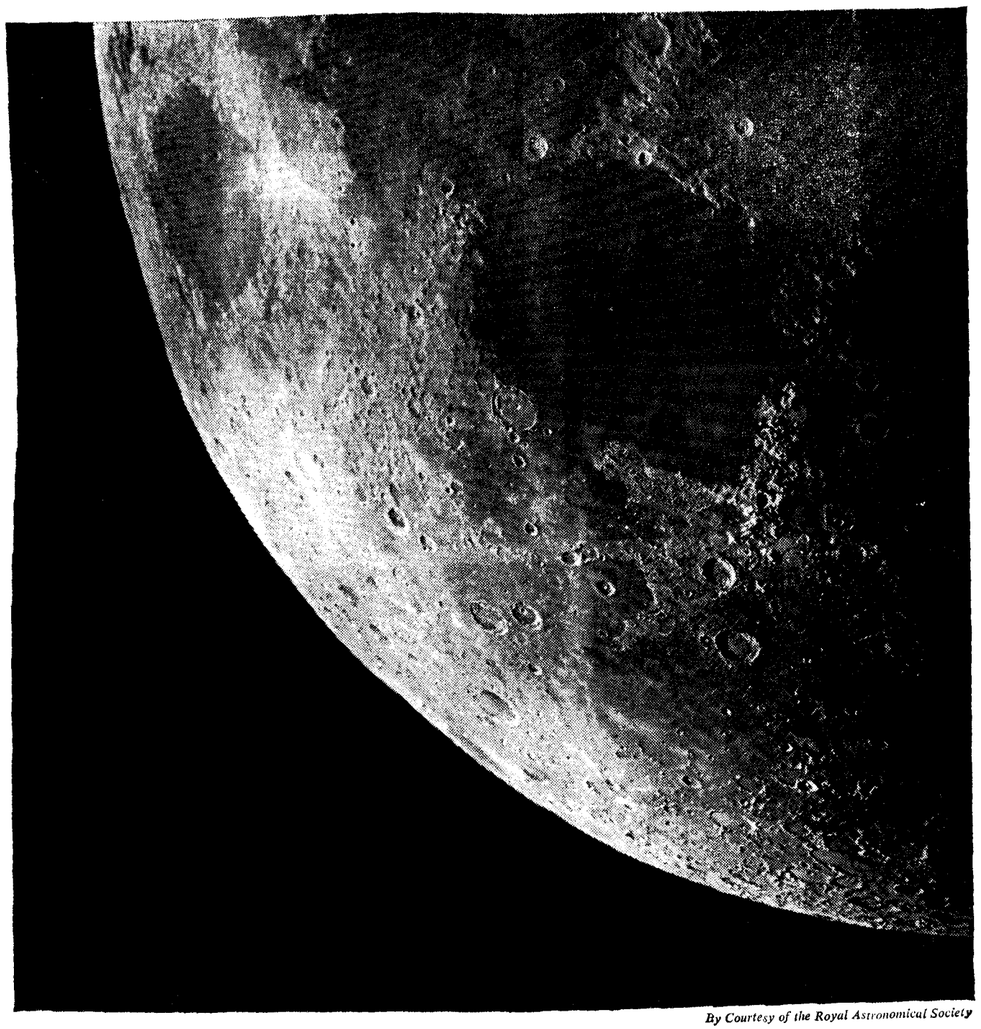

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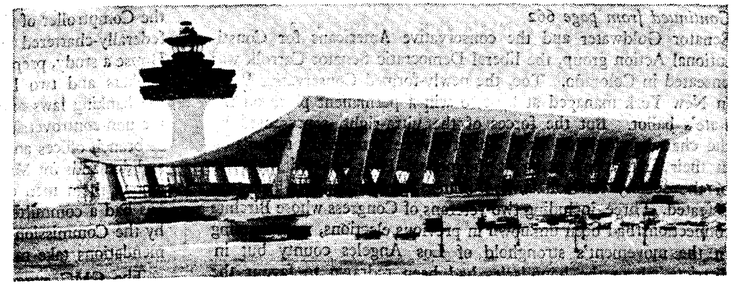
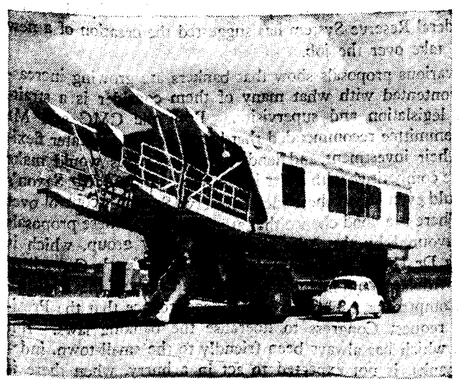


THIS weekend a giant mobile lounge, freshly washed and shined for the occasion, is scheduled to lumber heavily away from its dock at John Foster Dulles International Airport and to drive slowly out to the aircraft parking area. There, with thousands of excited visitors and dignitaries watching, it is to mate for the first time with a waiting commercial jet airliner. This unique and long-awaited ceremony will signal the opening of the world's largest and newest supersonic airport and the first designed specifically for the jet age.

On hand for the happy occasion will be the President of the United States and a host of lesser officials, foreign and domestic, as well as a crush of citizens from nearby Maryland, Virginia and the District of Columbia. For most of those expected to be present, as well as for everyone in the world of commercial aviation, the opening of Dulles International will climax more than ten years of disagreement and controversy over both the location and the design of what its backers say will be the most efficient and possibly the most attractive airport ever built to accommodate the slowest of propeller-driven aircraft as well as the fastest of supersonics.

Dulles Airport, at Chantilly, Virginia, has absorbed more than a hundred million dollars and nearly three million square yards of concrete. It is still a matter of some wonder, even to those most directly involved, that Congress was persuaded to open the purse-strings so wide for such a controversial project. Both states' rights and big spending were involved, yet hardly a Congressman raised his voice during the decade of steadily rising estimates of the total cost.

One possible reason for the smooth passage of most of the appropriation bills for the airport is the fact that a large part of the Dulles money has gone into the home constituency of Senator Byrd, the powerful and conservative chairman of the Senate Finance Committee. Usually an implacable foe of all federal plans for large-scale spending, Senator Byrd has co-operated warmly with the planners of the airport, even though he would have preferred to have it named after Virginia's great soldier, General Marshall—a suggestion personally rejected by President Eisenhower. Nor has Senator Byrd, or any of the other great dissenters in Congress, taken objection to the fact that Dulles International frankly represents a federal experiment in an area of responsibility which until now has been reserved almost exclusively to the states and municipalities.



It is true that Maryland's congressional delegation is still bitter because Baltimore's Friendship Airport, which can be reached more quickly from Washington than Dulles International, was not enlarged and rebuilt instead. This type of criticism is not hard to shrug off. Less easy to answer are those critics who demand to know why not one airline has yet indicated its willingness to build a hangar at Dulles—there would not be any there if Congress had not belatedly appropriated an additional $3.4 million to put up a utility-type building where aircraft can at least be brought under shelter for emergency repairs. And so far there is no answer at all to the criticism that, although Dulles International is to be a "showcase" port of entry for distinguished visitors who come by air, adequate provision for customs and immigration inspection seems to have been a secondary consideration in the design of the terminal.

In most other respects, the building undeniably represents a spectacular breakthrough in airport design. If all goes as planned, the traveller at Dulles will have only a few steps to walk between his taxicab or car and his aircraft seat. The 25 or more mobile lounges—five will be in service for the opening of the airport—are, as the name implies, more than just oddly-shaped, special purpose buses. They are an integral part of the plan and are designed to take the place of the awkward, finger-like passageways which stretch ever more inconveniently outward from every other modern-day air terminal where the number of passengers continues steadily to surpass the expectations of the designer.

The mobile lounges will not only provide transport for passengers between the terminal and the parked aircraft but will also serve as waiting rooms. At the time the flight is scheduled to depart, the doors will close and the passengers aboard will be taken out to their aircraft. Just what will happen if a flight is delayed for several hours has not been determined. In the beginning, at least, none of the fourteen airlines which have agreed to start commercial services at Dulles on Monday, November 19th, will have waiting rooms of their own.

It costs about $25 a minute to taxi a modern jet transport and in the long run it will be much more economical to carry the passenger out to his aircraft than to taxi it in to meet the passengers. Furthermore, it is safer to keep all aircraft parked well away from the terminal. Arguments like this have, for the moment, silenced most critics.

The great glass-sided, concrete-roofed terminal building—it looks like no other structure on this earth—is the brain-child of the late Eero Saarinen, who also designed the striking new building for Trans World Airlines at New York's Idlewild Airport. Because of their break with tradition, Saarinen's designs are unusually difficult to build by commonly accepted methods of construction. This often causes contractors to curse and to pay penalties for late completion, but so far the results have been worth it.

The contractors at Dulles have another story. First they had the problem of pouring the soaring concrete roof which covers the main hall of the terminal; this is 150 feet wide and 600 feet long. There are no interior columns; the roof is supported on two rows of massive, temple-like piers, 65 feet high on the approach side and 40 feet high on the field side. With the great curved roof in place, the next feat was to hang the glass walls, each pane of which is larger than the roof of a small house. Like many other man-made wonders of the world before it, Dulles International took a little longer to build than was originally planned but now the mobile lounges are champing at the bit and the great commercial jets, although they are not so eager, are ready to take off.

Continued from page 662

Senator Goldwater and the conservative Americans for Constitutional Action group, the liberal Democratic Senator Carroll, was unseated in Colorado. Too, the newly-formed Conservative Party in New York managed at least to win a permanent place on the state's ballot. But the forces of the ultra-right, represented by the chauvinistic John Birch Society, were completely repudiated in their first open testing at the polls. Four avowed members of the society ran for United States Representative. All were defeated. Three, including two veterans of Congress whose Birchite connections had been unknown in previous elections, were running in the movement's stronghold of Los Angeles county but in districts where the boundaries had been redrawn to favour the Democrats.

At the other extreme were the so-called "peace" candidates for Congress. This group, a comparatively new phenomenon on the American political scene, had only one common attribute—the support of various peace organisations. The candidates came from all parties and represented a wide range of opinion. Perhaps the purest of them was Mr Stuart Hughes, a professor of history at Harvard University who ran as an independent against Mr George Lodge and Mr Edward Kennedy in the Massachusetts senatorial contest. Mr Hughes advocated the creation of a zone of military disengagement in Central Europe, the immediate cessation of nuclear testing, the gradual abandonment of overseas bases and the participation of Red China in disarmament negotiations. This was hardly a platform designed to be popular with the average voter—especially after the Cuban crisis broke. In the event, Mr Hughes polled only 3 per cent of the vote in the state.

However, Mr Hughes and other similar outspoken challengers for congressional seats did not expect to be elected. They ran, and were supported by the peace organisations, primarily in order to gain a wider audience for their opinions. Serious contenders for seats, particularly the twelve incumbents backed by the peace movement, had not generally sought nor necessarily agreed to the movement's support; they were far more conventional in their views. Indeed, many of them took no specific stand on the issues of disarmament and nuclear testing and some were acutely embarrassed by the "peace" label. Of the fourteen candidates elected from the field of thirty supported by the peace groups, eleven were sitting members of Congress and only in one of these cases had the "peace" issue loomed large in the campaign. Moreover, among the three newcomers to Congress were Mr George Brown, Jr, who was pitted against one of the Californian Birchites, and the former director of the Food for Peace programme, Mr George McGovern, whose narrow victory in the South Dakota senatorial race is still being contested.

Bankers in Strait-Jackets

FROM A SPECIAL CORRESPONDENT

EFFORTS to modernise America's banking laws are gathering steam but so is the opposition to any change. Traditionally, it has taken a crisis to bring about reforms in the banking system. The National Banking Act was passed during the Civil War, the Federal Reserve Act, setting up a central bank, stemmed from the money panic of 1907 and the major overhaul of the nineteen-thirties from the great crash. The present drive, which is spear-headed by the major metropolitan banks, has no such origin. It is generated by a growing feeling that commercial banks are losing out to other types of financial institutions which are much less hampered by rules and regulations and that only a major liberalisation of the banking laws can restore the competitive position of the banks.

The advocates of change have found a champion in Mr Saxon, the Comptroller of the Currency, who is responsible for regulating federally-chartered banks. Recently he delivered to the White House a study, prepared by a hand-picked committee of twenty-two bankers and two lawyers, which calls for wholesale changes in the banking laws and regulations. Some of the recommendations are non-controversial but others, touching on such explosive issues as branch offices and supervision, have aroused a storm of protests and demands for Mr Saxon's resignation. But he has his defenders, among them men of prominence. Moreover, the Administration has had a committee studying the report submitted two years ago by the Commission on Money and Credit and Mr Saxon's recommendations take much the same line as the commission did.

The CMC suggested that branch offices should be permitted inside "market areas," a suggestion which would involve weakening state regulation by crossing state lines. Mr Saxon's committee was less revolutionary; it recommended that federally-chartered banks be permitted initially to operate branches within 25 miles of their headquarters but not across state lines. But even such a limited expansion would be a marked change. At present all branch banking is regulated by the individual states, many of which prohibit branches altogether. In Illinois, for example, Chicago's banks are confined to one office. Under the proposals of the Saxon committee, national banks would not be able to establish branch offices for two years after the enactment of the 25-mile proposal. This delay would allow the states time to change their laws in order to give the same privilege to state-chartered banks.

This is not a plan which all bankers welcome. In fact, most of the country's small, so-called independent banks, which have been fighting against the growth of branch offices and bank holding companies, are up in arms. They have not been able to stop the trend towards fewer banks and more banking offices but they are not prepared to assist it. At the annual convention of the American Bankers Association, in which the independent banks are in the majority, Mr Saxon's recommendations, especially those dealing with branching, were attacked as a threat to the country's dual banking system under which state-chartered and federally-chartered banks exist side by side with supervision on both levels of government. But branching was not the only target. Criticism was also hurled at the suggestion that all supervision and regulation of national banks be vested in the Treasury. As matters stand now, this responsibility is split up between the Federal Reserve System, the Federal Deposit Insurance Corporation and the Comptroller, who operates under the Treasury. The differences of opinion among these agencies, particularly on questions of mergers and holding companies, have led a good many people to suggest that control should be lodged in one body. The CMC, for example, recommended that the Federal Reserve Board should be given complete jurisdiction over the supervision of banks and a Governor of the Federal Reserve System has suggested the creation of a new agency to take over the job.

These various proposals show that bankers are growing increasingly discontented with what many of them consider is a strait-jacket of legislation and supervision. Both the CMC and Mr Saxon's committee recommended that banks be given greater flexibility in their investment and lending policies; this would make them more competitive with other institutions. Indeed, Mr Saxon's group would even lessen the Federal Reserve System's control over credit. There is a good chance that at least some of these proposals will be favoured by the Administration's study group, which is headed by Dr Heller, the chairman of the President's Council of Economic Advisers, and includes both the Secretary of the Treasury and the Comptroller. There is also a good chance that the President will request Congress to liberalise the banking laws. But Congress, which has always been friendly to the small-town, independent banks, is not expected to act in a hurry, when there is no crisis.

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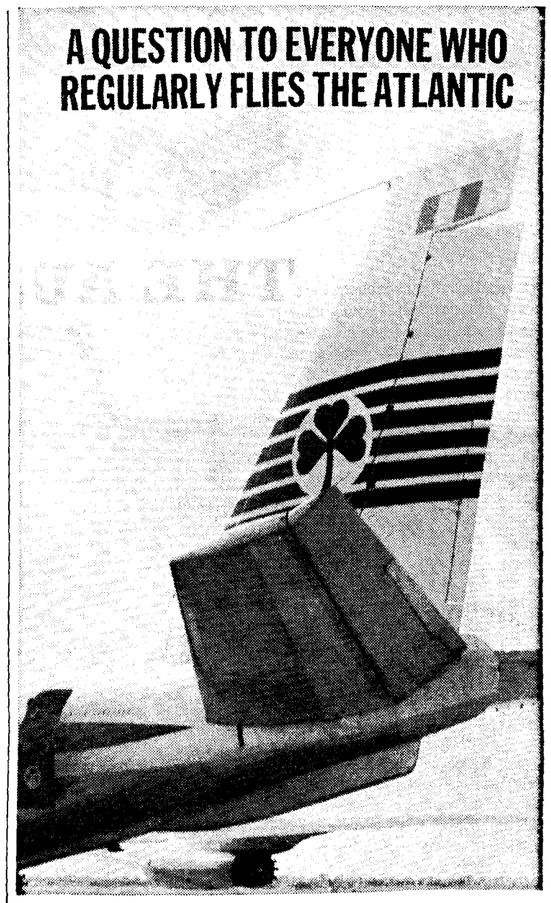

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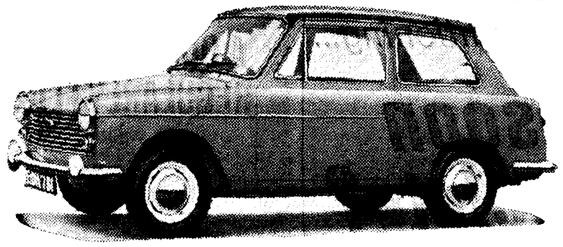

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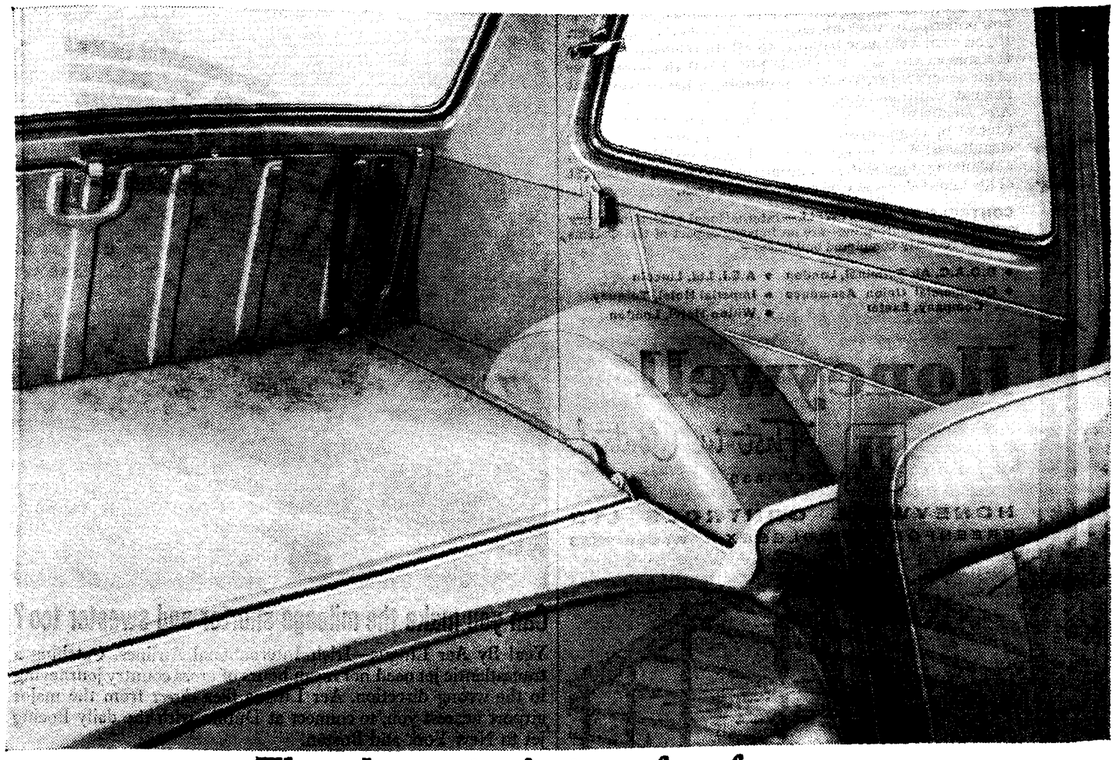

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THE WORLD OVERSEAS

Around the French Hustings

FROM OUR PARIS CORRESPONDENT

An obedient parliament, or a crisis. This was the choice offered by General de Gaulle to the French voters in his broadcast on November 7th, in which he condemned all the "parties of yesteryear." Yet everybody knows that, even if the gaullist UNR keeps all its 180 seats after the two-round elections this Sunday (November 18th) and on November 25th, it will not have a majority in the new assembly. It will be obliged, therefore, to seek alliances. The opposition is in no better shape. The *cartel des non* is crumbling in many constituencies, and the electorate's fears of a new Popular Front may wreck it altogether. The voters who this Sunday will have to choose from among nearly 2,300 candidates in 465 single-member constituencies (there are, in addition, 17 overseas seats) will be settling only the first round in a battle that is as crucial as it is confused. The following notes from your correspondent's campaign diary are merely an attempt to illustrate through particular instances some of the general problems involved.

Marseilles in the Rain

Marseilles claims to be the capital of the *non*, or the largest town in France in which the gaullist vote was in a minority in last month's referendum. Together with its neighbouring region (the *Bouches du Rhône*), Marseilles accounts for eleven constituencies. In 1958 four of them elected conservative members, three chose Socialists, while the remaining four were divided between Communists and the UNR. But in the triangular battles of that year the Right was united and the Left divided. Now the climate is different. The referendum of October 28th divided the Right, whereas on the Left the Communists, at least, are likely to stand down between the two rounds of the election in favour of those Socialists who have a chance of success. Co-operating in this way, the two parties could collect nine or ten of the seats in the area.

It poured with rain throughout last week in sunny Marseilles. This did not dampen the election campaign. True, older inhabitants, recalling epic prewar battles, when gunfire provided background music, think that all is quiet in these television days. But the life of a candidate is still far from tranquil, and the best way to observe this is to follow M. Gaston Defferre, the Socialist leader and mayor of Marseilles, on one of his twice-daily rounds of his constituency. Guided by his local supporters, M. Defferre embarks on a hand-shaking tour of a given district. A garage, a shoeshop, a hairdressing saloon. Occasional questions about a council flat or a traffic light in front of a school. Smiling, relaxed, the mayor answers politely and then is whisked off to shake some more hands. No bistro must be left out. Luckily for the candidate, it is now all right for him to drink mineral water at the bar. (There was a time when some people did all their campaigning on *pastis*, explains M. Defferre, thus conjuring up a terrifying vision of *delirium tremens* among southern deputies.) A day filled with such a round is not enough. There is still an ex-servicemen's ceremony to be attended and an enthusiastic meeting of the local party branch to be addressed.

M. Defferre has been mayor of Marseilles for nearly ten years now. From that vantage point he has expanded the Socialist party machine and extended the party's influence. He won the town hall with the support of right-wing councillors, rejecting the Communists and forcing them into opposition. Yet for the current parliamentary election there has never been any question of extending M. Mollet's deal with the conservatives here. The man who is the obstacle to such a deal in Marseilles is the wealthy shipowner, M. Jean Fraissinet. This passionate supporter of French Algeria, who is now an anti-gaullist, loves a straight fight. In private he pours unprintable scorn upon his conservative colleagues who came to terms with the Socialists in the town hall. He would prefer a straight division between "marxist" and "nationalist" parties. And since he owns—to use his own terms—the only "non-marxist" paper in the town, he carries a great deal of weight in conservative councils.

Curiously enough, a political division on classical lines may cost M. Fraissinet his seat. In 1958 Communists and Socialists together polled more than he did, and the Communists are, this time, almost certain to switch their votes to the Socialist candidate in the second round. The votes of Algerian refugees, however, may redress the balance. True, you will now look in vain in Marseilles for arrogant and aggressive *pieds noirs*. The most turbulent among them were quickly taught that it was safer to keep quiet in this tough town. Marseilles has absorbed all sorts of minorities—Corsican and Armenian, Greek and Italian—and is ready to swallow the North African contingent. Once they are absorbed, it is hoped on the Left that the Algerians will vote according to their generally rather low position in the social scale. But, in the meantime, their 5,000 or so votes concentrated in M. Fraissinet's constituency could tip the scales in his favour.

Against this must be set the presence this time of a gaullist competitor. To oppose the advocate of French Algeria the UNR picked, symbolically, M. le Tac, a faithful gaullist supporter who was wounded by the Secret Army. How many votes will he get? In 1947 the gaullist tide swept the town. But in 1958 the UNR did not recapture the former strongholds of the old gaullist Rally of the French People. It is now bound to lose at least one of its two seats in the region. But, here as elsewhere, the big unknown is whether the general's exhortations, and the ayes in the referendum, can be translated into votes for the UNR.

Last but not least are the Communists, who have always been a power in this area. In 1958 the general mood and the switch from proportional representation to single-member constituencies cost them both votes and seats. They expect to recover some of the lost ground on Sunday and to come top in the first ballot in about five constituencies. Elsewhere, they will stand down between rounds in favour of the Socialist candidates, hoping for reciprocal favours in the other seats. After fifteen years of bitter feuds between the two parties, the Communists consider that the present truce is going to produce results, and hope that it may even lead to a Popular Front. Did not M. Mollet himself, the most anti-Communist of men, suggest publicly that in a few constituencies Socialists might have to vote for Communists in order to ward off the immediate gaullist danger?

Floaters in Normandy

One contest in Normandy may be symptomatic. M. Mendès-France, swept out of his seat by the gaullist tide in 1958, deliberately picked the neighbouring constituency of Evreux to face an outgoing minister, the conservative M. Jean de Broglie.

In this predominantly rural area one may have to travel far in search of a candidate. St Georges-le-Motel, where M. de Broglie was expected on the evening that your correspondent visited it, has scarcely more than 300 voters. Its classroom serves all sorts of civic purposes. On this occasion it had a polling booth at one end, the statue of Marianne at the other and a poster showing which apples are good for cider on the wall. Four pawky Normans, not revealing their political colour, and as many journalists, waited patiently until they learnt that the minister had got lost on the way.

M. Mendès-France is undoubtedly a greater attraction. Later that evening, at Gravigny, which has more than a thousand voters, some 200 people attended his meeting. Without going into local politics, he lectured his audience on two subjects. On Algeria, he recalled that he had been dubbed a traitor for suggesting negotiations in 1958. His critics were finally compelled to negotiate, unfortunately much too late. But the war, he said, was now out of the way, and the key problem was to keep up economic expansion and decide on the distribution of the national cake. M. Mendès-France thought that democratic planning, instead of wasting money on an illusory nuclear striking force and allowing windfall profits to speculators on the Bourse, would produce material benefits for the mass of the population. The audience was clearly impressed, the potential hecklers overawed.

Drawing power is not the same thing as voting strength. With the radical mayor of Evreux as his substitute (substitutes are the constitutional device to avoid by-elections), M. Mendès-France should get a majority in the town itself. But there are all the rural areas, and the fact that the constituency answered Yes in the referendum. A victory for the former prime minister, like his defeat in 1958, would indicate an important shift in the floating vote.

Judgment of Paris

Parisians are fickle, and their moods affect the political colouring of the country. Greater Paris has fifty-five constituencies, and anybody willing to spend his evenings travelling from one school to another can hear spokesmen representing all the colours in the political rainbow. There are the ultras, who left the gaullist bandwagon when it changed its direction away from a French Algeria. There are traditional conservatives and gaullists of two kinds, dressed either in the classical UNR uniform or in a pinkish disguise. There are Christian Democrats (MRP), Radicals and two brands of Socialists. Finally, the Communists have a candidate in every constituency, but it is in the red belt of Paris (where last time they won half of their ten seats in the Assembly) that the Communists really hope to make gains. The UNR, triumphant in 1958, obtained 33 seats in the Paris area. How many will it keep?

Twisting Dicey

M. Debré, surrounded by M. Pompidou's ministers, was chosen to present the UNR to the press on Tuesday. His programme can be summed up briefly: economic expansion, social progress and national firmness. One must add the essential—fidelity to General de Gaulle. Far from rejecting the charge of unconditional support, M. Debré turned it into a democratic virtue, quoting Anglo-Saxon precedents. Does not discipline reign among British MPs? Is it not the duty of General de Gaulle, the effective head of government, to intervene in the electoral battle in order to get a majority in the Assembly? The English analogy was rather confusing. Transplanted to Britain, M. Debré's version might read as follows: If the Tories win, all is fine. If they lose, Macmillan remains in office and the problem is what to do with parliament. The eminent expert on constitutions has somewhat misread his Dicey.

But the serious question is whether the general will get his parliamentary majority. The UNR, like any party of yesteryear, will have to make electoral pacts between ballots. On Monday, having studied the results, the party strategists will start making their bargains. A week later they will know whether the bargains have been respected by the voters, and the general will see whether he has an obedient Assembly. If not, it will be merely the beginning of a long struggle.

King Saud and the Waves

FROM OUR MIDDLE EAST CORRESPONDENT

By courtesy of Kings Hussein and Saud, foreign correspondents, including your own, have penetrated about five miles into Yemeni territory fringing the Saudi Arabian frontier and have been able to establish four facts. Imam Mohammed Badr is alive, in excellent health, and receives from his adherents homage as enthusiastic as that paid to President Abdullah Sallal in San'a. In no quarter of Saudi Arabia is there any zest for a military showdown with the Egyptian troops in Yemen. An exhausting day spent searching the area between the Saudi seaport of Jizan and the Yemeni border failed to unearth a single soldier belonging to the Saudi or Jordanian regular armies; the Yemeni forces themselves seemed to have no aircraft or armoured vehicles and only a meagre quantity of automatic weapons. Finally, an aircraft piloted, it seems, by Egyptians last week scattered bombs in open country around Saudi villages in the Muwassam district.

In again: Prince Faisal

Until the military situation in Yemen becomes clearer, the most interesting aspect of the fighting is its impact on the Arab world as a whole. In Saudi Arabia, the repercussions have been widespread. The emergence of a revolutionary republican regime in Yemen led directly to the formation of a new Saudi government, led by Prince Faisal. Twice in the days immediately following the overthrow of the Imam, field guns were posted outside the royal palace in Riyadh. Apart from these less important signs of jitters, events in San'a brought to light the differences between King Saud and the eight non-royal members of his former government. Six of them signed a memorandum to the king (it is believed that the other two subscribed to the document but were away from Riyadh when it was signed) in which they deprecated the overt support being given to the imamate. According to report, some of the dissident ministers went so far as to advocate the recognition of the Yemeni republic. They also opposed the recent efforts to tighten the bonds between Saudi Arabia and Jordan on the ground that such a policy would identify their country too closely with Arab monarchism and so restrict its freedom of manoeuvre in its relations with the Arab republics.

As has happened before, Prince Faisal was called in to straighten

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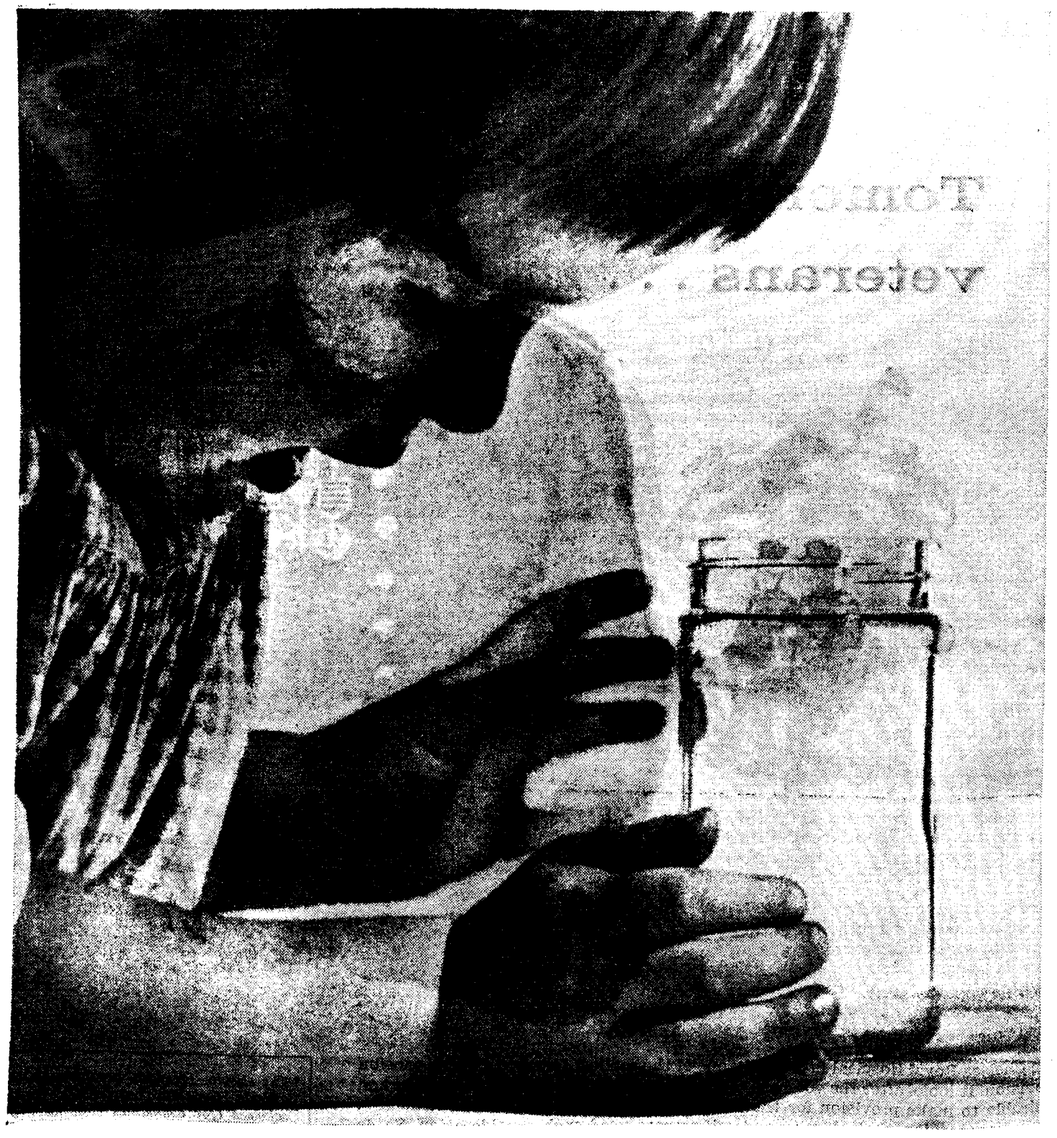

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things out. It is believed that before agreeing to the king's request, he insisted on full powers or nothing ; if this is true, he presumably got the authority he asked for. He has certainly been disturbed by President Nasser's attitude both before and after the Yemeni revolution. It was he who broke off diplomatic relations with Cairo after the Egyptian raid on Muwassam. Yet the tone of delicate mockery (a brand of humour all his own) in which he answered questions on the subject of possible Saudi assistance to the Imam suggests that he will do everything possible to avoid war. "Saudi help for the imam depends on a request from the imam. No request for such help has been received." This statement by the prince was later confirmed by the imam himself.

Prince Faisal's new government looks impressive. Together with his uncle, Prince Musaid, and his two half-brothers, Fahd and Sultan, he controls the offices of prime minister, foreign affairs, finance, the interior and defence. Prince Musaid, although conservative by nature, knows that the administration of the country needs a drastic overhaul. He was able to learn this at first hand as former head of the appeals commission (a sort of Saudi ombudsman). Fahd and Sultan add to their strong personalities an enviable family background which they have not neglected to cultivate. Their mother was a Sudairi lady, and the Sudairis are one of the most powerful aristocratic houses in Nejd. Another of their full brothers, Salman, is in the running for one of two important governorates: either the Hejaz, or the eastern province containing the oilfields.

IN preparation for these changes, an important part was played by a group of elder statesmen, including the king's uncles, Abdullah and Musaid ; Hafiz Wahba, the much respected former ambassador to London and now on Aramco's board of directors ; and Mohammed Surur, a former finance minister who was dismissed at the beginning of Prince Faisal's austerity campaign in 1958 but who has since adroitly regained a position of great influence behind the scenes.

These shifts reflect the changes in the Saudi power complex. The upshot was a remarkable policy statement issued by Prince Faisal's government a week after it took office. Perhaps the most far-reaching proposals in this statement concerned the powers of the public morality committees which stem from a theocratic concept of the state in which religious duties are interwoven with the functions of the police. The formidably named "Association for the Promotion of Good and the Prevention of Evil" is financed by the government and has wide authority to kill joy in Arabia. It employs an army of investigators and maintains its own prisons for the detention of those offending against the moral laws. Thus, in the case of a traffic accident it is a toss-up whether the police will act on the ground of an infringement of the road safety regulation, or the morality committee will act on the ground that the driver was drunk. Successive governments have reduced the power of the "religious police" by cutting down the association's budget. But Prince Faisal apparently aims at a clear distinction between the police and those responsible for moral observances by instituting a supreme council for judiciary, a modern ministry of justice, and an office of the public prosecutor. In this may be seen the hand of Fahd, determined as minister of the interior to end encroachments on police authority, and of Musaid, whose knowledge of the abuses must be unrivalled in Saudi Arabia. It is said that the deciding factor was the influence exerted in the same cause by the impeccably devout Mohammed Surur.

Prince Faisal's policy statement contains other important departures from previous practice. An industrial bank and an agricultural credit bank are to be established with capital derived from retroactive Aramco payments that are now being negotiated. It is expected that they will help to break through the wall of prejudice against interest on money which is based on the Koranic condemnation of usury and which seriously hinders financial dealings. Furthermore, slavery is now formally abolished. Earlier governments have restricted slave-holding by forbidding the import, purchase and sale of slaves. But this is the first time that the mere ownership of slaves has been declared illegal. It is not difficult to see behind this move another echo of the Yemeni revolutionaries, one of whose first acts was to free all the slaves throughout the country.

Der Alte Moves Again

FROM OUR BONN CORRESPONDENT

DR ADENAUER set off for Washington on Tuesday (he is due back on Saturday morning) in what must have seemed to him a diabolical conspiracy of gloomy circumstances. The insidious November damp was the least of his troubles. Behind him for the time being, yet casting a long shadow ahead, lay the shifty bungling of the state action against the weekly *Der Spiegel*. No one can yet say exactly how much this bewildering episode will eventually cost the Adenauer regime. But the Christian Democrats paid a first instalment last Sunday, when they lost four seats —the fruit of nearly 83,000 votes—in the Hesse assembly, thus presenting the Social Democrats there with an absolute majority. At the beginning of this week the party leaders in the Bundestag agreed informally to try to keep the *Spiegel* case as decently covered as possible while the Chancellor was in the United States. They were wasting their time. It is still the dominant topic throughout the country. And the newspapers have been diligently reporting the many manifestations of transatlantic solicitude for the state of German democracy. Even though one of the five arrested journalists, Herr Jacobi, was released on Tuesday, Dr Adenauer knew he could expect some awkward questions in the United States.

But, much more to the Chancellor's disquiet, there lay ahead the hazards of the encounter with Mr Kennedy. The American President, Dr Adenauer was being repeatedly reminded before he set off, was no longer the same man since the Cuban showdown. He had tasted the handy-packed oats of going it alone, and had liked them. Indeed, was it any longer quite appropriate for western watchers to identify "satellites" only in the eastern sky ? The wishes of the German Chancellor might now be abruptly disregarded were he to continue to obstruct the United States' attempt to reach an agreement with the Soviet Union about the future of Berlin. He would be wise, it was being urged, to respond to the State Department's request for some positive suggestions from Bonn for easing the spell of tension that began with Mr Khrushchev's cushioned ultimatum in November, 1958. The nudging and prodding, it seems, came as straightly from Herr Schröder, the foreign minister, as it did from the political commentators.

Elasticity and suppleness thus being the order of the day, Dr Adenauer had called in the American correspondents in Bonn on the eve of his flight in order to display his sinews. Somehow the show failed to convince. The Chancellor could not resist falling into his habitual posture of diviner of Soviet duplicity, and he even threw in some advice to the Pentagon on the proper evaluation of photographs taken from the air. His one gesture of pliability miscarried because he revealed that he did not expect his promise of it to be put to the test. His gesture took the form of a declaration of readiness to approve the plan for setting up an international authority to control access to Berlin by road and air by way of east Germany. Although he did not recall the fact, Dr Adenauer had opposed this project when it was mooted by the Americans in the spring. It envisages a thirteen-voice authority composed of one representative each of the United States

the Soviet Union, Sweden, Switzerland, Austria, west Germany, east Germany, west Berlin and east Berlin. In the spring Dr Adenauer had objected that this would mean an international boost for the east German regime. Now he denied such a consequence, and suggested that greater freedom might be obtained for the east German population at the price of letting their masters have a larger say on the approaches to Berlin. (They already control the railway and canal traffic, as well as civil traffic on the roads.) All this sounded reasonably well until the Chancellor added that the Russians had taken no interest in the American proposal and were unlikely to do so. Yet he had displayed at least a flicker of mobility—and unwittingly given another hint that the unaccommodating policies of more than ten years may be about to be superseded.

Dr Adenauer had intended to take Herr Krone with him to Washington, along with Herr Schröder, the foreign minister. Herr Krone, formerly leader of the Christian Democrats in the Bundestag, is a minister without portfolio who has been given a watching brief on Berlin affairs. He is also generally regarded as the man whom Dr Adenauer would like to step into his shoes next autumn. At the last moment Dr Adenauer decided to leave Herr Krone behind to cope with the animosities kindled within the coalition by the blunderings over *Der Spiegel*. At the same time, Dr Adenauer instructed the ministers of justice, defence, foreign affairs and the interior to clear up the prevailing confusion about the events that led up to the action taken against the magazine. Since the ministries concerned have been wrangling with each other from the start, it seems most unlikely that a satisfactory report can be produced very soon.

The Social Democrats reckon they have enough evidence in the meantime to justify bringing a motion before the Bundestag demanding the resignation of Herr Franz-Josef Strauss, the defence minister, long the chief target of *Der Spiegel's* attacks. The pith of their case is that at Nuremberg on November 4th Herr Strauss declared, "I have nothing to do with the affair—quite literally nothing," and in the Bundestag on November 9th admitted that it was in consequence of a telephone call made by himself to the German military attaché in Madrid that *Der Spiegel's* defence correspondent, Herr Ahlers, had been arrested in Malaga in the early hours of October 27th.

Der Spiegel is, of course, hugely enjoying the immense pother it has created. This week's issue contains two articles written in prison by the publisher, Herr Augstein (one under the pen name of Fritz Pfeil). It reproduces columns of sympathetic international press comment and bulges with advertisements.

Hysteria in South Africa

FROM OUR CORRESPONDENT IN JOHANNESBURG

ARGUING about politics with a stranger in a Pretoria bar one evening recently, a young man—who subsequently said he was a member of the Dutch Reformed Church—defended the right of Anglican bishops to criticise such government actions as house arrest. This evidently proved too much for one of the bystanders, who promptly informed the police that the young man was "criticising the government" and "making a nuisance of himself." The police thought a breach of the peace was threatened and went to investigate. After argument the young man was taken to the police station, where he says he was asked several political questions. Finally, he was allowed to leave.

This seemingly trivial incident would not be worth reporting were it not symptomatic of the deplorable, though mild, form of anti-communist hysteria that has developed in South Africa. Although the Communist party has been outlawed for twelve years, the government has decided that the recent wave of sabotage—there have been 19 incidents in two months—was conducted by communists. Whenever there is an anti-government act, someone in authority professes to see the hidden hand of communism, and the stage has now been reached where criticism of the powers-that-be is, in unsophisticated minds, equated with communism.

What is even more serious is the open declaration of war on liberalism by cabinet ministers; from platform to platform, they aver that liberalism is the forerunner of communism and in many cases is doing its work. With the aid of the state radio, the government is going to inordinate lengths to "prove" that seemingly harmless and innocent bodies and individuals are doing communism's dirty work and must be fought and outlawed. Liberalism is sometimes more dangerous than communism, said one minister. The result is a new drive against anyone with radical views, and the invocation of the Sabotage Act to put persons under "house arrest" and to prevent political demonstrations. The war on the English-language press has been intensified and the minister of justice has publicly warned a Johannesburg daily newspaper that it is playing with fire and will get into trouble if it keeps on espousing the liberal cause. The newspaper hit back hard.

The stock reply of the vast majority of writers to the charge that South Africa is becoming dangerously like Ghana or prewar Italy in its lack of concern with the rule of law, is that "normal democratic processes" are inadequate to deal with present-day undermining forces. Hence the attempt to lay all the blame on communism and the refusal to concede that the present wave of sabotage and the political unrest among the non-whites is due to frustration and the government's blank refusal to give the politically sophisticated an outlet for their anger.

THE government has become so nervous about letting non-whites express political views that it has banned until next year all demonstrations that are concerned with any trial or judicial sentence. And concern increases with every attempt at sabotage. When the office of a cabinet minister in Pretoria was shattered a university teacher went on record as favouring the summary execution of saboteurs. The minister of justice, Mr B. J. Vorster, who was himself interned during the second world war because he belonged to an anti-war (that is, anti-British) organisation, and who is emerging today as the strong-arm man of the administration, warned all and sundry, including the ultra-respectable United party, of the dire consequences of overstepping the government's idea of what is legitimate. Even Anglican bishops—and the archbishop of Capetown—have not escaped ministerial wrath, because the Bishop of Pretoria protested against the principle of house arrest whereby men and women are sentenced without trial or indictment to live in certain areas for a period of up to five years.

It would be wrong, however, to believe that this tightening of the screws is giving many whites sleepless nights. Dr Verwoerd has probably never had so much support from the English-speaking section of white South Africa. Oddly enough, it is inside his own party that the prime minister is meeting with some resistance. Some of his followers believe that the government is doing too much for the non-whites and is neglecting the whites. The failure of the economy to boom, the existence of agricultural surpluses and a very serious drought have combined to produce "disillusionment" in some Afrikaner Nationalist hearts.

Gradually, however, it seems to be dawning on some whites that the best hope of expanding the economy is to develop the internal market by raising the wages of non-white workers. Recent newspaper surveys, which have angered the government but stirred the public conscience quite hearteningly, have revealed a deplorable degree of malnutrition, if not of starvation, among rural Africans in certain areas. And a survey of the living standards of urban

Xerography: a space age revolution

RITCHIE CALDER reports on a discovery as momentous as printing or photography, already bringing dramatic improvements in business efficiency.

The Greeks had a couple of words for it: *xeros*, meaning "dry" and *graphos*, meaning "writing". But the combination "xerography" (pronounced "zer-ography") belongs not at all to the past. It is a Space Age word.

It can be the sign-manual of Telstar; a greetings card from the dark side of the Moon, or a wish-you-were-here from Venus. It can ignore Time and put on paper a first-hand account of great galaxies colliding in the immensities of Space 400,000,000 years ago. It can be the fingerprint of Interpol; a personal facsimile of the rarest book in the British Museum; the printed-circuit of a vest-pocket transistor-set; or, more prosaically, the invoice for household goods from the multiple store in the High Street.

COSMIC COLLISION in the depths of space. Or an invoice for a multiple store. Xerography can record both. Quickly and permanently — on ordinary writing paper.

Anything which can reflect light-waves, or be expressed as an electric signal, or reveal itself by X-rays – all this can be indelibly recorded on ordinary paper by xerography.

How it all began

The easiest way to grasp the meaning of xerography is to go back to the beginning – to Chester Carlson.

Carlson is a physics graduate turned patent lawyer. The delays in getting patent drawings and specifications reproduced encouraged him to try inventing a new copying method. He decided to concentrate on electrostatics.

Most of us know "static" as the comb we rubbed at school to pick up paper or the hair which stands on end when vigorously brushed. What Carlson set out to do was to attract particles of graphite (the "lead" of a pencil) on to paper in a pattern as sharp as a type-letter or the lines of a drawing.

On October 22nd, 1938, in a room behind a beauty parlour in Astoria, Long Island, he made xerography a fact.

Carlson rubbed a cotton handkerchief over a sulphur-coated aluminium plate to create the static electricity and exposed the plate under a positive transparency. Then the image was transferred to a piece of paper, which was dusted with powdered ink and heated to make the impression permanent.

Twenty-one firms in succession rejected the idea. Then he was given a hearing by Battelle Memorial Institute, a research organisation in Ohio. They undertook further research to refine the process.

In addition to perfecting a selenium-coated plate, giving greater speed and definition, Battelle undertook the promotion of the invention.

Success comes – almost accidentally

In 1946, the thirty-six-year-old president of the Haloid Corporation, Joseph Chamberlain Wilson, saw its possibilities. He made a deal with Battelle Institute and Carlson, and went ahead to commercialise a still-unproven process.

Early results were not very convincing. When the first commercial machine for hand-operated xerography came "off the line" in 1950, it was not a compact piece of office equipment. It was saved by the almost-accidental recognition that it could make offset masters for an office-litho process – a cheap and fast alternative to photolitho, the masterplate taking only three minutes to make.

This was enough to produce a commercial return, while the Haloid "Xerox" was being developed as a fully automatic system. Streamlined and designed for compactness, it was still a massive affair, as big as an executive desk and weighing 6 cwts. But because of its advantages, xerography is capturing a growing share of office copying. Already it is responsible for 1 in 4 copies made in America. And here in Britain, Rank-Xerox, associated with the Xerox Corporation since 1956, continues to expand dramatically.

How xerography works

Xerography has many similarities to photography, but no negative is formed and the entire process is dry.

A metal sheet, coated with selenium, is charged with static electricity, which makes it "photosensitive". Over-exposure to light will discharge, or remove, the static – just as the inadvertent unrolling of a photographic film would blacken it. But if the plate is put in a camera, the static will be selectively removed. Details which are exposed to light will be discharged, while dark parts will remain charged. Thus, the image has been invisibly recorded.

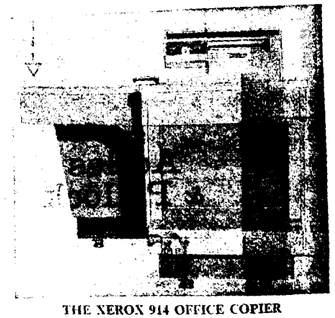
In the modern fully-automatic process, which takes only a matter of seconds, all that is necessary is to lay the subject to be copied – the office document, the priceless book or the engineer's drawing–on a glass screen intensively floodlit. An arrangement of lenses and prisms camera-projects it on to the plate.

The charged image is then "swooshed" with graphite. This has been made resinous, so that, when transferred to paper and heat-treated it remains a fixture, completing the permanent image, so perfect that it is indistinguishable from the original.

Xerography can employ microfilm, so that large engineering drawings can be reduced to a microfilmed inset on filing cards. Stacks of these cards can be fed into the Copyflo Xerox machine and copied on to a continuous roll, at twenty feet a minute. The microfilm of a 300-page book can be accurately reproduced in five minutes.

But the Xerox device which has had the biggest impact on business efficiency is the Xerox 914 Office Copier. (The number 914 describes the size of the print, 9 inches by 14 inches, which it can produce.) This press-button machine can make single or multiple copies, at a rate of 360 per hour, of anything visual one presents to it. It copies pen, pencil or any colour with equal clarity, and delivers the results within seconds on any kind of ordinary paper.

Industry and commerce are discovering the enormous scope of xerography, and hardly a day goes by without some new use appearing for this revolutionary Space Age discovery.



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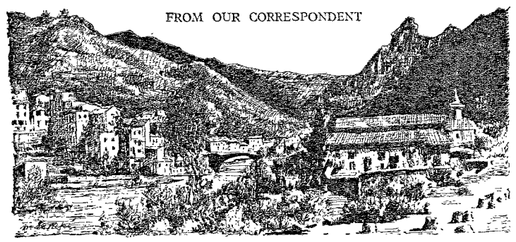
five the commission includes twelve ministers (Signor La Malfa as budget minister is president), the governor of the Bank of Italy, and the secretaries of the three trade union federations. The presidents of the Confederations of Industry and Agriculture lead the "opposition" and are supported by a group of economists who disapprove the principle of a coercive plan. Within this framework the real work of preparation is being done by Professor Saraceno and a number of experts who already have considerable experience of planning for such bodies as the Cassa per il Mezzogiorno, the regional governments of Sicily and Sardinia, and so forth.

The planning commission has already approved the aims of the plan as set forth by Professor Saraceno. These are, to keep up the present growth rate; to correct territorial, sectional and social unbalance; and to guide public and private spending towards social ends. It has also agreed that the plan must be conceived in two periods: a long term to cover the ten years at the end of which Italy will have completed its present cycle of transformation, and a shorter, five-year period to coincide with the life of the next parliament. Investment plans will have to be made for the short period, during which, the planners hope, parliament will learn to think in terms of big and complex issues, to avoid detail and to co-ordinate local or particular interests in a general programme at regional and national levels. The commission, which has set up five working groups to deal with agriculture, industry, public finance, foreign trade and the structure of domestic spending, is enjoined to submit its first report in February. Meanwhile, before this parliament dies, the government has to prepare and rush through its bills defining the method of electing and financing the regional governments, and a bill to transform the budget ministry into a ministry for planning. At the same time Senator Medici is at work preparing a plan for the reform of the administration.

There is no doctrinaire prejudice behind all this planning. It is almost a sartorial necessity. Italy is bursting at the seams. The suit tailored for it by the Piedmontese monarchy no longer fits. There is bound to be a discreet socialist cut to the new clothes. Signor Nenni's proposal that the four centre-left parties should agree to work together all through the next parliament for the promotion of a common programme may provide the political framework for Signor La Malfa's five year plan. No one thinks it can be put across without trouble. On the home front the business world is already in a suspicious mood and going slowly with its investments. In their relations with the rest of western Europe, the planners may find that their ideas clash with the interests of some of Italy's partners in the common market.

Pyrenean Paradise

FROM OUR CORRESPONDENT



SPANIARDS generally work so hard, for such appalling hours, that it is a relief to find a community whose way of life accords with our lazy northern myth about Spain. At Gerri, in the central Pyrenees, siesting and sitting in the shade really are major occupations. The sun does most of the work. The population lends a hand from time to time—but only for a few hours a day, and only in summer.

The shortest way to Gerri from the north is over the Col de la Bonaigua (6,000 feet). Beyond the col, the rough road winds first across a hillside as bleak as Dartmoor, then down through fragrant pinewoods that flash and quiver with cascading streams, finally along a valley lined with meadows and orchards. Briefly the valley becomes a gorge, then widens to form a basin luxuriant with both northern and Mediterranean vegetation. Here, glowing brightly in the sun on the right bank of the river, is Gerri.

"Gerri is a foretaste of paradise," said an old man who was sitting on the slender single-arch bridge that spans the river here. "If you want a fruit, you simply reach out your hand." He plucked a fig from the tree that grows happily from a crack in the stonework in the middle of the bridge. "Whenever you want trout for supper you just take them from the river. The climate is good and life is easy. Few people need to work more than three or four hours a day."

"Ours was the first Pyrenean valley to get rid of the Moors," another man explained. "This is our reward. Immediately the last Moor left, the spring began to flow."

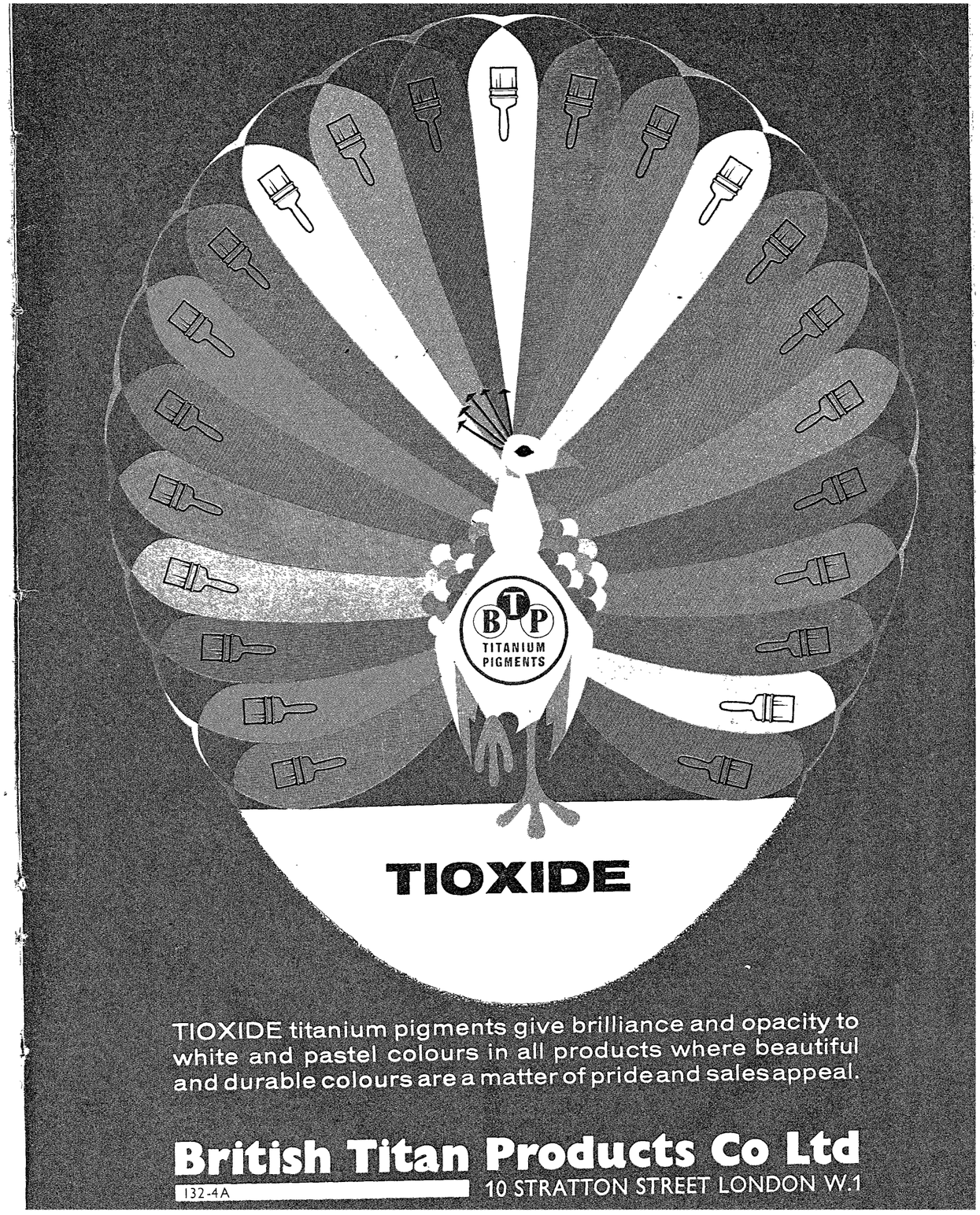
The spring is a saline stream which gushes out of the mountain side on the edge of the village. Hollowed-out tree trunks distribute its waters to some 600 *salinas*—rectangular salt-pans whose average surface is about 30 square yards. Within three or four days the water has evaporated, the crystallised salt has been swept into dazzling little pyramids and removed, and the *salinas* can be refilled. In an average summer Gerri produces in this carefree way 2,000 tons of salt.

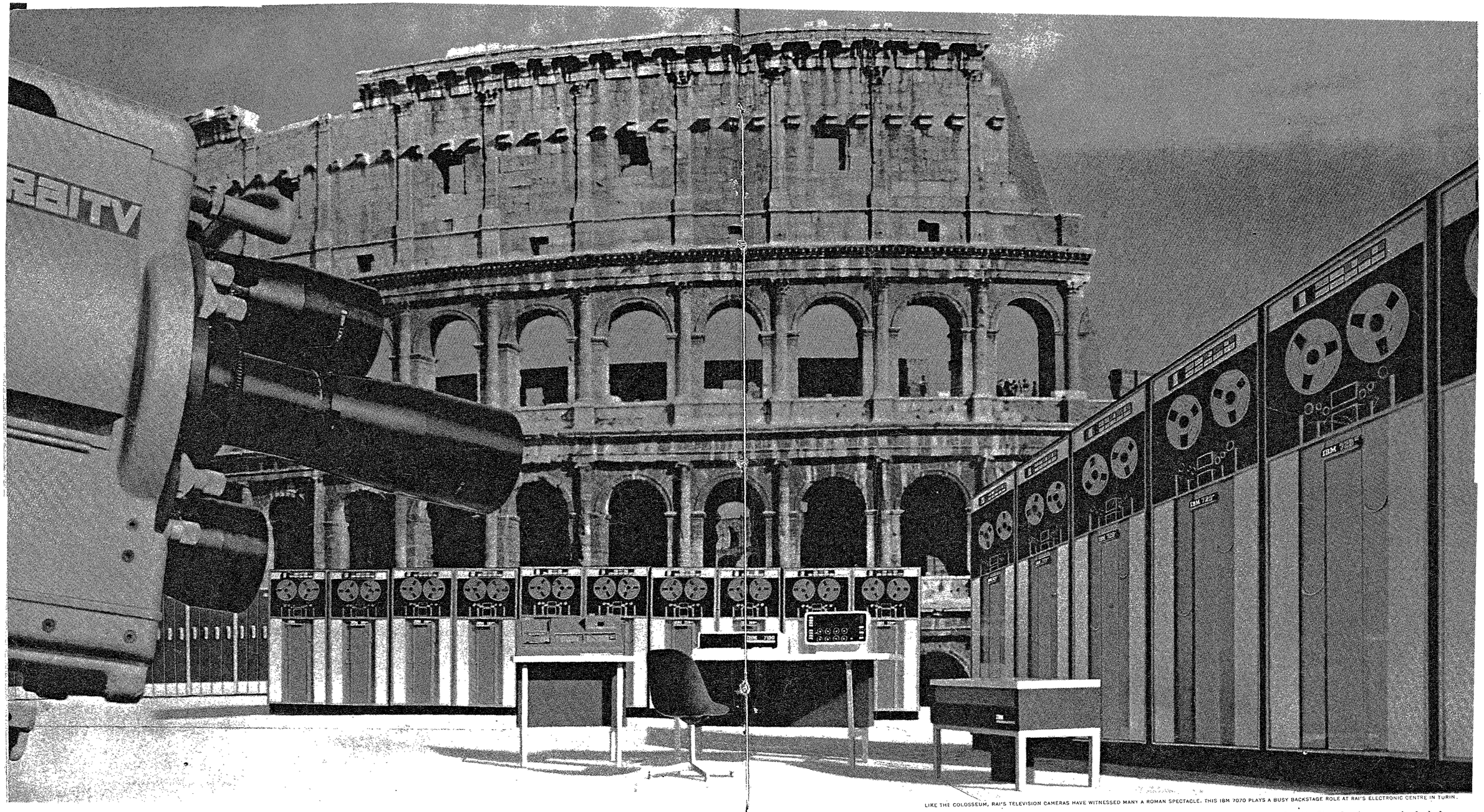
The *salinas* are privately owned—by about half the village's sixty families—but their output must be delivered at once to an ancient co-operative whose seat is the *Almacén de la Sal*, a beautiful salt-encrusted building, reputedly 800 years old, in the main square. The *Almacén* houses modern grinding and packing machinery (the salt is marketed in neat polythene bags), and a cinema, and most families have at least one wage-earner employed there.

There are storms, even in paradise. On the river bank opposite Gerri slumbers a tiny monastery, a jewel of Catalan Romanesque. "During the civil war it was damaged by the Reds," a villager said. He looked around and added: "Of course, the monks let the Nationalists store arms in several of these monasteries, in preparation for the uprising, so . . . ." He shrugged.

And now, though as yet no bigger than a Dutchman's hand, another storm is on the horizon. Booming Barcelona, 130 miles away, is ravenous for electric power. One way to increase the supply would be to build a dam across the Collegats gorge, one of the loveliest in the Pyrenees, a few miles south of Gerri, and flood the whole valley. Four charming Dutch geologists are now encamped in the gorge, chipping at the red and brown rock and asking one another whether it could stand the strain.

The people of Gerri are not alarmed. With the usual innocence of the over-privileged they assume that whatever corner of Spain they are evacuated to will provide them with as easy a living as Gerri—though one man, who has seen something of the outside world, said: "Surely they won't expect us to work on the land." His wife was more concerned about the salt. "You will never persuade me that they intend to let all this good salt run to waste," she said. "It's the purest salt in Spain—*es natural*. . . ." Her goitre quivered with pride.





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Backstage with IBM at a Roman spectacle

When Emperor Vespasian built an amphitheatre to hold 50,000 of his spectacle-loving countrymen, Romans so marvelled at its size that they called it the "Colosseum." Nineteen centuries later, Italians still love a good show, but today millions have better seats than even the Emperor had. The TV cameras of RAI give all Italy close-ups of spectacles from the roaring Mille Miglia to opening night at La Scala.

RAI—Radiotelevisione Italiana—is largely supported by licence fees for radio and TV sets. Behind the scenes, an IBM computer keeps track of the licences—over 9 million of them.

Besides radio and television networks, RAI's other interests include four symphonic orchestras, a magazine, a school over TV, and television centres in several cities. For all these, the IBM computer helps with payrolls, keeps books, handles real-estate records, and controls inventories.

Doing these things, the IBM data processing system saves RAI money at a rate that might amaze even the thrifty Vespasian. Master administrator that he was—Vespasian put the Empire's finances on sound footing—the venerable Roman would surely have only one reaction: Thumbs Up!

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HOME REPORT

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

Wobbly Woodside

FROM A CORRESPONDENT IN GLASGOW

THE seat that Labour most confidently expects to win in next Thursday's five by-elections is Woodside, in the inner west end of Glasgow. Woodside has been narrowly Unionist (i.e. Tory) in all four general elections since the constituency was carved out in 1950 ; now, however, the opinion polls and a systematic Labour canvass point to Labour's raising its Scottish strength to 39 seats against the Government's 31 (with Mr Grimond odd man out in the north isles). But with six candidates nominated, equalling the modern Scottish record at Camlachie in 1948, it is occasionally difficult to see the wood for the trees.

Woodside is distinctly mixed socially. It has solid, stone-built Victorian houses (often flatted) for those of Glasgow's better-off who still keep within a 5d. bus ride of town ; the next constituency westwards, Mr Tam Galbraith's Hillhead, is equally Victorian and much more solidly Tory. But Woodside, particularly where it shades off into the Labour stronghold of Maryhill, has plenty of slum tenements that give it housing densities of up to 119 persons to the acre, Glasgow's worst. It also harbours, on Gilmorehill, Glasgow's first university and thus claims a good chunk of the city's intelligentsia with left-of-centre leanings.

There are 42,119 electors on the register. In 1959 there were 2,500 more, and many of those who have gone are slum-dwellers who have been rehoused. This is one of the straws at which Mr Norman Glen, the Unionist who is defending the majority of 2,084 left him by the new Lord Justice-Clerk, Mr Grant, is clutching. The other is the class loyalty of habitual Unionists in a Scottish

NEXT THURSDAY'S BY-ELECTIONS

	Per cent of vote in 1959			Swing neeeded by Labour per cent
	Conservative	Labour	Liberal	
Chippenham	52·1	31·0	16·9	10·6
South Dorset	49·8	34·7	15·5	7·6
Central Norfolk	50·4	34·8	14·8	7·8
South Northants	57·0	43·0	—	7·0
Glasgow Woodside	49·3	43·1	7·6	3·1

The average swing secured by Labour in by-elections so far this year has been 7·5 per cent. All three major parties are fighting all five seats this time ; besides being worried by the appearance of a Liberal in South Northants (which had no Liberal candidate last time), the Tories will have special anti-common market candidates against them in South Dorset and Central Norfolk.

seat that has little outward resemblance to Orpington. Mr Glen himself, a Glasgow businessman who is making his fifth attempt to enter the Commons (one of them as a Liberal), is not the most dynamic of candidates that the Unionists could have chosen. His job (and he is industrious about it) is to fight off the Liberal, Mr Jack House, who in turn has to fight off the Scottish Nationalist, Mr Alan Niven. Between them, Mr Grant's middle-class majority is highly likely to disappear.

The Liberal, Mr House, is a journalist, broadcaster and professional Glaswegian. He believes in thumping Liberalism's Home Rule platform, and is plainly chasing the Nationalist vote which multiplied noticeably at the West Lothian and Bridgeton by-elections. Mr Niven, politically a pretty green 27, seems incapable of translating to Woodside (which is not exactly heathery seat) the sort of performance put up elsewhere by his party. Even so, the Liberals are going to be worried by him.

Labour is brimful of genuine confidence that all the national and local factors (particularly unemployment) are going its way. Its candidate, Mr Neil Carmichael, is the son of Bridgeton's former MP, Mr James Carmichael, for long a stalwart of the Independent Labour Party. He is avowedly unilateralist, and was the original nominee of the local constituency party, which got into hot water over the heckling of Mr Gaitskell last May Day.

This, if briskly exploited, could still be the chink in Labour's impressive armour, for Mr Carmichael has yet to discover a platform maturity commensurate with his political upbringing. In this sense, the hullabaloo over the British nuclear test may not be unwelcome to the Unionists ; that is, if Lord Home's views on the intelligentsia are shared by the older Woodside electorate. As a unilateralist, however, Mr Carmichael does not expect to drop much to the two left-wing fringe candidates, Mr Robert Vallar of the Socialist Party of Great Britain and the inveterate Glaswegian-Cockney Independent, Mr Guy Aldred. Mr Vallar declares that he will certainly trounce Mr Aldred—and they can be safely left to settle it between them with a tiny handful of votes apiece.

The Norfolk Test

FROM OUR SPECIAL CORRESPONDENT

No greater horror could be imagined by Norfolk Tories than to lose, or even to be rattled in, the Central constituency. It is (with a Tory majority of 6,787 in 1959) the least unsafe seat in a county of distinctly marginal ones, two of which Labour holds by its fingernails. It is also an agricultural constituency with enough large arable farms (rather different from South-West England) to be able to regard entry into the common market with some equanimity. If the Tory candidate, Mr Ian Gilmour, the proprietor of the *Spectator*, were to be upset there, the spectre of a farmers' revolt would really haunt the manors and granges of sitting Tory members. Last spring or summer, this is just the sort of constituency that might have fallen (only a 7.8 per cent swing to Labour is needed to take it). But by now Mr Gilmour's supporters think that he is unlikely to stumble.

One reason is that the only vocal anti-European feeling in the countryside comes from the horticulturists, especially the men with 20 acres or less who grow (under glass) tomatoes and flowers for the local market, and who have been feeling the European pinch already. They complain of Dutch boats arriving in East Anglian ports (a much bigger insult than invading Covent Garden) and stare stonily at the Liberal, Mr Maxwell Goode, when he tells them that prime English produce has excellent prospects in snobbish, whisky-drinking households on the continent. The Tories among these small men are not going to vote Liberal, and even Labour's anti-market image will be less than disastrous to Mr Gilmour because a good many horticulturists already vote Labour anyway.

Central Norfolk is not really as rural a seat as it looks. Just under half the electorate lives in five parishes on the northern outskirts of Norwich: the population in these housing estates has either left the land or has come in from outside the county to get comparatively good wages (in a low-cost area) in the service trades and the agriculture-based industries that have grown up since the war. These people are town-orientated, and feel themselves several steps removed from the common market issue ; they seem a mixture of traditional uprooted Tory and habitual uprooted Labour, and offer little prospect of the surburban volatility that the Liberals have been hoping for.

Though your correspondent heard occasional Conservative mutterings that Mr Gilmour is an outsider, this was equally true of his

predecessor, Mr Collard, an aircraft manufacturer. Mr Gilmour tells his audiences that things will be even harder for British agriculture if British industry is shut out of Europe; his hearers would like him to voice more openly their own private conviction that Europe will at least shut out Commonwealth producers and, still more, dumpers from Scandinavia and the other side of the iron curtain. The Liberal, Mr Goode, is a Norfolk farmer himself, but not one who has been on the best of terms with the National Farmers' Union. Sir Frank Medlicott, the former Conservative and Liberal member for the constituency who is campaigning for Mr Goode, could conceivably remind his audiences that Mr Gilmour was just as much anti-Suez as he was. The anti-common market candidate, Mr Kenneth Colman (Independent Liberal), should do little more than the similar candidate in West Derbyshire in June. One big farmer told your correspondent in some anguish that the Labour candidate, Mr Geoffrey Bennett, had struck his neighbours as the best man of the lot, but that they were still not changing their vote.

Mr Bennett and the National Union of Agricultural Workers are firmly against entering Europe on the existing terms: although the union has an 85 per cent membership in Norfolk (compared with a national average of little over 30 per cent) and is the basis of every Labour campaign in the county, it seems to have held few branch meetings in the constituency (except to elect local secretaries) in recent years and its political message tends to come through thinly in the outlying parishes. Any threat to Mr Gilmour looks as mild as the rolling autumn landscape. One ex-serviceman has paid in his £150 deposit and will duly lose it.

The Last of Life

THERE they still stand, fifteen years after the National Assistance Bill proudly proclaimed that "the existing poor law shall cease to have effect," those vast Victorian institutions for the provision of indoor relief for the poor. "The workhouse is to go," said Mr Aneurin Bevan, introducing the bill. "We have determined that the right way to approach this problem is to give the welfare authorities . . . the power to establish separate Homes. . . . If we have an institution too large, we might have a reproduction of the workhouse atmosphere . . . and all the regimentation and the rules that have to be obeyed . . ."

Not only are the workhouses, or at least many of them, still standing, even if renamed; Mr Peter Townsend shows us in his survey* of residential institutions and homes for the aged that the atmosphere may persist as well. Old people are persuaded, often against their wishes, to enter an institution because to the welfare authorities that seems the easiest solution to everybody's problems. Once in they may be stripped of all dignity as well as most of their possessions; they have no privacy in sleeping, taking a bath—or rather in being bathed—or even in going to the lavatory. There they sit round the walls ("Even if you arrange the chairs haphazardly in the centre of the room," said a chief welfare officer to Mr Townsend, "they get pushed back to the walls") bored, apathetic, depressed, utterly lonely. It is small wonder that they soon begin to show signs of the deterioration that is used to justify the need for providing residential care.

Not all of the institutional provision is deplorable. Those in charge are sometimes immensely tolerant of bizarre, confused, and often aggressive, behaviour in their aged residents. But when Mr Townsend drew up a standard against which to measure the different types of residential care—a standard partly objective (physical facilities), partly subjective (sympathy, absence of restrictions)—he found that the old institution comes off badly. None of his sample of 39 was classed as better than "poor," and eight were classed as "bad." The best showing was made by homes run by voluntary bodies, followed by those run for profit —nearly half of which, however, were "poor," "very poor" or "bad"—and then by the local authority postwar homes.

As a result of the break-up of the poor law, culminating in the National Assistance Act, these postwar homes were supposed eventually to replace the institutions as public provision of accommodation for the old. By January, 1960, there were over a thousand of them in England and Wales, and between them they have nearly as many beds as the institutions. Physically, they are usually a great improvement. They are often converted large houses in pleasant grounds; numbers are smaller; there are shared bedrooms rather than dormitories. But they tend to be on the outskirts of towns, far from the busy hum of men, which most of their residents would prefer to flower beds and lawns. (An old man once said that fields "take such a long time to grow.") And although the old people themselves are carefully selected for these homes, it is nevertheless rare for them to develop any sort of community life. Few friendships are formed, and a large minority becomes socially isolated.

IT is Mr Townsend's contention that this uprooting of old people from their familiar surroundings should stop. Drawing up a measure to assess their capacity for looking after themselves, he found that nearly a half of a sample of new residents in institutions, and 60 per cent of those in local authority homes, had only a slight incapacity for self-care—though he does not perhaps allow sufficiently for day-to-day variations in the old. Ought local authorities, therefore, not to expand far more purposefully their domiciliary services so that old people, and handicapped younger people who now find their way into institutions, can remain at home? Instead of the large institutions, which Mr Townsend says should be given a definite date for closing down, and even instead of the postwar home, he proposes much more "sheltered housing," groups of flatlets with some communal rooms and a trained, resident housekeeper.

There would, of course, still be a need for some residential accommodation for old people with special disabilities. In London, for instance, a former institution is now virtually a hospital for the chronic sick, although it is run by the county welfare

HOMES AND RESIDENTS
(England and Wales, 1960)

	Number	Beds	Residents of pensionable age
Ex-institutions	309	36,934	29,615
Other local authority	1,105	36,699	33,677
Voluntary	815	25,491	22,410
Private	1,106	11,643	9,825
Total	3,335	110,767	95,527*

*[illegible] of the population of pensionable age.

*"The Last Refuge." By Peter Townsend. *Routledge.* 552 pages. 60s.

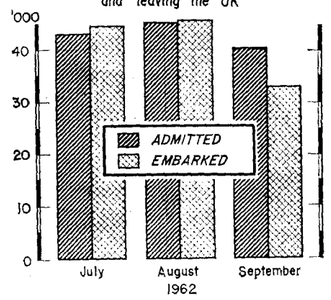
authority and ranks as Part III accommodation under the National Assistance Act. Mr Townsend proposes that accommodation of this sort should become the responsibility of the hospital management committees, which should also take over the provision of short-stay homes for emergency cases and short illnesses. Logically, there is much to commend this proposal. It would put an end to the load-shedding that sometimes goes on between hospital and welfare accommodation and which may mean upheaval, and consequent distress, to the old. But in practice the division can be justified. Just because they are residential institutions in name, those in charge of them—at least the best of them—can allow their infirm and disabled old people more freedom in wandering about the place than a hospital might care to.

But in his main argument Mr Townsend is absolutely right. The whole emphasis in social care in recent years has changed from the institution to the community. Small children, it has been found, do not thrive in an institution; long-stay hospital patients become institutionalised. Ought not the emphasis to change for old people as well, instead of expecting them to put out new roots in wholly unnatural surroundings? The local authorities are now completing their ten-year plans for health and welfare services for presentation in the new year. It is a great pity that they have not first had the benefit of the radical and humane approach provided in this book.

Taken at the Flood

FIGURES quoted by Mr R. B. Davidson, the adviser to the Jamaica Migrant Services in London, for Commonwealth immigration and emigration since the inception of the Immigrants Act in July tend to support a theory long held by this journal, if not by the framers and supporters of the Act, that Commonwealth citizens come to Britain when, and only when, they are confident of an upswing in the sectors of the economy which most affect them, that is, that they do not come here for kicks—in either sense. July and August saw a net emigration of Commonwealth citizens of 1,596, the largest single consignments in grand totals of 88,364 inwards and 89,960 outwards being of Canadians rather than the bogey men of the Caribbean, who came quite a long way down the list, after Australia, India, New Zealand, Nigeria and Pakistan. Of voucher holders (10,192 were issued to 14,499 applicants) those with jobs awaiting them were in most cases the smallest proportion, and those on "quota" the largest. But the Caribbean excluding Jamaica produced 46 per cent in the "job" category; and Canada and Australia more than half in the "skill" category. Most vouchers were issued to India and Pakistan (from which it must be assumed that most white Commonwealth exiles were only tourists). In September the picture changed radically: there was a net immigration of 7,644, the largest single net increases being from India (1,648) and Nigeria (1,281), with net losses only to Canada and New Zealand. The net influx of Caribbean immigrants was about 1,250, most of whom seem to have been women and children joining their husbands. The timing allows a month for to affect embarkations: if the theory of close Commonwealth study of the British economy is correct, there should be a sharp rise in the net influx in December (climatic dissuasion apart) on the strength of Mr Maudling's non-budget.

Commonwealth citizens entering and leaving the UK



BOOKS

Famine

The Great Hunger

By Cecil Woodham-Smith.

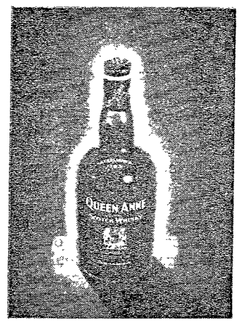
Hamish Hamilton. 510 pages. 30s.

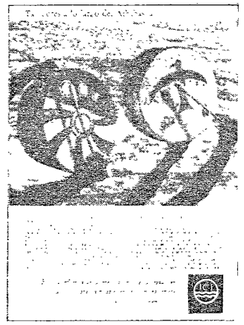
IT is still impossible to read the grim narrative of events in Ireland between the first failure of the potato crop in 1845 and the year of abortive revolution, 1848, without being moved and shocked. The human tragedy was so great, the attempt to relieve it so inadequate and misconceived. Grim though the narrative is, "the reality," as one English relief officer put it, "in most cases far exceeded description." Mrs Woodham-Smith is the kind of historian, sensitive and meticulous, who can re-create the sense of muddle and horror. Just because she is so dispassionate in her handling of evidence, she evokes the maximum compassion for the victims of a situation that lay completely beyond their control. She describes their plight largely through the words of contemporary witnesses. "When we entered [illegible] village," wrote W. E. Forster, who in the fullness of time was to be known not as a philanthropist but as "Buckshot" Forster.

> our first question was, how many deaths? "The hunger is upon us" was everywhere the cry, and, involuntarily, we found ourselves regarding this hunger as we should an epidemic, looking upon starvation as a disease.

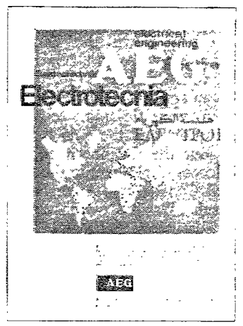
Philanthropy was quite inadequate to check the progress of the disease of starvation. So too was orthodox political economy. Mrs Woodham-Smith talks too generally of "*laissez faire*," ignoring crucial differences between political economists, the differences which were recently dissected with great skill by Dr Black. She is right, however, to emphasise the absurdly narrow and doctrinaire economic views of Charles Edward Trevelyan, who regulated and pontificated, sometimes sanctimoniously as well as ineptly, from his vantage point as Assistant Secretary of the Treasury. Trevelyan felt that it was his duty not only to protect the British taxpayer but also to prevent any of his subordinates in Ireland—or any other British officials—from using their own independent judgment to suggest emergency policies. He withheld food when food was most needed, cared nothing about whether people who were starving could not afford to buy it, trusted Irish corn dealers to behave as properly as the ideal economic men of political economy textbooks, refused to sanction improvement schemes to assist Irish agriculture, and suspended public works operations when the need for them was most acute.

Insofar as there is a single villain in Mrs Woodham-Smith's pages, it is Trevelyan, whose appealing portrait she uses as an ironical illustration alongside her sharply drawn character sketch of him. She says too little, however, of his dealings with ministers to determine exactly to what extent they were influenced by him, and she admits, sometimes with chapter and verse, that his doctrinaire views were often shared by them. Both he and they were desperately anxious not to confuse the epidemic problems of famine in Ireland with the endemic problem of Irish distress. They felt that relief in the long run, like relief to the English poor, would do more harm than good. They were so afraid, therefore, of being too good to Ireland in a period of emergency that they ceased, almost from the start, to be good at all. It is as easy to collect an anthology of admonitions about economic policy as it is to assemble the statistics of hunger and disease. "You run the risk of paralysing all private enterprise and having this country on you for an





Here are 9* typical ads from outside the Americas



* of 1069 ad pages in Visión in 1961, 585 were from Europe and Japan

vying for the Latin American market in Visión

The opportunity of Latin America is felt around the world. Manufacturers of watches and diesels, producers of lenses and liquors, transports of the land, sea and air, refiners of petroleum and chemicals, builders of roads and factories – all aim their advertising directly at this fast growing major market. The medium they choose: Visión, the largest news-magazine in Latin America. Would you like to see a copy?

VISION Incorporated • Vision Building • 635 Madison Avenue • New York 22 • 212 MU8-7500
Chicago • Los Angeles • San Francisco • London • Frankfurt • Tokyo • Mexico City • Santiago • São Paulo • Rio de Janeiro
London Office: Norall and Hart Ltd., 28 Bruton Street, W.1. Grosvenor 8356.

indefinite number of years," Trevelyan told his main agent on the spot. "It is quite impossible for Government to support 4,000,000 people." "If the Irish once find out that there are any circumstances in which they can get free government grants . . . we shall have a system of mendicancy such as the world never saw."

There was a logic behind such statements which gripped Trevelyan and his colleagues just as it had gripped the framers of the Poor Law of 1834. It is curious that Mrs Woodham-Smith, who is so vivid in her detail, does not fit what happened in Ireland into a bigger frame. There are no references to Malthus, "less eligibility," or Carlyle's "secrets known to all rat catchers." Nor does she compare the political movement of discontent, which failed to capitalise on empty stomachs, with the Chartist disturbances which made England also a centre of grim and often futile misunderstanding during the same period. Her main source of English public opinion is *The Times*. There would have been more light and shadow in a wider selection of sources.

Where she is always illuminating, however, is on those innumerable questions where psychology was at least as important as economics. The export of food from Ireland throughout the whole period of crisis, for example, was of little economic importance but of great psychological significance. The mass migration from Ireland, which in the long run was as important a feature of the famine as the holocaust of life, was to transplant not only people but memories as well to a new world. The English learned nothing. The famine rather reinforced prejudice. The Whig tradition of English historiography conveniently left most of the facts on one side.

Undiplomatic Candour

To Katanga and Back: *A UN Case History*

By Conor Cruise O'Brien.
Hutchinson. 382 pages. 35s.

DR O'BRIEN has been described by members of Parliament (safe behind the screen of their privilege) as a "filibustering braggard" and a "bloodthirsty Dublin corner boy". His book on his experiences in Katanga last year reveals him—fairly enough—as a rather unusually thoughtful career diplomat, plagued by an imp of untimely candour (characteristically, he calls himself "a bit of a blurter") by a keen sense of humour, and by somewhat strong reactions to cruelty and hypocrisy. These qualities, however damaging in the career he has now abandoned, would make his book compellingly readable, even if it did not have the distinctive interest of being a personal account of a recent international episode that is still bathed in obscurity—an account written by one of the central characters in the action, who happens to be also a fine writer.

Another of the book's distinctions is the way it has already been gleefully hailed by the very people who, a year ago, chose to depict Dr O'Brien as at best unreliable and at worst unbelievable, but who are now eager to cite his words as holy writ; more precisely, only those of his words that can be used to discredit the United Nations and thus to improve the "image" of that strange portent of our time, the Katanga secession. It is perhaps worth mentioning, for the benefit of those who may have been given a rather selective idea of the book, that it is not devoted to an "exposure of the UN". The greater part of it is an incisive analysis, backed by a wealth of direct evidence, of the true nature of Tshombe's Katanga.

Dr O'Brien does not mince words. The "Independent State of Katanga," he argues, is a "European enterprise of mystification"—"fundamentally, South Africa with a thin but expensive black screen". Its state apparatus

> was designed mainly for the protection of European lives and property, and the actions committed by its agents, including murder and arson, are directed to the same ends.

Dr O'Brien records in detail, and with something near to admiration, the successive devices, all ingenious though at times contradictory, used to sustain this unlikely but lucrative edifice in the face of a world ostensibly agreed on the proposition that the whole Congo is an independent African republic. Though one or two of his statements can be challenged, there remains enough that is unchallengeable to show that this is one of the least savoury chapters in the story of European rule in Africa.

This book will not end the controversy about where responsibility lies either for the initiation of the UN actions in Katanga in August and September last year, or for the way those actions were brought to a fumbling halt. When Dr O'Brien speculates on what may have been in Mr Hammarskjöld's mind—and knowledge—and what pressure may have been brought to bear on the secretary-general, the effect is to give his opinions much more weight than they are worth.

But he does point out that he is speculating. He frankly records his own errors. On occasion he accepts in full responsibility that might be laid across more than one pair of shoulders. He is curiously at one with his fiercest critics in dwelling on the disputed distinction between "ending" the secessionist regime and removing its foreign props. His account ought to stop all but the most doggedly dogmatic commentators from speaking any more of "O'Brien's war." But his own interpretation of the events of August and September 1961—that the United Nations, after long months of fruitless endeavour to complete the reunion of the Congo by persuasion, attempted decisive action against the "enterprise of mystification", and was frustrated partly by the shortcomings of an improvised international mechanism, partly by intense British pressure—remains obscure as well as controversial. It will not be cleared up until the more reticent actors in this drama, in London, Salisbury and Elisabethville as well as in New York, acquire a touch of Dr O'Brien's undiplomatic candour.

Labour's Liberal

The Conservative Enemy: *A Programme of Radical Reform for the 1960's*

By C. A. R. Crosland.
Cape. 251 pages. 30s.

MR TONY CROSLAND is a modern-minded progressive who has stayed in the Labour party instead of becoming a Conservative cabinet minister or a Liberal television star or even an independent weekly journalist. Many people who share his general outlook, but not his party allegiance, may therefore read this book with the feeling that there, but for the grace of not having become too closely involved in Labour politics just after the war, went they. What forms of realistic radicalism may people of this type have lost by keeping outside the Labour party, and what forms of realism and radicalism has Mr Crosland lost through still belonging to it?

The sort of 1945 radical who has drifted outside the Labour party may find his intellectual conscience stirred by three passages in this book: the attack on inequality in inherited wealth as distinct from in earned income (Mr Crosland puts forward a convincing case for a general gifts tax, to counter the farce of avoidable death duties, and for an annual tax on capital wealth); the argument that snobbery in our society still needs to be fought by a large scale reform in the educational system (Mr Crosland would enforce a major democratisation of the public schools); and the argument that since Labour's present pretty absurd plan for the nationalisation of any land as soon as it becomes scheduled for building or rebuilding has admitted "practical difficulties," the best alternative might conceivably be the nationalisation of all land.

The last two reforms, if reforms they be, would not be considered in the near future by a Conservative government (as a matter of fact, they would not be enacted by an early Gaitskell government either). The first of them, gifts taxes and wealth taxes, might well be the next piece of clothes in Labour's cupboard for progressive Tories to steal. But, even if the Tories do not soon commit this last larceny, they have run away with a lot of the rest of Mr Crosland's wardrobe already; and it is this that must have provided Mr Crosland with one of his major difficulties in writing his book, a difficulty which he attempts to solve by saying repetitiously that it could never have happened.

For, from his own side of the fence, Mr Crosland departs from radicalism and realism in two important ways. First, like so many other Labour MPs, he shudders away from most forms of radicalism and reform that would really annoy the trade union movement. Secondly, he departs from realism because on almost every second page he feels compelled to shout reassurance at himself that the Conservatives are congenitally incapable of adopting policies which everybody knows that they have really been adopting—with surprising apparent willingness for years. This happens frequently in his exposition, but two not untypical examples are worth mentioning. In Chapter Nine, we are told that one thing that "no Tory could accept"—but which Labour most certainly should accept—is "an abatement of national sovereignty, in the long run in favour of world government, in the short run in favour of Europe—even at the cost of loosening Commonwealth links." In Chapter Twelve, we are told the same thing about the urgent need for "a radical (and politically unpopular) change in the administrative framework" of local government, in favour of larger regional authorities. As the two main controversies in the present session of Parliament will be Labour's opposition to Tory sponsorship of the common market and of the Greater London Council, these arguments are really a bit thick.

In part these oddities arise because much of this book is a reprint of essays which Mr Crosland has published in *Encounter* and elsewhere over the past two or three years, and which he has been too honest to re-edit drastically as circumstances have dramatically altered cases. But in sadly larger part the thump of incongruity that reverberates through the political parts of this economically sensible testament has another basic cause: Mr Crosland set out to write a book on The Conservative Enemy at a time when the enemy was all too frequently changing sides to become a Labour one. He cannot think what to do about this, but Labour's difficulty is that in the last four general elections a deserting army of other middle-of-the-road voters have decided that they often can.

Pretender's Mother

Mary of Modena

By Carola Oman.

Hodder and Stoughton. 287 pages. 35s.

MARY OF MODENA is one of the least known but most charming of the Queens of England. Her period of glory was brief, and was followed by long years of exile and disappointment. She became the second wife of James II in 1673 at the age of fifteen, and from that moment was caught up in the dilemma that resulted from her husband's conversion to Roman Catholicism. Miss Oman spends no time on the complicated political events which had such disastrous consequences for the Queen, and her biography is concerned solely with the Queen herself and her personal relationships. This is probably the most satisfactory way to treat Mary of Modena, for she was only indirectly concerned with the major events of her time, and her great merit lies in the charm of her character and the love she felt for her husband. James, through her eyes, is a very different figure from the ineffectual ruler of the academic historian.

Miss Oman's account is swift-moving and full of vidid detail: the Queen in labour in a bedroom crowded with official witnesses of the birth, begging her husband to shield her face with his periwig to give her the illusion of privacy; James prostrated with violent nose-bleeding when his kingdom was at stake; the ghastly weeks in London when, deserted by friends and betrayed by his daughters, the king was persuaded to abandon his kingdom and fly to France; and the hardly credible scene when James's vivacious mistress, Catherine Sedley, appeared at the court of his successor and greeted the new queen with the words "Why so haughty, Madam? If I broke one commandment with your father, you have broken another."

The second part of the book deals with Mary in exile in France, and it is a measure of its merit as a biography that interest is sustained right to the end of the Queen's life. During her years of exile she seems to grow in stature rather than diminish, and Miss Oman shines a new and more sympathetic light on the principal characters of the Jacobite court.

To James's opponents, however, she is less understanding. Anne and her sister, Mary of Orange, do not come out of the story well. In the face of overwhelming evidence, they tried to discredit the legitimacy of their half-brother, Mary even going so far as to send Anne a long questionnaire on the circumstances of the birth. Miss Oman at least disposes conclusively of the warming-pan story; yet both sisters faced a real difficulty, shared by the rest of England, between their loyalty to James and the protection of the Anglican Settlement.

The book is illustrated with a number of little-known portraits, including a superb one of the Queen in a riding habit by Verelst. This may not be an epoch-making biography, but, like its subject, it is an elegant and finished one.

The Ancient West

The Greeks in the West

By A. G. Woodhead.

Thames & Hudson. 243 pages. 30s.

THIS is one of the admirable series of "Ancient Peoples and Places," and follows the usual pattern: 48 pages of plates, a number of line-drawings, and a scholarly text tied in to the illustrations, so that primacy is given to the visible remains. Mr Woodhead has a difficult task, since he is confined to Sicily and Magna Graecia, and his books should be read with the corresponding volume by Mr R. M. Cook on mainland Greece. The history and arts of the two are so intertwined that it is hard to separate them; all too often Mr Woodhead has to say that the western products are rather provincial versions of the main stream; and in the intellectual fields of literature, history and philosophy he is mainly dealing with lost authors. He interprets his terms of reference severely: where, for once, he has in Theocritus a major author whose text survives and who for most people is synonymous with ancient Sicily, he dismisses him in one sentence and banishes him from the index because he emigrated to Alexandria.

But, given the necessary limitations of the book, it is most informative and well designed. It is not easy reading, particularly where art and architecture are concerned, since Mr Woodhead has crammed as much information as possible into a short text. He covers myth and history with admirable clarity (wisely leaving the tragedy of the Sicilian expedition to Thucydides). His last and most interesting chapter picks out those elements in Greek culture which are strictly western. On the whole the record is not very impressive compared with that of the mainland. Politically, the development of the polis in Sicily was even more disastrous than in Greece; art and architecture, though far above anything else in the western world, were a trifle provincial, with honourable exceptions, of which the early coins were the finest; the philosophers and rhetoricians were great and influential but—so far as one can judge from secondhand evidence—rather on the odd side, at least to modern minds; Theocritus emigrated; and we are left with one undoubted genius of lasting memory in Archimedes, whom the Romans killed at the sunset of Greece in the West. But, as Mr Woodhead reminds us, it was from the Western that the Romans first drew their Greek culture and passed it on to us.

Analysis of Nationalism

Process of Independence

By Fatma Mansur

Routledge. 221 pages. 25s.

IN many Asian and African countries the parliamentary rule inherited from the West has been overthrown or emasculated within the first decade after independence. This hardly draws a sigh from western opinion nowadays; instead there is a cliché ready for use: it was too much to hope that democracy could work in such immature countries and in any case the ending of poverty is what matters and that will be better managed by a brisk dictatorship.

It is time that western thinking moved away from some of these ill-founded assumptions. Miss Mansur's pioneering sociological study can therefore be welcomed as a workmanlike attempt to analyse the political forces that have grown up and the role they play in these countries. The first question that needs answering is not so much what colonial rule did—which we know well enough—but what its impact was in the society as a whole. Across the raw countryside of the past the imperial rulers drove their excellent roads, flanked by waterworks, government offices and the like, but beyond that there were great areas left untouched. What impact did western rule have on these areas of the old society and how are these areas now influencing the old western highways?

Miss Mansur begins by defining two kinds of elite that existed when the West blundered in. There was a cultural elite of religious men and scholars that had authority but no sovereignty. And there was the political elite of the rulers that had both sovereignty and authority. When western rule ended the sovereignty of this class its authority still survived. From these families the first sons were sent away for western education (Harrow has its distinguished old boy; has Eton an Asian nationalist to its credit?) and they became the nationalist leaders, not, as is often assumed, the professional middle class produced by western education. These lawyers, teachers and unemployed arts men were commonly supporters, but not the leaders, of nationalism. However much western rulers disowned any aim of destroying old religious or cultural traditions, the western education they introduced had the effect of undermining them.

Miss Mansur's comparative analysis of India, Pakistan, Indonesia, Ghana and Nigeria is inevitably more thorough in tracing the growth of nationalist parties than in following events since independence. In Pakistan and Ghana these events have overtaken her and Pakistan might be thought a doubtful member of this company in any case. But she admirably makes the case for studying the political and social situation in which these westernised elites find themselves. That is the key to the future of these countries and her book, besides being well-informed, has the natural sympathy arising from her Turkish origin.

Crazes and Cults

Theory of Collective Behaviour

By Neil J. Smelser.

Routledge & Kegan Paul. 447 pages. 45s.

THROUGHOUT history there have been episodes of mass behaviour, from the South Sea Bubble to the Twist, which seem on the face of it inexplicable. Professor Smelser has set himself the task of studying such events, not from the point of view of individual psychology, but from the sociological conditions that underly their occurrence. His aim is to provide the answers to three big questions: why do such collective episodes occur where they do, when they do, and in the ways that they do? His method is to apply sociological principles to the comparative material that is available. The result is a good example of how the sociological approach to a subject can begin to create order where there appears to be none. For example, Professor Smelser demonstrates convincingly that panics, crazes, financial booms do not occur at random. They are virtually non-existent in simple traditional societies, and very common in highly sophisticated societies like the American. What is more there are certain places, like Los Angeles and Detroit, which are particularly prone to these collective outbursts. His discussion of some of the big movements of the past is certainly illuminating. In particular, his step by step analysis of the great crash on the American stock market reveals again and again how real leadership and directive from the right sources could have saved the situation.

Unfortunately his conclusions are not very novel, and do not really provide the answers to the questions that were his point of departure. For instance, it is already generally accepted that in the field of fashion the more widely a particular style is adopted the less valuable it becomes to the wearer; or that in the absence of clear leadership the chance of an ambiguous situation resulting in a panic is fairly high. After all, as he himself points out, the Nazi leaders were only too well aware of this.

In fact the search for "social causes" is still an elusive one, and many sociologists end up by doing nothing more than to substitute one set of descriptions for another. This is not to belittle Professor Smelser's achievement; he has gathered together a great deal of information under one roof, and the descriptions themselves have obvious value. Indeed there are some people who might be slightly relieved that the "breakthrough" has not yet occurred. There is little evidence to show that mankind is in any sense ready to handle an understanding of why things happen for the common good, and not simply to manipulate it for individual ends. Perhaps every sociologist who is searching for "causes" and "answers" should keep a copy of "Nineteen Eighty Four" on his desk.

OTHER BOOKS

A SHORT ECONOMIC HISTORY OF JAPAN. By G. C. Allen. *(2nd revised edition.) Allen and Unwin.* 237 pages. 30s.

INDEX OF ECONOMIC JOURNALS, VOL. V, 1954-1959. American Economic Association. *Richard D. Irwin, Inc.*, Illinois. 588 pages. $25.00 volumes I-V.

A SURVEY OF NORTH WEST AFRICA. Edited by N. Barbour. *(2nd edition.) Oxford University Press* for the Royal Institute of International Affairs. 422 pages. 42s.

CASSELL'S ENGLISH DICTIONARY. Revised and enlarged by A. L. Hayward and J. J. Sparkes. *Cassell.* 1359 pages. 30s.

JAHRBUCH DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK 1961. *Die Wirtschaft*, Berlin. 474 pages. 15 D.M.

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LETTERS

Letter from the Editor

The Economist never has enough space to print all the worthwhile letters that are sent in by readers. This is a pity for two reasons. It discourages people from writing; and the points made by our readers are not brought to the attention of those for whom they are often intended—the politicians, managers, civil servants and so on who may read us. All too often letters are not printed simply because they are too long, including the length taken up by throat-clearing sentences at their beginning.

Of course, many letters will always deserve to be printed in full. Naturally, any reader who wishes to see his letter printed either in full or not at all will always be welcome to say so. But, for the rest, the Editor asks permission from now on to prune readers' letters as sternly as contributions from his own staff, by cutting out of them what is not essential to their argument—and in some weeks introducing a condensed "points from letters" feature at the end of this section, picking out individual points from letters that would otherwise not get in. Our object is, within our limited space, to give readers' views, pruned but undistorted, as much prominence as possible. We now hope that even more of them will write.

Guiding the Drift

SIR—While in complete agreement with much of last week's article, particularly your comments on the importance of road development in north-east England, I feel that you deprecate too readily the "shoring up of the old, disfigured centres." Whatever may be happening to old basic industries like coal and shipbuilding—which in the north-east at least are being rapidly streamlined to meet changing needs—there is nothing in the "drift" to the south-east to indicate that what you call the "lagging" areas will not continue to bear the brunt of Britain's essential heavy engineering and steel-making activities. More than 75 per cent of Britain's steel-making capacity is in Scotland, Wales and that part of England north of your line from the Humber to Shrewsbury.

It is of no encouragement to the efforts of the north to help itself when, as soon as world trading conditions combine with a Government "brake" on expansion to produce unemployment in heavy industry, the heavy industrial areas are branded as declining and out of date. The north-east has not "persistently lagged behind the rest of the country in its ride towards affluence". Sales in our shops, per head of population, increased by 54 per cent between 1950 and 1957, compared with only 50 per cent in Britain as a whole. And recent years have seen considerable physical changes in environment, both in factory and town centre.

I suggest that an examination of the booming industries in the south-east would show that most of them fall into two categories—those like electronics which have developed around London for reasons which are more technical than economic; and those which, seeking to meet the domestic needs of affluent society, have chosen to site themselves in the middle of the biggest market.

Unless the south-east is prepared to shoulder Britain's heavy industry as well—and this is surely impossible, for reasons of space alone—the traditional heavy industrial areas must be made more economically stable through a greater leavening of light manufacturing. If this is achieved, the so-called "non-prosperous conurbations" can be safely left to speed up the steps they are already taking to bring themselves into line with modern needs.

The answer, as you indicate, is "a far more purposeful choice of priorities", and we are hoping that the Government's latest decision on roads is a sign of this. Before this decision, we could only foresee repetitions of our experience with the Tyne Tunnel, which was put off for 15 years after the passing of the necessary legislation in 1946.

Finally, a statistical point. The £438,000 which you mention as the north-east's share of Government aid under the Local Employment Act, 1960, relates in fact to the national figure of £18,588,000 in loans and grants approved during the year ended March 31, 1962, and not to the larger sum of £75 million which you give as the total authorised so far under the act. Nevertheless, the point remains that, at least until the Chancellor's latest amount, the proportion of aid so far devoted to the north-east has been disgracefully low.—Yours faithfully,

GEORGE CHETWYND
Director,
North East Development Council
Newcastle-upon-Tyne

SIR—Your article of November 10th divides the country too neatly into a prosperous expanding area south of a line from the Humber to Shrewsbury and an area north of this line which is less prosperous and from which the population is drifting. The position is not really so black and white; or at any rate is not so completely white in the area south of the line. Lands End to the north of Gloucester—a distance of 250 miles—is treated as one region in the preparation of Government statistics but it is really two different areas. Gloucestershire and around Bristol is expanding but in the western end of the peninsula, except on the South Devon coast where retired people have settled, there has been unemployment and underemployment and a steady drift away of population. In the centre of the area is the City of Plymouth which has already done all you say the towns of the north should do—rebuilt the centre on modern and attractive lines, cleared the slums, housed more than half of its school children in schools built since the war and attracted new factories making a diversity of goods. Furthermore, there are any number of small towns in the area which need an economic blood transfusion. Surely this is the kind of area in which economic growth can and should be encouraged.—Yours faithfully,

S. LLOYD JONES
Town Clerk
Plymouth

Railways

SIR—I am sorry to see that you still regard "reductions in railway staff" as synonymous with "sackings". During three years, 1958-60, the National Coal Board axed 120,000 jobs, from 710,000 to 590,000, but only 18,400 were "dismissed and redundant". The remainder of the cut was managed by natural wastage and redeployment. Since a colliery closure may mean 200-500 jobs gone at a blow the railways should be able to do better. Such redeployment is cheaper than sacking. It saves redundancy payments: it saves unemployment payments: it saves railway skills for the railways; and it saves the time of the 30,000 youngsters who must otherwise be recruited into vacant posts in a declining industry.

Nobody can tell, before they try, how many sackings such deployment might save. In the coal board's experience, voluntary wastage actually increased as total manpower dropped, so anything might happen.

The great drawbacks of this scheme are that it does no harm either to management or to men, and that it sounds so simple. It would now need singular courage on either side to confess that deployment is possible.—Yours faithfully,

R. M. DODWELL
London, SW5

[It was because it may delay this process of natural wastage that *The Economist* criticised last week's railway pay rise: it is to aid the process of redeployment that *The Economist* would like to see regional differentials in railway pay.]

PENNY-A-MILER

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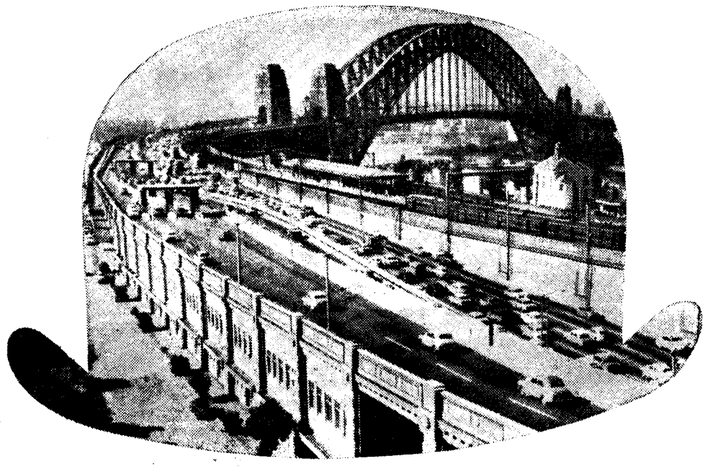

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THE BUSINESS WORLD

Who is Protecting Whom?

When the government produced its first post-Moloney legislation designed specifically to protect consumers yet another re-draft of the ill-fated Weights and Measures Bill, debated by the House of Commons last Monday, the cognoscenti sighed "third time lucky" as they prepared to thumb through its 66 clauses and innumerable sub-clauses—which define such fine points as how to sell vanilla pods and the size of a "nip" in a pub (three choices of measure, none of them applicable to brandy). It is 102 years since Parliament last legislated on this subject, and twelve years since a government committee pointed out that shopping methods had somewhat changed during the intervening century; the government has had two unsuccessful tries since then to put a new Weights and Measures Bill through Parliament. Is the third and latest draft an improvement on its predecessors? Is it !**X*!.

If this bill is a harbinger of the government's attitude to one of the admitted gaps in the Welfare State, the protection of shoppers, then it suggests that the Board of Trade into whose province the subject falls has learnt nothing and forgotten nothing. It encourages suspicions that when it comes to take action, the government will embrace the worst and ignore the best of Moloney. It suggests that whenever industry says a measure is difficult to introduce and disturbing to trade, the statement will be accepted at its face value. If this seems a harsh judgment, one can only argue that a government must be judged by its works. By the yardstick of the latest Weights and Measures Bill, its works are uninspiring and flaccid. To suggest, as Lord Derwent did, that the private bill is a suitable means of reforming the hire purchase law comes oddly after the Government's curt dismissal of a private member's bill last December.

The present bill would have been a splendid and imaginative piece of legislation in the 1930s; it would have passed muster as late as the early 1950s; but it is simply not in tune with the supermarkets and the pre-packaging of the 1960s. On the credit side, it closes many of the gaps dealing with goods sold by measure rather than weight, and with the equipment for measuring and counting them. The bill would make it compulsory—a revolution, this, in British retailing—to tell shoppers either in writing or by word of mouth, how much they were buying. Why, then, did its authors stop with the job three-quarters done? Why, to take the biggest weakness of the current draft, do they intend to allow so many packaged goods to be sold by gross rather than net weight?

It may not seem so important that the bill permits just over an eighth of an ounce in every so-called pound of butter or fat to consist of wrapping paper—until the average family's fat consumption is added up over the year. It might pay thrifty housewives to insist on unwrapped butter which must be sold by net weight. But is a so-called "pound of strawberries" made up of just over 14 ounces of fruit and just under two ounces of container quite such a laughing matter? Between these two extremes lie a whole range of goods that the bill would allow to be sold by gross weight when prepacked, a mighty expensive way of buying waste paper. Local authority inspectors cannot see why, if industry in the United States, that home of automation and pre-packaging, can adapt its canning, wrapping, filling, counting and packaging machines to the legal requirement to sell by net weight, industry in Britain cannot do likewise.

These may sound small issues, but straws like these decide whether the balance tips in favour of the supplier or the shopper. Is this properly appreciated? The enthusiasm with which the Moloney Committee's suggestion for a Consumer Council has been taken up on all sides suggests that it is not. There is no harm in having a Consumer Council to speak for the interests of shoppers: if one existed today, the Weights and Measures Bill would no doubt have been a more satisfactory measure. The danger lies in thinking that once the big, positive gesture has been made, and the Council established as the government has announced it will be, shoppers and shopkeepers will live happily ever after, in amity and fair trading. They will not, unless the Council, which Moloney foresaw as a high-level, policy-forming body and not a forum for complaints, gets to work on the niggling details and administrative regulations which decide whether or not traders can drive a coach and horses through loopholes in the substantial body of legislation for the consumer's protection that is already on the Statute book. But it does not need a Consumer Council to say what these loopholes are.

There are two quite separate arguments involved. One is the need for shoppers to know what they are buying and whether it will do what they want. The other is the provision of some form of redress when it does not. On balance, the government is better out of the first of these two. Into it enter all those disputes about standard sizes, descriptive labels, washing and dry-cleaning instructions which as the Moloney

been times in these elections when the sum of all their campaigns has sounded like one vast gobble. A mass of mediocrity has been leavened here and there by such energetic exceptions as Mr Romney and Mr Scranton, the Republican candidates for the Governorships of Michigan and Pennsylvania. But by proving the rule such instances serve merely to cast cheerless light on the status of politicians in the United States. Mr Romney is a gifted amateur in politics. He and Mr Scranton are wealthy, successful businessmen. Most successful American businessmen prefer to have nothing to do with politics apart perhaps from buying themselves a politician.

thoroughly bored with almost all the candidates, many of whom have been risking vocal rupture amid an immense unflattering indifference. Their loudest shouts have been devoted to shrill charges and counter-charges about whose hand has been found in the till. They were therefore caught on the wrong foot when the real issue of the election, and one in which voters were prepared to take considerable interest, suddenly became the firmness of the hand which holds the tiller.

The sad truth is that from Massachusetts to Texas, and from coast to coast, the general standard of candidates is deplorably low. Such candidates are known in the trade as "turkeys." There have

been times in these elections when the sum of all their campaigns has sounded like one vast gobble. A mass of mediocrity has been leavened here and there by such energetic exceptions as Mr Romney and Mr Scranton, the Republican candidates for the Governorships of Michigan and Pennsylvania. But by proving the rule such instances serve merely to cast cheerless light on the status of politicians in the United States. Mr Romney is a gifted amateur in politics. He and Mr Scranton are wealthy, successful businessmen. Most successful American businessmen prefer to have nothing to do with politics apart perhaps from buying themselves a politician.

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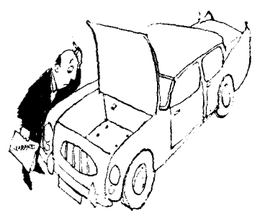
For the Democrats the best hope of gaining seats seems to lie in California. For the Republicans, New York holds out similar promise. But in both places the parties' hopes have sprung largely from more or less unashamed gerrymandering. This year's mid-term elections may turn out to be the dullest as well as the costliest in recent American history. The Democrats hope to reap

of small type, have not been brought, and the standards of trading are that much the poorer for it.

The Moloney Committee specifically stated that the proposed Consumer Council should stay aloof from squabbles of this kind, adding loftily that it did not "wish to deter anybody [some private-enterprise consumer organisation, presumably] from supporting a consumer claim that it thinks ought to be brought to court. We doubt if such bodies would themselves be deterred from supporting a *bona fide* consumer claim to court by any fear of retribution under the largely obsolete law of maintenance." But it is precisely this law which Moloney dismisses as "largely obsolete" that has deterred organisations from bringing test cases. Some clarification by the government seems to be needed here.

A little clear thinking is also required on the subject of unsatisfactory services, be they meals, laundries, car repairs or, as in a case before the Court of Appeal last week, hotels. Is the Court of Appeal the right place to decide whether a room can be called a "double room" when it measures only 15 ft. by 8 ft. 6 in. ? In this case, an aggrieved Mr Murray Wallman had refused to accept such a room from the Sandbanks Hotel in Bournemouth and the appeal judges, while deciding the case against him, also went out of their way to sympathise with him and to comment tartly on the hotel.



One of the best pieces of work done recently by Shopper's Guide was a comparison of the service offered and the charge made by several large London garages for putting right two simple, standard defects in a car in otherwise good condition.

The motor agents themselves take disputes about repairs seriously enough to have started their own voluntary arbitration scheme. If this should work in any way satisfactorily, it might put a stop to the defeatist attitude, endorsed surprisingly and unexpectedly by the Moloney Committee, that nothing can be done to protect consumers from bad service, as distinct from bad goods. Something can be done ; there can be provision for arbitration in case of disputes ; and it should not be beyond the wit of man to see that obviously frivolous complaints are detected early on.

THE real bones of the case for consumer protection tend to get lost sight of amongst the arguments of those who, on the one hand, want to do people's shopping for them and those who, on the other, believe that if the consumer is given an inch, he will deafen everyone within earshot with querulous and unjustified complaints (Moloney appears to subscribe to this second view). Shoppers are, in the main, quiet simple people prepared to learn from their mistakes. But there are, and there always will be, occasions when they are provoked, tricked or tried beyond normal endurance, and then it is up to the government to see that they have some means of redress, in the interests of simple justice and in the interests of fair trading generally. It is not so very difficult to see that the law leans a little in their direction ; it needs a few simple reforms of an uncontroversial character and certainly does not need a statutory Consumer Council. If the government throws this in for good measure, so much the better. But if it offers the Council without the reforms, it is offering jam with no bread to put it on.

Europe in the Medium Run

"PROJECTION is not planning: it does not set up imperative targets, either for the whole economy or for the different business sectors ; it is not even forecasting, in the strict sense. . . . The main object of the exercise is to clarify economic policies and the actions of the interests concerned, in such a way that these policies and actions may bring about more favourable results".

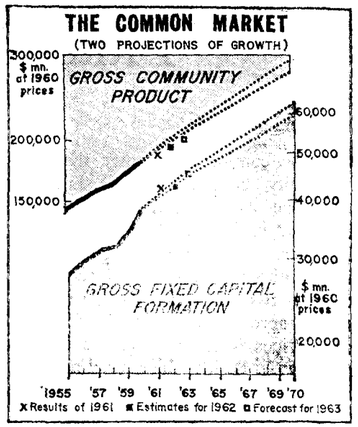
Insisting on yet another fine distinction within the behaviour of forward-looking economists, the report on development perspectives for the European Economic Community between 1960 and 1970 that was released in Brussels last week is nevertheless likely to be used as a yardstick against which economic performance in the common market will from now on be measured. The first five-year perspectives which Sir Robert Shone's office of the National Economic Development Council has outlined and will soon be presenting, in a similar way, do not strictly add up to a plan. The formal qualifications, for both these exercises, will no doubt be rather generally ignored. But like Sir Robert Shone the group that prepared this EEC study, headed by M. Pierre Uri, may not mind too much if their essays in analysis and persuasion do ginger up economic policies and action.

This report, which the group presented to the European Commission in June, is the first part of its exercise ; it chooses the working hypotheses about the future supply of labour and of productivity upon which future development of the gross national product in these countries will depend, and breaks projections of total GNP down into the main sectors of demand. The working party is now engaged upon further breakdowns of these projections, and of the investment and employment foreseen, as between twelve branches of industrial activity and five categories of services.

Two alternative projections are set out in the present study, one assuming a growth of gross community product for the Six put together averaging about 4¾ per cent per year between 1960 and 1970, and a slightly less optimistic hypothesis of growth at 4.3 per cent per year. This community average masks a range of national growth rates varying from 3.85 per cent for Belgium to 5.85 per cent for Italy. It is based upon the assumption of a growth in the labour force for the Community as a whole of only 7 per cent over the ten-year period. But this smallish rise in available manpower, the working party reckons, could reasonably be supplemented during the period by an increase of 50 per cent in national output per person employed, which means an average increase of 4.1 per cent per year in productivity.

Such projections for EEC, which imply increases of 53 to 59 per cent from 1960 to 1970, are not out of line with the objective adopted in 1961 by OECD of a 50 per cent increase in the total national products of its 20 member countries. In 1961 and 1962 the European countries within OECD will probably have kept up to the average of about 4.1 per cent a year needed to achieve this, but the United States, representing 60 per cent of the total GNPs of the OECD countries, will have fallen well below it, pulling down the average. The common market countries, so far, are not much out of line with the Uri projections.

More detailed figuring out of these projections suggests (for the higher EEC projection) a growth from 1960 to 1970 of 34 per cent in public consumption ; of 68.5 per cent in gross fixed capital formation, which would thus rise from 21.2 per cent of gross community product in 1960 to 22.4 per cent in 1970 ; and of 66.8 per cent in total private consumption expenditure, or 59 per cent in consumption per head. This is a comparatively happy outlook for the private consumer, in comparison with the projections that Sir Robert Shone's office has had to make for the next five years, in which private consumption is shown to rise sensibly less than the gross domestic product. But that is the difference between continuing a high rate of growth in a group of economies where investment is already high, and achieving one in an economy where we have to pull investment up by our bootstraps.



—And in the Short

MEDIUM-RUN projections of the possible such as the Uri group's naturally have to exclude the effects of short-run fluctuations in the economies of Europe and the rest of the world. A month ago, some distinguished international economists were telling the world economy to be careful lest it should soon move towards recession not only in the United States but in the much more ebullient European economies. Since then, partly as a reaction but also as an assertion of more genuine confidence, the emphasis has shifted. National economic counsellors assembled at OECD in Paris last week, for example, were clearly more ready to consider the possibility of recession, or the need for expansionary policies to avoid it, than most of them had been a year before ; but they were also concerned to emphasise that recession isn't imminent, and that in Europe at any rate the prospect is of continued, though slower, growth.

Confidence inside the European Six, in particular, is quite reasonably derived from some renewed momentum in their economies—though exports and fixed investment, the two sectors where growth is most noticeably lagging, are perhaps the hardest of all to re-stimulate.

The most rapid rate of progress is shown by **Italy**, but this has slowed down in 1962. To the slackening in the rate of increase in investments and exports is added the unsteadiness brought about by the nationalisation of electricity and the expected transition to a planned economy. But the government reckons that gross national product may still show an increase of nearly 6.5 per cent in 1962 and some 6 per cent in 1963.

For **France**, the economic report accompanying the budget forecast a rise of 6 per cent in gross internal production in 1963. This would be higher than in 1962, when the increase, in real terms, is put at about 4.8 per cent. The optimistic forecast for 1963 is based on the prospect of a considerable increase in the number of persons employed and also on a more rapid increase in exports.

The **German** authorities, in their draft budget for 1963, anticipated a rise of about 4 per cent in the gross national product in 1963, a continuation of the rate of progress recorded in 1962. The 1963 budget was still designed to check the rise in wages and prices ; but there is a danger that it could slow down economic activity further.

For the Benelux countries the gross national product may rise by some 2.5 to 3 per cent in 1963. In **Belgium** internal demand is rising only moderately.

The **Netherlands** Central Planbureau forecasts a rise of 4 per cent in the gross national product for 1963, following an increase of 2.5 per cent in 1962. The Dutch expect a larger supply of young people on the labour market. But on the demand front, their assumption rests on a forecast of an increase in exports of some 7 per cent. Such an increase appears difficult.

The budget forecasts show that the two groups of countries have a different conception of future economic developments, as of the principal aims of their economic policy. In France and Italy, the pursuit of expansion dominates the other objectives ; in Germany and the Benelux countries this is still subordinate to the desire for stability.

Financing Italy's Expansion

BY OUR SPECIAL CORRESPONDENT IN ITALY

THE continental country that shows the least equanimity about an economic slow-down is also the country that has notched up the most spectacular increases in output in the past three years—Italy. Italy to-day, under its vigorous and ambitious government of the Centre-Left, is committed to a sustained economic expansion, which is the only basis on which the government's big programme of social improvement can be financed. (Our Rome correspondent discusses the new economic planning commission on page 677.) Besides this special need for expansion, Italy also has a special advantage—its continued, though reduced, margin over the rest of Europe in both the level of average personal consumption and in potential additions to labour supply, now confined almost entirely to the south but still of considerable significance. Finally, Italy shares at the same time the general continental affluence in foreign exchange. It has, in short, the necessary reserve both domestically and externally to permit a forced draught of reflationary demand. And if, as is not yet certain, the slowing down of industrial expansion in the spring and summer turns out to be more than a temporary slackening, then the Italian authorities seem prepared to give a boost of their own, whether this is needed to replace domestic demand (investment has been rising less rapidly) or demand from a less buoyant world market.

Partly to prepare for this eventuality, and more generally to improve their techniques of economic control, the Italian authorities have this month introduced important reforms on their financial market. By extending and strengthening the Italian capital market these reforms meet a general European need, and will presumably be welcome to Mr Dillon; but their particular significance is to provide a vital financial plank for the next phases of Italian economic development, a phase in which the public sector is destined to play an increasing role. The Italian central bank, by putting its influence and expertise behind this reform, and by acting as one of the few bridges between the confident politicians of Rome and the hostile businessmen of Milan, is playing a perhaps indispensable part in Italy's quiet revolution.

The central aims of the new financial moves are to maintain the expansionary credit policy through which Dr Carli, governor of the Bank of Italy, has successfully primed the Italian economy in the recent past; and to give special support to the public bond market through which the rising volume of public investment will be financed. The central bank now sees the need for a new source of expanding credit and banking liquidity, since the two main previous sources have been drying up. On the one hand the surplus on the balance of payments has recently, through official policy, been largely offset, both in its impact on Italy's external reserves and on its internal liquidity, and the surplus is in any case expected to run down. At the same time the budget deficit, the second source of domestic liquidity, has never turned out as large as projected, as the pace of the Italian boom continually produced an unintended buoyancy in revenue and check on expenditure. The upshot has been that, after its receipts from bill and bond issues, the Treasury accumulated a growing hoard in its balance at the Bank of Italy, now totalling 460 billion lire, and to this extent has sucked liquidity out of the Italian economy and exerted an unwanted deflationary influence. The Italian central bank—uniquely in the world?—is thus positively in favour of an increase in government expenditure, though it adds its warning that the pace should not be too fast and that the programmes for roads, railways, schools, hospitals, the south and the rest cannot all be achieved at once.

THE particular technical innovation through which these and other wider purposes will be served is the introduction of monthly tenders for Treasury bills. Hitherto, the Treasury has made available an open tap in its bill issue: the banks or anyone else could take up as many bills as they chose, at the fixed 3½ per cent Bank rate. In practice this meant that more money was pumped into the Treasury than it could use, and created the idle balance at the central bank. Now, beginning this month, the tap has been closed, and the Treasury will instead offer fixed amounts at monthly tenders, open only to banks and other credit institutions. The banks will still be granted a full allotment at a fixed rate of 3½ per cent for the amounts necessary to meet their compulsory deposits in Treasury bills, of 12½ per cent of their total deposits; but the remainder of the bill issue will be sold on a tender basis, at a premium above the basic issue price. The allocations will be made not on the London basis of the varying rates put in by successful tenderers but, more favourably for the market, at a single uniform rate of the lowest successful bid.

In connection with this reform, the banks will no longer be able to switch freely between cash and Treasury bills—the former global liquidity ratio of 22½ per cent has now been split into 10 per cent cash and 12½ per cent bills—and they will no longer have an automatic outlet for surplus funds. Instead, they will be obliged to seek a return on these funds in the open market, including the bond market. In this way, Dr Carli hopes to achieve his aim of channelling part of the liquidity of the money market into the capital market—an objective which might profitably be pursued with equal vigour in other continental countries, and Germany in particular. Dr Carli does not fall into the pre-Keynesian trap of suggesting that because a large part of the country's high savings flow into the banks as deposits they are not "available" as long-term savings for the capital market: he is taking steps to break the artificial institutional barrier and make them available.

The beginning of a true market in money and bills also permits the introduction of official open market operations, which the Italian authorities intend to use. They are not, moreover, confining them to "bills only." Official intervention may also extend to the bond market; and here this intervention may be designed to influence rates as well as credit volume. The significance of this, in the present context, is that the Italian authorities would be prepared if necessary to support the bond market against another undue "political" fall. The market was badly affected earlier in the year by the general feeling against the government as well as by the specific act of nationalising the electricity companies, adding to the potential supply of bonds. In recent weeks the market has looked a little better, and now the prospect of support from the authorities as well as the banks could be sufficient in itself to maintain a better mood. Certainly the authorities do not aim to operate on any very extensive scale.

A THIRD strand in this month's financial measures has been to grant renewed freedom for Italian banks to use the proceeds of funds borrowed abroad—basically in the Euro-dollar market—for internal financing. This move, too, helps to reinforce domestic liquidity, and it has been deliberately timed to coincide with the creation of a flexible domestic money market. For this will itself set up automatic brakes against excessive borrowing abroad, by reducing rates on the domestic market. Even now foreign borrowing is only marginally worthwhile for Italian banks. So the Italian authorities have felt able to break their segregation from the international market, at the same time as combating the segregation between their own money and capital markets.

Although this new freedom has involved some additional inflow of funds into Italy it is not intended to entail a permanent strengthening for the external reserves. While the Italian authorities have dropped one of the offsets for their basic surplus—offsets which have kept the reserves roughly steady at around $3¼ billion for a year and more—they expect the surplus itself to contract a little. In the first nine months of this year, admittedly, it had not yet done so—the surplus on current account reached $312 million, compared with $285 million a year before. But the net inflow of capital has been reduced, as a result partly of the developing programme of Italian external loans, though also of some flight of Italian funds to Switzerland, now largely reversed. But exports so far this year have continued to rise faster than imports—by 17.7 per cent against 15.6 per cent. Dr Carli, like every central bank governor in the world, is concerned about the effect of wage pressure on Italy's competitiveness, and also on the narrowing of profit margins and erosion of internal investment funds, and he has drawn attention to the implications in clear but reasoned terms. At this point, his emphasis is distinctly different from that of the government, which to some extent is looking favourably at the other side of the coin, at the redistribution of income from shareholders to wage earners. Dr Carli's cautionary voice may be heeded—not least because he is at one with the government in its underlying aim of maintaining the momentum of total demand.

BUSINESS NOTES

OVERSEAS TRADE

Exports Up, Imports Too

OCTOBER'S export figures are a pleasant surprise; they are a record and were well received in the foreign exchange market. But the import figures are a reminder that it is the balance that matters. The relatively poor export performance in the third quarter checked the monthly rise which had proceeded through the first six months of the year, though export orders continued to rise. Now exports are if anything ahead of forecasts again; at £336 million, on a seasonally adjusted basis, they are nearly 10 per cent above the average for 1961. Imports rose from £376 million in September to £393 million in October. This does not look like a temporary jump that can be ignored. If anything it now appears that it was the September fall that was temporary; the average import bill for the latest four months is £387 million. This is some 5 per cent above the average for the second quarter; and an uncomfortably high figure if the full pressure of stock rebuilding has still to come.

BRITAIN'S TRADE
(£ million a month; seasonally adjusted)

		Imports cif	Exports fob	Re-exports fob	Crude gap
1961	1st qtr...	384	309	12	63
	2nd " ..	362	305	14	43
	3rd " ..	358	309	15	34
	4th " ..	362	304	13	45
1962	1st qtr...	367	306	12	49
	2nd " ..	369	319	14	36
	3rd " ..	384	320	12	52
	May	379	316	15	48
	June.....	369	328	14	27
	July	390	327	14	49
	August...	387	309	12	66
	Sept.	376	325	12	39
	Oct.*....	393	336	13	44

*Provisional

The crude trade gap, measuring imports cif and exports fob, widened slightly in October to £44 million, but was better than the average for the whole of the third quarter of £53 million. On true payments this still marks a small deficit in the trade account, though invisible income, which has recently been rising, almost certainly pulls the whole current account into surplus.

STOCK MARKETS

Moving Higher

FURTHER reflections in the London stock market on Mr Maudling's measures to stimulate the economy, the hints that other moves might if necessary be made before the budget, and the rally on Wall Street have led to an increase in the volume of business and a good rise in equity prices. There was a little profit taking at the end of the account, which coincided with the announcement of a cut in Rolls-Royce's interim dividend. But the pause was only momentary and, helped by good results from GKN and Joseph Lucas, industrial equities continued their advance after the week-end. Engineering and building shares attracted buying and so did such blue chips as ICI and Turner and Newall, but confidence in the future was still not strong enough, for example, to trigger off a sharp rise in steel stocks. As a result, *The Economist* indicator gained 9 points to 345.4 in the week to Wednesday's close, and the *Financial Times* index 8.9 points to 291.1.

Both indices are thus above the levels recorded just before the collapse in prices on Wall Street at the end of May, and it can be said that had it not been for the strong rally on Wall Street in the last fortnight Mr Maudling's measures would not have produced such a strong rise in British equities. Rightly or wrongly, Wall Street is now more optimistic about the prospects for the American economy and, if this confidence is not misplaced, the British market can argue that this gives the British government more latitude for its reflationary policies. The tone on the German bourses, as

is discussed in a later note, is also more confident, even though the small rise that has taken place has immediately prompted some profit taking. Elsewhere on the Continent the rise in Wall Street has not led to a really strong advance in equities.

The neglect of gilt-edged stocks in the British market, where prices have eased slightly, is the natural consequence of the renewal of interest in equities and of the more expansionary business climate. The failure of the £25 million offer by ISHRA of the 5¼ per cent second debenture, 1964-87, in Steel of Wales at 88½ was, however, due to special factors. Since the issue of other steel prior charges last year the investor's appetite for such stocks has been blunted and the wide spread of this debenture's redemption dates did not appeal to the institutions. As sub-underwriters many of them have had to absorb the 62 per cent of the stock that was left unsold, and in the circumstances they may not be too dissatisfied with an opening discount of ¼ and a current discount of a full point.

Wall Street's Strength

New York

WALL STREET is surprised and pleased by the extent and duration of the rally. It has been sustained for well over a fortnight, broken only by momentary bouts of profit taking. On Wednesday the Dow Jones average rose to 630, over 70 points, or 13 per cent, above last month's low and it is now at its highest point since the collapse in prices in May. Traders and small investors who had retired to the sidelines in the summer and autumn are now coming back into the market and some brokers, who earlier had resigned themselves to a lean Christmas and had expected a low volume of trading to persist for some time, have swung to the opposite extreme and think that a new boom may be in the making.

So far however most of the buying has been institutional, coming from the banks, pension funds and insurance companies that feel that equity yields compare attractively with fixed interest bonds. They seem to be persuaded that if a recession occurs it will in any case be short and mild. Indeed, with a big budgetary deficit assured and tax cuts promised, there is a growing feeling that a recession may be avoided, and cyclical issues such as steel and machinery equities are sharing in the advance. But the latest phase of the rally has been marked by an absence of selectivity, which suggests that investors are anxious to participate while the going is good. Those who had expected tax selling to check the advance are now saying that the Dow Jones average may climb to 650 before any serious resistance is encountered and that it could go higher still if more private investors come into the market. The rises have been most pronounced in the standard blue chips, automobile stocks and oil shares but railroad, electronic and other stocks that have been in the doldrums have also been bought.

MONOPOLIES

Square One

ON Tuesday, Mr Erroll, President of the Board of Trade, told the House of Commons that the British Oxygen Company has been released from some of the restrictions imposed on its pricing and contracts 4½ years ago. These followed the Monopolies Commission report in 1956 in which BOC was found to have obtained a monopoly of the supply of acetylene and oxygen and to have used it to charge excessive prices. In 1958 the Government announced that it would not, as the commission had recommended, regulate BOC's prices and profits. Instead, after discussions with the Board of Trade, BOC gave certain undertakings on contract terms, pricing policy and future attempts to maintain its dominance of the British market. It agreed to publish a scale of prices for oxygen and acetylene that would apply to all users, whatever their sizes, and to offer contracts for no more than a year. It is from these two undertakings, as they affect large customers (i.e., taking more than 12,000 cubic feet a year), that BOC has been released.

Since the commission's report there have been considerable changes in the industry. "Tonnage" oxygen capacity has grown hugely, from 200 tons a day in 1958 to 3,900 tons a day in 1962. Air Products, a subsidiary of an American company, has established itself as a new supplier of liquid and bottled oxygen. Air Products is not bound by BOC's undertakings and is free to offer long-term contracts against prices which BOC must publish. But, even with this advantage, it has by no means made a clean sweep of the market: BOC's share (excluding tonnage oxygen) has only fallen from 98 per cent at the time of the report to 95 per cent now. In other words BOC dominates the market today only trivially less than it did 7 years ago.

Perhaps the Board of Trade freed BOC from its undertakings out of a love of fair play. But it is an odd sort of fair play that gives back to the giant of the industry the power to use a pricing system whose abuses had been specifically condemned in the Monopolies Commission's report. Surely the aim of legislation against monopolies is to reduce the advantage of any monopolist over its small competitors? And would it not have been "fairer," also, to have accepted evidence from the other supplier?

STEEL OUTPUT

Picking Up

CONSUMPTION of steel in British industry in the third quarter of this year appears to have been about 4 per cent more than in the second, though it is not yet back to the level of the third quarter of 1961, and still about 6 per cent below the peak rates of 1960. Estimates of this improvement are based upon the rate of steel deliveries and the consumers' and merchants' census of stocks, which for the third quarter are reported still to have been falling, though at a lower rate than before.

In October crude steel output, too, was at its highest rate this year, 430,500 ingot tons a week, but the rate of capacity working in the industry was still only at about 75½ per cent; new capacity coming onto the books during the month rose more than actual output. The industry is naturally pleased about Mr Maudling's "little budget"; this should certainly keep the strip mills busy, as they already are compared with the rest of the industry. It will take a long time for any stimulus for private investment to work through into steel demand for plant and machinery, but to the extent that new factories or building are concerned steel demand comes early in new installations. Moreover, some of the increases in public investment mean a sizable demand for steel, though most of those that do will have been known in advance, with orders perhaps already on the books.

COMMON MARKET AND GRAIN

Irregulations

WHEN the European Economic Community's regulation establishing a common policy for cereals came into operation at the beginning of August, confusion reigned for a time in the European grain business. Its implementation had been postponed for a month, giving officials and grain merchants an unexpected month's grace; nevertheless, many were confused by the complexity of the new regime. But the majority seem to have found their feet quickly enough; now a common complaint by dealers is that they spend their time exploring loopholes while officials spend theirs plugging leaks.

But the official machinery has also proved fallible. For two days some hapless Belgian official forgot to publish the import levy on sorghum. This slip naturally produced a big business in duty-free sorghum. More serious was a flaw in the system which cut off all exports of French wheat to west Germany for two months, because under the regulations wheat could be offered from third countries at a contractual price, while no machinery existed for offering wheat from another member of the community on the same basis. Dealers claim that but for the coincidence of an incoming harvest in importing countries with the implementation of Regulation 19, considerable dislocation would have resulted. However, if only because they did not know how the new regulations would affect trade, importers stocked up before they came into force. The subsequent drop in Canadian exports to the common market cannot, therefore, be entirely attributed to the working of Regulation 19.

But Canada is meeting increasing competition from subsidised exports of French

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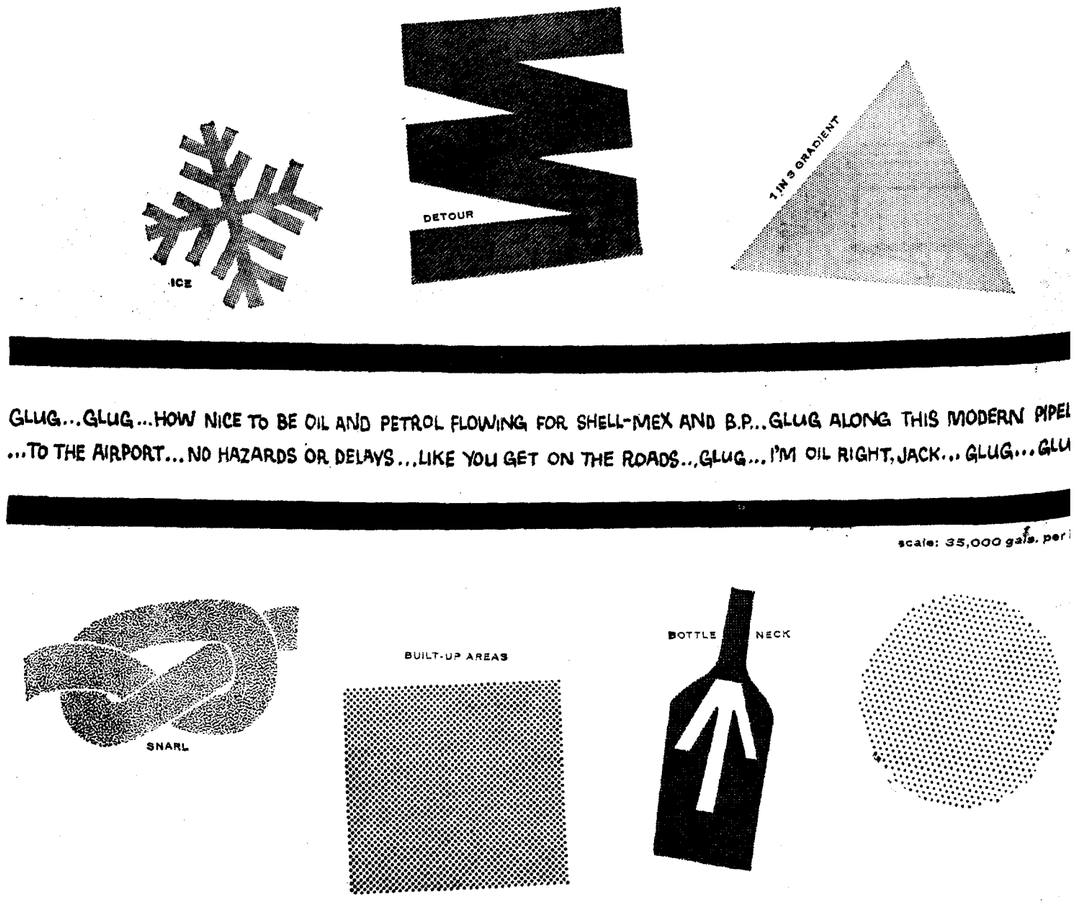
THINGS ARE MOVING FAST ON THE LONDON MIDLAND RAILWAY.

QUIET FLOWS THE FUEL



How Shell-Mex and B.P. made pipe-dreams come true

It's not just the oil that appreciates travelling by pipeline. Traffic congestion is eased. Deliveries can be stepped up on demand. There need be no chance of delays from bad weather. So, of course, it was our ambition to pipe fuel to London Airport instead of sending it all by road.

But it's not as easy as you think to build a pipeline (see Hansard). We had to route this one (from the depot at Walton-on-Thames) to avoid crossing any land likely for development. We had to arrange to complete the section under Kempton Racecourse with all the turf replaced in the fortnight between the September and October meetings. And to lay the section under the Thames at Rivermead Island in cold November without interfering with regattas.

When it was finally completed in 1960, we were able to deliver 35,000 gallons of fuel an hour direct to two storage points on the airfield. We also eliminated all possibilities of delay from ice, snow, wind, rain, fog. And as air traffic increases, so we are able to step up supplies to match.

SHELL-MEX AND B.P. LTD
PIPE-UP FOR PIPELINES

wheat in other markets. In particular, France has been active in the communist markets, which seem likely customers for the world's surplus wheat. After the sharp decline in wheat stocks following last season's poor harvests, production is now very much on the upgrade again. Each month, estimates of this season's out-turn have mounted. Russia, China and western Europe expect bigger crops and now a new production peak is likely to be reached. The new crop will also be of relatively poorer quality so that competition between suppliers will be unusually keen.

The high hopes which had been entertained of further curbing American production have also had to be deferred because of the dilution of the Administration's restriction programme by Congress. The surplus problem is therefore likely to remain acute, and that will sharpen France's dispute with its EEC partners over financing the export of common market surpluses (reported on page 646). There is also a headache in store for British grain merchants should Britain accept this common agricultural policy. Dutch grain merchants, whose domestic arrangements were formerly most like the new EEC regulations, have so far proved most adept at coping with them. By extension of this example, British merchants, who are at present the least encumbered by regulations of any, will probably have to sit up many hours with a wet towel around their heads before they can compete with continental colleagues.

BUILDING SOCIETIES

Down in the New Year?

THE Government would like mortgage rates to come down and the pressures on the Building Societies Association to reduce the recommended rate on mortgages from 6½ to 6 per cent and on shares from 3¾ to 3½ per cent, tax paid, are strong. So far the association has dug its heels in but it is difficult to believe that, if the money continues to flow in at its current rate, it will be able to resist these pressures much

BUILDING SOCIETIES ASSOCIATION*
(£ million)

	1961	1962		
Quarters	iii	i	ii	iii
Receipts	120	144	156	155
Withdrawals	94	90	90	91
Net receipts	26	54	66	64
Advances	112	88	110	131
Repayments	102	92	101	108
Liquid assets	390	416	444	462
Total assets	2,603	2,709	2,791	2,876
Liquidity ratio	*15·0%*	*15·4%*	*15·9%*	*16·1%*

* Covering about 77 per cent of the movement's total assets.

beyond the New Year. The Halifax, which is not a member of the association, will be bringing its rates down in February and it would not be surprising if early in the new year the member-societies announced a reduction that would take effect for mortgages at the beginning of April.

Only if the inflow of money falters in the next few weeks will the societies be able to avoid making this decision. Compared

HALIFAX BUILDING SOCIETY
(£ million)

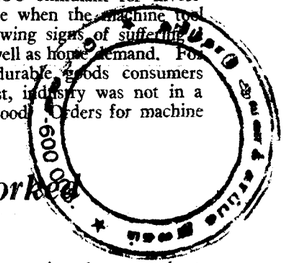
	1961	1962		
Quarters	iii	i	ii	iii
Receipts	28·7	37·7	39·1	37·6
Withdrawals	22·4	23·0	27·0	23·4
Net receipts	6·3	14·7	12·1	14·2
Advances	23·3	20·4	30·7	33·5
Repayments	19·7	18·8	21·3	22·2
Liquid assets	77·0	96·7	99·8	101·2
Total assets	527·0	559·7	580·1	600·9
Liquidity ratio	*14·6%*	*17·2%*	*17·2%*	*16·8%*

with 1961, the inflow of new savings has been strong but as the table shows it was slightly less strong in the third quarter of this year than it was in the second. The apparent increase in the net inflow of the Halifax between the second and third quarters is entirely due to the fact that half-yearly interest is paid in the second quarter. Mortgage repayments continue to rise and so do new advances. In one or two areas, notably Scotland, the societies are not finding it easy to secure suitable mortgage business but in London and the South East the demand for mortgages remains high. In general, the bulletin of the Building Societies Association says that the demand for mortgages "continues unabated" and this week the chairman of the association, Mr John Dunham, gave a strong hint that the societies may soon offer bigger mortgages (thus reducing the owner-occupier's cash deposit) and longer periods of repayment.

MACHINE TOOLS

Depression Averted?

MR MAUDLING'S stimulant for investment came when the machine tool industry was showing signs of suffering a fall in export as well as home demand. For however many durable goods consumers bought in August, industry was not in a similar buying mood. Orders for machine



GOLD

How the Pool Has Worked

A continental correspondent writes:

IT was not only in the political sphere that Russia proved unexpectedly helpful in the Cuba crisis of three weeks ago. The international gold market, which had suffered a violent upheaval from the Cuba flare-up, was immediately calmed not only by the political accommodation itself but also by some equally remarkable large sales of Russian gold. On the Tuesday and Wednesday of the crisis private buying of gold in London reached $45-50 million, and this sum had to be provided by the concerted "gold pool" of Europe's central banks. But at the end of the same week the pool partly replenished itself by buying a substantial amount of Russian gold, believed to be about 20 tons (roughly the same in millions of dollars).

It is now possible to give a reasonably detailed picture of the working of this secret gold pool. Contrary to many impressions, it is not near exhaustion. The pool was set up in December, 1961, by the leading European central banks. Each country was given a quota for the amount of gold it was willing to put into the pool against dollars; the individual quotas are impossible to establish but the total commitment, as generally known, is $250 million. The pool which is managed by the Bank of England, was completed last spring by complementary arrangements for purchases in the market. These are normally confined to supplies from Russia or from private sellers; newly mined gold from South Africa is left to be taken up by the Bank of England in the usual way, a practice which has occasionally caused some resentment among continental members of the pool.

At the end of each month, the net balance of the pool, between the month's sales and purchases, is communicated to members, and the deficit or surplus is then divided between them according to their quotas. At the end of March, the pool had a deficit of $13 million. But at the end of June (helped by the gold sales from Canada's reserves?) the pool had repurchased sufficient gold to have a stock of $46 million. The subsequent speculation against the dollar quickly involved a loss of around $100 million, for at July 20th there was a net deficit of $50 million. At this point the United States itself appears to have put $35 million into the pool. This was in line with the general arrangement that the pool should not bear the whole strain of a general wave of mistrust against the dollar.

So at the end of July the pool had a net deficit of $15 million. In August, there was a further deficit of about $12 million, even though the pool now found opportunities to purchase gold again in London. The cumulative deficit at end-August was thus about $27 million, which was divided up in the usual way among the participants, each of them supplying gold to the Bank of England against dollars. In September there was a further deficit of $20 million. In October, the net result of the large sales to private hoarders as balanced by the purchases from Russia was a deficit of $35 million for the month. The upshot is a cumulative deficit in the pool of something over $80 million. Gross sales by the pool on the London market have, as explained above, been notably higher. But the pool's periodic replenishment, from Russian and American as well as from ordinary market sources, has left the bulk of the $250 million still available for use.

tools from the home market were 31 per cent lower than they had been a year before, while export orders fell by 34 per cent. Home orders had been down on last year by 29 per cent in the first eight months of the year, so there was little change here—except that the switch of many industries' holidays from August to July this year might have meant that more orders would have been placed in August. Export business, however, had been 10 per cent above last year's level in the first eight months of the year, so the August orders went against the trend: though one month, and a holiday one, is never an infallible guide, it is a danger sign. At the end of the month the industry's order book was 13 per cent smaller than a year before; at £103 million it still represents about a year's production.

INTERNATIONAL LIQUIDITY

Stamp II, Triffin II

MR MAXWELL STAMP has now put forward a revised version of his plan for combining a solution to world payments stresses and inadequate aid programmes. When he first put forward this plan two years ago, he now says*, he felt the unorthodox proposal had "at best one chance in ten" of being adopted. Mr Stamp ventures no odds on the current version, which has been tailored to meet some of the practical criticisms but is still strong meat for Mr Stamp's fellow bankers. The essence of the Stamp Plan was and is the creation of special certificates of the International Monetary Fund to be granted in aid to under-developed countries, which could pass them on to the supplying countries in exchange for their national currencies. Mr Stamp's main modifications are

A more modest start—an issue of $2 billion rather than $3 billion.
A limit on the amount of certificates a country needs to accept, equal to its IMF quota.
Provision for a country to opt out of the scheme completely—which would mean asking that contracts arising from the aid funds should not be placed with its manufacturers.
Provision for the IMF to redeem the certificates from its own resources in certain cases.
Channelling of the certificates through the International Development Association, so that they would be lent (for fifty years) rather than given away. Mr Stamp also says that IDA would pay over to the Fund interest received on its loans, but so far these have been interest-free.

The special virtue of the Stamp scheme is that it goes straight to the heart of the wider object of international financial reform, which is to provide the means for larger overseas aid and fuller use of the west's productive capacity. The most serious aspect of the current payments situation is that while the unbalance between the main countries is much smaller than before, most countries are still very sensitive to letting their payments balances deteriorate and their reserves fall, and are accordingly hesitant in taking on commitments of overseas aid—which if taken on by all industrial countries together would have very little effect on their reserves or payments balances.

But in cutting the corners to a simple scheme of "just print it," Mr Stamp is still almost certainly giving the traditionalists more than they will swallow. For those who flinch from creating new international money, especially if it is "unbacked" by other liquid assets, his scheme is less acceptable than the other runners in the field. These now include, besides Mr Maudling's plan for a limited centralising of sterling and dollar balances in IMF deposits and Mr Roosa's plan or expedients for bilateral arrangements for the dollar, continental ideas for standard ratios of gold and credit in countries' reserves.

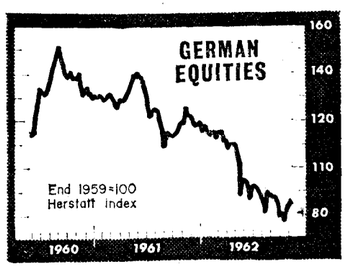
This scheme was first put forward by Dr Posthuma of the Netherlands Bank, and has now been taken up by Professor Triffin, who is a consultant to the European Economic Commission. At a meeting of the Round Table on European questions at Basle last weekend Professor Triffin said that such a scheme would be considered by the monetary committee of EEC, with an initial portion of 25 to 30 per cent in credit, perhaps later rising to 40-50 per cent. Within this credit portion would be included both special credits (whether through IMF, "mutual aid" in the common market or deposits in the Bank for International Settlements) and ordinary key currency balances.

* In "Moorgate and Wall Street," published by Philip Hill, Higginson, Erlanger, London, E.C.2.

GERMAN STOCKS

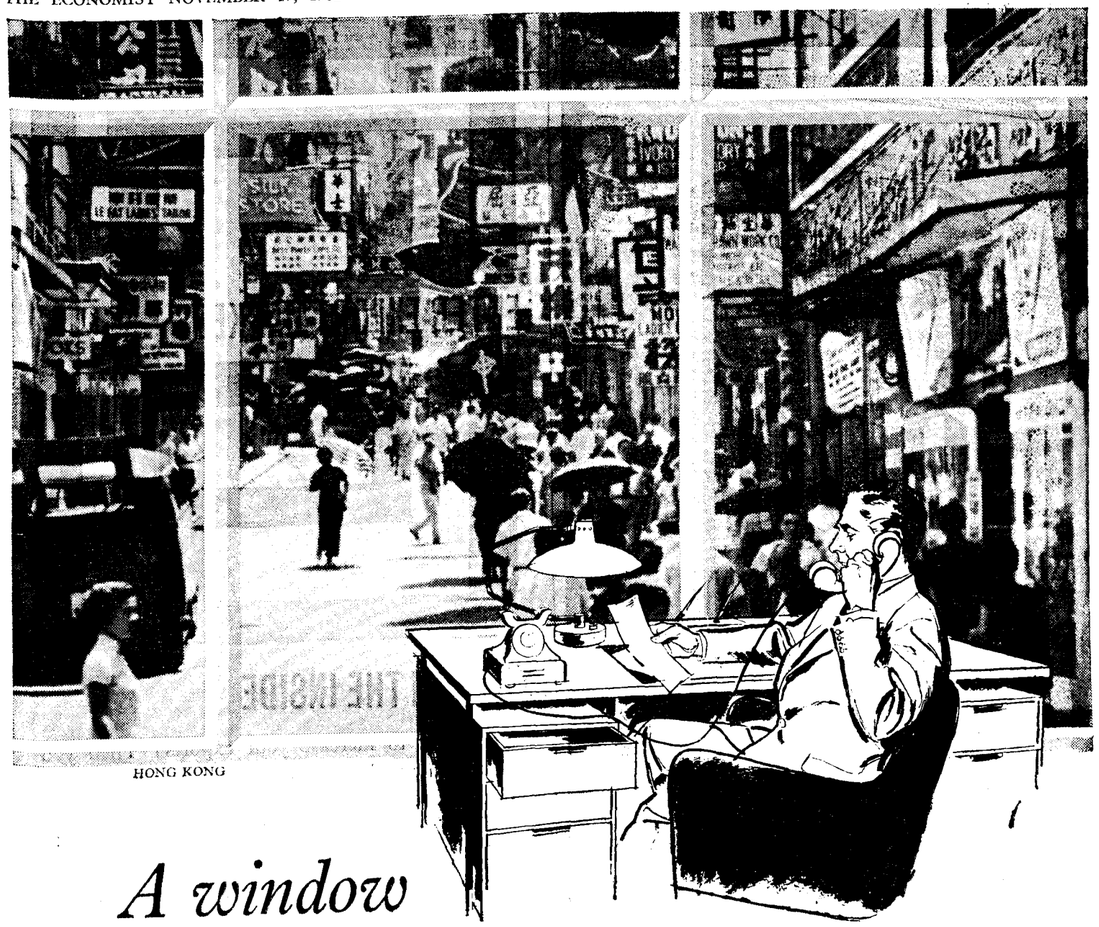
Past the Bottom?

RECENTLY, *a Frankfurt correspondent writes*, the atmosphere in the German stock markets has been more optimistic than for many months. After a long period of lethargy, the market is gradually returning to more normal conditions. Turnover is rising and the public's attitude towards equities is slightly less reserved. The much discussed "Spiegel" affair has not disturbed this more friendly climate, nor have the still not entirely assuaged fears about new Russian moves in Berlin. Economic prospects



are not viewed with any great optimism, but it is thought that current stock market prices already discount a moderate recession. But equities are not being bought indiscriminately and investors are paying more attention to the prospects for particular industries and companies.

It is against this background that dealings in the shares of two German unit trusts have begun in London. S. Japhet has sponsored their introduction and in a survey of the West German economy it has pointed out that while no rapid recovery in German stock prices can be expected the fall that has already taken place has been very sharp, and that current yields on some German equities do not compare unfavourably with those in the United States, Britain and other EEC countries. It has to be noted, however, that while the average yield on German equities is just over 3½ per cent, the average yield on leading British equities is around 5 per cent. The first of these two trusts is Adiropa, a small trust which has its investments spread throughout Europe. At the end of June about 21 per cent of its funds was invested in Germany, 7 per cent in Belgium, 10 per cent in France, 8 per cent in Britain, 10 per cent in Italy, 8 per cent in Holland, 9 per cent in Austria, 7 per cent in Switzerland, 3 per cent in Sweden, 2 per cent in Spain and about 15 per cent was held in cash. The units are quoted at 97s. 9d.-103s. 3d., giving a yield of about 5¼ per cent. The yield on the second trust, Fondak, is higher, amounting to 7¼ per cent on the current quotation of 63s. 6d.—66s. But this trust invests all its funds in German shares and makes a practice of distributing part of its realised capital gains. Presumably, this trust will find it more difficult to realise capital profits in the future than it has in the past.



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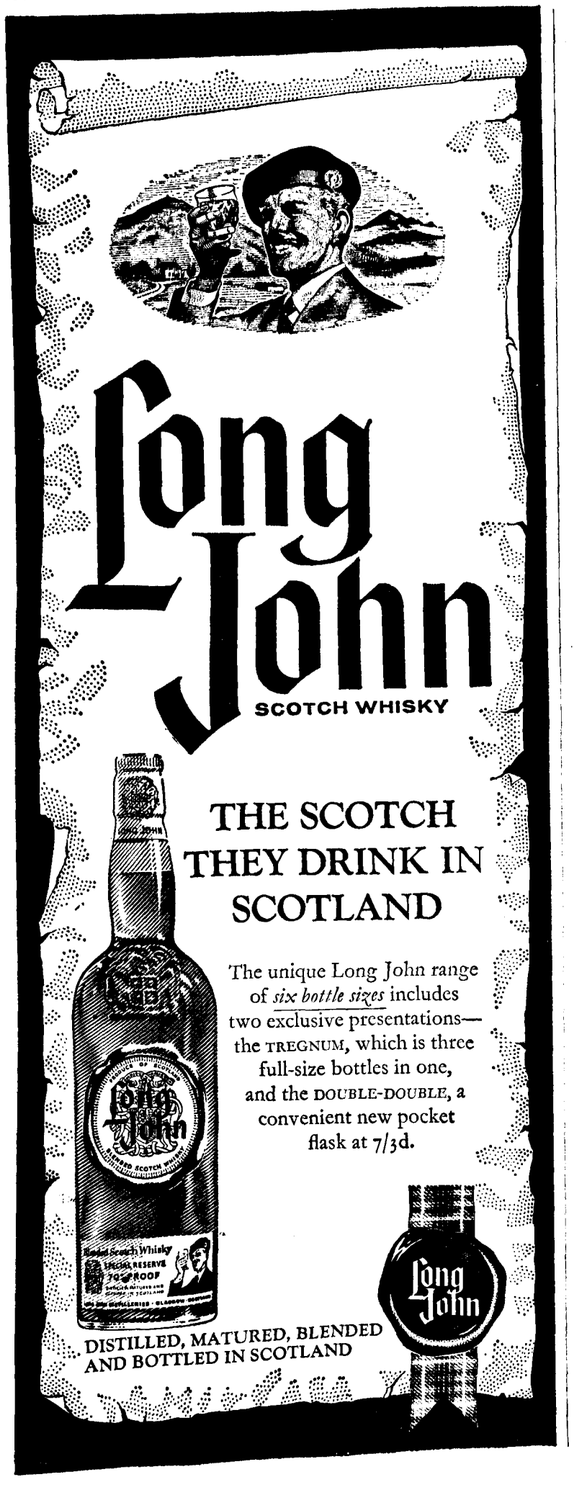

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attractive, not only because it brings the resources of two powerful industries to bear on a project that will need all their combined skill, but because it could contribute so much, politically, to Anglo-French good relations. But such amity can have been bought at too high a price.

What costing is possible at this stage suggests that the project, for a long and a short range version of a basic airliner built to fly at around twice the speed of sound (say 1,500 miles an hour) must cost £150 million, divided between the two countries. A 25 per cent allowance for contingencies, which seems reasonable under the circumstances, would suggest that it is sensible to budget in round terms of £200 million, spread over the ten years that it would take to develop and deliver the aircraft. This sum, big though it is, would be no reason for arguing against the supersonic airliner if there were some grounds for hoping that it would find acceptance among the airlines. *The Economist* has consistently argued that this aspect has been equally consistently ignored by the sponsors of the Anglo-French project, and by the British sponsors more than the French because the medium-range aircraft that the French propose to build does make slightly better commercial sense than the long-range British version.

Technical reasons for questioning whether the aircraft will sell in the numbers required to justify this kind of investment were spelled out in the issue of September 8th. Sufficient to say now that the fear that an aircraft flying at twice the speed of sound (and structurally incapable of flying faster) would be made out of date within five to eight years by American designs with a built-in ability to fly, ultimately, at three times the speed of sound is enough to make the airlines hold back. There is plenty of evidence that the aircraft is what the industry would like to build; has anyone ever demonstrated that it is what the market wants?

CENTRAL BANKS' ROLE

Seen in Retrospect

THE working philosophy of a governor of the Bank of England has a public interest even after he has retired, and Lord Cobbold will command a wide audience for the Stamp Memorial Lecture he delivered on Tuesday*. The ex-governor opened out his views on the place and task of a central bank, which are not unfamiliar in essence but have not hitherto been spelled out so fully. Lord Cobbold argues strongly for an approach independent of government not only on operational matters but also on policy. Lord Cobbold sees the rationale of this in a division of responsibility between Treasury and central bank corresponding to the public and private sectors: the central bank "forms its judgments from a market and economic point of view," the government has to give bigger attention to politics. Provided that sufficient weight is attached to the "and economic" in the central bank's assessment this formulation may not be unacceptable—though there can be different views about how far the central bank should identify itself with the private sector and the City *per se*.

But one may agree unreservedly with Lord Cobbold's wise and clear views on ultimate responsibility, which lead him to find a definite value in the existence of the statutory directive which provides, for a central bank unable to accept a government decision, an intermediary position between abject surrender and wholesale resignations from the Court. The device could hardly be used often; and "argument never reached that point in my time."

On the giving of public information, Lord Cobbold hedges. He pours scorn on the old "atmosphere of mystery and mumbo-jumbo," and applauds the more forthcoming approach taken by most central banks in the past ten years. But in this field "there will naturally and properly be variations in different countries reflecting the different formal responsibilities imposed on government and central bank respectively by statute or by usage." Finally, on staffing, Lord Cobbold lays due stress on the necessity of operational efficiency and puts sensible emphasis on "continuous integration of operational staff with people who have the time and the background for more basic thought." Rightly, the Bank has been on guard against economic advisers who "write memoranda to each other in an ivory tower." The Bank is now clearly on the right path, towards the integration of more economic expertise. An outsider may still wonder whether the pace is fast enough. Has the Bank, to take one example, made any study of the justification on abstract economic terms of the institutional framework of the London money market in

* "Some Thoughts on Central Banking." Published by Athlone Press at 3s. 6d.

ANGLO-JAPANESE TRADE

Safeguards for Home Industries

THE most-favoured-nation treatment which Britain and Japan will extend to each other under the treaty of commerce signed on Wednesday will be qualified in several major respects. The overriding—and perhaps over-emphasised—safeguard is the blanket authorisation for either party to restrict the import of any product when its own producers of similar or competitive products are threatened with disruption. If no agreement on restrictions can be reached, the injured party can act unilaterally. The second important safeguard is contained in the "sensitive" list of items which will continue to be controlled after the new trade treaty is ratified. This list is in turn split into several categories:

1. *Sensitive items under voluntary export control.* Where it has the machinery for doing so, the Japanese Government prefers to exercise the necessary control over exports. The items which will be covered by this voluntary restraint are mainly textile products or radio and television apparatus and parts. Expanding quotas for these products have been agreed for the next three years and it is intended to enlarge them in subsequent years. Silk fabrics remaining controlled and radio and television equipment will be released from voluntary limitation at the end of 1965.

2. *Sensitive items under import control.* Where it is not possible for Japan to regulate exports in accordance with the agreement, imports will be controlled by Britain. Most of the goods covered in this way will be released from control at various dates ranging forward to the end of 1967, but domestic pottery and ceramic toys which figure on this list will then be transferred to the voluntary list.

3. *Items to be placed on the sensitive list.* Other products can be added to the sensitive list. From the manner in which the list has been compiled scientific and precision instruments appear one of the categories likely to be added to this list.

SOME PRODUCTS AFFECTED

Japanese exports to Britain	Prev. quota £'000	1963* £'000	1964 £'000	1965 £'000	Liberalisation date
Voluntary export control:					
Cotton yarn	Nil	Nil	Nil	Nil	...
Cotton fabrics ('000 sq. yds.)	†	5,500	6,000	7,000	...
Manmade fibre yarn	†	25	25	25	...
Manmade fibre fabrics ('000 sq. yds.)	†	3,000	3,600	4,200	...
Woven wool fabrics ('000 sq. yds.)	†	400	500	600	...
Transistor radios and television sets	500	725	1,200	1,800	1.1.66
Import Control:					
Sewing machines and parts	250	350	600	...	1.1.65
Binoculars and parts	60	100	200	...	1.1.65
Toys and games	550	700	950	1,275	1.1.65 to 1.1.68
Pottery	150	200	250	300	...

* Annual rate. † No comparable figures.

The treaty of commerce, which will run for six years, will not be ratified until next spring. Interim quotas have therefore been fixed for the intervening period (the previous quotas covered the year to September last). For this period Britain has taken seven items off quotas, including watches worth more than £5 and non-transistorised radio, television and gramophone apparatus. Twelve quotas mainly on goods already placed on the sensitive list have been raised. The remainder continue in force until the ratification of the treaty. Japan will increase quotas for imports from Britain of machine tools pending full liberalisation. The wool cloth quota will be doubled to £7 million, and the whisky and motor quotas substantially increased. The Japanese prime minister claims that British exports to Japan might rise by 20 to 25 per cent after the first year of the treaty's operation. Britain's exports to Japan were £33 million in the first nine months of this year.

present conditions? In other words, are the Bank's traditional, and in themselves highly efficient, instruments and practices under continual critical question? But if more could be done, it would be churlish not to acknowledge the start that was made under the leadership of Lord Cobbold.

WATER SUPPLIES

Circuitous Wanderer

LIKE any good dramatist, the government has prepared the entrance of its water resources bill with a seemingly endless succession of reports and memoranda so that, when the draft was published last week, it was certain to be welcomed. The bill follows the ideas sketched out in April's White Paper and, like it, broadly gives effect to the recommendations of the Proudman report. A new central authority, the Water Resources Board, is to be set up to co-ordinate the conservation activities of 26 new river boards. These will replace the existing 32 river boards (excluding the Thames and Lee Rivers) and will be responsible for groups of river basins.

The regrouping of river boards and widening of their responsibilities continues the advance, begun with the 1945 Water Act, from completely unco-ordinated exploitation of water resources. Since 1956 the number of water undertakings has been reduced from more than 1,000 to less than 650. Each river authority will be responsible in its area for husbanding its water: conserving, redistributing and augmenting supplies and securing its proper use. It will also inherit from the river boards the responsibility for management of water resources: land drainage, fisheries and prevention of pollution. The authorities will have between 21 and 31 members (a few large ones will have more) with a bare majority appointed by local authorities. They will issue licences to water users, existing as well as the new, and by this means will allocate supplies. The responsibilities of statutory undertakings will remain unaltered.

The most sweeping change suggested in the Bill is in the central board whose duty will be to consider for England and Wales as a whole what action need be taken for conserving, redistributing and otherwise augmenting water resources. Because the government compromised, perhaps unavoidably, with the recommendations of the Proudman report by allowing regional interests full, and dominating, representation in the river authorities, those bodies may be too unwieldy to be fully effective. The effectiveness of the new legislation will largely depend therefore on the liveliness and ability of the central board, and its willingness to use its powers. It can carry out research and can advise the Minister of Housing and Local Government and the river authorities what actions need to be taken. It is to be hoped that the government will appoint a strong central board whose advice will be heeded.

UNIT TRUSTS

Another Good Month

ONE surprising feature of this year's uncertainty in the stock markets has been the success of the unit trust movement in attracting new investors. Helped by four block offers the trusts sold just over £4 million of units in October and bought back £1 million of units, to make the net investment £3 million. This was slightly less than September's figure of £3.5 million but, taking into account the market's jitters about Cuba, this is a satisfactory result. It compares with a net investment of £1.9 million in October 1961. Sales of units so far in 1962 amount to £35.4 million, against repurchases of £9.2 million; the net investment of £26.2 million for the first ten months compares with £3.9 million in the corresponding period of 1961.

The results suggest that unitholders are becoming increasingly aware of the long-term advantages of unit trust investment. They do not appear to sell out at the first sign of a fall in the markets. Indeed, repurchases this year represent only 3.7 per cent of the average value of the total funds invested. This compares with 5.6

MOTOR TRADE

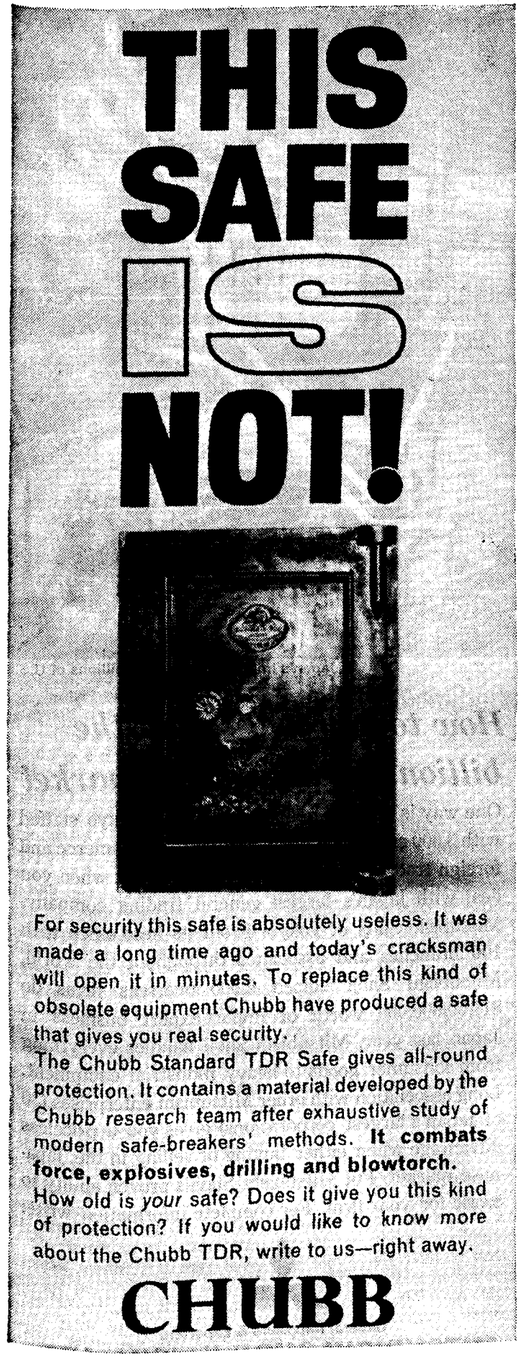
Virtues in Bigness?

BRISTOL STREET MOTORS' bid for Car Mart and rumours of a possible rival bid from the Kennings group shows that the motor trade has feelings of togetherness. But how much scope is there for economies of scale in a business where the size of the individual unit, the garage, is bound to be limited, and the bigger firms are simply those made up of the largest number of separate units? The only saleable commodities on which an enlarged business can expect extra discounts are petrol and some accessories, with the former much the more important. Petrol may form between 20 and 25 per cent of a big company's turnover, and an extra penny a gallon makes an important difference to profits if total sales approach, say, two million gallons. But the sale of new and used cars and the repair of old ones will often account for more than half of a company's turnover. There is no extra gain in margins from selling more, as manufacturers give no extra discount to their bigger dealers—apart from the extra four or five per cent that distributors or main dealers get.

The biggest problem in making profits out of car sales in the more competitive conditions of the last two years has been to avoid over-generous part-exchange allowances, without losing trade as a result; and then disposing of the used cars at a good price. These are largely matters that depend on the ability of the individual salesman, though he will obviously be affected by the attitude of his superiors. Here the only advantages that a large firm may have arise when it is selling used cars, and then it is a matter of the size of the individual branches rather than the size of the business as a whole. To sell used cars successfully the stock needs to be at least 30 vehicles, and cars should not be held in stock for more than a month. Garages that are too small to achieve this rate of selling have to dispose of cars they get in part-exchange to other traders, and so have less chance to make a profit. The extent to which profitability can vary is demonstrated by the higher profits earned in the last two years by Bristol Street and Kennings and the smaller profits earned by Car Mart. Bigger firms do have one potential advantage: they can finance their own hire purchase, a highly profitable exercise if they avoid bad debts.

Repairs are a part of the business that depends largely on the efficiency of the man on the spot and the bigger firm with many branches has a more difficult problem of supervision than the smaller one. Here size may well be at a positive disadvantage; and there is little or no benefit from having bigger branches, for size in a workshop adds to the problem of control over the individual mechanics. Only if modern diagnostic equipment is used to save labour—and reduce reliance on its judgment—is the big garage likely to match the efficiency of the small workshop.

There is therefore no inescapable logic forcing the motor trade into bigger units; but both Bristol Street and Kennings, as successful organisations, might well feel that they could make Car Mart more profitable. Last year Bristol Street earned 40 per cent on its shareholders' capital, Kennings about 20 cent and Car Mart 15 per cent. Car Mart has a strong basis for trade in the London area as a distributor for Austin and as a main dealer for Ford. But its narrow geographical spread may be a disadvantage, particularly as London is traditionally the most volatile sector of the car market. Its properties may be worth more than their book values, and it would give both Bristol Street and Kennings a stake in London that they now lack. Its assets would strengthen the balance sheet of Bristol Street, which has fixed assets worth £255,000 compared to Car Mart's £1,652,000. This contrast suggests that Bristol Street's bid is based more on the profit record than on asset values. But Kennings, with fixed assets of £4,762,000, may be better placed to win if a take-over battle develops.



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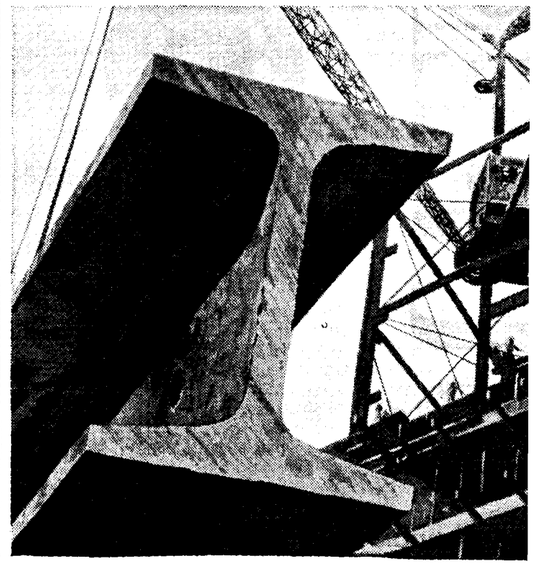

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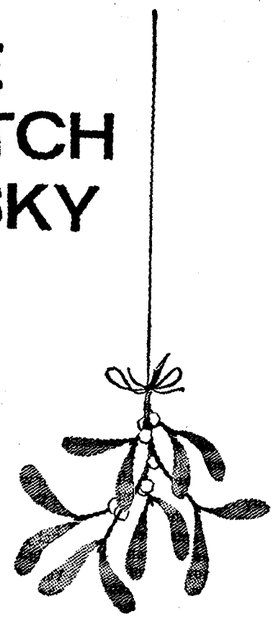

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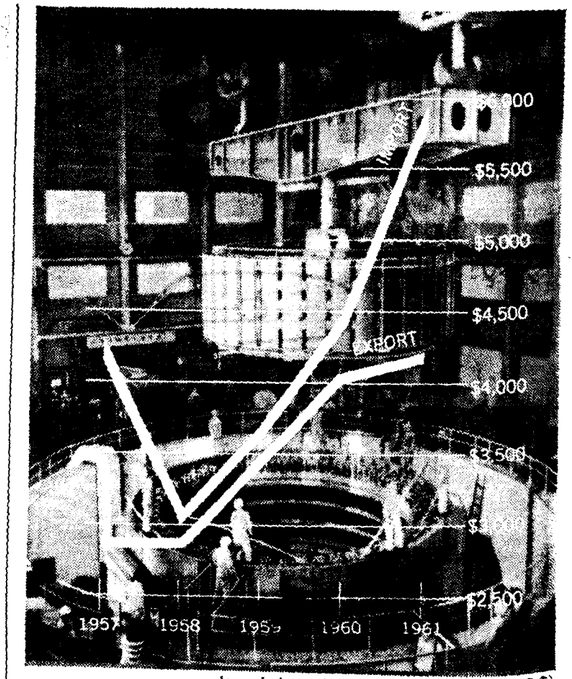

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per cent for the first ten months of both 1960 and 1961. They also see the advantages in the spread of risks and in expert management. The indications are that November will be another active month, for already block offers by two trusts specialising in bank and insurance shares—Bank Insurance Units in the Save and Prosper Group and Natbifs in the National group—have brought in about £2 million. The Commonwealth Unit Trust Fund has also made a special offer of units this week. But a good deal of the growth this year has been achieved without block offers—in the three summer months of June, July and August sales amounted to £6.7 million without a single block offer—and the growing number of unitholders making regular purchases of units through savings schemes should make for a more stable pattern of investment in the future.

WALLPAPER

Wall Game

THE biggest manufacturer of wallpaper, Wall Paper Manufacturers, makes one of the best-selling decorative paints, Walpamur. And now the biggest manufacturer of decorative paints, ICI, is to make wallpaper. The intention was clearly signalled when ICI bought two wallpaper companies, Within's and Rochdale Wallpaper, nearly two years ago. So clear did this signal seem that it was noisily assumed in the City at the beginning of the year that ICI would shortly be making a bid for WPM, a rumour only killed by repeated denials. The announcement of ICI's plans last week shows how much more modest its ambitions are. It is to spend £2 million on equipping the Orb Mill at Oldham to make over 10 million rolls of paper annually. The mill will make a complete range of papers, excluding only specialities such as hand-blocked papers.

The wallpaper market is completely dominated by WPM, which holds about 90 per cent (and is currently being looked at by the Monopolies Commission). The small manufacturers making up the balance, perhaps half a dozen, mainly offer specialty papers or cater for local trade. ICI's new mill will make only a small difference to this market: it will represent an increase of total manufacturing capacity in Britain of about 7 per cent. WPM has ten mills as big as, or bigger than, the Orb Mill and one being built in Darwin which will be almost twice as big.

It may not be in ICI's interest to try to cut too much of a swathe through the wallpaper market. It may have won for itself the position of the largest maker of decorative paints in Britain, but only after a hard battle in an extremely competitive market. Wallpaper sales have grown faster than paint sales in the last six years, and, because of WPM's dominance, the growth has been relatively smooth. Use of the two products is complementary and more often than not they are sold in the same place. Thus ICI has a double inducement to dip into a growing market with which it is already well acquainted—but cautiously.

RAILWAYS

Iron Road to Closures?

BRITISH RAILWAYS' new article of faith, that to close the 50 per cent of its lines that carry 7½ per cent of the traffic is the road to profitability, came in for questioning by Mr D. L. Munby in a paper* he read to the Manchester Statistical Society this week. He points out that though half the costs of track maintenance, signalling and running stations would have amounted to £98 million in 1961, the tracks and stations that are little used in fact account for much less than half the total cost and the savings from closure would therefore not approach this figure. A reduction of a sixth in train operating costs and in the maintenance costs of rolling stock, on the other hand, would save £50 million a year. Train miles have not been falling as fast as the traffic carried, so Mr Munby suggests that efforts to improve the efficiency with which goods are carried might pay bigger dividends than closing lines. And so might improving the use of staff in stations, rather than closing them down; labour in stations is the biggest item among those forming track costs, accounting for 12 per cent of the total. When the deficit is so vast, however, one might suggest that every means of reducing costs is needed.

Mr Munby has come to challenge Dr Beeching through his conclusion that the track costs of British Railways are not so big a part of total costs as is often assumed, if capital charges are limited to new investment since the modernisation plan started in 1955. Though this assumption can be questioned, British Railways are now in such a position, with the existing system a free gift from the Government; so it is the basis on which it will be basing policy. In this situation, Mr Munby shows that the picture of a railway system as an expensive road over which goods can be transported at little direct cost is an illusion. The track and stations accounted for 36 per cent of British Railways' total costs in 1961, excluding depreciation and interest. Train operating costs were only slightly smaller, at 34 per cent; the other big item, the maintenance of rolling stock, accounted for 22 per cent. So more than half the costs of railways vary with the traffic carried.

Mr Munby goes on to calculate a notional figure for the "track costs" of road trans-

* "Road and Rail Track Costs."

PATENTS

DCL—SIR Tussle

Milan

No one has any idea when a full hearing will be held on the patents lawsuit filed early last spring in Milan by Distillers of London against SIR (Società Italiana Resina) of Milan. Under Italy's dilatory legal system and court procedure, the controversy could drag on for months in Milan's Civil Court. Distillers have charged that SIR's process for producing phenol infringes ten out of eleven Distillers' Italian patents for making it from cumene. But since this complaint was filed, legal activity in the case has been limited to SIR's rejoinder that the Distillers' patents are worthless.

This action against SIR is intended to stop the Italian company from producing phenol from cumene, if the court decides that the patents violated are so comprehensive that SIR has in effect no patent rights of its own. For the moment, DCL's charges are limited to a general citation with no claim for damages.

The Italian company has been producing phenol from cumene in a plant that came on stream at Solbiate Olona near Milan in 1958. It is also engaged in a joint venture with Gulf Oil (51 per cent SIR-49 per cent Gulf) to build and operate a proposed £17 million petrochemical complex, including a 70,000 tons-a-year phenol-acetone plant, at Porto Torres in Sardinia. SIR says that it has developed its own phenol-from-cumene process, which has been registered in Italy and other countries including the United States. In fact, SIR has given American rights to its process to Universal Oil Products, which in turn granted licences to Texas City Refining Co., and Clark Oil & Refining Co. of Milwaukee under the trade name of "Unisir" earlier this year. The two American companies are building phenol-from-cumene plants using this process, scheduled to go on stream early next year.

In Sardinia the SIR/Gulf complex will produce, apart from phenol and acetone, over 150,000 tons a year of assorted petrochemical products, including high and low pressure polyethylene, caprolactam, dodecylbenzene, ethanol tetramer, styrene, urea and ammonium sulphate from light naphtha, benzol and pyrites. The SIR group will provide most of the raw materials, with Gulf supplying the light naphtha and cumene. The processes to be used will be partly SIR's own and partly American. The SIR chemical group will absorb part of the production, while Italy's expanding market and Europe are expected to pick up the balance. This complex, however, is still in the project stage pending approval by the European Investment Bank who would finance 70 per cent of the investment.

port. Apportioning the total annual expenditure on roads and traffic control of some £250 million between freight and passenger traffic according to the amount of road space that they occupy, he reckons that the cost per ton-mile of freight carried is little lower than that for railway freight if station costs are excluded—though if they are added, railway track costs are nearly twice as high. For passenger traffic, however, the cost of roads is little more than a third of that of railways, even if station costs are excluded. So here, Mr Munby concludes, road transport has the greatest advantage, and railways should cut down on passenger traffic. But does not passenger traffic pay if the passengers do not use too many stations?

LOCAL AUTHORITY DEBT

The Reasons: Official

THREE months ago the probable results of private talks between the Treasury and local authority representatives on the temporary borrowing of the local authorities were outlined in these columns. In the Mansion House speech last month the Chancellor confirmed that reform would involve making it easier for the local authorities to draw on the Exchequer for part of their borrowing needs. Now Mr Edward du Cann, Economic Secretary to the Treasury, in a speech to the Institute of Municipal Treasurers and Accountants, has given the official reason for the disquiet over local authority temporary borrowing. Reform is necessary; but it ought to be for the right reasons.

Mr du Cann offers three reasons. First, he argues that the short term borrowing of the local authorities interferes with official control of the banking system; that to the extent that this debt replaces Treasury bills in the hands of non-bank holders, the supply of Treasury bills going to the banks increases, allowing them to lend more. But there seems to be a fallacy here. The re-opening of the Exchequer to local authorities will not in itself affect the volume of Treasury bills in bank hands. True, non-bank holders may again hold more Treasury bills rather than local authority deposits. But in this measure the local authorities will presumably need to get alternative finance from the Treasury—which will ordinarily involve more Treasury bills in total. And funding sales by the Government will be no easier then than now.

Secondly, says Mr du Cann, the "artificially high" rates paid by local authorities attract overseas funds that may be unwelcome to the Government, and might even force it "to reduce Bank rate below a level that would otherwise be desirable" to discourage the inward movement of funds. But surely London as an international financial centre can readily absorb such an inflow, or if it prefers, isolate it. And if the rates paid by local authorities are artificially high, that is in part because of the artificial barrier between this market and the traditional money market of the banks and discount houses. The main reason why the banks and the discount houses do not hold short term debt of local authorities is because it is not negotiable, and is not acceptable as security at the Bank of England.

At the end of his speech Mr du Cann gets on to firmer ground. The size of this short term debt is considered, in the Radcliffe context of "total liquidity," a potential threat to attempts by the Government to squeeze spending. It can be turned into cash without loss, so that holders are "insulated from the impact of a credit squeeze." This, together with the particular problems of small local treasurers, is largely why a modest reform is necessary. The Government must be careful how wide it opens the Exchequer purse to the local authorities; if it is opened too wide it may obscure the need for reform in the London money market itself.

TEA

Calm Nerves

DEFYING the normal seasonal pattern, the price of tea has been advancing strongly, though buyers have not broken ranks to bid up prices recklessly. Chinese troops within 100 miles of the rich Assam tea gardens are not, however, responsible for the steady rise in prices. The requisition of vehicles and mobilisation of transport for the defence of India is not thought likely to interfere seriously with the supply of tea. But there is a strike of steamboat crews in progress over which nationality should man the boats, which has cut the supply line at the point where it passes through Pakistan. About 140,000 chests of tea a week are shipped by river to Calcutta at this time of the year, half of them destined for the London market. But a further 70,000 chests a week are moved by road or rail. Even so, the strike which has held up supplies since the first week in October is a serious threat.

But production of tea has also lagged unexpectedly this year. Up to July, production this year was running ahead of the 1961 level. But by October, output in North India and Pakistan had fallen behind last year's production; the North Indian crop is 25 million lb down and Pakistan has been forced to halve its export quota to 5 million lb. The decline has been practically made up elsewhere in quantity, but not in quality. Bidding has therefore been keen for quality tea over the past few weeks, though because of the normal seasonal deterioration in quality the average price realised in London for North Indian teas has no more than held its own.

However, tea of similar quality has been gaining about 1d. or 2d. a lb a week, and as always in times of impending shortage, plain tea has recovered quite sharply. The big British blenders are reluctant to chase prices higher because they do not wish to run the risk and inconvenience of raising the prices of their packets. They also hold comfortable stocks; stocks held in bonded warehouses are 16 million lb higher than a year ago at 136 million lb. The quantity of tea afloat at the beginning of the month is also 29 million lb greater though the quantity about to be landed, but not yet in warehouses, was 9 million lb lower than a year earlier. But the threatened interruption of supplies when the market is barely in balance seems to have sparked off a mild precautionary buying movement.

SHORTER NOTES

Canada has this week lowered its Bank rate by a full point to 4 per cent. This follows two earlier reductions of ½ per cent each. There was an immediate reaction in the exchange markets, where Canadian dollars came on offer and the rate against the US dollar fell from 92.88½ to 92.78, its lowest point since mid-August.

★

A European patent office is proposed in a draft convention drawn up by members of the common market. European patents and individual national patents will exist side by side for some time after the convention is ratified. Some points have not yet been settled; it is hoped to submit a final draft for signature in about a year's time.

★

The European Coal and Steel Community, which last borrowed in New York, much to Mr Dillon's chagrin, is now to float three loans in Europe. The loans, for the equivalent of $25 million, will be floated in Belgium, Holland and Switzerland.

★

South African import controls are to be further relaxed in 1963. The 1963 allocations will be 110 per cent of the 1959-60 average, compared with 100 per cent. in 1962, for capital goods, and 45 per cent for consumer goods against 40 per cent this year. South Africa's foreign exchange reserves now stand at R.455, equivalent to about six months' imports.

COMPANY AFFAIRS
Comments on pages 720, 721 and 724 on:

Tube Investments	Thos. W. Ward
Electric & Musical Industries	Mirror/Pictorial
Rootes Motors	Joseph Lucas
Birmingham Small Arms	Debenhams
Penn Elastic	Rolls-Royce
Guest Keen & Nettlefolds	Metal Industries

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 722 and 723

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 725

Chairman's Statement: RHODESIAN ANGLO AMERICAN LIMITED
Incorporated in Northern Rhodesia

Integrated Labour Force on the Copperbelt Established

SUSTAINED PROGRAMME OF EXPANSION IN MINING AND EXPLORATION

The following is from the statement by the Chairman, **Mr H. F. Oppenheimer,** which has been circulated to members with the Annual Report and Accounts:

Political uncertainty has this year continued to be the dominating factor in the Federation. Although the Federal economy in the circumstances has shown reasonable growth and resilience, it has not advanced as I think it would have if the pattern of political progress had been clearly established. It is difficult to comment usefully on the political situation at the time of writing, as the result of the polling in the Northern Rhodesian election under the new Constitution is not yet known, the Nyasaland Conference is due to start on November 12th, and an election under the new Southern Rhodesia Constitution will be held on December 14th. The outcome of these three events will vitally affect the future of the Federation.

For some years I have expressed the confidence that there are the qualities among the people of these Territories which can lead to the establishment of genuinely non-racial relationships. This I still believe, and in spite of almost continuous external criticism, particularly of Southern Rhodesia, the progress in the year has been considerable. We have shown our faith in the future by a sustained programme of expansion in our mining operations, by continuing widespread and expensive exploration for minerals in Central Africa, and by adding substantially to investments outside our main mining sphere. Virtually all the interests of Rhodesian Anglo American are within the Federation.

PROFITS AND INVESTMENTS

Our Company's results for the year under review were very much in line with the previous year. The profit for the year of £7,318,677 before tax was, in fact, slightly higher. It reflects a saving of £116,000 in interest from the surrender of loan stock in payment for shares taken up under option rights, and a net reduction of £51,000 in our income from investments mainly owing to reduced dividends from Bancroft and Broken Hill. It was necessary in this year's accounts to make the relatively large tax provision, compared with previous years, of £119,960 as a result of changes in the Federal tax laws.

During the financial year 497,543 options to subscribe for shares at 80s. were exercised, and our issued share capital thus increased by £248,771 and the share premium account by £1,741,401. Almost all these options were exercised by the surrender of loan stock, and the amount of stock outstanding at June, 1962, was reduced to £1,963,855. After the exercise of further options since the end of the year 331,318 remain outstanding and rights in respect of them expire in March of next year.

Our investments showed a net increase of £1,809,490, after writing off £159,737 mostly in respect of interests in prospecting companies. The largest single new investment was a loan of £500,000 to the Federal Government, which forms part of loans totalling £5.1m. being made over a period of twelve years by companies in the Anglo American Corporation Group in Rhodesia, to assist and accelerate the development of the Federation's resources particularly in the rural economy. In view of the Group's special responsibilities in Northern Rhodesia at least £2m. is to be spent there. In addition to following up our investments in the Rhodesia Broken Hill and Bancroft mines, we have taken an important interest in the development of the Southern Rhodesian lowveld by acquiring a shareholding at a cost of £287,500 in Hippo Valley Estates, with an option to take up further shares by October, 1964.

We have this year transferred £1.5m. to General Reserve which now stands at £10.75m. and we have recommended a final dividend of 6s. per stock unit which with the interim dividend of 2s. maintained our total dividend at 8s. for the year. Our net current assets at the year end amounted to £4.3m. and so we remain well placed to follow up investments and to continue to play our part in the economic development of the country.

COPPER PRICE

Throughout the financial year the copper producing companies of the Anglo American Corporation Group continued their policy of withholding about 10 per cent of planned production from the market. In July of this year these companies and the Rhodesian Selection Trust Group of companies decided to increase the cuts in production or sales to a total of 15 per cent. These cuts, together with cuts by a number of producers in other parts of the world, have been an important factor in keeping the cash price on the London Metal Exchange stable at about £234 per ton for the last nine months. As in the past, we shall decide according to prevailing circumstances whether to withhold copper from the market or to cut production.

The amount spent on fixed assets by the copper companies of the Anglo American Corporation Group during the past year amounted to £4.72m. At Nchanga the major extensions to the surface plant are progressing well. Rhokana continued with the development and equipment of a sub-vertical shaft at Mindola and of the South Orebody shaft. From our holdings in these two companies we derive the most important part of our revenue. Both companies had satisfactory years and maintained their dividends.

At Bancroft work continued on sinking the No. 3 shaft and, when this is connected with No. 1 shaft and the area dewatered, it is hoped to increase annual production to about 63,000 tons of copper. The company had another difficult year. Mill head grade dropped by 0.23 per cent to 3.59 per cent and this, together with the loss of output resulting from the three weeks' strike of the Northern Rhodesia African Mineworkers' Trade Union which took place in May, reduced primary production by about 7,000 tons. At the same time costs arose because of the use of increased pumping capacity to intensify the dewatering programme. To assist in financing the capital programme £1.3m. was appropriated from profits, and the dividend was halved.

LABOUR RELATIONS

This has been an extremely important year in the field of labour relations in Northern Rhodesia. In July the mining companies of our Group, together with those of the Rhodesian Selection Trust Group, reached a settlement in the long-protracted negotiations with the Northern Rhodesia African Mineworkers' Trade Union on wages and related matters arising from the proposals for advancement of African employees in the industry. This closed a remarkable chapter which opened with the first agreement on advancement reached in 1955 with the Northern Rhodesia Mine Workers' Union, and has now after many difficulties resulted in a uniform wage structure for the industry's entire

labour force, in place of the traditional dual system.

The agreement with the Northern Rhodesia African Mineworkers' Trade Union provided for an increase in basic wages at a flat rate of 1s. 6d. per shift and improvements in the conditions relating to shift differential and leave. It incorporates also, other than in the event of a major economic upheaval, a standstill agreement on wages until January 31, 1964.

This settlement was followed in September, after a further period of negotiations, by agreement between the companies and the Mines African Staff Association, which provided increases for staff employees particularly in the lower categories. Shift differential and leave were also adjusted, and a standstill until March 31, 1964, was accepted.

There is thus the foundation of a period of freedom from industrial disputes on wage demands. This should give us the opportunity we need to concentrate our attention on the problems of reorganisation necessitated by the establishment within our industry of an integrated labour force. These cannot be tackled energetically and objectively except in conditions of harmony and confidence. We should now be able to move away from the distinction inherent in the past industrial history of Northern Rhodesia, between employees of European and of African origin. We must progressively come to think and act in relation to our employees on grounds of skill, job content and responsibility alone.

EDUCATION AND TRAINING

The Copperbelt has become one of the world's major mining centres, capable of producing 625,000 tons of copper a year, equivalent to about 13¼ per cent of world output. To keep this industry competitive with other producers—particularly in view of the fact that it is situated some 1,500 miles from the nearest seaport—requires continuous improvement in mining and metallurgical techniques applicable to local conditions. This demands substantial numbers of highly qualified men, many with degrees or technical qualifications, backed up by a supervisory staff of whom the majority have completed at least normal secondary schooling. The proportion of the total strength of our employees who have been to secondary school is still very small, and the majority have had little formal education. At present there is a very wide gap in the educational standards of the different sections of the community in Northern Rhodesia. We are doing all we can to bridge this gap on the Copperbelt but it is clear that for many years the industry must look mainly to Europeans for the technical qualifications it needs.

It is our policy to provide all our employees with the best opportunity to develop their talents and skills. The education and training programmes in which we are involved with the rest of the industry are therefore of great significance. The Northern Rhodesia Educational Trust, established by the copper mining companies in 1960, has already ensured by the provision of £2m. towards classroom and other facilities that thousands of children are at primary schools, and many hundreds of secondary schools who would not otherwise have secured places. Similarly there is to be an expansion of technical, vocational, commercial and adult education on a non-racial basis in Northern Rhodesia as a result of a comprehensive survey which has been carried out in this field.

Copies of the annual report and accounts are available from 40, Holborn Viaduct, E.C.1.

RHOKANA CORPORATION LIMITED

(Incorporated in Northern Rhodesia)

STABILITY OF COPPER PRICE IN 1962

IMPORTANCE OF INVESTMENT INCOME

The following is from the review by **Mr H. F. Oppenheimer,** the chairman, which has been circulated to members with the annual report and accounts:

Operations at Rhokana were satisfactory notwithstanding the three weeks' strike by the Northern Rhodesian African Mineworkers' Trade Union in May. As a result of an improvement in metallurgical recovery combined with a reduction in stock-piled concentrate tonnage, primary production of copper for the year was expected to total about 113,000 long tons, in spite of a small reduction in the milling rate, but the strike limited the total output to 106,428 long tons compared with 110,168 long tons in 1960-61.

OPERATING RESULTS

The total tonnage sold for the year was 102,680 long tons compared with 99,696 long tons the previous year. The average price realised for electro copper was £232 per ton, an increase of £1 on the average for 1960-61. The additional revenue derived from the higher tonnage and price was however largely offset by a small increase in normal working costs and an expenditure of £0.28m. attributable to the strike. The operating profit for the year amounted to £9.62m. and after providing £3.48m. for taxation, the net operating profit was £6.14m. compared with £6.09m. last year.

Including income from investments of £4.6m., the total net profit for the year was £10.74m. The directors have appropriated £1.5m. for capital expenditure, placed £0.75m. to general reserve and recommend a final dividend of 5s. 6d. (net) per unit of ordinary and "A" stock, which together with the interim dividend of 1s. 6d., gives the same total distribution of 7s. (net) per unit as in the previous two years.

INVESTMENT INCOME

Our investment income is at present mainly derived from a 33.6 per cent holding in Nchanga Consolidated Copper Mines Limited, which with an annual output approaching 200,000 long tons of copper is the second largest producer in the world, and from a 26.56 per cent interest in Mufulira Copper Mines Limited, a Rhodesian Selection Trust Group company which this year completed the major expansion scheme designed to increase its annual output to 150,000 long tons. The increase of 1s. 2.4d. in the recent final dividend for the year ended June 30, 1962, of 3s. 7.2d. (net) per share recommended by the Mufulira board is an indication of the improved income which may be expected from this source in future.

Approximately £1.25m. has so far accrued in dividends from Bancroft Mines Limited, which is currently engaged on a major capital programme aimed at increasing its annual output to about 63,000 long tons of copper. Bancroft has had to face severe operating difficulties in its short life. These are still considerable and it appears unlikely that our income from this source will increase until the present expansion programme is completed.

During the year under review Chibuluma Mines Limited, a company in the Rhodesian Selection Trust Group which started producing in 1956, paid the final instalment of a £5m. loan from the United States Government. Now that this obligation has been met we can expect to receive a return on our 26.68 per cent holding in Chibuluma.

PLANS FOR CHAMBISHI

We also have important interests in three other companies of the Rhodesian Selection Trust Group, Baluba Mines Limited, Chambishi Mines Limited and Chisangwa Mines Limited, which have so far been engaged in prospecting large areas adjacent to the existing Northern Rhodesia copper mines. Earlier this year the directors of Chambishi announced plans to bring the mine into production at the rate of 25,000 long tons per annum by 1967 at an estimated cost of £6.6m. We have undertaken to provide over the next five years £1.76m., our pro-rata share of the estimated cost, and we will thereby maintain our 26.68 per cent interest in Chambishi.

In December, 1961, we undertook to provide up to £1.45m. of loans totalling £5.1m. by the Anglo American Corporation Group in Rhodesia to assist in the rural development of the Federation, of which a minimum of £2m. is to be spent in Northern Rhodesia in view of the Group's special responsibilities to and interests in the Territory. We have so far advanced £0.43m. of these rural development loans and the balance is to be provided in annual instalments over the next 11 years.

COPPER MARKET

The policy announced in October, 1960, of withholding 10 per cent of total planned production from the market was maintained until July 1, 1962, when the copper mines of the Anglo American Corporation Group decided to increase their production and/or sales cuts by a further 5 per cent. Cuts have also been announced by certain other producers and these measures, taking into account losses in production through strikes in North and South America, the Federation and elsewhere, should serve to restore the balance between supply and demand.

During the year the stability of the cash price for electrolytic copper on the London Metal Exchange has been a significant feature. We believe that this stability is welcomed by producers and consumers alike and is in the best interests of copper generally. I am confident that world copper consumption will continue to increase and we are well placed to take advantage of any upturn in demand.

Copies of the annual report and accounts are obtainable from 40, Holborn Viaduct, E.C.1.

CARRERAS LIMITED

RESULTS SHOW A FURTHER IMPROVEMENT

SATISFACTORY PROGRESS AT HOME AND OVERSEAS

MR JOHN H. HANSARD ON PLANS FOR GROUP'S CONTINUED EXPANSION

The fifty-eighth Annual General Meeting of Carreras Limited was held on November 13th at Basildon, Essex, **Mr John H. Hansard** (the Chairman) presiding.

The following is his statement which had been circulated with the report and accounts:

Before dealing with the review of the Company's affairs, I wish to record a tribute to the late Sir Edward Baron who died in June this year.

Sir Edward had been associated with the Company for over 50 years, and for almost half this period he was Chairman and Managing Director and under his leadership the Company enjoyed many years of prosperity, especially during the immediate post-war period. He will long be remembered for his interest in promoting the welfare of the Company's employees.

DIRECTORATE

In April this year, Mr C. A. C. Bulpitt was appointed Assistant Managing Director of Carreras, with particular responsibility for Administration and Production.

Since the last General Meeting, Mr D. C. Owers resigned from office as a Director of the Company and Managing Director of Rothmans of Pall Mall Limited on returning to South Africa to take up an important appointment in the Group with which Carreras is associated. I would like to thank Mr Owers for his services to the Company and to wish him success in his new appointment.

During the year a number of senior managers were made Divisional Directors in your Company, and I feel you would like me both to congratulate them and thank them for the particular contributions they are making in the Company's affairs. I refer specifically to—

Mr J. McCoy	Chairman, Murray, Sons and Company Limited
Mr M. J. Oosthuizen	General Manager, Rothmans of Pall Mall Limited
Mr L. E. Breffit	Production
Mr C. R. L. Matchett	Leaf Tobacco
Mr R. C. N. Oliver	Overseas and Export
Mr G. A. Phipps	Distribution
Mr L. A. H. Sarl	Administration
Mr R. C. Wickenden	Finance
Mr P. H. M. Wilson	Advertising

ACCOUNTS

This year we are able to revert to the normal practice of presenting the Directors' Report and Accounts at the Annual General Meeting. Following the change made in 1959 in the Company's accounting date from October 31 to June 30, we have had to hold Extraordinary General Meetings for the last two years.

The accounts before you show a further improvement in your Company's affairs and I am pleased to report that all the principal members of the Group have contributed increased earnings. This has been a creditable achievement in view of vigorous competitive activity.

The Group Profit before taxation amounted to £2,938,868, an increase of £331,116 on the previous year, or 12½ per cent. Your Directors have recommended a final dividend on the Ordinary and 'B' Ordinary shares of 8 per cent less income tax, which with the interim dividend paid on June 30, 1962, will make a total of 11 per cent less income tax for the year. The dividend is more than twice covered and compares with a total of 9 per cent less income tax for the year to June 30, 1961, and 8 per cent less income tax for the preceding year. Shareholders will note from the Directors' Report that a further appropriation has been made to the Development Reserve and that the unappropriated balance carried forward by the Company has again increased.

THE YEAR'S TRADING

Home Trade: The promotion of your Company's leading brands was intensified and sales of Guards Filter cigarettes in particular, retailing at 3s. 6d. for 20, made significant progress.

In May this year Piccadilly Filter de Luxe was introduced in London and the Home Counties and since the end of the financial year its distribution has been extended further. This new brand, retailing at 3s. 10d. for 20, has been most favourably received by the consumer and the trade.

The position of Rothmans of Pall Mall Limited as market leaders in both King Size and mentholated filter cigarettes was strengthened during the year. This Company, which it will be recalled joined the Carreras Group in 1960-61, continued its forceful promotional activity and secured increased profits. The sales of Rothmans' brands and of the American Cigarette Company's Peter Stuyvesant King Size Filter cigarettes account for over 70 per cent of the market in the 4s. 6d. Filter price class.

Other new brands of filter cigarettes have been introduced to meet the continuing changes in popular taste among the smoking public.

Murray, Sons and Company Limited of Belfast has also enjoyed another successful year. The demand for its leading brands of pipe tobacco in the United Kingdom has shown an encouraging increase.

Overseas Business: Your Company's export trade has again been well maintained in spite of some difficulties in certain markets which were due to conditions beyond our control.

Sales of Craven 'A' and of Craven 'A' Filter cigarettes remained prominent in the markets to which they are exported, while Piccadilly No. 1 enjoyed increased sales.

The Company's manufacturing units in Fiji and Malta have had a successful year and they hold 60 per cent and 50 per cent respectively of those markets. Arrangements were also made for the local manufacture of your Company's brands in Cyprus and these have made a promising start.

As a commencement to operations in the Caribbean area a new company, Carreras of Jamaica Limited, has been incorporated with an authorised share capital of £500,000 and it is proposed to make an offer to the Jamaican public to take up 50 per cent of the issued capital.

A site has been acquired near Kingston and plans for a single storey, modern, air conditioned factory are in an advanced stage. The necessary plant and machinery has been ordered and production is planned to commence in 1963.

It is felt that there are reasonable grounds for confidence that this new venture will show a satisfactory profit return to your Company.

REPUBLIC OF IRELAND

Your Company's associate, P. J. Carroll and Company, Limited, has once again strengthened its position in the Irish cigarette market and it has had a record year in profits. In order to raise additional funds for the continuing expansion of the business, P. J. Carroll and Company, Limited, has recently made a rights issue of new Ordinary capital and your Company has subscribed for its rights under the issue. Your Board views with confidence the prospects of this additional investment.

SMOKING AND HEALTH

In view of the publicity given to the Report of The Royal College of Physicians we circulated to Shareholders in April a statement concerning the policy of our Group on the subject of smoking and health.

Since this statement was circulated to all Shareholders I will not repeat what was said. We did, however, state our intention to extend our own research work into tobacco chemistry and filtration and in this connection I am pleased to inform members that Dr A. J. Lindsey, PhD, DSc, MIEE, FRIC, who in recent years has been the Head of the Chemistry Department at Sir John Cass College, has accepted an appointment as Director of Research in our Manufacturing Division.

FUTURE PROSPECTS

In order to provide facilities for the continuing expansion of the Group's business in the United Kingdom and general export markets, further extensions to the Basildon factory are being planned on adjoining land. Your Board is also planning to establish a further modern factory in Northern Ireland.

Your Board intends to continue its policy of steady expansion particularly in the growing field of filter cigarettes as I outlined last year. Your Company has the most modern premises and plant, the necessary resources and technical skill and a young, highly trained management team. Competitive activity will no doubt remain severe but I nonetheless believe that, in the absence of unforeseen circumstances beyond our control, your Company will be able to continue to show progress.

In conclusion I would again like to record my appreciation and thanks on your behalf to our Bankers, Legal Advisers and Auditors for their services to the Company. Finally, I wish to thank the Directors, Managers and all employees of the Company and its subsidiaries for another splendid effort during the past year. All concerned have worked together with loyalty and enthusiasm which augurs well for the future prospects of the business.

The report and accounts were adopted.

TUBE INVESTMENTS LIMITED

CONDITIONING FOR THE FUTURE

BIG TUBE-MAKING DEVELOPMENTS: ENGINEERING EXPORTS UP

Lower earnings at much the same level as those before the previous year's all-time record in 1960-61 were reported by **Sir Ivan Stedeford, GBE,** Chairman of Tube Investments Limited, in his annual review posted to stockholders yesterday (November 15th). The following is an extract from the full text:

When TI's year started in August, 1961, he said, the momentum of trade had been dropping for some months, a trend later aggravated by the Government's deflationary measures. The official relaxations which followed were welcome, but they had little effect in stimulating business. So *mild a tonic* was no substitute for the effective shot in the arm the economy needed. Were the risks of the merest degree of expansion a more formidable enemy than suffering the full costs of retarding industrial progress for so long? During the period under review the home demand on industry, according to TI's experience, remained practically stagnant; the resulting reduction in sales increased costs and narrowed margins; this weakness at home coincided with mounting competition overseas, and export business, though maintained in turnover and volume, became less profitable.

The year had, as a consequence, been one of reduced profits but, in the circumstances, the results were not unsatisfactory. He had mentioned last year that net earnings were expected to be close to those of two years ago, when the Ordinary dividend was increased to 14 per cent. Events had shown this to be about right. The net available profit—excluding £260,000 on the sale of two factories as part of the concentration schemes but involving non-recurring revenue expenditure of over £540,000—was £7,973,751 compared with £8,100,000 two years ago. Contrasted with the record results of the year before, the figures showed a reduction of just over £1¼ million. The Board recommended, therefore, a final dividend of 7 per cent on the Ordinary stock, making 14 per cent for the year. This dividend was covered 2¼ times.

Group trading profits before tax, and after depreciation of £6.3 million, were just under £16 million, compared with the record of nearly £21 million the year before. Nearly £2 million of this reduction represented the fall in the earnings of the British Aluminium Group. Pre-tax trading profits of the main TI Group (excluding British Aluminium), after depreciation of £4,747,578, were £14,511,801, a reduction of approximately £3.2 million on the previous year, or around 18 per cent on a turnover down by only 7 per cent. The principal cause was the under-employment of expensive plants designed for high volume outputs.

FINANCING DEVELOPMENTS

TI's development schemes were proceeding well. Capital expenditure—excluding the British Aluminium Group, whose financial requirements were arranged independently—amounted to £14 million. This had reduced the main TI Group's liquidity, although at the year end it was still strong with quick assets exceeding £18 million. During the current year as the new Park Gate Steel Works approached completion and other importants projects were carried forward, TI might begin to draw upon the facilities arranged with its Bankers; this borrowing was likely to reach its peak about the end of 1963. With the maintenance of a strong cash flow, which in the year under review amounted to approximately £9 million, TI should recover a comfortable degree of liquidity not very long after these major schemes were completed, without raising further capital.

The Aluminium Division, in common with most companies in the industry continued to suffer the consequences of a large excess of world production capacity, created initially in the early and mid-fifties following the Korean War. Its existence was masked by the cyclic character of demand which reached an unusually high peak in 1960 and had led practically all the experts to forecast a continuing increase in demand. The forecasts had been confounded; in fact, the rate of growth of demand went seriously down following 1960. The Aluminium Division's hard and disappointing year offered no surprises; a substantial fall in trading profits was expected. Those of the British Aluminium Group (excluding Canadian British Aluminium) fell by a further £2 million to £1.3 million.

Venesta Foils Limited, the share capital of which was acquired by Reynolds TI Aluminium in 1960, had been formed into two separate companies—Aluminium Foils Limited, to take over assets in the United Kingdom, and India Foils Limited, to acquire and operate assets in India. This rearrangement provided Reynolds Metals with a 51 per cent interest in Aluminium Foils Limited. India Foils Limited remained a subsidiary of Reynolds TI Aluminium, controlled by TI through its 51 per cent interest in that company. This Indian undertaking had had a successful year.

NEW TUBE COMPANY

The Steel Tube Division encountered lively competition at home and overseas in the wake of a weakened demand. While sales fell by no more than 10 per cent, margins narrowed further, and profits were down by 20 per cent compared with the previous year's all time record. The installation of the £3 million second Assel Mill at Desford, near Leicester, was completed in the spring and had doubled TI's capacity for making specialised heavy duty tubes in alloy and other steels. Already 25 per cent of total output was being exported.

Operations had recently started for the continuous production of general purpose seamless precision tubes in carbon steels. It held promise of producing tubes of markedly higher quality at lower relative costs. TI had spent some £3 million in the past three years on modernising, re-equipping and co-ordinating its facilities for making and marketing stainless steel tubes. The final step had been the formation of TI Stainless Tubes Limited to control the Division's stainless tube activities, which already accounted for some 10 per cent in value of TI's total tube business. Export markets already took about 40 per cent of output. Subject to a satisfactory agreement with the Board of Trade it was proposed to set down a modern, low production cost plant for making TI's famous "Truwel" electric resistance welded tubing at Washington, Co. Durham. The bulk of its steel strip requirements would come from Park Gate's new steel works.

The Cycle Division had passed through one of the most difficult years in its history. With the bad trading at home, and some export markets closed entirely or severely restricted, turnover fell by about 12½ per cent. These conditions accentuated the need for the rationalisation of the Division following the acquisition of Raleigh Industries, and this work progressed well. It had been a costly and painful operation, but was now nearing completion. The aim had been to reduce to efficient proportions the prodigal excess capacity of the industry. The final stages should soon be reached, and TI's U.K. bicycle interests restored once again on a good firm basis.

The cost of the operations was a significant factor in reducing the Division's results to negligible proportions. New lines were being introduced. Should the U.K. become a member of the Common Market, the Cycle Division was well positioned to seize the opportunities this would offer.

STEEL PROGRESS

The doldrums in which the steel industry had been for so long again governed the returns of the Iron & Steel Division. Profits, after depreciation, fell by 22 per cent on a value of sales only 7 per cent less. The value of exports was maintained but at reduced margins. The increased costs of raw material, fuel and labour, coupled with the drop in sales, mainly accounted for the fall in profits. When the long-delayed price increases were authorised, the adjustments permitted for the steels TI made were too little to match the additional costs, and too late to help the year's results. It was puzzling to know by what principle the Iron & Steel Board determined new prices for the different steels. A reasonable basis would be for the benefits to be spread evenly throughout the industry, and not for some sections to be less fortunate than others, as TI found itself to be.

The £32 million steel works at The Park Gate Iron & Steel Company at Rotherham was taking recognisable shape, and should be fully operational in 1964. It would then be possible to speed up the co-ordination of the existing steel plants at Round Oak and Park Gate for more economical operations.

The Engineering Division stood up well to the times of adversity which were fairly general in the capital goods industry. High levels of activity were maintained for most of the year. Turnover increased by 30 per cent, but it exceeded the value of order intake in the same period. This weakened demand at a time of rising costs, narrowed margins, and, despite the Division's record results, profits were hardly commensurate with the increase in sales. Exports increased by some 36 per cent.

With the completion of the extensions at Robertsons of Bedford, TI would dispose of an integrated engineering organisation, able to offer a comprehensive and competitive service in capital goods the world over. The General Division had had a record year, with all companies doing well.

The year was not altogether a happy one for the Electrical Division. On the appliance side, the difficulties were too well known to require comment in explanation of a profitless year. The Division, fortunately, had replanned its appliance production programmes in time to avoid building up large stocks of finished products.

By the turn of TI's year, and thanks to a partial easing of official restrictions, demand for Creda appliances began to expand again, but this was too late to help the results. Sales of Creda space heaters and water heaters were well maintained, the Centrepiece electric fire being particularly successful. TI had acquired the share capital of Russell Hobbs Limited, a leading maker of small electrical applicances, particularly high quality automatic kettles and coffee percolators.

The results of the industrial side of the Division were encouraging. The Simplex cubicle switchgear and automatic control gear, and the flameproof and industrial lighting equipment, all made good progress, as did Power Centre Company's overhead bus-bar system and cable trunking. Gowshall Limited, now a major supplier of road signs and motor-way equipment, further increased its share of a market which for the present remains restricted.

Demand fell away generally in overseas markets, with the exception of the Common Market. Intake of orders at £39 million, including those of British Aluminium, was down by 7 per cent, although shipments were slightly higher than last year's total. Sales to the Soviet bloc were negligible. TI's exports to Europe and the USA represented nearly 50 per cent of the total. These markets continued to grow in importance.

TI's manufacturing interests overseas improved their total contribution to the Group's results. Trading at TI of India suffered some downturn and, with increased raw material prices, costs rose, with a corresponding, but not serious, fall in profits. Standard Tube and TI Limited, in Canada, matched up to the difficult times and improved again on their year's results. TI's companies in South Africa benefited by the improved trading conditions.

IMMEDIATE OUTLOOK

It was not possible to predict with any precision the probable results of the current year. When the Government announced on November 5th its latest measures for reviving the economy, over three months of TI's year had passed with trading conditions, if anything, more difficult than a year before. The general outlook now was undoubtedly more promising. The new concessions should go some way towards stimulating industrial activity, but they would take time to generate it. They were unlikely to bear their full impact on capital investment until industry could see, with reasonable confidence, that it would be able to sell what could already be produced by the existing costly modern mass producing plants which had been underemployed now for some time.

On the other hand, the Government's proposals offered early and not unsubstantial financial benefits to those companies which, like TI, were already heavily engaged in carrying out costly capital development programmes. The time when these improved investment allowances would be garnered depends upon circumstances. It did not follow that in every case, they would necessarily be reflected in the accounts for the year in which the expenditure was incurred.

TI covered a wide range of metal, engineering and durable consumer products, and he was sure, was well placed to share fully in any improvement in trade generally which these new measures, and any other circumstances, might generate. It might be some time before any upturn in demand became effective in the form of additional despatches from the factories.

Concluding, Sir Ivan said: "This is the last time I shall have the privilege of addressing you as Chairman. A heartening feature of my retirement is that my colleague, Lord Plowden, will succeed me, although I regret, personally, that this happens at a time when industry is confronted with exceptional difficulties. I am sure that he will quickly gain your confidence, as he has that of his co-directors and the many executives who make TI what it is today. I rest content that, my job done, I leave TI in good firm hands, and that we shall see it grow in strength and stature."

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

(Incorporated in the Republic of South Africa)

The twenty-fifth Ordinary General Meeting of shareholders will be held in Johannesburg on November 20, 1962.

The following is an extract from the circulated review of the affairs of the Company by the Chairman, **Mr T. Reekie,** dated November 1, 1962.

WORKING RESULTS

In general, the tempo of the previous year's operations was well maintained. The ore mined and hoisted to surface, and the tonnage milled in the reduction works were the highest ever achieved by the mine, and the gold produced, in spite of a small falling off in the yield, was also a record for the Company.

Due, however, to the slightly lower average price received for gold, and to the fractional increase in working expenditure brought about by the higher scale of operations, the profit from gold production at R15,749,060 failed by R216,324 to reach the previous year's record.

Though the effect of the doubling of the remaining period during which the Company has contracted to supply uranium, and the resultant spread out of the sales allocation from December 31, 1963, the former expiry date, to the end of 1966, was reflected in the reduced profit from uranium oxide sold and sulphuric acid produced, it is expected that over the full extended period the Company will benefit financially by the revised uranium arrangements.

DEVELOPMENT

With the virtual completion of the considerable "off-reef" work undertaken in the previous year to link the new No. 4 Shaft with the existing workings, the ratio of advance on the Carbon Leader Reef compared with that "off-reef" was restored to the 1959-60 proportions.

SUB-INCLINE SHAFTS

The "A" series of four sub-incline shafts were completed during the year.

Work on the various layouts of all four of the "B" sub-inclines progressed satisfactorily and preliminary sinking operations were commenced during the year in B1 Sub-incline Shaft. At October 31, 1962, the shaft had been sunk 263 feet.

No. 4 VERTICAL CIRCULAR SHAFT

The unstable and brecciated water-bearing zone proved more extensive than could reasonably have been expected and considerable delays occurred in the sinking programme. The shaft had, however, passed through this zone and at October 31st had reached a depth of 4,983 feet, a point within 60 feet of its final depth of 5,043 feet, and an accurate holing was made with the 6th level haulages.

Advantage was taken of the delays in shaft sinking to proceed with work which was not scheduled to be done at that stage.

In the press announcement of February 18, 1959, it was indicated that the estimated cost of No. 4 Shaft during the 4½ years to the final commissioning in June, 1963, would be R5,440,000 but the 1959 estimate will be exceeded by an amount of approximately R2,560,000.

ACCOUNTS

The total profit for the year was R17,563,154 of which taxation and mineral lease consideration absorbed R8,478,237 or 48.2 per cent leaving R9,084,917 for the repayment of the capital portion of the uranium loans, current expenditure on mining assets and trade investments, and for dividends.

These appropriations totalled R9,967,523 after allowing for the interest-free loan of R670,000 made available through the Atomic Energy Board, and it was accordingly necessary to draw on the balance of the Income and Expenditure Account to the extent of the shortfall, thereby reducing this account from R5,531,851 at the previous year-end to R4,649,245 at June 30, 1962. The Revenue Reserves totalling R5,054,199 plus the small unexpended balance of the uranium and acid loans of R20,401, were represented by net current assets of R5,074,600. Of the aggregate loans obtained to construct the uranium and acid plants, the capital sum remaining to be repaid was R2,494,477.

Of the R3,183,036 spent on Capital Account during the year, R2,270,522 was spent in connection with No. 4 Shaft; R448,008 was spent on the "B" series of sub-incline shafts; and the remainder on the reduction works, underground power distribution, the completion of the "A" series of sub-inclines, and sundry surface improvements. In the current year, provision has been made for an expenditure of R3,500,000 allocated as to R1,600,000 to No. 4 Shaft and its ancillary requirements; R700,000 to the "B" sub-inclines; R300,000 to improvements to the reduction works; and R900,000 to other surface and underground requirements.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:

The Company Meetings Department,

The Economist,

22 Ryder Street, S.W.1.

O.K. BAZAARS (1929) LIMITED

(Incorporated in the Republic of South Africa)

LARGER DIVIDEND

SALES VOLUME STILL INCREASING

The thirty-third Annual General Meeting of O.K. Bazaars (1929) Limited will be held on December 7th at Johannesburg.

The following are extracts from the Report of the Directors for the year ended June 30, 1962, to be submitted to the shareholders at the meeting:

CAPITAL AND RESERVES

The authorised and issued share capital of the Company remain unaltered. The Capital Reserve of the Holding Company has been increased by R1,053,819 and the General Reserves in two subsidiary companies have been increased by R144,791.

PROFIT AND APPROPRIATION

The Consolidated net profit for the year attributable to shareholders of O.K. Bazaars (1929) Limited is R4,040,943 as compared with R3,912,307 for the previous year, from which appropriations have been made as shown below:

		1962	1961
Consolidated net profit after tax for the year attributable to shareholders		R4,040,943	R3,912,307
Dividends of Holding Company:			
On Preference Shares	150.800		
On Ordinary Shares:			
Interim of 5 cents per share paid 31st July, 1962	450,987		
Proposed Final Dividend of 15 cents per share	1,352,961		
	1,803,948	1,954,748	1,729,255
Retained in the Business:			
Amount appropriated to Reserves	1,144,791	1,138,170	
Amount unappropriated	941,404	1,044,882	
	2,086,195	2,183,052	
		R4,040,943	R3,912,307

DIVIDENDS

The directors recommend the payment of a final dividend of 15 cents per share to holders of Ordinary, "A" Ordinary and "B" Ordinary Shares, which, with the Interim dividend of 5 cents per share, makes 20 cents per share for the year. This is an increase on last year when the Company paid 17½ cents per share on the Equity Share Capital.

DIRECTORS

Mr Michael Miller and Mr Sam Cohen relinquished, at their request, their appointments as Joint Managing Directors, which they have held since the inception of the Company. The Board is pleased to announce the appointment as Managing Directors of their sons, Mr Stanley Cohen and Mr Leonard M. Miller, who have given long service to the Company and have been directors since 1947. Mr Michael Miller and Mr Sam Cohen will remain on the Board as full-time Directors and will continue to alternate annually as Chairman and Deputy Chairman.

The Board is confident that shareholders will join with it in recording the appreciation of the individual efforts of Messrs Michael Miller and Sam Cohen which have resulted in the growth and development of the Company from its small beginnings to the largest chain of stores in the distributive trade in Southern Africa.

GENERAL

There has been an increase in the volume of sales in the year under review and this trend has been maintained during the current year to date. The normal rate of increases in salaries and wages was further increased as a result of the introduction of the new *Wage Determination* in October, 1961; the total wage bill for the year was R10,456,000. Due to the increase in stock turn rate, the value of stock at the end of the financial year notwithstanding the increase in the volume of sales was R15,635,660 compared with R17,531,385 the previous year.

DEVELOPMENT

A branch at Waterfalls, Salisbury, was opened during the year and extensions to five stores were completed. Since the close of the financial year new branches have been opened at Highlands Centre (Johannesburg), Valhalla (Pretoria) and Primrose (Germiston) and a branch will shortly be opened at Gezina (Pretoria). New stores at Claremont (Cape) and Pietermaritzburg (Natal) were opened on August 23, 1962, and September 20, 1962, respectively, to replace the old branches at those centres which were inadequate for the Company's trading. For the same reason, the building of a new store at Vereeniging has already commenced. The branch trading as C.T.C. Bazaars Pretoria is being substantially enlarged. Further expansion is in the planning stage.

ELMO STORES LIMITED

On September 13, 1962, shareholders were advised that the company had purchased a 75 per cent interest in Elmo Stores Limited at a cost of R825,000. Elmo Stores Limited, a private company registered in the United Kingdom, has a share capital of £100,000 (R200,000) divided into 100,000 shares of £1 each. The book value of its net assets is R364,272. The purchase consideration is in line with amounts paid in the United Kingdom for acquiring control of a company with growth potential. The investigating accountants, Messrs Thomson McLintock & Co., London, are of the opinion that the consideration paid is fair and reasonable.

Elmo Stores Limited at present operates twelve self-service and supermarket stores and a wholesale grocery business. It will open a further ten stores in the near future and intends continuing this expansion programme, for which purpose funds have been made available. The management of Elmo Stores Limited will continue under its Chairman and Managing Director, Mr M. H. Vanger, and its present directors, and our Managing Directors, Messrs Stanley Cohen and Leonard M. Miller, have joined the Board.

It is the intention to take every opportunity to promote the sale of South African products in the United Kingdom by reason of this new interest.

UNSECURED LOAN STOCK

The directors accepted the offer of a loan of R2,000,000 and issued Unsecured Loan Stock bearing interest at the rate of 6¾ per cent per annum. The Stock Issue consists of two tranches, one of R500,000 at par and one of R1,500,000 at 98½ per cent. R250,000 of the first tranche and R750,000 of the second tranche were received on July 2, 1962, and the balance will be received on July 1, 1963. The first tranche of R500,000 is redeemable only during the period June 30, 1965, to June 30, 1969, and the second tranche of R1,500,000 is redeemable only during the period June 30, 1970, to June 30, 1979.

STAFF

The Board again wishes to acknowledge the good services of the staff and the important part played by them in the satisfactory progress made by the Company. As in previous years a cash bonus will be paid to the staff, and the Board has decided to award bursaries to be known as the "Michael Miller Bursary" to selected dependants of employees for University education tenable at any University in the Republic or in the Federation of Rhodesia and Nyasaland.

The following statistics are given for the information of shareholders:

	1958	1959	1960	1961	1962
Preference capital	R2,680,000	R2,680,000	R2,680,000	R2,680,000	R2,680,000
Ordinary capital (see note below)	1,688,000	2,254,000	2,254,000	4,510,000	4,510,000
Reserves and unappropriated profits	19,900,000	25,000,000	26,592,000	26,523,000	28,609,000
Capital employed	R24,268,000	R29,934,000	R31,526,000	R33,713,000	R35,799,000
Net operating profits after tax	2,342,000	2,824,000	3,264,000	3,744,000	4,016,000
Earnings yield on capital employed	9·65%	9·43%	10·35%	11·11%	11·22%
Preference dividends paid	150,000	150,000	150,000	150,000	150,000
Profits attributable to ordinary shareholders	2,192,000	2,674,000	3,114,000	3,594,000	3,866,000
Dividends to ordinary shareholders:					
Amount	1,056,000	1,410,000	1,522,000	1,578,000	1,804,000
Per share (see note below)	31¼ cents	31¼ cents	33¾ cents	*17½ cents	*20 cents
Profits retained	1,136,000	1,264,000	1,592,000	2,016,000	2,062,000

* *The Ordinary Share Capital was doubled by a Capitalisation Issue during the year ended June 30th, 1961.*

SARMA

(Stores and Supermarkets)

(BRUSSELS)

The Annual General Meeting of SARMA took place on October 16, 1962, under the chairmanship of **Baron Paul de Sadeleer.** M. Jacques Dansette, Managing Director, was present. The following details have been taken from the report and from the statements by the chairman, and by M. Georges Wolff, Chairman of SARMA-CONGO.

REVIEW

SARMA was formed in 1928 and now operates stores in Belgium and in the Congo. The Company belongs to the *RIMPU (Réunion Internationale des Magasins Populaires et Utilitaires)* which groups the principal "Prix Unique" (single price) shops on the mainland of Europe: *Monoprix* in France, *La Standa* in Italy, *Kaufhalle* in Germany, *Hema* in Holland, *Turitz* in Sweden, *Schous Fabrieker* in Denmark and *Grant* in the United States. As a result SARMA has been able to obtain certain exclusive rights in the European Common Market area.

During the year 1961-62, the turnover of SARMA exceeded that of the previous year despite the unfavourable economic climate. Two new branches were opened during the first half of the year and on June 1, 1962, the 37th branch was opened in Belgium. The first results of this branch have been encouraging. The department of associated companies (département des affiliés) made good progress. SARMA-CONGO made an increased profit of C.Frs. 30,934,380 compared to C.Frs. 22,510,046 in 1960. SARMA was one of the founder members of Société Anonyme Super-Marchés, SARMA-NOPRI in which SARMA owns 40 per cent of the capital. The objective of this company is to exploit a new form of distribution known as integral self-service. As early as December, 1961, three supermarkets were put into service in Belgium and several new sales points will be opened shortly.

On the occasion of the 35th anniversary of SARMA, an important programme has been drawn up for 1963. Moreover, in the spring of next year, the next meeting will be held of the members of RIMPU when SARMA will be the host to its foreign associates.

CAPITAL, PROFIT AND DIVIDEND

In accordance with the decision of the Extraordinary General Meeting held on November 7, 1961, the capital was raised to B.Frs. 302,400,000. The capital of the Company is now composed of 96,000 "old" shares entitling the holders to dividend for the periods before and after January 1, 1962, and 48,000 "new" shares entitling the holders to dividend for the period beginning January 1, 1962.

Net profit for the year amounted to B.Frs. 132,158,404 compared to B.Frs. 130,523,023 in 1960. After allowances for depreciation and various payments to reserves, it is recommended that a gross dividend of B.Frs. 337 (net B.Frs. 236) be paid on each of the 96,000 "old" shares and B.Frs. 274.50 (net B.Frs. 192) on each of the 48,000 "new" shares.

The report, the accounts, and the proposals put forward by the Board were adopted.

THE WALMSLEY (BURY) GROUP

(Manufacturers of Pulp and Paper Making Machinery and Equipment)

A YEAR OF GREAT ACTIVITY

The thirtieth annual general meeting of the Walmsley (Bury) Group Limited will be held on December 7th at Bury.

The following is an extract from the circulated statement of the chairman, **Mr Percy Holland, CBE.**

The year ended June 30, 1962, has been a year of great activity within the Walmsley Group of companies. The works at Bolton was completed, and from the central foundry there the output of castings to feed the engineering works at Bury and Wigan has progressively increased. The facilities for the machining of cylinders from 4-feet up to 16-feet diameter, have also been brought into full operation.

Further developments on the engineering side in the Bury and Wigan works were also put in hand. These consisted of conversion to other uses of the foundry buildings vacated by the transfer of their operations to Bolton, and of the construction of new buildings largely to speed up the pre-erection of our paper-making machines and ancillary units before despatch.

It is pleasing to record an increase of over 30 per cent in turnover and an improvement in the financial results for 1962 as compared with 1961. The increase in profit before charging taxation is by no means commensurate with the substantial increase in turnover. This is due to the reduced profit margins resulting from keen international competition.

The consolidated profit for the year ended June 30, 1962, is £748,607 as compared with last year's figure of £691,589. After charging taxation which takes account of relief from taxation of £213,817 in respect of investment and initial allowances, the profit becomes £549,009 against £454,898 for the previous year. We are proposing a final dividend of 10 per cent on the ordinary share capital:—this, with the interim of 2½ per cent, makes a total for the year of 12½ per cent less tax.

Walmsleys (Australia) Proprietary Limited, our sales and service company in Melbourne, has continued energetically throughout the year to forward our interests in Australia and New Zealand.

Our order book is satisfactory, even if at a level rather lower than the record level reported last year. Over 70 per cent of the orders in process are for export to 28 countries as far apart as Canada and the USSR and Norway and New Zealand.

Either directly or in association with Beloit International Corporation, we are constantly quoting for new projects worldwide, either for paper or board machines as such, or for complete or "turnkey" projects including the full engineering of the scheme.

The addition to the Group's manufacturing capacity and facilities which I have outlined, in conjunction with first-class design which is constantly under examination, excellent workmanship and keenness at all levels, should, I am sure, well fit your company for the competitive days ahead.

WANKIE COLLIERY COMPANY LIMITED

(Incorporated in Southern Rhodesia)

MANY FACTORS MADE 1962 A DIFFICULT YEAR

The following is from a statement by **Mr P. H. A. Brownrigg, DSO, OBE,** the chairman, which has been circulated to members with the annual report and accounts:

It is with great sorrow that I have to record *the death in July of Colonel the* **Lord Robins, KBE, DSO.** Lord Robins was the senior director of the Company, having been on the board since Wankie's head office was transferred to Rhodesia 10 years ago.

As members will know, the productive capacity of Wankie was expanded during the years 1953 to 1956 at the request of Government to an annual output of 5 million tons. In fact, this output has not yet been required, the highest sales being 3,945,378 tons in 1957. The chief factor in the shortfall has been the advent of Kariba power, which we estimate has now reduced our coal sales by 1,250,000 tons a year. At the same time the increased use of diesel engines by the railways and the slower rate of economic growth in the country have caused sales to fall below our earlier estimates.

DROP IN SALES

Last year in my statement I said that we expected a further drop in coal sales this year. The decline from 3,418,934 tons in the year ended August 31, 1961, to 2,901,264 tons this year was larger than anticipated. The main reasons for this fall—apart from increased Kariba power, as expected—were the unrest in the Congo which led to a suspension of all despatches of coal and coke to our customers in Katanga for several weeks; the three weeks' strike of members of the Northern Rhodesia African Mineworkers' Trade Union on the Copperbelt in May; and finally, towards the end of the year, an undue shortage of railway trucks which meant a loss of sales of about 60,000 tons. This shortage of trucks, arising mainly from exceptional exports of maize, also meant that we were unable to tender for an export order from overseas, one of the first opportunities in this field we have had for several years.

NEW COAL PRICE

I also warned last year of a probable increase in the "deficiency revenue" due to the Company under the Price Agreement following on our arrangement with Government to maintain the average selling price at 20s. per ton for the third year in succession. By the year end this deficiency amounted in fact to £159,843. This, and the general tendency of all costs to rise, has necessitated an increase in the Notified Average Selling Price of coal from 20s. per ton to 22s. per ton with effect from November 1, 1962, the first price increase since 1959. The new price represents an increase of only 10 per cent over a three-year period, which compares favourably with most other commodities. It is in fact not high enough to enable the Company to recover the accrued "deficiency revenue" over one year to which in terms of the Agreement it is entitled: but we have been anxious in the general interest of the country to restrict the increase to as low a figure as possible. If our estimates of gradually increasing sales over the next few years are realised, and if there are no exceptio[illegible]

increases in costs beyond what we have estimated, we hope to be able to maintain this price for two or three years and to recover the total revenue due to us over that period. Increased reasonable to say that if sales could be increased by upwards of 500,000 tons per annum, we might well be able to reduce the price below the new figure.

TRADING PROFIT

The trading profit for the year of £986,381 reflects the lower level of sales, but has been compensated to some extent by increased income from investments. The total profit for the year before taxation, but after all charges, was £1,181,143, compared with £1,532,373 the previous year. After providing a net amount of £340,000 for taxation, and appropriating £265,000 to general reserve, it has again been

COMP[illegible] to declare dividends of 1s. 3d. a share post tax. Dividends this year have been declared as a gross amount, from which federal tax and territorial surcharge have been deducted.

Our investment income, which this year reached £333,299, is an important factor in enabling us to maintain our present dividend distribution at a time when coal sales have been at such a low level. Over the years we have been able to use portion of our reserves to assist substantially in railway development, and to invest not only in Government stocks, but also in Rhodesian equities which are allied to our business. During this year we have increased our holdings in Nchanga and Rhokana to 106,250 and 125,200 units of stock respectively.

POWER

One of the more important ancillary services operated by the Company is the generation and supply of electric power, not only for our own colliery requirements, but also for local consumers in the Wankie area whom we are already supplying. The regional demand is expected to increase over the next few years, and this has occasioned a review of the generating and supply arrangements for the whole area. Our own security of supply we should be able to ensure for some time to come at no great cost.

We are conscious of the need to maintain under continuous review the requirements and conditions of service of our labour force at the collieries, and on the 1st July of this year all our African employees received a 5 per cent increase in wages.

Copies of the annual report and accounts are obtainable from 40, *Holborn Viaduct, E.C.*1.

PETER BROTHERHOOD LIMITED

LARGER SALES AND PROFIT

IMPROVING OPERATING EFFICIENCY

WORKING TO FULL CAPACITY

MR WILLIAM THOMPSON'S SPEECH

The fifty-fifth Annual General Meeting of Peter Brotherhood, Ltd., was held on November 13th at Winchester House, Old Broad Street, London, EC, **Mr William Thompson, MIPE,** chairman, presiding.

The secretary, Mr Joseph Gerrard, having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen, I have much pleasure in reporting a Profit for the year amounting to £481,408, but before dealing with this item I should like, with your permission, to refer very briefly to the Accounts. From the Balance Sheet, on the Assets side you will observe that there has been an increase since last year in the book value of Fixed Assets of £95,285, which is mainly accounted for by the increase in the value of Plant and Machinery.

With the competition and opportunities of the Common Market in prospect, we are continually concentrating on improvement in operating efficiency and during the past two years new Machine Tools and Plant costing over £300,000 have been installed. This item is being kept constantly under review by your directors to enable us to be in a position to meet any challenge that may lie ahead.

CAPITAL COMMITMENTS

It is not anticipated, however, that expenditure will continue at so high a level. Capital Commitments at March 31, 1962 amounted to £49,000, but as further orders have since been placed to the value of £14,000, the amount of new plant due for delivery during the year to March 31, 1963 stands, at present, at £63,000.

The Stores and Work in Progress at 2[illegible]21 exceeds the 1961 figure by £525,071. This increase £45,130 is accounted for by additional General Stores, the balance of £479,941 being due to the increase in Work in Progress.

I should like to point out that in a business of this type, manufacturing a very comprehensive range of specialised products, a variation of this figure must be expected year by year.

Debtors and Prepayments at £719,543 show an increase of £52,817 over last year's figure of £666,726, while Tax Reserve Certificates and Balances at Bankers and In Hand show a diminution of £147,582. The reduction of the latter item is largely accounted for by the additional Work in Progress referred to above.

EXCESS OF CURRENT ASSETS

The other item of interest is the value of Current Assets, at £2,302,832, against Current Liabilities of £907,583, an excess of Current Assets over Current Liabilities of £1,395,249.

If you will now kindly refer to the Liabilities side of the Balance Sheet, you will notice that we have taken to Capital Reserve a sum of £40,000. This relates to an agreement with an Indian Company in which we have undertaken to provide technical know-how for the manufacture of Brotherhood Steam Turbines in India and the whole of the agreed sale price has been credited to this special Capital Reserve account.

PROFIT AND DIVIDEND

The Profit of £481,408 before taxation, mentioned in my opening paragraph, compares with £421,120 in 1960/1961, an increase of 14.3 per cent. This is a reflection of the additional output to which I referred last year, and as the actual Sales have increased by 12.4 per cent, it will be seen that there is a slight improvement in the Profit ratio. After providing £238,000 for taxation, the net amount available for distribution and allocation is £243,408, against £208,320 last year.

The Dividend has been considered by your Board and it has been decided to recommend the payment of a Final Dividend of 20 per cent, less tax, making, with the 5 per cent, less tax, Interim Dividend already paid, a total of 25 per cent, less tax, on the Ordinary Capital for the year. This final dividend, together with the interim and preference dividends, absorbs £166,340. Your Board further recommend that the sum of £75,000 be allocated to General Reserve and the balance of £2,068 to Surplus, bringing this figure to a total of £186,263.

THE OUTLOOK

Turning now to the future I am pleased to be able to report that our factory is still working to full capacity and that during the first half of the current year, 1962/63, deliveries show an increase over the corresponding period of last year. Your Directors are confident that this improvement will continue for the remainder of the year, with a consequent increase in Profit.

At this point it should be mentioned that during the next few months we shall be completing some very large contracts. These orders have not only enabled us to keep our plant in full production, but have also necessitated subcontracting some work in order to maintain our delivery programme. The value of orders received during the past twelve months indicates that, on the completion of these particularly large contracts, the amount of work in hand will be somewhat below the level of recent years. Every effort is being made to reduce the deficit in orders, and although I have every confidence in our future prosperity it does not appear likely that the very satisfactory results forecast for the year to March 31, 1963, will be maintained in the following year.

Finally, my Directors and I offer our sincere thanks to the staff and workpeople for their efforts on behalf of the Company and express the hope for a continuation of the amicable relationship which has existed between the management and workers for so many years.

The report and accounts were unanimously adopted and the proposed dividend was approved; the retiring director, Mr Eric Smyth, MEng, was re-elected and the remuneration of the auditors, Messrs Whinney, Smith & Whinney, was fixed.

The proceedings terminated with a vote of thanks to the chairman, directors and staff.

PICKFORD, HOLLAND & CO.

The annual general meeting of Pickford, Holland & Co., Limited, was held on November 12th at Sheffield, **Mr Ronald Steel** (the chairman), presiding.

In the course of his circulated statement, the chairman referred to the losses amounting to some £62,000, sustained in writing down stocks of high priced imported magnesite, the contracts for which were obligations entered into earlier to maintain the high level of production which appertained during previous periods. Mr Steel continued:

Therefore, the figure that must be considered in comparing this year's profit on manufacturing with our past and future results is £176,000; this represents a very serious fall from last year's record of £468,000.

As regards our sales during the year under review the official steel production figures show that for the twelve months ended June 30 last year this country's ingot production was 24,135,000 tons and for the same months a year later it was 20,495,000 tons a decrease of 15 per cent: add to this the fact that our customers had built up substantial stocks of our products which they have been using this year and you will realise that a substantial fall in our sales was inevitable.

However, I hope that the steel industry in this country has now reached its lowest level of activity; its stocks of bricks have certainly been reduced and, unless we have a fall in raw material prices, which would entail another writing down in stocks, we can confidently hope that our sales, and consequently our profits, will be improved during the current financial year: your Directors therefore propose to pay a final dividend of 10 per cent, making a total distribution for the year of 12½ per cent.

The report was adopted.

EDUCATION: BUSINESS AND PERSONAL

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Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.(Econ.) Degree, if entrance is included at moderate fees. 1,431 Wolsey Hall students passed London University B.Sc. Economics Exams., 1950-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from C. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17,

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DIRECTORS needing able office staff (m. and f.).—Consult Stella Bisset Bureau, 436 Strand, W.C.2. TEMple Bar 6644.

DO KENNEDY AND HIS BRAINS TRUST "PLAY DIPLOMACY OUT OF HOURS"? Very possibly: this new game of international intrigue is facing America's wits from coast to coast . . . and now DIPLOMACY'S over here. From leading stationers and toyshops or 2 gns. post free (payable to Intellectual Diversions) from Dept. 9E, 11 Regent Square, W.C.1.

EXPORT OPPORTUNITIES brought to your desk by Export Service Bulletin, thrice weekly, 10 gns. annually. Specimen copy from Board of Trade (K), Hillgate House, 35, Old Bailey, London, E.C.4.

WANTED: Cum. vols. of "English Cat. of Books"; "Cumulative Book Index"; "Illustrated London News" after 1895; "Nature"; Brit. Mus. Subject Index"; "Brit. National Bibliography"; "London Library Cat."; "Annual Register" after 1863; "Times" Indexes; and learned/scientific journals, trans., procs., etc. H. Pordes, 138 New Cavendish Street, London, W.1. MUS 5250.

STILL AVAILABLE from Stour, East Bergholt, Suffolk—a few copies of publications by Randolph S. Churchill: An Open Letter to Bishop Fulton Sheen (1s. 3d.); Private Lives (1s. 3d.); What I said about the Press (10s.). All post free.

TYPEWRITERS? Large selection of Portables from as little as 17 Gns. Many machines £££ below list price. Full guarantee. Part exchanges and H.P. terms.—Typewriter & Office Services, Ltd., 58, The Broadway, Hammersmith, W.6.

UNIVERSITY OF LONDON: A lecture entitled "The Economics of Newspapers" will be delivered by Mr. W. B. Reddaway (Cambridge) at 5 p.m. on November 27th at the London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2. ADMISSION FREE, WITHOUT TICKET. James Henderson, Academic Registrar.

UNIVERSITY OF LONDON: A lecture entitled "Ancient Gnosis and Modern Politics" will be delivered by Professor E. Voegelin (Munich) at 5 p.m. on November 22nd at the London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2. ADMISSION FREE, WITHOUT TICKET. James Henderson, Academic Registrar.

NORANDA MINES LIMITED

DIVIDEND NOTICE

NOTICE is hereby given that a quarterly dividend of thirty cents (30¢) per share, Canadian funds, has been declared by the Directors of Noranda Mines, Limited, payable December 14, 1962, to Shareholders of record November 16, 1962.

By Order of the Board.

C. H. WINDELER, *Secretary*

Toronto, Ontario
November 8, 1962.

APPOINTMENTS

NUFFIELD COLLEGE (OXFORD)

RESEARCH FELLOWSHIP

Applications are invited from men or women graduates who wish to undertake research in Economics; Politics; Sociology; recent Economic and Social History and Political History; Industrial Relations; African Studies; Public and Social Administration; International and Public Law or other branches of the Social Studies. The appointment will normally be for two or three years. The stipend will be according to age. Further particulars may be obtained from the Warden. Applications should reach him not later than January 8, 1963.

THE UNIVERSITY OF MANCHESTER

EXTRA-MURAL DEPARTMENT

Applications are invited for the post of RESIDENT STAFF TUTOR in North-east Lancashire (Blackburn, Burnley and district). Applicants should have a good honours degree in one of the subjects normally taught in W.E.A. classes and previous experience in adult education. Salary scale per annum: £900 to £1,950. Membership of F.S.S.U. and Children Allowances scheme. Initial salary according to qualifications and experience. Duties to commence as soon as possible. Applications should be sent not later than November 30, 1962, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited from graduates in economics or other of the social sciences for appointment to an assistant lectureship in Industrial Relations. Salary scale £900 x £50-£1,050 a year plus £60 a year London Allowance, with superannuation benefits and family allowances. In assessing the starting salary, consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than December 11, 1962, by The Secretary, London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2, from whom further particulars may be obtained.

BRIGHTON EDUCATION COMMITTEE

BRIGHTON TECHNICAL COLLEGE

LECTURER IN GOVERNMENT SUBJECTS required from January 1, 1963, or as soon after as possible. Subsidiary teaching to include either Economics, Social or Economic History, or Statistics. Salary scale £1,600 to £1,800 per annum.

Further particulars and application forms from the undersigned, to be returned to the Principal, Brighton Technical College, Coombe Road, Brighton 7, within ten days of the date of this advertisement.—W. G. Stone, Director of Education, 54 Old Steine, Brighton.

I.C.C. COLLEGE FOR THE DISTRIBUTIVE TRADES

Applications are invited from suitably qualified men or women for the appointment of HEAD OF DEPARTMENT OF MERCHANDISING AND MANAGEMENT at this College (Grade III). The appointment, which would date from January 1, 1963, or as soon thereafter as possible, would carry a salary of £2,050 rising by increments of £60 per annum to £2,230 plus London Allowance (£45 or £60 as appropriate). The conditions and benefits of the Teachers' Superannuation Act will apply to this post. Further details of this appointment and an application form, which should be returned by December 3, 1962, may be obtained from the Secretary of the College (HE4/H/2798/11), 107 Charing Cross Road, London, W.C.2.

BRADFORD INSTITUTE OF TECHNOLOGY

HEAD OF DEPARTMENT OF SOCIAL SCIENCES

Applications are invited for the above post, at a present salary scale within the range £2,410-£2,850 according to qualifications and experience.

The extension of work within the field of the Social Sciences has made desirable the creation of this new Department which will be primarily concerned with the development of undergraduate and post-graduate courses and research in such fields as Economics, Sociology, Psychology, History and Government. The expansion of this Department is part of the planned development of the Institute as a college of advanced technology, and it is anticipated that there will be many opportunities for research.

Applicants should have appropriate academic and industrial qualifications and experience.

Further particulars of the appointment and forms of application, may be obtained from the Registrar, Department 53/J, Bradford Institute of Technology, Bradford, 7.

THE UNIVERSITY OF MANCHESTER

SIMON FELLOWSHIPS

The University offers a number of Simon Fellowships for advanced study or research in the social sciences. This term is used in a wide sense to include not only Economics, Government, Sociology and Social Anthropology, Economic and Social Statistics, etc., but also fields such as the Organisation of Business, Education, Jurisprudence, Law, Social Administration and Social Medicine. The Fellowships will be tenable normally for one year from October 1st in the academic sessions 1963-64, 1964-65 or 1965-66. Values normally within the range £1,200-£1,800 (Simon Research Fellowships), or within the range of £2,000-£2,500 (Simon Senior Research Fellowships), according to qualifications and experience. They are not confined to persons with academic experience. Applications, stating the Session in which the Fellowship will be taken up, should be sent by December 15, 1962, to the Registrar, The University, Manchester, 13, from whom further particulars may be obtained, and who will be pleased to answer any enquiries regarding the scope of the Fellowships.

VICTORIA UNIVERSITY OF WELLINGTON

NEW ZEALAND

SENIOR LECTURER OR LECTURER IN ECONOMICS OR ECONOMIC HISTORY

Applications are invited for the above mentioned post. The Council would hope to attract an applicant who has special qualifications in Economic History and/or Economic Growth, and has a particular interest in Asia and/or the Pacific. It should be made clear, however, that applications will be considered from persons who are qualified in other branches of Economic History or Economics.

The salary for a Senior Lecturer will be £1,750 per annum, rising by two annual increments of £100 and one increment of £50 to £2,000 per annum. The salary for a Lecturer will be £1,250 per annum, rising by steps of £75 per annum to a maximum of £1,700 per annum. The initial salary will be determined according to qualifications and experience of the appointee.

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

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in London and New Zealand on *January 9, 1963.*

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointment to an assistant lectureship in the department of Social Science and Administration. Applicants should hold a qualification in Social Administration, Economics, Sociology, or Philosophy. Some experience of social work or research would also be an advantage. Salary scale £900 x £50-£1,050 a year plus £60 a year London Allowance, with superannuation benefits and family allowances. In assessing the starting salary, consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than November 30, 1962, by the Secretary, London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2, from whom further particulars may be obtained.

FORESTRY COMMISSION requires a temporary ASSISTANT RESEARCH OFFICER in LONDON.

DUTIES: To assist with the provision of ECONOMIC DATA for its SALES DEPARTMENT, including the preparation of SHORT TERM APPRECIATIONS OF TIMBER MARKETING PROSPECTS, work in connection with the SUPPLY AND DEMAND OF WOOD PRODUCTS and the general collection, analysis and INTERPRETATION OF ECONOMIC DATA.

QUALIFICATIONS: Honours degree in Economics (or in Forest Economics) and some knowledge of statistical methods. A successful candidate will be required to become familiar with the preparation of data for a digital computer.

SALARY (London): from £812 to £1,331 by fifteen annual increments. Applications giving qualifications and experience to Forestry Commission, 25 Savile Row, London, W.1.

Closing date for receipt of applications: December 3, 1962.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for (a) Lectureship or (b) Assistant Lectureship in Government. Appointment on Secondment considered. Salary scales: (a) Grade I £1,880 x £80-£2,200 per annum. Grade II £1,450 x £70-£1,800 per annum. (b) £1,200 x £50-£1,350 per annum. Passages to Salisbury for appointee, wife and dependent children on appointment, with allowance for transport of effects. Installation grant of £100 in addition for persons recruited from outside Africa. Superannuation and Medical Aid Schemes. Unfurnished accommodation at rent of 15 per cent salary. Assistance given for triennial visits overseas. Detailed applications (6 copies) naming 3 referees by December 30, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29, Woburn Square, London, W.C.1, from whom further particulars may be obtained.

For other appointments see pages 727 and 728

THE UNIVERSITY OF MANCHESTER

HALLSWORTH RESEARCH FELLOWSHIPS

Applications are invited for the above Research Fellowships for advanced work in the field of Political Economy (including Business and Public Administration). The value of the Fellowships will normally be within the range £900-£1,900 per annum, according to experience and qualifications. Regulations governing the award of the Fellowships may be obtained from the Registrar, the University, Manchester 13, to whom applications should be sent not later than December 31, 1962.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the full-time post of ASSISTANT in the Research Section of the Faculty of Economic and Social Studies. The person appointed will be expected to have research interests in the fields of Social Services and Social Policies such as Health and Hospital Administration, Mental Health, Care of the Aged, Housing, etc. The vacancy is in either Grade II (which carries the status of Assistant Lecturer) or Grade III. The salary scales are as follows:—Grade II—£900 to £1,050 per annum; Grade III—£750 to £800 per annum. Duties to commence February 1, 1963, or as soon as possible thereafter. Applications should be sent not later than December 15, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

COMPANY AFFAIRS

The London Stock Market has enjoyed another good week and The Economist *indicator, gaining 9 points to 345.4, is back to its level before the slump at the end of May. The yield is now below 5 per cent for the first time since mid-April but this owes something to the lower interim dividend announced by Rolls-Royce. More encouraging news from Guest Keen led to some good gains in engineering shares. Building shares have also been firm. These sections moved further ahead on Thursday when steel shares responded to better output figures. With attention concentrated on equities, gilt-edged prices have slipped back.*

How Much Recovery in TI?

THE stock market puts Tube Investments among the recovery stocks and since the preliminary announcement revealed a smaller fall in profits than at one time had been feared and an unchanged dividend of 14 per cent for the year to end-July the £1 shares have risen from 49s. 3d. to 59s. 3d., to yield 4.7 per cent, covered 2½ times. In his valedictory statement, Sir Ivan Stedeford explains what happened in the past year, removes the fear that TI might have to raise fresh capital to finance its capital developments and indicates that while the outlook is more promising than it was it will be some time before any expansion in industrial activity is reflected in bigger sales. If investors are looking for recovery in TI they must look towards the trading results in 1963-64 rather than those in 1962-63.

The Past Year.—TI had its "full share of the endemic ills which assailed the economy" and its gross profits fell from about £21 million to £16 million, with nearly £2 million of the reduction being attributable to British Aluminium. Excluding British Aluminium, the group's sales fell by 7 per cent but profits fell by 18 per cent as "expensive plants designed for high volume outputs" were under-employed. The steel division maintained operations for nearly the whole of the year without reducing shift-working, but selling prices were too low to produce "a reasonable profit." The steel tube, engineering and general divisions "withstood the adverse pressures well" but by the end of the year the balance of orders on hand had fallen.

The sales of the steel tube division, which is "the very essence of TI," fell by 10 per cent but margins contracted and profits fell by 20 per cent. Here the development programme, notably in stainless steel tubes, is well advanced. The sales of the cycle division, where a "prodigal excess capacity" is being reduced, fell by 12½ per cent, and profits, because of reorganisation costs, were negligible. Sales of the iron and steel division, where the development of Park Gate is now taking "recognisable shape," fell by 7 per cent and profits fell by 22 per cent, as the price increases were "too little to match the additional costs and too late to help the year's results." Aluminium had a "hard and disappointing year" and British Aluminium cut its dividend. In the engineering division, sales rose by 30 per cent but margins were narrower and profits "were hardly commensurate with the increase in sales." In the electrical division, results on the industrial side were encouraging but in appliances it was a "profitless year," the expansion in demand for Creda products coming too late to help the 1961-62 results. In overseas markets demand fell away except in the common market.

Development finance.—Capital expenditure in 1961-62 amounted to £14 million (excluding British Aluminium, whose financial requirements are arranged independently) but TI was left with £18 million in quick assets. The group will have to borrow from the banks and these borrowings will reach their peak at the end of next year. But, given a reasonably strong cash flow (amounting to £9 million in 1961-62), "a comfortable degree of liquidity" should be quickly regained "without raising further capital."

The future.—In the first three months of the current year trading conditions have been "if anything more difficult than a year ago." The Government's new measures make the outlook more promising but "they are unlikely to bear their full impact on capital investment until industry can see, with reasonable confidence, that it will be able to sell what can already be produced by the existing costly modern mass producing plants which have been under-employed now for some time." The concessions on depreciation allowances will offer "early and not unsubstantial financial benefits" to companies like TI heavily engaged in capital development, but these will not necessarily be reflected in the accounts for the year in which the expenditures are incurred. TI should share in any improvement in trade but "it may be some time before any upturn in demand becomes effective in the form of additional despatches from the factories."

Thos. W. Ward

MUCH of the wide range of Thos. W. Ward's activities is concerned with merchanting and this makes its fortunes closely dependent on those of the industries it serves. In the year to June 30th its turnover fell by 10 per cent to £47.1 million and its trading profits by 14½ per cent to £2.9 million and for an explanation of these disappointing results one need look no further than the fact that 48 per cent of Ward's interests is bound up with the steel industry and another 12 per cent is affected by the policies of the British Transport Commission and the National Coal Board.

Mr H. W. Secker, the chairman, says that the end of the de-stocking movement in steel does not yet appear to be in sight and this has put a brake on its scrap and shipbreaking activities. Elsewhere in the group only Ketton Portland Cement appears to have added to its profits. Its capacity has been increased and the outlook is bright but as there is a big minority interest in Ketton the extent to which higher profits from cement can offset the decline in profits from heavy engineering is limited. In all, therefore, Mr Secker does not hold out much hope of an improvement in profits in the current year. But the group is still spending heavily on capital account: £2.2 million was spent in 1961-62 and £1.4 million is already committed. As a result net liquid assets have been reduced from just under £2 million to £1.4 million. They seem unlikely to fall much further as the net cash flow is running at about £1.4 million. At 60s. the £1 shares are close to their net asset value and yield 4.6 per cent on the maintained dividend of 13¾ per cent. Even more perhaps than those of TI, the fortunes of Thos. W. Ward depend upon the degree that Mr Maudling's latest proposals will stimulate capital investment.

Daily Mirror—Sunday Pictorial

THE biggest problem facing the merchant bankers, S. G. Warburg and J. Henry Schroder Wagg, who were called in to advise on a merger of the Daily Mirror and Sunday Pictorial was the crossholdings of ordinary shares. The Mirror holds 26 per cent of the Pictorial's equity and the Pictorial 10 per cent of the Mirror's equity. The bankers have put up a simple solution, in suggesting that a new holding company should be formed in which only the public holders of the two companies will receive shares. The crossholdings will thus be eliminated. For Mirror shareholders the exchange is on a one for one basis while Pictorial shareholders will receive five shares in the so far unnamed holding company for every three 5s. units held; the equity of the new company will be £34.2 million split into 136.6 million shares of 5s. each.

The Pictorial units which stood at 19s. 6d. before news of the terms were announced have since risen to 22s. 10½d. while the Mirror shares have risen slightly to 13s. 9½d. and yield 6½ per cent on the forecast of an 18 per cent dividend for the new company. This represents an increase of 3 points over the 15 per cent paid for 1961-62 and for Pictorial shareholders the prospective dividend has been raised from 20 to 27½ per cent for the current year and to 30 per cent on the basis of a full year's payment. But the elimination of the crossholdings and the consolidation of various jointly owned interests will improve earnings per share so that the cover of 1.6 times will be virtually maintained on the bigger dividend even if profits are no higher than they were in 1961-62. In fact, both companies have reported higher profits for the first half of the current year and thus bigger earnings are in sight for the holding company. Later on some economies should result from the reorganisation of the group's structure which will include the consolidation of preference, debenture and loan stock issues.

Electric and Musical Industries

RESULTS of Electric and Musical Industries as it is now constituted mask the progress made by the older divisions of EMI, for, apart from Capitol Records and Morphy Richards, profits established a new record. Since its acquisition in 1955, Capitol Records has paid for itself three times or more but last year its profits virtually disappeared with the breakdown of resale price maintenance in the United States when discount stores refused to put records on display unless there was a discount of 40 to 50 per cent on the list price. The record war coincided moreover with Capitol's hasty entry into electronics. There may be some connection between EMI's poor performance in the United States last year (which is in sharp contrast to the records division in this country) and the fall in American shareholdings in EMI from 28 per cent to 18½ per cent; three years ago Americans held 45 per cent of the shares.

Now the outlook for Capitol is brighter and this week the chairman, Sir Joseph Lockwood, said that Capitol's results for the first quarter of the current year were "much better." In the other trouble spot, the domestic appliance business, there is not the same short-term confidence for in refrigerators, which are Morphy Richard's principal product, sales absorb only about half the capacity. Morphy Richards did well to add to its share of the market and to raise turnover to £14 million but it still failed to make a profit. Sir Joseph sees no likelihood of substantial profits unless the industry is rationalised still more and overseas markets are developed further. Morphy Richards is now building up a useful export business in the United States where its small refrigerators are in demand as second fridges.

In electronic equipment, which accounts for the main part of EMI's business in this country, sales and profits both reached new peaks. An important step here was the merger of EMI's business computer interests with ICT: in another field agreement has been reached with Philips to build a new factory to meet the growing demand for magnetic tapes. The Pilkington report's recommendations on 625 line and colour television hold out the prospects of substantial new business in studio and transmission equipment, of which EMI is a leading producer.

The diversity of EMI's products and the markets which is serves suggests that it should share fully in any revival in economic growth. A geographical breakdown of sales shows that this country accounted for £40.5 million, the rest of Europe for £12.9 million, the Western Hemisphere for £19.2 million and the rest of the world for £10 million. Records still account for about 40 per cent of sales, industrial electronic equipment for about 25 per cent and domestic appliances and domestic electronic equipment for about 15 per cent each. Recently the 10s. shares have edged up from their low point of 32s. and now at 38s. 6d. yield 4½ per cent. Although the receipt of £3¼ million in new capital from Switzerland has had little effect on the group's overdrafts the directors do not intend to come to the market for new funds so that the shares offer scope for a limited recovery.

Year to June 30	1958 £ mil.	1959 £ mil.	1960 £ mil.	1961 £ mil.	1962 £ mil.
Sales	65·9	67·5	68 7	82 4	82 6
Trading profit	6·8	6·8	6 9	7 8	7·4
Gross profit	5·9	4·9	5 3	5·4	4 8
Net equity earnings	2·0	2·1	2·3	2 3	2 2
Retained cash flow	2·9	2·9	2 8	3 1	3 0
Net fixed assets	7·9	8·9	13·0	14·8	15·1
Net current assets	11 3	11·1	13·6	13·0	17·9
Net liquid assets	1·6	Dr 0·4	2 8	Dr. 3·9	Dr. 3 4
Net equity assets	12 5	13·7	22·1	33 6	34 3
Ord. earnings (per cent)	57 0	50·3	39·1	33·8	32·0
Ord. dividend (per cent)	7·5	13·3	17·5	17·5	17 5
Gross profit sales	7·4	7·3	7·7	6·6	5·8
Gross profit net equity assets	39·2	35·9	24·0	16·1	14·0
Net earnings net equity assets	15·0	14·3	10·4	6·9	6·4

Price (10s. shares): 38s. 6d. Earnings yield: 8 3%.
Dividend yield: 4 5%. Equal to 12 years' earnings.

From the Midlands

MOST of the news coming from companies in Birmingham and Coventry has been depressing. In view of this area's dependence upon the motor and allied trades this is not surprising but, even so, the latest batch of results from the Midlands has contained some pleasant surprises.

Rootes Motors.—The switch from a trading profit of £2,911,000 to a loss of £891,000 should come as no surprise to the shareholders of Rootes Motors after the numerous warnings they have received from the chairman during the year. The decision to maintain the ordinary dividend at 4 per cent is, however, surprising in these circumstances. The company held over £6 million in cash at the end of July, 1961, but its loss, amounting to £1,553,000 after depreciation and tax adjustments, and the cost of its new factory in Scotland must have strained these resources since then. The directors may feel more optimistic about trading prospects now that purchase tax has been cut. But until its small car is launched next summer the outlook for the company is still rather cloudy. And after that it may appear even more uncertain, for the company looks like meeting the British Motor Corporation and Ford head-on in the small car market.

Joseph Lucas.—The results from its fellow giant among electrical component manufacturers, S. Smith and Sons (England), could hardly have inspired any confidence among investors about the trading results of Joseph Lucas. Yet its trading profits in the year to July 31st rose from £9.2 million to £9.9 million and with sales only "marginally" above the £122.3 million recorded in 1960-61 the company's aim of a "reasonable" profit margin has been achieved beyond all expectations. After a higher depreciation charge, gross profits were 7½ per cent higher at £7.3 million; this compares with a fall in profits of almost 17 per cent reported by S. Smith in the face of an increase of 5 per cent in sales. Such a wide disparity may prompt questions about the respective qualities of the two managements but presumably it owes something to the widening range and geographical spread of Lucas's manufacturing activities. It has a secure foothold in the Commonwealth and more recently it has begun to build up its interests in the Continent (which are to be financed by a £10 million debenture issue in this country and by a £4.2 million medium term loan in Switzerland early next year). The dividend has been maintained at 13¾ per cent, covered 2½ times, and as the cut in purchase tax should help the component makers as well as the motor manufacturers, shareholders may not be over optimistic in looking for a bigger payment in the current year. But they should note that 4,000 workers at the Lucas factories have been put on short time working this week as a result of a seasonal fall in demand from the motor industry.

Birmingham Small Arms.—With a cut in the final dividend the total payment by BSA for the year to end July has been reduced from 11¾ per cent to 10 per cent. This came as something of a shock for in May the directors, though they forecast that profits would be halved, still hoped that the dividend would be maintained if some evidence of an improvement in trade appeared in the later months. Their decision suggests that this has not occurred. With over half of the group's turnover accounted for by the motor cycle and steel companies the fall in gross profits from £2.9 million to £1.5 million is no bigger than had been expected. Indeed it would seem likely that the bulk of the profits has been earned by the group's machine tool interests, which include Churchill Machine Tool. The present high yield seems to discount most of the short term uncertainties.

PRICES AND YIELDS

	1962 High	Low	Nov. 15	Div. %	Yield %
Rootes "A"	6/8¼	4/3	5/3	4	3·0
J. Lucas	77/–	62/1½	74/1½	13¾	3·7
BSA	20/3	11/9¾	14/–	10	7·1

STOCK PRICES AND YIELDS

LONDON : NEW YORK : FRANCE
GERMANY : HOLLAND : ITALY
BELGIUM : SWEDEN : NORWAY

Prices, 1962 High	Prices, 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 7, 1962	Price, Nov. 14, 1962	Net Red. Yield, Nov. 14, 1962§	Gross Red. Yield, Nov. 14, 1962
					£ s. d.	£ s. d.
99 15/32	96 3/16	Exchequer 3% 1962-63	99 13/32	99 7/16	3 0 0	4 0 4 l
100 11/16	98½	Conversion 4¾% 1963	100½	100½	2 6 0	3 17 10
98⅜	93 5/16	Exchequer 2½% 1963-64	98 7/32	98 3/16	2 15 8	3 15 4 l
100 13/16	97 1/16	Conversion 4½% 1964	100 15/32	100 9/16	2 7 5	4 2 5
99 9/16	98⅛	Treasury 4% 1965	99 9/32	99 9/32	2 14 0	4 6 10
99 25/32	98⅛	Treasury 4% 'A' 1965	—	99 9/32	2 15 8	4 6 11
96⅞	90 11/32	Savings Bonds 3% 1955-65	96⅛	96 1/32	3 4 10	4 10 10 l
103 11/16	98 3/32	Exchequer 5½% 1966	102½	102 15/32	2 9 7	4 13 10
92⅞	85	Savings Bonds 2½% 1964-67	91⅛	91 1/32	3 14 6	4 15 2 l
103⅞	98	Exchequer 5% 1967	100 11/16*	100⅝*	2 18 5	4 16 11
93 15/16	83 5/16	Funding 3% 1966-68	91 15/16	92	3 9 11	4 15 10 l
95 1/16	84⅞	Conversion 3½% 1969	92⅞	93⅛	3 9 0	4 18 5
92½	82⅝	Funding 3% 1959-69	90 9/16	90½	3 10 8	4 15 9 l
98⅞	92¼	Victory 4% 1920-76	98	97⅞	2 17 2	4 9 9‡
90⅛	78 15/16	Savings Bonds 3% 1960-70	87 15/16	88	3 13 7	4 19 6 l
103 7/16	90 9/16	Conversion 5% 1971	101⅛	100⅞	3 1 8	5 2 3
109 5/16	97¼	Conversion 6% 1972	107⅜	107⅛	2 18 1	5 4 6
105⅜	91⅛	Conversion 5¼% 1974	100⅞*	100¾*	3 2 3	5 2 4
95 13/16	87¾	Funding 4% 1960-90	93⅞	93⅞	3 1 7	4 13 11 l
83⅝	70 7/16	Savings Bonds 3% 1965-75	81¾	81¾	3 13 10	5 0 9 l
82 7/16	69 3/16	Treasury 3½% 1977-80	79½*	79½*	3 14 8	5 5 8 l
81⅜	68 5/16	Treasury 3½% 1979-81	79⅞	79¾	3 14 6	5 6 6 l
102¾	90 3/16	Funding 5½% 1982-84	101⅞	102⅛	3 6 0	5 9 6e
93⅜	82⅜	Treasury 5% 1986-89	92¼	92⅜	3 10 5	5 11 8 l
66	54	Redemption 3% 1986-96	64⅛	64¼	3 14 3	5 6 2 l
69¼	56 15/16	Funding 3½% 1999-2004	68⅜	68⅜	3 13 3	5 10 5 l
98	84⅛	Treasury 5½% 2008-12	96 9/16	96⅞	3 10 7	5 15 1 l
69⅞	58¼	Consols 4% after Feb. 1957	68¼	68¾	3 12 0	5 18 5
63⅛	52 1/16	War Loan 3½% after 1952	60*	60¼*	3 11 1	5 15 11f
61⅝	52 5/16	Conv. 3½% after Apr. 1961	60	60⅜	3 11 4	5 16 10f
52¾	44⅞	Treasury 3% after Apr. 1966	51¾	51⅞	3 11 2	5 16 5f
45½	38⅛	Consols 2½%	44⅛	44¼	3 9 6	5 13 9f
44¾	38 1/16	Treasury 2½% after Apr. 1975	43⅞	43⅞	3 10 1	5 14 9f
100 13/16	89 15/16	British Electric 4½% 1967-69	98⅝	98½	3 2 6	4 19 5 l
86	74⅜	British Electric 3% 1968-73	84⅛	84	3 14 10	5 0 11 l
81½	69	British Electric 3% 1974-77	79⅞	79¾	3 14 0	5 1 1 l
90⅞	79 1/16	British Electric 4¼% 1974-79	89½	89⅝	3 9 0	5 4 9 l
83 9/16	70⅜	British Electric 3½% 1976-79	80¾*	80¾	3 13 7	5 4 6 l
95¼	82¾	British Gas 4% 1969-72	93⅛	93	3 7 7	5 1 3 l
92¼	80 9/16	British Gas 3½% 1969-71	90⅛	90⅛	3 10 2	4 19 10 l
66 3/16	53 13/16	British Gas 3% 1990-95	65	65	3 14 1	5 5 5 l
86	74⅜	British Transport 3% 1968-73	84⅛	84	3 14 10	5 0 11 l
90⅝	77¼	British Transport 4% 1972-77	89	87¼*	3 10 7	5 3 11 l
69 9/16	56½	British Transport 3% 1978-88	68¼	68⅜	3 16 7	5 7 4 l

Prices, 1962 High	Prices, 1962 Low	DOMINION AND CORPORATION STOCKS	Price, Nov. 7, 1962	Price, Nov. 14, 1962	Net Yield, Nov. 14, 1962
					£ s. d.
88½	79½	Australia 3¼% 1965-69	86½	86½	5 16 0 l
103¼	96	Australia 6% 1974-76	100¾	101¼	5 17 0e
66	52	Ceylon 4% 1973-75	57½	57¾	10 1 0 l
104	94¼	New Zealand 6% 1976-80	101½	101¼	5 19 0e
81	62½	Rhodesia and Nyasaland 6% 1978-81	79½	79½	8 7 0 l
91¼	82	South Africa 3½% 1965-67	91	91¼	5 14 0 l
69	48	Southern Rhodesia 4½% 1987-92	69	68¼	7 4 0 l
91	77¾	Agricultural Mortgage 5% 1959-89	89¾	89¾	5 15 0 l
96¼	86	Birmingham 4¼% 1967-70	93¾	93¾	5 9 0 l
100	88⅝	Bristol 5% 1971-73	98¼	98½	5 8 0 l
100½	88	Corporation of London 5¼% 1976-79	98*	98*	5 7 0 l
52	43	L.C.C. 3% after 1920	50*	49½*	6 0 0f
96	84	L.C.C. 5% 1980-83	94	94⅛	5 10 0 l
100	87	Middlesex 5¼% 1980	98	97¾	5 10 0

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Nov. 7, 1962	Price, Nov. 14, 1962	Yield, Nov. 14, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays £1	83/-	84/-	3·10	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	57/9	59/-	3·22	...
29/7½	20/-	7 b	7 a	Martins 5/-	27/3	27/-	2·78	...
101/-	80/-	7½ b	7½ a	Midland £1	90/-	89/3	3·36	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	81/9	86/6	3·24	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B' £1	82/-	83/-	3·20	...
48/3	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	48/-	50/6	4·75	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. £1	35/3	36/6	4·57	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£20½	£21 15/16	3·10	...
36¼	27¼	8 c	9 c	Bank of New S. Wales £20	35½*	36	4·00g	...
40/-	32/6	5 b	5 a	Barclays D.C.O. £1	38/6	40/-	5·00	...
58/6	53/-	7½ b	7½ a	Chartered £1	55/3	55/3	5·43	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. $25	£17¾	£18	4·17	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. 10/-	51/6	51/-*	3·24	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£25¼	£26 3/16	3·12	...
46/3	37/6	5 a	10 b	Standard Bank £1	45/3	46/-	6·52	...
54/4½	35/9	15 b	7½ a	Hambros 5/-	37/3*	37/3	3·02	...
99/9	68/-	5 b	2½ a	Schroders £1	71/-	77/-	1·95	...
59/3	47/1½	6¼ b	6¼ a	Union Discount £1	58/-‖	59/3‖	4·22	...
14/1½	10/-	18 c	Nil c	Bowmaker 5/-	12/9	12/9	...	...
14/3	9/9	10 c	2½ a	Lombard Banking 5/-	10/9	10/7½	...	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit 5/-	13/6	13/9	2·73	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. 5/-	33/9	33/6	3·96	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	14/6	14/7½	3·76**	2
14/10½	12/10½	...	4½ a	Charrington United 5/-	14/1½	14/1½	4·25**	1¾
44/-	30/6	8½ b	6 a	Distillers 10/-	34/4½	35/1½	4·13	1¾
51/6	41/-	14 b	8 a	Guinness 10/-	43/3	44/6	4·94	1¾
34/-	20/4½	14 c	5 a	Harveys 5/-	21/6	23/-	3·04	2½
15/7½	11/7½	...	8 b	Ind Coope, T.A. 5/-	12/1½	12/3	4·90**	1½
29/-	21/3	12 b	6 a	Watney Mann 5/-	23/9	24/6	3·67	2
42/4½	31/9	30 c	10 a	Whitbread 'A' 5/-	36/6	37/-	4·05	1¾
				BUILDING, PAINT, Etc.				
61/3	50/6	6½ b	3 a	Associated Portland £1	57/6*	61/3	3·10	2¼
28/7½	20/10½	4 a	8½ b	British Plaster Bd. 10/-	27/6	28/7½	4·37	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/-	18/-	18/-	4·44	2¾
13/10½	10/6	16·9c	5 a	Crittal Mfg. 5/-	13/7½	13/10½	6·09**	2
14/1½	9/10½	6 a	16½ b	International Paints 4/-	11/6	13/-	6·92	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	61/3	63/6	1·97	3¼
24/6	18/-	5 a	12 b	Wall Paper 5/-	18/9*	18/6	4·59	2
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson 5/-	24/7½	25/-	4·00	2
19/3	13/-	11½ c	5 a	Borax Defd. 5/-	13/6	15/1½	3·80	2½
43/3	25/6	4 a	6 b	Fisons £1	32/-	32/6*	6·15	...
59/3	47/6	7½ b	6¼ a	I C I £1	57/9¾	59/3	4·64	1
18/6	12/-	10 c	3¾ a	Monsanto 5/-	14/3	14/6	...	1½
				DRAPERY & STORES				
35/3	24/-	8 b	4 a	Boots Pure Drug 5/-	25/6¾	25/6	2·35	2¼
33/9	18/9	5 b	2 a	Montague Burton 10/-	23/9	24/9	2·78	2¼
59/6	42/9	5⅚ a	13⅓ b	Debenhams 10/-	44/3	46/6	4·13	1½
48/9	38/4½	9⅜ a	20⅝ b	G.U.S. 'A' 5/-	46/3‖	46/1½‖	3·25	2
40/3	28/9	16⅔ b	13⅓ a	House of Fraser 5/-	31/9*	33/-	4·55	1¼
16/6	12/6	7½ b	5 a	Lewis's Invest. Tst. 4/-	12/10½	12/10½	3·88	2
100/6	79/-	32½ b	15 a	Marks & Spencer 'A' 5/-	83/6	85/6*	2·78	1½
52/6	39/6	20 b	10 a	United Drapery 5/-	43/9	46/-	3·26	1¾
53/-	42/6	25 b	10⅚ a	Woolworth 5/-	45/6	45/6	3·94	1¼
				OIL				
43/6	30/6	†9·84c	†3⅓ a	British Petroleum £1	41/-	40/6	7·94	2
44/6	30/6	†7 11/12 c	†2½ a	Burmah Oil £1	41/-	40/9	8·35	1¼
£15 5/16	£12 5/16	26¼ c	13 a	Royal Dutch 20 fl.	£14⅞	£15⅛	3·44	2½
38/4½	27/-	†25 c	†11⅔ a	Shell Transport 5/-	36/9	37/7½	5·42	2½
32/9	20/6	...	...	Ultramar 10/-	21/-	21/3	...	...

NEW YORK PRICES AND INDICES

	Nov. 7 $	Nov. 14 $		Nov. 7 $	Nov. 14 $		Nov. 7 $	Nov. 14 $
Atch. Topeka	23¼	23½	Boeing	38	41⅝	Int. Harvester	46⅞	49¾
Can. Pacific	21½	21⅞	Celanese	34⅜	35⅝	Inter. Nickel	61½	61¾
Pennsylvania	11	11½	Chrysler	63⅝	66⅛	Inter. Paper	27½	28⅛
Union Pacific	31¾	32½	Col. Palmolive	37½	39¾	Kennecott	63½	66¼
Amer. Electric	32¼*	32⅝	Crown Zeller.	42	42⅝	Monsanto	47⅛	46¼
Am. Tel. & Tel.	111⅜	113⅞	Distillers Seag.	41⅝	42	Nat. Distillers	22¾	23
Cons. Edison	74	76⅜	Douglas	26¾	29⅜	Pan-American	18⅛	19⅛
Int. Tel. & Tel.	39½	39½	Dow Chemical	54¾	56¾	Procter Gamble	66½	68⅞
South'n. Nat. Gas	42¼	43¼	Du Pont	224	228½	Radio Corpn.	53¼	55⅛
United Corpn.	7⅜	7¾	East. Kodak	100¾	102⅛	Sears Roebuck	70½	73¼
Western Union	24⅛	25½	Ford Motor	43¼	44⅜	Shell Oil	32⅛	32
Alcoa	53¼	55⅞	Gen. Electric	69¾	72⅜	Socony-Mobil	51⅞	52⅞
Aluminium	21⅛	21¾	General Foods	70½	71	Stand. Oil Ind.	42⅞	44¾
Amer. Can	42⅞	43⅞	General Motors	56⅜	55⅜	Stand. Oil N.J.	53⅞	54¼
Am. Smelting	52¾	55	Goodyear	31⅛	32⅝	Union Carbide	100½	101½
Am. Viscose	54⅜	56⅝	Gulf Oil	35⅝	37	U.S. Steel	41⅞	43⅞
Anaconda	40	42½	Heinz	39½	43¼	West. Electric	28⅞	31¼
Beth. Steel	28⅜	29½	Int. Bus. Mach.	361¼	374½	Woolworth	64⅛	65¾

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 17	59·39	3·64	27·43	5·84	56·52	3·65	90·06	3·88
24	57·76	3·74	27·59	5·81	53·77	3·84	90·06	3·88
31	59·09	3·66	28·17	5·69	55·33	3·69	89·96	3·89
Nov. 7	61·48	3·50	29·24	5·48	56·78	3·62	90·06	3·88
14	63·04	3·40	30·49	5·42	57·61	3·56	90·28	3·86

425 Industrials:—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

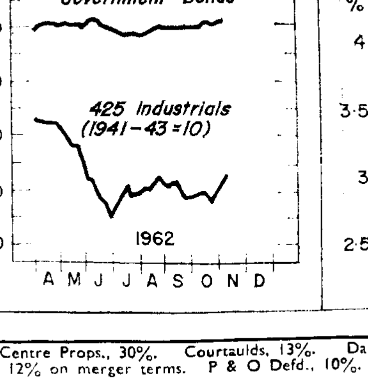
FRANCE	Nov. 7 Frcs.	Nov. 14 Frcs.	GERMANY	Nov. 7 %	Nov. 14 %	HOLLAND	Nov. 7 %	Nov. 14 %
Air Liquide	1,045	1,080	A.E.G.	370	365	A.K.U.	346⅞	348½
Banque de Paris	490	495	Bad'che. Anilin	394	392	Bijenkorf	795	828
Citroen	180	184·9	Bayer	433	442	Heinekens	428	441
C. F. Petrole	296·8	288	Commerzbank	367	376	Interunie (Fl.50)	Fl.173·5	Fl.177
Cie. G. d'Elect.	748	752	Deutsche Bank	418	376	K. N. Hoogoven	492½	510¾
Machines Bull	418	405·1	Hoechst Farb.	394	391½	Kon. Zout-Ket.	706	715
Pechiney	219	215·6	Kundenkredit	348	352	Philips (Fl.25)	Fl.132·3	Fl.139·1
Printemps	551	555	Lowenbrau	805	838	Robeco (Fl.50)	194	198
Rhone-Poulenc	390	387·5	Mannesmann	203½	201¼	Rotterdam Bk.	Fl.341½	Fl.357
S.I.M.	349	355	Siemens	530	532	Thomassen & D.	673½	667
Saint-Gobain	330	322·1	Thyssen-Huette	178	178	Valeurop	Fl. 67·4	Fl. 68·6
Usinor	166	169	Volkswagen	459	448½	Zwanenberg	790	789
Index (Dec. 30, 1960=100)	91·4	91·6	Herstatt Index (Dec. 31, 1959=100)	82·88	83·15	Index (1953=100)	306·1	310·5

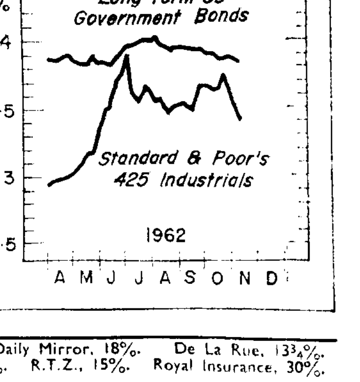
ITALY	Nov. 7 Lire	Nov. 14 Lire	BELGIUM	Nov. 7 Frcs.	Nov. 14 Frcs.	SWEDEN	Nov. 7 Kr.	Nov. 14 Kr.
Ass. Generali	131,050	129,500	Arbed	26,175	26,350	Asea	185	189
Breda	4,900	4,745	Bqe. Nat. de Bel.	10,400	10,250	Elektrolux	115	114
Edison	3,565	3,447	Bque. Soc. Gen.	3,000	2,990	Ericsson B. Kr.35	121	123
Fiat	2,696	2,620	Cockerill-Oug.	2,458	2,476	Separator B.	286	285
Finsider	1,221	1,200	Esperance Long	4,780*	4,750	Skand. Banken	220	218
La Centrale	10,495	9,970	Hoboken	15,825	16,100	Sv. Cellulosa	166	172
Montecatini	2,719	2,650	Innovation	5,810	5,860	Sv. Handelsbank	216	216
Motta	30,220	28,500	Photo Gevaert	2,440	2,610	Tandstk. B Kr.50	154	157
Olivetti	4,748	4,680	Sidro	910	918	Index (Dec. 29, 1956=100)	158·70	159·83
Pirelli S.p.A.	5,330	5,090	Soc. Generale	13,800	14,100	**NORWAY**	%	%
Rinascente	673	650	Sofina	7,910	7,720	Bergens Priv'bk.	201¼	203¾
Snia Viscosa	4,805	4,620	Un. Miniere I/10	1,122	1,084	Borregaard	188¾	185
Index (1950=100)	614·43	596·7	Index (May 9, 1940=100)	395·3	396·2	Norsk Hydro	277½	287½

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Assented into Treasury 4% 1965. Japanese prices supplied by Daiwa Securities, Tokyo.

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Nov. 7, 1962	Price, Nov. 14, 1962	Yield, Nov. 14, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
35/-	23/-	10 c	3¾ a	A.E.I. £1	33/6	35/-	5·71	1
12/6	7/6	15 c	2½ c	Brit. Electronic Inds. 5/-	9/1½*	8/10½	1·41	...
68/-	51/9	9½ b	4 a	B.I.C.C. £1	67/3	67/6	4·00	2
15/7½	11/6	4·6 a	7½ b	Crompton Parkinson 5/-	15/6	15/7½	3·84	2¼
89/6	63/-	7½ a	17½ b	Decca 10/-	79/-*	83/-	3·01	2
45/6	32/3	5 a	12½ b	E.M.I. 10/-	34/3*	36/9	4·76	1¾
54/6	39/-	5 a	9 b	Elliott-Automation 5/-	44/6	45/6	1·54	2
29/3	20/9	5 b	3 a	English Electric £1	28/-	29/3	5·47	1½
38/-	26/-	3 a	7 b	General Electric £1	36/3	38/-	5·26	¾
59/3	34/6	8⅛ b	4⅜ a	C. A. Parsons £1	52/-	53/-	4·72	2
52/1½	38/6	6½ b	3¼ a	A. Reyrolle £1	49/9	50/6	3·86	2½
85/9	58/-	25 c	27½ c	Thorn Electrical 5/-	83/3	82/9	1·66	3½
				ENGINEERING				
35/3	20/3	9 c	4½ a	Babcock & Wilcox £1	34/9	35/3	5·11	1½
38/3	27/3	3·2 a	7 b	John Brown £1	31/4½	34/1½	5·98	2¼
6/-	4/3	7 b	3 a	Cammell Laird 5/-	5/-	5/1½	9·76	1
31/-	21/10½	20 b	10 a	Internat. Combust. 5/-	30/-	30/3	4·96	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	3/5¼	3/8¼	...	...
38/4½	20/4½	9½ b	2½ a	Swan Hunter £1	22/7½	23/4½	8·56**	...
17/-	10/6	10 b	5 a	John Thompson 5/-	14/6	14/9	5·08	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/-	31/10½	33/7½	4·25	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	61/9	63/1½	4·64	2
53/6	33/9	5 a	10 b	Allied Ironfounders £1	49/-	53/6	5·61	1½
99/9	67/9	10 b	5 a	Averys £1	73/4½	74/-*	4·05	2
20/3	11/9¾	4 a	6 b	B.S.A. 10/-	13/1½	14/-*	7·14	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/-	10/7½	11/4½	5·71	1¾
33/-	15/9	10 a	17½ b	Davy-Ashmore 5/-	18/-	19/3	...	2
81/10½	62/10½	11 b	5 a	Guest Keen £1	68/4½	75/4½	4·25	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	17/6	16/9	4·78	2½
85/6	67/-	5 a	7 b	Metal Box £1	68/6	72/3	3·32	2¼
18/-	13/4½	4 a	10 b	Ransome & Marles 5/-	15/6	16/3*	4·31	3
48/-	34/-	3 a	7 b	Renold Chains £1	41/6	43/9	4·57	1¾
64/10½	43/1½	7 a	7 b	Tube Investments £1	54/3	58/7½*	4·78	3
31/1½	22/10½	7½ b	2½ a	Vickers £1	24/4½	26/1½	7·66	1
71/6	54/-	3¾ a	10 b	Ward (Thos. W.) £1	64/-*	59/9	4·60	3
20/6	12/3	5 a	16 b	Woodall-Duckham 5/-	15/6	16/-	6·56	1¾
				FOOD & TOBACCO				
28/9	19/9	10 c	10 c	Allied Suppliers 10/-	25/6	25/9	3·88	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods 1/-	9/9	9/9	2·31	2
61/3	29/3	8 b	4 a	Bovril £1	40/-*	41/6	5·78	1½
12/9	10/7½	†2 1/12 a	†4⅙ b	Brooke Bond 'B' 5/-	10/10½*	11/11¼	4·27	...
16/4½	11/10½	2½ a	10 b	International Tea 5/-	15/9	15/10½	3·94	1¾
82/6	62/9	10⅚ b	5 a	J. Lyons 'A' £1	76/9	79/3*	4·00	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	33/3	33/10½	4·13	...
13/7½	10/10½	10 c	3 a	Spillers 5/-	13/-	12/10½	3·88	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	49/9	50/-	4·80	2¼
18/-	13/10½	5 a	9 b	Unigate 5/-	14/6	14/9	4·75	2
65/3	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. 10/-	61/6	62/9	5·85	3
41/3	28/3	15 b	5 a	Gallaher 10/-	29/6	30/3	6·61	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	56/3	57/9	7·79	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	6 7/16	7 1/16	2·76	...
68/-	48/9	25 b	20 a	Commercial Union 5/-	51/-	51/3	4·39	...
9	5⅜	...	...	Equity & Law Life 5/-	7 5/16	7 11/16	1·42**	...
109/3	69/-	30 c	12½ a	General Accident 5/-	76/-	77/9	1·93	...
60/6	42/6	...	11⅔ a	Guardian 5/-	47/-*	47/-	2·84**	...
48¾	32½	110 b	80 a	Legal & General 5/-	37⅝	38⅛*	1·26	...
180/-	138/9	12½ b	9½ a	Northern & Empl. £1	146/3	153/9	2·86	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/-	12 3/16	12 9/16	3·25	...
29¾	21⅞	†208⅓ c	†231¼ c	Prudential 'A' 4/-	25⅜	25⅞	3·01	...
47/10½	35/3	...	15 a	Royal 5/-	35/7½	36/9	4·08**	...
127/9	95/6	11¼ b	7½ a	Royal Exchange £1	95/9	98/3	3·82	...
				MOTORS & AIRCRAFT				
18/3	12/6	7½ a	12½ b	British Motor 5/-	15/4½	14/9*	6·78	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	73/9	73/9	1·36	8
41/6	23/1½	8 c	2 a	Rolls-Royce £1	26/9	25/-	...	1¼
6/8½	4/3	4 c	4 c	Rootes Motors 'A' 4/-	5/6	5/5¼	2·94	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	79/6	80/4½	4·98	...
18/0¾	13/10½	13½ c	5 a	Bristol Aeroplane 10/-	17/6	17/7½	7·66	2
28/-	19/3	5 a	6 b	Hawker Siddeley £1	25/9	27/4½	8·04	1¼
37/6	25/9	†4 a	†6½ b	Dowty Group 10/-	36/10½	36/10½	4·65	2¼
39/-	25/3	15⅚ b	5 a	Dunlop Rubber 10/-	27/7½	28/6¾	5·54	1¾
77/-	62/1½	2½ a	11¼ b	Joseph Lucas £1	69/10½	73/10½	3·72	2¼
22/-	12/-	5 c	Nil a	Pressed Steel 5/-	14/3	14/-	1·79	...
39/-	31/1½	5 a	10 b	Triplex Holdings 10/-	36/7½	36/10½	4·07	2
				MINES				
178/1½	136/3	50 b	40 a	Anglo-American 10/-	167/6	169/1½	5·32	1¾
73/-	52/6	6¼ a	18¾ b	Consolid. Gold Fields £1	68/9	65/6*	7·63	2
125/-	81/10½	15 a	20 b	General Mining £1	113/9	120/-	5·83	2
71/-	46/6	†100 c	30 a	Union Corporation 2/6	67/6	66/6	6·14	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	18/6	18/6	2·16	1¼
134/4½	81/10½	70 a	110 b	Free State Geduld 5/-	129/4½	129/4½	6·96	1½
74/3	50/6	60 a	70 b	President Brand 5/-	71/-	70/6	9·22	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	85/-	85/-	7·29	1¾
45/6	34/-	...	...	Western Deep 'A' £1	41/3	41/6	...	...
161/3	117/6	105 a	135 b	Western Holdings 5/-	152/6	148/9	8·07	1¼
20/4½	15/3	5 a	6 b	Winkelhaak 10/-	18/4½	18/4½	5·99	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/-	53/-	49/-	15·31	1½
59/3	47/-	20 a	60 b	Rhod. Anglo-Amer. 10/-	54/9	54/3	14·74h	1¼
37/4½	24/-	6 a	15 b	Rhod. Selection Tst. £1	27/4½	27/-	15·56h	...
21/9	14/1½	Nil a	7½ b	Tanganyika Cons. 10/-	14/6	14/3	5·26	...
188/9	135/-	180 b	100 a	De Beers Defd. Reg. 5/-	186/10½	186/3	7·52	1¾
$151½	$98½	$1·60c	$1·90c	Internat. Nickel n.p.v.	$113	$114½	2·96	...
18/9	13/1½	30 b	7½ a	London Tin 4/-	15/7½	15/4½*	9·76	1¼
18/7½	14/9	...	5 a	R.T.Z. 10/-	17/3*	18/6	8·11**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	22/9	22/9	14·29	1
				PAPER & NEWSPAPERS				
13/9	10/4½	10 b	6 a	Daily Mirror 5/-	12/10½*	13/9	6·55**	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A' £1	74/6	74/6	3·49	2
24/9	13/9	14 b	10 a	Thomson Org'n. 5/-	17/7½*	17/-	7·06	1½
47/3	31/6	8¾ b	5 a	Bowater Paper £1	35/9	37/-	7·43	1
48/3	35/-	11 b	5 a	Albert E. Reed £1	47/6	46/3*	6·92	1½
43/9	33/6	8½ b	4 a	Spicers £1	39/6	39/9*	6·29	1½
55/9	44/-	10 b	4 a	Wiggins Teape £1	54/3	54/-	5·19	1¾

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Nov. 7, 1962	Price, Nov. 14, 1962	Yield, Nov. 14, 1962	Cover
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	21/3	22/-	6·82	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	22/6	22/6	13·33	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	37/3	37/10½	3·96	1¾
39/4½	29/10½	3½ a	6⅔ b	British Match £1	31/6	32/6	6·15	2¼
16/3	11/-	6⅔ b	4 a	British Oxygen 5/-	13/9	14/4½	3·71	1¾
9/10½	7/2¼	7 b	3 a	British Ropes 5/-	7/6¾	8/3¾	6·02	1½
44/-	30/1½	...	5 a	De La Rue 10/-	43/-	43/6*	3·16**	2
42/-	27/1½	15 c	7½ a	Gestetner 'A' 5/-	36/-	36/-	2·08	3¾
55/9	41/6	7½ a	8⅓ b	Glaxo 10/-	47/4½	47/7½	3·36	3
49/-	42/6	3 a	13 b	Harrison & Cr. Defd. £1	43/9	43/9	7·31	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	29/9	30/-	4·17	1¾
95/-	62/6	9·04 b	7·04 a	Hudson's Bay £1	72/6	80/-	4·02	2½
23/3	15/1½	12½ b	5 a	Ilford 5/-	15/1½	15/4½	5·69	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	86/-	88/-	2·56	2½
47/11¼	36/9¾	12½ c	11·4 c	National Canning £1	40/-	41/3	5·53	1½
41/3	32/6	6 a	12 b	Powell Duffryn 10/-	37/3	37/-	4·86	1¾
40/6	32/3	17½ b	5 a	Radio Rentals 5/-	37/9	37/3	3·02	2¾
37/-	24/6	7½ a	17½ b	Rank Organisation 5/-	30/-	32/6	3·85	2
38/-	24/-	16½ b	7½ a	Schweppes 5/-	24/9	26/-	4·62	1½
35/3	25/-	25 c	25 c	Sears 'A' 5/-	28/10½	28/7½	4·37	2
32/1½	23/-	11 b	5 a	Steetley 5/-	29/1½	29/1½	2·75	3
29/10½	21/9	11½ b	8½ a	Thomas Tilling 4/-	24/6¾	25/9	3·11	2
64/-	44/-	8 b	4 a	Turner & Newall £1	53/6	57/-	4·21	2
47/3	30/10½	15·32b	9·5 a	Unilever 5/-	34/3	36/6*	3·41	3
11⅝	7 3/16	13 b	8 a	Unilever N.V. 12 fl.	7 15/16	8⅜	2·98	3
18/9	12/10½	10 b	5 a	United Glass 5/-	14/-	14/-	5·36	...
33/3	21/7½	†10⅚ b	†4⅙ a	United Molasses 10/-	23/-*	23/9	10·31	1
				SHIPPING				
32/3	22/9	13½ b	6½ a	Brit. & Com'wealth 10/-	31/-	31/3*	6·40	1
18/3	15/3	6 c	Nil c	Cunard £1	15/10½	16/3	...	...
21/6	16/9	7 c	7 c	France Fenwick £1	20/9	20/6	6·83	1½
31/6	20/-	10 c	8 c	Furness Withy £1	21/9	21/6	7·44	...
9/7½	4/6	...	...	London & Overseas 5/-	4/6	4/6	...	...
31/-	17/6	3 b	3 a	P & O Defd. £1	27/9*	28/6	7·02**	...
12/1½	7/-	2½ c	Nil a	Reardon Smith 10/-	7/3	7/3	3·45	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/6	9/6	...	...
				STEEL				
48/4½	24/10½	16 c	5 a	Colvilles £1	27/-	25/10½	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	16/9	17/3	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel £1	23/9	25/10½	8·50	3
21/4½	11/-	10 c	Nil a	South Durham £1	11/3	11/-	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	26/-	24/9	8·08	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	29/10½	31/3	9·60	2
34/7½	26/4½	6 b	4 a	John Summers £1	29/9	28/9	6·96	2
42/4½	25/9	12·3c	4 a	United Steel £1	28/-	27/3	...	1½
41/-	23/9	8¾ b	4 a	Whitehead £1	24/9	27/9	...	2
				TEXTILES				
32/-	25/4½	10 b	5 a	English Sewing Cotton £1	27/10½	27/10½	8·97**	1
26/4½	18/4½	5 a	7½ b	Fine Spinners £1	18/7½	19/4½	12·90	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	37/9	38/9	...	1¼
55/1½	37/10½	12½ c	5 5/12 a	Courtaulds £1	52/-	54/9*	4·57**	1½
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris 4/-	5/7½	5/7½	9·48	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	74/9	75/9	5·54	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	22/3	22/-	9·09	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	15/4½	16/-	7·50	1
13/3	8/1½	7½ a	12½ b	Calico Printers 5/-	9/1½	10/-	10·00	1¾
48/6	37/4½	3¾ a	8¾ b	Coats, Patons & B. £1	38/10½	40/6	6·17	1¾
10/9	8/-	13 c	1½ a	Jute Industries 10/-	9/-	8/9	...	2¼
27/1½	17/1½	10 c	7½ c	Tootal £1	17/4½	17/7½	8·51	½
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/-	22/9	22/3	2·81	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	45/9*	47/6	5·26	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	15/9	16/3	3·08	1½
71/9	54/3	10 a	12½ b	City Centre Props. 5/-	56/6	57/3	2·62**	1
89/-	69/9	8½ b	4 a	City Lond. Real Prop. £1	78/-*	78/9	3·17	1
38/6	22/6	4 b	2 a	Land Securities 10/-	28/10½	29/1½	2·06	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	35/-	35/-	3·81	1
				TEA & RUBBER				
46/6	37/-	†2½ a	†12½ b	Cons. Tea & Lands £1	38/-	37/-	13·24	2
37/6	26/-	†3 a	†10 b	Jokai (Assam) £1	28/3	27/9	15·30	2
9/6	7/6	...	7½ c	Nuwara Eliya £1	7/9	7/10½	19·05	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/3¾	5/4½	15·50	1½
5/5¼	4/5¼	7½ a	32½ b	London Asiatic 2/-	5/3	5/3¾	15·06	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	72/6	70/6*	12·77	1½





** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Charrington United, 12%. City Centre Props., 30%. Courtaulds, 13%. Daily Mirror, 18%. De La Rue, 13¾%. English Sewing Cotton, 12½%. Equity & Law Life, †26⅔%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. P & O Defd., 10%. R.T.Z., 15%. Royal Insurance, 30%. Swan Hunter, 10%.

Debenhams

Founded 1791

As much of the meat of Mr John Bedford's statement was published in the preliminary statement the full accounts do not provide much evidence for a revision of the rather lustreless view that the market takes of the 10s. shares, which at 46s. 6d. now yield 4.1 per cent on the maintained dividend of 19⅛ per cent, covered 1¼ times. But some points emerge that shareholders should not ignore. Of immediate significance is his statement that there has been a "considerable improvement" in sales in recent months, that the initial venture into the field of chain stores has proved "satisfactory" and that the reorganisation of the food division is proceeding. Moreover, the rights issue in September, 1961, has strengthened the finances of the group; about £3 million has been absorbed in capital expenditure and the remaining £1½ million is held in liquid form.

	1958 £ mil.	1959 £ mil.	1960 £ mil.	1961 £ mil.	1962 £ mil.
Trading profit	5·8	6·4	7·9	8·6	8·4
Gross profit	5·1	5·5	6·6	7·2	6·9
Net equity earnings	1·7	2·4	2·9	3·3	2·8
Retained cash flow	1·4	1·7	1·9	2·1	1·9
Net fixed assets	37·7	42·1	44·3	48·8	50·9
Net current assets	4·2	2·8	9·1	7·4	10·4
Net liquid assets	1·8	Dr. 1·7	1·7	0·9	2·5
Net equity assets	28·3	30·5	36·8	38·6	45·2
Ord. earnings (per cent)	*21·9*	*27·4*	*28·7*	*34·5*	*25·6*
Ord. dividend (per cent)	*12·5*	*15·2*	*17·4*	*19·2*	*19·2*
Gross profit/net equity assets	*18·0*	*18·4*	*17·8*	*18·7*	*15·3*
Net earnings/net equity assets	*6·0*	*7·8*	*7·8*	*8·5*	*6·2*

Price (10s. shares): 46s. 6d. Dividend yield: 4·1%. Earnings yield: 5·5%. Equal to 18·2 years' earnings.

This money will be absorbed fairly quickly as Debenhams is still building and modernising stores both in London and the provinces. At the moment, many of these developments are producing no return; indeed because of the cost of interest they involve the group in a current loss. But once they are completed they will add to profits, as will the acquisitions of relatively small stores in the Guildford and Stockton areas. Hopes for the future should, in fact, be pinned upon the profitable trading of the new and modernised stores rather than on development plans for two sites which cannot by Mr Bedford's reckoning be productive for between three and five years.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
Oct. 19	334·2	5·16		
,, 17	329·7	5·29		
,, 24	313·5	5·55		
,, 31	330·2	5·26	364·1 (Jan. 17)	310·3 (June 27)
Nov. 7	336·4	5·16		
,, 14	345·4	4·98		

FINANCIAL TIMES INDICES

1962	Index†	Ord. Yield	2½% Consols Yield	Bargains Marked
Nov. 8	285·3	5·46	5·65	12,882
,, 9	284·7	5·47	5·65	13,096
,, 12	288·6	5·41	5·65	15,819
,, 13	289·9	5·37	5·66	13,412
,, 14	291·1	5·35	5·70	12,868

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935=100.

Penn Elastic

BIGGER corsetry sales in recent years have resulted in a sharp increase in the profits of Penn Elastic, one of the few elastic fabric manufacturers in this country. Since Penn Elastic became a public company early in 1960 its pre-tax profits have risen from £274,000 through £416,000 to £629,000 in the year to June 30th last. This compares with a forecast of not less than £500,000 made at the time of the acquisition of Luke Turner, manufacturers of narrow elastics, in July, 1961. Sales seem to have expanded faster than was then anticipated and this has more than compensated for lower profit margins. The acquisition strained the group's liquid resources and £250,000 was borrowed at an interest rate of 3½ per cent above Bank rate. The loan was repayable over five years but the balance sheet suggests that half the sum had been repaid at June 30th when loans and overdrafts of £435,000 overshadowed liquid assets of only £60,000.

This forms the background to the one for five rights issue at 15s. a share to raise just over £400,000. The old 5s. shares at 35s. 6d. ex rights yield 3.9 per cent on the forecast of a maintained dividend of 27½ per cent. Their low return reflects the sharp rise in price this year but in view of its bank debts Penn has followed a conservative dividend policy and the earnings yield is as high as 10¾ per cent. This is not unattractive in view of the group's prospects both in Britain and overseas, particularly in Germany where in April it bought out the minority interest in its subsidiary. For the first four months of the current year the chairman, Mr R. F. Daniel, reports that sales and profits are above those for the previous year even though the changeover from rubber to spandex threads has led to a feeling of uncertainty in the elastic and corset trades in this country. But the group's wide geographical spread of activities has tended to counter balance this and Mr Daniel says that it is not unreasonable to hope that profits will be greater than those for 1961-62.

Mixed Interims

THIS week's three big interim statements have had a mixed reception in the stock market but they all suggest that Mr Maudling was wise not to postpone his plans to stimulate the economy much longer.

Rolls-Royce.—There seemed little chance of anything but a depressing statement from this company. So it has proved, with the interim dividend cut from 5 to 2 per cent. Again this was no great surprise, as the final for 1961 had been cut from 8½ to 3 per cent. Presumably the total dividend for 1962 will be 5 per cent. There is certainly nothing in the interim statement to encourage shareholders to look for more. In the first half of the year sales revenue fell from £59 million to £51 million and for the whole year it is expected to fall from £123 million to £105 million. Deliveries of aero engines and spares have declined and there has been no revival in Rolls' motor business. At £95 million, orders have hardly changed since the end of 1961. Employees suffer equally with shareholders, for the labour force of 45,500 at the end of September was 12½ per cent smaller than at the end of 1961 and for the first time in forty years those remaining on the pay roll will not receive a Christmas bonus payment. But these and other economies will take some time before they are fully reflected in the accounts and profits this year will be below those for 1961.

Guest Keen & Nettlefolds.—The £1 shares in GKN have gained 7s. 4½d. since an unchanged interim dividend of 5 per cent was announced and the forecast made that profits, after providing for an extra £1 million in depreciation, will "not differ materially from those of 1961." Presumably the Acton Bolt acquisition will play some part in this result. Even so, this is a notable achievement, for in this country the group's steel and engineering companies are still feeling the pinch. Abroad, particularly in Australia, it has however been a very different story; in 1961 the profits of overseas companies fell from £7.4 million to £4.6 million (with John Lysaght's profits alone falling from £5 million to £2.4 million) but now these companies are making a good recovery.

Metal Industries.—A rise in this company's profits from £1,183,000 to £1,254,000 in the six months to end September must be regarded as a satisfactory result. But with a maintained interim dividend of 6 per cent the chairman, Sir Charles Westlake, reiterates an earlier warning that profits in the second half of the current year are unlikely to reach the level of the first six months. While the electrical companies in the group have generally earned slightly higher profits, as they began the year with full order books, many of the non electrical companies, whose activities include engineering, steel construction, shipbreaking salvage and scrap recovery, began the year with smaller order books and are now finding it difficult to maintain turnover and profits. The group should feel some indirect benefit from Mr Maudling's latest measures but any new orders are unlikely to influence the current year's results.

But the group has now transformed its overdraft into a "healthy credit balance" and a total dividend of 15 per cent for the fourth successive year seems to be assured.

PRICES AND YIELDS

	1962 High	1962 Low	Nov. 15	Div.* %	Yield %
Rolls-Royce	41/6	23/1½	24/9	5	4·0
Guest Keen	81/10½	62/10½	76/6	16	4·2
Metal Industries	60/–	43/6	57/4½	15	5·2

* Indicated or past year's full payment.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 10, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £56,608,000 compared with a surplus of £27,960,000 in the previous week and a surplus of £53,801,000 in the corresponding period of last year. There was a net expenditure "below-line" of £8,325,000 leaving a total cumulative deficit to date of £563,983,000 compared with £676,771,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to Nov. 11, 1961	April 1, 1962, to Nov. 10, 1962	Week ended Nov. 11, 1961	Week ended Nov. 10, 1962
Ordinary Revenue					
Income Tax	2,790,000	934,389	1,021,203	18,974	24,648
Surtax	188,000	51,000	56,200	1,500	1,600
Death Duties	264,500	158,100	154,000	4,100	3,500
Stamps	95,000	61,000	58,500	1,300	1,300
Profits tax, EPT and EPL	374,000	219,800	250,700	9,200	5,300
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,424,289	1,540,603	35,074	36,348
Customs	1,653,000	1,002,209	1,026,514	35,553	44,305
Excise	1,077,000	630,680	661,190	73,070	68,881
Total Customs and Excise	2,730,000	1,632,889	1,687,704	108,623	113,186
Motor Duties	150,000	46,696	64,831	6,978	6,026
Broadcast Lic's.	41,000	19,100	19,900	...	...
Miscellaneous	165,000	158,908	106,953	8,032	3,428
Total	6,797,500	3,281,882	3,419,991	158,707	158,988
Ordinary Expenditure					
Debt Interest	600,000	409,198	343,834	5,598	...
Payments to N. Ireland Exch. Fd.	100,000	52,314	56,506	3,353	3,512
PO Fund — Initial settlement	...	7,282	...	...	...
Other Consolidated Funds	12,000	4,865	4,802	15	38
Supply Services	5,611,650	3,095,658	3,301,914	95,400	97,600
Total	6,323,650	3,569,317	3,707,056	104,366	101,150
Sinking Funds	41,000	23,614	23,819	540	1,230
"Above-line" Surplus or Deficit	—	311,049	310,884	53,801	56,608
"Below-line" Net Expenditure*		365,722	253,099	9,427	8,325
Total Surplus or Deficit	—	676,771	563,983	44,374	48,283
Net receipts from:					
Tax Reserve Certificates		175,813	105,762	3,594	−94
Savings Certificates		−16,800	2,500	−300	1,800
Defence Bonds		17,750	14,541	−32	2,346
Premium Savings Bonds		26,100	22,300	500	300
Total		202,863	145,103	3,762	4,352

* Net repayments of £5 million to the Civil Contingencies Fund in 1962-63 compared with net repayments of £5 million in 1961-62.

FLOATING DEBT
(£ million)

	Treasury Bills Tender	Treasury Bills Tap	Ways and Means Advances Public Dept.	Ways and Means Advances Bank of England	Total Floating Debt
1961 Nov. 11	3,290·0	1,990·7	216·9	...	5,497·6
1962 Aug. 11	3,000·0	1,983·6	225·1	0·3	5,208·9
,, 18	3,000·0	2,009·3	240·1	5·5	5,254·9
,, 25	3,000·0	2,053·1	203·8	0·3	5,257·1
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4
,, 8	2,990·0	1,637·9	211·6	...	4,839·4
,, 15	2,990·0	1,683·6	226·2	...	4,899·8
,, 22	2,980·0	1,699·2	220·2	...	4,899·4
,, 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct. 6	3,020·0	1,572·9	220·5	...	4,813·5
,, 13	3,010·0	1,598·3	215·2	...	4,823·6
,, 20	3,020·0	1,595·6	204·1	...	4,819·7
,, 27	3,040·0	1,637·6	201·0	...	4,878·5
Nov. 3	3,060·0	1,620·7	205·3	...	4,886·1
,, 10	3,080·0	1,547·5	205·4	...	4,832·9

THE MONEY MARKET

THE authorities do not want to see the Treasury bill rate fall too quickly at present. They made their position clear this week by forcing the discount market to borrow at Bank rate on Monday and Tuesday. When bidding for bills the market always trys to balance official wishes with its own need for bills; hitherto the competition for bills has been so strong that the market has been concentrating on getting enough bills to satisfy the appetite of its customers, the clearing banks.

At the Treasury bill tender on Friday of last week the syndicate of discount houses raised its bid for the £200 million 91-day bills on offer by a further 3d to £99 1s 0d; the average rate of discount fell by 11.73d to 7s 11.75d per cent, and the market received the low quota of 31 per cent. The market's quota of 71 per cent for the £60 million 63-day bills on offer brought its overall quota to around 40 per cent—the same as in the previous week. There is now just over ⅛ per cent difference between the current bill rate and the market's average borrowing costs; if the decline in the bill rate continues at its present pace the market's running margin on new bills will soon disappear once more.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	**Market discount rates** (3 months):	
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	4–4⅛
Discount houses	2⅛–2¼	Fine trade bills	5⅛–6⅛
Local Authorities	4⅛	**Euro-dollar deposits:**	
Call money:		7 days' notice	3¼–3⅜
Clearing banks' minimum	7/8	3 months'	3⅜–4⅛
Day-to-day	7/8–3/4	**Forward cover** (3 months): Annual interest cost, US dollar	7/16

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** November 5	2·841
		,, 9	2·801

BANK OF ENGLAND RETURNS

£ million	Nov. 15, 1961	Nov. 7, 1962	Nov. 14, 1962
Issue Department:			
Notes in circulation	2,316·9	2,298·5	2,308·1
Notes in banking dept.	58·4	26·8	17·2
Govt. debt and securities*	2,374·0	2,324·0	2,324·9
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	11·5	9·5	12·3
Special deposits	232·7	80·8	80·8
Bankers	252·6	261·2	255·3
Others	71·9	68·6	70·1
Total	568·7	420·1	418·4
Securities:			
Government	449·4	342·1	338·8
Discounts and advances	58·6	47·7	59·2
Other	19·3	20·4	20·2
Total	527·3	410·3	418·2
Banking department reserve	59·3	27·7	18·1
"Proportion"	% 10·4	% 6·5	% 4·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on September 12th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered 91 day	Offered 63 day	Applied for	91 Day Average Rate of Allotment	91 Day Allotted at Max. Rate*
1961 Nov. 10	230·0	40·0	458·9	s. d. 19 5·49	% 44
1962 Aug. 10	230·0		396·1	7 8·84	54
,, 17	230·0		368·1	7 9·35	53
,, 24	230·0		390·4	7 6·50	48
,, 31	240·0†		397·1	7 0·42	45
Sept. 7	240·0		439·3	7 4·55	48
,, 14	230·0		388·0	7 3·97	44
,, 21	250·0		406·1	7 0·01	40
,, 28	250·0		407·5	7 8·42	51
Oct. 5	250·0‡		415·2	7 4·13	37
,, 12	230·0		386·8	7 3·07	38
,, 19	240·0		396·9	7 8·22	38
,, 26	240·0		381·8	7 2·03	46
	91 day	63 day			
Nov. 2	200·0	60·0	443·8	7 11·48	32
,, 9	200·0	60·0	447·7	7 11·75	31

* On November 9th tenders for 91 day bills at £99 1s. 0d. secured 31 per cent, higher tenders being allotted in full. The offer for this week was for £200 million 91 day bills and £60 million 63 day bills. † Allotment cut by £10 million. ‡ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits November 14	Market Rates: Spot November 8	November 9	November 10	November 12	November 13	November 14
United States $	2·78–2·82*	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/16–3/16	2·80 1/16–3/16	2·80 1/16–3/16
Canadian $	...	3·01 3/16–7/16	3·01 1/8–3/4	3·01 1/8–3/4	3·01 1/2–5/8	3·01 1/2–5/8	3·01 13/16–15/16
French Fr.	13·622–14·027	13·72 1/2–3/4	13·72 1/2–3/4	13·72 1/2–3/4	13·72 5/8–7/8	13·72 5/8–7/8	13·72 3/8–5/8
Swiss Fr.	11·94–12·547/8	12·08 1/4–09	12·08 1/4–09	12·08 1/4–09	12·08 7/8–09 1/8	12·08 3/8–7/8	12·08 1/4–3/4
Belgian Fr.	137·96–142·05	139·32 1/2–37 1/2	139·32 1/2–37 1/2	139·30–35	139·32 1/2–37 1/2	139·30–35	139·27 1/2–32 1/2
Dutch Gld.	9·983/4–10·28 1/2	10·10 5/8–7/8	10·10 1/2–3/4	10·10 1/2–3/4	10·09 7/8–10 1/8	10·09 5/8–7/8	10·09 3/8–5/8
W. Ger. D-Mk.	11·037–11·365	11·23 1/4–23	11·23–23 1/4	11·22 3/4–23	11·22 3/8–5/8	11·22 3/4–12	11·22 1/4–1/2
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1739 1/4–7/8	1739–39 1/2	1739–39 1/2	1739–39 1/2	1738 3/4–39 1/4	1738 3/8–39 1/8
Swedish Kr.	14·27 1/2–14·70	14·45 3/8–7/8	14·46 1/4–1/2	14·46 1/4–1/2	14·46 3/4–7/8	14·45 3/4–46	14·45 1/4–1/2
Danish Kr.	19·06 1/2–19·62	19·39 3/8–5/8	19·39 3/8–5/8	19·39 3/8–5/8	19·39 1/2–3/4	19·38 3/4–39 1/8	19·38 1/4–3/8
Norwegian Kr.	19·71–20·30 1/2	20·03 1/4–1/2	20·03 1/4–1/2	20·03 1/4–1/2	20·03 3/8–5/8	20·03 1/8–3/8	20·03 1/8–3/8
	* Official Limits	**One Month Forward Rates**					
United States $		3/8 pm–par	3/16–1/4 pm	3/16–1/4 pm	3/16–1/4 pm	3/16–1/4 pm	3/16–1/4 pm
Canadian $		1/8–1/4 dis	1/16–3/16 dis	1/16–3/16 dis	1/8–1/4 dis	1/8–1/4 dis	1/16–3/16 dis
French Fr.		3/4–1 pm	3/4–1 pm	3/4–1 pm	3/4–1 pm	3/4–1 pm	3/4–1 pm
Swiss Fr.		1–1 1/2 pm	1–1 1/2 pm	1–1 1/2 pm	1–1 1/2 pm	1–1 1/2 pm	1–1 1/2 pm
Belgian Fr.		18–13 pm	18–13 pm	18–13 pm	18–13 pm	18–13 pm	17–12 pm
Dutch Gld.		1 1/8–7/8 pm	1 1/8–7/8 pm	1 1/8–7/8 pm	7/8–3/8 pm	7/8–3/8 pm	5/8–3/8 pm
W. German D-Mk.		1 1/2–1 1/4 pm	1 1/2–1 1/4 pm	1 1/2–1 1/4 pm	1 1/8–7/8 pm	1 5/8–1 3/8 pm	1 5/8–1 3/8 pm
		Three Months Forward Rates					
United States $		5/16–3/16 pm	5/16–3/16 pm	5/16–3/16 pm	5/16–3/16 pm	5/16–5/16 pm	5/16–3/16 pm
Canadian $		5/8–1/2 dis	5/16–7/16 dis	5/16–7/16 dis	3/16–1/16 dis	5/16–7/16 dis	1/4–3/8 dis
Swiss Fr.		1 7/8–1 3/8 pm	1 7/8–1 3/8 pm	1 7/8–1 3/8 pm	1 7/8–1 3/8 pm	1 7/8–1 3/8 pm	2–1 1/2 pm
W. German D-Mk.		2 7/8–2 3/8 pm	2 7/8–2 3/8 pm	2 7/8–2 3/8 pm	2 7/8–2 3/8 pm	3 1/4–2 3/4 pm	3 1/4–2 5/8 pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/7	250/7	...	250/6 1/4	250/5 3/4	250/6 1/4
,, ($,, ,, ,,)		35·10	35·10	...	35·09 1/2	35·08	35·8 1/2

The United States

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

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

BRITISH

Prices and Wages......... Oct. 27th External Trade........... Nov. 3rd
Manpower and Output.... Nov. 10th Industrial Profits.......... Oct. 13th

OVERSEAS

Western Europe.......... Oct. 20th United States............ This week

PRICES, WAGES AND HOURS

	Wholesale prices			Consumer prices					Stock prices Composite index 1957–59 = 100	Average weekly earnings in manufacturing		Weekly hours of work in manufacturing Seasonally adjusted
	All commodities	Farm products	All industrials	All items	Food	Clothing	Housing	All services		At current prices	At 1961 prices	
	1957–59 = 100									$		
1953	92·7	105·9	90·0	93·2	95·6	97·7	92·3	87·5	51·9	70·47	78·83	40·5
1960	100·7	96·9	101·3	103·1	101·4	102·0	103·1	105·6	113·9	89·72	90·72	39·7
1961	100·3	96·0	100·8	104·2	102·6	103·4	104·4	107·6	134·2	92·34	92·34	39·8
1962, June	100·0	95·3	100·7	105·3	103·5	102·8	104·8	109·5	114·3	97·27	96·21	40·5
,, July	100·4	96·5	100·8	105·5	103·8	102·9	104·8	109·8	116·0	96·80	95·65	40·5
,, August	100·5	97·6	100·6	105·5	103·8	102·5	104·8	109·9	119·5	95·75	94·61	40·2
,, September	101·2	100·6	100·8	106·1	104·8	104·6	104·9	109·8	117·8	97·03	...	40·4

PRODUCTION AND MANPOWER

	Gross national product Seasonally adjusted annual rate	Total industrial production	Manufacturing production: Durable goods			Manufacturing production: Non-durable goods			Building New construction; seasonally adjusted annual rates	Civilian employment		
			Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals, petroleum and rubber		Total labour force	Total employment	Unemployed as per cent of labour force; seasonally adjusted
	$ billion	1957 = 100; seasonally adjusted							$ billion	thousands		
1953	365·4	91	96	100	86	87	94	80	37·0	63,815	61,945	2·9
1960	503·4	108	104	90	102	113	115	118	55·6	70,612	66,681	5·6
1961	518·7	109	103	88	97	117	116	123	57·4	71,603	66,796	6·7
1962, June	552·0[6]	118	114	86	110	124	123	137	62·7	74,001	69,539	5·5
,, July	}	119	115	86	115	125	123	137	62·1	73,582	69,564	5·3
,, August	} 555·5[7]	119	115	88	116	124	121	137	62·5	73,695	69,762	5·8
,, September	}	119	115	89	116	125	122	137	63·0	72,179	68,668	5·8
,, October	...	...	...	...	...	...	...	...	...	72,187	68,893	5·5

TRADE

	Personal consumption annual rates	Wholesale		Retail		Imports for US consumption			Exports of US merchandise[5]		Volume of trade	
		Sales	Stocks[1]	Sales	Stocks[1]	Total	Industrial materials	Finished goods	Total	Finished goods	Imports	Exports
	$ billion; seasonally adjusted					$ million					1957–59 = 100	
1953	232·6	9·8	10·5	14·1	22·7	898	441	183	1,012	614	80	90
1960	328·5	12·3	13·2	18·3	27·2	1,251	539	438	1,617	877	109	108
1961	338·1	12·6	13·5	18·2	26·9	1,220	520	423	1,652	911	107	107
1962, May	} 354·9[6]	13·4	13·8	19·4	26·9	1,413	585	511	1,866	1,074	126	121
,, June	}	13·1	13·9	19·1	27·1	1,321	558	492	1,872	1,086	119	122
,, July	}	13·4	14·0	19·7	27·2	1,328	556	489	1,604	924	120	106
,, August	} 357·5[7]	13·2	13·9	19·6	27·1	1,371	582	505	1,614	931	...	...
,, September	}	13·5	13·9	19·7	27·2	1,317	...	...	1,693	...	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit[1]		Banking statistics[2]		Budget expenditure[3]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds[4]	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1953	288·3	204·1	13·3	31·39	23·01	78·1	67·6	74·3	− 9·4	1·931	2·94	3·20
1960	400·8	282·3	12·0	55·76	42·59	80·3	114·2	76·5	+ 1·2	2·928	4·02	4·41
1961	416·4	290·2	13·1	57·14	43·16	88·5	121·1	81·5[8]	− 3·9[9]	2·378	3·90	4·35
1962, May	439·7	308·3	12·8	57·59	43·89	91·6	124·8	7·2	− 0·2	2·694	3·88	4·28
,, June	440·7	309·3	12·8	58·28	44·56	93·7	126·6	8·0	+ 3·6	2·719	3·90	4·28
,, July	441·9	310·2	12·7	58·52	44·97	91·7	126·1	7·3	− 3·7	2·945	4·02	4·34
,, August	443·0	310·5	12·8	59·15	45·51	93·0	127·3	8·5	− 1·5	2·837	3·98	4·35
,, September	443·0	309·9	12·8	59·24	45·62	92·3	129·7	7·3	+ 2·7	2·792	3·94	4·32

(1) End of period. (2) All commercial banks. (3) Annual figures are totals for the fiscal years ended June 30th. (4) Bonds due or callable 10 years and after (except 1953 : due or callable after 12 years). (5) Excluding Mutual Security Programme shipments. (6) Second quarter. (7) Third quarter. (8) 1962, 87·7 (9) 1962, −6·3.

APPOINTMENTS

UNIVERSITY OF ADELAIDE

APPOINTMENT OF PROFESSORS AND LIBRARIAN AT BEDFORD PARK

Applications are invited for the following initial appointments to the University of Adelaide at Bedford Park:

LIBRARIAN

School of Language and Literature:
PROFESSOR OF ENGLISH

School of Social Sciences:
PROFESSOR OF HISTORY
PROFESSOR OF ECONOMICS

School of Physical Sciences:
PROFESSOR OF PHYSICS
PROFESSOR OF CHEMISTRY

Applications for professors in the School of Biological Sciences will be sought later.

Salary for each position is £A4,250 a year with superannuation on the F.S.S.U. basis.

Beginning in 1966 the work of the University will proceed on two separate sites. The University's work at the new Bedford Park site, 6½ miles south of the city of Adelaide, South Australia, will be organised in the four Schools listed above. Subject to the University Council, the academic work will be under the control of the Bedford Park academic staff, who will be encouraged to develop an individual structure of courses, to foster new developments and to design new syllabuses. Full degree work in the four Schools will begin with first-year courses in 1966, and second and third year courses will be added in succeeding years. Facilities for some honours and postgraduate work will be available from the outset.

By negotiation with the successful candidates, three professors will be asked to take up duty in the second half of 1963 and the others early in 1964. The University's purpose in making these early appointments is to enable the professors to assist in the planning of the academic structure and organisation and to consult with the architects on the detailed planning of the academic buildings.

The Librarian will be expected to take up duty at the earliest possible date so that the ordering and cataloguing of books may begin. It is planned to open the Bedford Park Library with 60,000 volumes. The Librarian, who will be independent of the Barr Smith Library in the University at North Terrace, will be expected to advise on the system of classification to be used and to assist in the detailed planning of the library building.

Enrolments are expected to be about 500 in 1966, rising to about 2,000 in 1970.

A statement giving fuller information about the development of the four Schools at Bedford Park and setting out conditions of appointment may be obtained from the Registrar of the University or from the Secretary, The Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications in duplicate should reach the Registrar, University of Adelaide, North Terrace, Adelaide, South Australia, not later than *January* 16, 1963.

Assistant to General Manager

• AN ESTABLISHED company with a world-wide reputation for quality is expanding. It is a part of a large group of companies with international interests, and situated in the East Midlands. It makes high precision products in batch quantities.

• THIS new appointment is for a man to understudy the General Manager in all aspects of the business with a view to subsequent promotion.

• HE must have a broad education, preferably be a graduate in Economics, Law or kindred subjects and have practical experience in engineering and management. He must also have a keen sense of marketing possibilities. He will be prepared to travel and so a command of some European languages is desirable.

• HIS age will be 35 to 40 and the salary will be negotiated around £3,250.

Write to us as the company's advisers.
Nothing will be disclosed to the company without permission.
Letters should be addressed to A. G. Cole.

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BP requires at its Head Office in London two ASSISTANTS for posts in the Economics and Information Sections of its Planning Division. Applicants, aged 25-30, should have a good degree in economics and ability to handle statistical material. Some experience in applied economics, market analysis and forecasting also desirable. Salary according to age and experience. Non contributory Pension Fund. Assisted House Purchase Scheme. Removal expenses and settling-in allowance payable in certain cases. Luncheon club.—Write, giving full particulars, quoting reference H 5967, to Box 7454, c/o Hanway House, Clark's Place, E.C.2.

British Technical Assistance

PAKISTAN

The Pakistan Industrial Credit and Investment Corporation, an industrial development bank, requires an Investment Banker to manage its investment portfolio. Experience in financial appraisal of industrial projects an advantage. Period of appointment two years. Terms subject to negotiation. Salary and allowances payable by British Government under Colombo Plan arrangements.

Write in confidence to Director of Recruitment, Department of Technical Co-operation, Sanctuary Buildings, Great Smith Street, S.W.1 quoting RC 284/112/01.

THE ROYAL COLLEGE OF SCIENCE AND TECHNOLOGY, GLASGOW.

FACULTY OF INDUSTRIAL AND SOCIAL STUDIES

Applications are invited for posts of
LECTURER and
ASSISTANT LECTURER
in the Department of
INDUSTRIAL ECONOMICS
in the new Faculty of Industrial and Social Studies. The appointments will begin on a date to be arranged but not later than October 1, 1963. Salary scales: Assistant Lecturer—£990 x £50-£1,050; Lecturer—£1,150 x £50-£1,500 x £75-£1,950, initial salary according to qualifications and experience. Membership of F.S.S.U. and Children's Allowance Scheme. Further particulars may be obtained from the Secretary, with whom applications should be lodged not later than December 21, 1962.

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Borough Road, London, S.E.1.
Principal: James E. Garside, M.Sc.Tech., Ph.D., F.R.I.C., F.I.M., F.Inst.F.

DIVISION OF LIBERAL STUDIES
Head of Division:
J. Burnett, M.A., LL.B., Ph.D.

The Governors invite applications for the following appointment on the academic staff of the Polytechnic.

ASSISTANT LECTURER (GRADE B)

Candidates should be graduates in Economics, History, Sociology or related disciplines and have had appropriate teaching experience. Experience in industry or commerce would be an added qualification. Teaching duties will include Dip. Tech. and similar courses. The work of the Division offers opportunities for experimentation in teaching methods; research will be encouraged.

Salary Scale:—

£770 per annum by annual increments to £1,350 plus allowances for training qualifications and experience, together with the "London Allowance" of £45 or £60 according to age. Candidates may be placed at any point on the scale according to qualifications, age, teaching and/or industrial experience.

Further particulars and Application Form, which should be returned as soon as possible, ... from the undersigned.

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BRADFORD INSTITUTE OF TECHNOLOGY

HEAD OF DEPARTMENT OF MANAGEMENT AND ADMINISTRATION

Applications are invited for the above post, at a present salary scale within the range £2,410-£2,850, according to qualifications and experience.

The creation of this new Department is an integral part of the planned development of the Institute as a college of advanced technology. The Department will be responsible for the development of undergraduate courses in Industrial Administration and post-graduate courses in Management studies. Research is strongly encouraged, and Industrial consultancy is permitted.

Applicants should have appropriate academic and industrial qualifications and experience. The ability to direct new development in education and research in management will be the main criterion for the appointment.

Further particulars of the appointment and forms of application, may be obtained from the Registrar, Department 54/J, Bradford Institute of Technology, Bradford, 7.

BBC requires a HEAD OF FRENCH LANGUAGE SERVICES (British subject), a senior executive position in charge of broadcasting output of 4 hours per day to metropolitan France and French-speaking Africa. Responsibilities are wide, not only in the field of broadcasting to these territories, but also in giving advice on their political and cultural life to the BBC's External Services generally. In addition, the holder of the post must have aptitude for controlling a large Department, containing many foreign nationals. Knowledge of the countries to which the broadcasts are directed is essential, together with an interest in current affairs and familiarity with political and cultural developments in France and Africa. Applicants must have keen programme sense, sound political judgment and good working knowledge of French; ability to make written contributions to the output is desirable. Starting salary between £2,650 and £2,910 according to qualifications, with prospects of rising to £3,300. Requests for application forms (enclosing addressed envelope and quoting reference 62.G.465 Ect.) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

TUTORS. A leading correspondence College requires tutors for courses in Economics, commercial and professional subjects. Place of residence unimportant. Brief replies, stating qualifications and subjects to Box 1668, c/o The Economist, 22 Ryder Street, St. James's, London, S.W.1.

CAMBRIDGE UNIVERSITY

LECTURESHIPS OR ASSISTANT LECTURESHIPS IN THE FACULTY OF ECONOMICS AND POLITICS

The Faculty of Economics and Politics invite applications for four vacant posts, of which not more than two may be University Lectureships and the remainder will be University Assistant Lectureships.

The successful candidate for one of these posts will be expected to teach and specialise primarily in the Modern Economic History of the United Kingdom or other countries.

For a second post preference will be given to candidates who wish to teach and specialise in the economics of under-developed countries.

While, for another of the posts, preference may be given to a candidate who has a special interest in banking and finance, applications are invited from candidates whose interests lie in any field of economics.

Further information can be obtained from the Secretary of the Appointments Committee, Faculty of Economics, Sidgwick Avenue, Cambridge, to whom eight copies of the completed application must be sent by December 20, 1962.

For other appointments see pages 719 and 728

The Electricity Council

PRINCIPAL ASSISTANT ECONOMIST

Applications are invited for the superannuable appointment of a PRINCIPAL ASSISTANT ECONOMIST in the Commercial and Development Department at Headquarters in London.

The successful applicant will be responsible for:

Statistical and economic information services, including information on the economics of power in other countries;

economic forecasts in the fields affecting the Electricity Supply Industry;

the formulation of long and short term estimates of electricity requirements;

and will be required to co-operate in developing the Industry's cost, market and user research.

Candidates for the post should preferably have an honours degree in economics and a sound knowledge of modern statistical techniques.

• **Salary within £2,735-£3,430 per annum inclusive.**

Applications stating age, present position, and salary, giving full details of qualifications and experience should be forwarded to the Assistant Secretary (Establishments), The Electricity Council, Winsley Street, W.1, not later than November 30, 1962. Quote ref. ECO 205.

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• MINIMUM formal qualification is 2nd class honours degree in Economics (or equivalent).

• SALARY probably starting between £2,000 and £2,500. Age range preferred 27 to 33.

Write in confidence to us as the company's advisers.
Nothing will be disclosed without permission.
Letters should be addressed to M. J. Graham-Jones.

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(Building Operations and Economics)

The Division of Building Research is about to undertake the study of the application of scientific methods to the whole range of problems associated with building operations and economics and, as a first step, applications are invited for appointment of the research leader of the group. Applicants should have at least an Honours Degree, and an established research reputation, with experience in Operational Research.

The appointee will initially spend some six months at the Building Research Station in England, where this type of research has been developed, to obtain training and experience. He will then, in consultation with senior officers of the Division, plan and implement a research programme and ultimately build up a supporting team.

SALARY : Dependent upon qualifications and experience within the range:

£A3,011—£A3,511 per annum.

Promotion within C.S.I.R.O. is by merit and may ultimately go beyond the upper limit of the scale within which the original appointment is made.

Fares paid for the appointee and his dependent family and return fares to point of origin will be allowed for an appointee, who by mutual arrangement accepts appointment for a fixed term. Further particulars of conditions supplied on application to:

Mr. P. F. Butler, Chief Scientific Liaison Officer, Australian Scientific Liaison Office, Africa House, Kingsway, London, W.C.2.

to whom applications (quoting Appointment No.: 390/303) should be addressed by the *29th December*, 1962.

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH will have a vacancy early in 1963 for a Research Officer (salary scale: £1,350 x £50-£1,800) or an Assistant Research Officer (salary scale: £850 x £50-£1,050), with U.S.S.U. and family allowances. Initial appointment for one or two years, to work on the growth prospects of the British economy. Candidates should have a good degree in economics, with statistics. Applications, with curriculum vitae and names of two referees, to the Secretary at 2 Dean Trench Street, Smith Square, London, S.W.1. by December 14th.

LINCOLN COLLEGE
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AGRICULTURAL ECONOMICS RESEARCH UNIT

The Department of Scientific and Industrial Research has established at Lincoln College a Research Unit in Agricultural Economics under the direction of Professor B. P. Philpott, Head of the Department of Agricultural Economics.

Applications are called for initial appointments to the following positions:

(a) SENIOR RESEARCH OFFICER OR RESEARCH OFFICER to work in fields relating to agricultural production economics.
(b) SENIOR RESEARCH OFFICER OR RESEARCH OFFICER to work in fields related to the marketing of New Zealand agricultural products.
(c) RESEARCH OFFICER to work in the field of interindustry studies with special reference to the agricultural sector.
(d) RESEARCH ASSISTANT to work in the field of land use and land development with special reference to agriculture and forestry.

Qualifications for
(a) and (b) A degree in economics or agricultural economics, or mathematics with some knowledge of economics, and experience in economic research.
(c) A degree in economics or agricultural economics with some experience in social accounting or econometrics.
(d) A degree in agriculture with agricultural economics or farm management, or in economics with some knowledge of agriculture.

Salaries :

Senior Research Officer	£1,750-£2,250
Research Officer	£1,250-£1,700
Research Assistant	Up to £1,200

Conditions of appointment and further details are available from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in New Zealand and London on January 31, 1963.

ECONOMIST

Qualified ECONOMIST, age up to 35, with industrial/commercial experience required by major Oil Company in London. The selected candidate will be responsible for the economic aspects of a small specialist advisory group. Previous experience of Oil Producing Company work would be an advantage. Pensionable post. Salary in accordance with age and experience. Please write in detail quoting No. E/47 to Box No. E.381 c/o Charles Barker & Sons Limited, 20, Cannon Street, London, E.C.4.

For further appointments and other classified advertisements see pages 719 and 727

The Electricity Council

RESEARCH ASSISTANT

(ECONOMIC STUDIES)

Applications are invited for the superannuable appointment of a

SECOND ASSISTANT ENGINEER

to act as Research Assistant for economic and cost studies in the Commercial and Development Department at Headquarters in London.

The successful candidate should preferably have a degree in Economics, with Statistics as a special subject, and will be required to organise and control economic and cost studies arising from a wide range of commercial problems in a rapidly expanding industry. Some knowledge of modern methods of data processing, and the ability to draft reports in outline would be helpful.

• **Salary within £1,540-£2,070 p.a. inclusive.**

Applications stating age, present position and salary, and giving full details of qualifications and experience should be forwarded to the Assistant Secretary (Establishments), The Electricity Council, Winsley Street, W.1, by November 30, 1962—Quote Ref. ECO/206.

'INTERUNIE'

N.V. INTERNATIONALE BELEGGINGS UNIE

Summary of the Second Interim Report for 1962

The issued capital increased from Fls.80,449,000 as of June 30 to Fls.84,219,000 as of October 15. Net assets (investments taken at market) increased from approx. Fls.260,000,000 to approx. Fls. 276,000,000 and the value per share, including duties, etc., from Fls.169.50 to Fls.172.

Our investment policy during the period under review has mainly consisted of making purchases in the oil industry, public utilities, banking and insurance, and in the food section.

Partly as a result of these purchases our interest in financial institutions now stands at 12.3 per cent, that in public utilities at 12.3 per cent and that in the oil industry at 11.5 per cent.

With regard to the geographical spread it may be observed that European investments, excluding Holland, now comprise 14.7 per cent of total net assets (56.8 per cent including Holland), whilst 33.1 per cent is invested in U.S.A. and Canadian securities.

In our previous interim report we already remarked that income from stock dividends, etc., has been decreasing; so far this is still the case.

For full information and copies of the Interim Report please write to:

N.V. INTERNATIONALE BELEGGINGS UNIE 'INTERUNIE'
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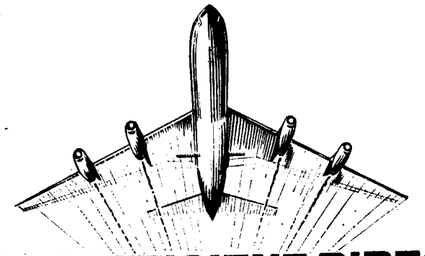

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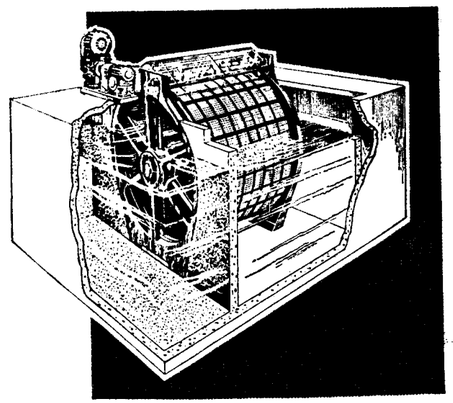

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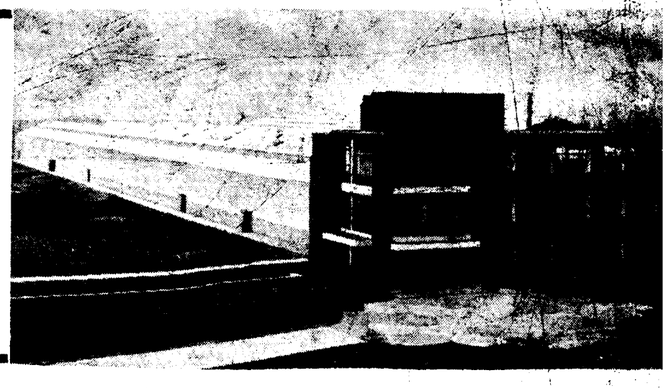

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The Economist

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CANADA

FTER THE STORM PAGES 787 TO 790

HE LEAKING DYKE PAGE 782

CHINA MAO THE MODERATE

NTERNATIONAL BANKING PAGES 791 TO 834

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Guide to contents: see over

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The Economist this Week November 24, 1962

INTERNATIONAL

MEN OF PEACE

The Chinese, having won more than they probably want to keep, are in an admirable position to bargain with the Indians—and to say "I told you so" to the Russians (p. 744).

This Chinese lesson for the Soviet Union is being driven home with theological fervour (p. 747).

Mr Khrushchev, meanwhile, has drawn up an economic balance sheet of the last four years (p. 781).

Mr Nehru's problem is changed, but not removed, by this outbreak of Chinese peace (p. 777).

Mr Khrushchev and Mr Kennedy continue, with impeccable courtesy, to see eye to eye over the **Cuban crisis** (p. 747). While the **United Nations** appears to want to talk about anything rather than Cuba—or India and China—some laurels should be handed to the acting secretary-general (p. 776).

Mr. Malcolm MacDonald may be a better troubleshooter in **Kenya than** Sir **Patrick** Renison was; the pity may be that he did not take over sooner (p. 750)

OLD MEN SEE VISIONS

The general in **France**, the doctor in **Germany**, move in their own mysterious ways. But for the British to decide that they are bad company would be a self-destructive act of political snobbery (p. 741).

General de Gaulle's victory at the elections may give him an obedient parliament but in the end it may be the French communists who are grateful (p. 778).

Dr Adenauer has been given a fortnight's grace to try to repair the damage of the *Spiegel* affair (p. 778).

Lord Avon recalls, in his memoirs, how often he thought and said the right things—the reader remarks how often the wrong things happened (p. 760).

YOUNG MEN DREAM DREAMS

The **common market** negotiators talk about tinned salmon—and think about political union (p. 747). Some of the disagreements between the **Six** themselves are now out in the open (p. 748). A senior British economist **advocates world free trade**, or simply British free trade, as an **alternative** to entry to the common market (p. 753).

In **Mississippi**, the struggle between President Kennedy and the Governor drags on (p. 768).

Our special correspondent, on a second visit to Canada, finds that although Canadians, after a summer of financial and political crisis, are certain that profound changes are needed in their economic policy, they are far from certain what these changes should be (p. 787-p. 790).

At least the **Canadian** government is feeling a lot better than it did during the humiliating days six months ago (p. 782).

King Hassan of **Morocco** has been pushed towards a constitution sooner than he meant (p. 753).

MEN AND MONEY

The more the **United States foreign aid** agency changes, the more it stays the same (p. 767). In **foreign trade** it is now the United States that appeals to tradition (p. 768).

A row is brewing in **Gatt** between the underdeveloped countries and the rest (p. 845).

The American automobile industry is booming (p. 771).

Funds are being raised for at least seventy **cultural centres** in the United States (p. 772).

HOME

BIG BUILD-UP

London's Local Government Bill is an earnest of the intention to refurbish Britain's city administrations: but it too timidly shirks the need for a real reform on the road to true regional planning (p. 745).

A vastly more efficient **construction industry** is needed for the rebuilding of Britain: nothing could achieve this so well as new co-operation between its chaotic and dissident parts (p. 785).

The 531 **town clerks** of English and Welsh boroughs are truly admirable people: but will they be the right people in the coming struggle for urban renewal? (p. 757).

The **regional development councils** in the United Kingdom's depressed areas provide in embryo information and experience for the regional authorities of the future (p. 758).

SMALL SHOW-DOWN

Thursday's five by-elections will at last show whether the opinion polls have been right in showing a Tory recovery from last summer's low—and as a result could determine Government policy both on a general election and on the common market (p. 742).

This session's crop of **private members' bills** is headed by three Labour men's proposals, the best of which is Mr Abse's divorce reform; some Tory private members, though lower down the list, may benefit from Government support (p. 748).

A Home Office committee is to examine **jury service**—with a special look at the shortage of women jurors (p. 749).

Freed by last year's legislation, gambling is said to take up over £1,000 million a year: even though there is an unpopular economic argument that this is a form of saving, a good deal of it should be immediately taxed away (p. 750).

Gratifying as it may seem, the **National Coal Board** is seen in Europe as a dangerous low-cost rival to continental producers (p. 838).

The cause of compensation for **redundant workers**—and of a national jobs insurance scheme—is acquiring new supporters every day (p. 754).

The problems of **hire purchase** businesses have moved from the home to the overseas front (p. 838).

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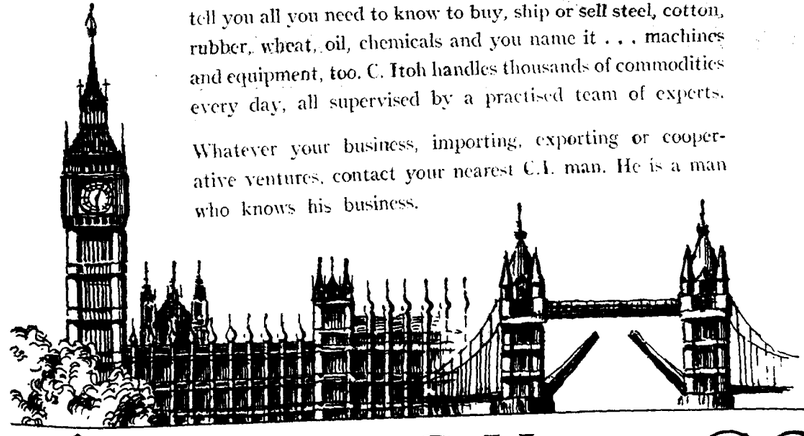

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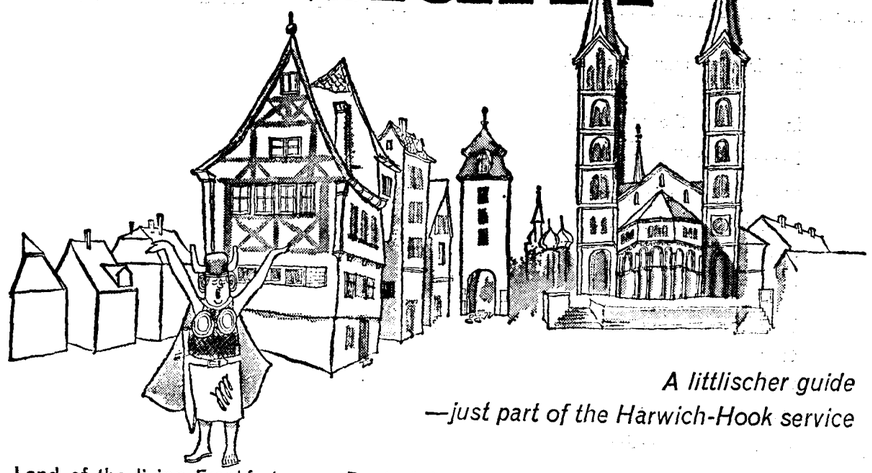

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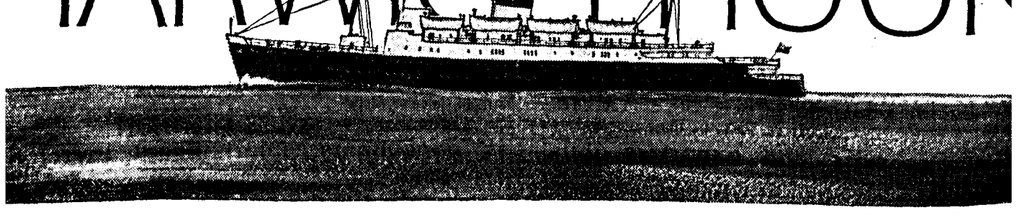

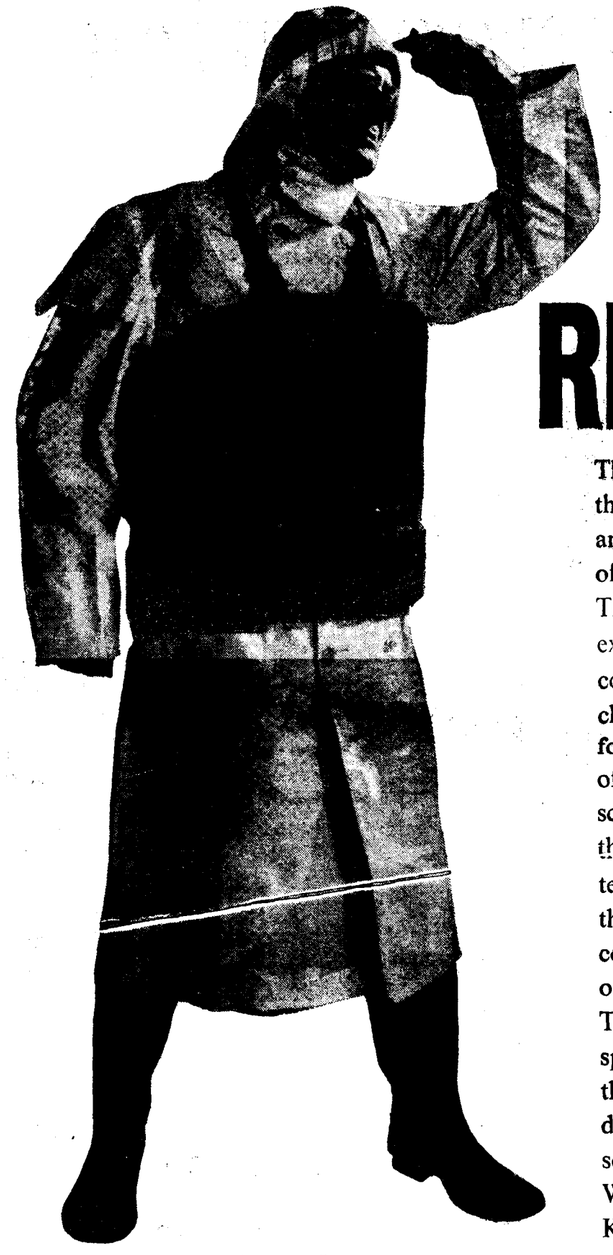

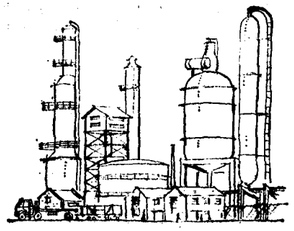

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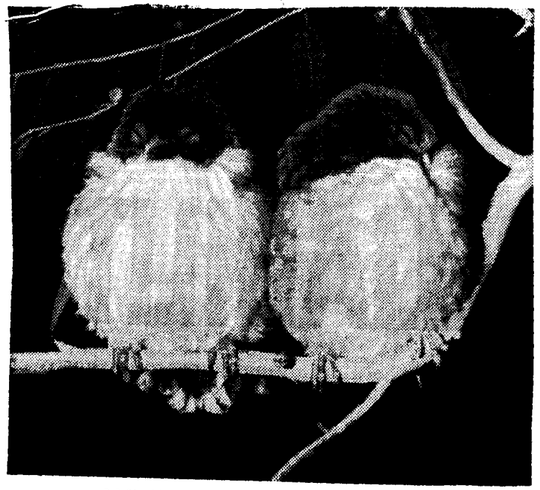

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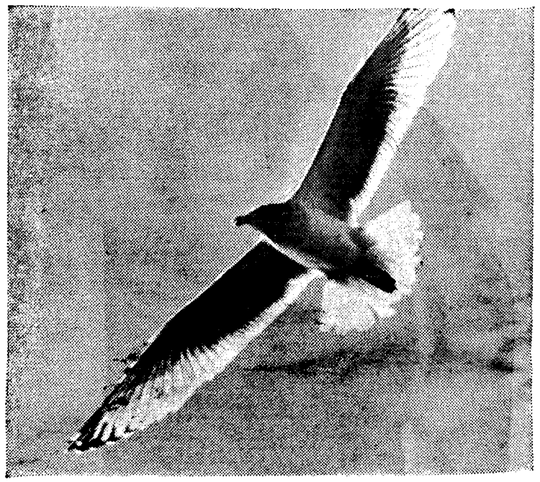

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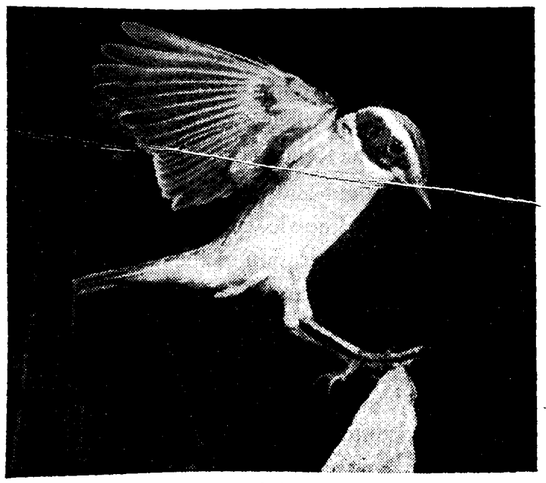

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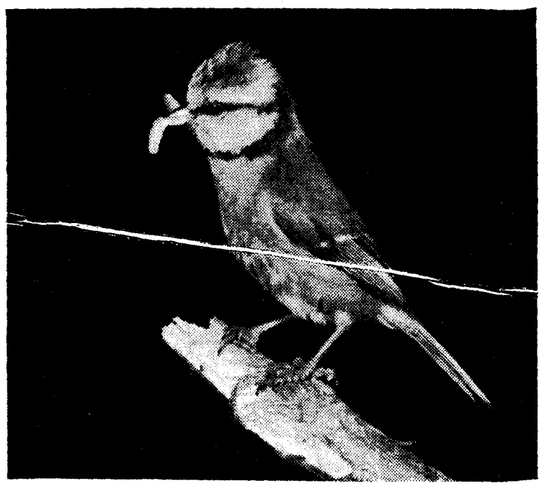

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The Economist

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Franco-German Uncertainties

EVENTS in west Germany and in France this week have given the British food for thought about the political future in the great states of western Europe with which Britain is seeking partnership in the common market. Lord Boothby may have had his tongue in his cheek when he wrote to *The Times* on November 11th that Britain ought to break off the negotiations for entry into the common market because, he said, General de Gaulle's unconstitutional actions, and the behaviour of the Adenauer government in the *Spiegel* case, showed that neither France nor west Germany was a democracy "in the sense that we understand the term." He quickly explained that he had written this to give Mr Heath a bit of backing in his talks at Brussels. In short, it was the stickiness of the French and Germans in negotiation, more than their domestic political errors, that had incensed him. Poor Mr Heath can hardly take the Boothby line; he will not get better terms for newsprint and pigmeat by pointing out to the French and Germans how much their political habits leave to be desired.

All the same, the British are very much concerned with whether France and west Germany are democracies or not, and with what their political future may be. To take France first, British feelings about General de Gaulle's rule have always been mixed. On the one hand, because of his record and his qualities, the general is personally respected in this country, and even widely admired, as was clearly shown by the reception he got when he visited London in 1960. On the other, the manner in which the Fourth Republic was brought down in 1958 made a disagreeable impression. The British dislike anything that looks like an authoritarian form of government; they have not noticed any great friendliness to themselves in French government attitudes since the general took over; and they like to feel that they know where a country is going.

What has happened in France in October and November has not given them any cause for encouragement. In calling for his referendum in October General de Gaulle ostentatiously overrode the constitution and forced the traditional republican parties to challenge him. He appeared bent on breaking those parties, who represent the entire middle belt of French politics between his own UNR and the communists. He has since virtually confirmed that this was his intention, notably in his election broadcast on November 7th, when he declared that the referendum had made plain "that the parties of the past, even when a common professional passion unites them for a moment, do not represent the nation."

Plainly he thought this an excellent thing to prove; one would have preferred him, to the extent that it may have been true, to devote some of his prestige and his power to changing it for the better. As things have turned out (and so far as the first ballot can be conclusive), it does seem that he has had a resounding success in changing things for the worse. The general's own party has had a triumph; the communists have recovered some of their lost voting strength; between these two, the traditional republican parties have been squeezed dry. Thus General de Gaulle seems assured of a clear run of some years of immunity from any serious danger that his actions may be questioned by parliament. But what is parliament's future, with those parties reduced to impotence? What assurance does France have of the future continuity of its government? Gaullist rule is peculiar in combining personal rule with civilised

manners and a civilised treatment of the individual. In short, it reflects the general's personal qualities; but who knows what qualities it will reflect when he is gone? In choosing, quite unnecessarily, to crush the only possible alternative, he is shouldering a heavy responsibility.

West German politics in recent weeks have presented a picture not less baffling, and more unsavoury. Since October 26th, the date of the police raid on the Hamburg weekly, *Der Spiegel*, questioning and probing by politicians and journalists have brought out one deplorable aspect after another of the system of government that has grown up in the thirteen years of Dr Adenauer's dominance. They have not brought out who decided to take this action, or on what grounds, or, except patchily, through what channels the decision was communicated and carried out. The ministers concerned have made a shifty impression under public questioning—some because they had something to hide, others because they do not seem to have known what was going on under their nominal authority.

In the end, the spotlight having settled on the person of the defence minister, Herr Strauss, the Free Democrats on Monday withdrew their ministers from the government to enforce a cabinet reshuffle in which, they hope, Herr Strauss will disappear. No hope has yet been voiced that Dr Adenauer, too, will disappear, but two leading men of Dr Adenauer's own party, Herr Dufhues and Herr Krone, themselves declared last Sunday that the government must be reconstructed in order that public confidence might be restored. Indeed it must; but the things that have been shown to be wrong are bigger than a mere reshuffle will cure. If the ministers cannot answer for what their ministries do, then parliament is not in a position to control the executive; and the German Federal Republic is enjoying not responsible government, but merely the facade of it.

Much to the credit of the west German public, these implications of the *Spiegel* case have not been overlooked. There is no sign of a complacent surrendering of authority to a monarch, as in France; but then, west Germany has no de Gaulle. What can be heard is an uneasy questioning by the Germans, whether the Bonn Republic is, after all, any sounder or stronger in itself than the Weimar Republic was. To put the question is not to provide the answer. The shock to German opinion may have come in time, and may do good. For the moment, it is enough to record that the Bonn edifice, in its constitutional and parliamentary aspects, has shown premature signs of dry-rot; that the Germans are well aware of these signs and find them alarming; but that the disease is more easily diagnosed than cured.

WHAT Britain can do about any of this is limited. It is right to be uneasy, but wrong to act the pharisee; the British have had more luck, in the sense of an immensely more continuous development of their political institutions, but there are times when even those institutions look to be in need of brushing up. Least of all can the British afford to draw the conclusion that they would rid themselves of anxiety by withdrawing from Europe. They could conclude, for what good that does, that they ought to have gone in much earlier. But basically, the decision to seek entry into the common market is a recognition of an existing inextricable involvement of interests—of the fact that the country's future cannot be separated from the course of western Europe's affairs. Britain, if it were now to break away, would not get rid of the involvement, but would merely deprive itself of a voice in what is to happen next.

Bogeys for By-Elections

How to interpret Thursday's results from five British constituencies

BY the time this issue of *The Economist* reaches readers' hands the results of Thursday's five by-elections will be blazoned across the newspaper headlines. Politicians of all parties will be drawing conclusions for their future action (possibly often wrong ones) from the trends in public opinion that they are supposed to show. It is therefore worthwhile, even in a paper that has inconveniently to go to press before Thursday's polls are closed, to look at the bogey scores against which these results should be judged.

The probability is that any Conservative recovery on Thursday may tend to be underestimated in most newspapers this weekend, because most people still have not realised from what a very deep mess the Conservatives were starting. The accidents of the calendar nowadays tend to confine the by-election season in Britain to two brief periods a year, this present one in November and the other in March-July. In the last season, between March and July of this year, there were twelve by-elections. The swings recorded were big enough to suggest that all five Conservative seats contested on Thursday might conceivably have been in danger, if the by-elections in them had been fought then.

The emphasis here should admittedly be on the word "conceivably." The most revealing figure to look for in any by-election—maddening though this may seem to those who abhor to hear the romance of democracy reduced to arid statistical terms—is still the net swing from Conservative to Labour. This can be worked out by taking half the difference between the change since 1959 in the Conservatives' percentage share of the vote and the change in Labour's. For example, if the Conservatives' share of the vote in any constituency falls by 11 per cent and Labour's by 4 per cent, the net swing in that constituency is half of 7 per cent, which is 3½ per cent. This example has been chosen here because it is a useful figure to keep in mind when assessing the current state of Britain's political pulse. It happens that an average net nationwide swing of 3½ per cent at the next general election would be the minimum swing likely to be required by Labour in order to return to power.

In only two of the twelve by-elections between last March and July was the net swing to Labour kept down below this 3½ per cent minimum; these were in coalmining Pontefract and Welsh rural Montgomeryshire, where even by 1959 there had not been so very many Conservative votes left to float away from the Government anyway. In two more of last season's twelve by-elections (Stockton and Lincoln) the net swing to Labour was around 5 per cent. In three others (Orpington, North-east Leicester, and West Derbyshire) it was between 6 and 7 per cent. In the other five (East and West Middlesbrough, North Derby, West Lothian, North Blackpool) it was between 9 and 13 per cent. The average net swing to Labour in these twelve seats was just over 7½ per cent; if one excludes Pontefract and Montgomeryshire as special cases, it was just over 8½ per cent.

THIS last figure, if repeated this week, would have sufficed to deliver four of Thursday's five seats into Labour's hands. The easiest of the five seats for Labour was obviously Glasgow Woodside, where the Opposition needed a swing of only 3.1 per cent in order to win; in unemployment-affected Glasgow on Thursday nearly everybody was expecting the anti-Tory swing to be near to the top of the March-July range (that is, between 9 and 13 per cent). The second easiest seat for the Opposition seemed to be South Northamptonshire, where Labour needed a swing of exactly 7 per cent to win and where, alone among those five seats, there was a new Liberal appearance (i.e. there was no Liberal candidate in 1959); seats with new Liberal appearances are still generally expected to show an above-average swing against the Tories (although perhaps less so nowadays than formerly). In two other of Thursday's seats, South Dorset and Central Norfolk, Labour needed swings of 7.6 and 7.8 per cent respectively. In South Dorset the Tories were at first seriously embarrassed by the appearance of an independent anti-common market Tory, supported by the retiring and recently ennobled former Tory MP (although one has become increasingly doubtful whether it is the Tories whom that sort of independent now hurts most); in Norfolk there has seemed to be an above-average swing away from the Tories for some years. This sort of arithmetic would have left only Chippenham apparently outside Mr Gaitskell's potential grasp; and Chippenham might be sufficiently middle-class and sufficiently far enough west to be seriously threatened by the Liberals. While Labour would need a 10.6 per cent swing from the Tories to win Chippenham, the Liberals would need a 17.6 per cent swing from them to win it; in the three apparently relevant by-elections between last March and last July (i.e. excluding Montgomery but also excluding seats with new Liberal appearances), the average net swing from Conservative to Liberal was 20 per cent.

It follows that, if the Conservatives were to save Thursday's five faggots from burning, they had to rely on one of two things: first, the possibility that there has been a general swing back of opinion to them in the country as a whole since July; secondly, the possibility that, even if there has been no such general swing, the approach towards a pre-general election period might make mildly disgruntled Tories less ready to treat by-elections as an opportunity for casting protest votes and more ready to vote as if they were choosing the government of the day. Throughout most of the March-July period, when Labour was marking up average net swings of between 7½ and 8½ per cent, the public opinion polls were suggesting that, in answer to the question: "How would you vote in a general election tomorrow?," there had been nationwide swings to Labour of only between 4 and 6 per cent. It is quite reasonable to suppose that some Conservatives were more prepared to vote against their party in a by-election at that time than they would have been in a poll to elect a government.

The evidence of what has been happening since July is confusing. In August and to some extent in September, the Gallup polls in the *Daily Telegraph* suggested that the Tories might actually be losing still more ground relative to Labour across the country. Then, in late October and early November—as Mr Gaitskell's Brighton speech against the common market polarised the difference between the main parties—both this Gallup poll and the National Opinion Poll in the *Daily Mail* reported some signs of a sharp Tory recovery; by the beginning of this month both these polls were indicating the net nationwide swing from Tory to Labour since 1959 at only between 3 and 4 per cent (which might not even be enough to win Labour a general election). But by last weekend the Gallup poll in the *Sunday Telegraph* was suggesting that this might have been only a temporary aberration; it was once again putting Labour's lead in the country at a rather higher figure than it had reported during most of the last by-election season between March and July.

Interestingly, however, Gallup's sample polls in the by-election constituencies themselves have not made quite such gloomy reading for the Tories, in England at least. Gallup's last poll, in the *Daily Telegraph* on Thursday, foresaw a very large (nearly 12 per cent) swing against the Conservatives at Glasgow Woodside, but thought that South Northants and Central Norfolk should be narrowly held by the Government (with swings up to 6½ per cent against it), and South Dorset and Chippenham more securely held (with adverse swings of just under 3½ per cent and 5 per cent, respectively). These would be below the swings that the Tories would have had to expect in July, although not sufficiently far below them to give Mr Macmillan much chance of winning an early general election. The National Opinion Poll in the *Daily Mail* this week forecast that there would be the same sort of huge swing against the Conservatives in Glasgow, but again a very significantly smaller one in South Dorset and South Northants (just over 3½ per cent and just over 1 per cent, respectively). For what they are worth, analyses of local council by-elections last month had also suggested a Conservative recovery since July in England, although not at that time quite as big a one as the National Opinion Poll has this week seemed to presage.

BY now the reader will know. One's presumption on Thursday afternoon had to be that the swing against the Conservatives in urban Scotland would probably still be at or above 10 per cent; if so, in order to win an early general election the Conservatives would have to keep the average swing in England down to just below 3 (not merely below 3½) per cent. One difficulty about using Thursday's results as a yardstick is that they will have provided no evidence whether or not there may still be large, Scottish-style swings in progress against the Tories in north-east England (where there are a few marginal Tory seats) and in Lancashire (where there are quite a lot). But perhaps two rough judgments can be made.

If the average net swings to Labour from the Tories in Thursday's four English by-elections are still around or above 5 per cent, then Mr Gaitskell would still be overwhelmingly likely to win an early general election. The guess must be

that, in that event, the Government's main determination would be not to grant him an early election. The Tories' intended strategy would then probably be to press forward with the Brussels negotiations in the hope of achieving Britain's entry into Europe, by January 1, 1964, but without any intention of calling the next general election until the last possible date—in October, 1964.

If Thursday's by-elections have gone better than this for the Government—and, in particular, if the average net swing to Labour in the four English by-elections does prove to have been brought down below about 3½ or 3 per cent—then the Tories' intended strategy would probably be very different. They might then try to complete the Brussels negotiations by next July, announce that ratification will not take place until January, 1964, but work on the assumption that they can successfully hold a general election on the market issue in October, 1963, between Britain's provisional signature at Brussels and its ratification. That is why this batch of by-elections might be peculiarly important; they will not only throw an interesting light on what has been happening to British public opinion in the last few months, but will probably also sharply affect the British Government's intended political strategy for the months immediately ahead. On Labour's side of the fence they may also be taken—perhaps misleadingly—as indicating whether Mr Gaitskell's line on the common market is an election-winner or an election-loser.

Mao the Moderate

They came, they conquered, they go back. Why?

Inscrutably oriental to the end, the Chinese troops who have been chasing outmanœuvred Indians down Himilayan slopes for the past month politely halted on Wednesday, applied their safety catches, and offered to withdraw from some—though not all—of the ground they are holding. This was a surprise, since there seemed to be no military reason why the "frontier guards" whose "defensive actions" (this is Chinese terminology) have carried them deep into India's North-East Frontier Agency should have been obliged to stop just yet. Some pessimists, indeed, not all of them within sound of the guns, had assumed that the Chinese were ready to keep going until they reached the Ceylon straits. In fact, it has never made sense to believe that Mr Mao Tse-tung was embarking on an attempt to occupy the Indian sub-continent. But it did make sense to fear that the Chinese would keep going at the eastern end of the border until they had occupied all the territory they claimed as theirs, and, more, had established a stranglehold on the Brahmaputra river, thus cutting off Assam from India. That they have apparently refrained from doing so calls for an explanation.

The explanation that is going to be offered by some people is that Russia and China co-ordinated their sorties into Cuba and India, and now, having been faced by resolute opponents, have circumspectly co-ordinated their withdrawals. On this interpretation, the simultaneous news on Tuesday night that the Chinese were reining back in the Himalayas, and the Russians were pulling their Ilyushin bombers out of Cuba, was evidence that the communists had been forced to let peace break out all over. It is true that the pretty substantial operation mounted by the Chinese army on the Indian border must have been prepared at about the same time as Mr Khrushchev was preparing to slip his missiles and bombers into Cuba. Nevertheless, this interpretation is much too simple. It ignores the fact that on Tuesday night the Chinese had not been obliged to halt by equal or superior military force (though they might have been later, and further south); it also ignores the rich contempt expressed by the Peking *People's Daily* and *Red Flag* as recently as November 15th and 16th for communist leaders—no names, no pack drill—who flinch from the risk of war.

The real explanation, which is probably quite complex, has to start from the details of the steps proposed by Peking this week. These were precisely what Mr Chou En-lai proposed to Mr Nehru on October 24th, just after the really fierce fighting broke out, and what the Chinese had offered earlier. They include a non-man's-land 25 miles wide, centred on the "line of actual control" as it stood three years ago. At the eastern end of the border, in the North-East Frontier Agency, this line runs more or less along what the Indians claim to be the frontier; at the western end, in Ladakh, it runs more or less along what the Chinese claim to be the frontier.

In other words, the Indians are being offered the right to reoccupy the eastern piece of disputed territory at the price of letting the Chinese hold on to the western piece—minus, in each case, a strip of no-man's-land. This suggests that the primary Chinese objective was what the more cautious commentators always said it was, namely, to win acceptance of their squatters' rights in the barren Ladakh plateau, across which they have built a road connecting Sinkiang with Tibet, by putting pressure on the Indians at the other end of the line. When Mr Krishna Menon prodded them with patrols in Ladakh, they let fly a left hook in the North-East Frontier Agency, incidentally knocking Mr Menon clean out of office.

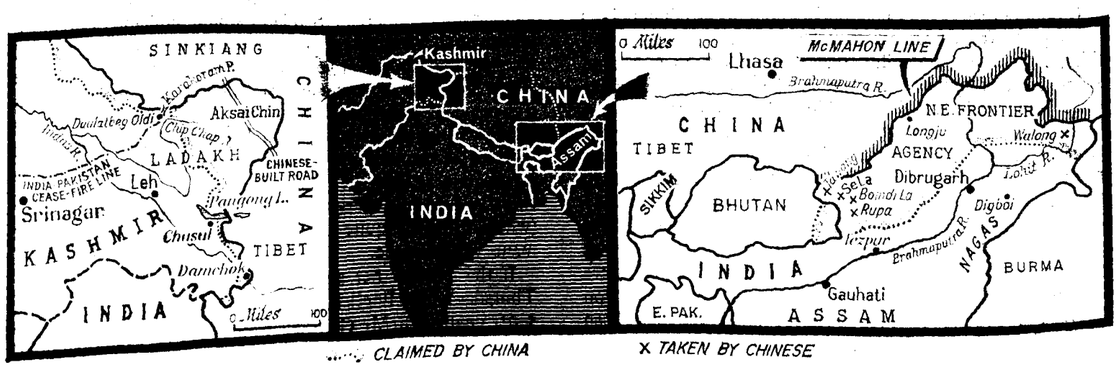
And yet this explanation, neat though it is, does not quite solve the whole puzzle. The Chinese, after all, were already in control of their coveted Ladakh. Why could they not simply have sat tight, and given India a bloody nose if and when it tried to retake the empty plateau? Why, if they felt it necessary to rattle the Indians at the other end of the border, did the rattling have to be quite so savage—and so expensive of China's strained resources? And why was the transition from advance to withdrawal so remarkably abrupt?

It may be that Peking had a secondary objective, which it was prepared to abandon if things did not go its way. This secondary objective would have been to demonstrate to Mr Khrushchev, and the other "revisionists" of the communist world, that the best way to treat bourgeois neutralists like Mr Nehru is to bully them, not give them aid. The Chinese may have hoped that Mr Nehru would knuckle under when he saw the casualty lists, or be replaced by somebody more pliant. In the event, however, Mr Nehru refused to knuckle under; Indian public opinion rallied round, and so did the western powers; and even Mr Khrushchev, after a brief wobble, declined to take the Chinese point. There have been suggestions, indeed, that Moscow put a good deal of pressure on Peking to stop brawling. At this stage, sensing his isolation, Mr Mao Tse-tung may have decided to settle for his more moderate and limited primary objective.

All this is speculation about things past. The next decision, whether or not to accept the Chinese terms, is one for Mr Nehru, and one does not envy him. It can be argued that a chunk of desolate territory in Ladakh, which the Indians have claimed but barely (so far as one can see) set foot on, is a fair price to pay for regaining the stretch of the North-East Frontier Agency that they have just lost—particularly as, pending negotiations, the Indians are being asked merely to accept the Chinese position in Ladakh *de facto*. But this would involve Mr Nehru in accepting, under duress, an exchange which he rejected only a month ago. His chances of subsequently arguing or fighting the Chinese army out of Ladakh must now be reckoned pretty slender; and he would be harried by the memory of that—quite possibly repeatable—left hook towards the Brahmaputra. The decisive consideration may be the obvious unpreparedness, in weapons, tactics and leadership, of the Indian forces on the frontier. If time is needed to put the Indian Army right, time may have to be bought by concessions, maybe only temporary but maybe not, in Ladakh.

Mr Nehru's chief concern, and that of most of the rest of the world, is how deep Mr Mao Tse-tung's current policy of relative moderation goes. The Chinese have shown this week that they are capable of defining a limited objective and stopping when they reach it. If their main concern is really with Ladakh, and if Mr Khrushchev can really put pressure on them to stay moderate, India may feel an easing of the strain.

But one has doubts. It is an uncomfortable thought that Chinese governments, both communist and pre-communist, have had a nasty habit of wanting to fill out what they believe to be the true boundaries of China whenever a respite from famine, internal chaos and external preoccupations has given them a chance to do so. Mr Mao Tse-tung's government has "filled out" Tibet, and the Ladakh bulge. There are other claims on India—not to mention some suspicious vagueness about the Mongolian boundary to the north. It cannot be assumed, because China has offered to regurgitate parts of India's north-eastern territories, that its appetite is satisfied.



..... CLAIMED BY CHINA X TAKEN BY CHINESE

London 1962—and 1982

The new London Government Bill deserves to be attacked, but for precisely the opposite reasons from those which most of its critics will deploy

The jurisdiction of local government in Britain is still determined in the countryside by the travelling pace of the medieval horse, and in London and the bigger county boroughs by the economic range of the Victorian horse-tram. The London Government Bill, published on Thursday, is an earnest, like the work of the local government commissions on Tyneside and Tees-side especially, that the patchwork of antiquated and inefficient authorities must eventually give way to a system that really works. Unfortunatly, it is only a relatively small earnest. The bill is going to be bitterly attacked by the Labour party (which dislikes the break-up of the old Labour-controlled London County Council) and by Conservative suburban councillors (who dislike the impingement upon their own councils' autonomy), on the grounds that it unnecessarily disrupts the existing local government system in London. But the real grounds for criticism of the bill are precisely the reverse of this. Sir Keith Joseph's bill can perhaps be accepted, with reservations, as a step part-way in the right direction. But modern-minded people had better realise now that it will almost certainly have to be rewritten within a comparatively short time: when it is recognised that in reality it does not "disrupt"—which means radically reform—the local government system in London at all sufficiently.

There is always apoplexy among aldermen and local councillors when the label of inadequacy or inefficiency is tied to worthy administrative areas which, from the London County Council to the extraordinary entity of Rutland, are threatened with mergers or extinction. It can be readily conceded that the LCC and Rutland, neither of them accustomed to hiding its light under a bushel, are probably as good as most at doing the local authority jobs of forty years ago. But the essential aim and object of all reforming plans now should be to clear the ground for an administrative

structure that can cope at one level with the needs of the individual (the true level for borough or district council work) and, on a broader plane (the plane which, in future, should be tackled by regionalised local government), with the problems of a rapidly evolving urban community.

Moreover, a major bill like this one should have been designed not merely to deal with this evolving society, but also to look forward to the society that will have evolved in twenty years' time—a society more populous, more mobile, more commuter-minded, more self-sufficient and geographically more spread out from the older conurbations than it has even begun to be today.

The main advance made by the London Government Bill is that it recognises, after generations of ministers had shirked recognising anything of the kind, that London is now, as the Herbert commission discovered, a continuously built-up area with a population of over 8 million, and no longer (as Lord Longford, the LCC and Tory aldermen in Surrey persist in believing) a clearly defined locality of only 3½ million people clustered round the City of Westminster. The first, and entirely welcome, assumption of the bill is that these 8 million Londoners happen to have common interests, especially in matters like town and country planning, overspill housing, and traffic and highways; and that authority for these should therefore rest in a Greater London Council—which should come into being in the autumn of 1964.

The second main argument of the bill, however, is that more local interests (in which the bill includes ordinary housing, education and the personal health and welfare services) should be run by 32 amalgamated boroughs, each corresponding as far as possible in a two-tier system to the most efficient of nineteeth-century administrative concepts, the county borough. There has admittedly been one sensible modification of this second argument. Because education has been tightly integrated in the LCC's area, it would be ridiculous to parcel it out hurriedly among the inexperienced new boroughs. Sir Keith Joseph's predecessor, Dr Hill, decided in May to keep the old LCC's central educational authority intact for the first five years of the new boroughs' existence.

But it is this second argument that will almost certainly have to be further modified as time goes, quickly, by. The one sort of Opposition argument that should be heard with respect during the debates on the bill will be when Labour complains that various departments of the old LCC, say the architect's department and (after a time) the education department, are going to be broken up and their work devolved on to smaller authorities' patchwork departments which will be less efficient. But the real solution, which both political parties have ignored, is that more of these departments' work should have been taken over by a larger authority, that is, by the new GLC. The more closely one reads this bill, the more one becomes convinced that the GLC is woefully unlikely to possess the full authority or the prestige that it will need to sort out London's communal problems. Every time the GLC disagrees with a borough on housing densities (a very real issue in the outlying suburbs with space to spare) it will have probably to wait on a ministerial verdict—a time-wasting process that will probably all too often be resolved, not by the merits of the case, but by some administrative or even politically motivated compromise. The same trouble will crop up over planning. It is true that on main roads the Government has realistically accepted the Herbert commission's argument for a single traffic authority, but planning powers even here are unlikely to be sufficient. Finally, having gone beyond the Herbert commission in creating large and pretty powerful new boroughs (as a sop to the aldermen), the Government has tried to justify itself by giving the suburban boroughs complete authority for education. They are unlikely to be big enough to organise it imaginatively. The bill certainly ought to be amended, in everyone's interest, to give the GLC co-ordinating powers over higher education at the very least. Preferably it should have been given much wider powers than that.

IDEALLY, while many of the effective powers given to the boroughs should have been given to the GLC, the co-ordinating powers that in fact have been given to the GLC should have been given to a body which should have extended over a much wider area still. Some time within the next generation steps will almost certainly have to be taken towards far greater co-ordination, under a body with the GLC's powers, throughout the entire region that is really centred on London—i.e. throughout south-east England as a whole. It would have been wise, even if immensely bold, to take these steps now. The parochial critics of the bill swear that co-ordination is already achieved by the Standing Conference on Greater London Planning (composed of representatives of nine county councils and three county boroughs). So, they say, why not leave the LCC and Middlesex alone as two councils among others? The truth is that (as even a casual conciliar acquaintance with, say, overspill operations should have borne in upon the resisters) this splendid south-east *des patries* is blatantly incapable of effectively guiding and regulating the growth of the region even in the next decade. It is certainly not effective regional administration as Britain will need to experience it in future.

In reform of local government right across the country, the primary aim of both the congested south and the underdeveloped north and west of Britain should now be to give themselves the administrative structure, and the sheer physical and financial scope, to be able to rehouse their populations, to construct their modern transport networks (essential to attract new industry to the north), to develop planning ideas like the radial city and, indeed, to build the six new Birminghams (or, preferably, 60 new Northamptons) which the natural population increase, by itself, will thrust upon this country in twenty years' time. This is the true extent of the radical change that must come, and to which the London bill—which will still leave far too many regional planning decisions to be taken by small boroughs' clerks—is only a very limited contribution. The debate on the bill, if it does nothing else, will pinpoint those who want a country that can run itself properly, and those who stick instinctively to the parish pump and the municipal horse trough. But what a pity that the first assault on the latter has not been more bravely planned.

Appointments, Business and Personal notices, and other Classified Advertisements: pages 865 and 866

NOTES OF THE WEEK

CUBA

How the Crisis Crumbled

ON Tuesday, four weeks and a day after he had revealed the beginning of the Cuban crisis, President Kennedy again appeared on television, at his news conference, to say that it was all over, or almost. A neat bargain had been struck. In return for a promise from Mr Khrushchev to get his Ilyushin bombers out of Cuba within the next month (and to allow them to be counted as they go), the United States had decided to lift its naval blockade of the island. The heat of the affair had subsided long ago when Mr Khrushchev agreed to remove his missiles, but the sour worry of secret and awkward negotiations dragged on until it was dispersed this week by these puffs of good will.

True, a number of loose ends still remain. The United States is still insisting on full satisfaction before giving any formal pledge not to invade Cuba. Mr Kennedy's condition was that an arrangement should be made through the United Nations to inspect the removal of "offensive" weapons from Cuba and to make sure that no more were introduced. While Mr Kennedy seems prepared to accept Mr Khrushchev's word (supported by aerial photography) that the weapons are either out or on the way out, Dr Castro's refusal to accept any form of UN inspection gives the United States a fairly respectable reason for modifying its pledge and continuing the overflights. At his press conference Mr Kennedy repeated the statement he made in the pre-crisis days of September that "we shall neither initiate nor permit aggression in this hemisphere." The rattled Cuban government is not likely to be calmed by this.

Tactfully, Dr Castro was allowed to precede Mr Khrushchev in giving way about the bombers. On Monday, U Thant, the acting secretary-general of the United Nations, received a letter from the Cuban prime minister in which he said he had no objection if the Soviet government took away its "antiquated" property. It is much harder for the Cubans to accept the continuance of American air reconnaissance over their country, but Dr Castro will probably not be so foolish as to act on his earlier threat to shoot down American reconnaissance aircraft.

With the passing of the nuclear storm, there is a growing feeling among some Latin Americans that the calm should be used first, to get some general ban on nuclear weapons in the region and second, to attempt a less acid relationship with Cuba. There is even the belief that Dr Castro's government, after its shaking, might be more amenable. But President Kennedy made it plain on Tuesday that his thoughts are not directed towards any sort of *détente*.

CHINA AND RUSSIA

By Marx Anointed?

ACCORDING to Peking, the Russian bear has come to love its comfort far too much; it is fit for a bourgeois zoo, but never for leading the world through the necessary revolution to communism. Even before the Cuban crisis and the Chinese lunge into India—which served to remind Mr Khrushchev of Mr Mao Tse-tung's dictum that "power grows from the barrel of a gun"—the theoreticians of Moscow and Peking were disputing the sacred texts of Marx, Lenin and the Moscow declarations of 1957 and 1960 as keenly as medieval theologians. Since Cuba, the dispute has grown hotter.

In the current number of *Red Flag*, the Chinese probe deep into their differences with the Soviet Union. They argue that the purity of the revolutionary spirit of Marxism-Leninism is at stake. Had the revisionists (that is, Mr Khrushchev) not been "awed" by the superficial power of the Americans, the Cuban crisis would have yielded a victory, not a defeat. The Russians, though not by name, are portrayed as pacifists prepared to sacrifice the interests of the communist revolution in underdeveloped countries if their own security is threatened. The journal also reminds communists under Russia's influence that the "doctrinaire" attempt to make the Chinese "apply mechanically" the experience of others has "caused exceptionally serious losses to the Chinese revolution."

Pravda countered all this with the Russian case in a page-long article by Mr Ponomarev, a party secretary and a leading theorist, on November 17th. Mr Ponomarev argued that the Albanians talked about peaceful coexistence but were hypocrites because they had pushed humanity towards a thermonuclear war. (If this sounds odd, read "Chinese" for "Albanians.") In addition, the Chinese were indirectly accused of being against the "peaceful normalisation of international problems, different forms of transition to socialism, and the struggle for disarmament." The Russians seem to have no intention of changing their attitude towards the Chinese. Perhaps they feel that they can still turn the economic screws enough to keep China in order.

Meanwhile there has been a direct confrontation of the two points of view at the Hungarian party congress. Mr Wu Hsiu-chan, the chief Chinese delegate, who a fortnight ago had to come to the defence of his Albanian friends at the Bulgarian party congress, found himself playing the same part in Budapest this week, after heavy (and heavily applauded) attacks on the Albanians by Mr Kadar and by the Soviet delegate, Mr Kuusinen. Perhaps Mr Wu's next appearance will be at the imminent Czechoslovak party congress.

COMMON MARKET

In Search of an Author

BY now the meetings between the Six and Mr Heath have begun to resemble a play by Pirandello. In the centre of the stage, clustered around the massive Belgian woodwork of the conference table, sit the ministers and their aides. The tariff charts, the careful agricultural statistics, the detailed policy papers, the fine points with the pencilled query in the margin, all of these constitute the action of the play. Indeed its significance cannot be denied, for out of this drama will emerge an economic reality that will affect the British sheep farmer as readily as it will the French motor car worker.

And so one pays close attention to the surface (though significant) reality of the Brussels stage during the last meeting of the ministers: a general agreement to leave the common market's door open to the African Commonwealth countries that have rejected association; compromises and general agreement on some processed foods from Australia, Canada and New Zealand; the tabling of decisions on important controversial issues—including duty cuts and tariff quotas on dried and canned fruit and salmon. It is all somehow as reassuring as it is, by now, tedious.

And yet beneath the surface dialogue of the play, the actors (as well as the audience) sense another reality, one whose purpose and implications are less clear. There is, to be sure, an understanding that what is resolved in Brussels between Britain and the Six impinges upon the rest of the world. Angry sounds to that effect could be heard on Monday from Paris, where the American Secretary of Agriculture, Mr Orville Freeman, spoke out at a meeting of the Organisation for Economic Co-operation and Development against restrictive agricultural policies in the European community. There have also been candid suggestions from the west Germans to the effect that any associated states recognising east Germany should be denied the privileges of association. And, more explicitly, there was Herr Hallstein's address to the Nato parliamentarians on November 12th, when he said,

What is emerging . . . is not just an economic union. Rather it is a political union, so far limited to the economic and social fields.

When that political union will flesh out, and what form it will assume—in foreign, defence or monetary policies, the redistribution of national income, educational and cultural programmes—is unclear at the moment. But that it really is the culminating point of the drama and the resolution of the repertory in Brussels seems to be quietly understood by all those vitally concerned in the action. It is this reality, much more than the obvious (and important) one concerned with nil tariffs and temperate foodstuffs, that imparts a genuine sense of excitement and history to the proceedings.

The Six Grasp a Nettle

AT Mr Heath's request, the prickly question of the agricultural finance regulations was brought up again during last week's ministerial talks in Brussels, though not between the Six and himself. The Six are again grasping this particular nettle among themselves, and the disagreements within them, latent since their own farm agreement of January 14th, are now in the open.

As explained in *The Economist* last week (page 646), the January regulations gave community agricultural producers—chiefly France—the considerable advantage of selling their surpluses on the world market, with aid from the Community kitty replacing national subsidies from 1970 onwards. Part of the community's funds is to come from the full proceeds of the levies on farm produce bought from non-member countries by community agricultural importers—chiefly Germany. But this last point, though agreed in principle by the Six (and by Britain) has not yet been ratified, and France wishes to make the commitment legally irrevocable for Germany, as for Britain, by including the point in the British membership treaty, which must be ratified by everybody.

Other countries, however, do not feel the same urgency about ratification. Germany and the Netherlands have pointed out that agricultural levies form only part of the total contribution to the community fund, which, according to Article 201 of the Rome Treaty, may raise its revenue also from the common customs tariff. Germany claims, with some reason, that these concrete amounts can only be estimated nearer 1970 when the common agricultural policy is in fuller swing—especially as the community price level for cereals, the key factor in setting the size of the levies, will not be known until next summer. Only later, according to Germany, can the whole picture be seen and a judgment made on whether some members risk paying grossly unfair amounts into the common till.

France agreed last week that the question of an equitable sharing of the financial burden should be studied, though it is more likely that "equity" will be differently interpreted in Paris and Bonn. In the meantime the commission is to study the question, and to give its advice on December 3rd and 4th. For its part, the commission appears to be thoroughly anxious to find a speedy compromise within the framework of the January agreement. Although it gave advantages to France, the commission favoured this agreement because it marked the imperfect beginning of a genuinely common agricultural policy with a community-earned communal fund. Above all, it fears that the January settlement may be thrown back into the melting pot—a major setback for the Six and probably also for the British negotiations.

Mr Heath himself does not return to Brussels until December 10th. But Britain's interest in the outcome is obvious, particularly as, in August, M. Couve de Murville threatened to repudiate the tentative agreement on temperate foodstuffs if he did not receive satisfaction on the question of the financial regulations.

The Economist

NOVEMBER 22, 1862

THE GAROTTERS

LONDON suffers bitterly from the garotters, and is half inclined to revenge itself by smothering the official life out of the Director of English Convict Prisons, Sir Joshua Jebb. No man feels quite safe alone in the streets after dark,—and as it is impossible to revenge yourself for a state of insecurity on the possible criminals who inspire the awe,—the many who naturally resent the *idea* of sudden seizure from behind, of convulsive chokings, and loss of property, and perhaps health or life, and the few who resent the actual violence and depredation and who have lost sight of their criminal, unite to lavish opprobrium on the chief of our convict-treating executive. This is perhaps rather hard on Sir Joshua, since, no doubt, London necks might be in considerable peril, especially in November fogs, without any fault whatever on his part, and even though crime were diminishing rapidly in England. The immediate fault probably lies more with the police system than with our policy towards criminals. And if it could be shown that the criminal class is really diminishing, or even not increasing, no doubt Sir Joshua Jebb might be absolved from all responsibility for this kind of crime, though not from the charge that he omits to do much which he might do to diminish it. . . . The great charge against the English system is, that it is so exceedingly badly organised as to lose sight of criminals once discharged entirely,—and it is, in fact, well known that the convicts discharged form a most important nucleus of the class committed to county prisons,—not only educating many of them who are apprehended and committed for minor offences, but themselves, under new names and unrecognised by the police, constituting no small portion of the number of offenders. If the proper machinery were at work to identify any man who had once been discharged from a convict prison, wherever again he might turn up, there would be far fewer of these summarily punished offences, numbers of which are committed by men who would be committed for trial and convicted as hardened offenders, if they were recognised.

PRIVATE MEMBERS' BILLS

Wasted Opportunities

BECAUSE of the pressure on parliamentary time, only seven or eight of the twenty MPs who are lucky in the ballot for private members' bills generally have any real chance of seeing their measures reach the statute book. This year, by coincidence, Labour MPs drew the first three places in the ballot, followed by an unbroken succession of Conservatives. Two of these three Labour MPs seem to have thrown away their opportunity of being successful legislators by sponsoring measures that are either far too complicated or far too blatantly political to be properly dealt with under private members' procedure.

Mr Howell, at the top of the list, is to introduce an ambitious bill that would enable leaseholders of residential property to buy its freehold as of right. It is admittedly rather better drafted than most amateur proposals for leasehold enfranchisement. While envisaging that the price for the freehold should *prima facie* be not more than twenty-five times the ground rent, it seeks to confer a wide discretion on the county courts to fix a higher price for it should the conditions warrant. Matters which the court would have to take into account in fixing the price for the freehold are the date of the original granting of the lease, the actual ground rent, the length of the unexpired term, the way in which the tenant has maintained or improved the property, and any change in money values between the granting of the lease and service by the lessee of his intention to buy the freehold. Six months' notice of this intention would have to be given and there would be no right of purchase if the lease had less than five years to run. Mr Howell has had the aid of Sir Frank Soskice in drafting his bill, but this is pre-eminently the sort of complicated and controversial measure that really cannot be handled successfully by a private member. It is interesting mainly as a preview of the sort of legislation that a Labour government might introduce.

Mr Lipton, third on the list, is to introduce a bill which proposes (with some justification) that widowed mothers should not have any deductions made from their pensions when they earn extra money by going out to work; and which would increase from £3 10s. to £4 10s. a week the money that widows without children are allowed to earn before deductions from their pensions are made. But Mr Lipton's bill then goes on to some blatant electioneering by proposing that the pension of the "ten shilling widow" should be doubled. These are women who were entitled to their ten shillings a week pension from pre-Beveridge days, but were rightly not made eligible for extra widows' pensions (as distinct from other social insurance benefits) after these reforms, because they were both sufficiently young and sufficiently unencumbered with children to earn their living in the normal way. There is no more reason for giving an extra ten shillings a week to them than there would be for giving an extra ten shillings a week to all spinsters.

Grounds for Divorce

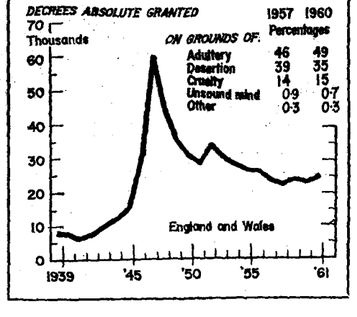
IN second place on the list of private members' bills. Mr Abse's proposed divorce bill is good as far as it goes. One of its objects is to make reconciliation easier. At present, a divorce cannot be granted on grounds of desertion if during the desertion period of three years the husband and wife live together even for a short time in an attempt at reconciliation that does not succeed: the three years then have to start over again. In line with a proposal of the royal commission on divorce, Mr Abse's bill would allow them to live together for a month. Another—but more controversial—proposal goes near to the heart of the matter. Mr Abse suggests that, even if there is no "matrimonial offence," a marriage that has broken down so irretrievably that the parties have been living apart for seven years should be dissoluble on the petition of either.

The most sensible basis for divorce law would surely be that the courts could dissolve any marriage if they felt convinced that it had irretrievably broken down; but that otherwise divorces should not be granted at all, instead of being easily arrangeable between consenting parties merely by the husband spending a sordid weekend in Brighton. This was the reform suggested by Lord Walker in his dissenting note to the report of the royal commission on divorce. Mr Abse's suggestion, by departing from the present idea of divorces based almost wholly on "matrimonial offences," might be a worthwhile step towards eventually establishing this sort of system.

There is one other point that should be recommended to his attention. At present divorces on the ground of incurable insanity—the one clear permitted departure from the doctrine of the matrimonial offence—are becoming much harder to obtain. Even if the law's stipulation of five years' continuous care and treatment is fulfilled, which is rare in these days of informal admission to hospital, it is increasingly unusual for a person to be deemed "incurably of unsound mind." Yet the mental illness may still be serious enough to cause a complete breakdown of the marriage, usually because of the delusions it produces. In these circumstances, the other party's only recourse at present is to petition for divorce on the grounds of cruelty. Then, however, he or she may be countered by the McNaughten rules, which have been held to be a good defence to a cruelty allegation. Thus, a person can be found mad enough not to know that he was being cruel or that his cruelty was wrong, but not mad enough for a spouse to obtain a divorce on the ground of insanity. This is something Mr Abse might well look at—always provided that we have to continue to put up with the present law and cannot adopt *in toto* Lord Walker's sensible principle.

DIVORCE

The ups and downs in the number of divorces partly reflect changes in legislation (e.g. the Matrimonial Causes Act of 1937; the Legal Aid and Advice Act of 1949 and later changes in the income limits under it) and partly the upheaval in married life caused by the war. As regards grounds for divorce, there is no clear difference between the sexes in adultery and desertion, but cruelty occurs mainly in decrees granted to the wife.



Conservative Also Rans

BELOW these three Labour MPs' bills, a succession of Convervative MPs are to introduce measures that may well have departmental backing. Mr Speir, who drew fourth place in the ballot, is sponsoring a bill which would increase the powers of local authorities to spend money on projects and schemes that at the moment require the sanction of the Minister of Local Government. The main effect of the bill would be to streamline procedure, and to allow the equivalent of up to a 1d. rate to be spent on items mentioned in an attached schedule. Most of them will probably be sensible. Mr Cooke is sponsoring a bill to provide further protection for the surroundings of historic buildings. It provides that where any planning decision has to be taken within half a mile of a building scheduled as Grade I, the owner of the building must be informed of the development proposals, and that his views must be submitted with others to the Ministry of Local Government to be taken into account when a decision is taken. Miss Vickers proposes some worthy improvements in the guardianship of infants.

Mr Biggs-Davison, seventh in the list, is introducing a minor bill to regularise the practice of consular officers in the United Kingdom in administering oaths and performing other legal duties on behalf of their countries. This practice is recognised by treaty but at present has no statutory authority. Sir Harry Legge-Bourke, eighth in the list, is introducing the bill to provide for the compulsory statutory registration of estate agents which was discussed—and criticised—in *The Economist* of November 10th. It could far too easily become a charter for estate agents' restrictive practices. Mr Alan Brown has a worthwhile-sounding bill which proposes to give the Ministry of Health power to control the standards of private nursing homes by regulation. Sir Charles Mott-Radclyffe proposes to make the redemption of certain corn rents a simpler operation, and Mr Henry Price, eleventh in the list, wants to impose further limitations on the discharge of oil sludge into the sea. This is already regulated by an Act of 1955; but the present bill, which commands wide support in the House, would strengthen its provisions.

THE LAW

Juries Up to Date?

THE announcement by the Home Secretary that he intends to appoint a departmental committee to review "a number of general questions" regarding jury service, including the representation of women, is welcome. Such an inquiry has not taken place for half a century, and there are a number of anomalies and anachronisms

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connected with this venerable institution which could profitably be swept away. The qualifications for jury service in Britain owe more to the 1820s than the 1960s. To be a juror a man must be either a £10 freeholder, a £20 long leaseholder, a householder in the valuation list of £30 in London and Middlesex (or £20 elsewhere), or occupy a house with not less than fifteen windows. In the past, this property qualification has given juries a distinctly middle class tinge, but the rise in property values has enabled many working class people to serve on juries. When the new valuation list comes into force next year the number of potential jurymen will be greatly expanded, and the property qualification will have become more irrelevant than ever. It will still, however, limit the number of women eligible for jury service. More men than women occupy property, and accordingly most jurors—generally nine or ten out of each twelve—are men.

Jury service is one of the last survivals of the medieval principle of compulsory public office, and over the years a large number of exemptions have been established. Practising barristers, peers, MPs, veterinary surgeons, the staff of the Inland Revenue and clergymen are exempted; lunatics are disqualified, and people with urgent business excuses are sometimes let off. In the past jurymen were expected to give their services for nothing; this could involve them in heavy financial loss. Now, under the Juries Acts of 1949 and 1954, payment is made for jury service. Anyone who is summoned and attends the court, whether he actually serves or not, is entitled to draw travelling and subsistence allowances, and to receive compensation for loss of earnings or for additional expenses up to a limit of £1 for four hours or £2 for a longer period in one day.

A reasonable reform would be to abolish the property qualification and make all those on the electoral roll liable for jury service. A simple literacy test should be required. At present, inability to read or write is not a disqualification; but if it comes to light it is frequently (and fortunately) taken as an excuse for non-service in cases where jurors might have to study documents. In place of the vested interests of certain professions who have exemption as of right, a more flexible rule of wider application should be introduced, excusing those from jury service who show good cause why they should not serve.

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KENYA

Stitch in Time

SOME time before the Colonial Secretary, Mr Sandys, intended to tell the world about it, a leakage in the *East African Standard* of November 17th revealed to all that the Governor of Kenya, Sir Patrick Renison, had resigned—an action, Sir Patrick explained on the 21st, not of his own choosing. With all due respect to Sir Patrick, a pleasant man and a perfectly competent administrator, the main criticism that can be made of Mr Sandys's action is that it has come so late. The new governor, Mr Malcolm MacDonald, may possibly turn out the kind of experienced troubleshooter Kenya needs; this need has already existed unfilled for too long. In a somewhat petulant statement on Sunday night Mr Sandys admitted that his predecessor, Mr Maudling, had decided upon replacing Sir Patrick "in the final stage of Kenya's advance to independence"; Mr Sandys apparently thinks that "the turn of the year would be the appropriate time" to change governor.

Governor going

But why not right now? Why not six months ago? Sir Patrick has proved himself a good rule-book governor, but what Kenya needs is a skilled negotiator able to get in the thick of it and try to bring enough of Kenya's politicians together to form a stable government before independence. That is to say, he must do what the United Nations set out to do in the Congo—but now, not after the collapse.

The British Government is proving unnecessarily slow in other ways. The Kenya constitutional conference in April ended with a framework constitution and a coalition government. The constitutional details were to be filled in, after inter-party consultation, by July 31st this year; the Kenya African politicians have themselves to blame for the fact that they have not yet been settled. But the British Government took on the task of appointing five commissions to decide on regional and constituency boundaries, income and expenditure, and the secessionist demands of the Somalis in the Northern Frontier District. It has been known all along that these decisions must be made before elections can be held ("autumn elections" was the catchphrase last spring), yet the NFD commission was not in operation until the middle of October. Is Sir Patrick or the Colonial Office in London to blame for these delays? None of the commissions has yet reported.

Because of the delays Mr Sandys seems to favour elections in June (independence cannot then be far behind), but almost everyone in Kenya wants them sooner, and Mr Jomo Kenyatta sooner than that. Elections too soon might mean making errors due to haste, but elections delayed might increase the danger of violence from impatient youth-wingers, as well as prolong the jittery run-down in the economy. Perhaps Mr MacDonald can sort some of Mr Sandys's problems out.

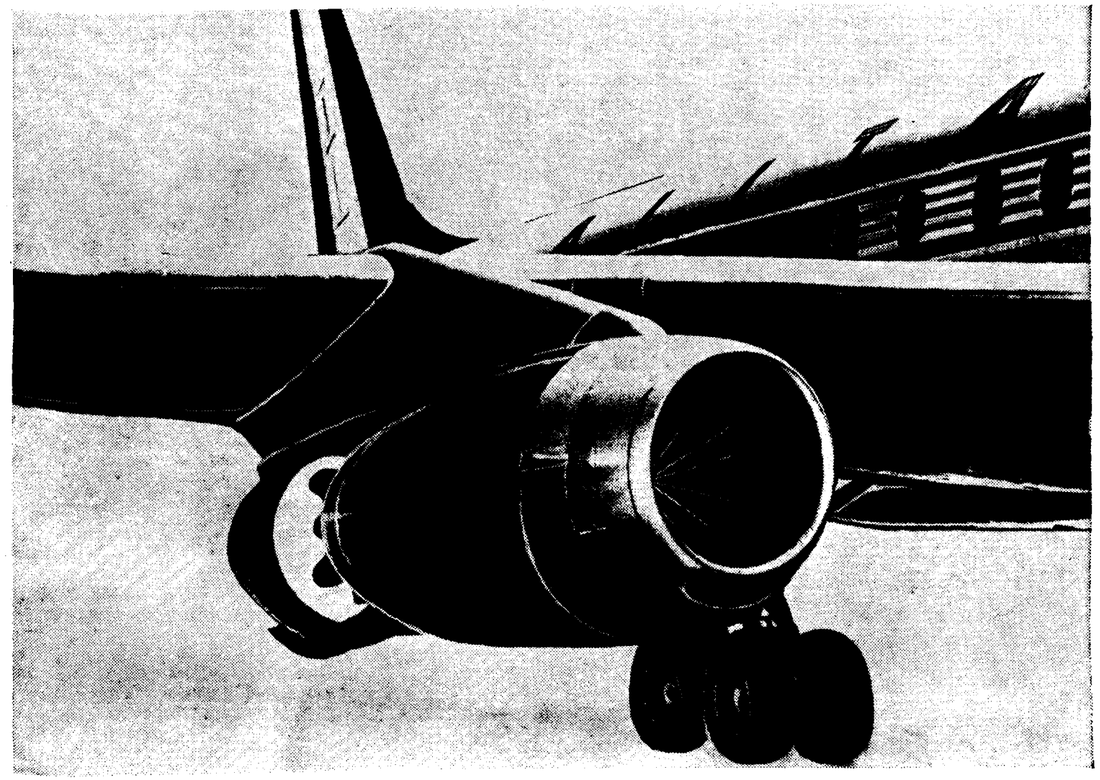
GAMBLING

Rien Ne Va Plus?

AFTER just over a year of operation, the Betting and Gaming Act is now coming under fire from all the expected places, as well as from some unexpected ones. It is obvious from common observation that betting shops have proved to be a booming business, and that the newly-legal device of setting up "non-profit-making" clubs has enabled some people to make lush ancillary profits out of staging poor man's bingo and rich man's *chemin de fer*. It is probable that gambling turnover in this country has increased substantially; although all statistics of this turnover are wildly suspect, some people think that the increase has been by more than one quarter, to over £1,000 million a year. This is idle money, the argument runs, ten times as much as the country spends on much worthier objects, providing nothing and producing nothing, and corrupting the honour and pattern of life of formerly diligent Britons.

Off the street

Idle the money may be, but it would be wrong to think that it could be diverted to anything more useful by, for instance, revoking the Act and driving gaming back under the counter and on to the street corner; when it is under the counter its moral effect (for example, in inducing rival



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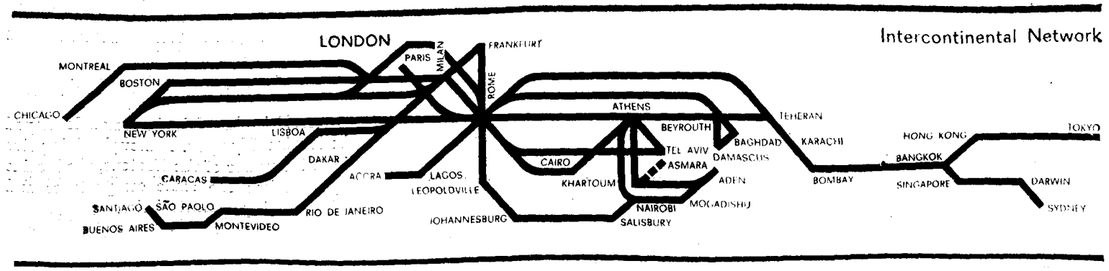

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gangs of street bookmakers to stick knives into each other) may be thought to be somewhat worse. Moreover, the supposed £1,000 million a year is not pre-empting anything like £1,000 million a year of real resources; it is, in fact, almost a form of saving (in the sense of not being a consumption of resources) for the nation, whatever the punter may think on his shirtless way home. As to its corrupting effect on the honour of Englishmen, the bingo parlour is not a very inspiring development of the mid-twentieth century; but one doubts whether the moral tone of the country would be greatly improved by legislating it away.

The right thing to do now is surely to tax off the cream of this boom instead. There is nothing to stop the Government from taking a house percentage from the kitty every time it passes—either by a turnover tax on betting or by heavy annual licensing fees for everybody who operates any form of gambling establishment. Special taxes are already imposed on pool and tote betting, and on bookmakers at greyhound racing tracks; next April Mr Maudling should certainly impose similar taxes on other branches of the industry as well.

MOROCCO

Constitutional Clash

Morocco's opposition party, the Union Nationale des Forces Populaires, announced on November 15th that it would boycott the constitutional referendum that King Hassan is to hold on December 7th. The UNFP demands that the constitution should be made by a constituent assembly, not handed out from the palace—as has been done. Spurred by his fear of Algeria's contagious socialism, the king took the country by surprise in proclaiming his constitution a month earlier than expected. Its existence was announced on November 6th and its outlines made known last Sunday.

The design for parliamentary government is Gaullist. Like President de Gaulle, the king presides at cabinet meetings and has power to dissolve parliament. He may also seek popular mandates by referendum, provided the question at issue has first been debated in parliament. Such powers, until they are used, are hard for the man in the street to judge. The one simple fact that the simple voter will cherish is that the chamber of representatives is to be freely elected; and that free parliamentary elections are promised without delay.

The king moved quickly when he had to abandon his hope of coaxing the UNFP to combine with the Istiqlal (government) party to give the constitution a backing. These hopes were not entirely unfounded. Some members of the opposition believed that to co-operate now would strengthen their own hands later. Only three weeks ago the UNFP's mild Mr Boutaleb joined the government as under-secretary for information. Such key men as Mr Balafrej of the Istiqlal, and Mr Bouabid of the UNFP, are known to have been at odds with extremists in their parties. The obstacle was Mr ben Barka, who never swerves from his goal of becoming first president of a Moroccan republic. His claim that the motor-car accident in which he was injured last Saturday was engineered by a police car with intent to kill him would be difficult to prove in a country whose road accident rate is so high. But his party is making much of it. The sparks are bound to fly in the referendum campaign, beginning now.

FREE TRADE

Alternatives to Europe?

Professor James Meade, the professor of political economy at Cambridge, is sometimes cited by anti-marketeers as perhaps the senior British professor of economics who is in some way "against the common market." In a new 5,000 word prologue to a revised version* of his Hobart paper on the subject he has now made his position a bit more clear. On political grounds, he is what might be called a liberal nostalgic for the Commonwealth. On economic grounds he agrees that, while "the purely static calculus of commercial gain and loss is probably very evenly balanced," the dynamic effects—the "free trade advantages of specialisation, large-scale markets and a competitive spur to efficiency on a very substantial scale"—could tilt the short-term balance of advantage for Britain itself in favour of going in.

But Professor Meade's long-term aim is to see "the formation of a huge free-trade community by the highly-developed, industrialised countries of the free enterprise world"—a community that would impose no tariffs at all on imports from anybody. He sees a "very strong case" for saying that British entry into the Six might be one way of enabling us to work slowly (very slowly) towards this idea; but he believes increasingly that the final terms that we will be able to get at Brussels "may well fall far short" of those that we need to ensure that the EEC will in fact work in this way. He therefore pleads that Britain should be considering two other possible alternatives.

One of these is that Britain, together with the Commonwealth and EFTA countries, should take the lead in proposing multilateral trade negotiations through GATT, designed to try to advance towards free-trading policies by all the developed countries of the world. He does not devote very much space to this alternative, and most people will believe that present Commonwealth attitudes would make it unrealistic to do so. His second alternative, which he thinks that Britain should "consider very seriously" if we fail to get into EEC, is a unilateral advance towards free trade by Britain itself. He would like a Britain going flat out for economic expan-

* "The Common Market: Is there an Alternative?" Institute of Economic Affairs, 68 pages, 3s.

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sion, with virtually complete free-trade policies on nineteenth century lines, with the balance of payments protected by an initial devaluation of sterling (and thereafter by floating exchange rates), as well as by "a really effective policy of restraint for money wage rates" (made morally more justifiable by higher taxes on owners of property). Specifically included in his free-trade policies would be a repeal of the 1957 Agricultural Act, so as to "impose some moderate upper limit" on the amount of subsidies paid to British farmers. If Britain fails to get into the EEC, these will be the right sorts of policy to urge on British politicians; but they are singularly unlikely to be the sorts of policy that we will in fact get.

REDUNDANCY

Paying for the Sack

THE cause of a national redundancy payments scheme—which *The Economist* has been pleading for some years—has now gathered to itself a group of fervent apostles. The latest and one of the most thoughtful of these was Mr Iain M. Stewart, at the Industrial Co-Partnership Association last Tuesday. Mr Stewart's basic argument is the right one: that by paying people adequately for becoming unemployed it should be possible to achieve at once a social objective—by removing the stigma of the sack, the stopped hire-purchase payments, and the traditional misery of the unemployed state—and at the same time to increase industrial efficiency.

The most ridiculous of Britain's economic dilemmas is a shortage of labour for the expanding trades, existing alongside a surplus of labour in many traditional occupations. Even in some industries that pass for efficient in Britain, foreign observers are often stunned at the number of people who simply do not have enough to occupy their time. This is due (as well as to plain managerial incompetence) to the fact that "good" employers are plain scared of losing their reputation as such—even of facing a strike—if they lay off unneeded workers. Only by taking the fear out of unemployment can this reaction to increased efficiency and mechanisation be avoided.

Mr Stewart proposes a national scheme for redundancy payments and re-training, financed by a payroll tax (and perhaps also by workers' contributions). This trust, he suggests, should be partly administered by the Trades Union Congress, in order to give union leaders an active part in ensuring that their own members shift jobs. The trust would be matched by the establishment of a contract of service between all workpeople and their employers (perhaps along the lines of the Government's present thoughts), and by the imposition on companies of an obligation to keep their employees informed of changing policies. Some parts of this plan are obviously embryonic and half-formed: but the more people are persuaded to think about it the better. It would seem that the current of opinion both in big business and in the big unions is already swinging towards a progressive view on redundancy pay: while the British Employers' Confederation and the TUC seem to have listened with interest on Wednesday to the Minister of Labour's sound views on training. As ever the opposition—or the ignorance—stems from the small firms and small unions that occupy positions of such importance in the associations of both sides. Perhaps, if they are told often enough, they will come to realise that it is precisely themselves who have most to gain from such a scheme.

SHAW'S ALPHABET

Ploys Unpleasant?

FIVE years after the court judgment which deprived the Public Trustee of most of the money left in his care by George Bernard Shaw for the revolution of the English written language, the old playwright's desired alphabet, 48 letters long, has been published. Together with it has appeared a Penguin edition of *Androcles and the Lion**

* The Shaw Alphabet Edition of Androcles and the Lion. *Penguin Books*. 3s. 6d.

transliterated from the Roman to what will become known as the Shavian. Much is claimed for it; it is said that it will reduce the space required for printing, is quicker to read and write and avoids the commonest difficulties of normal English spelling; it will save money, advance child reading by an appreciable time and generally make life easier all round.

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Tall Deep			Short Short		
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tot	𐑑 = 𐑛	dead	egg	𐑧 = 𐑮	age
kick	𐑒 = 𐑜	gag	ash*	𐑨 = 𐑩	ice
fee	𐑓 = 𐑝	vow	ado*	𐑸 = 𐑳	up

Unfortunately, of these claims, only the first, the saving in space, can be supported. It is acknowledged that Shavian could never replace Roman, only supplement it, gradually coming to take a more and more important part over the course of generations. During the change-over, books would have to be printed in both Shavian and Roman types, which hardly looks like a saving of money; children would have to be taught both alphabets (with their strikingly different main and ancillary characteristics) in order to be able to use books published before Shavian, which hardly looks like a saving of time; and it is partly phonetic, with no standard spelling, which would mean (supposing the continuing lack of a British equivalent of L'Académie Française) widely differing images between differing dialect-speakers of the same word—which hardly looks like avoiding the pitfalls created by the absurdly complicated way in which words in the English language are now spelt. If, however, the new style were taken up by a coterie of enthusiasts, it could just serve a useful purpose as the forerunner of the smaller reform which some day—for logic's sake—has got to come.

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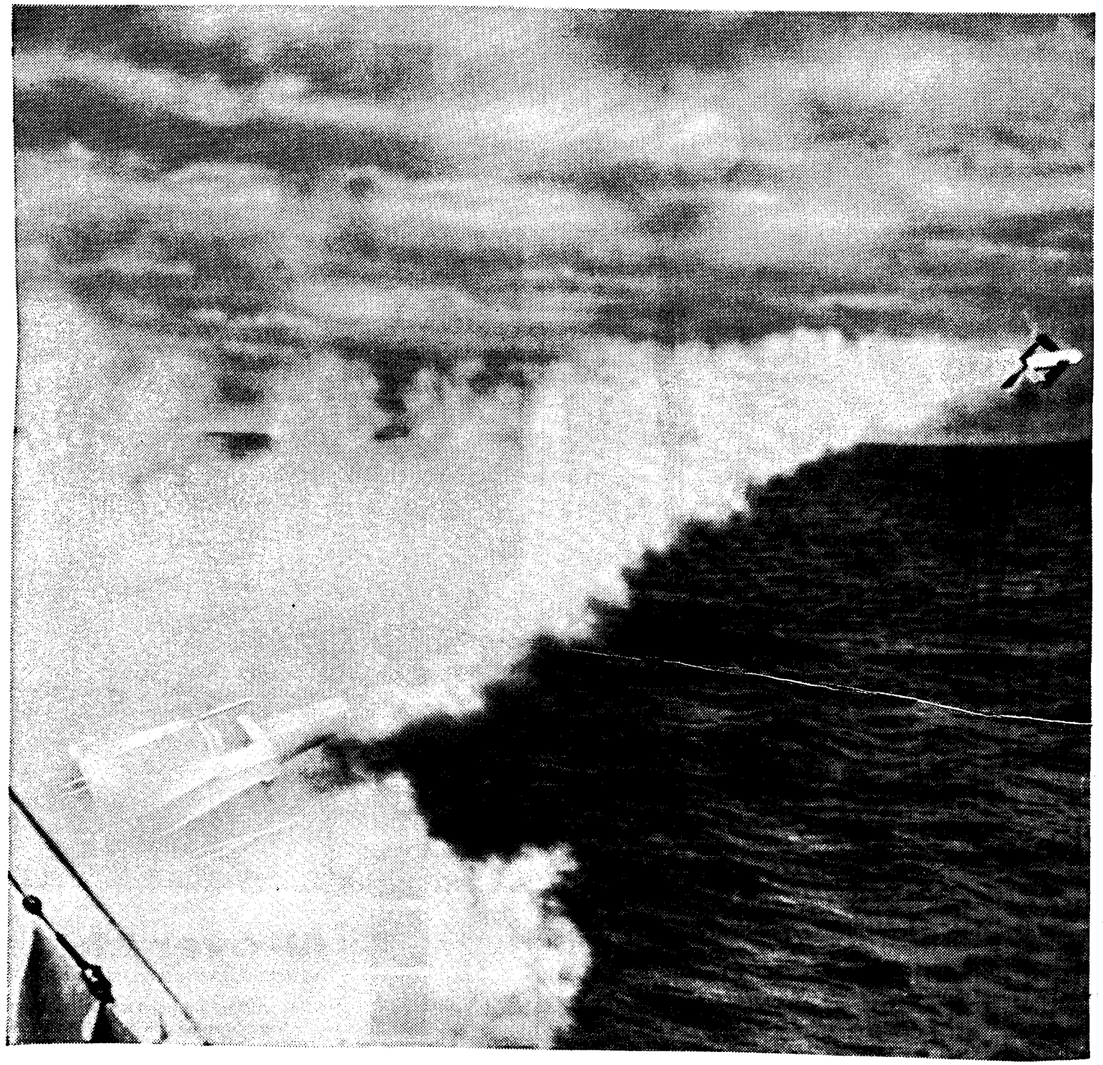

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Members of the editorial staff and local correspondents report on the life and happenings in and around Britain

Town Clerks or City Managers?

FROM OUR SPECIAL CORRESPONDENT

URBAN redevelopment is the new fashion. All over Britain large towns are seeking space to put their surplus population, to redevelop their slums; small towns are looking for people to man the new factories that should bring them a fair share of prosperity; shopkeeping communities are trying to give a better service (as car ownership grows, the competition is more than ever between rival shopping centres, rather than between rival shops within a centre). And everyone is battling with the traffic that all this generates. Almost 300 large urban authorities—over a third of all those in Britain with a population of over 50,000—are at least thinking about how to redevelop their town centres away from the familiar Victorian pattern of the High Street, where traffic, shops, Fords and schoolchildren so incongruously mix. And at the centre of each one of these schemes stands a small group of people to whom—perhaps because of their own immaculate self-effacement—far too little attention has been paid. There are 431 town clerks in England and Wales—which means clerks to local authorities with the dignity of county boroughs (83 authorities), metropolitan boroughs (29 authorities) and just plain boroughs, and with populations between 5,000-minus and 600,000-plus. (There are also, of course, many more clerks to county, urban or rural district councils.) But the first comprehensive study of who town clerks are and what they do is published this week.*

The town clerk's job has grown up, in typically English fashion, very very slowly since its vague origins in the fourteenth century. Bewigged at civic functions, the clerk must often appear a less important figure than the gold-chained mayor behind whom he walks—and just as overlaid by the weight of tradition as the worthy shopkeeper or trade unionist who for his year symbolises the city's pride. But, like so many seemingly ancient British traditions, those of the town clerk's office had their true beginnings in the cities of the later nineteenth century. Only in 1929, after a royal commission, was the clerk's civic place truly delimited—and it is still changing fast. Amid a mass of information—and sometimes concealed amid an excess of generalities—Mr Headrick makes a sturdy case for saying that it is not changing fast enough. Above all he points out that, in borough councils with no strong ruling party, and with no strongly dominating personality, "the consistent overall policy, the integrated programme for borough or city improvement, is not there." The unscholarly observer can venture to add that, in such boroughs, strong town clerks have sometimes most notably overcome the deficiency.

The town clerk's job is, of course, a fiendishly hard one. He is cabinet secretary, but infinitely more exposed to local political conflicts and the sniping of the local press than any national government servant. He is the council's policy co-ordinator (both between the various urban services and between urban and national officialdoms), a mine of information for the councillors—and often, one must gratefully record, for visiting journalists—and the senior legal officer of his council. This last responsibility is, in order of traditional priority, the most important that a town clerk holds; and it is from this fact that stem the grounds for such criticisms as one can make of the system of appointing town clerks.

Basically, they are solicitors, who have come up through a local government legal department: outside London all clerks of boroughs with over 60,000 population are solicitors. This means two things: that brilliant local government officers in other departments have next to no chance of getting the top job, and that most town clerks have had a training which (however well they may succeed in surmounting its limitations) is depressingly narrow. This may soon improve. Since the democratisation and expansion of the universities, and the granting of greater concessions to graduates by the Law Society, far more solicitors are now passing through university: Mr Headrick shows that a far higher proportion of those now on the ladder to town clerkships are graduates than is the case with the present incumbents. There is, of course, a strong case for putting the highest local government position in the hands of the man who takes legal responsibility for the council's orders, who must prepare its case for presentation both before the courts and before government inquiries, and who will prepare any bill that a local authority may wish to present to parliament. But there is now a vital case for securing as town clerks the best administrators, rather than the best lawyers: as the executive and constructive side of planning falls more and more heavily and urgently on local authorities, the argument strengthens for separating the functions of the chief legal officer and the chief executive of a council.

Town Clerks' Professions

	per cent
Solicitors:	82.4
Barristers:	2.9
Accountants:	3.9
Others:	12.1

The non-solicitors form a majority of town clerks only in the 86 boroughs with less than 10,000 population: they appear again with 22 per cent of clerkships of metropolitan (London) boroughs. 64 per cent of town clerks began in local government as assistant solicitors (juniors in a town clerk's department). 35 per cent of town clerks have university degrees: all but 1 per cent of these are solicitors.

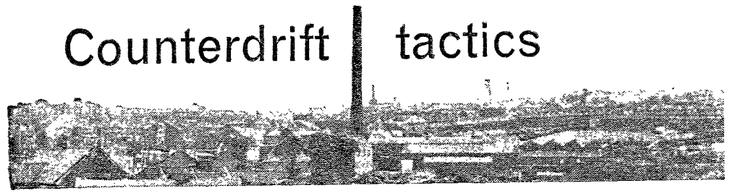
So far, the present system works rather better in practice than in theory. No doubt there are dud town clerks: but, despite its members' professional blandness, they are sufficiently competitive to ensure that a dud extremely rarely gets to the top—where, of course, the rewards of status are immense. A leading citizen at thirty-eight (the average age on appointment), called Sir by a swarm of junior officers, hob-nobbing with the local councillor-ladyship (or, according to taste, with the local councillor-trade unionist), the clerk's eminence in his own bailiwick is godlike. The money is good, too (Mr Headrick's book is out of date here: there was a 12½ per cent salary increase in October, 1960). In a borough of under 10,000 people the town clerk starts at £1,040 a year: but at 60,000 population the ceiling is £5,175, and various registration, election and other legal fees can add another £1,000 in a lucky year.

But it may well be the pleasures (and high responsibilities)

* The Town Clerk in English Local Government, by T. E. Headrick. Allen and Unwin. 220 pages. 25s.

of the life that are the great reward. Town clerks in even a small authority will practically never contemplate a subordinate job, however much more highly paid, elsewhere: indeed there seems to be a trend, contrary to economic rules, to move to pleasanter jobs against the direct draw of cash rewards (a casual acquaintance with the town clerks of some middle-sized, expanding, southern towns suggests that these, and not the highly-paid masters of some murky northern city's vast machine, are the top talents of the profession). If this is so, town clerks are accurately reflecting the values of their society and, by the administrative talents of the best of them, accentuating that southward drift which is more fully dealt with below. Which, for a radical, makes it tempting to suggest that the time has come when professional managers, rather than gentlemanly lawyers, would be the ideal chief executives for the city of the future.

Counterdrift tactics



THE latest figures for the issue of industrial development certificates only confirm statistically what has been apparent to the naked eye during the past financial year. The drift to the south-east of firms and workers continues: of all development, the London area alone had the largest share, with 7.1 million square feet, well ahead of the northern region, with 5.3 million: and even that was appreciably better than Wales, whose additional industrial floor space for the whole principality was less than 2 million square feet. The Government's decision now to initiate a comprehensive survey of development trends is nonetheless welcome for being puny in relation to the tidal force of the flow into the "coffin."

One of the suggestions to be explored in terms of the survey is that new areas of industrial concentration should be developed, offering facilities and attractions in adequate rivalry to the south-east. The Government has come rather late on to this scene, but has still managed to achieve prominent public utterance of a line which has been pursued more self-effacingly by less official bodies for 20 or 30 years. Possibly the development associations which have for so long been trying to achieve just this result will not mind being upstaged, if only because it will show that notice is at last being taken of them. With one exception, that of Northern Ireland, they have all along worked without the sort of co-operation which might, by now, have made some impression on their unemployment and denudation had it been forthcoming.

There are, as far as can be discovered, eight of these associations operating in Britain from, roughly, the development districts as defined in June: Scotland, the north-east, north, mid and south Wales, Merseyside, the south-west and Northern Ireland. Each has its own problems, peculiar to itself, but they share certain obstacles to their proper advance into that legendary state of affluence of which the south-east is the pattern. All of them are areas that once prospered on primary industries, now declining. All of them suffer more or less from transport inadequacies. All of them suffer from the gearing of the whole economy to its most flourishing part, so that measures designed merely to contain inflation may result, for them, in real hardship.

In their organisation the associations are similar: a small permanent staff will be backed by the membership and subscriptions of a large number of industrialists, trade unionists, bankers, local authorities, chambers of commerce, other corporate bodies and individuals. They are non-political, or perhaps non-partisan. What pressure they muster must be exerted through MPs and through what doors may be found open in the civil service—notably the Board of Trade which, though it has no mechanism for arranging liaison or co-ordination between the various development councils, is anxious to take note of their opinion (backed as it is by a vast reservoir of voluntary expertise) when matters affecting industrial development in their areas arise. This fund of experience and advice is the strongest weapon in the councils' armouries, putting at their disposal the kind of information about their regions which would otherwise require intensive research on a scale quite outside the scope of their incomes (all of which comes from subscriptions and is, considering their assumed responsibility, extremely low: in no case does it exceed £100,000, and in most of them promotion, research and administration are carried out on budgets which would not satisfy the household needs of a Top Person in London).

The specific task of a development council is, broadly, to stop the drift and then to reverse it. This means initially the expansion of existing industry, if it is not patently dying on its feet (and not all the councils are as realistic in this respect as they might be).

Ideally it involves information, practical aid (in the form of planning rather than cash), the capture of new markets (there are increasingly frequent safaris to North America, Scandinavia and western Europe) and the smoothing away of the social obstacles which movement from declining old to expanding newer industries involves. Secondly it means the persuasion, by every means short of blackmail or physical force, of the reluctant businessman away from his Mayfair office to see for himself the advantages in terms of labour, sites, rates and (less positively) services, which most of the regions undoubtedly possess over the south-east: like the job applicant without paper qualifications but with plenty of talent, once they get as far as the interview stage they are often successful. All of this is uphill work: Scotland, for instance, must find an extra 40,000 jobs a year—15,000 to absorb its new and unemployed labour and 25,000 for the men who are being laid off from mines and shipyards.

The reconversion of the regions is, in fact, going ahead at a much better pace than is generally acknowledged: Northern Ireland has managed to persuade 180 new firms into the country since 1946, many of them American (and the Scots have made a specialty of Americans, too). But the Northern Irish Development Council is in the advantageous position of being a department of government, financed by direct grant (£40,000 a year) and able to get an answer within days to questions about the amount of grant available for the setting up of a new factory which in Great Britain may take months of percolation through the Board of Trade and its off-shoots. Yet others, notably the North East Development Council under the driving enthusiasm of Mr George Chetwynd, do very well for themselves, cajoling from the Board of Trade cash for grants, loans, the erection of advance factories; and themselves providing continuing service to the new investor. There is increasing competition between regions for the industries seeking fresh fields, with complaints of Irish body-snatching from some British regions; under Westminster's dispensation approved loans and grants amounted to £18.5 million in 1960 compared with the £9 to £9.5 million spent annually in the same way by the Northern Ireland government.

Whether the country can continue to depend on the goodwill of bodies such as these is a question easily answered: it cannot, if only because the major policy decisions affecting the unfortunate regions (such as railway closures, delays in road-building, refusal to impose differential fiscal measures on varying regions) are all made in London. Even the Scots (and to a lesser extent the Welsh) who have ministers and civil servants of their own say that the last word invariably rests in Whitehall.

LETTERS

Consumer Protection

SIR—I quite agree with your remark (November 17th) that "The strength of current . . . legislation about short weight . . . lies in the efforts that local authorities put into enforcing it." The future of the weights and measures inspectorate is far more important than the cluster of individual rules in the Weights and Measures Bill dealing with methods of selling vanilla pods and single toffee apples.

The role of the inspectorate should be increased. Already many weights and measures inspectors are taking action under the Merchandise Marks Acts. This practice should be extended throughout the country. At the same time I would like to see the inspectorate given specific power to bring cases under the Sale of Goods Act (1893) or to "maintain" important cases under this act that have been started by aggrieved consumers. These changes would transform the weights and measures inspectorate into a local consumer protection service, which is what it should be. Incidentally this bill provides an admirable opportunity for changing the name of the inspectorate so that it is officially known as the Local Consumer Protection Service. "Weights and Measures" has an awfully dull sound.

I wonder, however, whether you are right to give so much importance to a proposed law to stop private guarantees depriving a shopper of his rights under the Sale of Goods Act. I contemplated trying to introduce this sort of bill in the last session. I turned to another aspect of consumer protection when I received legal advice that signing one of these private guarantees presented by manufacturers or traders would not in fact stop an angry and determined shopper from getting the protection given by this act. I was advised that this vital point has never been tested in the High Court in the 69 years that this law has been on the statute books.—Yours faithfully,

PHILIP GOODHART

House of Commons, SW1

Cuba

SIR—Week by week you entertain your readers with a survey of world affairs and advise the rulers and statesmen of other lands as to the course they should pursue in the difficulties with which they are confronted. But is there any check on what you previously said on the same subject?

Under the heading 'Cyclone Cuba' on October 10th *The Economist* referred to the dangers which might ensue if the Americans concluded that they had won a decisive victory in the 'contest of wills' and proceeded:—

> If this interpretation were adopted by Mr Kennedy, certain conclusions would inevitably be drawn in Washington. The Americans would decide that they could press ahead with their demand that the Russian missiles already in Cuba must be dismantled, and if necessary enforce their will by military action. . . .
>
> If Mr Kennedy is really as alarmed as he says he is by the arrival of Russian missiles in Cuba, the reports that he would like to winkle out those that got there before the blockade was imposed may yet receive a grim confirmation.

Well, is that not exactly the line taken by Mr Kennedy? Did he not demand, under threat of action, the removal of the missiles already in Cuba? It would thus seem that Mr Kennedy took a course which *The Economist* plainly regarded as perilous; but what does it say of him in its publication of the following week (November 3rd).

> He [Mr Kennedy] played his hand as a strong hand should be played: the bid called exactly, the moves unhesitating, the objective, once stated, adhered to. . . . Mr Kennedy thereupon showed that he knew not only how far to go, but precisely where to stop.

Of course nothing succeeds like success and this may explain much in the philosophy of *The Economist*, but the reader is left to meditate on a further passage in the same issue:

> But face can be lost and won again, words eaten and forgotten, faster and more easily than logical minds suppose.

The Economist should know!—Yours faithfully,

JOHN TONKYN

Pietermaritzburg

Railways

SIR—Your observations on the "not so little budget" included a timely warning against relying too much for a general economic revival on an "awkwardly seasonal industry" and against ignoring the implications, in terms of "real resources" and indirect costs, of a sudden cheapening of the cost of motoring. Much underemployed industrial capacity and labour, including railway and workshop labour, might be usefully redeployed by a sustained policy of main line electrification. The traffic density graphs produced by Dr Beeching show that a high proportion of those railway lines which will form the backbone of our country's future railway network carry, or can be made to carry, traffic of a density which makes electric traction an attractive economic proposition.

Diesel traction—although greatly superior to steam—does not provide the speedy acceleration, flexibility in traffic and high cruising speeds which are rapidly making inter-station speeds in the 70-80 mph range the standard of performance on the electrified lines of the Continent. Large-scale rail electrification over some 10 years would help to solve various redundancy problems; it would also broaden our industrial basis and thus help our exports. A high proportion of our freight traffic could travel in goods trains hauled by electric locomotives during night time, when the marginal cost of electric power is low.—Your faithfully,

Henley RALF BONWIT

Teaching Machines

SIR—The "Grundytutor", produced by International Tutor Machines, bears a striking external resemblance to the AutoTutor Mark II of US Industries, Inc., (Home Report, November 3rd). However the Grundytutor is not sold at half price; it costs £230, and the British-made AutoTutor Mark II £295. For it, US Industries have completed more than 25,000 frames of instruction in a variety of subjects of general interest, ranging from electronics and computer programming to English grammar and contract bridge. A 7,500-frame course on mathematics for "O" level is now being evaluated.—Yours faithfully,

W. S. MCD. MITCHELL

London, W1 US Industries

India Invaded

SIR—In your article of November 10th (page 546) you say: "Fear of a Chinese bid to seize the whole of Assam—which in past centuries has experienced other Chinese invasions—etc." When?

It is true that China moved an army of 70,000 men over 2,000 miles into Nepal about 150 years ago, through Tibet, and defeated the Gurkhas at Tengri Maidan. But history reveals no incursion into Assam. Early in the 13th century the country was overrun by the Ahoms, a Shan people of the Tai race. In 1253 the valley was invaded by the Moghuls, and in 1337 once again under Mahomed Tughlak, when they planned to invade China, though the monsoon successfully defeated both sides. Early in the 19th century the Burmese captured Assam, and it was from their clutches that the British rescued the country in 1826. But I think there are no grounds at all for attributing any of the sufferings of the unfortunate Assamese through the centuries to the Chinese until the present year.—Yours faithfully,

STEPHEN DEWAR

Dorchester

To the Editor

SIR—Your letter from the Editor does not really explain why you consider that the opinions of your readers are worth only one

page in an edition of over a hundred. This is a very low proportion, far smaller than that of most other serious newspapers and magazines.

Why? Surely the extra cost of one or two more pages devoted to your readers' views would not be prohibitive? If it is, why not charge those companies, to whose appalling dull annual reports you regularly give eight or more pages, a little extra for the privilege of boring us to tears, and use the extra income to pay the cost of publishing more letters?

I am sure that it is not just a minority of your readers who would prefer you to print more letters. By all means prune them of excessive verbiage ; most of them could do with the sub-editor's red pen. Prune this one if you wish. But please, could you not allocate more room to letters to the Editor, at the expense of other items if this is the only way?—Yours faithfully, L. YOUNG
London, NW4

Points

THE main cause of our objections to the uncontrolled entry of Japanese wool products under the new Commercial Treaty (November 10th) is the dual pricing practised by the large Japanese trading corporations. The Japanese can flood a market with subsidised goods at prices with which Western manufacturers cannot hope to compete. In the United States this led directly to defensive measures. Even Hongkong, where wage rates are lower than Japanese levels, had to call for the suspension of imports of Japanese worsted yarn. G. E. BIRKENSHAW, Chairman, The Wool Textile Delegation, *Bradford*

★

PLEASE note (November 17th) that South Africa is not now a Commonwealth country. SYDNEY D. BAILEY, *London, N2*

★

YOU criticise the Legge-Bourke Bill on estate agents (November 10th) but those who have been the victims of unqualified estate agents would gladly take the risk of some restrictive practices on the part of those that remained, more particularly if as part of the operation there was an upgrading of standards of conduct generally. *Caveat emptor* is a harsh doctrine in a case where the average purchaser is only in the market once or twice in his life. J. P. H. WALTON
London, SW20

★

IN discussing the British tourist industry (October 20th) you omit the obsolete methods of treating man's best companion: the dog. The British law provides for dogs to submit to a long period of quarantine prior to having a chance of moving about in your country. It is for this reason that we are forced for our family holiday to fall back on Italy, Austria, Germany, France, Spain, etc., continental countries which offer access without any delay even to our tail-wagging companion. R. WITSCHI
Basel

★

YOU state (page 218, October 20th) that Nelson Mandela's lawyer was not allowed to defend him when his trial was moved from Johannesburg to Pretoria. This is not true. He was, but Mandela decided at the last minute to defend himself, although his lawyer was sitting in the court. ARNIM KOCH, *Paarl, Cape*

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available.

BOOKS

The Surrealist Thirties

The Eden Memoirs : *Facing the Dictators*
By the Earl of Avon.
Cassell. 659 pages. 42s.

LORD AVON'S second volume does not, like his first, come hot upon the event ; there is not the same curiosity value to force us to read it ; but it is a more important contribution to the history of our time. For practical purposes the period covered is from 1931 to 1938, during which time he was continuously at the Foreign Office in successively more eminent capacities until, as Foreign Secretary, he resigned—either because he differed with Neville Chamberlain about policy (which he certainly did) or because Chamberlain made it impossible for him to continue as Foreign Secretary without loss of self-respect (which Chamberlain certainly did, too).

The book is well documented, orderly and meticulous, written for the most part in the manner of an official dispatch. Passion either is absent, or is injected retrospectively. It is all painful. Those were the years when Europe turned aside from its future and took the plunge into self-destruction, when Britain backed away from decision after decision until it was left alone and desperate.

We may as well remember them just now, when Europe, or the western part of it, is attempting a fresh start. One does not suppose that Lord Avon likes Mr Macmillan's attempt to enter the common market, or that in any event he will think the terms, when they come, acceptable. But in those days Mr Eden was the European in British foreign politics. He was the League of Nations man. The League was, as the United Nations has never been, a European institution, conducted by Europeans for the advancement of European security. The League Council was in effect a quarterly meeting of the foreign ministers of the European powers ; it was Eden's chief, Sir Samuel Hoare (Lord Templewood), who spoke of the League as "the main bridge betwen the United Kingdom and the Continent."

To be taken through it all again is like one of those middle-aged dreams when one is back at school or at the university, knowing better in an abstract way than one did, but inescapably repeating all the ghastly floaters of childhood. There is Mr Eden thinking and saying the right things, making as if to do the right things ; but the right results never ensue, the stream of action seeps away into the sand, the conflicts of principle grow inconclusive and irrelevant and are lost to view. What exactly was it, in the Abyssinian affair, that Hoare had to resign about? Not two months before, Hoare had gone off to Geneva and had made a splendid speech to the Assembly, containing that lapidary statement:

> The League stands, and my country stands with it, for the collective maintenance of the Covenant in its entirety, and particularly for steady and collective resistance to all acts of unprovoked aggression.

Lord Avon found the firm language of this speech a puzzle, and finds it a puzzle still. Hoare, when he came to write his memoirs, was still a bit baffled that the speech had been such a success. He could never see that there was anything in it that he had not said before, several times, without waking the House of Commons up. But the occasion was special, the audience was different, and the world was listening intently. Only, of course, it made no difference to the actual European situation ; the diplomatic problem for the British Government remained as it had been, to agree its actions with M. Laval and such other sparse associates as it could find. Those actions did not amount to any more than they would have done if the speech had never been made (as it might not have been, one may guess, if Mr Baldwin had been in the habit of paying attention to foreign affairs).

A few weeks after, Hoare made his Abyssinian deal with M. Laval, and came to grief. His speech had said things that ordinary people could understand and wanted to hear. Now the reality was different ; and, what was worse, Hoare was on holiday in Switzerland when he should have been in London explaining himself ; worse still, he broke his nose skating. Mr Eden thereupon became Foreign Secretary.

Eden's first term as Foreign Secretary saw a not dissimilar dreamlike sequence repeated with the Spanish Civil War and the bearing down of overwhelming German pressure on Austria. Again the right processes of thought were gone through, and the right things said ; but the actions rarely followed (two notable exceptions, each in a limited field, were the Montreux and Nyon conventions). Why not ? Perhaps there was nothing to be done. Perhaps a clue is to be found in Mr Eden's interview (his first for three months) with Mr Baldwin in October, 1936. Eden tried to explain about the Spanish war ; Baldwin listened absently and answered: "Have you had any letters about the King ? " (that is, about Edward VIII and Mrs Simpson). The country was going through a bout of self-absorption ; foreign relations were a bore.

Mr Eden's relations were more sharply polarised with Mussolini than with Hitler ; it seems to have been the Italian, more than the German, who provided him with the prototype for his drama with Nasser twenty years later. In retrospect, we can see that Mussolini was not the success that, at the time of the Spanish war, he appeared to be. But in Spain he did choose his side and back it, and it won. Lord Avon records that he, at the outbreak of the civil war, had "no political sympathy with either side," but

> From the early months of 1937, if I had had to choose, I would have preferred a Government victory.

Whether he had to choose or not, he did not do so, but went through the surrealist performance of non-intervention while the Italians and Germans backed their fancy. By a final irony, it was non-intervention that dragged him into the battle of wills with Mussolini that Chamberlain found intolerable. Eden did not want talks to start with Mussolini while the Italian troops remained in Spain. By the time he resigned, refusing to accept Chamberlain's ideas of personal diplomacy, Hitler was poised to take Austria, and the European balance of power was about to tilt sharply in favour of Nazi Germany. Vienna fell within a month of Eden's resignation ; after that, what Mussolini did or did not do was of merely local and tactical interest.

A macabre sidelight, provided by Mr Eden's kissing-hands interview with King George V after Hoare's fall, may as well be repeated. The King related what passed when Hoare handed in his seals of office:

> I said to your predecessor: "You know what they're saying, no more coals to Newcastle, no more Hoares to Paris." The fellow didn't even laugh.

Contrary to report, this is not the only joke in the book. There are others on pages 122, 139 and 283.

Father and Son

The Nehrus : *Motilal and Jawaharlal*
By B. R. Nanda.
Allen and Unwin. 357 pages. 30s.

MR NANDA, a careful historian, writes well. His book on the Nehrus is illuminating and a must for students of twentieth century India. Those who blame the Kashmir Question on Nehru's Kashmiri origin will be surprised to discover that the Nehrus left Kashmir in 1716. Those who wonder why Gandhi chose Jawaharlal Nehru as his heir although he felt that he was "going too fast", and that the "difference between us is so vast and radical that there seems to be no meeting ground between us," will find the answer to their question in Motilal's letter to the Mahatma in which the elder Nehru urges that his son be made Congress President because "the revolt of youth has become an accomplished fact ; . . . this would indicate that the need of the hour is the head of Gandhi and the voice of Jawaharlal."

The political background against which the evolution of the characters of the two Nehrus takes place is painted in careful, simple, masterly and complete strokes so that even the uninitiated can feel the compulsion of events and the crises of conscience. The elder Nehru, who loved Britain, was by nature a flamboyantly proud Rao Bahadur, honoured to be invited at Viceregal tables. The younger Nehru felt so British that he did not have to "love" Britain ; he only judged it and saw no justification for Viceroys any more. A clash between father and son was inevitable. The father wrote to warn his son to stay well away from the Majlis or any "native Club" at Cambridge ; the son accused his father of being "immoderately moderate".

Mr Nanda brings young Nehru to life better than any of his biographers ; he has, thanks to hitherto unpublished letters and reminiscences, conjured up Nehru at Harrow and Cambridge to the extent of making him a real young man instead of the remote silhouette so faint that it fails to impress except by its loneliness. Young Nehru is not the goody-goody bent upon self-education and politics he was to become later in gaol, where he enjoyed his sabbatical rest so much that his father wrote to him in disgust:

> I was pained to find that, instead of affording you any relief my visit had the effect of disturbing the even tenor of your happy gaol life. Please do not bother about me at all. I am as happy outside the gaol as you are in it.

Mr Nanda's Motilal has the spontaneous panache of the self-made grand seigneur, who celebrates his daughter's birthday in a German watering resort by inviting 400 unknown schoolgirls to tea and on his deathbed warns his sorrowing family not to pray for him "because he had made his own way in this world and hoped to do so in the next as well." Asked what Motilal's greatest quality was Gandhi once said "Love of his son, for his love of India was derived from his love for Jawaharlal."

Motilal's conversion was not easy ; indeed, love of his son would not have been sufficient had it not been for British blunders. Mr Nanda analyses those blunders one by one. And it was the arrest of the Ali brothers, and not the shooting at Jallianwalla Bhag, which marked the point of no return for Motilal Nehru.

The book ends with Motilal's life. One can only hope there will be a sequel. So far nothing that has been written about Jawaharlal Nehru has been so penetrating and scholarly. It is a pity, however, that discretion, for it could not have been ignorance, should have made Mr Nanda dismiss as an unsuccessful journalist Sayed Hussein, whom Mrs Naidu used to call the "real father of Pakistan."

Merchants' Services

The Rise of the English Shipping Industry
By Ralph Davis.
Macmillan. 436 pages. 50s.

THIS is a valuable book. One would like to use the reviewer's cliché and say that it is an important addition to the literature of the subject. But the truth is that Mr Davis has written a unique survey of the shipping industry in the seventeenth and eighteenth centuries. As he says,

> Hardly anyone has ever attempted to examine the practical functioning of the shipping industry before modern times, and the material reasons for its growth.

The Victorian shipowner W. F. Lindsay tried to do it a hundred years ago. Since then the interest in economic history has produced innumerable articles in specialised periodicals, of which Mr Davis himself has written some of the most valuable, and most of which are usefully listed here. Particular trades and some of the ports have been studied, and there was a time when it looked as if Professor Northcote Parkinson would provide the general maritime history so badly needed, but he found a wider interest in laying down the Law.

The particular value of this book is its firm basis on the records of the High Court of Admiralty, the Port Books, the Seamen's Sixpences registers and the like. Until the General Register of Shipping in 1786, statistics are hard to come by, except by such indirect means. Few business records have survived from those centuries. Shipbuilders built by eye and dispensed with models or plans. It is therefore exceptionally difficult to trace the pattern of such an important and widespread economic activity.

It is an error to suppose that the people of this country had the salt in their blood. Even at the end of the Tudor epoch there was only a small amount of shipping, performing limited services, except in the fisheries. The Dutch then seized the initiative with the invention of the *fluyt*, until in the second half of the seventeenth century we discern the rise of Tyneside. Exactly

what sort of ship was responsible for this growth it is hard to say: Mr Davis suggests the pink or snow as a new general trader, though the distinction between the tramp and the liner was then unknown. Whatever the reason, whereas the population of the kingdom only doubled, shipping increased seven-fold and maritime trade was chiefly responsible for the growth of London, where about a quarter of the inhabitants were in some way connected with the port. A sequence of wars slowed up the advance, until the pace quickened in the middle of the eighteenth century with larger ships, wider colonial trade, and more labour-saving devices, which reduced the size of the crew and hence lowered the cost of freight. When the transition came from carrying natural products such as coal and corn to Europe to the export of manufactured goods to all parts of the world, the industry was flourishing, and it is at this point, on the eve of the industrial revolution and of British maritime supremacy, that this survey ends.

British sea power has always depended on a strong fighting fleet and a flourishing merchant marine. It was from the latter that warships were largely manned in the days of impressment, and it was therefore to encourage it that successive governments pursued a strongly protectionist policy. The industry may have suffered in time of war from the chartering of its ships and the conscription of its crews, but it benefited by the wider markets thus won. Gone were the days when every voyage was an adventure in every sense of the word. By 1775, when a third of British shipping was American built and the industry faced ruin by the revolt of the American colonies, sufficient advance had been made in other parts of the world to give the impression of an industry settling down to an unromantic but gainful routine.

Dilemmas

Discord and Collaboration

By Arnold Wolfers.
John Hopkins Press. London: *Oxford University Press.* 300 pages. 48s.

WRITINGS on the theory of international relations are of ill-repute in this country, and deservedly so. They would seem to consist either of attempts to denature the subject so that it ceases to be an affair of individual men or communities making agonising choices, but becomes instead a meaningless minuet of abstract concepts, or, on the other hand, particularly in America, a set of mathematical or quasi-mathematical formulæ that obliterate the distinctions between one set of concrete circumstances and another. From such charges the writings of Professor Wolfers are happily exempt. Perhaps because he had a distinguished career in Europe before arriving in the United States, and perhaps because he has always insisted on the close contact between the academic student and the practitioner, Professor Wolfers has consistently upheld a role for theory that makes it an adjunct to action and to the understanding of events.

The present volume of essays, many of them new and all linked together by a common concern, provides a very useful introduction to the whole subject of international relations as an academic discipline. He avoids both the neo-realism of those who see nothing but a Hobbesian world of competing states and the neo-medievalism of those who overlook the role of the state altogether in favour of communities and ideas transcending national boundaries. Similarly, he shows the degree to which even the most realistic of statesmen are caught in the necessity of making moral choices.

But although these essays are not to be taken as a commentary on the passing scene, they do bring one to certain conclusions about certain dilemmas, dilemmas that are specifically American but are not without relevance for America's allies. For one thing, Professor Wolfers's views about the nature of international tension makes him very hesitant about the priorities accorded to disarmament in some people's strategy for peace. Still more important and unusual is his insistence that collective defence and collective security are not the same thing, and may even be inimical to each other. In other words, the United States' commitment to a "collective security" interpretation of the charter of the United Nations means that it may, in pursuit of this objective, weaken its ties with countries whose co-operation it requires for collective defence.

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He therefore finds himself—and this without specific mention of the Congo—on the side of those who emphasise the mediatory and conciliatory functions of the United Nations rather than those who wish to see an enhancement of its coercive aspects.

Some professionals in international relations may suspect anyone whose writings have so much formal grace of being a lightweight. But pendantry and depth do not necessarily go together. One essay from Professor Wolfers is worth the whole output of some university departments.

O'Neill in Prose

O'Neill

By Arthur and Barbara Gelb.
Cape. 990 pages. 50s.

THIS is an excessively detailed, undiscriminating biography of the American playwright that succeeds in spite of itself. The authors (Mr Gelb is a reporter in the theatre department of *The New York Times*) have laboured some six years on their biography of Eugene O'Neill, and in the process they have ferreted out every human being whose life even remotely touched O'Neill's. They have dug back in the files and dusted off the old reviews of his plays; they have assembled material so as to convey, inchoately, an impression of the American stage shortly before O'Neill helped create a new American theatre; and, particularly, they have traced the lines of his life and matched the actual characters and events with those figures he dramatised in his plays. Indeed the authors become so carried away with this last task that at times they sound as though they were chiding O'Neill for changing a date or for falsifying the true nature of a character in *Long Day's Journey Into Night*.

Certainly it is the responsibility of any serious biographer to undertake thorough research into the life and period of his subject. One assumes this has been done. However, Mr and Mrs Gelb appear to have halted at this point. There seems to be no selection, on their part, from among the details; no arranging of the events in anything other than a chronological order; no assimilation of the material. All of this results in an absence of viewpoint, a gap where perceptive critical intelligence should operate. In short, we are presented with the material of O'Neill's life, but no biography. (Unhappily, the absence of imagination is reflected in the language; it is truly a book without style.)

And yet the book has a certain fascination. For O'Neill's life was as compelling as it was doomed. The family character sounds as cursed as a Greek legend. A drug addict for a mother; a famous nineteenth-century actor for a father; an alcoholic, defeated elderbrother; these were the props and main characters in O'Neill's own family drama. His life and the lives of his three children (one, a famous Greek scholar and translator, committed suicide shortly after he turned forty; the other son, by another marriage, became a drug addict and lives in relative poverty in the eastern part of the United States; his youngest child, Oona, married Charlie Chaplin, a man more than forty years her senior) seem to have borne more than their share of the family tradition.

It is this grotesque history, as well as his importance as an American playwright, which make the book worth reading. Today it is all too clear that even his great plays (*Mourning Becomes Electra, Desire Under the Elms, The Emperor Jones, Strange Interlude, The Iceman Cometh, Long Day's Journey Into Night*) were often cluttered with banal ideas and embarrassing, artistic nonsense. None of these somehow mitigates his stature as the major writer of the American theatre. He was perhaps the only tragedian that country has produced; and it would appear he wrenched that tragic vision from the pain and anguish of his own life (and character). Perhaps his greatest failing as a playwright was his inability to find an adequate language that could portray that vision. His biographers certainly have failed to find a language and a style to portray that life.

The Wide Vision

The Grand Design

By Joseph Kraft.
Harper and Row, New York. London: *Hamish Hamilton.* 122 pages. 21s.

PRESIDENT KENNEDY'S Trade Bill seems to have passed through Congress substantially unscathed—in marked contrast to so much of his programme. At the same time the United States has continued in its zealous encouragement of the European common market and Britain's participation in it. There is a seeming paradox in this determination of the American Establishment to liberalise trade in defiance of powerfully organised American pressure groups and to build up a European power block that could challenge American hegemony. Anyone who wants a simple exposition of the logic behind these policies cannot do better than read Mr Kraft's book.

The author, a free-lance journalist who was one of the President's campaign speechwriters, is deeply involved in the New Frontier and he manages to convey, in a way that no outsider could, the slightly roseate vision that has inspired Mr Kennedy's Grand Design of Atlantic Partnership between a rejuvenated America and a united Europe. Lowered tariffs and international commodity agreements, combined with the consolidation of the Six and their new recruits, are seen as a panacea for the weaknesses of the West—in particular for the American balance of payments difficulties, for the need of the underdeveloped countries for aid and trade, and even for the domestic economic and social problems of the United States.

This is an informed, wide-ranging, and optimistic *exposé*. It was written earlier in the year as ammunition for the summer's battle in Washington. It was read in the highest quarters and received considerable critical acclaim. Although the immediate battle has been won, it is still very timely reading in Europe. Its theme will, on the whole, commend itself to observers here, though they will be sceptical of the *simpliste* nature of some of its assumptions and solutions. It reflects a generous and imaginative view of the world scene, an American large-mindedness that stands in sharp contrast to the parochialism of much recent British argument over trade and politics.

Diplomacy 1860-70

Bismarck, the Hohenzollern Candidacy, and the Origins of the Franco-German War of 1870.

By Lawrence D. Steefel.

Harvard University Press: London, *Oxford University Press.* 292 pages. 52s.

IN 1862 Bismarck sat next to Disraeli at dinner at the Russian embassy in London. Later in the evening Disraeli said to Saburov, of the Russian embassy:

> What an extraordinary man Bismarck is! He meets me for the first time and he tells me all he is going to do. He will attack Denmark in order to get possession of Schleswig-Holstein; he will put Austria out of the German Confederation; and then he will attack France—an extraordinary man!

The story was accepted by the official biographers of Disraeli, and was vouched for by Saburov himself. It is a major impediment to all historians who—in the modern fashion—would depict Bismarck as the brilliant opportunist, grasping all eventualities that could be made to serve his own ends but never sure long in advance what would have to be done. Mr Alan Taylor dismissed the story (without evidence) as "perhaps manufactured later, like many of Bismarck's own." Professor Steefel neglects it entirely.

Apart from the origins of war in 1914, few themes of diplomatic history have attracted more intensive investigation than Bismarckian diplomacy of the 1860s. Professor Steefel has been able to use all the scraps of evidence that have come to hand since R. H. Lord (another American historian) in 1924 published his masterly analysis of the documents from the German archives. Only five years ago the "secret file" of relevant documents, denied to Lord, was published by Georges Bonnin. The net result is to prove that Bismarck deliberately promoted the candidature of the liberal Catholic Prince Leopold of Hohenzollern for the vacant Spanish throne; that he did so actively from at least the end of February 1870; and that he was not taken by surprise by violent French reactions to the news of the revived candidature at the beginning of July, 1870. When, on July 19th, he received the formal declaration of war by France, he knew that his ruse six days earlier, of editing and publishing the Ems telegram, had succeeded. He had his war: France was technically the aggressor; he was reasonably sure he could win it.

What remains in doubt is how long before that he had wanted and engineered a war

with France, and with what motives he first pressed Leopold's candidature. Professor Steefel comes as near to giving a final answer as we are likely to get for a long time. But his verdict is still somewhat inconclusive. His book is a model of its kind. It deals with its specific theme lucidly and in meticulously phrased English. It is not of excessive length. It rests on exact scholarship and refined judgments. It includes a dash of that spice beloved of all diplomatic research—arguments based on split-second timing of the despatch and receipt of telegrams. Whatever conclusions can be reached by microscopic examination of documentary evidence are here achieved; no evidence is squeezed to yield more certainty than it can offer. Bismarck comes out of it as more nimbly opportunistic than he later pretended.

Professor Steefel, in short, clears up all the issues that can reasonably be clarified by this close-up focus. As a veteran diplomatic historian, whose admirable parallel examination of the Schleswig-Holstein question appeared thirty years ago, he is well fitted to do it. But can the final judgment exclude a long-range verdict on Bismarckian diplomacy as a whole, and on the nature of German unification ? The events of 1870-71 seem more decisively than ever, in retrospect, the dawn of contemporary Europe. The war so wantonly begun, with its prelude of petty dynastic rivalries, inaugurated a new era of national wars that is still with us. Bismarck, if not the master-builder he liked to pose as being, had remarkable insight into the changing character of states and of warfare, and saw the new importance of mass belligerency. The man who edited the Ems telegram was improvising ; but his improvisation rested on a profound understanding of the tide of history.

Diary in Defeat

The Ironside Diaries, 1937-40

Edited by R. Macleod and Dennis Kelly.
Constable. 434 pages. 35s.

PITCHFORKED into a job he did not want. General Ironside was not a successful Chief of the Imperial General Staff. He was one of the victims of Britain's lack of preparation for war, and the defeats in Norway and France brought his career, after a brief and not especially distinguished spell of service as Commander of the Home Forces, to an end. Whether he would have been more successful in the field than, say, Gort was can never be fully resolved ; but a reading of his diaries does not inspire any great confidence in his abilities. The diaries are edited with proper care. The editors do not put their own gloss on the record, as has happened with more distinguished soldiers ; these are the entries that Ironside wrote, expunged of some of the detail that still might wound.

But one wonders if their publication was really necessary. They add nothing that is new to the history of defeat in 1940 ; and, though this might have been the editors' intention, they do not enhance Ironside's reputation. They reveal him as an alert and intelligent man but one who appears to have reacted to events from day to day, almost hour to hour, and who does not seem to have tried to impose himself and his views upon them. In that, he lacked the essential attribute of a commander ; and towards the end of the diaries, when he saw the world as he knew it (and his career with it) crumbling around him, a disturbing, almost hysterical, note creeps into some of the entries. It is possible to sympathise with his plight without questioning in any way the decision to put him on the retired list. There is the stuff of tragedy in the events that the diaries chronicle but not in the man.

Turning to the Evidence

The Historical Revolution

By F. Smith Fussner.
Routledge & Kegan Paul. 376 pages. 45s.

"HISTORY", wrote Gibbon, "is for the philosophic spirit what gambling was for the Marquis de Dangeau. He saw a system, relationships and an order there, where others saw only the caprices of fortune." The revolution in historical writing in England which made this approach possible occurred, Professor Fussner argues, between 1580 and 1640. His learned and stimulating book shows how new seas were charted by men exploring the past. A new sense of historical development was supported by refined techniques of scholarship; and historians were as daring and revolutionary in their field as were Galileo and his fellow scientists in theirs.

The foundation of this achievement was the great manuscript collections. Elizabeth's reign saw Archbishop Parker arrest the dispersal of monastic records, while Lord Burghley, Camden and Stowe formed private collections. The next century saw Sir Thomas Bodley founding his library and Sir Robert Cotton establishing his great depository, which surpassed all others in richness, discrimination and professional cataloguing. Private collections were the more important since consultation of state papers required the payment of fees, warrants or influence ; and the valuable legacy of Sir Henry Wotton's papers was neglected by the State Paper Office until the nineteenth century. Of the public records Professor Fussner observes that "the cats that caught the mice and rats were themselves sometimes coffined in paper".

It was the break with Rome and the political struggles under the early Stuarts that stimulated a search for weapons in the arsenal of history. This might have produced merely an antiquarian accumulation of precedents and purely partisan writing ; but instead there developed scholarship of the highest order and an intellectual concern with interpretation. The Elizabethan Society of Antiquaries was the first learned society in England with a formal membership attempting co-operative research. But it lacked a clear programme of inquiry and was too fearful both of conjectures and of the risks involved in any "discourse of things present" to survive beyond the early years of James I's reign. Nevertheless from its members came those who inaugurated the historical revolution. Spelman in his comparative study of feudalism made a major contribution to the explanation of social and political structures. Camden sought to apply standards of impartiality to the study of recent history, seeing war and policy as the great subjects and ecclesiastical history as part of the seamless web.

The age produced other great historians. Stowe celebrated the greatness of London, while Raleigh was the moralising historian whose tracing of the chain of Providence made his "History of the World" a best seller influential in forming political opinions. Bacon's achievement, in the writing of history as in politics, had a flaw: he stressed the importance of the individual, but he lacked the training in the handling of evidence. Far greater was Selden, whose "History of Tithes," though stemming from current controversy, showed a powerful and precise scholarship which mercilessly revealed medieval forgeries and exposed the chasm between faith and reason.

Historians will welcome Professor Fussner's book both as a complement to Professor Douglas's "English Scholars, 1660-1730," and as an important contribution to the intellectual history of the sixteenth and seventeenth centuries, a field of inquiry which is now attracting so much interest. They will be awed by the problems that faced their predecessors and humbled by these earlier achievements. And they will be interested in the account of Sir Robert Cotton, a cautionary tale of a scholar who both used and misused his learning for political ends and who sought other rewards besides the academic.

OTHER BOOKS

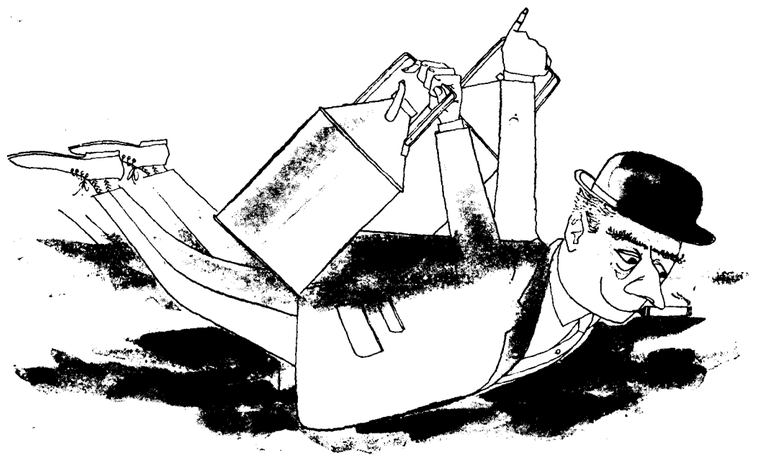
FREE RESERVES AND THE MONEY SUPPLY. By A. James Meigs. *University of Chicago Press.* 133 pages. 32s.

It is generally supposed in the United States that the size of the "free reserves" of commercial banks which are members of the Federal Reserve System show whether bank deposits are likely to expand or contract. Dr Meigs replaces this notion by the idea that whether or not bank deposits will expand depends on the relation between actual and desired free reserves. He argues that the desired level of free reserves depends mainly upon relative interest rates and a seasonal factor. These propositions are tested econometrically, with excellent results. There are few books on banking that combine originality, theoretical rigour, institutional knowledge and sophisticated statistical research techniques in the way this book does.

INTERNATIONAL YEAR BOOK OF EDUCATION, VOL. XXIII, 1961. International Bureau of Education, Geneva. *HMSO.* 557 pages. 32s. 6d.

WEST AFRICA ANNUAL. Edited by L. K. Jakande. *James Clarke,* London. 351 pages. 63s.

STUDENTS' GUIDE TO EUROPE. By P. Latham. *MacGibbon and Kee.* 267 pages. 25s.



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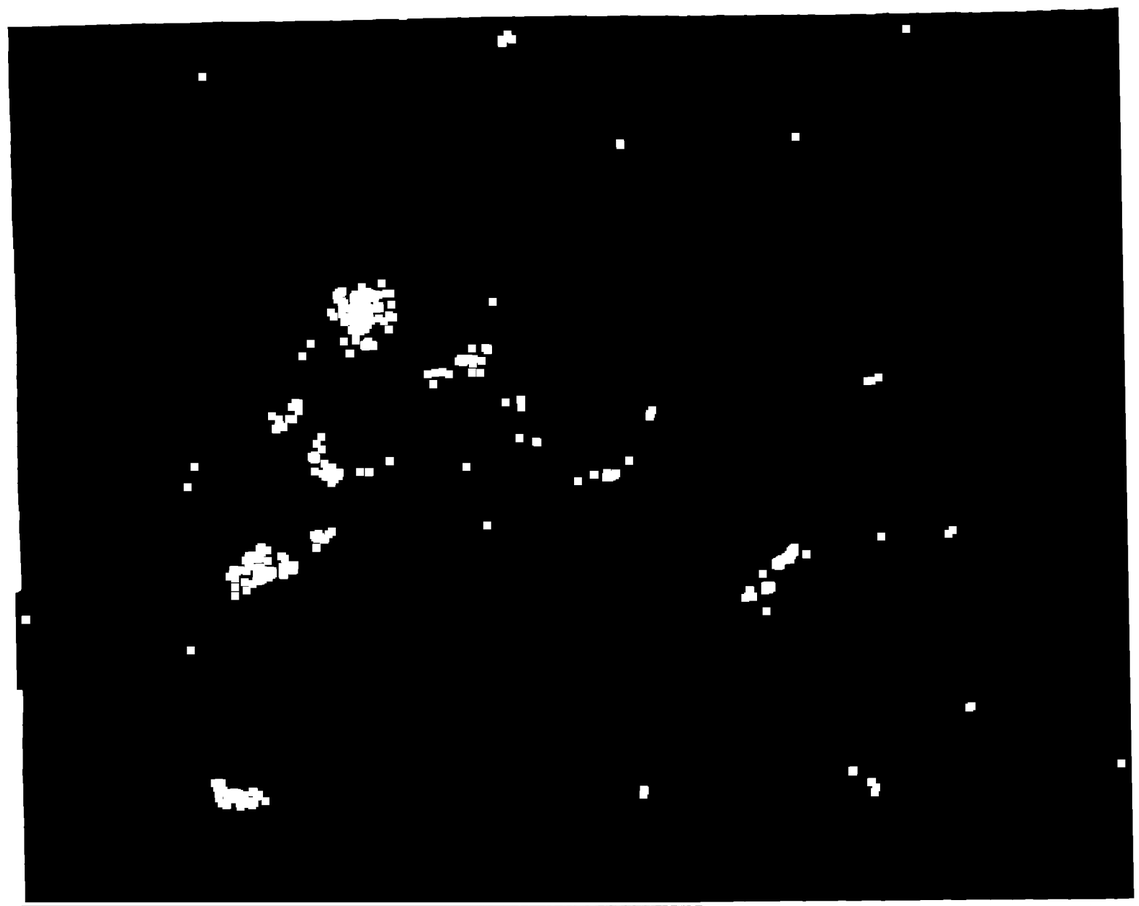

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AID in Need of Aid

WASHINGTON, DC

Mr Passman: *Some of us live with this thing year after year, whereas able directors, such as yourself, come and go. . . .*

Mr Hamilton: *That is one of the reasons so many people throughout the country are confused about the foreign aid programme.*

THE President's need to find, as soon as possible, a successor to Mr Fowler Hamilton, Director of the Agency for International Development, imbues with new and melancholy interest the above exchange, which occurred less than six months ago. Mr Hamilton was appearing before the congressional subcommittee which recommends what funds Congress should allot for the assistance of other countries. Mr Passman, a member of the House of Representatives for fifteen years, is the subcommittee's chairman and had held that post for eight years. Mr Hamilton had then held his for only nine months. He failed to persuade the Appropriations Committee to allocate to his agency the funds which Mr Kennedy had requested for it; subsequently he was made to feel that he had lost the President's confidence. Understandably his offer to resign followed and it was accepted.

Mr Hamilton's successor may prove luckier than he was. But much is bound to depend on the view of AID which is taken by an increasingly critical Congress. Mr Passman scored a considerable personal triumph again this year, when the $4.96 billion which President Kennedy had requested was cut down by Congress to $3.93 billion. If AID manages to get along on this budget, this will merely prove to Mr Passman's fellow Congressmen and to other Americans that Mr Passman's constant criticisms of the programme as extravagant were well-founded. Meanwhile, the speedy fulfilment of his prophetic hint about Mr Hamilton is not likely to restore the tottering morale of the foreign aid organisation, which now operates within the Department of State. Mr Hamilton was its ninth head in eleven years, suggesting a rate of mortality surpassing that of Henry the Eighth's wives. And it is said that each year the agency suffers a turnover of 28 per cent in its staff.

From time to time the agency adopts another alias, in an apparent attempt to shrug off past mistakes, but this does not necessarily mean that it acquires a new identity. When Mr Hamilton was appointed last September the organisation was about to undergo one of its periodic rebirths. It died as the International Co-operation Administration. This afforded an opportunity to get rid of some of the 6,300 employees who, because of rules safeguarding the tenure of civil servants, might otherwise have proved difficult to dislodge. Then it came to life again as AID. Its world-wide functions were reorganised on a more strictly geographical basis, under four regional administrators.

In spite of those alterations, unusually widespread praise greeted Mr Chester Bowles, President Kennedy's special adviser on African, Asian and Latin American affairs, when he suggested recently that there was need for a more coherent pattern of aid, in order to remove continuing uncertainty about what it hoped to achieve and how. Mr Bowles proposed that foreign aid should be divorced from inherited political commitments, that the highest priority should be assigned to countries which are making a genuine effort to help themselves and which stand a good chance of achieving progress and that elsewhere internal reforms, where needed, should be made a condition of continued help. Some countries, which have neither the ability nor the will to put their houses in order, would go to the end of the queue. Such "selectivity" has been endorsed by AID, though it is not to be practiced widely until next year. An even more sceptical approach has been advocated by Professor Hans Morgenthau, who argues that relatively few countries are able to profit from foreign aid in any real sense and that in other cases such international help should be regarded realistically as an arm of foreign policy.

The distinctive contribution of Mr Hamilton, a New York lawyer with a record of public service as a wartime economic administrator, was to have been "Operation Tycoon." The ICA, after being renamed, was to have been revitalised by volunteers from the business world, who would bring to the task the drive and the ability to make swift, tough decisions which professional civil servants notoriously lack. But Mr Hamilton found few businessmen ready to follow his example of incurring heavy financial sacrifices in order to serve the country. He did help to recruit some extremely able men. But his chief prize, a vice president of a big soapmaking firm who was appointed Mr Hamilton's deputy, left AID after only a few weeks and took a job with the National Aeronautics and Space Administration. As a result of "Operation Tycoon" erstwhile manufacturers of dog-food and businessmen from Kalamazoo are serving today as heads of foreign aid missions in exotic Far Eastern posts. But 72 of the 247 officials of the former ICA who were discharged have been rehired by AID and it cannot be said that the organisation is operating in a manner markedly different from that which prevailed under its previous labels and administrators.

Mr Passman has gone abroad to see for himself what is being done with the money that Congress voted last year. Each year he questions expenditures closely, from those for the Republic of China all the way to those for Peru. He does so in a fashion which causes some people to admire his stubborn courage, but which provokes others into comparing him with a prosecutor in an Iraqi People's Court or Judge Jeffreys on one of his bad mornings. The hearings of his subcommittee are enlivened by his dark references to "the people downtown," meaning the Department of State and the White House, and by his ruthless dissection of wriggling officials attempting to justify what he makes no bones about calling the wasteful misuse of the American taxpayers' money.

MR PASSMAN denies that he wants to destroy the foreign aid programme but affirms that he is trying to contain it. His policy of containment is directed against alleged abuses such as under-developed countries employing AID funds to conserve earned dollars with which they then proceed to acquire gold (and gold beds) and AID dollars being spent on the development of nationalised enterprises which were expropriated from American companies. His opinions are shared by a large and increasing number of Representatives and Senators. The foreign aid programme gets bipartisan support. But last month even a cut of 3 per cent, or just over a billion dollars, in the amount of money requested failed to mollify fifty Democratic and fifty-eight Republican Representatives, who voted against the appropriation Bill

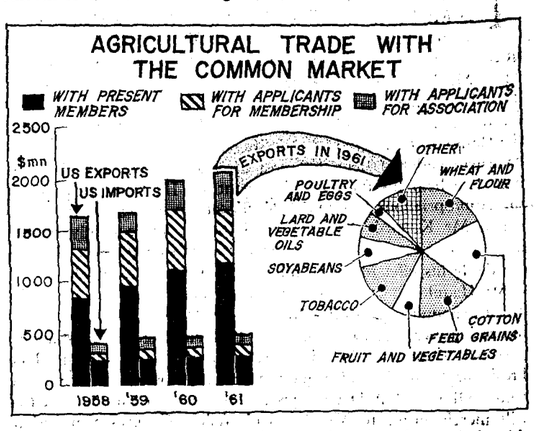
whether or not to accept the Chinese terms, is one for Mr Nehru, and one does not envy him. It can be argued that a chunk of desolate territory in Ladakh, which the Indians have claimed but barely (so far as one can see) set foot on, is a fair price to pay for regaining the stretch of the North-East Frontier Agency that they have just lost—particularly as, pending negotiations, the Indians are being asked merely to accept the Chinese position in Ladakh *de facto*. But this would involve Mr Nehru in accepting, under duress, an exchange which he rejected only a month ago. His chances of subsequently arguing or fighting the Chinese army out of Ladakh must now be reckoned pretty slender ; and he would be harried by the memory of that—quite possibly repeatable—left hook towards the Brahmaputra. The decisive consideration may be the obvious unpreparedness, in weapons, tactics and leadership, of the Indian forces on the frontier. If time is needed to put the Indian Army right, time may have to be bought by concessions, maybe only temporary but maybe not, in Ladakh.

Mr Nehru's chief concern, and that of most of the rest of the world, is how deep Mr Mao Tse-tung's current policy of relative moderation goes. The Chinese have shown this week that they are capable of defining a limited objective and stopping when they reach it. If their main concern is really with Ladakh, and if Mr Khrushchev can really put pressure on them to stay moderate, India may feel an easing of the strain.

But one has doubts. It is an uncomfortable thought that Chinese governments, both communist and pre-communist, have had a nasty habit of wanting to fill out what they believe to be the true boundaries of China whenever a respite from famine, internal chaos and external preoccupations has given them a chance to do so. Mr Mao Tse-tung's government has "filled out" Tibet, and the Ladakh bulge. There are other claims on India—not to mention some suspicious vagueness about the Mongolian boundary to the north. It cannot be assumed, because China has offered to regurgitate parts of India's north-eastern territories, that its appetite is satisfied.

munity. As a leading advocate of Atlantic partnership he is all for bringing Britain and other new members into this common market. As a strong believer in expanding trade he shares Washington's fears of the restrictive tendencies of the present members.

Those fears were expressed most forcefully and threateningly last weekend in Brussels and Paris by Mr Freeman, the Secretary of Agriculture, speaking perhaps rather more on behalf of the politically-powerful American farmer than of the Administration, but certainly hoping to check the present European menace to American agricultural exports. His most pressing complaint is against the new European import fees on poultry ; while American exports of chicken and turkey are not large, nearly two-thirds are to present and potential members of the common market, particularly to Germany, with the annual value at $59 million in 1961 compared with $3 million in 1957. Potentially more serious are the levies to be fixed next year on imports of wheat, flour and feed grains ; not only do a substantial proportion of these important American export commodities go to Europe but they are also sold there for dollars while elsewhere sales are mainly for local currencies or under barter agreements.



Nothing underlines more sharply the changing relationship between the United States and Europe than that it was Mr Freeman who appealed against upsetting traditional patterns of trade and M. Pisani of France who objected to Europe being blamed for the world's agricultural troubles. Mr Freeman sees a remedy for some of these in international commodity agreements. Meanwhile, however, while he complains about variable levies and uncertain quota arrangements, he is ready to accept an ordinary duty, provided it is moderate and fixed, and to ask Congress for reciprocal relaxations in American restrictions on agricultural imports.

government system in London. But the real grounds for criticism of the bill are precisely the reverse of this. Sir Keith Joseph's bill can perhaps be accepted, with reservations, as a step part-way in the right direction. But modern-minded people had better realise now that it will almost certainly have to be rewritten within a comparatively short time: when it is recognised that in reality it does not "disrupt"—which means radically reform—the local government system in London at all sufficiently.

There is always apoplexy among aldermen and local councillors when the label of inadequacy or inefficiency is tied to worthy administrative areas which, from the London County Council to the extraordinary entity of Rutland, are threatened with mergers or extinction. It can be readily conceded that the LCC and Rutland, neither of them accustomed to hiding its light under a bushel, are probably as good as most at doing the local authority jobs of forty years ago. But the essential aim and object of all reforming plans now should be to clear the ground for an administrative

What Next in Mississippi?

In Oxford, Mississippi, Mr Meredith, the Negro who was admitted in September to the all-white university, is still attending classes under the watchful eyes of federal marshals and 500 federal troops. There are a few welcome signs that Mississippians are neither as uncivilised nor as spineless as they appeared at first. The university, which invited fresh troubles by dealing too leniently with students involved in the September rioting, summoned up the courage to expel four who were found to have weapons in their rooms. Some of the staff, strengthened by the knowledge that the university is almost certain to lose its academic credentials if any of them are discharged, have been patrolling the grounds to nip any violence in the bud and have spoken out courageously.

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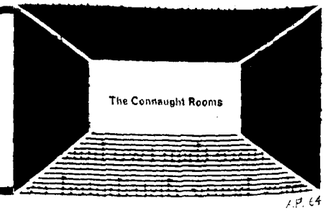


A handful of white students actually had supper with Mr Meredith, though when they went back to their rooms they found them wrecked by hooligans. But it seems all too likely that Mr Meredith will need a guard as long as he stays at the university ; given the strain of his daily life this may not be very long.

So far Governor Barnett has refused to order state officials to take the responsibility for maintaining order. This is the main reason why the Department of Justice feels that the Governor has not wholly purged the civil contempt of court of which he was held guilty weeks ago, even though he has abandoned overt defiance. Obviously the federal authorities cannot contemplate with equanimity the prospect of having to provide a guard at every university and school in Mississippi which is forced to admit Negroes. Last week the federal court of appeals in New Orleans, which has postponed the question of whether the Governor is to be punished for civil contempt, took a new tack. It asked the Department of Justice to bring charges of criminal contempt against Mr Barnett and the Lieutenant Governor. Such criminal charges are brought when it is a question of punishment for defying a court's orders ; an action for civil contempt aims at inducing compliance.

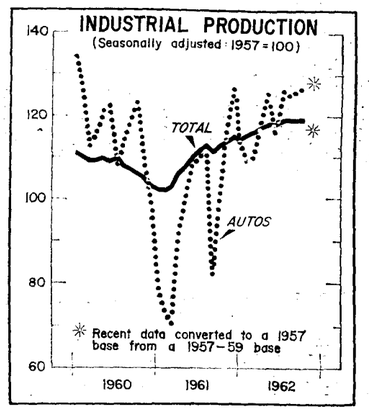
To convict on a charge of criminal contempt guilt must be proved beyond a shadow of doubt ; the defendant enjoys every procedural safeguard. Such a trial provides an opportunity, however, for the Administration to put all the evidence on record including, perhaps, proof that the Governor, by withdrawing state troops from the university, bears some responsibility for the blood shed in September. Last week a state grand jury decided that the chief federal marshal was to blame—a conclusion which makes it a matter of some importance whether Governor Barnett is tried, as he may demand to be, by jury in Mississippi. The chief marshal, Mr McShane, who was acting in his federal capacity, is certain to be tried in a federal court where the charges are likely to be dismissed without even reaching a jury.

Top Gear for Autos

As the Governor-elect of Michigan, Mr George Romney, leaves the American Motors Corporation to apply his enormous energy and imagination to bringing more jobs and financial order to his state, the company which he pulled out of the red continues to prosper. Providing Mr Romney with a farewell pat on the back, the directors of American Motors announced last week that the firm had recorded sharply increased earnings in the year which ended in September, a bounty to be directly shared by all concerned. Shareholders are to receive an extra dividend and the corporation's 27,000 production workers will enjoy the first fruits of the pace-setting profit-sharing plan negotiated with the United Automobile Workers in August, 1961. (White collar employees also have a similar scheme.)

Under the profit-sharing plan—one of the few in a major American manufacturing company and unique in the motor industry—production workers will receive $9.8 million this year. One-third of the total will go into purchases of shares for the accounts of employees, an average of 7.3 shares, worth about $129, a worker. The remaining two-thirds will be used to cover increased "fringe" benefits for employees and to set up reserves for future outlays on such benefits. From the management's point of view this is money well spent. Officials of the company credit the incentives for cutting costs which are implicit in the plan with savings which should exceed $6 million a year—the result of improved productivity and the workers' willingness to forgo certain minor benefits which they used to receive.

American Motors prefers to term its profit-sharing plan "progress sharing." And, indeed, this is an apt euphemism for the entire motor industry at present. After a somewhat sluggish summer, the autumn upturn in automobile sales, sparked by the introduction of the 1963 models, has shown unexpected strength. Sales in October reached a phenomenal all-time high of 728,000 units and early reports indicate that they remain buoyant this month—although the Thanksgiving holiday and a strike at one of the General Motors Corporation's plants preclude a repetition of last month's performance. Jubilant officials of the Chrysler Corporation are predicting that total sales of all makes of cars in 1962 will top seven million for the first time since 1955. This forecast is made more plausible by the unusually large increase since July in consumers' plans for purchasing new cars, reported in the latest quarterly survey of buying intentions on behalf of the Federal Reserve Board.



Almost all motor firms are sharing in the upturn. And it is an especially lucrative one, for the trend of recent years away from the larger, more lavishly equipped models towards the economical compacts seems to have been reversed this year. The Chrysler Corporation's success in capturing a larger share of the market during recent weeks owes a great deal to the appeal of its restyled, larger, 1963 Plymouths and Dodges. The only company still in deep water is the Studebaker Corporation, which announced production cutbacks and layoffs last week. In contrast, General Motors, American Motors, Chrysler and the Ford Company all raised their output schedules. For the fourth quarter as a whole automobile production may well exceed two million units—a record matched only three times in the past—and impart a further upward push to other key sectors of America's stalled economy, particularly to the steel industry.

Television's Hiss Case

While the President was fending off, good-humouredly but firmly, the complaints of the press that its freedom had been infringed during the Cuban crisis, a parallel storm was raging over television's right to be free of censorship by private sponsors. It blew up when the American Broadcasting Company, in presenting a commentary called "The Political Obituary of Richard Nixon," allotted two of the thirty minutes to Mr Alger Hiss, the official of the State Department whom Mr Nixon helped to send to prison as a perjurer—and who in turn helped to launch Mr Nixon on his political career. This sensational nugget had been advertised widely in advance and four local television stations refused to carry the programme ; during the broadcast angry telegrams flooded in, many of them from ex-servicemen's organisations ; afterwards two advertisers attempted—without success—to cancel their contracts with the network for sponsored programmes.

Luckily the vice president of ABC in charge of news is Mr James Hagerty, who used to be President Eisenhower's press secretary ; he is a man who can hardly be accused of sympathy either with communism or with Mr Hiss. Whether or not it was in good taste to give Mr Hiss a chance to kick his old enemy when he was

down, Mr Hagerty was right to denounce any interference with editorial control over the news and over comments on it. He has received strong support within the industry and even from President Kennedy.

Mr Nixon may feel "*Et Tu, Brute*"; television has long been the Vice President's chosen political weapon. But he has maintained a dignified reserve. He learned his lesson early this month; his bitter outburst against the bias of the press on the morning of his defeat for the Governorship in California discomfited his friends, delighted his enemies and made it seem likely that he would not be asked to break his promise not to stand for public office again. During his campaign in California Mr Nixon looked to the screen to redress the balance against him. He sought eagerly for a face-to-face meeting on television with Governor Brown whom he felt, quite rightly, would not be the formidable adversary Mr Kennedy proved to be in 1960. Mr Nixon also conducted seven "telethons"—one of them lasted five hours—at which he answered questions telephoned in by viewers. But this very dependence on television may have been a sign of weakness. Since 1960 many candidates have sought to debate with their opponents on television but, by and large, it is the under-dogs and the unknown who have been the most enthusiastic. Safely established figures were likely to reply as did Senator Dirksen who, when asked why he would not meet Mr Yates on television, said simply: "Why should I?"

No Space for the Union Shop

Most of the firms in the western aerospace industry, which supplies the government with much of its space equipment and many of its missiles, surrendered in September to the Administration's insistence that a strike would be an intolerable blow to the country. After the President warned the companies that they would be to blame for any stoppage, they agreed to permit their workers to vote on whether they wanted a union shop, the real bone of contention. Under this arrangement all workers who are hired must join the union within thirty days to keep their jobs. Such a provision would be particularly valuable to the trade unions involved because of the rapid turn-over of labour at the plants; they have to keep on recruiting hard just to stay in the same place. The Boeing Company, which manufactures the Minuteman missile, where a strike has been put off until January, has also agreed to a vote on the union shop, although this is not to be binding.

But the Lockheed Aircraft Corporation, the largest of all and the maker of the Polaris Missile, has remained adamant and on Sunday the International Association of Machinists, which has twice postponed strike deadlines, voted to walk out next Tuesday. Negotiations are being resumed this week and the Department of Defence has renewed the pressure on the firm by hinting that if the strike takes place it may look for alternative suppliers for missiles. A stoppage at Lockheed might face the President with the problem of whether to invoke the emergency provisions of the Taft-Hartley Act (which might only postpone a strike for eighty days), to try to seize the company, as the machinists have suggested, or to devise yet some other means of keeping the men at work. Lockheed insists that it is only anti-compulsion, not anti-union, but its real fear seems to be that a vote on the union shop might set a precedent for settling all labour matters by a vote of the workers.

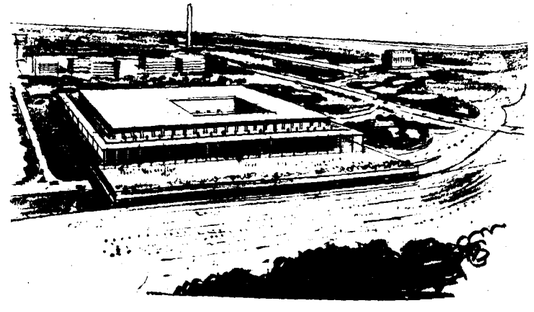
Lockheed's obstinacy is all the more surprising in view of the fact that at three other firms the two-thirds vote for the union shop which was required under the recommendations of the President's special board did not materialise, though a majority favoured it in each case. Even though the firms are in southern California—a stronghold of the open shop—the IAM and the United Automobile Workers, the other trade union involved, were shocked by the outcome. At one company about 85 per cent of the workers belonged to a union; at the two others more than half were union members. It is understandable that once non-union workers had received their guarantee of increased wages they might baulk at having to pay $60 or more a year in union dues, but some trade unionists either voted against the union shop or abstained. No doubt the unions were over-confident; in the past votes on the union shop have been so overwhelmingly in favour of it that Congress eliminated the general requirement for such a vote. The high turn-over at these particular plants and the fact that more and more of the workers are technicians and salaried employees militated against the unions; so did the uncertainty of jobs in an industry which is dependent on government contracts.

Capital Culture

Next week is National Cultural Centre Week in the United States, to raise interest in and money for the seventy or so such centres, on varying scales of size and complexity but all containing a theatre of some sort, which are now being built or planned throughout the country. The most ambitious are New York's Lincoln Centre, which opened its first concert hall two months ago, Los Angeles's Music Centre for the Performing Arts, with its largest unit, the Memorial Pavilion seating 3,254 people, now being built, and the National Cultural Centre in Washington, DC, which is the immediate reason for next week's special concentration of attention. This will culminate on Thursday night with a two-hour Pageant of the Arts, featuring among many other stars Mr Pablo Casals, Mr Benny Goodman, Mr Robert Frost and Mr Van Cliburn, to be transmitted all across the country by closed-circuit television to $100-a-plate dinners—there are 5,500 seats at this price in Washington's own Armoury—and other less costly gatherings. The proceeds will be shared between some individual local cultural enterprise and the National Cultural Centre which is intended to serve the whole country.

The affair will start the drive, led by Mrs Kennedy and Mrs Eisenhower, to raise the $30 million now needed for this undertaking which began in 1958 as a $75 million project. Congress presented most of the land but, in the American tradition of keeping the arts free from government control, is not providing any money. Even in its more economical form the centre will have a theatre, an opera house and a concert hall, all under one roof which can itself be used for band performances and other large gatherings. The building is designed by Mr Edward Stone, surrounded by trees and gardens, on the edge of the Potomac River, with car parks underneath.

Those, including President Kennedy, who feared that the Lincoln Memorial nearby might be dwarfed, have been reassured but there are still critics who contend that such a centre should be in the commercial heart of the city, where it could be reached on foot and by public transport, with offices and restaurants in the neigh-



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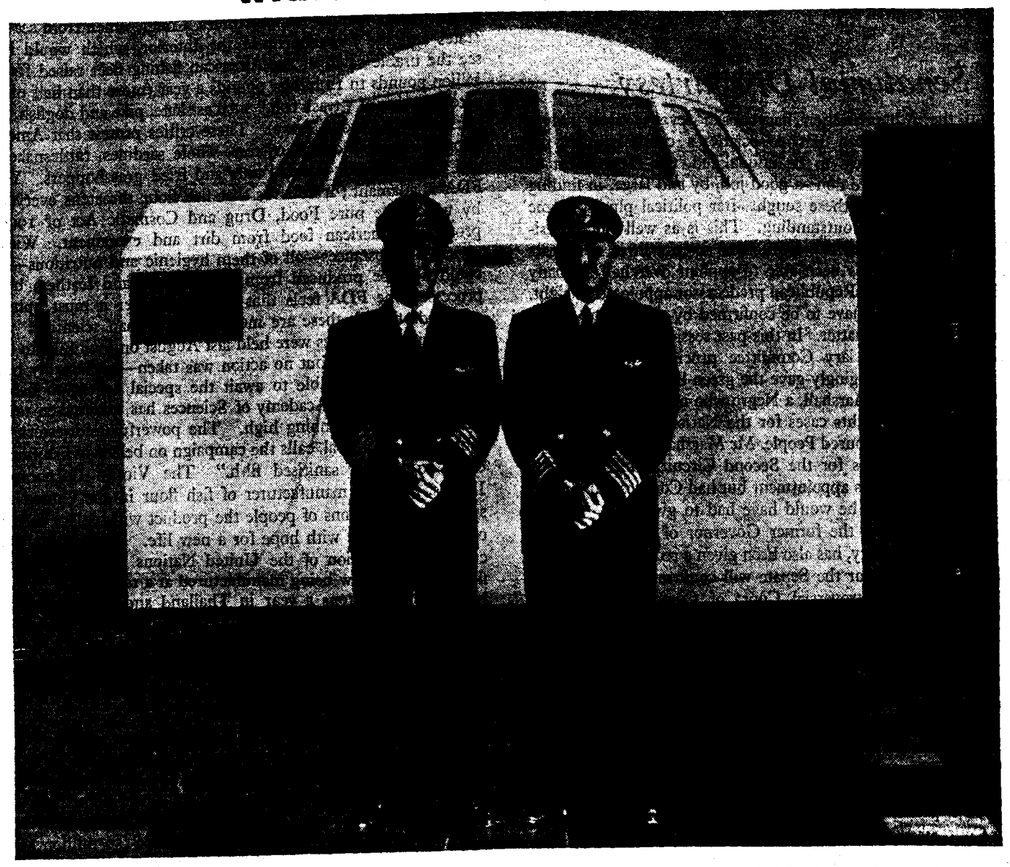

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bourhood, bringing new life to a decaying core instead of rising in beautiful isolation surrounded by super-highways. However that may be, when the centre is finished, during 1965, it is hoped, it will provide the large theatre and concert hall, adequate for first-class performances, which Washington has lacked and will put on a firm basis the long overdue development of the performing arts in the national capital.

Senatorial Discourtesy

THOUGH the Administration has chosen seven federal judges whom the American Bar Association's committee on the federal judiciary considers to be unqualified, the Department of Justice is thought to have done a good job, by and large, in finding deserving Democrats for these sought-after political plums. Some of its choices have been outstanding. This is as well since President Kennedy, because of the creation of seventy-three new seats on the federal bench, has been able to appoint over half as many judges in two years as his Republican predecessor appointed in eight. Once chosen, nominees have to be confirmed by the Senate, which is not always a routine matter. In this past session the Southerners ensconced on the Judiciary Committee procrastinated for nine months before they grudgingly gave the green light to the appointment of Mr Thurgood Marshall, a Negro who made a great reputation by winning civil rights cases for the National Association for the Advancement of Coloured People. Mr Marshall had been sitting on the Court of Appeals for the Second Circuit, which includes New York, under a recess appointment but had Congress adjourned without confirming him he would have had to give up.

Mr Lindsay Almond, the former Governor of Virginia, whom Congress left high and dry, has also been given a recess appointment in the hope that next year the Senate will confirm him as a judge on the usually non-controversial Court of Customs and Patent Appeals. Mr Almond's main trouble is that as Governor of Virginia he faced the realities of racial integration and kept the schools open. Thus he won the enmity of Senator Byrd, Virginia's political boss. In practice a candidate for a judgeship must have the support of Senators from his own state; it would be "discourteous" for the Senate to override their objections. Mr Almond's other trouble is that as a moderate, who still prefers racial segregation, he lacks the political support which can be mobilised for a Negro judge. President Kennedy has also selected the first woman Negro judge to be given a presidential nomination; she is now sitting on the Juvenile Court of Washington, DC, a city which is more than half Negro. For years Congress, fearing the appointment of a Negro, refused to authorise the two additional judges sought for the swamped Juvenile Court.

Though the Senate passed Mr Almond by, it accepted, in the end without a dissenting vote, Mr Kennedy's most controversial appointment: that of Judge Irving Ben Cooper, whom the ABA and other lawyers' associations had found unqualified, both by reason of temperament and lack of experience, to sit on the federal bench.

Loaves and Fishes

NEW YORK

WHETHER a substance with the unpalatable name of "fish flour" is fit for Americans to eat is a battle which has assumed all the trappings of a holy war. Passionate advocates, who have gulped handfuls of the odourless, tasteless flour in front of congressional committees, say that it is the cheap food additive needed to cure the vast protein deficiencies of much of the world's population; it would also cure the economic depression of fishing ports in New England and northern California. The virtues of fish flour are its protein content of 80 per cent and its low retail price of 15 cents a pound. Its drawback is its origin, the whole fish—eyes, tail, fins, bones and stomach contents. To the federal Food and Drug Administration, this constitutes filth and, as such, is ruled out for American consumption.

Since Americans can scarcely ship abroad a food which they themselves are not allowed to eat, the FDA ruling has raised a storm of protest from potential manufacturers, Congressmen from sea-faring states and the Department of the Interior, which would like to see the usable catch of the American fishing fleet raised from 5.2 billion pounds to 12 billion pounds a year (more than half of every catch consists of "trash fish," such as skate, pike and dogfish, which must now be thrown away). These critics protest that Americans happily consume clams, oysters, whole sardines, rattlesnake meat and even chocolate-covered ants and fried grasshoppers. Yet the FDA is adamant; it believes that fish flour threatens every canon by which the pure Food, Drug and Cosmetic Act of 1906 has protected American food from dirt and excrement. With the variety of substances—all of them hygienic and nutritious—which could now be produced from hooves, tails and feathers by new processes, the FDA feels that more than ever it must uphold its standards though these are more aesthetic than scientific.

Emotional hearings were held last August on four Bills to amend the pure food laws, but no action was taken—presumably because it was thought sensible to await the special report on fish flour which the National Academy of Sciences has undertaken to make. Feelings are still running high. The powerful midwestern wheat lobby, sensing a rival, calls the campaign on behalf of fish flour "an effort to legalise sanitised filth." The VioBin Corporation of Illinois, the only manufacturer of fish flour in the United States, says that for millions of people the product will replace the misery of chronic hunger with hope for a new life. The Food and Agriculture Organisation of the United Nations strongly favours fish flour, which is now being manufactured at a rate of 100 tons a year in Sweden, 300 tons a year in Thailand and at least 500 tons a year in Morocco. Ironically, the FAO finds one of the chief attractions of fish flour to be its acceptability to a wide variety of cultures—except, apparently, that of the United States.

Sunset for Billie Sol

TWO weeks ago in Tyler, Texas, the non-existent fertiliser tanks out of which Mr Billie Sol Estes made some $26 million brought him an eight-year prison sentence. Last week the financial wizard who was once thought to be worth $150 million and who had influential friends in both political parties had to file a pauper's oath to obtain legal aid. His known assets were sold in September for $7 million but most of his creditors will get only 15 cents on the dollar; the lion's share goes to the Commercial Solvents Corporation which provided fertiliser for tanks which did exist.

In addition to his conviction on charges of swindling brought by the state Mr Estes has been indicted on a number of counts by a federal grand jury and, with Commercial Solvents, is to stand trial in another state court on charges that they conspired to monopolise the fertiliser market in West Texas. So far he has not appeared before either of the congressional committees investigating the friendly relations with officials of two Administrations which, it is alleged, enabled him to become a power in the storage of government grain and the illegal owner of cotton allotments. His appearance was postponed to enable him to have a fair trial. The Senate's investigating subcommittee still means to hear him, but with his conviction and the realisation, even before election day, that neither political party was likely to make political hay out of the case, Washington's interest in it has exaporated. However, the Department of Agriculture is reorganising its procedures as a result of the unflattering light cast on them by the scandal.

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THE WORLD OVERSEAS

The UN's Thanksgiving

FROM OUR SPECIAL CORRESPONDENT

THANKSGIVING DAY being merely a local affair, it is usually observed only halfheartedly by the United Nations. If the world organisation celebrated all the holidays of all its 110 members it would enjoy a year-round repose. On Thursday a quota of work was therefore on the programme of both the assembly and the secretariat. The concept of thanksgiving nevertheless unquestionably pervaded the air as 110 flags came down at dusk on Wednesday, the floodlights came on, and the tailfins of the huge black car whisking the expressionless Mr Zorin out of the United Nations gate nearly cut your correspondent's short visit even shorter.

The gloves that had been so lately and so alarmingly off certainly seemed to most Thanksgiving Day observers at the United Nations back on again with mink-lined softness. Admittedly it was not clear whether a true handshake could be achieved while wearing such urbane mitts. But it was nice to hear the Russians making appreciative noises about the discreet phrasing and firmly unboastful character of President Kennedy's statements on Tuesday, and westerners lauding Mr Mikoyan's skill in twisting Dr Castro's arm without generating such heat as to singe his beard.

The giving of thanks about the Chinese announcement of a Himalayan cease fire was deferred by virtually all here until more might be seen both of Peking's actions and of Delhi's reactions. But the Cuban gift horse was not to be looked too closely in the mouth. As in the case of the earlier removal of intermediate rockets, it was understood that American warships would sidle up to Soviet ships carying home the Ilyushin bombers which Dr Castro had so suddenly found to be "antiquated," and merely take polite peeps at the cargo. The word was that they would somehow arrange with the Russians to be in the right neighbourhood—a phrase evocative of your friendly neighbourhood fleet.

Did all this have anything to do with the United Nations? If one looks only at the formal proceedings (which is of course all one is supposed to look at) the answer is that it did not. The Security Council was quick to get under the bed during the Cuba crisis week, and unlike everybody else it has not come out again yet. Somebody mildly remarked today that perhaps the council might in due time at least meet to hold a requiem mass for the departed crisis. For the rest, the regular assembly proceedings ground steadily on through bad times and this week's better days alike without visible connection with Cuban downs and ups. The assembly's plenary debates are at present a spiritual safari through the vast perspectives opened up by last month's 500-page report on a few out of the vestigial British Empire's still richly filled treasure house of dependent territories. On Wednesday, as a divertissement, the assembly broke off to devote the afternoon to confirming a resolution already acclaimed in committee of the whole, by 97 votes to nil, urging the disarmament talkers to return to Geneva and to talk on.

Meanwhile the first political committee was wrangling whether to debate outer space or Korea first, although the sole value of a debate on either would seem to be as a time-filler while it is decided whether and when to turn to the more fruitful topic of nuclear-free zones, one of the items freshly revived by the Cuba clash. The other political committee was in the sands of Oman; the only oasis relieving its verbal expanse was the Cuban delegate's indignation when the inimitable Mr Shukairy of Saudi Arabia equated the British bases in Oman with somebody else's bases in Cuba. The British representative, though doubtless just as convinced that a distinction between the two was crucial, passed up the opportunity of demonstrating solidarity with Cuba on this point. The economic committee, which was trying to debate five separate items in parallel, at times seemed as if it would have found map-reading easier in the deserts of Oman.

Most delegates in fact seemed very ready to leave the United Nations role in the Cuban affair in other hands; the hands of the quiet little Burmese who sits up aloft on the top floor of the secretariat tower and who was host at lunch on Tuesday to Messrs McCloy, Stevenson, Kuznetsov and Zorin. U Thant has been the United Nations' only visible link with the Cuban question since the Security Council faded away like a Cheshire cat, not even leaving him a resolution to work under. Although it is not easy to define exactly what effect his activity has yet had, hardened professionals here swear that his performance has been as effective and his timing—a crucial element—as precise as Mr Hammarskjöld's ever were; some would say, still better.

The mere existence of the United Nations building here in New York has facilitated contact on an equal, and also on an amiably social, basis between American and Soviet highrankers. Moreover, while they have now got well embarked on these direct dialogues, the atmosphere between Havana and Washington is not yet attuned to anything of the kind. Dr Castro's well advised technique of addressing himself to U Thant is thus a decidedly practical literary form. On Monday night it enabled him to maintain his dignity by referring to American policy in vigorous terms without compelling Mr Kennedy to retort at his Tuesday press conference. Likewise Dr Castro's consent to the removal of the bombers was thus made public in diplomatic language without his having to address himself to either of the great powers in a manner that could have seemed unacceptably humiliating.

But the assumptions that the United Nations would naturally prove a source of some reassuring presence in Cuba have been premature. Even the modest idea of a presence comprising the non-aligned diplomats in Havana was never a starter. By a now set tradition, a United Nations presence can be inserted in a vacuum area with a view to checking the inrush of powers; or sent to reassure a little state that fears bigger neighbours. It cannot be installed in circumstances suggesting that a big chap has foisted it on a little fellow. What does seem still conceivable is some device for reassurance and reciprocal inhibition on a multilateral—one hears it termed a Caribbean—basis. (Both Dr Castro's letters to U Thant this week stressed his total rejection of anything "unilateral.") And that brings one round perhaps to the broader question of zones free of nuclear arms, or at least subject to some limitations on arms. Back in fact to the United Nations again, and quite probably to some revamped version of the Brazilian nuclear-free zone project, now on a handy shelf. At the moment Mr Rapacki has, perhaps tactfully, absented himself, but the Swedes, fondling dog-eared copies of last year's Unden plan, are just as tactfully present.

Underlying all the talk of a possible use of the United Nations mechanisms in active form there remains, however, the again emerging doubt about the future of its executive. Not surprisingly, U Thant is still playing hard to keep. Maybe it would not even satisfy him if the Russians ceremonially burnt their sacred troika before his eyes and walked barefoot over the hot ashes. He is expected to hold out not only for a completely free hand but also for a back free of the weary load of the Congo. Thus it is not wholly irrelevant to the chances of moving from the Cuba issue to wider arrangements in the arms and disarmament field that a strong American Congo team from the State Department was today up on the top floor of the secretariat tower, talking some kind of Congo turkey on Thanksgiving eve.

Delhi Fore and Aft

FROM OUR CORRESPONDENT IN INDIA

THE Chinese "peace plan" fell like a bomb on an Indian public reeling from weeks of earlier disasters. Psychologically the offer was brilliantly timed—but still not good enough. The first reaction here was deep suspicion. Shorn of its details, the offer of a ceasefire from midnight on Wednesday, and of a withdrawal starting on December 1st to positions twenty kilometres north of the McMahon line, in effect repeated proposals already rejected by New Delhi, though at a time when the Indian position was far better than it is today. It was feared that if not pure psychological warfare, the offer might be a military ruse to gain time for the extended Chinese advance columns to consolidate—though the shattered Indian defences must have stood to benefit even more. New Delhi stalled for a day, saying that it would give the proposal full consideration when it had officially received it. But Mr Nehru firmly reiterated the Indian position that there could be no negotiations until the *status quo* before September 8th was restored. At the time of writing on Thursday the government was waiting to see what the Chinese did next before making up its mind.

The week had brought Indians the worst news since the Chinese invasion began. The fall of the Se La pass last Sunday, November 18th, and of Bomdi La on Monday opened the gateway to the Assam plains. Se La ridge, some 14,000 feet high, was the last major mountain barrier between the Chinese and the Brahmaputra. The Indians had determined to hold the invaders at the pass. This they did, only to find themselves outflanked by a heavy Chinese column which came unobserved through another pass and cut the road behind them near Bomdi La, thirty miles south-east. Within twenty-four hours the Bomdi La headquarters of the Kameng division of the North-East Frontier Agency (NEFA) had fallen. By Tuesday a large Indian force, isolated and unsupplied, was trying to fight its way back from Se La while a single range of hills stood between the Chinese and Tezpur on the Brahmaputra just forty crow-flying miles away. It was the same story in the eastern tip of NEFA, where the capture of Walong in the Lohit river valley and the subsequent rapid advance down the valley threatened to bring the Chinese to the upper end of the Assam plain, threatening for a start the Digboi oilfield. By Wednesday night the Chinese army overlooked the plains of Assam.

The Chinese blows once again smashed Indian illusions that the situation was either militarily or politically stable. The lull after the first major attack had persuaded some here both that the invaders were being held and that their objectives were limited to taking a little of the NEFA to offer as a bargaining counter for Ladakh. The massive and well prepared attack (the Chinese reportedly built in three weeks a road from the McMahon line to Tawang which the Indians had not built in as many years) suggested that they were quite prepared to occupy their entire claims in the north-east—virtually the whole of NEFA—or more. By the time of the ceasefire deadline the advance troops were already at the limit of the Chinese claim above Tezpur and in the Lohit valley. Until the real intention of the ceasefire offer is known, the long-term aims of the Chinese are best left to the highly-paid Pekinologists whose absurdities to date include suggestions that the real object of the Chinese was the removal of the pro-Russian Mr Krishna Menon or the replacement of their dependence on Russian oil by oil from Digboi, presumably piped over the 15,000 foot mountain range.

In New Delhi the cobwebs were at last blowing away. The prime minister spoke repeatedly of "war," and he stated on Monday that India was trying to get "all possible help" from friendly countries with "no limitation of any kind." His personal letter to President Kennedy requesting urgent and massive arms aid bore a very different tone from the delicate concern for non-alignment evident in the first requests when the crisis broke. The possibility that aid might yet include foreign troops was by no means as remote as it had been a week before.

The government still seems more sure, however, of what it would like to do than of how to do it. There is no sense of vigorous central direction. The measures so far taken to mobilise the economy seem weak, though the new broom of Mr T. T. Krishnamachari, armed with wide powers to co-ordinate production in all sectors, may soon start sweeping in earnest. In other fields action sometimes seems more panicky than strong. The unofficial censorship already operating cuts out information which might indeed help the enemy if it had not already been freely published in western papers. The government proposes to supplement it by the revival of the British-invented system of demanding a heavy "security deposit" from papers that break the unformulated rules, the deposit being forfeited at the second offence—an admirable way of suppressing a basically hostile press but an absurd one for regulating papers that are not less patriotic, though they may be less all-wise, than the government. The right-wing papers had already been warned to lay off political attacks on Menonism. Official war news has been doled out 24 hours late and, till the latest stark reverses, consisted largely of obvious whistling to keep Indian spirits up.

Politically, Mr Nehru's fatal vacillation over Mr Krishna Menon is having dangerous results. Though the streets and papers are full of exhortations to rally round Jawaharlal, the comparison with Neville Chamberlain can be heard uncomfortably often, not least among influential members of Congress. Whatever justice that comparison may have, there is no conceivable Churchill waiting in the wings, and although Mr Nehru's personal power and prestige among his colleagues have fallen, most of them know this. More

On the Se La pass

Indians than is healthy are beginning to think of Mr Nehru as no more than, shall we say, the best prime minister they have got. But even now, such is the state of Indian feeling, a firm rejection of the ceasefire could transform Mr Nehru's image overnight.

Ultimatum for the Chancellor

FROM OUR BONN CORRESPONDENT

WITH general assent, Dr Adenauer has been given some fourteen days in which to repair his own and his government's damaged authority. The ultimatum has come from all sides but the Bavarian Right. Last Sunday, November 18th, the managing chairman of the Christian Democratic Union, Herr Dufhues, painfully surprised his chief (and co-chairman) by publicly declaring that the party, "along with the entire population," expected the Chancellor "to act and govern."

The government, Herr Dufhues stipulated, must be so reorganised as to restore public confidence in its ability to lead. Herr Krone, one of the party's four deputy chairmen and the closest to Dr Adenauer of his ministers, uttered a loud amen. On Monday the five Free Democrats in Dr Adenauer's coalition cabinet resigned. On Tuesday the Christian Democrat and Christian Socialist ministers followed suit by formally placing their portfolios at the Chancellor's disposal. They did so, it was officially explained, at the prompting of Herr Strauss, the compromised defence minister, and Herr Dufhues, the party's chosen spur and conscience since the Dortmund conference in June. But neither Herr Schröder, the foreign minister, who was in Bangkok, nor Herr Lemmer, the minister for all-German questions, who was in Berlin, had been consulted. Herr Erhard, the economics minister, who was in Strasbourg, had agreed by telephone.

Having effected their five ministers' demonstrative gesture, the Free Democrats' executive committee and parliamentary party then assembled for electioneering purposes in Nuremberg; they declared that "the exigencies of the world situation, and the situation of our divided fatherland and its divided capital city," called for a government "which, free from personal embarrassments, serves only the weal of the nation. A reorganisation of the federal government is therefore necessary." Naturally the Social Democrats at once reinforced the demand for change. But they, uninhibited—as are the Christian Democrats and the Free Democrats—by the allegiances of the elections on Sunday (November 25th) for a new Bavarian state parliament, have made no bones about calling expressly for the dismissal of the cabinet's arch-Bavarian, Herr Franz-Josef Strauss, whose private war with the news magazine *Der Spiegel*, the motives of it and the methods employed, have precipitated a million doubts concerning the health and manners of the state. Nor have they hesitated to protest that the Free Democrats have up to now shied away from voicing their own and the majority of the public's deepened conviction that a change at the top of Dr Adenauer's government is painfully overdue. Dr Adenauer seems to be ready to sacrifice his defence minister, but determined to stick it out himself for another year.

The champions of cabinet renewal now seem reconciled to waiting for satisfaction until after December 5th, when President Lübke returns from his trip to Pakistan, Siam and India. Presidential approval is required for ministerial changes. In the meantime the five Free Democrat ministers—finance, justice, refugees, overseas aid and federal property—are continuing to carry out routine duties but are not attending cabinet meetings.

And in the meantime the Bavarians will be choosing a new *Land* parliament, expressing by ballot their feelings about Herr Strauss, Dr Adenauer and kindred issues. Herr Strauss is the chairman of the Christian Social Union (the Bavarian counterpart of the Christian Democratic Union), which won 45.6 per cent of the votes cast in the last Landtag election in 1958, and which has since ruled Bavaria with Free Democrat help. The Social Democrats, who emerged as the strongest party in Bavaria after the Landtag election of 1950, and are still the ruling party in such important Bavarian municipalities as Munich, Nuremberg and Regensburg, are hoping to improve their fortunes handsomely on Sunday. Their success—largely a consequence of the *Spiegel* affair—in the elections to the Landtag of Hesse on November 2nd, when they won an absolute majority for the first time, has greatly fortified their hopes. The Free Democrats, apparently, are reckoning that through having staged a show of resistance to Dr Adenauer *without specifically demanding either his head or Herr Strauss's*, they have been wooing the Bavarians with as much dash as the party's limited prospects allow. When the result of tomorrow's polling in Bavaria is known, the Chancellor will be able to plan his next moves. Since the Christian Democratic Union itself, strictly so called, holds only 192 of the 499 seats in the Bundestag, Dr Adenauer depends for his majority on the affiliated Bavarian Christian Socialists, with 50 seats, and the Free Democrats with 67. Tomorrow's vote should help him to judge how warranted the Social Democrats are in demanding the all-party government which neither the Christian Democrats nor the Free Democrats want.

France's Great Divide

FROM OUR PARIS CORRESPONDENT

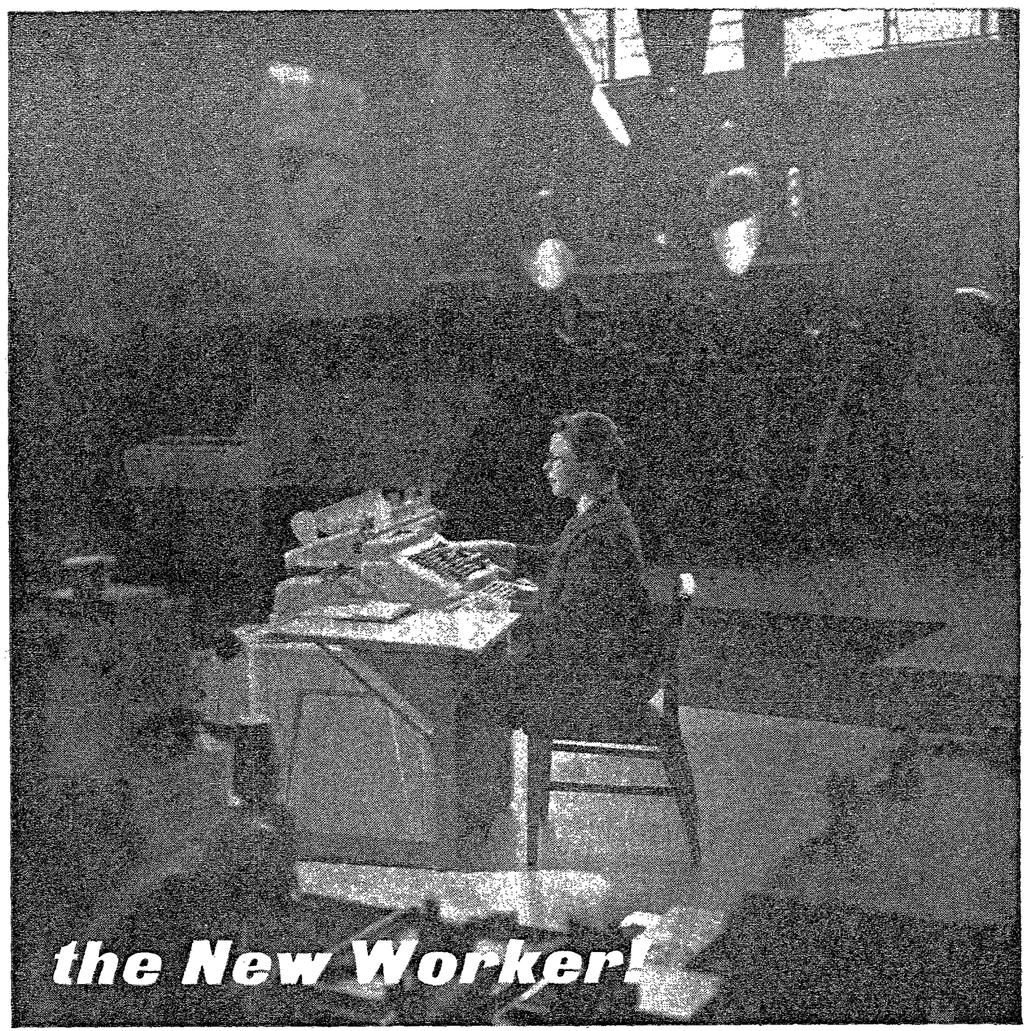
"Tomorrow in France there will be the Communists, ourselves and nothing"—*M. André Malraux, Oct. 1947*

LAST Sunday's first round in the parliamentary elections saw the French voters sacrifice the third (that is, the traditional Republican) force on the altar of Gaullism. General de Gaulle is now quite likely to get the obedient parliament of his choice. His strategy, based on the impact a referendum would have on the ensuing elections, has proved successful, after all, despite his only mediocre success in last month's referendum. True, if the voting in the referendum is compared with the voting in the elections, the traditional parties recovered a great many votes; but not as many as they, and everybody, expected. The proper comparison is with the parliamentary elections of 1958; and on that basis they lost two million votes to the neo-Gaullist UNR. About as many Frenchmen simply dodged the contradiction between their assent to General de Gaulle and their party allegiance by staying at home (thus bringing the total of abstentions to more than 31 per cent, the highest since 1881). It is equally true that only half of those who had voted for the general were logical enough to vote for the general's party. Yet, with close to six million votes, the UNR finds itself in a commanding position on the eve of the second ballot. Should the trend be reaffirmed tomorrow, the UNR —together with those Conservatives who accepted from M. Malraux the label of good Gaullist behaviour—may muster an absolute majority in the new Assembly. The general has taken his revenge on the third force, which had kept him at Colombey for over a decade and was now attempting revival as the *cartel des non*.

VOTES IN FRENCH ELECTION

Parties	Votes, 1962	Per cent	Votes, 1958	Per cent
Communist party	3,992,431	21·78	3,870,184	18 9
PSU, etc.	449,743	2·45	356,081	1·8
Socialist party (SFIO)	2,319,662	12·65	3,176,557	15 5
Radicals and Centre Left	1,384,998	7·56	1,710,710	8·3
UNR	5,847,403	31·90	3,589,362	17·5
MRP	1,635,452	8·92	2,408,370	11·7
Conservatives (Indépendents)	2,458,988	13·42	4,112,191	20 1
Extreme Right	241,309	1·32	1,268,922	6 2

Last Sunday did not see a swing to the Right. That had taken place in 1958; on this occasion, the switch of votes has occurred, essentially, within the Conservative half. The Bonapartist Right, as M. Mitterrand put it, has swallowed the Republican Right. The



Shirley Woodgate types out the order acknowledgement form—and that's that. Electric, electronic and hydraulic gadgets of all kinds take over and do the rest. They handle the material, sort it, machine it, weld it, inspect it, finish it, store it . . . and then type out the shipping advice form.

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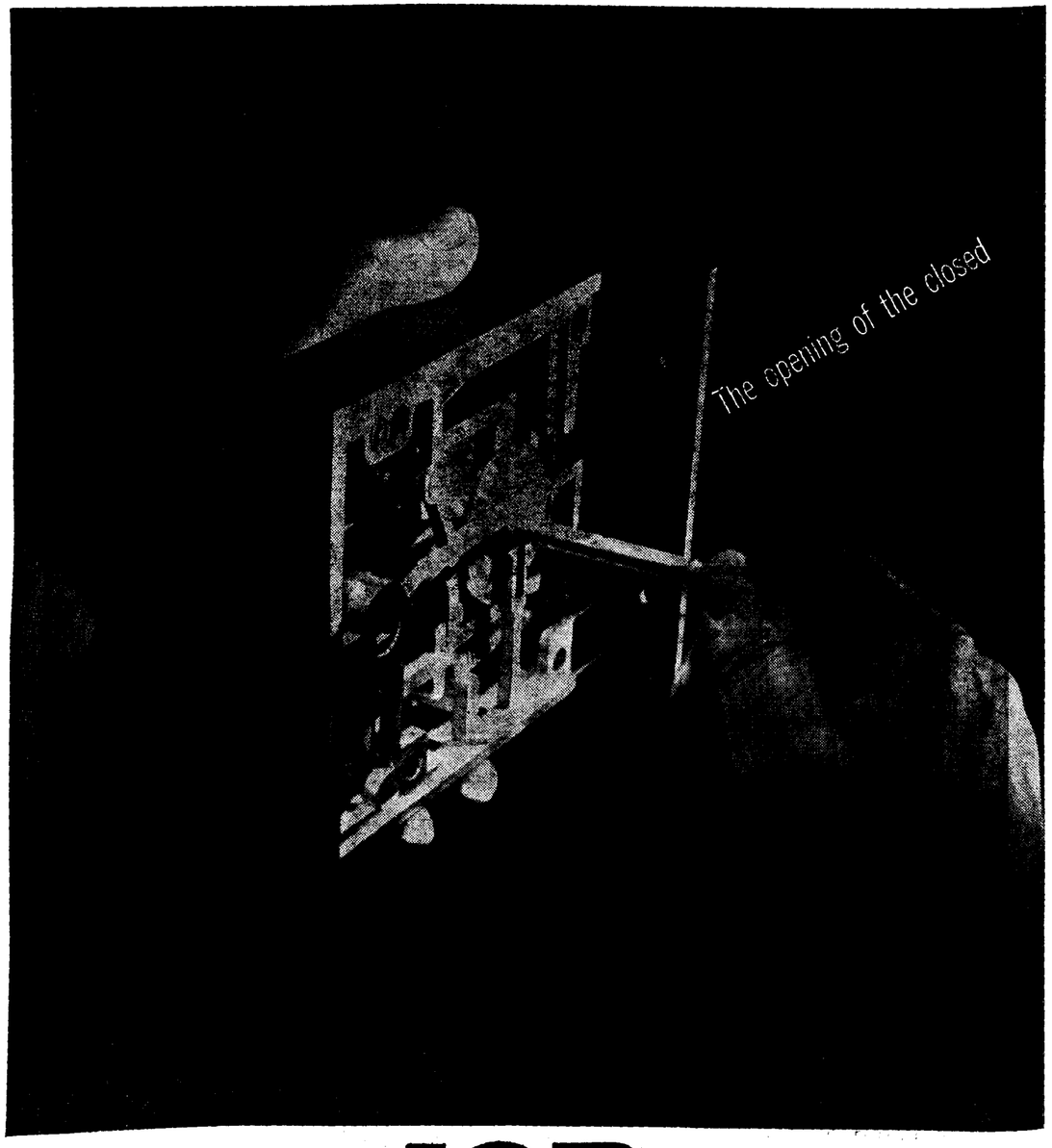

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referendum results made it plain that the Conservative leaders could not carry their troops along against the general. They paid the penalty in the election. Offered the choice between the stamped Gaullist commodity and an ambiguous package that had had a Gaullist wrapper in 1958 but had now been hastily given a Republican cover, many Frenchmen showed no hesitation.

Right-wing extremists like M. Lepen and M. Lacoste-Lareymondie were deserted by the bulk of their supporters. But so were such liberal Conservatives as M. Paul Reynaud. Any Gaullist could do the trick. M. le Tac, completely unknown in Marseilles, managed—without any campaign, simply on the basis of his Gaullist credentials—to outstrip M. Fraissinet, the local right-wing star. The strongholds of the MRP in the traditional conservative areas of eastern and western France have been shaken. The Independents may well lose all their twelve seats in Paris, leaving the city entirely to the UNR (but not its suburbs, where the Communist party is showing gains).

Politicians who climbed on the Gaullist band-wagon in 1958—indeed, who helped to set it moving—and thought that they would be able to jump off unscathed, have been proved wrong. Even the Socialists are licking their wounds. In fact, the only party to weather last Sunday's Gaullist storm was the Communist. With 22 per cent of the total vote, it has actually emerged reinforced. Taking into account the fact that single member constituencies are less favourable to the Communists than proportional representation, the Communist electoral strength is now probably as great as in the last days of the Fourth Republic. In the course of this week it has been busy making use of this strength to overcome its notorious weakness, which is its isolation, offering its, in fact, sorely needed services to help the others resist the Gaullist wave.

In this respect the biggest Communist success has been to reach an agreement with the Socialists in their strongholds of the Nord and Pas-de-Calais, on the basis that each party withdraws its candidate where the other is in a better position to defeat the UNR. These are only the two most spectacular pacts. Throughout the country Communists have been standing down—not always on the basis of reciprocity—for Socialists or Radicals. In some cases they have even stood down for candidates who had polled less votes on the first ballot but who seemed, nevertheless, to have a better chance of victory.

The polarisation that has now happened on the right of French politics and the emergence of a Gaullist party likely to gain the majority have naturally made openings for the Communists at the other end of the spectrum. Thus the general's triumph has been a tragedy for M. Mollet, his former faithful assistant. The Socialist leader, fearing a Gaullist victory, uttered the warning before the first ballot that Socialist voters might, in a few cases, have to vote for a Communist. To keep it to a few cases, he pinned his hopes on the *cartel des non*, the alliance with the Radicals, Christian Democrats (MRP) and Conservatives. But the Third Force, workable at the level of leaders and deputies, bewilders and repels the voter. M. Mollet and M. Reynaud may arrange, but the voters will not follow. The scope for left-wing deals between the two ballots has grown beyond the number originally contemplated.

Nobody will suspect M. Mollet of favouring anything like a Popular Front. Nobody will doubt him when he says that he seeks merely an electoral pact, based on the priority of dangers. But such is the logic, and the irony, of history that polarisation on the right conjures up unity of action on the left, and that M. Mollet may turn out to have been its architect. It is doubtful whether the hastily made deals will actually work tomorrow. Socialist voters, raised for fifteen years on an anti-Communist diet, are likely to prove less disciplined than the Communists in switching their votes. M. Mollet's Conservative and MRP allies may recoil into Gaullist arms before the spectre of the Popular Front.

The immediate question is whether the UNR and its coupon-bearing friends will get more than 240 seats, or the absolute majority in the new Assembly. If so, General de Gaulle will be able to rule undisturbed, with the UNR running the Assembly for him. If it falls short of that majority and needs, say, MRP support to form a government, the general may yet meet with some checks on the more contentious points of his European and Atlantic policies. That question will be answered this weekend, when the 369 remaining seats are filled. The other question, that will remain open, for a while, is whether the 1962 elections will be remembered simply as the moment of Gaullist triumph, or perhaps also as the start of a move towards unity on the French left, bringing with it the end of isolation for the French Communists.

Mr Khrushchev Reorganises

NEARLY all the eight pages of last Tuesday's *Pravda* were taken up by the speech which, on the previous day, Mr Khrushchev had read for over five hours at the opening session of the Soviet party's central committee. One would search in vain throughout the lengthy text for an explanation of the Cuban venture or of the crisis now shaking the communist world. A plenary session, attended not only by the 400 or so full and associate members of the committee, but by a host of industrial and agricultural experts as well, was scarcely the most suitable place.

In public, Mr Khrushchev spoke about economic matters. He foreshadowed a spectacular tightening of party control over the economic life of the country. But domestic economics and foreign policy are inseparable. It is the failure of Soviet foreign policy to release resources at home that has made economic reform more urgent. Economic success is what Mr Khrushchev needs to justify his criticised policy of co-existence. Drawing up a balance-sheet of the last four years, the Soviet leader as usual mixed praise with criticism. He attacked the traditional evils of red tape, inefficiency and too frequent job-changing, but claimed nevertheless that in the last four years Soviet industrial production has not only reached but exceeded the targets set in the current plan (1959-65). On closer scrutiny the progress is significantly uneven. Heavy industry exceeded its objective by six per cent, light industry by only two per cent. Because of agricultural failures, the increase in retail trade turnover, on Mr Khrushchev's own reckoning, was only one per cent higher than planned. On agriculture, too, the Soviet leader could only produce a mixed bag of news. Although this year's grain crop, at 147 million tons, has finally topped the previous record of 1958, the yield per acre is still much too low. Production lags behind planned targets. If the grain harvest was fairly good this year, it was poor for cotton and very bad for potatoes.

The strains caused by increased expenditure on defence have in recent months given rise to a fascinating discussion in the Soviet press about the best means of increasing productivity and the quality of output. The revision of wholesale prices was not the only subject involved. Suggestions were made that, within the broad framework of a general plan, profitability should become the main criterion. Directors of firms, instead of being crippled by controls, should be given a maximum of autonomy ; the interest of labour should be enlisted in the working of the enterprise through profit-sharing schemes ; and so on. The debate was echoed in eastern Europe, particularly in Poland, since with the growing integration of the block what happens in Moscow is of vital interest to all. (Mr Khrushchev, incidentally, revealed that the prime ministers and party secretaries of the countries belonging to the Council for Mutual Economic Aid (Comecon) will soon meet to debate a common plan for the block.)

In the West, this discussion in Russia has aroused speculation about an impending radical reform of the Soviet planning system.

Mr Khrushchev did not confirm these rumours, at least not in the expected direction. He paid lip-service to profitability and to the lessons to be learnt from western experience. But he decided that before embarking on any radical departures, it was safer to tighten party control. Stalin, he argued, stayed hidden behind the walls of the Kremlin. Leaders and party members alike have now to take a direct part in the economic battle. They must be turned into inspectors of the administration, into overseers of production and planning.

In order to achieve this, Mr Khrushchev proposes to split the party into two, from top to bottom, on functional lines. From the local and regional level to the very heart of the party in Moscow, the party committees are to be divided into industrial and agricultural branches. Thus, at the party headquarters in Moscow there is to be an industrial as well as a farming overlord. The scheme still has many gaps. What will be the relationship between the farming and industrial wings, and between both of them and the existing economic organs? The Gosplan, which up to now has dealt with current planning, is to turn its attention to the elaboration of long-term blueprints. (The fate of the special council hitherto fulfilling that function is unknown.) Current planning will now be the province of a new body, the Soviet of the National Economy, which is to be put at the head of the regional economic councils (or *Sovnarkhozy*).

The shape of the new organisation is not yet clear, but the present tendency does not seem to be towards greater autonomy. The *Sovnarkhozy*, created in 1957 in an attempt to decentralise, are now to be reduced in numbers (from 67 to 22 in the Russian republic and from 14 to 7 in the Ukraine). The party is to increase its hold over both the administration and management.

The discussion about economic management was not without its strains. The shake-up of the party that is implicit in Mr Khrushchev's proposals provides an opportunity for rewarding the victorious wing and downgrading opponents. But at this point the economic debate borders on the ideological and strategic conflict that is now being fought out. The current session of the central committee may still bring surprises. Next month's meeting of the Supreme Soviet will also provide the occasion for a reshuffle. Plenty of signs suggest that Russia, and possibly the Soviet block as a whole, is on the eve of some major changes.

Canada's Leaking Dyke

FROM OUR CORRESPONDENT IN CANADA

THE Diefenbaker government is living, like the legendary little Dutch boy, under the protection of a precarious and leaking dyke, trusting that either the Social Credit or the New Democratic group will thrust a finger into every hole the Liberals can make. Yet the suspense and excitement that marked the first few weeks of this badly divided Parliament have subsided. The public, which never pays half as much attention to the House of Commons as the members imagine, has relapsed into something approaching its usual indifference, convinced that there will not be an election until the spring, and not wanting one without some clearer sign that a new election would provide a more decisive result than the one held last June.

This acceptance of what one reporter called "government at the edge of the abyss" derives both from the improved financial and business climate and also from the pattern into which the politicians' performance has fallen. The satisfactory growth of the exchange reserves, which depended until the end of September largely on the reverse flow of speculative funds, has been confirmed by what Mr Rasminsky, the governor of the Bank of Canada, dared two weeks ago to call "the resumption of sizeable long-term capital inflows." The relief of the business and financial community has grown into something more like confidence, which in turn has been increased by a moderate but definite change in central bank policy towards greater monetary ease. It seemed impossible last June that such a degree of cheer and confidence could be restored so soon.

More unpredictably, the federal government's financial position looks healthy. Unless the inflow of capital requires an unexpectedly heavy flow of cash into the exchange fund, the government's cash requirements look like being covered for some time to come by a very large sale of Canadian savings bonds. Between December 1st and January 1st, $615 million of government bonds fall due, but the market believes that about half of them are already held by the Bank of Canada. If the budgetary outlook were as rosy as the cash position, the finance minister, Mr George Nowlan, would have few short-term worries. But the budget which is promised early in the New Year will be extraordinarily difficult to devise. Most of the cuts that were made as part of the emergency measures of June 24th were achieved by deferment rather than permanent economies, and probably the major part will have to be restored next year. To return to a budget deficit of $750 million which Mr Fleming proposed last April would be damaging both politically and financially; yet it does not look as though the increase in national product next year will yield enough revenue to cut it much below that. But any increase in the tax take will have unfavourable effects economically and politically. Economic policy, as the Bank of Canada has openly proclaimed, should be expansionist so far as the exchange position permits. Political considerations compel Mr Nowlan to regard his first budget as being possibly his last and to make it as sweet as he can for the electors.

This is on the assumption that the two smaller parties keep the government in power into the new year; the assumption is by no means sure. It depends first on Mr Thompson's ability to prevent his Quebec deputy, Mr Real Caouette, from swinging the 26 Social Credit members from Quebec against the government. Their attitude will largely depend on how they interpret the results of the provincial election in Quebec on November 14th. The Social Credit party did not participate in the provincial election, but the opposition party, *L'Union Nationale,* now led by Mr Daniel Johnson in place of the late Maurice Duplessis, had counted on picking up a good many votes from discontented Social Creditors. In the result, the provincial Liberals led by Mr Jean Lesage came back triumphantly with an increased majority, and many observers, including especially the federal Liberals, conclude that the Social Credit threat is waning rather than waxing. Whether they are right or not, this belief has certainly confirmed the Liberals' determination to bring on an election whenever they can.

But it is not enough for the Liberals to get Social Credit support against the government unless the 19 members from the New Democratic party (whose leader, Mr T. C. Douglas, has now won a by-election seat) at least abstain from voting. They tried this rather embarrassingly when they supported a Social Credit amendment to a supply motion calling for "debt free money." The manœuvre established once and for all that Mr Pearson and his followers are genuinely trying to defeat the government, not merely shadow boxing. But it also showed that Mr Douglas and his followers are just as determined not to, and though they are the smallest party in the House they have the last word.

It looks, therefore, as though Mr Nowlan will have to face the unenviable job of presenting a budget in January. Moreover, if he is ingenious enough, and if the business and financial outlook is still as hopeful four months hence, the Conservatives might come out of the next election better than the last. They have learned a good deal since their humiliation last June. The changes in August have greatly improved the cabinet. The exchange crisis has compelled ministers to rely on sober official advice. The Diefenbaker government for the first time appears to be more devoted to government than to Diefenbaker, and the results so far have strengthened the government party as well as the country.

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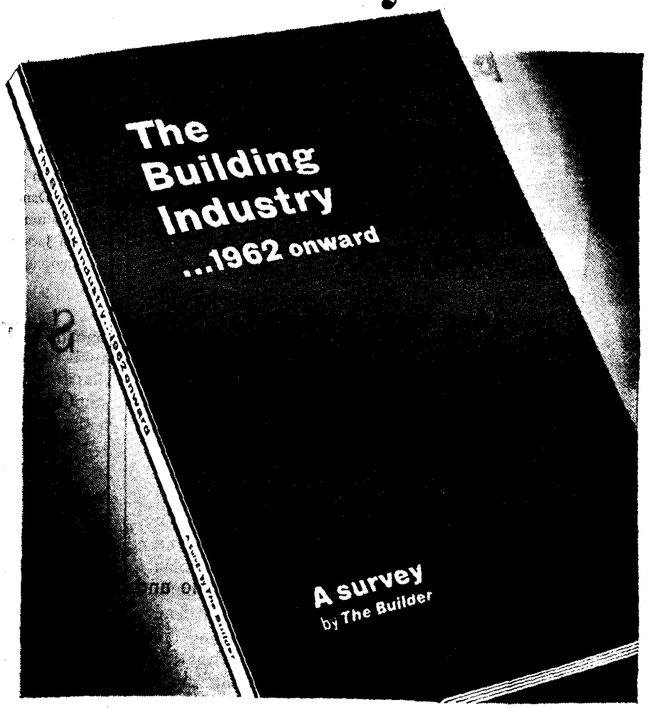

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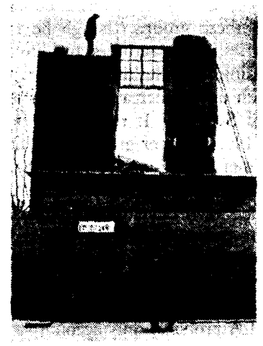
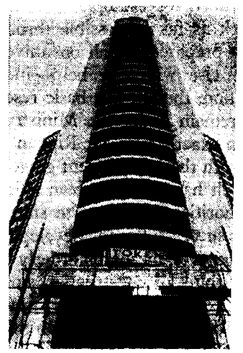




INSIDE the sprawling, ill-co-ordinated body of the building industry there might just be an upright clean-limbed giant struggling to get out. But, we are told, for the short-sightedness of clients, the lack of realism of architects, the plodding conventionalism of builders, the cussedness of sub-contractors, the impracticality of manufacturers . . . but indeed for human nature this giant could have been set free years ago.

No industry, perhaps, suffers so much from human failures of communication as does this one, with its notorious diffusion of responsibilities and its fragmentation of resources among tens of thousands of firms, many of them one-man concerns and only half a dozen of them employing more than 5,000 people. But changes of heart to a large extent mean changes of rules, procedures and standards. The main question about construction in Britain is whether these imprisoning details can be hacked away fast enough to release the extra productivity needed. A survey* published this week suggests that the average annual demand for building work between 1965 and 1970 may reach £3,700-£4,300 million (reckoned at 1961 prices), or 30-50 per cent more than the £2,845 million spent on construction last year. This estimate, which is not set out in any detail, seems to be based on estimates of future "need" for different kinds of constructional work that the authors have been able to assemble from specialised sources, and may itself therefore be hopeful. But however large the rise in effective demand may turn out to be, one thing is fairly clear: the industry cannot count on much extra manpower, and it needs a rapid rise in productivity. Radical technical advance—the complete bathroom units dangling from giant cranes—cannot play its economic part in the process until organisational changes are made at all stages.

Plenty of people, particularly in government departments concerned with building, have been saying this for a long time. Their views were accepted in general terms in the official Emmerson report† published in April; and are impressively endorsed, with detailed chapter and verse collected from all sections of the industry, in *The Builder*'s survey, which gives an up-to-date anatomical survey of the whole twitching monster. Its main recommendations support those of the "logical school" who have practical experience of the advantages of standardised techniques and streamlined procedures.

This school is best personified in Sir Donald Gibson, recently appointed as director-general of research and development to the Minister of Public Building and Works. His job is to push the whole public authority building programme, which currently accounts for about 50 per cent of total construction work in Britain, into rational modernity, and so to guide the entire building industry along the same path. Three directors have this week been appointed under him to work in the fields of development, building management, and research and information—the broad categories into which his new department's programme will fall. But it will also be engaged on the important primary task of piecing together a picture of the entire resources and potential of the industry on which a realistic planning of public building can be based. The close association of Mr Rippon's ministry with "the central planning machinery" should make it possible to provide what in Sir Donald Gibson's view and in the opinion of the authors of *The Builder* survey is the prerequisite to steady development of this industry: a guaranteed basic programme of work, apart from the more marginal public projects which alone would be trimmed in times of recession. Sudden decisions to cut back public investment plans—as, for instance, in 1957—have made contractors cramped and hesitant in their approach at times when the logic of new techniques was calling for more outlay on capital equipment, and for less dependence on the casual labour force which has been a traditional shock absorber.

Division of powers and interests within this industry has

* "The Building Industry—1962 onwards." A survey prepared for The Builder Ltd., by O. W. Roskill, industrial consultants. 155 pp. price £7 7s.

† Survey of Problems Before the Construction Industries. Ministry of Works. 1s. 6d.

meant that integrated research into design, construction and materials has been almost entirely left to government or local authority development groups on the postwar Hertfordshire school building model, out of which followed the setting up of the CLASP consortium. Believers in its principles of cost limits, modular co-ordination, prefabrication, joint bulk-buying, simplified contract procedures, and close co-operation between architect, builder and supplier, are now to be found in the more progressive local building authorities and the architectural departments of Ministries. The hospital service has its own development group and the idea has begun to spread to local authority housing, in Yorkshire and Sheffield for example. Sir Donald Gibson is determined to work as far as possible through these groups, though he is also prepared to call on universities, manufacturers and anyone else who can help—including the Building Research Station, though this basic research unit rather anomalously is to remain under the Ministry of Science. It remains to be seen exactly how Mr Rippon and his "ginger group" will fit in with the independent gingering of the Ministry of Housing, which has set up its own office in Manchester to advise local authorities who want to start their own development teams. But successful as the development group idea has been proved to be as a means of orderly innovation, its influence on the total bulk of construction work is as yet minute, and cannot be expected to spread fast. Even the much-publicised CLASP and its companion SCOLA probably only account for about 10 per cent of the annual expenditure on school building.

SPEED of construction is the tangible advantage of prefabricated building methods, but the problem facing both government developers and the owners or licensees of the various proprietary systems is to demonstrate how costs as well as time can be cut on really big scale projects. For most local authorities this would require some degree of co-operation to build up such big orders, but it is hard for them to commit themselves to co-operation on the basis of "once-off" projects that look alarmingly dear when costed up by the quantity surveyor. Some of the biggest individual authorities—London, Birmingham, Leeds, Coventry—are using proprietary precast concrete systems to build high flats in large enough numbers—at least 500 at a time—to be "comparable" in cost with conventional methods (which nowadays often means a combination of prefabricated and on-site work) but nobody is prepared to go beyond that cautious adjective. Nor can any manufacturer of "industrialised," or factory-made, systems offer a cheap enough product without the backing of these large local authority orders. But one effect of this will certainly be to make the contractor for a proprietary system or the manufacturer of components for any "custom built" system, much more dependent on its chief public clients than at present—and vice-versa. The danger of this was illustrated earlier this year when the company supplying structural frames for schools to CLASP, SCOLA and Hertfordshire, went into liquidation. That sort of risk, however, is exactly what could be reduced or eliminated with greater security in forward planning.

Fortunately there is a great deal of rationalisation implicit in the idea of contractors' consortiums, which can and should be pushed wherever possible, and many efficiency measures that the industry itself could introduce without waiting for a change of heart from its more hide-bound clients. Pooling of resources should not be limited to the buying side of the market. Architect/engineer partnerships are still rare but they offer big possibilities; contracting combinations of the kind generally found only in foreign tenders are undoubtedly useful on large schemes; even the nowadays slightly suspect "package deals" have some obvious organisational advantages. With the increased fragmentation of work among sub-contractors—due partly to the shortage of skilled men working for main contractors and to the increased complexity of services, particularly in high buildings—site control nowadays requires a more masterly mind than it generally gets.

Students of British contracting now recommend the abandonment by local authorities as wasteful, of the open competitive tendering system, to which many cling in a rather nervous desire to demonstrate impartiality and to produce the lowest possible price regardless of other factors—efficiency and suitability of methods—which may also affect costs. The alternatives—inviting tenders from a selected list or negotiating contracts with particular builders—cut down or eliminate the wasteful element in competitive tendering which is reckoned by the authors of *The Builder* Survey to cost the construction industry about £30 million a year. They also point out that new techniques or particular skills or types of equipment offered by a contractor nowadays make it profitable for all concerned if he is called in as early as possible in the design stage. One would like to see a wider application in public contracts of the methods used at the War Office, in which the contractor is asked to tender on a skeleton design, on the understanding that if successful he will be given similar contracts over the next eighteen months to be costed on the same basis.

TIDYING up of planning procedures to speed land acquisition, and of miscellaneous interpretation of bye-laws which, on things like room-heights, make any general standardisation impossible—these are things about which the government must act if it cannot first reason local authorities into uniformity. The Ministry of Housing will soon be producing its recommendations (on the principle already advocated by the RIBA among others) for the adoption of the four-inch, or more strictly ten-centimetre, module for industrialised building; one of the main tasks to be undertaken at the Ministry of Public Building and Works will be the extension of this to a system of preferred dimensions for all components and fittings, whether for industrialised or conventional building. This is an extremely complicated task, particularly for housing, but it must be carried through as soon as possible to give manufacturers a sure lead. Once a wide range of accurately interchangeable components is available a good deal of the expense incurred in any present "closed" prefabricated system, in each of which the parts are designed with reference only to that system, may be avoided. Everyone should benefit from cutting down on needlessly wide ranges of sizes. In time the supply of adaptable but related prefabricated components should give the small builder a valuable entry into a field which is at present dominated by large firms; the spread of plant hire may also make this possible.

The aim of all this must be to produce buildings that not only go up faster and more cheaply than before but are more suited to the needs of those who use them. Last year only 5 per cent of the Building Research Station's expenditure was devoted to "user needs." Work study in hospitals, and social surveys by the Ministry of Housing (into things like the number of power points needed by a family) are just a beginning of the much closer relation of design to function. As yet nobody can come near measuring the complex of physical, physiological and psychological factors according to which the performance of a building should be judged.

Canada after the Storm

Our Special Correspondent who set down his forebodings about the Canadian economy eighteen months ago has lately paid another visit to the Dominion. In the following articles he attempts to disentangle the confused threads of relief and doubt in Canadian thinking after a summer of monetary and political crisis. Canadians are certain that profound changes are needed in economic policy. But they are not certain what these changes should be; and our correspondent's own leanings would not secure universal assent among seriously thinking Canadians. Our Ottawa correspondent has some additional comments on page 782.

For this Relief . . .

ALREADY one senses that the cathartic experience of June's crisis surmounted has lost much of its power to rally Canadian economic thinking towards new courses of decision. The feeling was fine while it lasted, but the recovery from the impact of crisis has perhaps been too rapid for Canada's good. Between the end of March and June 24th—when Mr Diefenbaker announced emergency measures a week after he had been put back in office without a majority—Canada lost $600 million of reserves. By June 30th the reserves had been increased by over $700 million to $1,809 million largely by drawings from the International Monetary Fund and by the credit arrangements with the Federal Reserve and the Bank of England. By the end of October, after a series of fairly impressive monthly increases, the reserves were up to $2,614 million. Successive reductions have brought down the Canadian Bank rate fixed at 6 per cent in June to 4 per cent, after a somewhat startling cut of 1 per cent last week. Half of the $250 million loan arranged in New York was paid in during October; and half of the two arrangements with the Federal Reserve ($250 million) and the Bank of England ($100 million) have been relinquished.

All this undoubtedly looks good on paper—but to a British eye, hardened by experience in distinguishing between transient and permanent improvement, perhaps too good to be entirely trusted. What led to the drain of foreign exchange resources during the early summer was the widespread doubt about where the Canadian dollar would be stabilised—a doubt by no means removed by the fixing of the rate at 92½ US cents to the Canadian dollar in May. The June measures buttressed the rate in the nick of time and with the easing of suspicion about the Canadian dollar it now looks fairly firmly established at the new fixed parity, and indeed may be somewhat undervalued for the time being. But a fixed exchange rate involves the acceptance of new disciplines, including the need for bigger reserves. Intense argument is already building up about whether to stay fixed or to float again; but if a fixed rate is, certainly for the time being, an international necessity, the need for more reserves argues itself.

Yet one's impression is that the post-crisis euphoria has gone further than is healthy for Canada. The inflow of foreign exchange could easily be discouraged—by trying to set interest rates too low, for example, or by the renewal of menacing noises against American capital, of which there are already signs, little more than a month since the Canadian government itself was borrowing in New York. It may well be that Canada's merchandise trade this year will be in rough balance, but that is nothing; last year there was a surplus on trade account, yet a round billion dollars was needed to balance the current account, and that has been the average figure for nine years—to be made good by capital inflow, mainly from the United States. Under no conceivable set of circumstances can Canada quickly rid itself of dependence on new inflows of American capital. The country would plunge to economic disaster without it (that was the fatal weakness of the self-sufficiency policy that Mr Coyne argued when he was governor of the Bank of Canada). At the same time, the extent of this dependence has become thoroughly unnerving to Canadians who are neither xenophobic in their politics or illiberal in their economics; it must be inimical to Canada's long-term interests, to say nothing of her ambitions of economic independence, that its borrowing last year was equivalent to half its imports of consumer goods.

The Search for Political Answers

IT may be that Bay Street bankers in Toronto hold such views as these more strongly than do other Canadians. But they are in fact widely shared and they are prompting a new search for answers, ranging from those that are stuffily inappropriate for a Canada to which sound growth is all-important to the extreme "go it regardless" ideas that put growth way ahead of any other consideration, and the external value of the currency last. But the search is at present utterly frustrated by the impasse of Canadian politics. Right answers would be difficult enough to find if there were a clearly responsible majority, whether Conservative or Liberal, in Ottawa's House of Commons. But Mr Diefenbaker is a prisoner of the Social Credit party, whose 26 members from Quebec, led by Mr Real Caouette, are busy quarrelling with the party's leader from the west, Mr Robert Thompson. If Mr Caouette could have controlled his followers three

weeks ago he could have brought the Diefenbaker government down and forced an election in January. The Liberals seem cynical enough for anything, provided it leads to an early election—even to arguing that important parts of Social Credit economics are to be found in the Liberal platform. But behind this opportunism lies a conviction that the political instability which Canada is now having to endure must be ended by enduring the further uncertainty of another election—and if this leads to foreigners renewing their doubts about the Canadian dollar or to squawks from the people who found the $10 million to fight the last election, that, the Liberals seem to be saying, is just too bad. They sit working out their psephological cat's-cradles—"If we could win ten more seats, if Social Credit could be defeated by people shocked at putting them in last May, if the New Democratic party could win ten seats. . . ."

It is always risky to translate provincial politics into federal terms. Mr Lesage last week won for the Liberals in Quebec an increased majority after a snap election to take privately-owned power companies into public ownership (not, one would think, the most exciting of issues, particularly since Mr Lesage has committed himself to the principle of arbitral compensation, whereas the word for Mr Bennett in British Columbia was arbitrary). About the one consoling thing in this result is the further waning of the secessionist pro-French and anti-everything else Union Nationale party. There are Liberals, smarting under the loss of Quebec in the last federal election, who hope to bring back Mr Lesage into federal politics. One suspects that this is not how Mr Lesage views his political future. Undoubtedly the Liberals need leaders not merely capable of engaging public respect (which Mr Lester Pearson and Mr Walter Gordon most certainly are) but with all the power of personal projection and with the capacity for slogging politics that Canadian voters revel in. There is no comfort for Mr Diefenbaker in what happened in Quebec last week; but there is not a great deal for Mr Pearson either. And the present government could survive for some considerable time yet, provided that it does not go so far as to provoke the *Creditistes* into opposition. The spectacle of Ottawa politics, dominated by a couple of dozen political illiterates led by a man of frightening passion, is at present far from engaging.

Ottawa's Preoccupations

AMONG the ministers and ministries in Ottawa, one has to expect optimism, but there are thinking men among the politicians who now hold uneasy power, as well as the other sort. One must regard Mr George Nowlan as a good exchange for Mr Donald Fleming at the Ministry of Finance (and the same must be said for the collateral exchange of Mr Louis Rasminsky for Mr James Coyne as governor of the Bank of Canada). They spend an hour a week together, which is an hour more than used to happen. Mr Nowlan recognises the dangers for Canada in having to rely, as in the past, on massive capital inflows to cover over-large current deficits; they cannot be reduced overnight—some net import of capital will clearly be needed for a good time to come, but neither can a basic improvement be secured by restrictive measures, such as the import surcharges introduced in June. Ministers reiterate that they will be lifted as soon as the balance of payments and the size of the reserves permit, and some earnest of these intentions is to be seen in the minor withdrawals that the Canadian government has made. But one has to question coupling devaluation in a double dose with the surcharges. A dollar at 92½ US cents seems on the cheap side in relation to Canadian costs and should not need the supplementary protection of import surcharges that range between 5 and 15 per cent on just over $3 billion of imports. Certainly, the Americans are becoming increasingly restive about them, and the longer they are retained the greater is the likelihood that Canada's internal costs will rise (there are already signs of this happening).

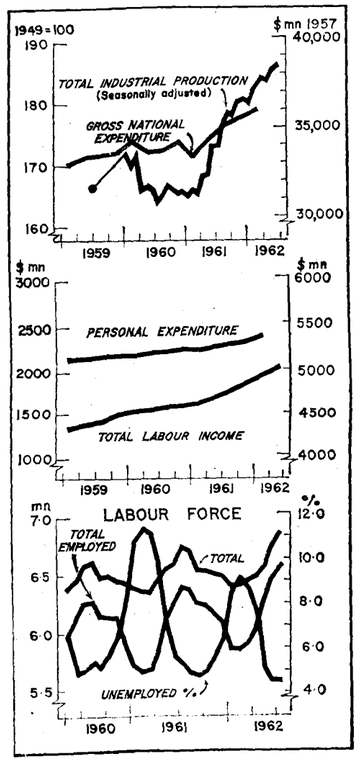
Similarly, the budget deficit (after much had been made of a paper improvement to make the crisis measures "take") is rising towards the spring figure of $750 million. Messiness is characteristic of most budgeting, and not least of Canada's; Mr Nowlan is presently concerned with the statutory implementation of Mr Fleming's incentive cuts of last April and he will be fiscally (though not necessarily politically?) incapable of expansionary budgeting by across the board tax reductions when he comes to frame next year's budget from the basis of this year's deficit. His problem is to cover the inevitable increases in expenditure (some merely deferred this summer) by tax increases that do not frustrate expansion; but it is a widely held belief in Canada (recently signalised by the appointment of a Royal Commission to study the matter) that the Canadian tax structure impedes expansion. Mr Nowlan has inherited some disagreeable tasks, but he might deal fairly swiftly with the more ridiculous gimmicks in the present corporation and sales taxes.

Yet the very people who argue for tax cuts and oppose the removal of the surcharges are a good deal less vocal about the effect of devaluation on Canada's external trade. It is still too early to measure with any certainty in the trade figures, and the Canadian resource industries are being notably circumspect in not offering serious price competition in the American market to take advantage of the new rate (fears of retaliation from American lumber and oil industries are ever present). But a newsprint producer selling at $US192 a ton brought home $Can.125 when the Canadian dollar was at 105 US cents; now he brings home $Can.145—an improvement of 16 per cent in local currency terms which must cover his increased costs so far. Similarly, the new rate (double-banked by the surcharges) is encouraging a good deal of import saving. But perhaps the most direct effect will be felt, not until next year, in the balance of tourist expenditures north and south of the border.

Through a Glass Darkly

AT present, all seems confused and little resolved after Canada's crisis. For this the treacherously unstable balance of political forces must take much of the blame; real leadership will have to wait for some kind of stable majority at Ottawa. Long before Canada is out of the wood, the predictable campaigns against "tight money" are having their effect—and their collateral effects on the reserves now remain to be seen. Within the last fortnight Professor Scott Gordon of Carleton University (it was he who led the remarkable academic campaign against Mr Coyne two years ago) has been arguing in the *Financial Times* of Montreal that the Canadian dollar is now so strong that expansionary domestic policies are necessary to support the stability of the rate. "The immediate need," he says, "is obviously to rescind the emergency measures instituted in June. These were designed to deal with a crisis of confidence and a speculative attack on the dollar. These problems have now been surmounted and the retention of the measures is no longer justified." Professor Scott Gordon includes in this the rescinding of the foreign credits. All this done, "we should move over strongly to the expansion tack in our economic policy . . . with an air of confidence and determination."

Victory over the exchange problem has been won, and Canada now has freedom to pursue domestic expansion. That is the argument. Professor Harry Johnson, of the University of Chicago and born a Canadian, has recently told a Toronto audience that Canada should return to a floating foreign exchange rate, follow an expansionary monetary policy, and cut tariffs. (He also had some tough things to say about insistence on the "spurious problem" of increasing American domination of the Canadian economy—"a piece of hypocrisy perpetuated by commercial greed aiming to exploit the Canadian inferiority complex under the guise of patriotism.") There is a world of difference between views such as these and the contention of a leading Canadian bank that "in the present circumtances the only unchallengeable stand is a balanced national budget and a balance on current account transactions in our international payments, with indeed a surplus on both accounts." Nothing is more certain in the present circumstances than that neither achievement is possible, and if either were, the consequences for Canadian progress towards a new and secure prosperity would not be agreeable. Britain is not the only country where the extremes of orthodoxy and new orthodoxy have to be resolved. But it does seem a little odd to the outsider that the Canadian "anti-stagnation" school has not forborne to wait even six months before advocating the complete reversal of the June policies. Expansion in the first six months of this year did not in itself produced the June crisis; but the facts of the crisis and its aftermath can hardly be ignored in the phasing of a determined drive towards expansion as if all were now safe.



Which Way Now?

WITH the reappearance of a sizeable flow of long-term capital into Canada and the build-up of the exchange reserves, the Bank of Canada last week decided that "greater weight could in the present circumstances be given to other factors"—in other words cheaper money. There are cynics who suggest that last week's reduction in Bank rate by a whole point to 4 per cent may have been politically inspired. The Social Credit party has threatened to vote against the government or to abstain on motions of confidence unless the government ends "austerity." And government spokesmen outside Parliament have been condemning the chartered banks for maintaining "tight money." Although the governor of the Bank of Canada last week said all the right things about protecting the external value of the dollar and about the need for improvement in Canada's underlying international payments through a better balance of external transactions in goods and services, his warning has not allayed the fear that a new crisis might be on the way.

All friends of Canada will hope that this does not come. But first there has to be an effective national purpose translated into workable political terms. Perhaps that is impossible too, for the Liberals are not far behind the Conservatives when it comes to election promises and the disciplines of an honest political programme could hardly fail to encourage Canada's tiresome crackpot politicians. But screaming for growth, as though there were no such things as a world outside Canada, is just foolish at this stage of the country's convalescence. How much growth can there be without external markets, capital from abroad, and imported techniques? Take all these away and you leave nineteen million people to enjoy the full life on lumber, wheat and fish. The argument has an absurd end but it begins from painful uncertainties in the Canadian mind caused by the waning Commonwealth and the growing United States; the inferiority complex to which Professor Johnson has referred must be recognised as a powerful political force.

It is certainly inhibiting the kind of all-party and all-Canadian objective examination of Canada's economic and industrial structure. Cheap money does nothing to help this, for the needs are of a long term kind—structure is the word, not a bigger head of steam in the present economy. There is a great deal that is sound in the Canadian economic structure. One has had to wait a long time for the fulfilment of the Paley and Gordon reports; when world demand for primary commodities does expand to meet existing capacity, what other countries than Canada will be better placed to supply lumber, newsprint, aluminium and wheat? But the process of waiting has meant that there is no possibility in the next several years of a Canadian boom based on a new expansion of the resource industries—indeed, once set up, these are not labour absorbing. Some custom-built engineering and electronic products are already competitive in the United States over a stiff tariff. There is hope of "Bladenising" some Canadian

import duties so that, say, American-owned automobile plants in Canada can obtain a drawback of import duties on American parts to the extent that these are balanced by Canadian-made components exported to the United States (the aluminium engine block plant at Beauharnois owned by General Motors has remarkably low costs and on level terms could fill the whole American market). There must be more industrial concentration to secure longer runs, and better education of Canadian labour and management. But there are good judges who argue that Canada suffers from less structural unemployment than is commonly supposed and that a 6 per cent seasonally corrected rate, giving 400,000 registered unemployed, is not repugnant to the facts of Canada's geography and economy. (The emerging population bulge is a different and formidable question, which can only be answered by a much improved export performance by manufacturing industry.)

An Opportunity to Grasp

THIS discussion leads to the exciting and crucial possibilities that have opened for Canada from the American Trade Expansion Act. The new Act offers the chances of escape from a market of eighteen million to one of five hundred million customers at the price of abandoning the "National Policy" of high protection which has been the foundation of Canadian industrial policy since 1879. Such an idea is fighting talk in Canada, for this policy is firmly bound to Canadian ideas of political independence; even without importing the slightest element of nationalist prejudice, a change of this profound order of importance is bound to perplex both Canadians and Canadiens, conscious of losing the past benefits of the Commonwealth link and of losing more with Britain inside Europe. Their understandable fear in this situation is to be thrown unprotected into the American orbit, losing both economic and political independence in the process. Only in the last three months has it become possible to see a workable alternative to a declining insular economy. There is now the chance of expansion in a communal market embracing Europe and the Atlantic Basin—at an international price.

The broad terms of the Trade Expansion Act empower the President to make tariff cuts in three categories: the halving of tariffs in reciprocal negotiations with other countries; reduction to zero of American tariffs of 5 per cent or less; and negotiation to zero of American tariffs on items in which the United States and the European Economic Community *cum Britain* account for 80 per cent of free world exports. The potential advantages to Canada under such a non- or low-tariff regime surely need no emphasis; yet the staggering thing is that the Canadian authorities have had no meaningful discussion with the Americans about it all until quite recently. All told, trade worth over a billion dollars (not counting raw materials entering the United States duty free) is involved. And the further advantage to Canada, when the Act is purposefully applied, is that the tariff cuts that America makes will be generalised by collateral bargains with the EEC (with Britain in it) and with Japan, giving Canada wider openings there.

This, indeed, is not something for nothing. The price is that high protection for Canadian industry will have to be cut or even cut out. Protection (up to 25 per cent, with surcharges now added) is something to which Canadian industry has been clinging for nearly a century, and industrial spokesmen make no bones about their fears of effective competition. The fact is that in many ranges of manufacture, though with some exceptions, Canadian costs are too high, as they are likely to be in a small and highly protected market. The expansion that Canada needs for growth and employment is not in the resource industries (for these the American market is more or less open and secure) but in manufacture, including the further processing of raw materials that now leave Canada in the primary stage.

Some far-sighted officials in Ottawa can see a possible timetable for an effective negotiation to put Canada in a new international economic setting, with minimal risk to its political independence. The present negotiation between the United Kingdom and the EEC will be concluded by next spring. The United States will start its tariff bargaining through Gatt. When these discussions are well established, the international conference that Mr Diefenbaker has called for (now given some real content after the passage of the Trade Expansion Act) could be held, bringing in "similarly situated" countries like Japan. And eventually—in 1964 with luck?—a conference under United Nations auspices could bring together all the problems of development, multilateral aid, and commodity schemes. It is a formidable agenda, and an exciting one.

The question for Canada is whether it can respond to this grand challenge. The problems of economic and industrial adjustment would be formidable—as they will be for every other country. The alternative is slow growth, or no growth; the further limitation of opportunities for the increasing population of Canada to live independently, securely and well; the increasing magnetism of the United States for able and educated Canadians; and diminishing political influence as economic insulation grows. But a realist must recognise that there is no present springboard from which Canada can make such an historic jump. The political groundwork has not even been started and the time is short. That is why the resolving of the present political stalemate will first be necessary. If the present government tries for the lowest kind of popularity, by easier economic policies and by stealing the *Creditistes* trousers, in the hope of prolonging its days in office, it will do Canada and the Canadian people a monstrous disservice. An election must come soon. One must hope that it will face realities, for out of it could come new horizons for Canada and real opportunities for Canadians.

Business Notes appear in this issue on page 835, immediately following the survey of international banking. This week's important company news occupies four pages, 858 to 861.

INTERNATIONAL BANKING
A SURVEY BY THE ECONOMIST

BANKS after the BOOM

The practical problems facing commercial bankers the world over now that the lush times are past

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WHAT A BIG BANK!

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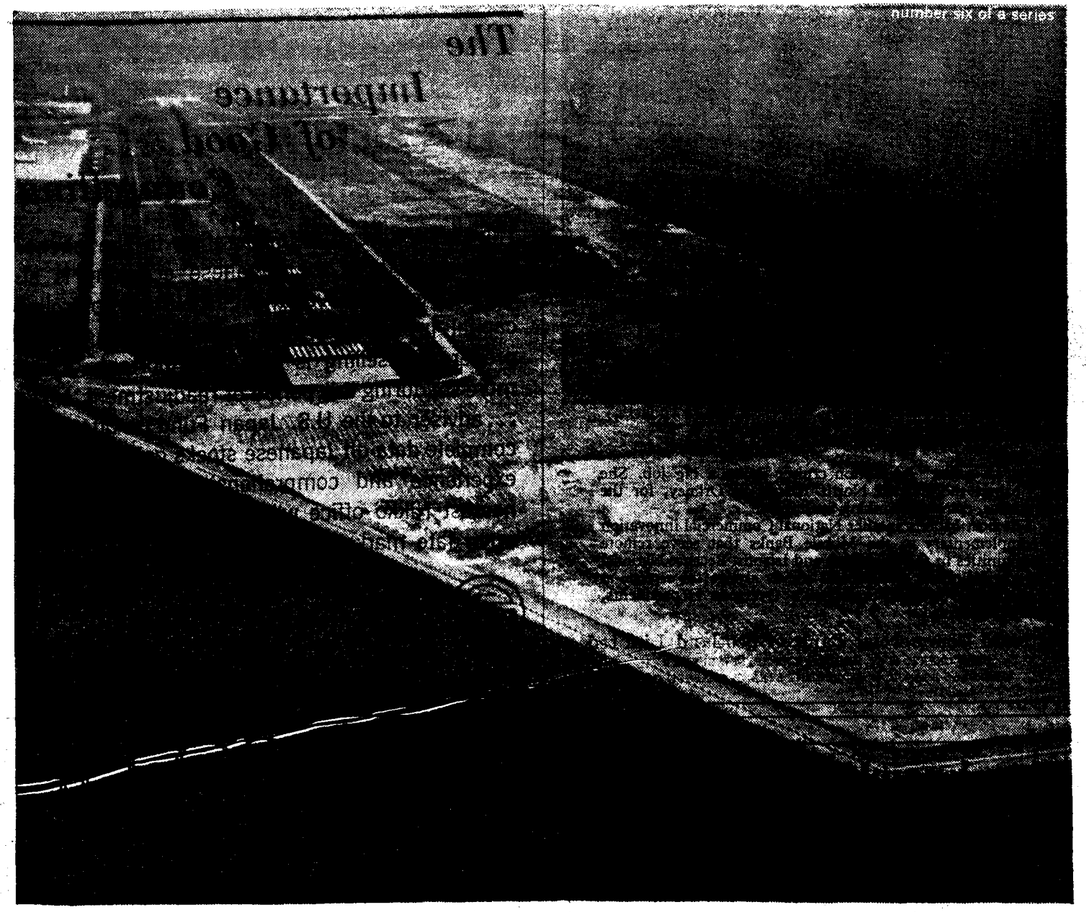

HOW A NATION GROWS

Airport project will speed up international traffic

Tokyo's Haneda International Airport, the busiest in the Far East, is being expanded at a cost of ¥8,300,000,000. Hydraulic dredges are reclaiming land from Tokyo Bay for a new 3150 metre jet runway. New boarding aprons and expansion of the terminal building will greatly increase efficiency. Here is a tangible symbol of confidence in Japan's economic future. It is only one of many major civil engineering projects throughout the country that will expedite the flow of goods and people and contribute to Japan's economic growth.

The growth rate of Japan's economy in the past few years has attracted astute investors throughout the world. Despite the present period of business adjustment, the long-term outlook is favourable. But the securities market has become more selective, and to make the best investments you need accurate data, careful analyses, and the kind of expert advice Yamaichi has the skill and experience to give. More than 110 Yamaichi offices throughout Japan are in constant touch with every segment of the economy, and 50 research specialists are continuously analysing domestic and international trends that influence the Japanese market. Our services and a wide range of publications on investing in Japan are available on request, without obligation.

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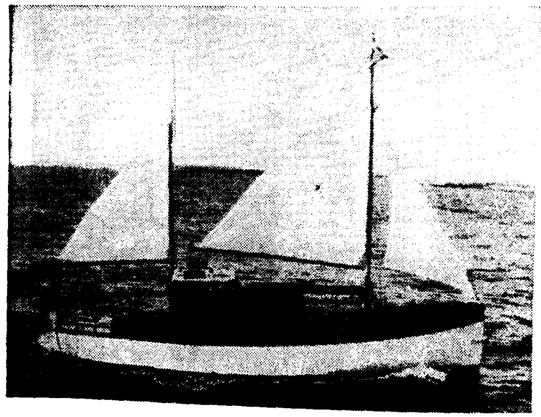

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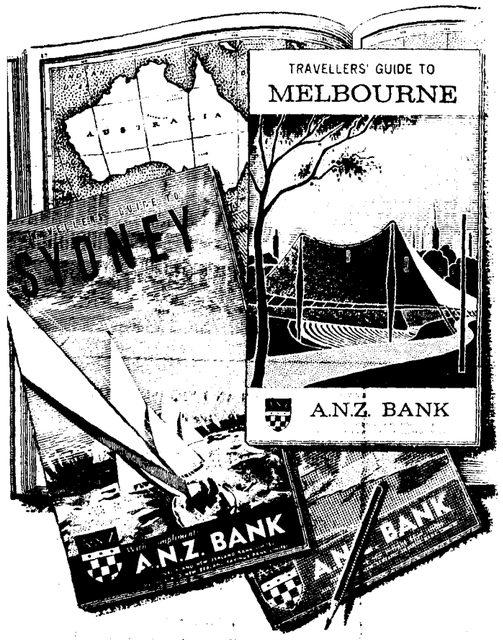
Statement of Condition as at 31st July, 1962
(INTRA BANK ONLY)

LIABILITIES		Condition AS AT 31.7.62 LL.	Balance Sheet AS AT 31.12.61 LL.
Capital			
600,000 Shares at LL.100 each	60,000,000		30,000,000
Issued and Paid up Capital			
300,000 Shares at LL.100 each (fully paid)	30,000,000		30,000,000
192,890 Shares at LL.100 each (fully paid in advance)	19,289,000		
107,110 Shares at LL.100 each 1st call 25% Paid	2,677,750		
Advance Payments received on future Calls	45,743		
	52,012,493		
Capital Reserve	6,750,000		6,750,000
Statutory Reserve	1,274,080		1,274,080
Total		60,036,573	38,024,080
Other Reserves and Provisions		4,286,633	4,058,558
Deposits			
Time and Fixed Deposits	211,316,937		153,673,792
Savings Accounts	44,008,219		37,330,231
Current Accounts	207,872,162		191,956,795
Total deposits		463,197,318	
Other accounts		9,004,432	5,936,486
Guarantees and commercial credits on account of customers (per contra)		57,597,728	50,597,954
TOTAL LIABILITIES		594,122,684	481,577,896

ASSETS	Condition AS AT 31.7.62 LL.	Balance Sheet AS AT 31.12.61 LL.
Cash in hand and at banks	209,414,354	170,680,820
Govt. bonds, stocks and shares (at cost)	24,411,315	16,550,995
Investments (at cost)	7,548,290	7,795,945
Bills discounted	47,780,683	37,699,927
Advances	202,648,557	155,069,521
Shares in affiliated companies (at cost)	12,318,792	7,045,600
Bank premises and other real estate (at cost)	24,181,826	23,902,501
Furniture and fixtures (after depreciation)	2,038,449	1,562,137
Capital of Syrian branches and affiliated companies (nationalised)	—	4,391,069
Other accounts	6,182,690	6,281,427
Customers' liability under guarantees and commercial credits (per contra)	57,597,728	50,597,954
TOTAL ASSETS	594,122,684	481,577,896



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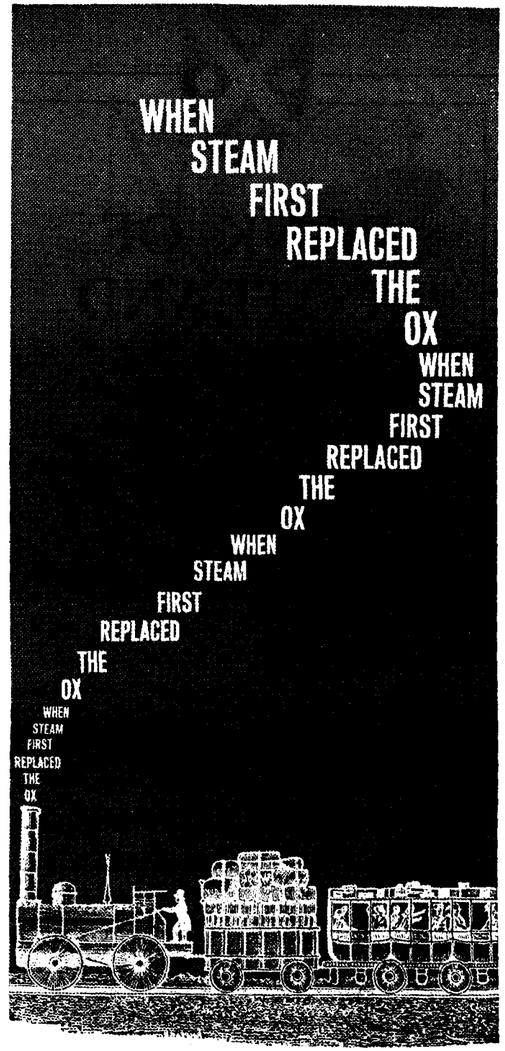

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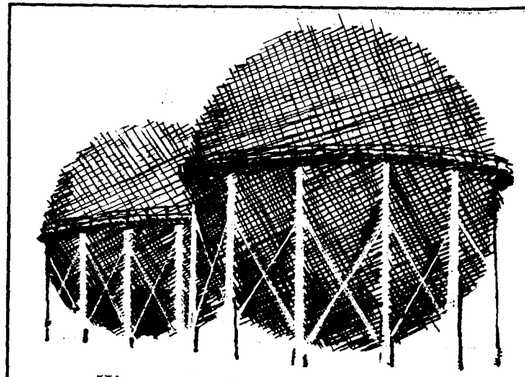

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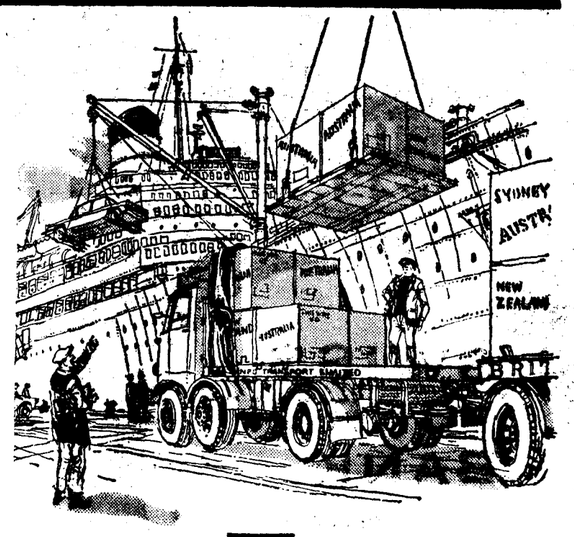

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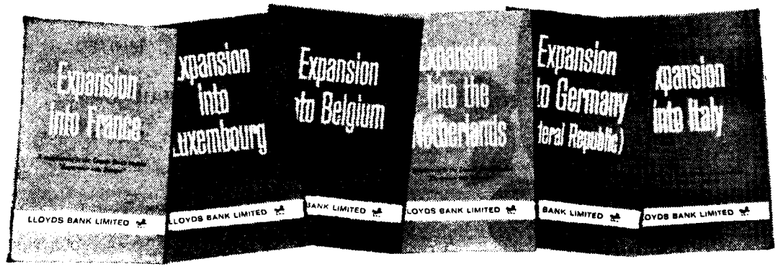

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Banks as well as other businesses are having to adjust themselves to harder and more competitive times. Their deposits are no longer swollen automatically by inflation and by neglected bond markets; their loans are no longer so unquestionably secure. And if direct competition between commercial banks themselves is still kept within gentlemanly limits, competition from other financial institutions is constantly growing. Meanwhile the techniques of everyday banking are being revolutionised by the electronic computer. Across the world, bankers are having to find the answers to old headaches and new challenges. How are they coping?

British Banks' Second Wind

FOR the second time since the war British bankers are in sole charge of their tills; they are again free to lend as they wish. How are they going to use this freedom? Their previous period of freedom ended, admittedly, in fresh restraint and regressive control through special deposits and, in mid-1961, renewed official requests. There are some bankers today who argue that this experience gives warning against any new excess of zeal, lest forceful lending policies merely hasten the return of official control. It is a caution to be resisted. The commercial banks have continued to lose a good deal of ground to their rivals—the merchant banks, the foreign banks in London, the finance houses and the trustee savings banks—and they must use all the opportunities they have to get it back. As for the monetary authorities, it has long been clear that they have an interest of their own in not whittling down the one section of the credit market over which they exert a real control.

Individually, Britain's commercial bankers are far from complacent. In the first period of freedom after 1958 they transformed the popular impression of banking by expanding their lending at an extraordinary rate; and they enjoyed the experience. But this time there are much smaller opportunities to increase lending. In mid-1958 advances of the eleven London clearing banks were 30 per cent of gross deposits while investments were 33 per cent. Three years later advances were 48.8 per cent of deposits and investments only 13.9 per cent. In money terms advances of the clearing banks rose by 75 per cent over that period; but deposits rose by only 10 per cent. The experience of the five Scottish banks was much the same. In the past twelve months the banks have to a small extent rebuilt their investment portfolios, and they are now 17.1 per cent of deposits, but the scope for switching investments into advances in the big way that allowed the banks to duck the problem of finding new deposits in 1958 is now passed.

In 1958 the pent-up demand for advances was enormous; this time some bankers wonder if they will be able to lend new resources, should they manage to get them. They are probably being too pessimistic. Certainly the opportunities will not be so great as in 1958, but in the banking period to mid-October, covering the first two weeks of freedom, net advances of the clearing banks rose by £44 million, and since then the Chancellor of the Exchequer has announced a second round of his reflationary measures, which by quickening expansion in industry will presumably call forth a good deal of extra demand for bank finance.

Nor should the banks have undue difficulty in finding the necessary resources to meet any immediate demand for advances arising from Mr Maudling's stimulants. The switching of recently acquired gilt-edged securities into advances could produce around £200 million, without taking the ratio of advances to deposits beyond the high-point of 49 per cent reached in mid-1961. There is still £75 million in special deposits, which Mr Maudling has expressed himself prepared to release if necessary. And the Government's intention of reopening the Public Works Loan Board to local authority borrowing, together with the big rise now scheduled for public investment, of no less than 10 per cent in 1963-64, could mean a substantial increase in the Treasury bill issue and in the banks' credit base. For the time being, the necessary resources for increased lending may be available. But if the banks wish to safeguard their growth in the long run, they must give continued thought to new ways of increasing their deposits.

Deposits—An American Example

MANY British bankers still argue that there is nothing to be gained from competing for deposits; that deposits are fixed by the base of cash and liquid assets made available by the Government, and that competition among the banks would merely result in their paying more for the same fixed pool of deposits. The limitation of this argument is that the banks themselves can influence the share of the available liquid assets that get into their hands. So long as the public continues to buy Treasury bills, tax reserve certificates, gilt-edged securities, and to invest in national savings, the Government's residual financing needs, and therefore the Treasury bills and call money that form the banks' credit base, will be reduced. There are, in other words, leaks in the pool of liquid assets potentially available to the banks; and to stop or diminish the leaks the banks must, at carefully selected points, make their deposit rates competitive with the Government's own interest rates.

The banks pay 2 per cent below Bank rate for their deposit accounts. At present the banks' rate of 2½ per cent for this money at seven days' notice compares with a rate of just over 3¾ per cent on Treasury bills, 4 per cent on seven day money with a local authority, and between 4½ and 5 per cent on deposits in the special investment departments of the trustee savings banks. The banks' fear that if they attempt to compete with these rates they will be forced into the very costly exercise of paying higher rates for all of their deposits. Indeed the American banks, which now pay 4 per cent for term deposits of over twelve months have encountered just this problem in the past year; and a correspondent reports in the following article that to balance the outlay on these deposits the banks have had to make higher yielding, but riskier, loans.

However, American banks have also found a more acceptable expedient, which avoids paying high rates right across the board. They have, in effect, created their own money market paper. American banks now issue Certificates of Deposit maturing in three months and immediately negotiable. There is a flourishing market in these certificates in New York, and by competing with Treasury bills they offer corporation treasurers alternative employment for surplus balances. British banks might well consider following this lead.

Another way in which the banks can increase their deposits, though not necessarily a cheaper one, is by spreading the banking habit. Much has already been done in this direction—the credit

transfer system is now working at full steam—but some banks still have doubts about the merits of any major efforts to attract the wage-earner's business. The costs involved are enormous—from reconstruction and extension of existing branches, from additions to suburban branches, and above all from extending hours of opening.

So far the Midland Bank has led the way in the drive for retail banking with personal loans and personal cheque books ; the other clearing banks have often preferred to attract new custom for their existing services through persuasive advertising and, on occasions, lower charges. The Midland has also been thrustful in physical expansion. In 1961 it opened sixty new branches, and since then branches have been opening at the rate of one a week. The Midland feels that these moves have paid off. Personal loans have not been free of bad debts, but this has not approached the hire purchase experience, and has still been easily absorbed by the additional profit margin on this type of loan. Other banks are more sceptical about the merits of these moves. Barclays, the largest of the banks and the Midland's particular rival, has not chased these customers with the same vigour. Yet in the years from 1958 to the end of 1961 its deposits grew at twice the rate of the Midland's. And since then the Midland's deposits have barely changed, while Barclays' have continued to rise.

Anything that can be set off against the expense of attempting to attract new customers is obviously welcome. The banks can work in two directions. The installation of electronic equipment to handle the increasing flow of paper work is now well under way. In the short run it may well prove expensive ; but over the long run it should reduce costs. At the same time, while the banks are opening new branches they are perhaps not defraying the cost of this operation by developing the potential of their existing branch sites as fully as they might. Banks cannot be expected to know much about property development ; that is all the more reason for them to form links with specialised companies that do.

But perhaps the best way of meeting additional costs is to refashion lending policies. Profitability will suffer if expensive deposits are not used to their full advantage. The banks have already gone some way in this direction ; they took on medium term loans for export finance as a concession at a flat rate of 5½ per cent—a rate which does not look so low now that other rates have fallen—and term loans to farmers at 2 per cent over Bank rate are now fairly common. But other lending rates are still too rigid. Rates on advances, by agreement among the banks, are fixed at between ½ to 1½ per cent over Bank rate, and only a few very large firms get the lower rate.

So there is a multitude of credit risks squeezed within a ½ per cent rate margin. In the past banks have argued that a borrower is either a good risk or he is not, and that there are no shades between the two. Those borrowers who just manage to squeeze past the gates therefore get their credit very cheap, while the borrower who is just shut out has to leap the gap between the banks' relatively low rates and the rates of other financial institutions like hire purchase finance companies. The banks ought to take advantage of this gap by extending the spread of their rates to accommodate various shades of risks, rather than charge a rate fixed beforehand by the bankers in committee.

This failure of the banks to compete in the field of price often leads to widespread criticism. The banks agree on all their rates ; what competition there is appears on the fringe, in the services they offer, the branches they build, and in the booklets they put out. In August two of the big seven clearing banks, the National Provincial and the District Bank, announced that they intended to merge, and the question was immediately raised whether this meant more or less competition. The bankers argued that mergers in industry had brought new difficulties for medium sized banks. Thus the District Bank had 10 per cent of its loans outstanding with one customer. The public's reaction is to assume that the fewer the banks the less is the competition—and the more this impression grows, the bigger will be the pressure for outside control.

In Britain the bankers' biggest problem is, perhaps, themselves in committee. Individually most of the bankers have come to realise the problems that their banks face: deposits that are declining in relation to national income, the loss of business to rival institutions, the need to overhaul both borrowing and lending rates, and the need to open the banks to a new group of customers. But unfortunately none of them is often willing to make a first, isolated move in tackling these problems ; with rare but blissful exceptions, everything must first be agreed collectively.

America: Commercial Banks Fight Back

FROM A NEW YORK CORRESPONDENT

American commercial bankers have in the past year made a major effort to check and reverse the encroachments made on their preserve by other financial institutions in the postwar years as a whole. The fight has so far been successful, but costly. For the task is a big one. The banking structure in the United States in the years since the second world war has increased still further in diversity. Indeed, the wonder is that the American people somehow manage to keep all the different competing institutions sorted out.

Deposits are accepted in the United States by four different kinds of institution—commercial banks, savings and loan associations savings banks, and credit unions. They are all a repository for savings, but from that point on the differences begin to outweigh the similarities. The institutions other than commercial banks each have their own speciality—and these have all been in great demand in the sharp expansion of the country's postwar economy. The 6,400 savings and loan associations, for example, invest chiefly in home mortgages and have played a major role in financing the growth of home ownership in the United States. Similarly, the 512 mutual savings banks, located in 18 states chiefly in the north east of the country, invest principally in mortgages as well as high-grade corporate and government securities. By contrast, the nation's 21,000 credit unions, found for the most part in company plants and offices, mainly supply short-term consumer loans to members.

Beside these "speciality shops" of finance, the commercial banks serve as financial "department stores." The 14,000 commercial banks in the United States provide practically all the services of specialised institutions, together with their basic banking service to trade and industry and their unique facilities for "demand" or checking deposits.

Yet, the commercial banks, despite their versatility and their long lead, have lost considerable ground in the postwar years to competing institutions. The story of banking in the United States today necessarily centres on the reawakening of this sleepy giant to the realities of the modern age. From 1945 through 1961, as can be seen on the chart, the total checking and savings deposits in United States commercial banks increased by 65 per cent to

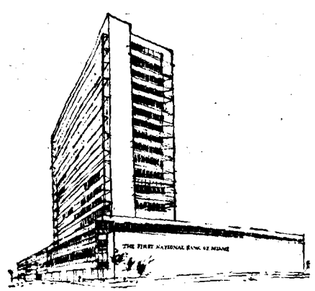
nearly $250 billion. But in the same period, savings in mutual savings banks rose by 150 per cent to about $40 billion, while those in savings and loan associations jumped by no less than 860 per cent to about $71 billion. Credit unions showed the most spectacular rise of all, by more than 13 fold $5.7 billion.

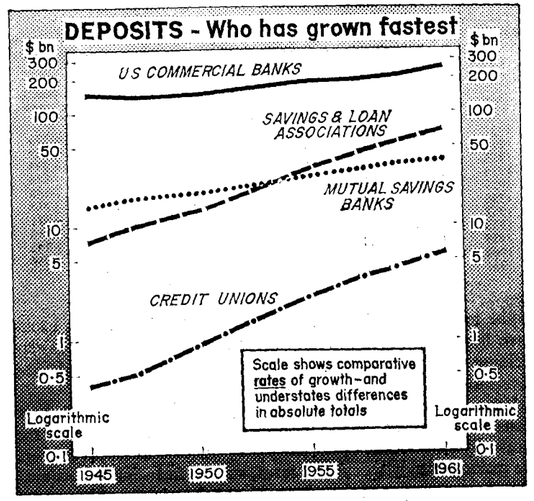
There are any number of reasons, to be sure, to explain the sharply disparate growth rates of deposit-type financial institutions, but essentially they boil down to two main considerations—differences in Federal and State laws and regulations governing the various institutions, and differences in attitude of the governed. Significantly, savings and loan associations and credit unions, which have shown the most marked gains, are subject to less onerous regulatory restrictions than commercial banks. Savings and loan concerns, for example, have considerable leeway in determining rates of return paid to savers, while the savings interest rates paid by commercial banks are closely controlled by Federal and State banking authorities. But an important influence, too, is that because savings and loan associations and credit unions have developed largely since the war, their operators have tended to be conspicuously less hidebound than commercial bankers in competing for business.

Thus, the savings and loan industry through high-powered nationwide programmes of ingenious advertising and friendly contemporary styled banking houses has succeeded in projecting a sympathetic picture to the public at large. Most big-city banks in recent years have been adopting similar techniques. But despite a growing proliferation of breezy bank ads, of modernistic banking offices and imaginative promotions, the stereotype of the commercial banker as a glassy-eyed "stuffed shirt" persists, often justifiably so, over most of the land.

At the same time that the commercial banks' share of the "retail" banking market has been pared by the heightened activities of rival lenders (including a burgeoning personal loan industry), still other forces have been cutting into the "wholesale" services which banks provide for their big corporate customers. One of the strong conventions of commercial banking in the United States is that business borrowers must leave on deposit in non-interest-bearing checking accounts an amount equal to about 20 per cent of a loan. Banks, of course, look to these deposits as part of their raw material on the basis of which they can make more interest-earning loans. While many corporate customers in years gone by were satisfied to maintain deposits well over the required 20 per cent compensatory balance, the present era of quickening financial sophistication finds most corporate treasurers severely limiting non-productive checking balances ; they invest any excess amount in short-term Treasury bills and in other money-market paper, currently yielding about 3 per cent—although the banks' new certificates of deposit have to some extent countered this trend.

The massive shifts of deposits from commercial banking coffers





into thrift institutions, credit unions and the money market have not made life any easier for the money managers of the Federal Reserve System. The Federal Reserve regulates the amount of credit in the economy through the commercial banks. This continuing discrimination, implicit in subjecting commercial banks alone to official control, is regarded as having been a key factor behind the decision of Federal regulatory authorities late last year to help counteract the trend by permitting commercial banks to pay higher interest rates on savings and time deposits. From the beginning of this year, the Federal ceiling on such rates was boosted from a former flat 3 per cent limit to 3½ per cent on all savings-type deposits and to 4 per cent on those left undisturbed for at least a year.

Competitive Deposits—Risky Loans?

Most large banks promptly raised their interest payments under the new ceilings, with quick but not unexpected results. In the first ten months of 1962, savings-type deposits in 356 weekly reporting Federal Reserve member banks located in 106 cities jumped by a remarkable 18 per cent. Savings and loan associations, which usually pay more for savings than commercial banks, also increased their rates, but generally not as much as the banks ; as a result, savings in these associations so far this year have increased only by about 8 per cent. The commercial banks pushed up their rates at a time when it was widely expected that the then expanding economic activity would justify a further increase in interest charges for loans, thus helping to defray the higher costs of savings deposits. These expectations proved too optimistic, with the result that the rapid build-up of these savings accounts has added heavily to costs, and has squeezed bank profits.

Thus burdened, banks have been pressing to put the money profitably to work in a variety of ways. Many larger banks for the first time are engaged in a full-scale programme of residential mortgage lending ; these banks have hitherto limited their real estate financing mainly to temporary construction loans which could be readily repaid out of the proceeds of a permanent mortgage, usually taken by an insurance company. Bankers are also striving increasingly to channel costly savings into instalment consumer loans, which because of their rapid turnover, earn banks a handsome return of from 9 to 15 per cent a year. The scope for such lending has however been restricted, because Americans this year have been

AMERICAN BANKS AND BRANCHES, 1951–1961

Year	BANKS Total at year end	New banks opened	Absorbed	Suspensions & liquidations	Net change	BRANCHES Total at year end	Net change
1951	14,661	63	79	17	− 32	5,494	+336
1952	14,617	69	99	17	− 44	5,833	+339
1953	14,552	65	115	16	− 65	6,227	+394
1954	14,409	72	207	10	−143	6,751	+524
1955	14,284	116	231	10	−125	7,391	+640
1956	14,208	119	189	10	− 76	8,106	+715
1957	14,130	87	161	6	− 78	8,777	+671
1958	14,060	96	152	14	− 70	9,493	+716
1959	14,004	115	169	4	− 56	10,238	+745
1960	13,999	125	132	5	− 5	11,106	+868
1961	13,959	114	138	6	− 40	12,043	+937

loathe to add appreciably to instalment debt. As a result, banks have been obliged to put considerable savings sums into lower-yielding investments, largely securities of Federal, state and local governments.

Various stratagems are being used by American banks to bolster loans to businesses. Some business credits are being granted for unusually long terms, up to ten years; in some instances bankers are making frankly speculative loans, such as financing the acquisition of a company even though the client borrowing for this purpose cannot honestly predict just how he intends to pay back the loan. Though the sharp rise in the cost of deposits this year has without a doubt pushed banks into bolder, and sometimes riskier, loans and investments, American bankers are not inexperienced at developing loan schemes aimed at soaking up surplus money. During the 1957-58 recession in the US economy, for instance, a number of banks offered what were then revolutionary kinds of consumer lending plans calculated to increase individuals' borrowing.

The programmes are of two principal types—check credit and credit cards. With check credit, a consumer arranges a "line of credit"—a maximum amount he can borrow. He then borrows the money as he needs it, simply by writing checks and making periodic repayments. When a bank issues a consumer a credit card, the consumer can charge his purchases at a number of stores and receive a single bill from the bank. Though some banks in the past year or so have discontinued credit cards as unprofitable, still "jazzier" consumer credit plans—including a variety of programmes providing for long-term financing of children's college educations—have become a stock in trade of US banks.

Inventing new packaged loan services is only one method used by banks to boost business and profits. Since the early fifties, as the population in the United States has shifted increasingly from the cities into the suburbs, many banks have mounted a more direct assault on the objective by increasing the number of banking outlets. The pattern of branch banking operations differs in various states. In California, for example, where statewide banking is permitted by law, the Bank of America, which with deposits of over $11 billion is the largest in the world, operates more than 700 branches. At the other extreme, Chicago's giant First National Bank and Continental Illinois National Bank & Trust Co. each have only a single location; Illinois is one of five US states that flatly bar any bank branches. Some twenty-five states permit branching on a limited scale and twenty allow it state-wide.

In the face of such limitations, commercial banking over the past decade has still added substantially to its physical plant. This has been done principally through the opening of new branches and to a lesser extent through the acquisition of existing banks which are then converted into branches. Much less frequently, banking has been expanded through the establishment of new banks. As noted in the accompanying table, from 1955 to 1961 the number of banks had declined by 2 per cent to 13,959, but the number of branches was up a thumping 60 per cent to 12,043.

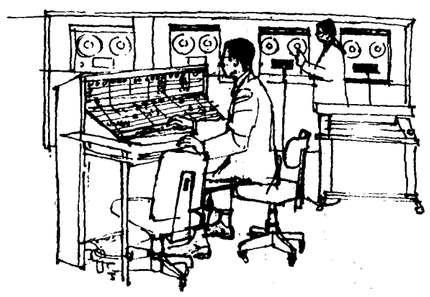
Another influence behind banking's expansion drive is the accelerating growth of automation, bringing an attendant rise in initial operating costs which can best be tempered through a greater volume of operations. The installation of costly electronic devices picked up momentum among American banks in 1960 after the banking, office equipment and printing industries settled on a standardised method of encoding checks and other bank documents to permit them to be handled by automated gear. According to a recent industry survey, American banks this year are geared to handle more than 68 per cent of an estimated 14 billion checks via electronic processing.

Freedom to Branch?

COMMERCIAL bankers in the United States, who have thus been striving through their own devices to solve some of their nettling problems, have lately been cheered by the chances of receiving a massive lift from regulatory quarters. Recently, an advisory committee of the US Comptroller of Currency, Mr James Saxon, submitted a report to President Kennedy proposing no less than 84 recommendations for modernising the US banking structure. Several proposals seek specifically to broaden banks' lending policies, such as permitting longer term mortgages, which would allow banks to compete more freely with savings and loans associations. And one key proposal has stirred considerable controversy among commercial bankers themselves: to let Federally chartered "national" banks set up branches within a 25-mile radius of their main office, even if state law forbids branch banking.

There are in the United States some 4,500 national banks supervised by the Comptroller of Currency, a Treasury official, alongside some 8,900 banks that are chartered and regulated by the various states. Under present Federal law, "national" banks must conform to the branch banking practices in the states; executives of state banks, not surprisingly, vehemently oppose any law change that would upset this balance. But even so, they welcome the bulk of the Saxon committee's proposals to liberalise national banks' practices on the ground that Federal enactment of such changes would force the legislatures of their home states to follow suit, with corresponding freedom for state-licensed institutions.

In any case, the Saxon committee's proposals will first be sifted by a high-level White House committee headed by Mr Walter Heller, chairman of the President's Council of Economic Advisers. The committee is making a broad study of what recommendations the Kennedy Administration might make to Congress for changing the rules governing financial institutions generally. It is highly problematical that the politically-loaded branching proposal will get by the Heller group. But the furore the report has raised to date has stirred so intense a reappraisal of the nation's banking system that many bankers feel that only good can come of it.



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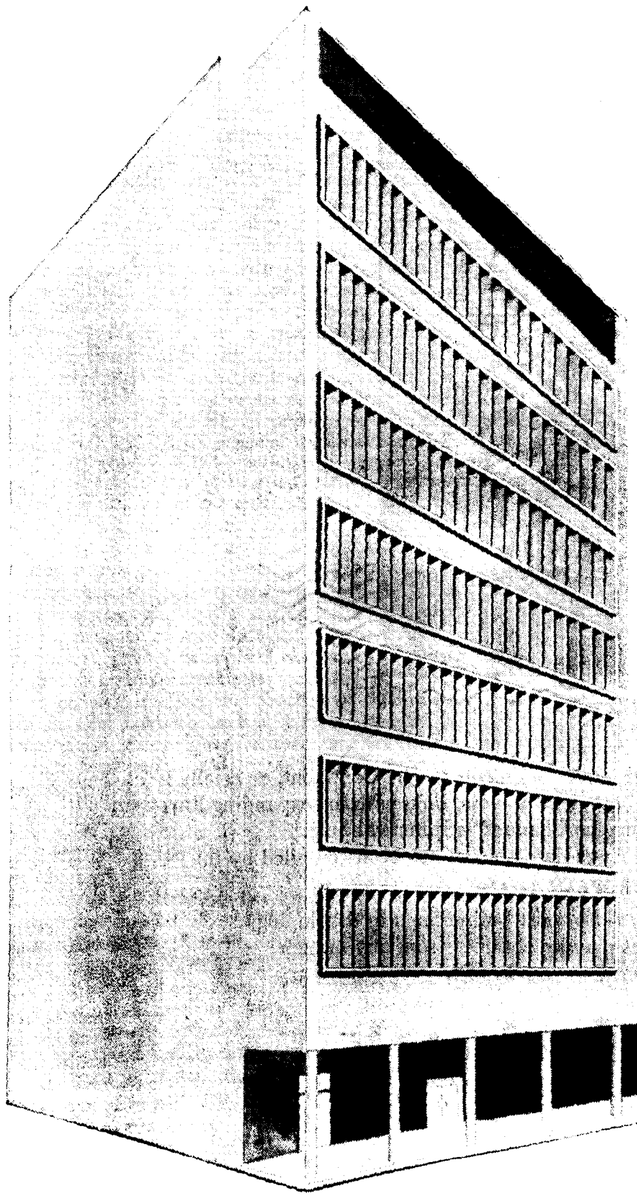

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Fiercer Competition in Germany

FROM A FRANKFURT CORRESPONDENT

GERMAN banks, like the German economy as a whole, were swept ahead at an unprecedented pace by the miracle years of the nineteen-fifties. Now they face more testing circumstances, and in some ways have already been confronted with the unfavourable back-wash of over-expansion. True, the banks have not suffered direct losses from troubles of the Schlieker and Krages type. But the more difficult business climate has put a check to automatic and easy growth. It is not surprising, therefore, to find competition becoming more acute in various branches of banking—and in particular in the attraction of bank deposits.

A symptom of this struggle exists in the differences of opinion prevailing between the commercial banks and the publicly owned savings banks on the level of interest on savings deposits. The savings banks favour higher interest rates on savings because they consider the disparity between these and interest rates on the capital market to be too great. The commercial banks, on the contrary, want interest rates on savings to retain their traditional place in the interest structure. They fear that a change would bring about a weakening of the still delicate capital market, and intensify the difficulties of finding finance for long-term industrial investment. Moreover, it is probable that higher interest rates for savings would promote a switching of time deposits at commercial banks into the higher yielding savings accounts. So far, the savings banks have been unable to strike out on their own because credit institutions in the Federal Republic are not free to fix their own interest rates. They must apply those fixed by the official banking supervisory bodies in conformity with the prevailing discount rate of the Bundesbank and the recommendations of the banking and savings banks associations. The savings banks are now trying to abolish the link between interest rates for savings and the discount rate, and to make them more flexible. Since neither the Bundesbank nor the banking supervisory body—the Federal Control Bureau for Credit Transactions—appear particularly to favour these projects for reform, they are unlikely to meet with success.

A further competitor for the commercial banks' deposits, though rather less important than the savings banks, is the state postal cheque account service. Its competition extends only to deposits payable on demand, since postal cheque offices do not accept time deposits; nor, in Germany, do they pay their clients any interest. But, despite these limitations, many more people in Germany have a postal cheque account than a bank account. This itself creates some cumulative advantages, since postal cheques are the more convenient instrument for making payments to people without commercial bank accounts—and also, indeed, to those who possess neither a bank nor a postal cheque account, or whose account is not known to the payer.

The commercial banks have indeed so many advantages to offer their depositors in other respects that they do not regard the postal cheque service as a serious rival to them. None the less the banks are making considerable efforts to attract new clients, and particularly to interest the small man in keeping a bank account. The most important move in this direction may well be the creation of so-called "salary accounts" (*Gehaltskonten*) for the employees of larger undertakings. Agreements are made with firms, usually

ALL BANKING GROUPS
DM thousands of millions

	DEPOSITS				LOANS		
	Sight	Time	Savings	Total	Short term	Medium term	Long term
End 1950	9·7	4·2	4·1	18·0	13·9	1·1	6·4
1955	17·8	10·2	21·4	49·3	29·0	5·2	37·1
1956	19·4	12·0	24·3	55·7	30·6	6·2	44·4
1957	21·8	15·6	29·4	66·8	32·3	6·7	50·8
1958	25·3	16·6	36·1	78·1	32·5	7·9	60·2
1959	28·5	18·4	44·3	91·2	35·2	10·8	71·9
1960*	31·2	19·7	53·1	104·1	41·4	12·5	84·1
1961	36·5	21·4	60·4	118·3	48·0	14·7	98·7
1962, August	35·6	23·1	66·0	124·7	49·7	16·5	108·6

* Including Saar from 1960 onward.

clients of the bank, to remit the wages and salaries of their employees into accounts opened for them by the bank. In this way the traditional wage packet is coming to be replaced by a credit advice note—a procedure which, in Germany, has up to now been customary only for highly placed salary earners with large incomes. Payment of salaries in this way brings considerable economies to firms, and they are therefore eager to avail themselves of it. The bank, for its part, gains contact with new sections of the population. In this way the bank account, which in Germany was regarded only a few years ago as the prerogative of the wealthy, is on the way to becoming a facility for all.

Few Defaults on Personal Loans

IT is not only as a depositor that the small man's banking custom is being sought but also as a credit customer. Nearly all German banks have adopted the practice of granting unsecured personal credits to private individuals—a form of credit which was virtually unknown a few years back. Today, anyone can apply at any bank counter for personal credit of up to DM.2,000 (£178) and immediately obtain it in the form of cash, without having to do much more than state his references and income. Such credits are not tied to specific purposes and the borrowers are free to use them as they wish. Another variety of small-scale lending comprises larger amounts up to DM.6,000. Here formalities are a little more stringent, and some security may be necessary, but the procedure is still much simpler than for ordinary credits. These are earmarked for specific purposes and are intended to be used mainly in the acquisition of machinery and the like.

Up to now, the new forms of small credit have proved very successful. There have been hardly any defaults, and thanks to the simple but adequate procedure involved, this new branch of business has proved profitable. On the other hand, the commercial banks have taken hardly any part in financing hire purchase. This is carried on by special institutions, though some of these are closely related to the banks.

The banks' search for new groups of clients also finds expression in the opening up, in recent years, of numerous new branches, not only in the business centres of large cities but also and especially in purely residential areas and in small towns. This trend was set off four years ago by the annulment of a regulation which had limited permits from the competent authorities for the opening

of banks or branches only to cases where a "need" could be established. It is not certain that all the branches that have meantime been opened are economically justifiable. Although it is difficult to obtain reliable data, there is little doubt that many of these branches are unremunerative, and will need some time to reach a profitable state.

Staff Shortage Eases—With the Bourse

UNTIL recently the extension of the branch network exacerbated the acute shortage of banking staff. But this had other causes besides, such as the general growth in banking business, movement into other spheres of activity, and reductions in working hours. The problem has now eased a little. The technical aids adopted by a growing number of banks, including the growing use of electronic computers for book keeping and other work, are making themselves increasingly felt. Furthermore, the banks' personnel departments are more anxious now to lower costs and are accordingly devoting more attention to the efficient employment of their staff. The days when unneeded staff were taken on "in reserve", as it were, appear to be past. Finally, the decline on the stock exchange has also made some contribution to lessening the staff shortage. During the boom years many banks had made generous extensions in the staffing as well as the technical facilities of their important stock exchange departments, in the belief that an era of investment for the masses was at hand. But the new public which in those days took an active part in the stock market has now been well sobered by the decline—not least in the shares of the banks themselves. Playing the market has lost its lure. Reduced activity in securities has duly produced surplus staff in the banks' stock exchange departments, available for transfer to other sectors.

Some new banks, mostly small ones, have been founded in West Germany in recent years. So far as may be judged, they have developed satisfactorily without encroaching noticeably on the business opportunities of existing banks. The new establishments have usually succeeded in opening up new business opportunities for themselves, partly by gaining the custom of aspiring young businesses and growing along with them, partly by inducing potential customers to join them as founders.

Insolvencies, But No Mergers

FROM time to time however there have been cases of bank insolvencies, and these have exclusively involved the smaller establishments. In such cases the other banks have usually rallied round to give financial support, so that the smaller depositors, at least, have mostly been saved from suffering too much loss. Even so, these insolvencies have given added impetus to those who favour the creation of a deposit insurance system on the American model. But the banks as a whole are opposed to such a course: they prefer, in the event of possible future insolvencies, to continue protecting the stricken depositors by *ad hoc* support.

A sign of the soundness of German banking and particularly of the prosperity of the numerous small and medium sized institutions, is the virtual absence of bank mergers. Evidently each bank is viable on its own. Nor have the German banks shown any desire for too close links with institutions in other countries. In spite of the new tasks and opportunities which the common market will provide, no moves have been made to forge closer links with foreign banks: relations are confined to relatively loose forms of co-operation in the daily course of business. So far, restraint is also being exercised in the creation of foreign agencies. But this policy may well change as the economic integration of Europe progresses. In particular, if Britain gets into the common market German bankers may no longer continue to absent themselves from London, which is universally seen as the financial centre of an economically united Europe.

French Banking Stands Its Ground

FROM A PARIS CORRESPONDENT

THREE main features distinguish recent developments in French banking—the stability of its structure in the face of the creation of the European common market; the remarkable abundance of its liquid assets, whose accumulation in turn increases the banks' own credits; and lastly, the feebleness of the efforts made to interest foreign countries in French capital, in spite of the apparent liberalism displayed by recent measures.

The first of these fundamental features is the lack of change in French banking. Whilst the European common market has caused numerous French industries to be transformed by concentration, specialisation or strangulation, the banking sector has remained aloof from the general European metamorphosis. Not only has the application of the Rome Treaty resulted in no invasion of the French market by foreign banks, but French banks have themselves continued to develop as if nothing had happened since 1959. The most they have done is to agree to take part—on the professional plane—in the formation of a European association designed to furnish a "representative body" for the discussion of banking matters with the European Commission; and to co-operate with foreign banks in (rather limited) joint studies and research, though not all have gone even so far. This is the only visible effect of the Rome Treaty.

The first reason for this lack of response is that banking was already a very international activity before the creation of the common market. All the larger French banks had foreign correspondents with whom regular two-way contacts are maintained; these links have simply been strengthened. Secondly, the extremely dense network of bank branches—public and private—all over France virtually excludes the setting up of competing establishments. No need, then, to erect formal obstacles to the establish-

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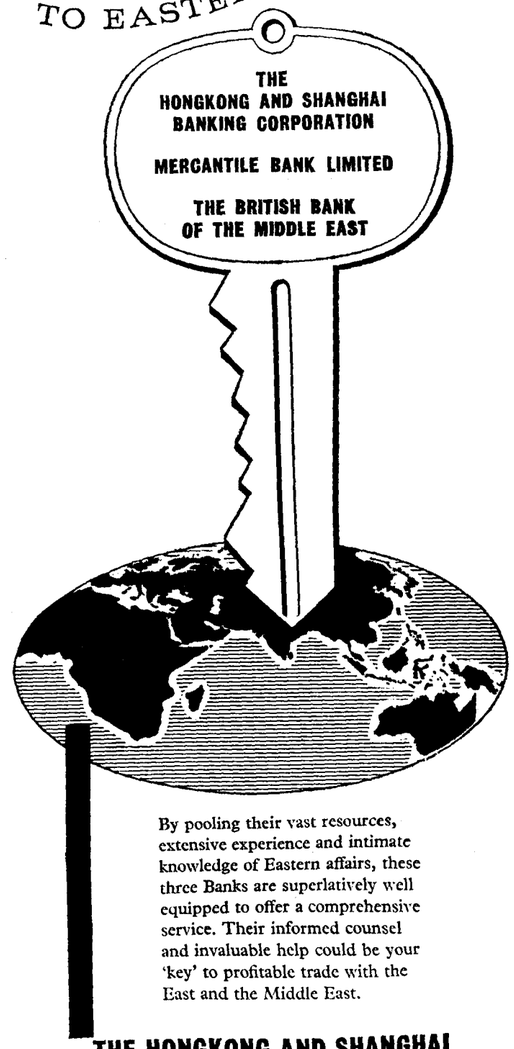

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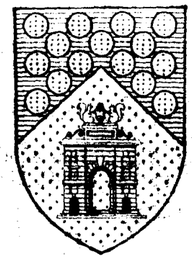

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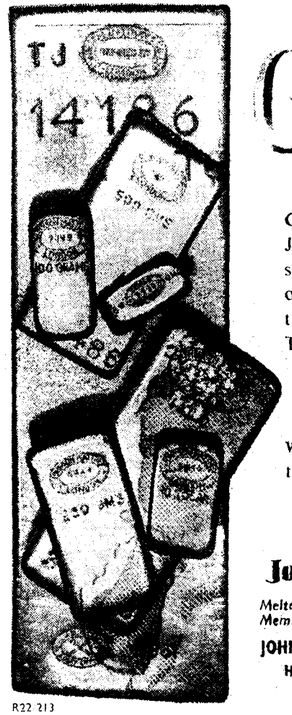

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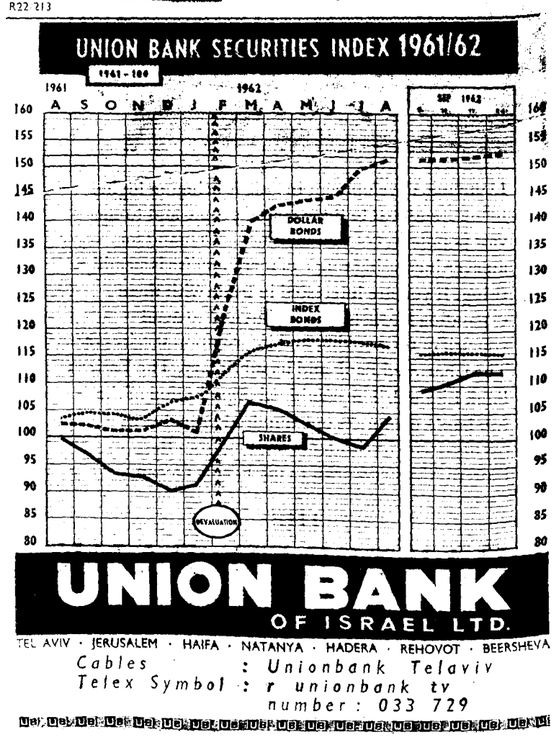


ment of foreign banks in France: they have no intention of coming.

Discreet Competition and Concentration

Nor has the Rome Treaty upset the French banking system by outlawing the identical interest rates applied uniformly by the banks (½ to 1 per cent, for example, for demand deposits, 2½ per cent for one-year deposits, 3¼ per cent for two-year deposits and so forth). These are, unmistakably, infractions of the principle of competition, the Treaty's "golden rule." But the common market has not become effective here: firstly, because the agreements forbidden by article 85 of the Treaty are agreements between enterprises, whereas the French practice is the result of a public regulation of the National Credit Council; secondly, because the French authorities are convinced that Brussels will never abolish a regulation which is intended to avoid the dangers of unrestrained banking competition.

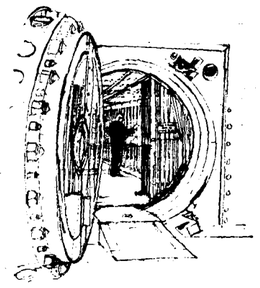
So the French banking system continues on its way as if the common market did not exist. It is not devoid of competition; it concentrates on the quality of the service rendered to clients, on the amiability and accessibility of bank clerks and of the local branch managers; on the intimacy of relations between banks and businesses; and, most recently, on a judicious use of advertising campaigns.

Certainly one must not exaggerate the harshness of competition between banks, which remains very discreet. But it does exist: the Conseil National du Credit has revealed that within fifteen years, 30 per cent of French and foreign banks in France had disappeared as separate entities, three-quarters of them through mergers with larger banks. During the same period, furthermore, about forty banks which have remained juridically autonomous have come under the control of more powerful establishments. This process of concentration is continuing, but discreetly.

The State's Dual Role

It is estimated that at present the four big nationalised banks and the two largest private deposit banks between them receive about 75 per cent of French demand deposits. But it must be added that these demand deposits are only just over half the size of the deposits received by public or publicly controlled bodies (savings banks, post office savings banks, together with privately subscribed short-term Treasury bills). This demonstrates how great a part of the French banking system is already concentrated in the hands of public authority.

The public sector intervenes not only in the accumulation of funds. It is also vigorously active—and this is the second characteristic feature of French banking in recent years—in the utilisation of these funds. The large surplus in the French balance of payments, constant over the last three years, has given rise to a



considerable abundance of liquidity. This has been swollen first by the rise in the living standards of Frenchmen—particularly of the well-to-do, who are the big users of the commercial banks; and secondly by repatriation of overseas investments, particularly from Algeria and Morocco.

How is it that this abundance of capital has not set off the monetary inflation which had previously beset France? The reasons are linked to the evolution of the French banking system. At the beginning of 1961, the state introduced a reserve coefficient which makes it obligatory for banks to maintain a constant proportion between certain of their liquid assets (cash in hand, accounts with the Post Office or at the Bank of France, Treasury bills, medium term bills of exchange) and their deposits. This reserve requirement is variable; at the moment it stands at 32 per cent.

This arrangement, coupled with the lowering of the minimum ratio (*plancher*) of Treasury bills which banks are obliged to hold, has had a double effect. On the one hand it has obliged banks to retain in their portfolios a greater proportion of their securities, and this has "frozen" a part of their credit potential. On the other hand it has led banks, whose chances of rediscounting with the central bank have been reduced, to retain a very considerable proportion of their medium-term bills, which have replaced Treasury bills in their portfolio.

This movement is very clearly reflected in the French credit trend. In 1961, credits financed by the banks themselves increased by 30 per cent (NF 10,000 million), whereas credits rediscounted by the Bank of France diminished by 4 per cent (590 million francs). This trend has apparently increased in momentum this year.

But while the reserve coefficient prevents banks from easily rediscounting their bills with the Bank of France, it does not hinder them from using the large deposits they receive for granting extensive credits. Over the last three years the short-term credits granted by banks have increased at the rate of 17 to 20 per cent annually, whilst the national product for its part has increased by less than 10 per cent (in nominal value).

This steep rate of credit expansion—which the monetary authorities regard with anxiety—would certainly be accelerated if the banks did not observe a certain prudence at the request of the monetary authorities. It is clear that a change has come about in this sphere. The state, by the weight of its own banking sector, as well as by the authority of its advice in credit matters, sometimes reinforced by sanctions, now strongly influences the attitude of the private banks. This influence does not, perhaps, extend as far as advocates of a more *dirigiste* credit system would wish; but the results attained are not negligible.

Finally, the attitude of the public itself has changed, and higher liquid balances are held, so that part of the additional credit is not spent. Not that there has been a change of clientèle: the savings of the working class and small shopkeepers still faithfully go to the *Caisses d'epargne* (whose interest payments are tax exempt, with a limit on permitted deposits) and the post office savings accounts, while large savings and business funds go to the banks; to the extent that current liquid assets are mainly the result of foreign business transactions and of repatriated capital, it is mainly the banks that benefit. But the public as a whole has become accustomed to a higher proportion of liquidity; this is a proof of confidence in the stability of the franc. The rise in the standard of living also encourages this trend: people must maintain greater cash reserves in order to cope with increased expenses. The state has indeed tried to direct these liquid reserves to a twofold use: towards long-term investments and, secondly, on the financial market, to the acquisition of ordinary shares rather than of debentures. But up to now this objective has been attained with only partial success.

In spite of state action to reduce, by stages, the interest rates on short-term deposits (reductions of ½ to 1 per cent have been made on Treasury bills, and of ¼ to ½ per cent on bank and savings bank deposits) in order to make long-term investments more attractive, without raising the interest on them, has not set off so large a move as was hoped. For mainly fiscal reasons the public continues to avoid such investments. Undoubtedly it would be necessary to increase still further the difference between short-term and long-term rates in order to change the public's attitude.

The state's second measure has had more success: increases in capital by companies are becoming more frequent—this being one of the objectives of the Fourth Plan. But many companies still hesitate to increase their capital, either for fear of losing majority control of their equity or because they consider the present fiscal charges for share issues too burdensome.

THE lack of interest in external financial relations is less worrying to the French authorities. Undeniably an effort has been made lately to facilitate these relations. Not only have the banks, on their own account, intensified their links with their foreign correspondents and increased the number of business transactions carried out jointly (with foreign banks in France, or in their own countries); but the public regulations have been modified in order to facilitate transactions in both directions on the financial market.

Numerous foreign securities—American, German, Dutch and others—have come into the Paris Bourse; contact has been made with foreign firms seeking capital on the French market. But up to now these efforts have not had any important results. In the first place, the French public has for decades been unaccustomed to foreign securities; meanwhile it has become acquainted with the outstanding French stocks and has more confidence in them since the franc has reacquired its international prestige. Secondly, French legislation, while not discriminating against foreign borrowers, who are subject to the same regulations as French borrowers, nevertheless maintains a high level of financial charges which appears to discourage foreign borrowers, who can find their capital more economically in Holland, Switzerland or even Germany. This apparent liberalism, therefore, disguises the real intention, which is to avoid making access to the French capital market too easy for foreigners.

Conversely, the acquisition by Frenchmen of foreign securities and capital has received more encouragement. French residents can borrow abroad, without preliminary authorisation, up to 200 million new francs, on the condition that these loans do not exceed five years and that interest rates are not higher than 5 per cent. Furthermore, loan authorisations are granted for transactions on a larger scale: the company constructing the southern European pipeline, for example, has been able to borrow large sums in several European countries and in the United States.

The acquisition of foreign securities abroad has been facilitated by the abolition of the *devise-titre*, equivalent to investment dollars in Britain. This now enables Frenchmen freely to acquire foreign securities without any difficulty in obtaining the currency necessary for their purchase. But, at a time when the financial prestige of France is as high as that of foreign countries, this relaxation has not brought about any rush for foreign securities by French buyers.

New Freedom in Australia?

FROM A MELBOURNE CORRESPONDENT

THE past year has been perhaps the most eventful for Australian banks since the attempt to nationalise them was finally defeated some twelve years ago. The banks have made more notable progress in diversifying their business into new fields; they have introduced a five-day week and a new basis of charges for services rendered; and important changes have been made in official credit policy. All this has occurred against a background of a rapidly recovering economy and continued branch expansion which probably maintains Australia's claim to be among the most overbanked countries in the world. Thus eleven million Australians are serviced by some 4,500 branches of fifteen trading banks and thirteen savings banks.

The highlight of recent events was the comprehensive policy statement announced by the Federal Treasurer in mid-April. In the heat of the moment, this statement was acclaimed as a major set of new freedoms for the banks, which were formally acknowledged to have the right to participate in the growth of the economy and to compete more evenly in the financial sector. Some of this enthusiasm may now have waned following an apparent difference of opinion about credit policy, and a marked hesitancy in the active use of interest rates.

The new government policy covered three main fields. Some minor changes in overdraft and deposit rates of interest were included but a more significant departure was that the government pronounced its intention to vary the maximum overdraft rate when general changes in interest rates were required. Slow progress is thus being made towards some form of Bank rate, on the English which would clearly signify variations in monetary policy. [illegible] change was the rationalisation of the Treasury bill market; the old Treasury bills and seasonal Treasury notes were merged into Treasury notes, which carry market rates of interest and are freely available to the banks and the public. Finally, the measures included a scheme for term loans and alterations to minimum liquidity ratios.

The new interest rate policy was wholly consistent with the general tendency of recent years as the government has slowly begun to use interest rates in a way that helps rather than hinders other monetary and fiscal policies. This should be seen in perspective; interest rates are not, and do not seem likely to be, a major weapon of policy in Australia. There are, however, some situations where they can be of marginal importance in smoothing out fluctuations and channelling resources in the desired way.

Trading Banks Fight Back

THERE has since been evidence of a decided reluctance to alter bank interest rates and government bond rates on new issues. Admittedly the Reserve Bank has altered the interest rate and maximum term of fixed deposits accepted by the banks no less than three times in less than six months but those were minor moves with the prevailing tide rather than policy moves. The Australian banks before the second world war made extensive use of fixed deposits, which were competitive and accounted for large proportions of total deposits. However, rigid controls over these rates and conditions reduced the proportion of deposits bearing interest to only 19 per cent of total deposits in 1953 and also allowed all kinds of other financial institutions to attract funds by offering more acceptable interest rates and terms. At the end of 1960 approval was

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given to a much higher rate of interest on the banks' term deposits and the response was a rise of some 60 per cent in such deposits in only two years. In September this year, deposits bearing interest accounted for 37 per cent of total deposits.

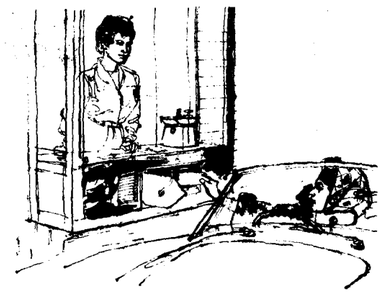
There has also been a notable increase in savings bank deposits. These are currently running at nearly £A170 per head; indeed there are nine operative savings accounts for every ten persons in Australia. Before 1956, the savings bank field was the preserve of the Commonwealth Bank, in conjunction with the post office, and of state institutions in the three southern states. In that year however three of the major banks entered the savings bank field with wholly owned subsidiaries and, using modern aggressive methods and extensive promotion campaigns, gained deposits, totalling £A291 million in only five years. This represented nearly 19 per cent of total savings deposits. In the last year the four remaining major banks have formed savings subsidiaries, thus materially increasing the competition and, at the same time, raising several interesting policy questions.

These policy questions arise because savings and trading banks operate under separate licences with markedly different patterns of investment laid down by the government. To the public, however, there is little, if any, distinction between the two organisations. A customer can have both a cheque account and a savings account at the same branch and can avail himself freely of all the ancillary services. It is easy to make transfers between different types of accounts—savings, cheque or even term deposits, which makes the relative interest rates an important influence and materially heightens the direct competition between rates paid on savings and term deposits.

Some bankers are now asking whether it is any longer meaningful to differentiate between deposits accepted by savings or trading banks. In other words, is there any point in maintaining the fiction of savings funds being more stable (and thus available for investment in medium-long term fields) especially when deposits can be so easily interchanged? And is the difference important enough to maintain the practice of forcing savings funds into government bonds (accounting for 70 per cent) and into the socially important long-term housing loans, while keeping trading bank loans essentially in short term fluctuating forms?

From HP to Unit Trusts

THIS widespread entry of the trading banks into savings banking is not their only move towards greater diversification and thus greater competition with fringe organisations. Diversification has been carried a long way, and well established facilities include travel departments, hire purchase connections, registrar and nominee departments, unit trust services (including management) and investments in various investment banks and short-term money market dealers. Recent moves have included firstly, a more direct part



in the management of hire purchase subsidiaries by at least two of the banks following unsatisfactory profit results; secondly, the taking of an equity interest in factoring companies by two banks; and, finally, a new term loan scheme applying to all the large banks.

The term loan proposal is a fairly radical departure from lending policies as dictated by the central bank. In the past, medium and long-term credit was provided by a variety of institutions including the banks; but, as central bank policy increasingly forced the banks out of this field, a range of investment banks and a government development bank arose to fill the growing needs in this sector. Now a special scheme has been established which involves the banks placing some £A55 million in a special account at the central bank to be drawn on as loans are made. The loans are granted in the main for periods of three to eight years and cover needs of primary and secondary producers as well as exporters.

Second Thoughts on Special Deposits

THE introduction of term loans was accompanied by a change in minimum liquidity ratios. Australia has the rather dubious honour of being the pioneer of special deposits. So it is interesting to note that Australia is moving away from this system at a time when European countries are experimenting with it. However sophisticated the Australian system may now appear, in practice it has certain anomalies. It may be conveniently divided into at least three different parts. The basis is a statutory reserve deposit system supposedly varied only in accordance with basic changes in credit policy as distinct from day to day seasonal changes. This ratio is currently 11.5 per cent and such deposits earn only 15s per cent. Then comes the working ratio of cash, Treasury notes and government securities—the so-called LGS ratio. The banks have voluntarily agreed not to let this ratio fall below 18 per cent, and the margin above this minimum fluctuates both seasonally and secularly. Changes in this ratio are most infrequent and, so far, have been only upward. It is significant to note, however, that there are important liquid assets rather illogically excluded from the LGS ratio, *viz* money at call on the short-term money market and unused term loan funds (which become LGS assets as soon as they are drawn upon). In contrast with English practice, government bonds are included as liquid items in Australia.

As part of the official reflation measures of 1961, the banks were exhorted to expand advances and, despite the fact that overdraft limits grew considerably, actual overdrafts increased fairly slowly. There was thus an increasing unused margin of limits which could, under some circumstances, strain liquidity if they were utilised. However by the second half of 1962 recovery was complete and the economy began to move forward at a pace which showed signs of straining resources. One example of this strain was the large rise in imports in the second and third quarters of 1962; another was a tightening of liquidity in the banking system.

It came as a shock to some bankers when the central bank announced at the end of October that it was increasing the statutory reserve deposit ratio by one per cent, and stressed at the same time that this did not signal a change in credit policy. It would be normal for such changes to be absorbed bythe LGS margin and one can only speculate on the meaning of this confusing manoeuvre, which was promptly and publicly challenged by Australia's oldest and largest bank. If one agrees that the state of the economy demanded an early move to tighten liquidity then why not announce the move as a change in credit policy? Perhaps it can be explained as a wish to signal a change in credit well in advance without damaging the badly shaken confidence of businessmen generally. Last year's failure to reduce overdraft interest rates when the opportunity presented itself has left little room for manoeuvre in interest rate policy, at least in the upward direction.

Canadian Banks Feel the Pinch

FROM A TORONTO CORRESPONDENT

CANADA has eight chartered banks with five thousand branches scattered across a vast continent. Geography is their natural enemy; but a 6 per cent ceiling on lending rates is their particular problem. They hope that a growing population will help counter the first and that next year's report of the Royal Commission on Banking and Finance will be the beginning of the end of the second.

This ceiling on lending rates was originally set at 7 per cent, but was reduced to 6 per cent in the 1944 revision of the Bank Act at a time when there was widespread concern about the possibilities of a serious deflation after the war. Up to the mid-1950s the 6 per cent ceiling had little practical impact on the banks, since interest rates generally were well below this level. In the late 1950s, however, Canadian interest rates rose sharply, and in August, 1959, the rate on three-months Treasury bills climbed above 6 per cent, creating a situation in which it was theoretically possible to borrow from the banks at 6 per cent, invest in short-term government securities and make a profit. Although the bill rate did not remain at the 6 per cent level for long, interest rates in general have remained high enough in the past few years to keep up the demand for bank credit at rates between 5½ and 6 per cent. In 1962 the prime lending rate of the banks was raised to the 6 per cent limit for the first time, leaving them no margin to differentiate between the risks and costs of different loans.

Not Allowed to Compete

THE rise in interest rates in the mid-1950s seriously restricted the competitive position of the banks in relation to more specialised financial institutions. Previously eclipsed by the enormous financial strength of the chartered banks, these now began to grow rapidly. Unencumbered by the regulations of the Bank Act, these financial intermediaries have been able to lend and therefore to remunerate depositors, at rates significantly above those of the banks. So the banks have been losing business and deposits to a number of institutions—credit unions (a kind of "friendly society" bank), trust companies, and small loan companies. The banks have been unable to counter this encroachment by a drive to spread the banking habit. The habit has already spread: at the latest count there was roughly one bank account for every Canadian over fifteen.

The banks' most serious rival, however, is the government itself. Each autumn a new issue of government savings bonds appears and bites deep into the banks' deposits. The latest issue carried interest at 5 per cent compared with 3 per cent on bank savings accounts; and the bonds can be redeemed at any time at par. It is true that the banks act as agents for the sale of these bonds and get a handsome commission for the work, but this does not make up for the lost deposits.

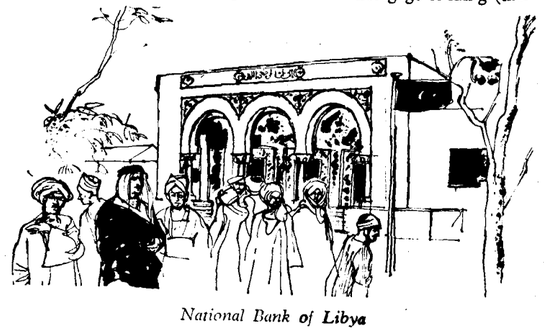
Hamstrung by the Bank Act, the banks have had to compete by extending their range of services. In addition to several kinds of individual savings deposits, banks pay premium rates, of from 4-4¼ per cent, for fixed-term deposits of substantial size; and one bank has introduced term notes—marketable instruments with maturities from one to six years, which are directly competitive with notes sold by trust companies and other institutions. On the lending side, Canadian banks began in 1958 to offer special consumer instalment loans for a wide variety of purposes. The loans are usually unsecured, and carry rates of interest which are effectively higher than the banks' rates on their secured loans, but are still considerably below the rates charged by instalment finance companies. This type of business has expanded rapidly, and in a relatively prosperous environment (*pace* the setbacks to economic growth) there have been very few bad debts so far. The banks are also beginning to extend their hours of opening in shopping centres where there are trust-company offices. The banks compete aggressively in the services they offer to business customers, and they are also competing increasingly in the development of foreign business, offering services in continental Europe and Japan as well as in the international money markets of New York and London.

Competition among the banks themselves is also limited to the provision of increased services—the banks agree on interest rates and use a standard scale of charges. As the country develops there is a constant pressure to open new branches, and both the population drift to the suburbs and the growth of new frontier communities have encouraged a great increase in branch openings. Under pressure of competition new branches are established well before they can be expected to pay their way. Nor are rising costs easily offset by increased productivity, because branches are so widely scattered.

Although the banks are gradually introducing automatic methods such as electronic cheque-sorting, there is a limit to the usefulness of such techniques. A small, remote branch must be staffed, equipped and heated in much the same way as a busy downtown one. Large quantities of paper must continue to travel back and forth across the country. The delays caused by such travel, and by Canadian winter weather, must be allowed for in analysing the cash position and managing the day-to-day affairs of a Canadian bank. Cheques written in Vancouver or in Newfoundland can take two weeks to reach Toronto during the Christmas rush. The distance between head office and branches probably tends to make lending policies less flexible and responsive to changing conditions than they might otherwise be.

Waiting for Porter

CANADIAN bankers are now wondering how far their immediate problems will be solved—or exacerbated—by the Royal Commission on Banking and Finance. Its terms of reference are very broad, but one of its specific tasks is to make recommendations on the decennial revision of the Bank Act, due to take place in June 1964. The Bank Act is a comprehensive piece of legislation which regulates virtually every phase of banking in Canada. It has been an important protection for depositors as well as a restriction on the banks themselves. Apart from the question of the interest rate ceiling, another provision of the Act to be discussed by the Commission is the general prohibition on mortgage lending (there



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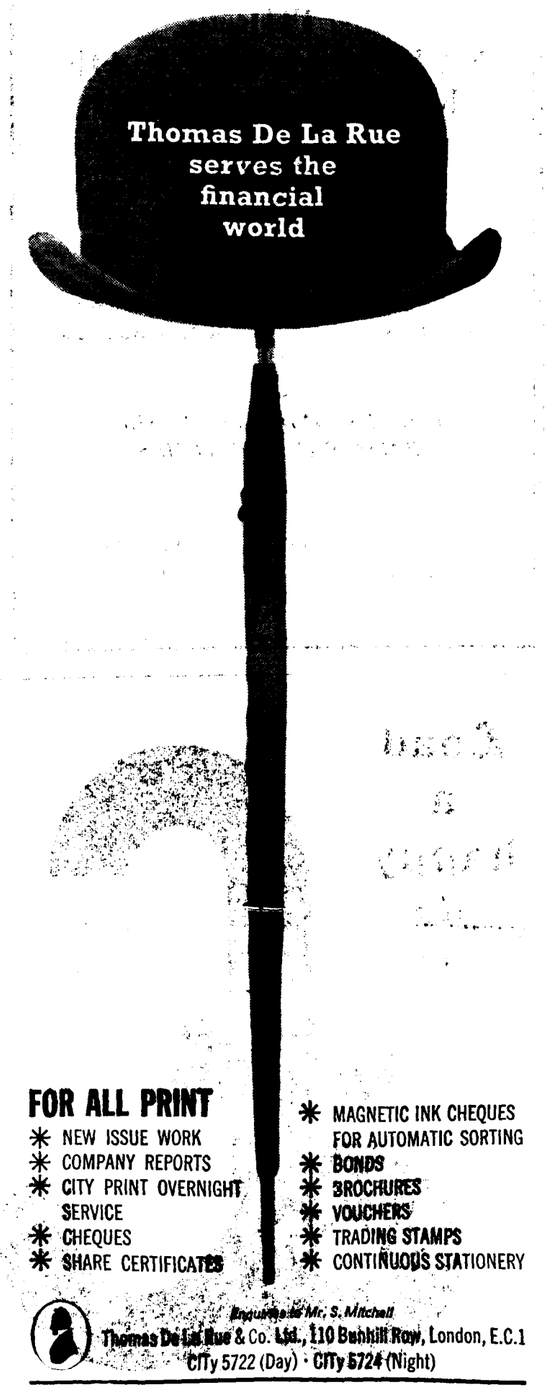

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are a few exceptions, the most important being mortgages guaranteed under the National Housing Act). Although this prohibition is a factor inhibiting bank competition, the banks have mixed feelings about the desirability of going into mortgage lending in a general way, arguing on occasion that longer-term risk assets have no place in the portfolio of a commercial bank. A further question the Commission may want to ask is whether the chartered banks are doing enough to meet the needs of small business and to facilitate the " structural adjustments " now faced by Canadian industry.

Fluctuations in monetary policy in recent years have posed recurring problems for Canadian banks, especially of course during periods of tight money in 1956-57, 1959 and 1962. Direct government controls on credit have not been used in Canada to any extent, so that a policy of monetary restraint obliges the banks themselves to ration credit, a difficult and painful process. Since only bank credit can be directly controlled by the monetary authorities (through the cash reserve requirements imposed by the Bank Act) it follows that as other financial institutions develop, bank credit must be controlled more and more severely in order to achieve the same control of total liquidity in the economy.

Moreover, it is not only in its control of the supply of money that monetary policy in Canada falls especially heavily on the banks. Late in 1955 the Bank of Canada asked the chartered banks to restrict their lending capacity by building up " secondary " reserves of Treasury bills and money-market loans. Liquid reserves must now consist of cash amounting to at least 8 per cent of Canadian dollar deposit liabilities, and of Treasury bills and day-to-day loans which together with cash must total at least 15 per cent of deposits. Many bankers regard these requirements as excessive, arguing that a 5 per cent cash ratio would be enough ; and some suggest that the monetary control could be achieved without any statutory cash reserve. It has been argued at the same time that the banks' own need for liquidity calls for holdings of short-term assets beyond the required level, so that the secondary reserve requirement is superfluous. Thus in the past few years the cash ratio has tended to remain very close to the legal minimum of 8 per cent, whereas secondary reserves have for much of the time maintained total liquid assets at around 16 -18 per cent, rather than the minimum 15 per cent. This is probably accounted for by the fear of sudden changes in monetary policy: since 1955 the banks have three times had to sell large quantities of government bonds on a falling market in the face of heavy demand for credit and of tight central bank restraint.

Special problems for Canadian banks were also created by the balance of payments crisis. Uncertainty in the exchange market for the Canadian dollar led in a variety of ways to a sharp increase in the demand for bank loans in the spring and summer of 1962. When the Bank rate, which had floated at one quarter of one per cent above the Treasury bill rate since 1956, was suddenly raised and anchored at 6 per cent in June, the banks found themselves in a tight-money situation created by external circumstances and not reflecting demand conditions in the domestic economy. (It should be noted, however, that the banks had been arguing strongly for a return to the fixed " signal " Bank rate for some time, and they welcomed the new principle, though not the fact.) The recent improvement in exchange reserves, however, has brought reductions of the Bank rate in three steps to 4 per cent, together with a slight easing in bank cash reserves. These moves have now created a monetary climate more appropriate to the mild business recession which is generally expected in Canada this winter.

Relations between the central bank and the chartered banks have been improving quietly since Mr Rasminsky became Governor of the Bank of Canada just over a year ago. The difficult monetary operations of the past summer were handled in a way which did not exacerbate the unsettled political situation, and the return to a fixed Bank rate which is used to signal changes in official policy has restored a sense of direction to the financial community.

Now at the end of 1962, in a somewhat calmer climate than they have experienced of late, the banks have settled down to wait for the report of the Porter Commission and the 1964 revision of the Bank Act. The banks' own brief to the Commission is due to be presented next January. The brief to be submitted by the Bank of Canada has already been distributed, but is regarded in banking circles as disappointingly non-committal. Perhaps this was inevitable in view of the rather stormy financial weather which Canada has just passed through.

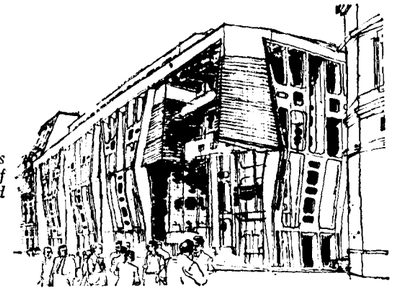
Control by Agreement in Holland

FROM AN AMSTERDAM CORRESPONDENT

A GALAXY of one hundred and fourteen commercial banks does not prevent Dutch banking from being more akin to British practice than to that of its continental neighbours. The Netherlands has its " Big Four "—the Amsterdamsche Bank, the Nederlandsche Handel-Maatschappij, the Rotterdamsche Bank, and the Twentsche Bank—holding 60 per cent of total deposits. Capital and reserves, as in Britain, are a small proportion of total assets, while something like two-thirds of deposits are in current accounts. The Dutch banks, unlike the German banks and the French *banques d'affaires*, do not as yet hold large blocks of shares in industrial concerns ; the emphasis in lending, as in Britain, is on formally self-liquidating transactions, and the loans are arranged on an overdraft basis—a system many other continental bankers find strange.

In the last decade the Dutch banks have been on the receiving end of a variety of experiments in credit control ; adjusting to the changes has been a major problem. The system of control that has evolved is considerably wider than in Britain. Holland's 11½ million people enjoy the services of an enormous range of 2,633 agricultural banks, controlled by their own two central banks ; 265 general savings banks ; 67 stockbroking firms ; and 114 commercial banks. All the credit institutions are controlled under the " Act on the Supervision of the Credit System " of 1952. By extending their influence to all these institutions, Dutch authorities have grasped a nettle from which monetary authorities in other countries have mostly shrunk.

The Act of Supervision gives the Government broad powers to control credit and to safeguard the solvency and liquidity of the credit institutions. The Netherlands Bank acts as the Government's agent in the administration of the Act. The bank laid down mini-



Buenos Aires office, Bank of London and South America

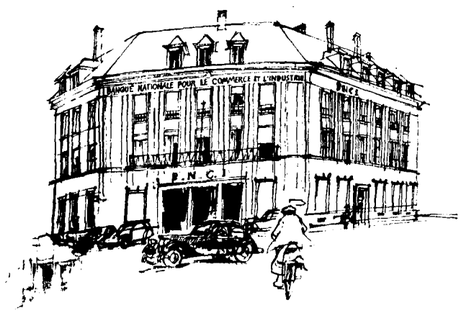
quate solvency and liquidity ratios for the banks in 1954. Complying with these directives has caused the commercial banks no problems until now—though the sharp increase in lending since 1958 has whittled the cushion of liquid assets above these ratios down to their minimum.

This Act makes central bank control in Holland appear formal and legalistic, but a series of gentlemen's agreements, concluded between the Netherlands Bank and the commercial banks since 1954, have placed control on a more informal footing and pushed the specific provisions of the Act into the background. The gentlemen's agreements have necessitated constant consultation between the central bank and the credit institutions, which Dutch bankers appreciate. Relations between the Netherlands Bank and Holland's commercial bankers are now very close indeed.

In 1954, confronted with a situation of excessive liquidity in the banking system, and therefore the danger of inflationary financing, the Government and the central bank in a joint effort took action in two ways—firstly, by funding Fl.1,200 million out of the Fl.3,000 million Government short-term debt held by the banks in 8- 10- and 12-year Treasury certificates and secondly by concluding a gentlemen's agreement with the 32 representative commercial banks, and with the central organisations of the agricultural banks, on obligatory cash reserves to be held at the central bank. Since early 1960 the cash reserve ratio, which is fixed month by month, has been changed no less than eleven times—the ratio varying from 5 per cent to 10 per cent. In October 1962 the obligatory cash reserves with the Bank amounted to Fl.462 million.

New Lending Control

UNTIL 1958 the growth in lending to the private sector lagged behind national income. Since that year, however, the volume of domestic bank lending has increased much faster than national income, despite the funding operation which skimmed-off about Fl.1,650 million in excess liquidity. The expansion in lending was so rapid that the central bank introduced in June, 1961 an arrangement, already agreed upon in principle by the credit institutions in 1960, for moderating the expansion of domestic lending, provisionally up to the end of 1962. When the monthly returns lodged with the bank reveal that lending by a bank has exceeded a certain rate, based on the average increase in previous months, then that bank must make an interest free deposit with the central bank amounting to up to the full amount of the excess lending ; fixed term lendings with an average life of at least two years being excluded from this control. Consequently no absolute ceiling has been imposed on domestic lending, but nevertheless the sanctions on exceeding the standards make lending unattractive when it is officially unwelcome. In September penalty deposits amounts of Fl.62 million had to be lodged with the Netherlands Bank ; in October the banks had once more fallen in line with official wishes. The gentlemen's agreements on the control of lending and on minimum cash ratios, subject to a 15 per cent maximum, now form



the hard core of credit control in Holland. Limited in their domestic lending, the commercial banks have given increased attention to foreign private business. Foreign lending, other than money market transactions, increased from Fl.618 million in 1956 to Fl.1,937 million in 1961. This lending is welcomed by the authorities, since it helps to neutralise Holland's balance of payments surplus.

Struggle for Deposits

The combination of the burst in new lending since 1958 and official efforts to reduce bank liquidity has now faced the banks with growing competition for deposits, not only amongst themselves but also with the agricultural banks, whose deposits now total Fl.5,950 million, and the postal cheque and giro transfer system. In the battle for local deposits the commercial banks have been losing ground ; their share in total deposits fell from 48.8 per cent in 1951 to 43.6 per cent in 1961. Although the banks' own credit transfer system is extremely efficient, the postal cheque and giro system is a major competitor of the banks ; at the end of 1961 this Government institution had 813,000 accounts and Fl.2,063 million non-interest bearing deposits, compared with deposits of Fl.12,790 million with the commercial banks. The commercial banks have also lost deposits to the agricultural banks, which have been vigorously soliciting non-agricultural business.

One of the big four made history in 1954 by offering 8-year 3 per cent deposit certificates. In the same year one of the Dutch overseas banks introduced savings accounts. Since then most of the commercial banks have followed this lead and now actively solicit savings accounts. The move has been highly successful : savings deposits with commercial banks and affiliated savings banks totalled up to Fl.1,273 million at the end of 1961 compared with only Fl.60 million in 1956 ; they now represent 12 per cent of all savings deposits. The nature of these deposits, however, differs noticeably from those received by the specialised savings banks : thus the average balances in the commercial banks are much higher (by more than five times). The rate of turnover is somewhat higher too, and a relatively large percentage of the drawings represents purchases of securities.

Search for New Investments

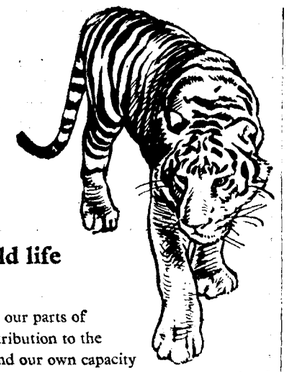
THE large influx of savings deposits, costing from 3¼ to 4 per cent necessitated the finding of corresponding high yielding investments. As a result there has been a large increase in capital market investments, in participations in hire purchase and industrial finance companies, and medium-term lending, which has facilitated the growth of Dutch industry. Industrial production has grown by nearly 70 per cent in ten years ; and it shows an increasing diversity. This expansion has brought with it a multiplicity of capital requirements for small and medium-sized industries which are as yet unable to call on the share market or the capital market in general. The larger commercial banks have been quick to meet these requirements by medium-term lending. On the whole commercial banks have not embarked on mortgage business ; however, one or two banks have entered, through affiliated companies, the field of property finance and ship mortgages.

In consumer credit too the banks have demonstrated their willingness to meet new needs. Almost all the larger banks have affiliated hire purchase finance companies, which, however, rely mainly on the capital market for finance, as the parent banks provide only temporary bridging loans. Consequently total engagements of the banks in hire purchase amounted to no more than Fl.141 million at the end of 1961. The banks also grant direct personal loans, but demand here has lagged behind expectations.

Yet Dutch banks do not lack the resources for retail banking.

Panthera Tigris

(the Tiger)



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True, the rate of increase in the number of bank branches in Holland is slowing down. But the network of branches is already dense and the cost of operating branches is continuously rising. The big four had a network of 814 branches at the end of 1961 (583 in 1945), the three branch banks in the second rank (in size) having 237 branches. New branches have been opened in the new residential areas and shopping centres and also in quite a number of so-called problem areas in the southern and northern provinces, where the Government is successfully promoting and facilitating the establishment of new industrial enterprises. Finally many new branches of the larger banks were the outcome of the absorption of local and regional banks. A series of amalgamations in the fifties reduced the number of registered banks from 137 to 114—the number of independent banks however being much lower.

Between the end of 1956 and of 1961 the domestic lending of the representative commercial banks rose much faster, by 63 per cent, than internal deposits, which rose by 42 per cent. In much the same way as in Britain, advances could be financed at the expense of liquidity. But from now on the banks, in order to sustain their growth, will be more dependent on new deposits. Between 1956 and 1961 share capital and reserves rose by only 37 per cent and consequently the ratio between capital and reserves and deposits of the 32 representative commercial banks dipped from 13.5 per cent in 1956 to 11.9 per cent in 1961. Three banks out of the big four group have not called on the share market for 28 years or more; only De Twentsche Bank has surprised its shareholders, with a rights-issue in 1962. Banks in the second echelon, however, have been regular callers on the share market since 1956. The big banks strengthened their reserve positions rather by withholding large parts of the net profits and also by disclosing hidden reserves built up in the past. Notwithstanding soaring costs and fierce competition for deposits, the earning power of the banks has moved steadily upwards since 1957, which has enabled them not only to strengthen their reserve positions but also to make handsome distributions to their shareholders.

Italy—Credit into Capital

FROM A ROME CORRESPONDENT

In the last few months the pace of Italian expansion has begun to slow down somewhat from the extraordinary pace of 1959-61, which in turn followed some slow-down in 1958. For the past year economic development in Italy has entered a new phase, characterised by a notable increase in labour costs, as wages have risen still faster than productivity. The upshot has been, as in many other countries, a paring of profit margins which has cut into the resources available for financing expansion from internal funds. Because the capacity of the capital market is small, firms have accordingly been obliged to increase considerably their demands for bank credit.

The Italian banking system has been able to meet these new demands efficiently because it is sustained by a monetary policy which, in the absence of bottlenecks in the labour market and of worries about the balance of payments, seeks to maintain the pace of economic growth. This expansionary monetary policy has been directed at two points—maintaining the liquidity of the money market and, further, promoting the transfer of funds to the capital market. This has helped to break down some of the unnecessarily sharp distinctions made by Italian institutions between short-term credit and longer-term credit, and has made more credit available for the creation of fixed capital.

New Liquidity Controls

In these circumstances the introduction of a classical instrument to control liquidity will be very important for Italy. The new measure permits official operations in the open market and incorporates a new and more flexible system for the issue of Treasury bills. The innovation, which is being made this month, was foreshadowed by the Governor of the Bank of Italy, Dr Carli, in his annual report issued a few months ago. Dr Carli pointed out that, under the existing system there was no relationship between the issue of Treasury bills and the cash needs of the Treasury: the bills were issued on tap even if the proceeds simply swelled the Treasury's balance at the central bank. The new system of monthly issues in limited quantity should stimulate the banks, in a period of abundant liquidity, to put their funds into other channels. The adoption of this system of tender issues of bills, which is new for Italy and which it is hoped to extend to other public securities, may lead to an intensification of the use of other instruments of general control on banking liquidity.

In Italy, as in other countries, the authorities can regulate the liquidity of the banking system by calling for compulsory reserves in accounts at the central bank (which are interest-bearing) or in Treasury bills, as well as by altering the official discount rate. But adjustments of the Bank rate in Italy are rare. The last variation was in June, 1958, when the rate was lowered from the level of 4 per cent which had prevailed since 1950 to the present 3½ per cent. And adjustments of reserve requirements are quite exceptional. The only change since 1947 has been a reduction, last January, from 25 per cent of net deposits in each bank to 22½ per cent.

Hitherto the liquidity in the banks has been mainly regulated by selective rather than general measures. The central bank has put funds at the disposal of individual banks in a number of ways—rediscounts of commercial and agricultural bills; more often, advances against government bonds or state guaranteed securities. Most important of all have been operations in foreign exchange.

Three main means have been used by the authorities here to inject or withdraw liquidity in lire into (or from) the money market:

buying or selling foreign currency from or to the banks in exchange for lire through the Italian Exchange Office (*Ufficio Italiano dei Cambi*);
conceding advances in foreign currency;
authorising the banks to utilise credits of foreign banks, or obliging them to balance their position abroad by buying or selling foreign exchange against lire through the Exchange Office.

Bank of India—manager's office

The potential range of credit control is very extensive in Italy. The Banking Act of 1936 considers the collection of savings and the exercise of credit matters of public interest and puts all concerns that exercise both functions under the control of the monetary authorities. This control, which is under a special inter-ministerial committee, is exercised through the central bank. The banks require its permission to set up with a given capital; they require permission to open new branches. The central bank determines the ratio between capital funds and total deposits; the issue of shares and bonds and the placing of shares or bonds issued by other concerns; the proportional distribution of investments; and the limits of credit facilities. Finally it supervises the fusion or liquidation of banks.

The law empowers the monetary authorities to introduce quantitative and qualitative controls on the activity of banks, particularly of commercial banks. Investments in real estate require prior authorisation, which is usually given only for buildings used by the bank itself—and Italian bank buildings have always been noteworthy for their presumptuous and spurious style. Official permission is also needed for holdings of shares, usually allowed only in companies that are either created and subsidised by the State or are set up for purposes of public interest, or of a financial character. Otherwise, holdings of shares are usually limited to the quantity necessary for normal buying and selling transactions performed by the banks on behalf of their clients. Regulations on credits include a limit on the amount conceded to a single borrower to a maximum of one-fifth of the capital funds of each bank.

Unlike money markets in English speaking countries, the Italian money market is a narrow one. It is practically confined to the commercial and savings banks. There are no organisations like the merchant banks, acceptance and discount houses, finance companies and the like. The basis of banking specialisation in Italy is the distinction, made by the Banking Act, between commercial and savings banks on the one hand which collect short-term deposits and, on the other, banks which may collect only medium and long-term deposits. Short-term credit, formally up to twelve months, is thus separated from medium-term and long-term credit, and particularly from industrial credit. These longer credits are in general granted by special credit institutions. The commercial and savings banks in particular are excluded from certain sectors in which even some of the most orthodox commercial bankers in other countries participate—including the financing of medium-term credits for export.

The practice of using formally short-term loans, granted in the form of overdrafts, to finance stocks, plant and the like, has become fairly common in the Italian banking system, particularly since the last war. This practice has been spread by lively competition between the banks and has tended to operate to the advantage of the biggest customers. A more concrete and openly recognised form of integration between short-term and longer-term credits exists in Italy in the "sections" set up in some commercial and savings banks for the purpose of granting special longer-term credits.

Public Control, Independent Management

PERHAPS the most salient feature of the Italian banking system is that all these official controls are being enacted over banks that are largely owned by the state in any case. The present Centre-Left government has no intention of extending public ownership of the Italian banking system, which is already well advanced. Over two-thirds of total deposits are administered in the public banks. Among these, however, there are very few to whose capital the state has contributed directly, though they include the Banca Nazionale del Lavoro, the largest bank in Italy. More important are indirect interests in the three

ITALY'S BANKING STRUCTURE

	End of years	Public founda-tions	Banks of national interest*	Ordinary Banks	Co-operative Banks	Total Banks	Savings Banks	Total
No. of banks	1948	5	3	219	227	454	84	538
	1958	6	3	196	211	416	90	506
	1961	6	3	194	213	416	89	505
No. of branches and agencies	1948	1,153	646	1,804	1,056	4,659	1,948	6,607
	1958	1,301	700	2,076	1,346	5,423	2,452	7,875
	1961	1,382	737	2,214	1,498	5,831	2,630	8,461
Items relating to 365 commercial and savings banks								
Total net deposits (billions of lire)	1948	335	365	327	169	1,195	325	1,520
	1958	1,664	1,516	1,709	858	5,747	1,805	7,552
	1961	2,620	2,230	2,765	1,361	8,976	2,938	11,914
	1962‡	2,709	2,225	2,807	1,404	9,145	3,042	12,187
Total lira loans (billions of lire)	1948	245	272	222	102	840	189	1,029
	1958	1,157	1,001	1,148	554	3,859	1,084	4,943
	1961	1,919	1,680	1,838	895	6,332	1,693	8,025
Foreign exchange loans (billions of lire)	1956	44	91	15	6	156	...	156
	1958	68	121	23	8	206	...	206
	1961	202	313	99	39	654	22	676

* Fully owned state banks, including Banca Nazionale del Lavoro, which state has a partial interest. ‡ March. † Banks in

"banks of national interest"—Banca Commerciale, Credito Italiano, Banco di Roma—and the Banco di Santo Spirito, whose capital is almost entirely owned by the state holding company, IRI. The other banks to whose capital the state contributes indirectly are public corporations and foundations such as the remaining Public Law Institutes and the savings banks. Only among the ordinary credit banks, which hold little over a fifth of total deposits, are privately controlled concerns to be found.

But the extent of public ownership has not caused interference in technical management or influenced competition between the banks. Competition, in fact, has constantly tended to increase. Immediately after the war, and even more between 1950 and 1953, competition extended to interest rates, but in 1954 most interest rates and charges were regulated by a gentlemen's agreement freely accepted by the banks and renewed from year to year. Competition has therefore tended to become concentrated in operations and services not regulated by the agreement. In practice, not all the banks that have subscribed to the agreement respect it in the same way. In periods of abundant liquidity competition in rates is achieved by a wider differentiation of maximum credit rates and by widening the range of clients to whom prime rates are offered. Recent developments have increased the points of friction and of contact between banks of different size. For instance, many medium sized banks and savings banks have greatly increased their standing and are able today to serve even very large concerns.

The development of new banking services has been noteworthy in the field of foreign trade. The banks, especially the big banks, are also active in security transactions, buying and selling on the stock exchange on behalf of clients, and placing new issues. The extension of these services has often influenced the development of the banks' profits and has helped to compensate for the reduction of the margin between the interest on deposits (in Italy even current accounts earn interest) and that on loans. This margin has been almost halved since the exceptional levels of 1947-8.

There has been a noteworthy decentralisation of branches and agencies: since the war the authorities have encouraged banks to open new branches in places where banking services were scarce. This encouragement has gone mainly to local and inter-regional banks and the trend has been to limit the further expansion of the main national banks. In spite of this there is still a notable concentration of resources and credits. Thus the four largest banks (Banca Nazionale del Lavoro, Banca Commerciale, Credito Italiano, Banco di Roma) which operate over the whole country, and which at the end of 1961 had only 10 per cent of the operating bank counters, disposed of over one-fourth of bank deposits and nearly one-third of total credits.

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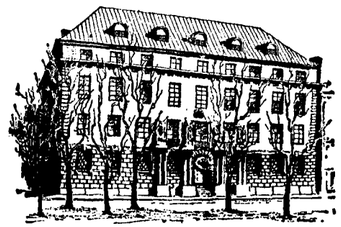

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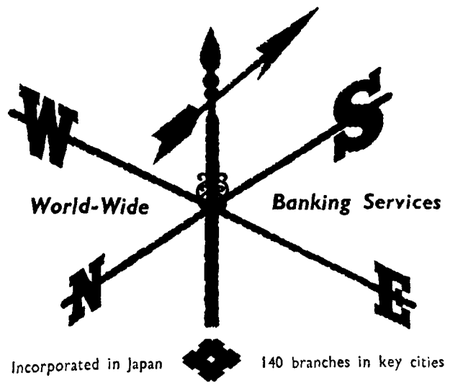

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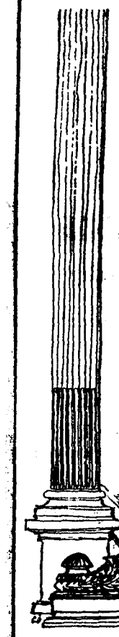

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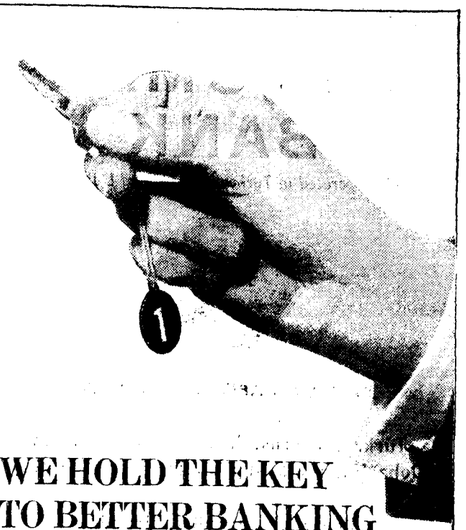

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BUSINESS NOTES

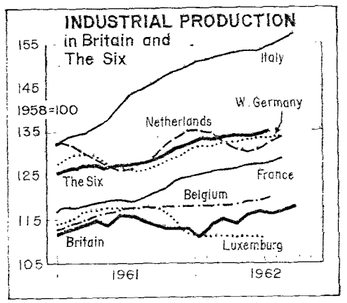
THE ECONOMIES

Third Quarter Upturn

SINCE the Central Statistical Office has now revised downward its June index of industrial production from 118 (1958 = 100) to 117, the provisional figure of 118 published this week for September hits the year's "high"; but there was probably not much between the levels of output in the two months, and the index has in fact risen only two points since May. The upturn in the third quarter here has not been as pronounced as the European Economic Commission (on scrappier indications) thinks the Six may have scored.

The commission believes that this upturn —shown in indices that lag somewhat behind Britain's—was partly due to larger seasonal influences than usual, so that the ordinary seasonal corrections it uses have not damped these out. It has not been as quick to put an optimistic gloss on these fragmentary figures as some of the individual governments have been, for example at OECD sessions; it comments that "the new speed-up in growth is probably in part a process of making up leeway and to this extent it will probably only be temporary."

The profile of production increase in Britain over the last two years remains very different from that in the Six. These continental countries, apart from the Benelux area, can show a far more impressive year-to-year rise than industry can here, because they all notched up much better increases in output during 1961. Since the beginning of this year, Britain's performance compares much better as the rate of increase among the Six has generally slackened somewhat while Britain's, during the first half of the year, notably quickened. Since then the increase has been slower, though the latest indications of demand—retail trade figures and home engineering orders—also suggest an upturn. But the expansion is still only taking up the slack in the economy. The latest count of unemployment showed the largest monthly increase since the upward drift started in June, 1961. In the four weeks to November 12th the numbers wholly unemployed rose by nearly 42,000, although the normal seasonal increase is only about 18,000. And there were then eight people out of work for every three jobs notified as vacant. This must have some connection with less avid hoarding of labour.



The European community, however, is still six countries, presently enjoying quite different fortunes. In Italy the production index still shows a better rise than anywhere else in the common market; but not at last year's rate, and the Italians are among the least complacent of the Six regarding continued expansion. Both Belgium and the Netherlands have shown resumed growth in the second and third quarters of 1962; the first has become more competitive in its exports to the rest of the community, and in the second the natural increase in population is making more labour available. In Germany, however, says the Commission "even the consumer market seems to be settling down to a slower pace."

In France the trend of expansion has not really altered much: marked increases in metals and chemical production slightly accelerated the rate of industrial growth during the summer, and official forecasts for the year, of a 5½ per cent in national income, have been revised fractionally upwards. If one applies a three-monthly moving average to smooth out minor month-to-month fluctuations, France's industrial trend is steady—and growing at an impressive 7 per cent per year.

IN THE MARKETS

Chinese Blacks and Whites

As the tea gardens in Assam were directly threatened by the Chinese advance, the big fall in Indian tea shares and their equally sharp recovery after the Chinese announced a cease fire were entirely logical. But the fluctuations were due as much to a deliberate widening of prices by jobbers as to the actual volume of dealings. As a natural converse, Ceylon and Southern Indian tea shares were bought. They continued to rise after the cease-fire announcement as some investors, uncertain about the reaction of the Indian government to the Chinese proposals, hedged their bets. The shares of Burmah Oil, which has a direct interest in the Digboi oilfields, also moved sharply.

Elsewhere in the market, nerves rather than logic appear to have dictated price movements. Reason might suggest that had the Sino-Indian dispute developed into a conventional war on the Korean pattern increased defence spending and other expansionary tendencies would have led to a rise in equities and, possibly, commodity prices. But the market was so seized of the dangers of war in any form that the initial reaction both in Wall Street and Throgmorton Street was to mark prices down and then up again after the cease fire announcement. As a result the Dow Jones average, having fallen to 626 on Monday, had recovered to 637 on Wednesday, when Wall Street was also cheered by a further easing of the Cuban tensions. Wall Street's recovery and the announcement of higher industrial production in Britain in September reinforced the effect of the cease fire proposals in the London market, where on Wednesday the gain of 4 points to 293.6 in the *Financial Times* index cancelled out all but 1.2 points of the loss registered by the index in the two previous days. Over the week to Wednesday's close *The Economist* indicator made a gain of 3.3 points to 345.7 and equity prices continued to move ahead on Thursday.

Gilt-edged stocks, which were dull before the week-end, shared in the general recovery in the middle of this week. Some investors clearly thought that last week's fall had been too abrupt and came back into the market to buy long dated and undated stocks. The strength of sterling was one encouragement and investors may have noticed that while activity in gold increased a little before the Chinese offered their cease fire, business remained moderate.

PROTECTING DEPOSITORS

Better Late than Never

THE Government has at last produced a bill to regulate companies which solicit unsecured loans and deposits from the public. This very necessary amendment to company law was first promised in 1959; the Government's failure to fulfil that promise until now has been indefensible. There are many small investors who might still have their savings intact had the Government blocked this major loophole when it first appeared. The purpose of the Protection of Depositors Bill, published as this issue went to press, is to restrict the issue of advertisements inviting the public to invest money by way of deposit, and to secure a greater measure of public control over companies using such money. Its terms will be examined here in detail next week.

GOLD POOL

The Individual Quotas

A continental correspondent writes:

To complete the picture of the structure and working of the central banking gold pool given in these columns last week on page 701, here are the individual quotas for each country. These quotas set the cumulative limit of the net amount of gold each central bank is willing to put into the central pool. As indicated last week, the cumulative deficit at the end of October was $82 million.

Quotas of—	$ million
United States	135
Germany	30
Britain	25
France	25
Italy	25
Switzerland	10
Belgium	10
Netherlands	10
Switzerland	10
Total	270

The notable features of these quotas are first, that the precise total is $270 million rather than the round $250 million which has been mentioned hitherto; and secondly, that the United States is not only a full member of the pool but provides exactly half of it. Thus an element—a 50 per cent element—of the former direct "gold bridge" between the Federal Reserve and the London market is built in to the gold pool mechanism itself; and European countries have so far provided no more than a net $40 million from their gold reserves, and are committed to a maximum of $135 million.

In addition, as noted last week, the pool arrangements also provide for special sales of gold to the pool by the United States when the dollar is under speculative attack. Thus in three weeks of July such speculation necessitated sales of $100 million from the pool and the United States made a special contribution of $35 million. This left $65 million to be found by the pool members. Since the United States itself has a half interest in the pool it also had to finance half this pool deficit of $65 million; thus the total strain on its reserves (if a pool settlement had taken place at that moment) would have been $67½ million ($35 million plus half of $65 million) leaving only one-third of the $100 million to be financed from the gold reserves of the European pool members.

FUTURE OF EMA

Britain against the Guarantee

It is now clear from information leaking out in continental centres that a major hitch has been encountered in recent Paris discussions on the renewal of the European Monetary Agreement for a further year beyond the end of 1962. The argument is basically between Britain and the continental members of EMA and it concerns the built-in dollar guarantees. Britain is opposing them, on technical and tactical grounds which are understandable in isolation; but its stand has not helped its wider aim of sowing support for the Maudling proposals on international payments, which themselves involve the more far-reaching guarantee, in terms of gold.

The European Monetary Agreement was negotiated in 1955 as an eventual successor to the European Payments Union, for implementation on the advent of market convertibility, which came three years later, at the end of 1958. The exchange guarantee was not given directly, but was, and is, implicit in that part of the agreement providing for monthly settlements of balances at fixed exchange rates. At the time of the original EMA negotiations the British representatives questioned the need for any such supplement to the market mechanism. The compromise solution then adopted was to embody facilities for such settlements, but to fix these settlements at the extreme points—the most unfavourable extreme points—of the permitted margins of market fluctuation, viz. $2.78-2.82 for sterling. But while this ensured that the settlements mechanism would not be used in normal times, it did provide the assurance that whatever happened to exchange parities, balances in European currencies held by central banks in EMA could always be converted at the end of a month at the lower margin of the existing dollar rate.

This effective dollar guarantee of sterling balances happened to prove very useful in the context of the special Basle credits of 1961, though no doubt special arrangements could otherwise have been contrived. Nonetheless Britain's representative on EMA was already pressing for the guarantee to be dropped in last year's discussions for the 1962 renewal; and this year Britain's resistance has stiffened. It is based on two main considerations. First, a guarantee in terms of dollars, however natural it may have seemed in 1955, seems inappropriate now—to-day it is rather the dollar that needs to be guaranteed in terms of the Swiss franc. Secondly, the Bank of England has for some time encountered complaints from sterling area countries, and particularly Australia and New Zealand, who resent the granting of more favourable treatment to European balances in London than to their own. It seems that Britain agreed to ask for the suppression of the guarantee as part of a *quid pro quo* for the Commonwealth in the general bargaining on the common market. It may be that British officials also feel that since overseas sterling area countries will themselves lose some relative financial advantage if Britain goes into the common market, it may be particularly necessary to remove an apparent discrimination against them.

To and Fro in Paris

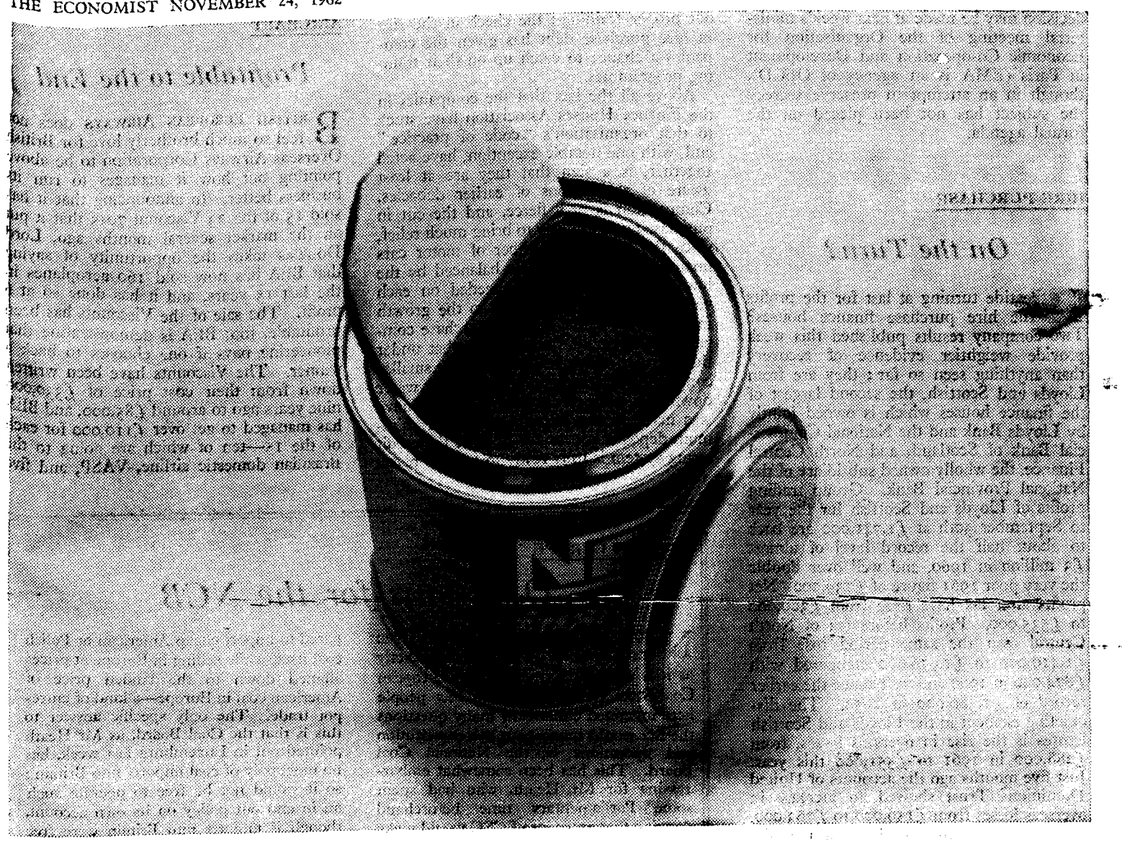
The reaction of the board of management of the EMA to the British proposition a few weeks ago was very sharp, according to continental accounts, and the proposition was unanimously rejected. France was angry and said bluntly that Britain had to choose between Europe and the Commonwealth. The other continental countries were also strongly opposed to the total abolition of the exchange guarantee. A compromise was then worked out by Mr C. de Strycker of Belgium, according to which only "sight balances" would qualify for the exchange guarantee. After some time, the British director, Mr L. Petch of the Treasury (who is himself a vice-chairman of the board of management), agreed to this proposition but only for an amount of $2-2½ million. The continental members again rejected this "funny" proposition, which covered only one per cent of the sterling balances held by European central banks. Some central banks hold large amounts of sterling (for example Spain) and the total is around £250 million.

The British delegate then made another proposal: Britain would give an exchange guarantee in the event of an emergency, that is when sterling was under strong pressure. This proposition also was rejected, and the other member countries pointed out that what matters is that the guarantee exists and not that it might exist. Any decision to help sterling by taking it off the market has to be taken immediately, and a conditional exchange guarantee would in this view actually impede the smooth working of the system.

So no compromise was reached and the future of the EMA remains in the balance. There are now three theoretical possibilities:

1. For Britain to leave EMA at the end of the year. But it seems inconceivable that Britain should leave EMA on a question of exchange guarantees at the same time as it proposes a (limited) generalisation of guarantees—gold guarantees—in the Maudling plan. It is clear that a withdrawal by Britain would mean the end of the EMA and probably the creation of a new and closer agreement between the countries of the common market. This would indeed fit oddly with Britain's approach to the Six in Brussels.
2. For all the member countries to agree to terminate the agreement, with the same consequences.
3. A compromise under which the guarantees would apply only to so-called sight deposits, but for a "fair amount," which means for an amount in accordance with the balances held by all members.

This seems the most likely solution. A



This CAN holds a new sensation for instant coffee users

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It took more than 10 years of difficult and costly research to perfect the new aroma-rich Nescafé. For the aroma of freshly roasted coffee is elusive and intangible, even though it is a large part of the enjoyment.

Canning an aroma is not easy. (Metal Box, who make the 1-oz. and best-selling 2-oz. cans, say this is the understatement of the year.) Especially when the can will be in constant use, must open and close easily, and, above all, must be produced cheaply, in vast quantities, at high speeds.

Air is the problem . . . New, airtight cans were specially designed for Nescafé, and have heavy-duty aluminium-foil protection, cushion-seamed into the top, wrinkle-free and capable of being packed under 13" of vacuum. They are 5-part containers, made to be opened 30-40 times during a short life. And since Nescafé prices have not increased, cost is all-important.

. . . but speed is the answer. Metal Box's solution was to simplify production and get high speeds. It took months of testing, rejigging and headache to achieve a tough, airtight, cheap little can that runs at *600 a minute* off the only machines in Europe capable of such speed. With all its sophistication, the new can only costs a few shillings a thousand more than its simpler, non-airtight predecessor.

What's in it for the consumer? Aroma, needless to say. The new olfactory sensation will help to keep Nescafé in its position as brand leader in a highly competitive market. A growing market, too, for demand is increasing by 20% a year, and there are already over 12 million cups of Nescafé drunk every day. It's well worth 10 years of work, and thousands of pounds invested in research and development, catering for the instant coffee drinkers of today.

Metal Box were consulted at a very early stage by Nestlé, themselves international canning experts. But smaller, and even more complex, problems get the same service. Metal Box, with all their size and resources, place their design, engineering and research skills at the disposal of anyone selling food. Could they help you with *your* product?

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decision may be made at next week's ministerial meeting of the Organisation for Economic Co-operation and Development in Paris (EMA is an agency of OECD), though in an attempt to preserve secrecy the subject has not been placed on the formal agenda.

HIRE PURCHASE

On the Turn?

Is the tide turning at last for the profits of the hire purchase finance houses? Two company results published this week provide weightier evidence of recovery than anything seen so far; they are from Lloyds and Scottish, the second largest of the finance houses which is owned jointly by Lloyds Bank and the National Commercial Bank of Scotland, and North Central Finance, the wholly owned subsidiary of the National Provincial Bank. Group trading profits of Lloyds and Scottish for the year to September 30th at £1,741,000 are back to about half the record level of almost £3 million in 1960, and well over double the very poor 1961 figure of £739,000. Net profits after tax have risen from £309,000 to £535,000. Profits before tax of North Central over the same period rose from £1,410,000 to £1,976,000 compared with £874,000 in 1960 and well above the earlier record of £1,580,000 in 1959. The disquieting element in the Lloyds and Scottish figures is the rise in overseas losses, from £288,000 in 1961 to £551,000 this year. Just five months ago the accounts of United Dominions Trust showed an increase in overseas losses from £159,000 to £763,000. It may be that the problems of the hire purchase industry have now shifted from the home to the overseas front, and that the better profit performances will come from the companies without overseas interests, like North Central Finance, or from those like Lombard Banking which have got rid of the weaker parts of their overseas holdings.

The finance houses have certainly been earning better current margins in the past year; the question has been whether these would be sufficient to offset what remained of the bad debts of 1958-60. True, business was at a lower level than in 1961 in the case of Lloyds and Scottish, but borrowing costs in the year to September 30th were somewhat lower than in the two preceding years. The finance houses now enjoy the favourable conjuncture of fairly cheap borrowing to finance relatively high yielding instalment loans, made before Bank rate had fallen to its present level. Equally the credit rating system, although still only embryonic outside the Birmingham area, must now be showing some positive benefits. And hire purchase managers themselves are being more selective. When hire purchase debt was increasing by leaps and bounds, hastily recruited managers were often pushed into new branch offices without proper training; the check in the rise in hire purchase debt has given the companies a chance to catch up on their training programmes.

Above all the fact that the companies in the Finance Houses Association have stuck to that organisation's "code of practice" and, with one notable exception, have acted together, is a sign that they are at least aware of the lessons of earlier debacles. Competition is now fierce, and the cut in purchase tax is unlikely to bring much relief, since the increased number of motor cars financed is expected to be balanced by the lower amount of finance needed on each vehicle. The present threat to the growth in the profits of the big hire purchase companies with public quotations is that under the pressure of competition from the smaller companies they will be persuaded to water down this code of practice—a first move was made in the selective paring of minimum deposits last month—before the credit rating system is fully ready to take its place.

AIRCRAFT

Profitable to the End

British European Airways does not feel so much brotherly love for British Overseas Airways Corporation to be above pointing out how it manages to run its business better. In announcing that it has sold 15 of the 23 Viscount 701s that it put on the market several months ago, Lord Douglas takes the opportunity of saying that BEA has now sold 160 aeroplanes in the last 15 years, and it has done so at a profit. The sale of the Viscounts has been profitable, too; BEA is demonstrating that pioneering pays if one chooses to back a winner. The Viscounts have been written down from their cost price of £330,000 nine years ago to around £85,000, and BEA has managed to get over £110,000 for each of the 15—ten of which are going to the Brazilian domestic airline, VASP, and five

COAL IN EUROPE

Questions for the NCB

Nobody ever imagined that the Iron and Steel Board could survive exactly as it is once Britain joined the European Coal-Steel Community; but few people here imagined either how many questions the Six would raise about the constitution and operations of the National Coal Board. This has been somewhat embarrassing for Mr Heath, who had spent some Parliamentary time beforehand denying that entry into ECSC would make much difference to the nationalised British coal industry; but it follows logically from the provisions of the Treaty of Paris and the apprehension that continental collieries feel about British coal as a competitor.

In Luxemburg this week British negotiators had to meet a barrage of questions about costs in the British mining industry, which like other British industries has a sizeable proportion of its social charges carried through the budget and not through its own accounts. This in theory, at any rate, could reduce the labour costs that show in its accounting by comparison with the impact of labour costs carried wholly by German, French and Belgian coal companies. Mr Heath succeeded in getting the whole question of such costs and charges considered in detail before any conclusions are reached upon it.

Two questions that British visitors have been asked in Paris and Bonn respectively about the export policy of the National Coal Board may illustrate the underlying fears. One is the already expressed French fear that Britain might be prepared to import cheap American or Polish coal itself while selling in Europe at prices aligned down to the landed price of American coal in Europe—a kind of entrepot trade. The only specific answer to this is that the Coal Board, as Mr Heath pointed out in Luxemburg last week, has no monopoly of coal imports into Britain; so it would not be free to operate such an in and out policy on its own account, though if imports into Britain were free for its present coastal customers there might be some temptation for the board to sell cheaply abroad rather than not sell at home.

The second, from Germany, is whether the Coal Board, at some future time, may not go through a capital reconstruction and be forgiven some of its capital charges, as the railways have been and BOAC would like to be. That, Bonn argues, might favour it artificially in competition with private coalowners in the Community. At present, of course, the Coal Board is charged interest on all its capital whether it is making profits or not, while coalowners abroad may or may not pay dividends on their ordinary capital (and may or may not write down assets that have lost earning power). The point is an interesting one; it illustrates both the difficulty of talking about fair competition between nationalised and privately-owned units in the same "community industry." But in the House of Commons this week it was stated that the Minister of Power and the Coal Board, after considering the idea of capital reconstruction, have firmly turned it down for the time being.

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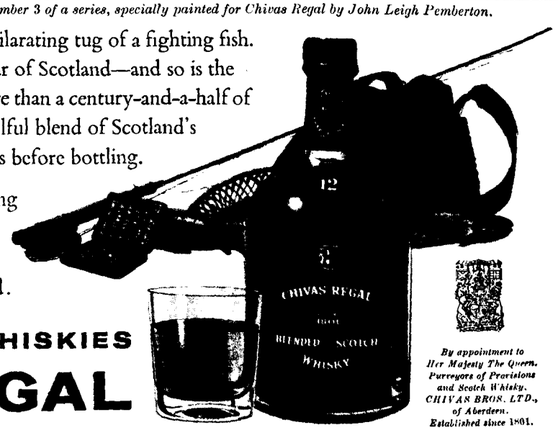

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to Cambrian, the British independent in which BEA holds 33 per cent of the ordinary shares.

The Viscount is a relative newcomer to the second-hand aeroplane market, and BEA's batch of 23 was a big fleet to offer, when there are only about 40 for sale in the world: but most airlines to operate used aeroplanes have relied on piston-engined machines like the DC3, Viking and DC4 and DC6, and the chance to go modern with turbine-powered aircraft must appeal to those companies that can afford aeroplanes costing over £100,000 each. If they have the capital, the Viscount offers lower operating costs ; that BEA should so far have sold few to British independents shows how parlous their financial state generally remains. And those airlines that cann. buy modern equipment will find it increasingly difficult to get business in competition with those that can.

GATWICK AIRPORT

Misty Future

Most things about the history of Gatwick contain a streak of the irrational ; British European Airways' decision to move all its services to London Airport—if the Minister of Aviation agrees—seems one of the more rational ones. BEA argues that it will save £250,000 a year if it uses one airport, and so avoids the complications produced by having its maintenance facilities at London Airport, to which aeroplanes have to be flown empty from Gatwick. Indeed BEA has had to be persuaded to make even its present limited use of Gatwick, though it was among the public advocates of the aerodrome's construction—against many objections on planning and economic grounds. Since it was built Gatwick has never made a profit ; the loss has recently been around £1 million a year, with revenue less than half the day to day running costs. Last summer BEA provided about 17 per cent of airline traffic, so its move might add another £100,000 or so to the loss.

The trouble with Gatwick is that it has no real appeal to a big operator when it is used so little that passengers will usually have to go on to London Airport if they want to change planes. The limitation of the runway length to 6,000 feet that is inherent in the site means that long-distance airliners cannot take off there, though they can land. The concept of an aerodrome as an alternative rather than a supplement to London Airport was the main error—based on over-optimistic assumptions about the weather at Gatwick, a low-lying fog and frost trap.

An aerodrome that takes only aeroplanes that cannot land at London Airport will obviously not pay, so the Ministry has had its long and losing battle to force airlines to use Gatwick regularly. It is unlikely to admit defeat with BEA without a struggle, just when it was planning to spend another £4 million. If it relies on the airlines that will go willingly—and British United, which still operates many inclusive tours, is the only scheduled airline to have established itself at Gatwick—it will have a long and probably unending struggle to make it pay. But how can it force a publicly-owned airline to lose money to help it out of its own mistakes ?

OVERSEAS TRADE

Pleasing Patterns

The Board of Trade has published figures for world trade, exports of manufactures from the chief producing countries and indices for production in OECD countries and Japan in the first six months of this year. The detailed British trade returns for October were also issued this week and from this compendium of facts encouraging conclusions can be drawn. After running unchecked from the second quarter of 1960, the rapid expansion in world trade (excluding communist block exports) was halted in the final quarter of last year. The halt resulted from a drop in the value of exports by primary producers which continued to hold down total world exports in the first three months of 1962.

Primary producers' imports were unchanged between the third and final quarters of 1961. They dropped in the first three months of this year, though the steady rise in trade between the industrial countries continued. However, imports by primary producers from industrial countries recovered in the second quarter and the re-expansion in world trade during this period appears to be confirmed by a steep rise in exports of manufactures in the June quarter. But complete figures for the primary producers' trade in this quarter are not yet available.

Industrial production in OECD countries and Japan continued to rise at a rate of 8 per cent a year in the first half of 1962, a similar rate of growth to that recorded in the last three quarters of 1961. Total imports by industrial countries did not increase between the last quarter of 1961 and the second quarter of 1962, though trade between industrial countries was expanding. Stocks appear to have been reduced considerably in relation to the prevailing level of output in industrial countries which is put provisionally at 150 in the second quarter (1953 = 100) compared with an average of 140 in 1961. Some recovery in primary producers' exports is therefore overdue.

After lagging in the first quarter, Britain's exports of manufactures rose more strongly than those of Germany and France in the second quarter of this year compared with a year earlier. The relative improvement appears to owe little to the recovery of imports by primary producers because British exports to the sterling area fell by about 3 per cent in this period. In fact the recent recovery in exports to the overseas sterling area appears to be running out of steam. There has been no further increase in the past three months, confirming fears that the expansion in primary producers' imports in the second quarter might not continue, though the Board of Trade believes that the trend in British exports to the sterling area is still slightly upwards. Exports to western Europe are the strongest element in the expansion of Britain's exports, though in the past three months the improvement has occurred in exports to EFTA countries while there has been no further improvement in shipments to EEC countries. Last months' record exports rested, however, to a large extent on a sharp recovery in exports to a miscellaneous group of countries including non-sterling primary producers and Japan.

ITALY

Dividends Tax—and Liquidity Boost

Rome

Investors in Italian shares will soon be taxed on their dividends at source, provided the chamber of deputies approves a bill sent to it by the senate. The bill provides for a withholding tax of 15 per cent to be deducted from dividends in lieu of personal surtax. Thus the impost is not strictly a new one. But Italians have not been in the habit of including share dividends in their annual tax returns, even though Italian shares are on a registered and not a bearer basis. So the withholding tax is expected to yield substantial additional revenue, which will be used to finance an increase in teachers' pay. Italian shareholders who can show that their personal rate of tax is below 15 per cent will be able to claim rebates of tax, and foreign investors should be able to claim relief under double taxation agreements. In order to discourage avoidance of the tax through capitalisation of reserves in bonus issues these will also be subject to tax, and the widespread distributions of scrip should diminish. One welcome effect of the tax for the bourses should be a revival of forward dealings, since the former tiresome obligation to register these periodically has now been removed.

In any case the adverse effect of the tax on market sentiment seems to have been more than offset by another round of measures taken by the Italian Treasury at the end of last week to expand credit and to push more funds into the capital market, in line with the new policy discussed in these columns last week. The government has decided to repay 192 billion (milliard) lire of nine year Treasury bonds when they mature at the end of this year. At the same time, the banks are to replace a small amount of their Treasury bills deposited with the Bank of Italy with medium and long-term government bonds. In a related move to keep down interest rates in the money market in order to encourage the channelling of funds into the capital market, the Italian authorities

have set a ceiling, at the Treasury bill rate, on interest rates paid by banks on deposits from other banks. Although inter-bank deposits have been officially discouraged since the end of the war, they grew to 1,150 billion lire at the end of 1961. Because such deposits were not recognised formally they were exempt from interest rate regulations, and the big banks out-bid each other in competition for the funds of the many small banks and financial institutions, thus exerting a general upward pull on money rates and at the same time concentrating the granting of credits still more among the large banks. The new measure is officially designed to encourage the smaller banks to put funds into medium-term securities and so to the productive sector.

SHIPPING

Buying British

THE P & O Group has successfully concluded an agreement with Texaco Panama for the time charter of four large oil tankers, and as a result it is to place contracts totalling £11 million with British shipyards. Four ships will be built—three of 55,000 and one of 85,000 dwt—but the names of the shipyards that are to build them have not yet been announced. The tankers will be operated by P & O, and will carry crude to the new Regent refinery at Pembroke. They will be delivered to Texaco in 1964-65 from when the time charters will extend for ten years. P & O said that the contracts were awarded in the face of "stiff competition" from other British operators.

The stiff competition in the tanker trade has been showing signs of easing in the past year. But this contract is a sign that any slackening will not much help owners of small, old tankers, many of which have had to be laid up. And the circumstances that favour big, new tankers favour size and efficiency in other sectors of shipping. Court Line recently sold five of its nine tramps to India for £1.2 million and is prepared to sell two of the four that remain. It is now seeking long term charters for bulk carriers and intends to build big ships for the charters. The chairman, Mr J. P. Philipps attributed the need to sell the ships to a "catastrophic" fall in freight rates and increased operating expenses. The company is looking into many fields, including oil, for its charters and is thinking in terms of ships of about 80,000 tons.

GERMAN COAL

Black Flags on the Ruhr

Düsseldorf

ACADEMIC discussion about the energy problem in Germany took on a note of drama last week-end. With black flags—the traditional symbol of revolutionary unrest and discontent ever since the early thirties—more than 2,000 miners marched through the streets of Recklinghausen, one of the main mining towns of the Ruhr.

They were out to protest against the intention of the Ewald Kohle company (owned by the Federal Government) to restrict production in its "König Ludwig" pits. The demonstration was not, of course, spontaneous but had been carefully planned and staged by the miners' union. The union's boss, Heinrich Gutermuth, in a mass meeting afterwards, directed bitter attacks against the Federal Government in general and Dr Erhard in particular—attacks which were accompanied by angry cries of "Resign" and even "Hang him."

Herr Gutermuth was on good ground when he proposed some detailed measures that might soften the hardships of all pit closures. He demanded that before any new closure the eleven "working Saturdays" should be abolished—shifts are still worked on Saturdays when another day in the week is a public holiday. By that measure, Gutermuth estimates, coal production could be reduced by five million tons a year without any noticeable hardship. Moreover, he again demanded a reduction of the pensionable age for miners working below ground from 60 to 55 years—this would immediately reduce the number of faceworkers by 15,000, and so relieve the labour market. As the special social position of miners is generally recognised in principle, these demands can be regarded as not unreasonable in themselves.

But he was on less solid ground, however, when he accused the Federal Government of having no "energy conception" at all. Certainly the big problem of maintaining the free play of supply and demand in the energy sector, while maintaining coal as a national source of wealth, has not really been tackled, still less solved, by the Government. The talks which took place last Tuesday in the Ministry of Economics with representatives of coal and oil are still wrapped in a cloud of mystery and there is still no indication of the detailed measures promised in the Bundestag debate of May 16th, which should help to maintain coal production "at about the present level." But one of the measures forecast in May, the rationalisation of production, has been tackled meanwhile by the mining companies themselves, without public help; and it is in the course of this rationalisation that measures like those in Recklinghausen had to be carried through. And the miners' union seems to be opposing just those measures which, by general consent, cannot be avoided if German coal is to be put on any sound economic basis.

MAIL ORDER

GUS At Large

GREAT Universal Stores has made its first foray on to the Continent by buying, for £270,000, a 75 per cent interest in a leading Dutch mail order firm, N.V. Wehkamp's Fabriekskantoor. This move was foreshadowed two months ago in the chairman's annual statement, when Sir Isaac Wolfson said that it would give GUS a "strong foothold" on the continent. The firm was formed in 1955 by Mr. G. H. Wehkamp, who will remain on the board as managing director: it operates from a large modern warehouse in North Holland and has been expanding rapidly. GUS intends to introduce a number of British lines as soon as possible and, if Britain enters the common market, a section of the GUS mail order catalogue will be added to Wehkamp's. GUS is confident that the acquisition will provide it with a "firm and profitable" foundation for the development of its mail order activities in Europe. Mr Wehkamp will have the help of GUS's mail order management and the benefit of its "energetic interest" in the new company.

GUS is not the only company looking for mail order openings on the Continent. The two American giants in this field, Sears Roebuck and Montgomery Ward, are reported to be searching for what GUS has found—a foothold in an expanding market. The mail order business is less developed on the Continent than in Britain or the USA. Where it is advanced, in Germany particularly, there is little room for improvement except on the British or American pattern of rationalisation into larger units. While Germany has over 2,000 mail order houses, France has only two or three of any size and GUS has been reported as moving into this market by taking an interest in the mail order side of the Printemps chain of shops. Holland lies between these extremes and Wehkamp must be a palatable buy—a good, small firm in a developed, but not saturated, market.

CAR MART

Kennings' Counter Bid

SHAREHOLDERS in Car Mart must be grateful to Bristol Street Motors for setting off the bidding for their company. The counter bid from Kennings now values their shares at 25s. 6d., compared with a low point of 11s. 3d. this year and 13s. 3d. before Bristol Street offered 18s. 6d. The offer from Kennings tries to minimise the addition to its equity; for every five ordinary shares in Car Mart it offers two 5s. ordinary shares and two £1 cumulative preference shares plus 40s. in cash. The Car Mart directors are recommending shareholders to accept the bid; they forecast that profits for 1962 will be about £250,000 before allowing for a loss of £35,000 on stocks, and they will pay a total dividend of 20 per cent, against 22½ per cent. Kennings hopes at least to maintain its dividend at 20 per cent for 1962-63.

If the bid goes through, Ford will buy Car Mart's subsidiary Dagenham Motors, a Ford main dealer in the London area, for £1¼ million in cash. Car Mart's directors realise that it is desirable to dispose of this

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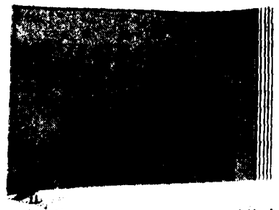

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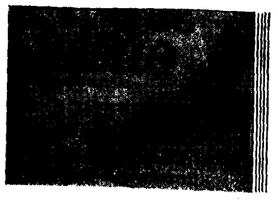

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company, as selling two rival makes may involve some embarrassment; and Ford might not like to have its cars handled by what will be the biggest BMC dealer in the country. If it buys Dagenham Motors, Ford will invite the present executive directors to stay in office and, like Rootes, it will then have its own retailer.

DOMESTIC APPLIANCES

Doing Better

COMPETITION seems to have had a tonic effect on the market for washing machines; deliveries in the third quarter of this year were worth nearly 30 per cent more than a year before, while those of refrigerators and most other appliances remained pretty depressed. But it was the export side that rose most sharply—to 70 per cent above the 1961 level, even if this still means less than 20 per cent of all business—and Mr Bloom has only recently visited France to develop this side of his activities. The home market took over 20 per cent more machines than last year, when sales were depressed by the "little budget" in July; but the biggest increase came in September this year, when deliveries last year had reached their peak. Retailers do not seem to have been put off stocking up with machines for the autumn selling season by fears of competition from direct selling; and only Hoover had by then launched its low-priced machines to meet competition from Rolls. Hotpoint introduced its 64 guinea machine this week. Of the other major appliances, deliveries of vacuum cleaners rose five per cent and those of cookers were unchanged. It is a static market in cookers that Hotpoint has decided to re-enter. But electric heating goes on prospering, especially in radiators and tubular-type heaters.

Imports of all sorts of appliances have remained surprisingly steady at around £2,300,000 for this quarter over the last three years; but there was a big fall in imports of refrigerators after 1960, though trade in washing machines has dropped little—most refrigerators come from Italy and washing machines from Holland. Electric heaters are the booming import—perhaps a reflection of design standards. Though the British industry is comparable in size at least to that of other European countries, they are all eclipsed by the Japanese—their production of over two million washing machines and refrigerators is more than double that in Britain. Fortunately for the British industry, transport costs might be rather high.

GATT

Whose Trade Conference?

Geneva

AT the closing meetings of its 20th session in Geneva last week, the General Agreement on Tariffs and Trade did not take the General Assembly's decision in New York to hold a United Nations conference on trade and development late in 1963 lying down. This conference had been agreed on in the Economic and Social Council meetings this summer in Geneva, and was planned to be held in 1964. But when some 30 under-developed countries submitted a resolution to the general assembly to put the date forward to 1963, Gatt felt censured. Its secretary general, Mr Wyndham White, took up the challenge and asked those under-developed contracting parties who had signed the New York resolution whether this meant dissatisfaction with Gatt's efforts to help the trade of the less-developed countries, and whether the work of the committee dealing with the expansion of trade of these countries should be discontinued. Delegates from Africa and Asia were taken by surprise; consternation was followed by the buzzing of teleprinters as obviously the trade and foreign ministries of these countries seemed to have been out of step.

Within hours kind words for Gatt were coming in. But things are not the same any more, and a feeling of urgency now seems to inspire Gatt's programme. After all, the items on the United Nations conference on trade and development have long been on the agenda of Gatt. Three years' painstaking work by experts had led to the identification of practices that are most objectionable to the trade of the under-developed countries and thirty-five trade ministers last year had pledged themselves to do everything to remove them. The present malaise is the consequence of the gap existing between intent and performance.

Gatt's growing membership of less-developed countries means that these will soon have a voting majority and they are dissatisfied with what the organisation has done (as distinct from said) so far on such subjects. For the first time these nations have met frequently as a closed group and discussed joint policy. They realise, of course, that with 63 per cent of world trade in the hands of the western industrial countries, of which nearly a third represents imports from the non-industrial areas, only 6 per cent of world trade among themselves and 1 per cent with the communist countries, all the trumps are in the hands of the countries who said in New York that they would not participate in the world trade conference of 1963. These countries—Britain, the United States, and some of the Six—have plans of thei own.

It was therefore decided not only to hold another ministers' meeting in Geneva early in 1963, but also to put on the agenda a most ambitious "time-table" solution (promises without dates attached to them no longer work) which has been proposed by eighteen of the less-developed countries. This is a seven-point programme which foresees:

An immediate standstill agreement on tariff or non-tariff barriers erected against the export trade of less-developed countries;
The removal of quantitative restrictions on imports from these countries within a period of one year or in hardship cases at latest by December 31, 1965;
Duty-free entry to tropical products (ending preferences in these goods);
Elimination of customs tariffs on primary products originating in less-developed countries;
The reduction or elimination of tariff barriers to exports of semi-processed and processed products of at least 50 per cent over the next three years; and
The progressive reduction of internal charges and revenue duties on goods from less-developed countries with a view to their elimination by December 31, 1965.

An agenda for this meeting will be prepared by the Gatt council within a few months and trade ministers could meet as soon as April of next year giving their response to the double challenge—from the under-developed world and from the United Nations.

MOTORS

Still Waiting

CAR production fell about 12 per cent between September and October to a rate of 23,197 a week. About a third of the fall was accounted for by Ford's strike at the end of the month; the rest represents the industry's preparation for winter. BMC reduced output by rather more than 1,000 a week, though increasing that of the Morris 1100, while the other companies all seem to have trimmed production too. Production is still about 25 per cent higher than it was a year ago, however; and though demand at

THE MOTOR INDUSTRY

The current issue of the quarterly research bulletin "Motor Business" contains articles on:

THE BRITISH MOTOR INDUSTRY IN 1963

A FINANCIAL AND ECONOMIC ANALYSIS OF THE SWEDISH MOTOR INDUSTRY

THE AUSTRALIAN MOTOR INDUSTRY

THE OWNERSHIP OF THE WORLD VEHICLE COMPONENTS INDUSTRY—II

"Motor Business" is available from:
THE ECONOMIST INTELLIGENCE UNIT LTD., 5 Bury Street, London, S.W.1. Tel: WHitehall 0353, Ext. 9.

Monetary Regulators of Europe

THE Treaty of Rome charges the monetary committee of the Community to formulate opinions for submission to member states on their monetary policy; and before long, as envisaged in the action programme proposed by the Commission and discussed in these columns three weeks ago, these "opinions" will become "recommendations," and perhaps more. Already, in the words of another monetary document published in Brussels this week and prepared by the monetary committee itself*, "these opinions contain the essential elements of the possible recommendations . . ."; but (as could hardly be disputed) these recommendations have the greater practical weight "if they take account of the actual conditions and possibilities" of monetary policy in the several countries. One has to know what one is talking about.

So the members of the monetary committee, who spend most of their time as officials of their own central banks or treasuries, first undertook the compilation of this detailed report outlining the instruments of monetary policy and the background financial structure in the six countries, prefaced by a comparative discussion looking at the six countries together.

This descriptive material is highly valuable in itself—there is certainly nothing else like it between two covers. And, while the report does not attempt to delve too deeply into policy questions, and seeks no parallel with the Radcliffe report in this sphere, it is by no means devoid of policy implications; it allows itself a few quiet comments and qualified recommendations; and others are implicit in the analysis itself.

The differences in monetary techniques among the Six are, on the whole, not major ones; and they have become somewhat less in recent years and the monetary committee sees no need for them to be harmonised competely.

Monetary Authorities. Relationships between central banks and governments are in each case laid down by statute; but, as the report wisely notes, these relationships are more complex than they formally appear. The German Bundesbank has perhaps the greatest formal independence, with its specific task (of which many aggrieved German bankers are now reminding it) of "safeguarding the currency." In France, monetary control is spread over an intricate web of different institutions, but the report notes that the governor of the Bank of France has his place in most of them. In Italy, the overriding body on monetary policy is an inter-ministerial committee. In Holland, there are detailed provisions for ministerial directions to the central bank—but the bank exercises a weighty influence in practice. In Belgium, there is some real decentralisation as open market operations are undertaken by the important *Fonds des rentes*.

"Structural Conditions." Monetary policy, as will be familiar to English readers, is closely confined by the impact of external trading and financial relations. Thanks partly to the Euro-dollar, there is not much scope for variations in money market rates throughout Europe now. France and Italy have notably greater freedom than other common market countries (or Britain) in this respect since their foreign economic relations are of relatively smaller importance—and, further, this relative insulation has been enhanced by a less liberal official policy on the inflow and outflow of capital. Differences in the relative importance of liquid assets in the domestic economies, in so far as they can be roughly assessed, are surprisingly small—though Belgium stands out as a country in which currency and coin remain more important in the money supply than bank deposits. The banking structure ranges from the all-purpose banks of Germany to the English-style deposit banks of the Netherlands and the specialised institutions of France and Italy which leave much medium-term and long-term credit business to state or public institutions.

Bank rate policy. Refinancing of credits by the central bank at a special rate and often subject to quantitative limits is practised in each country, through either rediscounts of bills, or loans on security of bills or bonds. Everywhere, too, it is backed by other weapons, but its importance varies. In France the banks make permanent use of rediscounts, which extend to the important medium-term credits; though in the past year or so the banks have been financing rather more of their credits themselves, and this move has brought France a little closer in line with other countries. France, and Belgium, also apply selective discount rates, which favour export paper; and selectiveness is still more important in official guidance of the distribution of credit. In each country changes in Bank rate are followed fairly closely by changes in market rates; the report judges that these have their effect in restraining and stimulating business as desired, but chiefly because Bank rate is at the same time a signal of official policy.

Open Market Operations. Official operations in securities to regulate credit and liquidity are notably less widespread and less effective in the Six than in the Anglo Saxon countries. Operations by the Bank of France are limited by statute to short-dated securities; and the development of a money market is inhibited by the central banks' large credits to the commercial banks, through which all variations in liquidity needs tend to be absorbed. Belgium is the only country of the Six where open market policy extends to long-term securities—though, since the report went to press, the authorities in Italy have announced their intention of entering this sphere. The German Bundesbank has been active in open market operations in bills, but these operations are solely between the central bank and the commercial banks, and, in the absence of participation by outside investors, they have an effect only on rates—fixed by the Bundesbank itself—and not on the amount of liquidity left to the banks. In Holland, by contrast, the market is larger and wider, and open market operations have their effect on bank liquidity—though they are still confined to the short-term market. The report points specifically to the greater powers of control that would follow both from a broadening of money markets through the participation of non-bank investors and from operations in long-term securities.

Direct Liquidity Controls. In default of such regulation of liquidity through the market, the main regulator has in practice been the freezing of bank funds in reserve ratios, together with some use of rediscount ceilings. A newer weapon, fashioned by Germany and followed to some extent by Italy, is official facilities for forward swaps, which provide some small insulation for domestic money rates from international influences. On the form of reserve ratios, the report expresses a slight favour for *réserves classiques* in the form of minimum liquidity ratios and compulsory deposits with the central bank, rather than minimum investments in securities of the state—a system which can defeat its purpose if it makes the state more spendthrift. But the report recognises that the system has not had this effect in the past three years in France. In practice, both Belgium and France have recently moved rather nearer the practice of other members of the Six in this sphere too.

LIQUIDITY IN 1960

—	Money Supply* % of GNP	Notes and coin as % of Money Supply	Secondary Liquidity† % of GNP	Exports of goods and services, % of GNP
Belgium	36	56	25	34
France	34	42	21	15
W. Germany	18	41	25	25
Italy	37	36	30	16
Luxemburg	43	41	41	80‡
Netherlands	27	45	38	50
Britain	32	36	*n.a.*	23

* Cash and deposits on current account. † W. Germany and Belgium, almost entirely time and savings deposits; other countries, short-term paper issued by the Government and certain public bodies is included. ‡ 1959.

* *Les Instruments de la Politique Monétaire dans les pays de la Communauté économique européenne.* Brussels, 279 pp., $4. Expected to be available in English next month.

home is following the usual seasonal pattern, this means that October was quite a good month. The motor show, and more particularly new models, gave their usual stimulus to sales; Ford came close to its previous record for home sales, thanks to the Cortina. The cut in purchase tax has yet to produce any marked improvement in demand; this is not entirely surprising, for anyone deciding to buy a car now is likely to want to postpone delivery until the new year. But the industry is becoming slightly more cautious in estimating the increase in demand it can expect next year, and it does not seem to be planning to raise output yet.

Exports rose slightly in October to 47,256. More cars went to most of the important European markets, Australasia and the United States, but there was a sharp fall in shipments to Canada—where the higher prices of imported cars are hitting their sales. Exports of commercial vehicles increased too, and for the first time this year were higher than they had been a year before. Production was the same as in September and slightly lower than a year before. With the new models coming on the market at such competitive prices in Europe, the prospects for car exports should be as good as the prosperity of Europe will permit.

NATURAL RUBBER

Rubber Riddle

ONE telling charge formerly levelled at natural rubber by manufacturers, who have turned increasingly to synthetics, was that there was not enough of it. But for the past three years the talk has been of surpluses and projections into the future suggest a downward tilt in prices. Some rubber growers seem to have been worried by this into a frame of mind where they snatch at low prices for forward sales where they would normally hold back. Manufacturers had good reason to allow their stocks to fall in relation to their output apart from the assurance of adequate supplies. Until Cuba, buyers were growing increasingly insensitive to political crises. The introduction of stereo rubbers reduced their dependence on natural rubber for some purposes, and stockpile releases gave additional assurance as well as causing persistent fears that the rate of disposals might be accelerated. The strong pressure on manufacturers to reduce stocks whenever safe to do so combined with the sapping of producers' confidence produced the listless market earlier this year which failed to respond less vigorously than normal to the relative scarcity of readily available supplies earlier in the year.

RUBBER ESTIMATES*

('000 long tons)

Natural rubber	Provisional estimate	Second estimate	Third estimate
1961 :—			
Production	...	2,035	2,018
Consumption	...	2,037	2,050
Stockpile sales	...	30	32
Apparent surplus	...	28	Nil
1962 :—			
Production	2,063	2,145	2,110
Consumption	2,040	2,130	2,190
Stockpile sales	...	70	66
Apparent surplus	...	85	Nil
1963 :—			
Production	2,220		
Consumption	2,175		
Stockpile sales	66		
Apparent surplus	111		

* Source: International Rubber Study Group.

But at that time exaggerated fears of an economic crash of 1929 dimensions were also widespread, motor production in the United States was not showing the exuberance it now displays and synthetics appeared to be making exceptional progress at the expense of natural rubber. However, with the invasion of India cleared up this week—at least to the markets' satisfaction—rubber at 23⅞d. a lb for supplies of spot still showed a steady underlying improvement since the dip to 21⅛d. in August. For reasons peculiar to itself, the rubber market is exceptionally sensitive to purchases in Singapore by China. A recent spate of buying by China after a lapse of nearly two years has helped to push up prices.

The International Rubber Study Group has confirmed the markets' appreciation of the natural rubber balance by revising its estimate of a surplus of natural rubber in 1962 into a small shortfall of 14,000 tons after taking into account stockpile releases of 66,000 tons. The study group's original forecast of a surplus in 1961 was also a misjudgement. The study group is again provisionally forecasting a surplus for 1963, but it suffers from the common defect of international bodies of its kind that its members' estimates might be suspected but not suitably corrected. It can have only the haziest notion of likely communist demand, which has helped to swallow the anticipated surpluses, and also has indefinite quantities of released stockpile rubber to contend with.

SHORTER NOTES

The Chancellor of the Exchequer promised in a parliamentary answer this week to "review the whole purchase tax structure" in his April budget—a promise which some people have interpreted as portending a further compression of the range of rates, and notably a general reduction of the top 45 per cent rate from which cars were released on November 5th.

★

Production of man-made fibres reached a new peak in October. Home demand showed a seasonal expansion and exports, particularly of filament yarns to Europe and communist countries, remained strong. Output of both filament yarns and staple fibre set new records; total production rose to 57½ million lb in October, a rise of 5 million lb compared with a year earlier. Production in the first 10 months of 1962 was 511 million lb, against 468 million lb in the corresponding period of 1961.

★

The Restrictive Practices Court has said that the members of the Permanent Magnet Association need not, after all, allow the Registrar of Restrictive Practices access to their records and give him annual details of trading profit and capital employed in making magnets. These were to have been conditions of keeping their price agreement, as ruled by the court last June.

★

Austria, which has so far received loans amounting to $91 million from the World Bank and also has $7½ million outstanding with the International Monetary Fund, has agreed to the World Bank making two dollar bond issues totalling $10 million in Austria. This is the bank's first borrowing in Austria and the first non-schilling issue to be publicly offered in the Austrian market since 1930.

British Hydrocarbon Chemicals, the joint BP/Distillers company, is to increase the capacity of its phenol plant at Grangemouth by 7,000 tons a year, from 13,000 tons. The increase will be brought about by improvements to the process and plant modifications. Phenol from the plant, the only one in Britain to use Distiller's cumene process, is marketed by Distillers.

★

The placing has been arranged for £2.7 million of 5¼ per cent debenture 1980-85 in the Alliance Trust Group. For the £2 million debenture of the Alliance Trust, payments are split as to £25 on November 30th and £63 on February 28th. For the £700,000 of the Second Alliance debenture a single call will be made on November 30th.

★

World consumption of wool fell 3 per cent in the third quarter of this year compared with a year earlier. Adjusted for holidays, wool usage in ten leading wool consuming countries also fell by 3 per cent between the second and third quarters of 1962. The biggest falls occurred in Britain, Japan and Australia.

COMPANY AFFAIRS
Comments on pages 858, 859, 860 and 861 on :
British Motor, Rover, S. Smith & Sons, Duport, Ultramar, Beecham Group, Tesco Stores, Rootes, BSA, Birmid Industries, Glaxo, Wiggins Teape, Elliott-Automation, Copper Producers

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 862 and 863

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 864

COMPANY MEETINGS

ROOTES MOTORS LIMITED

SEVERE REPERCUSSIONS FROM LONG UNOFFICIAL STRIKE

LORD ROOTES ON WELCOME PURCHASE TAX REDUCTION

The forty-fourth Annual General Meeting of Rootes Motors Limited will be held on December 14th in London.

The following is the circulated statement of the chairman, **Lord Rootes :**

I regret to have to present to shareholders the Accounts showing such an unfortunate loss for the year ended July 31, 1962. The chief contributory factor was the long unofficial strike, with which we were faced during the year. This will not, of course, be news to shareholders and I would remind them of my comments in my Statement last year as to its financial effect; also of the Notice issued by the Board when paying the dividend on the preference shares in August last.

Apart from the direct effect on both our Home and Overseas Companies during the period of over three months of virtually complete closure, there were also the consequential losses inevitable during the process of re-establishing full production. Unfortunately during that time we encountered considerable difficulties, particularly at one of our major suppliers. To some extent this situation was aggravated by labour disputes not connected with ourselves. As a result, we were unable to produce at a rate sufficient to take full advantage of the pent up demand for our products.

It will be realised from what I have said that the financial repercussions, both direct and indirect, of this major strike were very severe. We, as a board however, are strongly of the opinion that the action we took as a matter of fundamental principle was correct. We have endeavoured to encourage the best relations with our workpeople and on their part we feel they have responded. Nevertheless, from the point of view of our industry, we can only express regret that effective discipline by the Trade Unions of their members has not yet been established particularly in the avoidance of unofficial strikes. Such discipline would be in the interests not only of competitive efficiency but also of the Trade Unions and employees hemselves.

The Board wishes to record its very sincere hanks to our suppliers and dealers everywhere or their efforts and encouragement so generously iven during and after this difficult period, parcularly as it is realised that they too suffered nancially and otherwise.

In spite of the difficulties I have referred to, e produced during the last seven months of e financial year more units for both the Home d Overseas markets than in the same period the previous year, and, in the case of exports, I am glad to say these were over 20 per cent higher.

OVERSEAS

So far as our own Overseas Companies are concerned, notwithstanding the absence of deliveries from the U.K. over such a long period, results, whilst inevitably disappointing, improved in certain territories, particularly in Australia, where we were able to take partial advantage of the more favourable trading conditions.

Strenuous efforts continue in establishing our business in Europe on a wider basis and, whilst the cost of these developments is at present high in relation to sales volume, steady progress is being made. We are confident that the sales of our products will greatly increase once the present political and economic uncertainties between the U.K. and certain of these countries are satisfactorily resolved.

In export markets generally the position is becoming increasingly competitive, and will continue to do so whether or not this country enters the Common Market. In these circumstances, any increases in our manufacturing costs are extremely critical. During the year under review, whilst it is true that the pace of inflation has been to some extent arrested, we in our industry have been affected by a recent national wage increase and a number of other increases in direct and indirect costs.

ACTIVITIES IN SCOTLAND

The extension of our manufacturing activities in Scotland is progressing well. The completion of buildings and the installation of plant and equipment are proceeding according to schedule, and we hope to announce the new model well before the end of this financial year.

It should be noted that the Accounts for the past year contain substantial charges connected with the development of this car and this expenditure will be an even greater burden during the current year to July 31, 1963. Subsequently, this model will, we are confident, not only become a contributor to earnings, but will greatly strengthen our dealer organisation throughout the world.

The large additions to the Fixed Assets shown in the Consolidated Balance Sheet also reflect our activities in Scotland and the assets of new subsidiary companies acquired during the year, as referred to in the Directors' Report.

The results for the year under review give rise to a substantial recovery of United Kingdom taxation, which has resulted from subvention payments between Companies in the Group.

The Directors have carefully considered the payment of a dividend on the Ordinary and "A" Ordinary shares and, in all the circumstances, propose that a dividend of 4 per cent, less income tax should be paid, this being adequately covered by the reserves of the Company.

CURRENT PROSPECTS

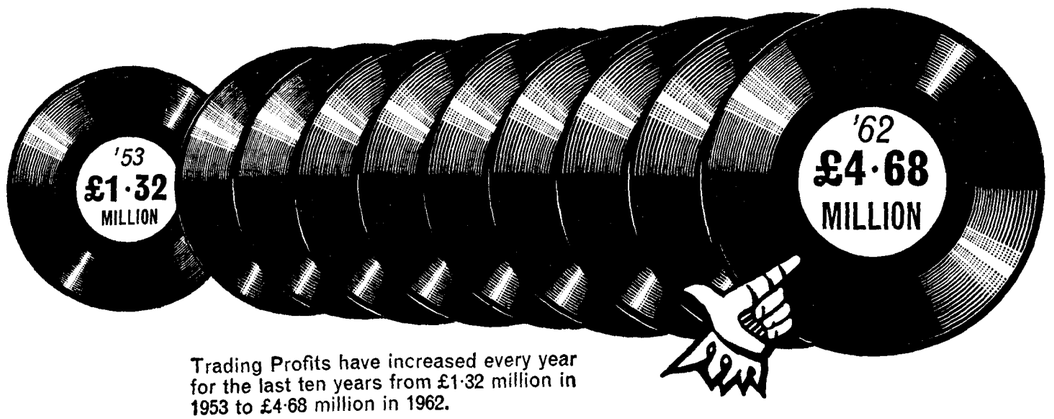
So far as the prospects for the current year are concerned, I would be wrong if I did not sound a word of caution. We have an excellent range of both cars and trucks; we are satisfied they are technically of a high order, can stand up to world conditions, and are of the best standards of quality, reliability and safety. We are well established in a great many markets of the world. However, owing to the highly competitive nature of the motor business, margins are small. In export markets, demand generally is good, but not as buoyant as we would wish. Undoubtedly, a general livening of international markets and a return to confidence would be welcome.

Two weeks ago I should have said that conditions at home were similar, as sales had recently been somewhat disappointing. However, on November 5th the Government announced a major reduction in purchase tax. It is early days to judge, but there are already signs of considerable improvement. Unless some major recession occurs, this will mean better employment at home and, as our manufacturing capacity becomes more fully employed, an improvement in our competitive position in export markets.

I do hope the lesson has been learned that taxation of the motor car industry and its products had been carried to the point where the industry was being gradually throttled out of competitive existence. Yet its welfare is not only of great importance to our country's economy, since it is the greatest contributor to the nation's export income, but it profoundly affects the welfare of a host of other industries.

Until recently, the British motor manufacturer has been operating at a great disadvantage compared with his main competitors overseas by reason of the artificial restriction of the home market. Even now, the motor car is still in a high grade of purchase tax and the rate here is considerably higher than that of our main competitor—Germany. However, this relaxation in purchase tax is an important step in the right direction, for which we are most grateful to the Chancellor of the Exchequer.

Finally, I would like to thank our staff and employees for their loyalty and support during a most difficult period.

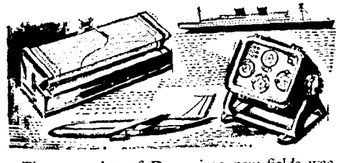


Trading Profits have increased every year for the last ten years from £1·32 million in 1953 to £4·68 million in 1962.

A decade of records

Sir Edward Lewis (Chairman) at the Annual General Meeting of Decca Limited:

Since the last meeting the name of the company has been changed to Decca Limited, a holding Company with three main operating subsidiaries, The Decca Record Company Limited, The Decca Navigator Company Limited and Decca Radar Limited. Formed in 1929, just before the great slump, the Company survived the deluge and during the thirties the foundations of the great record business you own today were laid.



The expansion of Decca into new fields was effected by a process of evolution and not as the result of take-overs. This I believe to be one of the reasons for our strength.

The balance from Trading account amounts to £4,683,000 and shows an increase of £680,000 over that of the previous year.

Profit before taxation amounts to £2,930,000 an increase of £620,000 over that of the previous year. After charging £1,447,000 for taxation (last year £1,060,000) the Net Profit amounts to £1,482,000 an increase of £233,000.

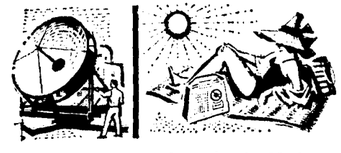
These results, which are easily the best in the Company's history will, I am sure, be regarded as most satisfactory particularly as they were achieved in a year in which trading conditions were not in general particularly bright. Over the years we have benefited from the process of evolution to which I have referred. At no period have all sections shown improved results at the same time. But year by year in the aggregate the consolidated profits have increased. So it was last year, Radio and Television that had suffered severely in the slump of the previous year made a substantial recovery.

Consolidated turnover for the year to March 1962 at £27,600,000 compared with £24,500,000. Exports at £8,230,000 were over one million pounds greater than those of the previous year amounting once more to about 30% of the total sales.

We are recommending a Final Dividend of 1·9d less tax making a total for the year of 2·6d per share less tax, an increase of 2d per share on the previous year.

No striking change took place in the record business during the year under review. We have fully maintained our pre-eminent position in the recording art.

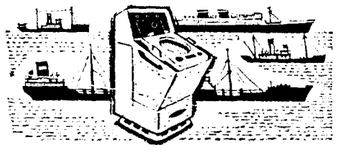
We are still handicapped by being assessed at the top rate of purchase tax. We see no justification for our industry alone in the entertainment field being singled out for this onerous taxation, particularly when its great contribution towards the cultural life of the country is considered.



The year was a good one for the Navigator division. The steady expansion of the Marine business continued. Over 7,500 ships had been equipped with the Decca Navigator or contracted for. The net increase on the year of some 900 ships is particularly satisfactory in view of the depressed state of shipping.

We have continued our efforts to expand the use of the systems in the air.

Decca Radar also increased its turnover. Orders for marine fittings totalled more than 1,250 of which 85% were for export.



Since the close of the year business has continued at a very satisfactory rate. Total orders for Marine Radar have now reached nearly 13,000 of which True Motion orders account for 1,000 and River Radar about 650. Sales of defence radar in the United Kingdom and throughout the world expanded and we have been entrusted with a very substantial number of major military and civil aviation projects.

We are continuing our efforts to increase efficiency for it is only by such means together with increased turnover that we can hope to meet competition and provide the large sums necessary for research and development.

Although the record business in this country currently is not as buoyant as it has been and though television continues in the doldrums we anticipate another satisfactory year's trading. We continue as in the past to use all our endeavours to maintain our record of progress and we face the future with confidence.

The report and accounts were adopted.

DECCA HELPS SO MANY PEOPLE...IN SO MANY WAYS

RESPONSIBILITIES IN A CHANGING AFRICA

R.S.T. GROUP CHAIRMAN LOOKS TO THE FUTURE

Sir Ronald L. Prain, O.B.E., Chairman of the R.S.T. Group of Companies, in his annual statement to shareholders dated October 18, stated:

The year which ended on June 30 last was a significant one for the R.S.T. Group for three reasons, namely: the merger between the Rhodesian Selection Trust and Roan Antelope companies; the announcement of the decision to open up the Chambishi mine; and the completion of the expansion scheme at Mufulira.

The reasons which led the directors of R.S.T. and Roan Antelope to recommend the merger were fully set out in a circular last January, so I will not repeat them here. I would, however, stress that the merger has not only consolidated the community of interest within the group, but has strengthened the financial position of the group as a whole and has opened up a potential which I am certain could not have been achieved in any other way in today's circumstances. It will enable former shareholders of the Roan Antelope company, now in voluntary liquidation, to participate in the growth of R.S.T. which now controls all our producing mines and undeveloped properties.

The merger was approved by holders of 99.7 per cent of the R.S.T. shares voted and 97.8 per cent of the Roan shares voted, and I should like to take this opportunity to express the thanks of the directors to the shareholders of both companies for this support which enabled the merger to be put into effect as from March.

It may be of interest to record that shareholders in R.S.T. now number approximately 42,000.

In May we announced our decision to develop the Chambishi mine to produce at the rate of 25,000 long tons of copper per annum in 1967, with smaller tonnages becoming available before then. I have more to say about Chambishi later, but should like to mention here that this development represents the first fruits of the R.S.T./Roan Antelope merger.

The Mufulira expansion scheme which was completed in the past year is one of the major expansion projects undertaken in the copper producing industry in recent years, increasing the capacity of Mufulira from 100,000 to 150,000 tons of copper a year, the benefits of which are already beginning to be felt.

Throughout the year the group operated at a rate of production which was voluntarily curtailed to 90 per cent of capacity, the reasons for which I explained at some length last year. Production of copper from the group's three mines on this basis was 209,176 tons, compared with 202,041 tons in the previous year.

The fact that our total production was some 7,000 tons more than in the previous year was due to basing our production rate on the higher capacity, although during the previous year the 10 per cent curtailment was in effect for only nine months.

Since the end of the financial year we have felt it desirable in the interests of the world copper industry to increase our voluntary curtailment by a further five per cent. Further restrictions have also been announced by other world producers, some by cutting production and others by withholding copper from the market.

Group results

The consolidated profit for the year, before taxation, amounted to £12.35 million. In giving effect to the merger, the accounts show for the first time the combined results of all the companies in the group. Because of this the figure of £7.74 million for the previous year is not comparable as it is exclusive of the profits of the Roan company for that year which were, of course, reported separately to the then shareholders of that company. Of the above-mentioned profit, £11.37 million was accounted for by profits on sales of copper, and the balance of £980,000 came from net interest and net sundry revenue.

Development of Chambishi orebody

The decision of the board of Chambishi to proceed with the development of this orebody was announced on May 21 and the announcement was circulated to shareholders. I should, however, here repeat the salient details of this project and the reasons which have led us to proceed with this development at this time.

The mine, whose published ore reserves are 35 million short tons at an average grade of 3.37 per cent copper, will be started as an open pit from which will be extracted ores first of oxide, and then of sulphide, mineralisation. Capital cost of development is estimated at £7.5 million of which about £1 million has already been spent in past years on geological investigations. The additional capital will be subscribed by the existing shareholders of the Chambishi company and in the case of R.S.T. the money is expected to be found from its internal resources.

The factors which we have had to take into account in considering Chambishi are fundamentally the same as those which confronted us in 1956 when we decided on the Mufulira extension, namely the outlook for the copper market, the political development of the country in which we operate, and the provision of finance.

On the first of these we continue to have confidence in the development of the copper market on a world basis, and I should like to take this opportunity of repeating what I have said elsewhere, that this is essentially a long view, and is quite irrespective of short-term fluctuations which may develop from time to time in the industry. We also have confidence in the orderly development of the country. The position in regard to the provision of finance is very different from what it was in 1956. Overseas investors are more cautious, to the point in fact of being unwilling for the moment to invest fresh capital in this part of the world, and it is only the greater flexibility which the merger of the Roan Antelope and R.S.T. companies has given to the entire group that has enabled us to proceed with the development of the Chambishi mine.

The development of Chambishi has been placed under the management of the Chibuluma company. In the past the interests of Chambishi have been under the supervision of R.S.T. Mine Services and I would like to pay tribute to that organisation for the efficient geological work and engineering studies which it has carried out over the years.

By the end of September the Chambishi site had been cleared of all bush and timber in preparation for the open pit.

Copper market

The price of copper was steady throughout the year. On the London Metal Exchange the variation between high and low was £15 per ton compared with a range of £44 in the previous year, and £70 in the year before that. The actual range was between £222 and £237 per ton. During the latter part of the year and up to the time of writing the price was virtually unchanged at £234 per ton, while in the U.S.A. the producers' prices since May, 1961 and up to the time of writing were unchanged at 31 cents per lb.

Since my statement of a year ago all the major free world producers, and some minor producers, have announced varying degrees of voluntary curtailment, either of mine production or sales. I calculate that the sum of these curtailments is at present about 300,000 tons per annum. As I have mentioned elsewhere, in the case of our group we have since July last increased our production curtailment rate from 10 to 15 per cent. These curtailments have of course been made in order to establish a better balance between supply and demand, in the same way as has been done on several occasions since the last war when production capacity has temporarily outrun consumption.

The imbalance which would occur without these curtailments arises more from the great increase in the productive capacity of the free world copper mines, on which I remarked in my statement last year, than from any marked fall in consumption. This capacity has risen in the last five years from about 3.3 million short tons to nearly 4.5 million short tons per annum, an increase which is without parallel in the history of the copper market. As I mentioned a year ago this era of expansion is now coming to an end.

"...we must be ready to accept change in its widest sense—change in our political and economic environment, change in our attitudes towards the traditions of the past and the requirements of the future. If we are ready to do so, and I believe our actions over the years bear witness to this, we can, I believe, look forward to the continued healthy expansion of the Northern Rhodesian mining industry..." Sir Ronald Prain, Chairman

It is important, however, to note that production in any one year, even without curtailment, is unlikely to match capacity figures which are calculated on the assumption of uninterrupted production which is unattainable in practice due to factors such as strikes.

Demand for primary copper from free world mines during the same five-year period also rose dramatically from a level of about 3 million tons to just under 4 million tons per annum, representing the most spectacular increase in copper usage in the history of the industry. Copper consumption in 1962 has been running at approximately the same rate as in 1961, and has been in excess of the equivalent period in 1960. Since the war the growth rate of consumption has averaged over 4 per cent per annum, and if this rate is continued it will require before long the full productive capacity of the mines to which I have referred.

It is difficult at the moment to say whether the current curtailments have achieved the desired result in terms of a statistical balance between supply and demand, as statistics on this point take some time to accumulate and estimates can be affected by involuntary interruptions to production on account of strikes, etc. During the past year several strikes were experienced at various producing centres. The position is therefore always one which can change at short notice, and has to be kept constantly under review.

Future stability will therefore depend largely on the willingness of producers to continue to adjust their primary outputs to the pattern of consumption. At the moment it is particularly difficult to predict the latter owing to uncertainty as to the general business outlook in the western world. Should the business climate improve, copper consumption might be expected to resume its growth rate, and in this respect consumers may be reassured that the copper producing industry obviously has the capacity to increase production rapidly to match any immediate increase in consumption.

As regards price levels, shareholders may recollect that I have never attempted to make short-term forecasts. I have over the years tried to take the long view and to disregard short-term fluctuations. My assessment of the future of the industry is based essentially on long-term relationships between supply and demand and the reasonableness of prices in relation to substitute materials. Whatever difficulties there may be in assessing the immediate outlook there is no reason to doubt the long-term growth of the industry.

Should the United Kingdom join the European Economic Community, there should be no particular problems caused thereby to producers or consumers of unwrought copper from whatever source, because for many years there have been no duties or tariffs applied on copper of this type entering the United Kingdom or Europe.

Federation of Rhodesia and Nyasaland

After summarising the political situation in the Federation, and pointing out the certainty of major changes, Sir Ronald continued:

Whatever these changes may be, however, as I have indicated in my statements of recent years, we regard our job as that of producing copper with the maximum efficiency under Central African conditions, and in doing so we must continue to bear in mind the many interests to which we are ultimately responsible. These interests include those of our shareholders, the government of our country, our employees and local communities who depend on our enterprise, the customers whom we supply, and the future growth and prosperity of the copper industry as a whole.

The interpretation of these responsibilities involves a constant re-assessment in which one factor emerges clearly, namely that we must be ready to accept change in its widest sense—change in our political and economic environment, change in our attitudes towards the traditions of the past and the requirements of the future. If we are ready to do so, and I believe our actions over the years bear witness to this, we can, I believe, look forward to the continued healthy expansion of the Northern Rhodesian mining industry under conditions where such health and expansion will remain the first consideration of government in the interests of all the people of this country.

These are extracts from the annual statement of the Chairman of the R.S.T. Group of Companies, Sir Ronald L. Prain, to shareholders, dated October 18. Copies of the full statement and annual report can be obtained from Selection Trust Limited, Rhodesian Department, Mason's Avenue, Coleman Street, London, EC2.

R S T

THE RHODESIAN SELECTION TRUST GROUP OF COMPANIES

Incorporated in Northern Rhodesia, Southern Rhodesia and Bechuanaland Protectorate.

THE BIRMINGHAM SMALL ARMS COMPANY

STEPS TO COMBAT DIFFICULT TRADING CONDITIONS

MR ERIC TURNER ON GROUP'S PROBLEMS

The one hundred and first annual general meeting of The Birmingham Small Arms Company Limited will be held on December 13th in Birmingham.

The following is an extract from the circulated statement of the Chairman, **Mr Eric Turner:**

During the past year several parts of the Group experienced exceptionally difficult trading conditions, with the result that there was a serious fall in profits compared with the previous year. The Motor Cycle Division, which in recent years has been the largest and most profitable in the Group, had to contend with unprecedented difficulties and consequently showed the biggest reduction. The profits of other divisions were also below expectations, either because of general pressure on profit margins or, in some cases, because of considerable reductions in turnover.

As forecast in May, the Group profit before taxation, of £1,504,357 was little more than half the previous year's figure of £2,932,745. Despite a substantially increased turnover in the Machine Tools Division, the turnover of the Group as a whole fell by 11 per cent and this was the principal cause of the heavy fall in profits.

TURNOVER ANALYSIS

The proportions of total turnover attributable to each of the Group's main activities during the year and the previous year were as follows:

	1962	1961
Motor Cycles and Scooters	26%	37%
Machine Tools and Small Tools ...	35%	26%
Steel (Jessop-Saville Limited)	18%	19%
Small Arms, General Engineering and Metal Components.....	21%	18%
	100%	100%

REVIEW OF ACTIVITIES

Motor Cycles and Scooters: The motor cycle and scooter industry suffered from a reduction in sales to the home market which proved to be much more severe than expected. A combination of many unfavourable factors operating simultaneously posed exceptional problems for manufacturers and dealers alike. Consequently, and in spite of export business being fairly well maintained, the profits of the Motor Cycle Division were small. Our three motor cycle companies, however (Ariel Motors Limited, B.S.A. Motor Cycles Limited and Triumph Engineering Company Limited), maintained their share of the total turnover of the industry, so that no ground was lost to competitors.

Machine Tools and Small Tools: We commenced the year with orders in hand considerably in excess of all previous levels. Our machine tool companies made strenuous efforts to increase production quickly in order to meet customers' requirements, but a shortage of skilled labour in the early part of the year necessitated somewhat uneconomic working and extensive sub-contracting. Although the output for the year was easily a record, we did not, therefore, derive the full benefit of the increase in turnover.

The virtual completion of the motor industry's latest phase of expansion and re-equipment, together with the recession and uncertainty in engineering generally, has caused a sharp decline in new orders from the home market during recent months and the curve is still downward. On the other hand, I am happy to report that substantial export business has been obtained, although additional selling expenses reduce profit margins. But even in export markets the first signs of falling demand are apparent.

In spite of the inherent difficulties of the machine tool industry, it is to the Machine Tools Division that we must look for part of our future expansion. Considerable sums of money have been spent on vigorous programmes of research and development, and we shall shortly be commencing the production of several new models in our main machine tools factories. We are determined that the importance of our machine tool activities shall steadily grow.

Jessop-Saville Steel and Small Tools: Jessop-Saville Limited has been affected by the serious recession suffered by the British steel industry, as a result of which most companies have been working at three-quarters capacity or less for many months. As yet there is no sign of any improvement in the demand for steel, and short-time working, which is already fairly extensive, seems, if anything, likely to grow because the backlog of orders which helped last year's output has now largely disappeared.

Export business has been well maintained but at very narrow profit margins. It is evident that until business confidence is regained and engineering production rises once more no worthwhile improvement in the demand for steel as a whole can be expected, although of course it is hoped that the economic measures just announced will help in these directions.

Jessop-Saville (Small Tools) Limited made a satisfactory contribution to the profits of the Group, although it had to fight hard to maintain turnover. The company is now very well equipped to take advantage of any improvement in trading conditions.

General Engineering: During the year a General Engineering Division was formed, with the object of co-ordinating the activities of companies engaged in this field and of obtaining new business to make use of the surplus capacity which nearly all of them possess. A number of fresh activities are under consideration and it is hoped that new products will gradually be added to the present range.

Metal Components Division: This division, which is the smallest division in the Group, was formed at the same time as the General Engineering Division and with similar objects.

PROSPECTS OF THE GROUP

At present the Group is facing two main problems. Firstly, there is a shortage of orders in some of our larger and long-established activities, and secondly there is an urgent need for new fields of endeavour or products to make full use of our skills and facilities.

In machine tools, motor cycles and steel, which together account for four-fifths of the Group turnover, the order book is either still falling or remaining fairly constant at low levels. This statement is being written immediately after the announcement of the changes in motor car purchase tax and investment allowances. It is therefore too early to say what effect these concessions will have on Group trading during the rest of the year.

It is abundantly clear, however, that the motor cycle division will derive no benefit at all. Although the motor cycle industry is, of course, much smaller than the motor-car industry it is even more in need of a stimulus in the home market. It is becoming increasingly difficult to remain competitive overseas owing to the reduced volume of home sales. Last year nearly two-fifths of the Division's output was exported but it is most unlikely that this praiseworthy achievement can be maintained unless there is a revival in the domestic market.

There is every reason to hope that the machine tool and steel divisions will eventually benefit from the changes but there is always a time lag and in any case the engineering industry as a whole has substantial surplus capacity. Consequently, it may well be that any improvements in the next few months will be marginal and that increased profitability of the Group must come from greater efficiency rather than a marked expansion of output.

Some of the companies in the remaining divisions, General Engineering and Metal Components, undoubtedly have scope for expansion, but several of them are bound to remain relatively small because of the nature of their business and the others cannot quickly grow to a size comparable with that of the main old-established companies in the Group. Moreover, it cannot be denied that in present trading conditions the lack of a government arms contract is a serious blow, particularly now that the present period of acute international tension has highlighted the need for modern small arms.

In my review of last year's activities, various references were made to the establishment of completely new products or spheres of activity. Some, such as central heating work, electrical equipment and hydrostatic drives, have already been started, and others will follow this year and in succeeding years. It must, however, be recognised that in the early stages of a new product or activity, profits tend to be reduced by the need to write off development and pre-production expenditure.

At the time of writing, only the figures for the first two months of the new financial year are available, and these show some deterioration compared with the same period last year. However, I still hope that the figures for the full year will be a little better than those now before you, but in the circumstances which I have outlined it would be unrealistic to expect a rapid recovery in profits. In these uncertain times, it is difficult to look still further ahead. Nevertheless, given a reasonable degree of national prosperity, I believe that the steps we are taking will produce a progressive improvement in our results.

COURT LINE LIMITED

CHANGING TREND IN TRAMP SHIPPING OPERATIONS

DRASTIC REORGANISATION IN COMPOSITION OF FLEET

THE HON J. P. PHILIPPS ON BOARD'S FUTURE PLANS

The thirty-third annual general meeting of Court Line Limited will be held on December 19th in London.

The following is the statement by the Chairman, **The Hon. J. P. Philipps, TD,** which has been circulated with the report and accounts:

Ladies and Gentlemen, Early in September, reports of the sale of our five oldest vessels to an Indian Company were released in India and since then various further rumours have appeared in the Press. Unfortunately, I and my colleagues were not in a position to confirm or deny these rumours for the simple reason that, although broad agreement had been reached, the necessary government and other approvals had not been received. In fact, it was only on November 16th that the final documents were signed and the first vessel handed over.

TRADING CONDITIONS

The catastrophic fall in freight rates over the last nine months, coupled with ever increasing operating expenses, has resulted in the world total of laid-up dry cargo tonnage increasing from 569,500 tons gross in December, 1961, to 2,726,000 tons gross at the end of October, 1962. This latter figure unfortunately includes our "Dorington Court" and "Errington Court," for which we are unable to find any remunerative employment at the present time. In the same period the Chamber of Shipping Freight Index fell from 101.2 to 78.4 at the end of July, which was the lowest figure reached since the index was started in 1948.

A number of contributory factors have led to the present situation, but we are nevertheless faced with the fact that part of our fleet is having difficulty in competing with the super tramp of 12,000 to 15,000 tons deadweight, having speeds of up to 17 knots, and the bulk carrier of 15,000 tons deadweight upwards.

Both of these are vastly more economical carriers per ton mile than the 10,000-ton deadweight tramp vessel, and tend to drive freights down to a level at which the smaller ships cannot make a profit. Great strides are also being made at the major bulk cargo loading and discharging terminals to enlarge the existing facilities so that even larger vessels with greater draughts and overall dimensions can be handled. All this points to a changing trend in tramp shipping operations and we must move with the times even if this means a drastic reorganisation in the composition of our fleet.

FLEET CHANGES

With this very much in mind we purchased, as I told you last March, a 22,000-ton deadweight bulk carrier, and renamed her "Cressington Court." We have now carried our plans a stage further by selling the five following vessels:—

"Barrington Court" ... } "Framlington Court" ...	Built 1952
"Geddington Court" ... } "Hannington Court" ...	Built 1954
"Jevington Court"	Built 1956

They have been sold at a price which, in total, exceeds their written-down value on credit terms extended over ten years with interest in addition. The buyers are an Indian company called Jayanti Shipping (Private) Limited, who intend to use the ships in preferential Indian trades. Owing to the Indian balance of payment situation, it has been necessary for the purchase price and interest to be made available from sources outside India. In order to achieve this, it is one of the terms of sale that Jayanti should discharge a mortgage on a tanker they own called "Adi Jayanti" and thereby release the hire money under a time charter from Shell Transport & Trading Company for assignment to us as part of the security for the purchase price and interest due on the five vessels. To complete the transaction, it has been necessary for us to take over this mortgage and we, in turn, have had to borrow £1,300,000 from our Bankers. This latter loan is repayable over five years.

The effect of this transaction as regards future profits is to substitute in place of the potential liability of maintaining and depreciating five vessels which are unlikely to be able to trade at a profit in the foreseeable future, a positive net interest income before taxation of approximately £90,000 per annum for the next ten years. Even more important in the minds of your Board is the generation by these means of over £2,000,000 of cash over the next ten years which will be available for the purchase of modern vessels to match the new pattern of trade.

NEW VENTURE

I must also tell you of a further development. It is no longer the policy of your Board to place periodic replacement orders in the hope that employment will materialise when the new ships are delivered. In the past this policy has been justified but we believe that trade has now become so very much more specialised that a prudent tramp ship owner should now seek his trade, secure long-term employment and then build the most efficient and most economical unit to provide the particular service required.

With this end in view, your Company has purchased a 51 per cent interest in a private company called Malcolm Ore Carriers Limited. This company has the services of Mr V. N. Malcolm who has a wide experience of the bulk-carrying business generally, with particular emphasis on ore trades. We are very pleased that Mr Malcolm has accepted our invitation to join the Board of Court Line Limited. While the particular object of Malcolm Ore Carriers Limited is to pursue and investigate all long-term bulk-carrying opportunities it is also envisaged that in future some partnership vessels might be built, with Court Line contributing 51 per cent of the capital cost of construction and the other shareholders of Malcolm Ore Carriers the remaining 49 per cent.

THE ACCOUNTS

I will now turn to the Accounts for the year ended June 30, 1962, and I would draw your attention to the words at the top of the Profit and Loss Account—"Operating Deficit on Voyages Completed at June 30, 1962." In previous years when we had practically all our fleet fixed on long-term charters we adopted the system of only including in our Profit and Loss Account the profit on voyages which were actually completed in the year under review by the ships discharging in a United Kingdom or near Continental port where the crew had to be paid off. This practice worked very well in normal times, but since the termination of these charters and the catastrophic fall in the freight market this system has produced an operating loss in the Accounts now before you. If, however, we had now changed our practice and taken *pro rata* profits up to the end of June on those voyages which had not been completed on the basis mentioned above, there would in fact have been an operating surplus. This surplus will now, however, be carried forward into the Profit and Loss Account of the ensuing year. This means that no credit has been taken for any profits earned by the two new acquisitions—m.v. "ARLINGTON COURT" and m.v. "CRESSINGTON COURT." In these circumstances, and having regard to the strength of the Company's Reserves, your Board feel justified in declaring a dividend of 5 per cent, less income tax, out of the profits carried forward in previous years.

Finally, I would like to refer to the new Articles of Association which are recommended for adoption, and in particular to the Clause about the Directors' Borrowing Powers. In our present Articles these powers are limited to the "nominal amount of the authorised share capital" which is £2,000,000. The type of vessel that your Board are intending to build in future will cost at today's prices anything between £1,500,000 and £4,000,000, most of which will have to be borrowed against the security of the charters to be arranged. For this reason, your Board consider it essential that, in accordance with modern practice, the limit should be increased and should fluctuate in proportion to the issued capital and reserves of the Company. If these new Articles are adopted, the limit calculated on the figures appearing in the Balance Sheet now before you would amount to approximately £7,000,000.

This has been a very difficult year and I feel sure you would wish me to conclude by thanking all our staff, both ashore and afloat, for the hard work they have put in and the part they have played in helping to keep the f[illegible]

ULTRAMAR COMPANY LIMITED

SUBSTANTIAL PROGRESS OF INTEGRATION PLANS

SIR EDWIN HERBERT'S REVIEW

The twenty-sixth annual general meeting of ıtramar Company Limited was held on ɔvember 15th in London.

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

In Venezuela the average oil production tributable to Caracas Petroleum for the first lf of 1962 was 11,805 barrels per day, comred with 13,121 barrels per day for 1961. ıracas Petroleum's share of gas sales for the st half of 1962 was 36,827,000 cubic feet per y compared with 37,043,000 cubic feet per day r 1961 which was a record.

Canpet, the Western Canadian Company in ıich we have a 50 per cent interest, has conıued to make good progress. Oil production r the first half of 1962 was 1,209 barrels per y, which compares with 1,056 barrels per y in 1961. For the third quarter of 1962 erage oil production rose to a new high of 327 barrels per day. The drilling programme r 1961 was most successful and has been ntinued into 1962.

Investment in the production side of the roup has necessarily had to be restricted cause of the need to use available funds in veloping marketing and refining interests ring the transitional stage. It will, however, necessary to be more active in future years securing production.

MARKETING AND REFINING COMPANIES

Golden Eagle of California incurred a net loss after depreciation in 1961 of $886,000. As a result of economies, improvements in product prices, changes in selling policy and an increase in the crude oil import quota starting July 1st last, the company has made a net profit of $230,000 for the first nine months of 1962.

In Canada the Newfoundland Refinery went on stream on December 1st last and has operated satisfactorily from that date onwards. Storage terminals are being completed at various points in the Provinces of Newfoundland and Quebec and the marketing organisation is being built up in those provinces. For the first half of 1962 sales of products averaged about 8,000 barrels per day. New business recently acquired and an acceleration of gasoline station construction indicate that sales of products should rise significantly towards the end of 1962 and that the increase should continue through 1963. We expect to see an appreciable cash flow from these operations within a year or two.

In Panama, instead of building a separate refinery at Portobelo, we have arranged to acquire an interest in the Payardi Refinery built by Refineria Panama S.A. We shall acquire a one-third interest in Refineria Panama S.A., paying for that interest during the years 1964-1968. We are confident that the terms of payment, which include an allowance for part of the past expenditures in respect of Portobelo, will permit us to meet the cost of purchase out of operating surpluses of those years. In the meantime, substantial quantities of CPSA's Venezuelan crude are being refined at the Payardi Refinery. The Payardi Refinery appears to have excellent prospects and we are pleased to be in partnership with Continental Oil Company and National Bulk Carriers.

CHANGE IN GROUP POSITION

Only about three years ago we were interested solely in the producing end of the industry. Today the Group has a present refining capacity of approximately 28,000 barrels per day and a present products market, which is expanding, of approximately 35,000 barrels per day. There is now no need to sell Caracas Petroleum's Venezuelan crude to outside interests.

I think you will agree that this is a remarkable change to have been brought about in three years. I believe that we can look for a substantial cash flow from the various operations as a result of the integration that has been achieved. We expect an appreciable improvement in the trading position for the second half of 1962 but it is in 1963 that we expect to begin to reap the reward of the new investments that have been made.

The acquisition of the refining and marketing interests in Canada, California and Panama have involved an outlay of some £8 million. The money has been raised largely by loans. In addition there have been normal banking facilities covering the growing inventories and receivables of the Group.

These developments have been a strain on the resources of the group which made it inadvisable to pay a Capital Surplus Distribution this year. Furthermore, we are reviewing the various interests of the group to see whether some interests which are not essential to the present integrated plan might not be realised. Our plans for dealing with such interests may take some time to develop and as an interim measure we are discussing with bankers to the group the question of bridging loans to refund some short term debts of the Operating Companies and provide additional working capital.

The report and accounts were adopted.

SMITHS exports to the world

In his annual statement to shareholders, Mr. Ralph Gordon-Smith describes Smiths' overseas organisation and also draws attention to the following tables showing the direction and extent of Smiths' exports from the United Kingdom in 1961/62.

Division	Direct Export Sales £000	Estimated Indirect Export Sales £000	TOTAL £000
Motor Accessory	860	4,360	5,220
Aviation	1,350	850	2,200
Clock & Watch	1,100	140	1,240
Kelvin Hughes (marine)	1,450	100	1,550
Spark Plug & Ceramics	980	50	1,030
Industrial	220	560	780
TOTALS	£5,960	£6,060	£12,020
Totals as % of Smiths' (U.K. companies) sales.	15%	15%	30%

TOTALS ANALYSED

	Smiths Export Sales %	U.K. National 1961 Exports of Manufactures %
E.E.C.	24	16
E.F.T.A.	15	12
North America	17	13
C'wealth (exc. Canada & S. Africa)	22	31
Others	22	28

A copy of the 1962 Report and Accounts, which includes the Chairman's Statement and a Product Review, may be obtained from the Secretary.

SMITHS — S. SMITH & SONS (ENGLAND) LTD., LONDON, N.W.2

SOLAR INDUSTRIES LIMITED

The Fifty-sixth Annual General Meeting of Solar Industries Limited was held on November 16th in Glasgow. In his Statement circulated with the Annual Report and Accounts for the year ended 31st March, 1962, the Chairman and Joint Managing Director, MR R. K. CALDER, reported profits, before tax, of £445,634. Final Dividend was 12½%, less tax, making 17½% for the year. Overall Group output was slightly higher than in the previous year.

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

HOME:

The Foundry Division: "Aluminium Bronze Co. Ltd. and Trent Foundries Ltd. showed heavy falls in output—some 20 per cent down—and profits suffered even more severely. There has been a reasonable measure of recovery in the current year".

The Burnley Group: "Burnley Aircraft Products Ltd. maintained both output and earnings and further progress is being made in the current year. Universal Boilers & Engineering Co. Ltd. made notable progress. Additional production facilities are already under strain as current output is running some 50 per cent up on the previous year. Solar Weld Languepin Ltd. again disappointed and a further small loss was incurred. While sales improved substantially, development and production costs were disproportionately high".

Atkinson's of Clitheroe Ltd. (formerly Atkinson's Agricultural Appliances Ltd.): ". . . Output last year was unchanged . . . profit margins were reduced . . . however, in the current year, output and profits show further expansion and the forward position is satisfactory".

The Plating Division: "The Verichrome Companies together with the Irco Company showed an overall reduction in output and earnings. The current year reflects a reasonable degree of recovery".

Scottish Aluminium Ware Ltd. (manufacturers of 'Luxaflex' Venetian Blinds): ". . . again turned in record sales and profits".

The Draftex Group: "Coventry came close to holding output at the previous year's level, and in the current year has gone still further ahead."

EUROPE:

The German Draftex Company: "made further major advances in both output and earnings and in the current year—assisted by new lines of activity—output has almost doubled. I am hopeful that ways and means will be found in the near future to enable us further to extend our foothold in Europe, where our initial efforts have been so rewarding and where, I am confident, we can both extend and develop our activities still further."

CANADA:

"Turnover dropped by 20 per cent, but in the current year the Canadian Company has been operating at a profit level which, in the circumstances, is not unreasonable. The forward position is not discouraging. New products are being introduced."

BONUS ISSUE:

"It is proposed to issue 800,000 new Ordinary shares of 5s. each, credited as fully paid, in the proportion of one new share for each four Ordinary shares held."

THE FUTURE:

"We have a number of new projects under review and we are also looking for additional means to co-ordinate and expand the activities of the Group, both by direct development and the acquisition of other concerns which fit into Group structure. I have every confidence that, with active and progressive management, the Group can look forward to further major progress. The trading results for the first half of this year show significant advances, both in output and profits, not only over last year, but also over the year 1960-61 which was itself a record year.

"I would feel—unless unforeseen circumstances arise—that we should have another record year, in which event an increase in the effective rate of dividend could reasonably be envisaged on the share capital as now to be increased."

Copies of the Annual Report and Accounts may be obtained on application to the Registered Office of the Company, 123, Hope Street, Glasgow, C2.

COZENS & SUTCLIFFE (HOLDINGS)

MR FRANCIS BULLIMORE ON GROUP'S POTENTIALITIES

The twenty-first annual general meeting of Cozens & Sutcliffe (Holdings) Limited was held on November 16th in London, **Mr Francis G. Bullimore** (the chairman) presiding.

In the course of his circulated statement, Mr Bullimore referred to the loss sustained by the Group in August last by the enforced retirement through ill-health of the former Chairman, Mr H. V. Cozens.

Mr Bullimore continued: In common with many other concerns throughout the country, your Group did not experience such a successful year as was thought probable some twelve months ago and this was in large part due to the financial restrictions which the Government imposed on industry and the effect these measures had on capital equipment investment. Some substantial contracts in the constructional and equipment divisions, involving the Company in initial and preparatory expenses, had to be held back, but I am glad to report that these have now come forward and that the benefit will be felt in the forthcoming year. As is well known, conditions in the electrical and radio industries continued to be affected by credit restrictions and delays were also experienced in the marketing of the Redler Mobile Crane.

The trading profit for the year ended on June 30, 1962, of £130,815 compares with £213,065 for 1960/61.

Since the end of your Company's financial year, trading conditions have improved.

GROUP'S ACTIVITIES

Cozens & Sutcliffe, Ltd. (Constructional Engineering and Plant Hire): The trading results for the year have not been so satisfactory as had been hoped. In my opinion prospects for the future are more promising.

A. S. Duran & Co. Ltd. and R. J. S. Services Ltd. (Electrical and Radio Industry Wholesale Distributors): It cannot be said that the year has proved a satisfactory one, but I am reasonably confident of 1962/63 and hope to be able to give you an improved picture in a year's time.

Redler Industries Ltd. and Subsidiaries with Associated Company, H. J. H. King & Co. Ltd. (Mechanical Handling Plant Manufacturers). The total value of Group orders on hand is greater than at this time last year and I have every reason to believe that turnover will be maintained.

Commenting on future prospects Mr Bullimore said: "We are now well based to exploit the potentialities of our organisation. The total value of orders on hand is greater than at this time last year. It must be borne in mind that a business such as ours is dependent on a liberal Government attitude towards capital investment so necessary to maintain industry in a fully efficient and competitive condition. This attitude has not been forthcoming in the past year but there are signs that the new Chancellor is now moving in the right direction and I am confident that the Company's activities can be maintained on as profitable a basis as formerly."

The report was adopted and the total dividend of 30 per cent for the year to June 30, 1962, was approved.

HARMONY GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

The twelfth Ordinary General Meeting of shareholders will be held in Johannesburg on November 26, 1962.

The following is an extract from the circulated review of the affairs of the Company by the Chairman, **Mr P. H. Anderson,** dated November 10, 1962.

RESULTS OF OPERATIONS

The tonnage milled during the year under review was the highest yet attained and averaged 196,400 tons per month. The sale of 397 claims to Virginia Orange Free State Gold Mining Company Limited thus did not, as was originally anticipated, prevent the Company from maintaining a milling rate of the order of 200,000 tons per month. This is an achievement which reflects credit on the Manager and Staff at the mine. The average yield during the year was 8.100 dwt. per ton milled, which gave a total working revenue from gold of R23,903,239. Working expenditure totalled R14,766,127 thus leaving a working profit from gold of R9,137,112. The profit from uranium, pyrite and sulphuric acid was R,3,757,353, giving a total working profit for the year under review of R12,894,465.

FINANCE

Lease consideration was not payable to the Government during the year, but the Company will become liable for such payments as from the current quarter.

DEVELOPMENT

Current development northwards from No. 2 Shaft has revealed faulting, which makes it necessary to continue with a high development rate in order to provide sufficient length of stope faces for maintenance of the present milling rate. The values so far obtained by the regular pattern of diamond drilling from the footwall haulages and by a small amount of reef development in the 2B incline area have on the whole been disappointing and are below average. In order to accelerate the opening up of the north-eastern portion of the property, it has been decided, with the permission of the Virginia Company, to drive 8 haulage northwards through Area "A." The work is being done independently of the Virginia workings and at Harmony's expense. This haulage will link up with the development from the haulages north of No. 2 Shaft. The area to the south of No. 2 Shaft will be exploited by 2A incline and a conveyor.

Development south from No. 3 Shaft continued in spite of some delay as a result of encountering a fairly heavy water zone. No. 17 footwall haulage made good progress and is now some 2,600 feet from the Merriespruit boundary. Although zones of elevated footwall were encountered in this area, some satisfactory values were obtained. Good progress has been made in the sinking of 3A and 3B inclines from 17 haulage south of No. 3 Shaft to 25 level and 27 level, respectively. These inclines will expedite the exploration of the mine to the west of No. 3 Shaft.

URANIUM

915,804 lb. of uranium oxide were recovered, [illegible] 858,000 lb. were sold. At the end of

the financial year some 333,000 tons of uranium-bearing slime had been accumulated for treatment at some future time. It was decided during the year to create a Uranium Profit Equalisation Reserve in order to stabilise uranium profits.

DISTRIBUTION TO SHAREHOLDERS

In addition to Dividends Nos. 11 and 12, a total of R1,080,000 was paid to shareholders in the form of a return of capital.

Dividend No. 13 of 14 cents per share and Reduction of Share Premium No. 3 of 3 cents per share were declared on September 13, 1962, payable to shareholders registered in the books of the Company on September 29, 1962. Both the dividend and the reduction were paid to shareholders a few days ago.

It has been possible to maintain the dividend rate at 14 cents per share. As a result of the extension of the Company's uranium contracts from 1965 to 1970, and as the Company is now liable for taxation and lease consideration, it is unlikely that the present rate of dividend can be maintained for more than another year.

THE ROVER COMPANY

PROGRESS OF EXPANSION SCHEME

The sixty-seventh annual general meeting of The Rover Company Limited will be held on December 13th in Solihull.

In the course of his circulated review, **Mr M. F. C. Wilks** states:

Trading conditions during the year under review have not been easy. The home market has been far from buoyant, and competition in export markets has become more intense. Despite this our turnover was only marginally below the record achieved last year. Lower profit margins have, to a certain extent, been offset by economies achieved by improving the efficiency of our organisation, but the overall result is a reduced trading profit.

During the year we have made arrangements for the assembly and partial manufacture of our products in Nigeria, Turkey, Ghana and Costa Rica and have commenced work on the construction of a factory in Salisbury, Southern Rhodesia. In addition, we have recently announced the setting up of a marketing company in Western Germany.

Our new range of car models—the "95," "110," 3 Litre and Coupe, have been very well received both by the Press and at Earls Court. At the Commercial Vehicle Show we announced an entirely new model to our famous range of Land-Rovers—the forward control Land-Rover, with a 30 cwt. carrying capacity. In addition, a twelve seater model was introduced during the year.

Work on our Gas Turbine car is proceeding satisfactorily.

Considerable progress has been made with our expansion scheme, the main portion of which is due for completion in the first part of 1963. The buildings at Cardiff and Solihull are nearly finished, and the new plant is in course of being installed.

During the current year we shall be completing our expansion programme. We believe that when our plans come to fruition, we can look to the increasing business and profit that will stem from this.

THE IRISH GLASS BOTTLE COMPANY

(Manufacturers of Glass Containers)

The thirtieth annual general meeting of The Irish Glass Bottle Company Limited was held on November 20th in Dublin. The following is an extract from the circulated statement of **Mr Joseph McGrath** (the chairman).

For the year ended June 26, 1962, there was a modest increase of approximately £22,000 in the net profit earned. While this increase is attributable in part to an increase in sales, there is no doubt that the principal factor contributing to the maintenance and slight improvement of the profit position is the increased production and greater efficiency resulting from the major plant conversion which was completed at the beginning of the year. This is the more noteworthy in view of the very high increase in costs in other directions.

The chairman then referred to the serious burden imposed on the Company by increased wages and other concessions which had to be granted to employees during the year. The Board were reluctant to do anything which would adversely affect the favourable sales trend of the past two years and had therefore provisionally decided to increase prices by only 2½ per cent and thus to recover from customers a part only of the increased costs.

Having commented on the satisfactory progress of the Company's joint venture with the Metal Box Company Limited in the plastic packaging industry in Eire, Mr McGrath reported that the subsidiary company, Waterford Glass Limited, had increased both its sales and profits.

The report was adopted.

TEA CORPORATION

LARGER CROP

The annual general meeting of the Tea Corporation, Limited, was held on November 15th in London, **Mr A. A. Estall,** chairman, presiding.

The following are extracts from his circulated review:

The Season's total crop of 1,829,432 lbs. made tea exceeded the 1960-61 figure of 1,736,063 lbs. by 93,369 lbs., and includes the manufacture of 15,409 lbs. bought leaf compared with 26,272 lbs. last year. Estate crop harvested totalled 1,814,023 lbs., equal to an average of 892 lbs. per acre, which shows an increase of 104,232 lbs. over the 1960-61 crops of 1,709,791 lbs.

Crops from the rubber areas continue to decrease owing to the age of the trees. The crop for the year was 55,890 lbs. compared with 65,025 lbs. for last year.

During the season tea prices were generally lower than in 1960, and as a consequence the profit at £18,047 is slightly below last year's figure of £20,527, notwithstanding the appreciable increase in crop.

Ceylon taxation amounts to £15,000, which represents 83 per cent of the profits earned. The Ceylon Exchange Control regulation which prohibits a dividend in excess of the profits remaining after current taxation continues in operation; therefore your Directors are only able to recommend a dividend at the rate of 3 per cent.

The report and accounts were adopted.

INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA, LIMITED

SUMMARY OF ANNUAL REPORT

The twenty-third Ordinary General Meeting of the Industrial Development Corporation was held in Johannesburg on November 21, 1962. The following are the main points made by the Chairman of the Corporation, **Dr H. J. van Eck,** in his annual Statement.

Operating profits before tax and transfers to reserves, amounted to R2,036,000 or R867,000 more than the 1961 figure. The maiden preference dividend paid by Sasol accounted for approximately 83 per cent of this increase. After year end transfers the General and Contingency Reserves now stood at R8 million and R778,264 respectively. Investments increased by R7,132,893 to R143,987,000. Recoupments in terms of financing agreements (excluding Sasol and Foskor) aggregated R2,657,300 bringing total repayments since 1940 to nearly R43 million. New commitments to a total value of R49,637,000 were entered into during the year. Of the 54 approved applications to which this related, 14 with an aggregate value of R3,973,000 came from Companies with which the Corporation had been associated for some years and 12 were for capital amounts of R25,000 or less.

The Corporation's recently announced Export Credit Finance Scheme was designed to ensure that no South African manufacturer was precluded through lack of funds from quoting for the manufacture and supply of capital goods and equipment on credit. The interest rate on the facilities offered by the Corporation was unlikely to exceed the prime commercial overdraft rate.

In order to give the public an opportunity to participate in successful projects in which the IDC had investments the Corporation had formed Industrial Selections Limited and had subscribed in cash for the full issued share capital of R4 million which the Company had applied to the purchase of industrial shares from the IDC's portfolio. The IDC's offer to the public of 1 million Industrial Selection shares at R1.25 per share closed oversubscribed on October 30, 1962. Industrial Selections dividend policy would be to maintain annual declarations at approximately 80 per cent of its profits.

The local manufacture of synthetic rubber now appeared economically feasible and a contract for the design, construction and initial operation of the plant had been awarded by the Synthetic Rubber Company (Pty) Limited, whose shareholders represented South African financial and consumer interests, to the Polymer Corporation of Canada which had appointed the Fluor Company of Los Angeles as its Prime Contractor.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:

The Company Meetings Department,
The Economist,
22 Ryder Street, S.W.1.

The IDC had underwritten the project and would act as the Company's Managers. Construction was expected to begin in January, 1963, on a site selected near the Sasol oil from coal plant from which the Company's main raw materials would be derived.

The Corporation's major interests including Sasol, Foskor, Fine Wool Products, The Good Hope Textile Corporation and Saiccor were all engaged in extensive capital expenditure programmes. A number of new investments in textile projects had been added to the IDC's portfolio and arrangements had recently been concluded with the Cyril Lord organisation of the United Kingdom for the establishment of a factory near East London to produce poplins. The total capital which would be employed in this undertaking, including working capital, would be between R4.5 and R5 million.

The Corporation's commitment for Border Area Development on June 30, 1962, amounted to R4,835,000 which related to projects on the IDC's Industrial Estate at Hammarsdale, and in the Border Areas of Rustenburg, Ladysmith, Natal and Rosslyn to the north of Pretoria. The Corporation had purchased 20 acres of land to establish a second industrial estate in the Rosslyn area.

JOHN WALLACE & SONS

PERIOD OF CONSIDERABLE EXPANSION

The thirty-eighth annual general meeting of John Wallace & Sons Limited was held on November 20th in Glasgow, **Mr Charles Kemp** (chairman and managing director) presiding.

The following is an extract from his circulated statement:

The Accounts for the year ended March 31, 1962, show a net profit before Taxation of £408,952 as compared with £295,033 for the previous year. Your Directors recommend a final dividend of 12½ per cent on the Ordinary Shares, making 25 per cent for the year as against 20 per cent for 1960-61.

Shortly before the end of our financial year, your Company acquired the whole of the share capitals of Edmiston Brown & Co. Ltd. and The Clarmac Engineering Co. Ltd. With funds of these companies which were surplus to requirements your Board acquired the share capital of Veevers & Hensman Ltd., which your Board is satisfied will operate to considerable advantage with Claridge, Lewis & Jordan Ltd., and of W. E. Ginder Ltd., whose activities are confidently expected to reinforce the development of Maurice Lipkin & Co. Ltd.

The Group Trading Profit before deducting Directors' Emoluments, Depreciation, Bank Interest and other expenses amounted to £503,420 (£338,197). The Net Profit for the Year (after charging Taxation) applicable to the Group was £214,484 (£165,839).

CONCENTRATION IN TWO MAIN AREAS

Referring to a plan to bring about closer co-ordination between the various subsidiaries, which he described as of far-reaching importance, Mr Kemp said:

At the outset the two most important regional groups will be based on Glasgow and Manchester, contributing between them over 80 per cent of the profits of John Wallace & Sons Ltd. At a later stage, if desired, further regional grouping can follow in London and Birmingham through the acquisition of further businesses in those areas. No such development, however, is immediately envisaged.

Glasgow: The advantage of operating a number of companies of a somewhat diverse nature in close proximity one to the other and within easy reach of Head Office, has been fully proved. Of our Scottish companies six have their works and main offices in Glasgow, and through co-operation at director level an efficient and integrated group is already in being.

Manchester—New Acquisitions: It is in what I may term the Manchester area that your Board's plan to concentrate interests in a regional group will now take shape.

Contracts have been entered into for the acquisition of the whole of the share capital of Polarcold Ltd. and its wholly-owned subsidiary, Tropical Packers (Cheshire) Ltd., and your Company expects shortly to exchange contracts for the purchase of the whole of the issued share capital of Brierley & Kershaw Ltd. and its wholly-owned subsidiary, Crawford Machinery Co. Ltd. To these may in turn be added controlling interests in two further companies now under negotiation. By the pooling of manufacturing, technical and other resources this group of engineering companies will be in a position to tender for contracts which, as separate entities, they would be unable to undertake.

PROSPECTS

An all-round improvement is indicated from the results of our subsidiaries to date. It is possible that the profits of one of our subsidiaries may suffer some reduction through having undertaken contracts in a new field, which may at the outset turn out to be unremunerative. Weather conditions also have affected to some degree the sale of agricultural implements.

Shareholders will not expect me to forecast the results likely to be disclosed in the Accounts to March 31, 1963, nor would I venture so to do, but I feel that I am on safe ground in anticipating that they will have no occasion for disappointment when the time comes. Your Directors have every confidence that the present rate of dividend on the Ordinary Shares will be at least maintained.

Taking the longer-term view I am, I feel, on much firmer ground. With our present widespread interests, John Wallace & Sons Ltd. is infinitely stronger than it has ever been in the past. Given, therefore, normal trading conditions and no serious setback in the National economy, I firmly believe that your Company will grow from strength to strength—a belief which is shared by all my colleagues.

We cannot, of course, expect that the rate of growth will be as fast in the next few years as it has been over the past three. But bearing in mind, as I do, the positive steps taken to improve and enlarge our factories, our plans for expansion and concentration of subsidiaries in regional areas, and above all the efficiency and enthusiasm of those responsible for the management of the individual companies, there is no reason why the upward curve should not continue.

The report was adopted.

COMPANY AFFAIRS

The dominating factor in the London stock market this week has been the ino-Indian clash. With the Chinese advance gaining momentum, prices at the eginning of the week were marked down in most sections. The sharpest falls ere among Assam tea shares and other companies directly affected such as urmah Oil and Brooke Bond. On China's cease-fire order these shares ebounded sharply but the relief in the market brought all-round gains and over ie week to Wednesday's close The Economist *indicator gained 3.3 points to* 48.7. *Gilt-edged, which were a weak market at the end of last week, shared t the recovery.*

Not Much Acceleration?

HE price of expansion is a theme com- mon to the chairmen's statements of C and Rootes. Both companies are near- the end of their big schemes, which olved setting up new factories in Scot- l and Wales for BMC and in Scotland r for Rootes. Production has already un at BMC's new factories, but Rootes not start-up in Scotland until the new r. Mr George Harriman of BMC says : the fall of £5 million in the company's ling profit was "inseparable from the or changes that were made without sation of production and the preparatory k necessary if we are to compete in the hly competitive world markets of the ire." Turnover last year was unchanged £311 million, but small cars and com- rcial vehicles represented a bigger pro- tion of the total and trucks and tractors maller one. The demand for trucks and ctors fell and the transfer of their pro- tion to Scotland added to costs, so that fit margins were doubly squeezed.

Production of Minis in the year amounted 183,000, only 40,000 fewer than had n made in the previous two years ; that the Minor 1000 was still 73,000, some 000 higher than that of the A40. The 00-1,600 cc B series models accounted 160,000. The company's share of home market was higher than a year ore—44.6 per cent of the British makers' es in the first six months of this r, compared with 41.2 per cent a year ore. But its share seems to have been ver at the end of this period than at the ginning. The share of the market in light mmercial vehicles was slightly smaller, wever, at 47.9 per cent. Output of dium-sized vans fell from 40,000 to 000, largely as the result of a fire at the Morris Commercial factory. The company's share of British car exports also fell, from 40 per cent to 32 per cent.

Strikes were another problem common to BMC and Rootes; both lost about 45,000 vehicles from them, but while this was only 15 per cent of BMC's output of 600,000, it represented nearly a third of Rootes's: it made about 135,000 vehicles, some 25,000 fewer than the year before. After its own strike was over, however, Rootes suffered further losses in production because one of its chief suppliers was unable to meet its requirements ; so the financial losses of the strike were multiplied. But in the seven months to the end of July last, Lord Rootes says that the company made more vehicles than in the same period of last year ; exports alone were 20 per cent higher. One factor adding to costs was the development of the new small car which will be manufactured at the Scottish factory ; these costs will be even higher this year, and though the car will be announced "well before" the end of the current financial year, it is unlikely that it will make any contribution to profits in 1962-63. Building up production in a new factory with a raw labour force is, as BMC knows, an expensive process.

The development scheme has left Rootes with more cash on hand than might have been expected. Cash balances amount to over £5 million and the company has now received £2,300,000 of its loan of £5,760,000 from the Board of Trade. This is additional to the factory costing £4 million being built by the Board of Trade for a Rootes subsidiary. Repayments on the loan do not begin until 1964, but payments by Rootes for the factory, spread over 15 years, will begin when it starts production. Moreover, against the cash balance, the group has a bank overdraft of nearly £3 million and acceptance credits of £4,350,000. In all, its short-term debts rose by £3¾ million over the year. BMC's balance sheet reveals an unexplained rise in long-term liabilities, payable 1962-72, from £5.8 million to £14 million which has helped to finance a rise in net fixed assets from £55.8 million to £67 million and in liquid assets from £18 million to £20.2 million. But almost £18 million was due to be paid in purchase tax on July 31st, three days after the end of the financial year. Outstanding capital contracts amount to £8.8 million, against £16 million.

Neither Mr Harriman nor Lord Rootes commit themselves far on immediate prospects. The cut in purchase tax, Lord Rootes says, has already produced signs of a considerable improvement in home sales, but "it is early days to judge." Mr Harriman is confident that BMC can be the pacemaker for the industry. BMC's output is now higher than a year ago, and should rise further in the new year. Higher prices should have done a little to improve margins ; but the increase in output comes from the Minis and the 1100, and though the latter should be a profitable car, margins on Minis are probably still small. The bigger B series cars seems to be declining in popularity, possibly as a result of the introduction of the 1100 and Cortina, and a fall in their production may cut into profits. Their replacement begins to look due. Rootes faces a worse problem with its old Minx, whose sales are hit directly by the 1100 and Cortina ; and when the Apex appears in the summer it will have to sell it in direct competition with the well-established Minis —the price of which it is unlikely to match. So the immediate prospect for both companies is of no really strong advance in profits—unless the rise in domestic demand is big enough to permit significant increases in prices as well as higher output.

BRITISH MOTOR CORPORATION

Years to end July	1958 £m.	1959 £m.	1960 £m.	1961 £m.	1962 £m.
.....	265	265	346	311	311
s profit	21·0	15·7	26·9	10·2	4·1
quity earnings	9·0	7·0	13·1	5·5	3.1
quity earnings, per cent	37·6	27·8	51·5	21·6	12·2
end, per cent	13·5	18·3	20·0	20·0	20·0
quity assets	61·2	64·4	72·8	72·8	70·6
flow	10·7	7·6	13·3	5·9	—
profit/sales	7·9	5·9	7·8	3·3	1·3
profit net equity assets	34·3	24·4	37·0	13·9	5·8
quity earnings/net equity ets	14·6	10·8	17·9	7·5	4·3

Price 14/6 Div. Yield 6·9%

ROOTES MOTORS

Years to July 31	1958 £m.	1959 £m.	1960 £m.	1961 £m.	1962 £m.
Gross profit	2·1	3·9	4·2	1·0	Dr2·7
Net equity earnings	0·9	1·8	1·7	0·5	Dr1·9
Net equity earnings, per cent	32·2	60·8	62·8	16·1	...
Dividend, per cent	8·0	12·0	12·0	4·0	4·0
Net equity assets	12·2	13·8	18·1	18·9	17·9
Cash flow	2·1	2·7	3·0	2·3	...
Gross profit/net equity assets	17·2	28·4	23·1	5·2	...
Net equity earnings/net equity assets	7·6	13·3	9·6	2·6	...

Price 5/6 Div. Yield 2·9%

Rover

ROVER, whose gross profits fell from £2,050,000 to £1,423,000 in the year to August 4th last, is in the midst of an ambitious expansion programme, and its accounts show the result: net cash assets have fallen by nearly £6.3 million to £220,000 and net fixed assets have risen by £4.4 million to £9.4 million. The expansion programme will be completed in the current year and this will involve a further increase in depreciation and other charges before the factories come into full production. The chairman, Mr Maurice Wilks, says that "under the circumstances, it is difficult to make a reliable forecast as to the current year's results." As the maintained dividend of 9½d. per 5s. share was covered twice by earnings in 1961-62, shareholders may feel reasonably confident that it will again be left unchanged. But this is clearly a transitional year—as it is for the company's range of cars.

The completion of the expansion scheme will presumably bring with it the replacement of the older models in the Rover range by the new medium-sized car with which the company hopes to add to its share of the car market by making a Rover less of a luxury. It will do so just at the time when Ford at least is extending the appeal of its range upwards. But the success of the Zodiac confirms the impression that increasing affluence is making this a growing market ; and it is one in which a name counts for a great deal. So Rover should be well placed to compete with the bigger firms—if it can produce a car with enough customer-appeal.

BSA

IN the year to July 31st last the turnover of the BSA group fell by 11 per cent, despite higher sales by the machine tool division which now includes Churchill Machine Tool. Gross profits were practically halved from £2,933,000 to £1,504,000, and the ordinary dividend was cut from 11¾ to 10 per cent. Capital expenditure fell but will rise again, possibly to £1¼ million or more, in the current year and the net bank overdraft has already risen from £435,000 to £830,000. The recession in the motor cycle industry (where BSA held on to its share of a smaller market) and the steel industry and hence the growing importance of machine tools to the group is reflected in the following breakdown of turnover between the divisions:

	1960-61	1961-62
Motor cycles and scooters ...	37%	26%
Machine tools	26%	35%
Steel	19%	18%
Small arms, engineering etc.	18%	21%

Plainly this was a bad year for BSA and the chairman, Mr Eric Turner, is none too hopeful about the immediate future. Profits in the first two months of the current financial year were lower than in the same period in 1961, when the machine tool division was working through a record order book, and though Mr Turner hopes that the full year's profits will be "a little better" than those in 1961-62 he says "it would be unrealistic to expect a rapid recovery." Orders for machine tools, motor cycles and steel are "either still falling or remaining fairly constant at low levels." The motor cycle division will "derive no benefit at all" from the changes in purchase tax on cars and investment allowances and unless there is a revival in the domestic market it will be difficult to remain competitive abroad and to repeat the 1961-62 performance of exporting two fifths of the output. The machine tool and steel divisions may ultimately benefit from an improvement in economic activity but there is substantial surplus capacity in the engineering industry and any increase in profits will be "marginal" and will have to come from greater efficiency rather than from a marked expansion in output. The general engineering and metal component subsidiaries have "scope for expansion" but many of them are bound to remain small because of the nature of their business. Finally, the lack of a government arms contract is "a serious blow." At the moment, therefore, the stock market which prices the 10s shares at 12s 9d to yield 7.8 per cent, covered 1.4 times, has no grounds for revising its view.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
Oct. 17	329·7	5·29		
,, 24	313·5	5·55		
,, 31	330·2	5·26		
Nov. 7	336·4	5·16	364·1 (Jan. 17)	310·3 (June 27)
,, 14	345·4	4·98		
,, 21	348·7	4·95		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Nov. 15	293·9	5·30	5·76	12,865
,, 16	294·8	5·28	5·85	13,739
,, 19	292·4	5·32	5·90	18,782
,, 20	289·6	5·37	5·89	14,824
,, 21	293·6	5·30	5·77	13,380

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935=100.

Motor Components

ALL three of the companies whose accounts are discussed below should benefit to some extent from any rise in vehicle sales generated by the cut in purchase tax. Since the end of July, when they drew up their accounts, their trade and prospects have brightened a little. But Wilmot-Breeden, which has maintained its interim dividend, talks of "severe effects" on the current year's profits and the promised final dividend no longer looks assured.

S. Smith and Sons.—Though the sales of this manufacturer of instruments and accessories for the motor and aviation industries were 5 per cent higher at £40½ million in the year to end-July, its gross profits were nearly 17 per cent lower at £2,226,000. The directors attribute much of the blame to a fall or postponement in orders from the aircraft industry. Stocks have risen (from £9½ million to £11½ million) and the group had to pay £1½ million in acquiring Lodge Plugs. As a result, the bank overdraft has jumped from £1¼ million to over £4¾ million and the company is now preparing to issue a debenture stock.

The issue will be made against the background of slightly higher profits. They were higher in the second half of the financial year than in the first and sales and earnings continued to improve in the first three months of the current year. The motor accessory division is budgeting for higher sales on the basis of a forecast of "a slight rise in the total output of vehicles" but the directors say it is too early to judge whether the cut in purchase tax will give sales an additional boost. The aviation division should benefit from deliveries deferred in 1961-62 and sales of appliance controls and sparking plugs should also rise. The expected rise in output will not however provide much benefit to those factories which are working well below normal capacity. The directors therefore expect profits to be better than in 1961-62 and, if the sales forecasts are achieved, to be close to those in 1960-61 when they amounted to £2,660,000. Unlike Joseph Lucas, S. Smith is not investing in local manufacturing facilities in Europe in anticipation of Britain's entry into the EEC and is continuing to pin its hopes on direct and indirect exports from this country.

Birmid Industries. — This company specialises in light alloy castings for the motor and aircraft industries and its gross income in the year to July 31st fell by nearly 9 per cent from £3,000,000 to £2,850,000. Since then, there has been a slight improvement in demand but the factories are by no means fully occupied. The chairman, Lord Exeter, says, that the technical and production efficiency of the manufacturing subsidiaries is "quite competitive" with the majority of similar businesses on the Continent but, apart from one or two specialised products, foreseeable future demand does not warrant any further large scale expansion in manufacturing facilities. Money will however continue to be spent on replacing and improving existing facilities. The company is extraordinarily well endowed with liquid resources. Indeed, some would argue that the £5,800,000 held in liquid form is excessive in relation to a balance sheet total of £20,900,000.

	Ord. earnings % Previous	Ord. earnings % Latest	Ord. dividend % Previous	Ord. dividend % Latest	Price Nov. 22	Yield %
S. Smith	37·3	29·8	20·0	20·0	15/6	5·2
Birmid	45·8	47·2	20·0	20·0	78/-	5·1
Duport	29·2	14·7	13·3	6·0	6/9	4·4

Duport.—Motor components form only a part of this company's trade, which includes steel, castings, furniture and electrical goods. None of the divisions did at all well in the year to end-July and gross profits slumped by 60 per cent, from £2 million to just over £750,000 and the dividend was cut from 13⅓ to 6 per cent. The group with a bank overdraft of over £900,000 needs more permanent finance but, clearly the time is not propitious for a new issue. Profits have improved in the last three months but though the engineering division should do better in the current year the group's dependence on its iron and steel division appears to rule out any strong recovery in profits in the immediate future.

Glaxo

THE continuing need to provide for research and development explains the high dividend cover on such a pharmaceutical stock as Glaxo. Despite the occasional calls made on resources by such factors as the exchange loss in Brazil in the year to June 30th last, Glaxo has preserved a high degree of liquidity and this has enabled the directors to pursue a progressive though not especially bold dividend policy. Thus, the dividend was raised from 15 to 16 per cent even though trading profits fell slightly in 1961-62 in the face of an increase of 5 per cent in turnover. The knowledge that the directors could afford to distribute more if they so wished keeps the yield on the 10s shares low. Their price has picked up in the last few weeks because there are signs that Glaxo's margins have improved and that its trade is continuing to grow.

Glaxo's margins were higher in the second half of the financial year than the first half because technical improvements in some processes resulted in lower production costs. Here, as the chairman, Sir Harry Jephcott, explains, research "resulting in new products, improved manufacturing processes and reduced costs" plays a notable part as competition largely frustrates any ambition to raise prices. The full benefit from lower costs on some pharmaceuticals should appear in the current financial year, which should be no less profitable than 1961-62 and which, Sir Harry hints, might produce slightly better profits. Here the growth in sales of fowl pest vaccine and of a more palatable sedative drug should play their part in the home market. But the growth of sales overseas is as important to Glaxo as another increase in domestic sales. It has been building up local manufacturing facilities and its overseas sales continue to rise. Britain's entry into the EEC may provide greater opportunities for the sale of drugs and antibiotics in bulk but it will not, in Sir Harry's view, immediately afford greater scope for the sale of proprietary pharmaceuticals. Even so, Britain's entry should add in some small measure to Glaxo's European business. Though Glaxo's profits may suffer occasional setbacks, as indeed they did in 1961-62, the long term outlook remains favourable.

	1958 £ mil.	1959 £ mil.	1960 £ mil.	1961 £ mil.	1962 £ mil.
Trading profit	6·2	6·5	7·9	8·3	8·2
Gross profit	5·6	5·8	7·3	7·5	7·2
Net equity earnings	2·4	2·8	3·6	3·6	3·2
Retained cash flow	2·7	3·4	3·7	3·8	3·5
Net fixed assets	9·4	10·3	11·3	14·0	15·5
Net current assets	11·8	12·7	15·0	18·3	18·5
Net liquid assets	6·6	7·3	8·9	9·4	9·3
Net equity assets	17·4	19·2	22·6	27·9	29·7
Ord. earnings (per cent)	41·5	44·6	54·8	49·5	45·0
Ord. dividend (per cent)	9·4	11·2	14·4	15·0	16·0
Gross profit/net equity assets	32·2	30·2	32·3	26·9	24·2
Net earnings/net equity assets	13·8	14·6	15·9	12·9	10·8
Price (10s. shares): 55s. 6d.			Earnings yield: 8·1%.		
Dividend yield: 2·9%			Equal to 12·3 years' earnings.		

Confidence in Copper

SHAREHOLDERS are well provided with the facts about the operations of the Rhodesian copper companies and now that the price of copper is fixed and the level of output or sales is geared to a given proportion of known capacity, they have a clearer picture of earnings than ever before. But the annual reports of the two big Rhodesian copper groups afford the chairmen of Rhodesian Selection Trust and Rhodesian Anglo American an opportunity to discuss the more intangible factors which decisively influence the current price of copper shares.

Sir Ronald Prain of RST and Mr Harry Oppenheimer of Rhoanglo answer the first major question—the political future of Northern Rhodesia—more emphatically by their actions than by their words. RST is to develop the Chambishi orebody at a cost of £6½ million over and above the £1 million already spent on surveying this field. RST will thus sustain its rapid postwar growth after, apparently, carefully reviewing the political risks.

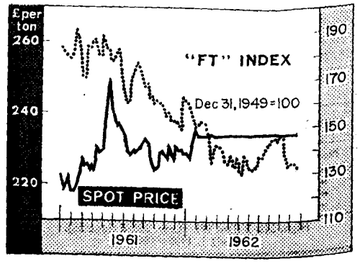
The Rhoanglo group holds about 30 per cent of the capital of Chambishi, and it has decided to subscribe its full share of the cost of the new venture which should produce 25,000 tons of copper by 1967. Rhoanglo's faith in the future of Central Africa is also apparent in the maintenance of the costly programme of exploration and in its spread of investments outside mining in the Rhodesian Federation.

Investors do not however altogether share the confidence that Sir Ronald and Mr Oppenheimer have in the future political stability of Central Africa. On favourable assumptions, the Chambishi venture might yield a profit before tax of about 30 per cent in 1967. But at the current prices of 28s. 6d for RST and 55s. for Rhoanglo, the respective yields are 14.7 and 14.5 per cent, after deducting Rhodesian taxes of 8s. in the £. Sir Ronald Prain admits that investors are now so cautious as to be unwilling for the moment to invest fresh capital in Rhodesia. It was to facilitate new developments such as Chambishi that this year's merger between Roan Antelope and RST was arranged.

The two chairmen are equally confident about the future of copper, though when the growth in consumption of copper is resumed it may not pick up again to the average rate of growth of 4 per cent per annum recorded since the end of the war. Sir Ronald estimates that restrictions on output or sales are currently holding 300,000 tons of copper a year off the market. If the growth in consumption lags, that gap will not be quickly closed. Output curbs have already run for two years in Rhodesia, which is probably longer than producers had expected. The Anglo American group stocked up heavily with copper in the first year of restrictions so as to avoid production cuts but the reports of Rhokana and Bancroft show no significant addition to these stocks in the year to June 30th last. But the copperbelt strike in May was responsible for an unscheduled cut in Rhokana's production and Bancroft has been unable to reach its production target. Mr Oppenheimer says that Bancroft's number one shaft cannot sustain its present rate of extraction and that the future of this disappointing venture lies with its number three shaft which has already been sunk to 1,100 feet. At 6s. 10½d., Bancroft has been one of the weakest of the Rhodesian mining shares in the past few months.

On the future price of copper, which producers have fixed at £234 a ton for cash supplies in London, the two chairmen are more guarded. Mr Oppenheimer claims that price stability is a boon to consumers and producers alike. Sir Ronald reiterates his view that the price of copper should be "reasonable" in relation to substitute materials in the long run. He implies that the current price is reasonable but strikes a cautious note in referring to "the difficulties in assessing the immediate outlook." Largely because of the rise in production following completion of the Mufulira West extension, RST's profit at £2,831,000 in the first quarter to end-September was £218,000 higher than a year earlier. The full report revealed that Mufulira's production costs fell by about £11 a ton in 1961-62 and this helped to raise the profits of RST (excluding Roan Antelope) from £7,742,000 to £12,352,000. RST was thus able to pay a total gross dividend of 7s. per share, against a forecast of 6s. at the time of the Roan merger. In the Rhoanglo group, Rhokana's gross profit fell slightly from £14,376,000 to £14,222,000 but Rhoanglo's own profits before tax rose from £32,132,000 to £32,615,000, and its dividend was maintained at 8s. a share, net of Rhodesian tax. Both groups will benefit from the maiden dividend likely to be paid this year by Chibuluma.

COPPER AND SHARE PRICES



Ultramar

ULTRAMAR is still the oil stock for speculators. This was again demonstrated this week when the price of the 10s. units jumped from the depressed level of 21s. 3d. to 26s. 3d. on the encouraging statement made by the chairman, Sir Edwin Herbert, on the progress made by the company in the "period of transition." Three years ago Ultramar was interested solely in production and when its contracts ran out it was faced with the problem of selling Venezuelan oil in markets overshadowed by a world wide surplus. Ultramar therefore had to build up refining and marketing facilities from scratch. Production and drilling in Venezuela have been curtailed though income from "royalty companies" has been well maintained. Production in Canada is rising and adding to the cash flow. In the future, the group's cash flow will be invested partly in further production and exploration, partly in purchases of crude oil at "attractive prices" from other producers and partly in the further development of refining and marketing interests. Ultramar has invested in refineries in California, Panama and Canada and now has no need to sell Venezuelan crude to outside interests. The loss made by the California refinery has been turned into a profit; sales from the Canadian refinery should increase significantly in the near future; and the Panama refinery has, Sir Edwin believes, "excellent prospects."

As a result, the directors expect an appreciable improvement in trading results in the second half of this year and next year. The developments cost Ultramar about £8 million and though part of a bank loan has now been repaid the strain on financial resources is still apparent. Some part of the development plans may be trimmed and the group is hoping to arrange bridging finance with its bankers. Ultramar raised £3¼ million on a 7 per cent convertible loan stock in 1960; the stock now stands at £80, setting the conversion price at the next date at £2 per 10s. ordinary unit. The loan stock is finally redeemable in 1978 and Sir Edwin still hopes to carry through the integration programme without making any further appeals to the capital market. In all, Ultramar is stronger than it was but it is still faced with the problems confronting a small independent, particularly in marketing, when it competes with the giants.

Wiggins Teape

EARLY in 1961 a link was forged between Wiggins Teape and British American Tobacco, when Millbank Paper was set up to extend the paper making interests of the two companies. Millbank was previously controlled by BAT and Wiggins Teape transferred to it certain assets in Britain, Australia, India and South Africa in exchange for a 50 per cent stake. One of Millbank's principal products is cigarette tissue which is sold to BAT companies and to other cigarette manufacturers. A vigorous expansion programme is under way and Wiggins Teape's share of the funds was being met by the allotment of 1,800,000 £1 shares to BAT at 60s. a share to be called up as required by Wiggins Teape until January, 1964.

The two companies have now agreed that Millbank should become a wholly owned subsidiary of Wiggins Teape—the two might otherwise have been in competition in certain overseas markets. This will remove the snags of a dual controlled company and the possibility that the area trading agreements operated between Millbank and Wiggins Teape would be contrary to the provisions of the Rome Treaty should Britain join the common market. BAT will sell its half-stake in Millbank for 3,537,613 shares in Wiggins Teape and will subscribe for a further 1,253,333 ordinary shares at 60s. each to cover its agreed share of Millbank's outstanding capital commitments as the funds are required. In all BAT will hold 30.37 per cent of Wiggins Teape's enlarged ordinary capital of £21.7 million.

Shareholders who are being asked to approve a deal that gives BAT virtual control of the company may wonder why the association with BAT did not take this form originally. But they will obtain a clearer picture of the profitability of the group as a whole for as Millbank was an associate company Wiggins Teape consolidated only its share of Millbank's dividends, amounting to £470,000 gross, in its 1961 accounts. In fact, Millbank's gross income amounted to £1.9 million last year. Then, earnings covered the Wiggins Teape 14 per cent dividend 1¾ times; a similar payment has been forecast for the current year, though the new shares will not rank for the 4 per cent interim, but profits are not expected to reach the 1961 level. At 56s. 9d. the £1 shares yield 4.9 per cent.

Ups and Downs

TWO of the three big companies which issued interim statements in the last few days are in the "super growth" class and their yields are minimal. The third, Beecham, had a similar rating a year or so ago but recent results have made investors think again.

Beecham Group.—At the recent meeting the chairman, Mr H. G. Lazell, told shareholders that sales for the first quarter were 5 per cent up on the previous year; the table shows that for the six months to September they were only 1¼ per cent higher at £28.9 million. The slowing down in the growth in sales probably stems largely from the 15 per cent tax on soft drinks and confectionery, which account for more than half Beecham's home sales. Moreover the past summer was no help to sales of soft drinks and margins are still below the levels of a year ago. Shareholders must wait until May for evidence of the steady improvement in margins which Mr Lazell expects to result from an examination of Beecham's operating methods.

BEECHAM'S SALES AND PROFITS

Six months to	Sept. 30, 1961 (£000's)	Mar. 31, 1962 (£000's)	Sept. 30, 1962 (£000's)
Sales	28,569	30,062	28,922
Gross income	3,996	3,516	3,757
Taxation	1,885	1,586	1,780
Net income	2,104	1,922	1,970
	%	%	%
Gross income/sales	14·0	11·7	13·0
Net income/sales	7·4	6·4	6·8

Elliott-Automation.—In 1961-62 the directors of Elliott-Automation followed a policy of dividend restraint leaving the interim unchanged and raising the final dividend by only one point, to make 14 per cent. Shareholders can look for a bigger increase this year for the interim dividend is raised from 5 to 6 per cent and the directors say that orders received and deliveries are substantially ahead of the corresponding figures in 1961 and that profits show a similar rise. In the electronics field, expenditure on capital equipment is heavy and a sharply rising turnover involves big increases in working capital. After issuing £2 million debenture stock in July, the directors are now to issue £1½ million of cumulative preference shares—something of a rarity these days. The shares, which it is believed will carry a 7 per cent coupon, will be placed through Philip Hill, Higginson, Erlangers and Hambros Bank. The demand for automation equipment is expanding rapidly and in view of the highly technical nature of the group's activities the board is being reconstituted to bring in more senior executives from within the group. Four of them are to succeed four of the present non-executive directors and from January 1st Sir Leon Bagrit, the managing director, is to succeed Mr Rudolph de Trafford as chairman.

Tesco Stores.—Following the one for five scrip issue the interim dividend has been raised from the equivalent of 8½ to 11 per cent and this has aroused speculation about the total dividend for 1962-63. Earlier the directors had forecast 22½ per cent but the size of the latest increase and the confident view of the directors about trading prospects for this supermarket group suggests that 25 per cent may not be too optimistic. Such a payment would raise the yield to 2½ per cent. The chairman, Mr J. E. Cohen, says that the increase in the interim dividend indicates improved trading results and an optimistic view of the future in supermarket business and in credit drapery, where the reorganisation of Harrow Stores Watford has now been completed.

PRICES AND YIELDS

	1962 High	1962 Low	Nov. 22	Div. %	Yield %
Beecham Group	52/1½	33/10½	36/10½	30	4·1
Tesco Stores	12/4½	9/2½	10/7½	22½	2·1
Elliott-Automation	54/6	39/-	47/3	14	1·5

STOCK PRICES AND YIELDS

Prices, 1962 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 14, 1962	Price, Nov. 21, 1962	Net Red. Yield, Nov. 21, 1962§	Gross Red. Yield, Nov. 21, 1962
					£ s. d.	£ s. d.
99½	96 3/16	Exchequer 3% 1962–63	99 7/16	99½	2 17 7	3 18 8l
100 11/16	98½	Conversion 4¾% 1963	100½	100 17/32	2 3 2	3 16 0
98⅜	93 5/16	Exchequer 2½% 1963–64	98 3/16	98 5/32	2 16 2	3 16 2l
100 13/16	97 1/16	Conversion 4½% 1964	100 9/16	100 9/16	2 6 10	4 2 3
99 9/16	98⅛	Treasury 4% 1965	99 9/32	99 5/16	2 13 6	4 6 7
99 25/32	98⅛	Treasury 4% 'A' 1965	99 9/32	99 5/16	2 15 2	4 6 8
96⅞	90 11/32	Savings Bonds 3% 1955–65	96 1/32	96 1/16	3 4 7	4 10 10l
103 11/16	98 3/32	Exchequer 5½% 1966	102 15/32	102 19/32	2 8 6	4 12 11
92⅞	85	Savings Bonds 2½% 1964–67	91 1/32	90 31/32	3 14 11	4 15 9l
103⅞	98	Exchequer 5% 1967	100⅝*	100 21/32	2 18 5	4 17 1
93 15/16	83 5/16	Funding 3% 1966–68	92	91⅝	3 11 9	4 17 9l
95 1/16	84⅞	Conversion 3½% 1969	93⅛	92⅝	3 11 1	5 0 9
92½	82⅝	Funding 3% 1959–69	90½	90	3 12 10	4 18 0l
98⅞	92¼	Victory 4% 1920–76	97⅞	97⅜	2 18 11	4 11 10‡
90⅛	78 15/16	Savings Bonds 3% 1960–70	88	87½	3 15 5	5 1 6l
103 7/16	90 9/16	Conversion 5% 1971	100⅞	100½	3 2 10	5 3 8
109 5/16	97¼	Conversion 6% 1972	107⅛	106⅜	3 0 1	5 6 9
105⅜	91⅛	Conversion 5¼% 1974	100¾*	100¼*	3 3 5	5 3 9
95 13/16	87¾	Funding 4% 1960–90	93⅞	93½	3 2 5	4 14 1l
83⅝	70 7/16	Savings Bonds 3% 1965–75	81¾	81¼	3 15 1	5 2 2l
82 7/16	69 3/16	Treasury 3½% 1977–80	79½*	79*	3 15 8	5 6 10l
81⅜	68 5/16	Treasury 3½% 1979–81	79¾	79¼	3 15 5	5 7 8l
102¾	90 3/16	Funding 5½% 1982–84	102⅛	101⅝	3 6 9	5 10 6e
93⅜	82⅜	Treasury 5% 1986–89	92⅜	91⅝	3 11 5	5 13 0l
66	54	Redemption 3% 1986–96	64¼	64	3 14 8	5 6 9l
69¼	56 15/16	Funding 3½% 1999–2004	68⅜	67⅞	3 14 0	5 11 4l
98	84⅛	Treasury 5½% 2008–12	96⅞	96⅛	3 11 4	5 16 2l
69⅞	58¼	Consols 4% ....after Feb. 1957	68¾	68	3 12 11	5 19 10
63⅛	52 1/16	War Loan 3½% ....after 1952	60¼*	59⅝*	3 11 10	5 17 3f
61⅝	52 5/16	Conv. 3½% ....after Apr. 1961	60⅜	59⅝	3 12 3	5 18 5f
52¾	44⅞	Treasury 3% ....after Apr. 1966	51⅞	51	3 12 5	5 18 7f
45½	38⅛	Consols 2½%	44¼	43¾	3 10 4	5 15 2f
44¾	38 1/16	Treasury 2½% ....after Apr. 1975	43⅞	43½	3 10 9	5 15 11f
100 13/16	89 15/16	British Electric 4½% 1967–69	98½	98	3 4 4	5 1 6l
86	74⅜	British Electric 3% 1968–73	84	83½	3 16 3	5 2 7l
81½	69	British Electric 3% 1974–77	79¾	79⅜	3 14 11	5 2 1l
90⅞	79 1/16	British Electric 4¼% 1974–79	89⅝	89	3 10 2	5 6 2l
83 9/16	70⅜	British Electric 3½% 1976–79	80¾	80¼	3 14 7	5 5 8l
92¼	80 9/16	British Gas 3½% 1969–71	90⅛	89½	3 12 2	5 2 0l
95¼	82¾	British Gas 4% 1969–72	93	92½	3 9 0	5 2 10l
66 3/16	53 13/16	British Gas 3% 1990–95	65	64⅜	3 15 0	5 6 8l
86	74⅜	British Transport 3% 1968–73	84	83½	3 16 3	5 2 7l
90⅝	77¼	British Transport 4% 1972–77	87¼*	86¾*	3 11 7	5 5 2l
69 9/16	56½	British Transport 3% 1978–88	68⅜	67⅞	3 17 5	5 8 5l

Prices, 1962 High	Low	DOMINION AND CORPORATION STOCKS	Price, Nov. 14, 1962	Price, Nov. 21, 1962	Net Yield, Nov. 21, 1962
					£ s. d.
88½	79½	Australia 3¼% 1965–69	86½	86¼	5 17 0l
103¼	96	Australia 6% 1974–76	101¼	101¼	5 17 0e
66	52	Ceylon 4% 1973–75	57¾	57	10 5 0l
104	94¼	New Zealand 6% 1976–80	101¼	101	6 0 0e
81	62½	Rhodesia and Nyasaland 6% 1978–81	79½	77½	8 13 0l
91¼	82	South Africa 3½% 1965–67	91¼	91¼	5 15 0l
69	48	Southern Rhodesia 4½% 1987–92	68¼	67	7 6 0l
91	77¾	Agricultural Mortgage 5% 1959–89	89¾	89¾	5 15 0l
96¼	86	Birmingham 4¼% 1967–70	93¾	93½	5 10 0l
100	88⅝	Bristol 5% 1971–73	98½	95¼*	5 10 0l
100½	88	Corporation of London 5¼% 1976–79	98*	97*	5 10 0l
52	43	L.C.C. 3% ....after 1920	49½*	48¾*	6 2 0f
96	84	L.C.C. 5% 1980–83	94⅛	93½	5 12 0l
100	87	Middlesex 5¼% 1980	97¾	96¾	5 12 0

Prices, 1962 High	Low	Last Two Dividends (a)	(b) (c)	ORDINARY STOCKS	Price, Nov. 14, 1962	Price, Nov. 21, 1962	Yield, Nov. 21, 1962	Cover
		%	%	**BANKS, DISCOUNTS & HP**				
105/–	79/9	6½ b	6½ a	Barclays £1	84/–	83/9	3·10	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	59/–	58/9	3·24	...
29/7½	20/–	7 b	7 a	Martins 5/–	27/–	26/9	2·80	...
101/–	80/–	7½ b	7½ a	Midland £1	89/3	88/3	3·40	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	86/6	83/6	3·35	...
97/9	71/–	6⅔ b	6⅔ a	Westminster 'B' £1	83/–	82/9	3·21	...
50/6	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	50/6	49/9	4·82	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. £1	36/6	38/6	4·33	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£21 15/16	£22 1/16	3·08	...
37	27¼	8 c	9 c	Bank of New S. Wales £20	36	37	3·89g	...
40/–	32/6	5 b	5 a	Barclays D.C.O. £1	40/–	39/3	5·10	...
58/6	53/–	7½ b	7½ a	Chartered £1	55/3	54/9	5·48	...
£19¾	£16	10/– b	5/– a	Hongk'g. & Shang. $25	£18	£17½	4·29	...
62/–	49/–	9 b	7½ a	Nat. Com. Bk. Scot. 10/–	51/–*	50/9*	3·25	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£26 3/16	£25 15/16	3·19	...
46/3	37/6	5 a	10 b	Standard Bank £1	46/–	44/9	6·70	...
54/4½	35/9	15 b	7½ a	Hambros 5/–	37/3	37/3	3·02	...
99/9	68/–	5 b	2½ a	Schroders £1	77/–	79/–	1·90	...
59/3	47/1½	6¼ b	6¼ a	Union Discount £1	59/3‖	57/3‖	4·37	...
14/1½	10/–	18 c	Nil c	Bowmaker 5/–	12/9	12/9	...	...
14/3	9/9	10 c	2½ a	Lombard Banking 5/–	10/7½	10/7½	...	1½
16/4½	10/6	2½ b	2 a	Mercantile Credit 5/–	13/9	14/4½	2·61	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. 5/–	33/6	34/3	3·87	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/–	14/7½	14/7½	3·76**	2
14/10½	12/10½	...	4½ a	Charrington United 5/–	14/1½	14/3	4·21**	1¾
44/–	30/6	8½ b	6 a	Distillers 10/–	35/1½	36/–	4·03	1¾
51/6	41/–	14 b	8 a	Guinness 10/–	44/6	45/–	4·89	1¾
34/–	20/4½	14 c	5 a	Harveys 5/–	23/–	23/10½	2·93	2½
15/7½	11/7½	...	8 b	Ind Coope T.A. 5/–	12/3	12/3	4·90**	1½
29/–	21/3	12 b	6 a	Watney Mann 5/–	24/6	25/3	3·56	2
42/4½	31/9	30 c	10 a	Whitbread 'A' 5/–	37/–	37/–	4·05	1¾
				BUILDING, PAINT, Etc.				
62/9	50/6	6½ b	3 a	Associated Portland £1	61/3	62/6	3·04	2¼
29/3	20/10½	4 a	8½ b	British Plaster Bd. 10/–	28/7½	29/3	4·27	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/–	18/–	18/–	4·44	2¾
14/11¼	10/6	16·9c	5 a	Crittal Mfg. 5/–	13/10½	14/7½	5·78**	2
14/1½	9/10½	6 a	16½ b	International Paints 4/–	13/–	12/10½	6·99	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/–	63/6	61/6	2·03	3¼
24/6	17/7½	5 a	12 b	Wall Paper 5/–	18/6	18/–	4·72	2
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson 5/–	25/–	25/3	3·96	2
19/3	13/–	11½ c	5 a	Borax Defd. 5/–	15/1½	15/9¾	3·64	2½
43/3	25/6	4 a	6 b	Fisons £1	32/6*	32/6*	6·15	...
60/6	47/6	7½ b	6¼ a	I C I £1	59/3	59/10½	4·59	1
18/6	12/–	10 c	3¾ a	Monsanto 5/–	14/6	15/–	...	1½
				DRAPERY & STORES				
35/3	24/–	8 b	4 a	Boots Pure Drug 5/–	25/6	25/6	2·35	2¼
33/9	18/9	5 b	2 a	Montague Burton 10/–	24/9	24/4½	2·82	2¼
59/6	42/9	5⅚ a	13⅓ b	Debenhams 10/–	46/6	47/3	4·06	1½
48/9	38/4½	9⅜ a	20⅝ b	G.U.S. 'A' 5/–	46/1½‖	45/10½‖	3·27	2
40/3	28/9	16⅔ b	13⅓ a	House of Fraser 5/–	33/–	33/3	4·51	1¼
16/6	12/6	7½ b	5 a	Lewis's Invest. Tst. 4/–	12/10½	12/9	3·92	2
100/6	79/–	32½ b	15 a	Marks & Spencer 'A' 5/–	85/6*	86/6*	2·75	1½
52/6	39/6	20 b	10 a	United Drapery 5/–	46/–	46/9	3·21	1¾
53/–	42/6	25 b	10⅚ a	Woolworth 5/–	45/6	45/4½	3·95	1¼
				OIL				
43/6	30/6	†9·84c	†3⅓ a	British Petroleum £1	40/6	41/3	7·79	2
44/6	30/6	†7 11/12c	†2½ a	Burmah Oil £1	40/9	39/3	8·67	1¼
£15 5/16	£12 5/16	26¼ c	13 a	Royal Dutch ....20 fl.	£15⅛	£15 5/16	3·26	2½
38/9	27/–	†25 c	†11⅔ a	Shell Transport 5/–	37/7½	38/6	5·30	2½
32/9	20/6	...	...	Ultramar 10/–	21/3	26/1½	...	...

NEW YORK PRICES AND INDICES

	Nov. 14 $	Nov. 21 $		Nov. 14 $	Nov. 21 $		Nov. 14 $	Nov. 21 $
Atch. Topeka	23½	24¼	Boeing	41⅝	41⅜	Int. Harvester ..	49¾	49
Can. Pacific	21⅞	22	Celanese	35⅝	37	Inter. Nickel ...	61¾	62¾
Pennsylvania	11½	12⅝	Chrysler	66⅛	70¾	Inter. Paper ...	28⅛	27¾
Union Pacific	32½	33¼	Col. Palmolive ..	39¾	42	Kennecott	66¼	70½
Amer. Electric ...	32⅝	35⅜	Crown Zeller. ..	42⅝	44½	Monsanto	46¼	47¼
Am. Tel. & Tel. ...	113⅞	112⅞	Distillers Seag. ..	42	42⅜	Nat. Distillers ..	23	23½
Cons. Edison	76⅜	78¼	Douglas	29⅜	31⅝	Pan-American .	19⅛	20⅜
Int. Tel. & Tel. ...	39½	41½	Dow Chemical ..	56¾	56⅝	Procter Gamble	68⅞	68¾
South'n. Nat. Gas.	43¼	43½	Du Pont	228½	231*	Radio Corpn. ..	55⅛	54⅞
United Corpn. ...	7¾	8	East. Kodak	102⅛	104⅞	Sears Roebuck .	73¼	74⅜
Western Union ...	25½	25⅛	Ford Motor	44⅜	45⅛	Shell Oil	32	32⅜
Alcoa	55⅞	53¼	Gen. Electric ...	72⅜	73⅝	Socony-Mobil ..	52⅞	54
Aluminium	21¾	21	General Foods ..	71	71	Stand. Oil Ind. .	44¾	47½
Amer. Can	43⅞	44⅜	General Motors .	55⅜	55⅞	Stand. Oil N.J. ..	54¼	55
Am. Smelting	55	56	Goodyear	32⅝	32	Union Carbide .	101½	102⅞
Am. Viscose	56⅝	57⅝	Gulf Oil	37	37⅛	U.S. Steel	43⅞	44⅜
Anaconda	42½	44⅝	Heinz	43¼	44¾	West. Electric ..	31¼	33⅜
Beth. Steel	29½	29⅝	Int. Bus. Mach. ..	374½	377¼	Woolworth	65¾	65½

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 24	57·76	3·74	27·59	5·81	53·77	3·84	90·06	3·88
„ 31	59·09	3·66	28·17	5·69	55·33	3·69	89·96	3·89
Nov. 7	61·48	3·50	29·24	5·48	56·78	3·62	90·06	3·88
„ 14	63·04	3·40	30·49	5·42	57·61	3·56	90·28	3·86
„ 21	63·68	3·43	31·26	5·29	58·52	3·51	89·96	3·89

425 Industrials :—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

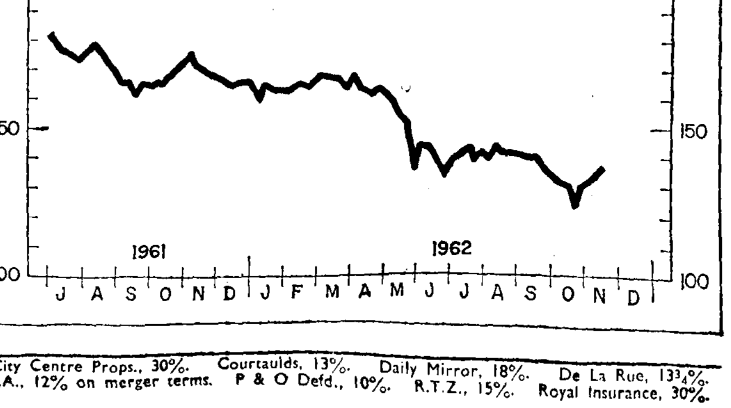
	Nov. 14	Nov. 21		Nov. 14	Nov. 21		Nov. 14	Nov. 21
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide ...	1,080	1,225	A.E.G.	365	376	A.K.U.	348½	367⅜
Banque de Paris	495	539	Bad'che. Anilin.	392	401¾	Bijenkorf	828	875
Citroen	184·9	205	Bayer	442	452	Heinekens	441	480
C. F. Petrole ..	288	312	Commerzbank.	376	392	Interunie (Fl.50)	Fl.177	Fl.181
Cie. G. d'Elect.	752	868	Deutsche Bank.	376	450	K. N. Hoogoven	510¾	547
Machines Bull.	405·1	450	Hoechst Farb. ..	391½	401½	Kon. Zout-Ket.	715	722
Pechiney	215·6	245	Kundenkredit .	352	364	Philips (Fl.25) ..	Fl.139·1	Fl.143·2
Printemps	555	598	Lowenbrau	838	848	Robeco (Fl.50) .	Fl.198	Fl.201
Rhone-Poulenc	387·5	446	Mannesmann ..	201¼	205	Rotterdam Bk. .	357	360¼
S.I.M.	355	369	Siemens	532	549½	Thomassen & D.	667	665
Saint-Gobain ..	322·1	352	Thyssen-Huette	178	181½	Valeurop	Fl. 68·6	Fl. 69·6
Usinor	169	199	Volkswagen ...	448½	453	Zwanenberg ..	789	835
Index .... Dec. 30, 1960=100.	91·6	99·2	Herstatt Index Dec. 31, 1959=100.	83·15	85·21	Index .... 1953=100.	310·5	316·3
CANADA	$	$	**AUSTRALIA**	£A	£A	**JAPAN**	Yen	Yen
Abitibi Pr. & P.	40¾	42	Ampol Pet.	11/2	11/4	Ajinomoto	368	365
Aluminium ...	23¼	22¾	Ass. Pulp & P. ..	30/9	31/9	Fuji Iron	44	45
Bel Tel.	50⅞	50¾	Aust. Con. Inds.	62/6	61/3	Hitachi	75	74
Can. Brewer's.	10⅜	10¾	Aust. Oil & Gas	54/3	53/9	Honda Motor ..	355	336
Can. Imp. Bank	62⅝	63½	Brit. Tobacco ..	27/9	27/–	Kirin Brewery.	358	345
Can. Pac. Rly. .	23¾	23¾	Broken Hill Pty.	51/3	49/9	Mitsub. Chem. .	71	75
Hiram Walker	54	53¾	G. J. Coles	13/–	12/11	Mitsub. Elect. ..	69	66
Imperial Oil ..	43¾	43⅞	Felt & Textiles.	8/3	8/3	Mitsub. Heavy ..	67	69
Noranda Mines	30¼	30⅛	I.C.I. A.N.Z. ...	43/3	41/9	Nippon Elect. ..	327	313
Shawinigan Wtr	24⅞	24⅞	Myer Emporium	29/9	30/3	Sony	765	725
Steel of Canada	17½	17¾	Ready Mix Con.	10/6	10/6	Toyo Rayon ...	140	138
Trans.Can.Pipe	21⅜	21⅛	Woolworth ...	13/9	13/9	Yawata Iron ...	49	47
Toronto Ind. Index .... 1933=100.	561·77	565·00	Sydney Indust. Index .... 1937/39=100.	292·79	289·81	Dow Jones Average	1412·74	1392·65

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year' dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (m) Assented into Treasury 4% 1965. Japanese prices supplied by Diawa Securities, Tokyo.

LONDON : NEW YORK : FRANCE : GERMANY : HOLLAND : CANADA : AUSTRALIA : JAPAN

Prices, 1962 High	Low	Last Two Dividends (a)	(b) (c)	ORDINARY STOCKS	Price, Nov. 14, 1962	Price, Nov. 21, 1962	Yield, Nov. 21, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
36/3	23/–	10 c	3¾ a	A.E.I. £1	35/–	36/–	5·56	1
12/6	7/6	15 c	2½ c	Brit. Electronic Inds. 5/–	8/10½	9/4½	1·33	...
68/–	51/9	9½ b	4 a	B.I.C.C. £1	67/6	67/9	3·99	2
16/1½	11/6	4·6 a	7½ b	Crompton Parkinson 5/–	15/7½	16/1½	3·72	2¼
89/6	63/–	7½ a	17½ b	Decca 10/–	83/–	82/–	3·05	2
45/6	32/3	5 a	12½ b	E.M.I. 10/–	36/9	42/3	4·14	1¾
54/6	39/–	14 c	6 a	Elliott-Automation 5/–	45/6	47/3	1·48	2
30/–	20/9	5 b	3 a	English Electric £1	29/3	30/–	5·33	1½
38/6	26/–	3 a	7 b	General Electric £1	38/–	38/6	5·19	¾
59/3	34/6	8⅛ b	4⅜ a	C. A. Parsons £1	53/–	56/–	4·46	2
55/–	38/6	6½ b	3¼ a	A. Reyrolle £1	50/6	55/–	3·55	2½
85/9	58/–	25 c	27½ c	Thorn Electrical 5/–	82/9	82/9	1·66	3½
				ENGINEERING				
36/–	20/3	9 c	4½ a	Babcock & Wilcox £1	35/3	36/–	5·00	1½
38/3	27/3	3·2 a	7 b	John Brown £1	34/1½	34/4½	5·93	2¼
6/–	4/3	7 b	3 a	Cammell Laird 5/–	5/1½	5/7½	8·89	1
31/–	21/10½	20 b	10 a	Internat. Combust. ..5/–	30/3	30/3	4·96	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/–	3/8¼	3/9¾	...	...
38/4½	20/4½	9½ b	2½ a	Swan Hunter £1	23/4½	23/7½	8·47**	...
17/–	10/6	10 b	5 a	John Thompson 5/–	14/9	15/6	4·84	1½
35/–	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/–	33/7½	34/4½	4·16	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	63/1½	63/1½	4·64	2
55/9	33/9	5 a	10 b	Allied Ironfounders ..£1	53/6	55/9	5·38	1½
99/9	67/9	10 b	5 a	Averys £1	74/–*	74/6*	4·03	2
20/3	11/9¾	4 a	6 b	B.S.A. 10/–	14/–*	12/8¼*	7·88	2¼
12/1½	8/6	4½ a	8½ b	George Cohen 5/–	11/4½	11/6	5·65	1¾
33/–	15/9	10 a	17½ b	Davy-Ashmore 5/–	19/3	18/6	...	2
81/10½	62/10½	11 b	5 a	Guest Keen £1	75/4½	77/7½	4·12	2¼
21/–	14/3	4 a	12 b	Head Wrightson 5/–	16/9	16/9	4·78	2½
85/6	67/–	5 a	7 b	Metal Box £1	72/3	73/3	3·28	2¼
18/–	13/4½	4 a	10 b	Ransome & Marles ..5/–	16/3*	16/6*	4·24	3
48/–	34/–	7 b	3 a	Renold Chains £1	43/9	43/6	4·60	1¾
64/10½	43/1½	7 a	7 b	Tube Investments £1	58/7½*	58/7½*	4·78	3
31/1½	22/10½	7½ b	2½ a	Vickers £1	26/1½	25/6	7·84	1
71/6	54/–	3¾ a	10 b	Ward (Thos. W.) £1	59/9	58/–	4·74	3
20/6	12/3	5 a	16 b	Woodall-Duckham ..5/–	16/–	16/3	6·46	1¾
				FOOD & TOBACCO				
28/9	19/9	10 c	10 c	Allied Suppliers 10/–	25/9	25/9	3·88	2½
12/4½	8/4½	12½ b	10 a	Assoc. British Foods ..1/–	9/9	10/–	2·25	2
61/3	29/3	8 b	4 a	Bovril £1	41/6	42/3	5·68	1½
12/9	9/9	†2 1/12 a	†4⅙ b	Brooke Bond 'B' 5/–	11/11¼	11/3	4·54	...
16/4½	11/10½	2½ a	10 b	International Tea 5/–	15/10½	15/6	4·03	1¾
82/6	62/9	10⅚ b	5 a	J. Lyons 'A' £1	79/3*	80/3*	3·95	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/–	33/10½	35/3	3·97	...
13/7½	10/10½	10 c	3 a	Spillers 5/–	12/10½	12/9	3·92	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	50/–	49/6	4·85	2¼
18/–	13/10½	5 a	9 b	Unigate 5/–	14/9	14/9	4·75	2
65/3	52/–	†22½ c	†5⅚ a	Brit. Amer. Tobac. ..10/–	62/9	61/6	5·97	3
41/3	28/3	15 b	5 a	Gallaher 10/–	30/3	30/3	6·61	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	57/9	56/6	7·96	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/–	7 1/16	7 5/16	2·66	...
68/–	48/9	25 b	20 a	Commercial Union ..5/–	51/3	51/9	4·35	...
9	5⅜	...	...	Equity & Law Life ..5/–	7 11/16	7 11/16	1·42**	...
109/3	69/–	30 c	12½ a	General Accident 5/–	77/9	76/9	1·95	...
60/6	42/6	...	11⅔ a	Guardian 5/–	47/–	46/6	2·87**	...
48¾	32½	110 b	80 a	Legal & General 5/–	38⅛*	38⅜*	1·24	...
180/–	138/9	12½ b	9½ a	Northern & Empl. £1	153/9	163/9	2·69	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/–	12 9/16	12 11/16	3·22	...
29¾	21⅞	†208⅓ c	†231¼ c	Prudential 'A' 4/–	25⅞	25⅜	2·98	...
47/10½	35/3	...	15 a	Royal 5/–	36/9	37/3	4·03**	...
127/9	95/6	111¼ b	7½ a	Royal Exchange £1	98/3	100/3	3·74	...
				MOTORS & AIRCRAFT				
18/3	12/6	7½ a	12½ b	British Motor 5/–	14/9*	14/7½*	6·84	¾
85/3	60/–	20 c	20 c	Jaguar Cars 'A' 5/–	73/9	72/9	1·37	8
41/6	23/1½	8 c	2 a	Rolls-Royce £1	25/–	24/3*	...	1¼
6/8¼	4/3	4 c	4 c	Rootes Motors 'A' ...4/–	5/5¼	5/5¼	2·94	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	80/4½	80/4½	4·98	...
18/0¾	13/10½	13½ c	5 a	Bristol Aeroplane ..10/–	17/7½	17/7½	7·66	2
28/9	19/3	6 b	5 a	Hawker Siddeley £1	27/4½	28/9	7·65	1¼
37/6	25/9	†4 a	†6½ b	Dowty Group 10/–	36/10½	36/4½	4·71	2¼
39/–	25/3	15⅚ b	5 a	Dunlop Rubber 10/–	28/6¾	28/7½	5·53	1¾
77/–	62/1½	2½ a	11¼ b	Joseph Lucas £1	73/10½	74/1½	3·71	2¼
22/–	12/–	5 c	Nil a	Pressed Steel 5/–	14/–	14/–	1·79	...
39/–	31/1½	5 a	10 b	Triplex Holdings ...10/–	36/10½	36/7½	4·10	2
				MINES				
178/1½	136/3	50 b	40 a	Anglo-American 10/–	169/1½	170/–	5·29	1¾
73/–	52/6	6¼ a	18¾ b	Consolid. Gold Fields £1	65/6*	65/–*	7·69	2
125/–	81/10½	15 a	20 b	General Mining £1	120/–	122/6	5·71	2
71/–	46/6	†100 c	30 a	Union Corporation ..2/6	66/6	66/6	6·14	2½
20/9	16/9	40 b	40 a	Daggafontein 5/–	18/6	18/6	21·62	1¼
134/4½	81/10½	70 a	110 b	Free State Geduld ...5/–	129/4½	130/7½	6·89	1½
74/3	50/6	60 a	70 b	President Brand 5/–	70/6	71/6	9·09	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/–	85/–	87/6	7·09	1¾
45/6	34/–	...	...	Western Deep 'A' £1	41/6	41/3	...	...
161/3	117/6	105 a	135 b	Western Holdings ...5/–	148/9	150/7½	7·97	1¼
20/4½	15/3	5 a	6 b	Winkelhaak 10/–	18/4½	18/1½	6·07	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/–	49/–	51/6	14·56	1½
59/3	47/–	20 a	60 b	Rhod. Anglo-Amer. 10/–	54/3	55/3	14·48h	1¼
37/4½	24/–	6 a	15 b	Rhod. Selection Tst. ...£1	27/–	28/9	14·61h	...
21/9	14/1½	Nil a	7½ b	Tanganyika Cons. ...10/–	14/3	14/3	5·26	...
191/3	135/–	180 b	100 a	De Beers Defd. Reg. 5/–	186/3	190/–	7·37	1¾
$151½	$98½	$1·60c	$1·90c	Internat. Nickel ...n.p.v.	$114½	$115	2·95	...
18/9	13/1½	30 b	7½ a	London Tin 4/–	15/4½*	15/4½*	9·76	1¼
19/7½	14/9	...	5 a	R.T.Z. 10/–	18/6	19/7½	7·64**	...
35/–	21/3	65 c	25 a	Tronoh 5/–	22/9	22/9	14·29	1
				PAPER & NEWSPAPERS				
13/10½	10/4½	10 b	6 a	Daily Mirror 5/–	13/9	13/9	6·55**	1½
83/–	62/6	9 b	4 a	W. H. Smith & Son 'A' £1	74/6	74/–	3·51	2
24/9	13/9	14 b	10 a	Thomson Org'n. 5/–	17/–	17/3	6·96	1½
47/3	31/6	8¾ b	5 a	Bowater Paper £1	37/–	35/9	7·69	1
48/3	35/–	11 b	5 a	Albert E. Reed £1	46/3*	47/6*	6·74	1½
43/9	33/6	8½ b	4 a	Spicers £1	39/9*	40/–*	6·25	1½
55/9	44/–	10 b	4 a	Wiggins Teape £1	54/–	55/6*	5·05	1¾

Prices, 1962 High	Low	Last Two Dividends (a)	(b) (c)	ORDINARY STOCKS	Price, Nov. 14, 1962	Price, Nov. 21, 1962	Yield, Nov. 21, 1962	Cover
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/–	22/–	21/3	7·06	2¾
33/3	18/–	20 a	40 b	Assoc. Television 'A' 5/–	22/6	22/6	13·33	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/–	37/10½	36/7½	4·10	1¾
39/4½	29/10½	3½ a	6⅔ b	British Match £1	32/6	34/7½	5·78	2¼
16/3	11/–	6⅔ b	4 a	British Oxygen 5/–	14/4½	13/10½	3·84	1¾
9/10½	7/2¼	7 b	3 a	British Ropes 5/–	8/3¾	8/5¼	5·93	1½
44/3	30/1½	...	5 a	De La Rue 10/–	43/6*	43/9*	3·14**	2
42/–	27/1½	15 c	7½ a	Gestetner 'A' 5/–	36/–	38/–	1·97	3¾
55/9	41/6	7½ a	8⅓ b	Glaxo 10/–	47/7½	54/–	2·96	3
49/–	42/6	3 a	13 b	Harrison & Cr. Defd. £1	43/9	43/–	7·44	2½
41/3	29/–	20 b	5 a	Hoover 'A' 5/–	30/–	31/3	4·00	1¾
95/–	62/6	9·04 b	7·04 a	Hudson's Bay £1	80/–	78/1½	4·12	2½
23/3	15/1½	12½ b	5 a	Ilford 5/–	15/4½	15/4½	5·69	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	88/–	88/–	2·56	2½
47/11¼	36/9¾	12½ c	11·4 c	National Canning £1	41/3	41/6	5·49	1½
41/3	32/6	6 a	12 b	Powell Duffryn 10/–	37/–	37/–	4·86	1¾
40/6	32/3	17½ b	5 a	Radio Rentals 5/–	37/3	37/3	3·02	2¾
37/–	24/6	7½ a	17½ b	Rank Organisation ...5/–	32/6	32/6	3·85	2
38/–	24/–	16½ b	7½ a	Schweppes 5/–	26/–	26/6	4·53	1½
35/3	25/–	25 c	25 c	Sears 'A' 5/–	28/7½	27/10½	4·48	2
32/1½	23/–	11 b	5 a	Steetley 5/–	29/1½	28/4½	2·82	3
29/10½	21/9	11½ b	8½ a	Thomas Tilling 4/–	25/9	26/1½	3·06	2
64/–	44/–	8 b	4 a	Turner & Newall £1	57/–	57/–	4·21	2
47/3	30/10½	15·32b	9·5 a	Unilever 5/–	36/6*	38/3*	3·24	3
11⅝	7 3/16	13 b	8 a	Unilever N.V. .... 12 fl.	8⅜	8½	2·94	3
18/9	12/10½	10 b	5 a	United Glass 5/–	14/–	14/3	5·26	...
33/3	21/7½	†10⅚ b	†4⅙ a	United Molasses 10/–	23/9	23/9	10·31	1
				SHIPPING				
32/3	22/9	13½ b	6½ a	Brit. & Com'wealth. 10/–	31/3*	31/3*	6·40	1
18/3	15/3	6 c	Nil c	Cunard £1	16/3	16/–	...	...
22/–	16/9	7 c	7 c	France Fenwick £1	20/6	21/9	6·44	1½
31/6	20/–	10 c	8 c	Furness Withy £1	21/6	22/3	7·19	...
9/7½	4/4½	...	...	London & Overseas ..5/–	4/6	4/6	...	...
31/–	17/6	3 b	3 a	P & O Defd. £1	28/6	29/–	6·90**	...
12/1½	7/–	2½ c	Nil a	Reardon Smith 10/–	7/3	7/7½	3·28	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/6	9/6	...	...
				STEEL				
48/4½	24/10½	16 c	5 a	Colvilles £1	25/10½	25/7½	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	17/3	17/–	...	2¼
34/–	21/10½	7½ b	3½ a	Lancashire Steel £1	25/10½	26/4½	8·34	3
21/4½	11/–	10 c	Nil a	South Durham £1	11/–	11/2¼	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	24/9	24/6	8·16	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	31/3	31/6	9·52	2
34/7½	26/4½	6 b	4 a	John Summers £1	28/9	28/–	7·14	2
42/4½	25/9	12·3c	4 a	United Steel £1	27/3	26/6	...	1½
41/–	23/9	8¾ b	4 a	Whitehead £1	27/9	28/9	...	2
				TEXTILES				
32/–	25/4½	10 b	5 a	English Sewing Cotton £1	27/10½	27/10½	8·97**	1
26/4½	18/4½	5 a	7½ b	Fine Spinners £1	19/4½	20/6	12·20	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	38/9	38/1½	...	1¼
55/1½	37/10½	12½ c	5 5/12 a	Courtaulds £1	54/9*	53/9¾*	4·65**	1½
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/–	5/7½	5/9	9·27	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	75/9	75/9	5·54	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	22/–	22/–	9·09	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	16/–	15/7½	7·68	1
13/3	8/1½	7½ a	12½ b	Calico Printers 5/–	10/–	10/–	10·00	1¾
48/6	37/4½	3¾ a	8¾ b	Coats, Patons & B. £1	40/6	42/1½	5·93	1¾
10/9	8/–	13 c	1½ a	Jute Industries 10/–	8/9	9/1½	...	2¼
27/1½	17/1½	10 c	7½ c	Tootal £1	17/7½	19/4½	7·74	½
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/–	22/3	23/–	2·72	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/–	47/6	49/3	5·08	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/–	16/3	17/–	2·94	1½
71/9	54/3	10 a	12½ b	City Centre Props. ...5/–	57/3	57/–	2·63**	1
89/–	69/9	8½ b	4 a	City Lond. Real Prop. £1	78/9	79/–	3·16	1
38/6	22/6	4 b	2 a	Land Securities 10/–	29/1½	28/10½	2·08	1
39/–	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/–	35/–	33/9	3·95	1
				TEA & RUBBER				
46/6	28/–	†2½ a	†12½ b	Cons. Tea & Lands £1	37/–	37/6	13·06	2
37/6	14/–	†3 a	†10 b	Jokai (Assam) £1	27/9	27/–	15·73	2
9/6	7/6	...	7½ c	Nuwara Eliya £1	7/10½	9/–	16·67	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/–	5/4½	5/3	15·95	1½
5/5¼	4/5¼	7½ a	32½ b	London Asiatic 2/–	5/3¾	5/3	15·31	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	70/6*	68/9*	13·09	1½



** Yields based on assumed dividends :—Bass, Mitchells & B., 11% Charrington United, 12%. City Centre Props., 30%. Courtaulds, 13%. Daily Mirror, 18%. De La Rue, 13¾%. English Sewing Cotton, 12½%. Equity & Law Life, †26⅔%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. P & O Defd., 10%. R.T.Z., 15%. Royal Insurance, 30%. Swan Hunter, 10%.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 17, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £16,642,000 compared with a surplus of £56,608,000 in the previous week and a deficit of £7,907,000 in the corresponding period of last year. There was a net expenditure "below-line" of £43,931,000 leaving a total cumulative deficit to date of £591,272,000 compared with £717,623,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to Nov. 18, 1961	April 1, 1962, to Nov. 17, 1962	Week ended Nov. 18, 1961	Week ended Nov. 17, 1962
Ordinary Revenue					
Income Tax	2,790,000	953,668	1,035,492	19,279	14,289
Surtax	88,000	52,400	57,700	1,400	1,500
Death Duties	264,500	162,300	159,800	4,200	5,800
Stamps	95,000	62,100	59,900	1,100	1,400
Profits tax, EPT and EPL	374,000	227,800	260,800	8,000	10,100
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,458,268	1,573,692	33,979	33,089
Customs	1,653,000	1,036,086	1,059,312	33,877	32,798
Excise	1,077,000	657,900	693,460	27,220	32,270
Total Customs and Excise	2,730,000	1,693,986	1,752,772	61,097	65,068
Motor Duties	150,000	47,235	66,574	539	1,743
Broadcast Lic's.	41,000	23,800	19,900	4,700	...
Miscellaneous	165,000	160,005	112,971	1,097	6,018
Total	6,797,500	3,383,294	3,525,909	101,412	105,918
Ordinary Expenditure					
Debt Interest	600,000	430,569	343,834	21,371	...
Payments to N. Ireland Exch.	100,000	52,314	56,506	...	...
PO Fund — Initial settlement	...	7,282	...	...	...
Other Consolidated Funds	12,000	4,883	4,868	18	66
Supply Services	5,611,650	3,183,258	3,390,714	87,600	88,800
Total	6,323,650	3,678,306	3,795,922	108,989	88,866
Sinking Funds	41,000	23,944	24,229	330	410
"Above-line" Surplus or Deficit	—	318,956	294,242	7,907	16,642
"Below-line" Net Expenditure*		398,667	297,030	32,945	43,931
Total Surplus or Deficit		717,623	591,272	40,852	27,289
Net receipts from:					
Tax Reserve Certificates		177,427	106,824	1,614	1,062
Savings Certificates		*– 17,200*	3,100	*– 400*	600
Defence Bonds		17,920	16,325	170	1,784
Premium Savings Bonds		26,600	23,100	500	800
Total		204,747	149,349	1,884	4,246

* Net repayments of £5 million to the Civil Contingencies Fund in 1962–63 compared with net repayments of £5 million in 1961–62.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1961 Nov. 18	3,310·0	1,976·2	250·6	...	5,536·8
1962					
Aug. 18	3,000·0	2,009·3	240·1	5·5	5,254·9
" 25	3,000·0	2,053·1	203·8	0·3	5,257·1
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4
" 8	2,990·0	1,637·9	211·6	...	4,839·4
" 15	2,990·0	1,683·6	226·2	...	4,899·8
" 22	2,980·0	1,699·2	220·2	...	4,899·4
" 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct. 6	3,020·0	1,572·9	220·5	...	4,813·5
" 13	3,010·0	1,598·3	215·2	...	4,823·6
" 20	3,020·0	1,595·6	204·1	...	4,819·7
" 27	3,020·0	1,637·6	201·0	...	4,878·5
Nov. 3	3,060·0	1,620·7	205·3	...	4,886·1
" 10	3,080·0	1,547·5	205·4	...	4,832·9
" 17	3,110·0	1,519·7	233·8	1·8	4,865·3

THE MONEY MARKET

THE discount market, expecting a low outside application for bills at the Treasury bill tender on Friday of last week, left its bid for the £200 million 91-day bills unchanged at £99 1s 0d. The market's tactics were based on the low application for bills thirteen weeks previously. As it turned out total applications fell sharply by £39 million to £328 million, and the market received a quota of 41 per cent compared with the previous week's 31 per cent. The average rate of discount for these bills fell fractionally by 0.66d to 75s 11.09d per cent. The market received 63 per cent of its application for the £60 million 63-day bills on offer which brought its average quota for both types of bills to around 46 per cent.

Credit has been fairly short in Lombard Street this week. The authorities have not, however, forced the market to borrow at Bank rate, but have met its credit needs by the special purchase of bills.

The cost of three months' forward cover on the dollar rose sharply this week by $\frac{3}{16}$ to $\frac{5}{8}$ per cent. At the same time the New York bill rate rose from 2.80l to 2.833 per cent so that the arbitrage margin on a covered swap from US to British Treasury bills fell to just over $\frac{1}{4}$ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	**Market discount rates** (3 months):	
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	4–4⅛
Discount houses	2½–2¾	Fine trade bills	5½–6½
Local Authorities	4⅛	**Euro-dollar deposits:**	
Call money:		7 days' notice	3¼–3¾
Clearing banks' minimum	2⅞	3 months'	3¾–4⅛
Day-to-day	2⅞–3⅞	**Forward cover** (3 months):	
		Annual interest cost, US dollar	5⅛

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** November 9	2·801
		" 16	2·833

BANK OF ENGLAND RETURNS

(£ million)	Nov. 22, 1961	Nov. 14, 1962	Nov. 21, 1962
*Issue Department**:			
Notes in circulation	2,323·6	2,308·1	2,311·6
Notes in banking dept.	51·7	17·2	63·7
Govt. debt and securities*	2,374·0	2,324·0	2,374·0
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	12·6	12·3	13·7
Special deposits	232·7	80·8	80·8
Bankers	242·0	255·3	252·8
Others	68·6	70·1	73·9
Total	555·9	418·4	421·2
Securities:			
Government	429·3	338·8	314·2
Discounts and advances	72·8	59·2	40·3
Other	19·1	20·2	20·1
Total	521·2	418·2	374·5
Banking department reserve	52·6	18·1	64·6
" Proportion "	9·4 %	4·3 %	15·3 %

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on November 21st.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	91 Day Average Rate of Allotment		Allotted at Max. Rate *
	91 day	63 day		s.	d.	%
1961 Nov. 17	220·0	50·0	430·2	107	9·71	56
1962 Aug. 17		230·0	368·1	75	8·35	53
" 24		230·0	390·4	75	4·50	48
" 31		240·0†	397·1	75	0·42	45
Sept. 7		240·0	439·3	74	4·55	48
" 14		230·0	388·0	73	11·97	44
" 21		250·0	406·1	74	0·01	40
" 28		250·0	407·5	72	8·42	51
Oct. 5		250·0‡	415·2	72	4·13	37
" 12		230·0	386·8	72	3·07	38
" 19		240·0	396·9	74	8·22	38
" 26		240·0	381·8	77	2·03	46
	91 day	63 day				
Nov. 2	200·0	60·0	443·8	76	11·48	32
" 9	200·0	60·0	447·7	75	11·75	31
" 16	200·0	60·0	410·0	75	11·09	41

* On November 16th tenders for 91 day bills at £99 1s. 0d. secured 41 per cent, higher tenders being allotted in full. The offer for this week was for £210 million 91 day bills and £50 million 63 day bills. † Allotment cut by £10 million. ‡ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
	November 21	November 15	November 16	November 17	November 19	November 20	November 21
United States $	2·78–2·82*	$2·80^{1}_{16}–3^{1}_{16}$	$2·80^{1}_{16}–3^{1}_{16}$	$2·80^{1}_{16}–3^{1}_{16}$	$2·80^{1}_{8}–1^{1}_{4}$	$2·80^{3}_{16}–5^{1}_{16}$	$2·80^{1}_{4}–3^{1}_{8}$
Canadian $	...	$3·01^{13}_{16}–15^{15}_{16}$	$3·01^{13}_{16}–15^{15}_{16}$	$3·01^{15}_{16}–02^{1}_{16}$	$3·02^{1}_{16}–3^{1}_{16}$	$3·02–02^{1}_{8}$	$3·01^{15}_{16}–02^{1}_{16}$
French Fr.	13·622–14·027	$13·72^{3}_{8}–5^{8}_{8}$	$13·72^{3}_{8}–5^{8}_{8}$	$13·72^{3}_{8}–5^{8}_{8}$	$13·72^{5}_{8}–7^{8}_{8}$	$13·73–73^{1}_{4}$	$13·73^{1}_{8}–3^{8}_{8}$
Swiss Fr.	11·94–12·54⅞	$12·08^{1}_{2}–3^{4}_{4}$	$12·08^{1}_{2}–3^{4}_{4}$	$12·08^{3}_{8}–7^{8}_{8}$	$12·09^{1}_{4}–09^{1}_{8}$	$12·09^{1}_{4}–3^{8}_{8}$	$12·09^{1}_{8}–5^{8}_{8}$
Belgian Fr.	137·96–...	139·30–	139·30–	139·32–	139·35–	139·35–	$139·37^{1}_{2}–42^{1}_{2}$
Dutch Gld.	9·98¾–10·28½	35	35	37	40	40	
W. Ger. D-Mk.	11·037–11·365	$10·08^{1}_{16}–3^{4}_{4}$	$10·08^{1}_{16}–3^{4}_{4}$	$10·08^{1}_{16}–3^{4}_{4}$	$10·09–09^{1}_{4}$	$10·09^{3}_{8}–5^{8}_{8}$	$10·09^{1}_{4}–1^{2}_{4}$
Portug. Esc.	...	$11·22^{1}_{4}–1^{2}_{4}$	$11·22^{3}_{8}–5^{8}_{8}$	$11·22^{1}_{4}–1^{2}_{4}$	$11·22^{3}_{8}–7^{8}_{8}$	$11·23^{1}_{4}–1^{2}_{4}$	$11·23^{1}_{4}–1^{2}_{4}$
Italian Lire	1725–1775	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Swedish Kr.	14·27½–14·70	$1738^{1}_{2}–39^{1}_{8}$	$1738^{1}_{2}–39$	$1738^{1}_{2}–39$	$1738^{7}_{8}–39^{3}_{8}$	$1739^{1}_{2}–40$	$1740–40^{1}_{2}$
Danish Kr.	19·06½–19·62	$14·45^{1}_{2}–3^{8}_{8}$	$14·45^{1}_{2}–3^{8}_{8}$	$14·45^{1}_{2}–3^{8}_{8}$	$14·45^{3}_{8}–3^{4}_{8}$	$14·45^{1}_{2}–3^{4}_{8}$	$14·47^{3}_{8}–3^{8}_{8}$
Norwegian Kr.	19·71–20·30½	$19·38^{1}_{8}–3^{8}_{8}$	$19·38^{1}_{8}–3^{8}_{8}$	$19·38^{1}_{8}–3^{8}_{8}$	$19·38^{1}_{2}–3^{4}_{8}$	$19·38^{3}_{8}–5^{8}_{8}$	$19·38^{1}_{4}–1^{2}_{8}$
	Official Limits	$20·03^{1}_{8}–3^{8}_{8}$	$20·03^{1}_{8}–3^{8}_{8}$	$20·03^{1}_{8}–3^{8}_{8}$	$20·03–03^{1}_{4}$	$20·02^{3}_{8}–5^{8}_{8}$	$20·01^{7}_{8}–02^{1}_{8}$
One Month Forward Rates							
United States $		$3^{1}_{16}–1^{1}_{16}$c. pm	$3^{1}_{16}–1^{1}_{16}$c. pm	$3^{1}_{16}–1^{1}_{16}$c. pm	$3^{1}_{16}–1^{1}_{8}$c. pm	$3^{1}_{16}–1^{5}_{16}$c. pm	$1^{4}_{4}–1^{3}_{8}$c. pm
Canadian $		Par–1c. dis	$1^{1}_{16}–3^{1}_{16}$c. dis	$1^{1}_{16}–3^{1}_{16}$c. dis	Par–1c. dis	Par–1c. dis	par–1c. dis
French Fr.		$5^{8}_{8}–8^{8}_{8}$c. pm	$5^{8}_{8}–8^{8}_{8}$c. pm	$5^{8}_{8}–8^{8}_{8}$c. pm	$3^{4}_{4}–1^{4}_{8}$c. pm	$3^{4}_{4}–1^{4}_{8}$c. pm	$7^{8}_{8}–3^{8}_{8}$c. pm
Swiss Fr.		$1^{4}_{4}–3^{8}_{8}$c. pm	$1^{4}_{4}–3^{8}_{8}$c. pm	$1^{4}_{4}–3^{8}_{8}$c. pm	$1^{2}_{8}–2^{8}_{8}$c. pm	$1^{1}_{2}–1^{4}_{8}$c. pm	$1^{1}_{2}–1^{4}_{8}$c. pm
Belgian Fr.		17–12c. pm	17–12c. pm	17–12c. pm	17–12c. pm	17–12c. pm	17–12c. pm
Dutch Gld.		$5^{8}_{8}–8^{8}_{8}$c. pm	$1^{2}_{4}–1^{4}_{8}$c. pm	$1^{2}_{4}–1^{4}_{8}$c. pm	$1^{3}_{4}–2^{8}_{8}$c. pm	$7^{8}_{8}–3^{8}_{8}$c. pm	$7^{8}_{8}–3^{8}_{8}$c. pm
W. German D-Mk.		$1^{1}_{2}–1$pf. pm	$1^{1}_{2}–1$pf. pm	$1^{1}_{2}–1$pf. pm	$1^{3}_{8}–2^{8}_{8}$pf. pm	$1^{3}_{8}–2^{8}_{8}$pf. pm	$1^{3}_{8}–2^{8}_{8}$pf. pm
Three Months Forward Rates							
United States $		$3^{8}_{8}–1^{4}_{8}$c. pm	$3^{8}_{8}–1^{4}_{8}$c. pm	$3^{8}_{8}–1^{4}_{8}$c. pm	$7^{16}_{16}–5^{16}_{16}$c. pm	$7^{16}_{16}–5^{16}_{16}$c. pm	$7^{16}_{16}–5^{16}_{16}$c. pm
Canadian $		$1^{8}_{8}–1^{4}_{8}$c. dis	$3^{16}_{16}–5^{16}_{16}$c. dis	$3^{16}_{16}–5^{16}_{16}$c. dis	$2^{8}_{8}–1^{4}_{8}$c. dis	$2^{16}_{16}–1^{6}_{16}$c. dis	$1^{8}_{8}–1^{4}_{8}$c. dis
Swiss Fr.		$2–1^{1}_{2}$c. pm	$2–1^{1}_{2}$c. pm	$2–1^{1}_{2}$c. pm	$2^{1}_{2}–2$c. pm	$2^{1}_{2}–2$c. pm	$2^{1}_{2}–2$c. pm
W. German D-Mk.		$2^{7}_{8}–2^{8}_{8}$pf. pm	$3–2^{1}_{2}$pf. pm	$3–2^{1}_{2}$pf. pm	$2^{7}_{8}–2^{8}_{8}$pf. pm	$2^{7}_{8}–2^{8}_{8}$pf. pm	$2^{7}_{8}–2^{8}_{8}$pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/7	250/6½	...	250/5½	250/4¾	250/5
" ($ " ")		35·09	35·09	...	$35·08^{1}_{2}$	35·09	$35·81^{2}_{2}$

APPOINTMENTS

Economic Intelligence in a GROWTH INDUSTRY

We wish to appoint a lady or gentleman as Economic Intelligence Officer at our Head Office in Wembley.

A degree in Economics is desirable but not essential. The selected candidate will have had several years' experience in a similar capacity in industry and will possess a sound knowledge of official and other statistical sources. Knowledge of the electrical or electronic industries would be an advantage, but no hesitation need be felt by those who do not know these industries but are prepared to understand them.

Please write stating education, experience, age and salary to:—

Mr. L. S. Hind, Personnel Manager,
G.E.C. (ELECTRONICS) LTD.
Union Works, East Lane, Wembley, Middx.

MINISTRY OF EDUCATION
ASSISTANT COST ACCOUNTANTS

Two pensionable posts in London for men or women with suitable professional experience and qualifications. Age: normally at least 35. Duties involve investigating and analysing unit costs in education services and helping education authorities to increase efficiency and economy. Inner London salary scale (interim) £1,360 — £1,812. Promotion prospects. Write Civil Service Commission, Burlington Gardens, London, W.1, for application form, quoting 5602/02. Closing date December 19, 1962. (1).

WOLVERHAMPTON AND STAFFORDSHIRE COLLEGE OF TECHNOLOGY
DEPARTMENT OF MANAGEMENT AND BUSINESS STUDIES

Applications are invited for a post of RESEARCH ASSISTANT. Candidates should have a good general education, preferably with G.C.E. "A" Level Mathematics. Experience in industry or commerce desirable. An interest in business problems essential.

Duties are to assist academic staff in investigations and research projects in the fields of Industrial Relations, Marketing, Accounting, Data Processing and Ergonomics.

Facilities offered for part-time studies leading to a professional qualification or degree.

Salary scale: £630 x £30 to £690.

Write for application form and further particulars to The Principal, Wulfrana Street, Wolverhampton. Applications to be returned by December 14th.

NUFFIELD COLLEGE
(OXFORD)
RESEARCH FELLOWSHIP

Applications are invited from men or women graduates who wish to undertake research in Economics; Politics; Sociology; recent Economic and Social History and Political History; Industrial Relations; African Studies; Public and Social Administration; International and Public Law or other branches of the Social Studies. The appointment will normally be for two or three years. The stipend will be according to age. Further particulars may be obtained from the Warden. Applications should reach him not later than January 8, 1963.

RESEARCH IN ECONOMICS AND FINANCE

HOUBLON-NORMAN AWARDS

THE TRUSTEES OF THE HOUBLON-NORMAN FUND invite applications for FELLOWSHIPS or GRANTS in aid of RESEARCH into the working of industry and finance in Great Britain and elsewhere and the economic conditions affecting them.

FELLOWSHIPS, which are intended for experienced research workers, are awarded for full-time research for one year, which may be renewed for a second year. GRANTS are awarded for either full-time or part-time work. The amount of the awards, which will take effect from October 1, 1963, will depend upon the circumstances of the candidate and the probable expenses of his work.

Applicants must be British subjects normally resident in the United Kingdom. The Trustees are prepared to relax this rule only in exceptional circumstances.

Forms of application, which may be obtained from the Secretary of the Fund, c/o Bank of England, London, E.C.2, should be returned not later than March 1, 1963.

NOTTINGHAM AND DISTRICT TECHNICAL COLLEGE
BURTON STREET, NOTTINGHAM
Principal: D. A. R. Clark, M.Sc.Tech., M.I.Mech.E.

Applications are invited for the post of SENIOR LECTURER IN ECONOMICS.

Staff are expected to conduct research work. Consultancy work is allowed.

Salary in accordance with the Burnham Technical Scale: £1,800 x £50 — £2,000 per annum. A salary above the minimum may be paid in approved cases.

Further particulars and form of application may be obtained from the Principal, to whom completed forms should be returned not later than December 8, 1962.

TUTORS. A leading correspondence College requires tutors for courses in Economics, commercial and professional subjects. Place of residence unimportant. Brief replies, stating qualifications and subjects to Box 1068, c/o The Economist, 22 Ryder Street, St. James's, London, S.W.1.

LANCASHIRE COUNTY COUNCIL

RESEARCH ASSISTANT required in the Planning Department at PRESTON. Commencing salary according to qualifications and experience within the range £670–£1,360 per annum.

Applicants should possess a good honours degree in economics, geography, sociology or related subjects and should be interested in problems of industry, population and housing.

Disturbance allowances and removal expenses.

Application of £125 will be granted in approved cases.

Applications, giving age, qualifications, present appointment, experience and two referees, to the County Planning Officer (W), East Cliff County Offices, Preston, by December 4, 1962.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of COURSE ORGANISER in the School of Management and Administration to develop a programme of courses for executives and administrators, which is to be instituted by the University. The post will be for one year in the first instance, with the possibility of renewal. Preference will be given to candidates who are interested in developing research in this field. Salary scale according to qualifications and experience. Membership of the F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than December 20, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER IN GOVERNMENT (with special reference to international politics). Salary scale £1,150 to £1,950 per annum, initial salary according to qualifications and experience. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent, not later than January 15, 1963, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

Group Economist

- C. & J. CLARK LTD. of Street, Somerset, require a business economist. His (or her) primary role will be to advise and assist the Chairman and Managing Director. The appointment should lead to an executive career in this expanding group of companies.
- SHOEMAKING is the main business of C. & J. Clark Ltd. and its subsidiaries but the scope of the appointment extends to allied activities at home and abroad including all aspects of wholesaling and retailing.
- EXPERIENCE in applied economics and statistics is essential. It could have been gained in any of many contexts—the City, industry, government, academic research, economic journalism, etc. The emphasis is on applied statistics and examination of trading conditions rather than on market research. (Experience of the boot and shoe industry is not essential.)
- MINIMUM formal qualification is 2nd class honours degree in Economics (or equivalent).
- SALARY probably starting between £2,000 and £2,500. Age range preferred 27 to 33.

Write in confidence to us as the company's advisers. Nothing will be disclosed without permission. Letters should be addressed to M. J. Graham-Jones.

JOHN TYZACK & PARTNERS LTD
10 HALLAM STREET · LONDON W1

BIRMINGHAM (CITY OF) EDUCATION COMMITTEE

COLLEGE OF COMMERCE

APPOINTMENT OF PRINCIPAL

Applications are invited for the appointment of PRINCIPAL of the City of Birmingham College of Commerce, to commence duty on September 1, 1963, or as soon as possible thereafter. The salary scale is £2,750 x £70 (2) x £60 — £2,950 per annum.

Candidates should have high academic qualifications and wide experience including, if possible, teaching and commercial or industrial experience.

Application forms and details of the post may be obtained from the undersigned, to whom completed forms must be returned not later than Monday, December 10, 1962.

E. L. RUSSELL,
Chief Education Officer.

Education Office (Room 315),
Margaret Street, Birmingham, 3.

UNIVERSITY OF MELBOURNE
DEPARTMENT OF ECONOMICS

Applications are invited for the positions of SENIOR LECTURER and LECTURER IN ECONOMICS.

Qualifications in labour economics, microeconomics and economic statistics would be desirable but applications would be welcomed from candidates with other interests.

The salary range for a Senior Lecturer is £A2,450 x £A100 to £A3,000 per annum and for a Lecturer £A1,650 x £A105 to £A2,250 per annum. Commencing salaries will be fixed according to qualifications and experience.

Conditions of appointment and further information may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on December 31, 1962.

MALTA COLLEGE OF ARTS, SCIENCE AND TECHNOLOGY

Applications are invited for a LECTURER IN COMMERCE to develop studies and teach a selection from ECONOMICS and GEOGRAPHY OF TRADE, ACCOUNTANCY, INDUSTRIAL MANAGEMENT.

QUALIFICATIONS: Good degree. Some years' teaching experience in a major institution of Further Education plus industrial experience desirable.

The selected candidate will be required to take on duties as soon as may be possible, and may be required to teach some of the subjects enumerated at all levels.

SALARY: The salary offered is that of BURNHAM SCALE FOR LECTURERS PLUS 30 PER CENT. Appointments are on contract terms for a period of three years.

Free passages to Malta will be provided for the successful candidate, his wife and children not exceeding five passages in all on first appointment, and free passages back to the U.K. on satisfactory completion of engagement. Children to be under 18 years, unmarried and dependent on the appointee. Free quarters are not provided but furnished flats at a reasonable rent are available.

LEAVE: Three and a half days for each completed month of service which can be aggregated at the end of contract plus Twenty-eight days' leave per year to be taken normally during the Long Vacation.

APPLICATIONS (SIX COPIES), giving age, qualifications, experience and names of three referees, should be sent to THE COUNCIL FOR TECHNICAL EDUCATION AND TRAINING FOR OVERSEAS COUNTRIES, 12 Lincoln's Inn Fields, London, W.C.2, by 12th DECEMBER, 1962.

For other appointments see page 866

The Electricity Council

SENIOR STATISTICAL ASSISTANT

Applications are invited for the superannuable appointment of a SENIOR STATISTICAL ASSISTANT in the Commercial and Development Department at Headquarters in London.

The successful candidate, who should have a sound knowledge of data-processing and some experience in a statistical office coupled with ability in statistics or mathematics, will be required to assist in the Load and Cost Research Section with the carrying out of surveys in electricity consumers from questionnaire-drafting to the preparation of final tabulations. The desirable qualifications would be the Intermediate Examination of the Institute of Statisticians.

● ***Salary within £1,120-£1,340 p.a. inclusive, according to qualifications and experience.***

Applications, stating age, present position and salary, and giving full details of qualifications and experience, should be forwarded to the Assistant Secretary (Establishments), The Electricity Council, Winsley Street, W.1, by November 30, 1962. Quote ref.: ECO207.

Personnel and Industrial Relations

- EXPANSION on an international scale by an outstandingly successful engineering company provides one of those rare opportunities for a Group Personnel appointment right at the top.
- THE company leads in its field of medium engineering. It now employs about 8,000 people at four plants in Britain. There are also six plants already operating abroad.
- SCOPE in this new appointment will extend to all matters which affect directly the management of people and of industrial relations both at home and overseas. As the Group's senior executive in this aspect of business, his responsibility will be direct to the managing director.
- EXPERIENCE must provide proof of achievement in a senior job of this kind. Emphasis is placed on proved capacity to solve problems of deploying and developing managerial manpower on a global basis.
- SALARY starting between £3,500 and £5,000 p.a.

Write in confidence to us as the company's advisers. Nothing will be disclosed without permission. Letters should be addressed to M. J. Graham-Jones.

JOHN TYZACK & PARTNERS LTD

10 HALLAM STREET · LONDON W1

BIRMINGHAM CHAMBER OF COMMERCE

Applications are invited for the post of Assistant Secretary (male). Personality, tact, educational background and ability to write clearly and to express ideas well are important. Preference will be given to graduates in arts, commerce, economics or law, or to persons with professional qualifications or suitable administrative experience. Commencing salary £1,000-£1,250 according to qualifications and experience. Good prospects. Contributory pension scheme.

Applications, marked "Confidential," giving full personal details, should be sent to the Secretary, Birmingham Chamber of Commerce, P.O. Box 360, 75 Harborne Road, Birmingham 15. *Applications* should be received by December 7th.

UNIVERSITY OF QUEENSLAND

LECTURER IN PUBLIC ADMINISTRATION

The University invites applications for the position of Lecturer in Public Administration. Applicants should have a good honours degree in Government, Political Science, Public Administration or some related field, preferably *with research and/or* public service experience. The Public Administration section of the Department of History and Political Science has developed a strong interest in a number of special fields including organisational theory, budgeting, public policy and administration in under-developed areas.

The salary range for Lecturer is £A1,830 x £A90 (6) x £A80 (1) — £A2,450.

The successful applicant will be entitled to F.S.S.U. type Superannuation, Housing Assistance, Study Leave and Travel Grants.

Additional information on the conditions of appointment, staffing and activities of the Department, together with application forms will be supplied upon request to the Secretary, Association of Universities of the British Commonwealth, 36 Marlborough *House, Pall Mall,* London, S.W.1. Applications close in London and Brisbane *on December 28, 1962.*

UNIVERSITY OF ALBERTA CALGARY

FACULTY OF ARTS AND SCIENCE

Applications are invited for senior positions in the following departments:—

GEOGRAPHY.
MODERN LANGUAGES.
POLITICAL ECONOMY.
SOCIOLOGY.
PSYCHOLOGY (Bio-Statistics).
PHILOSOPHY.

Salary ranges: Associate ($9,000-$11,700). Professor ($12,000 and up).

The University of Alberta, Calgary, is situated in a city of over 250,000 people in the foothills of the Canadian Rockies. It is the second campus of the University of Alberta and offers full degree programmes. Enrolment in 1963-64, about 2,200.

Inquiries should be addressed to:—

THE DEAN,
Faculty of Arts and Science,
University of Alberta, Calgary,
Calgary, Alberta,
Canada.

WORK STUDY

A major industrial group wishes to appoint a man to the existing section which is responsible for training Work Study practitioners and for maintaining in them a high, uniform and acceptable standard of professional competence. Courses are also mounted for all levels of management.

The position will involve the design and execution of courses in a wide field of associated subjects, from fundamentals to advanced techniques. Consequently, a broad background is necessary, which must include considerable non-academic experience. Indeed, actual teaching experience is not essential, but evidence of capability in this respect will be required. A degree would be a distinct advantage. There may later be opportunities for laboratory and development work. The section is based near London.

The age envisaged is about 30, and the starting salary will not be less than £1,500 per annum.

Candidates should send brief details, in complete confidence, to Box 1671.

For other appointments see page 865

AUSTRALIAN NATIONAL UNIVERSITY

INSTITUTE OF ADVANCED STUDIES

RESEARCH SCHOOL OF SOCIAL SCIENCES

DEPARTMENT OF SOCIOLOGY

Applications are invited for the *position of* RESEARCH FELLOW in the Department of Sociology. An appointment as Research Fellow is *normally* for three years—with the possibility of extension to a maximum of five years—but a shorter term may be considered. The Acting Head of the Department is Professor W. D. Borrie.

This is a new Department in the School, and a major objective is the development of research into contemporary aspects of Australian society, and comparative studies, with particular reference to such questions as urbanisation, social and occupational stratification and mobility, the structure and function of social *institutions,* and the professions. Currently the department has a special interest in studying some of the major issues associated with the rapid growth of universities in Australia.

The greater part of the successful applicant's time will be available *for his own research,* but he will be expected to assist in the supervision of post-graduate students and in seminars.

The appointment will be in the range £A1,656-£A2,450. Reasonable appointment expenses will be *paid for the successful* applicant and his family.

Further details should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, *Pall Mall, London,* S.W.1.

Applications close in Australia and London on January 2, *1963.*

CANADA

SOCIAL INSURANCE ECONOMIST

Up to $10,300 per annum.

A unique opportunity for a Professionally experienced Economist with the

UNEMPLOYMENT INSURANCE COMMISSION, OTTAWA, CANADA

RESPONSIBILITIES INCLUDE RESEARCH AND ANALYTICAL STUDIES ON SOCIAL INSURANCE POLICIES OF CANADA AND OTHER COUNTRIES

For further details and application forms contact Competition 62-2018,

NATIONAL EMPLOYMENT SERVICE OF CANADA, 38, Grosvenor Street, London, W.1.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the full-time post of ASSISTANT in the Research Section of the Faculty of Economic and Social Studies. The person appointed will be expected to have research interests in the fields of Social Services and Social Policies such as Health and Hospital Administration, Mental Health, Care of the Aged, Housing, etc. The vacancy is in either Grade II (which carries the status of Assistant Lecturer) or Grade III. The salary scales are as follows:—Grade II—£900 to £1,050 per annum; *Grade III—£750 to £800 per annum.* Duties to commence February 1, 1963, or as soon as possible thereafter. Applications should be sent not later than December 15, 1962, to the Registrar, the University, Manchester 13, *from whom further particulars* and forms of application may be obtained.

UNIVERSITY OF GLASGOW

LECTURESHIP IN POLITICS

Applications are invited for a Lectureship in Politics, tenable from October 1, 1963, or from such earlier date as may be arranged. Teaching duties mainly in the field of political institutions. It is hoped to appoint a person of some experience, who could be *given a measure* of responsibility for organising the teaching in this field. Salary scale: £1,150-£1,950 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (6 copies) should be lodged, not later than December 28, 1962, with the undersigned, *from* whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

NEW COLLEGE, OXFORD

New College will shortly elect a Bursar to succeed Mr. J. B. Butterworth. The Bursar will be a Fellow of the College. Applications should be sent to the Warden, New College, Oxford, from whom further particulars may be obtained. The closing date for applications is December 31, 1962.

PARIS: BI-LINGUAL ENGLISH/FRENCH PRIVATE SECRETARY aged 21-28 required for Paris Head Office of *French* manufacturing concern (part of British international group) as English Secretary to senior French official. Minimum Shorthand speeds: English 100 w.p.m., French 80 w.p.m. Preference for those having lived for a time in a French-speaking country.—Apply Box 1670.

THE UNIVERSITY COLLEGE DAR ES SALAAM

Applications are invited for first *Professorship* of Economics. Appointment to commence preferably summer 1963, teaching to begin July, 1964. Post carries responsibility for planning new syllabus in Economics and sharing in *development* of Faculty of *Social* Studies. Salary £2,600 p.a. Expatriate allowance £300 p.a. Permanent or Contract terms (contract terms carrying 10 per cent. gratuity). F.S.S.U. Education allowance: £150 p.a. for first child, £175 p.a. for second child, £200 p.a. for third child. Housing at subsidised rental. Passages for appointee and family (up to five adult passages) on appointment, termination and leave (three months every 21 months). Detailed applications (8 copies) naming three referees by December 30, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

EDUCATION: BUSINESS AND PERSONAL

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PUBLIC LECTURE

A lecture *entitled:* "*Economic* Forecasting: Methods and Applications," will be given by M. Edmond MALINVAUD, Director of the French Ecole Nationale de la Statistique et de l'Administration Economique, at the FRENCH INSTITUTE *(15 Queensberry Place,* London, S.W.7) on Thursday, NOVEMBER 29th, at 6.15 p.m. Professor J. R. N. STONE of Cambridge University will take the Chair. ADMISSION FREE AND WITHOUT TICKET.

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UNIVERSITY OF LONDON: A lecture entitled "A Reconsideration of the Keynes-Tinbergen Discussion on Econometric Techniques" will be delivered by Professor H. Theil (Rotterdam) at 5 p.m. on December 3rd at the London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2.

ADMISSION FREE, WITHOUT TICKET.
JAMES HENDERSON,
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WANTED: Cum. vols. of "English Cat. of Books"; "Cumulative Book Index"; "*Illustrated* London News" after 1895; "Nature"; "Brit. Mus. Subject Index"; "Brit. National Bibliography"; "London Library Cat."; "Annual Register" after 1883; "Times" Indexes; and learned/scientific journals, trans., procs., etc. H. Pordes, 138 New Cavendish St., London, W.1. MUS 5250.

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HOLDINGS LIMITED

Comparative consolidated results for year ended 30th June 1962 and extracts from Mr. Oliver Frost's Statement

		1962 £		*1961 £*
Group Profit before tax...		366,769		*389,541*
Depreciation etc		105,436		*101,275*
Taxation		116,493		*174,361*
Group Profit after tax ...		250,276		*215,180*
Preference Dividend.....		18,375		*18,375*
Interim Ordinary	3d.	54,666	*3d.*	*54,666*
Final Ordinary.....	5d.	91,109	*5d.*	*91,109*
To General Reserve		115,594		—
Carry Forward		76,840		*106,308*
Current Assets		4,787,827		*5,085,872*
Current Liabilities.....		3,089,886		*2,806,219*
Provision for profit c/f...		*551,706*		*911,247*

FURNITURE New Day Furnishing Stores Limited now operates 91 furniture shops, and although there were 105 shops two years ago overall results have substantially improved during the same period, because most of the shops closed were unproductive and some of their turnover has been replaced by acquiring a few larger units working profitably.

FOOD The severe price cutting in food mentioned in the interim report continued to affect Blower Brothers Limited throughout the year and the trading profits suffered in consequence. There are now three supermarkets and one self service shop in operation. Four more are well forward in the development programme and will be coming into operation at intervals in the next 12 to 18 months.

RADIO & TELEVISION Although business in radio and television was not buoyant the sales and the rental income of both Tates Radio Co. Limited and Carling & Wright (Leeds) Limited were higher than in the previous year, as were the profits. The installation and maintenance company Tates Electronic Services Limited due to heavily increased costs combined with a general demand for lower charges produced lower profits.

HARDWARE Edmund R. Goodrich Limited increased their turnover in hardware substantially but rising expenses as well as development costs slightly reduced profits. Up to date 11 new branches have been opened and two closed, the total now being 68. There seems little doubt that when the development expenses have been absorbed and the new branches are well established, this subsidiary should be able to show good results from its progressive policy of expansion. Edmund R. Goodrich (Northern) Limited have up to date acquired 14 branches in the north.

PETROL FILLING STATIONS As an initial experiment the group has acquired 10 petrol filling stations. A separate management team is being built up to enable further expansion to be undertaken when it is considered appropriate to do so.

FUTURE PROSPECTS In spite of the general upward trend in expenses of all kinds, overheads are being kept under control, and owing to the reduction in bank rate the saving in interest will be substantial. But in these days of international tension who can say what will happen to the economy of this country and more particularly its shopkeepers so long as wars and rumours of wars are uppermost in people's minds? Shareholders may rely on the managements and staffs to do everything in their power to maintain the group's business in good shape in the portentous days which may lie ahead.

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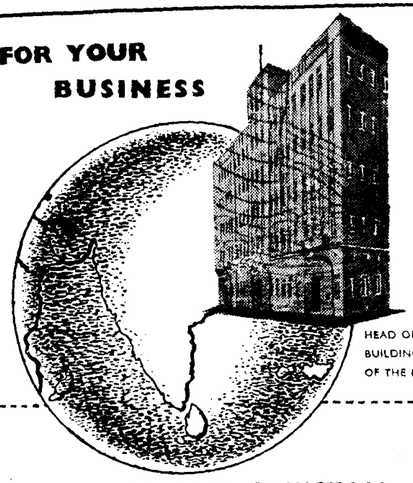

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Highlights in the December

Discovery

The Magazine of Scientific Progress

FROM SUB-DWARFS TO RED GIANTS
Dr. B. E. J. Pagel, Royal Greenwich Observatory
Astronomers refer to stars by size and colour, and the analysis of starlight is providing exciting information about their temperature, chemistry and life cycles.

THE WAYS OF WILDEBEEST *John Hillaby*
The conservation of wild life in Africa is vitally important to its underfed populations. The wildebeest is one of the key species.

NEW LIGHT ON PHOTOSYNTHESIS
Dr. S. A. Barker, Birmingham University
Recent studies have brought an almost complete understanding of this important plant process on which we all ultimately depend.

BLUEPRINTS FROM LIFE *Jack Steele, American Bionics Society*
Devices used by living organisms, such as the bat's 'radar', are proving of value to the engineer and many have been used in man-made systems.

THE SCIENTIST IN MANAGEMENT
B. H. P. Rivett, President, Operational Research Society
Ways in which the scientist can make original and important contributions to the art of management.

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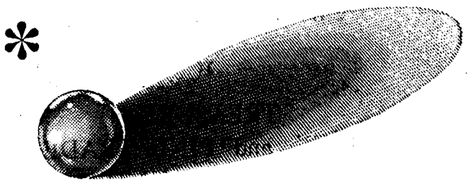

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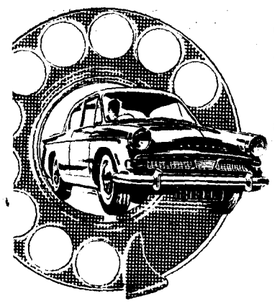

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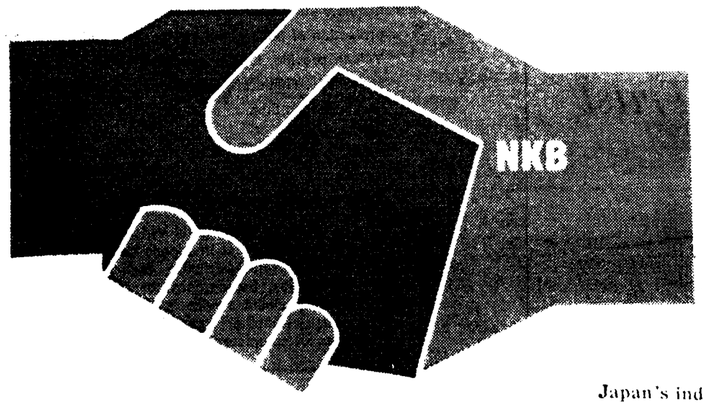

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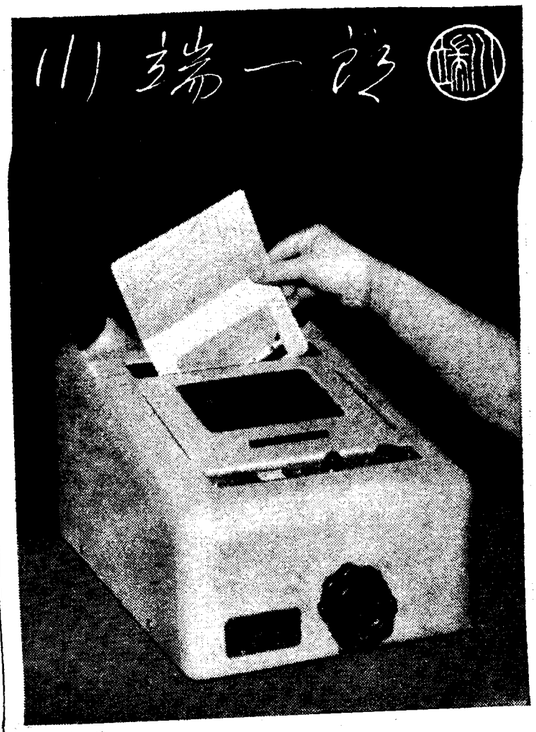

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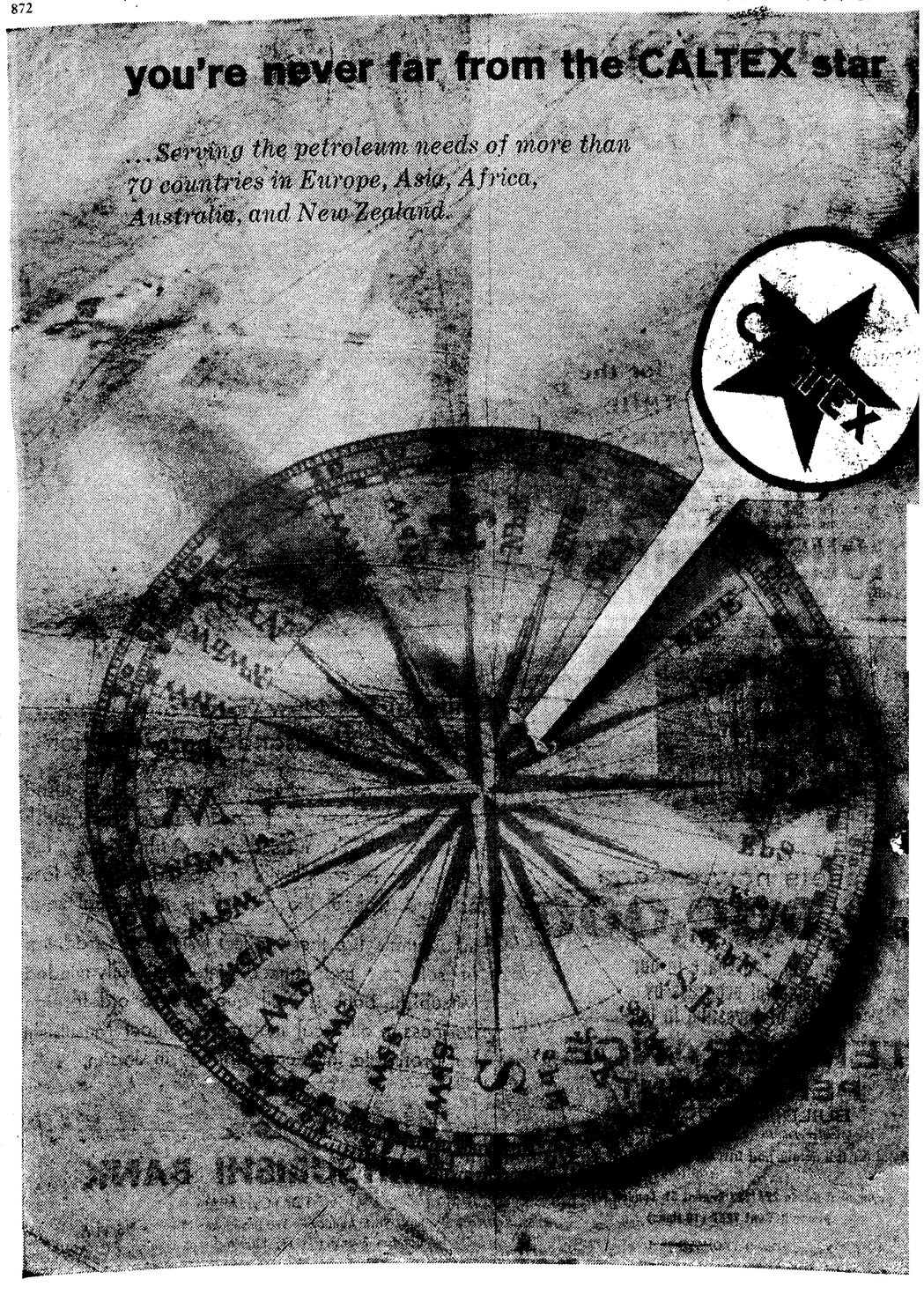

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After the by-elections : continuing drift
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An Algerian in Paris
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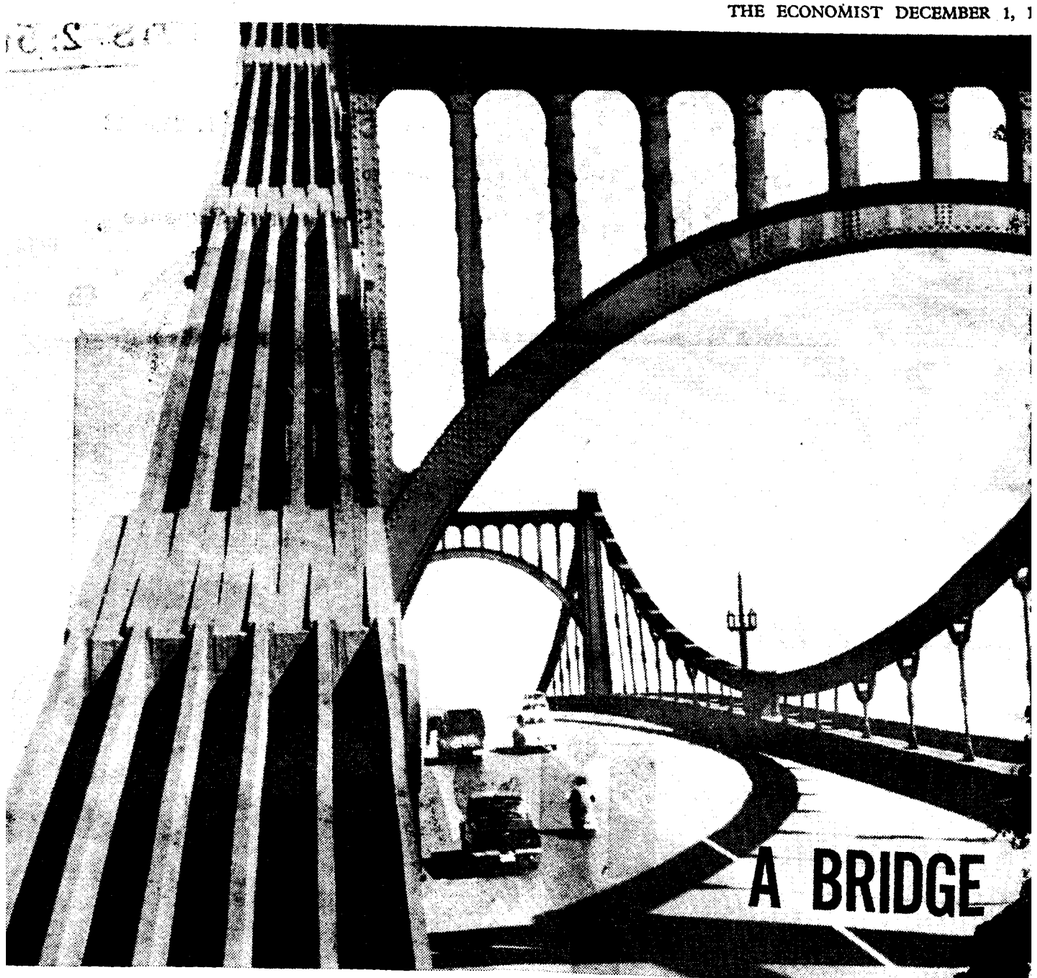

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THE WORLD

BENEATH THE UMBRELLA

Beside the nuclear cloud: questions of war and peace:

It is pleasant to assume that just because the world did not blow itself up about Cuba a month ago it is now too shocked to allow further crises to develop. Sadly, this may not be true. The diplomatic mood is usefully circumspect, but the world conflict will take a long time to resolve itself (p. 885).

• **Mr Mikoyan's** talks in the United States have disproved again the notion that peace is geographically divisible (p. 891).

• The **American Administration** is still on guard against the Russians, but not militantly so (p. 901).

• What can **Mr Nehru** do now? (p. 914).

• **President Ayub Khan** of Pakistan and **Mr Duncan Sandys** both seem to know (p. 892).

Rainy-day reading: Don Quixote Zorin tilts at US "rockets in Spain"—and What Happened After That (p. 921).

OUT IN THE RAIN

Common market, commonwealth, and commonpoverty:

Italy honestly wants to bring Britain in to sit by the warm common market glow—but it might do more about opening the door (p. 888).

Europe: Dr Erhard's views about the vices of planning ran into a storm at Strasbourg (p. 897).

Trinidad has rejected Britains *pourboire* (p. 896).

SUNSHINE AND SHOWERS

International business:

Atlantic World: Some blunt—but welcome—advice has been given by the Organisation for Economic Co-operation and Development to the government of the United States (p. 935).

France: The chances of fulfilling the Gaullist election promise of expansion without inflation are slim (p. 914).

Germany: Unless the explosive growth in fuel oil sales is voluntarily restrained, controls might have to be imposed—even if they go against the grain (p. 938).

Common market: A draft convention on European patents can raise some problems for **British** manufacturers (p. 949).

Switzerland is prepared to put some chips into the international financial pool but is not ready to be formally associated with the International Monetary Fund (p. 942).

HEAVY WEATHER

International monkey business:

In **Central Africa** black politicians are learning the European arts of compromise—and double-dealing (p. 889).

In **France,** General de Gaulle, who never did bother much about parliament, now has no need to bother at all (p. 914).

—But **Algeria** is still a bother (p. 913).

In **Germany,** Dr Adenauer is striving to calm the storm surrounding his government (p. 918).

OUTLOOK FAIR

American matters:

Mr. David Bell's new appointment improves the congressional prospects for **foreign aid** but worsens those for tax reduction (p. 902).

The President's order banning **racial discrimination** in government-insured housing does not go as far as many people would like (p. 904).

Atomic energy celebrates its twentieth birthday with some hope of becoming an economic proposition by its thirtieth (p. 902).

In New York an imaginative but expensive new approach to **juvenile delinquency** is being mobilised (p. 907).

Unemployment is really more serious in the United States than in Europe (p. 908).

BRITAIN

MUCH TOO LITTLE

Last week's by-election results need rigorous appraisal by both Government and Opposition: Labour's best hopes do not lie in harping on the serious shabbiness of north Britain; and the intervention of anti-common-marketeers (of either party) is not in itself a real threat to the Government.

• In counting their chickens for a revival the Tories are less inclined to rely on the **Prime Minister's** personality than they were in 1958-59 (p. 887).

• The dimensions of the **Tories'** discomfiture are a measure of the continuing tide of feeling against them (p. 891).

• Meanwhile the **Labour Party's fever,** which threatened it with a fatal convulsion, has somewhat abated (p. 892).

With a powerful competitor aloft and two other contenders for the small jet market, the **British Trident** will have a job to make a big noise in the sky (p. 945).

MUCH TOO MUCH

The **6 per cent wage increase** for railwaymen has begun to have its wider fall-out: and a similar award to **post office** engineers (without reference to poor NIC) will help to blow up Mr Maudling's efforts (p. 892).

The Ford company's chairman has set about the **builders of Merseyside,** with some justification—if not as much as he has claimed (p. 898).

One in four of potential **university entrants** could not find a place this year: which is to say that traditionalist obstructions to the places' multiplication must be overcome (p. 897).

MUCH APPRECIATED

The intention of the **Protection of Depositors Bill** is to open investors' eyes to the risks they run—but not necessarily to protect them from their own blindness (p. 937).

New means are being sought—and one has perhaps been found—of fitting **mentally sick people** back into industrial society (p. 922).

A private member's Bill encourages the campaign towards simpler **stock transfers** (p. 952).

MUCH OF A MUCHNESS

Moves towards official economic co-operation between the **two parts of Ireland,** thought to have foundered on the obduracy of Ulster Unionists, may be refloated (p. 923), but British co-operation with an Irish sugar industry has raised a controversy (p. 950).

The "new realism" of the **Campaign for Nuclear Disarmament** turns out to be roughly everybody else's old realism with added confusion (p. 898).

A recent case has drawn attention to the anachronistic but still legally valid advantages of being high-born (p. 895).

Detailed contents on page 885

A word to Top Management

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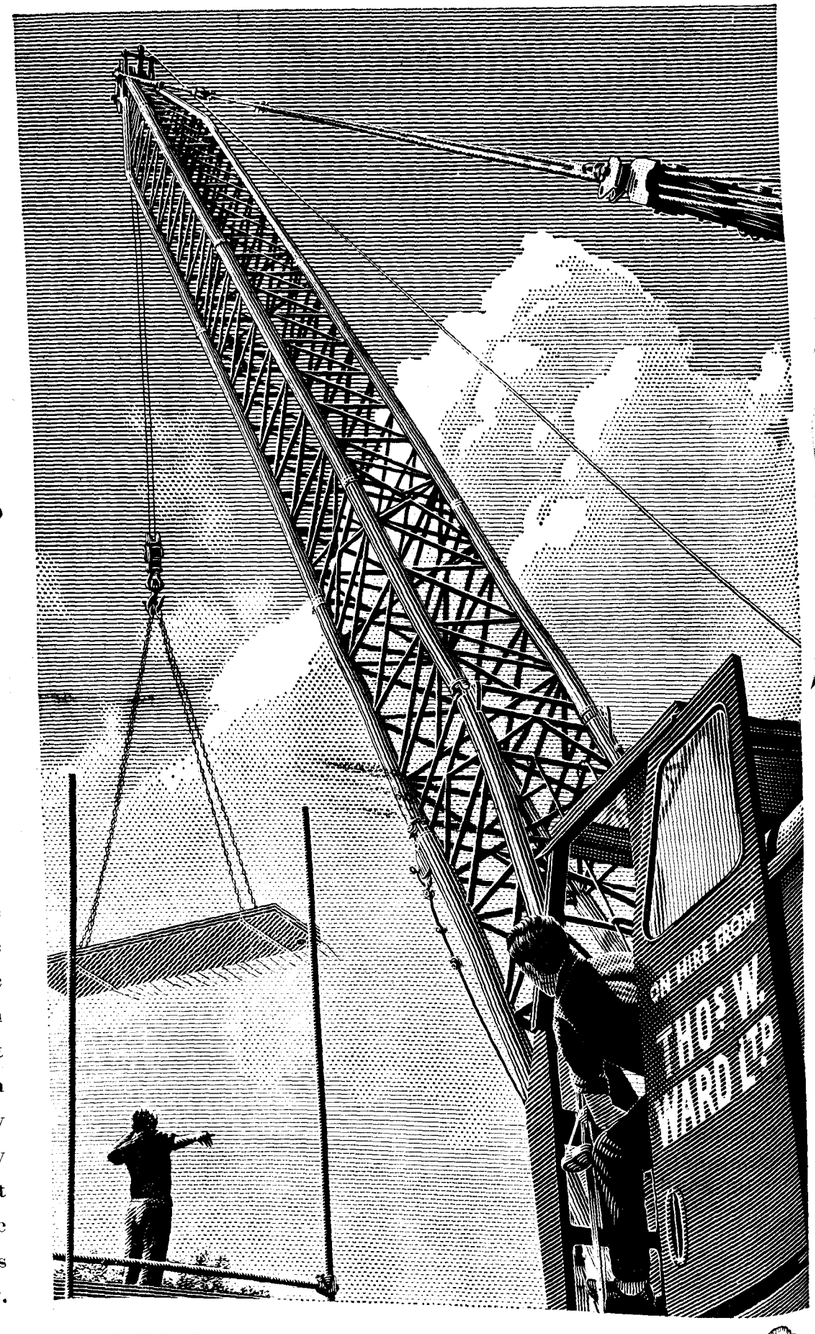

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Cattle droving in Arawhata Valley, South Westland

PEA HARVEST From late November until the end of February—the New Zealand summer—an army of workers in three round-the-clock shifts gathers the pea harvest. This crop, near Hastings, is destined for the plant of J. Wattie Canneries Ltd. who are users of tinplate manufactured by The Steel Company of Wales.

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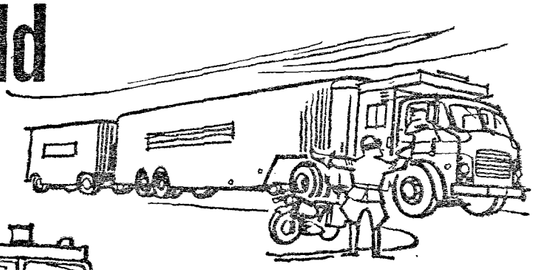

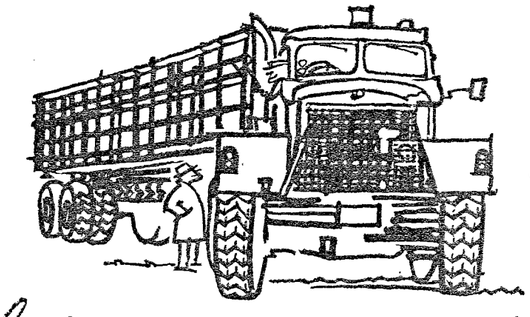

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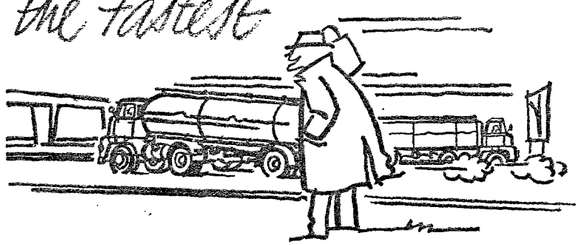

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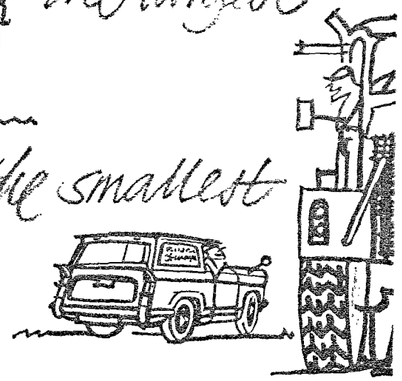

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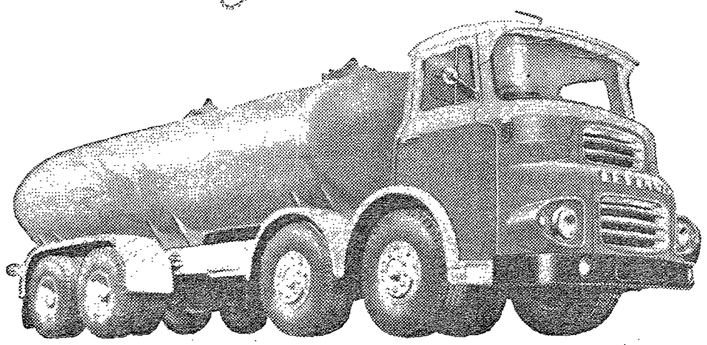

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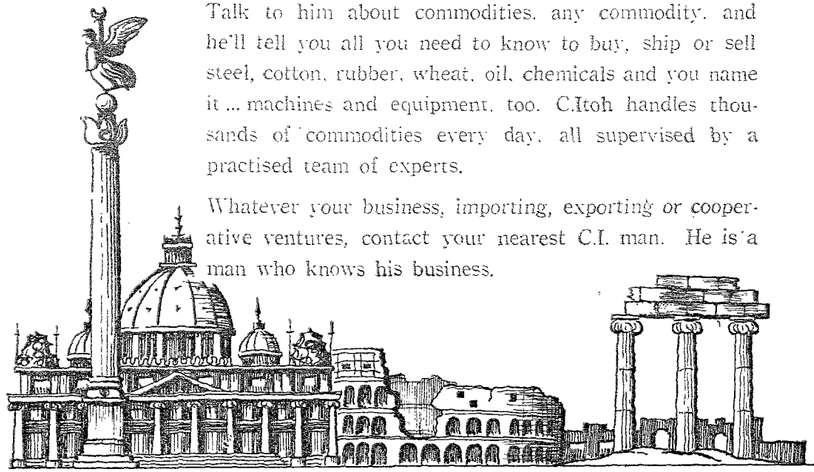

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The Economist

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The New Climate

THERE is nothing like a good scare to make a man take a rosy view of life. To judge from some recent comments, the fact that the world did not blow itself up about Cuba a month ago has sharply improved the chances that it will refrain from blowing itself up about anything else. Mr Nikolai Polyanov, who writes about international affairs in *Izvestia*, said on November 24th that the end of the Cuban crisis might mark the beginning of the end of other problems. In the same week, Mr Harlan Cleveland, an American assistant Secretary of State who sometimes seems to have the job of trying out new concepts for President Kennedy, talked of a "watershed" dividing the old pre-Cuban landscape from the new country opening up ahead ; and Lord Home said the day was drawing nearer when Russia would recognise its community of interest with the western nations. Mr Kennedy and Mr Macmillan, meeting in the Bahamas on December 19th, will have to weigh the theory that the events of the last few weeks have been a blessing in heavy disguise: a crisis, perhaps, to end crises.

Were they ? It is true that several people have learned a useful lesson this October and November. The United States has learned that, if it catches Mr Khrushchev far from home with his conventional trousers down, he is likely to back warily away without resorting to nuclear mayhem ; those who were not at all sure that he would do this can indeed salute the coolness of Mr Kennedy's judgment. Mr Khrushchev himself has undoubtedly made a note not to get caught again in a situation where he is left with no choice except atomic war or backing down. And, while the United States and Russia have been redrawing the limits of their power, a far bloodier clash on the other side of the world has been forcing the Indians to redefine the limits of non-alignment.

Obviously things are not going to be quite the same again. But one suspects that the watershed that has been crossed (to go on with Mr Cleveland's image) is not a dramatic Himalayan divide, separating harsh mountains above from comfortable plains below, so much as one of those barely perceptible Pennine-style watersheds where the ups and downs on one side look—for a time, at least—remarkably like the ups and downs on the other. In other words, it is going to be a mistake to expect any very great or sudden shift in policy or alignment on anybody's part. The most that can sensibly be hoped for in the immediate future is that some of the fairly cheering things that were already beginning to happen before the United States Navy forced Mr Khrushchev's missiles out of Cuba, or the Chinese burst into north-eastern India, will be given a helping push on their way.

Two general points are worth making about the post-crisis world. The first is that the really important relationship to keep an eye on will continue to be that between Russia and the United States. Doubtless the Indians, and some of their friends in the uncommitted world, are feeling pretty disillusioned about China, but it is simply not realistic to expect this disillusionment to produce a headlong rush out of the camp of non-alignment. If only because Mr Nehru wants help from as many sources as possible, he is bound to keep one hand stretched out in Russia's direction as the other hand tries to ward China off. The western governments understand this well enough ; but it is possible that western, and particularly American, public opinion will get restless as western arms go on flowing into India, and India stays stubbornly neutral in every quarrel

except its own. It will have to be explained that there are compelling reasons why the present three-way division of world, among western, communist and uncommitted ions, is unlikely to be upset by any startling changes of giance in the West's favour.

The second general point is that the relationship between ssia and the United States, which is still the heart of the tter, has not been fundamentally changed in the last uple of months. The two sides have had a horrid shock finding themselves on the brink of war, and have learned nething about the techniques for scrambling back from brink. Mr Mikoyan's visit to Mr Kennedy this week ows that they want to keep these techniques in good ctice. But neither side has had any reason to change its imate of the other's aims in life (as Mr Nehru has with ina). Right or wrong, their deep-rooted suspicions remain ; l as long as they remain, there will be no meeting of nds on the really major points at issue.

This is why Mr Polyanov's suggestion in *Izvestia* that neral disarmament is a subject on which "agreement uld be reached speedily" wrings out a wry smile. Nothing t has happened in Cuba suggests that Mr Khrushchev uddenly willing to let international inspectors pore over ther Russia, or that the West has given up its insistence t disarmament will be meaningless unless they do. It is ally unlikely that Russia is about to give birth to a wholly w policy for central Europe. There were some minor nges of emphasis in the statement on the German question ch the east German government published in *Neues utschland* on November 23rd. These suggest that Mr rushchev will probably go easy on Berlin for the time ng ; they do not suggest that he has anything more radical nind.

WHAT does this leave ? It leaves those matters on which America and Russia have a common interest in coming an agreement—and on which they may now actually be rred to agree by their traumatic Cuban experience. The ious candidate is a nuclear test ban. The two super- ers have been banging away since the spring so heartily , according to some accounts, their scientists have several s' data-processing work ahead of them in the laboratories. difference about on-site inspection has gradually been owed, by the improvement of listening instruments, to oint where, if those co-operative sounds from Moscow ly mean anything, a treaty may at last be within reach. l the nuclear field is rich in other areas where Americans Russians may be happy to reach limited (and in some s tacit) agreements. Their shared desire to prevent the ad of atomic weapons going any further may lead them hink about formal nuclear-free zones (in the Caribbean, instance ?) and, more informally, about arrangements pulling back these weapons from the central European t line.

the coming months were to bring even an approach n agreement on these points, there would be no cause niff disdainfully. When President Kennedy came to just under two years ago he picked out a nuclear test and a settlement in Laos as his two tests of Russian erativeness. If he gets a test ban treaty, both these itions will have been satisfied (rather later than he

intended them to be, admittedly) ; in addition, he may also turn out to have won a respite, perhaps only temporary but perhaps not, from the pressure Mr Khrushchev has been putting on Berlin since Thanksgiving Day four years ago. This would not be a bad two years' work. Nevertheless, it falls a long way short of the larger hopes that have been circulating since the euphoric day when the Russian missiles were pulled out of Cuba. These hopes range from the expectation that Mr Khrushchev is about to call a general truce in the East-West struggle, to the wild-eyed dream that he will fairly soon discover that he prefers capitalist Americans to stalinist Chinese.

NOT just yet, not just yet, one must regretfully say. To understand why such hopes are still totally unrealistic, it is necessary to appreciate what would have to happen before they could be fulfilled. It is sometimes suggested that when Russia gets at loggerheads with the West—over Berlin, say, or Cuba—it is because Mr Khrushchev has simply decided to "cause trouble." On this theory, he starts international crises at times and places of his own choosing for the purely offensive purpose of frightening and dividing his opponents. If this were really the case, a single decision by Mr Khrushchev could cause the flow of crises to be turned off at the Kremlin stopcock.

But this theory really will not stand up. Of course Mr Khrushchev is delighted when his opponents get frightened and divided. But another reason why he gets embroiled in rows with the West is that he wants to defend what he conceives to be the Soviet Union's vital interests. In the case of Berlin, these interests were to save the client regime in east Germany from collapse ; in Cuba, one guesses, he wanted in addition to redress the missile balance by putting some medium-range rockets on the island.

In other words, East-West crises arise from real clashes of interest, not from Luciferic raids on what would otherwise be a world-wide Garden of Eden. But this means that Mr Khrushchev is not entirely free to sound a general truce in the cold war even if he wanted to. He is, to a certain extent, a prisoner of the national and ideological interests he champions ; of the people in the Soviet Union who would attack him if he failed to champion those interests properly ; and of communists outside Russia who would claim that they could do the job better. Mr Mao Tse-tung already makes it plain that he thinks Mr Khrushchev a pretty poor fellow for defining his interests in too defensive a way. The fact that very similar considerations apply to the leaders of the West merely makes things more complicated. There is no unilateral way to guarantee peace.

It is possible to imagine two developments that might cause these considerations to lose some of their importance for Mr Khrushchev. One would be for the Soviet Union to grow so plumply comfortable, as its national wealth increases, that its zeal for championing its interests along the frontiers of the free world (and for trying to expand those frontiers) would wane away. The other would be for China's conduct to become so outrageously unbearable that the Russians decided upon an armistice with the West in order to concentrate on the greater threat from the east. It is quite possible that the first of these developments will occur one day, and just

conceivable that the second will. But neither will happen yet awhile. Mr Khrushchev may well get extremely impatient with the Chinese ; but from impatience, and an occasional turn of the economic screw, it is a very long step indeed to giving them up as a bad job and turning westwards.

Thus, it is likely that the Soviet Union and the non-communist world are going to find themselves at odds about various subjects for some time to come. The real significance of the Cuban crisis is not that it has altered this prospect, but that Mr Kennedy and Mr Khrushchev have rediscovered for themselves in the most nerve-tingling way the simple truth that Marshal Bulganin and Mr Eisenhower lit upon at Geneva in 1955: that these arguments have got to be kept short of war. The leaders of 1962 seem to have gone a stage further, by starting to set up the machinery of consultation and informal negotiation by which they may be able to prolong the peace. In this sense, and nothing grander, Cuba may have changed the weather.

The Continuing Drift

Last week's by-elections suggest that the floating vote is still adrift from the Government in every part of Britain

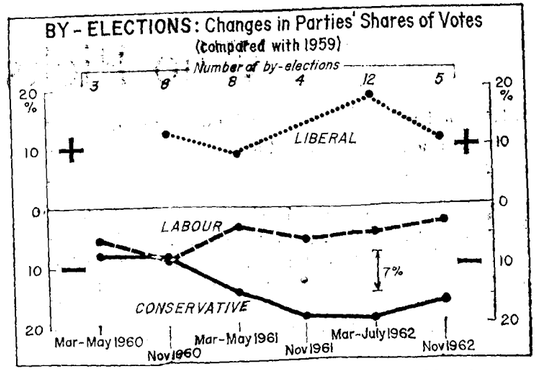
IN last week's five by-elections the average net swing from Conservative to Labour was 6.9 per cent ; repeated in a general election this would return Mr Gaitskell to power with a majority of around 110 in the House. In the twelve previous by-elections between last March and July the average net swing to Labour had been just over 7½ per cent, which would have sufficed to give Mr Gaitskell a general election majority of about 130. The so-called Conservative "recovery" since the summer was as wafer-thin as that.

The results in the different constituencies are discussed in more detail on page 891. But the really astonishing thing was once again how few regional or local differences there were. In each of these five widely scattered constituencies, between 25 and 40 out of every hundred people who had voted Conservative in 1959 seem to have drifted away to vote for some available non-socialist alternative this time. In four out of the five seats, a smaller proportion of the people who had previously voted Labour (about one out of ten on average) did the same thing—or else stayed away from the polls in sufficient numbers to have the same net effect.

It is easy to overstate the lessons of these sorts of figures, but they do provide the best available measuring stick of current political trends ; and it is extraordinary how many politicians seem intent on grasping the wrong end of it, preferring to talk about what ought to be happening instead of what actually is. For example, many people (including some Labour strategists) are still saying that Labour's main hopes for a great advance at the next general election lie north of the line from the Humber to the Mersey ; Labour, it is said, can best hope to prosper if it constantly stresses in its propaganda how shabby and dirty and relatively ill-favoured the North is. One has always doubted the attractions of this argument (either in the North or the South), but up to last week it was based on most people's expectation that much the biggest net swing to Labour last Thursday would be in unemployment-affected Glasgow Woodside. In the event, the net swing there was the second smallest of the five. No doubt special factors (such as a Glasgow fog and a unilateralist candidate) helped to keep down the Labour vote in this constituency ; but the fact that Labour captured many floating voters in Scotland and Lancashire in 1959 does tend to mean that it now has rather fewer natural floaters left there on whom to draw. Certainly, the Conservatives would be wise to conclude that at the next election they will face the possibility of as many damaging desertions in the prosperous South as anywhere else in the country.

Again, it is being widely said that after South Dorset—where the Tories lost a seat to Labour because of the intervention of Sir Piers Debenham as an anti-common market independent—Mr Macmillan must fear that similar interventions could cost him a large number of otherwise safe Tory seats up and down the country. But in fact (see page 891) the figures at South Dorset strongly suggest that Sir Piers drew the majority of his votes from former Tories who would otherwise have given their vague protest votes to the Liberals, illogical though this may seem ; the best statistical guess one can make is that Sir Piers's intervention may have increased the net swing from Tory to Labour at South Dorset by about 2 per cent and reduced the net swing from Tory to Liberal by perhaps about the same margin.

At any given level of public opinion, there are generally between 30 and 40 Tory seats which might go to Labour with a net additional swing of 2 per cent (it is a pure coincidence that South Dorset was one of them). On the other side of the fence, there are a smaller number of Tory seats



The chart above shows the average gain (by the Liberals) and average loss (by Conservatives and Labour) in each of the six separate "by-election seasons" since 1959. The Liberals' averages are struck only for by-elections in seats that they also contested in 1959. The Conservatives would be likely to lose power at the next election if their "gap" below Labour, as shown on this chart, remained higher than 7 per cent ; last week the average gap was 13.8 per cent.

which might be saved from going to the Liberals by the appearance of an alternative outlet for part of the protest vote. If at the next election candidates with Sir Piers's peculiar advantages and stature did in fact appear, with awkward precision, in all of these relatively few seats, the net effect would be mildly damaging to the Conservatives. But it is moonshine to suppose that they will locate their interventions with such devilishly well-judged cunning. After South Dorset one does not now believe that the intervention of anti-common market candidates will determine the fate of more than two or three seats at the next election, if indeed of that.

THE real problems for the Tories are at once less specific and therefore probably more difficult. There is no evidence from these by-elections that a rebellious army of impoverished northerners or anti-marketeers or white collar workers or any other easily definable group is indignantly on the march. What does seem to be happening is that a broad band of middle of the road voters right across the country is still on the drift. There is a general feeling that a change of Government would be no bad thing, even although the Labour Government that would then actually come to office on a minority vote is not the one that many of the floaters really appear to want. This, in short, seems to be a swing occasioned not so much by resentment as by boredom and by the normal swing of the pendulum against established authority.

There are several ways in which the Conservatives might recover the 3 per cent or so swing that they need before the general election. A first way would be if the Labour party, or organisations regarded as attached to it, stirred up more active public resentment against itself. One is coming to think that the swing against Labour which was reported by both public opinion polls last month—and which the Gallup poll had correctly reported had been wiped out before last week—owed less to Llandudno than to the unpopularity of the railway and Dagenham strikes. Probably all three parties could—but do not—draw interesting implications for trade union policy from that.

A second possible source of major Tory recovery would be if Mr Maudling really managed to infuse dynamic growth into the economy, and if voters then decided that they dare not risk "letting Labour ruin it"; perhaps the biggest tactical mistake the government has made this autumn, apart from its retreat on railway wages, was in not formally calling Mr Maudling's autumn budget a budget, and excitedly advertising it as such. The third and biggest catalyst could, of course, be if Britain joined the common market, if voters began to realise what this meant, and if Mr Gaitskell's continued opposition to it made him seem the opponent of all change; but at the moment, while Mr Heath appears to the ordinary man to be still haggling about Europe's terms for kangaroo meat, the Brussels negotiations are paradoxically one of boredom's biggest temporary allies.

In general, therefore—despite their mounting gloom—the Conservatives may still have almost as much scope for recovery as they did at the same stage of the last Parliament. But in one particular respect they should now expect to be more cramped. A card which they probably cannot hope any longer to play is that of excessive personal veneration for Mr Macmillan. When Labour scoffed at Supermac and Mr MacWonder, just before the 1959 election, it illogically built up a picture of a man whom the ordinary voter began to regard as exceptionally wise, cunning, deep and shrewd; one might even say that it was the Opposition's own clumsiness which at that time put into him the valuable electoral mickey that has since been extracted (perhaps equally unfairly) by such satires as "Beyond the Fringe." To say that Mr Macmillan is now somewhat less of a major personal electoral asset for the Conservatives is a long way from saying that the rest of the Cabinet will now persuade him to take his peerage and depart; but one suspects that he will no longer be in as complete control of the Government's strategy and aims in the next twelve months as he would have been if last week's by-elections had not gone so badly for his party. And that, in itself, could represent an important change in the balance of personal power through which Britain is governed, and might select to be governed in future. The main responsibility for any recovery by the Conservatives now probably lies with Mr Maudling and Mr Heath.

Who Picks the Music?

Italy's good will towards British entry into the common market is undeniable; why is it not more effective?

NOT a day too soon, Mr Heath entertained his Italian opposite number, Signor Colombo, at Chequers last weekend. There were talks about the difficulties in the way of British entry into the common market, and on Sunday afternoon a visit to Oxford, where Mr Heath played the New College organ for his guest. Signor Colombo, the minister of industry and commerce, represents Italy at ministerial meetings in the Brussels negotiations. With him were Signor Cattani, a European pioneer who now presides over what used to be the Fouchet six-power committee on political union; and Signor Ducci, the top Italian official delegate in Brussels. No group of people could be better equipped to answer the riddle of how it is that the Italian professions of anxiety to get Britain into the common market find so little visible expression in action on the Brussels field of battle.

Among the latest of these professions was Signor Saragat's in his speech to the Social Democratic party congress on November 22nd. Signor Preti, the minister for foreign trade, told a meeting in London on November 19th that, in this matter, "the goodwill of the Italian government is very, very big." Signor Piccioni, the foreign minister, addressing the chamber of deputies on October 30th, came out strongly to the same effect. Signor Fanfani, the prime minister, and Signor Colombo share these views.

The sad thing is that when it comes to the matters that Signor Colombo discussed with Mr Heath last weekend—the usual lot: pigmeat, dried fruit, zinc, aluminium, newsprint, agricultural deficiency payments, and the financial

regulation for trade in agricultural products—these sentiments, however warm, however firm, have so far made little difference. Why? The answer, freely given by the Italians as well as by other members of the Six, is that unity is the first law of the Six in any dealings with a third party. Unless the Six have a common position, they point out, the negotiations with Britain cannot make progress; and if even the suspicion arises that one country is taking a line of its own, then the common position is never reached.

What this boils down to is that the Italians, loyal to the treaty and loyal to their friends, hesitate to give the required shove to the negotiating position of the Six for fear of rocking the boat. It is an intelligible attitude, and the Italians are not alone in it. But it does seem to mean that the common market position, once taken up, is going to be hard to shift as the negotiations near their final stage and the last craggy peaks of the really intractable questions are isolated one by one. Signor Colombo, like other leaders on the common market side, still expects an agreement in time for British membership to take effect on January 1st, 1964. Before that result is to be reached, there may be a moment when the Italians at Brussels, and not only in Rome, may have to give practical effect to their view that the European community will benefit by enlargement. The British have been culpably slow to grasp the fact that Italy is an important country nowadays. The Italians are being even slower; one consequence of importance is that unpleasantness has to be faced, when necessary, to ensure that one's view is heeded.

Art of the Impossible

Black nationalists in central Africa are learning to play politics the white man's way, with some unexpected results

ON the evening of Sunday, November 18th, Mr Kenneth Kaunda, president of the Pan-African Freedom Movement for East, Central and Southern Africa (Pafmecsa) sat and supped with the arch-enemy of pan-Africanism, Mr Moise Tshombe of Katanga. Mr Kaunda was beckoned to the meeting at Kitwe by the newest recruit to Pafmecsa, the former "traitor" to pan-Africanism, Mr Harry Nkumbula. The meeting took place for the best of political reasons. At the Northern Rhodesian elections of October 22nd, with their fancy franchises, Mr Kaunda won 20,000 more votes than all other parties combined, but only 14 out of 34 seats.

Partly because of an electoral arrangement with Pafmecsa's arch-arch enemies, Sir Roy Welensky's United Federal Party, Mr Nkumbula won 5 seats, leaving him holding the balance between the UFP (15 seats) and Mr Kaunda's party. With eleven by-elections to be held on December 10th, Mr Kaunda, like everyone else, has been bidding for Mr Nkumbula's support. Mr Nkumbula, who relies for his party funds partly on Mr Tshombe, arranged the Kitwe meeting. Will he now go ahead and double-cross the UFP supporters who gave him votes and funds in the hope of an Nkumbula-UFP coalition that would keep Mr Kaunda out? On Tuesday he said in London (where he has come to demand a new constitution) that, in effect, he will.

This kind of machination, familiar enough in Europe, is something new out of Central Africa. Until now African politics has largely been a matter of standing firm and shouting for more. British governments, anxious to withdraw, have usually proved willing enough to placate the men to whom they have agreed to hand over power. The job of putting black men in charge where white men ruled before has also been done for many blacks by the departing British.

But Northern Rhodesia's peculiar constitution has given Sir Roy Welensky's white followers the prospect of a slightly longer lease of life; the possible support forthcoming from across the border in Katanga has given added hope. At first sight it might seem that Mr Kaunda, who appears to his friends outside as an innocent idealist, might be crushed between the adept hands of Mr Tshombe, Mr Nkumbula, and Sir Roy Welensky. But Mr Kaunda has the overwhelming majority of Northern Rhodesia's Africans on his side; his goal is being kept before his eyes by the return to prominence of two radical members of his party; and, anyway, he has been learning in a hard school for many years.

For his part Mr Nkumbula has been urged by many of his own followers, and by the chiefs in Northern Rhodesia, to go Mr Kaunda's way and not Sir Roy Welensky's. At the same time Mr Tshombe's anomalous position once again looks precarious. The scarcely veiled warning to him issued jointly by the United States and Belgian governments on Tuesday was only one of several ominous portents. The faintly insane way in which the white air force that fights under his banner (if not his orders) has been peppering the loyal (that is, the larger) part of the Katanga province not only suggests desperation; it has also helped the United Nations command in the Congo to garner in ground and air reinforcements, some of them from "aligned" countries such as Norway. True, the *Union Minière*, the company that meets Mr Tshombe's own steep bills for his white military help, was quick to deny on November 24th a report indicating that it had at last seen the red light; and his backers' hopes of succeeding in continued delaying tactics were simultaneously raised by the wobbling motions of Mr McGhee, the American under-Secretary of State, along the London-Brussels-Washington orbit. But now UN and American impatience with Mr Tshombe, fears for the survival of Mr Adoula's Congo government, concern to secure U Thant for a longer term as UN secretary-general, and the exhaustion of the UN's financial resources for the Congo operation, all seem to be nearing a climax together: a conjuncture rich in meaning, which contributes to the present unusual fluidity of central African politics.

Here is the situation into which the British minister for central Africa, Mr Butler, must project himself in the months ahead. He must make several important decisions during that time. He is still master of Northern Rhodesia, which remains a colony under a governor's rule. If he allows a white government based upon a minority of votes to take control of the protectorate, he will increase the danger of a violent African outbreak or, just conceivably, of a joint

attempt on the part of Sir Roy's men and Mr Nkumbula to link the territory with Katanga. But if he puts Mr Kaunda's Africans into the government by directing his officials in the legislative council to vote that way, then the whites may resist with force. He will be saved if a firm deal between Mr Kaunda and Mr Nkumbula is worked out (as it apparently has been) and stuck to (as it has yet to be). If not, his best course would be to govern for a spell directly through the governor, scrap the present bizarre constitution, and start all over again working out a constitution as free as possible of fancy franchises.

Similarly, in Nyasaland, Mr Butler is faced with several choices complicated by a new-found political sophistication on the part of the Africans. In this case, however, the complications may be working in Mr Butler's favour. Dr Banda, leader of the Malawi government of Nyasaland, has shown himself willing to deal with the Portuguese in the interest of keeping his railway outlet through Portuguese-held Mozambique open after independence. The Rhodesian federal government controls the railway company, and Dr Banda (surprising though it would be) may eventually be forced to deal with Sir Roy Welensky himself.

Dr Banda's habit of facing realities led him to hold back demands for secession from the federation during the Nyasaland constitutional conference that ended in London on November 23rd. The constitution worked out at the conference will take Nyasaland to the stage immediately before independence. But Dr Banda has agreed that this can be done in two steps—the first (giving him a cabinet and making him prime minister) to be carried out next February and the second (putting the rest of the constitution into effect) as soon after as the drafters can finish their work. More significantly, Dr Banda has agreed to leave some important reserve powers over finance and the police in the Governor's hands; he has accepted a bill of rights; and he has promised to keep the Colonial Office man in his post as finance minister until a Nyasalander can be trained to replace him. All this amounts to a recognition of the need for compromise if Nyasaland is to win a subsidy from the British Government for the years that must intervene between divorce from the federation and independent viability.

In Southern Rhodesia, where skilful politics are needed most of all, the Africans might well learn the lessons of what is happening in the northern territory. To be plain, where the white opponent is firmly entrenched in power, shouting and intransigence may prove to be a longer and bloodier way of getting him out than political accommodation and manœuvre. The man who must learn this lesson, Mr Joshua Nkomo, is unfortunately still in detention in Southern Rhodesia. But the future is not altogether dark: a lot depends upon Mr Butler.

Mr Butler's first task is to do nothing, and to keep on doing nothing, until the elections of December 14th are safely past. Interference before then might well stampede the white voters towards support of a right wing pro-apartheid party. It is likely that the prime minister of Southern Rhodesia, Sir Edgar Whitehead, will win: his victory ought then to be cheered. For there can be no doubt that Sir Edgar has put an exceedingly courageous policy before his white voters: sweeping away all colour restriction and envisaging power for (admittedly, well-trained) blacks after fifteen years. After the elections Mr Butler's task will be to persuade Sir Edgar to cut down this period drastically.

He might fly out to Southern Rhodesia and try to bring Sir Edgar Whitehead and Mr Nkomo together again; if he persuades Sir Edgar to make some constitutional gestures in the African direction, Mr Nkomo should, matching Sir Edgar's boldness, accept and fight new elections; if necessary, he could keep up the agitation outside parliament as well. The alternatives for Mr Butler are to do nothing (which might lead to a bloody racial war in Southern Rhodesia); to override the complete home rule that has been granted to white Southern Rhodesians by the Westminster parliament (which could even lead to British soldiers shooting it out with their Rhodesian cousins); or to ditch the whole problem by granting Southern Rhodesia its independence under white government. This last alternative is tempting in a situation where Britain takes the blame for Southern Rhodesian actions over which it has no control and little influence; it would, however, be both wrong in principle and inexpedient.

Finally, Mr Butler has to decide how and when to allow the break-up of the Federation of Rhodesia and Nyasaland. He ought to try his best to keep as many economic links as he can; here the new-found political sophistication of Mr Kaunda and Dr Banda might, if it lasts, be a help. By letting federation go he will be destroying a powerful white state and putting Nyasaland (black), Northern Rhodesia (unpredictable), and Southern Rhodesia (currently white) in its place. What other course is there? Southern Rhodesian whites, who have the power on the spot, would not let him hand the whole federation to a black nationalist government; to keep the federation intact, in white hands, is now impossible; and even a white-managed combination of the two Rhodesias, without Nyasaland, would not work for very long.

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PARLIAMENT AND EXPENDITURE

"The Public Departments are at the present day almost without the old incentives to corrupt expenditure, and without the old opportunities for that expenditure if they were so inclined; but they are under very strong temptations to *uncorrupt* expenditure to which former epochs afforded no type or parallel. The very public spirit of the Departments which was so wanting in old times, and which is no characteristic of the present, of itself tends to expense. A zealous man wishes for improvement, and for one improvement which saves money, there are a hundred which cost money. The natural and legitimate object of ambition in a public servant is to improve *the efficiency* of the Department of which he is a member, and by far the greater number of augmentations of efficiency are augmentations of expense likewise. "What you gain in power you lose in time" is a principle of mechanics, and what you gain in power you lose in money may almost be made a principle of politics. If, then, a Department has, by an accidental surplus on vote A a sum of money which it can devote to object B, we fear it will so devote it. In the present state of science, with so many plausible improvements in the destructive arts pressing upon the attention of our Military Departments, it is a strong temptation to use, in that natural and pleasant manner, any little money which comes to hand. . . . From the nature of such things, the Executive—the Cabinet—call it which you will, must have a licence to spend money to meet unexpected military events. The main function of Parliament in such matters, therefore, is to choose a good Executive. They may watch them carefully, but watchfulness on these subordinate matters is not really effectual. The true business of Parliament is not to *manage* such matters, but to *choose* good managers. . . . .

NOTES OF THE WEEK

CUBA PLUS

The Man Who Came to Dinner

Tanned by three weeks in the Cuban sun, but visibly worn by his long exertions there, Mr Mikoyan reached New York on Monday in time for a dinner party in U Thant's office suite that left him and his fellow guests, Mr Stevenson and Mr McCloy, in a genial but not very communicative mood. By Thursday Mr Mikoyan was in Washington, closeted with President Kennedy. Both of them had indicated that they thought this an opportunity of exchanging views on subjects that would not be confined to the affairs of one Caribbean island. A leading article on page 885 is concerned with these wider themes. But meanwhile the American-Soviet contacts on the highish level of Messrs Stevenson, McCloy and Kuznetsov have continued. In name and form, these have been limited to the topic of Cuba. In practice, they have tended to disprove once again the notion that peace is geographically divisible.

The stated American objective in these talks is to make sure that Cuba is stripped of "offensive" Soviet weapons and kept stripped. But the United States is already aware that Dr Castro will not—indeed, in terms of hard political reality, cannot—agree to his country being subjected to any purely unilateral form of surveillance. The stated Soviet purpose is to secure for Dr Castro reassurances, in deed as well as word, against any future action by the United States to topple him. But the Russians for their part are aware that Mr Kennedy is in no position—despite his present strength in the context of domestic politics—to give a public assurance that Cuba is now "safe for communism." Thus, on both sides there is an emergent awareness—still unacknowledged, and only reluctantly referred to, even in parentheses—that there can be no neat tidying up of the Cuba situation except in the framework of something geographically larger. How far this geography may go, in the event, is still quite undecided and clearly the subject of bargaining yet to come. While the Cubans start from the initial (and obviously unrealisable) claim that some parts of the continental United States should be brought under inspection if there is to be any inspection at all, the Americans are in no mood to agree to inspection even of their Guantánamo base—and, although it is a useless, costly, and politically noxious property, there is no present possibility whatever of their extricating themselves from it.

The ripples from Cuba may therefore widen out further than is yet appreciated before they die away. Ready to hand, whenever the principal parties care to reach for it, is the Brazilian project of designating the whole of Latin America as a zone to be kept free of nuclear weapons—which implies some kind of multilateral inspection to ensure that it is so kept. UN debate on this project, and on Cuba's own proposals to amend it so as to embrace United States-controlled areas (such as the Panama Canal zone), was postponed indefinitely on November 19th with a striking unanimity which in part reflected the irritation of other Latin American countries at not having been adequately consulted by the sponsors. If the UN Assembly gets back to this item before Christmas, will the discussion of "nuclear-freedom" be limited even to Latin America?

BY-ELECTIONS

Even Tide

In last week's five by-elections the average net swing from Conservative to Labour was 6.9 per cent (which did not compare at all badly with the much-maligned Gallup poll's national forecast of 6½ per cent). The most remarkable fact was that the tide flowed so evenly across the country. The highest net swing to Labour was 8.4 per cent at South Dorset, one of the two seats which Labour gained by a narrow margin. Probably this swing would have been down to between 6 and 7 per cent had the anti-common market Sir Piers Debenham not intervened and secured 12.3 per cent of the poll. If most of Sir Piers's votes had come from the Tories, one would have expected—to judge from the average swing, elsewhere in the country—a bigger Labour majority. But, as our table shows, a main feature of South Dorset was that the Liberals did less well there than elsewhere; in fact, the rise in their share of the vote was exactly 8 per cent lower than their average rise in the other four constituencies, while the fall in the Conservatives' share was just over 2 per cent greater. The exact calculation of these averages (which include South Northants, where there was no Liberal candidate in 1959) is open to dispute; but all the evidence must suggest that Sir Piers illogically drew most, though not all, of his votes from the Liberals.

The second highest net swing from Conservative to Labour was 7.5 per cent at Central Norfolk, which the Conservatives held by a whisker of 220 votes. This was the seat where the Liberals made their second smallest advance (there was, again, an anti-common market candidate in the field, but he got only 2½ per cent of the vote). It was also the only seat of the five where Labour's share of the vote actually increased compared with 1959. But there have been signs for some time of a long-term Labour advance in Norfolk, perhaps partly because, as older rural traditionalists die out, the newer agricultural labourers on its large farms are steadily becoming more like ordinary industrial workers in their outlook.

The net swing between the main parties at Chippenham (6.7 per cent) was near to the five seats' average. The Conservative victor retained 13,439 votes, which was 1,588 more than the second place Liberal; but at the next general election some of the 10,633 Chippenhampsters who voted Labour last week might well go over to Mr Grimond, in order to put the Tory out. This is probably now a very unsafe Tory seat indeed.

Swing to Fudge

Although Labour duly captured Glasgow Woodside, it was surprisingly with the second lowest net swing (only 6 per cent) in all the five by-elections. No doubt this low swing was partly explained by the foggy weather on polling day, which generally tends to cause more abstentions among apathetic Labour voters than among Tory ones; but this result casts increasing doubt on the argument that it is in unemployment-affected Scotland that the Tories will have most to fear next time. Glasgow Woodside is one of the seats that Labour would normally have to expect to win if it were to secure any sort of majority in the

CHANGES IN PER CENT SHARE OF VOTE SINCE 1959

	Conservative	Labour	Liberal	Other	Net swing from Con. to Lab.
South Dorset	−18·0	−1·2	+6·2	13·0*†	+8·4
Glasgow Woodside	−19·2	−7·0	+14·1	12·1*†	+6·1
Chippenham	−15·3	−1·9	+15·6	1·6*	+6·7
Central Norfolk	−12·7	+2·2	+7·7	2·8*	+7·5
South Northants	−15·8	−4·4	19·3*	0·9*	+5·7

* Indicates no equivalent candidate in 1959. † Includes 12·3 per cent for Anti-Common Market candidate at S. Dorset, and 11·1 per cent for Scottish Nationalist at Glasgow–Woodside.

next Parliament, so it is noteworthy that its hold on the seat still looks distinctly marginal. The victorious Mr Carmichael got 36 per cent of the vote, compared with the Conservatives' 30 per cent and with 33 per cent for the Liberal and the Scottish Nationalist combined.

The Conservatives held on to South Northants with a net swing from them to Labour of only 5.7 per cent despite the fact that this was the one seat which had had no Liberal candidate in 1959. A new Liberal appearance nowadays picks up the votes of (a) the sort of people who voted Liberal in other constituencies in 1959 (who included almost as many former Labour voters as Conservative ones), plus (b) the sort of people who have been drifting towards the Liberals since 1959 (overwhelmingly ex-Conservatives). That may be why Liberal interventions in constituencies which Liberals did not fight in 1959 now seem to be bringing less benefit to Labour than Liberal advances in constituencies which they did fight then; this is a striking reversal of the situation in the last Parliament.

Finally, more than 1,300 of the 172,000 people who went to the polls in all five constituencies last week thought it worth while to use their votes to try (unsuccessfully) to save the deposits of ingenious ex-service column dodgers. Where more than one ex-service candidate offered himself, the highest vote went to the one whose name appeared first on the ballot paper, by dint of the rule of alphabetical order. One of the candidates who thus attracted 82 votes in South Dorset was a certain Mr Fudge. The Tories may be excused for seeing something symbolic in that.

LABOUR PARTY

Domestic Calm

After the excitements of the contest for the deputy leadership, and the good cheer from last week's by-elections, the Labour party seems now to be in one of its rare periods of domestic calm. The division that threatened the party over the common market now looks less imminent. Fundamentally Mr Gaitskell's attitude to Europe has not altered, but—thanks partly to Mr Carron and Mr Gunter—there has been a shift of emphasis and a change of tone.

It is true that this shift of emphasis may not seem very apparent in the next few months. Mr Gaitskell will still show no mercy in his questioning each time Mr Heath comes back from Brussels. He will harry the Government for what he will call its failure to redeem its pledges, perhaps with particular emphasis in the near future on pledges to EFTA countries (an emphasis which, incidentally, may prove to be something of a political mistake). When the final terms are known, the Labour leader will almost certainly reject them and demand an immediate general election. If this demand is not granted, he will come under strong pressure to announce in advance that a future Labour government would repudiate Britain's accession to the community. But it is now a little less likely that Mr Gaitskell would yield to this pressure than it seemed to be when he was making his Brighton speech. The dangers of such a course, and the revulsion which it might arise in the country, seem now to be a little bit further in the forefront of Mr Gaitskell's mind.

Meanwhile, the general sense of cosy satisfaction within the parliamentary party is shown by the results of last week's voting by Labour MPs for elections to the shadow cabinet. All twelve sitting members were re-elected, with a comfortable gap of 32 votes between Mr Lee in the twelfth place and his nearest contender. Mr Wilson dropped from first to third place, which may have been personally irritating—but has no particular political significance. Mr Callaghan moved to the top, which is a sign that he now has fewer personal enemies in the party. The strength of the Left remains constant at around seventy Labour MPs; they concentrated their votes on Mr Crossman and Mr Greenwood, who got exactly 74 votes each. It would be tempting to read some significance for the common market issue from the fact that Mr Jay, one of its most determined opponents, was the runner-up for the shadow cabinet with 88 votes. But, against that, the 68 votes for Mr Roy Jenkins showed the bedrock support on the pro-European side.

WAGES

Why Six?

The current round of 6 per cent wage increases which began on the railways—and then spread, inevitably, to practically everyone connected with the railways—had already, even before last week, begun to arouse emulatory noises from engineers, busmen, power workers and dockers. Now it has been given a further fillip because the Post Office Engineering Union has got between 5 and 6 per cent from the Civil Service Arbitration Tribunal, its second increase this year. The post office's top offer had been 3 per cent, in line with the Government's guiding light; the union had asked for varying amounts—based on the sacrosanct principle of "fair comparison" with workers in similar jobs—averaging around 13 per cent. The tribunal, as always, gave no reason for its award. One is therefore left to speculate in what proportions its motives may have been a combination of "splitting the difference," "fair comparison" and the need to pay men more for skills that are in short supply and hot demand.

This last, of course, is the only tenable argument. The civil service tribunal's decision on Tuesday to give 13 per cent to telecommunication technical officers at airports can probably be justified by it. But, in the absence of any statement that this was the motive for post office engineers, their 6 per cent is too great a coincidence to be ignored by other trade union claimants who, because of the mystery that surrounds the motives for arbitrators' decisions, can now pretend that this is the "fair" pattern for this winter's wage settlements. If this pattern is established, it is likely to be disastrous. Once again, the period of economic re-expansion which Mr Maudling is trying to set afoot is likely to run into cost inflation; once again, re-expansion is then likely to have to be slowed down.

The tragedy is that this sort of pace-setting award in the post office is precisely the sort that ought logically to have been submitted to the National Incomes Commission for a proper examination. But under the diluted terms of reference eventually provided for NIC earlier this month, arbitrators' decisions—one of the main engines of inflation in postwar Britain—remain uniquely irreversible, inexplicable and un-appealable. Looking at them is one of the things that NIC may not do. After all the sweat and anguish of the pay pause, it is almost incredible that the Government should thus have chucked down the drain the opportunities to instal a national incomes policy which it once appeared to have won.

PAKISTAN

Talks in Time?

Mr Duncan Sandys's swift shuttling between Delhi and Rawalpindi this week gave promise, as *The Economist* went to press on Thursday, of success in facilitating talks between India and Pakistan aimed at bridging the differences that had yawned between them the more perilously under the impact of China's border thrusts.

Emotions have been running high in Pakistan lately, and not entirely without cause. Many of the politicians are dissatisfied with the president's new constitution, which still considerably restricts their activities; there has also been a growing tendency towards neutralism in East Pakistan. But the real grievance has been the thought that by giving aid to India, Britain and the United States had weakened Pakistan's position in its quarrel with India over Kashmir—the focus of their foreign policy. Well aware of this mood, President Ayub Khan opened the national assembly's emergency session last week by choosing his words to give emotional satisfaction while not committing himself to unrealistic policies. Pakistan, the president said, should seek more friendly relations with China. This dig at the Indians was appreciated, as one might expect; but Pakistan genuinely needs to come to terms with China, and now is a good time as the Chinese are trying to impress the world with their "reasonableness."

Next, the president offered a continuous assessment of defensive pacts with western

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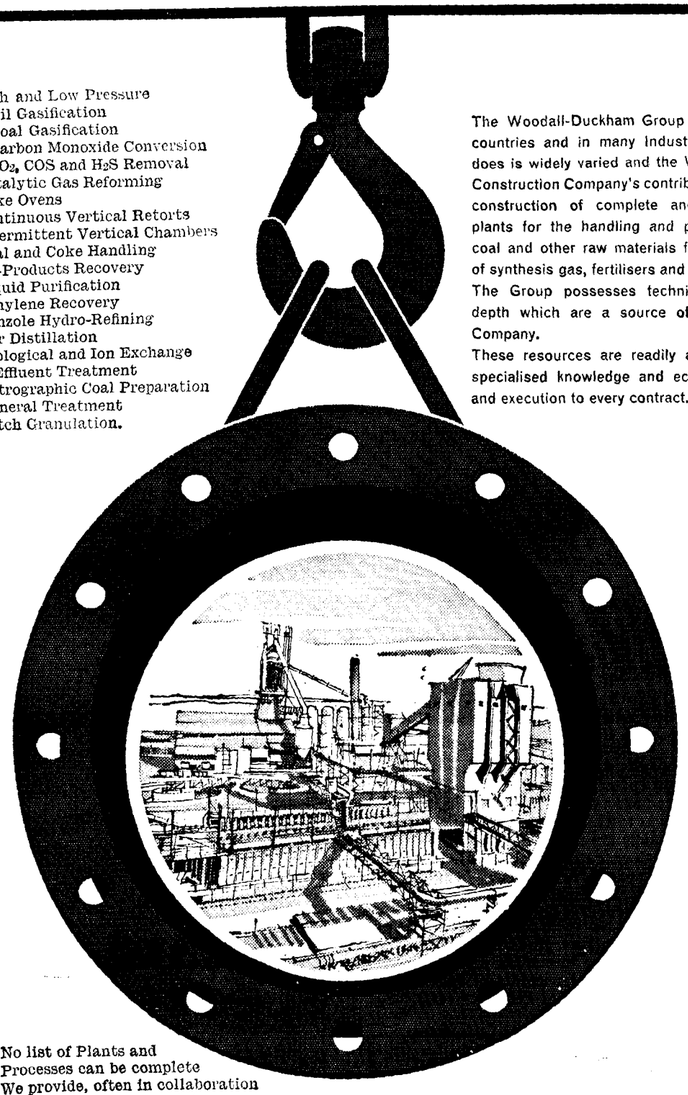

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countries. He could hardly avoid saying this. Pakistan belongs both to CENTO and to SEATO (mainly to get military aid to strengthen its hand against the Indians in Kashmir) and now loudly complains that Britain and America are neglecting an ally's interests. Finally, the president united his audience with the creed of no friendship with India until justice is done in Kashmir.

When the president left, the Assembly gave vent to its feelings. First of all the Americans were held responsible for western aid to India. On November 23rd, the minister of information, Mr Shah, called the agreement of 1951 (whereby the United States could give arms to India) "secret and conspiratorial." The point was dropped when he was told that copies of the agreement could be bought in Washington for ten cents. The spotlight of criticism then settled on Britain. Politicians were heard to describe Mr Averell Harriman as a member of Mr Sandys's delegation (the British minister arrived in Pakistan from India on Tuesday, the American assistant secretary of state on Wednesday).

Undiscouraged by hearing some of these tirades, Mr Sandys plunged on Wednesday into a day-long private talk with the president, armed with a draft for an announcement of new Indo-Pakistani negotiations. He had already secured Mr Nehru's assent to this draft during his stay in Delhi. Enough progress was made on Wednesday to enable Mr Sandys to fly back to Delhi next morning for a further round with the Indian prime minister. One gap in particular had still to be closed, it seemed; while Mr Nehru envisaged talks on various contentious issues, President Ayub Khan sought to focus attention on Kashmir alone. But there already seemed an encouraging difference between the intransigence expressed in Rawalpindi's public debates and the practical diplomacy of the Pakistani president.

COMMUNIST BLOCK

Mr Kadar's Congress

AFTER the dramatic goings-on in Sofia three weeks ago, the proceedings of the Hungarian party congress last week seemed distinctly tame. For Mr Kadar and his friends, however, this was something to feel happy about; it meant that they had managed their affairs more adroitly and with more sophistication than the Bulgarians had

The attempt to close the yawning gap between party and people (based on a direct reversal of Rakosi's slogan "He who is not with us is against us") begun by Mr Kadar just a year ago, has met with plenty of misgivings and criticism within the party. But Mr Kadar has gradually pushed most (but not all) of the doubters and critics out of positions of influence and power. His speeches at last week's congress suggest that he now feels confident about his position and his policies. He declared that the personality cult had been eliminated, "once and for all"; that (*pace* the Chinese) "it is better for our people if the heat of the class struggle abates"; that 95 per cent of those imprisoned after the 1956 revolt had been released. Encouraged by a newly elected politburo and central committee in which the new faces (not very many of them) belong to his own men, Mr Kadar evidently feels secure enough to treat his opponents with magnanimity. Mr Istvan Friss and Mr Karoly Kiss for instance, were re-elected to the central committee; both had had close connections with the Rakosi regime and both had been demoted earlier this year.

The congress, however, was not entirely without its excitements. These were provided by the direct clash between the Chinese delegate, Mr Wu Hsiu-chuan, and virtually all the rest. Mr Wu's complaints about the public attacks on Albania (i.e., China) during the congress, were at once bluntly dismissed by Mr Gyula Kallai. Among the lesser guest delegates there were a sprinkling of direct references to China. Mr Wu in fact spoke on the whole rather less uncompromisingly than at Sofia; but this may simply have been the sensitive Chinese comrade's attempt to impress an audience that he realised was overwhelmingly hostile. Whether the Chinese were genuinely impressed by the direct and mollifying appeal to consider other points of view, made by Mr Kadar in his final speech, remains to be seen.

Mr Kuusinen's Slip?

ONE small episode at the Hungarian party congress throws an intriguing light on the battle of views about Cuba that is now going on in the communist world. The chief Soviet delegate, Mr Kuusinen, castigated Mr Khrushchev's critics on November 21st in the following terms:

> Certain people, far removed from revolutionary Cuba—I have in mind the Albanian leaders—are now making a hue and cry to the effect that one should have acted quite differently. . . . God only knows to what extent these "courageous" talkers have been able to learn the great teachings of Marx and Lenin. (Laughter, animation in the hall.) But in any case they should know the elementary thing . . . namely the resolute struggle waged by Lenin against left-wing communists—for example on the conclusion of the Treaty of Brest-Litovsk. The revolutionary phraseology of the left-wing bawlers was regarded by Lenin as dangerous and harmful to the revolutionary movement. . . .

Mr Khrushchev's conduct of the Cuban affair has been hailed in Moscow as a success. But Lenin's Brest-Litovsk policy was always considered as, at best, a realistic and temporary admission of defeat. Mr Kuusinen (age 81) is old enough to know this. Did he just make a slip of the tongue in Budapest last week? If he did, it was a revealing sign of the perturbation created in Moscow by the Cuban argument.

SOVIET UNION

Mr Khrushchev's Reshuffle

MR KHRUSHCHEV'S overhaul of the Soviet economic machinery has brought about a major reshuffle in the communist leadership. The primary purpose of the reform is to tighten party control, and its first beneficiary is the party secretariat. With its membership raised from eight to twelve, it now forms a sort of inner party cabinet. Two of its new members, Mr V. I. Polyakov and Mr A. P. Rudakov, have been put in charge, respectively, of the party apparatus in agriculture and in industry. Another secretary—Mr N. I. Shelepin, successively head of the Komsomol and of the security services—is appointed chairman of the new control commission, whose scope will now extend over both the party and the state apparatus. The new body entrusted with current planning, the Soviet of the National Economy, is to be headed by Mr V. E. Dymshyts, who has hitherto exercised the same function as chairman of the Gosplan.

These are only some of the numerous changes and promotions. It is more difficult to determine who has been downgraded. Mr Dmitri Polyansky, removed from the premiership of the Russian Republic to be one of the many deputy prime ministers in the Soviet government, is the most obvious of the doubtful cases. As for the others, it may be inferred that they are slipping simply because they have been by-passed in the promotion list. This may well apply to Mr A. Kosygin, the chief economic manager in the government, or even to the party's main ideologist, Mr Mikhail Suslov, despite the fact that only last week, on his sixtieth birthday, he was awarded the title of Hero of Soviet Labour. But it will be possible to check such guesses only when it is clear what the functions of the new organs are, and what the relationship is between the enlarged secretariat, the party presidium and the government.

It is now confirmed that on November 23rd, the last day of the central committee's session, Mr Khrushchev delivered a second, and hitherto secret, speech. Rumour has it that he spoke on literature and once again violently condemned the reign of informers that prevailed during the Stalin era. It would be surprising if he had not spoken on the same occasion about the Cuban crisis and its lessons. When the inside story of the communist controversy on this subject is disclosed, the Soviet reshuffle, too, may make more sense.

LAW

Privileged Peers

LORD MOWBRAY'S successful plea that it would be breach of privilege and contempt of Parliament for the High Court to order an issue of a writ of attachment

against him has rightly raised some radicals' hackles. Lord Hailsham has promised that the Government will now examine the rather recondite questions involved. Two separate points need attention here, the privileges of peers as peers, and the privileges of Members of Parliament as such, whichever House they belong to.

Members of Parliament do not enjoy any privilege of freedom from arrest in criminal cases, but they are free from arrest in civil cases while Parliament is sitting (and also for a period of forty days before and after each session—presumably to enable members to reach their constituencies, and peers their seats, free from molestation). There seems to be no good reason for retaining this freedom from the normal processes of law even in civil cases, and it could well quietly be done away with. Certainly it was never intended to protect a peer from answering a charge that he had not complied with a court order to hand over some personal property of his estranged wife, which was the issue in Lord Mowbray's case last week. Another point raised last week was that by common law " the person of a peer is sacred and inviolable at all times " ; that is why it was not open to the court to issue a writ against Lord Mowbray leaving over the question of execution until forty days after the House of Lords had risen. This common law privilege should logically be abolished as well.

Other customary privileges of peers are harmless and picturesque, and should be left as they are. Peers have a right of audience with the sovereign, while others have to wait for a summons to the royal presence ; but this right is never now exercised. Peers can also wear their hats

Lord Mowbray: inviolable

(or coronets) in court, a right which was in fact claimed by Lord Egmont in 1902 when he was arraigned on a charge of being drunk in Piccadilly ; it should be retained, as rather fun. The right to trial by his peers instead of by ordinary jury no longer exists, having been abolished in 1948 ; it was invoked as recently as 1936 by Lord de Clifford when he faced a charge of manslaughter. Peers are still exempted from jury service ; any change here should be part of a wider reform of the general conditions of jury service. Plainly, nobody is harmed by a peer's right to be hanged with a silken halter, or his privilege of killing two of the Queen's deer should he come across any when on his way to an audience with her. Lord Kingsale and Lord Forester have the additional right of being allowed to remain covered in the Queen's presence, but presumably *noblesse oblige*. The Duke of Atholl has the most curious privileges of all. He has a right to have his own private army, but this is balanced (in order not to encourage others ?) by a privilege of being hanged from a gallows thirty feet higher than anyone else's.

TRISTAN DA CUNHA

Ile joyeuse?

Most of the islanders of Tristan da Cunha have never made any secret of their desire to return to a storm-bound and volcano-threatened existence in preference to putting up with the alien charity on which they fumblingly pursue their lives here. In the face of their conviction that the island is once again habitable, even if on stringent terms, the Colonial Office has accepted the full implications of paternalism and offered to let them go, noting the while its reluctance to believe that all of them can really have been so badly impressed by the welfare state. Some of the islanders, it maintains, do not wish to return to the subsistence economy which the volcanic damage will impose on a resettled Tristan; and it is proposed to conduct a secret ballot to discover these objectors while sparing them the obloquy of their elders in the authoritarian tradition of the island. Such a ballot, however well-intentioned, would be likely to mark a new departure in fatuity.

Obviously those young refugees who want to remain in Britain should be allowed to do so and, if necessary, encouraged to make their wishes explicit; but it is a little naive to imagine that the remedy of the ballot box can relevantly be applied to this basically non-democratic situation. If those who wish to stay are reluctant to flout parental wishes or intentions openly, will they be less reluctant to do it by voting in a constituency in which, with only 250 electors, everyone must have a pretty good knowledge of where the division lies? Will the elders be less hurt for being told the decision of younger islanders by the Colonial Office rather than by the young islanders? Will, in fact, the ballot be anything more than a sop to official consciences? If interference there must be, it would be better kept to the minimum of persuading the elders that new facts have to be faced. But why should there be interference? Why not leave these put-upon people alone, to sort out their problems themselves?

TRINIDAD

If You Tip, Tip High

After a profitable two months in western Europe, the mental satisfaction must have been greater than the financial wrench when Dr Eric Williams, the prime minister of Trinidad and Tobago, turned down Britain's parting tip. The custom has grown up that the British Government shakes the hand of each departing colony, leaving a little something in the palm. The new states, building their hopes on economic development, inevitably feel that they are being given much too little. Tanganyika complained lustily, and got a small increase. Jamaica ruefully but politely accepted what it felt to be a wholly inadequate amount. Dr Williams, who had asked for a loan of £5 million to be spent on a badly needed housing programme, was offered a credit of £1 million for British goods and services, together with the unspent portion of the old Colonial Development and Welfare Fund (about £250,000) and a gift of the four Viscount aircraft that the Trinidad airline at present has on loan. This offer has been rejected.

" Britain has no policy in the West Indies and has had none for the last 20 years," remarked Dr Williams with the simplicity of one repeating a truism. Others, with less charity, have commented that it is Britain's policy to get out of the West Indies as cheaply as it can. Compared with its neighbours, Trinidad is well off : it has a manageable population, profitable oilfields and a trade network independent of Britain. Dr Williams would counter this argument by saying that he is not asking for philanthropy but for investment. And he has found this investment easier to raise from the common market countries than from Britain.

Dr Williams has been frustrated in his dealings with the European Economic Community by his dependence on the tortuous process of Britain's entry and the future

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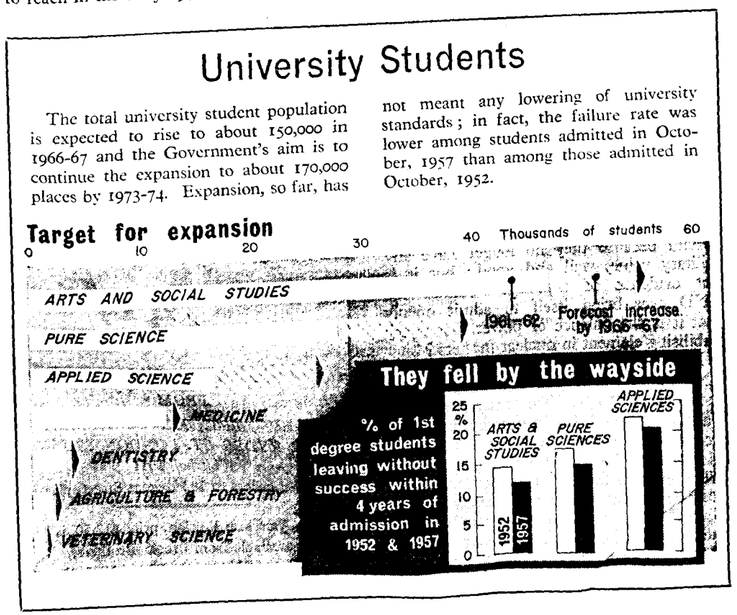
position of the Commonwealth (" common wealth for Britain, common poverty for Trinidad," is his characteristic comment on this institution). Despite the diplomatic difficulties, he has already circulated a memorandum to Dr Hallstein and the governments of the Six on Trinidad's position as an oil producer and refiner. With European business concerns, as opposed to governments, he has been able to push ahead. The west Germans have responded enthusiastically; firms in Holland, Belgium, Switzerland and Italy have expressed interest. If all goes as Dr Williams plans, some half-dozen commercial firms will form a consortium to put their money in Trinidad's development. With these fine hopes up his sleeve, the fun of a rude gesture to the British must have seemed worth while.

UNIVERSITIES

Rejected One Quarter

It is the invariable complaint of restrictionist dons that the pressure of suitable candidates for university places has been greatly exaggerated. Now, however, the Association of University Teachers has produced its own figures, the result of a questionnaire sent round a sample of English and Welsh schools. They show that this year one in four of eligible sixth formers (24 per cent of boys and 30 per cent of girls) who wanted to go to a university have failed to get in. The actual number of rejects with minimum entrance qualifications turned up by the inquiry was 5,289, or nearly enough to fill two new universities of the size that Brighton and York expect to reach in the early 1970s. To answer the usual argument that some of these marginal applicants would have been better fitted to apply to what are said to be less exacting branches of higher education, such as technical colleges and teachers' training colleges (where 2,000 qualified girls are estimated to have been refused places), the AUT has delved deeper: it has discovered that 2,318 of the rejects had average marks in two or more " A " level papers at least 10 above the pass level. These are hardly marginal candidates anywhere.

This is an intolerable waste of talent, and one that is bound to grow as the present bulge of 15 and 16 year olds moves on towards the doors of the universities, and as the number of children staying on to the sixth forms increases. At this level of achievement the maintenance of formal differences in status between universities and, say, the colleges of advanced technology has become a piece of arrant nonsense—designed mainly to create an inferiority complex in those who go to the latter for the sake of maintaining a superiority complex in those who teach in the former. The success of Glasgow's Royal College of Science and Technology in securing full degree-giving status as a second university in one city has been at least a sign that prejudice can be breached—and the Robbins committee on higher education should be girding its loins to grant university status to other " second institutions," especially in London and Manchester. This is only a beginning: second universities (with, where necessary, a doubling up in facilities and staff) will have to become commonplace in other big cities in Britain. These dons who cling to the contention that " more university students means worse university students " should study the chart on this page, which shows that there has been a clearly diminishing number of university drop-outs (despite deliberately competitive standards for second-year entry in some science faculties) during the student expansion of the 1950s.



COMMON MARKET

Erhard versus Centralism

The meetings at Strasbourg of the European Parliament have a mock grandeur about them. That the debates resound with high purpose to slight effect is less the fault of the legislators than a characteristic of the European Community's political structure.

Last week's annual parliamentary debate with the Council of Ministers was a particularly grand occasion, heightened by the presence of Dr Erhard, the west German minister of economics. Addressing a packed house and gallery on November 20th, Dr Erhard launched an attack on the increasing tendency toward centralisation in the European Commission, the community's executive body. Specifically he opposed the recent action programme which the committee headed by M. Marjolin had prepared for the commission. What was implied in such a programme, he argued, was not only the amalgamation of six economies into one, but also a close-knit federal union with a strong central power. Dr Erhard preferred a " federally organised Europe in which the various countries and people can live their lives according to their own ideals."

Predictably, Professor Hallstein, the president of the European Commission, took up the gauntlet for the community, and replied that although the commission was not seeking to establish a totalitarian state federation required a central executive body.

The parliamentarians seem to have been caught in the middle. As committed Europeans, they tend to believe in economic planning. In fact they can see no other way of getting the European economies to merge, and a majority would support the action programme. At the same time, they resent the commission's freedom from parliamentary control, albeit for reasons that differ considerably from those advanced by Dr Erhard. Indeed, the following day they suggested that the common market's legislature should be elected by direct universal voting and should have some share in the shaping of policy. But this seems a pious hope.

For the moment, the parliamentarians are allied with the commission against Dr Erhard. But no one knows just what would happen should the German economic minister succeed Dr Adenauer and—not, in German politics, an automatic consequence—put his ideas into practice. General de Gaulle in Paris, insisting on political and military independence for France,

Erhard in Bonn, holding aloft the flag of *laisser faire*—these are thoughts to keep the Eurocrats in Brussels awake at night, wondering how to lock these two countries into the community.

FORDS

The Halewood Story

THE Ford Motor Company, in the person of its chairman, has launched into yet another battle with "troublemakers" before its apparently victorious Battle of Dagenham is completely over. This time the men in question are not Ford employees, but work for the eighty-odd contractors who are building the company's new giant factory at Halewood—a suburb that stands in much the same depressing relationship to Liverpool as Dagenham does to London. The Halewood plant should ultimately employ eight or nine thousand men in depressed Merseyside, and a future extension could employ 2,500 others. Sir Patrick Hennessy is understandably exasperated that work there is six months behind schedule, and threatened on Monday that the extension may now never be built. He claimed that 81,000 working days had been lost there through unofficial strikes in the two years since work began, which would work out at 40 days lost per man. The main contractors claim that they can only trace 29,450 lost days (although even this would be bad enough); and loyal Liverpudlians insist that difficulties with the site, and contractors' errors, have also caused delays.

Sir Patrick also gave the characteristically Fordish impression that he thought the whole labour problem was inspired by communists. As always, this is a very partial truth. There are other problems at Halewood which fertilise the soil for the various sects of Marxists who have always flourished along the Mersey, and whose appearance in such a major project as this is not entirely surprising.

Before new jobs can be provided in Britain's underemployed regions, the construction industry must build and provide with services the factories in which men are to work. A modern plant almost always needs the services of a host of specialist subcontractors; their teams will be working far from head office, and dealing with dozens of small specialist craft unions, which may also often have no experienced (or intelligent) local official. Significantly the main contracting firm at Halewood has had very little labour trouble, and the latest issue of the Transport and General Workers' monthly magazine contains a glowing account of co-operation on the site. It is between the small specialised firms and the small craft unions that most of the recent trouble has arisen—both are perhaps more concerned with techniques than with labour relations. Perhaps regional development associations could set up advisory bodies of employers and trade unionists to help iron out such squabbles, and to knock particular troublemakers on the head. But for as long as the building industry continues its system of casual hiring, men will have an interest in spinning out the time a job takes, and in getting as much cash as they can grab while it lasts. This, sadly, is likely to be especially true in areas where work is scarce, and where new factories are therefore most urgently needed. It is not just the techniques of the building industry that need a hard examination.

NUCLEAR DISARMERS

Second Thoughts

THE promised new realism served up by Canon Collins's Campaign for Nuclear Disarmament on Tuesday turned out to be a curious mixture. The CND says the Cuban crisis has called into question the whole concept of nuclear deterrence. But does the Canon really believe, from the course the crisis took, that the prospect of nuclear war had other than a powerful pacificatory effect on both the Mr Ks? The CND says that the Russians were wrong to put nuclear weapons into Cuba, but the Americans were equally wrong in stopping them. This is impartially carried to a familiar illogicality. The CND says that the Americans and Russians have shown themselves to be so irresponsible that Britain ought to get out of the arms race altogether. There are good arguments why Britain should not sink any more money in its own bomb, but this is the least convincing of them.

The CND can do nothing about the American and Russian nucleus. If it gets pleasure in clapping its hands when the Americans dismantle their Thors in Britain because they no longer have any military value, well and good; but it is not evidence of a policy. Cannot the CND ever bring itself to admit openly that it is the balance of power that is the stabilising element in nuclear matters?

It is even less evidence of policy for the CND to swell its ragbag of neutralism with such tags as "a test ban treaty *now*" and "a solution to the Berlin problem involving free access to east and west Berlin with adequate reinforced (sic) UN guarantees." What on earth does it imagine everyone else has been trying to achieve these past years? The CND's announcement that it is joining the campaign for these and similar "limited ends" cannot be counted at all a powerful or persuasive reinforcement.

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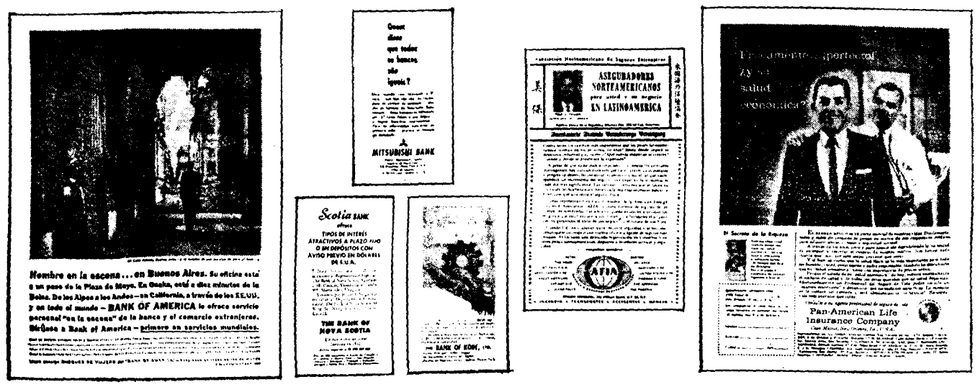

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No More Brinkmanship?

WASHINGTON, DC

WHATEVER else Mr Mikoyan reports to Mr Khrushchev about his talks with Mr Kennedy, the President must have conveyed that the United States has never felt less like a paper tiger. But, to speak in an American rather than a Chinese idiom, it has never felt more like talking softly while carrying a big stick. All the deterioration now seems to be in relations between China and Russia, not between the latter and America. Mindful of its strength and of the world's peril, the United States continues to steer a careful course between irresolution and imprudence. But it is held that Mr Khrushchev must not be permitted to run off with a consolation peace prize under false pretences, by scoring points with his olive branches while the American eagle still brandishes its arrows.

The Secretary of State, Mr Dean Rusk, said last week that the world might be on the front edge of significant events. With this in mind the Administration has been referring to the Russians in terms so polite that some harder-nosed Americans chafe. It is leaning over backwards in order to avoid the least imputation that it is dizzy with success over Cuba. Anxiously it emphasises its full awareness that bold methods worked there because of special circumstances. Cuba is in home waters and the Russians, once they were found out, were over a barrel. There is heavy emphasis on the extreme unlikelihood of such methods being applied in Berlin. They might, of course, have to be applied but the exercise is not to be repeated if it can be avoided. Brinkmanship, in brief, is abhorrent.

It is admitted, in fact, that America's victory over the Soviet missiles and bombers in Cuba has created a danger of the loser trying to stage and win a return match. It is argued that Moscow might decide under cover of a *détente* to build up its force of nuclear submarines and its "hard" missiles, in order to negotiate from the traditional position of strength in the event of another confrontation. This might be arming to parley or it might be where we all came in and would all go out—but not necessarily. The Secretary of Defence is credited this week in a published interview with the cheery theory that a more stable balance of terror, with Russia less inferior in missiles than it is now, might make both a "first strike" against the United States and another adventure like the Cuban affair less appealing to the Russians. Americans are clearly in a sunny frame of mind when their top defence man can contemplate with equanimity and even optimism a reduction in his country's advantage in missiles.

The reasons are obvious. Whatever Mr Khrushchev's future intentions may be, he is being kept out of mischief at present by his need to straighten out his Chinese and other perplexities. A deepening schizophrenia lays its hold on the communist parties of the world, including the Indian communist party. In Brazil some left-wing elements are busily abusing Chinese policy as Trotskyist, while others applaud Mr Mao Tse-tung and accuse Mr Khrushchev of being an appeaser of the *bourgeoisie*. Such phenomena greatly hearten public opinion in America, where blood pressure has long been kept high by a rich red diet of news and views depicting the Chinese and Russian leaders as diabolically shrewd, twin-minded masters of a monolithic international conspiracy.

Yet in fact the Administration's hopes are modest and its prevailing mood is one of caution. A genuine *détente* between Russia and the United States would presumably increase the crack between Moscow and Peking. Hitherto the Russians have tried to paper this over and the Chinese to widen it. Such a development may be too much to expect. It is felt, however, that the Russians might agree to some quicker means of dialogue between the world's two life-or-death arbiters: in the desperate hours of last month Mr Kennedy and Mr Khrushchev had to resort to press statements and wireless broadcasts because diplomatic channels took too long. It is also hoped, though more faintly, to reach some kind of agreement with Russia about atomic testing. There might then be a prospect of a little disarmament, if only by the elimination of some weapons which are in over-supply and rapidly becoming obsolete.

IN Cuba, in Europe and in the East the Administration sees almost as many dangers as opportunities. Some Americans continue to dislike the President's conditional pledge not to invade Cuba; they hope that, as the Russians have not fully carried out their part of the bargain, the pledge can be forgotten. In fact, however, and not for sentimental reasons, invasion is unattractive to the Administration. The tiger does not wish to eat the goat.

But the United States is still anxious to have inspection on the ground in Cuba, with at least one eye on Dr Castro's "fishing port" which the Russians promised to build. It is felt that this might harbour Soviet submarines. So the United States would probably feel happier if there were a United Nations "presence" in the Caribbean, even if this involved inspection beyond Cuba. Incidentally, such inspection might serve to restrain Dr Castro from trying to play the part of a Marxist Bolivar. Few Americans, even those who have been least hostile towards him, think that there is more than a very remote chance of Dr Castro becoming a Latin American version of Mr Sekou Touré, turning back to the west from the Russian sphere of influence.

The most interesting thing about Berlin, it is being said, is that last month nothing happened there. Nor is Mr Khrushchev now expected to try to spring any surprises there for some time. But the tooth still aches. Certain fillings have been proposed but no appointment has been arranged with the dentist. When last heard from by Mr Rusk, Mr Gromyko still wanted the tooth pulled. As President Kennedy has made clear, the Americans are aware that the Russians need reassuring about the presence of nuclear weapons in Germany, but do not quite know how best to reassure them.

The United States still feels that one way to get nuclear weapons out or pulled back would be to put in more, and more diversified, conventional weapons as well as more soldiers to man them. America remains outwardly helpful but inwardly sceptical about the military usefulness or practicability of having in European hands the class of missiles that Mr Khrushchev put into Cuba. But the long-term American dream continues to be, as it has been for a year and more, the creation by Europeans of a politically

and militarily united western Europe. Such a Europe, it is believed, would be strong enough to face the Soviet Union and could outgrow it. It might also take the edge off Russia's fear of the Germans by turning them, post-Adenauer, into good, Macmillanish Europeans. But it seems that a united Europe, capable as it were of diluting the Germans, must on no account be diluted by European neutrals. Mr Macmillan may have to discuss this once more, as well as other common market problems, when he sees President Kennedy later this month.

The Administration's mood regarding India is again one of circumspection, for an India that improbably decided to become a staunch ally would need an enormous amount of military bolstering. For this and other reasons, the United States is anxious not to shove ahead of Britain and the Commonwealth in any race to succour India. Congress is unlikely to oppose giving military aid to any country that is fighting a communist one. Nevertheless, Mr Nehru has never been an exuberant admirer of the American way of life and Americans find Pakistanis more congenial. The *New York Times* has argued significantly that American policy should aim at obtaining an Indian initiative to work for a settlement with Pakistan over Kashmir, perhaps with American aid to India as an incentive. Mr Harriman, the Assistant Secretary of State for Far Eastern Affairs, seems to have been working along these lines during his visit to Delhi this week.

In short, the Administration expects the world to go on being an unstable place in which conflicts of all kinds, with the possible exception of nuclear ones, will continue to occur. In such a world, however, there is now greater confidence that the western, not the Soviet, system will prevail, while it is felt that there is at least a chance of a sober reappraisal by the Russians. Mr Khrushchev's domestic and foreign troubles have not led to the formation in the United States of a "Save Khrushchev" party. But neither do they tempt those in authority to pursue bear-baiting as a winter sport. President Kennedy's cool and wary politeness is that of the fencer who steps back but stays on guard.

AID's Gain, Budget's Loss

After some delay Mr David Bell has been nominated, as was expected in the beginning, to be the new Administrator of the Agency for International Development. The delay may have been because the President, still needing Mr Bell as head of the Bureau of the Budget, was hoping to find someone else able enough, tough enough and sympathetic enough, both to the White House and to Congress, to be capable of saving foreign aid's life. If anyone can do that Mr Bell is the man, for what the agency needs is just what he gave the Bureau of the Budget—a new approach to its purpose and an effective reorganisation—and he is adept at charming Congressmen.

But foreign aid's gain is the Budget Bureau's loss, particularly at a time when its function of striking a balance between the Treasury's estimates of revenue and other departments' demands for funds is particularly vital. Mr Kermit Gordon, Mr Bell's successor, comes from the President's Council of Economic Advisers convinced that a substantial cut in taxation is essential as soon as Congress reassembles in January. Most other members of the Administration, including the Secretary of the Treasury, now share this conviction which is also being endorsed by leaders of business as well as of labour. But it is doubtful whether Mr Gordon, with a less powerful personality than Mr Bell's, can crack down as successfully on the demands of defence and other agencies for more money. Mr Bell is staying at the Bureau until the end of the year, to see the 1964 Budget through its final draft, but even so Mr Gordon's appointment increases the prospect that government spending, and therefore the deficit in the national accounts, may become excessive.

This in turn will increase Congress's reluctance to allow taxes to be reduced—although it will be decreased by the encouragement for both higher spending and lower taxes which is coming from Europe. The head of the Organisation for Economic Co-operation and Development made it clear that both were envisaged in "the action to stimulate demand" in the United States which was recommended in the final *communiqué* after this week's meetings in Paris. Thus congressional opponents of deficit financing will find it more difficult to argue that such expansive policies will renew European fears of an American inflation and so threaten the health of the dollar. On the other hand, the improved economic outlook, with a recession no longer regarded as probable in the early part of 1963, makes tax reduction seem less urgent to Congress, although not to the Administration. It advocates cuts more as an indispensable means of bringing the national output up to its potential level and fostering long-term growth than as an immediate stimulus for the sluggish economy.

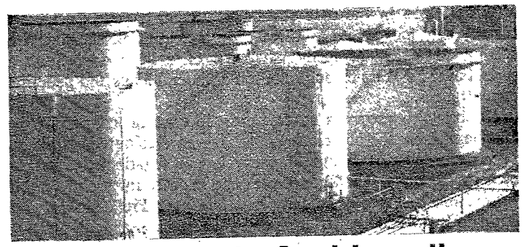
Atomic Birthday Party

The Atomic Energy Commission is celebrating the twentieth anniversary of the first controlled release of nuclear energy with promises of presents—although most of them will not be delivered for another ten years—for everyone concerned in the civilian, and far from flourishing, side of the industry—uranium producers, power companies and even coal miners. Gifts for all these groups are contained in a report to the President, made at his request; there is little new in it but it may revive interest, both in the Administration and in Congress, in the lagging programme for developing peaceful commercial uses for atomic energy.

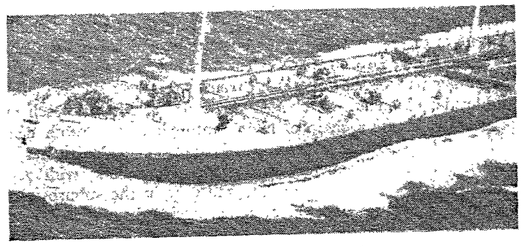
For the producers of uranium, dependent on sales to the government which were guaranteed only until 1966, there is an extension of the AEC's contracts until 1970, although with deliveries spread out and at lower prices. After that the commission expects private demand for uranium to fill the gap. Indeed, the AEC foresees an eventual shortage of uranium and wants for this reason to step up the experimental work on advanced "breeder" reactors which produce more fuel than they consume. Between 1964 and 1976 it proposes that the government should finance the construction of seven or eight "true breeders" and "advanced converters," which produce more fissile material than the present reactors (although not as much as they actually use) and which can fill the gap until true breeders are generally available and, it is hoped, economically profitable. During the twelve-year period the AEC also advocates that private utility companies should build, with government help, about a dozen conventional reactors with capacities of 400 megawatts or so, twice as big as the ones now in use.

By the nineteen-seventies, the commission calculates, the costs of producing atomic energy should have been reduced enough to make it competitive with fossil fuels all over the United States; already it is near to becoming so in areas, such as New England and California, where coal and oil are expensive. By the turn of the century half of the electricity used in the United States will come from atomic generators, according to the AEC's forecast. Since the total demand for electricity will have increased tenfold, this should not damage producers of other fuels. In any case reserves of these minerals are limited and it is important that they should be conserved for uses for which atomic energy is not suitable—supplying power for some kinds of transport, for example—or for purposes other than generating electricity; the chemical industry, in particular, needs coal and petroleum as its raw materials.

Mitsui's Minister of Shipping



transports Arabian oil



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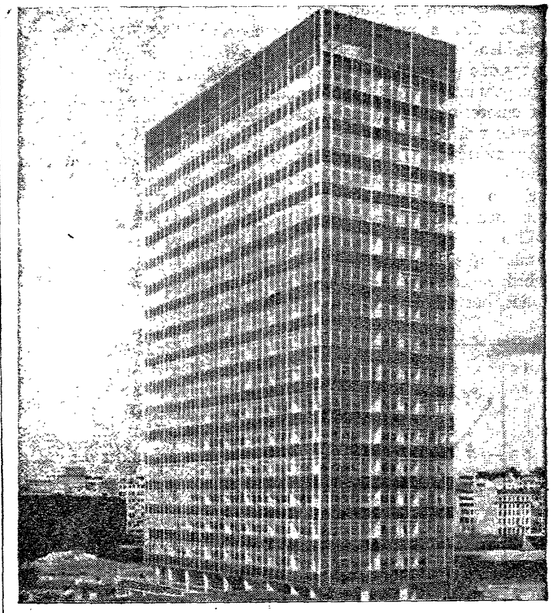

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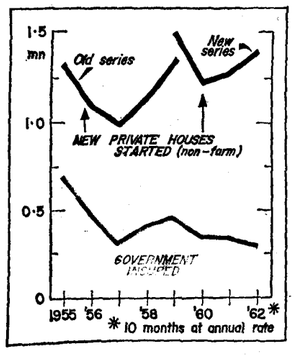
Foot in Housing's Door

LAST week the shoe dropped at last: President Kennedy issued his long-delayed order banning racial discrimination in new housing built with the aid of federal grants, loans or guarantees of mortgages. Inevitably the South was displeased but by waiting until Congress had adjourned Mr Kennedy had ensured that his legislative programme did not suffer; by waiting until after the election he safeguarded pro-Administration Democrats in the South from reprisals and himself from accusations of playing politics with the Negro vote. The move provoked more grumbling than alarm from builders and estate agents, who had known since 1960 that Mr Kennedy meant to end the federal government's part in perpetuating racial discrimination in housing. Many builders and landlords in the North already operate under local laws which, in theory at least, are more sweeping than the federal order.

Less than a quarter of all new houses will be affected by the President's ban. Last year 327,000 houses out of a total of 1,275,000 were financed with the aid of federal mortgage insurance and guarantees. But it seems unlikely, because of the heavy burden of enforcement, that individual owners who want to sell their houses will be covered by the order no matter how they financed their mortgages. The main targets are the big property developers in the suburbs and cities, including those who benefit from federal help in slum clearance and urban renewal. Violations will be punished by loss of grants, loans and mortgage insurance. Builders will be able to resort to conventional sources of mortgage money, banks and savings and loan associations (that is, building societies), which in any case supply the industry with three-quarters of its funds, but this will make houses dearer and harder to sell. The Civil Rights Commission recommended originally that banks and other lending institutions whose deposits are guaranteed by the federal government should be brought under the order but, for the time being at least, the Administration has held its hand.



Experience in the cities and states with "fair housing" regulations shows that relatively few Negroes have made use of them; those who do are almost invariably the more sophisticated and highly-educated. Poorer Negroes tend to cling to the segregated areas which they know; in any case, three-quarters of all Negro families have incomes too low to qualify them for government insurance of a mortgage. But for those with enough money who are prepared to put up with insults and to pin down evasive landlords the order provides a sharp new weapon.

—Even in the Suburbs

WASHINGTON, DC

NOW that a federal breach has been made in the wall of American *apartheid* builders may take more interest in the evidence that profits are to be made from offering homes to all comers irrespective of race. Negroes are said to spend $1 billion a year on motor cars but only 6 per cent of the Negroes in the North own homes, though to do so is an integral part of the American dream. Six years ago the Donbar Development Corporation took the bold step of building "inter-racial" suburban houses at Westbury, in Long Lsland; it has also put up some near Philadelphia. Most of the purchasers are in fact Negroes, who up to now have been excluded as a rule from desirable suburbs. The fact that Donbar has not had to foreclose on a single Negro buyer has dented the belief that Negroes are bad risks; the firm says that it now has no difficulty in arranging loans from banks.

In Westbury the white residents have not only accepted the Negroes but have actually helped to fight off a proposed rezoning plan which would have had the effect of introducing *de facto* racial segregation into the local schools; half of the children in them are now Negroes. The Donbar company is now putting up 500 inter-racial homes in suburban Washington. For a down payment of $700 ($300 in the case of ex-servicemen) anyone, including a Negro, can move into a three-bedroom, centrally-heated house costing $15,650. Monthly payments of a little over $100 are spread over 30 years through the use of federal loans and guarantees of mortgages.

Donbar also proposes to create an inter-racial country club in Maryland, near the notorious Route 40 where coloured people have been refused even a cup of coffee by segregationist restaurant-owners. The firm already operates two such country clubs in New Jersey, one near Atlantic City and one near Philadelphia, called Sandale I and Sandale II. The clubs' charter members include two bishops, Mr Thurgood Marshall, the new federal appellate judge, and Mr Duke Ellington, the jazz composer and band-leader. The clubs provide golf, swimming, tennis, riding and even shooting; the proposed club in Maryland is to have a yacht basin. Donbar also offers to sell members plots of land on which they can build homes to use at weekends and when they retire.

Another part of the American dream is to take a winter holiday in Florida. Donbar has opened one hotel at Miami Beach and proposes to create a chain of motels throughout the South which will cater to Negro travellers and holiday-makers. And it has laid out an inter-racial cemetery at Tappan, New York, with 7,500 plots. Negroes may not only live and play in the suburbs along with whites, they may now be buried alongside them as well.

Let the People Say

THE 51 million or so Americans who went to the polls in November—a record turnout, for a non-presidential year, of 47 per cent of those of voting age—had a great deal to decide beside who should be their Governors and members of Congress. Almost every state passed some burning problem to the people, whether it concerned representation, Sunday closing laws for shops, the outlawing of gambling or the legalisation of sales of liquor by the drink. Some of the issues on the ballot, printed in fine type and abominable jargon, were trivial, but in other instances they were of the first importance.

In California, for example, the voters rejected by a majority of 3 to 2 an amendment to the State Constitution which would have made organisations subversive at the mere declaration of a grand jury or federal officer or judge. In three counties surrounding San Francisco, to take another instance, a $792 million bond issue squeaked through—for a system of suburban railways to syphon traffic off the roads—though it will cost the average householder about $27 a year more in taxes. California accounted for over half of the nearly $2 billion in bond issues which were approved; elsewhere, particularly in small communities, the voters were not so lavish, though St Louis, after years of talk, decided to borrow $95 million to clean sewage from the Mississippi River.

Continued on page 908

Status Seekers in the Slums—*page* 907

GOOD FOR YOU

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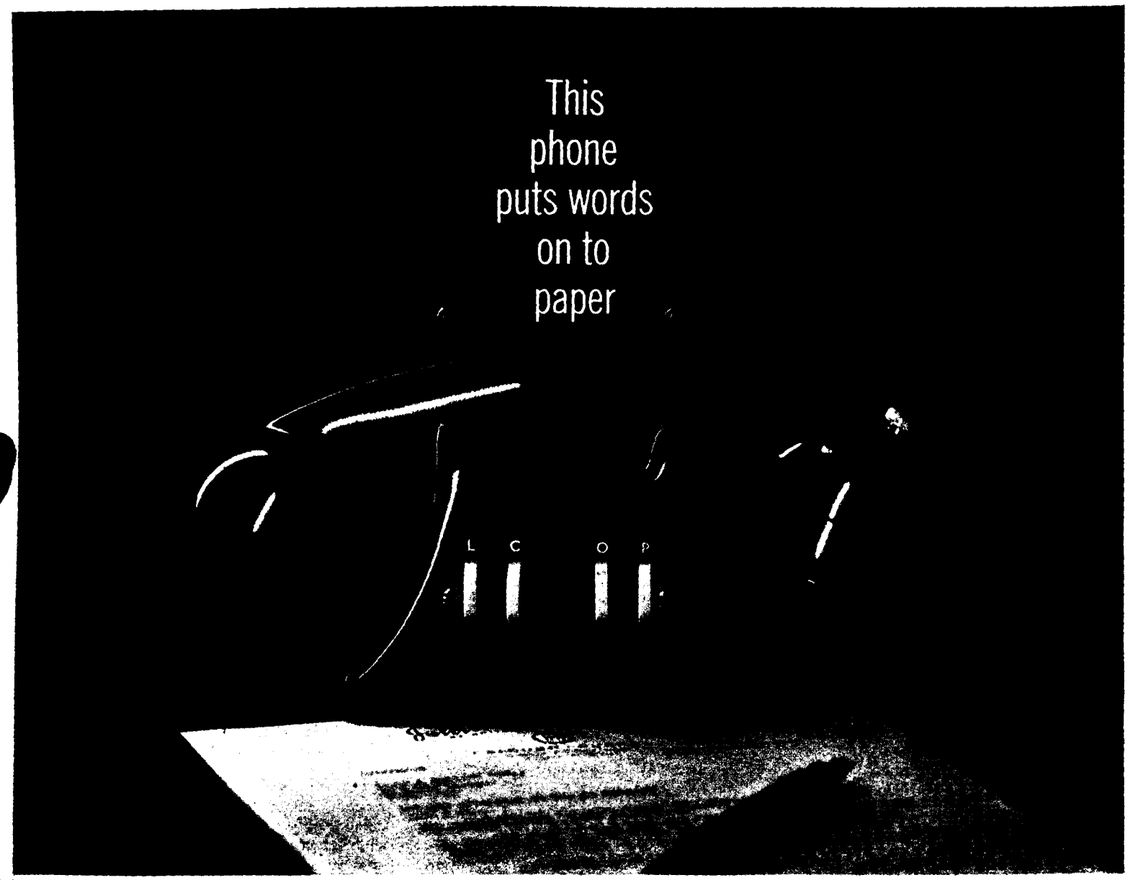

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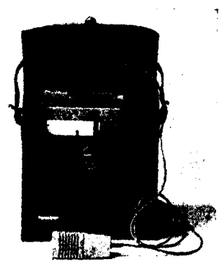

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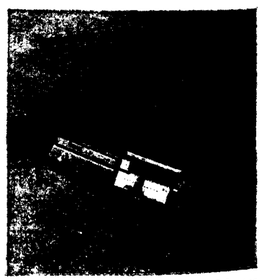

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Status Seekers in the Slums

NEW YORK

THAT heavy air of violence which distinguishes the slums of New York makes them a suitable, if formidable, training ground for recruits to the United States Peace Corps; indeed, the creation of a domestic corps is now being discussed seriously. The challenge is at last being treated with an antidote which matches its intensity. Mobilisation for Youth, a massive, expensive and unorthodox social experiment opened its doors recently in Manhattan's classic slum, the Lower East Side. Over the next three years it will devote a staff of 300 people and at least $14 million to the demonstration of its thesis that the cause of juvenile delinquency is the seeking of status when no status is available and that the cure is to expand opportunities for work and education.

The project is considered to be the first systematic attack on crime among young people. Its costs are being shared by President Kennedy's Committee on Juvenile Delinquency, the National Institute of Mental Health, the Ford Foundation and the City of New York. The latter's contribution of $1 million is particularly unbegrudged in the light of the $90 million which it must spend each year to deal with delinquency.

Almost as revolutionary as the size of MFY's budget (which may be increased if Congress extends the life of the Presidential Committee from three to five years) is its theoretical basis. This is derived from Emile Durkheim rather than from Freud and holds that the reason why the Lower East Side produces the highest rates of delinquency in New York City (63 delinquents out of every 1,000 youths) is because its immigrant population is overwhelmed by its isolation from society, rather than by the sum of its neuroses.

This new approach involves a reversal of the existing tendency of social workers to concentrate on psychiatric case-work at the expense of social reform. MFY's staff argues that psychiatry is a middle-class prerogative and will remain one until its practitioners find techniques for reaching the unreflective and inarticulate. Instead the cure to be tested will be large-scale practical programmes to bridge the gap between the lower-class, largely Spanish-speaking, culture of the people in the district and the middle-class environment of employers, police, shops and schools.

The object of all this attention is an L-shaped neighbourhood on the East River south of Fourteenth Street, the traditional stopping-place of New York's newest immigrants. In earlier days, when the population was three times the present 100,000, the social problems among the homogeneous waves of Italians and Jewish immigrants were largely those of poverty and overcrowding. Today, with a tense mixture of backgrounds among the new arrivals—Puerto Ricans now comprise 26 per cent of the population (50 per cent of the school children) and Negroes 8 per cent—the problems are crime and narcotics. Unemployment is high and the many unmarried mothers who head households actually provide, with their public assistance grants, an element of economic stability. Gangs still flourish, bearing pathetically arrogant names—Cadillacs, Centurions, Dragons, Young Lords—yet many of these have turned from the fierce street warfare which characterised the nineteen-fifties to the taking of drugs. This has only raised the level of crime and violence, as addicts are said to need $100 a week to supply their needs, a sum which they are ill-equipped to obtain by honest means.

MFY's first programme, started on October 15th, is directed towards the unemployability of the neighbourhood's young people between the ages of 16 to 21; this is no doubt the harshest reality facing them Early school leavers and unskilled, they may hardly be able to speak, let alone read, English. What MFY proposes to do is to serve as the necessary first employer, offering all the trappings of the working world: jobs, in building maintenance, electrical repair, food preparation and clerical work; time clocks; and wages, at 75 cents an hour, which will be paid by a cheque to be cashed at a local bank. It will also offer what the real employer cannot: endless patience, repeated instruction, tolerance of unreliability and of violent emotions and a short working day.

When young people are ready to venture outside this shelter (and the staff is prepared for this to take as long as six months) they will be placed as apprentices in television repair shops, hospitals, restaurants and wherever jobs that provide training can be found. The employers will be asked to keep them for three months, paying one-half of a $1.25 an hour wage; MFY will pay the rest. Afterwards, the project's staff will help the youths to find permanent jobs or, better still, to return to school. For the first year of the work programme, $1 million has been allocated, yet even this may not be enough. The enrolment during the year was expected to be 1,000, but three days after a sign was hung out, advertising "Youth Jobs Service" in English and Spanish, 100 young people had come to apply.

Improving the opportunities for education may be more difficult. The cultural gap between the city's essentially middle-class school system and its slum-dwelling pupils is enormous; in one school it is estimated that 80 per cent of the teachers' time is devoted to keeping order. In response, MFY has designed an extremely delicate project, that of arranging for the area's school teachers (who tend to live elsewhere in better districts) to visit their pupils' parents in their homes. The teachers have protested, fearing for their personal safety. Privately, MFY's workers declare that this fear is an exact measure of the hostility between teachers and pupils; publicly, they have promised to accompany the teachers on their forays into housing projects and tenements. Among its other imaginative gestures, the project is hiring representatives from the Negro and Puerto Rican communities to work as consultants with local school authorities.

IN the great number of other programmes which it is putting in motion MFY urges the adoption of "lower-class styles." It will establish coffee bars which boast West Indian music and decoration. It will set up in vacant shops "neighbourhood helping centres" to assist the residents in facing everything from the problems of marriage to those of shopping. Special efforts will be made to rehabilitate young drug addicts (with little hope for success, incidentally) and young offenders released from detention homes. Most unorthodox of all will be the encouragement of political organisations and protest movements among ethnic groups. Puerto Ricans, especially, are felt to have much to learn from the experience of the Italians who, as new immigrants, shielded themselves from oppression, and what one MFY leader bitterly called "arbitrary arrest," by the skilful use of New York's political machinery.

If these methods of attacking juvenile delinquency work, they may be imitated all over the country, in spite of their costliness This is particularly true of the work programmes. Last spring Congress approved a Manpower and Development Training Act to begin to deal with the problem of training the unskilled worker and Washington is acutely aware that 7,500,000 young people will try to enter the labour force in this decade without having completed secondary school. Moreover, several other cities—Los Angeles, Chicago and Detroit, for example—are preparing to ask the Presidential Committee on Delinquency for funds for projects similar to Mobilisation for Youth. Certainly New Yorkers will be waiting anxiously to see whether MFY can slow down the seemingly inexorable spread of delinquency. The Lower East Side is far from being the only trouble spot.

Continued from page 904

In thirteen states there were questions on the ballot relating to the great underlying issue of whether city-dwellers and suburbanites should be more fairly represented in State Legislatures where rural conservatives have long held sway. In the states of Washington and California (where suspicion of Los Angeles runs deep) moves toward reform were rejected. Mississippi and Florida also turned thumbs down on proposed changes but in these states it was the city voters who led the opposition; like Oliver Twist, they wanted more. Tennesse has approved a constitutional convention on what is called "re-map." Another problem which has grown with the mobility of Americans is that many are disfranchised when they move to another state. Arizona, Colorado, Idaho, Kentucky and North Carolina all made it easier for newcomers to vote in presidential elections.

Metropolitan government—the absorption into new, larger and more efficient units of cities and their suburbs—suffered defeats in St Louis, Missouri, and Memphis, Tennessee, even though fleeing criminals, river pollution and traffic problems halt for no local government boundary. In the case of St Louis, an alteration to the State Constitution was involved and so voters all over Missouri were polled. But the result would have been no different if only those affected had voted, as they did in Memphis. Elected officials tended to oppose the change, which is not surprising; around St Louis over a hundred little governmental units would have disappeared.

Juggling with the Jobless

SPARKED off by an accusation in the *Reader's Digest* in September, 1961, that the Administration had inflated unemployment figures on purpose during the recent recession in order to get support for huge programmes of government spending, a good deal of political dust was raised before President Kennedy appointed a committee, under the chairmanship of Professor Gordon of the University of California, to look into the whole problem of measuring employment and unemployment. Ten months of fairly intensive study produced from the six non-official experts a 412-page report* which should confound all the critics. Briefly, it finds any charge of partiality quite unwarranted and describes the American system of manpower statistics as the most comprehensive in the world—but nevertheless suggests a long list of improvements.

Americans can no longer hope that their unemployment is high simply because of the way it is measured. When the 1960 national statistics of seven other industrial countries were adjusted, as far as possible, to American concepts, the rate of unemployment as a percentage of the labour force in the United States was exceeded only in Canada and was much more than twice as high as in any of the other countries except Italy.

COMPARATIVE UNEMPLOYMENT IN 1960
Rate as percentage of labour force

	Unadjusted	Adjusted to US Definitions
Canada	7·0	7·0
United States	5·6	5·6
Italy	7·9	4·3
Great Britain	1·6	2·4
France	1·1	1·9
Sweden (1961)	1·2	1·5
Japan	1·0	1·1
Germany (F.R.)	1·2	1·0

Not all countries underestimate unemployment by American standards. The German rate had to be trimmed slightly and the Italian rate nearly halved to make them comparable. Britain, however, was among the four countries whose rate was pushed up. The British government is now seriously concerned about the largest November count of unemployment since 1940, although it amounted to no more than a 2.4 per cent rate. Although adjustment to American standards may not be the same today as it was in 1960, it is probable that the British are worrying about an American-defined rate of a little over 3 per cent. There are areas in Britain where unemployment equals or exceeds the American average, but for the country as a whole it is probably still only about two-thirds.

BEFORE diving into this report, it would have been hard to credit that unemployment could be such a slippery concept. Of the seven countries compared in the table, three—the United States, Canada and Japan—currently determine their unemployment rates by direct sample inquiries, the other four from labour office records of varying comprehensiveness. In Britain, for instance, although unemployment insurance is widespread, the one-day-a-month count of the numbers registered at labour exchanges excludes many who would be caught in the American count. The incentives to register in Britain are either to obtain unemployment benefit or to get the help of the Ministry of Labour in obtaining another job. But there are various classes of people, chiefly married women who have opted out of the insurance scheme and teenagers straight from school, who have little incentive to register as long as jobs are plentiful. On the other hand, because the British count is taken only on a single day, it includes some people who, having worked for even an hour in the preceding week, would be omitted from the American count.

The Gordon committee believes in the American system of taking a household survey, but would like to see the sample (at present 35,000 families a month) increased substantially, perhaps tenfold, and the questions sharpened up to avoid the ambiguities which now exist, without doubt. Instead of leaving it largely to the respondent to decide whether he, or a member of his family, is "looking for work" (although, on the face of it, who should know better?), the committee suggests that the person should state that he has actually tested the job market within some reasonable period, say 45 days. Obviously the committee has been influenced by a special survey made in August, 1955, which discovered one million people in the United States not included among the unemployed who had wanted work and had taken steps to look for a job within the past two months. Undoubtedly, this number included many youngsters who had only sought a temporary job at the beginning of the summer; nevertheless, the committee has pulled out a worrying, if not entirely convincing, finding.

Even after all the dust has been settled, it is impossible not to feel rather baffled. "You should say what you mean," the March Hare rebuked Alice; but what is meant by "looking for work" in a modern society in which the work-or-starve principle does not apply? The British concept of unemployment seems more of a distress signal, the better social indicator of the need for work, the American one the better economic indicator of the potential extra labour that could be drawn in at any moment, although in both countries there must be a hard core of well-nigh "unemployables."

The measurement of employment and the seasonal adjustment of manpower statistics also came under review. British officials fight shy of seasonally-adjusted persons; the Gordon committee believes that adjusted series are the more useful, but infers that the Labour Department's present technical methods of producing them could do with a good overhaul. Research, research, and more research is the committee's cry and funds are to be sought for this in the forthcoming fiscal year. Meanwhile the Department of Labour has already begun to act on some of the committee's recommendations.

* *Measuring Employment and Unemployment.* President's Committee to Appraise Employment and Unemployment Statistics. US Government Printing Office, Washington 25, DC. $1.50.

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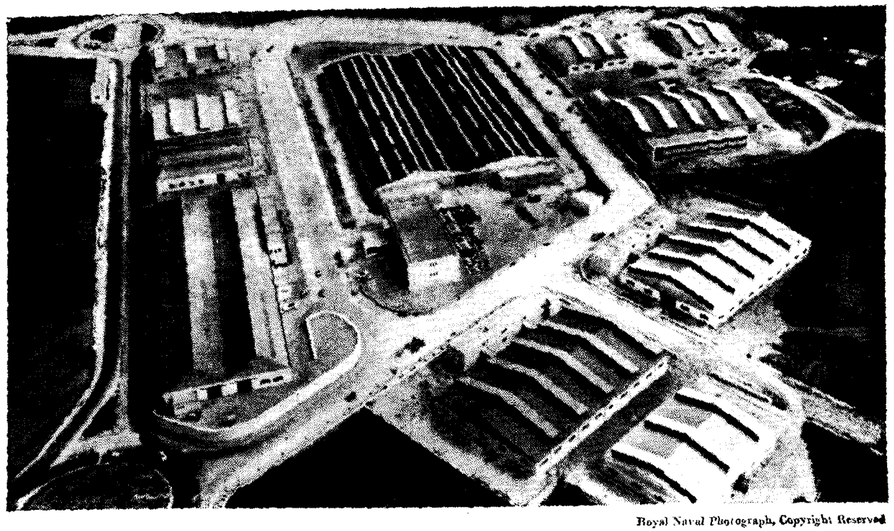

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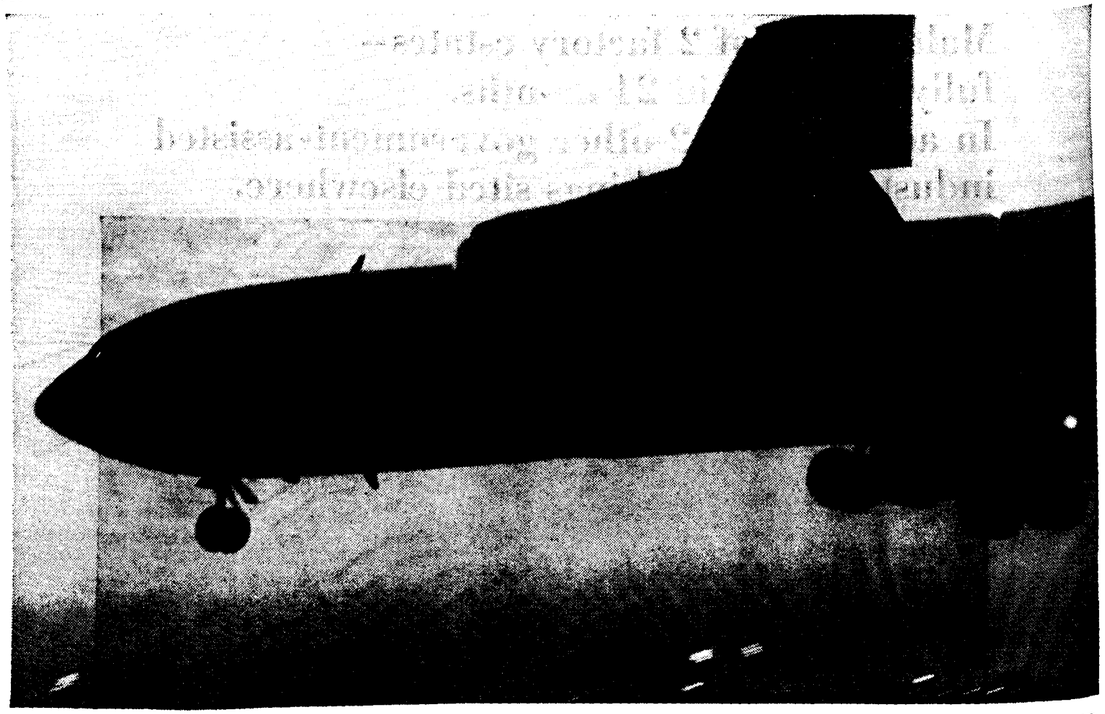

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Redeal for Discounters?

THE top brass of the General Motors Corporation was in Los Angeles last week for the opening of an anti-trust suit—expected to go on for three or four months—against the corporation, four of its officers and three of its franchised Chevrolet dealers. They are accused under the Sherman Act of conspiring to suppress competition by preventing other Chevrolet dealers in southern California from selling motor cars to automobile discount houses. The Department of Justice seeks to forbid any interference of this kind all over the country, as well as to punish the defendants in this particular case. The government insists that it is not attacking the system of franchise dealers as such but many feel that, if GM loses, big changes will be inevitable in the way cars and other products are sold.

At present each dealer has the exclusive right to sell a particular car—sometimes more than one—in a particular territory; he provides skilled servicing and spare parts in return and makes good on the manufacturer's guarantee which now runs for two years. The dealer has been approved by the manufacturer and often has invested substantial sums in facilities and stock. Automobile discount houses began to flourish in southern California about four years ago when sales were slow and dealers were glad to dispose of some of their cars at little or no profit. The discount house provides no servicing, will not make good on a guarantee and often carries little stock. Its prices are low because it has few overhead charges to meet, but a skilled bargainer can often do as well from a franchised dealer; not everyone, however, is eager to haggle or good at it. Many automobile discount houses have gone out of business in southern California since 1960, when they sold about 2,000 Chevrolets, worth about $5 million, compared with total sales in the area of about $250 million. But they are popping up in Texas, St Louis and Chicago.

GM insists that it is concerned about the discounters' inability to provide adequate servicing and maintenance, but presumably the company is also aware of the threat to its network of dealers—the envy of the industry—and the risk of price wars conducted by discounters with no stake in any particular car. GM maintains that it did no more than "express its views" on sales by its dealers to discount houses. But the Department of Justice doubts whether this, by itself, would have halted the practice within a week—as happened in 1960. It insists that the case is a classic one of restraint of trade and that the only issue is the right of people to buy cars where they like.

Tuna Round the World

FROM A CORRESPONDENT IN CALIFORNIA

A FEW years ago it would have been easy to write off both the Van Camp Sea Food Company of Long Beach, California, the largest canner of tuna fish in the world, and the American tuna fish industry as decaying enterprises being driven off the ocean by Japanese competition and by labour troubles. Now both are thriving at home and preparing busily to win new markets abroad. Van Camp is expanding from operations strategically located all around the globe, a world-wide development of fishing and packing facilities which was dictated by the hard facts of economics.

The American tuna fishing industry, heavily concentrated on the West Coast, had almost priced itself out of existence a few years ago. The packing companies were faced with a situation in which the owners of tuna boats and their crews, operating out of Long Beach and San Diego, were united in a policy of insisting on prices for their catch higher than those on the world market and divided against each other as to how the proceeds of their joint enterprise were to be allocated between management and labour respectively. Disputes were frequent and protracted. Meanwhile the Japanese tuna industry was able to land fish at West Coast ports, in both raw and processed form, at prices Van Camp and other American firms could not match.

Since then the situation has improved as a result of limitations on imports. But basically the Van Camp Company has worked out its own salvation by operating in places where the rates of pay to boat owners, crews and cannery workers enable the firm to compete. The company now has fishing stations and packing plants in American Samoa, Puerto Rico and Ecuador and additional fish receiving stations in Sierra Leone, Senegal and the Ivory Coast. At its stations abroad Van Camp has aided nationals of the different countries to set up as independent fishermen, advancing them loans to buy boats which are repaid out of the proceeds of the catch.

On this global basis Van Camp has prospered greatly in recent years. Sales of its branded Chicken-of-the-Sea and White Star tuna fish were estimated at some $70 million last year, an increase of 15 per cent over the previous year. Profits were also substantially higher and the outlook is for even better results. The consumption of tuna fish in the United States is rising at a rate of 7.5 per cent a year (much faster than the population) and this trend shows no sign of levelling off. The company also does a substantial business in by-products, including the sale of a new pet food which has been very well received by the public. In July, a fresh enterprise was started by the purchase of four Peruvian companies converting anchovies into fish meal. Van Camp has also been thinking of entering the European market, believing that the potential consumption of tuna fish there is considerably more than current effective demand. The company calculates that tuna canned at its Ecuador plant could be competitive with the Japanese and Peruvian products which are already established firmly in western Europe.

The chief centre of interest, however, remains the fast-expanding American market. By going global Van Camp has ensured a year-round supply of raw material for its main packing plant at Long Beach, with a degree of price stability now that it draws on several sources which was never possible so long as fish were being caught only in near-by Pacific waters. In addition, the competition from abroad has resulted in greater harmony and stability in the operations of the company's local fishing fleet. Incidentally, in spite of the expansion overseas, about 50 per cent of all the raw materials processed by the company is still landed by vessels flying the American flag.

SHORTER NOTES

The new US Commissioner of Education is to be Mr Francis Keppel, the dean of Harvard's Graduate School of Education. Mr Keppel is such a catch that, to get him, it is thought that the Administration must have promised to make this thankless post more powerful and more attractive. It pays only $20,000 a year and the agency is largely a statistical and service one at present, but with more authority the capable Mr Keppel may help to push federal aid for education through Congress and may provide the educational leadership which, in theory, the office dispenses.

* * *

The United States is short of money—at least of cents, nickels, dimes and quarters. They are always scarce during the Christmas shopping season but the spread of sales taxes and vending machines, added to the growth of the population, has made the demand greater than ever. The supply, however, is inelastic; Congress refused the Treasury a supplemental appropriation to increase it, even though coining money is profitable. The Philadelphia mint does a good deal of coining for foreign countries, particularly the new ones in Africa.

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THE WORLD OVERSEAS

An Algerian in Paris

BY OUR SPECIAL CORRESPONDENT

IN preparation for his talks this week in Paris, Mr Khemisti, Algeria's foreign minister, described in Algiers last Saturday his government's attitude towards the Evian agreements. Addressing the national assembly, he went through the rights and the wrongs of the agreements one by one. In brief, they were not found fault with in any substantial way, except that French bases and nuclear installations were held to be "incompatible" with Algerian neutrality.

This was to be expected. Mr Benbella's own ideas about bases were expressed when he went to Cuba and joined Dr Castro in denouncing the American base at Guantánamo. He was later dismayed to find that the jolly Cubans had got themselves stuck with a Russian nuclear base over which they had no control. His immediate reaction was to declare that he would not tolerate nuclear tests in the Sahara. For this he can hardly be blamed. The one useful moral issue on which all neutral countries combine is their abhorrence of nuclear warfare; and since the Cuban debacle their sense of righteousness has grown. Algeria would now be counted as seriously letting the side down if it lent itself to nuclear explosions. The French cannot be unaware of this; and they do have alternative testing sites in preparation in the Pacific and Indian oceans.

The question of bases—the great Mers-el-Kebir naval base and its satellites—is more provocative, for it touches French national interests on the raw. It may be that the Algerians, having flashed their disapproval, will not press the issue too hotly—not so long, at least, as the Americans retain Guantánamo. To agitate now would certainly be injudicious. Mr Khemisti goes to Paris on behalf of a near-ruined country which is more—not less— in need of French assistance that it was when the Evian accords were made a few months back.

Both he and Mr Benbella have rather ambiguously said that the Evian agreements must be made "to conform to reality." Yet what is reality when applied to them? The reality from the French point of view is that much that warranted these agreements has already gone by the board. France's huge financial commitment—£200 million a year for technical aid and development over the next three years—was intended in part to cushion Algeria's one million Europeans against the onrush of revolutionary socialism. Now three-quarters of that million are gone. The French nationals in Algeria today number only a few hundred more than those to be found in Morocco. Morocco gets only a tenth of the aid promised to Algeria.

CONVERSELY, the Algerians are confronted with an unforeseen physical reality: the departure of the Europeans has left them with much more leeway for pressing on with socialism. Two million acres of the best agricultural land have been abandoned. So have some hundreds of factories. The Algerian government has already frozen these assets and put them in the care of "workers' committees." In theory the measures are provisional. In practice it is hard to imagine that there will be any going back from these first stealthy steps towards state control—not, at least, where they touch on the land.

It is therefore France, not Algeria, that must think again about Evian. For the French are now virtually asked to help in advancing the social revolution that they formerly hoped to retard. This, perhaps, is not out of the question. For a western power to support honest socialism in Africa might prove to be more rewarding than shoring up sheikhs in Arabia, as Britain still has to do. What France is concerned to know is how far and how fast this revolution is going, and what prospects it offers to the 200,000 Europeans who have stayed in Algeria.

In a statement to the press last week, Mr Benbella tried to answer their questions by outlining his socialist programme. Large agricultural properties will not be parcelled out among the peasants. Instead they will be run by the state, the peasants to be housed upon them and to work for wages. The government will take over some marketing. Mines and power are to be nationalised with the large exception of Sahara oil and gas, which will remain, as decided at Evian, in the hands of their European companies and worked on a fifty-fifty basis. The government will part-own some industries, but a large private sector will remain. On the face of it, Europeans will be debarred from the land but will be welcomed in commerce and industry. This would be reassuring if there were any certainty that what Mr Benbella says today will apply tomorrow, and that he can carry his quite sensible programme out.

UNHAPPILY nothing is certain today in Algeria. The most real of all its realities is that it is still nearly prostrate from the terrible blows that were dealt it by the Secret Army Organisation (OAS), the flight of key Europeans and the anarchy that prevailed when the Algerian leaders quarrelled. In spite of the return now of 12,000 teachers from France, the hasty recruitment of some thousands of new French technicians and the fact that France, since July, has been meeting all the bills for Algeria's general maintenance (about £700,000 a day), recovery is nowhere in sight. As one of the few civic centres where normality has been restored, Algiers is an ivory tower from which remote ministers issue their doctrinaire statements to a populace dazed by unemployment and hunger. In most other parts of the country—except possibly Kabylia, habitually self-reliant—public services barely function. With the tax machinery broken down, taxes have simply been going uncollected. Many people in Oran and the west are on the verge of starvation. There is little national cohesion. As a nation-wide binding force the National Liberation Front has all but melted away. The government has far to go before it can even be said to be in control of the country, let alone in a position to get socialist enterprises going.

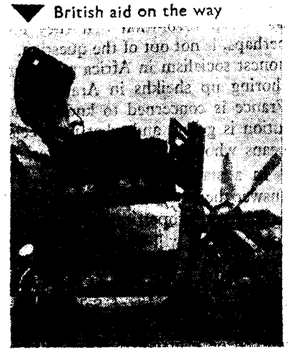
All the more reason for hoping that Mr Khemisti in Paris will put his case wisely and well. In the long run other countries may take part in Algeria's regeneration. But at present there is a vacuum, which Mr Benbella has admitted could be "difficult to fill" should Algeria's "close ties" with France not be maintained.

Delhi at Wit's End

FROM OUR CORRESPONDENT IN INDIA

▲ Mr Chavan (defence minister) with Mr Harriman

▼ British aid on the way



WHAT would you do if . . .? Mr Nehru has not been envied this week, sitting in his chair and facing the appalling decision: How to respond to the Chinese cease-fire statement? New Delhi's initial reaction had been easy and sensible: to take grateful advantage of the cease-fire to seek clarifications and to send no official answer at all. But as December 1st, the scheduled date for the beginning of the Chinese withdrawal, drew nearer the future course of action had to be fixed. The Chinese had unilaterally ceased fire, but they were under no obligation to carry out a unilateral withdrawal. According to the precise wording of the Chinese statement of November 21st, even if India did not make any positive response, China would "take the initiative to carry out" its measures. How far did that initiative extend? The Chinese had also threatened to start fighting again if Indian troops advanced to the "line of actual control." Suppose they did withdraw, were Indian troops to take the risk of pushing forward or not; and if so, how far?

As the days went by, a qualified rejection looked probable. Indian spokesmen stuck to Mr Nehru's snap response that India adhered to its plan for the restoration of the position obtaining before September 8th, and elaborated New Delhi's objections to the Chinese line of actual control of November 7, 1959. They maintained that the Chinese, by claiming that the line in Ladakh "coincided in the main with the traditional and customary line," were in fact pushing it miles ahead of what they actually held three years ago, and even ahead of what they held before their attack in October. The Indians also objected strongly to the Chinese statement that while the troops withdrew 20 kilometres from the line of control, "civil police" checkposts would be set up in the demilitarised zone on the Chinese side of the line. Just what are civil police?

Yet while high-powered missions flew abroad to explain India's objections to the Chinese plan to the non-aligned countries of Africa and Asia, all but the most bellicose knew that the decision was indeed an appalling one. To seek a renewal of the fighting is to risk, at worst, general war in a country whose civil population has not the faintest conception of what modern war means. Maybe this is only remotely probable. Unofficially, New Delhi is working on the theory that Chinese aims are limited to Ladakh—though no one has yet explained why China should have launched a minor war to force legal recognition of what it already held perfectly comfortably anyway. But, at best, renewed fighting now must almost certainly mean renewed defeats. New Delhi might declare boldly that the Chinese could not dictate victor's terms. But the fact remains—and it has sunk in during the cease-fire lull—that they have won a smashing victory. A helicopter located and retrieved the divisional commander, wandering with his staff like Brutus at Philippi, who a few days earlier had confidently told correspondents, who were enquiring about the danger that the Se La Pass might be outflanked, that the Chinese could not come through the Himalayas as if they were on a paved road. But thousands of his men were still lost in the jungles and ravines. Most of the limited artillery that the Indians had in the North East Frontier Agency (NEFA) is now in Chinese hands. Even after a renewed build-up, Assam remains strategically indefensible. And there is no guarantee that the Chinese would be so forbearing a second time. Even now their army commanders may be feeling like the paratroops ordered out of the Suez Canal zone in 1956.

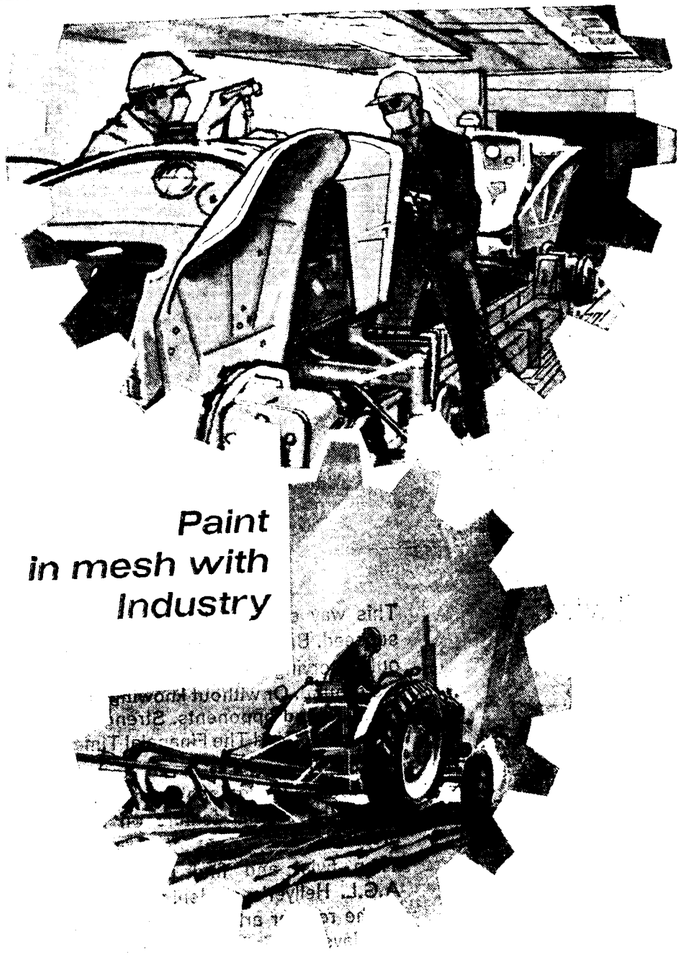
Obviously war, whether general or even limited, would be tragic for India; it might also be disastrous. But what alternative is less dangerous? Here Mr Nehru has to consider two issues: India's future and his own. The latter is not just a question of personal ambition or pride. If New Delhi were to decide that India's long-term interests demanded peace even at a price, Mr Nehru is the only man who could hope to carry the country with him on this policy; and even he would need enormous skill to do it. At this moment he would fail; and with him, parliamentary democracy might also fail. Any calculation of a "realistic" answer to the Chinese must take this into account. Explicitly to accept the Chinese offer right now would not be realistic. In the present state of opinion it would be both meaningless and hazardous. In the longer term, can India afford to leave the Chinese in possession of their claims in Ladakh? So long as the Chinese are out of NEFA the military answer is that they can. The political answer is much less sure.

New Delhi is therefore in a real dilemma, or rather two dilemmas: what to do, and how to do it. And if, as now seems probable, it intends to be tough, the Chinese have a still more devastating peace bomb in their armoury. Suppose they turn round now, blandly accept India's proposal of a return to the position before September 8th, and add: "Now let us talk"? This might solve the puzzle of how to do it, but only if New Delhi could bring itself to accept that the way out of the first dilemma is to seek peace; and that is the difficulty.

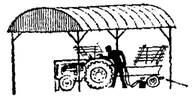
France's New Outlook

FROM OUR PARIS CORRESPONDENT

LAST Sunday's parliamentary elections in France confirmed and amplified the verdict of the first ballot on the preceding Sunday, November 18th. First among victims of the massacre comes the traditional French Right, now swallowed up by the neo-gaullist UNR. The traditional conservative party (the Independents) has almost vanished from the new Assembly. A score of its deputies survived the storm under the protection of the gaullist coupon. Headed by the general's ministers, and notably by M. Valéry Giscard D'Estaing, they are now busy regrouping under the new title of Independent Republicans. As for the non-gaullist Independents, the second party in the previous Assembly, they do not now have the thirty seats necessary to form a parliamentary group. The Catholic MRP, the second victim of the poll, has only just gained the required number of deputies. Swollen by this transfer of seats, the neo-gaullist UNR is only some eight seats short of the 242 needed for an absolute majority. Together with



AGRICULTURE



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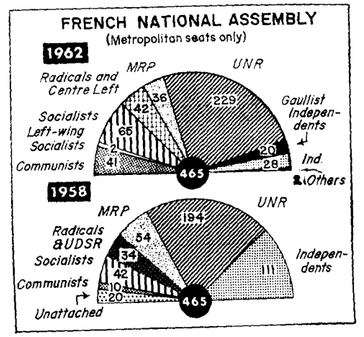
the Independent Republicans and a few other deputies elected on the gaullist ticket, it will command a comfortable majority. General de Gaulle, who never did bother very much about parliament, will not need to bother at all.

The fact that the UNR, on its own, did not succeed in getting some 300 seats is the result of what may have been the most significant feature of the second ballot: the surprising success of the left-wing alliances. This relative success on the left is surprising because, after 15 years of bitter struggle between them, the Communists and Socialists did not enter into an open alliance, but merely improvised an electoral pact. The Communists made the deal in public, and wholeheartedly; the Socialists accepted it with reluctance and shamefacedly. M. Jules Moch, in Hérault, was the only Socialist to speak at a Communist electoral meeting. And yet in most constituencies where only a single left-wing candidate faced the gaullist candidate in the second ballot, this candidate usually polled the bulk of the votes that had been cast in the first ballot for the Communist, Socialist and sometimes Radical candidates together. True, when the candidate was a Communist, the second total, as a rule, did not quite equal the first. But to understand what a revolution this change represents, it is enough to recall that when a Socialist candidate stood down between ballots in 1958 the bulk of his votes usually went to the UNR. The immediate effect of last week's improvised Popular Front was to double the (admittedly modest) number of left-wing deputies in the Assembly. More significant is that the Communists have ceased to be the untouchables of the French political game.

THE Communist-Socialist alliance did not, however, reserve the electoral trend. General de Gaulle has won the obedient Assembly of his choice. M. Pompidou succeeds himself, and will continue to carry out the general's orders with a reshuffled team. The government is assured of a comfortable majority. Such Gaullist policies as like the national nuclear force and the *Europe des patries* have nothing to fear from the opposition. The importance of the change, however, should not be exaggerated. Throughout the life of the Fifth Republic, General de Gaulle has not been induced to change a single major plan by any fear of parliamentary opposition. The last Assembly had a potential majority opposed to the general's European and Atlantic views, but that majority never dared to strike. True, had the UNR been defeated in this month's election, the general would have been obliged to find a method of cowing a recalcitrant Assembly. His electoral triumph has spared him this unpleasant task.

For the moment, nothing essential is changed in the Fifth Republic. But the emergence in France of a party with what amounts, practically speaking, to a parliamentary majority, has raised so many conflicting comments that it may be of some use to set this month's startling electoral results in a historical perspective. Much sophisticated argument is being deployed to explain in terms of sociological change the unprecedented success of the UNR, which, on November 18th, polled nearly a third of all the votes cast. The flaw in this argumentation is that the success is not, in fact, unprecedented. Shortly after its creation, the Gaullist Rally obtained about 38 per cent of the poll in the municipal elections of October, 1947. (The actual percentage is debatable: the new party could not then put up candidates in all the small villages and its share was, therefore, calculated on the basis of municipal councils of more than ten thousand inhabitants.) Since the Communists were stronger then than they are now, the parties between the two extremes—for whom the term "third force" was coined at the time—had no more support in the country than their recent heir, the ephemeral *cartel des non*. Unlike the *cartel*, however, they were in power and could dictate the rules of the game. Remaining deaf to all gaullist appeals for a general election, they waited. By the time the election was held, in 1951, the gaullist wave was half spent. In the general election of 1956 it had vanished. It required the *coup* of May, 1958, to bring it back to life and power.

Other lessons are to be found in this historical parallel. Under the Fourth Republic, elections used to be held in large constituencies of several members and on the principle of proportional representation. (If it had been used on November 18th this system would have given about 150 seats to the UNR and about 100 to the Communists.) But in 1951, to ensure its survival, the third force added a clause, called the *apparentement*. This provided that if a party, *or a coalition of parties*, obtained more than half the votes in a constituency it pocketed all the seats. Thus, Socialists, Radicals and Catholics could vote each for their own party and yet their votes could be pooled. This was the only possible electoral device to keep together a heterogenous coalition.



(1) Seventeen overseas seats are omitted.
(2) The Gaullist Independents have since gained some adherents from the Independents.

It was idle to expect that when General de Gaulle came to power he would establish rules favouring his opponents. This time, in single member constituencies, the *cartel des non* (grouping Conservatives and Socialists, Catholics and Radicals) was reduced to the awkward alternative of putting up a single candidate, and losing votes, or putting up several, none of whom was likely to come out on top. It tried both methods with equal lack of success. True, its combined poll in the first ballot was slightly higher than that of the UNR. The cartel, however, was doomed to collapse. M. Mollet, sensing the mood of his troops, announced, in an attempt to prevent a gaullist victory, that the Socialists would in some cases vote for Communists. This was enough to frighten his middle-class partners. In the second ballot, when most people voted against communism or against gaullism, the independents and the MRP were deserted by their troops, while the Socialists and, to a lesser extent, the Radicals were saved by communist support. The third force was squeezed out, while the French voters divided on the whole on classic lines between the Left and the Right.

Under the Third Republic the alternation between right and left functioned through coalitions. The fact that the UNR, on its own, has nearly captured the majority of seats in the Assembly has encouraged suggestions that France is moving towards a British system of politics. But two points must be made at once. One is that the UNR is not an ordinary party. It is a government-backed machine for producing deputies willing to sign a blank cheque for General de Gaulle. Not knowing what the general will do next, it can hardly elaborate a programme (the gaullist deputies elected in 1958 on the platform of French Algeria have learnt this through bitter experience). Since General de Gaulle is no more likely to share power with his own party than with any other, it is far from certain that the UNR can survive him as the Conservative party of France.

But while the UNR lasts it raises the problem of the opposition. The "third force" may regroup in parliament. It knows that under the present rules it has no chance of getting a mandate in

the country. A governmental majority implies, almost requires, the existence of an alternative in opposition. The ease with which millions of Frenchmen have voted on "popular front" lines proves that they have, instinctively, grasped the mechanism. In France, however, as soon as the problem of a balance between left and right is raised, the problem of the place of the Communists in politics is raised too.

The government can, and will, deepen the differences between the Socialists and the Communists by staging a foreign affairs debate. The Socialist leadership is as Atlantic as the Communist party is pro-Soviet. Yet for the next few years the trend, or lack of it, towards a popular front in the country will be more affected by the government's economic and social policy than by foreign policy. The course of the parliamentary battles is predictable. But outside parliament there are many unknown factors. Will the Socialists revert to a systematic anti-communist line? Will the trade unions remain as divided as ever? Through his very success in uniting the French Right, General de Gaulle has made the unity of the Left a central question.

Bonn and the Strauss Question

FROM OUR BONN CORRESPONDENT

DR ADENAUER has spent the week trying, with diminishing public sympathy and growing parliamentary impatience, to reorganise his government. The task had looked rather easier last weekend than it did on Monday morning. On Monday the exigencies of party politics and self-survival, if scarcely of good will, impelled the Chancellor to telephone his congratulations to Herr Franz-Josef Strauss, the controversial defence minister. Herr Strauss has been the coalition cabinet's biggest personal liability since the state, croaking "treason!" lumbered into action against *Der Spiegel* on the night of October 26th, all unbeknown to the minister of justice, who is a Free Democrat. Yet Herr Strauss is also chairman of the Christian Social Union; and the party had emerged from last Sunday's *Landtag* elections with, for the first time, an absolute majority in the Bavarian state parliament, having won 108 of the 204 seats.

Dr Adenauer, who likes to keep things neat and simple—and usually succeeds more than most people—is now caught in a bewilderingly complicated and increasingly unprepossessing domestic political tangle. His own party, the Christian Democratic Union, which holds only 192 of the 499 seats in the Bundestag at Bonn, rules—somewhat desultorily these days—with the indispensable help both of the Bavarian-rooted Christian Social Union, which has 50 seats, and of the Free Democrats, who have 67. The Free Democrats are insisting that they cannot serve in the same cabinet with Herr Strauss, the minister in whom Dr Adenauer's Bavarian allies have just passed a thundering vote of confidence. Nor can Dr Adenauer have been emboldened to disregard the Free Democrats with his customary disdain by learning that 54 per cent of the persons questioned in a recent public opinion poll wanted Herr Strauss to go, and only 31 per cent thought he should stay. (A further 12 per cent could not make up their minds, and an otherworldly 3 per cent had no idea what all the fuss was about.)

The question everybody is asking is whether Herr Strauss may not now obligingly relieve the embarrassment, and rescue the coalition, by resigning voluntarily and unequivocally, the bitterness of the sacrifice assuaged by the well-founded hope of a return to power after a seemly interval. On Tuesday Herr Strauss reaffirmed that he had formally put his portfolio at the Chancellor's disposal, like the rest of the members of the cabinet. But that did not necessarily mean that he and his Bavarian following had renounced great expectations. Nor, at the time of writing, was Herr Strauss telling what it did mean. Dr Adenauer, it is believed, at first proposed that Herr Strauss should take over the leadership of the Christian Democrats and the Christian Socialists in the Bundestag, and was toying with the idea of giving Herr von Brentano, who is the present parliamentary leader, either the ministry of justice or a new ministry for European affairs. But it was altogether unlikely that the Christian Democrat deputies, for all their record of sheepishness, would accept such a headstrong bellwether as *der Franz-Josef*. Herr Dufhues, the engaging chairman of the Christian Democratic Union, quickly told Dr Adenauer, his co-chairman, that this solution would not do. And, if he means what he says, Herr von Brentano, who was formerly foreign minister, does not want to return to the cabinet.

der Franz-Joseph

By Wednesday the west German newspapers were publishing photographs of Herr Strauss with a happier grin on his broad face than had been seen for a long time. One of Herr Strauss's sharper ploys has been to indicate publicly that the Chancellor knew in advance just as much as he himself knew about the pending action against *Der Spiegel*. Dr Adenauer has so far ignored this allegation which implies that if the defence minister should go on account of his responsibility for the *Spiegel* affair, the Chancellor, too, should go. But it has been widely reproduced and noted; and it has aggravated the general dissatisfaction with the Chancellor's shifty muddling and apparent contempt for public opinion. In his radio and television broadcast on November 23rd Dr Adenauer almost wholly ignored the disconcerting issues that were on his audience's mind: his own anticipation at question time in the Bundestag, for instance, of a verdict of treason against some of *Der Spiegel's* staff and informants, the weird inter-ministerial contradictions, the rumour that the offending article in the magazine was a fruit of rivalry between two west German intelligence services, or perhaps of intrigue within Nato. He disregarded altogether the widely publicised misgivings of 144 university professors concerning the health of democracy in west Germany. Indeed, Dr Adenauer still does not seem to have grasped what all the excitement is about.

But the old man's complacency does not come from lack of prodding. Once more this week the Christian Democrat leaders openly urged Dr Adenauer to form a new coalition government as quickly as possible, in terms that left him free to negotiate with the Free Democrats and the Social Democrats. They added, in a statement for public consumption, a demand for "stability and continuity," having explained in private that they now expected him to make it clear who should take over the Chancellorship next year, and that the majority would like his successor to be Herr Erhard. At the same time they set up a small committee, including Herr Strauss, to advise Dr Adenauer in making his dispositions. Dr Adenauer will receive no help from the Social Democrats. They, having won an absolute majority in the Hesse state parliament on November 11th, and having increased last Sunday their representation in the Bavarian state parliament from 65 seats to 79, are in no mood to prejudice their record by associating them-

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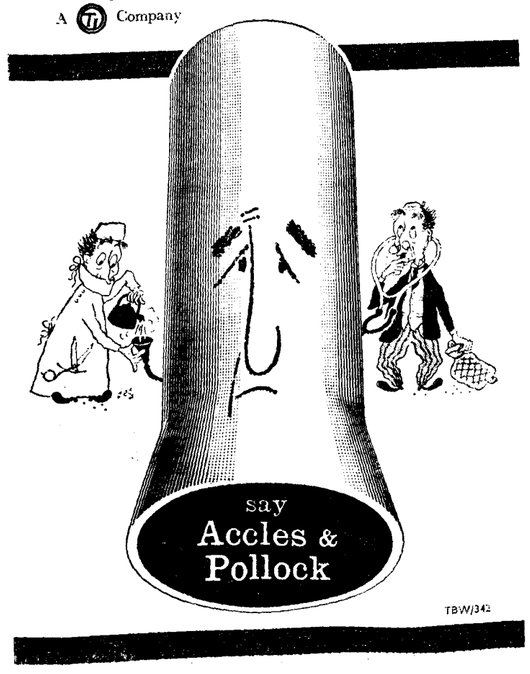

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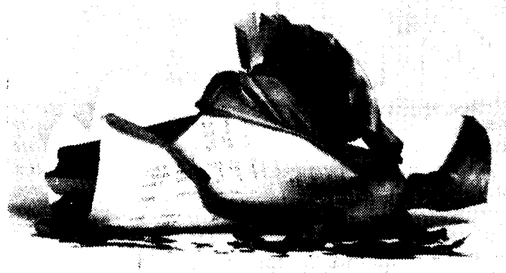

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selves with the last unhappy compromises of the Adenauer era. Dr Adenauer must somehow placate the Free Democrats if his regime is not to end abruptly through the Bundestag withdrawing its confidence in favour of another Chancellor—a prospect that is already being talked and written about.

Rockets in Spain?

FROM OUR SPECIAL CORRESPONDENT

When Mr Zorin told the United Nations Political Committee recently that the United States government had installed secret rocket bases in Spain, he was only making public what many Spaniards have been saying in private for months. More helpful than Mr Zorin, communists and right-wingers alike in three or four Spanish provinces will inform the inquirer, with impressive unanimity, precisely where the American rocket bases are. One,

they say, is near Rosas, at the northern end of the Costa Brava; another is at Elizondo, in the Baztán valley, thirty miles inland from Irún; and the main base is just outside Saragossa. These details are presumably gleaned from the communist "Free Spain" radio or *Mundo Obrero*, for none of one's informants has ever actually seen these rockets, though some of them have a cousin whose nephew's brother-in-law (a bright lad who knows a launching-pad when he sees one) used to mix cement for the Americans.

Neither the Costa Brava, visited annually by several million tourists, nor the valley or Baztán, overrun with ramblers and smugglers, would seem to offer the ideal site for top-secret installations. But Mr Zorin had done his stint, and the free press had to do its. Dutifully, one set out to investigate.

The rocket-sites at both Rosas and Elizondo turned out to be US Air Force radar stations covering the approaches to Saragossa. Their purpose is to identify all aircraft approaching their sector of Spain, and they may call for fighter interception of doubtful aircraft. Two other radar stations, American officers said helpfully, form part of the same mission: one at Inoges, near Saragossa, the other on Mallorca. All are controlled from Saragossa.

Clearly, the Saragossa base was the crucial one. But here, too, the site seemed unsuitable for ballistic skulduggery. The base is overlooked by hills from which a Soviet agent with binoculars might observe everything that occurs in it, from rocketry to adultery. Soviet agents without binoculars need not despair; all they have to do is walk in. For whereas the British and French, in their base-building days, used to enghetto themselves within floodlit barbed-wire entanglements that were at once an insult and a challenge to every indigenous passer-by, the Americans have cut costs and gained goodwill by abstaining from erecting even a single-strand fence. As always, trust is rewarded: there is no pilfering. Shepherds occasionally wander in to conduct their incredulous flocks on a tour of what are probably the greenest lawns in Aragon —"but who cares? It's good for the grass."

The road into the base is guarded by an alert young man armed with a pencil. His office has a board beside it reading, in English and Spanish: "Peace is our profession." Sightseers who don't speak English are waved in. At the sound of English he reaches for a log-book.

"What outfit you with, brother?"

"I'm a journalist."

"Then I don't have to write you down?"

"I don't think so. Do you know where I might find Captain Brady?"

"Don't ask me, brother. I'm new here. Why don't you just drive in and look around?"

So one drives in and admires the magnificent educational complex (toddlers to freshmen), the housing, the supermarket, the leggy young ladies in the bowling alley, the *filet mignon* in the mess, the compulsory Spanish lessons, the smooth, calm professionalism of it all.

There are 4,000 Americans (including dependents) at Saragossa; 136 families live on the base, 220 in an off-base village and about 670 in town. Salaries to one thousand Spanish civilian employees (36 million pesetas annually), payments to local contractors (another 36 million) and off-base private purchases (180 million) pump nearly five million dollars a year into the economy of Saragossa, but as most of the food eaten on the base is imported, and urban rents are controlled, the cost of living in the city has not been affected: it has in fact risen less than in the rest of Spain since 1958.

Conversation with Spaniards and Americans leaves no doubt that relations between them are harmonious. ("There's never been any trouble here like the limeys have with their Barbarian Army of the Rhine—er, you're not a Scotsman by any chance?") When, last June, the United States army held a "Spanish-American friendship day," 75,000 Saragossans—25 per cent of the total population of the city—took the day off (it was a workday) and made the ten-mile trip out to the base by truck, taxi, bicycle and donkey. American medical and firefighting services respond promptly whenever asked for assistance, and every unit has adopted a local orphanage or charity. The only discordant note is sounded by the small Protestant minority in the population of Saragossa. These Spanish protestants are not allowed to run charities or even to hold public services, but they had hoped for private social contact with their American co-religionists. Yet even the chaplains of the base have cold-shouldered them studiously. Is the interdiction, they ask, imposed by Washington?

The military business of the base—one remembers, guiltily, that this was what one came for—is to be found at the back of the golf club (open to all ranks), just beyond the main service station. One may inspect a gaggle of B-47 bombers (range 4,000 miles). Their crews and machines spend only three weeks in Spain; but during the whole of that time they can be airborne within 15 minutes. The bombers are flanked by one American squadron of F-102 fighters and one Spanish squadron of F-86s. Officially, to save General Franco's ex-nationalist face, this is a Spanish base and the Stars and Stripes is never flown; the ten-year agreement granting America military facilities in Spain expires in September, 1963, but both governments favour its renewal.

No rockets are visible. Admittedly, at the press of a button, the greens on the golf course may well hinge open to reveal ICBMs, though it is hard to imagine the golf-club committee standing for that. Back in Saragossa, Don J, an old-school falangist, laid out on his deck a crude sketch-map of the base showing a sinister pattern of launching-sites, each one with the right layout of feeder roads and service buildings. Reproduced in *The Economist*, it would provoke an international crisis. On reflection, one realised that the launching-pads were, in fact, car-parks. "But do ordinary American troops really have so many cars?" asked Don J. Indeed they do—and, scandalously, most of their cars are Opels and Volkswagens. British car exporters appear to know as little about America's Spanish bases as Mr Zorin. . . . But that is another story.

HOME REPORT

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

Wards into Workshops

FROM OUR SPECIAL CORRESPONDENT

EVERY year, on the average, about 2,000 patients who have been in mental hospitals for five years or longer are discharged back into the community. How do they fare when they have to pick up the threads of independence again, with the security of the hospital left behind?

If they can keep a job half the battle will have been won, and it is in order to restore a patient's capacity to work that many mental hospitals have in recent years been starting what is called industrial therapy. This is to be distinguished from occupational therapy, which involves carpentry, making felt animals, tea cosies, rugs, basket work, and so on, under the direction of enthusiastic young women in starched green overalls. Patients on industrial therapy may make soft toys too—there is a mental hospital near London which has a regular contract to turn out dozens of nylon teddy bears a week, stuffing them, sewing them up and firmly fixing in the eyes. But these teddy bears are made for an outside firm with an established home and export market. They are not exhibited for chance sales on the hospital's "open day."

Occupational therapy still has an important place in a mental hospital's regime. Nowadays, when an increasing number of patients come in for six weeks or less, it helps to fill the long hospital day and to overcome their social isolation. But these short-stay patients will not usually have lost the habit of work by the time they are well enough to be discharged. It is the long-term patients, who have had their whole lives organised by the hospital for years, often indeed for all their adult life, that benefit most from industrial therapy.

More and more mental hospitals (about two-thirds of them today, compared with 1 per cent in 1957) are now turning wards into workshops by starting industrial therapy units, and the regional boards for industry are encouraging local firms to place contracts with them. One advantage, for the firms themselves, is that they can get a lot of simple, repetitive jobs done that their own workers, particularly if skilled or semi-skilled, may object to or find boring. For instance, a mental hospital has had a contract for painting the stitches on gloves, a finicky job, which a glovemaker is only too glad to shed. The advantage for the patients is that they are working in something like factory conditions, sometimes even clocking in, and are earning up to £2 a week.

For a variety of reasons a patient's earnings are not allowed to rise above this figure. Below it he can retain his sickness benefit, and he also avoids the obligation to pay national insurance contributions, a tiresome complication when potential earnings may fluctuate about the £2 level from week to week. Another reason is that it is important to ensure that a patient does not find himself worse off on discharge. To begin with at least, many patients will not earn very much outside the hospital, and they will have to find their own board and lodging; if they were to make, say, £3 to £4 all found in the hospital, they might prefer to stay there. But the work is done on piece rates, and the firms placing the contracts pay the hospital the rate for the job. The earnings limit thus means that the hospital accumulates a surplus fund. The Ministry of Health takes 10 per cent of the value of all contracts as a contribution towards overheads, and the balance is used on such things as additional equipment for the workshops and amenities, and to have a fund to supplement the earnings of patients who, because of illness or lack of suitable work, make very little in any particular week.

There is, of course, no limit on earnings when patients take up a regular job outside the hospital, returning to the hospital each night and paying for their board and lodging. That is usually the last stage in rehabilitation. Bristol has an intermediate stage. Associated with the mental hospitals in the area is the Industrial Therapy Organisation (Bristol) Ltd. It has its own factory, where patients do jobs like assembling ball pens before moving on to work in an ordinary factory, a "sheltered workshop" for patients whose disability prevents them from working in ordinary conditions, and a direct trading component in the form of a car washing unit. Another experiment has been tried for about a year in the Birmingham region. Here, at St Wulstan's, Malvern, a wartime American psychiatric hospital has been turned into an industrial therapy unit for, at present, about 200 patients selected from all the mental hospitals of the region. Every patient has been in hospital for at least two years, some perhaps for fifteen years or more, one continuously for thirty-four. The hospital's patients are, in fact, drawn from what is still the most distressing sight in a mental hospital—the hard core of chronic cases, indifferent, inert and intangible. But the contrast between the new arrivals, who are started off on extremely simple tasks like sorting needles, and those who have been regularly working for several weeks is marked.

THE advantage of a central unit like the one at Malvern is that the whole hospital can be geared to industrial therapy whereas in an ordinary mental hospital it may have to be fitted in to the general organisation. Thus, clinical treatment can be arranged outside working hours, and non-working hours can be, and at Malvern as a matter of policy are, as unregimented and informal as in ordinary life—even tidy beds and cubicles are not insisted on.

A difficulty is that a special hospital like this is dependent for its very existence on a steady supply of contract work from outside firms. Most hospitals could, in fact, do with more, and more varied, work; the ones that come off best seem to be those on the fringe of big cities with a lot of light industry round about. If the work is to be had, industrial therapy is likely to expand; the labour is there and the premises, and charge nurses can be turned into supervisors. Bexley Hospital, near London, has stepped up the value of its contract work from about £33 a head a year to over £50—and the taxpayer is saved 11s. 6d. a week on each working patient's pocket money. Last year the value of the goods and services supplied by the ablebodied labour available in English prisons was £44 a head. Need one point the moral?

Inter-Irish Co-operation

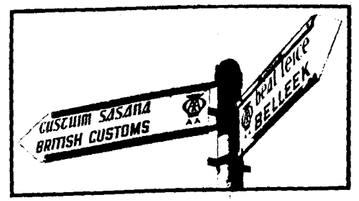
FROM A CORRESPONDENT IN BELFAST

IN Belfast just over a month ago the Home Secretary—his department is responsible for Northern Ireland affairs—said he thought the Stormont government should make contact with the government of the Irish Republic and see how far they could both co-operate in the interests of the economic development of the whole island. Mr Brooke was obviously influenced by the decision of the government in Dublin to reduce or abolish tariffs on a number of Northern Irish products exported to the Republic. But politicians, both Unionist and Labour, in Northern Ireland have taken little notice of Mr Brooke's advice. Some have interpreted his remarks as an attempt to "sell-out" Northern Ireland's constitutional position and tie the province economically to Republican Ireland, although he made it quite clear that he thought Ulster's economic relations with the rest of Ireland could be improved without endangering the "constitutional position."

Most Unionists are suspicious of any moves to bring the economies of Northern Ireland and of the Republic into closer contact with each other. Government leaders like Mr Brian Faulkner of the Ministry of Home Affairs (the Ulster Home Office) and his predecessor Colonel (now Judge) W. W. B. Topping have argued that economic integration with the South would hinder rather than help the economy of the North. Three years ago when Mr Lemass, prime minister of the Republic, put forward a plan for an all-Ireland free trade area Lord Brookeborough, his northern counterpart, rejected it. He did later say that he had no objection to private concerns making arrangements with the Republic but trade would not, so far as he was concerned, be talked about at government level.

Under Mr Lemass's proposed arrangement goods manufactured in Northern Ireland but not those of British origin would be allowed into the Republic duty free. This discrimination against British goods was another reason for Lord Brookeborough's rejection of the plan. However attractive the offer may have looked to manufacturers and traders in Northern Ireland the government feared it contained political implications not to their advantage.

WITHIN the past month, however, there have been slight signs of a change in Unionist outlook. Capt. L. P. S. Orr, who represents South Down in the Westminster Parliament, said in the course of an Ulster Television programme on November 10th that he was in favour of more economic co-operation. A few days earlier Mr Harry West, Northern Ireland's Minister of Agriculture, announced that he would be planting an experimental 200 acres of sugar beet which would be processed by the state-sponsored sugar company in the Republic. The agreement in this case has been made at government level between Mr West and General Costello, chairman of the sugar company; the company has also recently concluded a fantastically complex agreement whereby the British Government, to exclude non-Commonwealth sugar from British markets, appears to be subsidising it to a hefty tune each year.



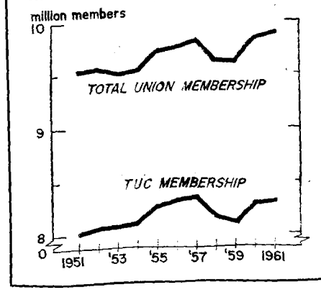
Irish farmers, of course, are inclined to ignore the border when it comes to their economic interests. Ulster's stock farmers depend on the cross-border trade in young beef cattle which, after a short stay in Ulster, qualify for British subsidies. The strict anti-tuberculosis regulations now in force in Northern Ireland have set this trade back a little: but the Republic is fast declaring tracts of land to be free from the disease. Cross-border cattle imports are worth some £10 million a year, nearly half of all Northern Ireland's imports from the south. Last summer the Ulster Farmers' Union and the National Farmers' Association in the Republic, anticipating similar problems if both parts of the country join the European Economic Community, formed a joint consultative committee which meets alternately in Belfast and in Dublin.

Water also provides a common interest as well as a border. For upwards of 12 years both governments have been running as a joint responsibility the fisheries at Lough Foyle, between County Donegall in the Republic and County Derry in Northern Ireland. The Foyle Fisheries Commission reports annually to both parliaments on the same day and its chairman and secretary rotate annually so that both governments take turns at being represented in these positions. The drainage of the Erne Valley and the building of the southern Electricity Supply Board's power station at Cathleen Falls near where the Erne flows into Donegal Bay was made possible some twelve years ago by the co-operation of the two governments.

ON the lower administrative level of schools and the fire service, there is also cross-border co-operation. Many children cross the border daily from the Republic into Northern Ireland or the other way to save the trouble and expense of having to travel many miles to the nearest school provided by their own authorities. Police and customs officers on the border work together more closely than they admit.

Those who believe that there is a future in the extension of Irish economic co-operation say that the first step should be the setting up of an inter-government commission to examine how far such co-operation could be carried. Obvious opportunities for co-operation lie in the development of tourism as an all-Ireland industry and in the investigation of foreign markets for Irish agricultural produce. (This may be one of the things the farmers' consultative committee studies.) There is scope for an all-Ireland system of transport and for joint government enterprise in an undeveloped industry like fishing or in creating a power grid that would serve both parts of the country more economically than the present two systems. All this could be done without endangering the "constitutional position" of Northern Ireland. After all the 1920 Government of Ireland Act emphasised that North and South would be both responsible for safeguarding the railways, then privately owned, and provided for a Council of Ireland which would bring both governments together on matters of mutual concern.

TRADE UNION MEMBERSHIP
in the United Kingdom

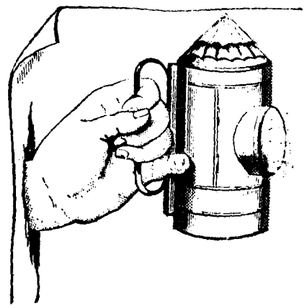


THE BIG UNIONS
Membership (end 1961)

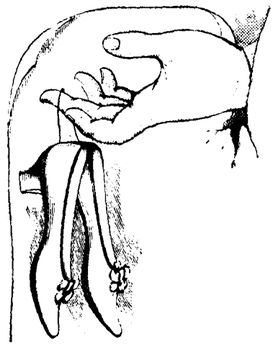
	('000)
Transport and General Workers	1,318
Amalgamated Engineering	982
General Municipal Workers	786
Mineworkers	545
Shop, Distributive and Allied Workers	351
Railwaymen (NUR)	308
National and Local Government Officers (NALGO)*	285
Electrical Trades Union	253
Teachers (NUT)*	245

*Not affiliated to the TUC.

Just over one out of every two wage or salary-earners in Britain belongs to a trade union, but only one out of every four women. At the end of last year, the TUC unions numbered only 182 out of the total of 635. TUC membership made up 84 per cent of the total.



ARE YOU A SEEKER?



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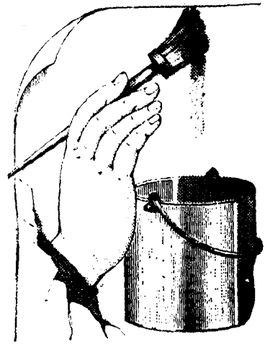

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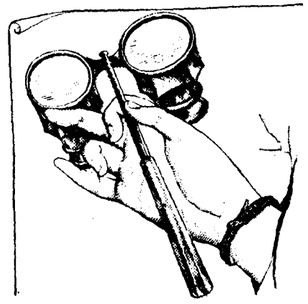

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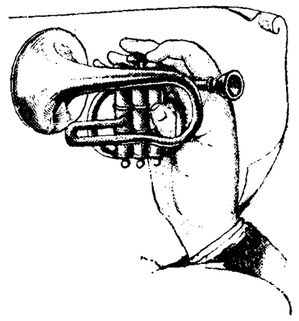

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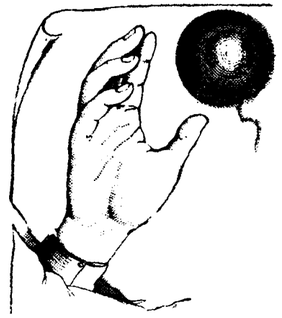

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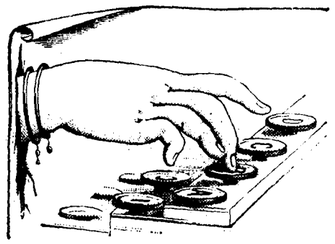

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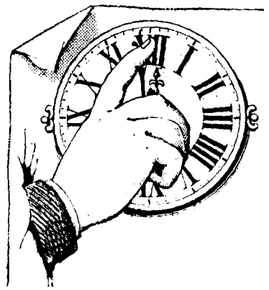

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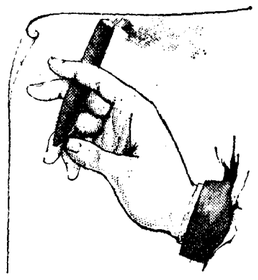

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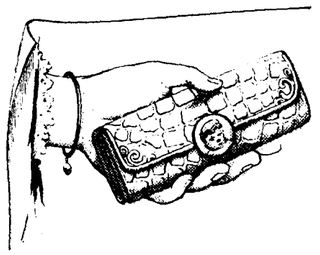

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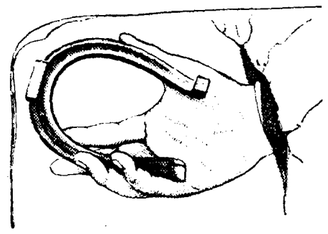

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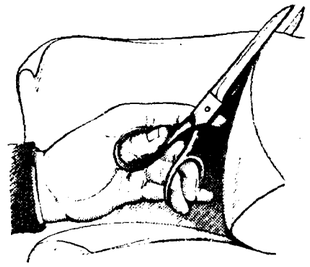

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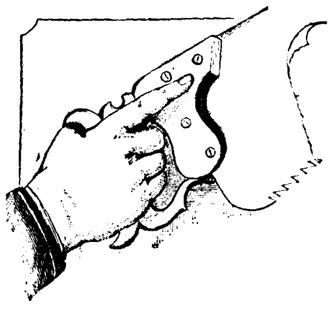

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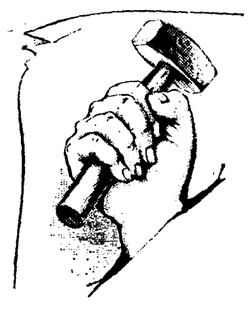

HAMMER YOUR WAY

BY HOOK

OR BY CROOK—TO

TO CUT THROUGH

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GKN FIND OUT

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

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

Farm Follies

SIR—In your article of November 17th you infer that horticulture is heavily subsidised. That is, of course, quite incorrect; horticulture is only marginally subsidised. You go on to be somewhat scathing about massive protection. Such protection as exists for horticulture is, in fact, far less massive than that applied to a great many sections of industry in this country.

I doubt whether you would find even one objective cynic who would support the reason that you have given for not wanting a real research organisation. The fact of the matter is that the National Farmers Union's proposals do afford an opportunity for development, both of markets and marketing. It is also a fact that the union itself was the principal sponsor of marketing research with the studies it made of apple and pear marketing and of tomato marketing, and it was, too, the sponsor of intensive investigation into markets on the Continent. The truth is that marketing development in an era of changing conditions inevitably is more likely to come from producers. Even the most superficial examination of marketing development that has taken place, in, for example, the realm of home-grown apple marketing, should prove this point.

It is, nevertheless, highly desirable that in this changing pattern of marketing the developments that are taking place should be fully appreciated by the other sections of the industry, and therefore there is great value in the consultative organisation which has now been established between the three sections—producers, wholesalers and retailers.

For my own part, I firmly believe in the union's four main proposals:—

(1) The undertaking of an overall examination into our horticultural markets and their future requirements, as a matter of urgency.

(2) The establishment of grower groups capable of producing in larger quantities a standardised product and supplying that product where it is needed.

(3) The establishment under the Industrial Organisation and Development Act, 1947, of an organisation which can undertake publicity for British produce as a minimum service, and can as a maximum service perform many other useful marketing functions.

(4) The establishment, already effected, of a consultative and co-ordinating body for the bringing together of the three sections of an industry that deals with some £160 million a year farm gate turnover.

These four proposals, which in their formulation have taken into account an intensive study of what is happening in Europe, represent in fact a realistic opportunity for development in the marketing of a series of products which because of their very nature have presented great problems for many years,—Yours faithfully, E. H. GARDENER
Chairman, Central Horticultural
London, SW1 Committee, NFU

[It is good to know that Mr Gardener wishes, in these ways, to improve the efficiency of the garden produce industry. It is a shame that, by refusing to support the Horticultural Marketing Council, market gardeners, wholesalers and retailers have shown their unwillingness to do so. This is what *The Economist* said on November 17th.]

Hard Bargain in Exeter

SIR—Your correspondent (November 3rd) makes some valid points, but is misleading about the importance of the Higher Market, which he dismisses as "a monstrous neo-classical facade and squalid arcade", as a fake and an eyesore. One hardly recognises from this description a building which is listed by the Ministry of Housing and Local Government as Grade 2. Since there are only ten buildings in the whole city with the rank of Grade 1, the Higher Market clearly stands high in the estimation of those qualified to judge fine architecture. As to its being squalid, it has belonged since it was built to the city council, which is therefore entirely responsible for its filthy state. It is an old trick to let a building get into a dirty or even a dangerous condition and then to demand its demolition. The building could be cleaned and transformed into arcades of small shops for the small traders who will obviously have no other place to lay their heads in the so-called "golden heart" of the new Exeter.—Yours faithfully, W. G. HOSKINS
All Souls College, Oxford

Net Book Agreement

SIR—Your correspondent, in his zeal to oppose the Net Book Agreement has overlooked one factor: the reluctance of booksellers to have constant arguments about prices added to an already over-long working day. If the Net Book Agreement was abolished many of us would leave the trade and advise friends and their children to stay away from it. There is, after all, a human factor in bookselling to be considered.—Yours faithfully, GERTI KVERGIC
London, WC2

Points

YOUR proposal (November 24th) that post secondary education should be a function of the Greater London Authority is a point which the Liberals have tried to persuade the Government to adopt for some time. If this and similar amendments were made it would be possible for many of the proposed new boroughs to be less vast with considerable advantage both to councillors and electors. I am surprised that you refrained from commenting on the timidity of the Government for failing to abolish the aldermanic system root and branch, and for its unwelcome proposal to end annual elections for the boroughs. Annual elections contribute a great deal to civic consciousness. PETER H. BILLENNESS, Vice-Chairman, Liberal Party Local Government Committee.

THE refusal of Her Majesty's Government to appoint an ombudsman or alternatively to set up a parliamentary body, in order to deal with individual grievances which sometimes arise as the result of quasi-judicial decisions is disappointing. The Government cannot reasonably aver on the one hand that the citizen has the right of access to his MP and on the other hand block this "right of way" with the overloaded legislative machine. This society's experience is that some MPs may sometimes not be quite so vigilant as other members. If it is held that an ombudsman would not fit easily within our constitution, then an alternative should be found. Reform is needed, as much for the sake of MPs, officials and civil servants, as for the individual.—LILIAN HARDERN, Society for Individual Freedom, *London, W1*

I RECEIVE several hundred letters, invoices, delivery notes and statements a month. Most letters from business firms are typed on quarto paper (10 in by 8 in), 6mo, 8vo, and some A4 (11¾ in by 8¼ in). Invoices vary from 5 in by 5 in to 13 in by 16 in. Statements and delivery notes vary almost as much. If only *all* these could be standardised at A4 size as is the case in nearly all countries in Europe, or even at 10 in by 8 in, the amount of paper used might increase slightly, but the savings in man (and woman) hours would amount to millions of hours a year. CHRISTOPHER FOSS, *London, W1*

HUNDREDS of millions of pounds are spent in developing arms in order to achieve military superiority over potential enemies. If such superiority, obtained at so great a cost, is nullified by confidential information being handed over to our rivals, it follows that this expenditure is to a large extent wasted. The costs of the first class of security are so high that parsimony regarding the second is foolish in the extreme. With a Security Service independent of other departments, and using every known checking device, espionage can be prevented. By comparison, what was said by this or that individual in connection with the Vassall case, is a triviality of negligible importance. H. A. WILLIAMSON, *Lymington, Hants.*

PLEASE do not prune this letter. TYRRELL BURGESS, *London, SW10*

BOOKS

Radicalism and Rationalism

(The first of these two books has been reviewed by a member of the Labour party; the second by an active worker for the Liberals.)

Radical Alternative: *Studies in Liberalism by the Oxford Liberal Group*
Edited by George Watson.
Eyre and Spottiswoode. 194 pages. 21s.

The New Radicalism
By Bryan Magee.
Secker and Warburg. 238 pages. 25s.

OXFORD UNIVERSITY has so often and so unfairly been described as the home of lost causes that the publication of this volume of essays is bound to excite an unusually topical degree of curiosity. Have we here the herald of a new and glorious daybreak or merely a false dawn? Could these essays, in terms of intellectual content and hard political dividends, achieve for the Liberal party what the Fabian Essays and Mr Butler's charters accomplished for the Labour and Conservative parties?

Like the output of other political intelligentsia, this work cannot be viewed on the basis of academic standards alone; it must be evaluated in terms of the political movement whose philosophy it claims to express. The test is of course not an easy one. Some readers may query how far these are six valuable but essentially separate dissertations, or whether there is a genuinely unifying theme running through them. If the authors come back claiming that modern liberalism is basically a method rather than a corpus of ideology, then an even more difficult and topical question arises: how far the methodology and principles of liberalism are already the property of the two major parties?

For the reader who seeks an answer to the questions "Has the Liberal party a future?" and "What are the obstacles to its progress?" this is, even by token of its very omissions, a useful book. Both Mr McCallum in his introduction, and Mr Bonham Carter, one of the contributors, in effect take issue with the established parties because they are the mouthpieces of the past—outmoded social traditions or groupings. They fail, to this reviewer's mind, to point the alternative; after all, Gladstonian Liberalism atrophied not through loss of dogma—Liberalism had some fine thinkers in the 1920s—but through erosion of its social base in the working and business classes. Conversely, a Democratic Party continues to thrive in the United States precisely because it has its own social basis. If only one of the contributors had tried to spell out the implications, in terms of political philosophy, of the Orpington "Révolution des clercs".

On its own, each essay has much to commend it. Mr Bonham Carter argues cogently for a reform of Parliament, to make British democracy more real. Mr Wiles prefers an individualist to a collectivist reply to the communist cold-war economy, but gives comfort to the left by in fact taking Labour's position on, say, Pilkington, the press and advertising. Mr Eltis's "Growth without Inflation" would certainly command the support of Sir Robert Shone and Mr Crosland. It might even please Mr Maudling and Mr Cousins. Many Labour educationists would agree with Mr Peterson's plea for more resources for education and a change in accepted patterns. The sentiments of Mr Ian E. Bush's "Policy for Science," if a trifle shrill, would no doubt be echoed by most members of that crusading but Establishment body, the Parliamentary and Scientific Committee. Lastly, Mr Deighton, in "The World Setting," makes a powerful political case for Britain's membership of the common market, which has a special relevance in the light of current tension between Russia and America.

To return: do these useful studies add up to a unified case for Liberalism? How far do the Liberals suffer both from being all things to all men, or having their (best) clothes, as in a previous century, stolen by the other parties? Time will provide an answer; meanwhile, each reader must judge for himself.

SIR ISAIAH BERLIN once spoke, in reference to another public figure, of the "dark instinctive rationalism of the blood"; it might have been Mr Magee. He holds passionately, on any issue you care to name, a considered moderate position. He must be the most dogmatic of all reasonable men.

Mr Magee was recently a Labour candidate, and has come to dislike very intensely his party's left wing. His object is to convert the Labour party into Liberals, thus crushing the Liberals. His views seem to differ at no point except this one from those of Mr Grimond. Not surprisingly, then, he refers to the Liberal party just three times, and only *en passant*—no doubt the very mention of the word gives him some discomfort. So he states his position as if it were only his own, and concentrates his fire on everyone else.

This book is a brilliant pamphlet. Particularly admirable is the ideological consistency of the whole, the constant and successful appeal to a few clearly stated first principles. The key is the supremacy of reason, from which it can be inferred, for instance, that we must scrap the tyranny of words, which have no existence independent of our use of them (so do not be flummoxed if a party colleague tells you you are not socialist, or left); that you cannot arrive at truth or progress without criticism, therefore you must have democracy (which becomes *ipso facto* more important than nationalisation, and more efficient than communism); you can not validly refute other people's value judgments (so ITV and advertising are all right if people like them). A philosopher (Keble, Greats) by training, Mr Magee puts himself squarely in the tradition of Socrates, Hume, Voltaire, Bertrand Russell and above all Karl Popper: all people who inferred from the same belief in reason the same brand of heuristic, humanistic radicalism.

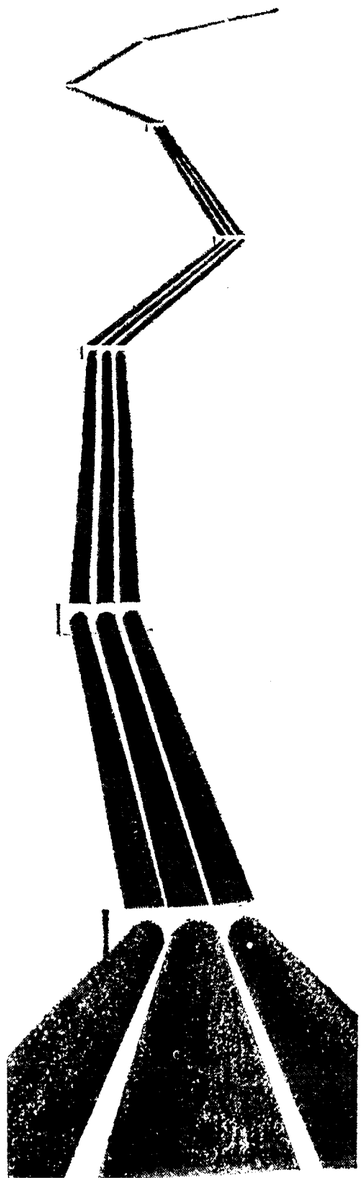
Mainly however the book is another "Labour Party with the lid off". On the traditionalists he is magnificently scornful and exact, in innumerable passages of cruel analysis that are a delight to read and will never be forgiven. Of the left-of-centre neo-opportunists he has much less to say, but what he does is again personal and unforgivable. These are all people near enough to his own position for him to understand: it is when we move farther left that we meet his principal fault—he lacks empathy and does not even know that he lacks it. He can write off the CND as if there were no real problems. He dismisses the New Left case against ITV and advertising with the ease of one missing the main point: that it is the broadcaster and advertiser who establishes the individual's value judgments for him.

His self-confidence and dogmatism betray him still more deeply when it comes to communism. Mr Magee almost reasons this movement out of existence—its success does not accord with his principles. How bad a guide he is here can be shown by three points almost at random. "Not one single newly independent country has gone Communist": formally true, but might it not have been decent to mention Cuba? Or "there is nothing remotely comparable with scientific discovery itself" in the Soviet lead in rocket technology. There speaks the Greats mind. Or again, the striving for full communism is not merely undesirable but pre-scientific: all Utopias are impossible. Certainly that is what Professor Popper thinks, but it looks as if history will belie him this once.

Facing right, Mr Magee deals faithfully with the Conservative party, in conventional terms. More interesting is his absolutely just complaint that Mr Gaitskell is not a radical; witness his reluctance to support Mr Wedgwood Benn. Mr Gaitskell and his circle are what might be called Moderate Managers, and this is not the author's cup of tea. For he, to repeat, is moderate in a more dogmatic, libertarian and proletarian tradition that has hitherto had no place in the party of his choice.

In any case he must surely, with this

Steel
IS MILES



squib, have excluded himself from promotion. The book is indeed exactly what the Labour party needs. Every member should read it and try to learn from it: it is packed with excellent advice. But if formic acid cures rheumatism, the bee still dies.

Excess

Prohibition

By Andrew Sinclair.

Faber. 508 pages. 42s.

"PROHIBITION," a contemporary chronicler observed, satisfied "three tremendous popular passions, the passion of the prohibitionists for law, the passion of the drinking classes for drink, and the passion of the largest and best organised smuggling trade that has ever existed for money." Such satisfactions had to be paid for; some of the items on the bill were the 400 murders a year in Cook County, Illinois, an estimated $136 million a year of protection money paid to racketeers in the same area alone, an addition of $40 million a year to the salaries of doctors for writing medical prescriptions for whiskey. A full accounting would involve an examination of the whole of American life, public and private, in the 1920s, so swiftly and pervasively did Prohibition permeate every aspect of society.

This is the first problem which anyone who is going to write about Prohibition has to solve, and this is perhaps why no one before Mr Sinclair has attempted it. Isolated portions have been well told, but to pull together the story of the revolution, the politics of enactment and enforcement, the rise and triumph of the repeal movement—this is Mr Sinclair's considerable achievement. He has not always maintained perfect standards of relevance, we could trade the thumbnail sketches of presidents we know of old in return for a little more information on such king-makers as Wayne B. Wheeler and Bishop Cannon. But in general Mr Sinclair has skilfully combined the broad brush and the sharp pencil. He has avoided the snare which the subject spreads before all comers, the knowing wink, the Menckenian sneer, the continuously implied cameraderie of the wets. He is at pains to be fair, to recognise that the drys had a case and that the counter-revolutionaries were as capable of intolerance and cant as their opponents. His sub-title is "The Era of Excess."

The unifying theme which Mr Sinclair employs to order the rich and disparate phenomena of the Prohibition era is the clash between the country and the city, between agriculture and industry, between the Protestant, Anglo-Saxon, agrarian dream and the urban, Roman Catholic, immigrant reality, between the old America and the new. Thus at one end his theme shades into the story of the Know-Nothings and the Klan, at the other into the New Deal and the New Frontier. It is probable that nothing less embracing will account for such an astonishing aberration as the Eighteenth Amendment, and Mr Sinclair, drawing to the full on the Hofstadter analysis of American Progressivism, makes out a generally convincing case.

Yet some doubt persists. Why did Prohibition come when it did? Why did the countryside wait so long to hit back and, after waiting, hit so hard? Has not the hysteria, the insecurity, the positive vindictiveness of Prohibition got at least as much to do with America's new relations with the world outside as with the break-up of a Jeffersonian world within? Is not Prohibition linked at least as much with isolationism as with rural puritanism? Is it not Europe that the "noble experiment" was trying to keep out, as much as Rum and Rome?

Egyptian Nationalism

Founders of Modern Egypt

By Mary Rowlatt.

Asia Publishing House, London. 194 pages. 35s.

MISS MARY ROWLATT, child and great-great-grandchild of families who made their living in Egypt, wrote in 1956 a delightful book based on family papers. Now she has turned historian and attempted a more ambitious task. She has set out to introduce the English common reader to a neglected subject—the reason why Egyptian nationalism is so much more mature and authoritative than that of the other Arabic-speaking states. The answer is simple: it is deeper rooted because it germinated earlier in indigenous minds. This book describes its origins in educational and military circles—at the hands of Sheikh Mohammed Abdu in the one, and of Arabi Pasha in the other. Miss Rowlatt's research in English has been wide, in Arabic less so, and she is much happier in her handling of the soldier (whose impact on Britain was immense) than when writing of the most important thinker that modern Egypt has produced (whose renown spread only in limited English circles). Her account of Arabi's movement and the British bombardment of Alexandria in 1882 is fast-moving and full of interesting contemporary observations from the Egyptian end, though sketchy about the dilemma that faced a British liberal government.

Her simple style, well suited to descriptions of things that you can touch or see, adapts less well to accounts of thought and policy, and she does less than justice to the depth of Mohammed Abdu's mind; he is never seen grappling with the problem that was his biggest contribution to modern Egyptian thinking—a differentiation between what was essential and unchanging in Islamic theology and practice, and what was human innovation that could and should change with the times. None of this could she tackle without explaining more than she does about the essence of Islam as a way of life. Her book is too expensive for its size and content, but it is sympathetic to the modern Egyptian's indigenous development—a subect too rarely dealt with by British writers.

New Spain

Mexico

By Michael D. Coe.

Thames & Hudson. 244 pages. 30s.

A History of Mexico

By H. B. Parkes.

Eyre and Spottiswoode. 402 pages. 42s.

Mexico: *Revolution to Evolution 1940-1960*

By Howard F. Cline.

Oxford University Press for the Royal Institute of International Affairs. 389 pages. 42s.

CORTÉS told his Emperor that he had called Mexico "New Spain" because of its extraordinary likeness to the Old. To the visitor today the most striking feature of the country "south of the border" is its Iberianism, Europeanism, Catholicism, compared with the standardised materialism of *Norteamericanos*. Few people realise that its population is growing at one of the fastest rates in the world. It has doubled in a generation, largely because of high legitimate and illegitimate birth-rates, rapidly improved survival rates and the expansion of education and other services to conquer disease. The City of Mexico itself has grown from one million to 5 million inhabitants in the same generation, owing to the usual trek to cities from countryside in less developed but rapidly industrialising lands. This has brought terrible housing and other social problems.

Maize is still "the tyrant," normally sufficing for the everlasting pit-a-pat of hands slapping tortillas throughout the country, but often failing because of drought. An almost perpetual azure sky, punctuated by slow black vultures, looks down on the oldest buildings in the New World alongside the most daring new buildings in the whole world; on a riot of flowers alongside deserts and dry *barrancas*; on a people nearly 80 per cent *mestizos*, 20 per cent Indian, and but 2 per cent creoles or native (and immigrant) white; and on vast petro-chemical plants and factories not far from Neolithic agriculture.

One-fifth of modern Mexicans derive in direct descent and pure Indian blood from pre-Columbian peoples. The traveller today, as in Greece or Egypt, is more likely to be impressed by the singular, massive, monumental and always artistic ruins of the ancient inhabitants than by the cosmopolitan products of the moderns. Dr Coe's book, in the "Ancient Peoples and Places" series, is a fair introduction to the complex, isolated cultures of ancient Mexico—less, however, the fascinating but wide-roving culture of the Mayas in the borderlands of Yucatán, Guatemala and Honduras. The author justifies this disappointing omission by its complexity and his lack of space. Presumably another volume in this enterprising series will be devoted to the Mayan lands. But in view of his own studies of early connections between Middle and South America, and of the still unsolved riddle of the early Olmecs and other cultures along the Gulf's southern coasts adjacent to the Mayan lands, his entitling of his book "Mexico" in such a series deprives the unwitting reader of essential material. On the other hand the book is well up to the form of the series in up-to-dateness, easy style, excellent line-drawings, index and bibliography. It is a handsome volume of necessary, but pleasantly assimilated, knowledge about the Mexican heritage.

The other two books differ from, but complement, each other. Professor Parkes's history was originally published in 1938 in the United States, then republished there; this is its first English edition, and it has been fully revised and a lot of new matter added. Its sweep is from archaeology to current problems, and though it is not literally correct to claim (as its dust-jacket does) that it is "the only single volume history of Mexico available in English", it is hard to imagine any better book as an introduction to the country. Its weakness is its omission of economic issues—it was perhaps inevitable, though economic history has been more influential on Mexican politics than elsewhere—but that omission is made good by Dr Cline's work. This is introduced by a short historical perspective, but then launches into the deep waters of the Revolutionary Party and its problems during the past two decades in which Mexico's modernisation has streaked ahead. Well-nigh every fact and figure needed to understand those problems is in Dr Cline's many tables or appendices, and he gives excellent diagrams and maps. The work is a mine of information and should be invaluable to any intending visitor, especially business men. Both books have model bibliographies and indices; both these aids are badly needed for the study of Mexico; and both publishers and authors deserve congratulation on providing such timely material for understanding an increasingly important, influential country. One reader's regret about both books is their inability to convey, by word or plates, the extraordinary and imposing beauty of the land. For that, the reader, having done his homework, must go there. He will not want to come away quickly.

Dissolution of an Empire

Great Britain and Austria-Hungary during the First World War

By Harry Hanak.

Oxford University Press. 318 pages. 42s.

THE dismemberment of the Habsburg Empire into its racial groupings after 1918 resulted indirectly from the long-run trend of opinion in favour of nationalism and self-determination—both among the

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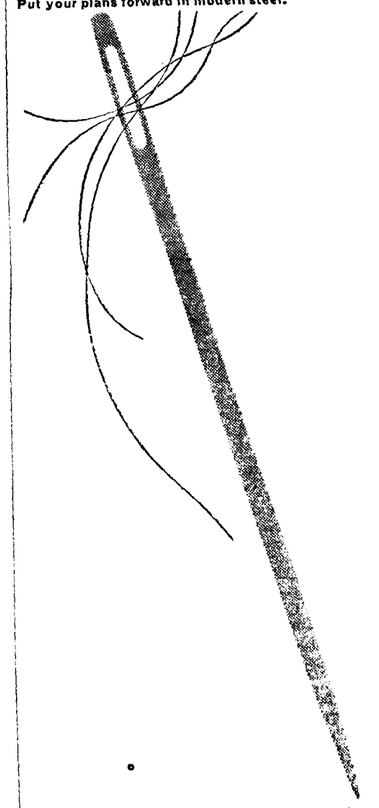

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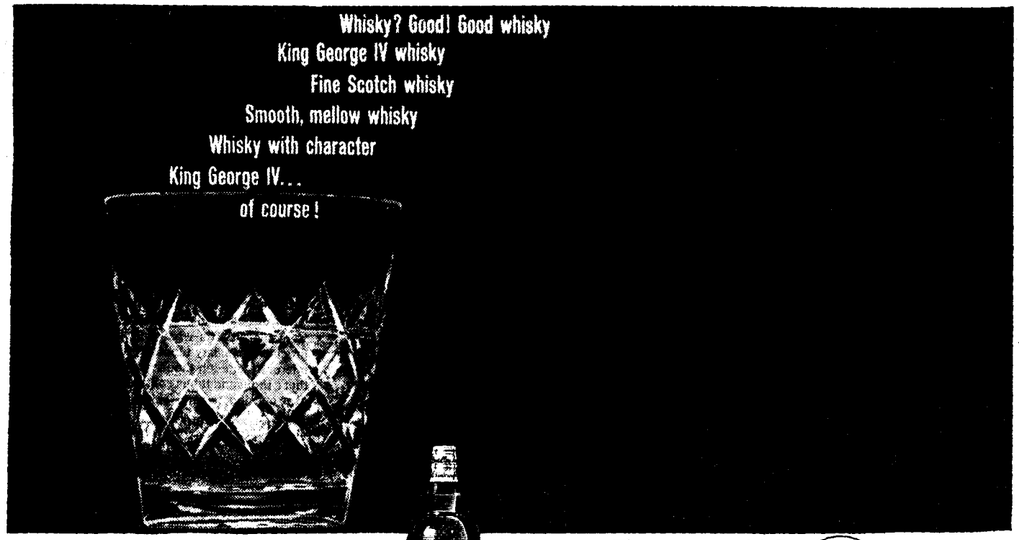

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subject races and in the victorious western powers—since the middle of the nineteenth century. It can hardy be doubted that if men were deciding the fate of a defeated Austria-Hungary today, fifty years later, they would see no more merit in breaking it up than Bismarck had seen fifty years earlier. Even during the first world war it was only slowly and late that they came to accept this solution. Among the subject nationalities the dissolution of the Empire, as opposed to an expanded Serbia and Italy or a greater degree of autonomy for the regions, was not demanded before 1917 except by a few individual exiles. In the western countries it was the same. Not till the spring and early summer of 1918 did the British and American governments include dismemberment among their war aims. What was deciding the issue was the tide of events, the slow failure of the central powers in the war. If there had been a negotiated peace the Habsburgs would have survived—for how long is another question. If Germany had been victorious *Mitteleuropa* would have been established.

The movement of British public opinion between 1914 and 1918 on what to do about the Habsburg Empire after the war, the subject of Mr Hanak's book, is an especially intricate problem because of this tyranny of events over an issue in which most people were in any case unversed and uninterested. The book is most nearly satisfactory, as is to be expected, when it is analysing the views of the few extremists on each side who knew dogmatically from the outset what they believed and who consequently never wavered from their nostrums: of Wickham Steed and R. W. Seton-Watson and their associates, who regarded the Habsburg monarchy as the agent of German expansion and who were convinced that its component races would act as a barrier to Germany by living happily together as independent states, and thus demanded total victory over Germany and the dismemberment of Austria-Hungary; and of the Radicals of the UDC and the *Cambridge Magazine*, who opposed any programme for breaking up the Empire on the grounds that Germany was no more imperialist than any other great power (except Russia), that Western European civilisation could be saved only by a negotiated peace, and that a reformed Austria-Hungary was the only counterweight to Russian expansion.

On the other hand, Mr Hanak is far less successful in assessing the influence of these extremists upon government and opinion. He has put students in his debt by combing through the vast out-pourings of the wartime press, but he presents his findings with little regard for chronology or for any other kind of arrangement—with endless repetitions and unnecessary confusions piled up in consequence upon unavoidable uncertainty—and with no semblance of style. Nor is this the only mark of a pedestrian book. It is often difficult to judge where the author's summaries of newspapers end and his own judgments begin. From time to time, however, he adds to a paraphrase a gloss. The radicals were "entirely ignorant" about Austria-Hungary or "intensely insular." Norman Angell's opposition to dismemberment, on the ground that the proliferation of petty states would be a retrograde step from the point of view of international order, was "the strangest argument ever put forward for the preservation of any empire." Such comments reveal his own position to be *parti pris* and thus incompatible with a rounded historical reconstruction.

Peculiar Institution

Lincoln and the Negro

By Benjamin Quarles.

Oxford University Press. 286 pages. 45s.

THIS is a worthwhile book on a little explored subject. Most scholars of Americana know that Lincoln's views against negro slavery did not crystallise until during the decade before his presidency: that is, during the 1850s, when he was in his forties. Even when he was president and before the war between the states broke out he was trying to find a way out of the narrowing impasse between the Southerners' "peculiar institution" (unaltered) and outright abolition as demanded by the extreme Northerners. He never wanted the Negroes to remain, as in fact they did, a permanent racial minority of less privileged citizens in the United States. Accordingly, and surprisingly to many students of Lincoln's development, his progress to the proclamation of emancipation—in the war which had begun—was that of a man being edged backwards inch by inch into an inescapable position. He desperately tried "colonisation": settling them in given areas reserved for them—something ominously relevant to British and other ex-colonial powers today. The American slaves feared that Lincoln's colonisation efforts might succeed: they did not want to live in reservations; still less did they want to be deported. Indeed, Lincoln's legalistic mind went so far as to allow slaveowners compensation for emancipation in the District of Columbia: he really appreciated the hottest arguments on both sides, and saw the slave as real property, forcible deprivation of which demanded compensation.

In the event, formalities and legalisms were brushed aside by war. There were no fewer than 186,000 negro soldiers of the Union: for many reasons most of them never saw combat, but they wore the uniform and did their work. It is hard for us today to realise what a ferment individual liberties could cause a century ago, when in Boston the celebrations of emancipation by Lincoln's proclamation brought to the platform Longfellow, Oliver Wendell Holmes, Charles Eliot Norton, John Greenleaf Whittier, Edward Everett Hale, Francis Parkman and Emerson—and, weeping at the crowd's calls, Harriet Beecher Stowe. Readers of this full, fair, straightforward, comprehensive book will wonder that the tune of the Americans' national anthem is an eighteenth century English gentlemen's drinking-song and not the more characterful "Battle Hymn of the Republic." Europeans today are apt to overlook Americans' old-line, republican (small "r"), radical (ditto) passion for personal freedoms. This work is a scholarly corrective.

Last Wilderness

The Lonely Land

By Sigurd F. Olson.

Alfred Knopf, New York. 284 pages. $4.50.

VOYAGERS from the St Lawrence in their canoe "brigades" used the complex maze of northern waterways as early as the eighteenth century to establish fur trade routes right across British North America and into the far north-west. Plying their paddles, toiling over portages and shooting tumultuous rapids, they laid the economic foundations of modern Canada. Travelling from three or four in the morning till dark, paddling, polling or tracking their heavy freight canoes loaded with trade goods or furs, covering the weary miles of portage between watersheds or round rapids, which even they could not "run" with at least two 90-pound "pieces" on their backs, they have left a tradition of invincible endurance, consummate skill and cheerful gaiety, their paddles keeping time to the rhythm of old French songs.

A group of modern *voyageurs* have been recapitulating, summer by summer, sections of the traditional eighteenth and early nineteenth century routes. This book is an account of one such journey from Isle-a-la-Crosse in northern Saskatchewan at the height of land between the Hudson Bay and Arctic drainage systems, down the Churchill River, across Frog Portage and so by the Sturgeon-Weir River to the Saskatchewan River and Cumberland House. In this vast, unpeopled land six men in three canoes relived the experiences of such early fur-trader explorers as Alex-

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munity-earned communal fund. Above all, it fears that the January settlement may be thrown back into the melting pot—a major setback for the Six and probably also for the British negotiations.

Mr Heath himself does not return to Brussels until December 10th. But Britain's interest in the outcome is obvious, particularly as, in August, M. Couve de Murville threatened to repudiate the tentative agreement on temperate foodstuffs if he did not receive satisfaction on the question of the financial regulations.

PRIVATE MEMBERS' BILLS

Wasted Opportunities

BECAUSE of the pressure on parliamentary time, only seven or eight of the twenty MPs who are lucky in the ballot for private members' bills generally have any real chance of seeing their measures reach the statute book. This year, by coincidence, Labour MPs drew the first three places in the ballot, followed by an unbroken succession of Conservatives. Two of these three Labour MPs seem to have thrown away their opportunity of being successful legislators by sponsoring measures that are either far too complicated or far too blatantly political to be properly dealt with under private members' procedure.

Mr Howell, at the top of the list, is to introduce an ambitious bill that would enable leaseholders of residential property to buy its freehold as of right. It is admittedly rather better drafted than most amateur proposals for leasehold enfranchisement. While envisaging that the price for the freehold should *prima facie* be not more than twenty-five times the ground rent, it seeks to confer a wide discretion on the county courts to fix a higher price for it should the conditions warrant. Matters which the court would have to take into account in fixing the price for the freehold are the date of the original granting of the lease, the actual ground rent, the length of the unexpired term, the way in which the tenant has maintained or improved the property, and any change in money values between the granting of the lease and service by the lessee of his intention to buy the freehold. Six months' notice of this intention would have to be given and there would be no right of purchase if the lease had less than five years to run. Mr Howell has had the aid of Sir Frank Soskice in drafting his bill, but this is pre-eminently the sort of complicated and controversial measure that really cannot be handled successfully by a private member. It is interesting mainly as a preview of the sort of legislation that a Labour government might introduce.

Mr Lipton, third on the list, is to introduce a bill which proposes (with some justification) that widowed mothers should not have any deductions made from their pensions when they earn extra money by

Paperback Selection

A feature of the autumn's vast output of paperbacks was the reissue by *Thames and Hudson*, a firm usually associated with the more pricey range of the book trade, of three of their art books. All previously published in the last few years, they are now available at about half the original price.

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

Anthropology and Archæology :

THE GOLDEN BOUGH : A Study in Magic and Religion. (Abridged in one volume). By J. G. Frazer. 982 pages. 10s. 6d. (St. Martin's Library). *Macmillan.*

SONS OF THE SHAKING EARTH : The People of Mexico and Guatemala—Their Land, History and Culture. By Eric Wolf. 302 pages. 10s. 6d. (Phoenix). *University of Chicago Press.*

Art, Architecture, etc.:

THE SOCIAL HISTORY OF ART No. 1. (4 vols.). By Arnold Hauser. 286 pages. 10s. each. *Routledge.*

ENGLISH CASTLES. By R. Allen Brown. 207 pages. 5s. THE ENGLISH ABBEY. By F. H. Crossley. 192 pages. 5s. *Batsford.*

ARTISTIC THEORY IN ITALY, 1450-1600. By Anthony Blunt. 176 pages. 5s. *Oxford University Press.*

IMPRESSIONIST PAINTINGS IN THE LOUVRE. By Germain Bazin. 320 pages. (357 plates, 101 in colour). 18s. THE HERMITAGE. By Pierre Descargues. 320 pages. (335 plates, 127 in colour). 18s. A CONCISE HISTORY OF MODERN PAINTING. By Herbert Read. 376 pages. (485 plates, 100 in colour). 18s. (World of Art series). *Thames and Hudson.*

Economics and Economic History :

ECONOMICS FOR PLEASURE. By G. L. S. Shackle. 278 pages. 12s. 6d. *Cambridge University Press.*

THE SOVIET ECONOMY : A Book of Readings. Edited by Morris Bornstein and D. R. Fusfeld. 391 pages. $4.50. *Richard Irwin,* Illinois.

AN ECONOMIC HISTORY OF EUROPE, 1760-1939. By A. Birnie. 291 pages. 12s. 6d. (Hardback. 21s.) (University). *Methuen.*

A HISTORY OF BUSINESS : From Babylon to the Monopolists. By Miriam Beard. 468 pages. 21s. (Ann Arbor). *University of Michigan Press.* London : *Cresset Press.*

INTERNATIONAL MONETARY POLICY. 2nd edition. By W. M. Scammell. 443 pages. 24s. (Papermac). *Macmillan.*

History :

PREHISTORIC ENGLAND. By Grahame Clark. 200 pages. 5s. *Batsford.*

A SHORT HISTORY OF GERMANY, 1815-1945. By E. J. Passant. 264 pages. 10s. 6d. *Cambridge University Press.*

A SHORT HISTORY OF CHRISTIANITY. Edited by Archibald G. Baker. 278 pages. 10s. 6d. (Phoenix). *University of Chicago Press.*

A HISTORY OF RUSSIA. By B. Pares. 683 pages. 15s. (University). *Methuen.*

THE BREAKDOWNS OF CIVILIZATIONS. Study of History Vol. 4. By A. J. Toynbee. 663 pages. 15s. THE DISINTEGRATIONS OF CIVILIZATIONS. Parts I and II. Study of History Vols. 5 and 6. By A. J. Toynbee. 712 and 639 pages. 15s. each. *Oxford University Press.*

ENGLAND IN THE AGE OF THE AMERICAN REVOLUTION. By Lewis Namier. 460 pages. 25s. (Papermac). *Macmillan.*

RECONSTRUCTION : Political and Economic, 1865-1877. By W. A. Dunning. 378 pages. 17s. THE ENGLISH PEOPLE ON THE EVE OF COLONIZATION, 1603-1630. By Wallace Notestein. 315 pages. 14s. THE CULTURAL LIFE OF THE AMERICAN COLONIES, 1607-1763. By L. B. Wright. 304 pages. 14s. THE WORLD OF HUMANISM, 1453-1517. By Myron P. Gilmore. 341 pages. 17s. THE DAWN OF A NEW ERA, 1250-1453. By E. P. Cheyney. 399 pages. 18s. 6d. THE COMING OF THE REVOLUTION, 1763-1775. By L. H. Gipson. 300 pages. 17s. THE AGE OF THE BAROQUE, 1610-1660. By C. J. Friedrich. 381 pages. 17s. (Harper Torch books). *Harper and Row,* New York. London : *Hamish Hamilton.*

Literature and Literary Criticism :

DOSTOEVSKY. By E. H. Carr. 256 pages. 8s. 6d. *Allen and Unwin.*

VICTORIAN ESSAYS. By C. M. Young. 220 pages. 7s. 6d. *Oxford University Press.*

PROSE KEYS TO MODERN POETRY. Edited by Karl Shapiro. 272 pages. 17s. (Harper Torch book). *Harper and Row,* New York. London : *Hamish Hamilton.*

THE SATYRICON. By Petronius. Translated by William Arrowsmith. 241 pages. 12s. 6d. (Ann Arbor). *University of Michigan Press.* London : *Cresset Press.*

ENGLISH SATIRE. By James Sutherland. 173 pages. 3s. 6d. GEORGE ELIOT : Her Mind and Her Art. By Joan Bennett. 218 pages. 8s. 6d. *Cambridge University Press.*

THE POETRY OF MEDITATION. By L. L. Martz. 400 pages. 15s. SHAKESPEARE : A Biographical Handbook. By G. E. Bentley. 264 pages. 10s. 6d. *Yale University Press.*

MALLARMÉ. By Wallace Fowlie. With drawings by Henri Matisse. 299 pages. 12s. 6d. THE STRUCTURE OF LITERATURE. By Paul Goodman. 280 pages. 12s. 6d. (Phoenix). *University of Chicago Press.*

ENGLAND'S HELICON. Edited by Hugh Macdonald. 288 pages. 7s. 6d. THE POEMS OF BEN JONSON. Edited by G. B. Johnstone. 407 pages. 9s. THE POEMS OF SIR WALTER RALEIGH. Edited by Agnes Latham. 245 pages. 7s. 6d. (The Muses Library). *Routledge.*

THE SAVOY OPERAS. By W. S. Gilbert. 666 pages. 8s. 6d. TOM BROWN'S SCHOOLDAYS. By T. Hughes. 322 pages. 4s. ENGLAND, THEIR ENGLAND. By A. G. Macdonell. 250 pages. 3s. 6d. THE TRUMPET-MAJOR. By Thomas Hardy. 380 pages 4s. JUST SO STORIES. By Rudyard Kipling. 158 pages. 3s. 6d. (All St Martin's Library). *Macmillan.*

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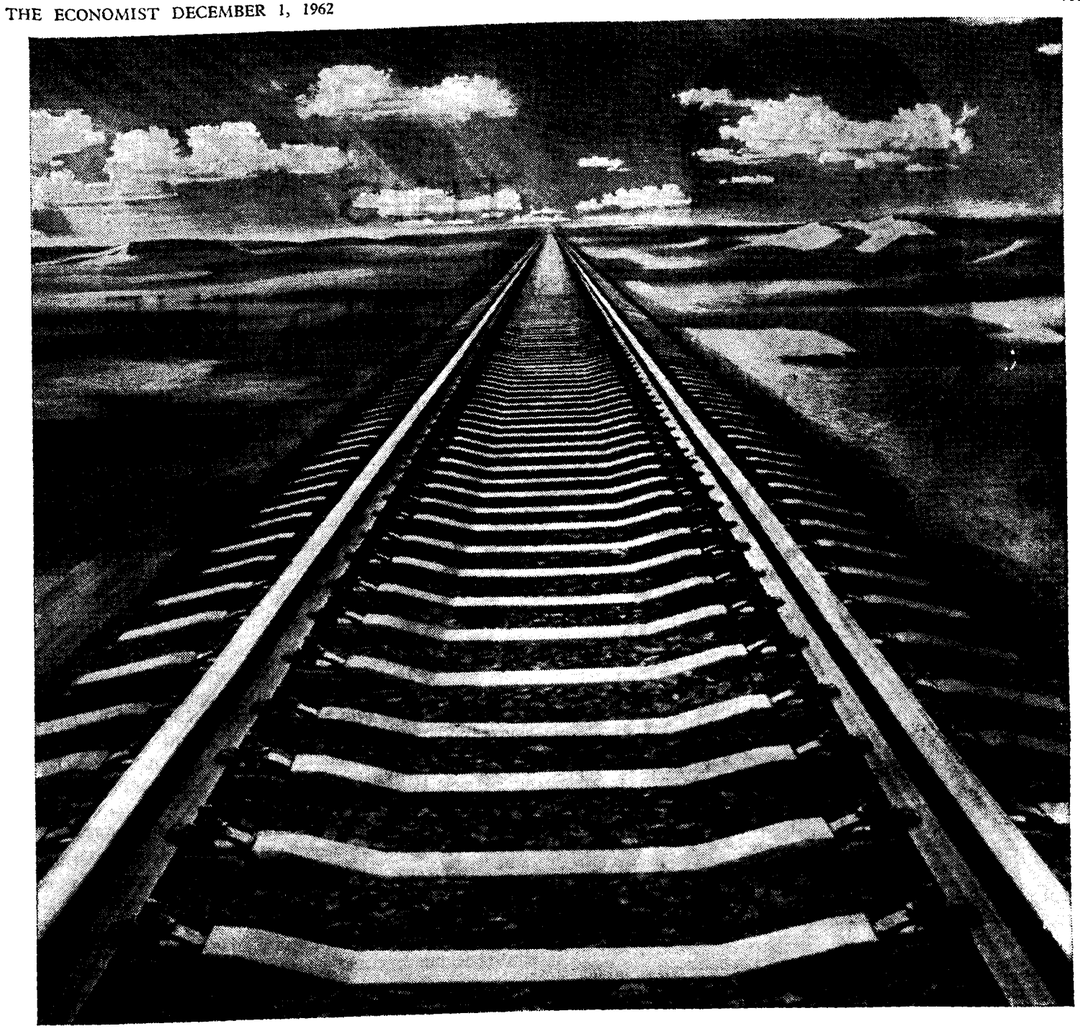
(A further selection of paperbacks will appear shortly.)



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THE BUSINESS WORLD

OECD: Committed to Growth?

PROCLAIMING the need for doing, and offering concerted support for doing, what the American Administration was already committed to doing anyway, cannot be called an exciting exercise, even for the Organisation for Economic Co-operation and Development. Only a few years ago, however, it might have been politically impossible for any Administration to approve a joint communique telling it bluntly

> In the United States there is unemployed labour and unutilised capacity. There is a clear need for action to stimulate demand.

Exhortation from an international body may now be rather convenient for the American government, which wants to get its tax cuts through without alarming "sound budget" stalwarts at home too much. But it says something for the staid, workaday business of economic co-operation which OECD represents that such exhortation to the most important economy in the world should now be taken as natural, let alone welcome.

The United States contributes 60 per cent of the total production of the 20 OECD countries*; upon it, therefore, depend any hopes of fulfilling OECD's ambitions for economic growth in the sixties. In order to achieve the 50 per cent growth from 1960 to 1970 which these countries accepted as a "target" at last year's ministerial council meetings, the United States was set a bogey of 4.4 per cent annual growth in gross national product in a report that this week's ministerial council has decided to publish. That is not as stiff as it might sound; over the next decade the United States can count on an annual growth of close on 2 per cent in its working population alone, and in terms of productivity what OECD expects of Europe may be a good deal harder to achieve. But the bogey is nearly twice as high as the United States managed between 1955 and 1960, and its performance in 1960-62, though better, is below the trend hoped for it. This bogey, moreover, is no more than the United States will need to hold its unemployment rate down to 4 per cent, which whatever the differences in figuring is not exactly what Europe calls full employment.

BRITAIN, it need hardly be said, is in no situation to lecture here; we are below trend too (with an average growth of 2.1 per cent in 1960-62 against a bogey of 3.3 per cent). Nor is the OECD communique issued by ministers this week a lecture even to these major laggards. It notes the "substantial improvement in the international competitive position in the United States, in Canada, and in the United Kingdom," which "will contribute increasingly to a better balance in international payments." In Europe, it notes too, prices and costs have been rising; and it says the need there is for halting the rise "without restrictive policies which might arrest sound economic expansion."

Officials of these countries, in the working party report on policies for growth, are blunter:

> Acceleration of United States growth and the solution of problems arising in other countries will not come about without new policies.

So far as the whole of OECD is concerned, they put the accent firmly on maintaining "adequate levels and rates of increase" in demand. Without this, they say, full employment cannot be maintained; and without full employment rapid growth cannot be expected to occur. Growth that is otherwise possible can be frustrated either by "inadequate demand for the fruits of production or inability to avoid continual increases in prices." And only after full employment is achieved, they feel, can "policies directed more specifically

* The Six; the Seven; the United States and Canada; plus Greece, Iceland, Ireland, Spain, Turkey. Yugoslavia sends observers; Japan is associated with the OECD's Development Aid Committee.

OECD's RANKING AND BOGEYS (Average annual percentage rate of growth)

	1950–60			1955–60			Bogeys for 1960–70			Achieved 1960–62		
	Employment	Productivity	GNP	Employment	Productivity	GNP	Employment	Productivity	GNP	Employment	Productivity	GNP
France	0·4	3·9	4·3	0·6	3·6	4·2	0·8	4·1	5·0	1·3	3·4	4·7
Germany	2·2	5·2	7·5	1·7	4·3	6·0	0·3	3·7	4·1	1·3	3·2	4·5
Italy	1·6	4·3	5·9	1·9	3·9	5·9	0·9	4·1	5·0	1·4	5·2	6·7
United Kingdom	0·6	2·0	2·6	0·3	2·3	2·7	0·5	2·8	3·3	0·7	1·4	2·1
United States	1·2	2·1	3·3	1·0	1·3	2·3	1·7	2·7	4·4	1·1	2·4	3·5
Total 5 countries	1·2	2·5	3·7	1·0	1·9	3·0	1·1	3·2	4·4	1·1	2·7	3·8

CHANGES IN INCOMES AND COSTS IN SELECTED COUNTRIES, 1953/54—1960/61

Annual average percentage change

Component	France		Germany*		Netherlands		Sweden		United Kingdom		United States		Canada	
	Total	Total per unit of output	Total	Total per unit of output	Total	Total per unit of output	Total	Total per unit of output	Total	Total per unit of output	Total	Total per unit of output	Total	Total per unit of output
Wage and salary incomes	10 9	6 1	10·5	3·1	9 6	4 5	7·5	3·5	6 7	4 0	5 2	2·4	6·0	2 4
Other incomes	8·8	4 1	10·1	2 7	7 4	2 4	5 4	1·5	4 9	2 2	4 3	1·5	4 9	1 3
Net indirect taxes	10·0	5·2	9·1	1·8	4 5	−0 4	11·6	7·5	5 5	2 8	6 1	3 3	6·5	3·0
GDP at market prices	9·7	5·0	10 1	2·7	7·9	2 9	7·2	3·2	6 0	3·2	5·0	2·2	5 6	2·0
Import prices	...	(3·5)	...	(−0 7)	...	(0 2)	...	(0·2)	...	(0·4)	...	(0·1)	...	(1 5)
Effect of imports on general price level	...	−0·2	...	−0·7	...	−1·1	...	−0·7	...	−0·6	...	0	...	0
Total Costs=overall price level	...	4·8	...	2 0	...	1·8	...	2·5	...	2·6	...	2·2	...	2 0

* 1960 and 1961 data include Saar.

to stimulate investment have their full effects." This may be true in the coming ten years: it was not in the last. Less than full employment, in the sense of a reservoir of labour economically or politically eager to seek new jobs, was associated with high investment and rapid growth on the Continent. Full employment did not lead to particularly high investment in Britain, as against say Germany. The working party's emphasis on business confidence as a positive element promoting private investment—confidence in ability to export, as well as in a growing home market—is more convincing.

Over the ten-year run with which OECD is concerned, in any case, these experts do not think the rates of growth envisaged would involve sharp increases in the share of investment in national expenditure in any of the five major industrial countries in the table on page 936: in Germany, the share may well fall. (The investment problem, for the industrial powers of Continental Europe, may rather be that of developing adequate capital markets and financial mechanisms to ensure the financing of a continuing proportion of investment.) It is only in Britain, moreover, that even this bogey rate of growth (3.3 per cent annually as against NED's 4 per cent) would involve a slower growth in real consumption than in GNP as a whole.

For Europe, the ministerial communique records a more general problem: how to stop prices and costs rising " without restrictive policies which might arrest sound economic expansion." And the rather general interest expressed by ministers, as well as in another working party report, in developing " adequate incomes policies " impressed and somewhat encouraged the British delegation: NIC has understanding foreign friends, at least. The working party report on " Policies for Price Stability " sets out the several national approaches to this same question of influencing the growth of incomes in democratic economies, most of them tentative and none so far reliably successful. The official experts accept the need for simplicity in the advice that governments should offer on wage and salary negotiation; they admit that the link to a single figure of national productivity has its weaknesses, but argue that questions of relative pay between industries, as indeed those of the distribution of income in general, ought where necessary to be specifically taken account of by the governments concerned. Moreover,

> . . . the need to provide guidance for non-wage incomes is likely to require governments to go further than most of them have so far done in developing views about the distribution of primary (factor) income also.

But NIC gets advice as well as encouragement. There was emphasis from Scandinavia, and from France, on the need to associate the interests involved, notably trade unions, with the formulation of national objectives for incomes over any given period, so that they are not merely asked to adjust their wage bargaining to some figure handed down from above. The working party notes that in Sweden and in Holland, where experience of incomes policies is longest, both governments generally relate wages and salaries in the public sector to what has happened in private business, not the other way round: " attempts to ensure that wage guidance is followed throughout the economy which rely solely upon setting a good example in the public sector run the risk not merely of being ineffective, but also of creating serious embarrassments for the governments concerned."

FROM the corridors of the Chateau de la Muette, no journalist can hope to judge the nuances of speeches that he has not heard delivered. Ministers and officials who have heard them are on such occasions honour bound to be encouraged. Certainly no controversies seem to have broken the placid surface of this ministerial council; Mr George Ball put what Mr Freeman had said about common market agricultural policy much more diplomatically this time, and the American emphasis on opening markets for developing countries as well as offering them aid was phrased so as to evoke affirmative echoes rather than to imply anyone was not doing anything they ought to. Some officials felt that the confidence European countries expressed about their short-term economic prospects was expressed in a more balanced way than in the preliminary meeting, when the governments were reacting rather sharply to what M. Marjolin of the European Commission had (not in fact quite) been saying. The communique, after all, recorded agreement " that should the need to take expansionary measures arise later on, it would be important for member countries to act quickly and in concert," and the working party report suggested that governments needed to develop wider public understanding of the economic virtues, on occasion, of deficit financing. Dr Per Jacobssen, benevolent and owlish, is after all said to have told OECD that he had confidence that its members would act in time, and that it had displayed the best international economic co-operation that he had seen for thirty years (since 1932?). So who is anybody else to remain uneasy?

Protection for Depositors

SURELY no one now doubts the need for the Protection of Depositors bill awaiting its second reading in Parliament; too many investors have lost their savings because they were dazzled by the high returns offered by companies that were never willing to prove their worth by a glimpse of their balance sheets, and often continued taking deposits long after they had become insolvent. The gap in existing legislation that has allowed these companies to play fast and loose with other people's money without ever lifting the cover on their operations is something of a legal accident: existing legislation through the Prevention of Fraud Acts was enacted largely before advertising for deposits became widespread.

There are now something like 1,200 hire purchase finance houses in Britain, even excluding the retailers who finance only their own business. True, only thirty to forty HP companies advertise for deposits, but these few hold the bulk of the £375 million of total finance house deposits; and nearly all the other companies are empowered by their articles to solicit deposits from the public should they wish to do so. In addition, an increasing number of companies in a range of trades from property development to pig breeding are financing themselves in this way. Indeed, virtually every new company of any kind that is formed nowadays takes the power under its articles of association to borrow on deposits.

There were two ways in which the Government could have tackled this problem. A system of compulsory registration that laid down minimum statutory ratios of liquid assets to deposits and of risk capital to borrowings was one way, parallel to that chosen for building societies. Building societies, however, are a fairly homogeneous group and do not operate for profit; the companies which this act would have to control are a diverse collection of traders, all of them very much motivated by the pursuit of profit. Statutory regulations of business practice would hardly afford protection against the determined rogue, but would certainly hinder the honest majority in the legitimate pursuit of business.

The alternative, and the one the Government has sensibly decided to incorporate into the present bill, is that all companies advertising for deposits should give fuller information, over and above the demands of the Companies Act of 1948; so that the depositor, if he so wishes, can gauge the risk he is taking, and so that the authorities can intervene more promptly in a case of fraud. In essence companies will not be allowed to advertise for deposits unless the advertisement complies with Board of Trade regulations to be made under the new act, and unless they supply both the Registrar of Companies and the board with up-to-date audited annual accounts and half-yearly interim accounts. The board has the power to make what regulations it thinks necessary on the content of these advertisements and on the form and content of the accounts. It also has fairly wide powers to petition for the winding-up of a company covered by the act, to demand any books or papers it feels are necessary to obtaining a true picture of a company's financial position, and to obtain a warrant to enter and search a company's premises. Private companies that invite deposits will lose many of the privileges they enjoy under the Companies Act. And finally, companies must supply a copy of their latest accounts to each new depositor.

This confers seemingly wide discretionary power on the

The Proposed Regulations

Advertisements

Companies will be able to advertise for deposits only if they have first complied with the Board of Trade's regulations or if they have been exempted. Companies with exemption are banks (i.e., the one hundred and seven banking and discount houses on the Board of Trade's confidential list of banking institutions qualifying for the privilege of maintaining hidden reserves under the Companies Act); building societies; savings banks; industrial and provident societies; and local authorities. The board may also exempt other classes of institutions; these are not likely to include any group or association of hire purchase companies.

No exempt private company will be allowed to seek deposits from the public: private companies that wish to do so will lose their exemption privileges under the Companies Act and in certain ways will be required to follow the conditions imposed on public companies.

Accounts

Before an advertisement for deposits may be issued a company must present an audited balance sheet not more than fifteen months old, and a profit and loss account covering a period of at least six months up to the date of this last balance sheet. If this audited balance sheet is more than nine months old then the company must also furnish an interim balance sheet and profit and loss account covering a period of not less than six months after the balance sheet date. Once a company has fulfilled these conditions and issued its advertisement it must continue to present its accounts regularly to the registrar and the board. This means that half yearly profit figures will in future be available for most of the large finance houses, and the accounts of many of the smaller companies will be on view for the first time.

Administration

A company may cease to be subject to the accounting requirements in the following circumstances:

- If it has not advertised for fifteen months and has repaid all deposits to the public;
- If for three years after giving notice to the board of its intention to withdraw it has not advertised and has repaid all moneys taken on deposit prior to the date of giving notice to the board. The company may continue to take deposits without prejudice during the three years.

The act will come into operation six months after the date of passing. Companies that have advertised within six months of the appointed day, or have advertised during the previous three years and have held deposits in the last three months, will have to present their accounts to the registrar and the board in the same way as a company wishing to start advertising.

A deposit-taking company may be wound up by the Board of Trade under the following circumstances:

- If it defaults;
- if it is able to honour demands for repayment only by obtaining additional deposits;
- if its liabilities exceed its assets;
- if it has failed to deliver proper accounts at the proper time;
- or if the board is unable to ascertain the company's financial position.

In all these cases the company may be wound up by the court on a petition from the board. If a company fails to produce its accounts on the due date the court may, on the application of the registrar or the board, prohibit the acceptance of further deposits until the accounts are delivered.

reoccupy the eastern piece of disputed territory at the price of letting the Chinese hold on to the western piece—minus, in each case, a strip of no-man's-land. This suggests that the primary Chinese objective was what the more cautious commentators always said it was, namely, to win acceptance of their squatters' rights in the barren Ladakh plateau, across which they have built a road connecting Sinkiang with Tibet, by putting pressure on the Indians at the other end of the line. When Mr Krishna Menon prodded them with patrols in Ladakh, they let fly a left hook in the North-East Frontier Agency, incidentally knocking Mr Menon clean out of office.

And yet this explanation, neat though it is, does not quite solve the whole puzzle. The Chinese, after all, were already in control of their coveted Ladakh. Why could they not simply have sat tight, and given India a bloody nose if and when it tried to retake the empty plateau? Why, if they felt it necessary to rattle the Indians at the other end of the border, did the rattling have to be quite so savage—and so expensive of China's strained resources? And why was the transition from advance to withdrawal so remarkably abrupt?

It may be that Peking had a secondary objective, which it was prepared to abandon if things did not go its way. This secondary objective would have been to demonstrate to Mr Khrushchev, and the other "revisionists" of the communist world, that the best way to treat bourgeois neutralists like Mr Nehru is to bully them, not give them aid. The Chinese may have hoped that Mr Nehru would knuckle under when he saw the casualty lists, or be replaced by somebody more pliant. In the event, however, Mr Nehru refused to knuckle under; Indian public opinion rallied round, and so did the western powers; and even Mr Khrushchev, after a brief wobble, declined to take the Chinese point. There have been suggestions, indeed, that Moscow put a good deal of pressure on Peking to stop brawling. At this stage, sensing his isolation, Mr Mao Tse-tung may have decided to settle for his more moderate and limited primary objective.

All this is speculation about things past. The next decision,

Another limitation in the bill is that a company need provide accounts only after a deposit has been made, and not before. The reason for this limitation is obviously a practical one; the really big business in placing deposits is done by telephone between the companies, and the banks and money brokers. Business would come to a standstill if every deposit had to be preceded by the delivery of a set of accounts to the depositor. Presumably one of the board's first jobs when this bill is passed will be to make sure that each advertisement for deposits carries the offer to supply accounts on request—as the advertisements of the big hire purchase companies do already.

A nice problem of interpretation will be to decide just what is and what is not an advertisement inviting deposits. It seems likely that business transacted by telephone alone without supporting circulars will not constitute an advertisement, nor will business done by word of mouth. This may exclude from the bill the very big hire purchase companies and at the same time the great bulk of small companies that draw their finance from friends and relatives. The purpose of the bill would be defeated if the administrative mechanism became cluttered with hundreds of small companies. Common sense suggests that an advertisement must be an invitation to the public in general, and it may be that all those hire purchase finance companies that place "banker" after their name will find themselves embraced by the Act. Whether or not the word banker amounts to an invitation to make a deposit will be for the courts to decide, but there must be many companies already wondering if the respectability supposed to be conferred by this designation will now be worth the inconvenience it may bring.

This bill is sensibly flexible. It contains the necessary elements of control without sitting on the companies; and in a sphere such as this a heavy dependence on delegated legislation can hardly be avoided. While this legislation should have been introduced years ago, it has at the same time apparently benefited from the long deliberation that delay has allowed. It should serve as a guide to unit trust legislation. The board has not made the mistake of twisting the clauses to cover every contingency, and while the activities of the pig breeders will be controlled, the casino operators, who act only as the agent of the depositor to gamble his money, will remain outside the bill. The board feels, reasonably, that its job is to protect the investor, not the gambler.

GERMANY'S ENERGY MARKET—I

Our Turn Tomorrow?

There is always apoplexy among aldermen and local councillors when the label of inadequacy or inefficiency is tied to worthy administrative areas which, from the London County Council to the extraordinary entity of Rutland, are threatened with mergers or extinction. It can be readily conceded that the LCC and Rutland, neither of them accustomed to hiding its light under a bushel, are probably as good as most at doing the local authority jobs of forty years ago. But the essential aim and object of all reforming plans now should be to clear the ground for an administrative

Dr Erhard can induce some voluntary restraint upon the almost explosive growth of black oil sales in Germany, politically he could be forced to curb it with government controls.

On the face of it, his attempts at persuasion have now completely failed. In May this year, the Bundestag passed a resolution calling on the Minister to seek to achieve a voluntary reduction in the expansion of refining capacity planned between now and 1966; and failing this, to achieve the same end by one official means or another. In July, oil refiners operating in Germany gave him a figure of 71.6 million

metric tons a year as the minimum capacity that they would consider essential by the end of 1966 (against 46.3 million tons now) to cope with the growth of oil demand, allowing for a production in that year of just under 60 million tons and 4-5 million tons of imports. The Minister asked them to reduce this capacity figure by about five million tons a year. At the end of September the German affiliates of the Esso, Shell and British Petroleum groups wrote to him explaining why they were not prepared to reduce their own figures further; and at the end of October, the German refiners' trade association sent him a formal refusal, affirming that their previous minimum figure—in practice, fractionally raised to 72.6 million tons—was irreducible.

Against Dr Erhard's reluctance to interfere further in Germany's fairly free energy market, there is ranged the whole Ruhr lobby, coal-owners and trade unionists alike, with considerable right-wing support as well as that of the Social Democratic party, and also, it would appear, with the ear of Dr Adenauer. Unless Dr Erhard has found some new way to prevail upon the oil refiners—and there are signs at home and abroad that he is not yet taking "No" for an answer—he might not be able to avoid putting some kind of controls on oil expansion.

THE switch to oil as a general fuel began later in Germany than in most other industrialised nations of Europe, but when it came it came with a rush. Until 1953 Germany used well under a million tons of light and heavy fuel oils a year, less than one per cent of its total energy consumption; then the surge began. Since then the rate of increase in consumption of these black oils has seldom dropped below 30-35 per cent each year. In 1961 their consumption reached 18.2 million tons, or 12.9 per cent of German energy consumption; this year again it could be up by a third. As a proportion of total energy consumption in the country, German sales of fuel oil in 1961 still ranked lower than in any other country of the common market, though higher than the proportion in Britain; but its sustained rate of growth was higher than most, and its price competition, until recently, more bitter. Moreover, in southern Germany, where until now sheer geography has made oil prices less competitive with coal, refineries at the end of the crude pipelines are now opening fresh fields for fuel oil to conquer.

Behind an excise tax of DM.25 a ton on heavy fuel oil, and an import duty of DM.20 on imported coal (which is effectively prohibitive, apart from the duty-free quota of about seven million tons a year for traditional importing areas such as north-west Germany), German coal sales have fallen more sharply than in France, though not as sharply as in Britain or Belgium. But they are going on down, unlike those in the other coal-producing countries; and the effect on output has been concentrated on the Ruhr. Total coal consumption in 1961 was about 123 million tons, against 127 million tons in the postwar peak of 1956, but the 1961 figure included about 10 million tons for the Saar area, included in Germany since 1960. Solid fuel's share of total energy consumption, with the upsurge of fuel oil consumption, dropped from about 89 per cent in 1953 to 71 per cent in 1961 (and inclusion of the Saar again tends to bolster up the share of coal). But coal sales may be down by another 3-4 million tons this year; and the coal figure that matters politically in Germany is that Ruhr coal production, from a capacity of perhaps 145 million tons a year, is down to about 115 million tons.

All the open measures of protection for German coal are formally temporary, and due for review during the next six months; at the end of 1963, too, the present import duty on crude oil, which protects high-cost German oil production, is due to be abolished, under a special protocol to the Treaty of Rome. So far as coal is concerned, nobody has the least doubt that the duty on imported coal will be continued after it lapses at the end of this year, or that the excise tax on fuel oil, which would lapse at the end of April, 1963, will be renewed (a few people on the two sides have hopes or fears that it might go up). Apart from the protection that this tax gives coal, the DM.400 million that it now raises each year, with a built-in increase along with the growth of fuel oil consumption, has become too important to the budget to let go lightly; different ministers have different ideas about what to do with the money, but none wants to do without it. It seems likely to be renewed for four or five years; the oil industry's hopes that it might be made "degressive" (i.e. declining in rate each year) seem unlikely to come true.

Abolition of the duty on crude oil (effectively DM.80 per ton) will be necessary to bring Germany, in one step, into line with the nil duty on crude oil in the common external tariff of the EEC. Since German crude, on the average, costs considerably more than imported crude can be landed at, very little internal production could survive bereft of all protection; at least, exploration to develop reserves as they are run down would no longer be worth while. Under the treaty, the German government would be allowed to subsidise local oil production unconditionally for two years, and after that with the approval of its common market partners; it is now discussing ways and means with the local oil producers. These include some of the affiliates of the international groups, as well as independent German oil companies—some of which are interested in coal, too.

RUHR coalowners look with envy at what they consider the comfortable position of the National Coal Board (though to English eyes their political influence appears stronger, since Lord Robens and the National Union of Mineworkers have no particular pull in the Conservative party). Britain's own cutback in the mines has been larger than theirs—down by 30 million tons a year and 130,000 men since 1957—but it is true that coal imports have been effectively banned and that competition in the fuel oil market has not pushed the discounts down as far here. There is no marked fear in Germany about British coal imports, though the Ruhr envies the Coal Board its one selling organisation for all the country's pits. It is acknowledged that the entry of Britain into the Coal-Steel Community would probably shift the balance of fully competitive coal tonnage in the community; but the coalowners are less interested in that than in seeking a weighty ally to defeat the liberal ideas about energy imports voiced by the European Economic Commission in Brussels. Entry into the Community, however, must mean that eventually the British fuel market will become as open as Europe's (however open that is). During the next few years, certainly, competition in the market for oil products of all kinds seems likely to intensify in Britain; so the Coal Board may soon have to meet the degree of competition that the Ruhr has already.

BUSINESS NOTES

SPECIAL DEPOSITS

All Back

RELEASE of the last £81 million in special deposits frozen at the Bank of England was announced on Thursday. Thus the whole of the three-stage release, from the peak ratios of 3 per cent for the clearing banks and 1½ per cent for the Scottish banks, has been achieved within six months, while Bank rate has been kept steady at 4½ per cent. This has been the right choice of action; the authorities now show a little more recognition of the support that relatively high interest rates can give the balance of payments in a continuing way and not only in short-term crises. And the Bank of England was never very enamoured of its new weapon of special deposits; it was sensitive to criticism of the arbitrary impact on the banks concerned; and it was anxious to show that the deposits were not being impounded for the duration. Equally, however, it is not suggesting now that the special deposits will never be recalled.

This final release has been prompted by the sluggishness of bank lending shown in the November statements. While this is attributable to lack of public demand rather than lack of bank resources, bank liquidity is far from flush and it was clearly anomalous to squeeze it down at a time that official policy was set wholly for reflation. In the domestic economy there are still no signs that the several and not inconsiderable injections from both the Treasury and the Bank have been dangerously excessive; while externally sterling has been firm and the gold figures for November should be good.

BANK CREDIT

Advances Peter Out

INDUSTRIAL borrowing from the banks still shows no sign of reviving; the increase in net advances of the London clearing banks in the five weeks to November 22nd of only £19 million, including an increase of £6 million to nationalised industries, is unquestionably disappointing. In October, when the remaining restraints on lending were removed, advances rose by £44 million. It seemed then that the rise might be swollen by finance for property projects and personal loans that had been approved in principle and were merely awaiting the Chancellor's go ahead. This month's slackening tends to confirm this, especially as the banks have indicated that the rise is mainly in personal and professional loans and loans to retailers. The pick up in engineering borrowing, hinted at last month, seems to have petered out.

Despite the small scale of the rise in advances the banks were net sellers of gilt-edged during this banking period, for the first time since March. Total market investments fell by a net £14 million. Lloyds sold £5 million and the Westminster £13 million. This sale by the Westminster contrasts with purchases in the two previous months amounting to £31 million, which was needed to lift its liquidity ratio from 31.2 to 32.5 per cent. The aggregate liquidity ratio for all the banks has fallen a further two decimal places to 33.3 per cent, though Thursday's release of special deposits will put a full point back. It is still possible that banks may be pressed against the minimum of 30 per cent in the new year. But they can now assume that in one way or another the authorities will see them through—by absorbing gilt-edged from them or by reducing still further the pressure of their funding sales. The limitation on advances over the months ahead is likely to be demand not supply.

THE BANK FIGURES
November 22, 1962
London Clearing Banks

	£ mn.	%	Changes on Month £ mn.	Changes on Year £ mn.
Gross deposits	7,743		−10	+292
Net deposits*	7,219		− 9	+267
Liquid Assets	2,578	33·3	+18	+ 8
Cash	634	8·2	−11	+ 29
Call money	726	9·4	−10	+ 39
Treasury bills	960	12·4	+17	− 85
Other bills and "liquid" credits	258	3·3	−14	+ 9
Special deposits	77	1·0	+ 2	−144
Risk Assets:				
Gilt-edged	1,197	15·5	− 9	+196
Other market investments	111	1·4	− 5	—
Advances*	3,491	46·8	+19	+261
(to State Boards)	66		+ 6	− 7
Scottish Banks†				
Gross deposits	831		− 2	+ 2
Liquid assets	303	31·9	− 9	− 16
Investments	224	23·5	− 2	− 16
Advances	343	42·1	+17	+ 49

* Excluding all items in transit, except ratio of advances to deposits; all other ratios are of gross deposits. † All ratios are of gross deposits and notes.

By contrast with the experience of the London clearing banks this month, the advances of the Scottish banks rose spectacularly, by £17 million. This is nearly as much in absolute terms as the rise for the clearing banks and signifies a rise of more than 4 per cent. It is equivalent proportionately to about £150 million in the advances of the London clearing banks. The Scottish banks give no reason for this movement, and it may be no more than the counterpart of the equally sharp fall in advances last month of £19 million.

MANPOWER

Fewer at Work

AFTER last week's worst November unemployment total for 22 years, the Ministry of Labour records this week that in October, for the second month running, total employment was lower than it had been a year before. If the trend is looked at more closely by applying the seasonal corrections of the National Institute of Economic and Social Research, it seems that in the first two quarters of this year, employment was rather lower than during the last quarter of 1961, recovered in July but fell over the next three months by some 0.3 per cent. Seasonal adjustment of these figures is only rough, but employment seems

UNEMPLOYMENT RATES AMONG MEN
(Percentages)

Regions	November 1961	November 1962
Northern	3·2	5·4
Scotland	3·5	4·9
Wales	2·9	3·8
North Western	2·2	3·4
Midland	2·1	2·8
East and West Ridings	1·4	2·4
South Western	1·8	2·4
Eastern and Southern	1·6	2·0
North Midland	1·2	1·8
London and South East	1·3	1·8

to have taken a downward course. The hard facts are that in October there were some 60,000 fewer people in civilian employment than a year ago (100,000 fewer in manufacturing industries alone) and 145,000 more people "wholly" unemployed. The latter comparison was increased to 156,000 in November.

This situation may be awkward for the government and the trade unions, but it cannot have taken them by surprise. Production has been rising, but only modestly; capacity has risen much more. When the Federation of British Industries took its last sounding of business opinion early in October, two-thirds of firms, the same proportion as four months before, were working below capacity and in more than one out of three of these the amount of unused

capacity had risen, and in only one out of six had it fallen. Only one in ten firms mentioned skilled labour as a factor likely to limit output compared with one in four a year before. It is not surprising that employers are less keen on hoarding labour; the FBI itself was bold enough to couple the better use of labour with a high level of investment as essentials for the future success of the economy.

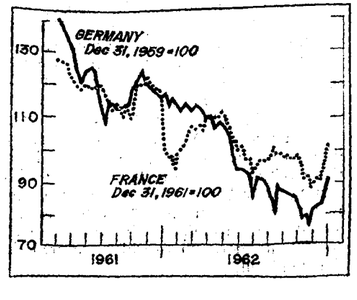
By American standards, as discussed on page 908, the November rate of unemployment of 2.4 per cent in Britain is still low. If it were evenly spread there would be much less to worry about. But in the Northern region, which is now the worst affected, the rate among men has risen above what any economist would think reasonable. And in the development districts as a whole, the rate (for all workers) was 5.4 per cent even by October, and as much as 11.5 per cent in Milford Haven and Pembroke Dock, 7.5 per cent in south-east Tyneside and 6.9 per cent in north Lanarkshire.

STOCK MARKETS

A Turn for the Better

DESPITE the upsets of Cuba and the Sino-Indian struggle, investors have for the last month been displaying more confidence in equities than at any time since the Wall Street crash at the end of May. The key factor is the prospect for the American economy next year and here views are more optimistic than they were only a few weeks ago. As a direct result equities on Wall Street, with only minor interruptions for profit taking, have advanced over the last five weeks carrying the Dow Jones average up by over 90 points to break through 650. Volume of business has expanded but the buying has come largely from institutional and some overseas investors rather than from private investors and mutual funds in the United States. A technical correction is thought to be likely but, apparently, there is no fear on Wall Street of a serious or prolonged decline. Record car sales, higher retail sales, price increases and better than expected corporate earnings have helped to sustain the advance, in which blue chip issues have scored the biggest gains.

Without this advance on Wall Street, it is difficult to believe that the British and Continental markets would have behaved so well in recent weeks. In Britain, the government's measures have helped to reinforce investors' confidence and despite the by-election results equities have remained firm this week with the *Financial Times* index hovering around 295-296 and *The Economist* indicator gaining 6.2 points to 354.9 in the week to Wednesday's close. With interest concentrated upon equities the gilt-edged market has remained quiet, but mid-week buying was encouraged by the prospect, confirmed on Thursday, that the remaining special deposits would be released to the banks. Investors have also noted the quickening flow of new issues; for example, three loan issues by Butlins, Dalgety and New Zealand Loan and Associated British Maltsters, amounting in all to £8¼ million, were announced on Wednesday.



As the chart shows, equities in Germany and France have been rising strongly. Buying on the French bourse was encouraged by the Gaullist success in the general election though after last week's strong advance, the bourse has had to absorb some profit taking this week. The reawakening of interest in German equities has taken place despite the continuing governmental crisis, but the chance of a clash over Berlin is now reckoned by investors to be less likely. But as in France, the rise has been interrupted by profit taking.

The more confident mood among investors is tinged with the reasonable scepticism that the economies of the western world are not out of the wood yet. British investors cannot ignore the unemployment figures nor the amount of unused capacity in the capital goods industries while German investors are still worried by the pressure on profit margins. And even if the spectre of economic recession has waned, many are still concerned about the rate of economic recovery and growth that will be achieved next year. The latest rise in equities may be justified but a further headlong advance would be another matter.

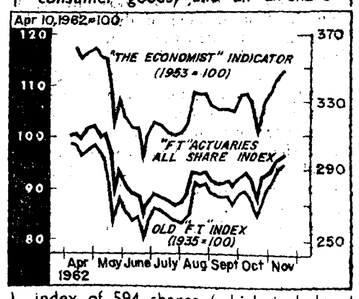
PUBLIC INVESTMENT

A Regulator?

THE debate in the House of Commons last Tuesday added little to what had already been said on the Government's plans to increase public investment in the White Paper published earlier last month. The £70 million or so that the Central Electricity Generating Board wants to spend in 1963-64 on strengthening the distribution system are still "under discussion," as is the investment programme of the Post Office. So the official estimate for public investment in 1962-63 remains £1,930 million and for 1963-64 £2,060 million, compared with £1,790 million in 1961-62—with the proviso that they are likely to rise next year. Mr Boyd-Carpenter, Chief Secretary to the Treasury, explained that the Government has not fallen into the old trap of imagining that an increase in future public investment can act as a remedy for an existing recession: that it has authorised an extra £70 million of public service investment was, he explained, simply because it was possible to spend this much on short-term projects. About £15 million will be spent this year and £40 million in 1963-64—still hardly a quick-acting remedy. But it seems that the Treasury expects the slackness in private sector investment will last into 1964, and this opportunity should be taken to increase spending in the public sector. This seems rather like using public investment

NEW SHARE INDICES

FOR over thirty years the Actuaries Investment Index has charted movements in stock market prices. But since the war it has been a monthly index and the need for a daily indicator as comprehensive and as capable of sub-division as the Actuaries series was clear. This is now provided by the new FT-Actuaries indices, which completely replace the Actuaries Investment series. The new indices cover 693 securities, divided into 50 sub-sections. The two principal equity indices are one of 500 industrial shares (which are broken down into three main divisions: capital goods; durable consumer goods; and other consumer goods) and an all-share



index of 594 shares (which include financial stocks as well). Arithmetical averages of price relatives (weighted by market capitalisation) are used and the base date has been fixed on April 10, 1962, the day on which the capital gains tax was introduced. The *Financial Times* daily index of 30 ordinary shares will still be published and, as the chart shows, neither it nor *The Economist* indicator have moved, in the short term at least, very differently from their bigger and more elaborate new brother. Investors now have a proliferation of indices to choose from; but, as the use of the Dow Jones average across the Atlantic demonstrates, old favourites die hard.

as a regulator; what can be done quickly is not necessarily what needs doing most.

The Post Office's hope of being able to spend more than the forecast of £139 million in 1963-64—compared with £123 million this year—might, one suspects, be connected with its reported desire to raise charges for parcels and telephone calls. Its biggest investment programme now is for the extension of the automatic telephone system, which was intended to reduce costs by saving labour. Charges for telephone services were increased only a year ago; if it turned out that the Post Office wanted to make another, one would have to assume that the present charges are based on a miscalculation of costs—or that the Post Office have become over-enthusiastic about financing investment from its own resources, and does not want to borrow more from the Treasury.

SWITZERLAND AND IMF

All Help Short of Membership

A Swiss correspondent writes:

AGREEMENT in principle was reached in Berne at the end of last week on co-operation by Switzerland with the Paris (Lenders') Club of the International Monetary Fund. Swiss participation in these special stabilisation credits was envisaged from the first mooting of this scheme in Vienna in September, *1961*; and a few days after the conclusion of the Paris agreement a little under a year ago Switzerland was formally asked to join. In principle the Swiss answer was not negative; but the Berne government immediately pointed out that Switzerland could not co-operate as a formal member of the club, because Switzerland is still disinclined to become a member of the Fund. The basic reason is that the authorities do not want their franc to become an international currency in the same way as the pound or the dollar. Switzerland wants to retain control over the utilisation of the Swiss francs that come into foreign hands—which, as a member of IMF, it would not. And Switzerland feared that entry into the Paris club would be considered by its people as entry into IMF by the back door.

So the Swiss government, in co-operation with the National Bank, prepared a project which was presented to Dr Per Jacobsson when he came to Berne for a first talk last April. Some important difference of opinion appeared, because Dr Jacobsson wanted the Swiss contribution to be granted through the IMF, which in turn would have distributed the Swiss francs to the borrowers in the Paris club. This was refused by Switzerland, as it would have involved the loss of control over destination of the credits. Dr Jacobsson also asked Switzerland to make a loan in gold to the IMF, with which the IMF could purchase foreign currencies; and he wanted the amount of the Swiss contribution to be $300 million, whilst Switzerland had always said it would not go above $200 million.

The Swiss authorities therefore rejected these proposals but prepared a compromise under which, in order to avoid hurting the susceptibility of the IMF, it would be associated with the Swiss participation. The broad lines of this second project were accepted by Dr Jacobsson on his visit to Berne last week. Under this project:

1. A general agreement (*accord-cadre*) is to be concluded between the IMF and the Swiss Confederation in the form of an exchange of letters, indicating that Switzerland is willing to co-operate in the scheme of the Paris club. But the details and the conditions of this participation would be settled in bilateral agreement, first of all with the United States and Britain. So Switzerland will retain control of the amounts put at the disposal of Paris club member countries.
2. The agreement, which would be a kind of stand-by agreement, would provide that a Swiss contribution could be of three kinds:
   (a) swap operations
   (b) loans in Swiss francs
   (c) loans in gold.
3. These contributions would be made on a reciprocal basis. This condition is not very important for Switzerland, but was inserted at the wish of the United States, which does not want the agreement to give the impression that Switzerland needs to "help" the dollar.
4. The maximum amount of the Swiss contribution would not go beyond $200 million.

The broad lines of this project have still to be accepted by the Swiss government and the IMF; if they are not, a third meeting will be necessary. Eventually the project will have to be put before the Swiss Parliament in the form of a bill. So this addition to the Paris club will not be ready for use for at least six months.

EUROPEAN MONETARY AGREEMENT

Diplomacy, Treasury Style

THE British Treasury has won its technical battle over the European Monetary Agreement; whether this paper victory will serve the wider interests in international finance which the Chancellor of the Exchequer is himself pursuing is another matter. Broad agreement was reached at a meeting of the managing board in Paris on Monday, on the eve of the ministerial meeting of OECD, for a limitation of the effective dollar guarantees to five per cent of official holdings, covering a mere £11 million of sterling balances. While this represents an advance on the previous British offer of one per cent which was rejected by continental countries as derisory, it is still little more than nominal and covers far less than normal working balances. Effectively, therefore, the whole of Part II of the European Monetary Agreement on central settlements, which British officials disliked from the start, will lose its residual significance; what remains, in Part I, is a mechanism for making credits to needy members which so far has been used only for small amounts for Greece, Turkey, Spain and Iceland. This amendment of EMA, which has been agreed only for the next year, will be arranged through an exchange of letters modifying Part II of the agreement, though some formal approvals have still to be obtained. At the same time, to make it clear that special support for sterling and other countries would still be guaranteed as in the past, the amending clauses will incorporate some statement about provisions for mutual support, which might effectively bring the mechanism of the 1961 Basle credits within EMA itself.

British officials, at any rate, are satisfied that there is no basic conflict in their recent stand against these dollar guarantees and the proposal for gold guarantees in the Maudling plan. The currency balances held by members of the European Monetary Agreement, they point out, are ordinary holdings of an international reserve currency: all such holdings are not guaranteed, so why should some be? The Chancellor's proposed mutual currency account in the International Monetary Fund, on the other hand, is an attempt to create a new internationally acceptable reserve currency in the hands of an international institution, and like all IMF holdings it would have an automatic gold guarantee of gold value.

But the test of these fine distinctions is not whether they can be logically justified by Treasury officials fighting the battles of 1955 and 1962 at the same time: the test lies in their reception by the people who have to be convinced. And the continental financial officials involved in the argument have seen Britain's action as a backward step in international financial co-operation, in the light of which the forward jump proposed by the Maudling plan looks either hypocritical or frivolous. Why, they ask, all this fuss about a guarantee in dollars which, in the dollar's present straits, is unlikely ever to be a liability?

The continental reaction cannot be put down to misunderstanding alone. The Maudling plan did mark a new departure in British external financial policy, and therefore did demand some adjustments in other, peripheral aspects of that policy. The row in EMA has shown that this was not done, and that the distinction between "existing" and "additional" balances in the Maudling plan itself makes sense only to its authors. Did Mr Maudling really intend that the financial discussions in Paris this week should be totally concerned with sorting out a barren dispute devoid of any real moment? If the Chancellor is still serious about his initiative he would do well to get it more thoroughly accepted in London itself.

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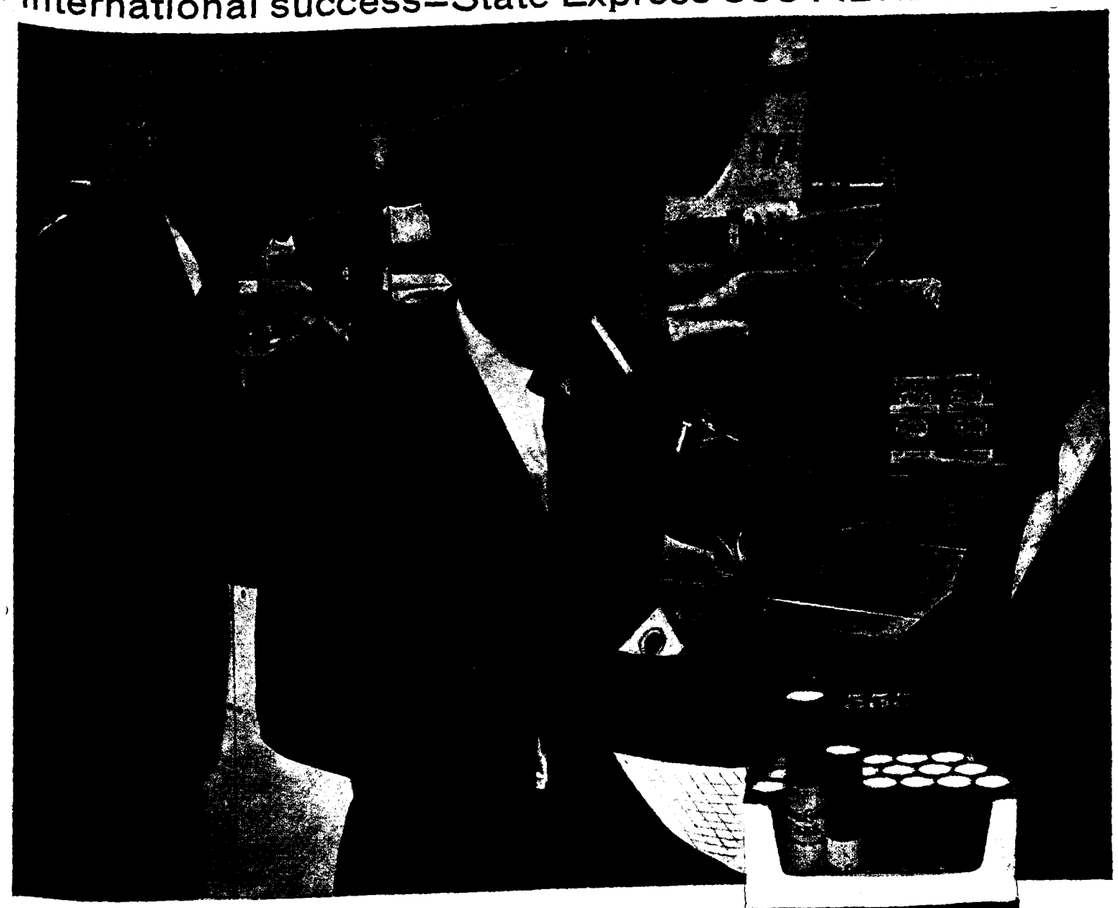

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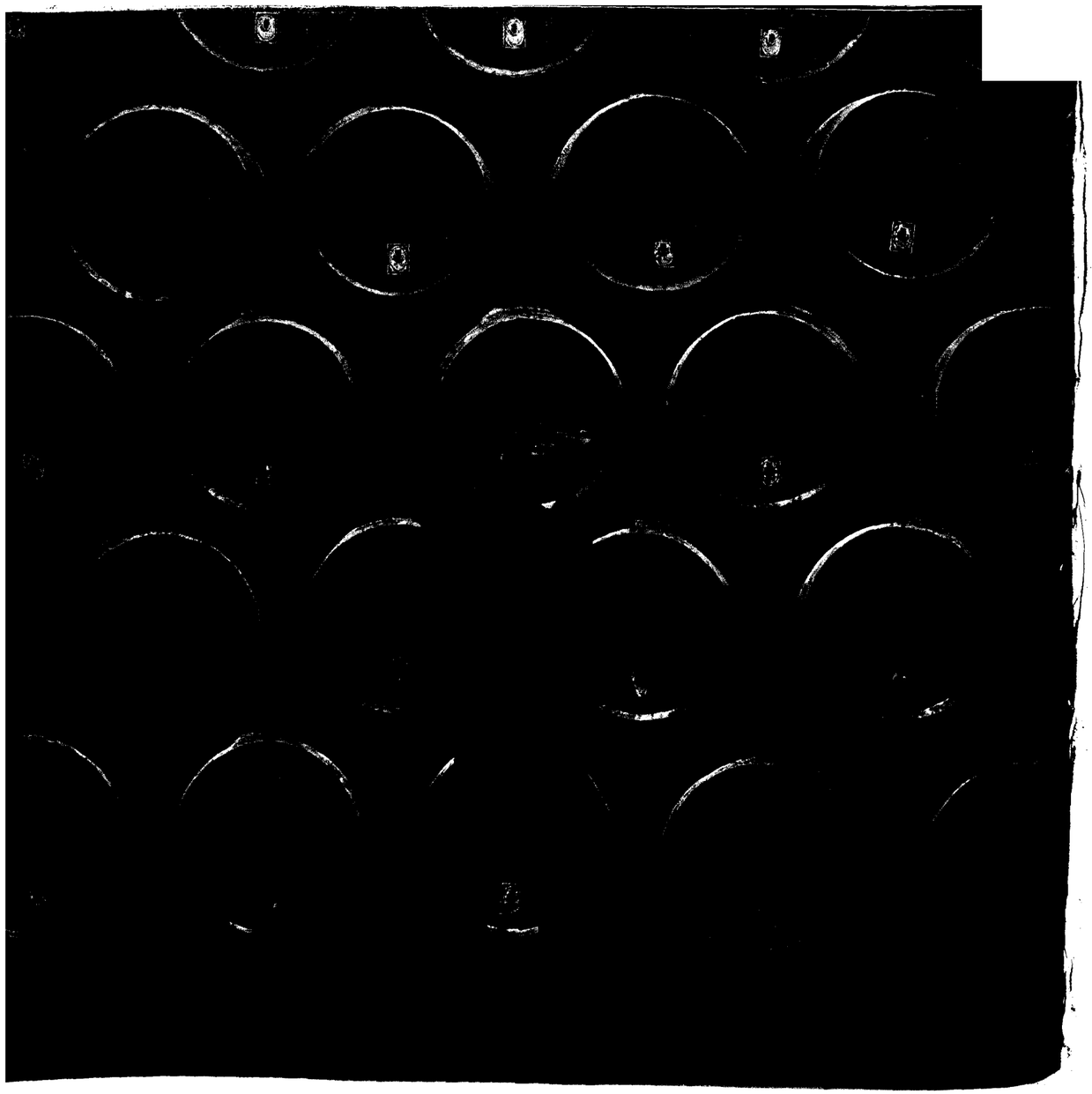

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AIRLINERS

Supersonic Signature

THE Minister of Aviation, Mr Amery, has now signed the agreement for the production of a supersonic airliner by Britain and France. The reasons why this project seems unwise have already been stated in *The Economist;* now Britain is committed to spending £75 to £85 million, on the Minister's estimate—and he would have to admit that no estimate can be firm in so risky a project as this—in the hope that the British and French aircraft industries will be able to win the lead in the supersonic airliner market. If the decision was not taken now, the Minister believes that Britain would lose all hope of maintaining its place as a maker of long-range airliners. The British share of the project, as already reported, will be the construction of the prototype of the long-range version of the airliner; that of the medium-range version will be built in France. About 40 per cent of the development work on the airframe will be done in Britain, and 66 per cent of that on the engine—the Bristol Olympus. Total expenditure will be shared equally, and be controlled by a board of officials representing the two Ministries of Aviation—which will supervise the management committee of the British and French companies concerned. Their share of the expenditure will be "appropriate," but this apparently means a small part of the whole.

British Overseas Airways Corporation and Air France will be "associated" with the project from the start. So far as BOAC is concerned, this means that it will first say what sort of aeroplane it wants—in those details not yet settled; then if when the characteristics of the aeroplane are established they meet BOAC's requirements, it will place an initial order for some of the aeroplanes. But because the nationalised airline does not believe it can decide whether the machine will prove economic until flight tests begin in 1966, the Government has agreed to underwrite BOAC's commitments; so if BOAC then decides that it does not want to buy the aeroplane after all, the Government will repay all its expenditure on progress payments and development work, which might amount to £10 million. It will then have some pretty unsaleable and very expensive aeroplanes on its hands; but when it is risking so much to help the British aircraft industry, this is only a small part of the whole curious operation.

War of Small Jets

Our Special Correspondent cables:

THE rain stopped and the clouds broke over Seattle on Tuesday morning in time for the Boeing company to roll its small jet 727 airliner out into the cold sunshine for the last adjustments before its first flight in the new year. The weather matched the company's mood. During the weekend, Boeing had lost a major military contract to Convair and faces the virtual shut-down of one of its largest factories. But the new airliner represents a guarantee that whatever else may happen, Boeing will continue to be the major and perhaps ultimately the only manufacturer of civil aircraft in the United States for the rest of the decade. The medium sized, medium range 727 promises to take up the slack created by the rundown in orders for big jets, which has already brought the jet factories of Douglas to a virtual stand-still. Boeing has swept the board by selling the 727 to all four big domestic airlines in the United States, the first time for years that they have chosen identical equipment. To date, 131 have been sold, approximately half the sale required to break even.

The initial success of the 727 has a bearing on the fortunes of the British aircraft industry. Ignoring small differences in size and engineering, the 727 and the de Havilland Trident are virtually identical, from their three tail mounted engines to the markets they are intended to serve and the approximate dates within months when they are expected in service. The only customer for the Trident so far is BEA with 24 on order; Boeing, which must export to reach its break-even figure, has already begun to make inroads into the overseas market.

It is estimated that there is a world market for at least one thousand smallish jets of various types but the lion's share may divide between Boeing, with its sights set on 40 per cent of the total, and the British Aircraft Corporation's 111 jet designed for rather shorter ranges. This would leave the Trident and the French Caravelle to battle for the remainder. If this seems to underrate the Trident's chances and overrate those of the 111, it can only be said that de Havilland is fighting a world established manufacturer with a product not so noticeably different in performance that it can easily tip the scales, while the 111 is on the verge of a major breakthrough in the United States market with negotiations well advanced for the sale of 25 to the world's second biggest airline outside the iron curtain, American Airlines. If this sale takes place, the 111 will be airborne.

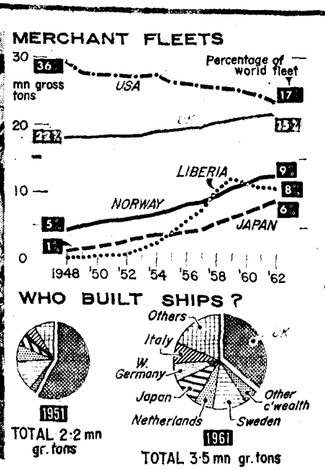
PIPELINES

Competing to Lay

THE Government will find itself faced with competing claims when it comes to decide who should build and operate the first oil pipeline to be constructed under the Pipelines Bill. The two oil groups that own most of British refining capacity, Shell-Mex and BP and Esso, have announced that they want to build a pipeline—in conjunction with the other major oil companies operating in Britain—from London to Merseyside. This is also the route along which Trunk Pipelines, an independent group set up to develop pipelines, wants to build a pipeline, to operate as a common carrier. The purpose of the bill was to prevent duplication in this new means of transport, so the Minister of Power will have to choose.

Esso is already building a pipeline from Fawley to London Airport, while Shell-Mex and BP had planned a pipeline from Shellhaven on the Thames to St Albans. Their proposed new pipeline would link these pipelines to Birmingham, Northampton and Nottingham as well as having local branches along the route. From the North-West a smaller diameter pipeline from the Shell refinery at Stanlow (Ellesmere Port in Cheshire) will join the new line from the South-East.

Two years ago Trunk Pipelines Ltd. wanted to build a pipeline from Canvey Island to London Airport. Later Shell-Mex and BP announced their plans for a pipeline from Shell-Haven to St Albans, and



Britain's Shipping Decline

Britain's share of the world's shipping fleet and of ship construction has been falling steadily for the past ten years. But the drop in the American fleet has been even more dramatic—if rather misleading, for many American-owned ships have been transferred to the Panamanian or Liberian flag and help to account for the rising number of ships under these "flags of convenience." While the world fleet continues to grow, the rate has slowed down in the last two years.

Trunk Pipelines extended its project to run to Ellesmere Port. Both plans were shelved while the general legislation was going through Parliament. Though neither Shell-Mex and BP nor Esso were willing to say that they would use the Trunk Pipeline facilities, some other companies were said to have sent it "letters of intent." The line was to be a "common carrier." The smaller distributors in UK include Petrofina, Total, Regent, Gulf, Jet, Agip, Mobil and others. Mobil has a refinery, and Regent is building one; but Petrofina may rely on their expanded Belgian plant, while Total, Agip and Jet also buy in Europe and Gulf soon will have a refinery in Denmark. The chances of Trunk Pipelines, which is about to conclude its deal for the use of British Transport Commission land along the canals for laying a pipeline, are considerably weakened by the fact that Regent, Petrofina and Mobil are participating in the new pipeline organisation as well as the big marketers here, who have natural interests in not letting too many newcomers in. Will the Government give the licence to build a pipeline to these established users, or will it prefer to let a common carrier operate a service that will be open to all who wish to transport oil?

YUGOSLAV STEELWORKS

The Contract Signed

A CONTRACT for the supply of a large part of a steelworks to Yugoslavia has now been awarded to Davy and United Engineering and the Wellman Smith Owen

COMMON MARKET TAXES

Harmonising What?

AMONG the complex of reports that have been prepared in Brussels this autumn on further ambitious moves to financial integration is that of a committee of professors set up to investigate the practical requirements of harmonising the common market's taxes. The committee's report is expected to be published only towards the end of the year; but in London last week Professor Neumark, the German chairman of the committee, spoke freely on this subject at a conference arranged by the Federal Trust for Education and Research and by the United Kingdom branch of the International Fiscal Association. Professor Neumark, in line with the current fashion in Brussels, has no inhibitions about extending his recommendations well beyond the areas singled out for harmonisation in the Rome Treaty. Undoubtedly, the centralist tendencies of his report will not fully survive the scrutiny of the member countries. Yet the tenor of such thinking is an increasingly important practical influence in tax policies in European countries, including Britain even before it has actually joined the common market. From now on, every important tax change considered by the Chancellor of the Exchequer and his advisers will first be set against the general test of whether it moves towards or away from what seems likely to emerge as the European norm.

The immediate problem is over the different coverage and different methods of indirect taxation, which, as the Rome Treaty had to recognise, can themselves lead to artificial distortions in trade within a tariff-free community. Ideally, if fiscal frontiers within the community are to be abolished entirely, the federal purists argue that the present system of applying taxes on goods according to their destination (i.e. allowing tax rebates on exports and raising levies on imports) must be replaced by the "origin principle," under which the tax of the country of manufacture is applied wherever the goods are finally sold within the community. The application of this principle, however, would make differences in rates of indirect taxes in the several member states a still more serious distorting influence on production and trade; and then, as Professor Neumark openly states, "the only possible expedient seems to be a complete harmonisation of indirect taxation."

THIS is almost certainly more than national governments will or should at present be prepared to concede for the formal satisfaction of seeing the abolition of fiscal frontiers (which because of the need to control entry from outside the community could still not mean the abolition of customs frontiers). So a move to the "destination principle" remains in the future. But the Council of Ministers is now considering a proposed directive of the Commission for harmonising the form of turnover taxes (still on the destination principle) and, after 1970, beginning to harmonise the actual rates.

The form of tax chosen is the French-type tax on added value (TVA). This can still be complemented by a sales tax at the retail stage, provided, in Professor Neumark's words, the level of this is kept "rather moderate." For this reason he rules out the British purchase tax, which anyway "can be considered a collection of special excise duties rather than a general turnover tax." Some British tax experts, and not only those in Customs and Excise, are now manifesting some nostalgic regrets for this unloved tax, which has the one great advantage of easing administrative collection—there are 60,000 collecting points in Britain, while 300,000 might be needed to collect the same revenue from a TVA tax. A single stage tax at the pre-retail stage—that is broadly the purchase tax unified to a single-rate—was in fact among the three possibilities put forward by the experts' committee to the European Commission, and some critics allege that this was passed over with inadequate consideration.

The Rome Treaty restricted itself more or less to indirect taxes; but the compartments cannot be kept divided. As Professor Alan Peacock, now of the University of York, pointed out in a provocative opening address to last week's conference, changing the tax structure at one point immediately necessitates adjustments at others, whether to maintain revenue or to appease the injured. Thus the crude rule of thumb for Britain of increasing indirect taxes to the relief of direct taxes could, Professor Peacock points out, result in irresistible pressure for larger social services to compensate the worse off, and so have the paradoxical result of increasing the tax burden as a whole.

NOR can one assume that the existing balance of direct and indirect taxes on the continent is a permanent one or even a chosen one; in Italy and France it is largely the result of an inability to collect direct taxes, and both these countries have for years been girding themselves for a serious tax reform—which in some ways would move them closer to the British structure. Certainly many of the proposals made by Professor Neumark are well in line with progressive opinion in Britain itself. They include abolition of stamp duties; partial replacement of inheritance duties by a personal tax on wealth of say one per cent a year (Professor Neumark believes that Britain's entry into the common market will have to be followed by a "noticeable lowering" of its estate duty); harmonising of special excise duties and abolishing the minor duties on matches and the rest; and introduction of a special uniform corporation tax of say 50 per cent with a reduced rate of up to 25 per cent on distributed profits. All this is a useful spur to reforms that have been considered too complacently in national treasuries. But it need be no more than a spur. For many years yet tax harmonisation in Europe can and should be kept within distinct limits, so that the taxes can continue to reflect the real differences in national conditions that are bound to remain. If Brussels is really worried about distortions of competition it would do well, as Professor Peacock suggested, to turn its mind more closely to purchasing policies of official agencies—on which there is precious little sign of common market competition at all.

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Engineering Corporation. Worth £28 million, it is dependent on the arrangement of a loan for £20 million, which is now being negotiated by Lazards on behalf of six banks and the Insurance Export Finance Company. This loan is the first fruit of the recent efforts to bring banks and insurance companies into the market for long-term export finance. The contract covers the supply of steelmaking and rolling equipment —Wellman Smith Owen will make the former, while Davy and United will make the plate and strip rolling mills—these latter will cost about £14 million. But Davy and United (which has also got a £4 million contract in Rumania) says that winning the contract does not mean an end to its present problems; it will still have to cut its labour force, for the contract will take five years to complete, and the immediate home market for steel plant at present looks pretty well flat.

SHIPPING

Trying to Regulate Tonnage

Judged from the tone of a statement issued after a meeting in London of tramp shipowners of 15 different nationalities on Tuesday, the chances of starting an international tramp tonnage stabilisation scheme are rather better than before. The idea of attempting to stabilise the supply of dry-cargo tramp tonnage in accordance with fluctuations in demand, thus preventing freight rates from dropping to ruinously low levels, was considered by the International Chamber of Shipping as long ago as 1958, in the early stages of what has proved to be a long recession. In 1959 the International Tonnage Stabilisation Association was formed, and a provisional scheme was drafted, to compensate owners of laid-up tonnage by means of a levy on the freight rates paid to ships still operating. The object was to relate tonnage available to the volume of traffic moving, at the same time leaving individual owners freedom of action to co-operate at whatever they regarded as economic freight rates. Thus owners would receive some encouragement to take surplus tonnage off the market at an early stage in the cycle, and keep it off the market until conditions improved. The scheme would also have permitted compensation payments to be made for tonnage broken up for scrap, thereby encouraging owners to remove uneconomic ships from the market. No mention has been made, however, of any method of controlling the ordering of new tonnage.

Some British and many Scandinavian tramp shipowners, however, could not be persuaded to co-operate, preferring, apparently, the doctrine of the survival of the fittest and the scheme went on to the shelf. The continuance of the slump for a further two years seems to have caused second thoughts, and it has now been agreed that steps should be taken to revive the Inter-

PATENTS

Draft for European Patents

The Brussels Commission has published a draft convention outlining a new system of European patents which would at first run parallel to, and might later eclipse existing patent systems in member countries. Other interested parties, including Britain, can make representations about the new system, but they will need to move with haste to reach conclusions on the complex issues raised by the proposed European patent law in time to influence its shape. Views of EEC members and other interested parties will be heard next autumn when a final version will be agreed. The timetable thus means that objections must be submitted by next spring, and if none are submitted tacit acceptance would be inferred, making it difficult for Britain to challenge the convention if it later joined the European Economic Community.

The new convention does not attempt to harmonise existing laws. A new supranational patent office will be set up with its own law and a European Patent Court established. The language in which the patent application is framed will be used throughout the processes leading to the granting of the patent though the claims contained in the patent specification will be published in English, French and German.

The European patent would be effective in all countries which are contracting parties to the convention. The national courts would be responsible for its enforcement, but they would not be competent to question the validity of the patent. An invention must be "absolutely" novel to obtain a European patent. That is, it must not previously have been available to the public by use or by written or oral description. European patents will be granted initially in provisional form. A provisional patent would be readily obtained providing the specification conforms to rules set out in the convention and is backed by a search for novelty made by an approved search organisation. The specification will be published along with the result of the search for novelty, but the specification need not be amended to include only the parts of the invention that appear novel in view of the search. A final, examined European patent must be sought within five years.

Though the draft convention is remarkably detailed, some important points have been left open. The position of nationals of states which are not contracting parties is not clear. The intended future relation between existing national patent offices and the new body is also unclear. However, it seems clear that the owner of a European and a national patent for the same invention will not be able to enforce both against an infringer.

If Britain eventually becomes a contracting party to the European patent convention, British industry is likely to be affected to a greater degree than is commonly realised. British manufacturers might have to share the inconvenience of having to file patents farther from home. A more serious difficulty for some British manufacturers might be that patents affecting them could be published in French or German. Though the patent claims will be published in English as well as the original language, in most cases it will not be sufficient to read the claims of the patent specification to understand the full significance of the patent. On the Continent, patent claims are sometimes loosely worded, and British manufacturers might be unsure whether they were entitled to market a new product without infringing patent specifications originating in French or German.

A further potential difficulty is that from the published details of the result of the search for novelty it will not be easy to foresee what form the claims of a European patent will take. Third parties can apply to have the provisional patent of a rival examined before the five years' grace in which to apply for a full patent is completed. But this assurance might be of limited practical value. The criterion of "absolute" novelty which takes account of prior oral descriptions might also prove a stumbling block as traditional British practice in the grant of patents is concerned only with matters made publicly available in Great Britain. Alleged oral descriptions overseas and in an unfamiliar language might prove difficult to refute. The haste of the EEC countries to frame a new patent convention presumably reflects the realisation that the national patent laws might be used to frustrate the liberalisation of trade between member countries.

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national Tonnage Stabilisation Association. International co-operation is, of course, an essential element of the scheme; and this is not easy to secure in such a widespread field of interest and national and private competition. It was achieved before the war in the shape of an international tanker owners' pool, but in those days the sea transport of oil was a much more limited field, there being a comparatively small number of tanker owners, including the shippers (the oil companies) themselves.

The new scheme would be concerned with all dry-cargo vessels of 5,000 tons deadweight and over, involving many owners of all nationalities under all the principal maritime flags, and concerned with the carriage of all kinds of bulk cargo. A further complication today is the tanker invasion of the grain trades; and many other developments, too, out of the control of tramp shipowners themselves, are having a depressing effect on freight rates. Nevertheless, this may not prevent owners from taking what steps they can to get out of the mercy of shippers.

SUGAR

Bitter Sweet

THE working of the Commonwealth Sugar Agreement was incomprehensible to the layman before the Irish got into the act. Now Eire is to be given rights akin to those enjoyed by Commonwealth producers and a befuddling barney has ensued between the Irish recipients of this favour and established Commonwealth sugar interests. The tonnage of sugar involved is a mere 10,000 tons, and the potential benefit to the Irish sugar industry next year is puny—£150,000 according to the Minister of Agriculture's estimate and as little as £75,000 at the current price of sugar. But the complications are something different. The British Sugar Board is to be empowered to buy refined sugar from Eire at £50 a ton and sell it back £10 a ton above the yearly average of the London free market price for raw sugar. Exports of refined Irish sugar to the United Kingdom will be limited to 10,500 tons a year, but exports of products containing sugar will continue to be unrestricted. The agreement bars the re-export of non-Commonwealth sugar in any form to the United Kingdom.

The unexpectedly sharp recovery in the price of sugar from below £20 a ton in January to £32½ a ton and the swift absorption of cheap supplies has put sugar producers and refiners in a far happier frame of mind, but the extreme reaction of the British refiners to the Irish sugar guarantee partly reflects the bitter taste still left by cut-throat competition resulting from the sugar glut. Through an alleged Irish manoeuvre known as "the three card trick," cut-price Polish and other foreign sugar has slipped under the net protecting Commonwealth supplies into Northern Ireland; but this inconvenient loophole has been quickly plugged.

Eire contends that the levy on sugar consumption in the United Kingdom, through which the higher payments to Commonwealth producers are financed, means that Eire subsidises its competitors. Mr Soames implied that it was to offset the latest increase in this levy (amounting to at least £150,000 a year on Irish exports to this country) that the new arrangements for Irish sugar were agreed. The same argument is valid for all non-Commonwealth suppliers, but whatever its merits it undoubtedly helped to smooth the way for the recent Anglo-Irish trade talks, and the Minister's reply suggests that the prospective establishment of a sugar beet growing industry in Northern Ireland might be facilitated by the agreement.

EXCHANGES

Sterling Balances Fall

OVERSEAS countries' holdings of sterling fell by £70 million in the third quarter of this year, to £3,459 million. This is the weak season for the overseas sterling area, and the decline in its balances by £24 million may not necessarily indicate a change of trend—at £2,665 million on September 30th these balances are still £66 million above their level a year earlier. But there has also been a further decline, of £46 million, in balances of non-sterling countries, and at £794 million these are now nearly £100 million below their level at end-September, 1961, by when most of the balances lent under the Basle arrangements had been paid off. Movements in these official, and incomplete, figures of overseas sterling holdings have on occasion been clearly misleading—notably in the first quarter of this year when the holdings of non-sterling countries were shown to have fallen while all other evidence showed foreign money to be streaming into London. The movement for the third quarter, however—which has to be adjusted for an artificial reduction of £18 million as a result of putting the mutual swap arrangement with the United States on a stand-by basis—was broadly in line with the market indications of some small withdrawals, partly as a result of the sharp fall in rates in the local authority mortgage market.

So these figures tend to confirm that the firmness of sterling through its period of seasonal weakness has resulted from a strengthening of the underlying payments balance rather than support from short term funds. And now that adverse seasonal pressures are lessening, demand for sterling has edged up the rate, to $2.80⅝ earlier this week, and has also brought dollars into the reserves. The exchange markets generally are comfortably stable at the moment, and are enjoying the unusual and welcome conjuncture of peace without quiet.

SHOPPING

More Ways to Cut Prices

"ONE-STOP SHOPPING," operated on comparatively low margins, is the declared aim of more and more of the chain stores operating in town centres, as it is also the banner of avowed discount stores.

OVERSEAS STERLING HOLDINGS

End of period, £ million	Overseas sterling countries	Non-sterling countries					Total all countries	Non-territorial organisations
		Total	North America	Latin America	Western Europe	Other		
1955	2,764	812	...	...	...	...	3,576	469
1956	2,730	692	...	...	...	...	3,422	669
1957	2,608	665	41	25	278	321	3,273	645
1958	2,519	834	58	18	408	350	3,353	623
1959	2,704	803	60	12	387	344	3,507	705
1960	2,478	1,405	303	63	699	340	3,883	549
1961 I	2,439	1,275	143	47	747	338	3,714	553
II	2,597	1,099	114	33	662	290	3,696	552
III	2,599	891	91	20	530	250	3,490	1,090
IV	2,631	919	93	14	573	239	3,550	958
1962 I	2,573	868	68	−16	568	248	3,441	871
II	2,689	840	94	−14	551	209	3,529	785
III	2,665	794	64	−24	536	218	3,459	590

RETAIL BUSINESS
A monthly Review of Consumer Goods
In the current issue of Retailing Business:
CHILDREN'S CLOTHING
CARPETS
QUARTERLY RETAILING REVIEW
Each month in Retail Business:
Detailed analysis of factors affecting retail spending
Details from:
THE ECONOMIST INTELLIGENCE UNIT LIMITED, 5, Bury Street, London, S.W.1.
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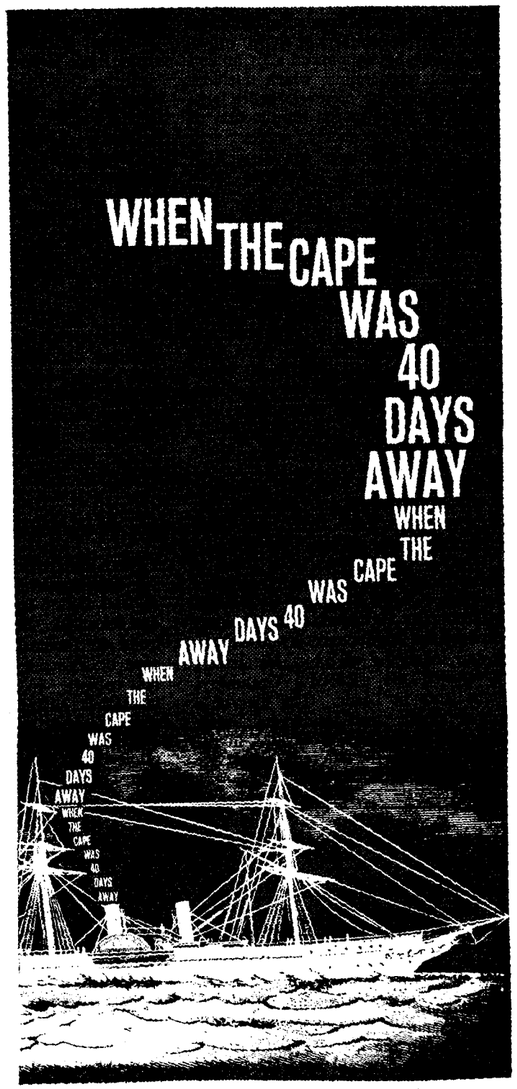

IN 1862, when it took forty days to reach the Cape, the Standard Bank opened its first branch in Africa. A century later the Bank has over 900 offices throughout South, Central and East Africa. Behind this network is a forward-looking organisation making full use of new business techniques, and able to provide accurate and comprehensive advice promptly on all aspects of trade in the areas which it serves.

THE STANDARD BANK
100 YEARS IN AFRICA

HEAD OFFICE: 10 CLEMENTS LANE, LONDON EC4. OTHER LONDON OFFICES: 63 LONDON WALL EC2, 9 NORTHUMBERLAND AVENUE WC2 AND 117 PARK LANE W1.

This week Anthony Jackson's Foodfare, one of the smaller (in numbers of shops) supermarket, chains, has announced a £1 million development programme which includes not only the opening of several more large supermarkets but also the introduction of comprehensive "economy stores" in central positions in large towns, with at least 20,000 square feet for selling "anything you can carry away." The term "discount store" has been avoided partly because the company think it has a shoddy image: prices of all types of branded goods will nevertheless be cut wherever possible, though Jackson's seeks no battles with price maintenance. Outside the food department, however, self-selection, on the Marks and Spencer pattern, will be used more than self-service. This will cut costs where existing department stores are being converted—as in Leicester, where from next April Jackson's form of low-priced selling will be in direct competition with Tesco's existing discount store.

Shortage of cheap sites has helped to slow the expansion of out and out discounting—stores with this label still number only about fifteen. Nevertheless the full-scale introduction of a form of discount store that has been widely adopted in the United States is planned by Bordergate Properties (in which City Business Properties has a large interest), whose chairman and managing director, Mr Jeffrey Rose, created the successful Grandways discount store in Leeds. The first of a series of about ten Bordergate stores will open in Rotherham, Yorkshire, in the new year: within it the different self-service departments for groceries, meat, soft goods, hardware, electrical goods and other lines will be leased to concessionaires with experience in each of these fields. Each will be directly responsible for its own buying and selling, but Bordergate will guide general policy within the store on methods of price-cutting and on retail methods such as layout and display. Some of the concessionaires will be retailers but others will be manufacturers or wholesalers. Mr Rose believes that there is an untapped store of experience among wholesalers that could be of great value in this type of joint operation—though he admits to having had considerable difficulty in finding the right kind of operator.

Self-service department stores run by licensees—though not on discount lines—are also reported as the intention of the newly formed British subsidiary of GEM International, the American "closed door" (members only) discount group.

Car Prices in Europe

The prices of the new range of small European cars that appeared this autumn have by now been fixed in most markets; and, as the table shows, their prices have been set close together in the "open" markets of Belgium, Denmark and Switzerland—and also in Italy, where foreign manufacturers are making so big an assault on the market. Both British Motor Corporation and Ford are pricing their new cars in accordance with market conditions rather than with the cost of production, leaving little if any margin for profit but placing themselves in a position that should allow a big increase in sales—if servicing facilities are good enough to give potential buyers confidence. Setting the price of the Cortina below that of the Taunus 12M may well make it the more popular of the two. All the new cars are close enough to the Volkswagen to be competitive; it would be surprising if its sales did not begin to fall now that it has so many attractive competitors.

	Ford Anglia	Ford Cortina	Ford Taunus 12M	Fiat 1100	Morris 1100	Opel Kadett	Renault R8	Simca 1000	Volks-wagen 1200 Export
	£	£	£	£	£	£	£	£	£
Belgium....	496	573	580	579	588	...	...	538	545
Denmark...	762	901	909	819	1,034	...	944	812	846
Italy	529	593	604	508	n.a.	557	586	534	526
Switzerland	513	586	593	578	622	571	...	546	553
U. Kingdom	538	597	...	661	610	...	671	615	625

Selling prices in each country; European prices converted at official rates of exchange.

statistics of minting, to speculation on the end of the halfpenny, and to an explanation of why the mint is no longer striking Maria Theresa thalers, that ubiquitous medium of exchange of the Red Sea. The mint struck 836 million coins in 1961, exceeding the 1959 record by 127 million. It continues to increase its profitable overseas business and in 1961, 64 per cent of the coins struck were for overseas governments. Last year Mr James paid homage to the passing farthing; this year he is hurrying the halfpenny into its grave. "The halfpenny is nearing its end," says Mr James. Indeed one hopes so; when it goes a minor obstacle to decimalisation will go with it.

ROYAL MINT

Halfpenny Requiem

THE lively pen of Mr J. H. James, deputy master of the mint, has rallied all who wish to see Britain's coins and coinage reformed. But the Committee of Enquiry on Decimal Currency which should soon be reporting has deprived him of his best subject. In a potted history of decimalisation, included in the mint's ninety-second annual report, he does, however, allow himself a couple of digs at Britain's numismatic conservatism. For the rest Mr James sticks this year to the dry

SHARE TRANSFERS

Hopes of Success

IT is now two years since proposals for a simpler transfer system were put forward by a committee including, among others, representatives of the Stock Exchange, the Bank of England and the clearing banks. At the Conservative party conference in October, 1961, Mr Anthony Barber, then Economic and now Financial Secretary to the Treasury, said that the Government was already considering what legislation might be involved in the adoption of such proposals. Now, as he did a year ago, Mr Graham Page, MP, has brought forward a private member's bill on stock transfers. Last year its chances of success were small but Mr Page hoped that the bill would spur the Government into action. This year the chances are brighter, now that the report of the Jenkins committee is out of the way. Mr Page's new bill, which has not yet been published, is believed to have the backing of the numerous government departments involved and its aim is to put the recommendations of the advisory committee of the Stock Exchange into effect. The committee's principal proposals were that only one transfer form would have to be signed by the seller even if the holding had to be split among a number of buyers; that the signature need no longer be witnessed; and that the buyer would not have to sign the form at all.

NEW ISSUES

Problems of Placings

THE introduction of the capital gains tax was expected to curtail the activities of stags and other investors in the new issue market severely. It has not done so and its effect, with investors in newly-issued shares holding on for six months instead of taking a quick profit, has been to narrow the market in new issues and to make the price fluctuations more violent. This is particularly true for placings, where in any case only a few shares pass through the jobbers' hands. Shares in Robert Bradford, the Lloyds insurance broker, were placed for example in October at 17s., rose to 27s. 6d. on the opening day and now stand at

50s. 6d. Similarly the shares of Mark Lane (Turf Accountant) placed at 2s. 7½d. opened at 4s. 3d. touched 10s. 6d. and now stand at 8s. 1½d., looking a bigger gamble than backing an outsider. And this week Photopia and Bronx Engineering have both doubled their placing prices of 9s. 10½d. and 6s. respectively.

The Stock Exchange Council allows placings only as a concession in special cases where the company is very small and the demand for the shares appears to be limited. Clearly it cannot be pleased with the big premiums that many of the recently issued shares command and it may be less ready to grant this concession in the future. Some of the blame must be laid with the issuing houses in setting the issue price too low and there seems to be scope for a more extended trial of offers by tender. At present the Council requires at least 25 per cent of the equity to be placed and a quarter of these shares to be made available to the market. These are minimum requirements and sometimes it will demand a greater proportion. But are they high enough? For debentures only 20 per cent of the stock in issue has to be placed and a fifth of that proportion has to be made available to the market. Private investors have often had difficulty in securing stock once the issue had been advertised. An attempt to tackle this problem was made in the recent debenture issue by Redland (Holdings) and a wider market was, in fact, created as a result of a plan under which jobbers took up half their requirements before the advertisement and were given the right to call up the other half until the day after the issue. This plan requires the active co-operation of the sub-underwriting institutions in releasing the stock if the jobbers make the call.

SCOTTISH BANKING

Squeeze on Profits

IN just over a month the profits season for the bulk of the banks begins; this week Mr Ian Macdonald, in his annual report as chairman of the National Commercial Bank of Scotland has provided some analysis of its performance. Disclosed profits for the year to October 27th rose from £1,368,000 to £1,400,000, but this small increase was more than covered by the increased dividend from the bank's hire purchase interest in Lloyds and Scottish Finance. Mr Macdonald points out that although the average volume of advances has increased and the yield on the bank's portfolio of gilt-edged has improved, these improvements in earnings have been balanced by reduction in lending rates on advances and by the continued rise in costs. Similar influences have been at work in banking south of the border.

Mr Macdonald is disappointed by the small rise in deposits; he is likely to remain so unless the Scottish banks do something more positive than merely complaining about the "unfair" competition of the trustee savings banks. The National Commercial has indeed started advertising on television and now runs a boat bank round the Orkney Islands. But these no more than scratch the surface of the problem. Individually Scotland's bankers know some of the answers to their problems, but they are tied by a rigid tradition of collective action that in the end amounts to inaction. In 1954 the National Commercial cracked this collective façade by moving into hire purchase; since then it has enjoyed the label "progressive." The bank could now do banking in general a great service by once more striking out on its own.

AUSTRALIAN MOTOR INDUSTRY

Still an Infant?

THE Australian motor industry is one of the biggest creations of an infant industry behind tariff walls; and despite the present boom in the local car market, it is now agitating for more compulsion on importers to use locally-made parts. This comes after the publication of a study of the industry by the Australian Department of Trade, which shows that its turnover in 1960-61 was £A133 million, and that 61 per cent of the parts used in Australian-assembled cars were locally made. It also reported that there were few gaps in the range of parts produced in Australia; sealed-beam headlamps were the most significant omission among local products. The present agitation against the import of parts, however, appears to be based on the argument that these are being allowed in at low duties where the parts concerned have not been made at all in Australia or where production is still small. The BMC Minis, which have many parts unique to them, and the Chrysler Valiant are two models complained of as having a low local content; and Ford is attracting opposition to its reported plans to import many parts of the Cortina.

The Australian government will have to decide just how far it can go to help local industry at the expense of the consumer. Since Australian steel is the cheapest in the world, there is already one incentive to make parts locally quite apart from the protective legislation. One might think that the parts industry was growing big enough to be no longer an infant: the arguments for "infant industry" protection would seem more compelling if the infants could ever be persuaded they had grown up.

SHORTER NOTES

In compliance with new regulations, Consolidated African Selection Trust is to sell half the diamonds produced by its Sierra Leone subsidiary through the De Beers marketing agency. After 1960, when a former contract expired, CAST arranged to sell these diamonds privately, but from August, 1961, when the government of Sierra Leone cancelled CAST's export licence, these private sales had to be completed from stocks of diamonds held in Britain. Newly-mined diamonds were allowed to accumulate in Sierra Leone. The first sales under new marketing regulations are already under negotiation.

★

Sir Basil Smallpeice, managing director of British Overseas Airways Corporation, wrote in BOAC News last week that the corporation's load factor was 2½ per cent lower in the first half of the current financial year than it was a year before. The chances of a recovery in profits therefore seem to be disappearing.

★

The Bank of Japan has cut its rediscount rate from 6.93 to 6.57 per cent. This is the second cut in two months. At the end of October reserves were $1,805 million, some $300 million above the low point in the third quarter of last year. The Bank of Japan has also begun to repay the $200 million borrowed a year ago from three US commercial banks, and will start to repay next year the $125 million borrowed earlier this year under guarantee of the Export-Import Bank.

South Africa has cut its Bank rate from 4 to 3½ per cent; a reduction in bank overdraft rates by an equal amount to 5½ is expected soon, although building society mortgage rates are likely to remain unchanged at 6 per cent.

★

Iceland, as a member of the sterling area, is to raise £2 million in London with a 6½ per cent 1983-88 Sterling stock issue, at 97½. This is Iceland's second stock issue in London since the war.

★

British European Airways and the seven independent airlines that operate scheduled services within Britain have applied to the Air Transport Licensing Board for permission to increase fares by from 1s. to 4s. in the pound. The £3 3s. off-peak fares to Scotland, however, would not be affected.

COMPANY AFFAIRS
Comments on pages 962 and 963 on:
Great Universal Stores
Berry's Electric Magicoal
British Plaster Board
Combined English Mills
Associated British Foods
Metal Box
Allied Ironfounders
Joseph Lucas
Plessey
Handley Page
STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 964 and 965
MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 966

COMPANY MEETINGS

NATIONAL COMMERCIAL BANK OF SCOTLAND LIMITED

A YEAR OF COMPARATIVE TRANQUILLITY

GRADUAL REDUCTION OF CREDIT RESTRAINTS

STRONG ACTION HAS DESIRED RESULTS

MR IAN W. MACDONALD ON SCOTLAND'S ECONOMY

The fourth Annual General Meeting of the National Commercial Bank of Scotland, Ltd, will be held on December 20th in Edinburgh.

The following is the Statement by **Mr Ian W. Macdonald, C.A.,** Chairman of the Board, which has been circulated with the report and accounts:

Since my previous statement to shareholders the British Banks have experienced a year of comparative tranquillity. The severe credit restraints imposed in 1960-61 have gradually been modified with successive reductions in bank rate, a partial return of Special Deposits and the removal of all official restrictions on bank lending. Once the remainder of the Special Deposits (1 per cent from the Clearing Banks and ½ per cent from the Scottish Banks) has been repaid the most recent monetary cycle will be virtually completed and it is therefore possible to assess in retrospect the effect of these measures. It is evident that the strong monetary action taken had the desired short-term external results. Sterling was made attractive not only by reason of high interest rates, but also by generating renewed world confidence in the British Government's determination to take the steps necessary to restore economic balance. One may presume that similar action on some future occasion would again be successful provided the British economy is basically healthy.

INFLUENCE OF SPECIAL DEPOSITS

It is less easy to assess the influences on the domestic economy. It would seem however that the purely monetary measures—high interest rates and credit restraint—do not bite so severely as might have been expected, and further it is extremely doubtful whether the Special Deposits at levels of 1 per cent to 3 per cent had much direct influence on bank lending. It is not possible to say that this new braking mechanism has been either a success or a failure, since the brakes were never really tested. It is of course well recognised from experience in other countries where compulsory reserve schemes are in force that such a device can and does influence bank lending and, assuming that Special Deposits are now regarded as an essential feature of British monetary policy, it is perhaps unfortunate that the authorities did not take this recent opportunity of making an adequate test of a powerful control. Had this been done some valuable lessons might have been learned. As it was the authorities not only shied away from a "biting" test but were remarkably slow in admitting that the testing time was finished.

The inflationary signals had all but disappeared by the Spring of 1962 but the first return of Special Deposits was not made until May and even then it was stressed that only a slight relaxation of bank lending was possible. A further stage in this somewhat illogical progression was reached in September when all restraints on bank lending were removed but the Special Deposits were not fully repaid, and indeed still remain at 1 per cent and ½ per cent! Meanwhile the Chancellor of the Exchequer has recognised that the economy is lethargic and needs stimulants—as evidenced by his recent decisions on postwar credits, public investment, purchase tax on cars and investment allowances. The point in this which must be somewhat disturbing to bankers is the seeming reluctance of the authorities to allow and encourage them to play their full part in the reflationary stage of the economic cycle.

It does however seem doubtful whether British industry will do more than mark time until the major question of our entry into the Common Market is resolved. While this vital question is under negotiation there is much forward planning by industry but little forward action. There is also in the background the shadow of a possible world recession in trade, all of which creates a climate of uncertainty for private industrial investors.

SCOTTISH ECONOMY

The Scottish economy unfortunately has not improved during 1962. The factors of undue dependence on shipbuilding, coal mining and heavy industry generally have all moved adversely and the present situation is probably less favourable than at any time since the war. It seems likely that further contraction in coal mining and rail transport is inevitable and that the speed of diversification may for some time be less than the rate of deterioration. On the other hand, I do not agree with the prophets of gloom who cannot visualise a balanced future for the Scottish economy.

On the bright side, it is clear that two of our important industries, agriculture and tourism, are forging ahead most satisfactorily, although neither is a large employer of labour. Indeed in agriculture the steadily growing productivity has been achieved with an overall reduction in the total labour force. Similarly the increasing distillation of whisky generates income rather than jobs. Nonetheless these growing industries are important elements in the economic balance sheet of Scotland. There is, however, a serious and major problem in the industrial field. It can be simply expressed as one of finding new jobs for old jobs. In a mechanised age this problem exists to a greater or lesser degree in all industrialised countries, but it is probably more acute in Scotland which traditionally and to this day relies on industries with a relatively large labour content in the end products.

There is increasing evidence that the Government recognises not only the nature of the problem but also its urgency. It would, however, be wrong to think that government action can do more than encourage and perhaps speed up the movement towards the restoration of balance. In any free economy, enterprise and action must come from within and there is ample evidence of Scottish initiative, as witness in particular the continuing efforts of The Scottish Council (Development and Industry).

EARNING CAPACITY

Turning to the Bank's affairs as reflected in the accounts, we now have a clearer picture of our earning capacity during a year when our resources were deployed in satisfactory proportions between Investments and Advances. We have also had the opportunity of measuring more closely the influence on our profits of variations in interest rates. During the past year these rates have continuously moved downwards and such a movement has an adverse effect on our earnings. Moreover costs have continued to rise against us. On the other hand, the average volume of Advances has increased and there has also been a satisfactory improvement in the yield we obtain on our portfolio of Government investments. We have also received rather more by way of dividend from our hire purchase associate, Lloyds & Scottish Limited. Overall our Net Profit at £1.4 million is slightly up on the previous year.

Out of the year's Profit the Board has allocated £200,000 to Revenue Reserve, £250,000 to Officers' Pension Fund and £15,000 to the Widows' and Orphans' Fund. Interim dividends at the fixed rates on the Preference Shares and at 7½ per cent on the Ordinary Shares have been declared and paid (less income tax). It is now recommended that the usual final dividends on the Preference Shares and a final dividend on the Ordinary Shares of 9 per cent (making 16½ per cent for the year), less income tax, be paid. These dividends are the same as for the previous year.

GROWTH OF DEPOSITS

The Balance Sheet shows that the Deposits at £232 million have increased by some £4 million. While any increase in Deposits is satisfactory, there is not as yet any real evidence of a significant upward trend. From internal figures showing categories of Deposits we know that the smaller personal balances on Current or Savings Accounts are more or less keeping pace with the growing volume of money, whereas business Deposits have tended to sag, as might be expected during a period when industry was relying increasingly on Bank Advances and many individual firms had moved out of the category of depositors into the category of borrowers.

In these circumstances it is all the more necessary for us to be deposit conscious and in that connection we recently launched a television advertising campaign, designed particularly to try to bring the man in the street into the Bank. Also in a narrower area we had a real launching —that of a Boat Bank to ply between and serve a number of the Orkney Islands. In spite of abnormally boisterous summer weather, the Boat Bank's sailing schedule was well maintained and we have had many appreciative comments from customers, old and new, in these outlying islands.

LOANS AND ADVANCES INCREASED

Reverting again to the Balance Sheet, our Loans and Advances to customers show a marked increase at £119 million compared with £108 million. This rise is proportionately greater than that experienced in recent months by the Clearing Banks, but it is not inconsistent with the experience of Scottish Banks generally. An analysis of our Advances shows that the bulk of the increase related to the business categories and reflected the support which we have given to development and investment projects, particularly those in the engineering and heavy industries. We know from experience that the funding of these projects, either from internal or external sources, may take some time to complete and meanwhile the total of such advances will rise until a revolving stage has been reached. There is also every likelihood that when the hoped-for revival in shipbuilding comes about this will be associated with lengthy credit terms, which is the current pattern in that industry, and as a Bank we shall be expected to play a further part in financing these medium-term projects.

Our holdings of British Government Securities have fallen from £52 million to £46.5 million. The process of realisation to finance growing Advances has continued. Our portfolio is presently confined to loans with fixed redemption dates, all within a ten year period and having a market value in excess of the amount shown in the Balance Sheet. As regards other balance sheet items and relationships, there is little change in our Liquid Assets which stand at approximately 35 per cent of our Liabilities to the Public by way of Deposits and Notes in Circulation. The slight fall in the Note Issue has no particular significance but does indicate that the volume of money in use in Scotland has not expanded during the year.

BANK PREMISES

We continue to incur relatively heavy capital expenditure on Bank offices. Much of this emanates as a consequence of the merger. A large extension to our Head Office building is nearing completion and will enable us to bring together all of the central departments, some of which have been housed in our George Street Office. A section of this Head Office extension will be used as the Electronic Computer Centre. We have already made considerable strides towards the centralised processing of our customers' Accounts. We hope by mid-1963 to have something like 25 per cent of all customers' Current Accounts handled by the computer installation, in addition to a wide variety of other transactions.

The merging of neighbouring Branches has also involved the Bank in considerable outlay in extending and improving existing premises to accommodate the combined staff. Against this we have been able to sell a number of surplus properties at prices which show a considerable margin over book values and we are increasingly getting the revenue benefits from larger and more economic units.

HIRE PURCHASE GROUP

As regards the affairs of our hire purchase associate, Lloyds & Scottish Limited, I am glad to report that this group, through energetic and effective management, has turned the corner following the severe setback which afflicted all hire purchase companies from 1960 onwards. Shareholders will shortly receive a copy of the Lloyds & Scottish Accounts for the year to September 30, 1962, and in my statement as Chairman of that group I describe in more detail the progress which has been made.

Towards the end of the year Sir John M. Duncanson intimated his resignation, for health reasons, from the Board. He was elected as a Director of The Commercial Bank of Scotland in 1949 and we are indeed sorry to lose the benefit of his advice and friendly counsel.

There has been no slackening in the demand for the many and varied services offered by the Bank and we know that our Staff has been fully and effectively occupied in all branches and departments. I take this opportunity of expressing on behalf of the Shareholders and the Board our thanks to the General Manager and to all Officers and Staff for the high standard of their services.

INDUSTRIAL FINANCE AND INVESTMENT CORPORATION

HIRE-PURCHASE SUBSIDIARIES REORGANISED

MR J. N. BUCHANAN'S STATEMENT

The thirty-seventh Annual General Meeting of The Industrial and Finance Investment Corporation, Ltd., will be held on December 19th at Winchester House, Old Broad Street, London, E.C.

The following is the statement by the chairman, **Mr J. N. Buchanan, DSO, MC,** which has been circulated with the report and accounts:

I must first refer to the sad loss which the Company has sustained by the sudden death of Mr R. F. Norland last July. Mr Norland joined the Company on its incorporation in 1925 and became Managing Director in 1938. Recently he had not enjoyed good health and already before his death had communicated to the Board his intention of retiring. I should like to express our deep sympathy with his widow and family.

Since our last meeting a thorough reorganisation has been carried out of our hire-purchase subsidiaries. At one time we had a controlling interest in six companies. Two of these, at Colchester and Exeter, progressed slowly, confining themselves to local business, and have made satisfactory profits. The other four expanded far too quickly and were responsible for the large losses disclosed in these accounts.

RESULT OF REORGANISATION

As a result of the reorganisation three of these four companies are no longer trading. The business of the fourth has been drastically curtailed and its management taken over by Mr G. E. J. Gawthorn, the Managing Director of our Exeter subsidiary, which has made a bigger profit each year since we have been interested in it.

We have now, therefore, three hire-purchase subsidiaries, doing only local business. Two have consistently made profits and I see no reason why the third, with its activities restricted to local business, should not do likewise. The effect of the reorganisation is reflected in the accounts in the large reduction in outstanding hire-purchase debtors and bank overdrafts. This reduction is still continuing.

When bad hire-purchase business has been done it is frequently many months before its extent becomes apparent and a reasonably accurate assessment of the loss can be made. The losses shown in the accounts arose almost wholly on business done before June 30, 1961. In view of this and the great reduction in our hire-purchase interests, your Board think that these are exceptional losses which may, therefore, be partially made good out of reserves. The provision for losses made in the accounts of the subsidiaries was based on a reassessment of all hire-purchase debts at September 30, 1962. We have thought it prudent, however, to make a further special reserve of £100,000.

VALUATION OF INVESTMENTS

With regard to our Investments which comprise the greater part of the Group's assets, it is gratifying to report that they have stood their ground remarkably well. The aggregate value of Quoted Investments held by the Investment Trusts and Finance Companies at June 30, 1962, was £3,332,000, compared with £3,818,000 at the beginning of the year. At first sight it may appear that this performance is only marginally better than that of the F.T. Index, which during the year declined from 322.0 to 268.5 (a fall of 16½ per cent), but almost the whole of the difference in the valuation is accounted for by sales of Quoted Investments during the year, the proceeds of which exceeded the cost of purchases during the same period by £409,000. This is reflected in the Consolidated Balance Sheet, from which you will see that we have repaid Short-Term Loans of £250,000, and have increased our Short-Term Deposits to £250,000 available for investment as opportunity arises.

Included in the Finance Business were two public Offers for Sale during the year, of the shares of Imry Property Holdings Limited (through our subsidiary, Dawnay, Day & Co. Limited) and of Reed and Mallik Limited, Civil Engineering Contractors. We have continued to be active in the field of arranging long-term finance for substantial property companies; such arrangements were concluded during the year on behalf of The Stock Conversion & Investment Trust Limited and, since the end of the year, for Regional Properties Limited.

DIRECTORS' REMUNERATION

Accompanying the Accounts is a Notice convening an Extraordinary General Meeting to take place immediately after the forthcoming Annual General Meeting to consider a Resolution to alter the Directors' Remuneration.

At present under the Articles of Association of the Company the Directors are entitled to £550 per annum each (£825 per annum in the case of the Chairman), and to a further sum calculated by reference to the excess of profits over the amount required to pay the Preference Dividend and an amount equal to a dividend of 5 per cent on the Ordinary Shares. It is now recommended that the Directors' Remuneration should be limited to £750 per annum in the case of the Chairman and £500 per annum in the case of each other Director.

THE WALL PAPER MANUFACTURERS LIMITED

Group's increased profitability and financial strength

MR. IVAN C. SANDERSON REVIEWS GROUP'S WIDESPREAD AND DIVERSE ACTIVITIES

The 63rd Annual General Meeting of the Company was held on the 28th November in Manchester. The following is an extract from the Statement by the Chairman, Mr. Ivan C. Sanderson, circulated with the Report and Accounts:

ACCOUNTS

The Group Profit before taxation amounts to £5,789,000 compared with £5,223,000 for the previous year, an increase of almost 11%. Taxation at £3,151,000 absorbs 54% of the profit.

K. L. HOLDINGS

K. L. Holdings have had an excellent year as wallpaper manufacturers and on their merchanting side.

SMITH & WALTON

The Smith & Walton businesses have made a modest profit: their contribution will grow as the benefits of integration accrue.

WALLPAPER DIVISION

In the early part of this year all our wallpaper factories which cater for the wholesale trade issued new books with the usual currency of two years. These new papers have been very well received and the Company enjoyed a record volume of trade from this new merchandise. A design from Palladio was again chosen for an award by the Design Centre this year.

PAINT DIVISION

The Walpamur Company is one of the largest paint manufacturers in the United Kingdom and has traded, since the first small beginning in 1906, exclusively in quality paints. Because Walpamur is so strong, it can afford to spend the very large amounts of money on research without which, in these days, no national paint concern can keep its place in the industry. During the recent recession in trade, there has been over-production in the paint industry and severe competition in margins but the Division has never debased quality. It is hoped that we are now coming into a period of expansion when this policy will enable the Division to increase its turnover materially.

PAPER DIVISION

The Division includes the papermaking plants devoted to making the base paper for our wallpaper fabtories, together with two other mills which are largely engaged in general papermaking. Good results have been achieved despite plentiful supply and competitive conditions in the trade as a whole. The Board has sanctioned the expenditure of £2 million for the erection of a central power station in Darwen to feed paper mills, together with Walpamur and the Potter wallpaper mill (the biggest in the Group) and other plants, with steam by pipeline and electricity by cable. This venture is scheduled to commence working during 1964.

SANDERSON DIVISION

Sanderson House in Berners Street is the headquarters of Sanderson administration. This Division controls the Sanderson wallpaper factory at Perivale and a vertical organisation which feeds its grey cloth and gum medium to its fabries factory. These fabrics and wallpapers are distributed at wholesale level by the Division at home and world-wide. In addition, Sanderson and their subsidiary businesses everywhere buy fine fabrics and wallpapers from the best makers at home and overseas in order to offer a complete range to their customers. A slight drop in sales of fabrics on the home market has been offset by increased exports of wallpapers and fabrics; this in spite of import restrictions in some countries overseas.

RETAIL DIVISION

It has been a year of high activity but less profitable than the year before on account of the necessity to modernise a great many of our recently acquired properties.

RESEARCH DIVISION

We started operating from our new headquarters in Wilmslow, Cheshire, in August of this year. We are now in very commodious buildings and can house our research engineers, our chemists and our physicists all under one roof.

JAMES FERGUSON & SONS

This subsidiary had a very successful year, maintaining its reputation for quality and its service to customers.

EXPORT TRADE

We do an important export trade as a Group in furnishing fabrics, wallpaper and in paint and to a lesser degree in powdered mica and in plastic powders. As time goes on it is necessary to give our customers more and more service in the way of stocking facilities and showrooms. This year we have been very active in establishing such premises in Australia, and in making further progress with retail outlets overseas.

FUTURE PROSPECTS

We must anticipate very competitive conditions on the wallpaper side of our industry. This is nothing new, and we look forward with confidence. Our distribution interests enable the public to receive our merchandise as inexpensively as possible. There are signs, which I hope will not prove ephemeral, that the paint industry is at last shaking itself free from some of its difficulties which are connected with over supply in relation to demand. The Paint Division is poised to benefit from an expansion in the cycle of trade. We have been temporarily halted in our paint manufacturing expansion overseas on account of political uncertainties. The Paper Division has spent a lot of money in modernising for high speed quality work. We expect to make and sell more paper to our wallpaper mills and to our customers. I expect the Sanderson Division to improve its position both at home and abroad through the combination of saving in expenses, stemming from capital expenditure, and a planned improvement in control. I am optimistic in the matter of our retail outlets on account of the improved results which flow from better shopkeeping in all its aspects. James Ferguson has started the year well and I expect this tendency to continue.

The Report and Accounts were adopted.

At an Extraordinary General Meeting immediately after the Annual General Meeting, new Articles of Association were adopted.

The Chairman announced that whereas in the past the Company had charged 2/6d. for the Registration of Transfers and Probates, in future no charge will be made.

COMPARATIVE FIGURES 1953 to 1962

Year ended 30th June	Group Profit before Taxation	Taxation	Net Dividends paid to Shareholders	Cash Flow (Profit Retained in Business plus Depreciation)	Group Net Assets	Additions to Fixed Assets in the Year
	£	£	£	£	£	£
1953	2,722,464	1,510,867	316,140	1,270,257	15,970,244	469,181
1954	3,229,587	1,689,260	409,129	1,485,698	17,207,255	337,484
1955	3,044,292	1,810,108	524,635	1,179,697	18,137,977	967,741
1956	3,739,338	2,166,069	621,845	1,360,925	20,120,929	2,514,539
1957	3,586,044	2,013,069	621,845	1,410,220	21,250,654	1,275,739
1958	4,032,148	2,329,318	670,374	1,680,619	22,598,184	1,505,089
1959	4,750,443	2,427,281	765,339	2,185,723	24,372,519	2,191,463
1960	6,198,714	3,353,002	920,872	2,796,211	26,837,440	4,495,009
1961	5,223,051	2,693,348	1,156,503	2,588,887	28,963,677	8,637,812
1962	5,789,560	3,150,712	1,265,086	2,974,036	40,005,219	2,829,198

MERLIMAU PEGOH

The fifty-third annual general meeting of Merlimau Pegoh, Limited, will be held on December 19th in London.

The following is an extract from the review of the Chairman, **Mr T. H. Miller,** for the year to March 31, 1962:

The results, after allowing for taxation of £136,750 have enabled a total dividend of 17½ per cent to be declared.

Market prices for natural rubber were considerably lower than in the previous year—the average spot London price for No. 1 R.S.S. for the year under review was some 5d. per lb. down at just over 2s. 0½d. per lb.

Total output of rubber amounted to 13,631,000 lbs. as compared with 12,178,800 lbs. for the previous year. Immature areas coming into bearing and increasing yields from other young areas contributed to the increase in output. The increase in crop is being maintained and output for the first six months to the end of September, 1962 amounted to 7,006,000 lbs. as against 6,627,000 lbs. for the corresponding period last year.

During the year we replanted 893 acres with rubber and 86 acres with oil palms.

The average spot London price for No. 1 R.S.S. for the six months to the end of September was approximately 1s. 10½d. per lb., which is almost 2d. per lb. lower than the average for the year under review. Fortunately the effects of any reduction in profit margins as a result of lower prices should be alleviated to some extent by the increase in output.

STOTHERT & PITT, LIMITED

The seventy-ninth annual general meeting of Stothert & Pitt, Limited was held on November 15th at Bath.

Mr R. A. Riddles, CBE (the chairman), presided and, in the course of his speech, said:

All Departments were fully employed and the volume of work during the year was the highest yet achieved, but increased competition has affected earnings.

Aggregate gross trading profit for the year before providing £432,270 for taxation and £127,669 for depreciation amounted to £995,681 as compared with £860,034 in the previous year.

You will appreciate that in these days of strong competition, continual technical development, though expensive, is vital and you will be pleased to know that we are very alive to this and are introducing a steady flow of new and improved models of the types of equipment which we produce. In this connection I would particularly mention a new Builders' Tower Crane which we believe is the only one of British design being manufactured in this country.

I feel that our policy of diversification and expansion was soundly based and has proved beneficial during a most difficult trading period. We are constantly reviewing the possibilities of diversification, but strictly within the perimeter of our own field and capacity to manufacture.

The report was adopted and a total distribution of 20 per cent approved.

REGIS PROPERTY COMPANY

REVENUE INCREASED

The twenty-fourth annual general meeting of Regis Property Company, Ltd., was held on November 27th in London, **Sir Aynsley Bridgland, CBE,** chairman, presiding.

The following are extracts from his circulated statement:

Last year I made reference to the increase in net property revenue from £629,224 in 1960 to £751,738. Today there has been a further increase in revenue to £845,603—a rise of £93,865. The net profit after tax and administration charges has only risen by £15,030—viz. from £207,345 to £222,375. The gross revenue this current year already shows an increase of 4.6 per cent over last year, and for the reason I gave last year should tend to rise substantially for some years to come.

I think, therefore, that we have every reason to expect increased net profits, but shareholders should be warned that the rate of growth of our gross rentals cannot be strictly related to the rate of growth of net income. So many different factors can arise that any calculations on this basis can be most misleading. Our future progress must depend partly on increased rents in respect of our present portfolio. We have had the benefit of increased rentals only to a modest degree since 1945/50, on the one hand because of the limitations of the Rent Restriction Acts on the flats and on the other because of the long leases on most of our offices. Rent restriction is still with us to the extent of 497 flats, but the old leases on our office properties are now commencing to lapse. Costs of maintaining properties have constantly risen since the war and are still doing so, and there is little chance of saving money in that field.

EXPANSION PROSPECTS

Our progress must also depend on the general level of interest rates which affect both our present net rentals and our future developments. We have felt that expansion of our portfolio by the use of money at high rates of interest would not in the long run be profitable. There are signs that interest rates are now falling, and as the result of the policy we have followed we shall be in a very strong competitive position to expand to the benefit of both our shareholders and our tenants.

We now propose to bring our capital more into relation with our assets by capitalising £3,300,000 of our reserves by an issue of one for one to existing shareholders. This will still leave us over £6,000,000 in capital reserves.

At an extraordinary meeting which will immediately follow our annual general meeting it will be proposed that the authorised capital be increased to £10,000,000, leaving £2,800,000 unissued for further expansion. We have no immediate intention of issuing the balance of the authorised capital but we must have room to manoeuvre.

At the same time it is proposed to reduce the Ordinary shares to 5s. units to facilitate market dealings in the shares.

The report was adopted and at the subsequent extraordinary general meeting the capital proposals were approved.

Groupement de l'Industrie Sidérurgique
Paris, France

G.I.S.

(Iron and Steel Finance)

The Annual General Meeting of G.I.S. was held in Paris on June 30, 1962, and the following are details of the report presented by the Board of Directors:

FRENCH STEEL INDUSTRY

The true consumption of steel in France allowing for movement in stocks increased during the year 1961 by about 5 per cent. Efforts to maintain exports at the level of 1960 despite sharp competition from foreign producers were crowned with success. The progress made by the French steel industry in 1960 to 1961 (+ 1.7 per cent) was higher than the average rate for the six countries of the European Coal and Steel Community (+ 0.6 per cent), while production in the United States fell by 0.8 per cent and in Great Britain by 9.3 per cent.

Expenses on works carried out totalled NF. 1,950m., an increase of 55.4 per cent over those of 1960 and 93.1 per cent over those of 1959.

On December 31, 1961, loans from public sources amounted to no more than 39.3 per cent (compared with 42.7 per cent at the end of 1960), of long and medium term debts of the industry, and debenture loans (individual or collective through the G.I.S.) amounted to 54.26 per cent (compared with 53.35 per cent at the end of 1960).

G.I.S. GUARANTEES AND LOAN

Total loans guaranteed by the Group fell by almost 10 per cent, from NF. 182,039,308.18 at the end of 1960 to NF. 164,344,342.04 on December 31, 1961, due to gradual repayment of existing loans.

A ninth Debenture loan was issued in October, 1961. Its proceeds were shared by 17 companies, each receiving an amount between NF. 6 and 80m. Repayment over 23 years begins only in the third year. Repayments will be made at three rates ranging from 115 to 125 per cent. Although this loan was appreciably higher than that of the previous year (NF. 450m. compared to 340m.) it was nevertheless covered without any difficulty in the same period, which proved the favour amongst the investing public of the issues of the G.I.S.

CAPITAL, PROFIT AND DIVIDEND

The capital of the G.I.S. was increased to NF. 127,500,000.

After payment of company taxes, profits amounted to NF. 2,404,595.82. After crediting the legal reserve with 5 per cent, the profit available for distribution amounted to NF. 2,284,366.02. It was proposed to distribute a dividend of NF. 1 gross (NF. 0.76 net) per old share issued on December 31, 1961, and to carry forward NF. 34,366.02.

The report, the accounts, and the proposals put forward by the Board of Directors were accepted unanimously.

SOCIETE ANONYME METALLURGIQUE
D'ESPERANCE-LONGDOZ
BELGIUM

The Annual General Meeting of the SOCIETE METALLURGIQUE D'ESPERANCE-LONGDOZ was held on October 23rd, and the following is a summary of the report presented by the Board of Directors.

The Company succeeded in overcoming the problems due to the lowest level of prices for iron and steel products since the last war. If the iron and steel masters of Europe really want to moderate the effects of the surplus of capacity over demand, they must harmonise more closely their investment and other policies and activities. This requirement led S.A. METALLURGIQUE D'ESPERANCE LONGDOZ to join in the setting up of *Allegheny Longdoz* for stainless steel sheet. Similarly, agreements have been made with nearby works to operate an electrolytic tinning line belonging to one of them. The Company hopes soon to make a similar agreement for galvanised sheet.

IRON AND STEEL

S.A. METALLURGIQUE D'ESPERANCE LONGDOZ produced a total for the year of much more than 700,000 tons of billets for the first time. Output of cold and hot-rolled sheet rose, especially from the hot strip mill. It took in 784,912 ingot tons, including 732,989 ingot tons of E.L. steel, 36,186 ingot tons of steel bought from other producers, and 15,737 tons of worked sheets. By September, 1961, a fourth stand was added to the tandem mill which was widened to 1,600 mm. In October, 1961, the annealing plant for expanded coils for special qualities was commissioned. The new skin-pass four-high mill and the shearing plant for 1,500 mm. sheet commissioned in 1961, are operating satisfactorily.

The autumn 1961 recovery in sales was due partly to the rebuilding of stocks by merchants. By the end of 1961 the Company's order book, especially for the E.E.C., had risen markedly. The improvement continued for the rest of the Company's year, thanks particularly to the recovery in the European motor-vehicles industry. The recovery on export markets was strengthened by massive Russian orders for worked rolled products. During the first few months of 1962, orders, especially from the European Coal and Steel Community countries, continued to overhaul deliveries. Thus, the Company despatched 630,000 tons of iron and steel products during the year, or 65,000 tons more than in the previous year. Although prices remained at a very low level within the E.C.S.C., they rose in other countries from 114 dollars a ton, the lowest level on record, to 128 dollars a ton. Progress and prospects for tinplate and zinc or zinc electroplated sheet are satisfactory. Sales of coal (at 1,427,237 tons), mostly to other divisions of the Company, exceeded production by 69,304 tons.

The capital was increased during the year by B.Frs.479m. and the Company raised an additional loan of $3m. from the High Authority of the Coal and Steel Community.

After deduction of depreciation (B.Frs. 538,937,077), financial overheads, workers housing fund and taxation and contingencies reserve contributions, the profit available for distribution was B.Frs.82,580,645. It was accordingly proposed to distribute a net dividend of B.Frs.200 per share, amounting to B.Frs.76,800,000 and to credit the reserves with B.Frs.5,780,645.

CRYSTALATE (HOLDINGS)

The Annual General Meeting of Crystalate (Holdings) Limited was held on November 27th in London, **Mr Jack Lesser,** chairman and managing director, presiding.

The following is an extract from his circulated review of the year to March 31, 1962:

The Consolidated Profit and Loss Account shows a profit of £80,083 as compared with £120,911 and Group Net Profits after taxation are £46,578 as compared with £55,645. The Directors recommend a dividend of 12½ per cent, less Income Tax, on the Ordinary Shares. The Consolidated Balance Sheet continues to show a sound financial position.

Notwithstanding the fact that in September, 1961, there were already signs of a fall in national industrial requirements the "Orders in Hand" position of the manufacturing companies, Crystalate (Mouldings), Ebonestos Industries and Mica Products, was quite satisfactory. Subsequently, new business became scarcer and before the close of the period under review, the value of our output began to exceed the value of orders being obtained. Additionally the increasing rise in costs has had to be absorbed and although in some sections output was higher than the previous year the overall profit margin was lower. In the last month there has been a more heartening inward flow of orders. Your Group enjoys a very strong asset and financial reserve position. Members can have confidence that the present trading recession can only be an enforced temporary halt in our forward progress and expansion.

The report and accounts were adopted.

CRAIGIELEA RUBBER PLANTATIONS

The thirty-seventh annual general meeting of Craigielea Rubber Plantations Limited will be held on December 19th in London.

The following is an extract from the circulated review of the chairman, **Mr T. H. Miller.**

The results, after allowing for taxation and replanting have enabled a dividend of 10 per cent to be declared.

The total crop for the year under review amounted to 5,601,000 lbs. as against 5,251,000 lbs. for the previous year. It is pleasing to report that the increase in crop is being maintained and that the output for the first six months to the end of September, 1962, amounted to 2,771,000 lbs. as against 2,737,000 lbs. for the same period last year.

We replanted 657 acres of rubber during the year under review and we are dealing with approximately 400 acres this year.

The average spot London price for No. 1 R.S.S. for the six months to the end of September was approximately 1s. 10½d. per lb. which is almost 2d. per lb. lower than the average for the year under review. It seems likely that we will finish the year with a lower average price for our rubber than that which we received last year.

Whilst there may be increasing competition from synthetic rubbers, it is felt that the prospects for the natural rubber producing industry have many encouraging features.

Settled labour conditions and the stable Government in Malaya are a continued source of confidence to producers.

Welcome easing of purchase tax and home restrictions

B.M.C. ready to meet world-wide trend to smaller cars

Mr George Harriman in his annual statement to B.M.C. shareholders made the following points:—

B.M.C.'s programme of expansion, decided upon three years ago with new and advanced designs in prospect, sprang from confidence that B.M.C. products would continue to increase their popularity both at home and overseas. The revolutionary 'Minis' recognised the progressive and world-wide trend towards smaller cars and production of them last year reached a new high figure at 182,864. Production of the new Morris '1100' and M.G. '1100' is increasing to meet a very healthy order book.

Recent improvements in the 'B' range saloon cars have been followed by a new range of Austin-Healey and M.G. sports cars giving new impetus to B.M.C.'s competitive strength at home and abroad.

New B.M.C. factories—at Llanelly producing sub-assemblies, the domestic equipment factory at Kirkby and the commercial vehicle factory at Bathgate are progressively relieving the parent plants of many production operations to enable concentration on greater 'Mini' and '1100' output without prejudice to the other popular models.

The new Morris '1100'

The recent relaxations of credit and the progressive reductions in Bank Rate and Purchase Tax are welcome, for our continuing export effort depends as much as ever on a strong home market.

THE BRITISH MOTOR CORPORATION

THE INDIAN IRON & STEEL COMPANY, LIMITED
(Incorporated under the Indian Companies Act 1913)

TARIFF COMMISSION'S REPORT AND GOVERNMENT'S DECISION

The Annual General Meeting of The Indian Iron & Steel Company, Limited, will be held on December 11th in Calcutta.

The following is an extract from the statement by the Chairman, **Sir Biren Mookerjee,** which has been issued to the shareholders for the year ended March 31, 1962:

The production of iron for the year at 1,187,397 tonnes and of steel ingots at 934,498 tonnes shows a small increase over the previous year. Yet in fact the rate of production remained more or less the same in the two years.

This apparent anomaly is due to the fact that there was a railway strike last year during which period there was a stoppage of all raw material coming into the works. As stocks of coal had run down to only four days' requirements, it left no alternative other than to carefully damp down all the four blast furnaces one by one as well as to reduce the input of coal into the coke ovens just to maintain sufficient heat to prevent damage to those plants. This calculated shut down last year, carried out under careful scientific observations by Works' executive experts, resulted in a computed total loss in production of some 27,000 tonnes of ingot steel. It will be seen, therefore, that while this year's production shows an increase over last year of 20,339 tonnes, it is in fact on the basis of actual rate of production less by some 6,000 tonnes.

DIFFICULTIES OF ACHIEVING PRODUCTION TARGETS

In this connection I would like to emphasise, that ever since the new blast furnace and melting shop expansions were completed some time round about the middle of 1959, every effort has been made to go all out to reach the rated capacity of iron and steel production. But we failed each year to achieve this owing to the poor quality of raw material and particularly in the case of coal, a quality almost unusable. Added to these difficulties there was the ever persistent irregularity of transport. How then in the face of these insurmountable difficulties can Government insist that 100 per cent production is to be maintained? Steel qua steel may be made at the cost of quality. Is that then what the Government desire, a sacrifice in quality and a mass rolling of unrequired sections of steel for the sake of production records?

RETENTION PRICE OF STEEL

In my statement last year I made reference to the Tariff Commission's enquiry in connection with the fixation of the retention price of steel effective from April 1, 1960. The Tariff Commission submitted its report to the Government in April, 1962, and it was not until September 7, 1962, that the Government's decision on this important matter was announced in Parliament according to which steel retention prices were increased by Rs. 10.50 per tonne on an assumed product mix basis commencing from April 1, 1960, as against the Tariff Commission's recommendations of an increase of Rs. 38 per tonne over the provisional increase announced by Government in February, 1961.

Apart from the fact of Government's rejection of the Tariff Commission's deliberations and conclusions it has come to an ad hoc decision totally divorced from the conditions specially laid down in 1953 for the calculation of retention prices of steel, after taking into consideration repayment of loans to Government and the World Bank (International Bank for Reconstruction and Development), maintenance of regular dividend and putting into reserve statutorily or otherwise sufficient sums in order to enable the Company to remain healthy and to continue to increase production and achieve expansion out of its own resources as and when the country needed extra steel. It now appears from Government's latest announcement in the papers that the Tariff Commission's sins are that it arrived at its conclusions according to these formulae and conditions laid down by Government earlier and according to which your Board of Directors agreed to accept loans on your behalf for the expansion schemes. If now these conditions and formulae for calculating retention prices are changed for the worse, as has been announced recently, there is little or no hope of further expansions to your plant.

It is my sincere suggestion that the matter should be reconsidered and given a second thought by Government. It must also be remembered that when vital issues of this nature are referred by Government to an independent semi-judicial and expert body like the Tariff Commission, its recommendations should not be flouted in the manner in which it has been done in this case, as it is bound to undermine confidence in the private sector and definitely make foreign aid participation very doubtful.

NEED FOR MAXIMUM INCENTIVE

It can be safely vouched and nobody will deny the special position and importance of the steel industry in our country, particularly in an era of expanding economy based on rapid industrialisation. Contribution made by this Industry in the past, specially in the field of saving foreign exchange is very considerable. Is it not a matter of elementary economics that the benefit of maximum possible incentive should be extended to the industry to allow it not only to exist, but to function and produce on as high and efficient a level as is possible? Why then deny it a healthy climate all round to earn a reasonable return on the capital employed, which is largely being ploughed back from profits and maintain an increasing output, thereby enhancing the growth of national wealth?

TOLEDO WOODHEAD SPRINGS
(Spring and Lockwasher Manufacturers)

A VERY SUCCESSFUL YEAR

The twenty-fourth annual general meeting of Toledo Woodhead Springs Limited will be held on December 19th at Coronation Works, Aycliffe, Co. Durham.

In his Letter to the Shareholders accompanying the Report and Annual Accounts 1961-62, **Mr Frank Woodhead** states:

Our main business, that of manufacturing suspension springs, is closely tied with the fortunes of the motor car and commercial vehicle industries.

The year under review showed a recovery of the motor car industry at home from the depression of the previous year; trading conditions were, therefore, reasonably satisfactory but were marred by unsettled labour relations within the industry. In spite of this your Company's trading results have been, I think, very successful. The total group trading profit this year before charging depreciation is £165,186, which is little short of our best results to date.

Seasonal quietness reduced our deliveries to the vehicle manufacturers in the early part of the year but for the remainder of the year our productive facilities were operated to capacity.

During the year our efforts, to increase our export of suspension springs were successful, in fact, our exports for the year under review rose to a record level.

We do not lack confidence in our ability to make the most of the opportunities that lie ahead and with the group results which show an improvement upon last year, the Board have pleasure in recommending a final dividend of 12½ per cent making a total distribution of 20 per cent for its year.

ALSTONS LIMITED
PRECIS OF PRESIDENT'S REVIEW

At the Annual General Meeting held on November 20th the Directors' Report and Annual Audited Accounts for the fiscal year ended June 30, 1962, were adopted.

The Profits of the Company after taxation, write-offs and transfer to reserves totalled $748,678. Preference and Ordinary Dividends absorbed $475,537, leaving $273,141 to be carried forward.

A resolution was passed for the payment of final dividend of 10 per cent (less tax) in addition to interim dividend of 6 per cent (less tax) paid in April.

The Consolidated Group Accounts revealed profit (after taxation and write-offs) of $1,049,312 of which profits attributable to shareholders of Alstons Limited (after adjustments and transfers to reserves) totalled $740,339. Capital and Revenue Reserves totalled $5,392,742 by comparison with $4,651,817 at June 30, 1961.

Resulting from the take-over bid in July, 1961 by Caroni Limited for share capital of Woodford Lodge Estates Limited, a capital gain of $379,551 on disposal of the Company's shareholding was realised.

Caribbean Development Co. Ltd., maintained payment of a 25 per cent Ordinary Dividend, although the trading profits were considerably less than those of the previous year due to general trade depression which affected trading business of the territory.

The subsidiary Brewing Company in Grenada made a small profit while the Brewing Company in St Kitts made a small loss.

With the exception of Styrotex (Caribbean) Ltd., and Metal Products Ltd. which incurred losses, all the other subsidiary companies maintained satisfactory results. Tugs & Lighters Ltd. maintained its rate of dividend on the increased issued capital.

The President referred to the sad loss that the Group suffered by the death of Sir Gerald Wight, who retired in 1961 as a Director, but who had been appointed as a consultant of the Parent Company.

KAMUNTING TIN DREDGING

IMPROVED RESULTS

MR ADDINSELL'S STATEMENT

he forty-ninth annual general meeting of iunting Tin Dredging Limited was held on ember 27th at 55-61, Moorgate, London, 2, **Mr J. Addinsell** (the Chairman) presiding.

he following is the Chairman's statement the year ended March 31, 1962, which had ı circulated with the report and accounts and taken as read:

ince our General Meeting last year Douglas Waring, CBE, has accepted an in- ion to join the Board. His very considerable vledge of the tin industry, particularly in ion to Malaya where he lived and worked nany years, will, I am sure, be of the greatest : to your Company.

ıe total production in Malaya and Thailand 1,444 tons concentrate against 1,592 tons year, when it will be remembered that we in addition the benefit of sales of minehead is totalling 269 tons.

ıe output for the year was achieved notwith- ding the fact that, as I reported in my statement to shareholders, our No. 6 dredge lalaya ceased productive operations on the ta Taiping area on September 12, 1961. average price realised for sales was equiva- to £912 per ton of metal against £775 per or 1960-61.

ACCOUNTS

ıe profit for the year was £398,750 com- d with £364,210 last year. Taxation takes 2,000 and we have transferred £5,137 to tingencies Reserve and in addition have :d to this Reserve the proceeds from the sale ır No. 4 dredge. The interim dividend paid March 9, 1962, absorbed £51,201 and your ctors now recommend a final dividend of per cent which will take £153,604. The remaining to be added to our Carry For- l is accordingly £26,808 and brings this e up to £117,934.

ıe Contingencies and Transfer of Dredges rves now stand at a total of £637,500, which ld ensure that we have sufficient funds to the heavy expenditure we are now ring on the transfer of the two Malayan ges.

aring the year the Malayan Government d the Company's contributions to the first Buffer Stock, together with our share of the surplus, amounting in all to £131,900 and since the close of the year we have received from the Thai Government our contributions and surplus amounting to some £58,000. Meanwhile, contributions are still being collected from the Company in respect of the second Buffer Stock.

The No. 5 dredge in Malaya ceased productive operations on June 21, 1962. This dredge was kept working in low value ground as long as possible but when it became uneconomic to continue dredging arrangements were made for its dismantling and transfer to the Company's Eastern Tailings Area. This operation will take about 12 months to complete and the dredge should therefore be ready to start work on this area fairly early in the second half of 1963. The reconstruction of the No. 6 dredge on the Taiping Rubber Company's Area continues and this, the Company's largest unit, should be ready to start working the area about the middle of 1963.

THE OUTLOOK

Shareholders have been frequently warned that the dredges transfer programme must necessarily have its effect on our output and profits for the year ending March 31, 1963, and dividends must likewise be affected, but your Board will consider at the appropriate time what dividends can be paid taking into account the carry forward on Profit and Loss Account and the liquid resources available.

Meanwhile we should be encouraged by the prospect of both our Malayan dredges being back in production in their reconstructed form during the latter half of 1963, and I am pleased to report that work on these dredges and on the new properties in which they will operate is well up to schedule.

The task of dismantling, transferring and rebuilding a large dredge is one which involves very considerable planning and hard work and I should like our General Managers, Anglo-Oriental (Malaya) Limited, to know that we fully appreciate the work they are doing and accordingly to them, and to the staff, the labour force and all who have contributed to the Company's well-being and its future, I offer once again our grateful thanks.

As the result of an amendment to the Companies Act, 1948, the Company was enabled in July of this year to open a branch register in Malaya for the benefit of shareholders in that country and Members were informed of this arrangement by circular dated June 27, 1962.

The report and accounts were unanimously adopted.

METROPOLITAN ESTATE AND PROPERTY CORPORATION

The following are extracts from the Report and Accounts for the year ended September 30, 962, which contained the Statement of the Chairman, **Mr. R. J. Dickinson.**

	1962		1961
	£		£
Gross Income	3,043,362		1,959,529
Net Profit for the year	1,079,751		748,456
Ordinary Dividends Paid (net)	891,402 (9½%*)	(13½%)	629,308

*On capital as increased by 50% scrip issue

CAPITAL

Authorised		Issued
£2,500,000	4½% Cum. Pref.	£2,025,000
£17,500,000	Ordinary	£15,319,478
	Reserves £13,804,665	
	Debenture and Loan Capital	£13,644,813

16, HANOVER SQUARE, LONDON, W.1.
also Manchester, and Toronto (Canada)

BRITISH ELECTRONIC INDUSTRIES LIMITED

SUBSTANTIALLY IMPROVED CURRENT TRADING

"OUR FUTURE SHOULD BE A VERY BRIGHT ONE"

The second annual general meeting of British Electronic Industries Limited was held on November 22nd in London, **Mr C. O. Stanley, CBE, LLD, FCGI** (the Chairman), presiding.

The following is an extract from his circulated statement:

Despite the severe cut in dividends and the fall in profits, my confidence in the future of the business and its return to a satisfactory dividend-paying situation is not only greater but more solidly based than it was this time last year.

There are two reasons for this, both of great importance to every shareholder. The first is the decision taken by the Government to introduce 625 instead of 405-lines as the British standard of television. The second is that we now have complete executive control of the Ekco business.

I have already said to our shareholders that the very existence of the television business has been dependent upon the Government taking the right decision on the 625-line issue. Now, with this decision, a future full of enormous possibilities has been opened up.

Britain is to have a new television standard and there is a huge population which will demand any new television service.

The Chairman then reviewed the Group's widespread interests at home and abroad and, in dealing with the trading results, said: Aggregate profits from our activities in telecommunications, scientific instruments, telephones and other non-domestic products and from our subsidiaries in Australia and New Zealand exceeded £2,000,000, which, together with more than £400,000 from trade investments, were sufficient to cover debenture and other interest, preference dividends and the 15 per cent dividend which we paid last year on the Ordinary Shares.

Having regard to these results it is very regrettable that there has as yet been no revival in the domestic television industry and heavy losses were incurred in 1961-62. Considerable reorganisation and consolidation have been carried out to eliminate the losses arising from over capacity and overhead expenses have been severely cut. The benefits from these actions are beginning to have an improving effect on the trading prospects for 1962-63, but it is imperative that we retain our ability to increase production and be ready for the expansion of business expected when 625-line transmissions commence.

CHAIRMAN'S ADDITIONAL REMARKS

Addressing the Meeting, the Chairman said:

We have examined very carefully our trading situation up to the end of October after seven months of the year have elapsed, and our figures to that date indicate a net profit several hundred thousand pounds higher than the figures at the same time last year.

If our figures continue to show the same trend as has taken place this year, we should, by the end of our financial year, be in a position

to make a substantial increase in our rate of dividend.

Our figures for the revaluation of land, buildings, plant and machinery are now completed and show an increase in these valuations over the book values of nearly seven million pounds.

We have completed in the last few months a cross-licensing agreement between your Company and the Radio Corporation of America and also a similar agreement with the Western Electric Company. In this business the cost of research and development can become a very heavy burden and we hope that these two agreements will make available to your Company the benefits of great research expenditure undertaken by these companies and at the same time effect economies in our own research and development expenditure.

The recent increase in the Investment Allowance should help those sections of our business which are engaged in the manufacture and sale of capital goods, which, today, represent a substantial part of our business.

The Government's policy regarding the commencement of one new television network is now known and in 1964 the new Service will cover London, Birmingham, Manchester and the North, while, in the following year, a further new eight or nine stations will go on the air. This opens up not only a very large market for the sale of television sets but, in addition, a market for the new transmission and link equipment which will be required to establish the new system across the country.

Although our industry has had a rather long wait for the signal to go ahead, we can now say that at last we know our future should be a very bright one.

The report was adopted and an Ordinary dividend of 2½ per cent approved.

W. & C. FRENCH LIMITED

The annual general meeting of W. & C. French Limited was held on November 27th in London, **Mr Charles S. French** (the chairman) presiding.

The following is an extract from his circulated statement:

The Accounts for the year ended March 31 last show a marked improvement. The Gross Trading Profit has increased from £71,133 to £722,108, an increase of £650,975. This increase has been derived from contracting work only slightly greater in volume than in the preceding year and despite a further loss of £174,050 on the Crossness contract. The Net Profit for the year before taxation amounts to £177,501 as compared with a loss last year of £290,714. The Directors are recommending a dividend of 6½ per cent on the Ordinary and 'A' Ordinary Share Capital.

Contracting work progressed well throughout the year and a higher proportion of our contracts than ever before showed a satisfactory margin of profit. The L.C.C. Crossness contract operated at a loss throughout the year and continues to do so, but on a much reduced scale. The Directors are satisfied that any further losses on this contract, which will be substantially completed next year, will not have a material impact on the overall trading results.

The value of contracts on hand exceeds that for the preceding year, progress has been good throughout the summer months and preliminary figures show a satisfactory level of profit. Given average working conditions there is every reason to expect that the level of profit will at least be maintained and possibly improved upon.

The report was adopted.

SUNGEI BAHRU RUBBER

The thirtieth annual general meeting of The Sungei Bahru Rubber Estates, Limited, was held on November 27th in London, **Mr J. R. Tannock** (the chairman) presiding.

The following is an extract from his circulated statement:

The increase in the rubber crop of 90,000 lbs. over that for the previous year has gone a long way towards off-setting the fall of nearly 2d. per lb. in the price realised for the commodity and the resulting group profit of £61,844 compared with £69,800 for 1960-61 can, I think, be considered most satisfactory.

We are now beginning to reap the benefits of the replanting which has been carried out during the last decade. The over-all yield per acre for the year was 902 lbs., compared with 828 lbs. for 1960-61 and 772 lbs. for the previous year. The crop for the first three months of the current year shows an increase of 99,000 lbs. over the corresponding period under review, and I am hopeful that the crop for the year will exceed 2,000,000 lbs. for the first time.

Associated Companies: Clarke's of Stillington Limited, the firm of Steel Stockists in which we have a large interest, has had a disappointing year. Scotia Investments Limited operates a Holiday Camp in East Cornwall, through its wholly owned subsidiary—Seaton Valley Co. Limited. We have a substantial interest in this venture, and I am happy to report that the Camp has had a most successful season.

The report was adopted and a dividend of 10 per cent approved.

S. SIMPSON LIMITED

(Manufacturers of DAKS Clothing)

The twenty-ninth Annual General Meeting of S. Simpson Limited was held on November 22nd in London.

Dr S. L. Simpson, the chairman, presided.

The following is an extract from his statement:

The further wage increases during the year and some increase in overhead costs, together with the maintenance of selling prices, were responsible for the slight decrease in profit, which was minimised by increased efficiency drives.

Our Export trade has not progressed in all markets owing to special circumstances affecting some countries. Canada has been particularly disappointing owing to the continuation of the recession, revaluation of the Canadian dollar and import duties increased to 32½ per cent. In Australia, our bookings for 1962/3 have improved and our orders continue to represent a considerable proportion of imported high quality men's clothing. Manufacturing under licence in South Africa has gone through teething troubles, and a recent visit of one of our executives should lead to satisfactory progress. Our sales in the United States have again resumed an upward trend and, given general trade expansion, our trade in U.S.A. should make further advances. Our progress in Europe is noteworthy, and during the past five years there has been a steady increase in sales. This favourable trend should be considerably accelerated if the United Kingdom joins the Common Market.

SUSTAINED DEMAND

The sustained demand for DAKS clothing in the Home Market is indeed gratifying and we have combined with our Retailers in many successful promotion schemes throughout the country, such as the successful Carnation and Clubman schemes. There is no doubt that the name DAKS is synonymous with high quality clothing of modern design and made from the finest cloths in the world with superb craftsmanship. This tradition, which dates from the foundation of S. Simpson Ltd. in 1894 by a Master Craftsman, is the basis of our leadership in the clothing world. In accordance with this, the pace of training operations for the recent extension in Larkhall is based on quality and not quantity, and is in keeping with our plans for the steadily progressive utilisation of the supplementary capacity.

Your wholly owned Subsidiary Company, Simpson (Piccadilly) Limited, has had another successful year, with an increase in the number of customers being served. The reduction from 500 dollars to 100 dollars in the allowance given to visitors from the United States, under the American Government's Customs Regulations, continues to have some adverse effect upon trading in our Export Department, but new customers from all parts of the world discover Simpson's Piccadilly. There is widespread appreciation of the special character and quality of the goods our unique Store offers. Our Women's Department continues to lead Fashion Trends and DAKS skirts and DAKS sleekers are very much in demand. The decision to introduce one-way traffic into part of Piccadilly had the effect of making the road outside the main entrance resemble a racing track for several hours in the day. In the early days this one-way route undoubtedly had an adverse effect upon trading, particularly during spells of bad weather, but fortunately this is no longer the case.

C.L.R.P. INVESTMENT TRUST

LARGER DISTRIBUTION

The thirty-second Annual General Meeting of C.L.R.P. Investment Trust Limited was held on November 28th in London, **Mr H. D. Curry,** Chairman and Managing Director, presiding.

The following is an extract from his circulated statement for the year to August 31, 1962:

Owing to the 40 per cent increase in ordinary capital by the rights issue at par in July, 1961, few items in the revenue account for 1962 can readily be compared with the previous year.

One way of comparing the recommended ordinary dividend of 15½ per cent for the year under review with 1961 would be to say it is equal to 20 per cent on the capital before the issue, i.e. an increase of 1 per cent and permits 4 per cent on the £250,000 of new ordinary capital. The total distribution on preference and ordinary capital this year absorbs 76.82 per cent of net revenue as against 74.32 per cent last year.

The purchase of all the shares in an Australian Property Company called Noani Court Pty. Ltd. should prove a remunerative investment.

The net asset value of the ordinary 5s. stock units at August 31 last was 20s. 3d. At a price of 17s. 9d. the earnings yield on the 5s. ordinary stock units is 5.9 per cent and the dividend yield 4.3 per cent.

The report was adopted and the proposed re-conversion of the ordinary stock into shares was approved.

COMPANY AFFAIRS

In the London stock market prices stood up well at the end of last week to the by-election results. This week equity prices, helped by the sustained rally on Wall Street, moved ahead again and over the week to Wednesday's close The Economist *indicator gained 6.2 points to 354.9. After a brisk start to the account on Monday business has been relatively quiet. Following the encouraging statement from Combined English Mills cotton textiles shares scored good gains but the sharpest gains once again came in new issues.*

Halfway Stage

THE number of companies adding a few words of comment and profit figures to their interim dividend announcements is growing. The Jenkins committee blessed this practice without, however, insisting that it should be made obligatory—reasonably, for seasonal factors can play ducks and drakes with half yearly profits. But for those companies where the passage of the seasons is less important, efforts to keep shareholders informed at a shorter interval of time than twelve months are welcome. They can on occasions force the stock market to revise its opinions.

Great Universal Stores.—The interim dividend has been rounded up from the equivalent of 9¾ to 10 per cent. The smallest total dividend that shareholders can expect for 1962-63 is 30 per cent and, judging by the results for the six months to September 30th, it could well be higher. Sales, including those on hire purchase, have risen and gross profits have advanced £12.6 million to £13.3 million and net equity earnings from £5.3 million to £5.7 million. GUS's mail order business has continued to do well and in a difficult period its furniture and radio and television divisions have added to their sales.

Metal Box.—The main feature of the six months' trading to end September was a substantial improvement in demand at home where sales rose from £34 million to £38.9 million. On the other hand sales overseas at £14.3 million although higher than a year ago were below those in the six months to March 31st and profit margins on overseas sales fell further. In all trading profits for the group rose by 9 per cent from £4.3 million to £4.7 million. The directors do not expect any further increase in home demand in the second half of the year although they say that home sales and profits should be higher than they were in the six months to end March, 1962. Overseas profits are expected to remain at the level of last year. The interim dividend is maintained at 5 per cent; last year's full payment of 12 per cent was covered twice.

Allied Ironfounders.—Two years of falling profits and a cut from 20 to 15 per cent in the 1961-62 dividend had shaken the faith of investors in Allied Ironfounders, which includes the "Aga" range of products among the goods it sells to the building trades and householders. The directors are still cautious for in the face of a gross profit of £1,400,000, against £1,100,000, in the seven months to October 31st they have left the interim unchanged at its reduced level of 5 per cent on the grounds that the rate of improvement in profits may not be maintained over the rest of the financial year. But it looks as if the corner has been turned and that an early restoration of the dividend to 20 per cent may now be possible.

Berry's Electric Magicoal.—In contrast, it looks as if the days of exceptionally rapid growth for this manufacturer of electric fires are over—at least for the time being. The chairman suggested something of the sort in his last statement and it now appears that sales, while still high, are not matching the record figures of 1961-62 and a fall in profits is expected. Allowing for the one-for-two scrip issue, the interim dividend at 6½ per cent is effectively unchanged. The possibility that the 1961-62 rate of 45 per cent would be maintained on the increased capital now looks remote.

British Plaster Board.—Though this company's interim dividend has been left unchanged at 4 per cent. it is possible that the total for 1962-63 will be higher than the 12½ per cent paid for 1961-62. This is suggested by the increase in gross profits from £1,721,000 to £1,833,000 in the six months to end-September and by the statements that the demand for building materials at home has been maintained at a high level and that BPB's business overseas continues to make progress. The snag is that BPB will have more ordinary capital to service, for, as a result of an agreement to exchange technical information with United States Gypsum, the latter company will acquire a 15 per cent equity interest in BPB at 24s. 7½d. per share. This will cost US Gypsum about £4.1 million (thus putting BPB well in funds again) and in return BPB will spend nearly $700,000 in acquiring 10,000 shares in US Gypsum. Shareholders have to agree to this deal. There is no reason for opposing it.

Prices and Yields

	1962 High	1962 Low	Div. %	Price, Nov. 29	Yield %
Allied Ironfounders (£1)	60/6	33/9	15	59/9xd	5·0
Berry's Magicoal (5/-)	52/6	37/6	30	36/7½	4·1
Br. Plaster Board (10/-)	29/6	20/10½	12½	29/11½xd	4·3
G U S 'A' (5/-)	48/9	38/4½	30	47/-	3·2
Metal Box (£1)	85/6	67/-	12	73/9	3·3

Combined English Mills

COTTON textile shares have been much brighter this week following the statement of Sir Cuthbert Clegg, the chairman of Combined English Mills. In the year to September 30th a net profit of £465,000 was translated into a net loss of £115,000; but although the dividend has been cut from 6 to 4 per cent, the volume of sales has tended to improve recently. Until midsummer the increase was too small to arrest the decline in margins, and the results would have been much worse if production had not been concentrated into fewer units working longer hours, and extensive re-equipment and modernisation put in hand. Since the summer demand has picked up sufficiently to make it possible to refuse unprofitable business. Sir Cuthbert adds that present indications are that manufacturers' stocks are falling and that many weaving and hosiery firms are fully employed and delivering all their production.

For several months there have been suggestions in the industry that the worst of the recession was over, but investors may be too optimistic if they are expecting the recovery to be as sharp as that which followed the 1959-60 recession when the trading profits of Combined English jumped from £119,000 to £806,000. Since then Commonwealth imports have continued to rise. Sir Cuthbert argues that public confidence in the industry would be strengthened if it accepted that considerable imports of cheap cloth were here to stay. As these ceilings have already been fixed by the Government until 1965, he says "we must carve out a market which takes these imports into consideration." The £1 shares have gained 1s. 10½d. this week to 10s. 3d. to yield 7¾ per cent. Last year they touched 17s. 7½d.; their net asset value is 42s.

Joseph Lucas

HOW did Joseph Lucas achieve such good results last year? The accompanying table shows an improvement in profit margins and the chairman, Sir Bertram Waring, attributes this partly to higher selling prices for some Lucas products but primarily to economies now being achieved in the vehicle equipment business through improved designs and better manufacturing. The rapid development of the group's overseas business both in direct exports and in local manufacture overseas is allied to both.

Last year about £4½ million was spent on factories at home and overseas and some £3½ million on investments in other companies (including the purchase of a 40 per cent interest in Ducellier et Cie, the largest motor electrical component manufacturer in France). At the end of July bank overdrafts were nearly £4 million higher at £5.2 million and have risen further since then. Short-term debts will be eliminated by a £4 million bond issue in Switzerland and a £10 million debenture issue in this country and enough cash will be available to meet future expenditures, already reflected in capital commitments of £3.4 million.

Years to July 31	1960 £000's	1961 £000's	1962 £000's
Sales	122,600	123,200	124,700
Trading profit	10,746	9,489	10,221
Gross profit	8,073	6,741	7,272
Net profit	2,923	2,368	2,480
	%	%	%
Ordinary dividend	13¾	13¾	13¾
Trading profit/sales	8·8	7·7	8·2
Net profit/sales	2·4	1·9	2·0

Capital spending on this scale is being made with the "exciting" prospect of Britain's entry into the common market very much in mind. Joseph Lucas is certainly one of the companies that would gain from this. Sir Bertram welcomes the cut in purchase tax on cars on the grounds that a vigorous export business in vehicles can only be sustained by a healthy home market. The stock market is optimistic about Joseph Lucas's prospects. At 74s. 6d. the £1 shares yield 3¼ per cent on the unchanged dividend of 13¾ per cent, compared with nearly 5 per cent a year ago. An increase in the dividend in the current year is clearly discounted.

Plessey

SHAREHOLDERS in Plessey, somewhat bewildered by the turn of events in the company in the last few months and by the fluctuations in the shares, have received this week a full explanation in the first and last statement of the caretaker chairman, Sir Harold Wernher, who will be succeeded by Lord Kilmuir at the end of the year. The major happenings were the mergers with Automatic Telephone and Electric and Ericsson Telephone in October, 1961, and the death of the chairman, Sir Allen Clark, on the last day of the financial year, June 30th. This was followed by a difference of opinion in the boardroom about executive appointments and policy, after which three directors retired and Field Marshal Lord Harding, Mr Harold Watkinson and the chairman elect were appointed to the board. The fees of the directors are to be raised from £250 to £2,000, but the directors' total emoluments are likely to be substantially reduced from the exceptional level of £474,000 in 1961-62, of which £260,000 represented the contractual commission of 4 per cent on pre-tax profits paid to the late chairman.

Profits before tax at £6½ million were higher than had been generally expected. The profits of the original Plessey business improved despite the difficulties of the television and domestic appliance industries to which it supplies many components. The company is now reaping the benefits of the policy of diversification into electronics and allied fields. Garrard Engineering also enjoyed a more profitable year and it has a peak order book for its record players and changers. On the telephone side, Automatic Telephone made a loss in 1961 but has since made a good recovery. The improvement in profits in the telephone group and elsewhere is expected to continue as integration proceeds. Moreover, the current year will include a full year's profits from the new telephone companies compared with eight months in 1961-62.

The balance sheet reveals a sharp fall in liquid resources to £10.4 million as a result of the acquisitions and other additions to fixed assets. There is now also a bank overdraft of £6.3 million. At 44s. 9d. the shares are about 30 per cent above this year's low and yield 3.4 per cent on the dividend as raised from the equivalent of 12¾ to 15 per cent—a return which appears to look well beyond the immediate benefits of rationalisation within the group.

Associated British Foods

OVER the past decade earnings of Associated British Foods have risen 2½ times while dividends have risen from the equivalent of 3¼ per cent to 22½ per cent. This record of growth helps to explain the low yield of 2¼ per cent now offered by the 1s. shares at 9s. 8½d. xd.—in the last two years the yield has been as low as two per cent. But will comparable growth be possible in the future? When a group grows as big and as rapidly as Associated British Foods further growth becomes less easy to achieve, and expansion of assets and sales does not always lead to bigger profit margins.

This is illustrated in the Associated British Foods report by the experience of the Howardsgate retail grocery division—this includes Fine Fare—which has been involved in a rapid expansion of supermarkets. The cost of opening 80 such stores last year is reflected in a fall in this division's pre tax profits from £863,000 to £529,000, which the chairman, Mr Garfield Weston, says is "a small price indeed to pay for the future prosperity of the company." This has the necessary sound of confidence, since a further 100 supermarkets will probably be opened in the current year. Moreover the published figures may not reflect the full cost for they carry an auditors' qualification in respect of trade creditors of £5.7 million and stocks of £1.9 million, arising from accounting difficulties associated with the pace of expansion; if these two items have to be adjusted, the auditors say, a "material effect" might follow for the amount shown as profit. In all ABF's sales rose by £20 million to £183 million and pre tax profits from £8.7 million to £9.3 million but if the method for calculating the depreciation charge had not been changed profits would have been £8.8 million. The bakery division remains the mainstay of the business and Mr Weston says that there are signs that decline in national consumption of flour products has been halted. The group's biscuit companies increased their share of the market and the 15 per cent purchase tax imposed in the last Budget has not adversely affected sales.

Since the end of the financial year ABF has sold the Neilson ice cream business to J. Lyons; the sum is undisclosed but it will help to finance expansion elsewhere, notably in flour milling and in Europe and Australia and New Zealand. Capital commitments at the year end amounted to £5½ million but during the year £6 million was raised by a debenture issue and almost £4 million by a rights issue. The cash flow is now close to £8 million, comfortable for meeting development costs, and £A5 million is being raised locally in Australia.

Handley Page

THE death of Sir Frederick Handley Page last Easter led to a good deal of activity in Handley Page shares on renewed hopes of a take-over. These have not materialised so far and the shares slumped sharply a week ago on the results for 1961, which showed a net loss of £828,000 against a net profit of £190,000. Shareholders were told when eleven months of the financial year had passed that results should be at least up to those of 1960. The loss arises largely from writing off all research and development expenditure and tooling costs on the Herald and all excess costs on producing the first batch due to be completed early next year. The Herald has been priced on the basis of average costs with quantity production and the write off suggests that the gap between the break-even point of 80 or 90 planes and actual orders is still wide. The write-off relieves future years of any such charge and a clear slate for the Herald may point to better profits in future.

But, apart from the Herald, profits were falling last year and in cutting the dividend from 15 per cent, which has been paid each year since 1954, to 5 per cent the directors say that they have taken into account "the likely results for the current year." The directors should give a definite indication of current profits in the full report. In the meantime the 5s. shares show a net loss of 2s. and at 10s 10½d. yield 2½ per cent. The net asset value of the shares still must be higher than the market price but the latter is sustained only by the possibility of a bid.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
Oct 24	313·5	5·55		
,, 31	330·2	5·26		
Nov 7	336·4	5·16		
,, 14	345·4	4·98	364·1 (Jan 17)	310 3 (June 27)
,, 21	348 7	4 95		
,, 28	354·9	4·86		

FT-ACTUARIES INDICES (April 10, 1962=100) 1962	500 Shares	Yield %	2½% Conso's Yield	FINANCIAL TIMES (1935=100) Ord. Index	Bargains Marked
Nov 22	97 78	4·65	5 87	295 2	12,001
,, 23	97 71	4 65	5·72	294·4	13,470
,, 26	98 32	4 62	5·74	295·7	15,641
,, 27	98 44	4·62	5·76	296·6	13 889
,, 28	98 73	4 61	5·71	296·3	12,954
High 101 34 (April 27). Low. 84 86 (June 25).				High 310 2 (January 19) Low. 252 8 (June 25).	

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: ITALY: BELGIUM: SWEDEN: NORWAY

Prices, 1962 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 21, 1962	Price, Nov. 28, 1962	Net Red. Yield, Nov. 28, 1962§	Gross Red. Yield, Nov. 28, 1962
					£ s. d.	£ s. d.
99 9/16	96 3/16	Exchequer 3% 1962-63	99 1/2	99 9/16	2 15 1	3 16 11l
100 11/16	98 1/2	Conversion 4 3/4% 1963	100 17/32	100 1/2	2 2 6	3 16 6
98 3/8	93 5/16	Exchequer 2 1/2% 1963-64	98 5/32	98 1/8	2 16 8	3 16 11l
100 13/16	97 1/16	Conversion 4 1/2% 1964	100 9/16	100 21/32	2 4 11	4 0 10
99 9/16	98 1/8	Treasury 4% 1965	99 5/16	99 3/8	2 12 8	4 6 1
99 25/32	98 1/8	Treasury 4% 'A' 1965	99 5/16	99 3/8	2 14 4	4 6 1
96 7/8	90 11/32	Savings Bonds 3% 1955-65	96 1/16	96 7/32	3 3 4	4 9 9l
103 11/16	98 3/32	Exchequer 5 1/2% 1966	102 19/32	102 5/8	2 7 11	4 12 8
92 7/8	85	Savings Bonds 2 1/2% 1964-67	90 31/32	91 5/32	3 14 1	4 14 11l
103 7/8	98	Exchequer 5% 1967	100 21/32	100 11/16	2 18 1	4 16 11
93 15/16	83 5/16	Funding 3% 1966-68	91 5/8	91 3/4	3 11 6	4 17 7l
95 1/16	84 7/8	Conversion 3 1/2% 1969	92 5/8	92 7/8	3 10 5	5 0 1
92 1/2	82 5/8	Funding 3% 1959-69	90	90 1/4	3 12 1	4 17 4l
98 7/8	92 1/4	Victory 4% 1920-76	97 3/8	97 1/4	2 19 6	4 12 6‡
90 1/8	78 15/16	Savings Bonds 3% 1960-70	87 1/2	87 3/4	3 14 10	5 0 11l
103 7/16	90 9/16	Conversion 5% 1971	100 1/2	100 3/4	3 2 3	5 3 3
109 5/16	97 1/4	Conversion 6% 1972	106 3/8	106 3/4	2 19 3	5 6 1
105 3/8	91 1/8	Conversion 5 1/4% 1974	100 1/4*	100 1/4*	3 3 6	5 3 11
95 13/16	87 3/4	Funding 4% 1960-90	93 1/2	93 5/8	3 2 4	4 14 10l
83 5/8	70 7/16	Savings Bonds 3% 1965-75	81 1/4	81 1/4	3 15 2	5 2 4l
82 7/16	69 3/16	Treasury 3 1/2% 1977-80	79*	79*	3 15 9	5 7 0l
81 3/8	68 5/16	Treasury 3 1/2% 1979-81	79 1/4	79 1/4	3 15 6	5 7 10l
102 3/4	90 3/16	Funding 5 1/2% 1982-84	101 5/8	101 7/8	3 6 6	5 10 3e
93 3/8	82 3/8	Treasury 5% 1986-89	91 5/8	92	3 11 0	5 12 6l
66	54	Redemption 3% 1986-96	64	64 1/4	3 14 5	5 6 5l
69 1/4	56 15/16	Funding 3 1/2% 1999-2004	67 7/8	68 1/8	3 13 9	5 11 1l
98	84 1/8	Treasury 5 1/2% 2008-12	96 1/8	96 7/8	3 10 9	5 15 4l
69 7/8	58 1/4	Consols 4% after Feb. 1957	68	68 1/8	3 12 10	5 19 9
63 1/8	52 1/16	War Loan 3 1/2% after 1952	59 5/8*	59 3/4*	3 11 9	5 17 2f
61 5/8	52 5/16	Conv. 3 1/2% after Apr. 1961	59 5/8	59 7/8	3 12 0	5 18 1f
52 3/4	44 7/8	Treasury 3% after Apr. 1966	51	51 3/8	3 11 11	5 17 10f
45 1/2	38 1/8	Consols 2 1/2%	43 3/4	44	3 10 0	5 14 8f
44 3/4	38 1/16	Treasury 2 1/2% after Apr. 1975	43 1/2	43 1/2	3 10 10	5 16 1f
100 13/16	89 15/16	British Electric 4 1/2% 1967-69	98	98 1/4	3 3 9	5 1 0l
86	74 3/8	British Electric 3% 1968-73	83 1/2	83 1/2	3 16 5	5 2 9l
81 1/2	69	British Electric 3% 1974-77	79 3/8	79 1/2	3 14 9	5 2 0l
90 7/8	79 1/16	British Electric 4 1/4% 1974-79	89	89 3/8	3 9 7	5 5 7l
83 9/16	70 3/8	British Electric 3 1/2% 1976-79	80 1/4	80 1/4	3 14 8	5 5 10l
92 1/4	80 9/16	British Gas 3 1/2% 1969-71	89 1/2	89 5/8	3 11 11	5 1 10l
95 1/4	82 3/4	British Gas 4% 1969-72	92 1/2	92 5/8	3 8 10	5 2 9l
66 3/16	53 13/16	British Gas 3% 1990-95	64 3/8	64 3/8	3 15 1	5 6 9l
86	74 3/8	British Transport 3% 1968-73	83 1/2	83 1/2	3 16 5	5 2 9l
90 5/8	77 1/4	British Transport 4% 1972-77	86 3/4*	86 7/8*	3 11 6	5 5 1l
69 9/16	56 1/2	British Transport 3% 1978-88	67 7/8	66 3/4*	3 17 10	5 7 11l

Prices, 1962 High	Low	DOMINION AND CORPORATION STOCKS	Price, Nov. 21, 1962	Price, Nov. 28, 1962	Net Yield, Nov. 28, 1962
					£ s. d.
88 1/2	79 1/2	Australia 3 1/4% 1965-69	86 1/4	86 1/4	5 17 0l
103 1/4	96	Australia 6% 1974-76	101 1/4	101 1/4	5 17 0e
66	52	Ceylon 4% 1973-75	57	57 1/2	10 4 0l
104	94 1/4	New Zealand 6% 1976-80	101	101 1/2	5 19 0e
81	62 1/2	Rhodesia and Nyasaland 6% 1978-81	77 1/2	77 3/4	8 13 0l
91 1/2	82	South Africa 3 1/2% 1965-67	91 1/4	91 1/2	5 14 0l
69	48	Southern Rhodesia 4 1/2% 1987-92	67	67	7 6 0l
91	77 3/4	Agricultural Mortgage 5% 1959-89	89 3/4	90 1/4	5 14 0l
96 1/4	86	Birmingham 4 1/4% 1967-70	93 1/2	93 1/2	5 10 0l
100	88 5/8	Bristol 5% 1971-73	95 1/4*	95 3/4*	5 9 0l
100 1/2	88	Corporation of London 5 1/4% 1976-79	97*	97	5 10 0l
52	43	L.C.C. 3% after 1920	48 3/4*	49	6 1 0f
96	84	L.C.C. 5% 1980-83	93 1/2	93 1/2	5 11 0l
100	87	Middlesex 5 1/4% 1980	96 3/4	96 1/2	5 12 0

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Nov. 21, 1962	Price, Nov. 28, 1962	Yield, Nov. 28, 1962	Cover
				BANKS, DISCOUNTS & HP				
105/-	79/9	6 1/2 b	6 1/2 a	Barclays £1	83/9	84/-	3·10	...
70/6	53/3	5·1 b	4 1/2 a	Lloyds £1	58/9	58/9	3·24	...
29/7 1/2	20/-	7 b	7 a	Martins 5/-	26/9	26/6	2·83	...
101/-	80/-	7 1/2 b	7 1/2 a	Midland £1	88/3	85/9	3·50	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	83/6	83/6	3·35	...
97/9	71/-	6 2/3 b	6 2/3 a	Westminster 'B' £1	82/9	82/6	3·22	...
50/6	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	49/9	48/6	4·95	...
40/9	34/3	5 b	3 1/2 a	Bk. Lond. & S. Amer. £1	38/6	39/-	4·27	...
£25 9/16	£17 1/2	$2·05c	$2·05c	Bank of Montreal $10	£22 1/16	£22 5/16	3·04	...
37 1/4	27 1/4	8 c	9 c	Bank of New S. Wales £20	37	37 1/4	3·87g	...
40/-	32/6	5 a	5 b	Barclays D.C.O. £1	39/3	39/-	5·13	...
58/6	53/-	7 1/2 b	7 1/2 a	Chartered £1	54/9	54/6	5·50	...
£19 3/4	£16	10/- b	5/- a	Hongk'g. & Shang. $25	£17 1/2	£16 3/4	4·48	...
62/-	49/-	9 b	7 1/2 a	Nat. Com. Bk. Scot. 10/-	50/9*	51/3*	3·22	...
£29 7/16	£21	$2·37 1/2c	$2·50c	Royal Bk. Canada $10	£25 15/16	£26 9/16	3·12	...
46/3	37/6	10 b	5 a	Standard Bank £1	44/9	44/9	6·70	...
54/4 1/2	35/9	15 b	7 1/2 a	Hambros 5/-	37/3	37/9	2·98	...
99/9	68/-	5 b	2 1/2 a	Schroders £1	79/-	80/-	1·88	...
59/3	47/1 1/2	6 1/4 b	6 1/4 a	Union Discount £1	57/3‖	58/-‖	4·31	...
14/1 1/2	10/-	18 c	Nil c	Bowmaker 5/-	12/9	12/9	...	...
14/3	9/9	10 c	2 1/2 a	Lombard Banking 5/-	10/7 1/2	10/7 1/2	...	1 1/2
16/4 1/2	10/6	2 1/2 b	2 a	Mercantile Credit 5/-	14/4 1/2	15/3	2·46	...
44/1 1/2	28/6	4 a	22 1/2 b	United Domins. Tst. 5/-	34/3	36/6	3·63	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	14/7 1/2	15/-	3·67**	2
14/10 1/2	12/10 1/2	...	4 1/2 a	Charrington United 5/-	14/3	14/6	4·14**	1 3/4
44/-	30/6	8 1/2 b	6 a	Distillers 10/-	36/-	36/3	4·00	1 3/4
51/6	41/-	14 b	8 a	Guinness 10/-	45/-	46/6	4·73	1 3/4
34/-	20/4 1/2	14 c	5 a	Harveys 5/-	23/10 1/2	26/-	2·69	2 1/2
15/7 1/2	11/7 1/2	...	8 b	Ind Coope, T.A. 5/-	12/3	12/9	4·71**	1 1/2
29/-	21/3	12 b	6 a	Watney Mann 5/-	25/3	24/6	3·67	2
42/4 1/2	31/9	30 c	10 a	Whitbread 'A' 5/-	37/-	36/6	4·11	1 3/4
				BUILDING, PAINT, Etc.				
62/9	50/6	6 1/2 b	3 a	Associated Portland £1	62/6	60/6	3·14	2 1/4
29/6	20/10 1/2	8 1/2 b	4 a	British Plaster Bd. 10/-	29/3	29/11 1/2*	4·29	2
19/-	14/10 1/2	6 a	10 b	Richard Costain 5/-	18/-	18/9	4·27	2 3/4
14/11 1/4	10/6	16·9c	5 a	Crittal Mfg. 5/-	14/7 1/2	14/3	5·93**	2
14/1 1/2	9/10 1/2	16 1/2 b	6 a	International Paints 4/-	12/10 1/2	12/3*	7·35	1 1/2
69/6	48/9	25 c	25 c	Rugby Portland 5/-	61/6	61/9	2·02	3 1/4
24/6	17/7 1/2	5 a	12 b	Wall Paper 5/-	18/-	18/3	4·66	2
				CHEMICAL				
25/7 1/2	20/9	14 b	6 a	Albright & Wilson 5/-	25/3	25/-	4·00	2
19/3	13/-	11 1/2 c	5 a	Borax Defd. 5/-	15/9 3/4	16/1 1/2	3·57	2 1/2
43/3	25/6	4 a	6 b	Fisons £1	32/6*	32/-	6·25	...
61/6	47/6	7 1/2 b	6 1/4 a	I.C.I. £1	59/10 1/2	61/6	4·47	1
18/6	12/-	10 c	3 1/4 a	Monsanto 5/-	15/-	15/3	...	1 1/2
				DRAPERY & STORES				
35/3	24/-	8 b	4 a	Boots Pure Drug 5/-	25/6	26/-	2·31	2 1/4
33/9	18/9	5 b	2 a	Montague Burton 10/-	24/4 1/2	24/4 1/2	2·82	2 1/4
59/6	42/9	5 5/6 a	13 1/3 b	Debenhams 10/-	47/3	50/6	3·80	1 1/2
48/9	38/4 1/2	9 3/8 a	20 5/8 b	G.U.S. 'A' 5/-	45/10 1/2‖	46/6	3·23	2
40/3	28/9	16 2/3 b	13 1/3 a	House of Fraser 5/-	33/3	34/6	4·35	1 1/4
16/6	12/6	7 1/2 b	5 a	Lewis's Invest. Tst. 4/-	12/9	13/-	3·85	2
100/6	79/-	32 1/2 b	15 a	Marks & Spencer 'A' 5/-	86/6*	87/3	2·72	1 1/2
52/6	39/6	20 b	10 a	United Drapery 5/-	46/9	48/9	3·08	1 3/4
53/-	42/6	25 b	10 5/6 a	Woolworth 5/-	45/4 1/2	45/4 1/2	3·95	1 1/4
				OIL				
43/6	30/6	†9·84c	†3 1/3 a	British Petroleum £1	41/3	42/6	7·56	2
44/6	30/6	†7 11/12 c	†2 1/2 a	Burmah Oil £1	39/3	39/6	8·61	1 1/4
£15 5/8	£12 5/16	26 1/4 c	13 a	Royal Dutch 20 fl.	£15 5/16	£15 5/8	3·33	2 1/2
38/9	27/-	†25 c	†11 2/3 a	Shell Transport 5/-	38/6	38/9	5·27	2 1/2
32/9	20/6	...	...	Ultramar 10/-	26/1 1/2	26/-	...	...

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Nov. 21, 1962	Price, Nov. 28, 1962	Yield, Nov. 28, 1962	Cover
				ELECTRICAL & RADIO				
37/3	23/-	10 c	3 3/4 a	A.E.I. £1	36/-	37/3	5·37	1
12/6	7/6	15 c	2 1/2 c	Brit. Electronic Inds. 5/-	9/4 1/2	11/3	1·11	...
69/6	51/9	9 1/2 b	4 a	B.I.C.C. £1	67/9	69/6	3·88	2
16/1 1/2	11/6	4·6 a	7 1/2 b	Crompton Parkinson 5/-	16/1 1/2	16/1 1/2*	3·72	2 1/4
89/6	63/-	7 1/2 a	17 1/2 b	Decca 10/-	82/-	84/-	2·98	2
45/6	32/3	5 a	12 1/2 b	E.M.I. 10/-	42/3	42/9	4·09	1 3/4
54/6	39/-	14 c	6 a	Elliott-Automation 5/-	47/3	48/4 1/2*	1·45	2
32/3	20/9	5 b	3 a	English Electric £1	30/-	32/3	4·96	1 1/2
39/6	26/-	3 a	7 b	General Electric £1	38/6	39/3	5·10	3/4
59/3	34/6	8 1/8 b	4 3/8 a	C. A. Parsons £1	56/-	56/6	4·42	2
57/3	38/6	6 1/2 b	3 1/4 a	A. Reyrolle £1	55/-	56/6	3·45	2 1/2
85/9	58/-	25 c	27 1/2 c	Thorn Electrical 5/-	82/9	84/3	1·63	3 1/2
				ENGINEERING				
36/-	20/3	9 c	4 1/2 a	Babcock & Wilcox £1	36/-	36/-	5·00	1 1/2
38/3	27/3	3·2 a	7 b	John Brown £1	34/4 1/2	34/7 1/2	5·89	2 1/4
6/4 1/2	4/3	7 b	3 a	Cammell Laird 5/-	5/7 1/2	6/3	8·00	1
31/-	21/10 1/2	20 b	10 a	Internat. Combust. 5/-	30/3	30/3	4·96	1 1/4
5/6	3/4 1/2	...	...	Rich'ds'ns. Westg'th. 10/-	3/9 3/4	3/9 3/4	...	...
38/4 1/2	20/4 1/2	9 1/2 b	2 1/2 a	Swan Hunter £1	23/7 1/2	24/3	8·25**	...
17/-	10/6	10 b	5 a	John Thompson 5/-	15/6	16/-	4·69	1 1/2
35/-	21/10 1/2	†2 1/2 a	†6 1/4 b	Coventry Gauge 10/-	34/4 1/2	34/3	4·17	2 3/4
73/7 1/2	55/6	†6 b	†3 a	Alfred Herbert £1	63/1 1/2	63/-	4·67	2
60/6	33/9	10 b	5 a	Allied Ironfounders £1	55/9	60/6*	4·96	1 1/2
99/9	67/9	10 b	5 a	Averys £1	74/6*	78/-	3·85	2
20/3	11/9 3/4	4 a	6 b	B.S.A. 10/-	12/8 1/4*	12/2 1/4	8·21	2 1/4
12/1 1/2	8/6	4 1/2 a	8 1/2 b	George Cohen 5/-	11/6	11/6	5·65	1 3/4
33/-	15/9	10 a	17 1/2 b	Davy-Ashmore 5/-	18/6	18/9	...	2
81/10 1/2	62/10 1/2	11 b	5 a	Guest Keen £1	77/7 1/2	79/4 1/2*	4·03	2 1/4
21/-	14/3	4 a	12 b	Head Wrightson 5/-	16/9	16/9	4·78	2 1/2
85/6	67/-	5 a	7 b	Metal Box £1	73/3	73/9	3·25	2 1/4
18/-	13/4 1/2	4 a	10 b	Ransome & Marles 5/-	16/6*	16/6	4·24	3
48/-	34/-	7 b	3 a	Renold Chains £1	43/6	43/6*	4·60	1 3/4
64/10 1/2	43/1 1/2	7 a	7 b	Tube Investments £1	58/7 1/2*	59/9	4·69	3
31/1 1/2	22/10 1/2	7 1/2 b	2 1/2 a	Vickers £1	25/6	25/6	7·84	1
71/6	54/-	3 3/4 a	10 b	Ward (Thos. W.) £1	58/-	57/6	4·78	3
20/6	12/3	16 b	5 a	Woodall-Duckham 5/-	16/3	16/6	6·36	1 3/4
				FOOD & TOBACCO				
28/9	19/9	10 c	10 c	Allied Suppliers 10/-	25/9	25/1 1/2	3·98	2 1/2
12/4 1/2	8/4 1/2	12 1/2 b	10 a	Assoc. British Foods 5/-	10/-	10/-	2·25	2
61/3	29/3	8 b	4 a	Bovril £1	42/3	44/-	5·45	1 1/2
12/9	9/9	†2 1/12 a	†4 1/6 b	Brooke Bond 'B' 5/-	11/3	10/10 1/2	4·69	...
16/4 1/2	11/10 1/2	2 1/2 a	10 b	International Tea 5/-	15/6	15/6	4·03	1 3/4
82/6	62/9	10 5/6 b	5 a	J. Lyons 'A' £1	80/3*	79/-	4·01	1 1/2
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	35/3	37/1 1/2	3·77	...
13/7 1/2	10/10 1/2	10 c	3 a	Spillers 5/-	12/9	12/9	3·92	2 1/4
50/9	43/3	12 c	3 a	Tate & Lyle £1	49/6	49/6	4·85	2 1/4
18/-	13/10 1/2	5 a	9 b	Unigate 5/-	14/9	14/7 1/2	4·79	2
65/3	52/-	†22 1/2 c	†5 5/6 a	Brit. Amer. Tobac. 10/-	61/6	61/9	5·95	3
41/3	28/3	15 b	5 a	Gallaher 10/-	30/3	30/9	6·50	2
63/9	47/6	14 b	8 1/2 a	Imperial Tobacco £1	56/6	56/6	7·96	1 3/4
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	7 5/16	7 3/16	2·71	...
68/-	48/9	25 b	20 a	Commercial Union 5/-	51/9	50/6	4·46	...
9	5 3/8	...	...	Equity & Law Life 5/-	7 11/16	7 11/16	1·42**	...
109/3	69/-	30 c	12 1/2 a	General Accident 5/-	76/9	79/3	1·89	...
60/6	42/6	...	11 2/3 a	Guardian 5/-	46/6	46/3	2·88**	...
48 3/4	32 1/2	110 b	80 a	Legal & General 5/-	38 3/8*	38 7/8	1·22	...
180/-	138/9	12 1/2 b	9 1/2 a	Northern & Empl. £1	163/9	166/3	2·65	...
13 11/16	10 5/8	†70 b	†30 a	Pearl 5/-	12 11/16	12 11/16	3·22	...
29 3/4	21 7/8	†208 1/3 c	†231 1/4 c	Prudential 'A' 4/-	25 3/8	25 1/8	3·01	...
47/10 1/2	35/3	...	15 a	Royal 5/-	37/3	36/6	4·11**	...
127/9	95/6	11 1/4 b	7 1/2 a	Royal Exchange £1	100/3	101/3	3·70	...
				MOTORS & AIRCRAFT				
18/3	12/6	7 1/2 a	12 1/2 b	British Motor 5/-	14/7 1/2*	14/9	6·78	3/4
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	72/9	72/3	1·38	8
41/6	23/1 1/2	8 c	2 a	Rolls-Royce £1	24/3*	24/6	...	1 1/4
6/8 1/4	4/3	4 c	4 c	Rootes Motors 'A' 4/-	5/5 1/4	5/7 1/2*	2·84	...
94/6	67/4 1/2	20 c	5 a	Leyland Motors £1	80/4 1/2	82/10 1/2	4·83	...
19/1 1/2	13/10 1/2	13 1/2 c	5 a	Bristol Aeroplane 10/-	17/7 1/2	18/10 1/2	7·15	2
29/1 1/2	19/3	6 b	5 a	Hawker Siddeley £1	28/9	28/1 1/2*	7·82	1 1/4
37/6	25/9	†4 a	†6 1/2 b	Dowty Group 10/-	36/4 1/2	36/9	4·67	2 1/4
39/-	25/3	15 5/6 b	5 a	Dunlop Rubber 10/-	28/7 1/2	28/3 3/4	5·59	1 3/4
77/-	62/1 1/2	2 1/2 a	11 1/6 b	Joseph Lucas £1	74/1 1/2	74/4 1/2*	3·70	2 1/4
22/-	12/-	5 c	Nil a	Pressed Steel 5/-	14/-	15/3	1·64	...
39/-	31/1 1/2	5 a	10 b	Triplex Holdings 10/-	36/7 1/2	36/7 1/2	4·10	2
				MINES				
178/1 1/2	136/3	50 b	40 a	Anglo-American 10/-	170/-	170/-	5·29	1 3/4
73/-	52/6	6 1/4 a	18 3/4 b	Consolid. Gold Fields £1	65/-*	66/-	7·58	2
125/-	81/10 1/2	15 a	20 b	General Mining £1	122/6	121/10 1/2	5·74	2
71/-	46/6	†100 c	30 a	Union Corporation 2/6	66/6	67/-	6·09	2 1/2
20/9	16/9	40 b	40 a	Daggafontein 5/-	18/6	18/3	2·19	1 1/4
134/4 1/2	81/10 1/2	70 a	110 b	Free State Geduld 5/-	130/7 1/2	129/4 1/2	6·96	1 1/2
74/3	50/6	60 a	70 b	President Brand 5/-	71/6	71/9	9·06	1 1/2
96/3	72/6	31 a	31 b	W. Driefontein 10/-	87/6	88/9	6·99	1 3/4
45/6	34/-	...	...	Western Deep 'A' £1	41/3	42/3	...	...
161/3	117/6	105 a	135 b	Western Holdings 5/-	150/7 1/2	148/9	8·07	1 1/4
20/4 1/2	15/3	5 a	6 b	Winkelhaak 10/-	18/1 1/2	17/7 1/2	6·24	3
56/9	42/6	36 2/3 b	13 1/3 a	Chartered 15/-	51/6	50/-	15·00	1 1/2
59/3	47/-	20 a	60 b	Rhod. Anglo-Amer. 10/-	55/3	55/3	14·48h	1 1/4
37/4 1/2	24/-	6 a	15 b	Rhod. Selection Tst. £1	28/9	29/7 1/2	14·18h	...
21/9	14/1 1/2	Nil a	7 1/2 b	Tanganyika Cons. 10/-	14/3	14/9*	5·08	...
191/3	135/-	180 b	100 a	De Beers Defd. Reg. 5/-	190/-	187/6	7·47	1 3/4
$151 1/2	$98 1/2	$1·60c	$1·90c	Internat. Nickel n.p.v.	$115	$120	2·82	...
18/9	13/1 1/2	30 b	7 1/2 a	London Tin 4/-	15/4 1/2*	14/10 1/2	10·08	1 1/4
20/1 1/2	14/9	...	5 a	R.T.Z. 10/-	19/7 1/2	19/6	7·69**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	22/9	22/6	14·44	1
				PAPER & NEWSPAPERS				
13/10 1/2	10/4 1/2	10 b	6 a	Daily Mirror 5/-	13/9	14/-	6·43**	1 1/2
83/-	62/6	9 b	4 a	W. H. Smith & Son 'A' £1	74/-	74/-*	3·51	2
24/9	13/9	14 b	10 a	Thomson Org'n. 5/-	17/3	17/9	6·76	1 1/2
47/3	31/6	8 3/4 b	5 a	Bowater Paper £1	35/9	35/3	7·80	1
49/3	35/-	11 b	5 a	Albert E. Reed £1	47/6*	49/3	6·50	1 1/2
43/9	33/6	8 1/2 b	4 a	Spicers £1	40/-*	40/3	6·21	1 1/2
60/-	44/-	10 b	4 a	Wiggins Teape £1	55/6*	59/9	4·69	1 3/4

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Nov. 21, 1962	Price, Nov. 28, 1962	Yield, Nov. 28, 1962	Cover
				MISCELLANEOUS				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	21/3	20/6	7·32	2 3/4
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	22/6	22/6	13·33	1 1/2
52/1 1/2	33/10 1/2	16 a	14 b	Beecham Group 5/-	36/7 1/2	38/0 3/4	3·94	1 3/4
39/4 1/2	29/10 1/2	3 1/2 a	6 2/3 b	British Match £1	34/7 1/2	37/10 1/2	5·28	2 1/4
16/3	11/-	6 2/3 b	4 a	British Oxygen 5/-	13/10 1/2	13/10 1/2	3·84	1 3/4
9/10 1/2	7/2 1/4	7 b	3 a	British Ropes 5/-	8/5 1/4	8/5 1/4	5·93	1 1/2
45/-	30/1 1/2	...	5 a	De La Rue 10/-	43/9*	44/6	3·09**	2
42/-	27/1 1/2	15 c	7 1/2 a	Gestetner 'A' 5/-	38/-	39/-	1·92	3 3/4
57/9	41/6	7 1/2 a	8 1/3 b	Glaxo 10/-	54/-	56/-	2·86	3
49/-	42/6	3 a	13 b	Harrison & Cr. Defd. £1	43/-	43/-	7·44	2 1/2
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	31/3	35/9	3·50	1 3/4
95/-	62/6	9·04 b	7·04 a	Hudson's Bay £1	78/1 1/2	76/3	4·22	2 1/2
23/3	15/1 1/2	12 1/2 b	5 a	Ilford 5/-	15/4 1/2	15/4 1/2	5·69	1 1/4
122/6	82/6	7 1/12 b	4 1/6 a	I.C.T. £1	88/-	90/-	2·50	2 1/2
47/11 1/4	36/9 3/4	12 1/2 c	11·4 c	National Canning £1	41/6	42/6	5·36	1 1/2
41/3	32/6	6 a	12 b	Powell Duffryn 10/-	37/-	36/9	4·90	1 3/4
40/6	32/3	17 1/2 b	5 a	Radio Rentals 5/-	37/3	38/9	2·90	2 3/4
37/-	24/6	7 1/2 a	17 1/2 b	Rank Organisation 5/-	32/6	34/6	3·62	2
38/-	24/-	16 1/2 b	7 1/2 a	Schweppes 5/-	26/6	27/6	4·36	1 1/2
35/3	25/-	25 c	25 c	Sears 'A' 5/-	27/10 1/2	27/11 1/4	4·47	2
32/1 1/2	23/-	11 b	5 a	Steetley 5/-	28/4 1/2	29/1 1/2	2·75	3
29/10 1/2	21/9	11 1/2 b	8 1/2 a	Thomas Tilling 4/-	26/1 1/2	26/9	2·99	2
64/-	44/-	8 b	4 a	Turner & Newall £1	57/-	56/6	4·25	2
47/3	30/10 1/2	15·32b	9·5 a	Unilever 5/-	38/3*	39/-	3·18	3
11 5/8	7 3/16	13 b	8 a	Unilever N.V. 12 fl.	8 1/2	9 1/8	2·74	3
18/9	12/10 1/2	10 b	5 a	United Glass 5/-	14/3	14/1 1/2	5·31	...
33/3	21/7 1/2	†10 5/6 b	†4 1/6 a	United Molasses 10/-	23/9	27/-	9·07	1
				SHIPPING				
32/3	22/9	13 1/2 b	6 1/2 a	Brit. & Com'wealth 10/-	31/3*	32/-	6·25	1
18/3	15/3	6 c	Nil c	Cunard £1	16/-	16/-	...	...
22/6	16/9	7 c	7 c	France Fenwick £1	21/9	22/6	6·22	1 1/2
31/6	20/-	10 c	8 c	Furness Withy £1	22/3	24/6	6·53	...
9/7 1/2	4/4 1/2	...	...	London & Overseas 5/-	4/6	4/9	...	...
31/-	17/6	3 b	3 a	P & O Defd. £1	29/-	29/6	6·78**	...
12/1 1/2	7/-	2 1/2 c	Nil a	Reardon Smith 10/-	7/7 1/2	7/7 1/2	3·28	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/6	9/6	...	...
				STEEL				
48/4 1/2	24/7 1/2	16 c	5 a	Colvilles £1	25/7 1/2	25/-	...	2 1/2
27/3	15/3	10 c	2 1/2 a	Dorman Long £1	17/-	17/-	...	2 1/4
34/-	21/10 1/2	7 1/2 b	3 1/2 a	Lancashire Steel £1	26/4 1/2	26/9	8·22	3
21/4 1/2	10/9 3/4	10 c	Nil a	South Durham £1	11/2 1/4	10/11 1/4	...	1 1/4
31/3	22/3	10 c	3 3/4 a	Steel Co. of Wales £1	24/6	25/-	8·00	2
36/10 1/2	24/3	10 b	5 a	Stewarts & Lloyds £1	31/6	33/9	8·89	2
34/7 1/2	26/4 1/2	6 b	4 a	John Summers £1	28/-	28/3	7·08	2
42/4 1/2	25/9	12·3c	4 a	United Steel £1	26/6	28/-	...	1 1/2
41/-	23/9	8 3/4 b	4 a	Whitehead £1	28/9	29/3	...	2
				TEXTILES				
32/-	25/4 1/2	10 b	5 a	English Sewing Cotton £1	27/10 1/2	29/4 1/2	8·51**	1
26/4 1/2	18/4 1/2	5 a	7 1/2 b	Fine Spinners £1	20/6	22/10 1/2	10·93	3/4
50/9	30/10 1/2	17 1/2 b	5 a	Lancashire Cotton £1	38/1 1/2	40/-	...	1 1/4
55/1 1/2	37/10 1/2	12 1/2 c	5 5/12 a	Courtaulds £1	53/9 3/4*	54/6*	4·59**	1 1/2
6/10 1/2	5/4 1/2	9 1/3 b	4 a	Illingworth Morris 4/-	5/9	6/-	8·89	1 3/4
81/6	68/6	13 b	8 a	West Riding Worsted £1	75/9	78/7 1/2	5·34	2 1/2
30/9	20/3	2 1/2 a	7 1/2 b	Woolcombers £1	22/-	22/-	9·09	1 1/4
20/10 1/2	14/4 1/2	6 c	6 c	Bradford Dyers £1	15/7 1/2	16/4 1/2	7·33	1
13/3	8/1 1/2	7 1/2 a	12 1/2 b	Calico Printers 5/-	10/-	10/6	9·52	1 3/4
48/6	37/4 1/2	8 3/4 b	3 3/4 a	Coats, Patons & B. £1	42/1 1/2	43/9*	5·71	1 3/4
10/9	8/-	13 c	1 1/2 a	Jute Industries 10/-	9/1 1/2	9/9	...	2 1/4
27/1 1/2	17/1 1/2	10 c	7 1/2 c	Tootal £1	19/4 1/2	20/1 1/2	7·45	1 1/2
				TRUSTS, LAND & PROPERTY				
27/7 1/2	19/7 1/2	12 1/2 c	5 1/2 a	Alliance Trust 5/-	23/-	23/6	2·66	1 1/4
61/6	41/6	37 1/2 b	12 1/2 a	B.E.T. 'A' Defd. 5/-	49/3	50/3	4·97	1 1/2
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	17/-	16/4 1/2	3·05	1 1/2
71/9	54/3	10 a	12 1/2 b	City Centre Props. 5/-	57/-	58/-	2·59**	1
89/-	69/9	8 1/2 b	4 a	City Lond. Real Prop. £1	79/-	79/9	3·13	1
38/6	22/6	4 b	2 a	Land Securities 10/-	28/10 1/2	28/1 1/2	2·13	1
39/-	30/9	6 2/3 a	6 2/3 b	Lond. Cnty. Freehld. 10/-	33/9	32/9	4·07	1
				TEA & RUBBER				
46/6	28/-	†2 1/2 a	†12 1/2 b	Cons. Tea & Lands £1	37/6	33/-	14·85	2
37/6	14/-	†3 a	†10 b	Jokai (Assam) £1	27/-	24/9	17·16	2
9/6	7/6	...	7 1/2 c	Nuwara Eliya £1	9/-	8/9	17·14	1 1/2
5/9 3/4	4/10 1/2	12 1/2 a	29 1/6 b	Highlands & Lowlands 2/-	5/3	5/2 1/4	16·06	1 1/2
5/5 1/4	4/5 1/4	7 1/2 a	32 1/2 b	London Asiatic 2/-	5/3	5/3	15·31	2
76/9	62/1 1/2	10 a	35 b	United Sua Betong £1	68/9*	64/10 1/2	13·87	1 1/2

UNIT TRUST PRICES

	November 28		Yield
Allied Investors:			
Elect. & Ind. D.	10/8 1/2	11/5 1/2	5·56
Metals & Mins.	15/2	16/1	6·71
British Life Office:			
British Life Units	5/0 1/2	5/3 1/2	3·85
Commonwealth Unit Trust Fund:			
A E & G Un. Tst.	15/5	16/5	3·18
Commonwealth	10/6 1/2	11/5	5·30
Orthodox Unit	14/0 1/2	15/0 1/2	4·78
Municipal & Gen.:			
Second M & G	9/3 3/4	9/10*	4·70
M & G Gen. Tst.	12/1 1/2	12/9 1/2	4·65
Mid. Ind. & Gen.	9/5	9/11 1/4	4·43
National Group:			
Nat. B.I.F.S.	7/-	7/5 1/4*	3·57
Domestic Unit Fd.	4/6	4/9 1/2*	4·48
Shield Unit Fund	4/6	4/9 3/4	4·01
P. Hill, Higginson, Erlangers:			
Brit. Shareholders	13/3 1/2	14/2 1/2	4·08
B S International	10/1 1/2	10/9 1/2	4·46
Save & Pros. Gp.:			
Bank Insurance	7/6 1/2	8/0 1/2	2·85
Bank Units	10/5	11/1 1/2	3·57
Consol'd. BITS	14/5	15/4	2·89
Capital Units	7/2 1/2	7/8 1/2	3·23
Income Units	5/2	5/6	5·33
Insurance Units	17/3 1/2	18/5	2·18
Investment Trust	7/3 1/2	7/9*	3·01
Scotbits	5/1	5/5	2·65
Scotshares	4/7 1/2	4/11 1/2	4·69
Dillon Walker:			
Community Un.	3/-	3/2	5·25
Falcon Trust	4/10	5/1*	5·07
Intrust Fund	20/7	21/7	4·65
Unicorn Trust	6/9 1/2	7/1 1/2	3·75

NEW YORK PRICES AND INDICES

	Nov. 21 $	Nov. 28 $		Nov. 21 $	Nov. 28 $		Nov. 21 $	Nov. 28 $
Atch. Topeka	24 1/4	24 7/8	Boeing	41 3/8	38 5/8	Int. Harvester	49	49 3/4
Can. Pacific	22	22	Celanese	37	37	Inter. Nickel	62 3/4	64 3/4
Pennsylvania	12 5/8	13 3/4	Chrysler	70 3/4	70 1/4*	Inter. Paper	27 3/4	28 1/8
Union Pacific	33 1/4	33 7/8	Col. Palmolive	42	42 3/8	Kennecott	70 1/2	68
Amer. Electric	35 3/8	33 7/8	Crown Zeller.	44 1/2	46 5/8	Monsanto	47 1/4	49 1/4
Am. Tel. & Tel.	112 7/8	114 7/8	Distillers Seag.	42 3/8	42 7/8	Nat. Distillers	23 1/2	24 5/8
Cons. Edison	78 1/4	79 3/8	Douglas	31 5/8	33 3/8	Pan-American	20 3/8	21 1/4
Int. Tel. & Tel.	41 1/2	43 1/4	Dow Chemical	56 5/8	59 3/8	Procter Gamble	68 3/4	71 1/2
South'n. Nat. Gas	43 1/2	43 1/4	Du Pont	231*	231 1/4	Radio Corpn.	54 7/8	57
United Corpn.	8	7 7/8	East. Kodak	104 7/8	108	Sears Roebuck	74 3/8	75 5/8
Western Union	25 1/8	27 1/8	Ford Motor	45 1/8	45 1/2	Shell Oil	32 3/8	32 3/8*
Alcoa	53 1/4	58	Gen. Electric	173 5/8	74 3/4	Socony-Mobil	54	54 7/8
Aluminium	21	22 1/4	General Foods	71	75 1/2	Stand. Oil Ind.	47 1/2	48 1/8
Amer. Can	44 3/8	44 1/2	General Motors	55 7/8	55 7/8	Stand. Oil N.J.	55	56
Am. Smelting	56	56	Goodyear	32	33 1/4	Union Carbide	102 7/8	103 1/2
Am. Viscose	57 5/8	59	Gulf Oil	37 1/8	38 3/8	U.S. Steel	44 3/8	49 1/4
Anaconda	44 5/8	43 1/8*	Heinz	44 3/4	47 3/4	West. Electric	33 3/8	33
Beth. Steel	29 5/8	32 1/4	Int. Bus. Mach.	377 1/4	397 1/2	Woolworth	65 1/2	69 5/8

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 31	59·09	3·66	28·17	5·69	55·33	3·69	89·96	3·89
Nov. 7	61·48	3·50	29·24	5·48	56·78	3·62	90·06	3·88
" 14	63·04	3·40	30·49	5·42	57·61	3·56	90·28	3·86
" 21	63·68	3·43	31·26	5·29	58·52	3·51	89·96	3·89
" 28	65·13	3·38	31·82	5·20	59·20	3·48	90·06	3·88

425 Industrials:—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

FRANCE	Nov. 21 Frcs.	Nov. 28 Frcs.
Air Liquide	1,225	1,175
Banque de Paris	539	549
Citroen	205	203
C. F. Petrole	312	311·2
Cie. G. d'Elect.	868	869
Machines Bull	450	480
Pechiney	245	236
Printemps	598	614
Rhone-Poulenc	446	443
S.I.M.	369	373
Saint-Gobain	352	360
Usinor	199	188¶
Index (Dec. 30, 1960=100)	99·2	101·84

GERMANY	Nov. 21 %	Nov. 28 %
A.E.G.	376	424
Bad'che. Anilin.	401 3/4	443
Bayer	452	498
Commerzbank	392	427
Deutsche Bank	450	480
Hoechst Farb.	401 1/2	439
Kundenkredit	363	375
Lowenbrau	848	948
Mannesmann	205	216
Siemens	549 1/2	583
Thyssen-Huette	181 1/2	197
Volkswagen	453	501
Herstatt Index (Dec. 31, 1959=100)	85·21	91·60

HOLLAND	Nov. 21 %	Nov. 28 %
A.K.U.	367 3/8	384 1/4
Bijenkorf	875	970 1/4
Heinekens	480	486
Interunie (Fl.50)	Fl.181	Fl.187
K. N. Hoogoven	547	583 3/4
Kon. Zout-Ket.	722	775
Philips (Fl.25)	Fl.143·2	Fl.155·8
Robeco (Fl.50)	Fl.201	Fl.207
Rotterdam Bk.	360 1/4	379 1/2
Thomassen & D.	665	688
Valeurop	Fl. 69·6	Fl. 72·8
Zwanenberg	835	900
Index (1953=100)	316·3	326·7

ITALY	Nov. 21 Lire	Nov. 28 Lire
Ass. Generali	135,900	143,600
Breda	5,000	5,670
Edison	3,758	4,075
Fiat	2,728	2,875
Finsider	1,225	1,358
La Centrale	10,550	12,000
Montecatini	2,794	2,985
Motta	30,390	33,790
Olivetti	4,879	5,527
Pirelli S.p.A.	5,460	5,850
Rinascente	688	781
Snia Viscosa	4,964	5,510
Index (1950=100)	623·64	670·94

BELGIUM	Nov. 21 Frcs.	Nov. 28 Frcs.
Arbed	26,525	27,100
Bqe. Nat. de Bel.	10,200	10,200
Bque. Soc. Gen.	2,980	3,050
Cockerill-Oug.	2,505	2,500
Esperance Long	4,780	4,940
Hoboken	16,250	16,300*
Innovation	5,870	5,980
Photo Gevaert	2,810	2,815
Sidro	912	932
Soc. Generale	13,900	13,950
Sofina	7,780	7,940
Un. Miniere 1/10	1,084	1,192
Index (May 9, 1940=100)	397·1	399·8

SWEDEN	Nov. 21 Kr.	Nov. 28 Kr.
Asea	188	169
Elektrolux	113	117
Ericsson B.Kr.35	126	129
Separator B.	285	286
Skand. Banken	219	220
Sv. Cellulosa	168	173
Sv. Handelsbank	217	219
Tandstk. B Kr.50	156	158
Index (Dec. 29, 1956=100)	159·20	161·19

NORWAY	Nov. 21 %	Nov. 28 %
Bergens Priv'bk.	197 1/2	200
Borregaard	195	207
Norsk Hydro	290	302 1/2

* Ex dividend. † Tax free. ‡ Assumed average life 7 1/4 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. [illegible] Assumed into Treasury 4% 1965. Japanese prices supplied by Daiwa Securities, Tokyo.

Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Charrington United, 12%. City Centre Props., 30%. Courtaulds, 13%. Daily Mirror, 18%. De La Rue, 13 1/3%. English Sewing Cotton, 12 1/2%. Equity & Law Life, †26 2/3%. Guardian, 26 2/3%. Ind Coope, T.A., 12% on merger terms. P & O Defd., 10%. R.T.Z., 15%. Royal Insurance, 30%. Swan Hunter, 10%.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 24, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £4,724,000 compared with a surplus of £16,642,000 in the previous week and a deficit of £38,261,000 in the corresponding period of last year. There was a net receipt "below-line" of £31,749,000 leaving a total cumulative deficit to date of £564,247,000 compared with £732,850,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to Nov. 25, 1961	April 1, 1962, to Nov. 24, 1962	Week ended Nov. 25, 1961	Week ended Nov. 24, 1962
Ordinary Revenue					
Income Tax	2,790,000	981,926	1,066,062	28,258	30,570
Surtax	188,000	53,800	59,400	1,400	1,700
Death Duties	264,500	167,300	166,100	5,000	6,300
Stamps	95,000	63,700	61,700	1,600	1,800
Profits tax, EPT and EPL	374,000	235,300	271,500	7,500	10,700
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,502,026	1,624,762	43,758	51,070
Customs	1,653,000	1,069,507	1,093,419	33,421	34,107
Excise	1,077,000	671,640	713,300	13,740	19,840
Total Customs and Excise	2,730,000	1,741,147	1,806,719	47,161	53,947
Motor Duties	150,000	47,235	67,941	...	1,367
Broadcast Lic's.	41,000	23,800	25,400	...	5,500
Miscellaneous	165,000	160,999	115,007	994	2,036
Total	**6,797,500**	**3,475,207**	**3,639,829**	**91,913**	**113,920**
Ordinary Expenditure					
Debt Interest	600,000	435,257	343,834	4,688	...
Payments to N. Ireland Exch.	100,000	56,208	56,506	3,894	...
PO Fund — Initial settlement	...	7,282	...	...	...
Other Consolidated Funds	(2,000	4,898	4,912	15	44
Supply Services	5,611,650	3,304,615	3,509,174	121,357	118,460
Total	**6,323,650**	**3,808,260**	**3,914,426**	**129,954**	**118,504**
Sinking Funds	41,000	24,164	24,369	220	140
"Above-line" Surplus or Deficit	— 357,217	— 298,966	— 38,261	— 4,724	
"Below-line" Net Expenditure*	375,633	265,281	+ 23,034	+ 31,749	
Total Surplus or Deficit	**732,850**	**564,247**	**15,227**	**27,025**	
Net receipts from:					
Tax Reserve Certificates	181,209	107,114	3,782	290	
Savings Certificates	— 18,400	2,800	— 1,200	— 300	
Defence Bonds	18,562	17,612	642	1,287	
Premium Savings Bonds	27,200	24,300	600	1,200	
Total		**208,571**	**151,826**	**3,824**	**2,477**

* Net repayments of £5 million to the Civil Contingencies Fund in 1962–63 compared with net repayments of £5 million in 1961–62.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961 Nov. 25	3,330·0	2,016·1	205·3	...	5,551·4
1962 Aug. 25	3,000·0	2,053·1	203·8	0·3	5,257·1
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4
" 8	2,990·0	1,637·9	211·6	...	4,839·4
" 15	2,990·0	1,683·6	226·2	...	4,899·8
" 22	2,980·0	1,699·2	220·2	...	4,899·4
" 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct. 6	3,020·0	1,572·9	220·5	...	4,813·5
" 13	3,010·0	1,598·3	215·2	...	4,823·6
" 20	3,020·0	1,595·6	204·1	...	4,819·7
" 27	3,040·0	1,637·6	201·0	...	4,878·5
Nov. 3	3,060·0	1,620·7	205·3	...	4,886·1
" 10	3,080·0	1,547·5	205·4	...	4,832·9
" 17	3,110·0	1,519·7	233·8	1·8	4,865·3
" 24	3,140·0	1,500·1	194·2	4·8	4,839·0

THE MONEY MARKET

THE syndicate of discount houses caught the outside bidders on the wrong foot at the Treasury bill tender on Friday of last week by raising its bid for the 91-day bills on offer by 4d. (a reduction of 1s. 4d. per cent in the annual rate) to £99 1s. 4d. The average rate of discount fell by only 1s. 2.06d. to £3 14s. 9.03d. per cent and the market received a very satisfactory 60 per cent of its application compared with 41 per cent in the previous week. Total applications for the £210 million 91-day bills rose by £30 million to £358 million. The market received 86 per cent of its application for the £50 million 63-day bills on offer which brought its average quota to around 65 per cent compared with 46 per cent a week earlier.

Credit was more or less adequate on the final three days of last week and again on Monday of this week. On Tuesday, money was tight and the authorities took the opportunity of indicating mild displeasure with the previous Friday's cut in the bill rate. The authorities gave the market a very large amount of help by special purchases of bills but not enough to prevent two or three houses going to the Bank of England for a small amount at Bank rate.

MONEY RATES

LONDON

	%		%
Bank rate (from 5% 26/4/62)	4½	Market discount rates (3 months):	
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	3 15/16–4 1/16
Discount houses	2 1/2–2 3/4	Fine trade bills	5 1/2–6 1/2
Local Authorities	4¼	**Euro-dollar deposits:**	
Call money:		7 days' notice	3 1/4–3 3/8
Clearing banks' minimum	2⅞	3 months'	3 3/8–4 1/4
Day-to-day	2⅞–3⅞	**Forward cover** (3 months): Annual interest cost, US dollar	1 7/32

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** November 16	2·833
		" 23	2·853

BANK OF ENGLAND RETURNS

(£ million)	Nov. 29, 1961	Nov. 21, 1962	Nov. 28, 1962
*Issue Department**:			
Notes in circulation	2,343·7	2,311·6	2,330·1
Notes in banking dept.	31·7	63·7	45·3
Govt. debt and securities*	2,374·0	2,374·0	2,374·0
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	11·0	13·7	13·2
Special deposits	232·7	80·8	80·8
Bankers	228·6	252·8	243·4
Others	70·5	73·9	73·3
Total	542·9	421·2	410·7
Securities:			
Government	443·3	314·2	303·1
Discounts and advances	65·7	40·3	59·2
Other	19·3	20·1	20·2
Total	528·3	374·5	382·5
Banking department reserve	32·5	64·6	46·1
" Proportion "	5·9	15·3	11·2

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on November 21st.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered: 91 day	Offered: 63 day	Applied for	91 Day Average Rate of Allotment	Allotted at Max. Rate *
1961 Nov. 24	220·0†	60·0	471·8	s. d. 107 9·40	% 42
1962 Aug. 24	230·0		390·4	75 4·50	48
" 31	240·0†		397·1	75 0·42	45
Sept. 7	240·0		439·3	74 4·55	48
" 14	230·0		388·0	73 11·97	44
" 21	250·0		406·1	74 0·01	40
" 28	250·0		407·5	72 8·42	51
Oct. 5	250·0‡		415·2	72 4·13	37
" 12	230·0		386·8	72 3·07	38
" 19	240·0		396·9	74 8·22	38
" 26	240·0		381·8	77 2·03	46
	91 day	63 day			
Nov. 2	200·0	60·0	443·8	76 11·48	32
" 9	200·0	60·0	447·7	75 11·75	31
" 16	200·0	60·0	410·0	75 11·09	41
" 23	210·0	50·0	424·4	74 9·03	60

* On November 23rd tenders for 91 day bills at £99 1s. 4d. secured 60 per cent, higher tenders being allotted in full. The offer for this week was for £210 million 91 day bills and £50 million 63 day bills. † Allotment cut by £10 million. ‡ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: November 28	Market Rates: Spot: November 22	November 23	November 24	November 26	November 27	November 28
United States $	2·78–2·82*	2·80 5/16–7/16	2·80 5/16–7/16	2·80 5/16–7/16	2·80 5/16–7/16	2·80 1/4–3/8	2·80 1/4–3/8
Canadian $	...	3·02–02 1/8	3·01 15/16–02 1/16	3·01 15/16–02 1/16	3·01 15/16–02 1/16	3·01 3/4–7/8	3·01 11/16–13/16
French Fr.	13·622–14·027	13·73 1/2–3/4	13·73 1/8–3/4	13·73 1/2–3/4	13·73 1/2–3/4	13·73 3/8–5/8	13·73 1/8–3/8
Swiss Fr.	11·94–12·54 3/8	12·09 7/8–10 1/8	12·10–10 1/4	12·10–10 1/4	12·10 1/8–3/8	12·09 3/4–10	12·09 3/8–7/8
Belgian Fr.	137·96–142·05	139·42 1/2–47 1/2	139·40–45	139·42 1/2–47 1/2	139·42 1/2–47 1/2	139·42 1/2–47 1/2	139·42 1/2–47 1/2
Dutch Gld.	9·98 3/4–10·28 1/2	10·09 1/4–1/2	10·08 3/4–09	10·08 7/8–09 1/8	10·08 3/4–09	10·08 7/8–09 1/8	10·09 1/8–3/8
W. Ger. D-Mk.	11·037–11·365	11·23 3/4–24	11·23 1/4–1/2	11·23 1/4–1/2	11·23–23 1/2	11·22 3/4–23	11·22 1/8–3/8
Portug. Esc.	...	80 15–25	80 15–25	80 15–25	80 15–25	80 15–25	80 15–25
Italian Lire	1725–1775	17401 3/4	17401 3/4	17401 3/4	17401–41	17401 1/4–3/4	17401 3/8–5/8
Swedish Kr.	14·27 1/2–14·70	14·49 7/8–50 1/8	14·49 3/4–50	14·49 3/4–50	14·50 3/8–5/8	14·50 3/8–5/8	14·50 1/4–5/8
Danish Kr.	19·06 1/2–19·62	19·37 1/8–3/8	19·37 1/8–3/8	19·37 1/8–3/8	19·36 5/8–7/8	19·36 1/4–1/2	19·36 1/4–5/8
Norwegian Kr.	19·71–20·30 1/2	20·02–02 1/4	20·02–02 1/4	20·02–02 1/4	20·01 7/8–02 1/8	20·01 3/8–5/8	20·01 3/8–5/8

* Official Limits

One Month Forward Rates

United States $	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	3/16–1/16c. pm	3/16–1/16c. pm
Canadian $	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis
French Fr.	7/8–3/8c. pm	7/8–3/8c. pm	7/8–3/8c. pm	7/8–3/8c. pm	3/4–1/4c. pm	3/4–1/2c. pm
Swiss Fr.	1 1/2–1c. pm	1 1/2–1c. pm	1 1/2–1c. pm	1 1/2–1c. pm	1 5/8–1 1/8c. pm	1 3/8–7/8c. pm
Belgian Fr.	18–13c. pm	18–13c. pm	18–13c. pm	18–13c. pm	18–13c. pm	13–8c. pm
Dutch Gld.	3/4–1/2c. pm	5/8–3/8c. pm	1/2–1/4c. pm	1/2–1/4c. pm	3/4–1/2c. pm	1 1/8–7/8c. pm
W. German D-Mk.	1 1/8–5/8pf. pm	1–1/2pf. pm	1–1/2pf. pm	7/8–3/8pf. pm	1–1/2pf. pm	1 1/8–5/8pf. pm

Three Months Forward Rates

United States $	2 1/16–5/16c. pm	7/16–5/16c. pm	7/16–5/16c. pm	7/16–5/16c. pm	3/8–1/4c. pm	3/8–1/4c. pm
Canadian $	1/16–1/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis	1/16–1/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis
Swiss Fr.	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	25/8–2 1/8pf. pm	2 3/4–2 1/4c. pm	2 1/2–2c. pm
W. German D-Mk.	2 1/4–1 3/4pf. pm	2–1 1/2pf. pm	2–1 1/2pf. pm	2–1 3/4pf. pm	2–1 1/2pf. pm	2–1 1/2pf. pm
Gold Price at Fixing						
Price (s. d. per fine oz.)	250/4	250/3 1/2	...	250/3 1/2	250/3 1/4	250/3 3/4
" ($ " ")	35·09	35·09		35·08 1/2	35·08	35·08 1/2

UK External Trade

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

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

BRITISH

Prices and Wages	Oct. 27th	External Trade	This week
Manpower and Output	Nov. 10th	Industrial Profits	Oct. 13th

OVERSEAS

Western Europe	Oct. 20th	United States	Nov. 17th

	Unit	Monthly averages 1959	1960	1961	1961 August	Sept.	October	1962 June	July	August	Sept.	October
VALUE												
Imports:	£ million	331·9	378·4	366·5	358·8	343·1	378·0	369·9	387·2	382·2	343·4	412·8
Total	"	126·5	128·1	123·6	113·9	123·1	136·2	131·7	133·4	126·3	117·3	139·8
Food, drink and tobacco	"	77·6	88·3	82·1	87·0	71·9	79·8	73·4	77·2	79·3	69·0	81·1
Basic materials	"	38·9	40·0	40·3	38·7	35·3	40·0	44·3	47·5	52·7	43·7	51·7
Fuels	"	87·6	120·5	118·9	117·8	111·3	120·6	119·1	127·5	122·4	111·9	138·2
Manufactures												
Exports of UK produce:		277·5	296·2	306·9	305·2	260·5	319·4	317·0	327·8	289·8	284·9	346·6
Total	"	234·5	250·0	259·9	259·6	215·7	265·7	272·0	279·1	240·8	234·8	290·6
Manufactures—Total	"	37·8	39·3	39·5	35·9	30·7	41·2	38·0	41·2	36·0	36·0	43·3
" Metals	"	122·4	131·0	139·5	148·3	112·0	139·9	151·2	152·7	123·8	124·1	155·6
" Engineering products	"	20·7	21·7	20·8	19·1	18·1	20·8	21·3	20·9	19·8	17·5	21·7
" Textiles	"	10·9	11·8	13·2	13·4	12·5	13·0	13·4	12·3	10·6	10·5	14·7
Re-exports	"	−43·5	−70·4	−46·4	−40·2	−70·1	−45·6	−39·5	−47·1	−81·8	−48·0	−51·4
Balance of trade (exports less imports)												
VOLUME (1)												
Imports:	1954 = 100	122	138	135	128[6]	...	132[4]	140[5]	...	138[6]	...	152
Total	"	118	121	121	115[6]	...	124[4]	131[5]	...	120[6]	...	...
Food, drink and tobacco	"	101	110	101	94[6]	...	94[4]	96[5]	...	97[6]	...	...
Basic materials	"	143	157	164	155[6]	...	161[4]	178[5]	...	201[6]	...	...
Fuels	"	150	201	196	187[6]	...	192[4]	202[5]	...	201[6]	...	...
Manufactures												
Exports:	"	116	122	125	119[6]	...	127[4]	133[5]	...	122[6]	...	140
Total	"	117	124	127	121[6]	...	126[4]	135[5]	...	122[6]	...	...
Manufactures												
BY AREA												
Imports:	£ million	30·9	47·1	40·2	36·2	40·9	53·6	35·7	37·1	34·0	37·7	46·2
USA	"	26·0	31·2	29·1	31·8	31·5	29·7	30·1	31·8	34·7	25·9	31·8
Canada	"	26·8	25·8	23·2	18·4	18·9	25·6	29·8	28·8	17·4	23·2	23·2
Latin America	"	46·6	55·1	56·5	56·3	53·7	58·3	66·3	59·0	58·6	55·3	66·5
West'n. Europe—Common Market	"	39·0	46·5	46·2	47·2	46·3	45·3	44·6	49·5	46·5	45·6	54·6
" " Free Trade Association (2)	"	9·7	11·6	13·0	16·7	14·9	17·6	14·4	13·9	15·8	14·6	16·9
Soviet Eastern Europe	"	32·7	35·6	35·7	29·0	28·2	34·1	35·8	29·2	38·5	30·6	39·4
Other Non-Sterling	"	120·2	125·5	122·6	120·1	113·2	120·5	117·4	136·9	125·3	116·3	134·2
Sterling area												
Exports of UK produce:	"	30·0	27·1	23·4	25·2	23·7	27·3	26·1	27·4	25·9	25·9	32·9
USA	"	17·3	17·9	18·5	18·7	12·3	17·2	17·5	18·3	15·0	13·6	15·6
Canada	"	12·9	14·3	13·9	12·7	12·2	15·5	13·4	18·0	12·5	10·6	10·6
Latin America	"	38·8	43·3	51·1	46·4	44·7	58·6	58·2	66·1	54·5	54·2	66·2
West'n. Europe—Common Market	"	32·0	35·9	40·1	34·2	36·8	47·0	40·9	41·8	37·0	39·2	49·2
" " Free Trade Association (3)	"	5·1	6·4	8·8	9·7	7·7	9·6	8·6	9·6	9·3	9·3	10·1
Soviet Eastern Europe	"	29·6	32·2	34·3	33·9	28·6	31·1	37·4	34·1	32·2	29·5	39·9
Other Non-Sterling	"	111·8	119·1	116·8	124·4	94·5	113·1	114·9	112·5	103·4	102·6	122·1
Sterling area												
TRADE IN SELECTED COMMODITIES												
Imports:	'000 tons	356·3	342·0	327·5	350·6	269·1	332·0	364·0	330·7	371·6	243·5	342·2
Wheat	"	67·6	69·3	61·2	51·3	53·5	52·9	48·6	74·3	62·4	49·8	69·7
Meat	"	201·8	183·3	172·4	172·1	148·2	204·0	192·9	161·9	114·1	152·7	220·5
Sugar, unrefined												
Raw cotton (2)	" lb.	22·5	22·5	18·4	16·0	10·9	15·2	19·9	13·9	14·5	11·9	17·4
Raw wool, sheep's and lambs' (2)	mn. lb.	58·6	49·8	49·4	32·0	18·9	32·1	34·7	49·2	33·6	23·8	38·9
Rubber, natural and synthetic (2)	'000 tons	17·0	16·2	16·2	18·9	12·2	13·5	12·3	12·0	19·7	15·9	18·6
Softwood	'000 stds.	121·7	150·0	134·2	202·3	171·1	158·1	168·7	191·3	202·9	161·2	170·4
Woodpulp	'000 tons	185·4	225·4	215·1	193·0	196·3	202·8	189·4	186·9	215·4	201·6	250·1
Crude petroleum	mn. galls.	847	963	1,059	1,065	895	1,093	1,145	1,234	1,397	1,137	1,312
Exports of UK produce:												
Coal, including bunkers	'000 tons	343	455	475	382	469	620	348	500	405	354	437
Woven piece-goods—cotton	mn. sq. yds.	29	27	24	21	22	24	19	21	17	16	20
" " " wool	'000 sq. yds.	8,536	8,089	7,528	7,964	6,211	7,361	8,269	7,807	8,385	5,677	7,160
Passenger cars and chassis	number	47,414	47,491	30,897	27,988	28,180	33,791	49,899	49,024	36,750	44,429	47,256
Commercial vehicles and chassis	"	10,619	12,127	13,913	11,428	10,914	12,188	12,685	13,061	9,541	11,078	12,953
Agricultural tractors	"	9,474	11,951	11,790	11,470	10,163	11,464	13,804	12,912	9,901	12,298	13,232
Machinery—electrical	£'000	5,706	5,257	5,506	4,758	4,199	5,105	6,351	5,814	6,141	4,442	5,651
" other	"	47,264	52,948	61,374	56,925	53,605	61,318	63,730	64,631	58,158	53,702	68,415
Chemicals, elements and compounds	"	5,862	6,442	6,422	5,620	5,885	6,634	6,452	6,876	6,492	6,136	7,748

(1) Trade with the Channel Islands is included in the total import and export indices only. (2) Retained imports. (3) Including Finland. (4) Average for fourth quarter. (5) Average for second quarter. (6) Average for third quarter.

PA APPOINTMENTS DIVISION

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Sundridge Park Management Centre, near Bromley, Kent, is sponsored by Personnel Administration Limited and provides residential courses for senior executives in all branches of management. A requirement has now arisen for an additional lecturer in sales and marketing management, to be selected from university graduates, preferably in economics, who are aged about 30-36 and who have had experience in market analysis, market research or technical sales. For a man with these qualifications and with an inclination for a semi-academic life, an attractive career is offered in delightful surroundings, with a starting salary of around £2,000 a year and good pension and life assurance arrangements.

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Assistant Personnel Officer,
FORMICA LIMITED, De La Rue House,
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A salary of about £3,000 per annum is offered immediately and prospects are good for a man of high quality.

Applicants should send a summary of qualifications and experience to Box 1673.

BOARD OF TRADE require an **ADVISORY OFFICER** to be based on **GLASGOW** to visit firms who have applied for financial assistance under the Local Employment Act, 1960. Applicants should have a good general industrial background and their experience should have qualified them to inspect undertakings applying for assistance under the Act and to report on their organisation, management, production methods and equipment. This post is unestablished, and the successful candidate will be appointed, in the first place, for a period of two years. Starting pay will be assessed according to qualifications and experience within the range £1,834-£2,250. Applications, giving date of birth, education, qualifications and experience, to Manager (PL. 660D), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Only candidates selected for interview will be advised.

WILLIAMSON DIAMONDS LIMITED

(Incorporated in Tanganyika)

INVITES APPLICATIONS FROM QUALIFIED ACCOUNTANTS FOR THE POSITION OF ASSISTANT SECRETARY

The Company is a substantial producer of Gem and Industrial Diamonds and operates in Tanganyika at Mwadui, a self-contained township of some 5,000 inhabitants situated 4,000 feet above sea level and enjoying an ideal climate.

The Assistant Secretary is required to help the Company Secretary generally in discharging responsibility for all Administrative Departments of the Mine including the usual secretarial and accounting functions. His duties will, therefore, be unusually varied, and will include a close and constant interest in the training and progress of junior staff.

The total emoluments of this post will be initially not less than £3,000 p.a., and conditions of employment also include the provision, free of charge, of :—

(i) Accommodation, including hard furniture.

(ii) Leave and return passages to UK for the employee and his family every 12-18 months.

(iii) Baggage allowance.

(iv) Comprehensive medical facilities.

The Company maintains a first class Elementary School, and there are generous allowances for Secondary education. A wide range of sporting and recreational facilities, including golf and sailing, are available.

Applicants should be married, preferably between 30 and 35 years of age, and have had some years post-qualifying experience of responsibility in industry or the profession. An agreeable and adaptable personality would be a distinct advantage, provided this is not offered as a substitute for other qualities.

Applications, in writing, giving full details of education, experience, qualifications, age and marital status, should be submitted not later than December 31st, to :—

J. A. Pateman, Esq. (Dept. C),
Williamson Diamonds Limited,
Chichester House,
278-282 High Holborn,
London, W.C.1

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN MATHEMATICS

Applications are invited for an Assistantship in Mathematics. Salary scale: £900-£1,050 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than January 31, 1963, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

THE UNIVERSITY OF WARWICK

APPOINTMENT OF REGISTRAR

Applications are invited for the post of REGISTRAR at the University of Warwick, which is to be established at Coventry. The Registrar will be the senior administrative officer of the University under the Vice-Chancellor and candidates must have had recent experience in University administration.

The salary will be not less than £2,600 per annum, together with the usual superannuation and family allowance benefits.

Applications, together with the names of three persons to whom reference can be made, should be sent by December 31, 1962, to the Vice-Chancellor, the University of Warwick, c/o the Town Clerk, Council Offices, Coventry, from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of COURSE ORGANISER in the School of Management and Administration, to develop a programme of courses for executives and administrators, which is to be instituted by the University. The post will be for one year in the first instance, with the possibility of renewal. Preference will be given to candidates who are interested in developing research in this field. Salary scale per annum: £1,925-£2,325. Initial salary according to qualifications and experience. Membership of the F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than December 20, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

SENIOR INVESTMENT MANAGER and consultant required. Substantial salary and participation offered. Highest qualifications and references essential. All replies treated in strictest confidence.—Write Box H724 c/o Streets, 110 Old Broad Street, E.C.2.

DATA PROCESSING

BP has a career appointment in its Data Processing Development Team for an Honours graduate Physics/Mathematics, widely experienced in operating and programming computers and associated communications equipment. In addition to its responsibilities in Head Office, the team liaises with overseas companies on selection of data processing techniques and equipment. Conditions of employment are commensurate with the importance of this appointment. Applicants aged 30 to 40 should write, giving full details quoting reference H.5983 to Box 7163, c/o Hanway House, Clark's Place, E.C.2.

GOVERNMENT OF UGANDA

ECONOMIC ADVISER

Applications are invited for the above post in the Ministry of Economic Affairs. He will be required to advise the Government on economic policy, including fiscal and financial matters, and as head of the Economic Planning Branch to co-operate with an administrative unit in the preparation of long-term and annual development programmes. Candidates, who must be UK citizens and preferably over 40, should have a good degree in Economics and several years' relevant experience. Appointment will be on contract with gratuity for one tour of 21-27 months in the first instance. Salary, £2,800 p.a., plus £825 p.a. overseas addition. Free passages, generous leave, local income tax.

Apply, in first instance, with summary of personal particulars, to the Director of Recruitment, Department of Technical Co-operation, Sanctuary Buildings, Great Smith Street, London, S.W.1, from whom fuller details may be obtained. Please quote reference number A3/RC 323/153/02 and state full name.

UNIVERSITY OF SINGAPORE

Applications are invited for a Senior Lectureship in each of the following subjects:—

ECONOMICS.

MEDICAL STATISTICS in Department of Social Medicine and Public Health.

Salary scales: *medical* £2,128 p.a.; *non-medical* £1,750 x £70 — £2,100 p.a. Entry point determined by qualifications and experience. Allowances: expatriation £308 p.a., cost of living (temporary) in range £210 — £560 p.a. Passages for appointee, wife and children not exceeding 12 years. Partly furnished house/flat at reasonable rent. Provident Fund Scheme. Detailed applications (8 copies) naming three referees by December 31, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

CENTRAL ELECTRICITY GENERATING BOARD

STATISTICIAN

required in the

RESEARCH & DEVELOPMENT DEPARTMENT

which is located in new well-equipped laboratories on the southern outskirts of Manchester. The working environment is extremely pleasant with good working conditions and amenities.

Salary within range £1,565—£2,145 p.a. Superannuable.

To advise on the construction of experiments, patterns of sampling and the interpretation of experimental or operational data so as to enable the maximum amount of significant knowledge to be extracted from data obtained. Candidates must possess a Degree in Mathematics and either be Associates of the Institute of Statistics or hold a post-Graduate Diploma.

Apply, giving full details and quoting names of two referees (previous and, if possible, present employer) to Director of Labour and Welfare, Central Electricity Generating Board, 825, Wilmslow Road, Manchester, 20, by 10th December, 1962. Please quote vacancy No. E.149/558/S.

UNIVERSITY OF SYDNEY

LECTURESHIP IN GEOGRAPHY

Applications are invited for the position of Lecturer in Geography. Candidates should have research experience in socio-economic geography, for preference in South-east Asia or Melanesia, with special reference to the geography of subsistence economies. Training in history and/or economic history would also be an advantage.

The salary for a Lecturer is within the range £A1,730 x £105—£2,435 per annum, plus cost of living adjustments (at present £A44 p.a.) and will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members' Housing Scheme, in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

Further particulars and information as to the method of application should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in London and Australia on *January 25, 1963.*

CENTRAL ELECTRICITY GENERATING BOARD

SOUTHERN PROJECT GROUP

Assistant (Contracts)

Applications are invited for the post of Assistant in the Contracts Officer's Department at the Headquarters of the Southern Project Group, Finchley, London, N.3.

The salary will be within the range £971 to £1,095 per annum according to qualifications and experience.

The Group is responsible for the construction of nuclear and conventional power stations in Southern England. The successful applicant will be required to assist in the examination of the commercial aspects of the tenders for the necessary plant, civil engineering and building contracts, and to carry out general commercial duties.

The post would be suitable for a young man or woman of some commercial experience, but not necessarily in this field. This is not a specialist post, and, while not essential, a University degree or some professional qualification in accountancy, law or branch of engineering would be an advantage.

Applications, stating age, qualifications, experience, present position and salary, should be forwarded to the Administrative Officer, Central Electricity Generating Board, Southern Project Group, Squires Lane, Finchley, London, N.3, to arrive not later than Wednesday, December 12, 1962. Envelopes should be marked "Confidential—ref. S/62/44."

H. H. GOTT,
Chief Project Engineer.

THE THOMSON ORGANISATION LTD

requires

SENIOR ECONOMISTS

The Work: The Economic Research and Marketing Intelligence Unit collates, analyses and interprets economic and statistical information to assist in developing the Organisation's wide interests in newspapers, printing and publishing.

Qualifications: A good Honours Degree with a minimum of five years' experience and an ability to make unfamiliar ideas clear to all levels of staff.

Please write, giving career details to:

Recruitment and Training Executive

THOMSON HOUSE,
200 GRAYS INN ROAD,
LONDON, W.C.1.

BIRMINGHAM (CITY OF) EDUCATION COMMITTEE

COLLEGE OF COMMERCE

APPOINTMENT OF PRINCIPAL

Applications are invited for the appointment of PRINCIPAL of the City of Birmingham College of Commerce, to commence duty on September 1, 1963, or as soon as possible thereafter. The salary scale is £2,750 x £70 (2) x £60—£2,950 per annum.

Candidates should have high academic qualifications and wide experience including, if possible, teaching and commercial or industrial experience.

Application forms and details of the post may be obtained from the undersigned, to whom completed forms must be returned not later than Monday, December 10, 1962.

E. L. RUSSELL,
Chief Education Officer.

Education Office (Room 315),
Margaret Street, Birmingham, 3.

UNIVERSITY OF ADELAIDE

The University invites applications for the following posts:

In the Faculty of Arts:
Reader or Senior Lecturer in History; Senior Lecturer in German; Lecturers in English, History, Psychology, Politics.

In the Faculty of Economics:
Lecturer in Economics.

In the Faculty of Law:
Senior Lecturer.

SALARY SCALES: Reader £A3,000-£100-£3,300; Senior Lecturer £A2,450-£110-£3,000; Lecturer £A1,675-£100-£2,450; with superannuation on the F.S.S.U. basis. The initial salary may be fixed within the appropriate scale in accordance with the successful candidate's qualifications and experience. Salaries are paid monthly.

FURTHER INFORMATION:

(a) The Calendar of the University may be consulted in the Library of any University which is a member of the A.U.B.C. or at the office of the Association. Inside the covers are plans of the University buildings and site, and of the Waite Agricultural Research Institute at Glen Osmond (four miles from the University).

(b) A potential candidate for any post should also seek from the Registrar of the University or from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1, the following documents:

(i) General Conditions of Appointment, which include particulars of tenure, superannuation, removal expenses, invalidity and study leave.

(ii) A statement giving further particulars of each post and of such matters as help in housing, conference grants and special support for research.

(c) The University will gladly supply any further information desired on request to the Registrar.

APPLICATIONS, in duplicate, should give the information listed in the final paragraph of the General Conditions of Appointment, and should reach the Registrar, The University of Adelaide, Adelaide, South Australia, not later than *January 7, 1963.*

MILK MARKETING BOARD

AWARDS IN AGRICULTURAL ECONOMICS

The Milk Marketing Board invite applications for their awards for vocational study and for research in agricultural economics. The awards are open to men and women who are graduates of universities in the United Kingdom in any subject, but preference is given to those whose degrees have been obtained in agriculture, in economics, or in social or business studies. Candidates are expected to have gained a first-class or good second-class Honours degree, but any qualifications of similar status may be accepted.

There are two categories of awards:

(a) STUDENTSHIPS (£700-£750 per annum) are for postgraduate students qualified to study for a postgraduate degree or diploma or to take up research work in agricultural economics;

(b) FELLOWSHIPS (£800-£1,200 per annum) are for persons who have already had experience in postgraduate study in some subject cognate with agricultural economics.

Applications should be sent not later than January 31, 1963, to the Secretary, Awards in Agricultural Economics, Milk Marketing Board, Thames Ditton, Surrey, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF NEW ENGLAND

Armidale, New South Wales

LECTURER OR SENIOR LECTURER IN AGRICULTURAL ECONOMICS

Applications are invited from suitably qualified persons for appointment as Lecturer or Senior Lecturer in Agricultural Economics.

Salary will be within the ranges of £A1,730 x £105—£A2,435 for a Lecturer and £A2,550 x £95—£A3,000 per annum for a Senior Lecturer, with commencing rate determined in accordance with qualifications and experience. In addition, a cost of living allowance at present amounting to £44 per annum is payable. Provision is made for travel and removal expenses, superannuation benefits and travel grants and full pay for study leave. Under the staff housing scheme an advance of up to 90 per cent, or more in special cases, may be made towards the cost of purchasing or building a home. Residential Fellowships may be awarded to single persons by one of the University Colleges.

Further information may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on *December 31, 1962.*

AIC EXECUTIVE SELECTION DIVISION

is advising on the following appointments

OPERATIONAL RESEARCH CONSULTANTS

for Associated Industrial Consultants Limited. Due to the success of Operational Research projects undertaken for A.I.C. clients, an Operational Research Division was established in 1960 which has since expanded rapidly. The Division now comprises scientists, mathematicians, statisticians, engineers and economists who are engaged on highly interesting problems in industry, commerce and government departments. We would like to engage additional men who are fully experienced in O.R. and who are capable of successfully implementing their solutions. Attractive salaries will be offered.

(Mr. D. V. E. Howard: Reference 846/4)

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

ASSOCIATED INDUSTRIAL CONSULTANTS LIMITED
KNIGHTSBRIDGE HOUSE 197 KNIGHTSBRIDGE LONDON SW7

Associated Industrial Consultants

THE UNIVERSITY OF MANCHESTER

HALLSWORTH RESEARCH FELLOWSHIPS

Applications are invited for the above Research Fellowships for advanced work in the field of Political Economy (including Business and Public Administration). The value of the Fellowships will normally be within the range £900-£1,900 per annum, according to experience and qualifications. Regulations governing the award of the Fellowships may be obtained from the Registrar, the University, Manchester 13, to whom applications should be sent not later than December 31, 1962.

UNIVERSITY OF GLASGOW

LECTURESHIP IN MATHEMATICS

Applications are invited for a Lectureship in Mathematics from persons qualified in Pure or Applied Mathematics. Salary scale: £1,150-£1,950 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (eight copies) should be lodged, not later than January 31, 1963, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

For further appointments and other classified advertisements see pages 968 and 970

UNIVERSITY OF GLASGOW

LECTURESHIP IN MATHEMATICAL STATISTICS

Applications are invited for a Lectureship in Statistics from persons qualified in Mathematical Statistics. Salary scale: £1,150-£1,950 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (eight copies) should be lodged, not later than January 31, 1963, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

FORMICA LIMITED
a member of the De La Rue Group

require a young

MARKET RESEARCH EXECUTIVE

A young executive, aged 23-25, is required for the Commercial Development Department of Formica Limited. Essential qualifications are education to university standard, a clear, fast mind, and an ability to talk and write lucidly. It is desirable, though not essential, that candidates should have a degree in economics, and some experience with a manufacturing concern or an agency.

The department is concerned with economic and commercial intelligence, business forecasting and the investigation, development and marketing of new products and applications.

Write (quoting reference R.7221), stating age, education, experience and salary, to:

Assistant Personnel Officer,
Formica Limited,
De La Rue House,
84-86 Regent Street, London, W.1.

UNIVERSITY OF GLASGOW

RESEARCH FELLOWSHIP IN MATHEMATICS

Applications are invited for a Research Fellowship in Mathematics. Salary scale: £900-£1,050 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than January 31, 1963, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

NABISCO FOODS LIMITED

Welwyn Garden City, Herts.

invites applications for the position of

RESEARCH OFFICER

to be responsible to the New Products Manager for the direction and supervision of all research appertaining to the marketing of existing and new products.

Ideal candidate will have about two to three years' market and consumer research experience, including product testing, motivation research and pre- and post-testing of advertisements. He will be looking for a progressive career in industry and be equipped in personality and temperament to become a vital part of a young management team occupied with the task of widening and diversifying the Company's range of products.

Applicants invited to write, stating age, educational background, qualifications, experience, present position and present salary, to DIRECTOR OF PERSONNEL.

EDUCATION: BUSINESS AND PERSONAL

UNESCO

Applications are invited for one- or two-year appointment as Professor of Statistics at the University College of Rhodesia and Nyasaland. Duties include development of facilities for training professional statisticians at University level and teaching statistics courses for Universities of London B.Sc.(Econ.) degree. Base salary equivalent to approximately $US10,650 p.a. plus substantial allowances, all tax free. Passages provided for appointee, wife and children under 18. Gratuity of 8 per cent of salary on termination. Appointment to commence as early as possible in 1963. Application forms available from the Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

KENT COUNTY COUNCIL

SENIOR PLANNING STAFF

Applications are invited for the following appointments in the Planning Department serving Kent, where problems of great interest are arising:—

(a) SENIOR DIVISIONAL PLANNING OFFICER, Scale CD (£1,615-£2,045).

(b) DIVISIONAL PLANNING OFFICER, Scale AB (£1,370-£1,730).

(c) SENIOR PLANNING ASSISTANTS at appropriate grades within Grades A.P.T. IV/V (£1,180-£1,535) according to qualifications and experience.

For post (a), an architect planner is required for the study of Central Areas and urban redevelopment problems, a large programme of work of this kind being in hand. Corporate Membership of the Town Planning Institute and of the Royal Institute of British Architects is essential.

For post (b), Corporate Membership of the Town Planning Institute is required. This officer will be concerned initially with the preparation of Town Maps and the review of the Development Plan, including related development control work.

For posts (c), one officer is required for central area and redevelopment work and one for Town Map and Review work or development control duties. Consideration will be given to applicants who have recently passed the Final Examination of the Town Planning Institute or been exempted therefrom, but Corporate Membership of the Town Planning Institute will be required for posts progressing beyond Grade IV.

For the post concerned with redevelopment problems, consideration will be given to the appointment in Grade IV of an applicant qualified as a Chartered Surveyor, Civil Engineer, Municipal Engineer or Architect who has had acceptable experience of this kind of work and who intends to obtain a planning qualification.

The posts are superannuable. Five-day week. Applications, with names of two referees, to County Planning Officer, County Hall, Maidstone, by 31st December, 1962.

EXPERT POSTAL TUITION

for examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2),

METROPOLITAN COLLEGE, ST. ALBANS

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

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal *Courses in a wide range* of subjects for the two examinations for London Univ. B.Sc.Econ. (Three if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London Univ'ty B.Sc. Economics Exams., 1950-60. Tuition also for G.C.E., Law, Secretarial, other exams.—Prospectus (mention examination) from J. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17,

WOLSEY HALL, OXFORD

A FOREIGN LANGUAGE in a few months for yourself or your staff, with the easy ASSIMIL way. You **assimilate** the language and acquire the accent naturally by **listening** to the living language on gramophone records with an illustrated book to guide you. Preliminary and Complete Courses in French, German, Italian, Russian and Spanish. A Pitman follow-on course available for technical and commercial expressions.—Details from ASSIMIL, 79, Farncombe, Godalming, Surrey.

DIRECTORS needing able office staff (m. and f.)—Consult Stella Fisher Bureau, 436 Strand, W.C.2. TEMple Bar 6644.

EXPORT OPPORTUNITIES brought to your desk by Export Service Bulletin, thrice weekly; 10 gns. annually. Specimen copy from Board of Trade (K), Hillgate House, 35, Old Bailey, London, E.C.4.

FABULOUS NEW HOUSE, off Kensington High Street. Gracious sitting room with TV, under-floor heating, 3 bedrooms, dining room with hatchway to modern kitchen. Garage. 26 gns. weekly, minimum let one year, careful family only.—Write S.A.F., 175 Piccadilly, W.1. Phone HYD 5786.

LIKE TO PUT SCREWS ON THE CZAR? You *can* by having six friends in for DIPLOMACY, the new game of international *intrigue from America*. Put the clock back to 1900 and it's each great power for itself. DIPLOMACY, from leading stationers and toyshops or 2 gns. post free (payable to Intellectual Diversions) from Dept. 5E, 11 Regent Square, W.C.1.

MR. D. H. KYLE, O.B.E., is to retire as Managing Director of B.I.S.C. (Ore) Ltd., on November 30, 1962. As from December 1, 1962, the general management of the company will be carried on by Mr. T. B. Roddy, F.C.I.S., *Director and General Manager*.

PHOTOGRAPHIC GIFTS. Free 36-page guide from Wallace Heaton Ltd., 127 New Bond Street, W.1.

PICTURES FOR OFFICES. Keith Grant, Terry Lee, Donald Pass, at The New Art Centre, 41 Sloane Street, S.W.1. Until December 8. Daily 10-6. Sats. 10-1.

WORKING IN LONDON? The Bloomsbury Coffee Pot is the smaller, livelier club for young professional people, graduates and their friends.—Box 1669.

INCORPORATED SECRETARIES' QUALIFYING EXAMINATIONS

are HELD each JUNE and DECEMBER, at 85 centres in U.K. and overseas. Copy of syllabus and details regarding membership may be obtained from:

THE SECRETARY,
THE CORPORATION OF SECRETARIES
DEVONSHIRE HOUSE,
13 DEVONSHIRE STREET, LONDON, W.1.

WANTED: Cum. vols. of "English Cat. of Books"; "Cumulative Book Index"; "Illustrated London News" after 1895; "Nature"; "Brit. Mus. Subject Index"; "Brit. National Bibliography"; "London Library Cat."; "Annual Register" after 1863; "Times" Indexes; and learned/scientific journals, trans., procs, etc. H. Pordes, 138 New Cavendish St., London, W.1. MUS 5250.

THE CHARTERED INSTITUTE OF SECRETARIES

Employers requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute (Dept. E), 14 New Bridge Street, London, E.C.4.

ROYAL DUTCH PETROLEUM COMPANY

(N.V. KONINKLIJKE NEDERLANDSCHE PETROLEUM MAATSCHAPPIJ)
established at The Hague, The Netherlands

GENERAL MEETING OF SHAREHOLDERS

to be held on Tuesday, 18th December, 1962, at 11 a.m. at the Company's office at The Hague, The Netherlands (entrance: 23, Carel van Bylandtlaan).

AGENDA

1—Appointment of a Managing Director.

2—*Proposal to amend* the Articles of Association (and to authorise the Managing Directors, in accordance with the provisions of Section 45c of the Netherlands Commercial Code, to effect any changes which may be considered necessary by the Netherlands Ministry of Justice.

This agenda, the nomination relating to item 1 of the agenda and the proposal to amend the Articles of Association will be available for inspection from today until after the Meeting, and may be obtained by shareholders free of charge,

at the Company's office,

30, Carel van Bylandtlaan, The Hague, and at the offices specified below.

If the proportion of the issued capital required for an amendment of the Articles of Association in virtue of Article 40 should not be represented at the Meeting, a second General Meeting of Shareholders will be held in accordance with the provisions of that Article, namely at the above place on 17th January, 1963, to which Meeting the proposal mentioned under item 2 of the agenda will again be submitted.

In order to attend and address the Meeting and to exercise voting rights thereat in person or by proxy:

(A) *Holders of share certificates to bearer* will be required to deposit against receipt
either their share certificates
or evidence that their share certificates have been deposited in open custody with De Nederlandsche Bank N.V.

not later than Thursday, 13th December, 1962, at one of the places mentioned below, viz.:

In the Netherlands:
at Nederlandsche Handel-Maatschappij, N.V., Amsterdam
Kas-Associatie N.V., Amsterdam
Amsterdamsche Bank N.V., Amsterdam
Banque de Paris et des Pays-Bas, Amsterdam
Messrs. Hope & Co., Amsterdam
Messrs. Pierson, Heldring & Pierson, Amsterdam
Rotterdamsche Bank N.V., Amsterdam
Twentsche Bank N.V., Amsterdam
at Messrs. Schill & Capadose, The Hague
Messrs. Pierson, Heldring & Pierson, The Hague
at Messrs. Van der Hoop, Offers & Zoon, Rotterdam
Messrs. R. Mees & Zoonen, Rotterdam
at the branches and sub-branches of these banking houses in the Netherlands;

In the United States of America: at The Chase Manhattan Bank, New York;

In the United Kingdom: at Messrs. N. M. Rothschild & Sons, London;

In France: at MM. Lazard Frères & Cie., Paris;

In Switzerland: at Crédit Suisse, Zurich;

In Belgium:
at Banque de la Société Générale de Belgique, Brussels, and Crédit Lyonnais, Brussels;

In Germany:
at Deutsche Bank A.G. and Dresdner Bank A.G., Frankfurt/Main, Düsseldorf, Hamburg and Munich;
at Süddeutsche Kreditbank A.G. and Dresdner Bank A.G., Saarbrücken;
at Berliner Disconto Bank A.G. and Bank für Handel und Industrie A.G., West Berlin;

and

(B) Registered holders of registered shares must make known to the Company in writing their desire to attend and address the Meeting and to exercise voting rights thereat by not later than Wednesday, 12th December, 1962: (1) with respect to shares of New York Registry, at the office of The Chase Manhattan Bank, 80 Pine Street, New York 15, New York; (2) with respect to shares of Amsterdam Registry, at Nederlandsche Handel-Maatschappij, N.V., Amsterdam; and (3) with respect to all other registered shares, at the office of the Company in The Hague or at any of the offices listed in Paragraph A above.

THE BOARD OF DIRECTORS.

27th November, 1962.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail, UK and Canada £4 10s; elsewhere overseas £5
By air see below

	Airmail	Air Freight		Airmail	Air Freight		Airmail	Air Freight		Airmail	Air Freight
Australia	£12 5s.	—	Egypt	£7 15s	—	Israel	£7 15s	—	Philippines	£12 5s.	—
Canada :—			Europe	£6 0s.	—	Japan	£12 5s.	—	Rhodesia	£10 10s.	—
Quebec and Ontario Provinces	£10 10s. or $31·80	£8 5s. or $25·00	Ghana	£10 10s.	£6 10s.	Jordan	£7 15s.	—	South Africa	£10 10s.	£7 10s.
Other Provinces	£10 10s. or $31·80	£9 0s. or $27·25	Gibraltar, Malta	£5 0s.	—	Lebanon	£7 15s.	—	S. and C. America	£10 10s.	—
Ceylon	£10 10s.	£7 5s.	Hongkong	£10 10s.	£8 15s.	Malaya	£10 10s.	—	Sudan	£7 15s.	£6 15s.
China	£12 5s.	—	India	£10 10s.	£7 10s.	New Zealand	£12 5s.	—	USA	$29·50 or £10 10s.	$25 or £9 0s.
East Africa	£10 10s.	£7 10s.	Indonesia	£10 10s.	—	Nigeria	£10 10s.	£6 10s	West Indies	£10 10s.	—
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Gigantic hydro-electric project will be Asia's largest

The Kurobe River hydro-electric power project now under way in Japan's Northern Alps will produce 960,000 kilowatts, enough to supply the entire city of Osaka. Kurobe Dam No. 4, now nearing completion, is 1,448 metres above sea level at its highest point and will hold 160,000,000 tons of water. This is only one of many such projects throughout the country that will provide the basic power essential for Japan's continuing economic growth.

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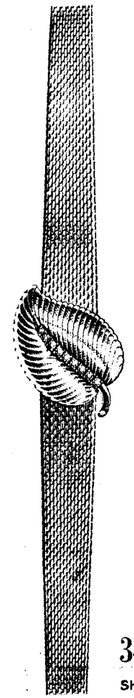

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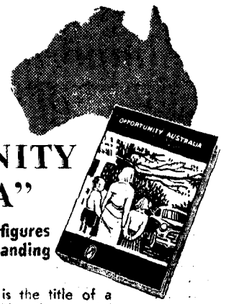

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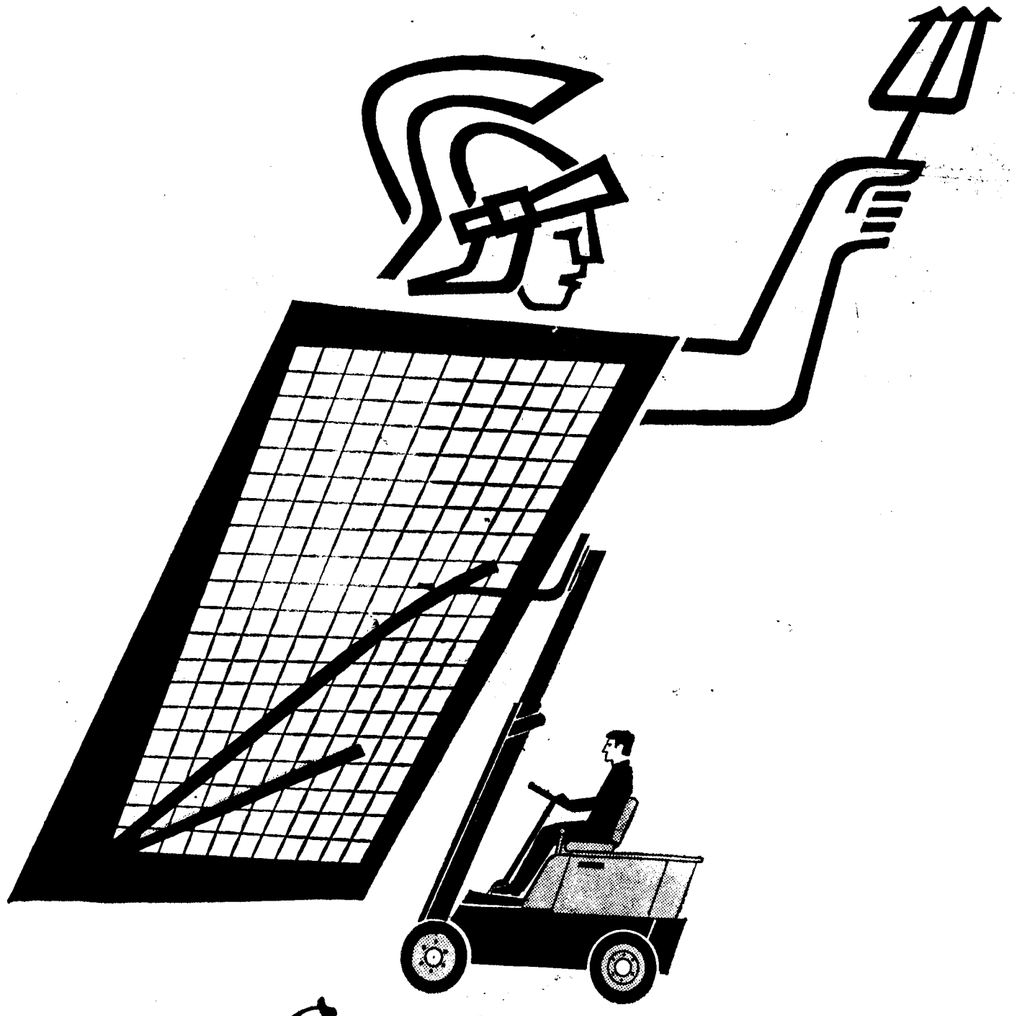

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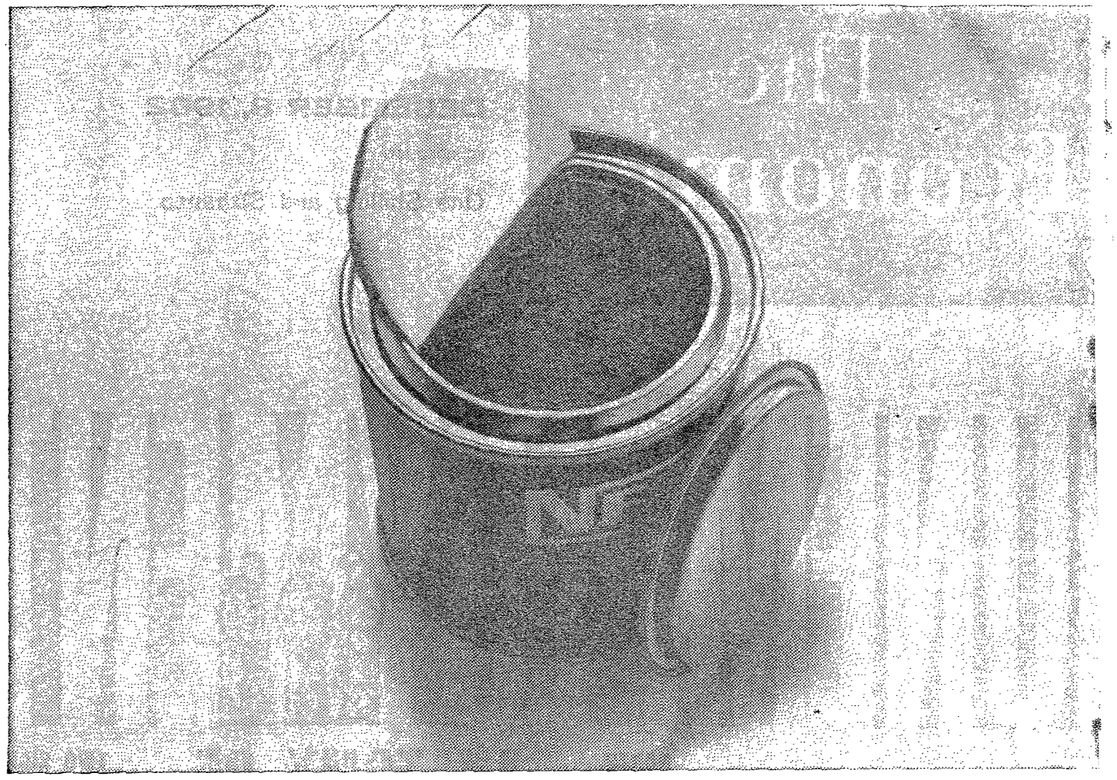
Guide to contents: see over



This CAN holds a new sensation for instant coffee users

How two industrial giants laboured to retain one of the most elusive aromas in the world—the fragrance of freshly roasted coffee—in this can of new 'Nescafé'* instant coffee.

It took more than 10 years of difficult and costly research to perfect the new aroma-rich 'Nescafé'. For the aroma of freshly roasted coffee is elusive and intangible, even though it is a large part of the enjoyment.

Canning an aroma is not easy. (Metal Box, who make the 1-oz. and best-selling 2-oz. cans, say this is the understatement of the year.) Especially when the can will be in constant use, must open and close easily, and, above all, must be produced cheaply, in vast quantities, at high speeds.

Air is the problem . . . New, airtight cans were specially designed for 'Nescafé', and have heavy-duty aluminium-foil protection, cushion-seamed into the top, wrinkle-free and capable of being packed under 13″ of vacuum. They are 5-part containers, made to be opened 30-40 times during a short life. And since 'Nescafé' prices have not increased, cost is all-important.

. . . but speed is the answer. Metal Box's solution was to simplify production and get high speeds. It took months of testing, rejigging and headache to achieve a tough, airtight, cheap little can that runs at *600 a minute* off the only machines in Europe capable of such speed. With all its sophistication, the new can only costs a few shillings a thousand more than its simpler, non-airtight predecessor.

What's in it for the consumer? Aroma, needless to say. The new olfactory sensation will help to keep 'Nescafé' in its position as brand leader in a highly competitive market. A growing market, too, for demand is increasing by 20% a year, and there are already over 12 million cups of 'Nescafé' drunk every day. It is well worth 10 years of work, and thousands of pounds invested in research and development, catering for the instant coffee drinker of today.

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The Economist this Week December 8, 1962

HOME

JOBS FOR THE BOYS

The first industry that could, and should, be decentralised from London is that of government: why not a Brasilia, Canberra or Washington of our own? (p. 989).

Other Government aid for depressed areas is admirable—as long as it does not prolong the lives of fading and inefficient industries at the expense of those better able to grow (p. 1037).

•The Minister of Labour is to remodel the nation's arrangements for **industrial training**; but can his new committees be radical enough? (p. 994).

•Should **civil servants** leave their jobs for industry? (p. 999); has the Government any means of planning where they should work before they do? (p. 1023).

East Anglia is steadily preparing to receive its latest population explosion (p. 1022).

BACKROOM BOYS

Mr Macmillan's position is not yet seriously challenged within the Conservative party: but it could be—after a reform of the Lords or a let-down at Brussels (p. 995).

The Board of Trade has acted untypically in a recent **dumping** case: but it does not propose to set a precedent (p. 1051).

The Government may be going slow on **railway reorganisation**: after this week's good debate in Parliament it must push on faster (p. 996).

Oxford is to (slightly) modernise its arrangements for selecting candidates (p. 1024).

The Economist analyses **profits** and **dividends** in October and November (p. 1047).

BOYS WILL BE BOYS

A new **television** transmitter should enable Londoners to identify more clearly the jiggling on their screens (p. 1023). The jigglers should be wary of pricing themselves out of the BBC market (p. 1000).

Rumours are rife in the motor industry: of new cars particularly (p. 1048).

By leaving reform of **hire purchase** law to a private member's bill, the Government has made sure that this will not receive the attention it ought to have (p. 1046).

A reform of the university careers structure could be the way to give **dons** a fair reward for their labours (p. 999).

Commodities discussed: tin (p. 1052); sisal (p. 1048); cotton (p. 1044).

Colour reproductions of pictures are unscientifically tested: and some are found wanting (p. 1003).

INTERNATIONAL

NOT FOR PROTESTANTS

Politics in the **Vatican Council** in Rome have proved to be active and liberal, and anything but fatherly (p. 1007).

On the other side of the same town religious cries of "revisionist" and "imperialist tool" rock the political sessions of the Italian Communist party congress in the course of the **grand doctrinal debate, and power argument, between Moscow and Peking** (p. 987).

Dr Adenauer's latest gambit has got all factions confused; and at the moment it has turned into a bewildering free-for-all (p. 1008).

Mr Khrushchev has managed that not uncommon feat for politicians of stating two points which are, logically, mutually contradictory; he has stated them both with his usual vigour (p. 1006).

NOT FOR PACIFISTS

Europeans and Americans are once again hard at work on the riddle of a multilateral **nuclear European force; the *nth*** power problem; and how many fingers to have on the **trigger** (p. 991).

India, Pakistan and China form a most unsteady triangle in the midst of that massive form, the Himalayas (p. 992 and p. 1005).

FOR REALISTS ONLY

Britain and the Six face their real difficulties next week (p. 1005). The talks have reached the delicate and ambiguous question of Britain's commitments to the **Efta countries** (p. 1000). Signor **Colombo** has been active (p. 1003).

In Germany, as elsewhere, coal means votes: the government may well be prepared to drop a liberal energy policy overboard for a chance to strengthen its position (p. 1040).

The World Bank report on **Spain** has had an astonishing success: it has been described as Anglo-Saxon, and the government has paid it the compliment of taking some of its advice (p. 1003 and p. 1046).

The Gaullists came to power promising **price stability in France**, but prices continue to rise: the battle against cost inflation must be one of the first jobs of the new cabinet (p. 1047).

MADE IN USA

The coming American **defence budget** will reflect the lessons learned over Cuba (p. 1013).

Mr Adlai Stevenson may have had queries about Cuba but these do not make him any less valuable to President Kennedy (p. 1014).

Americans hope that retraining may be the answer to their long-term **unemployment** (p. 1014).

Labour cannot be blamed for the decline in **business profits** (p. 1018).

The **railway unions**, united against the railway companies, have driven them to unite in their turn (p. 1021).

It is still possible that Webb and Knapp may indeed become "one of the greatest companies in the world" (p. 1017).

Made in Europe

The future of the **supersonic "Concord" aircraft** now depends on its competition: and it may make its own—by stinging US manufacturers into pressing for an American rival (p. 1039).

Detailed contents on page 987

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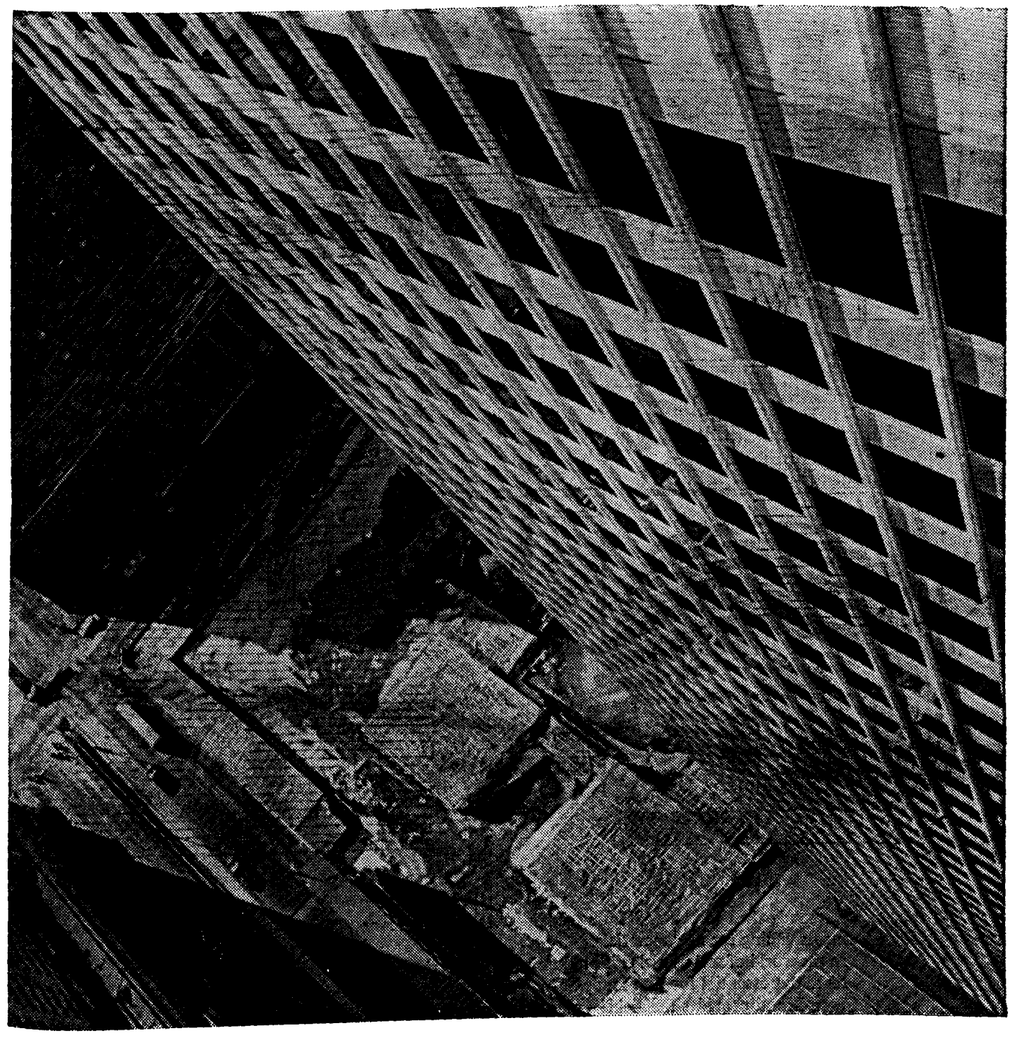

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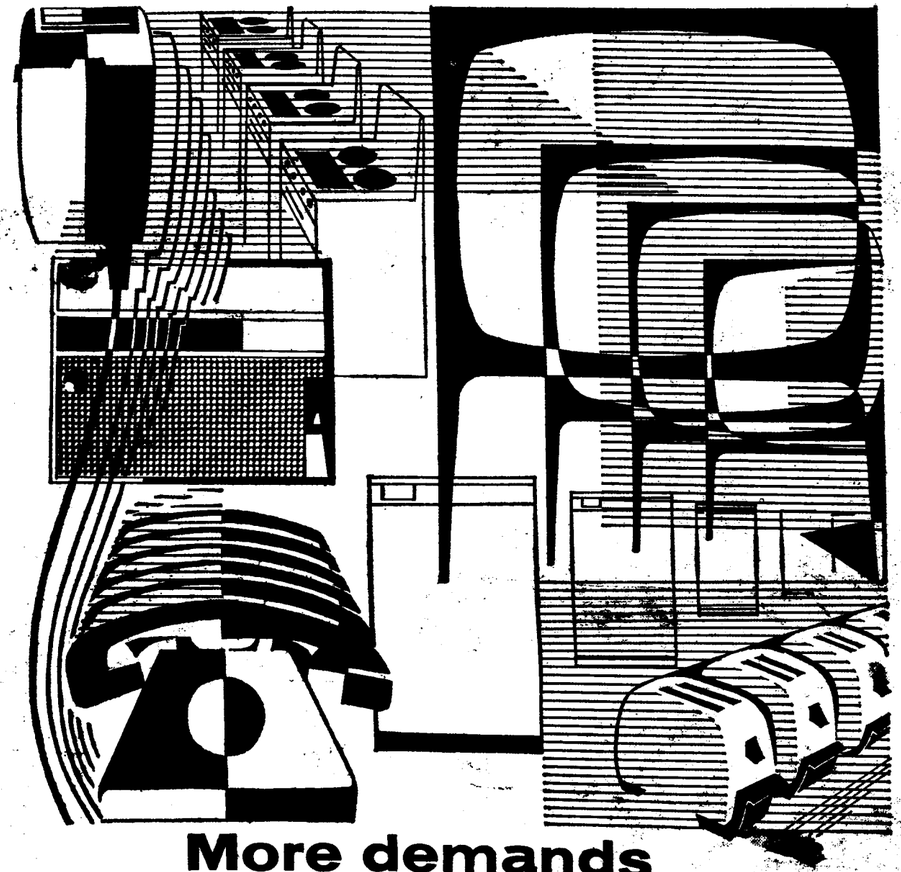

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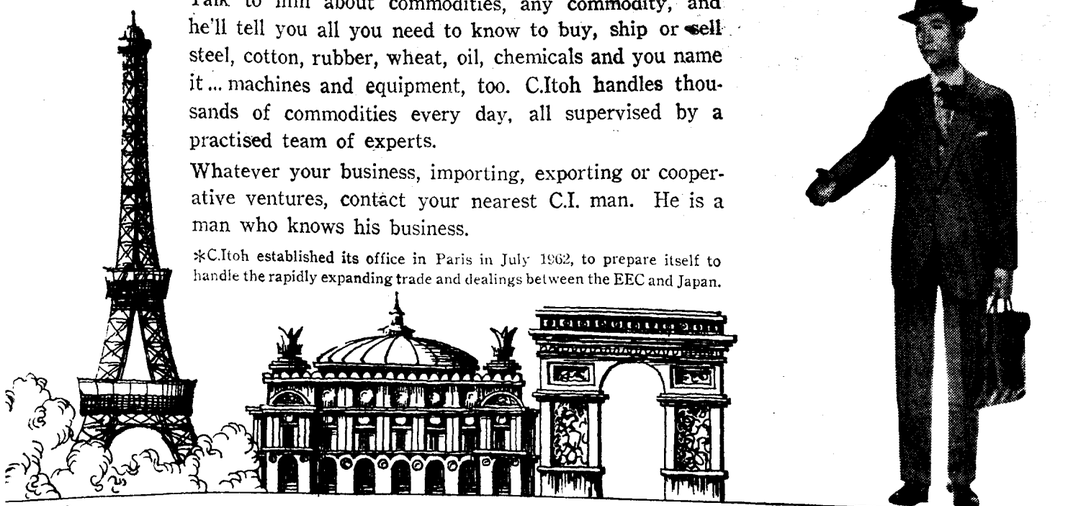

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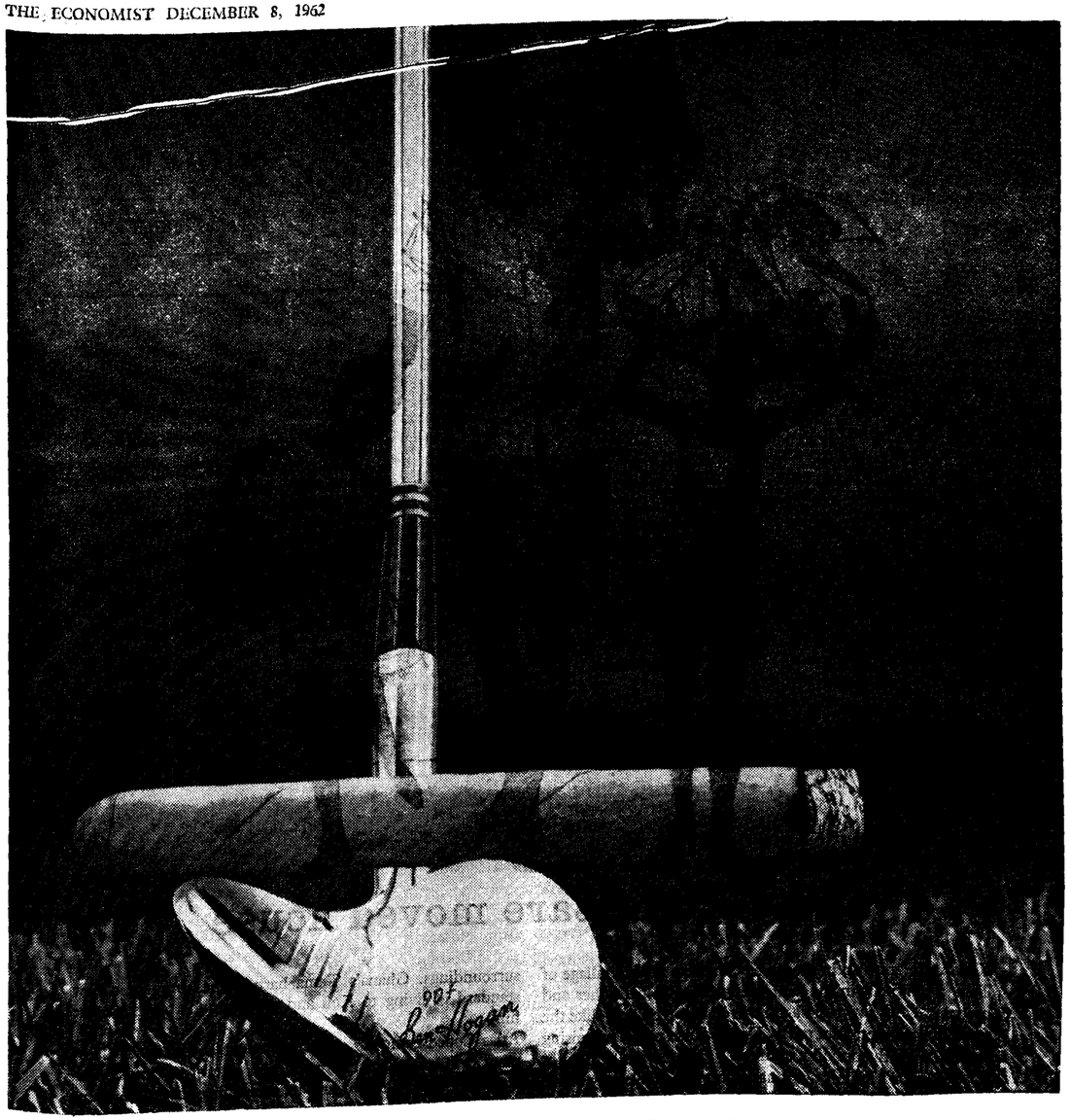

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The Economist

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The Wars of Religion

WHEN, nearly seven years ago, Mr Khrushchev first denounced Stalin, and proclaimed peaceful co-existence with the West, he must have realised that he was starting something pretty big inside the Soviet Union. One wonders whether he fully realised how much trouble he was creating for himself in the communist world as a whole. Two years ago, a compromise between the opposing views of Moscow and Peking was painfully hammered out at a conference of 81 communist parties in Moscow. Both the Soviet and the Chinese press, each turning a blind eye to the real state of affairs, have recently been celebrating the anniversary of that declaration. As is proper with a compromise, each party managed to interpret it to its satisfaction. In fact the rift in the communist world is now as wide as it has ever been.

The pretence that the quarrel is not between the two communist giants, China and Russia, but is merely due to the excesses of two mavericks, Albania on the one side and Jugoslavia on the other, has been virtually dropped. "We must tell you frankly," said the Chinese delegate at the Italian Communist party congress on Tuesday, "that the Chinese communists have different opinions on certain matters to other Communist parties." The quarrel has become so pervasively obsessive that practically everything that happens in the communist world—whether it be Marshal Tito's "holiday" visit to Russia, or a communist party congress in Sofia or Budapest, or even one outside the Soviet block, in Rome—is judged primarily in the context of its effect on the quarrel between Moscow and Peking.

In fact, the 1960 Moscow compromise received a body blow a year ago at the 22nd Soviet party conference when Mr Khrushchev launched his new destalinisation campaign and made an open attack on Albania, which was publicly condemned by the Chinese delegate. The open break, which looked dangerously near, was avoided; for most of this year both parties, for reasons probably more domestic than ideological, managed to be comparatively civil to each other. The doctrinal quarrel, however, simmered on; towards the end of the summer it began to boil again, and Peking's vituperative reaction to President Brezhnev's visit to Belgrade in late September showed that Chinese patience was again running out.

It is, however, the Cuban crisis and the Chinese invasion of India that between them have made the crisis so acute now. All the dreary and repetitive wastes of ideological polemics were suddenly made actual. Mr Khrushchev's withdrawal from Cuba and, perhaps to a lesser extent, the Chinese invasion of India owe far more to considerations of power politics than to ideology. But both go straight to the heart of the practical problems which are what the ideological quarrel is fundamentally about—the relations of the communist world with the West, and how to bring the uncommitted world within the communist fold.

According to the Peking *People's Daily*, on November 15th, "The distinction of a Marxist-Leninist from a modern revisionist lies, first of all, in the attitude towards imperialism." The Russians, as much as the Chinese, agree that imperialism is wicked and an active danger. (Each in fact tries to pin it on the other by suggesting that the Albanians—or the Jugoslavs—are actively helping the imperialists.) But while the Russians distinguish between "aggressive circles" in the United States, and those Americans, like President Kennedy himself, who appreciate the dangers of nuclear war, the Chinese and the Albanian

tar all Americans with the imperialist brush. The Russians believe that because of the common danger of nuclear destruction they can come to an understanding with the Americans. Their opponents are shocked at the very idea of trusting an imperialist: "Kennedy," as the Albanian premier, Mr Shehu, declared last week, "is no more sincere or peace-loving than Hitler." Thus, while in the Russian view Mr Khrushchev has triumphantly vindicated the peace-loving nature of communism, defeated the designs of the imperialist groups in America, and paved the way for better relations with the United States, in the Chinese view Mr Khrushchev is a traitor to the communist cause: he has retreated before the imperialists and deserted the brave Cuban people who form the spearhead of revolutionary communism in the western hemisphere.

RUSSIA's reaction to China's invasion of India has been much more muted than China's reaction to the Cuban crisis. No doubt the delicacy of Moscow's diplomatic position between New Delhi and Peking has had an inhibiting effect. But it must have been very galling for the Russians to see the Chinese pushing the Indians off their non-aligned course, further demoralising the Indian communist party, and presumably filling the rest of the uncommitted world with doubts and disillusion about the communists' peaceful intentions. The Chinese may hope that they have given the timid Russian comrades a convincing demonstration of how to impose your will on another country (or heave a local communist party into power) by armed force without sparking off a nuclear war—although they can hardly say this openly since their action was allegedly purely defensive.

The Russians are more likely to be impressed by the evidence of the strength of Asian nationalism provided by the divided Indian communist party's public denunciation of "Chinese aggression"; they may well have felt confirmed in their own less crude methods of peaceful penetration. This week, in the sympathetic atmosphere of the Italian party congress in Rome, both Signor Togliatti and the chief Soviet delegate, Mr Kozlov, made clear their deep disapproval of the Chinese action against India. It is significant that the Russians, who up to now have been reluctant to expose their quarrel with Peking to prying western eyes, should have chosen to criticise the Chinese so plainly at a western communist party congress where their words could be expected to receive the maximum publicity in the West.

For the Italian communist delegates assembled in Rome this week, their congress must seem a rather curious affair. Threatened by growing political isolation at home through the Nenni Socialists' involvement with Signor Fanfani's centre-left experiment, they have particularly tricky problems of domestic tactics to worry about; but what in fact has monopolised their attention and their interest has been the inflamed international conflict between Moscow and Peking. This inflammation is bound to have its effect on the argument about internal policies that is now going on inside most communist parties—between the adherents of Mr Khrushchev, and those who sympathise with the "dogmatic" Chinese and fear a too rapid retreat from stalinism. Three weeks ago the Albanian party paper published a long and detailed condemnation of the "theses" that have been presented this week to the Italian party congress; the Italian attitude was condemned as "a total slide into opportunism and revisionism." This article represents an extreme case of one of the most rigid communist parties attacking one of the most experimental. For most of the important communist parties in power in eastern Europe, the Khrushchev line is accepted in principle; the argument is about how far and how fast to put it into practice.

In Hungary, for instance, the process of what the West calls liberalisation seems to be going comparatively fast. Czechoslovakia is different: Mr Novotny has kept his foot firmly on the brake and is clearly very reluctant to let it off even a little. In his opening speech at the Czechoslovak party congress in Prague on Tuesday, he announced that the political trials held between 1949 and 1954 (including presumably that of Rudolf Slansky) would be reviewed "once again," and "basic conclusions" drawn within four months. Plainly Mr Novotny feels compelled to promise a political post-mortem; just as plainly, he would dearly like to wriggle out of it. But when the quarrel between Moscow and Peking is in an acute phase, as it is at present, it increases the pressure on lesser communist leaders in the Soviet block to follow the Khrushchev line on internal policies.

This does not mean that what is now going on in the communist world is just a crude struggle for power by Russia—although the Chinese, with their baleful references to the dangers to the communist movement of "great-power chauvinism," would obviously like to insinuate that it is. True, the reported circumstances of Mr Yugov's fall from power at the Bulgarian party congress last month suggest that Mr Khrushchev is not above throwing his weight about when it is a question of preventing a possibly pro-Chinese regime in a European communist state. But today, with the doctrine of different roads to socialism firmly established, this sort of behaviour is the exception rather than the rule. Marshal Tito, who knows his Russians, would never have gone to Moscow this week if he had not felt reasonably confident that he could do business with the Russian leader on acceptable terms. Mr Khrushchev would almost certainly not have cultivated Marshal Tito so assiduously in recent months had he not been quarrelling so heartily with the Chinese, and had he not felt that the support of the arch-revisionist might be useful. It remains to be seen how much he is prepared to offer for that support.

ALTHOUGH considerations of national power and prestige are basically involved in the calculations of both Moscow and Peking, what is going on between them is not just an old-fashioned struggle for power; it is primarily a clash of doctrines on the correct methods of developing and extending the communist world. As with all doctrinal disputes, this one has become bitter, and neither side any longer shows any real wish to compromise. Mr Khrushchev seems to be forging ahead on his chosen course with conviction and even with bravado. He has embarked on a major reorganisation of the Soviet communist party, not in order to improve the party politically and ideologically, but in order to make the Soviet economy more productive and the Soviet people more prosperous; the ideological pundits in Peking can pick all sorts of doctrinal holes in such a course. The allocation of funds between defence and agriculture in the new budget (to be presented to the Supreme Soviet next week) will give a significant indication of how far Mr Khrushchev means to go in concentrating on Russia's internal needs in reliance upon the good intentions of the West.

Outside the Soviet Union, the Russians' insistence on publicly advertising their differences with the Chinese at every available party congress suggests that they are now determined to do all they can to isolate their opponents. But, although at the moment the tide in the communist world is flowing strongly Mr Khrushchev's way, in virtually every communist party (and especially in the Asian ones) there are undercurrents of varying strength flowing Peking-ward. If the quarrel goes too far, it will indeed split the whole communist world from top to bottom. Both Moscow and Peking may well shrink from the responsibility of dealing the proselytising power of the communist movement such a crippling blow.

North to Elizabetha

What magnetic industries could the Government persuade to move to the north of England (See "Anatomy of Unemployment" on page 1037)? The most dynamic one to move would be central government itself—to a newly built administrative capital—a Brasilia for Britain—somewhere north of the Trent

WHAT has the south of Britain got that the north really wants? Short answer: the economic and social stimulus of a London. What has the south got that it would be well rid of? Short answer: the inefficiency of a congested central London (where office employment alone is rising by 15,000 a year). The chief arguments for re-invigorating the north are only too well known to every politician and economist—and, indeed, to everybody with any social conscience—at the present time. The chief arguments for decongesting the south-east are that a prolonged and unregulated influx means a high cost in road building and traffic jams; excessive journeys to work; and the effect of soaring urban land values on the provision of housing and other social needs (like schools and hospitals). The troubles of the north and south are, at least to this degree, complementary. If only something could be done to move one of London's fundamental magnets to employment (and especially to office employment) up to the north, the problem of Britain's steady relapse into being "two nations" could be solved at a single blow.

Up to now, all British political parties have assumed that the right magnets to try to move northwards are manufacturing industries, particularly of new style consumer goods. This policy has never really worked, because it means trying to cajole private commercial enterprises to go to one part of the country when they know in their hearts that they would make bigger profits if they operated somewhere else. Unfortunately, in the near future this policy is likely to work even less well still. The pull of Europe, whether Britain is in the common market or not, is calculated, for good economic reasons, to increase the flow of industry and population into the south-east. No government, whether Tory or Labour, could really bring itself to prohibit this movement into the British segment of the largest consumer goods market in western Europe. But, in return, is there any major, non-manufacturing, non-market-located and really magnetic growth industry that could be safely and profitably transplanted north of the Trent? The most obvious candidate, despite the horrified cries of protest that will be sent up, is the industry of central government itself.

London's past pride and present headache is to have become three capitals in one: the centre of commerce, finance and administration. In the nineteenth century, it was the financial capital and the administrative capital only. The centre of gravity for industry and commerce in those days lay in the north. As industry has congealed into large corporate agglomerations, and as boards of directors have therefore become financial tycoons rather than men of the workshop manager type, the centre of commercial power has inevitably moved down into the financial capital of the country. The financial mechanism of the City of London could not be successfully uprooted and shifted now, any more than the nearby continent of Europe can. But administration is something different, more detached and (highly important) happens to be directly under the Government's own control. A civilised Peter the Great is what Britain's top planning needs.

WITH modern means of communication (telephones, teleprinters, television) it is no longer a handicap to have the administrative capital of a country separated from its financial capital. America, Australia, Brazil, Canada, Holland, Switzerland, West Germany and others have them separated; they have even found that there are certain governmental advantages in that fact. True, there are certain other forms of employment that have to be in or near the administrative capital. Often, they are industries of a non-manufacturing type (newspapers, lobbyists and the like); but even among manufacturers it is obvious that for the new, science-based industries, proximity to government and the dispensers of governmental contracts has had a demonstrable influence on postwar factory location. And it so happens that the lack of these new industries beyond a 3½-hour travelling distance from Whitehall is a primary cause of the decline neurosis that has now overtaken even the most viable regions of the north and west. It would be a major advantage of shifting government bodily to a more central position in Britain that it would carry with it these and other dependents and ancillaries, and thus make it more possible to allow the industries that want to get closer to Europe to open up new factories in the south.

The proposal of this article is therefore as follows: to start building a new administrative capital for Britain—a Washington, a Canberra, a Berne, a Brasilia—somewhere north of the Trent, and to move Queen, Parliament and civil

service into it. A site on, say, the open building land between York and Harrogate (the Marston Moor country) might best fit the bill. It is midway between Thames-side and Clydeside; it would have good north-south communications; it would be within easy reach of the industrial areas of Lancashire and the West Riding (thus saving it from the complete social isolation of a Canberra); it would have on one side an historic city which, with its new university, is beginning to shake off the lethargy of its past and, on the other, a potential posh-suburb (highest current social rating outside the south-east) with an impressive initial stock of hotel accommodation.

The only workers whom the Government would be directly responsible for moving would be the 75,000 headquarters civil servants in the London region, plus another 25,000 members of the royal household, MPs, embassy staffs and miscellaneous dogsbodies. The new city of Elizabetha would thus have a basic bureaucratic population, at the family ratio of 3½ persons per salary earner, of 350,000 at the end of the first stage (five to seven years after construction began). This would be exactly equal to the number of people who migrated from the less favourable regions of England and Wales in the decade 1951-61. But with the build-up in service employment Elizabetha would rapidly pass the half-million mark; it would draw northwards to itself or its radial satellites such institutions as the law courts, elements of Fleet Street, the big lobbying establishments (public relations men, engineers and others) and, increasingly under the ægis of Bishopsthorpe, the Church of England.

Elizabetha would be at once the greatest single enterprise in Britain, or anywhere else, in modern architecture and town planning—and the effect of having one city securely anchored in modernity might be healthily cumulative elsewhere. Indeed the psychological consequence of having modern architecture, instead of those quaint old Houses of Parliament, as Britain's central governmental symbol could be a massive national advantage in itself. The net loss of population and even spending power to London would be comparatively small by London's standards; the potential gain to the north (by northern standards) would be very substantial.

The Economist

DECEMBER 6, 1862

PRESIDENTS AND MINISTRIES

It is a minor but still considerable defect of a Presidential Government, that not only does it compel the nation to wait during a certain interval before it makes a new choice of a supreme ruler, but also that it enforces a choice at the end of that interval. In a Parliamentary Government there is no stated day at which Lord Palmerston must be rechosen Prime Minister. He is removeable at pleasure, but he is not under notice to quit; his power does not of itself cease and determine at a particular time. The country, therefore, is not bewildered, nor is its policy deranged, by the proximate probability that upon a certain 4th of March the entire machinery of Government may be changed—that everything which is may cease to be, and everything which is not as yet may begin to be. In a Presidential Government, therefore, the Executive administrator is chosen by unskilled persons, whereas in a Ministerial Government he is chosen by comparatively skilled persons; he is chosen by persons who have few opportunities of judging, whereas a Parliament has many and good opportunities; he must be chosen at a fixed time, whereas in a Ministerial constitution the country is never convulsed without necessity, and the same Cabinet may last twenty years; he is chosen *for* a fixed time, and during that period he must remain, however incompetent he may be to new events and changing circumstances, and though by his gross unfitness he may be palpably ruining the country. Even these several points of superiority are not all which a Parliamentary Government possess, but they are enough to show that we need not grudge our Transatlantic relatives that form of Government which the *dis*united States, both North and South, from habit, blindness, and ignorance of what is better, seem both of them disposed to retain.

AGAINST the constructional cost and initial human discomfort of moving this nationalised industry into new quarters must be set the advantages of social and administrative efficiency that this beacon of the new Britain would accrue to itself. To have a big city designed from scratch for the motor age; to have the space to build half-decent Houses of Parliament and give MPs their office accommodation; to set up an administrative centre that neither requires the odd £900,000 (latest revised estimate for Downing Street) to save the most important bits of it from dry rot nor involves the dispersal of ministries in job lots throughout the metropolitan region—all these should be glowing incentives to the displaced administrators themselves (if the Admiralty still wants to, it could even reclaim its chaps from Bath).

To the north the stimulus would not only be psychological. It would bring it into much closer contact with, and influence upon, government; the Establishment would live in the new capital, and to retire to and visit the north would become one of the In things to do. The move would bring with it the construction of a convenient second international airport that actually connected the north of Britain with the outside world; and it would mean, to the outside world, the opening up of a whole under-developed interior. Elizabetha would do precisely the job Brasilia is trying to do, with considerably less risk and vastly more immediate effect.

For London, shorn of its one movable central industry, there would come the last, great chance to plan itself properly in a situation of temporarily relieved congestion at its heart. To pay for the move one would like to see the sale of most of the abandoned high-value sites to the highest bidder. The sites at Whitehall and Buckingham Palace could be sold off to Messrs Cotton and Clore, albeit under sensible town planning restrictions which saw to it that London's peak-hour traffic problem would be sensibly diminished. The more historic buildings whose destruction would pain Mr John Betjeman too deeply (with the Houses of Parliament at their head) could be turned into the nucleus of London's second and third universities; nobody except dons and students will easily put up with the discomfort of actually living and working in them much longer. The shopping and entertainments centres would remain in the old financial capital (Broadway and Fifth Avenue have not moved to the Potomac).

None of this would therefore knock the economic stuffing out of London. It would, indeed, give it the opportunity to become again an efficient commercial capital and port, secure in its own large local consumer market and poised to make the most of a Channel bridge or tunnel or dam with the continent. Heaven knows there is a multitude of built-in resistances to moving anything worth-while from the south-east to the north; government happens to be one of the most mobile and potentially one of the most magnetic industries of all. There are no prizes for spotting difficulties. But, really and truly—if politicians are serious about the need for long-term planning in Britain—why not?

Splitting Nato's Atoms

Nuclear weapons can cause either fission or fusion in the western alliance

AN intercontinental pundit himself, Mr Walter Lippmann was intercepted on Monday by an anti-pundit pundit in the shape of M. Raymond Aron. The two met nose-cap to nose-cap on the most difficult of all the questions now troubling the western alliance—the question who is to be responsible for the nuclear protection of western Europe. Mr Lippmann, talking to an assembly of journalists in Paris on November 29th, said that the European members of the alliance, like passengers in a car, could help the driver to map out the general direction of nuclear policy, but once the road was chosen "there can be only one driver at the wheel." For some years to come this solitary figure will obviously, in Mr Lippmann's view, be the President of the United States. On Monday M. Aron replied in *Le Figaro*, with a back-seat driver's tartness, that if this was what the Americans really wanted they were going to push the Europeans into buying a car of their own; even if (he might have added) it was only a modest little mini-deterrent.

Mr Lippmann does not speak for the American government, nor M. Aron for western Europe. But the clash between them does illustrate the conflict between the two impulses at work within the alliance. One is the impulse towards unity; the other the impulse for parity between western Europe and North America. The two may in the end prove irreconcilable. President Kennedy's Administration, however, has made a number of attempts to reconcile them, by offering the European allies a rather larger share of responsibility in nuclear matters short of full independence. The last such offer was made on November 16th in Paris by Mr George Ball, the second-in-command of the State Department, who said that the United States was ready to consider "a genuinely multilateral, medium-range ballistic missile force, fully co-ordinated with the other deterrent forces of Nato." The foreign and defence ministers of Nato, who meet in Paris next Thursday and Friday, will have to consider this offer, though they are most unlikely to come to any decision about it. It may be worth while to spell out, in broad terms, why it was made and what it probably means.

Why an American offer at all? If they want to, the Americans can make it a very long and expensive business indeed for the western European countries, either separately or in combination, to break the Americans' near-monopoly in nuclear arms. The total defence budgets of the six common market countries plus Britain add up to rather less than the $15 billion that the United States is spending this year on its nuclear armoury alone. The doubling of defence expenditure that would thus theoretically be necessary if these seven countries wanted to duplicate the American effort would be equivalent in Britain's case (to make it a joke) to roughly an extra seven-and-sixpence on the income tax. Of course, the Europeans would never try to duplicate the Americans' seven major nuclear weapons systems (the B-47, B-52 and B-58 bombers, and the Atlas, Titan, Minuteman and Polaris missiles). They would settle, at the most, for a relatively cheap range of two or three systems. But even this would be hideously expensive without American help.

Nevertheless, the fact is that some Europeans seem determined to damn the expense, and make a plunge for nuclear equality in some form or other. Unless they are frightened out of it later by the size of the bills, the only question left is what form the plunge will take. There are basically four possibilities. At the Western European Union assembly in Paris on Monday and Tuesday the French foreign minister and the British minister of defence, M. Couve de Murville and Mr Peter Thorneycroft, found themselves defending the national nuclear forces on which their governments have so far put their money.

A good many people, on the other hand, would much prefer to aim for some kind of united European force instead of a series of local atomic satrapies. This combined force is presumably the preference of those who want to see western Europe become in some sense or other a single unit, not just an alliance of separate states. They may or may not include Mr Thorneycroft (who spoke on Tuesday of Europe as a future "world power"). However, whether Europe decides in the end to go the national or the supra-national way, the nuclear forces that come into existence—of whichever kind—can either be meshed in with their American counterpart, or stand separate and independent. It is in order to make sure they are meshed in that the Americans have recently been dropping hints about "multilateral" forces.

Is the United States proposing an Atlantic deterrent? Not in the full sense of the term. The multilateral missile force mentioned by Mr George Ball on November 16th would probably consist of a number of Polaris submarines jointly financed and jointly manned by several Nato countries, including the United States. The Americans have worked out, and are circulating among their allies, an ingenious scheme for operating Polaris submarines with international crews. But it is pretty clear that no scheme can be devised for an international decision on whether and when to fire their missiles. It will be the Americans in the crew, taking their orders from the White House, who man the compartment with the firing button.

The point is that a genuinely transatlantic nuclear force will have to wait until a political bridge strong enough to support it links the two sides of the Atlantic. The man at the driver's wheel, in Mr Lippmann's phrase, would then be the accredited chief executive of a united Atlantic community instead of merely the head of one member of an alliance. But no such community is in sight. Until and unless the ideal solution of a really unified nuclear force becomes possible, Nato collaboration can usefully include joint ownership and joint manning of nuclear delivery vehicles; but it is bound to stop short of true joint control.

Is a combined European force more feasible? Marginally, yes. This is simply because the political binding together of western Europe, which is the essential prerequisite of a united military arm, is likely to go faster and further than the binding of western Europe to North America. (Even so, it may never go far enough.) There are signs that the Americans recognise this possibility, and are allowing for it. In a speech in Copen-

hagen on September 27th, Mr McGeorge Bundy, the chief foreign policy adviser in the White House, talked about the possibility of "a genuinely multilateral European deterrent, integrated with ours." This differs from Mr Ball's formula by the insertion of the word "European."

Obviously, the United States is feeling its way very carefully towards the exact degree of nuclear power it will have to share with western Europe. If the demand from Europe is strong enough, the Americans may be willing to help in setting up a joint European missile force, manned and theoretically owned by Europeans alone. But here again one runs directly into the question of who is to control the warheads. It is hard to imagine Congress agreeing to hand over the warheads as well as the missiles (although not to hand them over would raise some baffling problems in the case of a purely European-manned submarine force). And even if circumstances changed enough for the Americans to relinquish control of the warheads, they would undoubtedly insist on the closest possible integration between this new force and their own.

What will the outcome be? This is the hardest question of the lot. All one can do is to identify the best possible solution, and the very worst, and hope that something reasonable can be achieved in between. The ideal outcome would plainly be a genuinely Atlantic nuclear command based on a full-bodied Atlantic political community. This is certainly something to be worked for; but it is too remote to affect the decisions that now press upon the statesmen. The worst, and quite intolerable, outcome would be for the Europeans, either separately or together, to set up their own private atomic armoury without any links to the American one. This would polarise the alliance, since separate nuclear forces will nourish separateness in foreign policy. It would also alarm the east Europeans so much that a relaxation of tension in the middle of the continent might no longer be possible.

It may be that, as bombers grow obsolete and missiles and orbiting spacecraft become the order of the day, the Europeans will find the cost of sharing nuclear responsibility too great and, led by Britain and France, will back out of the competition. If that does not happen, however, the essential objective will be to weave the continuing European contribution—whatever its form; whether it is national or multilateral—as intimately as possible into the American contribution. The weaving could take several forms: combined planning, co-operation in fixing targets, perhaps in some cases collaboration in buying and manning weapons. Whatever the details, the aim should be to make it as hard as possible for either half of the alliance to act without the advice and consent of the other: otherwise, sooner or later, they will, calamitously, wrench apart.

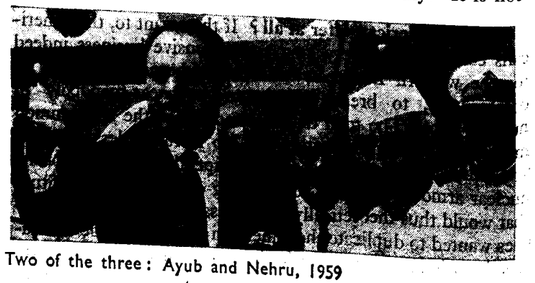
Three in the Himalayas

The threefold partition of Kashmir is likely to remain a fact, even if the Indo-Pakistani agreement to talk about it yields positive results—which is not likely

WHAT used to be, under successive Sikh and British paramountcy, the princely state of Jammu and Kashmir is now physically partitioned among three powers, India, Pakistan and China. From the time of the Indo-Pakistani cease-fire secured by the United Nations in January, 1949, India has held the greater part of the state—Jammu in the south, the Srinagar valley in the centre, and Ladakh in the east, together containing three-quarters of Kashmir's 4½ million inhabitants; while Pakistan has effectively controlled, through a rather shaky "Azad (free) Kashmir" government, a thin strip along the western border (which runs only forty miles from Rawalpindi, Pakistan's new capital), as well as a large area in the remote northern mountains. Now China has carved itself a third slice, in the north and east; a substantial acquisition in terms of territory—some 12,000 square miles, the size of Belgium—but virtually uninhabited.

India, struggling against this latest partition, now finds the question of the older one consequently revived. For the best part of a decade, the Kashmir dispute had been a one-sided affair, repeatedly raised by Pakistan, while India, having the nine-tenths of the law conferred by possession of the best three-quarters, sat tight and insisted that the case was closed. The more complacent Delhi appeared, the more frustration grew in Karachi and Rawalpindi. After President Ayub Khan's strong but restraining hand had restored some stability to Pakistan's previously often frenetic politics, a major work of reconciliation between the two neighbour countries was achieved in the 1960 treaty on division and redeployment of the Indus basin waters; but the momentum of that year was lost before it could carry them as far as a compromise over Kashmir, and their relations were soon marred again by a series of lesser border affrays. Nor has the new Chinese attack in any real sense improved the atmosphere between them: its effect has been to worsen it.

Only the poisonous working of the Kashmir dispute can explain the wild joy with which many Pakistanis have hailed India's discomfiture at the hands of China's army. It is not



Two of the three: Ayub and Nehru, 1959

so many months since President Ayub was chiding India for its refusal to discuss with him the joint defence of the Himalayan frontiers against encroachment from the north. Pakistan then had the posture of the West's sturdy ally in resistance to the communist powers' ambitions, and scorned the spinelessness of India's refusal to stand up in the same line and be counted. But now its president is deafened by

his fellow-countrymen's cheers for communist victories, urged by many of them to renounce alliance with the West, and urged by virtually all to make India's difficulty Pakistan's opportunity to redress the Kashmir account. The Chinese, whom Mr Nehru bluntly labels "imperialists." have certainly found for themselves the classical type of situation that has so often made imperialist expansion an easy job in the past: a quarrel between two neighbours so bitter that one of them gladly welcomes the armed intervention of a third and more powerful state, heedless of the familiar consequences. (Did not the British establish themselves in the Indian subcontinent, with remarkably little resistance, through the workings of just this same historical pattern?)

When Mr Nehru and President Ayub announced on November 29th their decision to try once again to resolve their differences "on Kashmir and other related matters, so as to enable India and Pakistan to live side by side in peace and friendship," it must have seemed to many far-off observers that sanity had triumphed. The family fight was apparently going to be settled so that the northern intruder could be held off. A closer view, such as our correspondent in India takes on page 1005, is much less comforting. The agreement to talk has indeed been made; that is something. The talks may well proceed from the initial stage at ministerial level to that of a personal meeting between the two heads of government. If things do get that far, some papering-over device may be worked out (indeed, to save face, something will have to be worked out). One or two marginal issues might get settled; some kind of continuing mechanism for consultation, perhaps in the shape of joint committees at the "expert" level, might be left behind. But that is just about all that can be expected, as matters stand.

THE plain fact is that the agreement to talk has itself been achieved only in consequence of the strenuous diplomacy of the special British and American emissaries, Mr Duncan Sandys and Mr Averell Harriman, who were in India and Pakistan last week. The agreement represents no real shift toward a Kashmir settlement. In Rawalpindi on Tuesday, Sardar Bahadur Khan urged in the name of Pakistan's renascent parliamentary opposition that the talks should not even be started. For the government, Mr Bhutto pleaded for "one last attempt to settle our differences with India by good will through negotiation. The future of the sub-continent is at stake." This ministerial speech on the last day of the emergency debate was a great improvement over the initial one that the foreign minister, Mr Mohammad Ali Bogra, had made on November 22nd, before retiring, or being retired, to bed. All the same, the president will enter the talks with India (assuming they can be started) with his ears ringing. He dare not speak too openly of realism and compromise after seeing the effectiveness of the wretchedly demagogic tactics deployed inside the national assembly by Bahadur Khan (his own brother), and outside it by the agile ex-prime minister, Mr H. S. Suhrawardy, with their all-or-nothing slogans.

On the Indian side, even the government itself gives the clear impression that it agreed to talk only as a gesture to the United States and Britain, on which it now counts for vital supplies. There is no doubt that Mr Sandys and Mr Harriman, concerned not only to enable India to switch troops from the Pakistan borders to the Chinese invasion zones, but also to sidetrack the very real Pakistani anger with America and Britain for arming India, gave Delhi to understand that the western governments would be better placed to help if it showed reason over Kashmir. A few hours after the agreement to talk had been announced, Mr Nehru's comment that "anything that involved an upset of the present arrangements would be very harmful to the people of Kashmir, as well as to the future relations of India and Pakistan," nearly scuppered the project, brought Mr Sandys whizzing back to Delhi for another round of reassurance, and at the same time laid bare the heart of the matter as India sees it.

BRITAIN and America, as Mr Sandys indicated in the Commons on Monday, have to go very cautiously in this affair. In the past six weeks they have won a mass of genuine goodwill in India by visibly attaching no strings to their urgently needed, and swiftly supplied, help. All of that could be lost again if they seemed to be exploiting India's troubles to squeeze it into concessions over Kashmir. Indians are, not surprisingly, more sensitive than ever at this moment about "friendly" pressure on them from any quarter. They have viewed with foreboding the "summit" meeting of six other non-aligned states—Ceylon, Burma, Cambodia, Indonesia, Ghana and the United Arab Republic—that Mrs Bandaranaike has called for next week in Colombo in hopes of contributing to a settlement between India and China. Senior envoys from Delhi have been chasing their opposite numbers from Peking round the capitals of these states, restating India's reasons for looking askance at China's plausible-sounding terms. Similar Indian qualms about their "friends'" intentions have contributed (along with some spectacular clumsiness on the part of Dr Nkrumah) to nip in the bud several attempts in the past three weeks to mobilise the non-aligned group at the United Nations for a Himalayan conciliation effort. Hurt and enraged by China's brutal thrusts, India is in no mood to take kindly to any chivvying from flank or rear.

It may well be that, as the latest indications suggest, India is bound in due course to accept the hard reality of China's hold on north-east Kashmir. Its formal position at present is that the Chinese must quit every inch of the disputed soil; but, then, it has also been formally committed for years to the proposition that all of Kashmir is Indian and that the Pakistanis in the north and west of the state must likewise "vacate their aggression." The most probable prospect is that the threefold partition of Kashmir will continue, with tacit understandings slowly prevailing over formal claims; perhaps with some modification in favour of Pakistan, perhaps not, but certainly with no sweeping change. It is wholly permissible for its real friends to remind India, now as at any other time, that it would serve its own best interests if it could achieve a "good neighbour" relationship with Pakistan by letting the restive people of the Srinagar valley decide their own fate. It is good that Indo-Pakistani talks have been agreed, and the British and American contribution to securing this agreement deserves praise. But to twist India's wounded arm would be quite a different, and almost inevitably a very damaging, thing.

Appointments, Business and Personal notices, and other Classified Advertisements: pages 1069, 1070 and 1071

Two Sighs for Training

The Government's new proposals for training skilled industrial workers are only a small advance towards tackling an extraordinarily badly handled British problem

THE first reaction to the Minister of Labour's new white paper on industrial training must be two familiar sighs. The first is of relief that somebody is at last attempting to widen the cramping economic bottleneck formed, even when unemployment is the talk of the day, by the national shortage of skilled labour. The second is of regret that the attempt is, at this stage, so limited in its scope.

The urgent needs for a reform of industrial training in Britain are perfectly plain. In many crafts the traditional apprenticeship periods should be drastically cut down. Age-limits on entry to apprenticeships should be done away with; it is absurd that the only people who can qualify for training in some skilled manual jobs are youths who have left school at the age of 15, and who then have no opportunity to move on to train in another trade if they find that their first haphazard choice has not been suitable. For all young people, training needs to be much more closely integrated with their education. And the supply of people trained, maybe for quite short periods, in techniques that do not rank as crafts needs to be vastly increased, which means a far more methodical approach to the retraining of adults—especially of adults made redundant by the decline of an industry. The scale of the reforms that are needed has led an increasing number of people to wonder whether large-scale national training schemes should not be introduced to supplement the traditional British system of training in individual firms: whether the French system of state-run *centres d'apprentissage* would not be the right answer in Britain as well.

Mr Hare's new white paper contains no such dangerous thoughts. Instead, the problem is to be left in the hands of tradition-bound people from both sides of industry, but they are to be mobilised into some new committees. The minister proposes to introduce (perhaps in the next session of parliament, which means next winter) a bill enabling himself to set up statutory industrial training boards, organised by and for individual industries, and composed of employers, trade unionists and government representatives; some educationalists might be brought in to partner officials from the Ministry of Labour, in view of the overlapping between training programmes and schooling. The boards will be able to levy money on firms in their industry and to pay back some training costs of firms that are doing a good job, as well as making grants to trainees; they should agree on a coherent training policy, establish tests both for pupils and for instructors, and if necessary set up their own training centres.

All this holds out some real promise of advance. Given that this is to be the framework chosen, what needs to be done to enable the promise to be fulfilled? The first point to make is that the new and regular levies on firms should be stiff enough not merely to meet the running costs of the schemes that the boards will introduce, but also to serve another purpose that should not be purely financial. Ideally, the levies should come to look like some kind of a fine imposed on those firms that make no attempt to train workers, while those that do their bit should get back at least as much as they spend. The gap between the big firms that run their own apprentice schools and the mass of industrial concerns that do not is enormous. The fact that so many companies are content to cannibalise other people's training schemes by luring away their skilled labour (using the cash they have saved by not training in order to pay inflated wages) has for long deterred a number of fairly well-intentioned companies from taking on their share of trainees. Under the proposed scheme it should be possible to penalise the lazy, to give the well-intentioned an easy way of paying their whack, and to favour the virtuous.

Unfortunately, an additional difficulty is that almost a quarter of all factory workers are employed in buildings containing fewer than fifty men. Small firms can do little training within their own plants, because they cannot spare the skilled labour. The white paper talks of fixing a size-limit below which firms should be exempt from paying the levy—but it is important that this should be set at a level to spare only the very small employer, since all firms must eventually benefit from an increase in the supply of trained men.

ON the union side the obstacles to improving the training system are still more formidable. Any craft union with unemployed members anywhere in the country is obviously under pressure to restrict entry to its trade, even if there is a dramatic shortage of craftsmen elsewhere in the country; even where there is no unemployment, unions sometimes think that they can push up wages by maintaining a labour scarcity, through sticking to traditional long apprenticeships for their trade, or to an arbitrary age-limit on entry to training schemes. One of the worst of the results of this last restriction is that it excludes from the chance of acquiring a manual skill many boys who stay on at school after the age of sixteen, only to discover that they will not quite make the grade in "a grammar-school type job": these brighter-than-average people are just the sort who would make the adaptable operatives and foremen who are desperately needed by industry.

This legacy of conservatism—on both sides of industry—gives one reason to distrust the likely zest of training boards formed of people who, with the best will in the world, cannot help being marked by it. Against this, it will be argued that those within an industry are best able to see what kinds of skill it is likely to need; and the minister hopes that the boards can plan their training programmes in line with the National Economic Development Council's tentative forecasts of rates of expansion in different industries. A useful step here—and one which the minister would do well to think about—is that the reports of the new boards (and one devoutly hopes they will publish annual reports) should be open to searching scrutiny and public comparison by some central body unconnected with the industries concerned. Since select committees on estimates—i.e. committees of MPs—now inquire into the nationalised industries as well as into government expenditure, could they not also take annual power to rout through the achievements, or the non-achievements, of these different industrial training boards as well?

Early in their researches, the boards are likely to come up against the difficulty that many 15-year-old school-leavers have no information on which to base their choice of job, and that some boys who tumble into apprenticeships are unsuited to absorb the special training needed. One immediate and practical step that could be taken would be to expand and strengthen the Youth Employment Service that is supposed to provide a measure of vocational guidance for school leavers. At present its officers are few and poorly paid, while the service itself is, with fantastic illogic, sometimes run directly by the Ministry of Labour and sometimes by local authorities. No amount of improvement in apprentice schemes will do good if the right people are not picked for training.

Finally, it is essential to keep emphasising that today the training problem is by no means confined to the young: redeployment out of some old-established industries over the next few years must make it necessary to retrain ever-increasing numbers of adults. At the same time the demand for semi-skills seems bound to increase: the building industry, with the need for men to put together prefabricated bits and pieces of houses, is only one example among many. Here, in fact, the Ministry of Labour has itself recently made a modest step forward with the setting up of two small retraining centres for adults in Scotland. It would be a pity if this new initiative of industrial training boards were to divert attention from—or even set up a vested interest against—the recognition that more initiatives of this kind, with generous retraining allowances, are urgently needed. With this week's white paper Britain has only just begun to nibble at one of its worst-handled problems.

NOTES OF THE WEEK

CONSERVATIVES

Are They Downhearted?

LIKE St Sebastian, the Conservative party has been shot through with arrows, but, like him, its inner morale still seems surprisingly high. There is no real sign of panic, much less any crisis of conscience such as that which seized the party at the time of Suez. Mr Macmillan's personal position has not been seriously challenged by Tory MPs in the fortnight since the by-elections, despite his disastrous slump in popularity in the public opinion polls and despite some murmurings from Sir Harry Legge-Bourke, who wants to get in on the act once again. Cynics are saying that the wisdom of Mr Macmillan's elevation of Mr Butler to deputy-Prime Minister is now apparent, since most people in the party do not really think that much would be gained by substituting Mr Butler for the present premier at this stage.

There are other able men in the Tories' front rank—Mr Macleod, Mr Maudling and Mr Heath; but none can command a wide enough front in the party to make the immediate displacement of Mr Macmillan a possibility. Mr Macleod, potentially the ablest of all, is being badly burned on the hot seat of the party chairmanship, where he has had to base himself on the part of the party that views his ideals and achievements with the least sympathy and the most distrust. The latest chortle at Westminster is that the race for the Tory leadership could be transformed if, after the impending report of the select committee on the Lords, all hereditary peers were allowed a period of grace in which to renounce their seats in the Lords and to become eligible for one in the Commons. The return of Lord Hailsham to the Commons would be of no importance for succession to the leadership, since he would be unacceptable to the parliamentary party, however popular he is in the country; but Lord Home's return there, in the unlikely event of his leaving the Lords, would be quite another matter. All sections of the party, right, left and centre, could unite behind him. That, however, is at most a rather outlandish hypothetical prospect for the next parliament, not a real problem for this one.

For the time being, Tory fortunes, as well as Mr Macmillan's, are still inseparably linked to the success of the common market negotiations. Although there is no disguising government anxiety about the present situation at Brussels (see page 1005), ministers are still saying, with a confidence that does not yet sound too much like desperation, that they expect to push the issue through to a successful conclusion. After recent disappointments, many people had feared that a wave of impatience against Europe might sweep over the Tory back benches, but so far there have been no "quit Brussels" speeches by any waverers who really matter; what has happened is that pro-European Tories have rightly warned Europe that these speeches could erupt at any time. Mr Macmillan is said to have some hopes of exercising a little persuasion on President de Gaulle at their coming meeting; if Mr Heath reached deadlock at Brussels, a call for a European Summit rather than a cowed report to Westminster would be the Prime Minister's most likely reaction. The next month or so will be perhaps the most difficult of all for the Tories—with a hostile press, rising unemployment, and the psychological stress induced by uncertainties at Brussels. But they look, at present, as if they are taking the strain.

UNITED NATIONS

Better Mouse-Trap

UNANIMOUSLY elected on November 30th to serve for a further four years (which, with the year he had already served as acting secretary-general, adds up to a five-year term), U Thant can truly be described as a man who has had greatness thrust upon him. When his name emerged from the awed murmurs that followed Mr Hammarskjöld's death last year, there were those who assumed that the UN had found itself a chief executive whom all the powers would accept as nice, quiet and "safe." The gentle Burmese has, in fact, proved just as much of a surprise as the "safe" Swedish technician about whom the same mistake was made in 1953. He has turned out to be plain-spoken (instance his characteristic speech at Johns Hopkins University immediately after his re-election). His skilfully timed interventions—notably in "Cuba week"—have inspired widespread confidence. Yet it is the dynamic of the evolving UN itself that has propelled him, a man not driven by personal ambition, to the place in the world that he fills today.

"Fills" is here the right word. U Thant may have only about two more divisions than the Pope; but the nations have come to recognise their need for an occupant of his lofty, though temporal, office: an occupant who has to be a good deal more than a titular focus of respect. Did the thought not even occur to Mr Khrushchev, at some point during the Cuba crisis, that the defeat of his attempt to shackle the secretariat had its consoling side?

The troika has now visibly ceased to roll. The day before Mr Thant's re-election, the Soviet block suffered a resounding defeat in the UN assembly's administrative committee, which voted by 84 to 10 in support of his proposals for future staff recruitment, sweeping aside Russia's renewed demands

for the reshaping of the whole secretariat on a three-block basis. As to the secretary-general himself, the Russians have had to abandon all hope of tying strings on to his freedom of decision. He had openly declared for the broad "Hammarskjöldian" interpretation of his function that Mr Khrushchev condemned with bell, book and candle in 1960; yet he has been confirmed, and strengthened, in office. And a man who has been begged to stay on disposes of a powerful weapon—the threat of resignation if others fail to co-operate. Mr Thant may yet be seen wielding this weapon with effect.

CENTRAL AFRICA

Gentlemen and Players

THE territories of central Africa are strung together as in a mobile: touch one and all the others move. On Monday and Tuesday, for example, Northern Rhodesia's African nationalist leader, Mr Kenneth Kaunda (accompanied by his new-found ally, Mr Harry Nkrumbula), spoke at length in London with Mr Butler. These talks ranged beyond the immediate issue of who is going to form the government in Northern Rhodesia after next Monday's by-elections. Mr Kaunda's attitude to the Katanga province across his border, as well as his ideas on the future relationship between the three (British) central African territories were also, it can safely be assumed, of deep interest to Mr Butler.

For their part, Mr Kaunda and Mr Nkrumbula remain closely concerned with developments in Southern Rhodesia—still the core of the central African problem. Southern Rhodesia's nearly all-white electorate will choose next Friday between Sir Edgar Whitehead's liberal programme and the opposition Rhodesian Front's apartheid. The assumption in Britain is that if Sir Edgar wins, all will then be on the way to being put right. (It certainly will not be if the Rhodesian Front wins.) But Southern Rhodesia's Africans, who are not taking part in the election, do not share this faith in Sir Edgar. They fear that he may be stringing the British Government along with reforms (and promises of more to come) in the hope of getting independence for Southern Rhodesia in the likely event of an early break-up of the Federation of Rhodesia and Nyasaland. This would be independence under white control and, the Africans argue, there would then be nothing to protect them from a backward-looking white-elected Southern Rhodesian government.

In the House of Commons on Monday Mr Butler dismissed a direct challenge to promise not to let Southern Rhodesia go until Africans are in charge (or well on the way to being in charge) by saying that the question was hypothetical. But it is still the important question. If Mr Butler did declare an intention to retain British control until there is majority rule in Southern Rhodesia, then the African nationalists might turn back to constitutional methods of opposition. An extension of the franchise might be thrown in as an added inducement. And, of course, bringing Southern Rhodesia's African nationalists out of detention and into the light would have an effect on African decisions in all Central Africa.

KENYA

Stumped at Lords

LED by Mr Milton Obote, the prime minister of Uganda, east Africa's nationalists are getting impatient about Kenya. It now seems that this most intractable (and expensive) of colonies will not be able to raise its independence flag for another eighteen months at least. This is partly due to the difficulty of welding a unity of purpose out of the tribally-dissident Kenya politicians, but part at least of the fault lies in Westminster. Kenya's new constitution was agreed upon in principle in April; but, as Lord Lansdowne, the minister of state for colonial affairs, admitted in the House of Lords on Monday, the details are only about one-third filled in.

One of the more important details is the appointment of a central land board to manage the schemes for resettling African farmers on the former White Highlands. A move that could be made quickly might be to announce the name of the chairman-designate of the board, General Sir Geoffrey Bourne. Several Lords asked for it on Monday, but by Thursday the Colonial Office had made no statement. It is hard to understand why announcements of this sort should be held up when some of the people who are awaiting them are already so suspicious of Britain's intentions in Kenya. The sooner General Bourne, an excellent choice, can be got to Kenya, the better.

Not only African nationalists are made unhappy by slowness in settling Kenya's affairs. Lord Lytton described on Monday how he had written to fifty Kenyans of all races and shades of opinion asking for their points for the debate—and how, to his surprise, all had replied. Lord Lytton read out reply after reply, from black, white and Asian Kenyans, all asserting that the longer the delay between now and the next election the greater would be the loss of confidence in Kenya. It was unfortunate that in the same debate Lord Salisbury talked about "the primitive African" and "men who are still only one generation removed from a savage state." Phrases like this are read by Africans as further evidence of a British desire to hang on to Kenya as long as possible.

RAILWAY RE-ORGANISATION

Slow Coach?

THE Commons were told last week that Dr Beeching's plan for railway reorganisation may not reach the Government's hands until "a month or two after Christmas." Thereafter, to judge from the tone of Government spokesmen in the debate, it may be handled like a very hot potato. Mr Hay, deputising for his indisposed chief Mr Marples, did not exactly slow his pace to that of an old-style Parliamentary train; but his constant emphasis on consultation procedure made it fairly plain that he might well prefer some of the necessary pruning to be hidden under a bushel until after a general election.

Three points should be made. First, Dr Beeching himself is not a great believer in bushels. Secondly, although there are always loud protests before any proposed closure (especially so long as any local interests think they can baulk it), one fifth of the mileage of Britain's railway system has already been shut down since 1950 without any visible effect on Tory electoral fortunes in the areas concerned (and without most people elsewhere in the country even noticing it). One suspects that this is another of the familiar issues where the Government has much more to lose by fumbling than by firmness, particularly as protest strikes by the workers do not cost it votes.

Thirdly, the backbench debate in the House was surprisingly an almost progressive one. True, Labour was moving an absurd amendment which viewed "with deep concern the proposed large-scale closure of railway workshops [even when there is no work for them to do?] and the withdrawal of unprofitable branch line services"; but the best points made from the Labour side were complaints, not against closures, but against the shabby little economies that are almost inevitable so long as an industry is still operating with a £150 million a year deficit—such as the pension of only 13s. 6d. a week for long-service engine drivers, and the fact that the Transport Commission is emulating the worst private landlords in not using improvements grants to put decent lavatories into railway-owned houses. From the Conservative backbenches, there was some surprisingly robust support for a new broom. Mr Geoffrey Wilson foresaw a great change in businessmen's attitudes to the railways when Dr Beeching implements his idea of having freight trains permanently made up of flat wagons into which large containers can be loaded, with the knowledge that the train will be leaving at a certain time and will arrive at a certain time, and that it will be travelling at 60 or 70 miles an hour; businessmen shy away from railway freight at present, he said, because we are "basing ourselves on the single railway truck, shunted from point to point, marshalled and remarshalled and put into a train a dozen times in 150 miles, with the result that there is tremendous uncertainty of delivery in railway traffic." The Government would be well-advised to decide now to move right over and act as a spur instead of as a brake to Dr Beeching's changes; this will be one of next year's major tests of whether it wants to keep campaigning on the issue that it is the party that regards reform as its ally.

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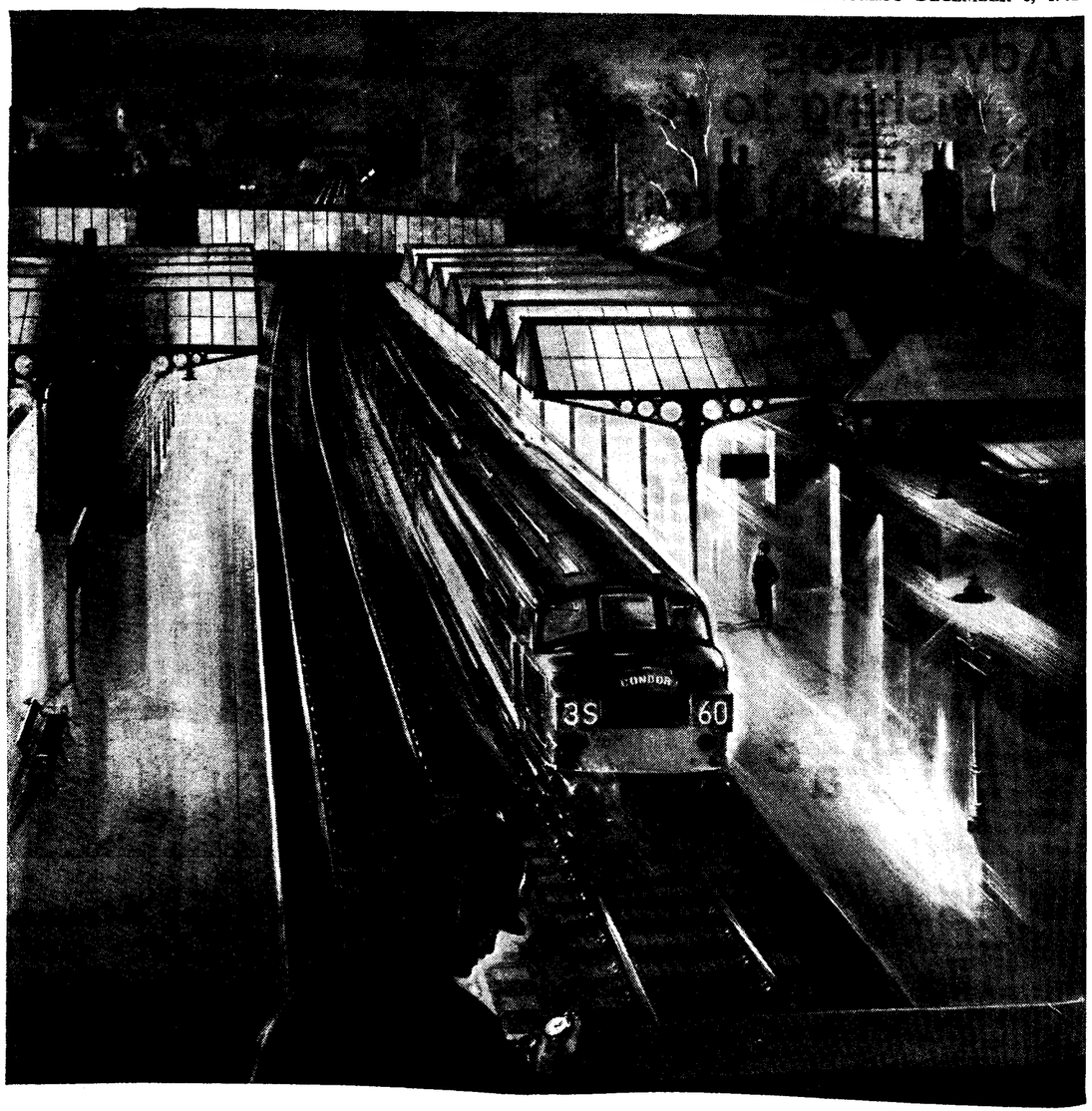

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CIVIL SERVANTS IN INDUSTRY

Much-Wanted Men

NEARLY a hundred senior civil servants (£2,000 a year and upwards men) have been allowed during the past ten years to take jobs in industry within the statutory two years of leaving government service; 61 of them came from the Ministry of Aviation which has the closest commercial dealings with industry of any government department. This has given rise to some needling questions in Parliament. No one has yet asked how many service officers have won similar concessions; but a quick count shows that the five main aircraft companies employ eight air marshals among them, including a recent chief and vice-chief of the air staff, both working for the same company.

The rule that public servants should not take jobs within two years of retirement without special permission was laid down in 1937. The motive behind it—to see that when industry employed ex-public servants it did so for their special skills rather than their special connections—may seem as sound today as then. Industry, on its side, frequently insists on harsh service contracts to prevent senior executives from working for competitors; but industry generally pays more than the Government and compensates handsomely for this loss of freedom. The big change in the last twenty years is that few Government servants have the private means that they might have been expected to have in the 1930s; to ask an active and able man to kick his heels today for two years is to impose a very real hardship. This fact, combined with the shortage of skilled men in industry (and it is presumed that a man who reaches senior Government rank has above-average ability) tends to make more and more people feel that equity and the possible gain to the economy together outweigh the marginal risk that here and there a public servant might allow his integrity to be dented by the whiff of industry's golden carrot.

By odd coincidence, this same view is contained in a pamphlet on Science in Industry published by the Conservative Political Centre on Tuesday. Indeed the committee which drafted this report goes further. It wants a special scientific-cum-economic secretariat to advise the Government on the growing points of technology. To staff them, says the committee, "we attach great importance to the development of an interchange (in both directions) of personnel between the civil service, industry and the universities . . . we recognise the risk to civil service objectivity . . . we believe it to be a risk worth taking." Recent Government committees have suggested much the same kind of two-way traffic between government and industry without seeming to think that it would introduce abuses. Is there any evidence to show that the fairly modest drift from the top to date has produced any recognisable ones? Is it, perhaps, objectionable only because it always seems to be one-way?

UNIVERSITY SALARIES

Incentives for Dons?

IS there a better way of adjusting university teachers' salaries upwards than tying them, irrespective of merit or need, either to an inflationary escalator within the civil service (as the Association of University Teachers wants) or to the intermittent flat 3 per cent of a Treasury paymaster? The real pinch, and with it the thought of moving to industry or North America, comes when a don is in his middle or late thirties: even with ten years' experience behind him he may still be getting well under £1,500 a year, a derisory sum by commercial standards. To get a real boost in salary through promotion he faces another ten to fifteen years kicking his heels until some professor somewhere dies or is pensioned off. The emergence of good jobs in new universities and other institutions is beginning to break the log-jam, but the prospect of high mobility among dons following the main chance has started fears in the older civic universities that their teaching departments are going to be broken up for avoidably marginal financial reasons. The most sensible answer would seem to be to abolish the arbitrarily-fixed ratio of professorial to other appointments and make promotion (and salary) dependent on actual work.

Thus, in the United States, the first step is the non-pensionable post of assistant professor, usually attained after an apprenticeship of five years or more. To get permanent tenure and a pension the assistant professor has up to seven years more (and usually needs five) to qualify as an associate professor. This kind of incentive is completely lacking among English dons when they get their fellowship. Having got his foot firmly on the hierarchical ladder at the age of, say, 34 the American may then hope to reach a full professorship in another five to ten years, depending solely on the quality of his work and not on the number of empty shoes above him. Most Americans do work and do get this promotion. The slope of the salary scale from bottom academic posts to top in England is of the order of 1 to 3 (£900 to £2,700) although it is lower in Wales and steeper in Scotland. In the United States it is 1 to 2 ($6,000 to $12,000). The real difference is that the American system is manifestly a career open to talents; the British, all too often, is one of genteel subsistence—or downright luck.

ALGERIA

Cracking the Whip

A NATIONAL purge committee, with panels in every region, is to weed out slackers and bunglers from the Algerian civil service. The committee will be responsible to the political bureau alone. This new big brotherly power, assumed by the political bureau, was announced last Saturday, while Mr Khemisti, the Algerian foreign minister, was still in the throes of his five-day talks in Paris. He himself, at a Paris press conference, put his government's worries in a nutshell: "When decisions are made in Algiers they are not always carried out locally in a good spirit." Probably not. But feuds between Algeria's leaders were bound to confuse government servants' loyalties.

Whether the Gestapo approach is the best way of recreating a national esprit de corps is open to doubt. It is clearly the whip-lash way of Mr Mohamed Khider, the bureau's secretary general and big brain behind the government. The prime minister, Mr ben Bella, is believed to prefer gentler methods, such as might help heal the quarrels between Algeria's leaders and thus truly reconsolidate the FLN (National Liberation Front).

Attempts to establish the front as the country's single party have so far taken the limited form of suppression. The communist party has been outlawed, the UGTA (General Union of Algerian Workers) denied any separate political identity, the Federation of France not only dissolved (as is proper) but set up with a liaison committee to see that its former members toe the political bureau's line. The press is severely censored. This kind of political strait-jacketing might be all very well were the "single party" not divided, and the communists and any others who consider themselves ill used not free now to throw their weight behind the political bureau's critics within the FLN. The crack of the whip has anyhow made a disturbing accompaniment to Mr Khemisti's negotiations in Paris, though he himself earned respect there by his obviously sincere exposition of Algeria's intention to make co-operation work. It is interesting that he singled out the Sahara as the one sphere in Algeria where Franco-Algerian co-operation was "perfect."

JORDAN

The Party Spirit

ON the brighter side of the Arab political medal, Syria and Jordan are both thinking, rather sportingly, of reviving party politics. Parties have been banned in these countries for respectively six and five years. The Syrian government confirmed a fortnight ago that the parties would reconstitute themselves next year, and elections follow later. King Hussein, judiciously perhaps, has held out some hope for the parties only after carrying out elections (on November 24th) and finding the results to his liking. This was a great satisfaction, since by every account the elections were relatively free. The withdrawal of some of the candidates as a protest against the king's policy in Yemen did not lead, as was feared, to a large-scale boycott, although the Yemeni issue was hotly disputed during the electoral campaign.

What seems clear is that many Jordanians are doubtful of the king's foreign policy but have liked Mr Wasfi Tel's government for what it has done in improving the country's whole administration. A general trend

in the poll was to throw out conventional old-timers and put in young professional men. Mr Tel and his modern young ministers have all come back into office with only one new addition—a minister of development who once served in Mr Nabulsi's pro-Nasser government. If these elections are anything to go by, domestic issues in Jordan are beginning to outweigh foreign ones—a sign of political maturity that has perhaps encouraged the king to believe that political parties may safely be revived.

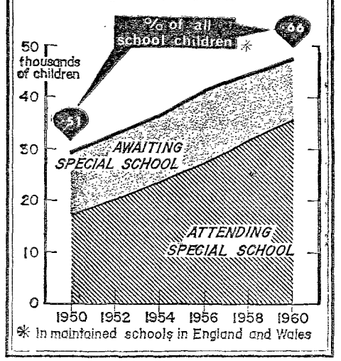
SOUTH ARABIA

Fuel for Cairo

BRITISH members of parliament who, a week ago, spent 48 hours exploring Yemen were taken aback by the virulence with which British policy was attacked by their host, Dr Abdur Rahman Baidani, the Yemeni vice-president. Dr Baidani, whose relationship to President Sallal is being compared with Nasser's to Neguib ten years ago, made charges ranging from the fantastical to the prosaic: from some sort of involvement with the alleged dispatch by Israel of Yemeni Jewish soldiers to fight on the royalist side, to transmitting Saudi messages through Aden and supplying the Jordanian air force with a map marked with military targets. But the charge to which Britain is most vulnerable is that British military equipment sent to the Emir of Beihan and to his father, the Sherif (who is minister of the interior in the South Arabian Federation), has been finding its way into the hands of the Yemeni royalists.

THE LOWER IQ

There has been a steady rise in the number of educationally subnormal children attending or awaiting entrance to Special Schools. This, however, according to the Ministry of Education's report "The Health of the School Child 1960 and 1961," does not necessarily reflect a growing number of really defective children—i.e., those with an intelligence quotient below 70. About a third of the special school pupils have an IQ above 70; the prevalence of IQs below 70 is around five per thousand school children.



With this in mind, it can be questioned whether this was the time for Britain to announce the handing over of £1.5 million worth of military stores to the federation's army. Clearly it is up to the British to see that the new federal army takes over as smoothly as possible from the former Aden Protectorate Levies, whose British officers and other ranks are gradually being replaced by Arabs. The transfer does not actually affect events in Yemen in any way. But the announcement has been seized on by Cairo radio as evidence of Britain's hand-in-glove association with the ruler of Beihan.

If Britain could bring itself to recognise the republican government in Yemen, the transfer of stores to the federal army could be dismissed as routine. But recognition still hangs fire, on the argument that President Sallal depends too much on the Egyptians to be in effective control himself. Certainly once Egypt, Saudi Arabia and Jordan had weighed into the civil war, matters were partly taken out of Yemeni hands. However unwilling the Egyptians may be, for financial and security reasons, to leave their units for long in Yemen, their support is still decisive. The Imam's regular army took his overthrow as a signal to disperse to their villages, and the raggle-taggle national guard would probably not yet be an effective instrument to prevent any new foray by the loyalist (and Saudi-paid) tribes in the north.

But the fact that the republicans are leaning heavily on Egyptian help is not, by itself, a convincing reason to delay recognition. The United States, which also has not yet recognised the republicans, has been sounding out the Arab governments concerned in an effort to mediate. But Lebanon and Tunisia, which have also been trying their hands as peacemakers, make the point that a useful first step to peace would be recognition by the major powers. The alternative, both for the United States and for Britain, is bound to be their ready identification with the Imamate and with what it stood for.

TELEVISION FEES

Killing the Goose

AFTER its successful raid on the coffers of the independent television companies last winter, Equity, the actors' union, has turned its attention to the steam-radio-orientated scale of fees paid by the BBC. In quiet and intelligent negotiations, the union has pleased the BBC by recognising the different natures of the two operating systems, the relative poverty of the corporation (£20 million a year from licences as opposed to £90 million from advertising) and the comparative irrelevance, in the corporation's case, of networking and audience size. All that Equity is asking for is some less tenuous financial relationship between more prestigious BBC and more lucrative ITV work. Little has emerged publicly from the talks between the union and the corporation; but from the general tone of guarded comment it seems likely that an agreement, quite possibly mutually satisfactory, may soon be arrived at.

But the BBC has not only this—on this occasion—model union to deal with. The Variety Artists' Federation (which with much publicity first joined and then abandoned the actors' strike against ITV companies last winter) is negotiating separately for an improvement of the apparently penurious lot of the 50 or so of its 3,000 members who appear regularly on the television screen. They have been getting a minimum of £8 for each BBC appearance (although it is difficult to trace anyone actually paid at only this rate), and are demanding a fee near the £30 minimum paid by ITV for a national broadcast; they are threatening "trade union practices" if they do not get satisfaction at the hands of an arbitrator. BBC offers, first of £16 and later of £18 minima, have been rejected as ludicrous. The BBC's hope is presumably that the VAF—which is led, sometimes with considerable publicity, by Mr Jimmy Edwards—will eventually accept the terms offered to Equity, as it did after the ITV dispute. The VAF would not be in a very good position to refuse. The impression that the ITV companies have cut down on the number of artistes they use since they have had to pay more for them is denied by all sides; but it apparently has enough substance to have provoked Equity to a full-scale analysis of employment since the strike, with particular reference to the use of inexperienced actors at minimum fees as replacements for more expensive old troupers (which some critics may think to be no bad thing). Clearly, the variety artists, if they insist on separate and inflated claims, would have to speculate on whether the BBC's income problems might not tempt the corporation to economise.

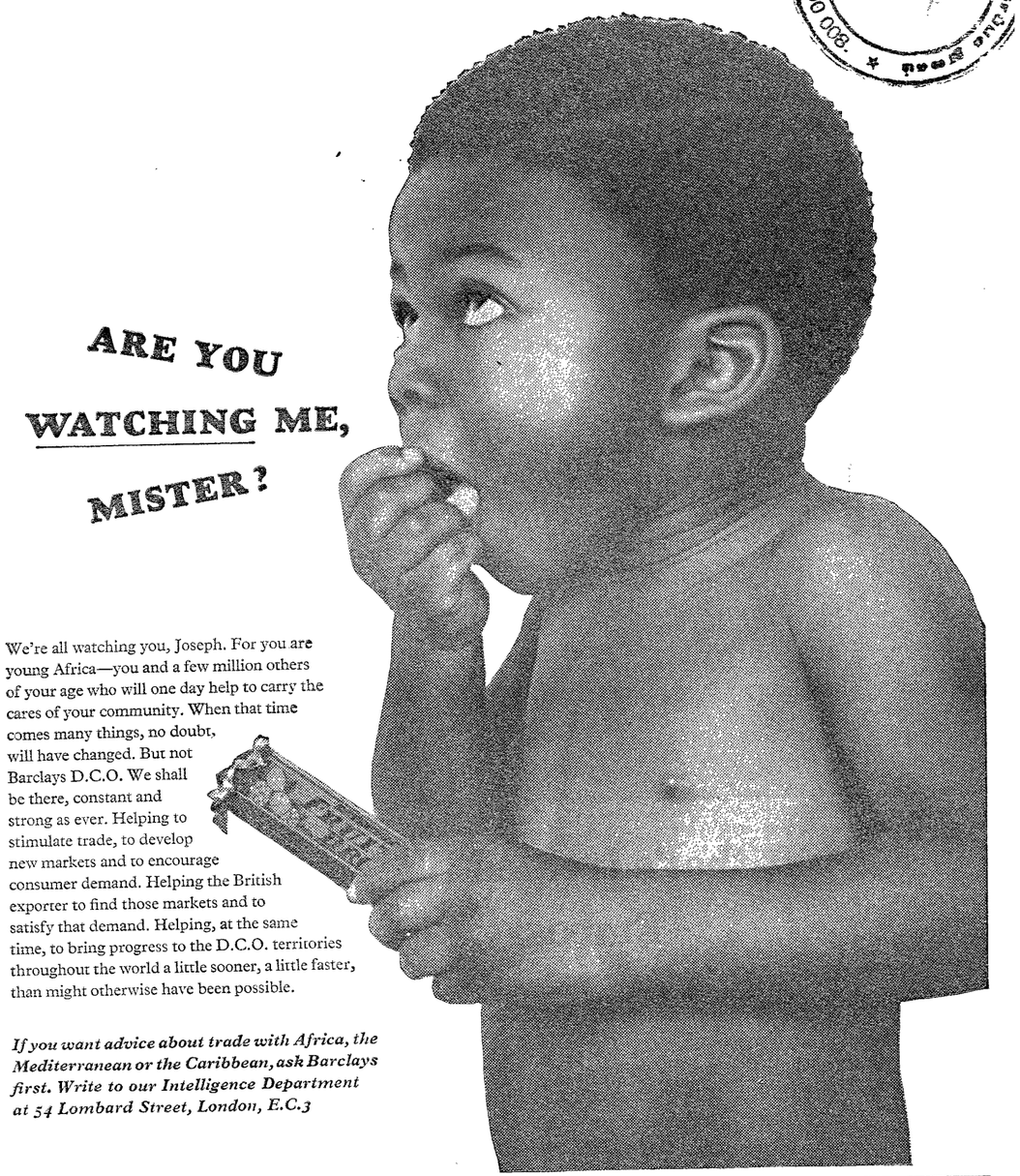
EFTA

Touché

WHEN novels come to be written about the power struggle between the political statesmen who determined whether or not Britain would enter the common market, one supposes that the French will be cast as the villains. This particular thought is prompted by still another delicate French manoeuvre when the deputies of the Six met in Brussels last week. Just before the weekend the French delegation raised the question of Britain's convention with the European Free Trade Association, which requires a member country to give twelve months' notice before quitting the association. The French point is that, if Britain hopes to join the common market by January 1, 1964, then theoretically notice has to be given to Efta by the end of this year.

One says "theoretically," since the Efta ministers were somewhat vague in their joint statement in June, 1961, in London. They resolved on that occasion "to co-ordinate their actions and remain united

1001



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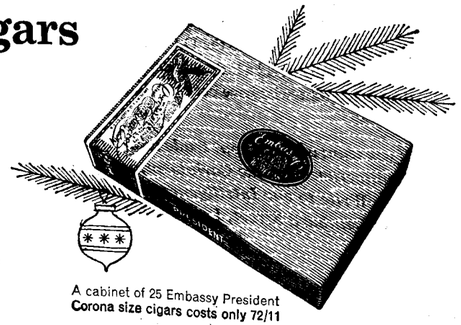

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throughout the negotiations"—until satisfactory arrangements had been made to meet the legitimate interests of all members. However, these legitimate interests are various. Britain, Norway and Denmark want full membership; Austria, Sweden and Switzerland, fighting shy of political entanglements, want a form of association; Portugal would like almost any kind of co-operative arrangement. Is Britain to negotiate for each special interest involved? Clearly not, if only because the other members of Efta want to argue their own cases.

All the Efta countries agree that Britain's negotiations with the Six must be concluded (successfully or otherwise) before any of theirs can be pressed to a finish. Until this happens Mr Heath can do no more than keep his colleagues in the Seven briefed on what is happening in Brussels, and get their approval for the order in which things are done. Unfortunately, the six ministers concluded on Wednesday that terms for association cannot be settled before British entry. In principle this would require Britain to adopt the common external tariff against these countries from the date of its accession. There is a hint of possible standstill arrangements to get round the difficulty.

The French have scored a good debating point. They can, if they wish, use the terms of the Efta convention to raise further doubts about the timing of Britain's entry into the common market. But it is too much to expect Britain publicly and humiliatingly to cut its links with the rest of the Seven before it knows what will happen to its own application; or to sign on the Six's dotted line before it knows what is to happen to the rest of Efta.

EUROPE

Don't Shoot the Pianist

LAST week's comment in *The Economist* (page 888) on Italy's position in the common market negotiations has been misunderstood in some parts of the Italian press. It was not an attack on Signor Colombo. His visit to London seemed as good an occasion as any to ask why Italy's weight has not been as obviously and as clearly felt in the Brussels negotiations as the British, among others, would wish. The answer does not lie in any lack of ability or goodwill on the part of the Italian minister of industry and commerce.

This week, when the six ministers have been thrashing out their own attitude on matters that closely affect Britain's chances of getting in, the strain at Brussels has been punishing. (What happened is described on page 1005.) The negotiating problem is indeed complex: the talks with Britain cannot get on unless the Six can agree, nor can they get on if, in order to agree, the Six settle on solutions that are too much for the British to swallow. The dilemma is the same for all the common market ministers, or at least for all those who are friendly to the British application. Of these, Signor Colombo is undoubtedly one (as he showed, incidentally, this week in his energetic championship of the proposal to offer Britain a one-year moratorium in the dismantling of the agricultural deficiency payments). To say that he is caught in the same dilemma with the others is not to cast doubt on his personal qualities, which include clarity, intelligence, and not least valuable in this situation, an unquestioned reputation for having his heart in the Community.

It remains true that Italy's spectacular transformation into a modern country entitles the Italian government to more weight in European decisions than it is habitually accorded, or than it usually accords to itself. Some Italian self-assertion is probably essential if the common market team is to function in the way it set out to function—as a team.

SPAIN

Planners' Prelude

THE Spanish government has published the prelude to its impending long-term development plan. In effect, its "preliminary measures" decree is a deck-clearing exercise for action on the recommendations of the World Bank mission; the decree is discussed more fully on page 1046. Spanish economists have been powerfully impressed by the French formula for entrusting the strategy of development to a central planning commissariat, while leaving the tactics to private enterprise. The decree strengthens the planners' essential powers while seeking to stimulate business initiative at the same time. Official spokesmen in Madrid say that the government is trying not only to improve the competitive efficiency of the economy, but to reshape it in the way most likely to facilitate Spain's association with—and ultimate integration into—the European common market.

The various reactions in Madrid to the decree are of interest. Spanish and foreign business people in Madrid have welcomed the decree. Old-school falangists deplore this "further sell-out to foreign capitalism and liberalism"; but their influence is now negligible. Slightly more significant is the displeasure of the officials in charge of the workers' wing of the government-controlled *sindicato* (trade union) movement, who, only six weeks ago, published a statement urging massive wage increases, stricter price controls, and other measures that would straitjacket, not liberalise, the economy. Sr Solís Ruiz, the Minister for the Movement (that is, in charge of falangist and *sindicato* affairs), has associated himself with this demand. Both in business and in church circles the suspicion is heard that he may be developing a demagogic line that will allow him, at the appropriate moment, to "fall to the left"—with a view, it is said, to re-emerging as a labour leader in whatever régime succeeds the present one. Whether the imputation is fair or not, his reaction to the "preliminary measures" decree is one pointer to an issue in future Spanish politics.

ART

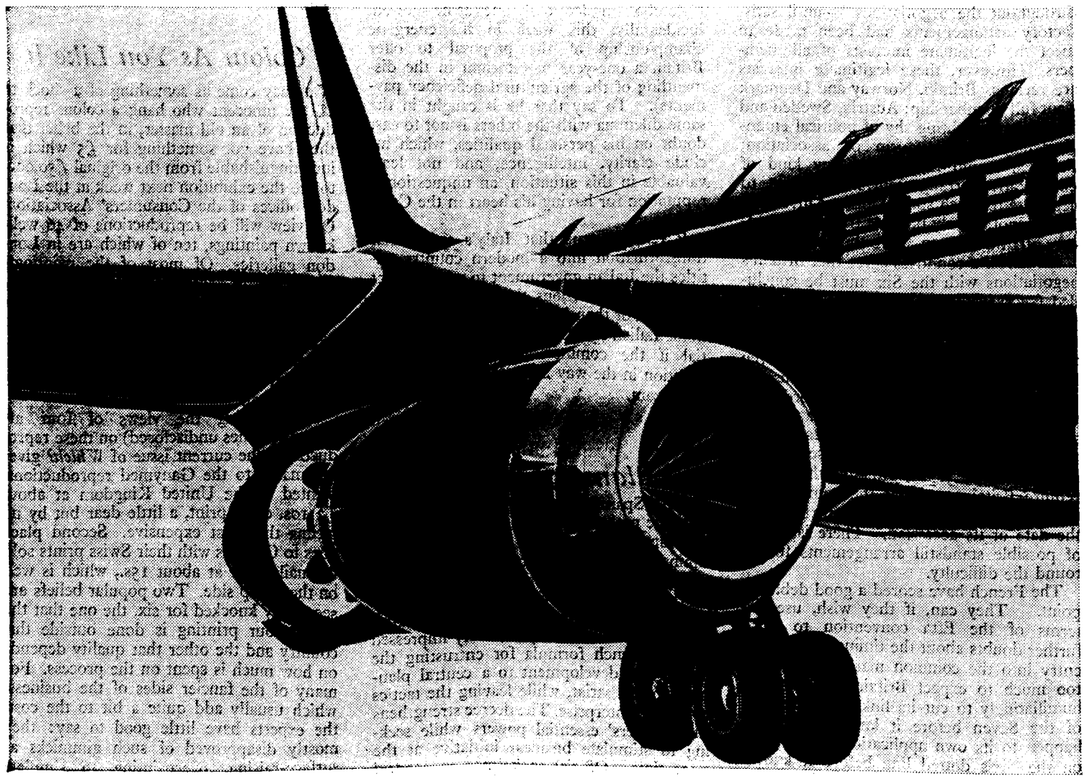
Colour As You Like It

IT may come as something of a shock to the innocent who hang a colour reproduction of an old master, in the belief that they have got something for £5 which is indistinguishable from the original £50,000, to see the exhibition next week at the London offices of the Consumers' Association. On view will be reproductions of 46 well-known paintings, ten of which are in London galleries. Of most of the paintings, there are at least two, and often four, different prints. Many of them differ violently in colour from the original and from each other; others have been savagely cropped to leave out part of the original painting, while at least one is bigger than the original.

Summarising the views of four art experts (names undisclosed) on these reproductions, the current issue of *Which?* gives top marks to the Ganymed reproductions, printed in the United Kingdom at about £3 10s. 0d. a print, a little dear but by no means the most expensive. Second place goes to Odhams with their Swiss prints sold by mail order at about 15s., which is well on the cheap side. Two popular beliefs are seemingly knocked for six, the one that the best colour printing is done outside this country and the other that quality depends on how much is spent on the process. For many of the fancier sides of the business, which usually add quite a bit to the cost, the experts have little good to say: they mostly disapproved of such gimmicks as surface-raising, overpainting to simulate brush strokes, the sticking of paper on canvas or the embossment of an imitation canvas pattern on cardboard.

This little investigation is offered by *Which?* in a Christmas spirit and it certainly must not be taken as the last word on the subject. There are about thirty publishers and distributors in Britain selling colour reproductions and only twelve have been assessed in this "test," if it can be so glorified. Some works are much more easily reproduced than others. Watercolours and drawings are more successful than oils and Ganymed has built up its reputation on facsimiles of these, three examples of which are included in this show. Only three Odhams prints, out of its two dozen or so titles, have been judged. The shopper is not told whether one printing process is clearly better than another; apparently this did not emerge. Perhaps the majority of buyers of these prints have never seen the originals; perhaps they like the choice of the same Renoir in blue or pink. Does it matter so very much?

What the *Which?* exercise has done is to draw attention to some of the insensitive liberties taken in this reproduction work. If publicity should set a better standard, might framed reproductions return to fashion in the more sophisticated circles? And what could happen to parts of the art market then?



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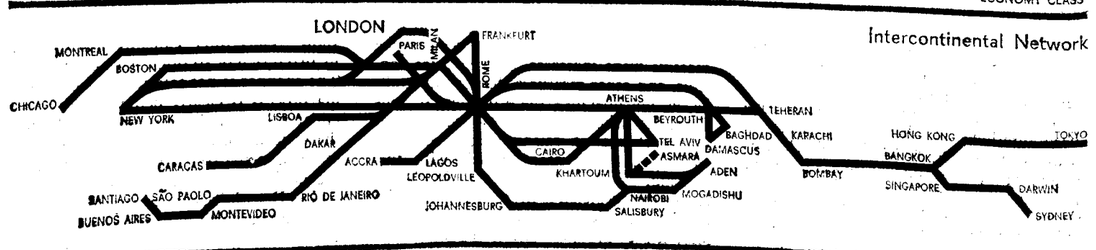

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THE WORLD OVERSEAS

Common Market Treadmill

FROM OUR BRUSSELS CORRESPONDENT

THIS week's discussions among the ministers of the Six on Britain's entry into the common market ended fairly quietly on Wednesday afternoon: the fireworks will come later. The Six made little progress in settling their internal dispute (outlined in *The Economist* of November 24th) on the agricultural finance regulation. Professor Hallstein's proposed compromise was coldly received, and they are all to think again. Hence they are not yet ready to discuss this with the British. But enough emerged on agriculture and on the European Free Trade Association (Efta) to make it possible for things to start moving again, after the uneasy pause of the last few weeks, when Mr Heath returns to Brussels on Monday. Indeed, if M. Spaak has his way, the negotiations should reach their grand finale early in the New Year, when the chairmanship of the Six passes to Belgium. His feeling that the British affair must be settled soon, one way or the other, reflects the general mood here, which is shared by everyone except that perennial dissident, France. Undoubtedly, M. Spaak's appeal for an *esprit communautaire*, which in this context means rallying to the opinions of the majority, was addressed to France. Whether it will have any effect remains to be seen.

On British domestic agriculture the Six's proposals remain substantially what they were: deficiency payments to end on entry, and the transition period to end by 1970, with two new modifications. These are that pigmeat and egg production should continue to be subsidised until 1970; and that the deficiency payment system, while abandoned in principle, should in fact continue, in accordance with the British Government's pledges, until the end of the present parliamentary mandate. Next week will show whether these two gestures are a substantial help to Mr Heath and Mr Soames. They do not appear to meet the British contention that the change should be gradual; indeed a standstill of perhaps a year would mean that the transition, when it came, would have to be accomplished within even shorter limits—though the British farmers would have had that much more time to prepare themselves for the change. Moreover the Six's nervous fear of deficiency payments implies also that they have not yet taken the point that, if phased out on the lines proposed by the British, these could appear anyway within two or three years. Next week's discussions along these lines could lead to an acceptable compromise, or they could end in deadlock.

Regarding Efta, the Six point out that Britain should sufficiently clear up its commitments to its trading partners to be able to apply the community's common external tariff upon entry. The tariff would not, of course, be applied against any Efta country which the community itself had an agreement with. This might meet the case of Denmark, whose own negotiations with the Six are already well under way, and possibly that of Norway also, though Norway has not proceeded very far or very fast with its application for community membership. But it clearly presents difficulties with regard to Portugal (whose overseas "departments" make it a special case in everyone's eyes including its own) and the neutrals, Switzerland, Sweden and Austria. The Six have not yet even decided on the bases of future discussion with these three, and, given the habitual snail's pace of their negotiations, it is quite likely that the talks with the neutrals will not have got very far before the time comes for Britain to enter.

The neutrals, and Britain, no doubt each have their own ideas on how the dilemma should be resolved, but within the Six various suggestions have been made this week: that until the negotiations finish, the enlarged community might apply a special tariff; or that it might begin gradually to apply the common external tariff in the same way as to Commonwealth countries; or that in the meantime Britain should maintain the *status quo*, (that is, a 50 per cent customs reduction) with its Efta partners.

Discussions on this question form part of next week's agenda for the ministers. Already the French have stood out against any continuation of the Efta *status quo* beyond Britain's entry. The problem, they maintain, is Britain's own and the community should not be expected to solve it. On the other side, the neutrals may be unwilling to adopt any of the temporary expedients and may insist that they should share in the integrated European market from the same date, on the lines of the London declaration of June, 1961.

This has always been one of the most tricky problems of the negotiation, and one that sooner or later had to be faced—if one sets aside the earlier hopes that, if the negotiations had proceeded fairly quickly, Efta might have peacefully dissolved of itself, to everyone's mutual satisfaction. Given a little goodwill from all the interested parties, it should not be impossible to resolve it, among European countries whose interdependence is already geographically and commercially very real. The question is, will the goodwill be there?

No Road in Kashmir

FROM OUR CORRESPONDENT IN INDIA

THE Indo-Pakistani talks may conceivably ease the Kashmir dispute, but cannot hope to solve it and may very well peter out in complete failure. That is the feeling of most Indian commentators today. There is no sign that the Indian government is prepared to consider any concession which could satisfy Pakistan. It will be something of a small miracle if the talks start at all. The agreement to talk, joyfully launched on Thursday of last week, seemed to have been shot down in flames by Mr Nehru within twenty-four hours. His prepared statement to parliament, making plain that India could not contemplate "anything upsetting the present arrangements" in Kashmir, and his still stronger impromptu amplification of this seemed to make nonsense (the head of the Pakistan foreign office said "absolute nonsense") of any negotiations. Did Mr Nehru want to talk or didn't he? By Saturday, after some more frantic diplomacy by Mr Duncan Sandys, it appeared after all that he did. Despite a further speech on Sunday by the Indian home minister, reiterating the theme of "no further partition of the country," the Pakistani foreign office was soon urging a speedy start to the talks. The conspicuously quiet tone of Pakistani statements suggested that Rawalpindi saw prospects of some real gain.

But what gain, apart from the propaganda satisfaction of blaming India if the talks fail? Either Mr Nehru's statement in parliament

was pure bluff, preliminary to bargaining, or, as the *Times of India* said, "as of now there is absolutely no conceivable basis for negotiations." The reasons are twofold. At the diplomatic level, what can India gain from concessions over Kashmir? As New Delhi sees it, not much. At infinitely remote best, a joint defence pact. More possibly, a non-aggression pact. New Delhi regards neither as necessary, though they might be agreeable. Indians do not seriously believe that the Pakistanis will make a military attack on Kashmir. If nothing else, western pressure would surely be enough to prevent them. So a non-aggression pact would only make safer the removal of Indian troops from their positions facing the Pakistanis in Kashmir, which already seems reasonably safe and is now extensively under way. A joint defence pact seems inconceivable unless the Chinese appear likely to pounce on Pakistan. In that case, New Delhi argues, the Pakistanis will come running for a joint defence agreement anyway. Lesser gains such as a right of transit through East Pakistan for Indian troops and equipment would certainly be valuable if the Chinese renew their attack in the North East Frontier Agency (NEFA). But New Delhi does not really believe that this will happen.

Possible gains are therefore limited, and the one remaining possible gain, a settlement of the Kashmir dispute *per se*, does not rank high among Indian priorities. New Delhi likes to pretend that Kashmir is a settled issue, and so far as India is concerned actually feels so: Kashmir is part of India, period. No one is worried about Pakistan-held "Azad Kashmir": India would accept the present Indo-Pakistani ceasefire line as a definitive international line after a minimum of face-saving noises. But emotional attachment to the Kashmir valley as being Indian soil, built up by years of propaganda, is as strong today as ever and has been strengthened by resentment at unofficial Pakistani threats to grab it when India is being kept busy elsewhere. This, as always, is a spanner in the works of any proposed settlement. India has no real interests in the Kashmir valley in exactly the sense, but only in the sense, that Britain has no real interests in the Channel Islands. A settlement preventing Indian military movement from Srinagar would today make it more difficult to defend Ladakh (which, being Buddhist, would stay Indian in any settlement). But, short of the Kashmir valley going to Pakistan outright, which India will never accept, this difficulty could be overcome. The real difficulty is Indian national emotion, which the prime minister fully shares.

THE one remote hope of settlement is that much of the Indian emotion over Kashmir is essentially emotion against Pakistan. Autonomy for the valley would not be as hard to sell to Indian opinion as a transfer to Pakistan. But it could only be a distress sale, and there is no sign of anyone ready to promote it. Even the minority that knows (as the general public does not) that in any hypothetical plebiscite the Kashmir valley would vote for Islam, does not therefore feel that India must now seek the end of a quarrel which it has survived for fifteen years.

This is indeed the sad lesson of the Chinese attack: while it has brought out the essential unity of India, it has not demonstrated any essential unity of the sub-continent. If and when both countries found themselves under common attack, mere geography would make them cling together. But, on present evidence, there is little hope that this would last a moment longer than the threat that produced it. The unwitting cause of the trouble is India's large Moslem minority. Because of them India cannot afford to accept Jinnah's "two nation theory"—that Moslems are a nation as Moslems, and Hindus as Hindus. Even in the midst of his Chinese troubles, this thought remains as ever in Mr Nehru's mind as he ponders Kashmir; and the fear it arouses is not an idle one. But this means that India has to pretend that ideologically Pakistan is a myth. Pakistanis in their turn pretend that secular India is a fake. These feelings have deep roots. Unless India is to become a Hindu state, or Pakistan a secular one, the conflict can be eradicated only when both countries manage to accept abroad a theory which they with equal truth deny at home. Six weeks of limited attack from China could not be expected to achieve anything so difficult.

Soviet Frontiers of Freedom

TWO events, in quick succession, have demonstrated both the progress made by artistic freedom in Russia, and its limits. Mr Khrushchev has apparently played a part in both, though in one he appeared as a benefactor and in the other as a villain. The first event was the publication last month of A. Solzhenitsyn's long short story on life in a stalinist concentration camp. The sixty-six pages in *Novy Mir* describing "One Day in the Life of Ivan Denisovich" are, in their moving sobriety, more damning than thousands of speeches. It is reported that Mr Khrushchev's blessing was needed to allow their publication. Yet, a few days later, on December 1st, Mr Khrushchev, parading as an arbiter of the arts, pronounced a public anathema on abstract painting, which is "alien to the Soviet people." Thus he delivered at least a temporary setback to the timid advance of modern art in Russia. (The Soviet leader asked rhetorically whether abstract paintings were not the work of a donkey's tail. His metaphor suggested an unexpected knowledge of the anecdotal side of western art. It seemed to refer to the famous hoax perpetrated by anti-impressionists, towards the end of the last century; they managed to get a picture, "painted" by a donkey's tail, accepted for exhibition. On second thoughts, however, Mr Khrushchev may not have known the background of his metaphor. Impressionists, after all, are now hailed as masters in Russia too.)

Concentration camps hold no mystery for millions of Soviet citizens. But in the Stalin era, the subject was only broached in whispers. In the last five years the existence of the camps and the fate of their innocent victims has been publicly admitted and condemned. Yet, never before in Russia has concentration camp life been described in such revealing detail. The hero of Mr Solzhenitsyn's story is an ordinary man who does not really know why he was deported. His fellow inmates are equally ordinary. The day described does not differ from the 3,653 other days of the ten-year sentence, including three leap years. The prosaic story achieves an epic tone because of its quiet compassion. In Russia, where literary projectiles are explosive, this tale from the camp of the dead is bound to have a tremendous impact.

No wonder that there was opposition to its publication and that Mr Khrushchev's permission was required. If the rumours coming from Moscow are to be believed, he not only gave his blessing, but devoted the bulk of his still secret speech before the central committee, on November 23rd, to a violent condemnation of the literary practices of Stalin's day and to a plea for greater freedom. It may, therefore, seem strange that a few days later he should have donned the mantle of a stalinist philistine.

The painting incident would be relatively trivial, were it not an example of how difficult it is to get rid of conditioned reflexes from the Stalin era. That Mr Khrushchev, with his background, should have Victorian tastes and a horror of abstract painting is neither surprising nor shocking. His views on art (like those of Zhdanov in Stalin's time) would be echoed approvingly in many a London club. It might, equally, be perfectly legitimate for communists to criticise abstract art on ideological grounds. But there are two major snags to Mr Khrushchev's behaviour. The first is that his position in the party hierarchy gives him a curious right to pose as an authority on art. He can tell painters how to paint in the same way that Stalin used to advise composers to put more tones into their scores. The second, and connected, snag is that

Mr Khrushchev is no ordinary onlooker. He is both the chief critic and the exclusive patron. The way in which his strictures are now being played up by the whole Soviet press suggests that they may be a signal for a halt in innovations in Soviet painting, music and possibly even in literature.

The attack on modern painting will not be unpopular. If Solzhenitsyn's story had been censored, it might have circulated from hand to hand. Young poets, like Yevtushenko or Voznessensky, can fill a hall. On the other hand, all Moscow correspondents seem to agree that wherever Russians have had an opportunity to look at modern paintings (for example, in Western exhibitions) their reaction, as a rule, has been similar to Mr Khrushchev's. It is principally among the young intellectuals that the new blow will be resented.

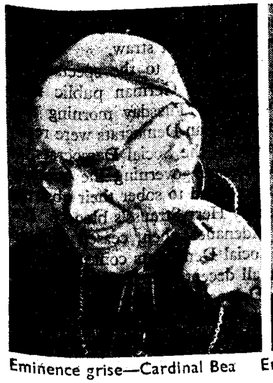
And yet the new setback is also a sign of the distance that has already been covered. In the Stalin era, during Zhdanov's reign over the arts, nobody would have dared to stage an exhibition of abstract art; if he had dared, he would have shared Ivan Denisovich's experiences in Siberia. Now, at the worst, the orthodox counter-attack will simply mean a delay. The most consoling conclusion after nearly a decade of battles over artistic freedom in Russia is that each time the authorities, frightened lest the trends should get out of control, fix new frontiers, these are more distant from the original Stalinist line than their predecessors. It was idle to expect that the Soviet bid for freedom would reach its destination in one go. The hopeful sign is that, amid advances and setbacks, the general direction is towards greater freedom. The movement may well carry Russia beyond Mr Khrushchev's expectations.

The Vatican Council's Start

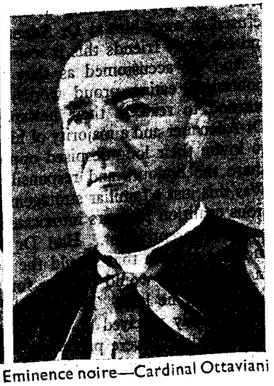
BY OUR CORRESPONDENT

WHEN the Pope, in June, 1959, announced the calling of the twenty-first general council of the Roman Catholic Church, he made it plain that he looked to the Council to renew the inner life of the Catholic Church, bring it into relationship with the modern world, and remove the obstacles to a closer accord with other Christian churches. This weekend, on December 8th, the feast of the Immaculate Conception, the first session of the council comes to an end. How far have the Pope's hopes been fulfilled?

By any judgment progress has been remarkable. As soon as it opened two months ago, it was clear that the council was not made up of deferential bishops who would carry out the behests of a conservative-minded Curia. This second Vatican Council assembled in an atmosphere very different from that of the first. In 1870 the conservatism of Pius IX, reinforced by the obscurantism of



Eminence grise—Cardinal Bea



Eminence noire—Cardinal Ottaviani

Cardinal Antonelli, his secretary of state, and the fanaticism c Cardinal Manning, set the gathering's prevailing tone. This tim John XXIII's opening address firmly repudiated reaction, pessimist and those whom he termed "the prophets of gloom." Hailing th present freedom of the Roman Catholic Church in non-communi countries from the fetters of state establishment, the Pope pr claimed that today the message of the Church could only b delivered by using the forms of modern thought and the technique of contemporary scholarship. Anathemas were out of date, an today "the Church prefers to make use of the medicine of merc rather than that of severity."

Pope John, as Benjamin Jowett might well have remarked, clearly a "capital fellow"; do his fellow bishops measure up t him? The answer came at once on the second day of the Council the assembled fathers refused to be railroaded by the Curia int electing a list of nominees to the vital commissions which are t reduce the bishops' decisions to their final form, before they a presented for approval to the Pope. The voting was put off unt they could fully discuss the matter among themselves. In the en the bishops elected to the ten commissions came from 42 countri and fully represented the international character of the Churc The Pope followed this up by observing the same principle in h personal nominations to the commissions.

The Council fathers went on to debate the first "schemata," t the future of the liturgy. These debates are still secret but as wi private meetings of British political parties, information about wh has gone on somehow gets around. Evidently the reformers carri the day. Italianate devotions are on the way out; simplicity is in the mass is to have its proper position as the centre of all liturgic devotion, and much of it is to be said in the vernacular. Latin h had its day. As the Patriarch of Antioch, Alexandria, Jerusalem a All the East is reported to have remarked, "Christ, after a talked in the language of contemporaries." The use of the vernac lar will no longer need direct authorisation from Rome but w be left to the bishops.

So far so good, but the real test came with the discussion on t second "schemata," on the sources of revelation. This pap drafted by a group of predominantly conservative theologians un the redoubtable leadership of Cardinal Ottaviani, head of the H Office, who has passed all his 72 years within a stone's throw the Vatican, outraged not only the northern liberals but the gr majority of the Council as well. Its rigid distinction between tradition of the Church and the Scriptures as sources of revelat would, they feared, drive Catholics and Protestants farther ap Its distrust of contemporary biblical scholarship made nonsense the Pope's championship of the scientific approach. In a sh debate, the name of Galileo, which is bandied about more of at meetings of the Protestant Truth Society than in the aug setting of St. Peter's, echoed through the nave. The draft defeated by 1,300 votes to 800, but the minority, taking advant

of the two-thirds majority rule required for reference back, insisted on continuing the discussion ; this dismayed the majority, who felt that unfair use was being made of procedural rules to impose a rejected view. At this point the Pope, exercising his final authority, intervened to announce that the " schemata " would be redrafted by a special commission headed jointly by Cardinal Ottaviani and Cardinal Bea, the head of the Secretariat for Christian Unity. It is reported that Cardinal Bea's services had earlier been rejected by the theological commission. A very different draft will undoubtedly be brought forward as a new basis for discussion.

This debate was followed with keen interest by the forty non-Catholic observers, who expressed their frank surprise and delight at the freedom of discussion in what they had always regarded as a monolith. The observers have also expressed their appreciation at receiving the same documentation as the council fathers. They have even been invited to do something that good manners might otherwise have inhibited them from—namely, express their views on the things they find most distasteful in the Catholic Church. Clearly a wind of change is blowing in the Vatican.

Unfortunately it has not fully penetrated the Vatican press office. This is presided over by Archbishop Felici, who recently announced thankfully that he had never been farther north than Milan. Some of his press releases have raised journalistic eyebrows. One release contained fifteen condemnations, which might be considered pretty good going, and another contained the following not untypical sentence: " this Deposit of Faith does not appear as an inert collection of dust-catching backfiles but rather as a continual spring." The press conferences have been happier ; one given by Monsignor Cardinale, a high official of the Curia, on the subject of Church and State, was highly praised. For officials of the Secretariat of State to give any press conference is in itself revolutionary.

As expected there have been clashes between liberals and conservatives at the council. One dramatic highlight came when Cardinal Alfrink, who was in the chair, cut short Cardinal Ottaviani when the latter exceeded his allotted time ; the council fathers broke into spontaneous applause. Doubtless this owed something to a slender appetite for other people's Latin, but it had a symbolic significance, since the desire for reform shown by the bishops of the centre has been a surprising and unsuspected feature of the council. The pace has been set by the great reforming prelates of the north, but the centre has been sympathetic. The English bishops so far have not played any prominent part, but their weight, such as it is, has been cast on the side of the *status quo*.

The conclusion of this week's discussion of the draft on the nature and government of the Church has had to be held over until the council reassembles next September. The postponement is important because it will give an opportunity for substantial redrafting of " schemata " which in the present temper of the council might well be unacceptable.

The council has had its disappointments, particularly that the Greek Orthodox representatives stayed away, although surprisingly the Russians came. The Pope's illness has been a worry. Secular Rome has undoubtedly taken to the fathers. Italian radio and television paid them the tribute this week of a performance of Beethoven's Ninth (Choral) Symphony in St Paul's Outside the Walls, the sister basilica of St Peter's. The second Vatican Council has made a more liberal, and decidedly more interesting, start than most people expected.

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Bonn's Wobbling Pillars

FROM OUR BONN CORRESPONDENT

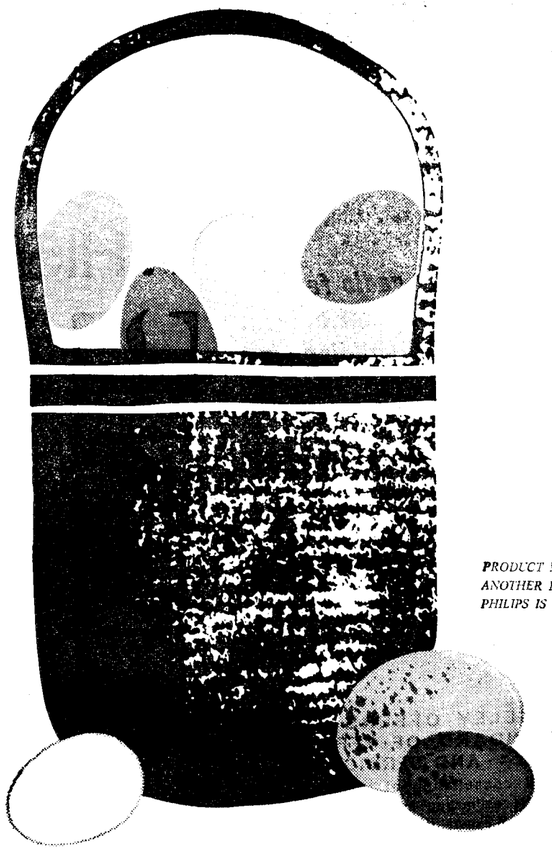
THE stir in German public life caused by the gradual, yet quite visible, decline of Dr Adenauer's thirteen-year-old authority developed this week into something like a commotion. Both collectively and individually, the deputies of all three parties represented in the Bundestag are now openly jockeying for what seem likely to be the most advantageous positions when the Chancellor goes. That great solitary, Dr Adenauer himself, is still pertinaciously manœuvring to delay his exit as long as possible.

The Free Democrats are perhaps the unhappiest group in the general scrimmage. Pitting a mere sixty against 439, they have glimpsed the horrific prospect of their exasperated coalition partners, the Christian Democrats, doing a deal with the Social Democrats that might well beget a new electoral law which might do away with proportional representation in parliament. Such a change would be a mortal blow to the Free Democratic party, none of whose candidates were directly voted to the Bundestag in the general election of September 17, 1961.

It was from that day, when a majority of the west German electorate voted against him, that Dr Adenauer's authority began inexorably to wane. It then took him some three months to get his coalition government into harness. The team has since seldom pulled harmoniously together, and in consequence much of its promised legislation is in arrears. The ministerial blunders exposed to the public gaze after the legal action launched against the magazine *Der Spiegel* on October 26th revealed something of the extent of the estrangement between the coalition partners—an estrangement widened since by the Free Democrats' insistence upon Herr Strauss leaving not only the defence ministry but also the cabinet altogether. Herr Strauss complied on Friday, November 30th. On the preceding Wednesday the Free Democrats had refused to meet him at Dr Adenauer's dinner table. For the host and his party friends this it seems was the last straw.

And so, accustomed as they have grown to the spectacle of politicians eating proud words, the west German public were startled to read in their newspapers on Tuesday morning that Dr Adenauer and a majority of his Christian Democrats were ready to invite their long-despised opponents, the Social Democrats, to share the honours and responsibilities of governing the country. Was this just a familiar stratagem, intended to sober their obstreperous coalition partners intoxicated by Herr Strauss's blood ? For once, apparently not. Had Dr Adenauer, then, ceased to hold the dire opinion that should the Social Democrats come to power in Germany it would be time for all decent citizens to emigrate ? Apparently he had. The Social Democrats announced that they had actually received an invitation to talk, and that the supplementary details were promising enough to warrant further investigation. The committee which they set up to examine the Christian

NUMBER 3 OF A SERIES



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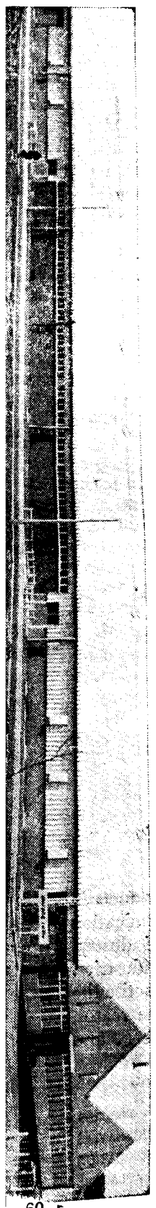

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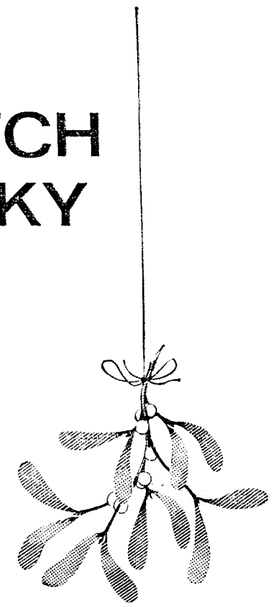

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Democrats' offer included Herr Ollenhauer (the party chairman), Herr Brandt (the party's alternative to Dr Adenauer in the 1961 election), Herr Wehner (the vice-chairman and former communist who once filled Dr Adenauer with thoughts of emigration) and Herr Erler (the party's solid specialist on defence questions). The Free Democrats, who had been building coalition castles in the air over the weekend, felt they had been outrageously duped. Within a few hours they, too, were putting out feelers to the Social Democrats, protesting simultaneously against any tampering with the existing electoral law.

Dr Adenauer's placid government reshuffle had burst into a bewildering free-for-all in which the play of national, party and individual interests was inextricably joined. The west German radio stations that talk especially to east Germany did their best to explain the confusion to possible doubters. Rias (Berlin) told its listeners not to worry. This was not a state crisis, it was a government crisis. And in a democratic state the essential pillars did not collapse when the government changed.

The Christian Democrats admitted that their leaders' decision to open negotiations with the opposition had been hotly contested among them; and the Social Democrat leaders admit that, in responding, they likewise were acting against the wishes of "a substantial minority." The Socialist rank and file especially were dismayed by their leaders' turnabout. It meant, apparently, that they were ready after all to serve under Dr Adenauer. To the pure in heart this revocation was too high a price to pay, even for nine of the twenty-one ministerial portfolios, which, it had been suggested, should be theirs. But to Herr Wehner, who had represented the Social Democrats in the preliminary exchanges, the Christian Democrats' offer presented a useful opportunity to bring pressure to bear upon Dr Adenauer's regime from within.

Christian Democratic misgivings about Dr Adenauer's surprising move derive in part from Herr Wehner's reputation as a Marxist student of power, and one whose heart has long been sick for want of wielding it. When Dr Adenauer gathered on Wednesday that the Social Democrats were toying with the idea of imposing a time-limit on his chancellorship as part of the bargain, he abruptly cancelled the arrangements that had been made for a second meeting of the coalition negotiators on Thursday morning. Herr Ollenhauer promptly despatched a conciliatory letter to the Chancellor, maintaining that there had been a misunderstanding. Dr Adenauer relented and agreed to a meeting on Thursday evening. A little colour had come back into the Free Democrats' cheeks. After all, Dr Adenauer was still negotiating with them too.

Regions for Italy

FROM OUR ROME CORRESPONDENT

When the Italian Socialists agreed to support (without joining) Signor Fanfani's government as a step towards fuller collaboration in the future, they made two conditions. The government must nationalise electricity and set up the self-governing regions into which, in theory, the constitution divides the Italian Republic. The first part of this pact has been honoured. The bill to nationalise power has been passed and takes effect on January 1st. Now the government, after a sharp tussle between Signor Fanfani and the Christian Democrat moderates, has presented four bills on the formation of the autonomous regions. Another bill to regulate regional elections is also before the Chamber. The government has not made clear how much of this regional legislation it intends to push through before this Parliament dies next spring. The time factor is important. The Communists and Signor Nenni's obstreperous left wing are trying to prove that the government's slowness amounts to a default on its pledge. The conservative opponents of the regions (that is, the Liberal party, the Monarchists, the neo-fascists and a Christian Democrat minority which probably would not vote against the party line) hope that if they can retard things in Parliament the regional laws will not pass before the elections.

Signor Fanfani would certainly like to see all the regional laws passed this session, but he knows that this is a lot to ask of his party. His proudest adversary, Signor Scelba, and the moderates, some of whom are in his government, are using the regional issue as a lever in the struggle for power—more personal than ideological—inside the party. They have small chance of ousting Signor Fanfani, still less of putting a centre right government in place of his centre left coalition. But this does not make their opposition less bitter or less dangerous. A government crisis was narrowly avoided the other week and Signor Fanfani has had to make room for another moderate, Signor Carlo Russo, in his cabinet.

The regions have become a test case for the centre left. The Social Democrats and the Republicans are pledged to promote them. Signor La Malfa, the (Republican party) minister directly responsible for their promotion, considers that they are the springboard for his economic development plan. He is thinking as much of industrial as of bureaucratic decentralisation. It is this economic aspect of the regions that has turned the Liberal party against them, made it deny its own doctrine and led it to misquote one of its most venerated leaders, the late Luigi Einaudi, who wanted to give Italy regional governments with wider powers than those proposed by this government. In fact Einaudi was such an ardent regionalist that he wished to abolish the prefects as unnecessary agents of the central administration. Signor Fanfani has no intention of going that far.

For obvious historical and natural reasons the idea of regional autonomy has been a recurrent theme in Italian politics since the unification. Cavour and Minghetti toyed with it but, after Cavour's death, it was feared that the new state was too weak to risk decentralisation. At that time only two per cent of the population habitually spoke Italian. Later the idea was revived by the Popular party and became part of its doctrine. At the end of World War II all the anti-fascist parties were regionalist and the Radicals (Action Party) even wanted to make Italy a federal state. Sicily was then in the throes of separatist agitation and received a statute of self-government before the Constituent Assembly had devised the constitution of the republic.

Anti-regionalists often point to Sicily as an example of the dangers of regionalism. Constitutional conflicts between Rome and Palermo are fairly common and many aspects of Sicilian regional politics are unedifying. Signor La Malfa's answer is that Sicily is an example of the sort of region this government does not want to set up. It has primary legislative powers whereas the new regions will only be able to legislate on local matters in the framework of national laws. They will not levy their own taxes or dispose freely of money assigned to them by the central government, nor will they be free to set up new offices and appoint new personnel. The government project is essentially a transfer of money (£180 million) and staff (8,000 employees) from the state to the regions.

The constitution of 1948 divided Italy into five special or frontier regions and fourteen ordinary regions. Four of the frontier regions received their statutes immediately. The fifth, Venezia Friuli, was set up this year. The fourteen ordinary regions have existed only in name. The urge to set them up now is partly due to the economic "miracle" which has emphasized the need to correct the unbalance between the different parts of the country. Regional planning, incidentally, is also a development of the common market ethos, as witness M. Marjolin's ideas which were discussed in

Rome last week-end. Politically, the regions have become a practical possibility as a result of the "opening to the left." So long as the Socialists were closely tied to the Communists there was a real danger that the two central regions, Tuscany and Emilia, might form a "red belt" dividing Italy in two. This danger hardly exists today. When the Christian Democrat party recently asked the Socialists to give a formal pledge that they would not form regional juntas with the Communists, Signor Nenni replied by proposing a pact between the four centre left parties to act together at every level—municipal, provincial, regional and national—for the duration of the next Parliament. The five year pact has not been signed but substantial agreement is implicit in the government's promotion of the regional bills. If they are passed by this Parliament the centre left should look forward to a long innings and Italy to a period of stable government.

Australian Tariff Policy Rift

FROM A CORRESPONDENT IN MELBOURNE

AUSTRALIANS, as everyone knows are upside down. They are preparing for the fight for new export markets by doubling the protection given to home industry—a protection that had already made it unnecessary to keep Australian costs in line with world costs. This is the basic truth that underlies the announcement on November 7th of the resignation of Sir Leslie Melville, chairman of the Australian tariff board.

Sir Leslie, an experienced administrator and economist, came to the tariff board from the Australian National University, of which he had been vice-chancellor. In theory the board, established under an act of 1921, is an independent body, whose advice (published as a report after a public inquiry) the government is not bound to accept but must at least obtain before making any change in the tariff. The principles governing its recommendations are rather vague, but it is supposed to have a regard not only for the damage caused by competing imports, but also for "economic and efficient" production. Although its special care is for import industries, it does not grant protection in advance of their establishment, and in order to qualify for protection they should be, in the words of the 1957 trade agreement between Australia and Britain, "reasonably assured of sound opportunities for success".

These principles might allow of a wide variety of interpretation, but in theory at least that interpretation was the board's own. In practice there was for many years a remarkable harmony between the board and the department of trade, not unconnected with the facts that Sir Leslie's predecessor, Dr Westerman, was an official of the department (he has now returned to it as its permanent head) and that the tariff board draws its staff from the department.

Sir Leslie disliked this close link and wanted the tariff board to have its own establishment—and a larger one, too, in order to speed up its work. But his efforts to strengthen its independent status foundered on the results of the general election of December, 1961. The government, having discovered that even some of its old friends, the manufacturers, had voted against it, immediately set out to placate them for all it was worth. Not only did it go into full retreat from the credit squeeze; it also obliged with extra protection against competing imports. It could not just restore the import quotas whose removal in February 1960, in boom conditions, started the run on the reserves which later was dealt with so drastically. To do that would have meant too much loss of face. But it is increasing tariff protection, and even quantitative restrictions will shortly make a furtive reappearance by the back door.

The government's first action was to empower the deputy chairmen of the tariff board to grant temporary, emergency increases in duties to suffering industries. But the deputy chairmen were too much in line with normal tariff board policy to satisfy the manufacturers, who now had the whip hand and knew it. So the government appointed a single individual, the recently retired head of the department of customs, Sir Frank Meare, and gave him the grand, collective-sounding title of "The Special Advisory Authority." Unprejudiced by an expert investigation of applicants' circumstances and undistracted by wider considerations of the national interest, Sir Frank can recommend emergency tariff increases as he pleases, and can even put quantitative restrictions on imports if he thinks that a duty will not be protection enough. After three months, any changes so made are reviewed by the tariff board; but as Sir Leslie Melville pointed out in a protesting letter to the minister for trade, Mr McEwen, to reverse a decision once made causes manufacturers to feel aggrieved, and justifiably so, since business planning in such circumstances is impossible.

What is most disturbing about all this, however, is neither the difficulties of business men nor the personal position of the tariff board's chairman. The effective power of the tariff board has been eroded, and if Sir Leslie is succeeded, as he probably will be, by a tame department of trade man, the board will simply be another instrument of the government, and the tariff-making might just as well be done by the department of trade directly.

The worst of it is that special advisory authority is a device for dishing out protection to all and sundry, and the last remaining scruples about "efficient and economic" production are being swept away. Naturally there has been a rush by manufacturers to secure additional protection, whether they really need it or not, while the going is so good.

IN Australia, because of this nation's peculiar philosophy about employment, protection, once given, is especially difficult to withdraw. Not only must there be a job for everyone, but nobody must ever find himself obliged to change his job, still less to move to another place in search of work. There can therefore be no question of allowing uneconomic and uncompetitive industries to die a natural death and their work force to be absorbed by up-and-coming enterprises that could do something for the country's economic future. They must be propped up by subsidies and import duties at the expense of the taxpayer and consumer.

The consumer in Australia is happily unconscious of any connection between subsidies and import duties, and the high prices he pays in the shops. Quite the contrary, he is inclined to complain that goods are imported that can be made just as well domestically. By the same token, hardly anyone in Australia understood what the government was trying to do with its credit squeeze in 1960-61, which was regarded as a senseless blow at Australian prosperity. So the government, bowing to public feeling, has reinflated the economy to the point where unemployment is again below 2 per cent of the work force. Now only the bad effects of the old policy remain—the loss of production and the unused capacity, the shaken confidence, the fear of panic measures suddenly imposed and suddenly withdrawn.

The good results, by contrast, are being lost, or were never given time to show themselves. The unions have never drawn in their horns and still ask for more. Prices will soon begin to climb again, as wages and demand rise, and as competing imports are excluded. Manufacturers can turn back to a prosperous home market after only a brief and uncomfortable glance at overseas markets. A run of four deficit months in foreign trade has just been broken. But unless famine or war should give a boost to the export prices of primary products, another balance of payments crisis may be looming up even before the government has expunged from the mind of the electorate the memories of the last crisis and its painful aftermath.

AMERICAN SURVEY

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Nuclear Arms Found Wanting

WASHINGTON, DC

THE defence budget which President Kennedy will recommend to the new Congress next month may give a clue to the fate of Skybolt, the missile which it is hoped to fire from an aircraft as a Polaris missile is fired from a submarine and the one with which Britain is vitally concerned. The amount of money that it is proposed to spend on the research and development of a new weapon generally indicates how it is coming along. Developing Skybolt is going to cost nearly $500 million, instead of the $170 million estimated originally, and it has had five failures in recent tests. The United States Air Force wants Skybolt persevered with, and so no doubt does Mr Macmillan. But many people, discouraged by its succession of launching failures, think that Skybolt's future is dark. Congress will be asked to vote more money for Dyna-Soar, an aircraft whose pilot will, it is claimed, be able to take it in and out of orbit; and also for Zeus, which its backers hope will prove to be an effective anti-anti-missile. Another $50 million already allocated to the proposed "reconnaissance strike" bomber RS-70 raises the cost of developing this monster to $1.5 billion so far.

These experiments continue partly because of the political and military lobbies which sustain them but also because there is now an inclination to turn back (while there is still time) from fully automated, push-button war in which, once the basic decisions were made, computers would take over. The Cuban crisis may encourage this trend, just as it has helped to confirm the American belief that Russia's nuclear inferiority makes it more, and not less, urgent for the West to have conventional weapons. It is argued that western nuclear superiority may block Russian attempts at nuclear blackmail but that this will be done clumsily and dangerously without strong conventional military forces. The American hope is that Mr Khrushchev's setback in Cuba gives the West time to chew over the event and to apply its lessons to Europe's military affairs.

Like the rest of the world, the two superpowers are still living in the age of the bomber and this age promises to have a more lengthy twilight than expected. Intercontinental missiles are still relatively rare. America's long-range jet bombers will continue to fly well into the nineteen-seventies. Both the United States and Russia continue to rely on aircraft to carry most of their nuclear warheads and there is an evident disposition to keep those aircraft as far as possible out of harm's way in a crisis, until they may be actually needed. During the Cuban crisis B-52s and older B-47s on training flights joined with the Navy to maintain a watch on the 2,000 ships that were in the Atlantic Ocean area. But most of the force of B-52s was kept airborne, over a period of four weeks, to ensure that it would not be destroyed on the ground.

Strategic bombers were moved out of bases in Florida to make room for tactical fighters, reconnaissance and troop-carrier aircraft. Navy and marine aircraft flew more than 6 million miles from October 22nd until November 20th when the quarantine of Cuba was lifted and the Atlantic fleet had 183 ships, including eight aircraft-carriers, patrolling more than 2,000 miles of ocean. The fleet's anti-submarine force is still on the prowl and will continue to be so until December 20th, according to present plans, in order to find and photograph Soviet ships leaving Cuban ports with Russian bombers aboard. But almost 200,000 men and 1,400 aircraft have now returned to normal duties from their Cuban preoccupations.

It is against this background of recent events that the Department of Defence is preparing its annual budget. Congress will probably be asked to appropriate at least $2 billion more for defence for the fiscal year which begins next summer. If Congress agrees, servicemen will get more pay, the Army will get more aircraft, the Navy will get new ships and civilians may get more bomb shelters. Some time after he delivers his Budget Message, Mr Kennedy will have to submit one or more supplemental appropriations for the current fiscal year that ends next June to cover the cost of the Cuban operation. But for the ensuing fiscal year, to which the Budget Message will apply, it is hoped to suggest some economies, as well as some additional expenditures. In this way the defence budget may be kept from going quite as high as $53 billion; $50.3 million was appropriated last year.

This $53 billion ceiling may be too low. Much will depend on what happens in Asia and in and around Berlin. It is expected that more than $1.5 billion will be asked for higher pay and allowances for servicemen. This is less than was recommended by a committee which studied how to keep men with technical skills from leaving the services for jobs in industry. In addition, the Secretary of Defence, Mr McNamara, formally yielded last week to political pressure against his plans for an immediate reduction of the National Guard and the army reserves from 700,000 to 640,000 men. The number will be reduced more slowly by imposing higher physical, mental and training standards. The aim is to have a compact reserve establishment more closely designed to supplement the active Army and to correct the defects exposed during last year's call-up over Berlin. Eight less effective reserve divisions will become brigades while six others will be given much higher priority for men and equipment and the rest strengthened moderately. Of the eight thousand small detachments of reserves scattered all over the country over a thousand are to be reshaped and over seven hundred dropped altogether.

THE pattern of spending seems to indicate fairly well the policy that the Department of Defence is pursuing. There has been an increase of 45 per cent in America's conventional forces, with 16 instead of 11 army divisions ready for combat and with more mobility, more airlift and more tactical air support. The United States Army has 5,650 aircraft and helicopters for use on the battlefield (compared with 16,000 for the Air Force) and is to get more. More money is also to be requested for research and development of the new fighter, the TFX, which will fly at two and a half times the speed of sound and which is to be used by both the Air Force and the Navy. The Navy still needs new destroyers, to replace the large numbers which were built during the Second World War and which are all reaching obsolescence at about the same time.

Since 1961 spending on long-range missiles, mainly solid-fuel ones like the Minuteman and the Polaris, has doubled but it is not likely to go on rising at this rate, though technological progress

can always be counted on to create a clamour for expensive adaptations and improvements. The generation of solid-fuel, long-range missiles that is now being placed in "hardened" underground sites in the United States and in American nuclear-powered submarines is expected to endure for years. By 1965 it is calculated that the American lead in those weapons will have increased considerably. Americans hope that Mr Khrushchev will decide that he cannot now catch up with the United States in strategic military strength. In order to do so, failing such tricky short cuts as his Cuban venture, he would, it is estimated, have to maintain his spending at twice what the United States is now spending on arms. The state of the Russian economy is regarded as a barrier to Soviet military effort of this order.

Nevertheless, it has to be assumed that the time will come eventually when both sides will have many solid-fuel missiles placed in hardened sites. Mr McNamara has declared that this will constitute a more stable balance of terror than that which exists now. He did not go quite so far as to say that the strategic nuclear weapons of the two sides would then apparently cancel each other out. He said that, with a more stable balance of terror, there might be nuclear exchanges which would be confined to military targets. But many Americans are sceptical of this "no cities" doctrine. It ignores certain facts such as that many military targets are near or even in cities and that missiles fired from submarines under water cannot, as yet, be aimed very accurately. Moreover, it has been pointed out that even if a "no cities" strategy were adopted by both sides and even if there were bomb shelters for all city-dwellers, the cost of using strategic nuclear weapons would still be at least twenty million American dead.

In the light of Cuba, most Americans hope that Russia would not run the risk of the nuclear attack on the Soviet Union which, it is said officially, might be the American response to a massive invasion of western Europe by the Russians even if they were armed only with conventional weapons. But Mr McNamara has said that an American nuclear response to mere Soviet "pressure" is "incredible." Many Americans, including knowledgeable military officers, are dubious about a tactical nuclear response to a Soviet military probe. They think that, once tactical nuclear weapons were used, the fighting would escalade into total general war. Therefore there is some demand for the pulling back of these weapons from front-line units in Europe.

The stories in *Der Spiegel* about alleged inadequacies in the west German military forces have induced some dismal American thoughts about the probable brevity of the "pause" that would ensue, theoretically, before western tactical nuclear weapons were employed during any clash between the Soviet and western conventional forces in Europe. Mr McNamara has noted that even the 25 per cent increase in the strength of the North Atlantic Treaty Organisation has not provided the "conventional option" that he would like the West to have in Europe. In Paris next week the Americans will again attempt to persuade the other Nato countries to help to provide this "conventional option."

Stevenson Unaligned?

EARLY winter seems to be a particularly stormy season for Mr Adlai Stevenson. It is then that his work as United States Ambassador to the United Nations reaches its annual peak with the General Assembly. And it is then that the rumours that the President would prefer someone else to be doing that work reach their peak as well. Last year they centred round the suggestion that Mr Stevenson might be sent back to Illinois to try for a Senate seat. This year they centre round the appointment of Mr John McCloy, an experienced international negotiator, to assist Mr Stevenson at the height of the Cuban crisis and to bargain with the Russians on the details of the subsequent settlement.

It would seem fairly obvious both that Mr Stevenson needed help with this extra burden and also that it was desirable to associate an authoritative Republican like Mr McCloy with the negotiations. But the rumours have now hit the headlines with an article in the *Saturday Evening Post* by two well-known journalists who have close personal links with the White House. They maintain that Mr Stevenson was opposed to the military blockade of Cuba and that he wanted to deal with the Russian missiles there by political negotiation only. The authors suggest that he might have been prepared to bargain over bases in Turkey and in Europe. They even go so far as to mention the dirty word "Munich."

Mr Stevenson has castigated the article as a classic "example of irresponsible journalism" and the President has declared his complete confidence in his Ambassador. But Mr Kennedy did not jump to Mr Stevenson's side quite as quickly as he might have done and few people doubt that Mr Stevenson had at least initial hesitations about the Administration's toughness on Cuba. Yet it is just this imaginative, high-minded flexibility which makes Mr Stevenson so valuable to Mr Kennedy as a reassurance not only to those Democrats who distrust the President's pragmatic approach but also to the representatives of African and other non-aligned countries at the United Nations. Mr Stevenson does not make policy (although he is a member of the Cabinet) and once it is made he presents it brilliantly and loyally—as he demonstrated when he put the American case on Cuba to the United Nations.

Learning a Living

ONE of the most intractable labour problems in the United States has been the persistently high level of long-term unemployment. The number of Americans out of work for six months or more rose tenfold between 1953 and 1961 to more than 800,000; nor has the moderate recovery in economic activity this year made much of a dent. The hard core of the long-term unemployed—largely Negroes, women, young people and other unskilled workers—represents the human backwash left by rapidly changing markets and technology. Chronic unemployment in the textile towns of New England and the mining areas of Minnesota and the Appalachian states has been supplemented by the emergence of pools of unemployable labour in places like Detroit and Pittsburgh, a result of the replacement of semi-skilled workers by machines. And officials of the Department of Labour estimate that a million production workers in manufacturing will be displaced by mechanisation each year over the coming decade.

So it is good news that the Administration's programmes for teaching jobless workers new skills under the Area Redevelopment Act (ARA) and the Manpower Development and Training Act (MDTA) have made a fast start. More than 14,000 workers in depressed areas across the country have enrolled in or completed courses in the training projects created under the ARA in 1961. The more ambitious MDTA—designed to retrain 400,000 people and give limited on-the-job training to 250,000 more by 1965—is barely three months old, yet 279 projects involving some 10,600 workers have already been approved under it.

These statistics, however, mask formidable difficulties in the recruitment and placement of trainees. Far too many of the long-term unemployed are either too apathetic or too poorly educated to be drawn into the new programmes. In a West Virginia project 1,015 jobless workers were notified to appear for aptitude tests; only 640 showed up and of these only 240 passed. It is estimated that half of that state's unemployed cannot be retrained because of deficiencies in basic reading and arithmetical skills. This position is not atypical and it has spurred the Administration's plans to ask Congress for new legislation to provide more training for school

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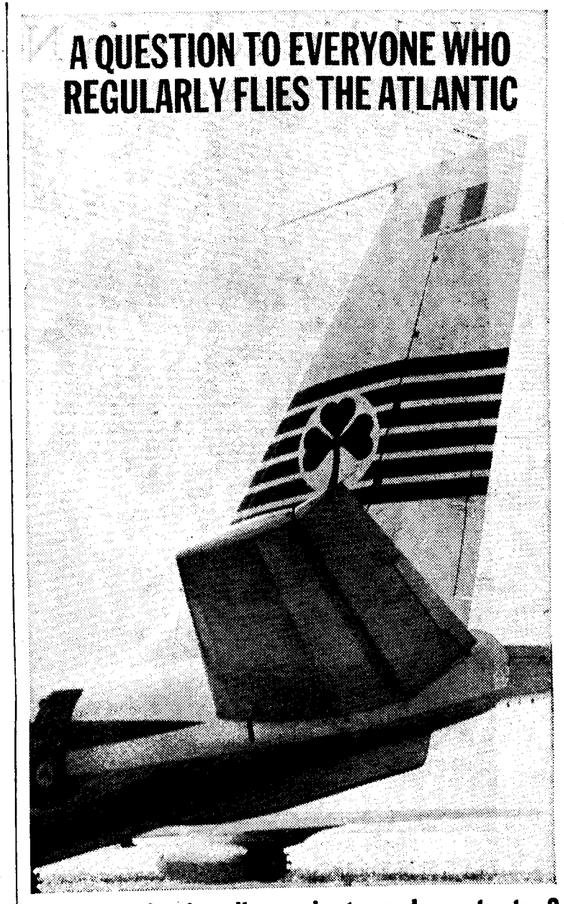

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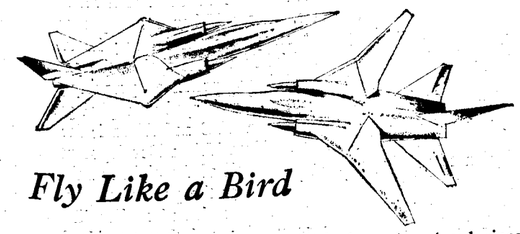
drop-outs and other poorly-educated youngsters. Difficulties in placing retrained workers have been less serious. To a large extent the shortfalls which have occurred have reflected the fact that there are simply not now enough jobs to go around in the economy. The welcome improvement in the unemployment figures registered in October was reversed last month; 5.8 per cent of the labour force is again out of work. And until current efforts to generate more jobs through accelerated outlays on public works and other measures begin to take effect, the task of placing newly-trained workers in many areas is likely to remain thankless.



Fly Like a Bird

THE biggest contract for fighter aircraft to be placed since the war has just been carried off by the General Dynamics Corporation, in association with the Grumman Aircraft Engineering Corporation, after nearly two years of hard-fought competition and weeks of excited speculation in the stock market. The contract is for the TFX (Tactical Fighter Experimental), now to be renamed F111, a revolutionary supersonic aircraft for both the Air Force and—with some modifications to adapt it to life on an aircraft carrier—for the Navy. This bagging of two birds with one design is expected to save about $1 billion. The radical new feature of the TFX is its retractable wings. Held straight out, they enable it to take off and land at slow speeds on short runways on shore or afloat; tucked in, either partially or entirely, they will reduce the "shock-wave drag" encountered at supersonic speeds and enable the aircraft to fly at over twice the speed of sound at high altitudes. The idea of varying the sweep of the wings is not new but the pivot for the outer portion of the wings, which made the idea practical, was only worked out in 1959 after studying British experiments.

The award of the contract was greeted with cheers at Grumman's plants on Long Island, New York, a state which complains that it has not received its fair share of defence contracts, and with even greater enthusiasm at Fort Worth, Texas, where General Dynamics recently produced its last B-58 bomber. The firm is Texas's largest employer; last year it lost $143 million on its operations as a whole. At the Boeing Company, the runner-up whose designs are said by some to have been superior, the news was received with dazed stoicism. Production of the TFX at the Boeing plant in Wichita, Kansas, would have prevented the plant from closing as production of bombers finished and taken the edge off middle-western complaints of neglect by the Defence Department, but Boeing itself is not hard up for work. In any case over half of the prime contract will be farmed out to other firms.

The experimental models now being ordered will bring in nearly $1 billion, but if the government goes on to order, say, 1,500 operational models over the next five years or so the contract may be worth over $5 billion. Experience of the movable wing in military service is also a key factor in designing a supersonic passenger aircraft. (This is discussed further on page 1039.) Whether or not there is any justification for nicknaming the TFX the LBJ—for the Vice President, Mr Lyndon Baines Johnson—his state of Texas has real cause to rejoice. The Department of Defence insists, however, that the contract went to General Dynamics because its proposals were best designed to satisfy the needs of both services.

A Governor's Lot

IT is now a month since the elections but voters in Massachusetts and Maine cannot be absolutely sure whom they elected as Governor until recounts are completed. It is not expected, however, that either Mr Peabody, the Democratic newcomer to politics who defeated Governor Volpe of Massachusetts, or the incumbent Republican Governor of Maine will have their victories snatched from them. Just this week the last Senate contest was decided—giving the Democrats 67 and the Republicans 33—when South Dakota finally plumped for Mr McGovern, the former director of Food for Peace. A Republican, Mr Chafee, has just seized the Governorship of Rhode Island from a Democratic incumbent by 389 votes. But in Minnesota the decision that the Republican incumbent, Mr Andersen, has retained the Governorship by just over a hundred votes is being challenged. Mr Rolvaag, the Democratic-Farmer-Labour candidate, is demanding a full recount even though his party will have to pay $100,000 for it if it confirms Mr Andersen's lead.

If it does, the Republicans will have won seven Governorships and lost six, a much poorer showing than had been expected, even though three of the states which they won were big and important ones: Pennsylvania, Ohio and Michigan. Given no upsets, there are now 33 Democratic Governors and 17 Republican ones. What has also attracted attention is the hard row which incumbents now have to hoe, whether they are Democrats or Republicans. Ten of them were defeated and only in four small states was a Governor re-elected with an increased majority. A courageous record in office may hurt, not help. The political mortality of Governors is, indeed, greater than that of holders of any other major office.

The main reason is clear. Unlike Senators and Representatives in far-off Washington, Governors cannot side-step controversial bread-and-butter issues; whatever they do is bound to affect some group of voters with long and unforgiving memories. A Governor is usually punished—as Mr DiSalle was in Ohio—if he cannot meet the soaring costs of education and welfare without raising taxes. Often his term is only for two years, sometimes he cannot succeed himself, his powers are frequently restricted and his salary exceeded by that of other officials in the state. It is not surprising that Governors—once the prime source of presidential timber—are often mediocre or that they envy Senators with their six-year terms, large rewards and relative remoteness from deeply-felt local issues. Few Governors are, however, as lucky as Mr Mechem of New Mexico, a Republican who was defeated last month. The Governor had the power, which the Democratic Legislature tried unsuccessfully to end, to appoint a successor to Senator Chavez, a Democrat who died recently with two more years of his term to run. Mr Mechem has resigned in favour of his deputy, who has dutifully appointed the ex-Governor to the Senate, thus giving him a new lease of political life.

Mr Zeckendorf's Troika

FROM A CORRESPONDENT IN NEW YORK

A YEAR has now passed since Mr William Zeckendorf, the archetype of the free-wheeling American promoter of land development projects, reached to the City of London for roughly $18 million in sorely-needed new capital to keep his ailing company, Webb & Knapp, Inc., afloat. This spectacular transaction made it possible to arrange conventional bank financing of another $25 million. Thus Webb & Knapp was able, at one swoop, to eliminate $40 million of short-term debt on which interest was being paid at rates of up to 20 per cent. To be sure, a stiff salvage fee was exacted. Mr Zeckendorf's partners in London—principally

Philip Hill, Higginson, Erlangers, Ltd., and the Second Covent Garden Property Company, Ltd.—demanded and obtained half of Webb & Knapp's interest in ten of its choicest properties and also a virtual power of veto over the ebullient Mr Zeckendorf's future dealings. But at long last Webb & Knapp seemed to be in a position to bring its multitudinous schemes for urban redevelopment to fruition.

But in fact things have not gone as smoothly as either Mr Zeckendorf or the Philip Hill group might have wished. In the first place the Zeckendorf Property Corporation which took title to the thirteen properties which were handed over, and which is controlled in approximately equal proportions by Webb & Knapp and Philip Hill (with a small minority holding by the Aluminium Company of America), failed in an attempt to sell 200,000 shares to the public. Another attempt will presumably be made when the stock market has recovered sufficiently since the Bank of England sanctioned the Philip Hill participation on the understanding that a public market would be created "as soon as possible" in Zeckendorf Property shares.

In the second place it is clear that the capital requirements of these projects have been underestimated, even by Mr Zeckendorf himself. Thus, within the last few weeks, both Zeckendorf Property and its nominal parent, Webb & Knapp, have been forced to solve their need for cash by trading existing holdings for ready money. ZPC sold five housing developments for middle-income families to the Alcoa Urban Development Corporation, 90 per cent of which is owned by the Aluminium Company and 10 per cent by ZPC. Alcoa contributed $10 million in cash to finish the projects and ZPC received a 10½-year note for $25.6 million. For its part, Webb & Knapp established yet another liaison with the City of London by selling a one-third interest in New York's Savoy Hilton Hotel to Mr Max Rayne's London Merchant Securities Ltd. He, too, was able to exact his ransom; for though he has but one-third of the equity, he now has equal voting power with Webb & Knapp in the corporation controlling the hotel.

Of the two deals, that with Alcoa is by far the more significant. It marks the emergence of Alcoa as a force of the first order in American property development; the company is now involved, generally playing a minor part, in eleven urban building projects that are expected eventually to cost $1 billion. Alcoa Urban Development passed long ago beyond the initial conception of a device to promote sales of aluminium building products; it is now involved in property investment for its own sake or rather for the sake of the tax-sheltered income which such investment provides in the United States. Alcoa Urban Development will be consolidated on its parent company's tax return; its substantial charges for depreciation will be deductible against the 52 per cent rate of corporate taxation, while any profits on property sales will be taxed at the low 25 per cent rate charged on capital gains.

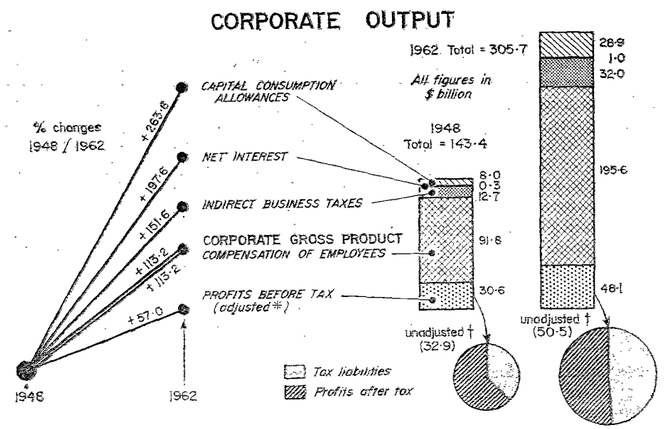
But the understanding between ZPC and Alcoa is far broader than appears on the surface. Alcoa Urban Development has the option to acquire, at cost, any or all of the eight remaining ZPC projects. The clear intention is that the parent company, Alcoa, with its apparently endless stock of cash and credit will take over each project as it nears completion and thus provide funds for those in earlier stages of construction. Moreover, between October and November of 1972, under the terms of yet another option, Alcoa has the right to exchange its entire holding in Alcoa Urban Development for 1.1 million ordinary shares of ZPC. If this option were exercised, as it appears reasonable to assume it will be, it would have the effect of putting Alcoa in a three-cornered partnership with Webb & Knapp and the Philip Hill group. It would also seem to assure that Webb & Knapp may eventually be able to distribute dividend-paying ZPC shares to its own ordinary stockholders as the first tangible evidence of return that they have had in the twenty-five long years of Mr Zeckendorf's hegemony.

Postwar Profits

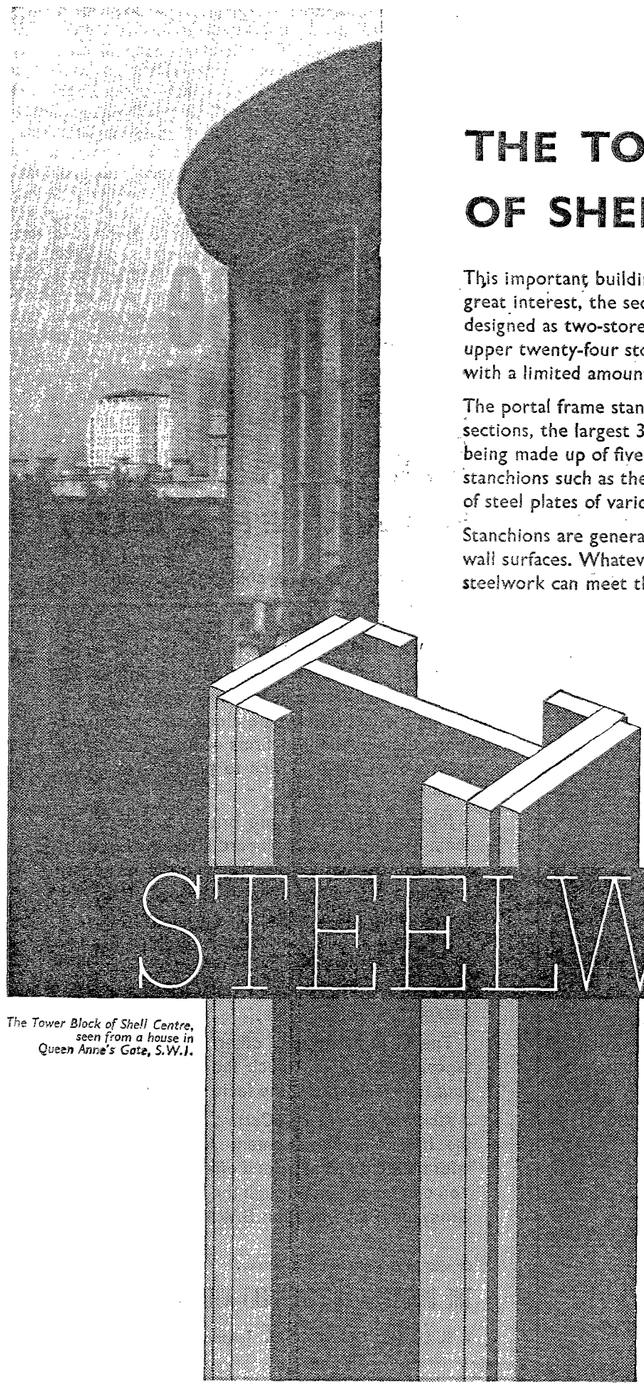
One thing emerges clearly from the Department of Commerce's new estimates of the gross output of corporations since 1948 (*Survey of Current Business*, November, 1962): the profit squeeze has been a reality, particularly between 1951 and 1957 when profits went up hardly at all. Since 1948 corporate output has more than doubled while profits have risen by less than three-fifths before direct taxes on them are paid and by only one-fourth when allowance is made for these tax liabilities; then total profits in 1962 were only $25.9 billion compared with $20.5 billion in 1948.

Something else which emerges clearly from the analysis is that the blame cannot be attached to increases in labour costs—wages, salaries and "fringe benefits"—which have gone up at exactly the same rate as corporate output and which have accounted for an almost constant 64 per cent of total corporate product throughout the post-war period. Businessmen argue, however, that this proportion ought to have fallen because of the large sums spent on labour-saving equipment.

These heavy outlays on expensive capital goods, leading to big increases in depreciation allowances and also to faster write-offs for tax purposes, are one reason why profits have lagged in recent years. Another is that since 1957 this additional capacity has not been used to the full. But a third reason for the lag is the rise in indirect levies on business, chiefly taxes on property and on sales; these are paid mainly to state and local governments and their increase reflects the increased demands made on these governments by a growing economy.



* "Adjusted" includes valuation for stocks and excludes profits originating outside the United States.
† "Unadjusted" excludes stock valuation and includes all profits.



THE TOWER BLOCK OF SHELL CENTRE

This important building embodies structural steelwork of great interest, the section from basement to second floor being designed as two-storey three-bay portal frames and the upper twenty-four storeys as rigid frames acting in conjunction with a limited amount of wind bracing.

The portal frame stanchions 70 ft. high, are built-up box sections, the largest 37 ins. x 24 ins. (with inner web plate) being made up of five steel plates 2½ inches thick. Other stanchions such as the one shown on the drawing, are built-up of steel plates of various thicknesses up to 2½ inches.

Stanchions are generally so arranged as to give flush interior wall surfaces. Whatever the loads, whatever the problems, steelwork can meet them with outstanding efficiency.

Architects:
Messrs. Easton and Robertson, Cusdin, Preston and Smith.
Consulting Civil and Structural Engineers:
Messrs. Scott and Wilson, Kirkpatrick and Partners.

STEELWORK

The Tower Block of Shell Centre, seen from a house in Queen Anne's Gate, S.W.1.

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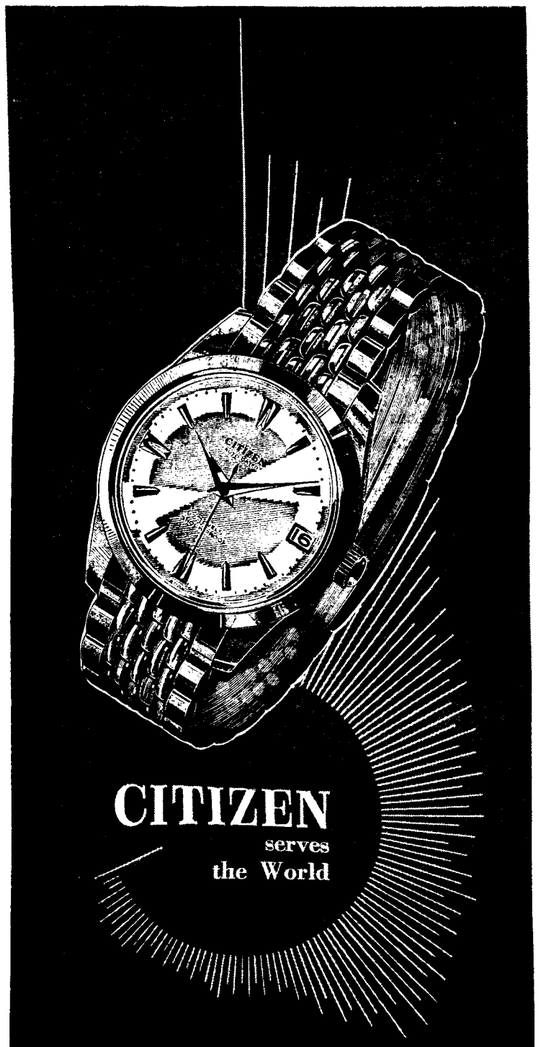

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While the need to trade property for cash has obviously robbed Philip Hill's American venture of some of its sheen, it has done little to alter Mr Zeckendorf's own long-range effort to rationalise his far-flung empire into a troika-like organisation of three corporations—Webb & Knapp, Zeckendorf Property and, finally, another Webb & Knapp subsidiary, Gulf States Land & Industries Inc.—each with a distinct part to play. Mr Zeckendorf owns over 35 per cent of Webb & Knapp's 32.5 million ordinary shares and that company, in turn, is the fulcrum of his control elsewhere, in Webb & Knapp (Canada) Ltd., for example, with its elegant Place Ville Marie development in Montreal. But the financial strain of urban redevelopment on a national scale—with each project requiring years while existing buildings are pulled down, financing negotiated, new buildings put up and finally rented—has proved too much for Webb & Knapp, given the maze of other alliances and entanglements facing the company. Hence, the decision was taken at the time of the Philip Hill financing to transfer all of Webb & Knapp's major construction ventures to Zeckendorf Property.

This had the effect of separating Webb & Knapp, which needs a large pool of unencumbered cash for the in-and-out property deals so dear to the Zeckendorf heart, from the quite disparate redevelopment schemes, where huge sums of money are committed over a long term in the hope of generating recurring income at the end. There are indications that most of the remaining Webb & Knapp properties are on the block as well and that the company may emerge as a holding operation, maintaining extreme liquidity in order to capitalise on short-term opportunities as they arise. For example, in the six months ending on September 30th Webb & Knapp made almost $13 million in trading profits. These more than offset $7.7 million in operating losses which were produced, in fact, by the Zeckendorf Hotels Corp.; this company operates—but does not own—seven New York City hotels.

At the same time, Gulf States Land is the receptacle for a grab bag of other promotional schemes outside the property field which Mr Zeckendorf has been unable to resist over the years. Inevitably, this company is also involved in property development in Louisiana and in New York, but these undertakings are only incidental to the company's long run potentialities which are bound up in three very un-Zeckendorf areas—steel, copper and oil. Gulf States owns rights to an immense pile of copper slag in Arizona that, theoretically at least, contains enough low-grade ore to make its exploitation commercially feasible. It owns all the common stock of the Chemetals Corporation, which claims to have a revolutionary process for the large-scale recovery of copper powder from both ore and scrap. Additionally, Gulf States has oil and gas rights, in Louisiana and the West Indies, which are gradually beginning to produce an income.

Fascinating as the speculative possibilities in Gulf States may be, the company does not hold the ultimate key to profitability for Webb & Knapp. This still depends on real estate and on the undeniable genius of Mr William Zeckendorf for buying property low and selling it high. And if Webb & Knapp can escape from its multiple misadventures—in hotels, in amusement parks and, to some extent, in shopping centres—without suffering irreparable financial damage, it may indeed fulfil the typically grandiose Zeckendorf boast that "if we can solve our problems, we'll be one of the greatest companies in the world."

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Railways in Line

FROM A CORRESPONDENT IN CHICAGO

LAST week the federal Court of Appeals in Chicago ruled that the railway companies have the right, under the Railway Labour Act, to introduce without further delay the changes in work rules which have been under negotiation for three years and which the trade unions still refuse to accept. The men involved are those who actually run the trains and the changes are designed to eliminate unnecessary jobs of various kinds—the requirement that diesel engines should carry firemen, for example—and to save the railways at least half-a-million dollars a year. Unless some further means of legal delay is devised by the unions, the companies now intend to go ahead, the men intend to strike and the President, it is presumed, intends to appoint yet another fact-finding board which would keep the railways running for another two months while it prepares yet another report which can hardly fail to agree that the changes are justified. Then presumably will come an attempt to submit the whole matter to binding arbitration, with Congress perhaps making this compulsory.

This and other recent efforts to eliminate featherbedding on the railways have all been opposed by a united front of the 23 railway trade unions in mortal fear of technological unemployment. This has brought in response a united front of the 105 railway companies whose lines interlock across the continent and most of which are in mortal fear of bankruptcy. In the past the three regional railway conferences—the eastern, the western and the midwestern—tended to go their separate ways in spite of their common problems. As a result almost always the men had the initiative. But now the carriers have set up in Chicago, the railway centre of the country, a National Railway Labour Conference, which will mean that, for the first time, management will be bargaining on an industry-wide and permanent basis. Obviously, the unions will be forced to follow suit and, because the federal government is always a party to collective bargaining in this industry, Big Labour, Big Industry and Big Government will all become bigger.

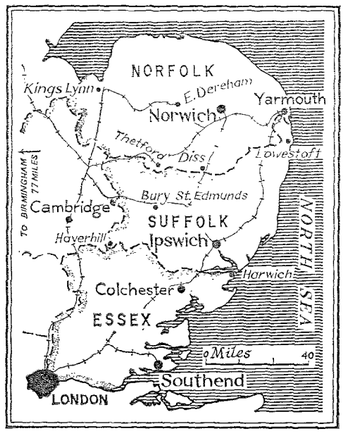
The conference, something new for America, will be a continuing organisation with its own secretariat of lawyers, statisticians and public relations men, a mighty propaganda forum whose announced objective is to plan strategy years ahead and thus to seize the initiative from the unions. It will not only co-ordinate labour policies but pile up statistics and slogans in an effort to anticipate and to circumvent union moves. This, however, may not necessarily always be against the welfare of the workers. Circumscribed as the railways are by a multitude of federal and state laws, any plans to rationalize the industry will have to provide cushions and carrots galore in the form of schemes to ease the pain of being sacked. The emergence of industry-wide bargaining might also be to the benefit of the unions if the result is a uniformity which automatically upgrades substandard contracts and hastens the settlement of disputes. Labour's immediate reaction, however, was that this was part of an attempt to create a "railroad monopoly" and to speed up the mergers which many railways regard as a form of salvation.

HOME REPORT

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

East Anglia Digs In

FROM A CORRESPONDENT IN NORWICH



NORFOLK and Suffolk together cover more than two-and-a-quarter million acres, but their joint population is only just over one million—less than that of Birmingham alone. Almost ignored by the industrial revolution, they seem to their frequenters—and to the more conservative of their residents—to have borne a charmed life. It is only in summer, when Midlanders on holiday descend on the East Coast and the Broads, that the native East Anglian is reminded of the teeming industrial and urban population at all. By the end of September sugar beet lorries have replaced the motor coaches on the roads, and life returns to its norm.

It is, however, being borne in upon East Anglia that the cathedral city of Norwich is only 112 miles from the Great Wen, and that the latest industrial revolution is catching up with the countryside. Sooner or later, the drift of population from the north to the south-east will lap over the charmed border, or (even more certainly) the overspill from London will come welling up out of Essex into Suffolk and thereafter into Norfolk. Already King's Lynn and Thetford, in west Norfolk, and Bury St. Edmunds and Haverhill, in west Suffolk, have welcomed London overspill for the sake of the industrial prospects it offers. Now the prosperous port and engineering town of Ipswich, on the Orwell estuary, is the subject of a survey by planners from the Ministry of Housing and Local Government, to see whether its population of 117,000 could conveniently be increased to half as much again, or even doubled.

The Norfolk County Council—rather with the air of one giving hostages to fortune lest worse should befall—has produced a report suggesting that Norfolk could accommodate 200,000 Londoners on its 1,300,000 acres, and among its 560,000 people. There are, however, some careful reservations—particularly about the water supplies of the county which are not plentiful, and are being heavily drawn upon for agricultural irrigation as well as for domestic and industrial purposes. It is proposed that King's Lynn (pop. 27,000) and Thetford (5,000), both of which have agreed with the London County Council upon town expansion schemes of 10,000 apiece, should both raise their sights, and that the industrialised market town of East Dereham (8,000) could be the subject of another expansion scheme. It is also suggested that two new towns should be built—one in west Norfolk (on the route to the Midlands) and the other in south Norfolk (beside the road and railway to Ipswich and London).

However, this tentative report has already raised an outcry from the defenders of the rural peace, who declare it means the outright rape of Norfolk. King's Lynn and Therford have protested, less vehemently, that they have contracted only for moderate expansions, and do not want to be overwhelmed by overspill. The market town of Diss, in south Norfolk, has objected that although it would like some more people and industries it does not want to be reduced to a suburb of some brash new neighbour.

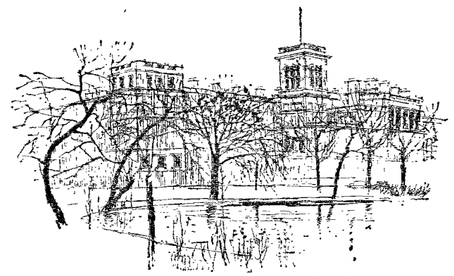
If the wishes of the market and seaside towns of Norfolk and Suffolk were consulted, all of them would probably welcome new industries, and many would welcome expansion by five or ten thousand new inhabitants—which would nicely coincide with the limitations of the water supply—but none of them wants to be flooded by the overspill. This is prompting a digging-in of heels just when London's planners seem to be getting impatient with the speed and dubious about the economics of small town expansions. The national movement of population demands something bigger. There is also the important question of the wishes of the overspill—a word which is one of the planners' least fortunate inventions, since it tends to obscure the fact that this is a movement of people, who are possessed of characters and preferences. East Anglia suspects that the immigrants, being urban people, would probably prefer to move, if they must, to biggish towns.

The Norfolk County Council, however, has carefully omitted from its proposals the two county boroughs of Norwich and Great Yarmouth. It says that Norwich—which, together with its outer suburbs, is now an industrial and commercial community of 165,000—is likely to grow without any artificial stimulation to 200,000. In the county council's view, a larger growth would be in danger of destroying the character of the city, and would, moreover, confront the county with a problem of Norwich overspill. As for Yarmouth (53,000), it is too closely pent between the sea and the rivers and marshes of Broadland to be susceptible of really large expansion.

NOT unexpectedly, in the state of local government relations, these comments by the county council were bound to infuriate the corporations of Norwich and Yarmouth. Nothing, in fact, could have been better calculated to make them keen on accommodating Londoners. The cold war had already been warmed up, in Norwich, by the county's opposition to the proposed extension of the city boundary, and by its desire for statutary definition of a green belt outside the suburbs. Now the Norwich Planning Committee—in spite of local counsels that bigger does not necessarily mean better—is talking about the desirability of expansion to a quarter of a million.

As for Yarmouth, its primary concern is the fear of losing its status as a county borough. Being a seaside town, it suffers from winter unemployment, and it badly needs more permanent jobs in industry. It feels it has plenty of room to expand to the southward—into east Suffolk, where, in conjunction with Lowestoft, it can be regarded as part of an industrial, seafaring and holiday catering community of about 100,000.

To an observer detached from the rivalries of town halls and shirehalls, the situation seems to call for a summit conference, presided over by someone who can see East Anglia as a whole, in relation to the national problem as a whole. It might also be desirable to correct the implicit assumption that overspill is a plastic and obedient mass of industries and units of labour, which can be placed exactly where planners want it to go.



The FO: another £1½ million

Moving the Government

FROM OUR SPECIAL CORRESPONDENT

LAST week the Ministry of Health moved, Minister and all, to across the river to the Elephant and Castle: the Government's intention to save some taxpayers' money, and to improve its efficiency, by getting its central departments at once under one roof and out of the most expensive areas of London, takes another step forward. Surprisingly enough, the area occupied by central government workers in London has actually gone down over the past ten years, by a million square feet and 9,000 people: of the total 103,000 civil service headquarters staff (excluding the Post Office), 62,500 work in central London—including as such Earls Court, Southwark, the City—while 12,500 work in the London suburbs and 28,000 in the provinces. Next year the Admiralty will be moving out of Victoria to the vast building they have rented in Earls Court; almost 2,500 other government workers are due shortly to get out of London to Southend, Southampton and Basildon.

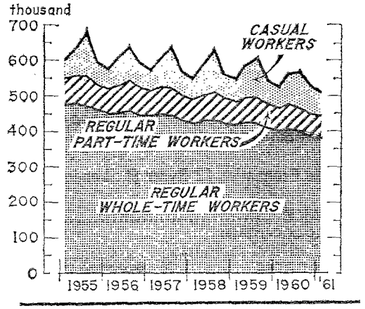
All this is a welcome, if fairly insignificant, contribution to the relief of congestion in the capital. But it is being done with an eye almost exclusively to finance—to the securing of less expensive accommodation—rather than to planning considerations. If enough attention were paid to this aspect, the odds and ends of umpteen departments would never have been allowed to move into the expensive State House in Holborn—where transport is (through no fault of London Transport itself) thoroughly inadequate, and where nobody likes working anyway. The machinery simply does not exist that would permit the various departments of state to look sternly at themselves and decide that such and such departments—probably a good many—do not need to be in regular contact with the minister, which means within a ten-minute drive from the palace of Westminster. What happens is that departments decide that they need new accommodation, the Treasury says how much can be spent on providing it, and the Ministry of Public Building and Works (to give it the proud new title) decides how the two conditions are to be reconciled. Nobody asks the two vital questions—how many, where?

The curious case of the Foreign Office may be to the point—although this is one of those rare departments in which the ministerial nucleus cannot be clearly separated from the other, more easily decentralised, departments. The present building, designed in the 1860s by Sir Gilbert Scott, is a splendid example of clubland Palladian—just as St Pancras Station, said to be his first proposal for this site overlooking St James's Park, is a splendid example of industrial Gothic. On three floors the rooms are 25 feet high, magnificent for receiving foreign dignitaries, but heated often by open fires, inadequately wired for electricity, and provided with decrepit old lifts; above this stately slum lies a semi-attic squalid slum. A plan was, it seems, prepared for rebuilding the whole thing; but at a vital moment (Foreign Office men insinuate) a new master came to foreign affairs, and a new project came to favour that would preserve Scott's façade.

The new plan will, for £1½ million, provide new heating, wiring, lifts and so on—and, to provide the space that the office wants to reassemble its scattered departments, a complete new storey on top designed not to spoil the Italinate outlines. The point is not an aesthetic one—although there certainly are good arguments for preserving the Scott building; nor is it an economic one—there are arguments for not knocking down this side of Whitehall during the next ten years, while the other side of Whitehall is being rebuilt, and while government resources are heavily engaged in other important public building. The point is that this decision seems to have been made in an informal, old-boyish way, with no particular regard to the genuine economic and aesthetic choices that exist between a new, expensive, efficient and controversial-looking Foreign Office and a patched-up, cheap, pretty inefficient and accustomed one. This, one fears, is how so many such decisions are taken—considering, for example, existing civil servants' (or, worse, ministers') convenience rather than the long-term advantages that might be obtained from, to take the prime example, moving outside London. But there is one hope. The new Ministry of Public Building will have far more say both on budgetary and on technical considerations than ever did the old Ministry of Works. Perhaps these twin powers will attract to themselves the capacity to think (as nobody is empowered to at present) about the Government's part in helping to create a decent environment in Britain.

OFF THE LAND

The number of regular workers employed on agricultural holdings in England and Wales has continued to decline over the last seven years. The estimated numbers of casual workers have, however, maintained a fairly even ebb and flow with the summer influx reaching its height at harvest time: in September the March figure of between 50,000 and 60,000 is almost doubled.



Top Mast

BY OUR SPECIAL CORRESPONDENT

COMMUTERS through the featureless desert of Croydon have, over the past year, been able to relieve the tedium of their passage by assessing the measurable daily growth of a new television mast which has come increasingly to dominate its skyline of subtopian semis. On Wednesday it was formally brought into operation by Croydon's mayor, and independent television programmes began to radiate from a point in space 300 feet above the aerials of the temporary tower, which, looking niggardly a mere 200 feet above Beulah Hill, is now replaced and may shortly be moved to a doubtful reception area, perhaps in Scotland. Much improved reception is claimed as the certain result for the whole of the London viewing area and far beyond, to Oxford, Stevenage and Bishop's Stortford, 400,000 viewers in which were beyond the old aerial's coverage.

Something of a technical triumph, the new mast radiates at different strengths in different directions in order to extend the

Channel 9 cover of certain desirable areas while inhibiting it in areas where other ITA transmitters (notably in Devonshire) might be subject to interference: thus the effective power north-westerly is 400 kW, that to the south-west only 50 kW. It is also slimly pleasing to the eye, an advantage dictated more by the nature and size of the site, only 100 yards from the temporary tower, than by the avowed aestheticism of the authority and its planners; and it was built in a remarkably short time, having been started from scratch in January and completed, by teams usually of no more than a dozen men, last month.

Viewers in London will be most interested in its effects on their set pictures which, in certain notorious areas, have been only marginally enjoyable (and lately most of London has been plagued by double vision, not the fault of the old transmitter mast): by now they will have noticed any improvement, perhaps not quite comparable to that at Southend, where signal strength was said to have been increased five-fold, but significant enough to make the expenditure of £130,000 seem worth the authority's while. It is not thought that much difference will be made to the level of interference from unsuppressed hair-dryers, vacuum cleaners, motor cars, electric drills and jet aircraft (but people plagued by these things —other than the last—during their favourite soap opera have a remedy in legislation operated by the post office which insists on the fitting and maintenance of suppressors in most new equipment and provides for the tracing and silencing, by persuasion, of the subject of any viewer's complaint). And it is certainly not to be expected that the programmes themselves will get any better—only clearer.

Oxford's New Sieve

FROM A CORRESPONDENT IN OXFORD

OXFORD'S decision in principle (the details have still to be worked out) to revise its procedure for sifting entrants is a concession to its critics. Traditionally, the university has been, not a unified body, but a federation of states—the individual colleges. Some of these states have been, and are, larger and more powerful than others: all, even the newest, are jealous of their autonomy, tend to regard the university as a potential encroacher on their liberties, and are suspicious of outside direction or planning of their affairs.

The situation in practice is, of course, less anarchic. The growing science sector, with its powerful laboratories, cuts across the college structure. The state's contribution to university finance is now so large that even the most diehard dons must admit its claim to a share in deciding policy. And as between colleges arrangements on a private basis to share or swap teaching along specialist lines are commoner than they were. Even lecture lists are being planned in a rudimentary way and syllabuses revised. Still, their right to "choose the young men" (the recent agreement applies only to the men's colleges) is one about which most colleges feel very strongly indeed. Their willingness to depart from existing methods of selection is the more significant.

The present unreformed system is a mixture of design, chance and nepotism. For scholarship purposes—and over 60 per cent of all entrants were chosen on such examinations last year—colleges form groups of five or six, which (in December, January and March in rotation) examine together, in the sense that candidates express preferences between the members of the group and may be passed on to their second or third choice college for an award if their first choice college cannot give them one. About 30 per cent of all entrants will be given awards, and another 30 per cent places as a result of these examinations.

Separate entrance examinations are also held by a number of colleges, and it is in this sector that there are the widest variations of practice and opinion. The meshes of some colleges' entrance nets are generously spaced, and critics complain far more of this than of the small number of avowedly nepotic candidates which every college accepts on a variety of personal grounds. The "good commoner" who will contribute to the life of his college without necessarily flying high academically is regarded with great reverence in some colleges and with suspicion in others—which take all their entrants on the scholarship results.

THIS loosely-organised system will, unless unforeseen difficulties occur, operate for the last time in 1962-3. The dynamic behind this change is the growing multiplicity of applications for places at provincial universities, which led to the setting up of the Central Council for University Admissions under Mr J. S. Fulton, the vice-chancellor of Sussex University. The council aims to establish a clearing-house which will effectively sort all applications (except those for Scottish universities and Oxbridge). But to do this it needs to eliminate the Oxford examinations in March, for while these are still held other universities cannot get a firm acceptance of places with them from candidates who still hope for an Oxford place instead. (Cambridge scholarships are examined only in December.)

Oxford appointed a working party of eight dons last February to study the whole question of admissions. Presided over by Mr Frank Hardie, a business-like and popular philosopher, who is president of Corpus Christi College, this committee held twenty-six meetings, and wrote its report, by the end of Trinity term. The difficult process of securing agreement by individual colleges has occupied part of the present term.

The main features of the new scheme are that candidates for scholarships will be required to sit an examination in two parts, the first in October, the second in either December or January. The first part will act as a sieve to reduce the number of candidates for the second. Entrance (as distinct from scholarship) candidates can be chosen on part one alone or on both parts. In this way, the variant practices of colleges are reconciled, or intended to be reconciled. At present, work on the details of the scheme, including the formation of colleges into "equipollent" (i.e. scholastically equivalent) groups is proceeding. There are dark rumours of unilateral secession by colleges or—more interestingly—by faculties, but current opinion in the university is that the new proposals should be given a fair run to see how they work. Once in operation, they will probably soon become a new strongpoint of orthodoxy, to be defended at all costs against change.

In the article "Town Clerks or City Managers" on November 24th the population figure to which town clerks' maximum salaries are related was said to be 60,000; it should have been 600,000.

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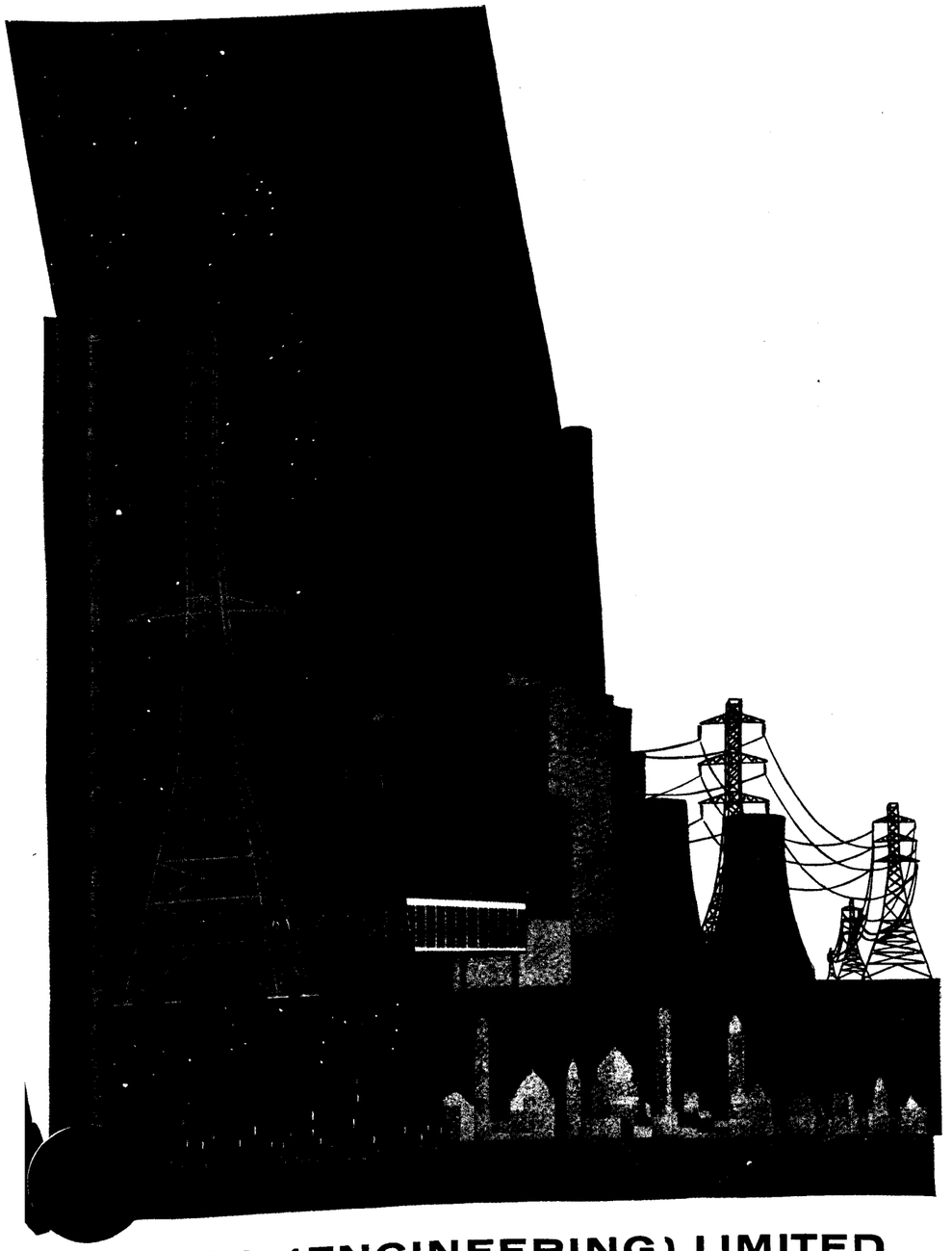

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LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

Morocco

SIR—In your issue of November 24th you mistake the significance of the introduction of Mr Boutaleb in the King's government. Mr Abdelhadi Boutaleb resigned from the UNFP at the end of 1960 for personal reasons as well as Mr Ahmed Bensouda and Mr Thami Ouazzani. Afterwards they were employed by the King: Mr Ouazzani as ambassador at Belgrade and then general secretary of the "Casablanca Group"; Mr Bensouda as governor of Rabat district (October 1962); Mr Boutaleb as ambassador in Damascus and recently Secretary of State of Information.

None of these personalities now claims any connection with the UNFP. Nevertheless the King's propaganda tried to present these last nominations as a manifestation of liberalism to the opposition. The King has obstinately refused during the last 20 months to take into consideration our proposals for the formation of a transitory government on the basis of national union, and with a limited mission to prepare elections for a constituent assembly. We have always confirmed that we desire a constitutional monarchy.

The two main reasons which have decided us to boycott the referendum on King Hassan II's constitution can be summarised. It is for us an untouchable principle that the sovereignty belongs to the people and remains in the people, and to be valid the constitution has to be made by a constituent assembly and not handed out by the Palace. The participation of the voters by "yes" or "no" will be a kind of resignation of the people from their natural rights and at the same time it will be a kind of plebiscite for or against the King, which is a very dangerous adventure for the monarchy. Even if the percentage of "no" is low the King will lose his functions as "arbitrator" to become the leader of the "yes" party.

The proposed constitution is an accentuated Gaullism in a sense of an absolutist regime *de bon plaisir*, based on revived feudal structures and reactionary and colonial interests in an underdeveloped country which needs, more than anything else, stability without dictatorship, efficiency without corruption, and a minimum of sincerity and honesty.

I am sending you this letter from Cologne where I have just arrived from Morocco for medical consultation after my "accident". Before leaving Morocco I brought an action against the Minister of the Interior and the Director General of the Sûreté Nationale for an attempt at assassination by simulated accident.—Yours faithfully,

EL MEHDI BEN BARKA

Cologne

Canadian Problems

SIR—Your survey of Canada's economic and political problems dismissed a key issue rather briefly. "The emerging population bulge is a formidable question," your correspondent said, "which can only be answered by a much improved expert performance by manufacturing industry."

The structure of the Canadian population is indeed important. Total population grew by about 30 per cent in the 1950s compared with a 23 per cent increase in the labour force and a 20 per cent increase in employment. In the 1960s the stimulus of a population growing faster than the labour force is likely to be absent. My forecasts, which ignore the effects of immigration and emigration (these may well balance out, as in the last eighteen months) and which allow for some increase in higher education, suggest that both total population and the labour force will increase by about 19 per cent in the present decade. Employment will have to increase even faster if any permanent inroad is to be made on the 7 per cent level of unemployment which prevailed in 1960. And a higher level of immigration is only likely to help, if policies can be devised which encourage a greater inflow of dependants rather than workers.

Will Canada be successful in finding the new markets outside its own economy to keep this rapidly growing labour force fully employed? If exports cannot be expanded fast enough, then the labour force may shrink. Canada's traditional export of skilled and professional manpower south of the border might increase, and the girls who make up the so-called population "bulge" might start to replace the large number of married women who have found jobs since the war. Jobs for older men might get even harder to find than they are to-day.

This kind of adjustment is far less palatable because it slows down the long term growth of the economy. But, given the present government's policies, it seems a more likely outcome than the rapid growth of exports (and replacement of imports) needed to avert it.—Yours faithfully,

RICHARD LINE

College of Technology, Oxford

Wards into Workshops

SIR—In seeking contracts, the mental hospital, while remaining a therapeutic community, is entering the industrial world and therefore accepts the normal obligations as to price, quality and delivery. As regards the hospital at Malvern, referred to in your article of December 1st, one firm is so satisfied that it has transferred one of its processes completely to St Wulstan's and is therefore entirely dependent upon the hospital for this part of its output. It is already clear that the hospital is not asking for industrial charity but will provide a sound economic service as a fundamental condition of its existence.—Yours faithfully,

J. GLYN PICTON

Member of the Birmingham Regional Hospital Board

Birmingham

POINTS

FACILE interpretations of the recent by-elections indicate that Labour would have won a general election projected on the basis of the five contested constituencies. Whether such a projection is valid, however, is open to question. Especially since the shift in voting since 1959 was definitely anti-Tory rather than pro-Labour, could one not speculate that anti-Tory voters, faced with a decision that might install a Labour government (as last week's contests had no chance of doing), would divert their Liberal protest votes back to the Conservative party?—ROBERT E. HUNTER, *London, WC1.*

YOUR comment last week that the Woodside result "casts increasing doubt on the argument that it is in unemployment-affected Scotland that the Tories will have most to fear" seems to ignore one important factor. Since 1959, an estimated 12 per cent of the electorate has left this constituency, almost entirely from the working-class tenements, now demolished. Thus, the *real* swing to Labour was probably not 6 per cent, but around 10 per cent. We can expect a more distinct reflection of this trend in neighbouring constituencies, in which these Labour voters have been rehoused, at the next election.—ROBIN A. G. BENNETT, *Glasgow*

YOU repeat (December 1st) the maxim that Labour voters are more apathetic than the Conservative ones, from which it follows that Labour stands to gain from a high poll. Yet in the ten general elections since the present party system emerged, of the five in which the total poll has gone up, 1924, 1931, 1945, 1950 and 1959, the Conservatives have gained in four, while Labour has gained in three of the five elections in which the total poll has gone down. The correlation between falling polls and Labour gains is especially marked in the pendulum-swinging years before the war. —CHRISTOPHER CLAPHAM, *Oxford.*

•

RECENT reports on thalidomide babies, wrong patient operations and tests on patients underline the need for an association to represent the interests of patients. A group of people are proposing to form such an association. May I invite interested readers to write to me? —HELEN S. U. HODGSON, 47 *Cumberland Terrace, London, NW1.*

BOOKS

The Paris Correspondent

A Prince of Journalists: *The Life and Times of de Blowitz*

By Frank Giles.

Faber. 228 pages. 25s.

READERS of the eleventh edition of the Encyclopaedia Britannica, still a useful work, may notice the florid style and wealth of gallicisms in the account of the modern history of Paris, together with the initials of the contributor, "De B." This was Henri Stefan Opper de Blowitz, the great Paris correspondent of *The Times*, who brought the story up to date with the Universal Exhibition of 1900, "a grand manifestation of human concord." He was eased out of his post in 1902, reluctant, as journalists are, to leave the scene, arguing to the last about his pension, the cost of his carriage, and the need to keep up his Paris flat; and died a month after.

Blowitz giving utterance to general sentiments was something pretty pompous, very ready with sententious bits of twaddle about "serving the cause of peace" and what not. Blowitz ferreting out a story was quite a different matter. Mr Frank Giles, one good journalist writing about another, amiably baffled about the man but showing a shrewd understanding of the job, picks a number of stories that Blowitz was "on" and shows how he tackled them. This is well worth while. There is Blowitz getting the most celebrated of all diplomatic scoops at the Congress of Berlin in 1878, and, what may have been harder, getting it back to his newspaper in the neatest possible way; Blowitz driving through the snow into the courtyard of the Hotel Basilewski on New Year's Eve, 1874, to interview Don Alfonso whom a revolution had just put on the throne of Spain; Blowitz having Nubar Pasha to lunch, talking his guest's head off from soup to coffee, and yet extracting from the air a long, penetrating and informed article on Egyptian affairs that reflected his guest's views with embarrassing exactness.

Blowitz's personal way of doing his job, together with his resounding success in it, must have led many a good correspondent astray. He maddened his colleagues in other capitals by writing at length about the affairs of their countries, often from the vaguest sources. He made himself a factor in diplomacy and in politics. He kept up a state that he could not afford, hobnobbed with the great to a perhaps pathological extent, attached himself to cliques, got involved with the causes of his highly-placed friends, and lent himself on notable occasions to their axe-grinding. If later foreign correspondents have fallen prey to a somewhat artificial conception of what their job consists of, Blowitz is a good man to blame.

He justified all the spoofing and nonsense by giving results: *The Times*, in his heyday not the most awesome, dignified or antique of newspapers but simply the best, got the benefit of an endless flow of informed, ingenious, exhaustive, often highly-coloured stories that it was easy to pick holes in but impossible to compete with. His great years were the eighteen-seventies and eighties. The nineties saw a new team in power in Printing House Square—Arthur Walter, Moberly Bell and MacKenzie Wallace. Blowitz found himself exposed to a new set of criteria of newspaper work; and as the correspondence between Paris and London went elaborately on (they were all terrific letter-writers) it began to appear that he was an archaic survival and in rather bad taste.

Mr Giles's treatment of his subject, mildly flippant, cheerfully exposing the flaws, pretences and weaknesses, has been taken as an attack on Blowitz; but if one looks in the round at the picture he draws, it is not. The flaws are all there; so are the qualities. It is a matter of taste whether one takes the judgment to be, in sum, adverse or not. One thing that is made plain is that Blowitz was a superlative newspaper man. What of the judges who sat in Printing House Square in the nineties, finding his idiosyncrasies not at all the thing for *The Times*? They too were able men, thorough, learned, principled, dedicated.

Bell and Wallace attempted something new, to organise the foreign department of the paper in a logical and systematic way, and it is obvious enough that Blowitz, the supreme individualist, did not fit in to such a way. However, it is a matter of record that under them the fortunes of the newspaper declined, and that by the early years of the century it was ripe for the Harmsworth take-over. Certainly competition was terribly stiff in those years. The team that was so hard on Blowitz may have been unlucky; still, their prescription of exactitude, discretion, dignity and conscientiousness did not work. Thus it was not Blowitz who turned out to be out of date. In a way, the great character actors of journalism (of whom he was one, and Wilmot Lewis another) are timeless. Bores they may be: but any newspaper can gain from their urge to be visibly in the know.

The Russian Threat

Strategy and Tactics of Soviet Foreign Policy

By J. M. Mackintosh.

Oxford University Press. 336 pages. 38s.

"THE reason why there is now no Communist government in Paris is because in the circumstances of 1945 the Soviet Army was unable to reach French soil." When Stalin wrote these frank words—to the Jugoslavs in 1948—he had brought most of eastern Europe under his control by a "revolution from above" imposed and maintained largely by military force. In the years that followed, as this study shows, wherever Stalin pursued his empire-building ventures, his standard practice was to form an enclave under Communist control, which could then be extended further as the opportunity arose. Already during his lifetime it was becoming clear that this crude strategy was obsolete. It involved a high risk to Soviet security and led the West to consolidate its defences under United States leadership. The last occasion when these methods were applied, rather cautiously, was by the Malenkov government in Vietnam in 1954.

At this time the Soviet leaders were engaged in a great strategic debate. Malenkov seemed ready to recognise the principle of mutual deterrence. But Mr Khrushchev, who won the argument, held that Russia must prepare to use nuclear weapons, both defensively and to forestall an enemy about to strike. Hence his efforts to secure a disarmament agreement that would avert a surprise attack. By 1959, with the successful development of the Soviet missile programme, he had become confident that the United States would not dare to launch an all-out nuclear war. He also recognised the corollary to this: that the Soviet Union could not afford to launch a surprise attack itself. Mr Mackintosh thinks that the Soviet leaders may even have concluded that "war by proxy in the pursuit of new conquests is too risky in the modern world." One hopes he is right: he evidently takes a rather benevolent view of Soviet actions in Laos before the recent settlement, since he does not discuss them. Nevertheless, most observers seem to agree that the Soviet leaders now have less scope for the use of military force in support of their expansionist aims than they had in Stalin's day—as is well brought out in this well-balanced analysis of the development of Soviet strategic thinking since 1944.

So far as Soviet foreign policy as a whole is concerned, however, the strong emphasis placed in this book on the military aspect produces a less satisfying picture. In Mr Mackintosh's view the dominant theme of Soviet policy in recent years has been an endeavour to stabilise the situation on Russia's flanks in Europe and the Far East in order to concentrate on undermining the western position in the Middle East, Asia and Africa. This may perhaps be so; but do the Soviet leaders really think in such geographical terms as this implies? Their approach is surely more complex. Mr Khrushchev has been most skilful in applying pressure simultaneously on several planes—political, economic and psychological as well as military. It is precisely this flexibility, backed by increased power, that makes the Soviet threat harder to deal with than it was a decade or so ago. Mr Mackintosh would probably agree. But his treatment of the problems involved is rather sketchy. No mention is made, for example, of Mr Khrushchev's use of the United Nations as a forum for mobilising nationalist and neutralist opinion against the West, or of the Soviet Union's involvement in Cuba. It would also have been useful to have up-to-date figures for Soviet aid to underdeveloped countries: those given here relate only to 1958.

Nevertheless there is also much sound sense in these pages, and the treatment of Soviet policy in the Middle East during and after the Suez crisis is particularly stimulating. Mr Mackintosh is not afraid to question official western orthodoxy. He is probably right in thinking that the Soviet decision to deliver arms to Egypt was a response to the Baghdad Pact. He also reminds us that initially, at any rate, the Berlin crisis was in part a reaction to the western decision to arm Nato with nuclear weapons and set up intermediate-range missile bases in Europe. One hopes that superficial readers of this useful book will not jump to the conclusion that it is enough for the West to improve its military posture to meet the multiple challenge presented by the Soviet Union to the international *status quo*.

The Aid Programmes

United Nations and US Foreign Economic Policy

By Benjamin Higgins.

Richard D. Irwin, Inc., Illinois. 241 pages. $3.75.

THIS study is presumably addressed primarily to Congress and the American taxpayer. Its purpose is to compare the performance of United States and United Nations aid programmes in implementing the objectives of American foreign economic policy, and

> to arrive at some conclusions regarding the appropriate role of the United Nations as an instrument of United States foreign economic policy.

The objectives of this policy, as defined by Professor Higgins, are to accelerate growth in the underdeveloped countries in ways that will contribute to the growth of representative, responsible and independent governments that are not hostile to the West, and to assist in economic stabilisation of other countries. He does not mention a third increasingly prominent objective that might be thought to have a direct bearing on his subject—the need to persuade other high-income countries to assume a larger share of the aid burden.

Unfortunately Professor Higgins has not chosen to offset his rather peculiar viewpoint of the United Nations by any serious discussion of the aims of the various United Nations aid and technical assistance programmes as seen by the UN organisation itself. Admittedly this would be a hard task, as substantial disagreement exists not only among the member countries but also among the various parts of the system: the views of the World Bank, for example, with a smaller membership and a system of weighted voting favouring the donor countries at times differ widely from those of Ecosoc and the General Assembly, with their more diverse memberships and unweighted votes. Nevertheless such a study would be worth undertaking, as a distinct United Nations viewpoint about the meaning of development has emerged as its technical assistance and aid work has expanded.

It would be wrong to suggest that the author is without insight in these matters. In the chapters discussing the records of United States and United Nations aid programmes over the past fifteen years, he has some penetrating things to say about the difficulties encountered by technical assistance experts in the field (he has worked for the United Nations in Libya, Indonesia and the Philippines) and about the different kinds of administrative problems encountered by the United States and the United Nations. But the framework of his book makes it hard for him to reach any par-

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ticular useful or illuminating conclusions. And one must have the gravest doubts about the effect of some of his rather over-bearing language on non-American readers of his book. He sometimes sounds like a brisk missionary-doctor, a believer in the virtues of "carrot-and-stick" (simultaneously) and in the necessity of "intervention" for the good of the souls he is called upon to save.

Plans under Scrutiny

Prospects for Indian Development

By Wilfred Malenbaum.

Allen and Unwin. 325 pages. 35s.

OF late there has been published in India an unprecented mass of information about the economy. There have been national income estimates, national sample surveys, five-year plans, progress reports on the plans, the report of the All-India rural credit survey, and the reports of the agricultural labour inquiries, to name only the main ones. Hitherto, nobody has put this information together into a coherent whole; nobody has seen whether one part of it is consistent with the other parts.

All planning has to be based on assumptions about the present and guesses about the future. If the planning is to be successful, the assumptions must be checked, and the guesses must be corrected, by the facts as they happen. Professor Malenbaum's book is the first major attempt to use the published data to do this. He begins by presenting an outline of the Indian economy and of what the government is trying to achieve. He gives the figures of poverty and population growth; he makes clear the stagnation of the fifty years before independence; he shows how small was the modern industrial sector when planning began; and he insists on the difficulties posed for the government by its determination to be democratic, to do its planning by consent, in so unfavourable an environment.

So much is fairly well known, though it is useful to have it presented with all Professor Malenbaum's scholarship. His main contribution, however, is his careful study of the validity of the assumptions on which the plans were based, of how far their objectives have been achieved, and of whether they in fact chose the easiest path out of poverty. His conclusions are, on the whole, favourable. The priorities given in the plans to fertilisers and steel were correct; there has been a reasonable balance between agriculture and industry; the foreign aid needed has been obtained and reasonably used; savings have been rather higher than expected.

Some of the facts that come out of this study are, nevertheless, surprising. Seventy-five per cent of India's savings are invested by those who make the savings. A good crop produces a considerable increase in saving, the money is not all spent. Income elasticities of demand vary a great deal between the peasant and the townsman; the peasant spends much more of any increase on food grains than the townsman does. The government has only been able to borrow about a fifth of the community's savings; the rest of what it needs it has had to get from tax, or deficit finance, or foreign aid. The private sector has always fulfilled, and sometimes over-fulfilled, its targets. The public sector has always lagged behind.

The importance of Professor Malenbaum's book is in its facts. His conclusions, notably that the government should give the individual and his savings more head, are very tentative. There is no better place to get the facts; it would have helped if, just occasionally, they could have been vividly presented.

Assertions Unproved

Masters of Indecision

By George K. Young.

Methuen. 207 pages. 21s.

A SCOT partly educated in Germany and at Yale, and with experience of journalism, the army, the foreign service and merchant banking, might seem well equipped to comment upon the political problems of contemporary Britain from a practical point of view. One might even hope that the national predilection for abstract thought might enable him to make an original contribution to political philosophy. But to do both within a span of 200 pages demands a degree of intellectual discipline which Mr Young shows no sign of possessing. The book has all the amateur's weakness of trying to stuff far too much into far too little space; almost every chapter has the material for a book in it. And as a result Mr Young is driven to make a series of assertions that may or may not be true, but which certainly require more in the way of proof than he has space to give. What might have been an original and challenging work is thus at best provocative, and at worst exasperating, not to say downright silly.

It is particularly painful for the present reviewer to have to say so, since on many points his own prejudices coincide with those of Mr Young; nor does he differ with him on the side of prescription in some respects—the need for Britain to go into Europe rather than indulge in pretences about the new Commonwealth; the need to reform and invigorate Parliamentary procedure; the need for a new look at the role of the professional civil servant both at home and abroad. But Mr Young's presentation of his point of view may, through over-emphasis, do more harm than good.

It is, for instance, valuable to have the *Observer* picture of the world put on the dissecting-table: the view that talent and virtue vary inversely to the colour of a man's skin; that Asia and even Africa are more interesting intrinsically than our own far more creative continent; that departures from what we regard as proper political norms in these countries are temporary aberrations rather than a reassertion of their own more familiar attitudes towards government; that with a little more financial or technical aid the "take-off" can be ensured, and with it the appropriate commitment to "western values." So, too, the guilt complex about our treatment of, and our alleged inferiority to, the civilisations of Asia—the whole lamentable Toynbee ethos—is summarily dismissed. But need all this be combined with a defence of South African *apartheid?* Or with the view that only severe restrictions on immigration can save Britain from becoming "a multi-racial slum" and enable it to survive as a healthy community? Or with the idea that any legal protection for minority rights in Britain is somehow an outrage upon the principles of common law?

And if Mr Young has not clearly sorted out his ideas about race and civilisation, the same is true of Government. For someone so scornful of the myth of the Commonwealth, it is curious to argue for "Europe" on deliberate myth-making grounds. Nor can one really reconcile the argument that increasing "interdependence" makes nonsense of government responsibility with advocating a still fuller measure of integration into a United Europe. Mr Young finds Western Europe today more to his taste than the United States, and that would seem all there is to it. A rather shaky foundation for a foreign policy.

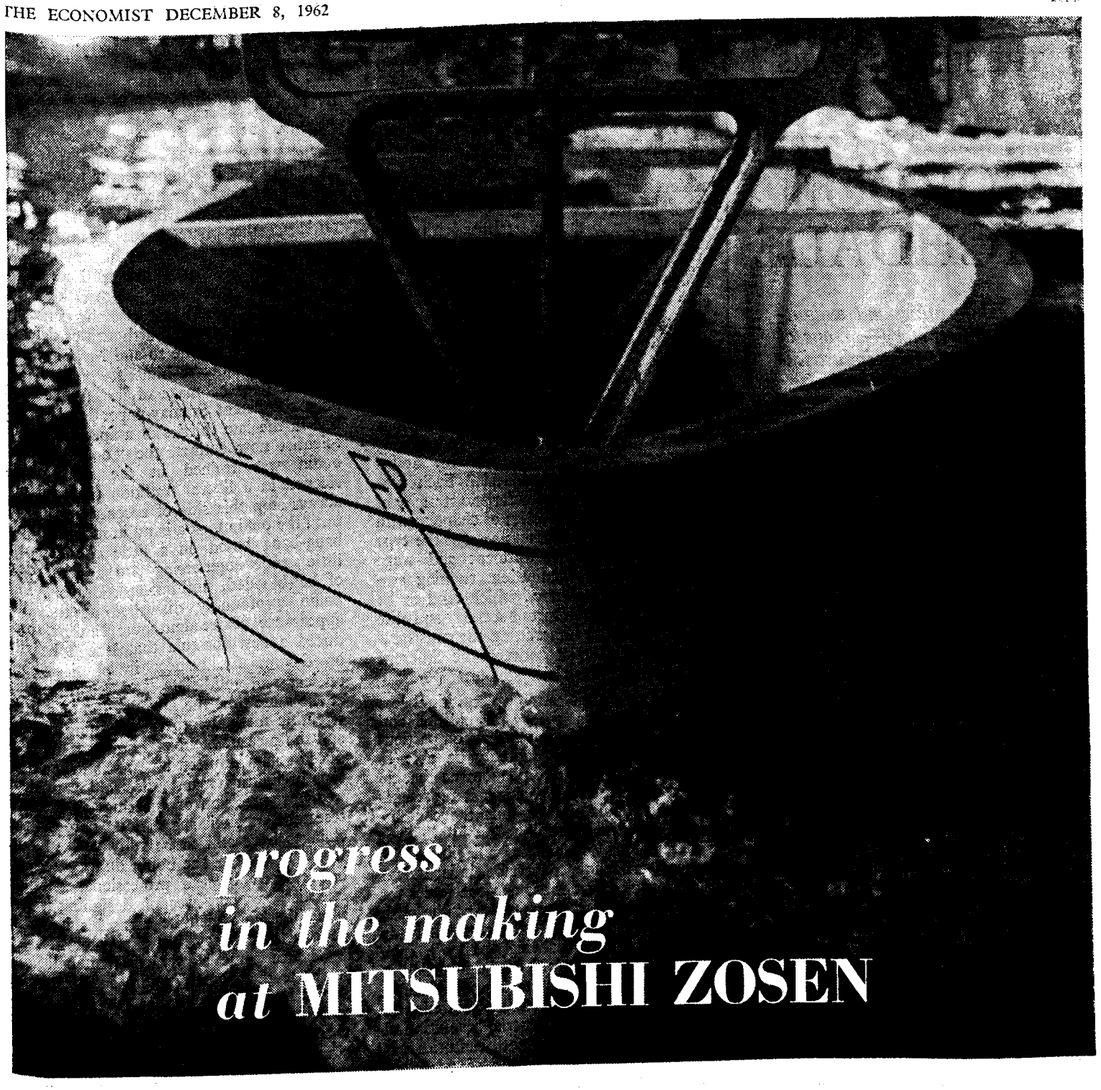
The Industrial Society

Industrialism and Industrial Man

By Clark Kerr, J. T. Dunlop, F. H. Harbison and C. A. Myers.

Heinemann Educational Books. 323 pages. 30s.

THE central theme of this book, by four prominent American professors, is the universal evolution of societies through the process of industrialisation to a state of "industrialism." Industrialism is an abstraction, an ideal system which no country has yet reached, although several of its characteristics are already apparent in the more advanced industrial societies. In an early chapter of the book entitled "The Logic of Industrialism" these characteristics are set out: they include such features as a wide range and broad distribution of skills throughout the work force, a high degree of occupational, geographical and social mobility among workers, an educational system functionally related to the demands of the economy, the dominance of urban living, an increasingly important co-ordinating role for governments, an elaborate set of rules governing relations between managers and managed, the dominance of an ethic of hard work, and so on. The authors' thesis is that all societies will be forced by the demand of industrial technology to adopt this sort of pattern. They



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thus see a tendency for differences of social and economic structure gradually to disappear until industrialism reigns throughout the world. In the place of ideological conflict we shall devote ourselves to the realistic and practical, finding relief from our bureaucracy-dominated work in greater leisure.

Despite their belief in the ultimate achievements of uniformity, the authors recognise that the present siuation is one of great variety in the industrialisation process in different parts of the world. They attribute these variations basically to different "strategies of the industrialising elites", which in turn arise partly out of diverse cultural and social situations. From a broad study of different industrialising societies at varying times and places, they identify five main types of "elite"—the traditional dynastic, middle class, revolutionary intellectual, colonial and nationalist. (These ideal types today correspond roughly with, say, Saudi Arabia, Britain, Soviet Russia, Angola and Indonesia.) Each type of elite has its own characteristic strategy of industrialisation. In a series of chapters with detailed tables, the authors set out the type of unemployment recruitment and wage policies, labour organisation, training systems, social values, etc., which tend to be associated with each sort of strategy and elite at the same time underlining the consistencies that must exist between the different parts of any industrial system.

The book thus attempts nothing less ambitious than a theory of culture and society, and even though experts on particular societies will undoubtedly be able to bring forward a host of phenomena that do not fit the elaborate typology, it represents a brave attempt at explaining the contemporary world and the direction in which it is moving. Most people will jib at the authors' tendency to ascribe independent roles to such abstractions as "the forces for uniformity and for diversity" or "the push of progress" and will doubt whether the existence of industrialising "elites", each having its own "strategy of industrialisation," completely reflects historical truth. Nevertheless it is useful to be reminded in this context that the industrial revolution of the eighteenth and nineteenth centuries was probably unique in its lack of conscious direction and that industrialisation in the twentieth century is everywhere increasingly guided and planned. This is particularly true of the newly developing countries, whose industrialising problems, though unfortunately not the solutions, are clearly set out in this book.

It is perhaps inevitable that a work of this sort should be studded with generalisations. The reader should expect to disagree with some of these and also to be irritated by such statements as "an initiating human agent is requisite" for industrialisation even in Kuwait. He must also be prepared to struggle with words and phrases like "pluralistic industrialism," "societal" and section headings entitled "The Hour on the Clock of Evolution", "The Culture of the Industry", "The Push of Progress".

Science Goes to War

The Rise of the Boffins

By Ronald W. Clark.
Phœnix. 287 pages. 25s.

MR CLARK is a light-weight writer with a penchant for heavy-weight themes but one is obliged to bite back the obvious criticism that here, once again, he is attempting what is beyond his compass by the realisation that although there must be many far better equipped to tackle these cosmic subjects—in this case the conscription of science as the fourth arm of defence—they have not done so and Mr Clark has the field virtually to himself.

What does he make of it? An account on a competent Sunday-paper level of the rise in the late thirties of a special type of scientist now extinct, the "boffin." The boffin was trained in the universities steeped in a liberal tradition that did not always stop this side of eccentricity. War until the boffin took a hand in it, was simply bang-bang based on a little chemistry, a little crude engineering and a great deal of hot-blooded, unthinking courage. The boffin, profoundly disturbed at the disappearance of freedom over Europe, produced a new formula that leaned heavily on theoretical advances in physics, both nuclear and solid-state, and recommended at the same time the introduction of a little scientific method into the planning of war and the measurement of results. This produced a new industry, a new strategy, a new type of fighting man. Electronics, nuclear weapons, precision engineering, operational research, technicians, not heroes—these changes have still to be fully worked out. In the meantime, the boffin disappeared, to be replaced by the professional defence scientist, to whom weapon designing is not something to which he turns his hand in national emergency, but a way of life.

Science came slowly to Whitehall and in the teeth of apathy and a suspicion that seems human enough in view of the unmerciful in-fighting among the scientists themselves. To Mr Clark, they are all simply splendid chaps with the possible grumpy exception of Lord Cherwell, which is no doubt wise since the majority are still living and no more tolerant of fools—i.e., those who disagree with them—now than they were then. But he neither asks nor answers the question of what place and how much responsibility should be given to scientists in the planning of defence. Scientific training does not automatically turn ordinary mortals into super-men, as some seem to think it does. It does not widen narrow minds, sometimes the opposite. How much power, then, should the scientist be given? The rapid switches of policy since the war, the arbitrary cancellation of weapons and ordering of others suggests one of two alternatives. Either the quality of scientific advice available to the Government since the far is not all it should have been, or it is not being taken. Which is it?

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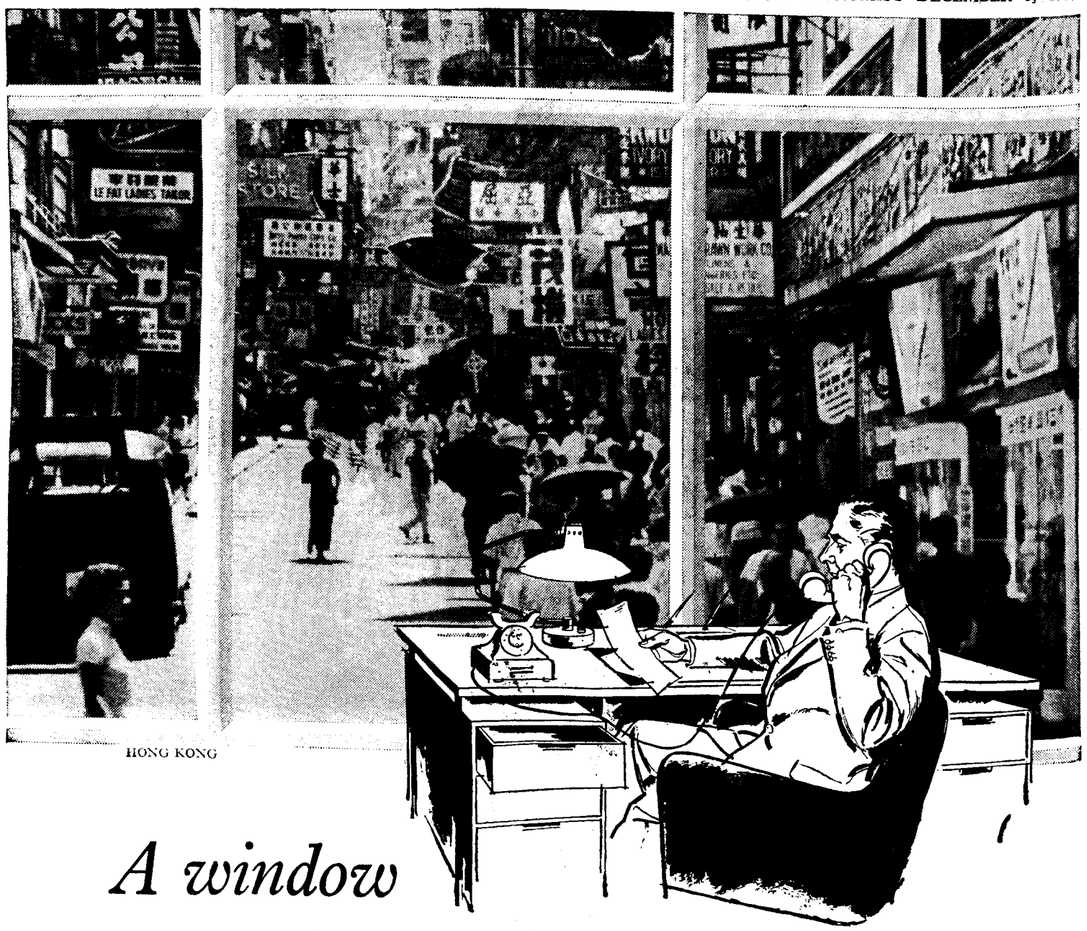
BRISTOL SIDDELEY AND SNECMA SUPPLY THE POWER

Supersonic airliners are being jointly developed by the British and French aircraft industries which will carry 100 passengers at more than twice the speed of sound. These aircraft will be powered by four Olympus 593 turbojets, which will produce a total of more than 50 tons of thrust. Development and manufacture of the engines will be undertaken jointly by Bristol Siddeley Engines Limited, and the Société Nationale d'Etude et de Construction de Moteurs d'Aviation.

BS

SNECMA



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THE BUSINESS WORLD

Anatomy of Unemployment

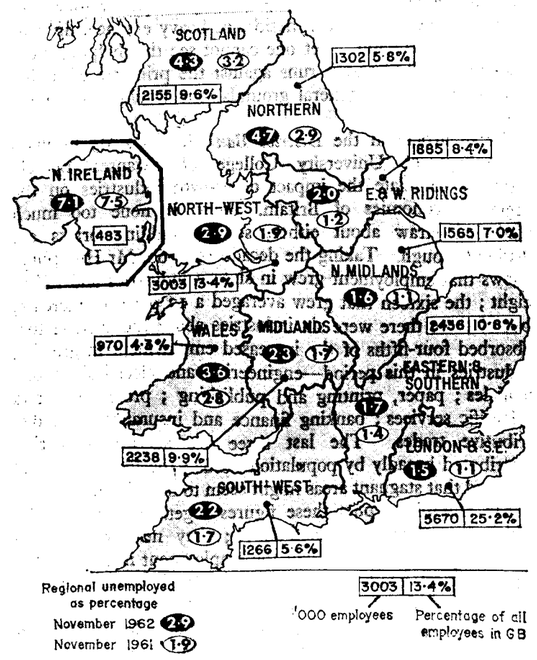
SOMEHOW, 2.4 per cent does not sound tragic. It is a lower rate of unemployment than Britain was prepared to put up with before it learned better economic sense; and some countries (including, say, the United States) would accept it as welcome prosperity. But serious it most certainly is. It means 544,451 men and women out of work, and over half a million of them have no job to go back to. In just a month, from mid-October to November 12th, the count of the unemployed jumped by 42,000, compared with the 18,000 or so that might be expected to lose work at this season of the year. The midwinter figures are bound to break 600,000, and perhaps by a margin—the second time within four years that such figures have been recorded. What is new is not the size of the unemployed but the nature of their unemployment. In the winter of 1958-59, unemployment reached 620,000, not far short of 3 per cent. Restraint on home demand (which was intended to strengthen the balance of payments and in some degree succeeded) had by then produced a sizeable recession in the engineering and vehicle industries.

With so much capacity in steel, engineering, shipbuilding and vehicles presently underused, there are obviously some comparisons that can be made between now and four years ago. But there is now the threat of a pattern of unemployment that takes minds back irresistibly to the thirties—a predominantly prosperous South and a basically regressive North. The latest returns show unemployment percentages of 1.3 for Greater London, less than 1 per cent for Oxford, Cambridge, Slough and Northampton, 2 per cent or more around Birmingham, though over 4 per cent in Coventry. But Middlesbrough and Stockton are over 5, and Hartlepools and Workington 8 or more; so is Girvan, and Greenock is nearly 9; in Wales, Milford Haven and Pembroke Dock (despite great capital investment there) lead the national field with 11½ per cent registered unemployed.

Whether one accepts the current "two-nation" cliché, it is difficult to pretend that healthy local societies can be founded on the basis of one in twelve being out of a job. A former member of the Government, Lord Eccles, has been advocating a crash programme of help for these seriously affected areas. Ministers who remain responsible have stopped well short of that idea. The Chancellor of the Exchequer in a television discussion on Monday managed to combine a sympathetic understanding for the unemployed workers and undermployed managers who were questioning him, with the assurance (honestly meant but seemingly optimistic for this winter) that his recent measures would come to the help of the north-east coast. The Prime Minister on Wednesday declared that Scotland's prospects would be improved by general measures towards expansion, and by special measures for the development areas, including "all the other proposals which we have in mind."

Here indeed is the dilemma. When the Prime Minister, quite rightly, says that expansion is limited "by our great need not to fall into another danger through the incomes policy not being adjusted to general expansion," he cannot expect to make much impression on the minds of those whose incomes policy for several or even many weeks past has been determined for them by their rates of unemployment pay. In the still moderately fully occupied sector of the economy south of that industrial barrier Humber to Mersey (or is it now Humber to Severn?) an incomes policy retains its meaning. But what sort of incomes policy would bring back the much under-employed areas to the north into fair prosperity? There is no permanent solution in shoring up industries that are obsolete or whose costs are too high.

It is, indeed, beginning to look as though the basic structural troubles of some of these areas, which were half hidden



while the economy had a chance to grow, are now emerging once again as serious problems. This is not the fault, necessarily, of particular industries or areas. Shipbuilding is not commonly regarded as the diadem in the crown of British industry, yet it has spent enormous effort and money trying to get up to date. It is not getting many orders, but that is not wholly its fault; the fact that it is getting any orders at all, as in the last few weeks, argues for its competitiveness. But the capacity that a few years ago helped to satisfy a world boom in new ships is as excessive here as it is in Europe or

INCREASE IN NUMBERS EMPLOYED 1951–60

	Vehicles '000	%	Engineering & Electrical '000	%	Paper, Printing & Publishing '000	%	Professional & Scientific Services '000	%	Banking, Finance & Insurance '000	%	Distributive Trades '000	%
Lond. & S.E.	12	9	96	20	31	15	96	23	33	14	154	25
Eastern	39	94	58	62	10	29	45	69	8	61	42	38
Southern ..	17	30	38	80	7	37	50	47	7	56	26	25
S. Western.	23	41	22	40	2	6	45	...	9	64	30	32
Midland ...	33	16	51	22	3	10	49	43	11	54	45	29
N. Midland	11	20	26	24	3	13	37	47	7	62	45	37
Wales	Fall	...	12	36	2	29	26	39	4	46	18	22
N. Western	17	19	25	10	12	17	52	30	4	7	39	13
East & West Ridings..	1	1	Full	...	2	8	38	36	10	55	29	17
Northern...	...	...	17	19	2	16	28	36	5	38	28	24
Scotland...	Fall	...	21	15	4	8	45	27	10	33	30	13

Source: Graham Humphrys, *District Bank Review*.

Japan. What, again, does one make with new rolling mills intended for structural steel when the building industry has brought reinforced concrete construction to such an economical art? Obviously general expansion across the world will put many local excesses of capacity at least partly right—for a time. But the fact is that the areas now most affected by unemployment are the ones that have been least able to secure industrial innovation and growth. One answer here, that Mr Maudling has recently emphasised, would be to attach aid for underdeveloped countries more directly to spare resources—ships for India built on Tyneside, or heavy engineering products from Scotland. Yet one cannot see this helping more than marginally—and it runs against the principle of multilateral aid that (on general grounds) one would wish to see extended.

In an article in the *District Bank Review*, Mr Graham Humphrys of University College of Swansea bravely attempts to relate the impact of growth industries on the regional economies of Britain. There is none too much statistical straw about either, so his building bricks are distinctly rough. Taking the decade 1951-60, Mr Humphrys shows that employment grew in sixteen industries and fell in eight; the sixteen that grew averaged a 12 per cent increase, but of these there were six industries above the average that absorbed four-fifths of the increased employment in growing industries in this period—engineering and electrical goods; vehicles; paper, printing and publishing; professional and scientific services; banking finance and insurance; and distributive trades. The last three are service industries, distributed broadly by population needs; the first two are of the kind that stagnant areas might seem to need for growth.

Mr Humphrys puts these figures together in two tables which have been combined above; they need to be read against the fact that over half the employment in engineering and electrical goods and also in vehicles is concentrated in London and the South East, the Midlands, and the North West, and in paper and printing (though less important absolutely) nearly three-fifths. So the industries that have grown fastest are concentrated in three of eleven regions. Scotland and Wales lost employment in vehicles in the 1951-60 decade, and the "two-nation" dividing line can be traced pretty consistently through the table—the dominating job-creating power of London in particular.

IT would be easy to slip from this demonstration into the false idea that the backward regions would be fine if they could chisel off a piece of some other region's growth. The fact that the growth industries are least to be found in the areas where growth is most needed does not automatically guarantee that the relocation, or extension, of a growth industry in another region will carry with it the accustomed rate of growth in its old location. It may so happen where an industry has overgrown (like vehicles in the Midlands) and has drained all the skilled labour from its hinterland. And capital assistance, tax incentives, retraining of labour and management, deliberate steering of government orders—all these elements of development area policy can help, though not forthwith, in improving the lot of the hardest hit regions and localities. But one must also allow for the possibility—perhaps most tangible in shipbuilding—that there is some capacity that is by no means economically disreputable which cannot hope to get business except towards the top of the demand cycle; and when that is coming in shipping would need a brave guess. Further, there is a slimming of labour forces in the prosperous areas, as well as the radical cuts in regions where business has been declining, which must be counted for good—in terms of cost paring, higher efficiency and the switching of jobs where this is still possible.

But, over a limited industrial and geographical area (though one too big for comfort) government, people and industry are facing a mixture of cyclical and secular problems which is incapable of a single solution. In the widest areas of international economic policy, the signals have been made for more expansion. The external crisis that forced nearly 3 per cent unemployment on Britain four years ago does not exist today; risks can be taken now, particularly in external finance and aid, that were not possible then. Mr Maudling's general measures are likely to emphasise, at least for a time, the "two nation" differences they are intended to level out—for all past experience suggests that south-domiciled industry is faster in its response to expansionary noises and measures. They will not mean a prompt increase in orders for depressed industries and areas, even though he fairly claimed on Monday that their help would spread through the economy.

The fatal mistake, on any sensible long-term view of what the British economy needs, would be to panic into crash programmes of help for industries whose ailment is not a sudden cold but is associated with age and decline. Steering private and public investment to help depressed places is admirable so long as growth is never denied to the areas that can best achieve it. Nor is labour mobility a negligible factor today in securing it. Some element of rescue will have to come into the operations for the northern nation. But an equally urgent need will be to secure the bases of sustainable growth in areas that have so far achieved too little of it. One needs, so to say, more IBMs in Glasgow to make Scotland grow; and fewer of the crazy Solomon decisions that divide a steel mill into two inefficient halves in the name of balanced regional advance.

How Much Faster than Sound?

Our Aviation correspondent, back from the United States, reports on supersonic thinking there

NOW that the decision has been taken to proceed with an Anglo-French airliner flying at twice the speed of sound, the chips are down and arguments about the soundness of the choice become academic. The aircraft's future—and that of the taxpayer's investment in it—will now depend largely on the kind of competition that it is going to meet. The only competition that matters is whatever will come from American factories, and it had better be recognised straight away that Mr Amery's signature on the Concord agreement plays straight into the hands of those government agencies in the United States that are raring to try their hand at supersonic designing. Pressure from government scientists to mount the supersonic band-wagon is at least as great on that side of the Atlantic as on this; what has held them back so far is the conspicuous reluctance of American aircraft builders to get in on the act. It is assumed there, as here, that the government will have to finance the development of any supersonic airliner; to date the American government has confined itself to placing small development contracts across the industry to investigate specific features of supersonic design. But in the past few weeks, the head of the Federal Aviation Agency (whose role would be similar to that of the Ministry of Aviation) has said repeatedly that an Anglo-French agreement would force the United States to come to a decision in the following six months. The agreement has been signed; what will Mr Halaby now decide?

Most American designers would say that they do not know. They have a clear distinction in their own minds between a supersonic airliner, and a good supersonic airliner. By the latter, they mean one that meets at least some of the criteria laid down by the International Air Transport Association, including the important proviso that the operating costs of such an aircraft should be no worse than those of today's big jets (privately, most airlines think that they could charge a small premium for supersonic flights). With unexpected humility, American designers have been saying in almost identical words, "If they want us to produce nothing more than a machine that will fly passengers at supersonic speeds, we could start tomorrow. But if they ask for an airliner that will do this economically, then we do not know where to begin." What is one to deduce from this? That the English and French aircraft industries are more knowledgeable than the American, or that they are more rash?

It is possible that the industries on the two sides of the Atlantic are working to different ends. The English and French are bidding to snatch a lead in world markets, even a short-lived one. Such an aspiration would lend a semblance of logic to a choice of design that is indeed difficult to justify on technical or commercial grounds. The Americans, for their part, are not interested in short-term gains, but only in long-term production runs. Their engineers know only one way to build aircraft, by mass-production methods requiring massive investment in jigs and tooling. Since supersonic airliners will be ordered in smaller numbers than today's jets (fewer being needed to do the same work), it is vital for the Americans to choose a design that can stay in production over a long period if they are to see their money back. It is not always realised that the US aircraft industry has taken staggering losses on its jet airliner production. Only the Boeing company is within sight of recouping its development costs, and it will still take another two years before the company finally does so, by which time the 707 will have been in service for six years. Lockheed, Douglas and Convair are less fortunate; each has written off sums that range in ascending order to the near-incredible.

THE supersonic aircraft promising longest life is an aircraft built entirely of steel, so that its performance can be improved without running into limits imposed by the rising temperatures that come with rising speeds. The light alloys which will be used for the Anglo-French aircraft will already be up against these limits, so that the Concord will be an aircraft offering no further scope for development. This is the key difference in the approach to supersonic design on the two sides of the Atlantic. The American industry has not abandoned all idea of building a light alloy aircraft. Most companies have their Concord-type designs and are discreetly writing for European samples of the sintered aluminium, out of which the British and French aircraft will be built and which is said to be the secret of its performance (this material is not made in the United States). But the American industry would prefer to build its supersonic aircraft from steel, and will choose light alloys only if steel proves to have insoluble drawbacks, as the British and French say it has.

The Americans would be the first to admit that huge gaps exist in their knowledge of how aircraft and materials behave at speeds between 1,500 miles an hour and 3,000 miles an hour, which would be the tentative speed range for a supersonic airliner built of steel. This is precisely why they cannot for some years put such an aircraft into production. They have no more evidence to prove that it can be built than the British have to prove that it cannot. But against British comment that few aircraft have ever flown at these speeds, and then only for minutes, must be set the fact that the world's first big steel aeroplane is due to fly this spring and when it does, American designers will begin to fill the gaps in their data. This aircraft, the B.70, was planned as a 2,000-mile-an-hour bomber, but out of that controversial and ill-fated programme are emerging two prototypes that will serve as supersonic flying test-beds and settle, among other things, arguments about the sonic bang from a big aircraft. The B.70 holds the key to what the Americans will do next.

If the American industry builds the kind of supersonic airliner that it wants to build, and which it certainly will build unless data from the B.70 flights are sadly disappointing, the American factories might be offering delivery of a supersonic airliner five to seven years after the Concord, assuming that the British and French factories can meet their tight schedule of putting the Concord in service by 1970. This week's fire in the prototype engine shows how the unpredictable accident can upset any time-table. How, in these circumstances, are the world's airlines going to react? Will they buy British? Or will they wait, as they waited

when they were offered Comets and Britannias, for bigger, faster American aircraft more closely tailored to their requirements? Britain is again attempting to steal a march on the competition by offering early delivery of an interim aircraft. Will the airlines take the bait this time?

The bait is a deal tastier in the case of the Concord than it was with the Britannia. If Air France and the British Overseas Airways Corporation both put the Concord into service on the North Atlantic (even if their respective governments have forced them to do so at gun-point) other major North Atlantic airlines cannot fail to buy the aircraft. BOAC and Air France between them control too much North Atlantic business to allow American lines to shrug off this kind of competition. But the big airlines will buy, if they must, only the minimum needed to hold off the worst of the competition until they can get the kind of supersonic airliner they really want. They would react in the same way to any maverick that put Concords on the American domestic network. Like the American manufacturers, these airlines want an aircraft with a long life; a light alloy aircraft that may be outdated in a few years by a potentially (but not necessarily initially) faster steel one does not seem to them to fit the bill. The trend in the United States is towards longer depreciation; while BOAC is prematurely writing down much of its fleet, United Airlines, the biggest airline in the world after the Russian Aeroflot, is extending the depreciation of its jets from ten to fourteen years and setting a precedent of which the airline industry generally approves. It is difficult to see the Concord fitting into this pattern unless it can be proved that it does in fact represent the ultimate in supersonic design, and that speeds of more than the Concord's 1,400 miles an hour are unattainable in a civil transport.

If Concords had to be bought as a stop-gap, the number would turn on the time-lag between British and American delivery. A gap of three years could mean that American airlines would buy none at all. One of between four and five years could find them buying token quantities, with the numbers increasing as the gap widened. The balance could be tipped slightly by making the Concord more acceptable to the airlines than it is today. Major airlines outside Britain are accustomed to have a large say in the designing of any new airliner and have engineers qualified to do this. There appears to have been scant consultation of this kind while the Concord was being designed and the aircraft has features to which airlines are already taking exception. Not least of these is the tendency of all machines of this shape to land with their tails scraping the ground, their noses high in the air and their passengers presumably on their backs contemplating their toes until the machine returns to the horizontal with a wallop. Nothing about the behaviour of the Ministry of Aviation's research aircraft suggests to the airlines that the British have an answer to this—hence airline interest in wings that change their degree of sweep according to whether the aircraft is flying supersonically, when it needs a lot of sweep, or slowly, when it needs very little (this also has an important bearing on operating costs). American designers are offering this British-invented refinement in their supersonic designs; it is already going into American military aircraft like the one described on page 1017.

But no amount of improvement or improvisation can remove the spectre of untimely obsolescence that turns the prevailing mood in the United States against the idea of standardising on an all-Concord supersonic fleet. The airlines intend any purchases of Concords to be marginal, and it will be difficult to change their minds. Whether such export prospects justify a joint Anglo-French investment that may in the end come to £200 million is a question that the two governments alone can answer.

GERMANY'S ENERGY MARKET—II

Retreat from Liberalism?

THE company structure of the German energy business, to an Englishman, is one obvious way in which it differs from the British market. Coal is mainly though not entirely privately owned, often by groups having large steel interests. What are nicknamed the "zebra companies"—those with mixed coal and oil interests—have a sizeable stake in German refining and oil marketing, as well as in mining; some were originally based mainly upon local crude oil, but are nowadays also "arm's length buyers" of imported crude wherever—and as cheap as—they can get it. The government owns some coal mines and one or two refining groups (one of which processes some Russian oil). Among the German affiliates of international oil companies, Esso, Shell and Mobil have significant interests in German crude production; Mobil is associated in the ownership of one refinery with one of the bigger coal-oil groups. And perhaps the biggest splash in the widely coverted South German market has been made by the plans of a group dominated by ENI, the nationalised Italian gas and oil company.

Price-cutting independents no longer retain the large share of the German market for motor spirit, 15 per cent or so, which they touched some years ago; the larger companies cut prices too, and now the original price-cutters are down to perhaps 8 per cent of this market. A German group, BV Aral, has the largest single share of this retail market; but counting in all products, it is possible that Esso ranks first. The big companies have largely mopped up the competition from Russian oil products, though a number of the German independent refiners are refining some Russian crude. Most of the products come in via East Germany, against which the Federal Republic charges no customs duty; products refined from East German crude oil even get the same protection as those refined from West German crude.

Coal lobbyists in Germany, in spite of their side interests, present a firmly united front; not so those of oil. In reviewing their plans for refinery expansion—and refusing to reduce these as the German government asks—some of the major international companies have emphasised to Dr Erhard that they themselves are practising moderation; they aver that it is the "zebra companies," planning to increase their share of German refining capacity from about 40 to about 45 per cent by 1966, whom he and the coal owners should bring to book.

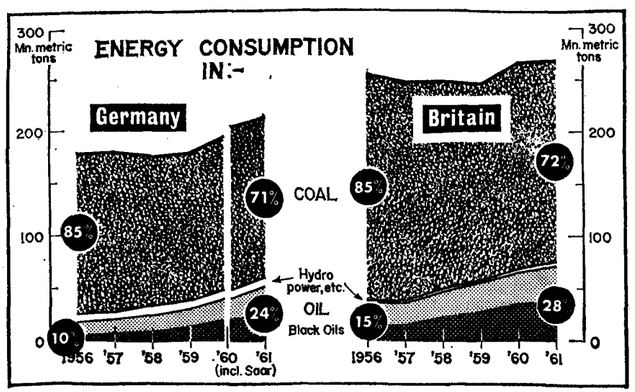
Does this mean, counter the coal-oil companies, that they should be prevented from developing the growing side of their business; and is not the major's moderation in refining plans inside Germany explained by the fact that some of them have refineries just across the French border from which they are planning to increase fuel oil imports into Germany?

The German-owned refining companies, whether or not they have interests in coal, also contend that the most bitter price competition of recent years came from the major companies while these were building up the fuel oil market and their shares of it. Refining affiliates of these international groups, their German rivals complain, can price themselves into the red while trading in Germany, yet have their books brought into balance at the end of the year by various forms of adjustment from international profits made in the Middle East or elsewhere. And it takes astute buying—even from the Russians—for any independent refiner to get big enough discounts on his crude to match this.

ON one issue, however, the oil companies do say the same thing—that the refinery expansion they have in mind is not excessive. And that German consumers, given freedom of choice, would be glad to buy the oil which the new capacity will produce, plus a margin of imports, is not in dispute. What is disputed is the growth one can expect in total energy consumption, and how much room will be left for coal. The oil companies reckon that total consumption will grow at roughly 2½ per cent a year from now until 1966, which they consider is quite moderate by comparison with the estimate of a 2.8 per cent average growth up to 1975 that was made early this year in an *enquête* conducted by a group of German economic institutes. The coal companies and trade unions argue that the growth may be nearer 2 per cent yearly; on this analysis, they think the refinery capacity planned may bring about a surplus of say 5-10 million tons of coal a year by the late sixties. Nobody questions that if the surplus arises it will be one of coal; even with a price stabilising at around DM.75-80 a ton (including the DM.25 tax), fuel oil is more than competitive with coal, and by 1966 the new refineries will penetrate the last few refuges in South Germany where coal still retains some price advantage.

Coal means votes, political backing for parties of more hues than one, the traditional stronghold of German capital. Oil does not employ many people, and much of the capital with which it is intensive is foreign. Another basic difference between Germany and Britain that an Englishman notes everywhere—even in its admirably unbiased Ministry of Economics—is that Germany has no national interest in international oil. "At least in our professor of economics' pack of liberals," said a sardonic coalowner to his visitor last month, "nobody stands to attention when they hear the word Shell. Can you say that at home?" (He was clearly confident that there are plenty of ministries in Bonn ready at a moment's notice to turn out the guard for the Ruhr.) The Ministry of Economics would like to see more German interest in foreign oil; indeed, one reason why it is reluctant to give open-ended subsidies for local crude production is that it gives German oilmen "the chance to look for oil comfortably where it probably isn't, rather than in nasty places with sand and mosquitoes where it probably is." But it retains a certain un-British detachment towards the fortunes of the major international groups; towards American companies, indeed, it is apt to raise the point that Russia is not the only big oil-producing country that has largely closed its own home market to foreign oil and from behind this protection can afford to push competition hard abroad.

This ministry wants Germany to enjoy the benefits of cheap energy: its own energy policy is becoming nearly as pragmatic as Britain's, though still with a rather larger dash of liberalism. Its hopes of any early progress towards any common energy policy for the European community are not high: it regarded the most recent Marjolin-Lapie draft for such a policy with indulgent scepticism, as an intellectual construction trying to face too many ways at once. It is highly reluctant to intervene in what it regards as a fairly free market for oil, for the sake of further protection of "coal-owners whom it would be a pity to see reduced to selling matches." It has no doubt that all future growth of fuel demand in Germany must be met from imports; even if German mining is rationalised down to an efficient and competitive core (do not ask how big) its chances of attracting labour while maintaining its costs fairly level seem low. The Ministry is worried only about the rate of growth of oil sales; it fears that the rush of refinery construction for the Bavarian market set off by ENI can in practice push coal farther down in the rest of the sixties than the coal policy of retreat and rationalisation can take care of. Its own room for political manœuvre is clearly limited, with a government in difficulties and conceivably prepared to toss liberalism on this issue overboard for any extra chance to re-establish its position. The Ministry is still reluctant even to discuss the two obvious methods of intervention: import quotas on crude and fuel oil, which unless put on oil from the rest of the Community under an escape clause of the Treaty of Rome would simply invite an influx of imported products from other common market refineries; or some form of refinery licensing, a long way short of France's *dirigiste* oil policy but a move in that direction. Low water on the Rhine, and a really cold winter—which might make fuel short in Bavaria and even divert the Ruhr's attention slightly from lobbying—would help it play for time. But there are plenty of Parliamentarians to press illiberal action upon it.



BUSINESS NOTES

RESERVES AND EXCHANGES

Sterling's Strength

THE sterling area's gold and convertible currency reserves rose by £22 million in November to £1,030 million ; and on this occasion there were no special factors to distort the figures. The seasonal pressures of autumn have left sterling relatively unmarked this year. In September the reserves fell by £13 million, after allowing for special factors, but they rose again in October by £11 million. The rise in November reflects both the ebbing of the seasonal strains, the stronger balance of payments, and the confidence shown in sterling in the foreign exchange markets.

This is the best performance since the rises recorded in the first five months of the year when a good deal of foreign money was being pulled into Britain by high interest rates. There were no signs of any such inflow in November. In fact, as far as these movements can be spotted, there seems to have been a small net outflow of foreign money during the month. During November, it is true, there was a small amount of switching from American to British Treasury bills to take advantage of the covered arbitrage margin of around ½ per cent, but this seems to have been more than balanced by a steady, but small, outflow over the whole month from the local authority mortgage market into the Eurodollar market, where the three months' rate remained at around 4⅛ per cent on a good demand from the Italian banks. Throughout November the local authorities, with rate money coming in and a good deal of accumulated money from new issues and mortgages available, were repaying their maturing short-term debts without renewing them.

Sterling was consistently strong throughout November, keeping within the range of 2.80⅛ to 2.80⅜ against the US dollar. The Sino-Indian dispute passed without a ripple. Confidence in sterling now seems to be stronger than for a very long time. This good external performance contrasts with the growing public feeling about unemployment ; the gold figures have revived expectations of a cut in Bank rate to 4 per cent. But the Government has already pulled out most of the monetary stops and a good few of the fiscal ones too ; and more might be needed. Bank rate with its predominantly external impact, remains a useful guard against external pressure on sterling—and notwithstanding the good November gold figures, that guard may still be needed.

INTERNATIONAL CREDIT

Multilateral Swap

A correspondent writes:

THE American and Swiss authorities have arranged a further currency swap, not as yet officially disclosed, which for the first time involves a third currency. The Federal Reserve has a liability of $30 million maturing in Switzerland that must be covered. This is part of the $60 million taken off the Swiss market at the time of the Cuban crisis by the National Bank, which then passed on these dollars to Swiss commercial banks on a short-term swap against Swiss francs, which would be returned to the banks before they made up their accounts at the end of the year.

Now the American authorities have covered this maturity, and in an intriguing way. They have made use of the one foreign medium of exchange with which they are flush, German marks ; and in order to do so they have used the Bank for International Settlements as an intermediary in a three-cornered swap operation. The American authorities have used their marks to acquire Swiss francs, on a swap basis, from the BIS ; and with the proceeds they have repaid the Swiss National Bank. The BIS in turn has acquired the Swiss francs (those it swapped with the Americans) from the Swiss National Bank, again on a swap basis, this time against gold. All these operations will have to be reversed when the swaps mature in three months. So the Americans will still need to find Swiss francs in the new year, though it is hoped that the underlying commercial deficit in the Swiss balance of payments may by then again be making itself felt.

The Federal Reserve could not use the marks directly because the Swiss authorities hold only gold and dollars in their reserves, apart from small working balances. Nor did the American authorities want to use up what remained of the Swiss franc balances obtained by the $200 million swap arranged in mid-July and renewed for three months in mid-October, and the two borrowings, also in mid-October, of 220 million Swiss francs from the Swiss Confederation, and 200 million Swiss francs from the Swiss National Bank. The Americans prefer to use these francs to purchase gold from the Swiss. In November the US Treasury made two gold purchases from the Swiss National Bank ; the first was of $20 million that the National bank had obtained on a swap basis from the BIS, and the second was a purchase of $30 million in the week to November 23rd—a purchase which was reflected in the National Bank's weekly statement.

THE ECONOMIES

Planning Or Not?

DR Ludwig Erhard took the opportunity once again last week, at the session of the European Parliament in Brussels, to say that he was utterly opposed to the spirit of planning that he sees thinly veiled behind the *programmation* recently advocated by the European Economic Commission in Brussels ; and M. Robert Marjolin, vice-president of the commission, finally came out, at a conference in Rome, and used the word *planification*. Dr Erhard, continuing his controversy with Dr Hallstein, president of the commission, said that he had the support of Dr Adenauer in his stand against this extension of centralised planning. M. Marjolin, without entering this controversy, was at pains to remark in his speech how much the disciples of the "social market economy" in Bonn do in practice find themselves intervening in the conduct of German business.

Germany's laisser faire economists, when the common market began to be built, had hoped that their own, then hugely successful, economic ideas would prevail over any spirit of French planning within the Brussels bureaucracy. In practice, though M. Marjolin himself is often at odds with the French Government over common market policies, his own approach to the problems of the *économie concerte* inevitably parallels that of the Commissariat du Plan ; Dr Hallstein, too, seems to have lost some of the doctrinaire liberalism that Bonn requires.

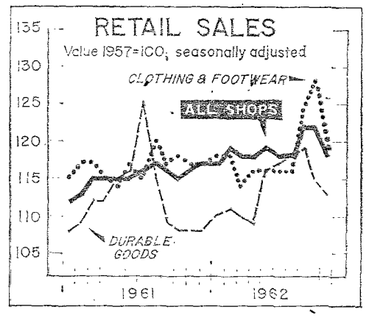
M. Marjolin, in Rome, cited the open resort to planning in France, Belgium, the Netherlands, and Italy, and added that in Germany the government had exerted considerable influence on investment, particularly regarding the heavy industries, some backward areas, and the export industries. He suggested that the German economy, no longer benefiting from the impetus given to exports by an undervalued currency, now faces new problems, and that it would be forced into new techniques of public intervention in the private sector of the economy.

Two philosophies are in conflict here within the common market ; the commission has much of the practical initiative in its hands, though here too, finally, ministers dispose. Before Europe could adopt a free market policy in the Erhardian sense (providing it so chose) it would have to become a common market. Common external tariffs, harmonisation of the agricultural policy and taxes and social policies—all these are tasks that could hardly be tackled without the help of a planning bureaucracy formally in the saddle which is able to lay clear cut proposals before the Council of Ministers. It is not M. Marjolin's socialism but the impetus of European economic integration which gives the commission in Brussels its preponderant emphasis.

CONSUMER SPENDING

Back on Course

IT was not surprising that the fashion trade did less well in October than in the two preceding months, when it had benefited from an especially early spree of autumn and winter clothes-buying. Even at the lower level, the turnover of the clothing and footwear shops, according to the Board of Trade's seasonally adjusted series, was still 2 to 3 per cent above what it had been in the second quarter of the year. The more disappointing features of the October retail trade returns were a quietness in the food trade, and a further decline in the sales of durable goods shops, to their lowest level in six months. The credit business of household goods shops was likewise in the doldrums, the rise in October, as in September, being smaller than might be expected for the time of year. Thus, the stimulus given by the reduction in minimum deposits on June 5th, which was maintained in July and August, has since lost some of its force.



As a result of these changes, total spending in the shops in October fell back to the June and July level, after having been 3 per cent above it. Since prices had edged downwards a little, however, the volume of business did not fall off quite as much, although it was barely any more than at the same time last year. The poorer showing in October may be explained away by "unseasonably mild weather" which puts paid to those "seasonal" corrections, or it may be wrapped up with the September results to show that trade was "marginally higher." On the face of it, however, it looks as if the Indian summer for the shopkeepers was over and that buying was once more at the level at which it has stuck, more or less, for the last eighteen months. Yet the Chancellor asserted in the House on Tuesday that he cut purchase tax on cars instead of using the general regulator, because "consumption was rising and is rising." Did he mean outside retail trade, in the other half of personal spending ? The only available indication on this side relates to car-buying on hire purchase

Will Car Sales Rise?

THE motor industry finds the first month after the cut in purchase tax a disappointment and a puzzle. After selling 60,000 cars at home in October, matching the record of 1959, it finds that sales in November may have fallen by perhaps 10 per cent, when seasonal factors would cer-

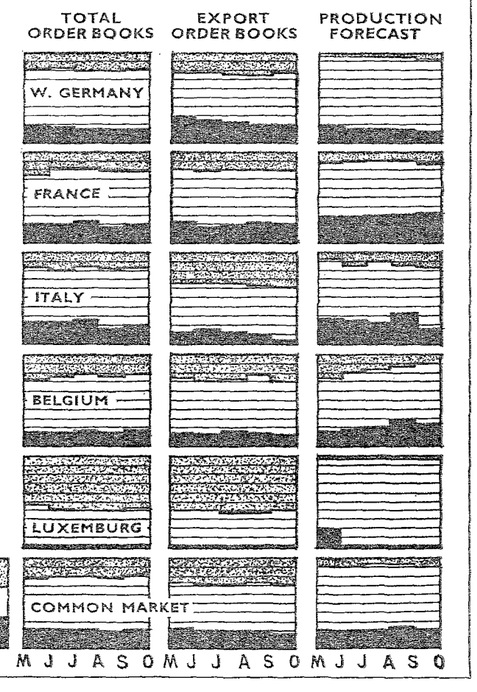
Business Attitudes in Europe

BUSINESSMEN in the common market hope that their output will grow at a moderate pace in the next few months ; but their total order-books are fairly static, as a result of declines in export orders. Slack is developing in the capital goods industries, where stocks of finished goods are mounting ; the consumer goods industries show clear signs of a further rise in output.

Sampling of company directors' feelings about the state of their business began in Europe a good time before the Federation of British Industries took it up here: the IFO Institute in Munich devised its *Konjunkturtest* technique in 1949. Such questionnaires, framed to be answered with "Up," "Same," or "Down," are now regularly answered in all the common market countries. This spring the European Economic Commission began sending out a standardised questionnaire to 13,000 businessmen in all these countries but the Netherlands, where businessmen do not altogether approve the form of the EEC test and in any case want the results kept secret.

The charts show the answers, as now published, for three of the six questions that the commission asks ; they are published in this graphic form only, without any figures. The Europeans prefer this kind of presentation, which gives full weight to the "No change" answers, to the method often used for the FBI survey, where the answers are often given in terms of the balance of the percentages "Up" or "Down," ignoring the "No changes."

In graphic terms the Europeans may be right—though presentation of the graphs without three colours is almost inevitably ugly—but it would probably be better to publish figures too, for anyone wanting a different presentation. These surveys, however, are monthly, with big samples, and more detailed than the British : there may be an advantage in bringing those of the FBI into line, whether we enter the common market or not.



tainly not indicate any bigger fall and are generally expected to produce a rather smaller one. Hire purchase business, however, remained almost the same as in October, so if the signs of a fall in sales prove correct, the reduction in deposits demanded by members of the Finance Houses Association must have raised the proportion of cars bought on hire purchase to nearly 25 per cent.

Though nobody expected that there would be an immediate rush of buyers after the cut in tax, everybody thought sales would show some improvement. If they prove to have fallen the industry will wonder how much effect the cut in tax will have in the long run, when the public has had time to work out the effect on them. Forecasts for next year are already tending to become slightly less optimistic, while the results of December and then January are being anxiously awaited by harassed prophets. When purchase tax was cut in the budget, the big rise in sales came in May; so those months should give the final answer.

STOCK MARKETS

Norfolk's Success

Following the final release of special deposits, business in the gilt-edged market remained thin and renewed suggestions of a reduction in Bank rate did little to stimulate buying. But prices have continued to improve and where they have had the opportunity the authorities have tried to nudge them up. Corporation stocks have followed and so brought success to the £3 million offer by Norfolk County Council of a 5½ per cent stock, 1971, at 98, offering a yield of 5¾ per cent to redemption. Nearly two months have passed since the last corporation issue, and the Norfolk loan was regarded by the authorities and the market as a test case. At the tail-end of the boom in local authority issues Somerset just scraped by with a 5 per cent coupon, but that stock now stands at a discount and the decision was taken to retest the market with a 5½ per cent coupon for Norfolk. Its oversubscription of more than 30 times will encourage the authorities to bring a bigger local authority issue forward on finer terms.

Equities in the British and Continental markets have tended to follow Wall Street, dipping on the slight technical reaction in dollar stocks and then rallying on the recovery which carried the Dow Jones average up to 654 on Wednesday. Renewed European interest in dollar stocks has been reflected in a slight hardening of the dollar premium in the London market. The concern among British investors about domestic unemployment was expressed in quite a sharp dip in equity prices on Tuesday. But the gold figures and the rally on Wall Street gave fog-bound Throgmorton Street a little more confidence later in the week. Even so, as a result of the earlier fall, *The Economist* indicator was 6.8 points down at 348.1 in the week to Wednesday's close.

SWEDISH CAPITAL

Break-up on the Stockholm Market

Stockholm

This year has witnessed a conspicuous turnabout on the Swedish credit market. At the beginning of this year when there were indications of a slowing-down in the rate of economic expansion in Western Europe and private capital expenditure in Sweden seemed no longer to be increasing, the Riksbank successively loosened its strong hold on bank lending. The banks became free again to extend new credits and were even encouraged to do so. The money supply was deliberately increased and the official discount rate lowered—in April by ½ per cent to 4½ per cent and two months later by another ½ per cent. But the changes on the capital market have been even more drastic and far-reaching than those on the market for bank credits. For years prospective long-term borrowers, consisting of industrial enterprises, municipalities and mortgage institutes, had been queueing at the Riksbank's issue door to get permission to make bond issues. More often than not, they had had to wait for several years before an issue permit was granted, and it fell to the banks to try to find ways and means of financing these long-term credits. There were signs last year of a better balance on the capital market, but this year a real break-up has taken place.

At a rate deemed unbelievable only a year or two ago, bond and debenture loans have been issued and almost immediately absorbed by the market. In all, more than 4,000 million kronor have already been placed this year against some 2,150 million during the whole of 1961. Industrial companies and power authorities which had previously been most starved of new issue permits, have been able to borrow three times as much as in the whole of 1961 and no less than twelve times as much as in 1959. Only recently has the market begun to suggest a certain state of saturation, but the once long queue of borrowers has virtually disappeared and the most pressing requirements have undoubtedly been satisfied.

Several factors explain this remarkable change-over. On the demand side for new investments the National Pension Fund has become an increasingly important source of finance since it was set up in 1960. Its resources are rapidly rising and next year it will have not far short of 2,000 million kroner to invest. On the other side, the Government, having a surplus on the budget, keeps away from the market, leaving other borrowers to enter. This more satisfactory balance on the capital market to all appearances will persist and perhaps improve this coming year; it has given rise to expectations of a further lowering of interest rates. It is hard to say whether this will materialise. Experience shows that changes of the official discount rate are generally decided on grounds other than pure demand and supply in the credit market. As a rule, forecasts of business development have been the decisive factor, and, on present evidence, these would not appear to warrant an easier credit market.

COTTON TEXTILES

Curb on Pakistan

Since summer, India and Pakistan have been ready to restrict exports of yarn to Britain and to extend current quotas on exports of cloth and garments when they expire at the end of this year. But despite considerable pressure, Pakistan has so far withheld its consent to this voluntary limitation. Last month, the President of the Board of Trade stated openly that, failing agreement, the British Government would step in to enforce restrictions, and it has now done so. Imports of cotton yarns from Pakistan have been fixed at 1.2 million lb over the two years, 1962 and 1963. Licensing has been put into effect immediately though spreading the quota over two years would appear to remove the urgent need for the new arrangements.

The yarn quota is based on imports in 1961, the last full year in which the Commonwealth suppliers competed here freely. Pakistan unfortunately came off badly in 1961 partly because re-equipment was dislocating its industry, and therefore it has a case to plead. No action to restrict Pakistan exports has had to be taken up till now because they were lagging badly for most of the year and were heavily down on the 1961 level until quite recently. But an upsurge in Pakistani exports to this country has occurred and orders placed in Pakistan which the Board of Trade has apparently also taken into consideration, have been large. The expansion is a sign both of quickening trade in the Lancashire cotton industry, in which so far not all manufacturers have shared, and a tribute to the effectiveness of a restored export subsidy in Pakistan.

India and Pakistan have kept their yarn exports to Britain within the 1961 level pending Pakistan's agreement to do the same. Pakistan has not yet agreed to extend cloth and garment export "ceilings," but if this warning is not enough to bring Pakistan to heel, import controls will be used. Controls are more easily applied and dignified when applied in the producing countries; the trend should be towards self-administered restraint but many importers have recently been forced to impose import restrictions on cotton textiles Pakistan now appears determined to set the clock back further.

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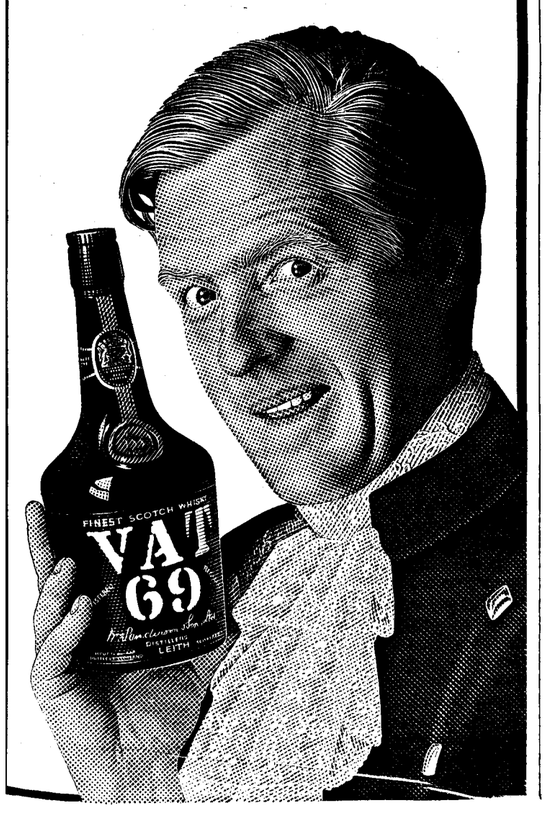

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HIRE PURCHASE

Repeat Performance

The Protection of Depositors Bill received an unopposed second reading this week, but six years is a long time to wait for such a straightforward bill. The third attempt at a Weights and Measures Bill is no improvement on earlier dismal efforts. Now, in what must be almost a negation of government, the Government has returned the job of reforming hire purchase law to the private members.

Just one year ago this week the private bill of Mr W. T. Williams, Labour MP for Warrington, was talked out on the grounds that it anticipated the report of the Molony Committee. That report appeared last July; three weeks ago Lord Derwent, Minister of State at the Board of Trade, blandly pointed out that hire purchase was a traditional field for private legislation and invited private members from either house to introduce bills. Lord Peddie has taken up the invitation and introduced a shortened version of Mr Williams's earlier bill.

What happens now? If the Government has any sense it will realise that this matter is too important for a private member's bill and it will find time for comprehensive legislation. Lord Peddie's bill extends the protection of the 1938 Act to cover goods up to a total hire purchase price of £1,000 and proposes a 72-hour "cooling off" period for all contracts not signed at a regular retail outlet. The arguments of a year ago against reform in this shape still apply; extending the 1938 Act means that a finance house can never recover more than half the hire purchase price from a defaulting hirer. Most companies themselves now follow the reasonable practice of charging the hirer who terminates his agreement the balance owed less the amount received for the re-sale of the car.

A change in the law must recognise the need to protect the consumer, but it must also see that the finance company gets a square deal when a contract is broken. At the same time it must open up the way for the companies to enter the personal lending business, now that they are building up their credit rating service, by exempting them from the Moneylenders Act. This would avoid the present problem of the finance house, as legal owner of the goods, being responsible for a dealer's misrepresentation. Finally, if the third party who in good faith buys a car still subject to a hire purchase agreement is to be protected, then car registration books must be recognised as documents of title; an inter-departmental inquiry was considering this as long ago as last July.

SPAIN

Controls Coming Off

Madrid

Sir Hugh Ellis Rees, head of the team of international experts who wrote the report on Spain for the World Bank, can already see some concrete results from his work. His ears should be burning. After the release of the report at the beginning of October the Madrid paper *Ya* wrote that everybody could see that the report had been written by a group with an Anglo-Saxon majority:

> It is a document full of common sense, unbiased, cool, and with one object in view of establishing—far from all doctrinaire arguments which lead nowhere—a close contact with Spanish realities in order to become a realistic and practical contribution towards Spanish economic development.

This acclaim was indeed surprising. True, there were some discordant voices as well, but they did not count. The report has sold over 10,000 copies in a country where 2,000 copies are considered normal and 5,000 a great success. Last week *Codorniz*, which is Spain's equivalent to *Punch*, shows on its cover a Spanish John Doe poring over three thick volumes of the World Bank report with a Russian abacus as a calculating aid.

The latest and most promising success for the report, however, was last week's approval by the Cabinet of the "Preliminary Dispositions", meant to prepare the legal ground for the Economic Development Plan which will officially come into force in January, 1964. Events of the last twelve months have proved that cooperation between Spain and the World Bank is continuous and close. Some advice which appeared subsequently as a modest opinion in the report had been carried into effect several months before publication: increased trade liberalisation, autonomy for Spanish Railways, the aversion to new state industries (as in the case of the Barcelona refinery); and the creation of an Undersecretariat of Tourist Trade.

The purpose of these "Preliminary Dispositions" may be seen mainly in three directions: the suppression of controls, the clear definition of economic policy, and the fight against abuses. Although the text itself has not yet been published (it has probably still to wait for General Franco's signature) such publicity was given to the decree by the authorities that the reconstruction of its contents offers no problem.

On the abolition of controls and further liberalisation, the decree is well-nigh sensational: the introduction of new controls, on goods, services, or even wage and welfare problems, will require in future the explicit previous approval by the so called *Comision Delegada* which is formed by the ministers of the seven economic departments plus the Commissioner of the Economic Development Plan. More: all such controls at present in force will automatically come to an end within three months unless they are explicitly and individually confirmed by the *Comision*. One of the immediate consequences is the disappearance of the Price Control Board (*Fiscalia de Tasas*).

In foreign trade, the simplification of the inspection of goods in import and export trade, and the merging of all export levies into one, will be greatly welcomed by traders. Another step in the same direction is the streamlining of foreign trade: by making tariffs more homogeneous (by putting sub-items, if possible, all in the same group of trade, and by transferring more commodities from state trading to private hands.

Other articles of the decree refer to the definition of economic policy; the lack of clear principles in the past had been held responsible for the "wait and see" attitude of the public. The *Comision Delegada* will list and define all economic branches in which official authorisation will no longer be required for foreign participation of more than 50 per cent. (The exceptions mentioned in the decree of July 27, 1959—enterprises directly related to national defence, public information and public utilities—remain in force.)

New conditions will facilitate foreign participation in Spanish official tenders and new legislation will favour the establishment of temporary joint ventures by foreign and national firms.

To check abuses, the decree stipulates that all restrictive trade practices, and monopolies which try to dominate markets, will be dealt with under new legislation. At the same time state-owned industries will henceforth have to limit themselves to activities not sufficiently covered by private enterprise or to sectors where monopolies or restrictive practices have to be fought.

On all these matters the Government pledges its word to prepare pertinent legislation within six months from now. The new team that is conducting Spain's New Deal has kept up, and even accelerated, the initial push with which it started, back in 1957.

INDUSTRIAL LOCATION

Slough or Belgium?

Slough Estates has decided to establish a trading estate in Belgium because, it says, the Board of Trade refuses to allow a new factory estate to be built in the south of England. The site it has chosen is 14 miles from Antwerp, at Sint-Niklaas, and it plans to spend up to £3 million on developing it. The Bank of England has given permission for the company to transfer £200,000 to Belgium to start the operation; £750,000 will be raised on the continent, though further funds may be raised either in Britain or on the continent.

The Board of Trade's pressure to force new industrial development into the areas of high unemployment may once or twice have already sent firms overseas; but in this case Slough Estates seems more likely to be catering for foreign companies than British expatriates. And the arguments for allowing free development in the south, staffed by migrants from the depressed and depressing north, have to answer the question of whether we want more Sloughs in southern England.

PROFITS AND DIVIDENDS

In Reverse

Evidence in the summer that industrial profits had begun to turn the corner has not been confirmed by company results published in October and November. Following a fall of 3¼ per cent in October, profits of 217 companies publishing their accounts in November fell by 5¼ per cent. Last month's analysis included leading companies in the motor and component industries. Indeed, Joseph Lucas was the only really bright spot in the motor group where in all profits fell by 20 per cent. The biggest company in last month's analysis was Tube Investments, whose profits fell by £5 million. BMC's profits fell by the same amount and together these two giants accounted for £10 million of the total fall of £11 million in profits. These were not the only companies to have a difficult year: Fisons contributed to the fall of 5⅝ per cent in chemical profits and Combined English Mills to the slump of 54 per cent in cotton profits. Profits of the widely spread engineering group were also lower and the electrical manufacturing group reflected the slight fall in EMI's profits. A few groups reported increases in profits of between 15 and 20 per cent—notably breweries, building and food. Property companies, with Metropolitan Estate to the fore, achieved an increase of one-third in profits.

PROFITS AND DIVIDENDS
(£ million)

217 companies reporting in November	Previous year	Latest year
Trading profit	213·1	202·1
Gross profit	153·7	135·9
Net equity earnings	68·3	58·3
Net ordinary dividends	34·6	35·3
Times covered	2·0	1·7
Net equity assets	880·2	963·3
	%	%
Gross profit/net assets	17·5	14·1
Net earnings/net assets	7·8	6·1

Several companies which earned lower profits in 1961-62 forecast better things to come in the current year and this helps to explain why, in the face of a fall of 14¼ per cent in net equity earnings, dividends in general have been left unchanged. As a result the average dividend cover for the November companies came down to 1.7 times, just as it did in the preceding months. It will need a smart recovery in profits and an ampler air of confidence in the boardrooms to start dividends moving up again.

FRANCE

Price Rise Continues

Paris

"Economic expansion with monetary stability" was the slogan of the Gaullists in their successful election campaign; yet prices in France continue to rise. In October the cost of living index increased by 0.4 per cent, and there is every indication—particularly in the weekly food price statistics—that there was a further increase in November.

At present, the cost of living in France is 5.4 per cent higher than last year, bringing the increase which has taken place since the devaluation of December, 1958 to 17.8 per cent. Foodstuffs (particularly the sharp increases in the prices of fruit, vegetables, meat and wine) account for about half of this persistent rise. But, contrary to official expectations other prices too have continued to rise over the past year—including rents, clothing, shoes, transport, and entertainment.

Even industrial products, which have long remained steady, are now affected: the recent rise in steel prices (6 per cent on rolled steel) has brought about corresponding increases in cars and household appliances. This is all the more disturbing as further increases have been announced—in rents, sugar, newspapers, and tariffs on railways and the Paris métro.

So the vaunted stability of prices is far from a fact; and a new factor threatens to make matters worse. Up to now, wholesale prices have on balance remained steady, the increases (in steel and building materials) being compensated by decreases (especially in imported raw materials). But the continuous increase in wages is becoming faster: after a rise of 2.5 per cent during the third quarter, it is estimated that over the year as a whole the rise will amount to more than 10 per cent for wage earners, and about 12 per cent for managerial grades.

This trend has already for many enterprises whittled down the profits available for self-financing, slowing down private investment below the rate envisaged in the Fourth Plan. If this squeeze continues, it is in danger of producing two more serious effects—an increase in the price of many industrial products; and the creation of bottlenecks in production as a result of equipment being insufficient. The outgoing government was already showing signs of anxiety over prices; the battle against cost inflation will demand the first attentions of the new cabinet.

GREEK BONDS

Tactical Breakdown?

Negotiations between the British Council of Foreign Bondholders and the Greek government have collapsed; and the price of Greek bonds on the London market fell sharply this week. The 6 per cent Public Works Loan, 1931, dropped 4 points to £41½. Settlement of Greece's £55 million of prewar sterling debt now seems as far away as ever. But is it? The terms of the agreement with the American bondholders in October so enraged many British holders that the Greeks may have decided that their wisest course was to offer the British unacceptable terms at first in the hope that terms on the same basis as the American settlement if offered would be gladly accepted. This sort of conditioning process has been fairly common in the past. It is unthinkable that the Greeks will be able to get away with anything less than the equivalent of the American terms, and at the same time, having reached a settlement with the Americans, they will surely not jettison the chance of financial respectability and loans from the World Bank by refusing to concede the same terms to the British.

The British Council of Foreign Bondholders found the Greek offer unacceptable on two counts. First, the Greeks offered "American" terms only on the later issues in an apparent attempt to differentiate between original holders and "speculators" who had bought in the market. The council argues that all non-Greek holders of the debt must be treated alike. Secondly, the Greeks are not prepared to recognise the currency option on the 6 per cent Public Works loan, 1931, allowing the payment of principal and interest in Dutch florins, Swedish kronor, or Swiss francs. The Swiss franc rate was 25.2 at the time and compares with the present rate of 12.10 to the pound. The council is not prepared to negotiate unless the Greeks

offer all British holders the same terms as were offered to the Americans, and also recognise the currency clause. If the Greeks conceded these two points a settlement would probably quickly follow. The extra cost to the Greeks would not be great, and the eventual benefits would be well worth the price.

MOTORS

Rumours of New Cars

DETAILS of a new car can hardly remain secret in these garrulous days: the latest victim is Rootes. Its new small car, it appears, will be called the Imp and have a rear-mounted aluminium engine of 875 cc that can give a maximum speed of 90 mph —but will be detuned to provide a more modest performance for production cars. Coventry Climax advised Rootes on the design of the engine in its earlier stages; a light engine for its power is desirable in a rear engined car. The springing will be independent on all wheels; as Rootes is making a big effort to avoid the handling characteristics of most rear-engined cars, which are generally more prone to tail slide than others, it may well be using some more elaborate type of suspension than the simple swinging half-axles commonly used.

If the Imp can really be sold at its reported price of under £500, it should be a strong competitor for existing small cars. But the experience of the British Motor Corporation suggests that it is difficult to make a small car profitably at this sort of price—especially when it contains many special parts, as the Imp seems likely to do. And its aluminium engine must add something to the cost. The Imp will be made at a maximum rate of perhaps 150,000 a year; so if Rootes makes its price really competitive with the larger-volume Minis, it may find that it is less profitable.

As the opposite end of the scale, rumours are increasing about some link between Rolls-Royce and BMC. The latter is known to have made the prototype of a smaller car for Rolls-Royce, which might use the BMC 3-litre engine and would, presumably, be intended to sell for less than £2,000. But the companies have said no more than this about their discussions, which are still, officially, limited to exploring the possibility of technical collaboration. On the aero-engine as well as the car side, Rolls-Royce may be facing some future difficulties: the desire to profit from the asset of its name must be getting stronger; and BMC remains weaker than Ford in the profitable big-car market. A joint effort might well therefore appeal to both.

ATOMIC ENERGY

Twentieth Birthday

IT is twenty years since Enrico Fermi started up his—and the world's—first atomic reactor in great secrecy at Chicago, the "Italian navigator" who in the words of the immortal code message "reached the New World" and found the natives "very friendly." Today, the world contains an estimated 381 reactors operating, not counting several that have already reached the end of their safe life and been shut down. Fermi's memorial in the United States, where he died, is the 286 reactors now either working or under construction. Nothing better illustrates the difference between the British and American approach to atomic energy than the contrast between this figure and the 39 reactors built or under construction in Britain, which has a much larger nuclear power investment programme than the United States. The United States has a greater variety of reactors of different design, a greater number of research and training and teaching reactors, some of them very small, than any other country. Britain is only now beginning to make grants to the universities for their own small teaching reactors, but has a more intensive programme of atomic power development than the United States either needs or could justify.

The Soviet Union seems to work on British rather than American lines; it has an estimated 39 reactors, some of which are known to be very large. The International Atomic Energy Agency has just revised its directory of nuclear power stations but its information on the three Soviet nuclear plants included in the new directory date from March, 1959, as against early to mid-1961 for all the other systems described. France ranks as the fourth nuclear power with 25 reactors, but the world-wide dispersal of small to tiny research reactors, most of them American-built, is demonstrated by the presence of nearly a score in West Germany, and 14 in Italy (including two power stations) against only 10 in Canada which in terms of research, design ability and concrete achievement ranks fifth in the atomic table after France.

FURNITURE

Cinderella of the Home

THE short-lived improvement in demand for domestic furniture of last winter and spring gave way to months in which manufacturers' output and orders have been persistently lower than last year. At the end of October order-books added up to £10.5 million, £2 million less than a year earlier, while the index of deliveries in that month, allowing for price changes, stood at 127 (1958 = 100) compared with 137 in October 1961.

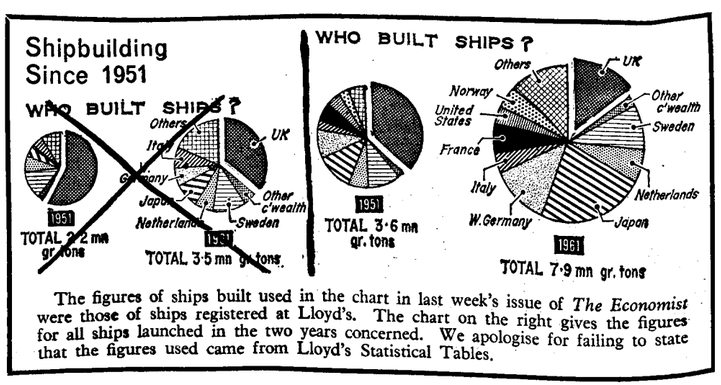
Seeking explanations, the industry slips easily into grievance—its complaint this year is the increase in its purchase tax from 5 to 10 per cent (which simply brings it nearer to the level of other consumer durables). But the truth is as it always has been: people are often quite happy with old or secondhand furniture when they insist on new cars or washing machines, and when spending is limited furniture will most readily be made to last. Small additions, such as easy chairs, sell most easily, which helps to explain why in recent company results those like Parker Knoll and Jentique have done better than bigger firms with a wider coverage.

Bigness is no advantage in this industry: under-used capacity produced poor results from Harris Lebus and especially from Gomme (G-Plan) which for the second year running made a net loss before tax—in the year ending 27th July this was £153,511, slightly smaller than the year before. But even a smaller group of more specialist interests, Avalon (formerly Yatton) Furniture which did comparatively well in the year to the end of April, is not optimistic about current prospects.

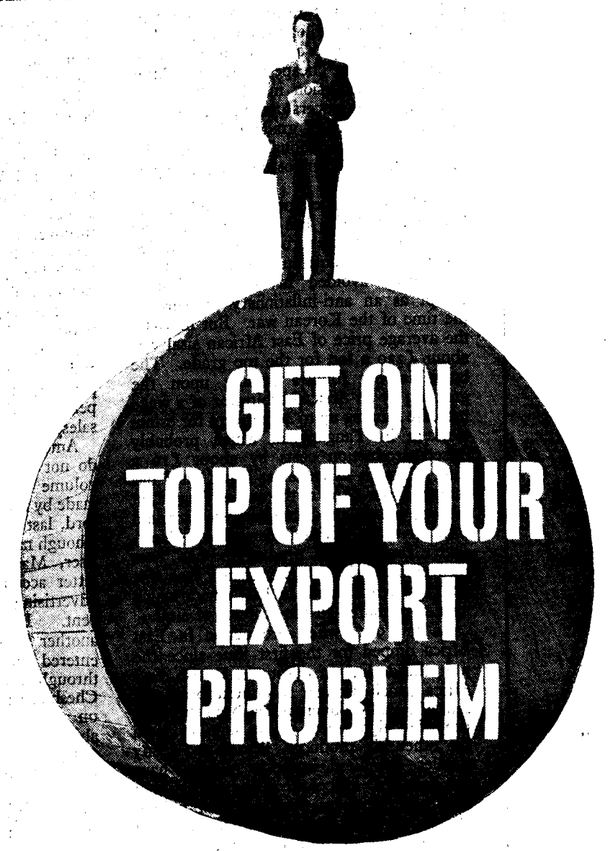
SISAL

Carrying the Burden

GRAIN crops this year have outstripped expectations while production of sisal used in baling and binding has continued to decline. As a result, the price of sisal has shot up, as it did in different circumstances a year earlier. But starting from a higher level, East African sisal at £118 a ton for the top grade has reached a level which has provided the government of newly-independent Tanganyika with an opportunity for raising additional revenue



The figures of ships built used in the chart in last week's issue of *The Economist* were those of ships registered at Lloyd's. The chart on the right gives the figures for all ships launched in the two years concerned. We apologise for failing to state that the figures used came from Lloyd's Statistical Tables.



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which it could not resist. A 5 per cent export tax has been loaded on Tanganyikan sisal valued at £60 a ton or more, which covers all but the cheapest varieties. After a period of confusion in which buyers at first resisted producers' attempts to pass on the tax, the price of grade 1 fibre rose to £120-£122 a ton, though not all the rise resulted from the imposition of the export tax.

Production of export commodities in British East Africa has thrived in a world in which so many producers have levied export taxes because in general such taxes have been avoided in these territories, except as an anti-inflationary measure at the time of the Korean war. But in 1951, the average price of East African sisal was about £230 a ton for the top grade. The latest impost follows rapidly upon the granting by an African arbitrator of a wage increase ranging up to 40 per cent for estate workers in Tanganyika, which probably raised production costs by about £10 a ton. Though in its latest spurt, sisal has jumped from £100 at the end of August, at current prices, producers on estates retain little of the profit for themselves. However, Tanganyikan production has now recovered to a level higher than a year ago, after last year's floods in East Africa which have contributed to the scarcity of sisal.

As in 1961, when production in East Africa dipped for the first time since the war, the decline in output in British East Africa, which last year accounted for 46 per cent of world production, has been the main prop for high prices. But supplies from the other big producer, Brazil, and many smaller supplies, including Cuba, have also been cut. Prices are relatively high, but sisal producers are confident that neither alternative fibres nor alternative means of ensuring that all the harvest (including the valuable straw) is safely gathered in, will restrict future demand for sisal.

CAKE-MIX

Recipe Fails

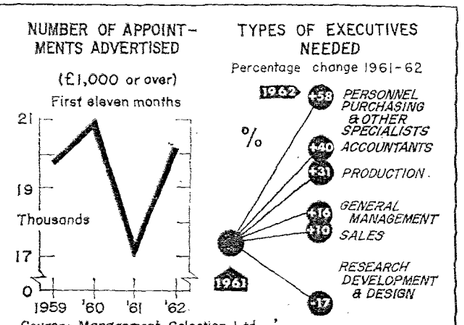
THE patent failure of American manufacturers to beat life into the British cake-mix market has not prevented another of them, Pillsbury, making a bid for an established British firm—Green's, who have been making sponge-mix for 50 years. The post-war peak of nearly £6 million for retail sales of these mixes, reached in 1955, was largely the result of shortages of other foods; demand subsequently fell off steadily in spite of the launching of more elaborate and varied American-style products. These are also more expensive, which helps to account for the slight recovery in money turnover which has taken place in the last two years bringing sales in 1961 back to not far below the 1955 level. Little success can be claimed for most of the disproportionately heavy advertising in the cake and pudding mix field, which has been increasing at the rate of about 10 per cent a year and in 1961 totalled £975,000, or about 30 per cent of manufacturers' sales (nearly 20 per cent of what customers paid in retail sales).

Among the leading brands market shares do not always show much response to the volume of advertising. Viota cake-mix, made by the British firm Stoddart and Hansford, last year sold about as many packets (though more cheaply) as the heaviest advertiser, Mary Baker (Nabisco Foods)—the latter accounted for 28 per cent of total advertising compared with Viota's 17 per cent. Betty Crocker (General Mills), another favourite of American housewives, entered the British market early last year through the purchase of Latham Foods, Cheshire; it spent nearly as much as Viota on advertising but managed to sell only about a quarter of the quantity.

Betty Crocker's failure to do well so far in Britain this year is as significant as the noticeable absence of its only superior in the American market—Duncan Hines, the Proctor and Gamble subsidiary. How long will General Mills' faith in the British—or other European?—markets continue to burn in these disencouraging conditions? Another question no maker can answer is just why the British and American housewives should behave so differently. Possibly the inconvenience attached to this so-called "convenience" food is the main reason — cake-mixes need mixing, and American women have more mechanical aids to the wrist.

Executives in Demand

Advertisements in six major newspapers for executive posts carrying salaries of £1,000 or more increased by 18 per cent in the first eleven months of this year compared with the same period of 1961. The main part of the increase took place in the latter part of the year—for example 250 accountants were advertised for in November.



Source: Management Selection Ltd.

USED CAR PRICES

REDUCING the price of new cars by 12½ per cent seems to have brought the prices of two-year-old cars down by around 10 per cent—though there are variations from model to model, depending on their popularity and whether changes were made for 1963. Newer cars are affected slightly more—especially those that are only a few months old—but the effect still tails off as cars get older. A five-year-old or older car seems to be little affected by the price of a new car, for its potential buyer cannot afford one, and the only effect from the new car market comes indirectly through the fall in the price of newer used cars. Despite this fall in real prices, many dealers are refusing to mark down their stocks of used cars in the over-optimistic hope that the new year will bring a recovery to the old price levels.

MR. MAUDLING'S CUTS

January, 1961, models of:	Oct., 1962 £	Nov., 1962 £
Austin Seven	360	320
Austin A55	510	460
Austin A99	645	580
Ford Anglia	400	375
Ford Popular	350	315
Ford Zephyr Six	530	490
Jaguar 3·8 litre	1,075	1,015
Morris Minor 1000	420	385
Rover 80	900	825
Triumph Herald	440	410
Vauxhall Victor	450	415
Vauxhall Velox	520	475

Prices supplied by Southern Counties Car Auctions.

INSURANCE

A Dutch Merger

Amsterdam

HOLLAND'S two biggest life assurance companies have recently merged; speculation on further mergers has led to an increased interest in insurance shares on the Amsterdam bourse. The Nationale van 1868 and De Nederlanden van 1845 together account for 24 per cent of the life business in Holland and the new company, Nationale-Nederlanden NV, will be the second largest in the common market—surpassed only by Germany's Allianz Versicherung. De Nederlanden brings to the merger a recently acquired interest in the British Orion Insurance Company. This will give the group its first foothold in the London market.

Life assurance in Holland is in the hands of about sixty companies, but eight major companies account for about 60 per cent of total business, 95 per cent of which is contracted in Holland, and the remainder in Belgium, France, Canada and Australia. Competition from foreign companies is limited but is increasing; the seven foreign companies operating in Holland, of which Gresham Life and Union Life are British, accounted for no more than 2 per cent of new life contracts in 1961. Life business as a whole is buoyant; between 1958 and 1961 sums assured rose by 34 per cent to Fl.43 billion (£4.3 billion), while national income rose by 24 per cent.

There are 179 general insurance companies in Holland, but a good many of these are subsidiaries of the larger life companies. Foreign competition in this sector is fierce; British, American and Swiss companies have strong positions in the market. Expenses are rising, as are loss ratios, but most companies have good reserves and are not over-worried about the present lean period. The Brandaris debacle in 1961 caused by over-trading and undervaluation of risks did not shock the companies. The Dutch authorities, however, took a different view and there is now a bill before Parliament, much to the annoyance of the companies, providing for a certain degree of governmental supervision for non-life offices —supervision which has applied to the life offices since 1922.

DUMPING

Quicker Action

ALTHOUGH the Board of Trade has the power to impose anti-dumping duties summarily, it has steadfastly refused to wield it. Last week it bowed in the direction of flexibility and imposed a temporary shilling a pound duty on imports of lithium carbonate from Canada until its present investigations are completed. The chemical industry, which has long badgered the board to impose anti-dumping duties quickly and freely, may regard this as evidence of a change of heart. It is likely that the board would rather this duty be seen as the first case where summary action was appropriate.

Applications for anti-dumping duties on lithium carbonate and hydroxide from the USA and West Germany, and on the carbonate alone from Canada were announced in September and October. They were made by Associated Lead, the only UK producer, and were aimed at the surplus material whose imports had forced the price of the carbonate down by nearly 40 per cent in the last two years. The surplus was created by cancellation of contracts in the USA by the Atomic Energy Commission (which uses lithium to make hydrogen bombs), leaving large stocks and excess productive capacity. Because of the importance to American producers of the AEC contracts, which British producers regard as a subsidy, the Board of Trade was also asked two weeks ago to impose a countervailing duty (specifically aimed at subsidised imports) on imports from the USA.

No explanation for quicker action this time has emerged from the Board of Trade, but it is likely to have had one of two causes. Either exporters were forestalling—anticipating a duty by stepping up, and stocking, exports—or just stalling, and holding up investigations by not co-operating. The Board has caused the chemical industry much unhappiness in the past by refusing to take summary action when forestalling was alleged. It is possible to sympathise both with the Board's reluctance to act before ready and the frustration felt by industries as dumped imports increased even while home producers tried to have them stopped. There may be a case for amending the 1958 Act to make anti-dumping duties effective from the date on which the application was first announced; the action would be retrospective (and perhaps administratively difficult), but importers would have had fair warning.

TYRES

Rubber Prosperity

Milan

ITALY'S rubber industry is booming with the tyres equipping Italian-made motor vehicles. Accounting for 60 per cent of the output of rubber products, the value of the Italian tyre market reached approximately £65 million in 1961, up by 15 per cent from 1960, and is expected to hit a record figure of over £67 million in 1962. The surge in demand, caused mainly by Italy's rising car output, has forced Italian tyre makers to expand their productive capacity by 70-80 per cent over the three-year period.

The Italian market is dominated by three Italian tyre companies. Pirelli of Milan accounts for about half of domestic sales. CEAT and Michelin Italiana, both of Turin, share most of the rest, with tyres from about half a dozen foreign firms with sales organisations in Italy a long way behind.

No foreign tyre firm manufactures on its own account in Italy, although General Tyre has a technical agreement with CEAT and Goodyear has a manufacturing arrangement with the same firm. A third American firm, Seiberling Tyre, last year signed a licensing agreement with Dardanio Manuli S.p.A. of Milan to supply the Italian firm with know-how and technical assistance for the purpose of setting up a new tyre plant in Southern Italy.

Foreign companies selling in Italy concentrate on the replacement market and

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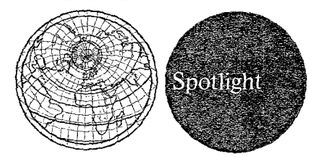

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special items such as heavy duty tyres not manufactured locally. Pirelli, CEAT and Michelin supply practically all of the original tyre equipment as Italian automakers give preference to national companies in which they often participate financially.

Italy's tyre makers are now preparing to meet both increasing demand and competition. Unofficial estimates place the industry's investments at close to £15 million this year. New plants include those currently under construction by CEAT just outside of Turin, by Pirelli at Villafranca, Sicily, and by Michelin Italiana at Cuneo in northern Italy. Future investments are expected to level off at £9 million a year to keep in step with motor vehicle production. The main hopes of foreign tyre manufacturers depend on imports of foreign cars, and the chance that in replacing tyres on them Italian motorists may be prepared to fit the original brand again.

TIN

Enforced Follow On

As the *de facto* boss of tin now resides in Washington, the latest meeting of the International Tin Council in Bangkok is seen as merely a preliminary to discussions with American stockpile authorities. The ITC dispatched its routine business in Bangkok, presumably worked out proposals to put to the Americans, which the chief Malayan delegate has described as "really hot," and picked its men for Washington. A new round of stockpile talks will begin on December 13th to clear the ground for a new series of disposals following the final sale under the current programme on December 19th. Producers fear that the United States will suggest a higher maximum rate for releases. That much American officials are almost certain to do, if only to establish a first bargaining position. Similar tactics appear to have been used quite coldly in the past. The reported divergence between American estimates and official ITC statistics on the size of the shortfall in tin production is presumably also part and parcel of the stockpile preliminaries.

Apart from an extraordinary premium on spot supplies of tin in London, the market has sobered down in recent weeks after two year's cavorting. But having had the opportunity to let off steam without inhibitions, the market appears now to have settled at £865-£870 a ton merely because it does not know in which direction to turn next. The future of tin has seldom been more obscure. As producers and consumers are aware that the rate of stockpile releases will dictate the price range of tin for many years to come, contributions to discussion of what ought to be a fair price for tin have been couched in theoretical and extreme terms. Producers threaten that through their niggardliness consumers will eventually deprive themselves of supplies of tin, while some consumers would claim that because of producers' greed for high prices, tin might be displaced by substitutes.

The ITC is keeping its counsel—and estimates—for American ears, so that no further guide to the extent of the expected shortfall in production below consumption is available. The Malayan Finance Minister is cautiously budgeting for a somewhat smaller output in 1963 and foresees an apparently unavoidable reduction in Malayan production in later years. But the further discovery of likely tin-bearing land is reported in Malaya, so that the long threatened run-down in tin output could be staved off yet again.

RESTRICTIVE PRACTICES COURT

Heavier Burden?

THE Court of Appeal has upheld (with one dissension) the right of the Restrictive Practices Court to consider whether an oral agreement on newspaper prices and terms of sale was contrary to the public interest, even though the agreement had been terminated before it had come before the Court. Whether or not this particular judgment is upheld—the appellants have leave to go to the House of Lords—a very important interpretation of the Restrictive Trade Practices Act has been raised.

If, as Lord Denning said in his summing up, the Registrar has not only a right but a positive duty to bring before the Court all registered agreements even if these have expired or been abandoned since registration, a mountain of work materialises. About 1,400 registered agreements have so far died, been voluntarily killed, or rendered innocuous by the removal of relevant sections. This figure compares with 20 contested and over 60 undefended cases so far dealt with by the Court. The point made by Lord Denning was that the power of the Court not only to condemn an agreement but also to issue an injunction restraining the parties concerned from making a similar one in the future meant that a useful purpose was served in passing judgment on dead agreements. Especially where these have died merely from an explicit time limit this could mean that the already lengthy list of cases liable to be defended to the end would swell to fantastic proportions.

SHORTER NOTES

Merchants in the export trade, according to a survey carried out by the Association of British Chambers of Commerce, are more optimistic than they were four months ago. Of those reporting a change in the rate of export orders received, more say these have gone up than say they have gone down—though export deliveries seem to be rising even more strongly, and the outstanding export order books are being reduced. The length of time they can quote for delivery, therefore, is tending to come down. Merchants also note that higher prices for some British exports are being accepted abroad, and they expect orders to go on rising. It should be noted, however, that much the same picture is reported by import merchants; the rate of ordering abroad is going up, import arrivals have increased, higher prices are being paid for foreign goods, and the outstanding import order book is going on rising.

★

Television stations earned in total less revenue in October than they did in October last year, according to calculations by Media Records Ltd., though three less stations were in operation last year. Total revenues were £8,689,000 compared with £8,859,000 in October 1961. With the addition of 11 per cent tax, total expenditure on television advertising in October was £9,643,000 compared with £9,833,000 a year earlier.

★

Canada has repaid a further $25 million of the $100 million borrowed from the Bank of England in June. This leaves $25 million outstanding. The repayment does not affect Britain's reserves since the $100 million was never deducted in the first place.

★

Export orders for machine tools recovered in September. though they were only one per cent higher than a year before compared with an increase of nine per cent for the year as a whole. The slump in home demand continued to accelerate, however, with September orders 55 per cent below those of a year before. Total orders for the month were 40 per cent below those of a year before.

★

Courage Barclay and Simonds is making a £2 million bid for Harman's Uxbridge Brewery. The offer of £10 for each £1 ordinary share has already been accepted in respect of 59 per cent of the equity and it is to be extended to minority holders on the same terms. The shares do not have a quotation.

COMPANY AFFAIRS
Comments on pages 1063 and 1064 on:
United Steel — Thos. Firth & John Brown
Watney Mann — Land Securities Trust
Kardomah — d'Outremer
Dannimac — R. A. Lister
Richard Costain

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 1064 and 1065

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1067

COMPANY MEETINGS

THOS. W. WARD LIMITED

MR H. W. SECKER ON A DIFFICULT YEAR

The fifty-ninth Annual General Meeting of Thos. W. Ward Limited was held on November 30, 1962, at Sheffield. **Mr H. W. Secker, OBE** (Chairman), presided and, in the course of his report, already circulated, said:

Changes involving both personnel and certain sections of the business have taken place since the last meeting.

Mr Harold Vernon died during the year. A director since 1938, he had been with the Company all his working life, had charge of our Machinery Division, and was on the Boards of a number of subsidiary companies. He was an enthusiastic worker and will be missed by his many friends.

Mr Arnold Carr has been appointed Joint Managing Director. He has been a Director since 1941, during which time he was for nine years in control of our London Office and the South. He was appointed an Assistant Managing Director in 1954 and Deputy Chairman in 1958. He is, therefore, a man of wide experience, well qualified to join me as Managing Director.

Mr F. W. Robinson, appointed a Director in 1950 and succeeding Mr Arnold Carr in the control of the London Office, has returned to Sheffield as Assistant Managing Director.

Mr G. S. Wood, a Director of the Company since 1948, has been appointed Director in charge of the London Office and operations in the southern part of the country.

GROUP RESULTS

Since the end of 1957 we have had a rising trend of Group profits, increasing from £2,599,578 in 1958 to the record profit of £2,949,198 in 1961, and it is, therefore, disappointing that profit for 1962 at £2,466,832 shows a decrease of £482,366 from the record profit of the previous year.

Although we have a certain diversity in the Group, at least 48 per cent of our interests are directly bound up with the fortunes of the steel industry, which is working well below capacity, and a further 12 per cent can be affected by the policies pursued by the British Transport Commission and National Coal Board. Further factors have been that output levels in Scotland and the North East coast, particularly associated with shipbuilding and heavy engineering industries, remain considerably below those of 1961, and that the de-stocking movement in steel is proving more serious than expected.

Full credit is due to my colleagues on the Boards of the Parent Companies, and the Management, Staff and workpeople for results, which, having regard to circumstances, are not unsatisfactory.

The percentage of profits before tax on the Group turnover of £47 millions has fallen from 5.67 per cent to 5.23 per cent, and profit before tax on the capital employed has fallen from 18.13 per cent to 14.41 per cent.

PARENT COMPANY

The reduction in demand for scrap, and in stocks at the steel works, has severely restricted the activities of our scrap and shipbreaking departments. From November 1, 1961, we have been able to sell scrap abroad but there is no sign of an increase in demand for home consumption.

Unless we can induce the steel industry to value shipbreaking scrap as other countries, at a higher price than is paid for ordinary production and collected scrap, British shipbreakers are in danger of being forced out of business.

Our Machinery Division has experienced a satisfactory year and turnover, but profits show a slight fall due to intensity of competition. The Factory Planning and Installation Department has undertaken many contracts of a very interesting nature, among them being one for the new B.M.C. factory at Bathgate; 750 machine tools have already been removed and installed, and the programme involves another 2,500.

Railway Sidings, Wagons, Dismantling and Foundry Supplies Divisions have maintained a satisfactory turnover, but Contractors Plant showed a fall in turnover, and a decline in profits.

CEMENT AND QUARRIES

Ketton Portland Cement Co. Ltd. showed an increase in profit and its new unit, brought into operation at the end of May, should add 150,000 tons per annum to the capacity.

Ribblesdale Cement Ltd., and its subsidiary, the Horrocksford Lime Co. Ltd., jointly owned with the Tunnel Portland Cement Co. Ltd., have continued to work at full pressure.

Shap Granite Co. Ltd., Eldon Hill Quarries Ltd., and De Lank Quarries, have had a reasonably good year, and the Company is pursuing a policy of increased mechanisation to offset the continued rise in production costs.

ENGINEERING

A difficult year has been experienced by Thomas Smith & Sons (Rodley) Ltd. where inflow of orders deteriorated very considerably during the second half of the year particularly on the home market. The export market is proving difficult, but during the year, a contract for 12 cargo-handling cranes for the Lyttelton Harbour in New Zealand, one of the Company's largest individual contracts, was obtained.

John Smith (Keighley) Ltd. achieved an increase in turnover, and maintained reasonable profit margins by close attention to specifications and designs.

The machine tool businesses of Woodhouse & Mitchell and Fredk. Town & Sons Ltd. were merged under the name of Town Woodhouse Ltd. to obtain benefits from the integration of design, selling and production methods.

The results of Widnes Foundry & Engineering Co. Ltd. were satisfactory, and though conditions of extreme competition have developed, a fair share of the business is being obtained.

Darlington Railway Plant & Foundry Co. Ltd. and Railway & General Engineering Co. Ltd. have suffered from drastic restrictions on expenditure by nationalised industries and steelworks in both the foundry and engineering sections. There is a substantial falling away in the number of enquiries for exports, and fierce competition for the small amount of business offering.

George Cooper (Sheffield) Ltd. has experienced a relatively satisfactory trading year, although the profit shows a small decline.

MANUFACTURE OF IRON AND STEEL AND NON-FERROUS METALS

Against severe competition, Wolverhampton & Birchley Rolling Mills Ltd. have kept all mills fully employed and good progress is being made with the replacement of the 12 inch mill, expected to be in commission about the end of June, 1963.

The depressed state of trade in Scotland and the North East has had adverse effects on John Williams (Wishaw) Ltd. There has been some improvement since June 30th; if this continues, we should reap benefits from the new plant installed two years ago.

The Midland & Low Moor Iron & Steel Co. Ltd., and its subsidiary, Steel (Sheffield) Ltd. suffered a reduction in turnover due to the recession and increased costs of production, but the profit is not unsatisfactory.

Alexander Metal Co. Ltd. achieved its highest turnover but generally speaking, business has been unremunerative. At the present time the order book is substantial, and the Company should benefit from a programme of modernisation and development.

MISCELLANEOUS

Results of E. H. Pickford & Co. Ltd. and Deighton Motor Co. Ltd., affected by the strike at the Rootes Works last autumn, are in the circumstances satisfactory.

Conditions have been extremely adverse for our insulating interests, Dick's Asbestos & Insulating Co. Ltd., and Anchor Insulating Co. Ltd., due to limited work in power stations and shipbuilding industries.

Profits of Watson (Metallurgists) Ltd. are extremely satisfactory, and recent development plans will enable the Company to reap benefits when conditions in the steel industry improve.

Ward, Longbottom Ltd. has achieved a useful increase in profit. George Hassall Ltd. of Stoke show consistently satisfactory results, and Frank Parker & Co. Ltd. of London are consolidating their position in the supply of contractors' tools.

OVERSEAS TRADE

The French Company has had a satisfactory year, and, together with the Belgian Company, can prove of value in the event of our entry into the Common Market. The Australian Company is now operating in Melbourne as well as Sydney. Difficulties experienced by the Australian economy have not helped, and in the circumstances the profit is not unsatisfactory. The Swedish Company continues to make good progress, mainly in selling excavators in Sweden for Thos. Smith & Sons (Rodley) Ltd.

Many difficulties have been encountered in the Parent Company's export business, but tours have been made of the Far East and Australia and New Zealand by Directors and executives, from which valuable information has been obtained.

APPROPRIATION OF PROFIT

The available profit for the Group after taxation is £1,400,984, from which £216,791 is to be deducted being the profit attributable to Minority Shareholdings, leaving the profit relating to the Parent Company at £1,184,193.

The incidence of profits tax and income tax for 1962 is 45½ per cent compared with 46 per cent in 1961 but the profit for 1962, however, has had to bear the full impact of the increase in profits tax from 12½ per cent to 15 per cent made in the 1961 Finance Act.

Out of the profit relating to the Parent Company of £1,184,193 there has been retained £393,717 in the accounts of the subsidiary companies, leaving a balance of profit of £790,476, after deduction of dividend on Preference Shares and interim dividend on Ordinary Shares, is left a balance of £643,008. Your Board recommends a transfer to General Reserve of £350,000 and the payment of a final dividend of 10 per cent less tax on the ordinary share capital making a total of 13¾ per cent less tax for the year. A balance of £792,978 to be carried forward to next year.

BALANCE SHEET

Capital and reserves in the consolidated Balance Sheet total £14,762,063, compared with £13,982,347. Capital additions during the year are approximately £2,200,000.

The reduction in debtors and creditors reflects the contraction in trade and for this reason, bank balances have increased approximately £285,000. The cover provided by Current Assets over Current Liabilities approximates 2.2 times, which again may be regarded as very satisfactory.

PROSPECTS

The outlook for the coming year is very uncertain. At least 60 per cent of the Group's business is linked with steel and heavy engineering industries, in which are few signs of recovery in the immediate future. In other activities there are bright spots, particularly in cement, but the relatively large minority shareholdings in the subsidiary and associated Company mean that the profits these companies may achieve do little to offset decrease in profits experienced in the depressed industries.

Unless there is some sudden improvement, which I cannot foresee at the present time, it may be very difficult to improve on the profit shown for the year to June 30, 1962.

The report and accounts were adopted and the dividends recommended declared. The retiring directors were re-elected and the auditors re-appointed.

CHARTERED INSTITUTE OF SECRETARIES

YEAR OF ACTION AND INTEREST

Sir Denys Lowson, Bt.
President, Chartered Institute of Secretaries, 1962

The seventy-first Annual General Meeting of the Chartered Institute of Secretaries was held on Tuesday at the Chartered Insurance Institute, 20, Aldermanbury, London, E.C.2.

Sir Denys Lowson, Bt., President, in moving the Report of the Council for 1961-62, said:—

This has been a most active and interesting year for the Institute. I should like to refer to some of those activities of the Institute undertaken in discharge of the responsibility laid upon us by our charter "of submitting advice on matters of law and practice relating to all things connected with the profession of secretary." During last summer the Report of the Jenkins Committee on Company Law Amendment was published and it was interesting and pleasing to see how, on many aspects of the law, the views of the Institute were in close correspondence with those of other leading professional bodies and of the Jenkins Committee itself. Further work is now going on on this Report so that the Institute will be ready, when proposals for legislation are introduced by the Government, to submit further considered views. We have continued to work in close co-operation with the Stock Exchange, London, and other bodies on transfer and dividend procedure. We have had several meetings with representatives of the Committee of London Clearing Bankers on problems resulting from the introduction of electronic machinery—in particular the use of sorting code numbers and personal account numbers. Perhaps one of the outstanding events to which reference may properly be made under this head is the conference held in Guildhall in October on decimalisation of the currency, organised by the London Branch in conjunction with the Council of the Institute.

I look forward to further events of this kind. For example, the many legal and practical problems which may well confront company secretaries and staffs if and when Britain enters the European Economic Community perhaps provide suitable material for another conference in London next year. Mention must be made of the extremely successful annual conference which was held in Leamington Spa in May and over which I had the privilege of presiding. We then had the pleasure of studying three important papers, two of which had been prepared by colleagues of mine on the Council of the Institute, Sir David Muir on Australia and Lt. Col. F. W. McGuinness on the wine trade. Mr H. G. Lazell, Chairman of the Beecham Group, gave us a most interesting address on sales promotion and advertising.

EXAMINATIONS

This year saw the coming into force in June of the new regulations governing our examinations. Inevitably, the examinations have become more difficult, and it would not really have been surprising if our student population had fallen. In fact, however, it has increased—by more than 1,000 in the last 12 months, reaching a total today of more than 20,000. And at the last diet of examinations in June, 1962, an all-time record number of candidates sat—nearly 6,800 in almost 200 centres in many widely separated parts of the world.

The results of the examinations were about average with a still disappointingly low percentage of success (34 per cent) in the Final. The simple explanation, as before, is that too many candidates attempt the examinations, which in practice require five years' part-time study, with inadequate preparation. We may indeed have to look again at the regulations in this connexion.

MEMBERSHIP

We now have over 28,000 members and licentiates, and the numbers steadily increase by about 700 every year. Such a membership, spread all over the English-speaking world, constitutes a great reservoir of knowledge and practical experience, which may be drawn upon by virtually anyone who requires help or advice. It cannot be too often emphasised that our Head Office in New Bridge Street is a clearing house of advice and information on administrative matters and that we have what may be, for professional bodies, a unique opportunity and responsibility of obtaining advice from some, and providing it for others—from the most developed and sophisticated community to the latest country to achieve independence and to assume responsibility for its own administration.

I am particularly glad to say that the Institute is very strong in Australia, a country with which I have long had very close business and personal connexions. Of our 28,000 members no fewer than 7,000 are in Australia, and they, as we ourselves, are much looking forward to 1964, the year in which the Division will celebrate the 50th birthday of the first Institute organisation on Australian soil. We were therefore particularly happy that the Governor-General of Australia, the Right Honourable Viscount De L'Isle, VC, GCMG, during the year accepted Honorary Membership of the Institute. In New Zealand, Canada and Southern Africa too, where we have Divisions, steady progress is being made.

CONCLUSION

As the latest in a long line of Presidents taking the chair at the Annual Meeting, two others of whom besides myself (in the persons of Lord Broadbridge and Sir Stephen Killik) have also occupied the position of Lord Mayor of London, I should like to assert once more the purpose of the Institute. We believe that bodies such as ours, training the young, providing firm and accepted standards of knowledge and integrity, and binding together, through their common interests and experience, administrators in many lands, make a very substantial contribution to the basic ideals of peace, order and good government.

The Report and Accounts were adopted unanimously, and the proceedings terminated with a vote of thanks to the President for all that he had done during the year.

Lloyds & Scottish Ltd

Group profit more than doubled

SOME CONTRACTION IN VOLUME, BUT LONG-TERM GROWTH PERIOD AHEAD

Statement by the Chairman, Mr. Ian W. Macdonald

In his statement accompanying the Report and Accounts for the year ended 30th September 1962, the Chairman reviewed the integration of the two former operating companies, with clearance of arrears, during the earlier months; and the Group's steady advance since then, with a marked increase in earnings. His statement follows:

The activities of our Group during the past year may conveniently be divided into two phases. In the early months we were preoccupied with management integration, both at home and overseas. In my previous statement to shareholders I intimated that from 1st October 1961 Lloyds & Scottish Finance had become the main operating company, superseding Olds Discount and Scottish Midland Guarantee Trust. The consequential streamlining of activities and procedure involved many decisions and much hard work at all levels of management and our shareholders are grateful to Mr. McQueston and his colleagues for their energy and enthusiasm in tackling and completing this major exercise. The integration phase was made the more burdensome as it unfortunately coincided with the final stages of clearing the considerable volume of arrears which continued to emerge from 1958/60 contracts. In that connection shareholders will be glad to know that the management consider that adequate provision has now been made for all material losses on these older contracts in the United Kingdom. The one reservation which has to be made is in relation to certain overseas subsidiaries, to which I shall refer later, where there is still a measure of doubt about the true value of outstanding contracts.

The second phase might be described as a slow but steady advance all along the line by the combined and integrated forces. The extent of this advance was of course influenced, certainly in this country, by the prevailing hire purchase climate, which could not be described as set fair. Indeed the barometer of the industry as a whole kept falling during the early months of the year and then levelled off. The two main sections of the economy on which we rely for the volume of our business, i.e. vehicles and consumer goods, were both in a somewhat depressed state during much of the year, but there has been a slight upward trend in the last month or two in consumer goods following a relaxation by the authorities in the minimum deposit for certain categories of household durables.

Long-term growth prospects

It is still too early to measure the effect on hire purchase business of the recently announced cut in purchase tax on cars. Any stimulus which increases the demand in the home market should eventually be reflected in an improved volume of hire purchase business. The immediate reduction in second-hand prices may however, postpone the re-entry into the market of hirers with future instalments which now aggregate more than the market value of the vehicle. While there is not as yet any positive evidence of the resumption of a general upward trend, there is still good reason to believe that in this country we are in a long-term growth period for hire purchase and instalment finance in all its different forms.

The factors which influence our United Kingdom profit have fortunately tended to move in our favour. The cost of money has fallen steadily in association with several reductions in bank rate, and the incidence of bad debts has been a receding element. As a result, our earnings, as compared with the previous year, show a marked improvement. Perhaps the most encouraging feature is the extent of that improvement in the last few months of the financial year.

Overseas: disappointment and progress

Turning to our overseas activities, these might be divided geographically for the purpose of description. In Africa our local subsidiary companies have all contributed to the group profits and this success is due not only to the ability of our local managers but also to the enthusiasm of our local directors. On the other hand, in the Caribbean area we have encountered continuing difficulties, stemming from a variety of adverse factors including economic and political disturbances. It is not yet possible to say that these have been entirely surmounted, although we now hope that we have their measure in so far as this lies within the control of our management. It will be seen from the consolidated profit and loss account that certain subsidiary companies in this area incurred considerable losses against which, unfortunately, there is no means of obtaining British tax relief. As I said earlier, we cannot yet be confident that further losses will not emerge in these areas. In the meantime we have made full provision for our share of all ascertained losses.

As shareholders will know we have, in association with Bowmaker, a considerable investment in Western Europe and during the year this has been further extended by the acquisition of a controlling interest in two established and well managed finance companies in Holland. The other subsidiaries of our Swiss holding company (in France, Italy and Switzerland) have made steady progress and we are satisfied with our participation in the growth of instalment finance business in Western Europe.

Molony Committee recommendations

Reverting to home affairs, the past year has been one of comparative tranquillity after the storms and upheavals of recent years. There has been no intervention by government, apart from the slight easing in deposit terms on certain classes of goods. There have been no sudden or unexpected changes in bank rate and the variations in the national volume of business, although mainly adverse, have not been substantial.

One subject which may prove to be of considerable importance to the hire purchase industry is the Molony Committee Report on Consumer Protection. Many of the Committee's proposals relating to hire purchase are of a minor nature and if put into force will improve both law and practice. The most important recommendation is to extend the protective legislation—which requires court consent prior to repossession—to all classes of hire purchase and credit sale agreements covering goods intended for private or consumer use. (Paragraph 557.) The present protection covers goods with a hire purchase price not exceeding £300 at the date of the contract. This proposal would have its main impact on new and better class second-hand private cars, where deterioration in value could be rapid if remaining in the possession of a defaulting hirer for some considerable time pending a court decision. It seems inevitable that in practice finance companies would suffer from such a change in the law, and would in consequence increase their charges to meet this new hazard. It is to be hoped that the Government will carefully weigh and compare the advantages and disadvantages to the consumer of this controversial recommendation.

Finance Houses Association

It is only right that the major national companies should have a special interest in the progress of the Finance Houses Association, of which we are members. As I see it, this Association—and the Industrial Bankers Association, whose members are finance companies somewhat smaller in size—have already done much useful and valuable work in guiding and steering the affairs of a relatively new industry, and I suggest that there is particular need for such associations when a national industry is still more or less in its infancy and yet growing rapidly. Through these associations it is possible to promote more quickly a general acceptance of higher standards of commercial practice and greater measures of protection for members of the public who in the past have not always been able to protect themselves. One occasionally hears accusations levelled against the Finance Houses Association of restrictive practices as regards rates and terms offered to the public, but I am satisfied, from an analysis of their activities, that these could better be summed up as protective practices designed to benefit both themselves and their customers. It is certainly our intention to give solid support in future to this Association.

Credit information

Another topic of special interest to the Finance Houses is the continuing effort to improve the standard of available credit information. As shareholders already know, we are partners with other national Finance Houses in the development of Kemp's Mercantile Offices Ltd. Through this agency—and in association with other credit givers—we are striving to make up for the lost years when the granting of credit surged far ahead of the registering of credit information. It should perhaps be emphasized that the gap in the structure is not so much the non-existence of vital information as the failure to centralize it. This point is demonstrated in relation to a pilot scheme presently being undertaken by Kemp's in a selected area. The information being collated into the new register is mainly of a positive nature, flowing from existing sources, and the only new feature is its convenient availability to any regular credit giver in the area. It therefore offers an improved measure of protection to the finance house or credit retailer and helps to restrain the unwise hirer from excessive commitments.

Profit more than doubled

The Accounts show that the group profit before taxation has increased from £739,004 to £1,741,431. The Directors thought it appropriate to utilize part of the Contingency Reserve to absorb certain bad debts which were known to be doubtful when the accounts were closed last year but only crystallized during the current year. £150,000 of the Reserve was applied in this way.

As I have already stated, the volume of our group business declined over the year as a whole and the Consolidated Balance Sheet shows Hire Purchase and other Debtors at £90 million compared with £102 million.

Our colleague, Mr. Stanley Keywood who prior to the integration was Chairman and Managing Director of Olds Discount, reached retiral age during the year and resigned from the parent board. Mr. Keywood had long experience of hire purchase, particularly in relation to consumer goods, and made a valuable contribution to our growth and strength in that field.

Lloyds & Scottish Ltd
OWNED BY LLOYDS BANK LTD
AND NATIONAL COMMERCIAL BANK OF SCOTLAND LTD

BROKEN HILL SOUTH LIMITED LOOKS TO FUTURE

INCREASED WORLD DEMAND FOR LEAD AND ZINC EXPECTED

Addressing shareholders at the annual meeting of Broken Hill South Limited in Melbourne on November 5th, the Chairman of Directors, Mr G. Lindesay Clark, struck a note of optimism both with regard to the Company's present activities and the development of a number of its projects.

Mr Clark said that increased world demand for lead and zinc, as well as an increase in price for silver was beneficial to the Company. He reported favourably on other big investments by the Company including the progress of Alcoa of Australia which is constructing a £45 million aluminium complex in Australia; Cobar Mines Pty, Ltd. which is developing the C.S.A. copper mine at Cobar, N.S.W. and other exploration activities.

FINANCIAL

Profit—The net profit of the Company fell to £567,000 from £761,000 in 1961, due to lower prices realised from lead and zinc, as well as the low level of production voluntarily maintained under the International Agreement restricting mine output.

The surplus from working the South Mine declined by £224,000. Investment income, including £50,000 in dividends from the subsidiaries Barrier Central and Zeehan Mines, totalled £600,000 which showed an increase of £3,000 on the previous year.

Mining expenditure charged to the working account was down £200,000 due to the lower mine output, and to the capitalisation of £170,000 expended on the development of the Junction mine; a sum which appears in the balance sheet under "assets" for the first time.

Strong representations are being made to the South Australian Government for a reduction in the excessive high rates applying to railage.

The Chairman advised that it was the Company's intention to call up 2s. 3d. per share (including 9d. premium on January 31st) on the contributing shares.

Dividend—Dividend No. 114 of four pence for each stock unit payable on December 4th, will require £274,167.

Balance Sheet—The substantial rise in shareholders funds reflects the reorganisation and issues of share capital and the revaluation of certain assets. The Share Premium Account credit balance stood at £444,000; an additional £704,000 will be credited to this account as premiums are received from Shareholders.

The Assets Revaluation Reserve has a credit balance of £2,145,000 after capitalisation of the sum of £3,200,000. Market value of listed securities is higher than that reported on the balance date. Current assets amounting to £2,575,000 include £392,000 invested temporarily in Commonwealth Loans but since sold toward payment of a call on shares by Alcoa of Australia Pty. Ltd. current liabilities amounting to £1,863,000 are adequately covered by the remaining current assets of £2,183,000. Contingent Liabilities include £3,297,000 uncalled on Alcoa of Australia Pty. Ltd. contributing shares, since reduced to £2,748,000 by the payment of a call.

BROKEN HILL SOUTH MINE

Operations.—Operating expenditure increased from £7 6s. 0d. per ton of ore to £7 18s. 8d. for reasons already explained.

The latter figure includes the cost of development expenditure which has been capitalised in the accounts.

Operation on the British Junction Leases, acquired from North Broken Hill Limited, commenced during January, 1962. Following investigation it was decided to extend the 1,480 ft. level drive some 6,200 ft. north to connect with the British Junction working. The drive will be the main transport opening for ore produced at Junction.

Reserves of ore are 220,000 tons higher than the previous year due to the acquisition of the British Junction Cases.

Mine production this year to date is approximately 50 per cent higher than it was for the same period last year. It is proposed to increase the annual rate of production to 350,000 tons as compared with 259,000 tons produced last year. The achievement of this rate during the current year will depend on whether the Junction haulage drive is completed by March, 1963. Diamond drilling of the deep fold structure in the Western Zone was continued from two locations. On the first location two further deflections were drilled from holes Nos. 1093 and 1126. The first passed beneath the main fold whilst the second intersected the structure exposing three feet width of ore at a grade of 14 per cent Pb. 5.5 ozs. Ag per ton and 3.7 per cent Zn. A third deflection is in progress.

On the second location Hole No. 1205 was completed and passed beneath the fold structure, indicating the position of the structure to be higher than anticipated. Drilling from the Junction haulage drive to test the position will be delayed until next April.

Exploration—Diamond drilling on geophysical anomalies in the Broken Hill district has been increased, and five geophysical anomalies located, and a further two being drilled. Of those tested two contain considerable widths of strongly mineralised lode material whilst the remaining three are minor sulphide or graphite disseminations not warranting further investigation. The two well mineralised positions occur at Staurolite Ridge and Stirling Vale, the former about sixteen miles South of Broken Hill, and the latter six miles South West. Two further holes drilled 5,000 ft east of the first location showed a similar lode with less iron but somewhat stronger, though uneconomic copper content. At Stirling Vale a similarly broad iron sulphide mineralisation was intersected in the one hole drilled to date. The discovery of these mineralisations marks an important step forward in the effectiveness of our geophysical techniques.

The exploration in the district is being financed jointly with North Broken Hill Limited and Electrolytic Zinc Co of Australasia Limited. Exploration work beyond the Broken Hill district is being carried out by the Broken Hill South subsidiary, Mines Exploration Pty. Ltd., in conjunction with McPhar Geophysics Ltd. of Canada, and North Broken Hill and the Electrolytic Zinc Co. propose to participate.

Geological and geophysical testing has been done in the Kanmantoo and Tumby Bay districts in South Australia, resulting in some twenty-four mineral claims being pegged. In Queensland a number of anomalies have been located in the Chillagoe area.

Drilling has been started to test two anomalies disclosed in the Moonta-Wallaroo district on Yorke Peninsula, South Australia, by Western Mining Corporation, a project in which Broken Hill South has a 30 per cent equity.

COBAR MINE

Satisfactory progress is being achieved in the C.S.A. Mine No. 1 ventilation shaft of 14 ft. diameter was sunk to a depth of 174 ft. initially, and sinking in No. 2 service shaft of 18 ft. diameter was suspended at 157 ft. The installation of the head frame and sinking winders at No. 1 shaft is now virtually complete and sinking operations recommenced on November 5th.

The sinking head frame has been erected over No. 2 shaft. The three deck sinking stage is being assembled and sinking will resume within the next few weeks.

In the power station four of the five diesel alternators have been commissioned, and the four stationary air compressors are available for use.

Tenders have been called for the erection of the pilot ore treatment plant.

Experience over many years in the various Cobar ore-bodies reveal that both ore and enclosing rock are strong and that the ore stands well without support over considerable widths during mining. Early work on the upper levels of the C.S.A. western orebody showed that it had a similar property. Diamond drilling to below 3,000 ft. has indicated that this favourable characteristic should continue in both eastern and western orebodies, making them suitable for extraction by some open stoping method. To select the particular mining method most suitable for the wall and lode condition at C.S.A., Mr M. Howell, Executive Director of Broken Hill South, and Mr L. Thomson, General Manager of Operations at Cobar visited a number of comparable deposits overseas, and inspected newly developed mechanical equipment for underground use. Following this visit it has been decided to adopt a mechanical cut and fill system of mining, which will enable mining to be carried out at costs comparable with open stope methods.

Broken Hill South holds a 76 2/3 per cent interest in the Cobar Mines and Consolidated Zinc Pty. Ltd. the remaining 23 1/3 per cent. An amount exceeding £2,100,000 has been expended to date, including prospective development at the C.S.A. Mine, and acquisition of fixed assets. The initial finance for 1963 calendar year will be provided by short term borrowing. Discussions are in progress with the State department and various State authorities in New South Wales for the provision of essential public services and housing needed for the establishment of the enterprise.

The assessment of the capital requirements for Cobar accordingly has to await the conclusion of these discussions.

ALCOA'S PROGRESS

This company has a 16.6 per cent interest in Alcoa of Australia Pty. Ltd., consisting of 486,111 fully paid £1 shares and 3,663,889 contributing shares of £1 each on which 5s. per share has been paid to date totalling £916,000.

The company budgets to meet a further £2,100,000 for Alcoa during 1963 and 1964. This liability is covered by the outstanding balance of 5s. 3d. per share on Broken Hill South's own contributing shares. The provision of the balance of £641,000 will be considered at the appropriate time.

Alcoa reports good progress at its refinery at Kwinana and its smelter at Point Henry. Kwinana with a capacity of 210,000 tons of alumina per annum is expected to commence operations in the last quarter of 1963, whilst the first stage of the Point Henry Plant, with an annual production of 20,000 tons of aluminium is expected to commence production about March, 1963, initially from imported alumina.

The second stage at Point Henry will increase the smelting capacity to 40,000 tons per annum. Work on the fabricating plant has commenced and production from the first segment should begin about the middle of 1963.

Long range prospects both at home and abroad are bright for Australian aluminium, initial sales contacts having proved to be encouraging.

World Market Trends—The Lead/Zinc Study group meeting at Geneva predicts a further statistical improvement in the metal field. According to estimates by the delegates the Free World's consumption of lead this year will reach a record level, and new supplies will fall short of demand by 75,000 tons. With regard to zinc the study group also forecasts a consumption record for 1962. The world price of silver has risen since November, 1961, and is now approximately 10s. 8d. per ounce as against 8s. 3d. in June, 1961. Indications point to stability.

BRITISH OVERSEAS STORES

The forty-first Annual General Meeting was held on November 30th in London, **Mr H. C. Mumford** presiding.

The following is an extract from his circulated statement for the year to March 31, 1962:

The very disappointing results again reflected in the accounts have led to the decision that no Ordinary dividend is to be paid.

Our Caribbean interests have been disposed of in their entirety. The political uncertainty in Portuguese East Africa and the Federation of Rhodesia and Nyasaland continues to have a very marked influence on trading. In South Africa the results have continued to be unsatisfactory and a general programme of reorganisation and modernisation has been undertaken. In Kenya our small company in Nairobi is affected by the decisions of many Europeans to leave the colony and prospects are extremely uncertain.

In New Zealand Kirkcaldie & Stains' turnover and net profit are new records. However, the uncertainty regarding Britain's application to join the European Economic Community is being felt and there has been a downward trend in sales since April and the likelihood is that profits will be less than those of past years.

Economic and political uncertainties in various parts of the world in which Whiteaway, Bickley & Bell Limited, London, trade have resulted in reduced turnover. Generally, it is expected that the realistic measures that have been taken in the last few months will be reflected to some extent in the current year and more certainly in the years to come.

The report and accounts were adopted.

NETHERLANDS BANK OF SOUTH AFRICA LIMITED

DIVIDEND 10 PER CENT

The twelfth Ordinary General Meeting of shareholders of the Netherlands Bank of South Africa Limited was held on December 4, 1962, **Dr F. J. C. Cronje** (the chairman) presiding.

The following is an extract from his circularised statement:

POSITION OF THE BANK

Accounts: The increase in the Bank's credit monies and the lower level of advances and discounts resulted in greatly enhanced liquidity during the year as was, for instance, reflected in a considerably larger holding of Government Stock.

This position accorded with the general financial and economic situation in Southern Africa during the period under review.

A significant development is, however, that the Bank's commission earnings, which may be regarded as a useful barometer of business activity, have shown substantial improvement since the second quarter of 1962.

Continued restrictions on imports affected our business in this particular field but our export financing activities showed a satisfactory development.

It is gratifying to mention that, in spite of a further increase in expenses, the Bank's profit could be maintained at about last year's level.

In December, 1961, the Bank's issued capital was increased by R1m. to R6m. All the new shares were locally issued and taken up, together with 400,000 old shares held previously by the Nederlandse Overzee Bank N.V., in Amsterdam. As a result the majority shareholding in the Bank passed to South African investors.

At the same time our Institution was offered a 12 per cent share in the capital of our erstwhile parent company in Amsterdam with representation on its Board of Directors. The offer was taken up and this placed our Bank in a position where it would be able to participate in the development of its affiliated company within the European Economic Community and elsewhere in Europe as well as on the American continent. This strengthened link will also prove beneficial to the Bank's customers.

It is also important to mention here that the expected dividend income accruing from our participation in the share capital of the Nederlandse Overzee Bank N.V., should become available only during the next financial year and has not influenced our results in the period under review.

In regard to the expansion of our local activities it gives me pleasure to place on record the elevation of the status of our Regional Manager's office in Cape Town to that of an Assistant General Manager's office.

Furthermore, I would like to mention that in January this year we moved into the first completed part of our new Head Office premises under construction in Johannesburg. The second stage of the building is expected to be ready for occupation towards the end of 1963.

The construction of a new building in Bloemfontein, to accommodate the Regional Manager's office for the Orange Free State, is also proceeding according to plan and is likely to be completed in November next year.

A new South African branch was opened in Johannesburg (Newtown), while in Southern Rhodesia a branch was established at Que Que. In both countries our representation was extended by the establishment of new subbranches and agencies.

Our business outside this continent could be maintained on a satisfactory level although the activities of our London office were affected by the reduced level of import spending by South Africa and the Federation.

Our relations with the Nederlandse Overzee Bank N.V. and its subsidiaries and affiliates were again of great benefit to us. During the year the Nederlandse Overzee Bank N.V. participated in the capital of a Swiss banking institution and also established a new, wholly-owned, subsidiary in New York.

Our own Representative's office in that important centre continues to render us valuable services.

Finally, it should be mentioned that, as is customary, all additions to the Bank's office equipment, furniture and stationery were written off while adequate provision was made for taxation, possible bad and doubtful debts, depreciation of bank buildings and for the usual strengthening of the Pension Fund.

NETHERLANDS FINANCE AND INVESTMENT CORPORATION LIMITED

In previous years no detailed figures of our fully owned subsidiary "Netherlands Finance and Investment Corporation Limited" were published. However, the activities of this company, mainly in the field of industrial finance by way of participations or medium-term lending, have grown in importance lately. For the first time its balance sheet and profit and loss account, for the financial year ended September 30, 1962, are now published for the information of shareholders. Consequently, the publication of a consolidated balance sheet of our Institution became necessary.

DIRECTORS' REPORT

You will have noticed from the Directors' Report that, as a result of the issue of 500,000 shares of R2 each to which I referred earlier, our general reserve could be increased to R3.7m. by the share premium, which amounted to R500,000. In addition, your directors propose to allocate a further amount of R200,000 from this year's profits, which will bring the total reserve figure to R3.9m.

The results obtained during this financial year enabled your directors to declare an interim dividend of 5 per cent, which was payable in July last. It is recommended to shareholders to declare a final dividend of 5 per cent, making a total of 10 per cent, which equals last year's dividend.

The report and accounts were adopted.

INTERNATIONAL DISTILLERS AND VINTNERS

Confident of Increased Profitability and Expansion, says Mr H. C. B. Berens

SHAREHOLDERS APPROVE CAPITAL REORGANISATION AND SCRIP ISSUE

The tenth Annual General Meeting of International Distillers and Vintners Limited was held on December 5th in London. The following are extracts from the Statement by **Mr H. C. B. Berens,** Chairman of I. D. & V., which has been circulated to Shareholders. Mr Berens stated:

"In the spring of this year we carried through by far the most important step forward in the Company's expansion by the merger with the well-known firm of Gilbeys Limited. Full particulars of the merger were sent in the Letter of Offer dated April 19, 1962, from Hambros Bank Limited to I.D.V. shareholders and, of course, Gilbeys shareholders who are now shareholders in I.D.V. As a result of the merger the name of your Company was changed in May this year from 'United Wine Traders Limited' to its present title, it being considered that this was a more suitable name.

"Although the merger was a bringing together of two Groups basically in the same trade, their structures, methods of operation and administration were in many ways different. Nevertheless, the integration of ideas and interests is going very well and although the merger only became effective in May, a number of important steps have been taken.

"It is not expected that these steps will have any material effect on combined profits in the current year but your Board are confident that such steps as these will form a sound platform for increased profitability and expansion in the future."

He pointed out that the Accounts now being presented to Shareholders were for the period to May 31, 1962, and covered a period of 11 months for the old I.D.V. Group, then called United Wine Traders, while those of Gilbeys cover 17 months.

RECORD SALES

Reporting on United Wine Traders, as it was constituted before the merger Mr Berens said it had another record year. Profits after all charges, but before taxation, rose from £674,701 for the 12 months to June 30, 1961, to £1,199,007 for the 11 months period to May 31, 1962, equal to over £1,300,000 for a 12 months period. Out of this figure unfortunately, £667,991 had to be provided for taxation. This was an abnormally high figure due to the change in the accounting date.

"As in the last few years," said Mr Berens, "this increase in profits is largely due to the continued success of Justerini & Brooks' 'J. & B. Rare' Scotch Whisky in the United States of America. The value of sales to that area increased over the previous 11 months period by 90 per cent. As you will be aware during the year 'J. & B. Rare' was made generally available in this country for the first time and your Directors are fully satisfied with initial sales. Agents have already been appointed in some 50 countries throughout the world.

"In Europe initial sales are most encouraging and with whisky becoming a more and more popular drink on the Continent I see no reason why 'J. & B. Rare' should not get its fair share of this increasing market. If this country does join the Common Market it is your Board's opinion that it will have beneficial effects on this aspect of the Group's trade.

"Once again our thanks must go to our American agent the Paddington Corporation for making 'J. & B. Rare' one of the best selling brands of Scotch whisky in the U.S.A. The value of sales has more than quadrupled in the last four years, a truly remarkable performance. While we are confident there will be no flagging in the energy and desire for achievement of our friends over there, and while there are still many areas to conquer in that vast country, one cannot expect this rate of increase to continue. However, sales for the first 4 months of the current year show an increase over sales in the corresponding period last year.

"In the home trade, Justerini & Brooks, Chalie Richards and Julian & Trower have had another very good year. Value of sales over all departments have increased in the 11 months period as compared with the 11 months period last year by about 17 per cent.

"In the year to June 30, 1961, the results of Twiss & Brownings & Hallowes showed a marked improvement on the previous year and this has been maintained in the period under review. Sales of Hennessy Brandy show a further steady increase in the home market and the decision to market their well-known Three Star Brandy in a new and attractive design bearing the name of the Hennessy family crest 'BRAS ARME' appears to have met with universal favour. This subsidiary continues to handle certain export markets for Hennessy Brandy and Heidsieck 'Dry Monopole' champagne and these brands maintain their firmly established position in the countries concerned."

DIVIDEND POLICY

On the question of dividends, Mr Berens said: "Your Board recommend payment of a final dividend of 35 per cent less tax on the capital increased to £798,555 as a result of 100 per cent Gilbey acceptances. With the interim already paid, this makes a total payment of 110 per cent less tax.

"In the current year we will revert to normal dividend date payments and your Board would accordingly expect to pay an interim dividend about June, and a final dividend about December.

"The equivalent of 110 per cent total dividends which can be said to have been paid on the capital of £798,555 would be 11 per cent on the proposed increased capital. Barring unforeseen circumstances, your Directors would expect to pay at least such total dividends for the year ending May 31, 1963."

SCRIP ISSUE

At the Annual General Meeting shareholders approved resolutions to increase the capital and make a Scrip Issue. In his statement Mr Berens pointed out: "After capitalisation each Ordinary shareholder will hold two Ordinary Shares of 5s. each fully paid for each Ordinary Share of 1s. held on October 27, 1962, one of such Ordinary Shares being comprised in a Renounceable Share Certificate, which will be posted on December 7, 1962, and which will be renounceable up till January 18, 1963. The Ordinary Shares to be issued for consolidation and capitalisation will not rank for the final dividend of 35 per cent for the period ended May 31, 1962. Application will be made to the Council of the Stock Exchange, London, for permission to deal in and for quotation for the issued Ordinary share capital of the Company in shares of 5s. each.

"The authorised Ordinary Shares capital is now £10 million divided into 40 million Ordinary Shares of 5s. each of which 31,942,214 Ordinary Shares of 5s. each will have been issued, which figure will be increased to 33,194,021 shares when acquisitions have been completed leaving a balance of 6,805,979 unissued Ordinary Shares of 5s. each."

BANK OF MONTREAL

ASSETS NOW $4,015 MILLION

The one hundred and forty-fifth Annual General Meeting of the Bank of Montreal was held on December 3rd in Montreal.

Mr G. Arnold Hart, the President, in the course of his speech, said:

In general, the level of economic activity in Canada during the past year has been high and rising, continuing the advance that began early in 1961. On the whole this has been a year of progress and it now seems certain that total output in 1962 will reach a record high.

It is unfortunate that the degree of economic progress that has been achieved has tended to be obscured by the headlines which at mid-year accompanied a major foreign exchange crisis.

The crisis was triggered by an abrupt and temporary cessation of the net inflow of foreign capital, which for some ten years had offset a continuing imbalance in Canada's trade in goods and services.

While it is a matter of considerable satisfaction that the situation was brought under control promptly it would be a mistake to reach the conclusion that all problems in this area have been solved. While the problem of obtaining balance in Canada's external position is far from being solved, I should like to make it clear that I am not among those who view Canada's future with gloom and foreboding. Some slowing down in the general level of business activity must be expected from time to time, but I am confident that Canadians will rise to the new challenges with a new approach and that there continues to be a bright future for Canada and for the Bank of Montreal, which throughout the past 145 years has been so intimately connected with the nation's growth.

GENERAL MANAGER'S ADDRESS

In the course of his address, Mr R. D. Mulholland, Vice-President and General Manager, said: The 145th Annual Statement of the Bank records increased revenues and profits from the employment of our assets and from our services.

Our net profits for the year amounted to $16,013,512 after depreciation of premises and equipment and transfers to inner reserves, and after providing for income taxes. A provision of $12,757,500 has been made out of net profits for regular and extra dividends, equivalent in total to $2.10 per share, compared with $2.05 per share for the preceding year.

Total assets of the Bank amounted to $4,015,000,000 at the end of the fiscal year, an increase of $65,000,000 from the end of the previous year. This is the first year end in which our assets have exceeded $4 billions and we derive some satisfaction from it in the light of the restrictive official monetary policy of the past few months and the changes brought about by the exchange reserve crisis of last June.

On October 31st, our total deposits amounted to $3,713,000,000 compared to $3,647,000,000 a year earlier. It is encouraging to observe the continuing strength of personal savings deposits which increased by $85,000,000 during the year. Such savings deposits are the life blood of the banking business, and it is therefore, most pleasing to be able to report that our personal savings accounts rose in number by more than 100,000 during the year.

NATIONAL MINING CORPORATION

The annual general meeting of National Mining Corporation, Ltd., was held on November 30th at the Chartered Insurance Institute, London, E.C.2.

Mr C. J. Burns, Chairman, presided, and the following is an extract from the circulated Statement:

The year ended March 31, 1962, was marked by the continued growth in our investment income, the present figure of £20,411 comparing with £17,863 for the previous year, and the increased profit of our wholly-owned subsidiary company, British Patent Glazing Co. Ltd. These increases have, however, been offset to some extent by lower revenue from sales of investments and from oil royalties. Our portfolio of investments at the commencement of the year of £219,761 (market value £247,654) compares with the present day figure of £229,146 (market value £251,556) notwithstanding profitable realisations as shown in the Accounts and subsequently.

The profit for the year at £42,839 compares with £41,796; and an interim dividend of 5 per cent in respect of the year was paid on November 30, 1961, and a final dividend, also of 5 per cent, is now recommended.

The board is maintaining the interim dividend at 5 per cent on account of the current year.

The Canadian companies, namely, Loders Lime (Alberta) Ltd. and Ladco Co. Ltd., both traded at a small profit in spite of the continuing depressed state of the Canadian economy. For several years I have had to report that capital has not been forthcoming for the development of our lead/zinc interests in Eastern Nigeria, represented by our shareholding in Mines Development Syndicate (West Africa) Ltd. At the present time, however, powerful international financial interests are closely examining the Nigerian project with a view to bringing it to production.

British Patent Glazing Co. Ltd. transferred its operations to new factory premises. Sales during the year were a record.

The report and accounts were adopted.

THE NATIONAL BANK OF AUSTRALASIA LTD.

Extracts from the Chairman's 1962 address

Mr. J. A. Forrest, Melbourne, 28/11/1962

BUSINESS RECOVERY HESITANT. Against the rapid expansion of the 1950's business recovery has been somewhat hesitant and many have felt it has neither been fast enough nor sufficiently embracing. However, most classes of business are reporting increased sales, and profitability, though still well below what is generally desirable, has begun to improve, but tougher trading conditions are to be expected for some time to come.

THE COMMON MARKET AND US. Anything said on this issue is still largely conjectural as the terms on which Britain may be enabled to join are not yet known. Of £206m. of exports to Britain last financial year (approximately 19% of our total exports), dairy products, fruit, sugar, wheat and meat were worth more than £100m. The future of these industries naturally gives cause for concern should she enter, and the most desirable outcome would be arrangements to give us access to the enlarged market on terms designed to offset, to some degree, our long-enjoyed British preferences. However, with Britain in, a united Europe may progress so rapidly that industrial expansion and rises in the living standard of 225,000,000 people would lessen our possible export difficulties.

OUR INDUSTRIAL GROWTH MUST CONTINUE. Rough estimates suggest that our workforce may reach 4.6m. in three years time and about 5.2m. by 1970, and provision of productive employment for this rise requires that growth of secondary industries and those in the tertiary sector should be as rapid as possible, and on a sound economic basis.
Even with no further rise in prices, gross national production (£7,300m. last financial year) will need to be about £900m. higher by 1965, and near £2,500m. higher by 1970, to employ our workforce and provide a small advance in real productive value per head.

A BRIGHT PROSPECT FOR AUSTRALIA. The estimates imply plenty of room for growth in our production and commerce. We must not be discouraged by the changes in the business and trading scene of the last year or so; they may require more flexibility in our outlook, and more self-reliance but are no cause for loss of confidence. Many of the world's peoples have a new vista of higher standards of living, and rising living standards suit the businessman, as they permit the efficient use of capital equipment and the knowledge and skill of the workforce. Against this background, Australia's prospects are bright, whatever the problems of the 1960's.

ACCOUNTS. Consolidated balance sheet assets at £401m. are a record, and over £32m. higher on the year resulting from a rise of £19m. in the assets of the parent Bank, and accrual to 30th September of £15m. of assets by the new Savings Bank. Deposits increased by nearly £32m., there being an addition of £18m. by the parent Bank and £14m. by the Savings Bank. Consolidated gross earnings, at £12,581,000 were £380,000 higher than in 1961, but expenses rose by £427,000. After slightly lower taxation provisions, net profit at £1,065,486, was £9,401 below the 1961 figure.

STAFF THANKED. The Australian and London staff were thanked for their efforts in maintaining their high standards of service.

THE NATIONAL BANK OF AUSTRALASIA LTD.
and its wholly owned subsidiary
THE NATIONAL BANK SAVINGS BANK LTD.
Head Office: 271-285 Collins Street, Melbourne.
Chief London Office: 6-8 Tokenhouse Yard, E.C.2.
923 Offices throughout Australia, Papua/New Guinea and 3 in London.
(Incorporated in the Commonwealth of Australia)

HALEYBRIDGE INVESTMENT TRUST LTD.

HIGHER PROFITS AND DIVIDEND

FUTURE VIEWED WITH CONFIDENCE

The fifteenth annual general meeting of Haleybridge Investment Trust Limited, was held on November 29th, in London, **Sir Aynsley Bridgland, CBE** (the chairman), presiding.

The following is an extract from his circulated statement:

After providing for a transfer by a subsidiary company of £93,869 to Capital Reserve, the group earned net profits after tax of £181,881 as against £138,674 last year, a rise of £43,207. Your Board proposes a final dividend of 8½ per cent, making a total payment of 13½ per cent for the year as compared with 12 per cent last year.

CONSOLIDATED BALANCE SHEET

The market value of our various investments at June 30, 1962, show an unrealised surplus of £2,752,306 over book value as compared with £2,497,769 last year. There has been a further considerable increase in this surplus since that date.

We propose to sub-divide our £1 Ordinary Shares into 4 shares of 5s. each. Our present shares stand at over £3 each on the market and at that price are a bar to the smaller investor who may wish to acquire an interest in our ventures.

DEVELOPMENT POLICY

In property we are dependent on the rents receivable from our developments and these rents are in turn dependent on the cost of the buildings we erect. Should the money we borrow bear a high rate of interest, we must pass this cost on to our tenants if we are to have an economic investment. If there are no tenants available to pay the rentals necessary to assure our profit or if tenants are obtained who subsequently find they cannot carry on with such a burden not only would our anticipated profits be imperilled but also we should be liable to meet high rates of interest on our borrowings out of our own resources.

For this reason, rightly or wrongly, we in this group have withdrawn from competition in developing areas where site values are high, tenants are limited, and risks consequently enlarged, and have confined our operations to that sphere where we can, except in isolated instances, be reasonably immune from these risks until the costs of borrowing are stabilised at a lower level.

I must frankly confess that having been made aware of prices paid for sites, in many cases on borrowed funds at high rates of interest, I personally am very glad that we are not taking part in such business.

THE FUTURE

As to our future, I feel we can face it with confidence. Our Balance Sheet is exceptionally strong, our dividends are amply covered and only paid out of true income and realised profits and we are still continuing to build up our reserves.

The report and accounts were adopted and, at the subsequent extraordinary general meeting, resolutions in connection with the proposed subdivision of the Company's Ordinary Shares were approved.

DEBENHAMS LIMITED

Mr. John Bedford's review

The Annual General Meeting of Debenhams Limited was held in London on December 6. The following are the salient features from the circulated statement by the Chairman, Mr. John Bedford, O.B.E.

Trading Results

The Consolidated Trading Profit and other income for the year under review amounts to £8,464,145 which is just under 2% lower than the figure for the previous twelve months. However, during the last few months there has been a considerable improvement in the sales throughout the Group. The Consolidated Net Profit before taxation at £6,945,128 shows a reduction of 3·8% on the previous year. The net profit available for appropriation is £2,717,560 compared with £2,649,201. The Directors recommend a Final Dividend of 1/4d. per share be paid on the Ordinary Shares making 1/11d. per share for the year.

The Consolidated Balance Sheet shows the continuing expansion of the Group with total assets up by £6,297,766 and the capital and reserves up by £6,584,105.

Acquisitions

During the year the family business of Gammons Ltd. was acquired and since the end of the financial year the companies owning the Matthias Robinson Stores have been purchased. I am very pleased that it has been possible to bring these new stores into the Group and thus extend our activities into new areas.

Properties

Investigations have continued into the way the various Group properties are being used and discussions are taking place with one of the largest property development companies to form a joint enterprise in connection with one of the larger sites in the Group; preliminary talks have also started with the view to the development of a second site.

Organisation

The reorganisation of our central buying operation has continued and as our initial experience in the Chain Store field has proved satisfactory, we propose to extend this part of our activities.

The reorganisation of the Debenham Food Division is proceeding. In an age when so large a proportion of the spending of the public is on food this should prove a valuable addition to the Group.

We have extended the range of merchandise sold under our own brand names, and we are introducing new methods of presentation and sales promotion throughout the companies.

The Future

The time is overdue for a new appraisal of our taxation system and as a first step the increases in profits tax and purchase tax brought in as regulators might well be reduced to their previous levels. If the Government are successful in their plans to stimulate the economy, we are in a sound position to take full advantage of the opportunities available and to meet whatever challenges we may have to face both in this country and in Europe.

With a great nation-wide million-pound-a-week Buying Power, the Debenham Group searches the world's markets to bring to their stores quality merchandise of impeccable good style. Even in the fickle world of high fashion the exclusive branded goods of the Debenham Group create new standards of value—values that challenge comparison.

CROMPTON PARKINSON LIMITED

STRENUOUS BUT SUCCESSFUL YEAR

INCREASED EARNINGS

MR ALBERT PARKINSON'S REVIEW

The forty-ninth Annual General Meeting of Crompton Parkinson Limited was held on December 5th in London, **Mr Albert Parkinson, MBE**, the chairman, presiding. The following is an extract from his statement, which had been circulated with the report and accounts for the year ended June 30, 1962:—

We can look back on a strenuous but successful year. The Company has been busy in conditions which demand complete fitness to meet competition. It has been, above all, a year for realism, and plans and efforts to achieve greater efficiency have dominated our activities. The Company has a team capable of meeting and putting to advantage the exacting problems and challenges which arise every day. The good employee relations which we have been fortunate enough to enjoy in the past continue to have our closest care and attention at the highest level. The Consolidated Net Income attributable to your Company showed, at £1,391,000, an increase of 6.5 per cent. The total dividend for the year is equivalent to 12 per cent on the increased capital, compared with 11.3 per cent last year.

OVERSEAS

In Australia, our factories in Sydney and Campbelltown have had an excellent year. Despite continuing adverse trading conditions, a high level of trading in CP manufactured products, merchandised engineering products and non-ferrous metal extrusions was maintained by the Noyes Company. The straitened circumstances of India's economy and her need to manufacture all she can for her development have kept our Indian factories in full production throughout the year, and there has been a steady and strong upsurge in turnover necessitated by the electrical demands of this growing nation. Unfortunately, rising costs have not enabled us to report any comparable increase in profit.

U.K. ACTIVITIES

It has been a better year for our heavy products. Transformers at Hayes works have had a very good year. We have recently been entrusted with a further substantial order for traction equipment which will go into production in 1963. Our industrial machines have had a good year. The fractional horsepower motor market has reflected the keen competition for business limited by economic conditions which have been far from buoyant. Our instrument business makes excellent progress. The Company's lighting fittings business operates in a field where there is still much scope for expansion. The lamp industry has continued to enjoy an increasing demand and the battery business continues to show a steady growth, but profits are under constant pressure from rising costs and increased competition.

THE OUTLOOK

Even those most closely associated with the electrical manufacturing industry are not always able to forecast the movement of the forces which initiate the ebb and flow of its trade. What we can and will do is to ensure that Crompton Parkinson can meet the requirements of the inevitable and remarkable increases in the use of electricity. We shall, I think, have a hard year which I believe our managerial, physical and financial resources are well equipped to meet.

EMI Electric & Musical Industries Limited

Rising prosperity means big opportunities for EMI

From gramophone records to computers, from television to refrigerators, EMI products are products of prosperity. Rising prosperity will bring big opportunities which the group is ready to grasp, reports **Sir Joseph Lockwood**, Chairman of EMI. Other points from his review of EMI's financial year ended June 30, 1962, were as follows:

Last year there was intense competition with Capitol Records in the United States and with the refrigerator business in the U.K. The rest of the group had a most successful year and their profits reached a record level.

Records and Computers In the U.K., our sales of records increased further and we improved our share of the market. EMI Records Ltd. won 9 out of 15 National Record Awards by the Gramophone Record Retailers Association.

Our supremacy in the classical market is ensured by the cream of the world's great classical artists combined with superb recordings.

New arrangements have been made on magnetic tape with Philips Gloeilampenfabrieken and on business computers with International Computers and Tabulators Limited. They have strengthened EMI in fields which will offer excellent opportunities for expansion.

Television Booming exports of broadcast television equipment include the first orders from Western Germany for six years.

The Government's plan for television will mean large orders for broadcasting equipment. EMI have been making 625 line cameras and transmitting equipment for overseas buyers for years and can start producing for the British market immediately.

From the Accounts *Year to June* 30, 1962

Group Sales	£82,581,000
Trading Profit	£ 7,390,000
Depreciation	£ 2,044,000
Interest	£ 544,000
Pre-tax Profit	£ 4,802,000
Tax	£ 2,311,000
Net Profit...	£ 2,316,000

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Incorporated in the Republic of South Africa)

EXTRACTS FROM MR H. J. JOEL'S SPEECH

The annual general meeting of Johannesburg Consolidated Investment Company, Limited, was held on December 4th in Johannesburg.

Mr H. J. Joel, the chairman, presided and, in the course of his speech, said:

The profit, before tax, for the year ended June 30, 1962, of your Company and its wholly-owned subsidiaries, Barnato Brothers Limited and Barnato Holdings Limited, amounted to the record sum of R6,599,657 (£3,299,829), an increase of R1,324,507 (£662,254) over the comparable figure for the previous year.

Our dividend income amounted to R5,982,830 (£2,991,415), which was also a record, the increase on last year's figure being of the order of R200,000 (£100,000). This improvement was accompanied by an increase in profit from the realisation of investments which at R1,105,242 (£552,621) was substantially higher than the average for the past few years.

The net profit after tax amounted to R4,007,631 (£2,003,816).

During our financial year, there was a general increase in the London market value of shares in companies operating in Southern Africa, with a consequential increase of some R8.5M (£4.2M) in the aggregate market value of our portfolio. The book value increased by R2,420,768 (£1,210,384), of which amount approximately one-half was accounted for by net investment during the year and approximately one-half by a re-appreciation in value.

TRANSFER OF RESIDENCE

After commenting on the Company's successful application to H.M. Treasury for consent to transfer the residence of the Company from the United Kingdom to South Africa, Mr Joel then referred to the consequences of such transfer, and said: On the basis of present rates of taxation in the United Kingdom and South Africa, and assuming the same size and type of portfolio, and an estimated average incidence of investment depreciation and realisation profits, the reduction in the annual tax charge in relation to the Company itself may be put at around R900,000 (£450,000) for a full year.

The change in residence will also alter the incidence of taxation payable by shareholders of the Company. Subject to any changes in the other factors affecting the dividend decision, it is intended that the total dividend in future should be increased to an extent sufficient broadly to compensate United Kingdom shareholders for the adverse change in their position, which change will be uneven in its incidence. A dividend of 4s. 0d. per share as compared with the past net dividend of 3s. 1d. would appear to satisfy this aim. Present indications are that the Company will be able to pay such a dividend for the current year.

HARRIS LEBUS

EFFECT OF RESTRICTIONS

The fifteenth annual general meeting of Harris Lebus Ltd. was held on November 30th in London, **Mr Oliver Lebus,** chairman, presiding.

The following is an extract from his circulated statement for the year to July 13, 1962:

The restrictive measures which the Chancellor imposed in July, 1961, on the economy generally added further to the problems of the furniture industry which, before that, was already in a depressed state. I warned stockholders in my review and later at the annual general meeting that this would be a very difficult year.

The stimulus to the economy which was intended in the Budget and in June, 1962, far from helping the furniture industry, in fact put it at a disadvantage relative to many other industries in the consumer durable field. Whereas the rate of purchase tax for motor cars, radios, television and household appliances was reduced, the level for furniture was virtually doubled to 10 per cent. Whereas the deposit required on hire-purchase transactions on all the products I just mentioned was reduced, on furniture the deposit remains unchanged at 10 per cent.

The overall effect of these conditions, in spite of substantial contributions from some of the other activities of the group not so directly involved in the manufacture and sale of furniture, has contributed to a reduction of trading profits to £136,489 as compared with £255,586 last year.

RESULT OF YEAR'S OPERATIONS

The net result is a group loss of £15,519 for the period. After providing for the amount of £24,500 for the dividend paid on the preference stock and £60,000 for losses expected on the curtailment of the Rhodesian subsidiary, the retained profits of the group have been reduced by £100,019 and now stand at £973,574. In these circumstances, your board reluctantly recommends that no dividend be paid on the ordinary stock.

The pattern of the contribution of the various divisions of your company towards the group trading results has been broadly similar to last year with the transport and upholstery divisions and that dealing with hire purchase finance making the largest contribution. Losses in the wooden furniture division and the overseas companies offset these.

Your company has for many years been in the forefront of the industry regarding conditions of work, amenities, and levels of remuneration. We have recently introduced an improved scheme of payments in the event of redundancy of hourly paid employees.

Many of the country's best brains inside and outside Government circles forecast that a growth in the economy would develop in the spring of 1962. This has been both slower in coming than many had expected and of smaller degree, especially in the trade of consumer durables and the furniture industry was handicapped in participating in this growth. Your board believes that given reasonable trading conditions its position will slowly but surely improve, and it is devoting its full energies to this end.

The report and accounts were adopted.

THE BANK OF NOVA SCOTIA

GENUINE IMPROVEMENT IN CANADIAN ECONOMY

The past year has been one of genuine improvement in Canada's economic position though there is still need to get the economy moving ahead at a better pace, **F. William Nicks,** President, The Bank of Nova Scotia told the Shareholders at the Bank's 131st Annual Meeting held on December 5th in Halifax, Nova Scotia.

Canada is in a better position to go ahead than it was a year ago Mr Nicks said, "There is no longer undue preoccupation with the fear of inflation nor on the other hand are there unrealistic expectations of what easier money can do. Canadians are now much more aware of the kind of competitive world in which they live and are adjusting themselves to it. Moreover we have an exchange rate which is at least in reasonable alignment with our underlying economic interests. It may indeed be that we are emerging from a period of economic disturbance into one more favourable to economic growth."

However, he pointed out, circumstances are as yet by no means satisfactory, for the economy is still operating well below its real potential with a considerable degree of unemployment and excess productive capacity. In planning for the future, he emphasised it is essential that Canada be able to compete effectively.

GENERAL MANAGER'S REMARKS

The General Manager, J. Douglas Gibson in his review of the year's operations, told the Meeting that the Bank's assets during the year had increased by $179 millions, or about 8 per cent, to reach a total of $2,448 millions. "Both our Canadian and our external business expanded significantly," he said.

The main feature of the Canadian banking picture during the year, commented Mr Gibson was the sharp advance in the demand for loans which developed during the spring and summer. After the rapid sequence of financial events in June it was necessary during the mid summer to become more selective in lending policies but a vigorous drive for deposits, combined with the co-operation of some larger customers who used alternative sources of fund enabled the Bank to continue to lend to those who needed working capital and to those who applied for Scotia plan loans. Special attention was paid to the needs of small business borrowers not in a position to draw on other sources of financing.

In view of the increased competition for personal savings from trust and savings companies and from credit unions—"The increase of 6 per cent in personal savings deposits is particularly gratifying. It is the best record among the chartered banks."

During the year Scotia Bank opened 25 new branches, bringing the banks total number of branches to 626. International offices were also established in Amsterdam and Tokyo and three new ones are being opened in Munich, Houston, Texas, and in the U.S. Virgin Islands.

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Ceylon	£12 5s.	—	India	£10 10s.	£7 10s.	New Zealand	£12 5s.	—	USA	$29·50 or £10 10s.	$25 or £9 0s.
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COMPANY AFFAIRS

The growing unemployment figures were a dominating factor in the London stock market early this week. On Tuesday prices fell back sharply with "Panorama" not for the first time playing its part, and over the week to Wednesday's close THE ECONOMIST *indicator fell by 6.8 points to 348.1. The fall would have been sharper but for a brighter showing on Wednesday by equities helped by the gold reserve figures and the rally on Wall Street. This was in sharp contrast to the murky gloom elsewhere which kept business down to a low level.*

First Steel Results

THE opening of the steel dividend season has been awaited by the stock markets with fear and trepidation. Running down of consumers' stocks caused a drop in production in the "steel year" to end September of about 12½ per cent. Most companies were operating at about 70 per cent of capacity in the first half of the year but activity crept up to about 75 per cent in the later months of the year. The one bright sector of the industry has been sheet steel, thanks to the recovery in the motor industry, and John Summers alone of the steel companies reporting this month is expected to show higher profits.

United Steel.—Sheet steel is the only important product not manufactured by United Steel, the largest and most diversified of all the steel companies. Its trading profits fell by just under a third from £22.1 million to £15.4 million while ingot output fell by 16 per cent in the year to September 30th. For the first 24 weeks of the year profits were down by some 44 per cent, so that there must have been some improvement in margins in the last few months. This confirmed the statement made by the directors in June that while the February increase in steel prices was insufficient to cover increases in costs the rate of earnings had shown a marked improvement since March. In the second half of the year United Steel profits before all charges fell by 15 per cent, but it must be remembered that in the corresponding period in 1961 they had already fallen by 30 per cent from the peak level of 1960.

As expected the final dividend has been cut from 7½ to 6 per cent to make the total payment 10 per cent, against 12.3 per cent. The computation of earnings is complicated by the incidence of substantial investment allowances. Tax relief of £2.3 million arising from these allowances is included in the £3 million transferred to fixed assets replacement reserve. On the lower tax charge the reduced dividend is covered 1.9 times; but if the credit for investment allowances is excluded the cover is only 1.1 times. If the allocation to fixed assets replacement reserve is treated as additional depreciation, earnings then work out at only 9 per cent. One important feature of the preliminary statement is the profit of £1.8 million made on the sale of investments. This almost certainly refers to the sale of some of United Steel quoted trade investments, which in the 1961 balance sheet had a book value of £1.5 million and a market value of £5.9 million. Among the investments believed to have been sold is all or part of its stake in the John Summers equity. To pull out of sheet steel now, when it is the most prosperous sector of the industry, may at first sight seem odd but on the longer view, taking account of the growth of sheet capacity in Britain and on the Continent, such a decision may not be ill-timed. On the results the £1 shares gained 2s. 3d. to 2s. 6d. to yield 7 per cent on the smaller dividend.

Thos. Firth and John Brown.—Despite its emphasis on stainless and other special steels this company appears to have fared as badly as other steel producers, reporting a fall in trading profits from £4.6 million to £3 million. Investment income, which includes the dividend from Firth-Vickers Stainless Steel jointly owned with English Steel, was £13,000 higher at £844,000. As in 1960-61 this more than covers the maintained dividend of 12½ per cent. Earnings are down from 40 to 26½ per cent and the £1 shares at 38s. yield 6.6 per cent. This is slightly better than average and reflects expectations that the demand for the alloy steels, particularly stainless steel, will grow.

Land Securities Investment Trust

FOLLOWING Mr Selwyn Lloyd's request to insurance companies to curb their investment in property development, lending was limited to schemes already arranged and the pipeline was practically empty when Mr Maudling announced a relaxation on lending limitations early in October. The latest deal between Land Securities and the Prudential, is the largest ever single property-insurance link. Previously Land Securities had looked largely to the Legal and General for its funds, though it had links with Norwich Union and the Church Commissioners as well. Over the past three years Legal and General has lent or agreed to advance £21 million on 6¼ per cent debentures to Land Securities. In addition it has been given options on 3.7 million shares of 10s. each in Land Securities. These arrangements are dwarfed by those now made with the Prudential which provide for £30 million, also on a 6¼ per cent debenture, plus £3¾ million through an issue of 3 million shares at 25s. per share. This will give the Prudential a 7½ per cent stake in the enlarged equity. This will come down to 7 per cent when Legal and General through its options takes up its full stake of 9¼ per cent.

The issue price of 25s. compares with the current market price of 28s. 9d.; allowing for the July rights issue (which raised a further £4.6 million) the shares were as high as 38s. 6d. earlier this year but fell back sharply on the very modest increases in profits and dividends announced in May. At the current price the shares yield 2¼ per cent. This looks a long way ahead—to the fruition of some of the property developments for which the new funds are being raised. In London, Land Securities' major development schemes include those in Oxford Street and Victoria Street and its Ravenseft subsidiary in undertaking schemes in the provinces, of which the most important is the comprehensive redevelopment of a five acre site in the centre of Liverpool.

Watney Mann

IN the first six months of the year to end-September the gross profits of Watney Mann fell slightly from £3,440,000 to £3,392,000 but the directors said in June that trade was improving. The full results show that gross profits in the April-September period rose by nearly 10 per cent from £4,432,000 to £4,851,000. This suggests that sales rose sufficiently to offset the pressure on profit margins exerted by higher costs. For the full year gross profits rose from £7,872,000 to £8,243,000 and the dividend has been raised from 18 to 20 per cent so that the 5s. shares at 24s. 9d. now yield 4 per cent. Earnings are slightly higher at 39¼ per cent covering the bigger dividend nearly twice. The increase in sales is probably due to Watney Mann's successful promotion of its keg beer "Red Barrel" and other high gravity draught beers. The current year has started off on a good note, with sales higher in the first two months.

Forte/Kardomah

IN 1961 Kardomah "A" shares stood at 26s. Now they are valued at 65s. by the bid, worth £2 million, from Forte's Holdings of five "A" shares, currently priced at 30s., plus 110s. cash for every four 5s. "A" or ordinary shares. Last month Forte said that it would not make a bid unless it

Continued on page 1066

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: CANADA: AUSTRALIA: JAPAN

Prices, 1962 High	Prices, 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 28, 1962	Price, Dec. 5, 1962	Net Red. Yield, Dec. 5, 1962§	Gross Red. Yield, Dec. 5, 1962
					£ s. d.	£ s. d.
99 9/16	96 3/16	Exchequer 3% 1962–63	99 9/16	99 9/16	2 14 11	3 17 4 l
100 11/16	98½	Conversion 4¾% 1963	100½	100½	2 0 10	3 15 10
98⅜	93 5/16	Exchequer 2½% 1963–64	98⅛	98 7/32	2 15 4	3 15 10 l
100 13/16	97 1/16	Conversion 4½% 1964	100 21/32	100 23/32	2 3 7	3 19 10
99 9/16	98⅛	Treasury 4% 1965	99⅜	99 17/32	2 10 11	4 4 7
99 25/32	98⅛	Treasury 4% 'A' 1965	99⅜	99 17/32	2 12 7	4 4 7
96⅞	90 11/32	Savings Bonds 3% 1955–65	96 7/32	96⅜	3 2 1	4 8 8 l
103 11/16	98 3/32	Exchequer 5½% 1966	102⅝	102 27/32	2 6 3	4 11 2
92⅞	85	Savings Bonds 2½% 1964–67	91 15/32	91 17/32	3 12 2	4 13 0 l
103⅞	98	Exchequer 5% 1967	100 11/16	100 31/32	2 16 9	4 15 8
93 15/16	83 5/16	Funding 3% 1966–68	91¾	92¼	3 9 8	4 15 9 l
95 1/16	84⅞	Conversion 3½% 1969	92⅞	93⅜	3 8 9	4 18 5
92½	82⅝	Funding 3% 1959–69	90¼	90⅝	3 10 11	4 16 2 l
98⅞	92¼	Victory 4% 1920–76	97¼	97½	2 18 10	4 11 11‡
90⅛	78 15/16	Savings Bonds 3% 1960–70	87¾	88⅛	3 13 9	4 19 11 l
103 7/16	90 9/16	Conversion 5% 1971	100¾	101¼	3 1 1	5 2 0
109 5/16	97¼	Conversion 6% 1972	106¾	107⅜	2 17 11	5 4 7
105⅜	91⅛	Conversion 5¼% 1974	100¼*	100⅝*	3 2 10	5 3 3
95 13/16	87¾	Funding 4% 1960–90	93⅝	94⅝	3 0 4	4 12 9 l
83⅝	70 7/16	Savings Bonds 3% 1965–75	81¼	81⅝	3 14 5	5 1 7 l
82 7/16	69 3/16	Treasury 3½% 1977–80	79*	79⅞*	3 14 3	5 5 4 l
81⅜	68 5/16	Treasury 3½% 1979–81	79¼	80⅛	3 14 1	5 6 2 l
102¾	90 3/16	Funding 5½% 1982–84	101⅞	102⅜	3 5 10	5 9 7e
93⅜	82⅜	Treasury 5% 1986–89	92	92⅞	3 10 0	5 11 4 l
66	54	Redemption 3% 1986–96	64¼	64⅝	3 13 11	5 5 10 l
69¼	56 15/16	Funding 3½% 1999–2004	68⅛	68⅞	3 12 10	5 9 11 l
98	84⅛	Treasury 5½% 2008–12	96⅞	97¾	3 10 0	5 14 4 l
69⅞	58¼	Consols 4% ......after Feb. 1957	68⅛	68⅞	3 12 0	5 18 7
63⅛	52 1/16	War Loan 3½% ......after 1952	59¾*	60⅝	3 10 9	5 15 7 f
61⅝	52 5/16	Conv. 3½% ......after Apr. 1961	59⅞	60¾	3 11 0	5 16 5 f
52¾	44⅞	Treasury 3% ......after Apr. 1966	51⅜	51⅞	3 11 3	5 16 10 f
45½	38⅛	Consols 2½%	44	44¼*	3 9 0	5 12 6 f
44¾	38 1/16	Treasury 2½% ....after Apr. 1975	43½	44	3 10 0	5 14 10 f
100 13/16	89 15/16	British Electric 4½% 1967–69	98¼	98¾	3 2 2	4 19 5 l
86	74⅜	British Electric 3% 1968–73	83½	84¼	3 14 7	5 0 11 l
81½	69	British Electric 3% 1974–77	79½	80	3 13 10	5 1 0 l
90⅞	79 1/16	British Electric 4¼% 1974–79	89⅜	89¾	3 9 1	5 5 0 l
83 9/16	70⅜	British Electric 3½% 1976–79	80¼	80⅞	3 13 8	5 4 9 l
92¼	80 9/16	British Gas 3½% 1969–71	89⅝	90⅛	3 10 8	5 0 7 l
95¼	82¾	British Gas 4% 1969–72	92⅝	93⅛	3 7 9	5 1 7 l
66 3/16	53 13/16	British Gas 3% 1990–95	64⅜	65¼	3 13 11	5 5 4 l
86	74⅜	British Transport 3% 1968–73	83½	84¼	3 14 7	5 0 11 l
90⅝	77¼	British Transport 4% 1972–77	86⅞*	87¼*	3 10 10	5 4 5 l
69 9/16	56½	British Transport 3% 1978–88	66¾*	67¾*	3 16 4	5 6 1 l

Prices, 1962 High	Prices, 1962 Low	DOMINION AND CORPORATION STOCKS	Price, Nov. 28, 1962	Price, Dec. 5, 1962	Net Yield, Dec. 5, 1962
					£ s. d.
88½	79½	Australia 3¼% 1965–69	86¼	86¾	5 16 0 l
103¼	96	Australia 6% 1974–76	101¼	102½	5 16 0e
66	52	Ceylon 4% 1973–75	57½	57	10 6 0 l
104	94¼	New Zealand 6% 1976–80	101½	102¾	5 17 0e
81	62½	Rhodesia and Nyasaland 6% 1978–81	77¾	78	8 12 0 l
91¾	82	South Africa 3½% 1965–67	91½	91¾	5 13 0 l
69	48	Southern Rhodesia 4½% 1987–92	67	67	7 6 0 l
91	77¾	Agricultural Mortgage 5% 1959–89	90¼	88¼*	5 13 0 l
96¼	86	Birmingham 4¼% 1967–70	93½	92⅛*	5 8 0 l
100	88⅝	Bristol 5% 1971–73	95¾*	96¼*	5 8 0 l
100½	88	Corporation of London 5¼% 1976–79	97	97½	5 9 0 l
52	43	L.C.C. 3% ....after 1920	49	49⅞	6 0 0 f
96	84	L.C.C. 5% 1980–83	93½	94⅝	5 10 0 l
100	87	Middlesex 5¼% 1980	96½	97½	5 11 0

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Nov. 28, 1962	Price, Dec. 5, 1962	Yield, Dec. 5, 1962	Cover
				BANKS, DISCOUNT & HP				
105/-	79/9	6½ b	6½ a	Barclays £1	84/-	83/9	3·10	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	58/9	56/6	3·36	...
29/7½	20/-	7 b	7 a	Martins 5/-	26/6	26/3	2·86	...
101/-	80/-	7½ b	7½ a	Midland £1	85/9	84/6	3·55	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	83/6	82/3	3·40	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B' £1	82/6	82/6	3·22	...
50/6	40/6	8 b	4 a	Australia & N.Z. .. £1 p.p.	48/6	49/-	4·90	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. .. £1	39/-	39/3	4·25	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£22 5/16	£21 13/16	3·12	...
37¾	27¼	8 c	9 c	Bank of New S. Wales £20	37¼	37¾	3·81g	...
40/-	32/6	5 a	5 b	Barclays D.C.O. £1	39/-	39/-	5·13	...
58/6	53/-	7½ b	7½ a	Chartered £1	54/6	54/-	5·56	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. $25	£16¾	£17¼	4·35	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. .. 10/-	51/3*	51/9*	3·19	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£26 9/16	£26 9/16	3·12	...
46/3	37/6	10 b	5 a	Standard Bank £1	44/9	45/3	6·63	...
54/4½	35/9	15 b	7½ a	Hambros 5/-	37/9	38/3	2·94	...
99/9	68/-	5 b	2½ a	Schroders £1	80/-	79/6	1·89	...
59/3	47/1½	6¼ b	6¼ a	Union Discount £1	58/-‖	57/6‖	4·35	...
14/3	10/-	18 c	Nil c	Bowmaker 5/-	12/9	14/3	...	...
14/3	9/9	10 c	2½ c	Lombard Banking 5/-	10/7½	10/3	...	1½
16/4½	10/6	2½ b	2 a	Mercantile Credit 5/-	15/3	16/1½	2·33	...
44/1½	28/6	22½ b	4 a	United Domins. Tst. .. 5/-	36/6	36/6	3·63	...
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	15/-	15/-	3·67**	2
14/10½	12/10½	...	4½ a	Charrington United .. 5/-	14/6	14/3	4·21**	1¾
44/-	30/6	8½ b	6 a	Distillers 10/-	36/3	35/-	4·14	1¾
51/6	41/-	14 b	8 a	Guinness 10/-	46/6	46/9	4·71	1¾
34/-	20/4½	14 c	5 a	Harveys 5/-	26/-	25/6	2·75	2½
15/7½	11/7½	...	8 b	Ind Coope, T.A. 5/-	12/9	13/-	4·62**	1½
29/-	21/3	6 a	14 b	Watney Mann 5/-	24/6	24/3	4·12	2
42/4½	31/9	30 c	10 a	Whitbread 'A' 5/-	36/6	36/6	4·11	1¾
				BUILDING, PAINT, Etc.				
62/9	50/6	6½ b	3 a	Associated Portland ... £1	60/6	61/6	3·09	2¼
29/6	20/10½	8½ b	4 a	British Plaster Bd. .. 10/-	29/1½*	29/6*	4·24	2
19/-	14/10½	10 b	6 a	Richard Costain 5/-	18/9	18/9	4·27	2¾
14/11¼	10/6	16·9c	5 a	Crittal Mfg. 5/-	14/3	14/-	6·04**	2
14/1½	9/10½	16½ b	6 a	International Paints .. 4/-	12/3*	11/7½*	7·74	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	61/9	63/6	1·97	3¼
24/6	17/7½	5 a	12 b	Wall Paper 5/-	18/3	18/3	4·66	2
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson 5/-	25/-	24/7½	4·06	2
19/3	13/-	11½ c	5 a	Borax Defd. 5/-	16/1½	15/10½	3·62	2½
43/3	25/6	4 a	6 b	Fisons £1	32/-	31/6	6·35	1
61/6	47/6	7½ b	6¼ a	I C I £1	61/6	60/1½	4·57	1
18/6	12/-	10 c	3¾ a	Monsanto 5/-	15/3	16/6	...	1½
				DRAPERY & STORES				
35/3	24/-	8 b	4 a	Boots Pure Drug 5/-	26/-	24/9	2·42	2¼
33/9	18/9	5 b	2 a	Montague Burton ... 10/-	24/4½	23/6	2·93	2¼
59/6	42/9	5⅚ a	13⅓ b	Debenhams 10/-	50/6	48/3	3·98	1¼
48/9	38/4½	20⅝ b	10 a	G.U.S. 'A' 5/-	46/6	46/9	3·21	2
40/3	28/9	16⅔ b	13⅓ a	House of Fraser 5/-	34/6	34/3	4·38	1¼
16/6	12/6	7½ b	5 a	Lewis's Invest. Tst. ...4/-	13/-	12/10½	3·88	2
100/6	79/-	32½ b	15 a	Marks & Spencer 'A'.5/-	87/3	84/7½	2·81	1½
52/6	39/6	20 b	10 a	United Drapery 5/-	48/9	47/10½	3·13	1¾
53/-	42/6	25 b	10⅝ a	Woolworth 5/-	45/4½	44/7½	4·01	1¼
				OIL				
43/6	30/6	†9·84c	†3⅓ a	British Petroleum £1	42/6	41/10½	7·68	2
44/6	30/6	†7 11/12 c	†2½ a	Burmah Oil £1	39/6	39/10½	8·53	1¼
£15 13/16	£12 5/16	26¼ c	13 a	Royal Dutch ......20 fl.	£15⅝	£15 13/16	3·29	2½
39/4½	27/-	†25 c	†11⅔ a	Shell Transport 5/-	38/6	39/4½	5·18	2½
32/9	20/6	...	...	Ultramar 10/-	26/-	25/6	...	...
				ELECTRICAL & RADIO				
37/3	23/-	10 c	3¾ a	A.E.I. £1	37/3	35/9	5·59	1
12/6	7/6	15 c	2½ c	Brit. Electronic Inds. .5/-	11/3	10/7½	1·18	...
69/6	51/9	9½ b	4 a	B.I.C.C. £1	69/6	67/6	4·00	2
16/3	11/6	4·6 a	7½ b	Crompton Parkinson .5/-	16/1½*	16/1½*	3·72	2½
89/6	63/-	7½ a	17½ b	Decca 10/-	84/-	83/6	2·99	2
45/6	32/3	5 a	12½ b	E.M.I. 10/-	42/9	43/3	4·05	1¾
54/6	39/-	14 c	6 a	Elliott-Automation ...5/-	48/4½*	49/9*	1·41	2
32/3	20/9	5 b	3 a	English Electric £1	32/3	30/6	5·25	1½
39/6	26/-	3 a	7 b	General Electric £1	39/3	38/6	5·19	¾
59/3	34/6	8⅛ b	4⅜ a	C. A. Parsons £1	56/6	56/-	4·46	2
57/3	38/6	6½ b	3¼ a	A. Reyrolle £1	56/6	55/-	3·55	2½
85/9	58/-	25 c	27½ c	Thorn Electrical 5/-	84/3	85/9	1·60	3½
				ENGINEERING				
36/-	20/3	9 c	4½ a	Babcock & Wilcox £1	36/-	35/3	5·11	1½
38/3	27/3	3·2 a	7 b	John Brown £1	34/7½	34/6	5·91	2¼
6/4½	4/3	7 b	3 a	Cammell Laird 5/-	6/3	6/-	8·33	1
31/-	21/10½	20 b	10 a	Internat. Combust. ...5/-	30/3	30/-	5·00	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	3/9¾	3/8¼	...	...
38/4½	20/4½	9½ b	2½ a	Swan Hunter £1	24/3	24/-	8·33**	...
17/-	10/6	10 b	5 a	John Thompson 5/-	16/-	16/3	4·62	1½
35/-	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/-	34/3	33/3	4·30	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	63/-	62/6	4·70	2
60/6	33/9	10 b	5 a	Allied Ironfounders ...£1	60/6*	58/6	5·13	1½
99/9	67/9	10 b	5 a	Averys £1	78/-	78/-	3·85	2
20/3	11/9	4 a	6 b	B.S.A. 10/-	12/2¼	11/9	8·51	1¼
12/1½	8/6	4½ a	8½ b	George Cohen 5/-	11/6	11/7½	5·59	1¾
33/-	15/9	10 a	17½ b	Davy-Ashmore 5/-	18/9	19/-	...	2
81/10½	62/10½	11 b	5 a	Guest Keen £1	79/4½*	78/-*	4·10	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	16/9	16/9	4·78	2½
85/6	67/-	7 b	5 a	Metal Box £1	73/9	74/9	3·21	2¼
18/-	13/4½	4 a	10 b	Ransome & Marles 5/-	16/6	16/6	4·24	2½
48/-	34/-	7 b	3 a	Renold Chains £1	43/6*	43/6*	4·60	1¾
64/10½	43/1½	7 a	7 b	Tube Investments £1	59/9	58/3	4·81	2
31/1½	22/10½	7½ b	2½ a	Vickers £1	25/6	24/9	8·08	1
71/6	52/6	3¾ a	10 b	Ward (Thos. W.) £1	57/6	52/6	5·24	2½
20/6	12/3	16 b	5 a	Woodall-Duckham 5/-	16/6	16/-	6·56	1¾
				FOOD & TOBACCO				
28/9	19/9	10 c	10 c	Allied Suppliers 10/-	25/1½	24/4½	4·10	2½
12/4½	8/4½	12½ b	10 a	Assoc. British Foods .. 1/-	10/-	9/6*	2·37	2
61/3	29/3	8 b	4 a	Bovril £1	44/-	43/3	5·55	1½
12/9	9/9	†2 1/12 a	†4⅙ b	Brooke Bond 'B' 5/-	10/10½	10/7½	4·80	3¼
16/4½	11/10½	2½ a	10 b	International Tea 5/-	15/6	14/10½	4·20	1¾
82/6	62/9	10⅚ b	5 a	J. Lyons 'A' £1	79/-	77/-	4·11	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	37/1½	35/7½	3·93	...
13/7½	10/10½	10 c	3 a	Spillers 5/-	12/9	12/6	4·00	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	49/6	48/6	4·95	2¼
18/-	13/10½	5 a	9 b	Unigate 5/-	14/7½	14/4½	4·87	2
65/3	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. ... 10/-	61/9	61/3	6·00	3
41/3	28/3	15 b	5 a	Gallaher 10/-	30/9	30/3	6·61	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	56/6	56/3	8·00	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	7 3/16	7 1/16	2·76	...
68/-	48/9	25 b	20 a	Commercial Union ..5/-	50/6	50/-	4·50	...
9	5⅜	...	...	Equity & Law Life ...5/-	7 11/16	7¼	1·50**	...
09/3	69/-	30 c	12½ a	General Accident 5/-	79/3	78/3	1·92	...
60/6	42/6	...	11⅔ a	Guardian 5/-	46/3	45/3	2·95**	...
48¾	32½	110 b	80 a	Legal & General 5/-	38⅞	38⅞	1·22	...
80/-	138/9	12½ b	9½ a	Northern & Empl. £1	166/3	158/9	2·77	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/-	12 11/16	12½	3·27	...
29¾	21⅞	†208⅓ c	†231¼ c	Prudential 'A' 4/-	25⅛	25⅜	2·98	...
47/10½	35/3	...	15 a	Royal 5/-	36/6	36/6	4·11**	...
27/9	95/6	11¼ b	7½ a	Royal Exchange £1	101/3	99/9	3·76	...
				MOTORS & AIRCRAFT				
18/3	12/6	7½ a	12½ b	British Motor 5/-	14/9	14/6¾	6·87	½
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	72/3	70/6	1·42	8
41/6	23/1½	8 c	2 a	Rolls-Royce £1	24/6	27/1½	...	1¼
6/8¼	4/3	4 c	4 c	Rootes Motors 'A' ...4/-	5/7½*	5/6¾*	2·88	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	82/10½	78/3	5·11	...
19/1½	13/10½	13½ c	5 a	Bristol Aeroplane ..10/-	18/10½	19/10½	6·79	2
29/1½	19/3	6 b	5 a	Hawker Siddeley £1	28/1½*	27/3	8·07	1¼
37/6	25/9	†4 a	†6½ b	Dowty Group 10/-	36/9	35/6	4·80	2¼
39/-	25/3	15⅚ b	5 a	Dunlop Rubber 10/-	28/3¾	27/1½	5·84	1¾
77/-	62/1½	2½ a	11¼ b	Joseph Lucas £1	74/4½*	73/4½*	3·75	2½
22/-	12/-	5 c	Nil a	Pressed Steel 5/-	15/3	15/-	1·67	...
39/-	31/1½	5 a	10 b	Triplex Holdings ...10/-	36/7½	36/4½	4·12	2
				MINES				
78/1½	136/3	50 b	40 a	Anglo-American 10/-	170/-	168/9	5·33	1¾
73/-	52/6	6¼ a	18¾ b	Consolid. Gold Fields £1	66/-	64/9	7·72	2
25/-	81/10½	15 a	20 b	General Mining £1	121/10½	123/9	5·66	2
71/-	46/6	†100 c	30 a	Union Corporation .. 2/6	67/-	65/9	6·21	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	18/3	18/6	21·62	1¼
34/4½	81/10½	70 a	110 b	Free State Geduld ...5/-	129/4½	128/6	7·00	1½
74/3	50/6	60 a	70 b	President Brand 5/-	71/9	72/6	8·97	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	88/9	88/9	6·99	1¾
45/6	34/-	...	...	Western Deep 'A' £1	42/3	42/3	...	...
61/3	117/6	105 a	135 b	Western Holdings ...5/-	148/9	148/9	8·07	1¼
20/4½	15/3	5 a	6 b	Winkelhaak 10/-	17/7½	17/7½	6·24	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/-	50/-	49/3	15·23	1½
59/3	47/-	20 a	60 b	Rhod. Anglo-Amer. 10/-	55/3	55/3	14·48h	1¼
37/4½	24/-	6 a	15 b	Rhod. Selection Tst. £1	29/7½	31/9	13·23h	...
21/9	14/1½	Nil a	7½ b	Tanganyika Cons. 10/-	14/9*	14/6*	5·17	...
91/3	135/-	180 b	100 a	De Beers Defd. Reg. 5/-	187/6	187/6	7·47	1¾
151½	$98½	$1·60c	$1·90c	Internat. Nickel ... n.p.v.	$120	$122	2·78	...
18/9	13/1½	30 b	7½ a	London Tin 4/-	14/10½	14/7½	10·26	1¼
20/1½	14/9	...	5 a	R.T.Z. 10/-	19/6	18/10½	7·95**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	22/6	22/3	14·61	1
				PAPER & NEWSPAPERS				
14/6	10/4½	10 b	6 a	Daily Mirror 5/-	14/-	14/3	6·32**	1½
83/-	62/6	9 b	4 a	W. H. Smith & Son 'A'. £1	74/-*	73/6	3·54	2
24/9	13/9	14 b	10 a	Thomson Org'n. 5/-	17/9	18/-	6·67	1½
47/3	31/6	8¾ b	5 a	Bowater Paper £1	35/3	35/3	7·80	1
50/3	35/-	11 b	5 a	Albert E. Reed £1	49/3	50/-	6·40	1½
43/9	33/6	8½ b	4 a	Spicers £1	40/3	40/-	6·25	1½
60/-	44/-	10 b	4 a	Wiggins Teape £1	59/9	58/6	4·79	1¾
				MISCELLANEOUS				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	20/6	20/9	7·23	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	22/6	22/6	13·33	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	38/0¾	37/-*	4·05	1¾
39/4½	29/10½	3½ a	6⅔ b	British Match £1	37/10½	36/6	5·47	2¼
16/3	11/-	6⅔ b	4 a	British Oxygen 5/-	13/10½	13/3	4·02	1¾
9/10½	7/2¼	7 b	3 a	British Ropes 5/-	8/5¼	8/2¼	6·11	1½
45/-	30/1½	...	5 a	De La Rue 10/-	44/6	43/6	3·16**	2
42/-	27/1½	15 c	7½ a	Gestetner 'A' 5/-	39/-	39/9	1·89	3¾
57/9	41/6	7½ a	8⅓ b	Glaxo 10/-	56/-	55/9	2·87	2¾
49/-	42/6	3 a	13 b	Harrison & Cr. Defd. £1	43/-	43/9	7·31	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	35/9	36/-	3·47	1¾
95/-	62/6	9·04 b	7·04 a	Hudson's Bay £1	76/3	73/9	4·36	2½
23/3	15/1½	12½ b	5 a	Ilford 5/-	15/4½	15/4½	5·69	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	90/-	88/6	2·54	2½
47/11¼	36/9¾	12½ c	11·4 c	National Canning £1	42/6	44/9	5·09	1½
41/3	32/6	6 a	12 b	Powell Duffryn 10/-	36/9	36/9	4·90	1¾
40/6	32/3	17½ b	5 a	Radio Rentals 5/-	38/9	39/3	2·87	2¾
37/-	24/6	7½ a	17½ b	Rank Organisation ...5/-	34/6	33/9	3·70	2
38/-	24/-	16½ b	7½ a	Schweppes 5/-	27/6	27/6	4·36	1½
35/3	25/-	25 c	25 c	Sears 'A' 5/-	27/11¼	26/6	4·72	2
32/1½	23/-	11 b	5 a	Steetley 5/-	29/1½	28/7½	2·79	3
29/10½	21/9	11½ b	8½ a	Thomas Tilling 4/-	26/9	26/-	3·08	2
64/-	44/-	8 b	4 a	Turner & Newall £1	56/6	54/6	4·40	2
47/3	30/10½	15·32b	9·5 a	Unilever 5/-	39/-	37/4½	3·32	3
11⅝	7 3/16	13 b	8 a	Unilever N.V. ...... 12 fl.	9⅛	8⅞	2·84	3
18/9	12/10½	10 b	5 a	United Glass 5/-	14/1½	13/9	5·45	...
33/3	21/7½	†10⅚ b	†4⅙ a	United Molasses 10/-	27/-	29/9	8·23	1
				SHIPPING				
32/3	22/9	13½ b	6½ a	Brit. & Com'wealth. 10/-	32/-	32/-	6·25	1
18/3	15/3	6 c	Nil c	Cunard £1	16/-	15/9	...	...
26/-	16/9	7 c	7 c	France Fenwick £1	22/6	24/6	5·71	1½
31/6	20/-	10 c	8 c	Furness Withy £1	24/6	24/6	6·53	...
9/7½	4/4½	...	...	London & Overseas .. 5/-	4/9	5/3	...	...
31/-	17/6	3 b	3 a	P & O Defd. £1	29/6	28/6	7·02**	...
12/1½	7/-	2½ c	Nil a	Reardon Smith 10/-	7/7½	8/-	3·13	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/6	9/3	...	...
				STEEL				
48/4½	24/7½	16 c	5 a	Colvilles £1	25/-	24/6	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	17/-	16/6¾	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel £1	26/9	26/1½	8·42	3
21/4½	10/6¾	10 c	Nil a	South Durham £1	10/11¼	10/8¼	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	25/-	23/6	8·51	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	33/9	33/6	8·96	2
34/7½	26/4½	6 b	4 a	John Summers £1	28/3	28/3	7·08	2
42/4½	25/3	4 a	6 b	United Steel £1	28/-	27/7½	7·24	1½
41/-	23/9	8¾ b	4 a	Whitehead £1	29/3	28/9	...	2
				TEXTILES				
32/-	25/4½	10 b	5 a	English Sewing Cotton £1	29/4½	29/4½	8·51**	1
26/4½	18/4½	5 a	7½ b	Fine Spinners £1	22/10½	23/1½	10·81	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	40/-	38/7½	...	1¼
55/1½	37/10½	12½ c	5 5/12 a	Courtaulds £1	54/6*	54/9¾*	4·56**	1½
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/-	6/-	6/-	8·89	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	78/7½	79/1½	5·31	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	22/-	22/-	9·09	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	16/4½	15/7½	7·68	1
13/3	8/1½	7½ a	12½ b	Calico Printers 5/-	10/6	9/9	10·25	1¾
48/6	37/4½	8¾ b	3¾ a	Coats, Patons & B. £1	43/9*	40/10½*	6·12	1¾
10/9	8/-	13 c	1½ a	Jute Industries 10/-	9/9	9/6	...	2¼
27/1½	17/1½	10 c	7½ c	Tootal £1	20/1½	19/1½	7·84	½
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/-	23/6	23/6	2·66	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	50/3	48/-	5·21	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	16/4½	16/6	3·03	1½
71/9	54/3	10 a	12½ b	City Centre Props. 5/-	58/-	56/9	2·64**	1
89/-	69/9	8½ b	4 a	City Lond. Real Prop. £1	79/9	79/-	3·16	1
38/6	22/6	4 b	2 a	Land Securities 10/-	28/1½	28/7½	2·10	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	32/9	32/-	4·17	1
				TEA & RUBBER				
46/6	28/-	†2½ a	†12½ b	Cons. Tea & Lands £1	33/-	32/-	15·31	2
37/6	14/-	†3 a	†10 b	Jokai (Assam) £1	24/9	25/-	16·98	2
9/6	7/6	...	7½ c	Nuwara Eliya £1	8/9	8/6	17·64	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/2¼	5/1½	16·26	1½
5/5¼	4/5¼	32½ b	7½ a	London Asiatic 2/-	5/3	5/1½	15·61	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	64/10½	64/4½	13·98	1½

NEW YORK PRICES AND INDICES

	Nov. 28 $	Dec. 5 $		Nov. 28 $	Dec. 5 $		Nov. 28 $	Dec. 5 $
Atch. Topeka	24⅞	25	Boeing	38⅝	39⅝	Int. Harvester ..	49¾	49¾
Can. Pacific	22	23⅛	Celanese	37	38⅛	Inter. Nickel ...	64¾	64½
Pennsylvania	13¾	14¼*	Chrysler	70¼*	72¾	Inter. Paper ...	28⅛	28¼
Union Pacific	33⅞	34*	Col. Palmolive ..	42⅜	43⅛	Kennecott	68	67⅝
Amer. Electric ...	33⅞	33¾	Crown Zeller. ..	46⅝	48*	Monsanto	49¼	49½
Am. Tel. & Tel. ..	114⅞	114⅝	Distillers Seag. ..	42⅞	43¾	Nat. Distillers ..	24⅝	24½
Cons. Edison	79⅜	79⅜	Douglas	33⅜	34½	Pan-American .	21¼	22⅜
Int. Tel. & Tel. ...	43¼	45	Dow Chemical ..	59⅜	59	Procter Gamble	71½	73¾
South'n. Nat. Gas.	43¼	44⅜	Du Pont	231¼	234¾	Radio Corpn. ..	57	59½
United Corpn. ...	7⅞	8¼	East. Kodak	108	108½	Sears Roebuck .	75⅝	75¼
Western Union ...	27⅛	27¾	Ford Motor	45½	45¾	Shell Oil	32⅜*	33¼
Alcoa	58	56	Gen. Electric ...	74¾	76	Socony-Mobil ..	54⅞	57⅜
Aluminium	22¼	22½	General Foods ..	75½	74¾	Stand. Oil Ind. .	48⅛	48½
Amer. Can	44½	44⅞	General Motors.	55⅞	56⅜	Stand. Oil N.J. .	56	57⅝
Am. Smelting	56	55⅝	Goodyear	33¼	32⅜	Union Carbide.	103½	104
Am. Viscose	59	59⅜	Gulf Oil	38⅜	39½	U.S. Steel	49¼	46⅜
Anaconda	43⅛*	42⅜	Heinz	47¾	50⅞	West. Electric ..	33	32⅝
Beth. Steel	32¼	30⅝	Int. Bus. Mach. ..	397½	398¾	Woolworth	69⅝	67¼

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Nov. 7	61·48	3·50	29·24	5·48	56·78	3·62	90·06	3·88
" 14	63·04	3·40	30·49	5·42	57·61	3·56	90·28	3·86
" 21	63·68	3·43	31·26	5·29	58·52	3·51	89·96	3·89
" 28	65·13	3·38	31·82	5·20	59·20	3·48	90·06	3·88
Dec. 5	65·95	3·34	32·67	5·06	59·70	3·46	89·96	3·89

425 Industrials:—High, 75·22 (Jan. 3). Low 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

	Nov. 28	Dec. 5		Nov. 28	Dec. 5		Nov. 28	Dec. 5
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide ...	1,175	1,141	A.E.G.	424	424	A.K.U.	384¼	402¾
Banque de Paris	549	542	Bad'che. Anilin.	443	445	Bijenkorf	970¼	960
Citroen	203	203·1	Bayer	498	488	Heinekens	486	487
C. F. Petrole ..	311·2	328	Commerzbank.	427	432	Interunie (Fl.50)	Fl.187	Fl.187
Cie. G. d'Elect.	869	851	Deutsche Bank.	480	490	K. N. Hoogoven	583¾	580½
Machines Bull.	480	458·9	Hoechst Farb. ..	439	432½	Kon. Zout-Ket.	775	773
Pechiney	236	228	Kundenkredit .	375	392	Philips (Fl.25) ..	Fl.155·8	Fl.150·3
Printemps	614	600	Lowenbrau	948	978	Robeco (Fl.50) .	Fl.207	Fl.208
Rhone-Poulenc	443	418	Mannesmann ..	216	214	Rotterdam Bk. .	379½	377½
S.I.M.	373	372	Siemens	583	575	Thomassen & D.	688	685
Saint-Gobain ..	360	343	Thyssen-Huette	197	192	Valeurop	Fl. 72·8	Fl. 73·[illegible]
Usinor	188¶	176	Volkswagen ...	501	524	Zwanenberg ..	900	915
Index	101·84	97·6	*Herstatt Index*	91·60	92·20	Index	326·7	325·4
Dec. 31, 1961=100.			*Dec. 31, 1959=100.*			*1953=100.*		
CANADA	$	$	**AUSTRALIA**	£A	£A	**JAPAN**	Yen	Yen
Abitibi Pr. & P.	41¾*	41¾	Ampol Pet.	11/2	11/-	Ajinomoto	357	354
Aluminium ...	23⅞	24¼	Ass. Pulp & P. ..	32/3	33/3	Fuji Iron	44	43
Bel Tel.	50⅝	51⅛	Aust. Con. Inds.	62/9	63/9	Hitachi	81	83
Can. Brewer's.	10¾*	10½	Aust. Oil & Gas	52/6	54/9	Honda Motor ..	332	335
Can. Imp. Bank	62⅞	63⅜	Brit. Tobacco ..	27/3	28/6	Kirin Brewery.	339	328
Can. Pac. Rly. .	23⅞	24¾	Broken Hill Pty.	51/6	50/6	Mitsub. Chem. .	80	78
Hiram Walker	53⅝	54⅝	G. J. Coles	13/2	12/11	Mitsub. Elect. ..	72	71
Imperial Oil ..	45⅝	44⅛	Felt & Textiles .	8/3	8/6	Mitsub. Heavy ..	74	75
Noranda Mines	30	31⅛	I.C.I. A.N.Z.	44/-	46/6	Nippon Elect. ..	308	315
ShawiniganWtr	24½	24½	Myer Emporium	30/9	30/5	Sony	730	712
Steel of Canada	17¾	17¾	Ready Mix Con.	10/8	11/-	Toyo Rayon ...	155	157
Trans.Can.Pipe	21¾	22¼	Woolworth ...	13/8	13/10	Yawata Iron ...	47	46
Toronto Ind. Index	568·90	572·09	Sydney Indust. Index	290·54	293·36	Dow Jones Average	1439·69	1435·[illegible]
1933=100.			*1937/39=100.*					

THE ACTUARIES' INVESTMENT INDEX

(December 31, 1957=100)

GROUP	Price Index Nov. 28, 1961	Price Index Nov. 27, 1962	Average Yield per cent Nov. 28, 1961	Average Yield per cent Nov. 27, 1962
FINANCIAL:—				
Banks	280·2	293·4	3·29	3·26
Investment trusts	253·8	253·0	3·25	3·39
INDUSTRIALS:—				
Electrical engineering	140·2	164·4	5·82	3·93
Engineering	141·2	148·4	5·23	5·28
Steel	190·7	129·7	7·40	8·56
Breweries	294·9	311·3	3·85	4·08
Chain stores	245·9	208·0	2·75	3·33
Cotton and rayon textiles	150·8	158·1	9·10	8·78
Wool textiles	181·3	164·9	6·49	7·14
Chemicals	171·3	169·5	5·11	4·64
Oil	114·5	166·8	7·67	6·08
Shipping	83·9	68·5	6·51	4·25
All classes combined	174·7	184·4	5·73	5·24
Total—*Capital goods*	148·6	152·2	6·17	5·47
Total—*Consumption goods*	241·5	239·1	4·91	5·04

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (m) Assented into Treasury 4% 1965. Japanese prices supplied by Diawa Securities, Tokyo.

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Charrington United, 12%. City Centre Props., 30%. Courtaulds, 13%. Daily Mirror, 18% De La Rue, 13¾%. English Sewing Cotton, 12½%. Equity & Law Life, †26⅔%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. P & O Defd., 10%. R.T.Z., 15%. Royal Insurance, 30%. Swan Hunter, 10%.

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had the full support of the Kardomah directors, who control about 60 per cent of the ordinary and 29 per cent of the "A" shares; they are recommending other shareholders to follow their example in accepting the offer. There is an alternative cash offer, based on 28s. in cash for the Forte "A" shares, which values Kardomah shares at 62s. 6d. The bid puts these shares on an earnings yield of only 5¾ per cent (which is still, however, above that on Forte's shares). The bid clearly takes account of the strength of Kardomah's assets, for in July its net equity assets (allowing for the revaluation of properties) were equal to about 47s. a share and its quick assets of £666,000 to about 21s. 6d. a share. Thus on balance Forte has relatively little cash to find as the cash portion of the bid (excluding the cash alternative) will take about £850,000. Kardomah's pre-tax profits for the year to July last amounted to £154,000, about one-seventh of those forecast by Forte for the year to end January, 1963, and the bid on a full acceptance would add about 12½ per cent to Forte's ranking equity. Kardomah's trading record has been far from inspiring but it is now beginning to reap the benefits from its modernisation programme and its chain of 32 cafés and coffee houses should fit in well with Forte's expanding empire. Kardomah also blends and distributes tea and coffee.

Compagnie d'Outremer

THE Compagnie d'Outremer completely controls the Banque Lambert, the fourth Belgian bank in size but the one closest in its operations and ambitions to a British merchant bank. More of its bearer shares, currently priced at Fr 1,220 to yield about 3¼ per cent, are owned in this country than those of any other Belgian bank. The company wants to spread its wings internationally, as the growth it can secure within Belgium is limited. It has three strings to its bow—banking, portfolio investment and real estate. It is a *banque d'affaires*, participating in new issues, managing unit trusts, holding shares in other banks and the like; but it is also a commercial bank, with half of its deposits in Euro-currencies. As a holding company, it has invested money in the shares of leading Belgian concerns (such as Sofina and Petrofina) because as the managing director, M. Jacques Thierry, says "in Belgium a permanent shareholding in a company is generally the price to be paid for its faithfulness as a customer." About an eighth of Outremer's investment portfolio is still in Africa, including shareholdings in "Rhoanglo" and De Beers as well as interests in the Congo such as the participation with Heinekens in brewing. Outremer's third and newest interest is in real estate.

This side of the business will be more than doubled as a result of three new acquisitions. Belgika, a holding company in which Outremer has had a substantial shareholding for a number of years, was a commercial company in the Congo and it has suffered substantial losses; but these and the fact that about a quarter of the current value of its net assets is still invested in Africa have been taken into account in arriving at the take-over price. Its attractions to Outremer are its quick assets and buildings in Belgium and its accumulated tax losses. The latter will presumably be set against the tax liabilities of Imber and Siber, the two other acquisitions. These are Luxemburg companies but their main asset is the equity capital of Immobiliere Bernheim, which is believed to be the biggest real estate company in Belgium owning big areas of undeveloped land in Brussels and Liège. Here, in securing a firm base at home and in its willingness to participate in developments in other countries, Outremer is following British and American examples—as it does in its other ventures.

Dannimac

THE fall in Dannimac's trading profit from £504,000 to £401,000 in the year to April 10th came as a shock, for a year ago the chairman had forecast satisfactory results on the basis of higher sales in the first eight months of the year and a satisfactory order book for the 1962 spring season. Suggestions that the unusually dry and cold weather in the summer of 1961 and the spring of 1962 were responsible for this setback are not confirmed by the chairman, Lord Keyes, who says that sales of Dannimac rainwear showed a satisfactory increase. It seems that higher wages and overheads, coupled with the additional purchase tax on clothing not passed on to the customer, were responsible. Following the results the 1s. shares fell by 2s. 10½d. to 16s. 6d. but recovered to 18s. 3d. to offer one of the lowest dividend yields in the market—0.4 per cent. This stems from the board's ultra conservative dividend policy; for years the payment has been held at 7½ per cent although earnings have often topped 200 per cent. On the 1961-62 figures the payment is still covered over 22 times.

With the final repayment of a deferred liability in 1960-61 some loosening of the purse strings was expected despite the directors' firm statement that they intended to conserve Dannimac's resources for further expansion. Lord Keyes says again that this is still the directors' policy "with a view to profitable investment as and when opportunities arise." So far there is little sign of new investments, apart from the decision to increase the capacity of the Middlesbrough factory acquired in July, 1961, by two-thirds. This is hardly likely to absorb the cash flow, amounting to £210,000 in 1961-62, and thus net liquid assets amounting to £1,315,000 or about 6s. 6d. a share, are likely to remain intact. With forward orders for the next spring season again higher, Lord Keyes once more forecasts satisfactory results. Shareholders will hope that this will mean something different from the experience in 1961-62. But if it does, will better profits put more money in their pockets? Not every shareholder in Dannimac can be a surtax payer.

R. A. Lister

THE preliminary results of R. A. Lister, manufacturers of diesel engines and agricultural and dairy equipment, pleasantly surprised the stock market which is in no mood nowadays to be optimistic about the performance of the capital goods manufacturers, especially those having even a limited connection with shipbuilding. The dividend has been raised from 14 to 15 per cent following a rise in net equity earnings from £641,000 to £706,000 after a tax charge that appears to reflect bigger investment allowances. Before tax profits in the year to September 30th rose by just under 8 per cent from £1,295,000 to £1,398,000. The £1 shares were immediately marked up 6s. to a new peak of 57s. 6d., so that they now yield 5¼ per cent, covered 1¾ times.

Richard Costain

PROFITS of Richard Costain may be slightly higher and Sir Richard expects the dividend to be maintained at 16 per cent. The ending of the credit squeeze has not as yet given a boost to Costain's house building business and Sir Richard Costain believes that increased activity is unlikely unless there is an improvement in mortgage terms for buyers of smaller houses. The government's slum clearance drive should provide new work for Costain and further expansion both in construction and civil engineering work is expected in 1963. But increased competition for work overseas is resulting in low profit margins which are "often not in keeping with the work involved." There is to be a revaluation of certain of the group's fixed assets. The surplus will not be written into the accounts but will be kept in reserve against possible losses on the realisation of assets in countries subject to political or economic disturbances. At 18s. 7½d. the shares yield 4¼ per cent.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
Oct. 31	330·2	5·26		
Nov. 7	336·4	5·16		
,, 14	345·4	4·98		
,, 21	348·7	4·95		
,, 28	354·9	4·86		
Dec. 5	348·1	4·96	364·1 (Jan. 17)	310·3 (June 27)

FT-ACTUARIES INDICES
(April 10, 1962=100)

1962	500 Shares	Yield %	2½% Consols Yield
Nov. 29	98·23	4·63	5·68
,, 30	98·28	4·63	5·65
Dec. 3	97·88	4·65	5·69
,, 4	97·09	4·68	5·68
,, 5	97·60	4·66	5·67
High, 101·34 (April 27). Low, 84·86 (June 25).			

FINANCIAL TIMES
(1935=100)

Ord Index	Bargains Marked
295·6	12,386
294·7	12,455
293·2	15,164
295·3	12,655
291·5	9,991
High, 310·2 (January 19) Low, 252·8 (June 25).	

Money and Exchanges

EXCHEQUER RETURNS

For the week ended December 1, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £72,037,000 compared with a deficit of £4,724,000 in the previous week and a deficit of £31,586,000 in the corresponding period of last year. There was a net expenditure "below-line" of £25,073,000 leaving a total cumulative deficit to date of £661,357,000 compared with £795,676,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to Dec. 2, 1961	April 1, 1962, to Dec. 1, 1962	Week ended Dec. 2, 1961	Week ended Dec. 1, 1962
Ordinary Revenue					
Income Tax	2,790,000	1,018,929	1,106,232	37,003	40,170
Surtax	188,000	55,600	61,000	1,800	1,600
Death Duties	264,500	173,100	169,800	5,800	3,700
Stamps	95,000	65,500	63,600	1,800	1,900
Profits tax, EPT and EPL	374,000	241,900	276,200	6,600	4,700
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,555,029	1,676,832	53,003	52,070
Customs	1,653,000	1,102,442	1,130,630	32,935	37,211
Excise	1,077,000	699,305	742,890	27,665	29,590
Total Customs and Excise	2,730,000	1,801,747	1,873,520	60,600	66,801
Motor Duties	150,000	47,235	67,941	...	...
Broadcast Lic's.	41,000	23,800	25,400	...	...
Miscellaneous	165,000	183,375	118,718	22,376	3,711
Total	6,797,500	3,611,186	3,762,411	135,979	122,582
Ordinary Expenditure					
Debt Interest	600,000	466,028	369,791	30,771	25,957
Payments to N. Ireland Exch.	100,000	56,208	60,580	...	4,074
PO Fund—Initial settlement	...	7,282	...	...	...
Other Consolidated Funds	12,000	4,954	5,111	56	199
Supply Services	5,611,650	3,441,163	3,673,303	136,548	164,129
Total	6,323,650	3,975,635	4,108,785	167,375	194,359
Sinking Funds	41,000	24,354	24,629	190	260
"Above-line" Surplus or Deficit	388,803	371,003	31,586	—	72,037
"Below-line" Net Expenditure*	406,873	290,354	31,240	25,073	—
Total Surplus or Deficit	795,676	661,357	62,826	97,110	—
Net receipts from:					
Tax Reserve Certificates	186,960	115,676	5,751	8,562	
Savings Certificates	—18,900	5,000	—500	2,200	
Defence Bonds	19,046	19,487	484	1,875	
Premium Savings Bonds	28,700	25,100	1,500	800	
Total	215,806	165,263	7,235	13,437	

* Net repayments of £5 million to the Civil Contingencies Fund in 1962–63 compared with net repayments of £5 million in 1961–62.

FLOATING DEBT
(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
Dec. 2	3,350·0	2,078·9	228·5	...	5,657·4
1962					
Sept. 1	3,000·0	2,078·5	210·9	...	5,289·4
,, 8	2,990·0	1,637·9	211·6	...	4,839·4
,, 15	2,990·0	1,683·6	226·2	...	4,899·8
,, 22	2,980·0	1,699·2	220·2	...	4,899·4
,, 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct. 6	3,020·0	1,572·9	220·5	...	4,813·5
,, 13	3,010·0	1,598·3	215·2	...	4,823·6
,, 20	3,020·0	1,595·6	204·1	...	4,819·7
,, 27	3,040·0	1,637·6	201·0	...	4,878·5
Nov. 3	3,060·0	1,620·7	205·3	...	4,886·1
,, 10	3,080·0	1,547·5	205·4	...	4,832·9
,, 17	3,110·0	1,519·7	233·8	1·8	4,865·3
,, 24	3,140·0	1,500·1	194·2	4·8	4,839·0
Dec. 1	3,170·0	1,510·8	242·5	...	4,923·3

THE MONEY MARKET

THREE or four discount houses were forced to borrow a small amount at the penal rate from the Bank of England on Tuesday. In the past two weeks the Treasury bill rate has fallen by nearly ⅛ per cent; the authorities seem to feel that the pace of the fall needs checking. The latest release of special deposits, however, will mean an increased demand for Treasury bills from the banks, which the discount houses will be obliged to satisfy. The downward pressure on the rate is likely to increase despite the mild official brake.

At the Treasury bill tender on Friday of last week the syndicate of discount houses raised its agreed bid for the 91-day bills on offer by 2d. to £99 1s. 6d. The outsiders topped the market's bid, however, and the bill rate fell 11.56d. to 73s. 9.47d. per cent, so that the market's quota fell to 39 per cent compared with 60 per cent in the previous week. The market received 74 per cent of its application for the 63-day bills on offer, and its average quota was 45 per cent.

Rates in the local authority loan market were firmer this week on a good demand to cover the difficult year-end period. The three months' Euro-dollar rate remains at 4⅛ per cent and continues to offer an attractive investment to holders of dollar deposits.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	**Market discount rates** (3 months):	
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	3⅞–4
Discount houses	2⅛–2⅜	Fine trade bills	5⅛–6⅛
Local Authorities	4¼	**Euro-dollar deposits:**	
Call money:		7 days' notice	3⅞–3⅝
Clearing banks' minimum	7⅛	3 months'	3⅞–4⅛
Day-to-day	7⅛–4	**Forward cover** (3 months): Annual interest cost, US dollar	1 7/32

NEW YORK

	%		%
Official Discount rate: (from 3½% 11.8.60)	3	**Treasury bills:** November 26	2·853
		December 3	2·861

BANK OF ENGLAND RETURNS

£ million	Dec. 6 1961	Nov. 28 1962	Dec. 5 1962
Issue Department:			
Notes in circulation	2,398·0	2,330·1	2,370·9
Notes in banking dept.	37·3	45·3	54·5
Govt. debt and securities*	2,424·0	2,374·0	2,424·0
Other securities	0·7	0·9	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	11·7	13·2	10·3
Special deposits	233·5	80·8	80·8
Bankers	230·6	243·4	242·1
Others	67·8	73·3	70·0
Total	533·6	410·7	403·2
Securities:			
Government	433·2	303·1	278·2
Discounts and advances	61·2	59·2	67·6
Other	19·0	20·2	20·1
Total	513·4	382·5	365·9
Banking department reserve	38·2	46·1	55·3
"Proportion"	% 7·1	% 11·2	% 13·7

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,425 million on December 5th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered: 91 day	63 day	Applied for	91 Day Average Rate of Allotment	Allotted at Max Rate
				s. d.	%
1961 Dec. 1	220·0	50·0	461·3	107 1·08	44
1962 Aug. 31	240·0†		397·1	75 0·42	45
Sept. 7	240·0		429·3	74 4·55	48
,, 14	230·0		388·0	73 11·97	44
,, 21	250·0		406·1	74 0·01	40
,, 28	250·0		407·5	72 8·42	51
Oct. 5	250·0‡		415·2	72 4·13	37
,, 12	230·0		386·8	72 3·67	38
,, 19	240·0		396·9	74 8·22	38
,, 26	240·0		381·8	77 2·03	46
	91 day	63 day			
Nov. 2	200·0	60·0	443·8	76 11·48	32
,, 9	200·0	60·0	447·7	75 11·75	31
,, 16	200·0	60·0	410·0	75 11·09	41
,, 23	210·0	50·0	424·4	74 9·03	60
,, 30	210·0	50·0	420·2	73 9·47	39

* On November 30th tenders for 91 day bills at £99 1s. 6d. secured 39 per cent, higher tenders being allotted in full. The offer for this week was for £210 million 91 day bills and £60 million 63 day bills. † Allotment cut by £10 million. ‡ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits December 5	Market Rates: Spot November 29	November 30	December 1	December 3	December 4	December 5
United States $	2·78–2·82*	2·80 1/4–3/8	2·80 1/4–3/8	2·80 1/4–3/8	2·80 1/4–3/8	2·80 1/4–3/8	2·80 5/16–7/16
Canadian $	...	3·01 11/16–13/16	3·01 15/16–02 1/16	3·01 7/8–02	3·01 3/4–7/8	3·01 5/8–3/4	3·01 5/8–3/4
French Fr.	13·622–14·027	13·73 3/8–5/8	13·73 3/8–5/8	13·73 1/4–1/2	13·73 1/4–1/2	13·73 1/4–3/4	13·73 1/2–3/4
Swiss Fr.	11·94–12·54 7/8	12·09 3/4–10	12·09 7/8–10 1/8	12·09 3/4–10	12·09 3/8–7/8	12·09 1/2–3/4	12·09 5/8–7/8
Belgian Fr.	137·96–142·05	139·42 1/2–47 1/2	139·42 1/2–47 1/2	139·42 1/2–47 1/2	139·35–40	139·35–40	139·40–45
Dutch Gld.	9·983/4–10·28 1/2	10·09 1/4–3/8	10·09 1/8–3/8	10·09–09 3/4	10·09–09 1/4	10·09–09 1/4	10·09 3/8–10
W. Ger. D-Mk.	11·037–11·365	11·22 3/4–5/8	11·22 3/4–5/8	11·22 1/4–21 5/8	11·20 7/8–21 1/8	11·21–21 1/4	11·21 5/8–7/8
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1740 1/2–41	1740 1/2–41 1/4	1740 1/4–3/4	1740 1/4–3/4	1740 1/4–3/4	1740 1/2–41
Swedish Kr.	14·27 1/2–14·70	14·51 3/4–52	14·52–52 1/4	14·52–52 1/4	14·52–52 1/4	14·52 1/8–3/8	14·53–53 1/4
Danish Kr.	19·06 1/2–19·62	19·35 3/4–36	19·35 1/2–3/4	19·35 1/2–3/4	19·34 5/8–7/8	19·34 5/8–7/8	19·34 1/2–3/4
Norwegian Kr.	19·71–20·30 1/2	20·01 3/8–5/8	20·01 5/8–7/8	20·01 3/4–02	20·01 7/8–02 1/8	20·01 7/8–02 1/8	20·02–02 1/4
	Official Limits	**One Month Forward Rates**					
United States $		3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm	3/16–1/16c. pm
Canadian $		Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis
French Fr.		3/4–1/4c. pm	3/4–1/4c. pm	3/4–1/4c. pm	3/4–1/4c. pm	3/4–1/4c. pm	7/8–3/8c. pm
Swiss Fr.		7/8–3/8c. pm	7/8–3/8c. pm	7/8–3/8c. pm	1/2c. pm–par	1/4c. pm–1/4c. dis	1/4c. pm–1/4c. dis
Belgian Fr.		13–8c. pm	13–8c. pm	16–11c. pm	15–10c. pm	13–8c. pm	13–8c. pm
Dutch Gld.		1 1/8–7/8c. pm	1 1/8–7/8c. pm	1 1/8–7/8c. pm	1 1/8–7/8c. pm	1 1/8–7/8c. pm	1 3/8–1 1/8c. pm
W. German D-Mk.		5/8–1/8pf. pm	1/4pf. pm–1/4pf. dis	1/4pf. pm–1/4pf. dis	1/4pf. pm–1/4pf. dis	1/4pf. pm–1/4pf. dis	1/4pf. pm–par
		Three Months Forward Rates					
United States $		3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm
Canadian $		1/16–3/16c. dis	1/16–3/16c. dis	1/16–3/16c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–3/16c. dis
Swiss Fr.		2 3/8–1 7/8c. pm	2 3/8–1 7/8c. pm	2 3/8–1 7/8c. pm	1 5/8–1 1/8c. pm	1 5/8–1 1/8c. pm	1 5/8–1 1/8c. pm
W. German D-Mk.		2 1/8–1 3/8pf. pm	1 3/4–1 1/4pf. pm	1 3/4–1 1/4pf. pm	1 5/8–1 1/8pf. pm	1 5/8–1 1/8pf. pm	1 3/4–1 1/4pf. pm
		Gold Price at Fixing					
Price (£ per fine oz)		250/4	250/3 1/4	...	250/3 1/4	250·33 1/2	250/3 1/4
,, ($ equiv.)		35·08 1/2	35·08 1/2		35·08	35·08	35·08

Prices and Wages

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

BRITISH

Prices and Wages	This week	External Trade	Dec. 1st
Manpower and Output	Nov. 10th	Industrial Profits	Oct. 13th

OVERSEAS

Western Europe	Oct. 20th	United States	Nov. 17th

	Unit	1959	1960	1961	1961			1962				
		mid-June			Nov. 14	Nov. 21	Nov. 28	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
WORLD PRICES												
Commodity Price Indicator:												
All items	1958=100	96·8	98·3	95·3	92·0	92·0	91·9	91·7	91·9	92·1	92·9	93·1
Food	,,	95·3	93·0	93·0	89·6	89·1	89·3	88·7	88·9	89·3	90·3	90·7
Fibres	,,	95·3	98·7	104·4	99·6	99·7	99·7	99·0	100·1	100·2	100·3	100·7
Metals	,,	113·0	122·4	115·0	111·6	112·3	112·9	111·6	111·5	111·7	112·5	112·3
		Monthly averages			1961			1962				
BRITISH WHOLESALE PRICES		1959	1960	1961	August	Sept.	Oct.	June	July	August	Sept.	Oct.
Materials used in:												
All manufacturing industries	1954=100	101·7	101·8	100·6	100·7	100·2	99·4	100·0	100·3	99·0	99·0	99·6
Mechanical engineering	,,	124·5	126·2	128·1	128·7	128·7	128·4	130·1	130·2	130·2	130·1	130·4
Electrical machinery	,,	115·6	116·9	118·3	118·9	118·9	118·8	120·1	120·2	120·1	120·1	120·3
Construction	,,	113·4	115·1	118·2	118·9	118·8	119·1	120·5	120·6	120·6	120·7	120·8
House building	,,	111·0	114·0	118·0	118·6	118·6	118·9	120·2	120·3	120·4	120·4	120·5
Products of:												
All manufacturing industries	,,	111·5	113·0	116·0	116·9	117·1	117·1	118·5	118·7	118·8	119·0	119·0
Chemicals and allied trades	,,	106·6	106·0	105·1	105·2	105·0	104·7	104·1	103·9	104·4	104·5	104·0
Iron and steel	,,	129·0	128·5	129·7	130·2	130·2	130·2	133·9	133·9	133·8	133·8	133·8
Textile industry (11)	,,	96·0	100·8	104·0	103·2	103·2	103·1	102·5	102·5	102·4	102·4	102·3
Food manufacturing	,,	106·9	106·9	107·2	107·2	107·1	107·2	110·9	111·5	111·2	111·7	111·7
New construction (8)	,,	113	114	118	117[12]	...	120[13]	122[9]	...	123[12]	...	...
Commodities:												
Cotton, raw	,,	68·6	75·0	74·8	73·7	73·9	74·0	73·4	72·8	72·5	71·9	72·1
Wool, raw	,,	76·6	76·3	76·2	78·6	77·2	74·2	77·9	77·7	74·5	74·4	75·1
Rubber, No. 1 RSS, one month future	,,	148·1	158·0	122·8	125·0	126·7	121·2	111·3	111·4	110·4	109·5	114·1
Softwood, imported	,,	95·4	104·9	107·3	106·9	106·8	105·2	103·8	103·8	103·7	103·8	103·7
Copper, ex-warehouse	,,	95·6	99·0	92·3	92·9	92·2	92·0	94·2	94·2	94·2	94·2	94·2
Coal	,,	135·4	137·4	144·9	142·5	142·3	142·5	150·7	150·8	150·9	150·9	150·7
General chemicals	,,	106·7	105·0	103·9	103·7	103·7	104·0	101·7	101·6	101·6	101·6	101·5
UK RETAIL PRICES	Jan. 17,											
All items (1)	1956=100	109·6	110·7	114·5	115·7	115·5	115·7	120·9	120·4	119·4	119·3	119·1[10]
Food	,,	108·2	107·4	109·1	109·9	108·5	108·0	117·8	115·8	112·8	111·9	111·3
All items	1938=100[2]	273	276	285	288	288	288	301	300	298	297	297
Food	,,	285	282	287	289	285	284	310	304	297	294	292
Housing	,,	180	186	194	195	196	197	206	206	207	207	208
Clothing	,,	268	271	276	276	277	277	285	285	285	286	286
Fuel and light	,,	284	291	309	303	304	305	324	325	326	327	328
Household durable goods	,,	300	300	305	307	308	309	310	313	313	313	313
Drink	,,	261	256	274	277	279	282	282	283	283	284	284
Tobacco	,,	428	444	467	491	491	491	491	491	491	491	491
Purchasing power of £ (based on all consumer spending)	1938=100	35·4	35·2	34·2	33·8	33·9	33·8	32·4	32·5	32·8	32·8	32·9
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	98	99	97	95	95	96	96	95	95	95	96
Food, drink and tobacco	,,	98	97	94	91	91	91	96	95	94	96	97
Basic materials	,,	93	96	95	96	95	95	91	90	90	89	89
Fuels	,,	104	98	96	93	95	96	94	95	95	95	95
Manufactured goods	,,	104	107	107	106	106	106	104	104	105	105	105
Export prices:												
All items	,,	109	111	112	112	112	112	113	113	113	113	114
All manufactures	,,	111	114	115	115	115	115	116	116	116	117	117
Metals	,,	115	118	118	119	117	118	120	119	120	119	120
Engineering products	,,	117	120	122	122	123	122	123	124	124	125	125
Textiles (excluding clothing)	,,	98	102	106	107	106	106	106	105	105	106	106
Terms of trade:												
Ratio of import to export prices	,,	90	89	86	85	85	85	85	84	84	84	84
SHIPPING FREIGHTS												
Tramp shipping freights	1960=100	96·9	100·0	106·8	107·2	110·6	108·0	84·4	78·4	79·4	81·0	84·3
UK WAGES												
Normal weekly hours:	Jan. 31,											
All workers	1956=100	99·6	98·0	95·9	95·8	95·8	95·4	95·1	95·1	95·1	95·1	95·1
Weekly wage rates (3):												
All workers (3)	,,	117·0	120·0	125·0	125·2	125·4	126·2	129·3	130·3	130·6	130·7	130·9
Men	,,	116·8	119·7	124·6	124·7	124·9	125·8	128·7	129·8	130·1	130·2	130·3
Women	,,	117·0	120·8	125·3	126·1	126·4	126·4	130·2	131·2	131·3	131·6	131·8
Juveniles (4)	,,	119·0	123·2	130·3	130·8	131·1	131·7	135·2	136·2	136·5	136·8	137·0
All workers	Sept., 1939=100	304	312	325	325	326	328	336	339	339	340	340
Changes in weekly wage rates:												
Workers affected by increases	'000	392[6]	927	654[7]	439	644	1,635	450	3,577	1,988	660	420
Net increase in weekly wage bill (5)	£'000	104	359	343	146	249	839	123	970	444	187	119

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general males under 21 and females under 18 years of age. (5) Weekly earnings are surveyed in April and October. April figures are: Men, 1960: 282s. 1d.; 1961, 301s. 4d.; 1962; 312s. 10d. Women (full time), 1960: 145s. 0d.; 1961: 152s. 7d.; 1962: 157s. 2d. Youths (under 21), 1960: 123s. 1d.: 1961: 135s. 9d.; 1962: 141s. 3d. Girls (under 18), 1960: 93s. 1d.; 1961: 99s. 11d.; 1962: 104s. 6d. (6) 18,000 workers had a net decrease in wages over the year. (7) 25,000 workers had wage cuts in November, 1961, but over the whole of 1961 no worker had a net decrease. (8) Index of building costs. (9) Average for second quarter. (10) Using the revised retail price index based on January, 1962=100: October, 101·4. (11) Revised figures from 1961. (12) Average for third quarter. (13) Average for fourth quarter.

APPOINTMENTS

RESERVE BANK OF AUSTRALIA FIFTIETH ANNIVERSARY POSTGRADUATE SCHOLARSHIPS

Applications are sought for eleven Reserve Bank of Australia Fiftieth Anniversary Post-Graduate Scholarships, which are open to graduates of high intellectual promise willing to undertake post-graduate study at an Australian university for two years. Value £A1,250 plus generous travelling and other allowances. Applicants will be given the opportunity of specifying the department of study and subject of research for which the Scholarship is sought.

Details from the Association of Universities of the British Commonwealth, Marlborough House, Pall Mall, London, S.W.1. Closing date in Australia, May 31, 1963.

CARRERAS LIMITED

CIGARETTE MANUFACTURERS BASILDON NEW TOWN ESSEX

This Company which is associated with a world wide group of companies is expanding rapidly and, whilst calling for maximum efforts from Management and Staff, it offers unusual opportunities for advancement to able men. Applications are invited for the following appointments created by expansion and promotion.

Assistant Secretary (Ref. 62/34)

Applicants should be admitted Solicitors aged 25-35 with two or three years' experience in a firm having a substantial commercial practice. The person appointed will be responsible to the Company Secretary. He will be required to undertake the full range of secretarial duties and will not be confined to legal work.

Initial salary will be at least equal to current incomes in the profession for persons of comparable age and experience.

Economist/Statistician (Market Research) (Ref. 62/35)

Applicants should be aged 25-30 and be Graduates in Economics with Statistics with some experience in economic analysis and the techniques of Market Research.

The duties will include assisting in sales analyses and market surveys and initiating, progressing and reporting on consumer and advertising research projects.

Initial salary will depend on experience and qualifications but will be not less than £1,150.

Quality Controllers (Ref. 62/36)

Applicants should be aged 23-27 and be Graduates in Science or Technology, preferably with previous industrial experience and with a knowledge of and interest in the principles of quality control and the application of statistical method. The posts will entail a line responsibility for a team of inspectors and inspectresses.

Initial salaries will depend on experience and qualifications but will be not less than £1,150.

The Company operates a generous Superannuation Scheme and, if required, housing may be available in Basildon New Town.

Applications giving details of age, qualifications and previous experience and quoting the reference number shown should be addressed in confidence to:—

Personnel Director, Carreras Limited, Christopher Martin Road, Basildon, Essex.

MINISTRY OF HOUSING AND LOCAL GOVERNMENT

ARCHITECTS

The Civil Service Commissioners invite applications from men and women for the following posts:

	Salaries (Inner London)
ASSISTANT CHIEF ARCHITECT	£3,415
MAIN GRADE ARCHITECT	£1,579*— £2,093

*Starting salary may be above the minimum.

The Ministry is undertaking new work in the study and the promotion of industrialised building techniques in housing, for both flats and houses. This work will include liaison with manufacturers and contractors, with local authorities in England and Wales, and with other government departments. The Assistant Chief Architect will take charge of this work, under the direction of the Chief Architect, and will also be responsible for general supervision of the architectural and surveying staff of the Ministry's new Manchester office. The work of this office is to assist local authorities with big slum clearance problems in the North and Midlands, in the preparation and execution of large-scale programmes, in making full use of industrialised building methods, and in initiating and carrying through pilot schemes. The Assistant Chief Architect, assisted by a small staff in London, will work in close liaison with the Development Group, the Manchester office and the regional architectural staff based on London.

The Main Grade Architect will work under the direction of the new Assistant Chief Architect. He will be based on London but will be specially associated with the work of the Manchester team. The duties will entail some travelling.

Candidates should normally be at least 40 on December 1, 1962 (at least 35 for the Main Grade post) but younger applicants may be considered if exceptionally well qualified.

Candidates must be Registered Architects and hold professional qualifications in architecture. The post of Assistant Chief Architect calls for experience of new building techniques and contractual procedures, for organising capacity of a high order, good persuasive powers and the quality of leadership. The post of Main Grade Architect requires good design and practical building experience, preferably with some background of, and a strong interest in, industrialised building techniques.

The appointments will be for five years initially, but may be extended. They will not normally be pensionable, but, where possible, existing superannuation rights will be safeguarded.

Write Civil Service Commission, 17 North Audley Street, London, W.1, for application form, quoting S/5603/62. Closing date December 31, 1962. (3)

THE UNIVERSITY OF WARWICK

UNIVERSITY LIBRARIAN

Applications are invited for the post of University Librarian at the new University of Warwick which is to be established at Coventry. The salary will be based on qualifications and experience but will be not less than £2,600 per annum together with the usual superannuation and family allowance benefits.

Further particulars may be obtained from the Vice-Chancellor, c/o The Town Clerk, Council House, Coventry, to whom applications must be sent not later than January 12, 1963.

DORMAN LONG (STEEL) LIMITED

SYSTEMS ANALYSTS

Vacancies exist for Systems Analysts to investigate and plan clerical and administrative procedures including computer applications.

Some experience of this type of work would be an advantage and a university degree or a professional qualification is desirable. Brief written applications, in confidence, should be addressed to:

Chief Accountant,
Dorman Long & Co., Limited,
G.P.O. Box 2,
Dock Street,
Middlesbrough.

AAC

PRO OR AGENCY-TRAINED EXECUTIVE between the ages of 30 to 35, with a proven record of promotional experience, is required by a large organisation to undertake specialised promotional work in an unusually interesting field.

He should have a knowledge of production engineering, must be able to write clearly on technical subjects, and be equally at home with the staff of technical institutions and all levels of personnel in industry. He will be based in London but required to travel in the U.K. and the Continent.

The appointment, which is pensionable, is a senior one and commands an attractive salary. Applications, which will be treated in strict confidence, should give full particulars and be addressed to:

L. J. Burke, Esq.,
40 Holborn Viaduct,
London, E.C.1.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF CHINESE STUDIES

Applications are invited for two posts of Lecturer or Assistant Lecturer in the newly created Department of Chinese Studies. It is hoped that the Department will begin undergraduate teaching in October, 1963, and that students will be enrolled in courses in which the study of Chinese Language is combined with one of the Social Sciences. One of the posts will be reserved for a person qualified to teach Chinese language; for the second, ability to read and speak Chinese is essential, but the holder will be expected to work in the field of Chinese Economic, Social and Political Institutions. Salary for a Lecturer will be on the scale £1,150 x £50 — £1,500 x £75 — £1,950 (efficiency bar £1,650) and for an Assistant Lecturer within the range £900-£1,050. Applications (three copies), together with the names of three referees, should reach The Registrar, The University, Leeds, 2 (from whom further particulars can be obtained), not later than January 6, 1963.

For further appointments and other classified advertisements see pages 1070 and 1071

ODHAMS PRESS RESEARCH DIVISION

wishes to appoint another Senior Research Executive to the staff. Surveys undertaken by the Division cover virtually the whole range of consumer investigation — attitude, market, and readership studies, opinion polls — and occasional retailer and trade surveys.

Applications are invited from Research Executives who have had considerable experience in both overall and detailed design and control of field surveys, and in the preparation of the final report. The salary level envisaged will be commensurate with the responsibility of the post. Write with full particulars of qualifications, experience, age and present salary to — Personnel Manager, Odhams Press Ltd., 96 Long Acre, London, W.C.2.

A CAREER IN MARKETING

A MARKET RESEARCH OFFICER

A Market Research Officer with a good level of education and capable of clear thinking and concise expression is required by the manufacturers of Bird's Custard Powder and Maxwell House Coffee.

This position affords the opportunity of developing a rewarding career in the progressive Marketing Department of one of the leading manufacturers of branded foods. An attractive starting salary will be paid and there are good Employee Benefits.

The Company rates the Market Research function highly and previous experience of Market Research or a statistical background are desirable. The main duties will concern the initiation and interpretation of *ad hoc* surveys covering a broad area, the control and interpretation of standard research services and the collation and reporting of general marketing and economic data.

Please write, marking your letter "Ref: No. V.36" and detailing your age, education and experience, to:

THE PERSONNEL MANAGER,
ALFRED BIRD & SONS LIMITED,
DERITEND,
BIRMINGHAM 12.

BOARD OF TRADE require an ADVISORY OFFICER to be based on GLASGOW to visit firms who have applied for financial assistance under the Local Employment Act, 1960. Applicants should have a good general industrial background and their experience should have qualified them to inspect undertakings applying for assistance under the Act and to report on their organisation, management, production methods and equipment. This post is unestablished, and the successful candidate will be appointed, in the first place, for a period of two years. Starting pay will be assessed according to qualifications and experience within the range £1,834-£2,250. Applications, giving date of birth, education, qualifications and experience, to Manager (PE. 6661), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Only candidates selected for interview will be advised.

WORK STUDY

A major industrial group wishes to appoint a man to the existing section which is responsible for training Work Study practitioners and for maintaining in them a high, uniform and acceptable standard of professional competence. Courses are also mounted for all levels of management.

The position will involve the design an execution of courses in a wide field of associated subjects, from fundamentals to advanced techniques. Consequently, a broad background is necessary, which must include considerable non-academic experience. Indeed, actual teaching experience is not essential, but evidence of capability in this respect will be required. A degree would be a distinct advantage. There may later be opportunities for laboratory and development work. The section is based near London.

The age envisaged is about 30, and the starting salary will not be less than £1,500 per annum.

Candidates should send brief details, in complete confidence, to Box 1671.

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN MATHEMATICS

Applications are invited for an Assistantship in Mathematics. Salary scale: £900-£1,050 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than January 31, 1963, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON.
Secretary of University Court.

WANTED at the Headquarters of Economic Commission for Africa, Addis Ababa:

STATISTICIANS

in various fields, including assistance to African countries in national income, field surveys, trade or population statistics. University degree in economics and/or statistics. Range of actual professional experience five to ten years. Fluency in English or French, bilingual candidates will be preferred. Salary range including cost of living allowance: US$7,066-13,256 net per annum.

Apply to the Personnel Officer, ECA, P.O. Box 3001, Addis Ababa, Ethiopia.

BBC REQUIRES Assistant, Topical Talks Unit, African Service. Duties include writing short News Talks for translation and broadcasting in African Service and broadcasting News Talks for programmes in English to Africa. Opportunities for gaining interviewing and production experience. Good general knowledge of international and African affairs, proven ability to write clearly and succinctly and to think and work quickly essential. Special knowledge of East or West Africa, residence or travel in the area and previous experience of writing on affairs in this field desirable. Previous broadcasting experience not essential. Selected candidates will be required to submit a script of a 5 minute talk on one of several given topics and to deliver it at the microphone as part of a voice test. Salary £1,380 (possibly higher if qualifications exceptional) rising by five annual increments to £1,780 max. p.a. Requests for application forms (enclosing addressed envelope and quoting reference 62.G.489 Ect) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

UNIVERSITY OF NOTTINGHAM

DEPARTMENT OF ECONOMICS

Applications are invited for ASSISTANT LECTURESHIP IN ECONOMICS. Initial salary within the scale £900 x £50 to £1,050 plus membership of the Universities Superannuation Scheme and children's allowance. Conditions of appointment and form of application, to be returned by Saturday, January 19, 1963, from the Registrar.

BRITISH NYLON SPINNERS LIMITED has vacancies in its Consumer Research Section for

WOMEN GRADUATES

under 24 years of age.

The work involves interviewing members of the public on Consumer Surveys, which are especially concerned with problems in the interesting and developing field of synthetic fibres and clothing. Retail and media surveys are also carried out. Investigators are based in London and about three quarters of their time is spent interviewing in London and the provinces.

After training, the successful applicants will be able to collaborate in all stages of the research, and there are good opportunities to progress. Working conditions are excellent and include first-class hotel accommodation when away from London.

Apply in writing to the
Personnel Officer,
BRITISH NYLON SPINNERS LTD.,
68 Knightsbridge, London, S.W.1.

UNIVERSITY OF ST. ANDREWS

Applications are invited for the SHELL TEACHING FELLOWSHIP IN ECONOMIC DEVELOPMENT in St. Salvator's College, St. Andrews. Appointment from April 1, 1963. Salary £1,850 x £75 to £2,150. F.S.S.U., family allowance; grant towards expenses of furniture removal. SIX copies of applications, with names of three referees, should be lodged by January 19, 1963, with the Secretary of the University, College Gate, St. Andrews, from whom further particulars may be obtained.

UNIVERSITY OF QUEENSLAND

LECTURER IN ECONOMIC STATISTICS

The University invites applications for the position of Lecturer in Economic Statistics. The successful applicant should have an honours degree in Economics with specialisation in Economic Statistics, or equivalent qualifications. Some training in Econometrics and Operations Research methods is also desirable. He will be required to lecture in introductory and advanced courses in Economic Statistics and in Econometrics and to conduct Honours seminars in these subjects.

The salary range for Lecturer is £A1,830 — 6 x £90, 1 x £80 — £A2,450.

The successful applicant will be entitled to F.S.S.U. type Superannuation, Housing Assistance, Study Leave and Travel Grants.

Additional information on the conditions of appointment, staffing and activities of the Department, together with application forms, will be supplied upon request to the Secretary, Association of Universities of the British Commonwealth, Marlborough House, Pall Mall, London, S.W.1. Applications close in London and Brisbane on *January 11, 1963*.

Export
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- UNITED BISCUITS (comprising McVitie & Price Ltd., Macfarlane Lang & Co. Ltd. and William Crawford & Sons Ltd.) require a Manager to plan, execute and extend existing and develop substantial new overseas operations.
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- PROSPECTS good: initial salary by individual negotiation through consultant.

Write in confidence to us as the group's advisers.
Nothing will be disclosed without permission.
Letters should be addressed to M. J. Graham-Jones.

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MONASH UNIVERSITY

AUSTRALIA

CHAIR OF AGRICULTURAL ECONOMICS

The Council invites applications from suitably qualified persons for appointment to a Chair of Agricultural Economics. This will be a Second Chair in the Department of Economics. In the first instance the teaching commitments will involve teaching third year pass and fourth year honours students in the Faculty of Economics and the supervision of candidates for higher degrees. While the Faculty will be taking 200 students into first year in 1963 the third year numbers will only be about 30.

Salary: £A4,250 per annum. Superannuation on the F.S.S.U. basis.

Full information on application procedure, conditions of appointment, etc., is available from the Secretary, The Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1, or the Registrar of the University, P.O. Box 92, Clayton, Victoria, Australia.

Closing Date: Applications close in Australia and London on *4th February, 1963*.

The Council reserves the right to make no appointment or to appoint to the Chair by invitation at any stage.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for a post as Senior Research Officer in the Economics Research Division. Duties partly administrative and partly academic. The Officer would be in charge of the administrative arrangements for appointing research assistants and organising their work in consultation with staff in Economics. He would have time to develop his own research interests, and could if he wished do some teaching. Academic qualifications in the field of economic statistics important and a flair for efficient administration and handling junior research assistant staff essential. This is a non-appointment and is part of a general scheme to develop the Research Division in Economics. Salary scale £1,200 x £50 — £1,500 £75 — £1,800 a year, plus £60 a year London allowance. A higher maximum may be approved for a candidate with exceptional qualifications. Appointment in the first instance for five years. Applications, with the names of two referees, should be received by the Secretary, London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2, not later than January 7, 1963.

EDUCATION: BUSINESS AND PERSONAL

SECRETARIAL Training for Women, especially university graduates, and older students: six-month and intensive 14-week courses.—Write Principal, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

NORTHAMPTON COLLEGE OF ADVANCED TECHNOLOGY,

ST. JOHN STREET, LONDON, E.C.1.

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FINANCIAL NOTICES

Anglo-Transvaal Group of Companies

DECLARATION OF DIVIDENDS

NOTICE IS HEREBY GIVEN that dividends have been declared in the amounts of Republic of South Africa currency set out below and payable to holders of Preference and Ordinary (and Participating Preference) shares registered in the books of the undermentioned Companies at the close of business on the 19th December, 1962, and the 31st December, 1962, respectively. Preference dividends are in respect of the half-year ending 31st December, 1962.

In the case of those Companies which have a London Office, dividends will be paid to members on the London Register from the London Office in United Kingdom currency at the rate of £1 United Kingdom Sterling for R2 South African currency unless there is a difference regarded by the Boards as material in the rate of exchange between the United Kingdom and South African currencies. Should there be such a difference the London Office will pay in United Kingdom currency calculated at the rate of exchange ruling on the 31st December, 1962, in respect of Preference shares and on the 2nd January, 1963, in respect of Ordinary and Participating Preference shares, for conversion of South African currency into United Kingdom currency.

Warrants in payment of the Preference dividends will be posted on or about the 31st December, 1962 (unless a material difference in exchange rates occurs rendering a postponement necessary) and warrants for Ordinary and Participating Preference dividends will be posted on or about the 7th February, 1963, to members at their registered addresses or in accordance with their existing instructions, unless instructions to the contrary are received in writing on or before the respective books close, and the necessary Exchange Control authority is obtained.

Members with registered addresses in the continent of Africa south of the Equator, will be paid from the Head Office, Johannesburg, and members whose registered addresses are elsewhere will be paid from the London Office (in the case of those Companies which have a London Office). Any requests by members with addresses within the Republic for dividends to be paid to addresses outside the Republic will require the approval of the Exchange Control Authorities. South African non-resident shareholders' tax and United Kingdom income tax will be deducted from dividends where applicable.

The Transfer Books and Registers of Members will be closed as follows:—

Preference Shares—from 20th to 31st December, 1962 (both days inclusive);
Ordinary and Participating Preference Shares—from 1st to 7th January, 1963 (both days inclusive).

Name of Company (All incorporated in the Republic of South Africa)	Dividend Number	Amount of dividend in South African currency	Amount of dividend in UK currency calculated at the rate of £1 UK Sterling to R2 South African currency	Remarks
Anglo-Transvaal Consolidated Investment Company Limited — 6% Cumulative Preference	49	6c.	7·2d.	
do. — 5% Cumulative Redeemable Second Preference	30	5c.	6d.	
do. — Participating Preference	17	10c.	1/-	Interim, being 5 cents (6d.) in respect of the fixed rate of 5 per cent per annum and 5 cents (6d.) being 50 per cent participation in interim dividend declared on the Ordinary and "A" Ordinary shares.
do. — Ordinary and "A" Ordinary	34	10c.	1/-	Interim.
Anglo-Transvaal Collieries Limited — 6% Cumulative Preference	53	1½c.	1·8d.	
do. — Ordinary	45	6½c.	7·8d.	Interim.
Anglo-Transvaal Industries Limited — 5½% Cumulative Preference	37	5½c.	6·6d.	
Associated Manganese Mines of South Africa Limited, The — 7% Cumulative Preference	52	1¾c.	2·1d.	
do. — Ordinary	47	22½c.	2/3	Final, making 40 cents (4/-) for the year.
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Middle Witwatersrand (Western Areas) Limited — Ordinary	18	4c.	4·8d.	For the year ending 31st December, 1962.
Nail and Chain Limited — 5½% Cumulative Preference	30	5½c.	6·6d.	
National Bolts & Rivets Limited — 6% Cumulative Preference	35	6c.	7·2d.	
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ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED, Secretaries.

Per: R. E. FINNEMORE.

London Office:
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London, E.C.2.

Head Office:
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Repayments to members on the London register will be made from the London Office in United Kingdom currency at the rate of £1 United Kingdom sterling for R2 South African currency unless there is a difference regarded by the Board as material in the rate of exchange between the United Kingdom and South African currencies. Should there be such a difference the London Office will pay in United Kingdom currency calculated at the rate of exchange ruling on 2nd January, 1963, for conversion of South African currency into United Kingdom currency.

Warrants in payment will be posted from the Head and London offices on or about 7th February, 1963, to members at their registered addresses or in accordance with their existing instructions, unless instructions to the contrary are received in writing on or before the date the books close, and the necessary Exchange Control authority is obtained.

Members with registered addresses in the continent of Africa south of the Equator will be paid from the Head Office, Johannesburg, and members whose registered addresses are elsewhere will be paid from the London Office. Any requests by members with addresses within the Republic for repayments to be made to addresses outside the Republic will require the approval of the Exchange Control authorities.

The Transfer Books and Registers of Members will be closed from 1st to 7th January, 1963, both days inclusive.

By Order of the Board,

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED, Secretaries.

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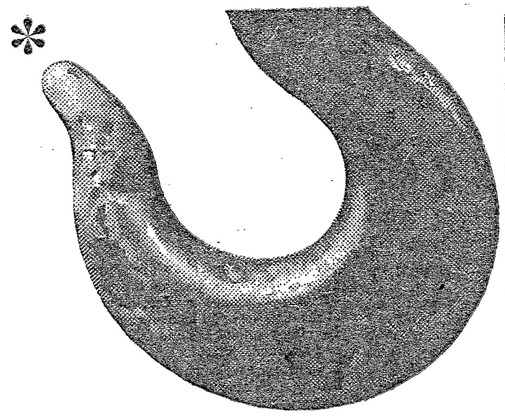

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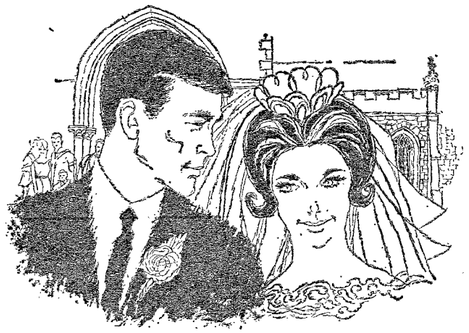

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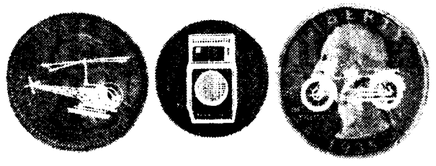

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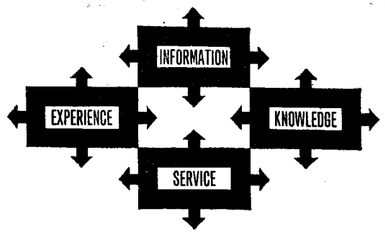

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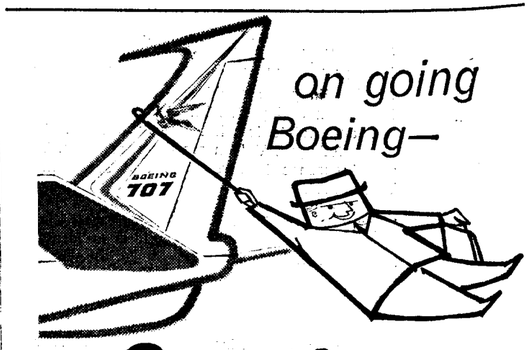

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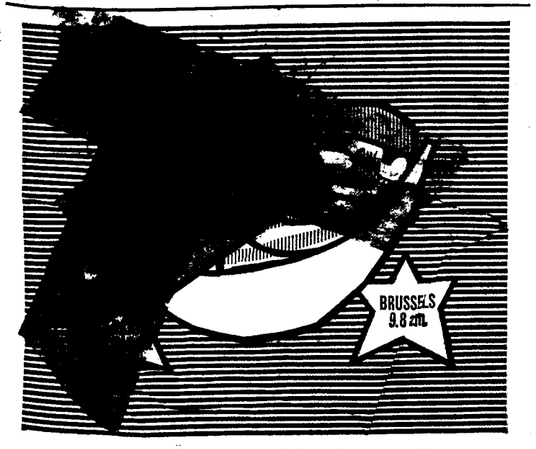

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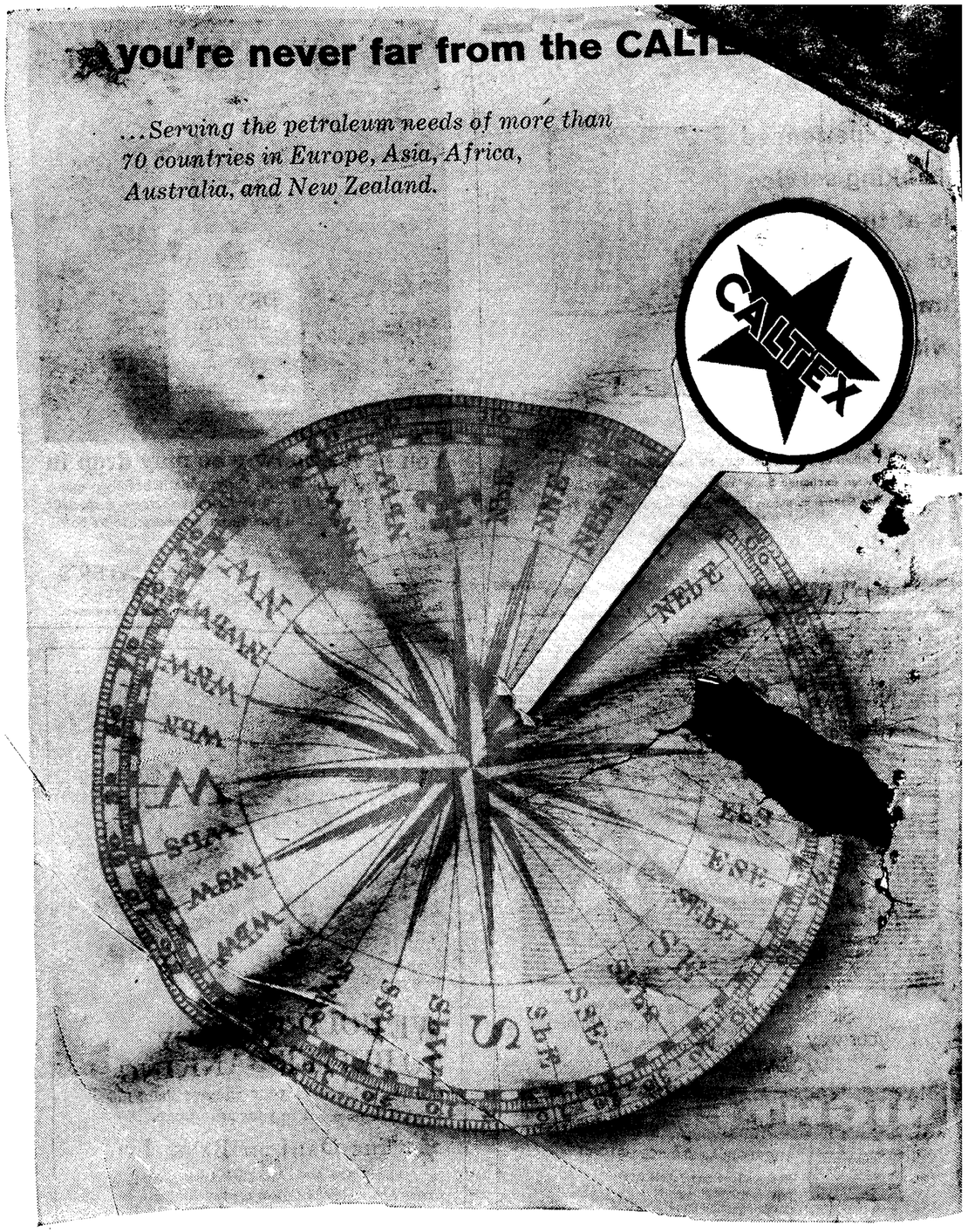

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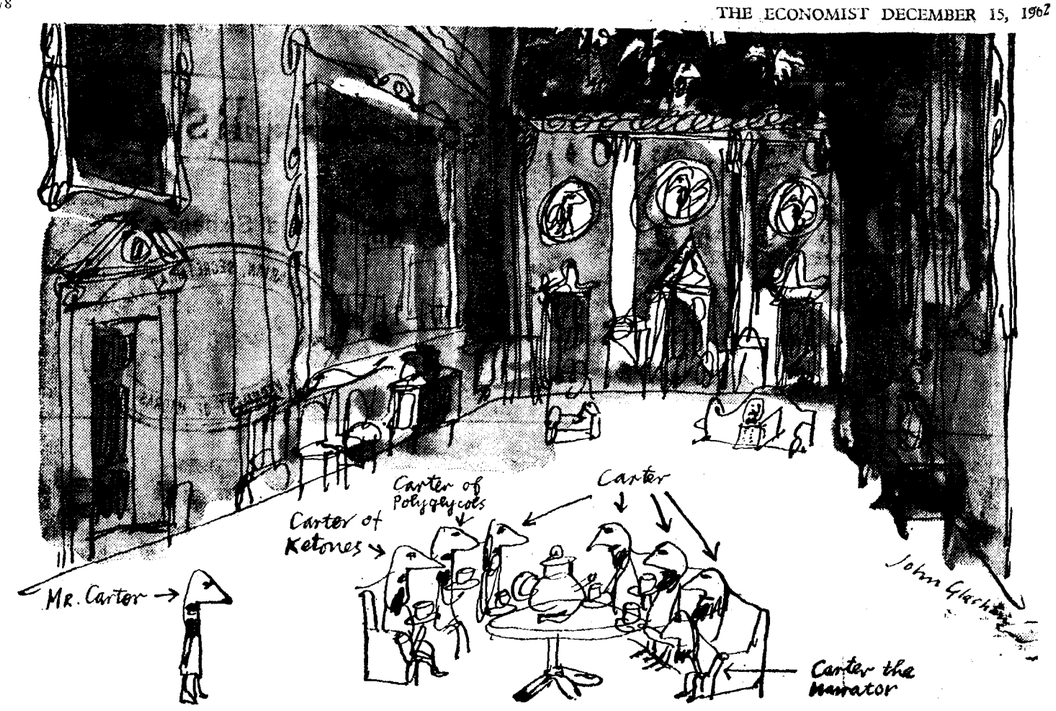

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BLOCKS

MIEUX SAUTER

The real moral of Mr Acheson's much publicised admonitions is that Britain's best way of trying to weave western Europe into an intimate relationship with North America, and a tolerably amicable one with eastern Europe, is to get weaving (p. 1085).

Britain's worries over the faltering American **Skybolt** missile should turn the Government's mind to sensible, conventional methods of defence (p. 1087).

Has anyone noticed Britain's H-bang? (p. 1093).

PIS ALLER

What will be a possible (and no doubt painful) second-best economic policy for Britain if the worst happens and the Brussels negotiations break down? (p. 1088).

The **French** negotiating position at Brussels does reflect French interests and built-in French attitudes, and does not just flow from General de Gaulle's lofty personal view (p. 1090).

The European Six claim that their **agricultural policy** can be reconciled with **Gatt**; other members of *Gatt* are certainly not happy about it (p. 1137).

Visiting the American Middle West, **Professor Hallstein** appealed more to the idealist than to the farmer (p. 1127).

In **Brussels** there was a not too discouraging note for the British this week, but a dramatic one for the press (p. 1114).

For an **American** view (from Paris) of *Britain's* misconceptions about the common market see p. 1106.

NATIONS

In the East

Of the twin evils of dogmatism and revisionism, **Mr Khrushchev** has dubbed dogmatism the worse. Whatever long-term hopes he may have for the present detente, 1963 will be a year of more armed coexistence (p. 1113).

A book reviewed on page 1107 looks at **communist economics** through *western* eyes.

While Mr Novotny has sallied forth with Mr Khrushchev against the Chinese, he has kept the **Czechoslovak** communist party on a dogmatic course at home (p. 1098).

Signor Togliatti has reason to be pleased with his **Italian** communist party's growth; but it will be a long time before Italy joins the East (p. 1118).

In the West

Dr Adenauer—under notice—has another Cabinet in harness, but it looks very much a horse of the same colour (p. 1115).

In the United States, businessmen, labour leaders, officials and experts are all now in favour of **tax reductions**—and therefore even Congress may join this united front (p. 1121).

Fear of **automation** is a factor in New York's present newspaper strike (p. 1122); and also in the impending strike in the docks (p. 1128).

President Kennedy has repayed Senator Kerr for supporting the Trade Expansion Bill by tightening restrictions on **imports of oil** (p. 1127).

For technical reasons, the United States might need to draw on the **International Monetary Fund** (p. 1137).

"Relay" is only one more of a whole series of communications satellites (p. 1128).

To the South

The six non-aligned countries discussing the **Sino-Indian dispute** in *Colombo* have found themselves in difficulties (p. 1093).

The rebellion in **Brunei** shows the local doubts about the coming Malaysia, but it has other sources, too (p. 1092).

Britain presses on, trying to subdue opposition to a federation around **Aden** (p. 1093).

Although **Northern Rhodesia's** elections have finished, political smog makes it hard to see *what lies ahead* (p. 1094).

King Hassan II has won a surprisingly sweeping victory in **Morocco's** constitutional referendum (p. 1097).

Morocco still looks to the West, and its difficulties with Spain may be settled (p. 1117)

AND IN BRITAIN

Producers

Newfangled **motor cars** need not be costly to develop; but worthwhile innovations are few and far between (p. 1135).

Stewarts and Lloyds' steely diplomacy might be faulted: but the logic of its merger approach to **Whiteheads** seems impeccable. **Steel output** in 1962 is the lowest for three years (p. 1138). *Slump in steel profits* (p. 1160).

Airlines hope to raise fares by 5 to 25 per cent next April (p. 1144).

The transport commission has allied itself with a score of property concerns (p. 1146).

Planners

The Tory **workers' charter,** after fifteen years' gestation, turns out to be a feeble mouse (p. 1092).

County **Durham's new towns** are facing difficulties from local clumsiness as much as *from* national inadequacies (p. 1101).

The parliamentary Labour party, with one honourable exception, criticised the **London government** bill for the wrong reasons (p. 1094).

Novel **homes for Londoners** are to rise from a Thames-side marsh (p. 1144).

The **National Incomes Commission** has a testing subject for its trial run (p. 1092).

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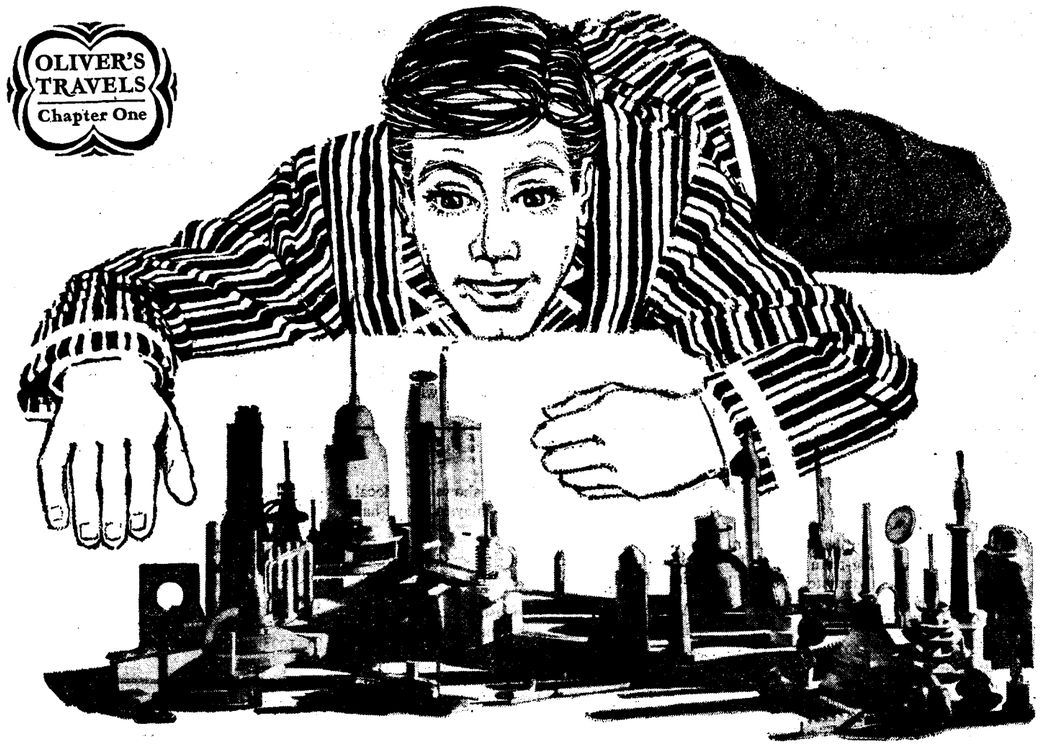

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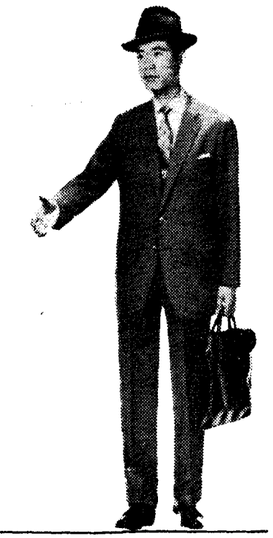

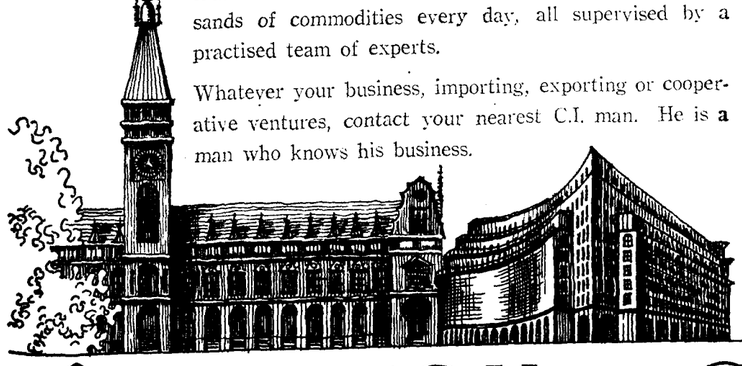

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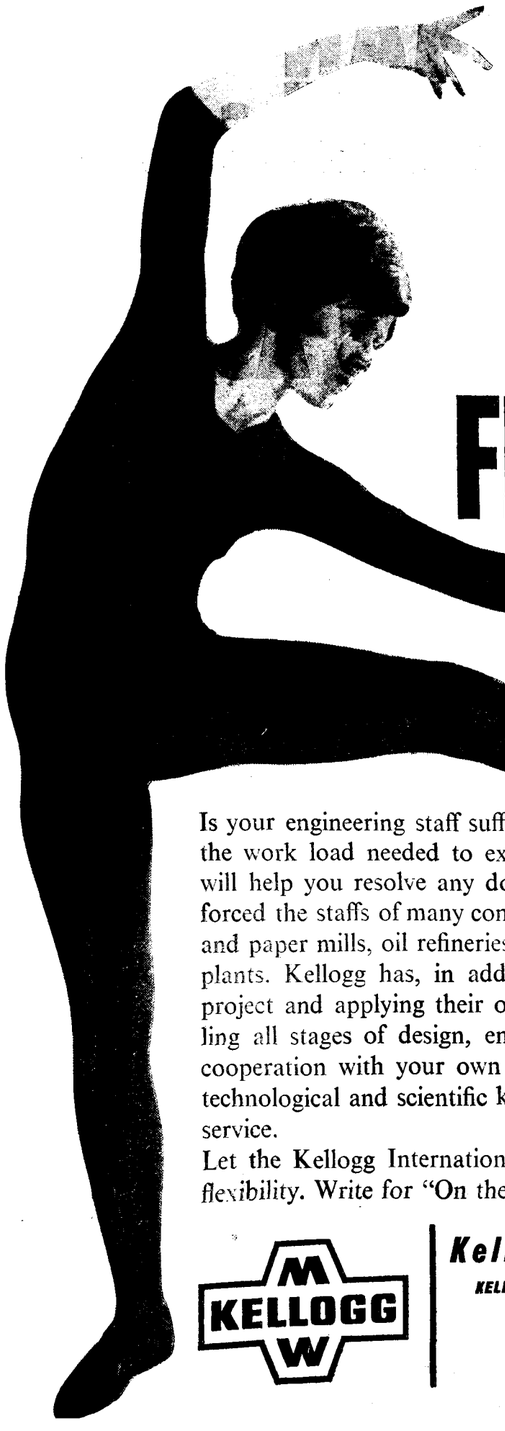

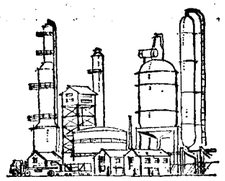

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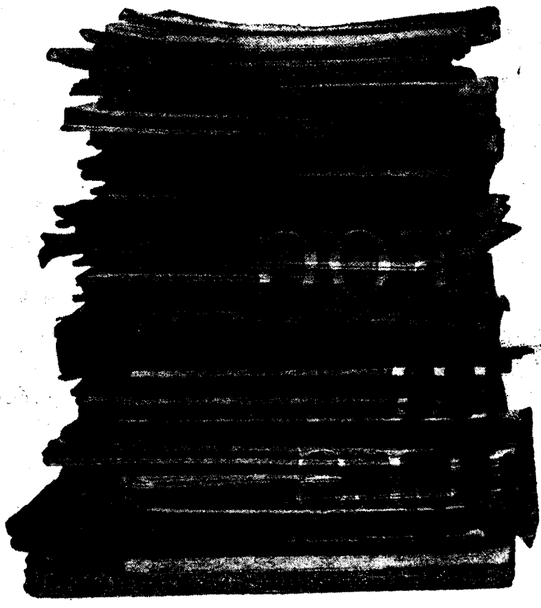

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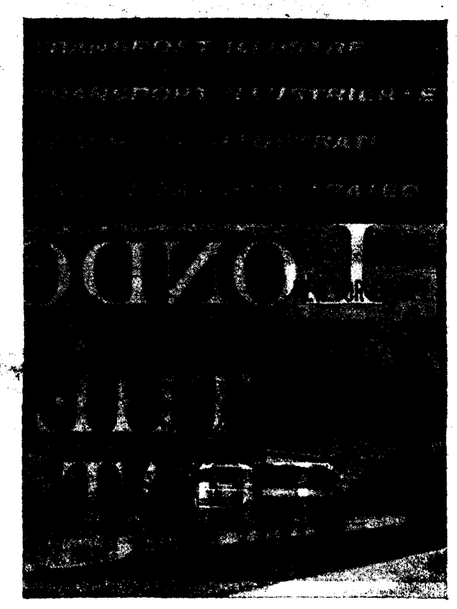

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The Economist

DECEMBER 15, 1962

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VOLUME CCV - NUMBER 6225

From the Urals to the Cascades

ONE sure way of telling whether a country knows the part it wants to play in tomorrow's world is to see how much of its time and attention it devotes to reminiscing about the part it played in yesterday's. On every count except perhaps one, which has to be discussed separately, what Mr Dean Acheson told the cadets at West Point on December 5th is plainly true. The strange and disturbing thing is not that this urbane and intelligent near-Englishman should point out that Britain's hope of performing "a separate power role, apart from Europe" is about played out. It is not even surprising that the *Daily Express* should have misquoted him as saying that Britain was down and out as an independent power.

What is really frightening is that even some of the people in Britain who have accepted the case for trying to join the European community should apparently not recognise in Mr Acheson's words the very reason that led them to take the decision. It is hard to tell which part of last week's Mutt-and-Jeff turn between the Institute of Directors and the Prime Minister was the odder: Lord Chandos's grave proffering of the cue, or Mr Macmillan's grave response, classing Mr Acheson with Hitler and Napoleon. Roll up that map, Mr Macmillan seemed on the brink of saying, it will not be wanted these ten years.

Very likely this underestimates the Prime Minister's grasp of reality, and his political reasons for not wanting to admit that he grasps it. But it is a bad mistake to encourage the already unhealthily strong tendency of the British to define the job they have to do in the future in terms of the job they did in 1940, or in 1805. The reply one would prefer to see made to Mr Acheson is not that Britain wants to go on playing its pre-1945 part in the world, which he perfectly rightly says it cannot; but that some serious thought is being given to the quite different tasks Britain will want to perform (and perhaps only it can perform) in the vastly altered circumstances in which it finds itself.

The trouble is that nations, unlike actors, tend to change their parts only when events force them to, and the feel of events moving under one's feet is not conducive to serious thought. Mr Acheson's speech has been followed in quick succession by two other unsettling experiences that may add to the urge to jump clean off the escalator. On Monday Mr Heath went back to Brussels, to resume the attempt to reconcile Britain's acceptance of the common market's agricultural policy with the desire to shield British farmers and housewives from the effects of that policy for a limited period. It immediately became clear that neither side had shifted, in a French delegate's phrase, a millimetre (for Britons, still on imperial weights and measures, not even a twentieth of an inch). This does not at all mean that the negotiations will yet break down on this issue; but it does mean that the warning coughs lately coming from British ministerial throats (Mr Erroll's last Saturday, Mr Maudling's on Monday) have not yet caused the intended paling of cheeks south of Dover.

On Tuesday this show of continental unflappability was followed by the arrival in London of the American Secretary of Defence, Mr McNamara, to talk about the Skybolt missile. Mr McNamara confirmed the reports that the pre-natal period of the expensive Skybolt is proving remarkably difficult. The implications of this for British policy are described in the next article. All that need be said here is that the miscarriage of Skybolt would confront Britain with exactly the same unpleasant choice as a possible miscarriage at Brussels.

The choice is between looking wildly around for some costly, makeshift and decidedly inferior alternative (the rational alternative to the common market is discussed on page 1088) and frankly owning up that the only way for Britain to go on wielding power and influence is through a combination with other countries.

The ability frankly to own up what is clearly the case would be the ideal gift for Britain this Christmas. Instead, alas, the Santa Claus in Admiralty House is handing out sepia illustrations of Great Moments in British History. The British will never wrench themselves away from the nostalgic contemplation of their past until someone sets out in plain language the equally challenging (and equally rewarding) job that awaits them if they enter the European community. This is the sense of purpose for which Lord Hailsham could be banging a drum. Given the British view of the world, and the circumstances within which this world view has to work, it is not difficult to describe the task in outline.

The next job for Britain is, from within Europe, to influence the design of the growing European structure so that it keeps a maximum of open doors to the rest of the world—and, in particular, to its great neighbour-relations to the immediate east and west. In other words, Britain's function is to keep on insisting that western Europe is part of something bigger. Its unity needs to be used to unite, not divide, the Atlantic world. It should also seek to diminish, not deepen, the rift that at present divides east from west within the historical community of European peoples. To modify General de Gaulle's phrase, pointedly, this divided European world stretches from the Urals on one side to the Cascade mountains in the western United States on the other.

SPELLING out the aim in these broad terms is not very hard. How to start putting it into practice in the difficult years just ahead is another matter. One way of seeing what it involves is to imitate Mr Acheson, and take a quick and realistic look at the dominant features of the European political scene right now.

The first dominant feature is the fact that the new coalition government unveiled in west Germany on Tuesday is virtually indistinguishable from its predecessor, save for the replacement of Herr Strauss by Herr von Hassell, and for a few changes in minor posts; our Bonn correspondent's account is on page 1115. Pretty clearly, so far as foreign policy is concerned, there has been no shift in the uneasy balance of power between what one must call (for want of better words) the Adenauer traditionalists and the Schröder modernisers. So long as this uneasy balance lasts—which is at least until Dr Adenauer retires—no new initiative can be expected from Bonn, and no reassessment of west Germany's position in Europe. But this means that, during the prolonged pause, Britain can continue to argue the case, remembering that the fort has to be held against foes, for a conciliatory German policy towards eastern Europe—in the hope that the modernisers, at least, in Bonn will see the argument's force.

It is in this context that a long, hard look has to be directed at the part of Mr Acheson's West Point speech which dealt with the question of German reunification. Calling for bigger allied conventional forces in Europe, which are no doubt needed, Mr Acheson said that these might make it "increasingly impracticable" for the Russians to intervene to support the east German government, and that "a solution of the German question by Germans" might then be possible. This could be read, and will be read in eastern Europe, as a proposal for American, French and British troops to hold the ring while the two German governments fight out their differences. Probably Mr Acheson did not mean anything quite so hair-raising. But, at the very least, his suggestion is a full-blooded return to the traditional Adenauer policy of glaring stonily across the Elbe until east Germany falls into west Germany's lap. In east-west matters Mr Acheson, it seems, is regarded in Washington as the beakiest of hard-nosed hawks. One wonders whether hawks are any longer the ideal birds for the central European air; more important, some of the younger men in Bonn seem to be wondering the same thing.

ANYONE who hopes that western Europe will open some more doors and windows towards the east will be obliged to argue against a return to outdated attitudes and policies in the middle of the continent. But the other half of Britain's aim in life is to keep open the doors that face westward; and here the dialogue is going to be primarily with General de Gaulle. The general, too, has just formed a new government, on December 6th, and this new government contains even fewer variations on the old one than Dr Adenauer's. But in France the ministerial *status quo* is not a sign of a delicate balance between different tendencies, as in west Germany; it is a token of the total victory of the gaullist force. This victory at least has the virtue of opening up some new possibilities within France; it will now be possible to see, for instance, whether General de Gaulle really wants to reform the party system in a democratic fashion, allowing for an opposition, or whether he is merely interested in keeping a tame parliament on a leash.

In terms of France's relations with the western world, however, the general's victory means a narrowing of the range of possibilities. For instance, although there is no reason to think that the French negotiators in Brussels will actually get orders to keep Britain out of the common market at all costs, the chance that a victorious parliament might have enforced a more accommodating attitude to the British application has now totally disappeared. (It never loomed very big.) And those other elements in General de Gaulle's cast of mind that make him think of France and Europe in inward-looking terms have presumably been reinforced by his triumph at the polls on November 25th. This inward-looking tendency already shows itself in his refusal to share control of nuclear weapons, and in his apparent preference for western European self-sufficiency in other matters. It will not be easy to check these tendencies; but checked they will have to be, unless the links that tie the European community to the other western nations are to slacken and, perhaps, fall away.

What is the lesson of all this? Plainly, for the British in general, that the best way of trying to weave western Europe into an intimate relationship with North America, and a tolerably amicable one with eastern Europe, is to get in there and argue for such a weaving; for Mr Macmillan in particular, that he cannot expect the British to see this as

Britain's chief purpose in life until he explains it to them. The aim of keeping the three great centres of production and power that lie between the Urals and the Cascades on decent terms with each other, in the hope that they may one day come to recognise a community of interest, is a sufficient challenge for a middle-aged, middle-sized country like Britain. It provides a better national occupation, at least, than boring everyone with recollections of the great, dead, past.

Skybolted

Defence is the art of the practicable

MR THORNEYCROFT and Mr McNamara left London for Paris on Wednesday agreeing only that the Skybolt discussions will continue. This means at least until the Prime Minister has seen President Kennedy next Wednesday. But what is the Government really prepared to argue for? Does it insist on having Skybolt itself, or on getting American assistance for the continuation of a British-manned nuclear striking force of some sort? Or does it really just want to save face in what has become an awkward political situation?

If the Government wants Skybolt, it is crystal clear that it is not going to get it either at the price or at the time expected under the original arrangement with the United States in 1960. These were Skybolt's two advantages: it was thought to be relatively cheap to buy, since the Americans would be making it for themselves, and it was the one missile which, if delivered by 1965, would keep the British V-bomber force relatively credible against the Russian defences until 1970. It is now quite sure that it is not going to be cheap; the Americans estimate that the cost of fulfilling the Skybolt project could now be around £1,000 million instead of the £175 million they originally hoped to get away with. There is also no hope of it appearing by 1965, since its first five trials have been failures; and if it cannot come quickly, it had better not come at all.

Even a workable Skybolt, as a second strike weapon travelling at eight times the speed of sound but carried for the first 1,000 miles towards central Russia by relatively slow and vulnerable British V-bombers, would be a distinctly diminishing asset by the later 1960s. It is a pity that this means that the expensive British V-bomber force will now become obsolescent more quickly; the V-bombers' hope of penetrating Russian defences in sufficient numbers with older stand-off bombs such as the American Hound Dog or a souped-up British Blue Steel (range 300-500 miles, against Skybolt's intended 1,000 miles) must decline sharply in two or so years' time. But to say that we must justify Britain's partly wasted expenditure on V-bombers by demanding that the Skybolt project must be continued is to demand that good money be thrown after bad; this is never a sensible excuse to suggest, even when the idea is that some of the good money should be thrown by somebody else. The most that can reasonably be said is that the Americans should recognise the costs that Britain has incurred when totting up who pays for what in the finance of the grand military alliance.

Since this bet has flopped, should Britain stay in the business of strategic nuclear deterrence at all? (With the contour-flying TSR-2, itself raising major technical problems, the RAF is likely to stay in the tactical business for some time yet.) Given American acquiescence, Mr Thorneycroft could have two options besides Skybolt. There is, first, the land-based, solid-fuelled Minuteman, a successful intercontinental rocket now being installed in "hardened" bases in the United States. But if Mr Thorneycroft is hankering after this he should quickly reflect on the ease with which the Russians could blanket this country (as opposed to continental North America) with their multiplicity of medium-range weapons. This is not a matter of national prestige but of national geography. Neither in a hardened base nor on mobile carriers has a second-strike missile any real credibility inside this island; this, after all, was the primary argument against Blue Streak.

The other option is Polaris. Mr Thorneycroft might put this missile relatively cheaply into surface ships, but its vulnerability to Russian attack would then be very high indeed by the later 1960s. If he were to put it into new British-built nuclear submarines, as the Royal Navy would like, the cost of a significant force would make a huge hole in Britain's annual defence budget. Very little of this force would actually exist before 1967-68 (the Admiralty's one existing nuclear submarine, the Dreadnought, is still a full year away from becoming operational—and would need to be pulled apart again to fit in a missile section). Even more important, the type of Polaris that the Americans have now, and could offer Britain, is only a pale imitation of the kind of weapons system that will be needed by 1970.

THERE need be no dilemma here. The present state of the nuclear competition between East and West simply does not justify an expensive British effort on the scale of a Polaris fleet. The present, and increasing, missile superiority that the United States possesses over the Russians makes another hundred Polaris (or Skybolt) weapons a wasteful duplication for the foreseeable future. In conventional forces the East-West balance is quite the reverse; there the Russians have the greater force, and Britain ought logically to be spending what extra money it can on men and conventional equipment. Within the alliance a new British deterrent starting from scratch is unnecessary; outside the alliance it would be an economic impossibility. And what counts is the alliance.

To those who argue on patriotic or diplomatic grounds that Britain should be able to afford to do what the French are doing, the answer is that President de Gaulle has not even reached the stage where he knows what the bill for a credible French force will be. The American, the British and (it seems, on present evidence) the Russian experience has been that nuclear weapons are cheap and easy to develop; but their delivery systems are difficult, horribly expensive, and quickly obsolescent. Britain's efforts will now be better directed to contributing to a total, balanced deterrent within the alliance in terms of the likely strategic needs of 1970—not on twisting the Americans' arms for face-savers, flag-wavers and evanescent expedients.

THE COMMON MARKET—I

The British Alternative

The negotiations in Brussels are not at the moment going too well, though our correspondent there does not take as gloomy a view as some other reporters (see page 1114); and two senior British ministers in charge of economic affairs this week referred publicly to the possibility that they might even have to be broken off. What alternative economic policy could Britain follow if the worst—and it should be clear that *The Economist* would regard it as the worst—happened?

ONE of the misfortunes of the Brussels negotiations at the moment is that the economic importance of most of the issues being bargained about is being steadily and indignantly overrated, while the economic changes that Britain would be wise to put into effect if the negotiations were to fail are almost certainly being undercalled. The big issue of the past week has been whether Britain should suffer the considerable administrative inconvenience of moving unreasonably quickly instead of reasonably slowly from its present pretty uneconomic (and eventually unworkable) system of agricultural support to the even more uneconomic (and in the long term perhaps more unworkable) European support system. Beside the historic possibility of British entry into Europe there is frankly a tang of fairly small beer even in this debate, and also in most of the debates about what should be the initial level of European tariffs on various items of Commonwealth produce. That is the first point that anybody who professes to hold a balanced view should keep constantly in his mind. What would happen later, after Britain became a member of the European Economic Community, would be of vastly greater importance to every single interest concerned.

Nevertheless, it is becoming increasingly necessary to consider what alternative economic policy Britain should follow if either side at Brussels slams the door shut. The usual alternative that is suggested is that Britain should strive to arrange freer trade areas with anybody else in or outside the Commonwealth who would listen to us, and the wider those areas the better. This would without any doubt be the ideal policy, in the same way as an ideal alternative to not having bread is to have cake. But it suffers from the usual defect of a Marie Antoinette alternative, in that it is unlikely to be available.

The Commonwealth countries would not readily agree to allow genuinely freer entry for our manufactured exports, because they are intent on building up and protecting their own infant industries. The United States and the European Six (even with Britain excluded) might move at a leisurely pace towards freer world trade in particular manufactures which do not especially matter to them, but the pace they seem likely to contemplate could not begin to provide the dynamic that Britain so urgently needs either to keep expanding its modern exports of sophisticated goods or to keep constantly increasing the efficiency of its whole national economic machine by the spur of competition from free imports. Essentially, therefore, those who talk vaguely of negotiations for "freer Atlantic trade" as an alternative to joining Europe are really assuming that Britain could slip simply back into its former mode of managing its economic affairs. But that mode did not put Britain in a very strong internal economic position in the 1950s, and Britons should bluntly realise that after a Brussels breakdown the prospects for a Britain governed by the old "orthodox" economic policies would be likely to become very much worse.

DURING the last eighteen months the one real spur to the most forward-looking parts of British industry has been the belief that Britain was about to enter Europe, and this belief has also been a major factor in the recent build-up of greater international confidence behind sterling. If early next year a puncture at Brussels were to cause both this internal buoyancy and this external optimism to disappear, and if Mr Maudling were to handle the consequent ebb tide of confidence and currency in the familiar restrictive manner, it would be singularly unlikely that he could restore national prosperity before the next general election.

If that election then produced a Labour government with a brand new and imaginative alternative economic policy, this awkwardness of the political timetable would not matter; but the prospect of a new Labour government producing any policy of the sort seems remote—even on the party's present form, let alone in the circumstances being envisaged here. For these circumstances, to repeat, would be of Labour coming to power, carrying with it its tendencies to temper winds to shorn lambs and to look like a scarecrow to international bankers, at a time when the mainspring of foreign economic policy that might otherwise have helped to drive Britain towards competitive efficiency had just been dismantled and when foreigners were already talking down the exchange rate of the pound. No very great confidence could be reposed in how any government would handle a situation of this sort; one's guess about a Labour government is that it would repeat the sad saga of 1945-51, with a retreat into national ossification and possibly a crippling economic crisis every other year.

If there should be a complete breakdown at Brussels early next year, one's preference would therefore be for a dramatic and immediate attempt to overhaul the whole structure of British financial and industrial policy, hugely difficult though such a change would be. There would be a strong case for saying that in these circumstances the Conservative government should not call a general election immediately; instead it might serve the nation better by the prompt implementation of alternative economic policies, designed to be sufficiently far-reaching to change the whole atmosphere of British economic decision-making before the eighteen months or so that would theoretically still be left to this Parliament were exhausted. Let it be reiterated here that the policies now to be discussed would, in *The Economist's* view, be very much a *pis aller* to entering Europe. It should also be said that there is not the slightest sign that the Government has even considered such policies; indeed some people will say that it is irresponsible to indulge in discussion of "wild" alternatives at this stage. But it is necessary to be realistic. The present Brussels negotiations could run on the rocks, and Britain would then need, not just a lifebelt (which is not a device with which one can make swift progress), but an alternative motor boat. It is time to risk the charge of irresponsibility by discussing what this alternative could possibly be.

THE economic advantages of securing free trade with Europe would have been the provision of:

(a) a stick against inefficiency, because British manufacturing industries which are so uncompetitive that they could not stand up to tariff-free imports into Britain would then be steadily cut down in size;

(b) a spur for efficiency, because the most competitive British exports ought to be able to expand rapidly once they could enter Europe duty free—instead of having to compete over a tariff barrier of, say, between 10 and 20 per cent.

Theoretically, advantage (a) could be even more fully secured by Britain cutting its tariffs unilaterally, on imports from all overseas countries as well as from Europe. Theoretically, advantage (b) could be very partially secured by devaluing the pound sterling by between 10 and 20 per cent; or, alternatively, by introducing tax remissions for all exports equal to between 10 and 20 per cent of those exports' price.

If the present round of Brussels negotiations did reach an irremediable break, there could be a strong case for giving prompt consideration to a move in both these directions: towards the unilateral cutting of British tariffs, and towards *either* setting the sterling exchange rate free to float *or* introducing direct tax subsidies for exports. The first course would be criticised on the grounds that it was unduly generous to foreigners; cuts in British tariffs, it would be said, should be used as bargaining counters and made only to those countries who reduce their tariffs to us. The second course would be criticised on the grounds that it would be unfair to foreigners and, sensibly enough, that it might lead to retaliatory action against us; competitive devaluation would be deplored by the International Monetary Fund and tax subsidies for exports from so large a trading nation as Britain would make a mockery of the General Agreement on Tariffs and Trade.

To some extent, these two arguments, for all their inherent force, cancel out. If the Europeans and Americans allowed them to cancel out, if in tariff negotiations with Britain they agreed to drop their tariffs against British goods as quickly as we were dropping our tariffs against theirs, then so much the better; in those circumstances Britain should certainly agree not to grant tax subsidies to its exporters and should strive to hold sterling at its present exchange rate. Britain would then be doing something more than merely seeking through diplomatic *démarches* to ask everybody to co-operate with us in moving towards free trade between all the developed countries of the free world; it would be operating a positive mechanism for hurrying the process along. In the more probable event that we could not reach such a formal agreement, our unilateral tariff cuts would give us the internal spur to greater efficiency, and action on exchange rates or through export subsidies would then seem likely to be needed to expand our exports in order to pay for the greater imports involved.

Moreover, any such policy of British advance towards free trade should quite frankly be applied (from our side, even if we got no reciprocation) to agricultural imports just as much as to industrial ones. We should in these circumstances positively encourage the import of cheap food from the Commonwealth and elsewhere, and British farmers should be told now that the alternative to joining Europe will not be more protection but the imposition of a strict upper limit to the amount of protection that they are getting through subsidies at present; they should be told that any Conservative-implemented change in the system of agricultural support in the next Parliament would then not be in the direction of restricting imports but of aiding less efficient British farmers to resettle in other jobs. And if Britain maintained free entry of food from the Commonwealth after a rebuff from Europe, it should no longer feel under any obligation to agree to help sponsor "world commodity agreements" or other cartel

The Economist

DECEMBER 13, 1862

REVENGE OR REFORM?

Several Grand Juries, at Sessions and Assizes, who ought to represent the collective information and good sense of their respective counties, have recently been distinguishing themselves by various "Presentments" on the subject of convicts, garotters, prison discipline, and the like—Presentments of which, to say the least, the agreement is more remarkable than the sagacity. With a unanimity which is not creditable, but which clearly indicates the common source whence they draw their inspiration, these documents echo the platitudes and prejudices of the public and the public press, and clamour for scantier prison diet, for the abolition of tickets-of-leave, and for the revival of transportation in language of which the *Times* and the *Morning Post*, and a few of the Assistant Judges have set a most unfortunate example. If something cannot be done, and done soon, to enlighten and warn the popular feeling on these subjects, we fear it may become too strong for a puzzled Parliament and a busy and unphilosophic Government to resist; and not only shall we be driven to some hasty decisions at once mischievous and dangerous, but we shall be diverted from seeking salvation and security in the only direction in which, as we have argued for years, they can alone be found. . . . The *present* system of tickets-of-leave as carried on in England under the management and advice of Sir Joshua Jebb, is, as we have often urged in these columns, the very worst conceivable. It operates, no doubt, to render the prisoner amenable to discipline while in gaol, but it does nothing more. It works no reformation. It induces no new habits. It facilitates no new career. It puts him under no additional supervision. . . . If the "ticket-of-leave" men had been habitually liberated in England on the same *actual* conditions, and with the same preliminary preparation and subsequent precautions as in Ireland, the present outcry against them would never have arisen. As it is even now, however, bad as our system of dealing with hardened and atrocious criminals in this country probably is, the one change by which it would be as indisputably altered for the worse, would be that which the Grand Juries have so consentaneously advised—viz., the abolition of the rule in virtue of which a convict can shorten his sentence if he will.

arrangements that might enable overseas farmers to put up their prices against us.

NOBODY but a madcap reformer would welcome such a programme with any glee: it would be, to repeat, a *pis aller* and hazardous. It is right to feel horrid doubts about how far Britain could really hope to coerce larger powers into freer trading policies by such disturbance tactics; but equally right to fear that a non-disturbing Britain locked out of Europe might otherwise be steadily coerced into an even gloomier economic posture by the pressure of events. There must be wide respect for the fears of central bankers and others about the upheaval in the world's monetary and trading system which any such a policy could cause; yet the experience of the 1950s suggested that the present world monetary system lays upon Britain, as the upholder of one of the two international key currencies, a burden which a slow-moving, small country fenced out of Europe would not be able to bear for long.

To say that something of the sort discussed above would seem the least bad alternative to entering Europe is therefore to say once again that ministers in charge of Britain's economic affairs should not contemplate too lightly what their tasks and problems would be if Brussels failed. There should be an end to ministerial speeches which suggest that Mr Heath's negotiations, while of the most fundamental importance, need make no major difference to anybody's economic policies if they do not succeed.

THE COMMON MARKET—2

A French View

Discussion in Brussels is burdened with misunderstanding. What follows here is the point of view of a French journalist troubled by the weight of this burden. It seems clearly to show a fact that, though obvious enough, is much overlooked: that the French view of Britain's application flows from French interests and built-in French attitudes, and not merely from idiosyncrasies of General de Gaulle.

IT is too late for regrets that you got on the wrong horse in 1950 when you were invited, with the Six, to the preliminary conference on the coal-steel community, and again in 1955 when the Brussels conference was outlining the common market. But there is still time to understand your reasons for refusing.

All the countries of the Six were defeated and occupied during the war. Most of them had to change their political regime. They had recognised their weakness and the impossibility of staying independent. You had worked hard during the war, suffered much and given much—but you won, and reasonably enough you did not find in that any cause for humility. You thought it possible to go on as before, with no essential changes in your politics, or in your pound sterling, or in the Commonwealth. All the ingredients of greatness in what de Gaulle might call *l'Angleterre de Papa* seemed to you bound to last. And one essential element in them was the balance of power in Europe—the British opposition to all European groupings, and the old game of playing one country off against another, based on a free hand and independent sovereignty for all.

But for us in the Six, this game was no longer on. Germany was divided in two, crushed and ripe for the rebirth of Hitlerism or the flowering of communism. The only hope was to integrate western Europe in a solid, strong and lasting system. You could have made a big contribution to this; you preferred not to do so. So it had to be done without you. You stayed neutral even if well-disposed—but, rightly or wrongly, we felt that you were waiting for the collapse of our childish house of cards.

When in 1956 it became clear that the European common market was a serious proposition, you could not bring yourself to acknowledge that a great new country was in the process of creation, and that it represented a decisive stage for the peace of the world, since it would bring France and Germany together and get rid of the cause of wars that had cost the world—and you—so dearly. Of course, you could cite any number of statements at that time in which you expressed your admiration of this emerging Europe. But you also added that there was no need for commercial "discrimination" in making the new Europe. That was the big word then. You wanted France and Germany to agree, but only if they kept no commercial privilege for themselves. You wanted a European union, but not one with practical consequences.

You did make a big effort to get back into Europe, at Mr Macmillan's behest, in the European free trade area. It was a new idea, yet you took it up with enthusiasm. But the Europe you were hoping for, with full sovereignty for each country, imperial preference in, and agriculture out, was turned down. Why? Because the French didn't want it, you say. That is true. But was it something that France could accept? France is a country that has a third of its people in agriculture and a quarter communists. So it cannot be governed without the support of farmers and communists, and that means protection for foodstuffs and so a higher level of wages. Of the British population, only 5 per cent are farmers. To open the market for industrial products only would give outlets in France for almost all British products, whereas a free opening to the British market would have been of advantage to only a part of French industry, handicapped by the heavy burden of support for a big farming industry. With the advantage at the same time of the European market and of the Commonwealth, Britain would have been much better placed than its partners for investment.

From the European viewpoint, a common external policy and a common tariff (with no big exceptions, which ruled out your plan) were the powerful cement. We were right not to want to give them up, to think that European union could create a great nation, that this could not come about without agriculture and industry taking equal part, without the same customs duties at Bordeaux and Hamburg, and without an external commercial policy effective equally for Normandy and Tuscany. All this you could not see; you clearly aimed at detaching Germany and Benelux to restrain France—which would have meant the death of Europe.

French objections were not simply a whim of the government. There were Frenchmen whose minds were open to a free trade area, but none prepared to fight for it. The trade unions were against it, and farmers and industrialists fiercely so. The project was an impossible political proposition. Without agriculture and without a common commercial policy, no Europe was possible for France.

NOW that you have "accepted the Treaty of Rome" officially on October 10, 1961, and Mr Heath with his smiling briskness and his remarkable team have been negotiating in Brussels, have the misunderstandings gone? You still seem to want, within the machinery of the Rome Treaty, just an arrangement to which you could accommodate yourselves comfortably. You were counting particularly on the extension to the Commonwealth of the famous protocol for Morocco and were disappointed to learn that this exceptional breach had been agreed to at the last minute because it involved only 5 per cent of French imports and one per cent of community imports. It was out of the question to stretch this to the powerful Commonwealth where the proportions are entirely different.

You were still counting on a liberal interpretation of the text of the Rome Treaty, like the Bible ("all possibilities are provided for"). You were disappointed to come up against the limited interpretation of the Brussels high priests. Admittedly, the treaty was just the foundation on which, since 1957, a strong house has been built; but there is no question of knocking it down and putting up one in a different style on the same foundation.

It all comes down, the British say to us, to a single political question: does General de Gaulle want us in the common market or not? On General de Gaulle's attitude, the last word has yet to be said; but there was an evening, some months ago, when he made it clear in a private conversation during a reception at the Elysée. "I prefer," he said, "Europe to Nato, and the Europe I prefer is the Europe of the Six. But if our partners are bent on Britain coming in, I shall not oppose them." Some time later in an official statement, M. Couve de Murville defined the French position. "Our tradition of friendship with Britain and the memory of what she did in the war," he said in effect, "lays upon us the duty of welcoming her in the European Economic Community if she wants to come in. But she will have to accept both the fact and the spirit of the common market. It cannot be distorted for her convenience. This, we know, will mean big sacrifices for her."

France knows that she would be alone if she opposed your entry illegitimately. She knows that if you really want to join in the European movement, it must serve the cause of peace. Neither General de Gaulle nor the foreign minister wants to (or indeed could) prevent Europe from growing as she can. If Britain will accept the full conditions required of a real member of the great nation that forms Europe, she is in.

France is not the only member of the community, and some other countries think, as you do, that certain conditions put by the French could be simplified and so help you to come in. But the secret of French influence is that she has all along maintained an irreproachably European position, and one so governed by a sense of common interest and the strengthening of the community that up to now France has often been the best ally of the European commission. Whatever encouragement you might have received in other capitals, the Six, when they are together, always find agreement pretty close to the French view. So it is that cautious France must play the European to maintain her influence; but then the other Europeans will follow.

It is not a matter of Europe only. The rest of the world, and in particular the United States, accepts more or less readily according to the circumstances that Europe is becoming a single nation; but it gets annoyed when the common market gives preferential conditions to associated countries because it reckons that this must be detrimental to it. And the political pressure of the rest of the world strengthens the opposition to preferential treatment for countries that are not members of the European community, even if they belong to the Commonwealth or to the European Free Trade Association.

BRITISH interests can be safeguarded, but only within a genuine European framework. Often enough, journalists have been disappointed to see the British take up positions that they must have known straight off could only be rejected, since they were never acceptable. The British always come back to the political argument that everything can be fixed up "if one is nice to them." They are like some rich man who wants a seat in the first airplane that has got off the ground and is angry because he cannot find enough room for his legs and his bags. The common market is a mechanism marvellous beyond hope, but working out entirely new techniques. One false move could destroy all its expectations. To bring Britain in is quite an adventure. But this cannot be allowed to upset the delicate mechanism before experience has shown whether it can function.

So what should be done? Look for practical solutions. One such has been found by the commission—to fix for India, Pakistan and Ceylon a level of foreign exchange earnings and if this is not achieved to find out why and take remedial measures, even if this means some bending of principle. One must work out other problems in the same way. For the Commonwealth, as you well know, imperial preference is a weakening bond, but there are a dozen others; it has often happened that one of them breaks and always you find others. If you come into the common market, your associates will have an intense need for you to the extent that you decide to co-operate with them strictly to solve problems as they present themselves. For it is increasingly clear that no single country can beat the problems of money, growth and aid to underdeveloped countries.

It is up to you. But please do not answer yet again that there is no problem except in French imagination, or that with a little kindness, gratitude or political good will, Paris and Brussels can arrange everything to suit you. If that is your answer, your misunderstanding will be profound and it will be the greatest of pities.

NOTES OF THE WEEK

WAGES

In the Nic

MR MAUDLING has chosen wisely in his first references to the National Incomes Commission. The Scottish building employers' concession of a 40-hour week to their 90,000 employees as from next November, and the Scottish plumbing workers' securing of a similar concession from last October, should provide Nic with splendid preliminary canters. First, these are concessions that are not what they seem, and that would not otherwise have been at all widely criticised in the national press: pretty plainly the reductions in hours are designed to increase pay rather than leisure. Secondly, these are union gains (won under threats of a strike, and giving building workers in Scotland more than their colleagues in England and Wales) that could all too quickly flow out into other fields. Thirdly, the building workers in question have already had a 15 per cent rise in hourly pay rates and a reduction in hours from 44 to 42 since October, 1961.

There are three reasons why building wages should be particularly closely examined in the public interest. Labour costs may form around 40 per cent of the cost of new building. There is no foreign competition in this industry—but its increased costs are passed on to customers who then have to face foreign competition. Third, such plans as may exist to promote new industrial development in Scotland are likely to be discouraged by an exorbitant rise in building costs there; and this is a case where the close connection between wage inflation and unemployment can be dramatically pointed up.

There are some arguments which can be made on the other side. First, a 40-hour week is quite certainly on its way in many industries. (Some top British trade unionists have this week been meeting at a conference in London an American union leader whose proudest boast is that he has won a 25-hour week for New York electrical workers in the construction industry.) One sometimes suspects, too, that higher labour costs in building could do something to push the employers towards labour-saving standardisation: and if a few of them went bankrupt, leading to greater concentration in the industry, few tears would be shed. The virtue of Nic, however, is that it is entitled to consider—and to inform the public about—these long-term prospects as well as about the obvious short-term dangers of this concession. Critics will say contemptuously that Nic can only issue reports; it has no power to take action to cancel or forbid awards. But the slow catharsis of hitherto unchallenged habits of thought which it might conceivably set in motion is not wholly to be underrated.

WORKERS' CHARTER

Mr Hare's Mouse

THE long-promised Workers' Charter, requiring employers to give written contracts of employment to their workers, looks like a rather old-fashioned mouse even at the moment of its birth, after seventeen years of gestation. Indeed it even seems likely to be widely criticised, quite unfairly, as an anti-trade-union measure. The main provision of the bill is that both employers and employees will have to give a fortnight's notice before an employment contract ends, provided the worker has been employed for two years; after five years' employment the period of notice will rise to four weeks. During the period of notice the man would be paid at his average rate of earnings over the preceding six months (which could actually encourage firms to keep on redundant workers on short time instead of releasing them for work elsewhere). Because the obligation to give two weeks' notice will lie on employees as well as employers, a man who walks out on lightning strike would theoretically forfeit the rights (including those to a period of notice before dismissal) in his written contract of employment.

This bill will do very little to help the two industries in which workers suffer most grievously from job insecurity—in shipbuilding and in construction far more than half the manual labour force is employed on a casual basis for far less than two years. Its provision that a worker's pay during the obligatory period of notice shall be reduced by the sum due to him under an existing severance pay agreement would tend to weaken existing redundancy pay schemes (which are already too few and too ungenerous). As for the provision about lightning strikes, it is entirely reasonable that a worker should stand to lose some contractual rights if he has broken a recent specific bargain from which he has gained some advantage—say, a promise not to strike except after a certain period of notice which has been tied to some recent wage rise. It is not so obviously right that, even when no such specific bargain has been recently agreed, penalties should be imposed on anybody who ever takes any prompt protest action—say, by walking out of some part of a factory because it is too cold; and it is a bit odd (trade unions will call it "disruptive") that penalties should be bigger in the case of long-service workers than of others. But, in any case, the matter is a fairly small one because unions will always bargain for "no victimisation" after a strike.

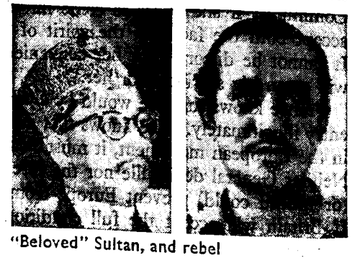
Paying Off

THERE is little hope of real benefits within the framework of thinking in this bill. The best way of helping those who became unemployed, while still encouraging workers to change jobs, would be by a new national unemployment insurance scheme—based upon broadly the same principles as the national insurance fund's graduated pensions scheme. Employers should be required to pay into this fund a sum equal to a certain percentage of each worker's earnings; benefits from this fund would then be graduated according to the worker's previous earnings too, and they would be paid from the fund itself (so that a differential penalty would not be laid on firms precisely at the moment when they are in financial difficulty). Firms that were willing to operate more generous redundancy schemes could then contract out of this national scheme, and the *extra* rights which their private schemes provided could be written into the new contracts of employment; it would be reasonable that these extra rights should be forfeitable when workers go on lightning strike in defiance of the terms of a recent wage or other bargain from which they have derived benefit. But Mr Hare's good-natured Contracts of Employment Bill does not make even the beginnings of a real advance in that direction.

BRUNEI

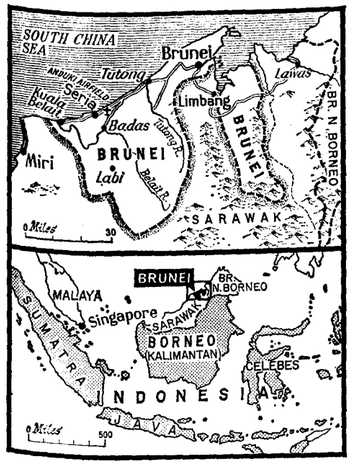
Food for Thought

LAST Saturday's rebellion in Brunei should give both the Sultan and Malaya's prime minister, Tunku Abdul Rahman, food for thought. Though Mr Azahari is not an inspiring leader and has spoilt his case by resorting to violence, one cannot blink the fact that his Ra'ayat party won all the elected seats in the August elections (they are outnumbered in the Legislative Council by the Sultan's nominees). Whatever its origins, there is clearly a good deal of discontent with the British and Malayan decision to create a Greater Malaysia federation, in which Brunei, North Borneo and Sarawak would be linked with Malaya and Singapore. Mr Azahari's admitted purpose was to frustrate this plan.



"Beloved" Sultan, and rebel

For the Sultan, the clear implication of the rising is that if he is going to join the new federation, he should make haste; hitherto, he has accepted only in principle



without formally committing himself, presumably in the hope of securing parity of status with the traditional rulers of Malaya. For the Tunku the lesson seems to be that he has a lot of patient work ahead of him convincing the peoples of North Borneo that they have nothing to lose once the federation is created.

There are bizarre overtones to the whole story. Mr Azahari is credited with communist sympathies, and his Indonesian connections certainly include the powerful Communist party there; but the programme he announced from Manila last weekend pledged him to establish a "neutral but anti-communist state." This has not deprived him of the support of communist radio stations and newspapers everywhere. The Philippine press quoted him as saying (perhaps jokingly, though this is not the impression conveyed) that he would confiscate the British oil installations in Brunei and hand them over to the Americans. It is hard to see how this would make them less "imperialist." More strangely still, the fourth clause in the programme calls on God to support "our beloved Sultan." The ruler of this small but valuable plot of land will know what to think of that one.

ADEN

Pressing on Regardless

ATTEMPTS to stick together contiguous pieces of a collapsed empire have not been among the happiest ventures in Britain's post-war colonial policy. A tale of past failure and present trouble is brought to mind by Britain's federal efforts in the West Indies, central Africa, Aden and Malaysia. Seemingly undeterred by such thoughts, the Government is resolutely pressing on with its attempt to subdue the Aden opposition into accepting the federation between colony and protectorates. On Wednesday, Mr Abdullah Asnag, the secretary-general of the Aden Trades Union Congress and the federation's most formidable opponent, was sentenced by Aden colony's chief magistrate to a year's imprisonment. Mr Asnag, and two other union officials, were found guilty of "sedition" for their part in publishing an Arabic pamphlet called "An Immortal Day," commemorating the anti-federation demonstrations on September 24th.

Left without a leader, the Aden TUC is objecting to an Aden government bill on the registration of societies. The congress, which prints its address as "Maalla, Aden (South Yemen)", claims that the bill, if enacted, will cripple the activities both of their own organisation and their political voice, the People's Socialist party. Another cause for discontent is the treatment of political prisoners. Compared with the major error of judgment of pushing ahead with a federation that shows every sign of not working, the caning of nine prisoners in Aden gaol last month was a minor but repulsive blunder. The men's offence sounds trivial and rather pathetic: they had refused a meal in order to show moral support for one of their colleagues who was being punished for having been too frightened to have a tooth out, as the doctor had ordered.

In Parliament on Tuesday, the Colonial Secretary, Mr Sandys, dismissed the incident as a "simple breach of the regulations." He was referring only to the fact that in the case of five of the nine prisoners the statutory interval of 24 hours between the sentence and its execution had not been observed. All the same the rules are being changed, and in future a closer watch will be kept on the prison superintendent. But there is nothing about the whole nasty incident, which has been thoroughly publicised in Aden, to endear the Adenis to British authority or to British plans.

INDIA AND CHINA

Colombo Doves

LIKE Britain, India is undergoing a period of uneasy relations with "the six"—in this case, the six other non-aligned Asian and African countries which, while a brooding lull overhangs the Sino-Indian border conflict, have got together to seek remedies for it. Their meeting at Colombo, which ended on Wednesday, has proved something less than the summit envisaged by the hostess, Mrs Bandaranaike. Presidents Nasser, Nkrumah and Sukarno did not appear in person, and General Ne Win of Burma did not stay long; only Prince Norodom Sihanouk of Cambodia stayed the three-day course. The Sino-Indian conflict is itself a grave embarrassment to non-aligned Afro-Asia, but any open involvement in it threatens to be still more embarrassing. The moan of doves in Colombo has, therefore, been low and coy.

General Ne Win, before leaving for a prearranged visit to non-non-aligned Siam, warned the Colombo group not to pronounce any judgment or even to "take any initiative," lest it jeopardise its "friendly relations" with China as well as India. The Burmese ruler seems to have felt a particular need not to annoy China; his country, alone among the Colombo six, has a common frontier with that well-armed power. In contrast, the Egyptians, who have just entertained in Cairo not only Mr R. K. Nehru but also the Jugoslav foreign minister, were quick to emphasise the need for a formula acceptable to India, and made some play with a proposal that virtually endorsed India's stated condition for negotiations—that the Chinese troops should first retire to their September positions.

The Colombo group's agreed (but unpublished) text, which Ceylon's prime minister is to present in Delhi and Peking, is unlikely to comprise anything so definite; its basic aim has been publicly defined as the salvaging of the concept of non-alignment and of "Afro-Asian solidarity" by coaxing India and China to come to terms, regardless of the merits of the case. This approach naturally gratified Peking, which has already rejected India's "brazen demand" for a withdrawal to the September line, and has not yet shown itself in any hurry to pull back to its own proposed cease-fire line either. Equally naturally, India remains suspicious of any pressure, from those whom it thought its friends, to bow to China's brute force. To alienate India in order to placate China is the surest way to destroy non-alignment. It was India's participation in last year's "non-aligned summit" at Belgrade that made it of real significance. "Lose India, lose all" is a maxim that Colombo's wiser doves might usefully adopt as their murmurous refrain.

BRITAIN'S BOMB

Pop!

ALTHOUGH many newspaper readers may have missed the fact, the expected test of a British low-yield nuclear device duly took place underground in Nevada on Friday last week. The sky did not fall. The Russians did not break off the Geneva negotiations. There was no sit-down in Trafalgar Square. No Labour MP (despite the noisy fuss a month ago) even tried to move the adjournment of the House in protest. Was anyone listening? Did anyone care?

There is a respectable case for arguing that Britain should now get out of the nuclear business, strategic and tactical, bag

and baggage. If one believes this, there is obviously no point in testing devices that this country can no longer afford to deliver against an enemy. If an Opposition believes this, it is right to say so. But only very silly people indeed throw themselves into a tizzy when (as happened in this case) a commentator on Moscow radio, basing his remarks on a newspaper forecast of what the Minister of Defence might (but in fact did not) say, sonorously threatens to bring down all hope of disarmament about everyone's ears. It all comes pat. The gambit is so appallingly hoary that even Moscow commentators must find it hard to believe that it still rouses a reaction in this country. Those MPs and others who fall for it every time are not necessarily neutralists ; they are innocents who jump obediently whenever anybody says "Boo." Does anyone still listen to them? Does anyone care?

LONDON BILL

Unredeemable?

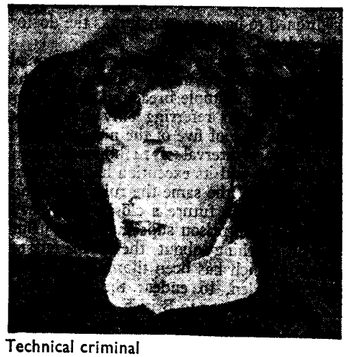
THE two-day debate in the Commons on the London Government Bill turned out to be a dismally repetitious affair in which Labour (with the partial exception of Mr Michael Stewart) slavishly toed the London County Council line, and four Tory MPs from outer suburbia voted against the Government for the most reactionary possible reasons. Although Sir Keith Joseph could rightly claim that his measure makes at least some improvement in a pattern of London government that has not altered radically since 1889, his departmental advocacy of the bill's details was a major disappointment. It looks increasingly as if the Government has simply allowed each ministry involved to write in the bits of legislation it wanted, without encouraging any co-ordinating hand or ministerial dynamic to ensure that the new Greater London Council can do the real job that is needed.

On transport, Mr Marples has grabbed as much as he could, including both traffic management and highway planning, for himself. On town planning and development, the general power has been dispersed among the boroughs, although with Sir Keith's Minstry of Housing and Local Government retaining the final say on specific points of conflict. Sir Keith may intend to intervene actively himself on the GLC's side ; but, if he does, why not write this centralised planning properly into the bill? The tone of the debate did not suggest that there is much hope of amending the bill in committee to give the GLC the greater powers it should have. But is it also too late to do anything in committee about the GLC's actual constitution? Ideally, the aldermen should be dropped (London has less need of their kind of experience and expertise than anywhere else) and the number of GLC councillors should be reduced from three per borough to one or at most two. If there were only one GLC councillor to each borough he could be paid to do a full-time job and would thereby have an incentive to see that the GLC became an effective concern. And what about the intelligence department which the Herbert commission envisaged for the GLC? It, too, could help to give the central power a much-needed boost in authority and know-how. Mr Stewart should press on with his ideas for regional planning in the south-east, but when Labour's LCC malignants see that he is in earnest they can be expected to put the stopper on that as well.

MISS FELL

Mercy Strained

MISS BARBARA FELL'S indiscretion, in showing some confidential papers to her Jugoslav lover, was transformed into a crime by the timing of its discovery. Those who have said that no harm could be done by the atmosphere that was created by some politicians and newspapers, after recent (and real) spy cases, should examine their consciences when they read what has happened to this lady. The exact contents of the papers circulating in the Central Office of Information, which came to Miss Fell in the course of her job there, and which she showed to the Jugoslav press attaché, are naturally not known ; but from the nature of the COI's work, and from what was said in



Technical criminal

court, one can guess that, although their revelation to a foreign power might cause some embarrassment to some diplomats, it could cause no danger to the country. After all, the papers had presumably been sent to the COI to aid it in background comment.

The existence of a leak having become known, Miss Fell admitted to being its source. It was then no doubt inevitable that she should be required to resign from her job. But, in the overheated atmosphere of the past two months, the departure of a public servant so well known to newspapermen would almost certainly have led to a wave of innuendo, speculation and curiosity from members both of the press and of parliament. There would have been accusations that the Government was covering something up ; when the truth was flushed out, especially as there was a sex affaire in the middle of it, newspaper articles would have been written claiming that the accusations had been amply justified. This fear, one may guess, led to the charging of Miss Fell on eight technical counts under the Official Secrets Act. To all of them she pleaded guilty.

It remained to sentence this technical criminal—to the maximum penalty of two years' imprisonment on each charge, although admittedly to run concurrently. Higher courts are always reluctant to reduce a sentence imposed by a puisne judge, unless it is quite grossly disproportionate to the offence: excessive as two years has seemed to almost everybody, it was not necessarily so grossly excessive as to have made an appeal likely to be successful. Once charges have been brought by the Attorney General, it is not for the judiciary to consider the political pressures that may, by pushing him to bring them, mitigate the gravity of the offence. Thus it is that an able—if once misguided—public servant has had unnecessary punishment added to humiliation and a lost career. When will Britain realise that even incipient McCarthyism is an immensely dangerous thing?

CENTRAL AFRICA

Black Smog

HELD up in London by smog, Mr Kenneth Kaunda and Mr Harry Nkumbula barely made it back to Lusaka in time for the second (and final) round of Northern Rhodesia's elections on Monday. Smog, the two African nationalist leaders have found, clings. By Thursday, with all the results declared, it was still hard to see what lay immediately ahead in Northern Rhodesia. The state of parties now is: Sir Roy Welensky's United Federal party, 16 seats ; Mr Kaunda's United National Independence party, 14 seats; Mr Nkumbula's African National Congress, 7 seats. According to popular vote, the clear victor is overwhelmingly Mr Kaunda's Unip ; this may or may not be reflected in the new government that leads the legislative council when it opens on January 8th.

There are two complicating factors. The first has been shrouded in the foggiest mystery of all: a series of talks beginning in London on Monday, between the British minister for central Africa, Mr Butler, and three ministers in the Rhodesian federal cabinet sent by Sir Roy Welensky. Such emissaries from Sir Roy have affected Northern Rhodesian events in the past ; the hope must be that this time they were designed merely to impress the Southern Rhodesian electorate (due to vote this Friday) and to bargain about the secession of Nyasaland from the federation.

The second factor is Mr Tshombe, of Katanga. The original Nkumbula-Kaunda rapprochement (on which hopes for a lasting Unip-ANC coalition are based) was

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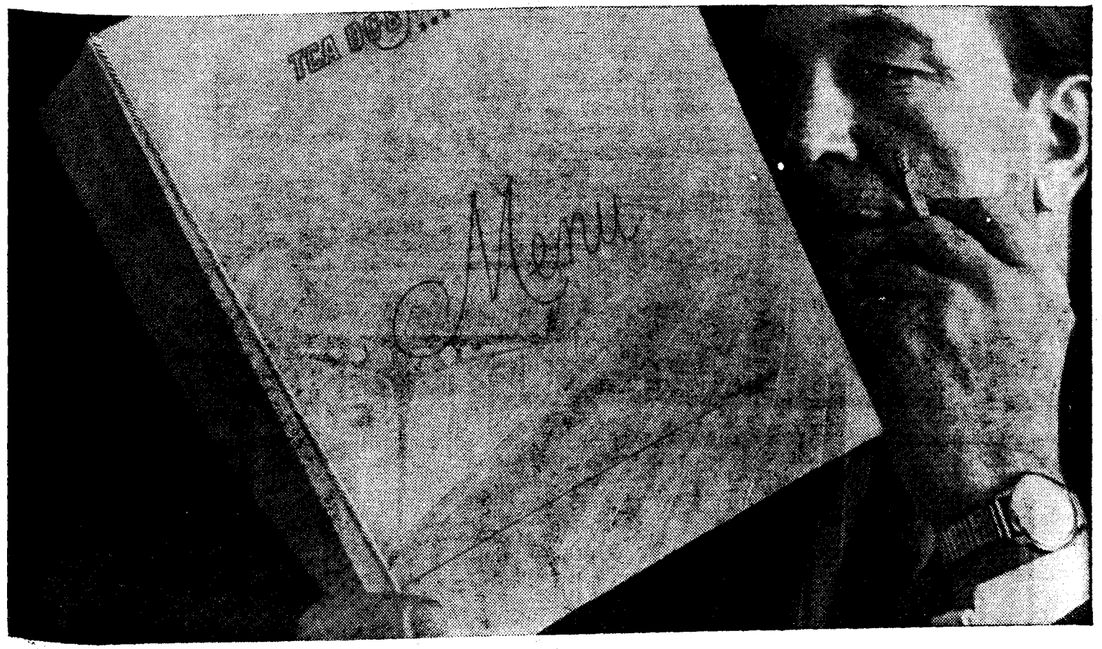

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encouraged by Mr Tshombe in the hope of winning African friends ; if he now assesses his strategic situation differently the Katangan leader might press Mr Nkumbula (who relies on Mr Tshombe for much of his funds) to switch sides yet again. New light on Mr Tshombe's strategic situation came on Monday, when Mr Robert Gardiner, the chief United Nations representative in the Congo, warned Mr Tshombe that the UN intends to carry out the resolutions that call for the removal of mercenaries from Katanga and for the reunification of the Congo. The signs were that this time the UN meant business ; more Swedish jets arrived to reinforce the UN in the Congo on December 11th. U Thant was reported this week to be writing to Britain, the United States, Belgium and west Germany, asking for co-operation in imposing economic sanctions on Katanga. Mr Adoula, the prime minister of the Congo, wrote on Wednesday asking 17 countries to put an immediate embargo on all copper and cobalt exports from Katanga. In contrast, a group of Tory MPs has tabled a motion in the Commons asking, in effect, that the government do its best to obstruct attempts to enforce the unification of the Congo ; and Sir Roy Welensky has said that, if the attempt is made, there will be war in Katanga.

MOROCCO

Himself Surprised

KING HASSAN II has emerged from Morocco's constitutional referendum on December 7th with a victory beyond his greatest expectations. In spite of the boycott declared by the opposition, the Union Nationale des Forces Populaires (UNFP), 85 per cent of the electorate went to the polls ; and, of these, 96 per cent approved the king's constitution. Even General de Gaulle never romped home as merrily.

In the countryside massive support for the royal constitution was expected. But how came it that in the towns, and above all in Casablanca, stronghold of the UNFP and its powerful ally, the Union Marocaine du Travail, the king also swept the board ? The UNFP's campaign for abstention was, admittedly, rather cramped when many of its agents were arrested for allegedly threatening the peace. But the hope that these arrests, duly publicised, would strengthen the boycott were totally dashed. The truth is that the government's propaganda was as brilliant as the UNFP's tame plea for abstention was psychologically inept. Yet the opposition's leaders had no real alternative. Against the foregone conclusion that the king would win a majority, they could not do battle with a "no" vote, because this would have meant self-ejection from their country's new constitutional life. As it is, the UNFP is now at liberty to decide whether or not to take part in the elections for parliament to be held in six months.

The king's huge constitutional victory has greatly enhanced his position and carried

him clear of the danger, predicted by Mr Ben Barka in a letter to *The Economist* last week, of appearing to support a "yes" party against a "no" party. The "no" vote in the referendum was too trifling to be considered. Yet Morocco's political life contains an unhealthy vacuum so long as the opposition is not welded into it. The UNFP publishes the newspapers that have most readers, and upholds the most purposeful trade unions. If it does not find honour in its own country it is liable to become the instrument of anti-monarchist sentiment in Algeria and Egypt. It may be significant that President Nasser has cancelled an expected visit to Rabat ; and arrangements for a meeting of the Casablanca powers at Marrakesh next week have collapsed.

DEPORTATIONS

Finnegan Innegan?

LORD Chief Justice Parker's quashing of two recommendations to the Home Secretary to deport Commonwealth citizens —one an Irishman sentenced to 18 months' imprisonment for larceny and breach of binding-over, the other a Jamaican gaoled for 12 months as an incorrigible rogue— draws fresh attention to what Lord Parker mildly called "teething troubles" in the implementation of the Immigrants Act. The second of these cases is of particular interest to those who suspect that magistrates and judges sometimes make insufficient effort to discover an offender's status when they see a crook has a black face: the Jamaican has lived continuously in Britain since June, 1957, and was therefore even at its inception outside the powers of the Act, under which only those offenders with less than five years' residence in Britain are subject to deportation. Yet the London sessions, without inviting evidence from the man on this point, recommended his deportation. The Irishman's case was at least equally disturbing. No reference appeared in the transcript of his trial to a recommendation to deport (and it must therefore be presumed that no reference was in fact made during the proceedings); but such a recommendation had been endorsed on the indictment. Quite apart from the fact that, according to the Lord Chief Justice, there was no case for deportation (the man had committed an offence only after he became temporarily unemployed), it should not need the Appeal Court to point out that such recommendations ought to be made, if made at all, in open court.

Of importance to immigrants (and their judges and prosecutors) is the ruling of the Lord Chief Justice during this hearing: recommendations should not be made, he said, as part of or in lieu of the sentence normally appropriate to the offence—they are quite separate from, and in addition to, what native Britons might expect in the same circumstances. This is less harsh than it sounds since it means that a rightfully convicted criminal who feels he has been unfairly treated by being recommended for deportation can appeal against the recommendation alone without reference to the rest of his sentence—possibly with more hope of success than his appeal against a sentence as a whole. It is to be hoped that this provision will become widely known among the vulnerable immigrants no less than among their judges, who will also no doubt remember in future to find out from the offender whether he qualifies at all for this penalty.

CHILDREN'S BILL

Age of Responsibility

BY one vote the Government was defeated in the House of Lords this week on a crucial issue in the Children's Bill. Lady Wootton proposed that the age of criminal responsibility should be raised from eight to twelve. In so doing she was accepting the age proposed by the Ingleby committee, on whose report much of the new bill is based. But there is an important difference between what she considers should happen to children under twelve who commit an offence and what the Ingleby committee proposed should happen. If the Government gracefully accepts the amendment, as it would be well advised to, it will still have to decide this question.

At present, there are three procedures under which a child may be brought before a juvenile court. At any age he may be brought as in need of "care or protection," which means that his parents are neglecting him and that he is consequently exposed to moral danger. Also at any age his parents may bring him to court as "beyond control." Or, if he is over eight, he may be charged with an offence. Under all three procedures, if the court is satisfied that the allegations are true, the ultimate sanction is removal of the child from parental care. The Ingleby committee recommended that, together with a higher age of criminal responsibility, the two non-criminal procedures should be amalgamated. Thus, under the age of twelve, children could be brought to court only as in need of "care or discipline," and the court would have additional methods, like training in an attendance centre, of dealing with them.

Lady Wootton, on the other hand, and a great many other people, would prefer to see all these "care or control" (as the new bill calls them) cases taken out of the courts' hands altogether and dealt with through the welfare services, particularly the education service. The argument is that appearance before a court positively harms a child, even if he is not charged with an offence ; middle-class children who steal—unlike many working class children—are mainly dealt with by their parents or their schools. On the other hand, there is a lot to be said for a non-expert body like a juvenile court having to be satisfied that allegations are true before such a drastic step as the removal of a child from his home is taken.

It is not easy to say which course would be better for the child, and one can sympathise with the Government's complaint that just to accept the Wootton amendment in principle leaves a whole lot wide open. But it has only itself to blame for not having raised the age of criminal responsibility itself, and decided what new machinery would consequently be needed for dealing with naughty ten-year-olds, before the bill was introduced.

ARGENTINA

Sick Man of America

SENOR ALSOGARAY, Argentina's high priest of austerity and financial restraint, has twice been called in to preach his message, and twice been thrown out for doing just that. The first time was in April, 1961, when President Frondizi bought time for himself by jettisoning a minister of economics even more unpopular than himself. When Dr Frondizi was deposed a year later, Sr Alsogaray was brought back by the army as the one man who might be able to scoop the country out of its economic mess. But no section of Argentine society could bring itself to believe that the self-sacrifice the minister was calling for should apply to it.

Preacher without honour

Labour, management and the farmers were united against him; their chance to throw him out came when Sr Alsogaray lost his reputation for political detachment by becoming involved in the perennial squabbles of the armed forces. On December 4th he was forced to resign, and a large chunk of the cabinet left with him.

The question now is whether the caretaker civilians, under President Guido, and their military overlords will be able to lead the country to the general election promised for June. A new electoral formula will effectively exclude the Peronistas and communists; on the other hand, the adoption of proportional representation means that no one party will be able to win unless it allies itself with another or, as in February, 1958, makes some kind of pact with the Peronistas. The division within the armed services over whether even the most antiseptic sort of election is desirable was underlined by the air force revolt on Tuesday. The military intrigues that shook the country in September resulted in the pro-election faction in the army coming out on top. But a powerful army group, and most of the air force and naval officers, are "democratic," which, in Argentina's looking-glass language, means that they favour military rule.

Another of Argentina's special words is "intransigent" which, as applied to Dr Frondizi's political party, the Intransigent Radicals, has come to mean particularly pliable. A succession of army games and political manœuvres has gone far to destroy any faith the Argentinians might have had in their leaders. Now, as the debts rise, it is every man for himself, and the call for self-sacrifice drops on deaf ears. The total lack of national self-confidence that paralyses Argentina is not a disease that could have been cured by Sr Alsogaray's stark arithmetic; the danger is that, with the preacher out of the way, it may be easier for Argentina's more ambitious generals to use their country's disillusion for their private and inglorious plans.

CZECHOSLOVAKIA

Mr Novotny Ploughs on

As with all other recent Communist party congresses, the Czechoslavak gathering, which ended on December 8th, tended to be dominated by the quarrel between Moscow and Peking. Mr Novotny emerged (rather inappropriately, one would think, for him) as frankly and unequivocally anti-Chinese; perhaps he was swept along by the increasing momentum of the Chinese-Soviet quarrel and thought it prudent not to resist.

In domestic policies, however, Mr Novotny showed pretty clearly that he will resist as much as he can any pressure to move in a more liberal direction. In contrast to Mr Kadar's frank acceptance of the fact that the Hungarian communists were in a minority and must make use of the talents of non-party people, Mr Novotny declared that "we must resolutely oppose a non-political attitude to the needs of society." In spite of the rumours current in the West last summer that his position was getting shaky, he has not found it necessary to make any significant changes in the predominantly stalinist top party leadership, although more may be heard later of the two new members of the praesidium.

There was a certain amount of ritual head-shaking over the excesses of the personality cult; and Mr Novotny announced that more than thirty persons had been rehabilitated. He added that all other political trials during the 1949-54 period would be reviewed and a report issued within four months. But any timid speculation that this might lead to the rehabilitation of Rudolf Slansky was firmly squashed by Mr Hendrych (who had himself been associated with Slansky) when he declared that "nothing needs to be changed with regard to the guilt of Slansky and certain others." Nothing either apparently needs to be changed with regard to the guilt of Mr Barak who last April was sentenced to fifteen years' imprisonment for alleged currency offences. Mr Barak, who was believed to be Mr Novotny's chief rival, is now accused by his enemy of protecting guilty persons, when he was chairman of the commission reviewing political trials between 1955 and 1957, in order to strengthen his own position. For Mr Novotny to use his fallen rival so freely as a scapegoat may prove wise, or foolish.

CENSORSHIP

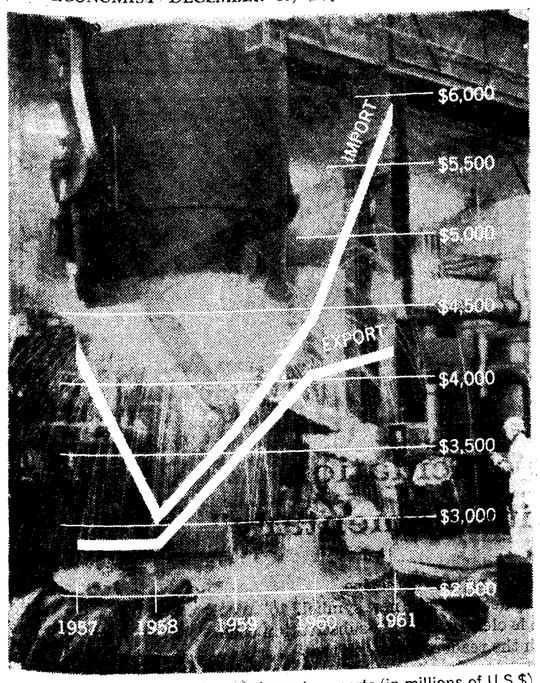
Roundheads and Squares?

THAT dreadful silliness in the British character which, masquerading as good taste and moral rectitude, attempts to reintroduce the regulation of our intake of literary, dramatic and artistic roughage is, apparently, rising hideously from the subconscious again. The Joint Censorship Committee of the poster advertising industry (made up of the British and London Poster Advertising Associations, the British Transport Commission, the Solus Outdoor Advertising Association and the Theatres National Committee) has just banned three posters from its sites. One of them advertised a vitriolic *Sunday Citizen* feature attacking Dr Adenauer's Germany; it was said that it would offend the susceptibilities of Germans. The other two were

Sunday symbol

Ministry of Health posters warning cigarette smokers of the risks of lung cancer; it was said that these "exaggerated" their claims. The answer to the second ban is that few people will believe that the Ministry's warning was any more exaggerated than the claims of tobacco manufacturers to satisfy (what?) or those of barbers to cure baldness, which the committee finds unobjectionable. The answer to the first ban is that in an adult democracy it should be axiomatic that, short of libel, obscenity, blasphemy and sedition, anyone may say and publish whatever political view he pleases, without regard to public space-sellers lacking even a commercial excuse for their excesses—nobody is going to stop using the underground or the roads because he doesn't like the advertisements.

Cromwellian stirrings have also been evident in some Conservative MPs' attitude to satirical attacks on the Government and its works by the BBC programme "That was the week that was," in the last edition of which the Prime Minister was lampooned, cardinals made affectionate fun of, the new censor of plays nearly physically assaulted, fly-buttons mentioned more than once, and many extremely sensible and humane things said about (among others) the unhappy Miss Barbara Fell. The Postmaster General portentously asked for the script. Fortunately, the BBC has a charter, and a director-general of independence.



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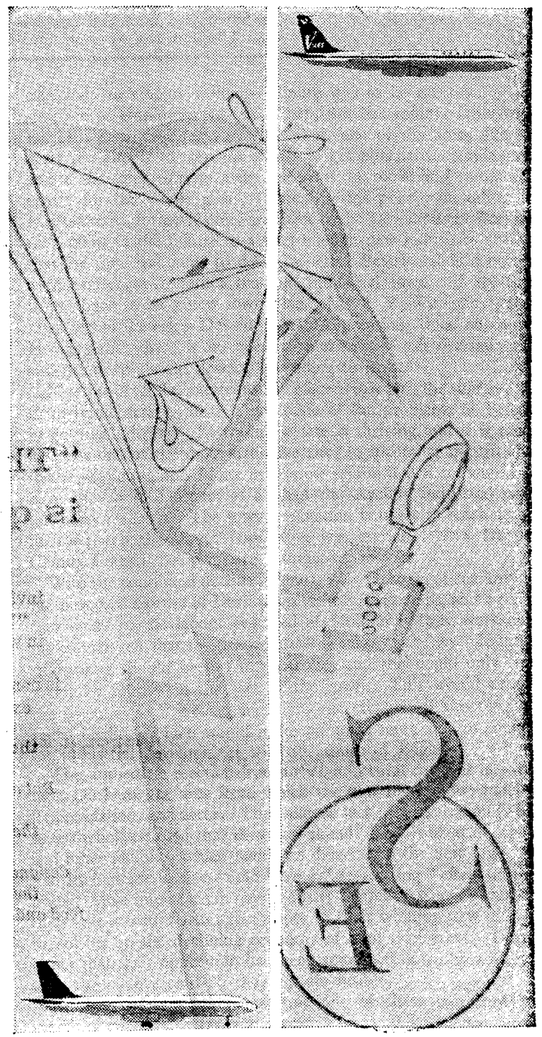

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HOME REPORT

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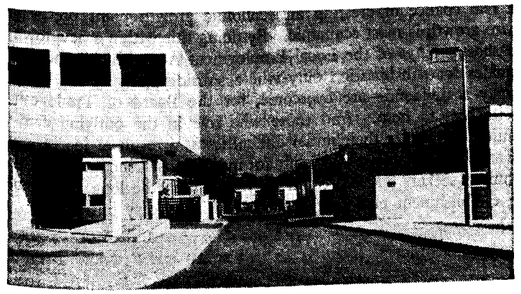
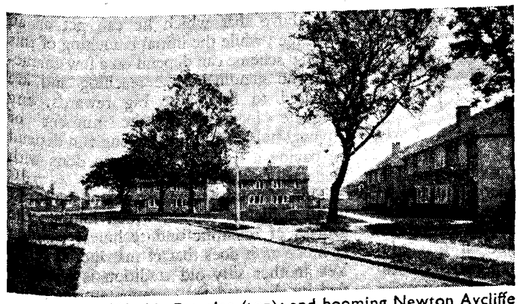


New Towns, New Troubles



Weakly Peterlee (top); and booming Newton Aycliffe

FROM A CORRESPONDENT IN DURHAM

COUNTY DURHAM, which has done relatively worse in the present employment slump than any other part of the kingdom, is fortunate in having within its boundaries two new towns. As this paper has not tired of repeating, the best method of regeneration for declining areas is to implant within them—or sufficiently near them to provide a regional stimulus—new points of purposeful economic growth. The ideal type of growth point, free from the backlog of decrepit housing and related social stagnation, is a new town. But Peterlee and Newton Aycliffe are now meeting obstacles to their own growth that spring as much from local ham-fistedness as from the inadequacies of the national policy for regional development.

The trouble about Peterlee is that the growing child has not been getting enough sustenance in the form of new industry. Some feel that instead of continuing to try to build it into an industrial town, it should become an Orpington of the north-east, a commuter town. The trouble about Newton Aycliffe, well supported by industry, is that this growing child is to continue to grow up well beyond the size some consider suitable for a newcomer. It is probably to become twice as big as originally planned, and other centres of population in south Durham, anxious to attract new industries for themselves, regard it as a cuckoo in the nest.

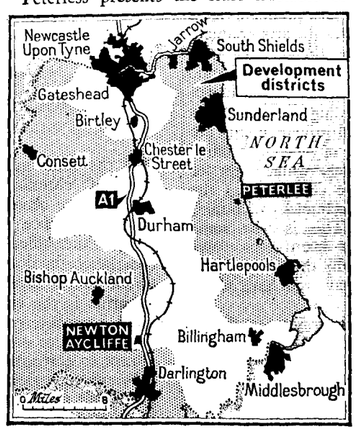
Peterlee (target population 30,000, current population 14,000) was originally intended to be primarily a miners' town, a bold alternative to the squalor of the pit villages. Built on a magnificent site near the sea, it was strategically placed for men to travel to work at nearby pits. While new industries would be needed—especially to employ women—mining was to be the town's basic supplier of employment. As it happens, the mining industry in Durham is contracting; Peterlee is in one of the areas affected. Now the aim is to step up efforts to get alternative employment and at the same time to make the town the social and commercial centre for the whole area. Critics of this policy, including Mr Roy Gazzard, formerly chief architect to the Development Corporation, point to the failure to attract enough new industries and say that the time has come to decide whether Peterlee should become a commuter town rather than an industrial town. If so, there would have to be a new town plan. Mr A. V. Williams, general manager of Peterlee Development Corporation, does not agree. He says that there is no need to make any fresh decision now, and the town should develop according to plan.

Newton Aycliffe, strategically placed just off the north-east's main traffic artery, the A1, has none of the problems of Peterlee in getting industry. Its trading estate is thriving and it is recognised as one of the most attractive sites to incoming industrialists in the whole region. Many firms now established there would not have moved to Durham at all had the Aycliffe industrial estate not been available. The town population is likely to reach 15,000 in 1964 and the target population was 20,000. Now Durham County Council has proposed a target of 40,000.

With the continued decline in south-west Durham of coal mining, the proposed closure of Darlington railway workshops, and a reduction likely in the labour required at Shildon railway workshops, the council felt that the proved attractiveness of the Aycliffe industrial estate should be put to good use, and this could only come about by increasing the size of the town. This would provide the essential local labour, and allow the creation of shopping and social facilities which would make the town more able to compete for industrial development with the south of England.

The immediate reaction from urban and rural councils in south-west Durham, the area from which the new town draws much of its population, was fierce. They alleged lack of consultation (which seems true), claimed that they had already been robbed of schools and other facilities which had been diverted to the new town, and that its increase in size would have a "devastating" effect on their trade. Most important in new-industry-conscious County Durham, they said it would also affect hopes of their winning new industry to bolster up the declining economy of their own areas. Despite hopes that their opposition had been smoothed down by a meeting with the county council, they remain hostile.

Peterless presents the least tractable of these two problems. The Gordian answer to its communications difficulties is to build a new road; this would necessarily be somewhat slow, and the funds needed—even now that the government has sensibly decided to discriminate financially in favour of the north-east's road programme — are perhaps required for even more urgent tasks, and notably for improving the Tyne crossings as quickly as possible.

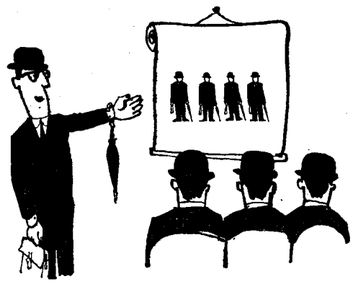


The important thing is to make sure that the original concept of a new town as a place where people both live and work does not become a rigid formula. People who have worked in pits are not used to commuting; transport services are not ideal. But the solution could well be to put new industries where industrialists think they can be run most efficiently—along the main road and railway axis up the centre of the county—and to subsidise (initially) buses for workers from Peterlee. It will remain a better place to live in than almost anywhere in the country.

Newton Aycliffe is simply facing the first penalty of success—jealousy. The county council is dead right to want to increase both its population and its industrial development. Experience in the south of England shows that even 40,000 may be too small a population to support all the services and entertainments that town-dwellers rightly demand now. The vested interests—and vain hopes—of smaller communities must not be allowed to obstruct the real chance of creating an economic growth point precisely where growth is most economic. By doing this within a new town the shortcomings of the Local Employment Act—which generally provides for subsidisation only where subsidisation is least likely to pay a dividend—are overcome, for the Board of Trade can do its best to help. And those who live in the outlying communities, whatever their initial difficulties as a result of increasing the attractions of Newton Aycliffe for industrialists, shoppers, entertainment seekers and all, could only benefit in the long run from the establishment of a new dynamo within an easy bus-ride.

Training the Boss

FROM OUR SPECIAL CORRESPONDENT



The Ministry of Education's stab at encouraging management training has got off to a useful start. Last year a new Diploma in Management Studies, for students with degree or equivalent qualifications, was introduced: now the advisory council of educationists and representatives of professional bodies that was set up to watch over management training courses, and particularly diploma courses, has issued its first annual report. In 1960-61, the last year of the old diploma scheme, there were about 900 management students at 62 colleges in the United Kingdom: by October this year there were 2,360 students, while the number of colleges offering courses had been reduced to 43. Both the increase in the number of students and the decrease in the number of places where they could study are thoroughly healthy—probably far too many of the courses offered under the old scheme were pretty wishy-washy affairs.

Quality is, of course, the whole point. These are not schemes for training foremen or junior managers (however worthy such courses may be), but post-graduate level education designed to give the arts graduate or, even more important, the scientist with a degree or a degree-level qualification, some theoretical grounding in the skills of management and the understanding of what makes business tick. The vital growth points are the universities—twelve of which are offering management courses, while eight of these give post-graduate courses—and the Colleges of Advanced Technology with their Scottish equivalents. This is why some former diploma-giving institutions have been weeded out, and why the present total of 43 establishments may well have to be reduced in the future.

The main trouble at present is that a mere 176 students were on full-time, sandwich or block-release courses, the rest attending part-time in the day or the evening. The committee rightly argues that the full-time courses are far more valuable (the diploma can be gained in six months by full-time study, and can take up to three years of part-time work); and it hints that the reluctance of many employers to let their potential managers take time off to study makes it necessary to keep up some courses scattered around the country where people can get to them in the evenings that are well below the necessary standard.

For as long as the sub-standard courses continue, and until it becomes possible really to limit entry to courses to people with a degree-level qualification, the suspicion with which management training is often regarded in this country will, sometimes rightly, continue. The council is fairly hopeful here, looking forward to the day when firms that do not offer proper opportunities for training will be unable to hire the best young men.

But the other bottleneck before this point is reached comes from the shortage of proper teachers. The man qualified to impart management skills probably has them himself, and can command in industry a salary well above that which he can get as an academic; while the initial launching of this national scheme can depend on a few characters who genuinely like teaching and are prepared to forgo the big rewards, any adequate increase in the number of diploma-holders will in the long run depend on paying a full market rate to dons with monetarily valuable skills.

This, of course, opens up one of the sorest of all academic taboos, which inhibits the growth of scientific and technical training as much as it does that of managerial skills. Yet another silly old tradition is exemplified by the need for commentators on this subject to keep on writing "degree-level qualifications" to describe diplomas that, in any sensible country, would be given at least equal status with arts degrees. Management training is not only valuable to the young men who benefit from it and to the firms who then employ them. It can also do its bit to close up the gap—feverishly held open by some reactionary dons—that yawns between the educational institutions and the real life of Britain.

Bristol Guinea Pig

FROM A CORRESPONDENT IN BRISTOL

If the dead man on the mortuary slab had chronic nephritis, which was probably the cause of his high blood pressure and thence of the cerebral haemorrhage which killed him, what is the doctor to write on the death certificate? According to the World Health Organisation, chronic nephritis is the right answer; and it will seem a sensible one, in this comparatively simple case, to most people. But it is not always so easy: medical methods differ in different countries, and it is quite possible for WHO to be presented with a different cause of death from each of several doctors concerned in identical deaths. It is not impossible that it is this diffusion of practice, and not only intolerable air pollution, which lies at the bottom of the appalling comparative figures for British deaths from bronchitis—about 30 times the level of most other countries—either because British doctors are too ready to ascribe deaths to this cause or because non-British ones are too reluctant.

Obviously, if any just assessment of worldwide killer diseases is to be arrived at (with a view to tackling them in the correct order of priority), some uniform system of arriving at the true cause of death must be devised. WHO already has a set of rules, and these have a long history. Every ten years the International Classification of Diseases, as it is called, is revised, the eighth revision being due in 1965. But to have a set of rules is one thing, to ensure uniformity in their application is another. In an attempt to assess just how satisfactory the rules prove in practice a special study is in process in North, South and Central America, and Europe—in the person of Bristol, which has the right population (½ million) of the right composition (the important age group, for WHO, is from 15 to 74) for comparison with the American cities in which WHO teams will be doing their work. The investigation has other objectives, at least equally important, such as comparing the incidence of the great killer diseases of the present day—cancer and heart disease in particular—in the several cities where the research is being conducted.

The Bristol team—two doctors, social worker and secretary—began work on November 1st with £12,000 from WHO's Pan-American Sanitary Bureau (although it is apparent that the National—American—Institutes of Health are really putting up the money); they will conduct detailed investigations into the real causes of about a third of the city's deaths during two years, which should keep them intensively occupied: there are about 16 a day. Each case will be taken up after the usual certificate has been passed to the Medical Officer of Health and the Registrar General, who classifies deaths according to WHO's rules; the full medical and social histories of all cases, together with the death certificates, will be collected and sent to assessors in Washington, who will decide on the correct classification according to WHO.

Bristol, apart from having a statistically manageable population, has another claim to this representation of its fellows: it is believed to comply accurately with WHO rules (which are interpreted independently by its MoH and the Registrar General); it is also a frequent user of autopsy as a means of checking its diagnosis of the causes of death in hospitals (just over half the total). Naturally it cannot epitomise the workings of innumerable doctors and medical authorities throughout Britain, let alone Europe; but its part is an important preliminary one in what promises to be a long and difficult project in which, to achieve any sort of result on an international scale, a tremendous amount of work will have to be done by local agencies of this kind.

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

Splitting Nato's Atoms

Sir—In your article of December 8th you state that "the total defence budgets of the six common market countries plus Britain add up to rather less than the $15 billion that the United States is spending this year on its nuclear armoury alone." But the Americans are trying to build up a second strike counterforce capability; they have on order 1,600 or 1,700 ICBMs. Western Europe will not want more than a minimum deterrent (or a catalytic trigger). The United Kingdom alone already owns enough nuclear bombs and warheads for this purpose, and means of delivery are certainly not beyond western Europe's technical or economic resources. Between 1954 and 1960 less than 1 per cent of the *increase* in the output of the six went on defence expenditure. If their combined national product rises only at about $10 billion a year—which is slower than it has been rising—the devotion of 20 per cent of this increase to defence would double defence spending in five years. Moreover, at present only 3 per cent of expenditure on armaments procurement in the alliance goes on items jointly produced. Any kind of common defence policy would allow very considerable saving in armaments expenditure.

Strategically, western European and American interests do not exactly coincide. Europeans know that ultimately, in the case of a war starting over, say, Berlin, it will be to the advantage of the Americans and the Russians to keep that war limited to Europe. American policy on this is spelled out clearly in Mr McNamara's Ann Arbor speech. Graduated deterrence in war could mean that after the devastation of, say, Warsaw and London and all places between, all-out war could still be considered "deterred": Moscow and Washington might still be spared and peace between the two great powers could be arranged across Europe's radio-active corpse. Therefore Europeans must have a finger on the trigger of a strategic weapons system so as to prevent Russia and the US calculating in terms that designate Warsaw and London as non-ultimate targets. They must have the capability of declaring the point beyond which war is all-out—and "deterring" that. Europe wishes the ladder of deterrence kept short and steep, with few rungs. The Americans wish to keep it long and low, with many.

A minimum deterrent or catalytic trigger is well within Europe's resources; and it is difficult to see what else can work in the predicament the alliance is in. Except of course disarmament. Foreign Office please note.—Yours faithfully,

WAYLAND YOUNG
London, W2 ELIZABETH YOUNG

Lords and Commons

Sir—You are quite wrong in saying "the return of Lord Hailsham to the Commons would be of no importance for succession to the leadership, since he would be unacceptable to the parliamentary party, however popular he is in the country." That simply is not true! There is no question at this moment of replacing Mr Macmillan as leader. No other person has the slightest chance of leading the party to victory; but when Mr Macmillan decides to retire, I am convinced the majority of the parliamentary party would gladly accept either Lord Hailsham or Lord Home as leader. There is no opposition to either. What is needed now and urgently is a new Chairman, and for this post Lord Hailsham would have the overwhelming support of both the parliamentary party and the country. He would also give added moral purpose to the party.—Yours faithfully,

CYRIL OSBORNE

Anatomy of Unemployment

Sir—You omit an important population factor in your analysis: "Healthy local societies" cannot continue to exist where one school-leaver out of three has to look for a job outside his area of origin, as is happening in Berwickshire, or when their population is dropping by ten per cent between censuses, as is the case in most of the lower Tweed valley. These facts mask a situation in which unemployment is statistically below the national average, and well below the figures for the two Ministry of Labour Regions concerned (Scotland and Northern England), and which seems, there-

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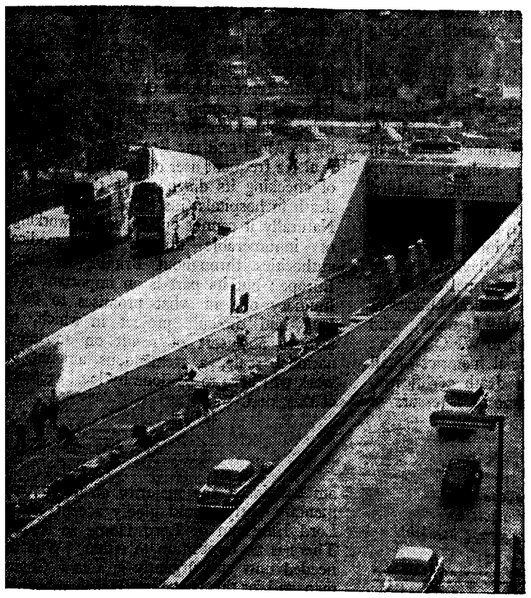

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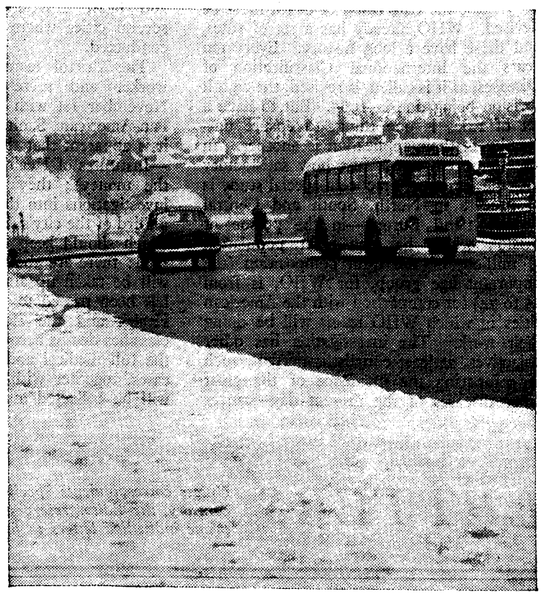

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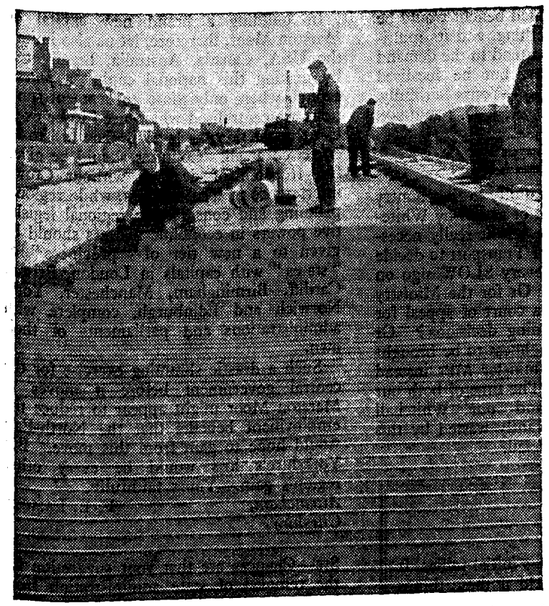

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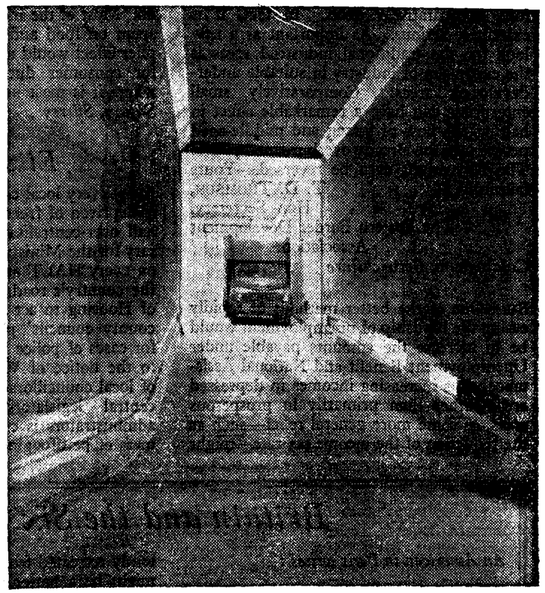

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fore, comparatively good. In fact, it is extremely serious. As important as a new look for the traditional industrial areas is the expansion of industry in suitable underdeveloped areas. Comparatively small enterprises can have a remarkable effect in halting the flow of young and middle-aged people into the already overburdened places. The flow might even be reversed.—Yours faithfully,

T. D. THOMSON,
Hon. Secretary,
The Eastern Border Development Association.

Coldingham, Berwickshire

SIR—One of the better methods of rapidly easing the hardship of unemployment would be to increase the amounts payable under Unemployment Benefit and National Assistance, thus increasing incomes in depressed areas rather than primarily in prosperous areas, as some more general relief—such as the reduction of the income tax rate—might do. Most of the increased benefit would be spent on food and clothing, and its multiplier effect would not extend to the demand for consumer durables, but be localised where it is most needed.—Yours faithfully,

Sutton, Surrey A. J. D. FERGUSON

Elizabetha

SIR—Every local community in the country is deprived of freedom of action by Whitehall over-centralisation. Is it really necessary for the Ministry of Transport to decide on every HALT and every SLOW sign on the country's roads? Or for the Ministry of Housing to act as a court of appeal for county councils' planning decisions? Or for cases of police roughness to be brought to the notice of Westminster MPs instead of local councillors? The time of both our central legislators and our Whitehall administrators is constantly wasted by this mass of pettifogging detail.

In building a brand new capital on Marston Moor, therefore, let us also imitate the USA, Canada, Australia, Brazil *et al* by making this national capital a *federal* capital, where only those government functions are centralised which need to be exercised on an insular level if they are to be exercised at all. Counties should be given full freedom of decision without Crown interference in local matters, while regional planning and considerable regional legislative powers in economic matters should be given to a new tier of "provinces" or "states" with capitals in London, Bristol, Cardiff, Birmingham, Manchester, York, Norwich and Edinburgh, complete with administrations and parliaments of their own.

Such a drastic slimming exercise for the central government before it moves to Marston Moor might appear to reduce the employment benefits that the North-East would hope to gain from this move. But Yorkshire's loss would be every other region's gain.—Yours faithfully,

Altrincham, Cheshire F. E. LAMOND

SIR—Chances are that your suggestion for the removal of state administration from London to Elizabetha will accelerate the drift of senior civil servants into private industry.—Yours faithfully,

London, W1 GEORGE A. FLORIS

SIR—A copy of your stimulating article should be sent immediately to every MP and senior civil servant.—Yours faithfully,

London, SW15 J. T. GODDARD

SIR—Should not *The Economist* show the lead to government by setting up its own camp on the Yorkshire moors? NOVA ECONOMICA, perhaps?—Yours faithfully,

Leicester JONATHAN WILSHERE

SIR—Not a 350,000 population, but 350,003½. You forget Professor Parkinson and his family.—Yours faithfully,

London, N6 J. A. BARNETT

Britain and the Six

An American in Paris writes:

As a neutral observer of the common market talks, and an inveterate reader of the British press, I would like to make a few points that one feels, on the Continent, may be missed in Britain. There are, in particular, three fundamental errors that have dominated British thinking—innocently and understandably—from the very beginning.

The first is that this was a bargain among equals, or even a negotiation in the ordinary sense of the word. It never was and cannot be. It is, and history will see it as, an application by an outsider for membership in a club, which is a very different thing, indeed.

The hypnotic repetition in the British press of phrases like "when the real bargaining begins" betrays a deep misunderstanding. None of the Six, including those who most want British entry, have this misunderstanding. There is probably not going to be any final "package deal" in which each side makes concessions. It is not that kind of negotiation. It is not even a bargain.

The second error is the assumption that British membership must fundamentally change the common market and thus, obviously, that some of the rules (and certainly some of the tariffs) should be changed. It is disclosing no secret to say that Mr Heath hoped at the beginning for such wildly impractical and impossible things as association for India and Pakistan, to say nothing of such publicised follies as the (now abandoned) requests for "comparable outlets" for the farm products of Australia, New Zealand and Canada.

To Mr Heath's credit, he has consistently retreated from his initial follies. It might be a better world if these things should come to pass, but that is not the point—at least not the point in these "negotiations." The common market does not exist to create a better world, though it hopes that it can make some contribution in that direction. It exists like all clubs exist, for the betterment of its members. And like all clubs it is reluctant to change its rules for a new member, especially if the changes might upset the present members.

The third mistake is the obsessive concentration on the role of France. Some things are clear: France has by far the brightest negotiators, as a group, and the clearest perception of the principles and consequences of any issue; the French have no great enthusiasm for British entry (though they are resigned to it); and the French have an economic interest in preserving most of the rules unchanged.

But it is silly to overlook how much support the French have got. History will have to note that the Six, on issue after issue, presented a united front. Even such a pro-British, and brilliant, man as Signor Colombo of Italy has in most instances seen no alternative to sticking by the rules. The "Germans" (one puts it in inverted commas because there is no "German" policy) have been in the same position. And so have the Dutch and Belgians.

If it is true that British thinking has been on an unreal wavelength, it is also true that there is no eleventh commandment that says Britain must join the club. In any case, it might prevent needless bitterness if the applicant stopped deceiving itself about what was involved.

POINTS

MR GOODHART (November 24th) is slightly confusing about guarantees and the Moloney proposals. It is true that (depending on the wording and who gives it) a "guarantee" may be ineffective to deprive a purchaser of his Sale of Goods Act rights. But what matters is that he may be asked to give them up in his contract with the *seller* (and this will be effective: Sale of Goods Act S.55). This may happen and usually does in the *order form* he is given to sign when he orders a car: and he will be expected to believe that the "guarantee" from the manufacturers is all he can hope for. It is—he shouldn't have signed the form. KEITH WEDMORE, *West Byfleet, Surrey.*

BOOKS

Economics in the Red

The Political Economy of Communism
By P. J. D. Wiles.
Blackwell. 419 pages. 42s.

COMMUNIST discussions of economic problems are largely incomprehensible even to those Western economists who can read the right languages and know a little about Marxism, let alone to most people. How many people, for instance, can give a coherent account of the differences between Stalin and the Jugoslavs concerning the nature of full communism? How many, to take another example, understand what discussions of the role of "the law of value" under socialism are really about? Communists have their own terminology and their own blind spots, and we can only get at the essence of their arguments by understanding these and by considering them against a background of institutional knowledge of the communist countries.

A large part of Professor Wiles's new book is devoted to explaining communist discussions. He does not start from scratch, however, for the reader is explicitly required to know some Marxist theory and to have acquired a good deal of knowledge about the economic organisation and history of communist countries. Thus this is most definitely not a book for the general reader, except here and there, and even the sovietologist who has a go at it must know a good deal about welfare economics.

One very useful chapter, which comes near the beginning, is about "the peculiarities of Marxist economic thought." Its main point is that Marx developed his system before the marginalist revolution (so that it is devoid of the notion of scarcity) and that to this day Marx's successors have never really understood the problem of choice. Even the analytical aspects of communist economic discussion are therefore entirely macro-economic, concerned with the economy as a whole, and an efficient treatment of problems of resource allocation is therefore almost impossible.

Following this chapter, Professor Wiles launches into a 130 page part on planning and resource allocation. Here he is concerned to show why and how resource allocation in the Russian "command" economy is inefficient, and the intellectual focus shifts from an examination of communist thought to an application of simple welfare economics. Readers who do not understand this (misleadingly titled) branch of economic theory will not get much change out of the argument. Those readers who do, however, will find it fascinating. The chapter on "Pricing in practice" for example, which relates to a stalinist economy, shows how arbitrary prices distort some production decisions while in other sectors prices perform some of the same functions as in a market economy. Thus most consumer goods prices are set, without reference to costs, to clear the market, though in agriculture prices do have some influence on output and do determine the incomes of *kolkhozy*. But the main role of prices is regarded as a macro-economic one and this is a matter of fiscal convenience rather than of resource allocation.

Another extremely interesting chapter deals with the location of production. It is made clear that there is an appalling lack of sensible criteria here, and that Mr Khrushchev's shift from planning on a product basis to planning on a territorial basis is likely to make matters worse. Whatever the explanation of this shift given by Mr Khrushchev, Professor Wiles argues that its main real purpose was to preserve the power of the party against the growing strength of the technocrats.

In Part III of his book Professor Wiles turns to growth. Four of the chapters involve highly technical economics, namely the discussion of index numbers (measuring growth), of the distinction between heavy and light industry (Marxist doctrine), of first and second order investment (investment for further investment versus investment for consumption) and of capital intensity and growth (a popular subject among western economists who write about underdevelopment). The other two chapters in this part are of much wider interest. First comes a curiously unsatisfactory chapter on the clash between efficient allocation and growth. Since communist economies allocate resources badly but grow fast, it is natural to enquire whether or not these are competing ends. The trouble is that Professor Wiles seems to oscillate between the view that they are and the view that they are not. If he had started from the notion of maximising the present value of future consumption, discounted at a social rate of discount, as a "rational" aim he could have launched upon a systematic examination of the extent to which possible improvements in resource allocation of the type discussed in Part II would contribute to this aim. As it is, we are told on page 219 that growth and "the satisfaction of the welfare equations" are competing ends, while on page 327 it is asserted that "growth criteria are of identical type with welfare criteria." The remarks which follow hardly suffice to reconcile the two positions and one is left wishing that some friendly critic had done for Wiles what Wiles is doing for communist discussions.

The other less technical chapter in this part briskly lists nineteen reasons for the rapid growth of communist economies. The enormous amount of investment is one of them, perhaps the most important, and five rest upon the fact of political dictatorship. Others include the dedication of society to the aim of growth, "socialist morality" and the continuous interest of the government in the tiniest details of economic efficiency. To illustrate this last point Professor Wiles develops a charming fantasy of Mr Macmillan addressing the workers at Dagenham. After his introductory remarks, the Prime Minister gets down to

> the automation of engine assembly, the new sand they are putting in the moulds in the foundry, Brother X, the shop-steward who started the last unofficial strike, the standardisation of windscreen wipers . . . the peroration, reminding the audience that they have never had it so good, concludes with a repetition of the Party's pledge to double the standard of living in twenty-five years. He is warmly applauded, and next day *The Times* carries it verbatim. Moreover, windscreen wipers are instantly standardised, and there is not another unofficial strike for twelve months.

After all this, Part IV reverts to communist theology and discusses ideas about Full Communism in the proper Marxist sense. This is followed by an unnecessarily lengthy argument about its impossibility: everything can never be free. Lastly, there is an "impertinent attempt" to think about the economic side of non-communist national purpose. Like occasional remarks in other parts of the book, this is neither sovietology nor economic analysis but just Professor Wiles. In a book this long, however, no one can complain of such intrusions. What one can complain about without being unfair is that the book frequently reads like a first draft. After an author has listed things, he may save wear and tear on his typewriter by sentences such as "All models, then, except (iv) and (x) can be RM or FM" but this kind of brevity constitutes only a trivial economy to a publisher and is extremely irritating to all readers. Again, second thoughts ought to result in something rather more thorough than the addition of some extra final paragraphs to a chapter. But these are minor matters in a book that is as stimulating and erudite as this.

Political Warfare

Black Boomerang
By Sefton Delmer.
Secker & Warburg. 320 pages. 25s.

HARD on the heels of "Trail Sinister" comes the second volume of Mr Delmer's autobiography. The two volumes have been published as one in Germany under the engaging title *Die Deutschen und ich* ("The Germans and I" or—and perhaps more in accord with the author's expansive character—"Me and the Germans").

The Germans have worried Mr Delmer ever since he was a schoolboy among them, and in his turn Mr Delmer has worried the Germans. In "Black Boomerang" he tells

entertainingly of the "black" political warfare which he conducted, with high military patronage, from 1940 until April 1945, mainly from a secret headquarters near Woburn Abbey. His chief aim was simultaneously to inform, misinform, and undermine the morale of both the German armed forces and the German civilian public. One of his secondary targets was the army of foreign workers, whom he advised how to impede the German war effort and encouraged to believe in the day of liberation. Mr Delmer's principal weapon was the powerful *Atlantiksender*, which was later called *Soldatensender Calais*, and, after the allied landings in Normandy, *Soldatensender West*. The operators of this buccaneering station professed to be anti-Nazi German patriots serving with the *Wehrmacht* in occupied Europe. They were in fact mostly refugees from the Third Reich, along with German prisoners of war and deserters from all the major fronts, among them U-boat men, Luftwaffe officers, and even the adjutant of a Waffen-SS divisional commander. The authenticity of their voices and style was reinforced by the uncanny authenticity of the matter contained in the news and talks which they broadcast at regular intervals between a brisk flow of the best swing and jazz. Much of the matter was supplied on a remarkably generous scale by the intelligence services of the British armed forces, whose chiefs appreciated Delmer's imaginative thoroughness and the *Soldatensender's* strategic usefulness. The station informed listeners of the true course of the war, obliquely instructed service men how to malinger and desert, and sought to mislead enemy intelligence concerning matters such as the precise whereabouts of the V1 and V2 hits, and the pending allied landings of 1944. It was an ambitious operation, and Mr Delmer provides evidence of some undeniable successes. Yet he has an uneasy feeling that it has become something of a boomerang in that the *Soldatensender's* wartime projection of a patriotic opposition to Hitler is cited nowadays in dubious places to conceal incorrigibly Nazi hearts. But Mr Delmer has always had a melodramatic turn of mind.

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The New Diplomacy

Diplomats in International Co-operation: *Stepchildren of the Foreign Service*

By Michael Cardozo.

Cornell University Press. London: *Oxford University Press.* 163 pages. 28s.

SINCE 1945 there has been a steady expansion in the subject matter of diplomacy, and men with new skills and interests never discussed by Sir Harold Nicolson have taken their place alongside the traditional diplomats. Mr Cardozo discusses two forms of international co-operation in Europe: the American assistance programme and the European Communities. In tracing the histories of the lend-lease missions, OEEC and Nato, Mr Cardozo stresses the contribution made by a new type of American representative, the expert in finance, agriculture or military affairs with little if any experience in diplomacy. He explains the past difficulties of fitting these men into the more traditional Foreign Service framework. At many embassies, after 1945, the professional diplomats found themselves outnumbered and with little influence on policy. The specialists for their part complained that they were treated as second-class citizens in matters of rank and privilege. It became increasingly difficult to co-ordinate policy either at the embassy level or in Washington.

Steps have been taken to improve this situation. A chain of command has been established. The State Department and Foreign Service were amalgamated in 1954 and a single career service created to include generalists and specialists. Mr Cardozo rightly reports that these reforms have not been an unqualified success. As many of the highest diplomatic posts are still reserved for the traditionally trained diplomat there has been little incentive for the specialist to join the service. Contrary to the hopes of the reformers, the professional diplomats have not been attracted to the newer fields of diplomacy, and few career men have been produced with the varied knowledge or administrative ability needed for senior departmental and embassy positions. Mr Cardozo states the case for the specialists and persuasively argues for the fuller recognition of the "development diplomat." In so brief a study, he can only touch on the more general questions which his arguments raise, and he underestimates the impact of the newer forms of co-operation on the traditional diplomat.

In a less satisfactory chapter, he examines the problems which the European supranational communities pose for their European members and for the Americans. He is right to urge that the Americans recognise the importance of picking first-rate people for liaison positions and that assignments to multinational organisations should be up-graded.

Apart from the descriptive material, the author concentrates on the American experience, but much of what he says has wider implications. His book is too short and he touches on too many complex problems that need more intensive study. But he does provide an almost unique introduction to what can rightly be termed the "new diplomacy."

Is Oil Unique?

Oil: *The Facts of Life*

By P. H. Frankel.

Weidenfeld and Nicolson. 38 pages. 7s. 6d.

The Supply and Price of Natural Gas

By M. A. Adelman.

Blackwell. 116 pages. 30s.*

THESE two short essays are linked by more than their titles might suggest. Dr Frankel's pamphlet is a characteristically trenchant analysis of the immediate circumstances of the world oil market, offering his own conclusions, again characteristic, as to what should be done about it. Most of Professor Adelman's monograph is devoted to natural gas; but the most notable section of it concerns the basic economics of petroleum development (oil as well as gas). And it is here, at a hinge of disagreement, that these two arguments, practical and theoretical, touch one another.

Dr Frankel's solution to the current, unsettling appearance of competition in world markets would be an agreement between consumer governments, companies and producer governments to shut it out again. He wants an "As Is" arrangement for the controlled exploitation of existing reserves and development of new ones. This implies rather than proposes a price stabilisation agreement too, with guarantees from governments at both ends—though Dr Frankel believes that the tactical working out of this arrangement could be left to the international oil companies. Many people in oil, though not all, might like this; but it follows upon several pages of demonstration by the author that all other schemes to control competition, in the past, have sooner or later come unstuck: "*chassez le naturel, il revient au galop.*"

This proposal does not come from any dislike of competition on Dr Frankel's part, but from his long-established conviction

* Published as a supplement to the *Journal of Industrial Economics*; 15s. to subscribers.

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that competition produces ruinous fluctuations, with no self-balancing restraints, in this industry. This is an industry, he feels, in which at any time some producers have an incentive to produce more whatever happens to the price: "the incremental barrel is the cheapest one."

This basic assumption collides with Professor Adelman's. The immediate vicissitudes of the world oil market are not the professor's concern; he would probably hold that these arise from the way that this market is organised and its prices administered, not from any special "natural economics" that are peculiar to oil. He does not believe that oil is a special case, of diminishing marginal cost, among extractive industries; he believes that except in the short run it is an industry of increasing costs like the rest.

Investment in finding and developing any oil field is high (partly because of the randomness of "return" in terms of reserves located for any given amount of drilling) and it is committed early; actual running costs of production are low. So up to a certain point, in the extraction of oil from any given well or reservoir, total unit costs per barrel diminish as production continues. But this, to Professor Adelman, seems a normal economy of capacity utilisation, up to the point where further investment is developing drilling or pressure maintenance is required. As extraction from the oilfield goes on, the point will arise where it will cost more to keep up the rate of flow from it than to bring in new production elsewhere. And this is the normal situation of diminishing return for most extractive industries.

This is the first blunt challenge from an academic economist to the doctrine that oil economics are in some ways unlike those of most other industries; and one would like to see a more direct debate between these two analysts. In terms of short-run policy, or remedies for current difficulties of the industry, there might not be much at odds between their opinions. But it would be of considerable importance to establish whether oil economics are unique, or are not.

Man and the World

Men and Nations

By Louis J. Halle.

Princeton University Press. London: *Oxford University Press.* 238 pages. 38s.

EVERYTHING that Professor Halle has to say on international affairs is worth reading, and few writers have so successfully matched the experience of the real world of the policy-makers with the discipline of the schools. Perhaps the problem of teaching international relations to the very mixed but highly literate and articulate student body of the Institut Universitaire des Hautes Études Internationales at Geneva rather than in a university in his own United States has emancipated Mr Halle from the portentous platitudinising that so often seems an inescapable accompaniment of American theorising on his subject. What one regrets is that this original and often moving essay may get a smaller audience than it deserves.

Partly this lies in a faulty presentation of the matter. Mr Halle wishes us to follow a definite line of argument without extraneous diversions, and for this reason he has cut out all but the most essential factual illustrations and references. On the other hand, it is an argument of direct and immediate relevance to our own problems, so the illustrations must be given. What he does is to provide a second part to the book, with sections numbered to correspond with those in the first part, into which this additional material can be fitted. In fact, however, it is hard to appreciate either the cogency of the argument or its limitations without reading both; and this makes for a constant going backwards and forwards between the two parts, which may prove too much for the non-conscientious.

But the substance also may not please everyone. For this is a work of philosophy; and by philosophy Mr Halle means the traditional view, which holds that man and the world have more than mere existence and are related to some outside set of general truths that we may not in our imperfection fully grasp, but whose reality we cannot deny without making critical thinking impossible or creative endeavour pointless. This is, of course, the opposite of the fashionable doctrines that pass for philosophy in much of the English-speaking world — "anti-philosophy" as Professor Halle would call it. It will thus be rejected by those who arrogate to themselves the proud title of philosophers while, for the ordinary labourer in the field, it may seem unnecessary.

And yet, as one follows Professor Halle through his argument, sometimes with unquestioned acceptance, sometimes with the feeling that there are further qualifications and amplifications that need to be made, one cannot help feeling that he does at least present some clues for solving some of the most mysterious and baffling problems of our time—the philosophical basis of genocide for instance. For the distinction between ideas of propriety and factual generalisations which he draws so clearly, and which is so often slurred in ordinary political parlance, is essential if we are to distinguish between the communities, which are the units in international relations, and the feeling and suffering and thinking individuals who are the reality behind them. It is because our thinking on community is so confused that we accept the prison-cage of the nation-state, and with it the inescapable illogicalities and occasional absurdities of the United Nations. The real handicaps on the conduct of foreign policy involved in the existence of more or less democratic institutions is illuminated when we read that "the ignorant live in a world of untested abstractions". And the thought is worth pondering by professors too.

To attempt to condense a book that has been long in condensation would serve no purpose; it deserves to be read by all those who are prepared to admit that our achievements in fashioning a more rational world order do not look very impressive.

Co-operative Federation

The American Partnership: *Intergovernmental Co-operation in the 19th Century United States.*

By Daniel J. Elazer.

University of Chicago Press. 374 pages. 52s.

THE question of the nature of federalism has received a new airing as a result of the current debate over Britain and Europe, and it is therefore always worth being reminded that a federal system is something much less simple than one would gather from some of the arguments in vogue. It has been a commonplace, at least since the 1930s, that American federalism, so far from being based upon a careful demarcation of the federal and the state spheres of action, is increasingly based upon a highly complex mechanism through which the two levels of government co-operate. This co-operative federalism is inevitable if the greater resources now available to the Federal Government are to be combined with the greater appreciation of local needs and ability to understand actual local circumstances that make up the practical reasons for the retention of a federal structure.

Professor Elazer, in his rather too long, and occasionally repetitive, book, has made out a convincing case for the argument that this co-operative federalism in the United States is not something new but existed even in the earlier periods of the country's history. He has not attempted to re-write the history of American federalism from this point of view, but rather, by sampling the records of four states—Virginia, New Hampshire, Minnesota and Colorado—to show that in both the first and the second halves of the nineteenth century it was clearly understood that the two levels would co-operate in most of the important fields of domestic government. In the early periods he deals with the two national banks and their relations with the state banks, incidentally throwing a new light on the famous decision in *McCulloch v. Maryland*, and also with the problem of internal improvements. Such treatment also puts into a new focus the contributions to American history of Albert Gallatin and John C. Calhoun. It also shows the importance attached in state politics to relations with Washington, since upon these might depend access to the resources which a state required for its own development.

In the post-1850 period, when both banking and internal improvements—railroads now rather than canals—were largely left to individual entrepreneurs, these aspects of the federal/state relationship became less important. But in such matters

as the grants for educational and other purposes Professor Elazer sees a perfectly valid precedent for the Federal subventions of the New Deal era.

Lastly, he shows that a system with little central administrative apparatus can nevertheless exercise some control on the expenditure by the states of federally derived funds through detailed acts of Congress subject to interpretation by the courts. In other words, at an early stage of co-operative federalism one has judicial rather than administrative sanctions. There is hardly any aspect, indeed, of the subject which would not be worth thinking about again in the light of Professor Elazer's suggestions, and one must hope that the somewhat awkward presentation of the theme will not deter potential readers.

From Edward to Henry

The Later Middle Ages, 1272-1485.

By George Holmes.

Nelson. 288 pages. 21s.

LIKE other writers in the new Nelson series on the history of England, Dr Holmes concentrates less on the outlines of political history than on the general background of the age he discusses. His book is in two parts, and he divides his period at the year 1361, when the first phase of the Hundred Years War with France came to a close. In both parts he adopts the same plan, beginning each with an examination of the conditions of society and its institutions. He then supplies an outline of the events of the period, to be set against this background, working as far as possible from domestic affairs outwards to relations with the Celtic lands beyond the English borders, and so on to relations with France and other continental powers.

In the first part of the book this plan works with remarkable success. Dr Holmes's account of life in the village and on the manor, and of the connections linking this humble world with the world of the lords and the knights who attended Edward I's parliaments, is vivid and freshly written; and in his chapter on "government" he relates the practice of the day to contemporary political theory in a manner both original and illuminating. His chapters on political history contain some striking character sketches; in particular, his grim, able and unscrupulous Edward I stands out as a much more convincing figure than the "constitutional monarch" many historians have portrayed.

The second half of the period does not lend itself so well to Dr Holmes's treatment. The events are too crowded. It saw at home three usurpations of the throne, the outbreak of the first major English proletarian rising in 1381, and the spread of the first English heretical sect, the Lollards. There is also the story of the long struggle with France, from Henry V's time onwards, to be retailed. In consequence the author has had to compress his discursive chapters somewhat in order to give an account of events that is adequately comprehensive, and this occasionally gives the impression of a sketch rather than a survey. On the whole, however, the mammoth task has been tackled with great success. The final chapter, where Dr Holmes brings out the speed at which conditions, both in methods of government and in the social structure, were changing at the end of the fifteenth century, is one of the best in the whole book.

Paperback Selection

The paperback selection given in our issue of December 1st is continued below:

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LEVIATHAN. By Thomas Hobbes. Edited and abridged by J. Plamenatz. 409 pages. 7s. 6d. (The Fontana Library). *Collins.*

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THE RACING CAR. By Denis Jenkinson. 197 pages. 5s. STARTING GRID TO CHEQUERED FLAG. By Paul Frère. 296 pages. 5s. *Batsford.*

AN AUTOBIOGRAPHY. By Anthony Trollope. Introduction by J. B. Priestley. 286 pages. 6s. DEBATES WITH HISTORIANS. By Pieter Geyl. 286 pages. 7s. 6d. (The Fontana Library). *Collins.*

of fuel. With an expected oil production of 205 million tons, petroleum and natural gas should account for 48 per cent of the Soviet fuel balance next year, compared with less than 32 per cent in 1958.

The biggest question marks concerned food production and other branches affecting the consumer. The planners have managed to scrape the barrel and raise the budgetary allocation for agriculture by 18 per cent to 4.1 billion roubles. Higher procurement prices should also facilitate self-financing on the farms. Supplies of machinery and fertilisers to the countryside are to be stepped up considerably. Yet it is doubtful whether the effort will be sufficient to accomplish the breakthrough in agriculture that Mr Khrushchev needs, not only to keep up in his famous "race" with the United States, but also to provide a healthier basis for economic growth at home.

Doubts may be cast as well on other items of interest to the Russian consumer. The housing target of 91 million square metres of floor space sounds a lot, but is actually lower than for the last two years. On the other hand, in the last two years fulfilment has not kept up with promise. Next year's increase in investment in light industry, while not as high as this year's, will still be substantial. Some dividends of that growing investment are to be cashed in 1963. The most striking example is in the output of washing machines, scheduled to rise from 1.3 million units last year to more than 2.2 million next year. Such progress, however, is not typical either for durables or for consumer goods in general. If gross industrial production is to grow by 8 per cent next year, the output of producer goods is to rise by 8.5 per cent and that of light industry by 6.3 per cent. The general pattern thus remains, broadly, the same.

SOVIET BUDGETARY EXPENDITURE

(Estimates)

	1962		1963	
	Billion roubles	Per cent	Billion roubles	Per cent
Grants to national economy	32·5	40·3	34·5	40·1
Social and cultural services	28·7	35·7	31·0	36·0
Defence	13·4	16·7	13·9	16·1
Administration	1·1	1·4	1·1	1·3
Other	4·6	5·9	5·6	6·5
Total	80·3	100·0	86·1	100·0

These steady rather than spectacular changes should not cause any surprise. Mr Khrushchev's acrobatic performances in the foreign field have not as yet been rewarded with any prize which he could put to economic use at home. He has tried to make up for it by all sorts of managerial reforms. The latest involves the harnessing of the party membership for production purposes. But it was launched only at last month's session of the central committee. The Russians—for whom 1962 may go down as the year of higher meat and butter prices and of a broken pledge on income tax—will certainly be pleased with the new promises. These are not, however, attractive enough to silence communist critics of Mr Khrushchev's "appeasement" or to justify, in their view, a policy that seems to lead straight to a collision with China. But one should not prejudge the profit and loss account. The political and economic consequences of the Cuban peace have not yet been realised to the full within the communist block any more than within the western alliance.

The Play Goes On

FROM OUR SPECIAL CORRESPONDENT IN BRUSSELS

DESPITE the ominous warnings in the press and in political speeches, the two-day meetings between the ministers of the Six and Mr Heath ended on Tuesday on a more encouraging note. First came a general agreement on trade arrangements for Malta and (topically) Malaysia. Next Mr Heath managed to "finesse" the question of British relations with the European Free Trade Association, with the result that Efta will not be an issue until all other matters have been negotiated and Britain is ready to enter the European Community. Finally, after thirteen months of talks the ministers and the commission have acknowledged that their method of negotiation works against any kind of realistic or satisfactory discussion—let alone resolution—of the critical problems involved.

Not that this last point was put openly. But after two days of stating and restating their respective positions the ministers decided that a working group, including the ministers of agriculture, together with specialists from each country and officials from the commission, might be better equipped to analyse the facts and implications present for British agriculture in the proposals of both the Six and Britain. This new group is to be chaired by Dr Mansholt, of the commission, with an interim report to be prepared for the next meeting, from December 19th to 21st, and the final one completed for the meetings beginning on January 14th.

All of this is a step forward in the negotiations and a gain for Mr Heath. It is no secret that several of the ministers (and Mr Heath in particular) were unhappy with the negotiating procedure. They complained that it tended to lock the two opposing sides in fixed, and separate, positions; that it created a conference situation in which discussion among the ministers was impossible, and one in which there could be no possible compromise or reconciliation of differing views.

BY transferring the discussion to a closed working group chaired by a representative of the commission, there is now a possibility of actual negotiation. True, the working group is authorised only to analyse the facts and to examine the implications in both proposals; it cannot negotiate in the sense of getting any disputed points decided. But the presence of Dr Mansholt in the chair, and the participation of the ministers of agriculture, should lend weight to the final analyses that are presented to the council of ministers. Indeed, one might say that Britain can only benefit from the arrangement. For the two proposals that will be examined may be considered as the extreme possibilities. What is expected (one might say, hoped) is that some form of compromise will emerge from the working group and will eventually be adopted by the Six and Britain. For its part, the British delegation anticipates that the French may want some guarantees for cereals; but even the expression of such an interest is considered an advance, since previously there has been no discussion at all. Who engineered the scheme for a working group is still an unanswered question. But the guess is that the commission and the Dutch ministers, working behind the scenes over the past four weeks, were probably responsible for its adoption. Now what is wanted is good will, an extraordinary amount of effort on the part of the working group and some genuine negotiating.

Mr Heath's manœuvre with regard to Efta must also be considered a tactical gain for Britain. While repeating that Britain expected agreements between the community and all the Efta countries to come into effect at the same time, Mr Heath indicated that Britain would not raise article 234 (which covers specific agreements with other countries made before entry into the community) as an issue that affected its relations with Efta. In effect, he was saying that any discussion at this point would only complicate the proceedings, if it did not wreck them; and that the matter could be more easily resolved once all the other conflicts had been taken care of. By taking this line he scuttled any possible French plan to negotiate the matter here and now.

Surprisingly, the Six seemed willing to co-operate. They saw little reason why negotiations with Denmark and Norway could not be settled quickly, once the discussions with Britain were concluded. While they doubted whether agreements with the neutrals could be reached much before late 1964, the date was governed by the details and work involved, not by community policy. Still, all seemed to understand what was not stated: that the burden is Britain's and not the Six's. If all other obstacles to the negotiations are resolved, Britain and its Efta partners, not Britain and the Six, will have to conclude the final arrangements for British entry.

The drama—if it can be described as such—in all of these proceedings concerned the press. Throughout the sessions, over the past months, journalists have been briefed by spokesmen from the British and French delegations as well as by a spokesman from the community itself. The representations of the French point of view have been candid, vigorous and very suited to the exigencies of the moment: namely, that the hour is late, copy must be filed within the next hour and the presentation dramatised, if possible in terms of conflict. Added to which, the French spokesman is first-rate at his job. The result has been that the daily press—British, American and other—has been giving ample coverage to a strong version of the French view.

The meetings this past week suggested that this extreme view may be at variance with the facts. The first cause for suspicion occurred on Monday when the French spokesman dramatised at some length the conflict between the French and British positions, and quoted the French foreign minister, M. Couve de Murville, in some detail. The impression he created was that a deadlock had been reached, and that the Six were firmly opposed to any special consideration for British agriculture either by way of an extension of deficiency payments or special arrangements for particular commodities. That Mr Luns, the Dutch minister who had chaired the session, mentioned none of this when he addressed the press seemed a sign of tact, not a contradiction. But on the following day there could be no misunderstanding. The French spokesman claimed that the working group set up to examine questions of British agriculture would consider only the facts in the community's proposals, while both the British representative and Mr Luns, speaking as chairman, explained that the working group would analyse the proposals of both parties.

The conflicting stories were possibly clarified—after the first reports had gone out—when it became clear that during the restricted sessions of the ministers (which Mr Heath had proposed during the Monday meeting) the French spokesman to the press had not been present. He had, in fact, given a second-hand account of the proceedings minutes after they had occurred, and only after he in turn had been hastily briefed about what had taken place. The French minister had in fact not opposed the plan to establish a special working group to analyse the respective proposals, nor had he elaborated, during the first session, an ultimatum to the British on deficiency payments. This drama was played to the press only.

Indeed, it is difficult to dredge up much drama in these negotiations. The meetings are as regular as a television serial. The cast is always the same: the six ministers; Mr Heath and his associates; the ubiquitous commission, who are the catalysts for most of the action; and as audience-participants, and as the sounding-board and intelligence service of all the peoples concerned, the press. As for the citizens of Brussels, old TV hands that they are, they couldn't care less.

Adenauer Stagecoach

FROM OUR BONN CORRESPONDENT

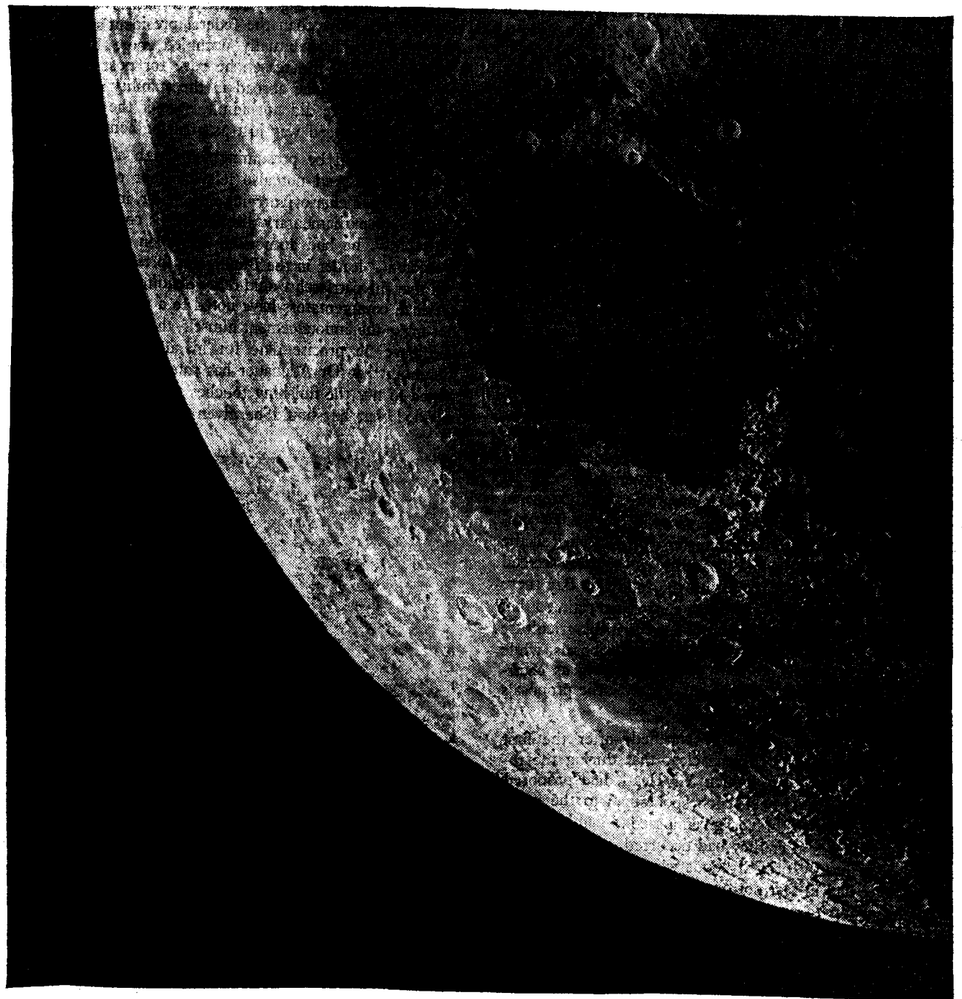
FEELING the reins again securely in his hands, the venerable coachman resettled himself in the driver's seat at the beginning of this week, irritably cracked his whip and gave the order to trot before the grooms had assembled all the horses. The Chancellor was in a hurry to be off. He had the constitutional authority, he reminded the bickering bystanders, to harness a team without waiting for any other than the federal president's assent. And since Dr Adenauer is habitually occupied more by foreign than by domestic affairs, the reason he gave for post haste was the need to restore confidence abroad in the stability of the west German government. He did not admit, even if the thought occurred to him, that the need was just as great at home.

Yet it would be presuming too tough a skin to suppose that Dr Adenauer had not also felt the spur of fresh intimations of time's winged chariot hurrying near. For, in order to allay growing public and parliamentary disquiet at his continuing claim to indispensability, he had authorised Herr von Brentano, the Christian Democrats' leader in the Bundestag, to tell the flock on December 7th that the patriarch would retire definitely "next autumn." West German commentators have noted to a man that Dr Adenauer did not make the announcement himself, that he put nothing in writing and gave no precise date for his departure. But they are all assuming that Dr Adenauer has some eight to ten months left in which to put the finishing touches to his work. None has recommended that he should be given longer.

Next autumn, should we say?

The composition of Dr Adenauer's fifth and last cabinet, which was due to make its bow in the Bundestag on Friday, has disappointed virtually everybody except the Chancellor himself and the Social Democratic party militant. When the *Spiegel* affair had eventually precipitated a crisis of confidence in the government, Herr Josef Dufhues, junior co-chairman with Dr Adenauer of the Christian Democratic Union, advised the Chancellor to make the most of this unexpected opportunity to refurbish his cabinet. On November 18th Herr Dufhues publicly counselled Dr Adenauer "to act and govern . . . so to reorganise the government as to restore public confidence in its competence to lead." Herr Krone, the sage minister without portfolio who, since Herr Pferdmenges died, is probably the friend in the strongest position to give Dr Adenauer frank political advice, openly seconded Herr Dufhues. Throughout the country it was hoped that Dr Adenauer would assemble a team that would pull much more effectively and harmoniously together than its predecessor had done, not only until next autumn, but also under the new Chancellor, at least until the general election of 1964—that would offer, in short, the likelihood of a period of political stability after Dr Adenauer's retirement.

For the sake of stability, a majority of the Bundestag deputies of the Christian Democratic Union and the affiliated Bavarian Christian Social Union urged Dr Adenauer to make it clear that his successor would be Herr Erhard, the vice-chancellor and economics minister. And, for the sake of efficiency and harmony, they agreed that the number of cabinet portfolios, which had been allowed to increase over the years in order to deal with disparities more of party ambition than of fields of work, could be reduced from 21 to 16 or 15. The ministry for refugees could be amalga-



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mated quite painlessly, it was reckoned, with the ministry for all-German questions; the ministry of federal property with the economics ministry; the ministry for family questions with the ministry of health (and both, perhaps, later with the ministry of the interior); the ministries for Federal Council affairs and for economic co-operation (foreign aid), it was being argued, never would be missed.

But by the middle of this week it was apparent that "coalition and confessional arithmetic," along with old personal antagonisms, had wrecked the prospect of a brave new dispensation. There would be seven new men in the cabinet, but it would be just as large as it was before. Instead of there being thirteen Protestant ministers to eight Catholics, there would now be nine Catholics to only twelve Protestants; the Christian Democrats would have twelve seats, the Christian Socialists four and the Free Democrats five. The average age of the ministers had been reduced from 54 to 51.

After thirteen consecutive years in office Dr Adenauer, who will be 87 next month, remains Chancellor under notice. He has still not given his blessing to the party's majority decision to consider Herr Erhard as his successor. One of the youngest and most vigorous members of the preceding cabinet, Herr Strauss, has gone; but he is generally expected to work his way back in due course. (Herr Erhard, it seems, played an important part in convincing his Bavarian colleague that it was in his own interest to resign, encouraging him to hope to be able to restore his political fortunes in the post-Adenauer cabinet.) The new defence minister is the capable and "European-minded" Herr Kai-Uwe von Hassel, hitherto chief minister in Schleswig-Holstein. Herr Höcherl, who was briefly considered for the defence ministry, remains minister of the interior; it was he who, as the Free Democrats quickly pointed out, admitted with composure in the Bundestag last month that the arrest in Spain of Herr Ahlers, *Der Spiegel's* military expert, had been "somewhat outside legality." ("Somewhat pregnant" one deputy, searching for a parallel, was heard to muse aloud.)

The new Free Democrats in the cabinet—Herr Bucher (justice), Herr Dahlgrün (finance) and Herr Hans Lenz (science and research)—are virtually unknown to the public. Three of national standing wait pointedly in the wings for Dr Adenauer's exit—Herr Mende (the party chairman), Herr Doering (vice-chairman) and Herr Dehler (a former party chairman)—and the party's long-strained relations with their coalition partners have been freshly burdened by Dr Adenauer's flirtation last week with the Social Democrats, which he conducted with a calculating eye on the possibility of introducing changes in the electoral law that would have been calculated to put an end to Free Democrat representation in Bonn altogether.

The talks between the Christian Democrats and the opposition were in the nature of things likely to prove fruitless. Yet there was a moment when they were being conducted seriously on both sides. The Social Democrats' largely self-appointed negotiator, Herr Wehner, insisted on Dr Adenauer's written authority for the furtive soundings made by Herr Lücke, the minister of housing, and Herr von Guttenberg, known as an admirer of English parliamentary ways. Both practising Catholics, these two men explained to the former communist that they were acting "in the national interest." But Herr Wehner was too secretive. He did not, for instance, tell such an important party colleague and man of cabinet calibre as Herr Fritz Erler what was afoot. When the time came for Herr Wehner to ask the party to ratify the coalition conditions that he was proposing to lay before Dr Adenauer he did not get unreserved support; and the reservations concerned the term of Dr Adenauer's chancellorship. Thus the negotiators are claiming a great moral victory. It has now been demonstrated for all the world to see, they are saying, that even Dr Adenauer considers them qualified for the responsibilities of government. And they are counting upon his makeshift fifth cabinet to stimulate further in the electorate a desire for radical change.

Hispano-Moorish Bargain?

FROM A CORRESPONDENT

THE more Mr Benbella in Algeria looks to the East, the more his constitutionally and territorially apprehensive neighbour King Hassan II in Morocco tends to look to the West. Last month's visits by Mr Balafrej, the Moroccan foreign minister, to Madrid and by General Muñoz Grande, the Spanish vice-president of state, to Morocco are part of this process.

Relations between Spain and Morocco have been poor ever since the Spaniards moved quickly and bloodlessly out of their northern Moroccan protectorate in 1956. They hoped to steal a march on the French for future Moroccan favours and to gain a moratorium on Moroccan claims to their other north African territories. In fact, they achieved neither. Instead, they have had to sit by and watch normal neutralist developments taking place in the newly independent kingdom; and, according to the system of political accounting in use in Spain, where two and two of anything left of centre make five, these added up to communist penetration. A Cuba, they say, a few miles from our southern doorstep.

The seed of a rapprochement between Spain and Morocco may have been sown during the recent exchange of visits. When they withdrew from Spanish Morocco the Spaniards kept the presidios, those ancient and integral parts of Spain, Ceuta (population 64,000), and Melilla (population 87,000), and also the three nearby fortified outposts of Alhucemas (population 336), Peñon de la Gomera (population 450) and the Chaffarinas (population 610). They also, of course, kept their colonies of Ifni, which is a coastal enclave in Morocco itself, and Spanish Sahara, an arid expanse of 125,000 square miles with a population of only 36,000.

The sort of plant that may one day emerge from the seed that was sown in October and November will probably have two leaves, Ceuta and Melilla, coloured more firmly red and yellow for Spain, and the rest coloured a new and rather thin red and green for Morocco. To the people on both sides, however, the plant will look good in the annual national culture exhibitions. In exchange for something they do not really want very much the Spaniards will get a firmer title to the two places they do want. In return for not actively pursuing a claim to two towns that have been Spanish for centuries the Moroccans will add another 220,000 square miles to their domains. There may be other tangible advantages, too, for both. The Moroccan government may relax the stranglehold it has been applying in recent years to Ceuta's transit trade, and ease the restrictions on Spaniards fishing in what are now claimed as Moroccan territorial waters. The Spanish government for its part may offer transit facilities at Melilla which would make it easier and cheaper for Morocco to use this, the only available port, for its imports and exports in this area.

Officially Ceuta and Melilla were not mentioned at all during these visits. They are part of Spain, the Spaniards say, the population is almost entirely Spanish, they have held Melilla since 1492 and Ceuta since the end of the sixteenth century. To this the Moroccans are apt to reply that they held half of Spain for nearly twice as long and that they still have the keys to the houses their families once owned in Granada and Cordoba. Then, say the Spaniards, switching the argument and thinking perhaps of Goa, we cannot possibly give up Ceuta or Melilla until the British leave Gibraltar. And there is no sign of that.

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All for Tax Cuts —and Cuts for All

NEW YORK

IT is rare for different groups to agree on any economic issue in the United States, but there is now as much unity over the need for cutting taxes as over the need for containing Cuba. The solid front began forming last summer when both the labour movement and the United States Chamber of Commerce came out for tax reductions; after President Kennedy promised to fight for a cut in 1963 the front broadened. The Federal Reserve Bank of New York, which has joined the parade itself, observed in its December review that "it is encouraging that growing support for a significant tax cut has in the past few weeks been expressed by a wide range of groups and individuals." Cuts have been called for by the President's Advisory Committee on Labour-Management Policy; by General Eisenhower, who had resisted tax reductions in 1958; by Mr Roger Blough of the United States Steel Corporation; and by Governor Rockefeller, who assumed the function of leader of the opposition by proposing his own tax plan.

Despite this impressive and clamorous groundswell, it cannot be taken for granted that there will in fact be a significant reduction in taxes. Representative Wilbur Mills, who as chairman of the House Ways and Means Committee had a big hand in thwarting the drive for tax cuts last August, declared this week that "there is little justification" for an immediate reduction, thereby serving notice that he, for one, remains unconvinced. Once the Administration's proposals are presented to Congress, other cracks may begin to show. Many businessmen, for example, agree with a resolution passed at last week's convention of the National Association of Manufacturers, which demanded that spending be cut along with taxes; at the very least, these people want a ceiling on government expenditures, a position adopted by the Committee for Economic Development which is a considerably more liberal spokesman for business than is the NAM. Mr Eisenhower also demanded that spending be held down, while Mr Rockefeller argues that tax reductions should go primarily to corporations.

The Administration is planning to increase spending and has let it be known that the bulk of the cuts will be for the benefit of consumers. Last summer fears of an imminent and sharp decline in economic activity were even more marked than they are now but congressional concern about the size of the probable deficit in the Budget and the absence of an actual decline in the economy dissuaded the White House from demanding a cut which it felt it would not get in any case. Congress remains a stronghold of fiscal orthodoxy and business conditions have improved since the summer. Yet the Administration thinks it can overcome the combination of fear and inertia which has proved a formidable barrier to tax changes so far. For the first time in almost a decade, the White House has committed itself to tax reductions and will be putting all of its prestige and power into the fight. Moreover, officials believe that they have convinced the public of the need for reducing taxes in order to stimulate growth even if this means enlarging the deficit in the Budget.

But there are obstacles in the path of the tax band-wagon, including Mr Kennedy's own reluctance to incur big deficits. While he is now proclaiming that a deficit caused by tax cuts will not be inflationary when there is also unemployment and unused industrial capacity, the President wants to avoid being linked with the biggest deficit there has ever been in peacetime; responsibility for this is now held by Mr Eisenhower with his $12.4 billion in red ink in 1959. There is little likelihood that this will be matched during the 1963 fiscal year, which ends next July, but many of Mr Kennedy's advisers are prepared to live dangerously and to court a large deficit in fiscal 1964, because they are convinced that this course will in time generate a new surge in activity and bring much higher revenue. They feel that the President must formulate an economic programme with the calculated boldness which he exhibited over Cuba. They want a substantial tax cut of $10 billion or better a year, plus increased spending, to make it certain that the pace of economic growth will be accelerated.

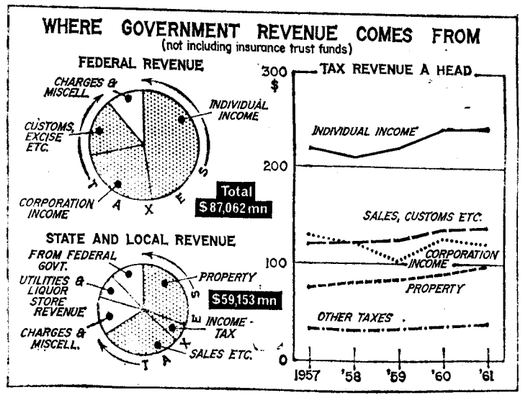
DR WALTER HELLER, chairman of the President's Council of Economic Advisers, has been the spokesman for the hyper-expansionists who are seeking to raise spending and cut taxes simultaneously. This group argues that there is little time to waste and is willing to postpone tax reforms if these threaten to delay tax reduction. The urgency which Dr Heller has attached to a "fiscal fitness" programme indicates that, unlike Mr Mills, he thinks an immediate tonic is needed, although he believes that tax cuts should also be designed to foster long-term growth. Mr Kennedy, however, has been more inclined to go along with Mr Dillon, his more cautious Secretary of the Treasury, who recognises that spending must increase but thinks that any rise should be limited. Mr Dillon also insists that tax reform should be coupled with tax reduction, on the grounds that without the sweetener provided by cuts there will be little hope of achieving reforms, whether in the interests of equity or to increase revenues or to encourage expansion.

These are differences of degree rather than of kind. Both Mr Dillon and Dr Heller want reductions to take effect in January and they agree that the cuts should benefit mainly consumers. This is disputed by Mr Rockefeller, who holds that the sluggishness of the economy is due to lags in business investment rather than in government spending or consumer purchasing power, both of which have been rising. Mr Rockefeller's plea that business should have priority in tax reductions is regarded as politically impractical and economically unsound by the Administration, which contends that the tax credits and the more liberal depreciation allowances already granted capital investment should stimulate business spending.

Washington's argument for concentrating on consumers is that, while admittedly personal incomes have increased, the rise has been held down by the tax structure so that demand has been insufficient to utilise productive capacity or to absorb the large pool of unemployed. The Administration's economists insist that tax cuts for individuals will have a more pronounced multiplier effect than any other kind, touching off a chain reaction of higher production and expanding investment. They point out that the current strength of consumer buying is partially in expectation of tax reductions and that failure to provide them might lead to a decline. There is no way of proving what is motivating consumers but it cannot be denied that hopes for tax reductions are widespread. They are evident in Wall Street (which reacted sharply to Mr Mills's dash of cold water) and there is even some danger that the public is

being oversold on the stimulating impact of such reductions. It is questionable, for instance, whether tax cuts can cure the sticky problem of unemployment which has not responded so far to increases in demand. Tax cuts will mean a rise in imports; this will aggravate the deficit in the balance of payments and may necessitate a much tighter monetary policy which might put a brake on expansion.

At the moment, though, the public is anxiously awaiting the details of the Administration's tax proposals. It is said to be mulling over a package in two or three parts, since this might appear to Congress to be more palatable and digestible than a single inclusive and involved measure. One plan which has been talked about consists of an initial across-the-board cut in individual taxes which would be effective this January, with the base declining from 20 per cent to 15 per cent and with those in higher income brackets getting an extra reduction. In all, this would release $5 billion on an annual basis, which is what the Administration's economists seem to regard as their minimum target. This first cut would be followed by a reduction in January, 1964, in taxes on corporate incomes from the present rate of 52 per cent to 47 per cent; this would account for another $2.5 billion but these reductions would be tied to reforms, such as lower depletion allowances for the oil and mining industries. Then the third part of the package would provide an additional $2.5 billion by bringing down the top rate on personal incomes to 60 or 65 per cent—it is now 91 per cent—along with other reforms, affecting estate taxes and capital gains, which would be designed to recover part of the loss.



Such a package, or some variation of it, may prove saleable because it does not bring with it a certain increase in the deficit on the Budget. It also means that the Administration would not be using up all of its ammunition in one volley; by saving some tax reductions for 1964 it would not only stand a better chance of achieving tax reforms but should also be able to benefit from continued anticipatory spending, which would help to stimulate economic activity and hold down the deficit. This would also permit the higher level of government outlays which the Administration considers essential, either as an insurance in the event that tax reductions are stalled or as a booster to hasten full employment.

But whatever the Administration proposes, it will face another and very thorough round of give-and-take in Congress. Those who favour a bold approach think that Congress is much more likely to give way to that than to a piecemeal package which can be pushed aside. Actually, Mr Kennedy's main hope, in the absence of an economic decline, is to keep more or less intact the solid front which supports tax reduction. Just as Mr Kennedy wants to escape being labelled extravagant, Congress will not want to be tagged as the spoilsport standing in the way of economic growth.

Republican Post-mortem

CAMPAIGNING seldom ceases for long in the United States. Although Governor Rockefeller of New York is wisely not encouraging any premature boom on his behalf, his speech last week to the National Association of Manufacturers was taken to be the first shot of his drive for the Republican presidential nomination in 1964. The biggest obstacle in his way is the impression, among orthodox Republicans, that he is too liberal. His condemnation of big deficit spending and his insistence that in New York he has combined economic growth with fiscal responsibility was designed to reassure the right wing of his party. At the moment, indeed, it is difficult to see another serious contender. With Mr Nixon out of the running, the Gallup poll found that over 40 per cent of the voters and over 50 per cent of the Republicans questioned favoured Mr Rockefeller as the Republican candidate for 1964. Competition is likely to be choked off by the reflection that, given Mr Kennedy's popularity and the tradition of a second term for an incumbent President, the Republican candidate may expect to win little but his party's gratitude.

The Republican National Committee, which met last week in Washington to lay plans for 1964, ascribed the party's disappointing failure to do better in last month's elections to the trumping of its Cuban ace by events and by President Kennedy; Republicans are still reluctant to think that they cannot profit by pressing an even harder Cuban policy than the Administration's. The exasperating fact remains that last month the Republicans with almost half the total vote outside the South added only two Congressmen to their minority in the House of Representatives and lost further ground in the Senate.

Mr Miller, the chairman, made much of the party's gubernatorial victories in three big northern states and its gains in the traditionally Democratic South. Unfortunately the extremely conservative and often racially segregationist policies which pay in the South—at least in the short run—hurt the Republicans in the northern cities with their big Negro populations. *Advance*, a magazine published by progressive young Republicans, has sent a letter to the committee arguing that support for segregation is morally indefensible and politically short-sighted. Senator Javits, a progressive Republican who actually carried New York City and won re-election by nearly a million votes, has proposed that official help should be withheld from segregationist candidates. But Mr Miller, having taken the precaution of holding the discussion behind closed doors, brushed aside any such "guilt feelings" which might stand in the way of the Republicans becoming, like the Democrats, a nation-wide party.

Six Against Nine

NEW YORK

THAT Christmas is a two-edged sword may be the conclusion forced upon Local Six of the International Typographical Union in the new year. For the publishers of New York City's nine major daily newspapers did not baulk at stopping their presses altogether during the rich Christmas advertising season rather than grant what were felt to be ruinous wage demands made by the printers' trade union against the four strongest papers. Now that the publishers are enduring a repetition of the strike—by another union—which lost them $25 million four Christmasses ago, the ITU may well be wondering what it can use for ammunition in its collective bargaining during the lean advertising month of January. In fact, the stoppage will not again face the publishers with similar losses until Easter. Sober rumours hold that the strike, which has deprived New Yorkers of 5.7 million newspapers daily since

Continued on page 1127

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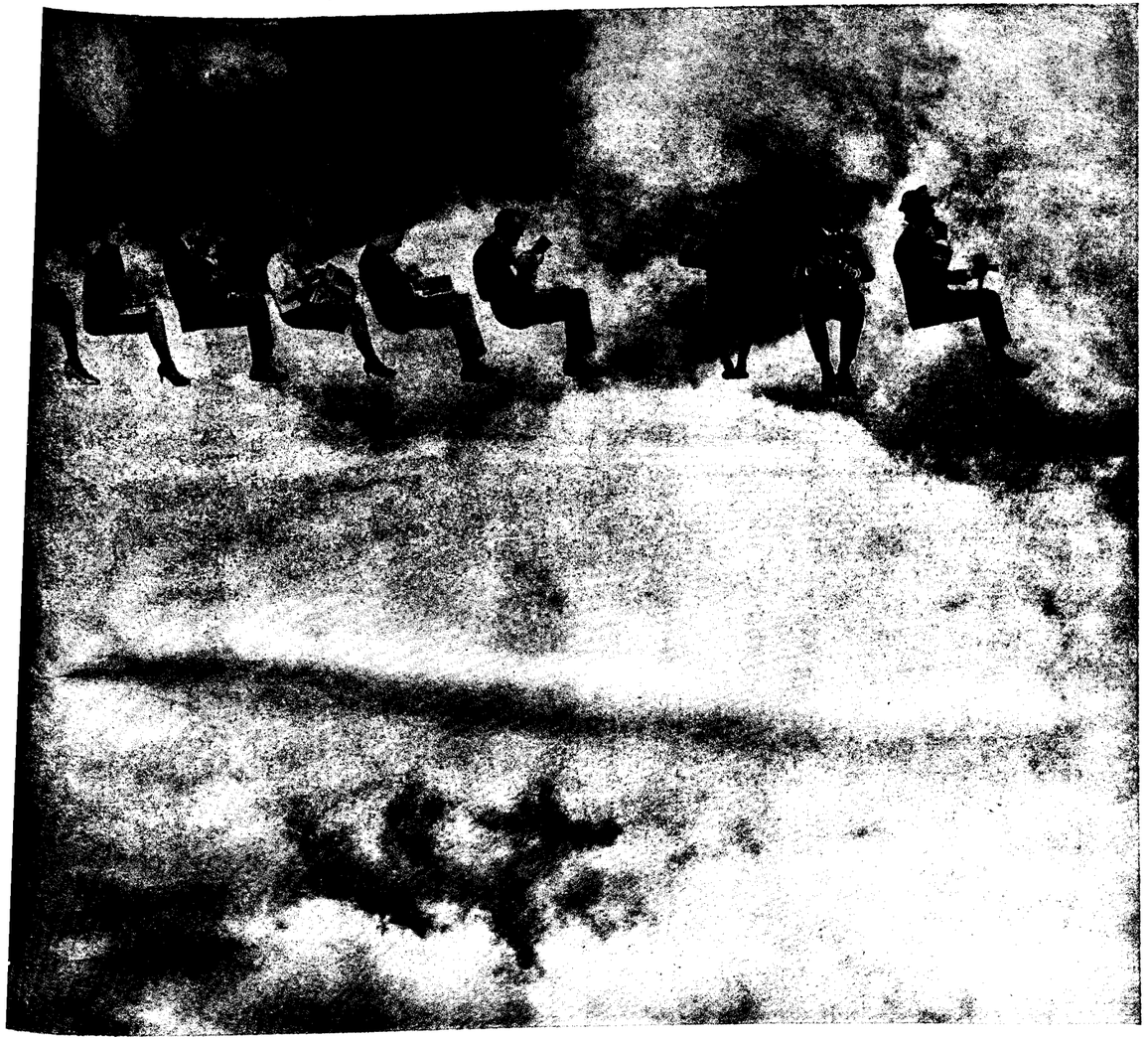

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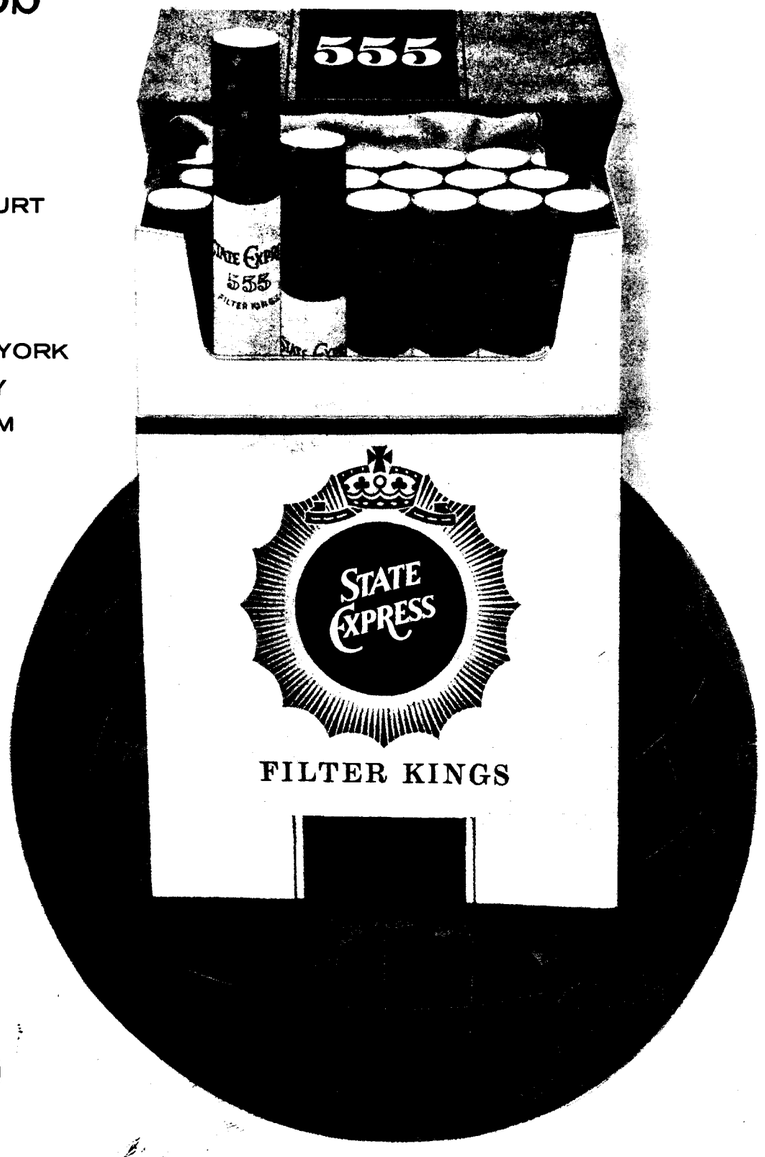


STATE EXPRESS—THE BEST CIGARETTES IN THE WORLD

Continued from page 1122

December 7th, and which has had them queuing in the cold to buy out-of-town papers at three times local prices, will be a matter of weeks, not days. Certainly Mr Wirtz, the new Secretary of Labour, was not cheerful when he left town on Monday after failing to repeat his success in ending the strike against the *New York Daily News* by the Newspaper Guild, the journalists' union.

The strength of the emotions underlying the refusal of the local branch of the ITU, or Big Six as it likes to be called, to accept the same terms as did the Guild—an increase of $8 a week over two years—makes the present situation look particularly grim. In the past the seven craft unions in the business, whose two-year contracts always end in November or December, have tended to copy the white-collar Guild, which negotiates with New York City publishers in October. Perhaps it was inevitable that now the strongest craft union should want to make itself heard over the wind of automation which is making a technologically belated entry into newspaper composing rooms. Yet the printers' initial demands for a rise of $18 over two years, making a weekly wage of $160, and a reduction of the working week from 37 to 30 hours, could well hasten the day of robots ; the publishers insist that they could not afford the $1 million a year which such increases would mean if granted to all the 20,000 workers engaged in New York's daily newspaper production. Like the members of the other craft unions, those of the Guild are honouring the ITU's picket lines—an expensive loyalty, for the strike pay offered by the Guild to a married journalist is a maximum of $80 weekly, while the richer ITU gives its strikers an average of $92. So far, the ITU has only threatened, without achieving, the reciprocal action by its members in Los Angeles and in Paris which would prevent editions of the *New York Times* appearing there as usual.

Because it chose to strike only against the four heavy-weights—the *Times*, the *Journal-American*, the *World-Telegram* and the *Daily News*—" Big Six " maintains that it is not responsible for the holiday black-out of news. It blames the publishers of the other papers—the *Herald-Tribune*, the *Mirror*, the *Post*, the *Long Island Press* and the *Long Island Star-Journal*—for " locking out " union members from their jobs. But the Publishers' Association is morally armed with the unanimous decision handed down on November 20th by the National Labour Relations Board when it declared that the Association was right in 1958 when it agreed to consider a strike against one paper a strike against all. Otherwise, there would be unfair pressure on the struck papers to accede to labour's demands. Yet within this display of professional solidarity there is cruel irony. A long strike could mean the death of the financially weak *Mirror* or *Post*. This would mean the loss of about one thousand permanent jobs for the union, while for the publishers, engaged in a bitter, unfraternal circulation war, this would be one instance in which less would indeed be more.

Protectionists Strike Oil

One of the surprises which facilitated the passage of the Trade Expansion Bill came when Senator Kerr of Oklahoma, normally the leading spokesman for the protectionist domestic oil producers, helped to kill an amendment which would have tightened controls on imports of oil. The shocked dismay of the amendment's sponsors was allayed by hints that the Senator's co-operation had been based on assurances from the White House that the oil producers would be taken care of by executive action. Last week the Administration did, indeed, announce that quotas for oil imports would be lowered.

First introduced in 1959, these quotas are designed primarily to curtail imports into that part of the country, east of the Rocky Mountains, where domestic oil producers have been plagued by serious over-capacity since the end of the Korean war. The original quotas limited imports into the area to an amount equal to 9 per cent of expected demand. Oil from Canada and Mexico was not restricted, however, since the justification for the quotas was the need to ensure that oil would be readily available during wartime and it was hardly likely that supplies from these adjacent countries would be cut off by hostilities. But the arrangements have not been of much help to America's ailing domestic producers. Oil prices have remained depressed and domestic output static. The annual growth in the market has been met almost entirely by imports, particularly from Canada.

Although the Administration resisted the pleas of domestic producers that oil imports be cut back drastically, the new regulations go far to meet the industry's criticisms of the old system. Coming into effect on January 1st, they will limit imports of petroleum and its products (excepting residual fuel oil) and liquefied natural gas products to 12.2 per cent of domestic output of crude oil and natural gas in the region east of the Rockies—the present ratio between imports and output. The linking of imports to domestic production instead of to demand will mean that they will grow much more slowly than would have been the case under the existing regulations. Moreover, while Canadian and Mexican oil will now count towards the permitted total of imports, there are no limitations on the proportion of these supplies which may be included in that total. This raises the possibility that increased imports from Canada could eventually cause a severe squeeze on imports from Venezuela and other foreign countries which are traditional suppliers of the United States. (The Mexicans have limited their exports voluntarily to 30,000 barrels a day, or about one-fourth of present Canadian shipments.) Not only has the Administration granted more effective protection to American producers, but in the process it has also risked imposing more severe discrimination on foreign suppliers.

Professor in the Mid West

FROM A CORRESPONDENT IN NEBRASKA

Dr Walter Hallstein, President of the Commission of the European Economic Community, every inch the Herr Professor but reminded at every turn by well-intentioned hosts that he was once an American prisoner-of-war, came to the heart of the American farm belt against the advice of some of his colleagues. Blank provincial boredom was, in their view, the best reaction that he could expect. His visits to Lincoln and Omaha must, however, be counted as successful ; firstly because his brilliant platform manner captivated the students, professors, businessmen and agricultural leaders to whom he spoke ; and secondly because, as he was very willing to concede, he came away with a better understanding of what the Middle West is thinking about the common market. " The German Professor," as Dr Hallstein really delights in being called, may be an opprobrious term in the Beaverbrook press ; in Nebraska it is a badge of honour and not only because the state has many citizens of German descent. His chief forums were universities but he also had many private talks, with Senator Curtis, a Republican, always close at hand.

In an atmosphere of respectful awe, very different from the contentious arena of Brussels, Dr Hallstein could, with justice and good conscience, engage in humorous professional asides, lecture in terms of patient simplicity and bask in praise for good works. He could say, as he did frequently, that he had come to learn and volley back difficult questions with the preamble that he was grateful that the point had been raised. Yet it would be wrong to make fun of the idealistic middle western impression that he came as one of the architects of world peace, a man of good

will, great mind and far vision. This is the key to the sentiment which has replaced traditional isolationism ; naïve as it may sound, it is precisely this quasi-religious faith in international understanding which provides a basis for the efforts of college professors, the League of Women Voters, the American Association of University Women and other similar groups to cultivate a better informed and more sophisticated public opinion in this region. The watchword of these endeavours is "education" and Dr Hallstein, the instrument of European peace, was a perfect image for these people to build around.

BUT "do gooders" were not the only people whom Dr Hallstein met and they are not the people who will be sent to Brussels by the Kennedy Administration to negotiate the new tariff reductions under the Trade Expansion Act. When recently the American Secretary of Agriculture threatened "retaliation" against European protection for farm products, he was following rather than leading another growing body of opinion in the agricultural middle west. Ever since Mr Herbert Hoover's Belgian relief organisation during the first world war it has been assumed there that Europeans are, by and large, hungry or at least willing to use American food, whether they buy it themselves or get it by way of foreign aid, that Europe is, in short, a permanent free market for midwestern farm products. Shocked to discover that this is no longer so, agricultural leaders who backed the Trade Expansion Bill now say bluntly that they will demand tariffs—high ones—on European manufactured goods if American wheat exports are jeopardised. Exporters of poultry, who developed rather than invaded a European market (especially in West Germany), are already up in arms over restrictions which, they told Dr Hallstein, make it almost impossible to sell to the common market countries.

It was ingenious of Dr Hallstein to suggest that the ultimate solution for everyone's surpluses lay in a "world-wide mutilateral trading system" which would grow out of Britain's entry into the Community. But such "pie-in-the-sky" is not on the Brussels menu just yet. Nor was it much comfort when Dr Hallstein stressed, at every opportunity, his thesis that the Community is "political" in essence and that, if agricultural policy is not political, "then the word political has no meaning." He went on to declare bluntly that the Community was ready for "friendly but fruitful combat" with the American economy and, in typical professorial fashion, he warned the Americans to do their homework for the negotiations. His candour was admired but the effect was jarring.

For the troubled wheat farmers he had only the consolation that the volume of their exports into the Community would depend upon a price yet to be fixed. For the outraged poultry industry, he offered the explanation that this was, after all, no more than a question of "fair shares" as between countries and that, in any event, poultry raising was an alternative means of income for farmers who were being made redundant everywhere by the march of technological change and gains in agricultural productivity. This was simply not good enough. Into the breach leapt the vice-president of the National Poultry, Butter and Egg Association, Mr Griffith of Omaha. His softest accusation was that Dr Hallstein was inconsistent when he talked about "keener competition" to the National Association of Manufacturers and "fair shares" to Nebraska farmers. Mr Griffith spoke of a "tremendous psychological reaction" and said that the American government should tell European consumers that the common market was guilty of creating "excessively high prices" for poultry products. The last has certainly not been heard from these agricultural interests and support for their complaints will grow if more Americans decide that the idealistic objective—"a unified Europe like the United States, sort of"—is becoming a protectionist monolith to further the selfish interests of European voting blocks.

Co-Stars in Orbit

NEW YORK

THE most significant comparison to be made between Telstar and Relay, the new communications satellite which was scheduled to be launched on Thursday, December 13th, by the National Aeronautics and Space Administration, concerns their similarities, not their differences. Both Relay and Telstar (now silent after four months because an accumulation of radiation on its transistors prevents its owners, the American Telephone & Telegraph Company, from switching it on) are purely experimental designs; their orbits will never carry them much over the comparatively meagre height of 4,000 miles above the earth—too low, almost certainly, for an operating system. Relay, however, differs from its predecessor sufficiently to be able to claim some of the "firsts" which are necessary for any satellite to command attention in today's crowded sky. Because it will send out a signal four times stronger than Telstar and at lower microwave frequencies, it will be considerably easier to keep in touch with Relay. This is essential if South America is, for the first time, to be linked to the United States and Europe by space communication.

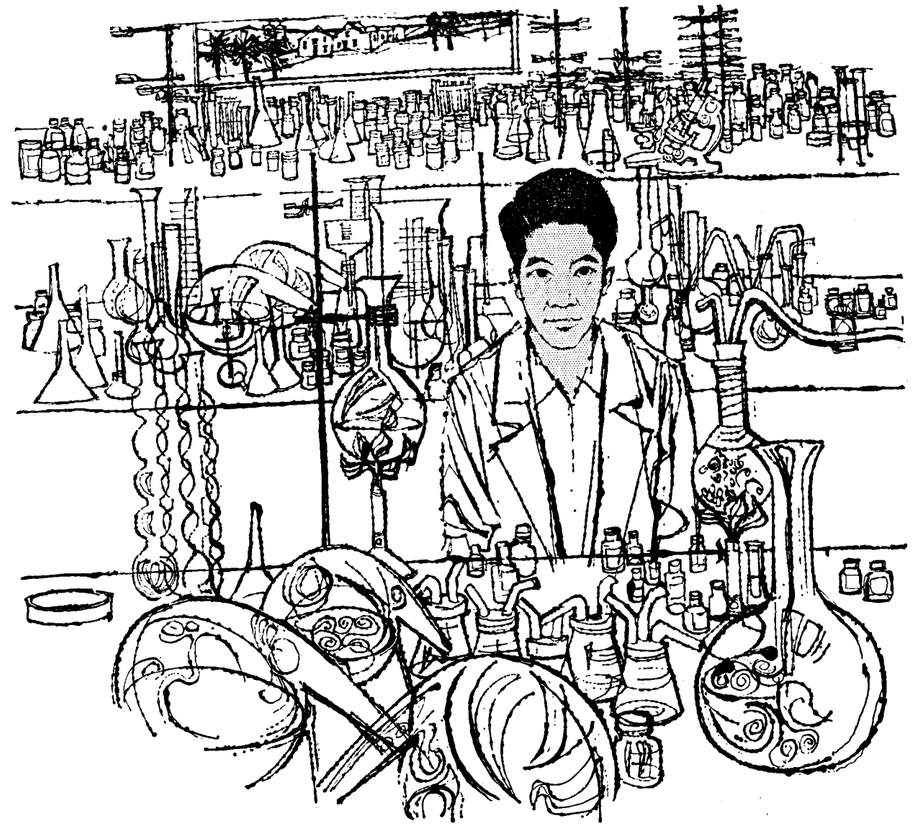
What Relay will not do is to make any easier the solemn task facing the new and controversial communications satellite corporation which is in the process of being created according to the rules which Congress laid down after a fierce row ; shares in it are to be divided equally between the private communications industry and members of the public. Its worst headache will be to decide how high to throw its money. Should the first operating network use 40 or 50 satellites circling at the so-called intermediate altitude of 6,000 to 12,000 miles? Or should it wait for the development of "Syncom" (sychronous orbit) satellites? These will seem to hover 22,300 miles above a fixed spot on the earth because they rotate at the same speed. Only three Syncoms would be needed in order to carry enough telephone channels but, to be commercially useful, they would have to weigh 600 pounds—and the delicate job of manœuvering them into position would sorely tax the powers of the Syncom launching rocket, the Atlas-Agena.

NASA'S first communications satellite will be followed quickly by more ambitious advances: the launching of three small Syncoms, three more Relays, another Echo (a passive, or merely reflecting) satellite. This quickening of pace is shown in the agency's budget for such purposes for the fiscal year 1963—$85.3 million compared with the $48.5 in 1962. Behind this intensive effort, there are military as well as scientific motives ; the armed services hope eventually to have their own communications network using Syncoms. This, of course, is small consolation to liberal Democratic Senators who are bitter because all the findings obtained through Relay and though the spending of the taxpayers' money will be made available without charge to the new corporation dominated by private industry. There is even less solace in store for television viewers. The first programme planned to reach Europe over Relay will contain platitudes like those that saddened Telstar's debut: ice skaters at Rockefeller Centre and possibly a choir from a Negro university singing on the steps of the Lincoln Memorial.

Unmanning the Ships

FROM A CORRESPONDENT IN NEW YORK

AT the beginning of next week some 75,000 dockers in ports on the Atlantic and Gulf coasts from Maine to Texas will vote on the "final" offer made by the shipping companies to the International Longshoremen's Association. This offer is the same as the one made before government mediators and a fact-finding board entered the dispute after the Taft-Hartley Act had



José Salvador helps to build a new world

The classroom is in Manila, in the Republic of the Philippines, and the subject is the chemistry of oil. The student's name is José Salvador and when his schooldays are over he wants to work in the new refinery which was recently built at Batangas, to the south.

But on a bigger scale, José is typical of all youth among the developing countries; his subject is industrialisation, and his post-graduate intention is to play an important and exciting part in raising the living standards of his people. The new subjects he is learning and the new skills he is acquiring will allow his generation to bring about a change which in Europe took centuries.

Shell may well play a part in training José Salvador. For Shell in the Philippines employs technicians, engineers and chemists: a whole host of people with special skills to process and transport the oil that meets 90% of the energy needs of the island nation.

The knowledge of these skills, and the training they require, comes from the experience of Shell companies working in over 100 different countries. All round the world, all round the clock, Shell companies are offering this international experience to thousands of young people.

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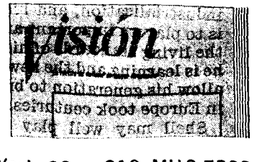

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been invoked early in October to delay a strike. Officials of the trade union have spurned the offer repeatedly and now the rank and file seem certain to vote against it. The dockers will then be free to stop work on December 23rd and are expected to do so. The government has no further authority to intervene and negotiations have broken down completely in the key talks between the ILA and the New York Shippers Association, which represents 145 companies. So the strike may be a lengthy one.

Dockers now work an eight-hour day at $3.02 an hour; the union is asking for a six-hour day with the same total pay of $24.16 and for increases in pensions and other "fringe" benefits. The shipping companies have proposed an increase of 27 cents an hour over a three-year period but they would offer more if only they could obtain promises of greater "productivity" from the union. What they want is freedom to handle their manpower more flexibly, power to reduce, for example, the size of the twenty-man "gang" which must now be used to load and unload the hold of a ship. The basic problem in the current dispute is the growing obsolescence of present methods of handling cargo. Other distributive industries have been able to step up their productivity by streamlining their operations, but in shipping productivity has been falling off, according to the employers; for this they blame the trade unions.

One major way to cut costs is to reduce the "port time" required to load and unload a cargo vessel. Under present circumstances this may take up to ten days, largely because of a maze of dock-side shuttling which benefits stevedores but few others; loading operations are also hampered by narrow, cluttered, "finger" piers such as those in New York. It has been fairly standard practice when exporting goods from a mid-west factory to send them to port by rail, transferring them to lorries which carry the merchandise to warehouses for temporary storage. From these warehouses, the goods are hauled to the piers, packed into units called "pallets," shifted once again, this time for storage on the pier,

New Frontier for Housing

AFTER almost two decades of rampageous activity in response to the rapid formation of families and the mushrooming of suburbia, house builders in the United States are facing a more challenging market. The backlog of demand for houses which characterised the early postwar years has been largely satisfied. Increasingly the industry is having to cater to the requirements of critical buyers who are looking only for replacements and to the special needs of newly-weds and older people. And this in turn is being reflected both in a general upgrading of the national stock of housing and in a shift in its composition. Flats are on the rise and the city, in the words of the Federal Housing Administrator, "is beginning to come back into its own as a significant part of the housing market."

The spurt in the construction of flat buildings has indeed been one of the more spectacular developments in recent years. The proportion of multiple-unit dwellings in the total number of private houses started has climbed from one-tenth in 1955 to about 30 per cent this year. In part, this resurgence in the demand for flats reflects simply second thoughts about the long daily journey into work from suburbia and about the chores and rising costs of home ownership. The vast sums being spent on urban renewal are also undoubtedly beginning to enhance the attractions of city living. More important, however, are the shifts in the age composition of the United States which favour the building of flats.

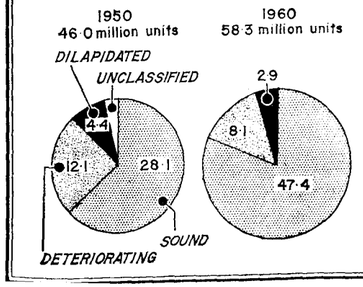
By far the fastest-growing sectors of the population are retired people and young adults recently out of school, who neither need nor, in many cases, can afford the one-family house. Also on the increase are couples in the 45-65 age bracket—the so-called "empty nesters," whose children have grown up and who have become bored with their large houses. Indeed, these couples, generally at the peak of their earning power, have been the mainstay of the promoters of luxury apartments. The outlook for the 25-45 age group—the principal buyers of new one-family houses—is anything but encouraging for the building industry. The number of people in the lower half of this age bracket will not begin to increase measurably until the mid-sixties, while those aged 35-45 will continue to decline throughout the decade.

Nor is this all. Any unsatisfied backlog of demand from this group has all but disappeared. A situation in which the number of new houses started each year had been lagging far behind the creation of new families—and in which young couples often had to double up with their parents or in larger converted houses—has been reversed. While the rate of new family formations fell away from a peak of 1.5 million in 1950 to less than half that amount in 1960, almost as many new houses were built during that period as during the preceding three decades.

From the public point of view, of course, this balancing out of total supply and demand in the housing market has been an unqualified blessing. It has been the major reason for the impressive improvement in housing standards since 1950. Prospective buyers of new houses have no longer felt compelled to jump at the first opportunity, attractive or not. Furthermore, the introduction of abundant new housing into the country's supply year by year has meant that older dwellings have tended to filter down through lower income levels, with some of the poorest units dropping out of the supply altogether at the end.

From the industry's point of view, on the other hand, all of these changes have meant a tougher future. The rising number of vacancies, the levelling-off of building costs and the increased incidence of delinquencies and foreclosures on mortgages have signalled the emergence of a buyers' market. It is not an inconsiderable market but to cultivate it requires more flexibility and imagination—and a harder look at the vast and previously by-passed demand for houses for people with low or moderate incomes.

BETTER HOUSING



HOW GOOD IS HOUSING NOW?
(1960 figures)

	Owner-occupied	Rented
Age and Plumbing:		
Occupied houses or flats (millions)	32·8	20·2
Constructed before 1940	16·3	17·3*
„ 1940–1949	5·2	3·5*
„ 1950–March, 1960	11·3	4·8*
With *full plumbing*†	29·1	15·5
Lacking some/all plumbing†	2·9	3·3
Average‡ Size and Value:		
Number of rooms	5·5	3·9
Number of occupants	3·4	3·1
Value	$11,900	—
Monthly gross rent	—	$71

* Including vacant units totalling, for all ages, 5·3 millions; these are not included elsewhere.
† *Excluding dilapidated units totalling 2·2 millions.*
‡ The median number or value, i.e., the middle measure above and below which there are an equal number of houses.

HOW WELL EQUIPPED?

Of the 53 million houses or flats occupied in 1960, the following number (in millions) had the equipment shown:—

Radio	48·5
Television	46·3
Telephone	41·6
Washing machine	39·1
Food freezer	9·8
Clothes dryer	9·1
Air conditioning	6·6

nd finally transferred by lift trucks to the ship's side, hoisted up by crane and stored by hand in the hold. Obviously all this means mountains of paper work and provides ample opportunity for the pilferage at which dockers, abetted by gangsters, are adept.

But this long-drawn-out operation is becoming increasingly unnecessary. Cargo can be packed into containers at the factory, carted "piggy-back" by rail or lorry to the port and run out on to the pier where a gantry crane grabs the container off the lorry and installs it into a ready-made bed in the ship. Once it docks, a lorry picks up the container and rushes it inland direct to the customer. "Containerisation" is still in its infancy and will probably always be inapplicable to some types of cargo. But already designers are developing wider, deeper holds which offer ingenious opportunities for loading and unloading containers, pallets and other goods, such as motor cars, simultaneously. Once freighters had only one hatch cover to a hold; now they often have three which open and close electronically.

But if these quick methods of loading are to enable ships to compete with aircraft, lorries and trains for premium cargoes, such as perishable commodities, then what are needed are not only rebuilt or new ships with capacious holds to accommodate differently packaged cargoes, but also larger vessels which can make faster trips. Some ingenious work has been done in reshaping old hulls into "containerships." An older vessel is sometimes literally sawn in half and a new, bigger mid-section is inserted. But ship owners are also seeking to replace their many old, slow vessels with the larger "Mariner" designs which have speeds of 20 knots or more. Research is also going on into the possibilities of submarine freighters and hydrofoil ships which skim the surface of the water at high speeds, although neither seems suitable for large amounts of ordinary cargo. Semi-submerged craft are another possibility and gas turbine engines are being tested in the hope that these may bring lower costs—essential if American shipping companies are to increase their share of world trade.

But labour is one of the biggest items of cost and to reduce this burden naval architects have been experimenting with automation over heavy opposition from the trade unions. It has been estimated that the 55-man crew which is generally specified for a Mariner costs an employer $551,000 in wages a year. Yet, from the standpoint of engineering and design, it is fairly simple to reduce this crew by at least half; this would mean not only lower wage costs but also less money for crew quarters and more room for cargo.

In comparison with land-based industries, shipping has lagged woefully behind in its use of mechanisation. Only recently have American vessels begun to carry data-logging equipment; this enables rigid checks to be kept and offers designers detailed information for the future. Considerable success in increasing efficiency and reducing the number of men needed has been achieved by simplifying and combining existing equipment in engine rooms. Steering and navigation can also be done semi-automatically. The ultimate object is to make it as simple to operate a freighter as a small power boat or a car. Once the fully-automated ship is out of port the master will programme a variety of computers in the wheel house. They will alter speeds and change course to meet adverse wind and weather conditions, and even to avoid collision, keeping the vessel in proper trim all the time. If something goes wrong in the engine room a standby system will begin functioning automatically.

This kind of navigation is still in the future, although the Japanese recently sailed a remote control freighter into New York harbour. But automated systems of this sort would certainly place an entirely different emphasis on ship operation. They would reduce maintenance costs on board and lengthen the intervals between major overhauls from 30 to perhaps 90 days. Conceivably the job of the chief engineer might be done on shore with repairs being carried out there and control systems being moved in and out of ships rather like tubes in a television set. In addition, more elaborate means of communication on land would regulate a ship's passage directly. The whole operation may develop into the same pattern as space flights, with ships being guided by some sort of remote Mercury Control.

Vigilantes on Main Street

FROM A CORRESPONDENT IN WASHINGTON, DC

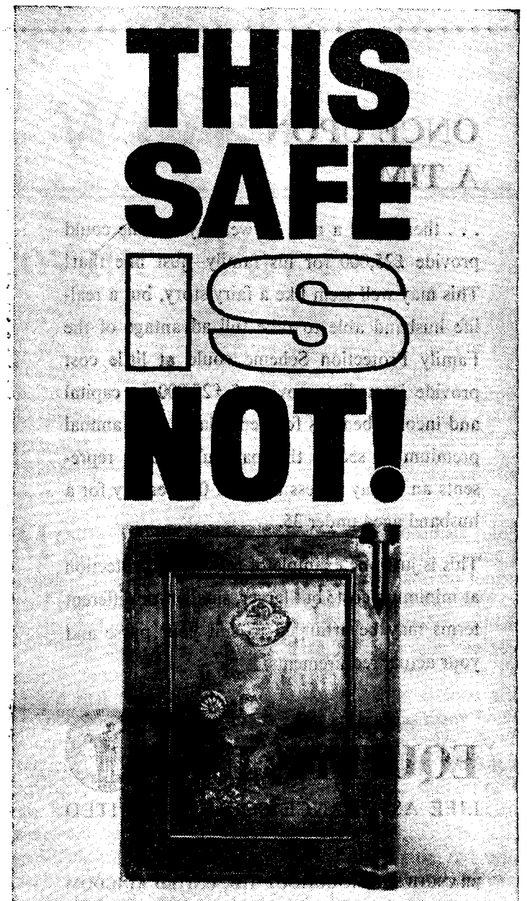
A DOCTOR in Miami, Florida, abetted by the John Birch Society, has found considerable support for a campaign to frighten businessmen out of selling goods made in eastern Europe. There is at least one "Committee to Warn of the Arrival of Communist Merchandise on the Local Business Scene" in each of the fifty states and Dr Harold maintains that these local vigilante efforts are receiving the support of various Parent-Teachers Associations, Chapters of the Daughters of the American Revolution and fraternal and ex-servicemen's organisations for their attempts to keep shops from stocking such things as Polish hams, Jugoslav furniture and toys, Czech dog baskets and Russian caviare. Often the groups need only to tell managers of shops that certain goods being sold are of eastern European origin. The managers quickly take them off the shelves. Sometimes everyone joins in burning them in the streets. In other cases managers resist and the committees organise "card parties." Cards are printed bearing the words "Always Buy Your Communist Slave Labor Products at . . ." Committee members sneak into the shops with these and insert them in every item they can find until the job is completed or they are tossed out.

This high-handed method has already won promises from large chain stores that they will remove the goods in question and will refuse to stock them in the future. The City Council of Billings, Montana, has gone so far as to impose a $1,000 licence on wholesale and retail businesses which offer for sale products made by communist labour and to require shops to display the sign "Licensed to Sell Communist Goods." The movement has focused recently on Washington itself and businessmen there have been taking Polish hams off the shelves. One man was arrested and fined $10 when a shop objected to his inserting cards in its merchandise. This is a galling development for the Administration, which has urged businessmen to stock these goods as part of its attempt to increase trade with countries such as Poland and Jugoslavia. The State Department is now urging shopkeepers to resist the threats and this week President Kennedy remarked that it did not seem to him "to be a great contribution in the fight against communism" to call a merchant unpatriotic because he carries Polish hams.

The committees have been particularly successful in Texas, Illinois and certain parts of the South. They argue that the boycott is depriving the communists of foreign exchange, relieving the American balance of international payments and helping to create more jobs for Americans. This is all nonsense, since last year the United States continued to enjoy a favourable trade balance with the eastern European block, exporting goods to it worth $133 million against imports from it of $81 million. There were far more jobs involved in these exports than could be made for Americans by weaving wicker dog baskets at home.

SHORTER NOTE

The new member of the President's Council of Economic Advisers, to replace Dr Gordon who is going to the Bureau of the Budget, will be Dr John P. Lewis, from the University of Indiana. He has liberal views on such matters as taxation and budgetary deficits and has experience of work in under-developed areas.



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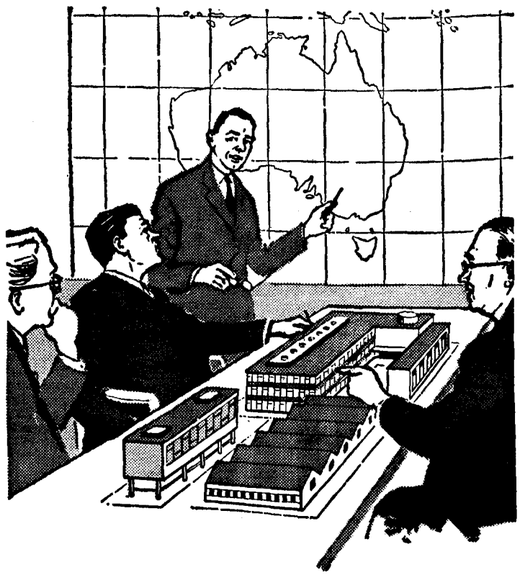

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THE BUSINESS WORLD

Cars: Does Innovation Pay?

INNOVATION in car design is generally greeted by the people who write about motors as intrinsically good: but the decision to innovate is simply a commercial one. A manufacturer does it when he believes it will give his cars an extra sales appeal. It does give the copywriter more to get enthusiastic about, and the saloon-bar experts a better subject for argument. But if one looks at the biggest car market in the world, one finds that apart from devices to make driving easier and sometimes to make it cheaper, technical features play a subordinate role to fashion as a means of persuading American buyers to change their cars as regularly as that other essential but fashion-dictated purchase, their clothes. Europe is not sufficiently used to having cars to be able to regard them in quite the same way as the American does, or to change them for whims of fashion; so more genuine technical change may have more chance of succeeding.

"Innovation" in cars rather tends to be taken by many European motoring writers as the abandonment of the "conventional" arrangement of mechanical parts, where an engine at the front drives the rear wheels, which are mounted on a rigid axle; but this has really ceased to be "conventional." Where the designer puts the engine and how it drives the wheels are now mainly matters of personal preference. And this definition leaves out such changes as automatic transmission and improvements to engine designs—the sort of innovation, in fact, that American producers most often introduce. If Chrysler introduced a gas turbine engine, it would be the ultimate example of this sort of innovation. Despite the concentration on fashion to sell cars, American firms do innovate, and not only in this way; the Ford Taunus 12M with a V-4 engine and front-wheel drive was, after all, an American design. So innovation ought perhaps to be defined as any novel mechanical feature that is more than a simple gimmick.

The decision to innovate primarily depends on an assessment of the nature of the market. Is it the technical features of a car or its appearance that most influence buyers? And, if the buyer is interested in technique, is he attracted more by novelty or by the features he knows and has tried? Then the manufacturer has to decide whether his engineers have an idea with enough sales appeal. Some European firms like to divide the market into two sections: the first-time buyers and the business users, who are primarily interested in running costs and therefore tend to play for safety in their choice and go for the proved, conventional design; and people who have owned a car for some time, who drive for pleasure, and who therefore go for the novel design in search of a new experience. As cars get more familiar, on this argument, there should be more interest in innovation—which has not been American experience. The other reason for believing that the market will become more technically conscious is simply the prevalence of the mechanical among the modern child's toys, and the proclivity to tinker that seems increasingly to accompany many boys into later life.

MANUFACTURING economics play only a subordinate role in the decision to innovate, though they may determine its timing. The mechanical parts of a car are made on longer-lived and more expensive tools than the body, so that they can be changed less often—the dies used to form a body gradually lose their shape, faster if they have to draw out the steel deeply, more slowly if the pressing is shallow. One can reckon that some dies may have to be replaced soon after 250,000 bodies have been made; this is about as many bodies as can be made from a single set of dies in a year. So the frequent body changes of the American producer are not as expensive as they might seem; by the time a million or so cars have been made, most of the dies will be worn out and some will have been replaced more than once. The automatic machine tools used to produce an engine and other mechanical parts will generally be depreciated over ten years or so, and this limits a company's freedom to change the basic design; Ford's decision to make the Cortina with "conventional" mechanical parts and the Taunus 12M with "unconventional" ones was made simply because the production line for mechanical parts at Dagenham was three years old and of adequate capacity, while that for small engines in Germany was small and out of date.

Even if some of the mechanical parts at least are from existing models, the cost of tooling for a novel car like the Morris 1100 will roughly double that of putting a new body on existing components. But this does not make a substantial difference to the cost of production; it will add only £5 or £6 to the cost of each car over a model run of 500,000, which any big European manufacturer would nowadays expect to attain for a major new model in the lower-priced range. Ford has made more than 500,000 Anglias by now and BMC just 500,000 Minis. With such volumes makers are getting into the American position of needing to replace body dies, so the decision to keep the body styling unchanged over such long runs is primarily a marketing question.

Tooling costs in the motor industry are thus less significant than one might think. There seems to be more to be gained

by large volume production than from long runs on each model; as production techniques grow in complexity, the optimum production rate increases, until there are now considerable economies from rates of 250,000 a year or more. The innovator's main problem is to keep his direct costs down; where he is using many parts that are not made for any other manufacturer, he may well find that his production costs are higher than those of makers of conventional cars. BMC seems to have found this a problem with the Minis.

The position of the manufacturer who has produced a novel car design is very similar to that of one who is using some novel part in a conventional car—such as disc brakes or automatic transmission. Here the extra cost is most often the result of using something that is made in smaller numbers than its conventional counterpart, and only secondarily the consequence of any greater complexity of the mechanism involved. But the risk of developing and tooling for the new part will have been borne by its maker, and usually not by the car maker—unless he has decided to seek his own solution of such a problem. The cost of equipping a factory to make such a product may be comparable to that of the tooling cost of a new car: Westinghouse has spent £4 million on development and preparing to make the Hobbs automatic transmission.

The cost of engineering development is another thing that is relatively unimportant in the decision to innovate: as one managing director put it, the engineers have to do something. And it makes little difference to the cost of their activities whether they are seeking to make a car ride better on leaf springs or to develop a hydraulic suspension system, though the total cost of the engineering department will be high enough to make it an overhead that only a large firm can afford. In America, they will be much bigger than in Britain where research and development are still done on a more modest—but perhaps more efficient—scale. When something like the "hydrolastic" suspension of the Morris 1100 nears the production stage, more needs to be spent on getting it ready for production; but the sums are usually minute compared with those that the aircraft or chemical industries would spend on development, and are small again in relation to tooling costs.

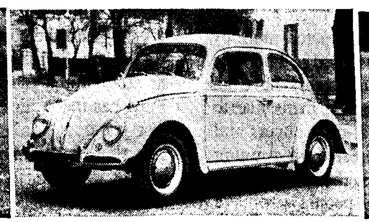
BMC reckons that it is safer to seek technical appeal than styling appeal: engineering may not be an exact science, but styling is only a sort of art—and one cannot have any precise idea of what is the right answer to a styling problem, while one can for an engineering problem. The risks of innovation, on this view, are minimal when some degree of novelty is almost essential to sell a car—so long as the engineers know their job. BMC believes it can maintain the appeal of the car by mechanical improvement to an already advanced but improvable design over a production run of perhaps ten years. It thinks that this will be cheaper than styling changes, and may make tooling costs lower in the long run than if a conventional design had been adopted to begin with. To give a design the ability to be improved is easier if it is novel to begin with.

The saving in cost from preserving the style is more for the buyer than the producer. As Volkswagen has shown, if a car remains outwardly unchanged—apart from being durable—its value falls more slowly than that of the American car which looks out of date after two years. Probably all the dies of the Volkswagen must have been changed many times in its life, often with changes in appearance—but always minor ones that will not alter the style of the car. And its mechanical features have been greatly improved since 1948. This seems much the policy that BMC is seeking to follow, and the Cortina appears similarly styled with long life in view. As depreciation is the biggest item in running costs, this is a way that design policy can reduce them. And if starting with a novel design will help give a longer life, innovation may prove to cut running costs. Apart from the classic example of the Volkswagen, British makers can see the way Citroen was raised from bankruptcy to prosperity in the 1930s by the introduction of its front-wheel drive 12 that grew into the Light 15, and the success with which this firm has continued a policy of technical innovation but styling stability with the 2cv and DS 19. One might say that they have taken a long time to learn; the dead hand of technical conservatism that made the British motor industry the most backward in the world now seems blown away—by the winds of competition, now that the industry is selling in the world market?

If technical innovation adds relatively little to the cost of a car and provides an extra selling point, why do not more manufacturers innovate? The answer seems to be that now cars are pretty highly developed, it is difficult to produce a design that is novel and significantly better than the conventional, without adding much to cost. The DS 19 may be the best-sprung car in the world, but it gains this position at the price of a complexity that cannot be afforded on small cars. Working to a price, the engineer has real difficulty in finding a new method that will offer improvement that the buyer can detect, unless he is abnormally ingenious. The prerequisite for innovation is invention; this becomes more difficult as an industry matures.

THREE SUCCESSFUL INNOVATORS

Morris Mini-Minor



Volkswagen 1200

Citroen DS19

Gatt and European Agriculture

CONTRARY to many people's anticipation, the upsurge of economic regionalism the world over has so far added to rather than reduced the importance of the trade code embodied in the General Agreement on Tariffs and Trade. Gatt sessions—the twentieth session was recently concluded in Geneva—have turned out to be the only forum where the trade policies of regional economic unions can be discussed and judged by other trading countries, not as a matter of courtesy but as a contractual right. For the various common markets around the world, generally consisting of members of Gatt, who are concerned to demonstrate that their exclusive arrangements are in line with its code.

The list of regional arrangements is becoming longer with each session. Gatt now has to consider Lafta (the Latin American Free Trade Association), the Central American Free Trade Area, the African Common Market (Algeria, Egypt, Ghana, Guinea, Mali and Morocco), the Ghana/Upper Volta Trade Agreement besides Finefta, EFTA and the European Economic Community. The last two, however, continue to play the leading roles, and EEC in particular underwent another detailed investigation at Gatt's last session. Working parties and committees were ready with their reports on the association of Greece with EEC and with an examination of the common market's agricultural policy. They were not satisfied that the Greek association was not a codified form of long-term discrimination, and informed EEC that they reserve their right to examine the evolution of this association regularly, which the EEC countries and Greece accepted. The importance of such examinations may lie in the effect they have on the formulation of further association agreements or, in the case of the agricultural policy examination, on the shape that the not-yet-fully-formulated regulations are likely to take.

In Gatt's discussion on agriculture, a representative of EEC stressed that in framing this new system, the member states had gone out of their way to choose policy instruments designed to be compatible with Gatt. Paradoxically enough, the higher protection offered by the new levy system is *de jure* probably within Gatt rules. The levy, so argues the community, is nothing but a variable tariff; and as long as the positions to which it applies are not "bound" under Gatt, its use is legitimate. This *deus ex machina* looks, however, to most agricultural exporters in Gatt to be pretty diabolical.

Not only does the EEC levy, as long as it equalises foreign prices to domestic prices, practically exclude all imports except to cover the gap between production and consumption within the community by the inclusion of its *montant forfaitaire*; the agricultural policy also gives community producers a preference within the community and a special advantage on the world market as exporters. The pivot of the new system is the "indicative price." For cereals, this is at present the highest price within each country. From this price, the intra-community levy during the transition period and the levy on third country imports are derived, after taking account of transport costs and handling charges, from the centre for which the basic indicative price is determined to the point of entry at the frontier. The frontier price, or so-called "threshold price" is however increased by a preferential addition (the *montant forfaitaire*) which in the case of intra-community trade is deducted to encourage such internal trade. The levy is set at the difference between the threshold price (including the *montant forfaitaire*) and the most advantageous world price.

IT is not surprising that agricultural exporting countries were critical of such a cunningly-shaped system of protection. But they saw the devil's very cloven hoof in the refund system. The refund is the corollary of the levy and is given to EEC exporters of cereals. It is logical, says the community, that if the levy is the difference between world prices and domestic prices, then each EEC exporter should be given a refund which is exactly the same size as the levy, so that he can sell on the world market. But the levy includes the *montant forfaitaire*, and the refund he gets will allow the community exporter to sell by this amount below world prices. While production within the community will depend on the level of the "indicative prices," the export subsidy and internal preference margin will be equal to this *montant forfaitaire*.

At the Gatt session, outside countries criticised this, on the grounds that such a system could make exporters out of former importers, particularly if the basic regulations contained no general provisions about quantitative limitations of production. What seemed particularly odious to most existing agricultural exporting countries was the possibility that in a buyers' market community exporters would have the advantage of the *montant forfaitaire*. Moreover, any price reduction by one world exporter would automatically result in an increase of the levy in respect of all other exporting countries (and with that an increase in the refund); so everybody would be forced to lower their prices. "The system," comments Gatt's working party, "thus might bring into world trade new elements, hitherto not existing, which might have an adverse effect both on prices as well as on access to the market." Outside countries provided figures showing that the present system provided higher protection than EEC countries previously enjoyed. France's threshold price for wheat in August, 1962, was 66 per cent above cif prices for imports, and Germany's was about 106 per cent above landed prices.

As these exporting countries saw it, the common agricultural policy gave domestic suppliers over-protection against external suppliers, and provided support arrangements extending to every ton of cereals that European producers might care to grow. It provided an assurance that every ton produced and not sold would be bought by an intervention agency. It gave producers inside Europe freedom from price competition from external suppliers; and with regard to surplus production, it gave them export subsidies that could only be regarded as most generous. Finally, the flour-milling industry within the community was protected to the extent of more than 100 per cent with respect to its milling cost. "Thus," these members suggested, "as a system of protection, disregarding for the moment the level of prices, this was

about as watertight a system as could have been devised."

This Gatt examination covered only cereals, pig meat, eggs, poultry, fruit and vegetables. Members outside the common market hope that it will have its effect on the formulation of the regulations for rice, dairy products, beef, vegetable oils, and sugar, etc., which are soon to be worked out by the community. At the session, the representative of the community assured Gatt members that the comments made by exporting members would be taken into account, and had already suggested a close supervision of the operation of the regulations. Moreover, he added, the regulations could be reviewed in the light of experience and be modified. In particular, it was hinted by both sides that the American Trade Expansion Act might be used as a tool to negotiate not only tariffs but price levels and subsidies on agricultural products.

Agricultural exporters may thus still find that Gatt can do for trade in agricultural products what it has done for trade in manufactured goods. Officials in the *Palais des Nations* are busy trying to find accommodation for the trade ministers' meeting in April or May, so that a timetable and details can be got down to. In the meantime Professor Hallstein has been to the Mid-West to try to moderate some of the mounting criticism that the EEC's agricultural policy has recently experienced in Geneva and in Paris.

BUSINESS NOTES

STEEL

Down to 70 per cent

Steel output in Britain this year will be about 20.5 million ingot tons, the lowest for three years. Production first exceeded this level in 1956, and reached 21.7 million tons in 1957: in 1958 and 1959, it dropped to first 19.6 and then 20.2 million tons. But capacity was lower then: this year it is about 28 million tons, and during 1962 as a whole the rate of utilisation will have been no more than 74 per cent. This may well be enough to make companies such as Stewarts and Lloyds cut back their expansion; but most of the British steel companies have the extra capacity already in. In November the industry was down to 70 per cent of capacity.

EXPORTS OF STEEL FROM MAIN EXPORTING COUNTRIES

(Excluding E.C.S.C. inter-trading)

	Total '000 tons	U.K.	U.S.A.	Japan	E.C.S.C.
		percentage of total			
1959					
1st Quarter	4,043	13·8	12·3	8·9	65·0
2nd "	4,742	12·8	11·2	7·0	69·0
3rd "	4,170	16·1	6·4	8·0	69·5
4th "	4,984	17·0	5·6	7·8	69·6
1960					
1st Quarter	5,311	15·3	9·0	7·0	68·7
2nd "	5,136	14·3	16·3	8·9	60·5
3rd "	4,568	14·3	17·3	11·9	56·5
4th "	5,318	13·3	11·4	12·1	63·2
1961					
1st Quarter	4,624	16·6	8·7	11·0	63·7
2nd "	4,727	17·2	8·4	10·5	63·9
3rd "	4,646	14·3	9·3	9·8	66·6
4th "	5,218	14·2	10·5	10·7	64·6
1962					
1st Quarter	4,758	14·6	9·3	12·6	63·5
2nd "	4,885	15·8	8·4	15·3	60·5

Though British steel exports have increased this year. Britain's share of world trade did not match the high proportions attained at times in 1959 and again early last year. Steel exports from the common market, also, rose less than the world total; Japan, now exporting almost as much steel as Britain, showed the only marked increase in its proportion of the total. In the second quarter of the year the E.C.S.C. exported 60.5 per cent of the 4,885,000 tons shipped by the main exporting countries, Britain 15.8 per cent, Japan 15.3 per cent, and the United States 8.4 per cent.

Last month's output of crude steel in Britain was down sharply: at 398,300 ingot tons a week, it was 5 per cent less than a year before and allowing for seasonal fluctuations, about 8½ per cent lower than in October this year. The latest figures for consumers' and merchants' stocks of steel in the third quarter show a continued decline, but allowing for the time of year the rate of rundown in stocks has slowed.

Takeover Number One?

The first proposals for any significant steel merger since the war must make people wonder whether this presages a wave of takeovers within the industry as a whole. Stewarts and Lloyds, which unceremoniously told the public this week that it was going to approach the board of Whitehead before actually doing so, produces considerably more steel from its works at Corby, Bilston and Clydesdale than it rolls there or in its tube-making and other subsidiaries: last year, it sold about 300,000 tons of semi-finished steel and hot rolled strip, plus considerable tonnages of ingots, to re-rollers, drop forgers and other steelmakers. Whitehead is the most important single re-roller in British steel, with a hot rolling capacity of about 300,000 tons a year and cold rolling capacity of about 100,000 tons a year.

Demand for these sales of crude and semi-finished steel, as well as of pig iron and spun iron pipe, have fallen away this year more than demand for steel tubes. Large tonnages of semis from the Commonwealth have been available in Britain below the home price—Whitehead has bought some—hitting demand for steelworks that sell billets, such as Corby. This has now forced Stewarts and Lloyds to postpone the blast furnace investment in its plan to increase iron and steel output from Corby by 450,000 tons a year each; the prototype LD-AC converter of an oxygen process that was planned to increase the plant's steel melting capacity is already in, but postponement of the ironmaking project will save the group nearly £19 million for the time being.

Corby, sited on the Northants orefields, is a plant that has always aroused the enthusiasm of enthusiasts for steel development on British ore; but the company has been less anxious to duplicate its capacity than some of the enthusiasts. Plans for new "green field site" steelworks in the Midlands, made more than once since the war, have come to nothing. The development that Stewarts and Lloyds has partly cut back was the latest of these: Corby, as the last Iron and Steel Board development report commented, is one of the country's most economic sites for billet production. Semis such as these, however, are the kind of steel that tends to be offered most widely on the world market when home demand drops away across the world; newcomers to steel production, for example in the Commonwealth, often have sizeable tonnages to unload at very low prices.

This particular bid may represent one way of acquiring finishing capacity of which Stewarts and Lloyds, specialists on pipes and tubes in a market where oil demand, in particular, is slack, is comparatively short. Whitehead's capacity has been modernised since the war but in recent years the company has not gone forward with any major schemes. Whether this bid to "integrate forward" more fully may be followed by other companies with bids for smaller re-rollers remains to be seen.

THE ECONOMY

Investment Down

It was only to be expected that manufacturing investment would be still declining in the third quarter but it may seem surprising that the fall was the sharpest since the turn a year ago. The Board of Trade provisionally estimates that expenditure in real terms fell by as much as 9 per cent after taking seasonal factors into account, making the total for the first nine months 10 per cent lower than in the same period last year.

In the summer, forecasts received by the Board from manufacturers had indicated that their investment this year would fall short of 1961 "probably by a little more than 5 per cent." It looks, now, as if the figure will turn out to be nearer 10 per cent. At the same time, these businessmen had suggested that their 1963 investment would be rather more than 10 per cent below the level then forecast for this year. In fact, this lower level they foresaw for 1963 seems to have been already reached in the third quarter. But, although manufacturers must be thinking more favourably about investment than they were in the summer, expenditure has probably dipped further.

Outside manufacturing, the Board reports a rise in the third quarter of about 3 per cent in the volume of spending by the distributive and service industries included in this inquiry. The indications are, therefore, that fixed private investment as a whole fell by about 4 per cent, back to the level it had been in the first quarter of the year.

The rise in industry's stocks in the third quarter was a little over half of one per cent, after allowing for seasonal factors. The increase was rather larger than in the second quarter, because, instead of running down, wholesalers' stocks went up very slightly and retailers' stocks remained unchanged. The volume of manufacturers' stocks rose by half of one per cent—or by much the same amount as in the second quarter. Most of this increase was in work in progress, although the seasonally adjusted change in stocks of finished goods was slightly upward; that in stocks of materials and fuel, however, was downward. Although still only at a provisional stage, the figures suggest that most of the increase in stocks and work in progress in the three months occurred in two groups of industries—"engineering, shipbuilding and vehicles" and "food, drink and tobacco."

BUILDING ORDERS

Government Boost

Public housing programmes and some big motorway contracts were the main causes of the unusually high level of new orders obtained by contractors in the third quarter of the year. These totalled £526 million, which (seasonally adjusted) was 6 per cent higher than the previous quarter and 11 per cent more than a year earlier. The increase in public investment, which made up nearly half the total, easily offset the continued decline in orders from private developers for industrial building, which at £63 million were £21 million below those of the same quarter last year and £29 million below the peak period of April-June, 1960.

Private housebuilding showed about as much activity as the year before but "miscellaneous" private development—mainly shops and offices—was busier than ever. New orders for this type of building were worth £97 million, representing the biggest increase of all in the seasonally adjusted index—a rise of 88 per cent since 1958.

INTERNATIONAL CREDIT

Plans in Pigeonholes

The Paris Club of ten western countries which stand ready to extend supplementary credits to the International Monetary Fund held a first annual reunion on Thursday in what has clearly become its home base, Paris. The business meeting lasted no more than an hour, and part of this was taken up by a detailed exposition by M. Jean Paul Sallé, the IMF representative in Paris, of tentative arrangements made by Dr Jacobsson with the Swiss authorities on their participation in Paris club credits. This is to be on a bilateral and non-membership basis, to a total of $200 million, as discussed in these columns a fortnight ago; Dr Jacobsson is to hold further talks in Switzerland in early January. At the end of the meeting Mr Dillon reassured his colleagues about the American balance of payments, maintaining that while the third quarter had not been too good there would be an improvement at the end of the year.

Any wider discussion about new plans for improving international liquidity arrangements were confined to informal conversations. The British authorities are still anxious to keep the Maudling plan alive but, wisely enough, are not pressing it at this unreceptive time. The other plan that has been talked around official circles in recent months, again rather casually, is the Posthuma plan under which countries would agree to maintain their reserves in uniform ratios of gold and credit, 60-40 or 70-30 to begin with, the credit to include holdings in continental currencies as well as dollars and sterling.

Dr Posthuma is on the board of the Netherlands Bank and a member of the monetary committee of the common market, but the plan has been put forward in his personal capacity. Dr Holtrop, president of the Netherlands Bank, is himself believed to have some reservations—he has certainly not been counted on the radical wing in the liquidity argument, and has recently spoken out against the proposals for swift monetary integration put forward by the European Commission in its action programme. But it is worth noting that Dr Holtrop himself mentioned the possibility of a fixed gold-key currency ratio in countries' reserves at the 1961 meeting of the IMF, as did Dr Blessing of Germany at this year's meeting. There is indeed a good deal of vague feeling on the continent that a move to common attitudes on composition of reserves may be on the way. But in the absence of firm arrangements for gold guarantees on the additional currency balances, such ideas can make little progress. And given the guarantees, the Maudling plan is eminently superior.

IMF

An American Drawing?

For an important but neglected technical reason, a drawing by the United States on the International Monetary Fund has become more urgent in recent months. This is because the United States has now all but run through the large cumulative credit position in the IMF that it had built up in the years when dollars were the predominant currency used for fund credits. In April, 1958, which was just about the time that the weakness of the dollar was first manifested in the foreign exchange markets, the fund had sold a net $2 billion of US dollars, reducing its holdings to 25 per cent of the United States quota. This provided an equivalent cushion for surplus dollars to be taken off the markets by way of repayments to the IMF. By October 31st this year, these repayments had wiped out all but $36 million of America's net credit in the fund, and had raised its holding of dollars to 74 per cent—exactly the same as its current proportionate holding of sterling. And the IMF articles provide that repayments may be made only in currencies that will not bring the fund's holdings above the 75 per cent line. This rule is inflexible, for the good reason that otherwise countries would in effect be making net drawings on the fund by the back door.

The upshot of this is that very soon neither sterling nor dollars will be eligible for repayments of drawings. This means that countries making repayments will first have to acquire Continental currencies, or gold; and if, as is likely, they acquire these against United States dollars, the effect will either be a strain on the gold reserve of the United States or a further embarrassing addition to the dollar reserves of Continental countries. It happens that outstanding drawings from the IMF are not very large at present—the main ones are $275 million for both Canada and India, $224 million for Argentina, $163 million for Brazil and $100 million for Egypt. But the

hard fact is that, for the first time for nearly five years, the IMF mechanism will no longer be providing automatic support for the dollar. A continuation of such support now demands formal action through application for a drawing—which thanks to the Paris club, as Dr Jacobsson recently stated specifically, could now be readily met up to the full quota of $4,125 million. Might the prudent move be to make the drawing soon, while the psychological climate for the dollar remains undisturbed?

IN THE MARKETS

Gilts on the Up-Blade

SINCE the early summer of this year the two main sections of the London stock market have been moving inversely; and the direction of these inverse movements has been guided fairly closely by current guesses about the chances of a setback in the world, and particularly the American, economy. The shock of the Wall Street collapse in May was reflected in Throgmorton Street not only in falling prices of equities but also in rising prices of bonds. Then the short-lived Cuba crisis, after its momentary disturbance, brought new confidence to the American economy. Wall Street rose sharply, pulling London and continental bourses in its wake; and the recovery in gilt-edged was halted and partly reversed. Now in the past week or so Wall Street has paused, partly perhaps to consider how solid the post-Cuba ebullience really is, and partly perhaps to digest the implications of that ebullience on congressional willingness to let through a tax cut—some ominous noises have been made this week by Mr Wilbur Mills, a key committee chairman. This in turn has been sufficient to bring a further small setback to equities in London, already affected by the widespread publicity about Britain's own unemployment. Once against the scissors movement has been in play: gilt-edged have enjoyed a strong week. On Thursday, however, the scissors began to move the other way.

This recovery cannot be attributed to the release of special deposits alone (spread over this week and next), or to the further edging down of the Treasury bill rate, to 3⅝ per cent. For the rise has spread to the long dated and irredeemable gilt-edged securities, and War Loan at 61½ came close to its pre-Cuba peak. The authorities have encountered a good demand for stock, which they have met, at rising prices, from supplies taken in both in the short phase in which they supported the market and in the earlier large switches made with investors when the gilt-edged market was roaring ahead.

BANK BULLETIN

Funding Fast

A CONTRIBUTORY encouragement for the market on Wednesday came from figures in the December bulletin of the Bank of England showing just how large official sales in this period were. In the quarter to mid-September net official sales of gilt-edged reached £207 million, bringing total sales since September 1961 to £657 million. In the latest quarter, moreover, the great bulk of these sales—£185 million—were taken up by investors other than banks and official institutions; and among these foreign purchases were believed to have been small. Official sales of medium and long dated stocks were moreover twice as large, at about £400 million, as the authorities took in about £200 million of bonds of less than five years' maturity in funding switches, reducing their net sales by this amount. Further large sales followed in the period not fully covered by these figures: the issue of £500 million of Treasury 2008-12s was sold in the astonishingly short period of six weeks to mid-October. The upshot of all this funding was that in the four months from mid-June the authorities managed to lengthen the average life of dated government debt in market hands by a full year, to rather over thirteen years.

The Bank bulletin also has some interesting comments on the strength of Britain's external finances in the autumn. Briefly, it finds it puzzling. The surplus in Britain's current account in the first half of the year was "probably replaced by a deficit" in the third quarter—the figures are due to be published next week, but the trade figures have already indicated a deterioration in the visible balance. At the same time, the Bank detects little evidence of any marked inflow on capital account. Security sterling continued at a discount, indicating a lack of interest in inward investment—and the rise in the premium on investment dollars has not suggested any falling off in outward investment, direct or portfolio, from Britain. In the money market meanwhile the arbitrage calculation has pointed in two directions at once—to a move out of London deposits with local authorities and into Euro-dollar deposits on the one hand, but into London from American to British Treasury bills on the other. The net movement is unlikely to have been large. Yet "balance of monetary movements"—the gold reserves against recorded sterling liabilities—was favourable. The explanation is taken to be an unidentified inflow of capital, of rather more than £50 million, perhaps through an increase in trade credit granted to Britain. Thus while export shipments paused in the third quarter export receipts may have risen, on account of the rise in shipments earlier in the year.

BANK LIQUIDITY

Time for 25 Per Cent?

A SPECIAL article in the bulletin traces the precise nature and the historical emergence of conventions on bank liquidity among British banks. The article makes a further and more specific revelation of the way in which a single minimum uniform ratio has become officially recognised, and required. In 1951 the governor of the Bank of England indicated that

> a ratio of from 32 to 28 per cent would be regarded as normal but that it would be undesirable for the ratio to be allowed to fall below 25 per cent as an extreme limit.

Since then some clearing bankers have expressed the view that 25 per cent is indeed nearer what they regard as commercially necessary in modern circumstances; but the Bank of England has made it clear that the minimum remains at 30 per cent. The Bank is almost certainly right in its feeling that an arbitrarily variable ratio would do more damage to bankers' sense of responsibility for their own affairs than does the device of special deposits (though that, one must add, is dangerous enough, and on finance for the government there is no serious difference between the two devices). But if, as is almost certainly the case, the 30 per cent ratio is itself above the ratio that bankers feel to be necessary to-day, then, by the Bank's own argument, it should surely be looked at again. Should the authorities not consider a once for all reduction to the appropriate commercial ratio—probably 25 per cent? Such a move could of course be contemplated only at a time that the authorities were willing to countenance the increased scope for bank lending that such a reduction would temporarily involve. But in the months ahead the authorities are in fact likely in any case to take action to boost liquidity in one way or another. Why not this way? Here may be the ideal opportunity to combine a temporary credit boost with a useful structural reform.

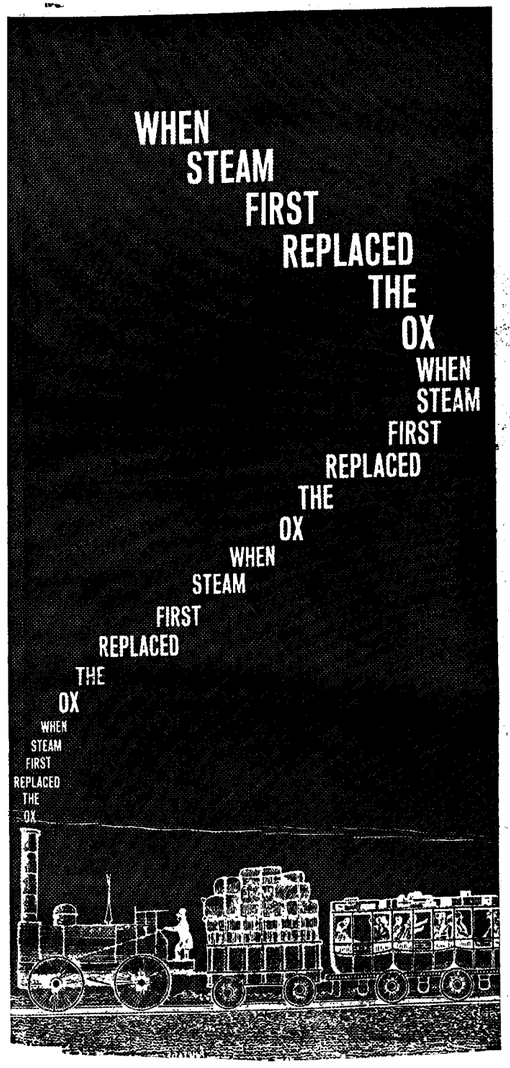
WALL STREET

A Pause

New York

WALL STREET'S remarkable rally finally showed signs of fatigue this week with a sharp tumble on Monday followed by the feeblest of recovery efforts which were accompanied by a dwindling of volume. A reaction has been overdue and New York's newspaper strike as well as doubts voiced by influential congressmen about the prospects for tax cuts contributed to the decline. It is just six months since the market hit its low point last June and some of those who bought in, at or near the bottom, are undoubtedly selling for long term tax gains. Brokers believe that the decline will be checked by the many investors who have been eager to return to the market and have been awaiting some relapse.

In fact the market seems to be marking time rather than undergoing a serious retreat, so the correction is still to come. Issues enjoying sharp rises have been sold for others that have lagged behind the market. Thus Chrysler, the third largest auto maker, has climbed sharply because of the industry's general improvement and is now being sold with some of the proceeds apparently going into American Motors, which has not participated in the



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DAILY MIRROR

THE MIRROR GOES WHERE THE MONEY IS

rally of the auto stocks. American Telephone has been rising, confirming that the small investor is returning to the market. But some of the space issues, notably Douglas which is heavily involved in the disputed Skybolt programme, have been hard hit—Douglas shares have suffered a decline of almost 20 per cent before steadying.

EXPORTS TO CANADA

Trade Crusade

THE President of the Board of Trade has launched a brave attack on Canada's cheeseparing attitude towards imports, even if he picked home ground to say so. However, speaking after lunch with the Canadian Chamber of Commerce in Great Britain (composed of people with an interest in trade between the two countries), Mr Erroll was not sparing with the pepper, even though his audience included the High Commissioner for Canada and the Agent General for Ontario, a Province whose 1930 style of economics called forth his special condemnation. He expressed grief at Canada's resort to a tariff surcharge on imports in June to restore its balance of payments, but as recovery has now proceeded successfully he hoped the new impost would be "removed entirely in the near future."

With refreshing attention to detail at this level of discussion, Mr Erroll exposed the unfairness in Canada's application of customs duties ; he also took a crack at the vigour and the lack of decorum with which Canada wields its anti-dumping duties (though not a few interests in Britain would like to see Mr Erroll take his cue from Canada in this respect). Mr Erroll had no need to mince his words in slapping down Ontario's "trade crusade," which seeks to expand trade while persuading its citizens to reduce their purchases of imported manufactures. Prefacing his comments with a polite deference to the High Commissioner, who is a former premier of the offending province, Mr Erroll was rightly scathing.

Mr George Hees, the Canadian Minister of Trade and Commerce, addressing the Ontario Regional Industrial Expansion Conference on Wednesday, propounded another dangerous doctrine. Disavowing any thought that he was urging Canadians to buy Canadian at all costs, he suggested that manufacturers' procurement lists should be diligently combed to ensure that nothing was bought from outside sources which might equally well be supplied by Canadian firms. But that would be discrimination of sorts even if it proved possible to restrict it to this mild form.

HIRE PURCHASE

FHA in the Open

THE Finance Houses Association, through its director-secretary Mr G. H. Woolveridge writing in the association's quarterly review, has come out unequivocally against the Molony committee's recommendations on the reform of hire purchase law. The association's views were perhaps predictable, but it is important that the most influential section of the hire purchase industry is now ranged alongside independent observers already fighting the Government's apparent acquiescence in getting the Molony recommendations on to the statute book by private legislation.

Last week *The Economist* set out its objections to Lord Peddie's private bill. Mr Woolveridge's objections are much the same—namely that extending the present act to all hire purchase contracts would make nonsense of hire purchase as it stands. The consumer must be protected, but not at the expense of fair treatment for the finance companies. And although hire purchase companies have been guilty of bad treatment to hirers in the past, a system that limits a company to obtaining no more than half the hire purchase price in a case of default is obviously unfair and limits the security of the goods. Such a system, indeed, would force the companies to exert what rights they had left at every possible opportunity. Mr Woolveridge's answer is a new act incorporating the formula, which the more reasonable companies already use, of charging the hirer the balance owed, less the amount received for the re-sale of the repossessed goods. Once such a formula was legally binding the need for court orders to re-possess could be dispensed with and much valuable county court time might be saved. There would be no financial advantage in a "snatch back." Unfortunately Mr Woolveridge stops here.

There is everything to be said for such a formula, but at the same time the companies must be allowed, through exemption from the Moneylenders Act, to move into the field of personal lending. Many of the industry's problems have arisen from the dealers standing between borrower and lender. The sensible solution would be to allow companies and customers to use both systems and seek out for themselves which they prefer.

A CHANNEL LINK

Tunnellers Winning?

RUMOURS from Paris suggest that a Channel tunnel will be the choice of the Anglo-French Steering Committee of civil servants, set up a year ago to advise their governments which would be the best economic prospect—though the Committee has yet to finish its report, which will probably be handed to the governments around the end of this year. The optimism of the tunnellers may well be based on the obvious superiority of their project to the bridge where costs are concerned—a difference between £110 million for the tunnel and about £220 million for the bridge. There would be some difference in traffic carried, but the tunnel may have paid for itself long before the bridge would: and the tunnellers are now at least prepared to use only their own money, while the bridge lobby vaguely refers to "guarantees" while talking of raising all its capital in ordinary shares.

The British government is waiting for the Steering Committee's report before publicly committing itself, but it seems to be becoming more favourable to the idea—especially now that it is trying to get closer links with Europe. British Railways would be delighted with a rail tunnel that could bring more freight traffic on to its southern lines, but it may have to go through an embarrassing intermediate stage while a tunnel is being built and its ferries are becoming increasingly inadequate to carry the steady growth in traffic. It might even have to build a new ship anyway, only for this to become obsolete. The attitude of the French government is less clear ; where it was formerly believed that it had decided that a link was wanted and was only awaiting the Steering Committee's verdict to approve its choice of project, there are now signs that it is at present going slow on the issue. But the long birth-pangs of the project do seem to be reaching their end.

TYRES

Dunlop Charges More

PERHAPS to show that the skin of monopolistic practices has been well and truly sloughed off, the tyre makers have presented the unusual picture of discord on prices this week. Dunlop raised the prices of all its types by three per cent last Mon-

SPENDING ON PRESS ADVERTISING

The third quarter of the year, the most sensitive barometer for press advertising expenditure, registered a 4.76 per cent increase compared with the same quarter of 1961. The national mornings and Sundays skimmed nearly all the extra benefit, with increases of around 12 per cent ; magazines, London evening papers and provincial weeklies all did worse than in the previous summer. Over the whole first nine months of the year, a total of £99.5 million was spent, £3.7 million more than in the same period last year.

The tendency to fewer and larger advertisements continued. Some of the extra money left to cigarette advertisers from their self-imposed ban on peak-time TV advertising made its way to the press : expenditure here was £1,138,888 compared with £870,214 in the previous quarter and £897,892 a year before.

day, but its rivals are only beginning to follow its example. Dunlop gave as its reason for higher prices the fall in its profit margins mentioned by the directors when they announced the interim dividend in October: though the price of both natural and synthetic rubber has fallen this year, wages have risen more than enough to offset this. Labour probably accounts for a bigger proportion of costs in the tyre industry than in many others, for a tyre is still built up by hand.

Success in the replacement market—to which these increases apply—may be another reason for Dunlop's decision. The C41 tyre with a tread of "cling" rubber that it introduced early this year has raised its share of the replacement market by ten per cent—perhaps from 40 to 45 per cent. Where the low-priced Silver Seal seems to have had little effect, technical improvement and heavy advertising have worked. Dunlop may have reckoned that it could afford the risk of selling at higher prices than its rivals now that it has a popular tyre to reinforce the

strength it gains from its ownership of wholesalers and from the use of its tyres as original equipment on some 60 per cent of new cars sold in Britain. But the lure of higher margins seems to have been enough to secure eventual unanimity. For all, the position is confused by the growth of price-cutting by retailers and wholesalers, and the possibility that this will spread in the new year, if the agreement restricting tyre sales to approved traders should be declared contrary to the public interest by the Restrictive Practices Court. If price-cutting were to become general, manufacturers would not need to worry about charging more.

DOMESTIC AIR FARES

All Up!

IF the airlines get their way—as they almost certainly will—nearly all domestic air fares with the exception of British European Airways' three-guinea night flights from London to Scotland and Belfast, will go up next April by amounts varying from five per cent on the long routes to 25 per cent on the short. The airlines blame rising costs; they could also blame the pattern of traffic. Last year, British European Airways had the humiliating experience of increasing its domestic traffic by a fifth, and losing £2.7 million in the process, suggesting that the more it carried, the more it lost. Some of its troubles were due to the long and expensive running-in of the Vanguard—this has cost BEA £3 million to date—but the basic difficulty about encouraging internal air traffic is that it tends to be commuter traffic between North and South, with businessmen fuming at the difficulty of booking seats on early and late flights while the aircraft fly largely empty (1,000 empty seats daily on the BEA network) during the middle of the day. It will be interesting to see whether BEA's proposed 30 per cent discount for passengers prepared to take their chance with an unbooked seat will achieve its object of spreading the load more evenly.

The five per cent increase on long flights between, for example, London and Scotland is unlikely to have much effect on traffic. But how will those few passengers who now travel between London and Birmingham by air react when their fares are increased by 25 per cent to £5 return while the first class rail fare remains at £4 3s. 4d., and the second class at £2 15s. 6d.? It is not at all clear that even these proposed increases will keep the airlines out of the red unless traffic continues to increase quite substantially. The average rise in fares is 10 per cent; a ten per cent increase in domestic revenue last year would still have seen BEA showing a substantial loss.

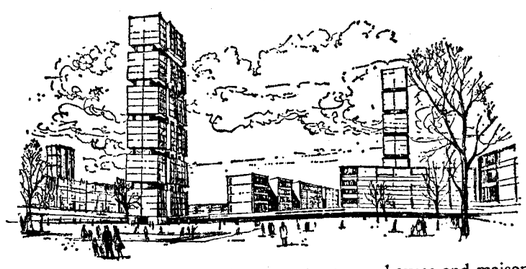
AIR TRAFFIC CONTROL

One Organisation

IN the pre-jet days of the 1950s, it was relatively simple to prevent military and civil aircraft from colliding in mid-air with each other; the military jets flew higher than the propellor aircraft of the airlines and all that was needed was to keep them at their own heights. Then civil aircraft could pass beneath undisturbed. But when the airlines began to re-equip with jets towards the beginning of the decade, civil aircraft started appearing for the first time at altitudes over which the military had up till then been in sole command. To order the airlines to stay out of this part of the sky would have put them at an economic disadvantage, because jets use least fuel at high altitudes. But to leave them loose among the darting fighters was to court the increasing risk of collision, because at those heights and speeds two aircraft have slight chance of seeing each other and even less of taking evasive action.

The solution of so-called "airways" for the exclusive use of civil aircraft depends on being able to regulate the movement of military as well as civil aircraft as closely as if they were trains on a track. The technical aids to do this exist, where the system

Suburb-in-the-Marsh



PEOPLE make Saturday afternoon trips to the LCC's Southern Outfall sewage works on the Thames Estuary near Erith, in Kent, where a £2 million improvement scheme has purged the air and beautified the scene; the Council now proposes that 25,000 of them should live there too. A bold Hook-style scheme has been drawn up by LCC architects for an unpromising 400 acres of marshland originally (and cheaply) bought simply as a barrier between the sewers and the Kentish suburbs. If London-tied industry and business can be persuaded into adjacent land, to the empty portions of the nearby Woolwich industrial estate and to the redeveloped centre of Erith itself, which goes hand-in-hand with the scheme, the new town will have a social and economic justification.

Its inhabitants will be platform dwellers, a mode of living favoured in this case by geography as well as by town planning theory. The whole of the site is below Thames-level, and in spite of strengthened defences still faces a rare chance of flooding such as that of 1952. All living quarters are therefore to be raised approximately 12 feet above ground level, with the space underneath for garages, storage and services, for which the small flood risk would not be disastrous. Though delivery ramps connect the platforms with the ground, the living level will be virtually a pedestrian precinct, with groups of platforms linked by footbridges. These will be straddled by 31 storey tower blocks of flats which will provide 30 per cent of the living space—the rest will be houses and maisonettes.

The proposed town would be expensive to build—first estimates are around £50 million or £2,000 per head of population—but the cost would be prohibitive if a ground level development were attempted. Horrible things like sliding peat underly the Erith marshlands, favouring the minimum possible excavation. Stability can best be obtained with few, massive, deeply driven foundations: enormous piles at the corners of the platforms and under the towers, will anchor the floating town.

Whether this will demand novel engineering techniques cannot be said at the present tentative stage. For the superstructure the LCC intends as much use as possible of industrialised building, which it hopes to make an economic proposition for a town of this size built to standardised patterns—even though industrialised systems can so far compete with conventional methods only for flats, not for houses. The building stage will not be reached for about two years and will take perhaps ten to complete—but before it begins at all the LCC, or its successor, will need to be sure that industry can be attracted to the spot, or lured there with Government help.

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sometimes falls down is on the human side, where military and civil traffic are controlled by separate organisations. The Ministry of Aviation has this week announced the setting up of a single National Air Traffic Control Service which will bring the whole tricky business of air traffic control (in simple terms, the avoidance of collisions) under a single headquarters that will gradually take over responsibility for every stage of the operation. The Ministry of Aviation has an enviable reputation in air traffic control matters; unfortunately its writ extends only to the air above this country. Conditions in Europe, in spite of attempts to introduce a European system of air traffic control, remain as chaotic as ever.

BMC ROLLS-ROYCE

No Merger

THE British Motor Corporation and Rolls-Royce announced at the end of last week that they have no plans to merge any of their interests, following the talks on technical collaboration that started a year ago. But they have found ways in which information and components can be usefully exchanged, and arrangements have been made accordingly.

What the components are that will be interchanged has not been revealed by the companies; but it is possible that BMC might like to use one of the Rolls-Royce range of industrial engines in its larger cars and lorries, for Rolls-Royce is probably better suited to production in small quantities than is BMC and such a move would provide it with a useful increase in work. But BMC is unlikely to want to use as expensive an engine as the V-8 Rolls-Royce now uses in its cars. And the concept of the Mini-Rolls, delectable though it would have been, has now been killed.

PILOTS' HOURS

3 British = 1 American?

SOME weeks ago, *The Economist* was sharply taken to task for claiming that the pilots of American airlines did three times the work of those employed by the British Overseas Airways Corporation. Inquiries since made among crews and managements (there is no other source for this kind of information) suggest that the comparison was by no means unfair. BOAC would agree that its pilots fly an average of 400 hours a year and sometimes less. By comparison, those employed by United Air Lines, which is the biggest operator in the world after the Soviet Aeroflot, fly 1,200 hours a year. Lest it be argued that only a giant like United, with a fleet of 300 aircraft, can achieve these levels, the crews of one of the most efficient local service airlines, Frontier, which flies into settlements in the Colorado peaks with second-hand Convairs and DC 3s, also average 1,200 hours flying a year. So, until recently, did TWA's pilots whose hours have now been reduced to 900 a year. Those of American Airlines, ranking second in size to United, average 850 to 900 hours a year.

The difficulty of scheduling jet aircraft explains the lower figures of TWA and American; United crews doubt whether it will be possible to sustain their own high totals much longer. But there will still be a marked difference between the amount of work put in by the average American pilot, without any obvious signs of overwork, and his counterpart in BOAC, suggesting that the corporation must have at least a temporary surplus of flight crews as well as of other staff. Is the same also true of British European Airways? According to the corporation's accounts, its pilots flew less than 550 hours each last year, a reduction of between eight and nine per cent on the previous twelve months.

RUGBY PORTLAND/CHINNOR

Cement Mixer

THE shares of Rugby Portland Cement have been strong this year and now yield less than 2 per cent, one of the lowest returns among cement shares. The high price of Rugby owes something to hopes of a profitable redeployment of its substantial liquid assets. These have been boosted by the £7 million paid by Redland Holdings in October for the non-cement interests of Eastwoods which Rugby acquired in the summer. Last month Rugby announced a £2½ million expansion scheme in New Zealand and now it is making a bid worth just under £4 million for the shares of Chinnor Industries. The offer of 32s. 6d. a share (ex the final dividend) compares with a pre bid price of 28s. 6d. and as holders of more than 50 per cent of the ordinary shares have agreed to accept it, success seems to be assured.

Rugby's bid seems to be well timed. Chinnor's results for the year to end September are already overdue and these may reveal that, as the replacement of an old kiln resulted in the loss of six months of its output, the rapid expansion of recent years has been temporarily checked. Between 1957 and 1961 Chinnor's pre-tax profits rose from £107,000 to £290,000 and its equity earnings by 50 per cent. The new and larger kiln will add about 20 per cent to its cement-making capacity and with further expenditure planned on road building Chinnor could well resume its expansion next year. Rugby, itself a rapidly expanding concern, seems to be buying growth at not too dear a price.

RAILWAY PROPERTY

Development Links

THE companies that will be associated with Railway Sites Limited in the development of railway land have now been named. The railway authorities will provide the land; the companies the finance and expertise. The forging of these links obviously means that much of the development will come their way, but the arrangements do not preclude Railway Sites from giving consideration to redevelopment proposals put up by others outside the consortium.

Southern Region:	**London & Midland:**
Charterbridge	*Southern*
City and Central	Capital & Counties
Trollope & Colls	Metropolitan & Provincial
Eastern Region:	Norwich Union Life
City of London Real	Taylor Woodrow
Edger Investments	
North-Eastern:	*Northern*
Hammerson Property	Hallmark Securities
Metropolitan Estate	London Assurance
Western:	Peachey
Allnatt London	Stock Conversion
Samuel Properties	United Real
George Wimpey	

Nor do the associations extend to building contracts, which will be let in the normal way. The arrangements, moreover, do not extend to London terminal stations, where the planning problems associated with the obligation placed on British Railways to preserve a proper balance between housing and commercial development are not yet resolved. The railwaymen are more keen on office development over the London termini than local planning authorities are.

In all, this will be the biggest development programme in this country. But it will take many years to complete and the progress of redevelopment will be slow. Even the most astute developer might find it difficult to find a profitable new use for a countryside station on some of the branch lines that Dr Beeching has closed down; and clearly the most important developments will be concentrated in busy urban centres. Here, inevitably, there will be planning and constructional snags. While, therefore, these associations may put a little more colour into the rather wan cheeks of the market in property shares, it is the long-term support the programme will give to the companies that is important for investors in these shares.

SHIPPING MERGER

Norness Gets a Quotation

EARLY next week the shares of Anglo Norness, the product of the merger between Norness Shipping and Anglo-American Shipping, will be quoted on the London Stock Exchange. Norness already owns 61 per cent of the shares of Anglo-American which are currently priced in London at 48s. In what is described as "primarily a reorganisation within an existing group of companies" Anglo-American, which is registered in Bermuda, will become the parent of virtually the whole of the Naess shipping group and Norness will be turned into a public company. Anglo Norness will make an offer for the 90 per cent of the shares of British Oil Shipping that are owned by the family settlement of Mr Charles Clore on a share exchange basis and will offer probably not more than 25s. in cash for the remaining shares held by the public. The latter offer is certainly more generous than the terms being offered to the Clore trustees.

The immediate effect for Anglo-American shareholders is that instead of the forecast dividend of 6 per cent they will receive a 2 per cent dividend and a 3 for 100 scrip issue. Short-term considerations such as these indicate that Anglo Norness will open around the current price on Anglo-American. But, while there will be some stock available to create a freer market in Anglo Norness than recently existed in Anglo-American, there is no reason to fear that big holders of Norness such as Mr Naess will start to sell large blocks of shares. Moreover, there is the prospect of some improvement in earnings until mid-1964 and, even if freight rates have not improved by then, satisfactory profits thereafter. Anglo Norness's fleet consists almost entirely of big, modern tankers and bulk carriers. At the moment 31 of the combined companies' fleet of 34 ships are on time charter; by the end of 1964, 20 out of the 44 ships—38 per cent of the total tonnage—will be on the open market and the acquisition of British Oil Shipping will add two more ships to this fleet. But the financing arrangements associated with the charters mean that even at the current depressed level of freight rates the ships out of charter should be able to earn a profit in open voyages. The directors, taking perhaps a more optimistic view than many about the chances of recovery in rates, believe that the present recession "is a temporary situation that is gradually being corrected" and that it will be possible to arrange satisfactory new charters for the ships. The Anglo Norness shares would be among the first to benefit from an improvement in freight rates but whether this and its past record of able management will overcome the current reluctance of investors to take a view in shipping equities is another matter.

CERTIFICATES OF DEPOSIT

Success at a Cost

A New York correspondent writes:

THERE are signs that the serious efforts of American bankers to lure back corporate funds that have been disappearing into the short-term money market, by offering negotiable certificates of deposits, have not brought the unqualified success that the figures might suggest. The outstanding total issued by the nine leading New York City banks reached a record $1,589 million at the end of November—an increase of 50 per cent since January. And while country-wide figures are not yet collected, informed estimates put the total at about $3 billion compared with a little over $2 billion at the beginning of the year. It appears, however, that the banks are in some cases now paying interest through these CDs on funds which they formally held interest free.

The introduction of the certificate of deposit by the New York banks nearly two years ago was in part prompted by the phenomenal growth of corporate investment in commercial paper. Company treasurers, the banks found, were becoming far more venturesome about investing idle funds in the short-term notes marketed directly by about a dozen major finance companies, and sold through dealers by about 400 industrial concerns and lesser finance companies. But the introduction of certificates of deposit seems to have done nothing to check the growth of commercial paper. Indeed this has accelerated this year, and by the end of October commercial paper outstanding totalled $6,970 million, about 50 per cent more than at the start of the year, more than double the amount five years ago, and more than seven times the total at the end of 1950.

The fact that sales of commercial paper have continued to rise in the past twenty months leads several money-market authorities to suggest that certificates of deposit are being acquired in many cases at the expense of Treasury bills and demand deposits by the more old-fashioned corporations, which would not have invested in commercial paper anyway. To the extent that the funds are attracted out of Treasury bills, the bank's deposits are increased; but any switching from demand deposits merely means that they pay more for the same deposits.

Certificates of deposit and commercial

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paper are not precisely comparable. Major finance companies issue their notes in amounts and at maturities exactly fitted to an investor's requirements. The maturities run from 72 hours to nine months, and although the paper is not ordinarily negotiable, issuers will often accommodate an important investor by allowing him to redeem notes before maturity. Certificates of deposit, on the other hand, are freely negotiable, but are issued only in round sums for round periods, normally three, six, nine or 12 months. Some country banks offer them for as little as $25,000. The New York banks issue them only in multiples of $1 million. Rates for both instruments tend to follow money-market patterns set by Treasury bills. Recently, six-months certificates of deposit have been quoted at 3¼ per cent on issue and 3.45 per cent in the resale market. Comparable maturities of directly-placed commercial paper have been quoted at 3⅛ per cent; and commercial paper marketed through dealers at 3¼ per cent to 3¾ per cent.

ARTIFICIAL FOOD

Refinery Kitchen

One of the more depressing scientific fantasies is the food plant which turns old boots, brooms and other debris into dressed turkeys and crêpes suzettes. The brave new reality is, as it so often is, drabber still: after all, crêpes suzettes are not nutritious. And what the world's undernourished populations need is a cheap source of nutritious proteins which can be exploited on a massive scale. A great deal of work has been carried out all over the world, mostly on increasing the yield of meat from livestock; but also on unconventional "industrial" methods such as cultivation of algae and extraction of proteins from vegetable matter. Now some chemists in British Petroleum who have been investigating micro-organisms for treating oil have turned up a bug, an organism—they do not specify—which feeds on oil, turning it into proteins and vitamins. A large pilot plant is to be run near Marseilles by the French BP company to provide enough protein food for testing. The Food and Agricultural Organisation of the UN, anticipating such developments, has already laid down rules which include testing 30 generations of rats, so that it will be some years before the discovery can be used.

Proteins are graded according to their usefulness to humans: animal proteins are mostly "first-class" and vegetable proteins "second-class." But conversion of the second-class into the first-class by grazing animals is a lengthy and inefficient business. It can be helped by supplementing the animals' diet with cheap proteins, which encourages growth—already the practice in raising broiler chickens—or it can be by-passed, theoretically, by making proteins directly. The methods that have been developed so far have not yet been widely enough used to evaluate them. But some encouraging reports have been received: for instance an improvement was noticed in the health of Venezuelan lepers when fed on algal soups. The BP discovery, producing a comparatively high-class protein rich in vitamin B's, is valuable, but plants would have to be sited near large refineries, which are not always in the worst-fed countries.

It is one thing to make protein supplements; it is another to persuade people, who may not fully appreciate their value, to eat them. The products are not appetising and even starving people may cling to atavistic prejudices in favour of less efficient processes. Scientists may be capable of "feeding" a hugely increased world population by these processes but it is to be hoped that such methods need only be stopgaps. Leaving aside the issue of population-control, the long-term solution to this problem is more likely to lie in more efficient use of traditional means—particularly the sea—to produce traditional foods.

SPAIN

Trust for the Patient

That Spain might one day be able to join the Europe's "economic miracle" club has been evident for some time. The ordinary investor, however, no matter how long he is prepared to wait, is bound to be deterred from investing directly in Spanish companies by the extreme sketchiness of the financial information they provide, and by the thinness of the Madrid stock exchange. In these circumstances investment trusts are bound to be popular. In about six weeks, J. Henry Schroder Wagg will start to place privately the shares of its new Anglo-Spanish Investment Trust. It is hoped that the trust will have an initial capital of around £1 million. The portfolio is now more or less fixed, though in some cases negotiations for the acquisition of blocks of shares are not yet complete. If the fund grows as expected a stock exchange quotation will be sought. This will be the second placing of shares by a London merchant bank in a Spanish investment trust this year. In April, Kleinwort, Benson placed privately part of the capital of "Inespa," a Spanish trust managed by the Banco Urquijo of Madrid. The other big trust in this field is "Espac," a unit trust run by the Union Bank of Switzerland.

Paper Bulletin

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SHORTER NOTES

The 2.8 per cent improvement in manufacturers' home deliveries of refrigerators which took place in October, compared with October, 1961, looked small beside the 31 per cent improvement reported for September. The 734 extra refrigerators sold could easily be the result of cutprice direct selling by Rolls-Prestcold, said to be currently running at 700 a week.

★

Trust Houses is to raise £3 million by a debenture issue in the near future. A revaluation of the group properties is being made and this is expected to reveal a substantial surplus over book values.

★

November was another good month for the unit trust movement. Total sales of units amounted to £5¾ million and repurchases to just over £1 million and the net investment of £4¾ million was the highest in any single month since January, 1960. Net investment so far this year of £30.9 million compares with £5.9 million in the first eleven months of 1961.

Production of the West Driefontein mine will be seriously affected by a subsidence that caused the collapse of part of the treatment plant and the death of 34 African workers. The shares of West Driefontein fell back from 88s. 9d. to 78s. 1½d. Earlier this week its dividend had been raised from 3s. 1.2d. to 3s. 3.6d. per share. The feature of the latest Kaffir dividends is a maiden dividend of 1s. on the £1 "A" shares of Western Deep Levels.

COMPANY AFFAIRS
Comments on pages 1160, 1161 and 1164 on:
Stewarts and Lloyds; Steel Company of Wales; South Durham Steel; Distillers; Montague Burton; Bass, Mitchells and Butlers; Tube Investments; Whitehead Iron; John Summers; ICT; J. Hepworth; Arthur Guinness; Handley Page; Westland Aircraft; Mercantile Credit

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 1162 and 1163

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1165

COMPANY MEETINGS

GLAXO GROUP

Increase in world trading

LOWER MARGINS AFFECT RESULTS

ONLY ONE SIXTH OF TURNOVER FROM N.H.S.

Sir Harry Jephcott on control of new drugs—"British Manufacturers' sense of responsibility"

The twenty-eighth Annual General Meeting of Glaxo Group Limited was held on December 10th in London, **Sir Harry Jephcott, Bt, DSc, FRIC, FPS,** *presiding. The following is an extract from his Statement circulated to members with the Report and Accounts for the year to June 30, 1962:*

Effect was given on January 1, 1962, to the new holding company structure, to which I referred at length in my statement last year. Our name was changed to Glaxo Group Ltd. and a new operating subsidiary, Glaxo Laboratories Ltd., was formed to carry on the business previously undertaken by us under that name. All the manufacturing and trading assets of the Group are now held by operating subsidiary companies.

The continued expansion of the Group's manufacturing and trading has necessitated further investment in fixed assets, whose value after depreciation has increased substantially during the past two years. As a result the issued capital no longer reflects even the fixed assets of the Group, and a further capitalisation of reserves with the issue of one unit of ordinary stock for every four held is deemed appropriate and timely. This will involve an increase in the Authorised Capital of the holding company.

TRADING CONDITIONS

There has been little change in general trading conditions during the year, either at home or overseas. Although we can once again, and with satisfaction, report an increase in world turnover of 5 per cent, keen competition and consequent reduced profit margins have resulted in this increase being inadequate to maintain the trading profit, which is 4 per cent less in total than that of the preceding year. During the second half of the year technical improvements in some processes resulted in lower production costs, but the full benefit from these will only accrue in the current year.

UNITED KINGDOM

Glaxo Laboratories Ltd. Turnover in both foods and pharmaceuticals has been well maintained. About the end of the year, too late to affect the past year's trading, two new products were marketed. One of these is the outcome of applying recent knowledge to one of the oldest sedative drugs.

In a different field, research has been in progress for some years with the object of developing a vaccine that would protect poultry against the devastating ravages of Newcastle disease, commonly known as fowl pest. Success in our endeavours coincided with the decision of the Ministry of Agriculture to recommend vaccination in place of the costly policy of destroying flocks affected by the disease. Our vaccine is already in considerable use by poultry breeders and will be issued by the Ministry of Agriculture under its subsidy scheme.

Glaxo Laboratories Ltd. now manufactures the Sabin (live virus) poliomyelitis vaccine to meet the requirements of the Ministry of Health, but production of the Salk (killed) vaccine has also been maintained; from it a quadruple vaccine has been developed and provides at one injection not only the initial dose of the poliomyelitis vaccine but also protection against diphtheria, whooping cough and tetanus.

Allen & Hanburys Ltd. Turnover in both home and export markets continues to increase. Although there was not a corresponding increase in net profit, the outlook is favourable and encouraging. Much of the increase in turnover came from the sale of products outside the National Health Service.

The expansion of hospital services, not only at home but especially in markets overseas, has resulted in a satisfactory increase in demand for the specialised hospital equipment manufactured by the Company. Indeed, increased and better facilities for manufacture have now become necessary. New and more convenient premises have been secured.

Evans Medical Ltd. A satisfactory expansion of the Company's business was reflected in increased net profit.

During the year the business of Lofthouse & Saltmer, wholesale distributors in Hull, was acquired, and a new distributing depot was opened at Heywood near Manchester.

Murphy Chemical Co. Ltd. The weather, which is always an important factor in horticultural business, was unfavourable for the sale of several important products in the home market, but nevertheless the results for the year have been satisfactory and considerable progress has been made in all the Company's divisions.

Glaxo Research Ltd. Our longer term research directed to new products and processes almost invariably involves more than one section of our research activities. The formal organisation of these within a Research Company has already demonstrated its value in securing greater co-ordination of effort and joint responsibility for research projects. The total research effort of the Group is at a new high level.

OVERSEAS

It is difficult in restricted space to do justice to our many-sided and geographically widespread activities. Certain salient facts are, however, worth reporting.

The business of our Indian Subsidiary Company increases steadily, and has made essential the further expansion of factories and warehouses. The new milk-drying factory at Aligarh was in operation throughout the year. The new chemical factory at Thana near Bombay is working at a high standard of efficiency.

In Pakistan, our business grows steadily. We have approximately £550,000 towards the cost of a milk-powder factory at Renala in West Pakistan and for further facilities at Lahore and Chittagong.

The business of our New Zealand Company continues to expand.

The continued manufacture of antibiotics in Australia is now accepted as of national importance, and at least for the time being protection by duty and import control has been given. These actions will remove serious handicaps under which our Australian Company has been operating.

In some South American countries our subsidiaries provide the exception to the general steady growth of our companies overseas. They have experienced difficulties, in spite of which our Argentine Company operated profitably, although less so than in the preceding year.

Brazil has been a serious disappointment to us. Inflation is unabated. It has become impossible to operate profitably in spite of substantially increased turnover.

THE COMMON MARKET

The Group is no stranger to the Common Market, for we have had a subsidiary in Italy since 1932. This company, Laboratori Glaxo S.p.A., has modern offices and a factory in Verona, the latter having been further extended recently. The Group also has companies in France and Belgium, concerned with sales promotion but not engaging in manufacture.

We do not expect that entry of Great Britain into the Common Market will immediately afford the Group greater scope for the sale of its proprietary pharmaceutical products. None the less we are confident that, with the advent of equal opportunity, we can compete successfully and increase our business.

CONTROL OF NEW DRUGS

British manufacturers have a full sense of responsibility, and not one of them would market a new drug until the fullest appraisal of its safety and efficacy had been made by all recognised established laboratory procedures. Moreover, before first sale, the results of these laboratory tests would be confirmed by clinical trials conducted by competent investigators. However, even when every care has been taken, there is still the possibility that some hitherto unsuspected side effect may be revealed by more extensive use. Even the safest of drugs can sometimes give rise to undesirable reactions, and to deny to many the benefit of a new drug because it is potentially harmful in some relatively rare circumstances could surely impede therapeutic advance.

We believe that nothing should be done to relieve the manufacturing pharmacist and the

medical practitioner of public responsibilty for their actions, but we should welcome the additional check upon safety that would be provided by the need to submit details of standards of purity, toxicity tests and clinical trials of a new drug to an independent body before marketing. It is, however, imperative that such a body should concern itself solely with safety and the justification of claims made. It should, in particular, not be dependent on any administrative preoccupation with the special needs of the Health Service in the United Kingdom.

THE OUTLOOK

It is a source of strength that the business of the Group is worldwide. We are not mainly or even substantially dependent upon the National Health Service of this country; indeed only one-sixth of our turnover is provided by prescriptions paid for by that Service. We believe that, with the support afforded by our research and development programme and by the excellence of our selling and distributing services in the many countries where we trade, the outlook for our Group is favourable. We may from time to time experience some reduction in profitability, as indeed the Group as a whole has done in a small way this year, but the general trend should be favourable.

We pay warm tribute to the work of our staff at all levels, who now embrace many nationalities both at home and overseas. With their continued loyal support we face the future with confidence.

The Report and Accounts were adopted and resolutions were passed increasing the authorised capital from £15,000,000 to £20,000,000 and sanctioning the one-for-four scrip issue.

LEETHEMS (TWILFIT)

The thirty-fourth annual general meeting of Leethems (Twilfit) Limited was held on December 6th at Portsmouth, Mr A. E. Downing, FCA (the chairman), presiding.

The following is an extract from his circulated review:

Although, in common with other businesses in the clothing trade, the year's net trading profits of the group were lower than last year's, it is gratifying to record that there was a small increase in sales. Increased wages and salary costs compelled us to review selling prices during the year but continued competition in the Corset trade restricted our profit margins.

Both in respect of sales in the Home and Export markets the latter half of the year 1961 proved to be the most difficult and, although our Export trade did not recover sufficiently to offset the early loss, the Home trade more than made good its loss. Sales of "Joycet" belts and "Cupid" brassieres have been well maintained and justified the optimistic forecast made last year.

The continued increasing demands made upon our working capital to finance higher wages and materials costs make it necessary to continue the policy of retaining in the business part of the year's earnings; it is also desirable to provide against the possibility of having to meet exceptional sales promotion expenditure. The Directors recommend the payment of a Final Dividend of 7 per cent on the Ordinary Shares making, with the Interim Dividend already paid, a total of 10 per cent (less tax) for the year.

The report was adopted.

BARCLAYS BANK D.C.O.

DEPOSITS AND PROFITS BOTH HIGHER

The thirty-seventh Annual General Meeting of Barclays Bank D.C.O. will be held on January 2nd in London.

The following is an extract from the circulated statement of the Chairman, Mr J. S. Crossley:

It is a measure of the pace of political change in these unstable times that a year which has seen the demise of the Caribbean Federation and the emergence of Tanganyika, Jamaica, Trinidad and Uganda as independent members of the Commonwealth should seem nothing out of the ordinary. Those parts of the world served by this bank have experienced in recent years the full forces of change.

LIGHT AND SHADE ON THE ECONOMIC FRONT

On the economic front, a glance at the areas in which the bank operates reveals both light and shade. In South Africa the serious strains to which the economy of the country was subjected in 1961 have been successfully withstood and the country's reserves have risen from a low point of £71 million in June, 1961 to £227 million on November 2, 1962, which is the highest figure for fifteen years. It can, I think, safely be said that there are comparatively few people outside South Africa, and perhaps not many within that country, who would have predicted such an outcome with any confidence. It represents by any standards a remarkable achievement.

Against the brighter economic situation in South Africa has to be set the gloomy prospect for many raw materials affecting the less industrialised countries of Africa and elsewhere which are still, in the main, producers of primary products. The fall in commodity prices threatens to inflict a catastrophic drop in their incomes, nullifying the scale of external aid at present available or in prospect. Unless some means can be found of increasing commodity earnings, import restrictions in such countries are likely to follow and the cycle of progress to be thereby retarded. Although commodity agreements on a world-wide scale are now coming under serious discussion it seems doubtful whether tangible results will materialise in the near future.

In my annual statement three years ago I referred to the contrast between the rich countries and the poor countries as providing potentially one of the most serious problems that has ever confronted the human race.

COMMON MARKET

It is against such a background that the possibility of the accession of the United Kingdom to the Common Market has to be viewed. Anyone claiming to know precisely what results would flow from this can safely be disbelieved. The equation contains too many "unknowns" and involves matters of such complexity that there is no man nor body of men in existence—and, be it said, no computer either—that could predict the consequences with any approach to accuracy. Even the flow of trade might well throw up some surprising results which would be unlikely to conform to any established formula. One point can, however, safely be made: by joining the E.E.C. Britain would not automatically be assured of a large share in a rapidly expanding market. This is not to throw doubts upon the opportunities that might be open to British export trade within the Market but to drive home the point that these would be subject to the ability first to put our own house in order, otherwise the resultant trade balance would be strongly adverse.

The real heart of the matter lies in the need to gain general acceptance for the view that it is sometimes necessary to sacrifice immediate advantages for the sake of long-term gains and that the interests of the E.E.C. and the Commonwealth are in the long-run not in conflict. They are only parts of the much greater whole which unless united must succumb to Communist domination.

What is needed is a willingness on the part of each to understand what are the real problems of the other. Such an outcome may take years to accomplish but the issues at stake transcend in importance the popularity of any Government or the prestige of any individual.

DEPOSITS UP BY £90 MILLION

On September 30, 1962, the date on which the bank's balance sheet was drawn up, Bank rate was 4½ per cent after five successive reductions from the figure of 7 per cent at which it stood one year earlier. This reduction is largely a reflection of the improved position of sterling and, taken together with the recent relaxation of credit restriction in the United Kingdom, represents a welcome change. Lower rates, when applied to loans and advances on the one hand, reduce the income from any given volume of lending, and this lower income starts to operate from the moment when rates are reduced. On the other hand, the interest paid out on fixed deposits continues to run at the old rates until each deposit matures. A period of falling rates, therefore, means that the bank will be working for a time on reduced margins.

But the lower interest rates now ruling have driven up the price of Government bonds. This has meant that the value of the bank's investments, for the first time for several years, now exceeds their cost price. As the directors' report states, our profit is struck . . . after deducting transfers to inner reserves out of which reserves provision has been made for diminution in value of assets I am glad to be able to say that, for this year, the pattern has changed and it has been possible to replenish our inner reserves by the amount which we had to provide for the depreciation of our investments in previous years.

It will be seen that our profits, at £1,721,805, are 7.78 per cent higher than last year. They are better than might have been expected having regard to the reduction in margins referred to above.

The balance sheet itself shows two major changes, on the one hand an increase of about £90 million in deposits and, on the other, increases of about £41 million in investments £24 million in advance and £23 million in cash money at call and Treasury Bills; the overal liquidity ratio of the bank thus shows little change.

Mr J. C. ROSCOE, JP, ACII

LEEDS PERMANENT BUILDING SOCIETY

Year of Remarkable Progress

The 114th Annual Meeting of the Leeds Permanent Building Society was held in Leeds on December 10, 1962. The President, Mr J. C. Roscoe, JP, ACII, in the course of his speech, said:

The Society has grown notably in size, and has further reinforced its traditional financial strength.

During the last twelve months new branches have been opened in Bolton, Bromley, Carlisle, Exeter, Kingston-upon-Thames, Portsmouth and Plymouth. We have also obtained sites for more new offices to be opened in the current year.

INCREASED INVESTMENT RECEIPTS

The year began with a new level of interest rates, adopted in pursuance of the recommendations by the Building Societies Association that rates should be increased to 6½ per cent on mortgages and 3½ per cent to share investors. It had been evident for some months that the previous share rate of 3½ per cent was uncompetitive with the yields from other forms of saving and investment.

The new share rate was introduced in October, 1961, but it was not until January of this year that we began to see some benefit from it. In the last nine months we have, indeed, seen a substantial increase in the flow of new investment monies to the Society. Gross receipts during the year from investors and depositors reached the record total of £36,964,585 (including £5,175,805 interest credited to accounts). Withdrawals of principal amounted to £22,499,377, and at the end of the financial year share and deposit balances had increased by £12,893,782.

RECORD MORTGAGE ADVANCES

We have lent the record sum of £25,001,178 in 12,684 mortgages on carefully selected freehold and leasehold securities. This vast amount represents an increase over the previous year's lending of £3,311,071. More than 98 per cent of our advances were made to individual owner-occupiers.

At the year-end we also had mortgage commitments amounting to some £7½ millions, in respect of advances offered but not yet completed. Thus we have deemed it proper to keep our liquidity at an appropriately high level. At £25,786,740 the Society's liquid assets, in the form of cash and trustee investments, represent 16 per cent of total assets.

The Society's total assets are now £160,888,608, an increase in the year of £14,128,884. Mortgage balances totalled £132,803,190 in respect of 104,348 separate mortgages, an increase of £11,162,306. And here I draw your attention to the infinitesimal amount of £315 attributable during the year to mortgage losses.

GREAT RESERVE STRENGTH

Total reserves, including the amount set aside for future taxation, have increased by £1,073,215, and have now reached the figure of £10,178,315, representing 6.33 per cent of total assets, and 7.66 per cent of mortgage assets. Your Society has always believed in the maintenance of strong reserves, and the figures I have just quoted will indicate to you our firm resolve to continue this tradition of equating strength with size.

In the accounts before you there are entries relating to the Midlands Building Society, a sound and old-established society based on Luton, of whose engagements we accepted a transfer on March 31, 1962. Their accounts have been incorporated with those of the Society and we welcome to the Leeds Permanent the 566 members and depositors of the Midlands Society.

DESIRE FOR HOME-OWNERSHIP

One might have supposed that, in making available such an increased amount of money for new mortgages, we might well have overtaken the demand for our services in the provision of finance for home-ownership. Certainly, so far as the Leeds Permanent is concerned, this is not so, for the demand upon us is still, in the aggregate, greater than we can satisfy.

The desire for home-ownership is very widespread in this country, and it is to the fulfilment of this wish that building societies should address themselves. It is their duty so to conduct their affairs that they do not undertake any course of action which might have the effect of drastically curtailing the supply of mortgage funds. This means that their interest rates to investors must at all times be competitive, and not regulated by extraneous pressures, engendered by ill-informed comment. Societies have a positive duty to defend and uphold an interest rates structure which can produce the money to house the people who want their own homes.

OUTLOOK

Looking to the immediate future we feel that the prospects of societies being able to attract adequate quantities of investment monies are reasonably good. There will, indeed, be plenty to do with the money so attracted in catering for home-ownership on the widest possible scale. It is an entirely admirable state of affairs that higher standards of living have led to a greater wish for improved housing standards, under conditions of independence and self-reliance.

My fellow directors have given me the greatest possible support during the last 12 months, and to them I express my sincere thanks.

It has been a successful year, and an extremely busy one for all our staff, both at Head Office and the branches. It is therefore proper that I should express to all concerned in a magnificent year's work, our most grateful thanks and appreciation.

To our many special agents throughout the country—still increasing in number—I would also like to express our gratitude for the loyalty and co-operation which they at all times display.

I have had the pleasure of reporting to you on one of the most successful years the Society has ever had, and I conclude by telling you that we are confident the Leeds Permanent will fully maintain, in the future, its present position as one of the soundest and most progressive societies in the country.

IRI

ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE

EXTRACT FROM

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31st, 1961

(Institute for Industrial Reconstruction)

(*) Unless otherwise stated, figures are given in £ thousands

At December 31st, 1961, the assets of the industrial and banking concerns under IRI control stood at £4,017,478*, breaking down into £1,864,463* for the industrial firms, £2,092,277* for the "banks of national interest," and £60,738* for other assets.

The endowment fund of £148,105* (which is the State's contribution to the Group's financial resources and has the same function as capital in joint-stock companies) at December 31st, 1961, represented 3.7 per cent of the Group's total assets and 7.9 per cent of the assets of industrial firms (against 3.4 per cent and 7.2 per cent respectively at December 31st, 1960).

Minority shareholders' equities amounted to £342,134* of which £338,804* related to industrial firms.

For every Lira which the State has supplied to IRI, the market supplied IRI's industrial firms with 11/12 Lire, 2/3 of them in the form of participation in their share capital.

* * * * *

IRI controls a number of manufacturing companies (in the steel, engineering, shipbuilding and ship-repairing sectors), and service companies (electric power, telephones, shipping, airlines, motorways, radio and television).

The companies' plant and other fixed assets amount to £1,312,326* (70 per cent of the total assets value of the industrial section). This amount represents the difference between the Balance Sheet gross value (£1,909,026*) and the depreciation fund (£596,703*). In the particular case of manufacturing companies, gross value of fixed assets is £510,752* and that of the depreciation fund £195,582*, or 38 per cent, whereas in the case of service companies, gross value is £1,398,274* and that of the depreciation fund £401,121* or approx. 29 per cent.

The increase in value of plant in 1961 as shown in the Consolidated Balance Sheet, is £158,175* representing the net amount. In this connection it is recalled that in 1961 the Group's investment in plant reached approx. £215,270* of which £70,609* was in the manufacturing and £144,661* in the service companies.

Manufacturing companies, whose plants account for little more than a quarter of the net total of the industrial section, employ two-thirds of total personnel. Service companies, however, which account for three-quarters of the total, employ 35.6 per cent of the personnel. Fixed net investment per employee at the close of the year was on average £5,200. In the manufacturing companies it was £2,100, in the service companies it averaged £10,800, and in the electricity sector, where plants account for 34 per cent of the total, the figure reached the level of £22,100.

The above figures show how large a share of capital must be invested to increase unit occupation in each of the sectors under IRI control, a share which is bound to increase further as steady technological progress calls for larger and more costly plants. Emphasis should be placed here on the fact that the larger the capital share required per employee, the greater the productivity; a reduction in unit costs of production follows. By concentrating its investment on the basic sectors of the economy, such as steel, electric power, etc., IRI would not be playing its proper part in the promotion of economic development unless it offered its products at competitive prices compared with those on the international market. In other words, IRI can fulfil the tasks assigned to it within the framework of the Italian Government's economic policy only by having the goods and the services produced by its companies (which constitute cost elements for other production activities, especially private, which employ 96 per cent of industrial labour) sold at prices equal to, if not lower than, those quoted by competitive industries on the world market, and in particular in the area of the European Economic Community.

The assets of the industrial section (£1,864,463*) were covered to 24 per cent with operating liabilities, to 10 per cent with short-term indebtedness, and to 26 per cent with bonds and loans.

Furthermore, minority shareholders have a participation in the companies' capital equal to 18 per cent of the total value of assets. Actually, the companies are able to cover up to 78 per cent of their capital requirements, thanks to the credit they enjoy on the market, while the balance is represented by the IRI contribution (participation in the industrial companies it controls) and by loans to the same companies.

* * * * *

The assets of the banking section at December 31st, 1961, amounting to £2,092,277* included the commercial lending operations of the three "banks of national interest" for £1,174,002* equal to 56.1 of the total. Investments in securities (mainly Government bonds) amounted to £358,778*.

Liabilities (£2,059,032*) consisted almost wholly (92 per cent) of deposits and current accounts.

The three banks' capital and reserves totalled £33,245*, £29,917* of which pertaining to IRI.

The industrial companies' liabilities include debts with the "banks of national interest" controlled by IRI. These debts amounted, at December 31st, 1961, to £60,103*, a figure representing only 5 per cent of the banks' total commercial lending and 4.2 per cent of the total assets of the firms. These figures show that the Group's industrial companies continue to be financed principally from sources other than the above banks.

As regards IRI indebtedness, a significant datum is provided by the amount of IRI bonds owned by the three banks. At the close of 1961, this amount was no higher than £348* and represented 0.12 per cent of the Institute's total bonds outstanding and 0.61 per cent of the three banks' security portfolio.

The purpose for which IRI was originally set up in 1933, can thus be considered as attained.

STRUCTURE OF THE IRI GROUP

INDUSTRIAL COMPANIES

(a) The six sector holding companies, and their subsidiaries: Fincantieri (Ansaldo, Cantieri Riuniti del l'Adriatico, Navalmeccanica, etc.); Finelettrica (SIP, SME, SENN, etc.); Finmare (Adriatica, Italia, Lloyd Triestino and Tirrenia); Finmeccanica (Alfa Romeo, Ansaldo San Giorgio, IMAM-Aerfer, Nuova San Giorgio Officine Meccaniche Pistoiesi, OTO-Melara, Stabilimenti S. Eustacchio, etc.); Finsider (Italsider, Dalmine, Terni, Cementir, etc.); STET (Stipel, Telve, Timo, Teti, Set, Telecomunicazioni Siemens, etc.).

(b) Operating companies, directly under IRI Control: Alitalia, Autostrade, Celdit, Circumvesuviana, Italstrade, Manifatture Cotoniere Meridionali, Monte Amiata, RAI, SAI Vetro Ottica and other minor companies.

BANKS

Banca Commerciale Italiana, Banco di Roma, Credito Italiano, Banco di Santo Spirito, Mediobanca, etc.

VIA V. VENETO, 89, ROME, ITALY
Tel. 4677 Cables, ISTIRI

AUSTRALIA AND NEW ZEALAND BANK

AUSTRALIAN RECOVERY GATHERS STRENGTH

The twelfth Annual General Meeting of Australia and New Zealand Bank Limited will be held on January 10th in London.

The following are extracts from the statement by the Chairman, **The Hon Sir Geoffrey C. Gibbs, KCMG :**

The reduced tempo of business activity during 1961 influenced the authorities to take steps to stimulate recovery and, in January, 1962, the Government had talks with a wide cross-section of commerce and industry, including very welcome discussions with the banks, with a view to assessing the situation of the economy and evolving suitable remedial measures. Following these deliberations, the Government in February announced relaxations which aimed to stimulate general spending in the community.

Banking Changes. The most important innovation enabled the trading banks to engage to a moderate extent in term lending for national development in both the domestic and the export fields. This change of policy permits term loans to be undertaken, not for consumption expenditure, but to help meet the demand for capital expenditure in primary and secondary industries, and to provide longer term finance for exports of capital goods.

Finance for these term loans was provided by transfers to term loan fund accounts at the Reserve Bank in the names of each of the trading banks. The funds involved amount to 3 per cent of each trading bank's deposits in March, 1962, and totalled £A57 million. The funds were provided as to 2 per cent by release from the statutory reserve deposits of the trading banks held at the Reserve Bank, and, as to 1 per cent, by transfer from the trading banks' holdings of liquid assets and government securities. In order to enable the necessary transfer to be met from statutory reserve deposits, the official ratio for these deposits was reduced from 12.5 per cent to 10.5 per cent of trading banks' deposits. Concurrently with this release from statutory reserve deposits, the trading banks agreed to an increase in the ratio of their conventional liquid assets and government securities to deposits from 16 per cent to 18 per cent.

In addition to the release of funds for the specific purpose of granting term loans, banking controls were modified by an important variation in the structure of interest rates. The maximum of 7 per cent was retained for overdraft interest rates, but the onerous averaging provision, which had hindered trading banks in exercising effective control over their lending, was abolished.

Balance of Payments. The value of Australia's exports reached a record level of £A1,080 million in the financial year 1961-62, a rise of £A102 million above the previous peak. The reduction in domestic demand was reflected in lower imports, which declined to £A893 million in 1961-62, a figure considerably below the high level of £A1,084 million in the preceding year and lower than the £A946 million of 1959-60.

Net capital inflow fell away sharply, and reached only £A96 million, compared with around £A400 million in the record year of 1960-61 and £A220 million in the preceding year. Australia's oversea currency resources were restored to £A561 million at June 30, 1962, the third highest level for the past decade.

The favourable balance of payments results of the last few years and the healthy state of Australia's oversea funds obscure the longer term outlook for oversea trading. The favourable balance of payments has been achieved in recent years only through a substantial capital inflow which has offset what would otherwise have been a fairly heavy adverse balance on account of imports and invisible items, such as oversea freights.

Banking Outlook. The banking situation reflects the slightly expansionary influences of the February policy and the budget. In conformity with the Government's policy of encouragement to business, the trading banks extended overdraft limits more liberally during 1962. However, while increases in limits were widely sought, business was slow to make use of the accommodation granted by the trading banks and actual overdrafts rose at a much slower rate than limits. This situation could cause some embarrassment, as the capacity for a much heavier rate of spending by business has been provided, in line with government policy but has been held in abeyance. It will be important for the monetary authorities to bear this aspect in mind when formulating policy later in the financial year, to ensure that the trading banks are provided with sufficient resources to meet their commitments legitimately entered into in accordance with official policy.

NEW ZEALAND'S NEED FOR EXPORT MARKETS

New Zealand has continued to be dependent on the sale of a limited range of primary products in oversea markets and balance of payments crises have unfortunately been all too common in recent years. A shortage of oversea reserves again dominated conditions in the year under review, and as a result of government action there was a sharp reduction in the volume of imports and severe restrictions were maintained upon the availability of bank credit.

Despite the difficult external position, the internal economy continued to operate at a high level. Gross national product increased by 3.1 per cent and although a substantial proportion was devoted to investment, the emphasis has been upon spending for housing and other forms of social capital.

External Position. The continued weakness of export receipts was due to the low prices received for primary products. The average wool price for the 1961-62 season was about 2 per cent lower than in the previous year and butter prices remained weak during early 1962. Following the United Kingdom Government's application of import quotas for butter, prices rose although it was late in 1962 before they reached the equivalent of the guaranteed return to producers in New Zealand.

Although export prices were low, the volume of exports rose, and export receipts remained relatively constant. Imports were reduced over the year to June from £NZ313 million to £NZ258 million by more severe licensing, but the deficit on current account was still £NZ19 million. There are severe difficulties in restraining import demand without affecting employment, as the greater part of imports comprises raw materials for New Zealand factories.

Banking. Severe restrictions on the availability of bank credit continued throughout the year, and banks were themselves forced to borrow heavily from the Reserve Bank in order to maintain their statutory deposits.

THE EUROPEAN COMMON MARKET

The application of the United Kingdom to join the E.E.C. raised many issues of fundamental importance for Australia, New Zealand and Fiji.

Reference has been made earlier to the balance of payments problems resulting from rapid development and adverse terms of trade, and this unsatisfactory relationship between export and import prices partly explains the Australian Government's efforts to preserve traditional export outlets. Australia's case has been strongly put in the capitals of Europe as well as in Britain and the United States, and has stressed the need to obtain assurances of satisfactory alternative outlets for exports of temperate zone foodstuffs, which will lose their preferred position in the United Kingdom market and also face intense competition in Europe if Britain joins the European Economic Community.

The protectionist agricultural policies followed by most industrial countries already present serious problems for New Zealand and, especially in the case of dairy products, have frustrated attempts to reduce the Dominion's reliance on the United Kingdom market. The serious nature of New Zealand's problems is acknowledged on all sides, and has been recognised in the Community's decision to regard New Zealand as a special case.

A.N.Z. SAVINGS BANK

In the year under review, the increase in savings bank deposits generally in Australia was substantial. It is encouraging to note that the total of A.N.Z. Savings Bank deposits passed the £A100 million mark in July last, and also that in the year under review our share of total savings bank deposits showed a further increase.

ACCOUNTS AND DIVIDENDS

We think that the Accounts of the Trading Bank and of the Savings Bank, grouped together in the Consolidated Accounts, show encouraging progress.

It is gratifying that profits, assisted by measures which are improving branch procedures and thus reducing costs, have, as well as balance sheet totals, reached new records in both the Trading Bank and the Savings Bank.

The remarkable growth of the Savings Bank over the last seven years is reflected not only in the deposits landmark but in the increase in the dividend paid to the Trading Bank from 5 to 7½ per cent, less U.K. income tax at 7s. 9d. in the £.

The Trading Bank's profit at £A1,181,893 shows an increase of 7 per cent on last year's figures. Your directors recommend a final dividend for the year of 8 per cent, less tax, which together with the interim dividend already paid, would maintain the distribution at 12 per cent, less tax; the total amount of this distribution is, of course, a little more than last year due to the increase in capital earlier this year.

Wolseley-Hughes Ltd

Mr. N. G. Lancaster, M.B.E. reports a year of progress

YEAR ENDED 31ST JULY		1959	1960	1961	1962
Issued Ordinary Capital at 31st July, shares of £1 each		£700,000	£705,000	£1,035,448	£1,553,172
Profit of the Group before taxation		£179,958	£273,336	£455,965	£488,194
Net Profit after tax accruing to Ordinary Shares		£92,003	£131,741	£213,369	£223,103
Ordinary Dividends:	Rate, gross	10%	12½%	15%	12%(*)
	Amount, net	£43,104	£53,976	£95,133	£98,303
	Times covered	2.14	2.44	2.24	2.27
Cash Flow:	Depreciation	£52,246	£59,941	£97,894	£94,410
	Profit retained	£48,899	£77,765	£118,236	£124,800

*NOTE: When a rights issue, on the bonus terms of 1 for 2 at par, was made in June, 1962 a total dividend of 12% was forecast.

Wolseley-Hughes Ltd. is a partnership of medium sized specialist engineering companies which, whilst independently managing their respective businesses, have gained much in strength by pooling their technical, financial and commercial resources.

THE FUTURE

On the assumption that trading conditions are not seriously disturbed by factors outside their control, the directors forecast an increase in both turnover and profits during the current year.

A full copy of the Directors' Report and Accounts will be sent on request to:-
THE SECRETARY, WOLSELEY-HUGHES LTD., WOLSELEY WORKS, ELECTRIC AVENUE, WITTON, BIRMINGHAM 6.

PRINCIPAL MEMBER COMPANIES

- **Wolseley Engineering Ltd.,** BIRMINGHAM 6
  makers of Merry Tiller cultivators, Swipe jungle busters, shearers, clippers and electric fencing.
- **Geo. H. Hughes Ltd.,** BIRMINGHAM 24
  makers of wheels, tyres, axles and castors.
- **Adams & Benson (Agricultural) Ltd.,** WEST BROMWICH
  makers of steel farm gates and Kennett farm handling equipment.
- **Rapid Magnetic Ltd.,** BIRMINGHAM 12
  makers of magnetic extracting, separating, detecting, lifting and conveyancing equipment.
- **Nu-way Heating Plants Ltd.,** DROITWICH
  makers of oil fired heating and combustion equipment.
- **O.B.C. Ltd.,** DROITWICH
  distributors of all types of central heating equipment and spares.
- **Accles & Shelvoke Ltd.,** BIRMINGHAM 6
  precision engineers and makers of humane killers.

INTERNATIONAL FINANCIAL SOCIETY LIMITED

RECORD INCOME IN CENTENARY YEAR

MR H. C. DRAYTON REVIEWS COMPANY'S HISTORY

The one hundredth ordinary general meeting of the International Financial Society Limited was held on December 6th in London.

Mr H. C. Drayton (the chairman), who presided, said:

Gentlemen, this is a new experience for me—it is the first time I have presided at a meeting where the Company is 100 years old. We are not quite 100 years old, as a matter of fact, but we came to the conclusion that this was the year to celebrate our Centenary; actually we are 100 years old in May next.

Our gross revenue for the year amounted to £154,025. Of this our dividends and interest, which is the important thing, amounted to £148,600, which is a record for the company as it is in its present form. It is rather pleasing to find that we have got that record of revenue in our centenary year.

As you will see, the Directors are recommending a 12 per cent dividend, and also they are recommending a free capitalisation from their Revenue Reserve of one share for every twenty shares held to commemorate our centenary. This means, in effect, that we shall be taking £28,184 from that Revenue Reserve. If Shareholders endorse the dividend recommendation we shall be able to add £24,600 to our Revenue Account.

INVESTMENT APPRECIATION

If you turn to the Balance Sheet you will see, under the heading "Investments," that the cost of our investments is £1,506,800, and the valuation shows that they are worth £2,470,200. This is an appreciation of 63.94 per cent as against last year's appreciation of 60.47 per cent, so that although we have made a rights issue of one-in-ten to our Shareholders at par, we have been able to show that that money has been well used, and the appreciation overall is greater. This makes the break-up value of the Ordinary Shares 15s. per 5s. share.

It is interesting in this Company, as we are 100 years old, to know that we still have our original Annual General Meeting Minute Book, and we are still using it. In that book, of course, is recorded all the Minutes for 99 years and today's Minutes will make 100.

ORIGINAL PROSPECTUS

We also have the original prospectus when the Company was formed. It may interest you to know that the capital was originally £3,000,000 in 150,000 shares of £20 each. The prospectus says: "The Capital has been subscribed, with the exception of 40,000 Shares, which have been reserved for allotment to the Public."

The prospectus gives all the relevant information which it is necessary to give to Shareholders when subscribing, but of course compared with today's prospectus it perhaps stands out that it leaves out more than it reveals. Nevertheless, as I say, the essentials were there.

When we come to the original Board of Directors I think this will show the good auspices under which this Company started. The Board was composed of Robert Benson, Esq. (Messrs. Robert Benson & Co.), Bonamy Dobree, Junior Esq. (Messrs. Samuel Dobree & Sons) who were bankers; John Frederick Flemmich, Esq (Messrs Frederick Huth & Co.); Robert A. Heath, Esq. (Messrs Heath & Co.); J. S. Morgan, Esq. (Messrs George Peabody & Co.); W. E. Quentell, Esq. (Messrs Frühling & Göschen) and Herman Stern, Esq. (Messrs Stern Brothers). It is a rather imposing list.

Also they had a number of correspondents. I will not read those out to you, but they totalled 16 and they were composed of banks and banking houses throughout the Continent.

What is an interesting thing is the description of the objects of the Company; it is only one paragraph and in fact it might almost be lifted word for word and put in a number of prospectuses which have been appearing lately appealing for money for investment in the international world. It is rather amusing to read what the paragraph says—and it is the only thing in the prospectus excepting the Directors:

> The financial and industrial relations of this country, not only with the Continent of Europe, but with all parts of the world, have increased so largely during the last few years, that corresponding financial facilities have become indispensable. There is scarcely any undertaking of Foreign origin that does not seek the English Market. Governments requiring Loans; Contractors of public works guaranteed by the State; Concessionaires desiring to give effect to the privileges they have obtained; all apply, directly or indirectly, to England for financial support; and in all these cases the operations of the Society can be advantageously exercised.

As I say, we have been used to prospectuses of that sort lately—we have seen quite a lot of them.

Another interesting thing is that in those days Shareholders took an interest in their Company. At the first four Meetings 300 Shareholders turned up, and at the fifth Meeting 250 Shareholders turned up. There were various reasons for that. The first one or two Meetings they attended in hope, and the next two or three they attended to see why the hope had not materialised—but we need not go into that. (Laughter.)

A further interesting fact about the Company is that our first General Manager was William Hope, V.C. Now William Hope was a Lieutenant in The Royal Fusiliers (City of London Regiment). He won his V.C. in the Crimean War, and I would just like to read the citation out to you:

> "Lieutenant William Hope, 7th Regiment, The Royal Fusiliers (City of London Regiment). Date of Act of Bravery: 18th June, 1855. After the troops had retreated on the morning of the 18th June, 1855, Lieutenant W. Hope, being informed by the late Sergeant-Major William Bacon, who was himself wounded, that Lieutenant and Adjutant Hobson was lying outside the trenches badly wounded, went out to look for him and found him lying in the old agricultural ditch running towards the left flank of the Redan. He then returned and got four men to bring him in. Finding, however, that Lieutenant Hobson could not be removed without a stretcher, he then ran back across the open to Egerton's pit, where he procured one, and carried it to where Lieutenant Hobson was lying. All this was done under a very heavy fire from the Russian batteries.—London Gazette, 5th May, 1857."

He was the third man in that Regiment with the V.C. and he was the first Officer of that Regiment to win the V.C.

The interesting thing about that citation is that you will observe that the gallant deed took place in 1855 and the Victoria Cross was not inaugurated until 1857, so that although he got the award in 1857 the deed was actually accomplished earlier.

CURRENT DIVIDEND PROSPECTS

You will appreciate that since the end of the year we have made a rights issue to shareholders of one-in-ten at par, which in itself is a substantial bonus. Also, if you approve the resolution to issue free one share for every twenty held to commemorate the centenary, this will make our ordinary capital ranking for dividend for the current year £648,230, as against £563,678. Naturally, what you will want to know is what dividend you can expect for the current year. Our able Secretary and Manager has made an estimate for the current year, we have had a look at it, and having done so I think you can take it you need have no fear of our not being able to recommend a dividend at the rate of 12 per cent and there will be a comfortable margin over.

The report and accounts were adopted and the proposed scrip issue approved.

NORTH ATLANTIC SECURITIES CORPORATION

CONTINUED PROGRESS

The eighth annual general meeting of North Atlantic Securities Corporation Limited was held on December 10th in London, **The Rt Hon. Lord Latymer** (the chairman) presiding.

The following is an extract from his circulated statement:

Both our gross revenue and net revenue show a modest increase over last year. Your Directors are recommending a final dividend of 4 per cent to make with the interim dividend already paid a distribution for the year of 5½ per cent, which is the same as last year.

The value of the net assets of the company at September 30, 1962, was £3,918,824, or 8s. 2d. per share cum dividend, as compared with £4,249,662 or 8s. 10½d. per share cum dividend at September 30, 1961. This decline in value of some 7½ per cent has occurred in a period when falls in stock market prices were widespread and in some cases considerable. As a matter of interest, between these two Balance Sheet dates the Financial Times Industrial Share Index was down 9 per cent and the Dow Jones Indices of American Industrial Shares and American Utility Shares were down 17½ per cent and 4 per cent respectively.

Our usual estimate of income indicates that our revenue for the current year will be at least maintained.

The report was adopted.

KENNINGS LIMITED

EST. 1878

DISTRIBUTORS OF MOTOR VEHICLES, PETROLEUM PRODUCTS AND TYRES. SERVICE SPECIALISTS.

YEAR ENDED 30th JUNE 1962

	1962	1961	1960
Issued Capital	2,000,000	1,800,000	1,504,413
Group Net Assets	5,573,203	5,228,227	4,135,630
Group Net Profit before Tax	1,156,012	1,138,237	932,488
Available for Distribution	554,370	531,514	494,120
Retained in Business	327,132	310,402	300,435
Dividends (Net)	227,238	221,112	193,685

Ordinary Dividend (20%) covered by Net Earnings 2.4 times

Copies of the 1962 Report and Accounts may be obtained from the Secretary, Head Office, Kenning House, West Street, Chesterfield

J. & F. STONE LIGHTING & RADIO LIMITED

	1962	*1961*
Profit of the Group	£908,417	*£890,969*
Taxation	£495,000	*£470,000*
Dividend (30% equivalent to 45% on old capital)	£330,750 30%	*£257,250 35%*
Issued Ordinary Capital	£1,800,000	*£1,200,000*
General Reserve and Unappropriated Profits	*£481,500	*£998,833*

* After providing £600,000 for share bonus in January, 1962.

Turnover in the year to 30th June, 1962, was in excess of the previous year, cash sales further increased and rental business expanded. Ten new branches were opened and 17 older branches extended and modernised.

Cash resources totalling £1,190,330 although in excess of trading requirements for the time being were steadily being utilised for the expansion of the Group. This development would continue by the opening of individual stores by the Company and by the acquisition of established businesses when appropriate opportunities were available.

UNITED CITY MERCHANTS LTD

Logical expansion of the Group

Points from the Statement of the Chairman, **Mr E. C. Sosnow**

At the 27th Annual General Meeting of United City Merchants Ltd. (formerly Whiteley Stevens [Holdings] Ltd.) held in London on December 7th.

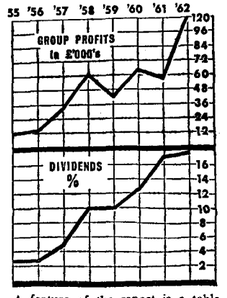
TRADING PROFITS after deducting all charges but before tax £119,080.

ORDINARY DIVIDEND 17½ per cent.

ADDITION OF GORDON, WOODROFFE GROUP. The Group has continued its logical expansion. Its import-export interests have been merged with those of the Gordon, Woodroffe Group, which has much widened U.C.M.'s international trading activities. Mr Robin Brook has joined the Board of United City Merchants Ltd. as Deputy Chairman.

The textile side of U.C.M. has been strengthened by the acquisition of the Kirkland Group.

PROSPECTS. Trading during the current year is satisfactory. Trade relations with Iron Curtain countries are still expanding, and the Group is working towards further expansion of its trade in Common Market countries.



A feature of the report is a table showing the development of the Company since 1955 when its present Chairman (Mr E. C. Sosnow) joined the Board.

BIRMID INDUSTRIES

SATISFACTORY RESULTS

The Annual General Meeting of Birmid Industries, Ltd., was held on December 11th at Birmingham, **The Most Hon. The Marquess of Exeter, KCMG,** the chairman, presiding.

The following is an extract from his circulated address:

For the year ended July 31, 1962, while Group earnings before taxation are lower than those for 1960-61, the amount of Net Profit remains approximately the same as a result of the favourable effect this year of certain taxation reliefs. The fall in Gross Profits continues the trend of narrower profit margins reported last year. The results of a full year's trading by Sterling Foundry Specialties Limited acquired in July, 1961, and a welcome initial contribution to Group profits by our Australian subsidiary have helped to offset this trend somewhat.

An adverse factor was the National wage increase agreed with the Engineering Unions, much of which has been absorbed by your companies, thus adding one more to the long list of wage advances not compensated by or related to increases in production. Having regard to all factors your Directors consider the results to be very satisfactory in the circumstances and recommend that a final dividend of 15 per cent should be paid, bringing the total to 20 per cent, the same as last year.

PRODUCTION AND SALES

Demand from the Automobile Industry has improved somewhat in recent months but, at the time of writing this address, there is some slight evidence of the beginning of the seasonal fall-off which we have come to regard as normal these last two or three years. At the same time there is considerable surplus capacity, certainly in the ancillary industries such as ours, with the effect of making competition extremely keen and buyers equally so.

The aircraft industry is in a very uncertain condition due to the great reduction in Services' demands. It would appear, however, that there is somewhat more optimism amongst manufacturers.

COMMON MARKET POSSIBILITIES

Your Directors now have to consider the possible effects on your Group Companies in the event of Great Britain joining the Common Market. Such an event could expose our domestic business to keen competition from the Continent but, on the other hand, could open up market possibilities in Europe which have hitherto been largely inaccessible for most of our manufactures which consist of basic engineering supplies.

Your several companies have been very active this last year in exploring Continental possibilities by market researches and programmes of direct personal sales approach in a number of countries. Without being unduly optimistic, I think I can say that prospects in some directions appear to be better than at one time was thought.

The overall taxation has varied in our favour this year but is still well in excess of 50 per cent of our total earnings. This is a burden too high for Industry to bear if it has to keep itself equipped with the facilities necessary for successful participation in the Common Market.

The report and accounts were adopted.

NEEPSEND STEEL & TOOL

The forty-second Annual General Meeting of Neepsend Steel & Tool Corporation Limited was held on December 6th at Sheffield, **Mr F. K. Gardiner, JP** (Chairman) in the chair. The following is an extract from the circulated Statement.

There has been a falling off in the activities of certain of our companies. It is gratifying, therefore, that the Trading Profit has declined by less than £120,000. The indications are that the present year's trading may show a further decine in profit, although I am hopeful this will not be too pronounced.

Earlier in the year I informed shareholders of the acquisition of the freehold factory Apex Works, Shiregreen, Sheffield, to enable us to develop still further the manufacture of small tools of various types. This factory has now been fully equipped and is in production.

The Trading Profits for the year before taxation have amounted to £1,355,552 as against a figure of £1,473,348 in the previous year.

The report and accounts were adopted.

At a subsequent extraordinary general meeting resolutions were passed capitalising £1,274,061 of undistributed profits for the purpose of distributing fully paid shares in the proportion of one for every 5s. unit of Ordinary Stock held; amending the Articles of Association so as to entitle Preference shareholders to a fixed cumulative Preference dividend of 10 per cent per annum in lieu of the present fixed rate of 6 per cent per annum with participating rights up to 10 per cent and reducing the capital by returning 1s. 8d. in respect of each 5s. share held.

LAKE VIEW AND STAR

The fifty-second Annual General Meeting of Lake View and Star Limited was held on December 6, 1962, in London.

Mr R. H. A. Neuschild (the Chairman) in the course of his Speech said: A final dividend of 1s. 6d. per share is again recommended which, together with the interim dividend of 1s. paid in June, makes a total of 2s. 6d. per share for the year ended June 30, 1962.

Mining surplus for the year at £432,451 was £5,502 higher than for the previous year.

Costs which show a decrease of 1s. 6d. per ton were helped by a reduction in the basic wage of 1s. 8d. Australian per week from October 30, 1961.

The ore reserve position has been maintained, there being a small increase of 11,100 tons despite the milling of 774,732 tons from the property.

The development footage at 27,673 feet is slightly in excess of last year and results were again satisfactory. Work carried out on the lowest level of the Chaffers Shaft disclosed better than average results.

Power costs per kWh have been reduced quite substantially by going over to the heavier grade of oil fuel and a further reduction in the yearly cost is expected during the current year.

As a final remark I would mention that for the first five operating periods of the current financial year estimated mining surplus was £161,778 which compares with £160,598 for the corresponding period of 1961.

The reports and accounts were adopted.

WILLOWS FRANCIS LIMITED

ASHLEY WORKS EPSOM, SURREY

Pharmaceutical Manufacturers Since 1751

Salient points from the Chairman's Statement and Accounts presented at the Annual General Meeting held on December 6, 1962.

	Year Ended 30th June	
	1962	1961
Group Profit before Taxation	£80,608	£64,808
Group Profit after Taxation	£40,237	£30,960
Ordinary Dividends for year (less tax)	22½%	17½%
Cover for Ordinary Dividend	2.85	2.74

Profits

The Group Profits before Taxation have increased from £64,808 to the record figure for the Group of £80,608. This is an increase of over 24 per cent.

Capitalisation

The proposals to increase the Authorised Share Capital by 600,000 Ordinary Shares of 2s. 6d. each and for a bonus issue of 150,400 2s. 6d. Ordinary Shares in the proportion of one for every five held on November 9, 1962, were approved.

Reserves

The Group's reserves have increased from £3,996 in 1950 to £191,026 in 1962. Even after this large increase the rate of profit on the equity capital employed is 26 per cent.

Products

The Company sells to the veterinary, dental, medical and pharmaceutical professions and exports to over 90 countries, with some 60 specialised products and many pharmaceutical formulations. Export sales now account for over a quarter of the Company's total sales.

Prospects

The results for the current year so far are good and it is hoped in the absence of unforeseen circumstances to maintain the dividend of 22½ per cent on the issued ordinary capital as increased by the bonus issue.

RANSOME & MARLES BEARING CO. LTD.

TRADING PROFIT INCREASED

The forty-sixth Annual General Meeting of Ransome & Marles Bearing Company Limited was held on December 6th at Newark, Notts, **Mr Edward W. Senior, CMG,** the chairman, presiding.

The following are extracts from his circulated statement for the year ended June 30, 1962:

Last year I expressed the hope that we should maintain a level of output to produce a satisfactory year's trading. In the light of the conditions which have obtained during the year I feel sure you will agree that hope has been fulfilled. The effect of the continuing credit squeeze was felt in varying degrees from different industries, whilst the one day strikes—which affected all engineering industries—and the more serious strikes in some customers' factories in the later part of the year naturally had their adverse effect on our turnover.

Pressure on profit margins continued but in spite of these circumstances the net trading profit, after higher depreciation, increased from £1,354,051 to £1,369,940. The net profit of the Group after tax is £766,455 compared with £759,419 in the previous year, the profit of the Holding Company being £721,368. Your Directors recommend a final dividend of 10 per cent making 14 per cent for the year.

It is gratifying to report that our exports again increased by 15 per cent. So far as our own subsidiaries are concerned, South Africa and Canada improved on last year's performance, but Australia showed a slight fall as a result of the difficult economic conditions in that country throughout the year. The total turnover, however, showed an increase.

MAINTENANCE OF COMPETITIVE POSITION

During the year the Holding Company spent £968,572 on Plant, Fixtures and Vehicles. This investment is designed to maintain our highly competitive position but to achieve this it is necessary for all employees to give of their best to ensure that the new plant and equipment is operated with maximum skill and efficiency. If this is so and labour does not make demands disproportionate to the increase in productivity, then they themselves will benefit by continuity of employment with improving conditions, shareholders will benefit, and so will customers in obtaining a quality product at a competitive price.

Sales for the first three months of the current year show a modest increase and the order book stands at a satisfactory level. It is difficult, however, to make an assessment of the prospects for the current year. Optimistic Government forecasts of expansion in the economy have not so far materialised. However, there are signs that at last the Government may, during the Autumn, take further steps to expand the economy.

We have the resources to take advantage of any expansion in demand, and whilst we live in a world of over capacity, keen competition, and lower profit margins, I am confident that every effort will continue to be made to maintain our fair share of what we hope will be an improving market.

The report and accounts were adopted.

HOLDERS INVESTMENT TRUST LIMITED

ABNORMAL RESULTS

MR LIONEL BARBER'S STATEMENT

The twenty-ninth annual general meeting of Holders Investment Trust Limited will be held on December 31st at Winchester House, Old Broad Street, London, E.C.

The following is the circulated statement of the chairman, **Mr Lionel Barber, FCA:**

The net earnings of the Group for the year ended July 31, 1962, were substantially lower at £453,761 before taxation, than those of the previous year. The reduction was envisaged when your Board gave consideration to the declaration of an interim dividend last June.

Unfortunately, William Hill (Football) Limited, the subsidiary which contributed £515,683 to net profit last year, incurred a loss of £80,049 in the year under review, and, whilst William Hill (Glasgow) Limited did not suffer to the same extent that Company's net profit showed a reduction of £124,608. Both these Companies operate Fixed Odds Football betting in which an abnormal run of results in favour of our customers was the cause of the disappointing results to Shareholders.

Likewise, the net profit of William Hill (Park Lane) Limited (which subsidiary was acquired on July 31, 1961) at £235,430 for the year ended July 31, 1962, is less than can normally be expected due in the main also to abnormal results in the Autumn of 1961.

BETTING SHOPS

"Here I think I might say that your Trust is not in any way concerned with the operation of Betting Shops and there is no intention of embarking into that field. On the other hand we are mindful of the support from Betting Shop proprietors in the distribution of our Fixed Odds Football Coupons, and to those Bookmakers who take advantage of the hedging facilities we provide in Horse-racing.

Our subsidiary in Northern Ireland, debretta limited, enjoyed another year of progress. Looking back there is every reason to be satisfied with this acquisition and although the current year has presented trading difficulties your Directors are confident as to the continued prosperity and inherent soundness of the business.

The new building is now in the occupation of William Hill (Park Lane) Limited and William Hill (Football) Limited and is operating smoothly with as much integration as is conveniently possible. Your Trust has not yet granted a lease to either of these two subsidiary Companies but will be doing so in due course.

The popularity of The William Hill Fixed Odds Football Coupon continues to grow in spite of increasing competition both local and national.

CURRENT SEASON'S PROSPECTS

As to the current season, both Football and Racing, your Directors are satisfied, without complacency, with the weekly turnovers achieved and although Saturday, October 13, 1962, resulted in the all-time record pay out in Fixed Odds Football betting of approximately £1.3 million the indications at present are that the net results on the season could be substantially better than those of last year.

Once again on your behalf and on behalf of all the Directors within the Group, I wish to place on record thanks for the loyal and efficient service of all employees [illegible]

THE CICELY RUBBER ESTATES COMPANY

MR F. S. PHYSICK ON IMPORTANCE OF RETAINING MARKETS

The fifty-seventh annual general meeting of The Cicely Rubber Estates Company, Limited, was held on December 5th in London, **Mr F. S. Physick** (the chairman) presiding.

The following is an extract from his circulated statement:

Due to certain adverse circumstances—excessive rainfall and early wintering together with loss from wind damaged areas—the year's crop fell short of the estimate by 22,042 lbs. This crop, however, at 1,894,508 lbs. shows a satisfactory increase of 206,748 lbs. over the previous year's output.

In last year's Review I recorded a decline in the average price realised (ex Malaya) for our rubber from 28.09d. to 24.78d. per lb. This year there has occurred a further decline to 21.41d. Although the result is a lower profit per lb. this development is not unhealthy. Derived from the planting of higher yielding trees, the objective is to produce more rubber at a lower cost per lb. thereby to face up to the ever increasing challenge coming from manufacturers of synthetic substitutes. Meantime the important point is to retain markets wherein the natural commodity is certainly not inferior to that of synthetics—remembering that markets once lost are not easy to recover.

To this end, improved marketing method is receiving close attention. The most encouraging feature is that world demand for rubber, which of course includes both natural and synthetic, is growing apace.

The report was adopted and a dividend of 20 per cent approved.

EDUCATION AND COURSES

EXPERT POSTAL TUITION for examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPOLITAN COLLEGE, ST. ALBANS

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

THE POLYTECHNIC

REGENT STREET, LONDON, W.1.

THE FERRANTI NEBULA CODE

(for commercial programming)

will be held on

Fridays from 6.30-8.00 p.m.

commencing 11th January, 1963.

THE FERRANTI AUTOCODE

(for scientific and engineering programming)

will be held on

Mondays, from 6.30-8.00 p.m.

commencing 14th January, 1963

Applications should be made to the Head of the Department of Mathematics and Physics

B.Sc. (ECON.)

LONDON UNIVERSITY

U.C.C., founded in 1887, successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts.—Prospectus, giving details of Courses for other London Degrees, G.C.E., Law Exams., etc., from Registrar, University Correspondence College, 60 Burlington House, Cambridge.

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.Econ. (three, if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London University B.Sc. Economics Exams., 1950-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from F. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

WOLSEY HALL, OXFORD

BUSINESS AND PERSONAL

A FOREIGN LANGUAGE in a few months for yourself or your staff, with the easy ASSIMIL way. You assimilate the language and acquire the accent naturally by listening to the living language on gramophone records with an illustrated book to guide you. Preliminary and Complete Courses in French, German, Italian, Russian and Spanish. A Pitman Follow-on course available for technical and commercial expressions.—Details from ASSIMIL, 79 Farncombe, Godalming, Surrey.

AFTER the Common Market—A United States of Europe?—Write to Federal Union, 10 Wyndham Place, London, W.1.

DIRECTORS needing able office staff (m. and f.).—Consult Stella Fisher Bureau, 436 Strand, W.C.2. TEMple Bar 6641.

EXPORT OPPORTUNITIES brought to your notice by Export Service Bulletin, thrice weekly, 10 gns. annually.—Specimen copy from Board of Trade (K), Hillgate House, 35 Old Bailey, London, E.C.4.

FRENCH by Tape Recorder. Captivating individual lessons own home by post. Vividly alive. Rapid success (also Spanish). —To enrol, write: COURS VI.CUS, 22, University Street, Belfast, 7.

IMPERIAL CHEMICAL INDUSTRIES LTD. wish their Customers, Stockholders and Associates a Happy Christmas and a Prosperous New Year. I.C.I. hopes that these seasonable greetings will be no less acceptable, now that the Company has ceased its previous practice of sending them individually by greetings cards.

PHOTOGRAPHIC GIFTS. Free 36-page guide from Wallace Heaton Ltd., 127 New Bond Street, W.1.

CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in Canada with Limited Liability). DIVIDEND NOTICE. ORDINARY CAPITAL STOCK. At a Meeting of the Board of Directors held today a final dividend of Seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1962, payable in Canadian Funds on February 28, 1963, to shareholders of record at 3.30 p.m. on January 7, 1963. By order of the Board, T. F. TURNER, Secretary. Toronto, December 10, 1962.

CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in Canada with Limited Liability). DIVIDEND NOTICE. PREFERENCE STOCK. At a Meeting of the Board of Directors held today a final dividend of Two per cent on the Preference Stock was declared in respect of the year 1962 payable on February 1, 1963, to stockholders of record at 3.30 p.m. on December 31, 1962. By order of the Board. T. F. TURNER, Secretary. Toronto, December 10, 1962.

APPOINTMENTS

BBC requires Talks Producer in Manchester to work mainly on topical magazines in Sound Broadcasting. Opportunities may develop later for producing Sound talks and feature programmes of greater length and for work in Television. Applicants must have a good education and keen interest in people and current affairs. Knowledge of the North and experience of journalism or broadcasting desirable. Salary £1,380 (possibly higher if qualifications exceptional) rising by five annual increments to £1,780 max. p.a. Requests for application forms (enclosing addressed envelope and quoting reference 62/G.198 [illegible]) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

MINISTRY OF POWER

PRINCIPAL SCIENTIFIC OFFICERS

Two pensionable posts in London for men or women for work in connexion with research and development in the field of fuel and power, interpreting information obtained, and making technical and economic assessments of trends and developments in this field and of research and development projects. Qualifications: normally 1st or 2nd class honours degree, or equivalent, in relevant branch of science or engineering. Experience in research, development, or operation in a branch of the fuel and power field desirable. Qualifications or experience in economics, statistics, or making technical and economic assessments of projects or developments an advantage. Salary scale (Inner London) £1,850—£2,580. Starting salary may be above minimum. Promotion prospects. Write, Civil Service Commission, 17, North Audley Street, London, W.1, for application form, quoting S/5505/63. Closing date January 16, 1963. (3)

THE UNIVERSITY OF SASKATCHEWAN, SASKATOON

Applications are invited for the positions of Assistant Professor and Associate Professor of Economics. Applicants should have the degree of doctor of philosophy preferably with specialization in economic theory. Salary will be $7,000 to $11,800 depending on qualifications. Pension and other benefits are available. Teaching duties commence in September, 1963.

Letters of application noting qualifications and experience and naming three referees, should be sent to the Head, Department of Economics and Political Science, The University of Saskatchewan, Saskatoon, Canada.

BRITISH TECHNICAL ASSISTANCE

BIOMETRICIAN FOR WESTERN NIGERIA

The Department of Technical Co-operation invites applications for a technical assistance appointment of Biometrician in Western Nigeria.

DUTIES: To assist in the design and subsequent analysis of field experiments carried out on a large range of crops.

QUALIFICATIONS: Candidates must have a good honours degree in mathematics with 2 years post-graduate experience in agricultural statistics.

TERMS: Appointment will be for two terms of 18 months each in the first instance, with salary in range £1,100-£1,500 and tax-free overseas allowance of £1,485 (married) and £935 (single). Additional allowances payable in respect of dependent children. Free passages for officer and family. Free furnished accommodation. Free medical and dental treatment.

Applicants should send their full name and brief particulars of their qualifications and experience to Director of Recruitment, Department of Technical Co-operation, Sanctuary Buildings, Great Smith Street, London, S.W.1, quoting RC.213/106/02.

For further appointments see page 1167

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER IN GOVERNMENT (with special reference to International politics). Salary scale £1,150 to £1,950 per annum, initial salary according to qualifications and experience. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent, not later than January 15, 1963, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for one or more temporary posts at the grade of LECTURER or ASSISTANT LECTURER in ECONOMIC DEVELOPMENT in the Faculty of Economic and Social Studies. The tenure of the appointment will be for a period of not more than three years. Applicants should have field experience, preferably in South America, South-East Asia or Africa, or knowledge of China. Salary scales per annum as follows: Lecturer £1,150 to £1,950; Assistant Lecturer, £900 to £1,050. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than February 16, 1963, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

COMPANY AFFAIRS

The Christmas account on the London Stock Market began on a quiet note and equities failed to maintain their good showing of the previous week. The warning from Tube Investments and the surge of new issues were among factors depressing prices. But these took a better turn on Wednesday, with steel shares to the fore on the better than expected results. The bid for Whitehead seemed to offset the lower output figures for November and steel equities went farther ahead on Thursday. Oil shares have also been a good market. Over the week to Wednesday The Economist *indicator gained* 0.9 *point to* 348.9. *Gilt-edged have been firm, but the Republic of Iceland* 6½ *per cent loan went to* 1⅛ *discount.*

Steel Profits, Losses—and a Bid

THE surprise of this season of steel results, where the recovery in profits in the second half of the year to end-September has confounded the gloomiest fears expressed in the market, is this week's announcement by the directors of Stewarts and Lloyds that they have asked the board of Whitehead Iron and Steel to agree to a meeting of their respective financial advisers "with a view to agreeing terms" for a takeover of Whitehead. Whitehead cut its dividend this week, and this move came as a complete surprise to its board. Currently, Stewarts and Lloyds' own steel-making capacity is well in excess of the requirements of its own tubeworks and it has found it increasingly difficult to sell ingots, semi-finished steel and hot rolled strip to other concerns. It may therefore see the need to have such a re-roller as Whitehead under its own control. The acquisition of Whitehead, which has been buying billets from the Commonwealth, would produce only a modest degree of diversification for Stewarts and Lloyds; but it might look to be diversification in the right direction.

Stewarts and Lloyds.—At the same time as it is thinking of adding to its rolling capacity by taking Whitehead under its wing, Stewarts and Lloyds "having regard to the short-fall in the anticipated demand for iron and steel in comparison with previous estimates" is deferring "for a limited period" the construction of additional iron making capacity at Corby. This puts £18.5 million of outstanding capital developments of £38.8 million into suspense. Both this decision and the approach to Whitehead square with Stewarts and Lloyd's recent trading experience. Its production of steel ingots fell from 1.7 million tons to 1.5 million tons in 1961-62 and its output of steel tubes from 905,000 tons to 855,000 tons and of spun iron pipes from 493,000 tons to 431,000 tons. This is reflected in the fall in sales from £158 million to £147 million and in profits from £14 million to £10.8 million. The directors attribute the decline not only "to narrowing profit margins in home and export markets and to severe competition in the export trade of tubes and pipes" but also to "a substantial decline in the demand for pig iron and semi-finished steel." In these circumstances it is not surprising that it has deferred further investment in iron-making capacity and that it is seeking a more assured outlet for its semi-finished steel. As expected the dividend is maintained at 15 per cent and following the fall in net income from £7.4 million to £6.2 million it is now covered just under twice.

Whitehead Iron and Steel.—The price which Stewarts and Lloyds would be prepared to pay for Whitehead and the price at which Whitehead would be prepared to be taken over are still the companies' own secrets. But the difficulty in framing a price agreeable to both sides has not been made any easier by the odd mixture of good and bad which this week's preliminary statement from Whitehead contained. The good is that while trading profits fell by 17½ per cent there was a marked recovery in profits in the second half of the year. Then gross profits amounted to £535,000, against £321,000 in the six months to end-March and £456,000 in the six months to end-September, 1961. Yet, in the face of this improvement, the final dividend has been cut from 8¾ to 6 per cent, reducing the total payment from 15 to 10 per cent.

STEEL PROFITS AND DIVIDENDS

£ million

Year to September 30	Sales 1961	Sales 1962	Profits before depreciation 1961	Profits before depreciation 1962	Depreciation 1961	Depreciation 1962	Net profit 1961	Net profit 1962	Dividend per cent 1961	Dividend per cent 1962	Price 13.12.62	Yield per cent
John Summers	—	—	13·18	15·82	4·72	5·18	3·65	4·41	10	11¼	34/6	6·7
Steel of Wales	133·0	135·0	23·25	18·58	8·31	8·99	6·93	3·56	10	10	26/-	7·7
Stewarts and Lloyds	158·4	146·9	19·04	16·03	5·04	5·21	7·41	6·20	15	15	37/6	8·0
South Durham	—	—	7·09	4·10	2·18	3·00	1·02 Dr	0·95	10	Nil	9/10½	—
Whitehead Iron	16·4	—	1·28	1·06	0·22	0·20	0·49	0·46	15	10	46·3	4·3

As net profits have hardly changed, the cover on the dividend has improved from just over twice to nearly three times. The fact that cash and securities amounted to 23s. 6d. per share at the end of September, 1961, only makes the dividend decision more mystifying. In January, in referring to the company's poor prospects, the chairman, Mr G. H. Latham, said it was wrong "to concentrate too much on the short term." In cutting the dividend, the directors may therefore have taken a longer—and gloomy—view. Now that a bid is in the offing, they may wonder whether such caution pays. The market, on the other hand, has rejoiced, putting the Whitehead shares up 3s. 9d. on the results and another 12s. 6d. on Stewarts and Lloyds' approach so that they now stand at 46s. 3d.

Steel Company of Wales.—Neither the results nor the maintained dividend of Steel of Wales came as a surprise. Profits were revealed when ISHRA offered the 5¾ per cent second debenture for sale last month and a maintained dividend of 10 per cent was forecast when the interim was cut from 5 to 3¾ per cent in June. This followed a disastrous six months when, largely as a result of the bricklayers' strike, profits before all charges fell from £12.3 million to £7.5 million. But the effects of February's price increases on sheet and tinplate and a bigger demand for sheet from the motor industry pushed profits up to £11 million in the second half of the financial year. Steel of Wales has been particularly dependent upon exports in the past and here margins have been shaved. This must be reflected at least in part in the fall in gross profit margins from 17.5 to 13.7 per cent in the face of a small increase in total sales in 1961-62. As sheet steel capacity expands both in this country and on the Continent, darker shadows creep across Steel of Wales's prospects and its shares offer one of the highest yields among steel equities.

John Summers.—The rise of 2s. 9d. to a 1962 peak of 37s. 6d. in the £1 shares of this company on Thursday shows how far hopes of a slight increase in profits and a maintained dividend have been exceeded. Profits have risen by 20 per cent and the final dividend has been set at 7½ per cent after the one for two scrip issue. This raises the payment for the year from the equivalent of 10 to 11½ per cent, covered 2.6 times after relief for investment allowances. For the first six months of the year profits before all charges were about 3 per cent lower but, as with Steel of Wales, profits made a strong recovery in the second half. They amounted to £8,767,000, against £7,050,000 in the October-March period and £5,925,000 in the corresponding period of 1961. These results reflect the strong demand for sheet from the motor industry and elsewhere and benefits from the major development programme which has now been completed at Shotton, where the major part of Summers' light steel production is concentrated.

South Durham Steel and Iron.—Having nitted the interim dividend, the directors ive now passed the final dividend, giving outh Durham the doubtful distinction of eing the first steel company since de-tionalisation not to pay a dividend. The iares lose their trustee status; but that the least of the company's worries for it is to grapple with a major financing prob-m. A year ago the directors announced eir intention of raising £10 million in e next eighteen months. This seems rdly feasible after a year in which a profit fore tax of £2,122,000 was turned into a ss of £1,949,000 and when substantial terest charges were only partially covered profits after a depreciation charge of 3 million (against £2,175,000). The sults reflect a substantial expansion in pacity at a time when there has been a arp fall in demand for plate and for other eavy steel components (including pipes r the oil industry). Demand for these eavy products seems unlikely to catch up ith capacity for some years and the heavy rden of depreciation and interest charges ggests that a resumption of ordinary divi-nds may be a long way off. Indeed the mpany's future seems to rest largely in e hands of the Finance Corporation for dustry and Barclays Bank which together ave loans outstanding of over £40 million. lore than half of these loans are due for payment between 1963 and 1967. FCI so has a holding of £1 ordinary shares hich bought at par now stand at 9s. 10½d.; the palmy days of 1959-60 the shares ood at over 60s.

International Computers

I·C·T

THE £1 shares of International Computers and Tabulators have not moved far from their 1962 low point of 2s. 6d. since October but the yield at 4s. 6d. is still only 2¾ per cent. The latest esults for the year to end-September do ot point to an early return to this year's eak of 122s. 6d. ICT's total revenue rose rom £28 million to £31 million and its rading profit by 15 per cent from 9,624,000 to £11,169,000; but as in 960-61 this probably does not reflect the ull increase in business as depreciation on lata processing equipment rose by over a uarter from £4,521,000 to £5,750,000 and nuch of this provision still presumably re-ates to machines on rental. There was nother sharp rise in the interest charge so hat profits before tax fell from £3,318,000 o £3,115,000. The large proportion of usiness out on rental means that profits as in the case of television rental com-anies) are deferred for the future. In the neantime shareholders receive, as in the ast two years a dividend of 11¼ per cent. his is covered 2½ times after allowing for he tax relief on investment allowances, or ½ times if no account of the relief is taken.

The rapid growth of the company's usiness continues to strain the group's finances and the sharp rise in the interest charge from £965,000 to £1,238,000 no doubt reflects the further use of short-term finance. The current yield still looks a long way ahead; even in electronics shares, investors may soon begin to wonder when the growth in business will be translated into bigger dividends.

Distillers

FOR the six months to September 30th the consolidated income before tax of Distillers was only £107,000 lower at £15,947,000. This was a better outcome than seemed likely in view of the increased duty on whisky and gin and the keen competition encountered by the chemicals and plastics interests. Sales of whisky and gin in the home market were slightly below those for the corresponding period in 1961 and while export sales were higher the additional profit was largely offset by advertising and other expenses. This suggests that Distillers is not finding it easy to maintain its share of exports to the United States in the face of the growing competition from other brands. On the industrial side the slight improvement in prices and demand noted by the chairman, Sir Graham Hayman, in August now seems to have assumed the "more tangible proportions" that he forecast it might. If this improvement is maintained the directors forecast that "overall earnings for the full year should be of the same order as the previous year." As expected the interim dividend has been left unchanged at 6 per cent and on a maintained 13½ per cent dividend the 10s. shares at 34s. yield 4 per cent.

Tailoring Profits

LAST month Mr R. E. Chadwick, the chairman of J. Hepworth and Son, in comparing that company with Montague Burton, said: "We are a very small puppy dog barking at the heels of a very big St Bernard." How lively a puppy dog can be is seen in the results of the two companies for the year to end-August. Hepworth's pre-tax profits rose by 6¾ per cent from £771,000 to £822,000 and those of Montague Burton fell by 20 per cent from £4,281,000 to £3,395,000. The trading period covers the bad spring weather and several months' trading after the increase in purchase tax, but for Hepworth these adverse factors were more than offset by the success of Mr Hardy Amies' venture into men's clothing. Shareholders have reaped the benefit, for the ordinary dividend has been raised from the equivalent of 10 to 15 per cent and the tax-free bonus is effectively maintained at 2½ per cent. On the combined payments the 10s. "B" shares at 56s. 6d. yield 3¼ per cent. The current year has also started off on a good note with a successful presentation of the latest collection of Hardy Amies styles and trading is now apparently a little better than in the spring.

Shareholders of Montague Burton will hope for similar news from their chairman, Mr L. Jacobson, but meanwhile they can find some consolation in the rounding up of the dividend from 6¾ to 7 per cent, covered about twice. The results moreover were a little better than seemed likely from the forecast made at the time of the debenture issue in August when pre-tax profits were estimated at about £3,060,000. Higher clothing and footwear sales in August may have helped. Sales were again good in September but they fell away in October and it remains to be seen whether the trading difficulties of the tailoring trade are really on the wane. Unless they are, the low yields of 3¼ per cent and 3¾ per cent on the ordinaries at 22s. 1½d. and the non-voting "A"s at 18s. 6d. in Montague Burton are not justified. Both shares have fallen by about a third from their 1962 peaks and investors have obviously noted the enterprise of Hepworth and the entry into men's tailoring of C & A.

Brewing Results

THE duty surcharge, the prolonged winter and the reduction in economic activity checked the rise in beer consumption in the brewers' year to end-September but brewing profits appear to have held up well.

Arthur Guinness.—Sales in the year to end September were slightly below the record level of 1960-61 but trading profits rose by £146,000 to £9,599,000. Higher capital expenditure however led to a sharp rise in the depreciation charge from £1,464,000 to £1,831,000 and left gross profits £221,000 lower at £7,768,000. Some of this expenditure relates to the new "Harp" lager plants and Guinness has struck its brewing profits after charging all expenses relating to the "Harp" lager venture. Even so, they were still slightly higher than in 1960-61, which suggests that profits from stout were higher. Draught container stout may have played its part and there are signs that Guinness is holding down its costs. On the other hand, non-brewing profits fell and, clearly, Guinness's confectionery interests felt the effect of the purchase tax introduced in the last budget. The dividend, maintained at 22 per cent, is still covered 1¾ times and the 10s. shares at 44s. yield 5 per cent.

Bass, Mitchells and Butlers.—An interim report from this brewery suggested that consolidated "disposable profits" would not be very different from those of 1960-61. This has proved to be slightly on the pessimistic side, for in the first full year of the merger the group's gross profits rose from £8,670,000 to £8,986,000 and, ignoring the previous year's exceptional profit arising from the duty surcharge, net equity earnings rose from £3,876,000 to £4,091,000. The dividend, held back by the request for restraint in 1960-61, has been raised from 11 to 12½ per cent and is still covered about twice by earnings. The results suggest that the group may have benefited from the

Continued on page 1164

STOCK PRICES AND YIELDS

LONDON : NEW YORK : FRANC[E]
GERMANY : HOLLAND : ITAL[Y]
BELGIUM : SWEDEN : NORW[AY]

Prices, 1962 High	Prices, 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Dec. 5, 1962	Price, Dec. 12, 1962	Net Red. Yield, Dec. 12, 1962§	Gross Red. Yield, Dec. 12, 1962
					£ s. d.	£ s. d.
99⅝	96 3/16	Exchequer 3% 1962–63	99 9/16	99 19/32	2 13 4	3 16 9 l
100 11/16	98½	Conversion 4¾% 1963	100½	100½	1 18 5	3 14 11
98⅜	93 5/16	Exchequer 2½% 1963–64	98 7/32	98 9/32	2 14 6	3 15 3 l
100 13/16	97 1/16	Conversion 4½% 1964	100 23/32	100¾	2 2 4	3 19 2
99 19/32	98⅛	Treasury 4% 1965	99 17/32	99 19/32	2 10 0	4 4 0
99 25/32	98⅛	Treasury 4% 'A' 1965	99 17/32	99 19/32	2 11 8	4 4 0
96⅞	90 11/32	Savings Bonds 3% 1955–65	96⅜	96 9/16	3 0 7	4 7 4 l
103 11/16	98 3/32	Exchequer 5½% 1966	102 27/32	102 15/16	2 5 3	4 10 5
92 31/32	85	Savings Bonds 2½% 1964–67	91 17/32	91 15/16	3 10 1	4 11 1 l
103⅞	98	Exchequer 5% 1967	100 31/32	101 3/16	2 15 7	4 14 7
93 15/16	83 5/16	Funding 3% 1966–68	92¼	92⅝	3 8 5	4 14 7 l
95 1/16	84⅞	Conversion 3½% 1969	93⅜	93⅝	3 8 0	4 17 10
92½	82⅝	Funding 3% 1959–69	90⅝	90⅞	3 10 2	4 15 6 l
98⅞	92¼	Victory 4% 1920–76	97½	97¾	2 18 3	4 11 5‡
90⅛	78 15/16	Savings Bonds 3% 1960–70	88⅛	88½	3 12 10	4 18 11 l
103 7/16	90 9/16	Conversion 5% 1971	101¼	99 11/16*	3 1 5	4 19 9
109 5/16	97¼	Conversion 6% 1972	107⅜	108 1/16	2 16 5	5 3 1
105⅜	91⅛	Conversion 5¼% 1974	100⅝*	101*	3 2 3	5 2 8
95 13/16	87¾	Funding 4% 1960–90	94⅝	95¼	2 19 2	4 11 6 l
83⅝	70 7/16	Savings Bonds 3% 1965–75	81⅝	81 13/16	3 14 2	5 1 4 l
82 7/16	69 3/16	Treasury 3½% 1977–80	79⅞*	80¼*	3 13 8	5 4 9 l
81⅜	68 5/16	Treasury 3½% 1979–81	80⅛	80½	3 13 7	5 5 7 l
102¾	90 3/16	Funding 5½% 1982–84	102⅜	100⅜*	3 6 5	5 8 7 e
93⅜	82⅜	Treasury 5% 1986–89	92⅞	93⅜	3 9 6	5 10 9 l
66	54	Redemption 3% 1986–96	64⅝	65¾	3 12 5	5 4 0 l
69 5/16	56 15/16	Funding 3½% 1999–2004	68⅞	69*	3 11 6	5 7 0 l
98 13/16	84⅛	Treasury 5½% 2008–12	97¾	98 13/16	3 9 2	5 13 2 l
70 5/16	58¼	Consols 4% ....after Feb. 1957	68⅞	70¼	3 10 8	5 16 4
63⅛	52 1/16	War Loan 3½% ....after 1952	60⅝	61⅝	3 9 8	5 13 10 f
61⅝	52 5/16	Conv. 3½% ....after Apr. 1961	60¾	61⅝	3 10 1	5 14 11 f
52¾	44⅞	Treasury 3% ......after Apr. 1966	51⅞	52¾	3 10 2	5 15 0 f
45½	38⅛	Consols 2½%	44¼*	45*	3 7 11	5 10 9 f
45⅛	38 1/16	Treasury 2½% ....after Apr. 1975	44	45	3 8 6	5 12 5 f
100 13/16	89 15/16	British Electric 4½% 1967–69	98¾	99	3 1 7	4 18 11 l
86	74⅜	British Electric 3% 1968–73	84¼	84 7/16	3 14 3	5 0 7 l
81½	69	British Electric 3% 1974–77	80	80⅜	3 13 2	5 0 4 l
90⅞	79 1/16	British Electric 4¼% 1974–79	89¾	90	3 8 9	5 4 9 l
83 9/16	70⅜	British Electric 3½% 1976–79	80⅞	81⅛	3 13 4	5 4 5 l
92¼	80 9/16	British Gas 3½% 1969–71	90⅛	90⅞	3 8 9	4 18 7 l
95¼	82¾	British Gas 4% 1969–72	93⅛	93 5/16	3 7 5	5 1 4 l
66 3/16	53 13/16	British Gas 3% 1990–95	65¼	65¾	3 13 4	5 4 7 l
86	74⅜	British Transport 3% 1968–73	84¼	84 7/16	3 14 3	5 0 7 l
90⅝	77¼	British Transport 4% 1972–77	87¼*	87½*	3 10 6	5 4 1 l
69 9/16	56½	British Transport 3% 1978–88	67¾*	68 9/16*	3 15 2	5 4 9 l

Prices, 1962 High	Prices, 1962 Low	DOMINION AND CORPORATION STOCKS	Price, Dec. 5, 1962	Price, Dec. 12, 1962	Net Yield, Dec. 12, 1962
					£ s. d.
88½	79½	Australia 3¼% 1965–69	86¾	87½	5 13 0 l
103½	96	Australia 6% 1974–76	102½	103½	5 13 0 e
66	52	Ceylon 4% 1973–75	57	57½	10 4 0 l
104	94¼	New Zealand 6% 1976–80	102¾	103¾	5 14 0 e
81	62½	Rhodesia and Nyasaland 6% 1978–81	78	78½	8 12 0 l
92	82	South Africa 3½% 1965–67	91¾	92	5 12 0 l
69	48	Southern Rhodesia 4½% 1987–92	67	66½	7 8 0 l
91	77¾	Agricultural Mortgage 5% 1959–89	88¼*	88½*	5 14 0 l
96¼	86	Birmingham 4¼% 1967–70	92⅛*	92⅜*	5 7 0 l
100	88⅝	Bristol 5% 1971–73	96¼*	96¾	5 7 0 l
100½	88	Corporation of London 5¼% 1976–79	97½	98½	5 8 0 l
52	43	L.C.C. 3% ....after 1920	49⅞	50⅜	5 19 0 f
96	84	L.C.C. 5% 1980–83	94⅝	95⅜	5 9 0 l
100	87	Middlesex 5¼% 1980	97½	98½	5 9 0 l

NEW YORK PRICES AND INDICES

	Dec. 5 $	Dec. 12 $		Dec. 5 $	Dec. 12 $		Dec. 5 $	Dec. 12 $
Atch. Topeka	25	24⅝	Boeing	39⅝	38⅝	Int. Harvester	49¾	48¼
Can. Pacific	23⅛	23	Celanese	38⅛	36⅞	Inter. Nickel	64½	61½
Pennsylvania	14¼*	13⅜	Chrysler	72¾	71⅛	Inter. Paper	28¼	28¼
Union Pacific	34*	33	Col. Palmolive	43⅛	44⅜*	Kennecott	67⅝	66½
Amer. Electric	33¾	33½	Crown Zeller.	48*	47	Monsanto	49½	49⅞
Am. Tel. & Tel.	114⅝	116⅞	Distillers Seag.	43¾	43⅜	Nat. Distillers	24½	24⅛
Cons. Edison	79⅜	81¼	Douglas	34½	30⅜	Pan-American	22⅜	21⅞
Int. Tel. & Tel.	45	43⅜	Dow Chemical	59	58	Procter Gamble	73¾	73⅜
South'n. Nat. Gas	44⅜	44⅛	Du Pont	234¾	232¾	Radio Corpn.	59½	57¼*
United Corpn.	8¼	8⅛	East. Kodak	108½	109¼	Sears Roebuck	75¼	75¾
Western Union	27¾	27⅛	Ford Motor	45¾	45½	Shell Oil	33¼	36⅜
Alcoa	56	53¾	Gen. Electric	76	77	Socony-Mobil	57⅜	57½
Aluminium	22½	20⅜	General Foods	74¾	74⅝	Stand. Oil Ind.	48½	48
Amer. Can	44⅞	45⅛	General Motors	56⅜	56⅜	Stand. Oil N.J.	57⅝	58
Am. Smelting	55⅝	54¼	Goodyear	32⅜	32¾	Union Carbide	104	102½
Am. Viscose	59⅜	59¾	Gulf Oil	39½	39⅜	U.S. Steel	46⅜	45⅜
Anaconda	42⅜	41⅛	Heinz	50⅞	51	West. Electric	32⅝	32
Beth. Steel	30⅝	29¾	Int. Bus. Mach.	398¾	393¾	Woolworth	67¼	64⅞

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Nov. 14	63·04	3·40	30·49	5·42	57·61	3·56	90·28	3·86
„ 21	63·68	3·43	31·26	5·29	58·52	3·51	89·96	3·89
„ 28	65·13	3·38	31·82	5·20	59·20	3·48	90·06	3·88
Dec. 5	65·95	3·34	32·67	5·06	59·70	3·46	89·96	3·89
„ 12	65·60	3·36	31·78	5·21	60·30	3·42	90·06	3·88

425 Industrials :—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

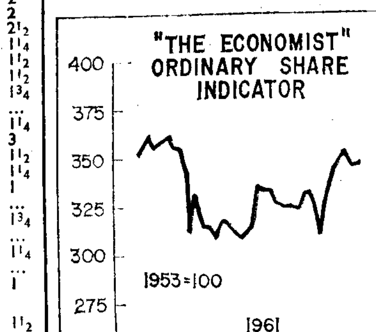
Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 5, 1962	Price, Dec. 12, 1962	Yield, Dec. 12, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/–	79/9	6½ b	6½ a	Barclays £1	83/9	84/6	3·08	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	56/6	55/9	3·41	...
29/7½	20/–	7 b	7 a	Martins 5/–	26/3	26/6	2·83	...
101/–	80/–	7½ b	7½ a	Midland £1	84/6	86/3	3·48	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	82/3	82/–	3·41	...
97/9	71/–	6⅔ b	6⅔ a	Westminster 'B' £1	82/6	83/6	3·19	...
50/6	40/6	8 b	4 a	Australia & N.Z. £1 p.p.	49/–	49/3	4·87	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. £1	39/3	39/3	4·25	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£21 13/16	21 11/16	3·13	...
37¾	27¼	8 c	9 c	Bank of New S. Wales £20	37¾	37¾	3·81g	...
40/–	32/6	5 a	5 b	Barclays D.C.O. £1	39/–	38/3	5·23	...
58/6	53/–	7½ b	7½ a	Chartered £1	54/–	53/3	5·63	...
£19¾	£16	10/– b	5/– a	Hongk'g. & Shang. $25	£17¼	£17¼	4·35	...
62/–	49/–	9 b	7½ a	Nat. Com. Bk. Scot. 10/–	51/9*	52/–	3·17	...
£29 7/16	£21	$2·37½c	$2·50c	Royal Bk. Canada $10	£26 9/16	£26 3/16	3·17	...
46/3	37/6	10 b	5 a	Standard Bank £1	45/3	45/–*	6·67	...
54/4½	35/9	15 b	7½ a	Hambros 5/–	38/3	38/3	2·94	...
99/9	68/–	5 b	2½ a	Schroders £1	79/6	78/6	1·91	...
59/3	47/1½	6¼ b	6¼ a	Union Discount £1	57/6‖	57/9	4·33	...
15/–	10/–	18 c	Nil c	Bowmaker 5/–	14/3	14/9	...	...
14/3	9/9	10 c	2½ c	Lombard Banking 5/–	10/3	10/4½	...	1½
16/4½	10/6	2 a	6 b	Mercantile Credit 5/–	16/1½	16/3	2·46	...
44/1½	28/6	22½ b	4 a	United Domins. Tst. ...5/–	36/6	36/–*	3·68	...
				BREWERIES, Etc.				
18/6	13/3	4 a	8½ b	Bass, M. & B. 5/–	15/–	15/3	4·10	2
14/10½	12/10½	...	4½ a	Charrington United ..5/–	14/3	14/3	4·21**	1¾
44/–	30/6	8½ b	6 a	Distillers 10/–	35/–	33/3	4·36	1¾
51/6	41/–	8 a	14 b	Guinness 10/–	46/9	44/–*	5·00	1¾
34/–	20/4½	14 c	5 a	Harveys 5/–	25/6	24/3	2·89	2½
15/7½	11/7½	...	8 b	Ind Coope, T.A. 5/–	13/–	13/4½	4·49**	1½
29/–	21/3	6 a	14 b	Watney Mann 5/–	24/3	23/6*	4·26	2
42/4½	31/9	30 c	10 a	Whitbread 'A' 5/–	36/6	36/–	4·17	1¾
				BUILDING, PAINT, Etc.				
62/9	50/6	6½ b	3 a	Associated Portland ...£1	61/6	62/–	3·06	2¼
30/1½	20/10½	8½ b	4 a	British Plaster Bd. ..10/–	29/6*	30/1½*	4·15	2
19/–	14/10½	10 b	6 a	Richard Costain 5/–	18/9	19/–*	4·21	2¾
14/11¼	10/6	16·9c	5 a	Crittal Mfg. 5/–	14/–	14/–	6·04**	2
14/1½	9/10½	16½ b	6 a	International Paints ..4/–	11/7½*	12/1½	7·42	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/–	63/6	65/3	1·92	3¼
24/6	17/7½	5 a	12 b	Wall Paper 5/–	18/3	18/3	4·66	2
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson ...5/–	24/7½	24/3	4·12	2
19/3	13/–	11½ c	5 a	Borax Defd. 5/–	15/10½	15/4½	3·74	2½
43/3	25/6	4 a	6 b	Fisons £1	31/6	30/3	6·61	1
61/6	47/6	7½ b	6¼ a	I C I £1	60/1½	59/–	4·67	1
18/6	12/–	10 c	3¾ a	Monsanto 5/–	16/6	15/6	...	1½
				DRAPERY & STORES				
35/3	24/–	8 b	4 a	Boots Pure Drug 5/–	24/9	25/9	2·33	2¼
33/9	18/9	2 a	5 b	Montague Burton ...10/–	23/6	21/9*	3·22	2¼
59/6	42/9	5⅚ a	13⅓ b	Debenhams 10/–	48/3	46/3	4·15	1¼
48/9	38/4½	20⅝ b	10 a	G.U.S. 'A' 5/–	46/9	48/9*	3·08	2
40/3	28/9	16⅔ b	13⅓ a	House of Fraser 5/–	34/3	33/6	4·48	1¼
16/6	12/6	7½ b	5 a	Lewis's Invest. Tst. 4/–	12/10½	13/9	3·64	2
100/6	79/–	32½ b	15 a	Marks & Spencer 'A' .5/–	84/7½	85/1½	2·79	1½
52/6	39/6	20 b	10 a	United Drapery 5/–	47/10½	47/4½	3·17	1¾
53/–	42/6	25 b	10⅝ a	Woolworth 5/–	44/7½	46/–	3·89	1¼
				OIL				
43/10½	30/6	†9·84c	†3⅓ a	British Petroleum £1	41/10½	43/10½	7·33	2
44/6	30/6	†7 11/12c	†2½ a	Burmah Oil £1	39/10½	39/9	8·56	1¼
£16 1/16	£12 5/16	26¼ c	13 a	Royal Dutch ......20 fl.	£15 13/16	£16 1/16	3·24	2½
39/9	27/–	†25 c	†11⅔ a	Shell Transport 5/–	39/4½	39/9	5·13	2½
32/9	20/6	...	...	Ultramar 10/–	25/6	25/3	...	...

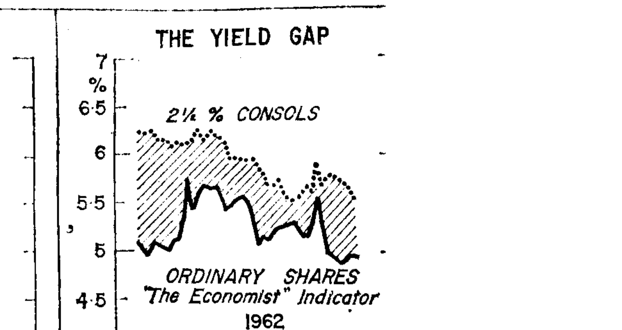
FOREIGN AND OVERSEAS STOCKS

	Dec. 5	Dec. 12		Dec. 5	Dec. 12		Dec. 5	Dec. 12
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,141	1,135	A.E.G.	424	426	A.K.U.	402¾	408¾
Banque de Paris	542	546	Bad'che. Anilin	445	439	Bijenkorf	960	987½
Citroen	203·1	197	Bayer	488	478	Heinekens	487	483½
C. F. Petrole	328	324	Commerzbank	432	428	Interunie (Fl.50)	Fl.187	Fl.186
Cie. G. d'Elect.	851	849	Deutsche Bank	490	487	K. N. Hoogoven	580½	566
Machines Bull	458·9	435·1	Hoechst Farb.	432½	433½	Kon. Zout-Ket.	773	745
Pechiney	228	217·1	Kundenkredit	392	392	Philips (Fl.25)	Fl.150·3	Fl.142·[illegible]
Printemps	600	620	Lowenbrau	978	976	Robeco (Fl.50)	Fl.208	Fl.207
Rhone-Poulenc	418	417	Mannesmann	214	209¾	Rotterdam Bk.	377½	375
S.I.M.	372	375	Siemens	575	566¾	Thomassen & D.	685	674
Saint-Gobain	343	318	Thyssen-Huette	192	186	Valeurop	Fl. 73·0	Fl. 72·[illegible]
Usinor	176	182	Volkswagen	524	525½	Zwanenberg	915	876
Index (Dec. 31, 1961=100)	97·6	97·7	Herstatt Index (Dec. 31, 1959=100)	92·20	91·54	Index (1953=100)	325·4	322
ITALY	Lire	Lire	**BELGIUM**	Frcs.	Frcs.	**SWEDEN**	Kr.	Kr.
Ass. Generali	145,150	149,550	Arbed	27,600	27,350	Asea	190	195
Breda	5,790	5,770	Bque. Nat. de Bel.	10,425	10,225	Elektrolux	117	117
Edison	4,250	4,590	Bque. Soc. Gen.	3,050	3,110	Ericsson B.Kr.35	124	130
Fiat	2,940	2,995	Cockerill-Oug.	2,560	2,460	Separator B	287	292
Finsider	1,356	1,360	Esperance Long	5,120	5,000	Skand. Banken	219	222
La Centrale	11,900	12,330	Hoboken	16,325	16,200	Sv. Cellulosa	179	179
Montecatini	2,930	2,951	Innovation	5,830	5,880	Sv. Handelsbank	218	222
Motta	33,890	33,825	Photo Gevaert	2,815	2,710	Tandstk. B Kr.50	159	159
Olivetti	5,445	5,600	Sidro	940	934	Index (Dec. 29, 1956=100)	160·70	161·3
Pirelli S.p.A.	5,999	6,012	Soc. Generale	13,900	13,925			
Rinascente	779½	780	Sofina	7,990	7,970	**NORWAY**	%	%
Snia Viscosa	5,632	5,829	Un. Miniere 1/10	1,148	1,096	Bergens Priv'bk.	202½	[illegible]
Index (1950=100)	673·46	679·98	Index (May 9, 1940=100)	401·1	399·6	Borregaard	191	[illegible]
						Norsk Hydro	290	[illegible]

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 5, 1962	Price, Dec. 12, 1962	Yield, Dec. 12, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
37/3	23/–	10 c	3¾ a	A.E.I. £1	35/9	36/6	5·48	1
12/6	7/6	15 c	2½ c	Brit. Electronic Inds. .5/–	10/7½	10/6	1·19	...
69/6	51/9	9½ b	4 a	B.I.C.C. £1	67/6	67/10½	3·98	2
16/6	11/6	4·6 a	7½ b	Crompton Parkinson .5/–	16/1½*	16/6	3·64	2½
89/6	63/–	7½ a	17½ b	Decca 10/–	83/6	84/–	2·98	2
45/6	32/3	5 a	12½ b	E.M.I. 10/–	43/3	41/3	4·24	1¾
54/6	39/–	14 c	6 a	Elliott-Automation ...5/–	49/9*	48/10½	1·43	2
32/3	20/9	5 b	3 a	English Electric £1	30/6	32/–	5·00	1½
39/9	26/–	3 a	7 b	General Electric £1	38/6	39/9	5·03	¾
59/3	34/6	8⅛ b	4⅜ a	C. A. Parsons £1	56/–	57/3	4·37	2
57/3	38/6	6½ b	3¼ a	A. Reyrolle £1	55/–	56/3	3·47	2½
90/6	58/–	25 c	27½ c	Thorn Electrical 5/–	85/9	90/6	1·52	3½
				ENGINEERING				
36/–	20/3	9 c	4½ a	Babcock & Wilcox £1	35/3	36/–	5·00	1½
38/3	27/3	3·2 a	7 b	John Brown £1	34/6	34/3	5·96	2¼
6/4½	4/3	7 b	3 a	Cammell Laird 5/–	6/–	5/10½	8·51	1
31/–	21/10½	20 b	10 a	Internat. Combust. ...5/–	30/–	30/6	4·92	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/–	3/8¼	3/8¼	8·51**	...
38/4½	20/4½	9½ b	2½ a	Swan Hunter £1	24/–	23/6	...	...
17/–	10/6	10 b	5 a	John Thompson 5/–	16/3	16/3	4·62	1½
35/–	21/10½	†3¾ a	†5 b	Coventry Gauge 10/–	33/3	33/3	4·30	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	62/6	62/9	4·68	2
60/6	33/9	10 b	5 a	Allied Ironfounders ...£1	58/6	59/6	5·04	1½
99/9	67/9	10 b	5 a	Averys £1	78/–	79/3	3·79	2
20/3	11/9	4 a	6 b	B.S.A. 10/–	11/9	11/10½	8·42	1¼
12/1½	8/6	4½ a	8½ b	George Cohen 5/–	11/7½	11/9	5·53	1¾
33/–	15/9	10 a	17½ b	Davy-Ashmore 5/–	19/–	18/10½	...	2
81/10½	62/10½	11 b	5 a	Guest Keen £1	78/–*	78/3	4·09	2¼
21/–	14/3	4 a	12 b	Head Wrightson 5/–	16/9	16/6	4·85	2½
85/6	67/–	7 b	5 a	Metal Box £1	74/9	75/3*	3·19	2¼
18/–	13/4½	4 a	10 b	Ransome & Marles ...5/–	16/6	16/6	4·24	2½
48/–	34/–	7 b	3 a	Renold Chains £1	43/6*	43/6	4·60	1¾
64/10½	43/1½	7 a	7 b	Tube Investments £1	58/3	54/9	5·11	2
31/1½	22/10½	7½ b	2½ a	Vickers £1	24/9	24/–	8·33	1
71/6	52/6	3¾ a	10 b	Ward (Thos. W.) £1	52/6	55/–	5·00	2½
20/6	12/3	16 b	5 a	Woodall-Duckham ...5/–	16/–	15/9*	6·67	1¾
				FOOD & TOBACCO				
28/9	19/9	10 c	10 c	Allied Suppliers 10/–	24/4½	25/9	3·88	2½
12/4½	8/4½	12½ b	10 a	Assoc. British Foods ..1/–	9/6*	9/6	2·37	2¼
61/3	29/3	8 b	4 a	Bovril £1	43/3	42/9	5·61	1½
12/9	9/9	†2 1/12 a	†4⅙ b	Brooke Bond 'B' 5/–	10/7½	10/7½	4·80	3¼
16/4½	11/10½	2½ a	10 b	International Tea 5/–	14/10½	14/10½	4·20	1¾
82/6	62/9	10⅚ b	5 a	J. Lyons 'A' £1	77/–	75/9	4·18	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/–	35/7½	36/3	3·86	...
13/7½	10/10½	10 c	3 a	Spillers 5/–	12/6	12/4½	4·04	2¼
50/9	43/3	12 c	11 a	Tate & Lyle £1	48/6	47/3*	5·08	2¼
18/–	13/10½	5 a	9 b	Unigate 5/–	14/4½	14/7½	4·79	2
65/3	52/–	†22½ c	†5⅚ a	Brit. Amer. Tobac. ...10/–	61/3	63/–	5·83	3
41/3	28/3	15 b	5 a	Gallaher 10/–	30/3	30/3	6·61	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	56/3	56/6	7·96	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/–	7 1/16	6 15/16	2·81	...
68/–	48/6	25 b	20 a	Commercial Union ..5/–	50/–	50/9	4·43	...
9	5⅜	...	...	Equity & Law Life ...5/–	7¼	7 1/16*	1·54**	...
109/3	69/–	30 c	12½ a	General Accident 5/–	78/3	77/9	1·93	...
60/6	42/6	...	11⅔ a	Guardian 5/–	45/3	44/3	3·01**	...
48¾	32½	110 b	80 a	Legal & General 5/–	38⅞	39⅛	1·21	...
180/–	138/9	12½ b	9½ a	Northern & Empl. £1	158/9	161/3	2·73	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/–	12½	12⅜	3·30	...
29¾	21⅞	†208⅓ c	†231¼ c	Prudential 'A' 4/–	25⅜	25⅛	3·01	...
47/10½	35/3	...	15 a	Royal 5/–	36/6	35/9	4·20**	...
127/9	95/6	11¼ b	7½ a	Royal Exchange £1	99/9	99/9	3·76	...
				MOTORS & AIRCRAFT				
18/3	12/6	7½ a	12½ b	British Motor 5/–	14/6¾	14/1½	7·08	½
85/3	60/–	20 c	20 c	Jaguar Cars 'A' 5/–	70/6	68/–	1·47	8
41/6	23/1½	8 c	2 a	Rolls-Royce £1	27/1½	25/3	...	1¼
6/8¼	4/3	4 c	4 c	Rootes Motors 'A' ...4/–	5/6¾*	5/5¼	2·94	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	78/3	77/6	5·16	...
19/1½	13/10½	13½ c	5 a	Bristol Aeroplane ..10/–	19/10½	20/–	6·75	2
29/1½	19/3	6 b	5 a	Hawker Siddeley £1	27/3	27/1½	8·11	1¼
37/6	25/9	†4 a	†6½ b	Dowty Group 10/–	35/6	36/6	4·70	2¼
39/–	25/3	15⅚ b	5 a	Dunlop Rubber 10/–	27/1½	27/6	5·76	1¾
77/–	62/1½	2½ a	11¼ b	Joseph Lucas £1	73/4½*	72/4½	3·80	2½
22/–	12/–	5 c	Nil a	Pressed Steel 5/–	15/–	14/6¾	1·72	...
39/–	31/1½	5 a	10 b	Triplex Holdings ...10/–	36/4½	35/10½	4·18	2
				MINES				
178/1½	136/3	50 b	40 a	Anglo-American 10/–	168/9	166/3	5·41	1¾
73/–	52/6	6¼ a	18¾ b	Consolid. Gold Fields £1	64/9	66/6	7·52	2
125/–	81/10½	15 a	20 b	General Mining £1	123/9	122/6	5·71	2
71/–	46/6	†100 c	30 a	Union Corporation ..2/6	65/9	65/3	6·26	2½
20/9	16/9	40 b	40 a	Daggafontein 5/–	18/6	19/10½	20·13	1¼
134/4½	81/10½	70 a	110 b	Free State Geduld ...5/–	128/6	126/3	7·13	1½
74/3	50/6	60 a	70 b	President Brand 5/–	72/6	72/6	8·97	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/–	88/9	81/10½	7·57	1¾
45/6	34/–	...	...	Western Deep 'A' £1	42/3	43/9	...	...
161/3	117/6	105 a	135 b	Western Holdings ...5/–	148/9	147/6	8·14	1¼
20/4½	15/3	5 a	6 b	Winkelhaak 10/–	17/7½	17/4½	6·33	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/–	49/3	49/3	15·23	1½
59/3	47/–	20 a	60 b	Rhod. Anglo-Amer. 10/–	55/3	55/6	14·41h	1¼
37/4½	24/–	6 a	15 b	Rhod. Selection Tst. £1	31/9	33/–	12·73h	1
21/9	14/1½	Nil a	7½ b	Tanganyika Cons. ...10/–	14/6*	14/6	5·17	...
191/3	135/–	180 b	100 a	De Beers Defd. Reg. 5/–	187/6	185/–	7·57	1¾
$151½	$98½	$1·60c	$1·90c	Internat. Nickel ...n.p.v.	$122	$117	2·90	...
18/9	13/1½	30 b	7½ a	London Tin 4/–	14/7½	15/4½	9·76	1¼
20/1½	14/9	...	5 a	R.T.Z. 10/–	18/10½	19/–	7·89**	...
35/–	21/3	65 c	25 a	Tronoh 5/–	22/3	22/9	14·29	1
				PAPER & NEWSPAPERS				
14/6	10/4½	10 b	6 a	Daily Mirror 5/–	14/3	14/4½	6·26**	1½
83/–	62/6	9 b	4 a	W. H. Smith & Son 'A'.£1	73/6	73/6	3·54	2
24/9	13/9	14 b	10 a	Thomson Org'n. 5/–	18/–	18/3	6·58	1½
47/3	31/6	8¾ b	5 a	Bowater Paper £1	35/3	34/6	7·97	1
51/3	35/–	11 b	5 a	Albert E. Reed £1	50/–	51/3	6·24	1½
43/9	33/6	8½ b	4 a	Spicers £1	40/–	40/–	6·25	1½
60/–	44/–	10 b	4 a	Wiggins Teape £1	58/6	59/–	4·75	1¾

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 5, 1962	Price, Dec. 12, 1962	Yield, Dec. 12, 1962	C[over]
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/–	20/9	20/9	7·23	[illegible]
33/3	18/–	20 a	40 b	Assoc. Television 'A' 5/–	22/6	21/9	13·79	[illegible]
52/1½	33/10½	16 a	14 b	Beecham Group 5/–	37/–*	37/10½	3·96	[illegible]
39/4½	29/10½	3½ a	6⅔ b	British Match £1	36/6	35/–	5·71	[illegible]
16/3	11/–	6⅔ b	4 a	British Oxygen 5/–	13/3	13/1½	4·06	[illegible]
9/10½	7/2¼	7 b	3 a	British Ropes 5/–	8/2¼	8/2¼	6·11	[illegible]
45/–	30/1½	...	5 a	De La Rue 10/–	43/6	44/–	3·13**	[illegible]
42/–	27/1½	15 c	7½ a	Gestetner 'A' 5/–	39/9	40/–	1·88	[illegible]
57/9	41/6	7½ a	8⅓ b	Glaxo 10/–	55/9	56/6	2·83	[illegible]
49/–	42/6	3 a	13 b	Harrison & Cr. Defd. £1	43/9	43/9	7·31	[illegible]
41/3	29/–	20 b	5 a	Hoover 'A' 5/–	36/–	35/6	3·52	[illegible]
95/–	62/6	9·04 b	7·04 a	Hudson's Bay £1	73/9	76/3	4·22	[illegible]
23/3	14/10½	12½ b	5 a	Ilford 5/–	15/4½	14/10½	5·88	[illegible]
122/6	82/6	4⅙ a	7 1/12 b	I.C.T. £1	88/6	83/6	2·69	[illegible]
47/11¼	36/9¾	12½ c	11·4 c	National Canning £1	44/9	46/6	4·90	[illegible]
41/3	32/6	6 a	12 b	Powell Duffryn 10/–	36/9	36/6	4·93	[illegible]
40/6	32/3	17½ b	5 a	Radio Rentals 5/–	39/3	39/3	2·87	[illegible]
37/–	24/6	7½ a	17½ b	Rank Organisation ...5/–	33/9	34/–	3·68	[illegible]
38/–	24/–	16½ b	7½ a	Schweppes 5/–	27/6	27/9	4·32	[illegible]
35/3	25/–	25 c	25 c	Sears 'A' 5/–	26/6	26/6¾	4·71	[illegible]
32/1½	23/–	11 b	5 a	Steetley 5/–	28/7½	28/1½	2·84	[illegible]
29/10½	21/9	11½ b	8½ a	Thomas Tilling 4/–	26/–	25/6	3·14	[illegible]
64/–	44/–	8 b	4 a	Turner & Newall £1	54/6	53/–	4·53	[illegible]
47/3	30/10½	15·32b	9·5 a	Unilever 5/–	37/4½	36/6	3·40	[illegible]
11⅝	7 3/16	13 b	8 a	Unilever N.V. ..... 12 fl.	8⅞	8 11/16*	2·87	[illegible]
18/9	12/10½	10 b	5 a	United Glass 5/–	13/9	13/9	5·45	[illegible]
33/3	21/7½	†10⅚ b	†4⅙ a	United Molasses 10/–	29/9	28/6	8·59	[illegible]
				SHIPPING				
32/3	22/9	13½ b	6½ a	Brit. & Com'wealth. 10/–	32/–	32/3	6·20	[illegible]
18/3	15/3	6 c	Nil c	Cunard £1	15/9	15/9	...	[illegible]
26/–	16/9	7 c	7 c	France Fenwick £1	24/6	24/9	5·66	[illegible]
31/6	20/–	10 c	8 c	Furness Withy £1	24/6	24/6	6·53	[illegible]
9/7½	4/4½	...	...	London & Overseas ..5/–	5/3	5/1½	...	[illegible]
31/–	17/6	3 b	3 a	P & O Defd. £1	28/6	28/6	7·02**	[illegible]
12/1½	7/–	2½ c	Nil a	Reardon Smith 10/–	8/–	8/–	3·13	[illegible]
12/9	7/6	5 c	Nil c	Royal Mail £1	9/3	9/3	...	[illegible]
				STEEL				
48/4½	24/–	16 c	5 a	Colvilles £1	24/6	27/–	...	[illegible]
27/3	15/3	10 c	2½ a	Dorman Long £1	16/6¾	17/9	...	[illegible]
34/–	21/10½	7½ b	3½ a	Lancashire Steel £1	26/1½	31/3	7·04	[illegible]
21/4½	10/6¾	10 c	Nil a	South Durham £1	10/8¼	11/6	...	[illegible]
31/3	22/3	3¾ a	6¼ b	Steel Co. of Wales £1	23/6	26/3	7·62	[illegible]
36/10½	24/3	5 a	10 b	Stewarts & Lloyds £1	33/6	36/1½	8·30	[illegible]
34/7½	26/4½	6 b	4 a	John Summers £1	28/3	31/9	6·30	[illegible]
42/4½	25/3	4 a	6 b	United Steel £1	27/7½	29/7½*	6·75	[illegible]
45/3	23/9	4 a	6 b	Whitehead £1	28/9	45/3	4·42	[illegible]
				TEXTILES				
32/–	25/4½	10 b	5 a	English Sewing Cotton £1	29/4½	29/10½	8·37**	[illegible]
26/4½	18/4½	5 a	7½ b	Fine Spinners £1	23/1½	22/1½	11·30	[illegible]
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	38/7½	38/10½	...	[illegible]
55/1½	37/10½	12½ c	5 5/12 a	Courtaulds £1	54/9¾*	54/6	4·59**	[illegible]
6/10½	5/4½	4 a	9⅓ b	Illingworth Morris ...4/–	6/–	6/–	8·89	[illegible]
81/6	68/6	13 b	8 a	West Riding Worsted £1	79/1½	80/1½	5·24	[illegible]
30/9	20/3	2½ a	7½ b	Woolcombers £1	22/–	22/6	8·89	[illegible]
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	15/7½	15/10½	7·56	[illegible]
13/3	8/1½	7½ a	12½ b	Calico Printers 5/–	9/9	9/6	10·53	[illegible]
48/6	37/4½	8¾ b	3¾ a	Coats, Patons & B. £1	40/10½*	40/–	6·25	[illegible]
10/9	8/–	13 c	1½ a	Jute Industries 10/–	9/6	9/4½	...	[illegible]
27/1½	17/1½	10 c	7½ c	Tootal £1	19/1½	19/4½	7·74	[illegible]
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/–	23/6	22/3	2·81	[illegible]
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/–	48/–	47/9	5·24	[illegible]
17/9	13/3	10 c	5 a	Cable & Wireless 5/–	16/6	16/3	3·08	[illegible]
71/9	54/3	10 a	12½ b	City Centre Props. 5/–	56/9	55/6	2·70**	[illegible]
89/–	69/9	8½ b	4 a	City Lond. Real Prop. £1	79/–	78/9	3·17	[illegible]
38/6	22/6	4 b	2 a	Land Securities 10/–	28/7½	28/–*	2·14	[illegible]
39/–	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/–	32/–	31/–	4·30	[illegible]
				TEA & RUBBER				
46/6	28/–	†2½ a	†12½ b	Cons. Tea & Lands £1	32/–	32/–	15·31	[illegible]
37/6	14/–	†3 a	†10 b	Jokai (Assam) £1	25/–	24/3	17·51	[illegible]
9/6	7/6	...	7½ c	Nuwara Eliya £1	8/6	8/9	17·14	[illegible]
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/–	5/1½	5/0¾	16·46	[illegible]
5/5¼	4/5¼	32½ b	7½ a	London Asiatic 2/–	5/1½	5/0¾*	15·80	[illegible]
76/9	61/10½	10 a	35 b	United Sua Betong £1	64/4½	62/10½	14·31	[illegible]





* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (m) Assented into Treasury 4% 1965. Japanese prices supplied by Diawa Securities, Tokyo.

** Yields based on assumed dividends :— Charrington United, 12%. City Centre Props., 30%. Courtaulds, 13%. Daily Mirror, 18%. De La Rue, 13¾%. En[glish] Sewing Cotton, 12½%. Equity & Law Life, †26⅔%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. P & O Defd., 10%. R.T.Z., 15%. Royal Insurance, [illegible] Swan Hunter, 10%.

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g away from bottled beers to draught
re it has been promoting the sale of
ainer beers) and though it is probably
arly for any major benefits from integra-
to take effect the reorganisation of the
p's management structure may already
aying dividends. At 15s. 1½d., the 5s.
:s yield 4.1 per cent.

Handley Page

HE publication of the full report and
accounts of Handley Page led to
her fall in the price of its 5s. shares.
re is little in the statement of Mr
. D. Russell, the successor to the late
Frederick Handley Page as chair-
to suggest the fall is unjustified. Even
urrent price of 10s. 4½d. is sustained
by the possibility of a bid ; and on this
, Mr Russell says "there are no nego-
ns in hand at this time and I do not
of any likely proposals in the offing."
:over he discloses that Sir Frederick
many approaches to other companies
e past but with no success and that
gh one tentative offer was made over
years ago it was withdrawn almost
:ce.

mediately, therefore, the price of the
:s turns on the company's trading
prospects following a year in which a net profit of £190,000 was turned into a net loss of £828,000 and the ordinary dividend was cut from 15 to 5 per cent. Mr Russell says that the present high level of activity should continue for several years, with Government contracts accounting for 75-80 per cent of the work and apparently being more remunerative than in the past ; he expects profits in 1962 to be sufficient to "permit an improvement in the dividend rate," but this is subject to the important proviso that liquid balances will be strong enough to permit a higher payment. In view of this qualification it may be fortunate for shareholders that the company takes almost a year to prepare its accounts. Outstanding settlements on contracts with the Ministry of Aviation, the high level of activity and the need to finance work in progress on the Herald left stocks at over £8 million at the end of 1961, when bank overdrafts amounted to £4 million (against £3¼ million). And overdrafts are likely to have risen still more by the end of this year. Mr Russell expects some improvement in liquidity next year but this, in turn, depends on the speed with which price settlements and bigger progress payments can be negotiated.

The 1961 loss largely arose from the decision to write off all excess production costs (amounting to £1 million) on the first batch of Heralds. This decision appears to have been taken in the light of "the diminishing volume of Government work available to the industry generally." Mr Russell does not say how many Heralds have been sold ; but so far it is clear that the break even point, put at between 80 and 90, is still some way off. He simply says that some of the second batch have been sold and the remainder are under offer. If the whole of this batch were sold the total excess production cost of £1.2 million (£200,000 being written off in 1960 and £1 million in 1961) on the first batch would be more than recouped ; but shareholders need hardly be reminded by Mr Russell that "this second batch is not yet all sold." The 5s. shares yield 2.4 per cent and even on the very optimistic assumption that the dividend might ultimately be restored to 15 per cent the yield would be no more than adequate.

Tube Investments

THE shares of Tube Investments fell 3s. 3d. to 55s., to yield just over 5 per cent, following the forecast of lower profits made by Sir Ivan Stedeford at this week's annual meeting. His additional comments echoed the assessment of future prospects he made in the statement circulated with the full accounts but standing in isolation they gained in impact and had a depressing effect on equities in general.

Sir Ivan told shareholders that the measures so far taken by the Government to stimulate the economy were unlikely to bring about an appreciable revival in industrial activity before the spring and that as "the prolonged home market stagnation" has "checked confidence" as well as curbing spending and profits he thought it was unlikely that a revival in business confidence would push up demand before then. As TI's financial year ends in July the greater part of its trading year will then be over and Sir Ivan thought that profits for the first six months at least would suffer "some further setback." These comments bear out the view expressed in these columns last month that investors looking for recovery in TI should look toward the trading results of 1963-64 rather than those of 1962-63.

Westland Aircraft

THE results of Westland Aircraft, Britain's only manufacturer of helicopters, pleased the market and the 5s. shares rose by 1s. 3d. to 13s. 3d. to yield 6¼ per cent. Gross profits in the year to September 30th rose from £2,782,000 to £3,064,000 and the dividend has been raised from the equivalent of 14.7 per cent (9 per cent, tax free) to 16½ per cent. The bigger dividend is covered just under three times and the earnings yield is thus over 18 per cent. This reflects the market's assessment of the somewhat clouded future for British helicopters following the Government's decision to drop the Rotodyne project, on which some £11 million of public money had been spent. There is now no big helicopter-airliner under development in this country but Westland has licensing agreements with the American companies, Sikorsky and Boeing, for the Vertol 107 model. It remains to be seen, however, whether these companies can produce an economic helicopter of airliner size. This uncertainty underlines the importance of Westland's other interests including Normalair, which makes aircraft equipment, and Westland Engineering.

A £3 million debenture issue is proposed to "repay bank indebtedness and for general purposes." This suggests that stocks and work in progress (which rose by £2¼ million to £12½ million in 1960-61) may have risen still further in the past year and that bank overdrafts have risen above the end-September, 1961, level of £835,000.

Mercantile Credit

THE improvement in the results of Mercantile Credit is in line with the recovery in profits reported last month by Lloyds and Scottish and North Central Finance. Mercantile's profits before tax rose in the year to September 30th from £678,000 to £1,092,000 and profits after tax are £222,000 higher at £596,000. But minority interests absorb £101,000, against £29,000, so that net profits are up from £345,000 to £495,000. The final dividend is 6 per cent making 8 per cent for the year, compared with 7½ per cent. The improvement in profits has obviously occurred in the second half of the year since the interim was cut from 5 to 2 per cent in April.

The sharp rise in minority payments partly reflects the increased earnings of the equipment leasing subsidiary, but the bulk of the payments go to the Standard Bank which has a 40 per cent holding in Mercantile's African interests. Profits in South Africa have improved ; profits in Rhodesia have reached a record ; and the company has recovered an earlier loss in East Africa. This means that probably less than a third of the £222,000 improvement in profits after tax can be attributed to operations in Britain. This contrasts sharply with the results of other companies which have tended to show rising losses in their overseas operations which have offset higher domestic profits.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962	
			High	Low
Nov. 7	336·4	5·16		
,, 14	345·4	4·98		
,, 21	348·7	4·95		
,, 28	354·9	4·86	364·1 (Jan. 17)	310·3 (June 27)
Dec. 5	348·1	4·96		
,, 12	348·9	4·94		

FT-ACTUARIES INDICES
(April 10, 1962=100)

1962	500 Shares	Yield %	2½% Consols Yield
Dec. 6	97·50	4·66	5·61
,, 7	97·56	4·66	5·61
,, 10	97·33	4·67	5·60
,, 11	96·99	4·69	5·57
,, 12	97·81	4·65	5·54
High, 101·34 (April 27). Low, 84·86 (June 25).			

FINANCIAL TIMES
(1935=100)

Ord. Index	Bargains Marked
291·9	11,075
291·6	11,262
289·4	14,191
286·9	12,344
287·8	11,050
High, 310·2 (January 19). Low, 252·8 (June 25).	

Money and Exchanges

EXCHEQUER RETURNS

For the week ended December 8, 1962, there was an "above" line" deficit (after allowing for sinking funds) of £2,539,000 compared with a deficit of £72,037,000 in the previous week and a deficit of £2,072,000 in the corresponding period of last year. There was a net expenditure "below-line" of £13,056 000 leaving a total cumulative deficit to date of £676,952,000 compared with £813,278,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to Dec. 9, 1961	April 1, 1962, to Dec. 8, 1962	Week ended Dec. 9, 1961	Week ended Dec. 8, 1962
Ordinary Revenue					
Income Tax	2,790,000	1,034,731	1,130,553	15,802	24,321
Surtax	188,000	57,400	62,500	1,800	1,500
Death Duties	264,500	176,800	176,200	3,700	6,400
Stamps	95,000	66,600	65,000	1,100	1,400
Profits tax, EPT and EPL	374,000	249,300	285,300	7,400	9,100
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,584,831	1,719,553	29,802	42,721
Customs	1,653,000	1,139,774	1,162,022	37,332	31 392
Excise	1,077,000	708,090	750,575	8,785	7.685
Total Customs and Excise	2,730,000	1,847,864	1,912,597	46.117	39,077
Motor Duties	150,000	47,598	68,237	363	296
Broadcast Lic's.	41,000	23,800	25,400	...	...
Miscellaneous	165,000	187,329	121,575	3,954	2,857
Total	6,797,500	3,691,422	3,847,362	80,236	84,951
Ordinary Expenditure					
Debt Interest	600,000	475,994	380,585	9 966	10,794
Payments to N. Ireland Exch.	100,000	59,576	64,092	3,368	3.512
PO Fund — Initial settlement	...	7,282	...	...	...
Other Consolidated Funds	12,000	4,968	5,535	14	424
Supply Services	5,611,650	3,508,263	3,744,503	67,100	71,200
Total	6,323,650	4,056,083	4,194,715	80,448	85,930
Sinking Funds	41,000	26,214	26,189	1,860	1,560
"Above-line" Surplus or Deficit	—	—	—	—	—
"Below-line" Net Expenditure*	390,875	373,542	2,072	2,539	
	422,403	303,410	15,530	13,056	
Total Surplus or Deficit	— 813,278	— 676,952	— 17,602	— 15,595	
Net receipts from :					
Tax Reserve Certificates	188,230	118,495	1,270	2.819	
Savings Certificates	— *19,100*	5,500	— *200*	500	
Defence Bonds	19,414	21.362	368	1,875	
Premium Savings Bonds	28,600	25,400	— *100*	300	
Total	217,144	170,757	1,338	5,494	

* Net repayments to the Civl Contingencies Fund nil in 1962–63 compared with net repayments of £5 million in 1961–62.

FLOATING DEBT
(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1961 Dec. 9	3.370·0	2,083·8	222·2	...	5,676·0
1962 Sept. 8	2,990·0	1,637·9	211·6	...	4,839·4
,, 15	2,990·0	1,683·6	226·2	...	4,899·8
,, 22	2,980·0	1,699·2	220·2	...	4,899·4
,, 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct. 6	3,020·0	1,572·9	220·5	...	4,813·5
,, 13	3,010·0	1,598·3	215·2	...	4,823·6
,, 20	3,020·0	1,595·6	204·1	...	4,819·7
,, 27	3,040·0	1,637·6	201·0	...	4,878·5
Nov. 3	3,060·0	1,620·7	205·3	...	4,866·1
,, 10	3,080·0	1,547·5	205·4	...	4,832·9
,, 17	3,110·0	1,519·7	233·8	1·8	4,865·3
,, 24	3,140·0	1,500·1	194·2	4·8	4,839·0
Dec. 1	3,170·0	1,510·8	242·5	...	4,923·3
,, 8	3,200·0	1,497·4	243·2	...	4,940·6

THE MONEY MARKET

THE main influence on the Treasury bill tender on Friday of last week was this Monday's release of £40 million of special deposits. A heavy demand for bills was expected from the banks and to get a good quota the syndicate of discount houses raised its bid for the £210 million 91-day bills on offer by 5d. (a reduction of 1s. 8d. per cent in the rate) to £99 1s. 11d. The average rate of discount fell by only 1s. 5.17d. to £3 12s. 4.30d. per cent, but applications for these bills were sharply up by £37 million to £392 million and the market's quota rose from 39 to 44 per cent.

The bill rate has now fallen by ¼ per cent in the past five weeks despite official attempts to check the fall. On Friday of last week the authorities followed the market's increase in its bid by forcing six or seven of the twelve houses to borrow a moderate amount from the Bank of England at Bank rate. And on Tuesday the market was again in the Bank. This latest fall in the bill rate now means that the market's profit margin on bills has once more disappeared.

The Public Works Loan Board has cut its rates for loans of over 15 years by ¼ per cent to 5⅞ per cent ; this is the sixth cut this year. Market rates for mortgages for over two years are now also at 5⅞ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	**Market discount rates** (3 months):	
Deposit rates (7 days' notice):		Treasury bills	3 11/16
Banks	2½	Bank bills	3 13/16–3 15/16
Discount houses	2½–2¾	Fine trade bills	5 1/2–6 1/2
Local Authorities	4⅜	**Euro-dollar deposits:**	
Call money:		7 days' notice	3⅛–3⅝
Clearing banks' minimum	2⅞	3 months'	3⅞–4⅜
Day-to-day	2⅞–3⅞	**Forward cover** (3 months):	
		Annual interest cost, US dollar	1 3/32

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** December 3	2·861
		,, 10	2·807

BANK OF ENGLAND RETURNS

(£ million)	Dec. 13, 1961	Dec. 5, 1962	Dec. 12 1962
*Issue Department**:			
Notes in circulation	2,438·2	2,370·9	2,426·9
Notes in banking dept.	37·1	54·5	48·4
Govt. debt and securities*	2,474·0	2,424·0	2,474·0
Other securities	0·7	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	13·3	10·3	11·5
Special deposits	233·5	80·8	39·8
Bankers	222·9	242·1	226·2
Others	69·6	70·0	71·7
Total	539·3	403·2	349·2
Securities:			
Government	404·9	278·2	224·8
Discounts and advances	95·1	67·6	73·2
Other	19·4	20·1	20·0
Total	519·4	365·9	317·9
Banking department reserve	38·0	55·3	49·3
	%	%	%
"Proportion"	7·0	13·7	14·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,475 million on December 12th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Average Rate of Allotment	Allotted at Max. Rate *
	91 day 230·0 / *63 day* 30·0		s. d.	%
1961 Dec. 8		455·3	106 5·34	46
1962 Sept. 7	240·0	439·3	74 4·55	48
,, 14	230·0	388·0	73 11·97	44
,, 21	250·0	406·1	74 0·01	40
,, 28	250·0	407·5	72 8·42	51
Oct. 5	250·0‡	415·2	72 4·13	37
,, 12	230·0	386·8	72 3·07	38
,, 19	240·0	396·9	74 8·22	38
,, 26	240·0	381·8	77 2·03	46
	91 day / *63 day*			
Nov. 2	200·0 / 60·0	443·8	76 11·48	32
,, 9	200·0 / 60·0	447·7	75 11·75	31
,, 16	200·0 / 60·0	410·0	75 11·09	41
,, 23	210·0 / 50·0	424·4	74 9·03	60
,, 30	210·0 / 50·0	420·2	73 9·47	39
Dec. 7	210·0 / 60·0	466·4	72 4·30	44

* On December 7th tenders for 91 day bills at £99 1s. 11d. secured 44 per cent, higher tenders being allotted in full. The offer for this week was for £210 million 91 day bills and £40 million 63 day bills. † Allotment cut by £10 million. ‡ Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits December 12	Market Rates : Spot December 6	December 7	December 8	December 10	December 11	December 12
United States $	2·78–2·82	2·80 5/16–7/16	2·80 5/16–7/16	2·80 5/16–7/16	2·80 5/16–7/16	2·80 5/16–7/16	2·80 5/16–7/16
Canadian $	...	3·01 5/8–3/4	3·01 7/16–9/16	3·01 7/16–9/16	3·01 7/16–9/16	3·01 7/16–9/16	3·01 9/16–11/16
French Fr.	13·622–14·027	13·73 5/8–7/8	13·73 5/8–7/8	13·73 5/8–7/8	13·73 5/8–7/8	13·73 1/2–3/4	13·73 1/2–3/4
Swiss Fr.	11·94–12·54⅞	12·09 5/8–7/8	12·09 1/2–3/4	12·09 5/8–7/8	12·09 5/8–7/8	12·09 1/2–3/4	12·09 1/2–3/4
Belgian Fr.	137·96–142·05	139·40–45	139·40–45	139·40–45	139·40–45	139·37 1/2–42 1/2	139·40–45
Dutch Gld.	9·983/8–10·28 1/2	10·09 3/4–10	10·09 5/8–7/8	10·09 5/8–7/8	10·09 5/8–7/8	10·09 1/4–1/2	13·73 1/2–3/4
W. Ger. D-Mk.	11·037–11·365	11·21 3/4–5/8	11·21 1/4–1/2	11·21 1/4–1/2	11·20 3/8–2/8	11·20 5/8–7/8	11·20 3/4–21
Portug. Esc.	1725–1775	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	14·27 1/2–14·70	1740 1/2–41	1740 5/8–41 1/8	1740 5/8–41 1/8	1740 5/8–41 1/8	1741–41 1/2	1741–41 1/2
Swedish Kr.	19·06 1/2–19·62	14·52 3/4–53	14·52 7/8–53 1/8	14·52 7/8–53 1/8	14·53 3/8–54	14·53 5/8–7/8	14·53 3/4–54
Danish Kr.	19·71–20·30 1/2	19·35–35 1/4	19·34 3/4–35	19·34 7/8–35 1/8	19·34 1/2–3/4	19·34 1/8–3/8	19·34–34 1/4
Norwegian Kr.		20·02–02 1/4	20·02 1/8–3/8	20·02 1/8–3/8	20·02 1/8–3/8	20·02 1/4–1/2	20·02 1/4–1/2
	Official Limits	**One Month Forward Rates**					
United States $		3/16–1/6c. pm	3/16–1/6c. pm	3/16–1/6c. pm	3/16–1/6c. pm	3/16–1/6c. pm	3/16–1/6c. pm
Canadian $		Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis	Par–1/8c. dis
French Fr.		1–1/2c. pm	1–1/2c. pm	1–1/2c. pm	1–1/2c. pm	1–1/2c. pm	1–1/2c. pm
Swiss Fr.		1/4c. pm–1/4c. dis	1/4c. pm–1/4c. dis	1/4c. pm–1/4c. dis	1/4c. pm–1/4c. dis	1/4c. pm–1/4c. dis	1/4c. pm–1/4c. dis
Belgian Fr.		17–12c. pm	15–10c. pm	15–10c. pm	15–10c. pm	15–10c. pm	15–10c. pm
Dutch Gld.		1/8–1/16c. pm	1/8–1/16c. pm	1/8–1/16c. pm	1/8–1/16c. pm	1/8–1/16c. pm	1/8–1/16c. pm
W. German D-Mk.		1/4pf. pm–par	1/4pf. pm–1/4pf. dis	1/4pf. pm–1/4pf. dis	Par–1/2pf. dis	Par–1/2pf. dis	Par–1/2pf. dis
		Three Months Forward Rates					
United States $		3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm	7/16–5/16c. pm	3/8–1/4c. pm	3/8–1/4c. pm
Canadian $		1/8–1/4c. pm	3/16–1/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	1/8–1/4c. pm	1/8–1/16c. dis
Swiss Fr.		1 5/8–1 1/4pf. pm	1 3/4–1 1/4pf. pm	1 3/4–1 1/2pf. pm	1 3/4–1 1/4pf. pm	1 3/4–1 1/4pf. pm	1 3/4–1 1/4pf. pm
W. German D-Mk.		1 3/4–1 1/4pf. pm	1 3/4–1 1/4pf. pm	1 3/4–1 1/4pf. pm	1 1/4–3/4pf. pm	1 1/4–3/4pf. pm	1 1/8–7/8pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/3	250/2 3/4	—	250/2 3/4	250/2 3/4	250/2 3/4
,, ($,, ,, ,,)		35·08	35·08	—	35·08	35·08	35·09 1/2

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Manpower and Output

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

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

BRITISH

Prices and Wages.....	Dec. 8th	External Trade	Dec. 1st
Manpower and Output....	This week	Industrial Profits.....	Oct. 13th

OVERSEAS

Western Europe.....	Oct. 20th	United States.....	Nov. 17th

	Unit	Mid-year or averages			1961			1962				
		1959	1960	1961	Sept.	October	Nov.	July	August	Sept.	October	Nov.
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,145	24,436	24,650	24,830	24,873	24,903	24,865	24,952	24,924	24,917	...
Men	"	16,137	16,239	16,325	16,398	16,424	16,432	16,421	16,473	16,454	16,440	...
Women	"	8,008	8,197	8,325	8,432	8,449	8,471	8,444	8,479	8,470	8,477	...
Armed Forces	"	565	518	474	464	461	457	441	438	436	438	...
Civil employment:												
Total	"	23,197	23,628	23,925	24,060	24,076	24,094	24,044	24,069	24,049	24,012	...
Manufacturing industries	"	8,477	8,811	8,928	9,004	9,001	9,008	8,881	8,894	8,911	8,901	...
Employees:												
in engineering [2]	"	3,545	3,740	3,810	3,850	3,845	3,855	3,798	3,801	3,807	...	...
in consumer goods industries [3]	"	3,101	3,154	3,177	3,204	3,207	3,206	3,175	1,185	3,190	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	"	475·2	360·4	340·7	317·0	365·7	387·4	400·4	464·4	465·1	501·4	544·7
Temporary	"	30·7	14·5	28·6	26·4	43·2	39·0	20·3	18·9	26·1	33·8	39·9
Wholly unemployed [5]—total	"	432·8	337·2	304·8	276·1	318·3	345·6	370·7	392·3	406·8	455·7	497·5
" " *Seasonally adjusted*	"	...	...	...	*307·4*	*322·7*	*334·1*	*424·3*	*436·6*	*438·9*	*461·4*	*485·3*
Over 8 weeks	"	243·4	187·6	157·1	134·2	143·9	155·3	195·9	208·7	217·4	223·2	245·8
By regions [4]:												
Great Britain	%	2·2	1·6	1·6	1·4	1·6	1·7	1·8	2·1	2·1	2·2	2·4
London and South Eastern	"	1·3	0·9	1·0	0·9	1·0	1·1	1·1	1·3	1·2	1·4	1·5
Eastern and Southern	"	1·5	1·2	1·1	0·9	1·2	1·4	1·1	1·4	1·4	1·5	1·7
South Western	"	2·2	1·7	1·4	1·2	1·5	1·7	1·4	1·6	1·6	1·9	2·2
Midland	"	1·5	1·0	1·4	1·4	1·7	1·7	1·6	1·8	1·8	2·1	2·3
North Midland	"	1·5	1·1	1·0	0·9	1·0	1·1	1·2	1·4	1·4	1·5	1·6
East and West Ridings	"	1·9	1·2	1·0	1·0	1·1	1·2	1·4	1·7	1·8	1·8	2·0
North Western	"	2·8	1·9	1·6	1·7	1·7	1·9	2·3	2·8	2·8	2·8	2·9
Northern	"	3·3	2·8	2·5	2·3	2·5	2·9	3·2	3·7	3·8	4·3	4·7
Scotland	"	4·4	3·6	3·1	2·8	3·0	3·2	3·5	3·8	3·8	3·9	4·3
Wales	"	3·8	2·7	2·6	2·2	3·5	2·8	2·7	3·1	3·2	3·4	3·6
VACANCIES												
Unfilled vacancies: Total	'000s	251	294	249	328	289	263	251	227	201	176	162
" " *Seasonally adjusted*	"	...	...	...	*322*	*296*	*282*	*200*	*192*	*191*	*181*	*179*
STOPPAGES OF WORK												
Working days lost: Total	M 000s	439	252	254	188	381	159	69	133	142	610	...
in engineering [2] [15] industries	M "	80[14]	121	122	101	249	49	29	54	69	233	...
INDUSTRIAL PRODUCTION												
Index:												
All industries	1958=100	105	113	114	117	118	119	109	100	120	...	...
" " *seasonally adjusted*	"	...	...	...	*114*	*113*	*113*	*116*	*117*	*118*	...	...
Mining and quarrying	"	97	94	93	95	99	101	87	73	98	...	...
Construction	"	106	111	120	122[9]	...	120[13]	...	...	...	...	...
Gas, electricity and water	"	103	110	116	102	116	134	98	98	110	...	...
Manufacturing, total	"	106	115	115	119	120	119	109	98	122	...	...
" " *seasonally adjusted*	"	...	...	...	*114*	*113*	*113*	*116*	*117*	*118*	...	...
Engineering and electrical goods	"	105	114	121	130	127	128	118	99	132	...	...
Shipbuilding	"	94	85	86	86	86	88	86	85	86	...	...
Vehicles	"	109	118	109	108	108	107	89	99	113	...	...
Chemical trades	"	111	122	124	124	128	128	125	118	...	...	...
Textiles, leather and clothing	"	107	113	111	120	119	118	100	90	123	...	...
Basic material production:		M/W averages										
Coal [7] [8]	W '000 tons	3,963	3,725	3,663	3,708	3,938	4,061	3,400	2,842	3,851	4,058	4,120
Pig iron	W "	242	303	284	261	248	270	262	243	271	276	259
Steel, ingots and castings	W "	388	467	425	400	382	420	367	319	422	431	398
Sulphuric acid	M "	202·3	225·1	221·8	208·3	225·4	226·5	226·8	212·3	225·3	...	...
Newsprint	W "	12·87	14·25	13·70	13·06	13·39	14·21	11·10	9·98	12·58	...	...
Electricity [7] [11]	M mn. kwh	8,764	9,904	10,631	9,148	11,022	12,586	9,038	9,063	10,142	11,866	...
Gas [12]	W mn. therms	53·5	55·7	55·7	46·3	53·9	63·2	45·5	41·8	49·1	54·5	67·2
Textile production:												
Cotton yarn, single	W mn. lb.	14·58	14·44	13·21	12·41	13·58	13·38	9·36	10·53	11·49	...	...
Worsted yarn [6]	M "	19·34	20·40	20·52	21·66	22·11	22·66	18·11	14·59	19·71	...	...
Rayon and synthetic fibres	M "	42·89	49·33	47·47	45·40	52·75	52·07	53·65	42·52	53·93	57·60	...
Cotton cloth, woven	W mn. yds.	25·7	24·9	23·8	23·0	25·0	24·5	13·7	18·8	19·0	...	...
Wool fabrics, woven [6]	M mn. sq. yds.	30·4	30·6	29·3	31·1	31·8	32·1	28·0	21·5	27·9	...	...
Engineering production:												
Passenger cars and chassis	W '000s	22·88	26·01	19·31	20·18	18·84	20·46	15·79	23·49	26·39	23·20	...
Commercial vehicles and chassis	W "	7·13	8·81	8·85	9·00	8·73	8·74	5·57	7·74	8·71	8·69	...
Merchant ships [1]	M '000 gr. tons	116	109	116	100[9]	...	123[13]	...	55[9]	612	...	...
Internal combustion engines [6]	M '000 BHP	468	577	587	559	575	570	596	612	...	...	...
Metal-working machine tools [6]	M £'000	6,564	7,911	9,643	9,922	10,347	9,992	11,669	8,346	10,809	...	...
Television sets	M '000s	238·6	178·4	104·7	124·2	155·3	162·3	110·6	81·1	...	...	...
Permanent houses completed [10]:												
Total	M '000s	20·78	22·44	22·40	22·36	25·44	22·79	24·55	23·72	22·66	25·95	...
For local housing authorities	M "	8·29	8·60	7·74	7·01	8·45	7·68	9·23	8·42	8·23	9·75	...

(1) Vessels of 100 gross tons and over completed. (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink, and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Excluding school-leavers. (6) Deliveries. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for third quarter. (10) England and Wales. (11) Generation for public supply. (12) Total available at gas works. (13) Average for fourth quarter. (14) On 1948 Standard Industrial Classification; later figures on 1958 classification. (15) Also including metal manufacture.

APPOINTMENTS

MARKET RESEARCH EXECUTIVE — **RETAIL AUDIT RESEARCH**

Petfoods Limited have a vacancy in their Market Research Department for a Market Research Officer to take control of an existing large-scale retailer and wholesaler panel. The position involves, in addition to sample design and maintenance of the main Panel, responsibility for test market panels, and other "ad hoc" trade research.

The selected man will not be over 35 years of age and is likely to possess an Honours degree which embraces statistics, though academic achievement will be considered together with research experience and other personal qualities.

The starting salary will not be less than £2,250 per annum and the Company operates a Social Security scheme covering non-contributory pension, sickness benefit and life assurance cover.

Applications outlining qualifications should be addressed to:

The Chief Personnel Officer,
PETFOODS LIMITED
Melton Mowbray, Leics.

FEDERATION OF RHODESIA AND NYASALAND

TAX OFFICERS AND ASSESSORS: DEPARTMENT OF TAXES

Applicants with qualifications of either B. Com. or Final C.I.S., or C.C.S., or C.A., or A.S.A.A., or A.C.C.A. for appointment as Tax Officers.

GOOD STARTING SALARIES which depend on qualifications and experience, in the range of £860 to £1,220 p.a. (With effect from January 1, 1963).

GOOD PROMOTION PROSPECTS after serving at least one year on a salary of £980 p.a. in the Tax Officer grade, automatic promotion to Assessor Grade II with commencing salary of £1,320 p.a.

THREE-YEAR CONTRACT APPOINTMENTS. AS ASSESSORS GRADE II and higher salaries offered to Chartered, Incorporated or Certified Accountants with at least one year's post qualification experience, and applicants with B. Com. degrees or Final C.I.S. or C.C.S. with three or more years post qualifying accounting experience.

LOW INCOME TAX

ATTRACTIVE CLIMATE AND SPORTING FACILITIES

PASSAGES PAID TO FEDERATION FOR SELECTED APPLICANTS.

Application forms and further details from: The Secretary (R), Rhodesia House, Strand, London, W.C.2. Closing date December 31, 1962.

FINANCIAL TRANSLATOR
(French into English)

International organisation in Paris needs full-time competent translator from French into English. Familiarity with Stock Exchange matters essential, economics training desirable. Residence Paris. Accommodation may be arranged. Please reply with handwritten C.V. to Box 1675.

STATISTICIAN

A man aged 21/30 is required by HEINZ, manufacturers of the 57 Varieties, to take up an interesting appointment in which he will develop the use of statistical principles in our Head Offices and Factories with particular emphasis on the design and analysis of experiments.

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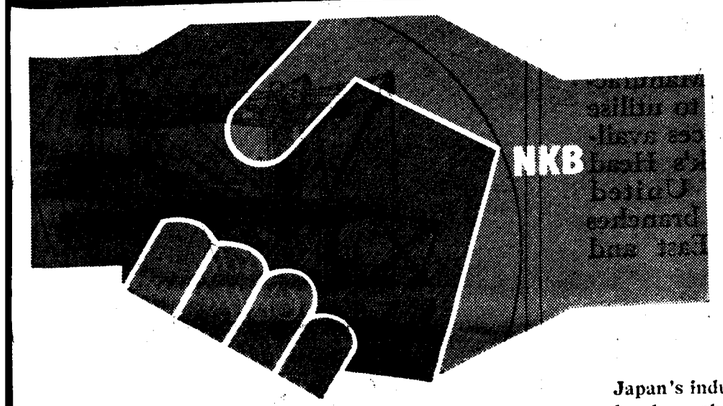

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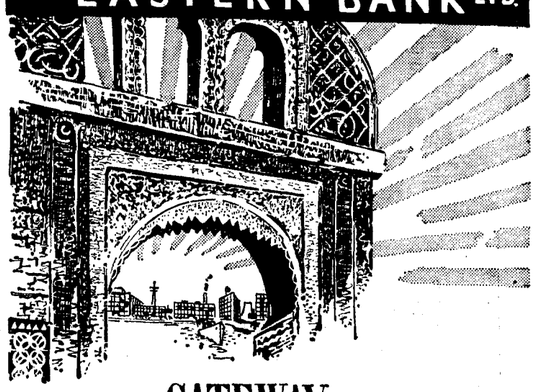

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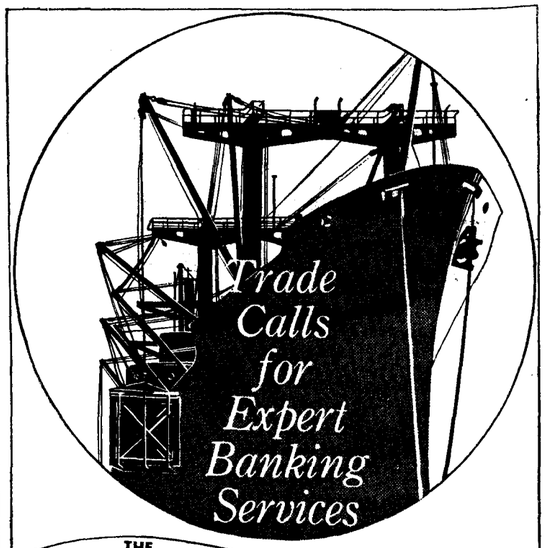

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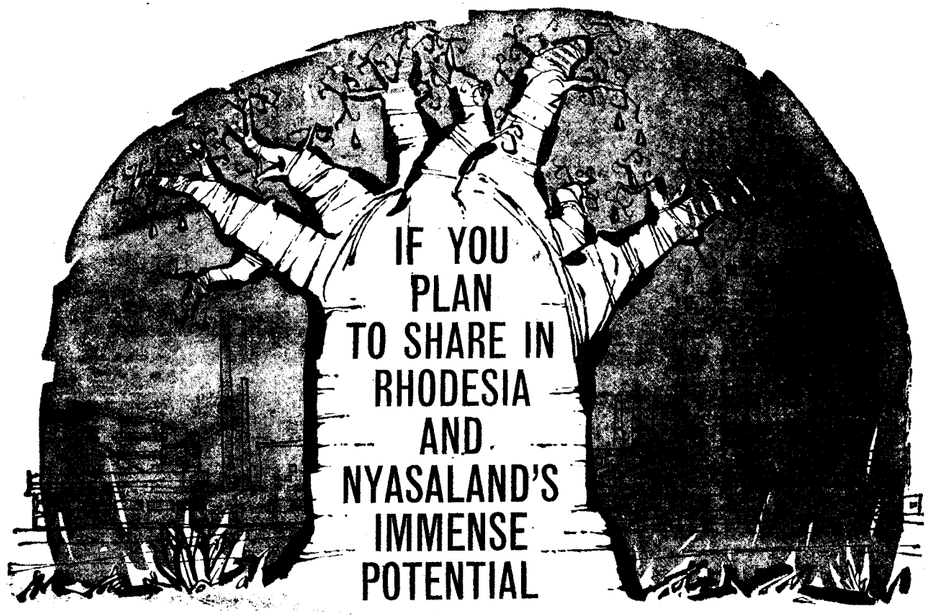

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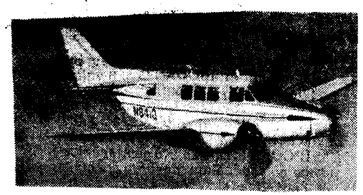

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The Economist

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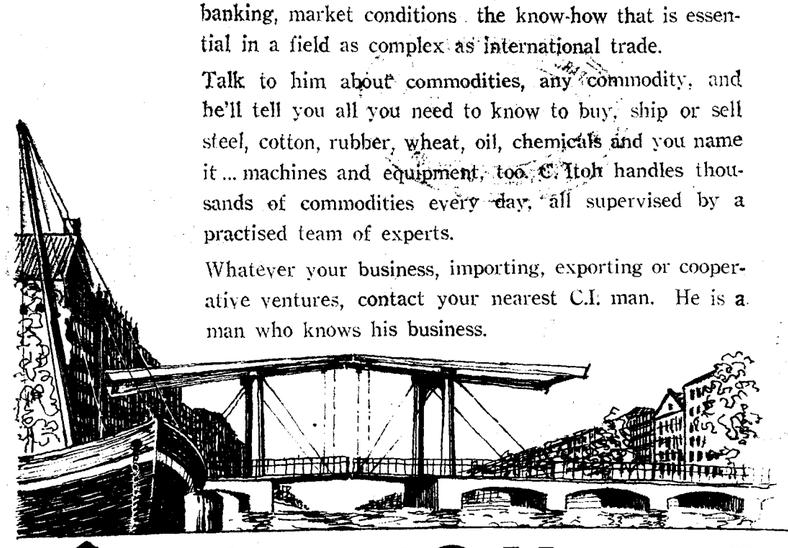

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The Economist this Week December 22, 1962

AN UNFAILING BLUES CHASER

On December 3rd Mr John Crosby, pontificating in his own whimsical fashion from Paris, told readers of the New York *Herald Tribune* of the food for reflective and even melodramatic musing which he said he got from the digest of *The Economist's* contents which usually appears on this page. We feel that, at this season of the year, the readers of *The Economist*, for whose help the digest is solely intended, can fairly be given the chance of sharing Mr Crosby's peculiar pleasure.

When I'm blue I read the first page of *The Economist*. Never fails to cheer me. You think things are in awful shape. Then you read under "*The Economist* This Week" (which is a sort of table of contents): "The Anglo-Japanese trade treaty is likely to show firm resistance to the extreme demands of the wool industry."

So long as someone is resisting the extremists in the wool industry, I feel I can carry on. Actually, this is the first time I've known there were extremists in the wool industry. Most of the guys I know in the wool dodge are pretty temperate fellows. Go home to their wives every night. Vote straight Republican. The radicals among them have long since fled into something more dashing —like nylons, or rayon acetate. (Oh, that rayon acetate crowd! Wow!) "No woolly thinking in woollens" used to be the watchword in Providence which is the only place I got really close to the wool mob.

SHRINKING CYCLES

It's not so much what *The Economist* writes about—after all, our business pages can get pretty steamed up about the extremists in the wool caper, too—but it's how they write about it, the vigour and clarity of their style that gets me all choked up about problems I didn't think I could care about. "The shrinking cycle industry thought a better bicycle could not be built—but a new miniature may prove them wrong. (Page 601.)" One can't help caring when confronted by resolute prose like that.

"By George, they've turned the corner in the shrinking cycle industry," I exclaim, giving "Eli Yale" with three "shrinking-cycle-industrys" at the end, throwing my hat in the air, and turning to page 601—all of which can be done simultaneously with a little practice.

ACROSS THE WASHING MACHINES

Well, it was a mistake to turn to page 601. The shrinking cycle industry is not out of the woods by any means. I should have stayed on the table-of-contents page, which contains just the right mixture of hope and fantasy. For instance: "Mr Bloom and Sir Isaac Wolfson face each other across the washing machines. (Page 599.)"

I have learned not to go poking into page 599. Just leave it alone. The teaser on the table-of-contents page in *The Economist* is like those side-show posters for the half-man, half-woman. The stuff inside the tent doesn't live up to the promise. That teaser, for example, conjures up a mental image of Mr Bloom and Sir Isaac Wolfson glaring at one another across an automatic washer, pistols on their hips, hands at the ready: "Lay one finger on that machine and I'll draw." But it's not like that at all.

FRIGHTFULLY CASUAL

The secret of *The Economist* style is this way of being fearfully dramatic and sweeping about—well, the shrinking-cycle industry and the extremists in the wool business. On the other hand, when they go into high policy, *The Economist* gets frightfully casual. "The high risks of East European politics seem to have cost Bulgaria a Prime Minister. (Page 555.)" You can't get much cooler than that. Prime Minister gets sacked and *The Economist* headlines it: "No Room at the Top."

But it's when they're writing about money that my appreciation of *The Economist* is at its purest. I've never had any money and I know absolutely nothing about the stuff, so when I read about money, it's like looking at abstract painting. Pure aesthetic appreciation divorced from all worldly connotations. *The Economist* writes about money with classic balance, the sentences marching with the dignity of a frieze on the Parthenon. "A reasonably firm tone in the gilt-edged market, even if it is not accompanied by the sharp rises that characterised dealings in autumn, could be of some help to equi in the winter months."

EQUITIES, O EQUITIES

By Jove, that's a sentence. I don't kr what it means, but it has a cathedral gr deur about it. You could set it to or music, that sentence, a sort of hymn cal "Equities, O Equities, In the Wir Months."

After I get through reading about mo ("hitherto the liquidity in the banks been mainly regulated by selective rat than general measures") I like to taper with a few rips from the business no "Most things about the history of Gatw contain a streak of the irrational." ("Academic discussion about the energy pr lems in Germany took on a note of dra last week end."

It's best if you don't pursue these sto any farther than those opening sentences. like to think of a business firm [*sic*] wit streak of the irrational in it. I don't even kr what an energy problem is, but so long it has a "note of drama"—not a lot of dra just a note—I think we're all right.

(*By permission of the New York* Her Tribune *Inc.*)

CHRISTMAS FARE

LOOFERS ARISE! THE WORLD'S LEFT-HAND (page 1177)

THE GROANING BOARD (page 1215)

WHERE THE BOWL OVERFLOWS (page 1216)

AMERICA (pages 1201-1206)
CHRISTMAS SPIRITS
MINK FOR THE MASSES
CHRISTMAS STILL DEDUCTIBLE

CHRISTMAS ROADS: QUICK AI DEAD (page 1186)

Detailed contents on page 1177

This Hawker Siddeley locomotive, the first of a new class in the British Railways 2,000-2,750 h.p. (Type 4) power range, weighs 114 tons and is just over 63' long.

The thousands of British schoolboys who make a hobby of 'spotting' trains will have to open a new page in their notebooks! For British Railways are bringing a new 95 m.p.h. diesel locomotive into service. Developing 2,750 h.p., it is the most powerful single-engined diesel locomotive ever built for service in Britain. The new design is lighter and more versatile than current types, and is the first of a new class in the Type 4 power range for express passenger and high-speed freight services. This is a Hawker Siddeley locomotive, built at their Brush Electrical Engineering works, and was designed by Brush in conjunction with the British Transport Commission's Chief Mechanical and Chief Electrical Engineers. The BTC's Design Panel collaborated in the external design and colour scheme which is olive-green with a broad band of light green around the waist. Number D.1500, which has recently been handed over to B.R., is the first of a batch of 20. Others will be built in British Railways workshops, as well as by Brush, for the London Midland, North Eastern, and Western Regions.

HAWKER SIDDELEY GROUP

The Economist

DECEMBER 22, 1962

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VOLUME CCV - NUMBER 6226

Loofers, Arise!

A BURNING sense of injury can develop in a human group that suffers repression or discrimination only when it realises that it is a group. Intelligent oppressors take pains, therefore, to rob their victims of all sense of identity, to force them to think and speak in terms that perpetuate the oppressors' scale of values.

Today's world is acutely conscious of "the revolution of rising expectations." It sees dependent peoples emerging, and claims for equality asserted by religious minorities, racial groups subject to discrimination, outcasts and outcastes of all kinds, even women (*pace* the Saudi Arabian delegate who recently, in the United Nations Assembly's social committee, riled his female colleagues with some unashamedly traditionalist remarks about woman's place). We have reached the stage when a senator from the American South can find his junketing cut short by brusque rebuffs from African governments. (Why does a devoted segregationist seek African hospitality at all?) Something, at least, is being done to advance the claims of each of the great submerged groups—except for one, which, although it may represent anything up to half of the human race, has yet to find a voice.

All the other struggling groups have their international organisations, their banners and slogans, their word in the world's ear, their listing in the Universal Declaration of Human Rights. But that last word is itself the clue to the peculiar degradation of the last great mass of the still submerged: the left-handed.

Their physical status has, admittedly, begun to improve. Sinistral children are now less often made to undergo forcible dexterisation. But the left-handed are still trapped in a position of moral inferiority that has been dexterously imposed on them for many centuries. Most of those who have not lost all sense of group identity have been made so ashamed that they keep silent. The few who speak out find things so well rigged against them that they must even phrase their claims to fair play in the loaded words devised by their oppressors: they are forced to demand their Rights.

Language, indeed, is the most powerful instrument that has been used to cow and confuse them. Glance at the dictionary:

> **Left:** *primary sense, "weak, worthless," represented in Dutch dialect* **loof**. . . .
> **Gauche:** *tactless; without ease or grace*. . . .

The poor loofers are not merely identified with all that is feeble and inept. They are given a viler brand:

> **Sinister:** *left; of evil omen; ill-looking; wicked; flagitious*. . . .
> **Sinistral:** *left-handed; adverse; unlucky; darkly suspicious; heterodox; unsound*. . . .
> **Sinistrous:** *erroneous; perverse; malicious; unfair; dishonest; corrupt; underhand*. . . .

The dominant dexters who slanted the Shorter Oxford Dictionary with as much partisan zeal as the compilers of Soviet encyclopaedias were not satisfied until they had thrown in, innocently disguised as examples of usage, some blatantly false statistics and a frankly racist association of the loofers with another "lesser breed":

> *"Two per cent of mankind are naturally sinistral" (1904).*
> *"The typical Irish immigrant, with his sinister animal features" (1864).*

Note, furthermore, the ruthless way that (at least, in the old SOD) the word "left" is assigned the obscurest possible origins in low Dutch, whereas

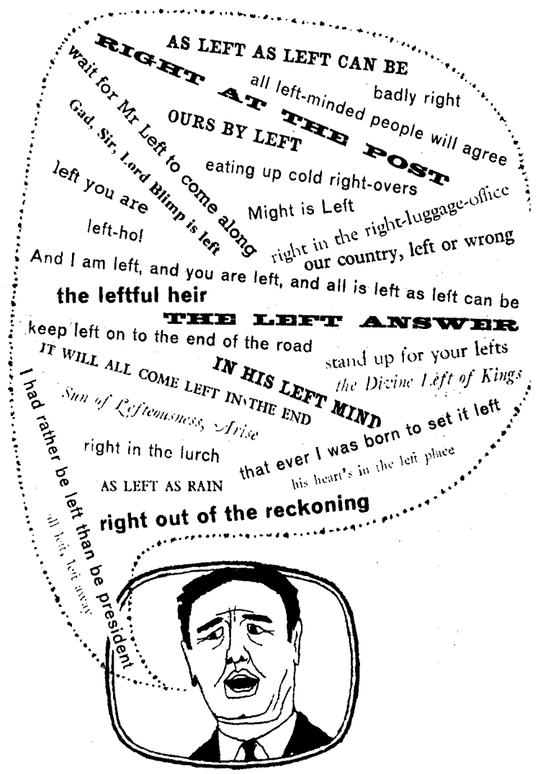
"dexterous" is awarded a noble pedigree, going back to the Sanskrit *daksha*.

The dexterous oppressors have, of course, identified their own side with all that is virtuous, efficient, and—ugh—right. They have sown the language thickly with right-minded words such as adroit and direct, correct, righteous and upright. And not content with scooping into their hand the meanings of accurate, straightforward, lawful, honest and proper, they have extended the use of "rights" to embrace the very elements of justice and equality which, in practice, they deny to the submerged southpaws.

Still more adroit (and, since we must use their terms, sinister) is the way they have associated their side with established authority and irresistible power. This is a much more profound phenomenon than the mere use of "right-wing" as a label for political conservatism. The political distinction between so-called Right and Left is no more than a surface shimmer (doubtless originally meant to blind gullible loofers), which conceals the unchanging bedrock of dexter domination. True, strong semantic links have been forged between the virtues claimed for the right hand and the conservative institutions of monarchy and militarism. The Latin *regere,* to rule or make straight, with its participle *rectus,* straight or right, has given us regal and reign, regiment, regular and regulations, as well as rectify and rectitude. But *dirigisme,* a political-economic doctrine associated with the "left" and abhorred by traditionalists, comes from the same stock. There are left-wing regimes as well as right-wing ones. There are directors in every Soviet industry as well as in Belgrave Square. And when communist China cracks down on heretics it does so in a "rectification campaign." Thus the so-called "left" also insists that might is right.

INDEED, it is by no means only the English-speaking world that has undergone this massive and sustained process of brain-washing. The poison has been injected wherever European tongues are used. In French, Italian and Spanish **droit, diritto** and **derecho** connote not only legal "rights" but also the very laws themselves. **Sinistre, sinistro** and **siniestro** carry the usual ugly echoes, indeed more of them ; the French use **sinistre** as a noun to mean a disaster, whose victims are termed **sinistrés.** The French **gauche** and **gaucherie** need no explanation. (Note how adroitly the *Rive Gauche* in Paris has been given a shady reputation, despite the presence there of such respectable elements as the Institut, the Panthéon, the Invalides and the Luxembourg ; while a conspiracy of silence surrounds the fact that in London the royal palaces, Parliament and the gilt-edged City itself are all on the Thames's left bank.)

The German **linkisch** matches *gauche* ; in Italian **manca** and **mancino** are loaded with pejorative meaning and surrounded by denigratory associates—**mancatore,** a defaulter, **mancanza,** neglect, **mancamento,** a swoon. On the other hand (to coin a phrase), the adroit but upright Italian **direttore** or **dirigente** can display either **destrezza** or **destreggiamento** without necessarily sacrificing his **drittura, dirittezza** or **dirizzamento.** The German, of course, can make reverent compounds with **recht** and **Recht** and **Rechts,** *ad nauseam.* Here again appears the association with authority, by way of **regieren** and **Regierung**—to **Reich,** indeed. Who has the **Regiment,** as they say, wears the trousers.



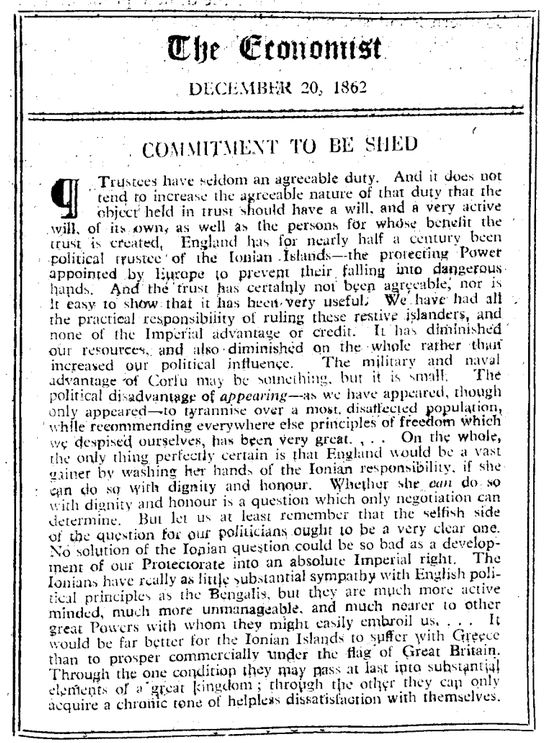
As they should be, the Russians are relatively kind to th Left, though they share with Germans and others the di couraging concept of "rising with the left foot" (getting o of bed on the wrong side). Surprisingly, however, the Rig is most shamelessly adored in the Soviet Union. Less su prising, on reflection, is the way the Russian language giv it not merely an oblique association with authority but a open identification with both orthodoxy and governmer Grouped around **pravy** (right-hand, rightful, upright, inn cent) and the familiar **pravda** (truth) are a great family derivatives that thunder like a massed Soviet choir praisi the Leadership and its holy Line:

pravdivost	veracity
pravdopodobie	verisimilitude
pravednost	righteousness, sinlessness
pravilo	principle, rule, regulation
pravilny	correct, sound, proper
pravilnost	accuracy
pravitel	ruler, governor
pravitelstvo	government
pravlenie	management, government
pravo	law, right
pravoporyadok	law and order
pravoslavny	orthodox
pravosudie	justice
pravota	legitimacy, integrity
pravovernost	orthodoxy
pravyashchy	ruling (as in "ruling circles")

Words of power, indeed, and as right as right can be. One might be tempted to see a concession to sinistrals in the word **pravolevatsky** (right-leftist) ; in fact, however, this is not even an ambidextrous gesture, but a term for a type of deviation that is very properly (**pravilno**) frowned upon.

MERCIFULLY, these essentially western concepts—traceable in many cases to Greek origins—have not altogether prevailed over the more fairly balanced pattern of the non-European cultures. At certain times and in certain places, outside Europe, it seems the loofers have actually been in the lead: for example, when the Arabic and Hebrew scripts were devised. The traditional method of Chinese writing, in vertical columns starting from the right, also suggests a mildly sinistral tendency. (The impact of the Western doctrines of Marx and Engels can be seen in the fact that China's newspapers are today printed horizontally, from left to right—a fresh triumph for the dexters, though perhaps their last.)

Before the age of European dominance, in fact, the world was a more balanced place in this respect as in some others. Balance being a basic Oriental concept, whether expressed in terms of *ying* and *yang* or otherwise, it was natural for the Chinese to honour the right hand in certain matters, but to seat a guest of honour on the host's left (Christian missionaries found it difficult to explain to them why Jesus was placed at God's right hand). Contending Hindu sects identified themselves as men of the right hand or of the left, neither wholly prevailing. And, of course, the incompatibility between the Hindu left-to-right scripts and the right-to-left Arabic script



The Economist

DECEMBER 20, 1862

COMMITMENT TO BE SHED

Trustees have seldom an agreeable duty. And it does not tend to increase the agreeable nature of that duty that the object held in trust should have a will, and a very active will, of its own, as well as the persons for whose benefit the trust is created. England has for nearly half a century been political trustee of the Ionian Islands—the protecting Power appointed by Europe to prevent their falling into dangerous hands. And the trust has certainly not been agreeable, nor is it easy to show that it has been very useful. We have had all the practical responsibility of ruling these restive islanders, and none of the Imperial advantage or credit. It has diminished our resources, and also diminished on the whole rather than increased our political influence. The military and naval advantage of Corfu may be something, but it is small. The political disadvantage of *appearing*—as we have appeared, though only appeared—to tyrannise over a most disaffected population, while recommending everywhere else principles of freedom which we despised ourselves, has been very great. . . . On the whole, the only thing perfectly certain is that England would be a vast gainer by washing her hands of the Ionian responsibility, if she can do so with dignity and honour. Whether she *can* do so with dignity and honour is a question which only negotiation can determine. But let us at least remember that the selfish side of the question for our politicians ought to be a very clear one. No solution of the Ionian question could be so bad as a development of our Protectorate into an absolute Imperial right. The Ionians have really as little substantial sympathy with English political principles as the Bengalis, but they are much more active minded, much more unmanageable, and much nearer to other great Powers with whom they might easily embroil us. . . . It would be far better for the Ionian Islands to suffer with Greece than to prosper commercially under the flag of Great Britain. Through the one condition they may pass at last into substantial elements of a great kingdom ; through the other they can only acquire a chronic tone of helpless dissatisfaction with themselves.

used for Urdu and Persian by Moslems lay at the bottom of the communal antagonisms that have marked India's history.

In the western world, meanwhile, the dexters were grimly consolidating their power. The strong right hand of Rome, as we have already seen, was brought down on the side of all that was rexist, regulatory and regimented. Medieval chivalry thrust the poor loofers deeper into the mire with its scornful usage of the bar sinister in heraldry. The Papacy played its part. As a recent correspondence in the *Daily Telegraph* has recalled, it was Boniface VIII who in 1300 AD established the "keep left" rule of the road—a rule which, of course, favours the dexterous. (If two men, passing each other on this rule, come to blows, the right hand is better placed for combat.)

Throughout these centuries of subjection the only recorded sinistral success in an essentially one-sided cold war was the introduction, by an unknown but obviously resentful loofer in the medical profession, of the term rectum for a little regarded part of the human anatomy. Not until the arrival of the age of revolution was a real advance scored with the European swing to the "keep right" rule of the road. The conversion of Britain to this sinister traffic system may now be envisaged as one of the loofers' more immediate goals. (Their attempt to convert Sweden to it a few years ago was most dexterously foiled ; their antagonists rushed through a relaxation in the liquor laws, and then adroitly argued that to make the two reforms simultaneously would mean a heavy loss of life. A second effort is to be launched in Sweden next year.)

The march of technology has certainly evened things up a bit. The dexters' advantage in hand-to-hand combat on the highway has already lost much of its value. Even before the advent of dual carriageways and one-way streets, the disappearance of the horse had destroyed the old ascendancy ; a traveller's dexterity with sword or whip no longer assured him the upper hand. The typewriter has come to the rescue of many forcibly rectified sinistrals whose handwriting had never regained legibility after their conversion in childhood. The military advantage enjoyed by the right-handed during the age of the bolt-mechanism rifle has passed away. In the nuclear age, when the button, unfortunately, can be pressed with great facility by either hand, or by a big toe if it comes to that, all's fairer in war than it was.

It is on the psychological front that the loofers have still to achieve their breakthrough. Language and thought must be purged of discriminatory elements, including such patronising terms as "ambidextrous." But the former oppressors need not fear that the right hand will now in turn be required to knuckle under.* Sinistrals do not seek to gain the upper hand ; they ask only the equality that is theirs by left. Whenever, as lately on the cricket field in Australia, a Dexter shows himself of outstanding ability, a very Parfitt gentle loofer will still be willing to accept his leadership. But the last and largest of the world's great submerged groups, now awakening from its long stupor, will not be content until an ambisinistrous world finally accepts a Universal Declaration of Human Lefts.

* Among loofers, as in other communities, there are both activists and moderates. A splinter faction which, in any other movement, would be called the Direct Action group, but here is necessarily known as Sinister Action, is planning to organise sub-editors to ensure that in future issues of British newspapers the word "left" will appear as "deft," while "right" becomes "blight," "direct" becomes "defect," and so on. For instance: "*The deft-hander Parfitt today scored another century*" ; or "*The strong stand taken by the Institute of Defectors will be supported by all blight-minded people.*"

Rhodesia Exploded

Sir Roy Welensky's Federation of Rhodesia and Nyasaland has been blown apart by the events of the past week. What next?

LAUNCHED from Whitehall, Mr Butler's skybolt burst over central Africa on Wednesday afternoon. "Her Majesty's Government," said the minister for central Africa, "accept in principle that Nyasaland shall be allowed to withdraw from the federation." Coming hard upon the formation of the first African nationalist government in Northern Rhodesia on December 14th, and the electoral victory of the Rhodesian Front, which led on Monday to the installation of a rough-and-ready white nationalist government in Southern Rhodesia, Mr Butler's statement in the Commons was of the epoch-making kind. The Federation of Rhodesia and Nyasaland, born in 1953, is now to all intents dead.

Standing up bravely in the debris in Salisbury, Sir Roy Welensky, whose federation it was, disappointed neither his critics nor his admirers. "Treachery," he thundered; "the British Government have ratted on us." To support him, his government issued a lengthy white paper to prove treachery; British officials in London began to deny the allegation before the print was dry. The argument may be long, but it is academic. The important fact is that Sir Roy's white charger has bolted from under him. No longer can he be the knight to rescue the Europeans of the Federation of Rhodesia and Nyasaland from horrid reality by leading them towards the will-of-the-wisp of a non-racial future of government-by-moderates under the banner of the United Federal Party. The UFP is out of office everywhere—except within the federal sphere, and its position there cannot be held much longer. Its philosophy—that the white establishment could be kept on top by selectively admitting the right sort of black "partners"—has been proved unworkable; and the whites themselves have lost faith in it.

Only a short time ago Sir Roy, as big and brave a man as any man of any colour in southern Africa, seemed to command a British central Africa that might, as many firmly believed, have become the non-racial answer to both African nationalism and apartheid; today his position has crumbled. He is prime minister in a federal parliament in which most members were returned unopposed and in which those members who did fight elections came in on derisory polls. Sir Roy's mandate rests upon ten thousand votes actually cast for his party (in the contested seats, that is) in April. The population of the federation is 8½ million; there are around 120,000 voters (110,000 white). "He has no territory"; that, it is said, was Mr Macmillan's own comment not many months ago on Sir Roy, comparing him in characteristic historical analogy with the medieval monarchs who were outfaced by territorial barons. Now the barons, black and white, have it: Sir Roy has not turned out to be a Tudor.

Mr Field: he has a territory

WHAT can now be expected to rise out of the federal ashes? There are several possibilities; Mr Butler is keeping his eye on all of them. His statement in the Commons on Wednesday hinted that he might like to see some links retained between Northern and Southern Rhodesia, but his mind is not made up. It was his blank refusal to promise that the two Rhodesias would be kept together that made Sir Roy so angry; the casting off of Nyasaland, which had long been expected, was less bitter.

Whatever happens, Mr Winston Field, new prime minister of Southern Rhodesia, may, oddly perhaps, get on better than did Sir Edgar Whitehead with the northern black leaders. Dr Banda has already said that he and Mr Field can talk straight to one another. Mr Kaunda has said the same; Mr Nkomo, however, has not shared their anticipation. Now that Dr Banda's Malawi state has won its right to secede, it might be as well to look at what he and Mr Field could patch up. Nyasaland's secession will take between nine months and a year to arrange. Demands will be made upon Nyasaland during all the technical wrangling to pay its share of the federal debts. Dr Banda will probably feel that he cannot afford this. Hence his very likely need to come to terms with Mr Field, who stands frankly but, himself, moderately for white supremacy in his own fief.

Northern Rhodesia's Africans are as determined as Nyasaland's were to break the federal chain. Yet here again economic self-interest might drive Mr Kaunda and Mr Field towards a bargain. Mr Butler must be hoping that something will be worked out by the time he visits the three territories again early in the New Year, when he will be asked to have a conference on Northern Rhodesia's next constitution.

The ramifications of the new set-up, or break-up, in central Africa spread across the border to Katanga. Perhaps the largest obstacle to Britain's putting economic pressure on Katanga to re-join itself to the Congo has until now been the opposition put up by the federal government led by Sir Roy Welensky. Now that government carries no more weight than it does power. There are good reasons for Northern Rhodesia as well as for the Congo why Britain should back the United States in trying by every means to keep Katanga in a peaceful and prosperous Congo. Mr Harry Nkumbula, Mr Kaunda's coalition partner, as he once was Sir Roy's ally, is Mr Tshombe's man in Northern Rhodesia. The Katanga leader will have a strong finger in making or breaking Northern Rhodesia's new government.

IN Southern Rhodesia, it is hard to see just what the new, still whiter than Whitehead, regime will be able to secure. Sir Edgar Whitehead's newly liberal but sadly overdue policy was to integrate Europeans and Africans in all spheres of life—except politics: he gave Africans 15 years to take over the country; the new men, moderates and extremists alike, refuse to face this ever happening. British policy before Sir Edgar's unexpected electoral defeat was to encourage his victory and then to persuade him into shortening the time-table for African advance. This policy has now crumbled, like so much else. Mr Field's new government is described on page 1207; his policy of dividing the country into black, white and multi-racial spheres of influence might be described as "tri-partheid." Mr Field does not seem to have expected victory; his policies are not yet clear in his own mind, and his virgin cabinet contains a mixed collection of men. This is not necessarily reason for optimism: the histories of South Africa and Algeria have shown that when Europeans have their backs to the wall—which is what Sir Edgar sought to avoid and what, much earlier, Sir Roy, especially, could have avoided—the worst usually happens at each twist of events.

For the British Government, anyhow, the worst may b ahead in Southern Rhodesia. The dilemma may be appalling On the one hand Southern Rhodesia will probably demand– and might just assert—full sovereign independence if this i given to Nyasaland and Northern Rhodesia. Logic gives this right: how can the southern electorate, self-governin since 1923, be denied what is given to the two politically les mature northern territories? There will be temptation her just to run away: if taking the blame for Sir Edgar White head's actions got Britain into such disfavour in the worl what may happen when Mr Field, and his worst friends, g started? Yet, on the other hand, it would be plainly immor and just a dereliction of duty to hand the country over no to permanent white control. This was the historic mistak that was made half-a-century ago when South Africa w given to the Boers. To stay on and face all the music coul open up frightening possibilities: even, at the worst, having to send British—or, failing them, United Nations —troops into Southern Rhodesia to face defiant whi southerners. A Mississippi or an Algiers for Britain is awf to contemplate. But things are by no means yet at such pass. The future is as uncertain for Mr Field, after h narrow success, as for the British Government; and M Butler seems in no mood now to talk about independence f Southern Rhodesia, and willing meanwhile to take the mec cine at the United Nations for as long as may be necessar In this case, the thing to do is not to throw bolts from t sky, but to move with the conventional weapons: cautio diplomacy and courage.

Two and a Half Choices

The Government has again failed to grasp what television can—and should be allowed to—do

THE Government's second bite at the television cherry (Cmnd 1893) is a timid and thoroughly unsatisfying performance. Everything, it seems, must be done in the new Television Bill to delay, obstruct and frankly prohibit the rapid expansion of so dangerous a medium. In sum, the Postmaster-General is proposing:

(1) That there will be no authorisation of a second commercial channel until after 1964 at the earliest (i.e. it cannot start transmitting until 1966-67 or later).

(2) That an "experimental arrangement" will be permitted to test the possibilities of pay-television; this experiment is "unlikely to start before 1964"—one reason being that the Government has already wasted six months since the Pilkington report in steeling itself to give the go-ahead to this modest and sensible venture.

(3) That the BBC will operate the third channel, starting in the south-east in April, 1964, on what, according to Mr Bevins, will be no more than the existing £4 licence fee.

To consider point (3) first. Even if the Government waives its present cut from the £4 licence (and there is no reas why it should, for this is a sensible form of entertainment tax), that will hardly be enough to stretch the new half-channel to the three hours of new material a night which is all the BBC intends to put on—plus "repeats." Or is Mr Bevins going to produce a third white paper in another six months' time announcing that, just possibly, the BBC will be given a direct subvention from the Treasury, which may, or may not, be related to the extra rents from the ITV companies? Any such direct subvention would mean the BBC putting its neck on the chopping block whenever a Chancellor of the Exchequer decided to wield the axe of general economic retrenchment.

TO consider point (1). Cmnd 1893 declares that "there is little evidence of a public demand" for a fourth channel. It would be intriguing to know just what this estimate is based on. Do ministers talk only to Pilkingtonians and existing programme contractors? The strong evidence of public demand for a fourth channel is that new contractors think that enough people would watch it to make their advertisements on it a paying proposition. They may be wrong, in which case they would lose their money and some of the existing commercial contractors (part of whose audiences would be drawn away by them) would make less money too;

but it should be no part of the function of government to hold back further forms of enjoyment from the people in order to protect too sanguine enterprisers from the financial consequences of their possible mistakes. Moreover, the Government does not really suppose that a new channel would certainly meet so little "public demand" as to make it unviable. What it is really doing is to shut the door tight on all advertising revenue as a means of promoting further expansion: the BBC establishment will not touch advertising and the limited experiment in pay-TV is (absurdly) not to be allowed it. Fear of television itself and fear of advertising and the profit motive apparently march hand in hand in the cabinet. It seems to be the Government's wish to do no more than settle down for ever with the present ITV monopolists, provided they can be milked directly into the Treasury by the medium of a new excess profits tax.

The white paper pays lip service to what it calls the combination of public and private elements in independent television; it goes as far as to admit that this principle has "great potentialities." Of course it has. All that is wanted from the Government is to have the courage of its convictions —to grasp the fact that the new television channels ought to be run in precisely this way, preferably on a mixture of both advertisement revenue and licence fees plus the experiment in pay-TV. It would then be right to impose special excess profits taxes on contractors who really were making a killing under this competitive system; and to divide the receipts from these taxes between the ITA (or, better, two ITAs) in order to sustain their public service and news output, and a new Educational Television Authority (a University of the Air) which would run adult education programmes in the spare hours of both the second BBC and second ITV channels.

The Government keeps on saying that adult education on television is potentially a "very valuable field." If it really believes what it says, it ought not to baulk at any method that would provide finance for it. Specifically included among those methods should be permission for a new educational service to show some advertisements itself (this is the basis, after all, on which even the "serious" and "responsible" press works and lives). The refusal to grasp the full potentiality of television as the chief expansionary influence in the worlds of entertainment and information has now ranged the Government almost as surely on the side of illiberalism and restrictionism as the Pilkingtonians themselves.

WITHIN the confines of the existing ITV network the Government has rejected (rightly, and as expected) the full-blown Pilkingtonian idea of creating a second Auntie specifically on the BBC model. There can be no objection in principle to strengthening the ITA's hand to restrain the near-monopoly that the four biggest companies exercise over networking—provided the alternative programmes that the smaller companies have to offer are up to the same standards. In order to try to achieve this, the ITA is to "chair a committee representing all the programme companies" in settling the details of networking.

But the practical difficulty here is that one doubts whether the very small companies (like Border, which has been one of the chief grumblers) possess the resources to put out consistently good programmes of more than regional appeal. The worst solution would be a kind of quota system (as the British film industry used to operate) in which Tyne-Tees, Grampian, Channel Islands and the rest got their compulsory time in London and the Midlands at, say, breakfast time or when the housewives were having their lunch. Anglia Television's success in winning network time shows what can be done when local sights are set high enough even under the present system; the failure of one rather larger contractor, with a lucrative enough franchise, to do more than place one short film programme on the network reinforces the point.

THE fact that some contractors have been much less enterprising than others may seem to some people to justify the Government's decision that after 1964 programme contracts should be renewable every three years, with the warning that unsuccessful contractors may have their franchises cut off. But in practice this is only too likely to persuade the new co-ordinating committee to allow weak companies to network some weak programmes so that they can claim to have been good enough to have "won" some network time. It is also liable to make all contractors markedly afraid of offending any of the powers-to-be by such daring innovations as political satire, as well as scaring away new capital from what ought to be a growth industry.

The most effective way of breaking up any network "ring" is not to cosset the minnows but to let loose other big fish in the major franchise areas, whose competition, on a second independent channel, would be designed to stop the present big four feeling comfortable enough to keep on taking in the indifferent parts of each other's washing. The second BBC channel, further increasing the corporation's revived competitiveness, will help to do this; one would be still more confident of its effect if the new channel could hope to transmit more than three hours' material a night. If the Government will not raise the licence fee, it is all the more imperative that it should be looking at the alternatives. If the BBC will not touch advertising, then let a less squeamish educational authority do so in the remaining transmitting time on that band space. To wait for pay-TV to spread serious competition or serious education among a substantial audience means a delay until at least 1970.

This caution, delay and lack of initiative are fundamental weaknesses permeating the Government's whole approach. Television is to be put under wraps again until its expansion is less bothersome and the supposed political need for "responsible" action (which means inaction) is regarded as less pressing. One's guess (and sincere hope for television's own sake) is that the inadequacies of the present policy will be abundantly demonstrated before the new act has had less than even five years' life. But what a depressing story of lost opportunity in the British people's main medium of information and entertainment Mr Bevins and Sir Harry Pilkington have now been responsible for writing in this supposedly forward-looking age.

Appointments, Business and Personal notices, and other Classified Advertisements: pages 1236 and 1243

The Bird at Rambouillet

The future of national nuclear forces and the future of the European community are two elements in the drama played at Rambouillet and Nassau, as viewed by our Paris correspondent

FRENCH eyes, too, were focused this week on Nassau; to them, the Anglo-American meeting there was a sequel to the traditional Paris pre-Christmas diplomatic jamboree. The December series of international meetings in Paris was, on this occasion, crowned by Mr Macmillan's weekend at Rambouillet, but the entire sequence produced little beyond communiqués. (Aspects of the subsequent Nassau meeting are discussed on page 1184.) The current feeling of satisfaction in Nato quarters here is due more to the Cuban success, and to the obvious signs of a division in the communist world, than to any concrete achievements in strengthening the western alliance. The reference in the declaration published on December 15th, at the close of the Nato ministerial council's meeting, to the need to strengthen conventional forces in Europe was merely a polite concession to American feelings. In practice, the French have shown no sign of a disposition to put any additional divisions at Nato's disposal, while Mr Thorneycroft's remarks the day before have been taken to mean that he wants the alliance to study ways of cutting down its requirements, instead of increasing members' contributions.

Progress was no greater in the nuclear field. The distaste of President Kennedy's Administration for the proliferation of national nuclear forces was well known before the Paris meeting. Some stir was caused by the suggestion of one American official that, should the Europeans agree on a multilateral deterrent, the President might ask Congress to waive its veto rights. Yet even this very conditional suggestion was immediately shot down by spokesmen of the American Defence Department. Besides, when the Americans contemplate a Nato multilateral deterrent they think of a sea-based force. The Germans, on the other hand, want it to be land-based; and the Germans are the only major ally deeply interested in a multilateral nuclear force at all. The end of Skybolt—taken for granted by American experts for both technical and financial reasons—does not mark the end of British ambitions to keep an independent deterrent. As to the French, they are more determined than ever to build one of their own.

Indeed, it may be said that nothing has happened in recent months to alter in any way General de Gaulle's well-known ideas about Europe and the Atlantic alliance. Quite the contrary. In such circumstances, it was idle to expect that Mr Macmillan would return with anything but shooting laurels from Rambouillet. In British quarters, it is held that the Prime Minister's visit was nevertheless wise and diplomatically tactful. On the eve of the trip to Nassau, it was apparently advisable to repeat to General de Gaulle that Britain remains determined to join the European community, and remind him that failure in Brussels would be a major setback for the whole western alliance. In private, French officials suggest that professions of British good faith have the opposite effect on the general from what one might expect. They confirm him in his view that he has no need to sacrifice French agricultural interests or modify his political attitudes. (The French view published in *The Economist* last week indicates the change in argument that has taken place over the last two years or so. Time was when a visitor asking highly placed Frenchmen what the response to a British bid for membership would be was assured that such a bid would prove irresistible, and that arrangements would have to be made to fit such an important newcomer. Now, the fashionable cliché is that the rules of a club are sacrosanct.)

In public, the French are taking pains to appear as the guardians of the Treaty of Rome, not the opponents of Britain's admission. This is quite understandable. The growing resentment in Britain caused by American strictures, and by the Six's apparent lack of enthusiasm in Brussels, has been amply reported in Paris and has made its impact. These signs of impatience are welcomed in some French quarters, where it is assumed that British electoral considerations will finally deprive the Six of the awkward problems involved in adding to their number. But the general view here still seems to be that the obvious blocking by General de Gaulle of a genuine British effort to join would shake the very foundations of the European community. A British Prime Minister might then go to Washington arguing that the French veto sprang from a conception of Europe that the United States had as much reason to dislike as Britain had. If this reasoning were accepted as valid, the American reaction would have immediate effects in Germany and other European countries. The whole equation would thus be altered. In other words, assuming for a moment that the Brussels negotiations fail, the consequences of the failure will depend on whether President Kennedy, and the Five, conclude that French intransigence or British caution (encouraged by electoral calculations) was responsible for the break.

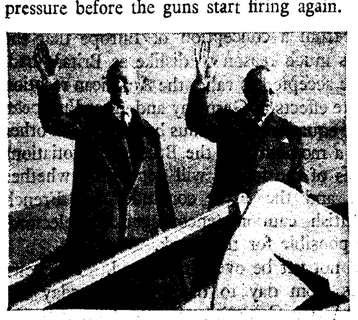
But events should not yet be over-dramatised. The news from Brussels varies from day to day. On Tuesday M. Monnet's influential Action Committee for the United States of Europe hailed the recent setting up in Brussels, under the auspices of the European Commission, of a committee grouping the ministers of agriculture of Britain and the Six as a most useful precedent, which might be imitated in other fields with the aim of speeding up negotiations. M. Monnet's group would also like to see the commission acting as the representative of the enlarged community in talks with the United States. The "Europeans" are far from frightened of closer ties with the United States and do not view Britain as an "Atlantic Trojan horse." When Mr Macmillan paid his previous visit to General de Gaulle in June, the so-called "spirit of Champs" went to the heads of many observers, who then expected miracles in Brussels and were disappointed. The spirit of Rambouillet is not so heady. Yet it is still from Brussels that the answer has to come—possibly next month—to the crucial question whether 1963 will see Britain's accession to the European community, or whether it will be the year of agonising reappraisals.

NOTES OF THE WEEK

NASSAU

Snookered

CANNONING off the ivory-smooth front of General de Gaulle at Rambouillet on Sunday, Mr Macmillan, with the Foreign Secretary, Lord Home, by his side, ran crack into an equally unyielding President Kennedy in Nassau on Wednesday. Where Mr Kennedy could help the Prime Minister by offering to go ahead with the work on Skybolt, he does not want to help. Where he does want to help, on Britain's application to join the common market, he cannot. It is not surprising that, rather than rattle about between these two unpromising topics, the President preferred to steer the conversation as far as possible to a matter in which, for once, the British can help the Americans —the Congo. The United States, which announced on Tuesday that it was sending more equipment to the United Nations force in the Congo and a military mission to the Congolese central government, wants Mr Macmillan to agree to join in pushing Katanga back into the Congo by economic pressure before the guns start firing again.



Off to see the Wizard

Just how agreeable Mr Macmillan is to any American proposition right now is another matter. Mr Kennedy, talking to the Americans on television on Monday night, made it pretty clear that he did not think Skybolt was worth the $2,500 million that would have to be spent on it. But even if Mr Macmillan were privately to accept the logic of the President's argument, as he surely ought to, he can hardly be expected publicly to renounce British hopes of keeping some nuclear independence, with his back-benchers baying against renunciation, until he knows whether or not Britain is joining Europe. If the British application fails, and at the same time the prospect has to be faced that a Skybolтless V-bomber force will lose its punch by 1965, Britain is going to feel very exposed indeed. It is not Mr Kennedy, however, who will determine the outcome at Brussels. It will be almost as bad a defeat for him as for Mr Macmillan if the common market negotiations fail because General de Gaulle patently wants them to fail, since this will be evidence of an inward-looking tendency on the part of the Six that will bode as ill for American influence in Europe as it will for Britain. But General de Gaulle does not have to be patently obstructive; if obstruction is his object (which nobody can prove) he is managing very well with the simple and respectable weapons of the text and institutions of the Treaty of Rome. Indeed, wherever Mr Macmillan looks, he finds the general's figure blocking his next move. Snookered, in fact.

DEFENCE

Tories in Arms

FROM the Nassau conference room the Prime Minister could still hear, 3,000 miles away, the loud baying of the Tory troops for their independent nuclear deterrent. Sir Arthur Vere Harvey's motion demanding it, tabled on Monday, was promptly signed by over a hundred Conservative backbenchers (including that consistent champion of Skybolt, Mr Harold Watkinson). It suggests once again that the only revolt a Tory government ever has to take seriously arises over emotion-laden, and anti-American, issues that affect what is thought to be Britain's historic status. Mr Thorneycroft's own statement on Skybolt said precious little for the earlier hullabaloo in the Ministry of Defence for its retention as the lynch-pin of Britain's security. He admitted that, at best, Skybolt would be costly, late and "possibly not as efficient and reliable" as had been hoped. But he still seems to want it. The point that needs to be grasped is that, for Britain, Skybolt was intended to fill the five-year gap between 1965 (when the existing Blue Steel stand-off bomb becomes obsolescent) and 1970 (when the V-bombers themselves will no longer be credible carriers of the deterrent anyway). Whether or not Skybolt ever flies in America, is Mr Thorneycroft seriously prepared to dig deeply into his pocket to buy it for three years' effective life here?

The new Tory champions of Polaris are perfectly right in declaring that it is now a better option than Skybolt: it exists, it works and the Russians have not yet developed the hunter-killer submarine capacity to cut short its invulnerability. But if the Admiralty were to start building Polaris submarines today, it would not have a credible force (six submarines, 96 missiles) in being much before 1968. The cost would be enormous: what needs to be totted up is not just the estimated minimum cost of £400 million of setting the first fleet in being, but the ever-widening cost of staying in the underwater Polaris business thereafter against the next generation of Russian defensive techniques. There may be diplomatic reasons why Mr Macmillan had to argue for a British deterrent at Nassau, but to tack this new effort on to the British defence budget would make nonsense of any pretension to produce the efficient, well-equipped conventional forces on which any real hope that the defence services may contribute to "Britain's continued greatness" and "Britain's special role" must depend. Does all this really need to be spelled out to Tory backbenchers?

UNEMPLOYMENT DEBATE

An Impression of Hopelessness

THE political importance of last Monday's unemployment debate was that Conservative backbenchers' morale showed some first definite signs of cracking. Labour was in a mood to shout constant interruptions in the middle of both Mr Maudling's and Mr Hare's speeches; in response, even Mr Maudling got very little vociferous support from his own side, while poor Mr Hare was so weakly supported that his confidence virtually disintegrated. The economic importance of the debate was that Mr Maudling's speech suggested that his short-term and his medium-term fears are now pulling him in opposite directions.

The Government now admits that "there is more slack in the economy than one would have thought six months ago" (a judgment to which critics of Mr Selwyn Lloyd's last budget could add some wry comment, and to which the 3 point fall in industrial output in October—discussed on page 1218—adds a shrill scream of emphasis). But the Treasury also calculates (probably rightly) that by the end of next year the effect of Mr Maudling's recent measures in restimulating demand may be substantial. Awkwardly, however, most of the new increases in demand which it is releasing or permitting seem likely to take effect in that probably already reflated medium term, not in the more recession-ridden short term. This will be true of the large rise in government expenditure estimates for 1963-64, which Mr Maudling now expects to be even bigger than the 8 per cent (or £420 million odd) increase in supply expenditure estimates in 1962-63. It will be true of any tax reliefs which Mr Maudling might feel able to make in his budget, especially if that

budget is orthodoxly delayed until April; and of any increases in pensions and other national insurance benefits, increases which the Government is at present "considering." And there are mounting signs that industrial investment is being held back until it is known whether Britain is going to join the common market, but might go forward with a whoosh if we do—which again would have its main impact some time in or after the second half of next year.

Mr Maudling's speech on Monday gave a disturbing impression of hopelessness about his ability to revitalise the short term prospect while keeping control over the medium term one. He must now be beginning to suspect that one October measure which was meant to be short term in its effect—the release of postwar credits —was ill-chosen, because most postwar creditors may be going to save their money instead of spending it. It would have been better to have dared to do something less conventional and more conducive to quick spending—such as giving a special £10 bonus in Christmas week, for this year only, to all old age pensioners. Those in the Treasury and elsewhere who are urging the Chancellor "not to be panicked" into further quick action by the latest output and unemployment figures should bear this difference between the short term and the medium term in mind. One fear for 1963 is that Mr Maudling, having possibly done too little early in the year, might find the economy still so apparently underemployed in April that he might then be tempted to do too much too late before the end of the year.

INDUSTRIAL TRAINING

Mr Hare and Hounds

POOR Mr Hare really does not have any luck. His speech at the end of Monday's debate on unemployment, which was greeted with such gales of laughter and barracking (a less good-hearted man could perhaps have silenced them), contained one small but quite important point which was completely missed in the confusion. This was his announcement that two new government training centres are to be started in Scotland, and one in the north-east, even though the trade unions have not yet agreed to them. These establishments, in areas of heavy unemployment, will certainly be small, and will start tiny; the Durham one will at first take only 20 men, a fact which made the House of Commons fall about with laughter. The point, however, is that the Ministry of Labour is not to rest content with having produced its recent unambitious white paper, in which it announced that industry-by-industry training boards will be set up some time. It is going to continue to tap on the admittedly far too narrow wedges that the existing retraining centres have thrust into industry's solid front of insistence that the training of workers is its own affair.

It is this insistence, particularly on the trade union side, that makes the intervention of the Trades Union Congress in this matter look nastily like hypocrisy. The TUC is now talking about the need for a large government contribution to the new training boards, and for the establishment of a central authority. But on the local level the unions have been far from helpful to Mr Hare in his attempts to set up training centres which will impart skills to men who need them outside the hallowed framework of the apprenticeship system. Until it gets its practice more nearly into line with its sermons, the TUC's potentially valuable urging on this subject will continue to ring false.

HOUSE OF LORDS

The New Commoners

THE main principle of the report of the joint committee on Lords reform is sensible enough: anyone who succeeds to a peerage, or who may have succeeded to a peerage before the law is changed, should be allowed to surrender that peerage for life, and so become eligible for the House of Commons if the electors want him. Most Labour members would doubtless prefer to see the complete extinction of a peerage under such circumstances; just as most Conservatives would prefer to see the actual title preserved in use even if the holder had renounced his right to sit in the Lords (the committee's recommendation that renouncing peers, their wives, and descendants, should not be entitled to any title or social precedence during the period of renunciation is one about which Tory members' wives are said to be especially up in arms). But these arguments cancel out.

There is rather more substance in the complaint that it is a bit silly that peers should have to decide whether they will renounce within a year of succeeding to their titles, or within a year of reaching the age of 21; it would seem more sensible to let them decide any time, or (at the very least) any time up to the age of 35. There are a few other hard cases, such as that of Lord Longford who accepted a peerage from Mr Attlee in the knowledge that he would eventually succeed to another one on inheritance, and who under the committee's recommendations would thus be denied the chance of standing for the Commons. All of these should be tidied up, on the general principle that it is an advantage to enable the public to elect whom they choose to the Commons. The proposals to allow all Scottish peers, and all peeresses in their own right, to sit in the Commons—but still to keep out Irish peers (because their admission would embarrass the Irish Republic)—have commended fairly universal assent.

What are the chances of legislation to implement the report? A few Conservative members are against it because they feel that the Lords will be weakened by losing some of its abler members. Some Conservative ministers may or may not secretly deplore the proposal that the right of renunciation should cover existing holders of titles (a proposal which was carried in the committee by the slender majority of one vote) because their chances of succession to the highest office in the party might be seriously threatened by the change, if Lords Home and Hailsham decide to come down. But they can hardly say so out loud. In general, the chances of this minor reform reaching the statute book seem to depend almost wholly on the parliamentary timetable; the room left for new legislation this session is very small, and the next session of Parliament may well be curtailed by a general election. There is little prospect of the matter being treated as one that brooks no delay.

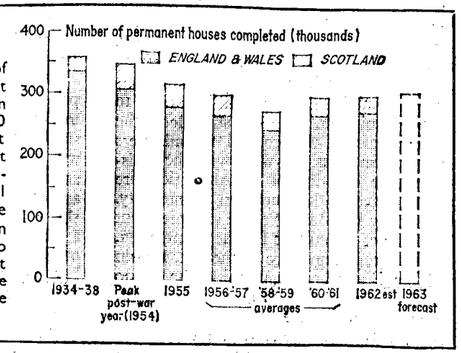
MIDDLE EAST

Soap Bubbles

EVEN Mr Ben-Gurion's bellicosity when he boasted at an army parade on December 11th of Israel's power of retaliation against Arab "insolence" has lost itself in the noisy free-for-all going on between the Arabs themselves. The Israeli prime minister was referring to the wrangle that has flared up again between the Syrians and the Israelis over what can and cannot be done in the demilitarised zone between the two countries. The Israelis claim that the Syrians fired at their tractors as they were ploughing the land prior to the winter sowing; the Syrians hint darkly that the

House Building

"I estimate," the Minister of Housing and Local Government told the House of Commons on December 13th, "that 300,000 houses will be built in Great Britain this year and that about 273,000 of these will be in England and Wales. Next year I would expect to see an increase of the order of 5,000 to 6,000 on these figures. I am unwilling to forecast as far ahead as 1964, but I am hopeful that a steady increase will be maintained. I am sure the output will remain high."



whole incident was provoked by the Israelis as a rehearsal for whatever may happen when the Jordan water scheme is completed. The other Arab governments rallied round Syria, but some of them did so grudgingly; Egypt, in particular, implied that the affair might be a put-up job by the Syrian government.

The situation in Yemen outranks all other problems. While Sana'a radio denounces the Imam's unholy alliance with Saudi Arabia, Jordan, Israel and Beihan, the Egyptian expeditionary force is being pushed back towards San'a after savage guerrilla fighting in east Yemen. Undeterred, President Sallal (now a field-marshal) told a rally of the "Union of the Sons of the Arabian Peninsula" on December 14th that the Saudi family would soon be swept away. The rally, opened by a Saudi Arabian speaker, was celebrating the formation of the "Command for the Liberation of the Arabian Peninsula."

Turning as deaf an ear as possible to this background bombast, the United States announced on Wednesday its recognition of the Yemeni republic. The day before, the Egyptian government had made a formal promise to withdraw its troops if the Yemenis asked them to, and if the Saudi Arabians and Jordanians stopped supporting the royalists. There is a fair chance that if the Saudis ceased giving them money, many of the Yemeni tribesmen now clustered threateningly on the hills would trickle back to their farms. Dr Baidani, the deputy prime minister, who knows how to suit his words to his audience, has pledged his country's respect for law and order. But there is nothing in President Sallal's own attitude to encourage King Saud to give up. At Egypt's "Knowledge Day" festival on December 15th, President Nasser remarked that the Arab battle against imperialism required action not "verbal soap bubbles." The Egyptians may regret that Field-Marshal Sallal has proved so apt a pupil in inflammatory speech.

COMMON MARKET

Doctors' Report

GUARDED optimism is the word for the meetings in Brussels of the new working group of economists and agricultural specialists. This group gave the seven ministers its interim report on Thursday. It was established at the ministerial meeting on December 11th in the hope that a fact-finding committee without the authority to negotiate might in some way shake loose the sterile situation the council of ministers found themselves in whenever they discussed the question of British agriculture and its place in the European Community. Chaired by Dr Mansholt, the vice-president in charge of agriculture for the commission, and with representatives of the Six, Britain and the European Community, the group seems to have got off to a promising start. There is still dispute about what ails the patient and which remedy might best be applied. But at least patient and physicians are discussing malady and possible cures.

Essentially the experts have sat down to examine the facts and figures of the case, and the future illnesses that might arise if Britain did indeed adopt the Six's agricultural proposals as they now stand. Clearly the biggest difficulty is the price level for cereals. The community's intended wheat price is £12 a ton higher than the British internal market price. A temporary system of consumer subsidies might alleviate the pain caused by increased food prices. But the British delegation has been explaining some of the difficulties—including the impact such a system would make on pork farmers who buy grain for animal foodstuff. Further, the pork farmers cannot for some time to come do without the Government deficiency payments. The British also argue that if cereal prices are raised, British farmers will probably expand their production, often at the cost of other commodities, and often in competition with French farmers. They suggest that the solution might be to lower the community price. It would not be an understatement to say that the French and German specialists disagree.

At least all this implies that the fact finders are searching for some solution and that they are discussing the merits of all proposals. The final report is due at the next ministerial meeting on January 14th, and one assumes the report will carry weight. It must be hoped so.

PENSIONS

Earnings Limit Raised

THE Government's decision to raise the earnings limit for pensioners is a nice Christmas surprise for them, although they will not actually benefit until the new regulations have been approved by both Houses of Parliament. At present, retirement pensioners and widow pensioners are allowed to keep the whole of their pension of £2 17s. 6d. a week provided they do not earn more than £3 10s. a week. Sixpence is then deducted for every shilling of the next pound earned, and a shilling for every shilling of earnings over £4 10s. In effect this means that the maximum pensioners can have as a combination of pension and earnings is £6 17s. 6d. a week. Under the proposed rule, which will raise the amount of earnings that can be disregarded to £4 5s., they will have £7 12s. 6d.

Widowed mothers are also to benefit. At present, the personal part of a widowed mother's pension—£2 17s. 6d. a week—is subject to an earnings limit of £5. This will be raised to £6 so that the maximum amount of her combined personal pension and earnings will be £9 7s. 6d. In addition she receives children's allowances of 25s. a week for the first child and 17s. for each other child, plus family allowances.

A higher earnings limit is certainly welcome, particularly for widowed mothers with young children. The next step should be to abolish it altogether. After all, the numbers are not large. Under the present earnings limit, which only affects retirement pensioners in the first five years of their retirement, about 35,000 elderly people have had their pension withdrawn completely because of their earnings, and 16,000 have had it reduced; of the 148,000 widowed mothers, 21,000 have had their personal allowance reduced. And all arguments about the "cost" of abolishing the earnings limit invariably miss the point that the total national income will gain much more from encouraging those who are able to go out to work, than the state's revenue will lose from still having to pay them their pensions.

But, as a still more urgent step, should not the earnings limit under national assistance now be immediately raised as well? For the elderly and disabled—in fact, for all who by circumstances or by nature cannot support themselves—the first 30s. of earnings are disregarded when the amount of assistance is calculated, and half the next 20s. Thus an elderly pensioner will receive no assistance at all to pay his rent of, say, £1 a week if he earns £3, which might mean total resources of only £5 17s. 6d a week. And because he or she is not in receipt of assistance he will not automatically have his health service charges refunded. There is a strong case for prompt reform here.

CHRISTMAS ROADS

Quick and Dead

THE high-speed English drunkard on the rolling English road has become the particular object of abhorrence of most sensible road-users as well as of Mr Marples, who, in an effort to mitigate the traditional annual sacrifice on the altar of festivity, has this year produced a handful of "shock"

measures. The chief of them has been the early coming into force (on December 21st) of those clauses in the new Road Traffic Act which should persuade drivers to submit to blood, urine or breath analyses when asked to do so (on pain of their refusal to do so being cited against them as evidence in court), and which lay down heavier penalties for transgressions. Mr Marples has also imposed a countrywide temporary speed-limit of 50 mph (except on motorways) over the Christmas holidays, run up a spattering of minatory posters about driving drinkers, and tried to instal a wrecked car in town squares up and down the country as a warning to supercharged egos to keep a light foot on the throttle.

It is difficult to feel optimistic about the effect these measures may have on the Christmas death rate. The speed-limit may be widely ignored—by sober drivers because there just are not enough police to enforce it in the big urban areas, let alone all over the country; and by drunken drivers because they will have few inhibitions about their speed, even if they realise what it is. Nor will the enforcement of the new Act be easy, particularly if the inadequate police forces are tied up in speed checks; there may be more convictions for drunken driving (and more disqualifications from future driving, which should be the automatic penalty) over Christmas, but that will probably be because there are more drunken drivers. The real trouble about the Christmas holiday season this year is its length. There is a clear correlation between daily road deaths and conviviality, the peak occurring on the last day of work before the holiday—that is, the day most office parties are given. Last year 55 of a five-day toll of 140 deaths were caused on this day. This year there will be two separate opportunities for carnage of this sort: Friday will probably be most people's office party day; but Monday is Christmas Eve, to be filled by non-workers in the pubs, leaving those who do have to work to diffuse their resentment in the leftovers of the office party. If the total on Thursday is provisionally less than 160 dead over the six days of Christmas, it will be a cause for relieved surprise—and even for some congratulations to Mr Marples.

COMMUNIST WORLD

Moscow-Belgrade Entente

WHEN Marshal Tito set out for home on Tuesday night, Mr Khrushchev courteously accompanied him on the first stage of his journey. This was not the only distinction accorded to the Jugoslav leader in Russia; on December 13th he had the singular honour of addressing the Supreme Soviet. Jugoslav-Soviet relations have come a long way since the bad old days of 1948.

No doubt the Cuban affair helped forward a rapprochement that was already well started. Marshal Tito's congratulations to Mr Khrushchev on his handling of the

At the Supreme Soviet

crisis in October would have been really warm and sincere; in his speech to the Supreme Soviet he referred delicately and disapprovingly to "certain odd appraisals of this courageous action." He also declared that Soviet and Jugoslav views on all important international questions "either coincide or are close to one another." This of course, it may be understood, does not affect Jugoslavia's non-aligned status.

But although relations between Moscow and Belgrade are closer now than they have ever been since before 1948, both Marshal Tito and Mr Khrushchev admitted that their concord was not quite complete. There are differences both about the past and about ideology. Mr Khrushchev told the Supreme Soviet that he could not accept the Jugoslav contention that Stalin was solely responsible for the 1948 quarrel. In his address next day Marshal Tito was content to remark that he would not talk about the past "because it is a long and complicated business." Both leaders openly admitted that there are "serious" (Mr Khrushchev's word) ideological differences between them. But Mr Khrushchev emphasised that Jugoslavia was undoubtedly a socialist country, and that it had eliminated many things that were "harmful and erroneous." Both leaders declared themselves willing to try to remove their differences. In the present context of serious discord within the world communist movement, one can safely assume that they meant what they said.

Battle of Isms

THIS discord is becoming increasingly blatant. On December 13th Peking responded to Mr Khrushchev's downright attack, two days previously, on dogmatism (which he said was becoming a "serious danger" to the world communist movement) by broadcasting the text of the Chinese letter proposing a world meeting of communist parties that had been read out at the end of the Czechoslovak party congress. Two days later the Peking *People's Daily* published a long and carefully argued exposition of the Chinese case. On December 16th *Pravda* published the text of a resolution adopted last week by the central committee of the French communist party which flatly attacked the Chinese for "adventurism" and for endangering communist unity. On Wednesday, at a rally in Peking, Mr Liao Cheng Chih scornfully criticised "certain gentlemen" who do not regard imperialism as a "paper tiger."

Neither the Russians nor the Chinese have yet reached the point of directly attacking each other by name. But on December 15th the *People's Daily* came as near to doing so as makes no difference when it stated that "the erroneous practice of using the congress of one party to attack another fraternal party" first occurred at the 22nd Soviet party congress (when Mr Khrushchev attacked the Albanians). Further on it accused those who first launched such an attack of being "splitters and sectarians." The Russians, implies the *People's Daily*, deserve these deleterious epithets (and for good measure that of big-nation chauvinists) because in openly attacking another communist party they have broken the principles of the 1960 Moscow Declaration.

Who but the Chinese (it goes on) are the true guardians of those principles? They are also the correct exponents of how to deal with the imperialists; and in a passage splendidly riddled with marxist jargon the *People's Daily* explains how to do this without falling into the sins of either adventurism or capitulationism. The article admits that the Chinese are in a minority, but takes comfort from the fact that Lenin and the Bolsheviks too were once in a minority, and with superb self-confidence repeats the demand for a world communist conference. One can see why the Russians are not too keen.

Herr 1963

CHRISTMAS is a time when feelings are liable to rise along the wall that divides Berlin: to mark the fact, some enterprising west Germans blew a mighty hole in the wall at the Jerusalemstrasse on Monday night. It would be a pity if such antics were to divert attention from what is going on behind the wall; for this may prove to be of more than usual interest. This year, the season is one of preparation for the sixth congress of the ruling Socialist Unity party, to open on January 15th. For all the massive tedium of these conferences when they come, they are preceded by a dogged process of appraisal and reappraisal that can be informative.

Just now the reappraisal seems to predominate. Herr Ulbricht and his senior colleagues have been stumping from one provincial party meeting to another, as is customary in these preparations. Herr Ulbricht's speeches at Cottbus and at Leipzig have attracted particular attention, first for the definite way in which he announced that economic improvement must now take precedence of political objectives, and secondly for the lengths to which he has at last gone in turning against Stalinism and identifying himself with Mr Khrushchev, latest model.

The first point means, in effect, that the active threat to west Berlin has been dropped; the "free city" project, though not abandoned, has to wait; the peace treaty

electrification of Euston-Manchester-Liverpool Route

The Euston-Crewe route of the London Midland Region is being electrified.
Services will be faster, cleaner, smoother and more frequent.
Electric locos need less maintenance, have faster acceleration and maintain higher sustained speeds than either steam or diesel types.
Overhead traction equipment for this £16,500,000 modernization scheme is being designed, manufactured and erected for British Railways by the BICC Group.

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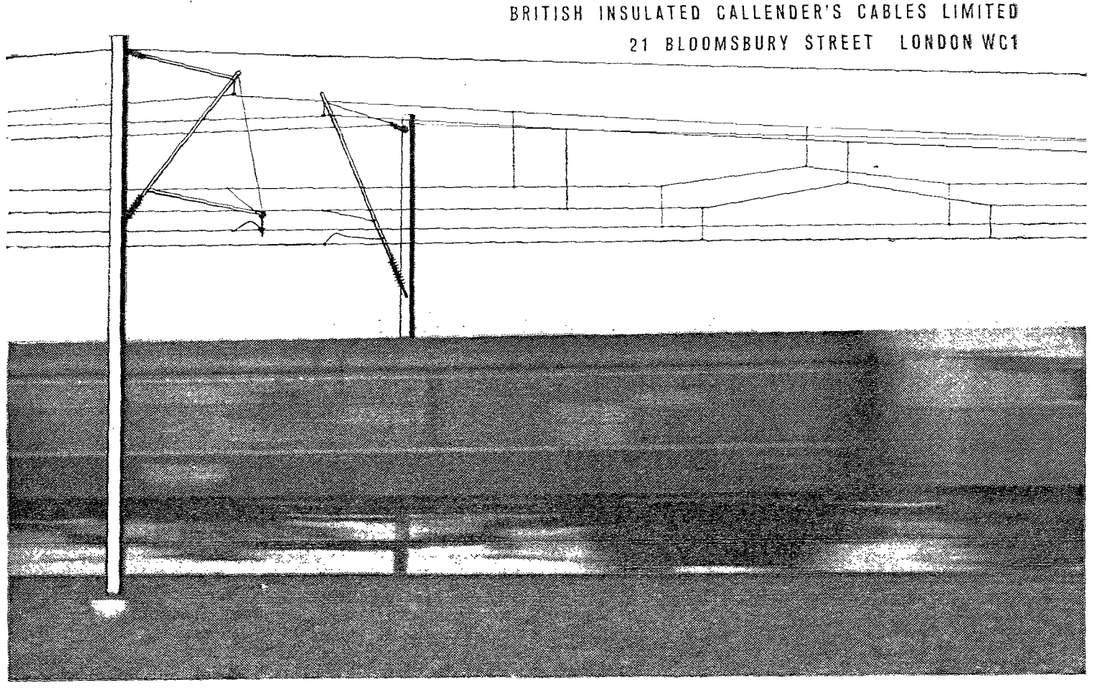

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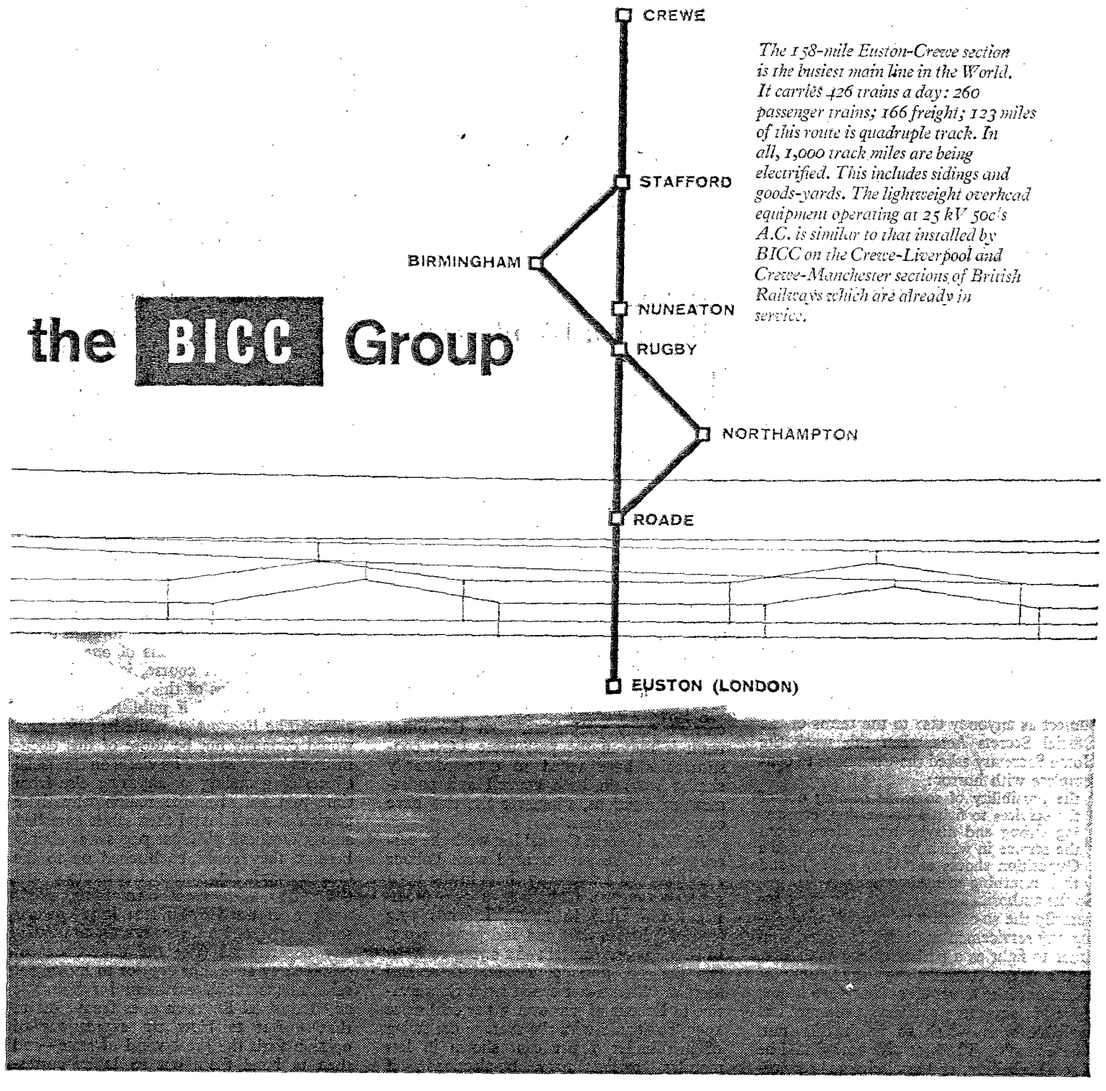


The 158-mile Euston-Crewe section is the busiest main line in the World. It carries 426 trains a day: 260 passenger trains; 166 freight; 123 miles of this route is quadruple track. In all, 1,000 track miles are being electrified. This includes sidings and goods-yards. The lightweight overhead equipment operating at 25 kV 50c/s A.C. is similar to that installed by BICC on the Crewe-Liverpool and Crewe-Manchester sections of British Railways which are already in service.

has to wait, too. The marked moderation of the new line is not a product of the Cuba crisis, but goes back before it; indeed, it was already to be found in Herr Ulbricht's speech to his central committee on October 3rd, and seems to follow from his visit to Mr Khrushchev last summer.

East Germany's economic plan has still not climbed out of the mess it had got into by last spring. As remedies, Herr Ulbricht seems to be offering not only the accustomed dosage of hard work, but also a new look at the principles of socialist economic management on something like the lines of the discussion now going on in Russia. Price policy is in; dogmatism is out; Herr Ulbricht has come close to admitting that east Germany had handicapped itself by breeding a form of dogmatism of its own. Nothing in the manner of these speeches suggests any crisis within the regime. Herr Ulbricht, modernised, open-minded, Khrushchevian, anti-Chinese, is still visibly on top.

DEMOBILISATION

Bubble Reputation

THE gayest of the explosions of the pre-Christmas season have been those of the myths that by-elections are serious affairs and that the army is loyal and contented. At the latest count over 500 candidates, most of them servicemen anxious to exploit this loophole in Queen's Regulations to escape from the New Model Army, were intending to fight for the honour of representing Rotherham and Colne Valley in their country's highest council. Unfortunately, however, another popular national belief—that some politicians and far too many senior brasshats are pompous asses—has not been exploded by this incident, but has now been confirmed. The obvious way to stop this column-dodging was to say that while a serviceman should still be as free as anybody else to fight a by-election, he would be returned to his unit if he were not elected. While on the hustings he would be as subject as anybody else to the terms of the Official Secrets Acts. But this week the Home Secretary asked the Commons to contemplate with horror:

> the possibility of someone coming out of the services to fight a by-election, expressing strong and maybe bitter views about the service in which he has been [sensible Opposition shouts of "Why not?"]—and then returning to it afterwards.

So the authorities are going to suspend temporarily the so-called "privilege" of allowing any serviceman to demobilise himself in order to fight as a parliamentary candidate, and a select committee of the House of Commons is to be set up to consider whether there are any more convenient steamrollers available with which to crush this nut. There aren't. The best joke now would be if some rebellious and undischarged serviceman turned up to fight at Rotherham in a new sort of Wedgwood Benn case (although, as a holder of office under the crown, he would be as ineligible to be eventually elected as Mr Wedgwood Benn was); if he was then arrested for being absent without leave and for breaking Queen's Regulations; and if he accordingly piled up a large sympathy vote because of this "infringement of his democratic rights."

Meanwhile, the original discoverer of this erstwhile escape route—who stood at one of the Middlesbrough by-elections earlier this year, and who may now justly claim to be the prince of barrack-room lawyers—has given some new advice to his sometime comrades in arms, from his now comfortable position in civilian life. "Tell them," he suggested in an interview to the *Daily Mail*, "to trying signing on as ministers of religion. It should work just as well." The churches, troubled as they are by lack of ordinands, would presumably not altogether welcome these recruits from the regular soldiery, among whom signs of godliness tend to be few; but it is to be hoped that they will handle any such prospective evangelical revival with a smaller degree of vacillating tizzy than the state has evinced about the political one.

ELECTIONS

Woe from Wandsworth

THE supposition that Labour would win a comfortable victory in any early general election received some additional confirmation last week, in a little-noticed by-election for the dying London County Council. It was in the LCC constituency of Wandsworth Central, whose boundaries are the same as for the marginally Tory-held parliamentary constituency of the same name.

Everybody can see the ostensible objections to taking this sort of council election as an accurate guide to what would happen in a parliamentary election: in the first place, only about a quarter as many people turn up to vote; secondly, romanticists like to believe that people in council elections vote worthily on local issues (such as "save the LCC") instead of according to their current party prejudices. But the blunt truth is that in the past these LCC constituencies have voted in extraordinarily similar ways in both council and parliamentary elections, whenever the two have come close together.

At Wandsworth Central last week the percentages of the vote secured were Labour 48.2 (compared with 43.7 there in the 1959 general election), Conservative 34.0 (compared with 47.7 in 1959), Liberals 17.3 (compared with 8.6) and Independent 0.5. In so far as one can talk of a swing between two different types of election, there had therefore been a net swing from Conservative to Labour of just over 9 per cent since 1959, compared with the average net swing of just under 7 per cent shown in last month's parliamentary by-elections; if repeated right across the country at a general election, a 9 per cent net swing to Labour would give Mr Gaitskell a majority of nearly 200 in the House of Commons. Tiny as the sample is, this is probably the sort of figure which the Conservatives should regard as somewhere near the current bogey score for the state of public opinion; it accords fairly well with recent public opinion polls, and it provides a pretty grisly thought for them for Christmas.

GOVERNMENT INFORMATION

Whose Views?

THE row over the Central Office of Information's cyclostyled article, "Social Changes in Britain," is a pretty silly one. What seems to have happened is this. The Government is interested in the possibility of setting up a social research council to keep a watch in the newly fashionable field of sociology; the COI was asked to prepare a general view of how things have changed in Britain in the past ten years. Like any other journalist or team of journalists, the COI's author(s) used such material as is available, much of it from their own published or shortly-to-be-published sources, eking this out with bits and pieces from more or less everywhere. Like any other document, produced by an individual or by a committee of individuals, the result had a somewhat idiosyncratic viewpoint (it would have been even duller if it had not). In this case the slant is, for instance, mildly poetic about some of the achievements of the affluent society, but definitely against gambling—where the main source of facts and figures seems to have been the Church of England, not entirely a dispassionate observer—and somewhat against hire-purchase. To juxtapose freely, Britain is called "a nation of debtors . . . grasping after unearned wealth."

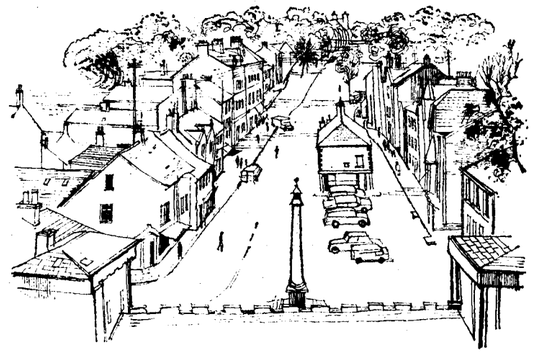
Some people seem to be using this as an argument in favour of setting up an official sociological spokesman-body, to hand down *ex-cathedra* condemnations of our naughty society. Which, of course, is exactly what it is not. Articles of this kind may be interesting and useful if published in magazines: *The Economist*, while its judgments would certainly not be those of this document, is happy to give its views on the social effects of gambling or anything else from time to time. But the reason why these particular views found themselves sprawled across Wednesday's front pages was simply because they could be hitched on to the Government's bandwagon, not left to propel themselves with their own fairly slight energy. If the Government is to sponsor social research, let it give money to university departments (like the department of criminology at Cambridge) or to individual scholars (as the Department for Scientific and Industrial Research does from time to time). But to blow up expressions of opinion with the great wind of state—and then to hand them out to lobby correspondents, whose bread and butter comes from the maximum politicisation of everything—is perfectly absurd.

HOME REPORT

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

Never-Never North-West

FROM OUR SPECIAL CORRESPONDENT



A FMALL Market-Town, memorable for nothing but its Antiquity and Situation, otherwise little fuperior to a Village" 'ote the Rev. Thos. Cox in his guide to Westmorland; and it is not unfair description of this nominal county town two centuries er. It is a Peter Pan town, with a noble history out of which has never grown, a somewhat less grand present, and a probmatic future. It was sacked by the Scots in 1173 and 1388 ... and never afterwards recovered from that fatal overrow ...") ; nurtured one of Becket's murderers; elected William tt to Parliament, and Jack Robinson, too; and it was the seat id the object of constant attention of that hair-raisingly tough oman, Lady Anne Clifford. All of which is nothing much out the ordinary for British towns a thousand years old—except that Appleby, picturesque in an ox-bow of Wordsworth's Eden, it ight all have happened yesterday, or be going to happen tomorrow.

Westmorland is the second smallest of the counties of England, 'e times as large as embattled Rutland, but spread even thinner the ground with a population only three times as large (66,000). lost of this population is scattered over the countryside, but nearly third is in the principal town, Kendal, leaving the county town, ppleby, to do its best on a mere 1,750—just enough to epitomise le troubles of the far north-west and the decline towards which, nothing happens soon, much of the region is heading. Appleby as one serious industry, a milk pasteurisation and cheese factory, id some others which amount to little more than cottage crafts. s school-leavers give the lie to its boast of 100 per cent employ- ient by passing straight from the fine and ancient grammar school iot long since gone co-educational and comprehensive) to the great 'orld outside in their search for something to do. If the popu- ition has increased in absolute terms by 20 in the past decade, it as declined relatively as its young life-blood drains off to the south nd the retired brass-gatherers of Bradford and Liverpool take its lace. Of urban amenities (and it is, after all, a town) there are one but those which cater for the Lakeland tourist who, when he leaves begin to turn, leaves the town as if frozen by the winter—low, resigned, reactionary and apathetic, to be woken to sharp ries of rage only by the suggestion of its ultimate death.

And yet, is it alive? Traditionally its council (town, not county: hat one finds Kendal a better bet) is made up of advertised inde-)endents who are benevolently Tory in practice. Most of the council is in trade, its members the inheritors of small monopolies ounded by ancestors who served the Cliffords in their time, and he inheritors, too, of that suspicion of intruders which is the despair of manufacturers anxious to find somewhere to expand. (Recently a stocking-maker, pleased with the town, its girls, its services, was ient packing by a persuasive local figure who resented the "disruption of the employment situation"—that is, the competition for the school's bright girls—which would ensue on the manufacturer's move.) Some, admittedly, abstain from the chorused "We are content"; and a few sing revolutionary songs against it. But nothing happens.

That nothing much has happened, either, is apparent from a reading of the catalogue for the recent sale of all that Appleby holds most dear, the Castle estates, lately the property of the Tufton family. Of the 72 houses included in the sale some were without main water, more without main electricity, many without bathrooms and most in need of attention. Nearly every lot (the castle itself the main exception) was bought by its tenant, who by that time had such a stake in the improvements he had made and the habits he had built up that he could not have let it go. The building of council houses ended in 1957, and there seems little need for it to start again; sporadic private building caters for the retirement market; and there is nothing on offer for the young people who do not stay.

AT one time Appleby was an assize town to which the judges came whether there were cases to try or not: often they got the pair of white gloves which tradition hands out to the law relieved of its dreadful task. It is still an assize town, but the judges only come now when there is a case to try and, had the agitation gone the other way in 1936, the whole affair would have been transferred to Carlisle. At one time, too, it was an important railway town, on two lines to the north from London and Darlington: only the London line remains, and the trains on it are fewer than they were as well as harder to stop (let nobody ever attempt to travel from Manchester to Appleby). "Retain your loyalty, Preferve your rights" reads the inscription on the higher of the two crosses which terminate the main street; but the loyalty is to a relatively shrinking Appleby in an expanding England, and the rights have long since shifted to Kendal.

What is to be done for Appleby, and for Westmorland? If it is hateful to destroy the old-world charm and atmosphere, it is not less hateful to condone and encourage the precipitation of so many of their young and active people into the south. If it is hurtful to set up concrete street furniture in medieval alleys, it is not less hurtful to condemn the whole county to living in the past for lack of funds. The suggestion has been made that Westmorland, like Rutland, should disappear as an administrative unit, its northern half to be incorporated into the larger and more prosperous county of Cumberland, and the part below the dividing fells to be taken into the thriving county of Lancashire. If this dilutes the representation of the county's people (one member

every 1,500 at present) it will also provide
ore of those services, especially in planning
d development, which Westmorland either
nnot afford or cannot afford to do well.

Such a solution might also do something to
olve Appleby's problems, by bringing it in,
emoted from its anomalous county town
atus, to the more viable county to the north
whose interests it would be to promote a
hriving small town as the gateway to the Lakes
lternative to Penrith, which bursts its seams
ach summer. Tourists today are quite as in-
erested in specifically urban comforts as they
re in unspoilt country—and, in a summer like
962, they need them. There would also be
ome point in seriously trying to promote
ppleby as a place in which to set up those
leasant, clean light industries which suffer from the
hortage of space and skilled labour elsewhere, and which might
e expected to appreciate the supply of intelligent and

well-educated school-leavers turned out
service or emigration every year by Applel
Perhaps the new owner of the castle, wh
business is in Liverpool, could be p
suaded to help.

Nobody wants to destroy the sense of ti
stopped for which Appleby is justly fan
(mostly among people who wish that time l
stopped). But at a time when congestior
steadily overtaking the south it is sensible to
to retain viable populations in those parts of
north that are (given good housing) entir
agreeable to live in and capable of pursuin
good, if modest, existence in a technolog
world. The Applebys of the north are
cases of what might be done, given ini
tive. And if the town did grow larger,
more people moved in from Lancashire and from the surrou
ing dales, why should Appleby jib? After all, it contained 8,
people before the Scots got at it.

The Scottish Recipe

THE speech of the week on unemploy-
ment was delivered in Glasgow on
Monday afternoon, just as the Commons
was settling down to its own debate (see
page 1184). It came from Lord Polwarth,
he chairman of the Scottish Council
Development and Industry), in a preview
of what the council intends to say to Mr
Macmillan when it calls on him at Admiralty
House in February—by which time Scotland
s likely to have 110,000 unemployed.

Lord Polwarth made three criticisms of
he working of the Local Employment Act.
First, Scottish experience has shown the
need to define specifically, and from the out-
et, the help from grants and loans that a
nanufacturer setting up in a development
rea can expect under the act. Potential
ncomers, particularly from overseas, find
hemselves locked in lengthy negotiations
with government departments, lose interest
nd sheer off to wherever they can expect
o get a straight and quick answer. The
Board of Trade will reply that there is no
asy formula for this kind of calculation.
But most development areas provide their
wn bitter tales of lost chances through
heer departmental dilatoriness.

The second Scottish point is that the
resent inducements are too marginal to in-
uence firms other than those that had
lready made up their minds to settle there
nyway. Lord Polwarth spoke of firms that
ound they could get better loan rates
hrough ordinary commercial channels than
rom the Board of Trade itself. The real
nducement that government could reason-
ably provide is to give relief from loan
charges in the initial years of a new opera-
tion when incidental expenses are heaviest.
Adjustments could easily be made in the
later repayment period. The government
may not be prepared to commit itself to a
capital outlay of £150 million in
Scotland in the
next eight years
as Lord
Polwarth wants
(and as other
development
councils would
like to get for
their own
regions), but
relief on initial
expense is cal-
culated to make a minimum of aid go
considerably further than it does at present.

Chairman Polwarth

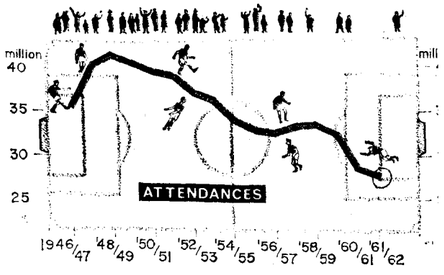
Thirdly, Lord Polwarth repeated one of
the basic recommendations of the Toothill
report a year ago on the location of new
industry at the potential growth points of
regional economies. Under the existing act
the Government deliberately channels its
aid into high unemployment areas or, if a
region is lucky (as central Scotland happens
to be) into new towns built for overspill.

What the framers of the act did not app
ciate is that its assistance would be requi
not simply for local patches of unemp
ment but for the regeneration of wide a
where the structural decline of Victo
industries has, particularly in the past
years, set quite a different problem.
fundamental need now is to define regi
development areas that really are cap
of developing—not decaying commun
with, almost invariably, their appalling sc
environment, and too often, their isola
from a modern communications networ

ONE other point of Lord Polwar
speech deserves attention.
decline neurosis that affects the north
west stems, in considerable part, from
exaggerated sense of inferiority: that n
ing can really be a success there unle
is directed to settle north of the Trent
subsidised up to the hilt thereafter.
post-war sector of Scottish industry
elsewhere in the north) is in process of
proving this. Lord Polwarth was abl
point out that in the years 1959-61 Scot
has had a greater proportionate increas
employment, compared with the countr

Fans Fade Away

After reaching a peak of 41,300,000 in 1948–49 football fans attending league matches dwindled to nearly 28,000,000 last season. However, so far this season gates show an increase of 896,376 on last, and if the trend continues the game may have regained a million lost supporters by the end of April.



a whole, in the manufacture of office machinery, radio and electronics, watches and clocks, and electrical machinery. In most of these fields it owes a great deal to the attraction of American industry after 1945. But in the wider field, 80 per cent of all new jobs and new investment has come from companies established in Scotland before then. This is a local success story that needs to be better known.

Scotland, in fact, has been producing 30,000 new industrial jobs a year—the rewards of expansion—against an annual contraction of 25,000 jobs in the decaying industries like mines and shipbuilding. In actual statistics last month's rising figure for unemployment 4.3 per cent (which set off so many alarm bells) was fractionally below the average for the whole year of 1959. The improvement is not as good as it might be, since it owes something to emigration—often of skilled workers. Scotland still needs a net average increase of 15,000 jobs a year up to 1970 to lick its problems. But a number of Scots feel that, at last, they are actually going up the escalator, that the shift into new industries can gather momentum. If this kind of atmosphere can be generated more widely, pump-priming will pay even quicker dividends.

The Scottish Council has, sometimes laboriously, contrived to present a common front with a local trade union movement that has been prone to see in the direction of industry (despite the Labour party's rejection) the answer to all Scotland's problems. Lord Polwarth on Monday had to genuflect in the direction of the mineworkers in backing Scottish coal for the next big power station development that Scotland needs. This looks like deliberate service to political non-partisanship. It will pay off only if the unions give their backing to the new realism, particularly the internal migration to viable growth points, on which the next stage of Scottish regeneration depends. The same need for initiative and adaptability, in taking advantage of existing government-backed industrial and research development, goes double for still too many Scottish managements.

Bodies in the Library

FROM OUR SPECIAL CORRESPONDENT

THE public libraries of Britain are the oldest-established, and by far the most widely used, public provision for everyman's desire to improve and entertain himself. They are certainly the most gratefully received—despite the criticisms of those, led by Sir Alan Herbert, who feel that by providing books free to the ratepayers local authorities are taking the bread from authors' mouths. The Minister of Education's working party on the library service, which has just reported*, does not risk its feet on this thin ice (and anyway, being composed of local authority people, it is unlikely to have had much truck with the authors' case). What it has usefully done is to lay down certain minimum standards that public libraries should live up to, and to make certain recommendations that should enable them to do so.

It is the very age of the library service that puts it in need of reviewing. Not only do many library authorities cover old local authority areas that themselves need doing away with; many are also housed in old buildings that prevent the efficient use of either space or staff. What is more, people are inclined to use the libraries for different purposes now. Perry Mason is someone you watch instead of reading about; Homer can be bought for a few shillings in Penguin, rather than borne, hard-covered, home from the library. Meanwhile an increasingly educated—and television-stimulated—public has an ever-growing appetite for education (say, learning Russian) and instruction (say, in amateur plumbing).

So what should be done? First, the committee says, a library should increase its stock of books: its minimum figure comes out to an annual addition of 7,200 volumes for lending purposes, spread over 300 reference and specialised works, 2,300 adult non-fiction books, 3,000 adult fiction (1,500 titles), 1,500 children's books (750 titles) and 100 volumes in foreign languages. Equally, the basic rate of provision of books should be 250 volumes per thousand population served by a library. These two requirements put out of court libraries serving fewer than 30,000 people. The working party's ideas, then, fit neatly into the general move in the country to do away with little old local government units; as the report rightly indicates, it is worth waiting to see what the Local Government Commission does in many areas before starting to do away with existing uneconomically small library services. But it also shows that few libraries serving under 60,000 people in fact came within a fair range of its standards—and 60,000 is not a bad local government unit in many other ways.

On the general reorganisation of the library service the working party is also sensible. Working down from the top, the recommendations go more or less as follows. The Minister of Education should have more fully qualified advisers on this subject, to help national standards upwards. There should also be a central research unit in the ministry, like the one on school building, to help libraries with their problems of physical organisation and new construction. Local authorities who leave library matters in the hands of their education committee should have a proper library committee. Perhaps most important of all, librarians themselves should be given a more adequately graduated career structure (at present it seems that promotion, and thus pay rises, for librarians depend largely on moving to a new authority), and libraries should both provide more jobs for trainees and release more of their staffs for training courses.

All this is sensible and level-headed: both on the sizes of population served, and on a reform of librarians' salary structures, similar recommendations hold good far outside the library service. There remain the economies that could be made by proper co-operation between libraries, dealt with more fully by another ministerial working party.* This recommends a reorganisation of the existing regional committees, to be supported obligatorily by public libraries (and perhaps afterwards by non-public—e.g. university—libraries that want to join in). Since many of the existing regions have not completed (Yorkshire has not even begun) a catalogue, this should be paid for by a once-for-all Treasury grant. A proper catalogue should also be compiled for the National Central Library, which would then be paid for under a Ministry of Education vote instead of by the Treasury: public libraries should pay 30 per cent of the cost of the central library. With Telex, and perhaps a central computer for tracking down books, the efficiency of the national service could thus be immensely increased. And these ideas would not need to cost all that much, either.

* Standards of Public Library Service in England and Wales. HMSO. 7s. Inter-Library Co-operation in England and Wales. HMSO. 3s.

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LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

Pilots' Hours

SIR—The note on the subject of work done by British and American air pilots (December 15th) falls short of the standard readers have come to expect of *The Economist*. The original comment (October 12th) sought to compare BOAC pilot utilisation specifically with Pan American. Now your correspondent has conveniently changed ground by dropping the important word "Pan" and quoting figures allegedly referring to work done by American pilots on domestic operations. Your correspondent has made the mistake of not comparing like with like, because there is a vast difference between the conditions of US domestic operations and the conditions of US or any other intercontinental operations—the former do not involve pilots in spending time on the ground at slip points overseas waiting for the next service.

In addition, your correspondent fails to define his terms: United Airlines' pilots are quoted as flying 1,200 hours in a year—but American legislation expressly forbids intercontinental or domestic air pilots from working for more than a total of 1,000 flying hours in any one year. The reference cannot, therefore, be to actual hours flown but to notional figures perhaps used for pay calculation. Flying hours, as used by US operators for pay purposes, include "dead heading" time and also a credit of notional flying hours in respect of some of the time spent on the ground at slip points; these figures are both useless and misleading for the purpose to which your correspondent has put them.

It is dangerous to make comparisons of flying hours worked by the pilots of different airlines without making due allowance for the route structure, the number of slip points required along each route, the density of services on a route, the extent of seasonal differences between summer and winter frequencies, the extent to which most American airlines put pilots on furlough during the winter, legislation in respect of flight time limitation, the timing of introduction into service of new aircraft types, and so on. Your correspondent has suggested that BOAC pilots fly only 400 hours a year, but the average for the last financial year, when substantial conversion training on to Boeing 707s was in progress, was 545 flying hours on revenue-earning flights. This is lower than it used to be before the latest aircraft types were introduced, and lower than we plan to achieve when the transition to full VC10 operation has been completed.—Yours faithfully,

D. I. PEACOCK,
Chief of Flight Operations,
British Overseas Airways Corporation
Hounslow, Middlesex

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Elizabetha

SIR—The deployment of the Throne, the Government, and the pomp and paraphernalia which go with them, to a site north of the Trent, is a far sighted and cogent plan, but relative to the unemployment on the North East Coast, one which has a time factor out of relation to the pressing problems presently being met. A deployment not necessarily as effective, but specifically important and attractive, is that of Government Research Centres. A Government Research Centre in one of the semi-exotic or exotic industries, located in Durham or Newcastle, Darlington or Stockton, would form a growing point for a new industry at a cost infinitely less than the man-size project you recommend, and would become effective much more quickly.—Yours faithfully,

ANGUS HUNKING
St Helen's Auckland, Co. Durham

★

SIR—To your most stimulating suggestion of Elizabetha there is an analogy which is not entirely irrelevant. When Ataturk sought to make Turkey modern, one of the most important steps he took was the establishment of Ankara as capital instead of Istanbul. This step made an enormous contribution to the modernisation of Turkey's outlook.—Yours faithfully,

Winchester GEORGE WANSBROUGH

SIR—The application of linear inductio motor and air-cushion techniques to mont rail make speeds up to 300 mph possib with safety in all weather conditions. Th brings the suggested site of Elizabeth within two hours of the centre of Londo Your scheme deserves a public inquiry not a royal commission.—Yours faithfull

London, SW2 J. W. DAR

★

SIR—The great drawback to your propos is that nobody wants to live in such towr No Swiss official would live in Berne if I could live in Zurich. Compare Canber with Sydney, Ankara with Istanbul, Th Hague with Amsterdam! Even Washingt is deadly dull.—Yours faithfully,

Geneva J. W. NIXO

★

SIR—If Elizabetha is to be built in t Yorkshire moors, then it will be vita necessary to convert Hyde Park to a grou moor so that the Cabinet may continue enjoy their necessary therapeutic exercis —Yours faithfully, F. R. WEL

Isleworth, Middlesex

New Towns

SIR—You suggest (December 15) that policy of building up Newton Aycliffe t size of 40,000 or more is an admirable o But what is the logic of building a town that size on the doorstep of one which already twice as big, admirably suited further expansion, and already a centre considerable regional significance? A big Darlington of, say, ¼ million people a major point of new growth for the nor east would be far better than a perpetua medium-large Darlington and a r medium-small Aycliffe competing with e other.—Yours faithfully, DAVID W. LL

Chichester, Sussex

The British Alternative

SIR—I congratulate you on having arri at last (December 15th) at the pre remedies, viz., unilateral free trade, ch food, sound money, floating exchange ra that I described as the "Cheap F Policy" in "The Abominable No-Men 1953. *The Economist* being *The Econor* I now know that the intelligentsia, alre bored with Europe and all that, will ac them with enthusiasm and will be follo by the proles within a year or so, part larly the unemployed and old-aged p sioners who will be hungry first.—Y faithfully, OLIVER SMEI

London, E.C.2 The Cheap Food Le

Big Numbers

SIR—You ask (November 3rd) for a more convenient energy unit for use in world fuel resource estimates. I suggest the adoption of 10^{15} kcal = one Carnot, named in honour of the early French thermodynamicist, to be abbreviated Cn. This unit is of the right order of magnitude in several fields. It is about the amount of energy released in a light earthquake, and the conversion of one metric ton of mass into energy would release 21.5 Cn.—Yours faithfully,

A. BONDI
Emeryville, California

★

SIR—You may care to know that in "*Charbon et Autres Sources d'Energie*," published by the Statistical Office of the European Communities, the following appear in the list of abbreviations:—

GWh gigawattheure = 10^6 kWh
TWh terawattheure = 10^9 kWh.

—Yours faithfully,

Orpington, Kent D. C. BEATTY

Catalytic Trigger

SIR—Those who respect the sanity of the President of the United States, as well as accepting his good faith, may agree—with less animus—with Wayland and Elizabeth Young (December 15th) that there are contingencies in which it would not be sane to intervene on behalf of a Europe without nuclear weapons: a massive, swift and successful invasion by conventional forces might make Russia master of Europe in the course of a weekend. Would the President hazard the survival of his own people by nuclear intervention, or accept the new status quo? A nuclear Europe would greatly simplify his choice.—Yours faithfully,

DESMOND R. FITZPATRICK
Richmond, Surrey

Wards into Workshops

SIR—Firms find it advantageous to give jobs to mental patients that outside workers object to or find boring. But is the mental patient a sub-species that should be made to be bored, or is it that he is no position to object? You say "It is the long-term patients, who have had their whole lives organised by the hospital for years . . . that benefit most from industrial therapy." But you are substituting one form of authoritarian organisation for another. The treatment of institutionalised patients needs a varied programme to encourage the expression of individuality. As an occupational therapist, I must make one protest—I do not wear a starched green overall—the laundry just could not cope!—Yours faithfully,

MYRTLE CAMPBELL
Bristol

India and China

SIR—In your issue of December 1st, your correspondent in India states that "New Delhi might declare boldly that the Chinese could not dictate victor's terms. But the fact remains . . . that they have won a smashing victory."

In other words, after China's "smashing victory" which merely dramatised the genuineness of India's faith in the doctrine of peaceful co-existence and demonstrated her strong moral sense, India has lost the right of talking to the enemy with freedom and frankness and on equal terms. Surely he does not mean that India ought to show a preparedness to give away what is hers to the burglar who, having made a surreptitious entry into her house, suddenly offers sophisticated terms of withdrawal.

Your correspondent then proceeds to report about a certain "wandering Brutus." Even an Indian who, according to your correspondent, "has not the faintest conception of what modern war means," feels that one is likely to come across such wandering Brutuses in any scene of modern combat. During the last world war, there were surely a few in the jungles of Japanese-occupied Burma, although Japan eventually had to surrender.—Yours faithfully,

BHUPENDRA NATH BASU
Calcutta

Alpine Farming

SIR—To say, as you do (October 27th), that "about half the population of Austria earns its living on 432,000 farms" is misleading. In 1961 only 16.4 per cent of the total population were counted as residential population in agriculture and forestry. People employed in agriculture and forestry (farmers, working members of the farmers' families and hired farm workers) represent 22.7 per cent of the total labour force.—Yours faithfully,

PHILIPP RIEGER
Vienna 17

POINTS

IF Mr R. Witschi's suggestion (November 24th) that the quarantine restrictions on dogs be removed were implemented it might well increase the number of continental visitors to our shores, but the effect on our foreign exchange would be disastrous for then thousands, who now take their holidays at home out of consideration for their dogs, would flock abroad to the delectable European countries listed in his letter.—ERIC BULLEY, *Hartlebury, Worcs.*

YOU write (November 24th) with the bland assumption that the population of London, and of all the south of England, will increase and go on increasing indefinitely, until presumably the whole country is one vast ghastly built-up district. Precisely: which is just why I, for one, got out on a single ticket. As for "six new Birminghams," don't be beastly to your readers, look at the one you have. LIONEL WILLS, *Trieste.*

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BOOKS

Capitalism's Citadel

The Stock Exchange: *Its History and Functions*

By E. Victor Morgan and W. A. Thomas.

Elek. 293 pages. 63s. buckram, 50s. cloth.

On occasions the London Stock Exchange has been justly criticised, but, more often, it has been the object of envy, spite and misrepresentation. This has bred a defensive attitude in those who have tried to assess and establish its importance to a capitalist economy. They wear velvet gloves and often proffer excuses when these are unnecessary. Criticism, they seem to feel, gives away too much ammunition to those who, for political reasons, want to snipe at the stock exchange. But the lack of criticism has its own dangers; it may leave the stock exchange and its members too smugly content in their own conservative ways. A developing institution that must constantly adjust itself to the process of economic change needs the spice of an objective, critical appraisal. It is therefore regrettable that in the first modern full length study of the history of the London Stock Exchange Professor Morgan and Mr Thomas have dipped their pens in a tender, blue ink.

This is not an official study, but the council and other members of the stock exchange have actively co-operated in its production, and the chairman, Lord Ritchie, warmly welcomes the book, which he predicts will become a standard work. Even so, the inhibitions seem to be very much of the authors' own making. There is, for example, a sturdy defence of the role of speculation in creating an organised and orderly market that is both timely and appropriate. But the force of the argument is weakened by a string of earlier comments like the one that rounds off the chapter on the South Sea Bubble:

> As usual, "the infamous practice of stock jobbing" was blamed for things for which the corruption of politicians, the contrivance of unscrupulous promoters, and the avarice and gullibility of the public were really responsible.

The real point of this episode as it affected the stock exchange is that in their greed the dealers went along with the politicians, the promoters and the public.

Nevertheless, this is a valuable book, easily, pleasantly and occasionally humourously written. It is well constructed, analysing the various phases of investment and then relating the changes in organisation and techniques in the stock exchange to them. It shows, without becoming too technically boring, how in fact the stock exchange throughout its history has adapted itself to economic change. Some techniques, such as option dealings, are remarkably old; others, including the separation of the jobbing from the broking function, have developed only slowly and, indeed, are still in the course of evolution. After the South Sea Bubble, dealings in the Funds dominated the stock market throughout the eighteenth century, and the technique of dealing for the account in the gilt-edged market as well as for cash was then perfected and remained in force until the second world war; whether it could now be reintroduced and serve some useful purpose in conditions of greater monetary instability and a greater willingness by the authorities—the jobbers behind the jobbers—to make their wishes felt in the market is still perhaps worth some passing consideration in Threadneedle Street.

The industrial revolution then produced two great branches on the stock exchange tree: the first, now withered but not completely dead, was overseas investment, and the second, railway and industrial financing. It is the latter and the rise of the institutional investor that now dominate market thinking. The major evolution in technique associated with the emergence of equity financing was concerned with the handling of new issues. Today's highly wrought and flexible system of underwriting—and policing by the issuing houses and brokers as well as by the Share and Loan Department — was created only gradually from yesterday's pains and knaveries. It is not perfect yet. Nor is it likely to be in an institution which by its nature attracts all sorts and conditions of men. But what is striking in the history of the stock exchange is with what high standards of conduct by far the vast majority of its members have conducted themselves and their business. Once this is recognised, the rogues and dishonest dealers can be seen in perspective and the canvas is ready for the critical painter. And perhaps the greatest tribute that can be paid to this book is that when he takes up his brush he will have to take many of the colours from its palette.

Breakdown of a Marriage

Lord Byron's Wife

By Malcolm Elwin.

Macdonald. 556 pages. 45s.

Never can a scandal in any family have occasioned such endless reverberations as the breakdown of the marriage between Lord Byron and Annabella Milbanke. It lasted only one year, and in 1816 he left England for ever, the most talked-of man in London society. Speculations then abounded, and have persisted ever since, about why his young wife, after the birth of their daughter, should have insisted on a legal separation. His sanity was called in question, and allegations of incest and of homosexual practices were made, though of course not publicly. The element of mystery in the scandal was reinforced when, after his death in 1824, his widow, his publisher and his most trusted friend conspired to burn his memoirs, which presumably contained his version of the catastrophe.

Lady Byron spent the forty-four years of life that remained to her after Byron's departure into exile in justifying her own behaviour. To quote from Mr Elwin's introduction to this book,

> She preserved not only every letter addressed to her with any bearing upon the subject of her marriage, but copies—often attested by witnesses—of her own letters and of letters shown to her by others. She also kept journals at irregular intervals, and compiled many reminiscent statements, the most valuable of which were intended for possible legal use in the event of her being required to sue for custody of her child. No scrap of memoranda was too trivial for preservation.

And, as if all this were not enough, her grandson, the second Earl of Lovelace, accumulated many more documents from the descendants of her correspondents, and transcribed no less than 170 volumes of material bearing on Byron, his wife and his half-sister. These, the famous Lovelace Papers, have never been unrestrictedly available to any Byron scholar until their present owner, the Earl of Lytton, commissioned Mr Malcolm Elwin to catalogue them and use them to tell the truth about the Byron marriage and separation.

It cannot be said that his book contains any startling revelations. We can still speculate, if we want to, about the exact nature of the shock that determined Lady Byron to refuse even to consider reconciliation with her young husband, for Mr Elwin does not follow up clues put forward by Professor Wilson Knight in "Lord Byron's Marriage," nor indicate what his own conjectures are. But let us fervently hope that all the evidence relating to the marriage and its breakdown is now made public, and that the point of surfeit has been reached by readers of Byroniana.

Mr Elwin makes available a good deal of unpublished material, and enables us to see in great detail the character of the girl who thought it her mission to marry and reform Lord Byron. From letters written by her mother, and later from her own letters, we see the clever, wilful child developing into the self-important, humourless, well-intentioned young heiress; and the relentless streak, so marked at the time of the separation, is seen to be an intrinsic part of her make-up. Mr Elwin clearly dislikes Annabella heartily, and beyond question she was a prig. But Byron's touching attempts to get her to relent show that though he may have treated her abominably he was very far from hating her. It is perhaps poetic justice that her tireless attempts to justify her own conduct recoil upon herself, so that the person who emerges most attractively from this welter of correspondence is Augusta Leigh, whose generosity and capacity for laughter contrast so markedly with poor Annabella's self-righteousness.

Red Ghosts Talk

The Age of Revolution: *Europe from 1789 to 1848*

By E. J. Hobsbawm.

Weidenfeld and Nicolson ("History of Civilisation" series). 369 pages. 50s.

"The intelligent and educated citizen" to whom Mr Hobsbawm dedicates this book is warned in the preface that it is not a detailed narrative but an interpretation of the dual revolution, the French and the Industrial, whose influences spread far beyond Europe. It is a large book; it weighs heavily on the hand—and sometimes on the spirit too, for its author's style is no happier than the doctrine of economic fatalism which seems to possess him. It has been said that a historian is a "sort of talking ghost from out the past." Mr Hobsbawm, if not a ghost, seems to be under strong spectral influence.

The first half of this volume deals with the dual revolution's course from 1789 to 1848; the second somewhat repetitively with its results. Even the intelligent citizen will be well advised (as in the case of some whodunits) to read the last chapter first. For when he has done so he will at least know that his arduous journey's end is a meeting with Karl Marx and the "spectre of communism." The author's conclusions, however "inevitable," may not seem to some readers to follow logically from the three hundred pages that precede them; but they have the merit of being dogmatically clear. Mr Hobsbawm recognises the triumphs of material progress between 1789 and 1848—millions of tons of coal hewed; thousands of miles of rails laid; ships propelled over ocean routes by steam; gas-lit cities connected by telegraph; international trade quadrupled. But he insists that the price paid for these achievements was wage-slavery in field and factory throughout Europe; legal slavery in South America and the southern United States; and semi-slavery in many British colonies. He sees them as trophies of the victory of bourgeois capitalism entrenching itself in "liberal" representative institutions against that proletarian democracy which he regards as the rightful heir of the dual revolution—a bourgeois society "haunted" in Marx's words "by the spectre of communism" and waiting tremulously for the explosion of '48.

Nevertheless, "The Age of Revolution" is well worth serious study, even if the author's Hegel-ridden thesis is developed in a somewhat labyrinthic style. There is an exceptionally well-furnished picture gallery and some illuminating diagrammatic maps. Recent historical opinion is given full weight in the discussion of the French Revolution, and Napoleon is generously treated—possibly because he talked, when it suited him, like a determinist. But is it indisputable that the French monarchy could not have been constitutionalised in 1789-90? Or that the inventions of the industrial revolution were in no way beyond the scope of artisans experimenting in their own workshops? Or that by 1800 the financial techniques required to capitalise expanding manufacture and trade were in abundant supply? Or that "for every man who moved into the business classes a greater number necessarily moved down"?

Some recent reassessments of the industrial revolution and of its social consequences might temper the author's dogmatism; but they are given little space in this book. Indeed his indifference to opinions with which he disagrees lessens its value. His convictions, however, make him occasionally incautious. In one case at least he seems to have been badly misled by a Jacobin ghost, for he states that the *Marseillaise* was written as a marching song for the troops from Marseilles. In fact the wife of the Mayor of Strasbourg wrote in May, 1792, that Rouget de Lisle composed it for her husband's friends, who are shown enjoying it in the pleasant bourgeois family circle depicted on the wrapper of Mr Hobsbawm's book. It was popularised by the "patriots" from the south in August when they marched on Paris to play a prominent part in the storming of the Tuileries and the September massacres.

Local Material

Village Records

By John West.

Macmillan. 224 pages. 30s.

This is a sound and comprehensive survey of the materials from which the history of villages can be written. Mr West's method is a good one: to deal in some detail throughout the book with the history of one village, Chaddesley Corbett in Worcestershire, and then to extend his discussion of each class of records to the whole of England and Wales. His illustrations are all drawn from Worcestershire, and they form a complement to the text that is not merely decorative but also essential to it: they include examples of most of the types of documents dealt with, giving point to the discussion of the physical problems they present.

The book is particularly valuable for its treatment of some classes of material that have not often been discussed in surveys of this kind, such as probate records and the inventories attached to wills, the deposited plans of public undertakings, and printed local directories. Mr West interprets the word "records" in his title in a wide sense, to include monumental brasses, (though unfortunately he has almost nothing to say of other church monuments, which are of equal value to the historian) and the houses of the village, with the light that inventories may throw on their furnishing. The book is informed throughout by his experience as a teacher and his enthusiasm: yet it is an enthusiasm always under discipline, which leaves him room for some most necessary words of caution to amateur research workers about what they ought, and ought not, to expect by way of services from the archivists whose documents they consult.

Apart from a stodgy jacket, decorated with a blurred and useless reproduction of a map, the book is pleasantly produced. It is in every sense excellent value for thirty shillings.

One Norse War?

The Age of the Vikings

By P. H. Sawyer.

Arnold. 264 pages. 30s.

Throughout the ninth century and again towards the end of the tenth, Western Europe had to endure the attacks of the Danes and Norsemen while Russia saw their Swedish neighbours in search of lucrative trade-contacts with the Moslem East. An altogether convincing explanation of the causes and consequences of these movements has, Mr Sawyer thinks, hitherto eluded historians. Misled by the literary sources of the period—the annals written by prejudiced monks, the chief victims of the

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raids—they have vastly overestimated the numbers of the invaders and the havoc they wrought. Archaeology, the coin and place-name evidence must be allowed to speak for themselves and they have led Mr Sawyer to some striking and startling conclusions: the Norwegians and the Danes from the start raided because they wanted land. If they looted as well it was only to acquire the capital needed for permanent settlement. Very few Frankish and English coins of the ninth century can be found in Scandinavian hoards, and most of the currency which circulated in the north up to about 970 came from the Moslem world by the Volga route. However, when this source of supply failed, the Danes—not the Swedes who traded with the Middle East—resumed their attacks on Germany, where new silver-mines had been opened in the Harz Mountains, and on England.

There were peaceful settlers and immigrés amongst the Vikings, but they did not control the movements of the war-bands and ships' companies commanded by aristocratic leaders in search of rather more than a homestead and a plot. If their armies were very much smaller than historians have up to now believed, the same is true of the rural populace and the unreliable defence forces of the regions attacked. Mr Sawyer often overlooks the literary sources, which he distrusts as a species, but he offers his readers a masterly survey of archaeological, numismatic and place-name studies and he also opens up the work of Scandinavian experts in these fields, all of which would, without his book, remain inaccessible not only to the general reader but also to most scholars. If some of his views contain as much hypothesis as those he rejects, enthusiast and sceptic can learn from this alike.

Indian Panorama

India

By Jean Filliozat.
Harrap. 276 pages. 63s.

PROFESSOR FILLIOZAT is director of the Institut Français d'Indologie at Pondicherry. In this handsome book he achieves a remarkable blend of narrative and illustration, giving us a valuable dissertation and an excellent picture book about India in a single volume. In an appreciative foreword, Mr Nehru makes the fair comment that M. Filliozat does not deal very much with the industrial revolution in India, so dear to Mr Nehru's heart, and is more concerned with the past. A column for transport and less for power and industry are indeed short commons for the student of modern India. But in its description of modern Indian society, the rich variety of its peoples, languages and cultures, the first part of the book is perceptive and sympathetic. The second part offers some lengthy flash-backs into the Indias of the past—under British rule, under Hindu and Moslem rule, and in pre-Islamic times.

If one acknowledges Mr Nehru's point that one will look in vain here for discussion or pictures of fertiliser factories or of the Damodar Valley projects, the truth remains that this book admirably fills in the background of Indian history while evoking and illustrating a genuine atmosphere of Indian life and traditions. The 260 photographs are brilliant, and if there is only one dam among them the temples and statues are there in profusion from the seventh-century rock carvings at Mamallapuram (more familiar as Mahabalipuram) to the erotica of Khajurao. The book can be recommended as an important contribution to the understanding of India, scholarly in its foundations and popular in its appeal, attractively written and translated, and beautifully produced.

Wild Life in Africa

Between the Sunlight and the Thunder

By Noel Simon.
Collins. 384 pages. 30s.

Animals of East Africa

By C. A. Spinage.
Collins. 160 pages. 30s.

AFRICAN politics have distracted attention from African economics, particularly from key questions about the best use of central Africa's none-too-hospitable land. The emerging countries have to decide soon what system of farming they are going to adopt and, once made, the choice is irreversible. Shall they opt for a western style of farming, evolving breeds of domestic farm animals that can adapt themselves to African climate and the African terrain (probably a cow based on the Indian humpbacked beast)? If so, the land will have to be cleared of its wild game as Europe and North America have been cleared for centuries. Alternatively, shall they resist the temptation to copy western methods and farm instead the wild game that already breeds and thrives on the continent.

The latter course, it is argued, would give a heavier yield of meat per acre on natural pasture, since game thrives where cattle starve. Writing of the eland "a great cow-like, almost docile beast," Mr Spinage says that

> farmers and others have wondered how they are able to keep in condition during the dry season . . . one answer . . . is found in an examination of their stomachs, where all manner of tough, woody herbs can be found and large quantities of Sansevieria leaves . . . about two feet in length with a needle-sharp thorn at the tip. Domestic cattle will not touch them but the eland swallows the lot, thorn and all, and they can easily be found in the stomach with the undigested fibrous parts still attached, looking like pieces of binder twine.

Mr Spinage restricts himself to an unsentimental description of the animals and their inter-relation to each other including the maggots and other scavengers. His book, with photographs justly described by Sir Julian Huxley as "the best collection of wild life photographs I have ever seen," makes a pleasant Sunday-afternoon aperitif to the more serious Mr Simon, who tackles the controversial heart of the matter—the relationship between African native and African game in the historic past, the bloody present and the possible future with serious game farming by the tribes themselves. This is a work of scholarship. Probably only in England would one feel a twinge of surprise that any book about wild life could be so described.

Belated Renaissance

English Art 1553-1625

By Eric Mercer.
Oxford University Press. 332 pages and 96 plates. 55s.

ALOOF from the current fashion of lavishness in art books, the Oxford University Press soberly continues its story of the visual arts seen as part of the general history of England. This book is the seventh in a plan of eleven volumes (coming forward in unchronological order under the editorship of Mr T. S. R. Boase) and covers the Elizabethan and Jacobean periods. It makes interesting reading.

England was the only western country whose art was unaffected at the time by the Renaissance. It was over a hundred years before it received any welcome there. It did so then because the new men needed to run the much elaborated machinery of government were Renaissance men. Moreover, Italian craftsmen employed by Henry VIII had given England a glimpse of Renaissance design in the small ornamental plaques and scrolls with which they embellished buildings.

Elizabethan times brought a delight in living, and Mr Mercer describes how the Italian Renaissance had a definite influence on the design of large mansion houses, bringing a desire for symmetry in place of the traditional irregularity of Gothic architecture and the focusing of attention on exterior elevations. He considers in some detail the features of great courtyard houses such as Sutton Place and the progression through the 'H' plan style of Hatfield to Inigo Jones's Palladianism, of which the Queen's House at Greenwich is an outstanding example.

These were not great years for British painting or sculpture. Both were preoccupied with portraiture, but, after Holbein's death, England relied on the services of foreign visitors such as Hans Eworth. Some grand Jacobean portraits have survived, but mostly these are unsigned and in the mannerist style of the continental artists of the sixteenth century. It was only in portrait miniature that an independent national tradition was created: Nicholas Hilliard, although continuing Holbein's techniques, evolved an exquisite style of his own. Of the qualities of his art Mr Mercer writes in scholarly fashion. His text throughout is supported by black and white illustrations, which take up nearly a hundred pages.

Bonnie Lord George

Battles of the '45

By Katherine Tomasson and Francis Buist.
Batsford. 216 pages. 25s.

BATSFORD'S battle series has consistently retained a remarkably high standard, not simply in the writing and illustrations but in the encouragement given by the editors to their authors to dig up fresh evidence and to blend the intimate detail with the broader sweep of military affairs. This book on the Forty Five is no exception. It is detailed, fair in its arguments and moves forward at a good round trot and in a well ploughed field of study turns up some new coins of evidence. One suspects, for example, from the close examination given to the part played by the artillery that an ardent gunner lives in Mr Buist; the authors argue convincingly that the guns played an important role in the defeat of the Jacobites at Culloden and that the failure to use them at Prestonpans and Falkirk contributed to the defeat of the Crown's forces.

This campaign is so encrusted with local pride and myth that it is dangerous to pass judgment. But there was something essentially foolhardy in the adventure: the government retained command of the seas, which kept the French out and enabled the Crown to transfer its troops quite rapidly from Flanders. The initial successes of the Jacobites may therefore be attributed to the time it took the Crown to get a reasonably sized army in the field. This book does not avoid controversy. The authors suggest, for instance, that Cope has been more maligned than he should have been and that practically the only man with real military ability in the Jacobite ranks was Lord George Murray. There may, in fact, be a better case for talking of Bonnie Lord George than of Bonnie Prince Charlie.

Greek Buildings

How the Greeks Built Cities

By R. E. Wycherley.
Macmillan. 256 pages. 25s.

THIS is the second edition of a book first published in 1949. Since then Greek archaeology has flourished and much has been learned. The book has not been rewritten, but some notes have been added about recent work, and it is illustrated by more and better plans.

Professor Wycherley has written a non-technical and interesting book on a subject of which the ordinary man knows very little, though it lies at the roots of all our urban civilisation. To make sense of ruins is not a layman's job; and the man without technical training usually finds it difficult to take in any but the most monumental Greek remains, above all temples, which are clear in plan and (having more stone in them) are apt to be better preserved than the others. This book goes the other way about: it starts with town planning and deals in turn with all kinds of public buildings—fortifications, agora, stoa, gymnasium, stadium, theatre, city offices and fountain houses. Two sections are short in relation to their importance: the temple, because it is so fully covered elsewhere, and the private house, because so little is known about it. The book covers the classical period and only runs on into hellenistic times where the author needs to point a contrast.

The plans are clear and closely tied in to the text. The illustrations are mostly of models of reconstructed towns and buildings—ugly but useful.

The Maori Wars

The Strangest War

By Edgar Holt
Putnam. 280 pages. 30s.

THE settlers stole the natives' land, and when the natives rebelled the soldiers killed them. That, in a Marxist nutshell, is one way of looking at the Maori wars. And this gross over-simplification is false. Not all the settlers supported the land grab; many, notably Bishop Selwyn, sought a conciliation between white and brown. The colonial authorities and the military were reluctant to exert force on behalf of a cause for which they had little heart. Sir George Grey, one of the great Victorian proconsuls, sought peace rather than war while many of the Maori leaders recognised the futility of rebellion. Casualties were relatively light, not least because of the Maori's skill in guerrilla fighting, and far more Maoris died of diseases brought by the white settlers than by battle. And once settlement was reached it was a permanent one, leaving racial harmony and not bitterness behind it.

There are, in fact, no blacks or whites, only twilight greys. Fortunately, Mr Edgar Holt, a neat, intelligent and sensible writer, avoids the sensational and tells the story with unprejudiced vigour. This is an able piece of work, which is a pleasure to read; but so remote is the strange war in time and place that it is unlikely to command so wide an audience as it deserves.

Studying Abroad

Student's Guide to Europe

By Peter Latham.
Macgibbon and Kee. 267 pages. 25s.

MR LATHAM is a supporter of the common market in higher education; his guide attempts to assemble the basic information about the university possibilities in Europe for students who want to put in a period in a foreign country. Now that some British universities actually require their modern language students to put in a semester or two in the country of their study, the student can be faced with a bewildering field of choice and little to go on. Dignity may forbid him to let others choose for him, but, at the present average rate of progress, he will be middle-aged before he can know from his own experience how he should have chosen for himself. Many of these foreign semesters must turn out a disappointment; a pity, when the opportunity is not going to recur.

Mr Latham has had a good idea in setting out to fill the need for a reference book in this field. The universities of 15 European countries are enumerated and briefly described, with such details as admission requirements, fees, terminal dates and the addresses of colleges and hostels. It could have been better done; the supply of information is uneven, and aspiring students should beware of the spelling of many of the useful addresses. These things can be improved; with pains, this guide can have a future.

OTHER BOOKS

OIL COMPANIES AND GOVERNMENTS. By J. E. Hartshorn. *Faber.* 365 pages. 36s.

This book is a discussion of the relationship between the international oil industry and the governments of countries in which it does business, addressed to the non-specialist reader. It is in two parts: the first is a descriptive account of the economic pattern and behaviour of the oil industry, and the second considers examples of the industry's relations with governments in countries variously placed as regards oil supplies, from the relative self-sufficiency of the United States and Russia to the import dependence of Western Europe and the export dependence of the Middle East. It concludes with some discussion of potential change in these relations with governments.

As the author is a member of the staff of *The Economist*, it is not reviewed here.

PICK OF PUNCH. Edited by Bernard Hollowood. *Arthur Barker.* 192 pages. 21s.

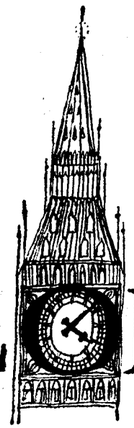
This is not really the pick of *Punch* nowadays but the pick, conventionally, of *Punch's* fun. Good fun it is too, with some air of up-to-dateness, but next year Mr Hollowood must add to its wit and relevance by picking from *Punch's* other newer basket of documentary description, social commentary and all kinds of criticism.

THE BED POST. Edited by Kenneth Young. *Macdonald.* 244 pages. 15s.

A collection of diverse pieces from a year of *The Yorkshire Post.* If it has not the metropolitan sparkle of *The Guardian's* similar annual anthologies, there is a pleasing solidity and tenacity typical of the paper and its region.

VENICE. By Marcel Brion. Photographs by Edwin Smith. *Elek.* 223 pages. 63s.

An attractive and splendidly illustrated book about the history, life and art of Venice from the fifth century to the nineteenth, this is the third in a series devoted to famous cities and towns. Among many superb photographs, some of statues and bas-relief stand out as symbols of the extraordinary liveliness of Venetian creation.



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God Speed You Merry, Gentlemen

WASHINGTON, DC

THIS week in a televised interview President Kennedy spoke for an hour about his four-year term, now approaching the halfway mark. He discussed many of his problems with remarkable but typical forthrightness. But he did not say very much about what all America is discussing: the men about him and their relations with him and one another, as well as with the American press. Recent events involving them have produced a flood of speculation, all of it critical and much of it caustic. But one point that everyone, including the press, seems to have missed is that some of the men around Mr Kennedy have evolved a pattern of behaviour which resembles closely that in the big, up-to-date American business organisation.

The modern American *entrepreneur* is the spiritual descendant of the Yankee trader who stared the Indians out of countenance, and out of Manhattan. It has been said, purportedly on the very highest authority, that Mr Kennedy and Mr Khrushchev were eyeball to eyeball in October and that the Russian blinked first. President Kennedy and the White House staff are supposed to communicate in a sort of oral shorthand. This turns out on examination to be the same as is used by the big business organisations. Both along the New Frontier and along Madison Avenue there are thrusts and crunches. In the making of policy, considerations are said to grind against one another, with the losing ones being thrown right out of the ballpark. A rebellious Congressman who has been rendered repentant by being deprived of patronage is said to be "trying to get back on the reservation." So in the business world is a businessman who recants after being boycotted by his colleagues for taking too seriously economists' tales about free competition.

Mr Kennedy has been charged with letting his relatives enter politics. But many large American companies carry on their pay-rolls the boss's relatives, including his in-laws. The President's evident partiality for having around him men who can play touch football or enter a swimming-pool fully clothed is paralleled by the big company's accent on youth and physical fitness. The President has introduced into government service the sixty-five-hour, seven-day week which has become standard practice among top business executives in the United States. For two years New Frontiersmen have been leaving their Georgetown homes in Washington while it is still dark in order to attend early political breakfasts. They leave their offices long after sunset and lug home bulging briefcases. Some New Frontier wives complain that they need to make appointments to see their husbands. A member of Mr Kennedy's hard-driven team who finds himself with an idle half-hour on his hands gets a guilt-complex about cheating the country.

The President's young men, like the up-and-coming men of any large American business organisation, spend much of their day either "in conference" or dashing to and from conferences. But while being keen as mustard and sharp as knives, they are expected to appear completely casual and relaxed. This is in conformity with the Kennedy "style," which is also known as its *ton, panache* or even *ambience*. The Kennedy style consists of presenting a profile of courage and of displaying grace under stress; it derives from the modern image of an American big business chief, who is required at all times to show cool bonhomie and to be above all else a "clean desk" man.

President Kennedy himself is credited not only with reading an issue of *The Economist* in thirty-five minutes but also with keeping it all in his head. Like the modern busy businessman with not a moment to waste, he often shoots up from his own front lawn in a helicopter or else sends his wife. If poets and 'cellists have replaced the cowboy stories and cocktail-hour music with which President Eisenhower relaxed between rounds of golf, this is in line with the way in which modern American business patronises the arts. The White House has become the place which famous physicists picket by day, carrying placards condemning atomic tests, but where they dine with the President the same evening. This inevitably recalls the really up-to-date American businessman who invites Mr Khrushchev for weekends and wangles invitations to the Kremlin.

It has to be conceded that these attitudes are different from those of the previous Administration. Mr Eisenhower's staff were said to be kept busy all day trying to find things not to do. Critics of the New Frontier, including Mr Eisenhower, tend to regard President Kennedy as a quiz-kid surrounded by whiz-kids. Mr Kennedy's whiz-kids have penetrated the Department of Defence, the State Department, the Justice Department and the federal agencies and have been brusque with old-fashioned generals and admirals and rude to belligerent airmen and bumbling civil servants. They are apt, it is said, to look on Congress, the Cabinet and the government bureaucracy as lumbering relics of the outmoded past, like fossilised dinosaurs. The President said this week that he still gets on the telephone himself to the State Department because papers tend to stay on government desks too long.

According to the American press, the New Frontiersmen have tried but failed to reduce journalists to mere spear-bearers and stage props of the Administration. The press maintains that the Administration's tactics are to divide and rule and that it bribes with "scoops" or scalds with criticism couched in robust sailorly language. Perhaps in revenge the press reports that the three main arms of the Kennedy Administration are the Harvard clique, the Irish Mafia and Mr Robert Kennedy, the Attorney General. The head of the Harvard clique is said to be the President's Special Assistant for national security, Mr McGeorge Bundy, who keeps an eye on Russians, Arabs, Chinese, Cubans and the American espionage system from an office in the basement of the White House. Mr Bundy is possibly the only *eminence grise* in history to occupy such lowly quarters. The Irish Mafia keeps an eye on the politicians. Mr Robert Kennedy keeps an eye on everything.

THE "leak" in the National Security Council which involved Mr Adlai Stevenson and others in embarrassing charges and counter-charges plainly calls for the use by the National Security Council in future of a Harwald Group thinkometer with fifteen switches. It is described as an electric meter fed by remote control switches under the table. Members of a group indicate approval or disapproval by pressing the switches. The meter's needle shows only the reaction of the whole group, so that one member may veto a colleague's idea without his being the wiser. The Harwald company suggested that this would eliminate the personality factor almost entirely from business discussions. It could doubtless do the same for the National Security Council, as well as safeguarding from future attack those who dissent from group thinking.

In big politics as in big business, group thinking encourages personal empire-building by creating a need for allies and supporters. Those who are "in" rise and those who are "out" leave, sometimes assisted on their way by innuendo. The knife-work is so skilled that the victim often does not know his head is off until he shakes it. New Frontiersmen deny indignantly that there are power-seekers in the Administration who are playing musical chairs around the President. It is probably true that in most cases thinking is "permissive"—as it is in big American firms—and that the only penalty of thinking wrong is that a man finds himself left out of major responsibilities and suddenly able to spend more time with his family instead of in overwork—an appalling thought.

Mr Khrushchev seems to see the Kennedy Administration as a sort of Laöcoon frieze of armament makers, oil men, Wall Street brokers, generals, admirals and spies grouped about the White House and holding up the march of history towards communism. The New Frontiersmen, however, see themselves, not Mr Khrushchev, leading the march of history. But toward what? The answer would seem to be a tidied-up world. Pragmatists with but a touch of lunar romanticism, the Kennedy men appear to want a western Europe that will be tidier when it is united, a tropical world that will be less messy when it is more developed and a United States that will consent to think about finance and other matters more like a big firm and less like a corner grocery shop. Of the organisation men in big business, Mr William Whyte remarked that, even if they acted like precocious brats at times, they got a great deal done that outweighed the bloody noses along the way. As they approach their halfway mark, Mr Kennedy's young men deserve at least that much praise.

Bolt from the President

PRESIDENT KENNEDY has always been a ruthless young man and ever since he was a very young man indeed he has looked at Britain with clearer eyes than have many Britons. At the moment he is flushed with his Cuban success, probably somewhat hurt at the lack of confidence shown in him by the British press and public until that success was assured, and convinced that Britain can afford to increase its contribution to the defence of Europe. On top of this Mr Kennedy is anxious to hold down government spending next year, particularly the inevitable rise in the defence budget, in order to make more acceptable to Congress the tax cuts which, he feels, are essential to the future prosperity of the United States. Finally he is determined to prevent a dangerous proliferation of independent atomic forces.

Against this background the President was told by the Department of Defence that the Skybolt nuclear missile, to be carried into its thousand-mile range of its target under the wings of aircraft and a vital part of Britain's defence plans, was proving unexpectedly slow and expensive to develop; it would probably never become operational and even if it did it would be too late to take its place in America's arsenal. It is not therefore at all surprising that Mr Kennedy decided to drop Skybolt—or even very surprising that he dropped it on Mr Macmillan's toes. But both what Mr Kennedy did and the way he did it are being criticised at home nearly as much as abroad, by his candid friends as well as his political enemies.

They are saying that the President seems to have forgotten that there is more to an alliance than material contributions and that he should have shown sympathy for Britain's pride and Mr Macmillan's problems. They are saying also that Skybolt's technical difficulties have been exaggerated and that the decision to abandon it is unjustified and will leave the United States undesirably dependent on missiles which are fired on split-second decisions. This argument is naturally being put particularly vehemently by the Air Force, since without Skybolt manned bombers will be obsolete even sooner than expected, and by the Douglas Aircraft Company whose future largely depends on the project. But the view that work should not be stopped on Skybolt seems to have strong support both among the Joint Chiefs of Staff and in the Senate. Congress will certainly have something to say on the matter when it reconvenes, but Mr Macmillan should not count on vested interests to rescue him from his predicament.

Christmas Still Deductible

THE liberal good cheer traditionally dispensed among American businessmen in the form of lavish banquets, expensive gifts and weekends at the corporation's hunting lodge during the holiday season will have a decidedly nostalgic ring this year. For January 1st will bring a major crackdown on "expense account living." In the good old days such expenditures could be generously written off when paying taxes on the basis of approximate estimates of the money involved and loose interpretations of just where legitimate business spending ended and personal pampering began. With the rules of the game so permissive, "it's deductible" tended to become a catch-all phrase and abuses of expense accounts were disturbingly widespread. But buried away in the omnibus Tax Bill passed by the last Congress were new guide-lines stipulating that tax deductions should be allowed only for those expenditures that were reasonable in amount, clearly related to the active conduct of business and adequately documented.

If the full implications of the new policy escaped the business community at the time, they were brought rudely home last month by the publication of the first set of follow-up regulations by the Internal Revenue Service. These elaborated the documentation rule laid down by Congress. To claim deductions for travel or entertainment, a businessman would need to keep a detailed diary showing the amount of his expenses, the time and place of the outlays, the business purpose of the spending and the name and business relationship of persons entertained. Every ten-cent tele-

Christmas Spirits

NEW YORK

ALTHOUGH the American liquor trade does not claim to have invented Christmas, it feels that it might well have done, so great is the imagination lavished upon the holiday which brings in almost one-fifth of an annual $5.5 billion in sales. This season, expected to be the most bibulous in history, has been enlivened by $45 million worth of advertisements for holiday liquor. Old favourites have reappeared, suitable for framing—the Gilbey's Gin frosted bottle against a Park Avenue scene, for example, an advertisement said by its designers to have "captured so well the spirit people associate with the Yuletide season" that, after four consecutive years, "it has become a tradition." There have also been the Old Crow (bourbon) Punch Bowl, "a tradition in itself," and a new Four Roses (blended whiskey) Christmas Bell, "created in fully dimensional plastic, glistening with a life-like glaze of frost . . . a further refinement of the Christmas concept pioncered by Four Roses over the years."

At the heart of this Christmas concept, evolved by the four major giants of the industry, is the dogma that the container takes precedence over the thing contained. The annual headache—which container?—has been resolved this season in favour of the decanter, the elaborate stoppered bottle of cut glass offered at no extra cost. Schenley Industries have boldly put seventeen brands in decanters this year, thirteen more than last Christmas. The National Distillers Products Company is so honouring three of its best-selling brands of bourbon whiskey instead of the single decanter offered with Old Grand-Dad last year. Hiram Walker Ltd has put only its most luxurious holiday offering—8-year-old Walker's Deluxe blended whiskey—into cut glass, but for the rest has remained loyal to last year's container—the "pre-wrap" or gift package, with the drink reposing in its familiar bottle inside. Walker's is proud of its thirty-nine varieties of package; these consumed 11,000 miles of decorated foil and 1,600 miles of "sasheen" ribbon. (Tying of the bows is done by hand and was begun in July.) Although the aloof leader of the industry, the House of Seagram, itself inhabits the most elegate decanter on Park Avenue, it is bestowing holiday glass only on its three favourites, including the fantastically popular 7 Crown blended whiskey and upon a straggler, Wolfschmidt Vodka, whose suggestively Eastern European created decanter is said to "capture the art of vodka gift-giving."

Yet under the tinsel lie what the giants might call their "year-round" anxieties. Although they control two-thirds of the market, the four big firms are increasingly out of step with the country's changing drinking habits. All are whiskey houses and the trend has been not only away from blends of domestic whiskies and into "straights" such as bourbon (the whiskey made from maize), but also to Scotch whisky, gin and, more impressively, vodka. None of the major companies has a vodka able to catch up with the well-named Smirnoff, of which Heublein, Inc. sold two million cases last year. None owns any of the best-selling brands of Scotch; only National's Gilbey can compete with the two highest-selling gins in marketing more than the million cases a year needed to make a line of gin profitable. And the proud House of Seagram—built on blends—must stand alone in not having a well-known bourbon.

Christmas is a heaven-sent opportunity to redress such imbalances. Seagram has attempted to popularise its "Antique Bourbon," named according to that law which holds that bourbon, like Scotch, must appeal to nostalgia, while blended whiskies must tap desires for power and prestige (Seagram's Lord Calvert, a blend, has used as a Christmas gift slogan, "From one status seeker to another"). Perhaps Schenley has struck closest to the necessary *ante-bellum* chord for bourbon; its "Old Charter" appears in a decanter "adorned with the floral scrolls used 150 years ago by the craftsmen who built the fine homes of the Old South." National has tried to convert the growing market among women drinkers to its vodka by advertising in *Vogue* and *House & Garden*, even though the advertisements follow the convention of not portraying women actually in the act of drinking. Seagram has appealed cleverly to both aristocrats and democrats with the suggestion that Chivas Regal Scotch is for the "royalty on every gift list."

While it is not certain that even the unparalleled volume of Christmas advertising can solve the industry's problems, there is no undue pessimism. What with war babies, as well as women, acquiring a taste for liquor, the market is growing steadily. Prosperity, moreover, demands that the cocktail cabinet in any professedly affluent home contains a wide selection of spirits. Sales over the past year have shown a general "upgrading" of taste, with consumers turning to more expensive, older and imported brands. Christmas sales of liquor are widely expected to reach $1 billion and the total consumption of liquor in 1962 to achieve a new high of 250 million gallons. The only real fly in the trade's ointment is that one-tenth to one-fourth of America's liquor purchases are still made from the untaxed, unadvertised and thriving bootlegging industry.

phone call would have to be duly noted. Moreover, a receipt would be required for every expenditure of $10 or more. If these precious scraps of paper were lost, sworn statements would be the only acceptable substitute.

Not too surprisingly, there were loud protests. Hundreds of businessmen, tax consultants and owners of hotels and restaurants streamed into Washington for the two-day hearings on the new rules. (Expenses for the trip were tax-deductible.) Their main objection was to the costly and time-consuming amount of book-keeping demanded. Another favourite target was the $10 minimum for which a receipt had to be presented. It was argued that this requirement was so ridiculously low that it would be difficult to satisfy in practice. In general it was felt that the Internal Revenue Service had gone farther than Congress had intended—a contention seconded by Representative Keogh of New York, who had had a hand in drafting the Tax Bill. The Service was inclined to agree—up to a point—and indicated that the final version of the regulations would require less itemisation and probably a more generous minimum for receipts. Nevertheless, the regulations will retain their bite and the ones still to come are likely to be even more unpalatable to businessmen of the champagne-tastes, beer-pocket-book variety.

Communists in the Mill

ALTHOUGH it is twelve years since Congress passed the Internal Security (McCarran) Act, which requires Communist organisations to register themselves as agents of a foreign power, the Act was upheld finally by the Supreme Court only last year and it is only this week that the party was convicted of failure to comply; if its appeal fails it will be fined the maximum—$120,000. The party's argument that for it to disclose its officers and members would render them liable to prosecution under the earlier Smith Act was swept aside; the judge held that the Fifth Amendment applies only to individuals, not to organisations, and that the registration form does not require the signature of any party member or officer. In fact, so far the only man in prison under the clause in the Smith Act which makes it a crime simply to be a member of the Communist party is, ironically, Mr Junius Scales, who repudiated the party in 1957 after the invasion of Hungary. Many people feel that it is a travesty of justice that he should be serving a six-year prison sentence while so many admitted leaders of the party are at large.

They may not be so for long. Under the McCarran Act, if the party fails to register, the responsibility to do so passes to its officers and, if they fail, to the members. Mr Gus Hall and Mr Benjamin Davis, two Communist officials, face early trials. Other leaders of the party have also been ordered to register. The courts are full of Communist cases: Miss Flynn, the present chairman, is suing for the return of her passport, which was revoked nearly a year ago, the editor of the *Daily Worker* is appealing against a conviction for contempt of Congress and the Internal Revenue Service is claiming $326,000 from the party.

With the party's members reduced to under 10,000 ageing and all too familiar faces—and a sixth of these actually under-cover agents for the Federal Bureau of Investigation, according to one of its former employees—it was probably inevitable that the House Committee on Un-American Activities should loose its under-employed staff on the peace movements which are proliferating in the United States. Mr Doyle, the unlucky chairman of the sub-committee which hauled members of Women Strike for Peace before it last week, struggled vainly to maintain order as prams were parked outside the hearing, wailing babies accompanied their mothers inside, applause could not be silenced and bouquets were handed up to witnesses; at least one of them burst into tears on the stand. The country chuckled appreciatively. But the refusal of a number of witnesses to answer questions about past Communist affiliations may nevertheless have tarred the peace movement with the Communist brush even though Mr Doyle conceded magnanimously that everyone who agitates for peace is not necessarily a Communist.

Refugees from Castro

For Cuban refugees in Florida the best Christmas tidings would be the news that Dr Castro had released the 1,113 Cubans taken prisoner in the abortive invasion a year ago. The recent crisis interrupted negotiations with a private American committee to exchange them for badly needed food and medicines. It also halted temporarily the flight of middle-class Cubans which has already brought over 150,000 of them to the United States. A correspondent recently in Miami describes the success with which this great exodus has been handled.

GREY, in a city of sun-washed white, the stones of Miami's Freedom Tower match the unhappiness of the people who filter endlessly through its doors—Cuba's refugees. Freedom Tower houses the refugee reception centre of the Department of Health, Education and Welfare; since February, 1961, the staff has listed, examined and helped over 150,000 refugees. The department estimates that there are a further 175,000 who have battled successfully through Havana's red-tape and are now waiting to leave Cuba, even though all they can hope for in the United States, if they have no visas, is the status known as "Indefinite Voluntary Departure" under which they cannot apply for permanent residence or citizenship and can be deported at any time.

The Cuban is a modern refugee: he travels by jet aircraft. Before the crisis a Pan-American airliner from Havana landed at Miami's airport twice a day seven days a week and unloaded 110 Cubans. Each week Freedom Tower added a further 1,600 or so names to its books. The refugees who cast off from Cuba in open boats land in the newspaper headlines; but 98 per cent of the refugees have been coming in on the jets. On arrival they merge with Miami's arriving tourists; they bear none of the refugee's distinguishing marks. They are clean and appear well fed, their clothes are good and their luggage is stout. This is Cuba's middle class on the move.

Dr Castro is losing not his able-bodied but his able-minded. Mr Marshall Wise, a director of the refugee reception centre, estimates that 75 per cent of the inflow so far has consisted of professional people—doctors, lawyers, accountants, business executives—and their families. Dr Castro has placed no physical restraints on those who want to leave. But getting the necessary permits demanded persistence in dealing with the Havana civil service and many Cubans gave up in despair. The regulations were arbitrary and changed from day to day. For doctors of medicine the struggle through this barricade was recently reported to have become impossible. The island of six million people has already lost eight hundred doctors and Dr Castro has apparently called a halt to their exodus. But for many a greater obstacle has been the $25 which they have had to pay to the Ministry of Finance for their air fare to Miami. This has been one of Dr Castro's main sources of much-needed dollars—it has brought in nearly $4 million—and officials never asked where the dollars came from (usually they were from friends and relatives in America). The Ministry in turn paid Pan-American Airways, to its disgust, in Cuban pesos.

The refugee operations in Miami are financed by the federal government, although local authorities meet half the additional costs of education. In the 1961-62 fiscal year the operations absorbed $35 million; the budget for the present fiscal year until July, 1963, is $70 million. Some $50 million of this is for relief services for families and unaccompanied children and $9 million for schools. Refugees have to surrender all their property on leaving Cuba, so many adults send their children out and stay in themselves. Welfare payments are on the same scale as Florida's—the fourth lowest in the United States—$100 a month for a family unit, irrespective of size, and $60 a month for the unattached individual. Distributions of surplus food are made, amounting to about $26 worth a month a family. Thus there is every incentive to find work.

The aim of the Refugee Centre is to "help the Cubans help themselves." There are no refugee camps; after registering at the centre the refugee must find somewhere to live. Fortunately, Miami can accommodate a floating population of 400,000 and it has 76,000 holiday apartments and 17,000 rooming houses, apart from hotels and motels. The centre does not find work for the refugee in Miami which, in the off-season, already has an unemployment rate, excluding the Cubans, of 7.3 per cent of the labour force. The object is to teach them English and then resettle them elsewhere. The resettlement work is handled mainly by the many church welfare organisations; 51,000 Cubans have

Mink for the Masses

FROM A CORRESPONDENT IN FURS

TRADITIONALLY a falling thermometer and a rising stock market give the fur trade a boost but this year neither came in time to avert a slump. Nevertheless furriers and fur farmers can take satisfaction in the success of the man-made promotion programmes which have created a mass market for fur trimmings and fur accessories—and for fur coats as well, although with over-heated shops and warmed motor cars such coats are needed more nowadays to keep up with the Joneses than to keep out the cold. Furs are now stocked by supermarkets and mail-order houses. As a result the handful of women who actually set fashion seems to have decided that since fur is now for the masses it is not for them, except perhaps in such exotic forms as mink safety belts for cars, fur sheets for beds or chinchilla pullovers for $1,650, all of which appear in this year's Christmas catalogues. But the more ordinary women who are still filling their cupboards with furry bits and pieces are doing it with their eyes open; under the Fur Products Labelling Act, now ten years old, all finished fur must carry, in English, details of its country of origin and its common name, even if that be dog, cat or hamster.

Last year consumers spent $350,000,000 on fur. Congress has helped the trappers and fur farmers by retaining in the new Trade Expansion Act the embargo, in effect since 1951, against importing most furs from Russia and China. This protection is especially appreciated by over 6,500 farmers who rear mink in thirty-five states, with Wisconsin far ahead, followed by Minnesota, Utah, Washington and Illinois. Fur ranching, as it is usually called, began with fox farms in the early nineteen-twenties. When the over-productive foxes became a glut on the market, mink, chinchilla (reared by approximately 2,500 farmers) and, to a much lesser extent, nutria took their place.

Mink ranching mounted spectacularly and steadily during the last decade and in 1961 over 6,500,000 pelts, three times as many as ten years before, were produced. It takes about seventy-five to make a coat. Only 250,000 wild pelts were taken in 1961; though less popular they are cheaper in America than are the ones grown on ranches since mink are greedy animals, delicate and expensive to rear. In addition some 4,000,000 mink pelts were imported, mostly from Canada and Scandinavia. Almost a million mink skins were exported from the United States last year, a quarter of them going to the United Kingdom. Mink now accounts for at least 80 per cent of the total retail market value of furs, largely as a result of the discovery in the nineteen-forties that it was feasible to breed mink in different colours. Today there are six or seven popular mutations, including a white one called Jasmine, and they account for over half the entire fur business in the United States. It takes four years to produce a new mink mutation, a comforting thought for the women who are wearing Morning Light, one of the latest colours.

Four years ago the Fur Information and Fashion Council was established in New York to encourage the use of a number of other furs which had been suffering as a result of the popularity of mink. Among them are Persian lamb, of which a million skins are imported annually, and Alaska seal, which breed on the Pribilof Islands, where they have been increasing since 1911 when they were first put under international protection. The herd now contains something like a million and a half animals, more than 80 per cent of all fur seals in existence. Seal hunting at sea is prohibited by the North Pacific Fur Seal Convention, agreed between Russia, Japan, Canada and the United States, and the United States government is in charge of the sealing industry on the Pribilofs. The pelts are divided, with 70 per cent going to the United States, 15 per cent to Japan and 15 per cent to Canada; Russia has a small sealing industry of its own.

Seal skins must go through an elaborate process of unhairing, leathering, dyeing (black, brown and grey) and finishing before reaching the market. Only the male pelts have been used until recently, when it became necessary to kill thousands of females to control the size of the herd. Their skins are being sold under the name Lakoda, which is becoming a fairly popular fur. For forty years a single firm, the Fouke Fur Company, has had the contract for processing and selling at a semi-annual public auction the United States government's share of the seal crop. But the contract expires at the end of this year and it may not be renewed; other firms are interested and four besides Fouke have submitted proposals and samples of processing to demonstrate their qualifications for the new contract.

been resettled in this way to date. But it is a slow business. Apart from the 20,000 Cuban children at present attending school in greater Miami, there are 8,000 adults attending English classes. Once a job is found the refugee must take it, unless there is some genuine reason why he should not, or lose his assistance payments.

Although the Department of Welfare guarantees to return the refugee to Miami should he wish it, there is a reluctance to leave the area. The climate suits the Cuban, home is not too far away and he is among his own people. Many Cubans therefore look for work in Miami. It is over jobs that what friction there is between the Cubans and the local population has occurred. Trade unions are weak in Florida and many Cubans have got work in the hotels and bars by undercutting existing wage rates. The main sufferer has been the Negro, who regularly loses his job to the "snowbirds" from New York in the winter holiday season and has now lost it in the off-season as well. But the situation is little happier for many of the Cubans; in one hotel the waiter taking round the iced water used to be a doctor.

Nevertheless, the Cuban refugees, despite their enormous numbers, have merged into Miami's life with surprisingly little social upheaval. Fortunately the natives of Miami are very sympathetic to their cause and their plight and the Cubans, with their middle-class backgrounds, are intelligent enough not to misbehave. Last year Miami's crime figures were the lowest in its history. Admittedly, the job of handling this exodus is a lot easier than many others have been. There is no desperate shortage of money—Congress provided all that was asked for. The majority of the refugees are people who with a little initial help are well able to look after themselves and their families. Nonetheless, the centre is doing a first-class job with a minimum of fuss.

Voting on Wheat

TOWARDS the middle of next year two votes will be taken on the price of wheat and the United States Administration is already campaigning hard to influence both. One is to be taken in Brussels on the price of wheat in the common market; if this price is set high it will, it is thought, encourage increased production in Europe, especially in France, and will thus deprive American farmers of their main export market. So spokesmen for the Administration are making it clear that such a vote would confirm their fears that the European Economic Community is becoming protectionist and would make the negotiations with the United States for lower tariffs on manufactured goods difficult if not impossible. The other vote is to be taken among American farmers on the price of wheat in the United States. If farmers turn down the government's scheme, the present price supports and production controls will lapse and the result, according to Mr Freeman, the Secretary of Agriculture, will be "utter chaos." If either vote goes the wrong way, he claims, the world market in wheat will be completely disrupted.

Actually, as far as the American vote is concerned, Congress would almost certainly step in to save the farmers by amending the Act, which was approved at the end of the last session after so much controversy that the legislators hardly seem to have realised what they were doing. What they did was to agree that, starting with the 1964 crop, not only would the acreage planted to wheat be limited but also the amount each farmer could sell at high supported prices. It is quite likely, however, that wheat farmers may refuse to approve this plan; they have never rejected a price support scheme but this year the majority in favour of the present one was only barely above the necessary two-thirds. Moreover, the influential Farm Bureau Federation has just decided to fight as hard against the new proposals as the government is fighting for them.

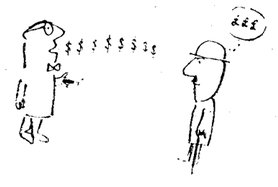
The Bureau, to which mainly the large, wealthy farmers belong and which wants—or claims that it wants—the government to get out of agriculture, contends that the wheat scheme is the first step in a government attempt to take over agriculture altogether. To Mr Freeman, who has begun already to explain to farmers exactly what the scheme involves, it is the first step in his "supply management" programme for solving the problem of farm surpluses. He has the support of the other two national farm organisations and of the wheat growers' association. Battle will be joined on the Great Plains in 1963.

Tardy Santa Claus

THIS year the Christmas shopper can invest in a pair of electric socks, run from a small battery on his belt, to protect himself from the all too seasonable weather. So equipped he can sally forth to buy gifts ranging from a $700 polar bear which rides a unicycle, or a white cowboy outfit for his girl friend for $2,000, down to a spaghetti twirler for $1.49, which twists the unmanageable stuff into a neat mouthful, or a leash for a turtle which is attached to its shell by a suction cap; 4,000 of these are said to have been sold. Another attraction—as unnecessary but much more expensive—is the Nothing Box, a conversation piece for the executive's desk with eight winking and meaningless eyes which cannot be turned off. But with only one week more of Christmas shopping to go, shopkeepers were becoming nervous about the season which brings in up to 40 per cent of their sales and up to half of their yearly profit.

Americans have more money than ever to spend: their total personal income in the first eleven months of the year was nearly $25 billion higher (at seasonally adjusted annual rates) than it was last year and in November it rose nearly $2 billion, on the same basis, above October. Almost half of this, however, reflected the increase in pay given federal employees by Congress—which may account for the renewed popularity of Father Christmas on this year's cards. And in general incomes are rising more slowly; in manufacturing wages and salaries have actually declined a trifle during the past seven months. On top of this, the weather has been subversive. At first it was too mild to awaken thoughts of Christmas stockings; then when it turned cold, it did so with a vengeance, keeping many shoppers indoors. To make matters worse, in Cleveland and New York City there are no newspapers to tempt people into the shops or even to the theatres or to create the proper seasonal psychology—though the Post Office has done its bit by issuing its first Christmas stamp.

In the first two weeks of Christmas trading sales at department stores fell slightly below those of last year and in New York shopkeepers shuddered as they remembered that the newspaper strike four years ago cut over 5 per cent from their Christmas takings. There is no sign so far of the strike ending. But even if the Christmas trade is no better than it was last year—or even slightly worse—the shops must have a good deal of fat in their bank balances. In November sales rose above $20 billion for the first time; durable goods, thanks largely to this banner year for motor cars, have recovered spectacularly from a two-year slump. In the year as a whole consumers are expected to have spent about $15 billion more than they did last year or in 1960.



THE WORLD OVERSEAS

Red Feathers in Brunei

FROM OUR SPECIAL CORRESPONDENT

"JOLLY good show, you fellows," the Brunei district officer cried heartily as a column of bored and perspiring correspondents wound into view on the jungle heights. "Everything is in battleship order now. I have sent the red feather up the river and the tribes know what that means. They are all sound at heart really."

The red feather carried in the bamboo is the traditional pukkah rallying symbol for the simple impassive Borneo natives to stand by their sovereign and flag. All last week's evidence, alas, indicates that the red feathers went out too little and too late and that it might have been smart not to have sent them out at all. The blunt fact is that, despite incompetence in direction and execution by both sides, the abortive Azahari coup in Brunei came within an inch of success. Had the blundering conspirators succeeded in whisking away the equivocating Sultan, Sir Omar Ali Saifuddin, orders given in his name could have prevented British intervention. For their part, the foiled rebels are now protesting in turn that the sultan's orders to mop up are being given under colonial duress. The sultan himself still equivocates on the Malaysian federation issue.

As this is written the planners of the new federation, officially jaunty but privately perturbed, are preparing in Kuala Lumpur to confirm next year's August deadline for their admirable if precipitate essay in state-making. Singapore's prime minister, Mr Lee Kuan-yew, and Malaya's prime minister, Tunku Abdul Rahman, are personally and politically impatient; spokesmen for North Borneo and Sarawak insist that opposition by the local Chinese minority has weakened and they unite in support of quick, ruthless federation; but while Sir Omar still hesitates, Brunei must be regarded as a captive and at best reluctant participant in Malaysia.

Passportless in Manila, the unhappy Malay horse-doctor, Sardar Azahari, may be a ludicrous figure, but if democracy continues to be invoked in this emergency there can be no dispute that he leads the only political party in Brunei, or that his anti-Malaysia followers made a clean sweep of all the sixteen elected seats in "parliament" from the strategic oil-rich territory. If the appearance of democratic processes is to be preserved, it will be necessary to exclude Brunei at least temporarily from Kuala Lumpur decisions, while the sultan remains sullenly on the fence. All things being equal—or assuming, to put it bluntly, that the Indonesian communist party will decide improbably to hold its hand—Brunei cannot afford indefinitely to stand outside a federation that incorporates its Borneo neighbours. It may be safely presumed that Sir Omar is now getting "the treatment" from Kuala Lumpur to quit the fence and lead his people, despite their recent overwhelming vote to the contrary, into the happy Moslem arms of Malaysia.

The cynics in Brunei and Singapore suggest, right or wrong, that Sardar Azahari and his boys were misled about the sincerity of the sultan's role and intentions after their coup. In the showdown he may perhaps have surprised and betrayed them by recognising the red feathers of the *status quo* rather than their red flag of North Borneo independence. In retrospect it is instructive to speculate upon the outstanding electoral success of the wild-eyed, Indonesian-educated horse-doctor in a community of tribesmen and

headhunters not distinguished for their democratic perception or political sophistication, but subject socially and spiritually to the semi-divine domination of the sultan. As the sultan goes, so goes Brunei. Did he change his mind as the red feathers went bravely out?

Whatever the hopeful words at Kuala Lumpur, few here believe that the redoubtable comrade Aidit of the Indonesian communist party will allow the Brunei revolt to sink without trace. In striking contrast to the leisureliness with which the bemused local authorities sent out their belated red feathers, the British and Malays have now appointed a tough guerrilla expert, General W. C. Walker, to seek out the hard core of the Indonesian-trained rebels who successfully ambushed Ghurkas and commandos and have now withdrawn to the Indonesian frontier areas. These are the dedicated operatives who do not care if Sardar Azahari remains in Manila so long as Comrade Aidit remains in Indonesia.

There is more than coincidence in the fact that in Malaya this week Tunku Abdul Rahman's special branch struck at the local Socialist Front and arrested fifty persons, including nine political leaders, as General Walker's commandos and dogs pursued the retreating guerrillas in the Brunei jungle. Concurrently, the prime minister of Singapore, Mr Harry Lee, is brooding over applications for a mass meeting of protest against British and Malayan intervention by his Communist-led opposition, the Barisan Socialis, in Singapore.

It is a little late in the day to rely on red feathers and loyal headhunters. There may be more wisdom in persuasion than in compulsion in Brunei. After all, the calculated dishonesty of the Singapore referendum on Malaysia was discovered in the outcome to have been unnecessary.

Open Field in Rhodesia

FROM OUR SPECIAL CORRESPONDENT IN SALISBURY

JUST how much has been lost by Sir Edgar Whitehead's defeat in the Southern Rhodesian elections on December 14th? There will now be no repeal of the Land Apportionment Act, which bars Africans from living or trading in the towns and allocates 44 million acres of good farmland exclusively to Europeans.

Racial discrimination in public places will not now be made a criminal offence, as Sir Edgar had promised. Mr Winston Field, the new premier, believes in "the freedom of choice of the individual" (by whom he means the café owner, not the customer). But in practical terms these reforms would not quickly have produced much change unless a new government had worked economic miracles to find money (as in Kenya) to settle African farmers on former European land, and had raised African wages generally, or promoted African civil servants spectacularly so that they could afford European suburban rents. There was no hint of this from Sir Edgar, who also promised his electorate several times that he would not widen the franchise, beyond correcting "a few anomalies," during the life of the next parliament. So instead of a few benefits to a small group of Africans which a United Federal Party victory would have brought, Mr Field's triumph has removed a good deal of dead wood.

Most portentous, it has hastened the dissolution of the federation. There are several other consoling thoughts to be offered to British officials who can see only disaster in the victory of a party which campaigned so openly on racial emotions. Britain had not only applied the brakes on federal changes because the Welensky roadblock, backed by Sir Edgar Whitehead in the South and Mr John Roberts in Northern Rhodesia, looked formidable. It had also slackened the pace in Southern Rhodesia to Sir Edgar's speed. It had surrendered the initiative on constitutional change, and could only have regained it when he came to demand full independence. Now Britain is quit of such obligations and can use the federal dissolution talks to press for changes in the Southern Rhodesian constitution. Mr Butler can remind Mr Field how he called the fifteen "B" roll seats "a bit of a failure" (as indeed they were; only about 2,000 African "B" roll voters went to the polls after a boycott call from the nationalist leaders). He can recall how Mr Field suggested a wide African franchise for 10 seats during last year's constitutional referendum. The constitution, Mr Butler can point out, makes it impossible to reduce the number to ten now, but it should not hinder a broadening of the franchise; any British loans might depend on this. Mr Butler can also take comfort from the thought that the new Constitutional Council, however mediocre its membership, should be reasonably effective in blocking discriminatory legislation.

ANOTHER part of the paradox that many Africans prefer Mr Field to the "liberal" Sir Edgar is that, if Mr Field is to provide a favourable atmosphere for the launching of his community development scheme, he will need to begin by placating African political opinion. Within a few hours of winning he gave a hint that he might release Mr George Nyandoro and Mr Robert Chikerema, the African nationalist leaders whom Sir Edgar has restricted without trial for nearly four years. He may well stop all implementation of the Land Husbandry Act which gave African nationalism its early strength by upsetting African farmers who lost their communal rights or had drastically to destock their cattle. Conceivably, he may repeal the Preventive Detention Act, for the other security laws give him powers to spare. More positively, this government of farmers is likely to try to correct the imbalance created by the UFP business men in development schemes. For too long the emphasis has been on the expansion of secondary industry, the grandiose Kariba hydroelectric dam to serve it, and extravagant roads running to centres of tourism rather than of production. Mr Field, a tobacco farmer, and the Duke of Montrose, the new agriculture minister, have indicated that they will turn the emphasis to agricultural development (particularly under irrigation) and to feeder roads which, in the end, should stimulate more manufacturing industry aimed at a widening range of Southern Rhodesian consumers. In this they agree with the Phillips Report, which recommended spending on irrigation a third of the £33 million they suggested for a five-year development plan.

All this the pessimists discount. There will be no international money for Mr Field's favourite irrigation scheme in the Sabi River valley, they suggest. Private investment will be further reduced. With the political dissolution of the federation, Southern Rhodesia's manufacturing industries may lose perhaps half of the 30 per cent of their markets which are in the northern territories, and Southern Rhodesia has very few bargaining cards to play when working out future trade links. For Dr Banda will not worry that 120,000 Nyasa labourers in Southern Rhodesia may be threatened with expulsion because he knows how much the Rhodesian Front farmers prize them for their energy. Mr Kaunda will not worry about Southern Rhodesia cutting its trade routes because he should soon be friends enough with Mr Tshombe to export his copper along the Benguela railway to the Atlantic. The pessimists go on to suggest that community development which may arouse African enthusiasm at the start will soon turn sour when no material help comes from the government to match local self-help. Any honeymoon with African nationalism will soon be over and the new cabinet (meaningly described here as "all ex-servicemen") is certain to be fiercely repressive. "We will deal once and for all with those gentry," the new minister of mines, Mr John Gaunt has said. For the pessimists, therefore, the prospect is one of economic depression and probably racial strife afflicting Southern Rhodesia to a far greater degree within eighteen months.

Much of this is probably accurate prediction, but optimists have their answers ready. Britain can use the opportunity of an economic crisis or a racial explosion to force constitutional changes in return for any aid. Another species of optimists suggest that the African nationalists, who are still feebly expecting Britain to do all the scene-shifting for them and to wheel on the final paradise of adult suffrage, will soon be forced to see they can get no further (and, indeed, would not have got much further under Sir Edgar) except by their own efforts. This stage of toughening up of the nationalists is necessary if they are ever to run their country. There are plenty of dangers ahead because of the new government and the support it has to look to from the white supremacist wing. It might, for instance (as Sir Edgar would probably not have done), turn to South Africa instead of to Britain when the economy is sick, and South Africa may think it worthwhile to become paymaster of a buffer state. Sir Roy Welensky may decide not to retire to a rose garden after all, but may risk more political thorns by appearing as a coalition leader of the white Rhodesians, defying Britain to destroy "the European heritage." But the future for Southern Rhodesia and its three million people, whoever had won this "white man's election," had never looked pretty; and it should not be said that only the irresponsible and the extremists are pleased that the log-jam is cleared and that the river will flow again, whatever course it chooses to take.

The Colombo Line

FROM OUR CORRESPONDENT IN CEYLON

ONE of the first lessons a Sinhalese child reads in his kindergarten primer is the story about the fight between the shark and the whale. A sprat, leaping into the fray, gave the giant combatants a homily on the value of peace and co-existence. The shark snarled, "Look, little fellow, I would rather become a meal for a whale than accept your footling advice." But Ceylon's prime minister, Mrs Sirimavo Bandaranaike, seems to have defied folk wisdom and got away with it.

To judge by the cohort of officials, experts and cartographers, public relations men and left-wing line-shooters whom Delhi despatched to Colombo on the eve of the conference of six non-aligned states held there between December 10th and 12th, India was pretty anxious about the advice they might proffer on the Sino-Indian conflict. Mr Nehru could not hope for a clear verdict

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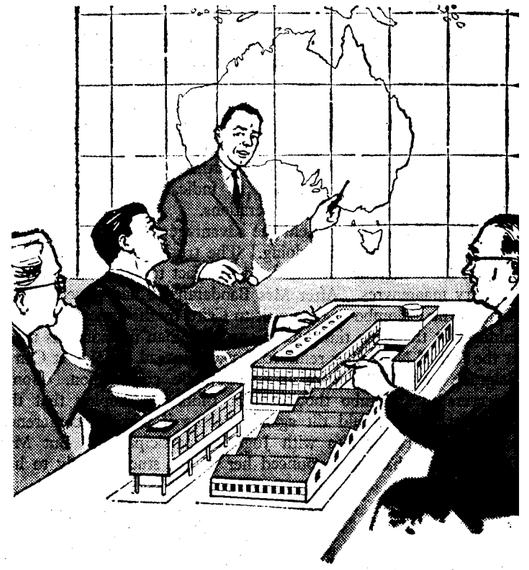

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in his favour. General Ne Win of Burma and Prince Sihanouk of Cambodia, both sensitive to the reactions of Peking, could scarcely have permitted any strictures on China. India's only safe bet, in fact, was the United Arab Republic. The rest, Indonesia, Ghana and Ceylon, fell between these extremes. Thus Mr Nehru must have felt that the cards in Colombo were heavily stacked against him. Peking, on the other hand, took Colombo in its stride. The visible self-assurance with which the Chinese conducted their affairs in Colombo confirmed one's impression that their diplomatic manœuvres are as indicative of strength and resilience as are their military operations.

If, however, Mr Chou held the advantage when the conference opened, it was not all his doing. The truth is that Delhi never wanted the conference and allowed this fact to appear in the preliminary manœuvres. After Mrs Bandaranaike had issued invitations to the Colombo talks, a visit to Cairo by the Jugoslav foreign minister at the same time that a special Indian mission was there at the end of November reinforced a widespread belief that Cairo, Belgrade and Delhi were in sympathetic communion. Some observers in Colombo thought that India was hoping that the neutralist scales would tilt against Peking if a wider conference was convened in Cairo with Jugoslav participation. But Mrs Bandaranaike, having announced her début, stuck gamely to her

Colombo, December 10th to 12th

decision. The neutralist junior partners rallied round her. For the neutralist mind, however genuinely distressed by the present threat to fraternal solidarity and to the non-alignment policy, has an almost pathological aversion to being bossed. There is a feeling in some neutralist circles that Big Chiefs Nehru, Nasser *et al* have been running the show too long.

This may partly account for the total isolation of the Egyptians on the conference's final day. "Five against one," an Asian delegate confided to your correspondent. But the main reason for the UAR's failure to push through a pro-Indian line was that its proposal for a neutralised disengagement zone was based on Mr Ali Sabry's declared principle of "no territorial gains through military operations." In stating this principle, Egypt may have had Gaza on its mind; but it implied a charge of aggression against China. Others were not ready to make such concessions to India. General Ne Win insisted that any suggestion that the Colombo six had assumed the role of arbitrators would compromise their position as mediators. This is another aspect of neutralist thinking that has intrigued outsiders. The neutralists, who claim to represent a moral force which holds the nuclear titans in check, disclaimed all thought of moral judgments. Four chief spokesmen explicitly stated their unwillingness to define rights and wrongs.

Western observers watched the conference in a state of thrilled obfuscation as one Asian delegate summed up the meeting's problems in these terms: "If we restrict ourselves to a simple appeal, it would appear that we back Peking. However, we cannot support India unequivocally, because Peking would then reject our proposals outright, and Nehru needs our help more than China does. While we cannot get back for India through diplomacy what she lost on the battlefield, we can try to save Nehru's face by providing the basis for an honourable settlement which he can successfully sell to his people. Fortunately Peking does not want to throw India into the western camp. So we must exploit this advantage, and evolve a formula for compromise." Compromise was difficult because the United Arab Republic and Burma reportedly held fast to their respective positions. It was left to Dr Subandrio of Indonesia to find a middle way.

In his closing speech Prince Sihanouk said that he had placed the interests of Afro-Asian solidarity before his personal views. This really was the significance of the parley. The neutralist nations, which enjoy the influence and the material advantages that their common policy has brought them, hold that non-alignment is still a viable force and that more Asians, Africans and Latin Americans may see the attractions and add to their collective strength. India's present entanglement is regarded as an active danger to these aspirations.

Having won a chorus of tributes for her "undoubted statesmanship," Mrs Bandaranaike will hope that her new prestige can check the propaganda of her domestic opponents, who are successfully exploiting the latent emotional attachment of the Ceylonese to India. Ceylon's main opposition party, led by the former premier, Mr Dudley Senanayake, has lately scored an impressive run of victories at local elections, particularly in the rural areas, hitherto considered government strongholds. Ceylon's official view of the Sino-Indian dispute is conditioned by other factors. Nearly half its rice imports come under the advantageous Ceylon-China rubber-rice barter agreement. As a dramatic coda to the whole business, China announced last week that it would fulfil all its obligations and that a first shipment was already on its way to Colombo. Like a character in the Hindu epic, Mahabharata, Ceylon can say to India: "My heart is with you, but I have tasted your rival's rice and salt."

Through the Persian Looking Glass

FROM A CORRESPONDENT IN TEHERAN

PERSIA today presents a baffling set of contradictions. A country that has stubbornly refused to reform itself is carrying out a major and revolutionary land distribution programme. The usually cautious Shah is speaking with a radicalism sharp enough to make the most liberal member of the middle class shudder. A prime minister not known for his boldness has announced parliamentary elections—the Waterloo of all Persian governments—for the spring. On the other side of the coin, top officials pay lip service to democracy, but political freedom is carefully confined to the conservatives. And while the need to cut down the army, and to put the money that is saved into land reform and development projects, is everywhere accepted as the only effective formula for progress, the army goes on getting the money.

Powerful cross-currents are sweeping the country. Land reform and government promises have stirred up high expectations of a better life among the peasants and the urban working class. The government has come up with a profusion of bright ideas, whose effectiveness has still to be proved. Among these are the "literacy corps" which will conscript educated young men into the army and send them off to the villages to teach peasants to read and write;

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1962

Perth after the Games

A CORRESPONDENT RECENTLY IN WESTERN AUSTRALIA

1870

ECHOES of the Commonwealth Games will linger long in Perth. In the columns of the daily *West Australian* a delighful correspondence goes on about what is called "the Duke's adjective." Australians, great swearers in all-male company, are shocked when their most overworked adjectives appear in cold print or are allowed to be heard in the company of women (who never swear).

Comment about the Duke of Edinburgh ranges from censure of his "profanity" to pleas that he must be allowed "one human frailty," and excuses for what are taken as his misguided efforts to be Australian among the Australians. All this is great fun. The Duke's ease, charm, humour and shrewdness matter more; they have done useful repair work on the now weakened link between Britain and Australia.

In the post-mortem that is now going on other small criticisms are heard. Some people had seats for a stand that inadvertently was never put up. The "victory ceremonials" were wearisome; it would have been better to present all the medals in one grand ceremony on the last day. Most people must have come away having had enough of "Advance Australia fair," played relentlessly for every Australian winner; and of "Land of Hope and Glory," for that matter. Another resentment concerned the hordes of officials, conspicuous in uniform white hats, dark blazers and flannels, who blocked the view and filled good seats. Australians love marching. These officials, it appeared, could go nowhere except in crocodile, proceeding solemnly across the ground like middle-aged schoolboys off to church.

Unlike the comedy, the injection of sentimentality was deliberate. The programme notes contained some soulful new words intended to be sung to the tune of "Waltzing Matilda"; optimism indeed. The Duke, having closed the games in a short crisp speech, must have been surprised to hear them closed all over again by the man at the loudspeaker at more length and with more emotion. Finally the weather let the hosts down. Perth usually reckons its climate as one of its chief attractions. It has a rainfall of 35 inches that is concentrated and predictable, an average of eight hours' sunshine a day, and a mean temperature of 64. During the games, however, it was at first bitterly cold and then touched 105.

Still it was a good party, and the 400,000 people of Perth have every reason to feel pleased with themselves—even those who did not gain directly from the games. The city has benefited by many pleasant permanent additions. The competitors were accommodated in comfortable houses, now to be sold off at £A5,000 or £A6,000 each. The city has gained a stadium, a swimming pool and new roads. Western Australia's development will be hastened by the spotlight that has been directed on Perth, and everyone has gone away saying that it is a delightful place.

Perth indeed, in your correspondent's view, is the most agreeable city in Australia. Not the least of its charms is its people, who seem gentler, kinder, less rich and less money-conscious than in the go-getting east of the country. Western Australia began as a British colony in 1829 when Captain James Stirling, RN, came as first governor and picked the site for the capital. The 1,003 people who came to settle on the banks of the Swan River had hardships enough through isolation, soil deficiencies and shortage of water, but at least their community was spared the harsh influences of convict transportation.

WEST Australians have long complained that they were denied the rapid development of the east. Yet it is this that has been responsible for the pleasant character not only of the people, but also of the capital itself. Perth's development was delayed until town planning had become regular practice, and Western Australia (which had the first town planning act in the country—1925) has used it firmly. The city has a master plan (the Stephenson plan). Starting with a site less beautiful than Sydney's, but profiting by Sydney's mistakes, Perth has emerged as the beauty queen of Australia.

The tall buildings near the waterfront are rising, not haphazardly as in Sydney, but in harmony with one another. Along the foreshore, land has been reclaimed for gardens and car parks. A new bridge of prefabricated sections brings the southern shore near to the centre of the city, and there is some fine traffic engineering of the clover-leaf type. The university, which will celebrate its jubilee next year, has great charm. There is a profusion of parks; King's Park, the finest, is a thousand acres of natural country carpeted in spring with Western Australia's famous wildflowers, on a height overlooking the blue river and the golden city.

There is, it is true, some controversy over the new city hall. It is a fine building, but from its upper floors the Lord Mayor and council, to the high indignation of the Governor, Sir Charles Gairdner, can look right into the gardens of Government House, a castellated brick building rather like the Tudor part of Hampton Court, which lies dwarfed at the feet of the giant municipal matchbox. Another grain of sand in the oyster is that the Swan brewery nestles shamelessly on the best part of the water front, unamenable to planning. Its price for removal is too high, and it is too powerful to be compulsorily purchased. But at least, at the nocturnal "Festival of the Swans" that served as epilogue to the games, the brewery was prepared to disguise itself as a ship by means of an ingenious arrangement of lights. Perth, to tell the truth, feels that the brewery is not out of place so near its heart.

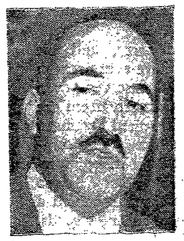
Western Australia is catching up with development. Since the war its secondary industries have expanded more rapidly than those of any other state. Its population, thin as it is (750,000 people to 976,000 square miles), has increased by more than 50 per cent in fifteen years. An immense storehouse of minerals has been found; in particular the discovery of vast deposits of iron ore will give a stimulus to the economy comparable to that of the discovery of gold in the eighties and nineties of the last century. Can Perth become rich and important without losing its compactness and charm? Everyone who saw it in 1962 will hope so.

Continued from page 1210

the " development battalions " which will employ soldiers to build the roads and schools for these villages ; and an unwieldy " economic congress " where representatives from all classes are to advise the government on economic policy. An excellent scheme for the election of town and provincial councils has been quietly put off until parliament convenes because the religious leaders, their theology somewhat confused, objected to the intention to allow women to vote.

Land reform is the one important change that is actually working. True to his word, the energetic minister of agriculture, Dr Hassan Arsanjani, is sweeping ahead with land distribution, and it looks as if he will hit his target—completion of the entire programme in two years. Under the present scheme, each landlord is allowed to keep one village (irrespective of size) to himself. Everything else he must sell to the government for distribution among the peasants. About half of the country's estimated 52,000 villages are believed to be liable to distribution.

The reform is slowly breaking the back of the powerful landlord class and jolting Persia's 15 million peasants out of an age-old sleep. A new social order is emerging. Except for the isolated instance when a land reform official was murdered near Shiraz in November, the landlords have not been putting up much open resistance. But, under cover, they have been doing all they can to undermine the programme and discredit the government. In this the landlords, certain urban interests and some religious leaders have joined forces.



Dr Arsanjani

The smaller landlords pose a particular problem. Peasants not entitled to receive land are naturally envious of their more fortunate fellow farmers on the great estates. They are growing restless ; they want land too. Already peasants in some areas are refusing the landlord his share of the crop. Although the government has gone out of its way to assure these smallholders it means them no harm, it will be difficult to prevent land reform from spreading to the other half of the nation's villages. These include the vast religious endowments which were not brought under the land reform law, and are risky for a politician to touch.

There is also concern about how the programme is to be paid for. Although the peasants are to pay for the land themselves, they will do so in instalments over 15 years, while the government has to pay the landlords over 10 years. Dr Arsanjani estimates it will cost close to $1,000 million to purchase all the land at present eligible for distribution. With land reform proceeding so rapidly, a heavy burden is imposed on the government. There has already been some falling behind. Dr Arsanjani asked for, and was promised, $27 million for land purchases this year ; he got less than a quarter of this sum.

Finance is, in fact, a problem everywhere. The third five-year plan, calling for a total investment of $1,900 million in the public sector, was officially inaugurated in September. The plan, as it now stands, has already been cut by 25 per cent ; the chances that even this sum can be raised appear slim. The government must provide $1,400 million of the total out of the oil revenues (now running at slightly more than $300 million annually) and the rest is to come from foreign loans. To meet its part of the bargain, the government assigned 55 per cent of the oil revenues to the plan this year, and is to add another 5 per cent each successive year—so that, by 1967, 80 per cent of the oil revenues is to go to the plan organisation. But this year only two-fifths of the oil revenues went into development, and further reductions in planned development expenditure are likely in the next three years. On top of all this, or rather because of it, private investment has remained sluggish, and foreign loans have been slow to come in.

In deciding to hold elections, the government evidently hopes to cash in on the undoubted good will it now enjoys among the villagers. The peasant vote, which in the past was controlled by the landlord, has been the traditional hunting ground for those with an eye on a parliamentary seat. Land reform, the government believes, has broken this hold. But no political organisation has come forward to fill the vacuum left by the landlords. The one person who might successfully form a peasants' party, Dr Arsanjani, has pointedly refused to do so, on the ground that he is against mixing peasants in politics—at this juncture. In the cities, the reactionaries on the one hand and the left-wing National Front on the other will make the going hard for a government now bent on a middle-of-the-road policy.

Spain's Worried Editors

FROM OUR CORRESPONDENT

CHIEF casualty in last summer's cabinet changes in Madrid was Don Gabriel Arias-Salgado, master for more than a decade of the Spanish press, cinema and radio. General Franco had no more loyal servant than his minister of information, but one had to keep up with the times. Sr Arias-Salgado despised liberalism and American-style capitalism ; he disliked—and was heartily disliked by—the European movement ; and he mistrusted Opus Dei. To console him, General Franco proposed him as ambassador to the Vatican, but fresh breezes were blowing through the Vatican, too, and Madrid was asked to nominate someone else. Sr Arias-Salgado had believed himself, all those years, to be serving the Church as loyally as he was serving Franco, and this double rejection was too much for him. Within three weeks he was dead.

The estate he left was perilously ramshackle. His censorship, severely battered by the spring gales in Asturias and in the Basque country, had succeeded only in recruiting a mass audience for the communist " Free Spain " radio ; the press was mistrusted or simply ignored by most of the nation.* His successor's assignment was to erect an edifice less offensive to the tastes of the men who would ultimately decide whether Spain might be admitted to the European Economic Community. But first, demolition was necessary and one eyesore that obviously had to go was the decree which had governed information media since 1938.

By contrast with Sr Arias-Salgado, the new minister of information, Don Manuel Fraga Iribarne, was bound to look something like a liberal. He was an intellectual and had at times expressed vaguely " European " sentiments. He was associated with Catholic Action, a sedate bourgeois body which some foreign commentators appear to have confused with HOAC, the Catholic Workers' Brotherhood which took an active part in the spring strikes. His admirers are divided between those who believe he will exert a liberalising influence on the regime, and those who fear that he may simply be a hostage taken into the government to assure it the continuing support of Catholic Action HOAC militants describe him as a clever young reactionary. To journalists from northern Europe or the United States, Sr Fraga extols the freedom of the press and other democratic ideals ; addressing Portuguese journalists, however, he echoes General Franco's subordination of liberty to " order," and associates " unrestricted freedom of the press " with " anarchist utopias."

Sr Fraga lost no time in promising a new press law (to come into effect, all being well, on January 1, 1963). The contents of the press law are to be discussed by the new National Press Council which was inaugurated on December 5th. But none of the council's members represents any non-official (that is non-government controlled) organisation. The minister also reduced considerably the number of governmental directives issued to editors. As an experiment, he suspended pre-censorship of the press for three months from the beginning of October. But the censors were kept on his ministry's payroll and were put to studying all papers minutely after their publication.

This development left Spanish journalists either unmoved or cynical. They knew that the risks Sr Fraga was running were slight. Only supporters of the regime may publish books, newspapers or periodicals in Spain, and all editorial appointments are subject to government approval. Leader-writers, sub-editors and reporters have been drilled in conformist attitudes in official (or ecclesiastical) schools of journalism and taught to despise Anglo-American " libertinage of the press." Any journalist may be removed from his post and deprived of his *carnet de periodista*—without which he cannot earn a living—at a few hours' notice if he displeases the government. For good measure, all news of political significance must be taken from the official newsagency EFE (so official that its stories are sometimes prefaced " Insertion obligatory "), though general news is also supplied by CIFRA, a government-controlled Catholic agency. With or without a formal censorship, the regime's safeguards are powerful.

BUT editorial brows creased when the full implications of Sr Fraga's " liberalisation " measures became clear—when it was realised that editors, rather than government officials, must henceforth take responsibility for deciding what to stress and what to suppress, and that they were to be held personally responsible for their decisions. One anxious provincial editor confesses that he cut his holiday short when he heard the news to return home and enquire of the civil governor of his province where the new demarcation lines lay. Another says:

> When the Russians launched their first sputnik I even asked the censor what page I should put the story on. That way, he would go to jail, not me, if we did the wrong thing. Now I'm on my own ; I feel like a Roman emperor whose food-taster has died.

Some editors have run into trouble already. One has been fined for publishing a headline on army coups in South America which was deemed derogatory to military dignity. Another has been fined for criticising his city's fire brigade. A third was called before the civil governor and admonished for reporting public criticism of a local monopoly owned by a wealthy falangist (" I want no controversy in my province," said the governor). A reporter returned from covering the floods in Catalonia to be told by a senior official: " I see you are working against the government " —and lived in some apprehension until his editor received a letter from a higher authority congratulating him on his articles. A Catalan editor has been reprimanded for publishing a report of a literary gathering addressed by the Catalan-nationalist Abbot of Montserrat. More than one editor has told his staff that anyone responsible for earning him a reprimand will be dismissed, and editorial taboo-lists are said by responsible journalists to have lengthened since " liberalisation " set in. As a further precaution, some provincial dailies have discontinued publishing editorials except on special occasions.

Pre-censorship of all radio and television scripts is still in force. Even taped commercials which are to be repeated daily for several weeks must be submitted to the censors every morning. But radiomen fear that Sr Fraga may have an embarrassing gift for them, in their turn, on New Year's Day. The director of one important commercial radio station has already approached a senior censorship official with a view to taking him on as " special adviser " to his news and features editors in the event of further " liberalisation."

* Only 56 daily newspapers are sold per thousand inhabitants in Spain, compared with 250 per thousand in France and 573 per thousand in Britain, although newspapers are cheap in Spain, even in terms of local purchasing power, and over 80 per cent of Spaniards are literate.

Belgians and Katanga

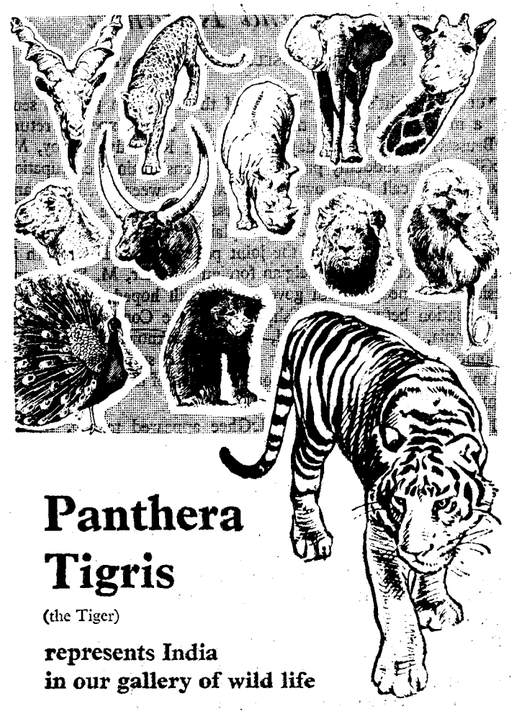
FROM OUR BRUSSELS CORRESPONDENT

TUESDAY night's announcement of the American plan to send a military mission to the Congo, and the unexpected return to Brussels on the same day of President Kennedy's envoy, Mr McGhee, have suddenly pushed the Belgians' main preoccupation —what they call their own tribal war, between Flemings and Walloons—into the background, at least for the time being. Mr McGhee apparently came here to explain that the American action implied no great change in the joint policy agreed last month in Washington between the Belgian foreign minister, M. Spaak, and President Kennedy. Both governments still hoped that peaceful reconciliation between Mr Tshombe and the Congolese premier, Mr Adoula, could be achieved, and both acknowledged that Mr Tshombe's recent offer to pay considerable sums to the international agency in Leopoldville for the benefit of the central government was a hopeful sign.

The American action, Mr McGhee appeared to say, was in response to U Thant's appeal for more material support of the United Nations troops in the Congo. M. Spaak was well aware of American concern at Mr Adoula's increasingly precarious hold over his left-wing extremists, and of American fears that increasing communist influence might some day make the Congo another Cuba. None the less, the news of the proposed American mission has been greeted with some public misgiving ; it is helping to feed long-standing Belgian suspicions of America's true intentions in the Congo.

Business circles here suspect that one of the Americans' unspoken aims is to dislodge established Belgian firms, even the mighty *Union Minière*, from the potentially rich Congo, and to develop the country themselves as a *quid pro quo* for the money it has so far cost the American taxpayer. They acknowledge bitterly that in these days trade follows aid, and that aid supplies to the Congo have come predominantly from the United States, with the result that Belgian firms find it increasingly hard to get import licences or any other encouragement for their non-dollar goods. What is more, they say, since the United Nations depends for its funds more on America than on any other contributor, UN policy itself has been moulded along lines that suit American interests.

M. Spaak was bitterly criticised at home when he agreed in late November with President Kennedy that their two countries would back U Thant's reunification plan to the extent of, if necessary, " severe economic measures " against Mr Tshombe. (This news, incidentally, led to a 600-strong demonstration by Belgians in Elisabethville outside their own consulate, complete with rotten tomatoes and an effigy of M. Spaak.) For in agreeing to boycott Katangan goods M. Spaak seemed, in the eyes of his critics, to play into American hands against the interests of his own country. Sanctions, they maintain, would harm Belgium more than any other importer, and might even cripple vulnerable sectors of the Belgian economy to the profit of American rivals ; Belgium is the world's biggest importer of Katanga's ores. The huge refinery at Olen, near Antwerp, they point out, takes 75 per cent of its copper ores from Katanga, and as much as 95 per cent of its cobalt ores, whereas American industry is infinitely less dependent on Katangese supplies. Nor, they add, would the successful economic asphyxiation of Mr Tshombe do the Leopoldville government any good. If there are no exports there will be no money. They are seriously worried, in short, at the evident wish of U Thant and of President Kennedy to force the final showdown with the Tshombe regime, but more worried by the possibility of military action than by that of economic sanctions. They remember the damage caused by last year's fighting. If only the guns keep silent, they feel, Mr Tshombe will surely breathe again.



Panthera Tigris

(the Tiger)

represents India in our gallery of wild life

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AMERICA TODAY

The outlook for U.K. exports to the United States is excellent. In a market which annually takes almost one-tenth of total U.K. exports, the prospects have been improved by a growing mood of confidence.

This is one conclusion reached by our Intelligence Department in a recent report on the United States economy. But many other important questions are considered in this report, questions of vital interest to all businessmen contemplating selling to the United States. Copies of the report, which is illustrated with diagrams, can be obtained from any of our branches. Alternatively, please get in touch with any of our specialised Foreign branches.

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BARCLAYS BANK

Money is our business - throughout the world

THE BUSINESS WORLD

The Groaning Board

LACKING (and anxious not to generate) John Bull's belly, once a year we return nostalgically and uncomfortably to his style of eating. Next Tuesday, seasonally surfeited on 5½ million turkeys (70 per cent of them quick-frozen and oven-ready) and plum puddings of which allegedly some 10,000 tons will have been prepared for us by manufacturers quite apart from mothers, it will be clear to anyone who is awake enough to think about it that our diligence as well as our appetite where food is concerned stand up poorly beside those of our stouter ancestors.

The change from a nation of a few overeaters and many undernourished to a population that is generally well and healthily fed has been a comparatively short process, marked by such landmarks as the beginning of cheap meat imports at the end of the nineteenth century and the classless distribution of milk in the last war. But the growth in preference for conveniently produced and presented food has been much swifter still and has been responsible far more than changes in the menu or increased prices of basic foodstuffs for the 34 per cent increase in actual spending on food between 1954 when controls ended, and last year. This increase compares with one of 44 per cent in total personal spending, but even now people devote about 30 per cent of their spending to food.

It is true that the end of rationing gradually reintroduced people to the pleasures of variety and seasonal sprees such as the nuts and crystallized fruit at present in their larders, strawberries and cream in the summer, chocolate eggs at Easter. These sorts of thing make their mark on the family budget, but in too small a way to have much effect on the growing total. The nearest thing to a seasonal spending guide, the quarterly breakdown published in the National Food Survey, shows that the average weekly food expenditure of households is in fact lower in the Christmas quarter (29s. 7d. per head in 1960) than in the April-June period (30s. 6d.) when fresh fruit and vegetables are dear, so that more is spent on them or preserved equivalents. Preserving, importing and marketing are all factors that tend to iron out seasonal differences: next year, if the turkey farmers have their way, we shall be eating 5-lb birds in place of the weekend joint. (Prices should fall since 11 million turkeys will probably be marketed next year, compared with 7 million in 1962—for the first time there will be no foul pest death subsidy to reduce the numbers slaughtered for profit.)

Gastronomic Beaverbrooks are no doubt already lamenting the commercial and technical skills that have gone far towards replacing roast beef with broiler chicken as the Englishmen's national dish (in spite of the over-optimism of the industry last year). But traditionalists must admit that cheap chicken has played its part in keeping prices of red meat at a more competitive level. Since milk supplies levelled off from their postwar peak, poultry has become the one dramatically increasing constituent in our diet. It is estimated that each of us ate on average over 14½ lb of poultry last year, compared with just over 5 lb before the war, when chicken was still an occasional treat. Consumption per head of beef, mutton and bacon has actually fallen: the 10 per cent increase in total meat consumption has been due not only to poultry but to other un-British things such as imported canned meat (much less than half of it from the Commonwealth), bloodless but tender veal, and pork.

On the whole, however, patriots can take heart from the evident reluctance of the English to let new-fangled foodstuffs make very much difference to their diet. In spite of the success of the frozen food industry, consumption of vegetables fluctuates at little above the prewar level and that of fish is declining. We eat only a little more cheese than we used to, a slightly increasing quantity of eggs, less butter and still a lot more margarine than before the war. Fruit eating varies greatly according to supplies and last year, at about 2¼ lb each a week, was below the prewar level. Sugar and starch are still favourite foods; affluence, however, does mean less bread and more cake.

Many more people, however, will eat alien food in restau-

CURRENT PRICES & YIELDS

	Latest earnings %	Latest dividend %	Price	Yield
Associated Biscuits	33·3	15	67/-	4·5
Associated British Foods	60·6	22½	9/3	2·4
Buxted Chicken	...	...	14/7½	...
Fitch Lovell	40·9	16½	13/10½	3·0
National Canning	19·4	12½	45/6	5·0
Ranks	...	14	36/3	3·9
Ross Group	32·3	22	18/6	5·9
Tate & Lyle	21·3	12	47/-	5·1
Unigate	26·3	14	15/-	4·7

rants that they would still not dream of cooking at home. Just as caterers often provide the most reliable market for prepared foods, such as ice-cream, and perhaps soon for accelerated freeze-dried products, so they also account for much of the consumption of the more exotic food which this country increasingly imports. But this is a process of acclimatisation: some of the greatly multiplied tonnages of Italian pasta, French cheeses and other delicatessen are by now well-established on the posher supermarket shelves. The success of fancy bread (and American experience) suggests that this kind of variety is what people spend on as they move into the upper income groups.

Where drink is concerned the effect of new tastes and the choice of luxury has been very much more marked. Englishmen last year drank twice as much wine (28 million gallons) than in 1951 and their taste now is for light wine rather than old-fashioned gouty port. Significantly, some self-service shops have a drink licence. This year, however, a more restrained mood is in evidence; only the British wines have sold in larger quantities, reflecting perhaps their lower price rather than an access of patriotism. (One should explain that British wines, which account for about 30 per cent of consumption, are made from concentrated grape juice imported from Spain, Cyprus and South Africa.) Surcharges on the duty may explain the fall in whisky and gin sales, and cold weather the flatness of beer; but the fall in wine drinking, after so many years in which it has increased, suggests that its consumption may be an index of prosperity. The firms that have managed to sell more are the bigger merchants, who advertise nationally and who seem to be eating into the sales of the old-fashioned firms that just sell wine.

But if demand had gone on increasing, it was bound to have produced a substantial increase in prices. With Americans too becoming œnophils, the pressure on European production has already made wine more expensive. The record vintage harvest in France this year will help to check the rise, but in the Médoc, where the crop is slightly above average in quantity, prices are still two-thirds higher than in 1955.

Processors, packagers and the advertising industry, together with the self-service retailers on whom they rely for mutual inspiration and stimulus, are the obvious beneficiaries of the boom in "convenience foods." These are defined by the National Food Survey as products largely or wholly prepared by a manufacturer for eating—canned foods, frozen vegetables (but not frozen fish), ice-cream, puddings, cereals and cakes. Expenditure on these went up 18.6 per cent between 1956 and 1960, compared with a 6.7 per cent growth in spending on other types of food. The quick frozen food industry as a whole (including imports) will have increased its sales to an estimated £80 million by the end of this year, compared with £58 million in 1960. Partly because of this competition the growth in consumption of canned foods is now very much slower: an increase in volume of about 6 per cent took place between 1959 and 1961.

Besides the cost of processing, packaging for supermarket sales appeal and protection, and distribution costs—all high, particularly in the case of frozen foods—contribute to the expense of prepared foods. Frozen sprouts, for example, may be 5s. a lb dearer than the market stall variety (though you can eat the lot). But wider distribution and increased competition, especially at the retail end, has helped to prevent expensive convenience foods getting much more expensive: their prices in fact rose only 1.7 per cent from 1956 to 1960, compared with 5.8 per cent for other foods, and lately there have been some hefty price cuts.

One of the most interesting effects of self-service retailing has been the spread of branding and packing of goods to which, apart from cleaning and grading, the packer has added little or nothing (15 per cent of fresh produce is now sold in self-service shops and 90 per cent of this is pre-packed). Claims that potatoes in a polythene bag or prunes in a pretty box are a guarantee of quality are partly justified; but the advantages to the provision merchant who has to reach the self-service market or the horticultural combines who want to establish themselves as entities with big retailers are also considerable. Nevertheless, the future growth of food preparation services lies perhaps with fresh more than pre-cooked foods. Ready-peeled potatoes would be the most welcome Christmas present that the food industries could offer the British housewife.

Where the Bowl Overflows

THE high cost of shipping what is essentially a mass of water overseas, whether in bulk tanks or fragile bottles, makes exporting beer an expensive business, though European brewers, whose exports can often move by land, are rather more successful at it than British brewers. The British brewing industry exports less than one per cent of its output—about 225,000 bulk barrels a year. Against this about 1,500,000 bulk barrels of beer are imported; but 80 per cent of this is Guinness from Dublin for sale in Britain or for re-export. Excluding the "black stuff" from Ireland, Britain still imports more beer than it exports—beer drinkers in this country being more willing to try lager (where for a long time the Danish brewers had the market practically to themselves) than overseas drinkers are to try pale ale.

Not many British brewers even bother with exports; they leave them to a handful that tackle the selling of beer in overseas markets, at prices inflated by the high transport costs, with vigour and enterprise. One may wonder whether the inertia of a tradition or the incentive of a profit keeps those brewers that do export interested in their tiny overseas markets. William Worthington was shipping pale ale to St. Petersburg in the eighteenth century. Bass has had importing agents in Belgium, Denmark and the United States for over a hundred years. Guinness developed "Foreign Extra Stout" for export nearly 150 years ago and claims that today it supplies 120 markets regularly (out of a total of about 200,000 bulk barrels a year). Whitbread keeps a foothold in over 60 countries for "possible development in the export trade" and Ind Coope exports to 65 countries, apart from the Naafi and ship store trades.

Much of this trade was built on emigration and imperial expansion. Beer followed the flag, as the number of IPA's—"India," not Indian, being the adjective for pale ale—on the British market proves. About 45 per cent of beer exports still go to Commonwealth territories, with the biggest quantities going to Gibraltar, West Africa, Aden, Bahrein and the West Indies. Practically all the re-exports of Guinness also go to the Commonwealth, with a half being exported to West Africa and another quarter to Malaya. The Continent, which supplies Britain with about 300,000 bulk barrels a year, buys only about 100,000 bulk barrels a year from here. Belgium, which alone in Europe shares the British taste for top-fermented beers, takes about 80 per cent of all the British beer exported to "foreign" countries. Germany is the next biggest importer, but the beer goes to the British armed forces.

Exporting brewers try to keep transport costs down in a variety of ways. Whitbread, Bass, and Courage Barclay and Simonds all ship beer in tankers to Belgium to be bottled locally. Bass is exporting draught beer to the United States in steel casks. Ind Coope is trying to promote the export of canned beer and has opened a special export canning plant at Alloa for "Skol" lager. At the same time, some of the brewers have in effect exported breweries. Courage Barclay and Simonds brews in Khartoum; Ind Coope in East Africa; Guinness is building a new brewery in Nigeria. Whitbread has linked itself with Heinekens, the most internationally-minded of the world's brewers, and in association they plan to build a Nigerian brewery.

With practically every country in the world drinking lager beers, the British exporters are forced to ask themselves whether they should try to sell their own lagers or their traditional brews. Those who have sunk a great deal of money in British lager naturally ask: "Why spend money trying to persuade people to drink something they don't know? Why not sell them a beer they are used to?" The Ind Coope group now has an agreement for brewing "Skol" lager in Spain and the consortium behind "Harp" lager, will begin exporting next year.

Other, less lager-minded brewers take a different view and argue there may be an expanding market, based largely on snob appeal, for the different-tasting British beers. Only recently, for instance, Charrington United Breweries reached agreement with the French brewery, Brasseries Nord-Europe, to brew and bottle an ale under licence at its Armentières plant. This high gravity beer is to be sold under the label "Le Royal Toby" as "England's luxury ale." But it is the development of keg draught beers, served under pressure, that may do most to facilitate the export of British type beers. In the summer Watney Mann reached agreement with the Pelican brewery in Lille to sell draught "Red Barrel" through about 200 outlets. The first draught Guinness to be served under pressure in Germany was sold in Berlin this summer. Bass has exported keg beer to the United States and is well placed to extend this experiment to Europe.

IF Britain joins the European common market, the argument about what to export may grow more heated. But one suspects that it would be easier for salesmen to persuade Continental beer drinkers that it is "smart" to buy British beer than to convince them that British lager is better than their own. If so, the principal effort ought to be in promoting the export of keg draught beers, which cost less to transport than bottled lagers and ales and last almost as long. Taste and transport form the principal obstacles to British beer exports; another is the difficulty in securing suitable retail outlets. Common market countries do not have a formal "tied house" system, but there are often direct financial links between local brewers and distributors, which can act as a barrier to newcomers; and new licences are as difficult to obtain on the Continent as they are in Britain.

Taste, transport and tied houses look perhaps even more formidable when they are viewed from the other side of the Channel and North Sea by Continental brewers. At the moment about 80 per cent of all the beer imported into Britain comes from Denmark, slightly more than 10 per cent from Holland and about 3 per cent each from Belgium and Germany. The promotion and sale of British lager has come as a direct threat to these importers who have to pay an import duty amounting to just under a penny a bottle over and above the internal excise. To secure and to hold their markets in this country they have been forced in some instances to reduce the strength of their beer to keep prices competitive, to export in bulk and bottle in this country, to sign trading agreements with British breweries, and to concentrate much of their selling effort in the free trade, particularly in clubs and restaurants.

If Britain enters the common market, life might become a little easier for them. Presumably the import duty would then have to go. The tied house system, which some brewers think may not in its present form be compatible with the Treaty of Rome, could be weakened. And the German, Danish and Dutch breweries in an atmosphere of freer trade might be prepared to offer financial help to clubs as the British brewers already do. Belgian brewers have been trying to secure outlets in other EEC countries, notably Holland, and—they and some German brewers have taken a hard look at the possibilities for expansion in Britain. Some of them may attempt to compete directly by buying their way into retail outlets or by concentrating even more of their effort on the free trade. But it seems more probable that the first effect if Britain joins the common market would be further links between European and British breweries on the pattern of the Whitbread-Heinekens association.

It is from the base of such associations and mutual trading agreements that, in their turn, the British brewers may plan the expansion of British beer exports to the Continent. Their size and their financial strength should enhance their bargaining power with the Continental brewers when the two sides start to negotiate. Like the equally powerful Heinekens group, the British brewers may consider the possibility of exporting breweries as well as beer to other European countries, particularly if the pilot experiments with continuous brewing processes show that small local breweries can be installed cheaply. So far, though representatives of the British brewing industry have had talks with their EFTA and EEC counterparts, in public at least they have tended to argue that Britain's entry into the common market would not make much difference to the pattern of the home and export trades. In private, they are more willing to admit that it could speed up the process of change. The growth in competition might be only marginal; but, particularly if the market for lager expands, it might bring sufficient pressure on the British brewers to huddle even more closely together.

BUSINESS NOTES

THE ECONOMY

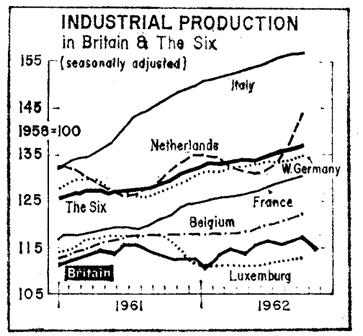
Illusions Punctured

Recent signs have been that after the third quarter the increase in exports has been flattening out, and possibly the same thing has been happening to production.—Mr Maudling, in the House on Monday.

No signs from any quarter of the economy prepared anyone for the three point fall in industrial production, and four point fall in manufacturing production, that was reported as having happened between September and October by the Central Statistical Office on Wednesday (after an extra day's frantic re-check of the figures ?). Businessmen, like most people on the outside, have been generally less optimistic throughout most of this year than the Treasury's economic analysts ; but in October, when the last Federation of British Industries survey was published, they were no more pessimistic than four months before, and so far as output was concerned they appeared on balance to expect some further rise. Steel output, after a poor September, jerked upwards in October ; motor output was significantly down, partly as a result of strikes, but this is a fairly small factor in the total index. October was a record month for exports.

Figures of engineering production in October, published only this week along with the production index, do more to explain its drop from 118, seasonally adjusted (1958=100) to 115. The index of electrical and mechanical engineering production dropped by six points ; figures of deliveries in engineering and a rather wider selection of other capital goods industries were also sharply down. It is clear that the fall in manufacturing investment was biting more deeply than had been assumed.

This drop in the "all industries" index is the biggest one recorded in the seasonally adjusted index since 1957 (in the same months) ; in manufacturing, which this October fell from 118 (1958=100) to 114, no four-point rise had occurred since the beginning of 1956. The index figures are unreliable as well as too rounded ; a journal that threw some doubt upon the figure of 118 recorded for September should perhaps also note that the October figure, in its turn, could be too bad to believe. This chastening week for Treasury statisticians, who seem to have been no better warned of the drop than outside observers, may at last push them into publishing the index to four figures (i.e. one decimal point) rather than rounded to whole numbers. This fall of three points rounded could be one of just over two points or one of nearer four: it might be useful to let the public know which.



There was nothing surprising about the latest unemployment figures, in contrast with production ; but the figures are depressing enough. Normally the number of people out of work in Britain can be expected to ease off very slightly, by about 1,000, between November and December. This year, however, it rose by 22,000 and the count on December 10th came to 566,196, which included 41,776 temporarily stopped. Even excluding the latter, the figure was over the half million mark, while the total was 177,000 more than at the same time last year. Regionally, the situation had deteriorated most in Scotland where the unemployment rate reached 4.7 per cent. This was exceeded, however, in the northern region of England where the rate among all workers was 5.0 per cent and among men was 5.7 per cent. London has still only 1.5 per cent unemployed ; but the national average is now 2.5 per cent.

TRADE AND PAYMENTS

Exports Halted

THIS week's balance of payments' figures showing a sharp swing back into current deficit in the third quarter should come as no surprise: even as the previous figures in this series were showing for the second quarter the best surplus for four years, it was apparent from the monthly trade returns that the account had already relapsed into deficit. The more worrying of this week's external indicators are the trade returns for November, which seem to confirm, *pace* the October recovery, that the notable rise in exports in the first half of the year may have been halted.

Imports, admittedly, fell back last month from their very high October level. But the downward movement on the exports blade of the scissors was unfortunately much bigger, with a drop from October's record of £336 million to £304 million—the poorest figure since January (all these figures are seasonally adjusted). The Board of Trade has not yet found any special reasons for this fall, except for the effect of the strike at Ford Motors ; but this can hardly have accounted for more than £2-3 million of the decline. In September-November as a whole, exports were virtually unchanged from their level in June-August. Imports also show no change from the summer months—but they were then already disappointingly high. The upshot is that, with a crude trade gap at £44 million and £56 million in October and November, the true visible trade balance was in considerable

BRITAIN'S TRADE
(£ million a month ; seasonally adjusted)

	Imports cif	Exports fob	Re-exports fob	Crude gap
1961 1st qtr...	384	309	12	63
2nd ,, ..	362	305	14	43
3rd ,, ..	358	309	15	34
4th ,, ..	362	304	13	45
1962 1st qtr...	367	306	12	49
2nd ,, ..	369	319	14	36
3rd ,, ..	384	320	12	52
July	390	327	14	49
August...	387	309	12	66
Sept.	376	325	12	39
Oct.	393	336	13	44
Nov.* ...	375	304	15	56

* Provisional.

deficit—the "parity" deficit in the trade returns which denotes bare balance on a payments basis is £35-40 million. In a quarter that sees the end-year interest payments, the current account as a whole may again have been in deficit.

Earning Less, Receiving More

FOR the third quarter, the Treasury's quarterly figures show a deficit in visible trade of £54 million for the whole three months, following the second quarter surplus of £17 million. Rather less than half the deterioration was seasonal—the tentative seasonally corrected estimates show a swing from a surplus of £7 million to a deficit of £33 million. Net invisible income shrank from the good second quarter figure of £59 million to only £9 million, though here seasonal influences

(especially tourist expenditure) predominate—seasonally adjusted, net receipts dropped from £30 million to £20 million. But at the least this suggests that the recovery in invisible earnings from the low levels to which they had fallen by 1961 has been checked at a disappointingly early stage.

The upshot in the third quarter was a current deficit of £45 million, following surpluses of £76 million in the second quarter and £20 million in the first. Seasonally adjusted, the third quarter deficit was £13 million following surpluses of £37 million and £9 million. On the capital account, the official statisticians detected no revival of inward portfolio investment after

BALANCE OF PAYMENTS
£ million (not seasonally adjusted)

	1961 III	1961 IV	1962 I	1962 II	1962 III
Current Account :— Imports (fob) ...	945	981	1,012	1,015	995½
Exports (fob) ...	914	984	979	1,032	941½
Visible balance..	− 31	+ 3	− 33	+ 17	− 54
Govt. (net)	− 86	− 77	− 97	− 92	− 88
Other Invisibles (net)	+113	+ 61	+150	+151	+ 97
	+ 27	− 16	+ 53	+ 59	+ 9
Current balance	− 4	− 13	+ 20	+ 76	− 45
Long term capital account :— Govt. loans, etc. (net)*	+ 8	− 39	− 11	− 16	− 26
Private investment (net) ...	− 16	+100	+ 30	− 44	− 27
Balance of Long Term Capital	− 8	+ 61	+ 19	− 60	53
Current and Long Term Capital	− 12	+ 48	+ 39	+ 16	− 98
Balancing item	+ 53	− 12	+ 94	− 1	+128
Balance of Monetary movements*	+ 41	+ 36	+133	+ 15	+ 30

* Official sign reversed—plus denotes improvement.

the understandable check in the second quarter, which encompassed the Wall Street shock. And with an estimated deficit on long-term capital of £53 million in the third quarter the total deficit on current and long-term capital—the basic deficit—reached £98 million.

Yet the records of recorded movements in gold reserves and sterling balances show "monetary movements" of £30 million in a favourable direction, actually an improvement on the second quarter. So the balancing item, all but eliminated in the second quarter, comes back with a bang at a lusty £128 million—the largest figure in the whole balance. The Bank of England suggested last week that this might partly represent an extension of trade credit ; but one wonders also whether foreign participation in the strong gilt-edged buying of the third quarter may not have been larger than the Bank of England is estimating. Certainly the large size of the balancing item, for a period when there were no indications of strong inflows of short term funds, suggests that the basic balance had not deteriorated as much as the recorded figures themselves show.

STOCK MARKETS

No Donkey, No Cheer

THEY tried to get a donkey on to the floor of the stock exchange this week. It baulked at the steps. And so did investors at the terms of the Essex loan. Indeed, the seasonal cheer has been outside the market and not inside it, where disgruntlement and the knowledge that the Christmas bonuses will not be very fat this year helped to produce over 200 signatures for a silly, reactionary petition against the proposals to rebuild the stock exchange. When last week's unreasonable hope that Bank rate would be reduced was dashed the gilt-edged market turned dull and this spelt failure for the Essex loan, whose terms were finely drawn even for a firm gilt-edged market. The timing was unlucky ; but the authorities appear to have tried to press the market just a little too hard. Early in December the £3 million offer by Norfolk of a 5¼ per cent stock, 1971, at 98, offering a redemption yield of 5⅝ per cent, was a roaring success, and later the £1¾ million offer by Barbados of a 6¼ per cent stock, 1972-74, at 95, yielding a tempting 7⅛ per cent to redemption, was oversubscribed. But the coupon on the £10 million Essex stock, 1973-75, was set at 5¼ per cent and the price at 97, to give a redemption yield of 5⅝ per cent. As the gilt-edged market was further unsettled by the balance of payments and November trade figures, the issue was a resounding flop, with 98⅜ per cent of the stock being left with the underwriters. But, as gilt-edged prices rallied a little on Thursday, the stock opened at 13/16th discount instead of the full point discount that had been predicted and later improved to ⅝ discount.

This rally appeared to be in part the mirror image of gloom in the equity market, which along with Continental bourses was unsettled by the fall on Wall Street early in the week. After Wall Street rallied on Wednesday the British market was too upset by the steep fall in industrial production in October to follow its lead, and the fall in prices, which brought *The Economist* indicator down by 3.3 points to 345.6 in the week to Wednesday's close, continued on Thursday.

£6 Million for Martins

WITH the bank dividend season only a fortnight away Martins Bank has jumped the gun with the announcement of a one for three rights issue at 9s. a share, which will raise just under £6 million. The bank's existing shares fell by 1s. 7½d. to 24s. 10½d. and the rights were then worth about 3s. 11½d. a share ; on an unchanged dividend such an issue would have involved a substantial bonus element, but on the bigger capital the indicated dividend for 1963 is to be scaled down from 15 to 13 per cent. Thus the increase in income for shareholders is modest and for those who take up their rights the effective yield is raised only from 3.1 to 3.2 per cent.

The terms of the issue have disappointed those who have been buyers of the shares on hopes that Martins, like the District, would be taken over by one of the big five—the Westminster was the hot favourite. It is worth noting that the District made a rights issue only a few weeks before negotiations started with the National Provincial but this was on particularly favourable terms. And presumably if Martins were actually negotiating with another bank it would not have announced a rights issue in the midst of its discussions. For the moment the only sweetener for shareholders is the special tax free payment of one per cent to be made from capital profits "to mark the 400th anniversary of the traditional founding of Martins Bank by Sir Thomas Gresham."

BANK ADVANCES

In the Doldrums

THE unpleasant drop in industrial production in October is made even more worrying by the disappointing rise in bank advances in the three weeks to December 12th. In these three weeks net advances rose by £15 million of which £7 million was accounted for by advances to State boards ; in the five weeks to mid-November advances rose by £19 million, including £6 million to State boards. This means that over the past eight weeks bank advances to other borrowers have been rising at about £2½ million a week, with the pace of increase in the latest three week period only a fraction above the rate in the previous five weeks. There are no indications here of any marked industrial recovery since October. A good part of the modest increase in advances has in any case been accounted for by increased personal and professional borrowing—though even this has been smaller than might have been expected.

The clearing banks put their make-up day forward by a week in December to reduce the distortion of Christmas postal delays, but they are still not eliminated. In the latest statement gross deposits rose by £160 million and gross advances by £52 million, both swollen by the postal delays that tend to increase the size of overdrafts by holding up credits. On the Monday before the make-up day the authorities released £38.7 million of special deposits, which this time went into liquid assets rather than investments. Investments in the three weeks were only £7 million higher while liquid assets

rose by £95 million and the liquidity ratio rose to 33.96 per cent compared with 33.3 per cent in the previous period. Bankers like to face the tax drain of the new year with a liquidity ratio of around 34 per cent; this year they are spot on. In relation to their size the Scottish banks again beat the clearing banks with a rise in advances of £2.2 million in the three week period.

COMMERCIAL TELEVISION

Trial and Error

Some of the suggestions contained in the government's latest white paper on broadcasting may not look particularly exciting or imaginative, but they answer a good many of the questions that have been hanging over commercial television. The ITA, for example, has protested whenever it was criticised in the past for the programme companies' high profits that it had no legal power to charge higher rents than were needed to build and run its own network of transmitters. What, said the ITA plaintively, was it to do with profits over and above its requirements? The government has now told it, and while the programme companies may not like the idea of a special levy on profits over and above the flat rental, collected by the ITA but handed to the Exchequer, a levy that did not vary with profits might have been much worse. Nor may the existing companies grieve excessively over the absence of a second commercial channel, since this leaves the BBC to pioneer the lonely wastes of ultra-high-frequency transmission with all its technical pitfalls, and to discover how many people in this country want a third service badly enough to buy a new television set capable of receiving it. The existing companies remember the lean years when few people wanted a second service badly enough even to buy a cheap adapter to receive it—let alone a new set.

Alternatively, do people want a third choice for which they would pay hard cash? The government's coolness towards pay television is difficult to understand, since the companies are not bidding for a public utility like a slice of the radio spectrum, but offering to risk their own money in a strictly private way. At present, five groups have been formed, but the white paper suggests that for purposes of the experiment "they may be required to combine in one or more consortiums." Two essentials are necessary for Pay TV, a wire network for distributing the programmes and a coin box attached to the set for charging for them. British Telemeter Home Viewing, backed by film and newspaper interests, has a licence for the American-developed coin box reputed to be the most efficient design; Choiceview, formed by Rank and Rediffusion, has an alternative coin box design and the advantage of access to Rediffusion's wire relay network; British Relay Wireless and Television (in which Rank holds 11 per cent) also has a wire broadcasting network. These three appear to be the strongest candidates. The fourth, British Home Entertainment seems better placed to provide material than to distribute the programmes itself, and has never made any firm suggestions about the system that it would like to use while the fifth, Tolvision, is a latecomer and something of a dark horse among candidates.

Slimming Diet

UNDERSTANDABLY Sir Robert Renwick, the chairman of Associated Television, is angry that what Mr Roy Thomson has described as a licence to print money is to be severely taxed, and that a licence for the big networks to print still more money through a second commercial television channel is not to be granted at all. After 1964, the profits of the television contractors will be pared right down, and their fat dividends will have to be cut. Mr Reginald Bevins estimated that the TV companies now gross about £68 million, of which £34 million goes in costs and another £8 million in advertising duty. The rentals paid by the companies to ITA he described as "quite derisory" in relation to a gross surplus of £26 million and a net profit after tax of £12 million. They came last year to less than £5 million. The rentals, containing a new and substantial levy calculated on the companies' profits before tax, will therefore be increased—though by how much it is not possible to calculate before the government produces more details about the levy. Television advertising will thus be accorded the unique distinction of being mulcted four times—in the rent to ITA, in the advertising duty, in the new levy and in income and profits tax.

Quoted Companies	Main Shareholdings	Share prices: Pilkington June 26	Pilkington June 29	On White Paper Dec. 17	On White Paper Dec. 20
Assoc. TV	Moss Empires (27%); Daily Mirror (13%); Sunday Pictorial (13%); British Electronic (11%)	24/–	21/–	23/–	23/–
Granada	Bernstein, Family, etc. (85%)	24/4	21/–	24/9	24/7½
T. Wales and West	Lord Derby & Jack Hylton (25%); News of the World (21%); Liverpool Daily Post (15%).	17/–	16/–	16/6	16/1½
Tyne Tees TV	George & Alfred Black (21%); Daily News (21%); N. Mercantile & Investment (17%).	18/–	16/3	17/6	18/1½
Unquoted Companies					
ABC TV	Assoc. British Pictures (100%)	20/6	20/3	21/3	21/–
Assoc. Rediffusion	Brit. Electric Traction (50%)	46/10	45/1	47/9	46/3
Scottish TV	Rediffusion (37%)	12/7	11/4	13/9	13/9
Southern TV	Thomson Org. (80%)	15/–	15/–	18/9	18/4½
	Rank Org. (37%)	22/9	24/9	33/6	33/4½
	Assoc. Newspapers (37%)	28/–	28/–	18/7½	18/4½
	D. C. Thomson (25%)	...	...	...	...
	The Guardian (21%)	...	...	...	...

But while Sir Robert fumed, the stock market took the white paper calmly. The shares were close to their low points of the year and, at least, the companies were spared by the government from the full wrath of the Pilkington report. Relieved at this and assuming that the government would leave the companies some profit (calculated on what — returns on capital employed?), dealers left the shares largely unchanged. But, in doing so, they noted that the smaller concerns in being given a better chance to sell their own programmes to the network might suffer less than the giants and that the Pay TV trials might provide a crumb of comfort for some of the relay companies.

FRANCE

Moins Ça Change

Paris

POMPIDOU having succeeded Pompidou, that is to say de Gaulle succeeding de Gaulle, France's economic policy over the next few years is hardly likely to change significantly. This is clearly demonstrated by the two official documents recently published. The revision to the draft budget for 1963 brought in by the new government contains only adjustments of detail, entailing less than 1 per cent of additional expenditure, to the draft tabled in October by the same minister of finance. Two-thirds of the income needed to cover the NF 790 million of additional expenditure will come from higher revenue which, at the same level of taxation, may be expected to accrue from economic expansion; the remainder will come from economies which will affect nearly all ministries.

The same impression of continuity is evoked by M. Pompidou's speech on his investiture. Its economic section is arranged around three main planks of policy, all of them traditional:

(1) **Maintaining expansion.** The government undertakes to respect the growth rate laid down in the Fourth Plan (5.5 per cent annually) and even intends to set the 1963 target at 6 per cent. This may, however, be considered a purely academic undertaking at a moment when pessimistic warnings are heard in most other parts of the world. However that may be, the government is announcing the means for putting its policy into effect: support for investment (low at present in the private sector through lack of capital), massive public expenditure, search for new outlets abroad, encouragement to consumption in the home market. . . . All this, M. Pompidou adds, must be reconciled with the maintenance of monetary stability, which since 1958 is the *leitmotiv* of French policy.

(2) **Full employment.** The need to avoid a rise in unemployment in the coming year —either on account of the Algerian repatriates or of a slow-down in economic activity—is now agreed by all sections of opinion (except perhaps the *patronat*). So M. Pompidou is battering

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at an open door. He is however introducing one innovation: the creation, in the near future, of a National Employment Fund which will grant bonuses to workers accepting vocational retraining. But this is rather little for a legislative programme. . . .

(3) **Social policy.** The "harmonisation of social conditions" will entail a special effort in favour of the lower income groups, family allowances, the aged, regions at an economic disadvantage, and social investment on hospitals, roads, schools (the construction of which is to constitute a "primary task" for the government), and housing ("particularly for families with low incomes"). If higher revenue became necessary to finance these projects it would in the first place weigh on "the higher income groups."

The government programme may indeed be said to continue in line with the policy followed up to the present, even in its omissions. On the means of carrying out an "incomes policy," on the reforms of the economic structure, on the conditions for an extension of the financial market, the new government remains as discreet as its predecessor.

SWITZERLAND

Vote Oui for Jacobsson?

A correspondent writes:

MORE details are now available about the compromise reached last month in Berne on Swiss association with the Paris club. The International Monetary Fund wanted Switzerland to stand ready to grant help to all ten countries. But Switzerland rejected this proposition and agreed only that the United States and Britain should be mentioned in the general agreement as countries with which Switzerland was willing to conclude bilateral agreements. For the other eight countries of the club, Switzerland simply agreed to have "the problem in mind." Indeed for the countries of the common market Switzerland regards it as natural that it should bargain the help it may give them against better conditions of association. A concession on Switzerland's part has been to agree, subject to the standard qualification about the condition of its balance of payments, that its help through bilateral arrangements with the United States and Britain should be made automatically as soon as it has been decided to put the Paris club into action.

The Swiss National Bank has now to negotiate with the Federal Reserve Bank the first bilateral agreement, called an "implementing agreement"; the general agreement between Switzerland and the IMF will then be modified as necessary. Once the general agreement is ready to be concluded, the Government will prepare a bill to be submitted to the Swiss parliament. As the bill will in fact modify the statute of the National Bank, it must be submitted for the optional referendum of citizens after its adoption by Parliament. For three months after this date, 30,000 citizens can ask for the bill to be submitted to the nation for adoption. But there is little chance that the referendum will be asked on so technical a subject.

DEFENCE PRODUCTION

After Skybolt

THE public washing of Skybolt's dirty linen happens to coincide with the yearly wrangles over defence budgets between the services and the Ministry of Defence in preparation for the Defence white paper in February; and hence it calls for some quick thinking by the RAF. A sizeable number of Vulcan bombers are still on order from Hawker Siddeley to carry Skybolt; these are substitutes for Handley Page Victors that would have been used by the RAF but for the fact that the bomber stood too low on the ground to provide clearance for a rocket slung under the wings. Logically, these Vulcans should be cancelled if Skybolt dies, but the more likely choice will be to keep them in production and step up orders for Hawker Siddeley's Blue Steel (a poor man's Skybolt with one-fifth the proposed range) to arm them in place of the missing Skybolts. Hawker Siddeley will get a small windfall order; the RAF will certainly come under pressure to go further and resuscitate the Mark II Blue Steel with double the range. Development of this missile was halted when Skybolt was ordered, but it is open to the same criticisms that are killing Skybolt—high cost, late delivery and dubious efficiency.

The long-term effects of Skybolt's non-arrival are less easy to predict. More orders might be placed for the smaller strike aircraft, short-range bombers like the Navy's Buccaneer, also built by Hawker Siddeley (the RAF would be in a stronger position today if it had not turned this down), and the RAF's own, much more complicated, TSR 2 bomber built by the British Aircraft Corporation; the Buccaneer is already in service, but the TSR 2 has not yet flown. Neither falls into the "deterrent" category, but both carry nuclear weapons, and controversial though it is, the TSR 2 is probably a more worthwhile venture than France's supersonic Mirage 4 nuclear bomber, which is likely to be a sitting duck for the defences.

But when it comes to a strategic replacement for Skybolt itself, then the government is likely to think long and hard. The third nuclear submarine has just been ordered from Rolls-Royce and Vickers, but this is a hunter of other submarines, and one reason (apart from cost) why Britain might hesitate before embarking on a programme of submarines for Polaris-type missiles is their increasing vulnerability. Little is ever heard about the rapid growth of means for detecting submarines across long distances, for the sound reason that here lie the most important current military developments. The sea is a big place, but it is not unreasonable to think that towards the 1970s it will be possible to detect any submarine that approaches within missile-firing distance of any coast.

CHRISTMAS SPENDING

Surprise Packet

STOREKEEPERS like nothing better than to discover after Christmas that the urge to swap gifts has pushed their sales to a new record. To guard against disappointment, most storekeepers grumble before Christmas about dragging sales. The crush in the London stores seems, as always, worse than ever, but the rise in unemployment and savings could this year break the long run of Christmas records.

Hard guides to the pace of pre-Christmas buying are few. The fluctuation in the note issue is a partial guide, although the increasing use of cheques and credit accounts is whittling away its importance. Withdrawals from National Savings provide another, but here the fluctuations in interest rates can upset any calculations. For the first time since 1948 the total note issue this Christmas is below that of last Christmas—but this results from the withdrawal of the £1 and 10s. notes which brought back to the Bank of England notes which had found their way into mattresses and chimney pieces. Since the beginning of November the note issue has increased by £172 million, with four more shopping days to go. This is perceptibly larger than the £152 million increase recorded over the same period last year. Each year since 1950 the note issue has increased by between 6.2 and 8.2 per cent in the two months before Christmas.

However, the approach of Christmas this year has, exceptionally, left the National Savings figures unmarked. In the three weeks to December 16th, net new savings totalled over £8 million compared with net withdrawals last year of nearly £10 million over the same period. This must partly reflect a switch into National Savings from other investments, as other interest rates have fallen. In the five weeks before Christmas, 1959, when Bank rate was only 4 per cent, net withdrawals amounted to only £6 million, and receipts continued to exceed repayments until the second week before Christmas. Last Christmas, Bank rate was 6 per cent, and in the same five weeks the movement lost £36 million in withdrawals. This year, with Bank rate at 4½ per cent and only a week to go to Christmas, it seems possible that net withdrawals for Christmas from National Savings will be very small indeed.

The Post Office savings account is the least remunerative of the National Savings media, and in the past three weeks repayments have exceeded receipts by nearly £4 million. Last year net withdrawals were £8 million in the same period. As this medium of National Savings is the least affected by switches of interest sensitive funds, it does seem that withdrawals of small savers to meet Christmas bills have been slightly lower this year. Present rates offered by the building societies are equally attractive, and the societies are receiving an increasing flow of funds; but in the new year rates seem certain to fall to allow a ½ per cent cut in mortgage rates.

ICI

You, You and You

IN a New Year message to ICI employees, Mr Chambers, the chairman of the company, told them that the measures being taken to improve the company's efficiency have their root in the present condition of the chemical industry. He foresees that the overcapacity existing in many parts of the industry may continue "for some time." In these changed circumstances, ICI must make "radical changes" to meet the "new and harsher conditions of world trade." It must learn to adopt new processes without delay and to design plant primarily to achieve the cheapest possible production costs.

ICI is being shaken out and thoroughly aired, but its employees should not despair. Mr Chambers said that the board is interested only in long-term improvements and has no intention of making "ruthless and hasty economies" for short-term profit. The changes that will be made may involve "redundancies at all levels"—something that has deeply concerned the board. But, once completed, Mr Chambers sees staff requirements from the company's new activities "broadly balancing" the losses from other parts. These actions do not imply a loss of faith in the company's future. On the contrary, Mr Chambers said that he could already sense an improvement of morale in some parts of the company as a result of the new opportunities, and he is convinced that it will spread.

ICI is approaching the problem of increasing its efficiency from more than one angle. The "efficiency drive" started more than a year ago and is being conducted from within the company. Rumours of stern axe-wielding have already been heard from some of the manufacturing divisions—particularly those descended from ICI's founder-companies which have for many years enjoyed near-monopolies. The sales structure is being tightened up, and an American sales course has been brought in for the benefit of the company's representatives. At the same time the main board has called in a company of American management consultants, McKinsey, to survey the company's organisation. In a speech a month ago, Mr Chambers told ICI's staff organisation that Shell, which also employed McKinsey, had reported favourably on the

Red Sea Dollar

IF a Maria Theresa thaler comes your way this Christmas and is dated 1780, don't get excited; it was probably struck at the Royal Mint no earlier than last year or may even have begun its life in Birmingham. All the millions of Maria Theresa thalers (or dollars) struck since the Holy Roman Empire lost this particular Empress have carried the date of her death, 1780. It is a majestic coin; its weight, its size, its lustre, and its beauty suggest untold wealth. It changes hands in the Red Sea bazaars at around 6s. 5d. a coin. Now it has once more got itself mixed-up in Middle East politics. In the Suez canal one hundred and seventeen cases of thalers worth just under £100,000, ostensibly on their way from Aden to Genoa, have been seized by the Egyptians, who claim that the coins were in fact destined for Israel.

The Maria Theresa thaler is a coin without a country and without a fixed value. Yet it is still, after 300 years, the ubiquitous medium of exchange of a good deal of the Middle East and parts of Africa. Its price varies with the value of the silver content and the vagaries of supply and demand. First struck in Vienna in 1751, the thaler soon dominated international trade throughout the Levant; its decorative edge beat the clippers, its intricate design beat the counterfeiters, and its consistent weight and fineness was much appreciated by traders. The thaler moved with the tentacles of African trade and by 1762 the coin was already circulating in Arabia. Its only rival at this time, the Spanish piece of eight, lost its reputation after "scandalous falsification" of its fineness in the Peruvian mints.

The demands of trade ignore the passing of princes, and Maria Theresa's thaler continued to be minted without Maria Theresa. In the first twelve years of this century alone Vienna turned out 45 million—all dated 1780. The collapse of the Austro-Hungarian Empire in 1918 left the thaler homeless and unprotected by coinage laws. The wrangle that followed ended with the European powers agreeing to leave the monopoly of minting in Vienna. All other countries were free to send silver to Vienna for minting into thalers, and the arrangement worked well until Mussolini decided to go adventuring into Abyssinia. The Abyssinians, poor but shrewd, preferred Maria Theresa thalers to mere lire; and to finance invasion Mussolini, with Hitler's help, managed to persuade the Austrians to pass the master dies of the thaler over to Italy. The Italian claim to a monopoly was insupportable and in 1936, when the premium on the thaler over its silver content reached something like 25 per cent, the Royal Mint, on the request of certain London bullion dealers, prepared its own dies and started producing thalers. Other national mints followed this lead, but the British "copy" was considered the best of the bunch by the discerning Arabs. The Mint had acquired a profitable sideline.

After 1945, and especially after the Austrian peace treaty in 1955, this activity encountered increasing diplomatic opposition. Last year the Royal Mint, following approaches from the Austrian government, ceased to make the thaler, and Vienna is once more the only mint striking the coin. British dies were used to produce some 43 million thalers in all: 6 million were used to finance the campaign which drove the Italians out of Abyssinia in 1941, and nearly 20 million were struck on the dies in Bombay to finance British payments in India during the second world war.

TO-DAY, the thalers are fed into the Red Sea area through the port of Aden. The Egyptian seizures have effectively closed the international market there, but immediately beforehand the price per hundred thalers was 640s.—only a fraction above the value of the silver in the coin of 6s. 4d. When the margin between these two prices widens it pays to ship thalers into Aden. But recently the diminishing use of the thaler in the Red Sea area, as the coinage of the Arab states gains acceptance, has kept the market price very close to the silver price, so that in general shipments have been moving out of Aden and into Italy, to be melted down. This is a relatively cheap source of silver for the Italian silversmiths since the import duty on silver bars is 8 per cent, but on silver coin only 5 per cent. And since the silver content of the thaler is 833 parts per thousand the silversmith can reduce this to the continental silverware standard of 800 parts merely by adding a little copper. In Britain where sterling silver is 925 parts pure, the coins would have to undergo the expense of a second complete refining. A West End dealer will charge 12s. 6d. for a thaler in mint condition; one that smells of sand and camels can be got for about 7s. from one of the City's bullion dealers.

benefits from their investigation. Maybe the same will be said of ICI as of Shell, that the investigation provided the management with justification for doing what it knew it ought to do all the time.

HOUSE OF MORGAN

Paris Double

MANY of the City's merchant banks have been strengthening their links with Europe in the past few years, and the nature of these links seems to be growing progressively stronger. Last April N. M. Rothschild established a formal financial link with Rothschild Frères in Paris. In October Schroder Wagg opened a representative office in Paris, jointly with its New York subsidiary, J. Henry Schroder Banking Corporation. This week Morgan Grenfell announces its participation in the establishment in Paris of a full scale investment banking company. It too is co-operating with its New York associates, Morgan Guaranty Trust, through its subsidiary Morgan Guarantee International Finance Corporation, and also with a Dutch private banking group, Hope & Co. of Amsterdam and R. Mees & Zoonen of Rotterdam. The new *banque d'affaires* will be called Morgan & Cie, which already exists as a shell but became dormant after the war when its business was turned over to a branch office of Morgan Guaranty Trust. Under American law however this branch of a deposit bank is not allowed to transact new issue business, whereas a subsidiary of Morgan Guarantee International Finance Corporation and its subsidiaries can. So there are now two Morgan banking establishments in Paris, both at 14 Place Vendôme. The chairman of the new bank is M. Pierre Meynial, vice-president of Morgan Guaranty Trust in Paris; Lord Harcourt represents Morgan Grenfell on the board. The staff will be entirely French.

The new bank will begin slowly, concentrating on advisory services to businessmen wanting to raise money or establish themselves in France. But later it will raise money itself, and hopes to help widen the Paris new issue market. For the time being, the attitude of the French authorities may confine such issues to local rather than foreign use; but the Morgan group would clearly be in a good position to organise international issues with subscriptions from many countries, in the Wall Street manner: thus the move may be taken to have the blessing of Mr Dillon. Morgan Grenfell is still confident that London will in time emerge as the financial centre of the common market; but the intermediate stage before capital can flow freely may be an appreciable one—and anyway Britain is not in the common market yet.

GERMANY

Fewer Give Gold

Frankfurt

GOLD coins seem to be gradually becoming less fashionable in Germany. This Christmas they have enjoyed much less than their previous seasonal demand. The decline in interest reflects a lessening fear of inflation, on the one hand and the ebbing of speculation on an increase in the international price of gold on the other. At the same time, in response to the high premiums that gold coins have carried, the business has attracted the attention of enterprising imitators, whose activities have inevitably checked the rise and even brought the market into disrepute.

Since 1954, when most of the currency regulations limiting the trade in gold coins were lifted, many hundreds of thousands of such coins have disappeared into safes and under mattresses. At first, most of the supplies came from abroad, illegally until imports were legalised. The coinages of the former German Reich of pre-1914 days enjoyed especial popularity, particularly the ten and twenty mark pieces. But there is a great variety of foreign coins—including not a few sovereigns—to be found in Germany.

This persistent demand for gold coins called into being private firms coining ten and twenty mark pieces and selling them at a gold content equal to, but at prices slightly lower than, the originals. Established traders in gold coins, the banks in particular, have refrained from such practices; and the legality of the operation has been under consideration in the courts which, however, have not yet reached a final decision on the admissibility of these imitation coins.

But those who have bought gold coins during the past years need have no regrets, for until recently prices have been rising fairly steadily. Though their value increased less rapidly than the gains which could, for a time be, be achieved on the stock exchange, it has in the latest period fallen considerably less than the stock market. Many coins indeed have increased their value further: the ten mark piece, for instance, has risen by nearly 50 per cent since the beginning of the year.

JEWELLERY

Still a Girl's Best Friend

DIAMONDS are still a status symbol. A survey of the jewellery market carried by Mass Observation on behalf of De Beers shows a surprisingly wide social sprinkle of diamonds, though it also reveals that the growth in popularity of these "blue/white chips" has not been as great as the growth in the market for jewellery as a whole, which includes both women's watches and the booming but unpawnable costume jewellery.

Over two thousand men and women were interviewed, and 3 per cent of these said they had bought at least one item of jewellery worth over £15 in the past year. It scarcely needed this survey to point out

that the more expensive the jewel, the more likely to find a man rather than a woman buying it—though women were quite rightly counted as purchasers if they were present in the shop when a man was actually forking out on their behalf. Down in the "under £2" category, 27 per cent of women but only 8 per cent of men had made purchases in the past year.

Precious or semi-precious stones (pearls do not count) had been bought by over a third of the purchasers, and of these diamonds were easily the most popular. The lower middle classes appeared the most solidly in favour of buying diamonds, even though most people thought of them, in the abstract, as being flashy.

The Rubber Industry

The current issue of the quarterly bulletin **"Rubber Trends"** contains special reports on:

Developments in the Italian Rubber Industry.
Vehicle Parks and Production in 1970 in France, Italy, Western Germany and the United Kingdom.

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HIRE PURCHASE

Never-Never Land

THE decision this week of the Court of Appeal in the case of *Financings Ltd. v. Baldock* has driven one more nail into the hire purchase coffin, and has strengthened the case against reform on the lines suggested by the Molony committee. Mr Baldock paid a £100 deposit and bought a lorry on hire purchase. After he had failed to pay the first two instalments Financings terminated the agreement and repossessed the lorry. The lorry was sold eighteen months later for £140, a fraction of its original price, and the company then sued Mr Baldock for £538, the balance of the original price including credit charges.

A lower court had decided that Financings was entitled to only the first two instalments that Mr Baldock had failed to pay, plus a 10 per cent interest charge on this sum. The Court of Appeal upheld this decision and Lord Denning, Master of the Rolls, observed:

> When an agreement of hiring is terminated by virtue of a power contained in it, the owner can recover damages for any breach up to the date of the termination, but not for any breach thereafter, for the simple reason that, the agreement being terminated, there were no breaches thereafter.

Financings' contract carried a clause to the effect that on termination the hirer should pay a minimum of two-thirds of the total hiring costs. The court set this aside as a penalty and an attempt by the owner to get rentals when he had no right to them. Most finance companies dropped this type of clause some time ago, and now work on the fairer principle of the hirer being liable for the balance outstanding less the re-sale price of the vehicle. However, while the court agreed that this principle applied when the hirer himself terminated the agreement, since the company had the right to sue at common law for breach of contract, it has now implied that this right does not exist if the company terminates the agreement. The corollary is that before a company terminates an agreement it would be well advised to check the condition of the vehicle. If there is little hope of obtaining no more than a fraction of its original cost the company may, paradoxically, do better for itself by leaving the vehicle with the hirer and letting him continue to default, and eventually sue for all the unpaid instalments.

The government should take note of Lord Justice Diplock, who pointed out that the nature of the hire purchase contract was that of moneylending; and that if companies choose to conduct their business by entering into contracts for the hire of chattels, instead of entering into moneylending contracts secured by chattel mortgages, their legal rights must be governed by those contracts and the general principles of law applicable to contracts of that nature. Many hire purchase companies would like nothing better than to follow his advice. But have they this choice with the Board of Trade's regulations made under the Moneylenders Act standing in their way?

SHOP HOURS

Open Wide the Door

EVEN the glitter of Christmas trade induces few stores to make full use of the evening opening hours permitted to them by law. The Shops Act allows a maximum of four nights open until 8 p.m. and one until 9 p.m.; once a week shops must close for their half day at 1 p.m. Local authorities can fix earlier closing hours if they wish; the LCC for one does not.

In spite of this it seems that only the disastrous smog of a fortnight ago has inspired most West End stores to make more use of 8 o'clock closing this week, and some to stay open on the Saturday before Christmas as well. Staff get paid extra for this, and most of them this year are getting a three-day holiday over Christmas. In most cities a few main stores are beginning to make use of later hours at this time of year, but seldom to the permitted extent.

No one would grudge a long, long rest to the much-tried shop assistants who have dealt with the seasonal bedlam, but one does feel that with a little more determination, particularly in the use of shifts, their employers could give a better service to the public in the few weeks before Christmas. Their answer usually is that there is not enough demand, but anyone who has milled out of the swing doors at 8 o'clock will disagree. In the long run however this must probably depend on a change in the law which—perhaps in conjunction with a five-day shopping week such as Sainsbury's have already put into practice—would permit opening to at least 10 p.m. on some nights of the week. Staying open for a day and a half at a time would certainly make it worth while organising staff accordingly.

CHEMICALS

Aromatic Investments

ANOTHER principality is being filched from the domains of King Coal—or, at the least, a fifth column has been started. An aromatics plant, designed to produce 35,000 tons a year of ortho- and para-xylenes, is now in operation on the Isle of Grain, in Kent. The plant has been built by BP-California, a joint subsidiary of British Petroleum and California Chemicals, and will take its feedstock from the catalytic reformers at BP's nearby Kent refinery. Aromatics, a group of organic chemicals, are traditionally derived from coal as by-products of carbonisation processes. But they also occur in crude petroleums and are made in reforming processes, and oil companies are increasingly interested in exploiting this source of chemicals.

It has already been over-exploited in the USA, and surplus production is being shipped across the Atlantic. The massive imports (perhaps 300,000 tons of bulk aromatics last year) have seriously affected prices—and, indirectly, the economics of many of the coal-based operations. In Britain last year, nearly half a million tons of crude benzole was processed into motor benzole and purified aromatics. Most of this (about 70 per cent) came from coke ovens, for which extraction of the crude benzole and its purification is a relatively cheap business. For technical reasons it is more difficult in gas works. But, however made (as long as it is in Britain), the economics of the process are greatly helped by a subsidy of 1s. 3d. a gallon which will be removed by 1965, in accordance with the terms of Britain's membership of EFTA. As a result, it has been estimated that production will decline, leaving a shortfall between demand and production of 100,000 tons a year by 1965.

This situation can be paralleled on the Continent, and the market revealed has already attracted the attentions of several oil companies. By far the largest of these projects is Esso's: a plant at Rotterdam to produce nearly 300,000 tons a year of aromatics. Other plants are in operation, or scheduled for, Italy, Germany and France. But the enthusiasm with which new plants are being built is already causing fears of a repetition in Europe of the American glut.

WOOL

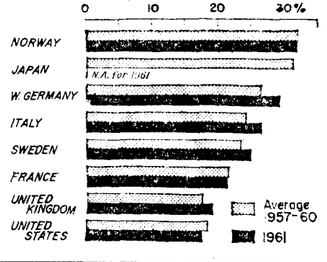
A Good Meeting That Was

BETWEEN the sixth and seventh meetings of the international wool study group, seven years elapsed in which world production of raw wool expanded by 15 per cent and consumption rose fast enough to absorb it all and to draw down producers' stocks

HOW MUCH INVESTMENT?

Most industrial countries put between a sixth and a third of their resources each year into fixed investment. The comparisons below are as far as possible on a consistent basis from returns made to the Organisation for Economic Co-operation and Development and to the United Nations.

Gross fixed investment as a percentage of gross national product at factor cost



and government stockpiles to about 100 million lb at the start of the current season, compared with some 300 million lb in 1955. Over the past four seasons, wool has been more stable than in earlier years though the price has declined. International trade in raw wool was up by a quarter in 1961, compared with 1955; exports of tops and fabrics expanded by about a third; and yarn exports increased by nearly a half.

Naturally, a strong body of producers and wool users were inclined to let well alone at last week's meeting of the international study group; the United States, which had exercised its right to propose the meeting, strained a point or two in order to justify its initiative. In its underemployed wool textile industry, the United States has a searing domestic problem which it was anxious to vent on some international forum. It argued that disruption of a domestic industry by imports could affect consumption and produce lower wool prices. But the communiqué records:

> Some important producing and consuming countries questioned the gravity of these problems; the relevance of these developments in trade in wool products to the prospects for raw wool; and the appropriateness of discussing these matters in the Wool Study Group.

The study group did, in fact, insist that GATT was the proper place to discuss international commercial policy. The GATT cotton textile agreement is limited specifically to cottons, and is far from being a ready-made formula applicable to wool. In this trade, European countries and Japan are the dominant exporters and the stock American case for ensuring orderly growth in outlets for underdeveloped countries misfired at last week's meeting. Britain is certain to resist further protection for the American wool industry, at which the United States delegation was delicately hinting. EEC countries stated their views forcibly. Producers also rubbed in the point that high American tariffs on raw wool and wool textiles hardly help wool consumption, so that whatever the real objectives of the United States in calling a wool study group meeting, it certainly served to clear the air. The United States has at least succeeded in reactivating the dormant wool study group; the management committee will now meet quarterly, and the technical committee will be expected to collect additional statistics. A further meeting of the full study group is tentatively fixed for the first half of 1964, though this can be brought forward—or postponed—if necessary.

GERMAN FILMS

No Blue Angels?

Düsseldorf

WALTER KOPPEL, one of Germany's most successful film producers and distributors, has recently run into financial difficulties. His two affiliated firms, Real-Film (production) and the Europa-Verleih (distribution), have liabilities of DM 14 million and he has had to ask for a legal "settlement." But Herr Koppel reckons that these liabilities will be covered by about DM 17 million of revenues from his distributing business in the course of next year. He will have little difficulty in arranging with his creditors, all the more as a third firm in which he has a share, the Europa Filming, has agreed to take over the film stocks of Europa-Verleih.

But his case is not an isolated one. It followed upon the disaster of the UFA combine, which relying on its big name from prewar days tried to stage a triumphant comeback on the German film market, but had to liquidate its main distributing firm, the Film Hausa, in the beginning of this year. There is no doubt that the German film business in general is sick; the question is only whether it is already on its death-bed, or whether there is hope of recovery. Production was restricted to only 79 feature films in 1961 and even less in 1962. But this restriction has proved no cure. In spite of the reduced supply, several of the more conspicuous films have been a financial failure, and fallen far short of "playing in" their ever-increasing costs. What was worse, the small number of features on offer made it difficult to maintain the old distribution practice of coupling good and bad films in the same block booking, to oblige the theatre owners to take weak as well as strong attractions into their programmes.

There are two obvious reasons for this decline. One is international: as elsewhere, competition from television has had disastrous effects on the cinema-going habits of the general public in Germany. The other reason is specifically German: the inroads made by foreign films since the war were so great that the German film has never been able to recover its old economic position. The invasion began with American and British films in the "re-education" period; later came Italian and French films. Certainly, German film-makers too have been able to produce some remarkable films, and even a few financial hits. But they have produced more failures, and the reputation won by foreign films is so great that a German film producer recently complained that even a good German film could not find an audience and that films must come from abroad to win general approval. That may be exaggerated; but the share of German films on the German film market has sunk to 27.4 per cent in the season 1961-62, and others in the film business as well as Herr Koppel are feeling the pinch.

SHORTER NOTES

France has made another advance repayment of debt to the United States of $117 million. This brings its total advance repayments this year to $590 million, reducing outstanding external debt to $1,022 million, one third of the total at the end of 1958. France's current payments surplus has risen to a peak of $1,300 million this year; there are some tentative signs of a small reduction in 1963.

★

United Dominions Trust is losing its pilot. Mr. J. Gibson Jarvie, its outspoken chairman for forty three years, is now in his eightieth year and has been advised by his doctors to retire. He will hand over to Mr Alexander Ross at the end of March.

★

Great Universal Stores is paying £1,325,000 to exercise an option for half the equity of S. Miller (Manchester). This brings GUS an important addition to its mail order business through Miller's subsidiary Chorlton Warehouse and a share in the coat manufacturers Baracuta, which accounts for a minor part of Miller's business.

★

The RIBA has criticized the draft national building regulations proposed by the Ministry of Housing and Local Government as being of inadequate standard, and hard to understand.

★

German commercial banks have been asked by the Bundesbank to refrain from window dressing this year, and thereby to avoid the huge inflow and outflow of foreign funds which produced violent fluctuations in the Bundesbank's external reserves a year ago. At the same time Dr Blessing, president of the Bundesbank, has forecast a doubling of Germany's payments deficit in 1963 from this year's figure of around DM 1,000 million—Germany's first current deficit since 1950.

COMPANY AFFAIRS

Comments on pages 1237 and 1240 on:

Colvilles
Lancashire Steel
British Oxygen
Hallmark Securities
Smith's Potato Crisps
Dorman Long
Turner & Newall
Teacher (Distillers)
Peachey Property
Montague Burton

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 1238 and 1239

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 1241

COMPANY MEETINGS

JOSEPH LUCAS (INDUSTRIES) LIMITED

CHAIRMAN'S ANNUAL STATEMENT TO THE SHAREHOLDERS

Sir Bertram Waring presided at the sixty-fifth nnual General Meeting of the company held Birmingham on Monday, December 17th. In s statement to the shareholders he said:

"The Consolidated Profit and Loss Account the Company and its Subsidiaries for the year ided July 31st, 1962, shows a Surplus on Trad-g of £6,945,979 compared with £6,476,846 r 1961. After bringing into account Other ıcome and Exceptional Items and making pro-sion for Taxation the Net Profit is £2,610,673 hich compares with £2,526,350 last year.

The net total of the Dividends recommended r the year amounts to £1,193,448. It is rther recommended that £100,000 be allocated Employees' Funds, that £500,000 be allocated General Reserve and that £250,000 be allo-ted to the Reserve on Unquoted Investments. ter these allocations there remains £369,190 to carried forward.

FINANCE FOR NEW PROJECTS

During the year under review capital expendi-re of approximately £4½ million has been :urred on the expansion and re-equipment of r existing factories, and the development of w factories, both at home and overseas. :tensions to our United Kingdom manufactur-g facilities include the purchase of the Royal ·dnance factory at Fazakerley near Liverpool, d the further development of the disc brake :tory at Bromborough, Cheshire. Overseas, a w factory is being built at Coblenz. Invest-nts in Industrial Companies increased by a tle over £3½ million, mainly as a result of rticipation in Ducellier et Cie in France.

The financing of these and other activities has volved a substantial increase in Bank borrow-gs, which amounted to some £5 million at ly 31st and are currently in excess of that ure. Consideration is being given to an issue £10 million Debenture Stock in this country, d approximately £4 million of Bonds in /itzerland, in order to discharge our overdrafts d provide for the further expansion of ivities. Further information will be circulated shareholders in due course. Meanwhile it ould be mentioned that the resolutions sub-tted on September 24th at the class meetings shareholders, and at the Extraordinary General eeting of the Company, were duly passed and consequence the Company's borrowing wers were amended to provide for all foresee-le contingencies. Furthermore, the two small sses of Preference Shares were consolidated o a single class of new 6½ per cent First eference Shares.

MOTOR INDUSTRY DIFFICULTIES AND ACHIEVEMENTS

The outlook for the financial year which ened in August, 1961 had been dimmed fore the start by the Chancellor's "little dget" of July and additional setbacks arose m a series of unofficial strikes in the Industry, some of which were of a prolonged and serious nature. As things turned out, therefore, the early months in the home market were worse than had been expected, and the year as a whole was only a little better than 1960/61.

There were, however, many notable achievements. Exports of cars to the U.S.A. were substantially increased as compared with the previous year. Perhaps of even greater significance, shipments to the countries of the Common Market were doubled. This is a first result of the programme that the British manufacturers have undertaken to augment their sales and service facilities on the Continent in anticipation of the United Kingdom joining the European Community. It is a splendid rate of improvement in one year having in mind that, although quotas have been removed, tariff barriers still have to be crossed, and it promises well for the time when the British products can be offered on equal terms to those of the European competitors. It also demonstrates clearly that the British car is readily acceptable on the Continent from the point of view of technical specification and performance.

The year was also notable for the introduction of new models of British cars which are quite original in conception and which have pioneered important engineering features. These revolutionary new models have been applauded throughout the world as important developments in motor vehicle design. These achievements reflect once again the vitality and resource of the British vehicle manufacturers, who have the ability and energy to surmount misfortunes and, despite setbacks, have sufficient confidence in their own future to push forward with building and equipping new factories to provide extra capacity for the years ahead.

Without the gains in the export markets the year for the Motor Industry would have been a bleak one indeed. The aim of Government policy was to discourage home sales, and it certainly succeeded. But a policy of discouragement is a negative one, useful only for a short-term purpose. Long-term industrial growth and prosperity can only be founded on a positive policy of encouragement. Most certainly a vigorous export business can only be sustained by a healthy home market, and it is a matter for great satisfaction that the Chancellor has demonstrated his belief in this philosophy by his recent purchase tax revision.

Our factories engaged on the manufacture of motor car equipment have been striving to re-establish a satisfactory level of profitability in the face of higher material, wages and other costs. We have been compelled to adjust some of our selling prices to meet increasing costs, but any substantial increase in the prices of the equipment that we sold to our vehicle manufacturing customers would have added to the pressure forcing car prices upwards, a state of affairs which would have been no more in our long-term interests than in theirs. The improvement that has been made in the economy of our vehicle equipment business has been the result of a continuous pursuit of increased productivity, through better product designs, better manufacturing processes and technological progress generally. We have made considerable investment over the years, in both men and money, to enable us to maintain steady progress in these important directions. It is only by improved product designs and new methods of manufacture that significant increases in product costs and prices are avoided.

COMMERCIAL, DIESEL AND AIRCRAFT EQUIPMENT

The Commercial Vehicle Industry suffered a setback during the year, largely due to the general reduction in capital investment programmes at home, and similar restrictions imposed in Australia as a result of their own balance of payment difficulties. It seems likely that the Australian business will recover during the current year, and fresh opportunities will be opened at home as a result of the new encouragement that has been given to spending on capital equipment, of which heavy vehicles form a part. The manufacture of Agricultural Tractors was maintained at its previous high level; more than 80 per cent of the production of these machines is exported. The Motorcycle Industry has had a difficult time, faced as it has been by the credit restrictions at home and increasing competition in export markets from Japanese and Continental manufacturers. It has continued to do battle with these adverse forces in a most determined manner.

The United Kingdom is the world's largest manufacturer and exporter of diesel engines. In addition to supplying these for British trucks, tractors, boats and industrial power units, of which 60 per cent of the total are sold overseas, the manufacturers exported 100,000 engines in 1961/1962 for fitment to vehicles made in other countries. Over the last ten years United Kingdom diesel engine production has increased at an average rate of 12 per cent per annum, and for 1961 reached the impressive total of 550,000. As manufacturers of fuel injection equipment we have been closely associated with the growth of this important business. It is a mark of our confidence in the continued expansion of this industry that we have established, adjacent to the C.A.V. works at Acton, a new Engineering Centre which was opened by the President of the Board of Trade in January. This will enable us to redouble our research and development effort on fuel injection equipment, turbochargers, and other projects associated with diesel engines.

Our Aircraft business was on the whole well maintained during the year. The equipment we make falls mainly into three groups: electrical equipment for engines and aircraft, fuel supply and control equipment for gas turbine engines, and combustion equipment for gas turbine engines. The Aircraft Industry has been passing through a period of re-organisation which has as

its main objective the concentration of specific skills at a few highly specialised centres. Exactly the same process has been applied within our own aircraft equipment factories, and for the same reasons. Such consolidation is absolutely necessary in an Industry where production orders are few in number but where development is extremely costly and design is constantly changing. In a business such as ours more than one-sixth of total revenue is devoted to technical development. A current example of the kind of problem to be faced is the development of an electrical system for supersonic flight, where great extremes of temperature are to be encountered and as a result the need arises for radically new materials and processes. Prototype equipment is now in the test stage and will shortly be ready for further development in the air. We are creating a strong aircraft engineering liaison service on the Continent in preparation for any opportunity that may arise for exploitation of our special skills among the big European manufacturing groups.

NEW PRODUCTS

Special importance has continued to be placed on research and design, and the improvement of our products and our manufacturing techniques. Our past work on disc brakes is now yielding good results. More and more cars are adopting this system and our manufacturing facilities have been expanded to meet the increased demand. A variety of new types is under development to meet the specialised needs of our customers, including those in Europe. Additionally, a new range of drum brakes for commercial vehicles is being designed. A range of alternators is now available and supplies from production tools can be made as required for those cars which need the higher electrical output at lower speeds that this type of generator provides. The all-glass sealed beam headlamp units are now in full scale production, and are being supplied as initial equipment for most cars.

Arising from our gas turbine work we have developed the Lucas marine oil burning equipment, and this has recently been specified for two 40,000 ton Italian liners now on the stocks. It is also interesting to report that electronic equipment, designed and manufactured within the Organisation was used in Ariel, the first British space satellite.

EXPORTS AND OVERSEAS MANUFACTURING

Direct export business, based on our overseas service and distribution organisation, continues to grow. We now have over forty establishments to supply and service the 5,000,000 vehicles and tractors that are in use in overseas countries and fitted with various items of our electrical, diesel and mechanical equipment. In the most important countries we have our own distributive subsidiaries and in a hundred others we are represented by agents specially appointed for their technical qualifications and general ability. We are now in the process of setting up another distributing company in Argentina, and a similar course is proposed for France. The existing establishments in Cologne and Zurich have been enlarged.

We have continued to develop our overseas manufacturing activities. Last year it was reported that negotiations were proceeding for the acquisition of an interest in a company in France. Since then it has been announced that we have completed the purchase of a 40 per cent interest in Ducellier et Cie, the largest manufacturers of motor vehicle electrical equipment in France. The business is being managed on a partnership basis, with both parties carrying a full share of responsibility for the conduct of affairs. The arrangement came into effect on March 1st, 1962, and a harmonious and entirely satisfactory relationship has been established with our French colleagues. We believe that this association, which includes provision for a mutual exchange of technical information, will add greatly to the strength of both parties, and will in due course enable us both to offer better and cheaper equipment to our respective customers. Our other French manufacturing interest, the jointly-owned company Roto-Diesel S.A., making diesel pumps, is now well established but is not yet operating to an adequate capacity.

The new factory at Coblenz will be engaged on manufacture of both disc and drum type brakes. Initial orders for these have already been received from Continental customers who are being supplied temporarily from the home factories.

Our Partnership in Argentina with Siam Di Tella Limitada and with Martin, Amato y Cia has already made a start. Dynamos, starters, regulators, coils and brakes are now in production. Other products are being added. In India a joint enterprise has been set up with T. V. Sundram Iyengar & Sons Private Limited for the manufacture of electrical equipment and brakes. A factory is nearing completion at Madras, and production will start in the coming months.

The Australian Government has been able to relax some part of its credit restrictions and this has led to a revival of sales of motor cars there. As a result our manufacturing company at Melbourne has received renewed and increased orders, and at present is busier than at any time since the factory was established. The profitability of the Company is not yet satisfactory, and local competition is severe, but the position is improving and will be greatly helped if the Australian motor industry continues to expand as is forecast.

As a consequence of the decision of the Canadian Government to withdraw from local aircraft manufacture it has been necessary for us to curtail our own activities there. We are concentrating our aircraft business at our Montreal premises and vacating the larger Toronto factory, part of which will, however, continue to operate as the headquarters of the motor equipment Sales and Service Company.

Batteries are well suited for manufacture overseas and most large markets of the world are now producing their own or are proposing to do so. This affects our exports of batteries from the United Kingdom and our only recourse is to set up our own manufacture overseas. We have established battery factories in Australia, New Zealand, the Union of South Africa, the Central African Federation and Pakistan. In addition, Lucas batteries are made under licence in the United States, Canada, India, Switzerland, Brazil, Venezuela and Belgium. For smaller markets we are partners in a joint enterprise called British Batteries Overseas Limited, which has established factories now in production in Malaya and Ceylon and new ones under construction in Trinidad and Nigeria.

PROSPECTS FOR THE COMMON MARKET

There is the exciting prospect that this year will mark the entry of the United Kingdom into the Common Market. The principal countries of Europe will be added to our home market, and we shall cease to regard them as export territories, a philosophy that we have already adopted in the Lucas Organisation. So far as the British Motor Industry is concerned there will be swings as well as roundabouts, but it is confidently expected that on balance we shall stand to gain more than we lose. In any case it will open our fresh fields to conquer, and it is the kind of challenge to which the Industry will respond. What is most needed is an opportunity to make effective use of the manufacturing capacity available. To succeed in the competitive days which lie ahead, with the conditions created by the European Common Market, the Industry needs continuity of production free from interruptions from any cause, including those arising from strikes or from political interference or restrictions. This is a common concern for Government, employers and employees alike.

WAGES AND PRODUCTIVITY

In previous Annual Reports views have been expressed on the growing need for legislation to protect the public from inflation brought about by wage claims when these are imposed by unofficial strikes or by the threat of official strikes. Obviously wage increases are fully justified, and give a boost to the economy, when they are backed by increased productivity. However, in the last seven years national productivity has increased by an average of about 2 per cent p.a., whereas wages have increased by about 6½ per cent p.a. This difference has been the main cause of inflation in the past. Now that the wages pause has spent itself, and a new round of wage demands is being formulated or agreed, the inflationary spiral is again in clear prospect. Its progress will be witnessed as if it were utterly inevitable, and as if the competitive position of British Industry in overseas markets, as well as the hardships of old age pensioners and others living on fixed incomes, were of no account. What is called the "democratic process" in wages negotiations is fast falling into disrepute and is ceasing to justify the term "democratic." "Democracy" is government by the people and is supported by the civil and other Courts. The time may be approaching when the people will look to an industrial Court which will protect them from the evil of rapid inflation.

The Company has made plans to participate fully in the National Productivity Year inaugurated by H.R.H. the Duke of Edinburgh. A programme has been drawn up, and targets have been set, to ensure that each and every factory, office and department in the Organisation shall raise its sights in regard to the conduct of its own affairs, whether it be concerned with design, manufacture, buying, selling or administration. The dominating theme we have adopted is that the most certain way (among many) of raising our productivity throughout all channels of activity is by making an even better product. By so doing wastefulness will be cut out at every stage, before, during and after manufacture. We have, therefore, set ourselves ambitious targets in the field of product performance and reliability.

The Directors are glad to record their very sincere appreciation of the work done by all employees in the Company's factories and offices at home and overseas. Those who are overseas have special problems, and they are remote from close contact with the home community which can provide constant counsel and encouragement. We are especially mindful of the pioneering work that is being carried out by this growing band of our own people, who have gone out, with their wives and families, to start new enterprises in distant and unfamiliar surroundings."

The Accounts and Balance Sheet were adopted and the appropriations recommended by the Directors were confirmed.

GOLD FIELDS

PROFITS REACH NEW RECORD OF £7,029,829

Sir George Harvie-Watt, Bart., T.D., Q.C.

The Annual General Meeting of The Consolidated Gold Fields of South Africa, Limited was held in London on 13th December, 1962. Sir George Harvie-Watt, Bart., T.D., Q.C., the Chairman, presided, and in the course of his speech said:

In this year, during which we celebrated the 75th Anniversary of the Company, I am glad to report that profits before taxation amounted to £7,030,000 which is the highest figure the Group has yet achieved. Another satisfactory feature of the accounts is that dividends and interest exceeded £5 million for the first time. Your Directors recommend the payment of a final dividend of 3/9d. per Ordinary share less tax, thus maintaining the previous year's total of 5/- per share but on a capital enlarged by the rights issue of one for ten last January.

SOUTH AFRICA

While the prices of quoted shares of South African companies in recent years have reflected some fears regarding political developments in the Republic, the South African economy has none the less shown continued growth and stability. In the last decade its national income increased by something like 80%. In this process of growth, the companies of the Gold Fields Group in South Africa have played their full part. During this period output of gold rose from approximately 2.2 million fine ounces to over 4.6 million fine ounces per annum and working profits from over £8 million to nearly £27 million per annum. Payments to shareholders in the form of dividends and capital repayments rose from £3 million to over £8.8 million. This increased earning power is reflected in our own accounts.

A record working profit of £15¼ million having been made at West Driefontein, it was all the more unfortunate and disappointing to receive the news that there has been a subsidence of ground at the No. 2 Shaft surface installation, causing the collapse of the sorting and crushing plant. It is with deep regret that I have to report there has been some loss of life. Details of this disaster are not yet fully known to us; but it is apparent that production will be seriously affected. The full resources of our Johannesburg organisation will be made available to West Driefontein to help them make good the damage as speedily as possible.

AUSTRALIA

Last year I referred to the progress that had been made in acquiring new interests in Australia. That progress has been continuing. The majority holding we acquired in Commonwealth Mining Investments still represents our largest interest and the company has continued to pay dividends at the rate of 5%, which, considering the recent business set-back in that country, can be considered satisfactory.

The other major new investment to which I referred last year was that made in the rutile and zircon industry. This has subsequently been increased. The major part of our stake in this industry is represented by our holding in Associated Minerals Consolidated.

Our confidence in the future of rutile has been further increased by the events of the past year and there is every reason to hope that, with the improved efficiency of production and price stability, our investment in this industry will prove highly profitable.

CANADA AND U.S.A.

In Canada we have taken a distinct step forward this year. Since 1956 our Canadian organisation has been directed towards the acquisition of new mining business solely through the operations of a subsidiary exploration company—Newconex Canadian Exploration Ltd. In February of this year, in accordance with our policy of broadening our Group interests, we formed a second Canadian subsidiary, Newconex Holdings Ltd., 36% of the capital of which was offered for subscription to the Canadian public. The offer was successful and Newconex Holdings is now quoted on the Toronto Stock Exchange.

In the U.S.A. we are also moving forward. On January 1st this year, our new wholly-owned subsidiary, Gold Fields American Corporation, took over from the former New York management committee the responsibility for administering and promoting our interests in that country.

IMPORTANT NEW PROJECTS

Our industrial interests in the United Kingdom are now grouped under Gold Fields Industrial Holdings Limited, formerly The H.E. Proprietary Limited. Gold Fields Industrial Holdings is a wholly-owned subsidiary of Gold Fields Mining & Industrial.

The progress we have already made in expanding our activities in Australia, North America and the United Kingdom affords encouragement for the future. Our operational organisation is established, and we have important new projects, each with considerable promise, in all the territories in which we are active. Proposals for expanding many of our other interests, including those in the United Kingdom, are also in hand.

The significant feature of our present phase of expansion is that we are seeking not only to develop new mines covering a wider range of minerals than in the past, but also to extend our interests into industry. It must be recognised that it will be some time before we receive the full return on our new investments; but there is good reason to hope that by next year they will have started to make a growing contribution to the earnings of the Group.

SALIENT ITEMS FROM THE ACCOUNTS OF THE GROUP

	1960	1961	1962
	£	£	£
Issued Capital	12,465,750	13,451,054	14,527,553
Reserves (including Share Premium)	15,909,900	14,523,875	14,626,669
*Investments: Book Value	23,542,483	25,973,576	25,112,881
Market Value	41,695,670	42,378,219	47,334,162
Current Assets less Current Liabilities	4,000,726	7,535,436	8,579,260
Dividends and Interest on Investments	3,727,368	4,661,340	5,085,404
Profit before taxation	5,364,590	6,825,666	7,029,829
Profit after taxation	3,240,188	4,180,033	4,081,133
Ordinary Dividends (net)	1,450,021	1,600,674	1,765,157
,, ,, per share	5s. 0d.	5s. 0d.	5s. 0d.
Scrip Issue	—	1 for 10	—
Rights Issue at 30s. per share	—	—	1 for 10

*Including unquoted investments and properties and ventures at book value.

THE CONSOLIDATED GOLD FIELDS OF SOUTH AFRICA, LIMITED

Copies of the Report and Accounts and the full text of the Chairman's Speech may be obtained from the Company's Transfer Department, 49 Moorgate, London, E.C.2.

THE PLESSEY COMPANY LIMITED

The thirty-eighth Annual General Meeting of The Plessey Company Limited was held on December 20th. The following is the statement of the Chairman, Sir Harold A. Wernher, to shareholders in advance of the meeting:—

I did not think when I was invited to join your Board following the merger of Plessey, Automatic Telephone and Ericsson interests which took place just a year ago that it would fall to me in so short a time, or indeed at all, to succeed Sir Allen Clark as your Chairman and to review the activities of the Plessey Group for you.

Sir Allen Clark

Sir Allen died on 30th June and I with his other colleagues wish to take this opportunity to place on record our grief at this sad loss. All who were privileged to know him recognised at once his stature as a man, the warmth of his personality and the force of his character. Forty-two years ago Sir Allen with some half-dozen staff began to build what is now the great and thriving organisation of Plessey and I cannot do better than merely say that what he left behind him is a fitting tribute to the man.

The Board is fortunate in that even Sir Allen could never have achieved all this had it not been for the loyalty and hard work of those who worked in and for Plessey and who remain imbued with a determination to continue the ideals and policies which Sir Allen laid down.

The three Directors who form the top management team have worked with Sir Allen for a collective total of 39 years, and over those years have participated extensively and deeply in the formulation and execution of Plessey management policy. They are backed by senior managerial and technical staff whose prowess, skill, dedication and experience have played a very substantial part in Plessey's history of successful growth. Under the reorganisation scheme they will now be sharing more responsibility.

Changes in Company Structure

Owing to your Company's rapid growth and in particular to the acquisition in 1961 of Automatic Telephone & Electric Company Limited and of Ericsson Telephones Limited, we found ourselves carrying on a substantial part of our business through the media of subsidiary companies and conducting another substantial part, i.e. the pre-merger Plessey business itself, by direct trading. This proved inconvenient and your Board decided to reorganise so that they would be free to concentrate on forward policy, organisation and future development for the Plessey Group of Companies as a whole.

This decision was brought into effect at the close of business on 30th June, 1962, the last day of your Company's trading year. A new subsidiary has accordingly been carrying on the pre-merger Plessey business since then under the name of The Plessey Company (UK) Limited.

In order to rationalise the structure of the Company and effect the necessary co-ordination and standardisation your Directors decided that the Management should carry out its managerial functions through the medium of a subsidiary company formed expressly for the purpose and responsible to the Main Board for the day-to-day conduct of the Company. Plessey Group Management Limited was accordingly incorporated on 26th June, 1962, pursuant to a unanimous decision of the then Directors.

Plessey Group Management Limited . The Plessey Company (UK) Limited
Automatic Telephone & Electric Co. Ltd. . Ericsson Telephones Limited
The Garrard Engineering & Manufacturing Co. Ltd. . Semiconductors Limited
Plessey International Limited.

Directors of The Plessey Company Limited

Sir Harold A. Wernher, Bt., G.C.V.O., T.D. (Chairman); John A. Clark (Managing Director); Michael Clark, and A. E. Underwood (Deputy Managing Directors); The Rt. Hon. The Earl of Kilmuir, P.C., G.C.V.O.; Field Marshal The Rt. Hon. Lord Harding of Petherton, G.C.B., C.B.E., D.S.O., M.C.; The Rt. Hon. Harold Watkinson, C.H., M.P.

Directors of Plessey Group Management Limited

John A. Clark (Chairman & Managing Director); Michael Clark, and A. E. Underwood (Deputy Managing Directors); G. D. Christie; J. H. Reed, C.B.E.; W. J. Dalziel (Production Director).

Following this decision a wide range of promotions was made throughout the Company to give a broad measure of decentralisation and flexibility and to encourage managerial enterprise and initiative. The new organisation has been in operation for some months and is proving highly satisfactory.

The Board

Shortly after the death of Sir Allen Clark, it became clear that certain Directors were in favour of the appointment of one of their number as Deputy Chairman or Vice-Chairman with increased executive duties. This proposal was unacceptable to a majority of the Board as were the subsequent, and as it turned out minority, views of certain Directors on the implementation of the agreed decision to set up a new management structure which was in accordance with the wishes of the late Chairman. These differences of opinion led to the retirement from the Board of the three Directors concerned.

Since that occurrence Field Marshal Lord Harding of Petherton, the Rt Hon Harold Watkinson and the Rt Hon the Earl of Kilmuir have accepted invitations to join your Board, the last-named with a view to becoming Chairman of Directors when I retire from active business life at the end of this year. The new Directors have lost no time in making themselves familiar with our business in depth and make a formidable addition to our strength.

When I accepted the post of Deputy Chairman in May I made it clear to my colleagues that I was doing so only on a caretaker basis until a more permanent appointment could be made, and it gives me much pleasure that we have found such an outstandingly gifted Chairman Designate. I am confident that the resultant Board, with proven administrative and managerial experience and working together as a team, will enable the Company to continue its remarkable history of profitable growth.

Extraordinary General Meeting

The organisational changes discussed above have raised a consideration which your Board wishes to place before you, that of Directors' Fees.

At present a Director's Fees are £250 per annum with an extra £250 for the Chairman. These figures were not only laid down many years ago but were applicable originally to a concern of much smaller size and importance. It is proposed therefore, that from the current trading year onward the fees for each Director, including the Chairman, be increased to £2,000 per annum.

ACCOUNTS for 1961–1962

The Accounts presented to you for the year ended 30th June, 1962, show a Total Profit before Taxation of £6,532,173 after deducting £238,250 in respect of a half-year's Interest on the Convertible Loan Stock. The Profit after Taxation attributable to the Group is £2,566,237. After providing £1,589,313 for Dividends the Unappropriated Balance now carried forward on Profit and Loss Account is £3,470,376.

The merger with Automatic Telephone & Electric Co. Ltd., and Ericsson Telephones Limited took place at the end of October, 1961. The Trading Results now presented therefore, include only eight months' profits in respect of A.T. & E. and Ericsson. In September, 1961, we acquired the SPE Company Limited for cash and these accounts therefore include only approximately ten months' profits in respect of SPE. It will be recalled that we acquired The Garrard Engineering and Manufacturing Company Limited in November, 1960, and our accounts to June, 1961, included a loss of £30,000 for that Company. On the other hand Garrard have done well in the year to June, 1962.

Looking back on the profit expectations shown in the September, 1961, merger offers and adjusting to a comparable basis before minority interests and after charging all Research and Development Expenditure against revenue, the profits before tax of the pre-merger Plessey business for 1961-62 were expected to run at a rate of about £4,100,000 per annum and in respect of A.T. & E. and Ericsson at a combined annual rate of about £1,650,000 for 1961.

The Plessey profit estimate for the full year and eight-twelfths of the profit estimate of our new partners gave a figure of £5,200,000 which compares with the actual profit to June, 1962, before charging interest on the Convertible Loan Stock of £6,770,423.

I consider this result to be more than satisfactory since, although Ericsson lived up to their forecast for the year to 31st December, 1961, the A.T. & E. Group ran into heavy weather. The A.T. & E. Group Trading Results for the year to 31st December, 1961, showed a consolidated loss before taxation and before adjusting for minority interests of £76,151. This loss, all of which occurred prior to the merger, was after charging Research and Development expenditure and certain special provisions.

We are glad to report a considerable improvement in A.T. & E. profitability following the merger due entirely to the efforts of your Management and the co-operation of the staff of A.T. & E. Ericsson's results are also satisfactory. Inevitably when three major organisations merge together in partnership there are problems, not the least of which is how to integrate policies across the Group. Solution of these involves studying how each company operates, reviewing the facts behind the figures and determining how and where each company generates its profits and how profitability can best be stimulated. That we have made good progress in this direction is evidenced by the profit improvement to date. We fully expect the improved trend to continue as integration proceeds.

At this point I would like to emphasise that profits have been computed on the conservative financial principles which have always been applied in the Plessey Organisation and which will continue to be the accounting policy of the enlarged group of companies. No changes in that policy have been made or are contemplated. We now turn to the Balance Sheets. The Balance Sheet for The Plessey Company Limited reflects its position as the Holding Company of the Group after the reconstruction at 30th June, 1962. The 1961 figures are given but are hardly comparable since they refer to the old Plessey Company. The Consolidated Balance Sheet of the Group gives the better perspective of the new organisation showing total tangible assets of £71 million at 30th June, 1962, compared with £36 million at 30th June, 1961. Our total investment in overseas subsidiaries and associated companies is approximately £8½ million. Not all of this is as profitable as we would like and having regard to the political and economic conditions in some areas such provisions and reserves as seemed appropriate have been made. Vigorous efforts are being made to co-ordinate our overseas interests, to bring them up to a full state of efficiency, to use the facilities of the overseas factories for the development of the products of the Group as a whole and to expand our overseas sales which account for approximately 22 per cent of our turnover with customers. This is a vital contribution to the health of the national economy.

TRADING

The Plessey Company (UK) Limited

We have formed a new Board for this subsidiary and I am glad to say that the Directors are men of tried and proven ability promoted from either the Executive Board or from amongst our Group General Managers.

In spite of the unsettled trading conditions of last year the Company succeeded in increasing deliveries and in improving profits.

Plessey (UK) today is a very highly technical business and we are widely diversified. Our research and development capacity expands steadily and we now have over 2,000 people working in our Laboratories and Model Shops. As the result of careful and detailed market research we have entered and are well to the fore in such advanced fields as solid-state electronics, pneumatic servo systems, hydro-mechanical fuel control for jet lift engines, microminiaturisation, new methods of measurement, process control componentry, data processing, nuclear techniques and military electronics.

The purpose of all this work is to introduce new products to our factories and it is gratifying to note that each of our four Groups has introduced a good many in this last year. Just to mention a few at random: in the Electronics Group—high speed and very high speed digital memory systems and a new lightweight UHF airborne communications and navigation system; in the Components Group—new ferrite cores and ferrite memory stores for computers while solid tantalum capacitors and thin film ceramic capacitors have been introduced for transistorised equipment. At Swindon, licence arrangements were completed with Güldner of Germany and manufacture of their "Hydrostabil" transmission systems has commenced. In the Aircraft Group, the acquisition of SPE Company Limited has given us a comprehensive new range of booster pumps, recuperators and control valves. Continued work on electrical generation has resulted in the adoption of our equipment for the BAC 1-11 in combination with the new Plessey constant speed drive and engine starter system. Research and development cost a lot of money and in Plessey (UK) we spend more on it, as a percentage of turnover, than the great majority of firms in the light engineering industry.

Our vital need is to be 'out front' technically so that we continue to expand by steady generation of new products.

Plessey International Limited

The exports with which Plessey International is concerned include products of all divisions of The Plessey Company (UK) Limited.

During 1961/62 orders for telecommunications UHF and VHF equipment were completed and shipped to the Governments of Australia, Canada, India, Indonesia, Italy, Jordan, Kuwait, The Netherlands, New Zealand, Norway, Pakistan and Spain.

The current financial year has begun well and in July a 10-year agreement was concluded with the Government of India covering VHF equipment for the Indian Army.

For aircraft spares and accessories two large contracts were received from the Federal German Air Force and from Hindustan Air Lines. Prospects for our Aircraft Equipment Group appear very promising, particularly in Germany where our prototype equipment is employed on several new aircraft being developed for both civil and NATO requirements.

Exports of hydraulic pumps for tractors and earth-moving vehicles have again increased.

During the past few years our exports have been especially successful in Europe including the Common Market countries.

Automatic Telephone & Electric Company Limited

In the section dealing with the accounts I have referred to the disappointing results of A.T. & E. operations in the calendar year 1961 and the heartening improvement to a profit earning position which began to take place in 1962.

In the early part of 1962 product policy and production resources were extensively re-appraised as an approach to cost reduction, and while the application of this appraisal has not yet made its full impact on profitability, it is most encouraging to report that the accounts for the six months to 30th June, 1962, now show profit earnings to be again at an acceptable level. This is of course after charging all research and development expenditure directly against the profits of the period in which it was incurred. Determined efforts have improved production efficiency.

Sales turnover for the six months to June, 1962 was well up on the figure for the first half of 1961 by reason of increased orders. Debtors, stocks and work in progress have been reduced greatly and this is reflected in turn in a reduction at 30th June, 1962, of approximately £1,000,000 in bank overdraft and other borrowing, a trend which continues.

The Company has intensified its sales effort in important overseas markets and has successfully secured business for its recently developed 5005 Crossbar System in which considerable interest is being shown by overseas telephone users. In the first six months of 1962, approximately one third of the sales turnover was for export. A.T. & E. has a good order book and I have every confidence that the present rate of activity and profitability will continue.

Ericsson Telephones Limited

The progress reported in the last statement to Shareholders, made before the merger, has continued throughout the past year at a high level and several records have been established. This is reflected in the increase by over 1,000 in the number of our employees to a record total of 10,000.

Our export trade was well maintained, representing approximately one-third of the total. We look upon it as a public duty to expand our export business as much as possible since it is only by exporting that Britain can maintain its high living standard.

At home our most important customer is the British Post Office and consequently the development of the public telephone service here is of particular interest to us. The expansion rate averages about 4 per cent per annum and when the advantages of subscriber trunk dialling are more widely spread and appreciated this rate should be accelerated. Other important developments may be expected in the telecommunications field to which our Group is making its full contribution.

For some years past we have been working in collaboration with Research Engineers of the Post Office and the other main British contractors to the Post Office in connection with the application of electronic techniques to telephone switching. Although the expansion of the UK telephone service has been substantial since the last war, we are still relatively behind countries like USA, Sweden, Australia and Canada. The same is true of Europe which would require 140 million more telephones to reach the density of America. While not suggesting such a growth is possible for many years, I feel this does indicate how great are the possibilities. With regard to the prospects for 1962/63 we are encouraged by the volume on our order book to forecast a continuation of the present high rate of production throughout the year.

The Garrard Engineering & Manufacturing Company Limited

Garrard has had a successful year's trading. While turnover shows only a modest increase, business has been more profitable as a result of greater efficiency in a number of areas. These creditable results are reflected in the accounts now presented. New record players and changers introduced during the year have been very well received and these have enabled the Company to penetrate further the North American market, which for many years has been important to the Company and from which we obtain a considerable contribution to Britain's hard currency income. With the largest order book on record, I look forward to further progress being made both at home and abroad during the current year.

CONCLUSION

May I be permitted in closing to repeat and emphasise some of the main features outlined in this report.

1. The liquid resources of the Group represented by Government Securities, Treasury Bills and Cash decreased during the year by roughly £5¼ million to £10,400,000 at June, 1962.

Nearly £2½ million was used in connection with the merger and for the acquisition of interests in other subsidiaries. The balance of £2½ million is accounted for by additions to Fixed Assets and a higher level of trading activities at the year-end.

2. The Consolidated Profit & Loss Account shows total profit after tax of £2,588,552 as against £1,712,886 in 1960/61.

HEENAN GROUP

ANOTHER RECORD YEAR

The sixtieth annual general meeting of Heenan Group Limited was held on December 17th at Worcester, **Mr Charles L. Hill** (the chairman) presiding.

The following is a summary of his circulated statement:

The Group net profit, before taxation, of £710,854 again raises the record from last year's figure of £663,742. After providing for taxation of £370,853 against £365,347, the net profit of the Group is £340,001 compared with £298,395 last year.

Your Directors recommend a Final Dividend of 10 per cent on the Ordinary Share Capital making a total Dividend for the year of 15 per cent which compares with 13 per cent last year.

The Group ended the year with a balance of orders of £5,800,000 being some £200,000 up on the opening figure. This year has shown that the subsidiaries who are well established in the export markets have fared better than those whose trading is mainly in the home market which is, in itself, a clear indication that if we maintain the high quality of our products at the right price and with the right delivery date, your Group can look forward with confidence to entry into the Common Market.

REVIEW OF COMPANIES

For **Heenan and Froude Ltd.** it has been a year of all-round success, records being achieved in orders, production and profits.

In the Specialities Division all the main products have been in demand and shipments to foreign customers were up substantially on the previous year. During the year we have introduced the Heenan Rolling Road which is a high quality vehicle test equipment for measuring the power capabilities of both small and large cars and also avoiding the difficulties of testing motor cars on the public highway.

All departments operated at full pressure in supplying the standard range of dynamometers, industrial coolers, eddy-current couplings, automatic wire and strip forming machines, and other specialised equipment for an active home market as well as for the export content of the order book which is growing.

The value of contracts already in hand in the Municipal Engineering Division for refuse disposal, handling and incinerating plants is as high as it has ever been and likely to go higher.

At the beginning of the year under review **Fielding and Platt Ltd.** had an order book containing 24 per cent of export business and at the year end an increased order book of which 46 per cent was for export. Export business is with Australia, India, South Africa, Canada, France, Switzerland, Spain, Sweden, Denmark and Czechoslovakia. Steel works plant continues to make a substantial contribution to output. A sales/manufacturing licence has been concluded with Richards Shear Company in Seattle, USA, for the Iron Shark Scrap Shear. An agreement has been concluded with the foremost Swedish producer of pressed concrete, giving Fieldings access to modern automatic production techniques.

The value of deliveries of castings from **Court Works Ltd.,** was greater than in the previous year but keen competition reduced profit margins. **Morton Machine Co. Ltd.** had a successful trading year with increased export sales and orders received by **IWEL Engineering Ltd.,** constituted a record.

Despite the falling away of orders in the dropforging trade and the resultant extreme severity of competition **Armstrong, Stevens & Son, Ltd.,** achieved a reasonable profit.

The depression in the textile trades has had its effect on the trading of **Freeman, Taylor Machines, Ltd.** specialists in stainless steel plant for the dyeing industry. The order position improved, however, during the latter part of the year.

In its first year as a member of the Group, **The City Sheet Metal Works Ltd.** has been fully employed in supplying light sheet metal constructions to customers' requirements.

The contribution to Group profits by **Associated Locomotive Equipment Ltd.** has been negligible in recent years but efforts are being continued to develop a new line to replace valve gear for steam engines.

The report was adopted.

MINWORTH METALS LIMITED

A SUCCESSFUL YEAR'S TRADING

The twenty-second annual general meeting of Minworth Metals Limited was held on December 14th in London, **Sir John Fox, OBE** (the Chairman), presiding.

The following is his circulated statement:

Following the record profit of the year 1960-61, it is satisfactory to be able to report that the profit for the year under review was approximately the same. This is particularly gratifying in view of the conditions which prevailed generally in the Steel Industry.

On the subject of our two principal products, the downward trend of the previous year in the price of Ferro Tungsten continued. From an opening price of 10s. 3d. per lb. in August, 1961, the price had dropped to 6s. 11d. per lb. at the year end, equivalent to a reduction of £300 per ton. This downward trend has now eased and today's price is 7s. 6d. per lb. Owing to a rise in the cost of raw materials, the price of Molybdenum products was increased by 1s. 3d. per lb. during the year, offsetting in some degree the downward trend in the price of Ferro Tungsten.

It will be observed that the tax paid on the profits of the Group amounted to £101,725 which is £12,916 in excess of the amount of £88,809 left for the benefit of the shareholders.

Your Directors recommend a Dividend of 30 per cent, as in the year 1960-1961, requiring £50,376. This will leave £38,433 to be carried forward to next year's account.

During the year, technical development has continued, and the construction is now well in hand of a new factory building at our Stowmarket works. With this increased capacity at our disposal, we shall be in a position to meet demands for our products which may result from any increase there may be in the production of the Steel Industry.

Whilst trade for the current year to date is below peak level, results can be considered satisfactory.

Once again, I am sure the Shareholders will wish to join with the Board in thanks to the Management and Staff for their work throughout the year.

The report and accounts were adopted.

THE CENTRAL PROVINCES MANGANESE ORE COMPANY

MR W. A. HARDY'S SPEECH

The fifty-fourth Annual General Meeting of The Central Provinces Manganese Ore Company Limited was held on December 17th at Winchester House, Old Broad Street, London, E.C.2. **Mr W. A. Hardy,** the Chairman, presiding.

Mr Thomas Williams, ACIS, the Secretary, read the notice convening the Meeting and the report of the Auditors.

The Chairman said:

Ladies and Gentlemen—The Report and Accounts for the year ended December 31, 1961, have been in your hands for the requisite period and with your permission I will take them as read. (Agreed.)

In my statement attached to the Report and Accounts I gave Stockholders a concise review of the events that led up to the Agreement made with the Government of India on June 8, 1962.

THE ACCOUNTS

I stated that the Accounts for 1961 have been completed on the same basis as before, and still have to report that the final figures from the Valuation Committee have not yet been received though I do not anticipate there will be any great delay before they are agreed. The Accounts show that the profit after all charges including depreciation but before taxation was £455,807 as compared with £804,601 in the previous year. After taxation and sundry transfers there is a balance for 1961 of £96,584 compared with £245,522 in 1960.

The interim dividend paid together with the proposed final dividend exceeds the net profit by some £50,000 with the result that the carry forward will be reduced to the sum of £213,593.

The balance of £250,000 on Mines Development Reserve has been transferred to Contingencies Reserve against which was written off the sum of £143,153 in respect of a trading debt for ore sold in 1960, in the normal course of business, to an Indian maker of ferro-manganese. The deliveries, in accordance with the contract were made over a period of about three months during which time the customer had got into serious financial difficulties of which we were unaware for some time. We had detailed discussions with the debtor and his advisers concerning the means of recovery, but as yet no practical arrangements have been made. We are of course pursuing the question of tax relief in respect of the loss. The balance of £456,847 in the Contingencies Reserve is thought adequate to cover all our contingent liabilities including those for retrenchment compensation and gratuities to workmen.

I have indicated that there will be a small decrease in our trading profit for 1962, but that we are not able at this stage to estimate closely the changed incidence of depreciation and tax charges.

THE FUTURE

I do not think I can safely add much to my remarks on the future. The changed market situation makes any attempt to do so very risky, but it is clear that the disposal of all of the Company's stocks of ores will take much longer and will realise lower prices than those that were

anticipated at the time the negotiations with the Government of India were being conducted. Nevertheless at the present time I anticipate that the Company's stocks of ore will be sold at prices which will realise the value shown in the Balance Sheet.

It will be realised too that the earnings of Manganese Ore (India) Ltd. in the first years of operation will be at rates lower than for a normal year's working by reason of the fact that a certain proportion of our Company's ore must be included in sales that are made by them. I feel sure, however, that the Government of India will do all that it can to stimulate the export of manganese ore.

I will now move "That the Report of the Directors and Statement of Accounts as at December 31, 1961 be and are hereby approved and adopted, and that the profits be appropriated as recommended by the Directors." I will ask Mr Wellsted to second the motion and before putting it to the Meeting I will do my best to answer any questions which Stockholders may wish to ask.

Mr Wellsted seconded the resolution which was duly carried.

The retiring Directors, Sir Percival J. Griffiths, CIE, and Mr J. V. F. Crowther, FCA, were re-elected and the basis of the remuneration of the Auditors, Messrs Cooper Brothers & Co., having been fixed, the proceedings terminated.

THE BRITISH ELECTRIC RESISTANCE COMPANY

FAVOURABLE LONG-TERM PROSPECTS

The twenty-fifth annual ordinary general meeting of The British Electric Resistance Company, Limited was held on December 17th at Enfield, Middlesex, **Mr Henry Paul-Huhne** (the Chairman) presiding.

In the course of his circulated statement, the Chairman said that although turnover showed a slight increase, lower profit margins caused a fall in the net profit, before taxation, to £71,368 compared with £78,820. In the prevailing circumstances I consider the results to be satisfactory.

He continued: Your Board has, for some time, been aware of the downward trend of profit margins due to intense competition within our industry. In consequence our research policy has concentrated upon the development of a range of electronic voltage controls. These have been designed on new principles and manufacturing techniques, and the advantages offered open up a much wider field and we expect considerable additional business.

Reviewing the export trade, visits had been made during the year by the Sales Director to several of their most important Overseas markets, and information had been obtained and was being acted upon.

Commenting on the future outlook, the Chairman concluded: I am of the opinion that the phase through which the industry is now passing is but temporary, and I think the long-term prospects are greater.

The report was adopted and the total dividend of 16 per cent was approved.

THE INDUSTRIAL CREDIT COMPANY, LIMITED

At the twenty-ninth Ordinary General Meeting of the shareholders in Dublin on December 13, 1962, the Chairman, **Dr J. P. Beddy,** in the course of his statement said:

During the year ended October 31, 1962, total assets at £14.8 million—the highest figure in the Company's history—increased by £3.7 million which is substantially in excess of the increase in either of the two preceding years. The additional assets have been financed principally by an increase of £1.35 million in issued and paid-up share capital and by repayable Exchequer advances of £2.18 million, both amounts having been provided by the Minister for Finance. The main increase in assets is in secured loans, including loans to the Company's two wholly-owned subsidiaries, Irish Film Finance Corporation Limited and Shipping Finance Corporation Limited. The total at £9.1 million rose during the year by £2.6 million. Loans now represent 61.2 per cent of total assets. Investments at £4.5 million have increased by £0.77 million. Machinery, equipment and chattels under hire-purchase contracts have increased by £223,000. On the Liabilities side of the Balance Sheet it will be observed that Reserves and Profit and Loss Account balances are now approaching £1 million and are £161,000 greater than at October 31, 1961.

Gross Revenue at £463,000 is almost £25,000 greater than that of the previous year. There were additional receipts of £59,000 from interest on loans, dividends from investments and hire-purchase finance charges, but against this there was a reduction of £34,000 in underwriting commission and profit on sale of investments, as compared with the previous year. Income from underwriting activities is a fluctuating item and, whereas in the previous year we underwrote three capital issues, we received no income from this source in the latest year. We have, however, acted as underwriters for the recent Roadstone rights issue and the underwriting profit will appear in our next Accounts.

Administrative and general expenses are up by £10,000 because of additional staff and of increases in staff salaries. The profit before loan interest and taxation at £400,566 is the highest so far achieved. Deducting interest on loans and taxation, which account for just over 50 per cent of the profit, there remains £198,638. The addition of the balance brought forward from the previous year brings this figure to £206,619 and your Directors recommend that £200,000 of this be added to reserves, leaving the carry forward at £6,619 and bringing total reserves and carry forward to £957,971. In recommending continuance of the policy adopted in recent years of transferring profits to reserves rather than distributing them as dividends, your Board have in mind the need for a strong reserve position because of the rapid and substantial increase in assets; furthermore a proportion of total assets is non-earning because of the Company's function in providing finance for new industries.

DICTOGRAPH TELEPHONES

The twenty-sixth annual general meeting of Dictograph Telephones Limited was held on December 13th in London, Mr G. La Niece (the chairman) presiding.

The following is an extract from his circulated statement:

Although profit margins have been restricted, you will see that we have been able to maintain our figures. Our order book continues to be very full in the home trade. Export trade was not so good for the Parent Company; this however did not affect the final profit figure to any great extent.

The Consolidated Profits of the Group before Taxation amount to £337,661. (£326,322 last year). The provision for Taxation is £149,570. Consolidated Profits after Taxation are £188,091. A Final Dividend of 10 per cent less Income Tax is proposed, making a total for the year of 20 per cent.

There is no falling off in the popularity of the Dictograph Loudspeaking Intercommunicating System and there has been a considerable increase in the demand for the Dictomatic System for larger installations. The sale and rental of loudspeaker systems for staff location has increased still further during the year. Master Clock Systems, Time Recorders, Pocket Paging Systems, Fire Alarm and Watchmen's Patrol Systems, also provided their quota to the total turnover.

Grampian Reproducers Limited had a busy year in spite of difficulties, and continues to contribute to the general prosperity of the Group.

Given a little more expansion in business generally, and allowing for the natural buoyancy of the rental business, I think even better results should be possible next year.

The report was adopted.

NATIONAL MORTGAGE AND AGENCY COMPANY OF NEW ZEALAND

A MOST SATISFACTORY RESULT

The eighty-sixth annual general meeting of National Mortgage and Agency Company of New Zealand Limited was held on December 18th in London, **The Right Honourable Lord Glenconner** (the Chairman) presiding. The following is an extract from his circulated review to Shareholders:

Last year I referred to the rapid and satisfactory progress being made with the reorganisation and integration of the Group's interests. This has now been largely completed and our results in this first full year of trading have been most satisfactory.

This year our group accounts incorporate the figures of the new subsidiary companies, Levin & Co., Ltd. and Murray, Roberts & Co., Ltd. Group trading profit has, of course, increased considerably due largely to the inclusion of the new subsidiaries' figures for the first time and both these companies returned satisfactory profits. After making provision for taxation, the group profit of £548,295 must be considered most satisfactory.

Having reviewed the group's widespread interests, the chairman referred to the current improvement in New Zealand wool prices and concluded: There appear to be reasonable grounds for optimism that the slightly higher level in wool prices will continue. With these wool prospects, plus the fact that it is not anticipated that fat lamb prices will drop to the extent that they did last year, there is good reason to expect increased returns from both lamb and wool this coming season.

The report was adopted

TECALEMIT LIMITED

UNSATISFACTORY TRADING CONDITIONS AFFECT PROFITS

The twenty-eighth annual general meeting of Tecalemit Limited will be held on January 11th in London.

The following is an extract from the statement of the chairman, **Mr Sylvester G. Gates,** circulated with the report and accounts for the year ending July 31, 1962:

After the success we have had in improving the results of the group over recent years, I find it very disappointing to have to report a serious fall in profits. The trading surplus of the group before depreciation for the year ended July 31, 1962, was only £398,390 as compared with £815,961; and the net profit after taxation £139,709 as compared with £344,839.

Normally, we might not perhaps be disposed in these circumstances to maintain a distribution of dividend at the same level as last year; but in view of the hopes held out to shareholders at the time when the rights issue was made at the beginning of October, 1961, we have decided to make a recommendation for a final dividend of 12 per cent which, with the 6 per cent interim dividend already paid, will make 18 per cent for the year, i.e. the same rate as last year on the capital as increased by the rights issue. This of course will mean drawing on our Carry Forward of £401,182 to the extent of £40,979. I can, however, give no indication of dividend policy for the current year. We shall have to wait and see whether and to what extent trading conditions improve.

ORDERS CUT BACK

At the beginning of the financial year we saw no reason why the expansion of the company's business should not continue. We had a full order book, and results in the first two months were not unsatisfactory.

However, almost immediately thereafter orders began to fall, and manufacturers, particularly in the motor car industry, started to cut back their delivery schedules for components. This severely affected the trading of Tecalemit (Engineering) Ltd., which accounts for some 70 per cent of the group's business; and the position continued to deteriorate until just before the end of the financial year.

Meanwhile, some other companies in the group for various reasons did not come to our assistance as we had hoped. It was for this reason that I felt it necessary to sound a note of warning when we paid the interim dividend.

The striking fact about this year's results is that such a sharp fall in profits should have been brought about by a relatively small decrease in the total sales of the group. Various factors have contributed to this result, amongst them, of course, the persistent and inexorable rise in the cost of labour and materials, which cannot be recovered immediately either by price increases in our own products or by reduction of expenses, although every effort continues to be made throughout the group to lower costs and increase efficiency.

CAUSES OF FALL IN PROFITS

The unexpectedly severe fall in profits was due to a number of unfavourable factors operating simultaneously, some of them, as I have explained, peculiar to our company, others nation-wide, chief amongst which is the undulating and unpredictable policy of the Government. In the course of the same year, we have seen one Chancellor impose increased duties on motor cars at home with the idea of promoting their sale abroad; while his successor has removed these duties for exactly the same purpose. Not long ago we were officially exhorted—and indeed, offered financial inducements—to change from burning coal to burning oil. In reliance on these pronouncements, we not only changed over to oil-burning ourselves but entered, with some success, into the business of manufacturing oil-burning equipment.

Today we find ourselves enduring a special surcharge on fuel oil, which not only nullifies the advantages of conversion, but increases the cost of almost all exports. Is it surprising that in face of such contradictions and reversals of policy industrialists hesitate to commit themselves to any unavoidable outlay? It is too early to say what effect the Chancellor's recent concessions will have and I will not prophesy anything about the current year. I can only say that in our first three months we have seen a gradual improvement in orders, which I hope will continue.

Our associated company Tecalemit S.A. had an exceptional year in 1961, its profit after tax being N.F. 6,347,150. The dividend was raised by 10 per cent and a distribution of bonus shares is being made. The French company has an interest in companies in Germany, Italy, Sweden and Spain, which varies between 33 per cent and 76 per cent as well as a substantial minority holding in the profitable Ermeto Armaturen Company, manufacturers of the E-O coupling. Their combined worth is considerable. At the figure of N.F. 2,236,441, at which they appear in the French company's balance sheet they are certainly under-valued, as is our own 30 per cent interest in Tecalemit S.A. which has a book value of £107,784 compared with a market value of £430,000.

APPOINTMENTS

UNIVERSITY OF EAST ANGLIA

CHAIR OF POLITICS

Applications are invited for the Chair of Politics in the School of Social Studies. Salary not less than £2,600 per annum with family allowance and membership of F.S.S.U. A grant towards removal expenses will be made. Applications (six copies; one only from overseas candidates) must be received not later than March 30, 1963, by the Registrar, University of East Anglia, Earlham Hall, Norwich, NOR 05G, from whom further particulars may be obtained.

UNIVERSITY OF EAST ANGLIA

CHAIR OF SOCIOLOGY

Applications are invited for the Chair of Sociology in the School of Social Studies from applicants with interests in Sociology or Social Anthropology. Salary not less than £2,600 per annum with family allowance and membership of F.S.S.U. A grant towards removal expenses will be made. Applications (six copies: one only from overseas candidates) must be received not later than March 30, 1963, by the Registrar, University of East Anglia, Earlham Hall, Norwich, NOR 05G, from whom further particulars may be obtained.

UNIVERSITY OF HONG KONG

LECTURESHIP OR ASSISTANT LECTURESHIP IN ECONOMICS

Applications are invited for the post of Lecturer or Assistant Lecturer in Economics. Applicants should have suitable qualifications including appropriate experience, in either (a) Economic History and of Economic Thought, or (b) Business Administration, preferably with special reference to Eastern Asia. The successful candidate will be required to take up duties in September, 1963.

Annual salary (superannuable) are:
Lecturer: £1,350 x £75-£2,025 (man) or £1,000 x £60-£2,140 (woman)
Assistant Lecturer: £1,900 x £50-£2,100 (man) or £1,420 x £40-£1,580 (woman)

The equivalent of income tax in the colony is comparatively low.

Tourist air passages for first class sea passages of equivalent cost) are provided for expatriate staff on first appointment and leaves. Accommodation at reasonable rental is provided for appointees domiciled abroad.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Hong Kong and London on 31st January, 1963.

UNIVERSITY OF EAST ANGLIA

CHAIR OF ECONOMIC HISTORY

Applications are invited for the Chair of Economic History in the School of Social Studies. Salary not less than £2,600 per annum with family allowance and membership of F.S.S.U. A grant towards removal expenses will be made. Applications (six copies; one only from overseas candidates) must be received not later than March 30, 1963, by the Registrar, University of East Anglia, Earlham Hall, Norwich, NOR 05G, from whom further particulars may be obtained.

UNIVERSITY OF DURHAM

KING'S COLLEGE, NEWCASTLE UPON TYNE

The Council of King's College invite applications for the post of LECTURER in AGRICULTURAL ECONOMICS. Candidates must have an Honours degree in Economics or Agriculture with Economics. The main duty of the post will be to continue and develop a research project in livestock marketing which has already been instituted. There may also be some teaching duties.

The commencing salary will be determined at a suitable point on the Lecturers' scale (£1,150-£1,950), according to the qualifications and experience of the successful applicant. F.S.S.U. and Child Allowance.

Three copies of application, together with the names and addresses of three referees, should be submitted not later than 31st December, 1962, to the Registrar and Secretary of King's College, from whom further particulars may be obtained.

UNIVERSITY OF SYDNEY

LECTURESHIP IN ECONOMIC STATISTICS

Applications are invited for the position of Lecturer in Economic Statistics. Candidates should have interests in one or more of the fields, sample survey design, econometrics, operations research and demography.

The salary for a Lecturer is within the range £A1,730 x £105-£2,435 per annum. In each case cost of living adjustments (at present £A44 per annum) and will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members' Housing Scheme in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on 4th February, 1963.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointment to a Lectureship or Assistant Lectureship in Economic Statistics. The salary scale for Lecturers is £1,150 x £50-£1,500 x £75-£1,650 a year; thereafter £ £75-£1,950 a year, plus £60 a year London Allowance; and for Assistant Lecturers £900 x £50-£1,050 a year, plus £60 a year London Allowance; with superannuation benefits and Family Allowances in both cases. In assessing the starting salary, consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than January 15, 1963, by the Secretary, London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2, from whom further particulars may be obtained.

UNIVERSITY OF ST. ANDREWS

Applications are invited for the SHELL TEACHING FELLOWSHIP IN ECONOMIC DEVELOPMENT in St. Salvator's College, St. Andrews. Appointment from April 1, 1963. Salary £1,850 x £75 to £2,150. F.S.S.U.; family allowance; grant towards expenses of furniture removal. SIX copies of applications, with names of three referees, should be lodged by January 19, 1963, with the Secretary of the University, College Gate, St. Andrews, from whom further particulars may be obtained.

For other appointments see page 1243

UNIVERSITY OF SYDNEY

LECTURESHIP/SENIOR LECTURESHIP IN ECONOMICS

Applications are invited for the position of Lecturer/Senior Lecturer in Economics.

The salary for a Senior Lecturer is within the range £A2,850 x £95-£3,000 per annum; for a Lecturer within the range £A1,730 x £105-£2,435 per annum. In each case cost of living adjustments will be allowed (at present £A44 per annum). The salary is subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members' Housing Scheme in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on 4th February, 1963.

THE UNIVERSITY OF MANCHESTER

Applications are invited for one or more temporary posts at the grade of LECTURER or ASSISTANT LECTURER in ECONOMIC DEVELOPMENT in the Faculty of Economic and Social Studies. The tenure of the appointment will be for a period of not more than three years. Applicants should have field experience, preferably in South America, South-East Asia or Africa, or knowledge of China. Salary scales per annum as follows: Lecturer £1,150 to £1,950; Assistant Lecturer, £900 to £1,050. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than February 16, 1963, to the Registrar, The University, Manchester, 13, from whom further particulars and forms of application may be obtained.

AUSTRALIAN NATIONAL UNIVERSITY

INSTITUTE OF ADVANCED STUDIES

SENIOR FELLOW IN ECONOMICS

Applications are invited for the position of Senior Fellow in Economics in the Department of Economics, Research School of Social Science. The Head of the Department is Professor T. W. Swan. The work of the Department has covered three major areas of economics, economic statistics and economic history. In the field of economics work has proceeded along the lines of capital theory, consumption behaviour and the theory of economic growth and applied studies have been pursued in the work force, housing, demography and problems of Australian economic development. It is desired to cover more effectively a number of applied fields, particularly those relating to Australian primary economics and agricultural economics generally, this is not a restrictive intention but, other things being equal, preference may be given to applicants in agricultural economics.

The salary and range of a Senior Fellow is determined within the limits of $A4,000-$A5,550 per annum. Appointment to age 65, with the option of retirement after age 60, is normally confirmed before expiry of the initial appointment which is for five years. Senior Fellows are entitled to one year's study leave on full pay, plus a contribution towards travel and other expenses, in every six years.

Superannuation is on the F.S.S.U. pattern. Reasonable travel expenses are paid and assistance with housing is provided.

Further particulars should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in Australia and London on 8th January, 1963.

COMPANY AFFAIRS

This has been a quiet but a depressing week for the London Stock market which has had to contend with a good deal of discouraging news, particularly the fall in industrial production in October and the setback in the balance of payments and the November trade figures. Over the week to Wednesday The Economist *indicator fell by 3.3 points to 345.6; steel shares continued at first to attract a good deal of business, while TV shares on balance showed little change on the white paper. After being dull early in the week gilt-edged stocks were a little brighter on Thursday, but equities continued to fall.*

Last of the Steel Results

For steel shareholders 1962 ends on a happier note than seemed likely a few weeks ago; at least profits and dividends have not been quite so bad as had been feared. Helped by the prospect of a bid for Whitehead Iron and Steel, share prices have also been stirring; but it remains to be seen whether this slightly more optimistic tone will be maintained after the spokesmen of the industry have issued their statements early next year.

Colvilles.—The best part of this Scotch egg is that the dividend, reduced from 16 to 13 per cent, is better than had been expected in the market. As profits fell still further in the second half of the year and as the directors say that there is no sign of any improvement in the present level of demand for heavy steel products, shareholders may indeed feel thankful that the dividend was not cut even more ruthlessly. The outlook for Colvilles' strip mill products is apparently more favourable—which is just as well in view of the money that has been spent at Ravenscraig. In all, Colvilles' capital expenditure in 1961-62 amounted to £35.3 million and commissioning expenses, and initial trading losses of the new Gartcosh cold reduction mill, amounting to £540,000, have been charged directly against the 1961-62 profit. Another £1 million has been set aside to meet costs of a similar nature on the cold strip mill. Capital and initial working costs are heavy and shareholders may well be wondering whether demand can expand sufficiently quickly to absorb the increase in capacity. These doubts are reflected in the yield of over 10 per cent. They will also note that the net profit of £1.3 million is struck before charging interest on government loans. The ordinary dividend absorbed £1.6 million and presumably could not have been set as high as 13 per cent but for the big tax credit of £3.7 million net that resulted from a closer financial grouping within Colvilles.

Dorman Long.—The fall of 30 per cent in Dorman Long's trading profits was hardly surprising in view of the gloomy interim statement which revealed a fall of 26 per cent in output for the first six months of the year and contained a forecast that profits would fall in greater proportion than output. After the cut in the interim dividend from 3½ to 2½ per cent the final dividend has been cut by only one half of a point to 6 per cent to make the total 8½ per cent against 10 per cent. Depreciation and interest charges were both slightly lower and tax, reflecting the sharp increase in investment allowances, took £2½ million less at £1.1 million. Earnings of 20½ per cent after these allowances compare quite favourably with the 28¾ per cent of 1960-61. Since the company's production is mainly of heavy structural steels the results suggest that the group's bridge building, engineering and chemical interests (which accounted for almost a quarter of total profits in 1959-60 and almost a third in 1960-61) have again stood the group in good stead.

Lancashire Steel.—The group is primarily concerned with the manufacture of wire rods but its development programme, which is now nearly complete, has been designed to increase capacity for concrete reinforcing rods for which demand should rise over the next few years with the extended use of concrete in construction. But at the moment demand does not match the increase in capacity and in 1961-62 the group's profits fell by 28 per cent. The installation of the new Irlam rod and bar mill is reflected in the sharp increase in the depreciation charge and the fall of almost £1 million in the tax charge. The maintained dividend of 11 per cent is covered 2.7 times by earnings after investment allowances and 1.7 times before them. As with Colvilles, it seems likely that some of the fall in profits can be attributed to the cost of bringing new plant into production.

STEEL PROFITS AND DIVIDENDS

Year to September 30	Profits before depreciation		Net profit		Dividend per cent		Price 20.12.62	Yield %
	1961	1962	1961	1962	1961	1962		
Colvilles	12·8	7·4	2·6	1·3	16	13	25/3	10·4
Dorman Long	12·1	9·2	2·4	1·3	10	8½	18/-	9·4
Lancashire Steel	5·2	3·0	1·5	1·0	11	11	28/6	7·7

Turner and Newall

The fortunes of Turner and Newall turn largely on the level of economic activity in this country and its directors had already forecast that profits for the year to end-September would be at a "reduced level." This in fact has emerged as a fall from £14,779,000 to £11,045,000 in trading profits. The dividend has been maintained at 12 per cent. A feature of the preliminary statement is the substantial profit of £683,000 made on sales of investments, with £480,000 of it coming from the group's substantial gilt-edged holdings (which had a book value of £12.3 million at the end of September, 1961). As the group then held almost £10½ million in cash the sales seem to reflect a desire to take advantage of the rally in gilt-edged prices rather than any urgent need to generate more cash. Excluding theses profits, earnings fell from 25.4 to 23.5 per cent to cover the maintained dividend 1.9 times. The setback in profits stems from smaller sales and the continued pressure on profit margins; it looks as if the recovery in the motor industry (mentioned by the directors in the interim report) came too late to offset the earlier decline in Ferodo's sales. In the building field sales may have fallen from the peak levels of 1960-61; and it would be surprising if British Industrial Plastics increased its contribution to profits. On the mining side competitive conditions are expected to continue for some time ahead. The £1 shares at 52s. 9d. are about one third below their 1961 peak and the yield of 4.5 per cent though not presently exciting may eventually be more rewarding than that on some of the low yielding equities.

British Oxygen

The results of the steel companies form an apt prologue to those of British Oxygen, whose fortunes closely depend on the level of steel production in this country. Its sales in the year to end-September rose from £62.5 million to £68 million but this was due to the greater activity of its overseas companies. Gross profits, after a higher depreciation charge, were down from £8,610,000 to £8,368,000 and while profits at home fell from £3,941,000 to £3,138,000, those earned by the overseas companies rose from £4,669,000 to £5,230,000 (to account for 62½ per cent of the total). The directors say that some of these companies were "restricted by adverse political and economic conditions."

At home profits fell more sharply in the second half of the year and after depreciation mounted to £1,192,000 against £1,946,000 in the first half of the year and £1,611,000 in the corresponding period in 1961. Revenue from tonnage oxygen did not reach expectations because of the reduced requirements of the steelmakers; demand from the general engineering industries also fell; and costs continued to rise. It is not therefore surprising that the

Continued on page 1240

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE
GERMANY: HOLLAND: CANADA
AUSTRALIA: JAPAN

Prices, 1962 High	Prices, 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Dec. 12, 1962	Price, Dec. 19, 1962	Net Red. Yield, Dec. 19, 1962§	Gross Red. Yield, Dec. 19, 1962
					£ s. d.	£ s. d.
99⅜	96 3/16	Exchequer 3% 1962–63	99 19/32	99 19/32	2 13 1	3 17 5l
100 11/16	98½	Conversion 4¾% 1963	100½	100 17/32	1 14 10	3 12 10
98⅜	93 5/16	Exchequer 2½% 1963–64	98 9/32	98 7/32	2 15 5	3 16 7l
100 13/16	97 1/16	Conversion 4½% 1964	100¾	100¾	2 1 8	3 19 0
99 19/32	98⅛	Treasury 4% 1965	99 19/32	99⅜	2 11 10	4 6 3
99 25/32	98⅛	Treasury 4% 'A' 1965	99 19/32	99⅜	2 13 7	4 6 3
96⅞	90 11/32	Savings Bonds 3% 1955–65	96 9/16	96⅜	3 2 1	4 9 11
103 11/16	98 3/32	Exchequer 5½% 1966	102 15/16	102¾	2 6 0	4 11 7
92 31/32	85	Savings Bonds 2½% 1964–67	91 15/16	91 23/32	3 11 4	4 12 5l
103⅞	98	Exchequer 5% 1967	101 13/16	101⅛	2 15 8	4 14 10
93 15/16	83 5/16	Funding 3% 1966–68	92⅝	92 1/16	3 11 0	4 17 4
95 1/16	84⅞	Conversion 3½% 1969	93⅝	92 15/16	3 10 10	5 0 11
92½	82⅝	Funding 3% 1959–69	90⅞	90 3/16	3 13 0	4 18 7l
98⅞	92¼	Victory 4% 1920–76	97¾	97½	2 19 3	4 12 7‡
90⅛	78 15/16	Savings Bonds 3% 1960–70	88½	87 15/16	3 14 10	5 1 2l
103 7/16	90 9/16	Conversion 5% 1971	99 11/16*	98 15/16*	3 3 7	5 2 2
109 5/16	97¼	Conversion 6% 1972	108 1/16	107⅜	2 18 3	5 5 3
105⅜	91⅛	Conversion 5¼% 1974	101*	100¼	3 3 11	5 4 8
95 13/16	87¾	Funding 4% 1960–90	95¼	94⅜	3 1 1	4 13 8l
83⅝	70 7/16	Savings Bonds 3% 1965–75	81 13/16	81 1/16	3 16 0	5 3 5l
82 7/16	69 3/16	Treasury 3½% 1977–80	80¼*	79 11/16	3 14 10	5 6 1l
81⅝	68 5/16	Treasury 3½% 1979–81	80½	79 13/16	3 14 10	5 7 2l
102¾	90 3/16	Funding 5½% 1982–84	100⅜*	99¾*	3 7 5	5 9 10e
93⅝	82⅜	Treasury 5% 1986–89	93⅜	92¾	3 10 4	5 11 10l
66	54	Redemption 3% 1986–96	65¾	64¾	3 13 11	5 5 11l
69 5/16	56 15/16	Funding 3½% 1999–2004	69*	68 3/16*	3 12 6	5 8 5l
98 13/16	84⅛	Treasury 5½% 2008–12	98 13/16	98 1/16	3 9 10	5 14 3l
70 5/16	58¼	Consols 4% ....after Feb. 1957	70¼	69⅝	3 11 4	5 17 6
63⅛	52 1/16	War Loan 3½% ....after 1952	61⅝	60 11/16	3 10 9	5 15 9f
61⅝	52 5/16	Conv. 3½% ....after Apr. 1961	61⅝	60 13/16	3 11 1	5 16 7f
52¾	44⅞	Treasury 3% ....after Apr. 1966	52¾	52	3 11 2	5 16 10f
45½	38⅛	Consols 2½%	45*	44¼*	3 9 1	5 12 9f
45⅛	38 1/16	Treasury 2½% ....after Apr. 1975	45	44⅛	3 9 11	5 14 9f
100 13/16	89 15/16	British Electric 4½% 1967–69	99	98½	3 3 6	5 1 1l
86	74⅜	British Electric 3% 1968–73	84 7/16	83⅝	3 16 7	5 3 1l
81½	69	British Electric 3% 1974–77	80⅜	79⅝	3 14 10	5 2 3l
90⅞	79 1/16	British Electric 4¼% 1974–79	90	89⅜	3 9 11	5 6 2l
83 9/16	70⅜	British Electric 3½% 1976–79	81⅛	80⅜	3 14 9	5 6 1l
92¼	80 9/16	British Gas 3½% 1969–71	90⅞	90⅛	3 11 1	5 1 1l
95¼	82¾	British Gas 4% 1969–72	93 5/16	92⅝	3 9 4	5 3 6l
66 3/16	53 13/16	British Gas 3% 1990–95	65¾	64⅞	3 14 7	5 6 3l
86	74⅜	British Transport 3% 1968–73	84 7/16	83⅝	3 16 7	5 3 1l
90⅝	77¼	British Transport 4% 1972–77	87½*	86⅞	3 11 10	5 5 7l
69 9/16	56½	British Transport 3% 1978–88	68 9/16*	67 13/16*	3 16 5	5 6 3l

Prices, 1962 High	Prices, 1962 Low	DOMINION AND CORPORATION STOCKS	Price, Dec. 12, 1962	Price, Dec. 19, 1962	Red. Yield, Dec. 19, 1962
					£ s. d.
88½	79½	Australia 3¼% 1965–69	87½	87¼	5 14 0l
103½	96	Australia 6% 1974–76	103½	103½	5 12 0e
66	52	Ceylon 4% 1973–75	57½	57½	10 4 0l
104	94¼	New Zealand 6% 1976–80	103¾	103½	5 15 0e
81	62½	Fed. Rhodesia and Nyasaland 6% 1978–81	78½	75*	8 13 0l
92⅝	82	South Africa 3½% 1965–67	92	92⅜	5 11 0l
69	48	Southern Rhodesia 4½% 1987–92	66½	65½	7 11 0l
91	77¾	Agricultural Mortgage 5% 1959–89	88½*	88½*	5 14 0l
96¼	86	Birmingham 4¼% 1967–70	92⅜*	91⅞*	5 10 0l
100	88⅝	Bristol 5% 1971–73	96¾	96½	5 8 0l
100½	88	Corporation of London 5¼% 1976–79	98½	98¼	5 8 0l
52	43	L.C.C. 3% ....after 1920	50⅜	50	5 19 0f
96	84	L.C.C. 5% 1980–83	95⅜	95⅛	5 9 0l
100	87	Middlesex 5¼% 1980	98½	98	5 10 0

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 12, 1962	Price, Dec. 19, 1962	Yield, Dec. 19, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays £1	84/6	85/6	3·04	
70/6	53/3	5·1b	4½ a	Lloyds £1	55/9	56/3	3·38	...
29/7½	20/-	7 b	7 a	Martins 5/-	26/6	26/6	2·91**	...
101/-	80/-	7½ b	7½ a	Midland £1	86/3	87/-	3·45	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	82/-	82/9	3·38	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B' £1	83/6	83/-	3·20	...
50/6	40/6	8 b	4 a	Australia & N.Z. ..£1 p.p.	49/3	49/9	4·82	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. ..£1	39/3	38/-	4·39	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£21 11/16	£22 5/16	3·12	...
37¾	27¼	8 c	9 c	Bank of New S. Wales £20	37¾	37¾	3·81g	...
40/-	32/6	5 a	5 b	Barclays D.C.O. £1	38/3	39/-	5·13	...
58/6	53/-	7½ b	7½ a	Chartered £1	53/3	53/-	5·66	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. $25	£17¼	£17	4·41	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. ..10/-	52/-	51/9	3·19	...
£29 7/16	£21	$2·37½ c	$2·50c	Royal Bk. Canada $10	£26 3/16	£26 9/16	3·12	...
46/3	37/6	10 b	5 a	Standard Bank £1	45/-*	45/3*	6·63	...
54/4½	35/9	15 b	7½ a	Hambros 5/-	38/3	38/6	2·92	...
99/9	68/-	5 b	2½ a	Schroders £1	78/6	77/6	1·94	...
59/3	47/1½	6¼ b	6¼ a	Union Discount £1	57/9	57/-	4·39	...
15/-	10/-	18 c	Nil c	Bowmaker 5/-	14/9	15/7½	...	...
14/3	9/9	10 c	2½ c	Lombard Banking 5/-	10/4½	12/-	...	1½
16/4½	10/6	2 a	6 b	Mercantile Credit 5/-	16/3	16/3	2·46	...
44/1½	28/6	22½ b	4 a	United Domins. Tst. ..5/-	36/-*	37/6*	3·53	...
				BREWERIES, Etc.				
18/6	13/3	4 a	8½ b	Bass, M. & B. 5/-	15/3	15/1½	4·13	2
14/10½	12/10½	...	4½ a	Charrington United ..5/-	14/3	14/1½	4·25**	1¾
44/-	30/6	8½ b	6 a	Distillers 10/-	33/3	32/9	4·12	1¾
51/6	41/-	8 a	14 b	Guinness 10/-	44/-*	42/6*	5·17	1¾
34/-	20/4½	14 c	5 a	Harveys 5/-	24/3	23/-	3·04	2½
15/7½	11/7½	...	8 b	Ind Coope, T.A. 5/-	13/4½	12/10½	4·66	1½
29/-	21/3	6 a	14 b	Watney Mann 5/-	23/6*	23/3*	4·30	2
42/4½	31/9	30 c	10 a	Whitbread 'A' 5/-	36/-	35/-	4·29	1¾
				BUILDING, PAINT, Etc.				
62/9	50/6	6½ b	3 a	Associated Portland £1	62/-	61/6	3·09	2¼
30/1½	20/10½	8½ b	4 a	British Plaster Bd. ..10/-	30/1½*	30/1½*	4·15	2
19/3	14/10½	10 b	6 a	Richard Costain 5/-	19/-*	19/3*	4·16	2¾
14/11¼	10/6	16·9c	5 a	Crittall Mfg. 5/-	14/-	14/-	6·04**	2
14/1½	9/10½	16½ b	6 a	International Paints ..4/-	12/1½	12/6	7·20	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	65/3	66/9	1·87	3¼
24/6	17/7½	5 a	12 b	Wall Paper 5/-	18/3	18/3	4·66	2
				CHEMICAL				
25/7½	20/9	14 b	6 a	Albright & Wilson 5/-	24/3	24/10½	4·02	2
19/3	13/-	11½ c	5 a	Borax Defd. 5/-	15/4½	15/7½	3·68	2½
43/3	25/6	4 a	6 b	Fisons £1	30/3	29/3	6·84	1
61/6	47/6	7½ b	6¼ a	I C I £1	59/-	57/9	4·76	1
18/6	12/-	10 c	3¾ a	Monsanto 5/-	15/6	15/3	...	1[illegible]
				DRAPERY & STORES				
35/3	24/-	8 b	4 a	Boots Pure Drug 5/-	25/9	25/-	2·40	2[illegible]
33/9	18/9	2 a	5 b	Montague Burton ...10/-	21/9*	21/6*	3·26	2[illegible]
59/6	42/9	5⅚ a	13⅓ b	Debenhams 10/-	46/3	44/9	4·29	1[illegible]
49/4½	38/4½	20⅝ b	10 a	G.U.S. 'A' 5/-	48/9*	48/7½*	3·08	2
40/3	28/9	16⅔ b	13⅓ a	House of Fraser 5/-	33/6	31/9	4·72	1[illegible]
16/6	12/6	7½ b	5 a	Lewis's Invest. Tst. ..4/-	13/9	13/10½	3·60	2
100/6	79/-	32½ b	15 a	Marks & Spencer 'A' .5/-	85/1½	84/4½	2·81	1[illegible]
52/6	39/6	20 b	10 a	United Drapery 5/-	47/4½	45/9	3·28	1[illegible]
53/-	42/6	25 b	10⅚ a	Woolworth 5/-	46/-	44/10½	3·99	1[illegible]
				OIL				
45/6	30/6	†9·84c	†3⅓ a	British Petroleum £1	43/10½	44/9	7·18	2
44/6	30/6	†7 11/12 c	†2½ a	Burmah Oil £1	39/9	41/-	8·30	1[illegible]
£16⅜	£12 5/16	26¼ c	13 a	Royal Dutch ......20 fl.	£16 1/16	£16⅛	3·23	2[illegible]
40/6	27/-	†25 c	†11⅔ a	Shell Transport 5/-	39/9	39/10½	5·12	2[illegible]
32/9	20/6	...	...	Ultramar 10/-	25/3	25/9	...	...

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 12, 1962	Price, Dec. 19, 1962	Yield, Dec. 19, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
37/3	23/-	10 c	3¾ a	A.E.I. £1	36/6	37/-	5·41	1
12/6	7/6	15 c	2½ c	Brit. Electronic Inds. .5/-	10/6	11/0¾	11·30	...
69/6	51/9	9½ b	4 a	B.I.C.C. £1	67/10½	67/10½	3·98	2
17/-	11/6	4·6 a	7½ b	Crompton Parkinson .5/-	16/6	17/-	3·53	2½
89/6	63/-	7½ a	17½ b	Decca 10/-	84/-	84/-	2·98	2
45/6	32/3	5 a	12½ b	E.M.I. 10/-	41/3	41/-	4·27	1¾
54/6	39/-	14 c	6 a	Elliott-Automation ...5/-	48/10½	48/9	1·44	2
32/3	20/9	5 b	3 a	English Electric £1	32/-	31/6	5·08	1½
40/-	26/-	3 a	7 b	General Electric £1	39/9	39/6	5·06	¾
59/3	34/6	8⅛ b	4⅜ a	C. A. Parsons £1	57/3	57/-	4·39	2
57/3	38/6	6½ b	3¼ a	A. Reyrolle £1	56/3	55/6	3·51	2½
92/6	58/-	25 c	27½ c	Thorn Electrical 5/-	90/6	92/6	1·49	3½
				ENGINEERING				
36/3	20/3	9 c	4½ a	Babcock & Wilcox £1	36/-	36/-	5·00	1½
38/3	27/3	3·2 a	7 b	John Brown £1	34/3	34/3	5·96	2¼
6/4½	4/3	7 b	3 a	Cammell Laird 5/-	5/10½	6/1½	8·16	1
32/-	21/10½	20 b	10 a	Internat. Combust. ..5/-	30/6	32/-	4·69	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	3/8¼	3/6¾	...	...
38/4½	20/4½	9½ b	2½ a	Swan Hunter £1	23/6	26/-	7·69**	...
17/-	10/6	10 b	5 a	John Thompson 5/-	16/3	16/1½	4·65	1½
35/-	21/10½	†3¾ a	†5 b	Coventry Gauge 10/-	33/3	32/-	4·47	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	62/9	62/10½	4·67	2
60/6	33/9	10 b	5 a	Allied Ironfounders ...£1	59/6	55/6	5·41	1½
99/9	67/9	10 b	5 a	Averys £1	79/3	78/9	3·81	2
20/3	11/9	4 a	6 b	B.S.A. 10/-	11/10½	12/-	8·33	1¼
12/1½	8/6	4½ a	8½ b	George Cohen 5/-	11/9	12/-	5·42	1¾
33/-	15/9	10 a	17½ b	Davy-Ashmore 5/-	18/10½	18/6	...	2
81/10½	62/10½	11 b	5 a	Guest Keen £1	78/3	76/9	4·17	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	16/6	16/3	4·92	2½
85/6	67/-	7 b	5 a	Metal Box £1	75/3*	76/3*	3·15	2¼
18/-	13/4½	4 a	10 b	Ransome & Marles ...5/-	16/6	16/6	4·24	2½
48/-	34/-	7 b	3 a	Renold Chains £1	43/6	43/3	4·62	1¾
64/10½	43/1½	7 a	7 b	Tube Investments £1	54/9	51/10½	5·40	2
31/1½	22/10½	7½ b	2½ a	Vickers £1	24/-	25/-	8·00	1
71/6	52/6	3¾ a	10 b	Ward (Thos. W.) £1	55/-	53/6	5·14	2½
20/6	12/3	16 b	5 a	Woodall-Duckham ...5/-	15/9*	15/3*	6·89	1¾
				FOOD & TOBACCO				
28/9	19/9	10 c	10 c	Allied Suppliers 10/-	25/9	25/10½	3·86	2½
12/4½	8/4½	12½ b	10 a	Assoc. British Foods ..1/-	9/6	9/6	2·37	2¼
61/3	29/3	8 b	4 a	Bovril £1	42/9	43/9	5·49	1½
12/9	9/9	†2 1/12 a	†4⅙ b	Brooke Bond 'B' 5/-	10/7½	10/7½	4·80	3¼
16/4½	11/10½	10 b	2½ a	International Tea 5/-	14/10½	15/3	4·10	1¾
82/6	62/9	10⅚ b	5 a	J. Lyons 'A' £1	75/9	75/6	4·19	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	36/3	36/3	3·86	...
13/7½	10/10½	10 c	3 a	Spillers 5/-	12/4½	12/4½	4·04	2¼
50/9	43/3	12 c	11 a	Tate & Lyle £1	47/3*	47/3*	5·08	2¼
18/-	13/10½	9 b	5 a	Unigate 5/-	14/7½	15/-	4·67	2
65/3	52/-	†22½ c	†11⅔ a	Brit. Amer. Tobac. ..10/-	63/-	64/-	5·74	3
41/3	28/3	15 b	5 a	Gallaher 10/-	30/3	29/6	6·78	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	56/6	55/9	8·07	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	6 15/16	6 13/16	2·86	...
68/-	48/6	25 b	20 a	Commercial Union ..5/-	50/9	49/6	4·55	...
9	5⅜	...	...	Equity & Law Life ...5/-	7 1/16*	6 11/16*	1·63**	...
109/3	69/-	30 c	12½ a	General Accident 5/-	77/9	76/3	1·97	...
60/6	41/3	...	11⅔ a	Guardian 5/-	44/3	41/3	3·23**	...
48¾	32½	110 b	80 a	Legal & General 5/-	39⅛	37⅞	1·25	...
180/-	138/9	12½ b	9½ a	Northern & Empl. £1	161/3	153/9	2·86	...
13 11/16	10⅝	†70 b	†30 a	Pearl 5/-	12⅜	12⅛	3·37	...
29¾	21⅞	†208⅓ c	†231¼ c	Prudential 'A' 4/-	25⅛	24⅝	3·07	...
47/10½	34/6	...	15 a	Royal 5/-	35/9	34/6	4·34**	...
127/9	95/6	11¼ b	7½ a	Royal Exchange £1	99/9	97/3	3·86	...
				MOTORS & AIRCRAFT				
18/3	12/6	7½ a	12½ b	British Motor 5/-	14/1½	13/10½	7·21	½
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	68/-	66/4½	1·51	8
41/6	23/1½	8 c	2 a	Rolls-Royce £1	25/3	24/9	...	1¼
6/8¼	4/3	4 c	4 c	Rootes Motors 'A' ...4/-	5/5¼	5/4½	2·98	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	77/6	76/-	5·26	...
20/3	13/10½	13½ c	5 a	Bristol Aeroplane ..10/-	20/-	19/1½	7·06	2
29/1½	19/3	6 b	5 a	Hawker Siddeley £1	27/1½	24/10½	8·84	1¼
37/6	25/9	†4 a	†6½ b	Dowty Group 10/-	36/6	37/1½	4·62	2¼
39/-	25/3	15⅚ b	5 a	Dunlop Rubber 10/-	27/6	28/3	5·60	1¾
77/-	62/1½	2½ a	11¼ b	Joseph Lucas £1	72/4½	73/1½	3·76	2½
22/-	12/-	5 c	Nil a	Pressed Steel 5/-	14/6¾	14/-	1·79	...
39/-	31/1½	5 a	10 b	Triplex Holdings ...10/-	35/10½	35/7½	4·21	2
				MINES				
178/1½	136/3	50 b	40 a	Anglo-American 10/-	166/3	165/-	5·45	1¾
73/-	52/6	6¼ a	18¾ b	Consolid. Gold Fields £1	66/6	65/-	7·69	2
125/-	81/10½	15 a	20 b	General Mining £1	122/6	122/6	5·71	2
71/-	46/6	†100 c	30 a	Union Corporation ..2/6	65/3	65/6	6·23	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	19/10½	19/10½	20·13	1¼
134/4½	81/10½	70 a	110 b	Free State Geduld ...5/-	126/3	122/6	7·35	1½
74/3	50/6	60 a	70 b	President Brand 5/-	72/6	72/-	9·02	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	81/10½	77/6	8·26	1¾
45/6	34/-	...	...	Western Deep 'A' £1	43/9	45/-	2·22	...
161/3	117/6	105 a	135 b	Western Holdings ...5/-	147/6	143/9	8·35	1¼
20/4½	15/3	5 a	6 b	Winkelhaak 10/-	17/4½	17/7½	6·24	3
56/9	42/6	36⅔ b	13⅓ a	Chartered 15/-	49/3	48/-	15·63	1½
59/3	47/-	30 a	60 b	Rhod. Anglo-Amer. 10/-	55/6	54/3	14·75h	1¼
37/4½	24/-	6 a	15 b	Rhod. Selection Tst. ...£1	33/-	32/3	13·02h	1
21/9	14/1½	Nil a	7½ b	Tanganyika Cons. ...10/-	14/6	14/3	5·26	...
191/3	135/-	180 b	100 a	De Beers Defd. Reg. 5/-	185/-	182/6	7·67	1¾
$131½	$98½	$1·60c	$1·90c	Internat. Nickel ....n.p.v.	$117	$116½	2·91	...
18/9	13/1½	30 b	7½ a	London Tin 4/-	15/4½	15/4½	9·76	1¼
20/1½	14/9	...	5 a	R.T.Z. 10/-	19/-	18/6	8·11**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	22/9	23/-	14·13	1
				PAPER & NEWSPAPERS				
14/6	10/4½	10 b	6 a	Daily Mirror 5/-	14/4½	14/6	6·21**	1½
83/-	62/6	9 b	4 a	W. H. Smith & Son 'A' .£1	73/6	74/6	3·49	2
24/9	13/9	14 b	10 a	Thomson Org'n. 5/-	18/3	18/6	6·49	1½
47/3	31/6	8¾ b	5 a	Bowater Paper £1	34/6	34/-	8·09	1
52/6	35/-	11 b	5 a	Albert E. Reed £1	51/3	51/9	6·18	1½
43/9	33/6	8½ b	4 a	Spicers £1	40/-	39/6	6·33	1½
60/-	44/-	10 b	4 a	Wiggins Teape £1	59/-	58/6	4·79	1¾

Prices, 1962 High	Prices, 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 12, 1962	Price, Dec. 19, 1962	Yield, Dec. 19, 1962	Cover
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	20/9	21/-	7·14	2¾
33/3	18/-	40 b	20 a	Assoc. Television 'A' 5/-	21/9	23/3	12·90	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	37/10½	37/7½	3·99	1¾
39/4½	29/10½	10 c	3¾ a	British Match £1	35/-	38/-	5·26	2¼
16/3	11/-	6⅔ b	4 a	British Oxygen 5/-	13/1½	12/9	4·18	1¾
9/10½	7/2¼	7 b	3 a	British Ropes 5/-	8/2¼	7/11¼	6·30	1½
45/-	30/1½	...	5 a	De La Rue 10/-	44/-	43/3	3·18**	2
42/-	27/1½	15 c	7½ a	Gestetner 'A' 5/-	40/-	39/-	1·92	3¾
46/2¼	33/2¼	6 a	6⅔ b	Glaxo 10/-	45/2¼‖	43/6‖	2·91	2¾
49/-	42/6	3 a	13 b	Harrison & Cr. Defd. £1	43/9	43/1½	7·42	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	35/6	35/-	3·57	1¾
95/-	62/6	9·04 b	7·04 a	Hudson's Bay £1	76/3	73/9	4·36	2½
23/3	14/1½	12½ b	5 a	Ilford 5/-	14/10½	14/1½	6·19	1¼
122/6	82/-	4⅙ a	7 1/12 b	I.C.T. £1	83/6	82/-	2·74	2½
47/11¼	36/9¾	12½ c	11·4 c	National Canning £1	46/6	46/-	4·96	1½
41/3	32/6	12 b	6 a	Powell Duffryn 10/-	36/6	37/-	4·86	1¾
40/6	32/3	5 a	17½ b	Radio Rentals 5/-	39/3	38/9	2·90	2¾
37/-	24/6	7½ a	17½ b	Rank Organisation ...5/-	34/-	35/-	3·57	2
38/-	24/-	16½ b	7½ a	Schweppes 5/-	27/9	27/9	4·32	1½
35/3	25/-	25 c	25 c	Sears 'A' 5/-	26/6¾	25/9¾	4·84	2
32/1½	23/-	11 b	5 a	Steetley 5/-	28/1½	28/1½	2·84	3
29/10½	21/9	11½ b	8½ a	Thomas Tilling 4/-	25/6	24/6	3·27	2
64/-	44/-	8 b	4 a	Turner & Newall £1	53/-	52/6	4·57	2
47/3	30/10½	15·32b	9·5 a	Unilever 5/-	36/6	38/3	3·24	3
11⅝	7 3/16	13 b	8 a	Unilever N.V. ......12 fl.	8 11/16*	8 11/16*	2·88	3
18/9	12/10½	10 b	5 a	United Glass 5/-	13/9	13/6	5·56	...
33/3	21/7½	†10⅚ b	†4⅙ a	United Molasses 10/-	28/6	29/3	8·37	1
				SHIPPING				
32/3	22/9	13½ b	6½ a	Brit. & Com'wealth. 10/-	32/3	32/3	6·20	1
18/3	15/3	6 c	Nil c	Cunard £1	15/9	15/7½	...	...
26/-	16/9	7 c	7 c	France Fenwick £1	24/9	24/3	5·77	1¼
31/6	20/-	10 c	8 c	Furness Withy £1	24/6	24/6	6·53	...
9/7½	4/4½	...	...	London & Overseas ..5/-	5/1½	5/3	...	...
31/-	17/6	3 b	3 a	P & O Defd. £1	28/6	28/3	7·08**	...
12/1½	7/-	2½ c	Nil a	Reardon Smith 10/-	8/-	7/10½	3·17	...
12/9	7/6	5 c	Nil c	Royal Mail £1	9/3	9/3	...	...
				STEEL				
48/4½	24/-	5 a	8 b	Colvilles £1	27/-	25/6	10·20	2½
27/3	15/3	2½ a	6 b	Dorman Long £1	17/9	18/6	9·19	2¼
34/-	21/10½	3½ a	7½ b	Lancashire Steel £1	31/3	28/7½	7·69	3
21/4½	9/11¼	10 c	Nil e	South Durham £1	11/6	11/1½	...	...
31/3	22/3	3¾ a	6¼ b	Steel Co. of Wales £1	26/3	25/-	8·00	2
36/10½	24/3	5 a	10 b	Stewarts & Lloyds £1	36/1½	34/4½	8·73	2
34/7½	26/4½	4 a	7½ b	John Summers £1	31/9	30/6	7·54	2
42/4½	25/3	4 a	6 b	United Steel £1	29/7½*	27/3*	7·34	1½
54/-	23/9	4 a	6 b	Whitehead £1	45/3	52/6	3·81	2
				TEXTILES				
32/-	25/4½	10 b	5 a	English Sewing Cotton £1	29/10½	28/7½	8·73**	1
26/4½	18/4½	5 a	7½ b	Fine Spinners £1	22/1½	21/7½	11·56	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	38/10½	38/10½	...	1¼
55/1½	37/10½	12½ c	5 5/12 a	Courtaulds £1	54/6	53/9	4·65**	1½
6/10½	5/4½	4 a	9⅓ b	Illingworth Morris ...4/-	6/-	6/-	8·89	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	80/1½	79/4½	5·29	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	22/6	21/9	9·20	1¼
20/10½	14/4½	6 c	6 c	Bradford Dyers £1	15/10½	15/1½	7·93	1
13/3	8/1½	7½ a	12½ b	Calico Printers 5/-	9/6	9/4½	10·67	1¾
48/6	37/4½	8¾ b	3¾ a	Coats, Patons & B. £1	40/-	39/6	6·33	1¾
10/9	8/-	1½ a	6 b	Jute Industries 10/-	9/4½	9/3	8·13	2¼
27/1½	17/1½	10 c	7½ c	Tootal £1	19/4½	20/7½	7·27	½
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	12½ c	5½ a	Alliance Trust 5/-	22/3	21/9	2·87	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	47/9	46/9	5·35	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	16/3	16/3	3·08	1½
71/9	52/3	10 a	12½ b	City Centre Props. ...5/-	55/6	52/3	2·87**	1
89/-	69/9	8½ b	4 a	City Lond. Real Prop. £1	78/9	76/6	3·27	1
38/6	22/6	4 b	2 a	Land Securities 10/-	28/-*	26/6*	2·36	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	31/-	30/9	4·33	1
				TEA & RUBBER				
46/6	28/-	†2½ a	†12½ b	Cons. Tea & Lands £1	32/-	32/6	15·07	2
37/6	14/-	†3 a	†10 b	Jokai (Assam) £1	24/3	24/9	17·16	2
9/6	7/6	...	7½ c	Nuwara Eliya £1	8/9	8/9	17·14	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/0¾	5/3	15·87	1½
5/5¼	4/5¼	32½ b	7½ a	London Asiatic 2/-	5/0¾*	5/1½*	15·61	2
76/9	61/10½	10 a	35 b	United Sua Betong £1	62/10½	65/7½	13·71	1½

NEW YORK PRICES AND INDICES

	Dec. 12 $	Dec. 19 $		Dec. 12 $	Dec. 19 $		Dec. 12 $	Dec. 19 $
Atch. Topeka	24⅝	24½	Boeing	38⅝	36⅞	Int. Harvester	48¼	48
Can. Pacific	23	23	Celanese	36⅞	37⅜	Inter. Nickel	61½	61⅝
Pennsylvania	13⅜	13¼	Chrysler	71⅛	74⅜	Inter. Paper	28¼	26¾
Union Pacific	33	33⅛	Col. Palmolive	44⅜*	43¾	Kennecott	66½	65½
Amer. Electric	33½	32⅞	Crown Zeller.	47	45⅜	Monsanto	49⅞	49⅞
Am. Tel. & Tel.	116⅞	116⅞	Distillers Seag.	43⅜	43½	Nat. Distillers	24⅛	23¾
Cons. Edison	81¼	82⅛	Douglas	30⅜	27¼	Pan-American	21⅞	22⅞
Int. Tel. & Tel.	43⅜	42½	Dow Chemical	58	56¼	Procter Gamble	73⅜	77¼
South'n. Nat. Gas	44⅛	43	Du Pont	232¾	237⅜	Radio Corpn.	57¼*	57⅛
United Corpn.	8⅛	8⅛	East. Kodak	109¼	108½	Sears Roebuck	75¾	76¾
Western Union	27⅛	25¾	Ford Motor	45½	46	Shell Oil	36⅜	35⅞
Alcoa	53¾	53	Gen. Electric	77	76	Socony-Mobil	57½	58
Aluminium	20⅜	20¾	General Foods	74⅝	76	Stand. Oil Ind.	48	47¾
Amer. Can	45⅛	44⅝	General Motors	56⅜	59⅛	Stand. Oil N.J.	58	58¼
Am. Smelting	54¼	54½	Goodyear	32¾	33½	Union Carbide	102½	101½
Am. Viscose	59¾	60⅜	Gulf Oil	39⅜	39⅞	U.S. Steel	45⅜	44
Anaconda	41⅛	40⅝	Heinz	51	45	West. Electric	32	32⅜
Beth. Steel	29¾	29¼	Int. Bus. Mach.	393¾	392⅛	Woolworth	64⅞	64¾

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Nov 21	63·68	3·43	31·26	5·29	58·52	3·51	89·96	3·89
" 28	65·13	3·38	31·82	5·20	59·20	3·48	90·06	3·88
Dec. 5	65·95	3·34	32·67	5·06	59·70	3·46	89·96	3·89
" 12	65·60	3·36	31·78	5·21	60·30	3·42	90·06	3·88
" 19	65·52	3·36	32·10	5·15	60·26	3·43	90·28	3·86

425 Industrials:—High, 75·22 (Jan. 3) Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

	Dec. 12	Dec. 19		Dec. 12	Dec. 19		Dec. 12	Dec. 19
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,135	1,118	A.E.G.	426	412	A.K.U.	408¾	39[illegible]
Banque de Paris	546	538	Bad'che. Anilin	439	429½	Bijenkorf	987½	952
Citroen	197	191	Bayer	478	460	Heinekens	483½	467
C. F. Petrole	324	312	Commerzbank	428	410	Interunie (Fl.50)	Fl.186	Fl.18[illegible]
Cie. G. d'Elect.	849	810	Deutsche Bank	487	471	K. N. Hoogoven	566¾	541
Machines Bull	435·1	422	Hoechst Farb.	433½	426	Kon. Zout-Ket.	745	72[illegible]
Pechiney	217·1	211·7	Kundenkredit	392	388½	Philips (Fl.25)	Fl.142.7*	Fl.13[illegible]
Printemps	620	630	Lowenbrau	976	930	Robeco (Fl.50)	Fl.207	Fl.20[illegible]
Rhone-Poulenc	417	401	Mannesmann	209¾	205	Rotterdam Bk.	375	38[illegible]
S.I.M.	375	372	Siemens	566¾	552	Thomassen & D.	674	69[illegible]
Saint-Gobain	318	311	Thyssen-Huette	186	182	Valeurop	Fl. 72·4	Fl. 7[illegible]
Usinor	182	172	Volkswagen	525½	495	Zwanenberg	876	87[illegible]
Index (Dec. 31, 1961=100)	97·7	96·0	Herstatt Index (Dec. 31, 1959=100)	91·54	88·81	Index (1953=100)	322·4	31[illegible]
CANADA	$	$	**AUSTRALIA**	£A	£A	**JAPAN**	Yen	Yen
Abitibi Pr. & P.	40⅜	40	Ampol Pet.	10/11*	11/-	Ajinomoto	337	33[illegible]
Aluminium	21⅞	22⅜	Ass. Pulp & P.	32/9	34/-	Fuji Iron	42	4[illegible]
Bel Tel.	51⅞*	52¼	Aust. Con. Inds.	66/-	67/-	Hitachi	86	8[illegible]
Can. Brewer's	10⅜	10⅜	Aust. Oil & Gas	58/-	55/9	Honda Motor	328	30[illegible]
Can. Imp. Bank	62½	63⅝	Brit. Tobacco	28/3	27/9*	Kirin Brewery	317	31[illegible]
Can. Pac. Rly.	24¾	24⅞	Broken Hill Pty.	50/6	50/6	Mitsub. Chem.	76	8[illegible]
Hiram Walker	56	55⅛	G. J. Coles	13/-	13/1	Mitsub. Elect.	73	7[illegible]
Imperial Oil	42¾	43	Felt & Textiles	8/7	8/8	Mitsub. Heavy	74	7[illegible]
Noranda Mines	30¾	31½	I.C.I. A.N.Z.	45/3	45/-	Nippon Elect.	305	30[illegible]
Shawinigan Wtr	24½	24¼	Myer Emporium	32/-	32/9	Sony	705	68[illegible]
Steel of Canada	17¾	18⅜	Ready Mix Con.	11/-	10/10	Toyo Rayon	161	15[illegible]
Trans Can Pipe	21⅝	21½	Woolworth	13/9	14/1	Yawata Iron	46	4[illegible]
Toronto Ind. Index (1933=100)	565·15	567·88	Sydney Indust. Index (1937/39=100)	294·07	295·33	Dow Jones Average	1419·76	143[illegible]

UNIT TRUST PRICES

	December 19		Yield		December 19		Yield
Allied Investors:				**P. Hill, Higginson; Erlangers:**			
Elect. & Ind. D.	10/8½	11/5½	5·56	Brit. Shareholdrs.	13/1	14/-*	4·15
Metals & Mins.	15/2	16/1	6·72	B S International	10/2½	10/10½	4·44
British Life Office:				**Save & Pros. Gp.:**			
British Life Units	4/11½	5/2½	3·92	Bank Insurance	7/4	7/10	2·93
Commonwealth Unit Trust Fund:				Bank Units	10/4½	11/1	3·58
A E & G Un. Tst.	15/5½	16/5½	3·16	Consol'd. BITS	14/2½	15/1½*	2·94
Commonwealth	10/5½	11/4	5·33	Capital Units	7/1½	7/7*	3·28
Orthodox Unit	14/2	15/2	4·74	Income Units	5/2	5/6½	5·29
Municipal & Gen.:				Insurance Units	16/4	17/5	2·30
Second M & G	9/3½	9/9¾*	4·81	Investment Trust	7/5	7/11	2·97
M & G Gen. Tst.	12/0¼	12/8¼	4·73	Scotbits	5/0½	5/4½	2·66
Mid. Ind. & Gen.	9/7¾	10/2¼	4·32	Scotshares	4/8	5/-*	4·62
National Group:				**Dillon Walker:**			
Nat. B.I.F.S.	6/11½	7/4¾	3·79	Community Un.	2/11½	3/1½	5·17
Domestic Unit Fd.	4/6¼	4/10	4·39	Falcon Trust	4/9½	5/0½	5·11
Shield Unit Fund	4/5¾	4/9½	4·09	Intrust Fund	20/4	21/4	4·52
				Unicorn Trust	6/8	7/-	3·82

* Ex dividend. † Tax free. ‡ Assumed average life 7¼ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex al[illegible] (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest dat[illegible] (m) Assented into Treasury 4% 1965. Japanese prices supplied by Daiwa Securities, Tokyo.

Yields based on assumed dividends:—Charrington United, 12%. City Centre Props., 30%. Courtaulds, 13%. Daily Mirror, 18%. De La Rue, 13¾%. English Sewing Cotton, 12½%. Equity & Law Life, †26⅔%. Guardian, 26⅔%. Martins Bank, 13%. P & O Defd., 10%. R.T.Z., 15%. Royal Insurance, 30%. Swan Hunter, 10%.

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dividend has been left unchanged at 10¾ per cent but, following a further increase in investment allowances, earnings still cover the dividend just over twice. Without these allowances the cover falls to 1½ times. As in 1960-61 the net cash flow is about £8 million; but this does not appear to cover the group's capital requirements completely. At 12s. 9d. the 5s. shares yield 4¼ per cent; they stood at over 28s. in 1961. While any dramatic recovery in profits can be ruled out, the revised agreement with the Board of Trade on pricing and contracts and the possibility of at least some improvement in demand from the home market hold out the hope of a modest recovery, provided the overseas companies, which are mainly in the Commonwealth, maintain their encouraging progress.

Teacher (Distillers)

IN 1960-61 Teacher (Distillers) added 50 per cent to the sales of its "Highland Cream" and 24 per cent to its trading profits. For the year to September 30, 1962, profits fell by 12½ per cent from £739,000 to £647,000. Such a sharp reversal of fortunes came as a complete surprise to the market where a higher dividend had been expected. The 10s. shares, standing just below the year's peak, have fallen from 60s. 9d. to 52s. 6d., to yield 2.7 per cent on the maintained dividend of 14 per cent, the cover for which has shrunk from 2.7 to 2.2 times. Costs have been rising throughout the distilling industry; a full year of the 10 per cent surcharge has now been experienced (only two months of the previous year were affected); and the interim statement from Distillers has made it clear that the going has become tougher in both home and overseas markets. But the biggest problem for Teacher in recent years has been to keep pace with the growth in demand for its products, and it cannot be market conditions alone that account for the setback. In March it brought into operation a newly built distillery; this immediately adds to costs but cannot produce much revenue until the whisky matures and Teacher may therefore have had the expense of distilling and stocking more whisky at a time when competition may have held its sales in check.

Hallmark Wait

APART from its industrial banking subsidiary the two major interests of Hallmark Securities are housebuilding and property investment and development. In the past most of its profits have come from the sale of houses in London and the South, but its long-term prospects are largely tied up with its property development link with Sun Life Assurance. If there was any danger that Hallmark might fall between two stools in trying to build up both sides of the business, such fears should be removed by Hallmark's bid for A. J. Wait, the estate developers, house builders and builders' merchants. The offer is equivalent to four Hallmark 1s. shares for every 25 1s. shares in A. J. Wait and values Wait at 3s. 3d. against a pre-bid price of 2s. 9d. If they accept the offer in full Wait's shareholders will hold just over one-quarter of Hallmark's enlarged capital; this is closely in line with Wait's contribution to profits.

The merger aims at consolidating the housebuilding interests of both groups under Mr A. J. Wait, leaving Hallmark to concentrate on office, shop and other developments. On Hallmark's capital after the one-for-one scrip issue an effectively maintained dividend of 33¾ per cent was forecast in October, but with the shares yielding only 3.3 per cent at the current price of 20s. the market will be disappointed if this forecast is not surpassed. This is important for Wait shareholders as at the moment they stand to receive a slightly lower income on an exchange into Hallmark shares.

Peachey Property

THE accounts of Peachey Property for the year to June 24 reflect the benefits which accrued from the rise in residential property values during this period. Property at book values has risen by 12 per cent but rental income has increased by 8½ per cent from £1,889,000 to £2,048,000 and dealing and other income from £357,000 to £605,000. In all, pre-tax profits have risen from £1,015,000 to £1,264,000 and the ordinary dividend has been raised from the equivalent of 12 to 18 per cent.

The chairman, Mr G. F. Farrow, says that the group has entered the field of commercial property, with the objective of achieving parity with residential holdings within a few years; although purchases so far amount to some £350,000, "considerable time has been spent in investigation, organisation and finance" and presumably further acquisitions will soon be made. The group is also a member of one of the consortium working with British Railways on railway site development. According to Mr Farrow, there is still plenty of scope for adding to rental income as properties become de-controlled and this, together with the continuing (if less spectacular) rise in values and the slightly belated entry into the commercial property field, should assure good prospects for the group, which now relies on rents for the bulk of its income. The market, however, is still wary of property investment shares as is shown by the yield of 5.3 per cent at the current price of 16s. 10d.

Smith's Potato Crisps

WITH the maintained 55 per cent dividend for 1961-62 covered only 1¼ times and potato prices touching peak levels in the summer the ordinary dividend of Smith's Potato Crisps looked in jeopardy when its accounts were published in July. This is now confirmed, for while the directors are keeping the interim dividend at 15 per cent they warn shareholders that some cut may be necessary in the final dividend for the year to March 31st next. High potato prices at the peak period of potato crisp sales caused a "severe reduction" in profits in the first half of the year. Trading is now back to a "satisfactory level" and, despite greater competition, sales so far are well up on the figures for the previous year. But on balance it seems likely that profits will show some further fall for the year as a whole. The 5s. shares fell by 2s. 3d. to 46s. after this statement; earlier this year they stood at 68s. In the short term there seems little prospect that they will go much above the present level unless there is a bid—rumours of one in the offing have caused flurries in the shares in the past few months.

Montague Burton

WHEN its customers have less money to spend, Montague Burton's policy, according to the chairman, Mr Lionel Jacobson, is to try to maintain turnover and goodwill at the expense of profit margin and current earnings "in anticipation of the long-term upswing of the economic pendulum." Certainly this rationalises what happened to the group in the year to end-August when turnover was maintained but pre-tax profits fell from £4,281,000 to £3,395,000. Holding its selling prices down the group had to contend with many difficulties including the rise in purchase tax (affecting five months of the year) and an increase in retail expenses, notably wages. The return on assets employed in the group is now of the order of 6½ per cent, based on book values which take account of the 1961 property revaluation. Consumer spending on non-durables, although it might have been initially stimulated by the imposition of credit and hire-purchase controls and restrictions on durable consumer goods, has clearly been hit by the economic and psychological effects of the recession. When they have worn off, Montague Burton's profits should improve; but by how much? The market takes an optimistic view, for at 21s. on the ordinary and 17s. 7d. on the "A" non-voting ordinary, the shares yield 3.3 and 4.0 per cent respectively.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
Nov. 14	345·4	4·98		
,, 21	348·7	4·95		
,, 28	354·9	4·86		
Dec. 5	348·1	4·96	364·1 (Jan. 17)	310·3 (June 27)
,, 12	348·9	4·94		
Dec. 19	345·6	5·01		

FT-ACTUARIES INDICES (April 10, 1962=100)				FINANCIAL TIMES (1935=100)	
1962	500 Shares	Yield %	2½% Consols Yield	Ord. Index	Bargains Marked
Dec. 13	98·38	4·63	5·56	288·9	11,671
,, 14	98·12	4·64	5·61	287·8	10,659
,, 17	97·91	4·65	5·64	285·1	13,228
,, 18	97·69	4·66	5·65	284·7	9,933
,, 19	97·27	4·68	5·65	283·1	8,991
High, 101·34 (April 27). Low, 84·86 (June 25).				High, 310·2 (January 19). Low, 252·8 (June 25).	

Money and Exchanges

EXCHEQUER RETURNS

For the week ended December 15, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £56,516,000 compared with a deficit of £2,539,000 in the previous week and a deficit of £62,872,000 in the corresponding period of last year. There was a net expenditure "below-line" of £17,918,000 leaving a total cumulative deficit to date of £751,386,000 compared with £885,995,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to Dec. 16, 1961	April 1, 1962, to Dec. 15, 1962	Week ended Dec. 16, 1961	Week ended Dec. 15, 1962
Ordinary Revenue					
Income Tax	2,790,000	1,060,206	1,154,057	25,475	23,504
Surtax	188,000	59,900	65,000	2,500	2,500
Death Duties	264,500	181,500	181,700	4,700	5,500
Stamps	95,000	68,300	67,000	1,700	2,000
Profits tax, EPT and EPL	374,000	256,100	296,300	6,800	11,000
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,626,006	1,764,057	41,175	44,504
Customs	1,653,000	1,173,581	1,196,861	33,807	34,839
Excise	1,077,000	716,805	759,315	8,715	8,740
Total Customs and Excise	2,730,000	1,890,386	1,956,176	42,522	43,579
Motor Duties	150,000	51,310	73,793	3,712	5,556
Broadcast Lic's.	41,000	23,800	25,400	...	...
Miscellaneous	165,000	188,129	121,641	800	66
Total	6,797,500	3,779,631	3,941,067	88,209	93,705
Ordinary Expenditure					
Debt Interest	600,000	520,882	425,167	44,888	44,582
Payments to N. Ireland Exch.	100,000	59,576	64,092	...	...
PO Fund — Initial settlement	...	7,282	...	...	...
Other Consolidated Funds	12,000	4,991	6,134	23	599
Supply Services	5,611,650	3,613,863	3,848,703	105,600	104,200
Total	6,323,650	4,206,594	4,344,096	150,511	149,381
Sinking Funds	41,000	26,784	27,029	570	840
"Above-line" Surplus or Deficit		453,747	430,058	62,872	56,516
"Below-line" Net Expenditure*		430,248	321,328	7,845	17,918
Total Surplus or Deficit		883,995	751,386	70,717	74,434
Net receipts from:					
Tax Reserve Certificates		188,800	116,150	570	− 2,345
Savings Certificates		− 18,400	7,300	700	1,800
Defence Bonds		19,899	22,612	485	1,250
Premium Savings Bonds		29,100	25,900	500	500
Total		219,399	171,962	2,255	1,205

* Net repayments to the Civil Contingencies Fund nil in 1962-63 compared with net repayments of £5 million in 1961-62.

FLOATING DEBT
(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961 Dec. 16	3,370·0	2,148·9	235·2	0·8	5,754·9
1962 Sept. 15	2,990·0	1,683·6	226·2	...	4,899·8
,, 22	2,980·0	1,699·2	220·2	...	4,899·4
,, 29	3,000·0	1,745·9	215·6	...	4,961·5
Oct. 6	3,020·0	1,572·9	220·5	...	4,813·5
,, 13	3,010·0	1,598·3	215·2	...	4,823·6
,, 20	3,020·0	1,595·6	204·1	...	4,819·7
,, 27	3,040·0	1,637·6	201·0	...	4,878·5
Nov. 3	3,060·0	1,620·7	205·3	...	4,866·1
,, 10	3,080·0	1,547·5	205·4	...	4,832·9
,, 17	3,110·0	1,519·7	233·8	1·8	4,865·3
,, 24	3,140·0	1,500·1	194·2	4·8	4,839·0
Dec. 1	3,170·0	1,510·8	242·5	...	4,923·3
,, 8	3,200·0	1,497·4	243·2	...	4,940·6
,, 15	3,230·0	1,549·9	244·0	...	5,023·9

THE MONEY MARKET

THE discount market did well at the Treasury bill tender on Friday of last week. It left its bid for the 91-day bills unchanged at £99 1s. 11d., but with a big drop in total applications of £62 million to £330 million the market received a quota of 56 per cent compared to the previous week's 44 per cent. The average rate of discount rose by a bare 0.01d. to 7s. 4.31d. per cent. The market received 70 per cent of its application for the £40 million 63-day bills on offer.

This check on the falling bill rate has pacified the authorities and the market has not been forced to borrow from the Bank of England this week. Indeed credit has been generally easy, and on four days the authorities sold bills to absorb the surplus.

In the local authority loan market the year-end pressures are already at work. The seven-day rate this week rose by ½ per cent to 4⅝ per cent. Year-end influences have also been strong on the Continent. In Paris one month Euro-sterling deposits rose as high as 5-5¼ per cent this week, while the window dressing activities of the German banks, which seem to have ignored Herr Blessing's request, have made spot marks dearer and at the same time pushed forward marks to a discount.

MONEY RATES

LONDON

	%		%
Bank rate (from 5% 26/4/62)	4½	Market discount rates (3 months:)	
Deposit rates (7 days' notice):		Treasury bills	3 1/16
Banks	2½	Bank bills	3 13/16–3 15/16
Discount houses	2½–2⅝	Fine trade bills	5½–6½
Local Authorities	4⅝	**Euro-dollar deposits:**	
Call money:		7 days' notice	3⅛–3⅝
Clearing banks' minimum	2⅞	3 months'	3⅞–4⅜
Day-to-day	2⅞–3¾	**Forward cover** (3 months): Annual interest cost, US dollar	5⅛

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** December 10	2·807
		,, 17	2·861

BANK OF ENGLAND RETURNS

(£ million)	Dec. 20, 1961	Dec. 12, 1962	Dec. 19, 1962
*Issue Department**:			
Notes in circulation	2,457·2	2,426·9	2,452·8
Notes in banking dept.	18·1	48·4	22·5
Govt. debt and securities*	2,473·9	2,474·0	2,474·0
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	14·7	11·5	22·5
Special deposits	233·5	39·8	...
Bankers	234·2	226·2	240·0
Others	71·0	71·7	71·3
Total	553·4	349·2	333·8
Securities:			
Government	499·5	224·8	275·1
Discounts and advances	33·7	73·2	33·1
Other	19·3	20·0	20·3
Total	552·5	317·9	328·5
Banking department reserve	19·0	49·3	23·4
"Proportion"	% 3·4	% 14·1	% 7·0

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,475 million on December 12th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered: 91 day	Offered: 63 day	Applied for	91 Day Average Rate of Allotment	91 Day Allotted at Max. Rate †
				s. d.	%
1961 Dec. 15	210·0	50·0	371·6	106 4·83	37
1962 Sept. 14	230·0		388·0	73 11·97	44
,, 21	250·0		406·1	74 0·01	40
,, 28	250·0		407·5	72 8·42	51
Oct. 5	250·0†		415·2	72 4·13	37
,, 12	230·0		386·8	72 3·07	38
,, 19	240·0		396·9	74 8·22	38
,, 26	240·0		381·8	77 2·03	46
	91 day	63 day			
Nov. 2	200·0	60·0	443·8	76 11·48	32
,, 9	200·0	60·0	447·7	75 11·75	31
,, 16	200·0	60·0	410·0	75 11·09	41
,, 23	210·0	50·0	424·4	74 9·03	60
,, 30	210·0	50·0	420·2	73 9·47	39
Dec. 7	210·0	60·0	466·4	72 4·30	44
,, 14	210·0	40·0	383·9	72 4·31	56

* On December 14th tenders for 91 day bills at £99 1s. 11d. secured 56 per cent, higher tenders being allotted in full. The offer for this week was for £210 million 91 day bills and £30 million 63 day bills. † Allotment cut by £30 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: December 19	Market Rates: Spot: December 13	December 14	December 15	December 17	December 18	December 19
United States $	2·78–2·82*	2·80 5/16–7/16	2·80 5/16–7/16	2·80 5/16–7/16	2·80 3/8–1/2	2·80 5/16–7/16	2·80 5/16–7/16
Canadian $	...	3·01 11/16–13/16	3·01 9/16–11/16	3·01 9/16–11/16	3·01 1/2–5/8	3·01 9/16–11/16	3·01 9/16–11/16
French Fr.	13·622–14·027	13·73 1/2–3/4	13·74–74 1/8	13·74–74 1/8	13·74 1/8–3/8	13·73 3/4–74 1/8	13·73 7/8–74 1/8
Swiss Fr.	11·94–12·54 7/8	12·09 5/8–7/8	12·09 5/8–7/8	12·09 3/4–10	12·09 5/8–10 1/8	12·09 5/8–7/8	12·09 5/8–7/8
Belgian Fr.	139·96–142·05	139·42 1/2–47 1/2	139·47 1/2–52 1/2	139·47 1/2–52 1/2	139·52 1/2–57 1/2	139·52 1/2–57 1/2	139·50–55
Dutch Gld.	9·98 3/4–10·28 1/2	10·09 1/8–3/8	10·09–09 1/4	10·09–09 1/4	10·08 1/2–3/4	10·08–08 1/4	10·08 1/4–1/2
W. Ger. D-Mk.	11 037–11 365	11·20 3/4–21	11·20 1/8–3/8	11·20–20 1/4	11·19–19 1/4	11·18 1/2–3/4	11·18 7/8–19 1/8
Portug. Esc.	1725–1775	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	14·27 1/2–14·70	17403/4–41 1/4	17401/4–3/4	17401/4–3/4	17397/8–403/8	17397/8–403/8	17393/4–401/4
Swedish Kr.	19·06 1/2–19·62	14·54 1/4–1/2	14·55 1/8–3/8	14·55 1/8–3/8	14·55 3/8–56 1/8	14·56 1/4–1/2	14·55–55 1/4
Danish Kr.	19·71–20·30 1/2	19·33 1/2–3/4	19·33 1/4–34	19·33 3/4–34	19·33 3/4–34	19·32 1/4–1/2	19·32 1/4–1/2
Norwegian Kr.		20·02 1/4–1/2	20·02 1/4–1/2	20·02 1/8–3/8	20·02 1/8–3/8	20·02 1/4–1/2	20·02 3/8–5/8
	* Official Limits	**One Month Forward Rates**					
United States $		3/16–1/4c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm
Canadian $		Par–1/8c. dis	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par	1/8c. pm–par
French Fr.		1/8–5/8c. pm	1/2–1c. pm	1/2–1c. pm	1/4–1 1/4c. pm	1/4–1 1/4c. pm	1/2–1c. pm
Swiss Fr.		1/2c. pm–par	1/2c. pm–par	1/2c. pm–par	3/4–1 1/4c. pm	3/4–1 1/4c. pm	7/8–1 3/8c. pm
Belgian Fr.		15–10c. pm	17–12c. pm	17–12c. pm	20–15c. pm	20–15c. pm	19–13c. pm
Dutch Gld.		3/4–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm	1/2c. pm–par	1/4c. pm–1/4c. dis	Par–1/2c. dis
W. German D-Mk.		Par–1/2pf. dis	1/4–3/4pf. dis	1/4–3/4pf. dis	1/4–1 3/4pf. dis	2 3/4–3 1/4pf. pm	1 1/2–2pf. dis
		Three Months Forward Rates					
United States $		3/8–1/4c. pm	7/16–5/16c. pm	7/16–5/16c. pm	7/16–5/16c. pm	7/16–5/16c. pm	7/16–5/16c. pm
Canadian $		Par–1/8c. dis	1/16c.pm–1/16c.dis	1/16c.pm–1/16c.dis	Par–1/8c. dis	Par–1/8c. dis	1/16c. pm–1/16c. dis
Swiss Fr.		2 1/8–1 5/8c. pm	2 1/4–2c. pm	2 1/2–2c. pm	2 3/8–1 7/8c. pm	2 3/8–2 1/8c. pm	2 5/8–2 1/8c. pm
W. German D-Mk.		1 1/4–3/4pf. pm	1–1/2pf. pm	1–1/2pf. pm	1/4–3/4pf. dis	1 1/2–2pf. dis	1 1/2–1pf. dis
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/2 1/4	250/2 1/4	...	250/2 1/4	250/2 1/4	250/2 2/4
,, ($,, ,, ,,)		35·08	35·07	...	35·07 1/2	35·07 1/2	35·08 1/2

Western Europe

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

BRITISH

Prices and Wages..... Dec. 8th
Manpower and Output.... Dec. 15th
External Trade ..... Dec. 1st
Industrial Profits ..... Oct. 13th

OVERSEAS

Western Europe..... This week
United States..... Nov. 17th

	Austria	Belgium	Denmark	France	Germany, West	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION (1) (1958 = 100)													
1956	93	106	90	88	92	84	99	90	98	95	96	...	100
1960	117	111	112	116	119	111	118	128	124	117	112	...	112
1961	121	116	...	122	126	117	128	140	126	125	116	...	114
1962, April	125	124	...	130	134	114	...	148	130	123	118	...	114
„ May	127	125	...	131	135	117	141[9]	161	130	127	118	...	116
„ June	127	124	...	131	136	138	...	145	131	135	114	...	117
„ July	115	109	...	132	123	141	...	159	128	90	116	...	116
„ August	118	...	...	...	122	133	...	125	129	131	120	...	117
„ September	...	...	...	...	135	...	...	...	128	141	...	...	118[10]
VALUE OF EXTERNAL TRADE (2)													
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	mn. new francs	mn. D. marks	mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira	mn. £
Imports (c.i.f.)													
1956	2,110	13,635	755[3]	1,621	2,315	1,159	15·2	165	1,180	721[3]	953[3]	95·1	309·9
1960	3,068	16,488	1,039	2,582	3,537	1,755	18·9	246	1,435	871	1,251	184·5	366·6
1961	3,217	17,579	1,073	2,747	3,668	1,785	21·8	272	1,554	962	1,260	382·1	353·3
1962, June	3,189	19,140	1,131	3,032	4,117	1,578	22·0	292	1,593	972	1,234	457·3	356·5
„ July	3,425	17,999	1,533	2,977	4,152	1,817	23·3	351	1,661	841	1,149	474·3	374·9
„ August	3,258	16,934	1,137	2,663	3,880	1,488	20·1	281	1,629	869	1,232	438·6	371·6
„ September	3,250	16,820	1,164	2,820	3,840	...	21·2	309	1,415	998	1,282	537·9	332·9
„ October	...	...	...	3,120	4,230	...	...	...	...	...	...	...	398·1[11]
Exports (f.o.b.)													
1956	1,840	13,177	640[3]	1,325	2,571	475	9·0	112	906	472[3]	839[3]	71·2	261·9
1960	2,427	15,731	860	2,822	3,993	508	12·7	190	1,275	524	1,106	143·4	296·2
1961	2,605	16,352	893	2,967	4,246	559	15·0	218	1,309	554	1,181	260·4	306·9
1962, June [11]	2,715	18,703	927	3,031	4,293	344	14·2	239	1,434	564	1,316	170·0	317·0
„ July	2,832	17,699	974	3,069	4,481	275	14·7	265	1,288	547	1,170	170·7	327·8
„ August	2,528	15,150	891	2,364	4,160	312	14·4	217	1,266	556	1,161	158·9	289·8
„ September	2,826	18,165	917	2,710	4,360	...	16·4	242	1,478	565	1,199	290·6	284·9
„ October	...	...	...	3,450	4,730	...	...	...	...	...	...	...	346·6[12]
COST OF LIVING (5) (1958 = 100)													
1956	97	96	96	85	96	96	92	96	92	93	91	79	94
1960	103	102	103	110	102	104	100	102	103	102	105	133	102
1961	106	103	106	114	105	106	103	104	105	105	107	137	105
1962, May	113	105	...	118	109	105	108	108	107	110	113	142	110
„ June	116	105	...	119	110	105	...	108	109	110	113	142	111
„ July	114	105	114	119	110	105	...	109	108	112	113	142	110
„ August	112	104	...	119	109	105	109	109	109	112	113	142	110
„ September	112	104	...	119	108	105	...	110	109	113	112	142	109
„ October	111	104	...	...	...	...	...	...	...	...	...	...	109
EXPORT PRICES (6) (1958 = 100)													
1956	102	104	104	85	98	105	96	101	101	103	103	79	96
1960	100	98	101	114	99	89	102	96	99	98	98	161	101
1961	100	97	99	113	100	90	101	92	97	97	99	169	102
1962, May	...	96	99[9]	113[9]	100	88	104	90	99	96[9]	96	158	103
„ June	...	95	...	...	99	89	104	91	99	...	96	...	103
„ July	...	95	...	...	100	87	104	91	97	...	96	...	103
„ August	...	...	...	...	99	...	104	93	96	95[8]	95	...	103
„ September	...	...	...	...	99	...	...	...	96	...	95	...	103[14]
GOLD AND FOREIGN EXCHANGE HOLDINGS (7) (mn. US dollars, end of period)													
1956	406	1,163	131·2	1,180	4,120	204·1	234	1,236	1,038	178·9	510	225	2,237
1960	698	1,422	255·1	2,070	6,737	223·5	268	3,080	1,742	282·7	490	252	3,231
1961	826	1,657	252·2	2,939	6,542	250·5	286	3,419	1,715	278·3	673	237	3,318
1962, July	992	1,631	218·2	3,332	6,209	271·0	286	3,152	1,866	239·4	749	253	2,915
„ August	1,031	1,625	206·9	3,414	6,257	266·8	287	3,230	1,775	251·8	760	218	2,848
„ September	1,037	1,626	212·4	3,530	6,473	267·0	291	3,252	1,781	251·5	755	230	2,792
„ October	1,039	1,616	196·4	3,616	6,554	...	296	3,282	1,771	247·4	760	224	2,822[13]

(1) Denmark and Greece manufacturing production only. (2) Special trade (excluding re-exports) with the exception of Ireland, Denmark, Norway and Sweden, which cover general trade. Belgium includes Luxemburg. Italy includes Trieste. The Saar is included with France before July, 1959, and with Germany after that date. Turkey, beginning September, 1960: 9 liras per US dollar, previously 2·8. (3) Special trade. (4) November, 2,884. (5) In capital cities for Turkey and for Greece prior to January, 1960: Denmark and Belgium exclude rent. Denmark includes direct taxes. (6) Index numbers of unit value which are influenced by changes in the composition of trade as well as price movements. Turkey index in terms of US dollars. (7) Holdings of the government and central bank. Norway and Sweden include foreign investments. Ireland includes some long-term British securities. (8) Average for third quarter. (9) Average for second quarter. (10) October, 115. (11) November, 370·6. (12) November, 315·8. (13) November, 110. (14) October, 104.

APPOINTMENTS

MATHEMATICIAN/STATISTICIAN

Petfoods Limited require a Graduate in Mathematics or Statistics to fill a key post in their statistical department. The successful candidate will participate in sales forecasting, and production and stock scheduling, in addition to providing a specialist statistical advisory service to all divisions of the Company. This is an excellent opportunity to join a small team applying mathematical, statistical and economic techniques to a wide range of business problems. In addition to appropriate academic qualifications, some years' experience in industry would be an advantage.

The starting salary will not be less than £1,250 per annum, and the Company operates a Social Security Scheme covering non-contributory Pension, Life Assurance, etc.

Applications should be sent to the

Chief Personnel Officer

PETFOODS LIMITED

Melton Mowbray, Leicestershire

STAFFORDSHIRE COUNTY COUNCIL

COUNTY PLANNING AND DEVELOPMENT DEPARTMENT

Applications are invited for the appointment of an officer to be in charge of the administrative and clerical work of the County Planning and Development Department. The officer will be designated as Chief Clerk and the appointment will be on J.N.C. Scale A (£1,340-£1,620 per annum), the commencing salary to be according to qualifications and experience.

Applicants should have had extensive experience of administrative work and in the writing of reports and memoranda. They should have a degree in Administration, Economics, Law or Commerce, or a recognised secretarial qualification.

(Continued in next column)

The Council are prepared to grant lodging allowance of 35s. per week for a period of six months and second class railway travel home every two months during the initial six months to married applicants maintaining a home outside the geographical county. Consideration will also be given to the granting of financial assistance in appropriate cases towards removal expenses.

Applicants should give details of age, education and training, qualifications, present and previous appointments and experience, and the names of two persons to whom reference can be made. Applications, in which relationship to any member or senior officer of the County Council must be disclosed, should be sent to D. W. Riley, County Planning and Development Officer, 41a Eastgate Street, Stafford, not later than January 14, 1963.

Canvassing will disqualify.

T. H. EVANS,
Clerk of the County Council.

DEVELOPMENT ASSISTANT

required to carry out an investigation of certain accounting, costing and statistical services of British Railways, Eastern Region. Successful candidate will be required to recommend such changes and reorganisation as are desirable and if they are approved to implement them. Commencing salary between £1,600 and £1,750 per annum dependent upon age, experience and qualifications held. The post will be located in London but selected applicant will be required to travel, as necessary. The occupant of the post will be eligible for appointment to the permanent staff and to join the contributory superannuation scheme. Accounting qualification and experience of accounting and costing for a large undertaking preferable. Applications giving details of age, qualifications and experience should be sent to:—

Chief Accountant,
British Railways, Eastern Region,
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For other appointments see page 1236

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Initial selection will be made on the quality of letter of application, which should be typed, if possible, and should attempt to do more than list qualifications and ambitions. Applications should be marked confidential and addressed to Miss Christine Hull, McCann-Erickson Advertising Ltd., McCann-Erickson House, New Fetter Lane, E.C.4.

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TRADES UNION CONGRESS

The TUC has a vacancy for an Assistant in its Research and Economic Department, which deals with a wide range of current and long-term issues of economic and social policy. Starting salary is £760-£1,050 a year dependent on age rising to £1,365 a year. Further details before January 14th from Mr. George Woodcock, TUC, 23-28 Great Russell Street, London, W.C.1.

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Applications are invited for the positions of Assistant Professor and Associate Professor of Economics. Applicants should have the degree of doctor of philosophy preferably with specialisation in economic theory. Salary will be $7,000 to $11,800 depending on qualifications. Pension and other benefits are available. Teaching duties commence in September, 1963.

Letters of application noting qualifications and experience and naming three referees, should be sent to the Head, Department of Economics and Political Science, The University of Saskatchewan, Saskatoon, Canada.

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GENERAL MEETING OF SHAREHOLDERS

to be held on Thursday, 17th January, 1963, at 11 a.m. at the Company's office at The Hague, The Netherlands (entrance: 23, Carel van Bylandtlaan).

AGENDA

Proposal to amend the Articles of Association and to authorise the Managing Directors, in accordance with the provisions of Section 45c of the Netherlands Commercial Code, to effect any changes which may be considered necessary by the Netherlands Ministry of Justice.

The above agenda and the proposal to amend the Articles of Association will be available for inspection from today until after the meeting, and may be obtained by shareholders free of charge,

at the Company's office

30, Carel van Bylandtlaan, The Hague, and at the offices specified below.

In order to attend and address the Meeting and to exercise voting rights thereat in person or by proxy:

(A) *Holders of share certificates to bearer* will be required to deposit against receipt

either their share certificates

or evidence that their share certificates have been deposited in open custody with De Nederlandsche Bank N.V.

not later than Tuesday, 15th January, 1963, at one of the places mentioned below, viz.:

In the Netherlands:	at Nederlandsche Handel-Maatschappij, N.V., Amsterdam Kas-Associatie N.V., Amsterdam Amsterdamsche Bank N.V., Amsterdam Banque de Paris et des Pays-Bas, Amsterdam Messrs. Hope & Co., Amsterdam at Messrs. Pierson, Heldring & Pierson, Amsterdam Rotterdamsche Bank N.V., Amsterdam Twentsche Bank N.V., Amsterdam at Messrs. Schill & Cápadose, The Hague Messrs. Pierson, Heldring & Pierson, The Hague at Messrs. Van der Hoop, Offers & Zoon, Rotterdam Messrs. R. Mees & Zoonen, Rotterdam at the branches and sub-branches of these banking houses in the Netherlands;
In the United States of America:	at The Chase Manhattan Bank, New York;
In the United Kingdom:	at Messrs. N. M. Rothschild & Sons, London;
In France:	at MM. Lazard Frères & Cie., Paris;
In Switzerland:	at Crédit Suisse, Zürich
In Belgium:	at Banque de la Société Générale de Belgique, Brussels, and Crédit Lyonnais, Brussels;
In Germany:	at Deutsche Bank AG. and Dresdner Bank AG., Frankfurt/Main, Düsseldorf, Hamburg and Munich; at Saarländische Kreditbank AG. and Dresdner Bank AG., Saarbrücken; at Berliner Disconto Bank AG. and Bank für Handel und Industrie AG., West Berlin;

and

(B) *Registered holders of registered* shares must make known to the Company in writing their desire to attend and address the Meeting and to exercise voting rights thereat by not later than Monday, 14th January, 1963: (1) with respect to shares of New York registry, at the office of The Chase Manhattan Bank, Special Service Department, 80 Pine Street, New York 15, New York; (2) with respect to shares of Amsterdam Registry, at Nederlandsche Handel-Maatschappij, N.V., Amsterdam; and (3) with respect to all other registered shares, at the office of the Company in The Hague or at any of the offices listed in Paragraph (A) above.

THE BOARD OF DIRECTORS.

21st December, 1962.

B Nylon S

ECONOMIST

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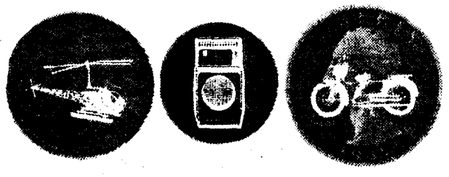

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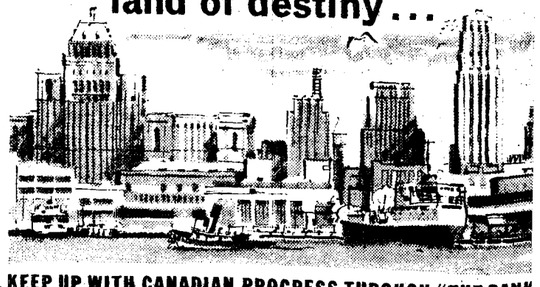

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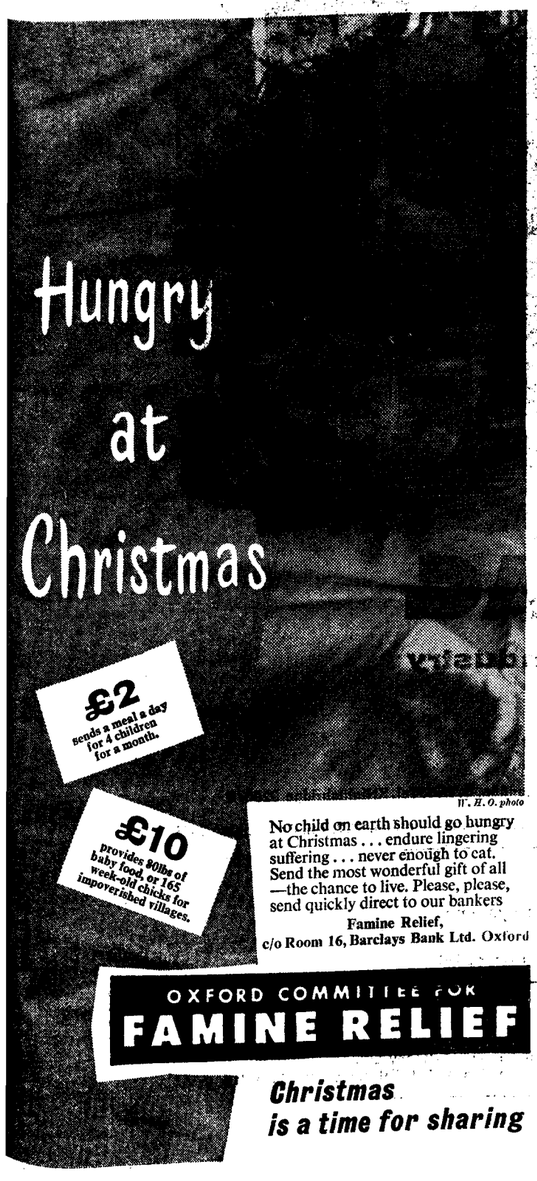

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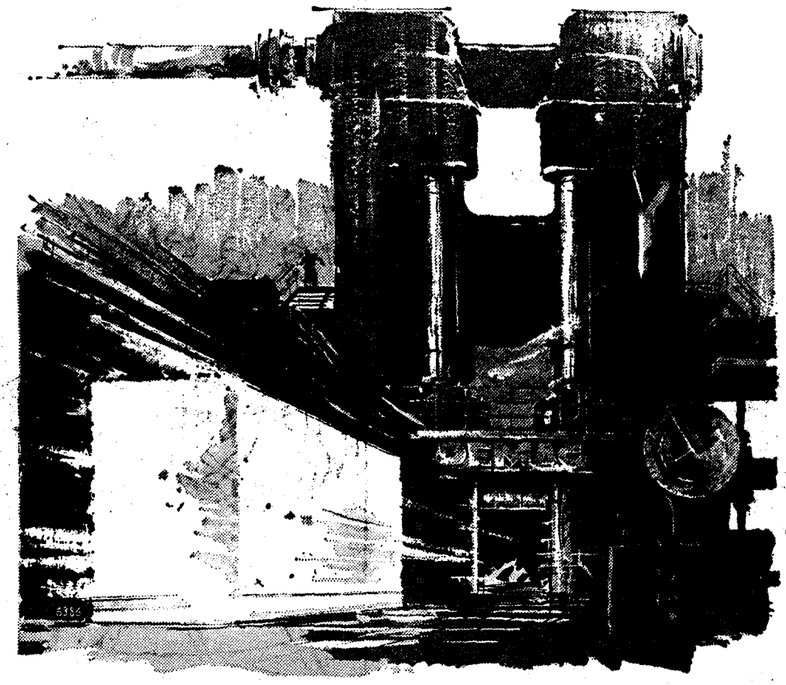

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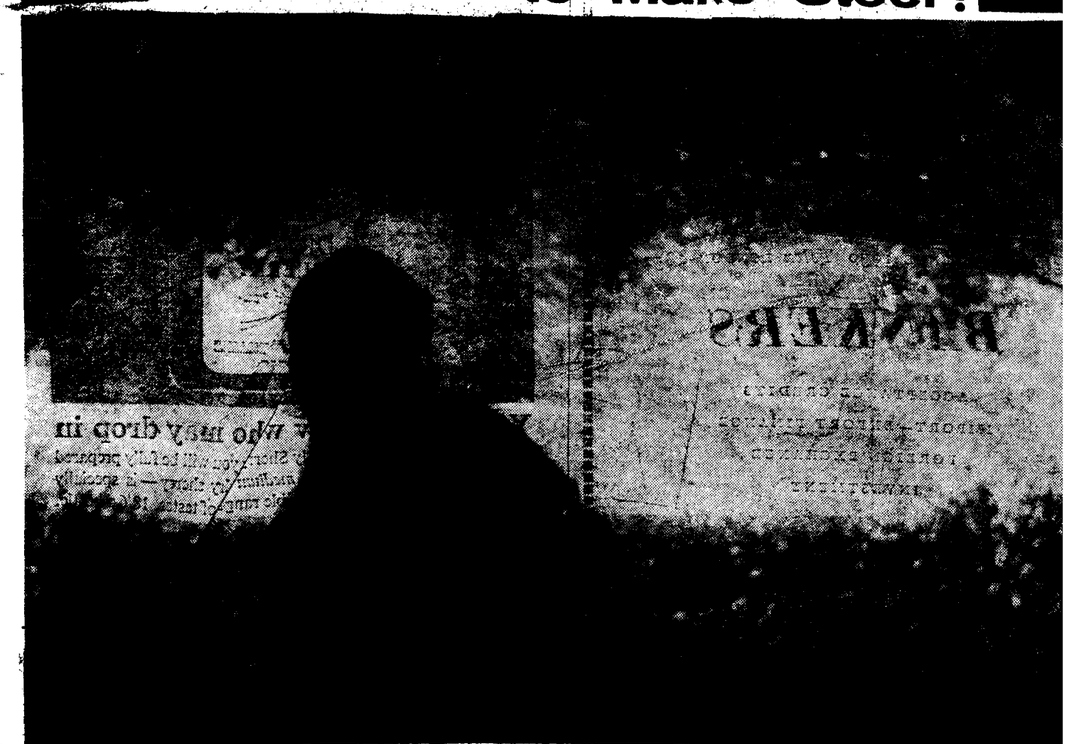

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A scientist at the electron microscope in one of Yawata's laboratories.

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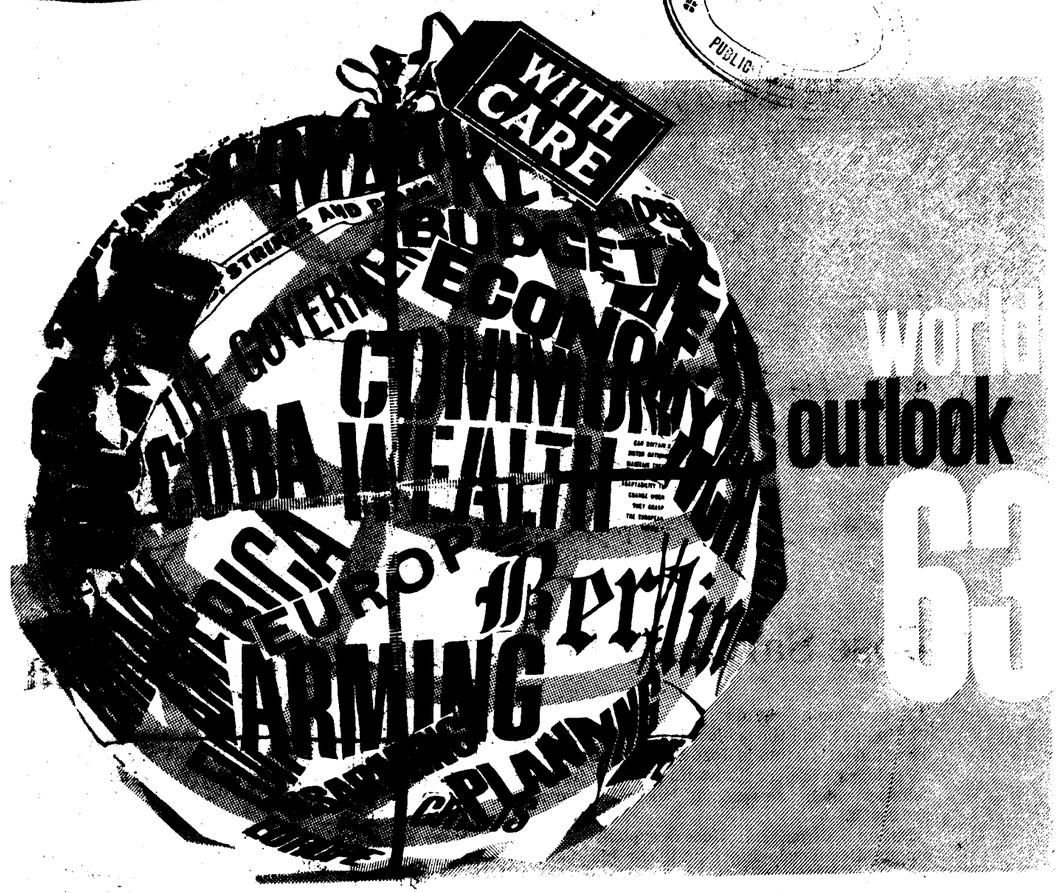


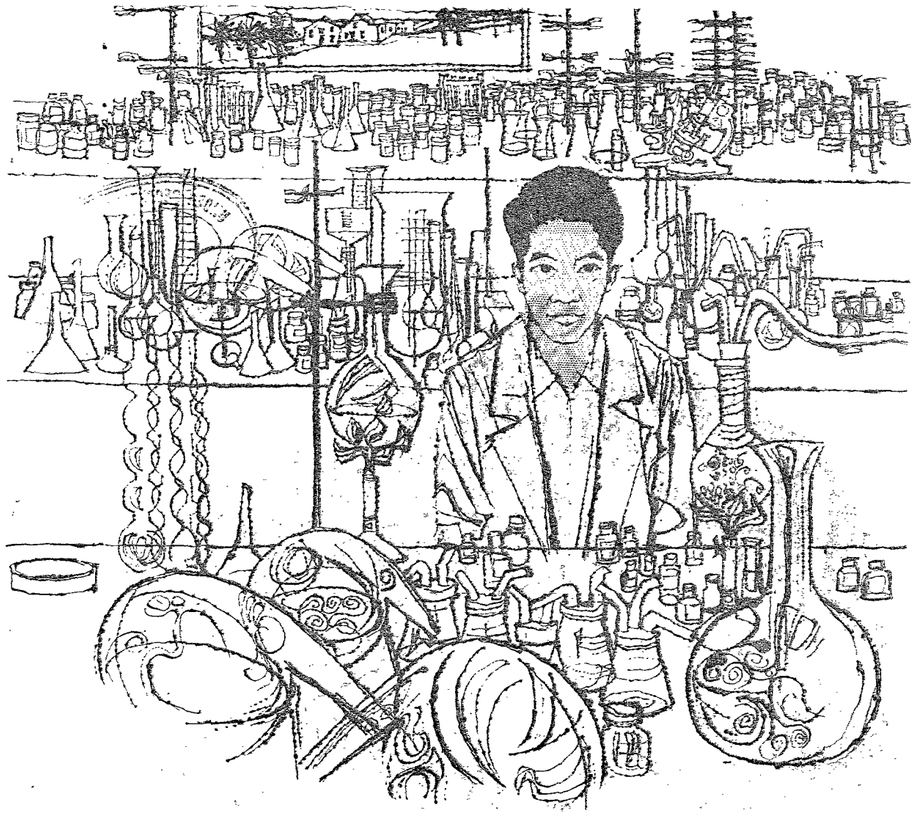
POLARIS FOR CHRISTMAS

EUROPACLE 1970

STILL DAWDLING?

BUSINESS OUTLOOK FOR 1963

Guide to contents: see over



José Salvador helps to build a new world

The classroom is in Manila, in the Republic of the Philippines, and the subject is the chemistry of oil. The student's name is José Salvador and when his schooldays are over he wants to work in the new refinery which was recently built at Batangas, to the south.

But on a bigger scale, José is typical of all youth among the developing countries; his subject is industrialisation, and his post-graduate intention is to play an important and exciting part in raising the living standards of his people. The new subjects he is learning and the new skills he is acquiring will allow his generation to bring about a change which in Europe took centuries.

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THE WORLD

AS BITTER AS ANY GAULLE

If the Tories clutch at the straw of nuclear independence to rescue them from that sinking feeling, it may float them away from the *European shore* (p. 1253).

The ***United States* Congress,** too, will not be very enthusiastic about the results of the meeting between President Kennedy and Mr Macmillan (p. 1275).

Bookmakers are still offering even money on ***Britain's entry into Europe***; but the tic-tac men signal that the Brussels (not the Paris) odds are shortening slightly in Britain's favour (p. 1280).

RISING OF THE SUN

Arms (but not atomic, one hopes) and Amity *will both be needed if western Europe* is still to be a reasonably civilised place to live in ten years' time (p. 1254).

An African pressure group is trying to sort out the Congo and Kenya before starting its **grand design for Africa** (p. 1262).

Poetry survives better in **Senegal** than philosophy (p. 1261).

The State of **Arizona,** which celebrated its fiftieth anniversary this year, is growing conservative as well as growing fast. A special survey explains why (pp. 1277-1279).

PLAYING OF THE MERRY ORGAN

Business methods might get the **Canadian administration** out of its mess; but not if politicians make them a mockery (p. 1282).

Japanese socialists seem resolved on *harakiri* (p. 1283).

Pakistan punctuality has kept the **United Nations** on time (p. 1259).

No tears for Mr Zorin (p. 1259).

SWEET SINGING OF THE CHOIR

How *well* ***President* Kennedy** gets on with next year's Congress may depend on what it does about its rules committee (p. 1274).

The Kaiser Steel Corporation and the ***steel workers*** *have reached* an imaginative agreement on sharing the benefits of increased productivity (p. 1276).

Pan American Airways and **Trans World Airlines** *may propose to merge*, but the Civil Aeronautics Board and President Kennedy will dispose (p. 1275). A jolt may be in store for some of their competitors (p. 1294).

WE THREE KINGS OF ORIENT

Yemeni princes have had surprising success in leading their tribes, armed with rifles and daggers, against the tanks and jets of Egypt (p. 1280).

The three **Laotian leaders** get on better together than their retinue do (p. 1265).

BRITAIN

RUNNING, JUMPING AND STANDING STILL

The reorganisation of **civil defence** has done little to make it less of a standing joke for the satirical establishment: but with a little more money it could be an invaluable insurance against total eclipse (p. 1258).

Amid the encircling gloom of declining and retarded "*development*" areas, **Caerphilly** is a bright example (p. 1266).

London's December ***smog*** was less smoky and less lethal than its predecessor of 1952: but there is little room for complacency over Britain's **clean air** policy (p. 1267).

Who reads The Economist? (p. 1265).

GOING ROUND THE BEND

The Government's **legislative programme** goes ahead fairly well: but more room may be needed later in the session for common market manoeuvres, when the Television Bill would be a welcome casualty (p. 1260).

The National Incomes Commission is to review **salaries in universities** and colleges of advanced technology: this is a good opportunity to apply the discriminations—and relieve the *vacuums*—which would make the academic life professionally rewarding (p. 1260).

Splitting the **British Transport Commission** into four independent boards has allowed its top management to be shunted about (p. 1298). Their salaries—as opposed to railwaymen's wages—have been rising in keeping with those in other nationalised industries—*which is more steeply than elsewhere* (p. 1294).

BOOKS FOR TOKENS (pp. 1268-1273).

OUTLOOK

SPYING OUT THE LAND

Mr Maudling's New Year resolutions about putting Britain's complicated house in order should include effective measures to stimulate demand in the short term; the setting of a target for expansion; and a determination not to meet unemployment by propping up dying industries (p. 1256).

Industrial growth may be more evenly spread in the coming year: slow-growing **Britain** and the **United States** should raise their pace a little, while higher wages and slacker home demand will be a drag on the industrial hares in **Europe**. But *Britain's* better performance may leave its regional pockets of unemployment untouched (p. 1287).

Commodity prices are recovering, and should strengthen further (p. 1289).

Uncertainties abound in **stock markets,** but cost economies and greater output should produce better profits—at least from companies at the lighter end of industry (p. 1289).

The prospects for Western industrial countries

—pages 1290 to 1292.

Detailed contents on page 1253

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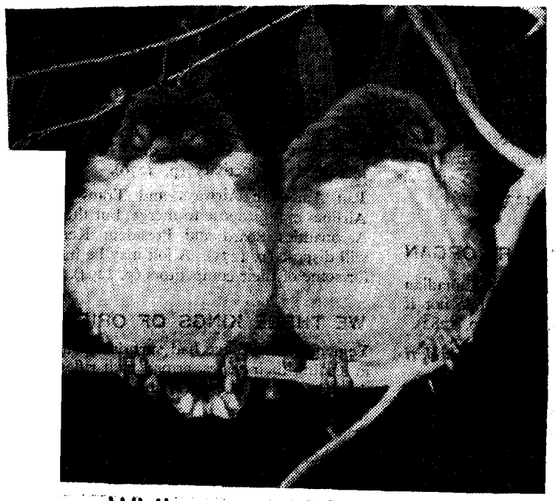

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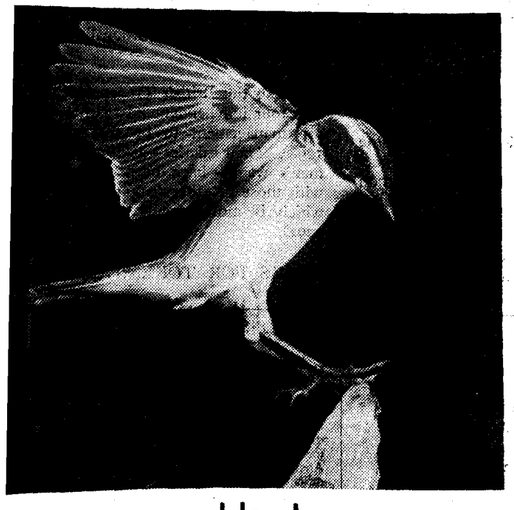

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The Economist

DECEMBER 29, 1962

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Polaris for Christmas

PARLIAMENT went into recess last weekend with the Conservative party in its worst shape since Suez, and indeed in an atmosphere that was grimly reminiscent of that December six years ago (when it was Sir Anthony Eden, it may be remembered, who was in the West Indies). With a slow and ugly grinding of brakes, Tory backbenchers came in the week before Christmas to a sticking point; and, as usual in such emotional circumstances, they came to it at very much the wrong place. The Skybolt crisis broke at the end of a long series of other afflictions. In the preceding weeks and days Conservative MPs had borne the Brussels rebuffs with a brave front, absorbed the news of rising unemployment and stagnant output with only a small sinking of morale, steeled themselves to accept the secession of Nyasaland (even with the apparent concomitant breaking of a secret pledge to "our kith and kin" in Rhodesia) with resignation. Right up to the last three weeks before Christmas, they had also managed to contain their present pretty silly campaign of dissatisfaction against Mr Macleod from spreading into a threatened revolt against the Prime Minister.

But then, on December 5th, the absurd little incident of Mr Dean Acheson's speech at West Point sparked off what has always been the most disturbing feature of postwar Conservatism's inferiority complex: namely, the feeling that, when in travail, it is an appropriate reflex to turn anti-American. The crisis of Skybolt—or rather of the lack of it—erupted at the most awkward possible moment. By the beginning of last week the independent nuclear deterrent had become a symbol of Britain's greatness which the Conservative backbenches refused to do without. When Mr Macmillan went to Nassau, his personal position was very much at stake. He did not necessarily have to get Skybolt, but he did have to get something that could be called tangible, even if it was to be part of the most expensive face-saving bargain in military history. In the event President Kennedy, with ruthless good sense, has struck a bargain that could help to integrate America even more firmly into the defence of Europe (which accords with Britain's real national interest) and includes some verbal genuflection to the idea of Britain's continuing nuclear independence (which accords with the Tories' present obsession). Mr Macmillan should be grateful.

When matters in the Conservative party have reached such a pass as this, any political commentator who dares to essay forecasts is apt to make a very great fool of himself. It is never easy to analyse irrationality. But comment is a newspaper's job, even if these next few sentences may qualify as those that *The Economist* may least like to look back upon in a few months' time. First, then, one's guess is that, as backbenchers have the Christmas holidays to cool down in, the Conservative party will accept the Nassau compromise—Polaris with strings in place of Skybolt—as the best that the country could have got, so long as they insist that Britain must have an independent deterrent at all.

Secondly, the emotional Conservative crisis of the past three weeks should not now, after all, slow down the party's urge to secure Britain's entry into the common market. Indeed, in the strange march of great historical events, it should more logically spur it forward. The Prime Minister and his colleagues are at present passing through such a ghastly period that what they need now is a transforming event. They must know, and not merely on opportunist grounds, that there could be no greater event of transformation than the news that the

decision at Brussels is taken. On broader national grounds, the Cabinet must have had borne in upon it a new sense of how vital for Britain full interdependence with Europe is: all the old ideas of Britain as a great independent power, as the "essential independent bridge" between the two sides of the Atlantic, look about as inspiring this weekend as a cold Christmas pudding. And this cold psychological douche has come at a time when there is mounting pressure from Europe —and from industrialists who are holding off from new investment in Britain itself—that Mr Heath's vital meetings in Brussels in January should be the ones in which the essentials of the matter are settled, in one way or the other.

In one way or the other: on this question, and not on the increasingly infantile game of keeping up the appearances of thermonuclear self-sufficiency, the nation's attention ought to be concentrated between now and the spring. Mr Macmillan's failure with General de Gaulle at Rambouillet on December 16th, not his relative success with Mr Kennedy from the 18th to the 21st, looks likely to prove to have been December's fateful event. It is not that the two are not connected. In General de Gaulle's mind they certainly are. The Nassau arrangements for Polaris, with the same string of a Nato nuclear command attached, were offered to France within a few hours of the Nassau agreement's conclusion. General de Gaulle is plainly going to take his time about replying, and is not likely, meanwhile, to confide in his ministers or his parliament. But the most favourable estimate to be heard in Paris last weekend was that he would take a long time to answer and would, at the best, bargain further over the terms and conditions. The only plain French reaction was one of satisfaction that France and Britain had been offered identical terms, together with the complacent conclusion that the Anglo-American "special relationship" was therefore dead. As if a relationship depended only on the privileges offered by one partner, and not on the response made by the other.

If this spirit, which treats international relations as a kind of football league table, is going to govern French policy in the decisive phase of the common market negotiations, then it had better be faced that the Brussels talks are going to go through some brutal moments before they are over. Mr Macmillan and General de Gaulle, in their talks at Rambouillet, moved one step closer to a confrontation on the harsh question that is becoming inescapable: is the French aim at Brussels honestly to get the best for French interests out of the British application, or to block it in order to keep the field clear for a French hegemony in western Europe?

Such a hegemony might be a myth, but no more mythical than the new scholiasts' argument about the right of a country in Britain's position to unleash nuclear war in pursuit of a particular interest not shared by its allies. Britain is going to have to go carefully. Our Brussels correspondent describes on page 1220 how, with friendly European help, the talks there are going a little better. But friendly as they are, the Europeans have eyes and ears. If this country is to retain their sympathy against a possible French attempt to lead them by the nose for the sake of a national dream, then the British attitude to Europe has to be visibly based on an accurate self-assessment. Strategic fantasy, hankerings after the past, and the urge to cut a figure beyond one's means have no place in such an assessment.

Euroracle 1970

Some guesses about where western Europe will stand a few years hence

ASKED what it did in 1962, the world can reply curtly that it survived. It will be excused if, breathing hard, it declines to prophesy about 1963. What follows is a guess, not about the coming year, since that is too hard, but about the likely shape of one part of the world's affairs a few years hence; this more distant prospect being easier to pick out, like mountains across a fog-filled valley, than the immediate foreground. The guess is based on the assumption that the next few years will see the emergence of a common west European approach to the problems of foreign policy and defence. The western Europe in question may be either a coalition of sovereign states, or some kind of federation, and it may or may not include Britain; no attempt is made here to predict the outcome of the thickly befogged Brussels negotiations. But, if the general assumption is right (of course, it may not be) then there is a fairly safe forecast to be made. In both military and foreign policy, western Europe is going to be forced by circumstances to learn a number of lessons that the United States learned some time ago.

First, the military lessons. To begin with, the European delusion that nuclear independence can be achieved through a handful of manned aircraft loaded with free-falling bombs cannot now live much longer: the Skybolt row and the Nassau agreement herald its demise. By 1965, a year or so after General de Gaulle's 50 fast Mirage IVs have started to come into service, it will be apparent that they have little more chance of getting past Russia's nuclear-tipped anti-aircraft rockets than the 175 relatively lumbering British V-bombers have. The only way of making sure that enough of these high-flying aircraft could hit their targets was to equip them with a stand-off ballistic missile to carve a path through the Russian defences—in other words, with Skybolt. But Skybolt is now a dead duck. Without Skybolt, the European manned bombers simply will not provide a credible basis for an independent nuclear policy in face of the overwhelmingly superior armoury of the Soviet Union. It is as if the Russian nuclear threat to the United States consisted solely of the 200 communist bombers capable of crossing the Atlantic. If that were the case, one doubts whether Washington would lie sleepless of nights.

It can be argued that European bombers are not meant to be used in total isolation; that their job is to let fly a first nuclear blow, when the interests of Europe demand it, in the belief that the far bigger American forces will be bound to come out punching immediately afterwards. This is the theory of the "catalytic" deterrent. But it is a strikingly dangerous theory. It means telling the United States that it is liable to be drawn into a nuclear war on somebody else's *casus belli*, perhaps against its own best judgment. It is hard to think of a surer way of making the Americans retort that they have no intention of going bang when someone else pulls the trigger. If the effectiveness of a European nuclear arm depends on its ability to drag the Americans into the fray willy-nilly, it may well turn out to be wholly ineffective. Or rather, its effect may be to thrust the two halves of the alliance further apart.

Maybe, if the Europeans really are bent on nuclear independence, they will go ahead and build the fairly sizeable armoury necessary for true self-sufficiency. One's guess is that this would require at least a modest fleet of missile-carrying submarines—of the sort the French and (since Nassau) the British are now planning, though probably in larger numbers—and perhaps a force of contour-hopping, radar-dodging bombers, too (although both of these might be museum pieces by the nineteen-seventies). The Europeans would thus learn for themselves the first military lesson already grasped by the Americans—that real nuclear power, as distinct from the mere token display of it, is hideously expensive. And this first lesson would run headlong into the implications of the second lesson, which is that nuclear power alone is not enough. Sooner or later it is going to dawn on the Europeans, as it dawned on most American strategists some years ago, that there is simply no substitute for bigger conventional armies for warding off the kind of minor attack that plainly does not call for blowing the world up.

In theory, perhaps, the threat to blow the world up could be kept credible for a little longer by the related threat to use tactical nuclear weapons the moment any fighting broke out in Europe (and thus start the process of escalation). Herr Strauss, the outgoing west German minister of defence, continues to urge this, through his friends in the German press. But President Kennedy already realises, and in the end everybody else is going to realise, that those who make this threat do not really mean what they say. The western leaders know —and the Russians know they know—that nothing less than a major communist assault across the Elbe would justify setting the machinery of escalation into motion. Sooner or later, one can only repeat, the European members of the alliance will have to equip themselves to deal with the sub-Armageddon range of military dangers. Whether they can possibly afford to do this, while at the same time groping for nuclear independence, is just what the Americans have been pointedly asking for the last two years.

FROM these two military lessons there ought also to flow a political one. This is that a limited amount of rearmament, such as Europe is pretty well bound to undertake, is not necessarily incompatible with (and perhaps is even a useful preparation for) the business of keeping on civil terms with the Soviet Union. In his first two years in office President Kennedy has rearmed to the extent of several hundred additional missiles and an extra quarter of a million men in uniform. And yet he has simultaneously kept the flow of ideas and information moving briskly, between Moscow and Washington—far more briskly than Mr Eisenhower did—and even, in one or two matters, worked out a rough understanding with Mr Khrushchev. If the European allies now follow his example in furbishing their arms (but only the non-nuclear sort, one hopes) they should also follow his example in taking steps to lesson the chance that the arms will have to be used.

Western Europe's relations with the Soviet Union are more complicated than America's since it actually touches the communist world along a disputed border. There are two possible attitudes for the west Europeans to adopt towards their eastern neighbours. One is to maintain a hostile front towards the communist governments east of the Elbe, in the hope that sooner or later a surge of popular discontent (which might start, the theory goes, in east Germany, but might spread further east and south later) will unseat them, and replace them with western-style regimes. At bottom, this was the aim that lay behind the policies of Mr Dulles and Dr Adenauer in the nineteen-fifties, and to judge from his West Point speech on December 5th it is still the gleam in Mr Acheson's eye.

THE alternative is to treat the east European governments as a good many other regimes are necessarily treated—as regrettable but perhaps improvable. The improvement, however, will have to come from within, and will not be speeded by a nagging western hostility. Heroic this approach may not be; but it does hold out the sober hope that by 1970, say, much of eastern Europe may be as tolerable a place to live in as Jugoslavia is today. The difference, boiled down, is between trying to shove the iron curtain eastward, and trying to convert it into one of those bead curtains that get into one's hair without seriously getting in one's way.

Is it too much to hope that those people in western Europe who still hanker after the first of these alternatives are gradually being pushed by events into accepting the second? If one looks round the western alliance, it seems as if only the very old, or those whose minds became set ten or twenty years ago, are still hoping for things that ceased to be possible when Russia achieved nuclear parity. It is true that the hope of a reasonably civilised relationship with Russia and its allies does not depend on the west Europeans alone. Were the argument between Moscow and Peking about the proper foreign policy of the communist world to be won by that hawk Mr Mao Tse-tung, and lost by the relatively dove-like Mr Khrushchev, the western nations would have no choice but to man the barricades and settle down for a long siege. But if, as seems more likely, the inter-communist argument drags inconclusively on, a great deal will depend on the West's ability to preserve a delicate balance between being equipped for war, as indeed it must be, and being ready for co-existence, which is no less necessary.

A fortnight ago this paper expressed the hope that the related peoples who live between the Urals and San Francisco might one day come to recognise that a community of interest binds them together more than ideology divides them. Whether they do come to recognise this turns to a large extent on the western European pivot. The aim of the western alliance as a whole should be, on the one hand, to remain sufficiently well armed to make it continuously plain to Mr Khrushchev (and his successors) that the policies the Chinese advocate are unpractical as well as unacceptably dangerous; on the other, to behave in a sufficiently amicable manner to encourage Russia further along the path of moderation. President Kennedy has grasped this. Will the west Europeans follow?

Still Dawdling?

Articles on pages 1287 to 1292 discuss the general outlook for the British and world economies in 1963. This article suggests what internal economic policies Mr Maudling should follow in the New Year

MUCH of the advice being given to Mr Maudling at the opening of 1963 seems extremely odd, and it is to be hoped that the Chancellor of the Exchequer has noticed that it is. First, it seems to be generally expected that business conditions in Britain will continue to be very slack in the first part of the year, and will then perk up later; but it is also being assumed that the orthodox thing for him to do may be to take no further restimulatory action during these first three months, and then to give big tax reliefs in his budget. If he did this, those reliefs would make no impact during the months of real recession, but might begin to exert their main effect round about the time when they can less well be afforded.

That does not seem to be a very sensible programme for action. The Chancellor would be well advised to take a hard look at the current and prospective state of demand as soon as he has collected reasonable figures for what has actually happened in the Christmas trade and what is beginning to happen in the January sales. If that look should convince him that demand is on the brink of starting to rise quite adequately, then he should stand firm and take no further stimulatory action, either in April or before it. It is still just possible—in view of the volume of new demand already in the pipeline—that that will be the right decision. But if, as at present seems more likely, the state of trade (and not just of political pressure) suggests that more tax reliefs are advisable, then Mr Maudling should consider one of two alternative courses, in order to make the timetable of his actions somewhat less mad than the timetable which sober experts seem to be recommending to him.

The first possible course would be to advance the date of the budget. In 1962 it was advanced from April to early March; the expected difficulties of introducing a budget before the official end of the financial year proved at that time to be almost non-existent. To bring the budget further forward still, to some time in January or February, would mean that tax changes would be made before the full estimates for government expenditure in the new financial year were available. This would shock some traditionalists. But tax changes nowadays are related to the likely trend of total spending in the economy, not just to government spending; it is right that they should be made when they can most appropriately influence the former, even if estimates for the latter cannot then be presented with spurious pretended accuracy to the nearest £1 million. There would also be some psychological advantage in early 1963 if President Kennedy's intended tax reliefs in America and any tax reliefs which Mr Maudling makes were to be announced within a few days of each other.

The two main objections to an early budget would be if Mr Maudling felt that he needed until April or March to work out the detailed nature of this year's tax reforms (and he should be considering large-scale tax reforms, not just tax changes in 1963), or if he felt that by April (but not before) he should know whether Britain will be able to get into the European common market. The outcome at Brussels, one way or the other, will alter the entire situation which Mr Maudling will have to face with his budgetary and other economic policies in 1963. A final failure of the negotiations could have such a shattering effect on investment decisions in Britain that there might then be a real danger of a continuing slump; a final success at Brussels would make it desirable to use this year's budget to move Britain's tax system, desirably and constructively, more into line with the tax system on the continent.

IF these last two objections make it undesirable to advance the budget's date—and if it nevertheless seems apparent that some further short-term restimulation is needed—Mr Maudling should consider taking interim action. Ideally that interim action should not mortgage the budget; it should take the form of a temporary injection of purchasing power—which, he should stress, might have to be discontinued later. That somewhat weakens the case for immediately making the change that has been most generally urged: namely for reducing the purchase tax rate on goods still in the 45 per cent bracket (television and radio sets, gramophone records, cosmetics) to 25 per cent, as he has already reduced it for motor cars. If one is going to bump down the prices of particular goods by as large a margin as this, one cannot possibly pretend to hold oneself free to bump them up again to their old level three months later.

There would be less objection in these circumstances to the prompt use of Mr Selwyn Lloyd's famous regulator to trim down all indirect tax rates by 10 per cent. It may be a pity that the main consequence of using this would be to make big reductions in the price of drink and tobacco, but it would have the advantage of reducing a lot of other prices by relatively small amounts (for example, even the 45 per cent purchase tax rate would drop by 4½ per cent). Some people might even say that a small reduction of this order in certain wholesale prices now, with an implied threat that some of them might conceivably be put up again in April, could lead to some quick forestalling purchases this winter, which might be just what the economy needs. Possibly the best interim weapon of all, however—if short-term restimulation really is needed—would be the one that almost everybody has forgotten about. The 1946 National Insurance Act gave the Treasury power to make a statutory order in a recession to reduce "for such periods as may be specified" the weekly national insurance contributions paid by both employees and employers, "with a view to maintaining a stable level of employment." The mechanism proposed was clumsy (employees' and employers' contributions would have to be changed by equal amounts), and has never been used; but Mr Maudling should re-examine its possibilities now.

So much for the immediate posers before Mr Maudling concerning the probable level of demand in the next few months. It would be a mistake to exaggerate the importance

of these very short-term uncertainties. In its new year article twelve months ago, and then again at the time of the last budget, *The Economist* implored Mr Selwyn Lloyd, with singular lack of success, to pump more demand into the economy for the whole of 1962. This was because we believed that he had badly misunderstood how much slack had already been created. For 1963 our guess is that resources will still be pretty wastefully underused in the early months; but by the end of the year, unless a failure at Brussels has led to some quite ghastly breakdown in business confidence, it looks as if resources should be being more adequately utilised again. Despite the latest statistics of falling industrial output and growing unemployment, it is therefore logical to feel a bit less fearful than we were a year ago that the Government is going to reflate demand by too little. Instead, the biggest danger for 1963 may be of a longer-term and more complicated mistake than that: it is perfectly possible in modern conditions, while still reflating total demand by slightly too little, actually to reflate it by too much in some specific places. The danger arises because one part of the elbow room which already existed in the economy even by the beginning of 1962, although Mr Selwyn Lloyd failed to understand it, is now plain for all to see; and the Government may be tempted to throw it away with mistaken policies.

FOR many years British Chancellors have said that they cannot afford to expand demand too strenuously because of a grave shortage of available labour. But, in reality, the advance of labour-saving equipment since 1959 has left most British enterprises overstocked with labour; there is hardly a factory or sizeable office building in the country which could not sack one or two of its workers and still carry on with the same level of production as now, at least if some rudiments of work study were introduced. Experience in America in the last few years had made it seem likely that this would be the next breakthrough here: that the next spurt in production in Britain would take the form of an increase in productivity rather than a further overstocking of labour forces. To an economist this means that one of Mr Selwyn Lloyd's supposed bottlenecks has probably happily disappeared; to a politician, and, indeed, to anybody with a social conscience, it is apt to mean that an "unemployment problem" has appeared.

The wrong way to "cure" this unemployment problem would be by desperately trying to see that every man is re-employed in his present industry or area, and thus foolishly ensuring that the old shortage of labour for expanding industries returns—say, by deliberately re-employing workers in the shipyards with a crash programme of naval shipbuilding or by saying that any Afro-Asian state which will order a small ship to be built in The Hartlepools can have it free. As demand starts to rise again elsewhere in the economy, such measures would inhibit men from moving from the shipyards into other industries which will have much brighter prospects of continuing growth once any crash programme is ended.

The right policy must be (a) to use the elbow room provided by this small surplus of labour to push general expansion to a higher level than has been deemed possible before; and (b) to recognise that the unemployed workers—by providing this temporary elbow-room—are providing a genuine service to the economy, so that they deserve to be given much higher unemployment pay in the new order of society.

Basically, therefore, the internal economic policy that should be pressed upon Mr Maudling for 1963 falls under three heads. First, it will probably be right to proceed to some further short-term measures of restimulation, but with the proviso that while anything which adds to demand in early 1963 is good, anything which would have its main effect in adding still further to demand in late 1963 or early 1964 might well be mistaken. Secondly, as a general point, the Chancellor will be right to set his sights for expansion at a higher level than the Treasury will usually recommend to him. The Treasury has consistently underestimated the amount of elbow room for expansion that is available in the modern British economy, and also has not grasped a further point (which indeed to it will sound like heresy): namely, that if one is going to err at all, it is nowadays slightly safer—for the medium-term balance of payments, as well as for everything else—to err slightly on the side of driving too fast than of going too slowly. The usual analogy of a too fast car which is apt to turn over at corners is a mistaken one. An economy nowadays can better be compared to a bicycle, which can wobble badly if it is pedalled too slowly just as much as if it is driven too quickly. The reasons for this are that the new industries which go forward fast only in a time of domestic growth are the most vital export industries for Britain to encourage, and that foreign investors are nowadays more likely to plough equity funds into a go-ahead economy than into a stagnating one. This is an age when the businesslike country which prospers is the one that attracts boom-time equity investment from outside, not an age when one will become flusher with funds if one is constantly parading oneself as an ultra-respectable pauper before ultra-cautious bankers.

Thirdly, Mr Maudling's policy against unemployment should not take the form of deliberately re-employing redundant workers in dying industries, but of encouraging growth industries. Because this may have a rather slower effect in bringing unemployment figures down, he should introduce a new national redundancy insurance scheme which should enable unemployed men to draw benefit equal to a much larger proportion of their previous earnings while in work. As unemployment benefit for a single man in Britain is at present equal to only 19 per cent of average industrial earnings, compared with initial figures of over 50 per cent in some continental countries, it is extraordinary that the Government has not introduced such a scheme already.

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How Much Shelter?

The reorganisation of the civil defence services has not yet been nearly drastic enough

BRITAIN spends about £20 million a year, from central government funds, on civil defence against nuclear attack; and it still maintains over 600,000 volunteer part-timers in the civil defence forces (including industrial civil defence, hospital and fire auxiliaries and the observer corps), in addition to the obligation to prepare for civil defence laid on various local authority services. This is a tiny premium to pay if the force is efficiently organised, and if it could really do any good were catastrophe to come to this small, crowded and (in nuclear terms) indefensible island. But is it, and could it? Even more than other defence arguments this one is almost impenetrably hedged with military uncertainties and political prejudices. This is why it almost never gets a serious airing.

The Cuban crisis two months ago set off a minor bombardment against the impassive walls of the Home Office, which spends more than half the money allotted to civil defence and accepts much the same proportion of responsibility for what happens to it. A lot of people—reportedly including many neutralists and nuclear disarmers—buzzed their local town halls and police stations in Cuba week to find out what arrangements had been made for their personal survival, and were chagrined to learn that the answer was precisely nothing: the Government had not declared an emergency. This inaction of the authorities, the complaint now runs, was dictated less by military sagacity than by the wish to protect CD from gleeful exposure by CND. But from civil defence's own ranks, after Cuba week, have also come private rumblings of the inadequacy of official preparations should the alarm ever be raised.

Zone and group controllers who would have had to set the civil defence machinery in motion last October boggled mentally at the thought of their partially-trained volunteers, patchily distributed on the ground and too often (where local authorities have obstructed regional co-operation) unused to working together, trying to cope not so much with an actual attack but with the much more probable preliminary phase of genuine public fear of an attack: not just with blast and fall-out if the blow actually fell but, before that, with a panicky population clamouring to be told what to do to help itself if a war scare had really got rolling. To some of these commanders the case for greater professionalisation within civil defence ranks, for giving the public a much clearer idea of existing plans, and for taking responsibility out of the hands of local authorities altogether has never seemed more forceful. What, then, should be done about civil defence?

The primary need is to tell everyone what the country's and their own region's plans would be if a nuclear attack ever did seem imminent. The popular notion is simply that this country will get four minutes' warning time (once Fylingdales is in operation) of a blanket missile strike which will knock every big city flat. This could certainly happen. But official civil defence planning is based on the assumption that the country would probably have "several days'" warning, from the state of international tension and intelligence reports, which would allow some reasonable precautions to be taken—provided the public knew enough in advance to give willing co-operation. The intensity of the attack when it came could vary considerably. It might be a spaced-out attack against every big city in Britain: if it were it would be appalling, but even so there would, on most calculations, still be corners from which local rescue operations could be mounted and in which civil defence would have a major humanitarian job to do for an indefinite time in conditions of maximum destruction and lethal radio-activity.

Or the attack might be more "sophisticated"; it might be directed only against offensive military targets, in which case damage to cities, although unavoidable, would be considerably less severe over the country as a whole. Or the attack might simply be intended to knock Britain out temporarily without destroying all its industrial potential: one grisly possibility would then be that the Russians might deliver extremely "dirty" nuclear warheads right down the west coast and rely on the prevailing wind to smother the rest of the country under heavy fall-out. These are all situations in which a public awareness of even the minimum civil defence precautions would pay substantially. But the realisation of what is practicable still needs to be driven home.

The official explanation is that, within the "several days'" warning period, civil defence forces could readily tell an eagerly listening public what it should do. The reasoning seems to be that interested people can always find out about blast and fall-out by buying official pamphlets (a new, general explanation of precautions to take is in the pipeline) or studying them in public libraries: the great mass of the resigned, indifferent and potentially alarmist is better not aroused until the crisis breaks. Some people would say that, once aroused, the public might become very aroused indeed against the Government's inaction. Official policy on shelters is still marking time. Deep shelters are ruled out largely because of the expense, and the simpler, family protection against fall-out has not been encouraged (as it has in America) chiefly, it seems, because of fears of starting a general scare.

The policy on dispersal is equally imprecise. Local authorities have been told whether they are in dispersal, reception or neutral areas, and they were reminded (as it happened in the week before Cuba) to start thinking about plans—if dispersal were ever ordered by the Government. The fact that the Americans are beginning to think twice about what would be involved even on their continent makes it less likely that this country will do anything very purposeful about preparing for mass migration into the rural areas.

THE second priority in civil defence is to overhaul the existing civil defence forces even more rigorously than the Government has been doing since it began its new recruiting and, more significant, weeding-out drives in the summer. The reorganisation announced in July laid down an obligatory minimum of 50 hours' training inside two years for all recruits. Those who fail, or are unwilling to take, a standard test after that time will be relegated to the civil defence reserve; those who pass, and go on to accept an active engagement including a minimum of 50 hours' advanced training, will enter Class A and receive an annual bounty of £10-£15 according to rank. This overdue shake-out of the inactive and inefficient is beginning to bring results. The latest figures show that the strength of the ordinary civil defence corps in England and Wales fell from 325,000 in September to 315,000 in October, despite the accretion of over 9,000 new recruits.

Civil defence commanders who suspect that only 20 per cent of their nominal strength is really up to scratch (Class A potential) should hasten this process on. They have nothing to lose by getting down to realistic figures, and the news that such and such a town of 75,000 population has only five effective wardens ought to be highly salutary. Once individual proficiency is improved, the argument for lifting civil defence out of local authority areas and into effective regional commands (as it would be in wartime) will be all the more compelling. It is in the nature of much of civil defence's work that its local forces should be tied down to small districts, but its flying columns ought to have the freedom and status that the Territorial Army has—and its specialist nucleus could then be given an extra inducement in the form of a sizeable financial retainer.

Since the defence white paper of 1961 the Government has been quietly building up the submerged seven-eighths of the civil defence iceberg: the basic supplies, services and communications of which the public hears very little. There is a case for releasing a little more money here, especially in view of experience of what can be done by civil defence forces after natural disasters like Sheffield's gale damage and the East Coast floods. The basic need is to win greater popular confidence in civil defence rescue operations of all kinds, and to take the population as a whole much more into the preparations that can be made against nuclear attack—or even stray nuclear mistakes. If this reveals civil defence deficiencies, so much the better.

Why not put a simple explanatory pamphlet into everyone's letter box? It might even turn voluntary training into something more effective than a casual social event at the rural institute. To say that one day a year of intensive civil defence propaganda and demonstrations would start a panic, or aggravate the cold war, is nonsense. Pick a date, say what will happen, and do it. To give the Home Office plenty of time (and the panic-stricken a chance to simmer down) what's wrong with next November 5th—and turn Guy Fawkes into a permanent nuclear defence day?

NOTES OF THE WEEK

UNITED NATIONS

Presidential Stopwatch

IN most recent years, the United Nations Assembly's hopes of finishing its regular session by Christmas have been as regularly abandoned. Each time, debate has slopped over into the New Year; the 1961 overspill was almost a deluge, spreading over two full months of 1962. This year's session has proved encouragingly different. The Cuba crisis had the delegates holding their breath for a week in October; but, breathless or not, they ploughed on through that week with committee sessions on half a dozen other topics, and the Cuba issue as such never got on to the Assembly agenda. (It quickly evaporated even in the Security Council after only three days, leaving not so much as a resolution behind.) No catastrophe such as Mr Hammarskjöld's death in 1961, no massive clogging-up of procedure such as Mr Khrushchev's performance in 1960, recurred this year. Even so, the fact that the 1962 Assembly could scramble to a finish on December 21st was largely due to its stern handling by this session's president, Muhammad Zafrulla Khan.

Unmoved by indignant mutterings from the floor, Pakistan's former foreign minister, who seems rejuvenated by a term of service as a judge of the International Court at The Hague, drove his colleagues forward at a pace to which they had become unaccustomed. His most spectacular innovation was the starting of each plenary meeting punctually at the advertised time, instead of forty or more minutes later as had been the custom. On several occasions this meant that the first speaker of the day found himself addressing a hall that was virtually empty, except for the punctilious president. One day, when the scheduled opening speaker withdrew his name at the last minute, the next in line, a late riser, had to rush to the rostrum in dishabille. Not even the presidential stopwatch, however, could save the Assembly from running into a pile-up of votes on resolutions in its last few crowded days.

The International Court's ruling that the Assembly has power to require member states to pay their due shares of the cost of special operations, such as the Congo, was endorsed by a vote of 76 to 17, with eight absentions and nine absentees. The defaulters—Russia and France conspicuous among them—remain unwilling to pay up; and, in another last-minute decision, the Assembly approved U Thant's request that it should meet again in the spring to tackle the financial troubles of the United Nations, which will by then have a virtually empty treasury.

Soviet Symbolism?

TACTFULLY, Moscow waited for the Assembly to finish before announcing the removal of Mr Valerian Zorin from his post as chief Soviet delegate at the United Nations. Students of UN form had looked for this change at least since October, when the deputy foreign minister's performance at more than one crucial moment during the Cuba crisis seemed to prejudice Russia's dealings with the United States as well as with the non-aligned nations. Mr Kuznetsov, who, as a *first* deputy foreign minister, outranks Mr Zorin, was then hastily sent to New York to take charge of the Cuba talks with the Americans. Mr Zorin's transfer to unspecified duties elsewhere will leave eyes dry. He had been closely identified with several unforgotten and unforgiven Soviet ventures: among them, the Prague coup of 1948, and the campaign of character assassination launched against Mr Hammarskjöld in 1960 (when his virulence helped to rally the Asians and Africans behind the secretary-general, and to produce an almost unanimous Assembly vote against Russia that shook Mr Khrushchev out of his doctrinaire belief that the "new nations" were bound to follow Moscow's lead). Since 1960, and up to last August, he had also been conspicuous in executing Russia's stonewalling tactics in the Geneva disarmament talks.

His successor at the UN is Mr Nikolai Fedorenko, a Sinologist and former ambassador to Japan. The selection of an expert

on China as Russia's chief UN representative at this particular stage in Sino-Soviet—and Sino-Indian—relations is of obvious interest; Mr Fedorenko's table-talk in New York will be carefully dissected by a variety of listeners. Even if he were not a Far Eastern specialist, his appearance as successor to a branded "hard line" man would have caused comment in present circumstances. The thermonuclear blasts with which Russia celebrated Christmas Day and its eve may have served as reminders that Moscow's quarrel with Peking does not necessarily mean even a limited rapprochement with the West. But the replacement of a Zorin by a Fedorenko is at least an interesting piece of Soviet symbolism; and it may open doors that Mr Zorin's retention in his post would have kept closed.

PARLIAMENT

Enough Elbow Room?

As Parliament departed for its Christmas recess last weekend ministers seemed satisfied that the Government's legislative programme had moved ahead fairly steadily, and that there should be plenty of scope for any common market legislation if the necessity for it arises next year. The two main niggers in the woodpile are the Contracts of Employment (i.e. workers' charter) Bill and the Television Bill, which have had only their first readings in the Commons. Both are controversial measures, and could cause a bigger hold-up than Mr Macleod at present seems to envisage. If they do, the obvious one to drop is Mr Bevins's ill-chosen attempt to put television under wraps again. There could be a positive advantage in holding it over, and rethinking the Government's whole approach yet again.

The other really controversial bill of the session, the London Government Bill, has had its second reading in the Commons. Clause I and the schedule setting up the boroughs will be considered by a committee of the whole House as soon as Parliament returns. The rest of the bill will be sent to committee in the ordinary way. The Weights and Measures Bill and the Shops and Offices Bill have both had their Commons second readings and are at the committee stage. The three Scottish Bills have made good headway. The Scottish Criminal Justice Bill is through the Lords and will be read for the first time in the Commons as soon as the House returns. Both the Scottish Local Government Bill and the Scottish Education Bill have had second readings in the Commons and are now in standing committee. So far, the absence of sufficient Scottish law officers in the Commons has not impeded progress.

Of the remaining measures, the bill extending the jurisdiction of county courts has had a Commons second reading and will go to committee in late January. The Children and Young Persons Bill is through virtually all stages in the Lords and will be sent on to the Commons without delay. Its passage through the Lords was distinguished by a Government defeat on an amendment which raised the age of criminal responsibility from 8 to 12. The Home Secretary appears convinced that a criminal age limit of 12 would be subversive, but might take a different view if the limit were 10. The only bill to have received the royal assent as yet is the one increasing public service pensions. Parliament will reassemble for what could be a historic Easter term on January 22nd.

ACADEMIC SALARIES

Nic Plus Ten

The Government has sensibly decided to back up the forthcoming recommendations of the Robbins committee on higher education with a full-scale review of the way in which teachers in universities and colleges of advanced technology are paid. The Treasury's announcement that this is to be the next job for the National Incomes Commission suggests that this should be a long-term operation, and leaves NIC commendably free to work out its own procedure and to hear evidence from whom it likes. Better still, the nettle of an immediate increase for university-level teachers has (after some sensible Tory backbench pressure) been grasped: ten per cent has been arbitrarily, but probably not unfairly, fixed as the total amount of the increase in the salaries bill (costing around £3½ million a year)—and the University Grants Committee is left free to decide how this should be shared out between the various grades of staff. These terms of reference ought to encourage the UGC, under its new chairman Sir John Wolfenden, to plump heavily for those sectors (unfashionable northern cities and undernourished but expanding new faculties) that are most in need of a boost. This kind of discrimination is a must for NIC to support, and expand on, in the future. For once the old, flat-rate increase idea that has vitiated so many interim rises in the past has been rejected.

The next important thing that NIC must work out—quite certainly in the teeth of tradition-minded academic bodies—is how to make academic life look much more like a career than it has done in the past. Dons do not do too badly at the start, nor perhaps at the very top of their professional existence. But there are long, dreary stretches, just at the age when other professional people are rising through the salary scales (and raising their families), when academics must either unnecessarily uproot themselves and seek promotion elsewhere, or continue on the same pay. Perhaps academic salaries can at last be made selective between subjects, between universities, and between those with different lengths of good service: professorial salaries (as argued in *The Economist* of December 8th) ought to be a wider award for merit—not for the luck of stepping into a dead man's shoes.

CUBA

Prisoners' Return

Prisoners who were captured after one of the most bungled exercises in recent history (the Anglo-French foray to Egypt in 1956 excluded) have been returned as part of a smoothly timed diplomatic manoeuvre. When Dr Castro first offered to exchange the Cuban prisoners caught after the 1961 Bay of Pigs expedition for cash or bulldozers the reaction, particularly in America, was one of outrage. Now the combination of Christmas spirit and Dr Castro's modified demand for such innocent goods as baby foods and medicines has enabled the deal to go through with general acclaim. The 1,113 Cubans were airlifted to Florida in time for Christmas; the Cuban government received the first instalment of goods which, in all, are to be worth $53 million. As a "Christmas bonus," Dr Castro is allowing 1,000 women and children to join their menfolk in Florida, and more may follow (although, judging from the number of Cuban exiles in America, the Cuban government has never put up much resistance to the flight of malcontents). There is even talk of a general amnesty for foreign prisoners in Cuba.

Throughout the year, a committee of Cuban exiles has been trying to raise some of the prisoners' ransom. The State Department has kept its own part in the negotiations very quiet indeed. But President Kennedy, who took full responsibility for the Bay of Pigs fiasco in April, 1961, has also given his official blessing to a deal which he described, on Christmas Day, as "in the interest of our national principles." Having swept Cuba clean of Russian missiles and

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bombers, the President is in a strong position to round off the edges of an earlier and far less competently managed adventure.

For Cuba, the edges remain jagged. Christmas spirit notwithstanding, the prisoners returned breathing fire and thunder, their leader calling his fellow-exiles to war against the Cuban government. Because Dr Castro has not allowed United Nations inspectors into his country, he has never received the promised American pledge not to invade Cuba. And conditions inside Cuba are worsening. In a burst of self-criticism, Major Ernesto Guevara, Cuba's economic boss, has predicted a shrinking sugar harvest and talked hard sense about the slowness of industrial expansion. The government's propaganda about the evils of over-dependence on sugar exports has, apparently, been taken too literally by the farmers; their bad or careless management has been compounded by severe droughts. A hopeful sign of good sense is that Major Guevara held the United States only partly responsible for these economic troubles.

SENEGAL

Poetic Justice

If African governments have an ideology it is that they should stay in power; apart from that, most Africans rule their countries on generally pragmatic lines. In Senegal, the overthrow of the prime minister, Mr Mamadou Dia, just before Christmas, was more the result of a clash of personalities between Mr Dia and the president, Mr Senghor, than anything else. Enthusiasts may, of course, search for philosophical quarrels. Mr Dia was a planner, a believer in co-operatives, in fact a socialist. At any rate, his terminology had a stronger socialist flavour than Mr Senghor's.

However, Mr Dia's attempt to avoid being voted out of office by surrounding Senegal's assembly with troops on December 17th, was based simply on a desire to stay in power. Quite properly, the president of the assembly, Mr Lamine Gueye, allowed the deputies to meet in his home to vote Mr Dia down; the former prime minister was then arrested (and is now to be put on trial) and Mr Senghor decided to introduce constitutional reforms giving the president (himself) more power. But this is as much a move towards authoritarianism as was Mr Dia's.

Mr Senghor's allegiance to his supporters among the property owners and *marabouts* is as tempered by pretensions to socialism as Mr Dia's socialism was watered down by liberal budgets and half-hearted attempts at austerity. The same absence of satisfying clarity befogs attempts to predict Senegal's attitude to foreign affairs now that Mr Dia is out of the picture. Mr Dia was more active than his president in attempting to bring about a rapprochement between Morocco and Mauretania; Mr Senghor outshone his prime minister in enthusiasm for bringing France and Guinea together again, and for getting Senegal itself back into a closer relationship with its separated Siamese twin, Mali. This last piece of the Francophonic African jigsaw puzzle may indeed be better fitted in now, since Mr Senghor is more acceptable to the Malians than Mr Dia was. The conservative poet, Senghor, is now more firmly in the saddle than ever he was; his economist other-half, Dia, is out. For France (whose ideology in Africa is to retain its influence) the news is fine.

DEMARCATION DISPUTES

Bricks Dropped

The stoppage at the Steel Company of Wales's vast works at Port Talbot was patched up in time to enable the men there to earn their last wage packet before Christmas. But it was only patched up, and it is highly likely to break out again unless the trade union movement will face the issues involved. It is offensive to common sense that 320 of these workers should be able to throw 8,000 other men out of their jobs for a clear week.

The men in question at Port Talbot are known as bricklayers, and belong to the Amalgamated Union of Building Trade Operatives; their job is to line the receptacles for molten metal with heat-resisting refractory blocks. This a dangerous and extremely unpleasant operation; because it is so the steel works have rightly paid the men very highly. They have also allowed them to work up a series of concessions on hours of work. The contentious point just before Christmas was the job-and-finish system under which a man working in a really hot place may go home after laying 25 "bricks," receiving full pay for that shift however few hours he may actually have worked. This particular dispute blew up over the definition of a "hot job," which is of course always difficult: the brickies walked out after one of their members had refused to lay any more bricks, claiming that he had been working in the heat.

The quarrel was one in which the men concerned may quite possibly have had a just grievance. But everybody knows that if they had belonged to the main union in the works a strike would not have occurred; the matter could have been cleared up between the employers and that union. It follows that one of two things should be done. Either, first, these men should move over from the bricklayers' union to the steelworkers' union, the Iron and Steel Trades Confederation, which could handle their affairs as it does those of their other mates in the works. This, no doubt, is what the Trades Union Congress would like to happen. The November dispute at Port Talbot was settled after arbitration, under the auspices of the TUC, in this way: the new job of relining Linz-Donawitz converters with a cement-like substance was taken from the bricklayers and given to the ISTC. Or, secondly, if the men (and not merely their present union officials) still want to belong to the bricklayers' union, the trade union movement should brace itself to grasp another nettle. It should say that, rather than let a strike by 320 men throw 8,000 out of their jobs, other men among the 8,000 will temporarily act as blacklegs—with full official TUC support. Some time or other, this sort of breakthrough in official trade union attitudes has got to occur. Port Talbot would be a good place to threaten to start to make it, at the time of the next strike.

CIGARETTE WORKERS

No Smoke Without...

Another sad story of industrial absurdity is provided by a dispute, recently half-settled by the Industrial Court, involving the unions and management of the Players branch of the Imperial Tobacco group. Briefly, Players discovered that output from its cigarette making machines, Mark 8, could be even further increased over that of an earlier model, Mark 6, by operating them in batteries of six, manned by a smaller number of workers than had previously been used to attend separate machines, each of which needed an operator, a mysterious catcher girl and one-twelfth of an examiner. The battery was to use an undefined small team, which was finally defined, after prolonged negotiation with the two unions involved—Tobacco Workers and General and Municipal Workers—as one leading mechanic (ex-examiners and some ex-operators), two ordinary mechanics (ex-operators), one patrol inspector and one station inspector (ex-catcher girls) and four tray girls (some of whom might have been catchers). This made 9 workers for six machines, against 12½ for six under the old, non-battery system. But the battery system could not begin until agreement had been reached on how those operating it should be paid.

The job rate, though carefully calculated with due and indeed excessive regard to the sacred principles of comparability and differential, did not satisfy the unions: they wanted a temporary, provisional payment made while the job rate was being calculated to be consolidated with their pay. The court decided in favour of Players, who seem to have behaved with some generosity to workers who already have one of the highest basic hourly rates in the country. The decision has been rejected as unacceptable by the unions; and apparently no battery-operation can take place until it is acceptable, not even if the management agrees to pay the operatives (regardless of proficiency) a weekly fixed sum to take the place of the incentive bonus later to be earned when a scheme has been evolved even though that fixed sum would make the whole wage more than the agreed wage (including a proficiency bonus) on which workers taking part in the system's development have been reasonably content. The batteries are still in abeyance.

Perhaps, however, as in the case of a tyrant freely elected by a democracy, the liberal should be in a quandary here: should he support the unions, so plainly, if fortuitously, on the side of cancer-free life, against a new upsurge in the output of cigarettes? Or should he be as sharply condemnatory of them and their restrictive practices as he would be if their work was on motor cars?

CHURCH OF ENGLAND

Greater Freedom?

THE Church of England will be presenting to Parliament over the next few years a series of measures designed to reform the canon law and the liturgy, and to allow greater freedom in the ordering of its services. Shortly before the recess, a parliamentary debate on a private member's motion allowed some of these ideas to be given a preliminary airing; the debate was encouraging for its moderate tone and general restraint, but there were signs that the passions which the controversy over the 1928 Prayer Book fanned into flame are still strangely smouldering.

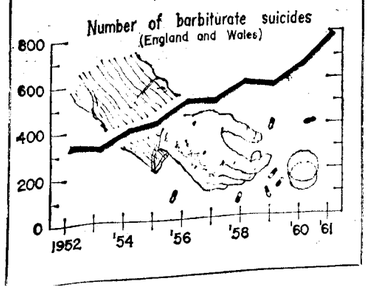
The position of the Church of England today is horrendously anomalous. Its claim to be the Church of the nation is in part borne out by its 27 million baptised members, but not by its 2,248,000 communicants, nor by its 2,887,000 members on the parochial rolls. Parliament retains its control over the Church, which is a Church established under the law; but the conditions which made this reasonable, an Anglican legislature for an Anglican nation, have passed away. In England today there are 3½ million Roman Catholics, over a million Methodists, thousands of Baptists and Congregationalists, as well as half a million Jews. Vague deism probably has the largest following of all. These divisions are reflected in the House of Commons and renders the position of Parliament as ultimate doctrinal arbiter for the Church of England theoretically absurd.

What then is the solution? Hardly anyone in Parliament wants disestablishment (although the Church of England could certainly survive it—17 of the 19 Anglican provinces across the world have no state connection). But most MPs feel that disestablishment in England might be interpreted as a national repudiation of religion, and that in any case it would cause a lot of trouble.

The most constructive approach will be to make full use of the Church Assembly Act of 1919. This allows the Church to work out its own legislation in co-operation with an ecclesiastical committee of both Houses of Parliament, so that any measure agreed on has a reasonable chance of a smooth passage in Parliament. The system broke down over the 1928 Prayer Book, which had been approved by the ecclesiastical committee. Such an impasse today can be avoided if Parliament has the sense to allow the two archbishops' proposal—of freedom to experiment with services for a period of fourteen years—to be put into effect. If after fourteen years new services have established themselves, then they would in all probability be approved by Parliament. This would be a preferable system to the present one where technical illegality is rife. Since no one is prepared to enforce the law on Church services, and since the present legal basis is undoubtedly too narrow for the actual religious life of the Church, the only reasonable solution is to create a greater freedom.

THE OVERDOSE

Although on the increase, an overdose of sleeping pills is by no means the most usual way of taking life, as is commonly supposed. One out of seven of the 5,200 people in England and Wales who committed suicide last year did so as a result of an overdose of barbiturates, compared with one out of two who gassed themselves. Hanging for men (1 out of 7) and drowning for women (1 out of 11) were the next most common methods.



capitals in an attempt to win unity for the Congo. Earlier this month Mr Koinange met the two Northern Rhodesian African leaders, Mr Kaunda and Mr Nkumbula, in London; representatives of Tanganyika and the Congo's central government were also present.

A "summit conference" of Pafmecsa leaders opens this weekend in Leopoldville. It is not mere coincidence that the conference comes after the talks held in London between Mr Thomas Kanza, head of the Congo-Leopoldville mission to Britain, and Lord Dundee, standing in for Lord Home at the Foreign Office. Pafmecsa leaders had hoped that Mr Kanza would persuade Lord Dundee (and that, at Nassau, President Kennedy would persuade Lord Home) that British obstruction of United Nations efforts to force Katanga back into the Congo was misguided.

PAFMECSA

Clearing the Air?

A NEW African pressure group is trying to bring about a reconciliation between Katanga province and the rest of the Congo; it faces several other tasks after that. The group is an amorphous association of the governments of the Congo, Tanganyika, Uganda, Somalia, and Ethiopia (all independent) and the main black nationalist parties of Kenya, Nyasaland, Mozambique, South Africa, Southern Rhodesia, Northern Rhodesia, South-West Africa, the three British protectorates in southern Africa, and Angola. Called the Pan-African Freedom Movement for East, Central and Southern Africa (Pafmecsa) this group is emerging as a powerful new African force with interests and aims quite separate from West African politics.

The interests of West Africa and Pafmecsa-Africa merge in the Congo, where everyone's pan-Africanist creed dictates unity. Mr Peter Mbiyu Koinange, the Kenyan secretary-general of Pafmecsa, has been to Elisabethville and several other African

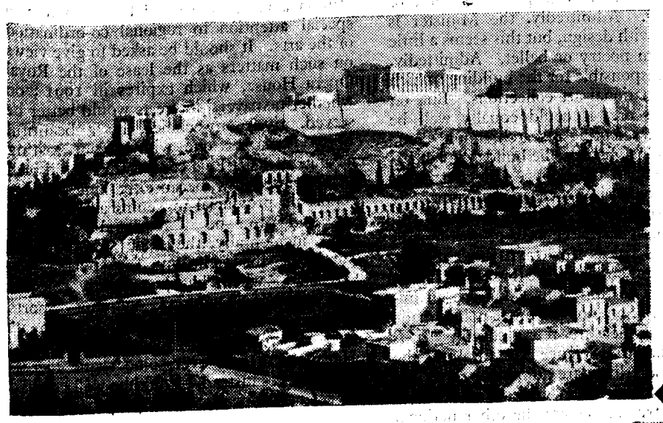
Ground-clearing in Kenya

PAFMECSA is nearer to home in East Africa. Its declared aim is unity, and, in the view of Pafmecsa leaders, east African unity is being impeded by Kenya's slow progress towards self-government and independence. This is the reason why Mr Obote, the prime minister of Uganda, and Mr Kawawa, the vice-president of Tanganyika, asked for an early interview with Mr Macmillan, who replied that he was fully booked until after Christmas. Pafmecsa is also working, somewhat ineffectively, to bring about African unity within Kenya.

The magnitude of its task there can be partly gauged by two reports issued on December 20th*. The first divides Kenya into six regions under the new constitution; the second records opinion in the Northern Frontier District (the sparsely populated northern half of Kenya) about whether or not the district should join Somalia at Kenya's independence. The Nairobi politicians are dead against this; the commis-

* Kenya: Report of the Regional Boundaries Commission. Cmnd. 1899. 9s. 6d. Report of the Northern Frontier District Commission. Cmnd. 1900. 4s. 0d.

THE CITY OF STEEL SELLS TO GREECE



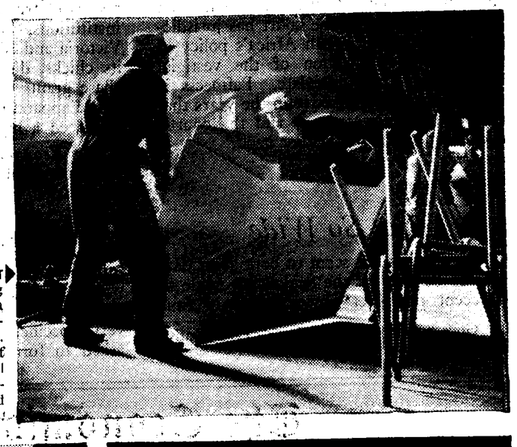
Ancient Greece cradled and nurtured modern civilization. The Parthenon, the great Periclean temple to the goddess Athena, built in the 5th century B.C., stands high on the Acropolis, dominating Athens. After centuries of Turkish rule Greece was liberated in 1833 and since then has been a sovereign state.

Today's population is 8,347,000. In November, 1962, Greece became an Associate Member of the Common Market. All sections of the economy are very active. In spite of unequal distribution of income, every important economic index has risen on the previous year and foreign investments are increasing. Tourism is a major factor in this recovery. Between 1958 and 1961 revenue rose 72%. The Greek government is encouraging new hotels and building better roads. By 1966 it is hoped annual income from tourism will have reached £50 million—twice the present level.

The Steel Company of Wales is active in this expanding market. In 1961 the total of *world* exports from 'The City of Steel'—the vast steelworks at Port Talbot on the South Wales coast, was over £34 million. This included 54.7% of Britain's sheet steel and 72.8% of her tinplate exports. Figures such as these were achieved in the face of heavy competition.

High over modern Athens stands the Parthenon, begun in 447 B.C.

SHOPPING GREEK This store is Vassilopoulos Bros. in Stadium Street, Athens. Around the walls is a great variety of food products, many of which are packed in cans made from Steel Company of Wales' tinplate. In this shop as in many others in modern Greece, the locally built Kelvinator refrigerators and cool cabinets incorporate Steel Company of Wales' sheet steel.



BIRTH OF A FILING CABINET At the busy, expanding factory of Tsaossoglou a new piece of office furniture nears completion. The Steel Company of Wales exports sheet steel to Greece for use in furniture made by this and other companies.

HAVE A FIX In the traditional way a waiter carries Fix Beer along a busy Athens street to three thirsty customers in a nearby office. The crown-corks are made by Aristos G. Coropoulis, a company responsible for approximately 80% of all crown corks used in Greece, and a notable user of tinplate from 'The City of Steel.'

Steel for the World from Wales

OIL IN CANS Mobiloil is one of the leading brands of motor oils in Greece packed in cans made by Elsa, Piraeus, the largest can manufacturer in the country. Elsa is a user of tinplate from The Steel Company of Wales.

THE STEEL COMPANY OF WALES LIMITED

sioners on the NFD report that only about half the NFD tribesmen are dead set for it. Luckily this half is roughly contained in the extreme east of Kenya, in about half of the new "Coast" region suggested by the first commission. Like Yum-Yum in "The Mikado" ("this—and this—and this—is a thing I'll never do"), the commissioners on regional boundaries say that suggesting a seventh region for the Somalis is outside their terms of reference, but if they were to suggest it, this—and this—and this is what they would suggest.

Pafmecsa might take the suggestion up in a possible future settlement between its brother members, Kenya and Somalia. After all, pride apart, what use is the top half of the future coast region to Kenya? As Pafmecsa leaders see it, effective action over the Congo and Kenya would strengthen the association for the final grand campaign that every African nationalist still visualises—the drive to bring Africans to power in the white-governed south. This drive was given encouragement with the decision taken by the International Court of Justice on December 20th that the court has jurisdiction over whether South Africa's policy of apartheid is a violation of the vestigial South-West Africa mandate. Pafmecsa is unlikely to remain inactive in the years that must elapse between now and the court's eventual decision on the case itself.

ARTS

Not So Wide

THERE does not seem to be a great deal to be said for the suggestion made in a recent pamphlet* by a group of four Conservative backbenchers: that the Minister of Public Building and Works should become responsible for state provision for the arts, although still retaining the Arts Council as a dispenser of some of the money. Admittedly, the Minister is concerned with design, but this seems a little remote from poetry or ballet. Admittedly, too, he is responsible for the buildings which house the national art collections. But, on the latter score, it could equally well be argued that scientific research should come under his cloak because he builds the laboratories in which it is done. In effect, this proposal would simply mean that somebody at the Ministry of Public Building and Works would have the task of sorting out the various pleas for taxpayers' money, instead of somebody at the Treasury. There is no reason to think this would be an improvement. Some of the other points made in the pamphlet are more cogent. It *is* illogical that the Science Museum and the Victoria and Albert are administered by the Minister of Education instead of through boards of trustees as are the other national institutions. It is also illogical that the Victoria and Albert, like a mother hen with its chicks, distributes the Exchequer purchase grants to provincial museums. The whole apparatus of state finance for the arts is indeed a higgledy-piggledy one.

The Economist, as it has argued before, is in favour of the appointment of a royal commission or some other once-for-all inquiry to review the whole situation of the arts in Britain. The big snag in that, these backbenchers believe, would be that its terms of reference would have to be "as wide as life itself." But this is just what they should not be. They should be made very specific. A commission should be asked to formulate how it considers taxpayers' money could best be used for the arts if it were available at different levels—if the Government were prepared to spend (a) £10 million; (b) £20 million; or (c) £30 million a year. It should be asked to pay special attention to regional co-ordination of the arts. It should be asked to give views on such matters as the lease of the Royal Opera House, which expires in 1991; on whether taxpayers' interests would better be served, given any choice, by a beautiful opera house or one with decent seating arrangements. This commission could well be appointed now, because the long-overdue report on provincial museums and galleries is said to be "expected shortly." And, incidentally, the same system would surely be the right one for sport. The Treasury—which has just rightly rejected the idea of having a standing Sports Council, consistently breathing down its neck for money, and which has asked Lord Hailsham to take over some vague recreational duties instead—would be well advised to set up a once-for-all inquiry.

* Government and the Arts. Conservative Political Centre. 1s. 6d.

CHINA

Where the Spiral Ends

AN illuminating controversy has arisen from the gloomy and provocative views about China which Mr Joseph Alsop, the American columnist, put forward in the September issue of the *China Quarterly*. Mr Alsop argued that since 1959 China had been caught in a "remorselessly descending spiral" of agricultural calamities brought on by misguided communist policies and bad weather. The death rate had risen through starvation; and, while admitting that economic development was easier with a smaller population, Mr Alsop pointed out that there was a limit to the privations people would endure. A peasant rebellion seemed on the cards.

In the current issue of the *China Quarterly*, Mr Alsop's diagnosis of China's malady, and therefore his speculation about the future, receive considerable criticism. Mr Alexander Eckstein says that, generally speaking, times were hardest in China in the spring of 1961. There were reports in the Chinese press then of "weed plagues," which suggested local breakdowns in cultivation. Since Mr Alsop wrote, the reports of this year's harvest suggest that life for the Chinese may have become marginally better. The "downward spiral" may have been halted—although it has yet to be seen whether it has been reversed. Much of Mr Alsop's argument was based on information gathered from refugees. The dangers of using such evidence, and then generalising on the basis of it, are considerable. The refugees entering Hongkong, Mr Frank Robertson points out, come almost entirely from the neighbouring province of Kwangtung, and their conditions are not necessarily representative of China as a whole. In any case, none of the 63,000 refugees seen by Hongkong doctors this year was found to show marked signs of malnutrition.

The Economist

DECEMBER 27, 1862

DISPOSAL OF SEWAGE

¶ There is not the least doubt that the arrangements of human society by which production and consumption are made to take place at a great distance from each other do entail very serious inconveniences. But, inasmuch as the development of commerce and the growth of towns appear to be the inevitable consequences of the multiplication of our species, and certainly are the indispensable conditions of our progress in civilisation, wealth, health, and comfort, our efforts must be directed not to check that necessary and beneficial progress, but to provide artificial remedies for evils inherent in a state of society which is, perhaps, rightly called artificial. The waste which is cast off in consumption has its value; a pure nuisance to the consumer, it is of service, it is often indispensable to the producer. And the last and perhaps most perplexing economical problem which the practical men of this generation are set to solve is how to rid the consumers of that enormous waste which we call sewage, and how to give it back to its proper use, the facilitation of production. The first half of the problem is far the most important; the mischief which is now done by the sewage of our towns is much greater than any good which it is ever likely to do to the land. But the latter question is by no means trifling; the mere sacrifice of so vast a quantity of matter which, in its proper place, would be so valuable, is no insignificant loss. . . . In one respect, no doubt, very rapid progress has been made and is still going on—we mean in the conversion into sewage of that which in other forms is far more noxious. But those who wish to know how much still remains to be done have only to take the case of Manchester, where it is estimated that above 120,000 people are provided only with middens of the old style, many of them in a state of disgusting filth, and all of them accumulating poisonous matter that infests the dwellings, oozes through the soil, and creates around and in the homes of the poor an atmosphere which can only be described as pestilential.

Looking to the future, Mr Geoffrey Hudson points out that in Russia the worst threat to Stalin's authority did not come in 1933, when famine was most serious, but a year later, when Stalin had much more to show for his attempts at industrialisation than Mr Mao Tse-tung is likely to have to show by 1964. Of course, Peking could stop criticising the Russian leadership, in order to get more economic aid. But is Mr Mao Tse-tung willing to leave Mr Khrushchev free to shape his policy without consideration for China? The Chinese still face the threat of a "descending spiral" under the pressure of the rise in population. There are signs that China's leaders are taking a new look at the possibility of birth control.

LAOS

Too Soon Forgotten?

AN international agreement can act like a local anaesthetic, tending to make the public, though not necessarily the governments concerned, forget that there ever was a problem in the affected area. Since agreement about Laos was reached at Geneva in July, Laos has vanished from the headlines. It still exists, however, and is still a problem. But the union of incompatibles described as a "government of national unity" which emerged under Prince Souvanna Phouma's neutral premiership has turned out no worse than was expected. Indeed, its supposedly most irreconcilable members—Prince Souphannouvong on the communist side and General Phoumi Nosavan on the right—seem to get on better than their followers do. A month ago, the three factions even agreed on how to merge their armies, though there is no sign of a rush to make the agreement actually work.

On the American side, the Geneva agreement was an exercise in disengagement. The United States aid programme has been drastically reduced, and the British have stepped in with an annual grant of £1 million for three years to finance commodity imports, and £1,350,000 in technical aid, to be spread over five years. There is some aid from the Chinese and the Russians as well. No amount of aid can disguise the fact that Laos cannot really afford to pay for the recognised (and expensive) symbols of statehood: an army, a bureaucracy, and a diplomatic service. But this has not deterred Prince Souphannouvong, as minister of development, from presenting (in September) a plan of economic and social development that seems conceived on a scale beyond Laotian resources; nor General Phoumi from drafting a correspondingly ambitious budget.

Recriminations persist about the alleged lingering of foreign troops in Laos. By the end of October, the Americans said they had withdrawn their troops, and north Vietnam said the same. But the Americans want to know what happened to the 10,000 north Vietnamese who were there not long ago, since only 40 have officially checked out; and the communists allege that there are still a thousand American and 8,000 allied troops in the country. These are reminders that it may be too soon to forget Laos altogether.

Dear Readers . . .

NOW and again *The Economist* likes to take a close look at its readers. See how they're getting on. How many cars they've got. How many went abroad last year. (And what they think of the paper.) That sort of thing. Nothing personal about it: just a chore that our subscribers undertake manfully in filling in the odd form, or answering the odd telephone call when they have been remiss enough to forget it. Well, now we can say how pleased we are that everyone seems to be in such good nick. Take real, hard money first. (Might as well see where we all stand.)

In the United States 16 per cent of *The Economist's* readers turned out to have a family income of $50,000 and over; and, really, everyone else looked quite comfortable except (possibly) for the 12 per cent who were either too rich or too hard-up to admit to anything. In west Germany 25 per cent took home DM 36,000 (£3,200) or over; and in France 22 per cent had NF 70,000 (£5,100) or over at their disposal—before tax, that is. What about Britain, outside the common market? Well, our pollsters don't actually press that kind of thing too far here, but 57 per cent of those of our readers who were polled paid surtax at the old scale (£2,000 a year or more) and 96 per cent were easily categorised into what the Registrar-General calls social classes I and II. Which makes you rather more of an exclusively toffee-nosed bunch than we would like.

Status symbols are in pretty general distribution. Naturally our pollsters didn't waste time asking about automobiles in America; they took them for granted. It's *The Economist's* car-crazy readers in France who top the list: 79 per cent own one car (and 16 per cent more than one). British subscribers go more for home-ownership: 74 per cent here own their own houses, compared with 67 in the States and only 43 per cent in France. It looks, alas, as if the rat-race has claimed most readers in some way: urban and suburban life predominates wherever you look. In America 31 per cent of subscribers are in New York state, and in France 81 per cent in the Paris region. (Although we must hope that we still get through to the *notables* at Colombey-les-deux-églises and a few other rural seats like that.) Even in Britain 37 per cent live in Greater London and 13 per cent in the Midlands; come to think of it, though, that isn't too much out of line with the north-south drift.

OF course (we really should have said this earlier on) 50 per cent of our circulation is now overseas, compared with 39 per cent six years ago. We're exporters, you see, just as we tell everyone else to be. The biggest single market for *The Economist* abroad is still the United States, but we can report at year's end, so to speak, sizeable advances in places like Southern Rhodesia (trebled), Northern Rhodesia and Nyasaland (trebled), Saudi Arabia, Australia, Mexico (doubled), Poland (doubled) and the Soviet Union. But communist China has shown what is said to be "significant reduced interest" and so have Hungary and South Africa. (What on earth can we have written to upset them so much?) In 1938 the weekly circulation of *The Economist* was only 10,500; in 1945, only 17,500; today it is just short of 70,000.

Ah, everyone says, but where have you flopped? Let's face it, we still don't seem to have that instant woman-appeal that we'd like. Here in Britain only 3 per cent of our subscribers are women; in the United States we have 8 per cent (although 79 per cent of our Americans own stocks and shares, and aren't women supposed to have that market under their thumbs?). It's in France that our feminine rating goes up—to 12 per cent. *Chères abonnées*, we salute you. Yet aren't you just a little bit bossy? In Britain there are at least 7 per cent of *The Economist's* male readers who don't claim to have other people working under them; but in France neither men nor women would admit to having no subordinates whatever.

The Economist's readers are a bit of a handful for pollsters and others to track: they all travel so much. Over four-fifths of the French and Germans were off on trips last year, two-fifths coming to Britain at one time or other. Our home crowd are only slightly more insular: 55 per cent went abroad—and 60 per cent said they thought they would next year. The Americans? Well, it seems that half of them just decided to stay home: must have been worried about Wall Street. As we expected (we're always going on about higher education) Britain doesn't show up at all well in our university graduate league. Despite all those social classes I and II, only 38 per cent of home subscribers have degrees, compared with 79 per cent in America and 92 per cent in France.

So there it is, except for what readers think of other readers of *The Economist*. Well, 40 per cent think other readers are businessmen, 29 per cent think they're directors and executives and 21 per cent think they're financiers. And, really, they've got it about right—except that we have slightly more civil servants and dons than people realise. To our great discredit, though, we have no readers (it seems) in the Registrar-General's occupational status XXV (stationary engine drivers, crane drivers, stokers, etc.). H'mm.

HOME REPORT

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

Caerphilly Says Cheese

FROM OUR SPECIAL CORRESPONDENT

NESTLING around a Norman castle, famous only for a white and softish cheese (now made mostly in far-off Wiltshire), and dominated from a hill-top by grey cones of colliery waste, the small south Wales town of Caerphilly hardly looks like an economic growth point. But for its strictly local enterprise it would indeed not be one; thanks to one of those quirks of local government law this sprawling urban district of 37,500 people is riding high, despite the apprehensions that beset the other south Welsh valleys.

It all began in 1952, when the Glamorgan County Council went to Parliament to acquire some minor powers: the resulting private act included, more or less by chance, a provision that local authorities within the county might buy land "for the benefit, improvement or development of their district"—and, what is more, lend money to buyers or lessees of such land to help with building on and improving it. In 1959 there were almost 1,000 unemployed in the urban district: coal stocking was spreading through the country and justifiably alarming the colliery areas (2,500 miners live in the urban district); and the council saw a frightening bulge coming up to school-leaving age.

Two objectives were set—to provide jobs, and to diversify. The available labour could be swelled both by bringing in workers from the genuinely depressed mining areas up the valleys, and by employing locally some of the 5,000 residents who make the 15-minute daily journey by rail through the mountain, or the half-hour journey over the hill, into Cardiff. In new light industry women could be employed; this is particularly important, since the coal mines immediately around the town have a sound future ahead of them, and since, as a local worthy put it, "if you keep the girls home you keep the men in the pits."

Because of a technicality in the drawing up of "development districts" under the 1960 Local Employment Act, Caerphilly could not qualify for Board of Trade help. So it decided to use its peculiar powers, and set aside an initial 17 acres of land—blighted by former army hutments, and already acquired for housing development by the council—for industrial development. A total of £30,000 was spent on installing services; a judicious programme of selective advertising was started; contact was made with various authorities in Newport, Monmouthshire, 12 miles down the road, where the building of the Richard Thomas and Baldwin steel plant and the development of the port have set all hearts on industrial expansion. The land went like hot cakes, at a bare economic rent of around 1d. a square foot. The seven companies now installed or building on the first 17 acres will employ just under 1,000 people, in jobs from paper-bag making to manufacturing hospital equipment to food distribution. Such has been the demand for factory sites that the council, before their initial 17 acres were officially opened, had bought (at £625 an acre) 24 more acres to add to their new industrial estate, which they hope to rent out at similar prices.

To incoming firms the council can lend not above 75 per cent of the value of their complete premises and land: they charge one half of one per cent above Public Works Loans Board rates, borrowing the money either from the board or on the open market, depending on interest rates. They will soon have lent very nearly £150,000 in this way. The loans have to be sanctioned by the Ministry of Housing in its guise as Ministry of Welsh Affairs; and down the road in Cardiff are sympathetic Cymric functionaries (how many enterprising local planners in England would give their eyes for access to a regional authority with no greater powers than the Welsh ministry?).

Of course all this has had to go along with parallel development in housing and services. The council has built 300 houses since 1960, and has bought 160 more acres for housing (on the Radburn plan, with segregation of pedestrians and traffic). Four hundred and fifty new houses are to be built for the National Coal Board, which hopes to move in miners from declining coal areas to the good local pits. The snag on the council housing front is the need to bring the account into balance: the council has recently decided to base all rents on the official rateable value of their houses, which, especially with prewar buildings, has meant some steepish rises for people from mining communities used to low rents (and no bathrooms). Recently one third of the council's tenants were behind with the rent, although a three-bedroomed house only costs 30s. a week.

IN each of the past five years 140 houses have been built in the urban district for sale by private developers: with an eye to the new prosperity which it is hoped industry will bring, the council has scheduled a zone for private building, and is hoping for 1,200 private homes over the next five years. There is a fine College of Further Education a short way up the valley, and the county provides ample chances for night school and continuation courses. At Cardiff there is both the university and a College of Advanced Technology, and a technical college is not too far off at Pontypridd. For the supply of skilled and clerical workers, the Caerphilly citizens who commute into Cardiff are only too happy to take a qualified job nearer home if one offers. At present the town is worried about the impending closure, in June, 1963, of the railway workshops that employ 400 men in six acres of buildings and eleven of sidings and level land. Instead of begging for this to be kept open, the council should be offering far and wide this splendid site for new industry, complete with craftsmen.

To add to its other virtues, Caerphilly has a sensibly expansionist approach to the arts. It gives grants to local choirs, brass bands and drama groups; last year it spent over £1,000 on a local arts festival, and another is planned for 1963. The town has

contributed £2,000 to the vastly expensive Ministry of Works project for restoring the ancient look of the castle: not only tourists but also the wives of the executives of incoming firms are attracted by the idea of so splendid a centre-piece for the town. And a 70-acre marshy site next to the industrial estate is being built up with rubble to provide a fit setting for the noble Welsh art of rugby football, and other sports. In its wide basin at the foot of the narrow Rhymney mining valley the town is not, like so much of south Wales, overshadowed by the colliery spoil-heaps; in collaboration with the coal board stern efforts are made by the planners to ensure against such defacement by the existing pits. And the final attraction to newcomers is a project by an American firm to set up a three-acre shopping plaza with twelve acres for parking.

Of course the town has every kind of advantage to add to its local enterprise. Industries there have access to the whole world by way of Newport docks; when the Severn bridge is built it will be included in the Bristol-south Wales industrial complex, and when the Heads-of-the-Valleys motorway is finished Birming and the Midlands will be within a very few hours by truck. coastal development of south Wales in recent years—the shi the balance of employment down out of the narrow mining va —has in many places, and notably at Cardiff, completely fille the narrow strip between the mountains and the sea, so that ir try must move back into the hinterland when such moveme possible.

But the point of the Caerphilly development is that it has pushed at precisely the point where development is opportu economically, geographically, even emotionally, for this tow sufficiently far inland to command the willing allegiance of the of the valleys. Eloquent locals will argue that this example sh the worth of allowing local people to get on with the job of dev ing the region they know, unfettered by the financial tramme the Treasury and the Board of Trade. It is, at least, a b thought for the New Year.

A Knowing Air

THE National Society for Clean Air who, of all people, might have been expected to throw up their hands in horror at the three-day smog which blanketed London early in December, have surprised some of their supporters by publishing, as a supplement to their paper *Smokeless Air*, a scathing attack on those newspapers and television commentators who thought the visitation evil enough to merit their attention, and dirty enough to merit attacks on the efficacy and operation of the provisions of the Clean Air Act. Without giving themselves the pleasure of claiming a victory for the act, the society has allowed its preliminary assessment to become infected with a complacency based on the number of deaths in the London county area during the week in which the smog lay so heavily on the city: 105 more people than usual died, 87 of them of bronchitis—compared with 1,539 and 751 respectively in the great smog of 1952.

But was the smog only one-fifteenth as bad as it was that year? Medical practitioners think not, and some of them have gone on record in *The Lancet* with an estimate of one-quarter, based on the number and type of cases in their practices. Most Londoners will trust their own subjective assessments and agree with the doctors, who treated far more wheezy chests than usual, far more heart attacks and cases of sudden breathlessness than the British winter normally produces. And the amount of misery, frustration, actual suffering and inconvenience, not to mention lost production, cannot be measured by the statistics of death alone.

The point of the society's attack is that smoke has been satisfactorily reduced in London's atmosphere as a result of the act and the efforts of local authorities to fulfil its recommendations; and that to concentrate (as newspapers did) on the increased incidence of sulphur dioxide in the smoggy air, and not on the reduction of smoke, is to give aid to the enemies of smoke control and to mask the real issues at stake. This point may be thought to be somewhat mitigated by the news that only 13.8 per cent of the premises in the nation's "black areas" were effectively smoke-controlled in 1962, six years after the inception of the legislation, and that even in London, which leads the country, the proportion is only 22.3 per cent. And it is not strengthened, to say the least, by a possible interpretation of the figures by which they have set such store: if this smog was really so innocuous, why was the proportion of bronchitis among the dead so high (87 out of 105, compared with 751 out of 1,539 in 1952)? Is it because the increased sulphur dioxide content of the latest fog is particularly hurtful to sufferers from this most common of English diseases?

THE Clean Air Act does not, in fact, take any account of sulphur dioxide (which, mixed with water, forms sulphurous acid, a mild but nevertheless corrosive substance); and as measurements during the smog showed, its level in the atmosphere has not been reduced by methods applied specifically against smoke—not surprisingly, since it is a constituent of almost all domestic and industrial combustion products, whether smokeless or not. It is not impossible to get rid of it (though it is expensive), and it may be thought that provision for its extraction from flue gases would be of some advantage in the new version of the Clean Air Act that the Government ought to be considering in the light of the depressing reception the old one has had in the country.

Of the 325 authorities with black areas, 83 have not yet come round to submitting any sort of programme for smoke control to the minister, who first asked for submissions in 1959; and of those who have taken the matter seriously, some have put the completion dates of their programmes as far ahead as 1989, and 39 envisage clean air in their areas only by 1977. Worse, many authorities in which smoke abounds done nothing because they do not thir themselves as black areas at all.

Nobody wants to impose such rigid trols that serious hardship results in p (which means just about everywhere) w a run on smokeless fuel would leave r people without anything to burn at al to unbalance marginally profitable burning industries by dictating their chase of more expensive fuel. But it w undoubtedly be a good thing to hav mercy with people, authorities and in tries who could well afford to go smok but are at present able to poison ever else for the sake of themselves and shareholders. And it would be quite a thing, too, if the National Society for C Air refused to be content with what i achieved, and lent more of its conside weight to a new effort to stop eva widen the act's scope and perhaps, in end, save even an insignificant 105 p in London from an untimely and unple end.

WHAT TOP PUBLIC SERVAN ARE PAID

Public Boards :—	
Chairman—	
British Transport Commission..	£24,0
Electricity Council	£10,0
National Coal Board	£10,0
Gas Council.....	£8,5
British Overseas Airways Corp.	£8,5
London Transport Executive....	£7,5
Sugar Board	£5,0
Planning Commissions :—	
Chairman of National Incomes Commission.....	£12,5
Director General of National Economic Development Council	£7,0
Government :—	
Prime Minister	£10,0
Senior ministers	£5,0
Junior ministers	£3,7
Permanent Secretaries in the Civil Service :—	
Treasury.....	£7,5
Other departments	£7,0

* £4,000 allowance for the commission a whole. † £4,000 free of tax. ‡ Pl £1,000 allowance.

BOOKS FOR TOKENS

The Iron Duke

Wellington in the Peninsula
By Jac Weller.
Nicholas Vane. 395 pages. 63s.

NOSEY or Arty to the British troops, Douro to the Portuguese cacadores, Wellington gained their respect and confidence rather than their admiration and affection. Posterity, savouring the anecdotes of gruff common sense but remembering the long years of Tory politics and the iron shutters at Apsley House, has passed much the same verdict, finding the hauteur of an aristocrat not quite to its democratic taste. There is something forbidding in the adjective iron ; history prefers her heroes to be more sympathetic. Wellington was too consistently successful in war to be the subject of the softening legends of defeat and lost causes that have been accorded, say, to Moore and Napoleon. Less vain than Nelson but also less lovable, eulogy perhaps but not elegy has been his lot.

The injudicious, though honest, comment about " the infamous army . . . enlisted for drink " overshadows the long years of unremitting care for his troops, and the casualties at Ciudad Rodrigo and Badajoz obscure the tactical ability that produced a string of victories at low cost. As a result one of Britain's greatest military commanders has never perhaps been given his full deserts. Mr Weller tries to correct the balance. For him, Wellington can do no wrong. Commenting on Oman and Fortescue, who were not always prepared to judge Wellington as infallible, he says:

> Criticism of this type may obscure what actually happened, and lessen the worth of what is written. To fault Wellington on his strategy or tactics is ill-advised. To venture an opinion contrary to his concerning the British army appears to me to be ridiculous. How can a writer living a century later know more of the army from studying diaries and memoirs than Wellington knew from daily contact over many years?

To some, such sentences must appear to come perilously close to abdicating the historian's function and responsibility ; even so, Mr Weller has written one of the best and neatest of modern works upon Wellington.

His frank, unabashed admiration serves him in good stead, for it enables him to concentrate upon the essentials of Wellington's military talents. So does his spare style, which enables him to get a good deal of meat under a small cover and to gain the advantage of contrast when he seeks to heighten his effects. His book is based upon long-ranging, systematic research into secondary sources, and he handsomely acknowledges his debt to his distinguished predecessors, Napier, Oman and Fortescue. This is backed by personal research embodied, first, in long tramps across the Peninsular battlefields and, secondly, in the firing of a " Brown Bess " and other weapons of the time. The first enables Mr Weller not only to make the topography plain in his text but also to produce numerous, informative photographs and simplified but extraordinarily clear maps. The second enables him to assert with confidence that well-trained British infantry of the line could get off four rounds a minute. This may appear to be a small point and whether this rate, once the barrels were fouled, could be sustained for long is another matter ; but this practical calculation helps to make it clear why the French columns of attack shredded so quickly to pieces under the rolling fire of the British and Portuguese lines.

Mr Weller is careful not to insist that the line, in fact, had a " natural " advantage over the column, arguing instead that the success of this Wellingtonian tactic was due to well-disciplined firepower ; to the posting of the troops so as to afford them some cover against massed artillery fire ; to the ability of the British light infantry to out-skirmish the French skirmishers ; and to the use which Wellington made of the spade, not in throwing up entrenchments but in improving lateral communications, so as to preserve fluidity in defence. This is good sense, as is Mr Weller's insistence upon Wellington's ability in manoeuvre. His book should help to kill off the hard-dying myth that Wellington was simply a defensive general, though presumably the fame of Waterloo will always overshadow that of Salamanca and Vitoria.

Throughout the book, indeed, Mr Weller puts the emphasis in the right place : upon Wellington's administrative ability and his willingness to delegate, epitomised in the introduction of divisional formations and the brigading of Portuguese troops with their British allies ; upon his concern with transport and supplies, for he had not been a Sepoy general for nothing ; upon his eye for the country, apparent as much in the lines of Torres Vedras as, say, the battlefield of Busaco ; upon his uncanny ability, demonstrated in every battle he fought, to turn up at the point of crisis with the right, though often laconic, order ; upon his imaginative prescience in sensing what was happening on the other side of the hill, based on an assiduous sifting of intelligence ; and upon his patience, revealed in his clear sighted view of the strategy which he insisted should be pursued in the Peninsula and duly recognised by Napoleon in the unpleasant simile of the " running ulcer." It is always easier to credit Wellington with a commanding temper and a resolute will than with imagination and patience, and Mr Weller's success is founded on his recognition that there was more than one metal in the man.

Many Sided Pope

The Laurels and the Tiara
By R. J. Mitchell.
Harvill Press. 319 pages. 36s.

OF all the figures in the long rowdy line of Renaissance popes, that of Pius II (born 1405, pope 1458-1464) is the most sympathetic and accessible. From obscure birth in an obscure Tuscan village, Aeneas Silvius Piccolomini became secretary to a cardinal and an anti-pope, ambassador to James I of Scotland, poet-laureate, bishop, cardinal and pope. This career involved an apparently radical change of character, one that has been compared with the behaviour of Becket before and after becoming Archbishop of Canterbury. Aeneas put off taking deacon's and priest's orders until 1446. Before that he lived the life of a gay, extra-articulate humanist - about - town, writing belles-lettres on a variety of topics, from the care of horses to the misery of life at court, writing a conventionally immoral play, *Chrysis,* and a delightfully improper novella " The Tale of Two Lovers," and fathering two bastards with the frankest pleasure. Once in orders, a complete change ; the intelligence and charm remained, but were dominated now by an earnest sense of purpose. He, who had been the servant and spokesman of a General Council, became the pope who issued that scathing denunciation of them, the bull *Execrabilis ;* the luxurious dilettante became the passionate defender of Christian unity and wore himself out in an effort to cleanse Europe of the Turk, dying at Ancona in sight of the sorry token force that he had hoped to project against Mahomet II.

His writings are a copious and essential source of information about the Europe of his day and its values. He wrote an account of the Council of Basel, a description of Germany, a history of the Emperor Frederick III, and he began a history of Bohemia. He wrote lives of famous contemporaries and a treatise on education. He travelled widely and attentively, bringing back not merely anecdotes (his near rape by peasant girls in the north of England, for example) but also opinions that made him one of the pioneers of professional geography. Most attractive and revealing of all his writings, however, are his autobiographical " Commentaries," possibly the fullest and frankest personal document produced in Europe between St. Augustine and Benvenuto Cellini. There is no need to emphasise the importance or the fascination of this work ; it has recently been made accessible in an edition shortened from the translation by Professor Florence Gragg and called " Memoirs of a Renaissance Pope." The author of " The Laurels and the Tiara " uses an independent (and in this reviewer's eyes preferable) translation by Miss Flora Grierson, unpublished, but on deposit in the Bodleian Library.

Miss Mitchell's book is, above all, a sympathetic and easily written account of the author of the " Commentaries," a tribute to Pius's variety and charm rather than a scrutiny of his effectiveness as a diplomat and administrator. The definitive biography has yet to be written ; it is, perhaps, a task for a team rather than for an individual. Meanwhile it is a pleasure to have a life which, if it is neither fuller nor more scholarly than the previous English life (by C. M. Ady, 1913) is fully abreast of recent detailed study, and subordinates it to a straightforward and reliable account of an extraordinary man.

Advance in Joyce Criticism

Structure and Motif in Finnegans Wake
By Clive Hart.
Faber. 271 pages. 45s.

IT is notable that although the overwhelming mass of criticism of James Joyce's work so far has come from the United States, some of the very best is now appearing from British sources. In the particular case of " Finnegans Wake," the most difficult subject of all but in many ways the most rewarding, nothing that has come from America quite reaches the high standard of combined detailed analysis and broad literary grasp to be found in studies published here in recent years under the names of M. J. C. Hodgart, J. S. Atherton and now the author of the present work.

Mr Hart does in fact draw on American studies for some aspects of his work, and he is particularly polite in his acknowledgement to Campbell and Robinson's " Skeleton Key to Finnegans Wake," that early, hasty, faulty and often misleading book. But his examination of the formal devices used by Joyce in " Finnegans Wake," in particular its cyclic form, dream-structure, correspondences and *leitmotif,* goes beyond any critical study produced so far not only in thoroughness and keenness of perception but also in what all serious students of Joyce now regard as the most interesting and promising field of all—appraisal of " Finnegans Wake " as a whole, literarary criticism properly so-called.

It has taken more than twenty years, since the original publication of " Finnegans Wake " in 1939, to reach this point. It would probably have been reached sooner but for the multitude of false scents set up by American critics and the sheer mental confusion of many of the writings of Joyce's peculiar Parisian entourage. Mr Hart has shown the right way—by close analysis, deep knowledge of English literature, improved understanding of Joyce's peculiar personality and interests (towards which Mr Ellman's admirable biography is the main guide) and the growing critical confidence that comes with truly scholarly breadth of vision.

Music Corner

Richard Strauss : *A critical commentary on his life and works*
By Norman Del Mar.
Barrie and Rockliff. 477 pages. 65s.

Man and His Music
By A. Harman, with A. Milner and W. Mellers.
Barrie and Rockliff. 1220 pages. 50s.

The Outline of Music
Edited by Malcolm Sargent.
Newnes. 516 pages. 63s.

GOOD writing about music (of which Shaw three quarters of a century ago was one of the first practitioners) is today remarkable in its volume and range. Mr Del Mar's first volume of critical commentary on Strauss's life and works is the more remarkable because it offers the reader a professional conductor's intimate knowledge of the works in terms that other professionals will respect and amateurs can share with enjoyment. The subtitle, as the author admits, is not strictly accurate for there is far more of the works than of the man, for which we are asked to await the second volume. He does not spare the worst of Strauss—who could? Strauss called himself " a first-class second-rate composer " and often enough mere talent and bombast got the better of his genius, and reduced him to cheapness.

Mr Del Mar proceeds chronologically through the works, noting the success and promise of the first horn concerto (which hardly sounds eighty years old), relishing *Ein Heldenleben* and *Don Quixote,* analysing the motivations that led Strauss from the orchestral tone poem to the " stage tone poems " *Salome* and *Elektra,* and so to the " crowning success " of *Der Rosenkavalier.* Some may find the author's extensive cross-referencing of the profuse thematic material rather hard going, yet his musical citations are always perceptive and blend remarkably with his narrative. This book would be worth the money for the analysis of *Der Rosenkavalier* alone, even though one might offer the mild comment that the opening pages of the second act are rather rushed through and something of the tenderness of Sophie is missed. It is a book that distils great knowledge in an appealing way. Mr Del Mar's second volume will be eagerly awaited.

" Man and His Music " puts together in one volume the four separate volumes of an already esteemed work, with revision of the text and new features, and has been out for some months. It is encyclopedic in scope, but it is heavy in neither sense—three and a quarter pounds for 1200 pages is a publishing achievement. The four parts cover the medieval and early renaissance ; late renaissance and baroque ; the sonata principle ; and romanticism and the twentieth century. There is excellent writing here—one can, for example, read the eight main pages on Strauss against Mr Del Mar's first volume and see what a marvel of accurate compression has been achieved. The indexing and the arrangement of purely factual data are first-class. But the main purpose of the book is not to act as a work of reference but rather to relate the development of music to the expansion of man's cultural horizons down the centuries.

If " Man and His Music " is outstanding in its scope (and its value) the " Outline of Music " must be judged somewhat less so. The contributors are distinguished, but their contributions are not identifiable. The result is a rather uneven book with " bulges and concavities in unexpected places," to quote Sir Malcolm Sargent's introduction. Elgar, to take a single example, comes off very badly, and though Britten has more space, he gets little more than the " list of works " treatment. There are no musical examples.

The Romantic Egoist

Scott Fitzgerald
By Andrew Turnbull.
The Bodley Head. 320 pages. 30s.

BY 1922 Scott Fitzgerald had married the southern belle Zelda Sayre, published his first novel, " This Side of Paradise," won acclaim as a handsome, bright, successful new author, taken a fling at turning his life into one long collegiate party, and achieved some degree of success in converting New York into his own image or himself into the city's image—the distinction was unimportant, what mattered was the image. He was twenty-five. Years later he was to remember the glory of those days : " riding in a taxi one afternoon between very tall buildings under a mauve and rosy sky ; I began to bawl because I had everything I wanted and knew I would never be so happy again." It comes as no surprise that Hollywood wanted to film the novel, starring Scott and Zelda Fitzgerald in the leading roles. It would have been very much in character for them to accept, given their restiveness, their intense search for new experiences, their attempt to live as though they were the handsomest, most romantic, most youthful couple in America ; they were themselves projections of a Hollywood image ; friends, however, dissuaded them.

In the next fifteen years, Fitzgerald wrote two brilliant novels (" The Great Gatsby " and " Tender Is The Night "), and more than a dozen memorable stories ; he also witnessed and participated in his own and his wife's destruction: she went mad ; he became an alcoholic, a corrosive, self-pitying man whose small, insecure vanities had lost two essential props : money and

fame. The irony is that along the way he changed from a rather tiresome, impossible, collegiate bore into a man with character and insight, and into a writer of the first magnitude. Indeed, it was his commitment to writing as the only coin which had value, somehow outside and above society, that invested his life with dignity.

Mr Turnbull does not really offer much that is new to the Fitzgerald legend, and certainly it is little advance over the more thorough and superior biography, "The Far Side of Paradise," that Arthur Mizener wrote ten years ago. The special relationship that existed between the author and Fitzgerald dates back to the early nineteen thirties when Mr Turnbull was a boy of eleven and Fitzgerald was a tenant on his (Turnbull's) parents' estate. We are presented with some compelling tales of Fitzgerald at that time. But the book's interest, its sad, poignant appeal, rests less in its value as a distinguished biography than in the rather fatal attraction of its romantic hero's life. Fitzgerald's life was the base metal for his art. And we are deeply stirred by that art, by that accomplishment.

Tudor Portraits

Catherine, Duchess of Suffolk

By Evelyn Read.

Cape. 205 pages. 21s.

Lady Jane Grey

By Hester Chapman.

Cape. 224 pages. 25s.

CATHERINE OF SUFFOLK was one of those rare people who think and act for themselves and who are prepared to suffer for their actions. She was born in 1520 and died in 1580, thus living through the most dramatic years of the Tudor period. But though a great lady in her own right, she took no active part in politics; her importance lies rather in her ideas and in the way she reacted to the stresses of her time.

She was brought up a Catholic, and when only thirteen was married to Charles Brandon, Duke of Suffolk, the close friend of Henry VIII. As Suffolk's wife she came to court when the new "reforming" party was in the ascendant. Catherine and her second husband Richard Bertie were close friends of Latimer, and were kind to the Protestant scholar Bucer during his year at Cambridge. The duchess in fact became a sincere Protestant and as such was in great danger under Mary. She had made a personal enemy of Gardiner, the Catholic Bishop of London, and inquiries were soon begun into her beliefs and actions. In 1555 Catherine, Bertie and their baby daughter fled to Germany with little more than what they could carry. Like many refugees they were forced to move from town to town in continual danger of arrest. At last they found refuge in Poland, then largely Protestant, and Bertie was made governor of what is now Lithuania. On Elizabeth's accession the duchess and her family returned to England and lived quietly on her estates, writing occasional admonitory letters to the queen and Cecil to spur them forward in the task of reforming the Church. She was too extreme for Cecil, though he remained a close friend, and far too extreme for Elizabeth.

It is the years of exile that make her life unusual. Few of the wealthy were prepared to sacrifice so much, Cecil and many others conformed and waited their time, but Catherine showed herself more independent and more outspoken. This quality of individual judgment was shown on other occasions. In an age where marriages in her class were arranged by the parents, she refused a proposal that her son, the young Duke of Suffolk, should marry a daughter of the Protector Somerset in the following letter:

> And now they, marrying by our orders and without their consents, as they be yet without judgement to give such consent as ought to be given in matrimoney, I cannot tell . . . wherein we might work more wickedly than to bring our children into so miserable a state not to choose by their own liking. . . .

In short she was an interesting woman, and this is an interesting book. Mrs Read has worked with her husband Dr Conyers Read, and her knowledge of the period is extensive. Her style of writing is not, however, that of the academic historian. She feels so deeply for her subject that she has fallen into the trap of trying to create through her imagination feelings and sentiments for which there is no direct evidence. As a result her book, though scholarly, falls between two stools; it is neither a historical novel, nor a biography, but a mixture of the two.

In contrast, Miss Chapman avoids all attempts to imagine the feelings of Lady Jane Grey. Instead she has produced an excellent biography, clear, well-documented and unsentimental. In so doing she has rescued her subject from mythology and given her a new lease of life. Lady Jane's career was pitifully brief. Her claim to the throne, as the great grand-daughter of Henry VII, was used by her parents and her father-in-law in an attempt to prevent the accession of Mary Tudor that ended in Jane's execution in 1554 at the age of sixteen. In that short time she achieved a remarkable maturity, shown in her letters, the defence she composed for herself, and in the clarity with which she saw through her parents while accepting partial responsibility for their actions. "Father," she wrote in her final letter,

> Although it hath pleased God to hasten my death by you, by whom my life should rather have been lengthened. . . . And yet, though I must needs acknowledge that being constrained and (as you know well enough) continually assayed, yet in taking upon me the crown I seemed to consent, and therein grievously offended the Queen and her laws.

In Miss Chapman's opinion, she would have made a disastrous queen. She had been well educated in the humanist tradition, but her Protestantism, like that of Catherine of Suffolk, was narrow and intolerant; she was "self-examining, fanatical, bitterly courageous, and utterly incapable of that art of compromise in which the Tudors specialised. . . . Alternately abused and toadied, caring only for the things of the mind, she developed a capacity for self-isolation highly uncharacteristic of her day. . . ." In fact there was never any likelihood of her getting the throne. Although both the Spanish and French ambassadors gave Mary up for lost, Northumberland was too unpopular and Jane too unknown for the plot to have any real chance of success.

Miss Chapman handles her material well. Her book is rich in quotations from original sources, and she creates her portrait through these, rather than by drawing on her imagination.

Manet by Degas

Two sketches of artists by artists, which appear in two biographies published recently:

Manet

By Henri Perruchot.

Perpetua. 296 pages. 42s.

William Rothenstein

By Robert Speaight.

Eyre and Spottiswoode. 410 pages. 63s.

Rothenstein by Toulouse Lautrec

Babylon the Great

The Greatness that was Babylon

By H. W. F. Saggs.

Sidgwick and Jackson. 591 pages. 63s.

OF the two great ancient civilizations of the Levant, that of the Nile has always been more familiar than that of the Euphrates. This imbalance has lasted even into modern times: for a hundred people who know the story of the exploration of the Nile, hardly one could describe Chesney's expedition in his prefabricated steamship down the Euphrates and up the Tigris in 1836. Ancient Babylon, for the general reader, is either the Great Whore or a synonym for humbled pride. It was that indeed, even in the days of the emperor Trajan. As for Assyria, well just read Lord Byron.

Now Mr Saggs has given us this book. It is an encyclopaedia of Mesopotamian history and civilization, from before the second millennium BC down to the capture of Babylon by Cyrus the Persian in 540. The work is excellently arranged, in two parts: the first general and political history, the second social and cultural history. The illustrations are admirable; and there are a chronological table, indices of Biblical references, subjects, proper names, Akkadian, Hebrew and Greek words, and an ample bibliography. (Mr Saggs is a bit hard on his countrymen: Wolley rates a snub in a footnote on page 35, Creswell's name is mis-spelt in the bibliography, and Seton Lloyd, who has done as much as anyone to bring the culture of the Twin Rivers to the attention of the public, is not mentioned.)

The author is a scholar unrivalled in his own field, and he has given generously of his treasure. His book is embellished and authenticated by frequent citations of original documents. These give it a vivacity and freshness that seem to bring a great and complicated culture before our contemporary eyes. Two chapters out of fourteen are devoted to religion, which the author rightly claims as one of the outstanding contributions of this culture to man's development, though his observations on astronomy (pages 454 *et seq*) may evoke some discussion. It is a scholarly, most readable book, a valuable addition to a useful series.

People on the Fringes

Borderlands

By Delia and Ferdinand Kuhn.

Alfred Knopf—New York. 371 pages. $6.75.

THE peaceful Shans of Burma may not seem to have much in common with the Hairy Ainus of Japan or the proud Afghans on Russia's fringes; but all share the geographical idiosyncrasy of being neglected borderland peoples. So are the Sulu islanders of the Philippines, the Russophobe eastern Turks and the mountain races of Sikkim. Out of this tenuous strand of equality in neglect and pride of uniqueness, Mr and Mrs Kuhn have fashioned a generous, graceful and absorbing book.

Whether it will be useful and how useful it will be will depend on who reads it and why. It is easy enough to read individual sections and even the whole, as one reads a travel book in search of the vicarious pleasures of displacement; but it is, as these American authors reasonably claim, more than just a travel book, and to read it that way would be to miss the enduring for the sake of the ephemeral. Again, the specialist on this or that region might decide to skip the section that concerns him on the ground that he already knows what the authors have to say, and ignore the rest as of no interest. But this, too, would be wrong, for the principal value of this original work is that it places the problems of each of these remote, underpopulated and neglected regions in the perspective of the similar problems encountered elsewhere.

The neglect that is common to the borderlands is only partly deliberate. There are physical problems, such as the distance of Turkey's easternmost places from the centres of political power. There are differences of language, as in Burma where the dominant people speak Burmese and the minorities—Shans, Kachins and others—have their own tongue and are attached to it. There are ingrained habits of paternalism from the centre which, while they may bring fringe benefits to the borderlands, discourage local enterprise. Then again, in more than one case, good intentions at the centre are frustrated by the inexperience of a successor government after the departure of an imperial power.

In a postscript addressed primarily to American readers, Mr and Mrs Kuhn suggest that the United States has often been mistaken in trying to bridge the technological gap too fast in its aid to the countries in which the borderlands lie. Better by far, they argue, to export such American ideas as self-reliance, the dignity of toil even for the educated, and service by the officials to the people. This suggestion is, however, left undeveloped. To some extent, President Kennedy's peace corps is already working on these lines, and "Borderlands" might usefully be made required reading for its recruits, new and old.

Noble Buildings

Earls of Creation

By James Lees-Milne.

Hamish Hamilton. 285 pages. 35s.

Les Pavillons

By Cyril Connolly and Jerome Zerbe.

Hamish Hamilton. 211 pages. 73s. 6d

ARCHITECTURE was the supreme art of the eighteenth century; and in England, more than most countries, it was very precisely adapted to the need of the client. This is proved in the humbler sphere by the fact that most people, two centuries later, would rather live in an eighteenth century house if they could; for commodity and delight they are unbeatable. But Mr Lees-Milne's book deals with nobler needs: by a curious chance, which he does not wholly explain, a number of wealthy and powerful magnates in England took with passion to building: not merely to hiring architects to build for them, but also to designing their own buildings, in the noble style which suited them, for themselves, for their friends and even for public purposes, as Lord Burlington proved by designing dormitories for Westminster Bridge and assembly rooms for York. And, what is even more remarkable, they were fine architects.

Mr Lees-Milne gives an account of the four great architect-earls — Pembroke, Leicester, Burlington and Bathurst, with Oxford as an outrider who collected and built by proxy, but was not himself an architect. This interesting and admirably illustrated work falls slightly between two stools: it is mostly about the men, their friends, and how they came to build; the architectural descriptions are a little hard to follow without the plans which a more technical treatment would have furnished. The book is a study of a strange social phenomenon: the passion of these magnates for the arts, and their close friendship with the poets and architects who worked with them. The reference to poets is not irrelevant, since so much of their thought was based on literature; and Pope's name and influence come through at every point.

"Les Pavillons" is a picture-book, with a learned and delightful introduction by Mr Connolly. It illustrates the lovely school of pavilions and pavilion-like buildings which grew up round Paris in the eighteenth century—exquisite, wonderfully decorated and furnished, and, if one may judge from the illustrations, supremely uncomfortable to live in. The subject is charming, the photographs are undistinguished, and the reproduction is smudgy.

An Unfettered Mind

The Night Battle

By J. D. Cameron.

Burns Oates. 255 pages. 25s.

IN an age of fierce specialisation and even fiercer dogmatism, it is rewarding indeed to come upon a mind that is at once wide-ranging, intellectually rigorous and serenely tolerant. Such is the temper conveyed in every page of Professor Cameron's collection of essays now published together under the title of "The Night Battle"—in itself an indication of the book's quality, since it is drawn from a quotation from Newman in which the controversies of the

age are likened not to the clear fight between good and evil but to a dark, confused struggle "where each fights for himself and friend and foe stand together." Dogmatism is renounced in the very naming of the book.

The breadth of Professor Cameron's range can be gauged simply by a glance at the table of contents. The concern of the philosopher stretches far beyond his specialty—into acute analysis of modern political movements, into the keenest interest in literature and literary criticism, into moving religious speculation. Nor is it simply the amateur interest of a naturally lively mind. One is struck again and again by the force and discipline of the philosophical intelligence that is being applied outside the strict frontiers of philosophy. To give only the most striking instance, in the essay "Poetry and Dialectic," linguistic analysis—which is after all not always allied to aesthetic sensibility or metaphysical depth—is scrupulously employed to search out the sense in which poetic statements can be said to convey "truth," and the result is not only a scalpel-like cutting away of irrelevances but at the end a masterly affirmation of meaning in the profoundest sense.

This same preoccupation with accuracy and precision reveals itself in Professor Cameron's exploration of the perilous frontiers where religion and politics meet and overlap. He can as a Roman Catholic appreciate the moral significance of such movements as that of nuclear disarmament or the concern felt by modern radicals for the corruption inherent in the modern admass society. Equally he sees the fraud inherent in the attempts to line up religion behind the power struggles of the age and to turn secular adversaries into the incarnate anti-Christ. In short, in these essays, the spirit of discrimination, a testing intelligence and the scrupulous search for exact definition lead neither to sterility nor to rigidity. On the contrary, one has the impression of having encountered a mind which fidelity to truth has indeed made free.

Colonial Yesterday

The Governor Eyre Controversy

By Bernard Semmel.

MacGibbon and Kee. 189 pages. 25s.

THE name of Governor Eyre, like those of Warren Hastings and General Dyer, acted as a catalyst on the public opinion of his time. In this book Mr Bernard Semmel, an American historian, has produced an exceedingly interesting analysis of mid-Victorian attitudes to problems that are painfully relevant today. Can democratic values coexist with the arbitrary methods which a colonial governor must occasionally adopt in order to preserve order? What is the extent of martial law and what sort of means may the military employ when called in support of the civil power?

In the case of the Jamaica riots of 1865, the Governor was officially exculpated, though the means of repression were found excessive. In England, however, private individuals ("the rabid Nigger Philanthropists," as Carlyle called them) prosecuted Eyre for murder. Since the controversy coincided with Reform Bill agitation, the Negro and the British working man somehow got confused, and this study illuminates the consequent stratification of opinion when racial, religious and political prejudices got mixed up. Carlyle, of course, supported Eyre; so did, less predictably, Dickens, Tennyson, Ruskin, the Earl of Cardigan and Karl Marx. Against him was the middle class Nonconformist conscience and the liberalism of John Stuart Mill, who staked everything on the principle that the liberty of the subject was as vital an issue abroad as at home. In this, we are glad to see, *The Economist* ably supported him.

Half a Stone of Art

Joan Miró

By Jacques Dupin.

Thames & Hudson. 596 pages. £10 10s.

JOAN MIRÓ has not yet been given a place in art history, but he has surely shown one of the most creative artistic imaginations of this century. "A short, stocky man," we learn, "who moves and speaks with the slow deliberateness of a peasant". Excessively orderly in his working habits, he has produced inventive mixtures of wit and whimsy, delight and horror in drawings, paintings, sculpture and ceramics.

In 1921 Miró held his first Paris exhibition; not a single painting was sold. Four years later he enjoyed what M. Dupin describes as a *succès de scandale.* Miró was not, as is often supposed, one of the originators of surrealism, but when he joined its ranks he was looked upon as a recruit of the first magnitude. A few months after his own exhibition at the Galerie Pierre, he was represented in a group exhibition of surrealist painters at the same gallery, which also included works by Picasso and Klee. There is little doubt that Picasso was impressed at this time by the work of his ten-years younger fellow countryman. Other artists have acknowledged their debt to Miró, among them Alexander Calder and Jackson Pollock.

This study sets a new standard in art books, in lavishness, size and fullness. It contains over a thousand illustrations, forty-six in full colour. With its jacket, binding and title page designed by Miró himself, wide margins and art paper, catalogue and bibliography, text of part biography, part interpretation and analysis, and finally by its sheer weight of nearly half a stone, another landmark in art publishing has been reached. The international flavour of this enterprise is revealed by the fact that the printing was done in Germany, the text was translated from the French, and the captions to the black-and-white illustrations are in Italian as well as English.

Songs into Epic

The Songs of Homer

By G. S. Kirk.

Cambridge University Press. 438 pages. 40s.

STUDIES of Homer today are widely different from those of a generation ago. The evidence of the late Mycenaean age, about which Homer sang, has greatly increased—far more than the evidence about Homer's own age. Linear B has been more or less deciphered and proved to be Greek. But, as Mr Kirk points out in his thorough and reasonably conservative book, none of these discoveries greatly changes our ideas about Homer, least of all the Linear B texts. Far more important is the rephrasing of the main Homeric questions in the light of the brilliant analysis by Milman Parry and his successor, Mr Lord, of the process by which oral poetry is composed by illiterate bards, as shown by the last survivors of a dying tradition in Jugoslavia. The essence of Milman Parry's thesis is that the illiterate singer does not recite a piece by heart; he knits together an extemporised version of a previously known theme, using familiar formulae; each time he recites, it will be a different version, and the concept of an original and uncorrupt text disappears. Further, he showed that it was possible for a singer to extemporise a poem of roughly Homeric length.

Mr Kirk's book, which covers most of the known evidence for the origin of the two great Homeric poems, warns the reader against taking too literally the example of a fairly crude and decaying art in Jugoslavia (indeed, by relying on the texts of Milman Parry and Mr Lord he exaggerates the literary demerits of the genre; the classical cycles, though far below Homer and much shorter, have great beauty); but he accepts the main theme as the undoubted origin of the poems, and most of his book is an analysis of them in the light of this now widely accepted theory.

It is hard but rewarding reading. One's only doubt is whether, in the light of the theory, the analysis does not go too far. Is it useful, for example, to ask whether there was a Mycenaean epic? Doubtless much of the historical data was passed down in ballad form; but if one accepts the theory of change at every recitation, one cannot hope to trace any but the latest additions to the canon. The works themselves prove, as Mr Kirk stresses, that at some point either one or two poets of genius, for reasons which cannot be traced, composed two oral epics of unprecedented length. Two questions remain: how these poems were canonised and passed down with so little traceable corruption; and how they were committed to writing—an entirely different process. Mr Kirk has less to say about these crucial problems of the Milman Parry theory; but he is not alone in this.

Literary Discernment

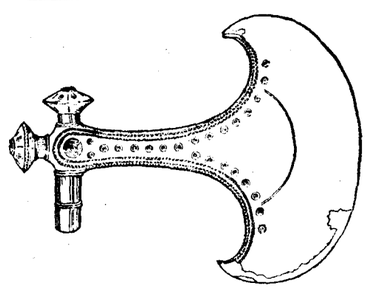
Afterthought

By Elizabeth Bowen.

Longmans. 220 pages. 30s.

WHETHER she is writing or broadcasting, Elizabeth Bowen has a sensitiveness of approach and a delicacy of style that justify the publication of this collection of prefaces, reviews, articles and talks. Most of them belong to the nineteen-fifties and are, in the strict sense of the word, "occasional" pieces. Always the tone is personal, civilised, beautifully free from didacticism. There is distinction in this voice, and sometimes it makes very penetrating observations. One of the best items in the miscellany is a vivid, impressionistic account of a motor trip to the deep South. Most are concerned with literature—critical considerations of books as dissimilar as Trollope's "Doctor Thorne" or her own "The Last September"—or reflections on the art of writing fiction or autobiography.

The actual production of the book is notably attractive, and it might prove a suitable Christmas present afterthought for people whose friends and relations enjoy discerning literary comment.



Bronze ceremonial axe, middle bronze age.

Sweden

By Mårten Stenberger, translated by Alan Binns.

Thames and Hudson 229 pages. 30s.

THIS volume, the thirtieth in the Ancient Peoples and Places series, and well up to standard of the others, deals with Swedish pre-history from the first emergence of Scandinavia from under the ice-cap until the Viking period. The author, who was Inspector of Antiquities for Gotland, an island rich in bronze-age relics, claims that the early bronze age in Scandinavia produced artistic work superior to anything produced in the same period north of the Mycenaean civilisation in the Aegean, with which it had trading links. The bronze-age flowering, which finally faded when the arrival of iron-working coincided with a sharp worsening of the climate about 500 BC, is one of the glories of early European culture: it is well illustrated here.

Kings and Queens

Monarchy

By Harold Nicolson.

Weidenfeld and Nicholson. 335 pages. 63s.

IT is plain that Sir Harold Nicolson has got a good deal of fun out of writing this book; most people therefore should get a good deal of fun out of reading it. This survey of the different conceptions of monarchy begins with primitive ideas of kingship and ends with an account of parliamentary kingship as it has developed in England, and an analytical description of the coronation of Queen Elizabeth II. The chapters in between are concerned, among other things, with sacerdotal (byzantine) kingship, feudal and elective monarchies, the divine right of kings, the caliphate and bonapartism. Carping critics may complain that Sir Harold's theories about primitive kingship are outdated, or that he has merely produced a series of historical summaries. But who among them would have even had the idea of writing a book about monarchy on this vast and vivid scale, or the skill, industry and knowledge to carry it out in such a way that it strays into all sorts of fascinating by-paths without ever losing sight of the main theme?

And what really makes this book such fun to browse through is the way in which the author's views, judgments and prejudices keep popping up on every page. "Popping up" is the wrong phrase, since there is nothing sudden, erratic or jerky in Sir Harold's measured, lapidary and often quietly damning comments. If they sometimes seem a trifle sweeping or provocative, that just stimulates one to think a little for oneself.

There is, as one might expect, a good deal of delightful disapproval in this book, of ideas, institutions and people. After attempting to define *La Gloire,* Sir Harold confesses that "I am not displeased that there should be no equivalent for this deleterious word in the English or American vocabulary." He records with sombre satisfaction that it brought Louis XIV's France to the verge of ruin "and himself to a penitent and gloomy old age." The age of chivalry is soundly debunked. It "has acquired a glamour which it assuredly did not merit. Most of the young knights were riotous, cruel, conceited and delinquent." Hadrian was "a man of high ability and ideals, but whatever Mr Perowne or Madame Yourcenar may say, he lacked charm." And as for Machiavelli, whose ideas on kingship are discussed at some length, with deep disapproval, Sir Harold, with placid ferocity, finally dismisses him with the remark, "I am glad he was tortured when imprisoned by the Medici."

All of which adds up to the suggestion that anyone fortunate enough to collect three guineas in book tokens at Christmas need look no further than this magnificently produced and illustrated book.

SOME ART BOOKS

RENOIR. By William Gaunt. *Phaidon.* 80 pages. 27s. 6d.

VELAZQUEZ. By Xavier de Salas. *Phaidon.* 76 pages. 27s. 6d.

These are welcome additions to a reasonably priced series. Each volume has 50 plates in full colour and an introductory text. Of the Spanish master of realism, Renoir, two and a half centuries later, is reported to have said "When you have seen Velazquez, you lose all desire to paint. You realise that everything has already been said." These two volumes make an interesting comparison.

BRITISH PAINTING. By John Woodward. *Vista.* 160 pages. 42s.

About a third of the illustrations in this excellent, unpretentious anthology of British painting are little known, being of works in country houses and private collections.

ITALIAN BAROQUE PAINTING. By Ellis Waterhouse. *Phaidon.* 245 pages. 36s.

At the beginning of the seventeenth century, Rome became the artistic centre of the world, a triumphant, astonishing city. Baroque conjures up the world of Bernini and Borromini; it is less easy to think of the paintings of this period in isolation from the works of sculptors and architects. Yet generation after generation of new painters did arise, taking up the conflict between the classical and the Baroque points of view. Professor Waterhouse describes not only the work of such masters of Baroque decoration as Pietro da Cortona but also that of, for example, Andrea Sacchi on the classical side. This is a scholarly survey of the development in painting in Rome and in other art centres of seventeenth-century Italy. There are some two hundred illustrations, including two full plates in colour.

TURNER WATERCOLOURS. By Martin Butlin. *Barrie and Rockliff.* 84 pages. 84s.

Some of Turner's watercolours and body-colour drawings in the British Museum are marvels of delicacy. Twenty-three of them are reproduced in colour in this elegant book, together with nine more in other ownership. Of outstanding quality are a watercolour painted in Venice in 1819, beautiful in its freshness, one of Whitby of the next decade, an almost abstract view of Venice in 1835, another of a landscape painted, it is thought, a few years later. This anthology, small though it is, demonstrates clearly Turner's advance into a world of his own creation. There is a short introduction by Mr Butlin, an assistant keeper at the Tate gallery, and authoritative notes on each of the plates.

WHO'S WHO IN GRAPHIC ART. Edited by Walter Amstutz. *Graphis Press,* Zürich. London: *Black.* 654 pages. £9 9s.

Four thousand, two hundred and eighty-three illustrations of work by graphic designers, typographers, illustrators and cartoonists, together with the artists' portraits and signatures, background and history, are presented in an imposing international work of reference, handsomely produced by Graphis Press. It will be an illuminating guide to the possibilities of the artist in a society where the applied arts play an increasingly important role in business and industry. As a reference book its use may be limited mainly to advertising agencies and publishers; but it is as amusing for the casual reader as it is useful to those actively engaged in graphic communication.

PRIMITIVE ART. By Douglas Fraser. *Thames & Hudson.* 320 pages. 35s.

This addition to the World of Art series provides an introduction to primitive art in every major area of the world, from the viewpoint of the art historian rather than the anthropologist. There are nearly two hundred well produced illustrations, fifty-nine of which are in colour.

AMERICAN SURVEY

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

1963 in Congress

WASHINGTON, DC

PRESIDENT KENNEDY was emphatic last week that the fate of much of the legislation which he will propose to Congress next month will turn on what the House of Representatives decides to do about its Rules Committee, which decides the order of business. The matter is so important that it is hoped that it will be tackled as soon as Congress convenes on January 9th. It would not be entirely fair to call the Rules Committee a sort of Berlin Wall and to say that measures are often machine-gunned on it before they can get to the floor of the House. But the committee might be compared to a dark, labyrinthine tunnel, full of roadblocks and pitfalls for progressive legislation.

In the last Congress the late Speaker of the House, Mr Rayburn, succeeded with the help of Republicans in having the tunnel enlarged. Three members were added to the committee, raising the total to fifteen and making it more sympathetic to the President's requests. Nevertheless, over 20 Bills were withheld from debate, though some legislation which might otherwise have died in captivity managed to crawl through the enlarged tunnel. But the enlargement was achieved by a narrow majority of only five votes in the whole House and the committee is destined to shrink to twelve members again unless the new Congress decides otherwise. The *New Republic*, a liberal weekly magazine, said recently that no one will know who really won the elections in 1962 until this is settled.

The managers of the Democratic party hope to be able to keep the committee at its present strength, which for them is obviously the large economy size. There are perhaps five extra liberal-minded Democrats in the new House. This is regarded as a net gain even though the Democrats lost four House seats, leaving them with 259 to the Republicans' 176. The Democrats are counting also on the spirit of freemasonry which usually prevails among Congressmen. If the committee is cut back to twelve, the three members who are dropped will lose the seniority which their years of service confer on them. On the other hand, Mr Howard Smith, the chairman of the committee and a conservative Southern Democrat, seems determined to revert to the smaller body, in defiance of what Mr Kennedy said last week. But the President's friends hope that Republicans who may be seeking to acquire a more progressive hue will not care to align themselves with this Democratic segregationist from Virginia.

The liberal-minded Democrats in the House of Representatives regard permanent enlargement of the Rules Committee as essential if Congress is to become more effective. But they would like to go further. They wish to put a time-limit of 21 days on the power of the committee to hold back legislation from the floor of the House and of seven days on the committee's ability to hold up a conference of the House and Senate on legislation which is in dispute between the two chambers. There is, however, little optimism that these further proposals will gain sufficient support and some of the advocates of an enlarged Rules Committee would prefer to keep them hidden until the immediate objective is won.

The President may also have an early fight on his hands in Congress over Skybolt. Senator Symington of Missouri has predicted grimly that the uproar will be much greater than in the case of the big bomber, the B-70, for which Congress insisted on appropriating funds even though the President did not want them. Mr Symington said that, if Skybolt is dropped on the ground of expense, Congress may refuse money for the President's far costlier space programme. The Senate Armed Services Committee was thought to be two to one against dropping Skybolt even before the weapon at last achieved a successful test. Mr Symington is a former Secretary of the Air Force and was plainly thinking of the blow to that service, rather than of the blow to Britain, if Skybolt goes.

NEXT month President Kennedy will once again put before Congress the cautiously limited programme of hospital and nursing-home care for persons aged 65 and over which is called Medicare for short. In the form in which it was presented to the last Congress the benefits of the plan were confined to persons eligible for social security and the social security tax on employers and workers would have been raised in order to help to pay for it. This proposal got bottled up last year in the Ways and Means Committee of the House and in the Senate it was defeated by four votes although two-thirds of the Senators were Democrats. But next year it is hoped that Medicare may do better. One additional supporting voice will be that of Senator Ribicoff, the former Secretary of Health, Education and Welfare, and so this year's adverse vote in the Senate may be reversed.

President Kennedy apparently intends to make yet another attempt to get Congress to allow the federal government to give more aid to education, which in the United States is the responsibility of state and local governments. The Administration still wants to provide subsidies for state-supported elementary and secondary schools; to help to pay for additional training for school-teachers; and to assist colleges in building new classrooms and offering scholarships and loans to students. Previously these proposals were swamped by a dispute over whether the private schools which give religious instruction were to be included in the scheme and also by professed fears that locally-controlled public education might succumb to "big government." But the President seems determined to risk the rough seas once again and also to go to the rescue of struggling teenagers, by throwing them a life-line in the form of a Youth Conservation Corps, perhaps as part of a domestic Peace Corps.

His earlier bid for a Youth Employment Opportunities Act was approved by the appropriations committees of both the House and the Senate, but was doomed by Mr Smith, the chairman of the Rules Committee. His reason for stifling the legislation is believed to have been that it would have admitted Negroes to unsegregated youth camps. As the schools which require aid most have a preponderance of Negroes and as Negroes who leave school too soon comprise most of America's fast growing group of unemployed teenagers, it seems impossible to separate education and the question of race. But Congress has hitherto seemed chary of both. It is by executive action and not through Congress that there has been some progress in the field of civil rights. This year Congress failed even to agree that six years of elementary education were proof of a sufficient degree of literacy for voting purposes.

The Administration may also try to extend the minimum wage law to cover hotel, motel, restaurant and laundry workers, even though the last of the human lift operators may give way to automatic lifts as a result; to extend unemployment benefits and to enlist the increased number of Congressmen from urban areas in support of revived proposals for improved public transport in cities and for a new Department of Urban Affairs, even though it might be headed by a Negro. The Drug Industry Act which Congress passed this year under the spur of the thalidomide scare could be improved by putting food, cosmetics and some habit-forming drugs under tighter controls, but this may have to await the spur of fresh catastrophes. Senator Douglas is still trying to get Congress to compel businesses to disclose in writing what their monthly instalment payments really cost people who buy on hire purchase. Last spring President Kennedy described the Senator's Bill as "essential": the Senate Banking and Currency Committee killed it in subcommittee. In the meantime, credit cards are being provided to teenagers, a practice which the head of one of the largest banks in the country compares to teaching youngsters to use narcotics.

The legislators will once again have to bring their machetes and pangas to bear on the matted vegetation of the farm programme. This year Congress did deal with wheat and livestock feed grains, although not as drastically as the Administration would have liked. Next year attempts will probably be made to reduce the flood of milk and to make cotton more competitive both at home and abroad. There will also be another attempt to conserve unspoiled at least some of the wilderness which still remains and at the same time to make national parks pay for themselves.

President Kennedy seems unlikely to try to build a fire under Congress, as they say, to get all this legislation passed. Most of his energies next year as far as Congress is concerned will probably be directed to the issue of tax cuts and tax reforms. Last session, according to the assessment of *Congressional Quarterly*, the Legislature gave the President (in its longest session since 1951) 44.3 per cent of what he had asked. This was regarded as about average for a President but Mr Kennedy tactfully expressed great gratification. He may have done so with his tongue in his cheek. But, considering the convoluted machinery of Congress, he may have been as sincere as Dr Johnson, who said that the remarkable thing about a woman preacher was not that she preached well but that she preached at all.

After Nassau

WASHINGTON, DC

SOME Americans are wondering if perhaps President Kennedy was not too rude to Mr Macmillan at Nassau. These are the Americans who think that the meeting laid bare Britain's second-class status and the crumbling of its special relationship with the United States. They feel sorry for Britain but they also find it hard to understand why the British still want shockingly expensive new weapons if they cannot afford them. Other Americans believe that Nassau administered a needed jolt to the Macmillan government and forced it—or its successor, if it is jolted out of office—to begin to think more realistically about defence. Americans themselves must also now think harder about defence. For after Nassau the United States is committed both to some kind of multinational nuclear force and to achieving it by 1970. This deadline means that Americans must share in the planning of that force instead of, as in the past, just inviting Europeans to offer ideas—and rather hoping that they will not.

Even the immediate future is misty. For example, how exactly will British and American bombers be put at the disposal of the North Atlantic Treaty Organisation? In Washington it is said that Mr Macmillan took away nothing specific about this from Nassau. What he has taken is a promise that Britain will share fully in all future improvements in Polaris missiles and not receive only models of today's or tomorrow's date. First-class rows are expected, however, in Congress not just over the abandonment of Skybolt but also over the exchange of information involved in the Polaris agreement. Already some people are asking why the United States should continue to keep over 400,000 men in Europe, and to pay about one-third of Nato's headquarters costs as well, if Europe is to have its own nuclear force and not to increase its conventional forces by more than a token amount. People are also asking if the whole purpose of the Atomic Energy Act will not be defeated if the United States encourages other countries to have independent nuclear forces.

In particular Congress is expected to show most anguish over the possibility that France may get American atomic secrets as the result of the Nassau agreement. After all Congress has not yet allowed President Kennedy to implement his gesture of offering a nuclear submarine to France. Yet Mr Kennedy obviously hopes to persuade France to participate in a multilateral nuclear force eventually or, if he cannot achieve this, at least to prevent President de Gaulle from convincing Frenchmen and other Europeans that the real meaning of Nassau is that the Anglo-Saxons have ganged up against them again.

Self-chosen Instrument

LAST week, after nearly a year of negotiation, Pan American World Airways and Trans World Airlines announced an agreement to merge which would create the largest and most formidable airline in the western world (also discussed on page 1294). But this step will require not only the approval of the shareholders but also that of the Civil Aeronautics Board and—because international considerations are involved—that of the President. They will have to decide whether the United States is to abandon the long-established principle that there should be at least two American airlines competing in each of the two main international markets, Europe and the Pacific. After the war Pan American tried, and failed, to become the country's "chosen instrument" abroad. Now it maintains, with TWA, that competition between them can be afforded no longer, in view of the fact that their share of the travellers on the North Atlantic route—two-thirds of them Americans—has been cut from 63 per cent in 1950 to 36 per cent today. The airlines also argue that a merger, by enabling them to compete more effectively against subsidised foreign airlines, would help to right the American balance of international payments.

It may be significant that just last week the chief of the CAB's planning staff suggested that it was urgent to reduce competition between the two American carriers. The CAB has also been pressing for consolidation of air services between the United States and Latin America. On the other hand, although mergers are being looked upon with more favour in the home market, to reduce over-capacity, in November an examiner for the CAB advised against a consolidation for two big domestic carriers, American and Eastern Air Lines; he would like to confine mergers to the smaller companies. The government will also have to take into account the objections of the other domestic lines, who have always opposed any entry of Pan Am into their preserve. The new firm would be able to pick up trans-Atlantic passengers on their doorsteps in the lucrative markets which TWA, the third largest domestic carrier, now serves at home.

TWA's heavy tax losses on its domestic services—only partly offset by its profits overseas—provide another attraction. To the many other domestic airlines with which TWA has discussed mergers, however, these charms have been over-ridden by one

great drawback—the fact that Mr Howard Hughes owns 78 per cent of TWA's shares and has played havoc with the airline. Under the agreement with Pan Am Mr Hughes's voting rights—now being exercised by trustees for a group of financial institutions—would be reduced to a manageable minority in the new company. But the trustees may hesitate to take a step of such magnitude if Mr Hughes objects—or he may even reclaim control of TWA by paying off the loan, which is being diminished steadily.

Revolt Against a Revolt

FROM A CORRESPONDENT IN IOWA

THE agrarian revolt in the Middle West, organised by the National Farmers' Organisation and based on the theory that farmers can raise the prices of their products by holding them off the market and bargaining with the processors, is at a cross-roads—or perhaps a roundabout might be a more accurate simile. Nobody, least of all its leader, the demagogic Mr Oren Lee Staley, knows exactly what turning it will take. An extrovert incapable of admitting defeat, even though last autumn's strike among farmers—mainly breeders of hogs—fell far short of its goals, Mr Staley's programme is simply "Forward!" against the "ruthless packers." He was re-elected in December at the annual convention of the NFO. But for the first time in seven years voices of dissent were heard in this militant organisation which speaks for the deeply disturbed younger farmers who are frustrated by the ever more complex government programmes of price support for agricultural commodities and who are often antagonistic toward the old-line farm organisations such as the Farm Bureau, the National Grange and the Farmers' Union.

The revolt against Mr Staley ("the super-chief") was led by Mr Robert Casper, a vice-president of the NFO and by Mr Harold Woodward, one of its staff organisers, both active farmers. Both were defeated roundly in the election but the NFO remains split by the bitter contest, which Mr Staley did nothing to sweeten, and there are warnings that its membership (secret but over 100,000) may fall off. Both of Mr Staley's opponents offered moderate alternatives to his "all-out" tactics. The scholarly Mr Casper urged that the idea of striking for written contracts should be dropped entirely; instead he suggested that minimum prices should be fixed, below which members of the NFO should not sell their goods. Even more significantly, he urged a broad programme of co-operation with any sympathetic element in American society, including rival farm groups, businessmen, religious leaders and anyone of good will.

The NFO is the first regional farm movement since the great depression of the nineteen-thirties to advocate use of the strike weapon; it represents a very real ferment in rural mid-America and may well be pioneering an alternative of some sort to the monstrosity which federal intervention has become. But it is dawning on even the most militant members of the NFO that the economic revolution in productivity on the farm has reduced the farmer to 8 per cent of the population. At the convention talk veered away from confident assertions that growing strength to bargain collectively would achieve the goal of fixing farm prices to the theme of "saving the family farm from integrated corporate agriculture." Obviously this is more than the NFO can do alone if, indeed, it can be done at all. Mr Staley has not heard the last from the moderate faction of his organisation which wants more lobbying in Washington and better relations with other farm organisations, not to speak of the bankers and tradesmen in many towns who share the farmers' fear that they are being made obsolete, not by the wicked processors, but by forces, visible and invisible, far beyond their control.

Progress Shared

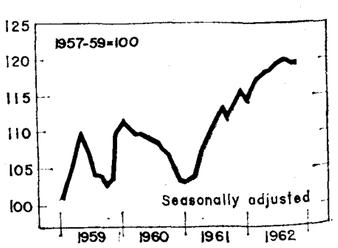
LAST week the 7,000 workers at the Fontana plant of the Kaiser Steel Corporation were briefed on a revolutionary scheme for sharing the fruits of improved productivity which they are expected to approve in a secret ballot next month. The plan, which is the result of three years of work by representatives of the public as well as those of the company and the steel workers' trade union, aims to reconcile the desire of labour for more security with the equally reasonable desire of management for a free hand in introducing cost-cutting techniques on the production line.

A major innovation of the scheme is a set formula for distributing the gains of productivity. Each month the workers will receive about one-third of any savings accruing to Kaiser from a reduction to below the 1961 level in the cost of producing a ton of steel, either in additions to their pay-packets or in the form of other benefits. The scheme is expected to supersede in time the present system of incentive payments to about half of the individual workers. If the employees' incomes plus benefits do not match what is received by other steel workers, Kaiser will make good the shortfall but this is not expected to be necessary. This is not a profit-sharing scheme; employees will receive their share of the gains in productivity whether or not the firm makes a profit. A second innovation, which should remove another main source of industrial disputes, is a plan to protect workers against technological, though not against ordinary, unemployment. A plant-wide job pool will provide a haven for workers who would normally be laid off due to technological changes; they will receive cash benefits, retraining if necessary, and the first chance of filling any new opening.

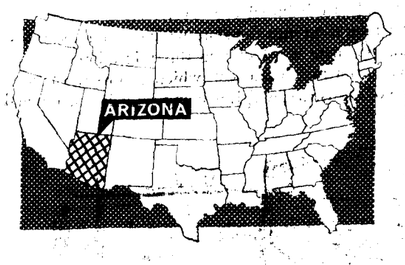
Since the Kaiser pact is still untried, the United Steelworkers are unlikely to insist on its extension to the rest of the industry in the round of negotiations expected to begin some time after April. Instead they will probably try to exorcise the threat of unemployment by falling back on an older gambit: spreading the available jobs by reducing the hours worked by those already employed. But here they may also strike a new note, temporarily shelving their long-standing campaign for a 35-hour week in favour of a three-month "sabbatical" every five years for senior employees. This academic amenity was introduced by the steel union into the tin-making industry less than a year ago. Trade union leaders argue that its application to the steel industry could "create" 10,000 jobs and that it would entail fewer technical difficulties and a lower cost for management than the 35-hour week. This last point may be crucial. Output in the steel industry is now rising in response to booming production of motor cars and—partly because there is fear of a strike by midyear—a reversal of the earlier destocking of steel. Nevertheless competition remains fierce and profit margins uncomfortably slim. The bargaining will be tough.

INDUSTRIAL OUTPUT

The index of industrial production, which has been put on a new base, remained practically unchanged in November at just below 120 per cent of 1957–1959 for the fourth consecutive month. Output of motor cars was running far ahead of other components at 141 per cent of the base years.



State in the Sun



Only at the end of the nineteen-fifties were there more people than steers in Arizona, the state which celebrated its golden jubilee this year. A million head of cattle have ranged over Arizona for generations, as every television viewer is aware; only recently have these been joined by a million people. But proportionately this is the fastest growing state in the Union, in population and employment. What this involves is described by a correspondent who visited Arizona recently.

It would have been inappropriate, to say the least, if Arizona had not returned its 85-year-old Democratic Senator, Mr Carl Hayden, to Washington last November for yet another six-year term. For throughout the fifty years that Arizona has been a state Mr Hayden has represented it, first in the House of Representatives and since 1927 in the Senate. As a result of this seniority he wields great power in Washington, both openly and behind the scenes. All over Arizona are dams, irrigation projects, highways and other amenities, financed by the federal government, which are a tribute to his influence in the national capital. It is possible to be conservative in outlook and Republican in politics, as are an increasing number of Arizonans, and still not wish to see such a respected institution as Senator Hayden defeated.

Nevertheless he had a smaller majority than usual this year and the Republican Governor of the state, Mr Paul Fannin, had no difficulty in securing re-election also. Moreover this is the state which sends Mr Barry Goldwater, the apostle of right-wing

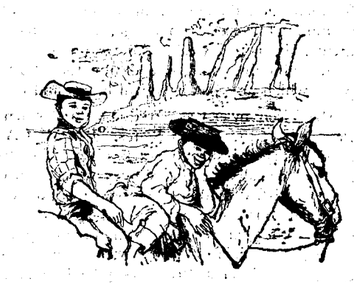
A Place to Play

All over the United States, in libraries, schools, clubs, but also on news stands and in many a private house, a magazine called *Arizon Highways* catches the eye with its striking coloured cover. Put out by the State Department of Highways it has a regular circulation of 400,000 (rising to 1 million for the all-colour Christmas number) in all the 50 states and in 71 foreign countries; about 95 per cent of the subscribers live outside Arizona. Devoted to displaying the scenic attractions of its subject, the magazine certainly owes a debt to nature. For Arizona is a travel agent's dream; bisected by the Mogollon Plateau, it has an upland region of forest, river and gorges, which is a natural paradise in summer, and a lowland area of desert which by human endeavour has become a luxuriously comfortable place to live during the winter months.

Thus tourists flock to Arizona at all seasons of the year from all over the country and particularly from the neighbouring state of California. In spring and Canyon, the main attraction is the Grand United States, where for "sight" in the see once in a lifetime; there are others to slightly less impressive wonders nearby. Winter holiday makers are found in the hotels, motels and guest ranches where by day they can relax beside a swimming pool or play golf; in the evening dine at a sophisticated restaurant; and afterwards find entertainment ranging from a performance by the Phoenix Symphony Orchestra to a night at the greyhounds. The entertainment of visitors has blossomed into one of the principal activities and sources of income in the state. In 1945, Arizona's revenue from tourism amounted to only $40 million; now it runs to about $300 million a year, more than is brought in by the raising of crops and not all that far short of the income from the mineral industries.

The biggest portion of this tourist revenue is contributed by the wealthy fugitives from winter in New York City, Chicago, Cleveland, St Louis, who arrive regularly to spend a few months in their houses at Scottsdale or at expensive and exclusive guest ranches, such as those in the Wickenburg area where the proprietors even provide schools staffed by accredited teachers. But by no means all the visitors to Arizona in winter reek with that kind of affluence. Wherever the wealthy congregate, the less well-to-do also like to be men, even sales... executives, professional ...nd secretaries nowadays fly out to spend two or three weeks of winter holiday in more moderately-priced hotels and motels. And in Arizona, as in Florida and California, widespread air conditioning is making it possible to develop a popularly-priced tourist trade during the summer months.

But in summer, the elevated and unsettled region to the north comes into its own. Here national parks and monuments are so numerous that they practically run into one another and the enthusiasm for these among Americans of all degrees of wealth has created a more democratic tourist pattern. Many of the visitors camp out; camping out tripled in Arizon's national parks during the decade of the nineteen-fifties, although the total number of visitors only doubled. Fishing, riding and other outdoor sports also appeal to summer visitors.



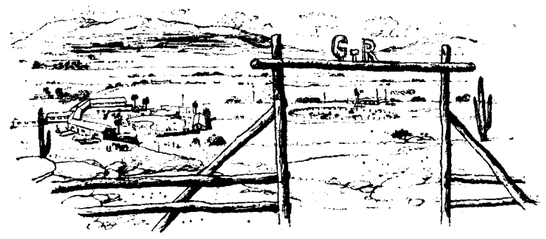
Republicanism, to Washington as its junior Senator. Democrats still outnumber Republicans on the state's electoral register, but at the end of its first half-century of statehood Arizona is becoming the leading conservative centre in the Union. This arises partly from the rugged individualism of the early settlers and miners and partly from the innate illiberalism of an essentially rural population, one among whom the Mormon church is very strong. But these grass-root tendencies are being fertilised by new and varied infusions.

The chief of these is the result of something entirely unconnected with politics: Arizona's attractive climate. In the winter, when snowstorms and bitter winds sweep the north, east and midwest and even Florida and California are apt to be capricious, Arizona can generally be relied on for dry, clear air and warm sun, especially in its southern and western portions, where are the principal cities of Phoenix, Tucson and Yuma. Jet aircraft have brought the region within easy reach of the country's great metropolitan centres and holiday-makers pour into the state every winter.

Most of them are comfortably off, many are well-to-do and quite a few of them end up by building permanent homes in Arizona, often before they reach retirement age. Scottsdale, a suburb of Phoenix, has become a millionaires' town as a result of this and many of the citizens which the state has acquired by this process are men of national prominence in business and industry. Even if not active in politics they tend to vote Republican. Their wives too play a part in moulding a new conservative profile for Arizona.

But the climate also makes Arizona a magnet for another group of conservatives, the "retirees," people of modest means drawn from all parts of the United States. Many of them live in special retirement communities, such as Sun City, Youngtown or At-Ease, which are restricted to "senior citizens" and provide them with modestly-priced housing surrounded by every type of facility to occupy their leisure. Together these migrations are vitally affecting the character of the state, offsetting what would normally be the influence of a high birth-rate and an influx of new families, coming in at the rate of 1,000 a month. Nearly 40 per cent of the new residents are over forty when they arrive and 20 per cent over fifty; such older people are habitual conservatives.

There is another migration into the state which also adds to the conservative trend. Climate is a factor in this migration also but it is business climate, not meteorological, which counts most here. This is a migration of industries, which is being actively encouraged



by the present Governor, himself a businessman. Newly established enterprises are offered generous depreciation allowances and tax arrangements; among other inducements is the so-called free port law, allowing goods to be stored without payment of taxes, provided that they are eventually shipped out of the state for sale.

Moreover Arizona is one of the states which has a "right-to-work" law, outlawing the union shop which requires all workers in a factory to join a trade union. This restriction on organised labour does not seem to upset the employees of the large firms which have come to Arizona. The kind of work they do, such as making transistors, computers and other electronic equipment, calls for above-average qualifications and ability and brings in above-average rewards. A work force of this type is likely to contain more conservative Republican voters than one in which organised labour is influential.

Already the largest facility in the world for extruding aluminium is on the outskirts of Phoenix; the Douglas and Hughes aircraft companies both have plants at Tucson, serving important military installations in the vicinity, and other famous companies have manufacturing or distributing operations in Arizona. The state has become one of the chief centres for electronics, both military and civilian, in the country. Today manufacturing is the largest single source of revenue, having passed livestock shortly after the end of the war and mining and field crops in the middle of the last decade. The value of factory output in 1960 was $700 million, an increase of 100 per cent since 1955.

At the same time there has been a proliferation and diversification of industries producing consumer goods and services in response to the expansion of population. There are now several sizeable banks in the state and the largest of these, the Valley National Bank of Phoenix, which accounts for nearly 50 per cent of all deposits in the area, is among the top fifty in the United States, improving its standing every year. In 1940 not a single insurance company had its headquarters in Arizona and only four were based there in 1951. Now there are 130 such enterprises and the state is second only to Texas in this respect; this reflects Arizona's low initial capital requirement (a minimum of $25,000) and the facilities available nowadays for reinsurance with larger companies [illegible] as the local increase in population and wealth bring a radical change, The economic pattern of urbanisation making their marks more and with urbanisa[illegible], but the traditional industries still remain important. Big ranches such as the 235,000-acre one, grazing 10,000 head of cattle, in the vicinity of Prescott still flourish though today the chuck wagon is drawn by a tractor instead of a team of mules, a kidney-shaped swimming pool opens off the patio and the owner travels by private aircraft. The livestock industry brings in about $150 million a year at present, double the amount in 1948. Still important also is mining. Arizona produces one-third of all the non-ferrous metals in the United States and over 50 per cent of all the copper, including that from the huge open-pit working established not long ago at Bisbee. Revenue from minerals has been running at some $400 million a year, more than three times the value immediately after the war.

Recently the state's reserves of minerals have been augmented by new discoveries: oil in the Four Corners region; coal, which has become the basis for a $62 million, 350,000-kilowatt electricity generating plant; long-fibre asbestos, which supplies all the raw material for a Swiss firm; high-grade magnetite iron which is to be converted into steel at a new mill. Arizona also has substantial lumber resources, including the largest stand of ponderosa pine in the United States, if not in the world; this has inspired a new newsprint and paper industry. Finally, though only some 1,000,000 acres out of a total acreage of 72 million are under cultivation, Arizona's agriculture is world-renowned for its long-staple Pima cotton. This brings in around $150 million a year and represents close to three-quarters of the gross value of all crops in the state.

Agriculture would become an even more valuable source of wealth if the Central Arizona Project could be implemented to provide for additional irrigation for the Salt River Valley, the main farming region near Phœnix. But the project has been held up for several years by the dispute between Arizona and neighbouring California on how to divide the waters of the Colorado River. More water is also required for another pressing reason—the steady multiplication of dwellings where it is needed not only for washing but also for air conditioning and to fill swimming pools (there are 8,000 private pools in the Phœnix area alone). Factories are also demanding ever vaster amounts of water.

This need will grow even more acute if the present rates of urban development and industrialisation continue—and there is every sign that they will. Between 1950 and 1960 the state's population expanded by 72 per cent; within the present decade it is expected to grow by another 56 per cent, so that by 1970 there should be 2,000,000 inhabitants. By then also it is predicted that manufacturing employment, now around 50,000, will have more than doubled, personal income will have just about doubled and retail sales will have nearly doubled. By that time nearly one-third of the state's population will be engaged in pursuits unconnected with the land; yet the industries dependent on natural resources are expected to go on growing. With the economy thus becoming more balanced and diversified the outlook for Arizona's diamond jubilee is certainly propitious, even if the more optimistic forecasts should fail to come true.

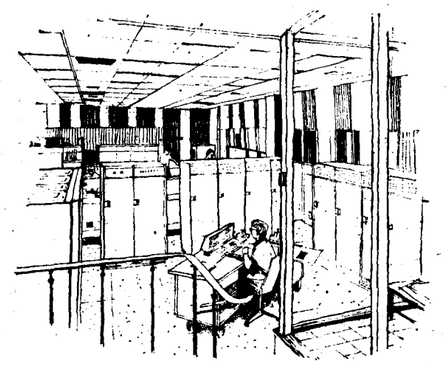
A Thin Time

"Our famous French chef is a wizard," enthuses the guide who takes the visitor round Miss Elizabeth Arden's residential establishment on the outskirts of Phoenix; "he takes low calorie ingredients and whips them into the semblance of rich confections." Practical weight reduction combined in this way with the illusion of enjoyment appeals to the well-to-do women who frequent the famous American beauty specialist's retreat in the West. For this and other amenities they are ready to pay from $450 to $700 a week, for an average stay of two weeks between November and April.

Of the 35 guests, the maximum at any one time, a few come to put on weight and a few more simply for the sake of relaxing. However, a good 70 per cent hope to lose weight and gain glamour under the guidance of Miss Arden's experts. Even when the chef has done his utmost they are on a strict diet for the duration, with alcohol absolutely forbidden. A card on the breakfast tray—black coffee and grapefruit juice—lists for each guest the appointments for the day, a continuous programme of exercises, massage, wax baths and beauty treatments, six days a week. All treatments are around and in a large swimming pool, one of the less stern amenities of the place which also has beautiful lawns and many flowers.

Mrs Eisenhower was a frequent guest when her husband was President of the United States. "But Miss Arden has no need of publicity for she always has a waiting list of well-known names from all over the country—and from other countries as well. Satisfied mothers now send their débutante daughters to a special course in grooming and the average age of guests has fallen somewhat recently. But obviously those best able to stand the financial strain are wealthy matrons, many of whom spend the winter at the near-by "millionaires' town."

A Place to Work



Why did the General Electric Company, that highly diversified and far-flung business enterprise, decide to establish its new Computer Department at, of all places, Phoenix, Arizona? The short answer is that the most exhaustive surveys, using a multitude of criteria, proved that this was the ideal spot in America for this particular operation. More than a hundred cities were examined in detail and each was measured against the various criteria considered important; business climate, taxes, transport facilities, accessibility to suppliers and markets—and a factor called "community desirability." In the final analysis, this last had quite a lot to do with the choice of Phoenix.

The distance of the site from the major industrial areas in the United States would have been an obstacle in earlier times, but this was no longer a problem. Jet aircraft have brought Phoenix within a few hours of any big city in the country; besides, the time and the cost of shipment are of giant[illegible] importance in connection with a [illegible] months to assemble which requires workers. But several other cities [illegible] equally well quali[illegible] in most ways and in the end it was the attractiveness of the capital city of Arizona as a place to live which tipped the scales. In recent years electronic engineers have become a brotherhood of the *élite*, able to sell their services more or less at will to the highest bidder. With such specialists, however, salary may not be decisive. They tend also to attach considerable importance to climate, living conditions, recreational opportunities, educational facilities and other fringe benefits. In respect of all these, Phoenix stands high in the United States and this influenced considerably the GE management in the final choice of the site for its computer plant.

So in December, 1956, the new department opened for business on the outskirts of the Arizona capital. Appropriately enough—and perhaps this was not without some bearing also on the choice—its [illegible]order was to design and build for the San Francisco, [illegible]merica, with headquarters in [illegible]paratively nearby, more than two dozen automated bank book-keeping systems, at a cost of about $40 million. Since then, one of the best customers has proved to be a neighbour, the First National Bank of Arizona, but large contracts for similar or related systems have come in from a distance, from, for example, the Merchandise National Bank of Chicago and the Marine Trust Company of Western New York.

Each year the output of the computer plant has doubled at least and employment has expanded with it. Operations started with 136 employees and within the first four years the work force swelled to about 2,300. The original floor space has also been expanded to some 400,000 square feet. The department has sent out satellites to all parts of the United States; among them are a dozen or more new information processing centres and as many sales offices, strategically scattered about the country, to service existing equipment and advertise to prospective customers the merits of the GE systems.

The visitor to the original plant gains the impression that both the GE management and its employees are well satisfied with the choice of location. The City of Phoenix and the State of Arizona also have reason for congratulation. The Computer Department pays out over $10 million in wages and salaries each year and its presence in the area is estimated to have led to annual increases of about $11 million in personal income, $7 million in retail sales, and $5 million in bank deposits. Indirect benefits extend far beyond this; GE reports that more than 200 suppliers of parts and services, most of them small businesses, now back up its computer operation outside Phoenix.

THE WORLD OVERSEAS

Tribesmen at Bay

FROM A CORRESPONDENT LATELY IN YEMEN

EGYPT'S expeditionary force of about 1,200 men is fighting a savage guerrilla war in the desolate Yemen mountains. Cautious estimates put the Egyptian losses since the start of operations in early October at more than a thousand. Some 70 vehicles have been destroyed or captured, and considerable amounts of war material have fallen into tribal hands. The most successful loyalist spearhead, led by Prince Abdullah bin Hassan, advanced to within 30 miles of Sana'a after defeating the Egyptians on December 11th-14th in the Al Arush and Saham areas in one of the biggest engagements of the war. Your correspondent saw many Egyptian corpses in abandoned foxholes amid the wrecks of their Soviet built trucks and armoured scout cars and all the ugly litter of war.

It is clear that the initial Egyptian aims of crushing the loyalist tribes and firmly establishing President Sallal's regime have not been achieved. The Egyptians do, however, retain two military advantages: undisputed air power and the control of a number of strongpoints in royalist held territory, such as Sirwah in the east and Sa'da in the north. Egyptian bombing—indiscriminate, inaccurate but relentless—has united traditionally feuding tribes against the republic as nothing else could have done. It also restricts the movements of royalist forces during daylight and has caused a mass flight of peasants to the mountains. The countryside is pitted with bomb craters, villages have been destroyed, wells have been abandoned and cattle are lying dead in the fields. But there have been few casualties from these air attacks and no damage to military targets. The tribesmen fight only with rifles and the traditional Yemeni dagger and melt away into the rocky landscape on the approach of tanks or aircraft. Since the middle of December, the ten Sana'a-based twin-engined Ilyushin transport planes, converted for bomber use, and the helicopters armed with machine guns have been reinforced by Ilyushin jet bombers—Badgers—from the Aswan base.

The failure to eject the Egyptians from Sirwah and Sa'da, commanding the main tracks to the capital from the north and the east, illustrates the weakness of tribal tactics against the well-fortified fixed positions of the republicans, and points to the difficulties that lie ahead if Sana'a itself is assaulted. The tribal forces have no field telephones or wireless, no medical supplies or technicians, and are only just beginning to fire their captured mortars, bazookas and light guns—but with little understanding of their tactical use. Mines are the only weapons, other than personal arms, that they have so far used effectively. The whole concept of co-ordination is foreign to tribes each of whom wants to attack the enemy undisturbed by rivals. But tribal morale is high, the quality of individual fighting is exceptional, and there is every evidence of passionate attachment to the princely leaders.

The ability of the young and inexperienced Hamid al Din princes to rally the tribes by their thousands and lead them successfully into battle is one of the most extraordinary phenomena of this war. Of the four main fronts, the south-eastern front of Prince Abdullah bin Hassan is the most active. He has the advantage of mountainous terrain right up to the gates of Sana'a and claims that with more ammunition and more mines he could take the capital inside a month.

In the north-east, another tribal group under the command of Prince Abdullah bin Husein is beseiging the Egyptians at Dhibin in the Jauf, about 70 miles from Sana'a. Further north, Prince Saif al Islam Hassan, the prime minister of the royalist government, commands the third tribal group, while in the west Imam Badr has sent three columns to threaten Hajja and to cut the Sa'da-Sana'a road north of Amran.

In Najran on the Saudi frontier sits another young prince, Mohammed bin Husein, who is deputy commander of the royal armies and the general co-ordinator of the war. He is one of the most impressive leaders on the royalist side and in the event of victory might well make a future imam. The co-ordinator of the eastern operations is Qadi Ahmad al Sayaghi, a shrewd statesman and administrator with a record of opposition to the late Imam Ahmad's authoritarian regime. The princes are generally agreed that if they win there will be no going back to the bad old days. Imam Badr will have little choice but to share his power with the more reform-minded princes who helped to recover his throne. "We must change the whole image of government in this country and put it on a more democratic basis," Prince Abdullah bin Hassan told your correspondent.

But can the royalists win? The question is whether the tribes would hold fast if their leaders were killed, if their money and ammunition ran out and if the momentum of their advance were broken. On the other hand, the cost to Egypt of the Yemen operation is very considerable and, as the dead are counted, domestic pressures in Egypt are building up against a cruel war.

Turn of the Year

FROM OUR BRUSSELS CORRESPONDENT

NEGOTIATORS here who a fortnight ago were giving odds of no more than fifty-fifty on Britain's eventually joining the common market are now a little more hopeful; publicly the betting was still even, but in private odds had shortened as faces grew less long.

There were three reasons for the slight decrease of gloom. One was the brisk agreement reached by Mr Heath on December 19th about the special problems of some small but significant Commonwealth territories. A second encouraging feature of the talks from December 19th to 21st was the statement made by Mr Heath on the institutional arrangements for the enlarged community. Some French hearts may have sunk a little at the prospect of including English as one of the official languages of the [illegible] quadrilingual, but in practice [illegible] francophone, community; but European-minded people of all six countries were delighted by the liberal character of Mr Heath's proposals on voting. In contrast to earlier statements in the House of Commons by Labour party

spokesmen, who had alarmed continental friends of Britain by stressing that in the enlarged community Britain and one small country (Denmark? Norway? Holland?) should have the veto, Mr Heath emphasised that the present principle of the two-thirds majority should be maintained, and that he was not interested in the veto, but in getting things done without minority obstruction.

The third ground for Christmas optimism is the setting-up of the so-called "breakfast" committee now discussing the problems of British agriculture—principally, at present, cereals, bacon and eggs. Agriculture, Commonwealth and domestic, presents the most difficult single issue in the negotiations. On the home front, the trouble revolves largely round the request of the Six that Britain, on entry, should switch to their transitional system. The British maintain with apparent justice that this would mean a sudden rise in some prices, and a sudden change in price ratios not at all in conformity with the Rome treaty's own principle of gradualness; moreover, the temporary subsidy system proposed by the Six to cushion the effect on the consumer would mean a return to the pre-1951 (Labour) policies, politically difficult for the present government to recommend.

A fortnight ago the talks had reached apparent deadlock on this question. Now they have begun to move again. The ministers of agriculture or their deputies have had several days of specialist debate about products and prices, and as one delegate put it, "the ice isn't melting yet, but you can hear it crack." This is partly because, in this so-called "fact-finding" committee, the Six no longer have to hold co-ordination meetings to reach a joint position before talking to the British: none of them is committed, so discussion is free. The committee is chaired by the tough, fairminded and skilful Dutch vice-president of the European Commission, Dr Mansholt; many feel that if anyone can melt the ice, it will be he.

Looking back over the past year, one wonders (with admitted hindsight) if it would not have been a wise move to adopt the "breakfast" committee method for the negotiations as a whole and thus to have helped keep them from either being bogged down in detail or from hardening into irreconcilable opposition. Chief

Pilar

FROM OUR SPECIAL CORRESPONDENT

SARAGOSSA

FEW Spaniards celebrate Christmas with anything like our pagan northern fervour. In Aragon, in particular, it is a pale festival, overshadowed by the glittering cult of *el Pilar*. Memories are still vivid of the religious pomp and secular exuberance of the great October fiestas in honour of the Lady of the Pillar; and, the solstice past, the day of thanksgiving is not so much December 25th as January 2nd, when thousands flock to the basilica beside the Ebro at Saragossa to kiss the famous column and recite a prayer to the brightly bedecked statue surmounting it.

The *Pilar* cult is claimed to be the oldest Marian devotion in Christendom. The Spanish Church teaches that on this spot, on January 2nd, a little over nineteen centuries ago, the Virgin Mary appeared in flesh and blood (*en carne mortal*) to encourage the apostle James who—also in flesh and blood—was having some difficulty in converting the stubborn Aragonese to Christianity. She gave him a pillar and ordered him to build a temple around it. Like the **Black Stone of Mecca**, the pillar was transported by angels from heaven (or, some authorities say, Ephesus); and, like the Black Stone, it has been smoothed and eroded by the kisses of the faithful.

The front of the pillar, which is six feet high and ten inches in diameter, is now encased in silver. Its upper third is sheathed in a cape of satin or brocade that is changed every day: the basilica possesses more than three hundred, many of them adorned with precious stones. The statue above it is a fourteenth- or fifteenth-century Hispano-Flemish sculpture in gilded wood, about sixteen inches tall. Venerated less than the actual pillar, it nevertheless holds the rank of captain-general in the Spanish army and is patroness of the grim *Guardia civil*. On feast-days the statue wears a crown and aureol containing 15,000 precious stones, "a gift from the Spanish nation" in 1905; for everyday wear it possesses six other crowns of jewel-studded gold. Pillar and statue are enclosed in a marble shrine adorned with 167 stars of gold and jewels.

The treasury of *el Pilar*—crowns, haloes, diadems, necklaces, brooches, bracelets, rings, fans, chalices, royal decorations and bullfighters' thank-offerings—is one of the richest in the world. The income of the basilica is incalculable. Its benefactors range from Hispano-American dictators (notably the Trujillo family and Batista) to peasants. A widow recently donated the equivalent of £300,000, to pay the bill for two new towers. Eleven capacious alms-boxes coax a continuous cascade of coin from 250,000 pilgrims and tourists a year (the basilica runs its own travel agency).

Concessions for, and commission on, the sale of souvenirs swell the flood. A syndicate of photographers pays £2,000 a year for the privilege of taking snapshots of the infants carried by altar-boys into the shrine to kiss the statue's mantle (the photos are sold at seven shillings each). Even so—thanks, in part, to the natural dignity of the Aragonese, but also to the fact that pilgrimages and tourism are only incidental to the economy of Saragossa, a flourishing industrial centre in its own right—visitors are spared the excesses of commercialism that have barnacled on to Lourdes and some other religious centres.

Not all historians are convinced that Mary—or, for that matter, James, who has a shrine of his own at Santiago de Compostela—really set foot in Spain. Some anthropologists suspect that *el Pilar* has simply succeeded an ancient phallic cult which—like many pre-Christian rites—the early Church found easier to modify than abolish. The present devotion became significant only in the seventeenth century, during the reign of Philip IV, who promoted it (guided by his *confidante*, the nun María Jesús of Agreda) in an effort to assuage the guilt complex engendered by his passion for fathering illegitimate children. In later centuries, advocates of Aragonese particularism, Spanish nationalism, *Hispanidad* and straight authoritarianism were to seek inspiration, endorsement or at least kudos in the vast basilica of *el Pilar* (ex-dictator Batista prayed there at the height of the recent Cuban crisis).

For many progressive Catholics in France and Italy, the "sacred pillar" of Saragossa stands as a symbol of the "marginal" sources of revelation they would have the Church soft-pedal. But the Spanish hierachy, on the side of the traditionalists during the recent Vatican debate on the subject, is overwhelmingly loyal to *el Pilar*. A Jesuit historian who cast doubt on the validity of the tradition is suspected by some Spanish ecclesiastics of heresy. "What would these progressive so-called Catholics have us do?" one Spanish priest asked your correspondent. "Divorce the Church completely from the people?"

The cult is undoubtedly popular—more popular than bare churchgoing statistics might indicate (only 15 per cent of Saragossa's workers go to mass). A dissenting voice heard in Saragossa last week was that of a local businessman who, yielding to family pressure, had just consented to name his baby daughter Pilar. "Already," he complained, "when anyone calls 'Pilar' in my house, four people reply: my mother, my wife, my sister and the maid. It's enough to drive a man to communism." The next day your correspondent was taken to see an Aragonese communist leader. He had a small girl on his knee. "Meet my daughter," he said. "Pilar. . . ."

among them, for the Six themselves, are the agricultural financial regulations. For all seven, there is the question of New Zealand, particularly difficult because of the community's likely surplus in dairy products (especially butter) and because of France's announced refusal to consider New Zealand a special case. There is the problem of the neutrals and Portugal ; to some among the Six, this is a self-made British straitjacket. There are important residual issues of tariffs on Indian exports, processed foodstuffs and requests for zero duties. Some of these—the tariff items in particular—may be suitable for some kind of package deal made in the small hours of a smoke-filled morning, rather as the List G protocols were settled by the Six themselves. Others are questions of principle on which the only hope is to soldier on.

From London, in the context of Skybolt surprises, investment hesitations and political insecurity, the Brussels talks must seem interminable and the Six frequently intolerable. But this is perhaps the moment to remember that the problems are genuinely difficult and the community itself young and insecure. All its big steps forward have been slow and painful: the Rome Treaty itself was two years in gestation and the community is now, very few years later, trying to include without losing its cohesion another major power which has what General de Gaulle calls its "enormous escort." This inevitably makes negotiations lengthy.

But there has been a growing awareness among the Six that some of their demands are not mere technical questions but have caused genuine and severe political difficulties for Britain ; moreover the Six are also beginning to ask themselves whether their own community might not be blighted from within if the British negotiations fail.

The Business of Governing

FROM OUR CORRESPONDENT IN CANADA

CANADA is going through an exercise which, at least at first sight, will arouse the jealousy of business men in every country who believe that the machinery of government is wasteful and inefficient and can only be put right by practical men, accustomed to "meeting a payroll." One of Mr Diefenbaker's promises before he gained power in 1957 was to appoint a royal commission, like the Hoover commissions in the United States, to investigate government operations and show how to save hundreds of millions of dollars.

This commission was eventually appointed late in 1960, with Mr J. Grant Glassco, a Toronto chartered accountant and vice-president of the Brazilian Traction Company, as chairman, assisted by a Montreal business man and a retired auditor-general of Canada. In the remarkably short period of two years it has turned in two volumes of its report, which run to more than 1,000 pages ; three more volumes are promised. Without waiting for any more of the horrifying details yet to come, Mr Glassco and his colleagues have fully established that the Canadian government is even more wasteful and inefficient than the most cynical believed. What they have not so clearly proved is that practical business men are the only, or necessarily the best, people to put it right. And what remains entirely questionable is whether the Diefenbaker government, or any other, can save even a couple of hundred million dollars by following the business men's recommendations.

After the publication in November of the Glassco Commission's second volume Mr Diefenbaker made a bold show of action, announcing promptly in the House of Commons that the government intended to implement the commission's recommendations in an impressive-seeming list of operations. The announcement was all the more impressive because the primary responsibility for cleaning up was laid on Mr M. Wallace McCutcheon, formerly vice-president and operating boss of Mr E. P. Taylor's mammoth Argus Corporation, who joined the cabinet in August as a senator and minister without portfolio. For this purpose Mr McCutcheon has been appointed to the Treasury Board, a statutory committee of the cabinet responsible for drawing up expenditure estimates and for controlling their disposition. He also heads a special cabinet committee charged with implementing selected recommendations of the Glassco commission. Nobody in Canada has taken over more business firms, reorganised more managements, or turned more business sow's ears into silk purses. If the reform of government organisation depends on the same skills and experience as the reform of business concerns, then Mr McCutcheon is the man.

Some of the deficiencies brought out in the Glassco reports are glaring enough. One of them is the accumulation of real estate in government hands because, with one department in possession of the title to land it cannot use, another department buys land next door ; another, the growth of inventories in the defence department, which has built up stocks of some items sufficient to clothe our children's children. Government purchasing, which runs to more than a billion dollars a year, is divided between departments employing their own purchasing officers at salaries which average $1.34 for every $100 of purchases ; in one department they run as high as $11 for every $100. Facilities proliferate for servicing government property and providing departmental communications ; this often could be done far more cheaply by contracting out to private industry, or by interdepartmental pooling.

Some at least of this formidable bill of indictment should certainly be corrected in fairly short order. Yet there is still ground for scepticism about how much may be achieved. Conspicuously absent from the list of recommendations which Mr McCutcheon has been charged to enforce are those which the Glassco commission presumably regarded as most basic and essential, since it put them at the top of its first report. Their aim was to free the departments of government from much of the control now exercised by the Treasury Board (a division of the Finance Department) and by the Civil Service Commission, an independent body originally established to eliminate political patronage and which still controls departmental appointments and promotions.

The Glassco commission recommended a reform similar to the one introduced at the BBC after the long regime of Lord Reith. Lord Reith's conception, which still prevails to a large extent in the government of Canada, was that departmental heads were "creative" people who could not be expected to have any sense of orderly administration. They had to be policed by an administrative branch, headed by an admiral, with parallel authority over pelf and personnel. In place of this dualism a departmental autonomy was substituted in the BBC which left each departmental head responsible for his own budget and his own staff appointments, but took good care to provide him with responsible and trained administrative and personnel officers.

This is just what the Glassco commission recommended that the Canadian government should do. But the basic soundness of the recommendation was vitiated by one of those blunders which business men so often make when they venture into the unfamiliar field of government. In order to achieve the highly desirable devolution of responsibility to deputy ministers (which is the Canadian translation of permanent under-secretary), the commission suggested that the staff of the Treasury Board and some of the functions of the Civil Service Commission (particularly in relation to senior staff) should be transferred to the Privy Council office under a new minister to be called "President of Treasury Board." His function, with his expert staff, would be to foster departmental responsibility by ensuring that each department was provided with specially trained administrative and personnel officers ; and maintain the necessary centralised control by rotating qualified people between departments.

Unfortunately, when it comes to equating the business of government with the government of business, the gap between theory and practice yawns wide. A government determined to be business-like could, by applying this proposal in a modified form, extract something of value from it. As it is, senior civil servants and politicians have combined to ridicule the proposal for the logical absurdity of putting one minister in charge of expenditure and another in charge of revenue (a practice which not a few governments find perfectly expedient).

Yet the Glassco commission put its proposals forward believing them to be a Canadian adaptation of the basic system operated under the British Treasury. Doubtless they need refinement by people expert in government rather than expert in business ; so treated, they might bring a vast improvement to the organisation of the government of Canada. What seems to be happening is something different—an acceptance for appearance's sake, without much serious intention.

We are the Socialists of Japan

FROM OUR SPECIAL CORRESPONDENT IN TOKYO

JAPAN'S wretched Socialist party seems resolved upon, and not merely reconciled to, a role of perpetual opposition in the Diet —perhaps "resistance" would be more precise, but for that word's connotations of unity, courage and fortitude. It is difficult to feel any sympathy for the enduring plight of a party dedicated in theory to the promotion of socialist ideals but so often guilty in practice of the sabotage of elementary parliamentary and social democratic principles. Sometimes this suicidal sabotage of the freedoms and

Swiss Wines Survive

FROM A CORRESPONDENT

AT about this time each year thousands of Britons and Americans take their first cautious sip of Swiss wine, at the Alpine winter resorts. If lucky they will soon learn that there is a good rosé called Malanser from the valley near Chur, that the best whites are perhaps Yvorne and Dézaley and the preferred reds come from the Valais and Neuchâtel cantons. They will be well advised to buy them in bottle, not in carafe ; some of the cheaper whites tend to be acid. They will find that Fendant served in tumblers in the lesser taverns can be quite sharp and unrewarding. But, by using discretion, one soon comes to like the better white wines of the country.

The reds are another matter. The Swiss themselves can often be seen drinking a Beaujolais or a Veltliner (their name for the Italian wine from northern Lombardy) instead of Dôle, the best-known red from their own upper Rhône valley. Yet much has been done in recent years to improve fullness and texture by growing more Pinot Noir grapes (the red Burgundy vine). A good Pinot Noir, so labelled, from the Valais or Vaud cantons, when five years old, can produce a fine bottle. The Cortaillod from near Neuchâtel can often be equally good. Production from this last district has been falling off in recent years, partly because of labour shortage ; but the wines of Neuchâtel are always well received in certain foreign markets. Though uncommon in England, a white Auvernier or a red Cortaillod is often found in American wine shops. Wines from Neuchâtel and from the Valais are now also sold in Canada. The Swiss Wine Export Bureau at Lausanne maintains a promotional office in North America.

To the average Swiss *vigneron*, however, exports are of minor interest, because of the paternalistic intervention of the federal government in the domestic wine trade. The Swiss are a wine-drinking people and consumption is high. But there is an overbalance of white as against red types in the vines planted. Moreover, grapes tend to be grown on certain steep or gravelled slopes not fit for other crops, and certain communities would become rapidly depopulated if the vineyards were not kept up.

So for some years now the state has set minimum prices for all varieties, and by controls and purchases has guaranteed these prices. As a result there was for a while an unwanted extension of grape growing to unsuitable soils as peasants in marginal areas sought to take advantage of the subsidy. These grapes were soon declared illegal for purchase ; all the same, on dark October nights they were mixed covertly into the crop from legitimate plots. This was a form of bootlegging in the best peasant tradition, comparable with the discovery not so long ago in a corner of the Jura mountains of a score of illicit stills making that forbidden liquor, absinthe.

The authorities finally decided in 1961 to make a disciplinary example of an area near the village of Saxon in the Valais, where illegal plantings persisted. Helicopters were sent and began to spray poison over these plots. But in between his yearly tour of duty in the army every Swiss keeps his rifle at home. Out came these rifles and the helicopters were fired upon. A rebellion, but one that was quickly crushed.

The import of wine is hedged about with regulations ; but the Swiss thirst is insatiable, and vast quantities, particularly from France and Italy, are brought in each year. Besides duties there are restrictions on import licences and a quota is attached to each licence. If a wholesaler's trade in foreign vintages begins to expand, he cannot obtain an increase in his quota : his only recourse is to buy wine from some laggard firm whose trade is slipping and whose quota is unfilled.

In principle, no Swiss wine when bought in Switzerland should ever cost as much as any imported French one, but quite a few do. These are well worth looking for ; one is Goût de Conseil, the best of the Johannisberg types from the Valais. As in all wine-producing countries, one should choose the region and type one prefers and then go on to learn more about individual growers. The wine called Dézaley, for instance, comes from several steep slopes between Lausanne and Vevey. Among its many vineyards is one called Chemin de Fer—appropriately, since the main line from Paris to Milan runs right past these carefully tended rows of grapes overlooking the lake. The government is now trying to plan a modern super-highway along these and adjoining slopes. At times this results in a legal battle. May the best of the vines win.

responsibilities of parliamentarianism, inside and outside the Diet, has been cynical and violent; sometimes it has been attributed to downright human stupidity and muzzy Oriental equivocation. But the result has been the same: a deterrent to democratic development in Japan and a spur to factious intrigue inside the smug Liberal-Democratic government oligarchy.

The Japanese Socialists achieved their latest masterly coup in self-mutilation on the eve of the end-of-the-year Diet and the bold plans of the prime minister, Mr Ikeda, for the 1963 Budget. On November 27th, the opening day of their annual congress, they censured and dismissed their secretary-general, Mr Saburo Eda, by 232 to 211 for his "vision of a new socialism"; next, by 323 to 233, they elected Mr Tomomi Narita, beholder of an identical vision, to succeed his discredited fellow-dreamer.

Eda-*san*, who represents the moderate elements in the Socialist party, had descended from the heights of Mount Fuji, bearing Mosaic tablets simplified from ten to four decrees, which promulgated, as an incongruous coach-and-four vehicle for Japanese socialism, "the high living standards of the United States, the welfare security of Soviet Russia, the parliamentary order of Britain and the peaceful ideals of the Japanese constitution." Eda-*san's* opponents of the extreme Left, who should logically belong to the Japanese Communist party, irresponsibly stoned him from office, condemning his "vision" as "excessively liberal." However, the left wing's candidate for the vacancy was then soundly beaten by Narita-*san*, who was known to have shared the hapless Eda-*san's* "vision" in everything but open personal exposition.

In accepting the post of secretary-general, Narita-*san*, a partly reformed Marxist, promised solemnly to "remember with deep sincerity" that the party convention had denounced the Eda "vision," but he added blandly that it was still necessary to translate that "*vision*" *into reality* in order to gain votes for the socialists against the conservatives.

All this was true to form. Japanese socialism, for ever bogged in confusion, contradiction, mistrust and stagnation, has been cursed since the Occupation by the absence of a strong pro-Japanese leader and by the conviction that the policy of Peking and Moscow is more honest, selfless and helpful than that of Washington. Mr Tetsu Katyama, the first and only socialist prime minister (1947-48), was a pious Christian and a moving hymn-singer, but these spiritual attributes were inadequate for contesting the rough Shinto horseplay in the Diet. The tragic Asanuma-*san*, stabbed to death at a public meeting by a rightist student, recklessly helped to provoke the university violence which, in counter-reaction, caused his death.

The twisted anti-American, pro-Marxist policies which the divided Socialists offered at election after election have never appealed to the solid conservative mass of the Japanese people. After 15 years of submergence, a mood of despair has slowly stifled, soured and embittered Socialist party workers. Japanese constitutional authorities have even brooded over the practicability of an arrangement under which the perpetual conservative government could offer two or three appropriate portfolios to the expiring Socialist opposition. It is doubtful, however, whether the Socialist command could afford to accept such patronage.

THE other unhappy by-product of the Socialist eclipse in Japan has been the proliferation of cynical cliques inside the swollen ranks of the Liberal-Democratic party. A large Diet majority is an embarrassment for any prime minister because it is a direct and immediate incitement to safe intrigue by his rival party conservatives. Mr Ikeda's enduring personal survival is based on Japan's economic miracle, which continues to raise living standards as markets, by herculean effort, are exploited on every front.

The habitual absurdities of Japanese Socialist policy are at present reflected in the party's blind opposition to attempts to heal the breach between Japan and Korea. The doctrinaire Marxist argument against this eminently desirable rapprochement is that it has been craftily designed by the Americans to involve Japan in war with China. The Socialists, believe it or not, also want to disband Japan's modest armed forces and simultaneously to scrap the American-Japanese security pact—both basic aspirations of the Japanese Communist party. Shigeru Yoshida, that wise old Japanese leader, who was never pro-West or anti-West but only pro-Japanese, marvelling with a shrug over the continuing and spectacular Japanese recovery after his retirement, once observed to your correspondent, "It just proves that the Japanese don't need a government so long as they can sell what they make." Certainly during the coming year of waxing national prosperity, Japan will continue to demonstrate that it can still nourish the empty forms of a "democratic" parliament, with a weak, faction-ridden government and a ridiculous opposition which, in its present form, has neither a future nor even a pathetic "vision" of a future.

When Saburo Eda surrendered that socialist vision or mirage to his fellow-dreamer, Narita-*san*, he is reported to have said to his son, Satsuki, "Now we can both go mountain-climbing together." His son, following in the father's doomed footsteps, has been dismissed from Tokyo University for inciting students to violent excess against authority. So does Japanese socialism in *Harakiri* fervour, renew itself suicidally from failure.

Lean Year in Poland

AGRICULTURAL difficulties have forced the Polish government to make serious changes in its economic plans. The revision, which was foreshadowed by Mr Gomulka in a speech on November 26th, has been confirmed in the draft budget and plan for 1963. Mr Gomulka did not mince words. A big drop in this year's agricultural output will force Poland to increase its imports of grain. This, in turn, will be an additional strain on the already sickly balance of payments with non-communist countries. Since, on top of this, investments have proved more costly than planned, drastic steps have had to be taken to redress the balance. Next year will see a relative pause. Gross industrial production is to increase by 5 per cent (compared with a rise of 8.7 per cent this year), but the output of light industry is to rise by only 2 per cent; and so are nominal wages. Over the next three years, the whole investment programme is to be revised so as to foster agriculture without hindering basic production.

Within the Soviet block, Poland is the only country where small-scale private farming still predominates. In 1961 it was also the only member of the block to enjoy a bumper harvest. This coincidence led to rash conclusions that Poland may be the only communist country close to solving its agricultural problem. This, however, is far from true. Not only did bad weather play havoc with this year's harvest, but over the last few years Poland has been compelled to import, on an average, more than two million tons of grain a year, chiefly for fodder. In a rapidly industrialising country where wage increases tend to be translated into a higher demand for food, agricultural supplies are crucial; hence the government's current efforts to increase investment in agriculture.

The trade problem is different. Nearly 40 per cent of Poland's foreign trade is with countries outside the Soviet block—a proportion that is much higher than the communist average. Yet in its trade with non-communist countries Poland, being an exporter of food and of such raw materials as coal, has been hard hit by the movement of the terms of trade. Polish planners suggest that one remedy must be to increase the share of equipment and manufactured goods in Polish exports to the West. But one passage in Mr Gomulka's speech shows that he regards Poland's present degree of dependence on western markets as excessive and "dangerous" and is considering how it can, relatively at least, be reduced.

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

Slow Coach?

SIR—Railway closures already carried out, you say (December 8th), have had slight effect upon the public consciousness and the Government's electoral fortunes. These piecemeal closures have taken place in widely separated parts of the country after being run down to vanishing point, and have not affected large numbers of people. The pruning which Dr Beeching will propose in the New Year, on the other hand, will be far more drastic and will be concentrated in one explicit programme. I have no doubt that opposition will be both widespread and emphatic.—Yours faithfully,

M. SLADEN
Branch Line Re-invigoration Society
London, W5

British Engineering Design

SIR—Design engineering in this country has generally been regarded as a Cinderella both by universities and by industry. But the average designer is an able draughtsman, often with a workshop background, but with little knowledge of physics or mechanical and production engineering. Higher salaries to designers might attract science and engineering graduates to design; but by the time a graduate has been through the average university course, which aims primarily at training research workers, he is only slightly better equipped to be a designer than he was to start with. Likewise, the present training of engineers is largely based on the need to grasp the fundamentals of physical science and to use these to analyse practical problems. But the inverse process of building up to a successful design requires this and a good deal more: it is also necessary to understand various methods, and the economics, of production, user requirements, and the properties of materials; to appreciate the potentialities of computers and the use of models as aids to technical synthesis and æsthetics; and above all to foster any natural bent towards creative design.

"Tacking on" a course of design to an existing syllabus is not enough. These studies should themselves form an honours degree course in engineering. Is this a job for a new university, say York?—Yours faithfully,

E. H. FROST-SMITH
Staveley Research Department

Steel Investment

SIR—Your article of November 3rd on the problems facing the French steel industry and the new Dunkirk plant—"this pistol . . . in a sense aimed at Dagenham"—poses two major problems which have concerned steelmakers for a long time. 1. How can capacity be increased and plants modernised while maintaining a competitive position without the threat of over-capitalisation? 2. How can the steel industry be made more flexible, with a less formal capital structure?

Since the war Britain's steel industry has spent £1,500 million on its capital investment programme but it now seems improbable that its hopes will be realised and instead excess capacity is likely to remain for some time. There is, however, the solution offered by continuously casting steel, a practice which has been in the news recently with the commissioning of Britain's first large scale production plants. The main attraction of this process to financiers lies in the very fact that equal, but more efficient, capacity is offered for a much lower initial capital outlay and with lower running costs. Increased yields of 8 to 10 per cent are possible over conventional plants.

From your article it is evident that the new French plants, their eyes on the rich markets in southern England, will be admirably placed to offer the lowest prices under the Coal and Steel Community's model rules, on which domestic producers will have to "align down" in order to get orders, thereby reducing profit margins and the means of self-financing. Continuous casting offers major economic advantages, one of which is the vital fact that the costs of writing off existing plant and replacing it with continuous casting can be recovered within a remarkably short space of time. Moreover, since it is ideally suited to modern oxygen and electric steelmaking techniques the same plant can appreciably increase or reduce production according to the dictates of the market.—Yours faithfully,

Workington, Cumberland A. M. WHITE

Aden

SIR—Your note (December 15th) suggests that your correspondent knows some people in the Aden Trades Union Congress. Does he know anyone else?—Yours faithfully,

Aden P. M. BOILEAU

Canada

SIR—Your correspondent is right in his contention (November 24th) that Canada can no longer live on the export of the fowl of the air, the fish of the sea, lumber and minerals, and that our future development must be based on stimulating the manufacturing industries. But he contradicts this conclusion with the advice that we stifle industrial production through removing the tariff safeguards and incentives on which so much of our production is dependent, owing to our higher cost structure and lack of full industrial maturity. Our tariffs are not high: they are only a fraction of those that were in force in such countries as Italy and Japan while they were achieving industrial maturity in the past decade and a half. The results for these countries of "protectionist" measures are observable to anyone who has been to them: they have prospered mightily. Equally wrong is the statement that Canada's policy has been the promotion of industrial development through responsible tariff measures. It should have been, but the Liberal government did not see it that way. They bent their efforts to turning Canada into an efficient exporter of raw materials at the expense of our secondary industry. Nor is the Kennedy trade programme our bright white hope. It is an invitation to economic suicide.

Your correspondent has correctly analysed the nature of the problem, but his prescription for the cure is far wide of the mark. Dogmatic adherence to traditional Liberal economics is not the way out. We need to duplicate the experience of Japan, Italy and France, rising living standards, governmental planning, industrialisation, and "protectionism" and all.—Yours faithfully,

Toronto EDWARD CARRIGAN

Shaw Alphabet

SIR—Instead of changing the spelling of English to conform to the pronunciation (November 24th), why not the other way around—change the pronunciation to conform to the spelling? With the assistance of TV and radio and all school systems, a programme of gradual reform should certainly be practicable, if agreement could be reached on the desirable changes. Ours is a rich language, simple in grammar—and we make it horribly difficult by having allowed the spelling and the pronunciation to drift so far apart. The tendency grows instead of diminishing, and that could ultimately let the language fall apart as Latin did. Should there not be established the strong academy you hint at, whose function would be to combat this destruction?—Yours faithfully,

JAMES G. LYNE
New York

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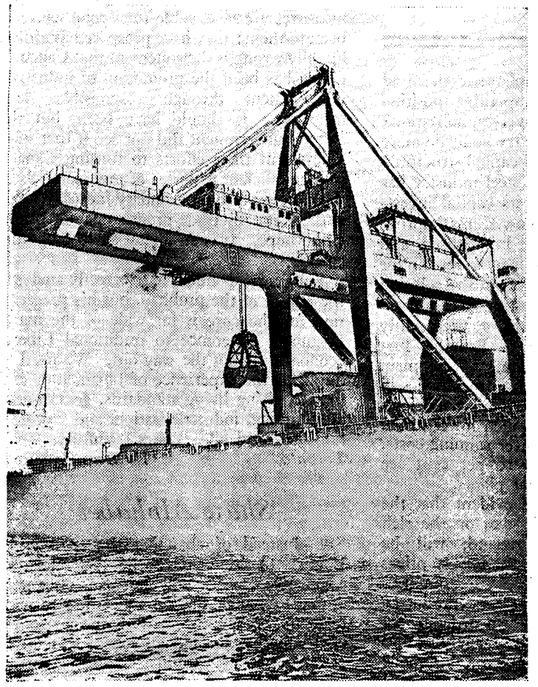

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THE BUSINESS WORLD

Economic Outlook for 1963

Year of the Tortoises?

BRITAIN does not, yet, publish an official "draft economic budget" for the coming year of the kind that common market governments are now prepared to hazard fairly early each autumn. If it did, now, what it could still hope for in 1963—and these draft budgets have a large dash of aspiration in with the cold-blooded national income forecasting—might in spite of the dip in October production and November exports compare a little better with the expected fortunes of the European Economic Community than British performance has over the last few years. The improvement we can expect would be undramatic: from near stagnation to still modest growth in one of the slowest-growing industrial economies of the western world, compared with some deceleration in one of the fastest-growing groups of economies in the West. In 1963, Britain's national income ought to rise nearly as much as Germany's and as much as the Benelux countries', though much less than France or Italy expect. A good deal of our hopes depend, however, on the United States, the other laggard in the growth stakes. There, the present mood of highly volatile forecasters is to hope for a higher rate of growth than most of Europe does, provided the promised tax cuts are sizeable and in time.

In both the United States and Britain, admittedly, the factor of "confidence"—that ponderous intangible which at once bedevils the forecaster and gives him a convenient hedge—looms even larger than usual at the turn of this year. This is not wholly confidence in government economic policy: Whitehall is committed firmly and Washington with resolute noises towards policies of stimulating demand. (In terms of political élan, Washington is now riding high, Whitehall soggy and punchdrunk.) In Britain, business confidence is also hinged to the uncertainties about Britain's joining the common market. In Europe, the moderation of growth rates has been accompanied by internal and external embarrassments, to some degree connected: a rapid rise in wages and salaries, no longer adequately offset by increases in productivity, and a cessation of growth in exports to "third countries" outside the common market.

This pressure for wage increases—which is certainly not absent in Britain either—does not arise simply from a general shortage of manpower in Europe, any more than in Britain or the United States. In Germany, certainly, there are statistically five jobs on offer for every man unemployed, and in the Netherlands four. But the labour market in Europe, as here, is patchy. Some restraint on building activity there is releasing manpower; the hoarding of labour is not quite so general. The real shortages, in all countries, are in skilled labour. But continuing habits of mind geared to a general shortage of manpower, plus the natural institutional pressure of the trade unions, combine to maintain the pressure for wage inflation into a period where no underlying inflation of demand continues almost anywhere.

Europe is emerging after Britain, as Britain followed the United States, out of a longish cycle of business investment. No country except the United States expects to maintain its rate of gross fixed capital formation; in several EEC countries, as here, private investment is drooping, with larger doses of public investment alone maintaining the momentum. On the Continent, however, official forecasters argue firmly that this may be a problem for 1964 and after, but not quite 1963.

Growth Rates and Guesstimates*

Percentage Increases over Previous Year

	Gross domestic product	Imports	Exports	Private consumption	Public consumption	Fixed capital formation
Germany:						
1962	3·6	9·5	3·5	4·4	6·5	5·5
1963	3·0	6·0	3·0	4·0	4·5	2·5
Italy:						
1962	6·3	14·0	14·0	6·3	6·0	7·5
1963	5·7	9·0	10·0	5·5	7·0	6·0
Belgium:						
1962	3·2	6·0	8·5	3·0	2·0	4·0
1963	2·7	5·0	6·0	2·8	3·0	2·0
Sweden:						
1962	4	6	7	4	5–6	3·5
1963	4	7	4	4	6·5	4·5
Netherlands:						
1962	2·5	6·0	4·5	4·0	7·0	5·6
1963	3·0	5·0	5·0	3·5	4·0	2·5
France:						
1962	5·0	6·5	2·0	5·5	3·0	7·0
1963	5·3	6·0	5·0	5·5	6·0	6·0
Norway:						
1962	4	3	5–6	3	6–7	4–5
1963	4	3–4	6	3	6	3
Britain:						
1962	1·0	1·6	2·0	1·2	5	—1
1963	2·7	2·8	2·5	2·3	3·5	0·5

Estimates: for Europe, by the European Economic Commission or national economic institutes: for Britain, by *The Economist*.

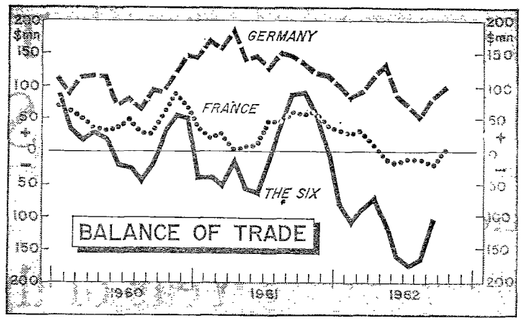
IN Britain, few people expect that the higher investment allowances and faster depreciation rates that the Government has now offered can do much to pick up manufacturing investment before late in 1963. Business uncertainties about the common market negotiations, the recovery of consumer demand, and even the electoral chances of the Conservatives, are understandably putting off decisions to invest in new plant and machinery; and it is hard to find firms who could not meet the increase in demand that they expect from the facilities they have now, or will soon have. The Government, however, is planning to increase public investment by some £200 million, on Mr Maudling's latest figure, in 1963-64; and as there is some buoyancy in commercial investment.

The other sector of demand in Britain, though not in Europe, that may be affected by lack of confidence is consumer spending. Personal incomes seem likely to be significantly higher in 1963 than in 1962; and the decline in outstanding hire purchase debt, plus freer credit, might seem to invite quite a sizeable upturn in consumer spending. But there are signs that the re-emergence of heavy unemployment in a number of areas, plus rationalisation and talk of redundancy in a somewhat wider sphere, has been somewhat inhibiting the free spending of middle incomes to which the British economy became accustomed in the fifties. It might be safest to assume that in 1963 consumer spending will rise more cautiously than disposable incomes, perhaps by 2½-3 per cent.

Optimists a month ago were forecasting a rise of 5 per cent in British exports during 1963; pessimists, a week ago, were fearing that they might actually fall. Both order books and the apparent improvement in British costs relative to those of Continental exports have suggested that the country ought to be able to hold on to its share of world trade in manufactures, which up to the autumn was rising at perhaps 4-4½ per cent a year. But continued trade growth at anything like that rate depends upon a considerable pickup occurring in United States demand. Unless the stimulus of tax cuts there makes itself felt fairly rapidly in final demand, the world could experience quite a slowdown in trade; and if so, reflation at home might make 1963 a year in which British exports rise less than in line with production. There seems no reason, on the other hand, why imports in the coming year need rise much more than production.

The current expenditure of central and local government has risen considerably during 1962, and Mr Maudling, singling this and public sector investment combined as the main expansionary force in the British economy, said last week that it would be going up as much if not more during 1963-64. Stockbuilding, which was checked by an actual fall in stocks at the end of 1961, was resumed this year but is likely to have been much lower than the 1961 total. The arithmetic of this growth forecasting assumes that during 1963 stocks would rise in line with production, that is by somewhat more than they are taken to have fallen in 1962. The rate of growth in gross domestic product to which the above reasoning would lead—taken as between yearly averages to compare with the Europeans' forecasts, rather than *during* the next twelve months in the figuring that British economists now generally use—would be a figure of 2½-2¾ per cent. (The rise assumed from end-62 to end-63, would be about 3½ per cent.)

There is little doubt that such a rise would be well within



the capacity of British industry and services—and fortunately or unfortunately, without much more than the increase in employment that one could expect to cover anyway by the growth of population of working age. The pattern of rising demand postulated above would do little to offset the disparity between prospering consumer goods industries and the capital goods suppliers who are short of orders; and it is in some of the consumer industries that production could be stepped up most easily without much extra manpower. The concentration of shipbuilding and heavy engineering in the north, again, might mean that this slightly quickened general growth may leave pockets of unemployment without much succour.

BUT, as Mr Maudling has again stressed, the pace of Britain's reflation is still checked in some degree by the limitations of the balance of payments. The outcome for 1962 as a whole now seems likely to be near balance on the current account, with perhaps a small deficit in the basic balance *ex* the balancing item but, more realistically, a clear surplus including these elusive errors and omissions. Such a result would still mark a further improvement, but a much smaller one than was achieved in 1961 over 1960—an improvement which Mr Lloyd last spring hoped would be matched this year, to give a current surplus of around £150 million. As it is, bare balance in the current account in a year of unevenly rising production and only modest stockbuilding is a below-par performance over the whole cycle.

In other countries, too, the balance of payments has moved closer to balance in 1962, though again by smaller degrees than was hoped a few months ago. In the United States the net monetary deficit—the current balance, it is worth remembering, is still in massive surplus—is expected to narrow from $2½ billion in 1961 to around $2 billion this year: in the summer American officials were optimistically talking of $1-$1½ billion. An elimination of the deficit by the end of 1963 remains the official target—though now it seems more of a hope than an expectation. The counterpart to the modest improvements in the payments balances of Britain and the United States has been a run-down in the Continental surplus. In the first three-quarters of 1962, as illustrated by the chart, the balance of visible trade of the six common market countries had deteriorated by $800 million at an annual rate compared with the 1961 out-turn, when these countries ran a current surplus of $2¼ billion and added to their reserves by $1,200 million. This year, up to end-September, these reserves had risen by only a further $400

million, entirely on account of France. Italy had succeeded in offsetting its current surplus, and Germany in losing it. The welcome improvement in the underlying balances of payments between the main industrial countries has certainly had a calming effect in the exchange markets: there is a blatant shortage of bull currencies to get into. Yet the markets still see the new conjuncture this negative way round, with fingers still crossed about sterling and the common market on the one hand and absorption of the continuing supply of surplus dollars on the other—which can fairly be taken as a point against the conservative school that has maintained that there is no problem of international liquidity but only one of balance. Another indication of the unsolved external financial problem is the continued inhibiting effect of external payments, even in better balance, on domestic economic policies in very many countries now.

Limited Promise in the Markets

IN the stock markets, 1962 has left a poor taste. Admittedly, as the year goes out, all the major markets show considerable recovery from the low points hit after Wall Street's collapse in May and from the immediate impact of the Cuban crisis. But the ensuing rallies, though considerable, have never been sustained. The Kennedy administration has not as yet transplanted into the 1960s steady growth on the early post-war pattern. The deterioration of business confidence after the President's fight with US Steel has goaded the administration and Congress into remedial action, so that nearly everybody is for a 1963 tax cut. And confidence has revived markedly with the President's Cuba victory. But at the opening of 1963, it remains a question whether the American authorities are ready and able to remedy the sustained deficiency of demand in their economy which the economists of OECD have themselves diagnosed. The forecasts about the American economy in 1963 that are now going the rounds are promising enough; but it may indeed be an illusion to suppose that the inhibitions on American growth will be quickly removed, or that Wall Street is not already discounting a good part of next year's improvement. For investors, that could mean that some factors in the jerky conditions of 1962 could be at work next year too.

Investors in Britain have more than Wall Street to contend with in 1963. They also have British politics, the common market and the balance of payments. Politics are likely to continue to worry the City, which in the past eleven years has come to take a friendly government for granted. The common market, if Britain manages to get in, will yield long term benefits—some of them already anticipated—but also important short term shocks. If Britain fails to get in the adverse impact on the stock market will be considerable, and sustained.

Much the same kind of impact may be felt on the balance of payments. Entry will involve some new strains, from dearer imports of food and freer exports of capital, though these strains will be spread out and are not in the reckoning for 1963. A collapse of the Brussels talks, on the other hand, would involve an immediate psychological blow to sterling, and some big uncertainties for future policy. Britain's current balance of payments in 1963 could itself be adversely affected if output in Britain were to grow much faster than of late, though that would imply some significant gains in earnings by some industries. But the scope for a further reduction in interest rates in Britain may be smaller, because of the payments risk, than some people have supposed. If so, the scissors movement between equities and gilt-edged that has prevailed in the London market since the spring of 1962 may not continue; even if the climate for equities remains unexciting or slightly improved, gilt-edged may no longer go up.

One can suppose that on a level output next year, industrial profits would show some improvement, on cost cutting considerations. But gains are likely to be limited to the lighter end of industry and 1963 hardly looks likely to become a year of good harvest for shareholders. Domestic politics will cast plenty of shadows. Institutions with, say, 50 per cent of their portfolios in equities at market values, will not be pushing that percentage radically higher, but expanding their ordinary share holdings selectively and cheaply through rights issues.

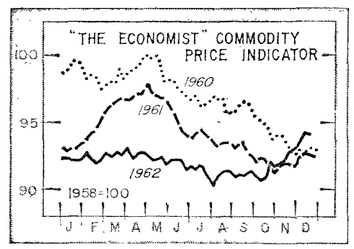
Commodities on an Upward Trend?

THE sharp turn upwards in commodity markets that occurred this autumn has not yet transformed the balances of payments of primary producing countries. Nor would one expect the rise in world industrial production that seems on the cards to bring about any very massive growth in commodity prices—unless the American acceleration is sharper than one guesses. Nevertheless the outlook for commodities in 1963 is somewhat more cheerful than it was at the beginning of 1962, and there is more talk of world commodity schemes.

By the beginning of August this year *The Economist* commodity price indicator had slipped to 90.4 (1958=100); from July to September prices remained about 2 per cent below their level of a year earlier. The depression was general. Surpluses bore down every commodity of importance, and in contrast with earlier slumps scarcely any primary product was sheltered.

Difficulties which swept aside the International Sugar Agreement and crippled international regulation of tin and lead, moreover, shook people's vestigial confidence in the power of such bodies to sustain commodity prices in the face of a serious imbalance between supplies of foodstuffs and raw materials and the demand for them.

This depression, however, was in fact the prelude to a powerful upsurge in prices, which lifted *The Economist* indicator no



less than 4 per cent between the start of August and the end of December. Such pointed recoveries have occurred on frequent occasions in the past. But the latest fight back by commodities seems backed by positive shifts in the underlying balance between production and demand. The ease with which consumption can rise to overhaul production has come as a jolt.

The recent recovery may appear to have arrived with improbable speed. But it is the essence of commodity markets to react hard and fast to comparatively minor changes in circumstance. Imperceptibly, the low level of prices has been building a solid platform for the recovery, both by purging markets and reacting on demand and supply. It might not be coincidence that lead, which had been left largely to fend for itself, appears to have turned the corner ahead of copper, producers of which have supported the market.

For raw materials the presumed growth in industrial expansion in 1963 should be at least sufficient to consolidate this year's late gains, though the fear persists that further unwanted increments in supplies might be in store. More lead, zinc and wolfram might be pressed on Western markets by the communist block, and the American stockpile is now an ever-present threat. But the pressure of stocks of cotton need not create any problems while the United States holds tightly the key to its store. Fibres like wool, jute and sisal are already in balance and can look forward to an upward tug of demand.

For foodstuffs, which have been hit hardest by surpluses because demand for food is so limited in elasticity, the transformation of 1962-63 could be the most encouraging. There could be a powerful reinforcement for these products from refurbished international support schemes such as for sugar, coffee and cocoa. But each of these commodities seems better able to fend for itself in the coming year.

How Soon Will America Turn?

New York

UNCERTAINTY about the tax cuts is making the American economic outlook for the next twelve months even hazier than usual. Unquestionably, the Administration is going to recommend a substantial reduction in rates and reform of the tax structure. But it is impossible to predict Congress's reaction, and the size, nature and timing of any reductions remain in doubt. This complicates life for harassed business forecasters, who were shaken by Wall Street's crash last spring but recovered some of their aplomb after the economy managed to put on an effective show of resistance.

Most forecasters now think that activity would continue to advance during 1963, although moderately, even without the benefit of tax reductions. Failure to obtain any tax relief would have a dampening effect, in view of the expectations that have been built up; by the same token, substantial across-the-board reductions might turn the present pedestrian expansion into a trot and just possibly a gallop.

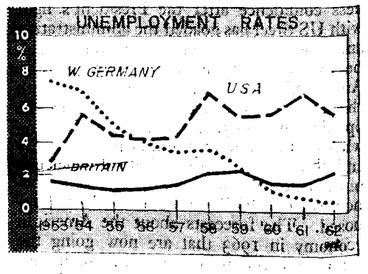
Gross national product at the end of 1962 is estimated to be running at about $560 billion; the forecasts for GNP in 1963 range from about $575 to $610 billion. Given the economy's ability to weather shocks, from the steel crisis to the debacle on Wall Street, a rise to $580 billion might be guessed. This might not make much difference to the unemployment problem, but it will stifle a good deal of worry about the squeeze on profits and the existence of unutilised plant capacity.

Fears of a serious decline, which were once so widespread, have all but vanished during the upsurge of confidence following the Cuban crisis. The first quarter of 1963 may see some softening, although even this is disputable, but no real slide. The economy is not suffering from any of the excesses that normally crop up before a recession strikes and, though there are many sluggish sectors, particularly unemployment and capital investment, there is an absence of extreme weaknesses and strengths. Government spending, which helped to sustain activity during the summer doldrums, will continue to rise; personal incomes also will increase; and though business fixed investment has lagged behind expectations through all of 1962, it has been climbing slowly and should continue to do so. This spending may indeed accelerate, for business has the funds to invest, and the desire to improve profit margins should lead to increased outlays for modernisation. Inventories are now at very low levels, and stocks are likely to be rebuilt as demand steps up.

This is happening already. The lull after the stock market break has been succeeded by a revival of momentum in most industries, accompanied by firmer prices as well as increasing production. Hard goods manufacturers, led by the automobile makers, have been expanding output, and should continue to produce at a healthy rate, both for sales and stocks. The pickup in Detroit is giving a boost to the depressed steel industry, which can now count on a fairly substantial level of output in the first half of 1963, helped by new wage negotiations—which might lead to higher prices if the automobile industry can, in Detroit's phrase, put two good years back to back. Other industries suffering from competitive problems and slack demand are raising their sights, including chemicals, textiles, aluminium and machine tools. Retail trade should continue to do well, although competition between department stores and discounters is bitter. There is some question about the construction industries, which come closest to being a potential weak spot, but most of the danger lies in real estate speculation and speculative building. Even in this area, the chances are that dollar volume will rise somewhat.

All in all, then, industrial production seems poised for a rise of five per cent or better, and corporate profits, which in spite of everything reached a record level in 1962, will undoubtedly hit a new peak. Wall Street, where sentiment runs to extremes, is obviously expecting a good year. But there too disappointment on the tax front would serve to chill hopes perhaps more than the situation warrants. There is no shortage of money, and with the Federal Reserve pursuing a mildly reflationary policy interest rates continue low. This could change if tax cuts are voted or should the deficit in the balance of payments show a sizeable increase, but as either of these would indicate rising demand, tighter money would be a symptom of the strength of internal demand rather than of weakness.

A moderate increase in general business activity is not the most exciting of prospects. But it is a good deal better than a recession, which was considered the most likely possibility only a few short months ago. The mood of the business community is fairly sober still; even on Wall Street there is a feeling that the economy may be in for some unpleasant surprises, particularly on taxes. Over the past three years, hopes of a strong rise have been dashed in various fashions, but almost always unexpectedly. Now that this sobriety reigns, the surprises, for once, may be pleasant ones.



Germany in Two Minds

Düsseldorf

FEW people in Germany, looking forward into 1963, are quite sure which of two overlapping uneasinesses to put uppermost. The continued rise in wages, following upon the arrival of brim-full employment in a country accustomed to a comfortable reservoir of manpower, worries many people. Dr Hermann Abs, of the Deutsche Bank, has commented that a rise in production costs approaching 30 per cent in the last two-and-a-half years (counting in revaluation of the D-Mark) could not but seriously hamper Germany's competitive situation in the world markets. And there is no doubt that it has: the growth of German exports has failed to match the momentum of its partners in the common market—or even of the British.

But these traditional fears of inflation and its effects are now paralleled by anxiety of another kind—that declining momentum internally as well as externally may soon require stimulus, rather than the restraint which so far the Government is applying for its respectable reasons. Herr Fritz Berg, chairman of the Federation of German Industries, voiced this growing feeling when he told the Chamber of Industry recently that the Government should intervene and make use of fiscal and other measures to bolster up a fading prosperity.

In this Keynesian approach, Herr Berg is not for the present backed up by German professional economists. The six economic research institutes in Germany, which in the past have often pronounced divergent views among themselves, are for once agreed on a common analysis of Germany's economic prospect. They see no reason for pessimism. Economic growth should continue in 1963, at a rate of about 3 per cent annually, which if not up to earlier years is nothing to worry about. Moreover, they reckon that any slackness in private demand will be offset by what they consider the normal "expansive tendencies" of public budgets, without any need for further government intervention to stimulate the economy. Last week, indeed, the Government raised its own sights for 1963 to a 4 per cent growth rate.

Not all industrialists are as ready as Herr Berg to say what ought to be done about the economy as a whole, but there are plenty bemoaning the depressed state of their own industries. Shipbuilding, which was unable to stand the effects of revaluation, seems now to have been joined in its mood of black pessimism by the textile business, which has lost business to lower-wage countries such as Italy, Greece, and Japan. Coal remains unable to stand up to the competition of oil. Steel too, the backbone of German industry, is reporting disquieting figures. Its orders in the third quarter of 1962 were about 10 per cent below the level of current deliveries.

A general survey of investments in German industry showed that 11 per cent of all firms reduced their capital investments during 1962, as compared with 1961; in earlier years this proportion had not exceeded 2-5 per cent. On the other side of the medal, the boom in nearly all sectors of consumer goods industries seems undiminished; and the building industry, which also profits from the high level of wages and personal incomes, is prospering. This German building industry however can easily weather the abolition of the special incentive given until now in the income tax law.

Herr Blessing, president of the Bundesbank, said this month that Germany's (current) balance of payments deficit might rise from DM 1,000 million in 1962 to about twice as much next year; but added that he did not consider this, and the further drain on the reserves, "an acute danger to the country's economy." Some of the more conservative private bankers have been inveighing against the "riotous living" such as foreign travel (up to 36 per cent in 1961, with estimated outgoings totalling spending abroad about DM 4,000 million) which is one of the invisibles that turn Germany's visible trade surplus into this sizeable deficit.

Problems of French Success

Paris

FIVE problems dominate the French economic and financial sector in 1963, and on the solution found to each of them depends the fulfilment of M. Giscard d'Estaing's optimistic predictions of continued rapid growth in the economy.

The first concerns *employment*. The repatriation of 250,000 potential workers from Algeria and the release of an equal number of servicemen have abruptly reversed the trend on the labour market. Already pockets of unemployment have formed. Some of these are in areas where economic activity is lagging behind the increase in population, such as the West, the Centre, South-West and South-East; others are in the less skilled grades of work, unacceptable to the Algerian repatriates. If the world-wide slackening in economic activity came to affect France, these "pockets" might well grow; in that event the new Employment Fund for the retraining of the unemployed may be put to a severe test.

Another danger is the *rise in prices*. At present this affects only retail prices, which have risen by 5 per cent in one year; but pressure does not appear to be slackening and increases are now expected in foodstuffs, in public and private utilities, and in certain industrial products. The current extensive increases in wages and social benefits will accentuate this trend, with the production of consumer goods lagging behind the increase in incomes.

Conversely, *private investment* will grow more slowly as a result of the shortage of funds experienced by a number of undertakings where wages are increasing more rapidly than selling prices or productivity. The resulting fall in the demand for capital equipment is likely to be intensified by a slackening in export expansion. In time this might set off a cumulative process of slowdown, or create a number of bottlenecks that would hamper the production of consumer goods and accelerate the rise in their prices.

The attempt to tap further sources of finance for investment will therefore constitute a major preoccupation for government and business in the coming year. The government is at present hesitating between several possible ways of dealing with the situation: to encourage businesses to augment their capital, as the Fourth Plan recommends; to encourage the issue of debentures convertible into shares and the taking out of with-profit life insurance policies; or to facilitate the creation of investment trusts, which are permitted since 1957 but of which only a few have actually been set up. To conserve the limited resources of the French capital market for the use of French enterprises, access to the market by foreign investors under favourable conditions continues to be ruled out.

Finally there is the problem—admittedly strictly a fiscal one, not a problem of real resources—of the load on the *budget* of possible further social reforms that might be decided on during the year. This year, although considerable savings were effected through the termination of the Algerian war, the budget had to be increased by NF 3,800 million; this additional expenditure was compensated through increased revenue from economic expansion. But can this be expected to hold good next year? The Gaullist majority affirms its intention to build more schools and housing, to increase family and old-age benefits, to support backward agriculture, and to retrain the unemployed.

Will all this be possible—without giving up the nuclear striking force—if the government is still worried by a larger deficit? New taxes would be a strange way of countering recession, but the possibility was mentioned by M. Pompidou in his recent investiture speech. Yet after all "the worst may never happen", and a 6 per cent increase in production is now forecast for France in 1963, compared with one of only 5.6 per cent in 1962. Moreover it may be that social policy will remain a subject for discussion rather than decision.

Italy Turns to Planning

Milan

GENERAL elections are expected in Italy next spring, and this is a country where the relation between elections and the trend of economic activity can be quite close. Public spending has a tendency to rise as elections approach, especially public works that stimulate national demand. This year political events may exert an even deeper influence than usual. Italian business circles look with caution upon the centre-left Government's tendency towards economic programming. Yet rationalisation of public economic policies on a long-term basis, which could follow from some form of planning, would help to maintain a high rate of growth as Italy's "economic miracle" of the fifties tends to run down.

First estimates of the economic results of 1962 show a slight decrease in the rate of growth of Italian GNP as compared with the quite exceptional results of 1961. The 1962 advance, however, will still be sizeable—5-6 per cent. The decrease in rate of growth of capital investment has been less significant: here, too, in 1962 the annual increase passed from over 10 per cent to less than 6 per cent.

Prospects for 1963 in Italy are thus partly bound to a "wait-and-see" situation. A general contraction of profit margins in the industrial sector has been the consequence of widespread wage increases. However, productivity has risen sharply; in the years 1961-62 the value added per man is claimed to have risen by 5.2 per cent yearly. In the meantime, the more highly industrialised areas of the country have entered a full employment stage and growing scarcities in labour are now experienced. However, financial markets seem to be regaining confidence: moreover, some recent credit and financial measures (with regard to Government bonds, for instance) are helping to increase the liquidity of firms.

Owing to the constant increase in Italian consumers' purchasing power, one can expect a continued growth in private consumption. A slackening in private investment may be offset by a governmental policy increasing investments in the public industrial sector. Italian exports have already reached record levels.

In conclusion, Italian economic prospects for 1963 appear to be good, indeed generally better than those of most other Western European countries: this notwithstanding some uncertainty connected with the political situation as seen through business eyes. Besides, Italy is confronting a series of problems deriving from the rapid economic development of the past years and from the "European" standard of living attained by its most "mature" sectors.

Slower Growth in Scandinavia

Stockholm

ECONOMIC development in the Nordic countries last year was not uniform, but prospects for 1963 suggest that they now share many common characteristics and problems. All four countries—Sweden, Norway, Denmark and Finland—show a high level of economic activity, particularly Norway and Denmark. In these two countries, however, export conditions have not been propitious, while high employment and increasing wages have been reflected in a rapid increase of imports, primarily of capital goods. Danish exports of agricultural products have been affected by a falling demand in their most important markets. Norway's traditional exports of wood products and fats have declined severely. Yet in both countries, total exports have achieved a fairly satisfactory level, in Norway thanks primarily to the engineering industry and in Denmark to industry as a whole. But considerable losses of foreign exchange have been recorded, estimated to reach 400-500 million crowns for both countries for 1962. In Norway, weak shipping freights have also strongly contributed to the deteriorations in foreign exchange earnings.

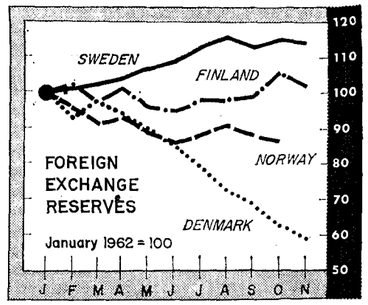
Difficulties in exporting wood products have affected Sweden and Finland, though in these countries too the effects have to some extent been offset by expanding exports from the engineering industries. Employment in Sweden and Finland has shown signs of weakening and this factor among others has caused the Swedish government to release the tax-favoured investment funds that companies build up, thus helping to sustain employment.

Industrial production in Sweden in 1962 is expected to rise by 3-4 per cent and in Denmark and Norway by more than 5 per cent. Finland showed rather slower growth in production of between 2 and 3 per cent, against rises of 9 and 7 per cent in the previous two years, and may not expand any faster this year. In both Sweden and Finland, special emphasis is now being put on public investment. Swedish capital formation this year should be up by nearly 5 per cent, mainly as a result of new building programmes. But in Finland, less active construction business may result in a rise of 1 to 1½ per cent in unemployment, involving up to 35,000 persons.

Despite the problems in certain export markets and the growth of imports, Sweden's foreign exchange reserves have risen considerably, largely as a result of a substantial short-term capital inflow. The situation in Finland is not quite so satisfactory (though better than in Norway and Denmark) but the reserves have been kept intact, aided by large loans from abroad.

Despite differences in their economic situations the Nordic countries generally display a certain optimism about the future. The most important factor hitherto, investment in new construction, may gradually be replaced by growing consumption, if recent inquiries about future plans are a good indicator.

Norway and Denmark have the most strained credit conditions. In Denmark the discount rate of 6½ per cent is relatively high and Norway is operating under restrictions. The Finnish market is also rather strained but Sweden, which has enjoyed two reductions in the discount rate this year, is enjoying relaxed credit conditions. Security prices were affected by Wall Street's troubles in May and October, but not to the same extent as the continental and British markets. The recent



recovery has not been sufficient to restore the levels of a year ago. But both economic and financial prospects in all these countries are characterised by "cautious optimism."

Japan Restrains Its Boom

Tokyo

THE Japanese Government is looking to 1963 as a time of further economic readjustment and "cooling off" from the overheated position in 1961 and early 1962. Economic growth in the current fiscal year, which ends on March 1, 1963, is expected to have been about 4½ to 5 per cent in gross domestic product. Since the growth rate hit almost 15 per cent in 1961—the first year of Prime Minister Hayato Ikeda's plan to double the national income in 10 years—it can be seen why the current rate is looked on as approaching a recession in Japan's economy. During 1963, however, this growth rate is expected to continue and probably increase somewhat.

High consumer incomes are expected to maintain the high demand for consumer goods, but the demand for capital goods is not expected to pick up very sharply from the decline in 1962. Inventories have been abnormally large as a result of the investment surge in 1961, which expanded capacity in many industries at a much higher rate than demand justified. Because of excess capacity and bulging inventories, some Japanese industries were forced to curtail production in 1962, most notably the steel industry. There was, moreover, a softening of domestic demand; but cuts in price managed to increase export sales.

Demand for capital and producer goods is expected to continue to show the effects of tight money on investment planning. The consumer durables market which held up well early in 1962, has begun to weaken noticeably, led by declines in television sales toward the end of the year.

The Japanese business community remains understandably cautious in its future expectations. Industry's fixed investment plans for the September 1962-March 1963 period (according to the Economic Planning Agency of the Japanese Government) were down 0.2 per cent from actual investments during the preceding six months, and 7.2 per cent down on the corresponding period of the previous year. This trend has been promoted by recent monetary policies, and the government was becoming somewhat alarmed lest it continue too far.

Considering prospects for next year, Prime Minister Ikeda said in mid-December that "a survey of the future trends of the economy reveals that while individual consumption and Government outlays tend to increase, private investment zeal is waning in certain sectors. Hence, I believe that this is a good opportunity for making up the lag in public investments that has long been the cause of apprehension, and for eliminating the various crinkles in the fabric of our national economy." He added that it was the intention of the Government to institute "vigorous measures" relating to export promotion, to the electrical industry, ocean transportation, city traffic, roads, housing, and medium and small industries, and "thereby achieve a normal economic growth."

Japan's stock market seems unlikely to show any major gains until the spring, when the effects of relaxation in the tight money situation would be felt. A Japanese securities firm, Yamaichi Securities Co., in a recent survey, said that capital increases by means of stock issues would decline by 30 per cent next year. This might ease the pressure on investors brought about by frequent capital issues—which some market commentators in Tokyo believe was largely responsible for the recent slump in stock prices.

After that slump in October, the Dow-Jones average of Japanese stocks showed a 200 point gain in the first two weeks of November, which was the most impressive market recovery in the postwar period.

The Japanese economy in the latter part of this 1962-63 fiscal year does not look favourable for a stock market boom. But many businessmen here believe the price of stocks will begin to rise steadily, despite occasional fluctuations, when the nation enters "Fiscal 1963."

BUSINESS NOTES

RATES

Revaluation Revealed

ON the Friday before Christmas the local authorities in England and Wales received the results of three years' work of the valuation officers of the Inland Revenue—the new valuation lists which become effective on April 1, 1963. From that date, and for the first time since the war, all kinds of property will be fully valued for rating purposes on the basis of current rents. Last March the Ministry of Housing and Local Government published in a white paper its estimates of the probable effects of the revaluation on the rate burden of different types of property. Now that the actual figures are available the Ministry remains strangely quiet. So far the only official figure available is that the total rateable value of property in England Wales has gone up from £737 million to £2,013 million—an increase of 2.73 times. Fortunately the Rating and Valuation Association has stepped into the breach and published a break-down of the new valuation lists based on a sample survey of three hundred and fifty local authorities.

The Association's sample covers 25 per cent of the local authorities and includes all types of authorities; it ought not therefore to be far from the actual figures for all authorities. The association's multiplier for all property however works out at 2.95, which is slightly higher than the official multiplier of 2.73. This is a warning against expecting too much of the sample; at the same time, it reinforces the need for the publication of the breakdown of the total figures by the Government—especially as the multipliers for the different types of property published by the association are a good deal different from the multipliers that the Ministry suggested to *The Economist* in April, following criticism that the Government was throwing the burden of revaluation on to industry.

In fact this criticism still seems to stand. Last April the ministry reckoned that the total rateable value of industrial property would rise 3.88 times because of the revaluation; the average rise recorded by the actual figures collected in the sample of the Rating and Valuation Association is 5.06 times. Half of this increase results from withdrawal of the 50 per cent derating privilege. The multiplier for domestic property is 2.74 compared with the 2.66 estimated by the Ministry. Therefore on the basis of this sample the increase in net annual value of domestic property since 1939 is 2.74 times compared to an increase of 2.53 times in industrial property over the last seven years since 1956. In its white paper the Ministry estimated the redistribution of the rate burden as a result of revaluation and expected the share of the total burden carried by domestic property to fall by 1.6 per cent. For commercial property it expected a fall of 13.1 per cent, and for industrial property a rise of 43.3 per cent. The association's figures now suggest that the share of domestic property may fall by as much as 7 per cent from 41.35 to 39 per cent, that commercial property will remain more or less unchanged at around 22 per cent, and that industry will find its share increased by as much as 70 per cent from 9.57 per cent to 16½ per cent.

GOLD POOL'S FIRST YEAR

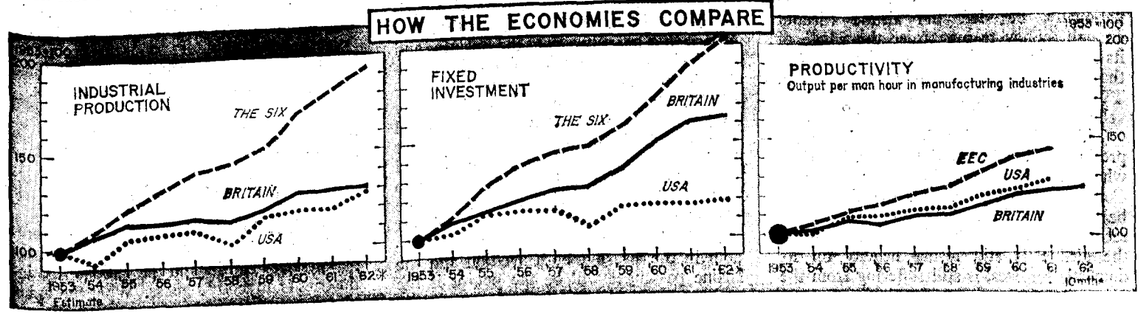
Account Balanced

A continental correspondent writes:

THE gold pool has finished its first year in a strong position. At the end of October, as reported in *The Economist* of November 17th and 24th, the pool had a cumulative deficit of $82 million. By the end of November this deficit had been reduced to $12 million. The gold market was quiet all through the month and the pool, administered by the Bank of England on behalf of the eight member countries, made purchases estimated at about $70 million. So far as is known no sale of gold was made by the pool during the month. Thus the surplus for November is also about $70 million. In the first ten days of the month the Russians are believed to have sold another $50 million of gold, thus enabling the pool to recoup more than the whole of its losses in two days of the Cuba crisis; in the crisis week itself, as noted earlier in this correspondence, the Russians had obligingly come to President Kennedy's help by selling 20 tons (around $20 million) on the London market.

In accordance with the (unwritten) statutes of the pool, the surplus for November was distributed among the eight member countries—that is, sold to them by the Bank of England against dollars in proportion to their quotas. As the American quota, at $135 million, is half of the total, the United States got $35 million; at the same time the United States made special gold purchases of $50 million in Switzerland, partly in connection with multilateral swap operations with the Bank for International Settlements, so that the total special addition to the US gold reserves in November was $85 million. Other receipts from the gold pool were $7.8 million for Germany, $6.5 million for Britain, France and Italy and $2.6 million for Belgium, Holland and Switzerland. These transactions are not distinguished in the formal published weekly or monthly statements of gold reserves, and consequently give these still less significance. Thus if a central bank announces that its gold reserve did not vary for a period in which the surplus of the pool was reimbursed, this implies an equivalent loss of gold in other operations.

The pool has clearly worked well in its first year. It passed through the dollar pressure of June and July, and the Cuban crisis of October, with deficits well short of



the present maximum commitment of $270 million, and these deficits themselves were quickly reversed. The efficacy of the pool might indeed have been still more spectacular if its activity had not been kept secret, at the request of the Bank of England. Even so, private buyers of gold are well aware that the central banks are not willing to let the gold price go above $35.20 and they are consequently less ready to risk their funds in gold speculation. So the pool appears to have established itself as an important part of the mechanism set up to protect and stabilize the Western currencies—partly with Russian help.

PAN AMERICAN—TWA

Merger of Giants

WHEN two aviation giants decide to combine, as the managements of Pan American and Trans World Airlines have agreed to do (the difficulties that the merger still faces are discussed on page 1275), other airlines must ask themselves apprehensively what these two are cooking up. It would be naive in the extreme to think they are taking this major step merely to strengthen their position *vis-a-vis* the other airlines, domestic and international. Both are flourishing in the international market like the proverbial bay tree and both showing handsome profits (by airline standards) on the operation. Pan American might argue that foreign competition will make it difficult to sustain the same rate of growth as in the past unless the airline can draw on a larger catchment area for its traffic, as it could if given access to TWA's sizeable domestic network, while the economies to it of a joint international service are obvious—although not necessarily so obvious that alone they would prompt such a major step.

For TWA the merger has immediate advantages. This airline has been bedevilled by many of the same ills that beset the British Overseas Airways Corporation in this country (although BOAC has never had to deal with any capricious equivalent of Mr Howard Hughes). It has had three changes of management in bewilderingly rapid succession; it has lost traffic to competitors, because of inferior equipment, at a rate that brought the airline to its knees. Re-equipment has put it back on its feet internationally, but left the airline without enough money to modernise the whole of its domestic fleet; it was lack of cash rather than lack of enthusiasm that prevented TWA from buying its planned fleet of Caravelles.

This is the situation that TWA's current president, Mr Charles Tillinghast, inherited when he was brought in from the Bendix Corporation last year, after the airline had been leaderless for eight months. TWA's recovery since then has been striking—but the airline is still losing heavily on its domestic services, is still suffering from the lack of modern aircraft on these routes, and is still unable to do much about it. Mr Tillinghast is openly and seriously worried at the turn taken by competition within the United States, which is to run more flights with fewer passengers, but his competitors appear to be taking little notice of his pleas for a voluntary reduction in frequencies. It would be surprising if he were not also worried by the possibility, still open to Mr Hughes, that he might regain control of the airline simply by paying off the steadily diminishing debt on the airline's jet fleet. A partnership with Pan American in which Pan American's Mr Trippe would be chairman, Mr Tillinghast would be president, and Pan American would be the largest shareholder, must look an ideal way out.

The Pay-off

THESE might be decisive arguments for airlines smaller or weaker or more in need of mutual support than either Pan American or TWA. But it required a deeper motive to clinch this deal; the clue lies in the joint statement announcing the details of the merger before Christmas. "The merger" the statement ran, "will enable the United States to regain a substantial portion of the trans-Atlantic passenger and cargo traffic now diverted to foreign-flag airlines." The idea that each airline has a divine right to a fixed percentage of the traffic is immensely popular among airlines. It is also nonsense, as Pan American well knows. Any airline that takes it seriously is liable, like BOAC, to find itself buying an excessive amount of equipment. To suggest seriously that "x" per cent of traffic must go always to airline "A" and "y" per cent to airline "B" could be the beginning of a threat to traveller's choice.

The idea would be silly if it were not also dangerous. When an airline feels it is not getting its predestined share (and who, pray, decides what that share "ought" to be?) then it asks its government to put curbs on the competition that is depriving it of its "rights." When airline managements as sophisticated as those of TWA and Pan American put their joint signature to statements of this kind, then the presumption is that they are manoeuvring to pay foreign airlines back in their own coin. There is no question but that both have been sorely tried by checks and curbs imposed by foreign governments, including the British, on their operations in order to protect national airlines from the rigours of American competition. It is no secret that Pan American is heartily sick of the business and has decided to take a leaf from the opposition's note-book and start a restriction-minded lobby of its own. A move is already on foot to vote the Civil Aeronautics Board powers to limit the number of flights that foreign airlines may make into the United States, in addition to its present power to limit the places where they can fly. But the United States has up till now been almost the sole defender of the principle of freedom in the air, and both aviation and the airline passenger will be the poorer if the merger is used as an excuse for abdicating from this proud and lonely post. Competition from a single, big American international airline could do nothing but good in a market increasingly dominated by pooling agreements and "you-scratch-my-back . . ." arrangements—provided that it really is competition.

BANK ADVANCES

Industry Pays Back

FIRM evidence of industry's disinclination to borrow is provided in this week's detailed classification of advances made by all members of the British Bankers' Association. In the three months to mid-November total advances rose by the modest amount of £30 million; nearly the whole increase was at the clearing banks. And the figures show that the increase was much more than accounted for by two categories of non-industrial borrowers that had previously been restrained by the official request. Personal and professional borrowers took a further £27 million, making a rise of £84 million on the year to £749 million. A still larger increase in the latest quarter, of

BRITISH BANKERS' ASSOCIATION

Changes in Advances

(£ million)

Group	3 mths. to Nov., 1961	3 mths. to Nov., 1962	12 mths. to Nov., 1962	Total to Nov., 1962
Personal and professional	− 40	+27	+ 84	749
Hire purchase	− 42	− 3	− 12	104
Retail trade	− 12	+12	+ 45	400
Industry and other trades	− 75	−30	+177	2,219
"Other financial"	− 15	+29	+ 50	385
Other groups	− 42	− 4	Nil	179
Change in total	−226	+30	+345	4,036

£27 million to £385 million, was registered by the "other financial" group, which includes property developers who had borrowing propositions waiting ready for the official go ahead. Hire purchase houses, however, took a little less from the banks—evidently because of the slackness in their business. And the same was true, with few exceptions, of industrial borrowers. Excluding retail trade, which increased its advances by £12 million, the other industrial and trading groups reduced their advances by £30 million. This was admittedly smaller than the reduction of £75 million twelve months before—but that was at the height of the intensified credit squeeze. In the November quarter of 1960 the industrial group increased its advances by £72 million. By any reading, industry is holding back.

SALARIES

Public Pay

JUST how Dr Beeching's £24,000 figures in the Ministry of Labour's new index of salary earnings in the nationalised industries is anybody's guess. What the index suggests, however, is that the state concerns have been more liberal in handing out pay rises over the last six years than most employers, although it may be a rather unrealistic exercise to average the junior office boy's pay packet with the chairman's cheque. The Ministry itself is anxious to point out that because the type of salary-

SALARY EARNINGS

(At October 1961)

	On a weekly basis*	% increase since: Oct., 1959	Oct., 1955
MEN			
Nationalised Industries	£18 10 8	15·6	45·6
National and local government†	£19 19 3	10·4	42·0
Banking and insurance	£20 14 3	7·4	28·2
Manufacturing	£20 7 1	11·2	40·5‡
WOMEN			
Nationalised Industries	£10 6 7	15·7	51·8
National and local government†	£12 18 1	10·4	46·5
Banking and insurance	£9 0 1	9·4	32·1
Manufacturing	£8 5 4	10·2	40·5‡

* Earnings of administrative, technical and clerical employees, monthly-paid and weekly-paid combined on weekly basis. † Including teachers and national health service. ‡ For men and women taken together.

earners and the distribution of pay differ considerably between the various nationalised industries "the average," it says, "is not representative of any one of them." But this only suggests that some of the boards must have stepped up their pay very sharply.

This new analysis of salaries also suggests that civil servants and local government officers have also been doing not at all badly. These public employees will doubtless say that they are doing no more than catching up lost ground. But may not the tail now be wagging the dog?

GOLD SHARES

Good Year for Kaffirs

FROM a low point of 54.3 at the end of January the *Financial Times* index of gold shares had moved up to around 70 by mid-June, but it has not moved very far either way since then. A little of the gilt has rubbed off since the second quarter when a good deal of buying was generated in part on hopes of a higher price for gold. These have dwindled, but the steadiness of the index suggests that gold shares have something more to offer than the possibility of $70 an ounce (or whatever figure the gold enthusiasts have in mind). The attraction, a firm of London brokers has recently suggested in a study of the mining houses and investment companies, is: "a unique combination of an expanding industry plus a guaranteed market free from price fluctuations plus a 'bonanza' if international financial developments should result in an upward adjustment in the price of gold."

Eighteen months or so ago few investors outside South Africa wanted anything to do with South African gold shares, and massive sales by overseas investors were only brought to an end when South Africa imposed controls on capital movements in June 1961. Since then, however, the Republic's foreign exchange reserves have risen steadily and this has been accompanied by some relaxation of the controls, particularly on arbitrage dealings. But the discount between Johannesburg and London prices still remains at around 10 per cent. For the moment at least, as the brokers point out, "the stability of the present government is a fact, even if overseas opinion does not approve."

But South African mining has other, non-political hazards as the recent disaster at

Espresso Expresses

COATED in the gravy of tradition, the catering services of British Railways are nevertheless making their concessions to the hamburger age—concessions which are playing an urgently needed part in reducing the size of the deficit on which restaurant cars run. Last year, out of gross receipts from its hotels, refreshment rooms and restaurant cars (excluding Pullmans) totalling £24,289,527, British Railways made a net profit of £752,773; but the provision of food and drink on trains, which accounted for nearly one-fifth of receipts, made a net loss of £264,423. This, however, was the smallest loss since 1948.

Service or solvency are alternatives the railways are used to facing; the catering department is at least fortunate in having an extremely wide range to offer its customers, from full-scale kichen/dining cars to factory-made sandwiches. Making fuller use of this range has been the main method of reducing losses on train meals, for though passengers spend much less per head on beer and pork pies than on 12s. 6d. luncheons (even without that separate little bit of fish) savings on wages and overheads are large enough to increase profitability in more or less directly opposite ratio to the scale of service offered.

Dining car meals can be excellent value for money or an appalling waste of it, but unfortunately timetables have an even greater effect on the profitability of individual services. Good or bad, a restaurant car must have its chef, conductor and waiters who have to be paid a full day's wage (often with overtime) even if they happen to be serving only one meal; their accommodation must also be paid for if they spend the night at some distant junction. Breakfast on commuter trains, for instance, is as popular as the trains themselves, but this does little to compensate for the mid-day reaches of idleness. The opportunities for crew-switching are limited: British Railways says it cannot avoid the expenses such as that of sending a dining-car with staff up to Leeds from London at 7.50 a.m., arriving 11.32 a.m., and keeping them there until the return journey at 7.30 the following morning. On this run the crew cost equals 63 per cent of receipts, compared with an average figure of under one-third.

Kitchen cars cost £24,000 to build and equip; counters serving cold food and a few simple hot dishes are far cheaper to instal as well as to run. Some 68 per cent of all regular train services now have a form of buffet, the most profitable of all being the one man bar serving snacks and drinks—the more whisky it can put down its passengers the happier British Railways is. The latest idea is the "griddle car"—a more adventurous form of counter service, with a "chef-conductor" grilling steaks and poaching eggs to order. But caution in experiment and the slowness of replacement opportunities hamper streamlining—griddle cars are much spoken of but only three are in use.

Cheaper ways of providing hot meals must eventually replace under-used dining cars, and even some of the well-used ones. Would passengers object so much to helping themselves to breakfast? Imaginative use of pre-cooked casserole dishes might make it possible to serve a meal every bit as good as the traditional dinner with far less staff and no kitchen. A quicker write-off of ageing kitchen cars might pay in the long run. Railway caterers are thinking on the right lines, but until they can make a cleaner sweep the boast that our trains provide more eating facilities than all those of Western Europe put together simply invites the question "what for?".

West Driefontein showed. This will halt for at least a couple of years the growth of a mine—there are not many of them—earning over £1 million a month. Now its working profit from gold is likely to be reduced from a level of £1.3 million to about £600,000 for December, £459,000 for January. Profits are expected to rise to £750,000 within two or three months but it is likely to take two years and about £5 million to restore the mine to its recent rate of profit. West Driefontein is in the Consolidated Gold Fields group which acted promptly in letting shareholders know the effect of this subsidence and the collapse of part of the treatment plant on profits. The implications for dividends in the immediate future are all too clear. Only the day before the disaster the December dividend had been raised from 3s. 1.2d. to 3s. 3.6d., and the obvious inference was that the June payment would also be raised. Now it seems clear that it will be cut sharply and the shares fell back by 16s. 3d. to 72s. 6d., but have since recovered to 78s. 9d. The big surprise of the December dividend season came from a neighbour of West Driefontein on the Far West Rand, Western Deep Levels, the new deep level mine of the Anglo-American group which declared a maiden dividend of 1s. per "A" share earlier than had been expected. Rapid progress has been made at this mine since milling began on March 1st.

One other notable feature of the gold mining industry brought out by the brokers is the steady rise in profit margins, coming in part from the bringing of new mines into operation and in part from greater mechanisation. The newer mines are not likely to be much disturbed by the wage increases secured recently by the European miners in the industry and by the prospect that the wages of African miners will be raised before long. But it is a very different story for the older mines, about 25 in number working on slender profit margins. Even a slight addition to working costs is a serious threat to some of them, and only an increase in the gold price will save them from being closed down shortly. Theirs are the most speculative of all gold shares, just as the finance houses are the safest.

HOLLAND

A Smaller Surplus

Amsterdam

HOLLAND'S current account surplus this year has not lived up to the expectations of the Dutch authorities, and although there have been signs that the improvement of the third quarter has continued, the authorities have now revised their original estimate made last February of a current account surplus for 1962 of fl.710 million (£70 million). The new estimate is fl.400 million. The out-turn in the first six months gave the authorities a nasty shock. The trade figures showed a slight improvement, but the current account as a whole, because of higher invisible payments for shipping, interest, and especially for dividends on foreign-held Dutch shares, resulted in a deficit of fl.325 million, compared with a surplus of fl.52 million in the same period of 1961.

The third quarter showed a sharp improvement, however, and the current account surplus at fl.425 million was back in line with the surplus of fl.428 million recorded in the third quarter of 1961. To reach the new estimate Holland needs a surplus of fl.300 million in the current quarter. The chances of this being achieved seem reasonably good, by the sign of the latest trade returns. Nonetheless a surplus of fl.400 million for 1962 will still be only half of the 2 per cent of net national income considered to be a minimum to safeguard sufficient growth in Holland and finance exports of capital. However, taking the years 1959 to 1962 together, the surplus would still be above this minimum.

The deficit on capital account in the first nine months of the year was down to fl.165 million, compared with fl.1,130 million in the same period of 1961. The reduction in the number of foreign bond issues on the Amsterdam market and the Philips rights issue produced a surplus on security transactions of fl.385 million, against a deficit of fl.85 million in 1961. For 1963, the Dutch authorities have left their earlier estimate of a current account surplus unchanged at fl.650 million. This apparent optimism is based on an expected increase in exports of 7 per cent, against an increase in imports of 6 per cent, and a rise in total domestic expenditure of no more than 3½ per cent (1962: 3 per cent). Whether or not these expectations materialise will depend to a great extent on the pace of economic activity in the rest of the common market, which takes 50 per cent of Holland's exports, and in the present EFTA countries, which take another 23 per cent. Even more important will be Holland's own labour costs. The Social and Economic Council recently concluded that a rise of 2.7 per cent in direct labour costs in 1963 would be justified even though the rise in productivity is not expected to equal this figure. Quite a number of collective wage contracts are up for renewal in 1963 and this piece of advice from the Council will weigh heavily on industry. The Council has justified its stand by referring to the pace of wage increases in other industrial countries—a rather cavalier approach.

AMERICAN BANKING

No Raid on Euro-dollars

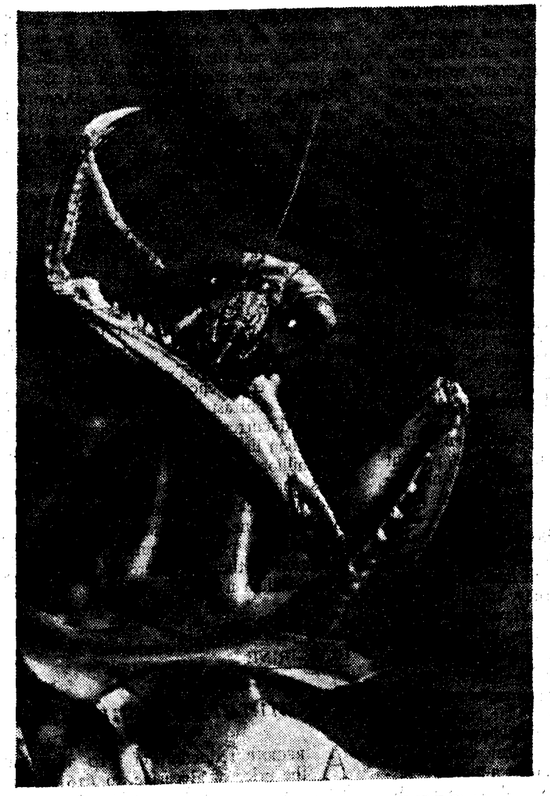
New York

TIME deposits of foreign official agencies and international organisations at major New York City banks rose by more than $200 million in the first six weeks following an amendment of Regulation Q which removed interest restrictions on most of such deposits. On December 5th they totalled $1,677 million, the highest since official figures were first kept in April last year. In the following two weeks however there was a small decline, of $19 million. New York bankers are cautious about attributing the recent flow of funds exclusively or even mainly to the higher interest now being paid. A very large part of the foreign official balances presently held in New York is said to consist of minimum deposits that must be maintained as part of normal banking relationships, regardless of rates. Some American bankers believe it may take many foreign official agencies some time to respond to the new rates. But at least one major bank thinks there could soon be a much larger flow of foreign official deposits coming in at a rate of "multiples of $50 million."

So far there has been no noticeable switch by official foreign holders into time deposits from Treasury bills, the main source from which American banks expect these extra deposits to be attracted. Treasury bills held by the Federal Reserve System for foreign official account totalled $7,375 million at December 19th, which is very little short of a record, and $1,389 million more than a year ago.

Rates being offered foreign official lenders remain subject to individual negotiation in most cases. But one major bank quotes as a guide 2¾ per cent on 30-day money, 2⅞ per cent on 60 days, 3 per cent on 90 days, 3¼ per cent on 180 days, and 3⅜ per cent on 270 days. These rates are still noticeably below those generally offered in Europe, such as the 4⅛ per cent currently available on three-months Euro-dollar deposits in London. The differentials, it is claimed in New York, tend to be offset by the advantages of keeping funds in the United States. But the general view here, as in Europe, is that a flow of foreign official funds into New York is unlikely to have a significant impact on the Euro-dollar market, partly because few European central banks now play a large part in that market. Moreover the Euro-dollar market is believed to have expanded greatly in the past two years and could therefore withstand a modest drain.

In the New York market itself, the rates do compare favourably with Treasury bill yields, which have recently hovered around 2¾ per cent on three-month issues. Indeed, at the rates quoted above, American banks are offering foreign official lenders ½ to ¾ per cent more on three to six-months deposits than they may legally pay on comparable domestic deposits. Presumably if an unmanageable flow of foreign funds develops, the banks can stem it by cutting their rates. But for the moment, the general indication is that they welcome the money, even though they have in the past year had the costly experience domestically of accumulating time deposits and losing demand deposits.



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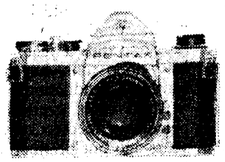

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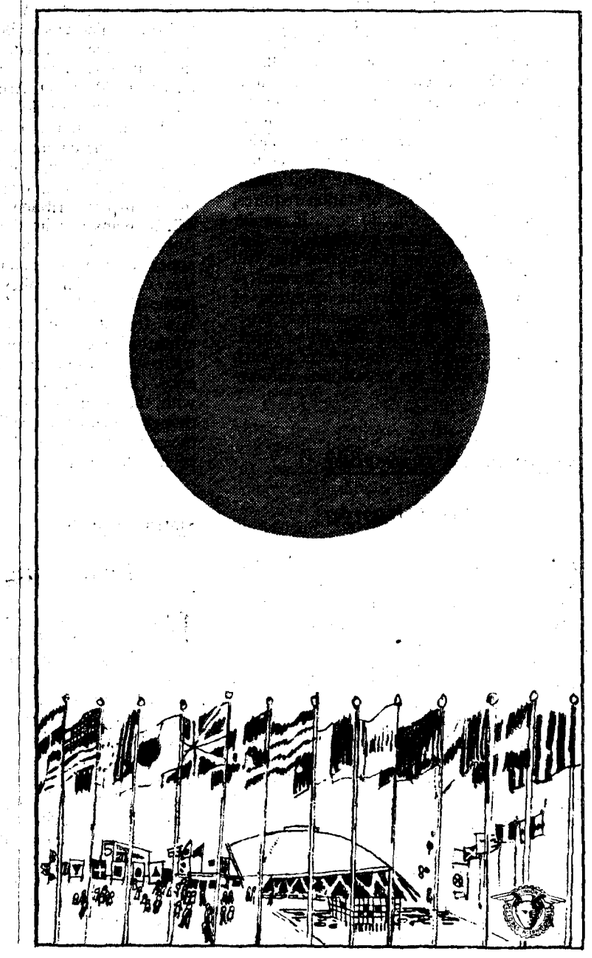

SPEED LIMITS

40 mph for Lorries

RAISING the speed limit for commercial vehicles has been discussed for so long that Parliament's approval of a 40 mph limit for lorries not pulling a trailer and for cars pulling a caravan or light trailer comes almost as a surprise. The prolonged talks on the subject with the unions have failed to get their agreement to the move, despite the fondness for such high speeds shown by many union members: they are not reconciled to the prospect of tighter schedules—though many operators seem already to have adopted timings that forced their drivers to break the law. To this extent, the change will only make practice legal, and reduce the opportunities for the police to prosecute drivers for doing something that they all did—which could only reduce respect for the law.

Fears for the effect on road safety have been expressed; but making the law more realistic may not mean that lorries go any faster—if they do, the police should make a genuine effort to enforce the law. But it is a pity that the Government should have given operators even this rather nominal permission to run their vehicles faster without any matching step to impose higher safety standards on them. Most operators may keep their vehicles in the good condition that their intensive operation requires, but there are some who do not. If regular tests will improve safety standards for cars, why does the Ministry believe that they will not for commercial vehicles? Related to poor maintenance comes the question of overloading, another all-too-common practice, but one that is more difficult to check. Only an increase in the police force on such duties could make the regulations enforceable.

NATIONALISED TRANSPORT

All Change

ON January 1st the Transport Act will come into force, and the structure of nationalised transport will lose its now-familiar look. Instead of the British Transport Commission, there will be four independent boards—the British Railways Board, the London Transport Board, the British Transport Docks Board and the British Waterways Board, which will in effect take over the work of the executive parts of the BTC. There will also be a Transport Holding Company, to take over the BTC's shareholdings in a miscellany of transport undertakings—mostly bus companies.

The re-organisation has provided the opportunity for some changes in the top personnel. The British Railways Board, much the most important of the set, will have Dr Richard Beeching as its chairman; but Sir Steuart Mitchell, now member of the British Railways Committee responsible for workshops, will become vice-chairman, while Sir Philip Warter, now part-time deputy chairman of the Committee, goes to the Transport Holding Company as its chairman. Sir Reginald Wilson, another member of the Committee and chairman of the London Midland Area Board, also goes to the holding company, as its full-time director. The full-time members of the Railways Board are Mr A. R. Dunbar, manpower adviser to the BTC; Mr F. C. Margetts, former general manager of the North-Eastern Region; Mr J. Ratter, a member of the BTC since 1958 and responsible for technical matters; Major-General G. N. Russell, now chairman of the Eastern Region board; Mr P. H. Shirley, formerly chairman of Batchelors Foods; and Mr. L. H. Williams, formerly managing director of Shell Chemicals.

The chairman and vice-chairman of the London Transport Board are the present chairman and deputy chairman of the London Transport Executive, Mr A. B. B. Valentine and Mr A. H. Grainger—both full-time. The Docks Board will be headed by a full-time chairman, Sir Arthur Kirby; the Waterways Board will have a part-time chairman, Mr F. D. Arney, and a full-time vice-chairman, Sir John Hawton.

More important than these organisational changes is the commercial freedom that the railways will formally gain—only passenger fares in the London area are now subject to the Transport Tribunal. One consequence will be plans to trim the railways to a possibly profitable size and form, expected to appear in February; another a more aggressive commercial policy, taking only the traffic that will pay. In going out to get new freight traffic, the railways will be after the big customer who can fill complete trains which can be arranged to his convenience. The fewer customers it has to deal with, the lower its selling costs will be. And though much of the selling is best done by the regions, some of the biggest deals may be handled by the central board itself.

SIMPLER MONEY

Two Noughts Off

FINLAND has decided to use surgery on its currency. Like France in 1958, it has decided that its present currency unit is too unwieldy. It is therefore moving the decimal point forward two places—that is, knocking two noughts off the end. From next Tuesday, a new currency unit, the new mark, will be introduced equal to one hundred of the present marks, and one new Finnish penny will equal one old mark. Unlike the French at end-1958, and the Russians two years later (knocking one nought off the rouble), the Finns are not incorporating a devaluation into the change. The international quotation of the Finnish mark will change from 322 to the US dollar, to 3.22, and from 900 to the pound to 9.

The change will not entail the compulsory surrender of the old money, but by using the banks and the post offices to push out the new notes and coins, which are already prepared, the Finns hope to make the whole changeover a speedy affair. The job of making these coins went to the Russian mint—much to the chagrin of the Royal Mint which had also tendered for the contract.

In France the old franc notes are still around, four years after the changeover was begun and although the old franc officially comes to an end early in 1963 many Frenchmen still think in terms of old francs. It is possible that a gradual change on the French lines is the only way to reassure people that the currency has lost nothing in value; but it is highly confusing, especially to the tourist. Finland's experience will provide an interesting contrast. Now the outstandingly awkward currency remaining in Europe is the Italian lira, with its 1,750 to the pound and million lire motor cars. There are no signs that the Italian authorities are yet ready to tackle the problem—which is a formidable one when it comes to convincing the Sicilian peasant—but at least some reduction in the preposterous physical size of the Italian notes is in the air.

GLYCERINE

Natural vs. Synthetic

A RECENT reduction of £10 a ton in the price of glycerine, to £161 a ton, belatedly reflects falls in price all over the world. In the last two years prices have fallen by a third, and the British price has fallen with it, although is still one of the highest in Europe. "Natural" glycerine dominates the British market (about 30,000 tons a year)—mainly from Glycerine Ltd., a Unilever subsidiary. On the continent the two synthetic producers, Shell and Solvay, must fight for the crumbs that drop from the natural producers' tables, and their presence has an enlivening effect. Imports into Britain are effectively discouraged by production that just about balances with demand—and a 10 per cent tariff.

A ton of glycerine is made, unavoidably, with every 8 or 9 tons of soap. This "natural" glycerine is therefore a by-product, and while good prices help the economics of soap-making the floor to glycerine prices is fixed only by the costs of purification and transport. Prices have been very good in the past—as high as £250 a ton—and would be even better now that world production of natural glycerine (200,000 tons a year) falls short of demand by 75,000 tons, but for competition from synthetic production.

Methods of synthesising glycerine from petroleum feedstocks were patented thirty years ago but production did not start until the war. Synthetic capacity is now in the region of 150,000 tons a year and according to current plans will grow to 180,000 tons a year by 1965. Demand may only reach 300,000 tons a year, leaving surplus synthetic capacity of 80,000 tons a year.

The only ways in which the synthetic producers' plight could be eased are by increased demand for glycerine or reduced natural production. The second seemed likely after the end of the war, when detergents began to affect the market for soap, but this petered out as sales of toilet soap, unaffected, continued to rise. And, without some new application being found for it, there is not much hope of a dramatic increase in demand. Glycerine is used in cellophane, paint resins, pharmaceutical products and explosives: but only in the last two is it immune from competition from the newer petrochemicals—and even the demand for explosives has been suffering from years of mechanisation in mines and comparative peace. It is difficult to see what can happen to help synthetic producers, but this does not seem to be putting off the companies in Italy and Japan which are planning to join their number.

BUILDING IN RUSSIA

Two Million Flats a Year

RUSSIA, with easily the heaviest housing programme in the world, exceeding those of Britain, France and the United States put together, is one obvious place to learn the lessons of mass production. A delegation from the Eastern Federation of Building Trades Employers which recently visited the USSR for this very purpose came away impressed with the organisation and speed of results of Russian building, but critical of the lack of technical skill in factories and on sites which reduced the quality and value of the "sound engineering approach."

Half of Moscow's 100,000 new flats and factories are being built with prefabricated large panel construction, saving 10 per cent of brick or block building costs, and by 1965 half the housebuilding in the whole country will be by this method. Central planning and buying is naturally developed to a high degree, aided by the fact that standardisation is carried to extremes. No use however is made of a module; housing components simply come in a few large stock sizes, with depressingly monotonous results. This naturally speeds work in the large, highly mechanised factories, some of which produce as many as 3 million square feet of concrete components in a year. Speed of construction is such that a block of 60 flats went from foundations to finishing touches in 47 days.

Some new Moscow flats have highly developed communal services, such as district-heated water and central heating, and gas (natural, piped 500 miles) included in the rent. But living standards are low—the living room is for instance still counted as a room for sleeping in—finishes poor, colours drab. How many future generations of Russians will be content with the utility housing which is coping with the emergency facing the present one?

TIN

Still in Suspense

KNOWLEDGE of what the American authorities intended to do about their stockpile next year would relieve the tin market; it might not be welcomed by producers who are said to have pressed hard for the suspension of stockpile sales below £965 a ton at the recent meeting between representatives of the International Tin Council and stockpile officials. But even the satisfaction of knowing what is in store has been postponed because a revised scheme of disposals will not now be drawn up until some time in January. The current series of 200-ton offerings will be extended until new arrangements are prepared. It has apparently not even been decided yet what period the new disposal programme will cover, but the ITC is to be given a preview of the scheme and its comments will be sought. Meanwhile cash tin has fallen back almost to the ITC's upper support price of £850 a ton.

COMPANY AFFAIRS

In view of the recent dullness of the London stock market it was hardly surprising that business over the Christmas holiday became even slacker and bargains on Christmas eve were at their lowest level for almost five years. But a trickle of buying orders gave a firmer tone to prices with shipbuilding shares, headed by Vickers, attracting attention on the prospect of nuclear submarine orders following the Polaris agreement. After the holiday the bad weather again kept markets quiet but equities remained bright helped by a good performance on Wall Street. There has been little sign of activity in the foreign exchange market, for the usual window dressing covering orders had been met before the holiday. An unchanged bid from the discount houses kept the Treasury bill rate steady at £3 12s. 4.66d. last Friday. On Christmas eve the houses found money tight but patchy; the authorities gave them a large amount of help.

Guinness Spends for the Future

IN 1961-62, Arthur Guinness spent nearly £6½ million on capital account since its retained cash flow amounted to just over £3½ million, it again had to call upon its substantial liquid resources. The money was spent on improvements and renovations of the Dublin and Park Royal breweries, on the transport fleets, on metal casks, on the new Nigerian brewery and on the two lager breweries at Dundalk and Alton. As the Nigerian, Dundalk and Alton breweries will be completed next year, capital expenditure will fall. But the inevitable consequence of such new investment in 1961-62 was that returns on capital employed again fell—from 21 to 18½ per cent gross and from 11 to 10 per cent net. The aim of the managers of a brewery whose capital is locked up in productive capacity and not public houses must be to reverse this trend.

The Nigerian brewery will help, for this has always been one of Guinness's important export markets. But while sales of "Harp" lager have, according to the chairman, Viscount Elveden, exceeded the "most optimistic estimates" in Ireland and while "Harp" has already achieved a "commanding position" in this country, one must still wonder when this venture will contribute to profits. Immediately, therefore, Guinness still depends upon its stout and, to a lesser degree, upon confectionery. In 1961-62, stout sales fell slightly from their record level as they were affected by the increase in duty, first imposed in July, 1961; there has been some recovery in the South of England but the impact on sales has been more marked and the recovery slower in Scotland and the North of England. Sales in Ireland have also been affected by higher duties, but Viscount Elveden hopes that this will be "only a temporary recession." But there is a bright side to this coin: despite the fall in sales, brewing profits were slightly higher even though costs and depreciation went up and the expenses of launching "Harp" had to be absorbed. Guinness evidently remains technically one of the most efficient brewers in the world. Sales of confectionery, now subject to purchase tax, were higher, but as manufacturing and selling costs rose, profits fell.

In confectionery, Guinness is faced with growing competition. In bitter-tasting stou it has had the market very much to itself though here Mr E. P. Taylor, after hi acquisition of Beamish and Crawford' brewery in Cork, with the tied outlets o Charrington-United, may now brandish new threat. To answer it, Guinness ma concentrate even more of its efforts o

draught stout, for which there is still a "large unsatisfied demand," but here its major outlets are in the free trade, and it will not find it easy to persuade other brewers to sell draught as well as bottled stout in their own tied public houses. Immediately, therefore, no great increase in profits (down from £7,989,000 to £7,768,000 gross and from £4,240,000 to £4,226,000 net in 1961-62) is in prospect and the dividend of 22 per cent, covered 1¾ times, is not likely to show much growth. This is simply a safe stock, priced at 42s. 6d., with a safe yield of just over 5 per cent.

Lancashire Cotton

SHAREHOLDERS of Lancashire Cotton will be thankful that the cut in the ordinary dividend has been no greater than from 25 per cent to 17½ per cent (the rate ruling from 1955 to 1959). In other poor years in the cotton textile industry in the past decade Lancashire Cotton has been able to maintain its dividend in the face of sharp falls in profits. But this clearly was impossible in view of the slump in profits in the year to end-October when total income fell from £3,822,000 to £1,488,000 and net profits at £580,000 were only about a third of the £1,691,000 earned in 1960-61. Earnings amount to no more than 10.8 per cent and the directors' decision to pay a dividend of almost twice as much no doubt reflects the group's strong liquid balances. Another factor may be the signs of some patchy improvement in the outlook for the industry, but the results show no halt in the decline in earnings in the second half of the year for profits before depreciation at £701,000 compare with £741,000 in the first six months and with £1,653,000 in the corresponding period in 1961. The dismal past and the uncertain future are acknowledged in the yield of almost 9 per cent offered by the £1 shares at 38s. 10½d.

Granada

DESPITE the one for one scrip issue and the fact that the previous year's dividend was held down in response to the Chancellor's request, Granada has effectively left its dividend unchanged at 45 per cent. This disappointed the market where the 5s. "A" shares lost 3s. 7½d. to 21s. 4½d. to yield 10½ per cent, covered 2¼ times. Net profits rose from £2,879,000 to £3,310,000 after much heavier depreciation and tax charges. How much of this increase has been due to the inclusion of 17 months' profits of Granada T.V. Network is not clear. The directors say that in leaving the dividend unchanged they have been influenced by the uncertain future of independent television. This uncertainty has been dispelled to some extent by the white paper, which is certainly not as fierce on the big networks as the Pilkington report but which promises a levy on their gross profits. Until the details of this levy are known, the market cannot really take a view of commercial television shares. But it is the policy of the Granada group to diversify its activities and a useful fund of management experience is being acquired in the process of redeveloping cinema sites. When the details of the levy are published, investors should know the worst and given the high quality of Granada's management, they may then be able to take a more optimistic view than they have since the Pilkington report was published.

Consett Iron

THE depressing results from South Durham Steel held out little hope for shareholders of Consett Iron, a fellow North East coast producer and the odd man out among the steel companies as it ends its financial year at the end of March. They will not therefore be surprised by the passing of the interim dividend for the second year. For the previous full year the group made a net loss of £925,000 but paid a token dividend of 2 per cent so as to preserve trustee status. For the six months to end September trading profits fell from £1,681,000 to £887,000 and though there was a sharp drop in depreciation (which at £869,000 still accounted for virtually all the trading surplus) the group's interest charges amounted to £503,000 so there was a pre-tax loss of £485,000 against a profit of £188,000 in the same period of 1961. Perhaps one consolation for shareholders is that Consett seems to have done less badly in these past six months than in the second half of 1961-62 when trading profits amounted to £541,000 and the pre-tax loss amounted to £1,113,000. But current reports point to a worsening in the outlook for the steel producers in the North East and in the new year Consett will be bringing its new plant into production. This will add to the group's efficiency but it is hardly likely to cover its running costs at the current levels of demand. Whether Consett will again be able to pay 2 per cent (on which the £1 shares at 10s. yield 4 per cent) is very much in the balance. As with South Durham, both the FCI and Barclays Bank have made substantial advances to Consett—and so has Lloyds Bank.

Ranks Hovis McDougall

THE first results to emerge since Ranks the miller became an even bigger miller when it acquired Hovis McDougall a year ago are coupled with those of a number of smaller acquisitions; comparison with earlier profits has limited meaning. But the preliminary statement does give some help, for pre-tax profits at £12.2 million are said to be £1½ million more than the aggregate of the 1960-61 profits of Ranks and Hovis McDougall and net profits at £5.8 million, £569,000 higher. It is too early for economies in distribution and production resulting from the merger to have contributed much to this encouraging result; but some of the improvement may stem from rationalisation in flour milling and the modernisation and strengthening of the bakery division (which may also have benefited from higher bread prices). The dividend of 14 per cent is as forecast both at the time of the acquisition and of the one-for-twenty rights issue made in the summer. At 36s. the 10s. shares yield 3.9 per cent, covered nearly twice.

STOCK EXCHANGE PRICES & YIELDS

	Price, Dec. 20, 1962	Price, Dec. 27, 1962	Yield, Dec. 27, 1962
Conversion 4½% 1964	100$^{3}/_{16}$	100$^{27}/_{32}$	3·9a
Savings 3% 1965/75	81$^{5}/_{16}$	81$^{15}/_{32}$	5·1a
Funding 5½% 1982/84	100$^{9}/_{16}$	100$^{1}/_{8}$*	5·5
Treas. 5½% 2008/12	98$^{3}/_{16}$	98$^{7}/_{16}$	5·7a
War Loan 3½%	61	61$^{1}/_{4}$	5·8
A P C	60/3	59/4½	3·2
A E I	36/9	36/9	5·4
Bowater Paper	33/9	33/6	8·2
British Motor	13/9	14/1½	7·1
British Petroleum	45/–	45/6	7·1
Courtaulds	53/4½	53/7½	4·7
Distillers	32/6	32/11½	4·2
Dunlop	28/–	28/4½	5·6
Guest Keen	75/4½	75/6	4·2
I C I	57/9	57/10½	4·7
Imperial Tobacco	55/9	56/–	8·0
I C T	82/–	81/–	2·7
Lancs. Cotton	38/10½	39/4½	8·9
Marks & Spencer 'A'	83/10½	83/7½	2·8
Midland Bank	87/6	88/–	3·4
P & O Def'd.	28/–	27/6	7·3
'Shell' Transport	40/3	40/7½	5·0
Stewarts & Lloyds	33/9	34/–	8·8
Tate & Lyle	47/3*	46/9	5·1
Tube Investments	51/3	51/6	5·4
Turner & Newall	52/6	52/10½	4·6
Unilever Ltd.	38/9	39/4½	3·2
U D T	37/3*	36/3*	7·7
Vickers	24/10½	28/3	7·1
Woolworth	44/9	44/10½	4·0

* Ex dividend. (a) Gross Redemption Yield.

THE ECONOMIST INDICATOR
(1953 = 100)

1962	Indicator	Yield %
Dec. 19	345·6	5·01
,, 27	346·0*	5·01

High, 364·1 (Jan. 17). Low, 310·3 (June 27).
* Provisional figure.

F T-ACTUARIES INDICES
(April 10, 1962 = 100)

1962	500 Shares	Yield %	2½% Consols Yield
Dec. 19	97·27	4·68	5·65
,, 20	97·04	4·69	5·63
,, 21	97·42	4·67	5·63
,, 24	97·58	4·67	5·61

High, 101·34 (April 27).
Low, 84·86 (June 25).

FINANCIAL TIMES
(1935 = 100)

Ord. Index	Bargains Marked
283·1	8,991
281·3	8,748
282·9	8,446
283·9	5,762

High, 310·2 (January 19). Low, 252·8 (June 25).

STANDARD AND POOR'S
(1941–43 = 10)

1962	425 Industrials †	Yield %	25 Rails	Yield %
Dec. 19	65·52	3·36	32·10	5·15
,, 26	65·97	3·34	32·54	5·12

† High, 75·22 (Jan. 3). Low, 54·80 (June 26).

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Condensed Annual Statement

30th November, 1962

ASSETS	1962	1961
Cash on hand and due from banks (including items in transit)	$ 748,451,354	$ 685,613,515
Government of Canada and provincial government securities, at amortized value	873,224,265	1,027,327,932
Other securities, not exceeding market value	701,519,919	711,717,878
Call loans, fully secured	342,913,111	373,263,919
Total quick assets	$2,666,108,649	$2,797,923,244
Other loans and discounts	2,007,134,003	1,696,733,540
Mortgages and hypothecs insured under N.H.A.	265,238,040	279,814,016
Bank Premises	56,926,663	54,031,550
Liabilities of customers under acceptances, guarantees and letters of credit	126,442,080	118,754,143
Other assets	6,900,693	7,353,763
	$5,128,750,128	$4,954,610,256
LIABILITIES		
Deposits	$4,673,708,399	$4,501,789,157
Acceptances, guarantees and letters of credit	126,442,080	118,754,143
Other liabilities	17,355,174	27,682,748
Total liabilities to the public	$4,817,505,653	$4,648,226,048
Capital paid up	66,528,000	66,528,000
Rest Account	243,071,200	238,071,200
Undivided profits	1,645,275	1,785,008
	$5,128,750,128	$4,954,610,256

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ARTHUR GUINNESS
Son & Co. Ltd

"Quality DOES count" ..... Lord Elveden

The Annual General Meeting of Arthur Guinness Son & Company Ltd. will be held on January 17th 1963, at Park Royal Brewery, London, N.W.10.

The following are the salient features of the circulated Review of the Chairman, Viscount Elveden.

Sales of Guinness in Great Britain were affected throughout the financial year as a consequence of the price increase forced upon us in July 1961 when the Chancellor applied his Economic Regulator to beer. The extra taxation then imposed, which was consolidated into the Customs and Excise duties in the 1962 Budget, has had a noticeably adverse effect on the sales of bottled beers, including our own. Although this effect was initially severe, it has shown signs of diminution in the case of Guinness, and the upward trend of sales has been resumed.

In Great Britain sales of Draught Guinness have shown a very satisfactory increase and it is clear that there is a large unsatisfied demand for Draught Guinness, which we are endeavouring to supply.

Financial Results: Despite slightly lower sales brewing profits were a little higher than in 1961, after charging all expenses relating to the initial launching of Harp lager, increased depreciation and higher manufacturing and trading expenses. Non-brewing profits fell short of the previous year due to higher manufacturing and selling expenses.

Capital Expenditure: During 1962 outlay on capital account totalled just short of £6½ million. Of this over half relates to three major projects—the new Nigerian Brewery which will open early in 1963, the Dundalk lager brewery, and the Dublin cask metallisation programme now virtually completed. We have also spent further large sums on improvements and renovations at the Dublin and Park Royal Breweries and on our transport fleets.

Dividend: We have already paid an interim dividend of 8%, and the Directors now recommend a final dividend of 14%, making a total distribution on the Ordinary Capital of 22%, as last year.

Overseas Trade: A year ago Lord Iveagh referred to the increasing difficulties lying in the way of further expansion of direct exports. This has certainly proved to be the case. However, a number of our smaller markets have shown surprising resilience.

Harp Lager: The past year has been one of great importance in the development of the market for Harp lager—our newest product offered to the public under the Guinness trade mark. It has already achieved a commanding position among the leading brands of lager. It is hoped that exports of Harp will begin by the middle of 1963. The new Brewery at Alton, jointly owned by ourselves with Courage, Barclay & Simonds and Mitchells & Butlers will be in production to meet the spring and summer demand for Harp in 1963.

Joint Activities in Ireland: In its first year Irish Ale Breweries, formed in conjunction with Ind Coope, has proved a very happy and most profitable undertaking. Our joint enterprise with Messrs. Showerings, The Irish Cider and Perry Company, is able to report the successful expansion of its business in Ireland.

Nuttall Group: Sales increased further both in the home market and abroad during the year to 31st March, 1962. Despite the introduction of purchase tax and somewhat less buoyant conditions, sales to date show an increase over last year, but costs have also risen. The acquisition of the Rolls business from J. Lyons in July 1961 has enabled us to enter new fields, and the lines produced have been very well received.

After reviewing the other activities of the Group, the Chairman concluded: In a rapidly changing world we are always striving to ensure that one thing remains unchanged—the quality of the beverages we brew. It is very gratifying that throughout 1962 there has been continued praise from our home and overseas markets for the consistently high quality of Guinness. We are more than ever convinced that quality DOES count.

162856

HECHT, LEVIS & KAHN
(Merchants in Raw Rubber and other Commodities)

CHAIRMAN'S STATEMENT

The thirty-seventh annual general meeting of Hecht, Levis & Kahn, Ltd., was held on December 21st in London, **Sir James Helmore, KCB, KCMG** (the chairman), presiding.

In his circulated statement the chairman referred to the capital reorganisation which had been sanctioned by the Court and which was put into effect on July 31, 1962, and he also commented on matters arising from the Scheme of Arrangement.

Sir James continued: The profit and loss account shows that group profit before taxation and deduction of minority interests declined by about 7½ per cent compared with the period ended March 31, 1961 (£525,705 against £567,828). The amount available for appropriation is £153,368 as against £168,460, and your Directors have recommended, as forecast in their circular of May 15, 1962, a dividend of 10 per cent (less income tax). Due to the increase in the amount of the issued ordinary capital this dividend is effectively the same as the 15 per cent paid last year.

As regards the subsidiary companies' results, the profits of S.A.F.I.C. showed a drop of about 20 per cent from the exceptionally high level reached in the year 1960. This drop in profits in 1961 was due to trading conditions in the natural rubber market, offset to some extent by continued good results in synthetics and in ancillary lines. Whereas in 1960 marked variations in price presented a climate favourable to dealing, since that time the effect of synthetic rubber sales at fixed prices has been to stabilise natural rubber prices.

As regards the current year, the trading results of S.A.F.I.C. show a tendency to increase again despite the continuing problem of trading profitably in natural rubber; the improvement in the first eight months of the year gives some reason for hoping that in the absence of a serious setback before December the trading results of S.A.F.I.C. for 1962 will return to a higher level, although they do not seem likely to reach that of 1960.

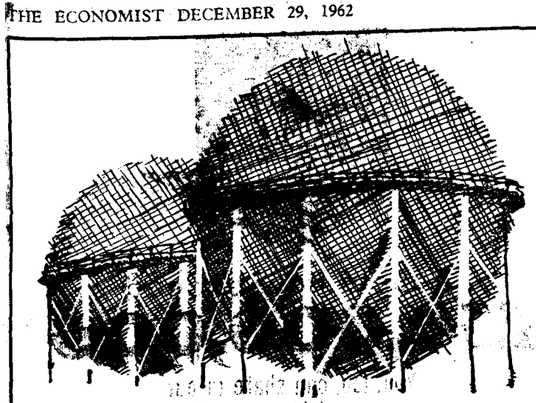
The profit of Société d'Exploitation de Produits pour les Industries Chimiques also declined in 1961 as compared with 1960, but *here again results for the current year show a* worthwhile improvement.

For the second year in succession the London trading company, Hecht, Heyworth & Alcan Ltd., showed increased earnings; during the current year, however, profits have been on a lower level.

There is nothing special to report about our other remaining subsidiaries, satisfactory progress having been made by all of those engaged in active trading. Such results can only be achieved by the efforts of managements directly responsible for the trading. It is perhaps worth mentioning that sales by our group now account for as much as 9 per cent of the total world consumption of natural rubber.

Shareholders will remember that on April 17th this year it was announced that as a result of certain rearrangements in shareholdings your Company had become a subsidiary of Minerals Separation Ltd. Minerals Separation's year ends on December 31st, and in accordance with the normal practice it is proposed to change the year-end of your company to conform with this date.

The report was adopted.



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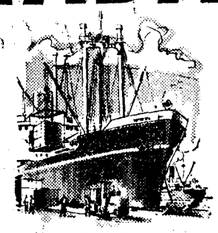

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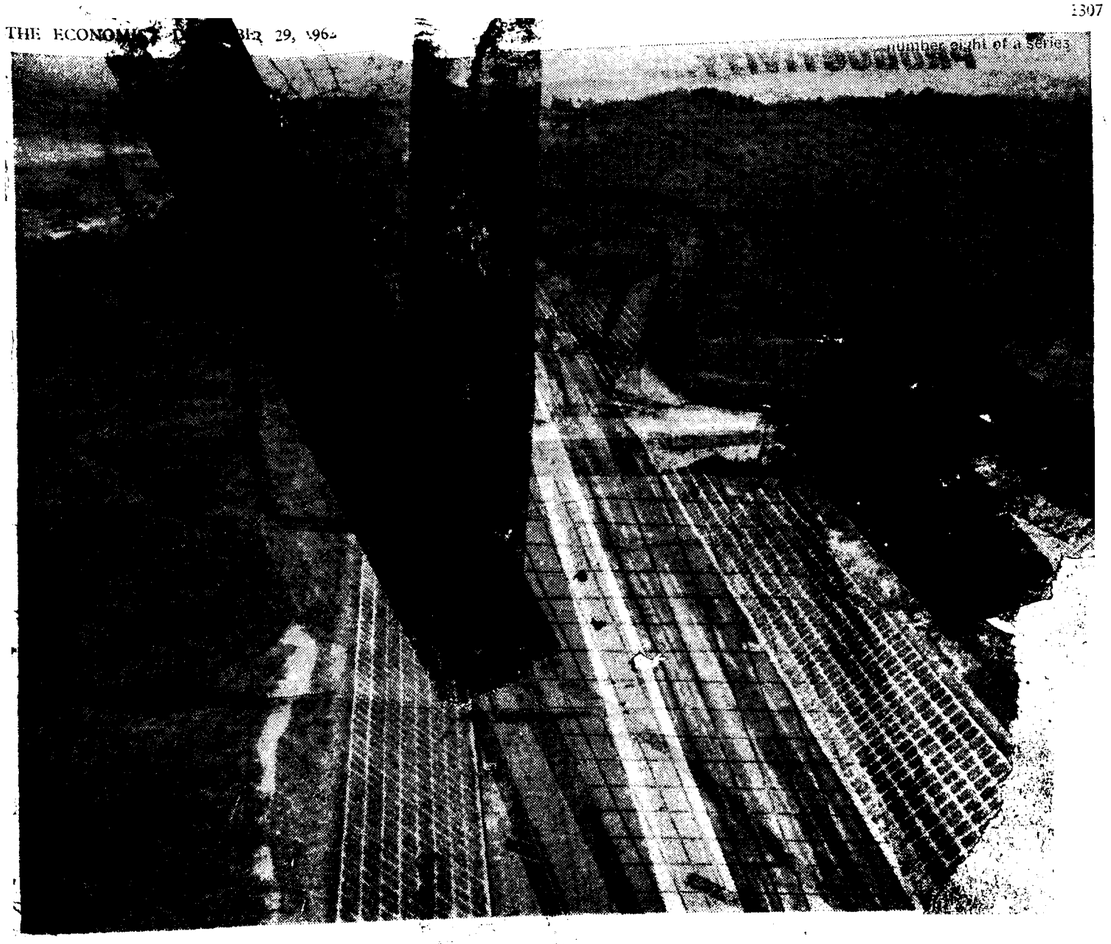
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HOW A NATION GROWS

New speedway will link four major citie

Construction of the Meishin Highway, connecting four of Japan's six largest cities, is now in full swing. Scheduled for completion in 1964, the 190-kilometer thruway will serve as a major artery between Kobe, Osaka, Kyoto, and Nagoya. It is only one of many civil engineering projects that will speed the flow of goods and people between population centres and contribute to Japan's industrial growth.

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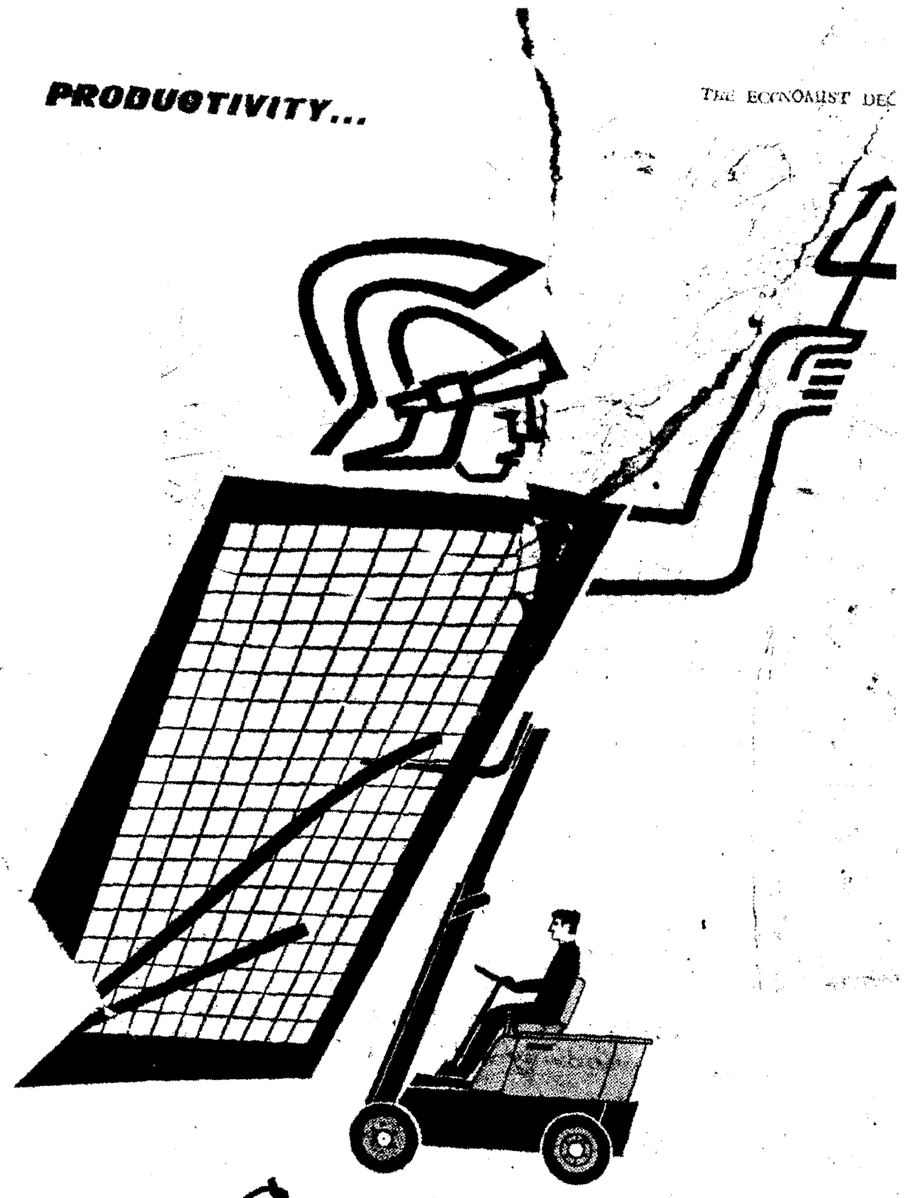

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